



\$420,655,000
CITY OF CHICAGO
Chicago Midway Airport

\$98,130,000 Senior Lien
Revenue and Revenue Refunding Bonds,
Series 2025A (AMT)

\$322,525,000 Senior Lien
Revenue and Revenue Refunding Bonds,
Series 2025B (Non-AMT)

DATED: Date of delivery.

RATINGS: A (Stable Outlook) S&P
A (Stable Outlook) Fitch
A (Stable Outlook) Kroll

ISSUANCE: The Chicago Midway Airport Senior Lien Revenue and Revenue Refunding Bonds, Series 2025A (AMT) (the "2025A Senior Lien Bonds") and the Chicago Midway Airport Senior Lien Revenue and Revenue Refunding Bonds, Series 2025B (Non-AMT) (the "2025B Senior Lien Bonds," and collectively with the 2025A Senior Lien Bonds, the "2025 Senior Lien Bonds") of the City of Chicago (the "City") are being issued pursuant to the Amended and Restated Master Indenture of Trust Securing Chicago Midway Airport Senior Lien Obligations, dated as of November 1, 2023 (as amended and supplemented from time to time, the "Senior Lien Indenture"), between the City and The Bank of New York Mellon Trust Company, N.A., Chicago, Illinois, as trustee (the "Trustee"). See **"INTRODUCTION."**

TAX EXEMPTION: In the opinion of Mayer Brown LLP and Charity & Associates, P.C., Co-Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance by the City with certain covenants, (i) the interest on the 2025A Senior Lien Bonds is excludable from gross income for federal income tax purposes and is an item of tax preference that is includable in alternative minimum taxable income for purposes of determining a taxpayer's alternative minimum tax liability and (ii) the interest on the 2025B Senior Lien Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference that is includable in alternative minimum taxable income for purposes of determining an individual's alternative minimum tax liability, however, the interest is included in the adjusted financial statement income of corporations subject to the corporate alternative minimum tax on adjusted financial statement income. Interest on the 2025 Senior Lien Bonds is not exempt from present Illinois income taxes. See **"TAX MATTERS."**

SECURITY: The 2025 Senior Lien Bonds are limited obligations of the City payable solely from, and secured by, a pledge of Senior Lien Revenues (as defined herein) derived from the operation of the Chicago Midway International Airport ("Midway" or the "Airport"). The 2025 Senior Lien Bonds are payable from the Senior Lien Revenues on a parity basis with City of Chicago, Chicago Midway Airport Outstanding Senior Lien Bonds described herein and any other Senior Lien Obligations (as defined herein) that may be outstanding from time to time under the Senior Lien Indenture. The 2025 Senior Lien Bonds and the obligations to pay principal of, and interest thereon, are not general obligations of the City and do not constitute an indebtedness or loan of credit of the City, the State of Illinois (the "State") or any political subdivision thereof within the meaning of any constitutional or statutory limitation of the State. Neither the faith and credit nor the taxing power of the City, the State or any political subdivision thereof is pledged to the payment of the principal of, or interest on, the 2025 Senior Lien Bonds. No property of the City, including property at Midway, is pledged as security for the 2025 Senior Lien Bonds. See **"SECURITY FOR THE 2025 SENIOR LIEN BONDS."**

REDEMPTION: Certain maturities of the 2025 Senior Lien Bonds are subject to redemption prior to maturity as described herein. See **"THE 2025 SENIOR LIEN BONDS – REDEMPTION."**

PURPOSES: The City will use the proceeds of the 2025 Senior Lien Bonds, together with other available funds, to: (i) refund the Refunded Bonds (as defined herein), (ii) pay certain costs of Airport Projects (as defined herein), (iii) increase the amount held in the Common Debt Service Reserve Sub-Fund (as defined herein) to the Common Debt Reserve Requirement (as defined herein) for the Senior Lien Bonds (as defined herein), (iv) pay capitalized interest on the 2025 Senior Lien Bonds, and (v) pay costs and expenses incidental thereto and to the issuance of the 2025 Senior Lien Bonds. See **"PLAN OF FINANCE."**

DENOMINATIONS: Multiples of \$5,000.

INTEREST PAYMENT DATES: Interest on the 2025 Senior Lien Bonds is payable on January 1 and July 1 of each year, commencing January 1, 2026.

PRINCIPAL PAYMENT DATES: On each January 1 as shown on the inside cover page.

BOOK-ENTRY ONLY FORM: The 2025 Senior Lien Bonds will be issuable 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"). See **APPENDIX G - "DESCRIPTION OF BOOK-ENTRY ONLY SYSTEM."**

CLOSING/ SETTLEMENT: On or about October 29, 2025.

CERTAIN LEGAL MATTERS: The 2025 Senior Lien Bonds are offered when, as and if issued, and subject to the delivery of approving legal opinions by Mayer Brown LLP and Charity & Associates, P.C., Co-Bond Counsel, and to certain other conditions. Certain legal matters will be passed on for the City by (i) its Corporation Counsel, and (ii) in connection with the preparation of this Official Statement by Thompson Coburn LLP and Sanchez Daniels & Hoffman LLP, Co-Disclosure Counsel to the City. Certain legal matters will be passed upon for the Underwriters by McGuireWoods LLP.

BOFA SECURITIES

JEFFERIES

CABRERA CAPITAL MARKETS LLC

LOOP CAPITAL MARKETS

RAMIREZ & Co., INC.

SAN BLAS SECURITIES, LLC

SIEBERT WILLIAMS SHANK

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

CITY OF CHICAGO CHICAGO MIDWAY AIRPORT

\$98,130,000 Senior Lien Revenue and Revenue Refunding Bonds, Series 2025A (AMT)

<u>MATURITY</u> <u>(JANUARY 1)</u>	<u>PRINCIPAL</u> <u>AMOUNT</u>	<u>INTEREST</u> <u>RATE</u>	<u>YIELD</u>	<u>PRICE</u>	<u>CUSIP</u> ⁺
2027	\$ 7,615,000	5.000%	3.050%	102.224	167562 UL9
2028	7,990,000	5.000	3.000	104.171	167562 UM7
2029	8,390,000	5.000	3.070	105.787	167562 UN5
2030	8,815,000	5.000	3.120	107.297	167562 UP0
2031	9,255,000	5.000	3.200	108.513	167562 UQ8
2032	9,715,000	5.000	3.270	109.594	167562 UR6
2033	10,025,000	5.000	3.410	110.036	167562 US4
2034	745,000	5.000	3.480	110.726	167562 UT2
2035	780,000	5.000	3.600 ^c	109.830	167562 UU9
2036	1,870,000	5.250	3.730 ^c	110.617	167562 UV7
2037	1,965,000	5.250	3.880 ^c	109.510	167562 UW5
2038	2,070,000	5.250	3.990 ^c	108.707	167562 UX3
2039	2,170,000	5.250	4.080 ^c	108.055	167562 UY1
2040	2,285,000	5.250	4.200 ^c	107.193	167562 UZ8
2041	2,405,000	5.250	4.300 ^c	106.481	167562 VA2
2042	2,535,000	5.250	4.440 ^c	105.494	167562 VB0
2043	2,670,000	5.250	4.490 ^c	105.144	167562 VC8
2044	2,805,000	5.250	4.550 ^c	104.726	167562 VD6
2045	2,950,000	5.250	4.600 ^c	104.379	167562 VE4
2046	3,100,000	5.250	4.640 ^c	104.102	167562 VF1

\$7,975,000 5.500% Term Bond due January 1, 2050, Yield 4.750%^c; Price 105.023; CUSIP[†]: 167562 VG9

⁺ CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein provided by CUSIP Global Services (“CGS”), which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. These data are not intended to create a database and do not serve in any way as a substitute for the CGS database. CUSIP 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 2025 Senior Lien Bonds. Neither the City nor the Underwriters are responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the applicable 2025 Senior Lien Bonds or as included herein. The CUSIP number for a specific series and maturity is subject to being changed after the issuance of the 2025 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 2025 Senior Lien Bonds.

^c Priced to first optional redemption date of January 1, 2034.

**CITY OF CHICAGO
CHICAGO MIDWAY AIRPORT**

**\$322,525,000
Senior Lien
Revenue and Revenue Refunding Bonds,
Series 2025B (Non-AMT)**

<u>MATURITY</u> <u>(JANUARY 1)</u>	<u>PRINCIPAL</u> <u>AMOUNT</u>	<u>INTEREST</u> <u>RATE</u>	<u>YIELD</u>	<u>PRICE</u>	<u>CUSIP</u> ⁺
2034	\$ 9,445,000	5.000%	2.940%	114.864	167562 VH7
2035	9,915,000	5.000	3.080	115.236	167562 VJ3
2036	15,105,000	5.000	3.230 ^c	113.949	167562 VK0
2037	15,860,000	5.000	3.400 ^c	112.512	167562 VL8
2038	16,655,000	5.000	3.530 ^c	111.427	167562 VM6
2039	17,485,000	5.000	3.640 ^c	110.519	167562 VN4
2040	18,365,000	5.000	3.740 ^c	109.702	167562 VP9
2041	19,280,000	5.000	3.900 ^c	108.408	167562 VQ7
2042	20,255,000	5.000	4.030 ^c	107.371	167562 VR5
2043	21,265,000	5.000	4.130 ^c	106.580	167562 VS3
2044	22,325,000	5.000	4.220 ^c	105.875	167562 VT1
2045	23,435,000	5.000	4.280 ^c	105.408	167562 VU8
2046	24,615,000	5.000	4.390 ^c	104.559	167562 VV6

\$34,610,000 5.000% Term Bond due January 1, 2050, Yield 4.510%^c; Price 103.641; CUSIP[†]: 167562 VW4

\$53,910,000 5.000% Term Bond due January 1, 2055, Yield 4.540%^c; Price 103.413; CUSIP[†]: 167562 VX2

⁺ CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein provided by CUSIP Global Services (“CGS”), which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. These data are not intended to create a database and do not serve in any way as a substitute for the CGS database. CUSIP 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 2025 Senior Lien Bonds. Neither the City nor the Underwriters are responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the applicable 2025 Senior Lien Bonds or as included herein. The CUSIP number for a specific series and maturity is subject to being changed after the issuance of the 2025 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 2025 Senior Lien Bonds.

^c Priced to first optional redemption date of January 1, 2035.

REGARDING THE USE OF THIS OFFICIAL STATEMENT

Certain information contained or incorporated by reference in this Official Statement has been obtained by the City from DTC and other sources that are deemed reliable. No representation or warranty is made, however, as to the accuracy or completeness of such information. The information and expressions of opinion in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale of 2025 Senior Lien Bonds pursuant to this Official Statement shall under any circumstances create the implication that there has been no change in the matters referred to in this Official Statement since the date hereof. Prospective purchasers of the 2025 Senior Lien Bonds are expected to conduct their own review and analysis before making an investment decision.

No dealer, broker, salesperson, or any other person has been authorized by the City or the Underwriters to give any information or to make any representation other than as contained or incorporated by reference in this Official Statement in connection with the offering described herein, and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. 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 page hereof, nor shall there be any offer to sell, solicitation of an offer to buy or sale of such securities in any jurisdiction in which it is unlawful to make such offer, solicitation, or sale. 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 2025 Senior Lien Bonds.

This Official Statement, including the Appendices, contains certain opinions, estimates and forward-looking statements and information, including projections, that are based on the City's beliefs as well as assumptions made by and information currently available to the City. Such opinions, estimates, and forward-looking statements set forth in this Official Statement were not prepared with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information, but, in the view of the City, were prepared on a reasonable basis, reflect the best currently available estimates and judgments and present, to the best of the City's knowledge and belief, the expected course of action and the expected future financial performance of the City. 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 such opinions, statements or prospective financial information. See the discussion under the heading "FORWARD-LOOKING STATEMENTS."

The prospective financial information set forth in this Official Statement, except for certain information sourced to parties other than the City, is solely the product of the City. Neither the City's independent auditors, nor any other independent auditors, 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.

The 2025 Senior Lien Bonds 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.

References to website addresses presented in this Official Statement are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement. Furthermore, any information obtained from such websites and presented herein or references to such websites not purporting to be quoted in full are qualified in their entirety by reference to the complete contents of the website summarized or described. References to website addresses are current as of the date hereof. The City is under no obligation to update any website references or references to information contained therein.

The summaries or descriptions contained herein of provisions of the Senior Lien Indenture, the Thirty-First Supplemental Indenture, the Thirty-Second Supplemental Indenture, the Undertaking (each as defined herein) and the 2025 Senior Lien Bonds, and all references to other materials not purporting to be quoted in full, are qualified in their entirety by reference to the complete provisions of the documents and other materials summarized or described. Copies of these documents may be obtained from the Chief Financial Officer, upon email request to the Chief Financial Officer, at investor.relations@cityofchicago.org.

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 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.

THE 2025 SENIOR LIEN BONDS WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, NOR HAS THE SENIOR LIEN INDENTURE OR THE ORDINANCE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939.

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**CITY OF CHICAGO
CHICAGO MIDWAY INTERNATIONAL AIRPORT**

MAYOR

Brandon Johnson

CITY TREASURER

Melissa Conyears-Ervin

CITY CLERK

Anna M. Valencia

**CITY COUNCIL
COMMITTEE ON FINANCE**

Pat Dowell, Chairman

CHIEF FINANCIAL OFFICER

Jill Jaworski

CITY COMPTROLLER

Michael Belsky

BUDGET DIRECTOR

Annette Guzman

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Charity & Associates, P.C.

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Sanchez Daniels & Hoffman LLP

AIRPORT CONSULTANT

Ricondo & Associates, Inc.

CO-FINANCIAL ADVISORS

The RSI Group, LLC

PFM Financial Advisors LLC

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APPENDIX A –	GLOSSARY OF TERMS
APPENDIX B –	SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE
APPENDIX C –	SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT USE AGREEMENTS
APPENDIX D –	AUDITED FINANCIAL STATEMENTS
APPENDIX E –	REPORT OF THE AIRPORT CONSULTANT
APPENDIX F –	PROPOSED FORMS OF OPINIONS OF CO-BOND COUNSEL
APPENDIX G –	DESCRIPTION OF BOOK-ENTRY ONLY SYSTEM
APPENDIX H –	REFUNDED BONDS

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OFFICIAL STATEMENT

\$420,655,000

CITY OF CHICAGO

Chicago Midway Airport

**\$98,130,000 Senior Lien
Revenue and Revenue Refunding Bonds,
Series 2025A (AMT)**

**\$322,525,000 Senior Lien
Revenue and Revenue Refunding Bonds,
Series 2025B (Non-AMT)**

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 \$98,130,000 aggregate principal amount City of Chicago, Chicago Midway Airport Senior Lien Revenue and Revenue Refunding Bonds, Series 2025A (AMT) (the “2025A Senior Lien Bonds”) and its \$322,525,000 aggregate principal amount City of Chicago, Chicago Midway Airport Senior Lien Revenue and Revenue Refunding Bonds, Series 2025B (Non-AMT) (the “2025B Senior Lien Bonds,” and collectively with the 2025A Senior Lien Bonds, the “2025 Senior Lien Bonds”) and information. Certain other capitalized terms used in this Official Statement, unless otherwise defined herein, are defined in APPENDIX A. A summary of certain provisions of the Senior Lien Indenture (as defined herein) is included as APPENDIX B and a summary of certain provisions of the Airport Use Agreements (as defined herein) is included as APPENDIX C. All references to the 2025 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.

PURPOSE

The City will use the proceeds of the 2025 Senior Lien Bonds, together with other available funds, to: (i) refund the Refunded Bonds (as defined herein), (ii) pay certain costs of Airport Projects (as defined herein), (iii) increase the amount held in the Common Debt Service Reserve Sub-Fund (as defined herein) to the Common Debt Reserve Requirement (as defined herein) for the Senior Lien Bonds (as defined herein), (iv) pay capitalized interest on the 2025 Senior Lien Bonds, and (v) pay costs and expenses incidental thereto and to the issuance of the 2025 Senior Lien Bonds. See “PLAN OF FINANCE” and “ESTIMATED SOURCES AND USES OF FUNDS.”

The outstanding obligations of the City to be refunded with a portion of the proceeds of the 2025 Senior Lien Bonds are set forth in APPENDIX H – “REFUNDED BONDS” and consist of a portion of the Second Lien Airport Revenue and Revenue Refunding Bonds, Series 2016A (AMT) (the “2016A Bonds”) and all of the Second Lien Airport Revenue and Revenue Refunding Bonds, Series 2016B (Non-AMT) (the “2016B Bonds”) (such bonds to be refunded being referred to herein as the “Refunded Bonds”). Upon the execution of the Senior Lien Indenture all then-outstanding Second Lien Bonds, including the Refunded Bonds, were redesignated as Senior Lien Bonds. See “PLAN OF FINANCE – REFUNDING PLAN” and “OUTSTANDING INDEBTEDNESS AT MIDWAY.”

AUTHORIZATION

The 2025 Senior Lien Bonds are issued under the authority granted to the City as a home rule unit of local government under the Illinois Constitution of 1970. The 2025 Senior Lien Bonds are issued pursuant to an ordinance adopted by the City Council on July 16, 2025 (the “Ordinance”) and pursuant to the Amended and Restated Master Indenture of Trust Securing Chicago Midway Airport Senior Lien Obligations, dated as of November 1, 2023, as supplemented and amended, including as supplemented by

the Thirty-First Supplemental Indenture (the “Thirty-First Supplemental Indenture”), expected to be dated as of October 1, 2025 and as supplemented and amended by the Thirty-Second Supplemental Indenture (the “Thirty-Second Supplemental Indenture”), expected to be dated as of October 1, 2025. The above-described Amended and Restated Master Indenture of Trust, as supplemented and amended from time to time in accordance with its terms, including without limitation as supplemented and amended by the Thirty-First Supplemental Indenture and the Thirty-Second Supplemental Indenture, is referred to herein as the “Senior Lien Indenture.”

The Senior Lien Indenture grants to the Trustee a first lien on and pledge of Senior Lien Revenues (as defined herein) derived from the operation of Chicago Midway International Airport (“Midway” or the “Airport”) to secure, on a parity basis, (i) the 2025 Senior Lien Bonds, which are described in this Official Statement, (ii) all of the issued 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 “Senior Lien Revenues,” “Senior Lien Obligations” and “Outstanding Senior Lien Obligations” are more fully described and defined under the heading “SECURITY FOR THE 2025 SENIOR LIEN BONDS.” The Outstanding Senior Lien Bonds, together with the 2025 Senior Lien Bonds, are collectively referred to herein as the “Senior Lien Bonds.” See “PLAN OF FINANCE.”

SECURITY FOR THE 2025 SENIOR LIEN BONDS

Senior Lien Revenues. “Senior Lien Revenues” includes, subject to certain exclusions, all amounts received or receivable directly or indirectly by the City for the use and operation of the Airport, as more completely described below and in APPENDIX A. A substantial portion of the Senior Lien Revenues is derived from rentals, fees and charges imposed upon the Signatory Airlines (as defined herein) pursuant to the Amended and Restated Airport Use Agreements and Facilities Leases, dated as of January 1, 2013 (the “Airport Use Agreements”). See “SECURITY FOR THE 2025 SENIOR LIEN BONDS– AIRPORT USE AGREEMENTS” and APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT USE AGREEMENTS.”

Priority Payment of Airport Operation and Maintenance Expenses. All revenues and expenses of Midway are accounted for as a separate enterprise fund of the City subject to the provisions of the Senior Lien Indenture and the Airport Use Agreements. Under the Senior Lien Indenture, all Senior Lien Revenues are collected by the City and are applied first to make monthly deposits by the City to the O&M Fund (in the custody of the City) to fund “Operation and Maintenance Expenses” (as defined herein) of the Airport. Thereafter, the net Senior Lien Revenues remaining after making such deposits are promptly deposited by the City to the credit of the Revenue Fund in the custody of the Trustee. The Senior Lien Revenues are pledged to secure the 2025 Senior Lien Bonds and other Senior Lien Obligations, and the Trustee is accountable only for moneys so deposited. See “SECURITY FOR THE 2025 SENIOR LIEN BONDS– FLOW OF FUNDS.”

Certain Bond Document Coverage Protections. The Senior Lien Indenture includes covenants of the City designed to generate sufficient Senior Lien Revenues in each year to satisfy the coverage covenants under the Senior Lien Indenture and pay debt service when due on the Outstanding Senior Lien Bonds. See “SECURITY FOR THE 2025 SENIOR LIEN BONDS– DEBT SERVICE COVERAGE COVENANTS.” In addition, the Airport Use Agreements provide that the aggregate of rentals, fees and charges payable by all Signatory Airlines to the City, together with certain other available moneys, for each Fiscal Year shall be sufficient to satisfy all of the City’s obligations to make all deposits and payments required by the Senior Lien Indenture. For a discussion of the Airport Use Agreements see APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT USE AGREEMENTS.”

LIMITED OBLIGATIONS

The 2025 Senior Lien Bonds are limited obligations of the City payable solely from, and secured by, a pledge of Senior Lien Revenues derived from the operation of the Airport. The 2025 Senior Lien Bonds, and the obligations to pay principal of, and interest thereon, are not general obligations of the City and do not constitute an indebtedness or loan of credit of the City, the State of Illinois (the “State”) or any political subdivision thereof within the meaning of any constitutional or statutory limitation of the State. Neither the faith and credit nor the taxing power of the City, the State or any political subdivision thereof is pledged to the payment of the principal of, or interest on, the 2025 Senior Lien Bonds. The 2025 Senior Lien Bonds are not payable in any manner from revenues raised by taxation. No property of the City, including property at Midway, is pledged as security for the 2025 Senior Lien Bonds. The 2025 Senior Lien Bonds are payable from the Senior Lien Revenues on a parity with the Outstanding Senior Lien Bonds and any other Senior Lien Obligations that may be outstanding from time to time under the Senior Lien Indenture. See “SECURITY FOR THE 2025 SENIOR LIEN BONDS – DESCRIPTION OF REVENUES” and “– FLOW OF FUNDS.”

OUTSTANDING INDEBTEDNESS AT MIDWAY AND FUTURE FINANCINGS

The City has financed capital improvements at Midway through various sources, including City financings. The City has from time to time issued obligations, including Senior Lien Obligations secured by Senior Lien Revenues on a senior lien basis, and Midway Airport Commercial Paper Notes which are secured by Senior Lien 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 and described herein) to pay debt service on a Series of Senior Lien Bonds. The City has pledged Other Available Moneys to pay debt service on certain maturities of certain Series of Outstanding Senior Lien Bonds. Certain of the Outstanding Senior Lien Obligations are secured by revenue sources that are separate and apart from Senior Lien Revenues, such as Other Available Moneys consisting of CFC Revenues (as defined herein), which the Senior Lien Indenture permits the City, at its option, to transfer to the Trustee to pay the principal of and interest on certain Outstanding Senior Lien Bonds. See “SECURITY FOR THE 2025 SENIOR LIEN BONDS – DESCRIPTION OF OTHER AVAILABLE MONEYS, PFC REVENUES AND CFC REVENUES,” “OUTSTANDING INDEBTEDNESS AT MIDWAY” and APPENDIX D – “AUDITED FINANCIAL STATEMENTS – Note 4.”

Senior Lien Obligations. “Senior Lien Obligations” include (i) bonds, notes or evidences of indebtedness issued by the City under the Senior Lien Indenture, (ii) obligations incurred by the City to reimburse any issuer of a letter of credit or surety bond securing Senior Lien Obligations (“Section 208 Obligations” as defined herein) and (iii) any obligations incurred by the City to any swap provider (“Section 209 Obligations” as defined herein). The Senior Lien Indenture authorizes the issuance of Senior Lien Obligations without limitation as to amount (except as may be limited by law) for the purpose of financing or refinancing Airport Projects. Under the Senior Lien Indenture, such Senior Lien Obligations are secured by, and payable solely from, Senior Lien Revenues. See APPENDIX A – “GLOSSARY OF TERMS” and APPENDIX B – “SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE – Authorization of the Senior Lien Bonds and Other Senior Lien Obligations.”

Outstanding Senior Lien Bonds and Future Financings. Upon the issuance of the 2025 Senior Lien Bonds and the refunding of the Refunded Bonds, the principal amount of Midway Outstanding Senior Lien Bonds will be \$1,495,285,000. A table under the heading “OUTSTANDING INDEBTEDNESS AT MIDWAY” describes the Outstanding Senior Lien Bonds both before and after giving effect to the issuance of the 2025 Senior Lien Bonds and the refunding of a portion of the 2016A Bonds and all of the 2016B Bonds.

The City expects to incur additional indebtedness, from time to time, which may include Senior Lien Bonds, Commercial Paper Notes, Midway Credit Agreement Notes, and CFC Obligations, to continue implementation and funding of capital projects at Midway and refunding of outstanding indebtedness related to Midway. Subject to market conditions and other factors, following the issuance of the 2025 Senior Lien Bonds, the City expects to incur indebtedness to fund approximately \$343.7 million of capital projects at the Airport for the 2025-2029 CIP. For a discussion of future financings and financing needs for Midway, see “PLAN OF FINANCE” and APPENDIX E – “REPORT OF THE AIRPORT CONSULTANT.”

Junior Lien Obligations; Commercial Paper Notes. The Senior Lien Indenture authorizes the issuance of Junior Lien Obligations upon satisfaction of its requirements. The City has previously implemented a commercial paper program providing for the issuance, from time to time, of commercial paper notes for Midway Airport purposes (“Commercial Paper Notes”) and such program is currently authorized by City Council to allow for the issuance of such notes in a principal amount of up to \$250 million. The City has issued Commercial Paper Notes from time to time, although there are currently no Commercial Paper Notes outstanding. In addition, the City Council has authorized the establishment of a credit agreement program providing for the execution of credit agreements (“Midway Credit Agreements”) and the issuance from time to time of credit agreement notes not to exceed \$250,000,000 outstanding at any time for Midway Airport purposes (“Midway Credit Agreement Notes”). The City has not implemented this program or issued any Midway Credit Agreement Notes. Commercial Paper Notes and any Midway Credit Agreement Notes are Junior Lien Obligations under the Senior Lien Indenture and are subordinate to all other Airport Obligations, including the Senior Lien Bonds, with respect to their claim on Senior Lien Revenues. For a discussion of the program for Commercial Paper Notes and the program for Midway Credit Agreement Notes see “OUTSTANDING INDEBTEDNESS AT MIDWAY.”

CHICAGO MIDWAY INTERNATIONAL AIRPORT

Midway was the principal airport serving the Chicago Region (as defined herein) prior to the completion of Chicago O’Hare International Airport (“O’Hare”) in 1962. Midway opened in 1927 and is located approximately ten miles southwest of the City’s central business district. Midway occupies approximately 840 acres of land, can be accessed by the Stevenson Expressway (Interstate 55), and is directly linked to the City’s central business district by a rapid transit rail system.

According to statistics compiled by Airports Council International (“ACI”), in 2024, the latest full calendar year for which national (U.S. Department of Transportation) data is available, Midway served approximately 21.5 million passengers, making it the nation’s 31st busiest airport. The 2024 activity compares to approximately 20.8 million passengers in 2019, the most recent year prior to the impacts of the COVID-19 pandemic on air travel. Midway is served primarily by airlines that generally provide predominantly domestic origination and destination (“O&D”) and connecting passenger service. Southwest Airlines Co. (“Southwest”) is Midway’s largest airline, with 88.1% percent of its total enplaned passengers in 2024 and 87.3% percent of its total enplaned passengers in 2023. In 2024, Southwest enplaned 20.7% of airline passengers in the Chicago metropolitan market (Southwest’s share of total U.S. enplanements in 2024 was 16.0%); and represented approximately 61% of Midway operating revenues. See “SECURITY FOR THE 2025 SENIOR LIEN BONDS– AIRPORT USE AGREEMENTS,” “AIR TRAFFIC ACTIVITY AT MIDWAY – PASSENGER ACTIVITY AT MIDWAY,” “CERTAIN INVESTMENT CONSIDERATIONS – UNCERTAINTIES OF THE AIRLINE INDUSTRY” and APPENDIX E – “REPORT OF THE AIRPORT CONSULTANT.”

2025-2029 CAPITAL IMPROVEMENT PROGRAM

The City is undertaking the 2025-2029 Capital Improvement Program (“2025-2029 CIP” or “2025-2029 Capital Improvement Program”) for Midway. The 2025-2029 CIP is designed to provide ongoing rehabilitation, repair and maintenance at Midway, including rehabilitation of runways, taxiways, and aprons, improvements to the Terminal, Airport maintenance complex and portions of the Airport’s residential sound insulation program. The 2025-2029 CIP is estimated to cost \$660.4 million and is anticipated to be funded from the following sources: proceeds of Airport Obligations, including Senior Lien Bonds, federal grant funds and other Midway funds. See “2025-2029 CAPITAL IMPROVEMENT PROGRAM.”

REGIONAL AIRPORT OVERSIGHT

The City operates Midway and O’Hare through the Chicago Department of Aviation (the “CDA”) as separate and distinct enterprises for financial purposes. The 2025 Senior Lien Bonds are not secured by any revenues generated, or property located, at O’Hare. See “CHICAGO MIDWAY INTERNATIONAL AIRPORT – OTHER COMMERCIAL SERVICE AIRPORTS SERVING THE CHICAGO REGION.”

In 1995, the City and the City of Gary, Indiana, entered into the Compact, which established the Chicago-Gary Regional Airport 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 Regional Airport Authority to approve certain capital expenditures and other actions, the City continues to manage, own and operate Midway and O’Hare. The approval of the Chicago-Gary Regional Airport Authority is required for implementation of certain capital projects. See “CHICAGO MIDWAY INTERNATIONAL AIRPORT – REGIONAL AUTHORITY.”

CERTAIN INVESTMENT CONSIDERATIONS

The 2025 Senior Lien Bonds may not be suitable for all investors. Prospective purchasers of the 2025 Senior Lien Bonds should read this entire Official Statement for details of the 2025 Senior Lien Bonds, the use of the proceeds of the 2025 Senior Lien Bonds, the financial condition of the airlines and certain other factors that could adversely affect the airline industry. See “CERTAIN INVESTMENT CONSIDERATIONS.”

REPORT OF THE AIRPORT CONSULTANT

Ricondo & Associates, Inc., the City’s airport consultant (the “Airport Consultant”), prepared the Report of the Airport Consultant dated October 13, 2023 (the “Original Report of the Airport Consultant”) in connection with the issuance of the Senior Lien Revenue Bonds, Series 2023A (AMT) (the “2023A Bonds”) and Senior Lien Airport Revenue Refunding Bonds, Series 2023B (Non-AMT) (the “2023B Bonds” and together with the 2023A Bonds, the “2023AB Bonds”). Such report did not contemplate the issuance of the Senior Lien Airport Revenue Refunding Bonds, Series 2023C (AMT) (the “2023C Bonds”), the Senior Lien Airport Revenue and Revenue Refunding Bonds, Series 2024A (AMT) (the “2024A Bonds”) or the Senior Lien Airport Revenue and Revenue Refunding Bonds, Series 2024B (Non-AMT) (the “2024B Bonds” and together with the 2024A Bonds, the “2024AB Bonds”), nor the refunding of the Senior Lien Airport Revenue Bonds, Series 2004C (AMT) (the “Series 2004C Bonds”), the Senior Lien Airport Revenue Bonds, Series 2004D (Non-AMT) (the “Series 2004D Bonds”) and the Second Lien

[†] Meigs Field was closed in March 2003.

Revenue and Revenue Refunding Bonds, Series 2014A (AMT) (the “Series 2014A Bonds”) and the termination of the swaps associated with the Series 2004C Bonds and Series 2004D Bonds.

The Airport Consultant has prepared the Letter of the Airport Consultant dated October 7, 2025 (the “2025 Letter of the Airport Consultant,” and together with the Original Report of the Airport Consultant, the “Report of the Airport Consultant”) that reaffirms the findings of the Airport Consultant in the Original Report of the Airport Consultant with consideration of new information and developments since the Original Report of the Airport Consultant. The Original Report of the Airport Consultant described findings, assumptions, forecasts, and projections related to the air traffic and financial analyses developed by the Airport Consultant in conjunction with the issuance of the 2023AB Bonds by the City. The 2025 Letter of the Airport Consultant, based on the findings of the Original Report of the Airport Consultant and the updated information prepared in connection with the City’s planned issuance of the 2025 Senior Lien Bonds contained in the 2025 Letter of the Airport Consultant, reaffirms the overall conclusions the Airport Consultant made in the Original Report of the Airport Consultant 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. The 2025 Letter of the Airport Consultant provides a summary of relevant information and developments that have become available since the Original Report of the Airport Consultant was prepared, including information regarding the 2025 Senior Lien Bonds. The 2025 Letter of the Airport Consultant also includes updated data related to the Airport regarding ongoing and future capital projects, the economic base for air transportation, air traffic, and financial operations (including actual debt service on the 2023AB Bonds, the 2023C Bonds, the 2024AB Bonds and anticipated debt service on the 2025 Senior Lien Bonds and future bonds).

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 Midway and the Airport capital improvement program, evaluates aviation activity at Midway and presents the analysis undertaken by the Airport Consultant to demonstrate the City’s anticipated compliance with the coverage requirements of the Senior Lien Indenture on a pro forma basis for Fiscal Years 2025 through 2030 based on the assumptions set forth therein (the “Projections”). The Report of the Airport Consultant is described more fully under the caption “AIRPORT CONSULTANT.” The final maturity date of the 2025 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.

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.

As noted under the heading “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. 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. See the discussion under the heading “AIRPORT CONSULTANT” and APPENDIX E – “REPORT OF THE AIRPORT CONSULTANT.”

PLAN OF FINANCE

GENERAL

The City expects to use the proceeds of the 2025 Senior Lien Bonds, together with other available funds, to: (i) refund the Refunded Bonds, (ii) pay certain costs of Airport Projects (as defined herein), (iii) increase the amount held in the Common Debt Service Reserve Sub-Fund (as defined herein) to the Common Debt Reserve Requirement (as defined herein) for the Senior Lien Bonds, (iv) pay capitalized interest on the 2025 Senior Lien Bonds, and (v) pay costs and expenses incidental thereto and to the issuance of the 2025 Senior Lien Bonds. See also “ESTIMATED SOURCES AND USES OF FUNDS.”

FUNDING PLAN FOR AIRPORT PROJECTS

The City expects to (i) issue additional Airport Obligations, including Senior Lien Bonds, Commercial Paper Notes and Midway Credit Agreement Notes, and (ii) from time to time, continue implementation and funding of capital projects at Midway and refunding of Outstanding Airport Obligations and CFC Obligations. The Report of the Airport Consultant assumes that, following the issuance of the 2025 Senior Lien Bonds, the City will issue additional Senior Lien Bonds to fund approximately \$343.7 million in costs of the 2025-2029 CIP over the next five years.

REFUNDING PLAN

Proceeds of the 2025 Senior Lien Bonds and other available moneys will be used to currently refund the Refunded Bonds, in the aggregate principal amount of \$260,775,000. The maturities and CUSIPs of the Refunded Bonds are shown in APPENDIX H – “REFUNDED BONDS.” On the date of issuance and delivery of the 2025 Senior Lien Bonds, the City will give the Trustee irrevocable instructions to call the Refunded Bonds on their applicable redemption dates in the manner required by the Senior Lien Indenture. The Refunded Bonds will be redeemed at par on the date(s) set forth in APPENDIX H.

To provide for the payment of the Refunded Bonds, certain proceeds of the 2025 Senior Lien Bonds may be used to purchase securities constituting direct obligations of the United States of America (collectively, the “Government Obligations”) and to provide initial cash deposits. The principal of and interest on the Government Obligations, together with available cash deposits, will be sufficient (i) to pay when due the interest on the Refunded Bonds to their respective maturity or redemption dates, and (ii) to pay at maturity or redeem the Refunded Bonds on their respective maturity or redemption dates at their respective principal amounts or redemption prices.

The Government Obligations purchased with the proceeds of the 2025 Senior Lien Bonds, together with available cash deposits, will be held in trust with the paying agent for the Refunded Bonds (collectively, the “Escrow Funds”). To provide for the payment and defeasance of the Refunded Bonds, a portion of the proceeds of the 2025 Senior Lien Bonds and available debt service funds and debt service reserve funds released under the Trust Indenture will be applied to the payment and redemption of the Refunded Bonds and deposited into an escrow account to be held by The Bank of New York Mellon Trust Company, N.A., as the escrow agent (“Escrow Agent”) pursuant to a Refunding Escrow Agreement between the City and the Escrow Agent and invested in Defeasance Obligations in amounts sufficient (without reinvestment) to provide for the payment of the principal amount at maturity or redemption price of the Refunded Bonds to the maturity date or redemption date at the redemption price of par plus accrued interest to such date of redemption. The principal of, and interest on, the Refunded Bonds will be payable from the escrow account administered for the benefit of the City and the holders of the outstanding Refunded Bonds. Neither the cash on deposit, the maturing principal of the Government Obligations nor

the interest to be earned thereon will serve as security for or be available for the payment of the principal of or the interest on the 2025 Senior Lien Bonds.

The accuracy of the mathematical computations regarding the adequacy of the moneys and Defeasance Obligations deposited and held in the Escrow Account to pay the redemption price described above on the Refunded Bonds will be verified by Robert Thomas CPA, LLC. See “VERIFIER.”

FUTURE FINANCINGS FOR MIDWAY

Subject to market conditions and other factors, following the issuance of the 2025 Senior Lien Bonds, the City currently expects to incur indebtedness to fund approximately \$343.7 million of capital projects for the 2025-2029 CIP over the next five years. In addition, the amount of indebtedness required for the 2025-2029 CIP could increase for a variety of reasons, including reductions in Grant Reimbursements.

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ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds in connection with the issuance of the 2025 Senior Lien Bonds.

	<u>2025A SENIOR LIEN BONDS</u>	<u>2025B SENIOR LIEN BONDS</u>	<u>TOTAL</u> ⁽¹⁾
SOURCES OF FUNDS			
Par Amount	\$98,130,000	\$322,525,000	\$420,655,000
Premium	6,640,782	23,844,690	30,485,472
Funds Released Under the Trust Indenture	<u>1,363,692</u>	<u>2,983,164</u>	<u>4,346,856</u>
Total ⁽¹⁾	\$106,134,474	\$349,352,854	\$455,487,328
USES OF FUNDS			
Deposit to Project Fund	\$20,743,699	\$144,939,119	\$165,682,818
Deposit to Redeem Refunded Bonds	81,133,645	184,047,606	265,181,250
Deposit to the Common Debt Service Reserve Sub-Fund	1,583,924	10,633,943	12,217,867
Capitalized Interest on the 2025 Senior Lien Bonds	1,866,639	6,860,694	8,727,333
Costs of Issuance, including Underwriters' Discount	<u>806,568</u>	<u>2,871,493</u>	<u>3,678,061</u>
Total ⁽¹⁾	\$106,134,474	\$349,352,854	\$455,487,328

⁽¹⁾ Totals may not add due to rounding.

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THE 2025 SENIOR LIEN BONDS

GENERAL

The 2025 Senior Lien Bonds will be dated the date of delivery and mature on January 1 of the years and in the principal amounts shown on the inside front cover page hereof. The 2025 Senior Lien Bonds will bear interest until their final maturity or earlier redemption payable on January 1 and July 1 in each year, commencing January 1, 2026, at the fixed rates *per annum* set forth on the front inside cover page hereof.

The 2025 Senior Lien Bonds will be issued as fully registered bonds in the aggregate principal amounts and will bear interest from their date of initial delivery to their respective maturities as set forth on the front inside cover page hereof. Ownership interests in the 2025 Senior Lien Bonds will be available in denominations of \$5,000 and integral multiples thereof.

The 2025 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 2025 Senior Lien Bonds when in the book entry form and the book entry only system are in APPENDIX G – “DESCRIPTION OF BOOK ENTRY ONLY SYSTEM.” Except as described in APPENDIX G, beneficial owners of the 2025 Senior Lien Bonds will not receive or have the right to receive physical delivery of 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 2025 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 Bonds. As long as DTC or its nominee is the Registered Owner of Bonds, references herein to Bondholders or Registered Owners of such Bonds shall mean DTC or its nominee and shall not mean the beneficial owners of such Bonds.

REDEMPTION PROVISIONS

The 2025 Senior Lien Bonds shall be subject to redemption prior to their maturity in the amounts, at the times and in the following manner:

Optional Redemption Provisions.

(a) 2025A Senior Lien Bonds. The 2025A Senior Lien Bonds maturing on or after January 1, 2035 are subject to redemption, at the option of the City, on or after January 1, 2034, as a whole or in part at any time, and if in part, in such order of maturity as the City shall determine and within any maturity by lot, at the Redemption Price of 100% of the principal amount of such 2025A Senior Lien Bonds or portions thereof to be redeemed, together with accrued interest to the redemption date.

(b) 2025B Senior Lien Bonds. The 2025B Senior Lien Bonds maturing on or after January 1, 2036 are subject to redemption, at the option of the City, on or after January 1, 2035, as a whole or in part at any time, and if in part, in such order of maturity as the City shall determine and within any maturity by lot, at the Redemption Price of 100% of the principal amount of such 2025B Senior Lien Bonds or portions thereof to be redeemed, together with accrued interest to the redemption date.

Mandatory Sinking Fund Redemption Provisions.

(a) The 2025A Senior Lien Bonds maturing on January 1, 2050, are subject to mandatory redemption, in part by lot from mandatory Sinking Fund Payments, on January 1 in 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>PRINCIPAL AMOUNT</u>
2047	\$1,835,000
2048	1,940,000
2049	2,045,000
2050*	2,155,000

* Maturity

If the City redeems 2025A Senior Lien Bonds maturing on January 1, 2050 pursuant to optional redemption or purchases (other than from amounts held in the 2025A Dedicated Sub-Fund) such 2025A Senior Lien Bonds and cancels the same, then an amount equal to the principal amount of 2025A Senior Lien Bonds of such maturity so redeemed or purchased shall be credited against the unsatisfied balance of future Sinking Fund Payments or the final maturity amount in such amount and against such Sinking Fund Payments or final maturity amount as shall be determined by the City in a Certificate of an Authorized Officer filed with the Trustee prior to the mailing of the notice of redemption of such 2025A Senior Lien Bonds or, in the absence of such determination, shall be credited against the unsatisfied balance of the applicable Sinking Fund Payments in inverse order of their payment dates.

Amounts accumulated in the 2025A Dedicated Sub-Fund or other amounts delivered to the Trustee for such purpose may, and if so directed by the City shall, be applied by the Trustee, on or prior to the 45th day before the payment date of a Sinking Fund Payment, to the purchase of the 2025A Senior Lien Bonds maturing January 1, 2050 for which such Sinking Fund Payment is to be made in an amount not exceeding that necessary to complete the retirement of the unsatisfied balance of the 2025A Senior Lien Bonds maturing January 1, 2050 payable from such Sinking Fund Payment on such payment date. The purchase price paid by the Trustee (excluding accrued interest but including any brokerage and other charges) for any Bond so purchased shall not exceed the Sinking Fund redemption price of such Bond applicable upon its redemption on such payment date. Any 2025A Senior Lien Bonds so purchased shall be canceled and the applicable Sinking Fund redemption price thereof shall be credited against the applicable Sinking Fund Payment due on the next payment date.

(b) The 2025B Senior Lien Bonds maturing on January 1, 2050 and January 1, 2055, are subject to mandatory redemption, in part by lot from mandatory Sinking Fund Payments, on January 1 in 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>PRINCIPAL AMOUNT</u>
2047	\$8,030,000
2048	8,430,000
2049	8,855,000
2050*	9,295,000
* Maturity	

<u>YEAR</u>	<u>PRINCIPAL AMOUNT</u>
2051	\$9,755,000
2052	10,240,000
2053	10,755,000
2054	11,300,000
2055*	11,860,000
* Maturity	

If the City redeems 2025B Senior Lien Bonds maturing on January 1, 2050 or January 1, 2055 pursuant to optional redemption or purchases (other than from amounts held in the 2025B Dedicated Sub-Fund) such 2025B Senior Lien Bonds and cancels the same, then an amount equal to the principal amount of 2025B Senior Lien Bonds of such maturity so redeemed or purchased shall be credited against the unsatisfied balance of future Sinking Fund Payments or the final maturity amount in such amount and against such Sinking Fund Payments or final maturity amount as shall be determined by the City in a Certificate of an Authorized Officer filed with the Trustee prior to the mailing of the notice of redemption of such 2025B Senior Lien Bonds or, in the absence of such determination, shall be credited against the unsatisfied balance of the applicable Sinking Fund Payments in inverse order of their payment dates.

Amounts accumulated in the 2025B Dedicated Sub-Fund or other amounts delivered to the Trustee for such purpose may, and if so directed by the City shall, be applied by the Trustee, on or prior to the 45th day before the payment date of a Sinking Fund Payment, to the purchase of the 2025B Senior Lien Bonds maturing January 1, 2050 or January 1, 2055 for which such Sinking Fund Payment is to be made in an amount not exceeding that necessary to complete the retirement of the unsatisfied balance of the 2025B Senior Lien Bonds maturing January 1, 2050 or January 1, 2055 payable from such Sinking Fund Payment on such payment date. The purchase price paid by the Trustee (excluding accrued interest but including any brokerage and other charges) for any Bond so purchased shall not exceed the Sinking Fund redemption price of such Bond applicable upon its redemption on such payment date. Any 2025B Senior Lien Bonds so purchased shall be canceled and the applicable Sinking Fund redemption price thereof shall be credited against the applicable Sinking Fund Payment due on the next payment date.

Notice of Redemption.

(a) Except as hereinafter provided, a copy of the notice of the call for any redemption identifying the Bonds to be redeemed shall be given by first class mail, postage prepaid, not less than 30 or more than 60 days prior to the date fixed for redemption, to the Registered Owners of the Bonds to be redeemed at their addresses as shown on the Bond Register. Such notice shall specify the redemption date, the redemption price, the place and manner of payment, and that from the redemption date interest will cease to accrue on the Bonds which are the subject of such notice, and shall include such other information

as the Trustee shall deem appropriate or necessary at the time such notice is given to comply with any applicable law, regulation or industry standard. Prior to the date that the redemption notice is first given as aforesaid, funds shall be placed with the Trustee to pay such Bonds, any premium thereon, and accrued interest thereon to the redemption date, or such notice shall state that any redemption is conditional on such funds being deposited on the redemption date, and that failure to deposit such funds shall not constitute an Event of Default under the Indenture; any funds so deposited with the Trustee shall be invested solely in Federal Obligations maturing no later than the earlier of (i) 30 days after the date of placement with the Trustee, or (ii) the redemption date.

(b) In addition to the requirements of subsection (a), notice of the redemption of Bonds or any portion thereof identifying the Bonds or portions thereof to be redeemed shall specify (i) the series name and designation and certificate numbers of Bonds being redeemed, (ii) the CUSIP numbers of the Bonds being redeemed, (iii) the principal amount of Bonds being redeemed and the redeemed amount for each certificate (for partial calls), (iv) the redemption date, (v) the Redemption Price, (vi) the Date of Issuance, (vii) the interest rate and Maturity Date of the Bonds being redeemed, (viii) the date of mailing of notices to Registered Owners and information services, and (ix) the name of the employee of the Trustee which may be contacted with regard to such notice.

(c) Redemption notices shall also be forwarded by registered mail, Electronic Means or overnight delivery service to the Securities Depository with the intention that they be received at least two days prior to the date of mailing of notices to Registered Owners.

(d) Failure to give notice in the manner prescribed in the Senior Lien Indenture with respect to any Bond, or any defect in such notice, shall not affect the validity of the proceedings for redemption for any Bond with respect to which notice was properly given. Upon the happening of the above conditions and if sufficient moneys are on deposit with the Trustee on the applicable redemption date to redeem the Bonds to be redeemed and to pay interest due thereon and premium, if any, the Bonds thus called shall not, after the applicable redemption date, bear interest, be protected by the Indenture or be deemed to be outstanding under the provisions of the Indenture.

(e) If any Bond is transferred or exchanged on the Bond Register after notice has been given calling such Bond for redemption, the Trustee will attach a copy of such notice to the Bond issued in connection with such transfer or exchange.

No Partial Optional Redemption After Default. If there shall have occurred and be continuing an Event of Default of which an officer of the Trustee has actual knowledge, there shall be no optional redemption of less than all of the Bonds at the time outstanding.

Selection of Bonds for Redemption. If less than all the Bonds of a Series shall be called for redemption under any provision of the applicable Supplemental Indenture permitting such partial redemption, the particular Bonds of such Series or portions thereof to be redeemed shall be selected in such order of maturity as the City shall determine and within any maturity by lot. In selecting Bonds for redemption, the Trustee shall treat each Bond as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by the minimum Authorized Denomination. If it is determined that one or more, but not all, of the integral multiples of the Authorized Denomination of principal amount represented by any Bond is to be called for redemption, then, upon notice of intention to redeem such integral multiple of an Authorized Denomination, the Registered Owner of such Bond shall forthwith surrender such Bond to the Trustee for (a) payment to such Registered Owner of the redemption price of the integral multiple of the Authorized Denomination of principal amount called for redemption, and (b) delivery to such Registered Owner of a new Bond or Bonds in the aggregate principal amount of the unredeemed balance of the principal amount of such Bond. New Bonds representing the unredeemed

balance of the principal amount of such Bond shall be issued to the Registered Owner thereof without charge therefor.

Deposit of Funds. For the redemption of any of the Bonds, the City shall cause to be deposited in the Principal and Interest Account for the respective Series of the Bonds moneys sufficient to pay when due the principal of, and premium, if any, and interest on, the Bonds to be redeemed on the redemption date to be applied in accordance with the provisions hereof.

SECURITY FOR THE 2025 SENIOR LIEN BONDS

GENERAL

Limited Obligations. The 2025 Senior Lien Bonds and the obligation to pay interest thereon are not general obligations of the City and do not constitute an indebtedness or a loan of credit of the City, the State or any political subdivision thereof within the meaning of any constitutional or statutory limitation of the State. Neither the faith and credit nor the taxing power of the City, the State or any political subdivision thereof is pledged for the payment of the principal of or interest on the 2025 Senior Lien Bonds. No property of Midway is pledged as security for the 2025 Senior Lien Bonds, except for the Senior Lien Revenues pledged under the Senior Lien Indenture.

Pledge of Senior Lien Revenues. The Senior Lien Bonds, including the 2025 Senior Lien Bonds, and any future Senior Lien Obligations issued pursuant to the Senior Lien Indenture, are secured by, and payable from, Senior Lien Revenues pledged and assigned to the payment thereof. See “–Senior Lien Revenues” below.

The Senior Lien Indenture authorizes the issuance of Senior Lien Obligations without limitation as to amount (except as may be limited by law) for the purpose of financing or refinancing Airport Projects. Under the Senior Lien Indenture such Senior Lien Obligations are secured by, and payable solely from, Senior Lien Revenues. Senior Lien Obligations include (i) bonds, notes or evidences of indebtedness issued by the City under the Senior Lien Indenture, (ii) obligations incurred by the City to reimburse any issuer of a letter of credit or surety bond securing Senior Lien Obligations, as more fully described in the definition of “Section 208 Obligations” in APPENDIX A – “GLOSSARY OF TERMS” and in APPENDIX B – “SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE – Authorization of the Senior Lien Bonds and Other Senior Lien Obligations,” and (iii) any obligations incurred by the City to any Swap Provider, as more fully described in the definition of “Section 209 Obligations” in APPENDIX A – “GLOSSARY OF TERMS” and in APPENDIX B – “SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE – Authorization of the Senior Lien Bonds and Other Senior Lien Obligations.”

Pursuant to the Senior Lien Indenture, such Senior Lien Revenues are pledged to the payment of the principal of, premium, if any, and interest on all Senior Lien Obligations (including the 2025 Senior Lien Bonds) without priority of distinction of one series of Senior Lien Obligations over any other series of Senior Lien Obligations.

For a general description of the application of Senior Lien Revenues, see “–FLOW OF FUNDS,” below, and APPENDIX B – “SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE – Source of Payment; Pledge of Senior Lien Revenues.”

Payment of Bonds From Other Available Moneys. The Senior Lien Indenture permits the City, at its option, to transfer to the Trustee “Other Available Moneys,” as described below, to pay the principal of and interest on the 2025 Senior Lien Bonds.

DESCRIPTION OF REVENUES

“Senior Lien 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 (a) below); all other rentals, charge 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 Senior Lien Revenues does not include: (a) any amounts derived by the City from Special Facility Financing Arrangements entered into in connection with Special Facility Improvements 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; (b) 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; (c) the proceeds of any tax levied by or on behalf of the City; (d) 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; (e) Government Grants-in-Aid; (f) insurance proceeds which are not deemed to be revenues in accordance with generally accepted accounting principles; (g) the proceeds of any condemnation awards; (h) security deposits and the proceeds of the sale of any Airport property; and (i) the proceeds of any borrowings by the City. Unless otherwise provided in a Supplemental Indenture, there shall also be excluded from the term “Senior Lien 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.”

A substantial portion of the Senior Lien Revenues is derived from rentals, fees and charges imposed upon the Signatory Airlines pursuant to the Airport Use Agreements. See “SECURITY FOR THE 2025 SENIOR LIEN BONDS– AIRPORT USE AGREEMENTS” and APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT USE AGREEMENTS.”

The Senior Lien Revenues, first, are applied to make monthly deposits by the City to the O&M Fund of an amount equal to one-twelfth of the projected amount of Operation and Maintenance Expenses for the particular Fiscal Year (the “O&M Expense Projection”). Thereafter, the Senior Lien Revenues are deposited promptly by the City to the Revenue Fund in the custody of the Trustee. See “– FLOW OF FUNDS” below.

“Operation and Maintenance Expenses” means, for any Fiscal Year, the costs incurred by the City in operating and maintaining the Airport during such Fiscal Year, either directly or indirectly, including, without limitation (but exclusive of such expenses as may be capitalized in connection with an Airport Project): 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; costs of materials, supplies, machinery and equipment and other similar expenses; costs of maintenance, landscaping, decorating, repairs, renewals and alternations not reimbursed by insurance; 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; costs of rentals of real property; costs of rental equipment or other personal property; 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; 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 said 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; costs incurred in collecting and attempting to collect any sums due the City in connection with the operation of the Airport; costs of advertising at or for the Airport; 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; 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 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.

For a general description of the application of Senior Lien Revenues, see “– FLOW OF FUNDS” and “– PAYMENT OF DEBT SERVICE ON THE 2025 SENIOR LIEN BONDS” below, and APPENDIX B – “SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE – Source of Payment; Pledge of Senior Lien Revenues.” See the heading “MIDWAY FINANCIAL INFORMATION” for an overview of historic financial information of the Airport.

MIDWAY REVENUES MUST BE USED FOR AIRPORT PURPOSES

As a recipient of federal grants for Midway, the City is required by federal law, and by its grant assurances to the Federal Aviation Administration (the “FAA”) under its grant agreements with the FAA, to use all revenues generated at Midway, including all Senior Lien Revenues, for the capital or operating costs of Midway, 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 Midway, including the Senior Lien 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 Passenger Facility Charges; 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 United States Department of Transportation, 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 Midway, including the Senior Lien Revenues, in violation of the City's grant assurances or federal law might 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 – Default and Remedies.”

DESCRIPTION OF GRANT RECEIPTS

Grant Receipts consist of moneys received by the City for use at Midway from the United States of America and agencies thereof, including discretionary FAA grants. For additional information regarding Grant Receipts, see APPENDIX E – “REPORT OF THE AIRPORT CONSULTANT – Midway International Airport.”

DESCRIPTION OF OTHER AVAILABLE MONEYS, PFC REVENUES AND CFC REVENUES

General. “Other Available Moneys” includes for any Fiscal Year, the amount of money determined by the Chief Financial Officer to be transferred by the City for such Fiscal Year from sources other than Senior Lien Revenues to the Revenue Fund, the Senior Lien Debt Service Fund or any debt service fund for Senior Lien Obligations, to pay the principal of or interest on Senior Lien Obligations. Once such Other Available Moneys are transferred to the Trustee as described above, they are treated as Senior Lien Revenues under the Senior Lien Indenture, including for purposes of calculating debt service coverage under the Senior Lien Indenture.

Application of PFC Revenues as Other Available Moneys. In 1990, the United States Congress enacted legislation (the “PFC Act”) authorizing a public agency, such as the City, which controls a commercial service airport to charge each paying passenger enplaning at the airport (a “Passenger Facility Charge” or “PFC”). The purpose of the PFC is to provide additional capital funding for the expansion of the national airport system. Before imposing and using PFCs, a public agency must apply to the FAA for approval and PFCs are collected on behalf of airports by air carriers and their agents and remitted to the City on a monthly basis. Currently, the City is authorized to impose PFCs at Midway of \$4.50 per eligible enplaned passenger to finance PFC eligible projects. See “MIDWAY FINANCIAL INFORMATION – PFC REVENUES – HISTORICAL COLLECTIONS.”

The revenues the City receives from PFCs (the “PFC Revenues”) do not constitute Senior Lien Revenues and are not pledged to, or held by, the Trustee for the benefit of the owners of the 2025 Senior Lien Bonds. However, historically the City has, from time to time in certain Fiscal Years, transferred PFC Revenues to the Trustee as Other Available Moneys to pay the principal of or interest on Outstanding Airport Obligations payable from Senior Lien Revenues. Pursuant to the Airport Use Agreements, the City has agreed to use PFC Revenues collected at the Airport to pay debt service on Senior Lien Bonds the proceeds of which are used by the City to pay for capital projects approved by the FAA for the collection and use of a PFC at the Airport.

Pledge of CFC Revenues to the 2018A Bonds as Other Available Moneys. The City collects Customer Facility Charges (“CFCs”) from customers who rent cars at Midway at the rate of \$4.75 per contract day. In April 2013, the City opened the Consolidated Rental Car Facility to serve Midway that is leased to a consortium of companies engaged in the business of renting automobiles (the “Tenant”), pursuant to the Consolidated Rental Car Facility Lease and provides for the Tenant to pay “Facility Rent” thereunder. The CFCs and Facility Rent constitute the “CFC Revenues.” CFC Revenues do not constitute Senior Lien Revenues and are not pledged to, or held by, the Trustee for the benefit of the owners of the 2025 Senior Lien Bonds.

The City has issued its \$45,670,000 Second Lien Airport Revenue Refunding Bonds, Series 2018A (Taxable) (the “2018A Bonds”), of which \$18,235,000 is currently outstanding, and such bonds were redesignated as Outstanding Senior Lien Bonds upon the execution of the Senior Lien Indenture. Pursuant to the Twenty-Fifth Supplemental Indenture securing such 2018A Bonds, the City has pledged the CFC Revenues as Other Available Moneys for payment of principal and interest on the 2018A Bonds, prior to the application of Senior Lien Revenues for such purpose. Under the Twenty-Fifth Supplemental Indenture,

the City has covenanted to: (i) impose and to cause all CFCs to be collected on a monthly basis in accordance with the CFC Ordinance and the CFC Statute; and (ii) enforce the Consolidated Rental Car Facility Lease to collect Facility Rent as and when due in accordance with the Consolidated Rental Car Facility Lease. The CFC Revenues pledged as Other Available Moneys to pay the 2018A Bonds are treated as Senior Lien Revenues under the Senior Lien Indenture, including for purposes of calculating debt service coverage under the Senior Lien Indenture.

The CFC Revenues for the years 2018 through 2024 have ranged from \$3.3 million to \$6.8 million and, with the exception of 2020 and 2021, have been in amounts sufficient to pay all debt service on the 2018A Bonds in such years.

FLOW OF FUNDS

All revenues and expenses of Midway are accounted for as a separate enterprise fund of the City subject to the provisions of the Senior Lien Indenture and the Airport Use Agreements. Under the Senior Lien Indenture, all Senior Lien Revenues are collected by the City and, after monthly deposits by the City into the O&M Fund of an amount equal to one-twelfth of the O&M Expense Projection for the current Fiscal Year, promptly deposited by the City to the credit of the Revenue Fund in the custody of the Trustee. The Trustee is accountable only for moneys so deposited.

The Senior Lien Indenture creates the Revenue Fund, the Senior Lien Debt Service Fund, the Common Debt Service Reserve Sub-Fund and the Junior Lien Obligation Debt Service Fund to be held and administered by the Trustee. Pursuant to the Senior Lien Indenture, the City agrees to establish and maintain in the custody of the City, an O&M Fund for the purpose of paying Operation and Maintenance Expenses, and such other Funds and Accounts as the City is required to establish and maintain under the Airport Use Agreements or deems necessary or advisable to establish and maintain with respect to the Airport, including a Special Project Fund, an O&M Reserve Account, a Working Capital Account, a Repair and Replacement Fund, an Emergency Reserve Fund and an Airport Development Fund. See APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE.”

Monthly Deposits on the Tenth Day of the Month. On the tenth day of each month the Trustee shall make the following deposits and transfers from amounts on deposit in the Revenue Fund in the manner and order of priority set forth below:

First: into the Senior Lien Debt Service Fund the amount, if any, needed to increase the amount in the Senior Lien Debt Service Fund so that it equals the amount of money obtained by aggregating the following several sums, computed with respect to the Outstanding Senior Lien Obligations of each Series: (A) any unpaid interest due on such Senior Lien Obligations at or before such date, (B) the Principal Installments of such Senior Lien Obligations matured and unpaid at or before said date, (C) all interest on such Senior Lien Obligations accrued and not paid through the end of the current month, less any portion of such interest payable from a Capitalized Interest Account, (D) that portion of each Principal Installment with respect to such Senior Lien Obligations next payable after said date that would have accrued to the end of the current month if such Principal Installment were deemed to accrue daily in equal amounts from the next preceding Principal Installment due date for such Series or, if there shall be no preceding due date or such preceding due date is more than one year prior to the next Principal Installment due date then, from a date one year prior to such next Principal Installment due date or from the date of issuance of the Senior Lien Obligations of such Series, whichever date is later and (E) the amount, if any, specified in a Certificate filed with the Trustee in order to provide funds to pay amounts due and owing to the issuer of any Qualified Reserve Account Credit Instrument.

Second: to the City for deposit into the O&M Reserve Account an amount equal to one-twelfth of the O&M Reserve Account Deposit Requirement, which is the amount required in each Fiscal Year to increase the amount on deposit in the O&M Reserve Account to an amount equal to one-sixth of the O&M Expense Projection for such Fiscal Year.

Third: to the City for deposit into the Working Capital Account. As there is no current deposit requirement for the Working Capital Account under the Airport Use Agreements, the City has directed the Trustee to suspend deposits to the Working Capital Account, which direction may be revoked at any time.

Monthly Deposits on the Fifteenth Day of the Month. On the fifteenth day of each month the Trustee shall make the following deposits and transfers from amounts on deposit in the Revenue Fund in the manner and order of priority set forth below:

First: into (x) the Common Debt Service Reserve Sub-Fund, one-twelfth of the amount (if any) necessary to increase the amount on deposit therein to an amount equal to the Common Debt Service Reserve Requirement and (y) the debt service reserve sub-fund or account established pursuant to a Supplemental Indenture with respect to a Series of Senior Lien Obligations that are not Common Reserve Bonds, one-half of the amount (if any) necessary to increase the amount on deposit therein to an amount equal to the requirement for such sub-fund or account established pursuant to such applicable Supplemental Indenture.

Second: into the Junior Lien Obligation Debt Service Fund one-twelfth of the 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 Accounts within the Junior Lien Obligation Debt Service Fund, as specified by a Certificate filed with the Trustee.

Third: to the City for deposit into the Repair and Replacement Fund an amount equal to one-twelfth of the Repair and Replacement Fund Deposit Requirement. Notwithstanding the foregoing provisions of this paragraph, the City, in its sole discretion, may direct the Trustee to reduce or suspend such transfers for deposit into the Repair and Replacement Fund for any period by delivery to the Trustee of a Certificate setting forth the amount of such reduction, if applicable, and the period or periods during which such reduction or suspension shall remain in effect. Following any such reduction or suspension, the City, in its sole discretion, may direct the Trustee to increase or resume such transfers by delivery to the Trustee of a Certificate setting forth the date upon which such transfers shall increase or resume (which may be different from the date, if any, specified in the original Certificate for the end of the period of such reduction or suspension) and the amount, and methodology for calculating adjustments to such amount, of such transfers.

Fourth: to the City for deposit into the Emergency Reserve Fund an amount equal to one-twelfth of the Emergency Reserve Fund Deposit Requirement.

Fifth: to the City for deposit into the Special Project Fund the amount specified by the City in a certificate filed with the Trustee as the amount to be deposited at such time in such Fund.

Sixth: to the City for deposit into the Airport Development Fund the amount specified by the City in a certificate filed with the Trustee.

If at the time deposits are required to be made as described above, the moneys held in the Revenue Fund are insufficient to make any required deposit, then the deposit shall be made up on the next applicable

deposit date from amounts in the Revenue Fund after required deposits into all other Funds and Accounts having a higher priority shall have been made in full.

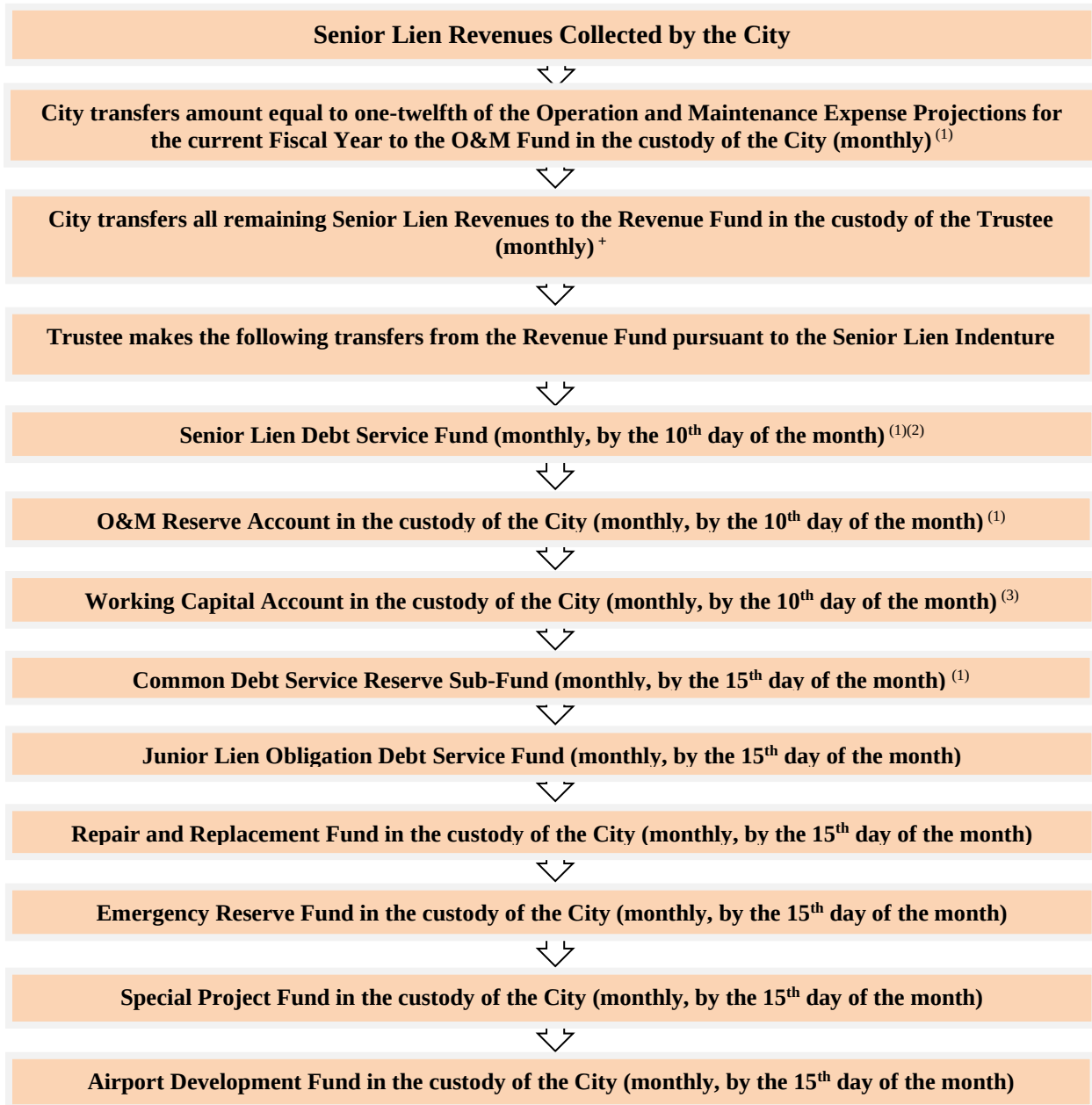
At the end of each Fiscal Year amounts on deposit in the O&M Fund, the Senior Lien Debt Service Fund, the Common Debt Service Reserve Sub-Fund, any debt service reserve sub-fund or account established for the benefit of a single Series of Senior Lien Obligations that are not Common Reserve Bonds and the Junior Lien Obligation Debt Service Fund in excess of the amount required under the Senior Lien 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.

FLOW OF FUNDS DIAGRAM

The diagram on the following page sets forth, in simplified form, the flow of funds described above.

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FLOW OF FUNDS DIAGRAM



Source: Chicago Department of Aviation.

⁽¹⁾ Any amount on deposit at year-end in excess of the amount required to be on deposit for such Fiscal Year under the Senior Lien Indenture or any ordinance or resolution authorizing the issuance of Junior Lien Obligations at year-end, shall be transferred to the Revenue Fund.

⁽²⁾ The CFC Revenues are not pledged to any Senior Lien Bonds, other than the Outstanding 2018A Bonds.

⁽³⁾ As there is no current deposit requirement for the Working Capital Account under the Airport Use Agreements, the City has directed the Trustee to suspend deposits to the Working Capital Account, which direction may be revoked at any time.

PAYMENT OF DEBT SERVICE ON THE 2025 SENIOR LIEN BONDS

The Senior Lien Indenture creates the Revenue Fund to be held and administered by the Trustee. The City is required to file with the Trustee, upon the issuance of each series of Senior Lien Obligations (including the 2025 Senior Lien Bonds), an executed counterpart of the Supplemental Indenture creating such series. The moneys in the Revenue Fund shall be disbursed and applied by the Trustee as required by the provisions of any Supplemental Indenture creating a series of Senior Lien Obligations (including the Thirty-First Supplemental Indenture and the Thirty-Second Supplemental Indenture), or by any instrument creating Section 208 or Section 209 Obligations. The Trustee shall segregate within the Revenue Fund and credit to such sub-funds, accounts and sub-accounts therein as may have been created for the benefit of such series of Senior Lien Obligations and such Section 208 and Section 209 Obligations in such Supplemental Indenture such amounts as may be required to be so credited under the provisions of such Supplemental Indenture or instrument creating Section 208 or Section 209 Obligations to pay the principal of and interest on such Senior Lien Obligations and satisfy such Section 208 Obligations and Section 209 Obligations.

Moneys on deposit in the respective Dedicated Sub-Funds, and in each account established therein, are to be held in trust by the Trustee solely for the benefit of the Registered Owners of the respective series of Bonds. The specific accounts established in the Dedicated Sub-Funds, and the deposit requirements for each such account, are more fully described in APPENDIX B – “SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE – Payment of Debt Service on the Bonds and Related Section 208 and Section 209 Obligations.”

DEBT SERVICE RESERVES

Overview. The 2025 Senior Lien Bonds are being issued as Common Reserve Bonds (as defined herein) pursuant to the Senior Lien Indenture. Certain other Outstanding Senior Lien Bonds are Common Reserve Bonds and, as such, are secured by the Common Debt Service Reserve Sub-Fund on a parity with the 2025 Senior Lien Bonds in accordance with provisions of the Senior Lien Indenture. See “OUTSTANDING INDEBTEDNESS AT MIDWAY.” Upon issuance of the 2025 Senior Lien Bonds, the Common Debt Service Reserve Requirement for the Common Reserve Bonds will be \$89.85 million. At closing any funds held in the Common Debt Service Reserve Sub-Fund related to the Refunded Bonds that are not applied to redemption of such bonds will be retained in the Common Debt Service Reserve Sub-Fund and proceeds of the 2025 Senior Lien Bonds will be deposited to the Common Debt Service Reserve Sub-Fund to have the amount on deposit in such fund equal the Common Debt Service Reserve Requirement. Prior to, and after, giving effect to the issuance of the 2025 Senior Lien Bonds, the City will be and will remain in compliance with all requirements for the maintenance of the Common Debt Service Reserve Sub-Fund. See APPENDIX B – “SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE – Common Debt Service Reserve Sub-Fund.”

Common Debt Service Reserve Sub-Fund. The Common Debt Service Reserve Sub-Fund is held and administered by the Trustee in accordance with the terms of the Senior Lien Indenture. The 2025 Senior Lien Bonds are Senior Lien Obligations entitled to the benefit of the Common Debt Service Reserve Sub-Fund on a parity with other Outstanding Senior Lien Obligations. Senior Lien Obligations secured by the Common Debt Service Reserve Sub-Fund are referred to as the “Common Reserve Bonds.” Each other series of Senior Lien Obligations not secured by the Common Debt Service Reserve Sub-Fund (these bonds collectively referred to herein as the “Non-Common Reserve Bonds”) are 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 “Common Debt Service Reserve Requirement” for the Common Debt Service Reserve Sub-Fund means the least of (i) the maximum amount of Annual Senior Lien Debt Service payable on the Common Reserve Bonds in the current or any succeeding Bond Year, (ii) 125% of the average Annual Senior Lien Debt Service on the Common Reserve Bonds or (iii) 10% of the original principal amount of the Common Reserve Bonds, provided, however, that if upon the issuance of any 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 Common Debt Service Reserve Requirement shall be the sum of (a) the Common Debt Service 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 Bonds issued by the City in the future pursuant to the Senior Lien Indenture may, but need not, be designated as Common Reserve Bonds and 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 Common Debt Service Reserve Requirement may be satisfied by the deposit with the Trustee of (i) one or more Qualified Reserve Account Credit Instruments, (ii) Qualified Investments, or (iii) a combination thereof.

The City covenants in the applicable supplemental indenture with respect to each series of Common Reserve Bonds, that (i) the City will maintain the Common Debt Service Reserve Sub-Fund in an amount equal to the Common Debt Service 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 Common Debt Service Reserve Requirement, the amount of such excess shall be transferred by the Trustee to 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 Common Debt Service Reserve Requirement.

If at any time the Common Debt Service Reserve Sub-Fund holds both Qualified Reserve Account 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 Reserve Account Credit Instrument. If the Common Debt Service Reserve Sub-Fund holds Qualified Reserve Account 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 Senior Lien Revenues. Amounts deposited in the Common Debt Service Reserve Sub-Fund for the purposes of restoring amounts withdrawn therefrom shall be applied first to reimburse the provider of the Qualified Reserve Account Credit Instrument and thereby reinstate the Qualified Reserve Account 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 “Flow of Funds—Payment of Debt Service on the 2025 Senior Lien Bonds,” above and APPENDIX B — “SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE – Common Debt Service Reserve Sub-Fund.”

DEBT SERVICE COVERAGE COVENANTS

(a) The City covenants that it will fix and establish, and revise from time to time whenever necessary, such rentals, rates and other charges for the use and operation of the Airport and for services rendered by the City in the operation thereof in order that in each Fiscal Year Senior Lien Revenues, together with Other Available Moneys deposited with the Trustee with respect to such Fiscal Year and any cash balance held in the Revenue Fund on the first day of such 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 (i) the amounts needed to make the deposits required under the Senior Lien Indenture during such Fiscal Year into the Senior Lien Debt Service Fund, the O&M Reserve Account, the Working Capital Account, the Common Debt Service Reserve Sub-Fund, the Junior Lien Obligation Debt Service Fund, the Repair and Replacement Fund and the Special Project Fund, and (ii) (A) prior to the end of the Fiscal Year ending on December 31, 2025, an amount not less than 120% of the Aggregate Senior Lien Debt Service for the Bond Year commencing during such Fiscal Year; or (B) after the Fiscal Year ending on December 31, 2025, an amount not less than 125% of the Aggregate Senior Lien Debt Service for the Bond Year commencing during such Fiscal Year.

(b) If during any Fiscal Year, Senior Lien Revenues, together with Other Available Moneys and such cash balance in the Revenue Fund, are estimated to produce less than the amount required under paragraph (a) above, the City shall 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.

(c) Within 60 days after the end of each Fiscal Year, the City shall furnish to the Trustee a calculation of the coverage required under paragraph (a) above certified by the Chief Financial Officer.

(d) If the certificate specified in paragraph (c) above for any year indicates that the City has not satisfied its obligations under paragraph (a) above, then as soon as practicable, but in any event no later than 60 days after the receipt by the Trustee of such certificate, the City shall 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 60 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. Promptly upon its receipt of the recommendations the City shall, 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 paragraph (a) above. The City shall transmit copies of the Independent Airport Consultant's recommendations to the Trustee and to each owner of Senior Lien Obligations who has requested the same.

(e) If at any time and as long as the City is in full compliance with the provisions of paragraph (b), (c) and (d) above, there shall be no Event of Default under the Senior Lien Indenture as a consequence of the City's failure to satisfy the covenant contained in paragraph (a) above during such period.

COVENANTS AGAINST LIEN ON REVENUES

The City covenants in the Senior Lien Indenture that it will not issue any bonds, notes or other evidence of indebtedness, secured by a pledge of Senior Lien Revenues, other than Senior Lien Obligations, and shall not create or cause to be created any lien or charge on Senior Lien Revenues, or on any amounts pledged for the benefit of owners of Senior Lien Obligations under the Senior Lien Indenture (other than the pledge contained in the Senior Lien Indenture); except that the City has the right to issue (a) Senior Lien Bonds, (b) bonds, notes and other evidence of indebtedness payable out of, or secured by a pledge of, Senior Lien Revenues to be derived on and after the discharge and satisfaction of all Senior Lien Obligations or (c) to issue bonds, notes and other evidence of indebtedness that are payable from or secured by a pledge of amounts which may be withdrawn from the Junior Lien Obligation Debt Service Fund so long as such pledge is expressly junior and subordinate to the pledge of Senior Lien Revenues to the payment of Senior Lien Obligations.

ISSUANCE OF ADDITIONAL SENIOR LIEN BONDS

General. The Senior Lien Indenture provides that, in order to provide sufficient funds for the financing or refinancing of Airport Projects, the City may issue Additional Senior Lien Obligations on a parity basis with outstanding Senior Lien Obligations from time to time without limitation as to amount (except as may be limited by law), for the purpose of (i) the payment, or the reimbursement for the payment, of the costs of one or more Airport Projects, (ii) the refunding of any Senior Lien Obligations or other obligations issued to finance or refinance one or more Airport Projects, including, but not limited to, any Special Facility Revenue Bonds or any Junior Lien Obligations, or (iii) the funding of any Fund or Account (as defined in the Senior Lien Indenture) or any Fund or Account as specified in the Supplemental Indenture under which any Senior Lien Obligations are issued, including in each case payment of the Costs of Issuance of such Senior Lien Obligations.

Additional Senior Lien Obligations, other than Completion Obligations (defined as any Senior Lien Obligation issued for the purpose of defraying additional costs of an Airport Project or Projects financed by the Senior Lien Bonds or Senior Lien Obligations) or Refunding Obligations, may be issued only upon satisfaction of various requirements, including either:

(i) an Independent Airport Consultant's certificate stating that, based upon reasonable assumptions set forth therein, Senior Lien Revenues and Other Available Moneys are projected to be not less than that required to satisfy the Rate Covenant (disregarding any Senior Lien Obligations that have been paid or discharged or will be paid or discharged immediately after the issuance of the series of Senior Lien Obligations proposed to be issued) for each of the next three Fiscal Years following issuance of such Additional Senior Lien Obligations or, if later, for each Fiscal Year from the issuance of such Additional Senior Lien Obligations through the two Fiscal Years immediately following completion of the Airport Projects financed by such Additional Senior Lien Obligations; provided that for purposes of issuing its certificate, the projections of the Independent Airport Consultant shall include as Other Available Moneys, only moneys that have either been (A) paid over to the Trustee and deposited into the Revenue Fund or the Senior Lien Debt Service Fund or paid over to the Trustee and deposited into a debt service fund for Senior Lien Obligations or (B) irrevocably pledged to the payment of debt service on Senior Lien Obligations; or

(ii) a Certificate stating that Senior Lien Revenues and Other Available Moneys in the most recent completed Fiscal Year for which audited financial statements have been prepared satisfied the Rate Covenant, assuming for such purpose that Aggregate Senior Lien Debt Service for the Bond Year commencing during such Fiscal Year includes the maximum Annual Senior Lien Debt Service on the Additional Senior Lien Obligations proposed to be issued.

See APPENDIX B – “SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE – Authorization of the 2025 Senior Lien Bonds and Other Senior Lien Obligations.”

Completion Obligations. With respect to any Additional Senior Lien Obligations proposed to be issued as Completion Obligations, the City is required to deliver a Certificate to the Trustee stating: (i) that the Completion Obligations proposed to be issued are being issued to finance the costs of one or more Airport Projects initially financed in whole or in part by Senior Lien Obligations; and (ii) that the additional cost of the Airport Projects being financed by such Completion Obligations does not exceed 15% of the aggregate cost thereof previously financed. Prior to the delivery of any Completion Obligations, the City is required to file with the Trustee a certificate of a Consulting Engineer: (a) stating that the Airport Projects have not materially changed from their description in the Senior Lien Supplemental Indenture or the Supplemental Indenture creating the series of Senior Lien Obligations initially issued to finance the cost of such Airport Projects; (b) estimating the revised aggregate cost of the Airport Projects; (c) stating that the revised aggregate cost of such Airport Projects cannot be paid with available moneys; and (d) stating that, in the opinion of the Consulting Engineer, the issuance of Completion Obligations is necessary to provide funds to complete the Airport Projects.

Refunding Obligations. The City may also issue Additional Senior Lien Obligations constituting Refunding Obligations without satisfying the requirement for a certificate of an Independent Airport Consultant summarized above under the subcaption “– General.” See APPENDIX B – “SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE – Authorization of the Senior Lien Bonds and Other Senior Lien Obligations.”

Junior Lien Obligations. The Senior Lien Indenture permits the issuance of 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 such pledge is expressly junior and subordinate to the pledge of Senior Lien Revenues securing the Senior Lien Bonds.

Other Provisions. For a more complete description of additional provisions concerning the security and sources of payment for the 2025 Senior Lien Bonds, see APPENDIX B – “SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE.”

AIRPORT USE AGREEMENTS

A substantial portion of the Senior Lien Revenues is derived from rentals, fees and charges imposed upon the Signatory Airlines pursuant to the Airport Use Agreements that the City has entered into with the five signatory airlines currently operating scheduled service at Midway. The “Signatory Airlines” are Southwest, Delta Air Lines, Inc. (and its other regional airline partners) (“Delta”), Frontier Airlines, Inc. (“Frontier”), Porter Airlines Inc. (“Porter”), and Volaris Airlines (“Volaris”). The stated termination date of the Airport Use Agreements is December 31, 2027, subject to the right of the City or a Signatory Airline under certain circumstances to terminate its Airport Use Agreement prior to that date.

The nature of the obligation of the Signatory Airlines to make payments to the City under the Airport Use Agreements is described in APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT USE AGREEMENTS – Airline Fees and Charges.” The Airport Use Agreements provide that the aggregate of all rentals, fees and charges to be paid by the Signatory Airlines, together with Non-Airline Revenues and as required by the Airport Use Agreements, shall be sufficient to pay for the cost of operating, maintaining and improving Midway, including the satisfaction of all of the City’s obligations to make deposits and payments under the Airport Use Agreements and the Senior Lien Indenture or any other ordinance or indenture authorizing the issuance of notes, bonds or other obligations of Midway. In addition,

the Airport Use Agreements specifically provide the City with the right to approve or disapprove any transfer, including, but not limited to, any sublease or assignment, by any Signatory Airline of any of its leasehold rights to Leased Premises at Midway, which include, but are not limited to, gates at Midway. See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT USE AGREEMENTS –Term,” “– Default and Termination,” “– Assignment, Sublease and Other Transfers,” and “– Change of Lease Term.”

The Airport Use Agreements include incentives for the City to grow Non-Airline Revenues generated at Midway and to reduce Operation and Maintenance Expenses incurred in the operation of Midway by providing that (i) up to \$1 million of the amount, if any, of Non-Airline Revenues in excess of certain specified levels collected in each Fiscal Year and (ii) up to \$1 million of the amount, if any, by which Operation and Maintenance Expenses incurred in each Fiscal Year are below 95% of the budgeted Operation and Maintenance Expenses for such Fiscal Year shall be deposited in the Airport Development Fund established and maintained by the City under the Airport Use Agreements. The aggregate of the amounts to be deposited into the Airport Development Fund in any Fiscal Year as described in clauses (i) and (ii) shall not exceed \$1.5 million in any Fiscal Year. Each of the foregoing dollar limits are adjusted annually for inflation. Amounts in the Airport Development Fund may be used by the City for any lawful purpose in the City’s sole discretion.

Based upon CDA management records, the Signatory Airlines and their affiliates represented, in the aggregate, 99.3% of the total enplanements at Midway in 2024. Southwest represented 88.1% of the total enplaned passengers at Midway in 2024. See “AIR TRAFFIC ACTIVITY AT MIDWAY – MIDWAY OPERATIONS,” “CERTAIN INVESTMENT CONSIDERATIONS – UNCERTAINTIES OF THE AIRLINE INDUSTRY” and APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT USE AGREEMENTS.”

Certain Senior Lien Bonds (including the 2025 Senior Lien Bonds) mature after the stated termination date of the Airport Use Agreements. It is not possible to predict the terms of any airport use agreement that might replace the Airport Use Agreements or whether any airlines will be contractually obligated to make payments in amounts reflecting, among other things, debt service on the 2025 Senior Lien Bonds or any other Senior Lien Bonds after the stated termination of the Airport Use Agreements on December 31, 2027. The City has no obligation under the Senior Lien Indenture to maintain, extend or renew any Airport Use Agreements. See “CERTAIN INVESTMENT CONSIDERATIONS – EXPIRATION OF AIRPORT USE AGREEMENTS.”

A portion of Senior Lien Revenues is derived from fees and charges imposed on “Non-Signatory Airlines” pursuant to City ordinances. The two airlines operating scheduled service at Midway that are not parties to the Airport Use Agreements are Avelo Airlines¹ (“Avelo”) and Allegiant Air (“Allegiant” and collectively with Avelo, the “Non-Signatory Airlines”).

MODIFICATIONS TO THE SENIOR LIEN INDENTURE

The provisions of the Senior Lien Indenture and the rights and obligations of the City and of the owners of the Senior Lien Obligations may be modified or amended in any respect upon the consent of the owners of all the then Outstanding Senior Lien Obligations given as provided in the Senior Lien Indenture. Senior Lien Obligations owned by the City shall not be deemed Outstanding for the purpose of such consent.

¹ Avelo Airlines previously operated seasonal service from Midway, but shifted service from Midway to O’Hare in May 2025.

Any modification or amendment of the Senior Lien 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 provided in the Senior Lien Indenture, (a) of the owners of a majority in principal amount of the Senior Lien Obligations Outstanding at the time such consent is given, (b) in case less than all of the several Series of then Outstanding Senior Lien Obligations are affected by the modification or amendment, of the owners of a majority in principal amount of the then Outstanding Senior Lien Obligations of each Series so affected.

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 Sale or Transfer of Airport” in APPENDIX B – “SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE – Sale or Transfer of Airport.” 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, the 2010 Amendment is consented to by the providers of credit support for certain of the Outstanding Senior Lien Obligations, and the City determines to deliver a certification of the effectiveness of the 2010 Amendment to the Trustee. Pursuant to the 2025 Supplemental Indentures authorizing each Series of the 2025 Senior Lien Bonds, the Owners of the 2025 Senior Lien Bonds shall be deemed to have consented to the 2010 Amendment by purchasing such 2025 Senior Lien Bonds. Such consent of any Owner may be revoked in writing as provided in the Senior Lien Indenture. Currently, Owners of all of the Outstanding Senior Lien Obligations have consented to the 2010 Amendment, and the City, at its discretion, may elect to seek credit support provider consent and, if such consents are obtained, implement the 2010 Amendment by presenting a certification to the Trustee.

REMEDIES

There is no provision for the acceleration of the maturity of Senior Lien Bonds, including the 2025 Senior Lien Bonds, if any default occurs in the payment of the principal of or interest on Senior Lien Bonds, including the 2025 Senior Lien Bonds, or in the performance of any other obligation of the City under the Senior Lien Indenture.

RATINGS

The 2025 Senior Lien Bonds are rated “A” (stable outlook) by S&P Global Ratings, “A” (stable outlook) by Fitch Ratings, and “A” (stable outlook) by Kroll Bond Rating Agency.

A rating reflects only the view of the rating agency giving such rating. A rating is not a recommendation to buy, sell or hold securities, and may be subject to revision or withdrawal at any time. An explanation of the significance of such rating may be obtained from such organization. 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 if, in the judgment of any rating agency, circumstances so warrant. Any such downward revision or withdrawal of a rating may have adverse consequences for the City or an adverse effect on the price at which the 2025 Senior Lien Bonds may be resold.

CHICAGO MIDWAY INTERNATIONAL AIRPORT

GENERAL

Midway is a major commercial airport serving the Chicago region. Located approximately ten miles southwest of the City’s central business district, Midway occupies approximately 840 acres, bordered

by 55th Street on the north, 63rd Street on the south, Central Avenue on the west, and Cicero Avenue on the east, and is directly linked to the central business district by the Chicago Transit Authority (CTA) rapid transit system Orange Line as well as by surrounding city and suburban areas via bus service provided by both the CTA and Pace Suburban Bus Service. See “– THE AIR TRADE AREA” below for a discussion of the Air Trade Area.

Based on data from ACI, the Airport served approximately 21.5 million passengers in 2024, making it the nation’s 31st busiest airport. The 2024 activity compares to approximately 20.8 million passengers in 2019, the most recent year prior to the impacts of the COVID-19 pandemic on air travel. In 2019, the Airport ranked as the 29th busiest airport in the nation.

See “AIR TRAFFIC ACTIVITY AT MIDWAY” herein for information regarding the airlines serving the Airport.

