City of Chicago

Office of the City Clerk

Document Tracking Sheet

F2017-6

Meeting Date:	1/25/2017
Sponsor(s):	Dept./Agency
Type:	Communication
Title:	Certificate Pursuant to Bond Ordinance - Chicago O'Hare International Airport, General Airport Senior Lien Revenue Bonds, Series 2016D, Series 2016E, Series 2016F and Series 2016G
Committee(s) Assignment:	

DEPARTMENT OF FINANCE

CITY OF CHICAGO

January 10, 2017

Carina E. Sanchez
Deputy City Clerk
121 North LaSalle Street
City Hall - Room 107
Chicago, Illinois 60602

RE: City of Chicago
Chicago O'Hare International Airport
General Airport Senior Lien Revenue Bonds, Series 2016D, Series 2016E, Series 2016F and Series 2016G (the "Bonds")

Dear Ms. Sanchez:

Attached is the Certificate Pursuant to Bond Ordinance which is required to be filed with your office pursuant to Part B, Article II, Section 2.6(c) of the ordinance adopted by the City Council of the City of Chicago (the "City Council") on September 14, 2016. Executed copies of the Official Statement and Contract of Purchase for the Bonds are also included.

Please direct this filing to the City Council.

Very truly yours,

Carole L. Brown
Chief Financial Officer

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CERTIFICATE PURSUANT TO BOND ORDINANCE

Pursuant to the provisions of the ordinance adopted by the City Council of the City of Chicago (the "City") on September 14, 2016 (the "Bond Ordinance"), authorizing the issuance of the City's Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds in one or more series, the undersigned, CAROLE L. BROWN, the duly qualified and acting Chief Financial Officer of the City, hereby certifies as follows:

(a) Except as otherwise defined herein, all defined terms contained in this Certificate shall have the same meanings, respectively, as such terms are defined in the Bond Ordinance.

(b) Pursuant to Part A, Article I, Section 1.2(e), Part B, Article II, Section 2.1(b) and (f) and Section 2.6(a) and (c) of the Bond Ordinance, the undersigned Chief Financial Officer has determined that the Bonds (as hereinafter defined) shall be issued in an aggregate principal amount of $1,117,250,000 and in four series, such series to be designated (i) Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2016D in the aggregate principal amount of $739,335,000 (the "Series 2016D Senior Lien Bonds"), (ii) Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2016E in the aggregate principal amount of $156,575,000 (the "Series 2016E Senior Lien Bonds"); (iii) Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2016F in the aggregate principal amount of $156,090,000 (the "Series 2016F Senior Lien Bonds"); and (iv) Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2016G in the aggregate principal amount of $65,250,000 (the "Series 2016G Senior Lien Bonds" and, together with the Series 2016D Senior Lien Bonds, the Series 2016E Senior Lien Bonds and the Series 2016F Senior Lien Bonds, the "Bonds"), and that the Bonds shall be dated, bear interest and mature, and shall be subject to optional and mandatory redemption prior to maturity, all as set forth in the "Schedule of Maturities" attached here to as Exhibit A. Bonds that are subject to optional redemption may be redeemed at a redemption price of 100% of the principal amount of Bonds being redeemed plus accrued interest thereon to the redemption date. Bonds subject to mandatory redemption will be redeemed at a redemption price equal to 100% of the principal amount redeemed plus accrued interest thereon to the redemption date without premium.

(c) Pursuant to Part B, Article II, Section 2.2 of the Bond Ordinance, the net proceeds of the sale of the Bonds shall be applied in the manner and amounts as described in Exhibit B attached hereto, entitled "Sources and Uses of Funds."

(d) Pursuant to Part B, Article II, Section 2.6(a) and (b) of the Bond Ordinance, the undersigned Chief Financial Officer has determined, with the concurrence of the Chairman of the Committee on Finance of the City Council, that the aggregate purchase price for the Bonds shall be $1,197,699,807.71 (reflecting a par value of $1,117,250,000 less an underwriters' discount of $5,730,439.64 plus a net original issue premium of $86,180,247.35), representing an aggregate purchase price for the Bonds which is not less than 98% of the principal amount of the Bonds (less any original issue discount which may be used in the marketing of the Bonds), plus accrued interest thereon from their date to the date of delivery thereof and payment thereof and on behalf of the City has executed and delivered a Contract of Purchase, dated November 30, 2016 between the City and Morgan Stanley & Co. LLC as representative of the underwriters as listed therein (the "Contract of Purchase").

(e) Pursuant to Part B, Article II, Section 2.12 of the Bond Ordinance, the undersigned Chief Financial Officer has determined that the Series 2016D Senior Lien Bonds, Series 2016E Senior Lien Bonds and Series 2016G Senior Lien Bonds are "Common Reserve Bonds" as defined in the related Supplemental Indentures. Upon the issuance of the Bonds, the City will deposit $40,542,732 from proceeds of the Common Reserve Bonds into respective Common Debt Service Reserve Sub-Funds established with respect to the Common Reserve Bonds and $9,104,143.76 from the proceeds of the Series 2016F Senior Lien Bonds into the Debt Service Reserve Account established under the Supplemental Indenture relating to the Series 2016F Senior Lien Bonds, and that such deposits of funds into the Common Debt Service Reserve Sub-Funds and the Debt Service Reserve Account for the Series 2016F Senior Lien Bonds are in the best financial interests of the City.

(f) Pursuant to Part B, Article II, Section 2.6(f) of the Bond Ordinance, the undersigned Chief Financial Officer has executed a Continuing Disclosure Undertaking, dated January 10, 2017, evidencing the City's agreement to comply with the requirements of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, with respect to the Bonds.

(g) Pursuant to Part B, Article II, Section 2.6(c) of the Bond Ordinance, the undersigned Chief Financial Officer has delivered or caused to be delivered herewith for filing with the office of the City Clerk one copy of the Official Statement dated November 30, 2016 relating to the Bonds and an executed copy of the Contract of Purchase to be filed as soon as practicable after the delivery of the Bonds.

(h) Pursuant to Section 2.6(e) of the Bond Ordinance, the undersigned Chief Financial Officer has determined that it is in the best financial interest of the City in the operation of the Airport to secure a municipal bond insurance policy from Build America Mutual Assurance Company for the Series 2016F Senior Lien Bonds maturing on January 1, 2035, January 1, 2036, January 1, 2037, January 1, 2042 and January 1, 2047.

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SIGNATURE PAGE FOLLOWS.]

IN WITNESS WHEREOF, the undersigned has hereunto subscribed her official signature this 10th day of January, 2017.

CITY OF CHICAGO

Carole L. Brown
Chief Financial Office

EXHIBIT A

DESCRIPTION OF BONDS

$739,335,000 General Airport Senior Lien Revenue Bonds, Series 2016D (Non-AMT)	**$156,575,000 General Airport Senior Lien Revenue Bonds, Series 2016E (Non-AMT)**	**$156,090,000 General Airport Senior Lien Revenue Bonds, Series 2016F (Non-AMT)**	**$65,250,000 General Airport Senior Lien Revenue Bonds, Series 2016G (AMT)**

Authorization: Master Indenture of Trust Securing Chicago O'Hare International Airport Senior Lien Obligations dated as of September 1, 2012 (the "Senior Lien Master Indenture") as supplemented by a Fifty-Fifth Supplemental Indenture securing Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2016D dated as of December 1, 2016 (the "Fifty-Fifth Supplemental Indenture"), a Fifty-Sixth Supplemental Indenture securing Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2016E dated as of December 1, 2016 (the "Fifty-Sixth Supplemental Indenture"), a Fifty-Seventh Supplemental Indenture securing Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2016F dated as of December 1, 2016 (the "Fifty Seventh Supplemental Indenture"), and a Fifty-Eighth Supplemental Indenture securing Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2016G dated as of December 1, 2016 (the "Fifty-Eighth Supplemental Indenture"), each from the City of Chicago (the "City") to U.S. Bank National Association, as trustee, and (ii) an ordinance adopted by the City Council of the City on September 14, 2016.

Dated Date: January 10, 2017.

Maturities, Interest Rates and Redemption Provisions for Series 2016D Bonds: The Series 2016D Bonds mature on January 1 in the following years, in the respective principal amount set forth opposite each such year in the following table, and the Series 2016D Bonds maturing in each such year bear interest from their date payable July 1, 2017 and semiannually thereafter on January 1 and July 1 of each year at the respective rate of interest per annum set forth opposite such year:

$739,335,000
Chicago O'Hare International Airport General Airport Senior Lien
Revenue Bonds, Series 2016D (Non-AMT)

MATURITY (JANUARY 1)	AMOUNT	INTEREST RATE (%)	PRICE	YIELD (%)	CUSIP
2020	$5,025,000	5.000%	108.652	1.990%	167593VW9
2021	5,275,000	5.000	110.159	2.310	167593VX7
2022	5,540,000	5.000	111.626	2.500	167593VY5
2023	5,820,000	5.000	112.729	2.680	167593VZ2
2024	5,975,000	5.000	113.241	2.890	167593WA6
2025	6,270,000	5.000	113.408	3.090	167593WB4
2026	6,590,000	5.000	113.361	3.270	167593WC2
2027	6,910,000	5.000	113.619	3.380	167593WD0
2028	7,265,000	5.250	114.808†	3.480	167593WE8
2029	14,985,000	5.250	113.634†	3.610	167593WF5
2030	15,770,000	5.250	112.652†	3.720	167593WG3
2031	16,595,000	5.250	112.032†	3.790	167593WH1
2032	17,475,000	5.250	111.329†	3.870	167593WJ7
2033	18,385,000	5.250	110.892†	3.920	167593WK4
2034	19,355,000	5.250	110.544†	3.960	167593WL2
2035	20,370,000	5.250	110.284†	3.990	167593WM0
2036	21,445,000	5.250	110.024†	4.020	167593WN8
2037	22,565,000	5.250	109.766†	4.050	167593WP3

$131,890,000 5.250% Term Bonds due January 1, 2042, Yield 4.120%; Price 109.165† CUSIP 167593WQ1
$169,505,000 5.000% Term Bonds due January 1, 2047, Yield 4.260%; Price 105.961† CUSIP 167593WR9
$216,325,000 5.000% Term Bonds due January 1, 2052, Yield 4.410%; Price 104.718† CUSIP 167593WS7

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† Priced to the optional redemption date of January 1, 2027.

Maturities, Interest Rates and Redemption Provisions for Series 2016E Bonds: The Series 2016E Bonds mature on January 1 in the following years, in the respective principal amount set forth opposite each such year in the following table, and the Series 2016E Bonds maturing in each such year bear interest from their date payable July 1, 2017 and semiannually thereafter on January 1 and July 1 of each year at the respective rate of interest per annum set forth opposite such year:

$156,575,000
Chicago O'Hare International Airport General Airport Senior Lien
Revenue Bonds, Series 2016E (Non-AMT)

MATURITY (JANUARY 1)	AMOUNT	INTEREST RATE (%)	PRICE	YIELD (%)	CUSIP
2024	$30,145,000	5.000%	113.241	2.890%	167593WT5
2025	31,655,000	5.000	113.408	3.090	167593WU2
2026	33,235,000	5.000	113.361	3.270	167593WV0
2027	34,900,000	5.000	113.619	3.380	167593WW8
2028	26,640,000	5.250	114.808†	3.480	167593WX6

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† Priced to the optional redemption date of January 1, 2027.

Maturities, Interest Rates and Redemption Provisions for Series 2016F Bonds: The Series 2016F Bonds mature on January 1 in the following years, in the respective principal amount set forth opposite each such year in the following table, and the Series 2016F Bonds maturing in each such year bear interest from their date payable July 1, 2017 and semiannually thereafter on January 1 and July 1 of each year at the respective rate of interest per annum set forth opposite such year:

$156,090,000
Chicago O'Hare International Airport General Airport Senior Lien
Revenue Bonds, Series 2016F (Non-AMT)

MATURITY (JANUARY 1)	AMOUNT	INTEREST RATE (%)	PRICE	YIELD (%)	CUSIP
2018	$1,895,000	2.000%	100.646	1.330%	167593WY4
2019	1,980,000	3.000	102.494	1.710	167593WZ1
2020	2,040,000	3.000	102.903	1.990	167593XA5
2021	2,100,000	3.000	102.605	2.310	167593XB3
2022	2,165,000	5.000	111.626	2.500	167593XC1
2023	2,270,000	5.000	112.729	2.680	167593XD9
2024	2,385,000	5.000	113.241	2.890	167593XE7
2025	2,505,000	5.000	113.408	3.090	167593XF4
2026	2,630,000	5.000	113.361	3.270	167593XG2
2027	2,760,000	5.250	115.721	3.380	167593XH0
2028	2,905,000	5.250	114.808†	3.480	167593XJ6
2029	3,060,000	5.250	113.634†	3.610	167593XK3
2030	3,220,000	5.250	112.652†	3.720	167593XL1
2031	3,385,000	5.250	112.032†	3.790	167593XM9
2032	3,565,000	5.250	111.329†	3.870	167593XN7
2033	3,750,000	5.250	110.892†	3.920	167593XP2
2034	3,950,000	5.250	110.544†	3.960	167593XQ0
2035††	4,155,000	4.125	97.334	4.340	167593XR8
2036††	4,330,000	4.250	98.462	4.370	167593XS6
2037††	4,510,000	4.250	98.018	4.400	167593XT4

$25,605,000 4.250% Term Bonds due January 1, 2042††, Yield 4.470%; Price 96.708· CUSIP 167593XU1
$31,520,000 4.250% Term Bonds due January 1, 2047††, Yield 4.510%; Price 95.748· CUSIP 167593XV9
$39,405,000 5.000% Term Bonds due January 1, 2052, Yield 4.410%; Price 104.718†· CUSIP 167593XW7

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† Priced to the optional redemption date of January 1, 2027.
†† Maturity insured by municipal bond insurance policy issued by Build America Mutual Assurance Company.

Maturities, Interest Rates and Redemption Provisions for Series 2016G Bonds: The Series 2016G Bonds mature on January 1 in the following years, in the respective principal amount set forth opposite each such year in the following table, and the Series 2016G Bonds maturing in each such year bear interest from their date payable July 1, 2017 and semiannually thereafter on January 1 and July 1 of each year at the respective rate of interest per annum set forth opposite such year:

$65,250,000
Chicago O'Hare International Airport General Airport Senior Lien
Revenue Bonds, Series 2016G (AMT)

MATURITY (JANUARY 1)	AMOUNT	INTEREST RATE (%)	PRICE	YIELD (%)	CUSIP
2020	$430,000	5.000%	107.451	2.390%	167593XX5
2021	450,000	5.000	108.573	2.710	167593XY3
2022	470,000	5.000	109.760	2.880	167593XZ0
2023	495,000	5.000	110.634	3.040	167593YA4
2024	510,000	5.000	110.842	3.250	167593YB2
2025	535,000	5.000	110.798	3.440	167593YC0
2026	560,000	5.000	110.493	3.620	167593YD8
2027	590,000	5.000	110.496	3.730	167593YE6
2028	620,000	5.250	111.680†	3.830	167593YF3
2029	1,350,000	5.250	110.370†	3.980	167593YG1
2030	1,425,000	5.250	109.422†	4.090	167593YH9
2031	1,500,000	5.250	108.909†	4.150	167593YJ5

$10,720,000 5.000% Term Bonds due January 1, 2037, Yield 4.480%; Price 104.144†, CUSIP 167593YK2
$11,680,000 5.000% Term Bonds due January 1, 2042, Yield 4.550%; Price 103.574†, CUSIP 167593YL0
$14,895,000 5.000% Term Bonds due January 1, 2047, Yield 4.610%; Price 103.089†, CUSIP 167593YM8
$19,020,000 5.000% Term Bonds due January 1, 2052, Yield 4.760%; Price 101.886†, CUSIP 167593YN6

† Priced to the optional redemption date of January 1, 2027.

Optional Redemption Provisions.

2016D Senior Lien Bonds. The 2016D Senior Lien Bonds maturing on and after January 1, 2028, are subject to redemption at the option of the City on or after January 1, 2027, in 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 equal to the principal amount of each 2016D Senior Lien Bond to be redeemed, plus accrued interest to the date of redemption.

2016E Senior Lien Bonds. The 2016E Senior Lien Bonds maturing on and after January 1, 2028, are subject to redemption at the option of the City on or after January 1, 2027, in 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 equal to the principal amount of each 2016E Senior Lien Bond to be redeemed, plus accrued interest to the date of redemption.

2016F Senior Lien Bonds. The 2016F Senior Lien Bonds maturing on and after January 1, 2028, are subject to redemption at the option of the City on or after January 1, 2027, in 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 equal to the principal amount of each 2016F Senior Lien Bond to be redeemed, plus accrued interest to the date of redemption.

2016G Senior Lien Bonds. The 2016G Senior Lien Bonds maturing on and after January 1, 2028, are subject to redemption at the option of the City on or after January 1, 2027, in 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 equal to the principal amount of each 2016G Senior Lien Bond to be redeemed, plus accrued interest to the date of redemption.

Mandatory Sinking Fund Redemption Provisions.

2016D Senior Lien Bonds. The 2016D Senior Lien Bonds maturing on January 1, 2042 are subject to mandatory redemption in part by lot from Sinking Fund Payments on January 1 of each of the years and in the respective principal amounts set forth below at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption:

Year	Amount($)
2038	$23,750,000
2039	24,995,000
2040	26,310,000
2041	27,695,000
2042†	29,140,000

† Final Maturity

The 2016D Senior Lien Bonds maturing on January 1, 2047 are subject to mandatory redemption in part by lot from Sinking Fund Payments on January 1 of each of the years and in the respective principal amounts set forth below at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption:

Year	Amount($)
2043	$30,680,000
2044	32,210,000
2045	33,820,000
2046	35,505,000
2047†	37,290,000

† Final Maturity

The 2016D Senior Lien Bonds maturing on January 1, 2052 are subject to mandatory redemption in part by lot from Sinking Fund Payments on January 1 of each of the years and in the respective principal amounts set forth below at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption:

Year	Amount($)
2048	$39,150,000
2049	41,105,000
2050	43,165,000
2051	45,320,000
2052†	47,585,000

† Final Maturity

2016F Senior Lien Bonds. The 2016F Senior Lien Bonds maturing on January 1, 2042 are subject to mandatory redemption in part by lot from Sinking Fund Payments on January 1 of each of the years and in the respective principal amounts set forth below at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption:

Year	Amount($)
2038	$4,705,000
2039	4,905,000
2040	5,110,000
2041	5,330,000
2042†	5,555,000

† Final Maturity

The 2016F Senior Lien Bonds maturing on January 1, 2047 are subject to mandatory redemption in part by lot from Sinking Fund Payments on January 1 of each of the years and in the respective principal amounts set forth below at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption:

Year	Amount($)
2043	$5,790,000
2044	6,035,000
2045	6,295,000

2046	6,560,000
2047†	6,840,000

† Final Maturity

The 2016F Senior Lien Bonds maturing on January 1, 2052 are subject to mandatory redemption in part by lot from Sinking Fund Payments on January 1 of each of the years and in the respective principal amounts set forth below at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption:

Year	Amount($)
2048	$7,130,000
2049	7,490,000
2050	7,860,000
2051	8,255,000
2052†	8,670,000

† Final Maturity

2016G Senior Lien Bonds. The 2016G Senior Lien Bonds maturing on January 1, 2037 are subject to mandatory redemption in part by lot from Sinking Fund Payments on January 1 of each of the years and in the respective principal amounts set forth below at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption:

Year	Amount($)
2032	$1,575,000
2033	1,655,000
2034	1,740,000
2035	1,825,000
2036	1,915,000
2037†	2,010,000

† Final Maturity

The 2016G Senior Lien Bonds maturing on January 1, 2042 are subject to mandatory redemption in part by lot from Sinking Fund Payments on January 1 of each of the years and in the respective principal amounts set forth below at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption:

Year	Amount($)
2038	$2,115,000
2039	2,220,000
2040	2,330,000
2041	2,445,000
2042†	2,570,000

† Final Maturity

The 2016G Senior Lien Bonds maturing on January 1, 2047 are subject to mandatory redemption in part by lot from Sinking Fund Payments on January 1 of each of the years and in the respective principal amounts set forth below at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption:

Year	Amount($)
2043	$2,695,000
2044	2,830,000
2045	2,975,000
2046	3,120,000
2047†	3,275,000

† Final Maturity

The 2016G Senior Lien Bonds maturing on January 1, 2052 are subject to mandatory redemption in part by lot from Sinking Fund Payments on January 1 of each of the years and in the respective principal amounts set forth below at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption:

Year	Amount($)
2048	$3,440,000
2049	3,615,000
2050	3,795,000
2051	3,985,000
2052†	4,185,000

† Final Maturity

If the City redeems 2016 Senior Lien Bonds subject to mandatory redemption pursuant to optional redemption or purchases 2016 Senior Lien Bonds subject to mandatory redemption and cancels the same, then an amount equal to the principal amount of 2016 Senior Lien Bonds of such Series and maturity so redeemed or purchased shall be deducted from the mandatory redemption requirements as provided for such 2016 Senior Lien Bonds of such Series and maturity in such order as an Authorized Officer of the City shall determine.

EXHIBIT B

SOURCES AND USES OF FUNDS

Chicago O'Hare International Airport
General Airport Senior Lien Revenue Bonds, Series 2016DEFG

Sources:	Series 2016D (GARB/Non-AMT)	Series 2016E (LOI/Non-AMT)	Series 2016F (PFC/Non-AMT)	Series 2016G (GARB/AMT)	Total
Bond Proceeds: .					
Per Amount	739,335,000.00	156,575,000.00	156.090,000 00	65,250,000.00	1,117,250,000.00
Net Premium/OID	*57,789,088.20*	*21,374,212.40*	*4,453,254.70*	*2,563,692.05*	*86,180,247.35*
	797,124,088.20	177,949,212.40	160,543,254.70	67,813,692.05	1,203,430,247.35

Uses:	Series 2016D (GARB/Non-AMT)	Series 2016E (LOI/Non-AMT)	Series 2016F (PFC/Non-AMT)	Series 2016G (GARB/AMT)	Total
Project Fund Deposits:					
Relocation of Airport Support	253,059,281.28				253,059,281.28
Fuel Line Relocation	*67,303,000.29*				*67,303,000.29*
Cross Field Taxiway System	38,684,041.61				38,684,041.61
Central De-Icing Pad	55,000,000.00				55,000,000.00
Runway 9 Center (Series D)	112,918,909.57				112,918,909.57
Relocation of A-B Taxiways	137,529,892.74				137,529,892.74
Runway 9 Center (Series E)		140,000,000.00			140,000,000.00
Runway 9 Center (Series F)			150,000,000.00		150,000,000.00
Central De-Icing Pad (AMT)				58,304,874.51	58,304,874.51
	664,495,125,49	140,000,000.00	150,000,000.00	58,304,874.51	1,012,800,000.00
Other Fund Deposits:					
Capitalized interest Fund	97,065,837.86	30,155,850.69		6,467,606.56	133,689,295.11
Common Debt Service Reserve	30,988,581.22	6,917,860.98		2,636,289.80	40,542,732.00
Stand-Alone Debt Service Reserve			9,104,143.76		9,104,143.76
	128,054,419.08	37,073,711.67	9,104,143.76	9,103,596.36	183,336,170.87
Delivery Date Expenses:					
Cost of Issuance	695,495.48	155,261.74	140,074.94	59,167.84	1,050,000.00
Underwriter's Discount	3,876,187.96	718,329.84	794,411,06	341,510.78	5,730,439.64
BAM Insurance			501,200.88		501,200.88
	4,571,683.44	873,591.58	1,435,686.88	400,678.62	7,281,640.52
Other Uses of Funds:					
Additional Proceeds	2,860.19	1,909.15	3,424.06	4,242.56	12,435.96
	797,124,088.20	177,949,212.40	160,543,254.70	67,813,692.05	1,203,430,247.35

Notes: Common Debt Service Reserve Sub-Account allocated pro-rata based on proceeds between the Series 2016D, 2016E, and 2016G Bonds.
Costs of Issuance and Underwriters' Expenses allocated pro-rata based on proceeds.

$1,117,250,000
CITY OF CHICAGO
CHICAGO O'HARE INTERNATIONAL AIRPORT

$739,335,000 **General Airport Senior Lien Revenue Bonds, Series 2016D (Non-AMT)**	**$156,575,000** **General Airport Senior Lien Revenue Bonds, Series 2016E (Non-AMT)**
$156,090,000 **General Airport Senior Lien Revenue Bonds, Series 2016F (Non-AMT)**	**$65,250,000** **General Airport Senior Lien Revenue Bonds, Series 2016G (AMT)**

CONTRACT OF PURCHASE

November 30, 2016

City of Chicago
Office of Chief Financial Officer
121 North LaSalle Street, 7th Floor
Chicago, Illinois 60602
Attn: Chief Financial Officer

The undersigned, Morgan Stanley & Co. LLC (the ***"Representative")***, acting on behalf of itself and the other underwriters named in the list attached hereto marked *Schedule I*, on whose behalf the Representative is duly authorized to act (hereinafter, each individually referred to as ***"Underwriter"*** and collectively, with the Representative, referred to as ***"Underwriters")***, hereby offers to enter into this Contract of Purchase (the ***"Contract of Purchase")*** with the City of Chicago, a municipal corporation and a home rule unit of local government duly organized and existing under the laws of the State of Illinois (the ***"City")*** whereby the Underwriters will purchase and the City will sell the 2016 Senior Lien Bonds (as defined and described below). This offer is made subject to the City's acceptance of this Contract of Purchase on or before 5:00 p.m., Chicago time, on November 30, 2016, or such other time as agreed to by the Representative and the City. If the City accepts this Contract of Purchase, this Contract of Purchase shall be in full force and effect in accordance with its terms and shall bind both the City and the Underwriters. The Underwriters may withdraw this Contract of Purchase upon written notice delivered by the Representative to the Chief Financial Officer of the City at any time before the City accepts this Contract of Purchase. Except as otherwise defined herein, capitalized terms used herein shall have the same meanings as defined in the Official Statement (as defined below).

1. Purchase and Sale. Upon the terms and conditions and in reliance upon the representations, warranties and covenants set forth herein, the Underwriters hereby agree to purchase from the City, and the City hereby agrees to sell and deliver to the Underwriters, all (but not less than all) of the City's $1,117,250,000 aggregate principal amount of (a) Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2016D, Series 2016E, Series 2016F and Series 2016G (together, the ***"2016 Senior Lien Bonds")***. The 2016 Senior Lien Bonds will be issued in four series:

(i) $739,335,000 aggregate principal amount of Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2016D (Non-AMT) (the ***"2016D Senior Lien Bonds")***;

(ii) $156,575,000 aggregate principal amount of Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2016E (Non-AMT) (the ***"2016E Senior Lien Bonds")***;

(iii) $156,090,000 aggregate principal amount of Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2016F (Non-AMT) (the ***"2016F Senior Lien Bonds")***; and

(iv) $65,250,000 aggregate principal amount of Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2016G (AMT) (the ***"2016G Senior Lien Bonds")***.

The 2016 Senior Lien Bonds shall: (a) be dated as of their date of delivery, (b) have the maturities and shall bear interest at the rates per annum set forth in *Exhibit A* hereto and (c) have the redemption features and the further terms set forth in *Exhibit A* and in the Official Statement of the City, dated the date hereof, relating to the 2016 Senior Lien Bonds (such Official Statement, including the cover page and all appendices included therein, is hereinafter called the ***"Official Statement,"*** except that if the Official Statement shall have been amended with the approval of the Representative between the date hereof and the date upon which the 2016 Senior Lien Bonds are delivered for the Underwriters' account with The Depository Trust Company, New York, New York ***("DTC")***, the term *"Official Statement"* shall refer to the Official Statement, as so amended).

The Underwriters agree to purchase all (but not less than all) of the 2016 Senior Lien Bonds if the conditions of Closing (as defined in Section 6 hereof) are satisfied. The aggregate purchase price of $1,197,699,807.71 (reflecting a par value of $1,117,250,000.00 less Underwriters' discount of $5,730,439.64 plus original issue premium of $86,180,247.35) consisting of the purchase price for each Series of 2016 Senior Lien Bonds as set forth in *Exhibit B* hereto (the ***"Purchase Price")***. The Underwriters agree to make a *bona fide* public offering of all of the 2016 Senior Lien Bonds at prices not in excess of the respective initial offering prices (or yields not less than the yields) set forth in *Exhibit A* hereto, it being understood and agreed that after the initial offering the Representative reserves the right to change such public offering prices (or yields) as the Underwriters deem necessary in connection with the marketing of the 2016 Senior Lien Bonds.

The Representative will provide the City and Co-Bond Counsel (as defined herein) with a certificate setting forth the offering prices of the 2016 Senior Lien Bonds in substantially the form set forth on *Exhibit C*, and the Underwriters acknowledge that the City and Co-Bond Counsel will rely on said certificate to establish the yield on the 2016 Senior Lien Bonds, and that such reliance is material to the City in entering into this Contract of Purchase in connection with the delivery of the 2016 Senior Lien Bonds.

The City acknowledges and agrees that: (i) the primary role of the Underwriters, as underwriters, is to purchase securities for resale to investors, in an arm's length commercial transaction between the City and the Underwriters and the Underwriters have financial and other interests that differ from those of the City; (ii) the Underwriters are acting solely as principals and are not acting as municipal advisors, financial advisors or fiduciaries to the City and have not assumed any advisory or fiduciary responsibility to the City with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriters have provided other services or are currently providing other services to the City on other matters); (iii) the only obligations the Underwriters have to the City with respect to the transaction contemplated hereby expressly are set forth in this Contract of Purchase; and (iv) the City has consulted its own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it has deemed appropriate.

2. *Official Statement.* The City ratifies and consents to the distribution and use by the Underwriters, prior to the date hereof, of the Preliminary Official Statement of the City dated November 18, 2016 relating to the 2016 Senior Lien Bonds (the ***"Preliminary Official Statement")***. For purposes of Rule 15c2-12 ***("Rule 15c2-12")*** of the Securities and Exchange Commission (the ***"Commission")*** under the Securities Exchange Act of 1934, as amended (the ***"Exchange Act")***, the Preliminary Official Statement is "deemed final" by the City as of its date. As soon as practicable, but not more than seven (7) business days after the City's acceptance hereof, and in any event not later than two (2) business days before the Closing Date, the City shall deliver, or cause to be delivered, to the Representative six copies of the Official Statement, signed on behalf of the City by the Authorized Officer, and the Official Statement so delivered shall be deemed "final" for purposes of Rule 15c2-12. The Official Statement shall be in substantially the same form as the Preliminary Official Statement and, other than information previously permitted to have been omitted by Rule 15c2-12, the City shall only make such other additions, deletions and revisions in the Official Statement which are approved by the Representative. The City hereby agrees to deliver to the Underwriters an electronic copy of the Official Statement in a form that permits the Underwriters to satisfy their obligations under the rules and regulations of the Municipal Securities Rulemaking Board (the ***"MSRB"***) and the Commission. The City shall provide, or cause to be provided, at its expense, to the Underwriters as soon as practicable, but not more than seven (7) business days after the City's acceptance of this Contract of Purchase and in time which, in the Representative's opinion, is sufficient to accompany any confirmation that requests payment from any customer, copies of the Official Statement in such quantity which, in the Representative's opinion, is sufficient to comply with the rules of the Commission and the MSRB with respect to the distribution of the Official Statement. The City authorizes the Underwriters to use and distribute the Official Statement in connection with the public offering and sale of the 2016 Senior Lien Bonds. To the extent required by applicable law, the City hereby authorizes the Representative, and the Representative hereby agrees, to file a copy of the Official Statement with the MSRB.

3. *Authorization.* The 2016 Senior Lien Bonds will be issued under the authority granted to the City as a home rule unit of local government under the Illinois Constitution of 1970. The 2016 Senior Lien Bonds will be issued pursuant to an ordinance adopted by the City Council of the City on September 14, 2016 (the "***Bond Ordinance***"). The 2016 Senior Lien Bonds will also be issued and secured under the Master Indenture of Trust Securing Chicago O'Hare International Airport General Airport Revenue Senior Lien Obligations dated as of September 1, 2012 (the "***Senior Lien Master Indenture***") from the City to U.S. Bank National Association, Chicago, Illinois, as successor trustee to LaSalle Bank National Association (the "***Trustee***"), as supplemented by the Fifty-Fifth Supplemental Indenture (the "***Fifty-Fifth Supplemental Indenture***"), the Fifty-Sixth Supplemental Indenture (the "***Fifty-Sixth Supplemental Indenture***"), the Fifty-Seventh Supplemental Indenture (the "***Fifty-Seventh Supplemental Indenture***") and the Fifty-Eighth Supplemental Indenture (the "***Fifty-Eighth Supplemental Indenture***" and collectively with the Fifty-Fifth Supplemental Indenture, the Fifty-Sixth Supplemental Indenture and the Fifty-Seventh Supplemental Indenture, the "***Supplemental Indentures***"), each dated as of December 1, 2016 and each from the City to the Trustee. The Senior Lien Master Indenture as supplemented by the Supplemental Indentures and as it may be amended and supplemented from time to time in accordance with its terms, is collectively herein referred to as the "***Senior Lien Indenture.***" The Series 2016 Senior Lien Bonds are being issued to: (i) pay the costs of certain Airport Projects (as described in the Official Statement), (ii) fund the related reserve

requirements for the 2016 Senior Lien Bonds, (iii) capitalize a portion of the interest on the 2016 Senior Lien Bonds and (iv) pay costs and expenses incidental thereto and to the issuance of the 2016 Senior Lien Bonds.

4. *Representations and Warranties of the City.* The City hereby represents and warrants to the Underwriters as follows:

(a) The City is a municipal corporation and home rule unit of local government, organized and existing under the Constitution and the laws of the State of Illinois.

(b) The City has all requisite legal right, power and authority to adopt and comply with the Bond Ordinance; to execute, issue and deliver the 2016 Senior Lien Bonds; to execute, deliver and comply with this Contract of Purchase, the General Tax Certificate and the Tax Compliance Certificate each from the City (together, the ***"Tax Compliance Certificate"***) dated as of the Closing Date (as hereinafter defined), the Senior Lien Indenture, the Airport Use Agreements, the Continuing Disclosure Undertaking of the City relating to the 2016 Senior Lien Bonds pursuant to Rule 15c2-12 (the ***"Undertaking"***) and to execute and deliver the Official Statement. The execution and delivery of this Contract of Purchase, the Tax Compliance Certificate, the 2016 Senior Lien Bonds, the Airport Use Agreements, the Undertaking and the Senior Lien Indenture, and the adoption of the Bond Ordinance and the issuance of the 2016 Senior Lien Bonds thereunder, the execution and delivery by the City of the Official Statement and the use by the Underwriters of the Preliminary Official Statement and the Official Statement have been duly authorized by all necessary action on the part of the City.

(c) This Contract of Purchase, the Airport Use Agreements, the Official Statement, the Senior Lien Master Indenture and the Supplemental Indentures have been, and the Tax Compliance Certificate, the Undertaking, and the 2016 Senior Lien Bonds (when delivered and paid for at the Closing) shall be, duly authorized, executed, delivered and (in the case of the 2016 Senior Lien Bonds) authenticated by the Trustee and issued by the City. This Contract of Purchase, the Senior Lien Indenture, the Tax Compliance Certificate, and the Undertaking (when each is executed and delivered) and the 2016 Senior Lien Bonds (when issued, executed, authenticated and delivered) shall constitute legal, valid and binding obligations of the City, enforceable in accordance with their terms (except to the extent that enforceability may be limited by bankruptcy, insolvency and other laws affecting creditors' rights or remedies and the availability of equitable remedies generally). The Bond Ordinance has been duly and lawfully adopted and is in full force and effect and is valid and binding upon the City. When delivered and paid for at the Closing, the 2016 Senior Lien Bonds shall be entitled to the benefits and the security of, and shall be subject to the terms and conditions set forth in, the Senior Lien Indenture.

(d) The adoption of the Bond Ordinance; the execution and delivery of this Contract of Purchase, the Senior Lien Indenture, the Tax Compliance Certificate, the Undertaking, and the Official Statement and the compliance of the City with the terms and conditions thereof (except the Official Statement) and of the Bond Ordinance, and the Airport Use Agreements, and the issuance and sale of the 2016 Senior Lien Bonds, do not and will not: (i) in any material respect conflict with or constitute on the part of the City a material breach of or material default under any agreement, indenture, mortgage, lease or other instrument to which the City is a party or by or to which it is bound; or (ii) in any material respect conflict with or result in a violation by the City of the Constitution of the United States of America (the ***"United States"***) or of the State of Illinois or any other law, ordinance, regulation, order, decree, judgment or ruling by or to which it is bound. The City is not in breach of or default under the Bond Ordinance, the Airport Use Agreements, or the Senior Lien Indenture or any applicable law or administrative regulation of the State of Illinois or the United States or any department, division, agency or instrumentality of either or any applicable judgment or decree to which the City is subject, or any loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the City is a party or is otherwise subject, which breach or default would in any way materially adversely affect the 2016 Senior Lien Bonds, the operation of O'Hare, the City's authority to impose or collect fees, rentals, or charges defined in the Airport Use Agreements as "Airport Fees and Charges" that constitute Revenues or the collection of Revenues or the authorization or issuance of the 2016 Senior Lien Bonds, and no event has occurred and is continuing which, with the passage of time or the giving of notice or both, would constitute such a breach or default. Neither the adoption of the Bond Ordinance and compliance with the provisions thereof nor the execution and delivery by the City of the Supplemental Indentures, the 2016 Senior Lien Bonds, the Undertaking, or this Contract of Purchase nor the performance by the City of its obligations under the Senior Lien Master Indenture, the Supplemental Indentures, the 2016 Senior Lien Bonds, the Airport Use Agreements, the Undertaking, or this Contract of Purchase violates any applicable law or administrative regulation of the State of Illinois or the United States or any department, division, agency or instrumentality of either or any applicable judgment or decree to which the City is subject, or conflicts in a material manner with, or constitutes a material breach of or a material default under any loan agreement, bond, note, resolution, ordinance, indenture, agreement or other instrument to which the City is a party or is otherwise subject. The City has not received any judicial or administrative notice which in any way questions the federal tax-exempt status of interest on the 2016 Senior Lien Bonds.

(e) Except as disclosed in the Official Statement, no litigation or other proceeding before or by any court or agency or other administrative body is pending against the City or, to the knowledge of the City, threatened against it, in any way restraining or enjoining, or threatening or seeking to restrain or enjoin, the issuance, sale or delivery of the 2016 Senior Lien Bonds or in any way questioning or affecting: (i) the proceedings under which the 2016 Senior Lien Bonds are to be issued; (ii) the validity or enforceability of any provision of the 2016 Senior Lien Bonds, the Senior Lien Master Indenture, the Tax Compliance Certificate, the Bond Ordinance, the Supplemental Indentures, the Airport Use Agreements, the Undertaking, or this Contract of Purchase; (iii) the 2016 Airport Projects (as defined in the Official Statement) or the Plan of Finance (as described in the Official Statement); (iv) the accuracy or completeness of the Official Statement; (v) the legal existence of the City or its right to conduct its operations as conducted; or (vi) the title of its Mayor, City Comptroller, Chief Financial Officer, the Commissioner of the Chicago Department of Aviation, or City Clerk to their respective offices in such manner as to adversely affect the ability of the City to authorize the issuance, sale or delivery of the 2016 Senior Lien Bonds.

(f) Except as disclosed in the Official Statement, there is no litigation or other proceeding pending or, to the City's knowledge, threatened against the City before or by any court, agency or other administrative body, nor any other event or circumstance, wherein an unfavorable decision, ruling or finding would have a material adverse effect on the validity or enforceability of the 2016 Senior Lien Bonds, the Bond Ordinance, the Senior Lien Indenture, the Tax Compliance Certificate, the Undertaking, the Airport Use Agreements, or this Contract of Purchase, or the City's authority to impose or collect fees, rentals or charges, in each case that constitute Revenues.

(g) Other than liens and encumbrances described in the Official Statement, there are no liens or encumbrances on the Revenues or the funds or accounts pledged pursuant to the Senior Lien Indenture.

(h) All approvals, consents and other actions by, and all filings or registrations with or notices to, any governmental or administrative authority or agency having jurisdiction in the matter required as a condition precedent to the execution and delivery by the City of the 2016 Senior Lien Bonds, the Tax Compliance Certificate, the Supplemental Indentures, the Undertaking, or this Contract of Purchase, have been obtained and are in full force and effect.

(i) The financial statements of O'Hare contained in the Official Statement fairly present the financial position and results of operation of O'Hare as of the dates and for the periods therein set forth, and the City has no reason to believe (i) that such financial statements have not been prepared in accordance with generally accepted accounting principles as consistently applied to governmental units, except as otherwise noted therein, or (ii) that there have been any materially adverse changes in the financial position and results of operation of O'Hare since December 31, 2015, except as otherwise noted in the Official Statement.

(j) Any certificate signed by any elected or appointed officer or official of the City and delivered to the Underwriters pursuant to this Contract of Purchase shall be deemed a representation and warranty by the City to the Underwriters as to the statements made therein with the same effect as if such representation and warranty were set forth herein.

(k) To the knowledge of the Chief Financial Officer and based on the representation of the Underwriters contained in Section 10 hereof, no person holding office of the City, either by election or appointment, is in any manner interested, either directly or indirectly, in any contract being entered into or the performance of any work to be carried out in connection with the issuance and sale of the 2016 Senior Lien Bonds and upon which said officer may be called upon to act or vote; *provided, however,* that nothing in this Section 4(k) shall give rise to a cause of action by the Underwriters against the City.

(l) Except for information which is permitted to be omitted pursuant to Rule 15c2-12(b)(1), the Preliminary Official Statement, as of its date and as of the date hereof was and is true and correct in all material respects and did not and does not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided that the City makes no representation or warranty with regard to the information included in the Preliminary Official Statement under the following captions: "INTRODUCTION - REGARDING USE OF THE OFFICIAL STATEMENT," "TAX MATTERS," "UNDERWRITING," or the information included in the Preliminary Official Statement in APPENDICES E, F and G thereto. The Official Statement as of the date hereof is, and as of the Closing Date (as defined herein) will be, true and complete in all material respects, and the Official Statement does not, and as of the Closing Date, will not, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and any amendments or supplements to the Official Statement prepared and furnished by the City pursuant hereto will not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided that the City makes no representation or warranty with regard to the information included in the Official Statement under the following captions: "INTRODUCTION - REGARDING USE OF THE OFFICIAL

STATEMENT," "TAX MATTERS," "UNDERWRITING," or the information included in the Official Statement in APPENDICES E, F and G thereto.

(m) Except as described in the Official Statement, during the last five years, the City has not failed to materially comply with any previous continuing disclosure undertaking that it has entered into in accordance with Rule 15c2-12.

All representations, warranties and agreements of the City shall remain operative and in full force and effect, regardless of any investigations made by any Underwriter or on the Underwriters' behalf, and shall survive the delivery of the 2016 Senior Lien Bonds.

5. *Covenants of the City.* In connection with the purchase and sale of the 2016 Senior Lien Bonds, pursuant to this Contract of Purchase, the City hereby covenants that:

(a) The City will make available such information, execute such instruments and take such other action in cooperation with the Underwriters as the Representative may reasonably request to (i) qualify the 2016 Senior Lien Bonds for offer and sale under the securities laws and regulations of such states and other jurisdictions of the United States as the Representative or Counsel for the Underwriters may designate in writing and (ii) determine the eligibility of the 2016 Senior Lien Bonds for investment under the laws of such states and other jurisdictions, and will advise the Underwriters immediately of receipt by the City of any written notification with respect to the suspension of the qualification of the 2016 Senior Lien Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose; provided, however, that nothing in this clause (a) shall require the City to consent to service of process in any state or jurisdiction other than the State of Illinois.

(b) The City will cooperate to make available such information, execute such instruments and take such other action in cooperation with the Underwriters as the Representative may reasonably request to assist the Underwriters in attempting to qualify the 2016 Senior Lien Bonds with DTC.

(c) The City will not amend or supplement the Official Statement without the consent of the Representative, which consent will not be unreasonably withheld. From the date hereof until the earlier of (i) 90 days from the end of the underwriting period (as defined in Rule 15c2-12) or (ii) the time when the Official Statement is available to any person from the MSRB, but in no case fewer than 25 days following the end of the underwriting period (as defined in Rule 15c2-12), if any event occurs as a result of which it may be necessary to amend or supplement the Official Statement in order to make the statements therein, in light of the circumstances under which they were made, not misleading, the City will notify the Representative and Counsel to the Underwriters in writing of such event and, if such event requires, in the opinion of the City, the Representative or Counsel to the Underwriters, an amendment or supplement to the Official Statement, at the City's expense the City will amend or supplement the Official Statement in a form and in a manner jointly approved by the City and the Representative, which approval will not be unreasonably withheld, so that the statements in the Official Statement, as so amended or supplemented, will not, in light of the circumstances under which they were made, be misleading.

(d) The 2016 Senior Lien Bonds and the Bond Ordinance conform to the descriptions thereof contained in the Official Statement under the captions "THE 2016 SENIOR LIEN BONDS" and "SECURITY FOR THE 2016 SENIOR LIEN BONDS", and the City shall apply the proceeds of the 2016 Senior Lien Bonds in accordance with the Bond Ordinance and the Senior Lien Indenture.

(e) Between the date of this Contract of Purchase and the Closing Date, the City will not, without the prior written consent of the Representative, issue or enter into any contract to issue any bonds, notes or other obligations for borrowed money payable from the Revenues or Other Available Moneys and, subsequent to the respective dates as of which information is given in the Official Statement and up to and including the Closing Date, the City has not incurred and will not incur with respect to O'Hare any material liabilities other than those occurring in the ordinary course of operating O'Hare and the construction of improvements thereto, direct or contingent, nor will there be any action, or any failure to act, on the part of the City which would result in an adverse change of a material nature in the financial position, results of operations or condition, financial or otherwise, of O'Hare, except the 2016 Senior Lien Refunding Bonds, CP Notes and Credit Agreement Notes or as otherwise described in the Official Statement.

(f) In order to assist the Underwriters in complying with Rule 15c2-12, the City will undertake, pursuant to the Undertaking, to provide annual financial information and notices of the occurrence of specified events. The Undertaking shall be substantially in the form described in the Preliminary Official Statement and Official Statement, with such changes as may be reasonably approved by the Representative and the City.

6. *Closing.* The delivery of and payment for the 2016 Senior Lien Bonds is herein called the ***"Closing."*** The Closing shall take place on January 10, 2017 (the ***"Closing Date"***) at the offices of Katten Muchin Rosenman LLP, 525 West Monroe Street, Chicago, Illinois or on such other date or at such other place as shall have been mutually agreed upon by the City and the Representative as the date on or place at which the Closing shall occur. Delivery of the 2016 Senior Lien Bonds shall be made to the Underwriters by way of delivery to the Trustee as agent for DTC pursuant to the FAST system on the Closing Date. Simultaneous with such delivery and provided that all conditions to the obligations of the Underwriters set forth in Section 7 hereof have been satisfied and all documents and instruments required to be delivered pursuant to Section 7(d) hereof are in form and substance satisfactory to the Representative, the Underwriters shall cause the Purchase Price for the 2016 Senior Lien Bonds as described in Section 1 hereof, to be paid by wire transfer of federal funds payable to or for the account of the City. The 2016 Senior Lien Bonds shall be delivered in the manner described above in the form of one fully registered bond per maturity as set forth in the Senior Lien Indenture. The City shall release or authorize the release of the 2016 Senior Lien Bonds on the Closing Date upon receipt of payment for the 2016 Senior Lien Bonds as aforesaid. In addition, the City and the Underwriters agree that there shall be a preliminary closing held at the same place as the Closing, commencing at least one business day prior to the Closing Date. It is anticipated that CUSIP identification numbers will be printed on the 2016 Senior Lien Bonds, but neither the failure to print such number on any 2016 Senior Lien Bonds nor any error with respect thereto shall constitute cause for a failure or refusal by the Underwriters to accept delivery of and pay for the 2016 Senior Lien Bonds in accordance with the terms of this Contract of Purchase. All expenses in relation to the printing of CUSIP numbers on the 2016 Senior Lien Bonds and the CUSIP Service Bureau charge for the assignment of such numbers shall be paid for by the Underwriters.

7. *Conditions of Closing.* The Representative has entered into this Contract of Purchase on behalf of itself and the other Underwriters in reliance upon the representations, warranties and covenants of the City contained herein and to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the City of its obligations hereunder and under the aforesaid documents and instruments at or prior to the date of the Closing. Accordingly, the Underwriters' obligations under this Contract of Purchase to purchase, to accept delivery of and to pay for the 2016

Senior Lien Bonds are subject to the performance by the City of its obligations to be performed hereunder and under such aforesaid documents and instruments at or prior to the Closing, and are also subject to the following conditions:

(a) The representations and warranties of the City contained herein and in the Senior Lien Indenture will be true, complete and correct on the date hereof and on and as of the Closing Date with the same effect as if made on the Closing Date.

(b) At the time of the Closing, (i) the Bond Ordinance, the Senior Lien Indenture, the Tax Compliance Certificate, the Airport Use Agreements and the Undertaking will be in full force and effect, and will not have been amended, modified or supplemented since the date hereof, unless agreed to in writing by the Representative as provided herein, and the Official Statement will not have been amended, modified, or supplemented, except as may have been agreed to as provided herein; and (ii) all necessary action on the part of the City relating to the issuance of the 2016 Senior Lien Bonds will have been taken and will be in full force and effect and will not have been amended, modified or supplemented, except with the written consent of the Representative.

(c) The Representative has the right to terminate the Underwriters' obligations under this Contract of Purchase to purchase, to accept delivery of and to pay for the 2016 Senior Lien Bonds by notifying the City of its election to do so if, after the execution hereof and prior to the Closing:

(i) the marketability of the 2016 Senior Lien Bonds or the market price thereof, in the reasonable opinion of the Representative, has been materially adversely affected by an amendment to the Constitution of the United States or of the State of Illinois or by federal or state legislation or by a decision of any federal or State court or any ruling or regulation (final or temporary) on behalf of the Treasury Department of the United States, the Internal Revenue Service or other federal or State authority, affecting the tax status of the City or its property, revenues or income, bonds (including the 2016 Senior Lien Bonds) or the interest thereon; or

(ii) legislation shall be enacted by the Congress of the United States, or recommended to the Congress for passage by the President of the United States, or favorably reported for passage to either house of Congress by any committee of such house, or passed by either house of Congress, or a decision shall have been rendered by a court of the United States or the United States Tax Court, or a ruling shall have been made or a regulation shall have been proposed or made by the Treasury Department of the United States or the Internal Revenue Service, with respect to the federal taxation of interest received on obligations of the general character of the 2016 Senior Lien Bonds, which, in the reasonable opinion of Co-Bond Counsel (as hereinafter defined) to the City has, or will have, the effect of making such interest subject to inclusion in gross income for purposes of federal income taxation; or

(iii) legislation shall have been enacted or a bill shall be favorably reported out of committee of either house of Congress, or a decision by a court of the United States shall be rendered, or a ruling, regulation, proposed regulation or statement by or on behalf of the Commission or any other agency of the federal government having jurisdiction of the subject matter shall be made, to the effect that the 2016 Senior Lien Bonds are not exempt from the registration requirements of the Securities Act of 1933, as amended (the ***"1933 Act"***) or the Exchange Act, or the Senior Lien Indenture is not exempt from the qualification requirements of the Trust Indenture Act of 1939, as amended (the ***"Trust Indenture Act"***); or

(iv) a stop order, ruling, regulation or official statement by the Commission or any other governmental agency having jurisdiction of the subject matter shall have been issued or made or any other event occurs, the effect of which is that the issuance, offering or sale of the 2016 Senior Lien Bonds or the effectiveness of the Senior Lien Indenture, as contemplated hereby or by the Official Statement, is or would be in violation of any provision of the federal securities laws, including the 1933 Act, the Exchange Act or the Trust Indenture Act; or

(v) there shall have occurred any declaration of war involving the United States, or an escalation in any conflict involving the armed forces of any country, or any other national emergency relating to the effective operation of the government or the financial community, or any outbreak or escalation of hostilities or any acts of terrorism or any local, national or international calamity or crisis, the effect of which, in the Representative's reasonable opinion would materially adversely affect the marketability or market price of the 2016 Senior Lien Bonds; or

(vi) there shall have occurred a general suspension of trading on the New York Stock Exchange or a material disruption in securities settlement, payment or clearance services shall have occurred; or

(vii) a general banking moratorium shall have been declared by United States, State of Illinois or State of New York authorities; or

(viii) an event occurs which requires an amendment or supplement to the Official Statement as contemplated in Section 5(c) hereof, which event, in the Representative's reasonable opinion, materially adversely affects the market price of the 2016 Senior Lien Bonds or makes it, in the Representative's reasonable opinion, impracticable or inadvisable to proceed with the delivery of the 2016 Senior Lien Bonds on the terms and in the manner contemplated by the Official Statement specifically including, but not limited to, the issuance by any court or administrative agency of an order or decision enjoining, staying, or otherwise limiting (A) the O'Hare Modernization Program or the 2016 Airport Projects, or (B) any governmental action, authorization, or funding in support of the O'Hare Modernization Program; or

(ix) the ratings of the 2016 Senior Lien Bonds of "A" (Stable Outlook) by S&P Global Ratings or "A" (Stable Outlook) by Fitch Ratings shall have been downgraded or withdrawn by a national rating service or a national rating service shall have publicly announced that it has under surveillance or review, with possible negative implications, its rating of the 2016 Senior Lien Bonds, other than as disclosed in the Official Statement, which event or events, in the Representative's reasonable opinion, materially adversely affects the market price of the 2016 Senior Lien Bonds or make it, in the reasonable opinion of the Representative, impracticable or inadvisable to proceed with the delivery of the 2016 Senior Lien Bonds on the terms and in the manner contemplated by the Official Statement; or

(x) a committee of the House of Representatives or the Senate of the Congress of the United States shall have pending before it legislation, which legislation, if enacted in its form as introduced or amended, would have the purpose of amending or repealing regulations or approvals, which in the Representative's reasonable opinion materially adversely affect the market price of the 2016 Senior Lien Bonds or make it, in the reasonable opinion of the Representative, impracticable or inadvisable to proceed with the delivery of the 2016 Senior Lien Bonds on the terms and in the manner contemplated by the Official Statement; or

(xi) there shall have occurred since the date of this Contract of Purchase any materially adverse change in the affairs or financial condition of O'Hare, except for changes which the Official Statement discloses are expected to occur; or

(xii) any event or circumstance occurs or information becomes known, which, in the professional judgment of the Representative, makes untrue any statement of a material fact set forth in the Official Statement or results in an omission to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

(d) At or prior to the Closing, the Representative has received each of the following documents:

(i) Six copies of the Official Statement of the City, manually executed by an Authorized Officer;

(ii) A copy, duly certified by an Authorized Officer, of the Bond Ordinance as adopted by the City Council of the City;

(iii) The approving opinions dated the date of the Closing and addressed to the City, together with a reliance letter addressed to the Trustee and the Underwriters, of Katten Muchin Rosenman LLP, Chicago, Illinois and Neal & Leroy, LLC, Chicago, Illinois, Co-Bond Counsel to the City *("Co-Bond Counsel")*, in substantially the forms included in the Official Statement;

(iv) An opinion or opinions, dated the Closing Date and addressed to the Underwriters and the City, of Co-Bond Counsel, to the effect that:

(A) the Contract of Purchase and the Undertaking have each been duly authorized, executed and delivered by the City, and assuming the due authorization, execution and delivery of the Contract of Purchase by the other party thereto, constitute valid and binding agreements of the City, enforceable against the City in accordance with their terms, except as limited by any applicable bankruptcy, liquidation, reorganization, insolvency or other similar laws and by general principles of equity, if equitable remedies are sought;

(B) the 2016 Senior Lien Bonds are not subject to the registration requirements of the 1933 Act, and the Bond Ordinance and the Senior Lien Indenture are exempt from qualification pursuant to the Trust Indenture Act;

(C) delivery of the Preliminary Official Statement and the execution and delivery of the Official Statement by the City and use and distribution of the same by the Underwriters in connection with the sale of the 2016 Senior Lien Bonds has been duly authorized by the City; and

(D) statements contained in the Official Statement under the captions "INTRODUCTION – AUTHORIZATION," "–SECURITY FOR THE 2016 SENIOR LIEN BONDS" (except as it relates to the Airport Use Agreements, the amount of outstanding Senior Lien Bonds, the amount of outstanding PFC Obligations, the authority of the City to impose and use passenger facility charges and the information contained in the fifth paragraph of the sub-section concerning diversion of revenues) and "–LIMITED OBLIGATIONS," "THE 2016 SENIOR LIEN BONDS," "SECURITY FOR THE 2016 SENIOR LIEN BONDS (except as it relates to the authority of the City to impose and use passenger facility charges and the amount of Senior Lien Bonds additionally secured by Available PFCs and except for the information contained (i) under the sub-heading "–O'HARE REVENUES MUST BE USED FOR AIRPORT PURPOSES," (ii) under the paragraph heading "– *Certain Aviation Fuel Taxes Excluded From Revenues*," and (iii) under the sub-heading "*–Airport Use Agreements*"), "PLAN OF FINANCE" and "TAX MATTERS" and in APPENDIX A – "GLOSSARY OF TERMS" (to the extent such terms are defined in the Senior Lien Indenture) and in APPENDIX B – "SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE," and APPENDIX F – "PROPOSED FORMS OF OPINIONS OF CO-BOND COUNSEL", are fair and accurate statements or summaries of the matters set forth therein.

(v) An opinion, dated the Closing Date and addressed to the Underwriters, of the Corporation Counsel of the City (the *"**Corporation Counsel**")*, given in an official capacity and not personally and to which no personal liability will derive from its delivery, to the effect that:

(A) the City is a home rule unit of local government duly organized and existing under the Constitution and laws of the State of Illinois with full power and authority, among other things, to adopt and perform its duties and obligations under the Bond Ordinance; to deliver the Preliminary Official Statement and to execute, deliver and perform its duties and obligations under this Contract of Purchase, the Official Statement, the Tax Compliance Certificate, the Senior Lien Indenture, and the Undertaking, to authorize, issue and sell the 2016 Senior Lien Bonds, to operate O'Hare and to maintain, collect and enforce the collection of Revenues as provided in the Bond Ordinance, the Airport Use Agreements, and the Senior Lien Indenture;

(B) this Contract of Purchase, the Senior Lien Indenture, the Tax Compliance Certificate, the Airport Use Agreements and the Undertaking, have been duly authorized, executed and delivered by, and the Bond Ordinance has been duly adopted by the City, and is in full force and effect; and, assuming due authorization and execution by the other parties thereto, this Contract of Purchase, the Senior Lien Indenture, and the Undertaking constitute valid and legally binding obligations of the City enforceable in accordance with their respective terms except as limited by any applicable bankruptcy, liquidation, reorganization, insolvency or other similar laws and by general principles of equity;

(C) the Preliminary Official Statement has been duly authorized and delivered, and the Official Statement has been authorized, executed and delivered, by the City;

(D) compliance with the provisions of the Bond Ordinance and the execution, delivery and performance of the Senior Lien Indenture, the Tax Compliance Certificate, the Undertaking, the Airport Use Agreements, or this Contract of Purchase do not in a material manner conflict with, or constitute a material breach of or material default under, any applicable law, administrative regulation, court order or consent decree of the State of Illinois or the United States or any department, division, agency or instrumentality of either or any loan agreement, note, resolution, ordinance, indenture, mortgage, deed of trust, agreement or other instrument to which the City is a party or may otherwise be subject;

(E) all approvals, consents and orders, of any governmental authority, board, agency or commission having jurisdiction which would constitute conditions precedent to the performance by the City of its obligations under this Contract of Purchase, the Bond Ordinance, the 2016 Senior Lien Bonds, the Senior Lien Indenture, the Tax Compliance Certificate, the Airport Use Agreements and the Undertaking which are required to be obtained prior to the execution and delivery of the foregoing instruments have been obtained and are in full force and effect;

(F) except as set forth in the Official Statement, there is no litigation or proceeding pending or, to the knowledge of the Corporation Counsel, threatened in any way affecting the existence of the City, or the titles of the Mayor of the City, the Chief Financial Officer, the City Comptroller, and the City Clerk to their respective offices, the City's operation of O'Hare, or seeking to restrain or to enjoin the issuance, sale or delivery of the 2016 Senior Lien Bonds, or the right, power and authority of the City to impose and collect fees, rentals or charges that constitute Revenues or other moneys pledged or to be pledged to pay the principal of and interest on the 2016 Senior Lien Bonds, or in any way contesting or affecting the validity or enforceability of the 2016 Senior Lien Bonds, the Bond Ordinance, this Contract of Purchase, the Senior Lien Indenture, the Undertaking, the Airport Use Agreements or the Tax Compliance Certificate, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or contesting the powers of the City or its authority with respect to the 2016 Senior Lien Bonds, the Bond Ordinance, this Contract of Purchase, the Senior Lien Indenture, the Undertaking, the Airport Use Agreements or the Tax Compliance Certificate;

(G) based on the examination which the Corporation Counsel has caused to be made and the participation of representatives of the Corporation Counsel at conferences at which the Official Statement was discussed, the Corporation Counsel has no reason to believe that the Official Statement contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading in any material respect; provided that no opinion or belief need be expressed regarding any financial, forecast, technical and statistical statements and data included in the Official Statement and the information set forth under the following captions: "TAX MATTERS," "UNDERWRITING," "CO-FINANCIAL ADVISORS AND INDEPENDENT REGISTERED MUNICIPAL ADVISOR," "INDEPENDENT AUDITORS," "RATINGS," "AIRPORT CONSULTANT," or the information set forth in APPENDICES D, E, F and G;

(H) based on the examination which the Corporation Counsel has caused to be made and the participation of representatives of the Corporation Counsel at conferences at which the Official Statement was discussed, the statements contained in the Official Statement under the headings "INTRODUCTION," "SECURITY FOR THE 2016 SENIOR LIEN BONDS," "PLAN OF FINANCE," "CHICAGO O'HARE INTERNATIONAL AIRPORT," "OUTSTANDING INDEBTEDNESS AT O'HARE," "CERTAIN INVESTMENT CONSIDERATIONS" "LITIGATION," and "SECONDARY MARKET DISCLOSURE," in APPENDIX A "GLOSSARY OF TERMS" and in APPENDIX C — "SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT USE AGREEMENTS," present a fair and accurate summary of such provisions; and

(I) for so long as the Airport Use Agreements remain in effect in their present form, the amounts required to be paid in respect to the principal of and interest on the 2016 Senior Lien Bonds during the term of the Airport Use Agreements are required to be included in the calculation of Airport Fees and Charges under the Airport Use Agreements.

(vi) Opinions, dated the date of the Closing and addressed to the Underwriters and the City, of Miller, Canfield, Paddock & Stone, P.L.C., Chicago, Illinois, and McGaugh Law Group, LLC, Chicago, Illinois, Co-Disclosure Counsel to the City *("**Co-Disclosure Counsel**")*, to the effect that, based upon their participation in the preparation of the Official Statement as Co-Disclosure Counsel and their participation at conferences at which the Official Statement was discussed, but without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement, Co-Disclosure Counsel have no reason to believe that the Official Statement contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; *provided* that no belief or opinion need be stated regarding (i) the financial statements or other financial, operating, accounting, forecast or projections, technical and statistical statements and data contained or incorporated in the Official Statement, (ii) the statements and information set forth under the captions "INDEPENDENT AUDITORS" and "AIRPORT CONSULTANT" and in APPENDICES A, B, D, E and G to the Official Statement, and (iii) the information describing the opinions of Co-Bond Counsel under the caption "TAX MATTERS" and in APPENDIX F to the Official Statement.

(vii) Opinions, dated the date of the Closing and addressed to the Underwriters, of Mayer Brown LLP, Chicago, Illinois, as Counsel for the Underwriters *("**Underwriters' Counsel**")*, to the effect that:

(A) the 2016 Senior Lien Bonds are exempt securities which do not require registration under the 1933 Act, and the Bond Ordinance and the Senior Lien Indenture need not be qualified under the Trust Indenture Act;

(B) the Undertaking complies with the requirements of Section (b)(5) of Rule 15c2-12 in effect as of the date of Closing and the conditions of the Underwriters' purchase or sale of the 2016 Senior Lien Bonds contained in this Contract of Purchase have been satisfied or waived; and

(C) based upon their participation in the preparation of the Official Statement as Underwriters' Counsel and their participation at conferences at which the Official Statement was discussed, but without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement, Underwriters' Counsel have no reason to believe that the Official Statement contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; *provided* that no belief or opinion need be stated regarding (i) the financial statements or other financial, operating, accounting, forecast or projections, technical and statistical statements and data contained or incorporated in the Official Statement, including specifically APPENDIX E, (ii) the statements and information set forth under the captions "INDEPENDENT AUDITORS," and in APPENDIX D to the Official Statement, and (iii) the information describing the opinions of Co-Bond Counsel under the caption "TAX MATTERS" and in APPENDIX F to the Official Statement.

(viii) A certificate dated the date of Closing, of an Authorized Officer of the City to the effect that:

(A) the representations and warranties of the City contained herein are true and correct on and as of the date of the Closing with the same effect as if made on the date of the Closing; and

(B) to the best knowledge of said officer, no event affecting the City has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect.

(ix) A certificate, dated the date of the Closing, of an Authorized Officer and the Commissioner of the Chicago Department of Aviation to the effect that, except as disclosed in the Official Statement, nothing has come to their attention which causes them to believe that during the period from January 1, 2016 to the Closing Date, there has been any material adverse change in the financial condition of O'Hare from that set forth in the audited financial statements of O'Hare as of December 31, 2015, included as Appendix D to the Official Statement.

(x) A certificate, dated the date of the Closing, of the Commissioner of the Chicago Department of Aviation to the effect that the information contained in the Official Statement under the captions "INTRODUCTION - PURPOSE," "INTRODUCTION – ADDITIONAL AIRPORT OBLIGATIONS,"

"INTRODUCTION - CHICAGO O'HARE INTERNATIONAL AIRPORT," "INTRODUCTION – CAPITAL PROGRAMS," "INTRODUCTION – REGIONAL AIRPORT OVERSIGHT," "SECURITY FOR THE 2016 SENIOR LIEN BONDS," "PLAN OF FINANCE," "SOURCES AND USES OF FUNDS,", "CHICAGO O'HARE INTERNATIONAL AIRPORT," "AIR TRAFFIC ACTIVITY AT O'HARE," "O'HARE FINANCIAL INFORMATION," "OUTSTANDING INDEBTEDNESS AT O'HARE," "CAPITAL PROGRAMS," and "CERTAIN INVESTMENT CONSIDERATIONS" does not include any untrue statement of a material fact or omit any statement of a material fact that should be stated therein for the purposes for which it is to be used or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(xi) A certificate, dated the date of the Closing, of Ricondo & Associates, Inc. (the *"Airport Consultant"*) to the effect that, in its capacity as an expert in the aviation industry, the Airport Consultant has signed and delivered to the City an executed copy of its Report attached as APPENDIX E to the Official Statement and that it has reviewed and certifies that the information contained in the Official Statement under the captions "INTRODUCTION - CHICAGO O'HARE INTERNATIONAL AIRPORT," "INTRODUCTION - CAPITAL PROGRAMS," "INTRODUCTION – REPORT OF THE AIRPORT CONSULTANT," "PLAN OF FINANCE," "CHICAGO O'HARE INTERNATIONAL AIRPORT (but not including information under the sub-captions "–OTHER COMMERCIAL SERVICE AIRPORTS SERVING THE CHICAGO REGION", and "–BUDGET PROCEDURES")," "AIR TRAFFIC ACTIVITY AT O'HARE," "O'HARE FINANCIAL INFORMATION," "OUTSTANDING INDEBTEDNESS AT O'HARE," "CAPITAL PROGRAMS," "CERTAIN INVESTMENT CONSIDERATIONS (but not including information under the sub-captions "–EFFECT OF AIRLINE BANKRUPTCY," "–MUNICIPAL BANKRUPTCY" and "–LIMITED OBLIGATIONS,") and APPENDIX E does not include any untrue statement of a material fact or omit any statement of a material fact that should be stated therein for the purpose for which it is used or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(xii) Executed counterparts or certified copies of the Bond Ordinance, the Senior Lien Indenture and the Undertaking.

(xiii) Evidence satisfactory to the Representative that the 2016 Senior Lien Bonds have received at least the following ratings, respectively, from S&P Global Ratings and Fitch Ratings Ltd.: "A" (Stable Outlook) and "A" (Stable Outlook).

(xiv) One counterpart original of a transcript of all documents and proceedings relating to the authorization and issuance of the 2016 Senior Lien Bonds.

(xv) The Blanket DTC Letter of Representation dated March 9, 1995 between the City and DTC.

(xvi) An executed counterpart of the Tax Compliance Certificate.

(xvii) A negative assurance letter or letters of Co-Bond Counsel, dated the date of Closing and addressed to the Underwriters, in substantially the form attached hereto as *Exhibit D*.

(xviii) A certificate of the Trustee, to the effect that:

(A) the Trustee is qualified to enter into, accept and administer the trust created under the Senior Lien Indenture to which it is a party and to enter into such Senior Lien Indenture; and

(B) the Senior Lien Indenture has been duly authorized, executed and delivered by the Trustee.

(xix) The executed and delivered municipal bond insurance policy of Build America Mutual Assurance Company with respect to the 2016F Senior Lien Bonds maturing on January 1, 2035; January 1, 2036; January 1, 2037; January 1, 2042; and January 1, 2047.

(xx) Such additional legal opinions, certificates, instruments and other documents as Co-Bond Counsel may reasonably deem necessary or desirable, or as the Representative may reasonably request, to evidence the truth and accuracy, as of the date hereof and as of the date of Closing, of the representations, warranties and covenants of the City contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the City at or prior to the Closing of all agreements then to be performed and all conditions then to be satisfied by the City.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Contract of Purchase will be deemed to be in compliance with the provisions hereof if, but only if, they are in substance satisfactory to the Representative.

8. *Termination.* If the City is unable to satisfy the conditions to the obligations of the Underwriters to purchase, to accept delivery of and to pay for the 2016 Senior Lien Bonds contained in this Contract of Purchase, or if the obligations of the Underwriters to purchase, to accept delivery of and to pay for the 2016 Senior Lien Bonds are terminated for any reason permitted by this Contract of Purchase, this Contract of Purchase will terminate and neither the Underwriters nor the City will be under further obligation or have any further liability hereunder, except the City and the Underwriters shall pay their respective expenses as set forth in paragraph 9 hereof.

9. *Expenses.* The Underwriters shall be under no obligation to pay, and the City shall pay, but solely from the proceeds of the 2016 Senior Lien Bonds or the legally available Revenues, all expenses incident to the performance of the obligations of the City hereunder, including but not limited to: (i) the cost of the preparation and reproduction and mailing or delivery of the Bond Ordinance, the Senior Lien Indenture, the Tax Compliance Certificate, the Undertaking, the Preliminary Official Statement and the Official Statement; (ii) the cost of the preparation and printing, if any, of the 2016 Senior Lien Bonds; (iii) the fees and disbursements of Co-Bond Counsel; (iv) the fees and disbursements of the accountants and advisors of the City and of any consultants retained by the City; (v) the fees for bond ratings; (vi) the fees for Blue Sky filings, if any; (vii) the fees of DTC; (viii) fees of the Trustee in its capacity as trustee for the 2016 Senior Lien Bonds; (ix) the expenses of travel, meals, and lodging for City representatives to attend conferences with the rating agencies, investor meetings, and pricing meetings relating to the issuance of the 2016 Senior Lien Bonds, whether incurred by such City representatives or by the Underwriters on behalf of such City representatives; and (x) any other expenses incurred in connection with the issuance of the 2016 Senior Lien Bonds and not specifically assumed by the Underwriters hereunder. The City shall be under no obligation to pay, and the Underwriters shall pay: (i) the cost of preparation and reproduction of the Agreement Among Underwriters and this

Contract of Purchase; (ii) the costs of preparation and reproduction of the Blue Sky Memorandum; (iii) all advertising expenses in connection with the public offering of the 2016 Senior Lien Bonds; (iv) the fees and disbursements of Underwriters' Counsel; (v) an amount, if any, required to be paid to the MSRB as its special assessment; and (vi) all other expenses incurred by them or any of them in connection with their public offering and distribution of the 2016 Senior Lien Bonds.

10. *Compliance with Municipal Code.* The Representative understands and agrees, and, based upon the representations and warranties received by the Representative from the other Underwriters under the Agreement Among Underwriters, dated November 29, 2016 (the "***AAU***"), on behalf of the other Underwriters, each Underwriter understands and agrees, that it is required to and will comply with the provisions of Chapters 2-56 and 2-156 of the Municipal Code of Chicago. Each of the Underwriters acknowledges (a) receipt of a copy of Section 2-156-030(b) of the Municipal Code of Chicago; (b) such Underwriter has read such provision and understands that pursuant to such Section 2-156-030(b) it is illegal for any elected official of the City, or any person acting at the direction of such official, to contact, either orally or in writing, any other City official or employee with respect to any matter involving any person with whom the elected official has a "Business Relationship" (as defined in Section 2-156-080 of the Municipal Code of Chicago), or to participate in any discussion in any City Council committee hearing or in any City Council meeting or to vote on any matter involving the person with whom an elected official has a Business Relationship; and (c) that a violation of Section 2-156-030(b) by an elected official, or any person acting at the direction of such official, with respect to any transaction contemplated hereby shall be grounds for termination of this Contract of Purchase and the transactions contemplated hereby. The Representative on behalf of each Underwriter represents and warrants that, to the best of its knowledge, no violation of Section 2-156-030(b) has occurred with respect to this Contract of Purchase or the transactions contemplated hereby and no person holding office of the City, either by election or appointment, is in any manner interested, either directly or indirectly, in any contract being entered into or the performance of any work to be carried out in connection with the issuance and sale of the 2016 Senior Lien Bonds and upon which such officer may be called upon to act or vote.

11. *Underwriters Representations and Warranties.* The Representative understands and agrees, and, based upon the representations and warranties received by the Representative from the other Underwriters under the AAU, on behalf of the other Underwriters, each Underwriter understands and agrees, that:

(a) The Representative, based solely upon the certification of each of the Underwriters to the Representative, without independent investigation, hereby represents and warrants that no Underwriter, nor any Affiliate (as hereinafter defined) thereof, is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the Bureau of Industry and Security of the U.S. Department of Commerce the U.S. Department of State or their successors, or on any other list of persons or entities with which the City may not do business under any applicable law, rule, regulation, order or judgment: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List, List of Statutorily Debarred Parties or the Excluded Parties List. "***Affiliate***," when used to indicate a relationship with a specified person or entity, means a person or entity that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such specified person or entity, and a person or entity shall be deemed to be controlled by another person or entity, if controlled in any manner whatsoever that results in control in fact by that other person or entity (or that other person or entity and any persons or entities with whom that other person or entity is acting jointly or in concert), whether directly or indirectly and whether through share ownership, a trust, a contract or otherwise.

(b) The Representative further represents and warrants that the Underwriters have heretofore authorized the Representative to execute any document on behalf of and exercise any authority of and otherwise to act for, them in all matters under or pertaining to this Contract of Purchase. Each Underwriter has warranted and confirmed to the Representative, and the Representative warrants and confirms to the City that: (i) it is duly registered under the Exchange Act as a broker-dealer or municipal securities dealer and has duly paid the fee prescribed by MSRB Rule A-12 or is exempt from such requirements; (ii) it is (a) a member in good standing of the Financial Industry Regulatory Authority ("***FINRA***"), if applicable or (b) otherwise eligible under FINRA rules (to the extent applicable) to receive underwriting discounts and concessions available to such members with respect to underwriters of municipal securities; and (iii) it has complied with the dealer registration requirements, if any, of the various jurisdictions in which it offers the 2016 Senior Lien Bonds for sale.

12. *No Advisory or Fiduciary Role; Acknowledgements of the City.* The City acknowledges and agrees that: (i) the purchase and sale of the 2016 Senior Lien Bonds pursuant to this Contract of Purchase is an arm's-length commercial transaction between the City and the Underwriters and the Underwriters have financial and other interests that differ from those of the City; (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriters are and have been acting solely as principals and are not acting as the agent, municipal advisor, financial advisor or fiduciary of the City; (iii) the Underwriters have not assumed an advisory or fiduciary responsibility in favor of the City with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether any Underwriter has provided other services or is currently providing other services to the City on other matters), and the Underwriters have no obligation to the City with respect to the offering contemplated hereby except the obligations expressly set forth in this Contract of Purchase or as otherwise required by applicable laws, regulations or the rules of the Commission or the MSRB; (iv) this Contract of Purchase expresses the entire relationship between the parties hereto and (v) the City has consulted its own legal, financial, municipal and other advisors to the extent it has deemed appropriate.

13. *Survival of Representations, Warranties and Covenants.* This Contract of Purchase is made solely for the benefit of the City and the Underwriters (including the successors of any Underwriter), and no other person may acquire or have any right hereunder or by virtue hereof. All of the representations, warranties and covenants of the City contained in this Contract of Purchase shall remain operative and in full force and effect regardless of (i) any investigations made by or on behalf of any of the Underwriters, (ii) delivery of any payment for the 2016 Senior Lien Bonds pursuant to this Contract of Purchase, or (iii) any termination of this Contract of Purchase, other than pursuant to Section 8.

14. *Compliance with MSRB Rule G-11.* In connection with the 2010 Amendment, the City has stated in the Official Statement that "Pursuant to the 2016 Supplemental Indentures authorizing each Series of the 2016 Senior Lien Bonds, the Owners of the 2016 Senior Lien Bonds shall be deemed to have consented to the 2010 Amendment by purchasing such 2016 Senior Lien Bonds." The Underwriters are not providing consent to or approval of such amendments, and the City agrees that it will not deem such amendments to have been consented to or approved by the Underwriters as a result of the Underwriters' purchase of the 2016 Senior Lien Bonds in their capacity as underwriters as defined in Section 2(a) (11) of the Securities Act. Upon request of the City, each Underwriter will inform the City of the amount of 2016 Senior Lien Bonds, if any, that such Underwriter holds in its capacity as an underwriter as defined in Section 2(a)(11) of the Securities Act.

15. *Notices.* Any notice or other communication to be given to the City under this Contract of Purchase must be given by delivering the same in writing at the address of the City set forth above, Attention: City of Chicago, Chief Financial Officer, 121 North LaSalle Street, 7th Floor, Chicago, Illinois 60602, and any notice or other communication to be given to the Underwriters under this Contract of Purchase must be given by delivering the same in writing to the Representative at Morgan Stanley & Co. LLC 440 South LaSalle, 37th Floor, Chicago, IL 60605 Attention: William Daley.

16. *Time is of the Essence.* Time is of the essence in consummation of the transactions contemplated by this Contract of Purchase.

17. *Limitation of Liability.* All covenants, stipulations, promises, agreements and obligations of the City under this Contract of Purchase are deemed to be covenants, stipulations, promises, agreements and obligations of the City and not of any officer or official of the City in his or her individual capacity, and no recourse is available for any claim based on this Contract of Purchase, any certificate provided hereunder or the purchase or sale of the 2016 Senior Lien Bonds against any officer or employee of the City.

Any obligations or liabilities of the City under or arising out of this Contract of Purchase or the purchase or sale of the 2016 Senior Lien Bonds shall be limited obligations or liabilities payable exclusively from legally available Revenues as discussed in the Official Statement, and in compliance with the Bond Ordinance shall not be general obligations payable from the general fund of the City. The Underwriters shall have no right to compel the exercise of the taxing power of the City or the forfeiture of any property of the City to satisfy any obligations or liabilities of the City under or arising out of this Contract of Purchase or the purchase or sale of the 2016 Senior Lien Bonds.

18. *Governing Law.* This Contract of Purchase shall be governed by and construed in accordance with the laws of the State of Illinois, including, without limitation, those laws applicable to contracts made and to be performed in the State of Illinois. This Contract of Purchase shall not be assigned by the City or the Underwriters.

19. *Qualification of Securities.* The City will furnish such information, execute such instruments and take such other action in cooperation with the Underwriters as the Representative may reasonably request to qualify the 2016 Senior Lien Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Representative may designate and to provide for the continuance of such qualification; provided, however, that the City will not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any state.

20. *Counterparts.* This Contract of Purchase may be executed in several counterparts, each of which shall be an original and all of which shall constitute one and the same instrument.

21. *Headings.* The headings of the paragraphs of this Contract of Purchase are inserted for convenience only and shall not be deemed to be a part hereof for any other purpose.

22. *Execution.* This Contract of Purchase shall become effective upon the execution and the acceptance hereof by the appropriate officers and officials of the City and will be valid and enforceable as of the time of such acceptance.

[signature page immediately follows]

IN WITNESS WHEREOF, the parties hereto have caused this Contract of Purchase in connection with the City of Chicago's Chicago O'Hare International Airport Senior Lien Revenue Bonds, Series 2016D, Chicago O'Hare International Airport Senior Lien Revenue Bonds, Series 2016E, Chicago O'Hare International Airport Senior Lien Revenue Bonds, Series 2016F and Chicago O'Hare International Airport Senior Lien Revenue Bonds, Series 2016G, to be executed by their duly authorized representatives as of the date first above written.

Very truly yours,

MORGAN STANLEY & CO. LLC, for itself and on behalf of the Underwriters described in Schedule I

By: Wm R Daley
Name: WILLIAM R DALEY
Title: MANAGING DIRECTOR

The foregoing is hereby accepted as of The date first written above:

CITY OF CHICAGO

By: Carole Brown

Carole L. Brown
Chief Financial Officer

Concur

By: Edward M. Burke

Edward M. Burke
Chairman, Committee on Finance,
City of Chicago

SCHEDULE I TO CONTRACT OF PURCHASE

UNDERWRITERS:

BOOKRUNNER:

Morgan Stanley & Co. LLC

CO-SENIOR MANAGERS:

Barclays Capital
Piper Jaffray

CO-MANAGERS:

Blaylock Beal Van
Estrada Hinojosa & Company, Inc.
Goldman Sachs
Melvin Securities
Ramirez & Co., Inc.
Siebert Cisneros Shank & Co., L.L.C.
Valdés & Moreno, Inc.

EXHIBIT A

$739,335,000
Chicago O'Hare International Airport General Airport Senior
Lien Revenue Bonds, Series 2016D (Non-AMT)

MATURITY (JANUARY 1)	AMOUNT	INTEREST RATE (%)	PRICE	YIELD (%)	CUSIP[+]
2020	$5,025,000	5.000%	108.652	1.990%	167593VW9
2021	5,275,000	5.000	110.159	2.310	167593VX7
2022	5,540,000	5.000	111.626	2.500	167593VY5
2023	5,820,000	5.000	112.729	2.680	167593VZ2
2024	5,975,000	5.000	113.241	2.890	167593WA6
2025	6,270,000	5.000	113.408	3.090	167593WB4
2026	6,590,000	5.000	113.361	3.270	167593WC2
2027	6,910,000	5.000	113.619	3.380	167593WD0
2028	7,265,000	5.250	114.808[†]	3.480	167593WE8
2029	14,985,000	5.250	113.634[†]	3.610	167593WF5
2030	15,770,000	5.250	112.652[†]	3.720	167593WG3
2031	16,595,000	5.250	112.032[†]	3.790	167593WH1
2032	17,475,000	5.250	111.329[†]	3.870	167593WJ7
2033	18,385,000	5.250	110.892[†]	3.920	167593WK4
2034	19,355,000	5.250	110.544[†]	3.960	167593WL2
2035	20,370,000	5.250	110.284[†]	3.990	167593WM0
2036	21,445,000	5.250	110.024[†]	4.020	167593WN8
2037	22,565,000	5.250	109.766[†]	4.050	167593WP3

$131,890,000 5.250% Term Bonds due January 1, 2042, Yield 4.120%; Price 109.165[†] CUSIP 167593WQ1
$169,505,000 5.000% Term Bonds due January 1, 2047, Yield 4.260%; Price 105.961[†]CUSIP 167593WR9
$216,325,000 5.000% Term Bonds due January 1, 2052, Yield 4.410%; Price 104.718[†]CUSIP 167593WS7

[†] Priced to the January 1, 2027 optional redemption date.

$156,575,000
Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2016E (Non-AMT)

MATURITY (JANUARY 1)	AMOUNT	INTEREST RATE (%)	PRICE	YIELD (%)	CUSIP+
2024	$30,145,000	5.000%	113.241	2.890%	167593WT5
2025	31,655,000	5.000	113.408	3.090	167593WU2
2026	33,235,000	5.000	113.361	3.270	167593WV0
2027	34,900,000	5.000	113.619	3.380	167593WW8
2028	26,640,000	5.250	114.808†	3.480	167593WX6

† Priced to the January 1, 2027 optional redemption date.

$156,090,000
Chicago O'Hare International Airport General Airport Senior
Lien Revenue Bonds, Series 2016F (Non-AMT)

MATURITY (JANUARY 1)	AMOUNT	INTEREST RATE (%)	PRICE	YIELD (%)	CUSIP+
2018	$1,895,000	2.000%	100.646	1.330%	167593WY4
2019	1,980,000	3.000	102.494	1.710	167593WZ1
2020	2,040,000	3.000	102.903	1.990	167593XA5
2021	2,100,000	3.000	102.605	2.310	167593XB3
2022	2,165,000	5.000	111.626	2.500	167593XC1
2023	2,270,000	5.000	112.729	2.680	167593XD9
2024	2,385,000	5.000	113.241	2.890	167593XE7
2025	2,505,000	5.000	113.408	3.090	167593XF4
2026	2,630,000	5.000	113.361	3.270	167593XG2
2027	2,760,000	5.250	115.721	3.380	167593XH0
2028	2,905,000	5.250	114.808†	3.480	167593XJ6
2029	3,060,000	5.250	113.634†	3.610	167593XK3
2030	3,220,000	5.250	112.652†	3.720	167593XL1
2031	3,385,000	5.250	112.032†	3.790	167593XM9
2032	3,565,000	5.250	111.329†	3.870	167593XN7
2033	3,750,000	5.250	110.892†	3.920	167593XP2
2034	3,950,000	5.250	110.544†	3.960	167593XQ0
2035††	4,155,000	4.125	97.334	4.340	167593XR8
2036††	4,330,000	4.250	98.462	4.370	167593XS6
2037††	4,510,000	4.250	98.018	4.400	167593XT4

$25,605,000 4.250% Term Bonds due January 1, 2042††, Yield 4.470%; Price 96.708· CUSIP 167593XU1
$31,520,000 4.250% Term Bonds due January 1, 2047††, Yield 4.510%; Price 95.748· CUSIP 167593XV9
$39,405,000 5.000% Term Bonds due January 1, 2052, Yield 4.410%; Price 104.718†· CUSIP 167593XW7

† Priced to the January 1, 2027 optional redemption date.

†† Maturity insured by municipal bond insurance policy issued by Build America Mutual Assurance Company.

$65,250,000
Chicago O'Hare International Airport General Airport Senior
Lien Revenue Bonds, Series 2016G (AMT)

MATURITY (JANUARY 1)	AMOUNT	INTEREST RATE (%)	PRICE	YIELD (%)	CUSIP+
2020	$430,000	5.000%	107.451	2.390%	167593XX5
2021	450,000	5.000	108.573	2.710	167593XY3
2022	470,000	5.000	109.760	2.880	167593XZ0
2023	495,000	5.000	110.634	3.040	167593YA4
2024	510,000	5.000	110.842	3.250	167593YB2
2025	535,000	5.000	110.798	3.440	167593YC0
2026	560,000	5.000	110.493	3.620	167593YD8
2027	590,000	5.000	110.496	3.730	167593YE6
2028	620,000	5.250	111.680†	3.830	167593YF3
2029	1,350,000	5.250	110.370†	3.980	167593YG1
2030	1,425,000	5.250	109.422†	4.090	167593YH9
2031	1,500,000	5.250	108.909†	4.150	167593YJ5

$10,720,000 5.000% Term Bonds due January 1, 2037, Yield 4.480%; Price 104.144†, CUSIP 167593YK2
$11,680,000 5.000% Term Bonds due January 1, 2042, Yield 4.550%; Price 103.574†, CUSIP 167593YL0
$14,895,000 5.000% Term Bonds due January 1, 2047, Yield 4.610%; Price 103.089†, CUSIP 167593YM8
$19,020,000 5.000% Term Bonds due January 1, 2052, Yield 4.760%; Price 101.886†, CUSIP 167593YN6

† Priced to the January 1, 2027 optional redemption date.

+ Copyright 2016, American Bankers Association. CUSIP data herein are provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP numbers listed above are being provided solely for the convenience of bondholders only at the time of issuance of the 2016 Senior Lien Bonds and the City does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 2016 Senior Lien Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity 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 2016 Senior Lien Bonds

Optional Redemption Provisions.

2016D Senior Lien Bonds. The 2016D Senior Lien Bonds maturing on and after January 1, 2028, are subject to redemption at the option of the City on or after January 1, 2027, in 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 equal to the principal amount of each 2016D Senior Lien Bond to be redeemed, plus accrued interest to the date of redemption.

2016E Senior Lien Bonds. The 2016E Senior Lien Bonds maturing on and after January 1, 2028, are subject to redemption at the option of the City on or after January 1, 2027, in 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 equal to the principal amount of each 2016E Senior Lien Bond to be redeemed, plus accrued interest to the date of redemption.