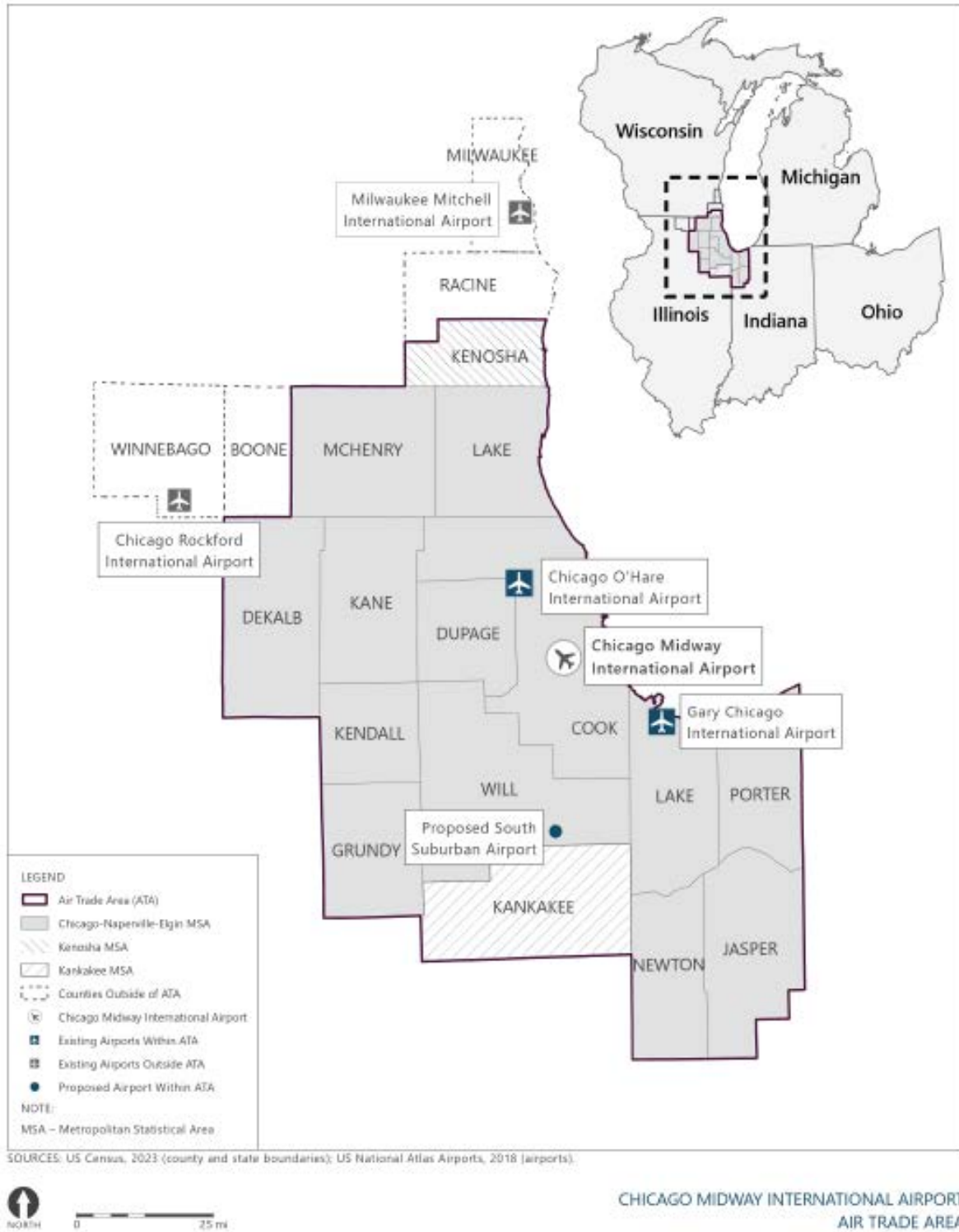
For more complete and detailed information regarding historical and projected air traffic at Midway, see APPENDIX E – “REPORT OF THE AIRPORT CONSULTANT – Passenger Demand and Air Traffic.”

THE AIR TRADE AREA

Overview. The primary air trade area that Midway 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 that contain four adjoining major metropolitan areas. This area (the “Air Trade Area”) is depicted by the following map. See APPENDIX E – “REPORT OF THE AIRPORT CONSULTANT.”

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MAP OF AIR TRADE AREA



Source: Report of the Airport Consultant

OTHER COMMERCIAL SERVICE AIRPORTS SERVING THE CHICAGO REGION

Chicago O'Hare International Airport. In addition to Midway, the City also operates O'Hare through CDA. The operations of these two airports are separate and distinct and the 2025 Senior Lien Bonds are not secured by any revenues generated at O'Hare. O'Hare is the primary commercial airport for the City, as well as an important connecting point for numerous domestic and international flights. O'Hare serves nearly all of the Chicago Region's international air traffic and is the predominant airport for nonstop/business travel to the Chicago Region's top 50 O&D markets. For more information relating to O'Hare, see APPENDIX E – "REPORT OF THE AIRPORT CONSULTANT." Southwest launched service from O'Hare in February 2021. In 2025, Southwest scheduled 13 average daily departures from O'Hare to 11 destinations compared to 189 average daily departures to 80 destinations scheduled from Midway. All the destinations Southwest serves from O'Hare are also served from Midway. Three other airlines, Delta, Frontier, and Volaris, currently provide scheduled service from both Midway and O'Hare.

General Mitchell International Airport. The nearest commercial service airport outside the Chicago Region is General Mitchell International Airport ("Mitchell"), located approximately 85 miles north of Midway. Mitchell serves the commercial air service needs of Milwaukee, southeast Wisconsin, and portions of northern Illinois. Due to its proximity to Chicago, General Mitchell International Airport's catchment area overlaps with Midway's Air Trade Area, with both areas including three counties in the northern Chicago Region, which represent approximately 12 percent of the population in the Air Trade Area. In 2025, Mitchell had an average of 85 daily nonstop flights to 39 destinations (36 domestic destinations and 3 international destinations).

Gary/Chicago International Airport. Gary/Chicago International Airport, which is owned by the City of Gary, Indiana is 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 May 16, 2024, President Biden signed the Securing Growth and Robust Leadership in American Aviation Act into law, which legislation reauthorized the FAA through September 30, 2028. As of the date hereof, 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, 2028. See "CERTAIN INVESTMENT CONSIDERATIONS – FEDERAL AUTHORIZATION AND FUNDING CONSIDERATIONS."

State Approval of Federal Grants. Under the Illinois Aeronautics Act, the City is permitted to submit a project application under the provisions of AIP for projects at Midway. The City is permitted under the same statute to directly accept, receive, and disburse any such funds.

State Noise Legislation. Legislation with respect to reducing aircraft noise has been proposed from time to time in the Illinois General Assembly. There is no assurance that legislation with respect to aircraft noise will not be proposed or enacted in the future, or that if enacted it would not have a material adverse effect on operations, enplanements and revenues at Midway.

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 2019 capital plan for roadwork to connect the proposed Peotone-adjacent site with

Interstate 57. The State of Illinois fiscal year 2023 budget allocates approximately \$17 million to land acquisition for the site. The Illinois Department of Transportation (“IDOT”) issued a Request for Qualifications on August 16, 2024, which invites prospective entities or groups to submit Statements of Qualifications to design, build, finance, operate and maintain the South Suburban Airport. According to the Request for Qualifications, IDOT intends to use the information gathered during the Request for Qualifications process to refine its approach to the procurement and project delivery method for the South Suburban Airport. The current procurement schedule outlined in Addendum 1 to Request for Qualifications, released in July 2025, contemplates the release of a subsequent addendum to the Request for Qualifications in Fall 2025 and the receipt of Statements of Qualification in Winter 2026.

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 the Airport.

Future Legislation. The Airport 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 Midway.

EXISTING AIRPORT FACILITIES

Midway has already completed essential capital improvement projects. In August 2015, the CDA announced a near \$400 million Midway terminal improvement project referred to as the Midway Modernization Program (“MMP”) which includes three major projects: Passenger Security Checkpoint Expansion, Terminal Parking Garage Expansion and Concessions Redevelopment Program. The full redevelopment is being implemented in a phased approach that is presently 94% complete. The passenger security checkpoint expansion at Midway was completed in 2020 the terminal parking garage enhancement project was completed in 2021. In November 2023, the City reopened the “Central Market” at Midway, which represents completion of the largest component of the Airport’s Concessions Redevelopment Program, which began in summer 2017. The Concessions Redevelopment Program is the first significant upgrade to Midway’s concessions program in nearly 20 years and delivers new local offerings, national brands, new healthy options and expanded retail offerings. The total concessions area has increased from 40,000 square feet to more than 60,000 square feet. Upon completion of the Concessions Redevelopment Program, the total concessions area is anticipated to be approximately 70,000 square feet. As of August 2025, there are 21 retail locations, 32 food and beverage locations, 14 vending locations, and 1 common use passenger lounge throughout Midway.

The City developed its 2025-2029 CIP, the most recently published, to address capital project requirements for Midway for the period 2025 through 2029. The primary focus of the 2025-2029 CIP is maintaining a good state of repair for existing airport facilities. For additional information regarding the 2025-2029 CIP and the funding thereof, see “2025-2029 CAPITAL IMPROVEMENT PROGRAM” and APPENDIX E – “REPORT OF THE AIRPORT CONSULTANT.”

The Airport consists of the airfield, terminal area, general aviation facilities, maintenance and airport support areas, landside surface access and parking, and air cargo facilities.

Airfield. Midway’s airfield consists of four runways with an associated taxiway system connecting the runways to the terminal area, general aviation facilities, hangars, and maintenance buildings. The Airport’s two main runways serve the commercial airlines and are equipped with Instrument Landing Systems (ILS) that enable arrivals to continue when visibility drops due to inclement weather conditions

and Engineered Material Arresting Systems that enhances the safety of aircraft that undershoot, overrun, or veer off the runway. The remaining two runways are reserved to accommodate non-commercial and general aviation aircraft.

Terminal Facilities. The Midway passenger terminal is located on the east side of the airfield. The terminal consists of three concourses (A, B and C) that provide 43 aircraft gate positions, 34 of which are currently used pursuant to preferential lease agreements and 9 of which are used as Airport-controlled common use gates. Three of the common use gates have a secure corridor connection to Midway's Federal Inspection Service (FIS) facility and thus are capable of processing inbound passengers from international destinations. Terminal improvements completed at Midway in 2020 included expansion of the passenger security checkpoint facilities, resulting in a streamlined single checkpoint area that is eight times wider than the previous security hall, with up to 17 operational screening lanes with the capacity to double passenger throughput from 2,500 to 5,000 passengers per hour, as needed. Additional terminal improvements have been completed pursuant to the MMP. See "CHICAGO MIDWAY INTERNATIONAL AIRPORT – GENERAL" and APPENDIX E – "REPORT OF THE AIRPORT CONSULTANT."

Surface Access. Public vehicular access to the passenger terminal complex is provided via an elevated roadway entrance connected to Cicero Avenue between 55th Street and 63rd Street. Recirculation roadways enable drivers to transition between the two levels of terminal access and the parking garage. Interstate 55 (the Stevenson Expressway) is located less than two miles north of the Airport.

Parking and Ground Transportation. A six-level terminal parking garage on the east side of Cicero Avenue is connected to the passenger terminal via the elevated passenger bridge. The structure opened in 1999 and provides one level of hourly parking and five levels of daily parking, with a total of approximately 2,548 spaces. Terminal Parking garage enhancements completed in 2021 included improvements to the exit plaza, a new revenue control system for more efficient entry and exiting, new electric vehicle charging stations, elevator modernization, a new emergency exit staircase, energy-efficient electrical upgrades, drainage upgrades, and other civil improvements. Economy parking is located on the north side of 55th Street in the form of a seven-level parking structure containing approximately 6,300 spaces and surface lots containing approximately 1,942 spaces. A cell phone lot opened in 2006 that enables public vehicles to wait free of charge for arriving passengers outside the terminal roadway system. In addition, the Airport maintains two remote employee parking lots. Taxi stands are located on the lower-level curb front of the terminals, and taxis are available on a first come, first serve basis. Dedicated loading zones for rideshare services are located on the lower level outside of baggage claim. Public transportation service from both the CTA and Pace Suburban Bus provide access to the Airport via the fully accessible Midway Transportation Center, located directly east of the terminal and connected to the terminal building via an enclosed walkway. The CTA Orange Line train provides service from Midway to downtown.

Rental Car Facilities. The Midway Consolidated Rental Car Facility (the "CRCF") opened in April 2013. It consists of an elevated parking structure north of 55th Street with a Quick-Turn-Around (QTA) facility, approximately 1,300 ready/return spaces and approximately 1,870 storage spaces. The parking structure provides four covered levels and one uncovered rooftop level. The first level houses a customer service center that replaced the former service counters in the passenger terminal. All rental car operations are operated from this facility, which is connected to the terminal complex via a dedicated roadway and shuttle bus operations.

Air Cargo Facilities. Hangars located on both the north and south sides of the airfield are leased by Southwest and process cargo that is loaded in their passenger aircraft. Midway is not served by cargo-specific carriers. See APPENDIX E – "REPORT OF THE AIRPORT CONSULTANT – Midway International Airport."

General Aviation Facilities. General aviation facilities and services are located on both the south and west sides of the airfield. These include corporate flight facilities, avionics repair shops, and two fixed-based operators (“FBOs”).

Maintenance Airport Support Areas. A variety of airport support, service equipment and maintenance facilities are located around the perimeter of the airfield. These include fuel farms, airline maintenance building, and both Chicago Department of Aviation and Federal Aviation Administration support facilities including the Airport Maintenance Complex (AMC), a secondary AMC, an Aircraft Rescue and Fire Fighting station, and an Airport Traffic Control Tower.

AIRPORT MANAGEMENT

The Airport is owned by the City and operated through the CDA, which oversees planning, operations, safety and security, and finance and administration. The CDA also independently oversees such activities at O’Hare. CDA is headed by the Commissioner of Aviation and as of October 1, 2025 had approximately 1,951 FTE employees (1,628 at O’Hare and 323 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 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 Regional Airport 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 Regional Airport Authority is required for implementation of certain capital projects. The City has all necessary approvals from the Chicago-Gary Regional Airport Authority to proceed with the 2025-2029 CIP. See the discussion under the heading “INTRODUCTION – Regional Airport Oversight.” On May 6, 2025, the Indiana state legislature enacted Public Law 223, which requires the City Council of the City of Gary to terminate the Compact related to the establishment of the Chicago-Gary Authority effective January 1, 2031.

MIDWAY NOISE COMPATIBILITY COMMISSION

In 1996, the Midway Noise Compatibility Commission (the “Midway Noise Commission”) was formed through the execution of an intergovernmental agreement by the City, Cook County and certain municipalities that are located in the area surrounding Midway. The purpose of the Midway Noise Commission is to (i) determine certain noise compatibility projects to be implemented in a defined area surrounding Midway, and (ii) advise the City concerning other Midway noise-related issues. As of July 1, 2025, the City has spent approximately \$264.5 million on residential and school noise compatibility projects implemented in cooperation with the airlines and the Midway Noise Commission.

A number of windows and doors installed in homes around O’Hare and Midway under the noise compatibility program have been determined to omit an odor. Pursuant to the State of Illinois Public Act 101-0010, the City has been tasked with replacing windows and doors in eligible affected homes. Such act permits such work to be reimbursed through funds collected under the State’s aviation fuel tax. The City does not anticipate expending any proceeds of the 2025 Senior Lien Bonds in connection with such replacements.

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 the Airport, 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. The Airport's budget, as proposed by CDA, may be modified by the budget director, the Mayor or the City Council. The City Council adopted the budget for the City's 2025 Fiscal Year on December 16, 2024.

AIR TRAFFIC ACTIVITY AT MIDWAY

MIDWAY OPERATIONS

Midway opened in 1927 and is a major commercial airport serving the Chicago region. As of August 2025, it is served by Allegiant, Delta, Frontier, Southwest, and two foreign flag carriers, Volaris and Porter. Sun Country Airlines also provides non-scheduled service at the Airport. Based on USDOT survey data, the Chicago market was ranked third in the nation in terms of passengers in 2022, 2023, and 2024. In 2025, Southwest resumed nonstop services from Midway to Boise Airport (BOI), Spokane International Airport (GEG), Palm Springs International Airport (PSP) and Indianapolis International Airport (IND). Avelo served from Midway in January 2025, but that seasonal service shifted from Midway to O'Hare in May 2025.

The Airport's favorable geographical location in relation to the national air service network, large population base, and proximity to Chicago's central business district, fostered the Airport becoming one of the largest stations in Southwest's network. While Southwest emphasizes local passengers in its operations, the volume of Southwest flights offered from Midway to meet local demand makes the Airport a key station in the airline's network due to the connecting opportunities afforded by the high amount of service. In 2024, Southwest provided an average of 198 scheduled flights per day from the Airport to 79 destinations and accounted for 88.1 percent of the Airport's passenger enplanements.

The Report of the Airport Consultant presents certain information regarding Midway. See APPENDIX E – "REPORT OF THE AIRPORT CONSULTANT – Midway International Airport."

PASSENGER ACTIVITY AT MIDWAY

The Airport is classified by the FAA as a large-hub facility based on its percentage of the nation's enplaned passengers and it was ranked 31st nationwide in 2024 with 10.7 million enplaned revenue passengers. The following table presents historical O&D and connecting enplaned passengers for the Airport from 2015 to 2024 and for the six-month periods from January 1 through June 30 of 2024 and 2025. The information for 2024 is the most recent full year for which such information is available.

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**CHICAGO MIDWAY INTERNATIONAL AIRPORT
O&D AND CONNECTING ENPLANEMENTS
2015-2024**

<u>Calendar Year</u>	<u>O&D Passengers</u>	<u>O&D Passenger Growth</u>	<u>Connecting Passengers</u>	<u>Connecting Passenger Growth</u>	<u>Total Passengers</u>	<u>Total Passenger Growth</u>	<u>O&D Percentage</u>
2015	6,890,633	6.9%	4,227,590	1.6%	11,118,223	4.8%	62.0%
2016	7,181,858	4.2%	4,163,890	-1.5%	11,345,748	2.0%	63.3%
2017	7,446,996	3.7%	3,785,276	-9.1%	11,232,272	-1.0%	66.3%
2018	7,197,512	-3.4%	3,824,712	1.0%	11,022,224	-1.9%	65.3%
2019	6,944,982	-3.5%	3,472,833	-9.2%	10,417,815	-5.5%	66.7%
2020	2,912,068	-58.1%	1,533,838	-55.8%	4,445,906	-57.3%	65.5%
2021	5,054,877	73.6%	2,869,467	87.1%	7,924,344	78.2%	63.8%
2022	6,266,354	24.0%	3,680,528	28.3%	9,946,882	25.5%	63.0%
2023	6,920,290	10.4%	4,067,485	10.5%	10,987,775	10.5%	63.0%
2024	6,920,307	0.0%	3,786,693	-6.9%	10,707,000	-2.6%	64.6%
					<u>Total Passengers</u>		
<u>Six Month Period</u>							
1/01/24 - 6/30/24					5,124,956		
1/01/25 - 6/30/25					4,476,496		

Compound Annual Growth Rate

<u>Calendar Years</u>	<u>O&D Passenger Growth</u>	<u>Connecting Passenger Growth</u>	<u>Total Passenger Growth</u>
2015 - 2024	0.8%	-1.0%	0.1%

Sources: Chicago Department of Aviation, Management Records, August 2025; US Department of Transportation O&D Survey and T-100 database (segmentation of passengers), August 2025.

The large O&D passenger market of the Chicago Region (O&D passengers consist of those travelers whose residence and/or place of employment is in the Chicago Region and whose air trips originate at Midway and those travelers who visit the Chicago Region for business or personal reasons) has proven to be attractive to airlines. For 2024, total passenger activity at Midway was composed of approximately 65% enplaned O&D passengers and approximately 35% enplaned connecting passengers.

The following table shows service area population and total enplaned passengers at Midway and O'Hare as well as other major Midwestern hub airports/stations.

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POPULATION AND TOTAL ENPLANEMENTS OF MAJOR MIDWESTERN HUB AIRPORTS*

<u>City – Airport</u>	<u>2024 Population</u> <u>(in millions)⁽¹⁾</u>	<u>2024 Enplanements</u> <u>(in millions)</u>
Chicago – ORD	9.7	40.0
Chicago – MDW	9.7	10.7
Detroit – DTW	4.4	16.5
Minneapolis – MSP	3.8	18.6
Saint Louis – STL	2.9	7.3

⁽¹⁾ Chicago population reflects the Air Trade Area; DTW population reflects Detroit-Warren-Dearborn, MI Metro Area; and MSP population reflects Minneapolis-St. Paul-Bloomington, MN-WI Metro Area.

Source: U.S. Census Bureau, access August 2025; Federal Aviation Administration based on Calendar Year 2024; Ricondo & Associates, Inc., August 2025.

* The information and data contained in this table were 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 following table shows total aircraft operations at Midway for the 10-year period 2015 through 2024.

**TOTAL AIRCRAFT OPERATIONS
CHICAGO MIDWAY INTERNATIONAL AIRPORT
2015-2024**

<u>YEAR</u>	<u>DOMESTIC AIR CARRIERS</u>	<u>INTERNATIONAL AIR CARRIERS</u>	<u>TOTAL AIR CARRIERS</u>	<u>DOMESTIC COMMUTER</u>	<u>GENERAL AVIATION</u>	<u>TOTAL</u>
2015	177,658	8,474	186,132	11,857	55,530	253,519
2016	178,346	8,220	186,566	9,822	56,658	253,046
2017	185,471	8,374	193,845	--	57,496	251,341
2018	178,791	8,491	187,282	--	56,040	243,322
2019	162,887	8,367	171,254	--	60,830	232,084
2020	110,129	2,627	112,756	--	37,442	150,198
2021	125,874	4,794	130,668	--	55,288	185,956
2022	153,975	6,760	160,735	--	53,692	214,427
2023	175,443	5,994	181,437	--	50,958	232,395
2024	166,240	6,593	172,833	--	50,804	223,637

Average Annual Compound Growth Rate

2015-2024	(0.7%)	(2.8%)	(0.8%)	N/A	(1.0%)
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Note: Totals may not add due to rounding.

Source: City of Chicago, Department of Aviation.

AIRLINES PROVIDING SERVICE AT MIDWAY

As of August 2025, Southwest, Delta (including its regional partners), Frontier, Porter, Volaris and Allegiant provide scheduled service at Midway. Sun Country also provides non-scheduled service at the Airport. See “CERTAIN INVESTMENT CONSIDERATIONS – SOUTHWEST AIRLINES CONCENTRATION AT MIDWAY” and APPENDIX E – “REPORT OF THE AIRPORT CONSULTANT – Midway International Airport.”

MIDWAY ROLE IN SOUTHWEST’S NETWORK

Midway is among the most active airports in Southwest’s network measured by enplaned passengers and the number of flight departures. In the first quarter of 2025, Midway accounted for 4.4% of all departing passengers within Southwest’s network. In addition, Midway ranks among the airports from which Southwest serves the most cities within its network. This is attributable in part to Chicago’s large O&D base and geographic location, producing efficient transfer operations at Midway.

In 2024, Southwest enplaned 20.7% of airline passengers at Chicago airports while Southwest’s share of total U.S. enplanements in 2024 was 16.0%. This distribution is similar to other large population centers with more than one commercial airport, with most of these regions also having one airport that is predominantly served by Southwest. Southwest’s operations accounted for approximately 61% of Midway operating revenues in 2024.

TOP 10 AIRPORTS IN SOUTHWEST’S NETWORK BY SHARE OF TOTAL SOUTHWEST PASSENGERS IN 2024*

Airport Code	Airport Name	Share of Total Southwest Passengers
DEN	Denver International Airport	7.1%
LAS	Harry Reid International Airport	6.0
MDW	Chicago Midway International Airport	5.3
BWI	Baltimore - Washington International Airport	5.3
DAL	Dallas Love Field	4.8
PHX	Phoenix Sky Harbor International Airport	4.8
HOU	William P. Hobby Airport	3.8
BNA	Nashville International Airport	3.6
MCO	Orlando International Airport	3.5
STL	St. Louis Lambert International Airport	2.8

* For the 12 months ending December 2024.

Source: Chicago Department of Aviation.

The following table identifies the historical market shares of the airlines listed based on enplaned passengers by airline at Midway.

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**CHICAGO MIDWAY INTERNATIONAL AIRPORT
HISTORICAL ENPLANEMENTS BY AIRLINE**

	<u>2020</u>		<u>2021</u>		<u>2022</u>		<u>2023</u>		<u>2024</u>	
<u>Airline</u>	<u>Enplaned Passengers</u>	<u>Share</u>	<u>Enplaned Passengers</u>	<u>Share</u>	<u>Enplaned Passengers</u>	<u>Share</u>	<u>Enplaned Passengers</u>	<u>Share</u>	<u>Enplaned Passengers</u>	<u>Share</u>
Southwest	4,166,573	93.7%	7,396,910	93.3%	8,887,860	89.4%	9,593,920	87.3%	9,431,675	88.1%
Frontier	-	0.0%	-	0.0%	359,291	3.6%	666,655	6.1%	552,900	5.2%
Delta	89,486	2.0%	206,328	2.6%	278,253	2.8%	289,209	2.6%	277,469	2.6%
Volaris	163,001	3.7%	107,476	1.4%	201,206	2.0%	217,539	2.0%	220,107	2.1%
Allegiant	12,879	0.3%	42,598	0.5%	48,168	0.5%	63,071	0.6%	62,689	0.6%
Porter	6,417	0.1%	6,715	0.1%	46,292	0.5%	40,885	0.4%	46,397	0.4%
Others	<u>7,550</u>	0.2%	<u>164,317</u>	2.1%	<u>125,812</u>	1.3%	<u>116,496</u>	1.1%	<u>115,763</u>	1.1%
Total Airlines	4,445,906		7,924,344		9,946,882		10,987,775		10,707,000	

Note: Delta includes regional affiliates.

Source: Chicago Department of Aviation, Management Records, August, 2025.

See APPENDIX E – “REPORT OF THE AIRPORT CONSULTANT – Passenger Demand and Air Traffic.”

The number of enplaned passengers at the Airport for the calendar year 2024, was 10,707,000, which was 102.8% of the number of enplaned passengers at the Airport for calendar year 2019. For calendar year 2024, Southwest accounted for 9,431,675 enplanements at Midway, or approximately 88.1% of the total, which was 98.0% of the number of Southwest enplaned passengers at the Airport for calendar year 2019.

MIDWAY FINANCIAL INFORMATION

OPERATING RESULTS

The following is a summary of Midway’s operating revenues and Operation and Maintenance Expenses for the five-year period ended December 31, 2020 through 2024. Midway’s Fiscal Year corresponds with the calendar year. See APPENDIX D – “AUDITED FINANCIAL STATEMENTS.”

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CHICAGO MIDWAY INTERNATIONAL AIRPORT
HISTORICAL OPERATING RESULTS 2020 – 2024
(in thousands)

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Operating Revenues					
Landing Fees	\$ 38,772	\$ 52,166	\$ 58,445	\$ 80,426	\$ 83,312
Rental Revenues					
Terminal Area Use Charges	74,714	85,886	78,781	98,621	84,990
Other Rentals and Fueling System Fees	<u>29,486</u>	<u>24,891</u>	<u>36,028</u>	<u>43,297</u>	<u>49,466</u>
Subtotal Rental Revenues	<u>104,200</u>	<u>110,777</u>	<u>114,809</u>	<u>141,918</u>	<u>134,456</u>
Concessions					
Auto Parking	14,299	27,797	35,901	39,567	38,467
Auto Rentals	9,693	9,838	8,413	9,876	10,061
Restaurant	13,390	13,652	9,685	16,958	14,840
News and Gifts	5,716	4,717	3,892	6,462	6,308
Other	<u>1,670</u>	<u>1,881</u>	<u>1,279</u>	<u>1,626</u>	<u>1,504</u>
Subtotal Concessions	<u>44,768</u>	<u>57,885</u>	<u>59,170</u>	<u>74,489</u>	<u>71,180</u>
Total Operating Revenues	<u>\$187,740</u>	<u>\$220,828</u>	<u>\$232,424</u>	<u>\$296,833</u>	<u>\$288,948</u>
Operation & Maintenance Expenses					
Salaries and Wages	\$ 55,964	\$ 57,489	\$ 60,146	\$ 63,773	\$ 68,310
Pension Expense	22,510	27,444	35,852	29,681	14,563
Repair and Maintenance	43,737	48,910	53,124	61,517	68,784
Professional and Engineering Services	6,400	6,987	7,321	10,220	9,862
Energy	5,689	2,553	2,372	2,977	2,868
Materials and Supplies	20,783	22,033	23,535	28,064	30,802
Other Operating Expenses	<u>8,807</u>	<u>23,883</u>	<u>3,414</u>	<u>14,462</u>	<u>2,764</u>
Total Operation and Maintenance Expenses					
Before Depreciation and Amortization	<u>\$163,890</u>	<u>\$189,299</u>	<u>\$185,764</u>	<u>\$210,694</u>	<u>\$197,953</u>
Net Operating Income (and Loss) Before Depreciation and Amortization	<u>\$ 23,850</u>	<u>\$ 31,529</u>	<u>\$ 46,660</u>	<u>\$ 86,139</u>	<u>\$ 90,995</u>

Sources: Midway's Basic Financial Statements.

DISCUSSION OF FINANCIAL OPERATIONS

The "Historical Operating Results 2020-2024" table above summarizes Midway's audited financial results for the years 2020 through 2024. Operating revenues are comprised of landing fees, terminal area use charges, other rentals and concessions. Operation and Maintenance Expenses are comprised of salaries and wages, pension expense, repairs and maintenance, professional and engineering services, energy, materials and supplies, and other operating expenses which include insurance premiums, equipment rentals, vehicles and various miscellaneous costs.

Landing fees and terminal area use charges and fueling system charges are assessed to the various Signatory Airlines throughout each year based on estimated rates. Such rates are designed to yield collections from the Signatory Airlines adequate to cover certain operating expenses and required debt service and fund deposits as determined under provisions of the Airport Use Agreements. Incremental amounts due from the Signatory 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 Signatory 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 Signatory Airlines are included in billings over amounts earned. The termination date of the Airport Use Agreements is December 31, 2027. See the discussion under the heading “SECURITY FOR THE 2025 SENIOR LIEN BONDS – Airport Use Agreements” and APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT USE AGREEMENTS.”

Landing fees and terminal area use charges for the years 2024 and 2023 were \$168.3 million and \$179.0 million, respectively. Rents, concessions, and other revenues for the years 2024 and 2023 were \$120.6 million and \$117.8 million, respectively. The decrease in 2024 operating revenues from 2023 of \$7.9 million (2.7%) was primarily due to a decrease in terminal area use charges, and is offset by an increases in landing revenues and certain other revenue categories. Salaries and wages increased by \$4.5 million (7.1%) in 2024 as compared to 2023 due to annual contractual salary increases and centralized support staff costs. Repairs and maintenance increased by \$7.3 million (11.8%) due to an increase in activity and increase in costs due to economic impacts. Other operating expenses decreased by \$12.2 million (44.0%) due to no longer having grant expenses related to COVID-19 relief for concessions, and a reduction in bad debt expense.

Pension expense decreased by \$15.1 million (50.9%) from \$29.7 million in 2023 to \$14.6 million in 2024 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 2024, the Airport made additional payments of \$3.3 million toward the pension plans.

The 2024 nonoperating revenues of \$82.1 million are comprised of PFC Revenues of \$37.2 million, CFC revenues of \$6.8 million, lease interest income of \$8.7 million. During 2024, nonoperating revenues decreased by \$11.3 million primarily due to a decrease in grant revenue of \$17.0 million and a decrease in PFC collections of \$1.3 million, offset by an increase in CFC collections of \$0.6 million and an increase in investment income of \$5.7 million.

Nonoperating expenses of \$69.3 million and \$71.4 million for the years 2024 and 2023, respectively, were primarily comprised of bond interest expenses.

Capital grants increased \$4.1 million in 2024 primarily due to increased capital grant revenues earned during 2024.

COVID-19 AND ASSOCIATED GRANTS

As a direct result of the COVID-19 pandemic, several bills were adopted by the U.S. Congress that provided or continue to provide financial aid to airports around the country, the airlines and airport concessionaires. The Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”), which became law on March 27, 2020, the Coronavirus Response and Relief Supplemental Appropriations Act (the “CRRSAA”), which became law on December 27, 2020, and the American Rescue Plan Act (“ARPA” and collectively with the CARES Act and CRRSAA, “COVID Relief Grants”), which became law on March 11, 2021, each provided direct aid for airports. Midway received a total of \$172.4 million in federal relief under these Acts and applied this funding, on a cash basis, as follows: \$58.5 million in 2020, \$44.5 million in 2021, \$32.7 million in 2022 and \$36.7 million in 2023.

CASH BALANCES

As of December 31, 2024, the Airport's cash and cash equivalents of \$299.8 million increased by \$48.9 million as compared to \$251.0 million at December 31, 2023 due to a decrease of operating activities of \$38.0 million as accrued revenues for 2023 were paid by the airlines during 2024, and investing of \$51.6 million and capital and related financing of \$13.4 million; offset by a decrease in noncapital financing activities of \$28.1 million during 2024. Total cash and cash equivalents at December 31, 2024, were comprised of unrestricted and restricted cash and cash equivalents of \$72.1 million and \$227.7 million, respectively.

Within the Airport's Cash Balances are unrestricted and restricted funds that are available for operations and maintenance, including debt service. The term "Days Cash on Hand" is a calculation of how many days the Airport theoretically could maintain full operations using only these available funds, with no other sources of funds. Days Cash on Hand at Midway declines with the payment of debt service before increasing as deposits are made monthly as required by the Airport Use Agreements. As such, amounts on deposit in the Revenue Fund are generally lower earlier in each calendar year following scheduled debt service payments. The table below details the Airport's Days Cash on Hand as of December 31, 2024; such table is not subject to the City's continuing disclosure undertaking discussed under the caption "SECONDARY MARKET DISCLOSURE."

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CHICAGO MIDWAY INTERNATIONAL AIRPORT
DAYS CASH ON HAND
BALANCES AS OF DECEMBER 31, 2024
(in millions)

Unrestricted Funds:

O&M Fund	\$50.3
Revenue Fund	<u>39.4</u>
Total Unrestricted Cash	\$89.7
Midway Grant Relief Fund ⁽¹⁾	<u>0.8</u>
Adjusted Total Unrestricted Cash	\$90.5

Restricted Funds:

O&M Reserve Fund	\$39.4
Repair & Replacement Fund	13.8
Emergency Reserve Fund	0.5
Airport Development Fund	16.1
Midway Restricted	<u>1.9</u>
Total Restricted Funds	\$71.7

Total Adjusted Unrestricted & Restricted Funds **\$162.2**

Annual O&M Expenses **\$208.8**

Days Cash on Hand 284 Days

Source: Chicago Department of Aviation

⁽¹⁾ Fund created and held by the City related to COVID Relief Grants. See "MIDWAY FINANCIAL INFORMATION – COVID-19 AND ASSOCIATED GRANTS."

HISTORICAL AIRLINE COSTS

The following table sets forth historical airline costs (landing fees, terminal building rentals, airport police/security reimbursement fees and fuel and other franchise fees) of operating at Midway for the five Fiscal Years 2019-2023.

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**CHICAGO MIDWAY INTERNATIONAL AIRPORT
HISTORICAL AIRLINE COST PER ENPLANED PASSENGER, 2019 – 2023⁽¹⁾**

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Total Airline Revenues (000)	\$135,119	\$130,621	\$144,302	\$170,887	\$185,384
Total Enplanements (000)	10,418	4,446	7,924	9,947	10,988
Airline Cost Per Enplanement	\$12.97	\$29.38	\$18.21	\$17.18	\$16.87

Source: Chicago Department of Aviation

⁽¹⁾ The Final CPE for 2024 is not yet available, however, the City currently projects, based on the latest data and subject to change with the conclusion of the settlement process, a CPE of \$18.35.

PFC REVENUES – HISTORICAL COLLECTIONS

The following table is a summary of PFC collections by the City for the period 2020 through 2024. The revenues the City receives from PFCs (the “PFC Revenues”) do not constitute Senior Lien Revenues and are not pledged to, or held by, the Trustee for the benefit of the owners of the 2025 Senior Lien Bonds. However, historically the City has, from time to time in certain Fiscal Years, transferred PFC Revenues to the Trustee as Other Available Moneys to pay the principal of or interest on Outstanding Airport Obligations payable from Senior Lien Revenues. Pursuant to the Airport Use Agreements, the City has agreed to use PFC Revenues collected at the Airport to pay debt service on Senior Lien Bonds the proceeds of which are used by the City to pay for capital projects approved by the FAA for the collection and use of a PFC at the Airport. See “SECURITY FOR THE 2025 SENIOR LIEN BONDS– OTHER AVAILABLE MONEYS.”

**CITY OF CHICAGO
DEPARTMENT OF AVIATION
CHICAGO MIDWAY INTERNATIONAL AIRPORT
SUMMARY OF PFC REVENUES 2020-2024
(ACCRUAL BASIS)**

	<u>PFC Revenues Collected</u>
2020 ⁽¹⁾	\$13,265,705
2021	28,267,877
2022	36,566,390
2023	38,517,000
2024	37,201,000

Source: City of Chicago Department of Aviation

⁽¹⁾ In 2020, the Airport collected PFC Revenues of \$13,265,705. However, in that year the Airport also incurred a PFC Audit Fee of \$20,813. In compiling the Airport’s financial statements, the City applied the fee against 2020 PFC revenue as shown above to report a net amount of \$13,244,892.

INSURANCE

The City’s property and liability insurance premiums are approximately \$15.1 million per year. The City maintains property and liability insurance coverage for both Midway and O’Hare and allocates

the cost of premiums between the two airports. The property coverage was renewed on December 31, 2023, with a limit of \$3.5 billion and includes \$3.5 billion in terrorism coverage, and the liability coverage was renewed May 15, 2023 with a limit of \$1 billion and includes \$1 billion in 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 as follows, listed 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 Midway employee participates in one of the Retirement Funds. For additional information on Midway’s portion of the net pension liability to the Retirement Funds, see APPENDIX D – “AUDITED FINANCIAL STATEMENTS – NOTE 7.”

Members of each Retirement Fund (individually, an “Eligible Member,” and collectively, “Eligible Members”) are eligible 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 from the proceeds of a levy on all taxable property located within the City (the “City Contributions”) and from any other legally available funds including payments from Midway on behalf of Midway employees (collectively, the “Other Available Funds,” as described below), (ii) contributions from Eligible Members, including Eligible Members employed at or providing services to Midway (the “Employee Contributions,” and together with the City Contributions, the “Contributions”), and (iii) investment returns. Midway has historically contributed its pro rata share of City Contributions to the Retirement Systems (the “Midway Portion”) based on the Annuity Factors for the number of Midway employees or employees that provide services to Midway who are Eligible Members.

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). 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 (described below). 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, which was implemented in September 2014. With respect to MEABF, the City intends to continue to utilize revenues generated from a tax on water and sewer usage which was imposed by the City Council in September 2016, to fund a portion of the increase in the City’s contributions to MEABF.

The City allocates to its enterprise funds, including the enterprise fund for Midway, 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 have included 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, including the enterprise fund for Midway, may be significant and may have a material effect on such financial statements.

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, such amounts.

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 Eligible Members two years prior to the levy year of the property tax used to generate the contribution (the “Multiplier Funding System”). The Multiplier Funding System did not adjust for changes in the funding level of such Retirement Fund, so in many years the contributions determined under the Multiplier Funding System were substantially less than the contribution that would have resulted from an actuarial determination.

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 defined herein). Public Act 100-23 (“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 (as defined herein).

Pursuant to the FABF/PABF Funding Legislation, beginning in levy year 2020, the City must annually levy a property tax (unless Other Available Funds are used, as described below) for each of FABF and PABF in an amount necessary to achieve a Funded Ratio of 90 percent in such Retirement Funds by the end of fiscal year 2055 (the “FABF/PABF Actuarial Funding”). For levy years 2015 through 2019, the FABF/PABF Funding Legislation specified the amounts of the property taxes to be levied by the City (unless Other Available Funds are used) in gradually increasing amounts ahead of the FABF/PABF Actuarial Funding (the “FABF/PABF Phase-in Funding” and, together with the FABF/PABF Actuarial Funding, the “FABF/PABF Funding Plan”). The FABF/PABF Funding Legislation also mandated that any proceeds received by the City in relation to the operation of a casino in the City shall be expended by the City to satisfy the City’s employer contribution obligations to FABF and PABF in any year.

Pursuant to P.A. 100-23, beginning in levy year 2022, the City must annually levy a property tax (unless Other Available Funds are used) for each of LABF and MEABF in an amount necessary to achieve a Funded Ratio of 90 percent in such Retirement Funds by the end of fiscal year 2058 (the “LABF/MEABF Actuarial Funding”). For levy years 2017 through 2021, P.A. 100-23 specified the amount of property taxes to be levied by the City (unless Other Available Funds are used) in gradually increasing amounts ahead of the LABF/MEABF Actuarial Funding (the “LABF/MEABF Phase-in Funding” and, together with the LABF/MEABF Actuarial Funding, the “LABF/MEABF Funding Plan”).

On August 1, 2025, the Illinois Governor signed Public Act 104-0064 (“P.A. 104-0064”). P.A. 104-0064 made changes to the Pension Code that affects the benefits owed to certain members of PABF and FABF. The provisions of P.A. 104-0064, considered independently of other factors, will result in an increase to the City’s required contributions to PABF and FABF under the FABF/PABF Funding Plan. As noted previously, the City allocates to its enterprise funds, including the enterprise fund for Midway, 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 amount of such impact on Midway’s budgeted contributions has not been determined, but is not expected to be material.

2025 Budgeted Contributions

The City's Fiscal Year 2025 budget included the following contributions to the Retirement Funds in 2025 (as indicated by total annual contribution and Airport proportional share): (i) \$1,131.5 million for MEABF, of which \$72.4 million, or 6.4%, is the Airport's proportional share; (ii) \$158.5 million for LABF, of which \$12.6 million, or 8.0%, is the Airport's proportional share; (iii) \$1,142.5 million for PABF, of which \$17.8 million, or 1.6%, is the Airport's proportionate share; and (iv) \$474.0 million for FABF, of which \$22.6 million, or 4.8%, is the Airport's proportional share. No pledged Revenues have been used or will be used to pay pension expenses for non-Airport employees or employees performing services not directly chargeable to the Airport; the proportional share contributed on behalf of the Airport is drawn from general airport revenues. These 2025 budgeted contributions include the advance pension contribution described below.

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.

Pension Funding Policy

Beginning with the 2023 Budget year, the City published a new debt and pension management policy (the "Pension Funding Policy") that states: *"Starting in fiscal year 2023, the City will annually budget for an advance pension contribution which, in addition to the statutorily required contribution, and in the determination of the CFO, will not increase the total net pension liability of the City's four pension funds based on best efforts projections and information available at the time of budget. This total net pension liability calculation will be based on the GASB 67/68 calculation of net pension liability included annually in the Midway's basic financial statements and will include components of said calculation including interest cost derived from unfunded liability, normal cost, administrative costs, employee contributions and market value of the assets of the fund."*

The first of these advance pension contributions, totaling approximately \$242.0 million, was included in the 2023 Budget adopted by the City Council on November 7, 2022. The second of these contributions, totaling approximately \$306.6 million, was included in the 2024 Budget adopted by the City Council on November 15, 2023. The third of these contributions, totaling approximately \$271.8 million, was included in the 2025 Budget adopted by City Council on December 16, 2024. (the "2025 Advance Pension Contribution"). These advance pension contributions, in addition to preventing an increase in the City's net pension liability, also help avoid market losses due to asset liquidations by the pension funds. In accordance with the Pension Funding Policy, the 2025 Advance Pension Contribution was paid in January 2025. The 2025 Advance Pension Contribution is included in the figures cited above under "2025 Budgeted Contributions." As part of the Pension Funding Policy, the Airport pays its proportionate share of the Advance Pension Contribution. For Budget Year 2025, the Airport's payment was approximately \$3.0 million for all four Retirement Funds.

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2025 ADVANCE PENSION CONTRIBUTION BY RETIREMENT FUND
(in millions)

<u>Retirement Fund</u>	<u>Amount</u>
MEABF	\$168.7
LABF	20.2
PABF	67.3
FABF	<u>15.6</u>
 Total:	 <u>\$271.8</u>

OUTSTANDING INDEBTEDNESS AT MIDWAY

GENERAL

The City has financed capital improvements at Midway through the issuance of the Senior Lien Bonds, Commercial Paper Notes and from AIP and Transportation Security Administration (“TSA”) Federal Grants, PFC Revenues, CFC Revenues, airline contributions and other Midway funds. Upon the issuance of the 2025 Senior Lien Bonds and the refunding of the Refunded Bonds the City’s indebtedness at Midway includes \$1,495,285,000 aggregate principal amount of Senior Lien Bonds. See the heading below “– Outstanding Senior Lien Bonds” and APPENDIX D – “AUDITED FINANCIAL STATEMENTS – Note 4.” 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 2025 Senior Lien Bonds and the Outstanding Senior Lien Bonds. See “PLAN OF FINANCE – FUTURE FINANCINGS FOR MIDWAY,” “SECURITY FOR THE 2025 SENIOR LIEN BONDS – ISSUANCE OF ADDITIONAL SENIOR LIEN BONDS” and “2025-2029 CAPITAL IMPROVEMENT PROGRAM.”

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OUTSTANDING SENIOR LIEN BONDS

Upon the issuance of the 2025 Senior Lien Bonds and the refunding of the Refunded Bonds, the principal amount of Midway Outstanding Senior Lien Bonds will be \$1,495,285,000. The 2025 Senior Lien Bonds are secured on a parity basis with the Outstanding Senior Lien Bonds and all other Senior Lien Obligations.

OUTSTANDING SENIOR LIEN BONDS

<u>Series</u>	<u>Principal Outstanding Prior to the Issuance of the 2025 Senior Lien Bonds and the Refunding of the Refunded Bonds</u>	<u>Principal Outstanding After the Issuance of the 2025 Senior Lien Bonds and the Refunding of the Refunded Bonds⁽¹⁾</u>	<u>Bonds Reserve⁽²⁾</u>
2014B (Non-AMT) Second Lien Airport Revenue and Revenue Refunding Bonds ⁽³⁾	\$ 625,000	\$ 625,000	Common Reserve Bonds
2014C (AMT) Second Lien Airport Revenue Refunding Bonds ⁽³⁾	124,710,000	124,710,000	Series Specific Reserve Bonds
2016A (AMT) Second Lien Airport Revenue and Revenue Refunding Bonds ⁽³⁾	73,480,000	7,725,000 ⁽¹⁾⁽⁴⁾	Common Reserve Bonds
2016B (Non-AMT) Second Lien Airport Revenue and Revenue Refunding Bonds ⁽³⁾	195,020,000	- ⁽¹⁾	Common Reserve Bonds
2018A (Taxable) Second Lien Airport Revenue Refunding Bonds ⁽³⁾	18,235,000	18,235,000	Series Specific Reserve Bonds
2023A (AMT) Senior Lien Revenue and Revenue Refunding Bonds ⁽³⁾	211,020,000	211,020,000	Common Reserve Bonds
2023B (Non-AMT) Senior Lien Revenue Refunding Bonds ⁽³⁾	278,395,000	278,395,000	Common Reserve Bonds
2023C (AMT) Senior Lien Revenue Refunding Bonds	356,865,000	356,865,000	Common Reserve Bonds
2024A (AMT) Senior Lien Revenue and Revenue Refunding Bonds	69,630,000	69,630,000	Common Reserve Bonds
2024B (Non-AMT) Senior Lien Revenue and Revenue Refunding Bonds	7,425,000	7,425,000	Common Reserve Bonds
2025A (AMT) Senior Lien Revenue and Revenue Refunding Bonds	-	98,130,000 ⁽¹⁾	Common Reserve Bonds
2025B (Non-AMT) Senior Lien Revenue and Revenue Refunding Bonds	-	322,525,000 ⁽¹⁾	Common Reserve Bonds
Total Outstanding Senior Lien Bonds	\$1,335,405,000	\$1,495,285,000	

⁽¹⁾ Reflects the Outstanding Senior Lien Bonds after giving effect to the issuance of the 2025 Senior Lien Bonds and the refunding of a portion of the Series 2016A Bonds and all of the Series 2016B Bonds.

⁽²⁾ Series Specific Reserve Bonds are secured by a series specific reserve requirement.

⁽³⁾ Upon the execution of the Senior Lien Indenture all then-outstanding Second Lien Bonds were redesignated as Senior Lien Bonds.

⁽⁴⁾ The unrefunded portion of the 2016A Bonds is scheduled to mature on January 1, 2026.

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DEBT SERVICE SCHEDULE FOR OUTSTANDING SENIOR LIEN BONDS

The Senior Lien Indenture secures on a parity basis as to Revenues the 2025 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 2025 SENIOR LIEN BONDS– GENERAL.” The table below sets forth the debt service on the Outstanding Senior Lien Bonds following the issuance of the 2025 Senior Lien Bonds and the refunding of the Refunded Bonds.

DEBT SERVICE SCHEDULE ⁽¹⁾⁽²⁾⁽³⁾

Year Ending Jan. 1	Total Net Debt Service on Outstanding Senior Lien Bonds ⁽⁴⁾⁽⁵⁾⁽⁶⁾	Total Net Debt Service on 2025A Bonds	Total Net Debt Service on 2025B Bonds	Total Aggregate Net Debt Service on 2025 Senior Lien Bonds ⁽⁵⁾⁽⁶⁾
2026 ⁽⁷⁾	\$118,626,073	\$702,910	\$1,642,043	\$120,971,026
2027	111,523,075	11,696,413	11,136,388	134,355,876
2028	111,687,595	11,848,589	15,390,674	138,926,858
2029	110,229,984	12,623,188	16,126,250	138,979,421
2030	106,315,944	12,628,688	16,126,250	135,070,882
2031	106,275,813	12,627,938	16,126,250	135,030,000
2032	106,239,313	12,625,188	16,126,250	134,990,750
2033	106,187,431	12,449,438	16,126,250	134,763,118
2034	106,144,694	2,668,188	25,571,250	134,384,132
2035	108,171,563	2,665,938	25,569,000	136,406,500
2036	37,221,563	3,716,938	30,263,250	71,201,750
2037	41,338,706	3,713,763	30,263,000	75,315,468
2038	41,342,069	3,715,600	30,265,000	75,322,669
2039	41,344,338	3,706,925	30,262,250	75,313,513
2040	41,353,738	3,708,000	30,268,000	75,329,738
2041	41,412,931	3,708,038	30,264,750	75,385,718
2042	47,006,772	3,711,775	30,275,750	80,994,297
2043	47,563,337	3,713,688	30,273,000	81,550,025
2044	48,151,312	3,708,513	30,269,750	82,129,575
2045	8,687,788	3,706,250	30,263,500	42,657,538
2046	8,697,175	3,701,375	30,271,750	42,670,300
2047	8,688,450	2,273,625	12,456,000	23,418,075
2048	8,686,613	2,277,700	12,454,500	23,418,813
2049	8,685,225	2,276,000	12,458,000	23,419,225
2050	8,684,750	2,273,525	12,455,250	23,413,525
2051	8,689,200	-	12,450,500	21,139,700
2052	8,687,200	-	12,447,750	21,134,950
2053	8,687,925	-	12,450,750	21,138,675
2054	-	-	12,458,000	12,458,000
2055	-	-	12,453,000	12,453,000
Total:	\$1,556,330,574	\$142,448,186	\$604,964,355	\$2,303,743,115

(1) Totals may not add due to rounding.

(2) Debt service is net of capitalized interest as applicable.

(3) Debt service for each year includes the principal and interest paid from January 2 of the preceding year through January 1 of the stated year.

(4) Debt service on Outstanding Senior Lien Bonds excludes the Refunded Bonds.

(5) Debt service on variable rate bonds does not include support costs or miscellaneous expenses, such as letter of credit and remarketing agent fees; variable rate bonds assume an interest rate of 3.00%.

(6) Debt service on the Outstanding Senior Lien Bonds includes debt service on the 2018A Bonds that are secured by a pledge of CFC Revenues as Other Available Moneys. Historically, CFC Revenues have been sufficient to pay all debt service on the 2018A Bonds.

(7) 2026 includes debt service paid prior to the date hereof.

HISTORICAL DEBT SERVICE COVERAGE

The table on the following page shows historical debt service coverage of Senior Lien Bonds for Fiscal Years 2020 through 2024. For a discussion of projected debt service coverage see APPENDIX E – “REPORT OF THE AIRPORT CONSULTANT – General Airport Revenue Bond Debt Service Coverage.”

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CHICAGO MIDWAY INTERNATIONAL AIRPORT
HISTORICAL DEBT SERVICE COVERAGE 2020-2024
(in millions) ⁽¹⁾⁽²⁾

Debt Service Coverage (\$000)	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Total Collected Revenues (A) ⁽³⁾	\$193,201	\$208,457	\$247,264	\$317,423	\$328,945
Plus: Other Available Moneys (B) ⁽⁴⁾	<u>72,412</u>	<u>81,897</u>	<u>41,911</u>	<u>49,207</u>	<u>47,897</u>
Adjusted Total Revenues (C) = (A) + (B)	\$265,613	\$290,354	\$289,175	\$366,630	\$376,842
Plus: Revenue Fund Balance on January 1st (D)	<u>14,970</u>	<u>24,693</u>	<u>24,442</u>	<u>35,527</u>	<u>42,624</u>
Total Revenues Available for O&M Expenses and Debt Service (E) = (C) + (D)	\$280,583	\$315,047	\$313,618	\$402,157	\$419,466
Less: O&M Expenses (F) ⁽⁵⁾	<u>(\$122,894)</u>	<u>(\$139,956)</u>	<u>(\$138,909)</u>	<u>(\$205,261)</u>	<u>(\$206,349)</u>
Total Revenues Available for Debt Service (G) = (E) - (F)	\$157,689	\$175,091	\$174,708	\$196,896	\$213,117
First Lien Debt Service (H) ⁽⁶⁾⁽⁷⁾	\$4,494	\$4,533	\$4,541	\$8,330	N/A
Second Lien Debt Service (I) ⁽⁶⁾⁽⁷⁾⁽⁸⁾	<u>\$123,182</u>	<u>\$126,984</u>	<u>\$133,658</u>	<u>\$123,922</u>	<u>N/A</u>
Total First and Second Lien Debt Service (Prior to Adoption of Amended and Restated Master Indenture) (J) = (H) + (I)	\$127,677	\$131,518	\$138,199	\$132,252	N/A
Senior Lien Debt Service (Subsequent to the Adoption of the Amended and Restated Master Indenture) (K)	N/A	N/A	N/A	N/A	\$126,809
Aggregate Debt Service Coverage = (L) = (G) / (J) or (L) = (G) / (K)	1.24x	1.33x	1.26x	1.49x	1.68x

Source: Chicago Department of Aviation.

(1) Debt service for each year includes the principal and interest paid from January 2 of such year through January 1 of the succeeding year. Totals may not add due to rounding.

(2) Revenues has the meaning prescribed in the Senior Lien Indenture, which are presented in the Calculations of Coverage Covenant tables in Midway's Basic Financial Statements and differ from the Total Operating Revenues shown in the Historical Operating Results table under "Operating Results" herein.

(3) Collected Revenues differ from Operating Revenues in the Historical Operating Results table as Collected Revenues include interest earnings and deferred revenues. Beginning in 2022, Operating Revenues in the Historical Operating Results table were lower due to the impact of GASB 87. As a non-cash item, this did not impact Collected Revenues.

(4) Other Available Moneys includes CFC Revenues pledged to pay the 2018A Bonds, PFC Revenues applied to Debt Service, and in 2020 and 2021 COVID Relief Grants.

(5) O&M Expenses exclude the non-cash portion of the City's pension expense which is included in the O&M Expenses in the Historical Operating Results table. In addition, in 2020, 2021 and 2022, O&M Expenses are net of COVID Relief Grants.

(6) Debt service is net of capitalized interest as applicable.

(7) Debt service on variable rate bonds does not include support costs or miscellaneous expenses, such as letter of credit and remarketing agent fees.

(8) Second Lien Debt service includes debt service on the 2018A Bonds that are secured by a pledge of CFC Revenues as Other Available Moneys. Historically, CFC Revenues have been sufficient to pay all debt service on the 2018A Bonds.

OTHER MIDWAY INDEBTEDNESS

Variable Rate Debt. The City's outstanding indebtedness at Midway includes certain variable rate debt obligations. These obligations are supported by a letter of credit provided by a bank for the payment of debt service or tender prices for such bonds.

The following table sets forth information on the bond letter of credit facility for the City's outstanding variable rate debt obligations for Midway. The Midway Outstanding Second Lien Bonds described below were designated as "Outstanding Senior Lien Bonds" pursuant to the Senior Lien Indenture.

LETTER OF CREDIT FACILITIES SECURING VARIABLE RATE DEBT

Second Lien Bond Series⁽²⁾	Principal Amount Outstanding	LOC Expiration Date	Bond Maturity Date	<u>Ratings Thresholds⁽¹⁾</u>				
				<u>Bank</u>	<u>Fitch</u>	<u>Moody's</u>	<u>S&P</u>	<u>Kroll</u>
2014C	\$124,710,000	7/10/2028	1/1/2044	PNC Bank	BBB	N/A	BBB	BBB

⁽¹⁾ A Midway Outstanding Senior Lien Bond rating below the level set forth in the "Ratings Thresholds" column would constitute an event of default under the agreement with PNC Bank.

⁽²⁾ Upon the execution of the Senior Lien Indenture all then-outstanding Second Lien Bonds were redesignated as Senior Lien Bonds.

Commercial Paper. In October 2003, the City established the Midway Commercial Paper Program providing for the issuance, from time to time, of Commercial Paper Notes in an initial aggregate principal amount outstanding at any one time of not to exceed \$150 million. The Commercial Paper Notes are authorized to be issued for payment, or the reimbursement of the City for the payment, of the cost of all or any portion of capital projects at or related to Midway, cash flow needs at Midway, the refunding of general airport revenue bonds and the payment of the costs of issuance of Commercial Paper Notes. By ordinance adopted on March 13, 2013, the City increased the aggregate principal amount of Commercial Paper Notes which may be outstanding at any one time under the Midway Commercial Paper Program to \$250 million.

Commercial Paper Notes are subordinate to all other Airport Obligations, including the Senior Lien Bonds, with respect to their claim on Senior Lien Revenues. The City has issued Commercial Paper Notes from time to time, although there are currently no Commercial Paper Notes outstanding.

Midway Credit Agreements. The City Council has authorized the issuance of Midway Credit Agreement Notes in an amount not to exceed \$250 million at any one time outstanding. As of the date hereof, the City has not entered into any Midway Credit Agreements or issued any Midway Credit Agreement Notes.

2025-2029 CAPITAL IMPROVEMENT PROGRAM

The City is undertaking the 2025-2029 Capital Improvement Program ("2025-2029 CIP" or "2025-2029 Capital Improvement Program") for Midway. The 2025-2029 CIP is designed to provide ongoing rehabilitation, repair and maintenance at Midway, including rehabilitation of runways, taxiways, and aprons, improvements to the Terminal, Airport maintenance complex and portions of the Airport's residential sound insulation program. The 2025-2029 CIP is estimated to cost \$660.4 million and is anticipated to be funded from the following sources: proceeds of Airport Obligations, including Outstanding Senior Lien Bonds, the 2025 Senior Lien Bonds, federal grant funds, and other Midway funds may be used as a source of funding for the 2025-2029 CIP as available and at the discretion of the City.

2025-2029 CIP PROJECTS

Airfield Projects. Approximately \$342.3 million for airfield improvements are included in the CIP. Airfield improvements include rehabilitation or replacement of airfield pavement areas including the airfield's major runways, adjacent taxiways, and airside service roads, modifying lighting and electrical systems, addressing non-standard conditions with FAA airfield design requirements, and minimizing the risk of foreign object debris within the aircraft movement area.

Terminal Complex Improvements. Approximately \$165.9 million for terminal enhancements improving the passenger experience. These include renovation of terminal restrooms, replacement of the baggage handling system controls, upgrades to passenger loading bridges, and replacement of hold room carpeting for terminal gate areas.

Parking Garage Projects. Approximately \$18.5 million for parking improvements, which include repair to reinforced concrete ramps within the terminal parking garage, partial and full depth concrete repairs to the parking garage deck as well as helical vertical and overhead surfaces, replacement of expansion joints, and tensioning of vehicle restraint cable barriers, design and installation of LED replacement fixtures for more efficient entry and exit, and energy efficiency upgrades.

Facilities, Fuel and Vehicles. Approximately \$59.5 million for comprehensive modernization of the existing AMC building, including replacement of mechanical equipment, replacement of garage overhead doors, upgrades to emergency generator and electrical switchgear, installation of new deicing system tanks and pumps, replacement of garage roof, windows and entry doors, and incorporation of ADA requirements to improve accessibility; upgrades to the fuel storage facility consisting of upgrades to the fuel distribution system's software and programmable logic controller and addition of an equipment storage garage; and the acquisition of aircraft rescue and firefighting and Airport support vehicles.

Land Acquisition. Approximately \$18.0 million for the acquisition of land parcels adjacent or proximate to the existing property boundary and for remediation, demolition, and furtherance of airport compatible development.

Noise Mitigation. Approximately \$56.1 million for sound insulation and noise mitigation projects for homes located within the 65 Day-Night Average Sound Level (DNL) or greater contour level in the FAA-approved future noise contour.

Required Approvals for CIP Projects. The City has either received required regulatory and Airport Use Agreement approvals for projects included in the 2025-2029 CIP or otherwise plans to obtain additional approvals as needed in order to proceed with projects that are not currently approved.

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The estimated sources and uses of funds for the projected costs of the 2025-2029 CIP are set forth below.

Estimated Sources:	(in millions)
Prior Bonds	\$82.3
Grants	68.6
2025 Senior Lien Bonds	165.7
Future Senior Lien Bonds	<u>343.7</u>
Total Estimated Sources	<u>\$660.4⁽¹⁾</u>
 Estimated Uses:	 (in millions)
Land/Property Acquisition	\$ 18.0
Airfield	342.3
Facilities, Fuel, Vehicles	59.5
Parking	18.5
Noise	56.1
Terminal	<u>165.9</u>
Total Estimated Uses	<u>\$660.4⁽¹⁾</u>

Source: City of Chicago Department of Aviation.

⁽¹⁾ Totals may not add due to rounding.

2025-2029 CIP FUNDING SOURCES

The City anticipates that the 2025-2029 CIP will be funded from the FAA AIP, the federal Bipartisan Infrastructure Law (“BIL”), proceeds of Senior Lien Bonds, PFC Revenues, CFC Revenues, Midway funds and certain investment earnings. The estimated sources and uses of funds for the 2025-2029 CIP are set forth in the preceding table.

Midway Airport Revenue Bonds. The City expects that additional Senior Lien Bonds will be issued to complete the 2025-2029 CIP. The amount of indebtedness required for the 2025-2029 CIP could increase for a variety of reasons, including costs of additional security improvements and reductions in PFC Revenues and grant reimbursements.

Passenger Facility Charge Revenues. In 1990, the United States Congress enacted legislation (the “PFC Act”) authorizing a public agency, such as the City, which controls a commercial service airport to charge each paying passenger enplaning at the 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. Before imposing and using PFCs, a public agency must apply to the FAA for approval. 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. The Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (“AIR 21”), among other things, amended the PFC Act to authorize 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 AIP, subject to certain other conditions. On January 1, 2007, pursuant to authorization contained in AIR 21 and amended PFC Approvals received from the FAA, the City began imposing PFCs at Midway 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, can only collect a maximum of \$4.50 from each eligible enplaning passenger.

Funds apportioned under the AIP to large and medium hub airports imposing a PFC are reduced for each fiscal year in which a PFC is imposed (i) for airports imposing a PFC of \$3.00 or less, by 50% of the projected revenues from the PFC in such fiscal year and (ii) for airports (such as Midway) imposing a PFC of more than \$3.00, by 75% of the projected revenues from the PFC in such fiscal year. Such reduction will not exceed more than 50% or 75%, respectively, of the AIP apportionment to which such airport would otherwise be entitled.

AIR 21 provides that in the case of large or medium hub airports at which one or two air carriers control more than 50% of passenger boardings (such as Midway), no public agency may impose a PFC with respect to such airport unless the public agency has submitted a written competition plan to the FAA. The City is in compliance with this requirement of AIR 21.

The City currently has authority to impose and use approximately \$2.48 billion of PFCs at Midway, of which the City had expended approximately \$840 million through the end of 2022. The City expects from time to time to file additional applications and/or amend existing applications to increase its authority to impose and use PFCs at Midway.

The FAA may terminate the City's authority to impose PFCs, subject to informal and formal 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 relating to airport noise and access restrictions, (ii) PFC collections and investment income thereon are not being used for PFC-approved projects in accordance with the PFC approvals applicable to the City's PFC program (the "PFC Approvals"), or with the PFC Act and the PFC regulations adopted by the FAA (the "PFC Regulations"), (iii) implementation of a PFC-approved project does not commence within the time period specified in the PFC Act and PFC Regulations, or (iv) the City is otherwise in violation of the PFC Act, the PFC Regulations or the PFC Approvals. The City has not received notice of any such determination by the FAA. The informal resolution and formal termination processes of the FAA lasting at least 180 days will be required before the FAA can terminate the City's authority to impose PFCs.

The City expects that certain projects will be funded from proceeds of Senior Lien Bonds, the debt service on which will be paid with PFC Revenues ("PFC-eligible debt service"). In addition, under the PFC Regulations, a portion of the debt service on Senior Lien Bonds may also qualify as PFC-eligible debt service to the extent proceeds of Senior Lien Bonds are used to refund Outstanding Airport Obligations the proceeds of which were used to fund eligible airport-related projects. The City has agreed in the Airport Use Agreements to use PFC Revenues to pay PFC-eligible debt service on Senior Lien Bonds the proceeds of which are used by the City to pay for capital projects approved by the FAA for the collection and use of a PFC at Midway. The airline rates and charges calculations reflect the assumed use of PFC Revenues to pay a certain portion of PFC-eligible debt service on the Senior Lien Bonds.

Uncertainties Related to PFC Revenues. A number of factors may affect the amount of PFC Revenues available to the City. The amount of PFC Revenues collected by the City in future years will vary based upon the actual number of passenger enplanements at Midway and no assurance can be given that the levels of enplanements will be realized, particularly in light of the current uncertainties in the airline industry. In addition, additional FAA approvals will be required to permit the City to achieve the levels of projected PFC Revenues currently assumed to be used to pay PFC-eligible debt service on Senior Lien Bonds. Furthermore, under the PFC Act, the FAA may terminate the City's authority to impose a PFC under the circumstances described above under "PFC Program at Midway." See "CERTAIN INVESTMENT CONSIDERATIONS – Availability of PFC Revenues."

PFC Revenues do not constitute Other Available Moneys included in Senior Lien Revenues and are not pledged to or held by the Trustee for the benefit of the owners of Senior Lien Bonds unless and until they are specifically transferred to the Trustee for deposit into the respective Dedicated Sub-Funds as Other Available Moneys. However, the City expects that to the extent that PFC Revenues are available to the City, the City will use PFC Revenues to pay PFC-eligible debt service on various series of Senior Lien Bonds. See “SECURITY FOR THE 2025 SENIOR LIEN BONDS—DESCRIPTION OF OTHER AVAILABLE MONEYS, PFC REVENUES AND CFC REVENUES.”

Federal Airport Improvement Program Grants. The Airport and Airway Improvement Act of 1982 created the AIP grant program, which is administered by the FAA. The AIP grants include entitlement grants, which are allocated among airports by the FAA in accordance with a formula based on enplanements, and discretionary grants, which are allocated by the FAA in accordance with its guidelines. Midway has been awarded discretionary and entitlement grants of approximately \$6 million to \$31 million annually since Federal Fiscal Year (“FFY”) 2016 for runway rehabilitations, residential sound insulation, various airfield projects and equipment acquisition. Entitlement grant amounts vary based upon enplanements at Midway, and discretionary grants are awarded to projects that meet eligibility requirements and align with AIP priorities. However, received AIP grant funds will serve to offset project costs currently assumed to be funded with bond proceeds.

Infrastructure Investment and Jobs Act. The Infrastructure Investment and Jobs Act (IIJA) was enacted in 2021 and provides \$25 billion capital grants for airport infrastructure improvements to address repair and maintenance backlogs, reduce congestion and emissions near ports and airports, and drive electrification and other low-carbon technologies over a period of five years, starting in FFY 2022, of which \$15 billion will be allocated through Airport Infrastructure Grants (“AIG”) for eligible projects, \$5 billion will be provided via competitive discretionary grants through the Airport Terminal Program (“ATP”) for eligible projects and \$5 billion will be provided for FAA air traffic facilities and equipment. In FFY 2022, 2023, 2024, and 2025, the Airport was allocated \$20.3 million \$20.2 million, \$20.3 million and \$20.1 million, respectively, and anticipates an estimated annual allocation of approximately \$20.1 million in FFY 2026. As of September 30, 2025, the Airport has received all of FFY 2022 AIG (\$20.3 million) and \$7.9 million in FFY 2023 AIG. Any additional AIG funds received would will serve to offset project costs currently assumed to be funded with bond proceeds, and any costs currently assumed to be paid for with anticipated future grant funding which is not received would be paid for with bond proceeds. The Airport will utilize its IIJA funding to strengthen its capital funding sources to continue with major capital improvements.

ENVIRONMENTAL AND SUSTAINABILITY INITIATIVES

The City and CDA are committed to sustainability and enhancing the economic value, operational effectiveness, and environment at Midway and O’Hare. The CDA has implemented numerous airport industry-leading initiatives to improve natural resource conservation, operational efficiency, and economic viability at Midway and O’Hare. The CDA works toward its conservation and efficiency goals and objectives in the context of a broader ecosystem, inclusive of airlines and other business partners pursuing additional environmental and sustainability initiatives, including the use of sustainable aviation fuel and aircraft energy efficiency, among others.

SUSTAINABILITY GOALS

The CDA has adopted the following environmental goals for Midway and O’Hare:

Water Use Reduction: By 2030, the CDA is working to reduce potable water usage per passenger by 15% from a 2010 baseline.

Waste Reduction: By 2030, the CDA is targeting to reduce landfill waste per passenger by 25% from a 2017 baseline.

Energy Use and Supply: By 2030, the CDA has set a goal to reduce energy usage per passenger by 30% from a 2010 baseline.

Carbon Emissions: By 2030, the CDA is targeting to reduce carbon emissions by 50% from a 2019 baseline and by 2050 to achieve net zero carbon emissions.

New Construction: By 2030, the CDA is planning to achieve LEED certification (or equivalent) for all new construction projects.

The CDA continues to seek ways to reduce emissions and energy use, conserve water and natural resources, salvage and recycle materials, reduce waste, and educate passengers and the local community.

SUSTAINABILITY, ENERGY, AND NOISE INITIATIVES

Sustainable Airport Manual™. The CDA was the first airport in the nation to develop sustainability guidelines for design and construction at airports in 2003. In 2009, the Sustainable Airport Manual™ (“SAM®”) was created as part of Chicago’s ongoing efforts toward implementing more environmentally sustainable initiatives across all airport activities. The SAM® is a manual used to incorporate and track sustainability in administrative procedures, planning, design and construction, operations and maintenance, and concessions and tenants with minimal impact to project schedules or budgets. The SAM® is updated from time to time and, while available on the CDA’s website, is specifically not incorporated herein by reference and does not constitute a part of this Official Statement.

Energy Management. The CDA monitors the electricity and natural gas usage for the Airport in order to improve energy efficiency. A utility meter inventory allows for energy tracking of over 190 electricity meters and over 50 natural gas meters. Energy usage reports are sent to the CDA facilities staff to manage building systems and equipment.

Clean Energy. The City has entered into an agreement with a retail electricity supplier for an initial five-year term which began supplying 100% clean, renewable electricity as of January 1, 2025. All electricity for Midway is sourced from a new solar generation installation constructed in central Illinois.

Green Vehicles. Eight Level II charging stations are available to the public at the Airport with locations in the Midway Terminal Garage and the Midway Economy Garage. Further, to reduce vehicle emissions, the CDA operates 15 hybrid fleet vehicles at the Airport.

Green Concessions Policy. The CDA’s Green Concessions Policy provides concessionaires at Midway and O’Hare with guidance and standards for minimizing waste and enhancing recycling. All concessionaires must adhere to the policy’s requirements as listed in the SAM®.

Airports Going Green® Conference: Airports Going Green® is an annual aviation industry forum on sustainability and is co-hosted by the CDA, the American Association of Airport Executives, and other host city airports. The CDA launched the event in 2007 to highlight the innovative construction-related sustainability initiatives incorporated into the execution of the OMP. The conference brings together aviation leaders from around the world and serves as a valuable educational experience for industry experts, airport and airline professionals, contractors, consultants, and the media regarding airport sustainability initiatives.

U.S. Green Building Council® Building Certification. The Consolidated Rental Car Facility at the Airport has received the U.S. Green Building Council® (USGBC®) Leadership in Energy and Environmental Design™ (LEED®) certification. The LEED®-certified buildings help reduce energy and

water use, improve indoor air quality, support better building material choices, and drive innovation. The CRCF was awarded LEED® Silver certification in 2014.

Noise Management. The Midway Noise Compatibility Commission was established in 1996 and oversees the CDA’s community outreach programs to disseminate a variety of information related to aircraft noise issues. The Midway Residential and School Sound Insulation Programs have resulted in excess of 10,100 homes and 41 schools receiving sound insulation.

PEOPLE, WORKFORCE, AND CONTRACTING INITIATIVES

The CDA actively seeks a workforce that reflects the 77 City communities and recognizes the importance of bringing a variety of skills, knowledge, points of view and abilities onboard. To achieve this, the CDA works with the Mayor’s Office, City Council, the Chicago Department of Procurement Services (“DPS”) the Mayor’s Office for People with Disabilities (“MOPD”), the Chicago Public Schools (“CPS”), City Colleges of Chicago (“CCC”), the CMARs, and several non-governmental organizations to ensure access to accommodations for employees, contractors, vendors, and passengers and to create a meaningful pipeline from schools to work in the aviation industry and to enhance the Airport passenger experience. Some of these efforts are as follows:

Working Groups.

ADA Passenger Advisory Committee: The CDA instituted an initiative that focuses on the airport passenger experience from an accessibility standpoint. It provides regular, structured feedback on the accessibility of services, facilities, and programs at Midway and O’Hare. The committee meets quarterly and includes individuals with lived disability experience, representatives from disability advocacy organizations like Access Living, and City partners such as MOPD, Chicago Transit Authority, and commuter rail service provider Metra. APAC advises on policies, infrastructure projects, signage, customer service standards, and more. The stakeholder-driven process ensures that the CDA proactively addresses accessibility barriers and elevates the experience of passengers with disabilities across all stages of the airport journey.

Sunflower Program: The CDA has implemented the Hidden Disabilities Sunflower Program at both Midway and O’Hare to support passengers with non-visible disabilities. Individuals who voluntarily wear a Sunflower lanyard signal to trained airport staff that they may require additional assistance, time, or support during their journey. This initiative promotes dignity, autonomy, and awareness throughout the airport ecosystem.

Aira Service: Midway and O’Hare are Aira Access Partners and offers free access to Aira, a live, human-to-human visual interpretation service for passengers who are blind or have low vision. Travelers can connect with a trained Aira agent via a smartphone app to receive real-time visual assistance navigating terminals, reading signage, locating gates, and more to enhance independence and accessibility throughout the user’s airport experience.

Workforce and Career Building Initiatives.

Since 2013, CDA has hosted career fairs in the City’s neighborhoods to enhance recruitment for airline, cargo, concession, construction, security and other Midway and O’Hare job opportunities. At these events, the CDA partners with non-governmental and union organizations to offer workshops on resume writing, interview techniques, job training, job reentry information session and union apprenticeship programs. Additionally, CDA participates in virtual and in-person career days with MOPD and CPS. As of July, 2025, there are 118 outreach events on the calendar.

In 2023, the CDA launched the Aviation Trades Careers Partnership with CPS, CCC, and local trades unions to engage career counselors, and in turn their students, in design and construction career opportunities at Midway and O'Hare. Through June 2025, 24 tours of trade union apprenticeship training facilities for 226 career counselors, and six O'Hare airfield tours for CPS and CCC students have taken place.

The CDA has also hosted a number of expos and symposiums regarding hiring and contracting opportunities and the certification process for Airport Concessionaire Disadvantage Business Enterprise ("ACDBE"), Disadvantaged Business Enterprise, Minority-Owned Business Enterprise ("MBE"), Women-Owned Business Enterprise ("WBE"), Veteran-Owned Business Enterprise and/or Business Enterprises Owned by People with Disabilities. The most recent event held in May 2025 had 95 exhibitors and more than 1,600 attendees.

Contracting Initiatives.

Midway Concessions Program: The CDA has a 2025 goal for ACDBE participation in its concessions program at Midway at 45%. The concessions program has exceeded this goal the prior two calendar years, with ACDBE participation at 56.1% for the year ended 2023 and 55.9% for the year ended 2024.

Procurement Program: The Program provides contracting opportunities for MBEs and WBEs to be exclusive bidders on City contracts, with participation limited to MBEs, WBEs or joint ventures consisting exclusively thereof. From January 2019 through June 2025, the CDA has awarded \$581 million in procurements in the areas of information technology support services, security, custodial, landscaping and quality assurance materials testing.

Small Business Initiative (SBI) and Mid-sized Business Initiative (MBI) Procurement Programs: SBI and MBI construction procurements provide prime contracting opportunities to small and mid-sized businesses. SBI-I contracts are valued between \$2 and \$10 million and SBI-II contracts valued up to \$2 million. MBI contracts are valued between \$10 and \$20 million, with contracts open only to bidders that meet such business size requirements. Approximately \$57 million in SBI (I and II) contracts and approximately \$26 million in MBI contracts have been awarded by the CDA and its CMARs between January 2019 and June 2025.

O'Hare and Midway Small Business Resource Centers: The CDA operates the Midway Small Business Resource Center and O'Hare Bid Room and Small Business Resource Center, both with walk-in office hours from during business hours to assist prospective vendors with navigating the various business opportunities at Midway and O'Hare, respectively.

CERTAIN INVESTMENT CONSIDERATIONS

This entire Official Statement and the following discussion of certain investment considerations should be reviewed by prospective investors before purchasing the 2025 Senior Lien Bonds. The following discussion summarizes some, but not all, of the possible investment considerations that could adversely affect the ability of the City to pay debt service on all or a portion of the 2025 Senior Lien Bonds on a timely basis or in full and could have an adverse effect on the liquidity and/or market value of the 2025 Senior Lien Bonds. There can be no assurance that other investment considerations not discussed herein will not become material in the future.

LIMITED OBLIGATIONS

THE 2025 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 2025 SENIOR LIEN BONDS. THE 2025 SENIOR LIEN BONDS ARE NOT PAYABLE IN ANY MANNER FROM REVENUES RAISED BY TAXATION. NO PROPERTY OF THE CITY (INCLUDING PROPERTY LOCATED AT MIDWAY) IS PLEDGED AS SECURITY FOR THE 2025 SENIOR LIEN BONDS.

The 2025 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 2025 Senior Lien Bonds and the Outstanding Senior Lien Bonds. See “SECURITY FOR THE 2025 SENIOR LIEN BONDS– ISSUANCE OF ADDITIONAL SENIOR LIEN BONDS” and “2025-2029 CAPITAL IMPROVEMENT PROGRAM.”

IMPACT OF REGIONAL, NATIONAL AND GLOBAL ECONOMIC CONDITIONS ON MIDWAY

Historically, the financial performance of the air transportation industry has correlated with the state of the national and world economies. For example, the COVID-19 pandemic materially adversely impacted local, national and global economies. More recently, inflation, supply chain disruptions and imposed or threatened tariffs have adversely affected and continue to adversely affect the world’s, the United States’ and the Air Trade Area’s economies. There can be no assurances that weaknesses in international, national, state and/or local economies will not have an adverse effect on the air transportation industry, and on Midway and its Revenues.

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 60 to 66 percent of demand at Midway over the past decade. Although Midway’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 Midway. 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 Midway of the current financial challenges faced by the City and other public bodies located within the Air Trade Area.

WORLDWIDE HEALTH CONCERNS

Widespread public health concerns can have a sudden and material and adverse effect on air traffic demand. The City cannot predict, among other things: (i) the duration or extent of a pandemic or other outbreak; (ii) the scope or duration of governmental restrictions or warnings related to air travel, gatherings or other activities, and the duration or extent to which the airlines serving Midway may reduce or cease operations at Midway in response to such restrictions or warnings; (iii) the extent a pandemic or other outbreak may disrupt the local, national or global economies, manufacturing or supply chains, and any resultant adverse impact on the cost, sources of funds, schedule or implementation of the 2025-2029 CIP and subsequent capital programs at Midway, or other Midway operations; (iv) the extent to which a pandemic or other outbreak, or resulting economic disruptions, may result in changes in demand for air travel, or impact the airlines serving Midway, or the airline and travel industry, generally; (v) the extent Midway may provide deferrals, forbearances, adjustments or other changes to Midway’s concession agreements or agreements with the airlines serving Midway; or (vi) the resulting impact of any of the foregoing on Midway revenues and expenses, including collections of Revenues.

GEOPOLITICAL CONFLICTS

The U.S. aviation industry, including the Airport and the airlines serving the Airport, are exposed to risks from geopolitical conflicts. Regional wars, military actions and other conflicts could affect commercial aviation by impacting the global economy and potentially causing: (i) increased commodity and fuel prices and increased strain on global supply chains; (ii) economic sanctions against certain countries, institutions, companies and commodities, including oil and natural gas; (iii) closure of affected airspace necessitating changes to airline routes and the suspension of service to some areas; and (iv) increased risk of cyber-attacks against federal, state and local governmental agencies and entities, financial institutions and infrastructure. Trade disputes, including increased tariffs, may increase costs for the aviation industry, increase volatility in the world's economies and further contribute to geopolitical tensions.

UNCERTAINTIES OF THE AIRLINE INDUSTRY

General. The 2025 Senior Lien Bonds are payable from and secured by a pledge of Revenues and certain Funds and Accounts held under the Senior Lien Indenture. 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 obligations under the Airport Use Agreements.

Certain factors that may materially affect Midway and the airlines include, but are not limited to: (i) population levels 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) industry service and cost competition; (vi) airline mergers and/or bankruptcies; (vii) the availability and cost of aviation fuel, aircraft, aircraft parts and other necessary supplies as a result of shortages, inflation, supply chain delays and similar issues; (viii) air fares; (ix) airline fixed costs and capital requirements, and the cost and availability of financing; (x) capacity of the national air traffic control system; (xi) national and international disasters; (xii) public health concerns and pandemics; (xiii) labor costs and labor relations within the airline industry; (xiv) federal regulation; (xv) environmental and noise abatement concerns and regulation; and (xvi) aviation accidents. As a result of such factors, airlines (including those operating at Midway) may operate at a loss and may file for bankruptcy, cease operations and/or merge with other airlines. If aviation activity at Midway does not meet forecast levels, a corresponding reduction may occur in Revenues (absent an increase in Midway rentals, fees and charges). For a discussion of factors that may affect the collection of Revenues, see APPENDIX E – "REPORT OF THE AIRPORT CONSULTANT."

Further, because of the discretionary nature of business and personal travel spending, airline passenger traffic and revenues are heavily influenced by a variety of factors, including: (a) the strength of the U.S. economy and other regional and world economies; (b) airfares; (c) currency values; (d) the availability of business travel substitutes, such as teleconferencing, video conferencing and web-casting; and (e) operational disruptions caused by technological failures, severe weather events, natural disasters and crew shortages.

Financial Condition of Airlines Serving Midway. The economic condition of the airline industry is volatile, and the industry has undergone significant changes, including major restructurings, bankruptcies, mergers and acquisitions.

Airlines operating at Midway have filed for bankruptcy protection in the past and may do so in the future. See "— Effect of Airline Bankruptcy" below. Even absent an airline bankruptcy filing, the City may encounter significant delays and non-payment of amounts owed to it under an individual Airport Use Agreement with the applicable Signatory Airline.

Current and future financial and operational difficulties encountered by the airlines serving Midway (most notably Southwest, which accounted for approximately 88.1% of the enplaned passengers at Midway in 2024), could have a material adverse effect on operations at, and the financial condition of, Midway. If Southwest was to cease operations at Midway for any reason or eliminate or reduce Midway's status as a connecting hub, the current level of activity of such airline might not be replaced by other airlines.

The airline industry is cyclical and subject to intense competition and variable demand. Traffic volumes are responsive to economic circumstances and seasonal patterns, with other factors also having an impact on the industry. As a result, financial performance can fluctuate dramatically from one reporting period to the next.

Effect of Airline Bankruptcy. Airlines have emerged from bankruptcy reorganization in the past, and may file for bankruptcy protection in the future. The cessation of operations by an Airline Party with significant operations at Midway, such as Southwest, could have a material adverse effect on operations, Revenues (with the resultant effect on repayment of the 2025 Senior Lien Bonds) and the cost to the other airlines of operating at Midway.

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 Airport Use Agreement. In the event of assumption, the debtor would be required to cure any prior defaults and to provide adequate assurance of future performance.

Rejection of an Airport Use Agreement by any Airline Party that is a debtor in a bankruptcy proceeding would result in the termination of that Airport Use Agreement. Such rejection of an Airport Use 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 Airport Use Agreement in bankruptcy would be included in the calculation of the fees and charges of the remaining Airlines Parties under their Airport Use Agreements.

Aircraft Shortages. After retiring numerous aircraft during the COVID-19 pandemic, airlines have struggled to acquire sufficient aircraft to meet growing demand for air service. Those challenges are compounded because aircraft manufacturers such as Airbus and Boeing have experienced delays in producing and delivering aircraft. Such delays result from several factors, including supply chain disruptions, staffing shortages, strikes or work stoppages and FAA certification and oversight issues. Delays in aircraft delivery may hamper airlines' ability to increase capacity to meet travel demand, including to and from Midway. See "– Aircraft and Airport Safety" below.

Aviation industry supply chain issues include the limited availability of replacement parts, which may cause aircraft to be taken out of service for longer periods of time for repair and maintenance, limiting airline capacity to meet passenger demand. At this time it is uncertain when such supply chain issues will resolve and what impact such issues will have on the airlines or Midway.

Cost of Aviation Fuel. Airline earnings are significantly affected by the price of aviation fuel. Any increase in fuel prices increases airline operating costs. Fuel prices continue to be impacted by, among other things, political unrest in oil-producing parts of the world (particularly in the oil-producing nations in the Middle East, North Africa and Russia), Organization of Petroleum Exporting Countries policy, increased demand for fuel caused by 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.

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 to increase cost synergies and become more competitive. The airline industry continues to evolve as a result of competition and changing demand patterns, and it is possible the airlines serving Midway could consolidate operations through acquisition, merger, alliances and code share sales strategies. The City cannot predict the effect, if any, such consolidation would have on airline traffic at Midway.

Industry Workforce Shortages. Workforce and labor shortages are an aviation industry-wide issue. At the onset of the COVID-19 pandemic, airlines were faced with a surplus of personnel resulting from the sudden and dramatic decline in traffic. As a result, airlines offered their employees buyouts and early retirement packages prompting many pilots to take early retirement. Other factors include an aging pilot workforce and fewer new pilots coming out of the military. As passenger demand increases crew shortages may impact airlines' ability to meet it.

In addition to the pilot shortage, over the next decade there could be a shortage of qualified mechanics to maintain the airlines' fleet of planes. This potential shortage is a result of an aging pool of mechanics, many of whom are expected to retire in the next decade, with a lack of younger people to replenish their ranks. A shortage of mechanics could raise both the cost and time of maintenance, requiring airlines to maintain more spare planes and/or result in increased flight cancellations and delays.

Additionally, the national air traffic control system has been affected by a shortage of air traffic controllers. These labor shortages could have an impact on national and international airline system capacity. See "– Capacity of National and International Air Traffic Control and Airport System" below.

Aircraft and Airport Safety. Concerns about the safety of airline travel and effectiveness of security measures, particularly in the context of international hostilities, terrorist attacks, increased threat levels and world health concerns, may influence passenger travel behavior and airline travel demand.

In January 2024, the FAA ordered the temporary grounding of Boeing 737-9 MAX aircraft operated by U.S. airlines or in U.S. territories following an incident on Alaska Airlines during which a door plug malfunctioned. On January 24, 2024, the FAA approved an inspection and maintenance process that each Boeing 737-9 MAX aircraft must undergo before being eligible to return to service. In March 2024, the FAA halted production expansion of the Boeing 737 MAX and continued its increased onsite presence at Boeing's facility and Spirit AeroSystems' facility. Boeing has had a production slowdown of the Boeing 737 MAX as a result of the issues described above, which affected its ability to deliver aircraft and fulfill orders in a timely manner, and the FAA permanently increased their oversight activities of the manufacturer. Southwest and United Airlines are the carriers most exposed to Boeing's production issues. In calendar year 2024, Southwest accounted for 88.1% of enplanements at Midway. Boeing has announced that it has been working to stabilize its production lines and increase output, and in the second quarter of 2025, the manufacturer delivered 150 planes to customers, its best output for such period since 2018. It is uncertain what the long-term impact of future delays in production and deliveries of aircraft by Boeing or any other manufacturer will be for airlines and airports. Future safety issues (or the perception thereof) with respect to aircraft that serve the Airport could result in reduced passenger traffic.

Recent aircraft crashes and potential collisions at airports throughout the United States and the world, including, among others, the crash occurring on January 29, 2025, when a U.S. Army helicopter collided with an American Airlines regional jet as it prepared to land at Reagan National Airport, have raised concerns by the general public regarding the safety of air travel. The City cannot predict the likelihood of any future events or their effect on the patterns of air travel at Midway.

In addition, with the proliferation of inexpensive, commercially available, unmanned aerial vehicles ("UAVs"), or drones, the threat that unauthorized and unsafe UAV operations near airports could adversely affect the safety or security of U.S. airports and arriving or departing aircraft has increased

significantly in recent years. Incursions of U.S. airport airspace by UAVs have disrupted airport operations by causing flights to be halted or diverted. Although UAVs are regulated by the FAA, there can be no assurance that unauthorized UAV activity will not adversely affect the Airport's operations.

CAPACITY OF NATIONAL AND INTERNATIONAL AIR TRAFFIC CONTROL AND AIRPORT SYSTEM

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

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

On July 4, 2025, President Trump signed into law the One Big Beautiful Bill which includes: (i) approximately \$12.5 billion in funding for airport and air traffic control infrastructure projects through 2029, including \$2.16 billion for air traffic control towers, centers and terminal radar approach control facilities replacements at various FAA facilities, (ii) \$3 billion for replacing radar systems, (iii) \$4.75 billion for telecommunications, infrastructure and systems replacements, (iv) \$1 billion for air traffic controller recruitment, training, and training technology efforts and (v) \$1.05 billion for airport runway safety projects and general infrastructure. No assurance can be given that the funds appropriated will be sufficient for their intended purposes, the projects funded will be completed in a timely manner, or when completed, such projects will resolve or significantly lessen the physical capacity issues affecting the national air traffic control system.

COMPETITION

Midway competes with other U.S. airports for both domestic and international passengers. Portions of Midway's Air Trade Area are serviced by O'Hare and Mitchell. The Air Trade Area contains two large hub airports, Midway and O'Hare, and Midway and O'Hare collectively serve as a hub for three of the four largest U.S. airlines, all three of which serve both O&D and connecting traffic. O'Hare serves nearly all of the Chicago Region's international air traffic. For more information relating to O'Hare, see APPENDIX E – "REPORT OF THE AIRPORT CONSULTANT." Southwest launched service from O'Hare in February 2021. All of the destinations Southwest serves from O'Hare are also served from Midway. Three other airlines, Delta, Frontier, and Volaris, currently provide scheduled service from both Midway and O'Hare. See APPENDIX E – "REPORT OF THE AIRPORT CONSULTANT."

Any increases in operating costs at Midway may increase costs to the airlines, which could result in competitive disadvantage for Midway relative to other airports and other modes of transportation. For a discussion of the costs to the airlines of operating at Midway, see APPENDIX E – "REPORT OF THE AIRPORT CONSULTANT – Financial Analysis."

SOUTHWEST AIRLINES CONCENTRATION AT MIDWAY

Southwest is the largest single airline at Midway representing 88.1% of the total enplaned passengers at Midway in 2024. In 2025, Southwest announced policy changes for its customers, including, among others, implementing assigned seating and checked baggage fees. The City cannot predict what effect these or any additional policy changes may have on passenger demand for Southwest's air service at the Airport. Where an airport has a sizable market share accounted for by a single airline, there is risk associated with the potential for that airline to reduce or discontinue service. The City cannot predict what effect a reduction or discontinuation of service by Southwest would have on the Airport, Senior Lien Revenues and O&M Expenses at the Airport or the availability of Senior Lien Revenues in every year to pay the Senior Lien Obligations, including the 2025 Senior Lien Bonds. See "CHICAGO MIDWAY INTERNATIONAL AIRPORT" and APPENDIX E – "REPORT OF THE AIRPORT CONSULTANT."

EXPIRATION OF AIRPORT USE AGREEMENTS

The expiration date of the Airport Use Agreements for Signatory Airlines is December 31, 2027, subject to the right of the City or a Signatory Airline, under certain circumstances, to terminate its Airport Use Agreement prior to that date. 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 2025 Senior Lien Bonds and the Outstanding Senior Lien Bonds becomes due after such expiration dates. It is not possible to predict whether any Airline Party will be contractually obligated to make payments, including, among other things, for debt service on the 2025 Senior Lien Bonds or other Outstanding Senior Lien Bonds after the expiration date of the Airport Use Agreements. Upon the expiration of the Airport Use Agreements, the City may enter into extensions of such agreements, enter into new agreements, 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 Airport Use Agreements) to establish rentals, rates and other charges for the use and operation of Midway 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 Midway and to satisfy the debt service coverage covenants contained in the Senior Lien Indenture. See "SECURITY FOR THE 2025 SENIOR LIEN BONDS– DEBT SERVICE COVERAGE COVENANTS."

2025-2029 CIP AND ONGOING CAPITAL PROGRAMS COSTS AND SCHEDULE

The estimated costs of, and the projected schedule for, the projects in the 2025-2029 CIP and ongoing capital programs for Midway depend on various sources of funding and are subject to a number of uncertainties. The ability of the City to complete these projects within their current budgets and on their current schedules may be adversely affected by various factors including: (i) estimating errors, (ii) design and engineering errors, (iii) changes to the scope of the projects, (iv) delays in contract awards, (v) material and/or labor shortages, (vi) delays due to airline operational needs, (vii) unforeseen site conditions, (viii) adverse weather conditions, (ix) contractor defaults, (x) labor disputes, (xi) delays in delivery of materials and/or equipment due to supply chain issues, (xii) unanticipated levels of inflation, (xiii) litigation, (xiv) environmental issues and (xv) additional security improvements and associated costs mandated by the federal government. No assurance can be given that the costs of the capital programs will not exceed budgeted amounts or that their completion will not be delayed beyond the currently projected completion dates. 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 portions of the capital programs 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. Any schedule delays or cost increases could result in the need to issue additional Senior Lien Bonds and could result in increased costs per enplaned passenger to the airlines, which could place the Airport at a competitive disadvantage relative to lower-cost airports.

FUTURE INDEBTEDNESS

As described under the heading “2025-2029 CAPITAL IMPROVEMENT PROGRAM,” the City expects that it will need to incur additional indebtedness, including the issuance of Senior Lien Bonds and other Airport Obligations, to finance the 2025-2029 CIP.

In addition to the 2025-2029 CIP, the City may, from time to time, determine to fund additional capital projects at Midway prior to the maturity of the 2025 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. The City may be required 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.

AVAILABILITY OF PFC REVENUES

The City assumes that PFC Revenues will be available to fund PFC-eligible debt service on Outstanding Senior Lien Obligations. In addition, the Report of the Airport Consultant, which sets forth certain Projections regarding Midway, assumes that certain available PFC Revenues will be applied by the City on a year-to-year basis as Other Available Moneys to pay PFC-eligible debt service on such Airport 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 Midway, the use of Midway 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. 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.

AVAILABILITY OF FEDERAL GRANTS

Events outside the control of the City could cause the amount of Grant Receipts available to be received by the City 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's plans of finance with respect to the 2025-2029 CIP and ongoing capital programs assume that 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 2025-2029 CIP and ongoing capital programs on a "pay as you go" basis and for the payment of a portion of the debt service on the Senior Lien Bonds. FAA AIP Grants are subject to congressional appropriation, as well as automatic spending cuts, known as sequestration, as described below in "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 AIP Grant Receipt funding levels and timing may vary and such differences may be material. If there is a reduction in the amount of FAA AIP Grants awarded to the City, such reduction could (i) increase by a corresponding amount the capital expenditures that the City would need to fund from other sources, including Revenues, Senior Lien Bonds, and other Airport Obligations, or a combination thereof, (ii) result in cancellation of certain capital projects, or (iii) extend the timing for completion of certain capital projects. See "2025-2029 CAPITAL IMPROVEMENT PROGRAM" and APPENDIX E – "REPORT OF THE AIRPORT CONSULTANT."

FEDERAL AUTHORIZATION AND FUNDING CONSIDERATIONS

The City receives federal funding for Midway 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. The City depends on federal employees from these agencies to support financial and operational activities at Midway, and federal funds must be appropriated to continue to pay the workforce of these federal agencies that provide services at Midway. On May 16, 2024, President Biden signed the Securing Growth and Robust Leadership in American Aviation Act into law, which legislation reauthorizes the FAA through September 30, 2028. 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, 2028.

In the event that the current FAA authorization were to expire without a long-term reauthorization or another short-term extension, FAA programs would become unauthorized, including FAA programs providing funding for Midway. Failure to adopt such reauthorization may have a material, adverse impact on, among other things, (i) federal funding received by the Airport, including under FAA AIP Grants; (ii) Federal agency budgets, hiring and operations, (iii) availability of federal employees to support certain operations at the Airport and provide regulatory and other oversight, review and approvals, in each case at the Airport and over the airlines serving the Airport; and (iv) operational efficiency at the Airport and in the national air transportation system generally.

Federal funding is also impacted by changes in presidential administrations or agency leadership and sequestration, which is a budgetary feature first introduced under the federal Budget Control Act of 2011. Unless changed by the United States Congress from time to time, sequestration is a multi-year process and could continue to affect FAA, TSA and CBP budgets and staffing, resulting in staffing shortages and traffic delays and cancellations at airports across the United States. The full impact of sequestration or the re-prioritization of federal spending on the aviation industry, and Midway generally, including 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. There is no guarantee that federal policies will not result in a reduction or elimination of various federal programs, contracts, grants, loans or other awards impacting the aviation sector generally and the Airport specifically.

The City is unable to predict whether legislation to extend, reauthorize or otherwise continue FAA programs will be adopted prior to its scheduled expiration date, or if not so adopted, the duration of any

resulting period of de-authorization, and the impact on Midway finances and operations which might result therefrom.

REGULATIONS AND RESTRICTIONS AFFECTING MIDWAY

The operations of Midway and its ability to generate revenues are affected by a variety of contractual, statutory and regulatory restrictions and limitations, including, without limitation, the provisions of the Airport Use 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 Midway, which could materially adversely affect Midway's operations or financial condition.

In addition, Midway may be required from time to time in the future to implement enhanced security measures mandated by the FAA 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 Midway, 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 or affect passenger activity.

CYBERSECURITY

Midway, 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, Midway may be the target of cybersecurity incidents that could result in adverse consequences to Midway 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 Midway'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, Midway invests in multiple forms of cybersecurity and operational safeguards.

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

The airlines serving Midway, other Midway tenants and their Systems Technology providers also face cybersecurity threats that could affect airline and Midway tenant operations and finances. Computer networks and data transmission and collection are vital to the safe and efficient operation of the airlines that serve Midway and other tenants of Midway. Despite security measures, information technology and infrastructure of any of the airlines serving Midway or any other tenants at Midway or any of their Systems Technology providers may be vulnerable to attacks by outside or internal hackers, or breached by employee error, negligence or malfeasance. Any such cyber event 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 Midway and the services provided at Midway, thereby adversely affecting the ability of Midway to generate Revenues.

FINANCIAL CONDITION OF THE CITY AND OTHER OVERLAPPING GOVERNMENTAL BODIES

The 2025 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 2025 Senior Lien Bonds. The City is the issuer of the 2025 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 Midway.

Unfunded Pensions. The Retirement Funds have significant unfunded liabilities and low funding ratios. The City's statutorily required contributions to the Retirement Funds are projected to increase in future years. Such increases may require the City to increase its revenues and may require the City to increase its revenues and reduce its expenditures, which could potentially be harmful to the City's economy and reduce local passenger demand.

Midway is required to contribute a pro rata share of City Contributions to the Retirement Systems based on the Annuity Factors for the number of Midway employees who are Eligible Members. Historically, Midway has contributed its pro rata share to the Retirement Systems. See "MIDWAY FINANCIAL INFORMATION – PENSION COSTS."

Overlapping Taxing Districts. A number of taxing districts whose jurisdictional limits overlap with the City have the power to raise taxes, including property taxes. The City does not control the amount or timing of the taxes levied by these overlapping taxing districts. An increase in the amount of taxes levied by these overlapping taxing districts could potentially be harmful to the City's economy and reduce local passenger demand.

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 2025 SENIOR LIEN BONDS—MIDWAY REVENUES MUST BE USED FOR AIRPORT PURPOSES."

EFFECT OF CONTRACTUAL COUNTERPARTY BANKRUPTCY

Certain concessionaires or contractual counterparties that served or are currently serving Midway have filed for bankruptcy protection in the past and some may do so in the future. During 2020, each of Hertz, Thrifty Car Rental and Dollar Rent-A-Car filed for Chapter 11 bankruptcy protection, but each has

emerged from bankruptcy and Hertz, Thrifty Car Rental, and Dollar Rent-a-Car continue to operate at Midway.

Future bankruptcies, restructurings and liquidations of other concessionaires or contractual counterparties may occur. While it is not possible to predict the impact on Midway of future bankruptcies, restructurings and liquidations by concessionaires or contractual counterparties, if such concessionaire or contractual counterparty had significant operations or contractual obligations at Midway, its bankruptcy, restructuring or liquidation could have an impact on Midway operations, and thus the collection of Revenues, and could increase the costs of other concessionaires and contractual counterparties to operate at Midway. 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 Midway of any bankrupt or terminating concessionaire or contractual counterparty.

ALTERNATIVE TRANSPORTATION MODES AND FUTURE PARKING DEMAND

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

ASSUMPTIONS IN THE REPORT OF THE AIRPORT CONSULTANT

In connection with the offering of the 2025 Senior Lien Bonds described in this Official Statement, the Airport Consultant has prepared the 2025 Letter of the Airport Consultant, described more fully under "INTRODUCTION – REPORT OF THE AIRPORT CONSULTANT." The 2025 Letter of the Airport Consultant includes as an attachment the Original Report of the Airport Consultant prepared in conjunction with the offering of the 2023A Senior Lien Bonds and the 2023B Senior Lien Bonds. A copy of the 2025 Letter of the Airport Consultant, which reaffirms the findings of the Original Report of the Airport Consultant, is included as APPENDIX E to this Official Statement. The Report of the Airport Consultant contains numerous assumptions as to the utilization of Midway and other matters and includes the Projections. Projections and assumptions are inherently subject to significant uncertainties. Actual results are likely to differ, perhaps materially, from those projected. Inevitably, some assumptions may not be realized and unanticipated events and circumstances may occur. 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 dates of the 2025 Senior Lien Bonds extend 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.

FORCE MAJEURE EVENTS AFFECTING THE CITY AND MIDWAY

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 Midway's operations and financial condition, if they were to occur. These events include fire, flood, earthquake, tornado, epidemic, pandemic, adverse health conditions or other unavoidable casualties or acts of God, freight embargos, labor strikes or work stoppages, civil commotion, new acts of war or escalation of various international conflicts, 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 on Midway's operations and financial condition.

ENFORCEMENT ACTIONS

The remedies available to bondholders upon nonpayment of principal of or interest on the 2025 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."

LITIGATION

There is no litigation pending or threatened against the City relating to the City's operation of Midway, the issuance, sale, or delivery of the 2025 Senior Lien Bonds, the validity or enforceability thereof, or the implementation, construction or operation of the 2025-2029 CIP and ongoing capital programs of Midway, other than various legal proceedings (pending or threatened) which may have arisen or may arise out of the ordinary course of business of Midway. The City expects that the final resolution of such legal proceedings arising in the ordinary course of business will not have a material adverse effect on the financial position or the results of operation of Midway.

FINANCIAL STATEMENTS

The basic financial statements for Midway as of and for the year ended December 31, 2024, included as APPENDIX D to this Official Statement (the "Audit"), have been audited by Deloitte & Touche LLP, an independent auditor (the "Auditor"), as stated in its report appearing herein. The City has not requested that the Auditor update any information contained in the Audit since the date of the Audit. The Auditor has not been engaged to perform, and has not performed since the date of the Audit, any procedures on the financial statements addressed in the Audit.

AIRPORT CONSULTANT

The Report of the Airport Consultant, included as APPENDIX E, provides certain information with respect to Midway and its 2025-2029 CIP and ongoing capital programs, evaluates aviation activity at Midway 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 2025 through 2030 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 herein 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 dates of the 2025 Senior Lien Bonds extend beyond the period of the Projections. See “FORWARD-LOOKING STATEMENTS.”

The Airport Consultant has prepared the Projections contained in the Report of the Airport Consultant and discussed herein and summarized in certain tables herein. The City believes that the underlying assumptions provide a reasonable basis for the Projections, and that the Projections present, to the best of the City’s knowledge and belief, the City’s expected course of action. However, some of the assumptions upon which the Projections are based may not materialize and unanticipated events and circumstances may occur. The accompanying prospective financial information was 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, was prepared on a reasonable basis, reflects the best currently available estimates and judgments, and presents, to the best of management’s knowledge and belief, the expected course of action and the expected future financial performance reflected in the Projections. Accordingly, these Projections are not fact and should not be viewed as being necessarily indicative of future results. Readers of this Official Statement are cautioned not to place undue reliance on Projections which are contained herein or in the Report of the Airport Consultant.

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 or in the Report of the Airport Consultant, 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.

FINANCIAL ADVISORS

The City has retained The RSI Group, LLC and PFM Financial Advisors LLC to act as co-financial advisors (the “Co-Financial Advisors”) in connection with the offering of the 2025 Senior Lien Bonds. The Co-Financial Advisors have provided advice on the plan of financing and structure of the 2025 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. Each of the Co-Financial Advisors is a “municipal advisor” as defined in Rule 15Ba-1 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

UNDERWRITING

A group of underwriters, represented by BofA Securities, Inc. (the “Underwriters”), has agreed, jointly and severally, to purchase the 2025 Senior Lien Bonds subject to certain conditions set forth in the Bond Purchase Agreement with the City (the “Bond Purchase Agreement”). The Bond Purchase Agreement provides that the obligations of the Underwriters to accept delivery of the 2025 Senior Lien Bonds are subject to various conditions of the Bond Purchase Agreement, but the Underwriters will be obligated to purchase all the 2025 Senior Lien Bonds if any Bonds are purchased. The Underwriters have agreed to purchase the 2025A Senior Lien Bonds at an aggregate purchase price of \$104,237,407.19 (reflecting an Underwriters’ discount of \$533,374.76, plus original issue premium of \$6,640,781.95), and to purchase the 2025B Senior Lien Bonds at an aggregate purchase price of \$344,369,050.47 (reflecting an Underwriters’ discount of \$2,000,639.93, plus original issue premium of \$23,844,690.40).

The Underwriters reserve the right to join with dealers and other underwriters in offering the 2025 Senior Lien Bonds to the public. The 2025 Senior Lien Bonds may be offered and sold at prices other than

the initial offering prices, including sales to dealers who may sell such 2025 Senior Lien Bonds into investment accounts.

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

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

BofA Securities, Inc., an Underwriter of the 2025 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 2025 Senior Lien Bonds.

CERTAIN LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale by the City of the 2025 Senior Lien Bonds are subject to the approving legal opinion of Mayer Brown LLP, Chicago, Illinois, and Charity & Associates, P.C., Chicago, Illinois ("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 2025 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 2025 Senior Lien Bonds and the Senior Lien Indenture, the security for the 2025 Senior Lien Bonds and the description of the federal tax exemption of interest on the 2025 Senior Lien Bonds. This review did not include any obligation to establish or confirm factual matters set forth herein. The proposed forms of opinions of Co-Bond Counsel are included as APPENDIX F.

Certain legal matters will be passed on for the City by its Corporation Counsel, by Thompson Coburn LLP, Chicago, Illinois, and Sanchez Daniels & Hoffman LLP, Chicago, Illinois, Co-Disclosure Counsel to the City, and for the Underwriters by their counsel, McGuireWoods LLP, Chicago, Illinois.

TAX MATTERS

The following is a discussion of the opinion of Co-Bond Counsel to be rendered as to the tax-exempt status of interest on the 2025 Senior Lien Bonds.

CERTAIN TAX CONSEQUENCES OF THE 2025 SENIOR LIEN BONDS

Generally. In the opinion of Mayer Brown LLP and Charity & Associates, P.C., Co-Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance by the City with certain covenants, (i) the interest on the 2025A Senior Lien Bonds is excludable from gross income for federal income tax purposes and is an item of tax preference that is includable in alternative minimum taxable income for purposes of determining a taxpayer's alternative minimum tax liability and (ii) the interest on the 2025B Senior Lien Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference that is includable in alternative minimum taxable income for purposes of determining an individual's alternative minimum tax liability, however, the interest is included in the adjusted financial statement income of corporations subject to the corporate alternative minimum tax on adjusted financial statement income. The opinion described in the preceding sentence assumes the accuracy of certain representations and compliance by the City with covenants designed to satisfy the requirements of the Code that must be met subsequent to the execution and delivery of the 2025A Senior Lien Bonds and 2025B Senior Lien Bonds, and is subject to the customary qualifications and assumptions of such opinion. Failure to comply with such requirements could cause interest on the 2023 A Bonds or 2025B Senior Lien Bonds to be included in gross income for federal income tax purposes retroactive to the dates of execution and delivery of the 2025A Senior Lien Bonds and 2025B Senior Lien Bonds.

The City has covenanted in the Tax Compliance Certificate executed and delivered in connection with the execution and delivery of the 2025 Senior Lien Bonds to comply with such requirements. Co-Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the 2025 Senior Lien Bonds.

In addition, the accrual or receipt of such interest may otherwise affect the federal income tax liability of the owners of the 2025A Senior Lien Bonds and 2025B Senior Lien Bonds. The extent of these other tax consequences will depend upon such owner's particular tax status and other items of income or deduction. Co-Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the 2025A Senior Lien Bonds and 2025B Senior Lien Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers otherwise entitled to claim the earned income credit, or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the 2025A Senior Lien Bonds and 2025B Senior Lien Bonds.

In the opinion of Co-Bond Counsel, interest on the 2025 Senior Lien Bonds is not exempt from present Illinois income taxes. Co-Bond Counsel has expressed no opinion regarding other tax consequences arising with respect to the 2025 Senior Lien Bonds under the laws of the State or any other state or jurisdiction.

Backup Withholding. Interest on tax-exempt obligations such as the 2025A Senior Lien Bonds and 2025B Senior Lien Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments to any holder of the 2025A Senior Lien Bonds and 2025B Senior Lien Bonds who fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the 2025A Senior Lien Bonds and 2025B Senior Lien Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Changes in Federal and State Tax Law. From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the market value of the 2025 Senior Lien Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the 2025 Senior Lien Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the 2025 Senior Lien Bonds or the market value thereof would be impacted thereby. Purchasers of the 2025 Senior Lien Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Co-Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the 2025 Senior Lien Bonds and Co-Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

Original Issue Premium. The issue price of all or a portion of the 2025 Senior Lien Bonds may exceed the stated redemption price payable at maturity of such Bonds. Such Bonds (collectively, the “Premium Bonds”) are considered for federal income tax purposes to have “bond premium” equal to the amount of such excess. The basis of a Premium Bond in the hands of an initial owner is reduced by the amount of such excess that is amortized during the period such initial owner holds such Premium Bond in determining gain or loss for federal income tax purposes. This reduction in basis will increase the amount of any gain or decrease the amount of any loss recognized for federal income tax purposes on the sale or other taxable disposition of a Premium Bond by the initial owner. No corresponding deduction is allowed for federal income tax purposes for the reduction in basis resulting from amortizable bond premium. The amount of bond premium on a Premium Bond that is amortizable each year (or shorter period in the event of a sale or disposition of a Premium Bond) is determined using the yield to maturity on the Premium Bond based on the initial offering price of such Premium Bond.

Original Issue Discount. The issue price of all or a portion of the 2025 Senior Lien Bonds may be less than the stated redemption price payable at maturity of such Bonds (the “Discount Bonds”). In such case, the difference between (i) the amount payable at the maturity of each Discount Bond, and (ii) the initial offering price to the public of such Discount Bond constitutes original issue discount with respect to such Discount Bond in the hands of any owner who has purchased such Discount Bond in the initial public offering of the 2025 Senior Lien Bonds. Generally, such initial owner is entitled to exclude from gross income an amount of income with respect to such Discount Bond equal to that portion of the amount of such original issue discount allocable to the period that such Discount Bond continues to be owned by such owner (subject to the qualifications discussed herein about interest excluded from gross income for certain taxpayers and in certain circumstances).

In the event of the redemption, sale or other taxable disposition of such Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held by such initial owner) is includable in gross income.

The foregoing discussion assumes that (i) the Underwriters have purchased the 2025 Senior Lien Bonds for contemporaneous sale to the public and (ii) all of the Discount Bonds have been initially offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm’s-length transactions for a price (and with no other consideration being included) not more than the initial offering prices thereof stated on the inside cover page of this Official Statement. Neither the City nor Co-Bond Counsel has made any investigation or offers any comfort that the Discount Bonds will be offered and sold in accordance with such assumptions.

Under existing law, the original issue discount on each Discount Bond accrues daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the 2025 Senior Lien Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (i) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (ii) the amounts payable as current interest during such accrual period on such Bond.

The federal income tax consequences of the purchase, ownership, and redemption, sale or other disposition of Discount Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of Discount Bonds should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of interest accrued upon redemption, sale or other disposition of such Discount Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Discount Bonds.

SECONDARY MARKET DISCLOSURE

The City will enter into a Continuing Disclosure Undertaking (the "Undertaking") for the benefit of the beneficial owners of the 2025 Senior Lien Bonds to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board (the "MSRB") to enable the Underwriters to meet 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 2025 Senior Lien Bonds, the Ordinance or the Senior Lien Indenture, and beneficial owners of the 2025 Senior Lien Bonds are limited to the remedies described in the Undertaking. See "—Consequences of Failure of the City to Provide Information" below. 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 2025 Senior Lien Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the 2025 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 upon request from the City.

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.

"Annual Financial Information" means (a) with respect to the City, financial and statistical data generally consistent with that contained in this Official Statement under the captions "AIR TRAFFIC ACTIVITY AT MIDWAY—PASSENGER ACTIVITY AT MIDWAY," "MIDWAY FINANCIAL

INFORMATION – OPERATING RESULTS,” “– PFC REVENUES-HISTORICAL COLLECTIONS,” “OUTSTANDING INDEBTEDNESS AT MIDWAY – HISTORICAL DEBT SERVICE COVERAGE,” “– OTHER MIDWAY INDEBTEDNESS” and “– 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 Midway 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 Midway (i) that is obligated under an Airport Use 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 20 percent of the Senior Lien Revenues of Midway for each of the prior two Fiscal Years.

Southwest is at present the only Obligated Person other than the City. Southwest is 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 Southwest 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 exclusive of Audited Financial Statements (commencing with the Audited Financial Statements for the fiscal year ended December 31, 2025) will be provided to the MSRB on EMMA 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 shall 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 after occurrence, to the MSRB the disclosure of the occurrence of a Reportable Event (as defined herein). 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 2025 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 (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);
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. the appointment of a successor or additional trustee, or the change of the name of a trustee, if material;
15. the incurrence of a financial obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Obligated Person, any of which affect security holders, if material; and
16. a default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation (defined to mean 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) of the Obligated Person, any of which reflect financial difficulties.

Each Signatory Airline has covenanted under the Airport Use Agreement to provide to the City, at its request, such information as the City may reasonably request to enable the City to comply with the requirements of federal securities laws and the City's continuing disclosure undertakings. The City has requested Southwest, as an Obligated Person, to disclose the occurrence of Reportable Events applicable to it. The City's obligations with respect to Reportable Events related to Obligated Persons other than the City are limited to and satisfied by the City's request to Obligated Persons other than the City as described above. The City takes no responsibility for the accuracy or completeness of filings provided by any Obligated Person other than the City.

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 2025 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 the Senior Lien 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 2025 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 2025 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.

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.

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 2025 Senior Lien Bonds under the Senior Lien Indenture.

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 an 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.

The disclosure in this paragraph and under “Category A Corrective Actions,” “Category B Corrective Actions,” and “Category C Corrective Actions” below is being provided by the City for the sole purpose of assisting the Underwriters in complying with the Rule. The City previously entered into continuing disclosure undertakings, as an “obligated person” under the Rule (the “Undertakings”). In the previous five-year period beginning on October 7, 2020 and ending on October 7, 2025 (the “Compliance Period”), the City has, on several instances during the Compliance Period, failed to comply with certain provisions of the Undertakings, including: (a) failing to file or timely file certain financial information and/or operating data, including, but not limited to, the instances described under “Category A Corrective Actions” below; (b) failing to provide certain required financial information and/or operating data in its filings, including, but not limited to the instances described under “Category B Corrective Actions” below;

and (c) failing to file or timely file certain notices, including, but not limited to the instances described under “Category C Corrective Actions” below. “Certain Annual Financial Information” means certain portions of the information defined as “Annual Financial Information” in the applicable continuing disclosure undertaking for the applicable bond issue(s) described below.

Category A Corrective Action

The City failed to file on a timely basis Certain Annual Financial Information for 2021 with respect to the City’s Tax Increment Allocation Revenue Refunding Bonds (Pilsen Redevelopment Project), Series 2014A and Series 2014B (the “Pilsen Series 2014AB Bonds”). However, the Pilsen Series 2014AB Bonds have since matured. The City filed on EMMA the 2021 annual information for the Pilsen Series 2014AB Bonds on July 29, 2022.

On September 5, 2024, the City filed on EMMA a notice regarding its failure to file on a timely basis Certain Annual Financial Information in connection with the City’s Second Lien Water Revenue Bonds, Project Series 2023A (the “Series 2023A Bonds”). In connection with such notice filing, the City also filed on EMMA the City of Chicago, Illinois Water Fund Basic Financial Statements as of and for the Year Ended December 31, 2023, Required Supplementary Information, Additional Information, Statistical Information, and Independent Auditor’s Report with respect to the Series 2023A Bonds.

On September 5, 2024, the City filed on EMMA a notice regarding its failure to file on a timely basis Certain Annual Financial Information in connection with the City’s Second Lien Wastewater Transmission Revenue Refunding Bonds, Series 2001 (the “Series 2001 Bonds”) and the Wastewater Transmission Revenue Bonds, Refunding Series 1998A (the “Series 1998A Bonds”). In connection with such notice filing, the City also filed on EMMA City of Chicago, Illinois Sewer Fund Basic Financial Statements as of and for the Year Ended December 31, 2023, Required Supplementary Information, Additional Information, Statistical Information, and Independent Auditor’s Report with respect to the Series 2001 Bonds and Series 1998A Bonds.

On September 5, 2024, the City filed on EMMA a notice regarding its failure to file on a timely basis Certain Annual Financial Information in connection with the City’s General Obligation Bonds, Taxable Project Series 2017B (the “Series 2017B Bonds”). In connection with such notice filing, the City also filed on EMMA the City’s Annual Comprehensive Financial Report for the Year Ended December 31, 2023 with respect to the Series 2017B Bonds.

On October 11, 2024, the City filed on EMMA a notice regarding its failure to file on a timely basis Certain Annual Financial Information in connection with the 2029 maturity of the Series 2017B Bonds. In connection with such notice filing, the City also filed on EMMA the City’s Annual Comprehensive Financial Report for the Year Ended December 31, 2023 with respect to the 2029 maturity of the Series 2017B Bonds.

On October 11, 2024, the City filed on EMMA a notice regarding its failure to file on a timely basis Certain Annual Financial Information in connection with the City’s Second Lien Wastewater Transmission Revenue Bonds, Refunding Series 2024A. In connection with such notice filing, the City also filed on EMMA the City’s Annual Comprehensive Financial Report for the Year Ended December 31, 2023.

On October 11, 2024, the City filed on EMMA a notice regarding its failure to file on a timely basis Certain Annual Financial Information in connection with the City’s General Obligation Bonds, Series 2019A and General Obligation Bonds, Series 2021B. In connection with such notice filing, the City also filed on EMMA the City’s Continuing Disclosure Annual Financial Information For Year Ended December 31, 2023.

On November 22, 2024, the City filed on EMMA a notice regarding its failure to file on a timely basis Certain Annual Financial Information in connection with the City's Motor Fuel Tax Refunding Bonds Series 2013 (Issue of June 2014). Such Certain Annual Financial Information had been filed on EMMA on August 3, 2021.

Category B Corrective Actions

On September 14, 2020, the City filed on EMMA a notice regarding its failure to file on a timely basis a Certain Annual Financial Information including a certain capital improvements table for the year 2019 in connection with the City's General Obligation Bonds, Project and Refunding Series 2014A and Taxable Project and Refunding Series 2014B (the "Series 2014AB Bonds"). In connection with such notice filing, the City also filed on EMMA such capital improvements tables for the year 2019 with respect to the Series 2014AB 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 (the "Series 2017AB Wastewater Bonds"). In connection with such notice filing, the City also filed on EMMA such capital improvements tables for the years 2018 and 2019 with respect to the Series 2017AB Wastewater Bonds.

On November 12, 2021, the City filed a notice regarding its failure to file on a timely basis Certain Annual Financial Information including certain capital improvements tables for the year 2020 and certain third-party sourced Retirement Fund tables with respect to the Series 2014AB Bonds. In connection with such notice filing, the City also filed on EMMA such capital improvements tables for the years 2020 and 2021 and certain third-party sourced Retirement Fund tables with respect to the Series 2014AB Bonds.

On August 9, 2022, the City filed on EMMA a notice regarding its failure to file on a timely basis Certain Annual Financial Information for the year 2021 in connection with the Series 2014AB Bonds and the City's General Obligation Bonds, Series 2021A and Series 2021B (the "Series 2021 Bonds"). In connection with such notice filing, the City filed Tables 1-10 on EMMA in connection with the Series 2014AB Bonds and the Series 2021 Bonds.

On August 9, 2022, the City filed on EMMA a notice regarding its failure to file on a timely basis Certain Annual Financial Information in connection with the City's Series 2017AB Wastewater Bonds. In connection with such notice filing, the City also filed on EMMA a table titled "Historical Capital Improvement Program Funding by Source," including data from 2017 to 2021 with respect to the Series 2017AB Wastewater Bonds.

On July 31, 2024, the City filed on EMMA a notice regarding its failure to file on a timely basis Certain Annual Financial Information in connection with its Chicago O'Hare International Airport Customer Facility Charge Senior Lien Bonds, Series 2013 and its Chicago O'Hare International Airport Customer Facility Charge Senior Lien Refunding Bonds, Series 2023. In connection with such notice filing, the City also filed on EMMA a table presenting bond debt service and TIFIA loan debt service on a historic only basis from Fiscal Year 2010 to 2023.

Category C Corrective Actions

On July 8, 2021, S&P Global Ratings upgraded the rating of the City's Motor Fuel Tax Revenue Refunding Bonds, Series 2013 (Issue of June 2014), including the Riverwalk Transportation Infrastructure Finance and Innovation Act draw-down loan, from "BB+" to "BBB-." On July 27, 2021, the City filed with EMMA an event notice relating to this rating upgrade.

On December 8, 2021, the City filed a notice of incurrence of a financial obligation (i.e., loans incurred by the City pursuant to each of the RBC Line of Credit Agreement and the Wells Fargo Line of Credit Agreement) pertaining to the City's General Obligation Bonds, Series 2019A and General Obligation Refunding Bonds, Series 2020A. On December 8, 2021, the City also filed the redacted Wells Fargo Line of Credit Agreement with EMMA. On January 25, 2022, the City filed the redacted RBC Line of Credit Agreement with EMMA.

On April 11, 2023, S&P Global Ratings upgraded the rating on the City's Second Lien Wastewater Transmission Revenue Bonds to A+ from A and the outlook was stable. On July 29, 2024, the City filed on EMMA an event notice relating to this rating upgrade for the City's Second Lien Wastewater Transmission Revenue Bonds, Refunding Series 2001 (the "Series 2001 Bonds") since the Series 2001 Bonds were not previously linked to the original filing related to this rating upgrade.

On October 30, 2023, Fitch Ratings upgraded the rating on the City's Second Lien Water Revenue Bonds to A+ from A and the outlook was stable. Fitch also assessed the Standalone Credit Profile (SCP) of the City's water system at 'a+.' On July 29, 2024, the City filed on EMMA an event notice relating to this rating upgrade and assessment of the SCP for the City's Second Lien Water Revenue Bonds Project and Refunding Series 2010A (collectively, the "Series 2010 Bonds") and the City's Second Lien Water Revenue Bonds, Project Series 2023A (the "Series 2023A Bonds") since the Series 2010 Bonds and the Series 2023A Bonds were not previously linked to the original filing related to this rating upgrade and assessment of the SCP.

On April 30, 2024, Moody's Ratings upgraded the insurance financial strength (IFS) rating of Assured Guaranty Corp. (AGC) from A2 to A1. On November 22, 2024, the City filed on EMMA an event notice related to this rating upgrade for the City's General Airport Third Lien Revenue Bonds, Taxable Series 2010B (Build America Bonds – Direct Payment) with CUSIP number 167593AP7.

On October 3, 2024, Moody's Ratings downgraded the insurance financial strength (IFS) of National Public Finance Guarantee Corporation (National) from Baa2 to Baa3. On March 13, 2025, the City filed on EMMA an event notice related to this rating downgrade.

VERIFIER

Robert Thomas, CPA, LLC (the "Verifier"), upon delivery of the 2025 Senior Lien Bonds, will deliver to the City, Co-Bond Counsel and the Underwriters a report stating that the firm, at the request of the City and the Underwriters, has reviewed the mathematical accuracy of certain computations based on certain assumptions relating to the sufficiency of the principal and interest received from the investment in the Federal Obligations, together with any initial cash deposit, to meet the timely payment of the applicable principal or redemption price of and interest on the Refunded Bonds.

The Verifier will express no opinion on the attainability of any assumptions or the tax-exempt status of the 2025 Senior Lien Bonds. The computations verified by the Verifier are intended in part to support conclusions of the City and Co-Bond Counsel concerning the federal income tax status of the 2025 Senior Lien Bonds.

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.

CONSIDERATIONS RELATED TO THIS OFFICIAL STATEMENT

The references, excerpts and summaries of all documents referred to herein do not purport to be complete statements of the provisions of such documents, and reference is directed to all such documents for full and complete statements of all matters of fact relating to the 2025 Senior Lien Bonds, the security for the payment or purchase of the 2025 Senior Lien Bonds and the rights and obligations of the registered owners thereof.

Except as specifically provided herein, references to website addresses presented herein, including the City's website or any other website containing information about the City, are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for any purpose including for purposes of Rule 15c2-12 promulgated pursuant to the Exchange Act.

Any statements made in this Official Statement 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 the estimates will be realized. 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 owners of the 2025 Senior Lien Bonds.

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AUTHORIZATION OF OFFICIAL STATEMENT

The execution of this Official Statement, and its distribution and use by the Underwriters in connection with the initial public offering, sale and distribution of the 2025 Senior Lien Bonds by the Underwriters, has been duly authorized and approved by the City.

CITY OF CHICAGO

By: /s/ Jill Jaworski

Chief Financial Officer

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APPENDIX A

GLOSSARY OF TERMS

The following are definitions of certain terms used in the Senior Lien Indenture and this Official Statement. This glossary is provided for the convenience of the reader and does not purport to be comprehensive or definitive. All references herein to terms defined in the Senior Lien Indenture are qualified in their entirety by the definitions set forth in the Senior Lien Indenture. Copies of the Senior Lien Indenture are available for review prior to the delivery of the Bonds at the office of the City's Chief Financial Officer and thereafter at the office of the Trustee.

“Aggregate Senior Lien 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 amounts required by the provisions of all Supplemental Indentures creating series of Senior Lien Obligations and all instruments creating Section 208 Obligations and Section 209 Obligations to be deposited from Senior Lien Revenues in all sub-funds, accounts and sub-accounts created under such Supplemental Indentures in such Bond Year or other specified 12-month period.

“Airport” or *“Midway”* means Chicago Midway International Airport.

“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 Senior Lien Revenues.

“Airport Project” means any capital improvement at or related to the Airport, or the acquisition of land beyond the then-current boundaries of the Airport for use as part 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.

“Annual Senior Lien 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 to Senior Lien Obligations of a particular series or consisting of a particular Section 208 Obligation or Section 209 Obligation, an amount of money equal to the sum of (a) all interest payable during such Bond Year or other specified 12-month period on all Senior Lien Obligations of said series, Section 208 Obligation or Section 209 Obligation Outstanding on said date of computation, and (b) all Principal Installments payable during such Bond Year or other specified 12-month period with respect to all Senior Lien Obligations of said series, Section 208 Obligation or Section 209 Obligation Outstanding on said date of computation, all calculated on the assumption that Senior Lien Obligations, Section 208 Obligations and Section 209 Obligations will, after said date of computation, cease to be outstanding by reason, but only by reason, of the payment when due and application in accordance with the Master Indenture and the Supplemental Indenture creating such series or the instrument creating such Section 208 Obligation or Section 209 Obligation of Principal Installments payable at or after said date of computation.

“Authorized Denomination” means \$5,000 or any integral multiple thereof.

“Authorized Officer” means (a) the Mayor, the Chief Financial Officer, 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 such designation shall be 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.

“*Bond Counsel*” means a firm of attorneys having experience 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.

“*Bondholder*,” “*holder*,” “*owner*,” “*owner of the Bonds*,” or “*registered owner*” means the Registered Owner of any Bond.

“*Bonds*” means the Series 2025A Bonds and the Series 2025B Bonds.

“*Business Day*” shall mean a day except Saturday, Sunday or any day on which banks located in the States of New York or Illinois are required or authorized to close or on which the New York Stock Exchange is closed.

“*CFC Coverage Requirement*” means (i) to the extent that the amount calculated pursuant to Section 403(a)(ii)(A) of the Twenty-Fifth Supplemental Indenture is greater than the amount calculated pursuant to Section 403(a)(ii)(B) of the Twenty-Fifth Supplemental Indenture, zero; or (ii) to the extent that the amount calculated pursuant to Section 403(a)(ii)(B) of the Twenty-Fifth Supplemental Indenture is greater than the amount calculated pursuant to Section 403(a)(ii)(A) of the Twenty-Fifth Supplemental Indenture, 10% of the sum of (A) the maximum amount of Annual Senior Lien Debt Service payable on the Bonds in the current or any succeeding Bond Year and (B) the maximum annual amount of principal and interest payable any Parity CFC Bonds as set forth in the indenture or supplemental indenture for such Parity CFC Bonds.

“*CFC Ordinance*” means the ordinance duly adopted and approved by the City Council of the City on July 27, 2005, as supplemented by the ordinance duly adopted and approved by the City Council of the City on July 28, 2010, which collectively authorize the imposition and collection of Customer Facility Charges and the irrevocable pledge of such Customer Facility Charges for the payment of the Series 2010C Bonds and the Bonds.

“*CFC Revenues*” means the Customer Facility Charges and the Facility Rent. CFC Revenues are not Senior Lien Revenues within the meaning of the Senior Lien Indenture. CFC Revenues are Other Available Moneys within the meaning of the Senior Lien Indenture, but only with respect to the Bonds.

“*CFC Statute*” means Section 6-305 of the Illinois Vehicle Code, 625 ILCS 5/6-305(j).

“*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.

“*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 such series.

“*Common Debt Service Reserve Requirement*” means the least of (i) the maximum amount of Annual Senior Lien Debt Service payable on the Common Reserve Bonds in the current or any succeeding Bond Year, (ii) 125% of the average Annual Senior Lien Debt Service on the Common Reserve Bonds or (iii) 10% of the original principal amount of the Common Reserve Bonds, *provided, however*, that if upon the issuance of any 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 Common Debt Service Reserve Requirement shall be the sum of (a) the Common Debt Service 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.

“Common Debt Service Reserve Sub-Fund” means the Common Debt Service Reserve Sub-Fund created by the Nineteenth Supplemental Indenture for the benefit of the Common Reserve Bonds.

“Common Reserve Bonds” means those Senior Lien Obligations designated by the City to be entitled to the benefit of the Common Debt Service Reserve Sub-Fund.

“Completion Obligation” means any Senior Lien Obligation issued for the purpose of defraying additional costs of an Airport Project or Projects financed by Senior Lien Obligations.

“Consolidated Rental Car Facility Lease” means that certain Consolidated Rental Car Facility Lease at Chicago Midway International Airport, date as of June 1, 2011, by and between the City and Midway RACS, LLC.

“Consulting Engineer” means a registered or licensed engineer or engineers, or firm or firms of engineers, with expertise in the field of designing, preparing plans and specifications for, supervising the construction, improvement and expansion of, and supervising the maintenance of, airports and aviation facilities, entitled to practice and practicing as such under the laws of the State, who, in the case of any individual, shall not be an officer or employee of the City.

“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 such Senior Lien Obligations, printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of the Trustee, legal fees and disbursements, fees and disbursements of the Independent Airport Consultant, Independent Accountant and the Consulting Engineer, 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.

“Customer Facility Charges” or *“CFC”* means the customer facility charges authorized by the CFC Ordinance and the CFC Statute to be charged with respect to the Airport.

“Date of Issuance” means the date of original issuance and delivery of the Bonds.

“Defeasance Obligation” means direct non-callable obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, to which direct obligation or guarantee the full faith and credit of the United States of America has been pledged, Refcorp interest strips, CATS, TIGRS, STRPS or non-callable defeased municipal bonds rated AAA by any Rating Agency.

“DTC” means The Depository Trust Company.

“Emergency Reserve Fund” means the fund by that name as described in the Senior Lien Indenture and established in accordance with an airline use agreement in effect with respect to the Airport.

“Emergency Reserve Fund Deposit Requirement,” means, for each Fiscal Year, the amount required to be deposited in the Emergency Reserve Fund so that the amount held therein will equal \$500,000 adjusted for each Fiscal Year thereafter, the required balance for the prior Fiscal Year plus the percentage increase, if any, in the Producer Price Index during the most recently ended 12-month period for which the Producer Price Index is available; *provided, however,* the City may deliver a Certificate to the Trustee reflecting a modification to the formulation of the Emergency Reserve Fund Deposit Requirement so long as such modification does not result in a reduction in the Emergency Reserve Fund Deposit Requirement in effect as of the effective date of this Senior Lien Indenture.

“Facility Rent” means that amount as set forth in the Consolidated Rental Car Facility Lease.

“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.

“First Lien Indenture” means the Master Indenture of Trust Securing Chicago Midway Airport Revenue Bonds dated as of April 1, 1994, from the City to the First Lien Trustee, as heretofore amended or supplemented and as further amended or supplemented by one or more Supplemental First Lien Indentures.

“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, a corporation organized and existing under the laws of the State of Delaware, its successors and assigns and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, *“Fitch”* shall be deemed to refer to any other nationally recognized securities agency designated by the City by notice to the Trustee.

“Funds” means the special funds created and established pursuant to the Senior Lien Indenture.

“Indenture,” “Master Indenture,” or *“Senior Lien Indenture”* means the Amended and Restated Master Indenture of Trust Securing Chicago Midway Airport Senior Lien Obligations, dated as of November 1, 2023, from the City to the Trustee, as amended, pursuant to which Chicago Midway Airport Senior Lien Bonds are authorized to be issued, and any amendments and supplements thereto. References to Articles and Sections of the Indenture shall be deemed to refer to Articles and Sections of the Indenture as amended.

“Independent Accountant” means a certified public accountant selected by the City and licensed to practice in the State, and who (a) in the case of an individual, shall not be an officer or employee of the City, (b) shall be 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, other than a Consulting Engineer, selected by the City, with expertise in the administration, financing, planning, maintenance and operations of airports and facilities thereof, and who, in the case of an individual, shall not be an officer or employee of the City.

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

“Junior Lien Obligations” means any bonds, notes or evidences of indebtedness, other than Senior Lien Obligations and Special Facility Revenue Bonds, issued by the City as permitted by the Senior Lien Indenture.

“Junior Lien Obligation Debt Service Fund” means the Junior Lien Obligation Debt Service Fund created under the First Lien Indenture and continued under the Senior Lien Indenture.

“Junior Lien Revenues” means all sums, amounts, funds or moneys which may be withdrawn for the Junior Lien Obligation Debt Service Fund for the payment of Junior Lien Obligations pursuant to the provisions of the First Lien Indenture.

“Kroll” means Kroll Bond Rating Agency, its successors and assigns, and, if Kroll shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Kroll” shall be deemed to refer to any other nationally recognized securities rating agency designated by the City by notice to the Trustee.

“MATCO” means the Midway Airlines' Terminal Consortium, formed to construct the Fuel System at the Airport and to operate and maintain certain airline equipment and the Fuel System at the Airport, pursuant to the MATCO Agreement.

“MATCO Agreement” means the agreement between the City and MATCO effective as of January 1, 2013, as amended and as such agreement may be hereinafter amended in accordance with its term.

“Maturity Date” mean with respect to the Bonds, each as of the dates as shown on the inside cover pages of this Official Statement.

“Moody's” means Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Moody's” shall be deemed to refer to any other nationally recognized securities rating agency designated by the City by notice to the Trustee.

“Ordinance” means the ordinance duly adopted by the City Council of the City on July 16, 2025, which authorizes the issuance and sale of the Bonds and the execution and delivery of the Senior Lien Indenture, the Thirty-First Supplemental Indenture and the Thirty-Second Supplemental Indenture.

“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 such Fiscal Year from sources other than Senior Lien Revenues to the Revenue Fund or the Senior Lien Debt Service Fund.

“Outstanding” when used with reference to Senior Lien Obligations means, as of any date, all Senior Lien Obligations theretofore or thereupon being issued under the Senior Lien Indenture or Section 208 Obligations except: (a) Senior Lien Obligations cancelled by the Trustee or the owner of a Section 208 Obligation or Section 209 Obligation, as the case may be, at or prior to such date or theretofore delivered to the Trustee or 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 shall be held in trust and set aside for such payment or redemption (whether at, prior to or after the maturity or redemption date) moneys or Defeasance Obligations, the principal of an 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 the principal or Redemption Price thereof, as the case may be, with interest to

the date of maturity or redemption date, and, if such Senior Lien Obligations are to be redeemed, for which notice of such redemption shall have been given as provided in the related Supplemental Indenture or provisions satisfactory to the Trustee shall have been made for the giving of such notice; (c) Senior Lien Obligations for the transfer or exchange or, in lieu of or in substitution for which other Senior Lien Obligations shall have been authenticated and delivered pursuant to the Senior Lien Indenture; and (d) Senior Lien Obligations deemed to have been paid as described under "APPENDIX B-SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE-Defeasance."

"*Participant*" when used with respect to any Securities Depository, means any participant of such Securities Depository.

"*Passenger Facility Charge*" or "*PFC*" means the passenger facility charge as authorized under Section 1113(e) of the Federal Aviation Act of 1958, as amended by Section 9110 of the Omnibus Budget Reconciliation Act of 1990, and as approved by the FAA from time to time with respect to the Airport.

"*Paying Agent*" means The Bank of New York Mellon Trust Company, N.A., or its successor.

"*Principal and Interest Account Requirement*" means an amount equal to (i) the interest due on such Bonds on the next succeeding Interest Payment Date based upon the aggregate principal amount of such Bonds Outstanding as of the first day of the current Bond Year plus (ii) one-half of the total Principal Installments due (A) when calculated with respect to a July 1 Deposit Date, on the next succeeding January 1 or (B) when calculated with respect to a January 1 Deposit Date, on such date.

"*Principal Installments*" means as of any particular date and with respect to Senior Lien Bonds of a particular series or consisting of a particular Section 208 Obligation, an amount of money equal to the aggregate of (a) the principal amount of Outstanding Senior Lien Obligations of said series or Section 208 Obligation which matures on a single future date, reduced by the aggregate principal amount of such Outstanding Senior Lien Obligations which would at or before said future date be retired by reason of the payment when due and the application in accordance with the Senior Lien Indenture and the Supplemental Indenture creating such series or the instrument creating such Section 208 Obligation of Sinking Fund Payments payable at or before said future date for the retirement of such Outstanding Senior Lien Obligations, plus (b) the amount of any Sinking Fund Payments payable on said future date for the retirement of such Outstanding Senior Lien Obligations, and said future date shall, for all purposes of the Senior Lien Indenture, be deemed to be the date when such Principal Installment is payable and the date of such Principal Installment.

"*Program Fees*" means:

(a) the fees, expenses and other charges payable to each fiduciary, including the Trustee, the Trustee's Agent and any Paying Agent, pursuant to the provisions of the Indenture; provided that if at any time there shall be any series of Senior Lien Obligations Outstanding under the Indenture other than the Bonds, then "*Program Fees*," for purposes of the Thirty-First Supplemental Indenture and the Thirty-Second Supplemental Indenture, shall mean only such portion of such fees, expenses and other charges as shall be payable with respect to, or properly allocable to, the duties performed by each such fiduciary with respect to such Bonds; and

(b) any other fees, expenses and other charges of a similar nature payable by the City to any person under the applicable Supplemental Indenture or otherwise with respect to the Bonds.

“Qualified Reserve Account Instrument” means a letter of credit, surety bond or non-cancelable insurance policy issued by a domestic or foreign bank, insurance company or other financial institution whose debt obligations are rated “Aa” or better by Moody’s or “AA” or better by S&P as of the date of issuance thereof.

“Qualified 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 such notional amount, where (a) each Rating Agency (if such 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 Person 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 such 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 such Rating Agency also rates the unsecured obligations of the Swap Provider or its guarantor) in writing, at least 15 days prior to executing and delivering the swap agreement, of its intention to enter into the swap agreement and has received from such 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 such Rating Agency of its unenhanced rating on the Senior Lien Obligations.

“Rating Agency” means any rating agency that has an outstanding credit rating assigned to any Senior Lien Obligations at the request of the City.

“Record Date” means June 15 and December 15 of each year.

“Redemption Price” means with respect to any series of Senior Lien Obligations, the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such Senior Lien Obligations or the Supplemental Indenture creating such series of Senior Lien Obligations, or such other redemption price as may be specified in such Senior Lien Obligations or Supplemental Indenture.

“Refunding Obligations” 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 Senior Lien Obligations of any series.

“Registered Owner” or *“Owner”* means the person or persons in whose name or names a Bond shall be registered in the Bond Register.

“Repair and Replacement Fund” means the fund by that name as described in the Senior Lien Indenture and established in accordance with an airline use agreement in effect with respect to the Airport.

“Repair and Replacement Fund Deposit Requirement,” means, for each Fiscal Year, the amount equal to \$1,000,000 adjusted for each Fiscal Year by multiplying the amount of the Repair and Replacement Fund Deposit Requirement for the prior Fiscal Year by a factor of one plus the percentage increase, if any, in the Producer Price Index during the most recently ended 12-month period for which the Producer Price Index is available; *provided, however*, the City may deliver a Certificate to the Trustee reflecting a modification to the formulation of the Repair and Replacement Fund Deposit Requirement so long as such modification does not result in a reduction in the Repair and Replacement Fund Deposit Requirement in effect as of the effective date of this Senior Lien Indenture.

“*Revenue Fund*” means the Revenue Fund created by the First Lien Indenture and continued under the Senior Lien Indenture.

“*S&P*” or “*S&P Global Ratings*” means S&P Global Ratings, a division of The McGraw-Hill Companies, Inc., its successors and assigns, and, if S&P shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by the City by notice to the Trustee.

“*Section 208 Obligations*” means any obligations incurred by the City to reimburse the issuer or issuers of one or more letters of credit, lines of credit, standby bond purchase agreements, financial guaranty insurance policies or surety bonds (including Qualified Reserve Account Instruments) securing one or more series of Senior Lien Obligations, including any fees or other amounts payable to the issuer of any such letter of credit, line of credit, standby purchase agreement, financial guaranty insurance policy or surety bond, whether such obligations are set forth in one or more reimbursement agreements entered into between the City and the issuer of any such letter of credit, line of credit, standby purchase agreement, financial guaranty insurance policy or surety bond, or in one or more notes or other evidences of indebtedness executed and delivered by the City pursuant thereto, or any combination thereof.

“*Section 209 Obligations*” means any obligations incurred by the City to any one or more swap providers, including any fees or amounts payable by the City under each related Qualified Swap Agreement.

“*Securities Depository*” means DTC and its successors and assigns or any other securities depository registered as a clearing agency with the Securities and Exchange Commission pursuant to Section 17A of the Securities Exchange Act of 1934, as amended, and appointed as the securities depository for the Bonds.

“*Senior Lien Obligations*” means (a) any of the bonds, notes or evidences of indebtedness issued by the City under and pursuant to the Senior Lien Indenture, (b) any Section 208 Obligations, and (c) any Section 209 Obligations.

“*Senior Lien 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 (a) below); all other rentals, charge 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 Senior Lien Revenues does not include:

(a) any amounts derived by the City from Special Facility Financing Arrangements entered into in connection with Special Facility Improvements 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;

(b) 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;

(c) the proceeds of any tax levied by or on behalf of the City;

(d) 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;

(e) Government Grants-in-Aid;

(f) insurance proceeds which are not deemed to be revenues in accordance with generally accepted accounting principles;

(g) the proceeds of any condemnation awards;

(h) security deposits and the proceeds of the sale of any Airport property; and

(i) the proceeds of any borrowings by the City.

Unless otherwise provided in a Supplemental Indenture, there shall also be excluded from the term “Senior Lien 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.”

“*Series*” means all of the Senior Lien Obligations authenticated and delivered on original issuance pursuant to a Supplemental Indenture and designated as a Series therein, but, unless the context clearly indicates otherwise, shall not include Section 208 Obligations.

“*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 Section 208 Obligation, the amount required by the Supplemental Indenture creating such Series or the instrument creating such Section 208 Obligation to be paid in any event by the City on a single future date for the retirement of such Senior Lien Obligations which mature after said future date, but does not include any amount payable by the City by reason only of the maturity of a Senior Lien Obligation.

“*Special Facility Revenue Bonds*” means bonds, notes or other evidences of indebtedness of the City, which bonds, notes or other evidences of indebtedness are not payable from Senior Lien Revenues or any other moneys or securities held under the Senior Lien Indenture, and for which the City has no taxing obligation.

“*State*” means the State of Illinois.

“*Supplemental Indenture*” means an indenture supplemental to or amendatory of the Indenture, executed and delivered by the City and the Trustee in accordance with the provisions of the Senior Lien Indenture.

“*Swap Provider*” means any person with which the City enters into a Qualified Swap Agreement.

“*Tax Agreement*” means the Tax Compliance Exemption Certificate and Agreement of the City, dated the date of issuance of the Bonds.

“*Transition Date*” means the first business day of the month following the delivery by the City of a Certificate to the Trustee informing the Trustee that the amendment to the relevant portions of Section 101, Section 104 and Section 303 as shown in the Senior Lien Indenture has been made effective. The Transition Date occurred as of February 1, 2024.

“*Trust Estate*” means the property conveyed to the Trustee pursuant to the Granting Clauses of the Thirty-First Supplemental Indenture and Thirty-Second Supplemental Indenture.

“*Trustee*” means The Bank of New York Mellon Trust Company, N.A., as trustee under the Senior Lien Indenture, or its successor as such trustee hereafter appointed in the manner provided in the Senior Lien Indenture.

“*Twenty-Fifth Supplemental Indenture*” means the Twenty-Fifth Supplemental Indenture Securing Chicago Midway Airport Senior Lien Revenue Refunding Bonds, Series 2018, dated as of July 1, 2018, from the City to the Trustee, pursuant to which the Series 2018 Bonds were issued.

“*Working Capital Account*” means the account by that name as described in the Senior Lien Indenture and established in accordance with an airline use agreement in effect with respect to the Airport.

“*Working Capital Account Deposit Requirement*,” means, for each Fiscal Year, the lesser of (i) \$500,000 adjusted by multiplying the amount of the Working Capital Deposit Requirement for the prior Fiscal Year by a factor of one plus the percentage increase, if any, in the Producer Price Index during the most recently ended 12-month period for which the Producer Price Index is available, and (ii) the amount required to increase the amount held in the Working Capital Account to an amount equal to 15% of Operation and Maintenance Expense Projection for such Fiscal Year; *provided, however*, the City may deliver a Certificate to the Trustee reflecting a modification to the formulation of the Working Capital Account Deposit Requirement so long as such modification does not result in a reduction in the Working Capital Account Deposit Requirement in effect as of the effective date of this Senior Lien Indenture.

APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE

The following is a composite summary of certain provisions of the Senior Lien Indenture, the Twenty-Ninth Supplemental Indenture and the Thirtieth Supplemental 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 Official Statement and in the Senior Lien Indenture are defined in APPENDIX A- "GLOSSARY OF TERMS."

Authorization of the Senior Lien Bonds and Other Senior Lien Obligations

The Master Indenture authorizes the issuance, from time to time, of Senior Lien Obligations payable from Senior Lien Revenues 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 any Senior Lien Obligations (including Second Lien Obligations), Senior 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 or Account under the Senior Indenture, or any Fund or Account under the Senior Lien 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 may be issued under a Supplemental Indenture entered into in accordance with the terms of the Senior Lien Indenture, provided that, at the time of issuance of such Senior Lien Obligations, certain conditions precedent are satisfied, including the receipt by the Trustee of certain certificates and opinions of counsel relating to the validity of such Senior Lien Obligations and the Supplemental Indenture under which they are issued, including:

(a) a copy of an ordinance adopted by the City Council, certified by the City Clerk, authorizing the execution and delivery of the Supplemental Indenture under which the Senior Lien Obligations are issued;

(b) except in the case of Completion Obligations and Refunding Obligations, either (i) a certificate of an Independent Airport Consultant stating that, based upon reasonable assumptions set forth therein, Senior Lien Revenues and Other Available Moneys are projected to be not less than that required to satisfy the rate covenant set forth in the Senior Lien Indenture (disregarding any Senior Lien Obligations that have been paid or discharged or will be paid or discharged immediately after the issuance of the series proposed to be issued) for each of the next three Fiscal Years following the issuance of such Senior Lien Obligations or, if later, for each Fiscal Year from the issuance of such series through the two Fiscal Years immediately following completion of the Airport Projects financed by such Senior Lien Obligations; or (ii) a certificate of an authorized officer of the City stating that Senior Lien Revenues and Other Available Moneys in the most recent completed Fiscal Year for which audited financial statements have been prepared satisfied the rate covenant set forth in the Senior Lien Indenture assuming for such purpose that Aggregate Senior Lien Debt Service for the Bond Year commencing during such Fiscal Year includes the maximum Annual Senior Lien Debt Service on the Senior Lien Obligations proposed to be issued; provided, however, that for purposes of the certificate described in clause (i) above, Other Available Moneys shall be projected only to the extent such Other Available Moneys have been (x) paid over to the Trustee and deposited into the Revenue Fund or the Senior Lien Debt Service Fund or paid over to the Trustee and deposited into a debt service fund for Senior Lien Obligations, or (y) irrevocably pledged to the payment of debt service on Senior Lien Obligations;

(c) in the case of Completion Obligations, a certificate stating (i) that the series of Senior Lien Obligations proposed to be issued are being issued to finance the costs of one or more Airport Projects

initially financed, in whole or in part, by Senior Lien Obligations, and (ii) that the additional cost of the Airport Projects being financed by such series does not exceed 15% of the aggregate cost thereof previously financed. Prior to the delivery of any Completion Obligations, the City shall file with the Trustee a certificate of a Consulting Engineer (i) stating that the Airport Projects have not materially changed from their description in the Supplemental Indenture creating the series of Senior Lien Obligations initially issued to finance the cost of such Airport Projects, (ii) estimating the revised aggregate cost of the Airport Projects, (iii) stating that the revised aggregate cost of such Airport Projects cannot be paid with available moneys, and (iv) stating that, in the opinion of the Consulting Engineer, the issuance of Completion Obligations is necessary to provide funds to complete the Airport Projects;

(d) in the case of Refunding Obligations, (i) irrevocable instructions to the Trustee to give due notice of redemption of all the Senior Lien Obligations to be refunded and the redemption date or dates, if any, upon which such Senior Lien Obligations are to be redeemed; (ii) if a redemption is scheduled to occur subsequent to the next succeeding 45 days, irrevocable instructions to the Trustee to publish as provided in the applicable Supplemental Indenture notice of redemption of such Senior Lien Obligations on a specified date prior to their redemption date; and (iii) a certificate of an Independent Accountant stating the amount of either (x) moneys (which may include all or a portion of such series) in an amount sufficient to pay the Senior Lien Obligations to be refunded at the applicable Redemption Price of the Senior Lien Obligations to be refunded, together with accrued interest on such Senior Lien Obligations to the redemption date or dates, or (y) Defeasance Obligations the principal of, and interest on, which when due (without reinvestment thereof), together with moneys (which may include all or a portion of the proceeds of the Senior Lien Obligations to be issued), if any, which must be contemporaneously deposited with the Trustee, to be sufficient to pay when due the applicable Redemption Price of the Senior Lien Obligations to be refunded, together with accrued interest on such Senior Lien Obligations to the redemption date or dates or the date or dates of maturity thereof; and

(e) any further documents and moneys as are required by the provisions of the Master Indenture or any Supplemental Indenture.

The Bonds are Senior Lien Obligations authorized and issued pursuant to the Master Indenture.

The City reserves the right under the Senior Lien Indenture to provide one or more irrevocable letters of credit, lines of credit, standby purchase agreements, financial guaranty insurance policies, or surety bonds (including Qualified Reserve Account Instruments), or a combination thereof, to secure the payment of the principal of, premium, if any, and interest on one or more series of Senior Lien Obligations, or in the event owners of such Senior Lien Obligations have the right to require purchase thereof, to secure the payment of the purchase price of such Senior Lien Obligations upon the demand of the owners thereof. Any obligation of the City to reimburse or otherwise make payments to the issuer of such letter of credit, line of credit, standby purchase agreement, financial guaranty insurance policy, or surety bond constitutes a Senior Lien Obligation under the Senior Lien Indenture to the same extent as the series of Senior Lien Obligations secured by such letter of credit, line of credit, standby purchase agreement, financial guaranty insurance policy, or surety bond and any and all amounts payable by the City to reimburse the issuer of any such letter of credit, line of credit, standby purchase agreement, financial guaranty, insurance policy or surety bond, together with the interest thereon, shall for purposes of the Senior Lien Indenture constitute the payment of principal of, premium, if any, and interest on Senior Lien Obligations.

(a) If the City shall enter into a Qualified Swap Agreement with a Swap Provider requiring the City to pay a fixed interest rate on a notional amount, or requiring the City to pay a variable interest rate on a notional amount, and if the City has made a determination that such Qualified Swap Agreement was entered into for the purpose of providing substitute interest payments for Senior Lien Obligations of a particular maturity or maturities in a principal amount equal to the notional amount of the Qualified Swap

Agreement and so long as the swap provider under such Qualified Swap Agreement is not in default under such Qualified Swap Agreement:

- (i) for purposes of any calculation of Annual Senior Lien Debt Service, the interest rate on the Senior Lien Obligations of such maturity or maturities shall be determined as if such Senior Lien Obligations bore interest at the fixed interest rate or the variable interest rate, as the case may be, payable by the City under such Qualified Swap Agreement;

- (ii) any net payments required to be made by the City to the Swap Provider pursuant to such Qualified Swap Agreement from Senior Lien Revenues shall be made on a parity with payments due on other Senior Lien Obligations solely from amounts on deposit to the credit of the Revenue Fund; and

- (iii) any net payments received by the City from the Swap Provider pursuant to such Qualified Swap Agreement shall be applied as directed by the City.

- (b) If the City shall enter into a swap agreement that does not satisfy the requirements for qualification as a Qualified Swap Agreement, then:

- (i) the interest rate adjustment or assumptions referred to above shall not be made;

- (ii) any net payments required to be made by the City to the Swap Provider pursuant to such swap agreement from Senior Lien Revenues shall be made only from amounts available after the payment of all other Senior Lien Obligations; and

- (iii) any net payments received by the City from the Swap Provider pursuant to such swap agreement may be treated as Senior Lien Revenues at the option of the City and applied as directed by the City.

Source of Payment; Pledge of Senior Lien Revenues

The provisions of the Master Indenture and any Supplemental Indenture (including, but not limited to, the Thirty-First Supplemental Indenture and the Thirty-Second Supplemental Indenture) constitute a contract among the City, the Trustee and the owners of the Senior Lien Obligations. The Senior Lien Obligations are limited obligations of the City payable solely from Senior Lien Revenues and certain other moneys and securities held by the Trustee under the Master 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 or any political subdivision thereof is pledged to the payment of the principal of or interest on the Senior Lien Obligations. The Senior Lien Obligations are secured by a pledge of the Senior Lien Revenues and moneys and securities held by the Trustee under the Senior Lien Indenture.

The Common Debt Service Reserve Sub-Fund was established and is held and administered by the Trustee in accordance with the terms of the Nineteenth Supplemental Indenture. The Bonds are entitled to the benefit of the Common Debt Service Reserve Sub-Fund (also referred to as the “*Common Reserve Bonds*”). For more information on the Common Debt Service Reserve Sub-Fund, see “-Payment of Debt Service on the Bonds and Related Section 208 and Section 209 Obligations” below.

Disbursement from Revenue Fund

After the Transition Date, 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 make the following deposits and transfers in the manner and order of priority set forth:

(i) First: The Trustee shall deposit into the Senior Lien Debt Service Fund the amount, if any, needed to increase the amount in the Senior Lien Debt Service Fund so that it equals the amount of money obtained by aggregating the following several sums, computed with respect to the Outstanding Senior Lien Obligations of each Series: (A) any unpaid interest due on such Senior Lien Obligations at or before such date, (B) the Principal Installments of such Senior Lien Obligations matured and unpaid at or before said date, (C) all interest on such Senior Lien Obligations accrued and not paid through the end of the current month, less any portion of such interest payable from a Capitalized Interest Account, (D) that portion of each Principal Installment with respect to such Senior Lien Obligations next payable after said date that would have accrued to the end of the current month if such Principal Installment were deemed to accrue daily in equal amounts from the next preceding Principal Installment due date for such Series or, if there shall be no preceding due date or such preceding due date is more than one year prior to the next Principal Installment due date then, from a date one year prior to such next Principal Installment due date or from the date of issuance of the Senior Lien Obligations of such Series, whichever date is later and (E) the amount, if any, specified in a Certificate filed with the Trustee in order to provide funds to pay amounts due and owing to the issuer of any Qualified Reserve Account Credit Instrument.

(ii) Second: The Trustee shall transfer to the City for deposit into the O&M Reserve Account an amount equal to one-twelfth of the O&M Reserve Account Deposit Requirement.

(iii) Third: The Trustee shall transfer to the City for deposit into the Working Capital Account an amount equal to one-twelfth of the Working Capital Account Deposit Requirement. Notwithstanding the foregoing provisions of this paragraph, the City, in its sole discretion, may direct the Trustee to reduce or suspend such transfers for deposit into the Working Capital Account for any period by delivery to the Trustee of a Certificate setting forth the amount of such reduction, if applicable, and the period or periods during which such reduction or suspension shall remain in effect. Following any such reduction or suspension, the City, in its sole discretion, may direct the Trustee to increase or resume such transfers by delivery to the Trustee of a Certificate setting forth the date upon which such transfers shall increase or resume (which may be different from the date, if any, specified in the original Certificate for the end of the period of such reduction or suspension) and the amount, and methodology for calculating adjustments to such amount, of such transfers.

(b) On the fifteenth day of each month the Trustee shall make the following deposits and transfers in the manner and order of priority set forth:

(i) First: The Trustee shall deposit into (x) the Common Debt Service Reserve Sub-Fund, one-twelfth of the amount (if any) necessary to increase the amount on deposit therein to an amount equal to the Common Debt Service Reserve Requirement and (y) the debt service reserve sub-fund or account established pursuant to a Supplemental Indenture with respect to a Series of Senior Lien Obligations that are not Common Reserve Bonds, one-twelfth of the amount (if any) necessary to increase the amount on deposit therein to an amount equal to the requirement for such sub-fund or account established pursuant to such applicable Supplemental Indenture.

(ii) Second: The Trustee shall 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 through the end of the current month as of such date and without priority, one over the other, to any Accounts within the Junior Lien Obligation Debt Service Fund, as specified by a Certificate filed with the Trustee.

(iii) Third: The Trustee shall transfer to the City for deposit into the Repair and Replacement Fund an amount equal to one-twelfth of the Repair and Replacement Fund Deposit Requirement. Notwithstanding the foregoing provisions of this paragraph, the City, in its sole discretion, may direct the Trustee to reduce or suspend such transfers for deposit into the Repair and Replacement Fund for any period by delivery to the Trustee of a Certificate setting forth the amount of such reduction, if applicable, and the period or periods during which such reduction or suspension shall remain in effect. Following any such reduction or suspension, the City, in its sole discretion, may direct the Trustee to increase or resume such transfers by delivery to the Trustee of a Certificate setting forth the date upon which such transfers shall increase or resume (which may be different from the date, if any, specified in the original Certificate for the end of the period of such reduction or suspension) and the amount, and methodology for calculating adjustments to such amount, of such transfers.

(iv) Fourth: The Trustee shall transfer to the City for deposit into the Emergency Reserve Fund an amount equal to one-twelfth of the Emergency Reserve Fund Deposit Requirement.

(v) Fifth: The Trustee shall transfer to the City for deposit into the Special Project Fund the amount specified by a Certificate filed with the Trustee.

(vi) Sixth: The Trustee shall transfer to the City for deposit into the Airport Development Fund the amount specified by a Certificate filed with the Trustee.

(c) If at the time deposits are required to be made under paragraphs (a) or (b) of this Section, 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 from amounts in the Revenue Fund after required deposits into all other Funds and Accounts enjoying a higher priority shall have been made in full.

(d) Notwithstanding any other provision of this Senior Lien Indenture or any Supplemental Indenture, at the end of each Fiscal Year amounts on deposit in the O&M Fund, the Senior Lien Debt Service Fund, the Common Debt Service Reserve Sub-Fund, any debt service reserve sub-fund or account established for the benefit of a single Series of Senior Lien Obligations that are not Common Reserve Bonds, and the Junior Lien Obligation Debt Service Fund in excess of the amount required hereunder 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.

Covenant Against Pledge of Senior Lien Revenues

The City has covenanted in the Senior Lien Indenture that it will not, other than in connection with the issuance of Senior Lien Obligations, issue any debt secured by a pledge of Senior Lien Revenues or create or cause to be created any lien or charge on Senior Lien Revenues, or on any other amounts pledged for the benefit of owners of the Senior Lien Obligations under the Senior Lien Indenture; except that the City has the right to issue debt payable or secured from Senior Lien Revenues to be derived 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 held under the Senior Lien Indenture as long as such pledge is expressly junior and subordinate to the pledge described above.

Payment of Debt Service on the Bonds and Related Section 208 and Section 209 Obligations

The Senior Lien Indenture creates the Revenue Fund to be held and administered by the Trustee. The City is required to file with the Trustee, contemporaneously with the issuance of each series of Senior Lien Obligations (including each series of the Bonds), an executed counterpart of the Supplemental Indenture creating such Series, duly certified by the Trustee and an Authorized Officer, an executed counterpart of any Qualified Swap Agreement or any instrument creating Section 208 or Section 209 Obligations with respect to such Series, duly certified by an Authorized Officer, and a certificate stating the dates on which amounts on deposit in the Junior Lien Obligation Debt Service Fund are to be withdrawn therefrom by the Trustee and paid to the Trustee for deposit in the Revenue Fund, and the amounts of such withdrawals, and containing a direction of the City to the Trustee to withdraw from the Junior Lien Obligation Debt Service Fund and pay to the Trustee the amounts, and on the dates, specified in such certificate. Upon receipt of such payments, the Trustee shall deposit the same in the Revenue Fund. The moneys in the Revenue Fund shall be disbursed and credited by the Trustee in the amounts as required under the provisions of each Supplemental Indenture to pay the principal of and interest on the related series of Senior Lien Obligations.

Series 2025A Bonds

The Thirty-First Supplemental Indenture creates and establishes the Series 2025A Dedicated Sub-Fund with the Trustee as a separate and segregated sub-fund within the Revenue Fund. Moneys on deposit in the Series 2025A 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 Series 2025A Bonds. On January 1 and July 1 of each year, commencing January 1, 2026 (each such date referred to herein as the “*Deposit Date*”) there shall be deposited into the Series 2025A Dedicated Sub-Fund an amount equal to the aggregate of the following amounts which amounts are calculated on the preceding June 5 or December 5, as appropriate (such aggregate amount with respect to any Deposit Date being referred to herein as the “*Series 2025A Deposit Requirement*”):

- (a) for deposit into the Series 2025A Principal and Interest Account, the amount, projected to be required as of the close of business on the applicable January 1 or July 1 next succeeding such date of calculation to restore the Series 2025A Principal and Interest Account to an amount equal to the Principal and Interest Account Requirement for the Series 2025A Bonds; and
- (b) for deposit into the Series 2025A Program Fee Account, the amount estimated by the City to be required as of the close of business on the related Deposit Date to pay all Program Fees payable from amounts in the Series 2025A Program Fee Account during the semi-annual period commencing on such related Deposit Date.

Upon calculation by the Trustee of each Series 2025A Deposit Requirement under this section, the Trustee shall notify the City of the Series 2025A Deposit Requirement and the Deposit Date to which it relates, and shall provide the City with such supporting documentation and calculations as the City may reasonably request.

In the event that on any Interest Payment Date, the Trustee determines that a shortfall will exist with respect to payments to be made from the Series 2025A Principal and Interest Account, the Trustee shall promptly notify the City of such shortfall so that additional funds may be deposited into the Series 2025A Principal and Interest Account in accordance with the Senior Lien Indenture to make timely payments of the amounts due on such Interest and Payment Date.

Moneys in the Series 2025A Principal and Interest Account and the Series 2025A Debt Reserve Account shall be used solely for the payment of the principal of, premium (if any) and interest on the Series 2025A Bonds, for the redemption of the Series 2025A Bonds prior to maturity.

Series 2025B Bonds

The Thirty-Second Supplemental Indenture creates and establishes the Series 2025B Dedicated Sub-Fund with the Trustee as a separate and segregated sub-fund within the Revenue Fund. Moneys on deposit in the Series 2025B 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 Series 2025B Bonds. On January 1 and July 1 of each year, commencing January 1, 2025 (each such date referred to herein as the “*Deposit Date*”) there shall be deposited into the Series 2025B Dedicated Sub-Fund an amount equal to the aggregate of the following amounts which amounts are calculated on the preceding June 5 or December 5, as appropriate (such aggregate amount with respect to any Deposit Date being referred to herein as the “*Series 2025B Deposit Requirement*”):

(a) for deposit into the Series 2025B Principal and Interest Account, the amount, projected to be required as of the close of business on the applicable January 1 or July 1 next succeeding such date of calculation to restore the Series 2025B Principal and Interest Account to an amount equal to the Principal and Interest Account Requirement for the Series 2025B Bonds; and

(b) for deposit into the Series 2025B Program Fee Account, the amount estimated by the City to be required as of the close of business on the related Deposit Date to pay all Program Fees payable from amounts in the Series 2025B Program Fee Account during the semi-annual period commencing on such related Deposit Date.

Upon calculation by the Trustee of each Series 2025B Deposit Requirement under this section, the Trustee shall notify the City of the Series 2025B Deposit Requirement and the Deposit Date to which it relates, and shall provide the City with such supporting documentation and calculations as the City may reasonably request.

In the event that on any Interest Payment Date, the Trustee determines that a shortfall will exist with respect to payments to be made from the Series 2025B Principal and Interest Account, the Trustee shall promptly notify the City of such shortfall so that additional funds may be deposited into the Series 2025B Principal and Interest Account in accordance with the Senior Lien Indenture to make timely payments of the amounts due on such Interest and Payment Date.

Moneys in the Series 2025B Principal and Interest Account and the Series 2025B Debt Reserve Account shall be used solely for the payment of the principal of, premium (if any) and interest on the Series 2025B Bonds, for the redemption of the Series 2025B Bonds prior to maturity.

Common Debt Service Reserve Sub-Fund

(a) In accordance with the Nineteenth Supplemental Indenture, the City shall maintain the Common Debt Service Reserve Sub-Fund in an amount equal to the Common Debt Service Reserve Requirement, which requirement may be satisfied with (i) one or more Qualified Reserve Account 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 be valued in accordance with the provisions of the Senior Lien Indenture. If on any valuation date, the amount on deposit in the Common Debt Service Reserve Sub-Fund is more than the Common Debt Service Reserve Requirement, unless otherwise directed

by the City as described in 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 Reserve Account 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 Reserve Account Credit Instrument. If the Common Debt Service Reserve Sub-Fund holds Qualified Reserve Account Credit Instruments issued by more than one issuer, draws shall be made under such Qualified Reserve Account 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 Reserve Account Credit Provider and thereby reinstate the Qualified Reserve Account 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 Common Debt Service Reserve Requirement.

(d) On the business day of the Trustee immediately preceding each January 1 and July 1, there shall be withdrawn from the Revenue 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 Common Debt Service Reserve Requirement. Any amount so required shall constitute a Deposit Requirement to be funded from the Revenue 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 Senior Lien Indenture; provided, however, that immediately after such withdrawal the amount of deposit in the Common Debt Service Reserve Sub-Fund equals or exceeds the Common Debt Service Reserve Requirement.

Investment of Moneys

Moneys held in the funds, accounts and sub-accounts established hereunder of each Supplemental Indenture shall be invested and reinvested in accordance with the provisions governing investments contained in the Indenture. All such investments shall be held by or under the control of the Trustee and shall be deemed at all times a part of the fund, account or sub-account for which they were made.

The interest earned on any investment of moneys held hereunder of each Supplemental Indenture, any profit realized from such investment and any loss resulting from such investment shall be credited or charged to the fund, account or sub-account for which such investment was made; *provided, however*, that

any interest earned on, and any profit resulting from, the investment of moneys on deposit in the Debt Service Reserve Account shall be transferred by the Trustee to the Revenue Fund.

Other Covenants Relating to the Airport

The City has covenanted under the Senior Lien Indenture to, among other things, maintain insurance, to furnish (within 210 days after the close of each Fiscal Year) the Trustee a copy of the annual audit report for the Airport, and to not take, or allow any other person to take, any action which would cause suspension or revocation of the Airport's Federal Aviation Administration operating certificate.

Supplemental Indentures

A Supplemental Indenture may be authorized at any time by ordinance of the City Council of the City, which, upon the filing with the Trustee of a copy of such ordinance certified by the City Clerk and the execution and delivery of such Supplemental Indenture, shall be fully effective in accordance with its terms for the following purposes: to prevent or limit the issuance of Senior Lien Obligations or other evidences of indebtedness; to add covenants and agreements to be observed by the City which are not contrary to, or inconsistent with, the Senior Lien Indenture as theretofore in effect; to add to the limitations and restrictions in the Indenture other limitations and restrictions to be observed by the City which are not contrary or inconsistent with the Indenture as theretofore in effect; to surrender any right, power or privilege conferred upon the City if not contrary to, or inconsistent with, the Senior Lien Indenture; to authorize a series of Senior Lien Obligations if not contrary to, or inconsistent with, the Senior Lien Indenture as theretofore in effect or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first issuance of such Senior Lien Obligations; to confirm, as further assurance, the pledge of properties, Senior Lien Revenues or other collateral made under the Senior Lien Indenture; and to otherwise modify any of the provisions of the Senior Lien Indenture but only if such modification shall be effective only after all Senior Lien Obligations outstanding at the date of the execution and delivery of such Supplemental Indenture shall cease to be Outstanding.

A Supplemental Indenture may be authorized at any time by ordinance of the City Council and shall be fully effective upon the consent of the Trustee for the following purposes: to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Senior Lien Indenture; to clarify matters or questions if not contrary to or inconsistent with the Senior Lien Indenture as theretofore in effect; or to provide additional duties of the Trustee under the Senior Lien Indenture.

Any other modification or amendment of the Senior Lien Indenture may be made by a Supplemental Indenture authorized at any time by ordinance of the City Council, with the written consent given as provided in the Senior Lien Indenture:

- (a) of the owners of a majority in principal amount of the Senior Lien Obligations Outstanding at the time such consent is given;
- (b) in case less than all of the several series of then Outstanding Senior Lien Obligations are affected by the modification or amendment, of the owners of a majority in principal amount of the then Outstanding Senior Lien Obligations of each series so affected;
- (c) in case any Section 208 Obligations or Section 209 Obligations are affected by the modification or amendment, of the owners of the Section 208 Obligations or Section 209 Obligations so affected; and
- (d) in case any Swap Provider is affected by the modification or amendment, of the Swap Provider so affected.

If a modification or amendment will, by its terms, not take effect so long as any Senior Lien Obligations of any specified like series and maturity or any specified like series or any specified Section 208 Obligations or Section 209 Obligations remain Outstanding, the consent of the owners of such Senior Lien Obligations shall not be required and such Senior Lien Obligations shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Senior Lien Obligations for purposes of approving such modification or amendment.

No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Senior Lien Obligation or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon, or in the terms of purchase or the purchase price thereof, without the consent of the owner of such Senior Lien Obligation, or shall 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 shall change or modify any of the rights or obligations of the Trustee without its written assent thereto.

The City may at any time authorize a Supplemental Indenture making a modification or amendment permitted by the provisions of the Indenture described above, to take effect when and as provided in this paragraph. A copy of such Supplemental Indenture (or brief summary thereof or reference thereto in form approved by the Trustee), together with a request to the owners of the Senior Lien Obligations for their consent thereto in form satisfactory to the Trustee, shall be mailed by the City to the owners of the Senior Lien Obligations (but failure to mail such copy and request shall not affect the validity of the Supplemental Indenture when consented to as in this paragraph provided). Such Supplemental Indenture shall not be effective unless and until, and shall take effect in accordance with its terms when (a) there shall have been filed with the Trustee (1) the written consents of owners of the percentages of Outstanding Senior Lien Obligations described above and (2) a Counsel's Opinion stating that such Supplemental Indenture has been duly and lawfully executed and delivered by the City and the Trustee in accordance with the provisions of the Indenture, is authorized or permitted thereby and is valid and binding upon the City and enforceable in accordance with its terms upon its becoming effective, and (b) a notice shall have been mailed as provided in the Indenture. Consents of owners of Senior Lien Obligations are binding upon subsequent owners unless such consent is revoked in writing as provided in the Indenture prior to the effectiveness of the applicable Supplemental Indenture.

Amendment of a Supplemental Indenture

The Thirty-First Supplemental Indenture and the Thirty-Second Supplemental Indenture may be supplemented and amended in the manner described above under “-Supplemental Indentures.”

Default and Remedies

Each of the following events constitutes an Event of Default under the Senior Lien Indenture:

- (a) payment of the principal or Redemption Price, if any, of any Senior Lien Obligation shall not be made when and as the same shall become due, whether at maturity or upon call for redemption or otherwise;
- (b) payment of any installment of interest on any Senior Lien Obligation shall not be made when the same shall become due;
- (c) the City shall fail or refuse to comply with the provisions of the Senior Lien Indenture, or shall default in the performance or observance of any of the covenants, agreements or conditions on its part contained therein or in the Senior Lien Obligations, which materially affects the rights of the owners of the

Senior Lien Obligations, and such failure, refusal or default shall continue for a period of 45 days after written notice thereof by the Trustee or the owners of not less than 25% 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 shall be extended for such period as may be necessary to remedy the default with all due diligence; or

(d) an event of default shall occur and be continuing under the provisions of any Supplemental Indenture to the Master Indenture.

Upon the happening and continuance of any Event of Default specified in paragraph (a) or (b) above, the Trustee shall proceed, or upon the happening and continuance of any Event of Default specified in paragraph (c) or (d) above, 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, shall proceed, in its own name 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, shall deem most effectual to protect and enforce such rights:

(a) 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 the Senior Lien Revenues adequate to carry out the covenants and agreements as to such Senior Lien Revenues and their pledge under the Senior Lien 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 Senior Lien Indenture;

(b) by bringing suit upon the Senior Lien Obligations;

(c) by action or suit in equity, require the City to account as if it were the trustee of an express trust for the owners of the Senior Lien Obligations; or

(d) 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.

Except as otherwise described herein, the owners of the majority in principal amount of the Senior Lien Obligations then outstanding shall have the right to direct the method of conducting all remedial proceedings to be taken by the Trustee, except that such direction shall not be otherwise than in accordance with law or the provisions of the Senior Lien Indenture, and the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to owners of the Senior Lien Obligations not parties to such direction.

No owner of any Senior Lien Obligation shall have any right to institute any suit, action, mandamus or other proceeding in equity or at law under the Senior Lien Indenture, or for the protection or enforcement of any right of remedy under the Senior Lien Indenture or any right under law unless such owner shall have given to the Trustee, written notice of the Event of Default or breach of duty on account of which such suit, action or proceeding is to be taken, and unless the owners of not less than 25% in principal amount of the Senior Lien Obligations then Outstanding shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have occurred, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted in the Senior Lien Indenture or granted under law or to institute such action, suit or proceeding in its name and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time; and such notification, request and offer of indemnity are in the

Senior Lien Indenture declared in every such case (except with respect to the enforcement of credit enhancement devices securing the Senior Lien Obligations at the option of the Trustee) to be conditions precedent to the execution of the powers under the Senior Lien Indenture or for any other remedy under the Senior Lien Indenture or under law.

Defeasance

(a) If the City shall pay or cause 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 therein, in the Senior Lien Indenture, the Twenty-Ninth Supplemental Indenture and the Thirtieth Supplemental Indenture creating the Bonds, then the pledge for the Bonds and all other rights granted thereby shall be discharged and satisfied, in such event the Trustee shall, upon the request of the City expressed in a Certificate, execute and deliver to the City all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver to the City all Accounts, Funds and other moneys or securities held by them pursuant to the Senior Lien Indenture, the Twenty-Ninth Supplemental Indenture and the Thirtieth Supplemental Indenture which are not required for the payment or redemption of the Senior Lien Obligations not theretofore surrendered for such payment or redemption.

(b) Any Senior Lien Obligations or principal installments appertaining thereto, whether at or prior to maturity or the redemption date of such Senior Lien Obligations, shall be deemed to have been paid within the meaning and with the effect expressed in (a) above if:

(i) in case any of such Senior Lien Obligations are to be redeemed prior to their maturity, there shall have been taken all action necessary to call such Senior Lien Obligations for redemption and notice of such redemption shall have been duly given or provision satisfactory to the Trustee shall have been made for the giving of such notice;

(ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient for Defeasance Obligations, the principal of and the interest on which when due (without reinvestment thereof) will provide moneys which, together with the moneys, if any, on deposit with the Trustee at the same time, shall be sufficient, to pay when due the principal and interest or Redemption Price, if any, to become due on said Senior Lien Obligations on and prior to the redemption date or maturity date thereof, as the case may be; and

(iii) in the event said Senior Lien Obligations are not by their terms subject to redemption within the next succeeding 45 days, the City shall have given the Trustee, in form satisfactory to it, irrevocable instructions to mail, as soon as practicable, a notice to the owners of such Senior Lien Obligations that the deposit required by clause (b) above has been made with the Trustee and that said Senior Lien Obligations are deemed to have been paid as described in this paragraph and stating such 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, said Senior Lien Obligations.

(c) No defeasance of a Senior Lien Obligation that is to be paid more than 90 days after the date of the deposit referred to in clause (ii) of paragraph (b) above shall be effective until the Trustee shall have received a verification report signed by an Independent Accountant that the Defeasance Obligations and moneys to be deposited for such purpose are sufficient to pay the principal and Redemption Price of, and interest on, all Senior Lien Obligations with respect to which provision for payment is to be made as described above by virtue of the deposit of such Defeasance Obligations and moneys.

(d) In the event that the principal of and interest on all Insured Obligations shall be paid by Bond Insurers pursuant to the terms of the Bond Insurance Policies, the pledge of revenues, securities and

funds and all other covenants, agreements and other obligations of the City to the owners of the Insured Obligations shall continue to exist and each Bond Insurer shall be fully subrogated to the rights of such owners.

(e) Defeasance Obligations and moneys held as described above may be withdrawn by the City provided that there is substituted in place of such Defeasance Obligations and moneys other Defeasance Obligations and moneys sufficient for the purposes described above and, provided further that, prior to such substitution there is filed with the Trustee (i) a verification report signed by an Independent Accountant that the Defeasance Obligations and moneys, as substituted, are sufficient to pay the principal and Redemption Price of, and interest on, all Senior Lien Obligations with respect to which provision for payment was made by deposit of such substituted Defeasance Obligations as described in this paragraph, and (ii) an opinion of Bond Counsel to the effect that such substitution has been duly authorized in accordance with the Indenture and will not affect adversely the tax-exempt status of any Senior Lien Obligations previously authenticated and delivered under the Indenture.