2016F Senior Lien Bonds. The 2016F Senior Lien Bonds maturing on and after January 1, 2028, are subject to redemption at the option of the City on or after January 1, 2027, in 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 equal to the principal amount of each 2016F Senior Lien Bond to be redeemed, plus accrued interest to the date of redemption.

2016G Senior Lien Bonds. The 2016G Senior Lien Bonds maturing on and after January 1, 2028, are subject to redemption at the option of the City on or after January 1, 2027, in 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 equal to the principal amount of each 2016G Senior Lien Bond to be redeemed, plus accrued interest to the date of redemption.

Mandatory Sinking Fund Redemption Provisions.

2016D Senior Lien Bonds. The 2016D Senior Lien Bonds maturing on January 1, 2042 are subject to mandatory redemption in part by lot from Sinking Fund Payments on January 1 of each of the years and in the respective principal amounts set forth below at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption:

Year	Amount($)
2038	$23,750,000
2039	24,995,000
2040	26,310,000
2041	27,695,000
2042†	29,140,000

† Final Maturity

The 2016D Senior Lien Bonds maturing on January 1, 2047 are subject to mandatory redemption in part by lot from Sinking Fund Payments on January 1 of each of the years and in the respective principal amounts set forth below at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption:

Year	Amount($)
2043	$30,680,000
2044	32,210,000
2045	33,820,000
2046	35,505,000
2047†	37,290,000

† Final Maturity

The 2016D Senior Lien Bonds maturing on January 1, 2052 are subject to mandatory redemption in part by lot from Sinking Fund Payments on January 1 of each of the years and in the respective principal amounts set forth below at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption:

Year	Amount($)
2048	$39,150,000
2049	41,105,000
2050	43,165,000
2051	45,320,000
2052†	47,585,000

† Final Maturity

2016F Senior Lien Bonds. The 2016F Senior Lien Bonds maturing on January 1, 2042 are subject to mandatory redemption in part by lot from Sinking Fund Payments on January 1 of each of the years and in the respective principal amounts set forth below at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption:

Year	Amount($)
2038	$4,705,000
2039	4,905,000
2040	5,110,000
2041	5,330,000
2042†	5,555,000

† Final Maturity

The 2016F Senior Lien Bonds maturing on January 1, 2047 are subject to mandatory redemption in part by lot from Sinking Fund Payments on January 1 of each of the years and in the respective principal amounts set forth below at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption:

Year	Amount($)
2043	$5,790,000
2044	6,035,000
2045	6,295,000
2046	6,560,000
2047†	6,840,000

† Final Maturity

The 2016F Senior Lien Bonds maturing on January 1, 2052 are subject to mandatory redemption in part by lot from Sinking Fund Payments on January 1 of each of the years and in the respective principal amounts set forth below at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption:

Year	Amount($)
2048	$7,130,000
2049	7,490,000
2050	7,860,000
2051	8,255,000
2052†	8,670,000

† Final Maturity

2016G Senior Lien Bonds. The 2016G Senior Lien Bonds maturing on January 1, 2037 are subject to mandatory redemption in part by lot from Sinking Fund Payments on January 1 of each of the years and in the respective principal amounts set forth below at a redemption price

equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption:

Year	Amount($)
2032	$1,575,000
2033	1,655,000
2034	1,740,000
2035	1,825,000
2036	1,915,000
2037†	2,010,000

† Final Maturity

The 2016G Senior Lien Bonds maturing on January 1, 2042 are subject to mandatory redemption in part by lot from Sinking Fund Payments on January 1 of each of the years and in the respective principal amounts set forth below at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption:

Year	Amount($)
2038	$2,115,000
2039	2,220,000
2040	2,330,000
2041	2,445,000
2042†	2,570,000

† Final Maturity

The 2016G Senior Lien Bonds maturing on January 1, 2047 are subject to mandatory redemption in part by lot from Sinking Fund Payments on January 1 of each of the years and in the respective principal amounts set forth below at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption:

Year	Amount($)
2043	$2,695,000
2044	2,830,000
2045	2,975,000
2046	3,120,000
2047†	3,275,000

† Final Maturity

The 2016G Senior Lien Bonds maturing on January 1, 2052 are subject to mandatory redemption in part by lot from Sinking Fund Payments on January 1 of each of the years and in the respective principal amounts set forth below at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption:

Year	Amount($)
2048	$3,440,000
2049	3,615,000
2050	3,795,000
2051	3,985,000
2052†	4,185,000

† Final Maturity

If the City redeems 2016 Senior Lien Bonds subject to mandatory redemption pursuant to optional redemption or purchases 2016 Senior Lien Bonds subject to mandatory redemption and cancels the same, then an amount equal to the principal amount of 2016 Senior Lien Bonds of such Series and maturity so redeemed or purchased shall be deducted from the mandatory redemption requirements as provided for such 2016 Senior Lien Bonds of such Series and

maturity in such order as an Authorized Officer of the City shall determine.

Notice and Selection of Bonds. Notice of redemption of the 2016 Senior Lien Bonds which are subject to optional redemption (i) identifying the 2016 Senior Lien Bonds or portions thereof to be redeemed, and (ii) specifying the redemption date, the redemption price, the places and dates of payment, that from the redemption date interest will cease to accrue, and whether the redemption is conditioned upon sufficient moneys being available on the redemption date (or any other condition), shall be given by the Trustee by mailing a copy of such redemption notice, not less than 30 days nor more than 60 days prior to the date fixed for redemption, to the Registered Owner of each such 2016 Senior Lien Bond to be redeemed in whole or in part at the address shown on the registration books. Redemption notices will be sent by first class mail, except that notices to Registered Owners of at least $1,000,000 of 2016 Senior Lien Bonds of the same Series shall be sent by registered mail. Failure to mail any such notice to the Registered Owner of any such 2016 Senior Lien Bond or any defect therein shall not affect the validity of the proceedings for such redemption of such 2016 Senior Lien Bond. Any such notice mailed as described above shall be conclusively presumed to have been duly given, whether or not the Registered Owner of any 2016 Senior Lien Bond receives the notice.

If a 2016 Senior Lien Bond is of a denomination larger than $5,000, all or a portion of such 2016 Senior Lien Bond (in a denomination of $5,000 or any integral multiple thereof) may be redeemed, but such 2016 Senior Lien Bond shall be redeemed only in a principal amount equal to $5,000 or any integral multiple thereof. Upon surrender of any 2016 Senior Lien Bond for redemption in part only, the City shall execute and the Trustee shall authenticate and deliver to the Registered Owner thereof, at the expense of the City, a new 2016 Senior Lien Bond or 2016 Senior Lien Bonds of the same Series, maturity and interest rate and of authorized denominations, in aggregate principal amount equal to the unredeemed portion of the 2016 Senior Lien Bond surrendered.

If fewer than all of the 2016 Senior Lien Bonds of the same Series, maturity and interest rate are called for redemption, such 2016 Senior Lien Bonds (or portions thereof) to be redeemed shall be selected by lot by the Trustee (except at any time when such 2016 Senior Lien Bonds are held in a book entry system, in which case selection of such 2016 Senior Lien Bonds to be redeemed will be in accordance with procedures established by the book entry depository).

EXHIBIT B

$739,335,000
City of Chicago
Chicago O'Hare International Airport
General Airport Senior Lien
Revenue Bonds,
Series 2016D (Non-AMT)

Purchase Price

Par Amount	$739,335,000.00
Plus Net Premium	57,789,088.20
Less Underwriters' Discount	3,876,187.96
Purchase Price	$ 793,247,900.24

$156,575,000
City of Chicago
Chicago O'Hare International Airport
General Airport Senior Lien
Revenue Bonds,
Series 2016E (Non-AMT)

Purchase Price

Par Amount	$156,575,000.00
Plus Net Premium	21,374,212.40
Less Underwriters' Discount	718,329.84
Purchase Price	$ 177,230,882.56

$156,090,000
City of Chicago
Chicago O'Hare International Airport
General Airport Senior Lien
Revenue Bonds,
Series 2016F (Non-AMT)

Purchase Price

Par Amount	$156,090,000.00
Plus Net Premium	4,453,254.70
Less Underwriters' Discount	794,411.06
Purchase Price	$ 159,748,843.64

$65,250,000
City of Chicago
Chicago O'Hare International Airport
General Airport Senior Lien
Revenue Bonds,
Series 2016G (AMT)

Purchase Price

Par Amount	$65,250,000.00
Plus Net Premium	2,563,692.05
Less Underwriters' Discount	341,510.78
Purchase Price	$ 67,472,181.27

EXHIBIT C

ISSUE PRICE CERTIFICATE OF THE UNDERWRITER

Re: CITY OF CHICAGO (the "Issuer")
CHICAGO O'HARE INTERNATIONAL AIRPORT

General Airport Senior Lien Revenue Bonds, Series 2016D (Non-AMT)
General Airport Senior Lien Revenue Bonds, Series 2016E (Non-AMT)
General Airport Senior Lien Revenue Bonds, Series 2016F (Non-AMT)
General Airport Senior Lien Revenue Bonds, Series 2016G (AMT)
(collectively, the "Bonds")

Defined terms used in this certificate have the respective meanings set forth in the Issuer's Tax Compliance Certificate relating to the Bonds.

A. **Issue Price**

We hereby certify, based upon information available to us after inquiry as described in the penultimate paragraph of this certificate, that:

1. As of November 30, 2016 (the "Sale Date"), the date on which the Bonds were sold by the Issuer, all of the Bonds were publicly offered and the first 10% or more of the Bonds of each maturity were actually sold to the General Public for money in a bona fide public offering at the initial offering prices shown on Schedule I hereto (the "Issue Prices") which do not exceed the fair market value of such Bonds as of the Sale Date.

2. We have computed the Issue Price of the Series 2016D Bonds, the Series 2016E Bonds and the Series 2016F Bonds (the "Governmental Bonds" to be $____________, which is the sum of the Issue Prices of each maturity of the Series 2016D Bonds, the Series 2016E Bonds and Series 2016F Bonds. We have computed the aggregate Issue Price of the Series 2016G Bonds to be $__________, which is the sum of the Issue Prices of each maturity of the Series 2016G Bonds. The total aggregate Issue Price of the Bonds is $______________.

For purposes of this certificate, "General Public" does not include bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers.

B. Information for Form 8038G and Form 8038

We have been asked to calculate the weighted average maturities set forth in Schedule II hereto in the following manner: divide (a) the sum of the products determined by taking the issue price of each maturity times the number of years from the date hereof to the date of such maturity (treating the mandatory redemption of bonds as a maturity), by (b) the aggregate issue price of such Bonds. Such weighted average maturities are based solely on these calculations.

C. Debt Service Reserve Sub-Fund

The undersigned represents that the Common Debt Service Reserve Sub-Fund Deposit with respect to the Series 2016D Bonds, the Series 2016E and the Series 2016G Bonds, on the one hand, and the Series 2016F Debt Service Reserve Sub-Fund Deposit with respect to the Series 2016F Bonds is no more than is reasonably required to market such series of Bonds at the interest rates achieved.

The undersigned is certifying only as to facts in existence on the date hereof. Nothing herein represents the undersigned's interpretation of any laws or the application of any laws to those facts; in particular the regulations under the Internal Revenue Code of 1986, or the application of any laws to these facts. The certifications contained herein are not necessarily based on personal knowledge, but may instead be based on either inquiry deemed adequate by the undersigned or institutional knowledge (or both) regarding the matters set forth herein. Although certain information furnished in this Certificate has been derived from other purchasers, bond houses and brokers and cannot be independently verified by us, we have no reason to believe it to be untrue in any material respect.

It is understood by the undersigned that the certifications contained in this letter will be relied upon by the Issuer and Co-Bond Counsel in determining that the Bonds are tax-exempt under Section 103 of the Internal Revenue Code.

Dated: January ___, 2017

MORGAN STANLEY & CO. LLC

By: ______________________

SCHEDULE I

ISSUE PRICES

SCHEDULE II

WEIGHTED AVERAGE MATURITIES

EXHIBIT D

$739,335,000
General Airport Senior Lien
Revenue Bonds,
Series 2016D (Non-AMT)

$156,575,000
General Airport Senior Lien
Revenue Bonds,
Series 2016E (Non-AMT)

$156,090,000
General Airport Senior Lien
Revenue Bonds,
Series 2016F (Non-AMT)

$65,250,000
General Airport Senior Lien
Revenue Bonds,
Series 2016G (AMT)

PROPOSED FORM OF NEGATIVE ASSURANCE LETTER OF CO-BOND COUNSEL

January [___], 2017

Morgan Stanley & Co. LLC
on behalf of itself and
as Representative of the hereinafter
described Underwriters
New York, New York

Ladies and Gentlemen:

We have acted as Co-Bond Counsel in connection with the issuance and sale by the City of Chicago (the "City") of $1,117,250,000 aggregate principal amount of its Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2016D (Non-AMT), Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2016E (Non-AMT), Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2016F (Non-AMT) and Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2016G (AMT) (together, the *"2016 Senior Lien Bonds"*). The 2016 Senior Lien Bonds will be issued in four series:

(i) $739,335,000 aggregate principal amount of Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2016D (Non-AMT);

(ii) $156,575,000 aggregate principal amount of Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2016E (Non-AMT);

(iii) $156,090,000 aggregate principal amount of Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2016F (Non-AMT); and

(iv) $65,250,000 aggregate principal amount of Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2016G (AMT).

In that capacity, we have participated in the preparation of the Official Statement dated November 30, 2016 relating to the Bonds (the "Official Statement"), and have participated in meetings with representatives of the City, your representatives, your counsel and others, in which the Official Statement was discussed. This letter is furnished to you pursuant to Section 7(d)(xviii) of the Contract of Purchase dated November 30, 2016 (the "Contract of Purchase") between the City and Morgan Stanley & Co. LLC, as representative of the Underwriters described therein (the "Underwriters").

The purpose of our professional engagement was not to establish or confirm factual matters set forth in the Official Statement, and we have not undertaken any obligation to verify independently any of the factual matters set forth in the Official Statement. Moreover, many of the determinations required to be made in the preparation of the Official Statement involve matters of a non-legal nature.

Subject to the foregoing, we confirm to you as a matter of fact and not as an opinion that, in the course of performing the services referred to above, nothing came to the attention of the attorneys in our firm rendering legal services as Co-Bond Counsel that caused us to believe that the Official Statement as of its date or as of the date hereof contained or contains an untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided, however*, that we do not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Official Statement and we express no view with respect to (i) the financial statements or other financial, forecast, technical, operating and statistical statements and data contained or incorporated by reference in the Official Statement or omitted therefrom; (ii) information pertaining to CUSIP numbers, to DTC and the book-entry only system; (iii) information contained under or omitted from the captions "INTRODUCTION - REGARDING USE OF THE OFFICIAL STATEMENT;" "SECURITY FOR THE 2016 SENIOR LIEN BONDS—AIRPORT USE AGREEMENTS," "SECURITY FOR THE 2016 SENIOR LIEN BONDS——PROPOSED AMENDMENT TO THE SENIOR LIEN INDENTURE" and the last paragraph of the caption "SECURITY FOR THE 2016 SENIOR LIEN BONDS—DEBT SERVICE RESERVES-COMMON DEBT SERVICE RESERVE SUB-FUND," "O'HARE FINANCIAL INFORMATION" and "CAPITAL PROGRAMS," or (iv) the information contained in or omitted from the Appendices C, D, E or G to the Official Statement.

This letter is being issued subject to the following matters, which by your acceptance of this letter you recognize and acknowledge: (1) that this letter is not a legal opinion but is rather a negative observation based on our activities as Co-Bond Counsel in connection with the issuance of the Bonds; (2) that we have not been engaged to act, and have not acted, as your counsel for any purpose in connection with the offering of the Bonds; (3) that no attorney-client relationship at any time existed between us; and (4) that the scope of activities on which this letter is based was inherently limited and does not purport to encompass all activities necessary for compliance with applicable securities laws. Consequently, we make no representation that our procedures have been adequate for your purposes. This letter is being furnished only to you, is solely for your benefit as an Underwriter and as representative of the Underwriters, and is not to be used, quoted, circulated, relied upon or otherwise referred to by any other person or entity (including any person or entity purchasing any of the Bonds from you or the other Underwriters) or for any other purpose without our prior written consent. This letter may be disclosed to your counsel and copies of this letter may be included in the compilation of closing documents pertaining to the 2016 Senior Lien Bonds.

This letter is given as of the date hereof and we assume no obligation to revise or supplement this letter to reflect any facts or circumstances that may hereafter come to our attention

Very truly yours,

NEW ISSUE – BOOK-ENTRY ONLY **RATINGS: SEE "RATINGS" HEREIN**

*The delivery of the 2016 Senior Lien Bonds is subject to the opinions of Katten Muchin Rosenman, LLP and Neal & Leroy, LLC, Co-Bond Counsel, to the effect that under existing law, interest on the 2016 Senior Lien Bonds is not includible in the gross income of the owners thereof for federal income tax purposes and that, assuming continuing compliance with the applicable requirements of the Internal Revenue Code of 1986, interest on the 2016 Senior Lien Bonds will continue to be excluded from the gross income of the owners thereof for federal income tax purposes. In addition, (i) interest on the 2016G Senior Lien Bonds is an item of tax preference for purposes of computing individual and corporate alternative minimum taxable income; (ii) interest on the 2016D Senior Lien Bonds, the 2016E Senior Lien Bonds and the 2016F Senior Lien Bonds is not an item of tax preference for purposes of computing individual and corporate alternative minimum taxable income for purposes of the individual and corporate alternative minimum tax; and (iii) interest on the 2016G Senior Lien Bonds is not excludable from the gross income of owners who are "substantial users" of the facilities financed thereby. Interest on the 2016 Senior Lien Bonds is not exempt from present Illinois income taxes. See "**TAX MATTERS**" herein.*

$1,117,250,000
CITY OF CHICAGO
CHICAGO O'HARE INTERNATIONAL AIRPORT
GENERAL AIRPORT SENIOR LIEN REVENUE BONDS

$739,335,000	**$156,575,000**	**$156,090,000**	**$65,250,000**
Series 2016D	**Series 2016E**	**Series 2016F**	**Series 2016G**
(Non-AMT)	**(Non-AMT)**	**(Non-AMT)**	**(AMT)**

Dated: Date of Delivery **Due: January 1, as shown on the inside cover**

The 2016 Senior Lien Bonds will be limited obligations of the City of Chicago (the "City") payable from and secured by a pledge of Revenues (as herein defined) derived from the operation of Chicago O'Hare International Airport ("O'Hare") and will be secured on a parity basis as to the Revenues with the City's Outstanding Senior Lien Bonds and such other Senior Lien Obligations as may be outstanding from time to time, as more fully described herein. The 2016D Senior Lien Bonds and the 2016G Senior Lien Bonds will not be secured by Other Available Moneys (as herein defined). The 2016E Senior Lien Bonds will also be payable from and secured by a pledge of Net Grant Receipts (as herein defined) to be deposited into the 2016E Senior Lien Bond Grant Receipts Deposit Account and the 2016E Senior Lien Bond Grant Receipts Disbursement Account (each as herein defined) (the "2016E Pledged Other Available Moneys"). The 2016F Senior Lien Bonds will also be payable from and secured by a pledge of annual payment amounts to be derived from a subordinate pledge of PFC Revenues (as herein defined), including moneys to be withdrawn from the PFC Capital Fund. The claim of the 2016F Senior Lien Bonds to the PFC Revenues is subordinate to the right of payment to the claim of the City's PFC Obligations (as herein defined) and subject to certain rights and obligations of the City as described under the heading **"SECURITY FOR THE 2016 SENIOR LIEN BONDS."** See **"THE 2016 SENIOR LIEN BONDS"** and **"SECURITY FOR THE 2016 SENIOR LIEN BONDS."** Neither the faith and credit nor the taxing power of the City, the State of Illinois or any political subdivision of the State of Illinois will be pledged to the payment of the principal of or interest on the 2016 Senior Lien Bonds.

The 2016 Senior Lien Bonds will be issued as fully registered bonds in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the 2016 Senior Lien Bonds. Purchasers of the 2016 Senior Lien Bonds will not receive certificates representing their interests in the 2016 Senior Lien Bonds purchased. Ownership by the beneficial owners of the 2016 Senior Lien Bonds will be evidenced by book-entry only. Principal of and interest on the 2016 Senior Lien Bonds will be paid by U.S. Bank National Association, Chicago, Illinois, as trustee for the 2016 Senior Lien Bonds to DTC, which in turn will remit such principal and interest payments to its participants for subsequent disbursement to the beneficial owners of the 2016 Senior Lien Bonds. As long as Cede & Co. is the registered owner as nominee of DTC, payments on the 2016 Senior Lien Bonds will be made to such registered owner, and disbursal of such payments to beneficial owners will be the responsibility of DTC and its participants. See **APPENDIX G-"DESCRIPTION OF BOOK-ENTRY ONLY SYSTEM."**

Interest on the Senior Lien Bonds is payable January 1 and July 1 of each year commencing July 1, 2017. The 2016 Senior Lien Bonds are subject to redemption prior to maturity in the manner and at the times set forth herein. See **"THE 2016 SENIOR LIEN BONDS-REDEMPTION PROVISIONS."**

The scheduled payment of principal of and interest on the 2016F Senior Lien Bonds maturing on January 1 of the years 2035, 2036, 2037, 2042 and 2047 (collectively, the "Insured Bonds") when due will be guaranteed under an insurance policy to be issued by Build America Mutual Assurance Company (the "Bond Insurer").

BAM
BUILD AMERICA MUTUAL

The City will use the proceeds from the sale of the 2016 Senior Lien Bonds, together with other available funds, to: (i) pay the costs of certain Airport Projects (as herein defined), (ii) fund the related reserve requirements for the 2016 Senior Lien Bonds, (iii) capitalize a portion of the interest on the 2016 Senior Lien Bonds and (iv) pay costs and expenses incidental thereto and to the issuance of the 2016 Senior Lien Bonds. See **"PLAN OF FINANCE"** and **"SOURCES AND USES OF FUNDS."**

For a discussion of certain investment considerations associated with the purchase of the 2016 Senior Lien Bonds, see **"CERTAIN INVESTMENT CONSIDERATIONS."**

For maturities, principal amounts, interest rates, prices, yields and CUSIP numbers, see the inside cover pages.

The 2016 Senior Lien Bonds are offered when, as and if issued by the City and accepted by the Underwriters subject to the approval of their validity by Katten Muchin Rosenman LLP, Chicago, Illinois, and Neal & Leroy, LLC, Chicago, Illinois, Co-Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the City by (i) its Corporation Counsel and (ii) in connection with the preparation of this Official Statement, Miller, Canfield, Paddock and Stone, P.L.C., Chicago, Illinois, and McGaugh Law Group, LLC, Chicago, Illinois, Co-Disclosure Counsel to the City. Certain legal matters will be passed upon for the Underwriters by Mayer Brown LLP, Chicago, Illinois, Underwriters' Counsel. It is expected that delivery of the 2016 Senior Lien Bonds in book-entry form will be made through the facilities of DTC on or about January 10, 2017.

Morgan Stanley

Barclays **Piper Jaffray**

Blaylock Beal Van, LLC **Estrada Hinojosa & Company, Inc.** **Goldman, Sachs & Co.**

Melvin & Company **Ramirez & Co., Inc.** **Siebert Cisneros Shank & Co., L.L.C.** **Valdés & Moreno Inc.**

Dated November 30, 2016

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

CITY OF CHICAGO
CHICAGO O'HARE INTERNATIONAL AIRPORT

$739,335,000
GENERAL AIRPORT SENIOR LIEN REVENUE BONDS, SERIES 2016D (NON-AMT)

MATURITY (JANUARY 1)	AMOUNT	INTEREST RATE	PRICE	YIELD	CUSIP+
2020	$5,025,000	5.00%	108.652	1.99%	167593VW9
2021	5,275,000	5.00	110.159	2.31	167593VX7
2022	5,540,000	5.00	111.626	2.50	167593VY5
2023	5,820,000	5.00	112.729	2.68	167593VZ2
2024	5,975,000	5.00	113.241	2.89	167593WA6
2025	6,270,000	5.00	113.408	3.09	167593WB4
2026	6,590,000	5.00	113.361	3.27	167593WC2
2027	6,910,000	5.00	113.619	3.38	167593WD0
2028	7,265,000	5.25	114.808†	3.48	167593WE8
2029	14,985,000	5.25	113.634†	3.61	167593WF5
2030	15,770,000	5.25	112.652†	3.72	167593WG3
2031	16,595,000	5.25	112.032†	3.79	167593WH1
2032	17,475,000	5.25	111.329†	3.87	167593WJ7
2033	18,385,000	5.25	110.892†	3.92	167593WK4
2034	19,355,000	5.25	110.544†	3.96	167593WL2
2035	20,370,000	5.25	110.284†	3.99	167593WM0
2036	21,445,000	5.25	110.024†	4.02	167593WN8
2037	22,565,000	5.25	109.766†	4.05	167593WP3

$131,890,000 5.25% Term Bonds due January 1, 2042, Yield 4.12%; Price 109.165† CUSIP 167593WQ1
$169,505,000 5.00% Term Bonds due January 1, 2047, Yield 4.26%; Price 105.961† CUSIP 167593WR9
$216,325,000 5.00% Term Bonds due January 1, 2052, Yield 4.41%; Price 104.718† CUSIP 167593WS7

† Priced to the January 1, 2027 optional redemption date.

CITY OF CHICAGO
Chicago O'Hare International Airport

MAYOR
Rahm Emanuel

CITY TREASURER
Kurt A. Summers, Jr.

CITY CLERK
Susàna A. Mendoza

CITY COUNCIL
COMMITTEE ON FINANCE
Edward M. Burke, Chairman

CHIEF FINANCIAL OFFICER
Carole L. Brown

CITY COMPTROLLER
Erin Keane

BUDGET DIRECTOR
Alexandra Holt

CORPORATION COUNSEL
Stephen R. Patton, Esq.

DEPARTMENT OF AVIATION
Ginger S. Evans, Commissioner

CO-BOND COUNSEL
Katten Muchin Rosenman, LLP
Neal & Leroy, LLC

CO-DISCLOSURE COUNSEL
Miller, Canfield, Paddock & Stone, P.L.C.
McGaugh Law Group, LLC

AIRPORT CONSULTANT
Ricondo & Associates, Inc.

CO-FINANCIAL ADVISORS
Frasca & Associates, LLC
Columbia Capital Management, LLC

REGARDING THE USE OF THIS OFFICIAL STATEMENT

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

This Official Statement is being used in connection with the sale of the 2016 Senior Lien Bonds and may not be reproduced or used, in whole or in part, for any other purpose. Certain information contained in this Official Statement has been obtained by the City from DTC and other sources that are deemed to be reliable; however, no representation or warranty is made as to the accuracy or completeness of such information by the City. The delivery of this Official Statement at any time does not imply that information herein is correct as of any time subsequent to its date.

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

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

No dealer, broker, sales representative or any other person has been authorized by the City to give any information or to make any representation other than those contained in this Official Statement in connection with the offering it describes and, if given or made, such other information or representation must not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities other than those described on the cover page and inside cover pages hereof, nor shall there be any offer to sell, solicitation of an offer to buy or sale of, the 2016 Senior Lien Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. The information and opinions expressed herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of O'Hare since the date of this Official Statement. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the registered or beneficial owners of the 2016 Senior Lien Bonds.

Build America Mutual Assurance Company ("BAM") makes no representation regarding the 2016 Senior Lien Bonds or the advisability of investing in the 2016 Senior Lien Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the caption **"BOND INSURANCE"** and in **APPENDIX H – "SPECIMEN BOND INSURANCE POLICY"** herein.

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

CERTAIN PERSONS PARTICIPATING IN THIS OFFERING MAY ENGAGE IN TRANSACTIONS THAT MAINTAIN OR OTHERWISE AFFECT THE PRICE OF THE 2016 SENIOR LIEN BONDS. SPECIFICALLY, THE UNDERWRITERS MAY OVERALLOT IN CONNECTION WITH THE OFFERING, AND MAY BID FOR, AND PURCHASE, THE 2016 SENIOR LIEN BONDS IN THE OPEN MARKET. THE PRICES AND OTHER TERMS RESPECTING THE OFFERING AND SALE OF THE 2016 SENIOR LIEN BONDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS AFTER THE 2016 SENIOR LIEN BONDS ARE RELEASED FOR SALE, AND THE 2016 SENIOR LIEN BONDS MAY BE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING PRICES, INCLUDING SALES TO DEALERS WHO MAY SELL THE 2016 SENIOR LIEN BONDS INTO INVESTMENT ACCOUNTS.

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CITY OF CHICAGO
CHICAGO O'HARE INTERNATIONAL AIRPORT

$65,250,000
GENERAL AIRPORT SENIOR LIEN REVENUE BONDS, SERIES 2016G (AMT)

MATURITY (JANUARY 1)	AMOUNT	INTEREST RATE	PRICE	YIELD	CUSIP+
2020	$430,000	5.00%	107.451	2.39%	167593XX5
2021	450,000	5.00	108.573	2.71	167593XY3
2022	470,000	5.00	109.760	2.88	167593XZ0
2023	495,000	5.00	110.634	3.04	167593YA4
2024	510,000	5.00	110.842	3.25	167593YB2
2025	535,000	5.00	110.798	3.44	167593YC0
2026	560,000	5.00	110.493	3.62	167593YD8
2027	590,000	5.00	110.496	3.73	167593YE6
2028	620,000	5.25	111.680†	3.83	167593YF3
2029	1,350,000	5.25	110.370†	3.98	167593YG1
2030	1,425,000	5.25	109.422†	4.09	167593YH9
2031	1,500,000	5.25	108.909†	4.15	167593YJ5

$10,720,000 5.00% Term Bonds due January 1, 2037, Yield 4.48%; Price 104.144†; CUSIP 167593YK2
$11,680,000 5.00% Term Bonds due January 1, 2042, Yield 4.55%; Price 103.574†; CUSIP 167593YL0
$14,895,000 5.00% Term Bonds due January 1, 2047, Yield 4.61%; Price 103.089†; CUSIP 167593YM8
$19,020,000 5.00% Term Bonds due January 1, 2052, Yield 4.76%; Price 101.886†; CUSIP 167593YN6

† Priced to the January 1, 2027 optional redemption date.

CITY OF CHICAGO
CHICAGO O'HARE INTERNATIONAL AIRPORT

$156,090,000
GENERAL AIRPORT SENIOR LIEN REVENUE BONDS, SERIES 2016F (NON-AMT)

MATURITY (JANUARY 1)	AMOUNT	INTEREST RATE	PRICE	YIELD	CUSIP+
2018	$1,895,000	2.000%	100.646	1.33%	167593WY4
2019	1,980,000	3.000	102.494	1.71	167593WZ1
2020	2,040,000	3.000	102.903	1.99	167593XA5
2021	2,100,000	3.000	102.605	2.31	167593XB3
2022	2,165,000	5.000	111.626	2.50	167593XC1
2023	2,270,000	5.000	112.729	2.68	167593XD9
2024	2,385,000	5.000	113.241	2.89	167593XE7
2025	2,505,000	5.000	113.408	3.09	167593XF4
2026	2,630,000	5.000	113.361	3.27	167593XG2
2027	2,760,000	5.250	115.721	3.38	167593XH0
2028	2,905,000	5.250	114.808†	3.48	167593XJ6
2029	3,060,000	5.250	113.634†	3.61	167593XK3
2030	3,220,000	5.250	112.652†	3.72	167593XL1
2031	3,385,000	5.250	112.032†	3.79	167593XM9
2032	3,565,000	5.250	111.329†	3.87	167593XN7
2033	3,750,000	5.250	110.892†	3.92	167593XP2
2034	3,950,000	5.250	110.544†	3.96	167593XQ0
2035††	4,155,000	4.125	97.334	4.34	167593XR8
2036††	4,330,000	4.250	98.462	4.37	167593XS6
2037††	4,510,000	4.250	98.018	4.40	167593XT4

$25,605,000 4.250% Term Bonds due January 1, 2042††, Yield 4.47%; Price 96.708; CUSIP 167593XU1
$31,520,000 4.250% Term Bonds due January 1, 2047††, Yield 4.51%; Price 95.748; CUSIP 167593XV9
$39,405,000 5.000% Term Bonds due January 1, 2052, Yield 4.41%; Price 104.718†; CUSIP 167593XW7

† Priced to the January 1, 2027 optional redemption date.

†† Maturity insured by municipal bond insurance policy issued by Build America Mutual Assurance Company.

CITY OF CHICAGO
CHICAGO O'HARE INTERNATIONAL AIRPORT

$156,575,000
GENERAL AIRPORT SENIOR LIEN REVENUE BONDS, SERIES 2016E (NON-AMT)

MATURITY (JANUARY 1)	AMOUNT	INTEREST RATE	PRICE	YIELD	CUSIP⁺
2024	$30,145,000	5.00%	113.241	2.89%	167593WT5
2025	31,655,000	5.00	113.408	3.09	167593WU2
2026	33,235,000	5.00	113.361	3.27	167593WV0
2027	34,900,000	5.00	113.619	3.38	167593WW8
2028	26,640,000	5.25	114.808†	3.48	167593WX6

† Priced to the January 1, 2027 optional redemption date.

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The following table provides a description of each Supplemental Indenture and the related series of 2016 Senior Lien Bonds:

SUPPLEMENTAL INDENTURE	RELATED 2016 SENIOR LIEN BONDS
Fifty-Fifth Supplemental Indenture	2016D Senior Lien Bonds
Fifty-Sixth Supplemental Indenture	2016E Senior Lien Bonds
Fifty-Seventh Supplemental Indenture	2016F Senior Lien Bonds
Fifty-Eighth Supplemental Indenture	2016G Senior Lien Bonds

The Senior Lien Indenture as supplemented by the 2016 Supplemental Indentures and as it may heretofore or hereafter be amended and supplemented from time to time in accordance with its terms, is collectively herein referred to as the "Senior Lien Indenture."

PURPOSE

The City will use the proceeds from the sale of the 2016 Senior Lien Bonds, together with other available funds, to: (i) pay the costs of certain Airport Projects (as herein defined), (ii) fund the related reserve requirements for the 2016 Senior Lien Bonds, (iii) capitalize a portion of the interest on the 2016 Senior Lien Bonds and (iv) pay costs and expenses incidental thereto and to the issuance of the 2016 Senior Lien Bonds. See **"PLAN OF FINANCE"** and **"SOURCES AND USES OF FUNDS"** herein.

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

ADDITIONAL AIRPORT OBLIGATIONS

Prior to issuance of the 2016 Senior Lien Bonds, the City is issuing its $27,335,000 General Airport Senior Lien Revenue Refunding Bonds, Series 2016A (the "2016A Senior Lien Bonds"), its $461,945,000 General Airport Senior Lien Revenue Refunding Bonds, Series 2016B (the "2016B Senior Lien Bonds") and its $525,055,000 General Airport Senior Lien Revenue Refunding Bonds, Series 2016C (the "2016C Senior Lien Bonds" collectively with the 2016A Senior Lien Bonds and the 2016B Senior Lien Bonds, the "2016 Senior Lien Refunding Bonds") to refund certain outstanding Senior Lien Obligations. For a discussion of the 2016 Senior Lien Refunding Bonds, see **APPENDIX E-"REPORT OF THE AIRPORT CONSULTANT-The 2016 Bonds-The 2016 Refunding Bonds."** The City offered the 2016 Senior Lien Refunding Bonds pursuant to a separate official statement. The sale of the 2016 Senior Lien Refunding Bonds is expected to close on December 5, 2016.

The City has the authority to issue an additional $500 million of PFC Obligations. Within the first six months of 2017, the City plans to issue PFC Obligations (the "2017 PFC Bonds") to pay the costs of certain projects included in the O'Hare Modernization Program (the "OMP"), fund the related reserve requirements, refund certain outstanding PFC Obligations and pay the related costs of issuance of the 2017 PFC Bonds, as more fully described under **"PLAN OF FINANCE"** herein.

The City previously authorized the issuance of Chicago O'Hare International Airport Commercial Paper Notes (the "CP Notes") and Chicago O'Hare International Airport Credit Agreement Notes (the "Credit Agreement Notes"), respectively, in a combined aggregate principal amount outstanding at any one time of up to $1 billion. Pursuant to this authority, the City recently established a $420 million CP Notes program and intends to establish a $180 million program for the issuance of Credit Agreement Notes. The CP Notes and the Credit Agreement Notes (if and when issued) are Junior Lien Obligations and are subordinate to the 2016 Senior Lien Bonds and all other Senior Lien Obligations with respect to their claim on Revenues. See **"OUTSTANDING INDEBTEDNESS AT O'HARE."**

The City expects to issue additional Airport Obligations, including Senior Lien Bonds, PFC Obligations, CP Notes and Credit Agreement Notes (each as herein defined), from time to time, to

OFFICIAL STATEMENT

$1,117,250,000
CITY OF CHICAGO
CHICAGO O'HARE INTERNATIONAL AIRPORT
GENERAL AIRPORT SENIOR LIEN REVENUE BONDS

$739,335,000	**$156,575,000**	**$156,090,000**	**$65,250,000**
Series 2016D	**Series 2016E**	**Series 2016F**	**Series 2016G**
(Non-AMT)	**(Non-AMT)**	**(Non-AMT)**	**(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 $739,335,000 aggregate principal amount Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2016D (the "2016D Senior Lien Bonds"), its $156,575,000 aggregate principal amount Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2016E (the "2016E Senior Lien Bonds"), its $156,090,000 aggregate principal amount Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2016F (the "2016F Senior Lien Bonds") and its $65,250,000 aggregate principal amount Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2016G (the "2016G Senior Lien Bonds"). The 2016D Senior Lien Bonds, the 2016E Senior Lien Bonds, the 2016F Senior Lien Bonds and the 2016G Senior Lien Bonds are referred to collectively herein as the "2016 Senior Lien Bonds." Certain other capitalized terms used in this Official Statement, unless otherwise defined herein, are defined in **APPENDIX A-"GLOSSARY OF TERMS."**

AUTHORIZATION

The 2016 Senior Lien Bonds will be issued under the authority granted to the City as a home rule unit of local government under the Illinois Constitution of 1970. The 2016 Senior Lien Bonds will be issued pursuant to an ordinance adopted by the City Council of the City on September 14, 2016 (the "Bond Ordinance"). The 2016 Senior Lien Bonds will also be issued and secured under the Master Indenture of Trust Securing Chicago O'Hare International Airport General Airport Revenue Senior Lien Obligations dated as of September 1, 2012 (the "Senior Lien Indenture") from the City to U.S. Bank National Association, Chicago, Illinois, as successor trustee to LaSalle Bank National Association (the "Trustee"), as supplemented by the Fifty-Fifth Supplemental Indenture (the "Fifty-Fifth Supplemental Indenture"), the Fifty-Sixth Supplemental Indenture (the "Fifty-Sixth Supplemental Indenture"), the Fifty-Seventh Supplemental Indenture (the "Fifty-Seventh Supplemental Indenture") and the Fifty-Eighth Supplemental Indenture (the "Fifty-Eighth Supplemental Indenture" and collectively with the Fifty-Fifth Supplemental Indenture, the Fifty-Sixth Supplemental Indenture and the Fifty-Seventh Supplemental Indenture, the "2016 Supplemental Indentures" and each a "2016 Supplemental Indenture") each dated as of December 1, 2016 and each from the City to the Trustee.

The Senior Lien Indenture grants to the Trustee a first lien on and pledge of Revenues to secure (i) the 2016 Senior Lien Bonds which are described in this Official Statement, (ii) all of the previously issued and outstanding Senior Lien Bonds (the "Outstanding Senior Lien Bonds" which, together with the 2016 Senior Lien Bonds, are herein referred to as the "Senior Lien Bonds") and (iii) any other Senior Lien Obligations (as herein defined) issued by the City in accordance with the Senior Lien Indenture. See **"SECURITY FOR THE 2016 SENIOR LIEN BONDS."**

continue implementation and funding of capital projects at O'Hare and refunding Outstanding Airport Obligations. For a discussion of future financing needs for O'Hare, see **"CAPITAL PROGRAMS-OMP Airfield Projects"** and **APPENDIX E-"REPORT OF THE AIRPORT CONSULTANT-The Airport Facilities, Capital Program and 2016 Projects."**

SECURITY FOR THE 2016 SENIOR LIEN BONDS

2016 Senior Lien Bonds. The 2016 Senior Lien Bonds will be secured under the Senior Lien Indenture by a lien on and pledge of all Revenues and will be payable from amounts that may be withdrawn from the Debt Service Fund created under the Senior Lien Indenture and as follows: (i) with respect to the 2016E Senior Lien Bonds, from the 2016E Pledged Other Available Moneys (as herein defined) of the City as set forth in the Fifty-Sixth Supplemental Indenture and (ii) with respect to the 2016F Senior Lien Bonds, from amounts that may be withdrawn from the 2016F Senior Lien Bond PFC Revenue Deposit Account (as herein defined) created under the Fifty-Seventh Supplemental Indenture. The following table sets forth the pledged security for each Series of 2016 Senior Lien Bonds:

Series	Pledged Security
2016D	Revenues
2016E	Revenues and 2016E Pledged Other Available Moneys
2016F	Revenues and PFC Revenues
2016G	Revenues

See **"SECURITY FOR THE 2016 SENIOR LIEN BONDS – PLEDGE OF REVENUES, NET GRANT RECEIPTS AND PFCs."**

For purposes of this Official Statement, the term "Senior Lien Obligations" refers to the 2016 Senior Lien Bonds, the 2016 Senior Lien Refunding Bonds, all Outstanding Senior Lien Bonds, and other obligations of the City payable from Revenues, other than Junior Lien Obligations, including any obligations of the City under a Qualified Senior Lien Swap Agreement and obligations incurred by the City to reimburse the issuers of any letters of credit or bond purchase agreements securing one or more Series of Senior Lien Bonds; the term "Junior Lien Obligations" refers to CP Notes, Credit Agreement Notes, and other obligations payable from amounts to be withdrawn from the Junior Lien Obligation Debt Service Fund; and the term "Airport Obligations" refers to and includes all obligations payable from Revenues, including Senior Lien Obligations and Junior Lien Obligations.

The 2016 Senior Lien Bonds will be secured on a parity basis as to the Revenues with the Outstanding Senior Lien Bonds, which are currently outstanding in the aggregate principal amount of $6,400,885,000 (which amount includes Outstanding Senior Lien Bonds to be refunded with a portion of the proceeds of the 2016 Senior Lien Refunding Bonds and excludes the principal amount of the 2016 Senior Lien Refunding Bonds). Subject to certain requirements set forth in the Senior Lien Indenture, the City may issue or incur additional Senior Lien Obligations that will be secured on a parity basis with the 2016 Senior Lien Bonds and the Outstanding Senior Lien Bonds. See **"SECURITY FOR THE 2016 SENIOR LIEN BONDS-Issuance of Additional Senior Lien Bonds."**

The Senior Lien Indenture requires that all Revenues be deposited in the Revenue Fund held by the Trustee and be applied in accordance with the flow of funds as provided in the Senior Lien Indenture. Pursuant to the Senior Lien Indenture, moneys and securities held by the City in the Airport Development Fund and the Airport General Fund may be applied, used and withdrawn by the City for any lawful corporate purpose. See **"SECURITY FOR THE 2016 SENIOR LIEN BONDS-Flow of Funds,"** and **APPENDIX B-"SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE."** The Senior Lien Indenture also provides that the City will comply with all valid acts, rules, regulations, orders and directives of any governmental, legislative, executive, administrative or judicial body applicable to O'Hare, unless the City contests them in good faith, all to the end that O'Hare will remain operational at all times.

As a recipient of federal grants for O'Hare, the City is required by federal law, including, without limitation, grant assurances applicable to the City under grant agreements with the Federal Aviation Administration ("FAA"), to use all revenues generated at O'Hare, including all Revenues, for the capital or operating costs of O'Hare, the local airport system, or other local facilities which are owned or operated by the City and directly and substantially related to the air transportation of passengers or property. Any diversion by the City of revenues generated at O'Hare, including the Revenues, in violation of federal law or the City's grant assurances, would subject the City to potential enforcement actions by the FAA and 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 **"SECURITY FOR THE 2016 SENIOR LIEN BONDS-O'Hare Revenues Must Be Used For Airport Purposes."**

Moneys deposited by the City as Revenues in accordance with the Senior Lien Indenture include rentals, fees and charges imposed upon the Airline Parties (as herein defined) under the Airport Use Agreements (as herein defined). The Airport Use Agreements provide that the aggregate of all rentals, fees and charges to be paid by the Airline Parties shall be sufficient to pay for the net cost of operating, maintaining and developing O'Hare (excluding the Land Support Area, as herein defined), including the satisfaction of all of the City's obligations to make deposits and payments under the Senior Lien Indenture. See **"SECURITY FOR THE 2016 SENIOR LIEN BONDS-Airport Use Agreements."** The expiration date for all of the Airport Use Agreements is May 11, 2018. Upon the expiration of the Airport Use Agreements, the City may extend such agreements, enter into new agreements with the airlines, or impose rates and charges upon the airlines by City ordinance consistent with the requirements of federal law. Regardless of which of these options is pursued, the City has covenanted in the Senior Lien Indenture (which will remain in effect beyond the expiration of the Airport Use Agreements) to establish rentals, rates and other charges for the use and operation of O'Hare such that Revenues (including rentals, fees and charges imposed on the airlines), together with certain other moneys deposited with the Trustee, are sufficient to pay the "Operation and Maintenance Expenses" (as defined in **APPENDIX A**) at O'Hare and to satisfy the debt service coverage covenants contained in the Senior Lien Indenture. See **"SECURITY FOR THE 2016 SENIOR LIEN BONDS-Debt Service Coverage Covenants"** and **"Airport Use Agreements."** Thus, while it is not possible to predict whether any airline will be contractually obligated to make payments, including, among other things, for debt service on the 2016 Senior Lien Bonds, the Outstanding Senior Lien Bonds or any other Senior Lien Bonds after the expiration date of the Airport Use Agreements in 2018, the City is obligated under the Senior Lien Indenture to impose rentals, rates and other charges on the airlines for use of O'Hare that will enable the City to satisfy the Senior Lien Indenture debt service coverage covenants.

The Senior Lien Indenture provides that, in connection with the expiration of the current Airport Use Agreements, beginning on the first Business Day of June 2018, or another date as the City may select and designate in a Certificate filed with the Trustee (the "Transition Date"), certain new Funds and Accounts will be established and the application of moneys in the Revenue Fund will be revised. See **"SECURITY FOR THE 2016 SENIOR LIEN BONDS-Flow of Funds-*Flow of Funds After the Transition Date*,"** and **APPENDIX B-"SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE-Indenture Funds and Payment of Debt Service-*Disbursements from Revenue Fund From and After the Transition Date*."**

There is no provision for acceleration of the maturity of the 2016 Senior Lien Bonds if any default occurs in the payment of the principal of or interest on the 2016 Senior Lien Bonds or in the performance of any other obligation of the City under the Senior Lien Indenture or if interest on the 2016 Senior Lien Bonds becomes includible in the gross income of the owners thereof for federal income tax purposes.

2016E Senior Lien Bonds. In addition to the Revenues, the 2016E Senior Lien Bonds are also payable from and secured by a pledge of Other Available Moneys to be derived from Net Grant Receipts (as herein defined) to be deposited in the 2016E Senior Lien Bond Grant Receipts Deposit Account and the 2016E Senior Lien Bond Grant Receipts Disbursement Account (the "2016E Pledged Other Available Moneys"), all as more fully described under the caption "**SECURITY FOR THE 2016 SENIOR LIEN BONDS-2016E Senior Lien BONDS**" herein. Grant Receipts consist of moneys received by the City from the United States of America and agencies thereof, including the FAA, pursuant to the Grant Letter of Intent. "Grant Letter of Intent" means the O'Hare Letter of Intent No. AGL-10-01, dated April 21, 2010 from the FAA to the Chicago Department of Aviation ("CDA") Commissioner (the "Commissioner"), as amended by Amendments Numbered 1 to 5, in each case from the FAA to the Commissioner ("LOI-AGL-10-01"), as the same may be further amended and supplemented from time to time.

Under the Fifty-Sixth Supplemental Indenture, "Net Grant Receipts" in any Federal Fiscal Year means the amount of Grant Receipts remaining after deducting from the Grant Receipts for such Federal Fiscal Year, the Pay-Go Grant Receipts for such Federal Fiscal Year. "Pay-Go Grant Receipts" means, in any particular Federal Fiscal Year, the amount of the Anticipated Grant Receipts that will not be required to be deposited into the 2016E Senior Lien Bond Grant Receipts Deposit Account.

The Fifty-Sixth Supplemental Indenture provides that for each of the Fiscal Years ending December 31, 2022 to 2026, inclusive, upon receipt, the City is required to pay over Net Grant Receipts to the 2016E Senior Lien Bond Grant Receipts Deposit Account in the following amounts: $30,000,000 in each of the Fiscal Years 2022 to 2025, inclusive, and $20,000,000 in Fiscal Year 2026. Amounts on deposit in the 2016E Senior Lien Bond Grant Receipts Deposit Account are applied by the Trustee as described in "**SECURITY FOR THE SENIOR LIEN BONDS—Flow of Funds—*Creation of the 2016E Senior Lien Bonds Grant Receipts Accounts.***"

The pledge of the 2016E Pledged Other Available Moneys to be derived from the Net Grant Receipts is subject to (i) the parity pledge of and lien on the Net Grant Receipts as security for the payment of the outstanding Series 2011B Bonds and (ii) the City's right to issue additional Senior Lien Obligations or Junior Lien Obligations that are also secured by a pledge of the Net Grant Receipts, on a parity basis with the 2016E Senior Lien Bonds.

2016F Senior Lien Bonds. In addition to the Revenues, the 2016F Senior Lien Bonds are also payable from and secured by a pledge of annual payment amounts to be derived from a subordinate pledge of PFC Revenues (as herein defined) including moneys to be withdrawn from the PFC Capital Fund (as herein defined) (the "2016F Pledged PFCs"). With respect to each such Fiscal Year, the amount of 2016F Pledged PFCs will be the greater of (a) the sum of the 2016F Deposit Requirements (as herein defined) for the July 1 and January 1 Deposit Dates (as herein defined) of the Bond Year commencing during that Fiscal Year and (b) one and ten-hundredths times the Net Debt Service with respect to the 2016F Senior Lien Bonds for the Bond Year commencing during such Fiscal Year.

The PFC Indenture (as herein defined) established the PFC Revenue Fund (the "PFC Revenue Fund"), the PFC Bond Fund (the "PFC Bond Fund") and the PFC Capital Fund (the "PFC Capital Fund"). The 2016F Pledged PFCs are subject, however, to: (i) the prior and superior pledge of and lien on the PFC Revenues and the moneys in the PFC Capital Fund as security for the payment of PFC Obligations (as herein defined) secured under the PFC Indenture (as herein defined); (ii) the payments by the City to fund the costs of certain capital projects at the Gary/Chicago International Airport from PFC Revenues pursuant to the Compact between the City and the City of Gary dated April 15, 1995 Relating to the Establishment of the Chicago-Gary Regional Airport Authority (the "Compact"); (iii) the parity pledge of and lien on the PFC Revenues and the moneys in the PFC Capital Fund as security for the payment of the Senior Lien Obligations of the City issued or secured under the (A) Twenty-Seventh Supplemental Indenture, including the outstanding Chicago O'Hare International Airport General Airport Third Lien

Revenue Bonds, Series 2008A (the "Series 2008A Bonds"*); (B) Thirty-Sixth Supplemental Indenture, including the outstanding Chicago O'Hare International Airport General Airport Third Lien Revenue Bonds, Series 2010F (the "Series 2010F Bonds"), (C) Thirty-Eighth Supplemental Indenture, including the outstanding Chicago O'Hare International Airport General Airport Third Lien Revenue Bonds, Series 2011A (the "Series 2011A Bonds"), and (D) Fifty-Fourth Supplemental Indenture, including any amount to be outstanding of the 2016C Bonds; (iv) the City's right to issue additional Senior Lien Obligations that are also secured by PFC Revenues, including moneys to be withdrawn from the PFC Capital Fund, on a parity with the Series 2016F Senior Lien Bonds; and (v) the City's right to issue Subordinated PFC Obligations (as herein defined) that are secured by a pledge of and lien on the PFC Revenues and the moneys in the PFC Capital Fund that is superior to the pledge and lien created by the Fifty-Seventh Supplemental Indenture.

For purposes of this Official Statement, the term "PFC Obligations" refers to all bonds, notes or evidences of indebtedness payable from PFC Revenues and issued by the City at any time under and pursuant to the Master Trust Indenture Securing Chicago O'Hare International Airport Passenger Facility Charge Obligations dated as of January 1, 2008, amending and restating the Master Trust Indenture securing Chicago O'Hare International Airport Second Lien Passenger Facility Charge Obligations dated as of May 15, 2001, as supplemented and amended (the "PFC Indenture"), from the City to The Bank of New York Mellon Trust Company, National Association, as successor to BNY Midwest Trust Company, N.A., as trustee (the "PFC Trustee"), including any obligation of the City under a Qualified PFC Swap Agreement and any obligation incurred by the City to reimburse the issuers of any letters of credit securing one or more Series of PFC Obligations; the term "Subordinated PFC Obligations" refers to all bonds, notes or evidences of indebtedness, so designated and issued by the City payable out of or secured by the pledge of amounts withdrawn from the PFC Revenue Fund, the PFC Bond Fund or the PFC Capital Fund which pledge is junior and subordinate to the pledge for the PFC Obligations; and the term "Airport PFC Obligations" refers to and includes all bonds, notes or other evidences of indebtedness secured by a pledge of PFC Revenues, including PFC Obligations and Subordinated PFC Obligations.

Moneys withdrawn from the PFC Capital Fund will be paid to the Trustee and deposited into the 2016F Senior Lien Bond PFC Revenue Deposit Account to satisfy the 2016F Deposit Requirements for the 2016F Senior Lien Bonds for each January 1 and July 1 Deposit Date. The City has also agreed that the aggregate sum withdrawn from the PFC Capital Fund and paid to the Trustee for deposit into the 2016F Senior Lien Bond PFC Revenue Deposit Account will be not less than one and ten-hundredths times the Net Debt Service with respect to the 2016F Senior Lien Bonds for the Bond Year commencing during such Fiscal Year.

The "PFC Revenues" consist of all revenue received by the City from the passenger facility charges imposed by the City at O'Hare pursuant to the PFC Act, the PFC Regulations, the PFC Approvals (as defined herein) and an Ordinance adopted by the City Council of the City on January 12, 1993 (each such passenger facility charge referred to as a "PFC," and collectively, the "PFCs"), including any interest earned thereon after such revenue has been remitted to the City as provided in the PFC Regulations. See **"PFC PROGRAM AT O'HARE"** herein for a more detailed discussion of O'Hare's PFC program and **"OUTSTANDING INDEBTEDNESS AT O'HARE—Airport PFC Obligations"** for a discussion of outstanding indebtedness of the City payable from and secured by PFC Revenues imposed at O'Hare. As of November 30, 2016, the City has authority from the FAA to impose and use PFCs of $4.50 per eligible enplaned passenger up to an aggregate total of $6.55 billion to pay for certain Approved Projects (as herein defined). The FAA has approval authority over PFC applications and amendments submitted by the City requesting use of PFCs (the "PFC Approvals"). See **"PFC PROGRAM AT O'HARE"** for a more detailed description of the City's PFC collection authority.

* All of the Series 2008A Bonds are expected to be refunded and defeased as of December 5, 2016.

LIMITED OBLIGATIONS

The 2016 Senior Lien Bonds will not be general obligations of the City and will not constitute an indebtedness or a loan of credit of the City within the meaning of any constitutional or statutory limitation, and neither the faith and credit nor the taxing power of the State of Illinois, the City or any other political subdivision of the State of Illinois will be pledged to the payment of the principal of or interest on the 2016 Senior Lien Bonds. The 2016 Senior Lien Bonds are not payable in any manner from revenues raised by taxation. No property of the City (including property located at O'Hare) is pledged as security for the 2016 Senior Lien Bonds.

CHICAGO O'HARE INTERNATIONAL AIRPORT

O'Hare is the primary commercial airport for the City. O'Hare occupies approximately 7,272 acres of land and is located 18 miles northwest of the City's central business district. Based on preliminary data from Airports Council International ("ACI"), for the 12-month period ended December 2015, O'Hare ranked second worldwide and second in the United States in total aircraft operations, and fourth worldwide and second in the United States in terms of total passengers. According to the Chicago Department of Aviation ("CDA"), O'Hare had approximately 70.0 million total enplaned passengers in 2014 and approximately 76.9 million in 2015. United Airlines and American Airlines each maintain a hub at O'Hare. United Airlines (including its regional affiliates) operated 571 daily departures from O'Hare as of August 2016 and accounted for 44.2 percent of the enplaned passengers at O'Hare in 2015. American Airlines (including US Airways with which American Airlines merged in 2015 and their regional affiliates) operated 479 daily departures from O'Hare as of August 2016 and accounted for 35.8 percent of the enplaned passengers at O'Hare in 2015. For additional information regarding O'Hare, see **"CHICAGO O'HARE INTERNATIONAL AIRPORT," "CERTAIN INVESTMENT CONSIDERATIONS"** and **APPENDIX E-"REPORT OF THE AIRPORT CONSULTANT."**

CAPITAL PROGRAMS

The City has on-going capital programs at O'Hare as described below. For purposes of this Official Statement, the OMP, the 2016-2020 CIP (as herein defined) and other recently announced capital projects are collectively referred to herein as the "Capital Programs."

O'Hare Modernization Program. The OMP was designed to meet the future development needs at O'Hare and to address flight delays and to increase capacity. The OMP airfield projects (the "OMP Airfield Projects") are changing the airfield from a layout with intersecting runways to a modern parallel runway system. The OMP, which includes the construction of one new runway, the relocation of three existing runways and the extension of two existing runways, is being undertaken in phases. To date, three of the four runways have been completed and one of the two runway extensions has been completed. All of the completed OMP Airfield Projects have been fully funded, requiring no further General Airport Revenue Bond ("GARB") funding. The only OMP Airfield Projects remaining to be funded and constructed are one runway and one runway extension. For additional information, see **"CAPITAL PROGRAMS"** and **APPENDIX E-"REPORT OF THE AIRPORT CONSULTANT."**

Capital Improvement Program. The capital improvement program includes projects at O'Hare that address ongoing capital needs. O'Hare regularly updates and adopts a five-year capital improvement program for budget and planning purposes. The current five-year capital improvement program (the "2016-2020 CIP") includes: construction of a multi-modal facility (the "Multi-Modal Facility") which will have a consolidated rental car facility (the "CRCF"), which includes two levels of public parking and an extension of the Airport Transit System (the "ATS"); the construction of a cargo facility in the northeast area of the Airport; the expansion of the airport maintenance center; electrical and mechanical upgrades to the heating and refrigeration plant; ongoing runway and taxiway rehabilitation; and additions and modifications to terminal facilities. For additional information regarding the 2016-2020 CIP and the funding thereof, see **"CAPITAL PROGRAMS-OMP Airfield Projects"** and **APPENDIX E-**

"REPORT OF THE AIRPORT CONSULTANT-The Airport Facilities, Capital Program and 2016 Projects."

Other Recently Announced Capital Projects. The City recently announced a new series of capital projects that are neither directly part of the OMP Airfield Projects nor the 2016-2020 CIP, as well as other projects including an expansion of the International Terminal and Concourse L in Terminal 3. Additional long-term terminal development and redevelopment options as part of a Terminal Area Plan ("TAP") are being evaluated in coordination with the airline representatives. The TAP is in preliminary planning and discussion phases. In addition to the terminal projects, a redevelopment of the existing terminal hotel and the construction of two new hotels on O'Hare property are also planned and expected to be completed between 2020 and 2022. The feasibility of a future express rail third-party project connecting O'Hare to the central business district is currently being studied. For additional information on these projects and the funding thereof, see **"CAPITAL PROGRAMS–Other Recently Announced Capital Projects"** and **APPENDIX E-"REPORT OF THE AIRPORT CONSULTANT."**

REGIONAL AIRPORT OVERSIGHT

The City operates O'Hare and Chicago Midway International Airport ("Midway") through the CDA as separate and distinct enterprises for financial purposes. The 2016 Senior Lien Bonds are not secured by any revenues generated, or property located, at Midway. See **"CHICAGO O'HARE INTERNATIONAL AIRPORT-Other Commercial Service Airports Serving the Chicago Region"** herein. On April 15, 1995, the City and the City of Gary, Indiana entered into the Compact with respect to the relationship among O'Hare, Midway, Merrill C. Meigs Field* and the Gary/Chicago Airport (now known as Gary/Chicago International Airport). Gary/Chicago International Airport is owned by the City of Gary, Indiana. See **"CHICAGO O'HARE INTERNATIONAL AIRPORT-Regional Authority."**

CERTAIN INVESTMENT CONSIDERATIONS

The 2016 Senior Lien Bonds may not be suitable for all investors. Prospective purchasers of the 2016 Senior Lien Bonds should read this entire Official Statement for details of the 2016 Senior Lien Bonds, the use of the proceeds of the 2016 Senior Lien Bonds, the financial condition of the airlines and certain other factors that could adversely affect the airline industry, including specifically the information under the caption **"CERTAIN INVESTMENT CONSIDERATIONS."**

REPORT OF THE AIRPORT CONSULTANT

The Report of the Airport Consultant dated November 18, 2016 (the "Report of the Airport Consultant") prepared by Ricondo & Associates, Inc., the City's airport consultant (the "Airport Consultant"), included as **APPENDIX E**, provides certain information with respect to O'Hare and its capital programs, evaluates aviation activity at O'Hare and presents the analysis undertaken by the Airport Consultant to demonstrate the ability of the City to comply with the requirements of the Senior Lien Indenture for Fiscal Years 2016 through 2025 based on the assumptions set forth therein (the "Projections"). The final maturity date of each Series of the 2016 Senior Lien Bonds extends beyond the period of the Projections. Projections contained in the Report of the Airport Consultant are based on assumptions set forth therein.

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

* Meigs Field was closed in March 2003.

REGARDING USE OF THE OFFICIAL STATEMENT

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

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

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

Glossary of Terms; Document Summaries. This Official Statement contains summaries of the terms of and security for the 2016 Senior Lien Bonds, together with descriptions of O'Hare and its operations. A Glossary of Terms used in the Senior Lien Indenture is included as **APPENDIX A**, a summary of certain provisions of the Senior Lien Indenture is included as **APPENDIX B** and a summary of certain provisions of the Airport Use Agreements is included as **APPENDIX C**. **APPENDIX A-"GLOSSARY OF TERMS"** contains terms of general applicability, which are used herein, and terms related to the Senior Lien Indenture and the Airport Use Agreements as set forth therein. Certain capitalized terms, not otherwise defined herein, are defined as set forth in **APPENDIX A**. All references to the 2016 Senior Lien Bonds are further qualified by references to the information with respect to them contained in the Senior Lien Indenture. All references herein to agreements and documents are qualified in their entirety by references to the definitive forms of the agreement or document.

THE 2016 SENIOR LIEN BONDS

GENERAL

The 2016 Senior Lien Bonds will mature on January 1 of the years and in the amounts shown on the inside front cover pages hereof and will be dated as of their date of delivery. The 2016 Senior Lien Bonds will bear a fixed rate of interest until their final maturity or earlier redemption at the rates per annum set forth on the inside front cover pages hereof. Interest on the Senior Lien Bonds is payable January 1 and July 1 of each year commencing July 1, 2017.

The 2016 Senior Lien Bonds will be subject to redemption as described below under **"Redemption Provisions."**

The 2016 Senior Lien Bonds will be issued only as fully registered bonds. The 2016 Senior Lien Bonds will be issued in denominations that are integral multiples of $5,000. The 2016 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 2016 Senior Lien Bonds when in the book-entry form and the book-entry only system are described in **APPENDIX G-"DESCRIPTION OF BOOK–ENTRY ONLY SYSTEM."** Except as described in **APPENDIX G**, beneficial owners of the 2016 Senior Lien Bonds will not receive or have the right to receive physical delivery of 2016 Senior Lien Bonds, and will not be or be considered under the Senior Lien Indenture to be the Registered Owners thereof. Accordingly, beneficial owners must rely upon (i) the procedures of DTC and, if such beneficial owner is not a DTC Participant, the DTC Participant who will act on behalf of such beneficial owner to receive notices and payments of principal and interest on the 2016 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 2016 Senior Lien Bonds. As long as DTC or its nominee is the Registered Owner of 2016 Senior Lien Bonds, references herein to Bondholders or Registered Owners of such 2016 Senior Lien Bonds shall mean DTC or its nominee and shall not mean the beneficial owners of such 2016 Senior Lien Bonds.

REDEMPTION PROVISIONS

Optional Redemption Provisions.

2016D Senior Lien Bonds. The 2016D Senior Lien Bonds maturing on and after January 1, 2028, are subject to redemption at the option of the City on or after January 1, 2027, as a whole or in part at any time, and if in part, from such maturities as the City shall determine and by lot for 2016D Senior Lien Bonds of the same maturity, at a redemption price equal to the principal amount of each 2016D Senior Lien Bond to be redeemed, plus accrued interest to the date of redemption.

2016E Senior Lien Bonds. The 2016E Senior Lien Bonds maturing on January 1, 2028, are subject to redemption at the option of the City, on or after January 1, 2027, as a whole or in part at any time, and if in part, by lot, at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption.

2016F Senior Lien Bonds. The 2016F Senior Lien Bonds maturing on and after January 1, 2028, are subject to redemption at the option of the City on or after January 1, 2027, as a whole or in part at any time, and if in part, from such maturities as the City shall determine and by lot for 2016F Senior Lien Bonds of the same maturity, at a redemption price equal to the principal amount of each 2016F Senior Lien Bond to be redeemed, plus accrued interest to the date of redemption.

2016G Senior Lien Bonds. The 2016G Senior Lien Bonds maturing on and after January 1, 2028, are subject to redemption at the option of the City on or after January 1, 2027, as a whole or in part at any time, and if in part, from such maturities as the City shall determine and by lot for 2016G Senior Lien Bonds of the same maturity, at a redemption price equal to the principal amount of each 2016G Senior Lien Bond to be redeemed, plus accrued interest to the date of redemption.

Mandatory Sinking Fund Redemption Provisions.

2016D Senior Lien Bonds. The 2016D Senior Lien Bonds maturing on January 1, 2042 are subject to mandatory redemption, in part and by lot, by the application of Sinking Fund Payments on January 1 of each of the years and in the respective principal amounts set forth below at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption:

Year	Amount($)
2038	23,750,000
2039	24,995,000
2040	26,310,000
2041	27,695,000
2042†	29,140,000

† Final Maturity

The 2016D Senior Lien Bonds maturing on January 1, 2047 are subject to mandatory redemption, in part and by lot, by the application of Sinking Fund Payments on January 1 of each of the years and in the respective principal amounts set forth below at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption:

Year	Amount($)
2043	30,680,000
2044	32,210,000
2045	33,820,000
2046	35,505,000
2047†	37,290,000

† Final Maturity

The 2016D Senior Lien Bonds maturing on January 1, 2052 are subject to mandatory redemption, in part and by lot, by the application of Sinking Fund Payments on January 1 of each of the years and in the respective principal amounts set forth below at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption:

Year	Amount($)
2048	39,150,000
2049	41,105,000
2050	43,165,000
2051	45,320,000
2052†	47,585,000

† Final Maturity

2016F Senior Lien Bonds. The 2016F Senior Lien Bonds maturing on January 1, 2042 are subject to mandatory redemption, in part and by lot, by the application of Sinking Fund Payments on January 1 of each of the years and in the respective principal amounts set forth below at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption:

Year	Amount($)
2038	4,705,000
2039	4,905,000
2040	5,110,000
2041	5,330,000
2042†	5,555,000

† Final Maturity

The 2016F Senior Lien Bonds maturing on January 1, 2047 are subject to mandatory redemption, in part and by lot, by the application of Sinking Fund Payments on January 1 of each of the years and in the respective principal amounts set forth below at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption:

Year	Amount($)
2043	5,790,000
2044	6,035,000
2045	6,295,000
2046	6,560,000
2047†	6,840,000

† Final Maturity

The 2016F Senior Lien Bonds maturing on January 1, 2052 are subject to mandatory redemption, in part and by lot, by the application of Sinking Fund Payments on January 1 of each of the years and in the respective principal amounts set forth below at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption:

Year	Amount($)
2048	7,130,000
2049	7,490,000
2050	7,860,000
2051	8,255,000
2052†	8,670,000

† Final Maturity

2016G Senior Lien Bonds. The 2016G Senior Lien Bonds maturing on January 1, 2037 are subject to mandatory redemption, in part and by lot, by the application of Sinking Fund Payments on January 1 of each of the years and in the respective principal amounts set forth below at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption:

Year	Amount($)
2032	1,575,000
2033	1,655,000
2034	1,740,000
2035	1,825,000
2036	1,915,000
2037†	2,010,000

† Final Maturity

The 2016G Senior Lien Bonds maturing on January 1, 2042 are subject to mandatory redemption, in part and by lot, by the application of Sinking Fund Payments on January 1 of each of the years and in the respective principal amounts set forth below at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption:

Year	Amount($)
2038	2,115,000
2039	2,220,000
2040	2,330,000
2041	2,445,000
2042†	2,570,000

† Final Maturity

The 2016G Senior Lien Bonds maturing on January 1, 2047 are subject to mandatory redemption, in part and by lot, by the application of Sinking Fund Payments on January 1 of each of the years and in the respective principal amounts set forth below at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption:

Year	Amount($)
2043	2,695,000
2044	2,830,000
2045	2,975,000
2046	3,120,000
2047†	3,275,000

† Final Maturity

The 2016G Senior Lien Bonds maturing on January 1, 2052 are subject to mandatory redemption, in part and by lot, by the application of Sinking Fund Payments on January 1 of each of the years and in the respective principal amounts set forth below at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption:

Year	Amount($)
2048	3,440,000
2049	3,615,000
2050	3,795,000
2051	3,985,000
2052†	4,185,000

† Final Maturity

If the City redeems 2016 Senior Lien Bonds subject to mandatory redemption pursuant to optional redemption or purchases 2016 Senior Lien Bonds subject to mandatory redemption and cancels the same, then an amount equal to the principal amount of 2016 Senior Lien Bonds of such Series and maturity so redeemed or purchased shall be deducted from the mandatory redemption requirements as provided for such 2016 Senior Lien Bonds of such Series and maturity in such order as an Authorized Officer of the City shall determine.

Redemption Procedures. Notice of redemption of the 2016 Senior Lien Bonds which are subject to optional redemption (i) identifying the 2016 Senior Lien Bonds or portions thereof to be redeemed, and (ii) specifying the redemption date, the redemption price, the places and dates of payment, that from the redemption date interest will cease to accrue, and whether the redemption is conditioned upon sufficient moneys being available on the redemption date (or any other condition), shall be given by the Trustee by mailing a copy of such redemption notice, not less than 30 days nor more than 60 days prior to the date fixed for redemption, to the Registered Owner of each such 2016 Senior Lien Bond to be redeemed in whole or in part at the address shown on the registration books. Redemption notices will be sent by first class mail, except that notices to Registered Owners of at least $1,000,000 of 2016 Senior Lien Bonds of the same Series shall be sent by registered mail. Failure to mail any such notice to the Registered Owner of any such 2016 Senior Lien Bond or any defect therein shall not affect the validity of the proceedings for such redemption of such 2016 Senior Lien Bond. Any such notice mailed as described above shall be conclusively presumed to have been duly given, whether or not the Registered Owner of any 2016 Senior Lien Bond receives the notice.

If a 2016 Senior Lien Bond is of a denomination larger than $5,000, all or a portion of such 2016 Senior Lien Bond (in a denomination of $5,000 or any integral multiple thereof) may be redeemed, but such 2016 Senior Lien Bond shall be redeemed only in a principal amount equal to $5,000 or any integral multiple thereof. Upon surrender of any 2016 Senior Lien Bond for redemption in part only, the City shall execute and the Trustee shall authenticate and deliver to the Registered Owner thereof, at the expense of the City, a new 2016 Senior Lien Bond or 2016 Senior Lien Bonds of the same Series, maturity and interest rate and of authorized denominations, in aggregate principal amount equal to the unredeemed portion of the 2016 Senior Lien Bond surrendered.

If fewer than all of the 2016 Senior Lien Bonds of the same Series, maturity and interest rate are called for redemption, such 2016 Senior Lien Bonds (or portions thereof) to be redeemed shall be selected by lot by the Trustee (except at any time when such 2016 Senior Lien Bonds are held in a book-entry system, in which case selection of such 2016 Senior Lien Bonds to be redeemed will be in accordance with procedures established by the book-entry depository).

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

SECURITY FOR THE 2016 SENIOR LIEN BONDS

GENERAL

The 2016 Senior Lien Bonds and the interest thereon are limited obligations of the City payable from and secured by a pledge of the Revenues derived from the operations of O'Hare and certain funds, sub-funds and accounts maintained under the Senior Lien Indenture and do not constitute an indebtedness or a loan of credit of the City within the meaning of any constitutional or statutory limitation, and neither the faith and credit nor the taxing power of the State of Illinois, the City or any other political subdivision of the State of Illinois is pledged to the payment of the principal of, premium, if any, or interest on the 2016 Senior Lien Bonds. The 2016 Senior Lien Bonds are not payable in any manner from revenues raised by taxation. No property of the City (including property located at O'Hare) is pledged as security for the 2016 Senior Lien Bonds.

As described below, the claim of the holders of the Senior Lien Obligations, including holders of the 2016 Senior Lien Bonds, to the Revenues of O'Hare is a first lien on and pledge of such Revenues and is senior to the claim of any Junior Lien Obligations. The 2016 Senior Lien Bonds are secured on a parity basis with the City's Outstanding Senior Lien Obligations. Subject to certain conditions set forth in the Senior Lien Indenture, the City may issue additional Senior Lien Bonds or other Senior Lien Obligations (collectively, the "Additional Senior Lien Bonds") that will be secured on a parity basis with the 2016 Senior Lien Bonds and the City's other Senior Lien Obligations. See **"OUTSTANDING INDEBTEDNESS AT O'HARE-Airport Obligations-*Issuance of Additional Airport Obligations*"** and **"CAPITAL PROGRAMS."**

2016 Senior Lien Bonds. The 2016 Senior Lien Bonds are payable from and secured by a pledge of the Revenues. The 2016D Senior Lien Bonds and the 2016G Senior Lien Bonds are secured solely by Revenues while the 2016E Senior Lien Bonds and the 2016F Senior Lien Bonds are additionally secured by the 2016E Pledged Other Available Moneys and Available PFCs, respectively.

2016E Senior Lien Bonds. The 2016E Senior Lien Bonds will be limited obligations of the City payable and secured by (i) a pledge of Revenues derived from the operation of O'Hare and (ii) the 2016E Pledged Other Available Moneys. The annual amount of the 2016E Pledged Other Available Moneys will be less than the principal and interest due on the 2016E Senior Lien Bonds and the difference will be paid from Revenues. The application of 2016E Pledged Other Available Moneys for the payment of principal and interest on the 2016E Senior Lien Bonds will reduce the amount of principal and interest expense otherwise payable from Airport Fees and Charges payable by the Airline Parties. See **"-Flow of Funds-*Creation of the 2016E Senior Lien Grant Receipts Accounts*,"** below.

2016F Senior Lien Bonds. The 2016F Senior Lien Bonds will be limited obligations of the City payable and secured by (i) a pledge of Revenues derived from the operation of O'Hare and (ii) 2016F Pledged PFCs to be derived from PFC Revenues to be withdrawn from the PFC Capital Fund on a subordinate basis to the payment of PFC Obligations but subject to a parity pledge for certain Senior Lien Obligations, as hereinafter described. The application of 2016F Pledged PFCs for the payment of principal and interest on the 2016F Senior Lien Bonds will reduce the amount of principal and interest expense otherwise payable from Airport Fees and Charges payable by the Airline Parties. See **"-Flow of Funds-*Purpose and Funding of the 2016F Senior Lien PFC Revenue Deposit Account*,"** below.

O'HARE REVENUES MUST BE USED FOR AIRPORT PURPOSES

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

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

Any diversion by the City of revenues generated at O'Hare, including the Revenues, in violation of federal law or the City's grant assurances, would subject the City to potential enforcement actions by the FAA, including: (i) withholding Airport Improvement Program ("AIP") grant funds, approval of AIP grant applications, modifications of existing AIP grants and approval of applications to impose and use PFCs; and/or (ii) assessment of a civil penalty for unlawful revenue diversion of up to $50,000; and/or (iii) seeking judicial enforcement for violation of any grant assurance; and/or (iv) assessment of a civil penalty up to three times the amount of the diverted revenue; and/or (v) assessment of interest on the amount of diverted revenue; and/or (vi) withholding any amount from funds otherwise available to the City from the 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 O'Hare, including the Revenues, in violation of the City's grant assurances or federal law may result in a default under the Senior Lien Indenture, which, upon becoming an Event of Default under the Senior Lien Indenture, could result in the exercise by the Trustee of the remedies under the Senior Lien Indenture. See "**APPENDIX B-SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE-Remedies.**"

PLEDGE OF REVENUES, NET GRANT RECEIPTS AND PFCS

Revenues. The Senior Lien Indenture authorizes the issuance of Senior Lien Obligations, without limit as to amount but subject to compliance by the City with certain covenants as to the issuance of additional Senior Lien Obligations, for the purpose of financing Airport Projects (as this term is defined in the Senior Lien Indenture), refunding obligations issued to finance Airport Projects (as this term is defined in the Senior Lien Indenture) and related purposes. Senior Lien Obligations are secured by, and payable from, Revenues paid to the Trustee for deposit into the Revenue Fund established under the Senior Lien Indenture. Pursuant to the Senior Lien Indenture, such Revenues are pledged on a parity basis to the payment of the principal of, premium, if any, and interest on all Senior Lien Obligations (including the 2016 Senior Lien Bonds).

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

Each 2016 Supplemental Indenture establishes with the Trustee a separate and segregated sub-fund within the Debt Service Fund (the "2016 Senior Lien Dedicated Sub-Funds," each a "2016 Senior Lien Dedicated Sub-Fund"). Each 2016 Senior Lien Dedicated Sub-Fund and each Account established therein are held solely for the benefit of the Registered Owners of the 2016 Senior Lien Bonds issued pursuant to the applicable 2016 Supplemental Indenture. Moneys on deposit in a particular 2016 Senior Lien Dedicated Sub-Fund are not to be used or available for payment of any other Airport Obligations including other 2016 Senior Lien Bonds.

For a general description of the application of Revenues, see "**Payment of Debt Service on the 2016 Senior Lien Bonds**" below and **APPENDIX B-"SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE-Source of Payment; Pledge of Senior Lien Revenues and Other Moneys."**

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

Pledge of Other Available Moneys for 2016E Senior Lien Bonds. The Fifty-Sixth Supplemental Indenture provides that 2016E Pledged Other Available Moneys will be pledged by the City to the payment of the 2016E Senior Lien Bonds. See "**-Description of 2016E Pledged Other Available Moneys**" below.

Pledge of Other Available Moneys for 2016F Senior Lien Bonds. The Fifty-Seventh Supplemental Indenture provides that 2016F Pledged PFCs will be pledged by the City to the payment of the 2016F Senior Lien Bonds. See "**-Description of Pledged PFCs**" below.

DESCRIPTION OF REVENUES

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

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

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

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

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

DESCRIPTION OF 2016E PLEDGED OTHER AVAILABLE MONEYS

Under the terms of the Fifty-Sixth Supplemental Indenture, moneys received by the City pursuant to the Grant Letter of Intent will constitute Grant Receipts. With respect to any Federal Fiscal Year for which the amount of Anticipated Grant Receipts includes Pay-Go Grant Receipts, the first Grant Receipts received by the City in such federal Fiscal Year shall be designated "Pay-Go Grant Receipts." "Anticipated Grant Receipts" means, with respect to any Bond Year, the amount of Grant Receipts that the City anticipates will be paid to the City in the Federal Fiscal Year ending in the Bond Year immediately preceding such Bond Year. The amount of Net Grant Receipts in any Federal Fiscal Year will be equal to the amount of Grant Receipts remaining after deducting from the Grant Receipts the Pay-Go Grant Receipts for such Federal Fiscal Year, which Net Grant Receipts are pledged by the City to the payment of the 2016E Senior Lien Bonds.

The Fifty-Sixth Supplemental Indenture creates the 2016E Senior Lien Bond Grant Receipts Deposit Account and the 2016E Senior Lien Bond Grant Receipts Disbursement Account to be held and administered by the Trustee for the sole and exclusive benefit of the Registered Owners of the 2016E Senior Lien Bonds. The moneys in the 2016E Senior Lien Bond Grant Receipts Deposit Account and the 2016E Senior Lien Bond Grant Receipts Disbursement Account, which will consist of Net Grant Receipts, constituting 2016E Pledged Other Available Moneys, will not be used or available for the payment of any other Senior Lien Obligations. On June 20 of each Bond Year, the Trustee shall withdraw from the 2016E Senior Lien Bond Grant Receipts Deposit Account and promptly deposit to the credit of the 2016E Senior Lien Bond Grant Receipts Disbursement Account an amount equal to the sum held in the 2016E Senior Lien Bond Grant Receipts Deposit Account on September 30 of the prior Bond Year.

DESCRIPTION OF PLEDGED PFCS

"Pledged PFCs" means, with respect to the 2016F Senior Lien Bonds, the amounts to be withdrawn from the PFC Capital Fund and deposited into the Senior Lien Bond PFC Revenue Deposit Account that the Chief Financial Officer has determined to be Pledged PFCs as evidenced by an Other Available Moneys Certificate. The pledge of and lien on PFC Revenues will be provided as security for the payment of principal and interest on the Series 2016F Senior Lien Bonds through maturity.

The amount of Pledged PFCs will be the greater of (a) the sum of the respective Deposit Requirements for the July 1 and January 1 Deposit Dates of the Bond Year commencing during that Fiscal Year and (b) one and ten-hundredths times the Net Debt Service for the Bond Year commencing during such Fiscal Year.

The pledge of PFC Revenues and moneys in the PFC Capital Fund as the source of the Pledged PFCs is subject, however, to (i) the prior and superior pledge of and lien on the PFC Revenues and the moneys in the PFC Capital Fund as security for the payment of the PFC Obligations secured under the PFC Indenture; (ii) the payments by the City to fund the costs of certain capital projects at Gary/Chicago International Airport from PFC Revenues pursuant to the Compact; (iii) the parity pledge of and lien on the PFC Revenues and the moneys in the PFC Capital Fund as security for the payment of certain outstanding Senior Lien Obligations; (iv) the City's right to issue additional Senior Lien Obligations and Junior Lien Obligations that are also secured by PFC Revenues, including moneys to be withdrawn from the PFC Capital Fund, on a parity with the 2016F Senior Lien Bonds; and (v) the City's right to issue Subordinated PFC Obligations that are secured by a pledge of and lien on the PFC Revenues and the moneys in the PFC Capital Fund that are superior to the pledge and lien on the Pledged PFCs securing the 2016F Senior Lien Bonds. See "**-Flow of Funds**" below, "**-Certain Provisions of the PFC Indenture,**" below and **APPENDIX B-"SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE-Source of Payment; Pledge of Senior Lien Revenues and Other Moneys."**

The Fifty-Seventh Supplemental Indenture creates the 2016F Senior Lien Bond PFC Revenue Deposit Account (the "2016F Senior Lien Bond PFC Revenue Deposit Account") to be held and administered by the Trustee for the sole and exclusive benefit of the Registered Owners of the 2016F Senior Lien Bonds. The moneys in the 2016F Senior Lien Bond PFC Revenue Deposit Account, which will consist of 2016F Pledged PFCs, will not be used or available for the payment of any other Senior Lien Obligations. See "**INTRODUCTION – Security for the Series 2016 Senior Lien Bonds**" for a list of Outstanding Airport Obligations secured by Pledged PFCs.

FLOW OF FUNDS

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

Flow of Funds Prior to the Transition Date. Prior to the Transition Date, the moneys in the Revenue Fund are to be disbursed and applied by the Trustee as required to make the following deposits on the dates and in the amount provided:

(a) On the tenth day of each month, the Trustee shall transfer to the City for deposit into the Operation and Maintenance Fund an amount equal to one-twelfth of the amount provided in the Operation and Maintenance Expense Projection for the current Fiscal Year; provided, however, that if the mid-year projection prepared in accordance with the Airport Use Agreements contains an adjustment of Operation and Maintenance Expenses (exclusive of Operation and Maintenance Expenses of the Land Support Area and required deposits in the Operation and Maintenance Reserve Fund and the Maintenance Reserve Fund), the amount required to be deposited in the Operation and Maintenance Fund each month of the second six-month period of each Fiscal Year shall be increased or decreased as appropriate by an amount equal to one-sixth of the amount of such adjustment; and

(b) On the Business Day of the Trustee immediately preceding each January 1 and July 1, the Trustee shall make the following deposits from amounts on deposit in the Revenue Fund in the following manner and order of priority:

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

Second: to the City for deposit into the Special Capital Projects 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;

Third: to the City for deposit into the Operation and Maintenance Reserve Fund an amount equal to one-half of the Operation and Maintenance Reserve Fund Deposit Requirement, if any, for the Fiscal Year which includes such January 1 and July 1; provided, however, that if the mid-year projection prepared in accordance with the Airport Use Agreements contains an adjustment of Operation and Maintenance Expenses (exclusive of Operation and Maintenance Expenses of the Land Support Area and required deposits in the Operation and Maintenance Reserve Fund and the Maintenance Reserve Fund), then the amount required to be deposited in the Operation and Maintenance Reserve Fund with respect to each July 1 shall be increased or decreased as appropriate by an amount equal to the amount of such adjustment;

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

Fifth: to the City for deposit into the Airport Development Fund an amount equal to one-half of the annual Airport Development Fund Deposit Requirement, if any, for the Fiscal Year which includes such January 1 and July 1; and

Sixth: 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 or such date and without priority, one over the other, to any sub-funds on accounts within the Junior Lien Obligation Debt Service Fund, the amount specified by a Certificate filed with the Trustee.

If at the time the above-described 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 such required deposit, the deposit shall be made up on the next applicable deposit date after required deposits into all other Funds enjoying a higher priority shall have been made in full.

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

The amount of the Airport Development Fund Deposit Requirement shall be stated in a Certificate which shall be delivered to the Trustee prior to such deposits. Amounts on deposit in the Airport Development Fund prior to the Transition Date may be applied, used and withdrawn by the City for any lawful corporate purposes of the City, free from any lien or security interest in favor of the Trustee and the owners of Senior Lien Obligations. See "**-O'Hare Revenues Must Be Used For Airport Purposes**" and **APPENDIX B-"SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE-Indenture Funds and Payment of Debt Service-*Disbursements from Revenue Fund Prior to the Transition Date.*"**

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

Flow of Funds After the Transition Date. From and 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 amount provided:

(a) On the tenth day of each month the Trustee shall transfer to the City for deposit into the Operation and Maintenance Fund an amount equal to one-twelfth of the amount provided in the Operation and Maintenance Expense Projection for the current Fiscal Year; provided, however, that if the mid-year projection contains an adjustment of Operation and Maintenance Expenses, the amount required to be deposited in the Operation and Maintenance Fund each month of the second six-month period of each Fiscal Year shall be increased or decreased as appropriate by an amount equal to one-sixth of the amount of such adjustment;

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

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

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

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

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

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

If at the time deposits are required to be made 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 after required deposits into all other Funds enjoying a higher priority shall have been made in full.

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

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

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

Creation of the 2016E Senior Lien Bond Grant Receipts Accounts. The Fifty-Sixth Supplemental Indenture creates two separate and segregated accounts within the Debt Service Fund to be designated the "Chicago O'Hare International Airport 2016E Senior Lien Bond Grant Receipts Deposit Account (previously defined above as the "2016E Senior Lien Bond Grant Receipts Deposit Account") and the "Chicago O'Hare International Airport 2016E Senior Lien Bond Grant Receipts Disbursement Account" (previously defined above as the "2016E Senior Lien Bond Grant Receipts Disbursement Account"). Moneys on deposit in the 2016E Senior Lien Bond Grant Receipts Deposit Account and the 2016E Senior Lien Bond Grants Receipts Disbursement Account are to be held in trust by the Trustee for the sole and exclusive benefit of the Registered Owners of the 2016E Senior Lien Bonds and will not be used or available for the payment of any other Senior Lien Obligations.

The City covenants and agrees in the Fifty-Sixth Supplemental Indenture that all Net Grant Receipts constituting 2016E Pledged Other Available Moneys shall be promptly paid to the Trustee for deposit to the credit of the 2016E Senior Lien Bond Grant Receipts Deposit Account. With respect to any Federal Fiscal Year for which the amount of Anticipated Grant Receipts includes any Pay-Go Grant Receipts, the first Grant Receipts received by the City in such Federal Fiscal Year shall be designated as Pay-Go Grant Receipts. On June 20 of each Bond Year, the Trustee is required to withdraw from the 2016E Senior Lien Bond Grant Receipts Deposit Account and promptly deposit to the credit of the 2016E Senior Lien Bond Grant Receipts Disbursement Account an amount equal to the sum held in the 2016E Senior Lien Bond Grant Receipts Deposit Account on September 30 of the prior Bond Year.

Any moneys remaining in the 2016E Senior Lien Bond Grant Receipts Disbursement Account will be withdrawn by the Trustee and paid over to the City free from the lien of the Fifty-Sixth Supplemental Indenture on the earliest date in each Fiscal Year, after January 5 and prior to June 20 of each Fiscal Year, that each prior 2016E Deposit Requirement (as hereinafter defined), as determined under "—**Payment of Debt Service on the 2016 Senior Lien Bonds-*2016E Senior Lien Bonds*"** below, has been fully satisfied.

Purpose and Funding of the 2016F Senior Lien Bond PFC Revenue Deposit Account. The Fifty-Seventh Supplemental Indenture provides that 2016F Pledged PFCs in the PFC Capital Fund will be withdrawn therefrom and deposited into the 2016F Senior Lien Bond PFC Revenue Deposit Account (a special account within the Debt Service Fund) and used to (i) pay the debt service on the 2016F Senior Lien Bonds, (ii) satisfy any deficiency in the 2016F Senior Lien Debt Service Reserve Account (as herein defined) and (iii) pay all fees and expenses with respect to the 2016F Senior Lien Bonds. The moneys on deposit in the 2016F Senior Lien Bond PFC Revenue Deposit Account are held in trust by the Trustee for the sole and exclusive benefit of the Registered Owners of the 2016F Senior Lien Bonds and will not be used or available for the payment of any other Senior Lien Obligations, including the 2016D Senior Lien Bonds, the 2016E Senior Lien Bonds and the 2016G Senior Lien Bonds.

The 2016F Senior Lien Bond PFC Revenue Deposit Account will be funded by the City as follows:

(i) On each June 20 of each Fiscal Year, the City shall withdraw from the PFC Capital Fund and pay to the Trustee for deposit into the 2016F Senior Lien Bond PFC Revenue Deposit Account an amount equal to the 2016F Deposit Requirement with respect to the next ensuing July 1 Deposit Date, as determined pursuant to the provisions of the Fifty-Seventh Supplemental Indenture as described under "**-Payment of Debt Service on the 2016 Senior Lien Bonds-*2016F Senior Lien Bonds***" below.

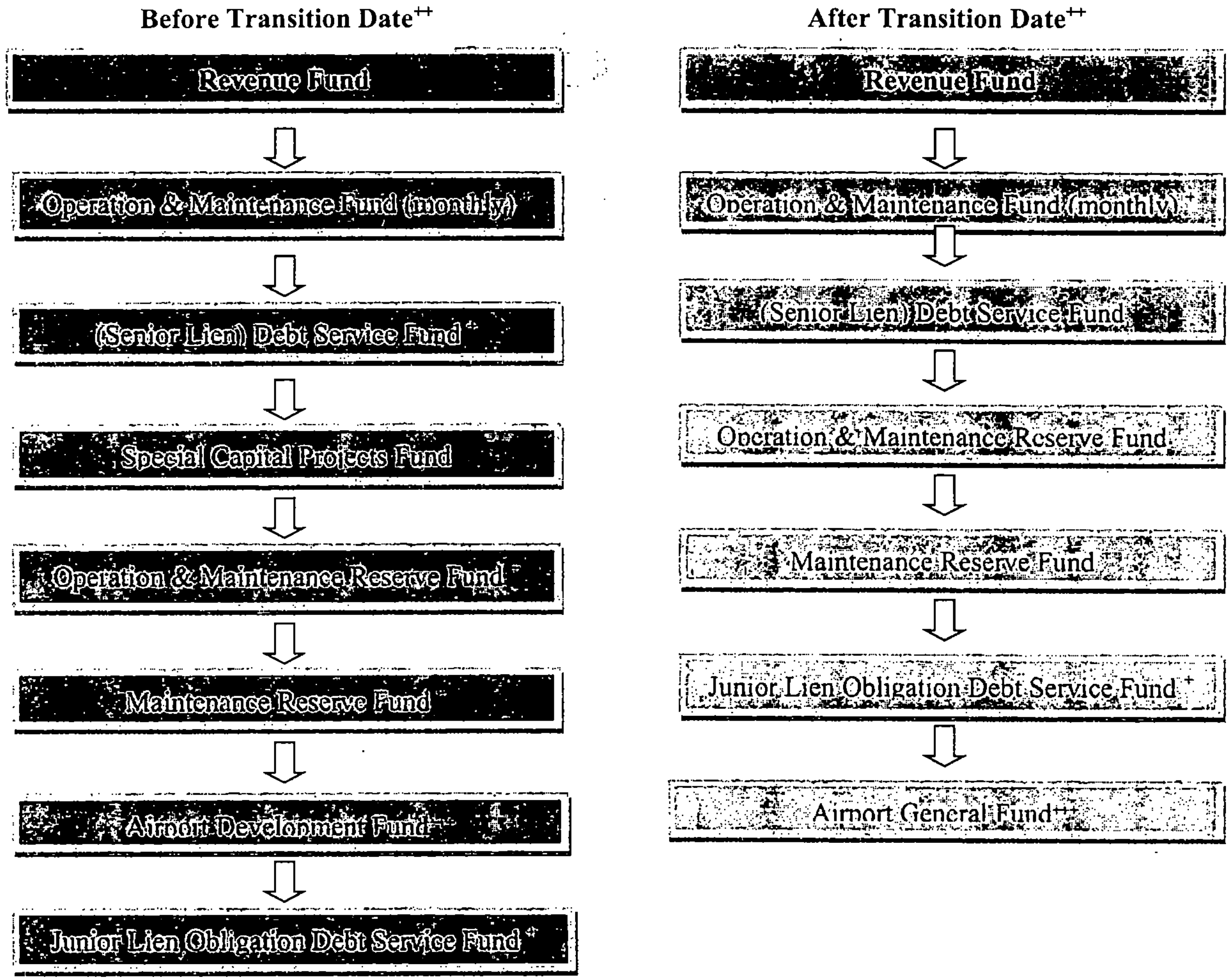
(ii) On each December 20 of each Fiscal Year, the City shall withdraw from the PFC Capital Fund and pay to the Trustee for deposit into the 2016F Senior Lien Bond PFC Revenue Deposit Account an amount equal to the greater of (a) the 2016F Deposit Requirement with respect to the next ensuing January 1 Deposit Date, as determined pursuant to the provisions of the Fifty-Seventh Supplemental Indenture as described under "**-Payment of Debt Service on the 2016 Senior Lien Bonds-*2016F Senior Lien Bonds***" below, and (b) the amount required so that the aggregate sum withdrawn from the PFC Capital Fund and deposited in the 2016F Senior Lien Bond PFC Revenue Deposit Account during the then current Fiscal Year will be not less than one and ten-hundredths times the Net Debt Service with respect to the 2016F Senior Lien Bonds for the Bond Year commencing during such Fiscal Year.

Each deposit to the 2016F Senior Lien Bond PFC Revenue Deposit Account as required by paragraphs (i) and (ii) of this Section shall be made by the City on the required date or as soon thereafter as moneys in the PFC Capital Fund are legally available to satisfy such deposit requirement. If the available amount in the PFC Capital Fund is less than the amount needed to meet any deposit requirement, then the City shall deposit the maximum amount then available for withdrawal from the PFC Capital Fund and the City's obligation to make the required deposits to the 2016F Senior Lien Bond PFC Revenue Deposit Account shall continue until the 2016F Deposit Requirement under the Senior Lien Indenture, as described under "**-Payment of Debt Service on the 2016 Senior Lien Bonds-*2016F Senior Lien Bonds***" below, has been fully satisfied.

Any moneys held in the 2016F Senior Lien Bond PFC Revenue Deposit Account shall be withdrawn by the Trustee and paid over to the City free from the lien of the Fifty-Seventh Supplemental Indenture on the earliest date in each Fiscal Year through maturity, after January 5 and prior to June 20 of each Fiscal Year, provided that each prior 2016F Deposit Requirement, as determined under "**-Payment of Debt Service on the 2016 Senior Lien Bonds-*2016F Senior Lien Bonds***" below, has been fully satisfied.

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

FLOW OF FUNDS COMPARISON [1]



\+ Balance at year end transferred to Revenue Fund.

++ Transition Date means the first business day of the Trustee in the month of June, 2018 unless, prior to May 1, 2018, the City files with the Trustee a Certificate electing to select another date as the Transition Date in which case the Transition Date shall be the date selected by the City in a Certificate filed with the Trustee not less than 30 days prior to the date selected by the City.

Source: Senior Lien Indenture, as herein defined.

+++ Moneys in the Airport Development Fund and the Airport General Fund may be applied, used and withdrawn by the City for any lawful corporate purpose of the City, free from any lien or security interest in favor of the Trustee and the owners of Senior Lien Obligations. See also discussion on limitation on use of Revenues for Airport purposes under "–**O'Hare Revenues Must Be Used For Airport Purposes**," above.

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

PAYMENT OF DEBT SERVICE ON THE 2016 SENIOR LIEN BONDS

General. The moneys in the Debt Service Fund are to be disbursed and applied by the Trustee as required by the provisions of the Senior Lien Indenture, or by the provisions of any Supplemental Indenture creating a Series of Senior Lien Obligations (including the applicable 2016 Supplemental Indenture creating each Series of the 2016 Senior Lien Bonds), or by any instrument creating Senior Lien Obligations. The Trustee shall segregate within the Debt Service Fund and credit to (i) the Common Debt Service Reserve Sub-Fund and to the debt service reserve fund for the 2016F Senior Lien Bonds, such amounts as may be required to be so credited under the Senior Lien Indenture and (ii) such Dedicated Sub-Funds, accounts and sub-accounts therein as may have been created for the benefit of such Senior Lien Obligations such amounts as may be required to be so credited under the provisions of such Supplemental Indenture or instrument creating Senior Lien Obligations to pay the principal of and interest on such Senior Lien Obligations. See **APPENDIX B-"SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE-Indenture Funds and Payment of Debt Service."**

Each Series of the 2016 Senior Lien Bonds will be payable from Revenues allocated to the Dedicated Sub-Fund established for that Series by the applicable 2016 Supplemental Indenture within the Debt Service Fund.

The 2016D Senior Lien Bonds and the 2016G Senior Lien Bonds will be payable solely from Revenues in accordance with the provisions of the Fifty-Fifth Supplemental Indenture and Fifty-Eighth Supplemental Indenture, respectively. The Fifty-Fifth Supplemental Indenture and the Fifty-Eighth Supplemental Indenture create and establish with the Trustee the 2016D Senior Lien Dedicated Sub-Fund and 2016G Senior Lien Dedicated Sub-Fund, respectively, each of which is a separate and segregated sub-fund within the Debt Service Fund.

The 2016E Senior Lien Bonds will be payable from 2016E Pledged Other Available Moneys and from Revenues in accordance with the provisions of the Fifty-Sixth Supplemental Indenture. The Fifty-Sixth Supplemental Indenture creates and establishes with the Trustee the 2016E Senior Lien Dedicated Sub-Fund, which is a separate and segregated sub-fund within the Debt Service Fund.

The 2016F Senior Lien Bonds will be payable from 2016F Pledged PFCs through maturity and from Revenues in accordance with the provisions of the Fifty-Seventh Supplemental Indenture. The Fifty-Seventh Supplemental Indenture creates and establishes with the Trustee the 2016F Senior Lien Dedicated Sub-Fund, which is a separate sub-fund within the Debt Service Fund.

2016D Senior Lien Bonds. On the Business Day immediately preceding each January 1 and July 1 of each year commencing July 1, 2017 (each such date referred to herein as the "Deposit Date"), there will be deposited into the 2016D Senior Lien Dedicated Sub-Fund from amounts on deposit in the Debt Service Fund, an amount equal to the aggregate of the following amounts, which amounts shall have been calculated by the Trustee on the next preceding December 5 or June 5 (in the case of each January 1 or July 1, respectively) (such aggregate amount with respect to any Deposit Date being referred to herein as the "2016D Deposit Requirement"):

(a) for deposit into the "2016D Senior Lien Principal and Interest Account," an amount equal to the aggregate of: (i) one half of the Principal Installment coming due on the 2016D Senior Lien Bonds on the January 1 next succeeding such date of calculation and (ii) the amount of interest due on the 2016D Senior Lien Bonds on the current Deposit Date (reduced, (a) by moneys transferred from the "2016D Senior Lien Capitalized Interest Account" established in the Fifty-Fifth Supplemental Indenture and (b) in the case of each January 1 Deposit Date, by investment earnings credited as of the immediately prior calculation date to the 2016D Senior Lien Principal and Interest Account); and

(b) for deposit into the "2016D Senior Lien Program Fee Account," the amount estimated by the City to be required as of the close of business on such Deposit Date to pay all fees and expenses with respect to the 2016D Senior Lien Bonds during the semiannual period commencing on such Deposit Date.

In addition to the 2016D Deposit Requirement, there shall be deposited into the 2016D Senior Lien Dedicated Sub-Fund any other moneys received by the Trustee under and pursuant to the Senior Lien Indenture or the Fifty-Fifth Supplemental Indenture, when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the 2016D Senior Lien Dedicated Sub-Fund and to one or more accounts therein.

2016E Senior Lien Bonds. On each Deposit Date of each year, commencing July 1, 2017, there will be deposited into the 2016E Senior Lien Dedicated Sub-Fund *first,* from amounts on deposit in the 2016E Senior Lien Bond Grant Receipts Disbursement Account and *second,* if needed from amounts on deposit in the Debt Service Fund, an amount equal to the aggregate of the following amounts, which amounts will have been calculated by the Trustee on the next preceding December 5 or June 5 (in the case of each January 1 or July 1, respectively) (such aggregate amount with respect to any Deposit Date being referred to herein as the "2016E Deposit Requirement"):

(a) for deposit into the "2016E Senior Lien Principal and Interest Account," an amount equal to the aggregate of: (i) one-half of the Principal Installment, if any, coming due on the 2016E Senior Lien Bonds on the January 1 next succeeding such date of calculation and (ii) the amount of interest due on the 2016E Senior Lien Bonds on the current Deposit Date (reduced by (a) moneys transferred from the "2016E Senior Lien Capitalized Interest Account" established in the Fifty-Sixth Supplemental Indenture and (b) in the case of each January 1 Deposit Date, by investment earnings credited as of the immediately prior calculation date to the 2016E Senior Lien Principal and Interest Account); and

(b) for deposit into the "2016E Senior Lien Program Fee Account," the amount estimated by the City to be required as of the close of business on such Deposit Date to pay all fees and expenses with respect to the 2016E Senior Lien Bonds during the semi-annual period commencing on such Deposit Date.

In addition to the 2016E Deposit Requirement, there shall be deposited into the 2016E Senior Lien Dedicated Sub-Fund any other moneys received by the Trustee under and pursuant to the Senior Lien Indenture or the Fifty-Sixth Supplemental Indenture, when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the 2016E Senior Lien Dedicated Sub-Fund and to one or more accounts therein.

2016F Senior Lien Bonds. On each Deposit Date of each year, commencing July 1, 2017, there will be deposited into the 2016F Senior Lien Dedicated Sub-Fund, *first*, from amounts on deposit in the 2016F Senior Lien Bond PFC Revenue Deposit Account and *second,* if needed, from amounts on deposit in the Debt Service Fund, an amount equal to the aggregate of the following amounts which amounts shall have been calculated by the Trustee on the next preceding December 5 or June 5 (in the case of each January 1 or July 1, respectively) (such aggregate amount with respect to any Deposit Date being referred to herein as the "2016F Deposit Requirement"):

(a) for deposit into the "2016F Senior Lien Principal and Interest Account," an amount equal to the aggregate of: (i) one-half of the Principal Installment, if any, coming due on the 2016F Senior Lien Bonds on the January 1 next succeeding such date of calculation and (ii) the amount of interest due on the 2016F Senior Lien Bonds on the current Deposit Date (reduced, in the case of each January 1 Deposit Date, by investment earnings credited as of the immediately prior calculation date as to the Principal and Interest Account);

(b) for deposit into the "2016F Senior Lien Debt Service Reserve Account," the amount, if any, required as of the close of business on such Deposit Date to restore the 2016F Senior Lien Debt Service Reserve Account to an amount equal to the 2016F Reserve Requirement (as herein defined with respect to the 2016F Senior Lien Bonds), including reimbursement of any Qualified Credit Provider; and

(c) for deposit into the "2016F Senior Lien Program Fee Account," the amount estimated by the City to be required as of the close of business on such Deposit Date to pay all fees and expenses with respect to the 2016F Senior Lien Bonds during the semi-annual period commencing on such Deposit Date.

In addition to the 2016F Deposit Requirement, there shall be deposited into the 2016F Senior Lien Dedicated Sub-Fund any other moneys received by the Trustee under and pursuant to the Senior Lien Indenture or the Fifty-Seventh Supplemental Indenture, when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the 2016F Senior Lien Dedicated Sub-Fund and to one or more accounts therein.

2016G Senior Lien Bonds. On each Deposit Date of each year, commencing July 1, 2017, there will be deposited into the 2016G Senior Lien Dedicated Sub-Fund from amounts on deposit in the Debt Service Fund, an amount equal to the aggregate of the following amounts, which amounts shall have been calculated by the Trustee on the next preceding December 5 or June 5 (in the case of each January 1 or July 1, respectively) (such aggregate amount with respect to any Deposit Date being referred to herein as the "2016G Deposit Requirement"):

(a) for deposit into the "2016G Senior Lien Principal and Interest Account," an amount equal to the aggregate of: (i) one half of the Principal Installment coming due on the 2016G Senior Lien Bonds on the January 1 next succeeding such date of calculation and (ii) the amount of interest due on the 2016G Senior Lien Bonds on the current Deposit Date (reduced by moneys transferred from the "2016G Capitalized Interest Account" established in the Fifty-Eighth Supplemental Indenture and, in the case of each January 1 Deposit Date, by investment earnings credited as of the immediately prior calculation date to the 2016G Senior Lien Principal and Interest Account); and

(b) for deposit into the "2016G Senior Lien Program Fee Account," the amount estimated by the City to be required as of the close of business on such Deposit Date to pay all fees and expenses with respect to the 2016G Senior Lien Bonds during the semiannual period commencing on such Deposit Date.

In addition to the 2016G Deposit Requirement, there shall be deposited into the 2016G Senior Lien Dedicated Sub-Fund any other moneys received by the Trustee under and pursuant to the Senior Lien Indenture or the Fifty-Eighth Supplemental Indenture, when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the 2016G Senior Lien Dedicated Sub-Fund and to one or more accounts therein.

DEBT SERVICE RESERVES

The 2016D Senior Lien Bonds, the 2016E Senior Lien Bonds and the 2016G Senior Lien Bonds are Common Reserve Bonds secured by the Common Debt Service Reserve Sub-Fund. The 2016F Bonds are not Common Reserve Bonds and are secured by a separate debt service reserve account.

Common Debt Service Reserve Sub-Fund. Pursuant to the Senior Lien Indenture, the Common Debt Service Reserve Sub-Fund is a Dedicated Sub-Fund within the Debt Service Fund, to be known as the Common Debt Service Reserve Sub-Fund, which is held and administered by the Trustee in accordance with the terms of the Senior Lien Indenture. The 2016D Senior Lien Bonds, the 2016E Senior Lien Bonds and the 2016G Senior Lien Bonds as well as the Outstanding Senior Lien Bonds, other than the Series 2005C Bonds, the Series 2005D Bonds, the Series 2008A Bonds, the Series 2010D Bonds, the Series 2010F Bonds, the Series 2011A Bonds, the Series 2012A Bonds, the Series 2016C Bonds and the 2016F Senior Lien Bonds (which series of bonds are collectively referred to herein as the "Non-Common Reserve Bonds") are entitled to the benefit of the Common Debt Service Reserve Sub-Fund (the "Common Reserve Bonds"). Non-Common Reserve Bonds, other than the Series 2005C Bonds and the Series 2005D Bonds, are each secured by a separate debt service reserve account established under the respective Supplemental Indenture authorizing their issuance. These individual debt service reserve accounts do not secure and are not available for payment of debt service on the Common Reserve Bonds, and the Common Debt Service Reserve Sub-Fund does not secure and is not available for payment of the Non-Common Reserve Bonds. The Series 2005C Bonds and the Series 2005D Bonds are not secured by a reserve fund.

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

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

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

The Senior Lien Indenture provides, and the City covenants in the Fifty-Fifth Supplemental Indenture with respect to the 2016D Senior Lien Bonds, in the Fifty-Sixth Supplemental Indenture with respect to the 2016E Senior Lien Bonds, and in the Fifty-Eighth Supplemental Indenture with respect to the 2016G Senior Lien Bonds, respectively, that (i) the City will maintain the Common Debt Service Reserve Sub-Fund in an amount equal to the Reserve Requirement, (ii) moneys held therein will be held and disbursed for the benefit of all Common Reserve Bonds and such moneys are pledged and assigned for that purpose, and (iii) all Common Reserve Bonds are on a parity and rank equally, without preference, priority or distinction. If on any valuation date under the Senior Lien Indenture the amount on deposit in the Common Debt Service Reserve Sub-Fund is more than the Reserve Requirement, unless otherwise directed by a Certificate of the City to be withdrawn and deposited in trust to pay or provide for the payment of Senior Lien Obligations, the amount of such excess shall be transferred to the Trustee for deposit into the Revenue Fund, provided, however, that immediately after such withdrawal, the amount on deposit in the Common Debt Service Reserve Sub-Fund equals or exceeds the Reserve Requirement.

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

Deficiencies in the Common Debt Service Reserve Sub-Fund are required to be satisfied from Revenues. Amounts deposited in the Common Debt Service Reserve Sub-Fund shall be applied first to reimburse the Qualified Credit Provider and thereby reinstate the Qualified Credit Instrument and next to make deposits into the Common Debt Service Reserve Sub-Fund. The Common Debt Service Reserve Sub-Fund will be applicable only to the Common Reserve Bonds and will not be available to pay debt service on any other Senior Lien Obligations. See **"Payment of Debt Service on the 2016 Senior Lien Bonds"** above and **APPENDIX B-"SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE-Indenture Funds and Payment of Debt Service."**

The 2016D Senior Lien Bonds, the 2016E Senior Lien Bonds and the 2016G Senior Lien Bonds are Common Reserve Bonds. Prior to issuance of the 2016D Senior Lien Bonds, the 2016E Senior Lien Bonds and the 2016G Senior Lien Bonds, the Reserve Requirement for the Common Reserve Bonds was $424,667,322.50. Upon issuance of the 2016D Senior Lien Bonds, the 2016E Senior Lien Bonds and the 2016G Senior Lien Bonds, the City intends to deposit $40,542,732.00 of proceeds from the sale of the 2016D Senior Lien Bonds, the 2016E Senior Lien Bonds and the 2016G Senior Lien Bonds into the Common Debt Service Reserve Sub-Fund which, along with other funds previously on deposit in the Common Debt Service Reserve Sub-Fund, will increase the amount on deposit to $472,346,857.82, which will be fully funded with cash and Qualified Investments on deposit in satisfaction of the requirements of the Senior Lien Indenture. In addition to the cash and Qualified Investments on deposit, various Qualified Credit Instruments remain on deposit in the Common Debt Service Reserve Sub-Fund. As a result of the widespread losses in the mortgage market and overall credit market challenges, among others, Qualified Credit Providers may experience claims and/or reductions in capital such that their capital resources may no longer be sufficient at their respective rating levels to meet their ongoing additional capital needs and/or to respond to claims, including claims under the Qualified Credit Instruments. In the event of the financial distress of any Qualified Credit Provider that has provided a Qualified Credit Instrument on deposit in the Common Debt Service Reserve Sub-Fund, the City is under no obligation to replace the applicable Qualified Credit Instrument with cash or another Qualified Credit Instrument so long as the Common Debt Service Reserve Sub-Fund remains fully funded with cash and Qualified Investments on deposit in satisfaction of the requirements of the Senior Lien Indenture. Except as may be required by the Undertaking described below under **"SECONDARY MARKET DISCLOSURE,"** neither the City nor the Underwriters undertakes responsibility to bring to the attention of the owners of the 2016D Senior Lien Bonds, the 2016E Senior Lien Bonds or the 2016G Senior Lien Bonds any information regarding the financial condition of any Qualified Credit Provider or to take any action in connection therewith.

2016F Senior Lien Debt Service Reserve Account. In the Fifty-Seventh Supplemental Indenture, the City covenants that the City will maintain the 2016F Senior Lien Debt Service Reserve Account in an amount equal to the 2016F Reserve Requirement with respect to the 2016F Senior Lien Bonds, which requirement may be satisfied with (i) one or more Qualified Reserve Account Credit Instruments, (ii) Qualified Investments, or (iii) a combination thereof. Upon issuance of the 2016F Senior Lien Bonds, the City intends to deposit into the 2016F Senior Lien Debt Service Reserve Account a portion of the proceeds from the sale of the 2016F Senior Lien Bonds. The Reserve Requirement for the 2016F Senior Lien Bonds will be the maximum amount of principal of and interest on the 2016F Senior Lien Bonds payable in the current or any future Bond Year and will be fully funded with cash and Qualified Investments on deposit in satisfaction of the requirements of Fifty-Seventh Supplemental Indenture.

DEBT SERVICE COVERAGE COVENANTS

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

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

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

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

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

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

The 2016E Senior Lien Bonds are also payable from 2016E Pledged Other Available Moneys. Debt service on the 2016E Senior Lien Bonds will be payable first from 2016E Pledged Other Available Moneys and, as needed, from Revenues. The 2016F Senior Lien Bonds are also payable through maturity from Pledged PFCs. Debt service on the 2016F Senior Lien Bonds through maturity will be payable first from Pledged PFCs to be withdrawn from the PFC Capital Fund and, as needed, from Revenues.

Within 90 days after the end of each Fiscal Year, the City is required by the Senior Lien Indenture to furnish to the Trustee calculations of the required debt service coverage, as described above. If either calculation for any Fiscal Year indicates that the City has not satisfied its obligations described above, then as soon as practicable, but in any event no later than 45 days after receipt by the Trustee of such calculation, the City must employ an Independent Airport Consultant to review and analyze the financial status and the administration and operation of O'Hare and to submit to the City, within 45 days after employment of the Independent Airport Consultant, a written report on the same, including the action which the Independent Airport Consultant recommends should be taken by the City with respect to the revision of O'Hare rentals, fees and charges, alteration of its methods of operation or the taking of other action that is projected to result in producing the amount so required in the then current Fiscal Year or, if less, the maximum amount deemed feasible by the Independent Airport Consultant. Within 60 days following its receipt of the recommendations, the City must revise O'Hare rentals, fees and charges or alter its methods of operation, which revisions or alterations need not comply with the recommendations so long as any revisions or alterations are projected by the City to result in compliance with the required debt service coverage, as described above. If at any time and as long as the City is in full compliance with the provisions of the Senior Lien Indenture summarized in this paragraph, there shall be no event of default under the Senior Lien Indenture as a consequence of the City's failure to satisfy the coverage covenants described above.

COVENANTS AGAINST LIEN ON REVENUES

The City covenants in the Senior Lien Indenture that it will not issue any indebtedness, other than Senior Lien Obligations, secured by the pledge of Revenues. The City also covenants not to create or cause to be created any lien or charge on Revenues, or on any other amounts pledged for the benefit of owners of the Senior Lien Obligations, including the 2016 Senior Lien Bonds, other than the pledge of Revenues contained in the Senior Lien Indenture.

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

ISSUANCE OF ADDITIONAL SENIOR LIEN BONDS

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

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

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

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

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

THE SENIOR LIEN INDENTURE-Refunding Bonds" and "**-Completion Bonds**." After the issuance of the Senior Lien Bonds, the City plans to issue Additional Airport Obligations to fund the Airport Projects (as herein defined). See "**PLAN OF FINANCE - Airport Projects**."

AIRPORT USE AGREEMENTS

Airport Use Agreements. Moneys deposited by the City in accordance with the Senior Lien Indenture include rentals, fees and charges imposed upon the Airline Parties under the several Amended and Restated Airport Use Agreements and Terminal Facilities Leases (collectively, the "Airport Use Agreements") between the City and the Airline Parties (as herein defined). The Airport Use Agreements provide that the aggregate of all rentals, fees and charges to be paid by the Airline Parties shall be sufficient to pay for the net cost of operating, maintaining and developing O'Hare (excluding the Land Support Area), including the satisfaction of all of the City's obligations to make deposits and payments under the Senior Lien Indenture and any other ordinance or resolution authorizing Airport Obligations in accordance with the Airport Use Agreements.

The City has entered into Airport Use Agreements with the airlines identified as signatories to the Airport Use Agreements in "**AIR TRAFFIC ACTIVITY AT O'HARE-Airlines Providing Service at O'Hare**." Those airlines, together with any additional airline that executes an agreement with the City substantially the same as the Airport Use Agreements, are referred to as the "Airline Parties." See "**AIR TRAFFIC ACTIVITY AT O'HARE-Airlines Providing Service at O'Hare**" and "**CERTAIN INVESTMENT CONSIDERATIONS**."

Expiration of Airport Use Agreements. The expiration date of each of the Airport Use Agreements is May 11, 2018. A significant portion of the debt service on the 2016 Senior Lien Bonds and the Outstanding Senior Lien Bonds becomes due after such date. Upon the expiration of the Airport Use Agreements, the City may extend such agreements, enter into new agreements with the airlines, or impose rates and charges upon the airlines by City ordinance consistent with the requirements of federal law. Regardless of which of these options is pursued, the City has covenanted in the Senior Lien Indenture (which extends beyond the expiration of the Airport Use Agreements) to establish rentals, rates and other charges for the use and operation of O'Hare such that Revenues (including rentals, fees and charges imposed on the airlines), together with certain other moneys deposited with the Trustee, are sufficient to pay the Operation and Maintenance Expenses at O'Hare and to satisfy the debt service coverage covenants contained in the Senior Lien Indenture. See "**-Debt Service Coverage Covenants**" above. Thus, while it is not possible to predict whether any airline will be contractually obligated to make payments, including, among other things, for debt service on the 2016 Senior Lien Bonds, the Outstanding Senior Lien Bonds or any other Senior Lien Bonds after the expiration date of the Airport Use Agreements in 2018, the City is obligated under the Senior Lien Indenture to impose fees and charges on the airlines for use of O'Hare that will enable the City to satisfy the Senior Lien Indenture debt service coverage covenants.

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

ISSUANCE OF ADDITIONAL SENIOR LIEN OBLIGATIONS SECURED BY NET GRANT RECEIPTS OR PLEDGED PFCS

The Fifty-Sixth Supplemental Indenture provides that the 2016E Pledged Other Available Moneys pledged to the payment of principal and interest on the 2016E Senior Lien Bonds is subject to the City's right to issue additional Senior Lien Obligations or Junior Lien Obligations that are also secured by Net Grant Receipts on a parity with the 2016E Senior Lien Bonds.

The Fifty-Seventh Supplemental Indenture provides that the Pledged PFCs pledged to the payment of principal and interest on the 2016F Senior Lien Bonds are subject to the City's right to issue additional Senior Lien Obligations or Junior Lien Obligations that are also secured by Pledged PFCs on a parity with the 2016F Senior Lien Bonds. The 2016C Senior Lien Bonds shall be secured by Pledged PFCs on a parity with the 2016F Senior Lien Bonds.

Within the first six months of 2017, the City plans to issue the 2017 PFC Bonds to pay the costs of certain projects included in the OMP, fund the related reserve requirements, refund certain outstanding PFC Obligations and pay the related costs of issuance of the 2017 PFC Bonds, as more fully described under "**PLAN OF FINANCE**" herein. The 2017 PFC Bonds shall be secured solely by PFCs and are senior to the pledge of PFCs for Senior Lien Obligations. If issued, the City will offer the 2017 PFC Bonds pursuant to a separate official statement.

PROPOSED AMENDMENT TO THE SENIOR LIEN INDENTURE

The City has proposed an amendment (the "2010 Amendment") to the Senior Lien Indenture that would remove the restrictions described under "**Restrictions on Sales or Transfer of Airport**" in **APPENDIX B**. The 2010 Amendment will not take effect unless and until (among other things) the 2010 Amendment is consented to by the Owners of more than 50% in principal amount of the then Outstanding Senior Lien Obligations and the City determines to present such amendment to the Trustee. Pursuant to the 2016 Supplemental Indentures authorizing each Series of the 2016 Senior Lien Bonds, the Owners of the 2016 Senior Lien Bonds shall be deemed to have consented to the 2010 Amendment by purchasing such 2016 Senior Lien Bonds. Such consent of any Owner may be revoked in writing as provided in the Senior Lien Indenture. Currently and continuing after the issuance of the 2016 Senior Lien Bonds, Owners of the required percentage of the Outstanding Senior Lien Obligations have consented to the 2010 Amendment and the City thus may elect to implement the 2010 Amendment by presenting it to the Trustee for execution.

BOND INSURANCE

Payment when due of the principal of and the interest on the 2016F Senior Lien Bonds maturing on January 1 of the years 2035, 2036, 2037, 2042 and 2047 will be insured by the Policy to be issued by the Bond Insurer concurrently with the delivery of the 2016 Senior Lien Bonds. See "**BOND INSURANCE,**" "**RATINGS**" **and APPENDIX H – "SPECIMEN BOND INSURANCE POLICY".**

REMEDIES

There is no provision for the acceleration of the maturity of the 2016 Senior Lien Bonds if any default occurs in the performance of any other obligation of the City under the Senior Lien Indenture, or if interest on the 2016 Senior Lien Bonds becomes includible in the gross income of the Owners thereof for federal income tax purposes. See **APPENDIX B – "SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE-Remedies."**

CERTAIN PROVISIONS OF THE PFC INDENTURE

*As described in "-**General**" and "-**Pledge of Revenues, Net Grant Receipts and PFCs**" above, the 2016F Senior Lien Bonds are also payable from a subordinate pledge of PFC Revenues as well as Revenues. The description of the PFC Indenture is included within this Official Statement for the benefit of the 2016F Senior Lien Bonds to the extent the 2016F Senior Lien Bonds are payable from the Pledged PFCs. While the 2016F Senior Lien Bonds will be payable from certain Pledged PFCs, the 2016F Senior Lien Bonds are being issued pursuant to the Senior Lien Indenture and not pursuant to the PFC Indenture.*

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

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

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

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

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

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

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

Prior to issuing any Project PFC Obligations and Refunding PFC Obligations, the City is required to satisfy an additional bonds test that is set forth in the PFC Indenture. For a description of additional requirements regarding the use of PFC Revenues under the PFC Indenture, see "*-Plan of Finance Compliance Certificate,*" below. Within the first six months of 2017, the City plans to issue the 2017 PFC Bonds, as more fully described under "**PLAN OF FINANCE**" herein.

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

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

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

BOND INSURANCE

BOND INSURANCE POLICY

Concurrently with the issuance of the 2016 Senior Lien Bonds, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policy (the "Policy") for the 2016F Senior Lien Bonds maturing on January 1 of the years 2035, 2036, 2037, 2042 and 2047, with CUSIP numbers 167593XR8, 167593XS6, 167593XT4, 167593XU1 and 167593XV9 (collectively, the "Insured Bonds"). The Policy guarantees the scheduled payment of principal of and interest on the Insured Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

BAM is a New York domiciled mutual insurance corporation. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM. BAM's total admitted assets, total liabilities, and total capital and surplus, as of September 30, 2016 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $493.9 million, $61.0 million and $432.8 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE".

ADDITIONAL INFORMATION AVAILABLE FROM BAM.

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at buildamerica.com/creditinsights/. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at buildamerica.com/obligor/. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

PLAN OF FINANCE

GENERAL

The City is issuing the 2016 Senior Lien Bonds to: (i) to pay the costs of certain Airport Projects; (ii) fund the related reserve requirements for the 2016 Senior Lien Bonds; and (iii) pay costs and expenses incidental thereto and to the issuance of the 2016 Senior Lien Bonds. The 2016 Senior Lien Bonds are payable from and secured by a pledge of the Revenues and certain Funds and Accounts held under the Senior Lien Indenture.

AIRPORT PROJECTS

On February 26, 2016, the signatory airlines approved a $1.3 billion infrastructure plan and airfield development program that include construction of Runway 9C-27C and enabling projects, including airline facility relocation (these projects are part of the OMP); a centralized deicing pad, fuel line relocation, and a cross-field taxiway system; and relocation of Taxiways A and B (the "Airport Projects"). Proceeds from the 2016 Senior Lien Bonds will be used to fund the Airport Projects.

Runway 9C-27C. Construction of a new 11,245 foot by 200 foot Airplane Design Group VI runway, which includes all associated taxiway networks and navigational aids. The proposed runway is located 1,607 feet north of RW 9R-27L and 5,293 feet south of RW 9L-27R. Full-length parallel taxiways will be constructed on the north and south side of the runway, spaced 600 feet from the runway center line at a nominal width of 100 feet or the current FAA standard for ADG VI. A total of three high-speed exit taxiways are included to facilitate aircraft exiting from the runway. This project also includes the decommissioning of Runway 14L-32R and conversion of the former runway into a taxiway.

Runway 9C-27C VOR/DME Relocation. This project will relocate the Doppler Very High Frequency Omnidirectional Range (VOR) space frame counterpoise at the Airport to a location in Rosemont, Illinois. The VOR needs to be relocated as part of the construction of the OMP Completion Phase Runway 9C-27C. The relocation will require the FAA to develop engineering specifications for a structural engineering contract to design, fabricate and install the space frame counterpoise for the elevated VOR Facility.

East Airfield Lighting Control Vault. There are several enabling projects that must be completed to support the construction of Runway 9R-27L. The new East Airfield Lighting Control Vault (EALCV) is required to support the lighting loads, circuits, and equipment of the proposed Runways 9C/27C, Runway 9R/27L Extension and associated taxiways located in the north airfield. The EALCV is intended to serve two of the four OMP end state runways on the North side of the airfield.

Airport Rescue and Firefighters #2 Facility Relocation. The Aircraft Rescue and Fire Fighting Facility (ARFF) #2 relocation project constructs a new ARFF located in the airfield at the northeast end of the Airport. The new ARFF station is proposed to replace the existing ARFF #2 station which will be demolished to allow the construction of Runway 9C-27C. The ARFF Facility proposed is a single-story facility with a maximum of five (5) apparatus bays and will be a "combined station" providing both ARFF and structural firefighting response capability. The apparatus bays require vehicle support equipment such as vehicle exhaust systems, overhead hoists, and compressed air, water and foam concentrate recharging systems. This facility will include administrative offices, conference and training rooms used to maintain operational readiness. The firefighter housing area includes areas for sleeping, hygiene, cooking, eating and relaxing.

Ground Run-Up Enclosure. This project will relocate the existing Ground Run-Up Enclosure (GRE). The current location of the GRE falls within the future Runway 9C-27C and Taxiway D safety area. The existing GRE will be disassembled and reassembled at a new location approximately 500 feet northeast of the current location on the Scenic Hold Pad just east of the Airfield Maintenance Area. A new foundation, extension of electrical service and electrical connections will be required. The relocated GRE can be used by any aircraft that is maintained at a facility at the Airport that requires engine tests prior to being re-commissioned.

Taxiway Z and J and Tank Farm Road. The existing Tank Farm Road must be relocated to accommodate the construction of Runway 9C-27C. The northern portion of Tank Farm Road has been relocated under OMP Completion Phase 2A. This project includes the extension of Tank Farm Road south along the western edge of the Airport for approximately 3,600 feet where it then turns east towards the terminal, eventually connecting to the existing terminal access road system. Tank Farm Road is an airside roadway that is used by all vehicles servicing the airport. This project also includes the construction of new Taxiways Z and J which connect the western end of Runway 9C-27C to taxiway routes to the terminals.

Relocation of Airline Support Facilities. Several existing facilities located in the Northwest Maintenance area are in the footprint of the new Runway 9C-27C and will need to be relocated. This project is for the demolition of the existing structures and in-kind replacement of the structures that were demolished. Existing aviation fuel lines are in conflict with the new Runway 9C-27C and associated taxiways.

Central De-Icing Pad. This project will construct the centralized deicing pad located in the general area of Runway 14R/32L. The de-icing ramp area is approximately 240,000 square yards.

Cross-Field Taxiway System. Construction a cross-field taxiway system that will support flows between the north and south airfields and relocation of Taxiways A and B and will primarily consist of two parallel taxiways connecting the two parallel east-west taxiways.

Relocation of Taxiways A and B. This project will partially relocate the two terminal perimeter Taxiways A and B. The final configuration is dependent upon plans for future terminal development to the south and west of the existing terminals. The anticipated scope of this project includes replacement of approximately 190,000 square yards of pavement.

For further discussion of the Airport Projects, see **APPENDIX E-"REPORT OF THE AIRPORT CONSULTANT-The Airport Facilities, Capital Programs, and 2016 Projects."**

OTHER FUTURE FINANCINGS FOR O'HARE

In addition to the 2016 Senior Lien Refunding Bonds and the 2017 PFC Bonds, the City expects to issue additional Airport Obligations, including Senior Lien Bonds, PFC Obligations, CP Notes and Credit Agreement Notes, from time to time, to continue implementation and funding of capital projects at O'Hare and refunding Outstanding Airport Obligations. For a discussion of future financing needs for O'Hare, see **"CAPITAL PROGRAMS-OMP Airfield Projects"** and **APPENDIX E-"REPORT OF THE AIRPORT CONSULTANT-The Airport Facilities, Capital Program, and 2016 Projects."**

SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds in connection with the issuance of 2016 Senior Lien Bonds.

SOURCES OF FUNDS	2016D Senior Lien Bonds	2016E Senior Lien Bonds	2016F Senior Lien Bonds	2016G Senior Lien Bonds	Total[1]
Par Amount	$739,335,000.00	$156,575,000.00	$156,090,000.00	$65,250,000.00	$1,117,250,000.00
Net Premium/Original Issue Discount	57,789,088.20	21,374,212.40	4,453,254.70	2,563,692.05	86,180,247.35
Total	$797,124,088.20	$177,949,212.40	$160,543,254.70	$67,813,692.05	$1,203,430,247.35
USES OF FUNDS					
Deposit to Project Account	$664,495,125.49	$140,000,000.00	$150,000,000.00	$58,304,874.51	$1,012,800,000.00
Deposit to Debt Service Reserve Accounts	30,988,581.22	6,917,860.98	9,104,143.76	2,636,289.80	49,646,875.76
Capitalized Interest	97,065,837.86	30,155,850.69	0.00	6,467,606.56	133,689,295.11
Costs of Issuance[2]	4,574,543.63	875,500.73	1,439,110.94	404,921.18	7,294,076.48
Total	$797,124,088.20	$177,949,212.40	$160,543,254.70	$67,813,692.05	$1,203,430,247.35

[1] Totals may not add due to rounding.
[2] Includes Underwriters' Discount, Policy premium for certain 2016F Senior Lien Bonds, and other costs of issuance.

CHICAGO O'HARE INTERNATIONAL AIRPORT

GENERAL

O'Hare is the primary commercial airport for the City, as well as an important connecting point for numerous domestic and international flights. Located 18 miles northwest of the City's central business district, O'Hare occupies approximately 7,272 acres of land and is directly linked to the central business district by a rapid transit rail system. O'Hare is by far the busiest airport serving the Chicago Region (as herein defined). 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 origin and destination ("O&D") markets.

Based on preliminary data from ACI, for the 12-month period ended December 2015, O'Hare ranked second both worldwide and in the United States in total aircraft operations, and fourth worldwide and second in the United States in terms of total passengers. According to the CDA, O'Hare had approximately 70.0 million total passengers in 2014 and approximately 76.9 million in 2015.

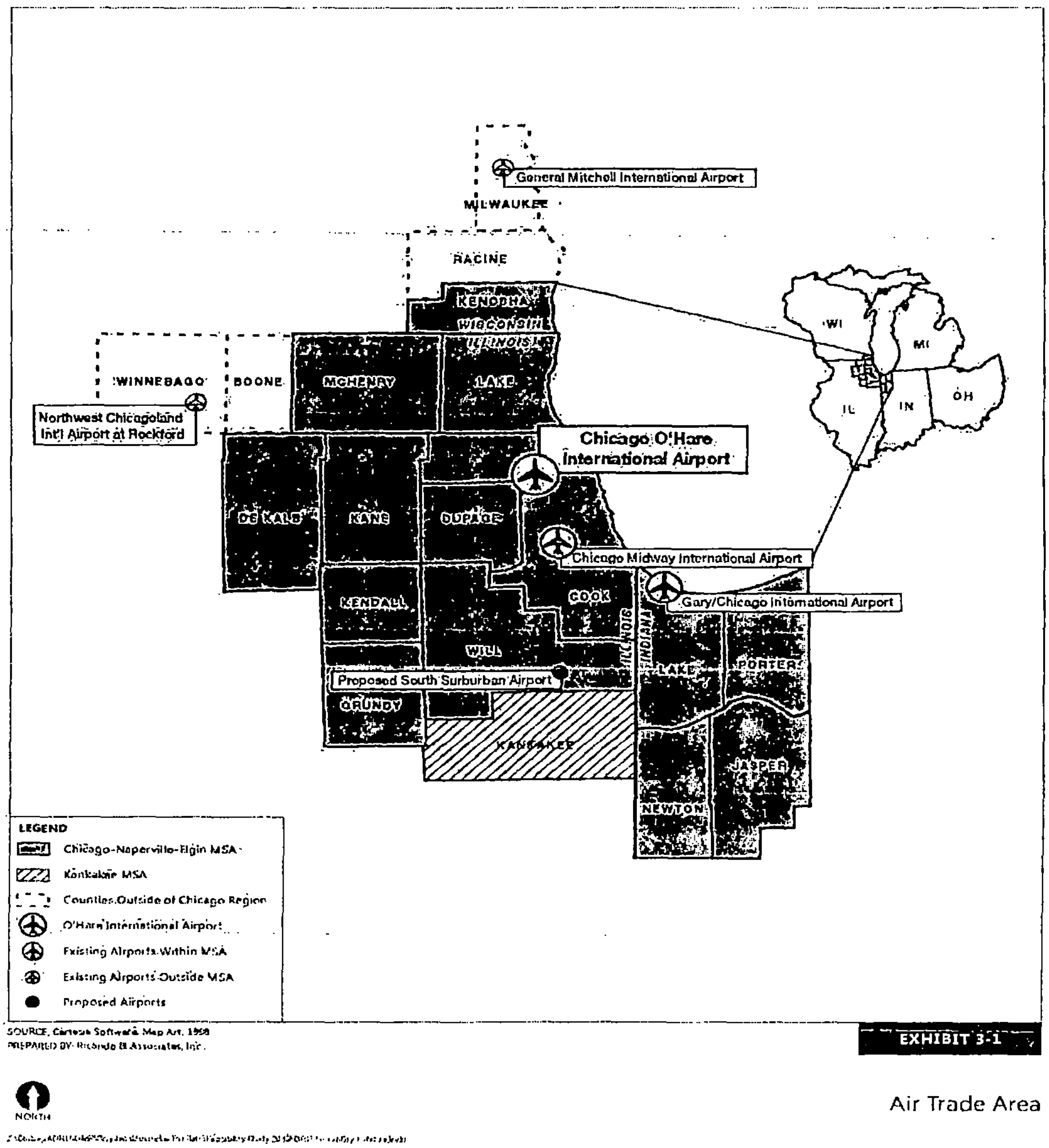
Both United Airlines and American Airlines, two of the world's four largest air carriers (in terms of revenue passenger miles), operate major hubs at O'Hare. United Airlines (including its regional affiliates) operated 571 daily departures from O'Hare as of August 2016 and accounted for 44.2 percent of the enplaned passengers at O'Hare in 2015. American Airlines (including US Airways with which American Airlines merged in 2015 and its regional affiliates) operated 479 daily departures from O'Hare as of August 31, 2016 and accounted for 35.8 percent of the enplaned passengers at O'Hare in 2015. See **"CERTAIN INVESTMENT CONSIDERATIONS-Uncertainties of the Airline Industry"** herein for additional information regarding the airlines serving O'Hare.

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

THE AIR TRADE AREA

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

MAP OF CHICAGO REGION



Air Trade Area

OTHER COMMERCIAL SERVICE AIRPORTS SERVING THE CHICAGO REGION

Midway. In addition to O'Hare, Midway is owned by the City and operated through the CDA. Midway, located 15 miles south of O'Hare and nine miles southwest of the central business district of the City, also provides scheduled commercial passenger service. Based upon CDA management records, total enplaned passengers at Midway were 11,003,697 for 2015 and 10,497,727 for 2014. As of August 2016, Midway provided nonstop service to 75 markets (nine of which are international destinations) with a total of 272 daily nonstop flights whereas O'Hare has approximately 1,097 daily nonstop flights to 231 markets (64 of which are international destinations). In 2015, Midway had 4,227,590 connecting enplanements and 6,890,633 originating enplanements; these enplanements represented approximately 25.5 percent of Chicago originating passenger traffic and approximately 18.8 percent of Chicago connecting passenger traffic, whereas O'Hare's originating and connecting percentages of Chicago passenger traffic for 2015 were approximately 74.5 percent and 82.2 percent, respectively.

O'Hare and Midway are operated as separate and distinct enterprises for financial purposes and the 2016 Senior Lien Bonds are not secured by any revenues generated, or property located, at Midway.

General Mitchell International Airport. The nearest commercial service airport outside the Chicago Region is General Mitchell International Airport ("Mitchell"), located approximately 70 miles north of O'Hare. Mitchell serves the commercial air service needs of Milwaukee, southeast Wisconsin, and portions of northern Illinois. Total enplaned passengers at Mitchell were approximately 3.3 million in each of the years 2015 and 2014. Although Mitchell is in close proximity to O'Hare (their overlapping service areas include three counties in the northern Chicago Region area, which represent approximately 12 percent of the population in the Chicago Region), the higher-frequency nonstop service to top O&D markets from O'Hare attracts a greater portion of traffic in northern Illinois and southern Wisconsin to O'Hare. On average in 2015, Mitchell had approximately 107 daily nonstop flights to 38 markets (5 of which were international).

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

EXISTING AIRPORT FACILITIES

O'Hare currently has eight active runways, which allow for operations in good and poor weather conditions. A network of aircraft taxiways, aprons and hold areas supports the runways. The runways range from 7,500 feet to 13,001 feet. All runways have electronic and other navigational aids that permit aircraft landings in most weather conditions. For more information regarding the existing airfield facilities at O'Hare, see **"The Airport Facilities, Capital Program, and 2016 Projects-Airport Facilities-Airfield"** in **APPENDIX E-"REPORT OF THE AIRPORT CONSULTANT."**

The airlines serving O'Hare operate out of four terminal buildings. Three terminal buildings, having a total of 170 aircraft gates, serve domestic flights and certain international departures. A fourth terminal building, the International Terminal, with 19 aircraft gates and four hardstand positions, serves the remaining international departures and all international arrivals requiring customs clearance. The ATS serves the three domestic terminals, the International Terminal and the remote long-term parking areas. For more information regarding the existing terminal facilities at O'Hare, see **APPENDIX E-"REPORT OF THE AIRPORT CONSULTANT-The Airport Facilities, Capital Development Program, and 2015 Projects-Airport Facilities-Terminal Area."**

Currently, of the 170 domestic gates and related facilities at O'Hare, 10 are common use gates and eight are preferential use gates. The remaining domestic gates and related facilities are exclusively leased by the City to the Airline Parties pursuant to the Airport Use Agreements. The common use gates are being used by the following low-cost carriers: Frontier, JetBlue, Spirit and Virgin America, along with Air Choice One, which is an Essential Air Service carrier. The preferential use gates are leased to American Airlines. All 19 international gates are operated on a common use basis.

A hotel, an elevated parking structure, and the heating and refrigeration plant serving O'Hare are located adjacent to the terminal buildings. The hotel, currently leased and operated by Hilton Hotels Corporation, provides 860 guest rooms as well as restaurants and meeting facilities. The six-story parking structure located next to the terminal has approximately 9,300 parking spaces and is supplemented by an adjacent surface lot with approximately 2,800 additional spaces. Public and employee ground level parking spaces located elsewhere at O'Hare total approximately 10,700 and 20,600 parking spaces, respectively.

With 16 air cargo buildings and nine aircraft maintenance hangars leased by airlines, O'Hare is a major center for other aviation-related activity such as aircraft maintenance and domestic and international air cargo shipment. In addition, two flight kitchens, four buildings used for airline ground equipment maintenance, one United States Postal Service facility and an airport equipment maintenance complex that stores and services snow removal and other equipment are located at O'Hare.

AIRPORT MANAGEMENT

O'Hare is owned by the City and operated through the CDA, which oversees planning, operations, safety and security, and finance and administration. The CDA also oversees such activities at Midway. The CDA is headed by the Commissioner of Aviation and as of September 30, 2016 had approximately 1,484 employees (1,285 at O'Hare and 199 at Midway).

REGIONAL AUTHORITY

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

O'HARE NOISE COMPATIBILITY COMMISSION

The O'Hare Noise Compatibility Commission (the "O'Hare Noise Commission") was formed to (i) determine certain noise compatibility projects to be implemented in a defined area surrounding O'Hare, (ii) oversee a noise monitoring system operated by the City, and (iii) advise the City concerning other O'Hare noise-related issues. As of September 1, 2016, the City had spent approximately $505.6 million on residential and school noise compatibility projects since the establishment of the O'Hare Noise Commission in 1997.

BUDGET PROCEDURES

The City is required by law to pass an annual appropriation ordinance and budget prior to the beginning of each Fiscal Year. The CDA submits its proposed budget for the following Fiscal Year, including the proposed budget for O'Hare, to the City's Budget Director for inclusion in the proposed City budget. The Budget Director includes a proposed budget for the CDA in the City's budget proposal for approval by the Mayor who submits the City budget to the City Council for approval. O'Hare's budget, as proposed by CDA, may be modified by the Budget Director, the Mayor or the City Council. On November 16, 2016, the City Council approved the Fiscal Year 2017 City budget.

AIR TRAFFIC ACTIVITY AT O'HARE

RECENT O'HARE OPERATIONS

For over 40 years, O'Hare has been and continues to be one of the principal components in the national airspace system, providing not only the primary origin and destination service to the third largest metropolitan area in the United States, but also serving as an important connecting hub for two of the world's four largest air carriers (in terms of revenue passenger miles) – United Airlines and American Airlines. Preliminary statistics from ACI indicate that for 2015 O'Hare ranked second worldwide and in the United States in total aircraft operations with 875,136 takeoffs and landings, and seventh worldwide and third in the United States in total passengers. O'Hare served approximately 38.38 million enplaned and deplaned passengers in 2015, an increase of 9.9% from the previous year. Through the first eight months of 2016, passenger activity at O'Hare has increased 2.5% from the record volume over the same period in 2015.

As of August 2016, nonstop service was provided from O'Hare to each of O'Hare's top 50 domestic O&D markets. Scheduled service in August 2016 included an average of 1,233 nonstop departures from O'Hare, including 1,108 domestic departures and 128 international departures.

PASSENGER ACTIVITY AT O'HARE

The table on the following page shows the total enplaned passenger activity for a 10-year period from 2006 through 2015. Total enplaned passengers at O'Hare reached a record high of approximately 38.381 million total enplaned passengers in 2015 and increasing significantly from a low in 2009 of 32.035 million total enplaned passengers. These decreases in total enplaned passengers in 2009 (as compared to prior years), which were similar to those experienced nationally, were primarily due to cutbacks in capacity by the airlines in response to record high fuel costs and a nationwide economic recession, which impacted demand for air travel. From 2010 through 2013, O'Hare experienced relatively stable activity with approximately 33 million in enplaned passengers annually. Enplaned passenger activity for 2015 rose 9.9% over 2014. For the first seven months of 2016 passenger activity increased 2.7% from the same period in 2015 to approximately 27.3 million enplaned passengers.

As set forth in the following table, O'Hare supports substantial international service. Between 2006 and 2015, the percent of international enplaned passengers ranged from 14.38 to 16.18 percent of the total enplaned passengers.

TOTAL ENPLANED PASSENGERS[1]
CHICAGO O'HARE INTERNATIONAL AIRPORT

2006-2015

YEAR	DOMESTIC ENPLANED PASSENGERS	DOMESTIC ANNUAL GROWTH	INTERNATIONAL ENPLANED PASSENGERS	INTERNATIONAL ANNUAL GROWTH	TOTAL ENPLANED PASSENGERS	TOTAL ANNUAL GROWTH
2006	32,116,629	(0.9%)	5,647,815	1.9%	37,764,444	(0.5%)
2007	32,109,607	(0.0%)	5,653,455	0.1%	37,763,062	(0.0%)
2008	28,378,531	(11.6%)	5,632,655	(0.4%)	34,011,186	(9.9%)
2009	26,851,150	(5.4%)	5,184,005	(8.0%)	32,035,155	(5.8%)
2010	28,087,634	4.6%	5,131,768	(1.0%)	33,219,402	3.7%
2011	28,293,579	0.7%	4,901,129	(4.5%)	33,194,708	(0.1%)
2012	28,275,113	(0.1%)	4,956,088	1.1%	33,231,201	0.1%
2013	28,182,287	(0.3%)	5,102,501	3.0%	33,284,788	0.2%
2014	29,546,907	4.8%	5,392,787	5.7%	34,939,694	5.0%
2015	32,863,551	11.2%	5,517,938	2.3%	38,381,489	9.9%
COMPOUND ANNUAL GROWTH RATE						
2006 - 2011	(2.5%)		(2.8%)		(2.5%)	
2011 - 2015	3.8%		3.0%		3.7%	
2006 - 2015	0.3%		(0.3%)		0.2%	

NOTE:

1 Excludes general aviation, military, helicopter, and miscellaneous passengers included in the City of Chicago's Airport Activity Statistics

SOURCE: City of Chicago, Department of Aviation Management Records, August 2016.

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

The following table shows total enplaned passengers, total originating enplaned passengers and total connecting enplaned passengers at O'Hare for a 10-year period from 2006 through 2015. As shown, O'Hare has a strong O&D market with the percent of originating passengers ranging from 47.8% to 52.4% of total enplaned passengers over the 10-year period.

ORIGINATING AND CONNECTING ENPLANEMENTS
CHICAGO O'HARE INTERNATIONAL AIRPORT

2006-2015

YEAR	TOTAL ORIGINATING ENPLANED PASSENGERS	ORIGINATING ENPLANED PASSENGER ANNUAL GROWTH	TOTAL CONNECTING ENPLANED PASSENGERS	CONNECTING ENPLANED PASSENGER ANNUAL GROWTH	TOTAL ENPLANED PASSENGERS	TOTAL ENPLANED PASSENGER ANNUAL GROWTH	ORIGINATING ENPLANED PASSENGER PERCENTAGE
2006	18,051,404	3.0%	19,713,040	-3.4%	37,764,444	-0.5%	47.8%
2007	18,201,796	0.8%	19,561,266	-0.8%	37,763,062	0.0%	48.2%
2008	17,311,694	-4.9%	16,699,492	-14.6%	34,011,186	-9.9%	50.9%
2009	15,697,226	-9.3%	16,337,929	-2.2%	32,035,155	-5.8%	49.0%
2010	17,406,914	10.9%	15,812,388	-3.2%	33,219,302	3.7%	52.4%
2011	15,966,655	-8.3%	17,228,053	9.0%	33,194,708	-0.1%	48.1%
2012	16,848,219	5.5%	16,382,982	-4.9%	33,231,201	0.1%	50.7%
2013	17,041,811	1.1%	16,242,977	-0.9%	33,284,788	0.2%	51.2%
2014	17,102,467	0.4%	17,837,227	9.8%	34,939,694	5.0%	48.9%
2015	20,081,775	17.4%	18,299,714	2.6%	38,381,489	9.9%	52.3%
COMPOUND ANNUAL GROWTH RATE							
2006 - 2011	(2.4%)		(2.7%)		(2.5%)		
2011 - 2015	5.9%		1.5%		3.7%		
2006 - 2015	1.2%		(0.8%)		0.2%		

NOTE: Excludes general aviation, military, helicopter, and miscellaneous passengers included in the City of Chicago's Comprehensive Annual Financial Report.

SOURCES: City of Chicago, Department of Aviation Management Records (historical enplaned passengers), August 2016; Ricondo & Associates, Inc. (November 18, 2016), analysis of passenger components

AIRCRAFT OPERATIONS

The following table shows total aircraft operations at O'Hare for the 10-year period 2006 through 2015. From 2006 through 2009, the number of aircraft operations steadily decreased, to 827,899. After increasing to 882,617 in 2010, the number of aircraft operations decreased slightly to 878,108 in 2012, and increased to 883,287 in 2013 with a slight decrease to 881,933 in 2014. Prior to 2015, United and American shifted domestic passenger service from their mainline service to their regional affiliates, shown by the increase in regional affiliates over the period. Mainline aircraft operations increased from 267,044 in 2014 to 306,670 in 2015. The national economic recession and the recent trend of operating capacity with larger aircraft were the primary cause of total operations at O'Hare decreasing from 958,643 in 2006 to 875,136 in 2015.

TOTAL AIRCRAFT OPERATIONS
CHICAGO O'HARE INTERNATIONAL AIRPORT
2006-2015

	DOMESTIC			INTERNATIONAL							
	MAJORS/ NATIONALS	REGIONALS/ COMMUTERS	DOMESTIC TOTAL	U.S. FLAG CARRIERS	FOREIGN FLAG CARRIERS	INTERNATIONAL TOTAL	TOTAL PASSENGER AIRLINES	GENERAL AVIATION[1]	ALL CARGO	MILITARY	TOTAL
2006	398,633	422,953	821,586	49,230	34,750	83,980	905,566	31,912	21,165	0	958,643
2007	387,663	415,270	802,933	51,531	35,512	87,043	889,976	16,295	20,702	0	926,973
2008	366,143	396,848	762,991	45,378	35,833	81,211	844,202	19,802	17,562	0	881,566
2009	318,513	402,656	721,169	42,074	32,768	74,842	796,011	17,900	13,988	0	827,899
2010	283,194	488,376	771,570	41,452	30,702	72,154	843,724	21,645	17,248	0	882,617
2011	279,466	493,249	772,715	41,492	28,212	69,704	842,419	19,230	17,149	0	878,798
2012	274,841	498,295	773,136	38,560	28,432	66,992	840,128	21,103	16,877	0	878,108
2013	267,838	504,491	772,329	41,959	29,899	71,858	844,187	22,774	16,326	0	883,287
2014	267,044	513,552	780,596	32,697	35,863	68,560	849,156	17,344	15,433	0	881,933
2015	306,670	458,210	764,880	33,873	36,855	70,728	835,608	21,828	17,700	0	875,136
COMPOUND ANNUAL GROWTH RATE											
2006-2015	(2.9%)	0.9%	(0.8%)	(4.1%)	0.7%	(1.9%)	(0.9%)	(4.1%)	(2.0%)	N/A	(1.0%)

Note: N/A = not applicable.

[1] Includes general aviation, helicopter, and other miscellaneous operations.
Source: City of Chicago, Department of Aviation Management Records, August 2016.

AIRLINES PROVIDING SERVICE AT O'HARE

As of August 2016, O'Hare had scheduled air service by 21 U.S. flag carriers, 36 foreign flag carriers, 5 non-scheduled/charter airlines and 22 scheduled all-cargo carriers. The following tables show the airlines that currently provide service at O'Hare and the respective airline share of enplaned passengers at O'Hare from 2011 to 2015. For more information, see **"Air Traffic-Airlines Serving the Airport"** in **APPENDIX E-"REPORT OF THE AIRPORT CONSULTANT."**

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AIRLINES SERVING O'HARE[1]

SCHEDULED U.S. CARRIERS (21)
Aerodynamics, Inc
Air Choice One
Alaska
American [2] *
Compass (Delta Connection)
Delta *
Endeavor Air (Delta Connection)
Envoy (American Eagle)
ExpressJet (American Eagle, Delta Connection & United Express)
Frontier
GoJet (Delta Connection & United Express)
JetBlue
Mesa (American Eagle & United Express)
PSA (American Eagle)
Republic (American Eagle)
Shuttle America (Delta Connection & United Express)
SkyWest (American Eagle, Delta Connection & United Express)
Spirit*
Trans States (United Express)
United *
Virgin America

FOREIGN-FLAG CARRIERS (36)
Aer Lingus
Aeromexico
Air Berlin
Air Canada [3] *
Air France [3]
Air India
Alitalia [3]
All Nippon
Asiana
Austrian
AVIANCA
British Airways
Cathay Pacific
Cayman [3]
COPA
China Eastern Airlines
Emirates
Etihad
Finnair [3]
Hainan
Iberia
Icelandair
Japan
KLM Royal Dutch
Korean Air
LOT
Lufthansa
Qatar
Royal Jordanian
SAS
Sky Regional (Air Canada Express)
SWISS International
Turkish
Virgin Atlantic [3]
WestJet [3]
Volaris

NON-SCHEDULED CARRIERS (5)
Casino Express
Miami Air International
Omni Air International
Sunwing Airlines
Vision Air

ALL-CARGO CARRIERS (22)
Aerologic
Aerounion
Air Bridge Cargo
Air China Cargo
Airborne Express
Atlas Air
Cargolux
China
China Cargo
China Eastern
China Southern
DHL
EVA Airways
FedEx *
Kalitta
Lufthansa Cargo
Martinair Cargo
Mountain Air
Nippon
Qantas
United Parcel Service *
Yangtze River

Notes:
* = Signatory to the Airport Use Agreement.
[1] Scheduled for the 12 months ended August 2016
[2] In December 2013, American and US Airways merged. The FAA granted a single operating certificate on April 8, 2015
[3] Provides seasonal service at the Airport

Sources: City of Chicago, Department of Aviation Management Records, August 2016; Dno LLC, August 2016.

AIRLINE SHARES OF ENPLANED PASSENGERS CHICAGO O'HARE INTERNATIONAL AIRPORT (2011-2015)[1]

	AIRLINE	2011 ENPLANED PASSENGERS	2011 SHARE	2012 ENPLANED PASSENGERS	2012 SHARE	2013 ENPLANED PASSENGERS	2013 SHARE	2014 ENPLANED PASSENGERS	2014 SHARE	2015 ENPLANED PASSENGERS	2015 SHARE
	United Carriers Combined [1/]	15,697,777	47 3%	15,512,325	46.7%	15,417,514	46.3%	15,953,464	45 7%	16,964,618	44 2%
	American Carriers Combined [2/]	12,504,447	37.7%	12,518,193	37.7%	12,574,993	37.8%	13,025,518	37.3%	13,740,573	35 8%
1	United [1/]	9,711,656	29.3%	9,315,340	28.0%	8,990,732	27.0%	9,227,495	26.4%	10,556,509	27.5%
2	American [2/]	8,555,926	25.8%	8,233,016	24.8%	8,278,339	24.9%	8,089,327	23.2%	9,694,172	25 3%
3	Envoy Air [3/] (American Eagle)	3,500,279	10 5%	3,591,209	10 8%	3,322,933	10.0%	2,868,392	8 2%	2,992,870	7 8%
4	SkyWest (American Eagle, Delta Connection & United Express)	1,375,929	4.1%	1,276,718	3.8%	1,386,813	4.2%	1,873,838	5.4%	2,363,825	6 2%
5	ExpressJet (American Eagle, Delta Connection & United Express)	1,920,154	5.8%	2,547,550	7.7%	2,507,154	7.5%	2,265,376	6.5%	2,080,030	5 4%
6	Spirit	565,117	1.7%	875,403	2.6%	956,297	2.9%	1,151,516	3.3%	1,505,460	3.9%
7	Republic (American Eagle & United Express)	2,958	0.0%	4,127	0.0%	214,238	0.6%	1,673,668	4.8%	1,477,878	3.9%
8	Delta	692,244	2 1%	719,024	2.2%	716,938	2.2%	844,445	2.4%	972,132	2.5%
9	Shuttle America (Delta Connection & United Express)	1,176,252	3.5%	1,163,078	3.5%	1,118,384	3.4%	1,036,671	3.0%	960,637	2.5%
10	GoJet (Delta Connection & United Express)	695,580	2.1%	743,794	2 2%	795,407	2.4%	783,363	2 2%	867,993	2 3%
11	Frontier Airlines	612	0.0%	86,198	0.3%	85,589	0.3%	153,838	0.4%	809,191	2.1%
12	Alaska	249,701	0.8%	248,885	0.7%	243,625	0.7%	264,947	0.8%	306,030	0.8%
13	Lufthansa	287,892	0.9%	269,061	0.8%	295,435	0.9%	301,482	0.9%	279,972	0.7%
14	Trans States (United Express)	347,997	1.0%	208,197	0.6%	475,863	1 4%	637,489	1.8%	279,635	0 7%
15	JetBlue	225,175	0.7%	205,707	0.6%	185,653	0.6%	241,582	0.7%	263,947	0.7%
	Other	3,887,236	11.7%	3,743,894	11.3%	3,711,388	11.2%	3,526,265	10.1%	2,971,208	7.7%
	Airport Total [4/]	**33,194,708**	**100.0%**	**33,231,201**	**100.0%**	**33,284,788**	**100.0%**	**34,939,694**	**100.0%**	**38,381,489**	**100.0%**

Notes. U.S DOT T-100 Data has been used to determine United and American combined shares. Share totals for United and American carriers combined include regional affiliates and is separate from the airport total calculation

[1] In October 2010, United and Continental merged. The FAA granted United a single operating certificate on November 30, 2011 Data for the two airlines are combined.

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

[3] In January 2014, American Eagle was rebranded as Envoy Air

[4] Columns may not add to totals shown because of rounding.

Sources City of Chicago, Department of Aviation Management Records, August 2016; U.S DOT T-100, August 2016

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

O'HARE FINANCIAL INFORMATION

OPERATING RESULTS

The following is a summary of O'Hare's operating revenues and Operation and Maintenance Expenses for the five-year period 2011 through 2015. O'Hare's Fiscal Year corresponds with the calendar year. See also **APPENDIX D-"AUDITED FINANCIAL STATEMENTS"** as of and for the years ended December 31, 2015 and 2014 (the "Financial Statements").

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HISTORICAL OPERATING RESULTS
CHICAGO O'HARE INTERNATIONAL AIRPORT
2011-2015
(IN THOUSANDS)

	2011	2012	2013	2014	2015
OPERATING REVENUES					
Landing Fees	$ 179,924	$ 189,997	$169,323	$211,982	$253,347
Rental Revenues					
Terminal rental and use charges	246,912	287,972	273,611	340,449	292,706
Other rentals and fueling system fees	40,530	40,468	44,813	44,330	48,199
Sub-Total Rental Revenues	279,373	287,442	318,424	385,779	340,905
Concessions:					
Auto parking	93,557	93,430	95,614	97,834	99,210
Auto rentals	25,445	22,643	26,274	27,863	29,176
Restaurants	41,330	35,669	42,662	45,432	49,366
News and gifts	16,579	14,495	18,367	24,086	24,355
Other	41,197	30,377	40,337	45,082	41,908
Sub-Total Concessions	211,886	218,108	223,254	240,297	244,015
Reimbursements	8,219	7,017	6,679	6,466	6,961
Total Operating Revenues	$679,402	$702,564	$717,680	$844,524	$845,228
OPERATION AND MAINTENANCE EXPENSES					
Salaries and Wages [1]	$190,830	$191,677	$192,744	$212,576	$229,015
Pension Expense					339,546[1]
Repairs and Maintenance	94,519	88,784	85,484	110,928	98,945
Energy	31,777	31,775	32,895	34,519	34,090
Materials & Supplies	14,288	9,797	8,961	10,573	9,876
Engineering & Other Professional Services	65,382	74,307	81,070	88,142	83,265
Other Operating Expenses	34,254	53,839	24,895	38,268	10,973
Total Operation and Maintenance Expenses Before Depreciation and Amortization	$431,050	$450,179	$426,049	$495,007	$805,710
NET OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION	$248,352	$252,385	$291,631	$349,517	$ 39,518

[1] Pension Expense is included in 2015 as a separate category due to implementation of Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27 ("GASB 68"). GASB 68 requires inclusion of certain expenses that are not payable in that year but required to be recorded in the City's Airport financial statements. Prior to GASB 68 (from 2011 through 2014 in the above table), Salaries and Wages included the Pension Expense due and payable in each year.

DISCUSSION OF FINANCIAL OPERATIONS

The "Historical Operating Results" table above summarizes O'Hare's audited financial results for the years 2011 through 2015. Operating revenues in the table are comprised of landing fees, terminal area rental/use charges, other rentals/fueling system fees and concessions. Operation and Maintenance Expenses are comprised of salaries and wages, repairs and maintenance, energy, materials and supplies, engineering and other professional services and other operating costs which include insurance premiums, equipment rentals, vehicles and various miscellaneous costs.

The City charges the Airline Parties based on a projection of, and recognizes revenues from the Airline Parties only to the extent required to fund, the net airline requirement (equal to Operation and Maintenance Expenses, net debt service requirements and fund deposit requirements less non-airline revenues and credits). Accordingly, landing fees and terminal area rental/use charges increased $3.6 million in 2015 compared to 2014, due to an increased net airline requirement, driven by an increase in cash Operation and Maintenance Expenses and an increase in net debt service requirements, which were not completely offset by increased non-airline revenues.

The increase in total Operation and Maintenance Expenses before depreciation and amortization of approximately $310 million from 2014 to 2015 was primarily due to increases in pension cost resulting from the implementation of GASB 68 and increases in salaries and wages.

Of the $339.5 million of Pension Expense recorded for 2015, $25.8 million is the portion of the City's pension contribution payable in 2015 to the Retirement Funds (as herein defined) and allocable to O'Hare. The remaining portion of the Pension Expense for 2015 ($313.7 million) is recognized on the income statement of O'Hare for 2015 pursuant to GASB 68 but is not due and payable by the City during 2015; accordingly, that portion is not included in Operating Expenses for purposes of calculation of the debt service coverage ratios.

The increase in non-airline revenues and reimbursements of $3 million from 2014 to 2015 was primarily due to increases in auto parking, restaurants and auto rentals of $3.9 million, $1.3 million, and $1.3 million, respectively.

CASH BALANCES

As of December 31, 2015, O'Hare's unrestricted cash and investments balance in the O'Hare Land Support Fund, Revenue Fund and O&M Fund was $143.5 million and its restricted cash and investments balance was $2.498 billion compared to December 31, 2014 balances of $99.6 million in the O'Hare Land Support Fund, Revenue Fund and O&M Fund and $2.463 billion in restricted cash and investments. The December 31, 2015 restricted cash and investments balance was comprised of construction funds of $650.5 million, $79.6 million of capitalized interest, $1.105 billion from debt service reserve and debt service funds, $133.8 operation and maintenance reserve, $93.9 million customer facility charge funds, $342.5 million in the Airport Development Fund, $42.6 million in other funds, and $126.3 in the passenger facility fund. The restricted cash and investments balance includes approximately $650.5 million in construction funds that the City expects to spend through 2018.

INSURANCE

The City maintains property and liability insurance coverage for both O'Hare and Midway and allocates the cost of the premiums between the two airports. The City's property and liability premiums for both O'Hare and Midway are approximately $9 million per year. The property coverage renewed on December 31, 2015 with a limit of $3.5 billion total for both airports and includes terrorism, and the liability coverage renewed on May 15, 2016 with a limit of $1 billion total for both airports and includes $750 million in war and terrorism liability coverage.

PENSION COSTS

Determination of Pension Contributions

Each O'Hare employee participates in one of four single-employer defined-benefit pension plans for City employees: the Municipal Employees' Annuity and Benefit Fund of Chicago (the "MEABF"), the Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago (the "LABF," and together with the MEABF, the "Municipal and Laborers' Funds"), the Policemen's Annuity and Benefit Fund (the "PABF"), or the Firemen's Annuity and Benefit Fund (the "FABF," and together with the PABF, the "Public Safety Funds," which, together with the Municipal and Laborer's Fund, are referred to herein as the "Retirement Funds"). For additional information on the O'Hare's portion of the net pension liability to the Retirement Funds, see **Appendix D-"AUDITED FINANCIAL STATEMENTS- NOTES 7 and 8."** The Report of the Airport Consultant in Appendix E sets forth projected Personnel Expenses which incorporates O'Hare's projected contributions to the Retirement Funds from 2016 through 2025.

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

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

The City Contributions and Employee Contributions are each established by the Illinois Pension Code (the "Pension Code"). Except as described under **"-Public Safety Funds,"** the Contributions required under the Pension Code do not relate to, and in recent years have been substantially less than, the contribution amounts that would have been required if the Retirement Funds were funded based on actuarial determinations of the contribution amounts necessary to fully fund the Annuity Benefits to Eligible Members of each Retirement Fund over an extended period. See **"CERTAIN INVESTMENT CONSIDERATIONS - Financial Condition of the City and Other Overlapping Governmental Bodies"** herein. In an effort to improve the funded status of the Public Safety Funds, the Illinois General Assembly passed Public Act 96-1495 ("Act 1495"), which modified provisions of the Pension Code with respect to PABF and FABF.

The City's proposed Fiscal Year 2017 budget includes the following contributions to the Retirement Funds (as indicated by total annual contribution and O'Hare proportional share): (i) $267 million for MEABF, of which $18 million, or less than 7 percent, is O'Hare's proportional share; (ii) $36 million for LABF, of which $2.275 million, or 6.4 percent, is O'Hare's proportional share; and (iii) $727 million for FABF and PABF, of which $18.3 million, or 2.5 percent, is O'Hare's proportional share.

Public Safety Funds

The Pension Code establishes the Employee Contributions to PABF at 9.0 percent of the salary of each employee on an annual basis and Employee Contributions to FABF at 9.125 percent of the salary of each employee on an annual basis and establishes Annuity Benefits for Eligible Members of the Public Safety Funds hired prior to January 1, 2011 based on the Annuity Factors, subject to 3.0 percent automatic annual increases after each member's first full year of retirement. Prior to the effectiveness of Act 1495, the Pension Code established the City Contribution to PABF at an amount based upon a fixed multiplier of 2.00 times the annual employee contributions to PABF and the City Contribution to FABF at an amount based upon a fixed multiplier of 2.26 times the employee contributions to FABF.

Act 1495 provided for the City to contribute the actuarially determined amounts necessary to achieve a 90 percent funded ratio in the Public Safety Funds by 2040, but made no changes to the Annuity Benefits for Eligible Employees hired before January 1, 2011 and established Annuity Benefits for Eligible Members hired on or after January 1, 2011 based on the Annuity Factors, but with the average annual salary capped at a certain amount, and the annual increases to the Annuity Benefits tied to the lesser of 3.0 percent or the consumer price index. Additionally, Act 1495 reduced a survivor's Annuity Benefit equal to 2/3 of the Annuity Benefits that the deceased Eligible Member was receiving at the time of his or her death for Eligible Members hired on or after January 1, 2011.

Beginning with the contribution to be made to the Retirement Funds in 2016, the City's contributions to PABF and FABF will be determined pursuant to P.A. 99-506 ("Act 506") (which modified the funding approach for unfunded liabilities set forth in Act 1495), rather than the multiplier funding formula. Act 506 (i) extends the period by which the unfunded liabilities of the Public Safety Funds are amortized, on a level percentage of payroll basis, to a 90 percent funded ratio from 2040 to 2055 and (ii) institutes a phase-in period during 2016-2020 to allow for a more gradual increase in the City Contributions to the Public Safety Funds than originally required by Act 1495.

Municipal and Laborer's Funds

The current Pension Code establishes Annuity Benefits for Eligible Members of the Municipal and Laborers' Funds hired prior to January 1, 2011 based on the Annuity Factors, subject to 3.0 percent automatic annual increases after the members' first full year of retirement and Annuity Benefits for Eligible Members hired on or after January 1, 2011 based on the Annuity Factors, but with the average annual salary capped at a certain amount, and the annual increases to the Annuity Benefits are tied to the consumer price index. Further, the Pension Code establishes the Employee Contribution at 8.5 percent of the salary of each employee on an annual basis and the City Contribution is established at an amount based on a fixed multiplier of 1.25 times the annual employee contributions for the MEABF and 1.00 for the LABF. Without significantly higher contributions or investment returns, the LABF and MEABF are currently estimated to become insolvent in 2025 and 2027, respectively.

On May 23, 2016, the City announced an agreement in principle with unions for employees participating in LABF (the "LABF Plan") pursuant to which the City would begin contributing to LABF on an actuarial basis and certain employees participating in LABF would contribute an increased percentage of their salaries to LABF. Similarly, on August 3, 2016, the City announced an agreement in principle with unions for employees participating in MEABF (the "MEABF Plan" and, together with the LABF Plan, the "Stabilization Plans") pursuant to which the City would begin contributing to MEABF on an actuarial basis and certain employees participating in MEABF would contribute an increased percentage of their salaries to MEABF.

Pursuant to the Stabilization Plans, Eligible Members of the Municipal and Laborers' Funds hired on or after January 1, 2017 ("New Members") would contribute an additional 3.0 percent of their salaries to their respective Retirement Funds and would be eligible for benefits at age 65 (as opposed to age 67 for Eligible Members hired between January 1, 2011 and January 1, 2017 ("Tier II Members")). In addition, Tier II Members of the Municipal and Laborers' Funds would be eligible to receive benefits at age 65 provided that such Tier II Members agree to contribute an additional 3.0 percent of their salaries to their respective Retirement Funds.

The Stabilization Plans further provide for the City to contribute the actuarially determined amounts required to achieve a 90 percent funded ratio in the Municipal and Laborers' Funds by 2057, following a phase-in of certain increased City Contributions ending in 2022. In the fall of 2016, legislation supported by the City to amend the Pension Code to incorporate the provisions of the

Stabilization Plans was introduced in the Illinois General Assembly. The City makes no prediction as to whether any such amendments will become law. The City intends to continue to make City Contributions to the Municipal and Laborers' Funds in accordance with the Pension Code in effect when such City Contributions are payable.

OUTSTANDING INDEBTEDNESS AT O'HARE

GENERAL

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

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

AIRPORT OBLIGATIONS

Outstanding Senior Lien Bonds. The City has issued and has outstanding Senior Lien Bonds (including the Third Lien Bonds issued prior to 2012) in the outstanding aggregate principal amount of $6,400,885,000 (which amount includes Outstanding Senior Lien Bonds anticipated to be refunded with a portion of the proceeds of the 2016 Senior Lien Refunding Bonds). The 2016 Senior Lien Bonds are secured on a parity basis with the Outstanding Senior Lien Bonds and all other Senior Lien Obligations.

Debt Service Schedule for Outstanding Senior Lien Bonds. The Senior Lien Indenture secures on a parity basis as to Revenues the 2016 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 2016 SENIOR LIEN BONDS-General.**" The debt service on the Outstanding Senior Lien Bonds and the 2016 Senior Lien Bonds is shown in the following table:

Debt Service Schedule for Senior Lien Bonds[1]

Bond Year Ending January 1	Total Debt Service on Outstanding Senior Lien Bonds[2][3][4][5]	Capitalized Interest on Outstanding Senior Lien Bonds	Total Debt Service on 2016D Senior Lien Bonds	Total Debt Service on 2016E Senior Lien Bonds	Total Debt Service on 2016F Senior Lien Bonds	Total Debt Service on 2016G Senior Lien Bonds	Capitalized Interest on 2016D, 2016E & 2016G Senior Lien Bonds	Total Net Debt Service
2017	$384,960,642	$3,521,201						$381,439,441
2018	572,226,035	2,847,424	$36,788,700	$7,697,966	$8,876,628	$3,192,869	$47,679,535	578,255,239
2019	568,868,998		37,732,000	7,895,350	9,102,744	3,274,738	48,902,088	577,971,742
2020	532,302,513		42,757,000	7,895,350	9,103,344	3,704,738	22,894,675	572,868,270
2021	480,231,360		42,755,750	7,895,350	9,102,144	3,703,238	14,212,997	529,474,845
2022	480,318,316		42,757,000	7,895,350	9,104,144	3,700,738		543,775,548
2023	459,004,480		42,760,000	7,895,350	9,100,894	3,702,238		522,462,962
2024	457,082,230		42,624,000	38,040,350	9,102,394	3,692,488		550,541,462
2025	457,073,318		42,620,250	38,043,100	9,103,144	3,691,988		550,531,800
2026	452,907,968		42,626,750	38,040,350	9,102,894	3,690,238		546,368,200
2027	453,785,443		42,617,250	38,043,600	9,101,394	3,692,238		547,239,925
2028	453,786,474		42,626,750	28,038,600	9,101,494	3,692,738		537,246,056
2029	449,291,274		49,965,338		9,103,981	4,390,188		512,750,781
2030	451,386,936		49,963,625		9,103,331	4,394,313		514,848,205
2031	451,378,175		49,960,700		9,099,281	4,394,500		514,832,656
2032	451,372,103		49,969,463		9,101,569	4,390,750		514,833,885
2033	493,404,620		49,962,025		9,099,406	4,392,000		556,858,051
2034	489,440,084		49,966,813		9,102,531	4,394,250		552,903,678
2035	505,889,165		49,965,675		9,100,156	4,392,250		569,347,246
2036	317,389,420		49,971,250		9,103,763	4,391,000		380,855,433
2037	315,927,346		49,965,388		9,099,738	4,390,250		379,382,722
2038	313,985,649		49,965,725		9,103,063	4,394,750		377,449,187
2039	311,972,670		49,963,850		9,103,100	4,394,000		375,433,620
2040	198,092,334		49,966,613		9,099,638	4,393,000		261,551,585
2041	147,005,475		49,970,338		9,102,463	4,391,500		210,469,776
2042	49,584,025		49,961,350		9,100,938	4,394,250		113,040,563
2043	49,596,025		49,971,500		9,099,850	4,390,750		113,058,125
2044	49,591,875		49,967,500		9,098,775	4,391,000		113,049,150
2045	22,177,000		49,967,000		9,102,288	4,394,500		85,640,788
2046	22,181,250		49,961,000		9,099,750	4,390,750		85,632,750
2047			49,970,750		9,100,950	4,389,750		63,461,450
2048			49,966,250		9,100,250	4,391,000		63,457,500
2049			49,963,750		9,103,750	4,394,000		63,461,500
2050			49,968,500		9,099,250	4,393,250		63,461,000
2051			49,965,250		9,101,250	4,393,500		63,460,000
2052			49,964,250		9,103,500	4,394,250		63,462,000
Total	$10,842,213,201	$6,368,626	$1,657,849,353	$227,380,716	$318,333,789	$145,158,000	$133,689,295	$13,050,877,141

Source: CDA Management Records, November 30, 2016.

(footnotes on following page)

(1) Totals may not add due to rounding.
(2) For the Series 2005C and Series 2005D Bonds, assumes interest rates of 5%.
(3) Includes debt service on the 2016 Senior Lien Refunding Bonds which are expected to close on or about December 5, 2016.
(4) Includes debt service on Third Lien Bonds.
(5) Does not include Federal Subsidy Payments with respect to the Series 2010B Bonds. Under the budget sequestration provisions of the Budget Control Act of 2011 the subsidy will be reduced by 6.9% for the Federal 2017 Fiscal Year. Absent Congressional action, the sequester will continue through October 2021; however, any future percentage of subsidy reduction is not known at this time.

Issuance of Additional Airport Obligations. Subject to certain conditions set forth in the Senior Lien Indenture, the City may also in the future issue Additional Senior Lien Bonds or incur other Senior Lien Obligations that will be secured on a parity basis with the 2016 Senior Lien Bonds and the Outstanding Senior Lien Bonds. See **"SECURITY FOR THE 2016 SENIOR LIEN BONDS-Issuance of Additional Senior Lien Bonds"** and **"CAPITAL PROGRAMS."**

The City may issue, from time to time, additional Airport Obligations to fund additional capital projects under the CIP and to fund certain runway projects, all as described under **"CAPITAL PROGRAMS."** Such additional Airport Obligations may include, without limitation, Senior Lien Bonds. Issuance of any such Senior Lien Bonds would require compliance with the requirements of the Senior Lien Indenture for the issuance of additional debt.

Obligations Subordinate to Senior Lien Bonds. As described under **"SECURITY FOR THE 2016 SENIOR LIEN BONDS-Covenants Against Lien on Revenues,"** the City has the right, at any time, to issue debt payable or secured by amounts to be withdrawn from the Junior Lien Obligation Debt Service Fund so long as such pledge is expressly junior and subordinate to the pledge of Revenues to the payment of Senior Lien Obligations. Indebtedness of the type described in the preceding sentence can be issued without limit as to nature or amount.

The City previously authorized the issuance of Chicago O'Hare International Airport Commercial Paper Notes (the "CP Notes") and Chicago O'Hare International Airport Credit Agreement Notes (the "Credit Agreement Notes"), respectively, in a combined aggregate principal amount outstanding at any one time of up to $1 billion. Pursuant to this authority, the City recently established a $420 million CP Notes program and intends to establish a $180 million program for Credit Agreement Notes. The CP Notes and the Credit Agreement Notes (if and when issued) will be Junior Lien Obligations and subordinate to the 2016 Senior Lien Bonds and all other Senior Lien Obligations with respect to their claim on Revenues. As of the date of this Official Statement, there are no outstanding CP Notes or Credit Agreement Notes.

LETTER OF CREDIT FACILITIES SECURING INDEBTEDNESS AT O'HARE

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

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

Letter of Credit Facilities
($ in thousands)

Series	Amount Outstanding (9/30/16)	Expiration/ Termination Date	Bank	Ratings Thresholds(1) Fitch	Moody's	S&P
2005C	$140,600	8/15/2017	Citibank	BBB	Baa2	BBB-
2005D	100,000	8/15/2017	Barclays	(2)	(2)	(2)

Source: City of Chicago, Department of Finance.

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

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

AIRPORT PFC OBLIGATIONS

Existing PFC Obligations. The City has previously issued various series of PFC Obligations pursuant to the PFC Master Indenture. There are currently $595.630 million aggregate principal amount of PFC Obligations outstanding under the PFC Indenture. PFC Obligations are secured separately from the Senior Lien Bonds, solely by PFCs collected by the City at O'Hare.