Sale or Transfer of Airport

The Senior Lien Indenture provides that 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, Senior Lien Revenues, Junior Lien Revenues or the proceeds of any Passenger Facility Charge or similar charge) or otherwise (any of the foregoing being referred to as a “*transfer*”) shall not occur unless and until all of the following conditions shall have been met:

(a) such transfer shall have been approved in writing by the Mayor of the City and by the City Council at a meeting duly called for such purpose;

(b) evidence shall have been obtained in writing confirming that such transfer shall not adversely affect any rating on the Bonds issued by any Rating Agency;

(c) a certificate shall have 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, Senior Lien 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 sub-account 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 Senior Lien Indenture to the extent that such earnings are not required hereby to be transferred to any Construction Fund, shall equal an amount not less than the amount required to satisfy the rate covenant set forth in the Master Indenture; provided that for purposes of the certificate “150%” shall be substituted for “125%” and “110%” in such rate covenant (See “SECURITY FOR THE BONDS-Rate Covenant”);

(d) written consent to such transfer shall have been received from the Owners of all Senior Lien Obligations then outstanding;

(e) written consent to such transfer shall have been received from the Trustee;

(f) written consent to such transfer shall have been received from each Bond Insurer and each provider of any letter of credit or surety bond supporting Senior Lien Obligations;

(g) written consent to such transfer shall have been received from the Chicago/Gary Regional Airport Authority pursuant to Section 10-20 of 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; and

(h) there shall be deposited with the Trustee for the benefit of the Owners of all then outstanding Senior Lien Obligations a letter of credit, surety bond or Investment Securities (as defined in the Master Indenture) in the full amount of the then Outstanding Senior Lien Obligations, such letter of credit or surety bond to have a credit rating of not less than "Aa" or "AA" or their equivalents by Moody's and S&P, or their successors; provided that no revenues (including, without limit, Senior Lien Revenues, Junior Lien Revenues or the proceeds of any Passenger Facility Charge or similar charge) shall be pledged, or in any way used, to secure any such letter of credit or surety bond.

For purposes of the default provisions of the Senior Lien Indenture, the performance of the foregoing covenant is expressly deemed to be material to the registered owners of the Bonds.

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 AIRPORT USE AGREEMENTS

The following is a summary of certain provisions of the Amended and Restated Airport Use Agreements and Facilities Leases dated as of January 1, 2013 (collectively, the “*Airport Use Agreements*”), between the City and each of the Signatory Airlines, 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 Airport Use Agreements and have the same meanings in this summary, except as defined otherwise in this Official Statement. The Airport Use Agreements signed by the Signatory Airlines are substantially identical to each other except for provisions relating to the Leased Premises and assigned aircraft parking positions for each Signatory Airline. The Airport Use Agreements amend, supersede and terminate the Airport Use Agreements and Facilities Leases previously in effect between the City and such airlines (the “*1998 Use Agreements*”). The stated termination date of the Airport Use Agreements is December 31, 2027, subject to the right of the City or a Signatory Airline under certain circumstances to terminate its Airport Use Agreement prior to that date.

Term

Subject to certain earlier termination provisions, the Airport Use Agreements will terminate on December 31, 2027. Included in the earlier termination provisions is the right of a Signatory Airline to terminate its Airport Use Agreement prior to the scheduled termination date if a new commercial passenger service airport which the City owns or controls, in whole or in substantial part, and having a level of annual operations at least equal to the Airport, is opened and operating within 50 miles of the Airport. See also “—Default and Termination,” “—Assignment, Sublease and Other Transfers,” and “—Change of Lease Term,” below.

Cost Centers

The Airport Use Agreements group the Airport into functional areas (the “*Cost Centers*”). These are the Airfield Area, the Terminal Area, the Terminal Ramp Area, the Parking and Roadway Area, the Support Facilities Area, the Equipment Cost Center, the Fueling Cost Center, the FIS Cost Center and the Indirect Cost Center. The purpose of the Cost Centers is to allow for the calculation of Airline Fees and Charges in a manner that allocates such fees and charges among the Signatory Airlines based on their usage of the Airport.

Accordingly, each of the Cost Centers has allocated to it Non-Airline Revenues, Operation and Maintenance Expenses, Debt Service and Fund Deposit Requirements. Indirect (overhead) expenses are costs not directly attributable to specific Cost Centers and will be initially accumulated in the Indirect Cost Center. The costs of the Indirect Cost Center and the net revenues or net deficit of each of the Parking and Roadway Area and the Support Facilities Area will be allocated to other Cost Centers.

Leased Premises; Gate Management Provisions

Premises within the Terminal Area are either leased to the Signatory Airlines or retained by the City as City-Controlled Facilities. The City has the right, under certain circumstances, to impose shared use or temporary use arrangements on all or any designated portion of a Signatory Airline’s Leased Premises to accommodate new or expanding carriers. The City, at its discretion, may also use any City-Controlled Facilities to accommodate the space requirements of Signatory Airlines or Non-Signatory Airlines. The Airport Use Agreements refer to whichever of the premises a Signatory Airline is leasing at any given time as the Signatory Airline’s “*Leased Premises*.”

Certain daily average utilization standards apply to the Signatory Airlines' Gates during the term of the Airport Use Agreement which, if not met by a Signatory Airline, give the City the right to terminate the Airport Use Agreement with respect to, and delete from, the Signatory Airline's Leased Premises the number of Gates as may be necessary to cause the Signatory Airline to meet the daily average utilization standard for its Gates.

Airline Fees and Charges

Terminal Rentals for Leased Premises (other than Joint Use Premises) are charged to each of the Signatory Airlines on a square footage basis. A Signatory Airline's Terminal Rentals for each Fiscal Year equal the product of the square footage of such Signatory Airline's Leased Premises and the Terminal Rental Rate for such Fiscal Year. The Terminal Rental Rate for each Fiscal Year is determined by dividing the Terminal Area requirement for such Fiscal Year by the total number of square feet of Leased Premises of all Signatory Airlines. The Terminal Area requirement for a Fiscal Year will equal the sum of O&M Expenses, Debt Service, Fund Deposit Requirements, Terminal Rentals unpaid when due by any Signatory Airline, the Equipment Cost Center requirement and net deficits of the Indirect Cost Center and the Parking and Roadway Area, in each case allocated to the Terminal Area for such Fiscal Year, minus the sum of Non-Airline Revenues and net surpluses of the Parking and Roadway Area, in each case allocated to the Terminal Area for such Fiscal Year. Terminal Rentals for Joint Use Premises are charged on a formulaic basis, where 10% of the Joint Use Premises requirement (determined by multiplying the number of square feet of Joint Use Premises by the Terminal Rental Rate) is divided equally between the Signatory Airlines and 90% of the Joint Use Premises requirement is divided between the Signatory Airlines on the basis of landed weight.

Terminal Ramp Fees are charged to each of the Signatory Airlines on the basis of square footage of Aircraft Parking Area assigned to a Signatory Airline. A Signatory Airline's Terminal Ramp Fee for each Fiscal Year is equal to the product of such Signatory Airline's square footage of Aircraft Parking Area and the Terminal Ramp Rate for such Fiscal Year. The Terminal Ramp Rate for each Fiscal Year is calculated by dividing the Terminal Ramp Area requirement for such Fiscal Year by the total square footage of Aircraft Parking Area assigned to all Signatory Airlines. The Terminal Ramp Area requirement for a Fiscal Year will equal the sum of O&M Expenses, Debt Service, Fund Deposit Requirements, Terminal Ramp Fees unpaid when due by a Signatory Airline and net deficits of the Indirect Cost Center and the Parking and Roadway Area, in each case allocated to the Terminal Ramp Area for such Fiscal Year, minus the sum of Non-Airline Revenues and net surpluses of the Parking and Roadway Area, in each case allocated to the Terminal Ramp Area for such Fiscal Year.

Landing Fees are charged to the Signatory Airlines on the basis of landed weight of aircraft. The Landing Fee for each Fiscal Year for each Revenue Landing is equal to the product of the number of thousands of pounds of the Maximum Approved Gross Landing Weight of the Signatory Airline's aircraft involved in the Revenue Landing and the Landing Fee Rate for such Fiscal Year. The Landing Fee Rate for each Fiscal Year is determined by dividing the Airfield Area Requirement by the total Maximum Approved Gross Landing Weight in thousand-pound units of all aircraft of all Signatory Airlines landed in Revenue Landings during such Fiscal Year. The Airfield Area requirement for a Fiscal Year will equal the sum of O&M Expenses, Debt Service, Fund Deposit Requirements, Landing Fees unpaid when due by any Signatory Airline, the Fueling Cost Center requirement and net deficits of the Indirect Cost Center, the Parking and Roadway Area and the Support Facilities Area, in each case allocated to the Airfield Area for such Fiscal Year, minus the sum of Non-Airline Revenues and net surpluses of the Parking and Roadway Area and the Support Facilities Area, in each case allocated to the Airfield Area for such Fiscal Year.

Equipment Fees are charged to the Signatory Airlines on the basis of landed weight of aircraft. A Signatory Airline's Equipment Fee for each Fiscal Year is equal to the product of the number of thousands of pounds of the Maximum Approved Gross Landing Weight of each aircraft of the Airline involved in

Revenue Landings during such Fiscal Year and the Equipment Fee Rate for such Fiscal Year. The Equipment Fee Rate for each Fiscal Year is determined by dividing the Equipment Cost Center requirement by the total Maximum Approved Gross Landing Weight in thousand-pound units of all aircraft of all Signatory Airlines landed in Revenue Landings during such Fiscal Year. The Equipment Cost Center requirement for a Fiscal Year will equal the sum of O&M Expenses, Debt Service and Fund Deposit Requirements, in each case allocated to the Equipment Cost Center, minus Non-Airline Revenues of the Equipment Cost Center.

Fueling Fees are charged to the Signatory Airlines on the basis of total gallon usage of fuel. A Signatory Airline's Fueling Fees for each Fiscal Year equal the product of the number of gallons of fuel distributed from the Fuel System to such Signatory Airline during such Fiscal Year and the Fueling Fee Rate for such Fiscal Year. The Fueling Fee Rate for each Fiscal Year is determined by dividing the Fueling Cost Center requirement by the total number of gallons of fuel distributed to all Signatory Airlines from the Fuel System. The Fueling Cost Center requirement for a Fiscal Year will equal the sum of O&M Expenses, Debt Service and Fund Deposit Requirements, in each case allocated to the Fueling Cost Center, minus Non-Airline Revenues of the Fueling Cost Center.

Federal Inspection Service ("FIS") Fees are charged to each of the Signatory Airlines based on the number of deplaned passengers processed through the FIS Facility. The FIS Fees for each Fiscal Year are an aggregate amount equal to the number of the Signatory Airline's deplaned passengers processed through the FIS Facility during such Fiscal Year multiplied by the FIS Fee Rate for such Fiscal Year. The FIS Fee Rate for each Fiscal Year is determined by dividing the FIS Cost Center requirement for such Fiscal Year by the total number of deplaned passengers of all Signatory Airlines processed through the FIS Facility during such Fiscal Year. The FIS Cost Center requirement for each Fiscal Year will equal the sum of O&M Expenses, Debt Service, FIS Facility Debt Service, Fund Deposit Requirements, FIS Fees unpaid when due by any Signatory Airline and the net deficit of the Indirect Cost Center, in each case allocated to the FIS Cost Center for such Fiscal Year minus the sum of Non-Airline Revenues allocated to the FIS Cost Center.

The foregoing notwithstanding, the Airport Use Agreements require the City, during the term of the MATCO Agreement, to charge the Signatory Airlines and Non-Signatory Airlines equipment fees and fueling fees calculated as set forth in the MATCO Agreement, which fees shall in any case be calculated in a manner sufficient to pay the Equipment Cost Center requirement and the Fueling Cost Center requirement for each Fiscal Year.

Deposits to the Airport Development Fund

If Non-Airline Revenues for any Fiscal Year exceed 105% of the average of Non-Airline Revenues for the three Fiscal Years immediately preceding such Fiscal Year, then an amount equal to such excess (being equal to (i) Non-Airline Revenues for such Fiscal Year minus (ii) the product of (A) 1.05 multiplied by (B) the average of Non-Airline Revenues for the three Fiscal Years immediately preceding such Fiscal Year), if any, but not to exceed \$1,000,000 Adjusted for Inflation, shall be deposited in the Airport Development Fund; *provided* that such deposit may not be made until the City has provided to each Signatory Airline the Statement of Airline's Actual Annual Airline Fees and Charges for such Fiscal Year.

If actual O&M Expenses for any Fiscal Year are less than 95% of the amount of Budgeted O&M Expenses for such Fiscal Year, then an amount equal to such difference (being equal to (i) the product of (A) 0.95 multiplied by (B) the amount of Budgeted O&M Expenses for such Fiscal Year, minus (ii) actual O&M Expenses for such Fiscal Year), if any, but not to exceed \$1,000,000 Adjusted for Inflation, shall be deposited in the Airport Development Fund; *provided* that such deposit may not be made until the City has provided to each Signatory Airline the Statement of Airline's Actual Annual Airline Fees and Charges for such Fiscal Year. "Budgeted O&M Expenses" for a Fiscal Year means the amount of O&M Expenses for

the Airport for that Fiscal Year estimated by the City's Department of Aviation and used to prepare each Airline's Statement of Airline's Estimated Annual Airline Fees and Charges.

Notwithstanding the foregoing, the amounts to be deposited in the Airport Development Fund in accordance with the Airport Use Agreement and all other Airport Use Agreements shall not exceed \$1,500,000 Adjusted for Inflation in aggregate for any Fiscal Year.

Non-Signatory Fees and Charges

The City has agreed in the Airport Use Agreements to charge Non-Signatory Airlines Landing Fees, Terminal Rentals and Terminal Ramp Fees calculated to include at least a 25% surcharge above Signatory Airline rates. For purposes of establishing landing fees for Non-Signatory Airlines, the City has agreed to allocate a portion of the Airfield Area requirement to the Non-Signatory Airlines on the basis of the relative use of the Airfield Area by the Signatory Airlines and Non-Signatory Airlines, based on the respective landed weight of the Signatory Airlines and the Non-Signatory Airlines. If landing fees actually received from Non-Signatory Airlines in any Fiscal Year are more or less than the Airfield Area requirement allocated to the Non-Signatory Airlines, the respective excess or deficit will not be included in the determination of the amount of revenues for that Fiscal Year, and instead will be taken into account in setting landing fees for Non-Signatory Airlines for the following Fiscal Year.

Security Deposits

The Airport Use Agreements require each of the Signatory Airlines to remit to the City a security deposit equal to the sum of such airline's (i) estimated Landing Fees for three months (as determined on the basis of the Signatory Airline's published schedule), (ii) estimated Terminal Rentals for three months, (iii) estimated Terminal Ramp Fee for three months, (iv) estimated Passenger Facility Charges for three months, (v) estimated Fueling Fees for three months, and (vi) estimated Equipment Fees for three months. Such deposit may be in the form of an irrevocable letter of credit, cash or other form of security acceptable to the City. At any time that a Signatory Airline's Airline Fees and Charges are more than 30 days past due or a Signatory Airline has failed to transmit to the City its Passenger Facility Charges or has failed to keep its Leased Premises free and clear of liens, the City, upon notice to such airline, is entitled to apply the security deposit to the payment of such unpaid amounts or to the costs of removal of such liens. In any such event, the Signatory Airline whose security deposit was so applied will be required to remit a replacement security deposit to the City.

The three-month security deposit for Landing Fees, Terminal Rentals, Terminal Ramp Fee and Fueling Fees will be reduced to two months for any Signatory Airline that has been operating at the Airport for at least one year and has been timely in all payments for the previous 12 months. The three-month security deposit for Landing Fees, Terminal Rentals, Terminal Ramp Fees and Fueling Fees will be reinstated for each such Signatory Airline that is thereafter delinquent in any payment to the City under its Airport Use Agreement or any payment to the City of Passenger Facility Charges. The security deposit related to a Signatory Airline's Passenger Facility Charges will be eliminated for any Signatory Airline that has been operating at the Airport for at least two years, that has been timely in all payments for the previous 24 months and that provides evidence to the City that the Passenger Facility Charges collected by the Signatory Airline at the Airport have been placed in a trust account for the benefit of the City. The three-month Passenger Facility Charge security deposit will be reinstated for each such Signatory Airline that is thereafter delinquent in any payment to the City under its Airport Use Agreement or any payment to the City of Passenger Facility Charges.

General Commitment to Pay Airline Fees and Charges

The Airport Use Agreements provide that the aggregate of Airline Fees and Charges payable by all Signatory Airlines, together with Non-Airline Revenues and amounts paid from the Airport Development Fund as described above under the caption "*Airport Development Fund*" for each Fiscal Year shall be

sufficient to pay for the cost of operating, maintaining and improving the Airport, and to satisfy all of the City's obligations to make all deposits and payments under the Airport Use Agreements and any Bond Ordinance (including the Senior Lien Indenture).

Billing of Airline Fees and Charges

Not later than 60 days prior to the beginning of each Fiscal Year, the City shall furnish each of the Signatory Airlines with a preliminary calculation of the Terminal Rental Rate, the Terminal Ramp Rate, the Landing Fee Rate, the Equipment Fee Rate, the FIS Fee Rate and the Fueling Rate and such Signatory Airline's Terminal Rentals and Terminal Ramp Fee for such Fiscal Year, and not later than the last day of the prior Fiscal Year, the City shall furnish the Signatory Airlines with a revised estimated calculation of such amounts for such Fiscal Year. Such preliminary calculations will be based on the City's estimates for such Fiscal Year of O&M Expenses, Non-Airline Revenues and estimates of Landing Weight, the number of passengers at the Airport, the number of deplaned passengers processed through the FIS Facility, and the number of gallons of fuel to be distributed from the Fuel System for such Fiscal Year provided by the Signatory Airlines. By the 15th day of each month the Signatory Airlines must file with the City a statement setting forth, among other things, their aircraft landed weight, number of Revenue Landings and number of passengers at the Airport. Not later than the 1st day of each month, each Signatory Airline is obligated to pay, without invoice, all of its estimated Terminal Rentals and Terminal Ramp Fees for such month. Not later than the 15th day of each month, each Signatory Airline is obligated to pay its Landing Fees, Equipment Fees and Fueling Fees due for the preceding month, based on its actual number of aircraft arrivals and gallons of fuel distributed from the Fuel System during such month.

During any Fiscal Year, Airline Fees and Charges may be adjusted by the City for the remaining months of such Fiscal Year if there is a 5% or more discrepancy between actual revenues and expenses and projected revenues and expenses; provided, however, that such adjustments of Airline Fees and Charges may not occur more frequently than two times per year. Within 270 days after the close of each Fiscal Year, a final calculation of Airline Fees and Charges is prepared for such Fiscal Year based upon actual revenues and expenses. Each Signatory Airline is entitled to a credit for amounts paid in excess of those established in such final calculation, and is obligated to pay any deficiency.

No Abatement or Suspension of Payment

The Airport Use Agreements provide that the Signatory Airlines shall not abate, suspend, postpone, set-off or discontinue any payments of Airline Fees and Charges which they are obligated to pay thereunder. The payment by the Signatory Airlines to the City and the City's acceptance of any such amount shall not preclude either the Signatory Airlines or the City from making any claim against the other party in connection therewith.

Grant of Rights; Obligations of City and Signatory Airlines

Each Signatory Airline is granted the right to conduct an Air Transportation Business at the Airport, and to perform those operations and functions as are incidental or reasonably necessary thereto. The City has agreed not to enter into any lease, contract or other agreement with any other airline providing service at the Airport which contains any rates or charges more favorable to such airline than the rates and charges payable by the Signatory Airlines unless the City also makes those more favorable terms available to the Signatory Airlines.

Each of the Signatory Airlines and the City has certain specified obligations with respect to the maintenance and operation of the Airport. The Signatory Airlines and the City also have certain specified insurance obligations with respect to the Airport.

Approval of Capital Projects; Issuance of Bonds; Use of Passenger Facility Charges

The Airport Use Agreements contain as exhibits thereto lists of those capital projects approved by the Signatory Airlines. Such exhibits also indicate the budget for such capital projects. The Airport Use Agreements also contain as exhibits procedures for designing and constructing such capital projects.

These procedures outline the involvement of the Signatory Airlines and their representatives in the development of contract documents, the contract bid and award process, the construction process and project completion. Among other things, the Signatory Airlines have the right to approve the awarding of any contract if the award amount is greater than 5% over the budget for the project.

The City also agreed in the Airport Use Agreements, commencing on January 1, 1997, to use all Passenger Facility Charge revenue collected at the Airport to pay Debt Service on Bonds, the proceeds of which are used by the City to pay for capital projects approved by the FAA for the collection and use of a Passenger Facility Charge at the Airport, provided that the City may use Passenger Facility Charge revenue on a pay-as-you-go basis subject to a Majority-in-Interest approval by the Signatory Airlines.

After giving notice to the Signatory Airlines in accordance with the Airport Use Agreements, the City may issue Bonds and include the Debt Service thereon in the calculation of Airline Fees and Charges without further consent or approval of the Signatory Airlines if such Bonds are issued for one or more of the following purposes: (1) to fund all costs related to the projects described in the Airport Use Agreements; (2) to fund capital projects at the Airport (A) necessary to comply with any federal, state or local agency or any federal or state grant agreement or airport certification requirement, (B) for emergency or Airfield safety purposes, (C) which an Independent Airport Consultant has projected will not result in a net increase in Airline Fees and Charges on an average basis over a five-year period, (D) necessary to remedy any environmental concern or comply with Environmental Laws, or (E) having a cumulative net cost to the City in any five-Fiscal Year period of less than \$2,500,000; (3) to fund any capital project approved by a Majority-in-Interest; (4) to fund insurance or condemnation award deficiencies; (5) to fund the costs of judgments or settlements, or compliance with judicial orders, against the City by reason of its ownership, operation, maintenance, development, improvement or use of the Airport; (6) to fund the cost of tenant improvements in accordance with the Airport Use Agreements; (7) to fund capitalized interest on, and Fund Deposit Requirements with respect to, Bonds issued for any of the foregoing purposes; and (8) to fund costs of issuance of Bonds issued for any of the foregoing purposes.

An ordinance was introduced at a City Council meeting on November 13, 2013 that would authorize an amendment to the Airport Use Agreements to clarify and confirm that the provisions of the Airport Use Agreements with respect to the imposition or use of Passenger Facility Charges to fund Capital Projects is consistent with applicable FAA laws and regulations. The ordinance was considered by the Committee on Aviation at a meeting on November 22, 2013 and recommended for passage by the City Council. The ordinance was passed on November 26, 2013.

Additional Capital Projects

The City may issue Bonds to fund the cost of capital projects approved by a Majority-in Interest. A capital project is deemed approved if a Majority-in-Interest does not disapprove the capital project in writing to the City within 30 days of submission of a proposal with respect to such project to the Signatory Airlines.

The City may issue obligations (other than "Bonds" (as defined in the Airport Use Agreements)) and use the proceeds thereof to fund the cost of additional capital projects at the Airport or any other airports operated by the City without the consent of the Signatory Airlines or a Majority-in-Interest so long as the debt service thereon is not included in the calculation of Airline Fees and Charges. In addition, the City may fund the costs of additional capital projects at the Airport or any other airports owned, operated or

controlled by the City from other sources available for such purpose, including: (1) amounts in the Repair and Replacement Fund and Emergency Reserve Fund (subject to limitations contained in the Airport Use Agreements); (2) amounts in the Airport Development Fund, or any other fund created pursuant to a Bond Ordinance; (3) government grants-in-aid; (4) proceeds of any gift, bequest, contribution or donation to the Airport, including any funds provided by an airline doing business at the Airport; (5) proceeds of any insurance or condemnation award subject to any restrictions on the use of such proceeds set forth in the Airport Use Agreements; and (6) proceeds of any Passenger Facility Charge, subject to the restrictions on the use of Passenger Facility Charge revenue noted above.

“Majority-in-Interest” means, during any Fiscal Year, any one or more Signatory Airlines which, in the aggregate (i) paid fifty-one percent (51%) or more of the Airline Fees and Charges charged to all Signatory Airlines for the prior Fiscal Year; and (ii) represent at least fifty-one percent (51%) in number of the Signatory Airlines. Solely for the purpose of determining a Majority-in-Interest, (A) no airline shall be deemed to be a Signatory Airline so long as an Event of Default with respect to such airline has occurred and is continuing or if such airline is no longer operating at the Airport (except if such airline’s cessation of operations results from a temporary suspension by the FAA), and (B) only Signatory Airlines having Airport Use Agreements with terms expiring on December 31, 2027, shall be deemed to be Signatory Airlines.

Default and Termination

The following occurrences, among others, are defined as Events of Default under the Airport Use Agreements: (1) the insolvency, bankruptcy, receivership or dissolution of a Signatory Airline; (2) the failure of a Signatory Airline to punctually pay any Airline Fees and Charges; (3) the failure by a Signatory Airline to cure its default in the performance of any promise, covenant or other provision of the Airport Use Agreements upon 30 days’ notice of such default or if impossible to cure within such time, the failure to institute corrective action within such time and diligently pursue such action until the default is remedied; or (4) the discontinuation by a Signatory Airline of its Air Transportation Business at the Airport. Whenever an Event of Default has occurred and is continuing, the City may terminate such Signatory Airline’s Airport Use Agreement or may exclude such Signatory Airline from possession of its Leased Premises without termination and use its best efforts to lease such Leased Premises to another airline, and, in either case, may take such other action at law or in equity as appears necessary or desirable.

A Signatory Airline may terminate its Airport Use Agreement at any time upon the expiration of 60 days’ advance written notice to the City and the occurrence of any one of the following events: (1) any action of the FAA or other agency refusing to permit such Signatory Airline to operate into, from or through the Airport for a period of at least 60 days; (2) such Signatory Airline is prevented from conducting its Air Transportation Business at the Airport for a period of 180 consecutive days for any reason other than its own fault; or (3) in the event (i) “slot controls,” “noise mitigation” restrictions, FAA regulations or other similar governmental regulations are imposed upon such Signatory Airline or the Airport, substantially impairing such Signatory Airline’s ability to operate at the Airport or (ii) a new commercial passenger service airport (not including the Gary/Chicago International Airport) which the City owns or controls, in whole or in substantial part, and having a level of operations at least equal to the Airport, is opened and operating within 50 miles of the Airport. A Signatory Airline may terminate its Airport Use Agreement and its obligations thereunder as to all or any portion of Leased Premises upon the occurrence of an event described in subparagraphs (1), (2) or (3)(ii) above, but, upon the occurrence of an event pursuant to subparagraph (3)(i) above, may terminate only such portion of its obligations under its Airport Use Agreement as are directly and substantially affected by such Signatory Airline’s impaired ability to operate at the Airport. At any time that Bonds are not outstanding, a Signatory Airline may also terminate its Airport Use Agreement and its obligations thereunder as to all or any portion of Leased Premises upon the failure of the City to cure its default in the performance of any material promise, covenant or other provision in the Airport Use Agreement upon 30 days’ notice of such default or if impossible to cure within such

time, the failure to institute corrective action within such time and diligently pursue such action until the default is remedied.

A Signatory Airline may also terminate its Airport Use Agreement if the City violates the following City covenants included in the Airport Use Agreements. The City has covenanted to (i) make all reasonable efforts to ensure that the Airport's flight operations, passenger handling, cargo handling and other capacities germane to the operation of commercial air service at the Airport are not constrained, restricted, limited or reduced by action by the City and remain available to meet the demand for transportation to the region, (ii) not advocate or support any such constraints, restrictions, limitations or reductions on the Airport's flight operations, passenger handling, cargo handling or other capacities germane to the operation of the Airport by any other federal, state or local governments (other than by the Midway Noise Commission), (iii) not participate as an advocate in the planning or development, or participate in the funding, financing or operations of any commercial service passenger airport not either currently owned or operated by the City or under the authority and jurisdiction of the Chicago-Gary Compact, within a 50-mile radius of the Airport, and (iv) not voluntarily transfer its ownership, oversight or control of the Airport to any governmental entity other than to an entity controlled solely by the City. See also "Term," above.

If an involuntary transfer of ownership, oversight or control of the Airport other than to an entity controlled solely by the City occurs, the Airport Use Agreements require such successor-in-interest to the City to purchase, upon petition by a Signatory Airline, such Signatory Airline's ownership or leasehold interest in all permanent improvements then located at the Airport, at a cost equal to the then-present replacement value. The Airport Use Agreements provide an appraisal process if the successor-in-interest and the Signatory Airline cannot agree as to the replacement value of the interest. If the Signatory Airline petitions for such purchase, it shall have the right to terminate any or all of its lease agreements for space or facilities at the Airport, and the right of specific performance to compel the successor-in-interest to comply with the purchase provision.

Assignment, Sublease and Other Transfers

Each Signatory Airline covenants in its Airport Use Agreement that it will not assign, sublet, transfer, convey, sell, mortgage, pledge or encumber (any of the foregoing events being referred to as a "Transfer") its Leased Premises or assigned aircraft parking positions or any part thereof, or any rights of the Signatory Airline under its Airport Use Agreement or any interest of the Signatory Airline in its Airport Use Agreement and that it will not allow the use of its Leased Premises or assigned aircraft parking positions under its Airport Use Agreement by any other person, except as otherwise provided in its Airport Use Agreement, without in each instance having first obtained the prior written consent of the City as described below. In determining whether or not to consent to a Transfer, the City will take into account, among other factors, the balanced utilization of the Airport facilities and operational considerations relating to the proposed transferee. The consent of the City Council of the City on behalf of the City shall be required for any Transfer of (i) all of a Signatory Airline's Leased Premises, (ii) all rights of a Signatory Airline under its Airport Use Agreement, or (iii) all of a Signatory Airline's interest in its Airport Use Agreement. The consent of the Commissioner of Aviation on behalf of the City shall be required for any other Transfer. As a condition to the City's consent to a proposed sublease of Leased Premises, the proposed sublessee shall be required to execute a license agreement between the sublessee and the City in a form acceptable to the City.

Notwithstanding any Transfer with or without City consent, the Signatory Airline shall remain fully liable for the payment of all of its Airline Fees and Charges and fully responsible for the performance of all of its other obligations under its Airport Use Agreement.

If any Transfer shall occur, whether or not prohibited by any provision of the Airport Use Agreement, the City may collect Airline Fees and Charges from any assignee, sublessee or other transferee of a Signatory Airline and in such event shall apply the net amount collected to the Airline Fees and Charges

payable by the Signatory Airline under its Airport Use Agreement without such action by the City releasing the Signatory Airline from its Airport Use Agreement or any of its obligations under its Airport Use Agreement.

Any sublease or assignment shall require the sublessee or the assignee to be bound by all of the terms and provisions of the Airport Use Agreement and other applicable requirements external to the Airport Use Agreement imposed by the City on Signatory Airlines.

Change of Lease Term

Notwithstanding the provision of the Airport Use Agreement described above under the caption “Term,” each Airport Use Agreement provides that automatically and immediately upon the occurrence of an Event of Default described below, the term of the Airport Use Agreement of the defaulting Signatory Airline shall convert to month-to-month, commencing on the date of the automatic conversion and shall terminate upon 30 days’ written notice from the City to the Signatory Airline, or from the Signatory Airline to the City. The following are such Events of Default:

(i) The Signatory Airline shall become insolvent (as such term is defined under Section 101 of the Bankruptcy Code); or shall fail to pay its debts generally as they mature; or shall take the benefit of any present or future federal or state insolvency statute; or shall make a general assignment for the benefit of its creditors;

(ii) Any lien shall be filed against the Signatory Airline’s Leased Premises or any portion thereof resulting from any act or omission of the Signatory Airline, and shall not be discharged within 30 days, unless the Signatory Airline shall within such 30 days furnish the City such security as the Commissioner of Aviation in his or her discretion determines to be adequate to protect the interests of the City;

(iii) The Signatory Airline shall discontinue its Air Transportation Business (as defined in the Airport Use Agreement) at the Airport for a period of 30 consecutive days or for a period of 60 nonconsecutive days whenever occurring in the aggregate in any Fiscal Year or, after exhausting or abandoning any further appeals, the Signatory Airline shall be prevented for a period of 30 consecutive days by action of any governmental agency other than the City from conducting its Air Transportation Business at the Airport;

(iv) The Signatory Airline shall cease using or abandon substantially all of its Leased Premises for a period of 30 days;

(v) The Signatory Airline shall make any purported Transfer without the consent of the City, as described above under the caption “*Assignment, Sublease and Other Transfer*”;

(vi) The Signatory Airline shall fail to maintain its corporate existence or to remain duly qualified to do business in the State or the Signatory Airline shall dissolve or otherwise dispose of all or substantially all of its assets or shall consolidate with or merge into another corporation; provided, however, that it shall not be an Event of Default if the Signatory Airline consolidates with or merges into a wholly-owned subsidiary of the Signatory Airline;

(vii) The Signatory Airline shall default in the payment, when due, of any amounts now or hereafter owing by the Signatory Airline under any special facility agreement executed in accordance with the provisions of the Airport Use Agreement relating to special facility financings;

(viii) The Signatory Airline shall fail to meet any of the security deposit requirements set forth in the Airport Use Agreement; or

(ix) The Signatory Airline shall fail to transmit to the City PFCs on a timely basis in accordance with the PFC Regulations or shall fail to comply with the provisions of the Airport Use Agreement relating to PFCs.

The Airport Use Agreement provides that any conversion of the term of an Airport Use Agreement as described above shall not discharge any of the Signatory Airline's obligations under its Airport Use Agreement nor affect any of the City's other remedies set forth in such Airport Use Agreement.

APPENDIX D

AUDITED FINANCIAL STATEMENTS

This **APPENDIX D** includes by specific reference Midway’s basic financial statements as of and for the year ended December 31, 2024, and independent auditor’s report (the “**2024 Audited Financial Statements**”), which has been filed and can be obtained from the Municipal Securities Rulemaking Board (MSRB) through its Electronic Municipal Market Access (“**EMMA**”) system. The 2024 Audited Financial Statements have not been updated since the date of the 2024 Audited Financial Statements. The specific URL for this filing is as referenced below and no other items filed on the EMMA website are included by reference as part of this Official Statement.

<https://emma.msrb.org/P21937409.pdf>

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APPENDIX E

REPORT OF THE AIRPORT CONSULTANT

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October 7, 2025

Mr. Michael J. McMurray
Commissioner
Chicago Department of Aviation
10510 West Zemke Road
Chicago, Illinois 60666

RE: City of Chicago, Chicago Midway Airport
Senior Lien Revenue and Revenue Refunding Bonds, Series 2025

Dear Mr. McMurray:

This Letter of the Airport Consultant (2025 Letter) serves to reaffirm the findings from Ricondo & Associates, Inc.'s (Ricondo) Report of the Airport Consultant, dated October 13, 2023 (2023 Report), with consideration of new information since the 2023 Report. The 2023 Report was prepared in connection with the issuance of the City of Chicago, Chicago Midway Airport, Senior Lien Revenue and Revenue Refunding Bonds, Series 2023A (AMT) and Senior Lien Revenue and Revenue Refunding Bonds, Series 2023B (Non-AMT; collectively, the 2023AB Bonds).

This 2025 Letter is intended for inclusion as Appendix E in the Preliminary Official Statement for the City of Chicago, Chicago Midway Airport, Senior Lien Revenue and Revenue Refunding Bonds, Series 2025A (AMT) and Series 2025B (Non-AMT; collectively, the 2025AB Bonds or the 2025 Bonds), as described herein.

The 2023 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 2023AB Bonds by the City of Chicago (City), which owns Chicago Midway International Airport (Airport, or Midway) and operates the Airport through the Chicago Department of Aviation (CDA). This 2025 Letter, based on the findings of the 2023 Report and the updated information prepared in connection with the City's planned issuance of the 2025AB Bonds contained herein, serves to reaffirm the overall conclusions Ricondo made in the 2023 Report regarding the City's ability to comply with the Rate Covenant established in the Senior Lien Indenture and the reasonableness of the resulting projected airline costs. Unless specifically defined in this 2025 Letter or the 2023 Report, all capitalized terms in this 2025 Letter are used as defined in the Official Statement to which this report is attached as an appendix and/or the Senior Lien Indenture.

The 2025 Bonds

The 2025AB Bonds will be issued pursuant to the ordinance adopted by the Chicago City Council on July 16, 2025 (Bond Ordinance), and the Amended and Restated Master Indenture of Trust Securing Chicago Midway Airport Senior Lien Obligations, dated as of November 1, 2023 (Senior Lien Master Indenture), between and The Bank of New York Mellon Trust Company, N.A., Chicago, Illinois, as supplemented by the Supplemental Indentures from the City to the Trustee. The Amended and Restated Master Indenture, as supplemented by the Thirty-First and Thirty-Second Supplemental Indentures, and as it may be amended

Mr. Michael J. McMurray
Chicago Department of Aviation
October 7, 2025

and supplemented from time to time in accordance with its terms, is herein referred to as the Senior Lien Indenture.

The City expects to use the proceeds from the sale of the 2025AB Bonds to:

- (i) refund the Refunded Bonds consisting of all or a portion of the Airport Revenue and Revenue Refunding Bonds, Series 2016A (AMT; 2016A Bonds) and all or a portion of the Airport Revenue and Revenue Refunding Bonds, Series 2016B (Non-AMT; 2016B Bonds);
- (ii) pay the costs of certain Airport Projects;
- (iii) increase the amount held in the Common Debt Service Reserve Sub-Fund to the Common Debt Reserve Requirement for the Senior Lien Bonds;
- (iv) pay capitalized interest on the 2025AB Bonds; and
- (v) pay costs and expenses incidental thereto and to the issuance of the 2025AB Bonds.

The 2025AB Bonds are limited obligations of the City payable solely from, and secured by, a pledge of Senior Lien Revenues derived from the operation of the Airport.

The financial analysis presented herein does not reflect the impact of refunding the then outstanding Senior Lien Bonds after the closed date of the 2023 Report. The City intends to refund the 2016A and 2016B Bonds with annual debt service payments that are equal to or less than the existing annual payments of such series, which would have the potential to reduce debt service.

Table 1 presents the estimated sources and uses of the proceeds of the 2025AB Bonds. These preliminary numbers, presented for illustrative purposes, serve as the basis for the debt service on the 2025AB Bonds reflected in the financial analysis herein and are subject to change.

TABLE 1 2025AB BONDS ESTIMATED SOURCES AND USES (IN MILLIONS)

	2025AB BONDS		
	2025A BONDS	2025B BONDS	TOTAL
Sources			
Par Amount of Bonds	\$24.4	\$163.6	\$188.0
Net Original Issue Premium/(Discount)	\$0.4	\$3.0	\$3.4
Total Sources of Funds at Closing	\$24.8	\$166.6	\$191.4
Uses			
Deposit to Project Fund	\$20.7	\$144.9	\$165.7
Capitalized Interest	\$2.0	\$7.4	\$9.4
Deposit to the Common Debt Service Reserve Sub-Fund	\$1.9	\$12.9	\$14.8
Cost of Issuance	\$0.2	\$1.3	\$1.5
Total Uses of Funds at Closing	\$24.8	\$166.6	\$191.4

NOTES:

Numbers may not sum due to rounding.

Does not reflect the issuance of refunding bonds.

Assumes market rates as of October 2025, plus 50 basis points.

SOURCE: Jefferies LLC, October 2025.



Mr. Michael J. McMurray
Chicago Department of Aviation
October 7, 2025

Purpose of the 2025 Letter of the Airport Consultant

This 2025 Letter summarizes relevant information that has become available since the 2023 Report was prepared, including information regarding the 2025AB Bonds. This 2025 Letter also includes updated data related to the Airport's ongoing and future capital projects, the economic base for air transportation, air traffic, and financial operations (including actual debt service on the Series 2023AB Bonds, Series 2023C Bonds (collectively, the 2023 Bonds), Series 2024AB Bonds, and anticipated debt service on the 2025AB Bonds and future bonds). Savings from current or future refunding bonds are not assumed in the financial analysis.

Ricondo prepared the 2023 Report and this 2025 Letter for the stated purposes as expressly set forth therein and for the sole use by the City and its intended recipients. The 2023 Report and this 2025 Letter should be read in their entirety for an understanding of the analysis, assumptions, and opinions presented. The 2023 Report was included as Appendix E of the Official Statement for the issuance of the 2023 Bonds and is attached to this 2025 Letter for reference as **Attachment 2**.¹ The 2023 Report incorporated debt service projections associated with the 2023AB Bonds, as well as future bonds assumed to be issued during the 2023 Report Projection Period (through Fiscal Year [FY] 2028).

On the basis of the updated analyses set forth in this 2025 Letter, Ricondo reaffirms its opinion that the Senior Lien Revenues 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.

Table 2 summarizes key changes and findings by subject matter since the 2023 Report that support Ricondo's conclusion.

The approach and assumptions used in preparing this 2025 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 2025 Letter, including enplaned passenger forecasts, may not materialize. Therefore, achievement of the forecasts presented in this 2025 Letter is dependent on the occurrence of future events, which cannot be assured, and the variations may be material.

¹ Attachment 1, provided directly following the Updated Financial Analysis in this 2025 Letter, consists of updated financial projection tables consistent with Appendix B of the 2023 Report.

Mr. Michael J. McMurray
Chicago Department of Aviation
October 7, 2025

TABLE 2 SUMMARY OF KEY CHANGES AND FINDINGS SINCE PREPARATION OF 2023 REPORT

FINANCIAL ANALYSIS VARIABLES		
	CHANGE(S) SINCE 2023 REPORT	ESTIMATED IMPACT OF CHANGE(S) ON OVERALL/KEY FINANCIAL RESULTS
Projection Period	Projection Period used in the 2023 Report (FY 2023 to FY 2028) was changed to FY 2025 to FY 2030.	No material impact
Airport Capital Improvement Program	The Airport's CIP used in the 2023 Report (FY 2023 – 2027) was changed to FY 2025 – FY 2029.	No material impact. The changes in debt service reflect the updated capital plans and assumed funding sources.
Economic Base for Air Transportation	Moderate economic growth is expected to continue nationwide, although at a slightly lower rate than estimated at the time the 2023 Report was prepared. Population projections have slightly increased for the ATA and nation. National unemployment rates and local unemployment rates have decreased. Current short-term (1 to 3 years) unemployment rate projections are lower than the projections in the 2023 Report. Current short-term projections of gross domestic product growth rates are lower than those included in the 2023 Report.	No material impact. The air traffic forecast has been updated, and there are no material changes in economic and demographic projections.
Air Traffic Forecasts	Adjustments were made to reflect the current short-term flight schedules and updated economic and demographic projections. In the 2025 forecast, passengers are forecast to decrease at a 0.6 percent CAGR from FY 2024 through FY 2028, whereas in the 2023 forecast, passengers were forecast to increase at a 1.1 percent CAGR during the same period. Enplaned passenger volumes are lower in the 2025 forecast than the 2023 forecast, with 10.4 million enplaned passengers forecast in FY 2028 in the 2025 forecast compared to 12.0 million enplaned passengers forecast in the 2023 forecast. The Projection Period is updated relative to the 2023 Report in the 2025 forecast, and growth representing a 0.8 percent CAGR is forecast from FY 2024 through FY 2030 for the Projection Period as a whole.	Lower forecast volumes of enplaned passengers exert upward pressure on CPE and result in reduced PFC Revenues available for PFC-eligible debt service payments.
Operation and Maintenance Expenses	Projections are based on the budgeted FY 2025 O&M Expenses. In all years between FY 2025 and FY 2028, O&M Expenses are projected to be higher in the 2025 Letter compared to the 2023 Report. O&M Expenses are projected to grow at a CAGR of 4.2 percent during the Projection Period, compared to a CAGR of 5.6 percent projected in the 2023 Report for FY 2023 to FY 2028.	Projected increases in O&M Expenses exert upward pressure on airline rates and charges and on CPE.
Non-Signatory Revenues and Nonairline Revenues	Projections are based on the budgeted FY 2025 Non-Signatory Revenues and Nonairline Revenues. In all years between FY 2025 and FY 2028, Non-Signatory Revenues and Nonairline Revenues are projected to be higher in the 2025 Letter compared to the 2023 Report. Non-Signatory Revenues and Nonairline Revenues are projected to grow at a CAGR of 3.5 percent during the Projection Period, compared to a CAGR of 2.2 percent projected in the 2023 Report for FY 2023 to FY 2028.	Projected increase in Non-Signatory Revenues and Nonairline Revenues is favorable for maintaining rates and charges at reasonable levels.
Debt Service	In all years between FY 2025 and FY 2027, the Net Debt Service projected in the 2025 Letter is lower than the Net Debt Service projected in the 2023 Report; however, in FY 2028, the Net Debt Service projected in the 2025 Letter is \$0.7 million higher than the Net Debt Service projected in the 2023 Report due to extra future bonds used to fund the 2025–2029 CIP projects.	Projected Net Debt Service is favorable for FY 2025 through FY 2027, while the FY 2028 projection is generally consistent with the 2023 Report.
Projected Cost per Enplaned Passenger	Compared with the 2023 Report, the CPE is projected to be higher in all years between FY 2025 and FY 2028 due to the lower volume of forecast enplaned passengers.	CPE is projected to be approximately \$4.16 to \$6.26 higher between FY 2025 and FY 2028 compared to the projections in the 2023 Report.
Projected Debt Service Coverage Ratio	Debt service coverage ratios from FY 2025 to FY 2028 fall within a similar range compared with the 2023 Report, reflecting the updates described in this table and the residual nature of the Airport Use Agreements.	No material change is projected in debt service coverage.

NOTES:

ATA – Air Trade Area; CAGR – Compound Annual Growth Rate; CPE – Cost Per Enplaned Passenger; CIP – Capital Improvement Program; FY– Fiscal Year (ending December 31); O&M – Operation and Maintenance; PFC – Passenger Facility Charge

SOURCE: Ricondo & Associates, Inc., October 2025.

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Furthermore, current forecasts do not account for potential economic changes associated with US or other government economic policies, trade initiatives, and geopolitical issues, or potential impacts on air travel. At the time of this 2025 Letter, US federal policies and actions related to these subjects are constantly changing and impacts are uncertain. Future economic conditions and affected forecasts are subject to change in both the near-term and the long-term.

Airport Capital Improvement Program Update

The Airport's Capital Improvement Program (CIP) includes ongoing rehabilitation projects and repair and maintenance of existing infrastructure and facilities, including airfield rehabilitation projects; improvements to the terminal building, parking structures, and the Airport Maintenance Complex (AMC); cyclical vehicle and equipment replacement; continuation of the Airport's Residential Sound Insulation Program (RSIP); and land acquisition. The current CIP includes estimated project costs of approximately \$660.4 million for calendar years (CYs) 2025 to 2029 (2025–2029 CIP), which includes the 2025 Airport Projects, as defined herein.

Funding sources for capital projects include proceeds from airport revenue bonds, Federal Aviation Administration (FAA) Airport Improvement Program (AIP) grants, FAA Infrastructure Investment and Jobs Act (IIJA) grants, and other grant funding. For purposes of the financial analysis included with this 2025 Letter, the 2025–2029 CIP is funded with approximately \$68.6 million in FAA grant funds,² approximately \$82.3 million of previously issued Senior Lien Revenue Bonds, approximately \$165.7 million of Series 2025 Bonds, and approximately \$343.7 million of future bonds. The City intends to use additional AIP entitlement and IIJA Airport Infrastructure Grant (AIG) funds for eligible projects. The City also anticipates applying for discretionary AIP and/or IIJA Airport Terminal Program (ATP) grants. These or other grant funds may serve to offset project costs currently assumed to be funded with bond proceeds.

Passenger Facility Charge (PFC) and rental car Customer Facility Charge (CFC) Revenues indirectly fund projects as they are used for existing airport revenue bond debt service; CFC Revenues have been pledged as Other Available Monies to fully pay debt service on the Series 2018A Bonds.

Table 3 shows the 2025–2029 CIP broken out by category, and **Table 4** summarizes CIP Airport projects to be funded with the Series 2025 Bonds.

² FAA grant funds are assumed to fund approximately \$33.7 million of future RSIP costs, which represents approximately 60 percent of project costs, and approximately \$35.0 million for Runway 13C/31C and associated taxiways rehabilitation and infrastructure upgrade projects. Should any assumed future grants not be received, the City is anticipated to issue additional Senior Lien Revenue Bonds to cover the project costs. The City may seek additional FAA grant funding for eligible airport projects.

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TABLE 3 2025–2029 CAPITAL IMPROVEMENT PROGRAM COSTS BY CATEGORY (IN MILLIONS)

CATEGORY	TOTAL
Airfield	\$342.3
Terminal	\$165.9
Facilities, Fuel, Vehicles	\$59.5
Noise ¹	\$56.1
Parking	\$18.5
Land/Property Acquisition	\$18.0
Total Estimated Costs	\$660.4

NOTE:

Totals may not add up due to rounding.

¹ Reflects estimated RSIP costs anticipated during the Projection Period. Additional RSIP project costs are anticipated beyond the Projection Period.

SOURCE: Chicago Department of Aviation, October 2025.

TABLE 4 THE 2025 AIRPORT PROJECTS AND ESTIMATED COSTS (IN THOUSANDS)

PROJECT DESCRIPTION	ESTIMATED TOTAL PROJECT COST	ESTIMATED PROJECT COST FUNDED WITH SERIES 2025 BONDS
Runway 13C/31C Associated Taxiways Rehabilitation and Infrastructure Upgrades	\$61,500	\$29,200
Residential Sound Insulation Program	\$54,788	\$35,892
Baggage Handling System and Checked Baggage Inspection System Elements	\$42,420	\$14,507
Taxiway/Airside/Terminal Ramp Pavement	\$39,065	\$23,239
AMC Improvements	\$20,133	\$16,891
Cyclical Vehicle and Equipment Replacement	\$17,810	\$17,810
Central Terminal Pad Design	\$17,000	\$10,961
MDW CIP Implementation	\$15,335	\$8,350
Other Projects ¹	\$17,489	\$8,833
Total	\$285,540	\$165,683

NOTES:

AMC – Airport Maintenance Complex; CBIA – Checked Baggage Inspection Area; CIP – Capital Improvement Program; CTA – Chicago Transit Authority

Totals may not sum due to rounding.

Should any anticipated future grants not be received, the City is anticipating to issue additional Senior Lien Revenue Bonds to cover the project costs.

The City is in the process of seeking MII approval for projects within the 2025-2029 CIP. The Series 2025 Bond proceeds may be repurposed for those projects, depending on the timing of project expenditures.

¹ Other Projects are individually less than \$15 million in estimated project cost and include: Terminal Parking Garage Structural Investigation & Repairs, Economy Garage Lighting, and Airline Electrical Vault Improvements.

SOURCE: Chicago Department of Aviation, October 2025.

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Updated Information Regarding the Economic Base for Air Transportation

Ricondo reviewed certain socioeconomic information made available since the date of the 2023 Report. The information suggests no material change in economic conditions has occurred that changes the findings of the 2023 Report regarding the economic base for air transportation in the Airport's Air Trade Area (ATA), which comprises the Chicago-Naperville-Elgin Metropolitan Statistical Area (MSA), Kankakee MSA, and Kenosha MSA,³ and the findings remain valid for this 2025 Letter's Projection Period (through FY 2030). As of 2024, the Chicago ATA is the fourth largest in the US and the largest in the Midwest. The projected near-term economic performance for the ATA and the United States is similar to what was projected in the 2023 Report, and the projected long-term (through the Projection Period) economic performance for the ATA and the United States is similar to what was reflected in the 2023 Report.

At the time of this 2025 Letter, the implementation of tariffs and other policies and actions executed by the US government that have the potential to impact economic conditions and travel, directly or indirectly, are in various stages of development and implementation. It is too soon to account for the potential near- or long-term impacts, if any, of such actions on the national and global economies or air travel. Implementation of such policies may impact air travel, economic projections (i.e., gross domestic product [GDP] growth, levels of employment, and Per Capita Personal Income (PCPI) growth), further affecting air traffic. Despite these potential impacts, the economic base of the ATA is anticipated to remain capable of supporting increases in demand for air transportation at the Airport during the Projection Period.

The following subsections provide an overview of recent economic and demographic data and projections, including near-term (CY 2021 to CY 2030) projections from the Congressional Budget Office (CBO) and International Monetary Fund (IMF) for the United States, when available. Comparisons are made between the data and projections available at the time of the 2023 Report and the data and projections available at the time of this 2025 Letter.

Population

The updated Woods & Poole Economics, Inc. (Woods & Poole)⁴ projection of US population growth, as considered in this 2025 Letter, represents a compound annual growth rate (CAGR) of 0.7 percent between CY 2021 and CY 2028, whereas the ATA population growth is projected to be 0.2 percent during the same period. The rate of US population growth between CY 2021 and CY 2028 is lower than the growth rate projected between CY 2021 and CY 2028 in the 2023 Report. However, due to faster actual US population growth in CY 2021 compared to what was projected by Woods & Poole as reported in the 2023 Report,

³ The ATA comprises 15 counties: 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. To be consistent with the 2023 Report, Ricondo defines the ATA in this 2025 Letter as the 15 counties of the previously existing Chicago-Naperville-Elgin MSA, Kankakee MSA, and Kenosha MSA. Older versions of the MSA included both the Kenosha and Kankakee MSAs.

⁴ Woods & Poole is an independent firm specializing in long-term economic data and demographic data projections.

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population in the base year for this 2025 Letter (CY 2021) is greater than the base year population projected in the 2023 Report. As a result, the CY 2028 level of US population in this 2025 Letter is higher than the projected level in the 2023 Report (approximately 348.6 million in this 2025 Letter versus approximately 346.8 million in the 2023 Report). The projected CY 2028 ATA population is higher than the projections detailed in the 2023 Report (approximately 9.8 million in this 2025 Letter versus approximately 9.7 million in the 2023 Report).

The Woods & Poole projection of total US population growth indicates a CAGR of 0.6 percent between CY 2025 and CY 2030, which is slightly greater than the CAGRs indicated by the population projections of the CBO⁵ and the IMF⁶ during the same period, which are 0.5 percent and 0.6 percent, respectively. It should be noted that the CBO population projection for CY 2025 is approximately 349.8 million, which is greater than both the Woods & Poole and IMF projections for that year—approximately 342.3 million and 342.4 million, respectively.

Per Capita Personal Income

The updated Woods & Poole projections of US PCPI and the ATA PCPI assessed in this 2025 Letter yield a CAGR of 0.7 percent between CY 2021 and CY 2028. The rate of US PCPI growth between CY 2021 and CY 2028 is lower than the growth rate projected between CY 2021 and CY 2028 in the 2023 Report, which was 1.1 percent. Due to faster actual US PCPI growth in CY 2021 compared to what was projected by Woods & Poole, as reported in the 2023 Report, the actual level in the base year for this 2025 Letter (CY 2021) is higher than the level projected in the 2023 Report. As a result, the CY 2028 level of US PCPI in this 2025 Letter is greater than the projected level in the 2023 Report (approximately \$70,799 in this 2025 Letter versus approximately \$68,036 in the 2023 Report). The ATA PCPI CAGR declined from 1.3 percent in the 2023 Report to 0.7 percent in this 2025 Letter, which resulted in the CY 2028 ATA PCPI being similar to the one projected in the 2023 Report (approximately \$77,641 in the 2025 Letter versus approximately \$77,275 in the 2023 Report).

Unemployment Rate

In July 2025 (the most recent historical data available at time of this 2025 Letter), the unemployment rate for the ATA, as reported by the US Department of Commerce, Bureau of Labor Statistics (BLS), is 4.9 percent (non-seasonally adjusted), which is greater than unemployment in the nation (4.2 percent, non-seasonally adjusted) during the same period. The ATA unemployment rate in July 2025 (4.9 percent) is 0.2 percent lower than the average rate in 2024 (5.1 percent, non-seasonally adjusted). In comparison, the national unemployment rate increased during the same period from 4.0 percent (non-seasonally adjusted) on average in 2024 to 4.2 percent in July 2025.

⁵ Congressional Budget Office, *The Demographic Outlook: 2025 to 2035*, January 2025.

⁶ International Monetary Fund, *World Economic Outlook*, April 2025.

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The most current CBO economic outlook released in January 2025 projects the national annualized (seasonally adjusted) unemployment rate to rise from 4.3 percent in CY 2025 to 4.4 percent in CY 2026 and remain at 4.4 percent through CY 2030.⁷ The June 2023 CBO economic outlook, which was cited in the 2023 Report, projected a higher increase of the national annual unemployment rate beginning with 4.9 percent in CY 2024 and declining to 4.5 percent in 2027, and remaining at 4.5 percent through CY 2030.

Per Capita Gross Domestic/Regional Product

While the Woods & Poole projections for this 2025 Letter indicate lower CAGRs for ATA per capita gross regional product (GRP),⁸ CAGRs for US per capita GDP between CY 2021 and CY 2028 (1.8 percent and 1.5 percent, respectively) are comparable to the CAGRs for the 2023 Report's CY 2021 through CY 2028 Projection Period (2.0 percent and 1.5 percent, respectively). Both ATA per capita GRP and US per capita GDP are still projected to be at higher levels in CY 2028 (approximately \$95,216 billion and \$82,076 billion, respectively) than what was projected and described in the 2023 Report (approximately \$90,440 billion and \$74,103 billion, respectively).

The most current CBO economic outlook released in January 2025 projects a 1.9 percent year-over-year increase in real GDP for CY 2025, an increase of 1.8 percent in CY 2026, and a CAGR of 1.8 percent between CY 2025 and CY 2030.⁹ By comparison, the CBO economic outlook available at the time of the 2023 Report, the June 2023 CBO economic outlook, projected an increase in GDP of 2.7 percent in CY 2025, as described in the 2023 Report. The real GDP growth projections by the CBO in January 2025 are similar to recent projections by the IMF. The July 2025 IMF economic outlook projects a 1.9 percent year-over-year increase in real GDP for CY 2025, an increase of 2.0 percent in CY 2026, and a CAGR of 2.0 percent between CY 2025 and CY 2030.¹⁰

Based on the analysis in this 2025 Letter, as well as the most recent unemployment data and economic projection information previously described, Ricondo's opinion is unchanged: the ATA 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 presented in the 2023 Report remain valid.

⁷ Congressional Budget Office, *The Budget and Economic Outlook: 2025 to 2035*, January 2025.

⁸ To remain consistent with the GRP and GDP data provided in the 2023 Report, all GRP and GDP Woods & Poole data in this 2025 Letter are presented in 2021 dollars.

⁹ Congressional Budget Office, *The Budget and Economic Outlook: 2025 to 2035*, January 2025.

¹⁰ International Monetary Fund, *World Economic Outlook*, July 2025.

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Other Socioeconomic Projections

Woods & Poole projects total personal income in the ATA to increase at a CAGR of 1.8 percent between CY 2023 and CY 2030. This rate is below the national average of 2.2 percent and above the Midwest average of 1.7 percent for the same period. Total personal income (in real 2017 dollars) in the ATA is projected to rise from \$610.7 billion in CY 2023 to \$689.9 billion by CY 2030.

A similar trend is observed for total earnings, with projections showing a CAGR of 1.6 percent for the ATA from CY 2023 to CY 2030. This growth rate remains lower than the total earnings growth rate of 1.9 percent for the United States and higher than the total earnings growth rate of 1.4 percent for the Midwest over the same period. The projection indicates total earnings in the ATA will rise from \$440.1 billion in 2023 to \$493.2 billion in CY 2030.

Net earnings in the ATA are projected to increase at a CAGR of 1.8 percent between CY 2023 and CY 2030, which is below the net earnings growth for the United States (2.0 percent) and above the net earnings growth for the Midwest (1.5 percent) over the same period. This projection indicates net earnings in the ATA will rise from \$387.5 billion in CY 2023 to \$439.1 billion in CY 2030.

Updated Information Regarding Air Traffic

Table 5 presents the 2014 to 2024 and 2025 year-to-date (January 2025 through June 2025) domestic, international, and total enplaned passengers. Total enplaned passengers increased from 10.6 million passengers in 2014 to 10.7 million passengers in 2024, representing a 0.1 percent CAGR. Domestic enplaned passenger volumes in 2014 and 2024 were similar, with approximately 6,000 more domestic enplaned passengers recorded in 2024 than 2014, while growth in international enplaned passengers represented a 2.8 percent CAGR. In 2024, domestic enplaned passengers decreased 2.8 percent, and international enplaned passengers increased 3.9 percent relative to the prior year, resulting in a 2.6 percent year-over-year decrease in total enplaned passengers. International passenger volumes have yet to recover to 2019 levels, with 2024 representing 97.3 percent of international enplaned passenger volumes recorded in 2019, while domestic and total enplaned passengers first exceeded 2019 levels in 2023.

2024 Activity and Air Service Developments

Southwest Airlines (Southwest) continues to operate a focus city at MDW. In 2024, Southwest represented 88.1 percent of total passengers at MDW, including 90.3 percent of domestic passengers and 29.5 percent of international passengers.

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TABLE 5 DOMESTIC AND INTERNATIONAL ENPLANED PASSENGERS

YEAR	DOMESTIC		INTERNATIONAL		TOTAL	
	ENPLANED PASSENGERS	ANNUAL GROWTH	ENPLANED PASSENGERS	ANNUAL GROWTH	ENPLANED PASSENGERS	ANNUAL GROWTH
2014	10,315,089		292,907		10,607,996	
2015	10,731,246	4.0%	386,977	32.1%	11,118,223	4.8%
2016	10,953,566	2.1%	392,182	1.3%	11,345,748	2.0%
2017	10,825,564	-1.2%	406,708	3.7%	11,232,272	-1.0%
2018	10,625,852	-1.8%	396,372	-2.5%	11,022,224	-1.9%
2019	10,021,351	-5.7%	396,464	0.0%	10,417,815	-5.5%
2020	4,311,767	-57.0%	134,139	-66.2%	4,445,906	-57.3%
2021	7,663,768	77.7%	260,576	94.3%	7,924,344	78.2%
2022	9,601,294	25.3%	345,588	32.6%	9,946,882	25.5%
2023	10,616,345	10.6%	371,430	7.5%	10,987,775	10.5%
2024	10,320,937	-2.8%	386,063	3.9%	10,707,000	-2.6%
January 2024 – June 2024	4,932,075		192,881		5,124,956	
January 2025 – June 2025	4,304,292	-12.7%	172,204	-10.7%	4,476,496	-12.7%
Compound Annual Growth Rate						
2014 – 2024	0.0%		2.8%		0.1%	

SOURCE: Chicago Department of Aviation, September 2025.

In 2024, 7 passenger airlines provided scheduled service at the Airport, and nonstop service was provided to 93 destinations. Service to 2 unserved destinations began during the year, with Southwest adding service to El Paso International Airport (ELP) and resuming service to Bozeman Yellowstone International Airport (BZN), which was last served in 2021. BZN and ELP are also served from Chicago O'Hare International Airport (ORD) by American Airlines (American) and United Airlines (United). Two additional new routes were offered from the Airport during the year, with Frontier Airlines (Frontier) augmenting existing Southwest service to the Baltimore/Washington and Houston metropolitan areas with service to Baltimore/Washington International Thurgood Marshall Airport (BWI) and George Bush Intercontinental Airport (IAH; Houston). Frontier ended service to three destinations served in 2023: Fort Lauderdale–Hollywood International Airport (FLL); Sangster International Airport (MBJ) in Montego Bay, Jamaica; and Ontario International Airport (ONT). However, Southwest continued to provide service to these destinations from MDW.

Southwest scheduled 6.8 percent fewer departing seats in 2024 than 2023, representing a decrease of approximately 860,000 seats. Southwest suspended service to two destinations relative to 2023, Boise Airport (BOI) and John Wayne Airport (SNA), though service to BOI was reinstated in 2025. Both BOI and SNA were also served from ORD by multiple airlines in 2024. Among the 77 airports served in both years, seat capacity increased on 31 routes and decreased on 46 routes.

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In 2024, three of the seven airlines serving the Airport, Porter Airlines (Porter), Allegiant Air (Allegiant), and Avelo Airlines (Avelo), increased their scheduled seat capacity relative to the prior year. All three airlines maintained the nonstop service offered in 2023, with Porter and Avelo operating service to one destination each, while Allegiant served six destinations.

2025 Activity and Air Service Developments

For the first six months of 2025, total enplaned passengers are 12.7 percent lower than the first six months of 2024. The 2025 year-to-date percentage decrease is 12.7 percent for domestic enplaned passengers and 10.7 percent for international enplaned passengers.

Based on published airline schedules for the full year in 2025, 7 airlines are scheduled to provide service to 96 destinations during the year, comprising 85 domestic destinations and 11 international destinations. Avelo, which shifted service from MDW to ORD in May 2025, was the sole airline providing service from the Airport to Tweed New Haven Airport (HVN). In 2025, Southwest resumed service to four previously served destinations: BOI, Spokane International Airport (GEG), Palm Springs International Airport (PSP), and Indianapolis International Airport (IND). BOI, GEG, and PSP had been served intermittently following the onset of the COVID-19 pandemic, while IND had last received service to MDW prior to the onset of the COVID-19 pandemic.

Southwest has currently scheduled 4.4 percent fewer departing seats in 2025 than 2024, representing a decrease of approximately 515,000 seats. Southwest suspended service to three destinations served in 2024: IAH, Washington Dulles International Airport (IAD), and Palm Beach International Airport (PBI). However, the airline continues to serve other airports in these markets from MDW. Among the destinations scheduled to be served by Southwest from MDW in 2025, 76 were also served in 2024. Of these destinations, 23 are expected to see an increase in scheduled departing seat capacity in 2025 compared to 2024, while the remaining 53 will see a decrease.

In 2025, one airline, Delta Air Lines (Delta), is scheduled to increase departing seat capacity relative to the prior year. Delta has additional capacity scheduled on all three routes offered by the airline from MDW, including Hartsfield–Jackson Atlanta International Airport (ATL), Detroit Metropolitan Wayne County Airport (DTW), and Minneapolis–St. Paul International Airport (MSP), resulting in a 4.7 percent increase in seat capacity. Allegiant is scheduled to operate limited service to Harry Reid International Airport (LAS; Las Vegas), a new route for the airline from MDW, competing with Southwest and Frontier. Frontier continues to adjust its Chicago operational structure, consolidating Cancún International Airport (CUN) and Raleigh–Durham International Airport (RDU) service at ORD, while eliminating service from MDW to San Francisco International Airport (SFO) and Luis Muñoz Marín International Airport (SJU; San Juan). Frontier scheduled departing seats from the Airport are 39.8 percent lower in 2025 compared to 2024, and Frontier has reduced capacity across its overall network by 3.3 percent during the same period. MDW ranks as the airline's 27th largest airport when measured by seat capacity, and regarding the 30 largest airports served by the airline, Frontier has decreased seat capacity at 20 airports and increased service at 10 airports relative to 2024.

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Southwest Airlines

Table 6 presents the average daily departing seat capacity and destinations served by Southwest at its 10 largest focus cities when measured by average daily departing seats. When measured by average daily departing seats, MDW is the fourth-largest Southwest focus city, ranking behind Denver International Airport (DEN), LAS, and BWI. MDW and Nashville International Airport (BNA) are both scheduled to receive service to 80 destinations in 2025, which is the second-largest number of destinations served by Southwest from its focus cities.

TABLE 6 SOUTHWEST AIRLINES AVERAGE DAILY DEPARTING SEATS AND DESTINATIONS SERVED BY FOCUS CITY FOR THE YEAR ENDING DECEMBER 2025

AIRPORT	AVERAGE DAILY DEPARTING SEATS		DESTINATIONS SERVED	
	SEATS	RANKING	DESTINATIONS	RANKING
Denver International	41,098	1	92	1
Harry Reid International (Las Vegas)	38,623	2	73	6
Baltimore/Washington International Thurgood Marshall	33,084	3	79	4
Midway International (Chicago)	30,845	4	80	2
Phoenix Sky Harbor International	30,719	5	62	9
Dallas Love Field	30,634	6	75	5
Nashville International	25,518	7	80	2
William P. Hobby (Houston)	24,045	8	70	7
Orlando International	22,303	9	66	8
St. Louis Lambert International	18,396	10	62	10

SOURCE: Cirium Diio, October 2025.

Southwest is currently implementing changes to its business model with the objective of generating incremental revenue and improving financial performance. Southwest recently launched 24-hour operations with its first redeye flights to increase aircraft utilization, implemented checked bag fees, and expanded fare products to include a basic economy option. In 2026, Southwest plans to introduce assigned seating and an extra legroom onboard product. During its second quarter 2025 earnings call, Southwest's leadership highlighted efforts to provide more connecting opportunities across its network to drive higher load factors.¹¹ Among the 10 focus cities presented in Table 6, MDW was Southwest's third-largest focus city when measured by the share of total passengers represented by connecting passengers in 2024, ranking behind BWI and DEN. MDW also represented the third-largest focus city by total connecting passenger volumes during the same year. These are consistent with the Airport's geographic position and potential to link destinations across Southwest's route network.¹²

¹¹ Southwest Airlines, Q2 2025 Southwest Airlines Financial Results Conference Call, July 24, 2025.

¹² Cirium Diio, August 2025 (US Department of Transportation O&D Survey).

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In March and April 2026, several initiatives discussed previously, including redeye flights to increase aircraft utilization and addition of connecting opportunities, have been incorporated into a revised network and schedule structure. These include adjusted service frequencies, operation times, and routes served.

At the Airport, Southwest scheduled seats and departures in January and February 2026 are marginally lower than January and February 2025. In March 2026, Southwest scheduled seats are 9.1 percent higher than March 2025, while 9.7 percent more departures are scheduled in March 2026 relative to 2025. Several routes have been announced to begin or resume in March 2026, including Des Moines International Airport (DSM), Wichita Dwight D. Eisenhower National Airport (ICT), Milwaukee Mitchell International Airport (MKE), and Tulsa International Airport (TUL), and the airline has specifically cited expanded itinerary options in the announcement in conjunction with the new routes.¹³ All four destinations are scheduled to receive twice-daily service. Among the 71 existing routes offered in both periods, average daily departures are scheduled to increase on 36 routes, decrease on 25 routes, and to have no change on ten routes. Additionally, the airline has adjusted schedules in March 2026 relative to March 2025, concentrating flight operations in narrower time periods, also known as “banks” of flights. This scheduling practice allows for shorter connection times and increased connecting itinerary options.

Updated Forecast of Passengers, Operations, and Landed Weight

Ricondo updated the activity forecast for purposes of this 2025 Letter and followed a methodology similar to the methodology used for the 2023 Report. The short-term passenger forecast was based on analysis of qualitative and quantitative factors, including published airline schedules, historical data, and assumptions based on industry trends, to forecast passenger activity for 2025 and 2026. The short-term forecast incorporates reported activity through July 2025 and published airline schedules used to estimate airline departing seats through December 2025. Departing seat capacity was forecast by airline and region by month from January 2026 through December 2026. Estimated load factors, also specific to the airline, region, and month, were applied to the departing seat forecast to derive the enplaned passenger forecast. The assumptions used to develop the short-term forecast were based on recent trends and account for the seasonality of demand, as well as ongoing delays in the delivery of new aircraft, which have constrained airlines’ capacity to accommodate demand.

Longer-term origin and destination (O&D) passenger activity for the Chicago region was forecast using socioeconomic regression analysis techniques similar to the 2023 Report, which identified predictive statistical relationships between historical O&D passenger volumes and several national and local independent socioeconomic variables sourced from Woods & Poole. Socioeconomic variables incorporated in the regression analysis model include population, employment, total and net earnings, personal income, PCPI, GDP, and GRP. Regression analysis was performed for a 25-year period ending in 2024. Indicator regression variables were applied to 2020 and 2021 O&D passenger volumes, given the significant influence of COVID-19 pandemic factors on activity during this period. It is assumed that these factors are not

¹³ Southwest Airlines, *Tennessee One, Two, Three! New Southwest Service to Knoxville and Spring Break Schedule Available for Purchase*, August 2025.

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representative of typical factors driving aviation demand that are expected to influence future activity levels. The resulting regression equations were then populated with independent projections of the relevant socioeconomic variables, yielding a range of potential O&D passenger growth. Passenger growth was forecast using the average growth rate for all variables, which was applied to the 2026 enplaned passengers, as established in the short-term forecast. Domestic and international O&D passengers were independently forecast for the Airport System, inclusive of both MDW and ORD. The share of O&D passengers was apportioned to MDW and ORD based on an analysis of historical activity patterns of current airline schedules. The connecting passenger forecast was based on the historical relationship between O&D and connecting passenger volumes and the share represented by connecting passengers at MDW. In the forecast presented in the 2023 Report, 2028 represented the outer year of the aviation activity forecast, whereas 2030 represents the outer year for the forecast in this 2025 Letter.

The activity forecast presented in Table 7 through Table 10 was used for purposes of the financial analysis presented in this 2025 Letter.

Table 7 presents MDW historical and forecast enplaned passengers. Domestic enplaned passengers are forecast to increase from 10.3 million passengers in 2024 to 10.4 million passengers in 2030, representing a 0.2 percent CAGR. International enplaned passengers are forecast to decrease by approximately 28,000 passengers from 2024 to 2030, representing a -1.2 percent CAGR. Total enplaned passengers are forecast to increase from 10.7 million passengers in 2024 to 10.8 million passengers in 2030, representing a 0.1 percent CAGR. The forecast 11.3 percent decrease in enplaned passengers in 2025 reflects a decrease in scheduled seat capacity through December 2025 and lower reported load factors observed through April 2025, reflecting trends across Southwest’s consolidated route network.

TABLE 7 DOMESTIC AND INTERNATIONAL ENPLANED PASSENGER FORECAST

YEAR	DOMESTIC		INTERNATIONAL		TOTAL	
	ENPLANED PASSENGERS	ANNUAL GROWTH	ENPLANED PASSENGERS	ANNUAL GROWTH	ENPLANED PASSENGERS	ANNUAL GROWTH
<i>Historical</i>						
2024	10,320,937		386,063		10,707,000	
<i>Forecast</i>						
2025	9,149,619	-11.3%	342,695	-11.2%	9,492,313	-11.3%
2026	9,674,619	5.7%	305,185	-10.9%	9,979,804	5.1%
2027	9,918,125	2.5%	340,080	11.4%	10,258,205	2.8%
2028	10,086,406	1.7%	346,160	1.8%	10,432,566	1.7%
2029	10,254,477	1.7%	352,238	1.8%	10,606,715	1.7%
2030	10,422,643	1.6%	358,320	1.7%	10,780,963	1.6%
<i>Compound Annual Growth Rate</i>						
2024 – 2030	0.2%		-1.2%		0.1%	

SOURCES: Chicago Department of Aviation, July 2025 (historical); Ricondo & Associates, Inc., August 2025 (forecast).

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Southwest's systemwide scheduled seat capacity in 2025 is 1.2 percent lower than 2024 systemwide seat capacity. At the Airport, Southwest's scheduled 2025 seat capacity is 4.3 percent lower than 2024 scheduled seat capacity. On a rolling 12-month basis, load factors for Southwest's systemwide network as a whole were the lowest in April 2025 of any 12-month period since 2023, and they decreased from a network average of 77.1 percent in the 12-month period ending in December 2024 to a network average of 75.8 percent in the 12-month period ending in April 2025. These trends are also influenced by the business, operational, and revenue model changes of Southwest described previously. Growth of activity is forecast to resume in 2026, with enplaned passengers exceeding 2024 levels in 2030.

Enplaned passengers at MDW are forecast to increase 5.1 percent in 2026 on a 5.7 percent increase in domestic enplaned passengers and a 10.9 percent decrease in international enplaned passengers. The forecast domestic enplaned passenger growth reflects Southwest's year-over-year scheduled seat capacity turning positive in March 2026 with a 9.1 percent increase compared to March 2025. This trend continues through April and May with 7.6 percent and 7.3 percent year over year increases in Southwest scheduled seats, respectively. While Southwest has not published complete schedules beyond May 2026 as of October 2025, this trend is expected to continue into future months as the growth in March, April, and May is driven in part by new markets and changes in schedule patterns support increased connectivity at MDW. The forecast decrease in international enplaned passengers is driven in large part by a 22.4 percent decrease in Volaris scheduled seat capacity in the first quarter of 2026 relative to the first quarter of 2025. While Volaris is scheduled to serve the same destinations in 2026 as 2025, some destinations that were served daily in 2025 will only be served 3 or 4 days a week in 2026.

Table 8 presents the forecast of O&D and connecting enplaned passengers at MDW. O&D enplaned passengers are forecast to increase from 6.9 million passengers in 2024 to 7.3 million passengers in 2030, representing a 0.8 percent CAGR. Approximately 3.5 million connecting enplaned passengers are forecast in 2030, 6.8 percent less than 2024 connecting passenger volumes, with a -1.2 percent CAGR. The O&D passenger share of total passengers at the Airport is forecast to increase from 64.6 percent in 2024 to 67.3 percent in 2030.

Passenger airline operations (arriving and departing flights) were forecast based on the enplaned passenger forecast and estimates of future average seats per departure and load factor. The forecast of all-cargo airline operations was based on the year-over-year change in total US cargo revenue ton miles (RTMs) forecast in the *FAA Aerospace FYs 2025–2045* (2025 FAA Aerospace Forecast), and it was assumed that the share of total RTMs represented by activity at the Airport and RTMs per operation do not change during the Projection Period. Non-commercial operations (i.e., general aviation and other air taxi operations) were forecast using growth rates established in the 2025 FAA Aerospace Forecast for air taxi and general aviation operations and applied to baseline 2024 reported operations. Military operations were assumed to remain constant at 2024 levels through 2030.

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TABLE 8 ORIGIN AND DESTINATION AND CONNECTING ENPLANED PASSENGER FORECAST

YEAR	ENPLANED PASSENGERS			SHARE OF ENPLANED PASSENGERS	
	ORIGIN AND DESTINATION	CONNECTING	TOTAL	ORIGIN AND DESTINATION	CONNECTING
Historical					
2024	6,920,307	3,786,693	10,707,000	64.6%	35.4%
Forecast					
2025	6,384,312	3,108,001	9,492,313	67.3%	32.7%
2026	6,712,187	3,267,617	9,979,804	67.3%	32.7%
2027	6,898,478	3,359,727	10,258,205	67.2%	32.8%
2028	7,015,822	3,416,744	10,432,566	67.2%	32.8%
2029	7,133,024	3,473,690	10,606,715	67.3%	32.7%
2030	7,250,294	3,530,669	10,780,963	67.3%	32.7%
Compound Annual Growth Rate					
2024 – 2030	0.8%	-1.2%	0.1%		

SOURCES: Chicago Department of Aviation, July 2025 (historical); Ricondo & Associates, Inc., August 2025 (forecast).

Table 9 presents the actual and forecast operations from 2024 through 2030. Total operations are forecast to decrease from 223,637 in 2024 to 216,876 in 2030, which represents a -0.5 percent CAGR.

TABLE 9 OPERATIONS FORECAST

YEAR	OPERATIONS			
	PASSENGER AIRLINES	ALL-CARGO	GENERAL AVIATION / OTHER AIR TAXI	TOTAL
Historical				
2024	164,974	0	58,663	223,637
Forecast				
2025	152,446	0	60,632	213,077
2026	150,798	0	60,536	211,335
2027	152,785	0	61,269	214,054
2028	153,157	0	62,092	215,250
2029	153,485	0	62,601	216,085
2030	153,773	0	63,103	216,876
Compound Annual Growth Rate				
2024 – 2030	-1.2%	NA	1.2%	-0.5%

NOTE:

NA – Not Applicable

SOURCES: Chicago Department of Aviation, July 2025 (historical); Ricondo & Associates, Inc., August 2025 (forecast).

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Table 10 presents the actual and forecast landed weight at the Airport from 2024 through 2030. Historically, all-cargo airlines have served Chicago at ORD, which is assumed to remain constant throughout the Projection Period. Table 10 presents the total landed weight, which is equivalent to passenger airline landed weight for the purposes of this forecast. Changes in passenger airline landed weight have historically been correlated with changes in passenger airline departing seat capacity. Passenger airline landed weight is forecast to change in line with changes in departing seat capacity, under the assumption that changes in average seats per departure generally reflect changes in average aircraft size. In the short-term forecast period through 2026, departing seat capacity is forecast to decrease, while departing seats are forecast to increase starting in 2027 through the end of the Projection Period. Therefore, landed weight, is forecast to initially decrease before increasing in the period between 2027 and 2030. During the Projection Period as a whole, passenger airline landed weight is forecast to increase by approximately 40,000 thousand-pound units to 11.7 million thousand-pound units, representing a 0.1 percent CAGR.

TABLE 10 LANDED WEIGHT FORECAST

YEAR	TOTAL	ANNUAL CHANGE
<i>Historical</i>		
2024	11,699,693	
<i>Forecast</i>		
2025	10,956,241	-6.4%
2026	10,920,977	-0.3%
2027	11,211,863	2.7%
2028	11,388,463	1.6%
2029	11,564,399	1.5%
2030	11,740,015	1.5%
<i>Compound Annual Growth Rate</i>		
2024 – 2030	0.1%	

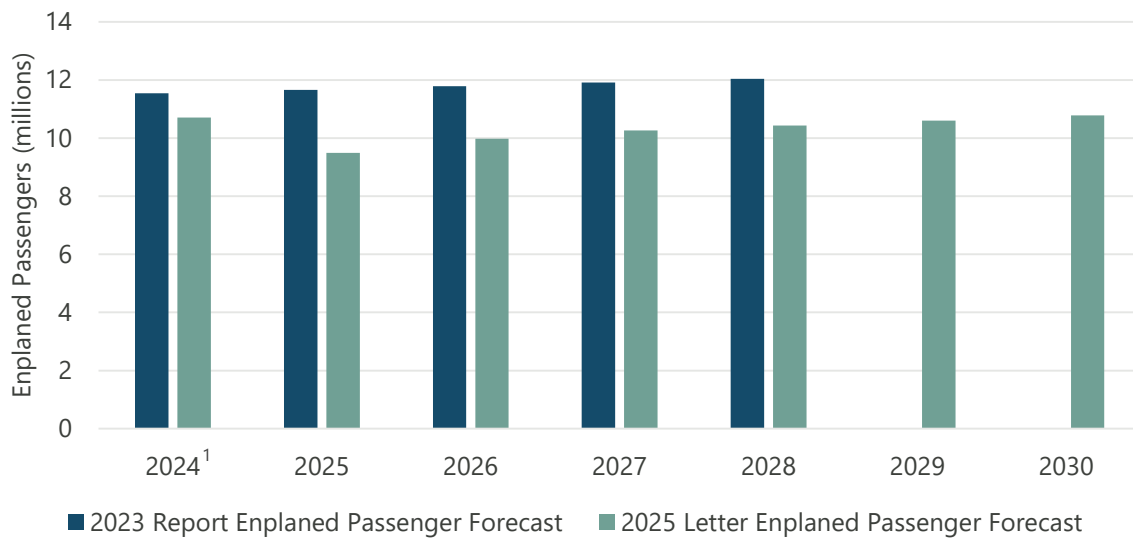
SOURCES: Chicago Department of Aviation, July 2025 (historical); Ricondo & Associates, Inc., August 2025 (forecast).

Forecast Comparison

Exhibit 1 compares actual and forecast enplaned passengers from the forecast prepared for the 2023 Report and the forecast prepared for the 2025 Letter. The 2025 forecast is lower than the 2023 forecast in 2028, with 10.4 million enplaned passengers forecast for 2028 in the 2025 Letter compared to 12.0 million enplaned passengers forecast for 2028 in the 2023 Report. In the 2025 Letter, enplaned passengers are forecast to decrease at a 0.6 percent CAGR from 2024 through 2028, while in the 2023 Report, enplaned passengers are forecast to increase at a 1.1 percent CAGR during the same period. The 2025 Letter forecast period extends through 2030, and growth during the entire period represents a 0.1 percent CAGR.

Mr. Michael J. McMurray
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October 7, 2025

EXHIBIT 1 ENPLANED PASSENGER FORECAST COMPARISON



NOTE:

The financial analysis assumes the 2025 forecast.

1 2024 Enplaned Passenger from the 2023 Report represents the forecasted number, and the figure from the 2025 Letter represents the actual number.

SOURCES: Chicago Department of Aviation, July 2025 (historical); Ricondo & Associates, Inc., August 2025 (forecast).

Factors affecting aviation demand, including those described in the 2023 Report, have the potential to impact air traffic and activity forecasts included in the 2023 Report and this 2025 Letter. If impacted, these forecasts may not be attained. Developments that have occurred since the 2023 Report include the escalation of certain geopolitical issues and US trade or policies. Major geopolitical issues include the continued conflict between Russia and Ukraine, which began in February 2022 with Russia's invasion of Ukraine; an escalation of conflict between Israel and Hamas, which began in October 2023; and the escalation of conflict between Israel and Iran, which began in June 2025. Further developments in these conflicts could exacerbate geopolitical and economic uncertainty and potentially impact demand for travel to certain regions during the forecast period. The potential impacts of these conflicts or tariffs and government policies on the demand for air travel, and the underlying economics, were not incorporated into the baseline analyses or findings of this 2025 Letter.

Mr. Michael J. McMurray
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Updated Financial Analysis

Changes to the financial analysis from the 2023 Report reflect updates to activity forecasts, airline rates and charges budget information, actual debt service on the 2023 Bonds and bonds refunded by the 2023C and 2024AB Bonds, the estimated 2025AB Bonds, and updated future debt service assumptions based on the updated 2025–2029 CIP costs.

This updated financial analysis, like the 2023 Report, assumes a continuation of the rate-setting methodology set forth in the existing Airport Use Agreements and Facilities Leases (Airport Use Agreements) for the entirety of the Projection Period. The stated termination date of the Airport Use Agreements is December 31, 2027, which falls within the Projection Period. Although new agreements may contain a different rate-setting methodology, the City has covenanted through the Senior Lien Indenture to set rates and charges sufficient to cover Operation and Maintenance (O&M) Expenses and Aggregate Senior Lien debt service requirements, including coverage as further detailed in the Senior Lien Indenture.

The FY 2025 first-half budget for the Airport and the baseline traffic activity forecast for MDW serve as the basis for the updated financial projections and the financial analysis presented in this 2025 Letter.

Generally, changes to the financial projections compared with the 2023 Report include the following:

- O&M Expenses
- Non-Signatory Airline and Nonairline Revenues
- Other Available Revenue
- Net Debt Service

An updated set of financial projection tables, corresponding to Appendix B of the 2023 Report, are included at the end of this 2025 Letter as **Attachment 1**.

Updated Operation and Maintenance Expense Projections

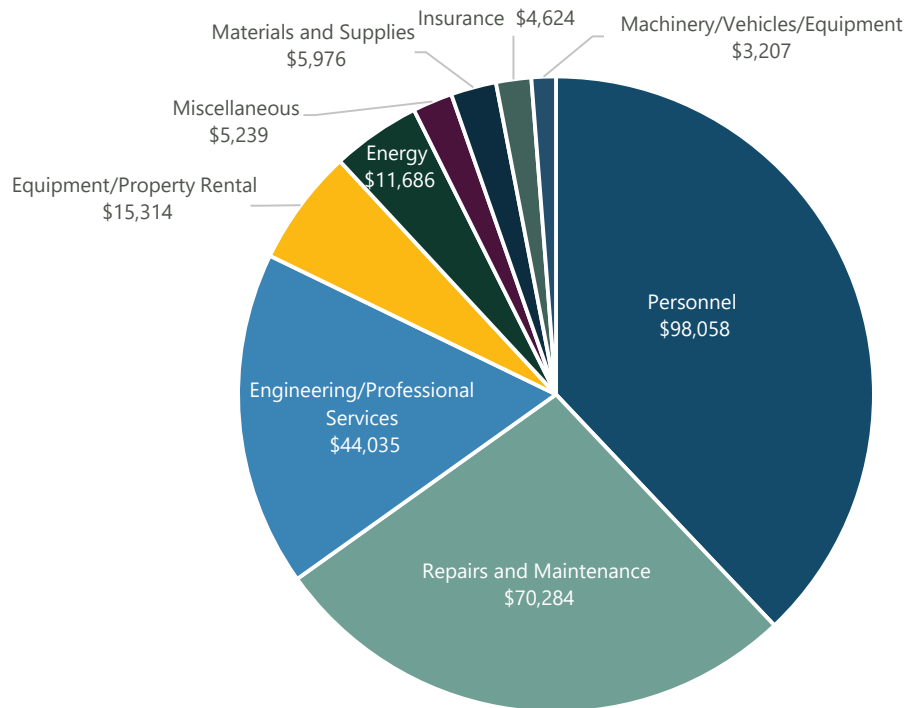
The CDA annually sets a budget for airline rates and charges using the rate-setting methodology set forth in the Airport Use Agreements, which is based on the budgeted O&M Expenses, Nonairline Revenues, required fund deposits, and debt service on Airport Obligations. O&M Expenses include expenses associated with operating and maintaining the Airport, including the airfield, terminal, and landside facilities.

The approved 2023 airline rates and charges budget for the Airport served as the base from which O&M Expenses were projected in the 2023 Report. As shown in **Table A-1, Appendix A** to the 2023 Report, between 2017 and 2022, actual O&M Expenses for the Airport were less than the budgeted amount in 3 of the 6 years, averaging 6.7 percent below budget. Actual O&M Expenses in 2023 were approximately \$196.8 million, 2.7 percent lower than the 2023 budgeted O&M Expenses.

Exhibit 2 presents the 2025 budgeted O&M Expenses by cost category.

Mr. Michael J. McMurray
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EXHIBIT 2 2025 BUDGET OPERATION AND MAINTENANCE EXPENSES BY COST CATEGORY (IN THOUSANDS)



NOTES:

The budget reflects rates and charges.

Miscellaneous includes budgeted expense-reduction initiatives.

SOURCE: Chicago Department of Aviation, October 2025.

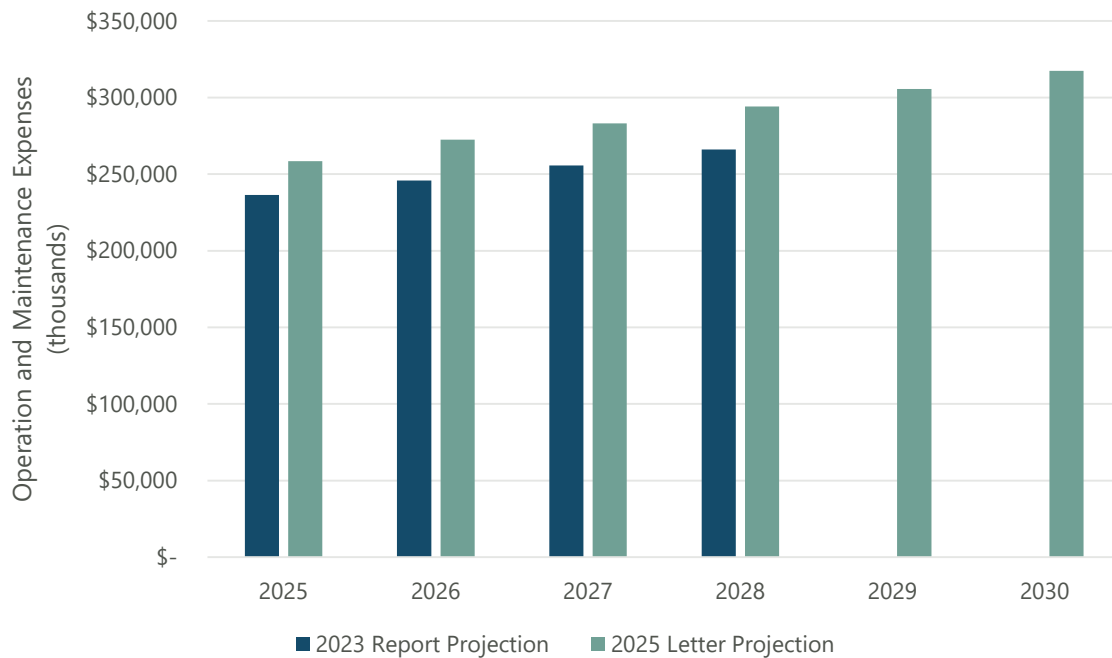
Since the 2023 Report, the CDA released its first-half 2025 airline rates and charges budget and reaffirmed those rates in June 2025. O&M Expense projections are based on the type of expense, expectations of future inflation (assumed to be 3.0 percent annually through the Projection Period), and incremental O&M Expenses related to the completion of the 2025–2029 CIP projects.

As shown in **Table A-1** (Attachment 1), total O&M Expenses are projected to increase from approximately \$258.4 million in 2025 to approximately \$314.2 million in 2030, reflecting a CAGR of 4.0 percent. For purposes of comparison, the 2023 Report projected a CAGR of 5.6 percent for the period from 2023 to 2028.

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Exhibit 3 compares projected O&M Expenses (less Land Support Area O&M Expenses) between the updated financial analysis in this 2025 Letter and the financial analysis in the 2023 Report.

EXHIBIT 3 PROJECTED OPERATION AND MAINTENANCE EXPENSES COMPARISON



NOTE:

Dollars in thousands for Fiscal Years ending December 31.

SOURCES: Chicago Department of Aviation, October 2025; Ricondo & Associates, Inc., October 2025 (based on the analysis and assumptions in the 2023 Report and this 2025 Letter).

Updated Non-Signatory Airline and Nonairline Revenues Projections

The approved second-half 2023 airline rates and charges budget for the Airport served as the base from which Non-Signatory Airline Revenues and Nonairline Revenues were projected in the 2023 Report.

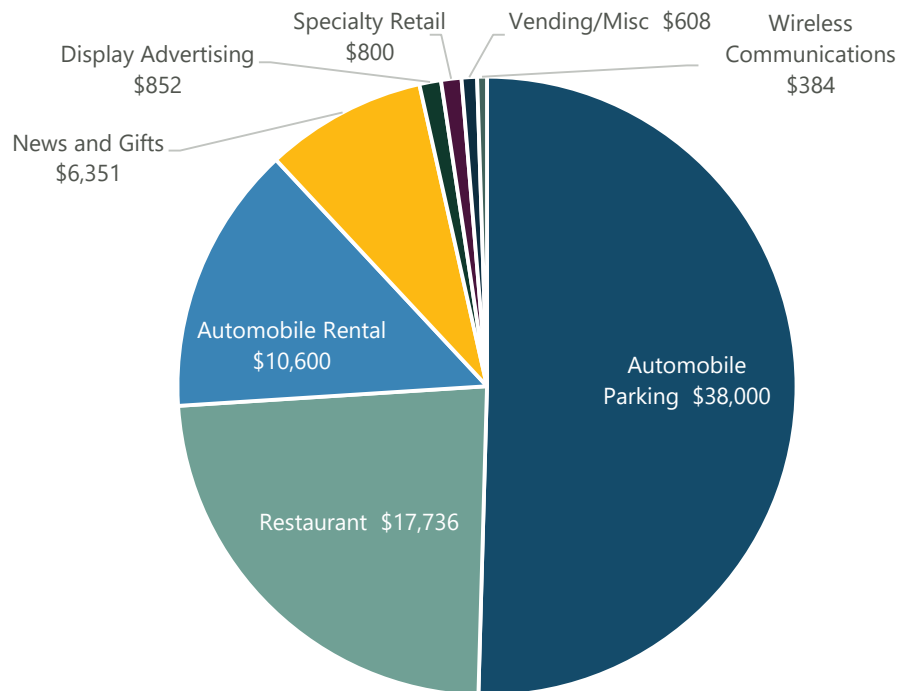
To update the Non-Signatory Airline and Nonairline Revenues projections, the underlying assumptions from the 2023 Report were updated to reflect the CDA 2025 rates and charges budget of Non-Signatory Airline and Nonairline Revenues.

Total Non-Signatory Airline Revenues, which encompass landing fees and terminal rentals paid by airlines not party to the Airport Use Agreement, are projected to increase from about \$14.2 million in 2025 to approximately \$16.0 million in 2030, representing a CAGR of 2.4 percent.

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Concession Revenues make up 91.4 percent of the 2025 budgeted Nonairline Revenues. **Exhibit 4** presents the 2025 budgeted Concession Revenues by category. As shown in **Table A-2** (Attachment 1), total Concession Revenues are projected to increase from approximately \$75.3 million in 2025 to approximately \$90.9 million in 2030, reflecting a CAGR of 3.8 percent, compared to the 2023 to 2028 CAGR of 2.4 percent projected in the 2023 Report. Automobile parking, the largest source of Concession Revenues, is expected to increase from approximately \$38.0 million in 2025 to approximately \$45.9 million by 2030. Factors affecting the growth of each Concession Revenues component are discussed in Section 5.3.2.1 of the 2023 Report. Nonairline Revenues also include revenues from the lease of land, storage facilities and hangars, Metropolitan Pier and Exposition Authority (MPEA) reimbursement, and interest earnings.

EXHIBIT 4 2025 BUDGET CONCESSION REVENUES BY CATEGORY (IN THOUSANDS)



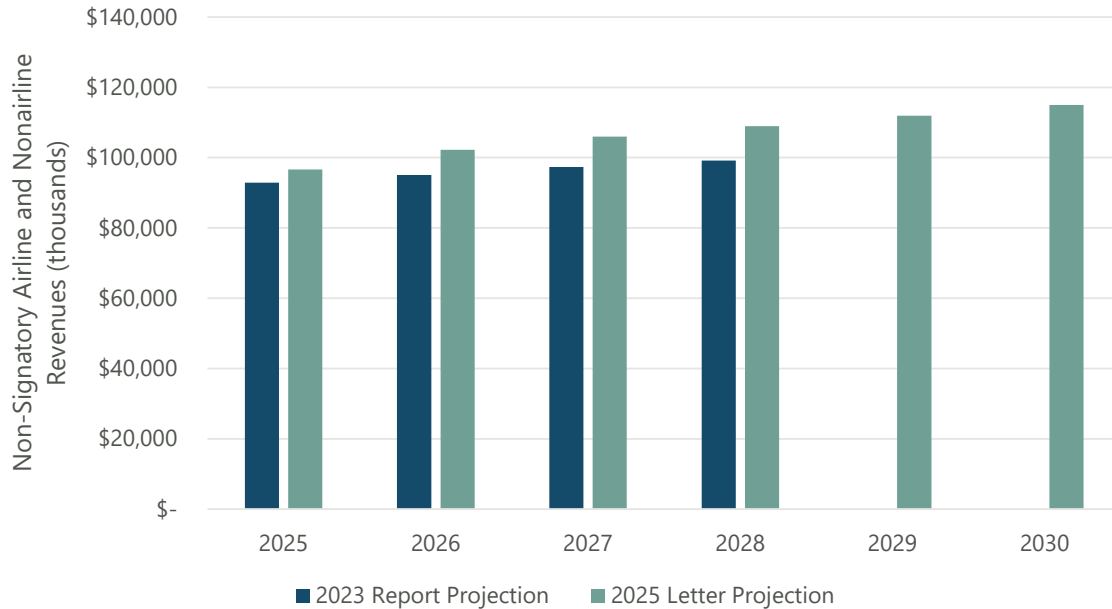
SOURCE: Chicago Department of Aviation, October 2025.

Exhibit 5 compares projected Non-Signatory Airline Revenues and Nonairline Revenues between the updated financial analysis included in this 2025 Letter and the financial analysis in the 2023 Report.



Mr. Michael J. McMurray
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**EXHIBIT 5 PROJECTED NON-SIGNATORY AIRLINE REVENUES AND NONAIRLINE REVENUES
COMPARISON**



NOTE:

Dollars in thousands for Fiscal Years ending December 31.

SOURCES: Chicago Department of Aviation, October 2025; Ricondo & Associates, Inc., October 2025 (based on the analysis and assumptions in the 2023 Report and this 2025 Letter).

As shown on **Table B-2, Appendix B** of the 2023 Report, total Non-Signatory Airline Revenues and Nonairline Revenues were projected to be approximately \$92.9 million in 2025 and \$99.1 million in 2028, representing a CAGR of 2.2 percent. Based on the revised 2025 airline rates and charges budget, total Non-Signatory Airline Revenues and Nonairline Revenues are now projected to be \$96.6 million and \$115.0 million in 2025 and 2030, respectively, reflecting a CAGR of 3.5 percent. The revised projections are primarily due to increased projected concession revenues, stemming from the incorporation of additional and upgraded amenities within the ongoing redevelopment of Midway's concessions program.

Updated Other Available Revenue

Passenger Facility Charge Revenue

The Airport PFC Program is discussed in Section 5.4.1 of the 2023 Report. The following updates were made in this 2025 Letter to the PFC analysis included in the 2023 Report:

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- As of the date of this 2025 Letter, the City has received authority to impose a PFC and use \$2.47 billion of Airport PFC Revenues with an estimated charge expiration date of May 1, 2056. As of June 30, 2025, PFC Revenues received by the City for use at the Airport, including investment earnings, totaled approximately \$934.2 million through the life of the Airport PFC Program.
- In 2024, PFC Revenues totaled approximately \$37.6 million, paid by approximately 79.5 percent of eligible enplaned passengers at the Airport.
- The estimated balance in the City's PFC Revenue funds as of June 30, 2025, was approximately \$1.53 million.

The City has covenanted in the Airport Use Agreements to use PFC Revenues to pay PFC-eligible debt service on existing Senior Lien Bonds.

Federal Aviation Administration Airport Improvement Program Grants and Other Federal Funding

Since the 2023 Report, the Airport continues to receive federal grant allocations through the IIJA. Under this program, MDW has been allocated a total of \$80.8 million in AIG entitlement funds for Federal FYs (FFYs) 2022 to 2025. All current and future IIJA awards will be applied to projects included in the Airport CIP.

In addition to the IIJA entitlement funding, MDW continues to receive federal grant allocations through AIP funding. Under this program, MDW has been allocated a total of \$19.0 million in AIP entitlement funds for FFYs 2022 to 2025. All current and future AIP entitlement and discretionary awards will be applied to projects included in the Airport CIP.

In FFYs 2022 to 2025, AIG and AIP funding has been applied to the Runway 13C-31C Pavement Rehabilitation project, providing \$28.2 million in AIG entitlement funds and \$9.6 million in AIP entitlement funds toward the design and construction of Runway 13C-31C. Should any anticipated future grants not be received, the City will be required to issue additional indebtedness to cover project costs.

Updated Debt Service

Existing Senior Lien Bonds Debt Service

Annual debt service on total outstanding Senior Lien bonds, net of capitalized interest, as of December 31, 2024, was approximately \$128.4 million. The updated amount of annual debt service on outstanding Senior Lien bonds is lower than the amounts in the 2023 Report throughout the Projection Period, ranging from \$124.9 million in 2025 to \$127.0 million in 2030, with a peak of \$132.4 million in 2027.

2025 Bonds and Future Senior Lien Bonds

The 2025 Bonds are anticipated to fund \$165.7 million of 2025-2029 CIP projects, whereas the 2023 Report assumed the issuance of Future Senior Lien Bonds to fund \$253.7 million of 2023-2027 CIP projects. Future Senior Lien Bonds are anticipated to be issued in 2027 (Assumed Future 2027 Bonds) to fund an additional \$343.7 million of 2025-2029 CIP projects. **Table 11** summarizes the 2025 Bonds and the Assumed Future 2027 Bonds.

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TABLE 11 ESTIMATED 2025 BONDS AND ASSUMED FUTURE BOND ISSUANCES

ESTIMATED 2025 AND FUTURE SENIOR LIEN BOND ISSUANCES	BOND PAR	BOND PROCEEDS (PROJECT FUNDING)
Estimated Series 2025AB Bonds	\$188.0 million	\$165.7 million
Assumed Future 2027 Bonds	\$423.8 million	\$343.7 million
Total	\$611.8 million	\$509.4 million

NOTE:

Totals may not sum due to rounding.

Amounts do not assume refunding of existing bonds.

SOURCE: Jefferies LLC, October 2025.

For the purposes of this 2025 Letter, the 2025A Bonds are assumed to have a 25-year final maturity, and the 2025B Bonds are assumed to have a 30-year final maturity. The 2025 Bonds are assumed to be issued at current market interest rates (as of October 2025), plus 50 basis points; interest is capitalized throughout the estimated date of beneficial occupancy (DBO), on a project-by-project basis. Debt Service on the 2025 Bonds, net of capitalized interest, is anticipated to be approximately \$3.3 million in 2026, \$8.1 million in 2027 and \$9.7 million between 2028-2030.

For the purpose of this 2025 Letter, the Assumed Future 2027 Bonds are assumed to have a 30-year final maturity and an interest rate of 6.0 percent; interest is capitalized through the estimated date of beneficial occupancy (DBO), on a project-by-project basis. Debt Service on the Assumed Future 2027 Bonds, net of capitalized interest, is anticipated to be approximately \$0.5 million in 2027, \$9.4 million in 2028, \$9.7 million in 2029, and \$25.4 million in 2030.

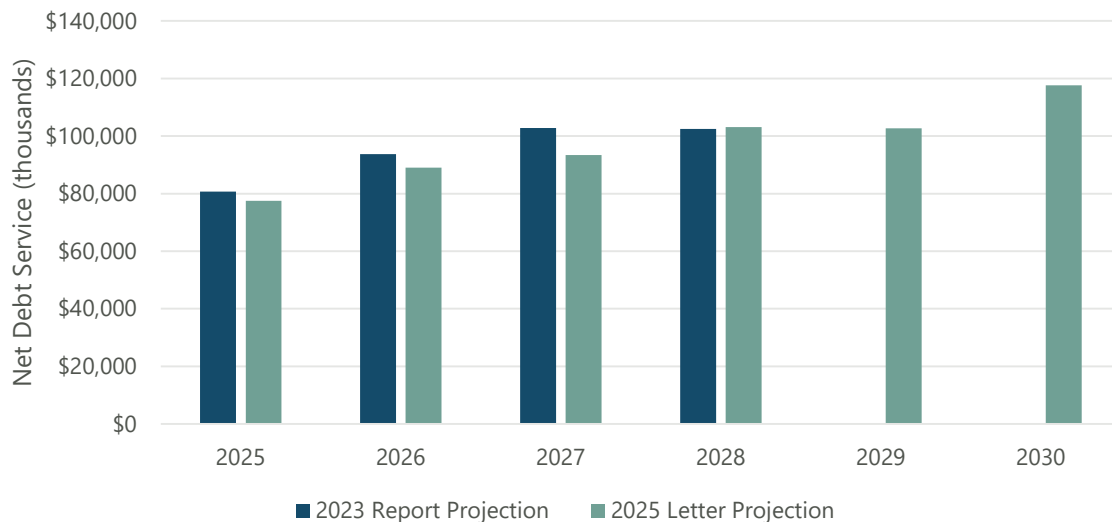
Table A-3 (Attachment 1) shows the estimated Net Debt Service, net of capitalized interest, on the additional Senior Lien Bonds that will be required to fund the 2025–2029 CIP projects within the Projection Period.

Net Debt Service

Debt service in the financial analysis reflects existing and projected future debt service. **Exhibit 6** compares projected Net Debt Service between the updated financial analysis in this 2025 Letter and the financial analysis in the 2023 Report. Compared with the projection in the 2023 Report, Net Debt Service in this 2025 Letter is projected to be lower between 2025 and 2027, primarily due to the issuance of Senior Lien Airport Revenue Refunding Bonds (2023C, 2024A, and 2024B) completed after the 2023 Report, as well as a slightly smaller anticipated 2025 new money issuance compared to the assumed Future (2025) Bonds in the 2023 Report. In 2028, however, net debt service is projected to be slightly higher, reflecting reduced PFC revenues available to offset PFC-eligible debt service payments as a result of lower forecasted enplaned passengers. As shown in **Table A-3** (Attachment 1), debt service is projected to be approximately \$125.2 million in 2025, increasing to approximately \$162.1 million in 2030. Considering the anticipated use of PFC Revenues and CFC Revenues to pay eligible debt service and other funds available to offset debt service allowable by the Bond Ordinance, the resulting Net Debt Service Requirement to be paid is estimated to range between approximately \$77.5 million and approximately \$117.6 million within the Projection Period.

Mr. Michael J. McMurray
Chicago Department of Aviation
October 7, 2025

EXHIBIT 6 PROJECTED NET DEBT SERVICE COMPARISON



NOTES:

Dollars in thousands for Fiscal Years ending December 31.

Amounts do not assume refunding of existing bonds.

SOURCES: Chicago Department of Aviation, October 2025; Ricondo & Associates, Inc., October 2025 (based on the analysis and assumptions in the 2023 Report and this 2025 Letter).

Updated Net Signatory Airline Requirement

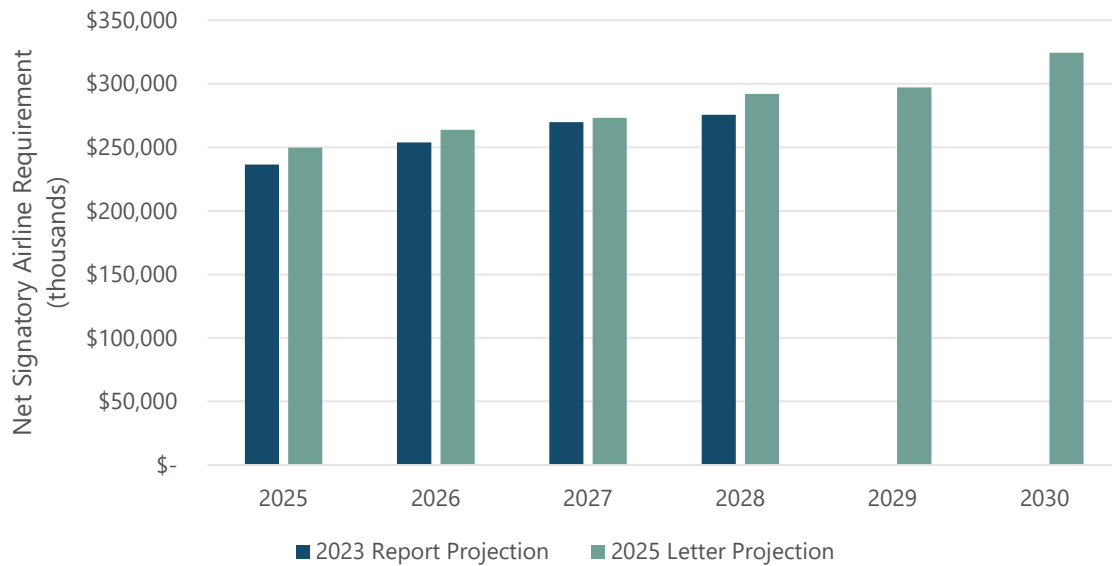
As described in Section 5.8 of the 2023 Report, the Airport is expected to generate sufficient revenues to pay O&M Expenses, Senior Lien Debt Service net of capitalized interest, and annual required deposits to the O&M Reserve Fund, the Supplemental O&M Reserve Fund, and the Maintenance Reserve Fund.

The Net Signatory Airline Requirement constitutes the total amount that must be paid by the Signatory Airlines under the Airline Use Agreement through Landing Fees, Terminal Area Rentals, Terminal Ramp Fees, Terminal Area Use Charges (including Joint Use Fees, Equipment Fee, and Federal Inspection Services Facility Fees), and Fuel Usage Fees during the year.

Exhibit 7 compares the projected Net Signatory Airline Requirement between the updated financial analysis in this 2025 Letter and the financial analysis in the 2023 Report.

Mr. Michael J. McMurray
Chicago Department of Aviation
October 7, 2025

EXHIBIT 7 PROJECTED NET SIGNATORY AIRLINE REQUIREMENT COMPARISON



NOTE:

Dollars in thousands for Fiscal Years ending December 31.

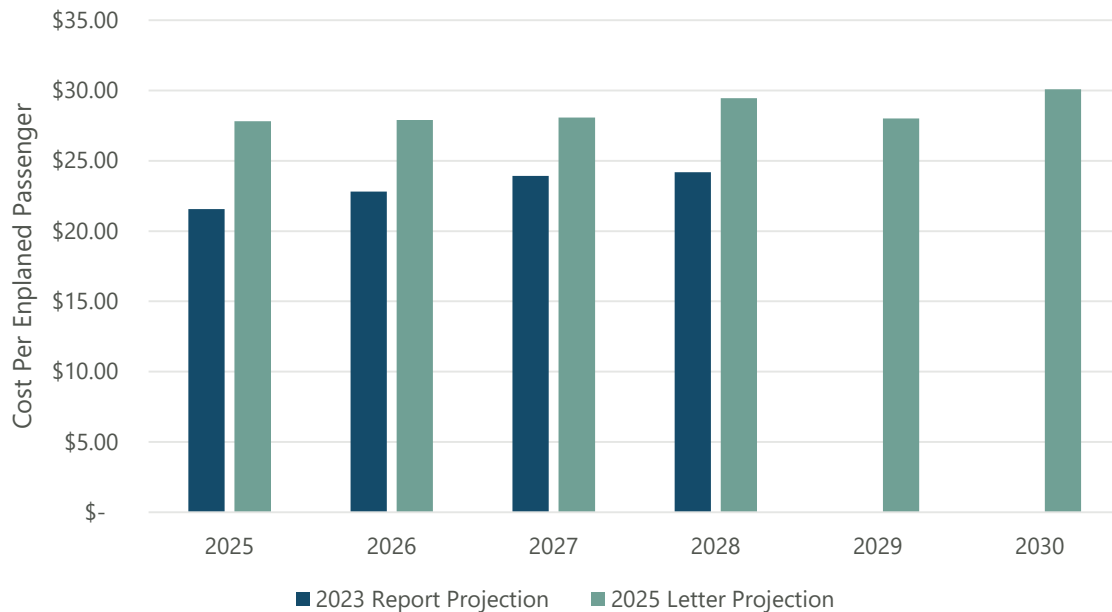
SOURCES: Chicago Department of Aviation, October 2025; Ricondo & Associates, Inc., October 2025 (based on the analysis and assumptions in the 2023 Report and this 2025 Letter).

Updated Cost Per Enplaned Passenger

As described in Section 5.9 of the 2023 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. **Exhibit 8** compares the projected airline cost per enplaned passenger (CPE) at the Airport between the updated financial analysis in this 2025 Letter and the analysis in the 2023 Report. In the updated financial analysis, CPE at the Airport is projected to be between 17 percent and 29 percent higher than the projected CPE in the 2023 Report between FY 2025 and FY 2028 mostly due to the lower forecast enplaned passengers at the Airport for such years.

Mr. Michael J. McMurray
Chicago Department of Aviation
October 7, 2025

EXHIBIT 8 PROJECTED AIRLINE COST PER ENPLANED PASSENGER COMPARISON



NOTE:

Fiscal Years ending December 31.

SOURCES: Chicago Department of Aviation, October 2025; Ricondo & Associates, Inc., October 2025 (based on the analysis and assumptions in the 2023 Report and this 2025 Letter).

Updated Senior Lien Bond Debt Service Coverage

Table A-9 (Attachment 1) presents the debt service coverage ratio projected for all Senior Lien Bonds from 2025 through 2030 in accordance with the Senior Lien Indenture.

Debt service coverage ranges from 1.27x to 1.30x throughout the Projection Period. The debt service coverage ratio is projected to meet the minimum requirement pursuant to the Senior Lien Rate Covenant in each year of the Projection Period.



Mr. Michael J. McMurray
Chicago Department of Aviation
October 7, 2025

Confirmation of 2023 Report Findings

Based on the assumptions and analyses described in the 2023 Report and this 2025 Letter, and Ricondo's experience preparing financial projections for the City, Ricondo is of the opinion that, for each FY of the Projection Period:

- The projected Senior Lien Bonds debt service coverage ratio exceeds the Senior Lien Rate Covenant minimum requirement.
- The projected airport user fees are reasonable based on the following:
 - large population and strong economic base of the ATA
 - Airport's strategic geographic location
 - importance of the Airport within Southwest's operating network

Sincerely,

RICONDO & ASSOCIATES, INC.

ENCLOSURES

Attachment 1: Financial Projection Tables

Attachment 2: 2023 Bonds Report of the Airport Consultant



ATTACHMENT 1

Financial Projection Tables

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CHICAGO MIDWAY INTERNATIONAL AIRPORT

TABLE A-1 O&M EXPENSES

(Dollars for Fiscal Years Ending December 31)

	BUDGET ¹ 2025	PROJECTION					COMPOUND ANNUAL GROWTH RATE (2025-2030)
		2026	2027	2028	2029	2030	
Personnel Expenses ²	\$ 98,057,834	\$ 103,517,367	\$ 107,658,158	\$ 111,984,534	\$ 116,481,588	\$ 121,183,120	4.3%
Repairs & Maintenance ³	70,284,494	70,284,494	72,393,029	74,564,820	76,801,764	79,105,817	2.4%
Engineering & Professional Services ⁴	44,035,093	44,035,093	46,016,672	48,087,422	50,251,356	52,512,667	3.6%
Equipment & Property Rental	15,313,728	15,313,728	15,773,140	16,246,334	16,733,724	17,235,736	2.4%
Energy ⁵	11,686,130	12,270,437	12,883,958	13,528,156	14,204,564	14,914,792	5.0%
Materials & Supplies ⁶	5,976,078	6,065,719	6,247,691	6,435,121	6,628,175	6,827,020	2.7%
Other Operation Expenses ⁷	17,070,137	19,237,684	19,971,941	20,737,967	21,537,320	22,371,641	5.6%
Total Cost Cutting Measures and Expense Reductions	(4,000,000)	-	-	-	-	-	N/A
Total O&M Expenses⁸	\$ 258,423,494	\$ 270,724,521	\$ 280,944,588	\$ 291,584,355	\$ 302,638,492	\$ 314,150,794	4.0%

NOTES:

- 1 2025 Second-half Budget.
- 2 Includes all Airport staff plus Pension Obligations and 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 fees for specialized engineering, legal and other technical services.
- 5 Includes gas, water, electricity and fuel oil required to operate the Airport.
- 6 Includes disposal equipment, cleaning supplies, airfield deicing chemicals and other items used in daily Airport operations and maintenance.
- 7 Includes equipment and property rental, insurance, miscellaneous, machinery, and vehicles and equipment.
- 8 Totals may not add up due to rounding.

SOURCES: City of Chicago Department of Aviation, October 2025 (2025 budget); Ricondo & Associates, Inc., October 2025 (projections).

CHICAGO MIDWAY INTERNATIONAL AIRPORT

TABLE A-2 NON-SIGNATORY AND NONAIRLINE REVENUE

(Dollars for Fiscal Years Ending December 31)

	BUDGET ¹ 2025	PROJECTION					COMPOUND ANNUAL GROWTH RATE (2025-2030)
		2026	2027	2028	2029	2030	
NON SIGNATORY AIRLINE REVENUE²	\$ 14,199,663	\$ 14,635,240	\$ 15,017,508	\$ 15,346,405	\$ 15,680,932	\$ 16,021,411	2.4%
NONAIRLINE REVENUE							
Automobile Parking	\$ 38,000,000	\$ 40,426,542	\$ 42,059,630	\$ 43,300,272	\$ 44,564,328	\$ 45,853,491	3.8%
Automobile Rental ³	10,600,000	11,276,877	11,732,423	12,078,497	12,431,102	12,790,711	3.8%
Restaurant	17,736,047	18,868,606	19,630,831	20,209,886	20,799,869	21,401,570	3.8%
News and Gifts	6,350,553	6,756,076	7,028,998	7,236,333	7,447,582	7,663,027	3.8%
Specialty Retail	800,496	851,613	886,015	912,150	938,778	965,935	3.8%
Display Advertising	852,000	906,406	943,021	970,838	999,179	1,028,084	3.8%
Wireless Communications	384,112	408,640	425,148	437,688	450,466	463,497	3.8%
Miscellaneous ⁴	607,532	625,758	644,531	663,867	683,783	704,296	3.0%
Total Concession Revenue	\$ 75,330,740	\$ 80,120,518	\$ 83,350,596	\$ 85,809,531	\$ 88,315,087	\$ 90,870,610	3.8%
Land, Storage, Hangars	4,267,622	4,374,313	4,483,670	4,595,762	4,710,656	4,828,423	2.5%
Metropolitan Pier and Exposition Authority Reimbursement	30,000	30,750	31,519	32,307	33,114	33,942	2.5%
Interest Earnings ⁵	2,766,500	3,029,508	3,071,153	3,132,081	3,158,666	3,240,501	3.2%
Total Other Nonairline Revenue	\$ 7,064,122	\$ 7,434,571	\$ 7,586,342	\$ 7,760,150	\$ 7,902,436	\$ 8,102,866	2.8%
TOTAL NONAIRLINE REVENUE	\$ 82,394,862	\$ 87,555,089	\$ 90,936,938	\$ 93,569,680	\$ 96,217,523	\$ 98,973,476	3.7%
TOTAL NON-SIGNATORY AIRLINE & NON-AIRLINE REVENUE⁶	\$ 96,594,525	\$ 102,190,329	\$ 105,954,446	\$ 108,916,085	\$ 111,898,455	\$ 114,994,887	3.5%

NOTES:

- 1 2025 Second-half Budget.
- 2 Includes landing fee revenues from the Non-Signatory Airlines.
- 3 Includes percentage of gross receipts of eight rental car companies operating under agreements at the Airport.
- 4 Includes rentals and fees from other concessions such as bus service, public pay phones, and other specialty shops.
- 5 Includes Interest Earnings From Revenue Fund, Debt Service Fund, and Debt Service Reserve Fund.
- 6 Totals may not add up due to rounding.

SOURCES: City of Chicago Department of Aviation, October 2025 (2025 budget); Ricondo & Associates, Inc., October 2025 (projections).

CHICAGO MIDWAY INTERNATIONAL AIRPORT

TABLE A-3 EXISTING AND FUTURE DEBT SERVICE

(Dollars for Fiscal Years Ending December 31)

	ESTIMATED ¹	PROJECTION				
	2025	2026	2027	2028	2029	2030
Existing Senior Lien Debt Service ²						
Series 2014B	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 650,000
Series 2014C ³	3,740,432	3,741,300	3,741,300	3,742,168	3,740,432	3,741,300
Series 2016A ⁴	11,189,600	11,188,350	11,187,850	11,187,100	11,190,100	11,190,600
Series 2016B ⁴	9,519,050	9,519,050	9,519,050	9,519,050	9,519,050	9,519,050
Series 2018A	5,349,043	5,346,763	5,345,783	3,880,553	-	-
Series 2023A (AMT)	8,770,898	17,850,013	24,314,513	23,919,013	26,834,513	31,474,763
Series 2023B (Non-AMT)	39,419,750	35,419,750	29,916,000	30,385,500	15,820,500	18,249,250
Series 2023C (AMT)	36,843,250	39,148,250	38,330,500	38,283,000	49,891,500	42,185,500
Series 2024A (AMT) Refunding	9,091,500	9,026,000	9,054,750	9,042,500	9,035,500	9,022,750
Series 2024B (Non-AMT) Refunding	976,250	966,000	959,750	952,250	968,500	952,250
Total Existing Senior Lien Debt Service	\$ 124,924,773	\$ 132,230,475	\$ 132,394,495	\$ 130,936,134	\$ 127,025,094	\$ 126,985,463
Future Senior Lien Debt						
Series 2025AB	\$ 271,502	\$ 3,312,888	\$ 8,092,651	\$ 9,700,925	\$ 9,700,925	\$ 9,700,925
Assumed Future 2027 Bonds	\$ -	\$ -	\$ 547,407	\$ 9,441,772	\$ 9,743,137	\$ 25,427,700
Total Future Senior Lien Debt Service	\$ 271,502	\$ 3,312,888	\$ 8,640,058	\$ 19,142,697	\$ 19,444,062	\$ 35,128,625
Total Debt Service	\$ 125,196,274	\$ 135,543,363	\$ 141,034,553	\$ 150,078,831	\$ 146,469,156	\$ 162,114,088
Less: PFC Revenues Applied to Debt Service	\$ (42,319,723)	\$ (41,182,659)	\$ (42,331,509)	\$ (43,051,027)	\$ (43,769,669)	\$ (44,488,723)
Less: CFCs Applied to Debt Service	\$ (5,349,043)	\$ (5,346,763)	\$ (5,345,783)	\$ (3,880,553)	\$ -	\$ -
Total Net Debt Service	\$ 77,527,508	\$ 89,013,941	\$ 93,357,262	\$ 103,147,251	\$ 102,699,487	\$ 117,625,365
Commercial Paper and Variable Rate Demand Bond Program Fees	\$ 499,200	\$ 499,200	\$ 499,200	\$ 499,200	\$ 499,200	\$ 499,200
Total Additional Coverage Requirement ⁵	\$ 4,803,669	\$ 2,507,521	\$ 1,373,043	\$ 2,627,377	\$ 67,720	\$ 3,911,233
Less: Debt Service Fund Interest Earnings	\$ (100,000)	\$ (333,008)	\$ (343,903)	\$ (373,312)	\$ (367,590)	\$ (416,311)
Less: Debt Service Reserve Fund Interest Earnings	\$ (1,466,500)	\$ (1,466,500)	\$ (1,466,500)	\$ (1,466,500)	\$ (1,466,500)	\$ (1,466,500)
Total Debt Service Requirements	\$ 81,263,877	\$ 90,221,154	\$ 93,419,102	\$ 104,434,015	\$ 101,432,317	\$ 120,152,986

NOTES:

- 1 Reflects the 1/1/2026 payment of the Series 2025AB Bonds
- 2 Reclassified from Second Lien Debt Service. First Lien defeased on October 10, 2023.
- 3 Debt Service subject to change due to variable rates.
- 4 Refunding target of the Series 2025AB Bonds.
- 5 Does not include additional coverage requirement for Series 2018A Bonds, which is assumed to be funded with pledged CFC Revenues.

SOURCES: Chicago Department of Aviation, October 2025; Ricondo & Associates, Inc., October 2025.

CHICAGO MIDWAY INTERNATIONAL AIRPORT

TABLE A-4 FUND DEPOSIT REQUIREMENTS

(Dollars for Fiscal Years Ending December 31)

	BUDGET ¹ 2025	PROJECTION				
		2026	2027	2028	2029	2030
Fund Deposit Requirements:						
O&M Reserve Fund	\$ 3,726,686	\$ 2,051,000	\$ 1,703,000	\$ 1,773,000	\$ 1,842,000	\$ 1,918,000
Repair and Replacement Fund	1,090,000	1,113,000	1,136,000	1,160,000	1,184,000	1,209,000
Emergency Reserve Fund	46,162	47,000	48,000	49,000	50,000	51,000
TOTAL FUND DEPOSIT REQUIREMENTS	\$ 4,862,848	\$ 3,211,000	\$ 2,887,000	\$ 2,982,000	\$ 3,076,000	\$ 3,178,000
Total Fund Deposits by Cost/Revenue Center:						
Airfield Area	\$ 1,187,733	\$ 1,488,105	\$ 920,113	\$ 952,462	\$ 983,831	\$ 1,018,545
Terminal Area	1,560,650	874,198	883,328	911,754	939,166	969,873
Support Facilities	43,302	35,658	31,970	33,296	34,626	35,969
Terminal Ramp	145,497	78,194	77,937	81,713	84,495	87,311
Parking and Roadway	1,203,028	542,805	678,844	702,132	726,448	752,014
Equipment	567,686	114,008	248,498	254,042	259,552	265,112
Fueling	112,078	14,515	31,705	31,902	33,094	34,293
FIS Facility	42,875	63,517	14,606	14,698	14,789	14,882
TOTAL FUND DEPOSIT REQUIREMENTS	\$ 4,862,848	\$ 3,211,000	\$ 2,887,000	\$ 2,982,000	\$ 3,076,000	\$ 3,178,000

NOTE:

1 2025 Second-half Budget.

SOURCES: City of Chicago Department of Aviation, October 2025 (2025 budget); Ricondo & Associates, Inc., October 2025 (projections).

CHICAGO MIDWAY INTERNATIONAL AIRPORT

TABLE A-5 SIGNATORY AIRLINE REQUIREMENT

(Dollars for Fiscal Years Ending December 31)

	ESTIMATED ¹ 2025	PROJECTION				
		2026	2027	2028	2029	2030
O&M Expenses	\$ 258,423,494	\$ 270,724,521	\$ 280,944,588	\$ 291,584,355	\$ 302,638,492	\$ 314,150,794
Net Debt Service ^{2,3}	83,149,659	92,020,662	95,229,504	106,273,828	103,266,407	122,035,798
Fund Deposit Requirement	4,862,848	3,211,000	2,887,000	2,982,000	3,076,000	3,178,000
Total Expenses, Net Debt Service and Fund Deposits	\$ 346,436,002	\$ 365,956,183	\$ 379,061,092	\$ 400,840,183	\$ 408,980,899	\$ 439,364,592
Less:						
Non-Airline Revenue ⁴	\$ (82,394,862)	\$ (87,555,089)	\$ (90,936,938)	\$ (93,569,680)	\$ (96,217,523)	\$ (98,973,476)
Non-Signatory Airline Revenue	(14,199,663)	(14,635,240)	(15,017,508)	(15,346,405)	(15,680,932)	(16,021,411)
Total Non-Airline and Non-Signatory Revenue	\$ (96,594,525)	\$ (102,190,329)	\$ (105,954,446)	\$ (108,916,085)	\$ (111,898,455)	\$ (114,994,887)
Total Net Signatory Airline Requirement	\$ 249,841,476	\$ 263,765,855	\$ 273,106,646	\$ 291,924,097	\$ 297,082,444	\$ 324,369,705

NOTES:

- 1 2025 Second-half Budget adjusted for 1/1/2026 payment of Series 2025AB Bonds.
- 2 Net of capitalized interest. Does not include Series 2018A Bonds, which are assumed to be paid with pledged CFC Revenues.
- 3 Adjusted for debt service coverage, program fees, and PFC credits. Does not include interest earnings offsetting Debt Service Requirements.
- 4 Includes Interest Earnings.

SOURCES: Chicago Department of Aviation, October 2025; Ricondo & Associates, Inc., October 2025.

CHICAGO MIDWAY INTERNATIONAL AIRPORT

TABLE A-6 SUMMARY OF AIRLINE RATES

(Dollars for Fiscal Years Ending December 31)

	ESTIMATED ¹		PROJECTION									
	2025		2026		2027		2028		2029		2030	
Landing Fee Rate ²												
Signatory Airline	\$	9.326	\$	10.144	\$	10.525	\$	11.051	\$	11.026	\$	12.791
Non-Signatory Airline	\$	11.657	\$	12.680	\$	13.156	\$	13.814	\$	13.783	\$	15.989
Terminal Joint Use Fee Rate:												
Base Usage ³												
Signatory Airline	\$	3.79	\$	3.87	\$	3.75	\$	4.05	\$	3.98	\$	4.06
Non-Signatory Airline	\$	4.73	\$	4.83	\$	4.69	\$	5.06	\$	4.97	\$	5.07
Per Capita/Annual												
Signatory Airline	\$	905,565	\$	917,851	\$	915,148	\$	1,003,291	\$	1,000,851	\$	1,036,007
Non-Signatory Airline	\$	1,131,956	\$	1,147,314	\$	1,143,935	\$	1,254,113	\$	1,251,064	\$	1,295,008
Terminal Area:												
Signatory Terminal Rental Rate ⁴	\$	305.65	\$	309.80	\$	308.88	\$	338.64	\$	337.81	\$	349.68
Non-Signatory Terminal Rental Rate ⁴	\$	382.06	\$	387.25	\$	386.11	\$	423.29	\$	422.27	\$	437.10
Terminal Ramp Rate ⁴	\$	7.98	\$	8.05	\$	8.23	\$	8.73	\$	8.92	\$	9.18
FIS Use Fees ⁵												
Signatory Airline	\$	6.77	\$	7.34	\$	7.09	\$	7.07	\$	7.12	\$	7.07
Non-Signatory Airline	\$	8.46	\$	9.17	\$	8.87	\$	8.84	\$	8.91	\$	8.84
MATCO Fees:												
Member Equipment Fee (per Capita)	\$	2,094,091	\$	2,323,710	\$	2,436,009	\$	2,500,944	\$	2,656,234	\$	2,725,374
Member Equipment Fee (per 1,000 lbs)	\$	2.39	\$	2.66	\$	2.73	\$	2.75	\$	2.88	\$	2.91
Non-Member Equipment Fee (per 1,000 lbs)	\$	9.25	\$	10.26	\$	10.50	\$	10.61	\$	11.10	\$	11.22
Member Fuel Fee (per Capita)	\$	142,229	\$	165,901	\$	174,551	\$	173,976	\$	197,752	\$	195,096
Member Fuel Usage Fee (per Gallon)	\$	0.03	\$	0.04	\$	0.04	\$	0.04	\$	0.04	\$	0.04
Non-Member Fuel Usage Fee (per Gallon)	\$	0.10	\$	0.11	\$	0.11	\$	0.11	\$	0.12	\$	0.11

NOTES:

1 2025 Second-half Budget adjusted for 1/1/2026 payment of Series 2025AB Bonds.

2 Per thousand pounds.

3 Per square foot.

4 Per square foot.

5 Per international-arrival passenger.

SOURCES: City of Chicago Department of Aviation, October 2025 (2025 budget); Ricondo & Associates, Inc., October 2025 (projections).

CHICAGO MIDWAY INTERNATIONAL AIRPORT

TABLE A-7 SIGNATORY AIRLINE REVENUE

(Dollars for Fiscal Years Ending December 31)

	ESTIMATED ¹ 2025	PROJECTION				
		2026	2027	2028	2029	2030
Signatory Airline Revenue:						
Landing Fee Revenue	\$ 100,381,570	\$ 108,390,527	\$ 115,464,380	\$ 123,156,732	\$ 124,777,564	\$ 146,950,271
Terminal Area Rentals Revenue	\$ 97,299,510	\$ 98,619,653	\$ 98,329,170	\$ 107,799,793	\$ 107,537,707	\$ 111,315,007
Terminal Ramp Use Charges Revenue	\$ 9,262,937	\$ 9,348,260	\$ 9,551,282	\$ 10,129,961	\$ 10,359,738	\$ 10,652,007
Equipment Use Fees Revenue	\$ 34,404,422	\$ 37,571,973	\$ 39,593,085	\$ 40,650,648	\$ 43,177,018	\$ 44,303,125
Fueling System Fees Revenue	\$ 5,788,752	\$ 6,752,347	\$ 7,104,551	\$ 7,081,221	\$ 8,048,865	\$ 7,940,808
FIS Use Fees Revenue	\$ 2,704,286	\$ 3,083,094	\$ 3,064,177	\$ 3,105,742	\$ 3,181,552	\$ 3,208,487
Total Signatory Airline Revenue	\$ 249,841,476	\$ 263,765,855	\$ 273,106,646	\$ 291,924,097	\$ 297,082,444	\$ 324,369,705

NOTE:

1 2025 Second-half Budget adjusted for 1/1/2026 payment of Series 2025AB Bonds.

SOURCES: Chicago Department of Aviation, October 2025; Ricondo & Associates, Inc., October 2025.

CHICAGO MIDWAY INTERNATIONAL AIRPORT

TABLE A-8 COST PER ENPLANED PASSENGER

(Dollars for Fiscal Years Ending December 31)

		ESTIMATED ¹ 2025	PROJECTION				
			2026	2027	2028	2029	2030
Signatory Airline Requirement	[A]	\$ 249,841,476	\$ 263,765,855	\$ 273,106,646	\$ 291,924,097	\$ 297,082,444	\$ 324,369,705
Non-Signatory Airline Revenues	[B]	14,199,663	14,635,240	15,017,508	15,346,405	15,680,932	16,021,411
Total Airline Revenues	[C]	\$ 264,041,140	\$ 278,401,094	\$ 288,124,154	\$ 307,270,502	\$ 312,763,376	\$ 340,391,116
Projected Total Enplaned Passengers	[D]	9,492,313	9,979,804	10,258,205	10,432,566	10,606,715	10,780,963
Cost per Enplaned Passenger							
Current Dollars	[E] = [C] / [D]	\$ 27.82	\$ 27.90	\$ 28.09	\$ 29.45	\$ 28.01	\$ 30.09
2025 Dollars ²		\$ 27.82	\$ 27.08	\$ 26.47	\$ 26.95	\$ 24.89	\$ 25.95

NOTES:

1 2025 Second-half Budget adjusted for refunding impacts of Series 2025AB Bonds.

2 Annual inflation rate assumed at 3 percent.

SOURCES: Chicago Department of Aviation, October 2025; Ricondo & Associates, Inc., October 2025.

CHICAGO MIDWAY INTERNATIONAL AIRPORT

TABLE A-9 DEBT SERVICE COVERAGE

(Dollars for Fiscal Years Ending December 31)

	PROJECTED ¹	PROJECTION				
	2025	2026	2027	2028	2029	2030
Coverage Calculation						
Signatory Airline Revenues	\$ 249,841,476	\$ 263,765,855	\$ 273,106,646	\$ 291,924,097	\$ 297,082,444	\$ 324,369,705
Nonairline and Non-Signatory Airline Revenue	96,594,525	102,190,329	105,954,446	108,916,085	111,898,455	114,994,887
Total Revenues²	\$ 346,436,002	\$ 365,956,183	\$ 379,061,092	\$ 400,840,183	\$ 408,980,899	\$ 439,364,592
PFC Revenues Applied to Debt Service	42,319,723	41,182,659	42,331,509	43,051,027	43,769,669	44,488,723
CFC Revenues Pledged to Debt Service and Coverage ³	5,701,970	5,346,193	5,345,538	3,514,246	(970,138)	-
Total Revenues plus PFC and CFC Revenues²	\$ 394,457,695	\$ 412,485,035	\$ 426,738,139	\$ 447,405,455	\$ 451,780,429	\$ 483,853,315
Plus:						
Prior Year Debt Service Coverage ⁴	26,222,294	31,378,889	33,885,841	35,258,638	37,519,708	36,617,289
Adjusted Total Revenue²	\$ 420,679,989	\$ 443,863,925	\$ 460,623,980	\$ 482,664,093	\$ 489,300,137	\$ 520,470,604
Less:						
O&M Expenses	\$ (258,423,494)	\$ (270,724,521)	\$ (280,944,588)	\$ (291,584,355)	\$ (302,638,492)	\$ (314,150,794)
Net Revenue Available for Senior Lien Coverage²	\$ 162,256,495	\$ 173,139,404	\$ 179,679,392	\$ 191,079,738	\$ 186,661,645	\$ 206,319,809
Senior Lien Debt Service ^{5,6}	\$ 125,196,274	\$ 135,543,363	\$ 141,034,553	\$ 150,078,831	\$ 146,469,156	\$ 162,114,088
Senior Lien Debt Service Coverage	1.30 x	1.28 x	1.27 x	1.27 x	1.27 x	1.27 x
Other Required Uses of Revenue						
O&M Reserve Fund	\$ 3,726,686	\$ 2,051,000	\$ 1,703,000	\$ 1,773,000	1,842,000	1,918,000
Repair and Replacement Fund	1,090,000	1,113,000	1,136,000	1,160,000	1,184,000	1,209,000
Emergency Reserve Fund	46,162	47,000	48,000	49,000	50,000	51,000
Total Other Required Uses of Revenue	\$ 4,862,848	\$ 3,211,000	\$ 2,887,000	\$ 2,982,000	\$ 3,076,000	\$ 3,178,000

NOTES:

- 1 2025 Second-half Budget adjusted for 1/1/2026 payment of Series 2025AB Bonds.
- 2 Totals may not add up due to rounding.
- 3 The last payment of CFC-applied Series 2018A Bonds on 1/1/2029 results in release of CFC-funded Coverage.
- 4 Includes coverage requirements for Series 2018A Bonds, which are assumed to be paid with pledged CFC Revenues.
- 5 Net of capitalized interest, actual and projected debt service.
- 6 Includes Series 2018A Bonds (assumed to be paid with pledged CFC Revenues), Series 2025 Bonds, and estimated Assumed Future 2027 Bonds.

SOURCES: Chicago Department of Aviation, October 2025; Ricondo & Associates, Inc., October 2025.

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ATTACHMENT 2

2023 Bonds Report of the Airport Consultant

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October 13, 2023

APPENDIX E

Report of the Airport Consultant

Chicago Midway International Airport

Senior Lien Airport Revenue and Revenue Refunding Bonds
Series 2023A (AMT)

Senior Lien Revenue Refunding Bonds, Series 2023B (Non-AMT)

Prepared for:

City of Chicago

Prepared by:

RICONDO

Ricondo & Associates, Inc. (Ricondo) prepared this document 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 document are consistent with industry practices at the time of preparation and this Report should be read in its entirety for an understanding of the analysis, assumptions, and opinions presented. Ricondo & Associates, Inc. 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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2023 Report

October 13, 2023

Ms. Jamie L. Rhee
Commissioner
Chicago Department of Aviation
10501 West Zemke Road
Chicago, Illinois 60666

RE: Report of the Airport Consultant
Chicago Midway International Airport
Senior Lien Revenue and Revenue Refunding Bonds, Series 2023A (AMT)
Senior Lien Revenue Refunding Bonds, Series 2023B (Non-AMT)

Dear Commissioner Rhee:

Ricondo & Associates, Inc. (Ricondo) is pleased to present this Report of the Airport Consultant (the Report) for inclusion as Appendix E in the Official Statement for the City of Chicago, Chicago Midway Airport Senior Lien Revenue and Revenue Refunding Bonds, Series 2023A (AMT) and Chicago Midway Airport Senior Lien Revenue Refunding Bonds, Series 2023B (Non-AMT; collectively, the Series 2023 Bonds). The Series 2023 Bonds will be issued pursuant to an ordinance adopted by the Chicago City Council on October 27, 2021 (the Ordinance) and pursuant to the Amended and Restated Master Indenture of Trust Securing Chicago Midway Airport Senior Lien Obligations, to be dated as of November 1, 2023, as supplemented and amended (the Senior Lien Indenture). The Series 2023 Bonds are payable from the Senior Lien Airport Revenues generated from the operation of Chicago Midway International Airport (Midway or the Airport).

Proceeds of the Series 2023 Bonds, at the time of this Report, are anticipated to:

- (i) finance a portion of the 2023 Airport Projects, as defined herein,
- (ii) refund certain Outstanding Prior Airport Obligations,
- (iii) pay any Swap Agreement Payments (if applicable),
- (iv) fund the Common Debt Service Reserve Sub-Fund, if required,
- (v) fund capitalized interest of the Series 2023 Bonds, and
- (vi) pay costs and expenses incidental thereto and to the issuance of the Series 2023 Bonds.

Unless otherwise defined herein, all capitalized terms in this Report are used as defined in the Official Statement or the Senior Lien Indenture.

This Report presents the analysis undertaken by Ricondo to demonstrate the ability of the City of Chicago (the City) to comply with the requirements of the Senior Lien Indenture, on a *pro forma* basis for Fiscal Year (FY) 2023 through FY 2028 (the Projection Period), based on the assumptions regarding the planned issuance of the Series 2023 Bonds, which are established by the City through consultation with its municipal advisors and underwriters. In developing its analysis, Ricondo reviewed historical trends and formulated



projections based on the assumptions put forth in this Report, which have been reviewed and agreed to by the City and its professionals, regarding the ability of the Air Trade Area (defined herein) to generate demand for air service at the Airport, trends in air service and passenger activity at the Airport, and the financial performance of the Airport. This Report is organized as follows:

- Summary of Findings
- Chapter 1: The Series 2023 Bonds
- Chapter 2: Midway International Airport
- Chapter 3: Demographic and Economic Analysis
- Chapter 4: Passenger Demand and Air Traffic
- Chapter 5: Financial Analysis

On the basis of the analysis put forth in this Report, Ricondo is of the opinion that the Senior Lien Airport Revenues generated by the Airport in each year of the Projection Period should be sufficient to comply with the Rate Covenant established in the Senior Lien Indenture. Ricondo is also of the opinion that the projected airline costs should remain reasonable throughout the Projection Period. 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 \$41 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 municipal advisors or underwriters, or, with the City's approval, were derived from general, publicly available data approved by the City. Ricondo owes no fiduciary duty to the City. Ricondo recommends that the City 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 the approach and assumptions used in this Report are reasonable, some assumptions regarding future trends and events detailed in this Report, including the implementation schedule, the forecast of passenger activity, and the projection of financial performance, may not materialize. Therefore, actual performance will likely differ from the projections and forecasts set forth in this Report, and the variations may be material. In developing its analyses, Ricondo used information from various sources, including the City, the underwriters,



Ms. Jamie L. Rhee
Chicago Department of Aviation
October 13, 2023
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the financial advisor, 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.

2023 Report

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2023 Report

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SUMMARY OF FINDINGS

The City of Chicago (the City) commissioned Ricondo & Associates, Inc. (Ricondo) to prepare the Report of the Airport Consultant (the Report) to provide an independent analysis of the City's compliance with the provisions of the Amended and Restated Master Indenture of Trust Securing Chicago Midway Airport Senior Lien Obligations, as supplemented and amended, and described herein (the Senior Lien Indenture) regarding the conditions precedent (the Additional Bonds Test) for the issuance of the City of Chicago, Chicago Midway Airport Senior Lien Airport Revenue and Revenue Refunding Bonds, Series 2023A (Series 2023A Bonds), and Chicago Midway Airport Senior Lien Airport Revenue Refunding Bonds, Series 2023B (Series 2023B Bonds; collectively, the Series 2023 Bonds), as well as to provide an independent analysis of the Airport's ability to generate Senior Lien Revenues sufficient to meet its obligations under the Senior Lien Indenture, including the Rate Covenant, on a *pro forma* basis for the period from Fiscal Year (FY) 2023 (FY ends December 31) through FY 2028 (the Projection Period).¹

In developing its analysis, Ricondo reviewed the terms of the Senior Lien Indenture; the terms of the Series 2023 Bonds, as provided by the City's financing team; the City's Outstanding Senior Lien Bonds; the capacity of Chicago Midway International Airport's (Midway or the Airport) existing and planned facilities to accommodate current and forecast demand; the Airport's Capital Improvement Program (CIP); and proposed funding sources, including the potential for additional borrowing beyond the Series 2023 Bonds.

To develop the *pro forma* analysis of the financial performance of the Airport, Ricondo reviewed key provisions of the agreements that establish the business arrangements between the City and its various Airport tenants, including 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 (FY 2023 through FY 2028), which provide the basis for the forecasts of passenger activity and the projections of financial performance presented in this Report.²

On the basis of the analyses set forth in this Report, Ricondo is of the opinion that the Senior Lien Revenues 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. The following sections summarize Ricondo's assumptions, projections, and findings. Additional details are included in Chapters 1 through 5 of this Report, which should be read in its entirety.

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.

² FY ending December 31.

CHICAGO MIDWAY INTERNATIONAL AIRPORT

THE SERIES 2023 BONDS

The Series 2023 Bonds will be issued pursuant to an Ordinance adopted by the Chicago City Council on October 27, 2021 (the Ordinance), and the Amended and Restated Master Indenture of Trust Securing Chicago Midway Airport Senior Lien Obligations, to be dated as of November 1, 2023, as supplemented and amended (Senior Lien Indenture).

Proceeds of the Series 2023 Bonds, at the time of the Report, are anticipated to:

- (i) finance a portion of the cost of the 2023 Airport Projects, as defined herein,
- (ii) refund certain Outstanding Prior Airport Obligations,
- (iii) pay any Swap Agreement Payments (if applicable),
- (iv) fund the Common Debt Service Reserve Sub-Fund, if required,
- (v) fund capitalized interest of the Series 2023 Bonds, and
- (vi) pay costs and expenses incidental thereto and to the issuance of the Series 2023 Bonds.

Table S-1 presents an estimate of the anticipated sources and uses of proceeds from the Series 2023 Bonds and other funds.

TABLE S-1 ANTICIPATED SOURCES AND USES OF SERIES 2023 BOND PROCEEDS AND OTHER FUNDS (IN MILLIONS)

	SERIES 2023A	SERIES 2023B	TOTAL
Sources			
Par Amount of Bonds	\$219.4	\$300.3	\$519.8
Net Original Issue Premium/(Discount)	(2.7)	16.3	13.7
Debt Service Reserve Fund Release	5.6	14.8	20.4
Debt Service Fund	0.0	0.9	0.9
Total	\$222.3	\$332.3	\$554.7
Uses			
Deposit to Project Fund	\$59.7	-	\$59.7
Deposit to Repay Outstanding Senior Lien Bonds	120.9	\$329.9	450.8
Deposit to Repay Midway Commercial Paper Notes and Accrued Interest	32.0	-	32.0
Deposit to Capitalized Interest Accounts	8.0	-	8.0
Cost of Issuance	1.8	2.4	4.2
Total	\$222.3	\$332.3	\$554.7

NOTES:

Totals may not add up due to rounding.

Swap termination payments, if any, and corresponding debt service of the associated refunding bonds could be incurred in the event the City terminates its swaps related to Senior Lien Bonds. The plan of finance reflected herein does not assume the termination of any swaps.

SOURCE: Jefferies LLC, October 2023.

The Series 2023 Bonds will be secured by a lien on, and a pledge of, all Senior Lien Revenues, and they will be payable from amounts that may be withdrawn from the Debt Service Fund created under the Senior Lien Indenture.

MIDWAY INTERNATIONAL AIRPORT

Midway, which opened in 1927, is one of two primary commercial airports serving the Air Trade Area comprising the Chicago-Naperville-Joliet Metropolitan Statistical Area (MSA) and the Kankakee MSA, a 15-county region spanning northeastern Illinois, northwestern Indiana, and southeastern Wisconsin. Midway is owned and operated by the City through the Chicago Department of Aviation (CDA), which also manages the other primary commercial airport in the Air Trade Area, Chicago O'Hare International Airport (O'Hare), as a separate financial enterprise.

Midway is located on the City's southwest side, approximately 10 miles from Chicago's central business district. The Airport terminal is accessible from Interstate 55 (the Stevenson Expressway), as well as local arterial routes, via Cicero Avenue. In addition, passengers and Airport employees may use the Chicago Transit Authority's (CTA) rapid transit system Orange Line, as well as use bus service provided by both the CTA and the Pace suburban bus service (Pace).

The Airport encompasses an area of approximately 840 acres, with the airfield comprising five runways, two of which serve commercial airline operations, while the remaining runways serve general aviation. Both airline runways are equipped with instrument landing systems to enable operations in most weather conditions. The 1-million-square-foot terminal and connected concourses provide access to a total of 43 aircraft gates, 3 of which are capable of serving inbound international passengers. Public parking facilities at the Airport include the terminal parking garage adjacent to the terminal, with approximately 2,470 spaces, and a surface lot and seven-level structure located on the north side of the Airport, with 8,842 long-term economy spaces.

THE 2023 AIRPORT PROJECTS, CAPITAL PROGRAM, AND FUNDING SOURCES

The Airport maintains a multi-year CIP. The Airport has a relatively new terminal and no significant airfield modifications planned. As a result, the Airport's CIP is focused on ongoing repair, maintenance, a sound insulation program, and facility improvements. The current CIP includes a project cost estimate of approximately \$584.8 million for calendar years 2023 to 2027 (2023–2027 CIP), which includes the 2023 Airport Projects, as defined herein. Major 2023–2027 CIP projects include the rehabilitation or pavement replacement of runways, taxiways, and aprons; improvements to the Airport Maintenance Complex (AMC); and portions of the Airport's Residential Sound Insulation Program (RSIP).

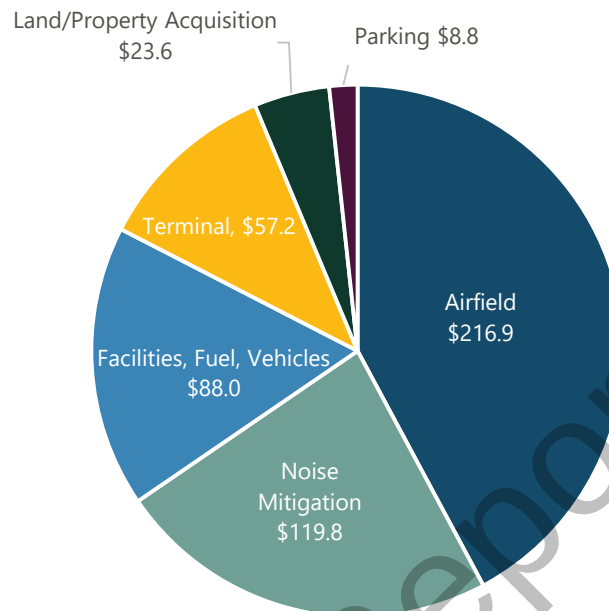
Funding sources for capital projects include proceeds from airport revenue bonds, Federal Aviation Administration (FAA) Airport Improvement Program (AIP) grants, FAA Bipartisan Infrastructure Law (BIL) grants, and other grant funding. For purposes of the financial analysis included with this Report, the 2023–2027 CIP is funded with \$63.7 million in AIP grant funds³, approximately \$129.4 million of previously issued Senior Lien Revenue Bonds, approximately \$59.7 million of Series 2023 Bonds, and approximately \$253.7 million of future bonds. The City intends to use additional AIP entitlement and BIL Airport Infrastructure Grant (AIG) funds for eligible projects. The City also anticipates applying for discretionary AIP and/or BIL Airport Terminal Program (ATP) grants. These or other grant funds may serve to offset project costs currently assumed to be funded with bond proceeds.

Passenger Facility Charge (PFC) and rental car Customer Facility Charge (CFC) Revenues indirectly fund projects as they are used for existing airport revenue bond debt service; pledged CFC Revenues are used to fully pay Series 2018A Bonds. Chapter 4 of this Report includes a projection of PFC Revenues and CFC Revenues applied and pledged to debt service, respectively.

Exhibit S-1 shows the 2023–2027 CIP broken out by category.

³ \$63.7 million in AIP grant funds are assumed to fund RSIP projects. Per FAA policy, AIP grants can fund up to 80 percent of noise mitigation projects. For purposes of the financial analysis, 60 percent of RSIP project costs are assumed to be funded with AIP grant funds.

EXHIBIT S-1 2023–2027 CAPITAL IMPROVEMENT PROGRAM COSTS (IN MILLIONS)



SOURCE: Chicago Department of Aviation, October 2023.

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 relationship is particularly true for origin and destination (O&D) passenger traffic, which has accounted for between approximately 62 and 68 percent of passenger traffic at the Airport since 2011. 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 Area⁴ has a large, diverse economic base that supports business and leisure travel. Projected economic variables indicate the Air Trade Area will remain a destination that attracts both business and tourist visitors, positively affecting the demand for future inbound airline travel. Projected Air Trade Area economic variables further support the continued growth of local outbound passengers. **Table S-2** presents selected 2021 and 2028 economic figures for the Air Trade Area and for the United States, as projected by Woods & Poole Economics, Inc. Additional information on the demographic and economic characteristics of the Air Trade Area is provided in Chapter 3.

⁴ For a definition of the Airport's Air Trade Area, see Chapter 2.

CHICAGO MIDWAY INTERNATIONAL AIRPORT

TABLE S-2 SUMMARY OF DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS

VARIABLE ¹	2021	2028	CAGR 2021–2028
Air Trade Area Population	9,626,190	9,692,958	0.1%
United States Population	332,031,563	346,778,031	0.6%
Air Trade Area Total Employment	6,054,579	6,823,894	1.7%
United States Total Employment	201,142,594	226,839,609	1.7%
Air Trade Area Total Personal Income (\$billion)	\$679	\$749	1.4%
United States Total Personal Income (\$billion)	\$20,928	\$23,593	1.7%
Air Trade Area Per Capita Personal Income	\$70,495	\$77,275	1.3%
United States Per Capita Personal Income	\$63,029	\$68,036	1.1%
Air Trade Area Gross Regional Product (\$billion)	\$759	\$877	2.1%
United States Gross Domestic Product (\$billion)	\$22,154	\$25,697	2.1%
Air Trade Area Per Capita Gross Regional Product	\$78,824	\$90,440	2.0%
United States Per Capita Gross Domestic Product	\$66,723	\$74,103	1.5%

NOTES:

CAGR – Compound Annual Growth Rate

¹ Dollar amounts are in 2021 dollars.

SOURCE: Woods & Poole Economics, Inc., 2023 Complete Economic and Demographic Data Source (CEDDS), July 2023.

PASSENGER DEMAND AND AIR TRAFFIC

As presented in Chapter 4 of this Report, the Airport has had the benefit of a large and resilient passenger base, served by a Southwest Airlines (Southwest) and a core of other airlines generally offering low-cost service to a growing number of destinations, both domestic and international. As of October 2023, the Airport had scheduled service provided by seven US-flag airlines and two foreign-flag airlines. The Airport, classified by the FAA as a large-hub facility based on its percentage of nationwide enplaned passengers, ranked 30th nationwide in 2022, with approximately 19.7 million enplaned and deplaned passengers. The following are other key points regarding historical and forecast aviation activity at the Airport:

- Between 1992 and 2022, the Airport experienced a 5.2 percent compound annual growth rate (CAGR) for enplaned passengers, compared to 1.8 percent for the United States. Between 2013 and 2022, the Airport has experienced a -0.4 percent CAGR, compared to 1.5 percent nationwide.
- Southwest is the largest airline at the Airport, accounting for 89.4 percent of enplaned passengers at the Airport in 2022. Southwest has grown its presence at the Airport over time, in terms of both total daily flights and number of markets served, with the Airport ranking third in terms of scheduled departures and second in terms of destinations served in the Southwest network in 2023.
- Southwest has undertaken several fleet initiatives that will ultimately increase the airline's average number of seats per departure, including the introduction of a total of 207 737-800 aircraft with 175 seats, orders for more than 400 Boeing 737 MAX variants with 150 to 175 seats, and the ongoing phase out of older 149-seat 737-700 aircraft.

Based on local and national socioeconomic and demographic factors, the Airport's historical share of US domestic enplaned passengers, the impacts of the factors described in Chapter 4 of this Report, and the anticipated usage of the Airport by Southwest and other airlines, total enplaned passengers at the Airport are forecast to increase from 9.9 million in 2022 to 12.0 million in 2028. The increase between 2023 and 2028 represents a CAGR of 3.2 percent. The forecast enplaned passenger activity in 2023 exceeds historical annual enplaned passenger activity, which reached an annual record of 11.3 million in 2016.

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Table S-3 summarizes the historical and forecast enplaned passengers at the Airport through the Projection Period.

TABLE S-3 HISTORICAL AND ENPLANED PASSENGERS AT THE AIRPORT

	ENPLANED PASSENGERS	% CHANGE
Historical		
2013	10,267,481	6.2%
2014	10,607,996	3.3%
2015	11,118,223	4.8%
2016	11,345,748	2.0%
2017	11,232,272	-1.0%
2018	11,022,224	-1.9%
2019	10,417,815	-5.5%
2020	4,445,906	-57.3%
2021	7,924,344	78.2%
2022	9,946,882	25.5%
Forecast		
2023	11,372,662	14.3%
2024	11,539,212	1.5%
2025	11,654,406	1.0%
2026	11,786,504	1.1%
2027	11,915,983	1.1%
2028	12,042,736	1.1%
CAGR		
2013–2022	-0.4%	
2022–2028	3.2%	

NOTE:

CAGR – Compound Annual Growth Rate

SOURCES: Chicago Department of Aviation, October 2023 (historical); Ricondo & Associates, Inc., October 2023 (forecast).

FINANCIAL ANALYSIS

The Airport is owned by the City and operated by the CDA, and 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 Airport Use Agreement and Facilities Lease (Airport Use Agreement) and the Senior Lien Indenture. Neither City nor State of Illinois tax revenues are pledged to the payment of Senior Lien Bonds or to fund the cost of operations at the Airport.

Chapter 5 of 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, including those pertaining to the issuance of the Series 2023 Bonds, on a *pro forma* basis in each year of the Projection Period based on assumptions regarding the planned issuance of the Series 2023 Bonds.

Projections of airline rates and charges, and resultant airline cost per enplaned passenger (CPE), were developed based on the terms of the Airport Use Agreement. The Signatory Airlines entered into 15-year Airport Use Agreements, effective January 1, 2013. Pursuant to the terms of the Airport Use Agreement, terminal rental rates, equipment, fueling, and airline landing fees are established using a residual rate-setting methodology. As such, the Signatory Airlines guarantee the net cost of operating the entire Airport, including operation expenses and all debt service and coverage requirements.

CHICAGO MIDWAY INTERNATIONAL AIRPORT

Based on the analysis described in this Report, and the financial projections presented in Chapter 5, Ricondo is of the opinion that Senior Lien Revenues generated in each year of the Projection Period will be sufficient to comply with the Rate Covenant established in the Senior Lien Indenture. Ricondo also finds the projected airline CPE to be reasonable throughout the Projection Period.

Results of the financial analysis are summarized as follows:

- Total Operation and Maintenance (O&M) Expenses are projected to increase from \$202.2 million in 2023 to \$266.0 million in 2028, representing a CAGR of 5.6 percent. The projected O&M Expense growth rate is determined by the calculated CAGR from 2017 through the budget 2023, in conjunction with historical growth.
- Non-Signatory Airline revenues and nonairline revenues, which offset Signatory Airline revenues, are projected to increase from \$88.5 million in 2023 to \$99.1 million in 2028, at a CAGR of 2.3 percent. Nonairline revenues were projected on the basis of a review of historical trends, forecast activity levels, and inflation.
- After the issuance of the Series 2023 Bonds and an estimate issuance of bonds in 2025 as described in Chapter 2, and after the application of PFCs and CFCs, Net Debt Service is estimated to be approximately \$81.5 million in 2023 and then increase to \$101.9 million in 2027, which reflects the maximum amount of Annual Senior Lien Debt Service during the Projection Period.
- The Net Signatory Airline Requirement means the total amount that must be paid by the Signatory Airlines under the Airport Use Agreement through landing fees, Terminal Area Rentals, Terminal Ramp Use Charges, Federal Inspection Services Fees, Equipment Fees, and Fueling System Fees during the year. The Net Signatory Airline Requirement is projected to increase from \$213.3 million in 2023 to \$274.5 million in 2028.
- The airline CPE at the Airport, based on the Airport's budgeted rates and charges plus additional impacts of the Airport's portion of projected City pension contributions and debt service on the Series 2023 Bonds and an estimate issuance of bonds in 2025, is estimated to be \$20.00 in 2023 and projected to be \$24.10 by the end of the Projection Period in 2028, which equates to approximately \$20.79 in 2023 dollars.
- Pursuant to the Senior Lien Indenture, the City covenants that it will set rates and charges sufficient to generate revenue that, along with Other Available Moneys, will provide for the payment of O&M Expenses, fund necessary reserve accounts, and provide for (A) prior to the end of the FY ending on December 31, 2024, an amount not less than 115 percent of the Aggregate Senior Lien Debt Service for the Bond Year commencing during such FY; (B) after the Fiscal Year ending on December 31, 2024 but prior to the end of the Fiscal Year ending on December 31, 2025, an amount not less than 120 percent of the Aggregate Senior Lien Debt Service for the Bond Year commencing during such FY; or (C) after the FY ending on December 31, 2025, an amount not less than 125 percent of the Aggregate Senior Lien Debt Service for the Bond Year commencing during such FY. The Debt Service coverage ratio is projected to exceed the minimum requirement for the applicable test in each year of the Projection Period.

The projected Airport rates and charges and resulting Senior Lien Revenues 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 Senior Lien Revenues in this analysis are deemed to be reasonable based on the following combination of factors:

- **Large population and strong economic base** – The Chicago market⁵ was ranked third behind the New York⁶

⁵ Includes Chicago O'Hare and Chicago Midway International Airports.

⁶ Includes John F. Kennedy International, Newark Liberty International, and LaGuardia Airports.

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and Los Angeles⁷ markets for domestic O&D passengers in 2022. The Airport's Air Trade Area has a large, diverse economic base that supports business and leisure travel. Projected economic variables indicate the Air Trade Area will remain a destination that attracts both business and tourist visitors, positively affecting the demand for future inbound airline travel. Projected Air Trade Area 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 transferring passengers, and it is complementary to airline route networks.
- **Important airport in Southwest's network** – The Airport plays a major role within Southwest's US domestic route networks, providing significant passenger traffic and strong connectivity opportunities. Midway has historically been one of Southwest's largest airports measured by seat capacity, and it ranked third in average daily departures in 2022.

In summary, Airport user fees, although increasing over the Projection Period, are one of many factors that airlines consider when evaluating air service and 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 networks, support the reasonableness of projected Airport user fees.

Table S-4 presents the debt service coverage ratio projected for Senior Lien Bonds from 2023 through 2028. As contained in the Senior Lien Indenture:

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

(i) the amounts needed to make the deposits required under Section 303 during such Fiscal Year into the Senior Lien Debt Service Fund, the O&M Reserve Account, the Working Capital Account, the Common Debt Service Reserve Sub-Fund, any debt service reserve sub-fund or account established for the benefit of a single Series of Senior Lien Obligations that are not Common Reserve Bonds, the Junior Lien Obligation Debt Service Fund, the Repair and Replacement Fund and the Special Project Fund, and

(ii) (A) prior to the end of the Fiscal Year ending on December 31, 2024, an amount not less than 115% of the Aggregate Senior Lien Debt Service for the Bond Year commencing during such Fiscal Year; (B) after the Fiscal Year ending on December 31, 2024 but prior to the end of the Fiscal Year ending on December 31, 2025, an amount not less than 120% of the Aggregate Senior Lien Debt Service for the Bond Year commencing during such Fiscal Year; or (C) after the Fiscal Year ending on December 31, 2025, an amount not less than 125% of the Aggregate Senior Lien Debt Service for the Bond Year commencing during such Fiscal Year.

⁷ Includes Los Angeles International, John Wayne (Orange County), Ontario International, Hollywood Burbank, and Long Beach Airports.

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TABLE S-4 DEBT SERVICE COVERAGE

(For Fiscal Years Ending December 31)

	BUDGET 2023 ¹	PROJECTION				
		2024	2025	2026	2027	2028
Coverage Calculation						
Signatory Airline Revenues	\$213,303,200	\$232,353,084	\$235,147,054	\$254,275,408	\$268,644,941	\$274,484,522
Nonairline and Non-Signatory Airline Revenue	88,543,698	90,892,808	92,905,077	95,091,980	97,296,416	99,120,707
Total Revenues²	\$301,846,898	\$323,245,892	\$328,052,131	\$349,367,387	\$365,941,357	\$373,605,229
PFC Revenues Applied to Debt Service	44,933,388	45,591,428	46,046,559	46,568,477	47,080,047	47,580,849
CFC Revenues Pledged to Debt Service and Coverage	5,611,816	5,616,310	5,616,637	5,346,193	5,345,538	3,514,246
Total Revenues plus PFC and CFC Revenues²	\$352,392,101	\$374,453,629	\$379,715,327	\$401,282,057	\$418,366,942	\$424,700,323
Plus:						
Prior Year Debt Service Coverage ³	14,071,884	19,540,042	26,355,609	32,746,333	36,422,294	38,579,887
Adjusted Total Revenue²	\$366,463,985	\$393,993,671	\$406,070,937	\$434,028,390	\$454,789,237	\$463,280,210
Less:						
O&M Expenses	\$(202,173,787)	\$(227,256,825)	\$(236,374,080)	\$(245,865,729)	\$(255,747,614)	\$(266,036,272)
Net Revenue Available for Senior Lien Coverage²	\$164,290,198	\$166,736,846	\$169,696,856	\$188,162,661	\$199,041,623	\$197,243,938
	-	-	-	-	-	-
First Lien Debt Service ⁴	\$4,536,500	\$-	\$-	\$-	\$-	\$-
Senior Lien Debt Service ^{4, 5}	127,242,613	131,778,048	130,985,334	145,689,178	154,319,547	152,806,200
Aggregate Debt Service	\$131,779,113	\$131,778,048	\$130,985,334	\$145,689,178	\$154,319,547	\$152,806,200
Senior Lien Debt Service Coverage	1.29 x	1.27 x	1.30 x	1.29 x	1.29 x	1.29 x
Other Required Uses of Revenue						
O&M Reserve Fund	\$8,226,588	\$4,181,000	\$1,520,000	\$1,581,000	\$1,647,000	\$1,715,000
Repair and Replacement Fund	1,090,000	1,114,000	1,136,000	1,160,000	1,184,000	1,209,000
Emergency Reserve Fund	52,457	54,000	55,000	56,000	57,000	58,000
Total Other Required Uses of Revenue	\$9,369,045	\$5,349,000	\$2,711,000	\$2,797,000	\$2,888,000	\$2,982,000

NOTES:

O&M – Operation and Maintenance; PFC – Passenger Facility Charge; CFC – Customer Facility Charge

1 2023 First Half City Approved Budget: includes estimated Series 2023 Bonds and projected PFC and CFC Revenues. The City of Chicago had a balance of approximately \$33.2 million in the Revenue Fund on January 1, 2023. For purposes of the estimated 2023 calculation, approximately \$14.1 million is assumed, which represents the amount required under the Rate Covenant (10 percent of Debt Service).

2 Totals may not add up due to rounding.

3 Includes coverage requirements for Series 2018A Bonds, which are assumed to be paid with pledged CFC Revenues.

4 Net of capitalized interest; actual and projected debt service.

5 Includes Series 2018A Bonds (assumed to be paid with pledged CFC Revenues), Series 2023 Bonds, and estimated Series 2025 Bonds.

SOURCES: Chicago Department of Aviation, October 2023; Ricondo & Associates, Inc., October 2023.

Table S-5 presents the projected CPE from 2023 through 2028, 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 2023–2027 CIP. 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-5 PROJECTED AIRLINE COST PER ENPLANED PASSENGER

(For Fiscal Years Ending December 31)

		BUDGET 2023 ¹	PROJECTION				
			2024	2025	2026	2027	2028
Signatory Airline Requirement	[A]	\$213,303,200	\$232,353,084	\$235,147,054	\$254,275,408	\$268,644,941	\$274,484,522
Non-Signatory Airline Revenues	[B]	14,182,822	14,476,142	14,776,796	15,084,966	15,404,115	15,729,151
Total Airline Revenues²	[C]	\$227,486,022	\$246,829,226	\$249,923,850	\$269,360,373	\$284,049,056	\$290,213,672
Projected Total Enplaned Passengers	[D]	11,372,662	11,539,212	11,654,406	11,786,504	11,915,983	12,042,736
Signatory Cost Per Enplaned Passenger							
Current Dollars	[E] = [C] / [D]	\$20.00	\$21.39	\$21.44	\$22.85	\$23.84	\$24.10
2023 Dollars ³		\$20.00	\$20.77	\$20.21	\$20.91	\$21.18	\$20.79

NOTES:

1 2023 First Half City Approved Budget: includes estimated Series 2023 Bonds and forecast enplaned passengers.

2 Totals may not add up due to rounding.

3 Inflation rate assumed at 3 percent.

SOURCES: Chicago Department of Aviation, October 2023; Ricondo & Associates, Inc., October 2023.

1. THE SERIES 2023 BONDS

1.1 THE SERIES 2023 BONDS

The Series 2023 Bonds will be issued pursuant to an Ordinance adopted by the Chicago City Council on October 27, 2021 (the Ordinance) and the Amended and Restated Master Indenture of Trust Securing Chicago Midway Airport Senior Lien Obligations, to be dated as of November 1, 2023, as supplemented and amended (the Senior Lien Indenture).

The City of Chicago (City) expects to use the proceeds from the sale of the Series 2023 Bonds, together with other available funds, to:

- (i) finance a portion of the 2023 Airport Projects, as defined herein,
- (ii) refund certain Outstanding Prior Airport Obligations,
- (iii) pay any Swap Agreement Payments (if applicable),
- (iv) fund the Common Debt Service Reserve Sub-Fund, if required,
- (v) fund capitalized interest of the Series 2023 Bonds, and
- (vi) pay costs and expenses incidental thereto and to the issuance of the Series 2023 Bonds.

On October 10, 2023, all of the City's Outstanding First Lien Bonds were defeased. Consequently, upon the execution and delivery of the Senior Lien Indenture, the Outstanding Second Lien Bonds will be redesignated and recognized as Outstanding Senior Lien Bonds.

Table 1-1 presents the estimate of the anticipated sources and uses of the proceeds of the Series 2023 Bonds and other funds. The Series 2023 Bonds will be secured under the Senior Lien Indenture, which amends and restates the Midway Second Lien Master Indenture, by a lien on, and pledge of, all Senior Lien Revenues, and will be payable from amounts that may be withdrawn from the Debt Service Fund created under the Senior Lien Indenture.

1.2 INDENTURE OF TRUST

1.2.1 SECURITY FOR THE SERIES 2023 BONDS

The Series 2023 Bonds are Senior Lien Obligations under the Senior Lien Indenture and are payable solely from amounts authorized to be withdrawn by the Senior Lien Trustee from the Senior Lien Debt Service Fund established under the Senior Lien Indenture (the Senior Lien Revenues).

Under the Senior Lien Indenture, Senior Lien Revenues are defined as all amounts received by the City for the use and operation of Chicago Midway International Airport (Midway or the Airport), with the exception of the following: Passenger Facility Charge (PFC) Revenues; Customer Facility Charge (CFC) Revenues; grants or similar contributions; transfer or disposition of title to all or any part of the Airport; the proceeds of any taxes collected at the Airport; the proceeds of any condemnation or insurance proceeds, except to the extent such monies are deemed to be revenues in accordance with generally accepted accounting principles (GAAP); the proceeds of any court or arbitration award or settlement in lieu thereof unless they are deemed revenues under GAAP or are reimbursements for previously incurred Operations and Maintenance (O&M) Expenses; amounts generated by the City for the payment of Special Facility Revenue Bonds; the proceeds of any bonds or other indebtedness of the City; investment income on moneys held in any fund or account of the Airport that are not available, by agreement or otherwise, for deposit into the

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Revenue Fund; and any other amounts that are not deemed to be revenues in accordance with GAAP or that are restricted in their use.

TABLE 1-1 ANTICIPATED SOURCES AND USES OF SERIES 2023 BOND PROCEEDS AND OTHER FUNDS
(IN MILLIONS)

	SERIES 2023A	SERIES 2023B	TOTAL
Sources			
Par Amount of Bonds	\$219.4	\$300.3	\$519.8
Net Original Issue Premium/(Discount)	(2.7)	16.3	13.7
Debt Service Reserve Fund Release	5.6	14.8	20.4
Debt Service Fund	0.0	0.9	0.9
Total	\$222.3	\$332.3	\$554.7
Uses			
Deposit to Project Fund	\$59.7	-	\$59.7
Deposit to Repay Outstanding Senior Lien Bonds	120.9	\$329.9	450.8
Deposit to Repay Midway Commercial Paper Notes and Accrued Interest	32.0	-	32.0
Deposit to Capitalized Interest Accounts	8.0	-	8.0
Cost of Issuance	1.8	2.4	4.2
Total	\$222.3	\$332.3	\$554.7

NOTES:

Totals may not add up due to rounding.

Swap termination payments, if any, and corresponding debt service of the associated refunding bonds could be incurred in the event the City terminates its swaps related to Senior Lien Bonds. The plan of finance reflected herein does not assume the termination of any swaps.

SOURCE: Jefferies LLC, October 2023.

1.2.2 DEBT SERVICE COVERAGE COVENANT

The Senior Lien Indenture includes modifications to the rate covenant that increases Senior Lien Revenue available for Senior Lien Debt Service. These modifications include a change to the covenant that the City establish rates and charges in an amount sufficient to equal 110 percent of Aggregate Second Lien Debt Service for the applicable year to a covenant that the City establishes rates and charges in an amount sufficient to equal 115, 120 or 125 percent of Senior Lien Debt Service, depending on the year.

Specifically, the City covenants that it will set rates and charges at the Airport for each Fiscal Year (FY) sufficient to generate revenue that, along with Other Available Moneys,

- i) will provide for the payment of O&M Expenses for such FY; and
- ii) provide for the greater of either:
 - (i) the amounts needed to make all required deposits under the Senior Lien Indenture during such FY into the Senior Lien Debt Service Fund, the O&M Reserve Account, the Working Capital Account, the Common Debt Service Reserve Sub-Fund, any debt service reserve sub-fund or account established for the benefit of a single Series of Senior Lien Obligations that are not Common Reserve Bonds, the Junior Lien Obligation Debt Service Fund, the Repair and Replacement Fund, and the Special Project Fund, and
 - (ii) (A) prior to the end of the FY ending on December 31, 2024, an amount not less than 120

percent of the Aggregate Senior Lien Debt Service for the Bond Year commencing during such FY; or (B) after the FY ending on December 31, 2024, an amount not less than 125 percent of the Aggregate Senior Lien Debt Service for the Bond Year commencing during such FY.

1.2.3 FLOW OF FUNDS

Revenues of the Airport are subject to the provisions of the Senior Lien Indenture and the Airport Use Agreement and Facilities Lease (Airport Use Agreement) between the City and airlines signatory to the agreement. Under the Senior Lien Indenture, all Senior Lien Revenues are collected by the City. On a monthly basis, the City first deposits an amount equal to one-twelfth of the O&M Expense Projection for the current FY in the O&M Fund and subsequently deposits the remainder to be credited to the Revenue Fund.

The Senior Lien Trustee then makes the following transfers from the Revenue Fund in order of priority identified in the Senior Lien Indenture. **Exhibit 1-1** illustrates the Flow of Funds identified in the Senior Lien Indenture.

1.2.4 ADDITIONAL OBLIGATIONS

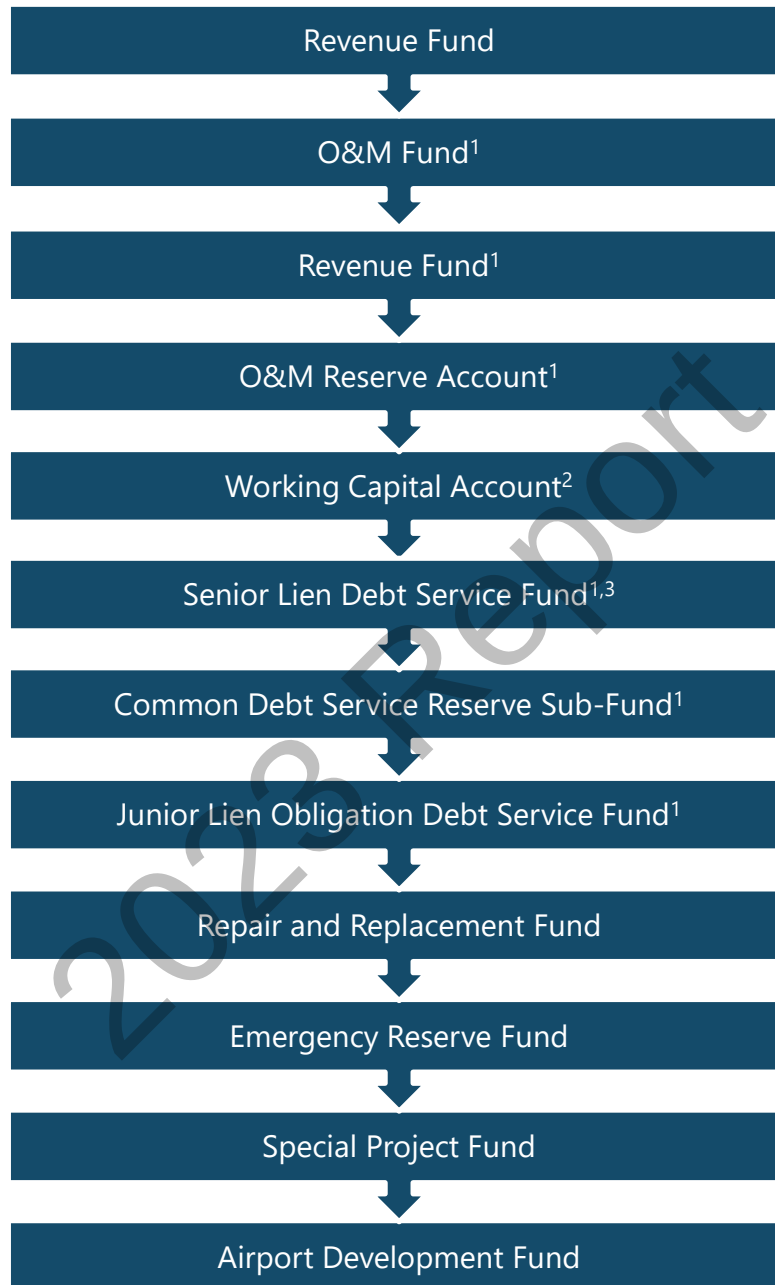
The City may issue Additional Senior Lien Obligations provided that it either:

- i) Provides a certificate from an Independent Airport Consultant stating that, based on reasonable assumptions, Senior Lien Revenues and Other Available Moneys are projected to be not less than that required to satisfy the Rate Covenant for the Aggregate Annual Debt Service for all outstanding Senior Lien Obligations, including the proposed Bonds but excluding any refunded or defeased Senior Lien Obligations, for the longer of either i) the next three FYs following the issuance of such Additional Senior Lien Obligations, or ii) for each FY following the issuance through the two FYs following completion of projects financed by such Additional Senior Lien Obligations. For the purposes of this certificate, Other Available Moneys shall only include:
 - a. Moneys that have been paid over to the Senior Lien Trustee
 - b. and deposited into the Revenue Fund or the Senior Lien Debt Service Fund or paid over to the Second Lien Trustee and deposited into a Debt Service Fund for Senior Lien Obligations or,
 - c. Moneys that have been irrevocably pledged to the payment of debt service on the Senior Lien Bonds or Senior Lien Obligations.
- ii) Provides a certificate stating that Senior Lien Revenues and Other Available Moneys in the most recently completed FY for which an audit has been prepared were sufficient to meet the Rate Covenant, assuming for such purpose that Aggregate Senior Lien Debt Service includes the maximum Annual Senior Lien Debt Service on the Senior Lien Obligations proposed to be issued.

The City may issue Additional Senior Lien Obligations constituting Completion Obligations provided that the City delivers a certificate stating:

- i) that the Completion Obligations proposed to be issued are being issued to finance the costs of one or more Airport Projects initially financed in whole or in part by Senior Lien Bonds or Senior Lien Obligations; and
- ii) that the additional cost of the Airport Projects being financed by such Completion Obligations does not exceed 15 percent of the aggregate cost originally financed.