Issuance of Additional PFC Obligations. The City has the authority to issue an additional $500 million of PFC Obligations. The City may issue, from time to time, additional PFC Obligations to fund projects under the 2016-2020 CIP and to fund the OMP Completion Phase 2B (including additional costs of the OMP Completion Phase Noise Program), as described under "**CAPITAL PROGRAMS.**" See "**CERTAIN INVESTMENT CONSIDERATIONS-Future Indebtedness**" and "**-Availability of PFC Revenues.**" Within the first six months of 2017, the City plans to issue the 2017 PFC Bonds to pay the costs of certain projects included in the OMP, fund the related reserve requirements, refund certain outstanding PFC Obligations and pay the related costs of issuance of the 2017 PFC Bonds, as more fully described under "**PLAN OF FINANCE**" herein.

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

AIRPORT CFC OBLIGATIONS

The City has previously issued its $248,750,000 Customer Facility Charge Senior Lien Revenue Bonds, Series 2013 (the "CFC Bonds") pursuant to an Indenture of Trust, dated as of August 1, 2013, as supplemented and amended (the "CFC Indenture"). In addition, the City has entered into a Transportation Infrastructure Finance and Innovation Act of 1998 loan with the U.S. Department of Transportation, which will provide funding in an aggregate principal amount up to $272,100,000 (the "TIFIA Loan" and together with the CFC Bonds, the "CFC Obligations"), and which constitutes a subordinate bond under the CFC Indenture. The proceeds of the CFC Obligations, together with other moneys, are being used to finance the construction of the Multi-Modal Facility, and the CFC Obligations are secured separately from the Senior Lien Obligations, solely by CFCs collected from customers of rental car companies operating at O'Hare and certain other charges payable by rental car companies operating from the CRCF.

SPECIAL FACILITY REVENUE BONDS

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

PFC PROGRAM AT O'HARE

The description of the PFC Program at O'Hare is included within this Official Statement for the benefit of the 2016F Senior Lien Bonds to the extent the 2016F Senior Lien Bonds are payable from Pledged PFCs. The PFCs collected at O'Hare are not included within Revenues.

GENERAL

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

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

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

COLLECTION OF THE PFCs

A PFC may be collected from a passenger for no more than two boardings (i) on a one-way trip or (ii) in each direction of a roundtrip. The public agency may request exemption from the requirement to collect PFCs for a class of air carriers if the number of passengers enplaned by the carriers in the class constitutes no more than one percent of the total enplaned passengers annually at the airport at which the

PFC is imposed. The City has requested and received an exemption from the collection of PFCs for air taxi operators at O'Hare. Air taxi operators have historically accounted for less than one percent of all PFC eligible enplanements at O'Hare.

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

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

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

THE CITY'S PFC APPROVALS

Since 1993, the FAA has approved several PFC applications and amendments submitted by the City authorizing the City to use PFCs to pay (i) allowable costs of projects approved by the FAA for PFC funding ("Approved Projects"), including those Approved Projects financed or refinanced by the issuance of the Series 2001 PFC Bonds, the Series 2008 PFC Bonds, the Series 2010 PFC Bonds, the Series 2011 PFC Bonds (each series as defined in **APPENDIX A-"GLOSSARY OF TERMS"**) and the planned 2017 PFC Bonds, together with debt service on the Series 2001 PFC Bonds, the Series 2008 PFC Bonds, the Series 2010 PFC Bonds, the Series 2011 PFC Bonds and the planned 2017 PFC Bonds, and (ii) allowable costs of certain Approved Projects on a "pay as you go" basis.

As of the date of this Official Statement, the City has authority to impose and use at O'Hare up to $6.55 billion in PFCs. Based upon the City's current PFC authority, the FAA estimates the PFC collection expiration date to be February 1, 2039. See Exhibit 5-7 in **APPENDIX E-"REPORT OF**

THE AIRPORT CONSULTANT" for a description of PFC Revenues anticipated to be received by the City through 2025. Although the City expects that it will obtain new PFC Approvals before its current authority expires, no assurance can be given that the City will be able to do so. Regardless, the 2016F Senior Lien Bonds are also payable from and secured by a pledge of Revenues. See "**SECURITY FOR THE 2016 SENIOR LIEN BONDS.**"

The City is in the process of submitting to the FAA an application for PFC authority for the International Terminal expansion project. This will support the issuance of the 2017 PFC Bonds in the approximate principal amount of $188.6 million to fund the International Terminal expansion project. Additional International Terminal Expansion project costs, if determined to be PFC-eligible based upon project refinements, could be funded with PFC Revenues.

TERMINATION OF AUTHORITY TO IMPOSE PFCs

The FAA may terminate the City's authority to impose PFCs, subject to procedural safeguards, if the FAA determines that (i) the City is in violation of certain provisions of the federal Airport Noise and Capacity Act of 1990 (the "Noise Act") relating to airport noise and access restrictions, (ii) PFC collections and investment income thereon are not being used for Approved Projects in accordance with the PFC Approvals or with the PFC Act and the PFC Regulations, (iii) implementation of any Approved Projects does not commence within the time period specified in the PFC Act and the PFC Regulations or (iv) the City is otherwise in violation of the PFC Act, the PFC Regulations or the PFC Approvals. As provided by the PFC Regulations, a formal termination process that would last a minimum of 100 days would be required before the FAA could terminate the City's authority to impose a PFC for a violation of the PFC Act. The City has not received notice of any such determination by the FAA and has no reason to believe that it is in violation of the PFC Act or the PFC Regulations. See "**SECURITY FOR THE 2016 Senior Lien BONDS-Certain Provisions of PFC Indenture-*Compliance with Noise Act, PFC Act, PFC Regulations and PFC Approvals*.**"

In the event the FAA were to terminate or reduce the City's ability to impose PFCs at O'Hare, such action would have the resultant effect of limiting the amount of PFC Revenues available for payment of the 2016F Senior Lien Bonds and the other Senior Lien Bonds to the extent such Senior Lien Bonds are payable from Pledged PFCs. The 2016F Senior Lien Bonds and any Senior Lien Bonds payable from Pledged PFCs are also payable from and secured by a pledge of Revenues in the event insufficient PFCs are available for payment of these bonds. See "**SECURITY FOR THE 2016 SENIOR LIEN BONDS.**"

CAPITAL PROGRAMS

GENERAL

The Capital Programs are organized into the OMP, the 2016-2020 CIP and other recently announced capital projects. In addition to the Capital Programs, the City, in accordance with criteria established by the O'Hare Noise Commission, participates in an ongoing program of providing sound insulation to eligible schools and residences in the vicinity of O'Hare (the "OMP Noise Program"). **See "CHICAGO O'HARE INTERNATIONAL AIRPORT-O'Hare Noise Compatibility Commission.**"

OMP AIRFIELD PROJECTS

Overview. The OMP Airfield Projects were designed to enhance both O'Hare and system-wide airport capacity. The FAA's final Environmental Impact Statement ("EIS") defines the purpose and the need for the OMP development as addressing the projected needs of the Chicago Region by reducing delays at O'Hare, thereby enhancing capacity of the National Airspace System ("NAS"), and ensuring that existing and future terminal facilities and supporting infrastructure can efficiently accommodate airport users. See **APPENDIX E-"REPORT OF THE AIRPORT CONSULTANT"** for a more detailed discussion of the OMP.

OMP Airfield Projects are changing the airfield from a layout with intersecting runways to a modern parallel runway system. The OMP, which includes the construction of one new runway, the relocation of three existing runways and the extension of two existing runways, is being undertaken in phases that began in 2005. To date, three of the four runways have been completed and one of the two runway extensions has been completed. The Airport has experienced a reduction in operational delays and an increase in airfield capacity with the completion of the OMP projects. The remaining OMP Airfield Projects include one runway (9R-27C) (under construction); and an extension to an existing runway (9R-27L), which is expected to further reduce delays and increase capacity. Funding for the OMP Airfield Projects has been undertaken in phases. OMP Phase 1, a $3.21 billion project, included two runways and an extension and was completed in 2013. A $1.07 billion funding agreement with the Airline Parties for OMP Phase 2A included a runway and enabling projects for a future runway. This phase is fully funded; the runway project was completed in October 2015 and the remaining projects are anticipated to remain within budget.

Projected Sources and Uses of Funds for OMP Airfield Projects. The City is using a combination of (i) GARBs, including Senior Lien Bonds, (ii) PFC secured GARBs ("PFC-Backed GARBs"), (iii) FAA Letter of Intent Grants ("FAA LOI Grants") on a pay-as-you-go ("PAYGO") basis, (iv) FAA LOI Grant secured GARBs ("FAA LOI Grants-Backed GARBs"), (v) PFCs on a PAYGO basis, (vi) PFC Obligations, (vii) federal entitlement and discretionary AIP grant receipts ("FAA AIP Grants"), (viii) north airport traffic control tower lease payments ("NATCT Revenues"), and (ix) federal equipment and facilities grant receipts ("FAA F&E Grants"), to fund the OMP Airfield Projects, as described on the following pages.

AIRPORT PROJECTS

Proceeds from the 2016 Senior Lien Bonds will be used to fund the Airport Projects which include construction of Runway 9C-27C and enabling projects, including airline facility relocation (these projects are part of the OMP); a centralized deicing pad, fuel line relocation, and a cross-field taxiway system; and relocation of Taxiways A and B. PFCs and Grant Receipts from FAA LOI Grants, both used on a PAYGO basis, are anticipated to fund the portions of the Airport Projects not funded with the 2016 Senior Lien Bonds. For a discussion of the Airport Projects, see **APPENDIX E-"REPORT OF THE AIRPORT CONSULTANT-The Airport Facilities, Capital Program, and 2016 Projects."**

The 2016-2020 CIP addresses ongoing capital needs at O'Hare. In general, the 2016-2020 CIP provides for rehabilitation of airfield pavement, lighting and mechanical upgrades for the terminals, mechanical and electrical upgrades to the heating and refrigeration plant and additional projects associated with the airfield and support facilities, parking and roadway projects, terminal area projects, and safety and security projects. The 2016-2020 CIP is expected to be funded through a combination of sources including federal grants, proceeds from previously issued GARBs and assumed proceeds from future Senior Lien Bonds. The Airport Projects do not include any projects that are included in the 2016-2020 CIP. Certain projects, totaling approximately $991.5 million, were included in previous O'Hare five-year capital improvement programs.

The City is constructing a six-story, 4.5 million square foot Multi-Modal Facility which includes the CRCF with an Associated Quick Turn Around facility, an extension to O'Hare's existing ATS, including the purchase of new ATS vehicles, and public parking. The Multi-Modal Facility is a major portion of the 2016-2020 CIP. The $784.5 million estimated cost of this project is fully funded and all approvals and waivers required from the rental car operators to operate in the CRCF have been received. Construction of the Multi-Modal Facility began in August 2015 and is expected to be complete in 2019.

For more information regarding the CIP, see **"The Airport Facilities, Capital Program, and 2016 Projects-Overview of Capital Program-2016-2020 Capital Improvement Program"** in **APPENDIX E-"REPORT OF THE AIRPORT CONSULTANT."**

OTHER RECENTLY ANNOUNCED CAPITAL PROJECTS

The City recently announced a series of capital projects intended to bring the Airport facilities into the 21st Century. These projects will add gates at the domestic and international terminals, are expected to be completed over the next two to three years and do not require airline approval. The expansion of the International Terminal is expected to be funded using proceeds of the 2017 PFC Bonds. Additional long-term terminal development and redevelopment options as part of the TAP are being evaluated in coordination with airline representatives to address long-term terminal capacity. A redevelopment of the existing terminal hotel and the construction of two new hotels on Airport property are also planned and expected to be completed between 2020 and 2022. The feasibility of a future express rail third-party project connecting the Airport to the central business district is currently being studied. The expansion of Concourse L is under construction and will be funded by American Airlines. The $266.8 million International Terminal expansion is anticipated to be funded by PFC Revenue (PAYGO and PFC Revenue bonds) and Airport discretionary funds. The TAP is still in preliminary conceptual planning and discussion phases but expected to be funded with future bond proceeds. For additional information on the recently announced capital projects, see **"APPENDIX E-"REPORT OF THE AIRPORT CONSULTANT-The Airport Facilities, Capital Program, and 2016 Projects – Overview of Capital Program–Other Recently Announced Capital Projects."**

MANAGEMENT APPROACH FOR CAPITAL PROGRAMS

For the OMP, United Airlines and American Airlines established a tiered management structure with each tier having specific review and approval authority. The OMP Executive Working Group, comprised of three City representatives and two airline representatives, meets to review and discuss program scope, schedule, budgets and funding. A committee of the Airline Parties retains the right to approve increases in project component scope and budget of more than 10 percent, any financial commitment of over $5 million, and project delivery methods if construction value is greater than $20 million.

For all other Capital Programs, the City employs a construction manager to coordinate, supervise and inspect capital project construction. The construction manager prepares and maintains records on the progress of each capital project. The City and the construction manager oversee all work to ensure that each project is constructed in accordance with its plans and specifications within the timelines set forth in the construction schedule. In addition, the Airline Parties designate a construction representative to assess the construction and operational impact of capital projects and to participate in the evaluation of design and construction.

FEDERAL LEGISLATION, STATE ACTIONS AND PROPOSED SOUTH SUBURBAN AIRPORT

Federal Legislation. On July 15, 2016, President Obama signed the "FAA Extension, Safety and Security Act of 2016" into law. The law reauthorizes the Federal Aviation Administration ("FAA") operations and programs through September 30, 2017. On September 29, 2016, Public Law Number 114-223, a continuing resolution extending funding for federal programs, was signed into law (the "Continuing Resolution"). The Continuing Resolution extends federal funding, including general funding for the FAA, including airport development grants and other non-trust funds, through December 9, 2016. 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, 2017, or that no interruption of general federal funding, including FAA funding, will occur in connection with the current December 9, 2016 funding expiration date. See "**CERTAIN INVESTMENT CONSIDERATIONS**."

O'Hare Modernization Act. The O'Hare Modernization Act, 620 ILCS 65/1 *et seq.*, which became law in August 2003, was created to expedite and facilitate the OMP. Specifically, the O'Hare Modernization Act states the Illinois General Assembly's intent that *"all agencies of this State and its subdivisions shall facilitate the efficient and expeditious completion"* of the OMP. Among other things, the O'Hare Modernization Act eliminates duplicative aeronautics review of the OMP under the Illinois Aeronautics Act and grants quick-take authority to the City for land acquisition associated with the OMP. The O'Hare Modernization Act also amends other laws to facilitate the OMP.

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

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

Proposed South Suburban Airport. Plans to build a third airport in the Chicago Region have been discussed for many years. The most likely site for such an airport is the proposed South Suburban Airport site located near Peotone, Illinois (in Will County approximately 35 miles south of the City's central business district).

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

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

CERTAIN INVESTMENT CONSIDERATIONS

The purchase of 2016 Senior Lien Bonds involves certain investment risks and considerations. Prospective investors should read this Official Statement in its entirety. The factors set forth below, among others, may affect the security for the 2016 Senior Lien Bonds.

GENERAL FACTORS AFFECTING LEVEL OF AIRLINE TRAFFIC AND REVENUES

The 2016 Senior Lien Bonds are payable from and secured by a pledge of the Revenues and certain Funds and Accounts held under the Senior Lien Indenture. Revenues are dependent primarily on the level of aviation activity and enplaned passenger traffic at O'Hare. Key factors affecting airline traffic at O'Hare include, among others, (i) population growth and the economic and political conditions of the region and the nation, (ii) the financial health of the airline industry and of individual airlines, (iii) airline service and route networks, (iv) capacity of the national air traffic control system and of O'Hare and other competing airports, (v) national and international disasters and hostilities, (vi) safety concerns arising from international conflicts, the possibility of terrorist or other attacks, and (vii) various other local, regional, national and international economic, political and other factors. Many of these factors, most of which are outside the City's control, are discussed in detail in **APPENDIX E-"REPORT OF THE AIRPORT CONSULTANT."** If aviation activity at O'Hare does not meet forecast levels, a corresponding reduction may occur in Revenues (absent an increase in O'Hare rentals, fees and charges).

UNCERTAINTIES OF THE AIRLINE INDUSTRY

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

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

Financial Condition of Airlines Serving O'Hare. Many of the airlines serving O'Hare were impacted by the global economic downturn and recession that occurred between 2008 and 2009, and most major domestic airlines suffered significant financial losses. While the U.S. and global economies generally have rebounded, there can be no assurances that any such rebound will continue, or that other national or international fiscal concerns will not have an adverse effect on the airline industry. Current and future financial and operational difficulties encountered by the airlines serving O'Hare (most notably United Airlines and its regional affiliates, which accounted for approximately 44.2 percent of the enplaned passengers at O'Hare in 2015, and American Airlines and its regional affiliates and US Airways, which accounted for approximately 35.8 percent of the enplaned passengers at O'Hare in 2015), could have a material adverse effect on operations at, and the financial condition of, O'Hare. If either United Airlines or American Airlines were to cease operations at O'Hare for any reason or eliminate or reduce O'Hare's status as a connecting hub, the current level of activity of such airline may not be replaced by other airlines.

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

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

EFFECT OF AIRLINE BANKRUPTCY

American Airlines, United Airlines and other airlines operating at O'Hare have emerged from bankruptcy reorganization over the last several years. U.S. airlines may file for bankruptcy protection in the future. See "**–Uncertainties of the Airline Industry**" above. The cessation of operations by an Airline Party with significant operations at O'Hare, such as United Airlines or American Airlines, could have a material adverse effect on operations, Revenues (with the resultant effect on repayment of the 2016 Senior Lien Bonds) and the cost to the other airlines of operating at O'Hare.

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. See **APPENDIX C-"SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT USE AGREEMENTS-General Commitment to Pay Airport Fees and Charges.**"

CAPACITY OF NATIONAL AIR TRAFFIC CONTROL AND AIRPORT SYSTEM

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

EXPIRATION OF AIRPORT USE AGREEMENTS

The expiration date of the Airport Use Agreements is May 11, 2018. Most of the debt service on the 2016 Senior Lien Bonds and the Outstanding Senior Lien Bonds becomes due after such date. It is not possible to predict whether any airline will be contractually obligated to make payments, including, among other things, for debt service on the 2016 Senior Lien Bonds, the Outstanding Senior Lien Bonds or any other Senior Lien Bonds after the expiration date of the Airport Use Agreements in 2018. Upon the expiration of the Airport Use Agreements, the City may enter into extensions of such agreements with the airlines, enter into new agreements with the airlines, or impose rates and charges upon the airlines by City ordinance. The City has covenanted in the Senior Lien Indenture (which extends beyond the expiration of the Airport Use Agreements) to establish rentals, rates and other charges for the use and operation of O'Hare such that Revenues (including rentals, fees and charges imposed on the airlines), together with certain other moneys deposited with the Trustee, are sufficient to pay Operation and Maintenance Expenses at O'Hare and to satisfy the debt service coverage covenants contained in the Senior Lien Indenture. See "**SECURITY FOR THE 2016 SENIOR LIEN BONDS-Debt Service Coverage Covenants.**"

CAPITAL PROGRAMS COSTS AND SCHEDULE

The estimated costs of, and the projected schedule for, the projects in the Capital Programs for O'Hare depend on various sources of funding, and are subject to a number of uncertainties. The ability of the City to complete these projects within the current budgets and on the current schedules may be adversely affected by various factors including: (i) 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) unanticipated levels of inflation, (xii) litigation and (xiii) environmental issues. No assurance can be given that the costs of the projects will not exceed the current budget for these projects or that the completion will not be delayed beyond the currently projected completion dates. At present, the City is unable to estimate the costs associated with each of the risks identified above and the total impact of these risks if such events were to occur. In addition, the City may ultimately decide not to proceed with certain capital projects or may proceed with them on a different schedule, resulting in different results than those included in the projections shown in the Report of the Airport Consultant.

FUTURE INDEBTEDNESS

As described under "**CAPITAL PROGRAMS-OMP–Airfield Projects**" and "**CAPITAL PROGRAMS-Capital Improvement Program,**" the City expects that it will need to incur additional indebtedness, including the issuance of Senior Lien Bonds and PFC Obligations, to finance the Capital Programs. Also the City's plans of finance for the Capital Programs assume that PFC Revenues would be available in certain amounts and at certain times for the payment of a portion of the anticipated costs of such capital projects on a "pay as you go" basis and for the payment of a portion of the debt service on the Senior Lien Bonds, including without limitation the 2016F Senior Lien Bonds and PFC-Backed GARBs issued to pay the costs of the Capital Program. See "**CAPITAL PROGRAMS.**" No assurance can be given that these sources of funding actually will be available in the amounts or on the schedules assumed. For a discussion of the availability of PFCs, see "**-Availability of PFC Revenues**" below.

The City's plans of finance with respect to the Capital Programs assume that FAA LOI Grants and FAA AIP Grants would be available in certain amounts and at certain times for the payment of a portion of the anticipated costs of such capital projects on a "pay as you go" basis and for the payment of a portion of the debt service on the Senior Lien Bonds, including without limitation the 2016E Senior

Lien Bonds and Net Grant Receipts-Backed GARBs subsequently issued to pay the costs of the Capital Program. FAA LOI Grants and FAA AIP Grants are subject to congressional appropriation, as well as automatic spending cuts, known as sequestration as described below in "–**Additional Federal Authorization and Funding Considerations.**" Although the City considers such assumptions in its plans of finance to be reasonable, such assumptions are inherently subject to certain uncertainties and contingencies. Actual FAA LOI Grant Receipt and FAA AIP Grant Receipt funding levels and timing may vary and such differences may be material. See "**CAPITAL PROGRAMS-OMP Airfield Projects**" and **APPENDIX E-"REPORT OF THE AIRPORT CONSULTANT."**

In addition to the Capital Programs, the City may, from time to time, determine to fund additional capital projects at O'Hare prior to the maturity of the 2016 Senior Lien Bonds, the funding of which is not reflected in the Projections set forth in the Report of the Airport Consultant. Such additional capital projects may have separate plans of finance which assume various sources of funding, including, without limitation, Additional Senior Lien Bonds, and the amount of such future Senior Lien Bonds may be material.

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

GRANT RECEIPTS SUBJECT TO FEDERAL AUTHORIZATION/APPROPRIATION SEQUESTRATION

The availability of funding from Grant Receipts under each Grant Letter of Intent is subject to Congressional authorization and appropriation and to sequestration under current federal deficit reduction legislation. In the event that the FAA Extension, Safety and Security Act of 2016 expired without a long-term reauthorization or another short-term extension, during such period FAA programs would be unauthorized, including FAA programs providing funding for O'Hare. A statutory restriction on total obligating authority in a future federal Fiscal Year due to changes in statutory program authorization or appropriation act restrictions may necessitate a reduction by the FAA in apportionment funds, in discretionary funds, or both. A concurrent reduction in the maximum eligible grant installments payable in such federal Fiscal Year under the Grant Letter of Intent may result. In such event, the Grant Letter of Intent provides that the ratio of the discretionary fund component of each installment, as reduced, to such component prior to reduction, shall be not less than the ratio of the discretionary funds newly available for obligation in the federal Fiscal Year in which such reduction occurs, to the total discretionary funds made available for obligation in the federal Fiscal Year in which the Grant Letter of Intent was issued. The Grant Letter of Intent also provides that payment of the amount of any such reduction in a grant installment shall be deemed to be deferred to the following federal Fiscal Year, subject again to the availability of funds and statutory authority.

Federal funding is also impacted by sequestration, a budgetary feature first introduced under the federal Budget Control Act of 2011. Unless changed by the United States Congress from time to time, sequestration is a multi-year process and could continue to affect FAA, TSA and Customs and Border Control ("CBP") budgets and staffing, resulting in staffing shortages and traffic delays and cancellations at airports across the United States. See "**FEDERAL LEGISLATION, STATE ACTIONS AND PROPOSED SOUTH SUBURBAN AIRPORT—Federal Legislation.**"

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

GRANT LETTER OF INTENT NOT A BINDING CONTRACT

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

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

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

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

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

Events outside the control of the City could cause the amount of Grant Receipts available to be received by the City pursuant to the Grant Receipts to be lower than the debt service requirements on the 2016E Senior Lien Bonds anticipated to be paid from such Grant Receipts. In such event, principal and interest on the 2016E Senior Lien Bonds would be paid from Revenues. The City would not be obligated to take any action to cause the Grant Receipts available to be received by the City pursuant to the Grant Letter of Intent or other Grant Receipts to be at least equal to the debt service requirements on the 2016E Senior Lien Bonds anticipated to be paid from the Grant Letter of Intent and other Grant Receipts. See **"Grant Receipts Subject to Federal Authorization/Appropriation, Sequestration,"** above for a discussion of certain events which could affect the amount of Grant Payments available to be received by the City.

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

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

AVAILABILITY OF PFC REVENUES

As discussed above under the subheading **"-Future Indebtedness,"** the plans of finance for the OMP and the 2016-2020 CIP assume that PFC Revenues would be available in certain amounts and at certain times for the payment of a portion of the anticipated costs of such capital projects on a "pay-as-you-go" as well as to secure additional Airport Obligations needed to fund such projects. In addition, the Report of the Airport Consultant, which sets forth certain Projections regarding O'Hare, assumes that certain available PFC Revenues not otherwise pledged to pay PFC Obligations, Senior Lien Bonds, and other payment obligations, will be applied by the City on a year-to-year basis as Other Available Revenues to pay debt service on such obligations. No assurance can be given that PFC Revenues will be available in the amounts or on the schedules assumed.

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

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

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

ADDITIONAL FEDERAL AUTHORIZATION AND FUNDING CONSIDERATIONS

The City receives federal funding for O'Hare not only in connection with FAA AIP Grants and PFC authorizations, but also in the form of funding for the Transportation Security Administration ("TSA"), air traffic control and other FAA staffing and facilities. On July 15, 2016, President Obama signed the "FAA Extension, Safety and Security Act of 2016" into law. This law reauthorizes FAA operations and programs through September 30, 2017. In the event that the FAA Extension, Safety and Security Act of 2016 were to expire without a long-term reauthorization or another short-term extension, during such period FAA programs would be unauthorized, including FAA programs providing funding for O'Hare. The City is unable to predict whether legislation to extend or reauthorize this statute or otherwise continue FAA programs will be adopted prior to the scheduled expiration date, if not so adopted, the duration of any resulting period of de-authorization, and the impact on O'Hare finances which might result therefrom.

Federal funding is also impacted by sequestration, a budgetary feature first introduced under the federal Budget Control Act of 2011. Unless changed by the United States Congress from time to time, sequestration is a multi-year process and could continue to affect FAA, TSA and CBP budgets and staffing, resulting in staffing shortages and traffic delays and cancellations at airports across the United States. The full impact of sequestration on the aviation industry and O'Hare, generally, resulting from potential layoffs or further furloughs of federal employees responsible for federal airport security screening, air traffic control and CBP, is unknown at this time.

REGULATIONS AND RESTRICTIONS AFFECTING O'HARE

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

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

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

COMPETITION

O'Hare competes with other U.S. airports for both domestic and international passengers. Portions of O'Hare's Air Trade Area are serviced by Midway and Mitchell. In 2015, Midway had enplanements representing approximately 25.3 percent of Chicago originating passenger traffic and approximately 18.8 percent of Chicago connecting passenger traffic. Midway is expected to continue to be a competitor for the Chicago region's domestic market. See **"CHICAGO O'HARE INTERNATIONAL AIRPORT-Other Commercial Service Airports Serving the Chicago Region."**

International passengers are also significant at O'Hare, making up approximately 14.4% of all passenger enplanements in 2015. International air travel may be more easily disrupted by political instability, terrorist activities, currency fluctuations and other factors outside the control of the City. The City cannot predict whether the level of international passengers will remain stable or will grow, nor what events, domestic or international, may adversely affect such air traffic. See **APPENDIX E-"REPORT OF THE AIRPORT CONSULTANT-Air Traffic-Factors Affecting Aviation Demand at the Airport-Regional Airports."**

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

IMPACT OF REGIONAL AND NATIONAL ECONOMIC CONDITIONS ON O'HARE

The 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 particularly true for O&D passenger traffic, which has historically accounted for approximately 50 percent of demand at O'Hare. Although O'Hare's Air Trade Area has a large, diverse economic base that supports business and leisure travel and is projected by the Airport Consultant to experience continued growth, there can be no assurances that any negative economic or political conditions affecting the Air Trade Area would not have an adverse effect on demand for air transportation at O'Hare. See **APPENDIX E-"REPORT OF THE AIRPORT CONSULTANT-Demographic and Economic Analysis."**

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

FINANCIAL CONDITION OF THE CITY AND OTHER OVERLAPPING GOVERNMENTAL BODIES

The 2016 Senior Lien Bonds are limited obligations of the City payable solely from the Revenues (and (i) the 2016E Senior Lien Bonds are also payable from the 2016E Pledged Other Available Moneys and (ii) the 2016F Senior Lien Bonds are also payable from a subordinate pledge of PFC Revenues), 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 2016 Senior Lien Bonds. The City is the issuer of the 2016 Senior Lien Bonds and the information under this heading regarding the City's financial condition and the financial condition of other governmental bodies sharing a common tax base is provided as information regarding certain factors that could impact the level of enplaned passenger traffic and aviation activity at O'Hare.

Unfunded Pensions. The Retirement Funds have significant unfunded liabilities and low funding ratios. The City's contributions to the Retirement Funds in accordance with the Pension Code have not been sufficient, when combined with employee contributions and investment returns, to offset increases in the Retirement Funds' liabilities, which has contributed to the significant underfunding of the Retirement Funds. Moreover, the contributions to the Retirement Funds in accordance with the Pension Code have had the effect of deferring the funding of the Retirement Funds' liabilities, which increases the costs of such liabilities and the associated financial risks, including the risk that each Retirement Fund will not be able to pay its obligations when due. Furthermore, increases in the City's contributions to the Retirement Funds (such as those scheduled to occur under Act 1495, as modified by Act 506) caused the City to increase its revenues and may require the City to further increase its revenues, reduce its expenditures, or some combination thereof, which may impact the services provided by the City or limit the City's ability to generate additional revenues for other purposes in the future.

In addition, the actuaries for MEABF and LABF project that such Retirement Funds will not have sufficient assets on hand to make payments to beneficiaries beginning in 2025 and 2027, respectively, based on the provisions of the Pension Code currently in effect. The City makes no prediction as to the impact of the insolvency of MEABF or LABF on the amount of the City's contributions to these Retirement Funds. However, should the City be required to contribute the amounts necessary to fund directly such payments to beneficiaries on a pay-as-you-go basis upon the insolvency of such Retirement Funds, the amount of the City's contributions to MEABF and LABF would substantially increase.

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

MUNICIPAL BANKRUPTCY

State Law Authorization. Municipalities, such as the City, cannot file for protection under the U.S. Bankruptcy Code unless specifically authorized to be a debtor by state law or by a governmental officer or organization empowered by state law to authorize such entity to be a debtor in a bankruptcy proceeding. State law does not currently permit municipalities to be a debtor in a bankruptcy proceeding. However, from time to time, legislation has been introduced in the Illinois General Assembly which, if enacted, would permit Illinois municipalities to be a debtor in bankruptcy under the U.S. Bankruptcy Code. The Governor of the State recently proposed legislation to allow for municipal bankruptcy, and legislation has been introduced in the General Assembly to that effect. Further, on January 22, 2016, legislation was introduced in the Illinois General Assembly (House Bill 4499), specifically addressing the City, that would authorize the City to become a debtor in bankruptcy under either of two circumstances: (i) after the completion of a neutral evaluation process by the City as described in the legislation, or (ii) declaration by the City of a fiscal emergency and adoption of a resolution by the City Council that includes findings that the financial state of the City jeopardizes the health, safety, or well-being of the residents of the City absent the protections of Chapter 9 of the U.S. Bankruptcy Code. The City is unable to predict whether the Illinois General Assembly may 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 and could not lawfully be used by the City other than in compliance with the Senior Lien Indenture. Under Section 922(d) of the U.S. Bankruptcy Code, the application by the City of *"special revenues"* under the terms of the Senior Lien Indenture would not be subject to stay after the commencement by the City of a case under Chapter 9 of the U.S. Bankruptcy Code. See **"SECURITY FOR THE SERIES 2016 BONDS-O'Hare Revenues Must Be Used For Airport Purposes."**

FORCE MAJEURE EVENTS AFFECTING THE CITY AND O'HARE

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

ENFORCEMENT ACTIONS

The remedies available to bondholders upon nonpayment of principal of or interest on the 2016 Senior Lien Bonds are in many respects dependent upon judicial enforcement actions which are often subject to discretion and delay. See **APPENDIX B "SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE - Remedies."**

LIMITED OBLIGATIONS

THE 2016 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 2016 SENIOR LIEN BONDS. THE 2016 SENIOR LIEN BONDS ARE NOT PAYABLE IN ANY MANNER FROM REVENUES RAISED BY TAXATION. NO PROPERTY OF THE CITY (INCLUDING PROPERTY LOCATED AT O'HARE) IS PLEDGED AS SECURITY FOR THE 2016 SENIOR LIEN BONDS.

The 2016 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 2016 Senior Lien Bonds and the Outstanding Senior Lien Bonds. See **"SECURITY FOR THE 2016 SENIOR LIEN BONDS-Issuance of Additional Senior Lien Bonds"** and **"CAPITAL PROGRAMS."**

ASSUMPTIONS IN THE REPORT OF THE AIRPORT CONSULTANT

In connection with the offering of the 2016 Senior Lien Bonds described in this Official Statement, the Airport Consultant has prepared the Report of the Airport Consultant, a copy of which is included as **APPENDIX E** to this Official Statement. The Report of the Airport Consultant contains numerous assumptions as to the utilization of O'Hare and other matters and includes the Projections. Projections and assumptions are inherently subject to significant uncertainties. Inevitably, some assumptions may not be realized and unanticipated events and circumstances may occur. Actual results are likely to differ, perhaps materially, from those projected. Accordingly, the Projections contained in Report of the Airline Consultant are not necessarily indicative of future performance, and neither the Airport Consultant nor the City assumes any responsibility for the accuracy of such Projections. In addition, the final maturity date of each Series of the 2016 Senior Lien Bonds extends beyond the period of the Projections. See "**INTRODUCTION - Report of the Airport Consultant**" and **APPENDIX E- "REPORT OF THE AIRPORT CONSULTANT**."

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

LIMITED LIABILITY SUBORDINATION

As described under the caption "**SECURITY FOR THE 2016 SENIOR LIEN BONDS**," the 2016F Senior Lien Bonds are also payable from and secured by a pledge of Pledged PFCs to be derived from a subordinate pledge of PFC Revenues, including moneys to be withdrawn from the PFC Capital Fund. The pledge of PFC Revenues and moneys in the PFC Capital Fund as the source of the Pledged PFCs is subject to (i) the prior and superior pledge of and lien on the PFC Revenues and the moneys in the PFC Capital Fund as security for the payment of the outstanding PFC Obligations and any future Series of PFC Obligations, (ii) the payments by the City pursuant to the Compact, (iii) the City's right to issue additional Senior Lien Obligations that are also secured by PFC Revenues, including moneys to be withdrawn from the PFC Capital Fund, on a parity with the 2016F Senior Lien Bonds, and (iv) the City's right to issue Subordinated PFC Obligations that are secured by a pledge of and lien on the PFC Revenues and the moneys in the PFC Capital Fund that are superior to the pledges and liens created by the Fifty-Seventh Supplemental Indenture. Subject to certain conditions set forth in the PFC Indenture, the City may in the future issue (a) additional PFC Obligations that will be senior and superior to the claim of the Pledged PFCs and (b) Subordinated PFC Obligations (including additional CP Notes) that may be secured by a pledge of and lien on the PFC Revenues and moneys in the PFC Capital Fund that is senior and superior to the pledge and lien on the Pledged PFCs securing the 2016F Senior Lien Bonds. See "**SECURITY FOR THE 2016 SENIOR LIEN BONDS—Certain Provisions of the PFC Indenture—*Issuance of PFC Obligations***."

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

LITIGATION

There is no litigation pending or threatened against the City relating to the City's operation of O'Hare, the issuance, sale, or delivery of the 2016 Senior Lien Bonds, the validity or enforceability thereof, or the implementation, construction or operation of the OMP, the 2016-2020 CIP projects, the Multi-Modal Facility or the Airport Projects, other than various legal proceedings (pending or threatened) which may have arisen or may arise out of the ordinary course of business of O'Hare. 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 O'Hare.

There are, from time to time, lawsuits that arise out of the various construction contracts entered into in connection with construction projects at O'Hare. The City, however, does not believe that any sums that may be recovered would have a material adverse impact on the financial condition of O'Hare.

AIRPORT CONSULTANT

The Report of the Airport Consultant, included as **APPENDIX E**, provides certain information with respect to O'Hare and its capital programs, evaluates aviation activity at O'Hare and presents the analysis undertaken by the Airport Consultant to demonstrate the ability of the City to comply with the requirements of the Senior Lien Indenture on a pro forma basis for Fiscal Years 2016 through 2025 based on the assumptions set forth therein. The Projections are based, in part, on historic data from sources considered by the Airport Consultant to be reliable, but the accuracy of these data has not been independently verified. The Projections (as defined under "**INTRODUCTION-Report of the Airport Consultant**") are based on assumptions made by the Airport Consultant concerning future events and circumstances which the Airport Consultant believes are significant to the Projections. The achievement of the results described in the Projections may be affected by fluctuating economic conditions and depends upon the occurrence of other future events which cannot be assured. Therefore, the actual results achieved may vary from the forecasts, and such variations could be material. In addition, the final maturity date of each Series of the 2016 Senior Lien Bonds extends beyond the period of the Projections. See "**CERTAIN INVESTMENT CONSIDERATIONS-Forward-Looking Statements.**"

TAX MATTERS

Summary of Co-Bond Counsel Opinion. Katten Muchin Rosenman LLP and Neal & Leroy, LLC, Co-Bond Counsel, are of the opinion that under existing law, interest on the 2016 Senior Lien Bonds is not includable in the gross income of the owners thereof for federal income tax purposes. If there is continuing compliance with the applicable requirements of the Internal Revenue Code of 1986 (the "Code"), Co-Bond Counsel are of the opinion that interest on the 2016 Senior Lien Bonds will continue to be excluded from the gross income of the owners thereof for federal income tax purposes. In addition, (i) interest on the 2016G Senior Lien Bonds is an item of tax preference for purposes of computing individual and corporate alternative minimum taxable income for purposes of the individual and corporate alternative minimum tax and (ii) interest on the 2016D Senior Lien Bonds, the 2016E Senior Lien Bonds and the 2016F Senior Lien Bonds is not an item of tax preference for purposes of computing individual or corporate alternative minimum taxable income but is includible in corporate earnings and profits when computing, for example, corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax. Co-Bond Counsel express no opinion as to the exclusion from gross income for federal income tax purposes of interest on any 2016G Senior Lien Bond for any period during which such Bond is held by a person who is a *"substantial user"* of the facilities financed with the proceeds of such Bond or a *"related person"* (each as defined in Section 147(a) of the Code).

Exclusion from Gross Income: Requirements. The Code contains certain requirements that must be satisfied from and after the date of issuance of the 2016 Senior Lien Bonds in order to preserve the exclusion from gross income for federal income tax purposes of interest on the 2016 Senior Lien Bonds. These requirements relate to the use and investment of the proceeds of the 2016 Senior Lien Bonds, the payment of certain amounts to the United States, the security and source of payment of the 2016 Senior Lien Bonds and the use of the property financed with the proceeds of the 2016 Senior Lien Bonds. Among these specific requirements are the following:

(a) *Investment Restrictions.* Except during certain *"temporary periods,"* proceeds of the 2016 Senior Lien Bonds and investment earnings thereon (other than amounts held in a reasonably required reserve or replacement fund, if any, or as part of a *"minor portion"*) may generally not be invested in investments having a yield that is materially higher than the yield on the 2016 Senior Lien Bonds.

(b) *Rebate of Permissible Arbitrage Earnings.* Earnings from the investment of the *"gross proceeds"* of the 2016 Senior Lien Bonds in excess of the earnings that would have been realized if such investments had been made at a yield equal to the yield on the 2016 Senior Lien Bonds are required to be paid to the United States at periodic intervals. For this purpose, the term *"gross proceeds"* includes the original proceeds of the 2016 Senior Lien Bonds, amounts received as a result of investing such proceeds and amounts to be used to pay debt service on the 2016 Senior Lien Bonds.

(c) *Restrictions on Ownership and Use.* The Code includes restrictions on the ownership and use of the facilities financed with the proceeds of the 2016 Senior Lien Bonds. Such provisions may restrict future changes in the use of any property financed with the proceeds of the 2016 Senior Lien Bonds.

Covenants to Comply. The City covenants in the Senior Lien Indenture to comply with the requirements of the Code relating to the exclusion from gross income for federal income tax purposes of interest on the 2016 Senior Lien Bonds.

Risk of Non Compliance. In the event that the City fails to comply with the requirements of the Code, interest on the 2016 Senior Lien Bonds may become includable in the gross income of the owners thereof for federal income tax purposes retroactively to the date of issue. In such event, the Senior Lien Indenture does not require acceleration of payment of principal of or interest on the 2016 Senior Lien Bonds or payment of any additional interest or penalties to the owners of the 2016 Senior Lien Bonds.

Federal Income Tax Consequences. Pursuant to Section 103 of the Code, interest on the 2016 Senior Lien Bonds is not includible in the gross income of the owners thereof for federal income tax purposes. However, the Code contains a number of other provisions relating to the treatment of interest on the 2016 Senior Lien Bonds that may affect the taxation of certain types of owners, depending on their particular tax situations. Some of the potentially applicable federal income tax provisions are described in general terms below. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS CONCERNING THE PARTICULAR FEDERAL INCOME TAX CONSEQUENCES OF THEIR OWNERSHIP OF THE 2016 Senior Lien Bonds.

(a) *Cost of Carry.* Owners of the 2016 Senior Lien Bonds will generally be denied a deduction for otherwise deductible interest on any debt that is treated for federal income tax purposes as incurred or continued to purchase or carry the 2016 Senior Lien Bonds. Financial institutions are denied a deduction for their otherwise allowable interest expense in an amount determined by reference to their adjusted basis in the 2016 Senior Lien Bonds.

(b) *Corporate Owners.* As set forth in *"-Summary of Co-Bond Counsel Opinion"* above, interest on the 2016 Senior Lien Bonds is taken into account in computing earnings and profits of a corporation and consequently may be subject to federal income taxes based thereon. Thus, for example, interest on the 2016 Senior Lien Bonds is taken into account in computing corporate alternative minimum taxable income, the branch profits tax imposed on certain foreign corporations, the passive investment income tax imposed on certain S corporations, and the accumulated earnings tax.

(c) *Individual Owners.* Receipt of interest on the 2016 Senior Lien Bonds may increase the amount of social security and railroad retirement benefits included in the gross income of the recipients thereof for federal income tax purposes.

(d) *Certain Blue Cross or Blue Shield Organizations.* Receipt of interest on the 2016 Senior Lien Bonds may reduce a special deduction otherwise available to certain Blue Cross or Blue Shield organizations.

(e) *Property or Casualty Insurance Companies.* Receipt of interest on the 2016 Senior Lien Bonds may reduce otherwise deductible underwriting losses of a property or casualty insurance company.

(f) *Foreign Personal Holding Company Income.* A United States shareholder of a foreign personal holding company may realize taxable income to the extent that interest on the 2016 Senior Lien Bonds held by such a company is properly allocable to the shareholder.

2016 Senior Lien Bonds Purchased at a Premium or at a Discount. The difference (if any) between the initial price at which a substantial amount of each maturity of each Series of the 2016 Senior Lien Bonds is sold to the public (the "Offering Price") and the principal amount payable at maturity of such 2016 Senior Lien Bonds is given special treatment for federal income tax purposes. If the Offering Price is higher than the maturity value of a Bond, the difference between the two is known as *"bond premium;"* if the Offering Price is lower than the maturity value of a Bond, the difference between the two is known as *"original issue discount."*

Bond premium and original issue discount are amortized over the term of a 2016 Senior Lien Bond on the basis of the owner's yield from the date of purchase to the date of maturity, compounded at the end of each accrual period of one year or less with straight-line interpolation between compounding dates, as provided more specifically in the Income Tax Regulations. The amount of bond premium accruing during each period is treated as an offset against interest paid on the 2016 Senior Lien Bonds and is subtracted from the owner's tax basis in the 2016 Senior Lien Bond. The amount of original issue discount accruing during each period is treated as interest that is excludable from the gross income of the owner of such 2016 Senior Lien Bond for federal income tax purposes, to the same extent and with the same limitations as current interest, and is added to the owner's tax basis in the 2016 Senior Lien Bond. A 2016 Senior Lien Bond's adjusted tax basis is used to determine whether, and to what extent, the owner realizes taxable gain or loss upon the disposition of the 2016 Senior Lien Bond (whether by reason of sale, acceleration, redemption prior to maturity or payment at maturity of the 2016 Senior Lien Bond).

Owners who purchase 2016 Senior Lien Bonds at a price other than the Offering Price, after the termination of the initial public offering or at a market discount should consult their tax advisors with respect to the tax consequences of their ownership of the 2016 Senior Lien Bonds. In addition, owners of 2016 Senior Lien Bonds should consult their tax advisors with respect to the state and local tax consequences of owning the 2016 Senior Lien Bonds. Under the applicable provisions of state or local income tax law, bond premium and original issue discount may give rise to taxable income at different times and in different amounts than they do for federal income tax purposes.

Change of Law. The opinions of Co-Bond Counsel and the descriptions of the tax law contained in this Official Statement are based on statutes, judicial decisions, regulations, rulings, and other official interpretations of law in existence on the date the 2016 Senior Lien Bonds are issued. There can be no assurance that such law or the interpretation thereof will not be changed or that new provisions of law will not be enacted or promulgated at any time while the 2016 Senior Lien Bonds are outstanding in a manner that would adversely affect the value or the tax treatment of ownership of the 2016 Senior Lien Bonds.

CERTAIN LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale by the City of the 2016 Senior Lien Bonds are subject to the approving legal opinions of Katten Muchin Rosenman LLP, Chicago, Illinois and Neal & Leroy, LLC, Chicago, Illinois, who have been retained by the City and are acting as Co-Bond Counsel. Co-Bond Counsel have not been retained or consulted on disclosure matters and have not undertaken to review or verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the 2016 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 2016 Senior Lien Bonds and the Senior Lien Indenture, the security for the 2016 Senior Lien Bonds and the description of the federal tax exemption of interest on the 2016 Senior Lien Bonds. This review did not include any obligation to establish or confirm factual matters set forth herein. The proposed forms of the opinions of Co-Bond Counsel are included as **APPENDIX F.**

Certain legal matters will be passed upon for the City by (i) its Corporation Counsel and (ii) in connection with the preparation of this Official Statement, Miller, Canfield, Paddock & Stone, P.L.C., Chicago, Illinois, and McGaugh Law Group, LLC, Chicago, Illinois, Co-Disclosure Counsel to the City. Certain legal matters will be passed upon for the Underwriters by Mayer Brown LLP, Chicago, Illinois.

UNDERWRITING

A group of underwriters, represented by Morgan Stanley & Co., LLC, has agreed, jointly and severally, to purchase the 2016 Senior Lien Bonds subject to certain conditions set forth in the Contract of Purchase with the City. The Contract of Purchase provides that the obligations of the Underwriters to accept delivery of the 2016 Senior Lien Bonds are subject to various conditions of the Contract of Purchase, but the Underwriters will be obligated to purchase all the 2016 Senior Lien Bonds if any 2016 Senior Lien Bonds are purchased. The Underwriters have agreed to purchase the 2016 Senior Lien Bonds at an aggregate purchase price of $1,197,699,807.71 (reflecting an underwriters' discount of $5,730,439.64 and net original issue premium of $86,180,247.35).

The Underwriters reserve the right to join with dealers and other underwriters in offering the 2016 Senior Lien Bonds to the public. The 2016 Senior Lien Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell such 2016 Senior Lien Bonds into investment accounts.

Morgan Stanley & Co., LLC, an underwriter of the 2016 Senior Lien Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co., LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co., LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the 2016 Senior Lien Bonds.

Siebert Cisneros Shank & Co., L.L.C. (F/K/A, Siebert Brandford Shank & Co., L.L.C.) has entered into a separate agreement with Muriel Siebert & Co. for the retail distribution of certain securities offerings, at the original issue prices. Pursuant to this distribution agreement, if applicable to the 2016 Senior Lien Bonds, Muriel Siebert & Co. will purchase 2016 Senior Lien Bonds at the original issue price less the selling concession with respect to any 2016 Senior Lien Bonds that such entity sells. Siebert Cisneros Shank & Co., L.L.C. will share a portion of its underwriting compensation with Muriel Siebert & Co.

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.

SECONDARY MARKET DISCLOSURE

The City will enter into a Continuing Disclosure Undertaking (the "Undertaking") for the benefit of the beneficial owners of the 2016 Senior Lien Bonds to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board (the "MSRB") pursuant to the requirements of Section (b)(5) of Rule 15c2-12 (the "Rule") adopted by the SEC under the Securities Exchange Act, as amended (the "Exchange Act"). The MSRB has designated its Electronic Municipal Market Access System, known as EMMA, as the system to be used for continuing disclosures to investors. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and a summary of other terms of the Undertaking, including termination, amendment and remedies, are set forth below.

A failure by the City to comply with the Undertaking will not constitute a default under the 2016 Senior Lien Bonds, Senior Lien Indenture, or the Bond Ordinance, and beneficial owners of the 2016 Senior Lien Bonds are limited to the remedies described in the Undertaking. See "**–Consequences of Failure of the City to Provide Information**" under this caption. A failure by the City to comply with the Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the 2016 Senior Lien Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the 2016 Senior Lien Bonds and their market price.

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

ANNUAL FINANCIAL INFORMATION DISCLOSURE

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

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

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

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

"Obligated Person" means the City and each airline or other entity at any time using O'Hare (i) that is obligated under an 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 10 percent of the Revenues at O'Hare for each of the prior two Fiscal Years.

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

REPORTABLE EVENTS DISCLOSURE

The City covenants that it will disseminate in a timely manner, not in excess of ten (10) Business Days, in accordance with the Rule, to the MSRB the disclosure of the occurrence of a Reportable Event (as described below). Certain Reportable Events are required to be disclosed only to the extent that such Reportable Event is material, as materiality is interpreted under the Exchange Act. The "*Reportable Events*," certain of which may not be applicable to the 2016 Senior Lien Bonds, are:

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. unscheduled draws on debt service reserves reflecting financial difficulties;
4. unscheduled draws on credit enhancements reflecting financial difficulties;
5. substitution of credit or liquidity providers, or their failure to perform;
6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the securities, or other material events affecting the tax status of the securities;
7. modifications to rights of security holders, if material;
8. bond calls, if material, and tender offers;
9. defeasances;
10. release, substitution or sale of property securing repayment of the securities, if material;
11. rating changes;
12. bankruptcy, insolvency, receivership, or similar proceedings of an Obligated Person;*
13. the consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of an Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such action or the termination of a definitive

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

agreement relating to any such actions, other than pursuant to its terms, if material; and

14. appointment of a successor or additional trustee, or the change of the name of a trustee, if material.

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 2016 Senior Lien Bond may seek mandamus or specific performance by court order to cause the City to comply with its obligations under the Undertaking. The Undertaking provides that any court action must be initiated in the Circuit Court of Cook County, Illinois. A default under the Undertaking shall not be deemed a default under any 2016 Senior Lien Bond, the Bond Ordinance or 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 2016 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 2016 Senior Lien Bonds pursuant to the terms of the Senior Lien Indenture at the time of the amendment; or

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

TERMINATION OF UNDERTAKING

The Undertaking shall be terminated if the City shall no longer have any legal liability for any obligation on or relating to repayment of the 2016 Senior Lien Bonds under the Bond Ordinance or the Senior Lien Indenture.

EMMA

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

ADDITIONAL INFORMATION

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

CORRECTIVE ACTION RELATED TO CERTAIN BOND DISCLOSURE REQUIREMENTS

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

Annual Financial Information and Audited Financial Statements were not filed by the City in 2011 for the Fiscal Year ended December 31, 2010, and in 2012 for the Fiscal Year ended December 31, 2011, with respect to the City of Chicago Chicago O'Hare International Airport General Airport Third Lien Revenue and Revenue Refunding Bonds, Series 2010A through Series 2010F. Annual Financial Information and Audited Financial Statements were not filed by the City in 2011 for the Fiscal Year ended December 31, 2010, and in 2012 for the Fiscal Year ended December 31, 2011, with respect to the City of Chicago Chicago O'Hare International Airport Passenger Facilities Charge Revenue and Revenue Refunding Bonds, Series 2010A through Series 2010D. On October 12, 2016, the City filed with EMMA such Annual Financial Information and Audited Financial Statements with respect to such bonds.

Annual Financial Information and Audited Financial Statements were not filed by the City in 2012 for the Fiscal Year ended December 31, 2011, with respect to the City of Chicago O'Hare International Airport General Airport Third Lien Revenue Bonds, Series 2011A through Series 2011C. Annual Financial Information and Audited Financial Statements were not filed in 2012 for the Fiscal Year ended December 31, 2011, with respect to the City of Chicago O'Hare International Airport Passenger Facility Charge Revenue Bonds, Series 2011A and Series 2011B. On October 12, 2016, the City filed with EMMA such Annual Financial Information and Audited Financial Statements with respect to such bonds.

With respect to the City's Collateralized Single Family Mortgage Revenue Bonds, Series 2006A (the "Series 2006A Bonds"), S&P lowered its rating on the Series 2006A Bonds from *"AA+"* to *"AA"* and placed the Series 2006A Bonds on *"Credit Watch with negative implications"* effective December 16, 2011. The City did not cause the trustee as dissemination agent to file a notice of a reportable event with EMMA at that time. Subsequently, S&P upgraded the rating on the Series 2006A Bonds from *"AA"* to *"AA+"* effective March 12, 2012. On March 18, 2012, S&P removed the *"Credit Watch with negative implications"* characterization from the Series 2006A Bonds. The City caused the trustee, as dissemination agent, for the Series 2006A Bonds to file a notice of a reportable event with EMMA on March 26, 2012 disclosing the downgrade and subsequent upgrade of the Series 2006A Bonds by S&P.

With respect to multiple series of the City's Chicago O'Hare International Airport General Airport Third Lien Revenue Bonds, American Airlines is an *"obligated person"* with respect to such bonds. On

November 29, 2011, AMR Corporation (the parent company of American Airlines and Envoy Air (formerly American Eagle)) and certain of its United States-based subsidiaries (including American Airlines and American Eagle) filed voluntary petitions for Chapter 11 reorganization in the United States Bankruptcy Court for the Southern District of New York. The City filed a notice with EMMA with respect to this event on March 30, 2012 (not within the 10 business-day deadline imposed by the Rule). On December 9, 2013, American Airlines merged with US Airways. The City filed a notice with EMMA with respect to this event on August 25, 2014 (not within the 10 business-day deadline imposed by the Rule).

With respect to the City's Outstanding Motor Fuel Tax Revenue Bonds, the City's pledge of Additional City Revenues to the payment of such bonds (in addition to the pledge of Motor Fuel Tax Revenues) became effective as of March 19, 2013. The City filed a notice with EMMA describing the pledge of this additional source of revenue on May 16, 2013.

With respect to the City's Outstanding O'Hare International Airport Customer Facility Charge Senior Lien Revenue Bonds, Series 2013, Simply Wheelz, LLC d/b/a Advantage Rent A Car ("Advantage") is an *"obligated person"* with respect to such bonds. Advantage filed a voluntary bankruptcy petition in the Southern District of Mississippi on November 5, 2013. The City filed a notice with EMMA with respect to this event on December 5, 2013.

The rating agencies took certain rating actions with respect to the ratings of Ambac Assurance Corporation and Financial Security Assurance Inc. (collectively, the "Bond Insurers"). The Bond Insurers provided municipal bond insurance policies relating to certain series of the City's Chicago Midway Airport revenue bonds. Event notices with respect to such rating changes were not filed with EMMA. The City made such filings on May 22, 2014.

Ambac Assurance Corporation provided a municipal bond insurance policy relating to the City's Motor Fuel Tax Revenue Bonds, Series 2003A and Assured Guaranty Corp. provided municipal bond insurance policies relating to the City's Motor Fuel Tax Revenue Bonds, Series 2008. Event notices with respect to the rating changes taken by the Rating Agencies with respect to these insurers were not filed. The City made filings with EMMA on June 3, 2014 and August 22, 2014 with respect to these rating changes.

The City failed to file timely material event notices with respect to certain rating changes affecting the City's bonds subject to the Rule and for which the City is an *"obligated person"* under the Rule (collectively, the "Prior Bonds") or affecting bond insurance companies which insured any Prior Bonds (collectively, the "Prior Bond Insurers"). The City filed with EMMA on August 29, 2014 a notice with respect to all rating changes known to the City and affecting the Prior Bonds (including certain Senior Lien Bonds and Second Lien Bonds) occurring over the last ten years. The City filed with EMMA on August 27, 2014 a notice with respect to all rating changes known to the City and affecting the Prior Bond Insurers occurring during the last seven years.

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

CO-FINANCIAL ADVISORS AND INDEPENDENT REGISTERED MUNICIPAL ADVISOR

The City has engaged Columbia Capital Management, LLC and Frasca & Associates, LLC as its financial advisors (the "Financial Advisors") in connection with the authorization, issuance and sale of the 2016 Senior Lien Bonds. Under the terms of their respective engagements, the Financial Advisors are not obligated to undertake, and have not undertaken to make, an independent verification of, or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

The City has retained Martin J. Luby as its independent registered municipal advisor (the "IRMA") as defined in SEC Rule 15Ba1-1-(d)(1) to evaluate financing proposals and recommendations in connection with the City's various bond issuance programs and other financing ideas being considered by the City; however, the IRMA will not advise on the investment of City funds held by the Office of the City Treasurer. The IRMA's compensation is not dependent on the issuance of the 2016 Senior Lien Bonds.

INDEPENDENT AUDITORS

The financial statements of the City of Chicago Illinois – Chicago O'Hare International Airport as of and for the years ended December 31, 2015 and 2014, included as **APPENDIX D** to this Official Statement have been audited by Deloitte & Touche LLP, independent auditors, as stated in their report appearing herein that was modified to include a reference to other auditors and to include an emphasis of a matter paragraph related to the adoption of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27.*

RATINGS

The 2016 Senior Lien Bonds have been assigned the ratings of "A" (stable outlook) by S&P Global Ratings and "A" (stable outlook) by Fitch Ratings. S&P Global Ratings has also assigned the rating of "AA" (stable outlook) to the Insured Bonds, with the understanding that the Policy will be issued by the Bond Insurer upon delivery of the 2016F Senior Lien Bonds as described on the cover page of this Official Statement. Certain information was supplied by the City to each of the rating agencies to be considered in evaluating the 2016 Senior Lien Bonds. The City has not sought a rating of the 2016 Senior Lien Bonds from any other rating agency.

A rating reflects only the views of the rating agency assigning such rating and an explanation of the significance of such rating may be obtained from such rating agency. The City has furnished to the rating agencies certain information and materials relating to the 2016 Senior Lien Bonds and O'Hare, including certain information and materials that have not been included in this Official Statement. Generally, rating agencies base their ratings on such information and materials and investigations, studies and assumptions by the respective rating agency. There is no assurance that any rating will continue for any given period of time, or that any rating will not be revised downward or withdrawn entirely by any such rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of any such rating may have an adverse effect on the market price of the 2016 Senior Lien Bonds.

MISCELLANEOUS

The summaries or descriptions in this Official Statement of provisions in the Senior Lien Indenture and all references to other materials not purporting to be quoted in full are only brief outlines of certain provisions and do not constitute complete statements of such documents or provisions. Reference is made to the complete documents relating to such matter for further information, copies of which will be furnished by the City upon written request delivered to the office of the Chief Financial Officer, 7th Floor, 121 North LaSalle Street, Chicago, Illinois 60602.

AUTHORIZATION

The City has authorized the distribution of this Official Statement.

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

CITY OF CHICAGO

By: ______________________
Chief Financial Officer

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Appendix A

GLOSSARY OF TERMS

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APPENDIX A
GLOSSARY OF TERMS

The following are definitions of certain terms used in this Official Statement. This glossary is provided for the convenience of the reader and does not purport to be comprehensive or definitive. Certain capitalized terms used herein are defined elsewhere in this Official Statement. All references herein to terms defined in the Senior Lien Indenture and the Airport Use Agreements are qualified in their entirety by the definitions set forth in the Senior Lien Indenture and/or the Airport Use Agreements, as the case may be. Copies of the Senior Lien Indenture and the Airport Use Agreements are available for review prior to the issuance and delivery of the 2016 Senior Lien Bonds at the offices of the City and thereafter at the offices of the Trustee.

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

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

"Air Transportation Business" means the carriage by aircraft of persons or property as a common carrier for compensation or hire, or the carriage of mail, by aircraft, in commerce, as defined in the Federal Aviation Act of 1958, as amended.

"Airline" means, after the end of the term of the Airport Use Agreement, any person actively engaged in the Air Transportation Business at the Airport.

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

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

"Airport Development Fund" means the Airport Development Fund created pursuant to the Airport Use Agreements.

"Airport Development Fund Deposit Requirement" means for any Fiscal Year any amount required to be deposited in the Airport Development Fund from any source in such Fiscal Year under the Airport Use Agreements.

"Airport Fees and Charges" means, for any Fiscal Year, all rentals, charges and fees payable by all Airline Parties for such Fiscal Year, after adjustment pursuant to the Final Audit (as defined in the Airport Use Agreements) for such Fiscal Year, (a) pursuant to an Airport Use Agreement, and, if appropriate, (b) pursuant to a Special Facility Financing Arrangement to the extent rentals, charges and

fees paid pursuant thereto are for the purpose of paying Special Facility Revenue Bond and Other Debt Service (as defined in the Airport Use Agreements).

"Airport Fund" means the Airport Fund created pursuant to the Airport Use Agreements.

"Airport General Fund" means the Airport General Fund to be established by the City pursuant to the Senior Lien Master Indenture.

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

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

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

"Airport Use Agreements" means (a) the Amended and Restated Airport Use Agreement and Terminal Facilities Lease dated as of January 1, 1985, being agreements entered into between the City and various companies engaged in the Air Transportation Business at the Airport; (b) each other airport use agreement and terminal facilities lease, with respect to the Airport, substantially the same (except with respect to the Exclusive Use premises and Airline's Aircraft Parking Area described therein) and having the same expiration date as the agreements referred to in (a) above, and (c) in the case of each air-cargo carrier, its airport use agreement, with respect to the Airport, substantially the same (except with respect to the Exclusive Use Premises and Airline's Aircraft Parking Area described therein) and having the same expiration date as the agreement referred to in (a) above, together with a cargo facilities lease of no shorter duration than such airport use agreement; in each case as extended, amended or supplemented from time to time in accordance with their terms.

"Annual Debt Service" means, as of any particular date of computation and with respect to a particular Bond Year or other specified 12-month period, and Senior Lien Obligations of a particular Series or consisting of a particular Senior Lien Section 208 Obligation or Qualified Senior Lien Swap Agreement, an amount of money equal to the sum of (a) all interest payable during that Bond Year or other specified 12-month period on all Senior Lien Obligations of the Series or Senior Lien Section 208 Obligation Outstanding on the date of computation, (b) all Principal Installments payable during that Bond Year or other specified 12-month period with respect to all Senior Lien Obligations of the Series or Senior Lien Section 208 Obligation Outstanding on the date of computation, and (c) amounts due and payable during that Bond Year or other specified 12-month period on all Qualified Senior Lien Swap Agreements. Amounts determined pursuant to clause (a) and (b) above must be calculated on the assumption that Senior Lien Obligations will, after the date of computation, cease to be Outstanding by reason, but only by reason, of the payment when due and application in accordance with the Senior Lien Indenture and the Supplemental Indenture creating that Series or the instrument creating that Senior Lien Section 208 Obligation of Principal Installments payable at or after the date of computation.

"Anticipated Grant Receipts" means, with respect to any Bond Year, the amount of Grant Receipts that the City anticipates will be paid to the City in the Federal Fiscal Year ending in the Bond Year immediately preceding such Bond Year.

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

"Available PFCs" means the amounts to be withdrawn from the PFC Capital Fund and deposited into the 2016F Senior Lien Bond PFC Revenue Deposit Account as described under the caption "SECURITY FOR THE 2016 SENIOR LIEN BONDS—Description of Available PFCs," in the Official Statement.

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

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

"Bondholder" or *"holder"* or *"owner of the Bonds"* or *"registered owner"* means the Registered Owner of any Senior Lien Bond.

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

"Business Day" means any day other than a Saturday or Sunday or legal holiday or a day on which banking institutions in the State of Illinois are authorized by law or executive order to close.

"Capital Project" means a capital improvement at the Airport, or the acquisition of land beyond the current boundaries of the Airport for use as part of the Airport as set forth in the Airport Use Agreements.

"Capitalized Interest" means any amount included in the proceeds of any series of Airport Obligations for the payment of interest on any Airport Obligations.

"CDA" means the City of Chicago Department of Aviation.

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

accountants, engineers or other persons provided for in the Senior Lien Indenture or any Supplemental Indenture thereto must include:

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

(b) a brief statement as to nature and scope of the examination or investigation upon which the statements, opinions or representations are based;

(c) a statement that, in the opinion of that person, that person has made such examination or investigation as is necessary to enable that person to express an informed opinion with respect to the subject matter referred to in the instrument to which that person's signature is affixed; and

(d) with respect to any statement relating to compliance with any provision of the Senior Lien Indenture, a statement whether or not, in the opinion of that person, that provision has been complied with.

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

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

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

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

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

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

"Common Reserve Bonds" means Senior Lien Obligations entitled to the benefits of the Common Debt Service Reserve Sub-Fund, including the Series 2016D Bonds, the Series 2016E Bonds and the Series 2016G Bonds.

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

"Concession Revenues" means, for any Fiscal Year, rentals, charges and fees of any kind or nature payable to the City during such Fiscal Year from tenants, licensees, permittees, or other operators at O'Hare, for the right to use premises at O'Hare to sell or lease merchandise, services or other intangibles, including, but not limited to, restaurants, bars, car rental agencies, newsstands, gift shops, specialty shops, advertising displays, insurance sales facilities, public telephones, facilities for the

furnishing of ground transportation services, hotels and parking areas; *provided, however,* that Concession Revenues shall not include (a) any such rentals, charges or fees derived from the Land Support Area or the International Terminal Area, (b) Airport Fees and Charges, (c) terminal rentals or landing fees of non-Airline Parties, (d) fees and charges under fueling facility agreements, or (e) the proceeds of any tax levied at O'Hare.

"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 of Illinois, who, in the case of any individual, shall not be a director, officer or employee of either the City or any Airline Party.

"Cost-Revenue Centers" (sometimes abbreviated as *"CRCs"*) means those areas of O'Hare grouped together for the purposes of accounting for Revenues, Operation and Maintenance Expenses and Debt Service, and for calculating Airport Fees and Charges. The CRCs named in the Airport Use Agreements, taken together, comprise all of O'Hare, and are the Terminal Area, the Airfield Area, the International Terminal Area, the Terminal Support Area, the Fueling System and the Land Support Area.

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

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

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

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

"Debt Service Fund" means the Debt Service Fund created by the Senior Lien Master Indenture.

"Debt Service Reserve Account" means (a) with respect to the Series 2016D Bonds, the Series 2016E Bonds and the Series 2016G Bonds, the Common Debt Service Reserve Sub-Fund, and (b) with respect to the Senior 2016F Bonds, the Account designated as the "2016F Senior Lien Debt Service Reserve Account."

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

"Deposit Requirements" means, with respect to any semi-annual deposit to the Debt Service Fund and any disbursement from the Debt Service Fund pursuant to the provisions of the Senior Lien Indenture as described in APPENDIX B—"SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURES—INDENTURE FUNDS AND PAYMENT OF DEBT SERVICE", the aggregate of the *"Sub-Fund Deposits"* and the *"Other Required Deposits"* described under paragraphs (a) and (b) under the sub-caption *"Disbursements from Debt Service Fund"* under that caption that are required to be made at that time.

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

"Event of Default" means with respect to the Senior Lien Master Indenture, an Event of Default as described in APPENDIX B under "SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE— Events of Default."

"Existing Senior Lien Bonds" means Third Lien Bonds issued prior to the Liens Defeasance Date and Outstanding following the issuance of the 2016 Senior Lien Bonds.

"FAA" means the Federal Aviation Administration, or the successor to its powers and authority.

"Federal Fiscal Year" means a 12 month period commencing on October 1 of each calendar year and ending on September 30 of the next succeeding calendar year.

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

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

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

"Fitch" means Fitch Ratings Ltd.

"Fifty-Eighth Supplemental Indenture" means the Fifty-Eighth Supplemental Indenture dated as of December 1, 2016 from the City to the Trustee, which supplements the Senior Lien Indenture.

"Fifty-Fifth Supplemental Indenture" means the Fifty-Fifth Supplemental Indenture dated as of December 1, 2016 from the City to the Trustee, which supplements the Senior Lien Indenture.

"Fifty-Seventh Supplemental Indenture" means the Fifty-Seventh Supplemental Indenture dated as of December 1, 2016 from the City to the Trustee, which supplements the Senior Lien Indenture.

"Fifty-Sixth Supplemental Indenture" means the Fifty-Sixth Supplemental Indenture dated as of December 1, 2016 from the City to the Trustee, which supplements the Senior Lien Indenture.

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

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

"Grant Receipts" means all moneys received by the City from the United States of America and agencies thereof, including the FAA, pursuant to the Letter of Intent as reimbursement for the costs of the O'Hare Modernization Program.

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

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

"Interest 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 secured by Revenues, other than Senior Lien Obligations, 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 by the Senior Lien Master Indenture.

"Land Support Area" means (a) during the term of the Airline Use Agreements, the facilities, uses, leases, land and air rights, if any, identified as such in the Airport Use Agreements and (b) after the end of the term of the Airport Use Agreements, the facilities, uses, leases, land and air rights, if any, identified as the "Land Support Area" as of the last day of the term of the Airport Use Agreements, as the same thereafter may revised from time to time by the City as set forth in a Certificate filed with the Trustee, provided, however, that if such revision will likely result in a reduction of Revenues, then such revision shall not take effect until either (i) there is filed with the Trustee an Independent Airport Consultant's Certificate, based on reasonable assumptions, that the anticipated reduction of Revenues resulting from such revision will not constitute a material reduction of Revenues, or (ii) the City satisfies the requirements of the Indenture regarding Released Revenues.

"Landing Fee Rate" means the Landing Fee Rate established pursuant to the Airport Use Agreements.

"Landing Fees" means, with respect to each Airline Party, the Landing Fees calculated pursuant to such Airline Party's Airport Use Agreement.

"Letter of Intent" means the Airport Letter of Intent No. AGL-10-01, dated April 12, 2010 from the FAA to the Commissioner, as amended.

"Liens Defeasance Date" means September 12, 2012.

"Maintenance Reserve Fund" means the Maintenance Reserve Fund created under the Airport Use Agreements.

"Moody's" means Moody's Investors Service.

"Net Debt Service" means with respect to the Series 2016F Bonds for any Bond Year, the Annual Debt Service with respect to such Series, reduced by any proceeds of Airport Obligations held by the Trustee for disbursement during that Bond Year to pay Principal Installments of and interest on such Series.

"*Net Grant Receipts*" means for any Federal Fiscal Year, the amount remaining after deducting from the Grant Receipts for such Federal Fiscal Year, the Pay-Go Grant Receipts for such Federal Fiscal Year.

"*Non-Common Reserve Bonds*" means the Outstanding Series 2005C Bonds, Series 2005D Bonds, Series 2008A Bonds, Series 2010D Bonds, Series 2010F Bonds, Series 2011A Bonds, Series 2012A Bonds, Series 2016C Bonds and Series 2016F Bonds.

"*Operation and Maintenance Expense Projection*" means, for any Fiscal Year, the then current estimate of Operation and Maintenance Expenses prepared semi-annually by the City and filed with the Trustee and consisting of an initial projection made prior to the first day of the Fiscal Year and a mid-year projection made in June of the Fiscal Year which, (i) prior to the end of the term of the Airport Use Agreements, shall conform to the requirements of the Airport Use Agreements, as adjusted by the mid-year projection prepared in accordance with the Airport Use Agreements and (ii) after the end of the term of the Airport Use Agreements, shall include a mid-year projection that may adjust the projection of the City.

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

(i) costs and expenses incurred by the City for employees of the City employed at the Airport, or doing work involving the Airport, including, but not limited to, direct salaries and wages (including overtime pay), together with payments or costs incurred for associated payroll expenses, such as union contributions, cash payments to pension funds, retirement funds or unemployment compensation funds, life, health, accident and unemployment insurance premiums, deposits for self-insurance, vacations and holiday pay, and other fringe benefits;

(ii) costs of materials, supplies, machinery and equipment and other similar expenses;

(iii) costs of maintenance, landscaping, decorating, repairs, renewals and alterations not reimbursed by insurance;

(iv) costs of water, electricity, natural gas, telephone service and all other utilities and services whether furnished by the City or purchased by the City and furnished by independent contractors at or for the Airport;

(v) costs of rentals of real property;

(vi) costs of rentals of equipment or other personal property;

(vii) costs of premiums for insurance, including property damage, public liability, burglary, bonds of employees, workers' compensation, disability, automobile, and all other insurance covering the Airport or its operations;

(viii) the amount of any judgment or settlement arising as a result of the City's ownership, operation and maintenance of the Airport payable by the City during that Fiscal Year, including, without limitation, the amount of any judgment or settlement arising as a result of claims, actions, proceedings or suits alleging a taking of property or interests in property without just compensation, trespass, nuisance, property damage, personal injury or similar claims, actions, proceedings or suits based upon the environmental impacts, including, without limitation, those resulting from the use of the Airport for the landing and taking off of aircraft;

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

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

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

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

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

"Operation and Maintenance Reserve Fund" means the Operation and Maintenance Reserve Fund established pursuant to the Airport Use Agreements.

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

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

"Outstanding" means with respect to the Senior Lien Obligations, as of any date, all Senior Lien Obligations before or on that date being issued or incurred under the Senior Lien Master Indenture except:

(a) Senior Lien Obligations cancelled by the Trustee or the Owner of a Senior Lien Section 208 Obligation, as the case may be, at or before that date or delivered before that date to the Trustee or to the City, as the case may be, for cancellation;

(b) Senior Lien Obligations (or portions of Senior Lien Obligations) for the payment or redemption of which there are held in trust and set aside for such payment or redemption (whether at, before or after the maturity or redemption date) moneys or Federal Obligations the principal of and interest on which when due or payable will provide moneys, together with the moneys, if any, deposited with the Trustee at the same time, in an amount sufficient to pay their principal or Redemption Price, as the case may be, with interest to the date of maturity or redemption date, and, if those Senior Lien Obligations are to be redeemed, for which notice of the redemption has been given as provided in the related Supplemental Indenture or provisions satisfactory to the Trustee have been made for giving the notice;

"Senior Lien Obligations" means (a) any of the bonds, notes or evidences of indebtedness issued by the City under and pursuant to Article II of the Senior Lien Indenture, (b) any Senior Lien Section 208 Obligations and (c) obligations of the City under a Qualified Senior Lien Swap Agreement except to the extent those obligations are subordinated under the Senior Lien Indenture or under that agreement, and in each case including 2002 Third Lien Obligations issued or incurred prior to the Liens Defeasance Date.

"Senior Lien Section 208 Obligations" means any obligations incurred by the City to reimburse the issuer or issuers of one or more instruments securing one or more Series of Senior Lien Obligations as described in Section 208 of the Senior Lien Indenture, including any fees or other amounts payable to the issuer of any such instrument, whether those obligations are set forth in one or more reimbursement agreements entered into between the City and the issuer of any such instrument, or in one or more notes or other evidences of indebtedness executed and delivered by the City pursuant thereto, or any combination of them.

"Series" means all of the Senior Lien Obligations authenticated and delivered on original issuance pursuant to a Supplemental Indenture and designated in it as a series, but, unless the context clearly indicates otherwise, does not include Senior Lien Section 208 Obligations or obligations of the City under a Qualified Senior Lien Swap Agreement.

"Series 2005C Bonds" means the Chicago O'Hare International Airport General Airport Third Lien Revenue Bonds, Series 2005C.

"Series 2005D Bonds" means the Chicago O'Hare International Airport General Airport Third Lien Revenue Bonds, Series 2005D.

"Series 2008A Bonds" means the Chicago O'Hare International Airport General Airport Third Lien Revenue Bonds, Series 2008A.

"Series 2010D Bonds" means the Chicago O'Hare International Airport General Airport Third Lien Revenue Bonds, Series 2010D.

"Series 2010F Bonds" means the Chicago O'Hare International Airport General Airport Third Lien Revenue Bonds, Series 2010F Bonds.

"Series 2011A Bonds" means the Chicago O'Hare International Airport General Airport Third Lien Revenue Bonds, Series 2011A.

"Series 2011B Bonds" means the Chicago O'Hare International Airport General Airport Third Lien Revenue Bonds, Series 2011B.

"Series 2012A Bonds" means the Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2012A.

"Sinking Fund Payment" means as of any particular date of determination and with respect to the outstanding Senior Lien Obligations of any Series or consisting of any Senior Lien Section 208 Obligations, the amount required by the Supplemental Indenture creating the Series or the instrument creating the Senior Lien Section 208 Obligation to be paid in any event by the City on a single future date for the retirement of the Senior Lien Obligations which mature after that future date, but does not include any amount payable by the City by reason only of the maturity of a Senior Lien Obligation.

"Special Capital Projects Fund" means the Special Capital Projects Fund created under the Airport Use Agreements.

"Special Facility" means a building, facility or improvement at the Airport, or portion thereof, that has been or is to be constructed, installed, equipped or acquired with the proceeds of the sale of Special Facility Revenue Bonds or sources other than Revenues.

"Special Facility Financing Arrangement" means any agreement creating or relating to Special Facility Revenue Bonds.

"Special Facility Revenue Bonds" means obligations of the City with respect to which the principal, premium, if any, and interest are payable solely from proceeds of the sale of those obligations and from sources other than Revenues, and for which the City has no taxing obligation.

"Supplemental Indenture" means an indenture supplemental to or amendatory of the 2002 Third Lien Indenture or the Senior Lien Indenture executed and delivered by the City and the Trustee in accordance with the Senior Lien Master Indenture.

"Swap Provider" means any counterparty with which the City enters into a Qualified Senior Lien Swap Agreement.

"Terminal Area Rentals" means, with respect to each Airline Party, the Terminal Area Rentals calculated pursuant to Article V of such Airline Party's Airport Use Agreement.

"Terminal Area Use Charges" means, with respect to each Airline Party, the Terminal Area Use Charges calculated pursuant to Article V of such Airline Party's Airport Use Agreement.

"Third Lien Bonds" means any of the Bonds, notes or evidences of indebtedness issued by the City pursuant to Article II of the 2002 Third Lien Indenture.

"Transition Date" means the first Business Day of the Trustee in the month of June, 2018 unless, prior to May 1, 2018, the City files with the Trustee a Certificate electing to select another date as the Transition Date in which case the Transition Date shall be the date selected by the City in a Certificate filed with the Trustee not less than 30 days prior to the date selected by the City.

"Trust Estate" means the property conveyed to the Trustee pursuant to the Granting Clauses of the Senior Lien Master Indenture and the Supplemental Indenture for which a series of Senior Lien Obligations are issued.

"Trustee" means U.S. Bank National Association, Chicago, Illinois, as trustee under the Senior Lien Master Indenture, or its successor as the trustee later appointed in the manner provided in the Senior Lien Master Indenture.

"2016 Senior Lien Bonds" means the 2016D Senior Lien Bonds, the 2016E Senior Lien Bonds, the 2016F Senior Lien Bonds and 2016G Senior Lien Bonds.

"2016D Senior Lien Bonds" or "Series 2016D Bonds" means the Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2016D.

"2016E Senior Lien Bonds"or "Series 2016E Bonds" means the Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2016E.

"2016F Senior Lien Bonds" or "Series 2016F Bonds" means the Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2016F.

"2016G Senior Lien Bonds" or "Series 2016G Bonds" means the Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2016G.

"2002 Third Lien Indenture" means the Master Indenture of Trust Securing Chicago O'Hare International Airport Third Lien Obligations dated as of March 1, 2002, between the City and U.S. Bank National Association as successor trustee to LaSalle Bank National Association, as amended and supplemented to the Liens Defeasance Date.

"2002 Third Lien Obligations" means all "Third Lien Obligations", as defined in the 2002 Third Lien Indenture, that were Outstanding on the Liens Defeasance Date.

Appendix B

SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE

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APPENDIX B
SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE

The following is a summary of certain provisions of the Senior Lien Master Indenture, as supplemented to date (the "Senior Lien Indenture"), to which reference is made for a complete statement of the provisions and contents of each of such documents. Certain words and terms used in this summary are defined in APPENDIX A—"GLOSSARY OF TERMS."

AUTHORIZATION OF SENIOR LIEN OBLIGATIONS AND BONDS

In order to provide sufficient funds for the financing or refinancing of Airport Projects, Senior Lien Obligations are authorized by the Senior Lien Master Indenture to be issued from time to time in one or more Series, without limitation as to amount except as may be limited by law or the Senior Lien Master Indenture, for the purpose of (a) the payment, or the reimbursement for the payment of, the costs of one or more Airport Projects, (b) the refunding of Senior Lien Obligations (including 2002 Third Lien Obligations), or other obligations issued to finance or refinance one or more Airport Projects, including, but not limited to, the refunding of any Special Facility Revenue Bonds and any Junior Lien Obligations, or (c) the funding of any Fund, Account or Dedicated Sub-Fund as specified in the Senior Lien Master Indenture or the Supplemental Indenture under which any Senior Lien Obligations are issued; including, in each case, payment of Costs of Issuance. Senior Lien Obligations consisting of Senior Lien Section 208 Obligations and Qualified Senior Lien Swap Agreements are also authorized to be incurred from time to time as provided for in the Senior Lien Master Indenture for the purposes set forth therein.

The City reserves the right in the Senior Lien Master Indenture to provide one or more irrevocable letters of credit to secure the payment of the principal of, premium, if any, and interest on one or more Series of Senior Lien Obligations, and if the Owners of those Senior Lien Obligations have the right to require their purchase, to secure the payment of the purchase price of those Senior Lien Obligations upon the demand of their Owners through one or more letters of credit or bond purchase agreements. In connection therewith, the City may agree on a method to reimburse the issuer of the letter of credit or provider of a bond purchase agreement and any such obligation of the City may constitute a Senior Lien Obligation.

SOURCE OF PAYMENT; PLEDGE OF SENIOR LIEN REVENUES AND OTHER MONEYS

The Senior Lien Master Indenture provides that the Senior Lien Obligations are legal, valid and binding limited obligations of the City payable solely from Revenues and certain other moneys and securities held by the Trustee under the provisions of the Senior Lien Master Indenture and any Supplemental Indenture. The Senior Lien Obligations and the interest thereon do not constitute an indebtedness or a loan of credit of the City within the meaning of any constitutional or statutory limitation, and neither the faith and credit nor the taxing power of the City, the State of Illinois or any of its political subdivisions is pledged to the payment of the principal of or interest on the Senior Lien Obligations. The City makes a pledge of the Trust Estate, to the extent set forth in the Granting Clauses of the Senior Lien Master Indenture, and of all moneys and securities held or set aside or to be held or set aside by the Trustee under the Senior Lien Master Indenture or any Supplemental Indenture, to secure the payment of the principal and Redemption Price of, and interest on, the Senior Lien Obligations, subject only to the provisions of the Senior Lien Master Indenture or any Supplemental Indenture requiring or permitting the payment, setting apart or appropriation of such moneys and securities for or to the purposes and on the terms, conditions, priorities and order set forth in or provided under the Senior Lien Master Indenture or the Supplemental Indenture. Such pledge is valid and binding from the Liens Defeasance Date and continues the prior pledges under the 2002 Third Lien Indenture. The Revenues so pledged and then or thereafter received by the City and deposited in the Revenue Fund are immediately upon that deposit subject to the lien of the pledge without any further physical delivery or further act; and the lien of the pledge is valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the City, irrespective of whether the parties have notice of it.

INDENTURE FUNDS AND PAYMENT OF DEBT SERVICE

The Revenue Fund, the Debt Service Fund and the Junior Lien Obligation Debt Service Fund are trust funds held and administered by the Trustee in accordance with the Senior Lien Master Indenture. The Common Debt Service Reserve Sub-Fund and each Dedicated Sub-Fund are held by the Trustee as part of the Debt Service Fund. Each Dedicated Sub-Fund established by a Supplemental Indenture to the 2002 Third Lien Indenture shall continue to be administered as a Dedicated Sub-Fund within the Debt Service Fund.

The City has established and agrees to maintain an Operation and Maintenance Fund, an Operation and Maintenance Reserve Fund, and a Maintenance Reserve Fund. The City has established and agrees to maintain a Special Capital Projects Fund until the Transition Date. During the term of the Airport Use Agreements, the Operation and Maintenance Fund, the Special Capital Projects Fund, the Operation and Maintenance Reserve Fund and the Maintenance Reserve Fund shall be maintained in accordance with the Airport Use Agreements. The City may also maintain the Airport Development Fund pursuant to the Airport Use Agreements.

On the Transition Date (i) the City shall establish and thereafter maintain the Airport General Fund, (ii) the Special Capital Projects Fund and the Airport Development Fund shall be discontinued and (iii) the moneys then held in the Special Capital Projects Fund and the Airport Development Fund shall be credited to the Airport General Fund.

The Trustee shall, at the written request of the City, establish such additional sub-funds within the Funds and Accounts and subaccounts within any such sub-funds, as shall be specified in such written request, for the purpose of identifying more precisely the sources of payments into and disbursements from the Funds or such sub-funds, Accounts and subaccounts.

Additional sub-funds within the Funds (other than the Junior Lien Obligation Debt Service Fund) and Accounts and subaccounts within such sub-funds may also be created by any Supplemental Indenture; and any such Supplemental Indenture may provide that amounts on deposit in such sub-funds, Accounts and subaccounts shall be held by the Trustee for the sole and exclusive benefit of such Senior Lien Obligations as may be specifically designated in such Supplemental Indenture; provided, however, that prior to the end of the term of the Airport Use Agreements income derived from the investment of any moneys on deposit in a debt service reserve fund or account (including the Common Debt Service Reserve Sub-Fund) or pursuant to any such Supplemental Indenture shall, upon receipt, be withdrawn from such fund or account by the Trustee and deposited into the Revenue Fund.

Any moneys and securities held in the Revenue Fund, the Debt Service Fund, the Junior Lien Obligation Debt Service Fund or any sub-fund, Account or subaccount created pursuant to the Senior Lien Master Indenture shall be held in trust by the Trustee, as provided in the Senior Lien Master Indenture or such Supplemental Indenture, and shall be applied, used and withdrawn only for the purposes authorized in the Senior Lien Master Indenture or Supplemental Indenture.

All moneys and securities held by the City in the Operation and Maintenance Fund, the Special Capital Projects Fund, the Operation and Maintenance Reserve Fund and the Maintenance Reserve Fund shall be accounted for and held separate and apart from all other moneys and securities of the City, shall be applied, used and withdrawn solely for the purposes authorized in the Senior Lien Master Indenture and, until so applied, used and withdrawn, shall be held in trust by the City for such purposes.

All moneys and securities held by the City in the Airport Development Fund and the Airport General Fund may be applied, used and withdrawn by the City for any lawful corporate purpose of the City, free of any lien or security interest in favor of the Trustee and the owners of the Senior Lien Obligations.

Deposit of Revenues. All Revenues shall be collected by the City and promptly deposited to the credit of the Revenue Fund in the name of the Trustee with a depositary or depositaries, each fully qualified under the Senior Lien Indenture to receive the same as deposits of money held by the Trustee, designated by the City and approved by the Trustee, and statements giving the amount of each such deposit and the name of the depositary shall be forwarded promptly to the Trustee by the City and by such depositary. The Trustee shall be accountable only for moneys actually so deposited.

Disbursements from Revenue Fund Prior to 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 transfer to the City for deposit into the Operation and Maintenance Fund an amount equal to one-twelfth of the amount provided in the Operation and Maintenance Expense Projection for the current Fiscal Year; provided, however, that if the mid-year projection prepared in accordance with the Airport Use Agreements contains an adjustment of Operation and Maintenance Expenses (exclusive of Operation and Maintenance Expenses of the Land Support Area and required deposits in the Operation and Maintenance Reserve Fund and the Maintenance Reserve Fund), the amount required to be deposited in the Operation and Maintenance Fund each month of the second six-month period of each Fiscal Year shall be increased or decreased as appropriate by an amount equal to one-sixth of the amount of such adjustment.

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

First, The Trustee shall first deposit into the Debt Service Fund the amount necessary to increase the amount on deposit therein to an amount sufficient to fund the Deposit Requirements corresponding to that January 1 or July 1.

Second, The Trustee shall next transfer to the City for deposit into the Special Capital Projects 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.

Third, The Trustee shall next transfer to the City for deposit into the Operation and Maintenance Reserve Fund an amount equal to one-half of the Operation and Maintenance Reserve Fund Deposit Requirement, if any, for the Fiscal Year which includes such January 1 and July 1; provided, however, that if the mid-year projection prepared in accordance with the Airport Use Agreements contains an adjustment of Operation and Maintenance Expenses (exclusive of Operation and Maintenance Expenses of the Land Support Area and required deposits in the Operation and Maintenance Reserve Fund and the Maintenance Reserve Fund), then the amount required to be deposited in the Operation and Maintenance Reserve Fund with respect to each July 1 shall be increased or decreased as appropriate by an amount equal to the amount of such adjustment.