EXHIBIT 1-1 FLOW OF FUNDS



NOTES:

- 1 Any amount on deposit at year-end in excess of the amount required to be on deposit for such Fiscal Year under the Senior Lien Indenture or any ordinance or resolution authorizing the issuance of Junior Lien Obligations at year-end, shall be transferred to the Revenue Fund.
- 2 As there is no current deposit requirement for the Working Capital Account under the Airport Use Agreement and Facilities Lease, the City of Chicago has directed the Senior Lien Trustee to suspend deposits to the Working Capital Account; this direction may be revoked at any time.
- 3 The Customer Facility Charge Revenues are not pledged to any Senior Lien Bonds, other than the Outstanding 2018A Bonds.

SOURCE: City of Chicago, October 2023.

Further, the City is required to provide a certificate from a Consulting Engineer: (a) stating that the projects have not materially changed from their description in the Senior Lien Supplemental Indenture or the Supplemental Indenture creating the series of Senior Lien Bonds or Senior Lien Obligations initially issued to finance the cost of such Airport Projects; (b) estimating the revised aggregate cost of the Airport Projects; (c) stating that such costs cannot be paid with available moneys; and (d) stating that in the opinion of the Consulting Engineer, the issuance of Completion Obligations is necessary to complete the Airport Projects.

The City may issue Additional Senior Lien Obligations constituting Refunding Obligations without meeting the conditions for a certificate of an Independent Airport Consultant described within this section.

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2. MIDWAY INTERNATIONAL AIRPORT

The City owns and operates the Airport, which is managed by the Chicago Department of Aviation (CDA). In addition to Midway, the City owns and operates O'Hare International Airport (O'Hare), which is managed by the CDA as a separate Enterprise Fund of the City. This chapter presents the role of the Airport, summarizes existing Airport facilities, and summarizes the Airport's 2023-2027 Capital Improvement Program (CIP) projects, which include the 2023 Airport Projects. As of October 2023, the CDA employs approximately 1,620 people, of which 293 positions are budgeted for Midway, with an additional 102 employees for the winter season. During the same period there are approximately 9,350 badged employees at Midway, including airline, concession, tenant, custodial, and contracted personnel.

The Airport encompasses an area of approximately 840 acres, bordered by 55th Street on the north, 63rd Street on the south, Central Avenue on the west, and Cicero Avenue on the east. It is approximately 10 miles southwest of downtown Chicago. The Airport's terminal is accessed from Cicero Avenue, which connects to Interstate 55 (the Stevenson Expressway) approximately 2 miles north of the Airport. The Airport is also connected to the downtown business district by the Chicago Transit Authority (CTA) rapid transit system Orange Line, which opened in 1993, as well as by surrounding city and suburban areas via bus service provided by both the CTA and Pace suburban bus service.

2.1 THE ROLE OF THE AIRPORT

Midway is a major commercial airport serving the Chicago region. As of October 2023, it is served by Allegiant Air (Allegiant), Avelo Airlines (Avelo), Delta Air Lines (Delta), Frontier Airlines (Frontier), Southwest Airlines (Southwest), and two foreign-flag airlines, Volaris and Porter Airlines (Porter). Sun Country Airlines (Sun Country) also provides non-scheduled service at the Airport. According to Airports Council International–North America, the Airport served approximately 19.9 million passengers in 2022, making it the nation's 30th busiest airport.⁸ The 2022 activity compares to approximately 20.8 million passengers in 2019, the most recent year prior to the impacts of the COVID-19 pandemic on air travel. In 2019, Midway ranked as the 31st busiest airport in the nation.⁹ Based on US Department of Transportation survey data, the Chicago market was ranked fourth in the nation in terms of domestic origin and destination (O&D) passengers for the year 2019, fifth in 2020 and 2021, and third in 2022, reflecting a distribution of traffic more similar to pre-COVID-19 pandemic activity.

The Airport's favorable geographical location, in relation to the national air service network, large population base, and proximity to Chicago's central business district all contributed to the Airport becoming one of the largest stations in Southwest's network. While Southwest emphasizes local passengers in its operations, the volume of Southwest flights offered from Midway to meet local demand makes the Airport a key station in the airline's network due to the connecting opportunities afforded by the high amount of service. In 2022, Southwest provided an average of 197 scheduled flights per day from the Airport to 79 destinations and accounted for 89.4 percent of the Airport's enplaned passengers.

The demand for air transportation at an airport is, to a large degree, dependent upon the demographic and economic characteristics of the geographical area surrounding the airport (the airport's "air trade area"). This

⁸ Airports Council International–North America, *2022 North American Airport Traffic Summary*, August 2023.

⁹ Airports Council International–North America, *2019 North American Airport Traffic Summary*, August 2023 (enplaned passengers).

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relationship is particularly true for O&D passenger traffic, which has historically accounted for between approximately 60 and 67 percent of passenger traffic at the Airport. O&D demand 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.

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 of the Airport Consultant (Report), the Air Trade Area for the Airport consists of the Chicago-Naperville-Elgin Metropolitan Statistical Area (MSA)¹⁰ and the Kankakee MSA. As presented on **Exhibit 2-1**, the Air Trade Area encompasses 15 counties in 3 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.

2.2 EXISTING AIRPORT FACILITIES

The Airport consists of the airfield, terminal area, general aviation (GA) facilities, maintenance and Airport support areas, landside surface access and parking, and rental car facilities. **Exhibit 2-2** provides an aerial view of the existing airfield and terminal facilities at the Airport.

2.2.1 AIRFIELD

Midway's airfield covers just over 1 square mile and consists of five runways with an associated taxiway system connecting the runways to the terminal area, GA facilities, hangars, and maintenance buildings. The Airport's two main runways, 13C-31C (6,522 feet long) and 4R-22L (6,445 feet long), serve the commercial airlines and are capable of accommodating aircraft up to and including Airplane Design Group (ADG)-III (for example B737 and A321). Runways 13C-31C and 4R-22L are both equipped with instrument landing systems (ILS) that enable arrivals to continue when visibility drops due to inclement weather conditions. The remaining two active runways, 13R-31L (3,859 feet long) and 4L-22R (5,507 feet long), are reserved to accommodate non-commercial air taxi service and GA aircraft. On August 10, 2023, Runway 13L-31R was temporarily closed after consultation with the Federal Aviation Administration (FAA) to improve the efficiency of moving aircraft around the airfield and enhance safety.

2.2.2 TERMINAL AREA

The passenger terminal is located on the east side of the airfield, between Runways 13L-31R and 4R-22L and Cicero Avenue, and it is connected via an elevated pedestrian bridge to a six-story parking structure on the west side of the road. The terminal consists of three concourses (A, B, and C) that provide 43 aircraft gate positions; 34 of these are leased as Preferential Use gates, with the remaining 9 available to any airline, considered Common Use. Three of the Common Use gates have a secure corridor connection to Midway's Federal Inspection Services (FIS) facility and thus are capable of processing inbound passengers from international destinations. In 2004, the 7-year Midway Development Program redeveloped the Airport's terminal; this program included the construction of the Airport's existing 1-million-square-foot, three-concourse passenger terminal.

¹⁰ 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.

CHICAGO MIDWAY INTERNATIONAL AIRPORT

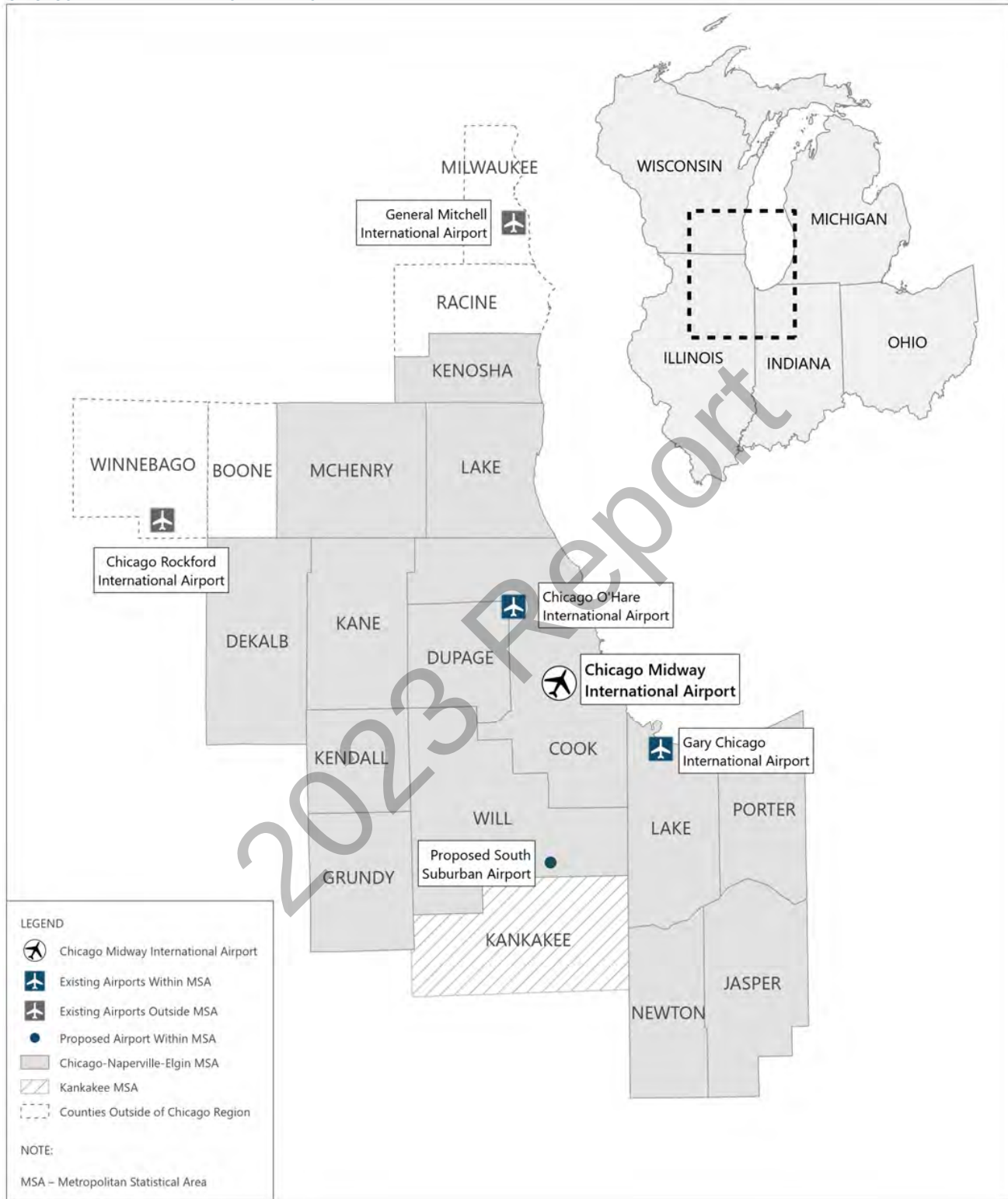


EXHIBIT 2-1

CHICAGO MIDWAY INTERNATIONAL AIRPORT
AIR TRADE AREA

NORTH

0 25 mi

CHICAGO MIDWAY INTERNATIONAL AIRPORT



SOURCES: Nearmap, June 2023 (aerial photography – for visual reference only, may not be to scale).

EXHIBIT 2-2



NORTH

0 1,200 ft

CHICAGO MIDWAY INTERNATIONAL AIRPORT – AERIAL VIEW

Project: P:\GIS\Projects\MDW\APRX\MDW ATA 20230814.aprx Layout: CDA MDW Ex2-2 AerialView 20230814

Airport Revenue Bonds

| E-31 |

Report of the Airport Consultant

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Mechanical and electrical improvements to the terminals and landside structures and capacity upgrades and modernization to the Airport's heating and refrigeration plant were completed in 2021. Improvements included the reconstruction of all air handling units, with new motors and variable frequency drives; upgrades to the fire protection system, including installation of dry fire suppression systems in place of wet systems; variable air volume box upgrades with new controls and thermostats; the replacement of pre-conditioned air units on all jet-bridges with new units; and the automation of all interior and exterior lighting controls. Heating and refrigeration plant improvements included an additional 1,100 tons of peak cooling load, two new chillers and rework of existing chillers, cooling tower replacement, new primary chilled water pumps and chilled water distribution pumps, and the installation of new switchgear and additional power supply to provide redundancy to the Airport's cooling capacity in the event of a power outage.

In 2020, an upgrade and expansion to Midway's passenger security checkpoint was completed. This project expanded the existing elevated passenger bridge over Cicero Avenue from 50 feet to 400 feet, which increased the queuing area to 80,000 square feet. This update provides a streamlined single checkpoint area that is eight times wider than the previous security hall, with up to 17 operational screening lanes. These new lanes have the capacity to double passenger throughput from 2,500 to 5,000 passengers per hour, as needed, with room for future expansion. In addition, the expansion opened up approximately 18,000 square feet of existing space that can be repurposed for concessions redevelopment. The City is nearing the end of a Concessions Redevelopment Program with over 75 percent of the program complete as of October 2023. This program is being completed in five phases; the fourth phase began in February 2023 and an additional 8 food and beverage locations are anticipated to be opened by November 2023. Midway's first airport lounge, The Club MDW, is part of the program, with an anticipated opening of late 2024. The 3,300-square-foot club will be available to all passengers, regardless of airline and class of service, for a daily fee of \$50. Construction is anticipated to begin in 2024 in Midway's Central Market to prepare for the space. As of October 2023, there are 24 retail locations, 30 food and beverage locations, and 1 service location, a shoeshine, throughout the Airport.

Improvements to the Airport's FIS facility and customs hall were completed in 2019. These improvements replaced the existing traditional bag claim device in the FIS international bag claim Hall with a new higher-capacity bag claim device, added a second higher-capacity bag claim device with associated conveyors in an area previously occupied by the Customs and Border Protection (CBP) offices, reconfigured CBP spaces to allow for the consolidation of certain functions and improved passenger interview and screening spaces, and updated certain parts of the existing bag recheck area and existing Transportation Security Administration (TSA) office space. This bag claim configuration provides the Airport with the ability to store approximately 200 bags on two rotating bag claim devices and provides approximately 12,860 square feet in CBP space.

2.2.3 GENERAL AVIATION FACILITIES

GA facilities and services are located on both the south and west sides of the airfield. These include corporate flight facilities, avionics repair shops, and two fixed-based operators (FBOs): Atlantic Aviation and Signature Flight Support. The lease agreement between the Airport and Signature Flight Support is currently operating on a month to-month basis, and the City is in the process of developing a new Request for Proposal (RFP) pertaining to the future operation of this west-side FBO. The lease agreement between the Airport and Atlantic Aviation expires in 2025 and a separate RFP for operation of the south-side FBO (currently leased and managed by Atlantic Aviation) is expected to be issued by the City in the future.

2.2.4 MAINTENANCE AND AIRPORT SUPPORT AREAS

A variety of Airport support, service equipment, and maintenance facilities are located around the perimeter of the airfield. These include fuel farms, hangars, airline maintenance buildings, and both CDA and FAA support facilities,

including the Airport Maintenance Complex (AMC), Aircraft Rescue and Fire Fighting (ARFF) station, and an Airport Traffic Control Tower. Hangars located on both the north and south sides of the airfield are leased by Southwest. Cargo, which is belly loaded in passenger aircraft, is processed at these facilities. Midway is not served by cargo-specific carriers; the Air Trade Area's cargo-specific carrier service is supported by facilities at O'Hare.

2.2.5 SURFACE ACCESS

Public vehicular access to the passenger terminal complex is provided via an elevated roadway entrance connected to Cicero Avenue between 55th Street and 63rd Street. Recirculation roadways enable drivers to transition between the two levels of terminal access and the parking garage. Interstate 55 (the Stevenson Expressway) is less than 2 miles to the north.

2.2.6 PARKING AND GROUND TRANSPORTATION

A six-level terminal parking garage on the east side of Cicero Avenue is connected to the passenger terminal via the elevated passenger bridge. The structure opened in 1999 and provides one level of hourly parking, with approximately 360 parking spaces, and five levels of daily parking, with approximately 2,110 parking spaces.

Terminal parking garage enhancements were completed in 2021. These included improvements to the exit plaza, a new revenue control system for more efficient entry and exiting, new electric vehicle charging stations, elevator modernization, a new emergency exit staircase, energy-efficient electrical upgrades, drainage upgrades, and other civil improvements.

Economy parking is located on the north side of 55th Street in the form of a seven-level parking structure and surface lots that collectively provide 8,842 public parking spaces. A cell phone lot opened in 2006 that enables public vehicles to wait free of charge for arriving passengers outside the terminal roadway system. In addition, the Airport maintains two remote employee parking lots, totaling 1,179 spaces.

Taxi stands are located on the lower-level curb front of the terminals, and taxis are available on a first come, first serve basis. Some limousine services can arrange to have their drivers meet arriving passengers in the baggage claim area or in other pre-designated pickup locations within the baggage claim area. The loading zones for rideshare services are on the lower level outside of baggage claim, doors 2 through 4. The taxi and limousine staging lots are located on Kilpatrick Avenue, south of 55th Street. The rideshare staging lot is located on the east side of 72nd Street and Cicero Avenue.

Public transportation services from both the CTA and Pace provide access to the Airport via the fully accessible Midway Transportation Center, located directly east of the terminal and connected to the terminal building via an enclosed walkway. The CTA Orange Line train provides service from Midway to downtown Chicago via elevated tracks; as of October 2023, it provides service from approximately 4:00 a.m. to approximately 1:00 a.m. every day, with service offered as frequently as every 10 minutes during weekday morning and evening rush hours. Alternate overnight service is available via the N62 Archer bus, one of nine CTA bus routes that serve the Airport. Seven Pace bus routes provide service throughout the Chicago suburbs to Midway.

2.2.7 RENTAL CAR FACILITIES

A Consolidated Rental Car Facility (CRCF) opened in April 2013. It consists of an elevated parking structure north of 55th Street with a Quick Turnaround (QTA) facility, approximately 1,300 ready/return spaces, and approximately 1,870 storage spaces. The parking structure provides four covered levels and one uncovered rooftop level. The first level houses a customer service center that replaced the former service counters in the passenger terminal. The single-level QTA facility is located immediately east of the elevated parking structure. It provides 10 at-grade wash bays, office and ancillary facilities for each rental car company, employee restrooms, and bicycle parking. All rental

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car operations are operated from this facility, which is connected to the terminal complex via a dedicated roadway and shuttle bus operations.

2.3 THE 2023 AIRPORT PROJECTS

The Airport maintains a multi-year CIP. A portion of the proceeds of the Series 2023 Bonds is anticipated to be used to fund the 2023 Airport Projects, which consist of certain projects contained in the Airport's CIP for 2023 to 2027 (2023–2027 CIP).

For purposes of this Report, it was assumed that the total cost of the 2023 Airport Projects reflects those CIP projects that are anticipated to be funded in part or in whole, depending on the project, with proceeds from the Series 2023 Bonds. The total project cost of the 2023 Airport Projects is approximately \$92.6 million, and the Series 2023 Bonds will fund approximately \$59.7 million. The remaining costs are either funded with existing bonds or are assumed to be funded with a future issuance of Senior Lien Bonds (Series 2025 Bonds or Future Bonds), which is assumed to occur in 2025 for purpose of this Report¹¹. Signatory Airlines' approval has been received for all of the 2023 Airport Projects.

Table 2-1 presents the 2023 Airport Projects and their estimated costs.

TABLE 2-1 THE 2023 AIRPORT PROJECTS AND ESTIMATED COSTS (IN THOUSANDS)

PROJECT DESCRIPTION	ESTIMATED TOTAL PROJECT COST	ESTIMATED PROJECT COST FUNDED WITH SERIES 2023 BONDS
Fuel Farm Garage and Upgrades	\$4,000	\$4,000
Restrooms Modernization	\$22,585	\$6,115
Baggage Handling System and Checked Baggage Inspection System Elements	\$36,520	\$28,838
Holdroom Carpet Replacement	\$1,800	\$1,800
Passenger Loading Bridge Refresh	\$9,385	\$9,385
North CBIA Matrix Recapitalization and Optimization Project	\$1,800	\$1,385
Implementation	\$16,500	\$8,150
Total	\$92,590	\$59,672

NOTES:

CBIA – Checked Baggage Inspection Area.

Totals may not add up due to rounding.

SOURCE: Chicago Department of Aviation, October 2023.

2.4 TOTAL 2023 TO 2027 CAPITAL IMPROVEMENT PROGRAM

The Airport CIP focuses on ongoing rehabilitation, repair, and maintenance in addition to the previously described projects. The current 2023–2027 CIP includes a project cost estimate of approximately \$514.3 million for calendar years (CYs) 2023 to 2027. **Table 2-2** shows the 2023–2027 CIP costs by category. The 2023 Airport Projects are included in the 2023–2027 CIP.

¹¹ The Future Bonds are assumed to be issued in FY2025 to fund (i) \$253.7 million of project costs; (ii) capitalized interest through the respective DBO of each project, ending on 1/1/2027; (iii) a deposit to the Common Reserve Fund; and (iv) any costs of issuance. The Bonds are structured for level debt service with principal amortizing from 2036 to 2055. Interest rates are assumed to be 6.00 percent.

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- Airfield – Approximately \$216.9 million of airfield improvements are included in the 2023–2027 CIP. The majority of the projects address rehabilitation or replacement of airfield pavement areas, including Runway 13C–31C and associated taxiways, Runway 4R–22L, Taxiway Y, and apron areas around the terminal.
- Terminal – Approximately \$57.2 million of terminal area projects are included in the 2023–2027 CIP; these projects primarily consist of restroom modernization, baggage system updates and modifications, passenger loading bridge improvements, and holdroom carpet replacement.
- Parking – Approximately \$8.8 million of planned parking and roadway improvements, including upgrades to the Terminal Parking Garage, structural investigation repairs, and parking garage lighting replacement, are included in the 2023–2027 CIP.
- Facilities, Fuel, Vehicles – Approximately \$88.0 million is included in the 2023–2027 CIP for a comprehensive modernization of the existing AMC, upgrades to the fuel storage facility, and the acquisition of ARFF and airport support vehicles.
- Land/Property Acquisition – Approximately \$23.6 million of property acquisition projects are included in the 2023–2027 CIP. The City purchases properties within the runway protection zones as they become available.
- Noise Mitigation – Approximately \$119.8 million of residential noise mitigation projects are included in the 2023–2027 CIP. The current phase of the residential noise mitigation includes approximately 2,020 dwelling units. Homes are eligible based on inclusion or proximity to the 65 day-night average sound level (DNL) noise contour. Not all eligible homeowners will choose to participate in the program, and the amount in the 2023–2027 CIP assumes approximately 75 percent participation based on historical trends.

TABLE 2-2 2023–2027 CAPITAL IMPROVEMENT PROGRAM COSTS BY CATEGORY (IN MILLIONS)

CATEGORY	TOTAL
Airfield	\$216.9
Terminal	57.2
Parking	8.8
Facilities, Fuel, Vehicles	88.0
Land/Property Acquisition	23.6
Noise Mitigation	119.8
Total Estimated Costs	\$514.3

NOTE:

Totals may not add up due to rounding.

SOURCE: Chicago Department of Aviation, October 2023.

The funding sources for the 2023–2027 CIP include a combination of Airport Improvement Program (AIP) grant funds, proceeds of previously issued Senior Lien Bonds, proceeds of a portion of the Series 2023 Bonds, and proceeds of future Senior Lien Bonds. PFC Revenue is used to pay eligible debt service for PFC-eligible debt. **Table 2-3** shows the 2023–2027 CIP funding sources by category. The City intends to use additional AIP entitlement and Bipartisan Infrastructure Law (BIL) Airport Infrastructure Grant (AIG) funds for eligible projects. The City also anticipates applying for discretionary AIP and/or BIL Airport Terminal Program (ATP) grants. Any of these funds, or other grant funds, will serve to offset project costs currently assumed to be funded with bond proceeds assumed in the financial analysis and shown in Table 2-3.

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TABLE 2-3 2023–2027 CAPITAL IMPROVEMENT PROGRAM FUNDING SOURCES (IN MILLIONS)

CATEGORY	TOTAL
Previously Issued Senior Lien Revenue Bonds	\$137.2
FAA AIP Grants ¹	63.7
Series 2023 Bonds	59.7
Future Bonds	253.7
Total	\$514.3

NOTES:

FAA – Federal Aviation Administration

AIP – Airport Improvement Program

Additional Airport Improvement Program, Bipartisan Infrastructure Law, or other grant funds are anticipated to offset the use of Future Bonds as a funding source.

Totals may not add up due to rounding.

¹ Assumes grant funding for approximately 60 percent of the noise mitigation projects.

SOURCE: Chicago Department of Aviation, October 2023.

2.4.1 SENIOR LIEN AIRPORT REVENUE BONDS

Funding sources for the 2023–2027 CIP include previously issued Bonds, the Series 2023 Bonds, and the Future Bonds. Approximately \$266.5 million of proceeds of previously issued bonds will be used for the 2023–2027 CIP projects. The Series 2023 Bonds will fund approximately \$59.7 million of the 2023–2027 CIP projects. The City anticipates using the Future Bonds and/or commercial paper proceeds in the amount of approximately \$253.7 million for the remaining costs of the 2023–2027 CIP.

2.4.2 FEDERAL GRANT FUNDS

The Airport uses FAA AIP grant funds for eligible projects, such as runway rehabilitations, noise mitigation, and other projects, that meet AIP requirements. \$63.7 million in AIP grant funds are assumed to fund 2023–2027 CIP RSIP projects. Per FAA policy, AIP grants can fund up to 80 percent of noise mitigation projects; for purposes of the financial analysis, 60 percent of RSIP project costs are assumed to be funded with AIP grant funds. If AIP grants are not received for the RSIP, then bond proceeds are anticipated to be used as a funding source. In addition to the RSIP AIP grants for the RSIP, the City anticipates using AIP entitlement grant funds, which are awarded based on passenger activity, toward eligible projects; the City intends to apply for AIP discretionary grants for projects that meet eligibility requirements and align with AIP priorities. If additional AIP funding is received for projects in the 2023–2027 CIP, then the amount of the Future Bonds is anticipated to be reduced.

An additional source of federal capital grant funding is from the Infrastructure Investment and Jobs Act, also referenced as the BIL. It was signed into law by President Biden on November 15, 2021, and is a \$1.2 trillion infrastructure bill that includes \$550 billion in new spending. Costs incurred on or after November 15, 2021, the enactment date of BIL, are eligible as long as federal procurement requirements, FAA design and construction standards, and project eligibility requirements are met. BIL provides three grant programs that are exclusively available to airports. Through AIG, the FAA has allocated \$40.4 million to the Airport in FYs 2022 and 2023. Through FY 2026, the City estimates the Airport will draw down approximately \$100 to \$104 million in AIG funds. The City also anticipates applying for discretionary ATP grants for projects that meet eligibility requirements and align with ATP priorities. These funds have not been assumed in the financial analysis, and, if received, it is anticipated that such receipt would reduce the amount of the Future Bonds.

2.4.3 PASSENGER FACILITY CHARGE REVENUE

A PFC of \$4.50 is collected for each eligible enplaned passenger at the Airport. PFC Revenue is pledged to PFC-eligible debt service and does not fund projects directly. As of October 2023, the City has received authority to collect up to approximately \$2.48 billion of PFC Revenue, with a collection expiration date of May 1, 2056. A projection of PFC Revenues, which are applied to eligible debt service, is presented in Chapter 5 of this Report.

2.4.4 CUSTOMER FACILITY CHARGE REVENUE

CFC Revenue is not anticipated to be used to fund any of the 2023–2027 CIP projects at the Airport. CFC Revenue is used to pay debt service on the Series 2018A Bonds and may be used to pay certain CFC-eligible O&M Expenses associated with the CRCF and shuttle bus services connecting the terminal and CRCF.

2023 Report

3. DEMOGRAPHIC AND ECONOMIC ANALYSIS

The demand for air transportation at an airport is, to a large degree, dependent upon the demographic and economic characteristics of the geographical area surrounding the airport. This relationship is particularly true for O&D passenger traffic, which has accounted for between approximately 62 and 68 percent of passenger traffic at the Airport since 2011. Therefore, the major portion of demand for air transportation at the Airport 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 chapter presents data indicating the Airport's Air Trade Area (as defined in Chapter 2 of this Report) has an economic base capable of supporting increased airline traffic demand through the Projection Period (ending FY 2028).

3.1 DEMOGRAPHIC ANALYSIS

3.1.1 POPULATION

With a population of more than 9.6 million in 2021,¹² the Air Trade Area is the fourth most populous metropolitan region in the United States (see **Exhibit 3-1**), and it is a major air transportation market.

Population growth is a key factor regarding demand for airline travel. Data in **Table 3-1** show the Air Trade Area's population remained constant between 2011 and 2021. The Air Trade Area's historical rate of population growth between 2001 and 2021 was relatively comparable to that of the Midwest population, but it was somewhat lower than that of the United States—a relationship that is expected to prevail through 2028. Similarly, the Air Trade Area population projected for the period 2021 through 2028 reflects a compound annual growth rate (CAGR) of 0.10 percent—a rate that is comparable to what is projected for the Midwest (0.18 percent) but somewhat lower than what is projected for the United States (0.62 percent). The projected increase of approximately 67,000 new residents in the Air Trade Area during this period is expected to generate additional demand for airline service at the Airport.

3.1.2 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 US Department of Labor, Bureau of Labor Statistics, in the United States, persons between the ages of 35 and 54 account for 44.0 percent of expenditures on airfares.¹³

Table 3-2 shows that in 2021, residents in the Air Trade Area aged 35 to 54 accounted for 26.1 percent of the population. Thus, the age group that generates the most expenditures on airfares is represented in the Air Trade Area at a higher rate than the population in both the Midwest (24.5 percent) and the United States (25.0 percent).

¹² 2021 represents the most recent annual historical population data available from the data source used in this section: Woods & Poole Economics, Inc., *2023 Complete Economic and Demographic Data Source (CEDDS)*.

¹³ 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 US Department of Labor, Bureau of Labor Statistics' Consumer Expenditure Survey, an ongoing nationwide survey of household spending.

EXHIBIT 3-1 TEN LARGEST METROPOLITAN REGIONS IN THE UNITED STATES (2021)



NOTE:

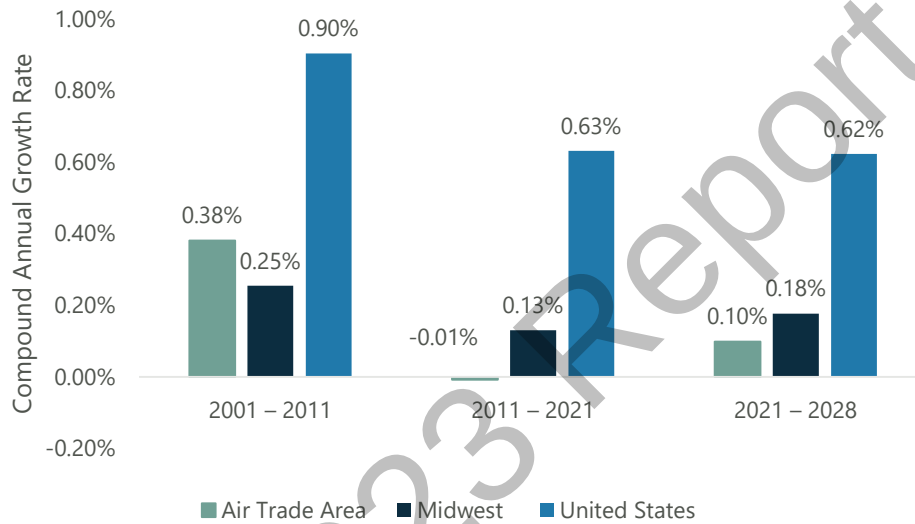
CSA – Combined Statistical Area

SOURCES: Woods & Poole Economics, Inc., 2023 Complete Economic and Demographic Data Source (CEDDS), October 2023; Esri, Basemap Database, 2010.

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TABLE 3-1 HISTORICAL AND PROJECTED POPULATION (2001–2028)

AREA	HISTORICAL			PROJECTED
	2001	2011	2021	2028
Air Trade Area	9,274,070	9,633,736	9,626,190	9,692,958
Chicago-Naperville-Elgin MSA ¹	9,169,580	9,520,338	9,519,538	9,585,784
Kankakee MSA ²	104,490	113,398	106,652	107,174
Midwest ³	45,401,564	46,570,061	47,181,948	47,768,904
United States	284,968,906	311,786,313	332,031,563	346,778,031



NOTES:

MSA – Metropolitan Statistical Area

2028 data are Woods & Poole Economics, Inc., projections.

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., 2023 Complete Economic and Demographic Data Source (CEDDS), July 2023.

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TABLE 3-2 AGE DISTRIBUTION AND EDUCATIONAL ATTAINMENT (2021)

AGE DISTRIBUTION	AIR TRADE AREA	MIDWEST	UNITED STATES
Total Population	9,626,190	47,181,948	332,031,563
<i>By Age Group</i>			
19 and Under	15.4%	24.5%	24.6%
20 to 24 Years	6.4%	6.5%	6.5%
25 to 34 Years	14.4%	13.4%	14.0%
35 to 44 Years	13.5%	12.5%	12.9%
45 to 54 Years	12.6%	12.0%	12.1%
55 to 64 Years	22.0%	13.3%	12.7%
65 and Above	15.7%	17.8%	17.2%
Total¹	100.0%	100.0%	100.0%
Median Age	37.6 years²	38.7 years	38.0 years
EDUCATIONAL ATTAINMENT	AIR TRADE AREA	MIDWEST	UNITED STATES
Population 25 Years and Over	7,525,407	32,542,909	228,770,330
<i>By Highest Level Achieved</i>			
Less than 9th Grade	5.2%	3.3%	4.8%
9th–12th Grade, No Diploma	5.3%	5.8%	6.3%
High School Graduate (includes GED/Alternative Credential)	23.5%	29.5%	26.5%
Some College, No Degree	19.0%	20.6%	20.0%
Post-Secondary Degree	46.9%	40.8%	42.4%
Associate's Degree	7.4%	9.2%	8.7%
Bachelor's Degree	23.7%	19.5%	20.6%
Master's Degree or Doctorate	15.8%	12.1%	13.1%
Total¹	100.0%	100.0%	100.0%

NOTES:

GED – General Educational Development

1 Sums may not total to 100.0 percent due to rounding.

2 The Air Trade Area median age does not account for the Kankakee Metropolitan Statistical Area.

SOURCES: Woods & Poole Economics, Inc., 2023 Complete Economic and Demographic Data Source (CEDDS), July 2023; US Census Bureau, American Community Survey, July 2023 (metropolitan statistical areas, 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.¹⁴ As shown in Table 3-2, 46.9 percent of the Air Trade Area'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 (40.8 percent) and the United States (42.4 percent). In addition to having a highly educated population, the Air Trade Area is also home to approximately 100 colleges and universities. These schools, which include community colleges and technical schools, have a total enrollment of approximately 700,000 students.¹⁵ These educational institutions generate demand for airline service through academic meetings and conferences, visiting professorships, study abroad programs, and individual student and faculty travel.

¹⁴ New Strategist Press, *Who's Buying for Travel*, 12th ed. Ithaca, NY: New Strategist Press, 2018.¹⁵ Institute of Education Sciences, National Center for Education Statistics, October 2023.

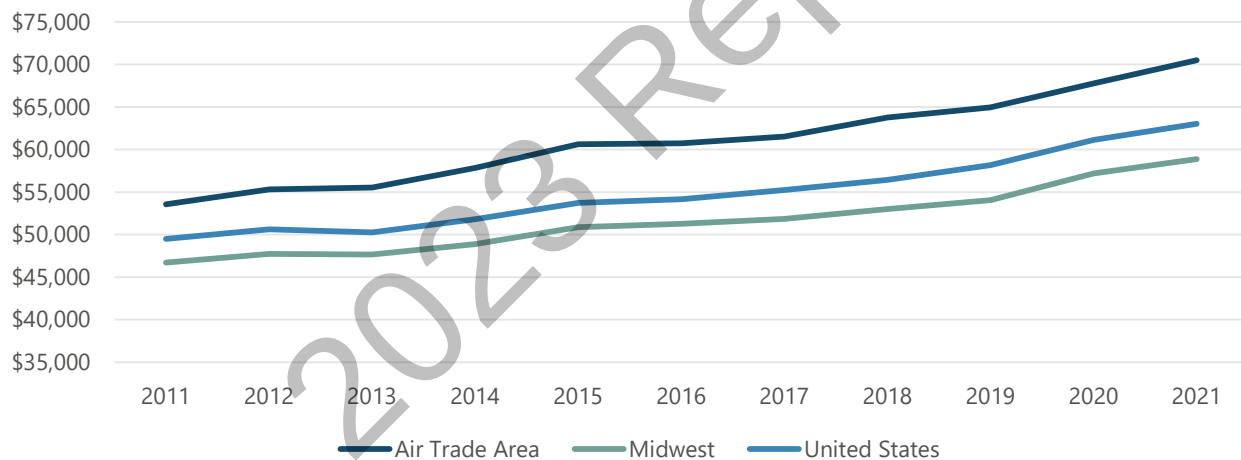
3.1.3 PER CAPITA PERSONAL INCOME

Another indicator of a region's demand for airline travel is per capita personal income.¹⁶ 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 3-2 presents historical per capita personal income for 2011 through 2021 for the Air Trade Area, the Midwest, and the United States. As shown, between 2011 and 2021, per capita personal income in the Air Trade Area was higher than that of the Midwest and the United States. Per capita personal income for the Air Trade Area increased at a CAGR of 2.8 percent between 2011 and 2021, which is higher than the rate in both the Midwest (2.3 percent) and the United States (2.4 percent) during the same period.

Exhibit 3-2 also shows that projected per capita personal income in the Air Trade Area is expected to increase at a CAGR of 1.3 percent, from \$70,495 in 2021 to \$77,275 in 2028. (Note: dollar amounts in this chapter are in 2021 dollars, unless otherwise noted.) The projected growth rate for per capita personal income in the Air Trade Area (1.3 percent) is higher than that of the Midwest (1.0 percent) and the United States (1.1 percent) between 2021 and 2028.

EXHIBIT 3-2 PER CAPITA PERSONAL INCOME (2011–2021)



ANNUAL PER CAPITA PERSONAL INCOME GROWTH	AIR TRADE AREA	MIDWEST	UNITED STATES
2011–2021	2.8%	2.3%	2.4%
2021–2028 (Projected)	1.3%	1.0%	1.1%

NOTES:

Amounts are in 2021 dollars.

2028 data are Woods & Poole Economics, Inc., projections.

SOURCE: Woods & Poole Economics, Inc., *2023 Complete Economic and Demographic Data Source (CEDDS)*, July 2023.

¹⁶ 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.

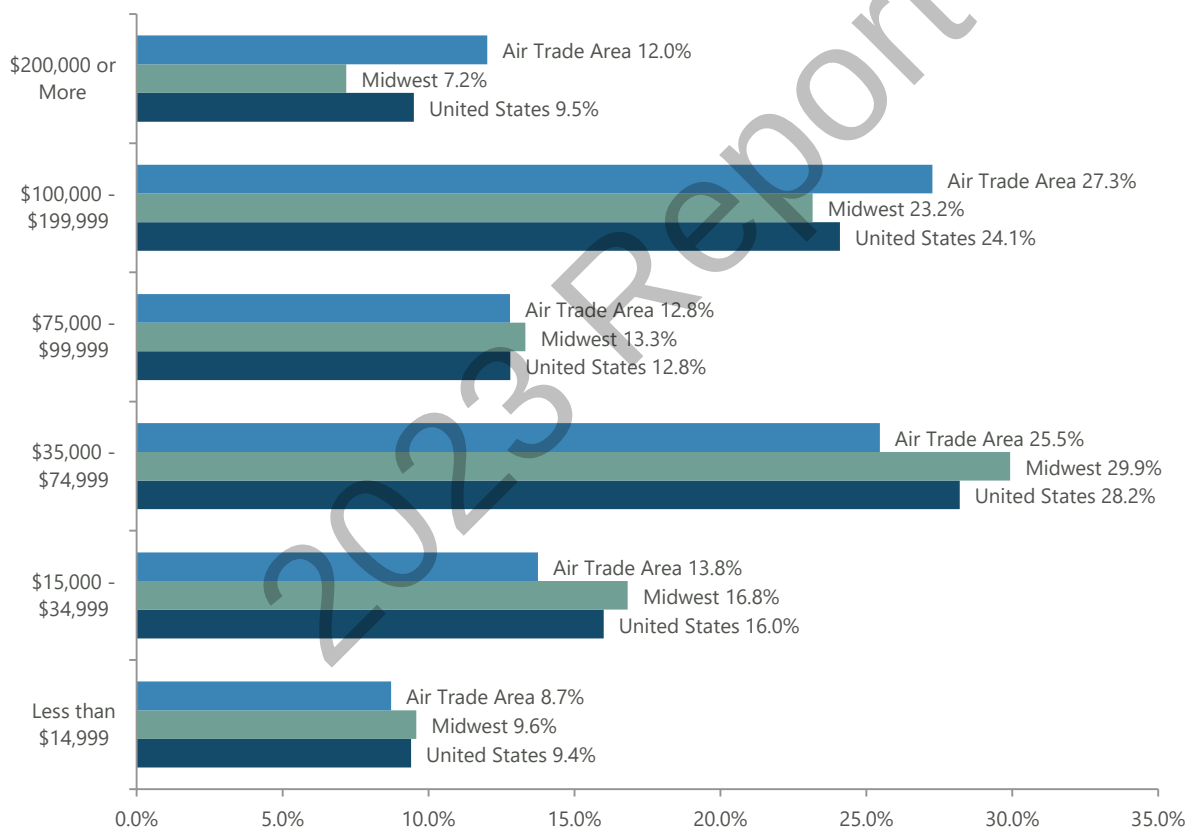
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3.1.4 HOUSEHOLD INCOME

Exhibit 3-3 shows the distribution of households among the income categories for the Air Trade Area, the Midwest, and the United States in 2021. The Air Trade Area's median household income of \$78,604 in 2021 was 19.7 percent higher than that of the Midwest (\$65,661) and 13.9 percent higher than that of the United States (\$69,021).¹⁷

The percentage of higher-income households (defined as those earning \$100,000 or more annually) within the Air Trade Area is another key indicator of potential demand for airline travel. According to Consumer Expenditure Survey data from the US Department of Labor, Bureau of Labor Statistics, 55 percent of airfare expenditures are made by households with annual incomes of \$100,000 or more.¹⁸ With approximately 1,457,441 households earning \$100,000 or more in 2021, the Air Trade Area is among the wealthiest markets in the United States.

EXHIBIT 3-3 HOUSEHOLD INCOME DISTRIBUTION (2021)



NOTES:

Amounts are in 2021 dollars.

2021 is the latest year with household income distribution data available.

SOURCE: US Census Bureau, Data Table S1901, "Income in the Past 12 Months (in 2021 Inflation-Adjusted Dollars)," July 2023 (metropolitan statistical areas, states, and the United States).

¹⁷ Amounts are in 2021 dollars.

¹⁸ New Strategist Press, *Who's Buying for Travel*, 12th ed. Ithaca, NY: New Strategist Press, 2018.

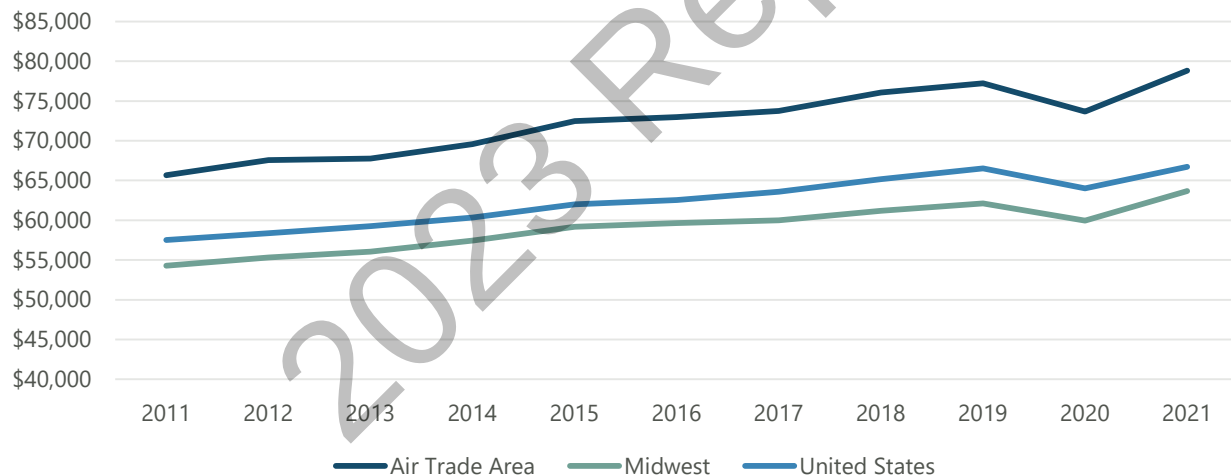
3.2 ECONOMIC ANALYSIS

3.2.1 PER CAPITA GROSS DOMESTIC/REGIONAL PRODUCT

Per capita gross domestic product (GDP; US-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.

Exhibit 3-4 presents historical per capita GRP data for the Air Trade Area and the Midwest, as well as per capita GDP data for the United States, for 2011 through 2021.¹⁹ The Air Trade Area's per capita GRP increased from \$65,666 in 2011 to \$78,824 in 2021. Per capita GRP for the Air Trade Area increased at a CAGR of 1.8 percent between 2011 and 2021, which is slightly higher than the CAGR for the Midwest (1.6 percent) and higher than the CAGR for the United States (1.5 percent) during the same period. The CAGRs for the 2011 to 2021 period were impacted by the COVID-19 pandemic. COVID-19 was first identified in December 2019 and was declared a pandemic by the World Health Organization in March 2020. As seen on Exhibit 3-4, there was a 4.6 percent decline in the Air Trade Area's per capita GRP in 2020 due to the COVID-19 pandemic, followed by a 7.0 percent increase between 2020 and 2021 as the economy started to recover from the COVID-19 pandemic.

EXHIBIT 3-4 PER CAPITA GROSS DOMESTIC/REGIONAL PRODUCTS (2011–2021)



ANNUAL PER CAPITA GDP/GRP GROWTH	AIR TRADE AREA	MIDWEST	UNITED STATES
2011–2021	1.8%	1.6%	1.5%
2021–2028 (Projected)	2.0%	1.6%	1.5%

NOTES:

GDP – Gross Domestic Product

GRP – Gross Regional Product

Amounts are in 2021 dollars.

2028 data are Woods & Poole Economics, Inc., projections.

SOURCE: Woods & Poole Economics, Inc., 2023 *Complete Economic and Demographic Data Source (CEDDS)*, July 2023.

¹⁹ Amounts are in 2021 dollars.

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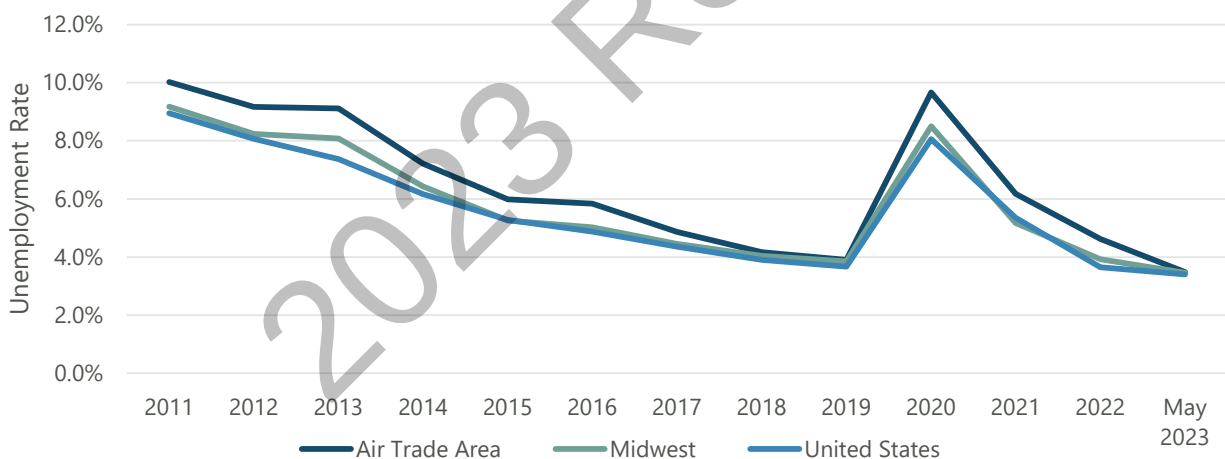
Per capita GRP for the Air Trade Area is projected to increase from \$78,824 in 2021 to \$90,440 in 2028. This increase represents a CAGR of 2.0 percent for the Air Trade Area, which is slightly higher than the Midwest (1.6 percent) and the United States (1.5 percent) over the same period.

3.2.2 EMPLOYMENT TRENDS

Between 2011 and 2021, the Air Trade Area and Midwest labor forces both increased by 0.3 percent. The United States experienced labor force growth of 0.8 percent during the same period. The Air Trade Area's civilian labor force declined by 2.8 percent in CY 2020, higher than the decline in the civilian labor force of the Midwest and the United States in CY 2020 (by 2.1 percent and 1.7 percent, respectively), as workers left the labor force due to childcare duties, fear of getting COVID-19 in the workplace, and other reasons related to the COVID-19 pandemic. CY 2021 saw marginal recovery in the labor force in the Air Trade Area and in the United States; however, the labor market tightened as the recovery in the labor force did not always keep pace with the demand for labor in certain sectors. By 2022, all three regions' labor forces were increasing, and this recovery trend continued through May 2023 for the Midwest and the United States; however, the May 2023 labor force of the Air Trade Area was slightly lower than its 2022 level.

Exhibit 3-5 shows the annual unemployment rate in the Air Trade Area was higher than that of the Midwest and the United States in all years from January 2011 through May 2023.

EXHIBIT 3-5 UNEMPLOYMENT RATE (JANUARY 2011 – MAY 2023)



NOTE:

May 2023 data are preliminary.

SOURCE: US Department of Labor, Bureau of Labor Statistics, July 2023.

The unemployment rates in the Air Trade Area, the Midwest, and the United States increased dramatically in 2020 due to the COVID-19 pandemic, and they subsequently started to decline as the economy began to recover. In CY 2021, the unemployment rate in the Air Trade Area was 6.2 percent; this was higher than the 5.2 percent unemployment rate in the Midwest and the 5.3 percent rate in the United States. Unemployment rates continued to decline in CY 2022, with the Air Trade Area unemployment rate remaining higher than the unemployment rates in the Midwest and the United States. By May 2023, all three regions' unemployment rates were nearly equivalent and below their pre-COVID-19 pandemic 2019 levels.

3.2.3 BUSINESS CLIMATE

The Chicago metropolitan area is the largest inland region in the United States with a global reach; in 2022, if it were measured as a country, it would be the 22nd largest economy in the world.²⁰ Oxford Economics characterizes the economy as large and diversified, with strong global transit links, and a low cost of living relative to other large US cities.²¹ World Business Chicago (WBC), a nonprofit economic development partnership, works with companies and economic development partners to attract, retain, and create new businesses in the Air Trade Area. WBC reports on both Chicago's innovation and economic resilience. WBC has identified over 20 unicorns (privately held startup companies with a valuation of \$1 billion or more) headquartered in Chicago and characterizes the area as one of the most diversified economies in the United States.²² WBC also reports that Chicago technology companies received over \$9.7 billion of investment²³ in 2021 (most recent data available), including \$7.0 billion of venture capital, which was more than double of what was raised in 2020,²⁴ and 180 businesses relocated, expanded, or entered the market with locations within the city in 2022, and 84.6 percent of businesses renewed their business licenses.²⁵ Given the Air Trade Area's highly diversified economy, WBC is strategically focusing on six high-growth areas—Life Sciences; Transportation, Distribution, and Logistics and Logistics Tech; Manufacturing; Food Manufacturing and Innovation; Finance and Fintech; and Business and Professional Services—to spur both full economic recovery from the COVID-19 pandemic and continued growth.²⁶

In 2022, Chicago was named “#1 US metro for corporate relocations and expansions” by *Site Selection* magazine for the eighth year in a row.²⁷ According to Choose Chicago, the official destination marketing organization for the City, the number of business visitors to the Chicago metropolitan area increased from 11.8 million in 2016 to 12.8 million in 2019 (latest pre-COVID-19 pandemic year available).²⁸ *fDi Magazine* named Chicago in the top five cities in its biennial Americas Cities of the Future list in 2021 (most current ranking available).²⁹ In addition, Chicago ranked second in the Americas in the human capital and lifestyle category. The *fDi Magazine* ranking highlights the more than 100 projects that the city attracted in 2020, as well as the European and Asian companies that grew their presence in Chicago in 2020. These include the opening or expansion of office space, retail businesses, manufacturing, and research facilities. Chicago-related decisions include the Kellogg Company announcing Chicago as the global headquarters of its \$11.4 billion snack division, the relocation of 250 of Kimberly-Clark Corporation's employees, the opening of a Discover Financial Services call center in Chicago's South Side, and Google announcing its purchase and occupancy of the Thompson Center, a 1.2-million-square-foot former State of Illinois building

²⁰ World Business Chicago, *World Business Chicago Insights: High-Growth Industries in Chicagoland*, <https://worldbusinesschicago.com/app/uploads/2023/01/High-Growth-Industries-in-Chicagoland.pdf> (accessed October 3, 2023).

²¹ Oxford Economics, *Metro Economic Forecast – Chicago*, December 2021.

²² World Business Chicago, “Chicago is a global innovation hub,” <https://worldbusinesschicago.com/why-chicago-innovation/> (accessed October 3, 2023).

²³ Ibid.

²⁴ Ibid.

²⁵ World Business Chicago, *Year in Review: A Look Back at Chicago's Business Trends in 2022*, https://worldbusinesschicago.com/app/uploads/2023/02/WBCResearch-Center_Year_In_Review_2023.pdf (accessed October 3, 2023).

²⁶ World Business Chicago, *World Business Chicago Insights: High-Growth Industries in Chicagoland*, <https://worldbusinesschicago.com/app/uploads/2023/01/High-Growth-Industries-in-Chicagoland.pdf> (accessed October 3, 2023).

²⁷ World Business Chicago, “100 Reasons,” <https://worldbusinesschicago.com/100-reasons/> (accessed October 3, 2023).

²⁸ Choose Chicago, Research & Analysis, *Chicago Tourism Performance*, September 21, 2021.

²⁹ fDi Intelligence, “Americas Cities of the Future: 2021/2022 – FDI Strategy,” <https://www.fdiintelligence.com/article/79913> (accessed October 3, 2023).

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located in the Loop.^{30,31} While the Boeing Company, Caterpillar Inc., and the hedge fund Citadel have announced the move of their headquarters from the Air Trade Area to other locations, most or a significant number of employees will remain in the Air Trade Area.³² Additionally, Chicago is well-positioned to forge partnerships with companies abroad as it is the home of 80 consulates and honorary consulates.³³ It also has 100 international/ethnic chambers of commerce and international trade-based organizations and more than 1,800 foreign-based companies representing over \$140 billion in foreign direct investment.³⁴ According to the IBM *Global Locations Trend Report 2020* (most current report available), for the eighth year in a row Chicago was the top North American metro and ranked sixth globally in foreign direct investment projects.³⁵

The region is also nearing completion of a \$492 million investment in modernizing the CTA Blue Line. In addition, the Red-Purple Modernization Program is a \$2.1 billion project to rebuild a nearly 10-mile section of track in some of Chicago's densest neighborhoods. At the time of projected completion of Phase 1 in 2025, this project will increase capacity, accessibility, and reliability along the CTA Red Line and Purple Line Express routes.³⁶

While O'Hare's capital program, O'Hare 21, is significantly larger than Midway's capital program and includes a new global terminal, projects at both airports impact the Air Trade Area. O'Hare 21 is currently underway and is anticipated to create more than 60,000 construction jobs and 35,000 permanent tourism jobs. In addition, it is anticipated to contribute \$16 billion per year to the regional economy.³⁷

3.2.4 TRADE BY AIR

The Air Trade Area's extensive access to overseas markets gives businesses in the region the ability to operate internationally. Many of the Air Trade Area'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 2022, total trade activity (total imports and exports) between the Chicago Customs District³⁸ and the rest of the world was valued at \$362.4 billion. In 2022, more than \$286.6 billion in trade through the Chicago Customs District was conveyed by air. This represents over 79 percent of all trade through the Chicago Customs District and more than 69 percent of the Midwest's value of total trade by air (see **Table 3-3**). The Air Trade Area's high rate of trade by air reflects the prevalence of the just-in-time inventory management of high-value goods (especially in the pharmaceuticals, electronics, and industrial

³⁰ CBS News Chicago, "Kellogg to Split into Three Companies, with Snack Division Headquarters in Chicago," <https://www.cbsnews.com/chicago/news/kellogg-to-split-into-three-companies-with-snack-division-headquarters-in-chicago/> (accessed October 3, 2023).

³¹ Newmark, "Chicago's Industry Diversity Makes the City an Economic Powerhouse," <https://www.nmrk.com/insights/thought-leadership/chicagos-industry-diversity-makes-the-city-an-economic-powerhouse> (accessed October 3, 2023).

³² Bloomberg, "Chicago Faces Deep-Seated Ills in Shadow of Citadel-Boeing Defections," <https://www.bloomberg.com/news/articles/2022-09-14/boeing-citadel-left-chicago-here-s-what-it-means-for-the-city> (accessed October 3, 2023).

³³ Chicagoland Chamber of Commerce, "The Chicagoland Chamber of Commerce and Local Business Leaders Applaud President Joe Biden's Selection of Rahm Emanuel for U.S. Ambassador to Japan," <https://www.chicagolandchamber.org/statements-releases/rahm-emanuel-ambassador-japan/> (accessed October 3, 2023).

³⁴ Ibid.

³⁵ World Business Chicago, "Chicago #1 City in North America for Foreign Direct Investment," <http://www.worldbusinesschicago.com/chicago-1-city-in-north-america-for-foreign-direct-investment> (accessed October 3, 2023).

³⁶ Chicago Transit Authority, "About the Red & Purple Modernization Program," <https://www.transitchicago.com/rpm/about/> (accessed October 3, 2023).

³⁷ World Business Chicago, "O'Hare Will Get Historic \$8.5 Billion Transformation," www.worldbusinesschicago.org/ohare-transformation (accessed October 3, 2023).

³⁸ US Census Bureau, Foreign Trade Statistics, *Schedule D – District/Port List (by District Code)*, <http://www.census.gov/foreign-trade/schedules/d/dist.txt> (accessed October 3, 2023). The Chicago Customs District comprises eight ports in Illinois and one port in Indiana.

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components sectors), as well as an expanding global network of suppliers and manufacturers. The Airport does not have service from any cargo-specific carriers. Air freight in the Air Trade Area is predominately served by O'Hare, although a limited amount is processed at the Airport which tends to be accommodated by passenger air carriers.

TABLE 3-3 2022 TRADE BY CONVEYANCE (IN BILLIONS)

CUSTOMS DISTRICT	VALUE OF TOTAL TRADE ¹	VALUE OF TOTAL TRADE BY AIR	PERCENT OF TOTAL TRADE BY AIR
Chicago	\$362.4	\$286.6	79.1%
Midwest ²	\$790.7	\$413.7	52.3%
United States	\$5,307.7	\$1,463.4	27.6%

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: US Department of Commerce, US Census Bureau, <https://www.census.gov/foreign-trade/data/index.html> (accessed October 2023).

3.2.5 MAJOR EMPLOYERS AND FORTUNE 500 HEADQUARTERS

Table 3-4 lists the 25 largest employers in the Air Trade Area.³⁹ In addition to providing an important source of local employment, the private sector employers, which comprise over half 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 proximity to both Chicago's downtown business areas and large companies in the western suburbs makes it an important resource for employers in the Air Trade Area.

Major employers in the Air Trade Area represent a wide range of industries: health care (Advocate Aurora Health, Northwestern Medicine); higher education (University of Chicago, Northwestern University, University of Illinois Chicago); financial services (JPMorgan Chase & Co.); pharmaceuticals (AbbVie Inc.); insurance (Allstate); telecommunications (AT&T Inc.); and retail (Amazon.com, Inc., Walgreens Boots Alliance, Inc., Walmart Inc.).

Fortune magazine ranks the top 500 US public companies in terms of annual revenue. According to the 2023 rankings, the Air Trade Area has the second-highest number of Fortune 500 company headquarters in the nation, after the New York City metropolitan area. **Exhibit 3-6** includes the rankings of the 2023 Fortune 500 companies with headquarters in the Air Trade Area. Corporations headquartered in the Air Trade Area include Walgreens Boots Alliance, Inc. (ranked 27th among the Fortune 500), Archer Daniels Midland (ranked 35th), Boeing Company (ranked 58th),⁴⁰ AbbVie Inc. (ranked 73rd), Allstate (ranked 84th), Caterpillar Inc. (ranked 68th),⁴¹ and Abbott Laboratories (ranked 99th). In 2023, the Air Trade Area's 31 Fortune 500 headquarters represent approximately 94 percent of the 33 Fortune 500 headquarters in Illinois and approximately 34 percent of the 90 Fortune 500 headquarters in the Midwest.⁴²

³⁹ 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 Air Trade Area in 2021.

⁴⁰ On May 5, 2022, Boeing announced it was planning to relocate its global headquarters from Chicago to Arlington, Virginia. However, the company maintained a significant employment presence in the Air Trade Area.

⁴¹ On June 14, 2022, Caterpillar announced it would relocate its headquarters from Deerfield, Illinois to Irving, Texas, later in 2022. This was estimated to only affect up to 230 jobs at the Deerfield office, and the vast majority of Caterpillar's Illinois employees remained in the state.

⁴² The Midwest is defined as the states of Illinois, Indiana, Michigan, Ohio, and Wisconsin.

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TABLE 3-4 LARGEST EMPLOYERS IN THE AIR TRADE AREA (2023)

COMPANY ^{1,2}	NUMBER OF FULL-TIME LOCAL EMPLOYEES	INDUSTRY
US Government	52,315	Government
Chicago Public Schools	41,469	Education
City of Chicago	30,216	Government
Amazon.com, Inc. (#2)	28,994	Tech and telecom
Advocate Aurora Health	26,841	Health care
Northwestern Medicine	24,120	Health care
University of Chicago	21,618	Education
Cook County	19,263	Government
Walmart Inc. (#1)	17,900	Retail
Walgreens Boots Alliance, Inc. (#27)	16,734	Retail
United Airlines Holdings, Inc. (#96)	15,565	Logistics and transportation
JPMorgan Chase & Co. (#23)	14,293	Financial Services
NorthShore – Edward-Elmhurst Health	14,216	Health care
State of Illinois	13,317	Government
Jewel-Osco	11,436	Retail
Northwestern University	11,193	Education
Ascension Illinois	10,512	Health care
University of Illinois Chicago	10,313	Education
Rush University Medical Center	10,177	Health care
American Airlines Group Inc.	10,000	Logistics and transportation
AbbVie Inc. (#73)	9,300	Health care
Chicago Transit Authority	9,230	Logistics and transportation
Abbott Laboratories (#99)	8,500	Health care
Employco USA, Inc.	8,269	Human resources services
AT&T Inc. (#30)	7,700	Tech and telecom

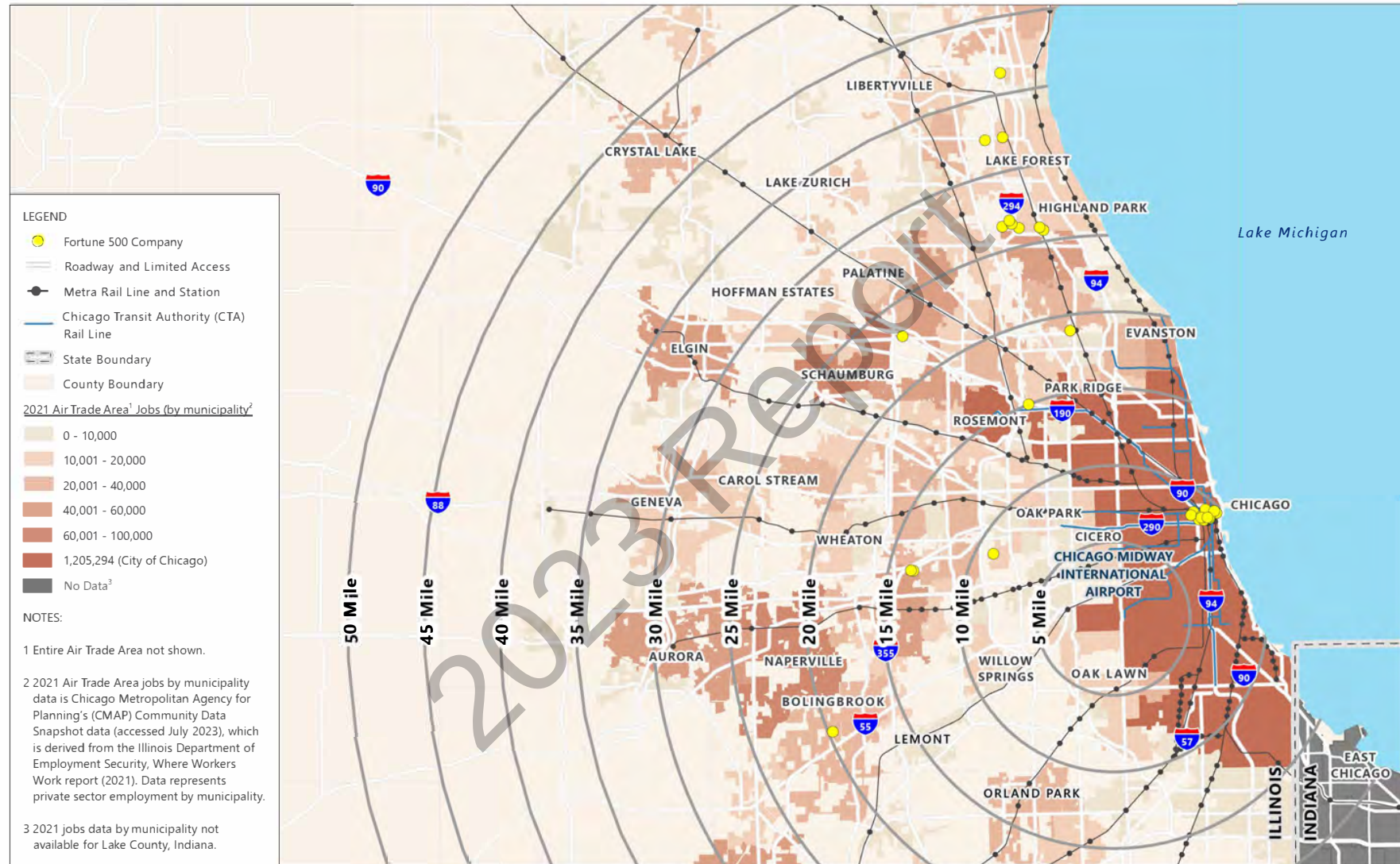
NOTES:

1 Represents employers with the most full-time employees in Cook, DuPage, Kane, Lake, McHenry, and Will Counties.

2 (#) indicates 2023 Fortune 500 ranking.

SOURCES: Crain's Chicago Business, "Chicago's Largest Employers," <https://www.chicagobusiness.com/businessdata/46/largest-employers> (accessed October 3, 2023); Fortune, "2023 Fortune 500," <https://fortune.com/fortune500/2023/search> (accessed October 3, 2023).

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SOURCES: Esri, 2010 (great lakes, airport); US Census, 2021 (roads, counties, states); Chicago Data Portal, 2015 (Illinois municipalities, CTA rail lines, Metra lines and stops); Indiana Geographic Information Office, 2021 (Indiana municipalities); Chicago Metropolitan Agency for Planning (CMAP), 2021 (Illinois jobs); Fortune, "Fortune 500," 2023 (Fortune 500 companies).

EXHIBIT 3-6

FORTUNE 500 COMPANIES
HEADQUARTERS IN AIR TRADE AREA



3.2.6 MAJOR INDUSTRY SECTORS

Exhibit 3-7 presents data for nonagricultural employment by major industry sector, which indicates the sources of jobs in the Air Trade Area's economy. This exhibit compares employment by industry in the Air Trade Area to data for the Midwest and the United States in 2022.

The Air Trade Area had greater percentages of employment in the professional and business services, trade, financial, transportation/utilities, and other services sectors compared with the Midwest and the United States in 2022. Government and construction jobs in the Air Trade Area accounted for lower shares of employment in 2022 compared with the Midwest and the United States. The percentage of education and health services jobs in the Air Trade Area was identical with the Midwest but lower than the United States in 2022. The percentage of manufacturing jobs in the Air Trade Area was lower compared with that of the Midwest but higher compared with that of the United States in 2022. The percentage of information jobs in the Air Trade Area was higher compared with that of the Midwest but lower compared with that of the United States in 2022.

Data on Exhibit 3-7 indicate the Air Trade Area has a diversified employment base that is expected to provide the region with a stable foundation to withstand periodic downturns in the business cycle. Data on Exhibit 3-7 also show strong jobs growth in the projected number of jobs in 2028. Jobs growth in the Air Trade Area is 1.7 percent, whereas growth in the Midwest and United States is 1.3 percent and 1.7 percent, respectively.

3.2.7 AIR TRADE AREA TOURISM INDUSTRY

Approximately 60.8 million people traveled to the Chicago metropolitan area in 2019, representing a 4.3 percent increase over the visitor level in 2018 (58.3 million).⁴³ The Chicago metropolitan area is one of only three US cities that receive more than 60.0 million visitors annually.⁴⁴ Between 2014 and 2019, the number of visitors to the Chicago metropolitan area increased by 21.6 percent.⁴⁵ In 2019 the Chicago metropolitan area's visitors generated an estimated \$16.5 billion in direct spending and \$1.1 billion in total tax revenue.⁴⁶ While there was a large decline in annual visitors in 2020 (16.3 million), annual visitors increased in 2021 (30.52 million), and visitorship is expected to rebound as the effects of the COVID-19 pandemic wane. In 2022, approximately 50.0 million domestic and overseas visitors traveled to Chicago, a 60.1 percent increase from 2021.⁴⁷ 2022 hotel data available show an 82.0 percent recovery in demand for Chicago hotel rooms from 2019 levels.⁴⁸

⁴³ Choose Chicago, Research & Analysis, *Chicago Tourism Performance*, September 21, 2021.

⁴⁴ Visit Orlando, "Travel to Orlando," <https://visitorlando.widen.net/s/hmrzsb5dq/vo-2021-orlando-visitor-volume-2020> (accessed October 3, 2023); Office of New York State Comptroller, "The Tourism Industry in New York City: Reigniting the Return," <https://www.osc.state.ny.us/files/reports/osdc/pdf/report-2-2022.pdf> (accessed October 3, 2023). The two other cities were Orlando (76 million) and New York (67 million).

⁴⁵ Choose Chicago, *Annual Report 2019*, <https://indd.adobe.com/view/8075d811-944e-469f-a44e-42651d5136ef> (accessed October 3, 2023).

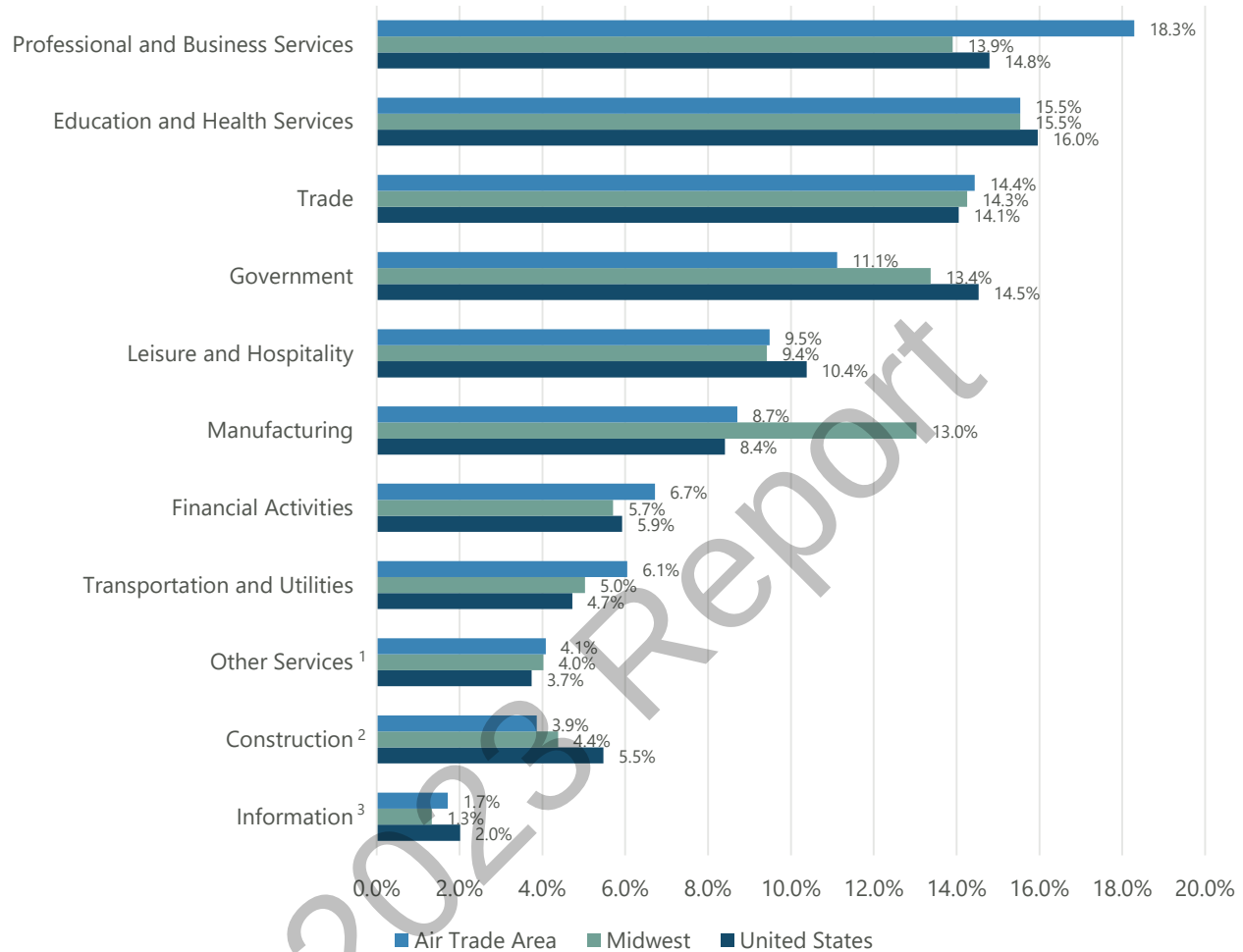
⁴⁶ Ibid.

⁴⁷ Choose Chicago, *Chicago Tourism Performance*, https://cdn.choosechicago.com/uploads/2023/07/Chicago-Tourism-Overview-2022.pdf?_gl=1*1si0j6x*_ga*MzkxNjIwOTk0LjE2ODg3OTQxNzk*_ga_1TGMZ2E092*MTY5MjEzNDI5Mi4yLjAuMTY5MjEzNDI5Mi42MC4wLjA (accessed October 3, 2023).

⁴⁸ Choose Chicago, *2022 Hotel Performance*, <https://cdn.choosechicago.com/uploads/2023/01/Hotel-Performance-2022.pdf> (accessed October 3, 2023).

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EXHIBIT 3-7 JOBS BY MAJOR INDUSTRY SECTOR (2022)



	AIR TRADE AREA	MIDWEST	UNITED STATES
2021 Jobs	6,054,579	27,893,884	201,142,594
2028 Jobs (Projected) ⁴	6,823,894	30,597,808	226,839,609
CAGR 2021–2028	1.7%	1.3%	1.7%

NOTES:

CAGR – Compound Annual Growth Rate

Numbers may not sum due to rounding.

Data for the 2022 jobs by industry sector were sourced from the US Department of Labor, Bureau of Labor Statistics and are the most current data available. Because Woods & Poole Economics, Inc.'s 2028 total jobs projections are based on 2021 jobs data, 2021 jobs (as reported by Woods & Poole Economics, Inc.) are displayed in the table and used for the 2021 to 2028 CAGR, as shown.

¹ The nonagricultural employment for the services sector includes outsourcing from the manufacturing sector.

² This includes mining and logging employment.

³ The information sector includes communications, publishing, motion picture and sound recording, and online services.

⁴ 2028 data are Woods & Poole Economics, Inc., projections.

SOURCES: Woods & Poole Economics, Inc., *2023 Complete Economic and Demographic Data Source (CEDDS)*, July 2023; US Department of Labor, Bureau of Labor Statistics, July 2023.

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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, architecture attractions, and Millennium Park. Major professional sports teams based in the Air Trade Area include football, basketball, hockey, baseball, and soccer. 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 a factor in a visitor's intent to return to a travel destination.

3.2.7.1 TOURISM RANKINGS

Numerous travel magazines, such as *Travel + Leisure*, *Condé Nast Traveler*, *Lonely Planet*, *Time Out*, and *Bon Appétit*, regularly name Chicago a top travel destination. *Condé Nast Traveler* named Chicago the top big city to visit for the seventh straight year in 2023.⁴⁹ 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*. In 2022, *U.S. News & World Report* rated Chicago the best weekend getaway in the Midwest and ranked the city in the top 20 best places to visit in the United States.⁵⁰

3.2.7.2 CONVENTION FACILITIES, TOURISM MARKETING, AND SPECIAL EVENTS

Chicago ranks in the top two destinations in the United States for conventions in 2022.⁵¹ Containing 2.6 million square feet of exhibit space, McCormick Place is the Air Trade Area's primary meeting and exhibition venue, and the largest convention center in North America.⁵² With four separate 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. Prior to the COVID-19 pandemic, McCormick Place hosted about 3 million visitors annually.⁵³ The Chicago Auto Show, which returned at its full pre-COVID-19 capacity in 2022, is one of the largest conventions McCormick Place hosts on an annual basis, and it regularly surpasses 30,000 daily attendees on a typical weekend day.⁵⁴ In addition to McCormick Place, there are smaller convention centers in the Air Trade Area, including in Rosemont, Schaumburg, and Tinley Park.

According to data reported by Choose Chicago, Chicago has more than 140 hotels and 45,000 rooms in its central business district and had an occupancy rate of nearly 75 percent in 2019. The city as a whole added 37 new hotels and more than 8,100 rooms in the 5 years leading up to the start of the COVID-19 pandemic, a 22 percent increase. The supply of hotel rooms, as well as consumer demand, dropped drastically in 2020, but these are expected to return post COVID-19.⁵⁵ In its 3-year financial plan, the Metropolitan Pier and Exposition Authority, owner of

⁴⁹ Conde Nast Traveler, "The Best Cities in the US: 2023 Readers' Choice Awards," <https://www.cntraveler.com/gallery/best-cities-us> (accessed October 3, 2023).

⁵⁰ U.S. News & World Report, "Chicago Travel Guide," https://travel.usnews.com/Chicago_IL (accessed October 3, 2023).

⁵¹ Statista, "Leading City Destinations for Conventions in the United States in 2022, by Share of Planned Conventions" <https://www.statista.com/statistics/1068272/conventions-cities-united-states/#:~:text=The%20cities%20of%20Orlando%20and,in%20the%20North%20American%20country> (accessed October 3, 2023).

⁵² McCormick Place, <https://www.mccormickplace.com> (accessed October 3, 2023).

⁵³ McCormick Place, "About McCormick Place," <https://www.mccormickplace.com/about> (accessed October 3, 2023).

⁵⁴ Channick, Robert, "Chicago Auto Show Opens as City Tourism Begins Long Road to Recovery," <https://www.chicagotribune.com/business/ct-biz-chicago-auto-show-summer-edition-mccormick-place-20210714-xzww3g3xcbf4ruph7erypgriu-story.html> (accessed October 3, 2023).

⁵⁵ Choose Chicago, *Chicago Tourism Performance*, July 2023.

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McCormick Place and several other venues and hotels, projects combined hotel and convention center revenues recovering to pre-COVID-19 levels in 2023.⁵⁶ Recovery is well underway; in the first quarter of 2023, McCormick Place events generated 70 percent more hotel stays than they did in the first quarter of 2022, and event attendance increased 77 percent over the same period.⁵⁷ The CEO of the American Hotel and Lodging Association expects the hotel industry in 2023 to exceed pre-pandemic levels.⁵⁸

Choose Chicago is undertaking a national and international marketing effort. A new media campaign, "Tourism & Hospitality Forward," launched in 2020; it focuses on accelerating and spurring Chicago's tourism industry as the area continues its economic recovery from the COVID-19 pandemic. Within the recovery campaign there is a four-part pledge, which includes commitments to socially responsible planning, dedicated and strategic engagement, authentic and inclusive excellence, and unparalleled Chicago advocacy.⁵⁹

In addition, Chicago hosts national events, such as the James Beard Foundation Awards, an internationally renowned culinary awards event 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 2027. Grant Park 220, a National Association for Stock Car Auto Racing, LLC (NASCAR) Cup Series race, and Lollapalooza, a music festival, also have multi-year commitments with Chicago.

3.3 ECONOMIC OUTLOOK

3.3.1 SHORT-TERM ECONOMIC OUTLOOK

With respect to the national economy, the Congressional Budget Office (CBO) outlook released in June 2023 projects a 0.3 percent year-over-year increase in real GDP for 2023. This would be a decline from real GDP growth in 2022, which was 1.9 percent. The real GDP growth rate is projected to increase to 1.8 percent in 2024 and 2.7 percent in 2025, and then fall to 2.4 percent in 2026 and gradually decline to 1.7 percent by 2033 (latest year of CBO outlook available).⁶⁰ The International Monetary Fund (IMF) outlook released in April 2023 projects a 1.6 percent year-over-year increase in real US GDP for 2023. 2024 is then projected to see year-over-year US GDP growth of 1.1 percent.⁶¹ The CBO projects the national unemployment rate will rise to 4.7 percent in 2023 and 4.9 percent in 2024 before a gradual decline to 4.5 percent in 2027, where it will remain at that level through 2033.⁶²

At the time of this Report (October 2023), the Russian invasion of Ukraine has been ongoing for more than 16 months. While the economic outlooks cited in this Report consider the Russian invasion's current and future impact on the national and local economy, the Russian invasion is likely to further exacerbate existing economic

⁵⁶ Channick, Robert, "After Two Years of Empty Show Floors and Hotel Rooms, McCormick Place Gears up for the Return of Conventions to Chicago," *Chicago Tribune*, <https://www.chicagotribune.com/business/ct-biz-mccormick-place-conventions-return-20220316-7j3ullv6gnc73j4n4wzwf3zjb4-story.html> (accessed October 3, 2023).

⁵⁷ Ecker, Danny, "McCormick Place Switching Management and Food Service Partners," *Crain's Chicago Business*, <https://www.chicagobusiness.com/tourism/mccormick-place-switching-management-food-service-partners> (accessed September 15, 2023).

⁵⁸ American Hotel & Lodging Association, "Hotels Continue to Recover in 2023 as Industry Begins New Era of Operations," <https://www.ahla.com/news/report-hotels-continue-recover-2023-industry-begins-new-era-operations> (accessed October 3, 2023).

⁵⁹ Choose Chicago, "Choose Chicago Announces Tourism & Hospitality Forward to Responsibly Welcome Visitors Back to Chicago," <https://www.choosechicago.com/press-media/press-releases/choose-chicago-announces-tourism-hospitality-forward-to-responsibly-welcome-visitors-back-to-chicago> (accessed October 3, 2023).

⁶⁰ Congressional Budget Office, *The 2023 Long-Term Budget Outlook*, June 2023.

⁶¹ International Monetary Fund, *World Economic Outlook: A Rocky Recovery*, April 2023.

⁶² Congressional Budget Office, *The Budget and Economic Outlook: 2023 to 2033*, February 2023; Congressional Budget Office, *The 2023 Long-Term Budget Outlook*, June 2023.

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uncertainty,⁶³ which could impact both travel and commerce—not only at a global level but also within the United States. As a result of the invasion, sanctions have been imposed on Russia, which creates regulatory barriers that can hinder economic growth.

3.3.2 LONG-TERM ECONOMIC OUTLOOK

Table 3-5 presents selected 2021 and 2028 economic figures for the Air Trade Area and the United States, including population, employment, personal income, per capita personal income, GRP and GDP, and per capita GRP and GDP. Population and employment in the Air Trade Area are projected to grow at CAGRs of 0.1 percent and 1.7 percent, respectively. Total personal income and per capita personal income in the Air Trade Area are projected to grow at CAGRs of 1.4 percent and 1.3 percent, respectively. GRP and per capita GRP are projected to grow at CAGRs of 2.1 percent and 2.0 percent, respectively. Growth expectations for these variables in the Air Trade Area are generally in line with those of the United States. Overall, growth expectations for the Air Trade Area indicate the ongoing capacity of the Air Trade Area to continue to generate demand for air travel services during the Projection Period.

Multiple sources of national and local economic data were reviewed for the purpose of informing the projections included in this Report, given the close correlation between the economic activity and Airport passenger activity. Woods & Poole Economics, Inc.'s projections, the CBO's 10-year *Budget and Economic Outlook* (released February 2023), and an Oxford Economics forecast (as of December 2021) were reviewed and compared. While differences exist between the various sources in the absolute numbers and projected CAGRs of some variables, there were no variables that were found to closely correlate with activity that appeared out of line between the three reports. The Woods & Poole Economics, Inc., projections were used for the purposes of forecasting passenger activity.

TABLE 3-5 PROJECTED SELECT ECONOMIC VARIABLES (2021–2028)

VARIABLE	2021	2028	CAGR 2021–2028
Air Trade Area Population	9,626,190	9,692,958	0.1%
United States Population	332,031,563	346,778,031	0.6%
Air Trade Area Total Employment	6,054,579	6,823,894	1.7%
United States Total Employment	201,142,594	226,839,609	1.7%
Air Trade Area Total Personal Income (\$billion)	\$679	\$749	1.4%
United States Total Personal Income (\$billion)	\$20,928	\$23,593	1.7%
Air Trade Area Per Capita Personal Income	\$70,495	\$77,275	1.3%
United States Per Capita Personal Income	\$63,029	\$68,036	1.1%
Air Trade Area Gross Regional Product (\$billion)	\$759	\$877	2.1%
United States Gross Domestic Product (\$billion)	\$22,154	\$25,697	2.1%
Air Trade Area Per Capita Gross Regional Product	\$78,824	\$90,440	2.0%
United States Per Capita Gross Domestic Product	\$66,723	\$74,103	1.5%

NOTES:

CAGR – Compound Annual Growth Rate

Dollar amounts are in 2021 dollars.

2028 data are Woods & Poole Economics, Inc., projections.

SOURCE: Woods & Poole Economics, Inc., 2023 *Complete Economic and Demographic Data Source (CEDDS)*, July 2023.

⁶³ Prior to the Russian invasion, the December 2021 consumer price index (CPI) showed that US inflation reached 7 percent for 2021, the highest rate in nearly 40 years.

3.3.3 CONCLUSIONS

The data cited in this chapter support the conclusion that the Air Trade Area has a large and diverse economy that can support increased airline traffic demand through the Projection Period (ending in FY 2028).

The Air Trade Area population was 9,626,190 in CY 2021, and it is projected to increase to 9,692,958 by CY 2028. This represents a 0.1 percent CAGR for the Air Trade Area, a net increase of approximately 67,000 residents over the Projection Period.

Per capita personal income in the Air Trade Area was higher than in the United States between CY 2011 and CY 2021, and it increased at a CAGR of 2.8 percent during that period, faster than the rate of increase for the United States (2.4 percent). Per capita personal income in the Air Trade Area is projected to increase at a CAGR of 1.3 percent between CY 2021 and CY 2028, higher than the projected CAGR increase for the United States (1.1 percent).

Between CY 2011 and CY 2021, the Air Trade Area's per capita GRP increased at a CAGR of approximately 1.8 percent; this is slightly higher than growth in the United States (1.5 percent) during the same period. Per capita GRP in the Air Trade Area is projected to increase at a CAGR of 2.0 percent between CY 2021 and CY 2028, higher than the projected per capita GRP CAGR increase for the United States (1.5 percent).

The Air Trade Area has a large and diverse economy with strong global transit links, which favorably impacts future airline traffic demand.

4. PASSENGER DEMAND AND AIR TRAFFIC

This chapter describes the airlines serving the Airport, historical Airport activity, factors affecting aviation demand, and forecast Airport activity.

4.1 AIRLINES SERVING THE AIRPORT

As of October 2023, 7 US airlines and 2 foreign-flag airlines provide scheduled service at Midway. Sun Country also provides non-scheduled service at the Airport. **Table 4-1** presents the airlines serving the Airport during the 12-month period ending December 2023. **Table 4-2** presents the airlines that have served the Airport since 2013. Southwest, Delta, Porter, and Volaris have served the Airport in all years since 2013.

TABLE 4-1 AIRLINES SERVING THE AIRPORT – 12 MONTHS ENDING DECEMBER 2023

SCHEDULED US AIRLINES (7)	FOREIGN-FLAG AIRLINES (2)	NON-SCHEDULED AIRLINES
Allegiant Air	Porter Airlines	Sun Country Airlines
Avelo Airlines	Volaris	
Delta Air Lines		
Endeavor Air (Delta Connection)		
Frontier Airlines		
SkyWest Airlines (Delta Connection)		
Southwest Airlines		

SOURCES: Chicago Department of Aviation, Management Records, October 2023; Innovata, October 2023 (published airline schedules).

Table 4-3 presents enplaned passengers by airline and share of the Airport's total enplaned passengers from 2018 through 2022.

Southwest initiated service at the Airport in 1985 and is currently Midway's largest airline, with 89.4 percent of its total enplaned passengers in 2022. In 2023, Southwest provides scheduled service from the Airport to 75 destinations in the United States and 4 international destinations. The role the Airport plays in Southwest's route network is presented in more detail in Section 4.3.8.

Frontier served both Midway and O'Hare in 2013 and 2014 and relocated all of its Chicago operations to O'Hare in 2015. In April 2022, Frontier resumed Midway operations. In 2023, Frontier provides scheduled nonstop service to 14 destinations from Midway: Hartsfield-Jackson Atlanta International Airport (ATL), Dallas Fort Worth International Airport (DFW), Denver International Airport (DEN), Fort Lauderdale-Hollywood International Airport (FLL), Harry Reid International Airport (Las Vegas; LAS), Luis Muñoz Marín International Airport (San Juan, Puerto Rico; SJU), Miami International Airport (MIA), Orlando International Airport (MCO), Philadelphia International Airport (PHL), Phoenix Sky Harbor International Airport (PHX), Raleigh-Durham International Airport (RDU), San Francisco International Airport (SFO), Sangster International Airport (Montego Bay, Jamaica; MJB), and Tampa International Airport (TPA). Frontier continues to serve 5 destinations from O'Hare: ATL, Cancun International Airport (CUN), MCO, PHX, and Punta Cana International Airport (PUJ).

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TABLE 4-2 PASSENGER AIRLINE SERVICE AT THE AIRPORT

AIRLINE	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Delta Air Lines	•	•	•	•	•	•	•	•	•	•	•
Endeavor Air (Delta Connection) ¹	•	•	•	•	•	•	•	•	•	•	•
Porter Airlines	•	•	•	•	•	•	•	•	•	•	•
SkyWest Airlines (Delta Connection)	•	•	•	•	•	•	•	•	•	•	•
Southwest Airline ²	•	•	•	•	•	•	•	•	•	•	•
Volaris	•	•	•	•	•	•	•	•	•	•	•
Allegiant Air						•	•	•	•	•	•
Republic Airways (Delta Connection)	•	•	•		•			•	•		
Frontier Airlines	•	•	•							•	•
Avelo Airlines										•	•
GoJet Airlines (Delta Connection)		•		•	•	•	•				
Express Jet (Delta Connection) ³	•	•	•	•	•	•					
Casino Express				•	•	•					
Miami Air International			•	•	•						
Via Air					•						
Compass Airlines (Delta Connection)	•	•	•	•	•						
Shuttle America (Delta Connection)	•	•	•	•							
Sun Country Airlines ⁴	•	•	•								
Branson AirExpress		•	•								
Chautauqua Airlines		•									
Mesa Airlines		•									
Vision Air	•	•									
Total Airlines Serving the Airport	13	17	14	12	13	10	8	8	8	9	9

NOTES:

1 Pinnacle was rebranded as Endeavor Air in August 2013.

2 In May 2011 Southwest Airlines acquired AirTran Airways. The two airlines operated separately until December 2014.

3 Delta Connection terminated its contract with Express Jet in 2018. Express Jet was rebranded to Aha Airlines in September 2021 and ceased operation in August 2022.

4 Sun Country Airlines provided non-scheduled service in 2022 and 2023.

SOURCES: Chicago Department of Aviation, Management Records, October 2023; US Department of Transportation, T-100 Database, October 2023.

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TABLE 4-3 ENPLANED PASSENGERS BY AIRLINE

AIRLINE	2018		2019		2020		2021		2022	
	ENPLANED PASSENGERS	SHARE	ENPLANED PASSENGERS	SHARE	ENPLANED PASSENGERS	SHARE	ENPLANED PASSENGERS	SHARE	ENPLANED PASSENGERS	SHARE
Southwest Airlines	10,240,801	92.9%	9,622,343	92.4%	4,166,573	93.7%	7,396,910	93.3%	8,887,860	89.4%
Frontier Airlines		0.0%		0.0%		0.0%		0.0%	359,291	3.6%
Delta Air Lines	426,022	3.9%	427,860	4.1%	89,486	2.0%	206,328	2.6%	278,253	2.8%
Volaris	146,745	1.3%	149,776	1.4%	163,001	3.7%	107,476	1.4%	201,206	2.0%
Allegiant Air		0.0%		0.0%	12,879	0.3%	42,598	0.5%	48,168	0.5%
Porter Airlines	85,251	0.8%	81,382	0.8%	6,417	0.1%	6,715	0.1%	46,292	0.5%
Others	123,405	1.1%	136,454	1.3%	7,550	0.2%	164,317	2.1%	125,812	1.3%
Total Airlines	11,022,224		10,417,815		4,445,906		7,924,344		9,946,882	

NOTE:

Delta Air Lines includes regional affiliates.

SOURCE: Chicago Department of Aviation, Management Records, October 2023.

Delta, inclusive of its regional partners, is the Airport's third largest airline, representing 2.8 percent of total enplaned passengers in 2022. Delta serves three of its connecting hubs from the Airport: ATL, Detroit Metropolitan Wayne County Airport (DTW), and Minneapolis–St. Paul International Airport (MSP).

Allegiant launched scheduled service at the Airport in May 2020 (after having provided limited non-scheduled service in 2018 and 2019). In 2023, Allegiant serves 6 destinations from the Airport: Asheville Regional Airport (AVL), Punta Gorda Airport (PGD), Provo Municipal Airport (PVU), Savannah/Hilton Head International Airport (SAV), McGhee Tyson Airport (Knoxville: TYS), and Destin–Fort Walton Beach Airport (VPS). All routes are operated approximately 2 times per week.

There are two foreign-flag airlines currently serving the Airport: Porter and Volaris. Porter provides daily service to Billy Bishop Toronto City Airport (YTZ). Volaris serves six destinations in Mexico from the Airport: Guadalajara International Airport (GDL), Morelia International Airport (MLM), Aguascalientes International Airport (AGU), Durango International Airport (DGO), Guanajuato International Airport (BJX), and Zacatecas International Airport (ZCL).

Avelo launched seasonal service from Midway to Tweed New Haven Airport (HVN) in May 2022.

4.2 HISTORICAL AIRPORT ACTIVITY

The following subsections describe the Airport's historical passenger activity, air service, passenger airline operations, and aircraft landed weight.

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4.2.1 PASSENGER ACTIVITY

The FAA classifies the Airport as a large-hub facility based on its percentage of the nation's enplaned passengers,⁶⁴ and it was ranked 30th nationwide in 2022 with 9.9 million enplaned revenue passengers.⁶⁵ **Table 4-4** presents historical enplaned passengers for the Airport and the United States from 2013 to 2022. As of August 2023, Midway Airport had recorded 7.3 million enplaned passengers Year-to-Date (YTD) which represents approximately 106 percent of enplaned passengers for the same period in 2019. As shown, the Airport's share of total US enplaned passengers has consistently exceeded 1.0 percent.

TABLE 4-4 HISTORICAL ENPLANED PASSENGERS AT MIDWAY AND IN THE UNITED STATES

YEAR	MIDWAY		UNITED STATES		AIRPORT SHARE OF TOTAL UNITED STATES
	ENPLANED PASSENGERS	ANNUAL GROWTH	ENPLANED PASSENGERS	ANNUAL GROWTH	
2013	10,267,481	6.2%	747,392,123	0.9%	1.4%
2014	10,607,996	3.3%	768,260,887	2.8%	1.4%
2015	11,118,223	4.8%	805,686,715	4.9%	1.4%
2016	11,345,748	2.0%	834,928,634	3.6%	1.4%
2017	11,232,272	-1.0%	862,536,462	3.3%	1.3%
2018	11,022,224	-1.9%	904,351,525	4.8%	1.2%
2019	10,417,815	-5.5%	939,955,342	3.9%	1.1%
2020	4,445,906	-57.3%	369,812,962	-60.7%	1.2%
2021	7,924,344	78.2%	657,609,986	77.8%	1.2%
2022	9,946,882	25.5%	850,990,550	29.4%	1.2%
2013 – 2019 CAGR	0.2%		3.9%		
2013 – 2022 CAGR	-0.4%		1.5%		

SOURCES: Chicago Department of Aviation, Management Records, October 2023; US Department of Transportation, T-100 Database, October 2023.

Table 4-5 presents the historical O&D, connecting, and total enplaned passengers at the Airport. As shown, total enplaned passengers increased by a CAGR of 0.2 percent between 2013 and 2019. During this period, O&D enplaned passengers increased by a CAGR of 1.1 percent, and connecting enplaned passengers decreased by a CAGR of 1.3 percent. During this period, O&D passengers represented between 60.1 percent and 66.7 percent of total passengers. Total enplaned passengers decreased 57.3 percent between 2019 and 2020 and increased 78.2 percent between 2020 and 2021. O&D and connecting passengers decreased sharply in 2020, due to the impact of the COVID-19 pandemic, and then increased in 2021 and 2022 as passenger activity recovered. Despite these changes, the O&D share of total passengers did not meaningfully change. The 2022 O&D passenger share of total passengers was 63.0 percent, marginally lower than the 63.4 percent share in 2013. The impact of the COVID-19 pandemic is presented in more detail in Section 4.3.1.

⁶⁴ As defined by the FAA, a large-hub airport enplanes 1 percent or more of enplaned passengers nationwide during a calendar year.

⁶⁵ US Department of Transportation, T-100 Database, August 2023.

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TABLE 4-5 HISTORICAL ORIGIN AND DESTINATION, CONNECTING, AND TOTAL ENPLANED PASSENGERS AT MIDWAY

YEAR	O&D ENPLANED PASSENGERS	O&D YOY % CHANGE	CONNECTING ENPLANED PASSENGERS	CONNECTING YOY % CHANGE	TOTAL ENPLANED PASSENGERS	TOTAL YOY % CHANGE	O&D SHARE OF TOTAL
2013	6,505,206	-	3,762,275	-	10,267,481	-	63.4%
2014	6,446,497	-0.9%	4,161,499	10.6%	10,607,996	3.3%	60.8%
2015	6,682,549	3.7%	4,435,674	6.6%	11,118,223	4.8%	60.1%
2016	7,181,858	7.5%	4,163,890	-6.1%	11,345,748	2.0%	63.3%
2017	7,446,996	3.7%	3,785,276	-9.1%	11,232,272	-1.0%	66.3%
2018	7,197,512	-3.4%	3,824,712	1.0%	11,022,224	-1.9%	65.3%
2019	6,944,982	-3.5%	3,472,833	-9.2%	10,417,815	-5.5%	66.7%
2020	2,912,068	-58.1%	1,533,838	-55.8%	4,445,906	-57.3%	65.5%
2021	5,054,877	73.6%	2,869,467	87.1%	7,924,344	78.2%	63.8%
2022	6,266,354	24.0%	3,680,528	28.3%	9,946,882	25.5%	63.0%
2013 – 2019 CAGR	1.1%		-1.3%		0.2%		
2013 – 2022 CAGR	-0.4%		-0.2%		-0.4%		

NOTES:

O&D – Origin and Destination

YOY – Year Over Year

CAGR – Compound Annual Growth Rate

SOURCES: Chicago Department of Aviation, Management Records (total enplaned passengers), October 2023; US Department of Transportation, O&D Survey (segmentations of passengers), October 2023; US Department of Transportation, T-100 Database (segmentation of passengers), October 2023.

The following summarizes the annual changes in passenger activity at the Airport between 2012 and 2022:

- **2012 to 2013:** The number of enplaned passengers at the Airport increased by 5.0 percent between 2012 and 2013. The growth was driven in large part by Southwest, which launched service to nine destinations: Spokane International Airport (GEG), Wichita Dwight D. Eisenhower National Airport (ICT), Jacksonville International Airport (JAX), Clinton National Airport (Little Rock; LIT), Memphis International Airport (MEM), Palm Beach International Airport (PBI), PUJ, Greater Rochester International Airport (ROC), and Tulsa International Airport (TUL). Southwest also increased capacity on existing routes, including Akron-Canton Airport (CAK), CUN, Des Moines International Airport (DSM), and LaGuardia Airport (New York; LGA). In 2013, Sun Country initiated service from the Airport to MSP.
- **2014:** The number of enplaned passengers increased 3.3 percent in 2014 as Southwest launched new service to Boise Airport (BOI), Ronald Reagan Washington National Airport (DCA), Dallas Love Field (DAL), and Portland International Jetport (Portland, Maine; PWM). Delta increased frequencies to ATL and increased seat capacity to DTW.
- **2015:** Enplaned passengers increased 4.8 percent in 2015 due Southwest increasing capacity on existing routes, as well as generating a two-point increase in average load factor. Southwest's growth was partially offset by Frontier, which stopped serving the Airport in April 2015. From that point forward, Frontier only served Chicago from O'Hare, which it has served since 2013. Sun Country stopped serving the Airport in September 2015.
- **2016:** Enplaned passengers increased 2.0 percent in 2016. Southwest's total capacity increased marginally as it launched service that year to Dayton International Airport (DAY), Bishop International Airport (Flint, Michigan; FNT), Gerald R. Ford International Airport (Grand Rapids, Michigan; GRR), and Indianapolis International Airport

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(IND), while discontinuing service to DSM, Greenville-Spartanburg International Airport (GSP), Washington Dulles International Airport (IAD), ICT, and TUL.

- **2017:** Enplaned passengers decreased 1.0 percent in 2017 on a marginal increase in capacity. Southwest initiated service to Cincinnati/Northern Kentucky International Airport (CVG) and discontinued service to DAY. Southwest also discontinued service that year to DSM, ICT, GSP, IAD, and TUL and reduced capacity to DCA.
- **2018:** Enplaned passengers continued to decrease in 2018, falling 1.9 percent compared to 2017, due in large part to a decrease in Southwest's average load factor on marginally lower capacity. That year Southwest launched service to Hollywood Burbank Airport (BUR), while discontinuing service to FNT, GEG, and John Wayne Airport (Orange County; SNA). Delta passengers decreased on marginal reductions in capacity on all routes served.
- **2019:** Enplaned passengers at the Airport decreased 5.5 percent in 2019 as Southwest reduced scheduled departing seats by 4.8 percent, due in large part to the FAA grounding all 737 MAX aircraft in March 2019. In the first two months of 2019 the 737 MAX represented 4.1 percent of Southwest's systemwide scheduled departing seat capacity and 3.7 percent of scheduled departing seat capacity from the Airport. Southwest ceased all service to Newark Liberty International Airport (EWR) in November 2019, and it reduced capacity on most existing routes it served from the Airport.
- **2020 to 2021:** In 2020, total enplaned passengers decreased 57.3 percent as airlines reduced flying due to the COVID-19 pandemic's impact on travel and demand. Enplaned passengers increased 78.2 percent in 2021 as demand began to recover. The impact of the COVID-19 pandemic is presented in more detail in Section 4.3.1.
- **2022:** Enplaned passengers increased 25.5 percent as demand recovered and airlines restored service that was suspended or reduced in 2020. Southwest's enplaned passengers increased 20.2 percent as scheduled departing seats increased 18.6 percent. Frontier, which initiated service in April 2022, captured 3.6 percent of total enplaned passengers for the year and represented 17.8 percent of the total year-over-year growth in 2022.

4.2.2 AIR SERVICE

An important characteristic of airport 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 4-6** presents data on the Airport's top 20 domestic O&D markets in 2022, as measured by the number of passengers. Given the Airport's central location in the United States, the O&D markets are all short- to medium-haul markets (600 miles or less and between 601 and 1,800 miles, respectively). Each of the Airport's top 20 domestic O&D markets was served nonstop in 2022, 12 of which were served by 2 or more airlines.

Exhibit 4-1 illustrates the US destinations served nonstop from the Airport in 2023, during which 233 average daily departures were scheduled to 83 domestic destinations. **Exhibit 4-2** illustrates the international destinations served nonstop from the Airport in 2023, during which 9 average daily departures were scheduled to 11 international destinations. Nonstop services to a total of 93 destinations from the Airport are scheduled in December 2023, reflecting an 18 percent increase compared to 79 destinations in December 2019.

4.2.3 AIRCRAFT OPERATIONS

Table 4-7 presents the annual passenger airline, GA, and total aircraft operations from 2013 to 2022, as well as the average seats per departure for passenger airlines. From 2013 to 2019 the CAGR was -1.7 percent for passenger airline operations, -0.4 percent for GA operations, and -1.4 percent for total operations. Total operations decreased 35.3 percent between 2019 and 2020 and then increased 23.8 percent in 2021 and 15.3 percent in 2022. The fluctuation in operations that occurred during this period was due to the impacts of the COVID-19 pandemic, as

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discussed in Section 4.3.1. Passenger airline operations have not necessarily moved in line with enplaned passengers as Southwest and other airlines have gradually increased the average seats per departure, enabling them to accommodate more passengers per flight. **Exhibit 4-3** presents the indexed annual enplaned passengers, passenger airline operations, and average seats per departure from 2013 to 2022. From 2013 through 2018, operations were largely unchanged as enplaned passengers and average seats per departure increased. Average seats per departure continued to increase through 2022, resulting in slower rates of growth in operations in 2021 and 2022 compared to enplaned passengers.

TABLE 4-6 MIDWAY TOP 20 DOMESTIC ORIGIN AND DESTINATION PASSENGER MARKETS IN 2022

RANK	MARKET	TRIP LENGTH ¹	TOTAL O&D PASSENGERS ²	WEEKLY NONSTOP DEPARTURES ³	NUMBER OF AIRLINES	AIRLINES ⁴
1	Orlando	MH	620,555	60	2	F9, WN
2	Atlanta	SH	572,541	69	3	DL, F9, WN
3	Washington, DC ⁵	MH	539,560	96	1	WN
4	Phoenix	MH	518,046	60	2	F9, WN
5	Los Angeles ⁶	MH	492,635	48	1	WN
6	Las Vegas	MH	488,890	63	2	F9, WN
7	Dallas ⁷	MH	479,448	55	2	F9, WN
8	Houston ⁸	MH	442,468	48	1	WN
9	Denver	MH	428,586	70	2	F9, WN
10	Tampa	MH	415,310	38	2	F9, WN
11	New York ⁹	MH	364,833	50	1	WN
12	Fort Lauderdale	MH	294,007	26	2	F9, WN
13	Minneapolis/St. Paul	MH	259,646	65	2	DL, WN
14	Fort Myers	MH	258,752	24	1	WN
15	Kansas City	SH	243,738	47	1	WN
16	Nashville	SH	243,051	41	1	WN
17	San Francisco ¹⁰	MH	242,442	29	2	F9, WN
18	Philadelphia	MH	229,049	34	2	F9, WN
19	Austin	MH	229,002	31	1	WN
20	Miami	MH	223,492	21	2	F9, WN

NOTES: O&D – Origin and Destination

1 Short Haul (SH) = 1 to 600 miles; Medium Haul (MH) = 601 to 1,800 miles; Long Haul (LH) = over 1,800 miles

2 Passengers traveling in both directions.

3 Average scheduled weekly departures in 2022.

4 DL – Delta Air Lines (inclusive of regional affiliates); F9 – Frontier Airlines; WN – Southwest Airlines

5 Includes Washington Dulles International, Ronald Reagan Washington National, and Baltimore/Washington International Thurgood Marshall Airports.

6 Includes Los Angeles International, John Wayne (Orange County), Ontario International, Hollywood Burbank, and Long Beach Airports.

7 Includes Dallas Fort Worth International Airport and Dallas Love Field.

8 Includes George Bush Intercontinental (Houston) and William P. Hobby (Houston) Airports.

9 Includes John F. Kennedy International, Newark Liberty International, and LaGuardia Airports.

10 Includes San Francisco International, Oakland International, and Norman Y. Mineta San Jose International Airports.

SOURCES: US Department of Transportation, O&D Survey, February 2022; Innovata, February 2022 (published airline schedules).

A map of the United States with Chicago (ORD) as the central hub. Numerous lines radiate from Chicago to various cities across the country. The cities are labeled with their names. The map also shows the surrounding regions: Canada to the north, Mexico to the south, and the Atlantic Ocean to the east. The Pacific Ocean is labeled to the west. The map is titled '2023' in large, stylized letters across the center.

EXHIBIT 4-1



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SOURCES: Esri, 2010 (continent boundary, airports); US Census Bureau, 2021 (state boundary); Cirium, Diio Mi Schedule Dynamic Table Report, August 2023 (airline schedule data); Ricondo & Associates, Inc., August 2023 (routes).

EXHIBIT 4-2



**CHICAGO MIDWAY INTERNATIONAL AIRPORT
NONSTOP INTERNATIONAL MARKETS**

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TABLE 4-7 HISTORICAL AIRCRAFT OPERATIONS

YEAR	PASSENGER AIRLINES			GENERAL AVIATION ¹		TOTAL OPERATIONS	
	OPERATIONS	ANNUAL CHANGE	AVERAGE SEATS PER DEPARTURE	OPERATIONS	ANNUAL CHANGE	TOTAL	ANNUAL CHANGE
2013	189,689		140	62,437		252,126	
2014	185,817	-2.0%	143	63,435	1.6%	249,252	-1.1%
2015	186,132	0.2%	144	67,387	6.2%	253,519	1.7%
2016	186,566	0.2%	144	66,480	-1.3%	253,046	-0.2%
2017	193,845	3.9%	146	57,496	-13.5%	251,341	-0.7%
2018	187,282	-3.4%	147	56,040	-2.5%	243,322	-3.2%
2019	171,254	-8.6%	147	60,830	8.5%	232,084	-4.6%
2020	112,756	-34.2%	153	37,442	-38.4%	150,198	-35.3%
2021	130,668	15.9%	153	55,288	47.7%	185,956	23.8%
2022	155,936	19.3%	156	58,491	5.8%	214,427	15.3%
2013 – 2019 CAGR	-1.7%		0.8%	-0.4%		-1.4%	
2013 – 2022 CAGR	-2.2%		1.2%	-0.7%		-1.8%	

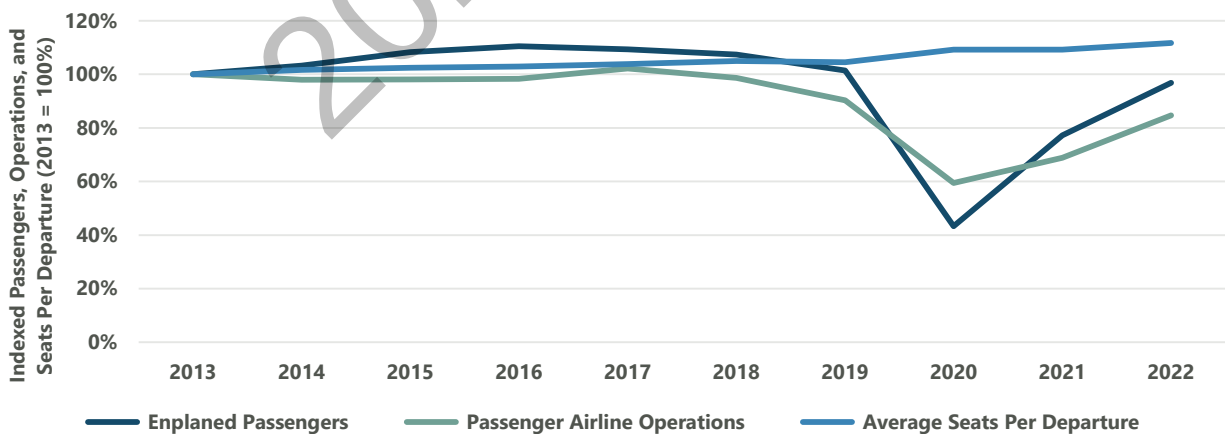
NOTES:

CAGR – Compound Annual Growth Rate

¹ Includes domestic commuter operations.

SOURCES: Chicago Department of Aviation, Management Records, October 2023; US Department of Transportation, T-100 Database, October 2023.

EXHIBIT 4-3 HISTORICAL ENPLANED PASSENGERS, PASSENGER AIRLINE OPERATIONS, AND AVERAGE SEATS PER DEPARTURE



SOURCES: Chicago Department of Aviation, Management Records, October 2023; Innovata, October 2023 (published airline schedules).

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4.2.4 LANDED WEIGHT

Table 4-8 presents the landed weight and share of total landed weight for the passenger airlines serving the Airport from 2018 through 2022. Similar to enplaned passengers, Southwest represents the largest share of total Airport landed weight. Southwest's share of landed weight decreased from 90.9 percent in 2018 to 88.0 percent in 2022 as Frontier captured a 3.1 percent share of the total landed weight after it resumed service at the Airport in 2022. Trends in landed weight shares for the other airlines serving the Airport generally followed trends for the airlines' enplaned passenger market shares.

TABLE 4-8 HISTORICAL LANDED WEIGHT BY AIRLINE (WEIGHT IN 1,000-POUND UNITS)

AIRLINE	2018		2019		2020		2021		2022	
	LANDED WEIGHT	SHARE	LANDED WEIGHT	SHARE	LANDED WEIGHT	SHARE	LANDED WEIGHT	SHARE	LANDED WEIGHT	SHARE
Southwest Airlines	10,842,032	90.9%	10,153,480	90.2%	7,130,608	93.5%	8,091,165	90.7%	9,481,862	88.0%
Frontier Airlines									330,462	3.1%
Delta Air Lines ¹	508,585	4.3%	518,001	4.6%	140,164	1.8%	289,032	3.2%	313,732	2.9%
Volaris	178,186	1.5%	195,779	1.7%	146,453	1.9%	211,947	2.4%	249,219	2.3%
Atlantic Aviation	133,790	1.1%	148,050	1.3%	68,430	0.9%	110,670	1.2%	135,580	1.3%
Signature Flight Support	146,410	1.2%	133,240	1.2%	86,050	1.1%	134,650	1.5%	132,880	1.2%
Porter Airlines	104,666	0.9%	98,244	0.9%	10,806	0.1%	14,882	0.2%	58,971	0.5%
Allegiant Air	430	0.0%	146	0.0%	31,717	0.4%	61,749	0.7%	48,160	0.4%
Sun Country Airlines	6,863	0.1%	5,673	0.1%	3,804	0.0%	2,341	0.0%	5,998	0.1%
Other	9,707	0.1%	9,909	0.1%	6,157	0.1%			15,561	0.1%
Airport Total²	11,930,669	100.0%	11,262,522	100.0%	7,624,189	100.0%	8,916,435	100.0%	10,772,426	100.0%

NOTE:

1 Delta Air Lines includes regional affiliates.

2 Totals may not add up due to rounding.

SOURCE: Chicago Department of Aviation, Management Records, October 2023.

4.3 FACTORS AFFECTING AVIATION DEMAND

This section discusses the qualitative factors that may influence future aviation activity at the Airport. These factors were considered, either directly or indirectly, in developing the aviation activity forecasts for the Airport.

4.3.1 IMPACT OF THE COVID-19 PANDEMIC

The outbreak and spread of the COVID-19 pandemic resulted in a severe contraction in demand for air travel that was driven by fear of illness, as well as government-imposed travel restrictions and quarantine requirements. The impact to air travel began in East Asia in December 2019 and rapidly accelerated to other regions of the world in March and April 2020. Airlines responded to the change in demand by parking aircraft and reducing capacity across their networks. Several large international foreign-flag airlines suspended all operations for a period in March and April 2020. By May 2020, which represented the low point in terms of passenger airline capacity offered, scheduled departing seats decreased to 24 percent of May 2019 capacity for all US airports and 44 percent of May 2019 capacity at Midway. By December 2020, departing seat capacity for all US airports had increased to 57 percent of

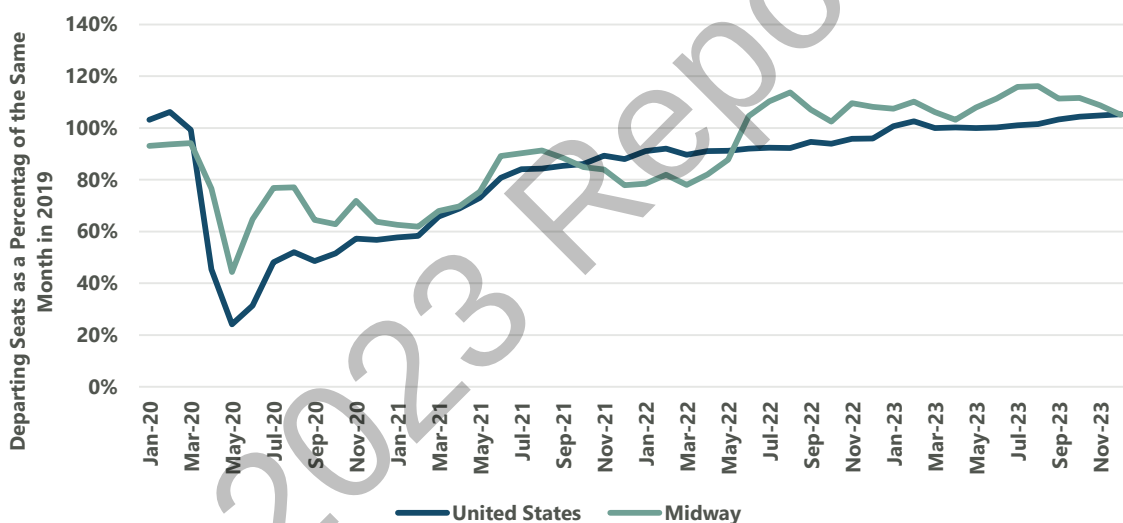
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December 2019 departing seat capacity and 64 percent of December 2019 departing seat capacity at Midway. The Airport's faster rate of recovery during this period was due in large part to airlines primarily serving domestic and short-haul international destinations from Midway, markets that were not as heavily impacted by travel restrictions.

Airlines accelerated the restoration of capacity in the second quarter of 2021 as COVID-19 vaccines became widely available in the United States and demand for air travel increased. In December 2021, scheduled departing seats represented 88 percent of December 2019 scheduled departing seats for all US airports and 78 percent for Midway. The restoration of scheduled capacity continued through 2022, despite interruptions in demand recovery that coincided with spikes in COVID-19 infections related to the Delta and Omicron variants of the virus. In December 2022, scheduled departing seats represented 96 percent of December 2019 scheduled departing seats for all US airports and 108 percent for Midway. Scheduled departing seats exceeded 2019 levels for all US airports and Midway through all of 2023.

Exhibit 4-4 depicts the Airport's seat capacity recovery relative to the United States.

EXHIBIT 4-4 SEAT CAPACITY RECOVERY – MIDWAY AND THE UNITED STATES



NOTE:

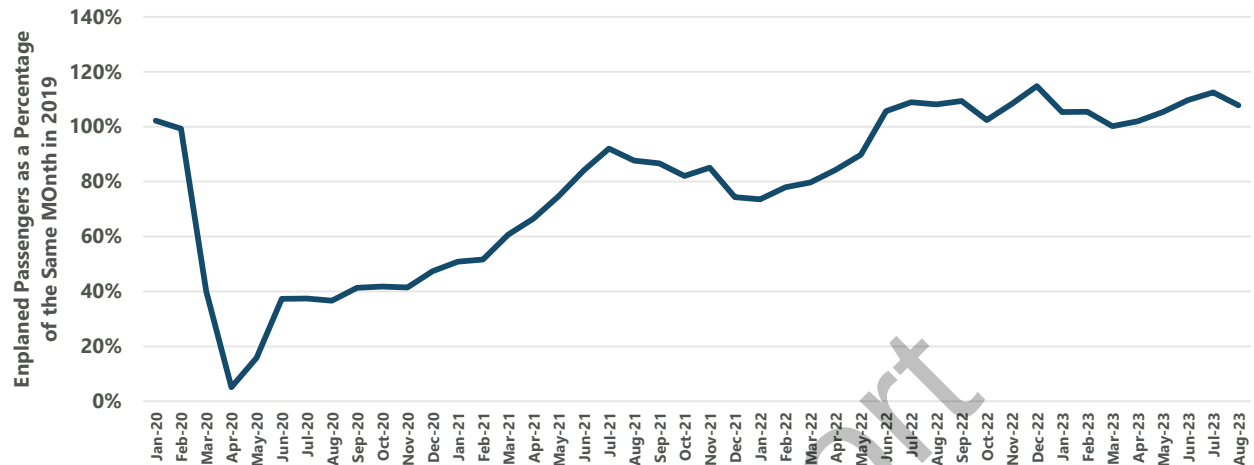
Scheduled seats indexed to the same month in 2019.

SOURCE: Innovata, October 2023.

Passenger volumes decreased at a faster rate than seat capacity at the onset of the COVID-19 pandemic. Throughout most of April 2020, which was the lowest point in terms of domestic monthly passenger activity since the onset of the COVID-19 pandemic, the TSA reported that daily airport screening throughput for all US airports was approximately 5 percent of the volume on the equivalent same day in 2019. For Midway, April 2020 enplaned passengers represented approximately 5 percent of April 2019 enplaned passengers. Passenger volumes at the Airport remained below 50 percent of 2019 levels through December 2020. Passenger growth gradually accelerated through mid-2021, reaching 92 percent of 2019 levels in July 2021. Enplaned passengers have represented over 100 percent of 2019 levels since June 2022. In August 2023, enplaned passengers at the Airport represented approximately 108 percent of August 2019 enplaned passengers. **Exhibit 4-5** presents the monthly enplaned passengers as a percentage of the same month in 2019 for January 2020 through August 2023.

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EXHIBIT 4-5 MIDWAY ENPLANED PASSENGER RECOVERY



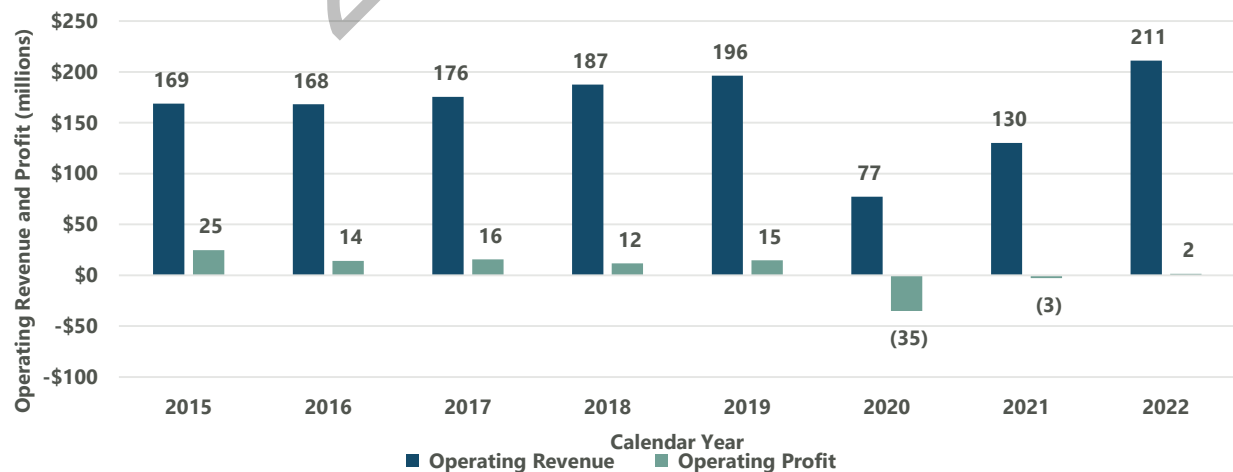
NOTE:

Enplaned passengers indexed to the same month in 2019.

SOURCE: Chicago Department of Aviation, Management Records, October 2023.

US airlines reported revenue growth and positive operating profits in the years leading up to the COVID-19 pandemic. The severe decrease in demand for air travel beginning in March 2020 drove a sharp contraction in operating revenues and steep financial losses in 2020 and 2021. In 2022, strong growth in demand drove record levels of operating revenue, and US airlines collectively reported a positive operating profit in 2022, with performance improving throughout the year. **Exhibit 4-6** presents operating revenue and profit for US airlines from 2015 through 2022. During earnings calls in the second quarter of 2023, major US airlines reported a positive outlook for the demand environment through the rest of 2023 and expected continued improvement in financial performance.

EXHIBIT 4-6 HISTORICAL AND PROJECTED NET PROFIT OF US COMMERCIAL AIRLINES

SOURCE: Airlines for America, Data & Statistics, <https://www.airlines.org/dataset/annual-results-u-s-passenger-airlines/> (accessed July 23, 2023).

4.3.2 NATIONAL ECONOMY

Historically, trends in airline travel have been closely correlated with national economic trends, most notably changes in GDP. Chapter 3 of this Report presents an analysis of the general economic trends, both national and local, that may influence demand for air service over time. As noted in the conclusion to Chapter 3, national GDP is expected to increase at CAGR of 1.5 percent between 2021 and 2028, which should support generally increasing demand for air service over the Projection Period. Actual economic activity may differ from this forecast, especially on a year-to-year basis. Demand for air service may be impacted by changes in economic performance.

4.3.3 MERGERS AND ACQUISITIONS

US airlines have merged with 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 Airlines acquired Continental Airlines. In 2011, Southwest acquired AirTran Airways. In 2013, US Airways and American Airlines 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 integration in 2018. In July 2022, JetBlue Airways reached an agreement to purchase Spirit Airlines. Such purchase transaction is scheduled to close in the first half of 2024, however, the JetBlue Airways and Spirit Airlines merger is still awaiting government and shareholder approval. Consolidation across the industry has resulted in the realignment of several airline route networks as airlines have sought efficiency in their service. Further consolidation of the US airline industry could affect the amount of capacity offered at the Airport and could alter the competitive landscape.

4.3.4 COST OF AVIATION FUEL

As of the fourth quarter of 2022, jet fuel accounted for 23.3 percent of total airline operation costs, second only to labor, according to Airlines for America.⁶⁶

In July 2023, the average price of jet fuel was \$2.48 per gallon, down from a high of \$4.04 per gallon in June 2022. **Exhibit 4-7** shows the monthly averages for jet fuel and crude oil prices from July 2013 through July 2023. Fluctuating fuel costs will continue to affect airline profitability. This could lead to changes in air service as airlines adjust capacity and pricing to address increases or decreases in the cost of fuel.

4.3.5 INTERNATIONAL CONFLICTS AND THREAT OF TERRORISM

Since September 11, 2001, the recurrence of terrorism incidents against either domestic or world aviation has remained a risk to achieving forecast levels of activity. Tighter security measures have restored the public's confidence in the integrity of the US and global aviation security systems. However, any terrorist incident targeting aviation could have an immediate and significant impact on the demand for air travel.

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.

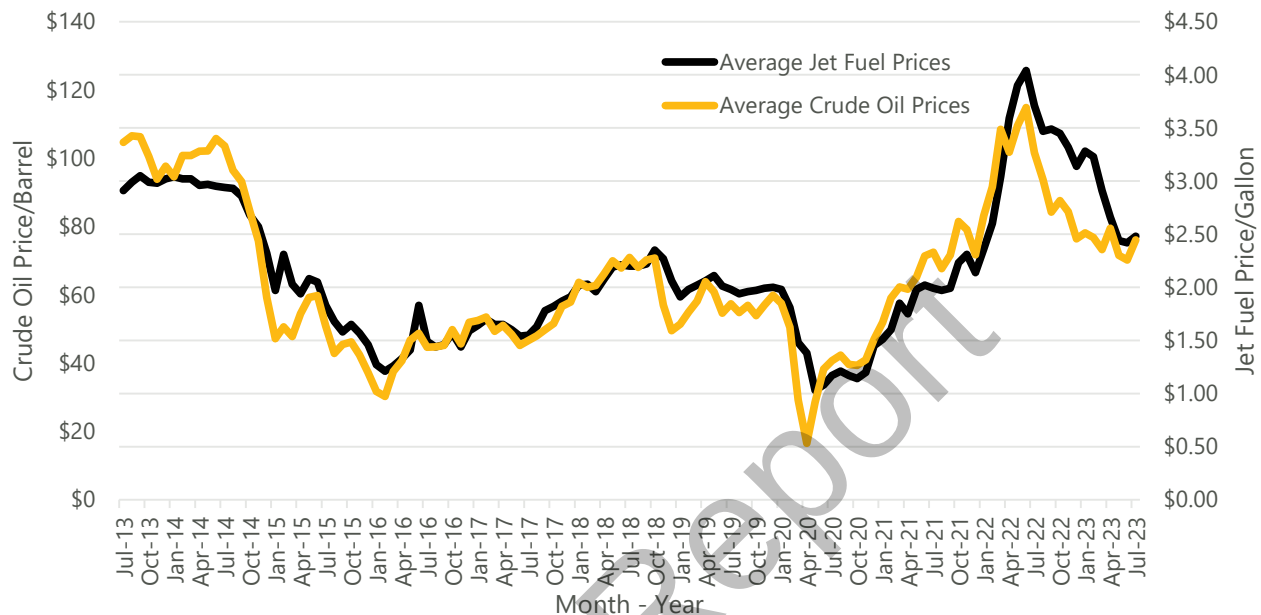
At the time of this Report, the Russian invasion of Ukraine, which began in February 2022, is still ongoing. Additionally, an attack on Israel by Hamas, a US-Government designated foreign terrorist organization, began on October 7, 2023 and remains an evolving situation.. Further developments in these conflicts could exacerbate

⁶⁶ Airlines for America, "A4A Passenger Airline Cost Index (PACI)," <https://www.airlines.org/dataset/a4a-quarterly-passenger-airline-cost-index-u-s-passenger-airlines/> (accessed July 2023).

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geopolitical and economic uncertainty and potentially impact demand for travel to certain regions.

EXHIBIT 4-7 HISTORICAL MONTHLY AVERAGES OF JET FUEL AND CRUDE OIL PRICES



SOURCE: US Bureau of Transportation Statistics, US Energy Information Administration, October 2023.

4.3.6 CAPACITY OF THE NATIONAL AIRSPACE SYSTEM

The FAA has expressed concern regarding 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 the need to implement NextGen airspace system improvements. The report emphasized the need to continue to invest in system improvements with airfield enhancements and NextGen capabilities. With the continuous improvements and upgrades in infrastructure, which reduced delays and enhanced capacity, the Airport is no longer constrained from an airfield perspective. However, the Airport remains subject to the National Airspace System capacity limitations associated with constraints, such as technology advancement or staffing shortages.

4.3.7 OTHER AIRPORTS IN THE REGION

Two other commercial service airports are in the area: O'Hare and Milwaukee Mitchell International Airport (Milwaukee Mitchell). In addition, Gary/Chicago International Airport (Gary/Chicago) and the proposed South Suburban Airport are considered regarding future air service development. These regional airports and their relationship to Midway are described in this section.

O'Hare, which is a large-hub airport, is located 15 miles north of Midway. The City owns both Midway and O'Hare, and the CDA operates the airports. Three of the four largest airlines in the United States operate hubs at O'Hare or Midway. The majority of demand for air service in the Air Trade Area is served through O'Hare, particularly for international air traffic. O'Hare is a hub for both United Airlines and American Airlines. Midway has historically served a distinct market segment in the Air Trade Area, serving as a lower-fare alternative to O'Hare and providing service to a smaller number of mostly domestic destinations. As discussed in Section 4.2.2, in 2023 airlines have scheduled

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an average of 242 daily nonstop flights from Midway to 94 destinations (11 of which are international destinations), whereas O'Hare has an average of 937 daily nonstop flights to 247 destinations (71 of which are international destinations).

Southwest launched service from O'Hare in February 2021. In 2023, Southwest has scheduled 28 average daily departures from O'Hare to 12 destinations, compared to 213 average daily departures to 79 destinations scheduled from Midway. All the destinations Southwest serves from O'Hare are also served from Midway. Three other airlines, Delta, Frontier, and Volaris, currently provide scheduled service from both Midway and O'Hare.

Table 4-9 presents total enplaned passengers for Midway and O'Hare between 2013 and 2022. Midway maintained between approximately 20 and 23 percent share of total enplaned passengers between 2013 and 2022. **Table 4-10** presents O&D enplaned passengers for Midway and O'Hare between 2013 and 2022. Midway's share of O&D passengers decreased from approximately 27.6 percent in 2013 to 23.4 percent in 2022.

Milwaukee Mitchell is the nearest medium- or large-hub commercial service airport outside of Chicago. This medium-hub airport⁶⁷ is located approximately 85 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. Due to its proximity to Chicago, Milwaukee Mitchell's catchment area overlaps with Midway's Air Trade Area, with both areas including three counties in the northern Chicago Region, which represent approximately 12 percent of the population in the Air Trade Area. Airlines scheduled an average of 78 daily departures to 31 destinations, one of which is international, from Milwaukee Mitchell in 2023.

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 Air Trade Area (see Exhibit 3-1 in Chapter 3). Currently, no scheduled passenger airline service is offered at this airport. In January 2014, the Authority entered into a public-private partnership with AFCO/AvPorts to further develop airport property and to increase the economic impact of the airport.

4.3.8 SOUTHWEST AIRLINES

Southwest is the largest domestic carrier in the US by seats in 2023 with 228 million scheduled domestic seats. Southwest has been the largest airline at the Airport since 2005. In 2022, Southwest enplaned approximately 8.9 million passengers, or 89.4 percent of the Airport's total. The Airport plays a critical role in Southwest's route network. **Table 4-11** presents Southwest's 10 busiest airports in terms of scheduled departures, as well as the airport ranking from 2019 through 2023. **Table 4-12** presents Southwest's busiest airports in terms of the number of destinations served, as well as the airport ranking from 2019 through 2023. In 2019, Midway was Southwest's busiest airport in terms of both average daily departures and destinations served. In 2020, DEN moved to the top ranking in both categories, and it retained that ranking through 2023. During the COVID-19 pandemic, Southwest increased service from DEN, which enabled connectivity to 8 new destinations that Southwest has launched in the western United States since 2020: Bozeman Yellowstone International Airport (BZN), Colorado Springs Airport (COS), Eugene Airport (EUG), Fresno Yosemite International Airport (FAT), Yampa Valley Airport (Routt County, Colorado; HDN), Montrose Regional Airport (Montrose County, Colorado; MTJ), Palm Springs International Airport (PSP), and Santa Barbara Municipal Airport (SBA). Of these airports, only COS is also served from Midway. In terms of average daily departures in 2022 and 2023, LAS moved ahead of Midway; however, LAS is ranked sixth in terms of number of destinations served, compared to second for Midway, for 2021 to 2023.

⁶⁷ Medium-hub airports enplane at least 0.25 percent but less than 1.00 percent of total nationwide enplaned passengers.

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TABLE 4-9 HISTORICAL TOTAL ENPLANED PASSENGERS AT CHICAGO MIDWAY AND CHICAGO O'HARE INTERNATIONAL AIRPORTS

YEAR	MIDWAY			O'HARE			TOTAL	
	ENPLANED PASSENGERS	ANNUAL GROWTH	SHARE	ENPLANED PASSENGERS	ANNUAL GROWTH	SHARE	ENPLANED PASSENGERS	ANNUAL GROWTH
2013	10,267,481	6.2%	23.6%	33,297,578	0.2%	76.4%	43,565,059	1.5%
2014	10,607,996	3.3%	23.3%	34,952,762	5.0%	76.7%	45,560,758	4.6%
2015	11,118,223	4.8%	22.5%	38,395,905	9.9%	77.5%	49,514,128	8.7%
2016	11,345,748	2.0%	22.6%	38,872,669	1.2%	77.4%	50,218,417	1.4%
2017	11,232,272	-1.0%	22.0%	39,815,888	2.4%	78.0%	51,048,160	1.7%
2018	11,022,224	-1.9%	21.0%	41,563,343	4.4%	79.0%	52,585,567	3.0%
2019	10,417,815	-5.5%	19.8%	42,248,370	1.6%	80.2%	52,666,185	0.2%
2020	4,445,906	-57.3%	22.5%	15,351,046	-63.7%	77.5%	19,796,952	-62.4%
2021	7,924,344	78.2%	22.7%	26,945,359	75.5%	77.3%	34,869,703	76.1%
2022	9,946,882	25.5%	22.6%	34,095,710	26.5%	77.4%	44,042,592	26.3%
Weighted Average								
2013 – 2022			22.2%			77.8%		
Compound Annual Growth Rate								
2013 – 2019	0.3%			4.0%			3.2%	
2013 – 2022	-0.4%			0.3%			0.1%	

SOURCE: Chicago Department of Aviation, Management Records, October 2023.

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TABLE 4-10 HISTORICAL ORIGIN AND DESTINATION ENPLANED PASSENGERS AT CHICAGO MIDWAY AND CHICAGO O'HARE INTERNATIONAL AIRPORTS

YEAR	MIDWAY			O'HARE			TOTAL	
	ENPLANED O&D PASSENGERS	ANNUAL GROWTH	SHARE	ENPLANED O&D PASSENGERS	ANNUAL GROWTH	SHARE	ENPLANED O&D PASSENGERS	ANNUAL GROWTH
2013	6,505,206	1.7%	27.6%	17,044,643	2.2%	72.4%	23,549,849	2.1%
2014	6,446,497	-0.9%	27.4%	17,115,535	0.4%	72.6%	23,562,032	0.1%
2015	6,682,549	3.7%	25.0%	20,096,191	17.4%	75.0%	26,778,740	13.7%
2016	7,181,858	7.5%	25.5%	20,991,241	4.5%	74.5%	28,173,099	5.2%
2017	7,446,996	3.7%	24.9%	22,429,433	6.9%	75.1%	29,876,429	6.0%
2018	7,197,512	-3.4%	23.5%	23,483,289	4.7%	76.5%	30,680,801	2.7%
2019	6,944,982	-3.5%	22.6%	23,836,209	1.5%	77.4%	30,781,191	0.3%
2020	2,912,068	-58.1%	25.4%	8,550,533	-64.1%	74.6%	11,462,601	-62.8%
2021	5,054,877	73.6%	24.9%	15,259,775	78.5%	75.1%	20,314,652	77.2%
2022	6,266,354	24.0%	23.4%	20,484,251	34.2%	76.6%	26,750,605	31.7%
Weighted Average								
2013 – 2022			24.9%			75.1%		
Compound Annual Growth Rate								
2013 – 2019	1.1%			5.9%			4.6%	
2013 – 2022	-0.4%			2.1%			1.4%	

NOTES:

O&D – Origin and Destination

SOURCES: Chicago Department of Aviation, Management Records, October 2023 (total passengers); US Department of Transportation, O&D Survey, October 2023; US Department of Transportation, T-100 Database, October 2023 (segmentation of passengers).

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TABLE 4-11 AVERAGE DAILY DEPARTURES AT SOUTHWEST AIRLINES' TOP TEN AIRPORTS

CITY AND AIRPORT	2019		2020		2021		2022		2023	
	DAILY DEPARTURES	RANK	DAILY DEPARTURES	RANK	DAILY DEPARTURES	RANK	DAILY DEPARTURES	RANK	DAILY DEPARTURES	RANK
Denver, CO (DEN)	199	2	175	1	210	1	231	1	267	1
Las Vegas, NV (LAS)	194	4	142	4	154	4	202	2	237	2
Chicago, IL (MDW)	218	1	161	2	169	2	197	3	213	3
Baltimore, MD (BWI)	199	3	153	3	159	3	177	4	202	4
Dallas, TX (DAL)	188	5	137	5	151	5	175	5	197	5
Phoenix, AZ (PHX)	168	6	127	6	148	6	166	6	176	6
Houston, TX (HOU)	160	7	112	7	127	7	139	7	149	7
Nashville, TN (BNA)	110	14	91	8	105	8	119	8	133	8
Orlando, FL (MCO)	113	10	89	9	102	9	101	10	117	9
St. Louis, MO (STL)	111	13	79	11	71	12	94	13	107	10

NOTES: DEN – Denver International Airport, LAS – Harry Reid International Airport, MDW – Chicago Midway International Airport, BWI – Baltimore/Washington International Thurgood Marshall Airport, DAL – Dallas Love Field Airport, PHX – Phoenix Sky Harbor International Airport, HOU – William P. Hobby Airport, BNA – Nashville International Airport, MCO – Orlando International Airport, STL – St. Louis Lambert International Airport

SOURCE: Innovata, October 2023 (published airline schedules).

TABLE 4-12 DESTINATIONS SERVED FROM SOUTHWEST AIRLINES' TOP TEN AIRPORTS

CITY AND AIRPORT	2019		2020		2021		2022		2023	
	DESTINATIONS SERVED	RANK	DESTINATIONS SERVED	RANK	DESTINATIONS SERVED	RANK	DESTINATIONS SERVED	RANK	DESTINATIONS SERVED	RANK
Denver, CO (DEN)	69	2	74	2	87	1	90	1	94	1
Chicago, IL (MDW)	69	1	66	4	80	2	79	2	79	2
Houston, TX (HOU)	66	4	74	1	79	3	76	3	71	3
Baltimore, MD (BWI)	67	3	69	3	69	5	70	4	70	4
Dallas, TX (DAL)	64	5	63	5	72	4	70	5	70	5
Las Vegas, NV (LAS)	56	6	55	8	67	6	66	6	68	6
Phoenix, AZ (PHX)	52	8	58	6	66	7	63	7	61	7
Nashville, TN (BNA)	46	11	45	11	56	9	57	9	57	8
St. Louis, MO (STL)	52	9	56	7	59	8	58	8	57	9
Orlando, FL (MCO)	53	7	50	9	53	10	52	10	56	10

NOTES: DEN – Denver International Airport, LAS – Harry Reid International Airport, MDW – Chicago Midway International Airport, BWI – Baltimore/Washington International Thurgood Marshall Airport, DAL – Dallas Love Field Airport, PHX – Phoenix Sky Harbor International Airport, HOU – William P. Hobby Airport, BNA – Nashville International Airport, MCO – Orlando International Airport, STL – St. Louis Lambert International Airport

SOURCE: Innovata, October 2023 (published airline schedules).

In 2019, Southwest served 103 destinations systemwide. In 2020, Southwest initiated service to 6 new destinations, and in 2021, it initiated service to an additional 14 new destinations. Of the new destinations Southwest launched in 2020 and 2021, 6 are served nonstop from Midway. **Table 4-13** presents the new destinations that Southwest launched in 2020 and 2021.

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TABLE 4-13 SOUTHWEST AIRLINES' NEW DESTINATIONS LAUNCHED IN 2020 AND 2021

DESTINATION	SERVICE INITIATED	SERVED NONSTOP FROM MIDWAY
Hilo International Airport (ITO)	January 2020	
Cozumel International Airport (CZM)	March 2020	
Yampa Valley Regional Airport (HDN)	November 2020	
Miami International Airport (MIA)	November 2020	Yes
Palm Springs International Airport (PSP)	November 2020	
Montrose Regional Airport (MTJ)	December 2020	
Chicago O'Hare International Airport (ORD)	February 2021	
Sarasota-Bradenton International Airport (SRQ)	February 2021	Yes
Colorado Springs Airport (COS)	March 2021	Yes
Savannah/Hilton Head International Airport (SAV)	March 2021	Yes
Fresno Yosemite International Airport (FAT)	April 2021	
George Bush Intercontinental Airport (IAH)	April 2021	Yes
Santa Barbara Municipal Airport (SBA)	April 2021	
Bozeman Yellowstone International Airport (BZN)	May 2021	
Myrtle Beach International Airport (MYR)	May 2021	Yes
Destin-Fort Walton Beach Airport (VPS)	May 2021	
Jackson-Medgar Wiley Evers International Airport (JAN)	June 2021	
Eugene Airport (EUG)	August 2021	
Bellingham International Airport (BLI)	November 2021	
Syracuse Hancock International Airport (SYR)	November 2021	

SOURCE: Innovata, October 2023 (published airline schedules).

The new destinations in Southwest's systemwide route network generally fall into three categories that represent distinct network strategies:

- Nine leisure destinations: BZN, Cozumel International Airport (CZM), HDN, Hilo International Airport (ITO), MTJ, Myrtle Beach International Airport (MYR), PSP, Sarasota-Bradenton International Airport (SRQ), and VPS. These destinations provide access to beaches, skiing, and other outdoor activities where visitors can remain socially distanced during the COVID-19 pandemic.
- Three primary airports in large metropolitan areas where Southwest already had a large presence at a secondary airport: George Bush Intercontinental Airport (Houston; IAH), MIA, and ORD. At each of these airports Southwest has expanded its presence in markets that were already served by Southwest from a different airport: William P. Hobby Airport (Houston; HOU) and FLL in the case of South Florida.⁶⁸ In all three cases Southwest serves fewer destinations from the primary airport than it does from the established base of operations at the secondary airport. Also, Southwest only serves destinations from the primary airport that it already served from the secondary airport. At Midway and HOU approximately one-third of Southwest's passengers are connecting, while nearly all Southwest passengers at ORD and IAH are O&D. Southwest primarily accommodates O&D passengers at both FLL and MIA. Access to two airports in these three markets complements existing service by providing better access to regions of cities that are located closer to the primary airport. **Table 4-14** presents

⁶⁸ Southwest also serves Palm Beach International Airport (PBI) in the South Florida metropolitan area. PBI is not presented as a comparison due to its distance from MIA and minimal catchment area overlap.

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the average daily departures, number of destinations served, and percent of O&D passengers that were visitors at each airport Southwest served in the Chicago, Houston, and South Florida areas in 2022. In all three cases the percentage of visitors was higher at the primary airport where Southwest recently initiated service, which indicates the degree to which the new service broadens Southwest's customer base of both residents and visitors.

- Other domestic destinations: Bellingham International Airport (BLI), COS, EUG, FAT, Jackson–Medgar Wiley Evers International Airport (JAN), SAV, SBA, and Syracuse Hancock International Airport (SYR). These destinations are located in medium-sized cities and accommodate a mix of residents and visitors, providing more depth to Southwest's route network.

Table 4-15 shows the distribution of Southwest's O&D and connecting passengers at the Airport between 2013 and 2022, which includes AirTran Airways, before and after its merger integration with Southwest. Between 2013 and 2019, Southwest's connecting passengers decreased at a CAGR of 1.6 percent, while O&D passengers increased at a CAGR of 1.7 percent. The share of O&D passengers increased from 62 percent of Southwest's total passengers in 2013 to 66 percent in 2019. The proportion of connecting passengers increased from 34 percent in 2019 to 39 percent in 2020 and 2021 and 40 percent in 2022, highlighting the critical role mid-continent connecting airports played during and after the COVID-19 pandemic to link destinations across airline route networks.

TABLE 4-14 SOUTHWEST AIRLINES IN CHICAGO, HOUSTON, AND SOUTH FLORIDA IN 2022

	CHICAGO		HOUSTON		SOUTH FLORIDA	
	MDW	ORD	HOU	IAH	FLL	MIA
Average Daily Departures	197	27	139	18	50	19
Destinations Served	79	12	76	9	35	15
Percent Connecting Passengers	40.3%	0.4%	39.3%	4.2%	17.4%	0.2%
Visitor Percent of O&D Passengers	40.9%	48.9%	41.3%	47.8%	60.2%	75.4%

NOTES: MDW – Chicago Midway International Airport, ORD – Chicago O'Hare International Airport, HOU – William P. Hobby Airport, IAH – George Bush Intercontinental Airport, FLL – Fort Lauderdale–Hollywood International Airport, MIA – Miami International Airport, O&D – Origin and Destination

SOURCES: Innovata, October 2023 (published airline schedules); US Department of Transportation, O&D Survey, October 2023; US Department of Transportation, T-100 Database, October 2023.

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TABLE 4-15 SOUTHWEST AIRLINES MIDWAY PASSENGERS – ORIGIN AND DESTINATION AND CONNECTING

YEAR	CONNECTING		O&D		TOTAL ENPLANED PASSENGERS
	ENPLANED PASSENGERS	% OF TOTAL	ENPLANED PASSENGERS	% OF TOTAL	
2013	3,561,735	38%	5,786,063	62%	9,347,798
2014	3,826,357	40%	5,819,819	60%	9,646,176
2015	3,900,690	38%	6,380,499	62%	10,281,189
2016	3,815,421	36%	6,705,150	64%	10,520,571
2017	3,588,532	34%	6,826,555	66%	10,415,087
2018	3,653,794	36%	6,587,007	64%	10,240,801
2019	3,237,393	34%	6,384,950	66%	9,622,343
2020	1,633,742	39%	2,532,325	61%	4,166,067
2021	2,871,885	39%	4,515,488	61%	7,387,373
2022	3,581,862	40%	5,305,998	60%	8,887,860
2013 – 2019 CAGR	-1.6%		1.7%		0.5%
2013 – 2022 CAGR	0.1%		-1.0%		-0.6%

NOTES: O&D – Origin and Destination; CAGR – Compound Annual Growth Rate

SOURCES: Chicago Department of Aviation, Management Records, October 2023; US Department of Transportation, O&D Survey, October 2023; US Department of Transportation, T-100 Database, October 2023.

Southwest operates a fleet consisting entirely of Boeing 737 aircraft, with a total of 770 aircraft in three variants, as shown in **Table 4-16**. Southwest currently has over 400 737 MAX 7 and MAX 8 aircraft on order.⁶⁹ The 737-700, the smallest aircraft in Southwest's fleet, has the oldest average age. As the 737-700 aircraft are retired and replaced with 737 MAX variants, the weighted average seat size of Southwest's fleet is expected to increase. **Exhibit 4-8** presents Southwest's average seats per departure systemwide and at the Airport from 2013 through 2023. Southwest has consistently deployed a fleet mix at the Airport that drives higher average seats per departure relative to Southwest's system average.

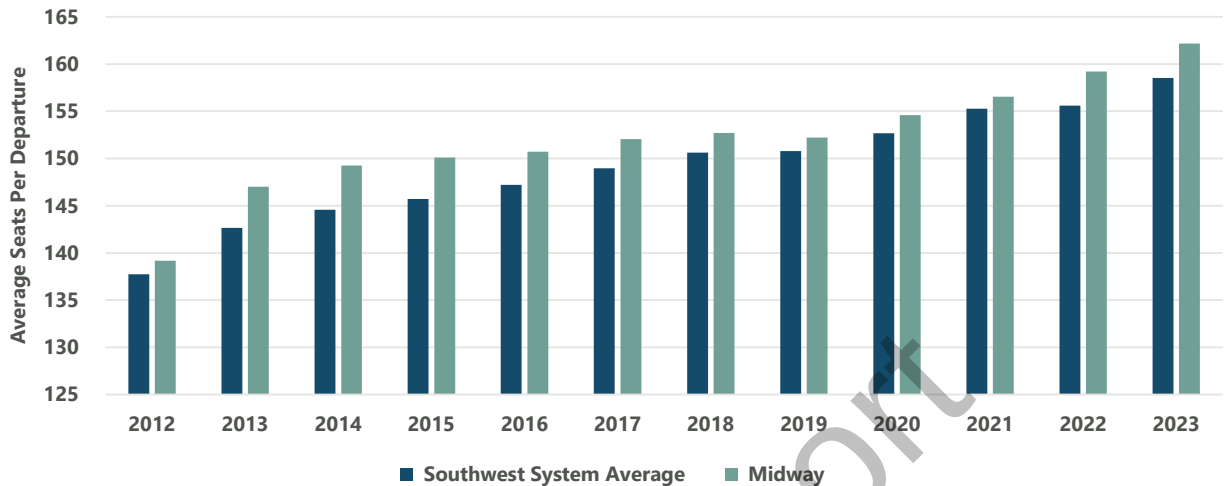
TABLE 4-16 SOUTHWEST AIRLINES FLEET MIX

AIRCRAFT TYPE	SEAT CAPACITY	AVERAGE AGE (YEARS)	AIRCRAFT IN SERVICE
737-700	143	18	426
737-800	175	7	207
737 MAX 8	175	2	137
Total		12	770

SOURCE: Southwest Airlines, 2022 Annual Report, August 11, 2023.

⁶⁹ Southwest Airlines, 2022 Annual Report, March 24, 2023.

EXHIBIT 4-8 SOUTHWEST AIRLINES AVERAGE SEATS PER DEPARTURE



SOURCE: Innovata, October 2023 (published airline schedules).

4.4 FORECASTS OF AVIATION ACTIVITY

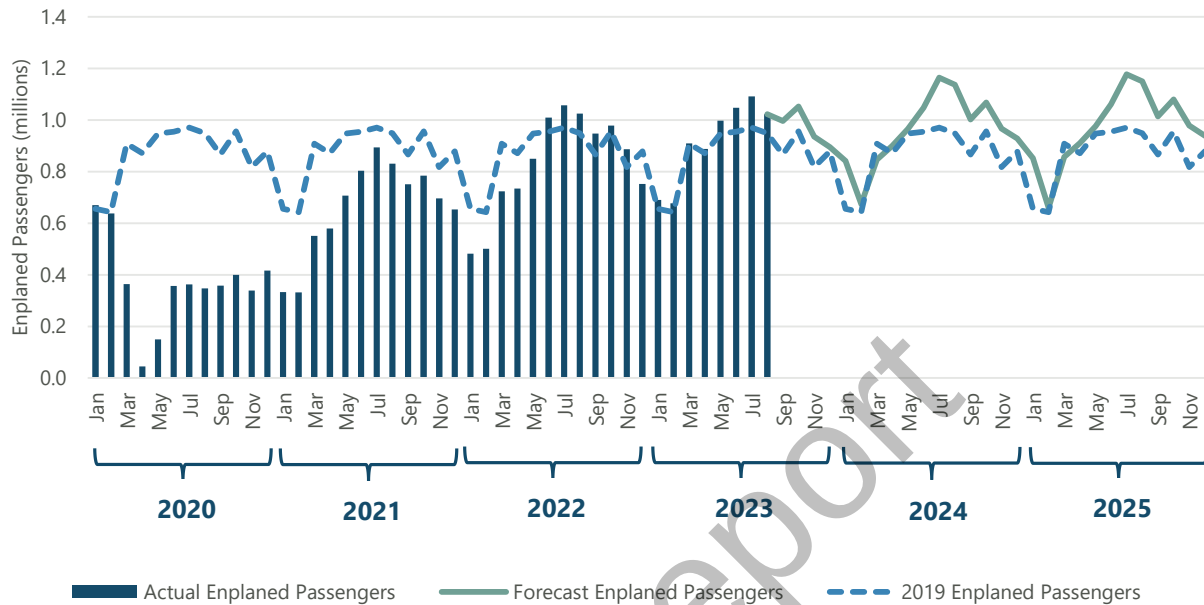
Forecasts of aviation activity (i.e., enplaned passengers, aircraft operations, and landed weight) were developed for FY 2023 through FY 2028, considering historical activity, including passenger volume trends at the Airport and across the industry, historical trends and projections of local and national socioeconomic factors, and anticipated trends in the use of the Airport by Southwest and other airlines. The forecast incorporates reported activity through June 2023 and published airline schedules through December 2023. The following subsections provide an overview of the methodologies used in developing forecasts of aviation activity at the Airport and present the results of those forecasts.

4.4.1 COVID-19 PANDEMIC RECOVERY PERIOD FORECAST METHODOLOGY

The COVID-19 pandemic has severely disrupted patterns of demand and aviation activity globally, nationally, and at the Airport. Socioeconomic variables that have been traditionally used to model demand for air travel, such as economic output, employment, and personal income, are not as useful for predicting future aviation activity during a period of travel restrictions, fear of illness, labor shortages, and other factors that emerged at the onset of the COVID-19 pandemic. While traditional drivers of demand are expected to influence travel patterns in the long-term, an approach was used to forecast activity in the short-term using the demonstrated recovery of demand since the onset of the COVID-19 pandemic and assumptions of airline seat capacity and load factors for 2023 through 2025. The activity forecast for this period was modeled on estimates of departing seat capacity and passenger activity by airline and region, recognizing activity has recovered differently by region due to the variable effect of COVID-19 and its associated impacts. Gradual increases in departing seats and passengers represent the recovery in demand and airline capacity, considering different rates of recovery by region and market segment, as well as seasonal demand patterns. **Exhibit 4-9** presents the actual and forecast monthly enplaned passengers from January 2020 through November 2025 compared to the 2019 monthly enplaned passengers to demonstrate the trajectory of the forecast recovery to 2019 levels of activity.

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EXHIBIT 4-9 MONTHLY ENPLANED PASSENGER RECOVERY FORECAST



SOURCES: Chicago Department of Aviation, October 2023 (actual passengers); Ricondo & Associates, Inc., October 2023 (forecast passengers).

The following factors were also considered in the development of the recovery period forecast:

- While the widespread deployment of effective vaccines to inhibit COVID-19 infection and treatments for illness have mitigated the severity of the COVID-19 pandemic, new variants of the COVID-19 virus may emerge, and the full duration of the global pandemic and resulting impact on air travel remain unknown. It is assumed that the emergence of any new variants of the COVID-19 virus would not result in a severe reduction in air service as experienced at the onset of the pandemic.
- Transborder travel restrictions have impacted demand for international travel. While most travel restrictions have been lifted, the timeline for lifting all restrictions is unknown, and the United States and other countries, including Canada and Mexico, which are served from the Airport, may impose new restrictions (or reinstate restrictions that have been lifted) if new surges of COVID-19 infection emerge. It is assumed a progressive reduction in travel restrictions will occur, or the efficiency and availability of approaches to meet requirements will advance.
- Supply-side factors, including slower than anticipated delivery of new aircraft and labor shortages, may limit the airlines' ability to increase capacity to meet increased demand for air travel.
- The Airport has played a critical and strategic role in the route networks of Southwest, providing access to the large and diverse Chicago O&D market, as well as a geographic location that enables connectivity across regions. The Airport is expected to remain a critical focus city for Southwest, while continuing to serve a large local O&D market during and after the recovery.

4.4.2 LONG-TERM FORECAST METHODOLOGY

As passenger demand and airline capacity fully recover to pre-COVID-19 pandemic levels, it is expected that the traditional relationships between demand and socioeconomics will drive long-term passenger growth. Longer-term O&D passenger activity was forecast using socioeconomic regression analysis techniques that identified predictive statistical relationships between historical O&D passenger volumes and independent socioeconomic variables (such as GRP, employment, and personal income) over a 20-year period ending in 2019. Activity that occurred in 2020 and 2021 was not incorporated into the socioeconomic regression analysis, as activity during this period was heavily influenced by factors that were specific to the COVID-19 pandemic that are not expected to influence demand for air travel in the long-term.

Domestic and international O&D passengers were independently forecast for the total airport system, inclusive of both O'Hare and Midway, using US and Air Trade Area economic factors. The allocation of domestic and international O&D passengers between the two airports was based on each airport's share of O&D passengers in 2019, a period that reflected unconstrained conditions.

Table 4-17 summarizes the output of the socioeconomic regression analysis.

TABLE 4-17 SOCIOECONOMIC REGRESSION ANALYSIS OUTPUTS

SOCIOECONOMIC VARIABLE	IMPLIED FY 2019 – FY 2028 O&D PASSENGER CAGR
Air Trade Area Gross Regional Product	1.8%
Air Trade Area Total Employment	1.0%
Air Trade Area Personal Income	1.9%
United States Gross Domestic Product	1.8%
United States Total Employment	1.9%
United States Personal Income	1.9%
Average	1.7%

NOTES:

CAGR – Compound Annual Growth Rate

FY – Fiscal Year

O&D – Origin and Destination

SOURCES: Woods & Poole Economics, Inc., January 2022; Moody's Analytics, Inc., January 2022; US Department of Transportation, DB1B Survey, January 2022; Ricondo & Associates, Inc., January 2022 (analysis).

Midway connecting passengers were modeled as a percentage of Midway's total O&D passengers. The forecast assumes marginal decreases in the connecting passenger share of total passengers as activity levels rise relative to constraints of the Airport. It is expected that Southwest, which accommodates nearly all the connecting passengers at the Airport, will prioritize accommodation of O&D passengers over connecting passengers to maintain its presence in the Chicago market and more effectively compete with O'Hare's hub airlines American Airlines and United Airlines, as well as other airlines serving Chicago's airports. The year-over-year growth rates, inclusive of total O&D and connecting passengers, established using the long-term forecast methodology were applied to the forecast of passenger activity in 2025, as established in the short-term recovery forecast, to derive the forecast of enplaned passengers through 2028.

4.4.3 OTHER ASSUMPTIONS INCORPORATED INTO THE PASSENGER FORECAST

The following assumptions were incorporated into the passenger forecast:

- O'Hare will remain the primary international gateway for long-haul O&D traffic in the region, and international activity at Midway will be focused on Canada, the Caribbean, and Mexico.

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- For these analyses, and similar to the FAA's nationwide forecast, it was assumed that during the forecast period there will be no terrorist incidents that would have significant, negative, and prolonged effects on aviation activity at the Airport or nationwide.
- Economic disturbances will occur during the forecast period, causing year-to-year variations in airline traffic; however, long-term economic growth is assumed.
- No major "acts of God" will occur during the forecast period that may disrupt the national or global airspace system and negatively affect aviation demand.

Many of the factors influencing aviation activity cannot be quantified, and any forecast is subject to uncertainties. As a result, the forecast process 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.

4.4.4 ENPLANED PASSENGER FORECAST

Table 4-18 presents the forecast of connecting, O&D, and total enplaned passengers. Total enplaned passengers are forecast to increase from 9.9 million in 2022 to 12.0 million in 2028, which represents a CAGR of 3.2 percent. The 2019 to 2028 CAGR for total enplaned passengers is 1.6 percent. Connecting enplaned passengers are forecast to increase from 3.7 million in 2022 to 4.0 million in 2028, which represents a CAGR of 1.2 percent. The 2019 to 2028 CAGR for connecting enplaned passengers is 1.5 percent. O&D enplaned passengers are forecast to increase from 6.3 million in 2022 to 8.1 million in 2028, which represents a CAGR of 4.3 percent. The 2019 to 2028 CAGR for O&D passengers is 1.7 percent. The O&D passenger share of total passengers increases from 63 percent in 2022 to 67 percent in 2028.

TABLE 4-18 CONNECTING, ORIGIN AND DESTINATION, AND TOTAL ENPLANED PASSENGER FORECAST

YEAR	CONNECTING		O&D		TOTAL ENPLANED PASSENGERS	ANNUAL CHANGE
	ENPLANED PASSENGERS	% OF TOTAL	ENPLANED PASSENGERS	% OF TOTAL		
2019 Actual	3,472,833	33%	6,944,982	67%	10,417,815	
2020 Actual	1,533,838	35%	2,912,068	65%	4,445,906	-57.3%
2021 Actual	2,869,467	36%	5,054,877	64%	7,924,344	78.2%
2022 Actual	3,680,528	37%	6,266,354	63%	9,946,882	25.5%
2023	3,983,343	35%	7,389,319	65%	11,372,662	14.3%
2024	3,992,645	35%	7,546,568	65%	11,539,212	1.5%
2025	3,982,328	34%	7,672,079	66%	11,654,406	1.0%
2026	3,976,050	34%	7,810,454	66%	11,786,504	1.1%
2027	3,967,053	33%	7,948,929	67%	11,915,983	1.1%
2028	3,955,302	33%	8,087,434	67%	12,042,736	1.1%
2019 – 2028 CAGR	1.5%		1.7%		1.6%	
2022 – 2028 CAGR	1.2%		4.3%		3.2%	

NOTES:

O&D – Origin and Destination

CAGR – Compound Annual Growth Rate

Totals may not add up due to rounding.

SOURCES: Chicago Department of Aviation, Management Records, October 2023 (actual passengers); Ricondo & Associates, Inc., October 2023 (forecast passengers).

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4.4.5 PASSENGER AIRLINE OPERATIONS FORECAST

Table 4-19 presents the historical and forecast passenger aircraft operations, load factor, and average seats per departure at Midway. Passenger airline operations are forecast to increase from 155,936 in 2022 to 182,513 in 2028, which represents a CAGR of 2.7 percent. The forecast of passenger aircraft operations was derived from an analysis of load factors and average aircraft seating capacities currently operating at the Airport, as well as an analysis of aircraft expected to operate at the Airport. The future fleet mix at the Airport was derived from published fleet plans. As Southwest continues to implement its fleet plan, described in Section 4.3.8, it is expected that the average number of seats per departure will increase from 156 in 2022 to 162 in 2028. The average load factor at the Airport is forecast to increase from 78.8 percent in 2022 to 81.3 percent in 2028.

TABLE 4-19 PASSENGER AIRLINE OPERATIONS FORECAST

YEAR	PASSENGER AIRLINE OPERATIONS	AVERAGE LOAD FACTOR	SEATS PER DEPARTURE
2019 Actual	171,256	80.4%	146
2020 Actual	112,756	46.9%	153
2021 Actual	130,668	77.2%	152
2022 Actual	155,936	78.8%	156
2023	176,836	80.0%	161
2024	180,612	79.8%	160
2025	181,626	79.8%	161
2026	181,975	80.3%	161
2027	182,271	80.8%	162
2028	182,513	81.3%	162
2019 – 2028 CAGR	0.7%		1.2%
2022 – 2028 CAGR	2.7%		0.6%

NOTE:

CAGR – Compound Annual Growth Rate

SOURCES: Chicago Department of Aviation, Management Records, October 2023 (actual operations); Ricondo & Associates, Inc., October 2023 (forecast operations).

4.4.6 LANDED WEIGHT FORECAST

Table 4-20 presents historical and forecast landed weight at the Airport. As shown, landed weight is forecast to increase from 10,772,426 thousand-pound units in 2022 to 12,587,125 thousand-pound units in 2028, which represents a CAGR of 2.6 percent. This increase reflects the combined impact of the increased number of passenger airline operations and Southwest introducing higher-gauge Boeing 737 aircraft.

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TABLE 4-20 LANDED WEIGHT FORECAST

YEAR	LANDED WEIGHT	ANNUAL CHANGE
2019 Actual	11,262,522	
2020 Actual	7,624,189	-32.3%
2021 Actual	8,916,435	16.9%
2022 Actual	10,772,426	20.8%
2023	12,075,529	12.1%
2024	12,291,723	1.8%
2025	12,414,205	1.0%
2026	12,475,309	0.5%
2027	12,532,964	0.5%
2028	12,587,125	0.4%
2019 – 2028 CAGR	1.2%	
2022 – 2028 CAGR	2.6%	

NOTE:

CAGR – Compound Annual Growth Rate

SOURCES: Chicago Department of Aviation, Management Records, October 2023 (actual landed weight); Ricondo & Associates, Inc., October 2023 (forecast landed weight).

5. FINANCIAL ANALYSIS

This chapter discusses the financial framework of the Airport, the cost and other financial implications of the issuance of the Series 2023 Bonds, and the issuance of Future Bonds necessary to fund certain projects part of the ongoing CIP. Projections of O&M Expenses, Non-Signatory Airline and nonairline revenues, PFC Revenue, debt service, debt service coverage, net Signatory Airline requirements, Airline Fees and Charges, airline revenues, and airline cost per enplaned passenger (CPE) are also discussed in this chapter.

5.1 FINANCIAL FRAMEWORK

The Airport is owned by the City and operated by the CDA, and it is accounted for as a self-supporting Enterprise Fund of the City, which is separate from O'Hare. The City maintains the books, records, and accounts of the Airport in accordance with GAAP and, as required by the provisions of the Airport Use Agreement, in accordance with the Bond Ordinance and the Senior Lien Indenture, as supplemented and amended. The City's FY ends December 31. 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 AIRPORT USE AGREEMENT AND FACILITIES LEASE

The Airport Use Agreement sets forth the City's main financial and operational arrangement with the airline tenants of the Airport. The City has entered into the Airport Use Agreement with the five airlines currently operating at the Airport, which are collectively referred to herein as the Signatory Airlines: Delta, Frontier, Porter, Southwest, and Volaris. The Signatory Airlines entered into the current 15-year Airport Use Agreement, effective from January 1, 2013, to December 31, 2027. The Airport Use Agreement continues the residual rate-setting methodology and daily average gate-utilization requirements.

The Airport Use Agreement provides, among other aspects, contractual support of the Signatory Airlines for bonds and other obligations issued to fund Airport capital improvements. The Airport Use Agreement is in place to formalize the rights and responsibilities of the Signatory Airlines and the CDA. Under the Airport Use Agreement, the City can finance Airport capital projects with Airport Obligations through the receipt of majority-in-interest (MII) approval of the Signatory Airlines. MII approval is reached if the Signatory Airlines that hold a majority of the aggregate Airline Fees and Charges assessed to all Signatory Airlines and hold a majority in the number of Signatory Airlines do not disapprove of the capital project..

Airlines or other users of the Airport that are not signatories to an Airport Use Agreement are assessed fees and charges enacted by City ordinances. In the aggregate, the Signatory Airlines (Airline Parties), including their subsidiaries, accounted for 96.8 percent of the total landed weight at the Airport in 2022; Southwest represented 88.0 percent. Airlines that are not signatory to the Airport Use Agreement (Non-Signatory Airlines and charters) accounted for the remaining 3.2 percent of landed weight.

5.1.2 AIRPORT FEES AND CHARGES

Under the Airport Use Agreement, terminal rental rates, equipment, fueling, and airline landing fees are established using a residual rate-setting methodology. To equitably 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 to account for the O&M Expenses, revenues, required fund deposits, and Net Debt Service on Airport

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Obligations. As a result, there are six Cost Centers in the Airport's financial structure that affect the residual calculation and 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, and other facilities related to aircraft taxiing, landing, and takeoff.
- **Terminal Area.** The Terminal Area includes the passenger terminal buildings, connecting structures, passenger walkways and tunnels, concourses, holdroom areas, passenger loading bridges, and control towers maintained by the City.
- **Terminal Ramp Area.** The Terminal Ramp Area includes the aircraft parking apron and all facilities, equipment, and improvements, including aircraft parking areas and aircraft circulation and taxiing areas for access to the aircraft parking areas.
- **Equipment.** The Equipment Cost Center includes the terminal and airline equipment required for the handling and servicing of passengers, baggage, aircraft, and flight operations at the Airport.
- **Fueling System.** The Fueling System includes the tank farm and all facilities that are part of the Airport's hydrant fueling system.
- **FIS.** The FIS Cost Center includes the equipment required for FIS facilities to process international arrival passengers and baggage.

The revenues and expenses of the Parking and Roadway Area and Support Facilities Area are allocated within the Airfield Area, Terminal Area, and Terminal Ramp Area Cost Centers:

- **Parking and Roadway Area.** The Parking and Roadway Area includes all public and employee parking areas, as well as all roads and facilities serving such parking areas; the Terminal Area access road; the terminal and frontage road; the exit road and all other roadways; rights-of-way; ramps; sidewalks; and other facilities, including the commercial vehicle storage lot, rental car ready-return lot, and other parking areas leased to car rental and ground transportation concessions.
- **Support Facilities Area.** The Support Facilities Area includes ARFF facilities; AMC/snow removal equipment facilities; fuel storage facilities; airline maintenance and other airline support facilities, such as FBOs, GA facilities, and aircraft hangar and cargo facilities; and the Airport services road system.

As described in Section 5.7, total expenses of each Cost Center are offset by Non-Signatory Airlines and nonairline revenue. An allocable share of the net deficit remaining in the Terminal Area, Terminal Ramp Area, Airfield Area, Equipment, and Fueling System Cost Centers is paid by the Signatory Airlines as part of their Airline Fees and Charges for use of the Airport. The Parking and Roadway Area and Support Facilities Area Cost Centers are allocated to the requirements for the Terminal, Terminal Ramp, and Airfield Areas. The Airport Use Agreement provides that the aggregate of Airline Fees and Charges paid by the Signatory Airlines must be sufficient to pay for the net cost of operating, maintaining, and developing the Airport, including satisfaction of the debt service, the debt service coverage requirement, the reserve deposits, and the payment requirements of the Bond Ordinance and the Senior Lien Indenture.

5.2 OPERATION AND MAINTENANCE EXPENSES

O&M Expenses comprise expenses associated with operating and maintaining the Airport, including the airfield, terminal, and landside facilities. **Table 5-1** presents the historical O&M Expenses for 2017 through 2022. O&M

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Expenses increased at a CAGR of 3.9 percent, from \$154.9 million in 2017 to \$187.9 million in 2022. Between 2017 and 2022, professional and engineering costs decreased at a CAGR of 0.7 percent; repairs and maintenance expenses increased by 3.6 percent; and salaries and wages increased by 4.5 percent.

TABLE 5-1 HISTORICAL OPERATION AND MAINTENANCE EXPENSES, 2017–2022

	2017	2018	2019	2020	2021	2022	CAGR 2017–2022
Total O&M Expenses (\$'000)	\$ 154,870	\$ 160,192	\$ 173,111	\$ 159,895	\$ 162,123	\$ 187,868	3.9%
Annual Growth Rate		3.4%	8.1%	-7.6%	1.4%	15.9%	
Enplaned Passengers ('000)	11,232	11,022	10,418	4,446	7,924	9,947	-2.4%
Annual Growth Rate		-1.9%	-5.5%	-57.3%	78.2%	25.5%	
Total O&M Expenses per Enplaned Passenger	\$ 13.79	\$ 14.53	\$ 16.62	\$ 35.96	\$ 20.46	\$ 18.89	6.5%

NOTES:

CAGR – Compound Annual Growth Rate

O&M – Operation and Maintenance

Adjusted for the portion of the City's pension cash contribution payable in each year to the pension funds and allocable to Chicago Midway International Airport.

SOURCE: Chicago Department of Aviation, October 2023.

As shown in Table 5-1, the Airport's O&M Expenses per enplaned passenger increased in 2018 and 2019, reflecting 2 years of declining activity levels. In 2020, as a result of reduced traffic caused by the COVID-19 pandemic, total O&M Expenses dropped by 7.6 percent, while enplaned passengers dropped sharply by 57.3 percent, resulting in total O&M Expenses per enplaned passenger increasing to \$35.96. The decrease in O&M Expenses in 2020 includes initiatives by the City to reduce costs as the impact of COVID-19 was most severe on passenger activity. In 2022, total O&M Expenses increased to a level representing a CAGR of 2.8 percent between 2019 and 2022, and total O&M Expenses per enplaned passenger decreased due to rebounding enplaned passengers.

The Airport's first-half 2023 rates and charges budget (the Budget) serves as the base year from which O&M Expenses are projected. O&M Expense projections are based on the type of expense and expectations of future inflation rates (assumed to be 3.0 percent annually). As discussed in Chapter 3, and as measured by the consumer price index (CPI), inflation reached 7.0 percent in 2022. O&M Expenses are projected to grow at a CAGR of 5.6 percent through the Projection Period, which represents a growth rate in line with historical rates of O&M Expense growth. The CDA does not currently anticipate any incremental O&M Expenses associated with any future capital projects anticipated to be funded with proceeds from future Senior Lien Bonds to be paid by the airlines. Any incremental O&M Expenses associated with the CRCF are anticipated to be paid by the rental car companies.

5.2.1 CITY PENSION CONTRIBUTIONS

Pension fund contributions 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 from other City departments that support Airport operations, such as Purchasing, Finance, and Corporation Counsel. Federal regulations prevent the use of Senior Lien Airport Revenues for funding pension costs for any employees not working directly at or allocated to the Airport.

The following four pension funds affect Airport expenses:

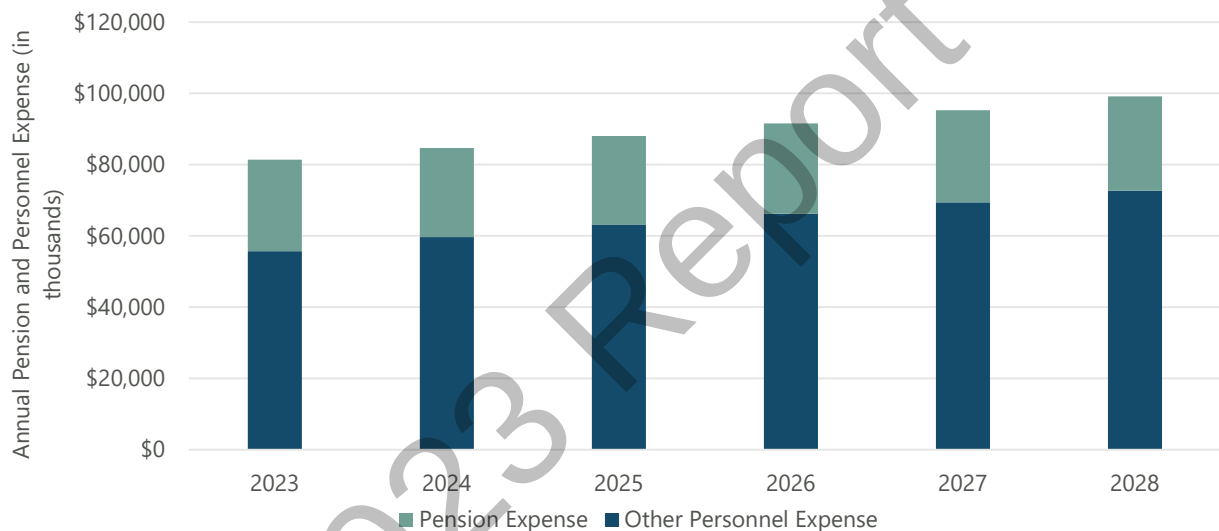
- Policemen's Annuity and Benefit Fund of Chicago (PABF)

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- 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)

According to the Budget, this pension expense is approximately \$25.6 million in 2023. Assuming the current allocation percentage of this requirement to the Airport, pension expenses are estimated to increase to approximately \$26.4 million in 2028. **Exhibit 5-1** illustrates the Airport's projected increase in total personnel expenses through the Projection Period. The projected personnel expenses presented in this Report include the increased pension contributions shown on Exhibit 5-1.

EXHIBIT 5-1 CHICAGO MIDWAY INTERNATIONAL AIRPORT'S PROJECTED PENSION CONTRIBUTION



SOURCES: Chicago Department of Aviation, October 2023; Ricondo & Associates, Inc., October 2023.

5.2.2 BUDGETED AND PROJECTED OPERATION AND MAINTENANCE EXPENSES

Actual O&M Expenses Versus Budget

The CDA submits an annual budget for the Airport to the Airline Parties for review. The budget package consists of the Airport rates and charges that are calculated using the rate-setting methodology set forth in the Airport Use Agreement, as described in Section 5.1, based on the budgeted O&M Expenses, revenues, required fund deposits, and debt service on Airport Obligations. As shown in **Table A-1** of **Appendix A**, between 2017 and 2022, actual O&M Expenses for the Airport were more than the budgeted amount in 3 of the last 6 years, before accounting for COVID-19 relief funding, averaging approximately 6.7 percent above budget, or an average of 3.8 percent below budget after applying COVID-19 relief funding. The Airport's 2023 Budget serves as the base from which O&M Expenses are projected.⁷⁰ Projected O&M Expenses are presented in **Table B-1** of **Appendix B**. As shown in Table

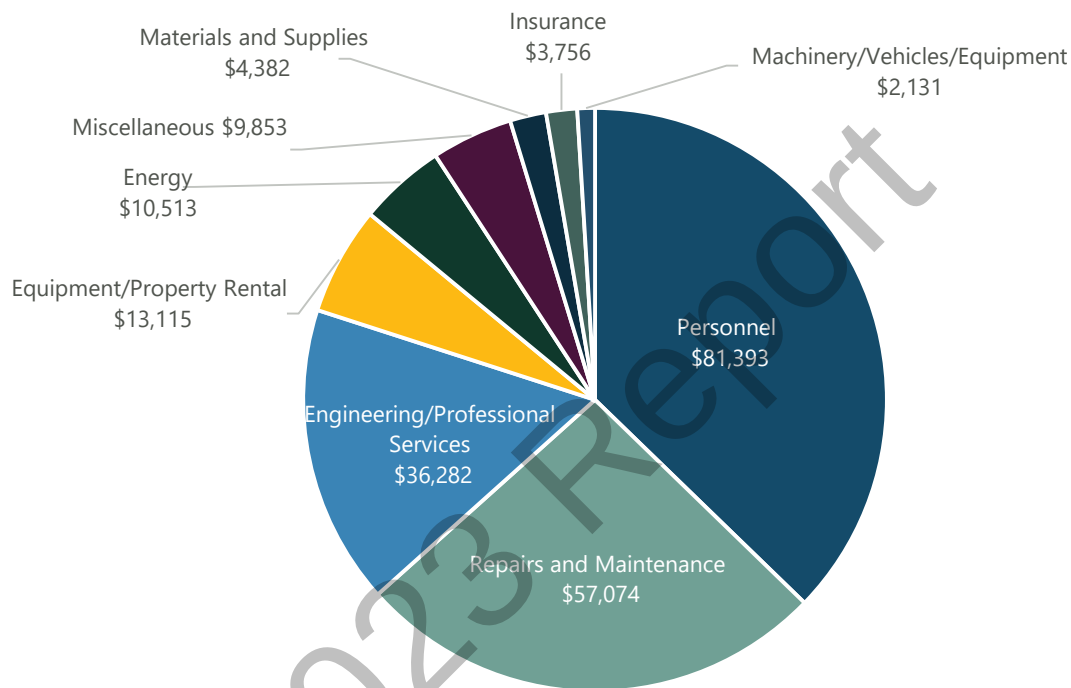
⁷⁰ The 2023 revised budget reflects the Airport's first-half rates and charges budget, published in December 2022.