Fourth, The Trustee shall next transfer to the City for deposit into the Maintenance Reserve Fund an amount equal to the lesser of (i) $1,500,000 and (ii) the amount, if any, required to increase the amount on deposit therein to $3,000,000.

Fifth, The Trustee shall next transfer to the City for deposit into the Airport Development Fund an amount equal to one-half of the Airport Development Fund Deposit Requirement, if any, for the Fiscal Year which includes such January 1 and July 1.

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

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

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

(e) The amount of the Airport Development Fund Deposit Requirement shall be stated in a Certificate which shall be delivered to the Trustee prior to such deposits.

(f) At the end of each Fiscal Year, amounts on deposit in the Debt Service Fund, the Operation and Maintenance Fund, the Operation and Maintenance Reserve Fund, the Maintenance Reserve Fund and the Junior Lien Obligation Debt Service Fund in excess of the amount required under the Senior Lien Master Indenture or under any Supplemental Indenture or under any ordinance or resolution authorizing the issuance of Junior Lien Obligations to be on deposit in such Fund at the end of such Fiscal Year shall be transferred to the Revenue Fund.

Disbursements from Revenue Fund From and 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 transfer to the City for deposit into the Operation and Maintenance Fund an amount equal to one-twelfth of the amount provided in the Operation and Maintenance Expense Projection for the current Fiscal Year; provided, however, that if the mid-year projection contains an adjustment of Operation and Maintenance Expenses, the amount required to be deposited in the Operation and Maintenance Fund each month of the second six-month period of each Fiscal Year shall be increased or decreased as appropriate by an amount equal to one-sixth of the amount of such adjustment.

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

First, The Trustee shall first deposit into the Debt Service Fund the amount necessary to increase the amount on deposit therein to an amount sufficient to fund the Deposit Requirements corresponding to that January 1 or July 1.

Second, The Trustee shall next transfer to the City for deposit into the Operation and Maintenance Reserve Fund an amount equal to one-half of the Operation and Maintenance Reserve Fund Deposit Requirement, if any, for the Fiscal Year which includes such January 1 and

July 1; provided, however, that if the mid-year projection contains an adjustment of Operation and Maintenance Expenses, then the amount required to be deposited in the Operation and Maintenance Reserve Fund with respect to each July 1 shall be increased or decreased as appropriate by an amount equal to the amount of such adjustment.

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

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

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

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

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

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

Use of Funds. The moneys on deposit in the Funds, except the Airport Development Fund and the Airport General Fund, shall be used for the purposes and uses specified as follows:

(a) In addition to the authorized disbursements, the Trustee shall apply moneys in the Revenue Fund to make up any deficiency arising in the Debt Service Fund and the Junior Lien Obligation Debt Service Fund in the order of their priority one over another and in the manner specified above under *"Disbursements from Revenue Fund"* and, in addition, to make any reimbursement due to any Airline, including any payment to any Airline Party required by the Airport Use Agreements as in each case directed by a Certificate filed with the Trustee.

(b) The moneys in the Operation and Maintenance Fund shall be used by the City only to pay Operation and Maintenance Expenses (excluding Operation and Maintenance Expenses of the Land Support Area and required deposits in the Operation and Maintenance Reserve Fund and Maintenance

Reserve Fund) and to repay amounts borrowed from the Operation and Maintenance Reserve Fund. Loans from the Operation and Maintenance Reserve Fund to the Operation and Maintenance Fund shall be repaid as soon as funds for such loan repayment are available in the Operation and Maintenance Fund.

(c) The moneys in the Debt Service Fund shall be used only for the funding of Deposit Requirements.

(d) The moneys in the Special Capital Projects Fund shall be used only for the purpose of making *"Special Capital Project Expenditures"* as defined in the Airport Use Agreements.

(e) The moneys in the Operation and Maintenance Reserve Fund shall be used by the City only to make loans to the Operation and Maintenance Fund whenever and to the extent moneys in the Operation and Maintenance Fund are insufficient to pay Operation and Maintenance Expenses (excluding Operation and Maintenance Expenses of the Land Support Area and required deposits in the Operation and Maintenance Reserve Fund and Maintenance Reserve Fund).

(f) The moneys in the Maintenance Reserve Fund shall be used by the City only for paying the costs of extraordinary maintenance expenditures, such as costs incurred for major repairs, renewals and replacements at the Airport, whether caused by normal wear and tear or by unusual and extraordinary occurrences including costs of painting, major repairs, renewals and replacements and damage caused by storms or other unusual causes.

(g) The moneys in the Junior Lien Obligation Debt Service Fund shall be transferred by the Trustee to the appropriate trustees or paying agents under the appropriate ordinances or resolutions authorizing the issuance of Junior Lien Obligations for the purpose of paying such amounts as may be required to be paid by such resolutions or ordinances.

Disbursements from Debt Service Fund. The moneys in the Debt Service Fund must be disbursed and applied by the Trustee as required to make the following deposits on the dates and in the amounts provided:

(a) *Subfund Deposits.* On any date required with respect to the Common Debt Service Reserve Sub-Fund, or by the provisions of a Supplemental Indenture creating a Series of Senior Lien Obligations, or by an instrument creating Senior Lien Obligations, the Trustee must segregate within the Debt Service Fund and credit to (i) the Common Debt Service Reserve Sub-Fund, such amounts as may be required to be so credited under the Senior Lien Indenture and (ii) such Dedicated Sub-Funds, accounts and subaccounts as may have been created for the benefit of the Senior Lien Obligations such amounts as may be required to be so credited under the provisions of the Supplemental Indenture or instrument creating Senior Lien Obligations to pay the principal of and interest on the Senior Lien Obligations; and

(b) *Other Required Deposits.* On any date required for any other purpose by the provisions of a Supplemental Indenture or by an instrument creating Senior Lien Obligations, but only if the deposit requirement is set forth in the Certificate filed pursuant to paragraph (c) below, the Trustee must segregate within the Debt Service Fund and credit to such Dedicated Sub-Funds, accounts and subaccounts as are specified in the Supplemental Indenture or instrument creating Senior Lien Obligations the amounts required so to be withdrawn and deposited by the provisions of the Supplemental Indenture or the instrument.

(c) *City Certificate.* With respect to each Series and with respect to any Senior Lien Section 208 Obligation and any Qualified Senior Lien Swap Agreement, the City shall file with the Trustee (and revise from time to time as required) a Certificate detailing the timing and amount of the *"Other Required Deposits"* pursuant to paragraph (b) above in order to determine the Deposit Requirements of the Debt

Service Fund and the proper disbursement of the moneys held therein, including such revisions as may result from the prepayment, redemption, purchase and remarketing of Senior Lien Obligations and the adjustment of the rate of interest borne by Senior Lien Obligations.

Common Debt Service Reserve Sub-Fund.

(a) The City shall maintain the Common Debt Service Reserve Sub-Fund in an amount equal to the Reserve Requirement, which requirement may be satisfied with (i) one or more Qualified Credit Instruments, (ii) Qualified Investments, or (iii) a combination thereof. Any Qualified Investments held to the credit of the Common Debt Service Reserve Sub-Fund shall not have maturities extending beyond five years (except for any investment agreement, repurchase agreement or forward purchase agreement approved by each issuer of a municipal bond insurance policy insuring payment of any Common Reserve Bonds) and shall be valued in accordance with the Senior Lien Master Indenture. If on any valuation date, the amount on deposit in the Common Debt Service Reserve Sub-Fund is more than the Reserve Requirement, unless otherwise directed by the City pursuant to paragraph (f) below, the amount of such excess shall be transferred by the Trustee to the Revenue Fund.

(b) If at any time the Common Debt Service Reserve Sub-Fund holds both a Qualified Credit Instrument and Qualified Investments, the Qualified Investments shall be liquidated and the proceeds applied for the purposes for which Common Debt Service Reserve Sub-Fund moneys may be applied prior to any draw being made on the Qualified Credit Instrument. If the Common Debt Service Reserve Sub-Fund holds Qualified Credit Instruments issued by more than one issuer, draws shall be made under such Qualified Credit Instruments on a *pro rata* basis to the extent of available funds. Amounts deposited in the Common Debt Service Reserve Sub-Fund for the purpose of restoring amounts withdrawn therefrom shall be applied first to reimburse the Qualified Credit Provider and thereby reinstate the Qualified Credit Instrument.

(c) The moneys in the Common Debt Service Reserve Sub-Fund are held for the benefit of all Common Reserve Bonds and are pledged and assigned for that purpose. On the date of initial issuance of any Senior Lien Obligations intended to be Common Reserve Bonds, the City shall provide the Trustee a Certificate to that effect and setting forth the amount of the deposit to be made from bond proceeds to fund the Reserve Requirement.

(d) On the business day of the Trustee immediately preceding each January 1 and July 1, there shall be withdrawn from the Debt Service Fund for deposit into the Common Debt Service Reserve Sub-Fund, the amount, if any, required as of the close of business on such date to restore the amount held in the Common Debt Service Reserve Sub-Fund to the Reserve Requirement. Any amount so required shall constitute a Deposit Requirement to be funded from the Debt Service Fund.

(e) If on any Payment Date for the payment of the Principal Installment of and interest on any Series of Common Reserve Bonds the amount held in the Dedicated Sub-Fund for that Series for the payment of such Principal Installment or interest due and payable on such Payment Date shall be less than the Principal Installment and interest then due and payable, then the Trustee shall withdraw from the Common Debt Service Reserve Sub-Fund and deposit into the Dedicated Sub-Fund for that Series the amount necessary to cure such deficiency. In the case of multiple deficiencies among Series, such withdrawal shall be made ratably among the various Series having a deficiency, without preference or priority of any kind.

(f) At the direction of the City expressed in a Certificate filed with the Trustee, moneys in the Common Debt Service Reserve Sub-Fund may be withdrawn and deposited in trust to pay or provide for the payment of Senior Lien Obligations pursuant to the defeasance provisions of the 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 Reserve Requirement.

Series 2016F Bonds Debt Service Reserve Account. Pursuant to the Fifty-Seventh Supplemental Indenture, the City has established the 2016F Senior Lien Debt Service Reserve Account within the 2016F Dedicated Sub-Fund. The Series 2016F Senior Lien Debt Service Reserve Account is held in trust by the Trustee for the sole and exclusive benefit of the Registered Owners of the 2016F Senior Lien Bonds.

The City covenants to maintain the 2016F Senior Lien Debt Service Reserve Account, in an amount equal to its 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 2016F Senior Lien Debt Service Reserve Account shall be valued in accordance with the Senior Lien Master Indenture. If on any valuation date as provided in the Indenture the amount on deposit in the 2016F Senior Lien Debt Service Reserve Account is more than the Reserve Requirement, unless otherwise directed by the City, the amount of such excess shall be transferred by the Trustee for deposit into the Revenue Fund established under the Senior Lien Master Indenture. At the direction of the City, moneys in the 2016F Senior Lien Debt Service Reserve Account 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 Master Indenture; provided, however, that immediately after such withdrawal the amount on deposit in the Debt Service Reserve Account equals or exceeds the Reserve Requirement.

If at any time the 2016F Senior Lien Debt Service Reserve Account 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 2016F Senior Lien Debt Service Reserve Account moneys may be applied prior to any draw being made on the Qualified Reserve Account Credit Instrument. If the 2016F Senior Lien Debt Service Reserve Account 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. Amounts deposited in the Series Dedicated Sub-Fund for the purpose of restoring amounts withdrawn from the 2016F Senior Lien Debt Service Reserve Account shall be applied first to reimburse the Qualified Credit Provider and thereby reinstate the Qualified Reserve Account Credit Instrument and next to make deposits into the 2016F Senior Lien Debt Service Reserve Account.

Dedicated Sub-Funds for 2016 Senior Lien Bonds. The Fifty-Fifth Supplemental Indenture creates and establishes with the Trustee a separate and segregated sub-fund within the Debt Service Fund (the *"2016D Senior Lien Dedicated Sub-Fund"*). Moneys on deposit in the 2016D Senior Lien Dedicated Sub-Fund and in each account and sub-account established therein are to be held in trust by the Trustee for the sole and exclusive benefit of the Registered Owners of the 2016D Senior Lien Bonds.

The Fifty-Fifth Supplemental Indenture creates and establishes with the Trustee separate Accounts within the 2016D Senior Lien Dedicated Sub-Fund, designated as follows: (a) the 2016D Senior Lien Costs of Issuance Account ; (b) the 2016D Senior Lien Program Fee Account; (c) the 2016D Senior Lien Principal and Interest Account; (d) the 2016D Senior Lien Project Account and (e) the 2016D Senior Lien Capitalized Interest Account.

The Fifty-Sixth Supplemental Indenture creates and establishes with the Trustee a separate and segregated sub-fund within the Debt Service Fund (the *"2016E Senior Lien Dedicated Sub-Fund"*). Moneys on deposit in the 2016E Senior Lien Dedicated Sub-Fund and in each account and sub-account established therein are to be held in trust by the Trustee for the sole and exclusive benefit of the Registered Owners of the 2016E Senior Lien Bonds.

The Fifty-Sixth Supplemental Indenture creates and establishes with the Trustee separate Accounts within the 2016E Senior Lien Dedicated Sub-Fund, designated as follows: (a) the 2016E Senior Lien Costs of Issuance Account; (b) the 2016E Senior Lien Program Fee Account; (c) the 2016E Senior Lien Principal and Interest Account; (d) the Series 2016E Senior Lien Project Account; and (e) the Series 2016E Senior Lien Capitalized Interest Account.

The Fifty-Seventh Supplemental Indenture creates and establishes with the Trustee a separate and segregated sub-fund within the Debt Service Fund (the "*2016F Senior Lien Dedicated Sub-Fund*"). Moneys on deposit in the 2016F Senior Lien Dedicated Sub-Fund and in each account and sub-account established therein are to be held in trust by the Trustee for sole and exclusive benefit of the Registered Owners of the 2016F Senior Lien Bonds.

The Fifty-Seventh Supplemental Indenture creates and establishes with the Trustee separate Accounts within the 2016F Senior Lien Dedicated Sub-Fund, designated as follows: (a) the 2016F Senior Lien Costs of Issuance Account; (b) the 2016F Senior Lien Program Fee Account; (c) the 2016F Senior Lien Principal and Interest Account; (d) the 2016F Senior Lien Project Account; and (e) the 2016F Senior Lien Debt Service Reserve Account.

The Fifty-Eighth Supplemental Indenture creates and establishes with the Trustee a separate and segregated sub-fund within the Debt Service Fund (the "2016G Senior Lien Dedicated Sub-Fund"). Moneys on deposit in the 2016G Senior Lien Dedicated Sub Fund and in each account and sub-account established therein are to be held in trust by the Trustee for the sole and exclusive benefit of the Registered Owners of the 2016G Senior Lien Bonds.

The Fifty-Eighth Supplemental Indenture creates and establishes with the Trustee separate Accounts within the 2016G Senior Lien Dedicated Sub-Fund, designated as follows: (a) the 2016G Senior Lien Costs of Issuance Account; (b) the 2016G Senior Lien Program Fee Account; (c) the 2016G Senior Lien Principal and Interest Account; (d) the 2016G Senior Lien Project Account and (e) the 2016G Senior Lien Capitalized Interest Account.

DEPOSIT INTO 2016D SENIOR LIEN DEDICATED SUB-FUND AND ACCOUNTS THEREIN

On January 1 and July 1 of each year, commencing July 1, 2017 (each such date referred to as the "*Deposit Date*"), there will be deposited into the 2016D Senor Lien Dedicated Sub-Fund, from amounts on deposit in the Debt Service Fund, an amount equal to the aggregate of the following amounts, which amounts will be calculated by the Trustee on the next preceding December 5 of June 5 (in the case of each January 1 or July 1, respectively) (such aggregate amount with respect to any Deposit Date being referred to as the "*2016D Senior Lien Deposit Requirement*"):

(a) for deposit into the 2016D Senior Lien Principal and Interest Account, an amount equal to the aggregate of: (i) one-half of the Principal Installment, if any, coming due on the 2016D Senior Lien Bonds on the January 1 next succeeding such date of calculation and (ii) the amount of interest due on the 2016D Senior Lien Bonds on the current Deposit Date reduced, (a) by moneys transferred from the 2016D Senior Lien Capitalized Interest Account and (b) in the case of each January 1 Deposit Date, by investment earnings credited as of the immediately prior calculation date to the 2016D Senior Lien Principal and Interest Account; and

(b) for deposit into the 2016D Senior Lien Program Fee Account, the amount estimated by the City to be required as of the close of business on such Deposit Date to pay all fees and expenses with respect to the 2016D Senior Lien Bonds during the semi-annual period commencing on such Deposit Date.

In addition to the 2016D Senior Lien Deposit Requirement, there will be deposited into the 2016D Senior Lien Dedicated Sub-Fund any other moneys received by the Trustee under and pursuant to the Senior Lien Master Indenture or the Fifty-Fifth Supplemental Indenture, when accompanied by direction from the person depositing such moneys that such moneys are to be paid into the 2016D Senior Lien Dedicated Sub-Fund and to one or more accounts therein.

Moneys in the 2016D Senior Lien Principal and Interest Account will be used solely for payment of principal of, premium, if any, and interest due on each Payment Date with respect to the 2016D Senior Lien Bonds (including the optional redemption of 2016D Senior Lien Bonds) and not otherwise provided for, ratably, without preference or priority of any kind.

On each Interest Payment Date on and prior to the January 1, 2021 Interest Payment Date, moneys in the Series 2016D Senior Lien Capitalized Interest Account shall be transferred to the Series 2016D Senior Lien Principal and Interest Account to pay a portion of the interest then due on the Series 2016D Senior Lien Bonds.

Moneys in the 2016D Senior Lien Program Fee Account will be used solely for the payment of fees and expenses with respect to the 2016D Senior Lien Bonds as set forth in a Certificate filed with the Trustee.

2016E SENIOR LIEN BOND GRANT RECEIPTS DEPOSIT ACCOUNT AND 2016E SENIOR LIEN BOND GRANT RECEIPTS DISBURSEMENT ACCOUNT

The Fifty-Sixth Supplemental Indenture creates and establishes with the Trustee two separate and segregate accounts to be designated the "2016E Senior Lien Bond Grant Receipts Deposit Account" and the "2016E Senior Lien Bond Grant Receipts Disbursement Account". Moneys on deposit in the 2016E Senior Lien Bond Grant Receipts Deposit Account and the 2016E Senior Lien Bond Grant Receipts Disbursement Account shall be held in trust by the Trustee for the sole and exclusive benefit of the Registered Owners of the 2016E Senior Lien Bonds and shall not be used or available for the payment of any other Senior Lien Obligations.

The City covenants and agrees that all Grant Receipts constituting 2016E Pledged Other Available Moneys shall be promptly paid to the Trustee for deposit to the credit of the 2016E Senior Lien Bond Grant Receipts Deposit Account. With respect to any Federal Fiscal Year for which the amount of Anticipated Grant Receipts includes any Pay-Go Grant Receipts, the first Grant Receipts received by the City in such Federal Fiscal Year shall be designated as Pay-Go Grant Receipts. On June 20 of each Bond Year, the Trustee shall withdraw from the 2016E Senior Lien Bond Grant Receipts Deposit Account and promptly deposit to the credit of the 2016E Senior Lien Bond Grant Receipts Disbursement Account an amount equal to the sum held in the 2016E Senior Lien Bond Grant Receipts Deposit Account on September 30 of the prior Bond Year.

DEPOSITS INTO 2016E SENIOR LIEN DEDICATED SUB-FUND AND ACCOUNTS THEREIN

On each Deposit Date, there will be deposited into the 2016E Senior Lien Dedicated Sub-Fund, first from amounts on deposit in the 2016E Senior Lien Bond Grant Receipts Disbursement Account and second, if needed, from amounts on deposit in the Debt Service Fund, an amount equal to the aggregate of the following amounts, which amounts will be calculated by the Trustee on the next preceding December 5 or June 5 (in the case of each January 1 or July 1, respectively) (such aggregate amount with respect to any Deposit Date being referred to as the *"2016E Senior Lien Deposit Requirement"*):

(a) for deposit into the 2016E Senior Lien Principal and Interest Account, an amount equal to the aggregate of: (i) one-half of the Principal Installment, if any, coming due on the

2016E Senior Lien Bonds on the January 1 next succeeding such date of calculation and (ii) the amount of interest due on the 2016E Senior Lien Bonds on the current Deposit Date reduced, (a) by moneys transferred from the 2016E Senior Lien Capitalized Interest Account and (b) in the case of each January 1 Deposit Date, by investment earnings credited as of the immediately prior calculation date to the 2016E Senior Lien Principal and Interest Account; and

(b) for deposit into the 2016E Senior Lien Program Fee Account, the amount estimated by the City to be required as of the close of business on such Deposit Date to pay all fees and expenses with respect to the 2016E Senior Lien Bonds during the semi-annual period commencing on such Deposit Date.

In addition to the 2016E Senior Lien Deposit Requirement, there will be deposited into the 2016E Senior Lien Dedicated Sub-Fund any other moneys received by the Trustee under and pursuant to the Senior Lien Master Indenture or the Fifty-Sixth Supplemental Indenture, when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the 2016E Senior Lien Dedicated Sub-Fund and to one or more accounts therein.

Moneys in the 2016E Senior Lien Principal and Interest Account will be used solely for payment of principal of, premium, if any, and interest due on each Payment Date with respect to the 2016E Senior Lien Bonds (including the optional redemption of 2016E Senior Lien Bonds) and not otherwise provided for, ratably, without preference or priority of any kind.

On each Interest Payment Date, on or prior to the January 1, 2021 Interest Payment Date, moneys in the Series 2016E Senior Lien Capitalized Interest Account shall be transferred to the Series 2016E Senior Lien Principal and Interest Account to pay a portion of the interest then due on the Series 2016E Senior Lien Bonds.

Moneys in the 2016E Senior Lien Program Fee Account will be used solely for the payment of fees and expenses with respect to the 2016E Senior Lien Bonds as set forth in a Certificate filed with the Trustee.

2016F Senior Lien Bond PFC Revenue Deposit Account

The Fifty-Seventh Supplemental Indenture creates and establishes with the Trustee a separate and segregated account to be designated the "2016F Senior Lien Bond PFC Revenue Deposit Account". Moneys on deposit in the 2016F Senior Lien Bond PFC Revenue Deposit Account will be held in trust by the Trustee for the sole and exclusive benefit of the Registered Owners of the Series 2016F Bonds, and will not be used or available for the payment of any other Senior Lien Obligations.

On June 20 of each Fiscal Year, the City will withdraw from the PFC Capital Fund and pay to the Trustee for deposit into the 2016F Senior Lien Bond PFC Revenue Deposit Account an amount equal to the 2016F Senior Lien Deposit Requirement (as defined below) with respect to the next ensuing July 1 Deposit Date.

On December 20 of each Fiscal Year, the City will withdraw from the PFC Capital Fund and pay to the Trustee for deposit into the 2016F Senior Lien Bond PFC Revenue Deposit Account an amount equal to the greater of (i) the 2016F Senior Lien Deposit Requirement (as hereinafter defined) with respect to the next ensuing January 1 Deposit Date, and (ii) the amount required so that the aggregate sum withdrawn from the PFC Capital Fund and deposited in the 2016F Senior Lien Bond PFC Revenue Deposit Account during the then current Fiscal Year will be not less than one and ten-hundredths times the Net Debt Service with respect to the 2016F Senior Lien Bonds for the Bond Year commencing during such Fiscal Year.

Each deposit to the 2016F Senior Lien Bond PFC Revenue Deposit Account required in the two immediately preceding paragraphs will be made on the required date or as soon thereafter as moneys in the PFC Capital Fund are legally available to satisfy such deposit requirement. If the available amount in the PFC Capital Fund is less than the amount needed to meet any deposit requirement, then the City will deposit the maximum amount then available for withdrawal from the PFC Capital Fund and the City's obligation to make the required deposits to the 2016F Senior Lien Bond PFC Revenue Deposit Account will continue until the applicable 2016F Senior Lien Deposit Requirement has been fully satisfied.

Any moneys held in the 2016F Senior Lien Bond PFC Revenue Deposit Account will be withdrawn by the Trustee and paid over the City free from the lien of the Fifty-Seventh Supplemental Indenture on the earliest date in each Fiscal Year, after January 5 and prior to June 20 of each Fiscal Year, that each prior 2016F Senior Lien Deposit Requirement has been fully satisfied.

DEPOSITS INTO 2016F SENIOR LIEN DEDICATED SUB-FUND AND ACCOUNTS THEREIN

On each Deposit Date, there will be deposited into the 2016F Senior Lien Dedicated Sub-Fund, first, from amounts on deposit in the 2016F Senior Lien Bond PFC Revenue Deposit Account and second, if needed, from amounts on deposit in the Debt Service Fund, an amount equal to the aggregate of the following amounts, which amounts will be calculated by the Trustee on the next preceding December 5 or June 5 (in the case of each January 1 or July 1, respectively) (such aggregate amount with respect to any Deposit Date being referred to as the *"2016F Senior Lien Deposit Requirement"*):

(a) for deposit into the 2016F Senior Lien Principal and Interest Account, an amount equal to the aggregate of: (i) one-half of the Principal Installment, if any, coming due on the 2016F Senior Lien Bonds on the January 1 next succeeding such date of calculation and (ii) the amount of interest due on the 2016F Senior Lien Bonds on the current Deposit Date reduced by, in the case of each January 1 Deposit Date, by investment earnings credited as of the immediately prior calculation date to the 2016F Senior Lien Principal and Interest Account; and

(b) for deposit into the 2016F Senior Lien Debt Service Reserve Account, the amount, if any, required as of the close of business on such Deposit Date to restore the 2016F Senior Lien Debt Service Reserve Account to an amount equal to the Reserve Requirement, including reimbursement of any Qualified Credit Provider; and

(c) for deposit into the 2016F Senior Lien Program Fee Account, the amount estimated by the City to be required as of the close of business on such Deposit Date to pay all fees and expenses with respect to the 2016F Senior Lien Bonds during the semi-annual period commencing on such Deposit Date.

In addition to the 2016F Senior Lien Deposit Requirement, there will be deposited into the 2016F Senior Lien Dedicated Sub-Fund any other moneys received by the Trustee under and pursuant to the Senior Lien Master Indenture or the Fifty-Seventh Supplemental Indenture, when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the 2016F Senior Lien Dedicated Sub-Fund and to one or more accounts therein.

Moneys in the 2016F Senior Lien Principal and Interest Account will be used solely for payment of principal, premium (if any), and interest due on each Payment Date with respect to the 2016F Senior Lien Bonds (including the optional redemption of 2016F Senior Lien Bonds) and not otherwise provided for, ratably, without preference or priority of any kind.

Moneys in the 2016F Senior Lien Debt Service Reserve Account shall be used solely for the payment of the principal of, premium, if any, and interest on the Series 2016F Bonds, without preference or priority of any kind, but only if and to the extent moneys are not available for such purpose in the 2016C Senior Lien Principal and Interest Account.

Moneys in the 2016F Senior Lien Program Fee Account will be used solely for the payment of fees and expenses with respect to the 2016F Senior Lien Bonds as set forth in a Certificate filed with the Trustee.

DEPOSITS INTO 2016G SENIOR LIEN DEDICATED SUB-FUND AND ACCOUNTS THEREIN

On each Deposit Date, there will be deposited into the 2016G Senior Lien Dedicated Sub-Fund, from amounts on deposit in the Debt Service Fund, an amount equal to the aggregate of the following amounts, which amounts will be calculated by the Trustee on the next preceding December 5 or June 5 (in the case of each January 1 or July 1, respectively) (such aggregate amount with respect to any Deposit Date being referred to as the *"2016G Senior Lien Deposit Requirement"*):

(a) for deposit into the 2016G Senior Lien Principal and Interest Account, an amount equal to the aggregate of: (i) one-half of the Principal Installment, if any, coming due on the 2016G Senior Lien Bonds on the January 1 next succeeding such date of calculation and (ii) the amount of interest due on the 2016G Senior Lien Bonds on the current Deposit Date reduced, (a) by moneys transferred from the 2016G Senior Lien Capitalized Interest Account and (b) in the case of each January 1 Deposit Date, by investment earnings credited as of the immediately prior calculation date to the 2016G Senior Lien Principal and Interest Account; and

(b) for deposit into the 2016G Senior Lien Program Fee Account, the amount estimated by the City to be required as of the close of business on such Deposit Date to pay all fees and expenses with respect to the 2016G Senior Lien Bonds during the semi-annual period commencing on such Deposit Date.

In addition to the 2016G Senior Lien Deposit Requirement, there will be deposited into the 2016G Senior Lien Dedicated Sub-Fund any other moneys received by the Trustee under and pursuant to the Senior Lien Master Indenture or the Fifty-Eighth Supplemental Indenture, when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the 2016G Senior Lien Dedicated Sub-Fund and to one or more accounts therein.

Moneys in the 2016G Senior Lien Principal and Interest Account will be used solely for payment of principal of, premium, if any, and interest due on each Payment Date with respect to the 2016G Senior Lien Bonds (including the optional redemption of 2016G Senior Lien Bonds) and not otherwise provided for, ratably, without preference or priority of any kind.

On each Interest Payment Date, on or prior to the January 1, 2021 Interest Payment Date, moneys in the Series 2016G Senior Lien Capitalized Interest Account shall be transferred to the Series 2016G Senior Lien Principal and Interest Account to pay a portion of the interest then due on the Series 2016G Senior Lien Bonds.

Moneys in the 2016G Senior Lien Program Fee Account will be used solely for the payment of fees and expenses with respect to the 2016G Senior Lien Bonds as set forth in a Certificate filed with the Trustee.

COVERAGE COVENANTS

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

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

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

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

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

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

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

(d) Within 90 days after the end of each Fiscal Year, the City will furnish to the Trustee calculations of the coverage required under paragraphs (a) and (b) above certified by the City Comptroller.

(e) If either calculation specified in paragraph (d) above for any Fiscal Year indicates that the City has not satisfied its obligations under paragraph (a) or (b) above, then as soon as practicable, but in any event no later than 45 days after the receipt by the Trustee of such calculation, the City will employ an Independent Airport Consultant to review and analyze the financial status and the administration and operation of the Airport and to submit to the City, within 45 days after employment of the Independent Airport Consultant, a written report on the same, including the action which the Independent Airport Consultant recommends should be taken by the City with respect to the revision of its Airport rentals, fees and charges, alteration of its methods of operation or the taking of other action that is projected to result in producing the amount so required in the then current Fiscal Year or, if less, the maximum amount deemed feasible by the Independent Airport Consultant. Within 60 days following its receipt of the recommendations the City will, after giving due consideration to the recommendations, revise its Airport rentals, fees and charges or alter its methods of operation, which revisions or alterations need not comply with the Independent Airport Consultant's recommendations so long as any revisions or alterations are projected by the City to result in compliance with paragraphs (a) and (b) above. The City will transmit copies of the Independent Airport Consultant's recommendations to the Trustee and to each Owner who has requested the same.

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

(g) If all or any portion of an Outstanding Series of Senior Lien Obligations constitute Balloon Maturities, then for purposes of determining Annual Debt Service each maturity that constitutes a Balloon Maturity will, unless otherwise provided in the Supplemental Indenture pursuant to which such Senior Lien Obligations are authorized or unless paragraph (h) below then applies to such maturity, be treated as if it were amortized over a term of not more than 30 years and with substantially level annual debt service funding payments commencing not later than the year following the year in which the indebtedness that includes such Balloon Maturity was originally issued and extending not later than 30 years from the date the indebtedness that includes such Balloon Maturity was originally issued; the interest rate used for such computation will be that rate quoted in the Bond Buyer 25 Revenue Bond Index for the last week of the month preceding the date of calculation as published by the *Bond Buyer*, or if that index is no longer published, another similar index designated by an Authorized Officer, taking into consideration whether such Senior Lien Obligations bear interest which is or is not excluded from gross income for federal income tax purposes.

(h) Any maturity of Senior Lien Obligations that constitutes a Balloon Maturity as described in paragraph (g) above, and for which the stated maturity date occurs within 12 months from the date such calculation of Annual Debt Service is made, will be assumed to become due and payable on the stated maturity date, and paragraph (g) above will not apply thereto, unless there is delivered to the entity making the calculation of Annual Debt Service a Certificate of the City stating (i) that the City intends to refinance such maturity, (ii) the probable terms of such refinancing and (iii) that the debt capacity of the Airport is sufficient to successfully complete such refinancing; upon the receipt of such Certificate, such Balloon Maturity will be assumed to be refinanced in accordance with the probable terms set out in such Certificate and such terms will be used for purposes of calculating Annual Debt Service; *provided* that such assumption will not result in an interest rate lower than that which would be assumed under paragraph (g) above and will be amortized over a term of not more than 30 years from the expected date of refinancing.

COVENANT AGAINST PLEDGE OF REVENUES

The City covenants not to issue any bonds, notes or other evidences of indebtedness secured by the pledge contained in the Senior Lien Master Indenture, other than Senior Lien Obligations, and covenants not to create or cause to be created any lien or charge on Revenues, or on any amounts pledged for the benefit of Owners of Senior Lien Obligations under the Senior Lien Master Indenture, other than the pledge contained in the Senior Lien Master Indenture; *provided, however,* that the Senior Lien Master Indenture does not prevent the City (a) from issuing bonds, notes or other evidences of indebtedness payable out of, or secured by a pledge of, Revenues to be derived on and after the date of the pledge contained in the Senior Lien Master Indenture is discharged and satisfied as provided therein, or (b) from issuing bonds, notes or other evidences of indebtedness (including bonds, notes or other evidences of indebtedness evidencing loans made by the City to the Airport) which are payable out of, or secured by, the pledge of amounts which may be withdrawn from the Junior Lien Obligation Debt Service Fund so long as the pledge is expressly junior and subordinate to the pledge contained in the Senior Lien Master Indenture, including, but not limited to, CP Notes without limit as to nature or amount, pursuant to one or more CP Indentures.

INSURANCE

The City shall maintain, or cause to be maintained, insurance with respect to the Airport (except the Land Support Area) against such casualties and contingencies and in amounts not less than is reasonably prudent. Such policies of insurance shall name the City and the Trustee as co-insureds as their interests may appear. Without limiting the foregoing, the City shall maintain, or cause to be maintained, the following insurance with respect to the Airport (except the Land Support Area):

(a) Insurance against loss or damage under a policy or policies covering such risks as are ordinarily insured against by reasonably prudent operators of airports, including without limiting the generality of the foregoing, fire, lightning, windstorm, hail, floods, explosion, riot, riot attending a strike, civil commotion, damage from aircraft smoke and uniform standard extended coverage with vandalism and malicious mischief endorsements, and all-risk coverage, limited only as may be provided in the standard form, if any, of such endorsements at the time in use in the State of Illinois. Such insurance shall be maintained in an amount not less than the full insurable replacement value of the insured premises. No policy of insurance shall be written such that the proceeds thereof will produce less, by reason of co-insurance provisions or otherwise, than the full insurable replacement value of the insured premises. Full insurable replacement value of any insured premises shall be deemed to equal the actual replacement cost of the premises, and shall be determined from time to time, but not less frequently than once every three years, by an architect, contractor, appraiser or appraisal company or one of the insurers, in any case. selected by the City. In the event that such determination of full insurance replacement value indicates that any premises in the Airport (other than the Land Support Area) are underinsured, the City shall forthwith secure the necessary additional insurance coverage.

(b) Comprehensive general public liability insurance including blanket contractual liability and personal injury liability (with employee exclusion deleted), and on-premises automobile insurance including owned, non-owned and hired automobiles used and operated by the City, protecting the City against liability for injuries to persons and property arising out of the existence or operation of the Airport (except the Land Support Area) in limits as follows: for personal injury and bodily injury, $100,000,000 for each occurrence and $100,000,000 annual aggregate; and for property damage, $100,000,000 for each occurrence and $100,000,000 annual aggregate.

(c) Boiler or pressure vessel explosion insurance with coverage on a replacement cost basis as provided in subsection (a) above for property damage, but any such policy may have a deductible amount not exceeding $10,000. No such policy of insurance shall be so written that the proceeds thereof will produce less than the minimum coverage required by the first sentence of this subsection (c) by reason of coinsurance provisions or otherwise.

(d) Each policy of insurance maintained by the City shall contain a waiver of subrogation on the part of the insurer in favor of the City and the Airline Parties.

(e) If, at any time, the City is obligated under any agreement then in effect between the City and any Airline Party to provide, with respect to premises at the Airport, insurance of the nature and in not less than the amounts described herein, then these provisions shall be subject to the applicable provisions of such other agreement.

USE OF INSURANCE PROCEEDS

(a) If the Airport, or any portion thereof, shall be substantially damaged or destroyed by fire or other casualty, the City shall deposit with the Trustee the net proceeds of any insurance received with respect thereto, and the Trustee shall deposit such net proceeds in a special trust account or, in the case of damage to or destruction of any Airport Project then under construction, in the Airport Project Account relating to such Airport Project. Moneys on deposit in any such special trust account or Airport Project Account shall be disbursed in the same manner, and subject to the same conditions, as provided generally in Supplemental Indentures with respect to disbursements from the Airport Project Accounts, subject during the terms of the Airport Use Agreements to the following additional conditions:

(i) If any Airline Party's Exclusive Use Premises or Airline's Aircraft Parking Area, as such terms are defined in the Airport Use Agreements, or any portion thereof, are damaged or destroyed by fire or other casualty, the City, after consultation with such Airline Party, shall, to the extent of proceeds of insurance received with respect to such premises, forthwith repair, reconstruct and restore (subject to unavoidable delays) the damaged or destroyed premises to (1) substantially the same condition, character and utility value (based upon the plans and specifications for such premises, subject to then-existing Airport building standards) as existed prior to the event causing such damage or destruction, or (2) such other condition, character and value as may be agreed upon by the City and such Airline Party.

(ii) If any part of the Airport other than Exclusive Use Premises, Aircraft Parking Area and Land Support Area, as such terms are defined in the Airport Use Agreements, are damaged or destroyed by fire or other casualty, the City, after consultation with such Airline Party (or its authorized representative), shall, to the extent of proceeds of insurance received with respect to such premises, forthwith repair, reconstruct and restore (subject to unavoidable delays) the damaged or destroyed premises to (1) substantially the same condition, character and utility value (based upon the plans and specifications for such premises, subject to then-existing building standards) as existed prior to the event causing such damage or destruction, or (2) such other condition, character and value as may be agreed upon by the City and the Airline Parties in accordance with the Airport Use Agreements.

(b) Any surplus insurance proceeds deposited in any such special trust account or Airport Project Account shall be transferred or withdrawn from such special trust account or Airport Project Account as specified by the City for any one or more of the following purposes: (i) to make transfers to one or more Airport Project Accounts to pay the costs of other Airport Projects, (ii) to make transfers into the Debt Service Fund, or (iii) to redeem Senior Lien Obligations or Junior Lien Obligations.

ANNUAL AUDIT

The City covenants that it will, within 210 days after the close of each Fiscal Year, furnish the Trustee with a copy of an annual audit report, prepared in accordance with generally accepted accounting principles and certified by an Independent Accountant, covering the operation of the Airport for the Fiscal Year. The audit must contain a calculation based on actual data enabling the Independent Accountant to certify that the coverage covenants described above have been satisfied with respect to that Fiscal Year.

RESTRICTIONS ON SALE OR TRANSFER OF AIRPORT

(a) The sale, conveyance, mortgage, encumbrance or other disposition, directly or indirectly, of all or substantially all of the Airport or the transfer, directly or indirectly, of control, management or oversight, or any material aspect of control, management or oversight, of the Airport, whether of its properties, interests, operations, expenditures, revenues (including, without limit, Revenues or the proceeds of any passenger facility charge or similar charge) or otherwise (any of the foregoing being referred to for this purpose as a "transfer") will not occur unless and until all of the following conditions will have been met:

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

(ii) evidence has been obtained in writing confirming that such transfer does not adversely affect any rating on Senior Lien Obligations issued by any Rating Agency;

(iii) a certificate has been received from an Independent Airport Consultant, certifying that, in each calendar year during the five-year period commencing after the calendar year in which such transfer occurs, Revenues together with any cash balance held in the Revenue Fund on the first day of such calendar year not then required to be deposited in any fund or account (or subaccount thereof) other than the Revenue Fund, and investment earnings for each such calendar year on moneys held in the funds and accounts held pursuant to the Senior Lien Master Indenture to the extent that such earnings are not required by the Senior Lien Master Indenture to be transferred to any Airport Project Account, will equal an amount not less than the amount required to satisfy the coverage covenants described under the caption "Coverage Covenants" above; *provided, however,* for purposes of the Certificate "one and fifty-hundredths times" will be substituted for "one and ten-hundredths times" in paragraph (a)(ii)(B) under said caption;

(iv) written consent to such transfer has been received from the Owners of all Airport Obligations then Outstanding;

(v) written consent to such transfer has been received from the Trustee;

(vi) written consent to such transfer has been received from each bond insurer and each provider of any letter of credit or surety bond supporting Airport Obligations;

(vii) written consent to such transfer has been received from the Chicago-Gary Authority pursuant to Section 10-20 of the Chicago/Gary Compact between the City and the City of Gary; and

(viii) there has been deposited with the Trustee for the benefit of the Owners of all then outstanding Airport Obligations a letter of credit, surety bond or Qualified Investments in the full amount of the then outstanding Airport Obligations, such letter of credit or surety bond to have a credit rating of not less than either of the two highest rating categories by each Rating Agency; *provided, however,* that no revenues (including, without limit, Revenues or the proceeds of any passenger facility charge or similar charge) will be pledged, or in any way used, to secure any such letter of credit or surety bond.

(b) For purposes of paragraph (c) under the caption "Events of Default" below, the performance of this covenant will be deemed to be material to the Owners of Senior Lien Obligations.

The City has proposed an amendment to the Senior Lien Indenture to remove the foregoing provisions. See "SECURITY FOR THE 2016 SENIOR LIEN BONDS–Proposed Amendment to Senior Lien Indenture."

ADDITIONAL SENIOR LIEN BONDS

Additional Senior Lien Bonds are authorized to be issued under the Senior Lien Indenture upon satisfaction of the conditions precedent in the Senior Lien Indenture which are described in the Official Statement under the caption "SECURITY FOR THE 2016 SENIOR LIEN BONDS—Issuance of Additional Senior Lien Bonds."

COMPLETION BONDS

Completion Bonds are authorized by the Senior Lien Master Indenture to be issued to finance the costs of one or more Airport Projects initially financed in whole or in part by Airport Obligations. In connection with the issuance of Completion Bonds, the City must deliver to the Trustee certificates stating, among other things, (i) that the additional cost of the Airport Projects being financed does not exceed 15 percent of their aggregate cost previously financed by Airport Obligations, (ii) that the revised aggregate cost of those Airport Projects cannot be paid with moneys available and (iii) that the issuance of Completion Bonds is necessary to provide funds to complete the Airport Projects.

REFUNDING BONDS

Refunding Bonds are authorized by the Senior Lien Master Indenture to be issued for the purpose of the refunding of Airport Obligations. In connection with the issuance of Refunding Bonds under the Senior Lien Master Indenture, the City must deliver to the Trustee either any certificate described in the Official Statement under the caption "SECURITY FOR THE 2016 SENIOR LIEN BONDS—Issuance of Additional Senior Lien Bonds" or a Certificate of the City stating that, giving effect to the refunding, the issuance of the Refunding Bonds will result in (i) a net present value debt service savings to the City, or (ii) a reduction in annual debt service in each Bond Year that debt service is payable on the Airport Obligations to be refunded.

MANAGEMENT OF AIRPORT

The City covenants that in order to assure the efficient management and operation of the Airport and to assure the Owners of the Senior Lien Obligations that the Airport will be economically and efficiently operated on the basis of sound business principles, it will operate and maintain the Airport under the direction of the Commissioner of Aviation. The City will not take, or allow any other person to take, any action which would cause the Administrator of the FAA, Department of Transportation, or any successor to the powers and authority of the Administrator, to suspend or revoke the Airport's airport operating certificate issued under the Federal Aviation Act of 1958, or any successor statute. The City will comply with all valid acts, rules, regulations, orders and directives of any governmental, legislative, executive, administrative or judicial body applicable to the Airport, unless the City contests them in good faith, all to the end that the Airport will remain operational at all times.

OPERATION AND MAINTENANCE OF AIRPORT

The City covenants that it will use its best efforts to see that the Airport is at all times operated and maintained in an efficient operating condition; and that repairs are made to the Airport as are necessary or appropriate in the prudent management of the Airport to ensure its economic and efficient operation at all times. The City covenants to cause all rentals, rates and other charges for the use and operation of the Airport and for certain services rendered by the City in the operation of the Airport to be collected when and as due and covenants to prescribe and enforce rules and regulations for their payment and for the consequences of their nonpayment. The City covenants, out of Revenues, from time to time, duly to pay and discharge, or cause to be paid and discharged, any taxes, assessments or other governmental charges lawfully imposed upon the Airport or upon any part of it, or upon the Revenues, when they become due, as well as any lawful claim for labor, materials, or supplies which, if unpaid, might by law become a lien or charge upon the Airport, or which might impair the security of the Senior Lien Obligations.

MAINTENANCE OF POWERS

The City covenants that it will at all times use reasonable efforts to keep the Airport open for landings and takeoffs of aircraft of any type using facilities similar to those at the Airport and to maintain the powers, functions, duties and obligations now reposed in it pursuant to law, and will not at any time voluntarily do, suffer or permit any act or thing the effect of which would be to hinder, delay or imperil either the payment of the indebtedness evidenced by any of the Senior Lien Obligations or the performance or observance of any of the covenants contained in the Senior Lien Master Indenture.

AIRPORT BUDGET

The City must prepare before the beginning of each Fiscal Year an annual budget for the Airport setting forth for that Fiscal Year in reasonable detail, among other things, estimated Revenues and Operation and Maintenance Expenses. The budget must be prepared in accordance with applicable law and must be made available to the City Council in sufficient time for it to act thereon as required by law.

LEASES AND CONCESSIONS

The City has the right for any term of years to let to any person, firm or corporation, or grant concessions or privileges in, any land of the Airport or any building or structure on the land for any purpose necessary or incidental to the operation of the Airport.

SPECIAL FACILITY REVENUE BONDS

The City reserves the right to issue Special Facility Revenue Bonds, which must be revenue bonds payable solely from rentals or other amounts derived under and pursuant to a Special Facility Financing Arrangement, and may be issued by the City notwithstanding the limitations, restrictions and conditions contained in the Senior Lien Master Indenture relating to the issuance of Senior Lien Obligations.

SUPPLEMENTAL INDENTURES EFFECTIVE UPON EXECUTION BY THE TRUSTEE

For any one or more of the following purposes and at any time or from time to time, a Supplemental Indenture may be authorized by an ordinance adopted by the City Council, which, upon the filing with the Trustee of a copy of the ordinance certified by the City Clerk and the execution and delivery of the Supplemental Indenture by the City and the Trustee, is fully effective in accordance with its terms:

(a) to close the Senior Lien Master Indenture against, or provide limitations and restrictions in addition to the limitations and restrictions contained in the Senior Lien Master Indenture on, the issuance or incurrence of Senior Lien Obligations or other evidences of indebtedness;

(b) to add to the covenants and agreements of the City in the Senior Lien Master Indenture other covenants and agreements to be observed by the City which are not contrary to or inconsistent with the Senior Lien Master Indenture as theretofore in effect;

(c) to add to the limitations and restrictions in the Senior Lien Master Indenture other limitations and restrictions to be observed by the City which are not contrary to or inconsistent with the Senior Lien Master Indenture as theretofore in effect;

(d) to surrender any right, power or privilege reserved to or conferred upon the City by the terms of the Senior Lien Master Indenture, but only if the surrender of the right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the City contained in the Senior Lien Master Indenture;

(e) to create a Series of Senior Lien Obligations and, in connection therewith, to specify and determine the matters and things referred to in the Senior Lien Master Indenture and also any other matters and things relative to the Senior Lien Obligations which are not contrary to or inconsistent with the Senior Lien Master Indenture as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time before the first issuance of the Senior Lien Obligations;

(f) to confirm, as further assurance, the pledge under the Senior Lien Master Indenture, and the subjection of additional revenues, properties and collateral to any lien, claim or pledge created or to be created by the Senior Lien Master Indenture; and

(g) to modify any of the provisions of the Senior Lien Master Indenture in any respect whatever, but only if (i) the modification is, and is expressed to be, effective only after all Senior Lien Obligations Outstanding at the date of the execution and delivery of the Supplemental Indenture cease to be Outstanding, and (ii) the Supplemental Indenture is specifically referred to in the text of all Senior Lien Obligations issued after the date of the execution and delivery of the Supplemental Indenture and of Senior Lien Obligations issued in exchange therefore or in place of it.

SUPPLEMENTAL INDENTURES EFFECTIVE UPON CONSENT OF TRUSTEE

(a) For any one or more of the following purposes and at any time or from time to time, a Supplemental Indenture may be authorized by an ordinance adopted by the City Council which, upon (i) the filing with the Trustee of a copy of the ordinance certified by the City Clerk, (ii) the filing with the Trustee and the City of an instrument in writing made by the Trustee consenting thereto and (iii) the execution and delivery of the Supplemental Indenture by the City and the Trustee, is fully effective in accordance with its terms:

(i) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Senior Lien Master Indenture;

(ii) to insert such provisions clarifying matters or questions arising under the Senior Lien Master Indenture as are necessary or desirable and are not contrary to or inconsistent with the Senior Lien Master Indenture as theretofore in effect; or

(iii) to provide additional duties of the Trustee under the Senior Lien Master Indenture.

(b) Any Supplemental Indenture may also contain one or more of the purposes specified in the immediately preceding caption, and in that event, the consent of the Trustee under this caption is applicable only to those provisions of the Supplemental Indenture as contain one or more of the purposes set forth in paragraph (a) under this caption.

SUPPLEMENTAL INDENTURES EFFECTIVE WITH CONSENT OF OWNERS OF SENIOR LIEN OBLIGATIONS

At any time or from time to time, a Supplemental Indenture may be authorized by an ordinance adopted by the City Council, subject to consent by the Owners of Senior Lien Obligations in accordance with and subject to the amendment provisions of the Senior Lien Master Indenture, which Supplemental Indenture, upon the filing with the Trustee of a copy of the ordinance certified by the City Clerk, upon compliance with the provisions of the Senior Lien Master Indenture relating to amendments, and upon execution and delivery of the Supplemental Indenture by the City and the Trustee, becomes fully effective in accordance with its terms.

POWERS OF AMENDMENT

(a). Subject to the provisions of paragraph (b) below, any modification or amendment of the Senior Lien Master Indenture or of any Supplemental Indenture, or of the rights and obligations of the City and of the Owners of the Senior Lien Obligations, in particular, may be made by a Supplemental Indenture, with the written consent given as described under the Senior Lien Master Indenture:

(i) of the Owners of more than 50 percent in principal amount of the Senior Lien Obligations Outstanding at the time the consent is given;

(ii) in case less than all of the several Series of then Outstanding Series of Senior Lien Obligations are affected by the modification or amendment, of the Owners of more than 50 percent in principal amount of the then Outstanding Senior Lien Obligations of each Series so affected; and

(iii) in case the modification or amendment changes the terms of any Sinking Fund Payment, of the holders of more than 50 percent in principal amount of the then Outstanding Senior Lien Obligations of the particular Series and maturity entitled to the Sinking Fund Payment, but only if permitted under paragraph (b) below.

(b). If the modification or amendment will, by its terms, not take effect so long as any Senior Lien Obligations of any specified like Series and maturity remain Outstanding, the consent of the Owners of those Senior Lien Obligations are not required and those Senior Lien Obligations are not deemed to be Outstanding for the purpose of any calculation of Outstanding Senior Lien Obligations under this caption. No such modification or amendment may permit a change in the terms of redemption or maturity of the principal of any Outstanding Senior Lien Obligation (including any redemption as a result of Sinking Fund Payments) or of any installment of interest on it or a reduction in the principal amount or its Redemption Price or in the rate of interest on it without the consent of the Owner of the Senior Lien Obligation, or may reduce the percentages or otherwise affect the classes of Senior Lien Obligations the consent of the Owners of which is required to effect any such modification or amendment, or may change or modify any of the rights or obligations of any Fiduciary without its written assent to the change or modification. For the purposes of this caption, a Series is deemed to be affected by a modification or amendment of the Senior Lien Master Indenture if it adversely affects or diminishes the rights of the Owners of Senior Lien Obligations of the Series. The Trustee may in its discretion determine whether or not in accordance with the foregoing powers of amendment Senior Lien Obligations of any particular Series or maturity would be affected by any modification or amendment of the Senior Lien Master Indenture, and any such determination is binding and conclusive on the City and all Owners of Senior Lien Obligations.

(c) Any consent to the modification or amendment of the Senior Lien Master Indenture is binding upon the Owner of the Senior Lien Obligation giving the consent and upon any subsequent Owner of that Senior Lien Obligation and of any Senior Lien Obligation issued in exchange for it (whether or not the subsequent Owner of it has notice of the consent) unless the consent is revoked in writing by the Owner of the Senior Lien Obligation giving the consent or a subsequent Owner of it by filing the revocation with the Trustee, before the time when the written statement of the Trustee that the Owners of the required percentages of Senior Lien Obligations have consented to the modification or amendment is filed with the City.

RESIGNATION OF TRUSTEE

The Trustee may at any time resign and be discharged of the duties and obligations created by the Senior Lien Master Indenture by giving not less than 60 days' written notice to the City and mailing notice of the resignation, specifying the date when the resignation takes effect, to the Owners of the Senior Lien Obligations. The resignation may take effect only upon the appointment of a successor Trustee.

REMOVAL OF TRUSTEE

The Trustee must be removed by the City if at any time so requested by an instrument or concurrent instruments in writing, filed with the Trustee and the City, and signed by the Owners of a majority in principal amount of the then Outstanding Senior Lien Obligations or their attorneys-in-fact duly authorized, excluding any Senior Lien Obligations held by or for the account of the City. The City may remove the Trustee at any time, except during the existence of an Event of Default, with or without cause in the sole discretion of the City by filing with the Trustee an instrument signed by an Authorized Officer.

APPOINTMENT OF SUCCESSOR TRUSTEE

(a) In case at any time the Trustee resigns or is removed or becomes incapable of acting, or is adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, is appointed, or if any public officer takes charge or control of the Trustee or of its property or affairs, the City covenants and agrees that it will thereupon appoint a successor Trustee. The City covenants, within 20 days after the appointment, to cause to be mailed notice of the appointment to the Owners of the Senior Lien Obligations.

(b) If in a proper case no appointment of a successor Trustee is made pursuant to the foregoing provisions of this Section within 45 days after the Trustee has given to the City written notice of its resignation or after a vacancy in the office of the Trustee has occurred by reason of its removal or inability to act, the Trustee or the Owner of any Senior Lien Obligation may apply to any court of competent jurisdiction to appoint a successor Trustee. The court may thereupon, after the notice, if any, as the court may deep proper and prescribe, appoint a successor Trustee.

(c) Any Trustee appointed under the provisions of the Senior Lien Master Indenture in succession to the Trustee must be a bank, trust company or national banking association having the powers of a trust company doing business and having an office in Chicago, Illinois.

EVENTS OF DEFAULT

Each of the following events of default is declared an "Event of Default":

(a) payment of the principal or Redemption Price, if any, of any Senior Lien Obligation is not made when and as it becomes due, whether at maturity or upon call for redemption or otherwise;

(b) payment of any installment of interest on any Senior Lien Obligation is not made when it becomes due;

(c) the City fails or refuses to comply with the provisions of the Senior Lien Master Indenture, or defaults in the performance or observance of any the covenants, agreements or conditions on its part contained in the Senior Lien Master Indenture or the Senior Lien Obligations, which materially affects the rights of the Owners of the Senior Lien Obligations and the failure, refusal or default continues for a period of 45 days after written notice of it by the Trustee or the Owners of not less than 25 percent in principal amount of the Outstanding Senior Lien Obligations; *provided; however,* that in the case of any such default which can be cured by due diligence but which cannot be cured within the 45-day period, the time to cure is extended for such period as may be necessary to remedy the default with all due diligence; or

(d) an event of default occurs and is continuing under the provisions of any Supplemental Indenture.

REMEDIES

(a) Upon the happening and continuance of any Event of Default specified in paragraph (a) or (b) of the immediately preceding caption, the Trustee must proceed, or upon the happening and continuance of any Event of Default specified in paragraph (c) or (d) of the immediately preceding caption, the Trustee may proceed, and upon the written request of the Owners of not less than 25 percent in principal amount of the Outstanding Senior Lien Obligations, must proceed, in its own name, subject to the provisions of the Senior Lien Master Indenture, to protect and enforce its rights and the rights of the Owners of the Senior Lien Obligations by such of the following remedies or any additional remedies specified in one or more Supplemental Indentures with respect to a particular Series as the Trustee, being advised by counsel, deems most effectual to protect and enforce such rights:

(i) by mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the Owners of the Senior Lien Obligations, including the right to require the City to receive and collect Revenues adequate to carry out the covenants and agreements as to those Revenues and the pledge contained in the Senior Lien Master 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 Master Indenture;

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

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

(iv) by action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the Owners of the Senior Lien Obligations.

(b) In the enforcement of any rights and remedies under the Senior Lien Master Indenture, the Trustee is entitled to sue for, enforce payment on and receive any and all amounts then or during any default becoming, and at any time remaining, due from the City, but only out of moneys pledged as security for the Senior Lien Obligations for principal, Redemption Price, interest or otherwise, under any provision of the Senior Lien Master Indenture or any Supplemental Indenture or of the Senior Lien Obligations, and unpaid, with interest on overdue payments at the rate or rates of interest specified in the Senior Lien Obligations, together with any and all costs and expenses of collection and of all proceedings under the Senior Lien Master Indenture and under the Senior Lien Obligations without prejudice to any other right or remedy of the Trustee or of the Owners of the Senior Lien Obligations, and to recover and enforce a judgment or decree against the City for any portion of the amounts remaining unpaid, with interest, costs and expenses, and to collect from any moneys available under the Senior Lien Master Indenture for such purpose, in any manner provided by law, the moneys adjudged or decreed to be payable.

DIRECTION OF PROCEEDINGS BY OWNERS OF SENIOR LIEN OBLIGATIONS

Anything in the Senior Lien Master Indenture to the contrary notwithstanding but subject to the limitations set forth therein, the Owners of the majority in principal amount of the Senior Lien Obligations then Outstanding have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings to be taken by the Trustee under the Senior Lien Master Indenture, but the direction must not be otherwise than in accordance with law or the provisions of the Senior Lien Master Indenture, and the Trustee has the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Owners of the Senior Lien Obligations not parties to the direction.

DEFEASANCE

(a) If the City pays or causes to be paid to the Owners of all Senior Lien Obligations the principal and interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated in them, in the Senior Lien Master Indenture and the Supplemental Indentures and instruments creating Senior Lien Obligations, then the pledge contained in the Senior Lien Master Indenture and all other rights granted thereby are discharged and satisfied. In that event, the Trustee must, upon the request of the City, execute and deliver to the City all such instruments as may be desirable to evidence the discharge and satisfaction and the Fiduciaries must pay over or deliver to the City all Accounts, Funds and other moneys or securities held by them pursuant to the Senior Lien Master Indenture and the Supplemental Indentures which are not required for payment or redemption of Senior Lien Obligations not theretofore surrendered for payment or redemption.

(b) Senior Lien Obligations or interest installments for the payment or redemption of which funds have been set aside and held in trust by Fiduciaries (through deposit by the City of moneys for the payment or redemption or otherwise) are, at the maturity or upon the date upon which the Senior Lien Obligations have been duly called for their redemption, deemed to have been paid within the meaning and with the effect expressed in paragraph (a) of this caption. Senior Lien Obligations are, before their maturity or redemption date, deemed to have been paid within the meaning and with the effect expressed in paragraph (a) of this caption if (i) in case any of the Senior Lien Obligations are to be redeemed on any date before their maturity, the City has taken all action necessary to call the Senior Lien Obligations for redemption and notice of the redemption has been duly given or provision satisfactory to the Trustee has been made for the giving of such notice, (ii) there have been deposited with the Trustee for that purpose either moneys in an amount which is sufficient, or Federal Obligations the principal of and the interest on which when due (without reinvestment) will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, are sufficient, to pay when due the principal or Redemption Price, if any, and interest due and to become due on the Senior Lien Obligations on and before their redemption date or maturity date, as the case may be, and (iii) if the Senior Lien Obligations are not by their terms subject to redemption within the next succeeding 45 days, the City has given the Trustee, in form satisfactory to it, irrevocable instructions to mail, as soon as practicable, a notice to the Owners of the Senior Lien Obligations that the deposit required by clause (i) above has been made with the Trustee and that the Senior Lien Obligations are deemed to have been paid in accordance with the Senior Lien Master Indenture, and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price, if any, of, and accrued interest on, the Senior Lien Obligations.

Neither the Federal Obligations or moneys deposited with the Trustee pursuant to the Senior Lien Master Indenture nor principal or interest payments on any such Federal Obligations may be withdrawn or used for any purpose other than, and must be held in trust for, the payment of the principal or Redemption Price, if any, of and interest on the Senior Lien Obligations; but any cash received from the principal or interest payments on the Federal Obligations deposited with the Trustee, if not then needed for the purpose, must, to the extent practicable, be reinvested in Federal Obligations maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if any, of, and interest due and to become due on, the Senior Lien Obligations on and before their redemption date or maturity date, as the case may be, and interest earned from those reinvestments must be paid over to the City, as received by the Trustee, free and clear of any trust, assignment, lien or pledge.

(c) No defeasance of a Senior Lien Obligation that is to be paid more than 45 days after the date of the deposit referred to in paragraph (b) (ii) above will be effective until the Trustee has received a verification report signed by an Independent Accountant that the Federal Obligations and moneys to be deposited for such purpose are sufficient to pay the principal and Redemption Price of, and interest on, all bonds with respect to which provision for payment is to be made as described under this caption by virtue of the deposit of such Federal Obligations and moneys.

RIGHTS OF THE BOND INSURER

The issuer of a municipal bond insurance policy with respect to any Senior Lien Obligations is deemed to be the sole Owner of the Senior Lien Obligations for purposes of approving amendments to the Senior Lien Master 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 Senior Lien Master 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

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT USE AGREEMENTS

The following is a summary of certain provisions of the Airport Use Agreements, to which reference is made for a complete statement of their provisions and contents. Certain words and terms used in this summary are defined in the 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 Airline Parties are substantially similar except for provisions relating to different exclusive use premises for each Airline Party and the termination or extension of certain other agreements of each Airline Party relating to O'Hare.

TERM

The Airport Use Agreements became effective in 1983 (or upon their execution if later), were amended and restated in 1985, were amended again in 1996 and 2005, and expire on May 11, 2018.

COST-REVENUE CENTERS

The Airport Use Agreements group areas in O'Hare for various accounting purposes into six Cost-Revenue Centers. These are the Terminal Area, the Airfield Area, the International Terminal Area, the Terminal Support Area, the Fueling System and the Land Support Area (see "Land Support Area" below for a separate discussion). The purpose of the Cost-Revenue Centers is to allow for the calculation of Airport Fees and Charges in a manner that allocates such fees and charges among the Airline Parties (and, in the case of the Airfield Area, among non-Airline Parties as well) based on their usage of O'Hare. Accordingly, each of the Cost-Revenue Centers (except the Land Support Area) has allocated to it Revenues, Operation and Maintenance Expenses, Debt Service and certain fund deposit requirements. Net deficits (that is, generally, the excess of Operation and Maintenance Expenses, Debt Service and fund deposits over Revenues) generated in any Fiscal Year in the Terminal Area and the Airfield Area Cost-Revenue Centers are paid by the Airline Parties in the form of Terminal Area Use Charges and Landing Fees, respectively. The net cost of the Fueling System Cost-Revenue Center is paid in the form of a separate Fueling System Fee. The Terminal Support Area and International Terminal Area Cost-Revenue Centers do not have specific fees or charges associated with them under the Airport Use Agreements. Instead, the net deficit (or net revenue) of each is calculated and then treated as a cost (or revenue) of the Terminal Area or the Airfield Area. It is not anticipated, however, that there will be a net deficit of the International Terminal Area under the Airport Use Agreements, because the net cost of the International Terminal Area is paid through fees and charges charged to the airlines that are signatories to the separate International Terminal Use Agreements.

LAND SUPPORT AREA

The Land Support Area is a geographic portion of O'Hare that presently consists of vacant land, certain air rights and facilities, such as air cargo (including mail), freight forwarding, aircraft maintenance, flight kitchens and fuel storage, and a site at O'Hare formerly occupied by the U.S. Military. The expenses of the Land Support Area are not included in the calculation of Airport Fees and Charges. Similarly, with certain exceptions, the income generated from facilities in the Land Support Area is not considered Revenues, and is not pledged as security for the payment of the Airport Obligations. There is currently no Debt Service allocated to the Land Support Area. One-half of the net revenues of the Land Support Area (excluding certain items) are deposited in the Revenue Fund for subsequent deposit in the Airport Development Fund described below under the subcaption "Special Funds." In addition, any net revenues of the Land Support Area allocable to any car or vehicle rental concessions and Airport passenger public parking facilities located in the future on the former military site are to be deposited in the Revenue Fund and credited against Airport Fees and Charges.

RENTALS, FEES AND CHARGES

The Airport Use Agreements establish a $5 per square foot Terminal Area Rental for premises leased to Airline Parties for their exclusive occupancy. Terminal Area Use Charges for such premises also are calculated on a square footage basis. Terminal Area Use Charges are based upon an allocation of all net costs attributable to the Terminal Area among Airline Parties leasing exclusive use premises in the Terminal Area.

The net costs of the Fueling System Cost-Revenue Center are allocated among Airline Parties on the basis of fuel gallonage. Each Airline Party pays Fueling System Fees on the basis of a formula which reflects the ratio of its total gallonage to the total gallonage of all Airline Parties.

Landing Fees are calculated by first determining the Net Cost of the Airfield Area, which consists of portions of the following allocable to the Airfield Area: the sum of Operation and Maintenance Expenses, Debt Service, fund deposit requirements, and net deficit of the International Terminal Area, less the sum of Non-Use Agreement Revenues (exclusive of landing fees payable by persons other than Airline Parties) and net revenues of the International Terminal Area. Beginning in rates and charges year 2006, the Net Cost of the Airfield Area is allocated among Airline Parties and users of the Airfield Area that are not Airline Parties on the basis of the relative use of the Airfield Area by such persons. Such allocation of the Net Cost of the Airfield Area shall be based on the respective approved maximum landed weight of aircraft of Airline Parties landed during such Fiscal Year and the approved maximum landed weight of all aircraft of other users during such Fiscal Year, *provided* that for purposes of such allocation, the landed weight of certain classes of users of the Airfield Area may be increased by certain premium factors determined by the Commissioner of Aviation from time to time. To the extent in any Fiscal Year Landing Fees collected from users of the Airfield Area other than Airline Parties are in excess of the Net Cost of the Airfield Area allocated to such users for that Fiscal Year, such excess shall be applied in future years in a manner that does not, directly or indirectly, benefit any Airline Party.

GENERAL COMMITMENT TO PAY AIRPORT FEES AND CHARGES

The Airport Use Agreements provide that the aggregate of all rentals, fees and charges to be paid under all Airport Use Agreements by all Airline Parties shall be sufficient to pay for the net cost of operating, maintaining and developing O'Hare (excluding the Land Support Area), including the satisfaction of all of the City's obligations to make deposits and payments under any ordinance or resolution authorizing Airport Obligations. Airport Fees and Charges not paid by a defaulting Airline Party, after appropriate collection efforts by the City and after exhaustion of certain funds available for that purpose, among others, are to be paid by all other Airline Parties as part of their Landing Fees as a result of the inclusion of such unpaid fees and charges in Operation and Maintenance Expenses of the Airfield Area.

BILLING OF AIRPORT FEES AND CHARGES

Not later than 30 days prior to the end of each Fiscal Year, the City furnishes the Airline Parties a projection of the Landing Fee Rate and Terminal Area Use Charges for the next Fiscal Year (*"Projection of Fees and Charges"*). The Landing Fees, Terminal Area Use Charges and Fueling System Fees for the next Fiscal Year are computed on the basis of the Projection of Fees and Charges, and Terminal Area Rentals are based on leased exclusive use premises. Not later than the 10th day of each month the City bills each Airline Party for the amount of its allocable share of Terminal Area Rentals and Use Charges for the next month. The amount so billed is equal to 1/12th of each Airline Party's share of such rentals and charges for the Fiscal Year and is due on the first day of such next month. During each month the City also bills each Airline Party for Landing Fees payable for the preceding month; such Landing Fees are due within 30 days after the date of billing.

The Projection of Fees and Charges is adjusted at mid-year and Landing Fees, Terminal Area Use Charges and Fueling System Fees then may be adjusted accordingly. Within six months after the close of each Fiscal Year, a final audit is required to be prepared showing actual Landing Fees, Terminal Area Use Charges and Fueling System Fees for such Fiscal Year. Each Airline Party is entitled to a credit against subsequent billings (and in certain instances cash payments) for amounts paid in excess of the audited actual fees and charges, and is obligated to pay any deficiency along with its next monthly payment.

CAPITAL PROJECTS

The Airport Use Agreements contain as exhibits thereto descriptions of certain Capital Projects approved by the Airline Parties. The City was authorized in the Airport Use Agreements to issue Airport Obligations and include the Debt Service thereon in the calculation of Airport Fees and Charges without further consent or approval of the Airline Parties for all such Capital Projects, and also to (a) fund the cost of designing, constructing and equipping Capital Projects necessary to comply with any valid rule, regulation or order of any federal or state agency; (b) fund the cost of certain tenant improvements and certain relocation expenses; (c) fund insurance or condemnation award deficiencies; (d) refund or refinance Special Facility Revenue Bonds by agreement with Airline Parties; and (e) fund program and construction management costs and expenses relating to the implementation of the Airport Use Agreement.

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Appendix D

AUDITED FINANCIAL STATEMENTS

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City of Chicago, Illinois
Chicago O'Hare International Airport

Basic Financial Statements as of and for the Years Ended December 31, 2015 and 2014, Additional Supplementary Information, Statistical Information and Independent Auditors' Report

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

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INDEPENDENT AUDITORS' REPORT

The Honorable Rahm Emanuel, Mayor,
and Members of the City Council
City of Chicago, Illinois

We have audited the accompanying basic financial statements of Chicago O'Hare International Airport ("O'Hare"), an enterprise fund of the City of Chicago, Illinois ("the City"), as of and for the years ended December 31, 2015 and 2014, and the related notes to the basic financial statements, which collectively comprise O'Hare's basic financial statements as listed in the table of contents.

Management's Responsibility for the Basic Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Chicago O'Hare International Airport as of December 31, 2015 and 2014, and the changes in its financial position, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, the basic financial statements referred to above present only Chicago O'Hare International Airport, an enterprise fund of the City, and do not purport to, and do not, present the financial position of the City as of December 31, 2015 and 2014, changes in its financial position, or where applicable, its cash flows, in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Notes 1 and 12 to the basic financial statements, beginning net position at January 1, 2015 was restated due to the City's adoption of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*; and, ending net position as of December 31, 2015 reflects changes in certain benefits and actuarial assumptions (Note 7). Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the Schedule of Changes in the Net Pension Liability and Related Ratios, Schedule of Contributions, and Schedule of Other Postemployment Benefits Funding Progress, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise O'Hare's basic financial statements. The additional supplementary information and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The additional supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The statistical information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Deloitte & Touche LLP

June 30, 2016

The following discussion and analysis of Chicago O'Hare International Airport's (the "Airport") financial performance provides an introduction and overview of the Airport's financial activities for the fiscal years ended December 31, 2015 and 2014. Please read this discussion in conjunction with the Airport's basic financial statements and the notes to basic financial statements immediately following this section.

FINANCIAL HIGHLIGHTS

2015

- Operating revenues for 2015 increased by $704 (0.0%) compared to prior-year operating revenues.
- Operating expenses before depreciation and amortization increased by $310,703 (62.8%) compared to 2014 primarily due to increases in pension cost resulting from the implementation of GASB 68 and salaries and wages.
- The Airport's total net position at December 31, 2015, was $474,600. This is a decrease of $985,484 (67.5%) over total net position at December 31, 2014 primarily due to the implementation of GASB 68, which established a net pension liability in 2015.
- Capital asset additions for 2015 were $450,787 primarily due to buildings, runways and taxiway improvements and parking facilities upgrade.

2014

- Operating revenues for 2014 increased by $126,844 (17.7%) compared to prior-year operating revenues.
- Operating expenses before depreciation and amortization increased by $68,958 (16.2%) compared to 2013 primarily due to increased salaries and wages, repairs and maintenance, and other operating expenses.
- The Airport's total net position at December 31, 2014, was $1,460,084. This is an increase of $132,685 (9.9%) over total net position at December 31, 2013.
- Capital asset additions for 2014 were $346,671 principally due to land acquisition, buildings, runways and taxiway improvements and roadway rehabilitation.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Airport's basic financial statements. The Airport is included in the City's reporting entity as an enterprise fund. The Airport's basic financial statements comprise the basic financial statements and the notes to basic financial statements. In addition to the basic financial statements, this report also presents additional and statistical information after the notes to basic financial statements.

The Statements of Net Position present all of the Airport's assets and liabilities using the accrual basis of accounting. The difference between assets and deferred outflows and liabilities and deferred inflows is reported as Net Position. The increase or decrease in net position may serve as an indicator, over time, whether the Airport's financial position is improving or deteriorating. However, the consideration of other non-financial factors, such as changes within the airline industry, may be necessary in the assessment of overall financial position and health of the Airport.

The Statements of Revenues, Expenses and Changes in Net Position present all current fiscal year revenues and expenses, regardless of when cash is received or paid, and the ensuing change in Net Position.

The Statements of Cash Flows report how cash and cash equivalents were provided and used by the Airport's operating, capital financing, and noncapital financing and investing activities. These statements present the cash received and disbursed, the net increase or decrease in cash and cash equivalents for the year and the cash and cash equivalents balance at year-end.

The Notes to Basic Financial Statements are an integral part of the basic financial statements; accordingly, such disclosures are essential to a full understanding of the information provided in the basic financial statements.

In addition to the basic financial statements, this report includes Additional Supplemental Information and Statistical Information. The Additional Supplemental Information section presents the debt service coverage calculations, and the Statistical Information section includes certain unaudited information related to the Airport's historical financial and non-financial operating results and capital activities.

FINANCIAL ANALYSIS

Landing fees, terminal area use charges, and fueling system charges are assessed to the various airlines throughout each fiscal year based on estimated rates. Such rates are designed to yield collections from airlines adequate to cover certain expenses and required debt service and fund deposits as determined under provisions of the Amended and Restated Airport Use Agreement and Terminal Facilities Lease and the International Terminal Use Agreement and Facilities Lease ("Use Agreements"). Incremental amounts due from the airlines arise when amounts assessed, based on the estimated rates used during the year, are less than actual expenses and required deposits for the year. Such incremental amounts due from airlines are included in amounts to be billed. Incremental amounts due to the airlines arise when amounts assessed, based on the estimated rates used during the year, exceed actual expenses and required deposits for the year. Such incremental amounts due to airlines are included in billings over amounts earned.

At December 31, 2015, the Airport's financial position continued to be strong with total assets and deferred outflows of $10,447,148, total liabilities and deferred inflows of $9,972,548, and net position of $474,600.

A comparative condensed summary of the Airport's net position at December 31, 2015, 2014, and 2013 is as follows (dollars in thousands):

	Net Position		
	2015	2014	2013
Current unrestricted assets	$ 265,920	$ 210,357	$ 210,181
Restricted and other assets	2,541,960	2,536,281	2,715,535
Capital assets—net	7,090,695	6,872,854	6,742,101
Deferred outflows	548,573	50,172	62,974
Total assets and deferred outflows	$ 10,447,148	$ 9,669,664	$ 9,730,791
Current liabilities	$ 264,688	$ 175,216	$ 174,621
Liabilities payable from restricted assets and noncurrent liabilities	9,699,212	8,034,364	8,228,771
Deferred inflows	8,648		
Total liabilities and deferred inflows	$ 9,972,548	$ 8,209,580	$ 8,403,392
Net position:			
Net investment in capital assets	$ 707,991	$ 644,430	$ 582,086
Restricted	828,216	780,514	709,754
Unrestricted	(1,061,607)	35,140	35,559
Total net position	$ 474,600	$ 1,460,084	$ 1,327,399

2015

Current unrestricted assets increased by $55,563 (26.4%) primarily due to increased accounts receivable and decreased cash and investments. The Airport's current ratio (current unrestricted assets/current unrestricted liabilities) at December 31, 2015 and 2014 was 1.00:1 and 1.20:1, respectively. Restricted and other assets increased by $5,679 (0.2%) primarily due to decreases in construction funds of $18,226 and capitalized interest funds of $14,555 and increases to debt service interest funds of $8,947 and Airport Development Funds of $33,143. Net capital assets increased by $217,841 (3.2%) due principally to capital activities of the Capital Improvement Program and the O'Hare Modernization Program (OMP) at the Airport.

The increase in current liabilities of $89,472 (51%) is mainly related to the increased accounts payable and accrued liabilities of $32,172 and increased amounts of advanced payments for terminal and hangar rents of $5,427 offset by increased billings over amounts earned of $51,903.

Liabilities payable from restricted assets and noncurrent liabilities increased by $1,664,848 (20%) due primarily to the increase in pension liability.

Net position may serve, over a period of time, as a useful indicator of the Airport's financial position. As of December 31, 2015, total net position was $474,600, a decrease of $985,484 (67.5%) from 2014primarily due to the impact of the implementation of GASB 68.

2014

Current unrestricted assets increased by $176 (0.08%) primarily due to increased accounts receivable and decreased cash and investments. The Airport's current ratio (current unrestricted assets/current unrestricted liabilities) at December 31, 2014 and 2013, was 1.19:1 and 1.20:1, respectively. Restricted and other assets decreased by $179,254 (6.6%) primarily due to decreases in construction funds of $209,904 and capitalized interest funds of $49,898 and increases to debt service interest funds of $28,008 and Airport Development Funds of $45,302. Net capital assets increased by $130,753 (1.9%) due principally to capital activities of the Capital Improvement Program and the O'Hare Modernization Program (OMP) at the Airport.

The increase in current liabilities of $595 (0.3%) is mainly related to the increased billings over amounts earned of $12,963 offset in part by a decrease in accounts payable and accrued liabilities of $5,008 and decreased amounts of advanced payments for terminal and hangar rents of $4,817.

Liabilities payable from restricted assets and noncurrent liabilities decreased by $194,407 (2.4%) due primarily to the decrease in revenue bond payable.

Net position may serve, over a period of time, as a useful indicator of the Airport's financial position. As of December 31, 2014, total net position was $1,460,084, an increase of $132,685 (9.9%) from 2013.

A comparative condensed summary of the Airport's changes in net position for the years ended December 31, 2015, 2014, and 2013 is as follows (dollars in thousands):

	Changes in Net Position		
	2015	2014	2013
Operating revenues:			
Landing fees and terminal charges	$ 546,053	$ 552,431	$ 442,934
Rents, concessions, and other	299,175	292,093	274,746
Total operating revenues	845,228	844,524	717,680
Operating expenses:			
Salaries and wages	191,842	182,984	162,233
Pension expense	339,546		
Repairs and maintenance	98,945	110,928	85,484
Professional and engineering	83,265	88,143	81,070
Other operating expenses	92,112	112,952	97,262
Depreciation and amortization	231,670	218,211	196,352
Capital asset impairment	3,320		205
Total operating expenses	1,040,700	713,218	622,606
Operating income	(195,472)	131,306	95,074
Nonoperating revenues	224,544	233,318	189,204
Nonoperating expenses	(342,153)	(320,971)	(315,033)
Total nonoperating revenues/expenses	(117,609)	(87,653)	(125,829)
Income (Loss) Before Capital Grants	(313,081)	43,653	(30,755)
Capital grants	76,689	89,032	203,536
Change in net position	$ (236,392)	$ 132,685	$ 172,781

Landing fees and terminal area use charges for the years 2015 and 2014 were $546,053 and $552,431, respectively. Rents, concessions, and other revenues were $299,175 and $292,093 for the years 2015 and 2014, respectively. The increase in 2015 operating revenues of $704 (0.1%) compared to 2014 was primarily due to decreased landing fees and terminal area use charges of $6,378 offset by increased rents, concessions and other of $7,082.

Salaries and wages increased $8,858 (4.8%) in 2015 compared to 2014. The increase is attributable to additional salaries retroactive pay adjustments. Pension expense of $339,546 is included in 2015 as a separate category due to the implementation of GASB 68. Repairs and maintenance expenses decreased by $11,983 (10.8%) from the prior year. The decrease is largely the result of a reduction in snow removal expenses. Professional and engineering costs decreased $4,878 (5.5%) from the prior year as a result of decreases in contracted costs. Other operating expenses decreased by $20,840 (18.5%). Other operating expenses are mainly comprised of certain employee costs, insurance premiums, indirect costs, materials and supplies, utilities, vehicle purchases, and the provision for doubtful accounts.

The 2015 nonoperating revenues of $224,544 are comprised of passenger facility charges (PFC) $147,697, customer facility charges (CFC) of $39,204 and other nonoperating revenue of $18,315 and investment income of $19,328.

Nonoperating expenses of $330,712 and $320,971 for the years 2015 and 2014, respectively, were comprised primarily of bond interest, PFC expenses noise mitigating costs and costs of issuance. The increase of $9,741 (3%) for 2015 over 2014 was mainly due to increased interest expense offset by decrease in PFC noise mitigation and cost of issuance.

Capital grants, comprised mainly of federal grants, decreased from $89,032 in 2014 to $76,689 in 2015, a 13.9% decrease mainly as a result of less federal grant reimbursements in 2015.

2014

Landing fees and terminal area use charges for the years 2014 and 2013 were $552,431 and $442,934, respectively. Rents, concessions, and other revenues were $292,093 and $274,746 for the years 2014 and 2013, respectively. The increase in 2014 operating revenues of $126,844 (17.7%) compared to 2013 was primarily due to increased landing fees and terminal area use charges of $109,497.

Salaries and wages increased $20,751 (12.8%) in 2014 compared to 2013. The increase is attributable to additional salaries and wages associated with snow removal operations and retroactive pay adjustments. Repairs and maintenance expenses increased by $25,444 (29.8%) from the prior year the increase is largely the result of additional snow removal expenses. Professional and engineering costs increased $7,073 (8.7%) from the prior year as a result of increases in contracted costs. Other operating expenses increased by $15,690 (16.1%) Other operating expenses are mainly comprised of certain employee costs, insurance premiums, indirect costs, materials and supplies, utilities, vehicle purchases, and the provision for doubtful accounts.

The 2014 nonoperating revenues of $233,318 are comprised of passenger facility charges (PFC) $136,351, customer facility charges (CFC) of $36,284 and other nonoperating revenue of $30,845 and investment income of $29,838. During 2014, nonoperating revenues increased by $44,114 due primarily to increased investment income of $29,838.

Nonoperating expenses of $320,971 and $315,034 for the years 2014 and 2013, respectively, were comprised primarily of bond interest, PFC expenses noise mitigating costs and costs of issuance. The increase of $5,937 (1.9%) for 2014 over 2013 was mainly due to increased interest expense offset by decrease in PFC noise mitigation and cost of issuance.

Capital grants, comprised mainly of federal grants, decreased from $203,536 in 2013 to $89,032 in 2014, a 56.3% decrease mainly as a result of associated expenses becoming eligible for grant reimbursements from the federal government.

A comparative summary of the Airport's changes in cash flows for the years ended December 31, 2015, 2014, and 2013 is as follows (dollars in thousands):

	Cash Flows		
	2015	2014	2013
Cash provided by (used in) activities:			
Operating	$ 428,277	$ 340,950	$ 285,387
Capital and related financing	(360,848)	(525,095)	241,509
Noncapital financing	(8,014)	(13,893)	(17,479)
Investing	390,288	180,519	(330,111)
Net change in cash and cash equivalents	449,703	(17,519)	179,306
Cash and cash equivalents:			
Beginning of year	964,696	982,215	802,909
End of year	$1,414,399	$ 964,696	$ 982,215

2015

As of December 31, 2015, the Airport's available cash and cash equivalents of $1,414,399 increased by $449,703 compared to $964,696 at December 31, 2014, due to operating activities of $428,277 and investing activities of $390,288 offset by capital and related financing of $360,848 and noncapital financing of $8,014. Total cash and cash equivalents at December 31, 2015, were comprised of unrestricted and restricted cash and cash equivalents of $98,883 and $1,315,516, respectively.

2014

As of December 31, 2014, the Airport's available cash and cash equivalents of $964,696 decreased by $17,519 compared to $982,215 at December 31, 2013, due to operating activities of $340,950 and investing activities of $180,519 offset by capital and related financing of $525,095 and noncapital financing of $13,893. Total cash and cash equivalents at December 31, 2014, were comprised of unrestricted and restricted cash and cash equivalents of $5,632 and $959,064, respectively.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of 2015 and 2014, the Airport had $7,090,695 and $6,872,854, respectively, invested in net capital assets. During 2015, the Airport had additions of $450,787 related to capital activities. This included $298 for land acquisition and the balance of $450,489 for terminal improvements, parking facilities enhancement, and runway and taxi improvements.

During 2015, completed projects totaling $816,006 were transferred from construction in progress to applicable buildings and other facilities capital accounts. These major completed projects were related to runway and taxi improvements, electrical system upgrades, and parking facilities and terminal improvements.

The Airport's capital assets at December 31, 2015, 2014, and 2013 are summarized as follows (dollars in thousands):

	Capital Assets at Year-End		
	2015	2014	2013
Capital assets not depreciated:			
Land	$ 885,967	$ 885,669	$ 884,636
Construction in progress	386,814	752,331	845,495
Total capital assets not depreciated	1,272,781	1,638,000	1,730,131
Capital assets depreciated:			
Buildings and other facilities	9,014,975	8,208,757	7,769,955
Less accumulated depreciation for:			
Buildings and other facilities	(3,197,061)	(2,973,903)	(2,757,985)
Total capital assets depreciated—net	5,817,914	5,234,854	5,011,970
Total property and facilities—net	$ 7,090,695	$ 6,872,854	$ 6,742,101

The Airport's capital activities are funded through Airport revenue bonds, federal and state grants, PFC, CFC, and Airport revenue. Additional information on the Airport's capital assets is presented in Note 5 of the notes to basic financial statements.

The Airport issued $75.8 million of commercial paper notes during 2015. Notes proceeds may be used to finance portions of the costs of authorized airports projects and repay the expenses of issuing the notes. The Airport has no outstanding Commercial Paper Notes at December 31, 2015 due to the issuance of the Chicago O'Hare 2015 C&D Senior Lien Revenue Bonds in October 2015, in which proceeds were used to repay the outstanding Commercial Paper Notes.

During 2015, the Airport sold $1,947,380 of Chicago O'Hare International Airport Senior Lien Revenue Bonds, Series 2015 A-D and having interest rates ranging from 2% to 5% with maturity dates ranging from January 1, 2016, to January 1, 2046. Certain net proceeds were used to refund certain maturities of outstanding bonds. Certain net proceeds will be used to finance portions of the OMP and the Capital Improvement Program and certain process were used to fund capitalized interest deposit and debt service reserve deposit requirement and to pay the cost of issuance of the bonds.

The Airport's outstanding debt at December 31, 2015, 2014, and 2013 is summarized as follows (dollars in thousands):

	Outstanding Debt at Year-End		
	2015	**2014**	**2013**
Revenue bonds and notes	$7,466,485	$7,527,336	$7,665,205
Unamortized:			
Bond premium (discount)	374,179	199,169	224,056
Total outstanding debt—net	7,840,664	7,726,505	7,889,261
Current portion	(221,220)	(189,605)	(168,895)
Total long-term revenue bonds and notes payable—net	$7,619,444	$7,536,900	$7,720,366

Additional information on the Airport's long-term debt is presented in Note 4 of the notes to basic financial statements, and the Statistical Information section of this report.

The Airport's revenue bonds at December 31, 2015, had credit ratings with each of the three major rating agencies as follows:

	Moody's Investor Services	Standard & Poor's	Fitch Ratings	Kroll Ratings
Senior Lien General Airport Revenue Bonds	A2	A	A-	A+
PFC Revenue Bonds	A2	A	A	Not Rated
CFC Revenue Bonds	Baa1	BBB	Not Rated	Not Rated

At December 31, 2015 and 2014, the Airport believes it was in compliance with the debt covenants as stated within the Master Trust Indentures.

ECONOMIC FACTORS AND NEXT YEAR RATES AND CHARGES

In 2015, the Airport was the second busiest airport in the world, measured in terms of total aircraft operations, and the fourth busiest in terms of total passengers. The Airport had 38.4 million and 34.9 million enplaned passengers in 2015 and 2014, respectively. The strong origin-destination passenger demand and the Airport's central geographical location near the center of the United States and along the most heavily traveled east/west air routes make the Airport a natural hub location.

United Airlines and American Airlines each use the Airport as one of their major hubs. United Airlines (including its regional affiliates) comprised 38.6% of the Airport's enplaned passengers in 2015 and 35.4% of the enplaned passengers in 2014. American Airlines (including its regional affiliate) comprised 33.1% of the Airport's enplaned passengers in 2015 and 31.3% of the enplaned passengers in 2014.