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B-1, total O&M Expenses are projected to increase from \$202.2 million in 2023 to \$266.0 million in 2028, representing a CAGR of 5.6 percent.

Exhibit 5-2 presents the 2023 budgeted O&M Expenses by cost category assumed by the CDA for purposes of the 2023 rates and charges.

EXHIBIT 5-2 2023 BUDGET OPERATION AND MAINTENANCE EXPENSES BY COST CATEGORY (IN THOUSANDS)



NOTE:

The amounts reflect estimates before cost-cutting measures and expense reductions identified by the Chicago Department of Aviation for rate-setting purposes. These initiatives are not assumed in the financial projections.

SOURCE: Chicago Department of Aviation, October 2023.

O&M Expenses are classified into the following categories:

Personnel

Personnel expenses include Airport staff compensation, as well as an allocation of personnel costs from other City departments that support Airport operations, such as Purchasing, Finance, and Corporation Counsel. Expenses for salaries, wages, and employee benefits, including reimbursements from City and federal departments and increases attributable to future projects, are projected to increase at a CAGR of 4.1 percent through 2028. This is attributable primarily to salary increases, escalating insurance premiums, increasing pension obligations, and other benefits increases.

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 4.0 percent through 2028; this primarily reflects inflation, additional costs associated with maintaining existing facilities, and savings related to the 2023–2027 CIP projects.

Engineering and Professional Services

Engineering and professional services expenses include fees for specialized engineering, legal services, and other technical services. These expenses are projected to increase at a CAGR of 4.0 percent through 2028, primarily as a result of increases in billing rates. The use of outside professional services was assumed to remain constant through the Projection Period.

Equipment and Property Rental

Equipment and property rental expenses include rental fees paid to renters for the right to use various equipment and properties. Equipment and property rental expenses are projected to increase at a CAGR of 3.0 percent through 2028.

Energy

Energy costs include gas, water, electricity, and fuel oil required to operate the Airport. Energy costs are projected to increase at a CAGR of 6.0 percent through 2028, and they include the impacts related to the CIP.

Materials and Supplies

Materials and supplies expenses include costs associated with the purchasing of deicing fluid, office supplies, cleaning supplies, keys and locks, and other general maintenance supplies for the Airport. Baseline materials and supplies are projected to increase annually at the rate of inflation—assumed to be 3.0 percent compounded annually through 2028.

Other Operation Expenses

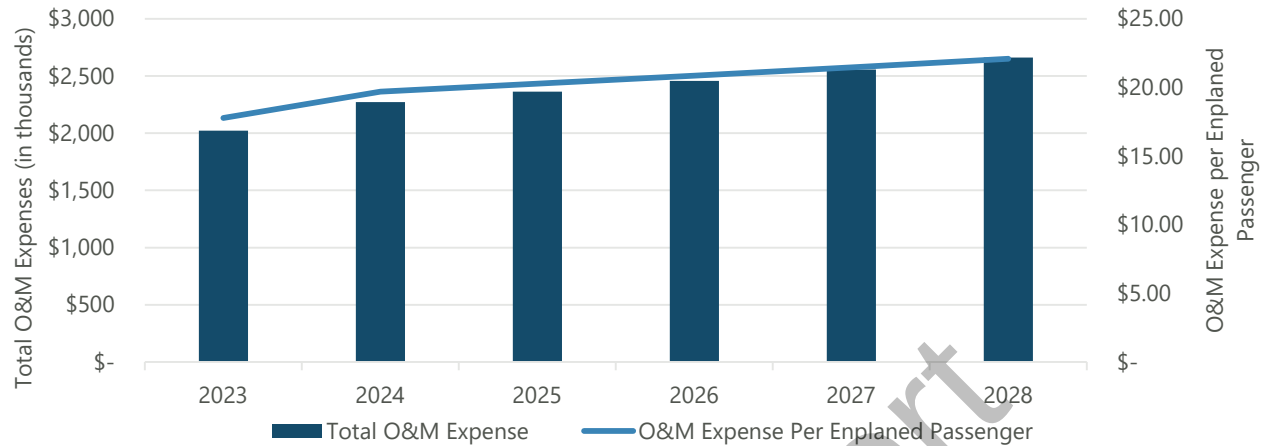
Other operation expenses include insurance and miscellaneous expenses (administrative, telephone, and bad-debt expenses), as well as machinery, vehicles, and equipment. Equipment and property rental expenses include the rental of heavy equipment and the contracting of equipment operators, the rental of unarmed security systems, shuttle bus services, and the rental of office equipment. Other operation expenses are projected to increase at a CAGR of 3.8 percent through 2028, primarily reflecting inflation and the need to periodically replace various types of equipment.

O&M Expense Projections

O&M Expense projections are based on the type of expense and the expectations of future inflation (assumed to be 3.0 percent annually through the Projection Period). No CIP projects are assumed to have any incremental O&M Expense impacts. The 2023 Budget total O&M Expenses include a \$10.3 million expense reduction plan and \$6.0 million in cost-cutting initiatives. **Exhibit 5-3** presents the projected O&M Expenses, as well as the O&M Expenses per enplaned passenger. Total O&M Expenses are projected to increase from \$202.2 million in 2023 to \$266.0 million in 2028, reflecting a CAGR of 5.6 percent. No expense reductions or cost-cutting initiatives are assumed in the projected O&M Expenses in 2024 through 2028.

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EXHIBIT 5-3 PROJECTED OPERATION AND MAINTENANCE EXPENSES AT THE AIRPORT



NOTE:

O&M – Operation and Maintenance

SOURCES: Chicago Department of Aviation, October 2023; Ricondo & Associates, Inc., October 2023.

5.3 NON-SIGNATORY AIRLINE AND NONAIRLINE REVENUES

Non-Signatory Airline revenues are revenues collected from airlines that are not parties to the Airport Use Agreement. Nonairline revenues consist of those revenues generated at the Airport from sources other than airlines (e.g., automobile parking, rental cars, restaurants, news and gifts).

A majority of the Airport's nonairline revenues are generated from concessions. **Table 5-2** presents concession revenues at the Airport from 2017 through 2022. As shown, concession revenues decreased from \$71.7 million in 2017 to \$59.2 million in 2022, representing a CAGR of -3.8 percent. Due to reduced air travel demand during the COVID-19 pandemic, the Airport's concession revenues dropped significantly, by 35.6 percent, in 2020 compared to the 2019 level. Along with the recovery of air travel demand, the Airport's concession revenues rebounded in 2021 and 2022, reaching 85.2 percent of the 2019 level in 2022. Parking revenue, which represents the Airport's largest nonairline revenue source, decreased from \$38.3 million in 2017 to \$35.9 million in 2022, representing a CAGR of -1.3 percent.

TABLE 5-2 HISTORICAL CONCESSION REVENUES AT THE AIRPORT, 2017–2022

	2017	2018	2019	2020	2021	2022	CAGR 2017–2022
Total Concession Revenues (\$'000)	\$71,697	\$71,653	\$69,488	\$44,768	\$57,885	\$59,170	-3.8%
Annual Growth Rate		-0.1%	-3.0%	-35.6%	29.3%	2.2%	
Enplaned Passengers ('000)	11,232	11,022	10,418	4,446	7,924	9,947	-2.4%
Annual Growth Rate		-1.9%	-5.5%	-57.3%	78.2%	25.5%	
Total Concession Revenues per Enplaned Passenger	\$6.38	\$6.50	\$6.67	\$10.07	\$7.31	\$5.95	-1.4%

NOTE:

CAGR – Compound Annual Growth Rate

SOURCE: Chicago Department of Aviation, October 2023.

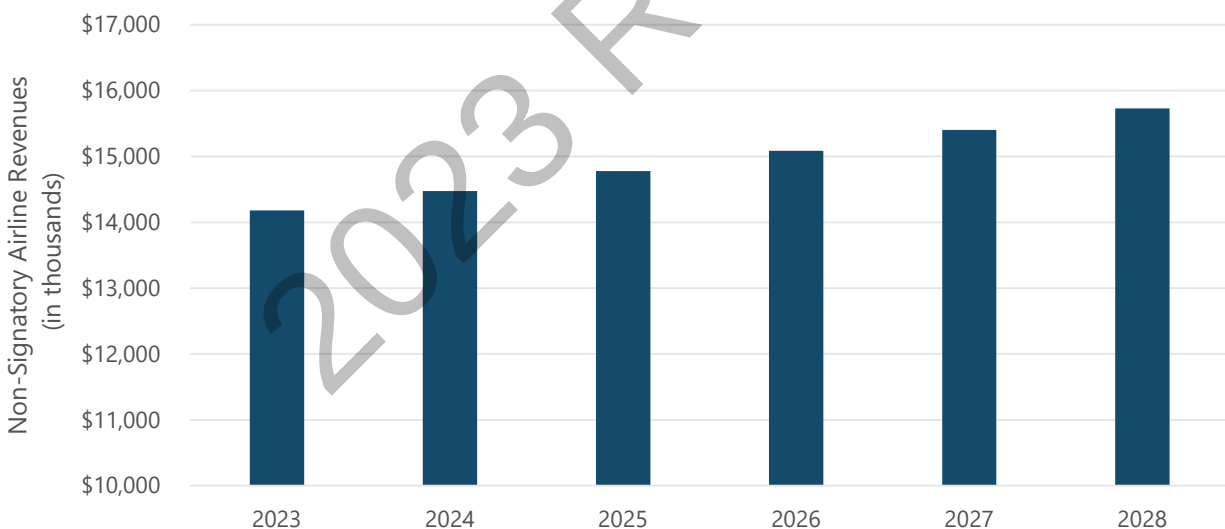
5.3.1 BUDGETED AND PROJECTED NON-SIGNATORY AIRLINE REVENUES

Non-Signatory Airline revenues include landing fees and terminal rentals paid by airlines that are not parties to the Airport Use Agreement, including non-commercial charter airlines. Non-signatory remain overnight (RON) fees, non-signatory FIS fees, and FBO fees are also included. Non-Signatory Airlines are assessed a premium of 25 percent above Signatory Airline rates and charges.

Non-Signatory Airline Revenue Projections

Non-Signatory Airline revenues comprise airline revenues other than the revenues derived as a function of the signatory rentals, fees, and charges, based on O&M Expenses, debt service, and fund deposits. These items include the following: non-commercial charter airline revenues, FBO services, terminal rents and ramp-use fees generated from City-owned gates, RON fees, and non-signatory landing fees and terminal rents. In the financial analysis in this Report, Revenues received from non-signatory affiliates of the Signatory Airlines are considered Non-Signatory Airline revenues. Non-Signatory Airline revenues are budgeted to be approximately \$14.2 million in 2023 and are projected to increase to \$15.7 million in 2028, a CAGR of 2.1 percent, which can primarily be attributed to expected increases in the rates and charges charged to Non-Signatory Airlines in order to recover increasing O&M Expenses throughout the Projection Period, as well as debt service associated with the 2023 Bonds and future Senior Lien Bond issuances. **Exhibit 5-4** shows the projected Non-Signatory Airline revenues.

EXHIBIT 5-4 PROJECTED NON-SIGNATORY AIRLINE REVENUES AT THE AIRPORT (IN THOUSANDS)



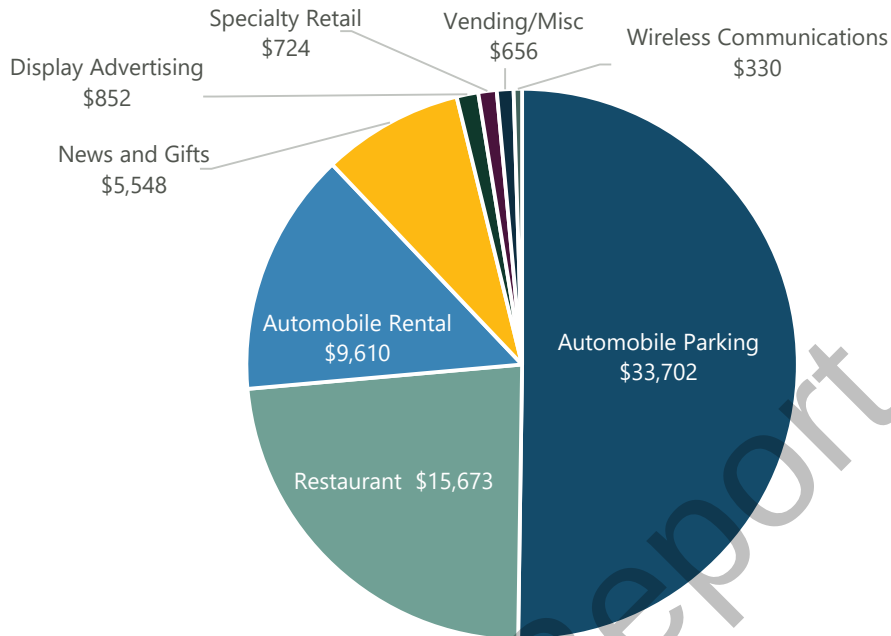
SOURCE: Chicago Department of Aviation, August 2023; Ricondo & Associates, Inc., October 2023.

5.3.2 BUDGETED AND PROJECTED NONAIRLINE REVENUES

Nonairline revenues primarily include revenues from concessions, including automobile parking and rentals, restaurants, news and gifts, specialty retail, and other concessions.

Exhibit 5-5 presents the concession revenues by category assumed by the CDA for the 2023 rates and charges.

EXHIBIT 5-5 BUDGET 2023 CONCESSION REVENUES BY CATEGORY (IN THOUSANDS)



SOURCE: Chicago Department of Aviation, October 2023.

Actual Concession Revenues Versus Budget

As shown in **Table A-2** of Appendix A, between 2017 and 2022, actual concession revenues generated at the Airport were higher than the budgeted amount every year for the past 6 years, averaging 16.9 percent higher than what had been budgeted. The Airport's 2023 Budget serves as the base from which nonairline revenues are projected.

The following subsections describe the nonairline revenue categories.

5.3.2.1 CONCESSION REVENUES

Concession revenues are projected to increase at a CAGR of 2.4 percent from \$67.1 million in 2023 to \$75.6 million in 2028. The City is continually making efforts to maximize concession revenues through strategic planning. These efforts include both near- and long-term planning at the Airport, as well as space and vendor management.

The City's Concessions Redevelopment Program is leveraging underutilized space in the Airport to construct new and improved choices for shopping and dining, services, and amenities. New concession offerings started opening in May 2018 with the new Food Hall in Concourse A, which features 5 food and beverage options, 1 retail location, seating for 200 travelers, and charging stations. Before the program began, food and beverage and news and gift concessions revenue per enplaned passenger was \$1.91 in 2017. With multiple new units operating at the Airport, and the Concessions Redevelopment Program at 75 percent completion, the food and beverage and news and gift concessions revenue per enplaned passenger was \$2.20 in 2022 and \$2.32 in 2023 (January through June; available data). As of October 2023, there are 24 retail locations, 30 food and beverage locations, and 1 service location throughout the Airport. Seven new concessions have opened in 2023 and an additional eight new food and beverage locations are anticipated to be opened by November 2023.

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Concession revenues include those derived from the concessionaires in the terminal, such as restaurants and news and gift shops, and the Airport's landside activities, such as automobile parking and automobile rentals. Concession revenues are projected as follows:

- **Automobile Parking.** Projected to increase by a combination of increases in the number of O&D passengers and half the rate of inflation.
- **Automobile Rentals.** Projected to increase by a combination of increases in the number of O&D passengers and half the rate of inflation.
- **Restaurant.** Projected to increase by a combination of increases in the number of domestic enplaned passengers and half the rate of inflation.
- **News and Gifts.** Projected to increase by a combination of increases in the number of domestic enplaned passengers and half the rate of inflation.
- **Specialty Retail.** Projected to increase by a combination of increases in the number of domestic enplaned passengers and half the rate of inflation.
- **Other Concessions:**
 - **Display Advertising.** Projected to increase by a combination of increases in the number of domestic enplaned passengers and half the rate of inflation.
 - **Wireless Communications.** Projected to increase by a combination of increases in the number of domestic enplaned passengers and half the rate of inflation.
 - **Miscellaneous.** Projected to increase by a combination of increases in the number of domestic enplaned passengers and half the rate of inflation.

Detailed descriptions of revenues generated by automobile parking, automobile rentals, restaurants, news and gifts, and specialty retail outlets, all of which account for approximately 97.3 percent of concession revenues in the Airport's 2023 Budget, are described in the following subsections.

Automobile Parking

The Airport has a variety of parking products. It currently offers hourly and daily parking in the approximately 2,500-space Terminal Parking Garage, with a \$40.00 per day rate for the daily spaces on Levels 2 through 6. The hourly spaces, located on Level 1, are designed for short-term parking of less than 4 hours, with a rate starting at \$4 for the first hour and a maximum 24-hour rate of \$64.

The Daily Lot located on the northwest corner of 55th Street and Kilpatrick Avenue includes daily parking with a \$30-per-day rate. The Airport facilitates connectivity between the Daily Lot and the terminal through complimentary shuttle buses that traverse a dedicated bus lane.

The surface economy parking lot and economy parking garage located on 55th Street impose a daily rate of \$15. Complimentary shuttle buses provide transportation to and from the terminal.

The budgeted automobile parking revenues for 2023 are \$33.7 million, or 50.2 percent of concession revenues. Automobile parking revenues are projected to increase to \$37.9 million in 2028, at a CAGR of 2.4 percent, reflecting 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.

Automobile Rental

Ten rental car brands operate “on Airport.” The on-Airport rental car companies operate on concession agreements with the City and pay a fee of 10.0 percent of gross revenues, subject to a minimum annual guarantee based on the prior year’s gross revenues. These rental car companies are the source of all rental car revenues for the Airport; no revenue is derived from “off-Airport” rental car companies. (Section 2.2.7 describes the new CRCF that opened in 2013.) Budgeted automobile rental revenues derived from the concession agreements for 2023 are \$9.6 million, or 14.3 percent of concession revenues. Automobile rental revenues are projected to increase to \$10.8 million in 2028, at a CAGR of 2.4 percent, which reflects a forecast of demand for rental cars as measured by rental car transaction days.

Restaurant

As of October 2023, concessionaires operate a total of 30 food and beverage locations throughout the Airport. The term of their agreements generally ranges from 5 years to 10 years. The City receives a percentage of gross sales from the concessionaires, with minimum annual guarantees that adjust annually based on the previous year’s sales. Budgeted restaurant revenues for 2023 are \$15.7 million, or 23.4 percent of concession revenues. Projected concession revenue does not consider additional revenue that may be generated as a result of new concession offerings, new concession agreements, or new concession management efforts undertaken at the Airport. Restaurant revenues are projected to increase to \$17.6 million in 2028, at a CAGR of 2.4 percent.

News and Gifts

Concessionaires operate 8 news and gifts outlets at the Airport. The City receives from the concessionaires a percentage of gross sales, with minimum annual guarantees that adjust annually based on the previous year’s sales. The budgeted news and gifts revenues for 2023 are \$5.5 million, or 8.3 percent of concession revenues. News and gifts revenues are projected to increase to \$6.2 million in 2028, at a CAGR of 2.4 percent.

Specialty Retail

Concessionaires operate 16 specialty retail outlets and 1 service, a shoeshine, at the Airport. The City receives from the concessionaires a percentage of gross sales, with minimum annual guarantees that adjust annually based on the previous year’s sales. The budgeted specialty retail revenues for 2023 are \$0.7 million, or 1.1 percent of concession revenues. Specialty retail revenues are projected to increase at a CAGR of 2.4 percent through 2028, which reflects a combination of increases in the number of enplaned passengers plus half the rate of inflation.

Other Concessions

When combined, display advertising revenues, wireless communications revenues, and miscellaneous revenues are budgeted to be \$1.8 million in 2023, or 2.7 percent of concession revenues. Other concession revenues are projected to increase at a CAGR of 2.6 percent, reaching \$2.1 million in 2028.

5.3.2.2 OTHER NONAIRLINE REVENUES

Other nonairline revenues include land, storage, and hangars revenue, Metropolitan Pier and Exposition Authority (MPEA) reimbursement, and interest earnings.

Land, storage, and hangars revenues are not impacted by increases or decreases in aviation activity; increases are based on inflation. The budgeted land, storage, and hangars revenues are budgeted to be \$4.3 million in 2023 and are projected to increase to \$4.8 million in 2028, a CAGR of 2.5 percent from 2023 through 2028.

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Fees are imposed on taxis and Transportation Network Providers (TNPs) serving the airport. However, revenue goes to the City and the MPEA with exception of an amount reimbursed to cover airport costs associated with taxi operations. MPEA reimbursement amounts are projected to increase based on inflation.

Interest earnings include interest incomes from Revenue Fund, Debt Service Fund, and Debt Service Reserve Fund, and are projected based on projected fund balances and interest rates.

The budgeted other nonairline revenues for 2023 are \$7.3 million, or 9.8 percent of nonairline revenues. Other nonairline revenues are projected to increase to \$7.8 million in 2028, a CAGR of 1.5 percent from 2023 through 2028.

Projections of Non-Signatory Airline revenues and nonairline revenues are presented in **Table B-2 of Appendix B**. Revenues were projected on the basis of a review of historical trends, forecast activity levels, and inflation. As shown, Non-Signatory Airline revenues and nonairline revenues are projected to increase from \$88.5 million in 2023 to \$99.1 million in 2028 at a CAGR of 2.3 percent.

5.4 OTHER AVAILABLE MONEYS

5.4.1 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. PFC Revenue does not constitute Senior Lien Revenues as defined in the Senior Lien Indenture and is not pledged to or held by the Senior Lien Trustee for the benefit of the owners of Senior Lien Bonds, unless and until it is specifically transferred to the Senior Lien Trustee for deposit into the respective Dedicated Sub-Funds as Other Available Moneys. However, the City elects to apply all PFC Revenue to pay debt service on PFC-eligible portions of existing bonds. Approximately 32.1 percent of all debt service at the Airport is PFC-eligible.

PFC Program Highlights

- The City collects a \$4.50 PFC per eligible enplaned passenger, less a \$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.
- As of October 2023, the City has received authority to impose a PFC and use \$2.47 billion of PFC Revenues at the Airport, with an estimated charge expiration date of May 1, 2056.
- From 2011 to 2022, PFC Revenues received by the City for use at the Airport totaled \$432.2 million.
- The beginning PFC Fund balance was approximately \$1.8 million in January 2023.
- In 2022, PFC Revenues totaled \$36.6 million, reflecting PFCs paid by approximately 83.7 percent of enplaned passengers at the Airport. The 2022 PFC Revenues were similar to the 2019 level, which totaled \$36.8 million.

5.4.2 CUSTOMER FACILITY CHARGE REVENUE

The City passed an ordinance in September 2005 authorizing the CDA to impose a CFC on customers renting vehicles at the Airport. In September 2005, the City first implemented a CFC of \$3.75 per contract day to be remitted by the rental car companies to help fund the CRCF. The Second Lien Revenue Bonds, Series 2010C (Series 2010C Bonds), were issued to fund the CRCF in 2010. The Series 2010C Bonds were subsequently refunded by the Second Lien Revenue Refunding Bonds, Series 2018A (Series 2018A Bonds). CFC Revenues are pledged to secure the Series 2018A Bonds and are included in Other Available Moneys for the Series 2018A Bonds. However, CFC Revenues are not pledged to secure Senior Lien Bonds. The CFC Revenues are pledged to pay debt service on the 2018A Bonds.

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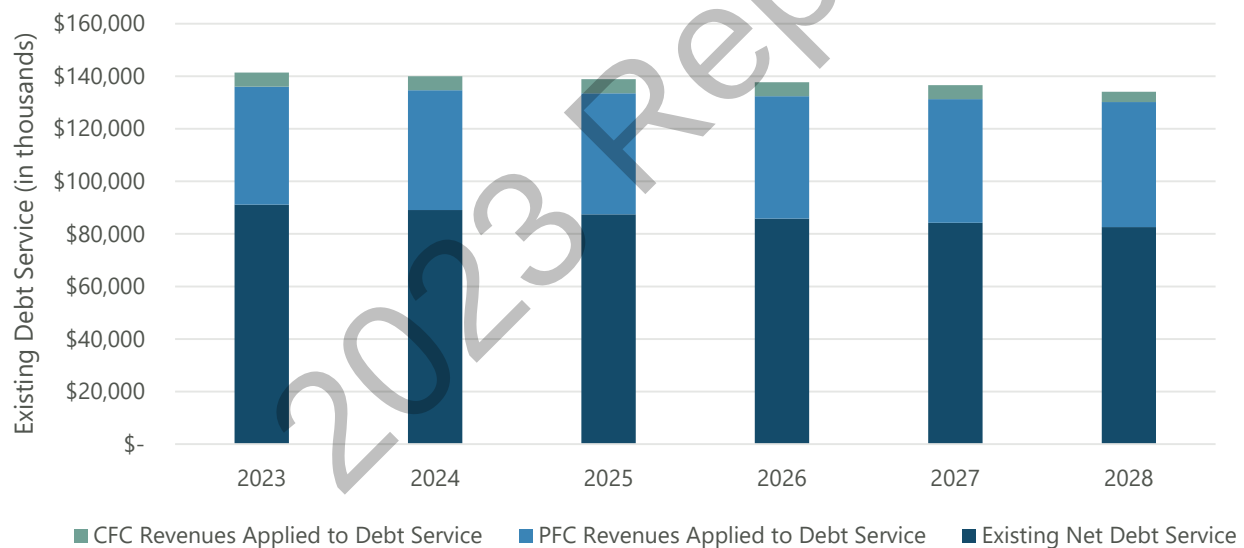
The rental car companies remitted total CFCs of approximately \$78.7 million between 2011 and 2022. CFC Revenues increased at a CAGR of 2.3 percent from 2011 to 2019, from \$6.2 million to \$7.4 million, an increase in part due to a CFC rate increase in July 2015 from \$3.75 per contract day to \$4.75 per contract day. CFC Revenues in 2021 and 2022 totaled \$4.8 million and \$5.7 million, respectively, representing 64.8 percent and 76.7 percent of 2019 collections, which totaled \$7.4 million.

CFC Revenues have been sufficient to pay debt service on the Series 2018A Bonds and are assumed to remain sufficient throughout the Projection Period.

5.5 DEBT SERVICE

Exhibit 5-6 presents the estimated existing debt service, and **Exhibit 5-7** presents the estimated future debt service following the issuance of the Series 2023 Bonds and the Series 2025 Bonds. For purposes of the financial analysis included in this Report, the Series 2023 Bonds assume the refunding of certain existing series of Senior Lien Bonds. The City may refund more or fewer series than assumed; however, the resulting annual debt service is anticipated to be equal to or less than what is shown on Exhibit 5-7 and included in the financial analysis.

EXHIBIT 5-6 EXISTING DEBT SERVICE

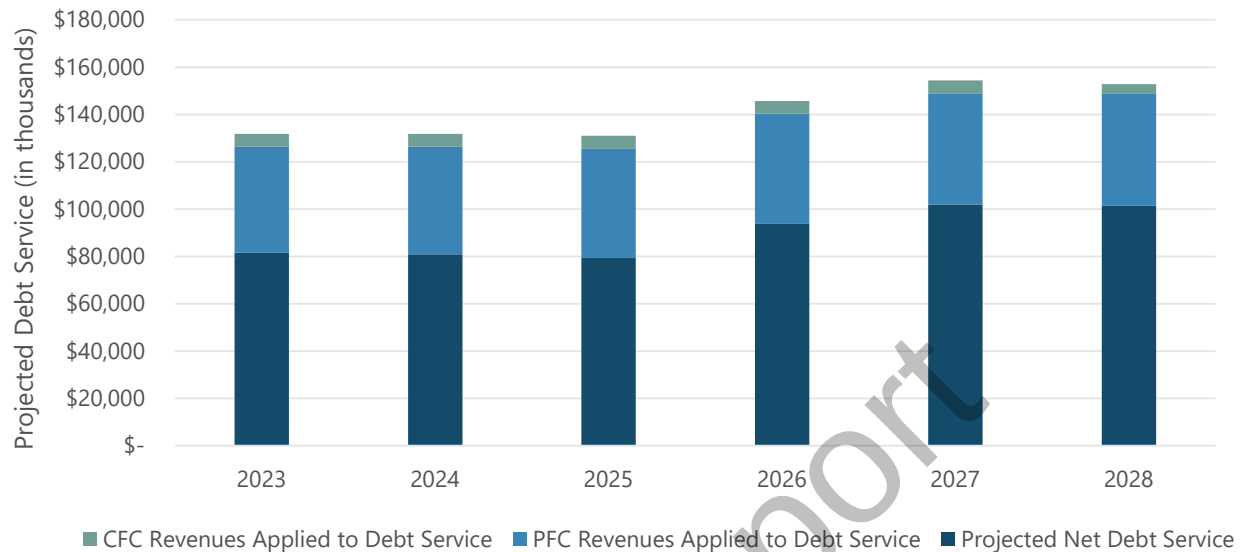


NOTES:

CFC – Customer Facility Charge; PFC – Passenger Facility Charge

SOURCES: Chicago Department of Aviation, October 2023 (existing debt); Jefferies LLC, October 2023 (Series 2023 debt service).

EXHIBIT 5-7 PROJECTED DEBT SERVICE



NOTES:

CFC – Customer Facility Charge; PFC – Passenger Facility Charge

SOURCES: Chicago Department of Aviation, October 2023 (existing debt); Jefferies LLC, October 2023 (future debt).

5.5.1 EXISTING SENIOR LIEN BONDS DEBT SERVICE

Debt service on previously issued Senior Lien Bonds (reclassified from Second Lien) before refunding, net of capitalized interest, is scheduled to be approximately \$141.4 million in 2023. The application of PFC Revenues to PFC-eligible debt service, along with the use of CFC Revenues to pay debt service on the Series 2018A Bonds, results in a Net Debt Service of \$91.1 million in 2023.

5.5.2 SERIES 2023 BONDS DEBT SERVICE

Debt service on the Series 2023 Bonds, net of capitalized interest, is anticipated to be approximately \$3.0 million in 2023 and is projected to increase to \$46.4 million and \$47.1 million in 2024 and 2025, respectively, as additional 2023–2027 CIP projects are completed. Debt service on the Series 2023 Bonds is then projected to be approximately \$53.4 million in 2026 and 2027, and then reduce to \$53.2 million in 2028.

5.5.3 FUTURE SENIOR LIEN BONDS

As shown in **Table B-3** in Appendix B, total Net Debt Service, net of PFC Revenue and CFC Revenue, is projected to steadily increase from \$81.5 million in 2023 to \$101.9 million in 2027, following the issuance of the Series 2025 Bonds, and it is projected to decrease to \$101.3 million in 2028.

5.6 FUND DEPOSIT REQUIREMENTS

Airline Fees and Charges paid by the Signatory Airlines include required annual deposits into the O&M Reserve Fund, the Repair and Replacement Fund, and the Emergency Reserve Fund. **Table B-4** in Appendix B presents the projected required annual deposits to these funds.

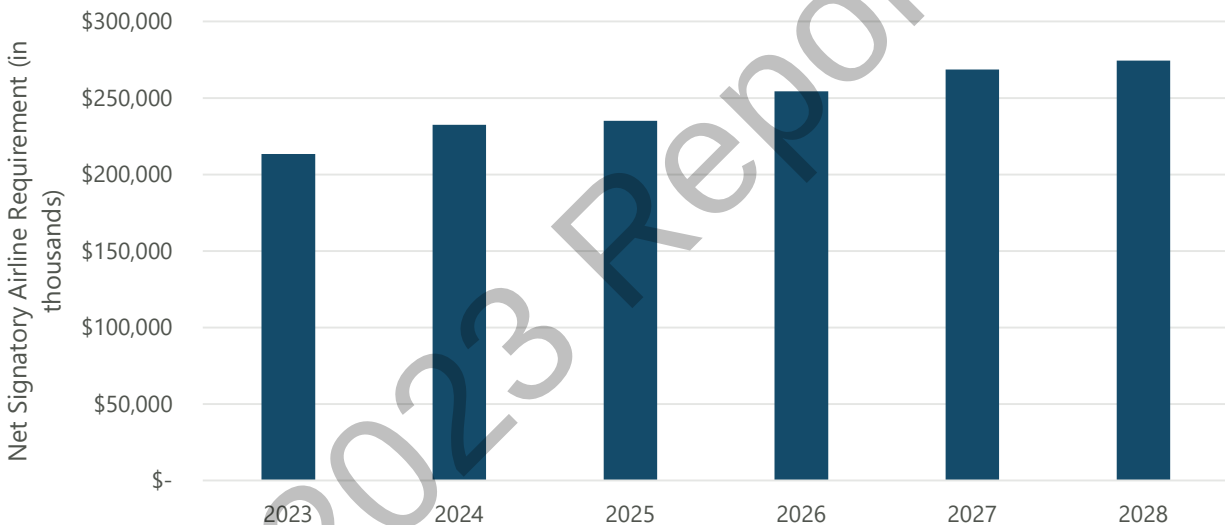
5.7 NET SIGNATORY AIRLINE REQUIREMENT

Table B-5 in Appendix B indicates the ability of the Airport enterprise to generate sufficient revenues to pay O&M Expenses and Net Debt Service, as well as to fund deposit requirements.

The projections of O&M Expenses, nonairline revenues, and Non-Signatory Airline revenues, including annual coverage requirements, are included in Table B-5 in Appendix B. The Net Signatory Airline Requirement constitutes the total amount that must be paid by the Signatory Airlines under the Airport Use Agreement through landing fees, terminal area rentals, terminal ramp use charges, equipment fees, and Fueling System Fees during the year.

As shown on **Exhibit 5-8**, the Net Signatory Airline Requirement is projected to increase from \$213.3 million in 2023 to \$274.5 million in 2028.

EXHIBIT 5-8 PROJECTED NET SIGNATORY AIRLINE REQUIREMENT



SOURCES: Chicago Department of Aviation, October 2023; Ricondo & Associates, Inc., October 2023.

5.8 CALCULATION OF AIRLINE PARTIES' AIRPORT FEES AND CHARGES

Under the Airport Use Agreement, the Airfield Area, Terminal Area, Terminal Ramp Area, Equipment, Fueling System, and FIS each generate fees, rentals, or charges payable by the Signatory Airlines. The Airport fees and charges presented in this section for 2023 through 2028 reflect the rate-setting methodology in the Airport Use Agreement.

Applicable nonairline revenues (i.e., rentals, concession revenues, and investment income) are allocated to each cost center, as well as to the following costs, 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 each cost center.
- **Net Debt Service.** Includes the portion of debt service, net of capitalized interest, and debt service coverage attributable to each cost center. The debt service amounts included in the calculation of airline rates and charges also reflect certain adjustments that are required to be made to actual debt service under the Airport Use

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Agreement for the purpose of calculating the Airport fees and charges. Such adjustments include a credit for debt service coverage collected in the prior year, a credit for projected investment income on debt service reserve funds, an allowance for program fees, and a credit for PFC Revenue and CFC Revenue applied and pledged to Senior Lien Bond debt service, respectively.

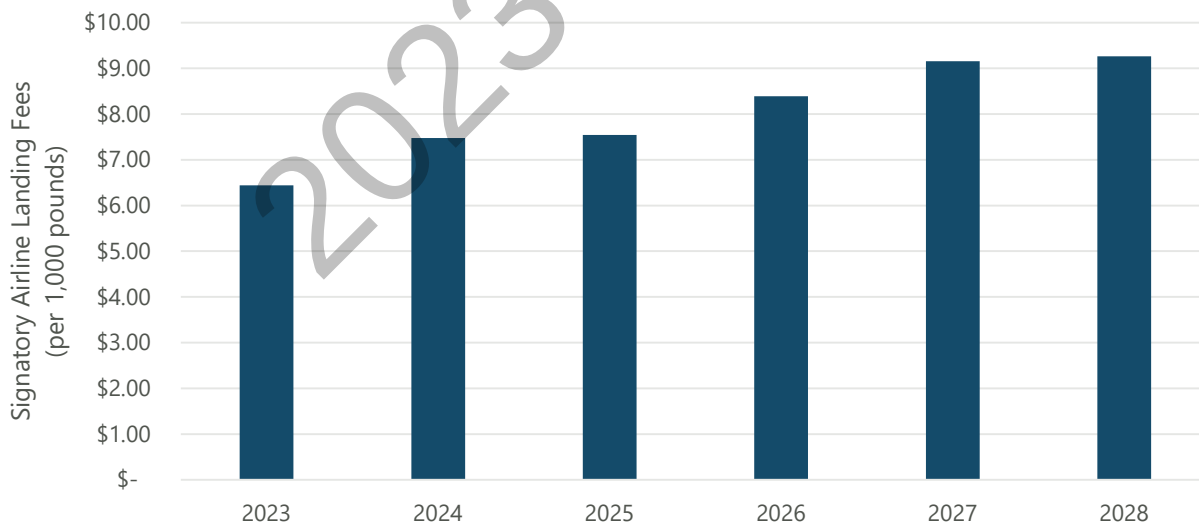
- **Fund Deposit Requirements.** Includes the allocated portions of the amounts required to be deposited to the funds previously described.

5.8.1 AIRFIELD AREA

Generally, landing fees are calculated by first determining the net requirement of the Airfield Area, which consists of portions of the following: sum of O&M Expenses, Net Debt Service, fund deposit requirements, and allocated portions of Parking and Roadway Area and Support Facilities Area requirements less the sum of projected nonairline revenues. The net requirement of the Airfield Area is allocated among Signatory and Non-Signatory Airlines on the basis of the approved maximum landed weight of all aircraft. Each Signatory Airline and Non-Signatory Airline pays landing fees on the basis of 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, as periodically determined by the Commissioner of Aviation.

As presented on **Exhibit 5-9**, the landing fee rate is projected to increase from a budgeted \$6.44 per 1,000 pounds of landed weight in 2023 to \$9.26 per 1,000 pounds of landed weight in 2028.

EXHIBIT 5-9 PROJECTED SIGNATORY AIRLINE LANDING FEES (PER 1,000 POUNDS LANDED WEIGHT)



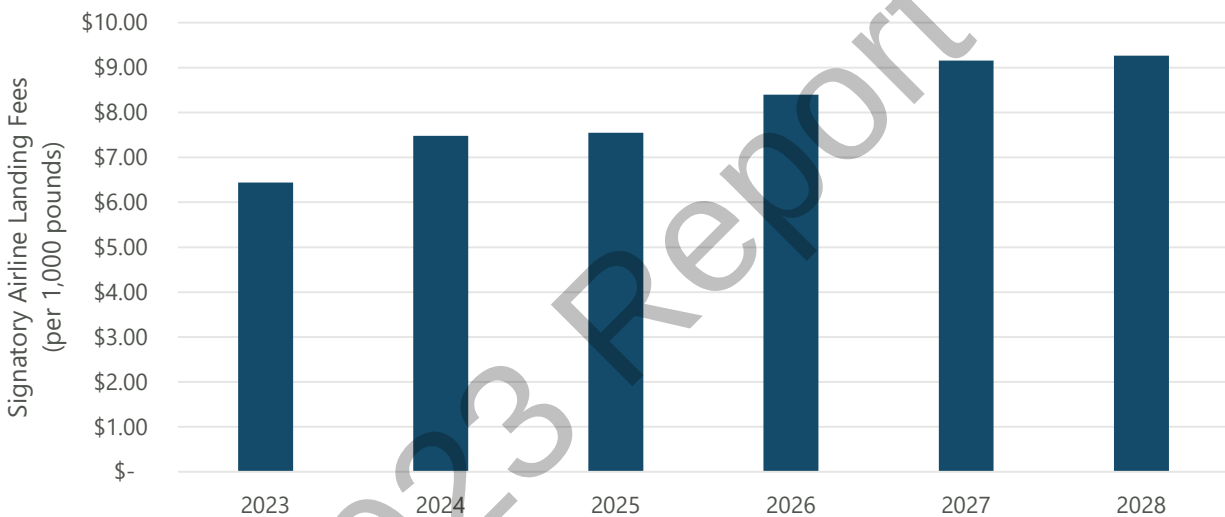
SOURCES: Chicago Department of Aviation, October 2023; Ricondo & Associates, Inc., October 2023.

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5.8.2 TERMINAL AREA

O&M Expenses, Net Debt Service, and fund deposit requirements, as well as portions of Parking and Roadway Area and FIS requirements, allocated to the Terminal Area are added together and offset by nonairline revenues and Non-Signatory Airline revenues attributable to the Terminal Area. The Terminal Area net deficit is paid by the Airline Parties in the form of a Terminal Area Rental Rate, which is calculated on a per-square-foot-of-leased-space basis, as defined in the Airport Use Agreement. **Exhibit 5-10** presents the projected Terminal Area Rental Rates at the Airport during the Projection Period. This charge is budgeted at \$295.31 per square foot in 2023, and it is projected to increase to \$345.75 per square foot in 2028. The Terminal Joint Use Fee is budgeted at \$3.12 per 1,000 pounds of landed weight in 2023, and it is projected to increase to \$3.77 per 1,000 pounds of landed weight in 2028.

EXHIBIT 5-10 PROJECTED SIGNATORY AIRLINE TERMINAL AREA RENTAL RATE (PER SQUARE FOOT)



SOURCES: Chicago Department of Aviation, October 2023; Ricondo & Associates, Inc., October 2023.

5.8.3 TERMINAL RAMP AREA

O&M Expenses, Net Debt Service, and fund deposit requirements, as well as portions of Parking and Roadway Area requirements allocated to the Terminal Ramp Area, are added together and offset by nonairline revenues and Non-Signatory Airline revenues attributable to the Terminal Ramp Area. The Terminal Ramp Area net deficit is paid by the Airline Parties in the form of a Terminal Ramp Area Use Charge, which is calculated on a per-square-foot-of-leased-space basis, as defined in the Airport Use Agreement. This charge is budgeted at \$6.54 per square foot in 2023, and it is projected to increase to \$10.05 per square foot in 2028.

5.8.4 EQUIPMENT AND FUELING SYSTEM

The net cost of the Equipment and the Fueling System Cost Centers consists of the portions of O&M Expenses, Net Debt Service, and fund requirements allocated to these cost centers. Of this net cost, a portion is shared equally by all Airline Parties, with the remaining costs distributed among the Midway Airlines' Terminal Consortium (MATCO) member airlines based on each airline's total landed weight and fuel usage.

All projected Airline Fees, Rentals, and MATCO member fees are presented in **Table B-6** in Appendix B.

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5.8.5 FEDERAL INSPECTION SERVICES

O&M Expenses, Net Debt Service, and fund deposit requirements allocated to the FIS are added together and offset by Non-Signatory Airline FIS Fees. The FIS net deficit is paid by the Airline Parties in the form of an FIS Use Charge, which is calculated on a per-international-arrival-passenger basis. This charge is budgeted at \$6.26 per international arrival passenger in 2023, and it is projected to decrease to \$4.19 per international arrival passenger in 2028.

5.8.6 SIGNATORY AIRLINE REVENUE

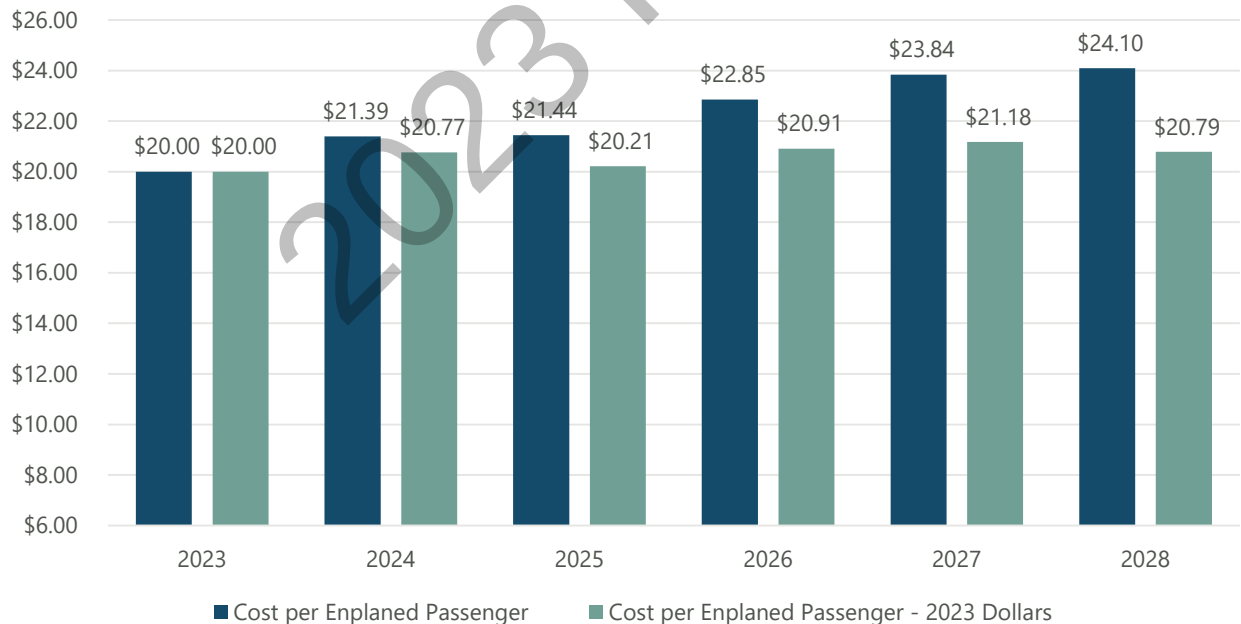
Table B-7 in Appendix B presents the airline revenue resulting from the previously described Signatory Airline fees, rentals, and charges. Consistent with the Airport Use Agreement, the total Signatory Airline revenue presented in Table B-7 equals the Net Signatory Airline Requirement presented in Table B-5.

5.8.7 AIRLINE COST PER ENPLANED PASSENGER

A general test of reasonableness for Airport user fees is the airline CPE. The airline CPE is calculated by dividing the total airline requirement by the number of enplaned passengers at the Airport.

Exhibit 5-11 presents the total airline CPE at the Airport for the Projection Period. The airline CPE at the Airport is projected to be \$20.00 in 2023 and projected to be \$24.10 by the end of the Projection Period in 2028, which equates to approximately \$20.79 in 2023 dollars. **Table B-8** in Appendix B presents the total airline CPE for the Projection Period.

EXHIBIT 5-11 PROJECTED AIRLINE COST PER ENPLANED PASSENGER AT THE AIRPORT



NOTE:

Assumes an inflation rate of 3.0 percent.

SOURCES: Chicago Department of Aviation, October 2023; Ricondo & Associates, Inc., October 2023.

5.9 REASONABLENESS OF AIRPORT USER FEES

The projected Airport user fees shown on Exhibit 5-11 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 Chicago market⁷¹ was ranked third behind the New York⁷² and Los Angeles⁷³ markets for domestic O&D passengers in 2022. The Airport's Air Trade Area has a large, diverse economic base that supports business and leisure travel. Projected economic variables indicate the Air Trade Area will remain a destination that attracts both business and tourist visitors, positively affecting the demand for future inbound airline travel. Projected Air Trade Area 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 transferring passengers, and it is complementary to airline route networks.
- **Important airport in Southwest's network** – The Airport plays a major role within Southwest's US domestic route networks, providing strong connectivity to flights. Midway has historically been one of Southwest's largest airports measured by seat capacity, and the Airport ranked third in average daily departures in 2022.

In summary, Airport user fees, although increasing over the Projection Period, are one of many factors that airlines consider when evaluating air service, including potential revenue driven by the population and economic base. Airport user fees were approximately 6.8 percent of systemwide total airline operation costs, according to the airline industry group Airlines for America.⁷⁴ 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.

5.10 SENIOR LIEN BOND DEBT SERVICE COVERAGE

As described in Chapter 1 of this Report, pursuant to the Senior Lien Indenture, the City covenants that it will set rates and charges sufficient to generate revenue that, along with Other Available Moneys, will provide for the payment of O&M Expenses and provide for the greater of

- (i) the amounts needed to make the deposits required under Section 303 during such Fiscal Year into the Senior Lien Debt Service Fund, the O&M Reserve Account, the Working Capital Account, the Common Debt Service Reserve Sub-Fund, any debt service reserve sub-fund or account established for the benefit of a single Series of Senior Lien Obligations that are not Common Reserve Bonds, the Junior Lien Obligation Debt Service Fund, the Repair and Replacement Fund and the Special Project Fund, and
- (ii) (A) prior to the end of the Fiscal Year ending on December 31, 2024, an amount not less than 115% of the Aggregate Senior Lien Debt Service for the Bond Year commencing

⁷¹ Includes Chicago O'Hare and Chicago Midway International Airports.

⁷² Includes John F. Kennedy International, Newark Liberty International, and LaGuardia Airports.

⁷³ Includes Los Angeles International, John Wayne (Orange County), Ontario International, Hollywood Burbank, and Long Beach Airports.

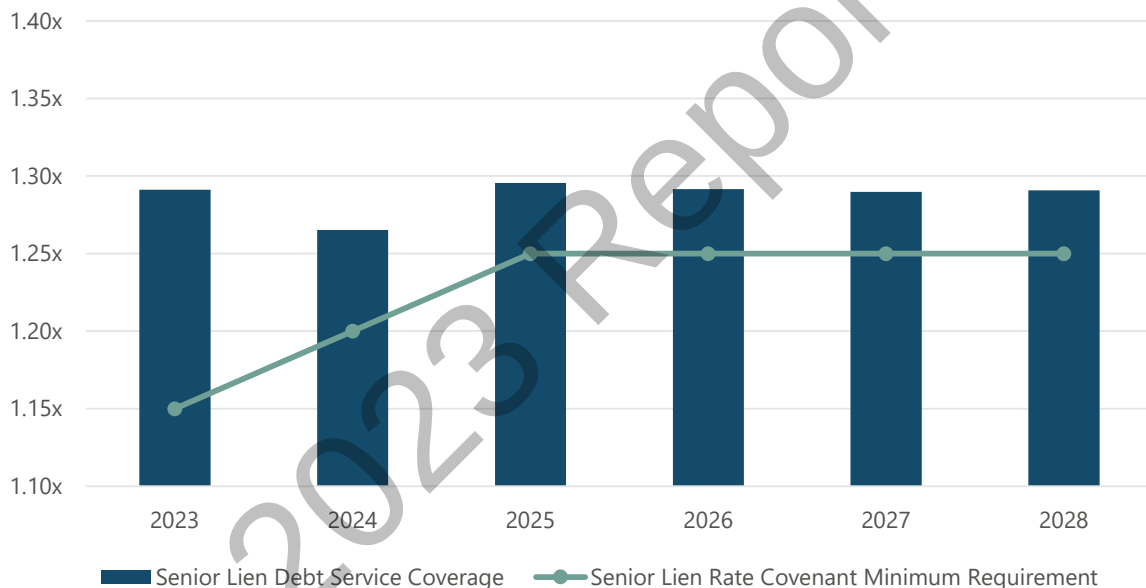
⁷⁴ In the first quarter of 2023, 2.0 percent of passenger airline operation expenses went to landing fees and approximately 4.8 percent went to non-aircraft rents and ownership, according to data collected by Airlines for America.

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during such Fiscal Year; (B) after the Fiscal Year ending on December 31, 2024 but prior to the end of the Fiscal Year ending on December 31, 2025, an amount not less than 120% of the Aggregate Senior Lien Debt Service for the Bond Year commencing during such Fiscal Year; or (C) after the Fiscal Year ending on December 31, 2025, an amount not less than 125% of the Aggregate Senior Lien Debt Service for the Bond Year commencing during such Fiscal Year.

Exhibit 5-12, as well as **Table B-9** in Appendix B, presents the debt service coverage ratio projected for all Senior Lien Bonds outstanding after the issuance of the Series 2023 Bonds and the Series 2025 Bonds, from 2023 through 2028. As shown, the debt service coverage ratio is projected to exceed the Senior Lien Rate Covenant minimum requirement (1.15x in 2023, 1.20x in 2024, and 1.25x in 2025 and beyond).

EXHIBIT 5-12 PROJECTED SENIOR LIEN DEBT SERVICE COVERAGE



SOURCES: Chicago Department of Aviation, October 2023 (2023); Ricondo & Associates, Inc., October 2023 (projections).

5.11 ASSUMPTIONS UNDERLYING THE FINANCIAL PROJECTIONS

The techniques and methodologies used in preparing this Report are consistent with industry practices for similar studies in connection with airport revenue bond sales. While Ricondo believes the approach and assumptions used are reasonable, some assumptions regarding future trends and events detailed in this Report, including the implementation schedule and forecasts of enplaned passengers, may not materialize. Therefore, the achievement of the projections and forecasts 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 Operation Results

2023 Report

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2023 Report

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EXHIBIT A-1 OPERATION AND MAINTENANCE EXPENSES - ACTUAL VS. BUDGET (2017-2022)

(Dollars in millions for Fiscal Years Ending December 31)

	2017	2018	2019	2020	2021	2022
BUDGET						
Budgeted O&M Expenses	\$ 154.9	\$ 160.2	\$ 173.1	\$ 159.9	\$ 162.1	\$ 187.9
Covid Relief Funding	\$ -	\$ -	\$ -	\$ (27.0)	\$ (26.3)	\$ (35.1)
Budgeted O&M Expenses (Net of Covid Relief Funding)	\$ -	\$ -	\$ -	\$ 132.9	\$ 135.8	\$ 152.8
ACTUAL						
Actual O&M Expenses ^{1,2}	\$ 140.3	\$ 150.1	\$ 154.5	\$ 158.9	\$ 181.0	\$ 174.1
Variance from budget	-9.4%	-6.3%	-10.7%	19.5%	33.2%	13.9%

NOTES:

1 Before depreciation and amortization.

2 Adjusted for the portion of the City's pension cash contribution payable in each year to the pension funds and allocable to Chicago Midway International Airport.

SOURCE: City of Chicago Department of Aviation, October 2023.

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EXHIBIT A-2 TOTAL REVENUE - ACTUAL VS. BUDGET (2017-2022)

(Dollars in millions for Fiscal Years Ending December 31)

	2017	2018	2019	2020	2021	2022
BUDGET						
Budgeted Total Revenues	\$ 178.9	\$ 203.0	\$ 224.0	\$ 159.9	\$ 162.1	\$ 187.9
ACTUAL						
Actual Total Revenues ¹	\$ 198.5	\$ 212.5	\$ 234.0	\$ 193.2	\$ 208.5	\$ 247.3
Variance from budget	10.9%	4.7%	4.5%	20.8%	28.6%	31.6%

NOTE:

1 Not include Revenue Fund balance on first day of fiscal year, Passenger Facility Charges, and CARES Act Funds.

SOURCE: City of Chicago Department of Aviation, October 2023.



APPENDIX B

Financial Projection Tables

2023 Report

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2023 Report

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EXHIBIT B-1 O&M EXPENSES

(Dollars for Fiscal Years Ending December 31)

	BUDGET ¹ 2023	PROJECTION					COMPOUND ANNUAL GROWTH RATE (2023-2028)
		2024	2025	2026	2027	2028	
Personnel Expenses ²	\$ 81,393,046	\$ 84,668,768	\$ 88,075,519	\$ 91,618,539	\$ 95,303,281	\$ 99,135,412	4.0%
Repairs & Maintenance ³	57,073,637	59,356,582	61,730,846	64,200,080	66,768,083	69,438,806	4.0%
Engineering & Professional Services ⁴	36,282,324	37,733,617	39,242,962	40,812,680	42,445,187	44,142,995	4.0%
Equipment & Property Rental	13,114,589	13,508,027	13,913,267	14,330,665	14,760,585	15,203,403	3.0%
Energy ⁵	10,512,844	11,143,615	11,812,232	12,520,965	13,272,223	14,068,557	6.0%
Materials & Supplies ⁶	4,382,182	4,513,647	4,649,057	4,788,529	4,932,184	5,080,150	3.0%
Other Operation Expenses ⁷	15,740,165	16,332,569	16,950,198	17,594,270	18,266,070	18,966,949	3.8%
Total Cost Cutting Measures and Expense Reductions	(16,325,000)	-	-	-	-	-	
Total O&M Expenses⁸	\$ 202,173,787	\$ 227,256,825	\$ 236,374,080	\$ 245,865,729	\$ 255,747,614	\$ 266,036,272	5.6%

NOTES:

- 1 2023 First Half City Approved Budget.
- 2 Includes all Airport staff plus Pension Obligations and 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 fees for specialized engineering, legal and other technical services.
- 5 Includes gas, water, electricity and fuel oil required to operate the Airport.
- 6 Includes disposal equipment, cleaning supplies, airfield deicing chemicals and other items used in daily Airport operations and maintenance.
- 7 Includes equipment and property rental, insurance, miscellaneous, machinery, and vehicles and equipment.
- 8 Totals may not add up due to rounding.

SOURCES: City of Chicago Department of Aviation, October 2023 (2023 budget); Ricondo & Associates, Inc., October 2023 (projections).

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EXHIBIT B-2 NON-SIGNATORY AND NONAIRLINE REVENUE

(Dollars for Fiscal Years Ending December 31)

	BUDGET ¹ 2023	PROJECTION					COMPOUND ANNUAL GROWTH RATE (2023-2028)
		2024	2025	2026	2027	2028	
NON SIGNATORY AIRLINE REVENUE²	\$ 14,182,822	\$ 14,476,142	\$ 14,776,796	\$ 15,084,966	\$ 15,404,115	\$ 15,729,151	2.1%
NONAIRLINE REVENUE							
Automobile Parking	\$ 33,702,354	\$ 34,617,197	\$ 35,395,490	\$ 36,239,126	\$ 37,090,214	\$ 37,948,379	2.4%
Automobile Rental ³	9,610,000	9,870,861	10,092,786	10,333,343	10,576,026	10,820,726	2.4%
Restaurant	15,673,140	16,098,584	16,460,526	16,852,855	17,248,650	17,647,736	2.4%
News and Gifts	5,547,600	5,698,188	5,826,300	5,965,167	6,105,261	6,246,520	2.4%
Specialty Retail	723,680	743,324	760,036	778,151	796,426	814,854	2.4%
Display Advertising	852,000	875,127	894,803	916,130	937,646	959,340	2.4%
Wireless Communications	330,140	339,102	346,726	354,990	363,327	371,733	2.4%
Miscellaneous ⁴	656,380	676,071	696,354	717,244	738,761	760,924	3.0%
Total Concession Revenue	\$ 67,095,294	\$ 68,918,456	\$ 70,473,020	\$ 72,157,007	\$ 73,856,312	\$ 75,570,212	2.4%
Land, Storage, Hangars	4,267,622	4,374,313	4,483,670	4,595,762	4,710,656	4,828,423	2.5%
Metropolitan Pier and Exposition Authority (MPEA) Reimbursement	30,000	30,750	31,519	32,307	33,114	33,942	2.5%
Interest Earnings ⁵	2,967,960	3,093,148	3,140,072	3,221,938	3,292,218	2,958,980	-0.1%
Total Other Nonairline Revenue	\$ 7,265,582	\$ 7,498,210	\$ 7,655,261	\$ 7,850,007	\$ 8,035,989	\$ 7,821,344	1.5%
TOTAL NONAIRLINE REVENUE	\$ 74,360,876	\$ 76,416,666	\$ 78,128,281	\$ 80,007,014	\$ 81,892,301	\$ 83,391,557	2.3%
TOTAL NON-SIGNATORY AIRLINE & NON-AIRLINE REVENUE⁶	\$ 88,543,698	\$ 90,892,808	\$ 92,905,077	\$ 95,091,980	\$ 97,296,416	\$ 99,120,707	2.3%

NOTES:

1 2023 First Half City Approved Budget.

2 Includes landing fee revenues from the Non-Signatory Airlines.

3 Includes percentage of gross receipts of eight rental car companies operating under agreements at the Airport.

4 Includes rentals and fees from other concessions such as bus service, public pay phones, and other specialty shops.

5 Includes Interest Earnings From Revenue Fund, Debt Service Fund, and Debt Service Reserve Fund.

6 Totals may not add up due to rounding.

SOURCES: City of Chicago Department of Aviation, October 2023 (2023 budget); Ricondo & Associates, Inc., October 2023 (projections).

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EXHIBIT B-3 EXISTING AND FUTURE DEBT SERVICE

(Dollars for Fiscal Years Ending December 31)

	ESTIMATED ¹ 2023	PROJECTION				
		2024	2025	2026	2027	2028
First Lien Debt Service ²						
Series 1998C	\$ 4,536,500	\$ -	\$ -	\$ -	\$ -	\$ -
Total First Lien Debt Service	\$ 4,536,500	\$ -	\$ -	\$ -	\$ -	\$ -
Existing Senior Lien Debt Service ²						
Series 2004A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Series 2004B	-	-	-	-	-	-
Series 2004C	9,224,209	9,213,830	9,243,994	9,212,598	9,271,746	9,292,233
Series 2004D	997,202	1,021,983	1,019,662	1,016,291	1,011,868	1,006,395
Series 2013A	3,249,625	-	-	-	-	-
Series 2013B	19,342,581	1,452,544	-	-	-	-
Series 2013C	-	-	-	-	-	-
Series 2014A	39,737,000	43,833,250	43,834,750	43,838,750	43,837,250	43,957,500
Series 2014B	20,636,875	25,000	25,000	25,000	25,000	25,000
Series 2014C ³	3,741,300	3,742,168	3,740,432	3,741,300	3,741,300	3,742,168
Series 2016A	12,458,100	11,187,350	11,189,600	11,188,350	11,187,850	11,187,100
Series 2016B	9,519,050	9,519,050	9,519,050	9,519,050	9,519,050	9,519,050
Series 2018A	5,344,612	5,348,335	5,349,043	5,346,763	5,345,783	3,880,553
Total Existing Senior Lien Debt Service	\$ 124,250,555	\$ 85,343,510	\$ 83,921,531	\$ 83,888,102	\$ 83,939,847	\$ 82,610,000
Estimated Series 2023 Senior Lien Debt						
Series 2023A (AMT)	\$ 823,044	\$ 5,848,288	\$ 8,806,054	\$ 15,186,250	\$ 25,255,500	\$ 23,460,750
Series 2023B (Non-AMT)	2,169,014	40,586,250	38,257,750	38,196,750	28,102,500	29,713,750
Service	\$ 2,992,058	\$ 46,434,538	\$ 47,063,804	\$ 53,383,000	\$ 53,358,000	\$ 53,174,500
Future Senior Lien Debt						
Series 2025	\$ -	\$ -	\$ -	\$ 8,418,076	\$ 17,021,700	\$ 17,021,700
Total Future Senior Lien Debt Service	\$ -	\$ -	\$ -	\$ 8,418,076	\$ 17,021,700	\$ 17,021,700
Total Debt Service⁴	\$ 131,779,113	\$ 131,778,048	\$ 130,985,334	\$ 145,689,178	\$ 154,319,547	\$ 152,806,200
Less: PFC Revenues Applied to Debt Service	\$ (44,933,388)	\$ (45,591,428)	\$ (46,046,559)	\$ (46,568,477)	\$ (47,080,047)	\$ (47,580,849)
Less: CFCs Applied to Debt Service	\$ (5,344,612)	\$ (5,348,335)	\$ (5,349,043)	\$ (5,346,763)	\$ (5,345,783)	\$ (3,880,553)
Total Net Debt Service	\$ 81,501,114	\$ 80,838,285	\$ 79,589,732	\$ 93,773,939	\$ 101,893,717	\$ 101,344,798
Commercial Paper Program Fees	\$ 3,602,000	\$ 3,254,190	\$ 3,254,190	\$ 3,254,190	\$ 3,254,190	\$ 3,254,190
Total Additional Coverage Requirement ⁵	\$ 5,200,954	\$ 6,547,592	\$ 6,123,130	\$ 3,676,531	\$ 2,157,837	\$ (12,029)
Less: Debt Service Fund Interest Earnings	\$ (100,000)	\$ (340,579)	\$ (337,534)	\$ (368,183)	\$ (385,964)	\$ (380,420)
Less: Debt Service Reserve Fund Interest Earnings	\$ (917,960)	\$ (753,819)	\$ (753,819)	\$ (753,819)	\$ (753,819)	\$ (372,314)
Total Debt Service Requirements	\$ 89,286,108	\$ 89,545,670	\$ 87,875,699	\$ 99,582,658	\$ 106,165,961	\$ 103,834,224

NOTES:

- Reflects the refunding impact from the estimated Series 2023 Bonds
- Reclassified from Second Lien Debt Service. First Lien defeased on October 10, 2023.
- Debt Service subject to change due to variable rates.
- Reflects defeasance of Series 1998C Bonds and refunding of existing Senior Lien Bonds, as identified.
- Does not include additional coverage requirement for Series 2018A Bonds, which is assumed to be funded with pledged CFC Revenues.

SOURCES: Chicago Department of Aviation, October 2023; Ricondo & Associates, Inc., October 2023.

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EXHIBIT B-4 FUND DEPOSIT REQUIREMENTS

(Dollars for Fiscal Years Ending December 31)

	BUDGET ¹ 2023	PROJECTION				
		2024	2025	2026	2027	2028
Fund Deposit Requirements:						
O&M Reserve Fund	\$ 8,226,588	\$ 4,181,000	\$ 1,520,000	\$ 1,581,000	\$ 1,647,000	\$ 1,715,000
Repair and Replacement Fund	1,090,000	1,114,000	1,136,000	1,160,000	1,184,000	1,209,000
Emergency Reserve Fund	52,457	54,000	55,000	56,000	57,000	58,000
Airport Development Fund	-	-	-	-	-	-
TOTAL FUND DEPOSIT REQUIREMENTS	\$ 9,369,045	\$ 5,349,000	\$ 2,711,000	\$ 2,797,000	\$ 2,888,000	\$ 2,982,000
Total Fund Deposits by Cost/Revenue Center:						
Airfield Area	\$ 3,019,738	\$ 1,456,750	\$ 782,031	\$ 806,310	\$ 831,589	\$ 857,866
Terminal Area	3,815,572	1,990,982	919,336	949,692	982,049	1,015,408
Support Facilities	50,904	25,538	28,550	30,563	31,576	32,590
Terminal Ramp	181,079	254,290	66,316	68,342	70,368	73,394
Parking and Roadway	1,591,845	1,133,524	617,742	636,959	657,175	677,392
Equipment	538,445	408,981	250,072	257,164	265,255	273,346
Fueling	82,673	31,653	32,665	33,677	34,689	36,701
FIS Facility	88,788	47,283	14,288	14,294	15,299	15,304
TOTAL FUND DEPOSIT REQUIREMENTS	\$ 9,369,045	\$ 5,349,000	\$ 2,711,000	\$ 2,797,000	\$ 2,888,000	\$ 2,982,000

NOTE:

1 2023 First Half City Approved Budget

SOURCES: City of Chicago Department of Aviation, October 2023 (2023 budget); Ricondo & Associates, Inc., October 2023 (projections).

CHICAGO MIDWAY INTERNATIONAL AIRPORT

EXHIBIT B-5 SIGNATORY AIRLINE REQUIREMENT

(Dollars for Fiscal Years Ending December 31)

	ESTIMATED ¹ 2023	PROJECTION				
		2024	2025	2026	2027	2028
O&M Expenses	\$ 202,173,787	\$ 227,256,825	\$ 236,374,080	\$ 245,865,729	\$ 255,747,614	\$ 266,036,272
Net Debt Service ^{2,3}	90,304,066	90,640,066	88,967,051	100,704,658	107,305,743	104,586,957
Fund Deposit Requirement	9,369,045	5,349,000	2,711,000	2,797,000	2,888,000	2,982,000
Total Expenses, Net Debt Service and Fund Deposits	\$301,846,898	\$323,245,892	\$328,052,131	\$349,367,387	\$365,941,357	\$373,605,229
Less:						
Non-Airline Revenue ⁴	\$ (74,360,876)	\$ (76,416,666)	\$ (78,128,281)	\$ (80,007,014)	\$ (81,892,301)	\$ (83,391,557)
Non-Signatory Airline Revenue	(14,182,822)	(14,476,142)	(14,776,796)	(15,084,966)	(15,404,115)	(15,729,151)
Total Non-Airline and Non-Signatory Revenue	\$ (88,543,698)	\$ (90,892,808)	\$ (92,905,077)	\$ (95,091,980)	\$ (97,296,416)	\$ (99,120,707)
Total Net Signatory Airline Requirement	\$213,303,200	\$232,353,084	\$235,147,054	\$254,275,408	\$268,644,941	\$274,484,522

NOTES:

- 1 2023 First Half City Approved Budget; includes estimated Series 2023 Bonds.
- 2 Net of capitalized interest. Does not include Series 2018A Bonds, which are assumed to be paid with pledged CFC Revenues.
- 3 Adjusted for debt service coverage, program fees, and PFC credits. Does not include interest earnings offsetting Debt Service Requirements.
- 4 Includes Interest Earnings

SOURCES: Chicago Department of Aviation, October 2023; Ricondo & Associates, Inc., October 2023.

CHICAGO MIDWAY INTERNATIONAL AIRPORT

EXHIBIT B-6 SUMMARY OF AIRLINE RATES

(Dollars for Fiscal Years Ending December 31)

	BUDGET ¹		PROJECTION									
	2023		2024	2025	2026	2027	2028					
Landing Fee Rate ²												
Signatory Airline	\$	6.442	\$	7.479	\$	8.393	\$	9.158	\$	9.262		
Non-Signatory Airline	\$	8.052	\$	9.349	\$	9.431	\$	10.492	\$	11.448	\$	11.577
Terminal Joint Use Fee Rate:												
Base Usage ³												
Signatory Airline	\$	3.12	\$	3.54	\$	3.50	\$	3.65	\$	3.67	\$	3.77
Non-Signatory Airline	\$	3.90	\$	4.43	\$	4.38	\$	4.56	\$	4.59	\$	4.71
Per Capita/Annual												
Signatory Airline	\$	874,939	\$	939,926	\$	938,886	\$	983,347	\$	993,968	\$	1,024,372
Non-Signatory Airline	\$	1,093,674	\$	1,174,908	\$	1,173,608	\$	1,229,184	\$	1,242,460	\$	1,280,465
Terminal Area:												
Signatory Terminal Rental Rate ⁴	\$	295.31	\$	317.25	\$	316.90	\$	331.90	\$	335.49	\$	345.75
Non-Signatory Terminal Rental Rate ⁴	\$	369.14	\$	396.56	\$	396.12	\$	414.88	\$	419.36	\$	432.19
Terminal Ramp Rate ⁴	\$	6.54	\$	6.79	\$	6.91	\$	8.68	\$	10.08	\$	10.05
FIS Use Fees ⁵												
Signatory Airline	\$	6.26	\$	3.57	\$	3.94	\$	4.05	\$	4.13	\$	4.19
Non-Signatory Airline	\$	7.83	\$	4.46	\$	4.93	\$	5.06	\$	5.16	\$	5.24
MATCO Fees:												
Member Equipment Fee (per Capita)	\$	1,448,321	\$	1,639,690	\$	1,692,543	\$	1,774,189	\$	1,861,533	\$	1,905,808
Member Equipment Fee (per 1,000 lbs)	\$	1.42	\$	1.69	\$	1.73	\$	1.80	\$	1.88	\$	1.92
Non-Member Equipment Fee (per 1,000 lbs)	\$	9.04	\$	6.67	\$	6.49	\$	6.77	\$	7.07	\$	7.21
Member Fuel Fee (per Capita)	\$	163,873	\$	168,013	\$	173,795	\$	179,080	\$	190,205	\$	191,994
Member Fuel Usage Fee (per Gallon)	\$	0.03	\$	0.03	\$	0.03	\$	0.03	\$	0.03	\$	0.03
Non-Member Fuel Usage Fee (per Gallon)	\$	0.10	\$	0.10	\$	0.10	\$	0.10	\$	0.10	\$	0.10

NOTES:

- 1 Rates reflect actual 2023 published rates. A reconciliation of airline revenues to requirement will occur, reflecting actual O&M Expenses, revenues, and debt including estimated Series 2023 Bonds.
- 2 Per thousand pounds.
- 3 Per thousand pounds.
- 4 Per square foot.
- 5 Per international-arrival passenger.

SOURCES: City of Chicago Department of Aviation, October 2023 (published rates); Ricondo & Associates, Inc., October 2023 (projections).

CHICAGO MIDWAY INTERNATIONAL AIRPORT

EXHIBIT B-7 SIGNATORY AIRLINE REVENUE

(Dollars for Fiscal Years Ending December 31)

	ESTIMATED ¹ 2023	PROJECTION				
		2024	2025	2026	2027	2028
Signatory Airline Revenue:						
Landing Fee Revenue	\$ 80,016,131	\$ 89,281,399	\$ 90,992,032	\$ 101,735,427	\$ 111,534,912	\$ 113,290,028
Terminal Area Rentals Revenue	\$ 92,880,436	\$ 101,632,729	\$ 101,520,297	\$ 106,327,805	\$ 107,476,234	\$ 110,763,715
Terminal Ramp Use Charges Revenue	\$ 7,404,692	\$ 7,716,431	\$ 7,851,349	\$ 9,860,289	\$ 11,456,919	\$ 11,423,499
Equipment Use Fees Revenue	\$ 25,538,301	\$ 27,249,323	\$ 27,965,585	\$ 29,314,108	\$ 30,756,777	\$ 31,487,844
Fueling System Fees Revenue	\$ 4,877,582	\$ 5,000,795	\$ 5,172,889	\$ 5,330,197	\$ 5,661,317	\$ 5,714,590
FIS Use Fees Revenue	\$ 2,586,059	\$ 1,472,406	\$ 1,644,901	\$ 1,707,582	\$ 1,758,782	\$ 1,804,845
Total Signatory Airline Revenue	\$ 213,303,200	\$ 232,353,084	\$ 235,147,054	\$ 254,275,408	\$ 268,644,941	\$ 274,484,522

NOTE:

1 2023 First Half City Approved Budget; includes estimated Series 2023 Bonds.

SOURCES: Chicago Department of Aviation, October 2023; Ricondo & Associates, Inc., October 2023.

CHICAGO MIDWAY INTERNATIONAL AIRPORT

EXHIBIT B-8 COST PER ENPLANED PASSENGER

(Dollars for Fiscal Years Ending December 31)

		PROJECTED ¹ 2023	PROJECTION				
			2024	2025	2026	2027	2028
Signatory Airline Requirement	[A]	\$ 213,303,200	\$ 232,353,084	\$ 235,147,054	\$ 254,275,408	\$ 268,644,941	\$ 274,484,522
Non-Signatory Airline Revenues	[B]	14,182,822	14,476,142	14,776,796	15,084,966	15,404,115	15,729,151
Total Airline Revenues	[C]	\$ 227,486,022	\$ 246,829,226	\$ 249,923,850	\$ 269,360,373	\$ 284,049,056	\$ 290,213,672
Projected Total Enplaned Passengers	[D]	11,372,662	11,539,212	11,654,406	11,786,504	11,915,983	12,042,736
Cost per Enplaned Passenger							
Current Dollars	[E] = [C] / [D]	\$ 20.00	\$ 21.39	\$ 21.44	\$ 22.85	\$ 23.84	\$ 24.10
2023 Dollars ²		\$ 20.00	\$ 20.77	\$ 20.21	\$ 20.91	\$ 21.18	\$ 20.79

NOTES:

1 2023 First Half City Approved Budget; includes estimated Series 2023 Bonds and forecast enplaned passengers.

2 Inflation rate assumed at 3 percent.

SOURCES: Chicago Department of Aviation, October 2023; Ricondo & Associates, Inc., October 2023.

CHICAGO MIDWAY INTERNATIONAL AIRPORT

EXHIBIT B-9 DEBT SERVICE COVERAGE

(Dollars for Fiscal Years Ending December 31)

	PROJECTED ¹	PROJECTION				
	2023	2024	2025	2026	2027	2028
Coverage Calculation						
Signatory Airline Revenues	\$ 213,303,200	\$ 232,353,084	\$ 235,147,054	\$ 254,275,408	\$ 268,644,941	\$ 274,484,522
Nonairline and Non-Signatory Airline Revenue	88,543,698	90,892,808	92,905,077	95,091,980	97,296,416	99,120,707
Total Revenues²	\$ 301,846,898	\$ 323,245,892	\$ 328,052,131	\$ 349,367,387	\$ 365,941,357	\$ 373,605,229
PFC Revenues Applied to Debt Service	44,933,388	45,591,428	46,046,559	46,568,477	47,080,047	47,580,849
CFC Revenues Pledged to Debt Service and Coverage	5,611,816	5,616,310	5,616,637	5,346,193	5,345,538	3,514,246
Total Revenues plus PFC and CFC Revenues²	\$ 352,392,101	\$ 374,453,629	\$ 379,715,327	\$ 401,282,057	\$ 418,366,942	\$ 424,700,323
Plus:						
Prior Year Debt Service Coverage ³	14,071,884	19,540,042	26,355,609	32,746,333	36,422,294	38,579,887
Adjusted Total Revenue²	\$ 366,463,985	\$ 393,993,671	\$ 406,070,937	\$ 434,028,390	\$ 454,789,237	\$ 463,280,210
Less:						
O&M Expenses	\$ (202,173,787)	\$ (227,256,825)	\$ (236,374,080)	\$ (245,865,729)	\$ (255,747,614)	\$ (266,036,272)
Net Revenue Available for Senior Lien Coverage²	\$ 164,290,198	\$ 166,736,846	\$ 169,696,856	\$ 188,162,661	\$ 199,041,623	\$ 197,243,938
First Lien Debt Service ⁴	\$ 4,536,500	\$ -	\$ -	\$ -	\$ -	\$ -
Senior Lien Debt Service ^{4, 5}	127,242,613	131,778,048	130,985,334	145,689,178	154,319,547	152,806,200
Aggregate Debt Service	\$ 131,779,113	\$ 131,778,048	\$ 130,985,334	\$ 145,689,178	\$ 154,319,547	\$ 152,806,200
Senior Lien Debt Service Coverage	1.29 x	1.27 x	1.30 x	1.29 x	1.29 x	1.29 x
Other Required Uses of Revenue						
O&M Reserve Fund	\$ 8,226,588	\$ 4,181,000	\$ 1,520,000	\$ 1,581,000	\$ 1,647,000	\$ 1,715,000
Repair and Replacement Fund	1,090,000	1,114,000	1,136,000	1,160,000	1,184,000	1,209,000
Emergency Reserve Fund	52,457	54,000	55,000	56,000	57,000	58,000
Total Other Required Uses of Revenue	\$ 9,369,045	\$ 5,349,000	\$ 2,711,000	\$ 2,797,000	\$ 2,888,000	\$ 2,982,000

NOTES:

- 2023 First Half City Approved Budget; includes estimated Series 2023 Bonds and projected PFC and CFC Revenues. The City had a balance of approximately \$33.2 million in the Revenue Fund on January 1, 2023. For purposes of the estimated 2023 calculation, approximately \$14.1 million is assumed, which represents the amount required under the Rate Covenant (10 percent of Debt Service).
- Totals may not add up due to rounding.
- Includes coverage requirements for Series 2018A Bonds, which are assumed to be paid with pledged CFC Revenues.
- Net of capitalized interest, actual and projected debt service.
- Includes Series 2018A Bonds (assumed to be paid with pledged CFC Revenues), Series 2023 Bonds, and estimated Series 2025 Bonds.

SOURCES: Chicago Department of Aviation, October 2023; Ricondo & Associates, Inc., October 2023.

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2023 Report

APPENDIX F

PROPOSED FORMS OF OPINIONS OF CO-BOND COUNSEL

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October 29, 2025

City of Chicago
Chicago, Illinois

The Bank of New York Mellon Trust Company, N.A.
Chicago, Illinois

Re: City of Chicago, Chicago Midway Airport
Senior Lien Revenue and Revenue Refunding Bonds, Series
2025A (AMT)

Ladies and Gentlemen:

We have acted as bond counsel to the City of Chicago, Illinois (the “City”), in connection with the issuance of \$98,130,000 aggregate principal amount Chicago Midway Airport Senior Lien Revenue and Revenue Refunding Bonds, Series 2025A (AMT) (the “Bonds”), of the City. We have examined a record of proceedings relating to the issuance of the Bonds. 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 ordinances adopted by the City Council of the City on July 16, 2025, authorizing the Bonds (the “Bond Ordinance”). Terms used herein that are defined in the Indenture and the Thirty-First Supplemental Indenture (each as hereinafter defined) shall have the meanings set forth therein unless otherwise defined herein.

The Bonds are authorized by the City for the purpose of providing funds to (i) refund the Refunded Bonds, (ii) pay certain costs of Airport Projects, (iii) increase the amount held in the Common Debt Service Reserve Sub-Fund to the Common Debt Reserve Requirement for the Senior Lien Bonds, (iv) pay capitalized interest on the Bonds, and (v) pay costs and expenses incidental thereto and to the issuance of the Bonds.

The Bonds are being issued pursuant to an Amended and Restated Master Indenture of Trust Securing Chicago Midway Airport Senior Lien Obligations dated as of November 1, 2023, as amended (the “Indenture”), from the City to The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”) and a Thirty-First Supplemental Indenture dated as of October 1, 2025 (the “Thirty-First Supplemental Indenture”) relating to the Bonds. The Bonds are Senior Lien Obligations of the City authorized under the Indenture are payable solely from and secured by pledges of Senior Lien Revenues as, and to the extent, provided in the Indenture and the Thirty-First Supplemental Indenture.

The Bonds are issuable only as fully registered bonds without coupons in Authorized Denominations. The Bonds are dated the date hereof, mature, bear interest from their date as set forth in the Thirty-First Supplemental Indenture. The Bonds are subject to optional redemption at the times, in the manner and upon the terms specified in the Thirty-First Supplemental Indenture.

In connection with the issuance of the Bonds we have examined the following:

- (a) a certified copy of the Bond Ordinance;

(b) executed or certified counterparts of the Indenture and the Thirty-First Supplemental Indenture; and

(c) 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 Twenty-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 Thirty-First 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 Thirty-First 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 respective 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 Thirty-First Supplemental Indenture and are enforceable in accordance with their terms.

4. The Bonds are payable solely from the Senior Lien Revenues deposited in the dedicated sub-fund maintained by the Trustee under the Indenture and the Thirty-First Supplemental Indenture, and certain other amounts, including amounts on deposit in the Common Debt Service Reserve Sub-Fund, as provided in the Indenture and the Thirty-First 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 Thirty-First Supplemental Indenture create the valid and binding pledge of Senior Lien Revenues, moneys and securities which they purport to create.

6. Under existing law and assuming continuing compliance with certain covenants made by the City to satisfy pertinent requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Bonds (i) is excluded from the gross income of the owners thereof for federal income tax purposes and (ii) is an item of tax preference for purposes of individual and corporate minimum taxable income for purposes of individual and corporate alternative minimum tax. Failure by the City to comply with such covenants could cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. Ownership of the Bonds may also result in collateral federal income tax consequences to certain taxpayers, and we express no opinion regarding any such collateral tax consequences arising with respect to the Bonds. In rendering this opinion, we have relied upon and assume the correctness of certain representations and certifications of the City with respect to certain material facts solely within the City's knowledge relating to the property financed or refinanced with the proceeds of the Bonds and the application of the proceeds of the Bonds.

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

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 Thirty-First 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 submitted,

October 29, 2025

City of Chicago
Chicago, Illinois

The Bank of New York Mellon Trust Company, N.A.
Chicago, Illinois

Re: City of Chicago, Chicago Midway Airport
Senior Lien Revenue and Revenue Refunding Bonds,
Series 2025B (Non-AMT)

Ladies and Gentlemen:

We have acted as bond counsel to the City of Chicago, Illinois (the “City”), in connection with the issuance of \$322,525,000 aggregate principal amount Chicago Midway Airport Senior Lien Revenue Refunding Bonds, Series 2025B (Non-AMT) (the “Bonds”), of the City. We have examined a record of proceedings relating to the issuance of the Bonds. 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 ordinances adopted by the City Council of the City on July 16, 2025, authorizing the Bonds (the “Bond Ordinance”). Terms used herein that are defined in the Indenture and the Thirty-Second Supplemental Indenture (each as hereinafter defined) shall have the meanings set forth therein unless otherwise defined herein.

The Bonds are authorized by the City for the purpose of providing funds to (i) refund the Refunded Bonds, (ii) pay certain costs of Airport Projects, (iii) increase the amount held in the Common Debt Service Reserve Sub-Fund to the Common Debt Reserve Requirement for the Senior Lien Bonds, (iv) pay capitalized interest on the Bonds, and (v) pay costs and expenses incidental thereto and to the issuance of the Bonds.

The Bonds are being issued pursuant to an Amended and Restated Master Indenture of Trust Securing Chicago Midway Airport Senior Lien Obligations dated as of November 1, 2023, as amended (the “Indenture”), from the City to The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), and a Thirty-Second Supplemental Indenture dated as of October 1, 2025 (the “Thirty-Second Supplemental Indenture”) relating to the Bonds. The Bonds are Senior Lien Obligations of the City authorized under the Indenture are payable solely from and secured by pledges of Senior Lien Revenues as, and to the extent, provided in the Indenture and the Thirty-Second Supplemental Indenture.

The Bonds are issuable only as fully registered bonds without coupons in Authorized Denominations. The Bonds are dated the date hereof, mature, bear interest from their date as set forth in the Thirty-Second Supplemental Indenture. The Bonds are subject to optional redemption at the times, in the manner and upon the terms specified in the Thirty-Second Supplemental Indenture.

In connection with the issuance of the Bonds we have examined the following:

- (a) a certified copy of the Bond Ordinance;
- (b) executed or certified counterparts of the Indenture and the Thirty-Second Supplemental Indenture; and

(c) 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 Thirty-Second 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 Thirty-Second 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 Thirty-Second 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 respective 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 Thirty-Second Supplemental Indenture and are enforceable in accordance with their terms.

4. The Bonds are payable solely from the Senior Lien Revenues deposited in the dedicated sub-fund maintained by the Trustee under the Indenture and the Thirty-Second Supplemental Indenture, and certain other amounts, including amounts on deposit in the Common Debt Service Reserve Sub-Fund, as provided in the Indenture and the Thirty-Second 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 Thirty-Second Supplemental Indenture create the valid and binding pledge of Senior Lien Revenues, moneys and securities which they purport to create.

6. Under existing law and assuming continuing compliance with certain covenants made by the City to satisfy pertinent requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Bonds (i) is excluded from the gross income of the owners thereof for federal income tax purposes and (ii) will not be treated as a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, but is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Failure by the City to comply with such covenants could cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. Ownership of the Bonds may also result in collateral federal income tax consequences to certain taxpayers, and we express no opinion regarding any such collateral tax consequences arising with respect to the Bonds. In rendering this opinion, we have relied upon and assume the correctness of certain representations and certifications of the City with respect to certain material facts solely within the City's knowledge relating to the property financed or refinanced with the proceeds of the Bonds and the application of the proceeds of the Bonds.

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

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 Thirty-Second 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 submitted,

APPENDIX G

DESCRIPTION OF BOOK-ENTRY ONLY SYSTEM

General. The following information has been furnished by DTC for use in this Official Statement and neither the City nor any Underwriter takes any responsibility for its accuracy or completeness. The DTC Omnibus Proxy record date, as such term is used under this Appendix G, is not, and has no relation to, the “Record Date” as defined in APPENDIX B—“SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE” and used in this Official Statement.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“*Direct Participants*”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“*DTCC*”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“*Indirect Participants*”). DTC has a S&P rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“*Beneficial Owner*”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC

has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds of a Series and maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, certificates for the Bonds are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates for the Bonds will be printed and delivered to DTC.

The City and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Participant or any other person, other than an owner, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any Participant or any other person, other than an owner, of any amount with respect to principal of or interest on the Bonds.

TRANSFER OF BONDS

So long as Cede & Co., as nominee for DTC (or other nominee of DTC), is the Bondholder of record of the Bonds, beneficial ownership interests in the Bonds may be transferred only through a Direct Participant or Indirect Participant and recorded on the book-entry system operated by DTC. In the event the book-entry-only system is discontinued, Bond certificates will be delivered to the Beneficial Owners as described in the Indenture. Thereafter, the Bonds, upon surrender thereof at the designated corporate trust operations office of the Trustee with a written instrument of transfer satisfactory to the Trustee, duly executed by the holder thereof or such holder's duly authorized attorney, may be exchanged for an equal aggregate principal amount of Bonds of the same maturity and of any Authorized Denominations.

In all cases in which the privilege of exchanging or transferring the Bonds is exercised, the City shall execute and the Trustee shall authenticate and deliver the Bonds in accordance with the provisions of the Indenture. For every such exchange or transfer of the Bonds, the City or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer but may impose no other charge therefor. Neither the City nor the Trustee shall be required to make any such exchange or transfer of the Bonds during the 15 days next preceding an Interest Payment Date or, in the case of any proposed redemption, during the 15 days next preceding the first publication or mailing of notice of redemption.

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APPENDIX H

REFUNDED BONDS

The following Refunded Bonds will be called for redemption on January 1, 2026 at a redemption price of 100% of the principal amount of such bonds.

SECOND LIEN⁽¹⁾ AIRPORT REVENUE AND REVENUE REFUNDING BONDS SERIES 2016A (AMT)

Maturity Date			
<u>Jan. 1</u>	<u>Interest Rate</u>	<u>Par Amount</u>	<u>CUSIP</u>
2027	5.00%	\$ 8,110,000	167562QE0
2028	5.00	8,515,000	167562QF7
2029	5.00	8,940,000	167562QG5
2030	5.00	9,390,000	167562QH3
2031	5.00	9,860,000	167562QJ9
2032	4.00	10,350,000	167562QK6
2033	4.00	10,590,000	167562QL4
Total		\$65,755,000	

SECOND LIEN⁽¹⁾ AIRPORT REVENUE AND REVENUE REFUNDING BONDS SERIES 2016B (NON-AMT)

Maturity Date			
<u>Jan. 1</u>	<u>Interest Rate</u>	<u>Par Amount</u>	<u>CUSIP</u>
2033	3.00%	\$ 180,000	167562QY6
2034	4.00	11,195,000	167562QT7
2035	4.00	11,640,000	167562QU4
2036	5.00	12,105,000	167562QV2
2037	5.00	12,715,000	167562QZ3
2041 ⁽²⁾	5.00	57,530,000	167562QW0
2046 ⁽²⁾	5.00	89,655,000	167562QX8
Total		\$195,020,000	

⁽¹⁾ Upon the execution of the Senior Lien Indenture all then-outstanding Second Lien Bonds were redesignated as Senior Lien Bonds.

⁽²⁾ Term Bond.

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