Based on the Airport's rates and charges for fiscal year 2016, total budgeted operating and maintenance expenses are projected at $535,030 and total net debt service and fund deposit requirements are projected at $440,768. Additionally, 2016 nonsignatory revenues are budgeted for $390,907 resulting in a net airline requirement of $584,891 that will be funded through landing fees, terminal area use charges, and fuel system use charges.

REQUESTS FOR INFORMATION

This financial report is designed to provide the reader with a general overview of the Airport's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Chicago Department of Finance.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

STATEMENTS OF NET POSITION
AS OF DECEMBER 31, 2015 AND 2014
(Dollars in thousands)

ASSETS	2015	2014
CURRENT ASSETS		
Cash and cash equivalents (Note 2)	$ 98,883	$ 5,632
Investments (Note 2)	44,621	94,002
Accounts receivable—net of allowance for doubtful accounts of approximately $1,257 in 2015 and $6,180 in 2014	89,970	75,843
Due from other City funds	31,532	33,751
Prepaid expenses	740	917
Interest receivable	174	212
Cash and cash equivalents (Note 2)—restricted	537,631	494,735
Prepaid expenses—restricted	3,800	2,860
Total current assets	807,351	707,952
NONCURRENT ASSETS		
Cash and cash equivalents (Note 2)—restricted	777,885	464,329
Investments (Note 2)—restricted	1,182,225	1,503,728
Passenger facility charges and other receivables—restricted	24,923	27,932
Interest receivable—restricted	3,645	3,684
Prepaid expenses—restricted	325	3,797
Due from other governments—restricted	617	1,229
Other assets	10,909	33,987
Property and facilities (Note 5)		
Land	885,967	885,669
Buildings and other facilities	9,014,975	8,208,757
Construction in progress	386,814	752,331
Total property and facilities	10,287,756	9,846,757
Less accumulated depreciation	(3,197,061)	(2,973,903)
Property and facilities—net	7,090,695	6,872,854
Total noncurrent assets	9,091,224	8,911,540
Total assets	9,898,575	9,619,492
DEFERRED OUTFLOWS (Note 11)	548,573	50,172
TOTAL ASSETS AND DEFERRED OUTFLOWS	$10,447,148	$ 9,669,664

LIABILITIES	2015	2014
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	$ 93,378	$ 61,106
Due to other City funds	3,389	3,519
Advances for terminal and hangar rent	12,836	7,409
Billings over amounts earned	155,085	103,182
Liabilities payable from restricted assets		
Accounts payable	155,047	111,354
Current portion of revenue bonds and notes payable (Note 4)	221,220	189,605
Interest payable	160,047	189,674
Advance from Federal	1,317	4,102
Total current liabilities	802,319	669,951
NONCURRENT LIABILITIES:		
Revenue bonds payable—net of premium (Note 4)	7,619,444	7,485,874
Net pension liability (Note 7)	1,542,137	
Commercial paper (Note 4)		51,026
Performance deposits		2,729
Total noncurrent liabilities	9,161,581	7,539,629
Total liabilities	9,963,900	8,209,580
DEFERRED INFLOWS (Note 11)	8,648	
NET POSITION (Note 1):		
Net investment in capital assets	707,991	644,430
Restricted net position (Note 1)		
Debt service	14,798	23,189
Capital projects	86,519	71,690
Passenger facility charges	149,306	138,107
Airport use agreement	135,836	129,883
Airport development fund	338,133	300,101
Customer facility charge	65,577	90,010
Other assets	38,047	27,534
Total restricted net position	828,216	780,514
Unrestricted net position	(1,061,607)	35,140
Total net position	474,600	1,460,084
TOTAL	$10,447,148	$9,669,664

See notes to basic financial statements

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Dollars in thousands)

	2015	2014
OPERATING REVENUES:		
Landing fees and terminal area use charges (Note 1)	$ 546,053	$ 552,431
Rents, concessions, and other (Note 6)	299,175	292,093
Total operating revenues	845,228	844,524
OPERATING EXPENSES (Notes 7 and 8):		
Salaries and wages	191,842	182,984
Pension expense (Note 7)	339,546	
Repairs and maintenance	98,945	110,928
Professional and engineering services	83,265	88,143
Other operating expenses	92,112	112,952
Total operating expenses before depreciation, amortization and capital asset impairment	805,710	495,007
Depreciation and amortization	231,670	218,211
Capital asset impairment	3,320	
Total operating expenses	1,040,700	713,218
OPERATING (LOSS) INCOME	(195,472)	131,306
NONOPERATING REVENUES (EXPENSES):		
Passenger facility charge revenue	147,697	136,351
Customer facility charge revenue	39,204	36,284
Passenger facility charge expenses	(2,341)	(4,630)
Other nonoperating revenue	18,315	30,845
Noise mitigation costs (Note 1)	(8,998)	(15,892)
Costs of issuance (Note 1)	(11,441)	(154)
Investment income (loss) (Note 4)	19,328	29,838
Interest expense (Note 4)	(319,373)	(300,295)
Total nonoperating revenues (expenses)	(117,609)	(87,653)
(LOSS) INCOME BEFORE CAPITAL GRANTS	(313,081)	43,653
CAPITAL GRANTS (Note 1)	76,689	89,032
CHANGE IN NET POSITION	(236,392)	132,685
TOTAL NET POSITION—Beginning of year as restated (Note 12)	710,992	1,327,399
TOTAL NET POSITION—End of year	$ 474,600	$ 1,460,084

See notes to basic financial statements.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Dollars in thousands)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Landing fees and terminal area use charges	$ 570,459	$ 554,161
Rents, concessions, and other	317,973	288,192
Payments to vendors	(216,459)	(272,612)
Payments to employees	(175,052)	(167,248)
Transactions with other City funds—provided by	2,454	1,265
Transactions with other City funds—(used in)	(71,098)	(62,808)
Cash flows provided by operating activities	428,277	340,950
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from issuance of bonds	2,164,456	
Proceeds from commercial paper notes		31,026
Payment of commercial notes payable	(51,026)	
Proceeds from O'Hare 2010B Senior Lien Build America Bonds subsidy	12,380	12,354
Payment to refund bonds	(1,767,600)	
Principal paid on bonds	(189,605)	(168,895)
Bond issuance costs	(11,441)	(154)
Interest paid on bonds and note	(420,548)	(368,370)
Acquisition and construction of capital assets	(359,547)	(289,835)
Capital grants	74,516	88,942
Customer facility charge revenue	39,204	36,284
Passenger facility charge revenue and other receipts	150,705	138,184
Passenger facility charge expenses	(2,342)	(4,631)
Cash flows (used in) provided by capital and related financing activities	(360,848)	(525,095)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Proceeds from settlement agreement	984	1,999
Cash paid for Noise mitigation program	(8,998)	(15,892)
Cash flows (used in) noncapital financing activities	(8,014)	(13,893)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sales (purchases) investments—net	373,361	162,528
Investment interest	16,927	17,991
Cash flows provided by (used in) investing activities	390,288	180,519
NET CHANGE IN CASH AND CASH EQUIVALENTS	449,703	(17,519)
CASH AND CASH EQUIVALENTS—Beginning of year	964,696	982,215
CASH AND CASH EQUIVALENTS—End of year	$ 1,414,399	$ 964,696

(Continued)

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Dollars in thousands)

	2015	2014
RECONCILIATION TO CASH AND CASH EQUIVALENTS REPORTED ON THE STATEMENTS OF NET ASSETS:		
Unrestricted	$ 98,883	$ 5,632
Restricted:		
Current	537,631	494,735
Noncurrent	777,885	464,329
TOTAL	$ 1,414,399	$ 964,696
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:		
Operating (loss) income	$ (195,472)	$ 131,306
Adjustments to reconcile:		
Depreciation, amortization, and impairment	234,990	218,212
Pension expense other than contribution	313,746	
Changes in assets and liabilities:		
(Increase) in accounts receivable	(14,127)	(10,318)
Increase in due from other City funds	2,219	(2,542)
Decrease in prepaid expenses	177	189
(Decrease) increase in accounts payable	29,544	(5,008)
(Decrease) in due to other City funds	(131)	965
(Decrease) increase in prepaid terminal rent	5,427	(4,817)
(Decrease) increase in billings over amounts billed	51,904	
Decrease (increase) in amounts to be billed		12,963
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	$ 428,277	$ 340,950

SUPPLEMENTAL DISCLOSURE OF NONCASH ITEMS:

Property additions in 2015 and 2014 of $140,257 and $89,773 respectively, are included in accounts payable.

The fair market value adjustments gain (loss) to investments for 2015 and 2014 were $(1,839) and $(4,316), respectively.

See notes to basic financial statements. (Concluded)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization—Chicago O'Hare International Airport (the "Airport") is operated by the City of Chicago Illinois (the "City") Department of Aviation. The Airport is included in the City's reporting entity as an enterprise fund. The City is a member of the Chicago-Gary Regional Airport Authority, which was created in 1995 to address the air transportation needs of the Chicago-Northwest Indiana Region.

Basis of Accounting and Measurement Focus—The accounting policies of the Airport are based upon accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB). The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The accounts of the Airport are reported using the flow of economic resources measurement focus.

The Airport uses the accrual basis of accounting, under which revenues are recognized when earned and expenses are recognized when incurred.

Annual Appropriated Budget—The Airport has a legally adopted annual budget, which is not required to be reported.

Management's Use of Estimates—The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates.

Cash, Cash Equivalents, and Investments—Cash, cash equivalents, and investments generally are held with the City treasurer as required by the Municipal Code of Chicago (the "Code"). Interest earned on pooled investments is allocated to participating funds based upon their average combined cash and investment balances. Due to contractual agreements or legal restrictions, the cash and investments of certain funds are segregated and earn and receive interest directly.

The Code permits deposits only to City Council-approved depositories, which must be regularly organized state or national banks and federal or state savings and loan associations, located within the City, whose deposits are federally insured.

Investments authorized by the Code include interest-bearing general obligations of the City, the State of Illinois (the "State"), and the U.S. government; U.S. Treasury bills and other non-interest-bearing general obligations of the U.S. government purchased in the open market below face value; domestic money market mutual funds regulated by and in good standing with the Securities and Exchange Commission; and tax anticipation warrants issued by the City. The City is prohibited by ordinance from investing in derivatives, as defined, without City Council approval.

The Airport values its investments at fair value or amortized cost as applicable. U.S. government securities purchased at a price other than par with a maturity of less than one year are reported at amortized cost. The fair value of U.S. agency securities, corporate bonds, and municipal bonds are estimated using recently executed transactions, market price quotations (where observable), or bond spreads.

Repurchase agreements can be purchased only from banks and certain other institutions authorized to do business in the State. The City treasurer requires that securities pledged to secure these agreements have a market value equal to the cost of the repurchase agreements plus accrued interest.

Investments, generally, do not have a maturity in excess of 30 years from the date of purchase. Certain other investment balances are held in accordance with the specific provisions of the applicable bond ordinances.

Cash equivalents include certificates of deposit and other investments with maturities of three months or less when purchased.

Accounts Receivable Allowance—Management has provided an allowance for amounts recorded at year-end, which may be uncollectible.

Revenues and Expenses—Revenues from landing fees, terminal area use charges, fueling system charges, parking revenue, and concessions are reported as operating revenues. Revenues that are related to financing, investing, customer facility charges (CFC), and passenger facility charges (PFC) are reported as nonoperating revenues. Salaries and wages, repair and maintenance, professional and engineering services, and other expenses that relate to Airport operations are reported as operating expenses. Interest expense, PFC expenses, financing costs, and noise mitigation costs are reported as nonoperating expenses.

Transactions with the City—The City's general fund provides services to the Airport. The amounts allocated to the Airport for these services are treated as operating expenses by the Airport and consist mainly of employee benefits, self-insured risks, and administrative expenses.

Property and Facilities—Property and facilities are recorded at cost or, for donated assets, at market value at the date of acquisition. Expenditures greater than $5,000 for the acquisition, construction, or equipping of capital projects, together with related design, architectural, and engineering fees, are capitalized. Expenditures for vehicles and other movable equipment are expensed as incurred.

Depreciation and amortization are provided using the straight-line method and begin in the year following the year of acquisition or completion. Estimated useful lives are as follows:

Runways, aprons, tunnels, taxiways, and paved roads	30 years
Water drainage and sewer system	20–50 years
Refrigeration and heating systems	30 years
Buildings	40 years
Electrical system	15–20 years
Other	10–30 years

Deferred Outflows—Deferred outflows represent the fair value of derivative instruments that are deemed to be effective hedges, unamortized loss on bond refundings and differences between estimated and actual investment earnings related to pensions, and changes in actuarial assumptions related to pensions.

Deferred Inflows—Deferred inflows represent the differences between projected and actual actuarial experience related to pensions.

Net Position—Net position comprises the net earnings from operating and nonoperating revenues, expenses, and capital grants. Net position is displayed in three components—net investment in capital assets; restricted for debt service, capital projects, PFCs, airport use agreement and airport development fund, CFCs, and other assets; and unrestricted. Net investment in capital assets consists of all capital assets, net of accumulated depreciation, and reduced by outstanding debt, net of debt service reserve and unspent proceeds. Restricted net position consists of net position on which constraints are placed by external parties (such as lenders and grantors), laws, regulations and enabling legislation. Unrestricted net position consists of all other net position not categorized as either of the above.

Employee Benefits—Employee benefits are granted for vacation and sick leave, workers' compensation, and health care. Specified unused vacation leave is accrued and may be carried over for one year. Sick leave is accumulated at the rate of one day for each month worked, up to a maximum of 200 days. Severance of employment terminates all rights to receive compensation for any unused sick leave. Sick leave pay is not accrued. Employee benefit claims outstanding, including claims incurred but not reported, are estimated and recorded as liabilities. The Airport maintains insurance from a commercial carrier for workers' compensation claims. Settlements in each of the past two years have been less than insurance coverage maintained.

Employees are eligible to defer a portion of their salaries until future years under the City's deferred compensation plan created in accordance with Internal Revenue Code Section 457. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The plan is administered by third-party administrators who maintain the investment portfolio. The plan's assets have been placed in trust accounts with the plan administrators for the exclusive benefit of participants and their beneficiaries and are not considered assets of the City.

The City is subject to the State of Illinois Unemployment Compensation Act and has elected the reimbursing employer option for providing unemployment insurance benefits for eligible former employees. Under this option, the City reimburses the State for claims paid by the State.

Bond Issuance Costs, and Bond Premiums, and Discounts—Bond issuance costs related to bond insurance and bond premiums and discounts are deferred and amortized over the term of the related debt. Other debt issuance costs are expenses in the period incurred.

Capitalized Interest—Interest expense on construction bond proceeds are capitalized during construction on those capital projects paid from the bond proceeds and are being amortized over the depreciable life of the related assets on a straight-line basis.

Capital Grants—The Airport reports capital grants as revenue on the statements of revenues, expenses, and changes in net position. Capital grants are on a reimbursement basis and revenues are recognized when associated capital expenditures become eligible for grant reimbursement.

Noise Mitigation Costs—Funds expended for the noise mitigation program are recorded as nonoperating expenses in the period they are incurred.

Revenue Recognition—Landing fees, terminal area use charges, and fueling system charges are assessed to the various airlines throughout each fiscal year based on estimated rates. Such rates are designed to yield collections from airlines adequate to cover certain expenses and required debt service and fund deposits as determined under provisions of the Amended and Restated Airport Use Agreement and Terminal Facilities Lease and the International Terminal Use Agreement and Facilities Lease ("Use Agreements"). Incremental amounts due from the airlines arise when amounts assessed, based on the estimated rates used during the year, are less than actual expenses and required deposits for the year. Such incremental amounts due from airlines are included in amounts to be billed. Incremental amounts due to the airlines arise when amounts assessed, based on the estimated rates used during the year, exceed actual expenses and required deposits for the year. Such incremental amounts due to airlines are included in billings over amounts earned.

Passenger Facility Charge Revenue—The Airport imposed PFCs of $4.50 per eligible enplaned passenger for the years ended December 31, 2015 and 2014, respectively. PFCs are available, subject to Federal Aviation Administration regulation and approval, to finance specific eligible capital projects. The City reports PFC revenue as nonoperating revenue and related noncapital expenses as nonoperating expenses.

Customer Facility Charge Revenue—The Airport imposed a CFC of $8.00 per contract day on each customer for motor vehicle rentals at the Airport beginning August 1, 2010. CFCs are available to finance specific eligible capital projects. The City reports CFC revenue as nonoperating revenue and related noncapital expenses as nonoperating expenses in conformity with industry practice.

Adopted Accounting Standards—*Accounting and Financial Reporting for Pensions*, an amendment of GASB Statement No. 27 ("GASB No. 68"), establishes new financial reporting requirements for most governments that provide their employees with pension benefits through these types of plans. The City adopted GASB 68 for the year ended December 31, 2015. GASB 68 replaces the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* and GASB Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. GASB 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information. Beginning Net Position was restated as a result of implementation of this standard (see Note 12).

Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68 ("GASB 71"), relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. GASB 71 became effective for the O'Hare Fund beginning with the year ended December 31, 2015. This Statement amends paragraph 137 of GASB 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability and requires that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions to be reported at transition only if it is practical to determine all such amounts. There was no impact on the O'Hares Fund's Financial statements as a result of the implementation of GASB 71.

Upcoming Accounting Standards—Other accounting standards that O'Hare is currently reviewing for applicability and potential impact on the basic financial statements include:

GASB Statement No. 72 *Fair Value Measurement and Application* ("GASB 72"), addresses accounting and financial reporting issues related to fair value measurements. GASB 72 will be effective for the Airport beginning with its year ending December 31, 2016. This Statement provides guidance for determining a fair value measurement for financial reporting purposes and the related disclosures. This

Statement requires a government to use valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. This Statement establishes a hierarchy of inputs to valuation techniques used to measure fair value. This Statement also requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* ("GASB 73"), extends the approach to accounting and financial reporting established in Statement 68 to all pensions. Requirements of this Statement for pension plans that are within the scopes of Statement No. 67, *Financial Reporting for Pensions* or Statement 68 will be effective for the Airport beginning with its year ending December 31, 2016. It establishes requirements for defined contribution pensions that are not within the scope of Statement 68. GASB 73 clarifies the application of certain provisions of Statements 67 and 68 with regard to: (1) Information that is required to be presented as notes, (2) Accounting and financial reporting for separately financed specific liabilities, and (3) Timing of employer recognition of revenue.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* ("GASB 74"), replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB (Other Postemployment Benefits) Measurement by Agent Employers and Agent Multiple-Employer Plans*. GASB 74 will be effective for the Airport beginning with its year ending December 31, 2017. Included are requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. GASB 74 also includes requirements to address financial reporting for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans that are not administered through trusts that meet the specified criteria.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"), replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. GASB 75 will be effective for the Airport beginning with its year ending December 31, 2018. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* ("GASB 76"), supercedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. GASB 76 will be effective for the Airport beginning with its year ending December 31, 2016.

GASB Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans* ("GASB 78"), amends the scope and applicability of Statement 68. It excludes pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local government pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local government employers, and (3) has no predominate state or local government employer. This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosure; and required supplementary information for pensions that have the characteristics described above. GASB 78 will be effective for the Airport beginning with its year ending December 31, 2016.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants* ("GASB 79"), addresses accounting and financial reporting for certain external investment pools and pool participants. It establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. GASB 79 establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized costs for financial reporting purposes and for governments that participate in those pools. GASB 79 will be effective for the Airport beginning with its year ending December 31, 2016.

GASB Statement No. 82, *Pension Issues*, an amendment of GASB Statements No. 67, No. 68, and No. 73 ("GASB 82"), addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (Plan member) contribution requirements. GASB 82 will be effective for the Airport beginning with its year ending December 31, 2017.

2. RESTRICTED AND UNRESTRICTED CASH, CASH EQUIVALENTS, AND INVESTMENTS

Investments—U.S. agencies include investments in government-sponsored enterprises such as Federal National Mortgage Association, Federal Home Loan Banks, and Federal Home Loan Mortgage Corp. The Airport had investments as of December 31, 2015, as follows (dollars in thousands):

	Investment Maturities (in Years)				
Investment Type	**Less than 1**	**1–5**	**6–10**	**More than 10**	**Fair Value**
U.S. agencies	$ 266,777	$ 535,005	$ 14,001	$ -	$ 815,783
U.S. Treasuries		19,759			19,759
Commercial paper	248,954				248,954
Corporate bonds	11,002	69,808	16,720		97,530
Municipal bonds	76,532	126,366			202,898
Certificates of deposits and other short term	1,222,505				1,222,505
Subtotal	$ 1,825,770	$ 750,938	$ 30,721	$ -	2,607,429
Share of City's pooled funds					2,642
Total					$ 2,610,071

The Airport had investments as of December 31, 2014, as follows (dollars in thousands):

Investment Type	Investment Maturities (in Years) Less than 1	1–5	6–10	More than 10	Fair Value
U.S. agencies	$ 243,573	$ 1,016,260	$ 49,654	$ -	$ 1,309,487
Commercial paper	130,890				130,890
Corporate bonds	17,240	26,322			43,562
Municipal bonds	34,278	178,416	7,300		219,994
Certificates of deposits and other short term	925,546				925,546
Subtotal	$ 1,351,527	$ 1,220,998	$ 56,954	$ -	2,629,479
Share of City's pooled funds					1,872
Total					$ 2,631,351

Interest Rate Risk—As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy requires that investments generally may not have a maturity date in excess of 30 years from the date of purchase. Certain other investments are held in accordance with the specific provisions of applicable ordinances.

Credit Risk—With regard to credit risk, the Code limits the investments in securities to:

(1) Interest-bearing general obligations of the United States and the State of Illinois;

(2) United States treasury bills and other non-interest bearing general obligations of the United States or United States government agencies when offered for sale at a price below the face value of same, so as to afford the city a return on such investment in lieu of interest;

(3) Tax anticipation warrants, municipal bonds, notes, commercial paper or other instruments representing a debt obligation issued by the City of Chicago;

(4) Commercial paper which: (1) at the time of purchase, is rated in the two highest classifications by at least two accredited ratings agencies; and (2) matures not more than 270 days after the date of purchase;

(5) Reverse repurchase agreement if: (1) the term does not exceed 90 days; and (2) the maturity of the investment acquired with the proceeds of the reverse repurchase agreement does not exceed the expiration date of the reverse repurchase agreement; Reverse repurchase agreements may be transacted with primary dealers and financial institutions, provided that the City has on file a master repurchase agreement;

(6) Certificates of deposit of banks or savings and loan associations designated as municipal depositories which are insured by federal deposit insurance; provided that any amount of the deposit in excess of the federal deposit insurance shall be collateralized as noted in Custodial Credit Risk – Cash and Certificates of Deposit below;

(7) Bankers acceptance of banks whose senior obligations, at the time of purchase, are rated in either the AAA or AA rating categories by at least two accredited ratings agencies;

(8) Tax-exempt securities exempt from federal arbitrage provisions applicable to investments of proceeds of the City's tax-exempt debt obligations;

(9) Domestic money market mutual funds regulated by and in good standing with the Securities and Exchange Commission; provided that such money market mutual funds' portfolios are limited to investments authorized by this section;

(10) Any other suitable investment instrument permitted by state laws governing municipal investments generally, subject to the reasonable exercise of prudence in making investments of public funds;

(11) Except where otherwise restricted or prohibited, a non-interest-bearing savings account, non-interest-bearing checking account or other non-interest bearing demand account established in a national or state bank, or a federal or state savings and loan association, when, in the determination of the treasurer, the placement of such funds in the non-interest bearing account is used as compensating balances to offset fees associated with that account that will result in cost savings to the City;

(12) Bonds of companies organized in the United States with assets exceeding $500.0 million that, at the time of purchase, are rated not less than A-, or equivalent rating, by at least two accredited ratings agencies;

(13) Debt instruments of international financial institutions, including but not limited to the World Bank and the International Monetary Fund, that, at the time of purchase, are rated within 4 intermediate credit ratings of the United States sovereign credit rating by at least two accredited ratings agencies, but not less than an A-rating, or equivalent rating. The maturity of investments authorized in this subsection shall not exceed 10 years. For purposes of this subsection, an "international financial institution" means a financial institution that has been established or chartered by more than one country and the owners or shareholders are generally national governments or other international institutions such as the United Nations;

(14) United States dollar denominated debt instruments of foreign sovereignties that, at the time of purchase, are rated within 4 intermediate credit ratings of the United States sovereign credit rating by at least two accredited ratings agencies, but not less than an A-rating or equivalent rating;

(15) Interest-bearing bonds of any county, township, city, village, incorporated town, municipal corporation, or school district, of the State of Illinois, of any other state, or of any political subdivision or agency of the State of Illinois or of any other state, whether the interest earned thereon is taxable or tax-exempt under federal law. The bonds shall be registered in the name of the city or held under a custodial agreement at a bank. The bonds shall be rated, at the time of purchase, not less than A-, or equivalent rating, by at least two accredited rating agencies with nationally recognized expertise in rating bonds of states and their political subdivisions;

(16) Bonds registered and regulated by the Securities and Exchange Commission and for which the full faith and credit of the State of Israel is pledged for payment; provided that the bonds have an A-rating or above or equivalent rating by at least two accredited ratings agencies;

(17) Bonds, notes, debentures, or other similar obligations of agencies of the United States rated, at the time of purchase, no less than AAA by at least two accredited rating agencies.

Total holdings across all funds held by the treasurer shall have no less than an overall average rating of Aa1 on a quarterly basis, as rated by two accredited rating agencies. The Airport's exposure to credit risk as of December 31, 2015 and 2014, is as follows (dollars in thousands):

Quality Rating	**2015**	**2014**
Moody's/S & P		
Aaa/AAA	$ 57,119	$ 55,828
Aa/AA	853,412	1,373,002
A/A	27,949	15,075
P1/A1		240,348
Not rated	1,668,949	945,226
Total funds	$ 2,607,429	$ 2,629,479

The Airport participates in the City's pooled cash and investments account, which includes amounts from other City funds and is maintained by the City treasurer. Individual cash or investments are not specifically identifiable to any participant in the pool. The Treasurer's pooled fund is included in the City's Comprehensive Annual Financial Report.

Custodial Credit Risk—Cash and Certificates of Deposit—This is the risk that in the event of a bank failure, the City's Deposits may not be returned. The City's Investment Policy states that in order to protect the City public fund deposits, depository institutions are to maintain collateral pledges on City deposits and certificates of deposit during the term of the deposit.

For certificates of deposit of banks or savings and loan associations designated as municipal depositories which are insured by federal deposit insurance, any amount of the deposit in excess of the federal deposit insurance shall be either: (1) fully collateralized at least 102 percent by: (i) marketable U.S. government securities marked to market at least monthly; (ii) bonds, notes, or other securities constituting the direct and general obligation of any agency or instrumentality of the United States; or (iii) bonds, notes or other securities constituting a direct and general obligation of any county, township, city, village, incorporated town, municipal corporation, or school district, of the State of Illinois or of any other state, or of any political subdivision or agency of the State of Illinois or any other state which are rated in either the AAA or AA rating categories by at least two accredited ratings agencies and maintaining such rating during the term of such investments; (2) secured by a corporate surety bond issued by an insurance company licensed to do business in Illinois and having a claims-paying rating in the top rating category as rated by a nationally recognized statistical rating organization and maintaining such rating during the term of such investment; or (3) fully collateralized at least 102 percent by an irrevocable letter of credit issued in favor of the City of Chicago by the Federal Home Loan Bank, provided that the Federal Home Loan Bank's short-term debt obligations are rated in the highest rating category by at least one accredited ratings agency throughout the term of the certificate of deposit.

The collateral required to secure City funds must be held in safekeeping and pursuant to collateral agreements which would prohibit release or substitution of pledged assets without proper written notification and authorization of the City Treasurer. The final maturity of acceptable collateral pledged shall not exceed 120 months.

The bank balance of cash and certificates of deposit with the City's various municipal depositories was $626.6 million as of December 31, 2015. Of the bank balance, 98.3% was either insured or collateralized with securities held by City agents in the City's name. An amount of $10.5 million was uncollateralized at December 31, 2015, and thus was subject to custodial credit risk.

The investments reported in the basic financial statements as of December 31, 2015 and 2014, is as follows (dollars in thousands):

	2015	2014
Per Note 2:		
Investments—Airport	$2,607,429	$2,629,479
Investments—City Treasurer Pooled Fund	2,642	1,872
	$2,610,071	$2,631,351
Per financial statements:		
Restricted investments	$1,182,225	$1,503,728
Unrestricted investments	44,621	94,002
Investments classified as cash and cash equivalents on the statements of net position	1,383,225	1,033,621
	$2,610,071	$2,631,351

3. RESTRICTED ASSETS

The General Airport Revenue Bond Ordinance ("Bond Ordinance"), the Master Indenture of Trust Securing Chicago-O'Hare International Airport Second Lien Obligations ("Second Lien Indenture"), the Master Indenture of Trust Securing Chicago-O'Hare International Airport Third Lien Obligations ("Third Lien Indenture"), the Use Agreement, and federal regulations contain various limitations and restrictions which, among other things, require the creation and maintenance of separate accounts, certain of which must be held by a trustee and into which required deposits are made by the Airport on a periodic basis to fund construction, debt retirement, operation and maintenance, and contingencies.

Restricted cash, cash equivalents, and investment balances in accordance with the Bond Ordinance, the Second Lien Indenture, and the Third Lien Indenture requirements are as follows (dollars in thousands):

Account	2015	2014
Construction	$ 650,533	$ 668,758
Capitalized interest	79,579	94,134
Debt service reserve	631,717	618,529
Debt service interest	347,458	356,405
Debt service principal	46,422	43,965
Operation and maintenance reserve	133,758	128,068
Maintenance reserve	3,000	3,000
Customer facility charge	93,856	91,195
Airport Development Fund	342,535	309,392
Other funds	42,571	35,669
Subtotal—Bond Ordinance, Master Indenture Accounts	2,371,429	2,349,115
Passenger facility charge	126,312	113,676
Total	$2,497,741	$2,462,791

Construction and capitalized interest accounts are restricted for authorized capital improvements and payment of interest costs during construction.

The debt service reserve account is restricted to the payment of debt service in the event that the balance in the debt service account is insufficient.

The debt service principal and interest accounts are restricted to the payment of bond principal and interest.

The operation and maintenance reserve account is restricted to make loans to the operation and maintenance account, as needed, which are to be repaid as funds become available. The maintenance reserve account is restricted to extraordinary maintenance expenditures.

The City has entered into arbitrage agreements under which the City has agreed to comply with certain requirements of the Internal Revenue Code of 1986, as amended, in order to maintain the exclusion of the interest on the bonds from the gross income of the recipients thereof for federal income tax purposes. The rebate account relating to each series of the bonds has been established to account for any liability of the City to make arbitrage rebate payments to the federal government relating to such series of bonds.

The Airport Development Fund is restricted and may be used by the Airport for any lawful Airport purpose.

Other funds include the federal and state grant funds and the special capital projects fund. The PFC account is restricted to fund eligible and approved PFC projects.

The customer facility charge account is restricted to fund eligible and approved CFC projects.

At December 31, 2015 and 2014, the Airport believes it was in compliance with the funding requirements and restrictions as stated in the Bond Ordinance and Master Indenture.

4. LONG-TERM DEBT

Long-term debt at December 31, 2015 and 2014, consisted of the following (dollars in thousands):

	2015	2014
Senior lien bonds (formerly third lien):		
$248,910 Series 2003 A-1 and A-2 third lien revenue refunding bonds issued August 14, 2003, due through 2034; interest at 4.50%–6.00%	$ -	$ 46,370
$382,155 Series 2003 B-1 and B-2 third lien revenue bonds issued August 21, 2003, due through 2034; interest at 5.25%–6.00%		152,535
$355,245 Series 2003 C-1 and C-2 third lien revenue refunding bonds issued August 21, 2003, due through 2034; interest at 5.25%		335,980
$149,330 Series 2003 D, E and F third lien revenue bonds issued December 2, 2003, due through 2034; interest at 2.125%–5.5%		75,915
$281,055 Series 2004 A and B third lien revenue refunding bonds issued December 2, 2004, due through 2035; interest at 4.75%–5.0%		145,870
$39,700 Series 2004 C and D third lien revenue refunding bonds issued December 2, 2004, due through 2026; interest at 4.70%–5.25%		39,700
$29,360 Series 2004 E, F, G, and H third lien revenue refunding bonds issued December 2, 2004, due through 2023; interest at 3.49%–5.35%	29,360	29,360
$961,010 Series 2005 A third lien revenue bonds issued December 22, 2005, due through 2033; interest at 5.0%–5.25%		961,010
$238,990 Series 2005 B third lien revenue refunding bonds issued December 22, 2005, due through 2018; interest at 5.25%	143,215	192,335
$300,000 Series 2005 C and D third lien revenue bonds issued December 22, 2005, due through 2035; variable floating interest rate 0.01% and 0.02%% at December 31, 2015	240,600	240,600
$112,630 Series 2006 A, B, and C third lien revenue refunding bonds issued December 13, 2006, due through 2037; interest at 4.55%–5.50%	30,280	30,280
$43,520 Series 2006 D third lien revenue bonds issued December 13, 2006, due through 2037; interest at 4.55%–5.00%		27,250
$530,170 Series 2008 A third lien revenue bonds issued January 31, 2008, due through 2038; interest at 4.5%–5.0%	530,170	530,170
$175,500 Series 2008 A third lien revenue bonds issued January 31, 2008, due through 2020; interest at 5.0%	175,500	175,500
$74,245 Series 2008 C and D third lien revenue bonds issued January 31, 2008, due through 2038; interest at 4.0%–4.6%	68,495	69,550

(Continued)

	2015	2014
$91,590 Series 2010 A third lien revenue bonds issued April 29, 2010, due through 2040; interest at 3.0%–5.0%	$ 47,325	$ 47,670
$669,590 Series 2010 B third lien revenue bonds issued April 29, 2010, due through 2040; interest at 6.145%–6.845%	578,000	578,000
$171,450 Series 2010 C third lien revenue bonds issued April 29, 2010, due through 2035; interest at 4.00%–5.25%	171,450	171,450
$55,850 Series 2010 D third lien revenue refunding bonds issued April 29, 2010, due through 2019; interest at 5.00%–5.25%	51,880	55,595
$47,360 Series 2010 E third lien revenue refunding bonds issued April 29, 2010, due through 2016; interest at 1.75%–5.00%	8,625	16,850
$95,375 Series 2010 F third lien revenue refunding bonds issued April 29, 2010, due through 2040; interest at 4.25%–5.25%	95,735	95,735
$420,155 Series 2011 A third lien revenue bonds issued May 5, 2011, due through 2041; interest at 5.625%–5.750%	420,155	420,155
$295,920 Series 2011 B third lien revenue bonds issued May 5, 2011, due through 2041; interest at 3.00%–6.00%	279,040	293,805
$283,925 Series 2011 C third lien revenue bonds issued May 5, 2011, due through 2041; interest at 5.50%–6.50%	283,925	283,925
$444,760 Series 2012 A senior lien revenue refunding bonds issued September 12, 2012, due through 2032; interest at 1.00%–5.00%	371,245	399,975
$277,735 Series 2012 B senior lien revenue refunding bonds issued September 12, 2012, due through 2032; interest at 1.00%–5.00%	234,430	255,280
$6,400 Series 2012 C senior lien revenue refunding bonds issued September 12, 2012, due through 2015; interest at 3.00%–4.00%		3,365
$336,350 Series 2013 A senior lien revenue refunding bonds issued October 17, 2013 due through 2026; interest at 2.00%–5.00%	328,680	330,645
$165,435 Series 2013 B senior lien revenue refunding bonds issued October 17, 2013 due through 2029; interest at 2.00%–5.25%	154,880	162,785
$98,375 Series 2013 C senior lien revenue bonds issued October 17, 2013 due through 2044; interest at 5.00%–5.50%	98,375	98,375
$297,745 Series 2013 D senior lien revenue bonds issued October 17, 2013 due through 2044; interest at 3.00%–5.25%	297,745	297,745
$428,640 Series 2015 A senior lien revenue refunding bonds issued October 15, 2015 due through 2037; interest at 2.00%–5.00%	428,640	
$1,191,540 Series 2015 B senior lien revenue refunding bonds issued October 15, 2015 due through 2035; interest at 4.00%–5.00%	1,191,540	
$195,690 Series 2015 C senior lien revenue bonds issued October 15, 2015 due through 2046; interest at 3.625%–5.000%	195,690	
$131,510 Series 2015 D senior lien revenue bonds issued October 15, 2015 due through 2046; interest at 4.000%–5.000%	131,510	
Subtotal—senior lien bonds	6,586,490	6,563,780

(Continued)

	2015	2014
Passenger Facility Charge Revenue Bonds:		
$111,425 Series 2008 A Passenger Facility Charge Revenue Refunding Bonds issued January 31, 2008, due through 2016; interest at 4.0%–5.0%	$ 24,465	$ 47,790
$24,965 Series 2010 A Passenger Facility Charge Revenue Bonds issued May 27, 2010, due through 2040; interest at 5.00%–5.25%	24,965	24,965
$51,305 Series 2010 B Passenger Facility Charge Revenue Bonds issued May 27, 2010, due through 2040; interest at 5.00%–5.25%	51,305	51,305
$48,495 Series 2010 C Passenger Facility Charge Revenue Bonds issued May 27, 2010, due through 2031; interest at 5.272%–6.395%	48,495	48,495
$12,900 Series 2010 D Passenger Facility Charge Revenue Refunding Bonds issued May 27, 2010, due through 2019; interest at 2.0%–5.0%	7,700	9,405
$12,190 Series 2011 A Passenger Facility Charge Revenue Refunding Bonds issued May 5, 2011, due through 2032; interest at 5.00%–5.625%	12,190	12,190
$33,815 Series 2011 B Passenger Facility Charge Revenue Refunding Bonds issued May 5, 2011, due through 2033; interest at 5.0%–6.0%	33,815	33,815
$114,855 Series 2012 A Passenger Facility Charge Revenue Refunding Bonds issued September 12, 2012, due through 2032; interest at 3.0%–5.0%	113,705	113,705
$337,240 Series 2012 B Passenger Facility Charge Revenue Refunding Bonds issued September 12, 2012, due through 2032; interest at 2.5%–5.0%	314,605	322,110
Subtotal—Passenger Facility Charge Revenue Bonds	631,245	663,780
Customer Facility Charge Revenue Bonds—$248,750 Series 2013 A Senior Lien CFC Bonds issued August 22, 2013, due through 2043; interest at 3.0%–5.75%	248,750	248,750
Commercial Paper Notes—Series A, B, C, D, E, F (Taxable) Commercial Paper Notes outstanding at December 31, 2014, due through 2015; interest at .10%–.13%		51,026
Total revenue bonds and notes	7,466,485	7,527,336
Unamortized premium	374,179	199,169
	7,840,664	7,726,505
Current portion	(221,220)	(189,605)
Total long-term revenue bonds payable	$7,619,444	$7,536,900

(Concluded)

Long-term debt during the years ended December 31, 2015 and 2014, changed as follows (dollars in thousands):

2015	Balance January 31	Additions	Reductions	Balance December 31	Due within One Year
Revenue bonds and notes	$7,527,336	$2,023,142	$(2,083,993)	$7,466,485	$221,220
Unamortized premium (discount)	199,169	217,076	(42,066)	374,179	
Total long-term debt	$7,726,505	$2,240,218	$(2,126,059)	$7,840,664	$221,220

2014	Balance January 31	Additions	Reductions	Balance December 31	Due within One Year
Revenue bonds and notes	$7,665,205	$ 31,026	$ (168,895)	$7,527,336	$189,605
Unamortized premium (discount)	224,056	1,060	(25,947)	199,169	
Total long-term debt	$7,889,261	$ 32,086	$ (194,842)	$7,726,505	$189,605

Interest expense capitalized for 2015 and 2014 totaled $39.7 million and $72.3 million, respectively. Interest income capitalized for 2015 and 2014 totaled $3.8 million and $6.4 million, respectively. Interest expense includes amortization of the deferred loss on bond refunding for 2015 and 2014 of $9.0 million and $12.8 million, respectively, and amortization of $26.5 million of premium, net, and $24.9 million of premium, net, respectively.

Issuance of Debt—Chicago O'Hare International Airport Commercial Paper Notes ("O'Hare CP Notes"), Series A-1 through E-1 (AMT), Series A-2 through E-2 ("Non-AMT"), Series A3 through E3 ("Taxable"), $275.0 million maximum aggregate principal amount of which $0 million was outstanding at December 31, 2015. The City has excluded commercial paper from current liabilities as it intends and has the ability to refinance the obligation on a long-term basis. Irrevocable letters of credit delivered by five banks in an aggregate maximum principal amount of $305.9 million provide for the timely payment of principal and interest on the notes until September 30, 2016. At December 31, 2015, there were no outstanding letter of credit advances.

In October 2015, the Airport sold $428.6 million of Chicago O'Hare International Airport Senior Lien Revenue Refunding Bonds, Series 2015 A (AMT) at a premium of $42.2 million. The bonds have interest rates ranging from 2% to 5%. The bonds are not subject to mandatory sinking fund redemption prior to maturity and have maturity dates ranging from January 1, 2016, through January 1, 2037. Certain net proceeds of $468.2 million were used to defease a portion of the Series 2003A-1 General Airport Revenue Bonds ($20.0 million of principal and $0.4 million of interest), a portion of Series 2003B-1 General Airport Revenue Bonds ($0.5 million of principal and interest), to fully defease the Series 2003B-2 General Airport Revenue Bonds ($138.8 million of principal and $3 million of interest),a portion of Series 2003C-2 General Airport Revenue Bonds ($82.0 million of principal and $1.6 million of interest), a portion of Series 2003D General Airport Revenue Bonds($.02 million of principal and interest), a portion of Series 2003E General Airport Revenue Bonds ($22.9 million of principal and $.4 million of interest),a portion of Series 2004A General Airport Revenue Bonds ($131.0 million of principal and $2.4 million of interest), a portion of Series 2004C General Airport Revenue Bonds ($29.2 million of principal and $.6 million of interest), a portion of Series 2004D General Airport Revenue Bonds ($7.4 million of principal and $.1 million of interest),and to fully defease the Series 2006D General Airport Revenue Bonds ($27.2 million of principal and $.5 million of interest). Certain net proceeds of $2.6 million were used to pay the cost of the issuance of the bonds. The current refunding resulted in a difference between the acquisition price and the net carrying amount of $4.8 million that will be charged to operations over 5 to 23 years using the straight-line method. The current refunding decreased the Airport's total debt service by $75.4 million and resulted in an economic gain (difference between the present value of the old debt and the new debt service payments of $54.1 million.

In October 2015, the Airport sold $1,191.5 million of Chicago O'Hare International Airport Senior Lien Revenue Refunding Bonds, Series 2015 B (non-AMT) at a premium of $154.8 million. The bonds have interest rates ranging from 4% to 5%. The bonds are not subject to mandatory sinking fund redemption prior to maturity and have maturity dates ranging from January 1, 2016, through January 1, 2035. Certain net proceeds of $1,339.4 million were used to fully defease a portion of Series 2003A-1 General Airport Revenue Bonds ($9.3 million of principal and $ 0.2 million of interest),a portion of Series 2003B-1 General Airport Revenue Bonds ($13.2 million of principal and $0.3 million of interest), to fully defease the Series 2003C-1 General Airport Revenue Bonds ($5.2 million of principal and $0.1 million of interest), a portion of Series 2003C-2 General Airport Revenue Bonds ($248.7 million of principal and $4.8 million of interest),a portion of Series 2003D General Airport Revenue Bonds ($36.0 million of principal and $0.7 million of interest), a portion of Series 2003E General Airport Revenue Bonds ($16.8 million principal and $0.3 million of interest), a portion of Series 2004A General Airport Revenue Bonds ($14.9 million of principal and $0.3 million of interest), a portion of Series 2004C General Airport Revenue Bonds ($2.9 million of principal and $0.1 million of interest), a portion of Series 2004D General Airport Revenue Bonds ($0.3 million of principal and interest), and to fully defease the Series 2005A General Airport Revenue Bonds ($961.0 million of principal and $24.3 million of interest). Certain net proceeds of $6.9 million were used to pay the cost of the issuance of the bonds. The advance refunding resulted in a difference between the acquisition price and the net carrying amount of $14.6 million that will be charged to operations over 5 to 20 years using the straight-line method. The current refundings of the Bonds decreased the Airport's total debt service payments by $236.7 million and resulted in an economic gain (difference between the present value of the old debt and the new debt service payments) of $169.4 million.

In October 2015, the Airport sold $195.7 million of Chicago O'Hare International Airport Senior Lien Revenue Bonds, Series 2015 C (AMT) at a premium of $11.3 million. The bonds have interest rates ranging from 3.625% to 5% and maturity and mandatory redemption maturity dates ranging from January 1, 2021, through January 1, 2046. Certain net proceeds of $59.8 million were used to pay a portion of the commercial paper notes; certain of net proceeds of $130.3 million will be used to finance the portion of the capital improvement program (CIP); certain net proceeds of $10.4 million were used to fund the capitalized interest deposit requirement, the debt service reserve deposit requirement and certain net proceed of $1.2 million were used to pay the cost of the issuance of the bonds.

In October 2015, the Airport sold $131.5 million of Chicago O'Hare International Airport Senior Lien Revenue Bonds, Series 2015 D (non-AMT) at a premium of $8.8 million. The bonds have interest rates ranging from 4 % to 5%, and maturity and mandatory redemption maturity dates ranging from January 1, 2021, through January 1, 2046. Certain net proceeds of $67.1 million were used to pay a portion of the commercial paper notes; certain of net proceeds of $66.0 million will be used to finance the portion of the CIP; certain of net proceeds of $3.6 million were used to fund the debt service reserve deposit requirement; certain net proceeds of $2.8 million were used to fund the capitalized interest deposit requirement; and certain net proceeds of $0.8 million were used to pay the cost of the issuance of the bonds.

Debt Redemption—Following is a schedule of debt service requirements to maturity of the senior lien bonds. For issues with variable rates, interest is imputed at the effective rate as of December 31, 2015, as follows (dollars in thousands):

Years Ending December 31	Principal	Interest	Total
2016	$ 185,605	$ 298,831	$ 484,436
2017	218,365	316,876	535,241
2018	256,235	305,116	561,351
2019	265,500	292,488	557,988
2020	241,610	280,214	521,824
2021–2025	1,019,660	1,245,268	2,264,928
2026–2030	1,217,850	969,583	2,187,433
2031–2035	1,692,795	624,635	2,317,430
2036–2040	1,185,935	250,787	1,436,722
2041–2045	281,810	30,424	312,234
2046	21,125	528	21,653
Total	$ 6,586,490	$ 4,614,750	$ 11,201,240

The Airport's senior lien variable-rate bonds may bear interest from time to time at a flexible rate, a daily rate, a weekly rate, and an adjustable long rate or the fixed rate as determined from time to time by the remarketing agent in consultation with the City. At December 31, 2015, the O'Hare 2005 C&D Senior Lien Bonds were in weekly interest rate mode as of December 31, 2015. Irrevocable letters of credit ($244.8 million) provide for the timely payment of principal and interest on the Series 2005 C&D bonds until August 15, 2017. At December 31, 2015, there were no outstanding letter of credit advances.

The debt service requirements to maturity of the PFC Revenue Bonds as of December 31, 2015, is as follows (dollars in thousands):

Years Ending December 31	Principal	Interest	Total
2016	$ 35,615	$ 30,303	$ 65,918
2017	36,995	28,505	65,500
2018	38,845	26,609	65,454
2019	24,720	25,018	49,738
2020	23,895	23,891	47,786
2021–2025	141,010	100,104	241,114
2026–2030	194,120	58,738	252,858
2031-2035	105,565	15,080	120,645
2036–2040	30,480	3,959	34,439
Total	$ 631,245	$ 312,207	$ 943,452

The debt service requirements to maturity of the CFC Revenue Bonds as of December 31, 2015, is as follows (dollars in thousands):

Years Ending December 31	**Principal**	**Interest**	**Total**
2016	$ -	$ 13,554	$ 13,554
2017		13,554	13,554
2018	4,725	13,436	18,161
2019	4,960	13,194	18,154
2020	5,205	12,955	18,160
2021–2025	30,055	60,553	90,608
2026–2030	38,845	51,521	90,366
2031–2035	50,020	39,998	90,018
2036–2040	65,785	23,720	89,505
2041–2043	49,155	4,283	53,438
Total	$ 248,750	$ 246,768	$ 495,518

5. CHANGES IN CAPITAL ASSETS

Capital assets during the years ended December 31, 2015 and 2014, changed as follows (dollars in thousands):

2015	Balance January 1	Additions	Disposals and Transfers	Balance December 31
Capital assets not depreciated:				
Land	$ 885,669	$ 298	$ -	$ 885,967
Construction in progress	752,331	450,489	(816,006)	386,814
Total capital assets not depreciated	1,638,000	450,787	(816,006)	1,272,781
Capital assets depreciated—buildings and other facilities	8,208,757	816,006	(9,788)	9,014,975
Less accumulated depreciation for—buildings and other facilities	(2,973,903)	(229,625)	6,467	(3,197,061)
Total capital assets depreciated—net	5,234,854	586,381	(3,321)	5,817,914
Total property and facilities—net	$ 6,872,854	$ 1,037,168	$ (819,327)	$ 7,090,695

Includes capitalized interest of $26,958

2014	Balance January 1	Additions	Disposals and Transfers	Balance December 31
Capital assets not depreciated:				
Land	$ 884,636	$ 1,033	$ -	$ 885,669
Construction in progress	845,495	345,638	(438,802)	752,331
Total capital assets not depreciated	1,730,131	346,671	(438,802)	1,638,000
Capital assets depreciated—buildings and other facilities	7,769,955	438,802		8,208,757
Less accumulated depreciation for—buildings and other facilities	(2,757,985)	(215,918)		(2,973,903)
Total capital assets depreciated—net	5,011,970	222,884	-	5,234,854
Total property and facilities—net	$ 6,742,101	$ 569,555	$ (438,802)	$ 6,872,854

Includes capitalized interest of $104,305

6. LEASING ARRANGEMENTS WITH TENANTS

Most of the Airport's land, buildings, and terminal space are leased under operating lease agreements with airlines and other tenants. The minimum future rental income on noncancelable operating leases as of December 31, 2015, is as follows (dollars in thousands):

Years Ending December 31	Amount
2016	$ 97,549
2017	97,555
2018	96,357
2019	95,340
2020	1,597
2021–2025	8,302
2026–2030	9,592
2031–2035	9,564
Total minimum future rental income	$ 415,856

Contingent rentals that may be received under certain leases, based on the tenants' revenues or fuel consumption, are not included in minimum future rental income.

Rental income, consisting of all rental and concession revenues, except ramp rentals and automobile parking, amounted to approximately $414.2 million and $418.5 million in 2015 and 2014, respectively. Contingent rentals included in the totals were approximately $87.0 million and $89.0 million for 2015 and 2014, respectively.

7. PENSION PLANS

General Information about the Pension Plan

Plan Description. Retirement Benefit—Eligible O'Hare Fund employees participate in one of four single-employer defined benefit pension plans (Plans). These Plans are: the Municipal Employees'(Municipal); the Laborers'(Laborers') and Retirement Board Employees'; the Policemen's (Policemen's); and the Firemen's (Firemen's) Annuity and Benefit Funds of Chicago. Plans are administered by individual retirement boards of trustees comprised of City officials or their designees and of trustees elected by plan members. Each Plan issues a publicly available financial report that includes financial statements and required supplementary information that can be obtained at www.meabf.org., www.labfchicago.org, www.chipabf.org and www.fabf.orgg.

Benefits Provided—The Plans provide retirement, disability, and death benefits as established by State law. Benefits generally vest after 10 years of credited service. Employees qualify for an unreduced retirement age minimum formula annuity based on a combination of years of service and age of retirement. Employees may also receive a reduced retirement age minimum formula annuity if they do not meet the age and service requirements for the unreduced retirement age annuity. The requirement of age and service are different for employees who became members before January 1, 2011, and those who became members on or after January 1, 2011. The annuity is computed by multiplying the final average salary by a percentage ranging from 2.2 percent to 2.5 percent per year of credited service. The final average salary is the employee's highest average annual salary for any four consecutive years within the last 10 years of credited service for participants who became members before January 1, 2011 and any eight consecutive years within the last 10 years of credited service for participants who became members on or after January 1, 2011.

Benefit terms provide for annual adjustments to each employee's retirement allowance subsequent to the employees' retirement date. For participants who became members before January 1, 2011, the annual adjustments for Municipal and Laborers are 3.0 percent, compounded, and for Firemen's and Policemen's 3.0 percent, simple, for annuitants born before 1955 and 1.5 percent, simple, born in 1955 or later. For participants that first became members on or after January 1, 2011, the annual adjustments are equal to the lesser of 3.0 percent and 50 percent of CPI-U of the original benefit.

Contributions—Historically, State law required City contributions at statutorily, not actuarially, determined rates. State law also requires covered employees to contribute a percentage of their salaries. The City's contribution was calculated based on the total amount of contributions by employees to the Plan made in the calendar year two years prior, multiplied by 1.25 for the Municipal, 1.00 for the Laborers', 2.00 for the Policemen's, and 2.26 for the Firemen's. The City's contributions are budgeted in the same year as the applicable levy year for the property taxes funding the contributions. The City's contributions are then paid to the pension funds in the following year (which is when the levied property taxes are collected and paid to the City by the Cook County Treasurer).

State law in effect at December 31, 2015 for the Policemen's and Firemen's Plans, known as Public Act 96-1495 (P.A. 96-1495), requires the City to significantly increase contributions to those Plans beginning in 2015. In each year, the City must contribute the amount needed for each Plan to achieve a 90% Funded Ratio by the end of 2040.

Public Act 99-0506 (P.A. 99-0506) was enacted on May 31, 2016. P.A. 99-0506 changed the funding requirements required by Public Act 96-1495, providing that the City make a fixed contribution amount for 2015 through 2019 which is significantly larger than contributions made prior to the adoption of P.A. 96-1495 but smaller than the contributions required under P.A. 96-1495. P.A. 99-0506 requires that the City's contributions are at actuarially determined rates beginning in 2020 and future funding be sufficient to produce a funding level of 90% by the year ended December 31, 2055 (instead of 2040 required by P.A. 96-1495). As this law was enacted subsequent to December 31, 2015, the measurement of the City's net pension liability as of December 31, 2015, was not impacted, since the liability was measured using the law in effect as of December 31, 2015. The City will be taking into consideration the impact of this new law when measuring the liability in 2016. The new law is expected to increase the City's net pension liability.

The City's contributions to Municipal and Laborer's are determined pursuant to the formulas set forth in the Illinois Pension Code (the Pension Code). Pursuant to Public Act 098-641 (P.A. 98-641), the City's contributions to Municipal and Laborer's were scheduled to increase beginning in 2015; however, in July 2015 the Circuit Court of Cook County determined P.A. 98-641 to be unconstitutional. As a result of such determination by the court, the provisions of the Pension Code governing the City's contributions to MEABF and LABF have reverted to the provisions in effect prior to the enactment of P.A. 98-641. Furthermore, in March 2016, the Illinois Supreme Court upheld the ruling made by the Circuit Court.

The contribution to all four pension plans from the Airport was $25.8 million for the year ended December 31, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2015, the Airport reported a liability of $1,542 million for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Airport's proportion of the net pension liability was determined based on budgeted Airport salaries within each corresponding pension plan. At December 31, 2015, the Airport's proportion was 5.8 percent of the Municipal Plan, 6.2 percent of the Laborer's Plan, 1.3 percent of the Policemen's Plan and 4.9 percent of the Firemen's Plan.

Changes in Benefits and Actuarial Assumptions: As discussed above, P.A. 98-0641 was determined to be unconstitutional resulting in changes in the discount rate caused by a change in the required funding policy and changes in benefits for the participants of the Municipal and Laborers pension plans, which include restoring full automatic annual increase and changes in the retirement age for certain participants.

The change in the discount rate assumption increased the Airports allocated net pension liability by $507.3 million for Municipal and $73.1 million for Laborers'. This impact is being amortized over a five year period for Municipal and a four year period for Laborers'. The change in benefits increased the Airport's allocated share of the net pension liability by $124.6 million for Municipal and $23.9 million for Laborers'. This impact is recognized as a portion of 2015 pension expense in its entirety. For the year ended December 31, 2015, the Airport recognized pension expense of $339.5 million.

At December 31, 2015, the Airport reported deferred outflows of resources of $487.9 million and deferred inflows of resources of $8.6 million related to pensions from the following sources:

Municipal (dollars in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 5,117
Changes of assumptions	405,849	
Net difference between projected and actual earnings on pension plan investments	11,560	
Total	$ 417,409	$ 5,117

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	
2016	$ 103,073
2017	103,073
2018	103,073
2019	103,073
2020	
Thereafter	

Laborers' (dollars in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 2,033
Changes of assumptions	51,881	
Net difference between projected and actual earnings on pension plan investments	6,055	
Total	$ 57,936	$ 2,033

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	
2016	$ 21,907
2017	21,907
2018	10,576
2019	1,514
2020	
Thereafter	

Policemen's (dollars in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 1,175
Changes of assumptions		
Net difference between projected and actual earnings on pension plan investments	2,516	
Total	$ 2,516	$ 1,175

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	
2016	$ 386
2017	386
2018	386
2019	386
2020	(201)
Thereafter	

Firemen's (dollars in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 324
Changes of assumptions	7,151	
Net difference between projected and actual earnings on pension plan investments	2,935	
Total	$ 10,086	$ 324

Year Ended December 31	
2016	$ 2,102
2017	2,102
2018	2,102
2019	2,102
2020	1,354
Thereafter	

Actuarial Assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Municipal	Laborers'	Policemen's	Firemen's
Inflation	3.0 %	3.0 %	3.0 %	2.5 %
Salary Increases	4.5%–8.25% (a)	3.75 % (b)	3.75 % (c)	3.75 % (d)
Investment Rate of Return	7.5 % (e)	7.5 % (f)	7.5 %	7.5 %

(a) Varying by years of service
(b) Plus a service—based increase in the first 15 years
(c) Plus additional percentage related to service
(d) Plus additional service based increases
(e) Net of investment expense
(f) Net of investment expense, including inflation

Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate for Municipal, Laborers' and Firemen's and RP-2014 for Policemen's.

The mortality actuarial assumptions used in the December 31, 2015 valuation were adjusted based on the results of actuarial experience study for the following periods:

Municipal	January 1, 2005–December 31, 2009
Laborers'	January 1, 2004–December 31, 2011
Policemen's	January 1, 2009–December 31, 2013
Firemen's	January 1, 2003–December 31, 2010

The long term expected rate of return on pension plan investments was determined using the building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	Target Allocation				Long-Term Expected Real Rate of Return			
Asset Class:	**Municipal**	**Laborers'**	**Policemen's**	**Firemen's**	**Municipal**	**Laborers'**	**Policemen's**	**Firemen's**
Domestic equity	26.00 %	22 00 %	- %	- %	4.90 %	5.90 %	- %	- %
Domestic large cap equity				24.00				7.25
Domestic small cap equity				16.00				7.55
U.S. equity			21.00				6.10	
Non U.S. equity		13.00	20.00			7.90	7.80	
Global equity		14.00				6.50		
International equity	22.00			25.00	5.00			7.25
Domestic Fixed income				21.00				7.25
Fixed income	27.00	16.00	22.00		0.00	2.60	1.70	
Hedge funds	10.00	8.00	7.00		3.00	3.80	4.00	
Private equity	5 00		9.00	3.00	8.60		8.20	8.15
Private markets		11 00				6.90		
GAA		8.00	12.00			4.70	5.10	
Real estate	10.00	6.00	5 00	2.00	6.00	4.40	4.60	6.00
Risk Parity		2.00				5.00		
Alternative investments				2.00				5.25
Commodities				3.00				2.75
Cash deposits and short-term investments				4.00				2.25
Real assets			4.00				4.20	
Total	100.00 %	100.00 %	100.00 %	100.00 %				

Discount Rate

Municipal—The discount rate used to measure the total pension liability was 3.73%. This Single Discount Rate was based on an expected rate of return on pension plan investments of 7.5 percent and a municipal bond rate of 3.6 percent (based on the Bond Buyer 20- Bond Index of general obligation municipal bonds as of December 31, 2015).The projection of cash flows used to determine the discount rate assumed member contributions will be made at the current contribution rate and that employer contributions will be made at the 1.25 multiple of member contributions from two years prior. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions and contributions from future plan members that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the pension plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. The projected benefit payments through 2023 were discounted at the expected long-term rate of return. Starting in 2024, the projected benefit payments were discounted at the municipal bond rate. Therefore, a single equivalent, blended discount rate of 3.73% was calculated using the long-term expected rate of return and the municipal bond index.

Laborers'—A Single Discount Rate of 4.04 percent was used to measure the total pension liability. This Single Discount Rate was based on an expected rate of return on pension plan investments of 7.5 percent and a municipal bond rate of 3.6 percent (based on the Bond Buyer 20- Bond Index of general obligation municipal bonds as of December 31, 2015).The projection of cash flows used to determine this Single Discount Rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between statutory contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2027. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2027, and the municipal bond rate was applied to all benefit payments after that date.

Policemen's—A Single Discount Rate of 7.15 percent was used to measure the total pension liability. This Single Discount Rate was based on an expected rate of return on pension plan investments of 7.5 percent and a municipal bond rate of 3.6 percent (based on the Bond Buyer 20- Bond Index of general obligation municipal bonds as of December 31, 2015).The projection of cash flows used to determine this Single Discount Rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between statutory contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2063. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2063, and the municipal bond rate was applied to all benefit payments after that date.

Firemen's—A Single Discount Rate of 7.16 percent was used to measure the total pension liability. This Single Discount Rate was based on an expected rate of return on pension plan investments of 7.5 percent and a municipal bond rate of 3.6 percent (based on the Bond Buyer 20- Bond Index of general obligation municipal bonds as of December 31, 2015).The projection of cash flows used to determine this Single Discount Rate assumed that member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between statutory contribution rates and the member rate. Based on these assumptions, the Plan's fiduciary net position and future contributions were sufficient to finance future benefit payments only through the year 2061. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2061, and the municipal bond rate was applied to all benefit payments after that date.

Sensitivity of the Airport's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.

Municipal—the following presents the allocated share of the net pension liability to the Airport as of December 31, 2015, calculated using the discount rate of 3.73 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.73 percent) or 1 percentage point higher (4.73 percent) than the current rate (dollars in thousands):

Net Pension Liability December 31, 2015	**1% Decrease**	**Current Discount Rate**	**1% Increase**
Municipal discount rate	2.73 %	3.73 %	4.73 %
Municipal liability	$ 1,293,192	$ 1,084,148	$ 912,840

Laborers'—the following presents the allocated share of the net pension liability to the Airport as of December 31, 2015, calculated using the discount rate of 4.04 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.04 percent) or 1 percentage point higher (5.04 percent) than the current rate (dollars in thousands):

Net Pension Liability December 31, 2015	1% Decrease	Current Discount Rate	1% Increase
Laborers' discount rate	3.04 %	4.04 %	5.04 %
Laborers' liability	$ 187,588	$ 153,802	$ 126,107

Policemen's—the following presents the allocated share of the net pension liability to the Airport as of December 31, 2015, calculated using the discount rate of 7.15 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.15 percent) or 1 percentage point higher (8.15 percent) than the current rate (dollars in thousands):

Net Pension Liability December 31, 2015	1% Decrease	Current Discount Rate	1% Increase
Policemen's discount rate	6.15 %	7.15 %	8.15 %
Policemen's liability	$ 139,193	$ 120,078	$ 103,985

Firemen's—the following presents the allocated share of the net pension liability to the Airport as of December 31, 2015, calculated using the discount rate of 7.16 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.16 percent) or 1 percentage point higher (8.16 percent) than the current rate (dollars in thousands):

Net Pension Liability December 31, 2015	1% Decrease	Current Discount Rate	1% Increase
Firemen's discount rate	6.16 %	7.16 %	8.16 %
Firemen's liability	$ 209,936	$ 184,109	$ 162,106

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Pension Plans financial report.

8. OTHER POSTEMPLOYMENT BENEFITS

Other PostEmployment Benefits—Pension Funds

The Pension Funds also contribute a portion of the City's contribution as subsidy toward the cost for each of their annuitants to participate in the City's health benefits plans, which include basic benefits for eligible annuitants and their dependents and supplemental benefits for Medicare eligible annuitants and their dependents. The amounts below represent the accrued liability of the City's pension plans related to their own annuitants and the subsidy paid to the City (see section c). The plan is financed on a pay as you go basis (dollars in thousands).

Annual OPEB Cost and Contributions Made
For Fiscal Year Ended December 31, 2015

	Municipal	Laborers'	Policemen's	Firemen's	Total
Contribution Rates City:	*A portion of the City's employer contribution to the Pension Funds is used to finance the health insurance supplement benefit payments.*				
Annual Required Contribution	$ 9,174	$ 2,402	$ 9,632	$ 2,611	$ 23,819
Interest on Net OPEB Obligation	2,406	209	391	385	3,391
Adjustment to Annual— Required Contribution	(27,331)	(2,376)	(4,358)	(4,375)	(38,440)
Annual OPEB Cost (Gain)	(15,751)	235	5,665	(1,379)	(11,230)
Contributions Made	8,491	2,154	9,441	2,382	22,468
Decrease in Net OPEB Obligation	(24,242)	(1,919)	(3,776)	(3,761)	(33,698)
Net OPEB Obligation, Beginning of Year	53,486	4,649	8,684	8,563	75,382
Net OPEB Obligation,					

Actuarial Method and Assumptions—For the Pension Funds' subsidies, the actuarial valuation for the fiscal year ended December 31, 2015 was determined using the Entry Age Normal actuarial cost method. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan understood by the employer and plan members) and included the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial method and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long term perspective of the calculations.

	Municipal	Laborers'	Policemen's	Firemen's
Actuarial Valuation Date	12/31/2015	12/31/2015	12/31/2015	12/31/2015
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level Dollar,	Level Dollar,	Level Percent,	Level Dollar,
Remaining Amortization Method	1 year closed	1 year closed	1 year closed	1 year closed
Asset Valuation Method	No Assets (Pay-as-you-go)	No Assets (Pay-as-you-go)	No Assets (Pay-as-you-go)	No Assets (Pay-as-you-go)
Actuarial assumptions: OPEB Investment Rate of Return (a)	4.5 %	4.5 %	4.5 %	4.5 %
Projected Salary Increases (a) Inflation	3.0 %	3.0 %	3.0 %	2.5 %
Seniority / Merit	(b)	(c)	(d)	(d)
Healthcare Cost Trend Rate (e)	%	%	%	%

(a) Compounded Annually
(b) Service-based increases equivalent to a level annual rate of increase of 1.4 percent over a full career
(c) Service-based increases equivalent to a level annual rate of increase of 1.9 percent over a full career
(d) Service-based increases equivalent to a level annual rate of increase of 1.8 percent over a full career
(e) Trend not applicable - fixed dollar subsidy

OPEB COST SUMMARY
(dollars in thousands)

	Year	Annual OPEB Cost		% of Annual OPEB Obligation	Net OPEB Obligation
Municipal	2013	$ 13,389		71.01 %	$ 75,637
	2014	(13,100)	*		53,486
	2015	(15,750)	*		29,244
Laborers'	2013	3,009		84	6,442
	2014	567		416	4,649
	2015	235		917	2,730
Policemen's	2013	10,536		93	12,150
	2014	6,191		156	8,684
	2015	5,665		167	4,908
Firemen's	2013	4,071		63	11,902
	2014	(868)			8,563
	2015	(1,379)			4,802

* The negative cost is primarily due to the insurance subsidy ending in 2016.

Actuarialvaluationsofanongoingplaninvolvecstimatesofthevalueofreportedamountsandassumptionsabout theprobabilityofoccurrenccofeventsfarintothefuture.Examplesincludeassumptionsaboutfutureemployme nt,mortality,andthehealthcarecosttrend.Amountsdetermincdregardingthefundedstatusoftheplanandtheann ualrequiredcontributionsoftheemployeraresubjecttocontinualrevisionsastheresultsarecomparedwithpaste xpectationsand new estimates are made about the future. The schedule of funding progress, presents, asrequired,supplementaryinformationfollowingthenotestothefinancialstatements(dollarsinthousands,una udited).

	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded (Surplus) UAAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded (Surplus) AAL as a Percentage of Covered Payroll ((b-a) / c)
Municipal	12/31/2015	$ -	$ 8,147	$ 8,147	-	$ 1,643,481	0.50 %
Laborers'	12/31/2015		2,133	2,133		204,773	1.04
Policemen's	12/31/2015		9,255	9,255		1,086,608	0.85
Firemen's	12/31/2015		2,399	2,399		465,232	0.52

Other PostEmployment Benefits—City Obligation

Up to June 30, 2013, the annuitants who retired prior to July 1, 2005 received a 55 percent subsidy from the City and the annuitants who retired on or after July 1, 2005 received a 50, 45, 40 and zero percent subsidy from the City based on the annuitant's length of actual employment with the City for the gross cost of retiree health care under a court approved settlement agreement, known as the "Settlement Plan." The pension funds contributed their subsidies of $65 per month for each Medicare eligible annuitant and $95 per month for each Non-Medicare eligible annuitant to their gross cost. The annuitants contributed a total of $104.4 million in 2015 to the gross cost of their retiree health care pursuant to premium amounts set forth in the below-referenced settlement agreement.

The City subsidized a portion of the cost (based upon service) for hospital and medical coverage for eligible retired employees and their dependents based upon a settlement agreement entered in 2003 and which expired on June 30, 2013.

On May 15, 2013, the City announced plans to, among other things: (i) provide a lifetime healthcare plan to former employees who retired before August 23, 1989 with a contribution from the City of up to 55% of the cost of that plan; and (ii) beginning July 1, 2013, provide employees who retired on or after August 23, 1989 with healthcare benefits in a new Retiree Health Plan (Health Plan), but with significant changes to the terms including increases in premiums and deductibles, reduced benefits and the phase-out of the Health Plan for such employees by December 31, 2016.

The cost of health benefits is recognized as an expenditure in the accompanying financial statements as claims are reported and are funded on a pay-as-you-go basis. In 2015, the net expense to the City for providing these benefits to approximately 22,697 annuitants plus their dependents was approximately $44 million.

Plan Description Summary—The City of Chicago was party to a written legal settlement agreement outlining the provisions of the Settlement Plans, which ended June 30, 2013. The Health Plan provides for annual modifications to the City's level of subsidy. It is set to phase out over three years, at which the Health Plan, along with any further City subsidy, will expire by December 31, 2016, for all but the group of former employees (the Korshak class of members) who retired before August 23, 1989, who shall have lifetime benefits. Duty Disabled retirees who have statutory pre-63/65 coverage will continue to have fully subsidized coverage under the active health plan until age 65.

The provisions of the Health Plan provide in general, that the City pay a percentage of the cost (based upon an employee's service) for hospital and medical coverage to eligible retired employees and their dependents for the specified period, ending December 31, 2016. The percentage subsidies were revised to reduce by approximately 25 percent of 2013 subsidy levels in 2014 and 50 percent of 2013 subsidy levels in 2015, and 75 percent of 2013 subsidy levels in 2016.

In addition, State law authorizes the four respective Pension Funds (Policemen's, Firemen's, Municipal Employees', and Laborers') to provide a fixed monthly dollar subsidy to each annuitant who has elected coverage under any City health plan through December 31, 2016. After that date, no Pension Fund subsidies are authorized. The liabilities for the monthly dollar Pension Fund subsidies contributed on behalf of annuitants enrolled in the medical plan by their respective Pension Funds are included in the Net Pension Obligation ("NPO") actuarial valuation reports of the respective four Pension Funds under GASB 43.

Special Benefits under the Collective Bargaining Agreements (CBA)—Under the terms of the collective bargaining agreements for the Fraternal Order of Police (FOP) and the International

Association of Fire Fighters (IAFF), certain employees who retire after attaining age 55 with the required years of service are permitted to enroll themselves and their dependents in the healthcare benefit program offered to actively employed members. They may keep this coverage until they reach the age of Medicare eligibility. These retirees do not contribute towards the cost of coverage, but the Policemen's Fund contributes $95 per month towards coverage for police officers; the Firemen's Fund does not contribute.

Both of these agreements which provide pre-65 coverage originally expired at June 30, 2012. These benefits have been renegotiated to continue through 2016 or June 30, 2017, depending on bargaining unit agreements. This valuation assumes that the CBA special benefits, except for those who will have already retired as of December 31, 2016, will cease on December 31, 2016 or June 30, 2017, depending on bargaining unit agreements.

Funding Policy—No assets are accumulated or dedicated to funding the retiree health plan benefits.

Annual OPEB Cost and Net OPEB Obligation—The City's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The ARC (Annual Required Contribution) represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities over a period of ten years.

The following table shows the components of the City's annual OPEB costs for the year for the Health Plan and CBA Special Benefits, the amount actually contributed to the plan and changes in the City's net OPEB obligation. The *Net OPEB Obligation* is the amount entered upon the City's Statement of Net Position as of year end as the net liability for the other post-employment benefits—the Health Plan. The amount of the annual cost that is recorded in the Statement of Changes in Net Position for 2015 is the Annual OPEB Cost (expense).

Annual OPEB Cost and Contributions Made
(dollars in thousands)

	Retiree Settlement Health Plan	CBA Special Benefits	Total
Contribution Rates:			
City	Pay As You Go	Pay As You Go	Pay As You Go
Plan Members	N/A	N/A	N/A
Annual Required Contribution	$ 46,069	$ 60,654	$ 106,723
Interest on Net OPEB Obligation	867	4,459	5,326
Adjustment to Annual Required Contribution	(3,291)	(16,918)	(20,209)
Annual OPEB Cost	43,645	48,195	91,840
Contributions Made	58,279	38,272	96,551
Decrease in Net OPEB Obligation	(14,634)	9,923	(4,711)
Net OPEB Obligation, Beginning of Year	28,914	148,648	177,562
Net OPEB Obligation, End of Year	$ 14,280	$ 158,571	$ 172,851

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2015 are as follows (dollars in thousands):

Schedule of Contributions, OPEB Costs and Net Obligations

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
Settlement Plan			
12/31/2015	$ 43,645	133.5 %	$ 14,280
12/31/2014	62,666	149.9	28,914
12/31/2013	75,444	148.4	60,210
CBA Special Benefits			
12/31/2015	$ 48,195	79.4 %	$ 158,571
12/31/2014	49,766	68.5	148,648
12/31/2013	41,722	65.5	132,981
Total			
12/31/2015	$ 91,840	105.1 %	$ 172,851
12/31/2014	112,432	113.9	177,562
12/31/2013	117,166	118.9	193,191

Funded Status and Funding Progress—As of January 1, 2015, the most recent actuarial valuation date, the actuarial accrued liability for benefits was $780.6 million all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was approximately $2,488.0 million and the ratio of the unfunded actuarial accrued liability to the covered payroll was 31.4 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as the results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presents, as required, supplementary information following the notes to the financial statements (dollars in thousands, unaudited).

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
Settlement Plan						
12/31/2014	$ -	$ 311,748	$ 311,748	- %	$2,487,787	12.5 %
CBA Special Benefits						
12/31/2014	$ -	$ 468,889	$ 468,889	- %	$1,438,428	32.6 %
Total						
12/31/2014	$ -	$ 780,637	$ 780,637	- %	$2,487,787	31.4 %

Actuarial Method and Assumptions—Projections of benefits for financial reporting purposes are based on the substantive plan (the plan understood by the employer and plan members) and included the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial method and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long term perspective of the calculations.

For the Health Plan benefits (not provided by the Pension Funds), the entry age normal actuarial cost method was used. The actuarial assumptions included an annual healthcare cost trend rate of 8.0% initially, reduced by decrements to an ultimate rate of 5.0% in 2026. The range of rates included a 3.0% inflation assumption. Rates included a 2.5% inflation assumption. The plan has not accumulated assets and does not hold assets in a segregated trust. However, the funds expected to be used to pay benefits are assumed to be invested for durations which will yield an annual return rate of 3.0%. The remaining Unfunded Accrued Actuarial Liability is being amortized as a level dollar amount over ten years. The benefits include the provisions under the new Health Plan, which will be completely phased-out by December 31, 2016, except for the Korshak category, which is entitled to lifetime benefits. Also included in the Non-CBA benefits are the duty disability benefits under the active health plan payable to age 63/65.

For the Special Benefits under the CBA for Police and Fire, the renewed contracts' expiration dates of June 30, 2016 (for Police Captains, Sergeants and Lieutenants) and June 30, 2017 for all other Police and Fire are reflected, such that liabilities are included only for payments beyond the end of the calendar year of contract expiration on behalf of early retirees already retired and in pay status as of December 31 of the expiration year of the contract. The entry age normal method was selected. The actuarial assumptions included an annual healthcare cost trend rate of 8.0% in 2014, reduced by decrements to an ultimate rate of 5.0% in 2026. Rates included a 2.5% inflation assumption. The plan has not accumulated assets and does not hold assets in a segregated trust. The funds expected to be used to pay benefits are assumed to be invested for durations which will yield an annual return rate of 3.0%. The remaining Unfunded Accrued Actuarial Liability is being amortized as a level dollar amount over ten years.

Summary of Assumptions and Methods

	Settlement Health Plan	**CBA Special Benefits**
Actuarial valuation date	December 31, 2014	December 31, 2014
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level dollar, open	Level dollar, open
Remaining amortization period	10 years	10 years
Asset valuation method	Market value	Market value
Actuarial assumptions:		
Investment rate of return	3.0%	3.0%
Projected salary increases	2.5%	2.5%
Healthcare inflation rate	8.0% initial to 5.0% in 2026	8.0% initial to 5.0% in 2026

9. RELATED-PARTY TRANSACTIONS

Included in operating expenses are reimbursements to the general fund of the City for services provided by other City departments, employee fringe benefits, and certain payments made on behalf of the Airport. Such reimbursements amounted to $86.1 million and $72.8 million in 2015 and 2014, respectively.

10. COMMITMENTS AND CONTINGENCIES

The Airport has certain contingent liabilities resulting from litigation, claims, and commitments incident to its ordinary course of business. Management expects that the final resolution of these contingencies will not have a material adverse effect on the financial position or results of operations of the Airport.

The Airport provides employee health benefits under a self-insurance program, administered by the City. Such claims outstanding, including claims incurred but not reported, are estimated and recorded as liabilities in the basic financial statements.

Uninsured claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Changes in the claims liability amount for the years ended December 31, 2015 and 2014, are as follows (dollars in thousands):

	2015	2014
Beginning balance—January 1	$ 2,527	$ 2,194
Total claims incurred (expenditures)	25,249	23,318
Claims paid	(25,018)	(22,985)
Claims liability—December 31	$ 2,758	$ 2,527

The City's property and liability insurance premiums are approximately $8.5 million per year. The City maintains property and liability insurance coverage for both O'Hare and Midway and allocates the cost of the premiums between the two airports. The property coverage was renewed on December 31, 2015 with a limit of $3.5 billion and includes $3.5 billion in terrorism coverage, and the liability coverage was renewed May 15, 2015 with a limit of $1 billion and includes $750 million in war and terrorism liability coverage.

At December 31, 2015 and 2014, the Airport had commitments in the amounts of approximately $210.4 million and $237.1 million, respectively, in connection with contracts entered into for construction projects.

11. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

	2015	2014
Deferred outflows of resources:		
Deferred outflows from pension activities	$ 487,947	$ -
Unamortized deferred bond refunding costs	60,626	50,172
Total deferred outflows of resources	$ 548,573	$ 50,172
Deferred Inflows of resources		
Deferred inflows from pension activities	$ 8,648	

12. RESTATEMENT DUE TO IMPLEMENTATION OF NEW ACCOUNTING STANDARD

During fiscal year 2015, the Airport implemented two new accounting standards. GASB Statement No. 68, "*Accounting and Financial Reporting for Pensions an amendment of GASB Statement No. 27*", revised standards of accounting and reporting for pension expenses and liabilities as well as allowing for the deferral of certain pension expense elements. As a result of implementing this statement, net position was restated at January 1, 2015. The net position at January 1, 2014 was not restated as it was not practical since the information was not available. The impact of these changes on the beginning balances reported in the financial statements is shown below (in thousands):

	As Originally Reported or	GASB 68 Adjustment	As Restated after GASB 68 Impact
Chicago O'Hare International Airport			
Total net position, January 1, 2015	$ 1,460,084	$ (749,092)	$ 710,992

13. SUBSEQUENT EVENTS

In May 2016, Fitch upgraded the rating of the O'Hare Airport Senior Lien revenue bonds from A- to A with a stable outlook.

* * * * * *

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
Last Fiscal Year (dollars are in thousands)

	2015
MUNICIPAL EMPLOYEES':	
Total pension liability:	
Service cost	$ 226,816
Interest	909,067
Benefit changes	2,140,009
Differences between expected and actual experience	(109,835)
Assumption changes	8,711,755
Benefit payments including refunds	(826,036)
Pension plan administrative expense	
Net change in total pension liability	11,051,776
Total pension liability—beginning	12,307,094
Total pension liability—ending (a)	23,358,870
Plan fiduciary net position:	
Contributions—employer	149,225
Contributions—employee	131,428
Net investment income	114,025
Benefit payments including refunds of employee contribution	(826,036)
Administrative expenses	(6,701)
Other	
Net change in plan fiduciary net position	(438,059)
Plan fiduciary net position—beginning	5,179,486
Plan fiduciary net position—ending (b)	4,741,427
NET PENSION LIABILITY—Ending (a)-(b)	$ 18,617,443
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	20.30 %
COVERED-EMPLOYEE PAYROLL*	$ 1,643,481
EMPLOYER'S NET PENSION LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	1,132.81 %
ALLOCATED NET PENSION LIABILITY	$ 1,084,148
ALLOCATED PERCENTAGE	5.82 %

* Covered payroll is the amount in force as of the valuation date and likely differs from actual payroll paid during fiscal year.

(Continued)

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
Last Fiscal Year (dollars are in thousands)

	2015
LABORERS':	
Total pension liability:	
Service cost	$ 38,389
Interest	153,812
Benefit changes	384,033
Differences between expected and actual experience	(46,085)
Assumption changes	1,175,935
Benefit payments including refunds	(152,530)
Pension plan administrative expense	(3,844)
Net change in total pension liability	1,549,710
Total pension liability—beginning	2,162,905
Total pension liability—ending (a)	3,712,615
Plan fiduciary net position:	
Contributions—employer	12,412
Contributions—employee	16,844
Net investment income	(22,318)
Benefit payments including refunds of employee contribution	(152,530)
Administrative expenses	(3,844)
Other	
Net change in plan fiduciary net position	(149,436)
Plan fiduciary net position—beginning	1,388,093
Plan fiduciary net position—ending (b)	1,238,657
NET PENSION LIABILITY—Ending (a)-(b)	$ 2,473,958
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	33.36 %
COVERED-EMPLOYEE PAYROLL *	$ 204,773
EMPLOYER'S NET PENSION LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	1,208.15 %
ALLOCATED NET PENSION LIABILITY	$ 153,802
ALLOCATED PERCENTAGE	6.22 %

* Covered payroll is the amount in force as of the valuation date and likely differs from actual payroll paid during fiscal year.

(Continued)

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
Last Fiscal Year (dollars are in thousands)

	2015
POLICEMEN'S:	
Total pension liability:	
Service cost	$ 213,585 *
Interest	832,972
Benefit changes	-
Differences between expected and actual experience	(105,969)
Assumption changes	
Benefit payments including refunds	(676,777)
Pension plan administrative expense	(4,508)
Net change in total pension liability	259,303
Total pension liability—beginning	11,773,430
Total pension liability—ending (a)	12,032,733
Plan fiduciary net position:	
Contributions—employer	572,836
Contributions—employee	107,626
Net investment income	(5,334)
Benefit payments including refunds of employee contribution	(676,777)
Administrative expenses	(4,508)
Other	3,092
Net change in plan fiduciary net position	(3,065)
Plan fiduciary net position—beginning	3,062,014
Plan fiduciary net position—ending (b)	3,058,949
NET PENSION LIABILITY—Ending (a)-(b)	$ 8,973,784

* Includes pension plan administrative expense

PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	25.42 %
COVERED-EMPLOYEE PAYROLL**	$ 1,086,608
EMPLOYER'S NET PENSION LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	825.85 %
ALLOCATED NET PENSION LIABILITY	$ 120,078
ALLOCATED PERCENTAGE	1.34 %

** Covered payroll is the amount in force as of the valuation date and likely differs from actual payroll paid during fiscal year.

(Continued)

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
Last Fiscal Year (dollars are in thousands)

	2015
FIREMEN'S:	
Total pension liability:	
Service cost	$ 87,203
Interest	338,986
Benefit changes	
Differences between expected and actual experience	(7,981)
Assumption changes	176,282
Benefit payments including refunds	(278,017)
Pension plan administrative expense	(3,149)
Net change in total pension liability	313,324
Total pension liability—beginning	4,512,760
Total pension liability—ending (a)	4,826,084
Plan fiduciary net position:	
Contributions—employer	236,104
Contributions—employee	46,552
Net investment income	7,596
Benefit payments including refunds of employee contribution	(278,017)
Administrative expenses	(3,149)
Other	7
Net change in plan fiduciary net position	9,093
Plan fiduciary net position—beginning	1,036,008
Plan fiduciary net position—ending (b)	1,045,101
NET PENSION LIABILITY—Ending (a)-(b)	$ 3,780,983
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	21.66 %
COVERED-EMPLOYEE PAYROLL *	465,232
EMPLOYER'S NET PENSION LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	812.71 %
ALLOCATED NET PENSION LIABILITY	184,109
ALLOCATED PERCENTAGE	4.87 %

* Covered payroll is the amount in force as of the valuation date and likely differs from actual payroll paid during fiscal year.

(Concluded)

CITY OF CHICAGO, ILLINOIS

SCHEDULE OF CONTRIBUTIONS
Last Ten Years (dollars are in thousands)

Municipal Employees':

Years Ended December 31	Actuarially Determined Contributions*	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency	Covered Employee Payroll**	Contributions as a Percentage of Covered Employee Payroll
2006	$ 325,914	$ 157,063	$ 168,851	$ 1,475,877	10.64 %
2007	343,123	139,606	203,517	1,564,459	8.92
2008	360,387	146,803	213,584	1,543,977	9.51
2009	413,509	148,047	265,462	1,551,973	9.54
2010	483,948	154,752	329,196	1,541,388	10.04
2011	611,756	147,009	464,747	1,605,993	9.15
2012	690,823	148,859	541,964	1,590,794	9.36
2013	820,023	148,197	671,826	1,580,289	9.38
2014	839,039	149,747	689,292	1,602,978	9.34
2015	677,200	149,225	527,975	1,643,481	9.08

* The funding method mandated by the Illinois Pension Code is insufficient to avoid insolvency, and without a change, the Fund is projected to become insolvent within the next 10 years (during 2025). Therefore, the actuarially determined contribution is comprised of an employer normal cost payment and a 30-year, level dollar amortization payment on the unfunded actuarial accrued liability.

** Covered payroll is the amount in force as of the valuation date and likely differs from actual payroll paid during fiscal year.

Laborers':

Years Ended December 31	Actuarially Determined Contributions*	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency	Covered Employee Payroll**	Contributions as a Percentage of Covered Employee Payroll
2006	$ 21,142	$ 106	$ 21,036	$ 193,176	0.06 %
2007	21,726	13,256	8,470	192,847	6.87
2008	17,652	15,233	2,419	216,744	7.03
2009	33,518	14,627	18,891	208,626	7.01
2010	46,665	15,352	31,313	199,863	7.68
2011	57,259	12,779	44,480	195,238	6.55
2012	77,566	11,853	65,713	198,790	5.96
2013	106,199	11,583	94,616	200,352	5.78
2014	106,019	12,161	93,858	202,673	6.00
2015	79,851	12,412	67,439	204,773	6.06

* The LABF Statutory Funding does not conform to Actuarial Standards of Practice, therefore, the actuarially determined contribution is equal to the normal cost plus an amount to amortize the unfunded liability using dollar payments and a 30 year open amortization period.

** Covered payroll is the amount in force as of the valuation date and likely differs from actual payroll paid during fiscal year.

(Continued)

CITY OF CHICAGO, ILLINOIS

SCHEDULE OF CONTRIBUTIONS
Last Ten Years (dollars are in thousands)

Policemen's:

Years Ended December 31	Actuarially Determined Contributions*	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency	Covered Employee Payroll**	Contributions as a Percentage of Covered Employee Payroll
2006	$ 262,657	$ 150,718	$ 111,939	$ 1,012,984	14.88 %
2007	312,726	170,598	142,128	1,038,957	16.42
2008	318,235	172,836	145,399	1,023,581	16.89
2009	339,488	172,044	167,444	1,011,205	17.01
2010	363,625	174,501	189,124	1,048,084	16.65
2011	402,752	174,035	228,717	1,034,404	16.82
2012	431,010	197,885	233,125	1,015,171	19.49
2013	474,177	179,521	294,656	1,015,426	17.68
2014	491,651	178,158	313,493	1,074,333	16.58
2015	785,501	575,928	209,573	1,086,608	53.00

* The PABF Statutory Funding does not conform to Actuarial Standards of Practice; therefore, the 2015 actuarially determined contribution is equal to the normal cost plus a 30-year closed level dollar amortization of the unfunded actuarial liability. Prior to 2015 the actuarially determined contribution was equal to the "ARC" which was equal to normal cost plus a 30-year open level percent amortization of the unfunded actuarial liability.

** Covered payroll is the amount in force as of the valuation date and likely differs from actual payroll paid during fiscal year.

Firemen's:

Years Ended December 31	Actuarially Determined Contributions*	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency	Covered Employee Payroll**	Contributions as a Percentage of Covered Employee Payroll
2006	$ 160,246	$ 76,763	$ 83,483	$ 387,442	19.81 %
2007	188,202	72,023	116,179	389,125	18.51
2008	189,941	81,258	108,683	396,182	20.51
2009	203,867	89,212	114,655	400,912	22.25
2010	218,388	80,947	137,441	400,404	20.22
2011	250,056	82,870	167,186	425,385	19.48
2012	271,506	81,522	189,984	418,965	19.46
2013	294,878	103,669	191,209	416,492	24.89
2014	304,265	107,334	196,931	460,190	23.32
2015	323,545	236,104	87,441	465,232	50.75

* The FABF Statutory Funding does not conform to Actuarial Standards of Practice, therefore, the actuarially determined contribution is equal to the normal cost plus an amount to amortize the unfunded liability using dollar payments and a 30 year open amortization period.

** Covered payroll is the amount in force as of the valuation date and likely differs from actual payroll paid during fiscal year.

(Continued)

CITY OF CHICAGO, ILLINOIS

SCHEDULE OF CONTRIBUTIONS

Actuarial Methods and Assumptions	Municipal Employees'	Laborers'	Policemen's	Firemen's
Actuarial valuation date	12/31/2015 (a)	12/31/2015 (b)	12/31/2015	12/31/2015
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal	Entry age normal
Amortization method	Level dollar, open	Level dollar, open (c)	Level percent, open	Level dollar, open
Remaining amortization period	30 years	30 years	30 years	30 years
Asset valuation method	5-yr. Smoothed Market	5-yr. Smoothed Market	5-yr. Smoothed Market	5-yr. Smoothed Market
Actuarial assumptions:				
Inflation	3.0 %	3.0 %	3.0 %	2.5 % (f)
Salary increases	4.5%–8.25 % (d)	3.75 % (e)	3.75 % (f)	3.75 %
Investment rate of return	7.5 % (g)	7.5 % (h)	7.5 %	7.5 %
Retirement age	(i)	(j)	(k)	(l)
Mortality	(m)	(n)	(o)	(p)
Other information	(q)	(r)	(s)	(s)

(a) Actuarially determined contribution amount is determined as of December 31, with appropriate interest to the middle of the year.

(b) Actuarially determined contribution rates are calculated as of December 31, which is 12 months prior to the end of the fiscal year in which contributions are reported.

(c) The statutory contributions are based on a multiple of member contributions from the second prior year. The statutory contribution multiple is 1.00

(d) Varying by years of service.

(e) Plus a service-based increase in the first 15 years.

(f) Salary increase rates based on age-related productivity and merit rates plus inflation.

(g) Net of investment expense.

(h) Net of investment expense, including inflation.

(i) For employees first hired prior to January 1, 2011, rates of retirement are based on the recent experience of the Fund (adopted December 31, 2010). For employees first hired on or after January 1, 2011, rates of retirement for each age from 62 to 80 were used (adopted Decemebr 31, 2011).

(j) Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the December 31, 2012, valuation pursuant to an experience study of the period January 1, 2004, through December 31, 2011.

(k) Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the December 31, 2014, actuarial valuation pursuant to an experience study of the period January 1, 2009, through December 31, 2013.

(l) Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the December 31, 2011, valuation pursuant to an experience study of the period January 1, 2003, through December 31, 2010.

(m) Post-retirement mortality rates were based on the RP-2000 Healthy Mortality Tables with mortality improvements projected to 2010 using Scale AA. Pre-retirement mortality rates were based on the post-retirement mortality assumption, multiplied by 85% for males and 70% for females.

(n) RP2000 Combined Healthy mortality table, sex distinct, set forward one year for males and setback two years for females. No adjustment is made for post-disabled mortality.

(o) Post-Retirement Healthy mortality rates: Sex distinct Retirement Plans 2014 Healthy Annuitant mortality table weighted 108% for males and 97% for females Pre-Retirement mortality rates: Sex distinct Retirement Plans 2014 Total Employee mortality table weighted 85% for males and 115% for females. Disabled Mortality: Sex distinct Retirement Plans 2014 Healthy Annuitant mortality table weighted 115% for males and 115% for females

(p) RP2000 Combined Healthy mortality table, sex distinct for post retirement mortality RP2000 Combined Healthy mortality table, sex distinct, set forward six years for post retirement mortality post-disabled mortality. Pre-retirement mortality is 80 percent of the post-retirement rates

(q) Other assumptions: Same as those used in the December 31, 2015, actuarial funding valuations

(r) Notes· Benefit changes based on the provisions in effect prior to Public Act 98-0641 were recognized in the Total Pension Liability as of December 31, 2015.

(s) The valuation is based on the statutes in effect as of Decemebr 31, 2015, and does not consider the impact of PA 99-0506 which was passed on May 31, 2016

(Concluded)

CITY OF CHICAGO, ILLINOIS

SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS FUNDING PROGRESS
Last Three Years (dollars are in thousands)

	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded (Surplus) AAL as a Percentage of Covered Payroll ((b-a)/c)
Municipal Employees'							
2013	12/31/2013	$ -	27,573	27,573	- %	$ 1,580,289	1.74 %
2014	12/31/2014		17,495	17,495		1,602,978	1.09
2015	12/31/2015		8,147	8,147		1,643,481	0.50
Laborers'							
2013	12/31/2013		7,074	7,074	- %	200,352	3.53 %
2014	12/31/2014		4,593	4,593		202,673	2.27
2015	12/31/2015		2,133	2,133		204,773	1.04
Policemen's							
2013	12/31/2013		28,376	28,376	- %	1,015,426	2.79 %
2014	12/31/2014		18,762	18,762		1,074,333	1.75
2015	12/31/2015		9,255	9,255		1,086,608	0.85
Firemen's							
2013	12/31/2013		7,692	7,692	- %	416,492	1.85 %
2014	12/31/2014		4,995	4,995		460,190	1.09
2015	12/31/2015		2,399	2,399		465,232	0.52
City of Chicago							
2013	12/31/2012		997,281	997,281	- %	2,385,198	41.81 %
2014	12/31/2013		964,626	964,626		2,425,000	39.78
2015	12/31/2014		780,637	780,637		2,487,787	31.38

ADDITIONALSUPPLEMENTARY INFORMATION

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

ADDITIONAL SUPPLEMENTARY INFORMATION
SENIOR LIEN GENERAL AIRPORT REVENUE BONDS
CALCULATIONS OF COVERAGE COVENANT
FOR THE YEAR ENDED DECEMBER 31, 2015
(Dollars in thousands)

	Sec 404 (a)	Sec 404 (b)
REVENUES:		
Total revenues—as defined	$ 843,641	$ 855,626
Other available moneys (passenger facility charges for debt service)	93,860	93,860
Cash balance in Revenue Fund on the first day of fiscal year (Note 2)	72,810	
TOTAL AVAILABLE FOR COVERAGE COVENANT	$ 1,010,311	$ 949,486
COVERAGE REQUIREMENTS—Deposits required:		
Operation and maintenance reserve	$ 4,190	
Maintenance reserve	926	
Special capital projects		
Senior lien debt service fund	730	
	398,203	
TOTAL DEPOSITS REQUIREMENTS	$ 404,049	
AGGREGATE SENIOR LIEN DEBT SERVICE	$ 486,116	$ 486,116
LESS AMOUNTS TRANSFERRED FROM CAPITALIZED INTEREST ACCOUNTS	(20,053)	(20,053)
NET AGGREGATE DEBT SERVICE	466,063	466,063
COVENANT REQUIREMENT	1.10	
NET AGGREGATE DEBT SERVICE	$ 512,669	
COVERAGE REQUIREMENT (Greater of total deposit requirements or 110% of net aggregate debt service)	$ 512,669	$ -
OPERATION AND MAINTENANCE EXPENSES—As defined	468,426	473,574
TOTAL REQUIREMENT	$ 981,095	$ 939,637
TOTAL AVAILABLE FOR COVERAGE COVENANT	$ 1,010,311	$ 949,486

See notes to calculations of coverage.

SENIOR LIEN GENERAL AIRPORT REVENUE BONDS
NOTES TO CALCULATIONS OF COVERAGE
FOR THE YEAR ENDED DECEMBER 31, 2015

1. RATE COVENANT

In the Master Indenture of Trust securing Chicago O'Hare International Airport Senior Lien Obligations:

The City covenants that it will fix and establish, and revise from time to time whenever necessary, the rentals, rates, and other charges for the use and operation of the Airport and for services rendered by the City in the operation of it in order that Revenues in each Fiscal Year, together with Other Available Moneys deposited with the Trustee with respect to that Fiscal Year and any cash balance held in the Revenue Fund on the first day of that Fiscal Year not then required to be deposited in any Fund or Account, will be at least sufficient: (i) to provide for the payment of Operation and Maintenance Expenses for the Fiscal Year; and (ii) to provide for the greater of (A) the sum of the amounts needed to make the deposits required to be made pursuant to all resolutions, ordinances, indentures and trust agreements pursuant to which all Outstanding Senior Lien Obligations or other outstanding Airport Obligations are issued and secured, and (B) one and ten-hundredths times Aggregate Debt Service for the Bond Year commencing during that Fiscal Year, reduced by any proceeds of Airport Obligations held by the Trustee for disbursement during that Bond Year to pay principal of and interest on Senior Lien Obligations.

The City further covenants that it will fix and establish, and revise from time to time whenever necessary, the rentals, rates and other charges for the use and operation of the Airport and for services rendered by the City in the operation of it in order that Revenues in each Fiscal Year, together with Other Available Moneys consisting solely of (i) any passenger facility charges deposited with the Trustee for that Fiscal Year, and (ii) any other moneys received by the City in the immediately prior Fiscal Year and deposited with the Trustee no later than the last day of the immediately prior Fiscal Year, will be at least sufficient: (i) to provide for the payment of Operation and Maintenance Expenses for the Fiscal Year, and (ii) to provide for the payment of Aggregate Debt Service for the Bond Year commencing during that Fiscal Year reduced by any proceeds of Airport Obligations held by the Trustee for disbursement during the Bond Year to pay the principal of and interest on Senior Lien Obligations.

Of the $339.5 million of pension expense for 2015, $25.8 million is the portion of the City's pension contribution payable in 2015 to the pension funds and allocable to O'Hare Airport. The remaining portion of the pension expense for 2015 $313.7 million is recognized on the income statement of O'Hare Airport for 2015 pursuant to GASB 68 but is not due and payable by the City during 2015; accordingly, that portion is not included in Operating Expenses for purposes of calculation of the debt service coverage ratios.

2. REVENUE FUND BALANCE

The Revenue Fund balance includes all cash, cash equivalents and investments held in any Airport account which were available to the Revenue Fund to satisfy the coverage requirement under the terms of the Bond Ordinance.

* * * * * *

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

HISTORICAL OPERATING RESULTS
FOR EACH OF THE TEN YEARS ENDED DECEMBER 31, 2006–2015
(Dollars in thousands)
(Unaudited)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
OPERATING REVENUES										
Landing fees	$159,094	$179,076	$196,453	$181,335	$170,907	$179,924	$189,997	$169,323	$211,982	$ 253,347
Rental revenues										
Terminal rental and use charges	145,417	211,732	220,040	212,944	287,972	237,628	246,912	273,611	340,449	292,706
Other rentals and fueling system fees	40,172	51,026	47,378	39,809	40,468	41,745	40,530	44,813	45,330	48,199
Subtotal rental revenues	185,589	262,758	267,418	252,753	328,440	279,373	287,442	318,424	385,779	340,905
Concessions										
Auto parking	98,613	103,137	108,545	89,131	93,430	95,997	93,557	95,614	97,834	99,210
Auto rentals	19,928	22,376	22,213	22,915	22,643	23,745	25,445	26,274	27,863	29,176
Restaurants	33,401	34,904	34,813	32,721	35,669	38,547	41,330	42,662	45,432	49,366
News and gifts	12,357	13,267	14,640	13,662	14,495	15,608	16,579	18,367	24,086	24,355
Other	30,374	34,909	34,912	26,685	30,377	37,989	41,197	40,337	45,082	41,908
Subtotal concessions	194,673	208,593	215,123	185,114	196,614	211,886	218,108	223,254	240,297	244,015
Reimbursements	6,560	2,336	5,288	5,241	6,642	8,219	7,017	6,679	6,466	6,961
Total operating revenues [1]	545,916	652,763	684,282	624,443	702,603	679,402	702,564	717,680	844,524	845,228
OPERATING AND MAINTENANCE EXPENSES										
Salaries and wages [2]	168,361	177,800	177,418	174,897	174,331	190,830	191,677	192,744	212,576	229,015
Pension expense										339,546
Repairs and maintenance	73,591	83,865	100,341	82,518	86,463	94,519	88,784	85,484	110,928	98,945
Energy	29,118	35,924	38,535	37,261	33,687	31,777	31,775	32,895	34,519	34,090
Materials and supplies	5,120	10,411	17,506	17,661	9,526	14,288	9,797	8,961	10,573	9,876
Engineering and other professional services	45,357	56,506	61,514	54,767	57,981	65,382	74,307	81,070	88,143	83,265
Other operating expenses [5]	33,038	33,628	33,196	37,181	48,640	34,254	53,839	24,895	38,268	10,973
Total operating and maintenance expenses before depreciation and amortization [3]	354,585	398,134	428,510	404,285	410,628	431,050	450,179	426,049	495,007	805,710
NET OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION [4]	$191,331	$254,629	$255,772	$220,158	$291,975	$248,352	$252,385	$291,631	$349,517	$ 39,518
FIRST AND SECOND LIEN BONDS—Net revenues for calculating coverage less fund deposit requirements	$354,363	$356,299	$358,671	$261,166	$372,341	$407,700	$ -	$ -	$ -	$ -
AGGREGATE DEBT SERVICE LESS DISBURSEMENTS FROM CAPITALIZED INTEREST ACCOUNTS [5]	$ 56,563	$107,700	$107,389	$108,898	$104,349	$112,181	$ -	$ -	$ -	$ -
DEBT SERVICE COVERAGE RATIO [6]	$ 6	$ 3	$ 3	$ 2	$ 4	$ 4	$ -	$ -	$ -	$ -
THIRD LIEN BONDS—Net revenues for calculating coverage per master indenture third lien	$710,017	$764,133	$761,514	$664,917	$800,380	$861,675	$ -	$ -	$ -	$ -
COVERAGE REQUIRED PER MASTER INDENTURE—Third lien	$577,301	$690,407	$723,259	$660,463	$790,282	$785,213	$ -	$ -	$ -	$ -
SENIOR LIEN BONDS—Net revenues for calculating coverage per master indenture senior lien [7]	$ -	$ -	$ -	$ -	$ -	$ -	$844,954	$853,216	$989,929	$1,022,296
COVERAGE REQUIRED PER MASTER INDENTURE—Senior lien [7]	$ -	$ -	$ -	$ -	$ -	$ -	$804,237	$825,116	$985,375	$ 986,243
COVERAGE RATIO	1.23	1.11	1.05	1.01	1.01	1.10	1.05	1.10	1.10	1.10

[1] Average annual compound growth rate for 2006–2015 for total operating revenues is 5.0%

[2] Salaries and wages includes charges for pension, health care and other employee benefits

[3] Average annual compound growth rate for 2006–2015 for total operating and maintenance expenses before depreciation and amortization is 9.5%

[4] Amount for 2015 may be reconciled to operating loss of $133,790 reported in the 2015 Statements of Revenues, Expenses and Changes in Net Position by deducting depreciation and amortization of $243,111. Amount for prior years may be reconciled through similar calculation

[5] Represents debt service on first and second lien bonds

[6] Represents debt service coverage ratio on first and second lien bonds

[7] Represents required coverage per senior lien master indenture

Note: Of the $339.5 million of pension expense for 2015, $25.8 million is the portion of the City's pension contribution payable in 2015 to the pension funds and allocable to O'Hare Airport. The remaining portion of the pension expense for 2015 $313.7 mil pursuant to GASB 68 but is not due and payable by the City during 2015, accordingly, that portion is not included in Operating Expenses for purposes of calculation of the debt service coverage ratios

Source: Chicago O'Hare International Airport Audited Financial Statements and City of Chicago Comptroller's Office

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

DEBT SERVICE SCHEDULE
(Dollars in thousands)
(Unaudited)

The following table sets forth aggregate annual debt service for outstanding General Airport Revenue Bonds (GARB), PFC revenue bonds and CFC revenue bonds:

Year Ending December 31	Total Debt Service on Senior Lien Bonds [1]	Total GARB Debt Service	Total PFC Debt Service	Total CFC Debt Service	Total Debt Service
2016	$ 484,436	$ 484,436	$ 65,918	$ 13,554	$ 563,908
2017	535,241	535,241	65,500	13,554	614,295
2018	561,351	561,351	65,454	18,161	644,966
2019	557,988	557,988	49,738	18,154	625,880
2020	521,824	521,824	47,786	18,160	587,770
2021	466,679	466,679	47,671	18,143	532,493
2022	466,466	466,466	47,637	18,125	532,228
2023	445,414	445,414	47,590	18,129	511,133
2024	443,297	443,297	47,558	18,113	508,968
2025	443,073	443,073	50,657	18,099	511,829
2026	438,703	438,703	50,605	18,082	507,390
2027	439,266	439,266	50,664	18,072	508,002
2028	439,134	439,133	50,618	18,081	507,833
2029	434,240	434,240	50,562	18,072	502,874
2030	436,090	436,090	50,410	18,059	504,559
2031	435,664	435,664	50,347	18,044	504,055
2032	435,336	435,336	46,285	18,029	499,650
2033	476,647	476,647	10,187	18,014	504,848
2034	474,857	474,856	6,917	17,976	499,750
2035	494,926	494,926	6,910	17,955	519,791
2036	313,894	313,894	6,901	17,939	338,734
2037	312,073	312,074	6,898	17,920	336,891
2038	309,680	309,680	6,887	17,902	334,469
2039	306,076	306,076	6,880	17,881	330,837
2040	194,999	194,999	6,873	17,862	219,734
2041	145,067	145,067		17,838	162,905
2042	48,545	48,545		17,815	66,360
2043	48,504	48,504		17,785	66,289
2044	48,444	48,445			48,444
2045	21,674	21,674			21,674
2046	21,653	21,653			21,653
	$11,201,241	$11,157,914	$943,453	$495,518	$12,640,212

[1] Assumes an interest rate effective at December 31, 2015, on $240,600,000 of Senior Lien Bonds that are variable-rate demand obligations.

Note: The annual debt service tables in the Official Statements for the above debt were presented with a year ended January 1. The information above is presented with a year ended December 31. The change has been made to facilitate reconciliation to revenue bonds payable at December 31, 2015.

Source. City of Chicago Comptroller's Office.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

CAPITAL IMPROVEMENT PLAN (CIP), 2016–2020
(Dollars in thousands)
(Unaudited)

ESTIMATED USES—Five-Year Capital Improvement Program:	
Airfield improvements	$ 366,874
Terminal improvements	341,141
Noise mitigation	12,000
Parking/roadway projects	689,784
Heating and refrigeration	223,726
Safety and security	99,485
Planning and other costs	4,000
Implementation	41,483
Sound	
TOTAL ESTIMATED USES	$ 1,778,493
ESTIMATED SOURCES:	
Existing PFC revenue bond proceeds	$ 26,156
PFC revenues (pay-as-you-go)	
Future Airport revenue bond proceeds	
Federal AIP discretionary grants	5,999
Federal AIP entitlement grants	32,500
TSA funds	89,536
Prior airport revenue bond proceeds	285,413
Future Airport obligation proceeds	749,972
CFC PayGo	140,000
CFC Senior Lien Revenue Bonds	126,917
CFC Backed TIFIA Loan	272,000
Other airport funds	50,000
TOTAL ESTIMATED SOURCES	$ 1,778,493

Source: City of Chicago Department of Aviation.

OPERATIONS OF THE AIRPORT
FOR EACH OF THE TEN YEARS ENDED DECEMBER 31, 2006–2015
(Unaudited)

Airport Activity

According to statistics compiled by Airports Council International, the Airport was the second busiest airport in the world as measured by total aircraft operations and the fourth busiest airport as measured by total passengers. In North America, the Airport is the sixth busiest airport in terms of total cargo tonnage handled. According to the Official Airline guide, as of December 31, 2015, nonstop service was provided from the Airport to 232 destinations, 167 domestic airports, and 65 foreign airports.

Chicago O'Hare International Airport Historical Connecting Passengers

Year	Total Enplanements	Total Originating Enplanements [1]	Total Connecting Enplanements [1]	Connecting Enplanements Percentage
2006	37,784,336	18,058,904	19,725,432	52.2 %
2007	37,779,576	18,223,460	19,556,116	51.8
2008	34,744,030	17,685,020	17,059,010	49.1
2009	32,047,097	15,708,291	16,338,806	51.0
2010	33,232,412	17,419,794	15,812,618	47.6
2011	33,207,302	15,972,745	17,234,557	51.9
2012	33,244,515	16,867,283	16,377,232	49.3
2013	33,297,578	17,044,643	16,252,935	48.8
2014	34,952,762	17,115,535	17,837,227	51.0
2015	38,395,905	20,096,191	18,299,714	47.7
Average Annual Compound Growth Rates				
2006–2015	0.2 %	1.2 %	(0.8)%	

[1] Originating enplanements, resulting connecting enplanements and percentages have been recalculated based on updated information.

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

ENPLANED COMMERCIAL PASSENGERS BY AIRLINE
FOR EACH OF THE TEN YEARS ENDED DECEMBER 31, 2006–2015
(Unaudited)

Airline [1]	2006 Enplanements	2006 % of Total	2007 Enplanements	2007 % of Total	2008 Enplanements	2008 % of Total	2009 Enplanements	2009 % of Total	2010 Enplanements	2010 % of Total
United Airlines	12,905,929	34.2 %	12,798,917	34.0 %	11,818,081	34.0 %	10,304,138	32.2 %	9,655,258	29.1 %
American Airlines	10,283,798	27.2	10,277,846	27.2	9,291,364	26.7	8,050,514	25.1	8,115,097	24.4
Simmons Airlines										
(dba American Eagle)	3,524,127	9.3	3,424,753	9.1	3,145,183	9.1	3,128,488	9.8	3,278,628	9.9
Sky West (dba United Express)	2,333,968	6.2	2,231,622	5.9	2,010,239	5.8	1,763,788	5.5	1,932,478	5.8
Mesa (dba United Express)	1,032,938	2.7	1,227,446	3.2	1,032,402	3.0	1,327,751	4.1	703,936	2.1
Northwest Airlines	626,705	1.7	630,695	1.8	586,600	1.7	439,517	1.4		
Shuttle America (dba United Express)	870,661	2.3	721,642	1.9	689,203	2.0	936,803	2.9	1,067,038	3.2
Continental Airlines	486,762	1.3	554,908	1.5	519,567	1.5	514,528	1.6	542,760	1.6
US Airways	474,309	1.3	578,879	1.5	892,225	2.6	923,729	2.9	865,420	2.6
Go Jet (UA Express)	432,179	1.0	449,979	1.2	399,076	1.1	567,601	1.8	787,343	2.4
Delta Airlines	518,373	1.4	443,342	1.2	430,985	1.2	311,533	1.0	572,588	1.7
Trans State Air (dba United Express)	384,147	1.0	390,640	1.0	464,624	1.3	450,469	1.4	428,504	1.3
America West	442,308	1.2	320,778	0.8						
Air Canada	161,023	0.4	132,572	0.4	136,277	0.4	123,367	0.3	132,392	0.4
Chautauqua (dba United Express)	188,805	0.5	47,800	0.1	92		78		43,191	0.1
Air Wisconsin (dba United Express)	21,100	0.1			24,143	0.1			147	
Independence Air	1,559									
All other [2]	3,095,645	8.2	3,467,757	9.2	3,303,969	9.5	3,204,793	10.0	5,107,632	15.4
Total	37,784,336	100.0 %	37,779,576	100.0 %	34,744,030	100.0 %	32,047,097	100.0 %	33,232,412	100.4 %

Airline [1]	2011 Enplanements	2011 % of Total	2012 Enplanements	2012 % of Total	2013 Enplanements	2013 % of Total	2014 Enplanements	2014 % of Total	2015 Enplanements	2015 % of Total
United Airlines	8,763,788	26.4 %	7,417,697	22.3 %	8,293,334	24.9 %	9,227,495	26.4 %	10,556,509	27.5 %
American Airlines	7,629,479	23.0	7,212,437	21.7	7,209,709	21.7	7,064,555	20.2	8,668,309	22.6
Simmons Airlines										
(dba American Eagle)	3,500,279	10.5	3,591,209	10.8	4,022,596	12.1	2,868,392	8.2	2,992,870	7.8
Sky West (dba United Express)	1,375,680	4.1	1,276,718	3.8	1,386,813	4.2	1,873,838	5.4	2,363,825	6.2
Mesa (dba United Express)	553,439	1.7	524,665	1.6	540,671	1.6	454,299	1.3	2,365	0.0
Northwest Airlines										
Shuttle America (dba United Express)	941,420	2.8	1,163,078	3.5	903,682	2.7	816,617	2.3	716,874	1.9
Continental Airlines	947,868	2.9	1,901,333	5.7	697,398	2.1				
US Airways	926,447	2.8	1,024,706	3.1	1,068,630	3.2	1,024,772	2.9	1,025,863	2.7
Go Jet (UA Express)	695,580	2.1	743,794	2.2	795,407	2.4	783,363	2.2	867,993	2.3
Delta Airlines	692,244	2.1	956,245	2.9	716,938	2.1	844,445	2.4	972,132	2.5
Trans State Air (dba United Express)	347,997	1.0	208,197	0.6	475,863	1.4	637,489	1.8	279,635	0.7
America West										
Air Canada	104,683	0.3	108,637	0.4	80,190	0.2	6,664		33,773	0.1
Chautauqua (dba United Express)	3,520		236		6,086		51,553	0.1		
Air Wisconsin (dba United Express)	2		4		1		2			
Independence Air										
All other [2]	6,724,876	20.3	7,115,559	21.4	7,100,260	21.3	9,299,278	26.8	9,915,757	25.7
Total	33,207,302	100.0 %	33,244,515	100.0 %	33,297,578	100.0 %	34,952,762	100.0 %	38,395,905	100.0

[1] Each airline listed is a signatory to a 1983 Airport Use Agreement

[2] Included in All Other are the signatories to the 1990 International Terminal Use Agreement not already listed on this table (Aer Lingus, Aeroflot, Aeromexico, Air Berlin, Air France, Air India, Air Jamaica, Air One, Alitalia, All Nippon, Asiana, Austr Aviacsa, British Airways, British Midland, Cathay Pacific, China Eastern, El Al Israel, Etihad, Hainan, Iberia, Japan, KLM, Korean, Kuwait, Lot Polish, Lufthansa, Mexicana, Pakistan, Qatar, Royal Jordanian, Scandinavian, Singapore, Spirit Airlines, Sw TACA/LACSA, Turkish Airlines, USA 3000 and Virgin Air and all other U S and foreign flag airlines operating at the Airport

AIRLINES PROVIDING SERVICE AT THE AIRPORT
As of December 31, 2015, the Airport had scheduled air service by 42 airlines, including 9 domestic airlines, and 33 foreign flag airlines Service to the Airport is provided by 15 of the 18 "Group III Carriers," which are defined by the U S Department of Transportation, Bureau of Transportation Statistics, Office of Airline Information to include domestic air carriers with annual operating revenues in excess of $1 billion

United Airlines and American Airlines (including their commuter affiliates) together accounted for approximately 80% of the enplaned commercial passengers at the Airport in 2015

Source City of Chicago Department of Aviation

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

HISTORICAL PASSENGER TRAFFIC
FOR EACH OF THE TEN YEARS ENDED DECEMBER 31, 2006–2015
(Unaudited)

Year	Total Domestic Passengers	Percent of Total Passengers	Total International Passengers	Percent of Total Passengers	Total Passengers	Annual Percent Change
2006	64,573,153	84.6 %	11,726,137	15.4 %	76,299,290	0.2 %
2007	64,376,479	84.5	11,801,376	15.5	76,177,855	(0.2)
2008	59,404,334	83.9	11,414,681	16.1	70,819,015	(7.0)
2009	54,114,214	83.8	10,439,179	16.2	64,553,393	(8.8)
2010	56,615,214	84.5	10,410,977	15.5	67,026,191	3.8
2011	57,233,467	85.7	9,558,683	14.3	66,792,150	(0.3)
2012	56,857,637	85.1	9,977,294	14.9	66,834,931	0.1
2013	56,728,189	84.8	10,181,394	15.2	66,909,583	0.1
2014	59,321,544	84.7	10,753,660	15.3	70,075,204	4.7
2015	65,943,490	85.7	11,006,014	14.3	76,949,504	9.8
Average Annual Compound Growth Rates						
2006–2015	0.2 %		(0.7)%		0.1 %	

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

LONG-TERM DEBT
FOR EACH OF THE TEN YEARS ENDED DECEMBER 31, 2006–2015
(Dollars in thousands)
(Unaudited)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
First lien bonds	$ 72,795	$ 72,795	$ 72,795	$ 72,795	$ 72,795	$ 72,795	$ -	$ -	$ -	$ -
Second lien bonds	732,845	721,470	656,875	585,080	450,250	369,330				
Third lien bonds	3,620,670	3,559,420	4,278,530	4,219,195	5,213,760	6,145,590				
Senior lien bonds							6,355,245	6,696,365	6,563,780	6,586,490
Commercial paper notes		334,673	35,565	295,355		19,919	50,616	20,000	51,026	
Passenger facility Passenger facility charge revenue bonds	825,709	796,715	741,340	725,675	833,715	812,715	726,700	700,090	663,780	631,245
Customer facility Customer facility charge revenue bonds								248,750	248,750	248,750
Total revenue bonds and notes	5,252,019	5,485,073	5,785,105	5,898,100	6,570,520	7,420,349	7,132,561	7,665,205	7,527,336	7,466,485
Unamortized premium	52,932	48,090	89,308	80,788	86,856	192,249	200,381	224,056	199,169	374,179
Total revenue bonds payable, net of unamortized premium (discount)	$ 5,304,951	$ 5,533,163	$ 5,874,413	$ 5,978,888	$ 6,657,376	$ 7,512,598	$ 7,332,942	$ 7,889,261	$ 7,726,505	$ 7,840,664
Enplanements	$37,784.336	$37,779,576	$34,744,030	$32,047,097	$33,232,412	$33,206,867	$33,244,515	$33,297,578	$34,952,762	$38,395,905
Debt per enplanement	$ 139	$ 145	$ 167	$ 184	$ 198	$ 223	$ 215	$ 230	$ 215	$ 194

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

FULL-TIME EQUIVALENT CHICAGO O'HARE AIRPORT EMPLOYEES BY FUNCTION FOR EACH OF THE TEN YEARS ENDED DECEMBER 31, 2006–2015
(Unaudited)

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Administration (pre-2009 executive directions)	20	25	15	73	130	127	119	110	-	-
Capital development	57	49	49	30	39	43	35	34	18	18
Financial administration	27	25	21						35	36
Human resources management	26	24	22							
Capital finance management	21	9	9							
Contract administration	11	18	18						12	12
Business information services	13	11	9							
Business communication	44	40	41	10	13	13				
Commercial development and concessions	5	6	5	3	6	6	4	3	13	13
Administration	32	26	24						47	46
Airfield operations	270	280	280	309	309	306	305	305	306	306
Landside operations	26	19	18	14	13	11	12	22	239	240
Security management	241	233	249	243	243	242	236	236	361	306
Facility management	537	537	498	502	515	519	500	504	311	324
Safety management		9	9	9	7	7	7	7		
Total	1,330	1,311	1,267	1,193	1,275	1,274	1,218	1,221	1,342	1,301

Source: City of Chicago's Program and Budget Summary.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

STATISTICAL DATA
PRINCIPAL EMPLOYERS (NONGOVERNMENT)
CURRENT YEAR AND NINE YEARS AGO (SEE NOTE AT THE END OF THIS PAGE)
(Unaudited)

	2015 [1]			2006 [4]		
Employer	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Advocate Health Care	18,308	1	1.44 %	-	-	- %
University of Chicago	16,197	2	1.27			
Northwestern Memorial Healthcare	15,317	3	1.20			
JP Morgan Chase & Co. [2]	14,158	4	1.11	8,979	1	0.82
United Continental Holdings Inc.	14,000	5	1.10	5,944	2	0.55
Health Care Service Corporation	13,006	6	1.02			
Walgreen Boots Alliance Inc.	13,006	7	1.02			
Presence Health	10,500	8	0.82			
Abbott Laboratories	10,000	9	0.79			
Northwestern University	9,708	10	0.76			
Jewel Food Stores, Inc				5,453	3	0.50
Northern Trust Corporation				4,610	4	0.42
Accenture LLP				4,470	5	0.41
SBC/AT&T [3]				3,834	6	0.35
American Airlines				3,750	7	0.34
Ford Motor Company				3,480	8	0.32
Bonded Maintenance Company				3,298	9	0.30
Bank of America				3,108	10	0.29

Notes:

[1] Source: Reprinted with permission, Crain's Chicago Business [January 18, 2016], Crain Communications, Inc.

[2] J.P. Morgan Chase formerly known as Banc One.

[3] AT&T Inc. formerly known as SBC Ameritech. 2015 number of employees is a state wide number.

[4] Source: City of Chicago, Department of Revenue, Employer's Expense Tax Returns.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

STATISTICAL DATA
POPULATION AND INCOME STATISTICS
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2006–2015
(Unaudited)

Year	Population [1]	Median Age [2]	Number of Households [2]	City Employment	Unemployment Rate [3]	Per Capita Income [4]	Total Income
2006	2,896,016	33.5	1,040,000	1,228,075	5.2 %	$ 41,887	$ 121,305,422,192
2007	2,896,016	33.7	1,033,328	1,249,238	5.7	43,714	126,596,443,424
2008	2,896,016	34.1	1,032,746	1,237,856	6.4	45,328	131,270,613,248
2009	2,896,016	34.5	1,037,069	1,171,841	10.0	43,727	126,634,091,632
2010	2,695,598	34.8	1,045,666	1,116,830	10.1	45,957	123,881,597,286
2011	2,695,598	33.2	1,048,222	1,120,402	9.3	45,977	123,935,509,246
2012	2,695,598	33.0	1,054,488	1,144,896	8.9	48,305	130,210,861,390
2013	2,695,598	33.5	1,062,029	1,153,725	8.3	49,071	132,275,689,458
2014	2,695,598	33.9	1,031,672	1,264,234	5.7	50,690	136,639,862,620
2015	2,695,598	N/A	N/A	1,273,733 *	5.7	N/A [5]	N/A [5]

Notes:
[1] Source: U.S. Census Bureau.
[2] Source: American Fact Finder—United States Census Bureau data estimates.
Data not available for 2015.
[3] Source: Bureau of Labor Statistics 2015, Unemployment rate for Chicago-Naperville-Illinois Metropolitan Area.
[4] Source: U.S. Department of Commerce, Bureau of Economic Analysis, Per Capita Personal Income for Chicago-Naperville-Illinois Metropolitan Area.
[5] N/A means not available at time of publication.
* December 2015 data.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

SUMMARY—2015 TERMINAL RENTALS, FEES AND CHARGES FOR THE PERIOD COMMENCING JULY 1, 2015

	Signatory	Non-Signatory
DOMESTIC TERMINAL		
DESCRIPTION:		
Landing fee/1,000 lbs.	$ 7.87	$ 9.84
Base rent	$ 5.00	
Existing footage	$ 64.40	
Special facility additional footage	N/A	
Additional footage	$ 91.23	
Ultimate additional footage	N/A	
INTERNATIONAL TERMINAL		
DESCRIPTION:		
Landing fee/1,000 lbs.	$ 7.87	$ 9.84
Terminal rent/sq. ft./annum:		
Long-term signatory	$ 95.86	
Short-term signatory	N/A	
Month-to-month	$ 129.41	
ENPLANED PASSENGER USE CHARGE:		
Long-term signatory	$ 12.30	
Short-term signatory	N/A	
Month-to-month	$ 16.61	
DEPLANED PASSENGER USE CHARGE:		
Long-term signatory	$ 9.64	
Short-term signatory	N/A	
Month-to-month	$ 13.02	

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

AIRPORT MARKET SHARE OF RENTAL CAR BRANDS OPERATING ON-AIRPORT
(Unaudited)

Corporate Entity [1]	Brand(s)	2015 Airport Market
Enterprise Holdings, Inc.	Enterprise Rent-A-Car [1]	10.1 %
	Alamo Rent-A-Car [1]	
	National Rent-A-Car [1]	27.5 %
		37.6 %
Avis Budget Group, Inc.	Avis Car Rental	19.5 %
	Budget Rent-A-Car	9.2 %
		28.7 %
Hertz Global Holdings, Inc.	Hertz Rent A Car	25.8 %
	Dollar Rent A Car	4.7 %
	Thrifty Car Rental	3.2 %
		33.7 %
		100.0 %

[1] Alamo and National are reported jointly.

Sources: City of Chicago Department of Aviation, Ricondo & Associates, Inc.

Source: Chicago Department of Aviation

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

HISTORICAL VISITING O&D ENPLANED PASSENGERS
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2006–2015
(Unaudited)

Year	Total Enplaned Passengers [1]	Total O & D Enplaned Passengers [1]	Total O & D Percentage of Total	Resident O & D Enplaned Passengers	Resident Percentage of Total O & D	Visiting Enplaned Passengers	Visitor Percentage of Total O & D
2006	37,764,444	17,808,474	47.2 %	10,109,166	56.8 %	7,699,308	43.2 %
2007	37,763,062	18,223,460	48.3	10,388,154	57.0	7,835,306	43.0
2008	34,011,186	17,024,876	50.1	9,664,005	56.8	7,360,870	43.2
2009	32,035,155	15,696,349	49.0	8,906,382	56.7	6,789,967	43.3
2010	33,219,302	15,605,731	47.0	8,852,882	56.7	6,752,849	43.3
2011	33,194,708	15,972,745	48.1	9,043,984	56.6	6,928,761	43.4
2012	33,231,201	16,318,810	49.1	9,108,439	55.8	7,210,371	44.2
2013	33,284,788	17,038,092	51.2	9,541,332	56.0	7,496,761	44.0
2014	34,952,762	17,115,535	49.0	9,534,351	55.7	7,491,276	43.8
2015	38,395,905	19,469,276	50.7	10,902,795	56.0	8,566,481	44.0

[1] Originating enplanements, resulting connecting enplanements and percentages have been recalculated based on updated information.

Source: City of Chicago Department of Aviation

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

HISTORICAL CFC COLLECTIONS ON SITE AIRPORT RENTAL CAR COMPANIES
(Dollars in thousands)
(Unaudited)

	2010	2011	2012	2013	2014	2015
January	$ -	$ 1,834,376	$ 2,043,472	$ 2,021,728	$ 2,095,216	$ 2,058,208
February		1,720,816	2,119,752	2,023,816	2,037,496	1,975,312
March		2,264,728	2,492,960	2,380,208	2,365,224	2,411,096
First quarter total	-	5,819,920	6,656,184	6,425,752	6,497,936	6,444,616
Annual percent change			14.4 %	(3.5)%	1.1 %	(0.8)%
April		2,497,584	2,584,776	2,532,288	2,663,448	2,833,576
May		2,997,144	3,135,048	3,161,456	3,403,440	3,457,424
June		3,202,568	3,286,280	3,335,392	3,575,576	3,512,048
Second quarter total	-	8,697,296	9,006,104	9,029,136	9,642,464	9,803,048
Annual percent change			3.6 %	0.3 %	6.8 %	1.7 %
July		3,426,648	3,379,960	3,362,504	3,579,976	3,920,712
August	2,119,704	3,493,216	3,586,248	3,764,952	3,948,912	3,979,920
September	2,849,560	3,317,356	3,245,784	3,496,664	3,537,496	3,756,256
Third quarter total	4,969,264	10,237,220	10,211,992	10,624,120	11,066,384	11,656,888
Annual percent change			(0.2)%	4.0 %	4.2 %	5.3 %
October	3,004,736	3,177,744	3,309,960	3,456,280	3,612,656	3,815,136
November	2,478,504	2,647,208	2,703,392	2,798,264	2,891,736	2,937,088
December	2,145,328	2,321,952	2,180,840	2,564,448	2,572,952	2,478,696
Fourth quarter total	7,628,568	8,146,904	8,194,192	8,818,992	9,077,344	9,230,920
Annual total	$ 12,597,832	$ 32,901,340	$ 34,068,472	$ 34,898,000	$ 36,284,128	$ 37,135,472
Annual percent change						
Year to date total (through May)		$ 11,314,648	$ 12,376,008	$ 12,119,496	$ 12,564,824	$ 12,735,616
Annual percentage change			9.4 %	(2.1)%	3.7 %	1.4 %

Note: CFC Collections from off site Rental Car Companies commenced in August 2013.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

HISTORICAL CFC COLLECTIONS ON AND OFF SITE AIRPORT RENTAL CAR COMPANIES
(Dollars in thousands)
(Unaudited)

	2010	2011	2012	2013	2014	2015
January	$ -	$ 1,834,376	$ 2,043,472	$ 2,021,728	$ 2,095,216	$ 2,190,072
February		1,720,816	2,119,752	2,023,816	2,037,496	2,091,544
March		2,264,728	2,492,960	2,380,208	2,365,224	2,531,080
First quarter total	-	5,819,920	6,656,184	6,425,752	6,497,936	6,812,696
Annual percent change			14.4 %	(3.5)%	1.1 %	4.8 %
April		2,497,584	2,584,776	2,532,288	2,663,448	2,962,240
May		2,997,144	3,135,048	3,161,456	3,403,440	3,623,328
June		3,202,568	3,286,280	3,335,392	3,575,576	3,691,640
Second quarter total	-	8,697,296	9,006,104	9,029,136	9,642,464	10,277,208
Annual percent change			3.6 %	0.3 %	6.8 %	6.6 %
July		3,426,648	3,379,960	3,362,504	3,579,976	4,127,848
August	2,119,704	3,493,216	3,586,248	3,764,952	3,948,912	4,188,848
September	2,849,560	3,317,356	3,245,784	3,496,664	3,537,496	3,934,624
Third quarter total	4,969,264	10,237,220	10,211,992	10,624,120	11,066,384	12,251,320
Annual percent change			(0.2)%	4.0 %	4.2 %	10.7 %
October	3,004,736	3,177,744	3,309,960	3,456,280	3,612,656	4,012,344
November	2,478,504	2,647,208	2,703,392	2,798,264	2,891,736	3,144,944
December	2,145,328	2,321,952	2,180,840	2,564,448	2,572,952	2,705,784
Fourth quarter total	7,628,568	8,146,904	8,194,192	8,818,992	9,077,344	9,863,072
Annual total	$ 12,597,832	$ 32,901,340	$ 34,068,472	$ 34,898,000	$ 36,284,128	$ 39,204,296
Annual percent change						
Year to date total (through May)		$ 11,314,648	$ 12,376,008	$ 12,119,496	$ 12,564,824	$ 13,398,264
Annual percentage change			9.4 %	(2.1)%	3.7 %	6.6 %

Note: CFC Collections from off site Rental Car Companies commenced in August 2013.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

RACS AND OFF-AIRPORT AND RELATED BRANDS OPERATING AT THE AIRPORT

RAC Legal Entity	Rental Car Brands	Legal Organization	Current Status of Brand(s) at Airport
Enterprise Leasing Company of Chicago LLC	Enterprise Rent-A-Car Alamo Rent-A-Car National Car Rental	Delaware limited liability company and subsidiary of Enterprise Holdings, Inc	Existing On-Airport
The Hertz Corporation	Hertz Rent-A-Car Dollar Rent-A-Car Thrifty Car Rental Firefly	Delaware limited liability company and subsidiary of Hertz Global Holdings, Inc (NYSE: HTZ)	Existing On-Airport Existing Off-Airport
Avis Budget Car Rental, LLC	Avis Car Rental Budget Rent-A-Car Payless Car Rental	Delaware limited liability company and subsidiary of Avis Budget Group, Inc (NASDAQ: CAR)	Existing On-Airport Existing Off-Airport
The Catalyst Capital Group[2][3]	Advantage Rent-A-Car	Toronto-based private equity firm	Existing Off-Airport
EZ Rent A Car, Inc.[2]	EZ-RAC	Florida privately held business corporation	Existing Off-Airport
FlightCar, Inc	FlightCar	Privately held business corporation in Delaware	New Service Provider
Silvercar Inc	Silvercar	Privately held business corporation in Delaware	New Service Provider

[1] Ace Rent-A-Car corporate locations, including the off-airport Ace location at O'Hare were sold to Avis Budget and fully transitioned to the Payless brand in 2014.

[2] Advantage Rent-A-Car entered into an agreement to purchase E-Z Rent-A-Car, Inc. in February 2015. The transaction was completed in June 2015.

Sources: City of Chicago Department of Aviation; Ricondo & Associates, Inc.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

PROJECTED SERIES 2013 CFC BOND DEBT SERVICE COVERAGE EACH OF THE SIX YEARS ENDED DECEMBER 31, 2017–2022 (Unaudited)

Revenues & Other Available Funds	2017	2018	2019	2020	2021	2022
Revenues						
CFC collections	$35,855,203	$36,681,485	$37,498,736	$38,302,442	$39,128,723	$39,950,490
Facility rent			13,793,790	13,734,581	13,520,553	13,330,174
Interest Earnings transferred to CFC revenue fund [1]	1,845,672	846,927	846,927	847,694	849,276	850,955
Total revenues	$37,700,875	$37,528,412	$52,139,453	$52,884,717	$53,498,552	$54,131,619
Other Available Funds						
Rolling coverage fund [2]	$ 4,569,748	$ 4,569,436	$ 4,568,686	$ 4,568,998	$ 4,568,605	$ 4,568,792
Supplemental reserve fund [3]	913,950	913,887	913,737	913,800	913,721	913,758
Total other available funds	$ 5,483,698	$ 5,483,323	$ 5,482,423	$ 5,482,798	$ 5,482,326	$ 5,482,550
Total Revenues & Other Available Funds	$43,184,573	$43,011,735	$57,621,876	$58,367,515	$58,980,878	$59,614,169
DEBT SERVICE COVERAGE CALCULATIONS:						
Series 2013 CFC Senior Lien Bonds Debt Service	$18,278,994	$18,277,744	$18,274,744	$18,275,994	$18,274,419	$18,275,169
DEBT SERVICE COVERAGE PURSUANT TO THE CFC INDENTURE:						
Series 2013 CFC Senior Lien Bond Debt Service Coverage pursuant to the CFC Indenture	2.36	2.35	3.15	3.19	3.23	3 26
Debt Service coverage requirement pursuant to the CFC Indenture	1.30	1.30	1.30	1.30	1.30	1.30
DEBT SERVICE COVERAGE BASED ON REVENUES ONLY						
Series 2013 CFC Senior Lien Bonds debt service coverage based on Revenues only	2.06	2.05	2.85	2 89	2.93	2.96
DEBT SERVICE COVERAGE BASED ON CFC COLLECTIONS ONLY						
Series 2013 CFC Senior Bonds debt service coverage based on CFC collections only	1.96	2.01	2.05	2.10	2.14	2.19

[1] Interest earnings include interest accrued on amounts in the Rolling Coverage Fund, the Supplemental Reserve Fund, the Maintenance Reserve Account, the Debt Service Reserve Fund, and the Subordinate Reserve Fund.

[2] Pursuant to the CFC Indenture, Includes amounts in the Rolling Coverage Fund not to exceed 25% of 2013 CFC Bond debt service.

[3] Pursuant to the CFC Indenture, Includes amounts in the Supplemental Reserve Fund not to exceed 5% of 2013 CFC Bond debt service.

Source: City of Chicago Department of Aviation, Ricondo & Associates, Inc

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

PROJECTED SERIES 2013 CFC BOND AND TIFIA LOAN DEBT SERVICE COVERAGE EACH OF THE SIX YEARS ENDED DECEMBER 31, 2017–2022
(Unaudited)

Revenues and other available funds	2017	2018	2019	2020	2021	2022
Revenues						
CFC collections	$35,855,203	$36,681,485	$37,498,736	$38,302,442	$39,128,723	$39,950,490
Facility rent			13,793,790	13,734,581	13,520,553	13,330,174
Transferred to CFC revenue fund [1]	1,845,672	846,927	846,927	847,694	849,276	850,955
Total revenues	$37,700,875	$37,528,412	$52,139,453	$52,884,717	$53,498,552	$54,131,619
Other available funds						
Rolling coverage fund [2]	4,569,748	4,569,436	4,568,686	4,568,998	4,568,605	4,568,792
Supplemental reserve fund [3]	913,950	913,887	913,737	913,800	913,721	913,758
Total other available funds	5,483,698	5,483,323	5,482,423	5,482,798	5,482,326	5,482,550
Total Other Available Funds	$43,184,573	$43,011,735	$57,621,876	$58,367,515	$58,980,878	$59,614,169
DEBT SERVICE FOR COVERAGE CALCULATIONS						
Series 2013 CFC Senior Bonds Debt Service	$18,278,994	$18,277,744	$18,274,744	$18,275,994	$18,274,419	$18,275,169
Subordinate Bonds (TIFIA Loan)			11,132,209	11,132,209	11,132,209	11,132,209
Aggregate Debt Service	$18,278,994	$18,277,744	$29,406,953	$29,408,203	$29,406,628	$29,407,378
DEBT SERVICE COVERAGE PURSUANT TO THE CFC INDENTURE:						
Aggregate Debt Service coverage pursuant to the CFC Indenture	2.36	2.35	1.96	1.98	2.01	2 03
Debt Service coverage requirement pursuant to the CFC Indenture	1.10	1.10	1.10	1.10	1.10	1.10
DEBT SERVICE COVERAGE BASED ON REVENUES ONLY						
Aggregate Debt Service coverage based on Revenues only	2.06	2.05	1.77	1.80	1.82	1.84
DEBT SERVICE COVERAGE BASED ON CFC COLLECTIONS ONLY						
Aggregate Debt Service coverage based on CFC collections only	1.96	2.01	1.28	1.30	1.33	1 36

[1] Interest earnings include interest accrued on amounts in the Rolling Coverage Fund, the Supplemental Reserve Fund, the Maintenance Reserve Account, the Debt Service Reserve Fund, and the Subordinate Reserve Fund.

[2] Pursuant to the CFC Indenture, Includes amounts in the Rolling Coverage Fund not to exceed 25% of 2013 CFC Bond debt service.

[3] Pursuant to the CFC Indenture, Includes amounts in the Supplemental Reserve Fund not to exceed 5% of 2013 CFC Bond debt service.

Source. City of Chicago Department of Aviation, Ricondo & Associates, Inc

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Appendix E

REPORT OF THE AIRPORT CONSULTANT

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Appendix E

Report of the Airport Consultant

City of Chicago
Chicago O'Hare International Airport
General Airport Senior Lien Revenue Refunding Bonds, Series 2016A (AMT)
General Airport Senior Lien Revenue Refunding Bonds, Series 2016B (Non-AMT)
General Airport Senior Lien Revenue Refunding Bonds, Series 2016C (Non-AMT)
General Airport Senior Lien Revenue Bonds, Series 2016D (Non-AMT)
General Airport Senior Lien Revenue Bonds, Series 2016E (Non-AMT)
General Airport Senior Lien Revenue Bonds, Series 2016F (Non-AMT)
General Airport Senior Lien Revenue Bonds, Series 2016G (AMT)

PREPARED BY:

RICONDO & ASSOCIATES, INC.
20 North Clark Street, Suite 1500
Chicago, Illinois 60602
(312) 606-0611 (phone)
(312) 606-0706 (facsimile)

IN ASSOCIATION WITH:
Partners for Economic Solutions

RICONDO
& ASSOCIATES

November 18, 2016

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RICONDO®
& ASSOCIATES

November 18, 2016

Ms. Ginger S. Evans
Commissioner
City of Chicago, Department of Aviation
10510 West Zemke Road
Chicago, Illinois 60666

RE: City of Chicago, Chicago O'Hare International Airport
General Airport Senior Lien Revenue Refunding Bonds, Series 2016A (AMT)
General Airport Senior Lien Revenue Refunding Bonds, Series 2016B (Non-AMT)
General Airport Senior Lien Revenue Refunding Bonds, Series 2016C (Non-AMT)
General Airport Senior Lien Revenue Bonds, Series 2016D (Non-AMT)
General Airport Senior Lien Revenue Bonds, Series 2016E (Non-AMT)
General Airport Senior Lien Revenue Bonds, Series 2016F (Non-AMT)
General Airport Senior Lien Revenue Bonds, Series 2016G (AMT)

Dear Ms. Evans:

Ricondo & Associates, Inc. (R&A) is pleased to present this Report of the Airport Consultant (the Report) for inclusion as Appendix E in the Official Statements for the 2016 Bonds, defined herein and described in detail in this Report. The 2016 Bonds, comprised of the 2016 Refunding Bonds and 2016 New Money Bonds, described herein, will be issued pursuant to an ordinance adopted by the Chicago City Council on September 14, 2016 (the Bond Ordinance) and the Master Indenture of Trust securing Chicago O'Hare International Airport Senior Lien Obligations dated as of September 1, 2012 (the Senior Lien Master Indenture) between the City of Chicago (the City) and U.S. Bank National Association, Chicago, Illinois (the Trustee), as supplemented by the Supplemental Indentures from the City of Chicago (the City) to the Trustee. The Senior Lien Master Indenture, as supplemented by the Supplemental Indentures, and as it may be amended and supplemented from time to time in accordance with its terms, is herein referred to as the Senior Lien Indenture.

The 2016 Bonds will be secured under the Senior Lien Indenture by a lien on and pledge of all Revenues and in some cases Other Available Moneys and will be payable from amounts that may be withdrawn from the Debt Service Fund created under the Senior Lien Indenture, as described in the Report.

The City will use the proceeds from the sale of the 2016 Refunding Bonds, together with other available funds, to:

(i) refund certain outstanding Airport Obligations to generate debt service savings,
(ii) fund the related reserve requirements for the 2016 Refunding Bonds, and

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(iii) pay costs and expenses incidental thereto and to the issuance of the 2016 Refunding Bonds.

The City will use the proceeds from the sale of the 2016 New Money Bonds, together with other available funds, to:

(i) pay the costs of the 2016 Projects, as herein defined

(ii) fund the related reserve requirements for the 2016 New Money Bonds,

(iii) fund capitalized interest on a portion of the 2016 New Money Bonds, and

(iv) pay costs and expenses incidental thereto and to the issuance of the 2016 New Money Bonds.

Unless otherwise defined herein, all capitalized terms in this Report are used as defined in the Official Statements for the 2016 Bonds and/or the Senior Lien Indenture.

This Report presents the analysis undertaken by R&A to demonstrate the ability of the City to comply with the requirements of the Senior Lien Indenture for Fiscal Years (FYs) 2016 through 2025 (the Projection Period) based on the assumptions regarding the planned issuance of the 2016 Bonds established by the City through consultation with its financial advisors, underwriters, and the financing team. In developing its analysis, R&A has reviewed historical trends and formulated projections based on the assumptions put forth in this Report, which have been reviewed by the City, regarding the ability of the Air Trade Area (as defined herein) to generate demand for airline service at Chicago O'Hare International Airport (the Airport), the amount of airline service and passenger activity at the Airport, and the generation of Revenues and Other Available Moneys at the Airport through the Projection Period. The Report is organized as follows:

- Summary of Findings
- Chapter 1: The 2016 Bonds
- Chapter 2: The Airport Facilities, Capital Program, and 2016 Projects
- Chapter 3: Demographic and Economic Analysis
- Chapter 4: Air Traffic
- Chapter 5: Financial Analysis

On the basis of the analysis set forth in this Report, R&A is of the opinion that the Revenues and Other Available Moneys generated each year of the Projection Period are expected to be sufficient to comply with the Rate Covenants established in the Senior Lien Indenture, and that the resulting projected airline costs should remain reasonable. Although summary information is provided, a complete understanding of the justification for our conclusion cannot be attained without reading the Report in its entirety.

Founded in 1989, R&A 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. R&A has prepared Reports of the Airport Consultant in support of over $26 billion of airport related revenue bonds since 1996. R&A is not registered as a municipal advisor under Section 15B of the Securities Exchange Act of 1934. R&A is not acting as a municipal advisor and has not been engaged by the City to provide advice with respect to the structure, timing, terms, or other similar matters concerning the issuance of municipal securities. The assumptions regarding such matters included in this Report were provided by the City or the City's financial advisors or underwriters, or, with the City's approval, were derived from general, publicly available data approved by the City. R&A owes no fiduciary duty to the City. The City should discuss the information and analysis contained in this Report with internal and external advisors and experts that the City deems appropriate before taking any action. Any opinions, assumptions, views, or information contained herein are not intended to be, and do not constitute, "advice" within the meaning of Section 15B of the Securities Exchange Act of 1934.

The techniques and methodologies used by R&A in preparing this Report are consistent with industry practices for similar studies in connection with airport revenue bond sales. While R&A believes that the approach and assumptions used in this Report are reasonable, some assumptions regarding future trends and events detailed in this Report, including, but not limited to, the implementation schedule and the projections of passenger activity and financial performance, may not materialize. Therefore, actual performance will likely differ from the projections set forth in this Report and the variations may be material. In developing its analysis, R&A used information from various sources, including the City, the underwriters, the financial advisors, federal and local governmental agencies, and independent private providers of economic and aviation industry data, as identified in the notes accompanying the related tables and exhibits in this Report. R&A 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. R&A has no obligation to update this Report on an ongoing basis.

Sincerely,

Ricondo & Associates, Inc.

RICONDO & ASSOCIATES, INC.

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List of Exhibits (continued)

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Summary of Findings

The City of Chicago (the City) engaged Ricondo & Associates, Inc. (R&A) to prepare this Report of the Airport Consultant (the Report) to provide an independent assessment of the City's ability to meet its obligations regarding the issuance of the Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2016A (AMT) (the 2016A Refunding Bonds), Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2016B (Non-AMT) (the 2016B Refunding Bonds), and Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2016C (Non-AMT) (the 2016C Refunding Bonds and, collectively with the 2016A Refunding Bonds and 2016B Refunding Bonds, are referred to as the 2016 Refunding Bonds), Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2016D (the 2016D New Money Bonds), Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2016E (the 2016E New Money Bonds), Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2016F (the 2016F New Money Bonds), and Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2016G (the 2016G New Money Bonds, and, collectively with the 2016D New Money Bonds, 2016E New Money Bonds, and 2016F New Money Bonds are referred to as the 2016 New Money Bonds).[1] The 2016A Refunding Bonds, the 2016B Refunding Bonds, the 2016C Refunding Bonds, the 2016D New Money Bonds, the 2016E New Money Bonds, the 2016F New Money Bonds, and the 2016G New Money Bonds are referred to collectively as the 2016 Bonds.

Unless otherwise defined herein, all capitalized terms in this Report are used as defined in the Official Statements for the 2016 Bonds and/or the Senior Lien Indenture.

On the basis of the analysis set forth in this Report, R&A is of the opinion that the Revenues and in some cases Other Available Moneys generated each year of the Projection Period (Fiscal Year [FY] 2016- FY 2025) are expected to be sufficient to comply with the Rate Covenants established in the Senior Lien Indenture and that the resulting projected airline costs should remain reasonable. The following summary provides key information and findings that support this opinion. Additional detail is included in Chapters 1 through 5 of the Report.

---

[1] R&A prepared this document 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 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. R&A 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.

The 2016 Bonds

The 2016 Bonds are comprised of the 2016 Refunding Bonds and the 2016 New Money Bonds.

The City will use the proceeds from the sale of the 2016 Refunding Bonds, together with other available funds, to:

(i) refund certain outstanding Airport Obligations to generate debt service savings,

(ii) fund related reserve requirements of the 2016 Refunding Bonds, and

(iii) pay costs and expenses incidental thereto and to the issuance of the 2016 Refunding Bonds.

It is expected that annual debt service savings of between $2.1 million and $7.5 million will result from the issuance of the 2016 Refunding Bonds and the refunding of certain Airport Obligations. The expected savings from the 2016 Refunding Bonds have been assumed in the debt service projections included in the financial analysis in this Report.

The City will use the proceeds from the sale of the 2016 New Money Bonds, together with other available funds, to:

(i) pay the costs of the 2016 Airport Projects, as herein defined,

(ii) fund the related reserve requirements of the 2016 New Money Bonds,

(iii) fund capitalized interest on a portion of the 2016 New Money Bonds, and

(iv) pay costs and expenses incidental thereto and to the issuance of the 2016 New Money Bonds.

Pursuant to the terms of the Senior Lien Indenture, the 2016 Bonds will be secured by a first lien pledge of Revenues (meaning, generally, all amounts received or receivable, directly or indirectly, by the City for the use and operation of Chicago O'Hare International Airport [the Airport] [excluding the Land Support Area]) and certain Other Available Moneys, on a parity basis with the City's Outstanding Senior Lien Bonds and such other Senior Lien Obligations as may be outstanding from time to time, and will be paid from amounts that may be withdrawn from the Debt Service Fund created under the Senior Lien Indenture. Revenues are defined in the Official Statement.

Additional information on the 2016 Bonds is provided in Chapter 1 of this Report.

Table S-1 presents a summary of the tax status and security of each series of the 2016 Bonds.

Table S-1: Summary of the 2016 Bonds

	SERIES 2016A	SERIES 2016B	SERIES 2016C	SERIES 2016D	SERIES 2016E	SERIES 2016F	SERIES 2016G
Use	Refunding	Refunding	Refunding	New Money	New Money	New Money	New Money
Status	Tax-exempt; AMT	Tax-exempt; Non-AMT	Tax-exempt; Non-AMT	Tax-exempt; Non-AMT	Tax-exempt, Non-AMT	Tax-exempt; Non-AMT	Tax-Exempt AMT
Security	Revenues	Revenues	Revenues, PFC Revenue through 2018	Revenues	Revenues, Grant Receipts	Revenues, PFC Revenues through maturity	Revenues

SOURCE Chicago Department of Aviation; Katten Muchin Rosenman, LLP, November 2016.
PREPARED BY: Ricondo & Associates, Inc, November 2016.

The Airport Facilities, Capital Program, and 2016 Projects

The Airport is the largest commercial-service airport serving Chicago and the surrounding region. Its primary facilities consist of the airfield, terminal area, rental car facilities, air cargo areas, maintenance/airport support areas, and surface access/parking areas. The airfield consists of eight active runways; the terminal area consists of four terminal buildings with a total of 189 gates. The Airport's airfield, terminal area, and other facilities are described in Chapter 2 of this Report.

The City has been undertaking major capital planning initiatives at the Airport, including airfield and facility development, while also maintaining a 5-year Capital Improvement Program (CIP) to address the Airport's ongoing capital needs. The Airport's capital program includes the O'Hare Modernization Program (OMP) Airfield Projects, the 5-year (2016-2020) CIP, and other recently announced capital projects, as described briefly in this section and further described in Chapter 2 of this Report.

- **OMP Airfield Projects**[2] are changing the airfield from a layout with intersecting runways to a modern parallel runway system. The OMP, which includes the construction of one new runway, the relocation of three existing runways and the extension of two existing runways, is being undertaken in phases that began in 2005. To date, three of the four runways have been completed and one of the two runway extensions has been completed. The Airport has experienced a reduction in operational delays and an increase in airfield capacity with the completion of the OMP projects. The remaining OMP Airfield Projects include one runway (under construction), and an extension to an existing runway, which is expected to further reduce delays and increase capacity. Funding for the OMP Airfield Projects has been undertaken in phases. OMP Phase 1, a $3.21 billion project, included two runways and an extension and was completed in 2013. A $1.07 billion funding agreement with the

2 The OMP also includes the construction of a terminal complex on the west side of the Airport. The Chicago Department of Aviation has indicated it will pursue the Western Terminal Complex only as demand dictates the need for the facilities, and costs for the Western Terminal Complex have not been included in the financial analysis included in Chapter 5 of this Report. For additional information on terminal facility plans, see Section 2 2.1.

Airline Parties for OMP Phase 2A included a runway and enabling projects for a future runway. This phase is fully funded; the runway project was completed in October 2015 and the remaining projects are anticipated to remain within budget. A $1.3 billion infrastructure plan that includes another OMP runway was agreed upon in a funding agreement among United Airlines (United) and American Airlines (American), and the City in January 2016 and Majority-In-Interest funding authority for the plan was approved by the Airline Parties in February 2016. The plan, which includes Runway 9C-27C, an OMP Airfield Project, and additional airfield improvements not part of the remaining OMP Airfield Projects, which include a centralized deicing pad, a cross-field taxiway system and relocation of Taxiways A and B, are expected to be funded with proceeds from the 2016 New Money Bonds, and is expected to be completed by December 2020. For purposes of the financial analysis included in Chapter 5 of this Report, additional future General Airport Revenue Bonds (GARBs) have been included for funding of the construction of the remaining OMP runway extension project.

- **2016–2020 CIP** includes ongoing repair and maintenance and other capital projects, such as the construction of a Multimodal Facility, which includes a consolidated rental car and public parking facility and an extension of the Airport Transit System (ATS); airfield improvements associated with the third-party construction of a cargo facility in the northeast area of the Airport; the expansion of the Airport Maintenance Complex; additions and modifications to terminal facilities, including an expansion of the Terminal 5 Federal Inspection Station; safety and security projects, including an inline baggage system in Concourse L and checked baggage inspection station optimization in Terminal 1; and noise mitigation. The cost of the 2016–2020 CIP is approximately $1.78 billion and includes planning and implementation costs. The 2016–2020 CIP is expected to be funded through a combination of federal grants and loans (Federal Aviation Administration [FAA] Airport Improvement Program [AIP] entitlements, FAA AIP discretionary grants, Transportation Security Administration [TSA] grants, U.S. Department of Transportation [U.S. DOT] loan), Customer Facility Charge (CFC) pay-as-you-go, proceeds from previously issued bonds, assumed proceeds from future bond issuances, and other Airport funds. The City estimates that approximately $773.3 million of 2016–2020 CIP project expenditures is expected to be funded using proceeds from future bonds; these future bond issuances are also incorporated into the financial analysis of this Report. No 2016–2020 CIP projects are anticipated to be funded with proceeds from the 2016 New Money Bonds.
- **Other Recently Announced Capital Projects** include an expansion of Terminal 5 and Concourse L in Terminal 3. These projects will add gates at the domestic and international terminals, are expected to be completed over the next two to three years, and do not require airline approval. The expansion of Terminal 5 is expected to be funded using proceeds from PFC Revenue Bonds anticipated to be issued in 2017, discussed in Section 5.4.1 of this Report. Additional long-term terminal development and redevelopment options (Terminal Area Plan) are being evaluated in coordination with airline representatives to address long-term terminal capacity. A redevelopment of the existing terminal hotel and the construction of two new hotels on Airport property are also planned and expected to be complete between 2020 and 2022. The feasibility of a future express rail third-party project connecting the Airport to the central business district is currently being studied. The expansion of Concourse L is under construction and is being funded directly by American Airlines. The $266.8 million Terminal 5 Expansion is anticipated to be funded by Passenger Facility Charge (PFC) Revenue (pay-as-you-go and PFC Revenue Bonds) and Airport discretionary funds. The Terminal Area Plan

(TAP) is still in preliminary conceptual planning and discussion phases, and while funding for the TAP is expected to include future bond proceeds with debt service payable during the Projection Period, due to the uncertainty of timing and project costs the financial analysis in Chapter 5 of this Report does not include debt service associated with the funding of the TAP. The total investment for the three hotel development projects is estimated to be approximately $350 million and is planned to be funded by a special facility loan(s) backed by hotel revenues. Because a detailed funding plan does not yet exist for the hotel development, the financial analysis in this Report does not include future funding of this project.

The 2016 Projects

The 2016 Projects will be funded with proceeds from the 2016 New Money Bonds and include the construction of Runway 9C-27C and enabling projects, including airline facility relocation; a centralized deicing pad; and a cross-field taxiway system and relocation of Taxiways A and B. The 2016 Projects total approximately $1.3 billion, of which approximately $1.0 billion is expected to be funded with proceeds from the 2016 New Money Bonds. PFC Revenue and Grant Receipts from a FAA Letter of Intent (LOI) Grant, both used on a pay-as-you-go basis, are anticipated to fund the portions of the 2016 Projects not funded with the 2016 New Money Bonds. Airline Party approval has been received for the 2016 Projects.

Additional information on the Airport and projects included in its capital program is provided in Chapter 2 of this Report.

Demographic and Economic Analysis

The demand for air transportation is, to a degree, dependent upon the demographic and economic characteristics of an airport's air trade area. This relationship is particularly true for origin and destination (O&D) passenger traffic, which has historically accounted for approximately 50 percent of demand at the Airport (with connecting passengers accounting for the remaining 50 percent). Demand for airline travel at the Airport, therefore, is influenced by the local characteristics of the area served, along with individual airline decisions regarding service in support of connecting activity.

The Airport's Air Trade Area has a large, diverse economic base that supports business and leisure travel. Projected economic variables indicate that 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 2015 and 2025 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.

Table S-2: Projected Economic Variables Used in Passenger Demand Projections (2015–2025)

VARIABLE [1/]	2015	2025	CAGR[2/] 2015–2025
Air Trade Area Population	9,713,451	10,273,007	0.6%
United States Population	321,545,081	352,566,429	0.9%
Air Trade Area Total Employment	5,897,355	6,628,674	1.2%
United States Total Employment	184,227,823	212,927,611	1.5%
Air Trade Area Total Personal Income ($ billion)	$502.83	$619.49	2.1%
United States Total Personal Income ($ billion)	$15,104.25	$19,257.53	2.5%
Air Trade Area Per Capita Personal Income	$51,766	$60,303	1.5%
United States Per Capita Personal Income	$46,974	$54,621	1.5%
Air Trade Area Gross Regional Product ($ billion)	$615.95	$749.82	2.0%
United States Gross Domestic Product ($ billion)	$17,839.32	$22,263.58	2.2%
Air Trade Area Per Capita Gross Regional Product	$63,412	$72,989	1.4%
United States Per Capita Gross Domestic Product	$55,480	$63,147	1.3%

NOTES:
1/ Dollar amounts are in 2015 dollars
2/ CAGR = Compound Annual Growth Rate

SOURCE: Woods & Poole Economics, Inc., *2016 Complete Economic and Demographic Data Source* (CEDDS), May 2016.
PREPARED BY Partners for Economic Solutions, August 2016

Air Traffic

Chicago's location along the heavily traveled east/west air routes and its large population base make it a natural location for airline hubbing operations. United and American[3], two of the world's largest airlines in terms of revenue passenger miles, operate major connecting hub facilities at the Airport. The City is also served by Chicago Midway International Airport, a major airport for Southwest Airlines. Together the two airports provide a complementary, three-hub airport system for the area's O&D passenger base.

The Airport consistently ranks among the busiest airports in the world. According to preliminary data from Airport Council International, in 2015 the Airport was 4th busiest in terms of passenger volume (second in the United States behind Hartsfield Atlanta International Airport), the 2nd busiest in terms of aircraft movements, and the 17th busiest in terms of cargo tonnage (6th in the United States) Based on U.S. DOT survey data, the

[3] In December 2013, American and US Airways merged under the same parent corporation The FAA granted American a single operating certificate on April 8, 2015 References to "American" in this Report reflect the combined American/US Airways unless otherwise designated

Chicago market[4] was ranked 4th in the nation in terms of domestic O&D passengers for the year 2015—following the New York,[5] Los Angeles,[6] and San Francisco[7] markets.

The Airport served approximately 76.9 million enplaned and deplaned passengers in 2015, an increase of 9.8 percent from the previous year. Through the first eight months of 2016, enplaned passenger activity at the Airport has increased 2.5 percent from the same period in 2015.

In the 12 months ended August 2016, a total of 21 United States flag carriers, 36 foreign flag carriers, 5 nonscheduled charter airlines, and 22 all-cargo airlines provided service at the Airport. In 2015, United and American, combined with their affiliates, accounted for 44.2 percent and 35.8 percent, respectively, of enplaned passengers at the Airport. In addition, other significant United States airlines serving the airport include Alaska Airlines and Delta Air Lines, as well as low-cost airlines Frontier Airlines, JetBlue, Spirit Airlines, and Virgin America. Low-cost airlines have been a significant source of new seat capacity at the Airport. Low-cost airlines increased scheduled seat capacity by 21.1 percent in 2014 and by 65.4 percent in 2015, and they will increase scheduled seat capacity by another 3.8 percent in 2016. Between 2006 and 2014, O&D passenger traffic at the Airport decreased at a compound annual rate of 0.7 percent. However, more recent growth resulted in a 17.4 percent increase in O&D traffic in 2015. Between 2006 and 2015, the airlines' domestic O&D revenue at the Airport grew at a compound annual growth rate (CAGR) of 2.3 percent, reflecting strong revenue growth by the airlines serving the Airport.

Forecasts of aviation demand (i.e., enplaned passengers, aircraft operations, and landed weight) were developed considering:

- Historical activity, including passenger volume and revenue trends at the Airport and across the industry;
- Recent trends and future forecasts of local and national socioeconomic factors; and
- Anticipated use of the Airport by American, United, low-cost airlines, and other airlines.

Passenger activity is forecasted to grow at a CAGR of 0.8 percent from the base year of 2015 through the end of the Projection Period in 2025.

Additional information on air traffic is provided in Chapter 4 of this Report.

4 Includes Chicago O'Hare International and Chicago Midway International Airports.

5 Includes John F. Kennedy International, Newark Liberty International, and La Guardia Airports

6 Includes Los Angeles International, John Wayne Airport-Orange County, LA/Ontario International, Burbank Bob Hope, and Long Beach Airports.

7 Includes San Francisco International, Metropolitan Oakland International, and Mineta San Jose International Airports.

Financial Analysis

R&A completed an analysis that demonstrates the ability of the City to comply with the requirements of the Airport Use Agreement and Senior Lien Indenture in each year of the Projection Period.

The current Airport Use Agreement expires in May 2018. For purposes of the financial analysis in this Report, the existing residual rate-making methodology defined in the Airport Use Agreement is assumed to continue throughout the Projection Period. However, the rate-setting methodology could be different following the expiration of the current Airport Use Agreement in 2018. Even with a different methodology, the City's obligations to bond holders set forth in the Senior Lien Indenture, including the obligation to set rates and charges sufficient to meet the Rate Covenants, remain. Based on the financial analysis in Chapter 5 of this Report, R&A is of the opinion that the Net Revenues Available for Senior Lien Coverage generated by the Airport in each year of the Projection Period are expected to be sufficient to comply with the Additional Bonds Tests and the Rate Covenants established in the Senior Lien Indenture.

The GARB debt service included in the financial analysis reflects debt service on outstanding GARBs, the 2016 New Money Bonds, and future GARBs necessary for funding the OMP Airfield Projects and 2016-2020 CIP capital projects described in Chapter 2. Future PFC Revenue Bonds, anticipated to be issued in 2017 to fund a portion of Terminal 5 Expansion project and to potentially refund certain outstanding PFC Revenue Bonds, are described in Section 5.4.1. of this Report.

In combination, the 2016 New Money Bonds and future GARBs assumed in the financial analysis reflect the following capital project funding assumptions;

- approximately $1.3 billion for remaining OMP Airfield Projects, including $978.3 million for Runway 9C-27C funded with proceeds from the 2016 New Money Bonds and $361.4 million for the extension of Runway 9R-27L funded with future GARB proceeds,
- approximately $289.5 million for additional airfield improvements, including $113.3 million for the centralized deicing pad and $176.2 million for cross-field taxiway system and relocation of Taxiways A and B, both funded with proceeds from the 2016 New Money Bonds, and
- approximately $773.3 million for the 2016-2020 CIP projects funded with future GARB proceeds.

Results of the financial analysis are as follows:

- Operation and maintenance (O&M) Expenses are projected to increase to approximately $857.1 million, excluding Land Support Area expense, in FY 2025, representing a CAGR of 5.4 percent between FY 2016 and FY 2025. This increase is based on the type of expenses anticipated, the fulfillment of certain assumed City pension contributions described in Section 5.2.2, expectations of future inflation rates (assumed to be 3.0 percent annually) and projected increases to O&M Expenses associated with the completion of OMP Airfield Projects.
- Non-Signatory and Non-Airline Revenues are projected to increase from $386.3 million in 2016 to $496.0 million in 2025, a CAGR of 2.8 percent. Non-Airline Revenues include revenues from the Chicago International Carriers Association Terminal Equipment Corporation (CICA TEC); and from

concessions, including automobile parking, automobile rentals, and concessions in the domestic and international terminals. These revenues are discussed in Section 5.3.2.

- Net Debt Service (including debt service on the 2016 Bonds and projected debt service on future bonds necessary to complete the OMP Airfield Projects and 2016-2020 CIP), net of capitalized interest, PFC Revenues, and Grant Receipts used to pay debt service, is projected to be approximately $423.4 million in FY 2016, then projected to increase throughout the Projection Period to a peak of approximately $537.0 million in 2022, and then projected to decrease slightly to $534.6 million in 2025.
- The airline cost per enplanement (CPE) at the Airport is estimated to be approximately $17.49 in 2016 and is projected to increase to $25.46 in 2025 (which equates to approximately $19.51 in 2016 dollars).

The projected Airport user fees are evaluated in this analysis to be reasonable based on the expectation that these fees will not deter forecasted 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,
- attractive geographical location,
- important hub for United and American, and
- increases in debt are associated with capital projects that allow for growth.

Table S-3 presents the Debt Service coverage ratio projected for Senior Lien Bonds from 2016 through 2025. As contained in the Senior Lien Indenture:

> The City covenants that it will fix and establish, and revise from time to time whenever necessary, the rentals, rates and other charges for the use and operation of the Airport and for services rendered by the City in the operation of it in order that Revenues in each Fiscal Year, together with Other Available Moneys deposited with the Trustee with respect to that Fiscal Year and any cash balance held in the Revenue Fund on the first day of that Fiscal Year not then required to be deposited in an Fund or Account, will be at least sufficient... to provide for... One and ten-hundredths times (1.10x) Aggregate Senior Lien Debt Service for the Bond Year commencing during that Fiscal Year, reduced by any proceeds of Airport Obligations held by the Trustee for disbursement during that Bond Year to pay principal and interest on Senior Lien Bonds or Senior Lien Obligations.

Table S-3: GARB Debt Service Coverage

	BUDGET			PROJECTED 2/						
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Signatory Landing Fee Revenue	$331,081	$361,265	$395,335	$440,232	$409,376	$442,969	$491,535	$500,138	$507,855	$514,948
Terminal Area Rental and Use Charge Revenue	154,661	170,292	168,515	202,688	230,767	245,643	263,393	269,186	282,464	297,935
International Terminal Area Rental and Use Charge Revenue	93,288	99,702	111,389	70,657	81,874	85,681	89,711	92,022	95,037	98,741
Fueling System Fee Revenue	7,969	7,781	998	1,524	1,528	1,675	1,698	1,737	1,765	1,604
Non-Airline and Non-Signatory Airline Revenue	386,300	402,823	416,691	436,832	433,120	450,496	468,636	479,229	485,897	495,970
Investment Income from Debt Service Reserve Fund	7,535	4,554	4,363	7,032	7,064	6,988	7,008	7,001	6,972	7,066
Federal Subsidy (BABs) Revenue	12,414	12,414	12,414	12,414	12,414	12,414	12,414	12,414	12,414	12,414
Total Revenue	$993,247	$1,058,831	$1,109,705	$1,171,379	$1,176,143	$1,245,866	$1,334,395	$1,361,728	$1,392,405	$1,428,678
Pledged PFC Revenue 3/	$54,794	$54,443	$69,988	$65,225	$65,223	$65,227	$65,225	$65,225	$65,226	$65,224
Applied PFC Revenue 4/	5,348	7,737	9,267	7,468	7,468	7,468	7,467	7,470	7,469	7,470
Federal Funds Pledged to Series 2011B Debt Service	40,000	40,000	20,000	20,000	20,000	20,000	0	0	0	0
Federal Funds Applied to Series 2011B Debt Service 5/	2,115	2,115	2,115	2,115	2,115	2,115	2,115	2,115	2,115	2,115
PFCs Pledged to 2016F New Money Debt Service	0	9,394	9,394	9,390	9,391	9,392	9,394	9,390	9,391	9,391
Federal Funds Pledged to 2016E New Money Debt Service	0	0	0	0	0	0	0	30,000	30,000	30,000
Total Revenue plus Pledged Other Available Moneys and Applied PFCs	$1,095,504	$1,172,521	$1,220,470	$1,275,577	$1,280,340	$1,350,069	$1,418,596	$1,475,929	$1,506,606	$1,542,879
COVERAGE CALCULATION										
Total Revenue plus Pledged Other Available Moneys and Applied PFCs	$1,095,504	$1,172,521	$1,220,470	$1,275,577	$1,280,340	$1,350,069	$1,418,596	$1,475,929	$1,506,606	$1,542,879
Plus. Prior Period Debt Service Coverage	47,152	54,074	57,637	59,292	61,467	58,568	61,267	63,525	66,347	66,360
Adjusted Total Revenue	$1,142,655	$1,226,595	$1,278,107	$1,334,869	$1,341,807	$1,408,637	$1,479,863	$1,539,454	$1,572,952	$1,609,238
Less:										
O&M Expenses	$535,030	$572,134	$604,707	$637,897	$675,843	$713,352	$757,961	$789,704	$822,716	$857,125
Net Revenue Available for Senior Lien Coverage	$607,625	$654,460	$673,399	$696,972	$665,964	$695,285	$721,902	$749,749	$750,236	$752,114
Senior Lien Debt Service 6/	$540,740	$576,367	$592,920	$614,674	$585,682	$612,668	$635,250	$663,467	$663,595	$665,077
Senior Lien GARB Debt Service Coverage	**1.12x**	**1.14x**	**1.14x**	**1.13x**	**1.14x**	**1.13x**	**1.14x**	**1.13x**	**1.13x**	**1.13x**
Other Required Uses of Revenue										
O&M Reserve Fund	$6,055	$7,113	$8,143	$8,298	$9,486	$9,377	$11,152	$7,936	$8,253	$8,602
Maintenance Reserve Fund	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Special Capital Projects Fund	730	730	730	730	730	730	730	730	730	730
Airport Development Fund	5,129	5,129	5,129	5,129	5,129	5,129	5,129	5,129	5,129	5,129
Total Other Required Uses of Revenue	$14,914	$15,972	$17,002	$17,157	$18,346	$18,236	$20,011	$16,795	$17,112	$17,461

NOTES
1/ Coverage calculation excludes O&M expenses and other reserve funds and, therefore, is not directly comparable to the coverage calculation in the financial statements.
2/ The current Airport Use Agreements expire on May 11, 2018. The financial projections presented herein assume a continuation of the current residual rate-setting methodology through 2025
3/ Includes PFC Revenues pledged to pay debt service on the Series 2008A and Series 2010F Bonds, or bonds refunding those bonds, through 2018, and on the Series 2011A Bonds, or bonds refunding those bonds, through Maturity
4/ Includes non-pledged PFC Revenues assumed to be applied to outstanding debt service through 2018, pursuant to an existing letter agreement with the airlines. In addition, includes PFC Revenues assumed to be applied to pay debt service on the Series 2008A and Series 2010F Bonds, or on any bonds refunding those bonds, from 2019 through the end of the Projection Period.
5/ Includes non-pledged FAA payments assumed to be applied to existing outstanding debt service through the Projection Period
6/ Net of capitalized interest; actual and projected debt service, assumes future debt service issued as Senior Lien debt.

SOURCES City of Chicago Department of Aviation, August 2016; Frasca & Associates, August 2016 (debt service), Ricondo & Associates, Inc., November 2016 (based on the analysis and assumptions described in this Report, remaining projections)

PREPARED BY. Ricondo & Associates, Inc, November 2016

In addition to Airport Revenues, the City also pledged as Other Available Moneys PFC Revenues through 2018 equal to the amount of annual debt service on the Series 2008A and Series 2010F Bonds, and through maturity on the Series 2011A Bonds, plus any required coverage on all of those bonds. The City is evaluating the use of PFC Revenue after calendar year 2018 and in its sole discretion plans to continue to use PFC Revenues to pay debt service on the Series 2008A Bonds and the Series 2010F Bonds. Therefore, the financial analysis in this Report assumes that PFC Revenues will be applied to pay debt service on the Series 2008A and Series 2010F Bonds, or any bonds refunding those bonds (including the 2016 Refunding Bonds), from 2019 through the end of the Projection Period. PFC Revenues will be pledged as Other Available Moneys to the Series 2011A Bonds, or any bonds refunding those bonds, and the 2016F New Money Bonds through the maturity of those bonds.

The City has pledged as Other Available Moneys certain Grant Receipts from FAA Letter of Intent grants and other FAA discretionary grants to the debt service on the Series 2011B Bonds, in addition to Airport Revenues. It is assumed in this analysis that certain Grant Receipts from FAA Letter of Intent grants will be pledged to pay debt service on the 2016E New Money Bonds through the Projection Period. As shown, the Debt Service coverage ratio is projected to meet the minimum requirement of 1.10x in each year of the Projection Period.

Table S-4 presents the projected CPE from 2016 through 2025. The CPE includes estimated debt service and expenses of OMP Airfield Projects and the 2016-2020 CIP during the Projection Period. The aforementioned assumptions on projected costs, along with the forecast passenger activity, provide the basis for R&A'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.

Table S-4: Projected Airline Cost per Enplanement

	BUDGET 1/	PROJECTED 2/								
	2016	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Net Signatory Airline Revenue	$586,998	$639,041	$676,237	$715,101	$723,545	$775,968	$846,336	$863,084	$887,121	$913,229
Non-Signatory Airline Revenue	90,680	98,798	108,115	120,394	111,955	121,142	134,424	136,777	138,887	140,827
Total Airline Requirement	$677,678	$737,839	$784,353	$835,495	$835,500	$897,110	$980,760	$999,860	$1,026,008	$1,054,056
Total Projected Enplaned Passengers	38,750	39,011	39,341	39,673	40,001	40,332	40,652	40,938	41,185	41,408
Total Airline Cost per Enplaned Passenger										
Current Dollars	$17.49	$18.91	$19.94	$21.06	$20.89	$22.24	$24.13	$24.42	$24.91	$25.46
2016 Dollars 3/	$17.49	$18.36	$18.79	$19.27	$18.56	$19.19	$20.21	$19.86	$19.67	$19.51

NOTES Excludes Land Support.

1/ City 2016 Final Airline Rates and Charges Budget

2/ The current Airport Use Agreements expire on May 11, 2018. For the purposes of this analysis, the financial projections presented herein assume a continuation of the current residual rate-setting methodology through 2025.

3/ Inflation rate assumed at 3 0 percent

SOURCES City of Chicago Department of Aviation, July 2016 (2016); Ricondo & Associates, Inc , November 2016 (2017–2025).
PREPARED BY Ricondo & Associates, Inc , November 2016

1. The 2016 Bonds

1.1 The 2016 Bonds

The 2016 Bonds will be issued pursuant to an ordinance adopted by the Chicago City Council on September 14, 2016 (the Bond Ordinance) and the Master Indenture of Trust securing Chicago O'Hare International Airport (Airport) Senior Lien Obligations dated as of September 1, 2012 (the Senior Lien Master Indenture) between the City of Chicago (the City) and U.S. Bank National Association, Chicago, Illinois, as supplemented by the Supplemental Indentures from the City to the Trustee. The Senior Lien Master Indenture, as supplemented by the Supplemental Indentures, and as it may be amended and supplemented from time to time in accordance with its terms, is herein referred to as the Senior Lien Indenture.

Unless otherwise defined herein, all capitalized terms in this Report are used as defined in the Official Statements for the 2016 Bonds and/or the Senior Lien Indenture. The 2016 Bonds are comprised of the 2016 Refunding Bonds and the 2016 New Money Bonds.

1.1.1 2016 REFUNDING BONDS

The City will use the proceeds from the sale of the 2016 Refunding Bonds, together with other available funds, to:

(i) refund certain outstanding Airport Obligations to generate debt service savings,

(ii) fund the related reserve requirements of the 2016 Refunding Bonds, and

(iii) pay costs and expenses incidental thereto and to the issuance of the 2016 Refunding Bonds.

It is expected that annual debt service savings of between \$2.1 million and \$7.5 million will result from the issuance of the 2016 Refunding Bonds and the refunding of certain Airport Obligations. The expected savings from the 2016 Refunding Bonds have been assumed in the debt service projections included in the financial analysis in this Report.

1.1.2 2016 NEW MONEY BONDS

The City will use the proceeds from the sale of the 2016 New Money Bonds, together with other available funds, to:

(i) pay the costs of the 2016 Airport Projects, as herein defined

(ii) fund the related reserve requirements of the 2016 New Money Bonds,

(iii) fund capitalized interest on a portion of the 2016 New Money Bonds, and

(iv) pay costs and expenses incidental thereto and to the issuance of the 2016 New Money Bonds.

The Series 2016D New Money Bonds are anticipated to be issued to fund portions of the 2016 Projects, defined herein, and are payable from Revenues (as defined in the Senior Lien Indenture) pledged to the payment thereof under the Senior Lien Indenture and certain other moneys held by or on behalf of the Trustee.

The Series 2016E New Money Bonds are anticipated to be issued to fund portions of the 2016 Projects, defined herein, and are payable from Revenues (as defined in the Senior Lien Indenture) pledged to the payment thereof under the Senior Lien Indenture and certain other moneys held by or on behalf of the Trustee. In addition to Revenues, the Series 2016E New Money Bonds are also payable from and secured by a pledge of Net Grant Receipts, consisting of moneys received by the City from the FAA, pursuant to Grant Letters of Intent through maturity.

The Series 2016F New Money Bonds are anticipated to be issued to fund portions of the 2016 Projects, defined herein, and are payable from Revenues (as defined in the Senior Lien Indenture) and Pledged Other Available Moneys (as defined in the Senior Lien Indenture) pledged to the payment thereof under the Senior Lien Indenture and certain other moneys held by or on behalf of the Trustee. In addition to Revenues, the Series 2016F New Money Bonds are also payable from and secured by a pledge of Passenger Facility Charge (PFC) Revenues through maturity.

The Series 2016G New Money Bonds are anticipated to be issued to fund portions of the 2016 Projects, defined herein, and are payable from Revenues (as defined in the Senior Lien Indenture) pledged to the payment thereof under the Senior Lien Indenture and certain other moneys held by or on behalf of the Trustee.

Table 1-1 presents the estimated uses of the proceeds of the 2016 New Money Bonds assumed in the financial analysis in Chapter 5 of this Report. These preliminary numbers are for illustrative purposes and are subject to change.

Table 1-1: Estimated Uses of Proceeds from the Sale of the 2016 New Money Bonds

	SERIES 2016D NEW MONEY	SERIES 2016E NEW MONEY	SERIES 2016F NEW MONEY	SERIES 2016G NEW MONEY	TOTAL
Sources					
Par Amount of 2016 Bonds	$772,995,000	$163,380,000	$153,460,000	$67,755,000	$1,157,590,000
Net Original Issue Premium	31,218,130	17,050,358	6,858,600	842,811	55,969,899
Total	$804,213,130	$180,430,358	$160,318,600	$68,597,811	$1,213,559,899
Uses					
Deposit to 2016 Projects Construction Fund	$664,495,125	$140,000,000	$150,000,000	$58,304,875	$1,012,800,000
Reserve Fund Deposits	34,590,114	7,760,513	9,394,500	2,950,469	54,695,597
Capitalized Interest Deposit	100,379,262	31,773,758		6,926,067	139,079,087
Cost of Issuance[1/]	4,748,629	896,087	924,100	416,400	6,985,216
Total	$804,213,130	$180,430,358	$160,318,600	$68,597,811	$1,213,559,899

NOTE

1/ Includes Underwriters' Discount and other costs of issuance.

SOURCE Frasca & Associates, November 2016

PREPARED BY Ricondo & Associates Inc. November 2016.

Table 1-2 presents a summary of the tax status and security of each series of the 2016 Bonds.

Table 1-2: Summary of the 2016 Bonds

	SERIES 2016A	SERIES 2016B	SERIES 2016C	SERIES 2016D	SERIES 2016E	SERIES 2016F	SERIES 2016G
Use	Refunding	Refunding	Refunding	New Money	New Money	New Money	New Money
Status	Tax-exempt; AMT	Tax-exempt; Non-AMT	Tax-exempt; Non-AMT	Tax-exempt; Non-AMT	Tax-exempt; Non-AMT	Tax-exempt; Non-AMT	Tax-Exempt AMT
Security	Revenues	Revenues	Revenues, PFC Revenue through 2018	Revenues	Revenues, Grant Receipts	Revenues, PFC Revenues through maturity	Revenues

SOURCE: Chicago Department of Aviation, Katten Muchin Rosenman, LLP, November 2016
PREPARED BY: Ricondo & Associates, Inc., November 2016

1.2 Indenture of Trust

Security for the Series 2016 Bonds

Pursuant to the terms of the Senior Lien Indenture, the 2016 Bonds will be secured by a first lien pledge of Revenues (meaning, generally, all amounts received or receivable, directly or indirectly, by the City for the use and operation of O'Hare (excluding the Land Support Area)), on a parity basis with the City's Outstanding Senior Lien Bonds and such other Senior Lien Obligations as may be outstanding from time to time, and will be paid from amounts that may be withdrawn from the Debt Service Fund created under the Senior Lien Indenture. Revenues are defined in the Official Statement.

Under the Senior Lien Indenture, the City has covenanted to establish rentals, rates, and charges for the use and operation of the Airport so that Revenues, together with certain other moneys deposited with the Trustee, are sufficient to pay the Operation and Maintenance (O&M) Expenses at the Airport and to satisfy the debt service coverage covenants contained in the Senior Lien Indenture.

The City is a party to the Airport Use Agreements with certain airlines serving the Airport, which Airport Use Agreements are scheduled to expire on May 11, 2018. Following the expiration of the Airport Use Agreements on May 11, 2018, the Senior Lien Indenture provides that, beginning on the first Business Day of June 2018, or another date as the City may select and designate in a Certificate filed with the Trustee (the Transition Date), certain new Funds and Accounts will be established and the application of moneys in the Revenue Fund will be revised. See Section 5.1.1. of this Report for additional information regarding the Airport Use Agreement and assumptions made in the financial analysis.

Debt Service Coverage Covenants

The City covenants in the Senior Lien Indenture to fix and establish, and to revise from time to time whenever necessary, the rentals, rates, and other charges for the use and operation of the Airport and for services rendered by the City in the operation of it in order that Revenues in each Fiscal Year, together with Other

Available Moneys deposited with the Trustee with respect to that Fiscal Year and any cash balance held in the Revenue Fund on the first day of that Fiscal Year not then required to be deposited in any Fund or Account, will be at least sufficient:

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

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

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

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

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

Flow of Funds

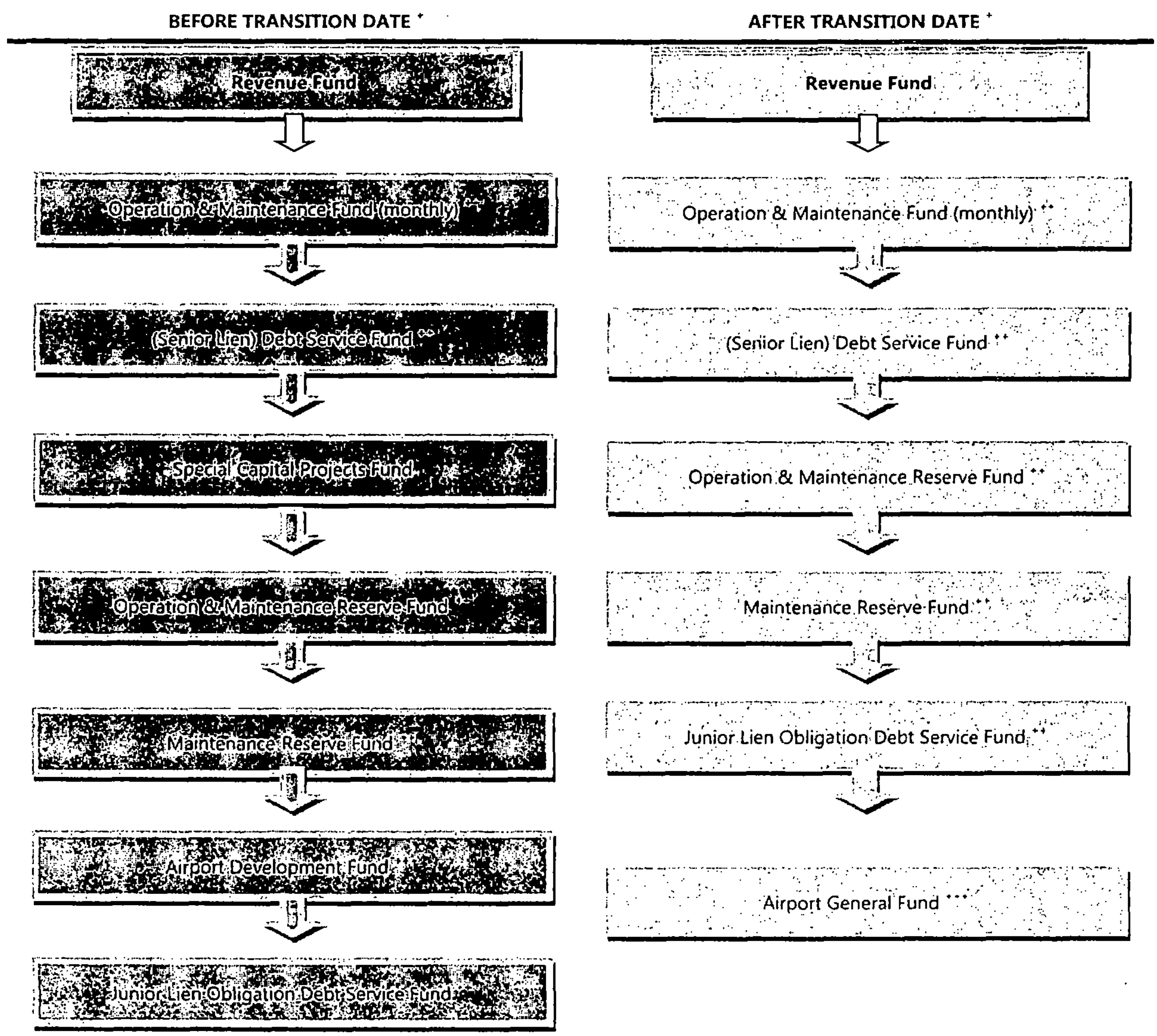
Airport Revenues and expenses are accounted for as a separate enterprise fund of the City, subject to the provisions of the Senior Lien Indenture and, prior to the Transition Date, the Airport Use Agreements. The Flow of Funds identified in the Senior Lien Indenture, both before and after the Transition Date, is illustrated graphically on **Exhibit 1-1**. Additional information regarding the Flow of Funds, including the flow of PFC Revenues, is described under "Flow of Funds" in the Official Statements for the 2016 Bonds and in the Senior Lien Indenture.

Additional Bonds

Additional Senior Lien Bonds, except in the case of Refunding Bonds and Completion Bonds (both as defined in the Senior Lien Indenture), may be issued only upon the satisfaction of certain conditions, as described in the Official Statements for the 2016 Bonds.

The City may issue Refunding Bonds, such as the Series 2016A Refunding Bonds, the Series 2016B Refunding Bonds, and the Series 2016C Refunding Bonds, and Completion Bonds either by satisfying the debt service coverage requirement, or by satisfying the applicable requirements in the Senior Lien Indenture.

Exhibit 1-1: Flow of Funds before and after the Transition Date



NOTES:

\+ Transition Date means the first Business Day of the Trustee in the month of June 2018 unless, prior to May 1, 2018, the City files with the Trustee a Certificate electing to select another date as the Transition Date in which case the Transition Date shall be the date selected by the City in a Certificate filed with the Trustee not less than 30 days prior to the date selected by the City.

++ Balance at year end transferred to Revenue Fund

+++ Moneys in the Airport Development Fund and the Airport General Fund may be applied, used and withdrawn by the City for any lawful corporate purpose of the City, free from any lien or security interest in favor of the Trustee and the owners of Senior Lien Obligations

SOURCE: Senior Lien Indenture, as defined herein
PREPARED BY: Ricondo & Associates, Inc., September 2016

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2. The Airport Facilities, Capital Program, and 2016 Projects

The Airport is the primary commercial-service airport serving Chicago and the surrounding region. This chapter presents a summary of existing Airport facilities and describes the ongoing capital program at the Airport, including the 2016 Projects.

2.1 Airport Facilities

The Airport occupies over 7,200 acres of land 18 miles northwest of downtown Chicago. Its primary facilities consist of the airfield, terminal area, rental car facilities, air cargo areas, maintenance/airport support areas, and surface access/parking areas. These facilities are described in the following sections.

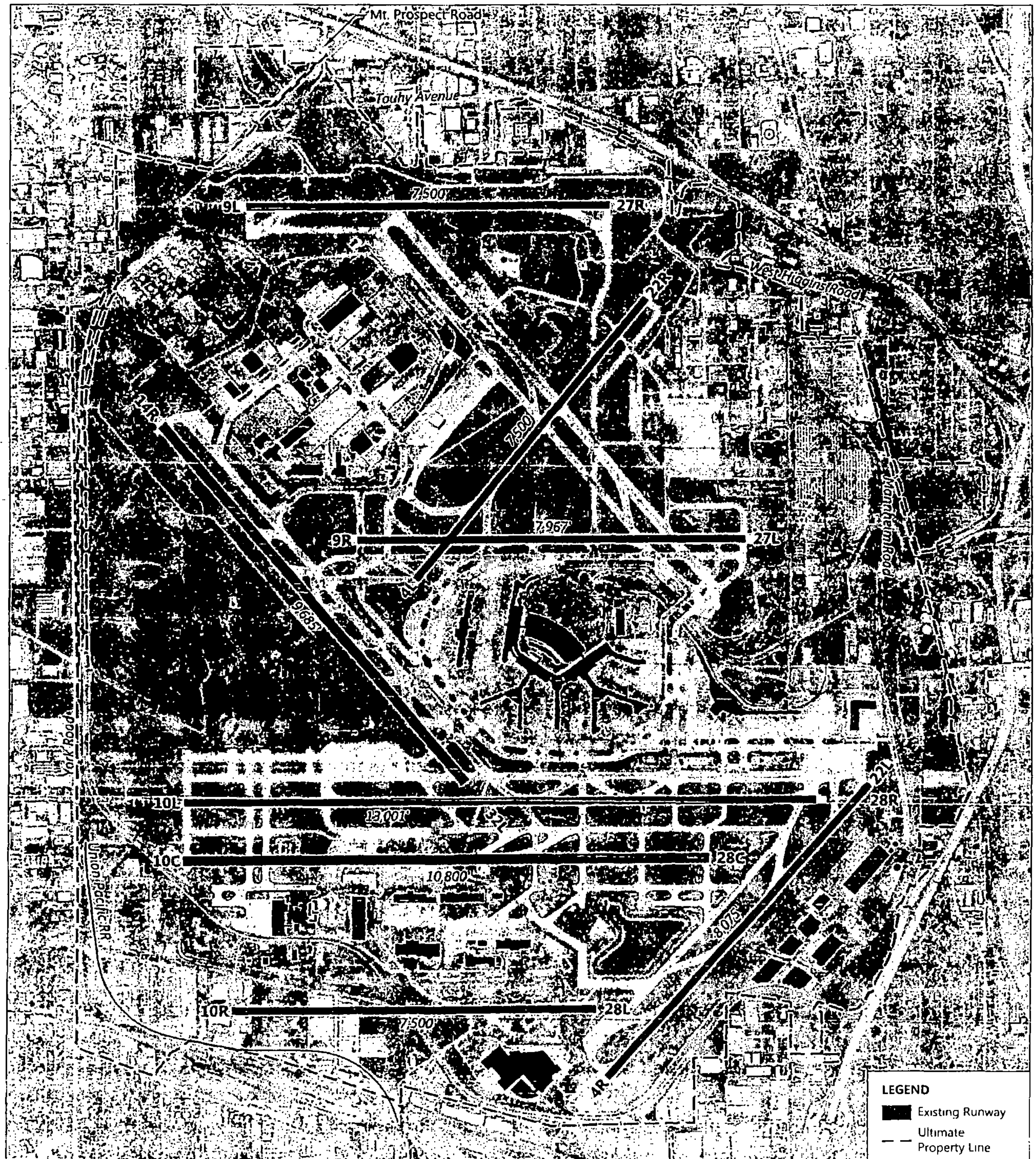
2.1.1 AIRFIELD

Currently, the airfield contains eight active runways. The existing Airport layout is shown on **Exhibit 2-1**. The O'Hare Modernization Program (OMP) includes a reconfiguration of the airfield from intersecting runways to a predominantly east-west parallel runway layout. To date, three of the four runways included in the OMP have been completed and one of the two planned runway extensions has been completed. A discussion of the OMP is provided in Section 2.2.1. A network of taxiways, aprons, and aircraft holding areas supports the runways. All runways have electronic and other navigational aids that permit aircraft to land in most weather conditions. The Airport's first runway to meet Airplane Design Group (ADG) VI standards, for the Airbus A380 and the Boeing 747-8, opened in 2013.

2.1.2 TERMINAL AREA

The airlines serving the Airport operate from four terminal buildings with a total of 189 gates.[1] Three terminal buildings, with a total of 170 gates, serve domestic flights and certain international departures. The domestic terminal complex is centrally located within the airfield area. The domestic terminal complex includes Terminal 1 (Concourses B and C), Terminal 2 (Concourses E and F), and Terminal 3 (Concourses G, H, J, K, and L). Gates in the domestic terminal complex are leased by the airlines on an exclusive-use basis, with the exception of eight gates in Terminal 3 that are leased on a preferential-use basis and one gate in Terminal 2 and nine gates in Terminal 3 that are accessed on a common-use basis.

[1] A gate is an active aircraft parking position that is accessed through the terminal building, either via a passenger loading bridge or other means, customarily used for enplaning and deplaning passengers The number of gates is subject to change based on the configuration of aircraft parking.



SOURCE: Chicago Department of Aviation, March 2013, *O'Hare International Airport, Airport Layout Plan*, September 2005
PREPARED BY: Ricondo & Associates, Inc., August 2016

EXHIBIT 2-1

NORTH

Existing Airport Layout

Terminal 5 (Concourse M), also known as the International Terminal, is located in the eastern portion of the terminal area and has 19 gates and 4 hardstand[2] aircraft parking positions. The International Terminal serves most international departures and all international arrivals requiring Federal Inspection Services (FIS). In July 2016, the reconfiguration of a gate in the International Terminal to accommodate Airbus A380 aircraft was completed. Gates in the International Terminal are all common-use. The Airport Transit System (ATS) provides transportation among the four terminals and the long-term parking lots.

Also located within the terminal area are a hotel, a parking garage, and the Airport heating and refrigeration plant. The 10-story hotel, leased and operated by Hilton Hotels Corporation and located directly across from Terminals 1, 2, and 3, provides approximately 860 guest rooms, as well as restaurants and meeting facilities. The 6-story parking garage adjacent to the domestic terminals contains approximately 9,300 spaces for public and employee parking. The heating and refrigeration plant, located northeast of the domestic terminals, provides heating and air conditioning for all terminal buildings. A discussion of recently announced capital projects that will impact the terminal facilities, including terminal expansion and hotel redevelopment, is provided in Section 2.2.3 of this Chapter.

2.1.3 RENTAL CAR FACILITIES

On-Airport rental car facilities are currently located on Airport property remote from the terminals; company-specific shuttle buses operate between the rental car facilities and the terminals. Eight rental car brands currently operate on-Airport: Alamo, Avis, Budget, Dollar, Enterprise, Hertz, National, and Thrifty. Off-Airport rental car operators include Advantage Rent A Car, EZ Rent-A-Car, Payless Car Rental, and Silvercar. As part of the Airport's capital program, the City is constructing a Multimodal Facility, which will include a consolidated rental car facility (CRCF) with an associated quick turnaround (QTA) area and access to the Airport terminals via an extension to the Airport's ATS. Section 2.2.2 provides additional information on the Multimodal Facility.

2.1.4 AIR CARGO AREAS

The Airport is a major center for air cargo shipments; it ranked second in the United States in 2014 in terms of the value of shipments.[3] In the area surrounding the airfield, 16 buildings are used for air cargo operations. A new 820,000-square-foot cargo center is being developed by Aeroterm, a third-party developer, in the northeast cargo area. The first two phases of the Northeast Cargo Facility are under construction and scheduled to be open in 2016.

2.1.5 MAINTENANCE/AIRPORT SUPPORT AREAS

Nine aircraft maintenance facilities leased by airlines are in the northwest corner of the Airport (the North Maintenance Hangar Area), along with four additional buildings used for airline ground equipment maintenance, two flight kitchens, and a large aircraft service center. In addition to the North Maintenance Hangar Area, other Airport support areas surround the airfield. The Airport Maintenance Complex, which is used to store snow removal and other Airport maintenance equipment, an additional flight kitchen, and miscellaneous ground support equipment facilities are located within the Airport support area on the

[2] A hardstand is a paved area for parking airplanes that is remote from the terminal building Hardstands can be used for repairs and overnight parking, as well as for enplaning and deplaning passengers

[3] Chicago Department of Aviation, http //www flychicago.com/business/EN/media/news/stories/pages/NewsDetail aspx?ItemID=1064 (accessed August 31, 2016)

southeast side of the Airport. A former military area in the northeast quadrant of the Airport is now being used for general aviation activity, air cargo operations, aircraft fuel distribution, and the Chicago Department of Aviation (CDA) office.

2.1.6 SURFACE ACCESS/PARKING AREAS

Access to the passenger terminal complex is provided via Interstate 190 (I-190) from the east side of the Airport. This roadway may be accessed from I-90 or Mannheim Road, which borders the Airport to the east. Other roadways that surround Airport property include I-294 to the east, West Higgins Road and Touhy Avenue to the north, York Road to the west, and Irving Park Road to the south. The Elgin-O'Hare Western Access (EOWA) Project, a major Illinois Tollway capital project currently underway, includes an extension of the Elgin-O'Hare Expressway and the creation of a Western Bypass along the west side of O'Hare that connects I-90 and I-294. Construction of the EOWA Project began in 2013 and is expected to be completed in 2025. Once complete, EOWA will provide new access to the west side of O'Hare via York Road and the south side of O'Hare via Taft Avenue. The passenger terminal complex is also accessible via public transit, with the Chicago Transit Authority O'Hare Blue Line station located in the lower level of Terminal 2.

The ATS includes approximately 2.7 miles of dedicated guideway. The ATS provides passengers with transportation, free of charge, among the four terminals and the long-term parking lots. The ATS is also being extended to the Multimodal Facility, expected to be opened in 2019.

Parking is provided in various locations throughout the Airport. A 9,300-space parking garage adjacent to the domestic terminals accommodates a major portion of the Airport's public parking demand. Valet parking is located within the garage. The garage is supplemented by adjacent surface lots that provide approximately 2,800 spaces and additional surface parking in various locations throughout the Airport. Current public long-term surface parking capacity consists of approximately 10,700 spaces. Employee parking consists of approximately 20,600 spaces. The main employee surface parking lots are within the North Maintenance Hangar Area, and public surface parking lots are located within the terminal area and in the Airport support area along Mannheim Road. A cell phone lot northeast of the Airport is available for people waiting to pick up arriving passengers; it is intended to alleviate congestion on the terminal roadways. There is no charge to users of the cell phone lot, but parking in the lot is limited to 60 minutes.

2.2 Overview of Capital Program

The City has been undertaking major capital planning initiatives at the Airport, including airfield and facility development, while also maintaining a 5-year Capital Improvement Program (CIP) to address the Airport's ongoing capital needs. The Airport's capital program includes the OMP Airfield Projects, the 5-year (2016–2020) CIP, and other recently announced capital projects, which are briefly described in this section and further described in Sections 2.2.1 through 2.2.3.

- **OMP Airfield Projects** are changing the airfield from a layout with sets of intersecting runways to a modern parallel runway system. The OMP, which includes construction of one new runway, relocation of three existing runways, and the extension of two existing runways, is being undertaken in phases that began in 2005. To date, three of the four runways have been completed and one of the two runway extensions has been completed. The remaining OMP Airfield Projects include one runway (under construction) and an extension to an existing runway. Additional information on the OMP, the remaining OMP Airfield Projects, and the additional airfield improvements included in the infrastructure plan expected to be funded with the 2016 New Money Bonds is provided in Section 2.2.1.

- **2016–2020 CIP** includes ongoing repair and maintenance and other capital projects, such as the construction of a Multimodal Facility, which includes a consolidated rental car facility and public parking facility and an extension to the ATS; airfield improvements associated with the construction of a cargo facility in the northeast area of the Airport; the expansion of the Airport Maintenance Complex; additions and modifications to terminal facilities, including an expansion of the International Terminal FIS facility; safety and security projects, including an inline baggage system in Concourse L and checked baggage inspection station optimization in Terminal 1; and noise mitigation. Additional information on the major 2016–2020 CIP projects is provided in Section 2.2.2.
- **Other Recently Announced Capital Projects** include an expansion of Terminal 5 and Concourse L in Terminal 3. Additional long-term terminal development and redevelopment options (Terminal Area Plan) are being evaluated in coordination with airline representatives. A redevelopment of the existing hotel and the construction of two new hotels on Airport property are also planned. The feasibility of a future express rail third-party project connecting the Airport to the central business district is currently being studied. Additional information on the recently announced capital projects is provided in Section 2.2.3.

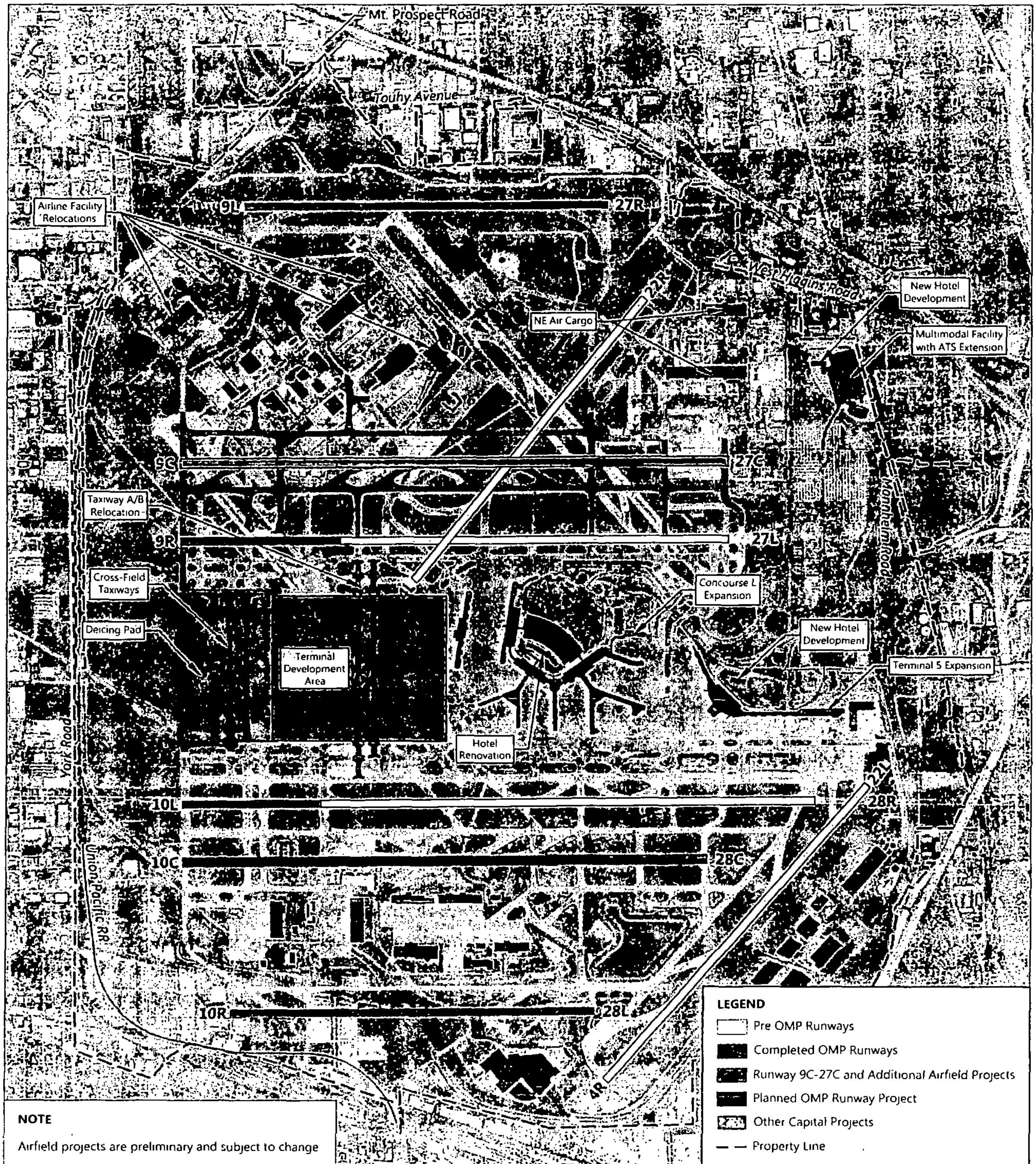
Exhibit 2-2 depicts the future airport layout following completion of the remaining OMP Airfield Projects. Also included in this exhibit are additional capital projects at the Airport that are currently under construction, design, or consideration.

Table 2-1 presents the estimated costs and sources of funds for the remaining OMP Airfield Projects and 2016-2020 CIP. Additional information on the sources and uses of funding for these projects can be found in Sections 2.2.1.1 and 2.2.2.1. The other recently announced capital projects are still in preliminary conceptual planning and discussion phases; due to the uncertainty of timing and project costs these projects are not included in Table 2-1.

2.2.1 O'HARE MODERNIZATION PROGRAM

Under the OMP, the airfield is being reconfigured into a modern parallel runway system, allowing for more efficient operations. Prior to OMP, the airfield included sets of intersecting runways built upon the original runway configuration of the 1940s. The OMP is a reconfiguration of the airfield into an east-west parallel runway layout, which results in reduced delays and enhanced capacity. The nearly completed OMP is a comprehensive program providing for the phased reconfiguration of the airfield from sets of converging parallel runways in three main directional orientations (northeast/southwest, east/west, and northwest/southeast) to six parallel runways in the east/west direction and two crosswind runways in the northeast/southwest direction.[4]

[4] The O'Hare Modernization Act, passed by the State of Illinois in 2003, restricted the number of active runways at O'Hare to eight The OMP includes a plan to decommission three existing intersecting runways, two of which have already been closed, as the east-west parallel runways are constructed, resulting in no more than eight active runways in any phase A state law signed in 2015 allows up to 10 active runways at the Airport



SOURCE: Chicago Department of Aviation, September 2016, O'Hare International Airport, *Airport Layout Plan*, September 2005
PREPARED BY: Ricondo & Associates, Inc., September 2016

EXHIBIT 2-2

Airport Capital Program

Table 2-1: Estimated Sources and Uses of Funds for Remaining OMP Airfield Projects and 2016-2020 CIP

(Dollars in Thousands)

FUNDING SOURCES		USES OF FUNDS	
Remaining OMP and Additional Airfield Improvements			
OMP Phase 2A			
FAA LOI Grant Receipts - PAYGO	$235,000	OMP Phase 2A (Including Runway 10R-28L, North Airfield Enabling Projects, Taxiway LL Phase 2) 1/	$1,073,689
FAA AIP Grants	19,000		
FAA F&E Grant	33,089		
Previously Issued PFC-Backed GARBs	365,000		
Previously Issued FAA LOI Grant Receipts-Backed GARBs	45,000		
Previously Issued GARBs	376,600		
Total Estimated Funding Sources – Phase 2A	$1,073,689	Total Uses of Funds - Phase 2A	$1,073,689
Runway 9C-27C and Additional Airfield Improvement Projects			
FAA LOI Grant Receipts - PAYGO	$205,000	Runway 9C-27C (Including Enabling Projects, Relocation of Airline Facilities)	$978,300
2016D New Money Bonds	722,800	Centralized Deicing Pad	113,300
2016E New Money Bonds (FAA LOI Grant Receipts-Backed)	140,000	Cross-Field Taxiway System and Relocation of Taxiways A and B	176,200
2016F New Money Bonds (PFC-Backed)	150,000		
PFC pay-as-you-go	50,000		
Total Estimated Funding Sources – Runway 9C-27C and Additional Airfield Improvement Projects	$1,267,800	Total Uses of Funds - Runway 9C-27C and Additional Airfield Improvement Projects	$1,267,800
Future OMP Projects			
Future GARBs	$361,443	Extension of Runway 9R-27L	$342,943
		Taxiway LL Phase 2	18,500
Total Estimated Funding Sources – Future OMP Projects	$361,443	Total Uses of Funds - Future OMP Projects	$361,443
Total Estimated Funding Sources – Remaining OMP and Additional Airfield Improvements	**$2,702,932**	**Total Uses of Funds - Remaining OMP and Additional Airfield Improvements**	**$2,702,932**
2016–2020 CIP			
FAA AIP Discretionary Grants	$5,999	Airfield Improvements 2/	$366,874
FAA AIP Entitlement Grants	32,500	Terminal Improvements	341,141
TSA Funds	89,536	Noise Mitigation	12,000
Future GARBs	773,292	Parking/Roadway Projects 3/	689,783
Previously Issued GARBs	262,093	Heating and Refrigeration Systems	223,726
Previously Issued PFC Revenue Bonds	26,156	Safety and Security	99,485
Previously Issued Senior Lien CFC Revenue Bonds	126,917	Planning, Implementation, and Other Costs	45,483
CFC pay-as-you-go	140,000		
TIFIA Loan	272,000		
Other Airport Funds	50,000		
Total Estimated Funding Sources: 2016–2020 CIP	**$1,778,493**	**Total Uses of Funds: 2016–2020 CIP**	**$1,778,493**

NOTES.

1/ Runway 10R-28L was commissioned in October 2015. Approximately $146 5 million of projects in OMP Phase 2A remain to be completed in 2016 and 2017

2/ Includes the Northeast Cargo Facility.

3/ Includes the Multimodal Facility

SOURCES Chicago Department of Aviation, *Comprehensive Annual Financial Report for the Years Ended December 31, 2015 and 2014*, July 2016, Chicago Department of Aviation, November 2016

PREPARED BY Ricondo & Associates, Inc , November 2016

The first phase of the OMP Airfield projects (OMP Phase 1) was completed in 2013 with the commissioning of Runway 10C-28C. This phase also included the construction of Runway 9L-27R, the extension of Runway 10L-28R, and a new airport traffic control tower, which were all commissioned in 2008. The second phase, OMP Phase 2A, includes the construction of Runway 10R-28L, north airfield enabling projects, and the first phase of the construction of Taxiway LL. Runway 10R-28L was completed and commissioned in October 2015. The remaining OMP Phase 2A projects are anticipated to be completed by early 2017.

The Airport, in accordance with criteria established by the O'Hare Noise Compatibility Commission, is providing sound insulation of eligible schools and homes as a part of each phase of the OMP.[5]

In February 2016, the Airline Parties approved Majority-In-Interest (MII) funding authority for an infrastructure plan and airfield development program that continues the runway modernization. This program includes the construction of Runway 9C-27C, an OMP Airfield Project, along with additional airfield improvements which include a deicing pad to allow aircraft to be deiced away from the gate, and a cross-field taxiway system and relocation of Taxiways A and B, all expected to be funded with the 2016 New Money Bonds. The additional airfield improvements are not part of the remaining OMP Airfield Projects. Runway 9C-27C will increase the arrival and departure capacity of the airfield and is anticipated to be completed in 2020. The remaining OMP Airfield Projects include an extension to an existing runway, which is planned to be completed in 2021, but a funding agreement with the airlines has not yet been completed.

2.2.1.1 Sources and Uses of Funds for the Remaining OMP Airfield Projects

OMP Phase 1 was completed and fully funded. The total cost for OMP Phase 1 was approximately $3.2 billion. A $1.1 billion funding agreement was agreed upon by the City and the airline parties for the construction of the second phase, OMP Phase 2A. This phase is fully funded and anticipated to remain within the budget. A $1.3 billion infrastructure plan that includes another OMP runway was agreed upon in a funding agreement among United, American, and the City in January 2016 and MII funding authority for the plan was approved by the Airline Parties in February 2016. The plan, which includes Runway 9C-27C and additional airfield improvements, will be funded, in part, with proceeds from the 2016 New Money Bonds. Additional sources of funding include PFC Revenues (pay-as-you-go) and FAA Airport Improvement Program (AIP) grant receipts. For purposes of the financial analysis included in Chapter 5 of this report, additional future GARBs, described in Section 5.5 of this Report, have been included for funding approximately $361.4 million of the remaining OMP runway extension project.

As shown in Table 2-1, the remaining OMP Airfield Projects are funded by a combination of FAA grants, previously issued bonds, the 2016 New Money Bonds, future GARBs, and PFC Revenues (pay-as-you-go).

2.2.1.2 OMP Airfield Project Benefits

The OMP was developed to address severe aircraft delays at the Airport. The OMP Airfield Projects are reducing delays and enhance airfield capacity. The projects provide the ability to operate triple independent, simultaneous approaches in poor weather conditions and quadruple independent, simultaneous approaches

[5] Sound insulation may include the following installation of heating and air conditioning systems, replacement of existing windows and exterior doors with sound-insulating windows and doors, addition of dry wall to interior walls, and addition of baffling devices to exterior vents.

in clear weather conditions. Additionally, the OMP includes construction of two ADG VI-capable runways, Runways 10C-28C (completed in 2013) and 9C-27C (anticipated completion in 2020), which meet standards for aircraft with wingspans exceeding 214 feet. ADG VI aircraft include the Airbus A380 and Boeing 747-8.

Since the implementation of the OMP Airfield Projects, the arrival and departure throughput rates at the Airport have increased. With the opening of Runway 9R-27L and the Runway 10L-28R extension in 2008, Runway 10C-28C in 2013, and Runway 10R-28L in 2015, the average hourly arrival throughput rates have increased approximately 20 percent. The runway projects eliminated "converging runway operations," which were addressed by the FAA in 2014 nationwide with the implementation of new rules to manage runways with converging flight paths, which further decreased the efficiency of O'Hare's intersecting runways. Without the OMP Airfield Projects, the Airport's capacity could have been further reduced as a result of the "converging runway operations" rule.

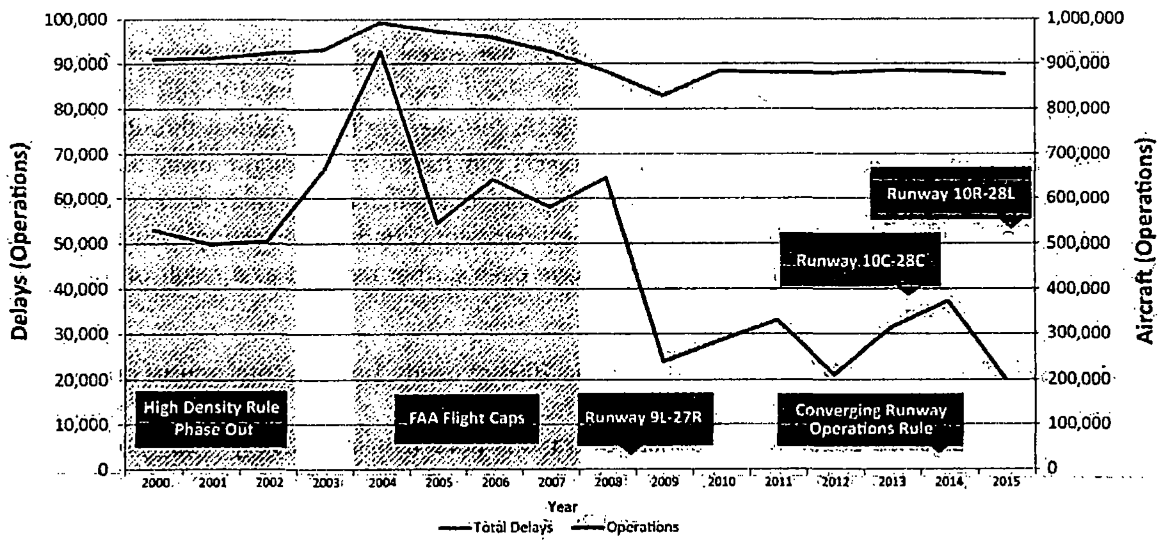
Annual aircraft operations at O'Hare reached a high in 2004 of nearly 1 million total annual operations. Since the peak in 2004, annual operations have remained relatively steady, averaging approximately 880,000 total operations per year since 2010. While annual operations have remained steady, peak hourly demand at O'Hare was at a 10-year high in 2014 and at a similar level in 2015. This peak hourly demand is partially due to the rebanking of flight schedules by both major airlines at O'Hare—allowing them to concentrate and reduce connection times during peak travel periods. The increase in throughput gained from implementation of the OMP has provided the airfield capacity necessary to handle this flight schedule rebanking.

Exhibit 2-3 shows the general decrease in system delayed flights at the Airport and historical operations following the implementation of OMP Airfield Projects. Also shown are periods of restricted operations at the Airport due to the High Density Rule[6] and FAA flight caps[7].

[6] The High Density Rule is a federal regulation established in 1969 to manage congestion at five high density airports, including O'Hare. The rule established limits on the number of all take-offs and landings during certain hours. The rule was relaxed by the U.S. Congress in 2000 and was phased out completely at O'Hare by July 2002

[7] In November 2004, the FAA and the airlines serving the Airport agreed to voluntarily limit scheduled domestic and Canadian arrivals at the Airport. In October 2006, the FAA implemented a formal flight reduction rule at the Airport (with the same limitations that were voluntary), which expired in October 2008

Exhibit 2-3: O'Hare Operations and FAA Reported Number of Delayed Flights



SOURCE: Federal Aviation Administration Operations Network, August 2016
PREPARED BY: Ricondo & Associates, Inc., August 2016

2.2.2 2016–2020 CAPITAL IMPROVEMENT PROGRAM

The 2016–2020 CIP includes development projects at the Airport that generally address the Airport's ongoing capital needs, in addition to other capital projects, such as the construction of the Multimodal Facility and the airfield improvements associated with the Northeast Cargo Facility. In general, the primary focus of the 2016–2020 CIP is for rehabilitation of airfield pavement; upgrades to the heating and refrigeration plant and additional heating and refrigeration projects in the terminals; construction of the Multimodal Facility; terminal area projects, including roof replacement in Terminal 1 and upgrades to Concourses E and F in Terminal 2, as well as an upgrade to the emergency standby power system; and safety and security projects.

Airfield Improvements

Airfield improvement projects comprise approximately $366.9 million, or 20.6 percent of the total 2016–2020 CIP. Major airfield improvements in the 2016–2020 CIP include: comprehensive maintenance of Runway 4R-22L and numerous apron ramps, which consist of the removal and replacement of the apron pavement and drainage improvements at the passenger terminal and concourses; rehabilitation of Taxiway T; and Airport Maintenance Complex campus infrastructure construction. Also included in the airfield improvements is airfield work associated with the Northeast Cargo Facility, which makes up approximately $42.2 million of the $366.9 million total for airfield improvements in the 2016–2020 CIP.

Terminal Improvements

Terminal improvement projects comprise approximately $341.1 million, or 19.2 percent of the total 2016–2020 CIP. Major terminal improvements in the 2016–2020 CIP include: expansion of the International Terminal FIS facility; repair and maintenance to the domestic terminals, including roof replacement in Terminal 1 and upgrades to Concourses E and F in Terminal 2; and an upgrade to the emergency standby power system.

Noise Mitigation

Noise mitigation projects comprise approximately $12.0 million, or 0.7 percent of the total 2016–2020 CIP. The noise mitigation costs included in the 2016-2020 CIP are the estimated costs of the remaining residential sound insulation program described in Section 2.2.1.

Parking and Roadway

Parkway and roadway projects comprise approximately $689.8 million, or 38.8 percent of the total 2016–2020 CIP; approximately $638.5 million of the $689.8 million is the remaining costs of the Multimodal Facility. The Multimodal Facility is a six-story, 4.5 million square foot structure that will house a CRCF and public parking. The project includes an extension to the Airport's ATS and additional ATS vehicles that will provide direct access between the facility and the Airport terminals. It will also provide connection to Metra commuter rail's North Central Service line. Multimodal Facility construction began in August 2015 and is scheduled to be complete in March 2019. Other major parkway and roadway projects in the 2016–2020 CIP include the extension of the taxi lot and painting of the ATS structures, stations, and bridges.

Heating and Refrigeration Systems

Heating and refrigeration systems projects comprise approximately $223.7 million, or 12.6 percent of the total 2016–2020 CIP. Major heating and refrigeration system improvements in the 2016–2020 CIP include: replacement of the south cooling tower; replacement of five chillers; replacement of six high-temperature water generators; structural restoration/modification of the utility ring tunnel; and heating, ventilation, and air conditioning system upgrades in multiple terminals.

Safety and Security

Safety and security projects comprise approximately $99.5 million, or 5.6 percent of the total 2016–2020 CIP. Major safety and security improvements in the 2016–2020 CIP include: Terminal 3 baggage screening machine replacement; International Terminal optimization; inline baggage system in Concourse L (Terminal 3); and, in conjunction with Transportation Security Administration (TSA), upgrades to the inline baggage systems for Terminal 1.

Planning and Implementation

Planning and implementation costs comprise approximately $45.5 million, or 2.6 percent of the total 2016–2020 CIP. Planning and implementation projects in the 2016–2020 CIP include: program planning, financial feasibility, construction management and field supervision, program management, program security, and allocable CDA staff costs.

2.2.2.1 Capital Improvement Program Sources and Uses of Funds

The sources and uses of funds for the 2016–2020 CIP projects can be found in Table 2-1. As shown, the 2016–2020 CIP projects are funded by a combination of FAA grants, TSA funds, and a U.S. Department of Transportation (U.S. DOT) loan secured through the Transportation Infrastructure Finance and Innovation Act (TIFIA) program; previously issued bonds and future GARBs; previously issued Senior Lien Customer Facility

Charge (CFC) Revenue Bonds; previously issued PFC Revenue Bonds; CFC pay-as-you-go revenue; and other airport funds. *The financial analysis presented in Chapter 5 of this Report assumes that 2016–2020 CIP* projects not already funded will be funded through future GARB issuances, as described in Section 5.5 of this Report.

The Multimodal Facility is a major portion of the 2016–2020 CIP. As of September 1, 2016, $260.5 million of the $782.0[8] million total estimated cost for the Multimodal Facility included in the 2016-2020 CIP has been spent on construction. Remaining sources of funds include previously issued GARBs, previously issued CFC revenue-backed bonds, U.S. DOT TIFIA direct loan, CFC pay-as-you-go revenue, and Other Airport Funds. Airfield projects associated with the third-party Northeast Cargo Facility are being funded by a combination of FAA AIP Passenger and Cargo Entitlement Grants and other Airport funds. The remainder of the 2016–2020 CIP is being funded by FAA AIP Discretionary and Entitlement Grants, TSA Funds, previously issued GARBs, and future GARBs.

2.2.3 OTHER RECENTLY ANNOUNCED CAPITAL PROJECTS

The City is undertaking capital projects intended to provide Airport facilities with the ability to accommodate *long-term demand into the 21st Century. Recently announced capital projects that support this demand are* described in the following sections.

2.2.3.1 Concourse L Extension

In February 2016, the City announced an expansion project of existing Concourse L in Terminal 3. Five new gates will be added to Concourse L to accommodate existing and future demand. The new Concourse L gates comprise the first expansion of gate capacity since the International Terminal was built in 1993; this is also the first domestic gate expansion since Terminal 1 was built in 1987. The Concourse L Extension is expected to be completed in 2018 and is being funded directly by American Airlines. No other airline approval is required for this project.

2.2.3.2 Hotel Development

In June 2016, the City announced three hotel development projects to add capacity at the Airport. The projects include the construction of two new hotels and the modernization of the existing terminal hotel. CDA intends to develop a new hotel adjacent to the International Terminal, accessible to the ATS, with 300–400 rooms, 25,000–65,000 square feet of conference space, banquet rooms, and other amenities. A second 150-200 room hotel is expected to be developed by a third party as part of a new mixed-use commercial development adjacent to the Multimodal Facility and adjacent to a 200,000 square foot office complex. Both will also be accessible to the terminals via the ATS. Plans also exist for a renovation and modernization of the existing *terminal hotel when the current lease expires in 2018. The total investment for the three* development projects is estimated to be approximately $350 million, planned to be funded by a special facility loan backed by hotel revenues, and construction is expected to be complete between 2020 and 2022.

8 The total estimated cost of the Multimodal Facility included in the 2016-2020 CIP is $782 million, which is fully funded through a combination of previously issued GARBs and the Airport Development Fund ($158 million), PFC Revenue (pay-as-you-go) ($3 million), CFC pay-as-you-go revenue ($166 million), previously issued CFC revenue-backed bonds ($183 million), and a U.S. DOT TIFIA direct loan ($272 million) secured by CFC revenues on a subordinate basis to the CFC bonds. The total estimated project cost is currently $785.4 million, which reflects an additional $3 4 million of project costs agreed to pursuant to a letter agreement between the City and the rental car companies

Requests for Proposals for an Operator Agreement for the terminal hotels and for a Development Agreement for the mixed-use commercial development are expected to be issued in the fall of 2016. Because a detailed funding plan does not yet exist for the hotel development, the financial analysis in this Report does not include future funding of this project.

2.2.3.3 Terminal 5 Expansion

The City is undertaking an expansion and set of modifications to Terminal 5 to accommodate increased traffic at the Airport. The current gate configuration in the terminal does not provide optimal scheduling of aircraft, as smaller gate sizes are not compatible with capacity demand. The Terminal 5 Expansion increases both the number (from 19 to 28) and the size of gates in Terminal 5. The project includes an extension of the east concourse of Terminal 5, which includes the addition of approximately 279,000 square feet of gross floor area; the addition of 9 aircraft parking positions and installation of associated passenger loading bridges; and the extension of sterile corridors feeding the FIS facility. The project also includes the expansion of the existing terminal apron by approximately 1.5 million square feet, increasing total linear feet of gate frontage by approximately 25 percent.

The Terminal 5 Expansion also includes the reconfiguration of gates on the west concourse of Terminal 5. Gates M1 through M6 will be modified to accommodate eight narrowbody aircraft. Existing passenger loading bridges will be modified, and new passenger loading bridges will be added to provide access to the terminal for the reconfigured gates. Existing Terminal 5 facilities will also be modified to accommodate additional activity anticipated from the terminal expansion and the modification of existing gates. Modifications to systems include the expansion of the security screening checkpoint; the modification of the baggage system, ticket counter lobby facilities, and FIS inspection areas; and other projects. Also included in the project is the Airport's second Airbus A380-capable gate, with holdroom space specifically designed for the aircraft.

It is anticipated that the Terminal 5 Expansion will be completed in 2019 at a cost of $266.8 million. The project will be funded with PFC Revenue (pay-as-you-go and PFC Revenue Bonds anticipated to be issued in 2017 to fund approximately $188.6 million of project costs) and Airport discretionary funds, and no airline approval is required. Additional information regarding future PFC Revenue Bonds is provided in Section 5.4.1 of this Report.

2.2.3.4 Terminal Area Plan

In addition to near-term gate expansion projects, long-term terminal development and redevelopment options are being evaluated as part of a recently announced Terminal Area Plan (TAP). The City's goals include strengthening the Airport's connectivity, capacity, and efficiency; improving passenger experience; and modernizing existing terminals and their functional and commercial spaces. The City and airline representatives are collectively evaluating terminal development options. Current plans under consideration for the TAP include the redevelopment of Terminal 2 into a new central terminal within the existing terminal complex. Amenities in the new terminal could include a new U.S. Customs and Border Protection facility, a departure hall with additional space for TSA passenger screening, concessions, and passenger amenities. The TAP also examines new concourses to be constructed to the west. The TAP is still in preliminary conceptual planning and discussion phases, and while funding for the TAP is anticipated to include future bond proceeds with debt service payable during the Projection Period, due to the uncertainty of timing and project costs, the financial analysis included in Chapter 5 does not include any debt service payments associated with the TAP.

The TAP would allow the Airport and airlines serving the Airport to address the constraints of the existing terminal infrastructure in order to enable long-term growth. The International Terminal, which was completed in 1993, was the last major addition to O'Hare's terminal gate capacity. Since then, significant investments in increasing airfield capacity have been made to address airfield delays and to provide long-term capacity. Concurrently, the airline industry has pursued several changes that have built additional pressure on the Airport's existing terminal infrastructure. Increasing aircraft gauge has impacted the capacity of existing gates. The industry has also experienced changes in functional areas, such as security screening, impacting the usability of the existing terminals. Therefore, the TAP could provide increased capacity of aircraft gates and terminal processing areas, while also meeting functional needs in several areas.

2.3 The 2016 Projects

A portion of the proceeds of the 2016 New Money Bonds is anticipated to be used to fund the 2016 Projects, which consist of the construction of Runway 9C-27C and enabling projects including airline facility relocation; the centralized deicing pad; and the cross-field taxiway system and relocation of Taxiways A and B, which are described in this section.

The 2016 Projects total approximately $1.3 billion, of which approximately $1.0 billion will be funded with proceeds from the 2016 New Money Bonds. PFC Revenues and Grant Receipts from an FAA LOI Grant, both used on a pay-as-you-go basis, are anticipated to fund the remaining portion (approximately $255 million) of the 2016 Projects cost that is not funded with the 2016 New Money Bonds. Airline Party approval has been received for the 2016 Projects. The City has also obtained all required approvals from the Chicago-Gary Authority for the 2016 Projects.

Table 2-2 presents the estimated uses of the 2016 New Money Bonds construction fund deposit on the 2016 Projects. The 2016 New Money Bonds construction fund deposit is being used to fund $488.3 million in construction of Runway 9C-27C and enabling projects, $235.0 million in airline facility relocation, $113.3 million in centralized deicing pad, and $176.2 million in cross-field taxiway system and relocation of Taxiways A and B.

Table 2-2: Estimated Uses of the 2016 New Money Bonds Construction Fund Deposit

(Dollars in Thousands)

2016 PROJECTS	
Runway 9C-27C and Enabling Projects	$488,300
Runway 9C-27C Airline Facility Relocation	235,000
Centralized Deicing Pad	113,300
Cross-Field Taxiway System and Relocation of Taxiways A and B	176,200
Total Estimated 2016 New Money Bonds Construction Fund Deposit	**$1,012,800**

SOURCE City of Chicago, Department of Aviation, November 2016
PREPARED BY Ricondo & Associates, Inc., November 2016

3. Demographic and Economic Analysis

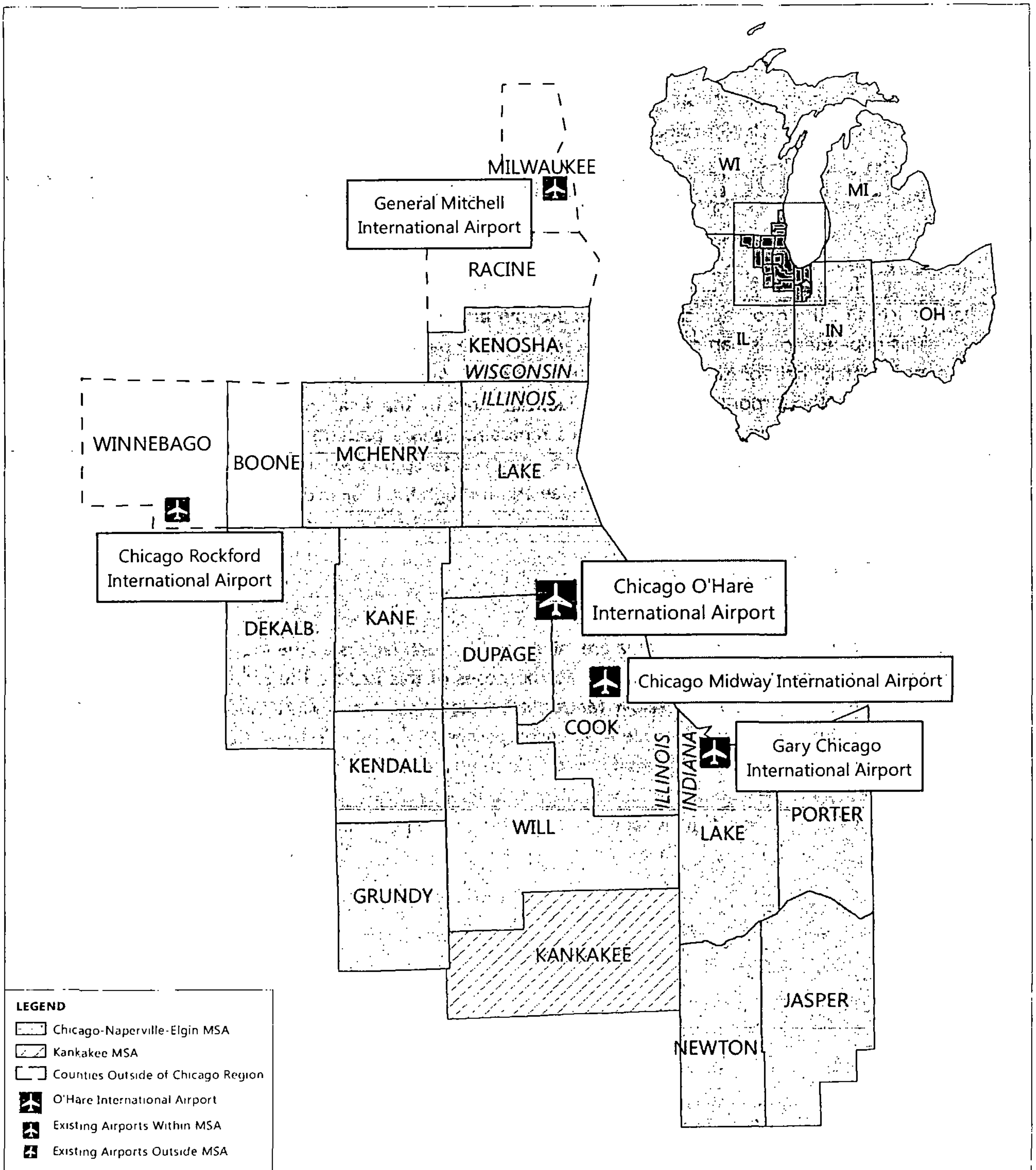
The demand for air transportation is, to a large degree, dependent upon the demographic and economic characteristics of the geographical area served by an airport, commonly referred to as an airport's air trade area. This dependence is particularly significant for O&D passenger traffic, which has historically accounted for approximately half of the passenger traffic at the Airport. The major portion of demand for air transportation at the Airport, therefore, is influenced more by the local characteristics of the area served by the Airport than by individual airline decisions regarding service patterns in support of connecting activity. This chapter[1] presents data indicating that the Airport's 15-county Air Trade Area has an economic base capable of supporting increased airline traffic demand through the Projection Period (ending FY 2025).

3.1 The Air Trade Area

The borders of an airport's air trade area are influenced by such factors as the location of other metropolitan areas and their associated airport facilities. For purposes of this Report, the Air Trade Area for the Airport consists of the Chicago-Naperville-Elgin Metropolitan Statistical Area (MSA)[2] and the Kankakee MSA. As presented on **Exhibit 3-1**, the Air Trade Area encompasses 15 counties in three states: Cook County, DeKalb County, DuPage County, Grundy County, Kane County, Kankakee County, Kendall County, Lake County, McHenry County, and Will County in Illinois; Jasper County, Lake County, Newton County, and Porter County in Indiana; and Kenosha County in Wisconsin.

1 This chapter was prepared, in part, by Partners for Economic Solutions, a consulting firm based in Washington, D.C. that specializes in regional economic analysis

2 A Metropolitan Statistical Area is a geographic entity delineated by the Office of Management and Budget (OMB) for use by Federal statistical agencies in collecting, tabulating, and publishing Federal statistics Metropolitan Statistical Areas 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



SOURCES: TIGER/Line Shapefiles, Accessed Online November 2014; USGS Shapefiles, Accessed Online August 2016
PREPARED BY: Ricondo & Associates, Inc., August 2016

NORTH 0 125,000 ft.

EXHIBIT 3-1

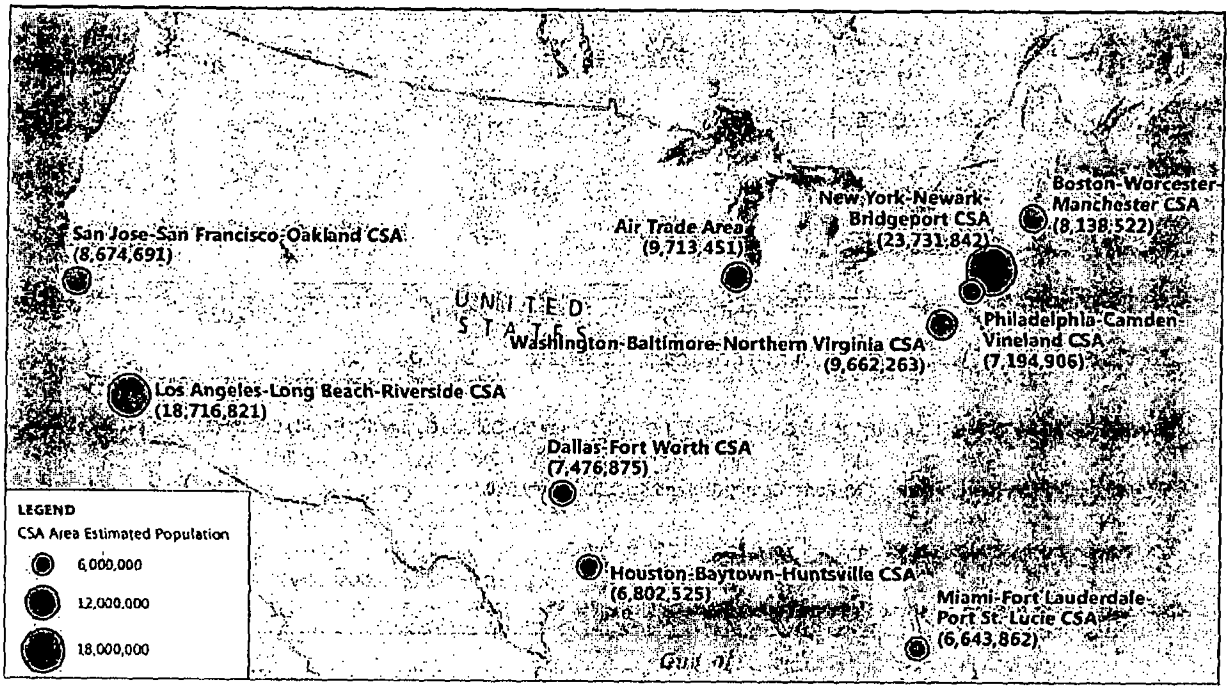
Air Trade Area

3.2 Demographic Analysis

3.2.1 POPULATION

With a population of more than 9.7 million in 2015, the 15-county Air Trade Area is the third most populous metropolitan region in the United States (see **Exhibit 3-2**) and is a major air transportation market.

Exhibit 3-2: Ten Largest Metropolitan Regions in the United States (2015)



NOTE:

CSA = Combined Statistical Area

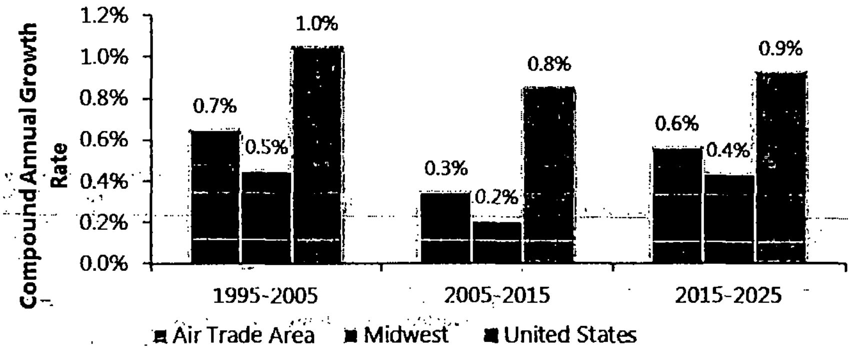
SOURCES Woods & Poole Economics, Inc. *2016 Complete Economic and Demographic Data Source* (CEDDS), May 2016; ESRI Basemap Database, 2016

PREPARED BY Ricondo & Associates, Inc., August 2016.

Population growth is a key factor creating demand for airline travel. Data in **Table 3-1** show that the Air Trade Area added approximately 329,000 to its population between 2005 and 2015, or approximately 32,900 per year. The Air Trade Area's historical rate of population growth was higher than that of the Midwest population, but it was lower than that of the United States—a relationship that is expected to prevail through 2025. The Air Trade Area population forecast for the period 2015 through 2025 reflects a compound annual growth rate (CAGR) of 0.6 percent—a rate that is higher than what is projected for the Midwest (0.4 percent) but lower than what is projected for the United States (0.9 percent). The projected increase of approximately 560,000 new residents in the Air Trade Area during this period is expected to generate additional demand for airline service at the Airport.

Table 3-1 Historical and Projected Population (1995–2025)

	HISTORICAL			PROJECTED
AREA	1995	2005	2015	2025
Air Trade Area	**8,795,306**	**9,384,219**	**9,713,451**	**10,273,007**
Chicago-Naperville-Elgin MSA [1/]	8,693,383	9,276,302	9,601,676	10,156,621
Kankakee MSA [2/]	101,923	107,917	111,775	116,386
Midwest [3/]	**43,923,694**	**45,949,142**	**46,907,908**	**48,986,622**
United States	**266,278,393**	**295,516,599**	**321,545,081**	**352,566,429**



NOTES:

1/ Chicago-Naperville-Elgin MSA is defined as Cook County (IL), DeKalb County (IL), DuPage County (IL), Grundy County (IL), Kane County (IL), Kendall County (IL), Lake County (IL), McHenry County (IL), Will County (IL), Jasper County (IN), Lake County (IN), Newton County (IN), Porter County (IN), and Kenosha County (WI).

2/ Kankakee MSA is defined as Kankakee County (IL).

3/ Midwest is defined as Illinois, Indiana, Michigan, Ohio, and Wisconsin.

SOURCE: Woods & Poole Economics, Inc., *2016 Complete Economic and Demographic Data Source* (CEDDS), May 2016

PREPARED BY: Partners for Economic Solutions, August 2016.

3.2.2 AGE DISTRIBUTION AND EDUCATION

Demand for airline travel varies by age group, and this is a factor influencing O&D passenger activity at the Airport. According to Consumer Expenditure Survey data from the U.S. Department of Labor, Bureau of Labor Statistics, in the United States, persons between the ages of 35 and 54 account for 42 percent of expenditures on airfares.[3]

Table 3-2 shows that in 2015, residents in the 15-county Air Trade Area aged 35 to 54 accounted for 27.1 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 (25.9 percent) and the United States (26.0 percent).

3 *Who's Buying for Travel*, 11th ed Ithaca, NY. New Strategist Publications, 2015 Data in *Who's Buying for Travel* are based on the U S Department of Labor, Bureau of Labor Statistics' "Consumer Expenditure Survey," an ongoing nationwide survey of household spending

Table 3-2: Age Distribution and Educational Attainment (2015)

	AIR TRADE AREA	MIDWEST	UNITED STATES
AGE DISTRIBUTION			
Total Population	9,713,451	46,907,908	321,545,081
By Age Group			
19 and Under	26 2%	25.5%	25.6%
20 to 24 Years	6.8%	7.0%	7.1%
25 to 34 Years	14.3%	13.0%	13.7%
35 to 44 Years	13.4%	12.3%	12.6%
45 to 54 Years	13.7%	13.6%	13.4%
55 to 64 Years	12.5%	13.4%	12.7%
65 and Above	13.1%	15.2%	14.9%
Total	100.0%	100.0%	100.0%
Median Age	36 9 years	38.6 years	37.8 years
EDUCATIONAL ATTAINMENT			
Population 25 years and over	6,507,942	31,656,293	216,557,125
By Highest Level Achieved			
Less than 9th Grade	6.1%	3.9%	5.7%
9th–12th Grade, No Diploma	6.3%	7.0%	7.5%
High School Graduate	21.8%	26.7%	23.5%
GED/Alternative Credential	3.0%	4.0%	4.1%
Some College, No Degree	20.2%	21.5%	21.0%
Post-Secondary Degree	42.6%	36.9%	38.2%
Associate's Degree	*7.0%*	*8.5%*	*8 2%*
Bachelor's Degree	*21.6%*	*17.7%*	*18.6%*
Master's Degree or Doctorate	*14.0%*	*10.7%*	*11.4%*
Total	100.0%	100.0%	100.0%

SOURCES Woods & Poole Economics, Inc, *2016 Complete Economic and Demographic Data Source* (CEDDS), May 2016; ESRI (Market Profiles for MSAs, states, and U.S), August 2016
PREPARED BY Partners for Economic Solutions, August 2016

According to Consumer Expenditure Survey data, persons with a college degree generate a high percentage of expenditures on airline travel. Data indicate that 77 percent of airfares are purchased by college graduates, while 17 percent are purchased by consumers who have had some college, and 6 percent are purchased by consumers who never attended college.[4] As shown in Table 3-2, 42.6 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 (36.9 percent) and the United States (38.2 percent).

4 *Who's Buying for Travel,* 11th ed Ithaca, NY: New Strategist Publications, 2015

In addition to having a highly educated population, the Air Trade Area is also home to 42 colleges and universities with total enrollment of approximately 292,000 students. These educational institutions generate demand for airline service through academic meetings and conferences, visiting professorships, study abroad programs, and individual student and faculty travel.

3.2.3 PER CAPITA PERSONAL INCOME

Another key indicator of a region's demand for airline travel is per capita personal income.[5] Per capita personal income indicates the relative affluence of a region's residents, as well as their ability to afford airline travel. It can also be an indicator of an area's attractiveness to business and leisure travelers. Regions with higher per capita personal income often have stronger business connections to the rest of the nation, as well as a more developed market for tourism.

Exhibit 3-3 presents historical per capita personal income for 2005 through 2015 for the 15-county Air Trade Area, the Midwest, and the United States. As shown, between 2005 and 2015, 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 0.7 percent between 2005 and 2015, which is lower than the rate in both the Midwest (0.9 percent) and the United States (1.0 percent) during the same period.

Exhibit 3-3 also shows that projected per capita personal income in the Air Trade Area is expected to increase at a CAGR of 1.5 percent, from $51,766 in 2015 to $60,303 in 2025.[6] The projected growth rate for per capita personal income in the Air Trade Area (1.5 percent) is slightly lower than that of the Midwest (1.6 percent) and equal to that of the United States between 2015 and 2025.

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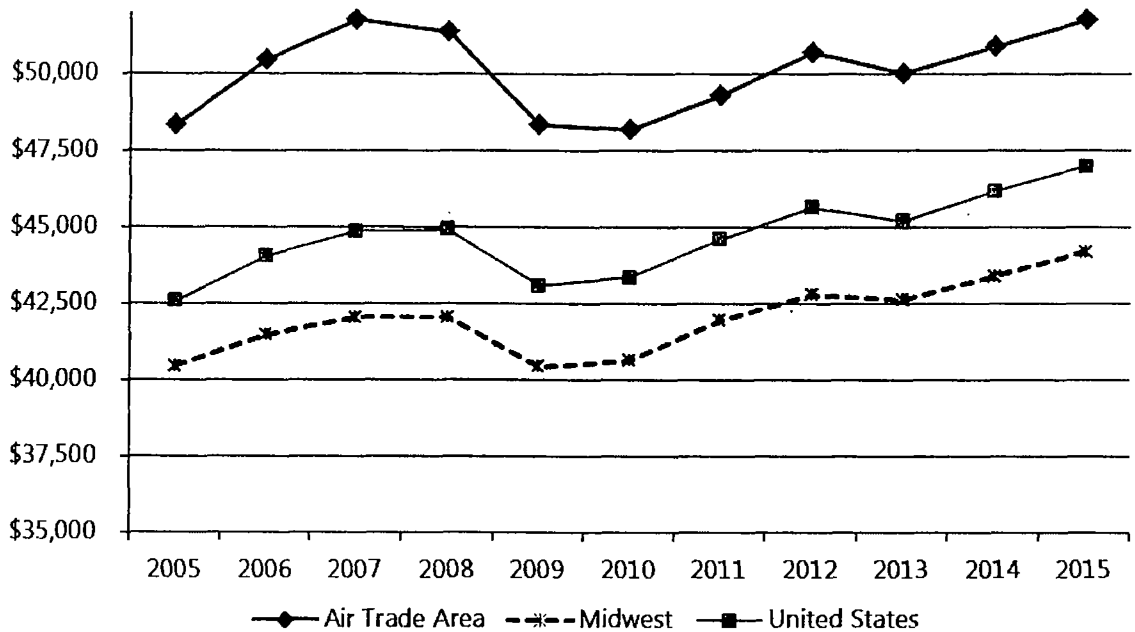
5 Per capita personal income is the sum of wages and salaries, other labor income, proprietors' income, rental income, dividend income, personal interest income, and transfer payments, less personal contributions for government social insurance, divided by the region's population

6 Amounts are in 2015 dollars.

Exhibit 3-3: Per Capita Personal Income (2005–2015) 1/



ANNUAL PER CAPITA PERSONAL INCOME GROWTH	AIR TRADE AREA	MIDWEST	UNITED STATES
2005–2015	0.7%	0.9%	1.0%
2015–2025 (Projected)	1.5%	1.6%	1.5%

NOTE

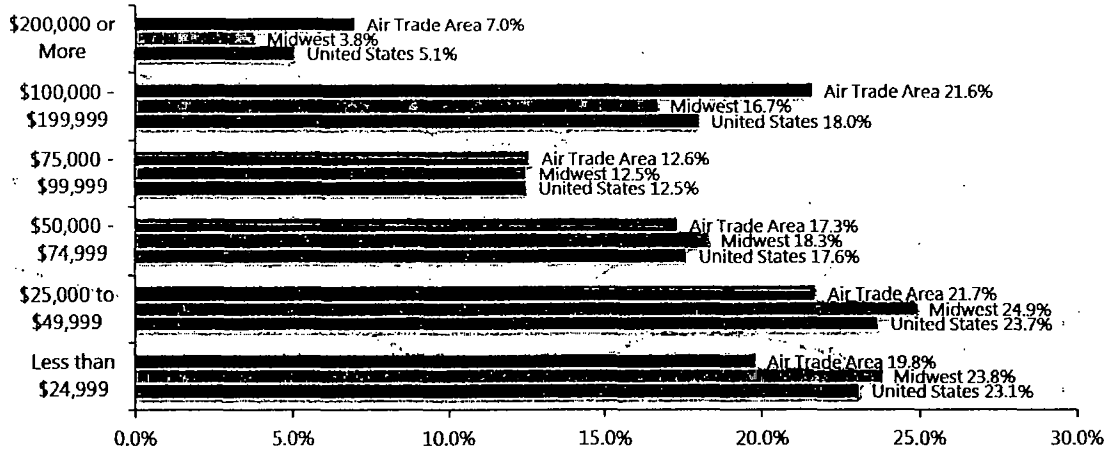
1/ Amounts are in 2015 dollars

SOURCE: Woods & Poole Economics, Inc., *2016 Complete Economic and Demographic Data* Source (CEDDS), May 2016.
PREPARED BY: Partners for Economic Solutions, August 2016

3.2.4 HOUSEHOLD INCOME DISTRIBUTION AND MEDIAN HOUSEHOLD INCOME

Exhibit 3-4 shows the distribution of households among the income categories for the Air Trade Area, the Midwest, and the United States in 2015. The 15-county Air Trade Area's estimated 2015 median household income is significantly higher than that of both the Midwest and the United States. The Air Trade Area's median household income of $59,940 in 2015 was 17 percent higher than that of the Midwest ($51,230) and 13 percent higher than that of the United States ($53,217).

Exhibit 3-4: Household Income Distribution (2015)



NOTE:

1/ Amounts are in 2015 dollars.

SOURCE: ESRI (Market Profiles for MSAs, states, and U S.), August 2016.
PREPARED BY. Partners for Economic Solutions, August 2016.

3.2.4.1 Households with Income of $100,000 and Above

The percentage of higher-income households (defined as those earning $100,000 or more annually) within the Air Trade Area is another key indicator of potential demand for airline travel. According to Consumer Expenditure Survey data from the U.S. Department of Labor, Bureau of Labor Statistics, 54 percent of airfare expenditures are made by households with annual incomes of $100,000 or more.[7] With approximately 1,021,000 households earning $100,000 or more in 2015, the Air Trade Area is among the wealthiest markets in the United States.

3.3 Economic Analysis

3.3.1 PER CAPITA GROSS DOMESTIC/REGIONAL PRODUCT

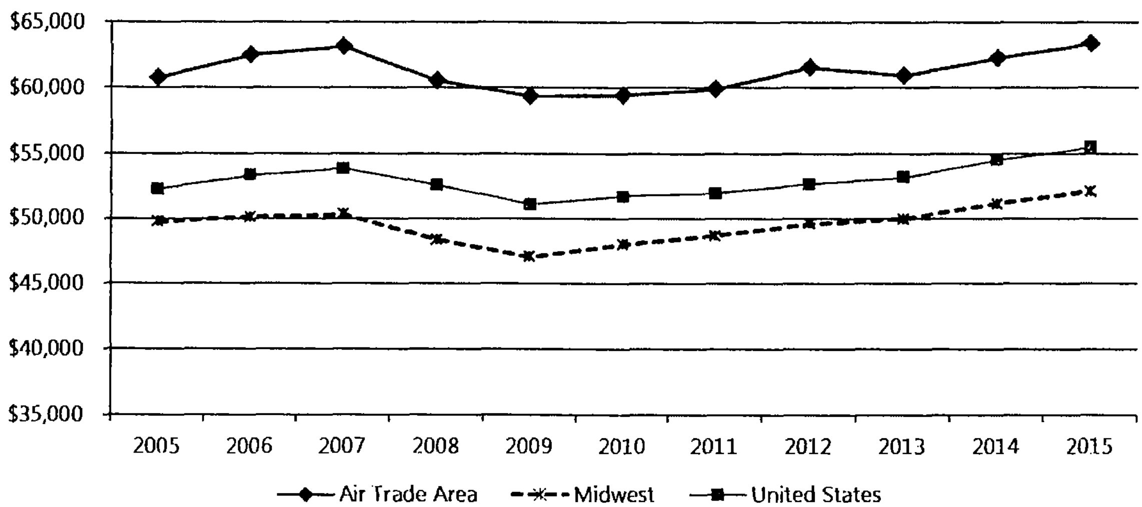
Per capita gross domestic product (GDP; U.S.-level data) and per capita gross regional product (GRP; state- and county-level data) are measures of the market value of all final goods and services produced within a defined geographic area, divided by the total population of the area. These indicators are broad measures of the economic health of a particular area and, consequently, of the area's potential demand for airline travel.

[7] *Who's Buying for Travel*, 11th ed. Ithaca, NY. New Strategist Publications, 2015

Exhibit 3-5 presents historical per capita GRP data for the 15-county Air Trade Area and the Midwest, as well as per capita GDP data for the United States for 2005 through 2015.[8] The Air Trade Area's per capita GRP increased from $60,745 in 2005 to $63,412 in 2015. Exhibit 3-5 also indicates that per capita GRP for the Air Trade Area increased at a CAGR of 0.6 percent between 2005 and 2015, compared with a 0.5 percent CAGR for the Midwest and a CAGR of 0.6 percent for the United States during the same period.

Per capita GRP for the Air Trade Area is projected to increase from $63,412 in 2015 to $72,989 in 2025. This increase represents a CAGR of 1.4 percent for the Air Trade Area, which is slightly lower in regards to the Midwest (1.5 percent) but slightly higher relative to the United States (1.3 percent) over the same period.

Exhibit 3-5: Per Capita Gross Domestic/Regional Products (2005–2015) 1/



ANNUAL PER CAPITA GDP/GRP GROWTH	AIR TRADE AREA	MIDWEST	UNITED STATES
2005–2015	0.4%	0.5%	0.6%
2015–2025 (Projected)	1.4%	1 5%	1.3%

NOTE:

1/ Amounts are in 2015 dollars.

SOURCE Woods & Poole Economics, Inc , *2016 Complete Economic and Demographic Data Source* (CEDDS), May 2016
PREPARED BY: Partners for Economic Solutions, August 2016

3.3.2 EMPLOYMENT TRENDS

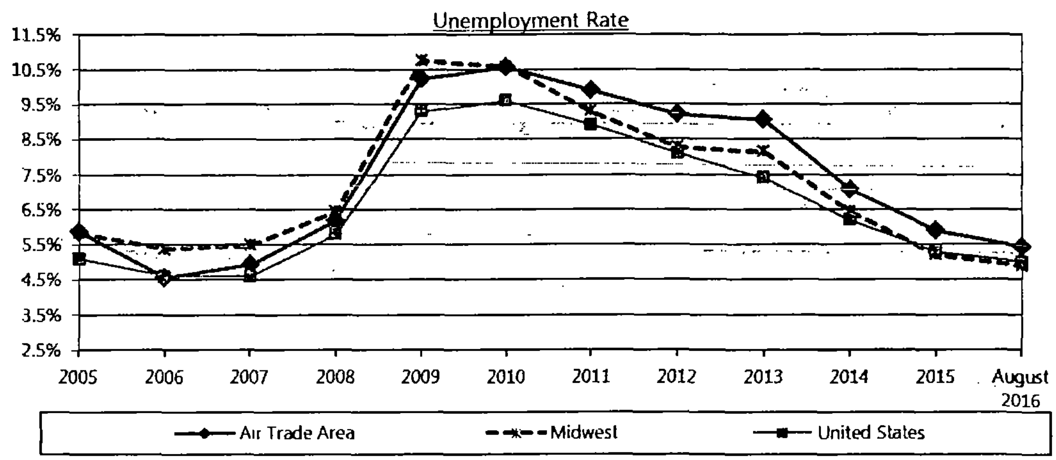
Between 2005 and 2015, the Air Trade Area labor force grew at a CAGR of approximately 0.4 percent—higher than the rate of the Midwest (-0.1 percent) but lower than that of the United States (0.5 percent).

[8] Amounts are in 2015 dollars

Exhibit 3-6 shows that the annual unemployment rate in the 15-county Air Trade Area was higher than that of the United States in all years from 2005 through 2015, with the exception of 2006 when the two rates were equal. The Air Trade Area's unemployment rate was higher than that of the Midwest in 2005, as well as from 2011 through 2015. The Air Trade Area's unemployment rate was lower than or equal to that of the Midwest from 2006 through 2010.

In August 2016, the unemployment rate in the Air Trade Area was 5.4 percent (non-seasonally adjusted);[9] this was higher than the 4.9 percent non-seasonally adjusted unemployment rate in the Midwest and 5.0 percent in the United States.[10]

Exhibit 3-6: Unemployment Rate (2005–2016)[1/]



NOTE:

1/ August 2016 data are not seasonally adjusted In August 2016, the seasonally adjusted unemployment rate was 4.8 percent in the Midwest and 4.9 percent in the United States Seasonally adjusted unemployment data are not available for the Air Trade Area.

SOURCES State of Illinois Department of Employment Security, *Labor Market Information*, U S. Department of Labor, Bureau of Labor Statistics, September 2016.

PREPARED BY Partners for Economic Solutions, September 2016

3.3.3 BUSINESS CLIMATE

The 15-county Air Trade Area is the largest inland region in the United States with a global reach; if it were measured as a country, it would be the 30th largest economy in the world.[11] Since adopting a regional Plan for Economic Growth and Jobs in 2014, World Business Chicago (WBC) has worked with numerous companies and economic development partners to attract, retain, and create new businesses in the Air Trade Area. The Plan for Economic Growth and Jobs is an effort by the government and businesses to promote regional economic prosperity. Its 10 strategies for growth include: expand advanced manufacturing; attract national and international headquarters; improve transportation and logistics; promote Chicago as a premier tourism destination; expand regional exports; improve workforce training; foster innovation and entrepreneurship;

9 Monthly unemployment data published for the Air Trade Area are not seasonally adjusted.

10 In August 2016, the seasonally adjusted unemployment rate was 4 8 percent in the Midwest and 4 9 percent in the United States

11 World Bank, International Comparison Program database, site (accessed August 2016)

invest in next-generation infrastructure; leverage neighborhood assets to support regional growth; reduce bureaucracy and streamline government services.[12]

As a result of the Plan for Economic Growth and Jobs and efforts by WBC, in 2015 Chicago was named "Top Metro for Corporate Investment" by *Site Selection* magazine. After targeting key industries, such as biotech, e-commerce, food products, and advanced manufacturing, companies such as Amazon, ConAgra Foods, Echo Global Logistics, Glassdoor, Google, GrubHub, Mead Johnson Nutrition, and Motorola Solutions have added jobs and expanded operations in the Air Trade Area. In 2015, 704 business expansions added more than 47,000 jobs to the Air Trade Area and contributed approximately $6.2 billion to the regional economy.[13] According to Choose Chicago, there were approximately 11.7 million business visitors to the Chicago metropolitan area in 2015, an increase of 5.1 percent over the previous year. The Chicago area is also ranked seventh in the world in terms of the number of foreign direct investment projects (excluding projects of less than 10 jobs), the only North American city in the top 20[14].

3.3.4 TRADE BY AIR

The Air Trade Area's outstanding 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 air freight services. In 2015, total trade activity (total imports and exports) between the Chicago Customs District[15] and the rest of the world was valued at $180.0 billion. In 2015, more than $141 billion in trade through the Chicago Customs District was conveyed by air. This represents approximately 79 percent of all trade through the Chicago Customs District and more than 64 percent of the Midwest's value of total trade by air (see **Table 3-3**). The 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 electronics and industrial components sectors), as well as an expanding global network of suppliers and manufacturers.

Table 3-3: Total Trade by Conveyance (2015)

	($ BILLIONS)		
CUSTOMS DISTRICT	VALUE OF TOTAL TRADE 1/	VALUE OF TOTAL TRADE BY AIR	PERCENT OF TOTAL TRADE BY AIR
Chicago	$180 3	$141 8	78.8%
Midwest 2/	$499.7	$219.9	44.0%
United States	$3,746.0	$995.6	26.6%

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 U S Department of Commerce, Bureau of the Census, Foreign Trade Division, February 2016
PREPARED BY Partners for Economic Solutions, August 2016

12 World Business Chicago, *Plan for Economic Growth & Jobs*, www.worldbusinesschicago com/plan (accessed August 2016)

13 World Business Chicago, *2015 Annual Report*, www.worldbusinesschicago com/annual-report (accessed August 2016)

14 IBM Institute for Business Value, Global Location Trends, 2016 Annual Report

15 U.S Customs Districts and Port Codes, http //www.census.gov/foreign-trade/schedules/ portcode.txt (accessed August 2016). The Chicago Customs District consists of 12 ports in Illinois and six ports in Indiana, Iowa, and Nebraska

3.3.5 MAJOR EMPLOYERS AND FORTUNE 500 HEADQUARTERS

A list of the 25 largest employers[16] in the Air Trade Area is presented in **Table 3-4**. In addition to providing an important source of local employment, the private sector employers, which make up approximately 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 role as an international passenger and air cargo hub makes it an important resource for employers in the Air Trade Area.

Table 3-4: Largest Employers in the Air Trade Area1/ (2015)

COMPANY	NUMBER OF FULL-TIME LOCAL EMPLOYEES	INDUSTRY
U.S. Government	42,887	Government
Chicago Public Schools	37,406	Government
City of Chicago	30,276	Government
Cook County	21,795	Government
Advocate Health Care	18,308	Health Care
University of Chicago	16,197	Higher Education
Northwestern Memorial Healthcare	15,317	Health Care
State of Illinois	15,136	Government
JPMorgan Chase & Co.	14,158	Financial Services
United Continental Holdings (#80) 2/	14,000	Airline
Walgreens Boots Alliance (#19)	13,006	Retail
Health Care Service Corp.	13,006	Health Care
Presence Health	10,500	Health Care
Abbott Laboratories (#138)	10,000	Pharmaceuticals
Northwestern University	9,708	Higher Education
Jewel-Osco	9,660	Retail
Chicago Transit Authority	9,510	Government
University of Illinois at Chicago	9,212	Higher Education
American Airlines Group Inc.	8,900	Airline
Rush University Medical Center	8,273	Health Care
AT&T Inc.	8,000	Telecommunications
Allstate Corp. (#81)	7,800	Insurance
Wal-Mart Stores Inc.	7,700	Retail
Employco USA Inc.	7,409	Payroll Services
Aon PLC	7,335	Insurance

NOTES:

1/ Employers with the most full-time employees in Cook, DuPage, Kane, Lake, McHenry, and Will counties.

2/ For companies headquartered in the Air Trade Area, (#) indicates 2016 Fortune 500 Ranking

SOURCES: Crain's Chicago Business, "Chicago's Largest Employers," December 31, 2015, Fortune, "2016 Fortune 500," June 15, 2016
PREPARED BY: Partners for Economic Solutions, August 2016

[16] The list in Table 3-4 includes employers in Cook, DuPage, Kane, Lake, McHenry, and Will counties. These six counties made up more than 90 percent of total employment in the Air Trade Area in 2015.

Major employers in the Air Trade Area represent a wide range of industries. These include: health care (Advocate Health Care, Northwestern Memorial Healthcare); airline companies (United Continental Holdings, American Airlines); higher education (University of Chicago, Northwestern University, University of Illinois at Chicago); financial services (JP Morgan Chase, CME Group), pharmaceuticals (Abbott Laboratories); insurance (Allstate, Aon); telecommunications (AT&T); and retail (Walgreens Boots Alliance, Wal-Mart Stores).

Each year *Fortune* magazine ranks the top 500 U.S. public companies in terms of annual revenue; in 2016, the 15-county Air Trade Area had the second highest number of Fortune 500 company headquarters in the nation, after the New York City metropolitan area. Corporations headquartered in the Air Trade Area include Walgreens Boots Alliance (ranked 19th among the Fortune 500), Boeing (ranked 24th), Archer Daniels Midland (ranked 41st), United Continental Holdings (ranked 80th), Allstate (ranked 81st), and Mondelēz International (ranked 94th). Of the 15 new U.S. companies to join the Fortune 500 in 2016, three are headquartered in the Air Trade Area: Univar (ranked 315th), Baxalta (ranked 420th), and Arthur J. Gallagher (ranked 471st). A full listing of Fortune 500 companies headquartered in the Air Trade Area is provided on **Exhibit 3-7.**[17] In 2016, the Air Trade Area's 34 Fortune 500 headquarters represent 94 percent of the 36 Fortune 500 headquarters in Illinois and 36 percent of the 95 Fortune 500 headquarters in the Midwest.[18]

3.3.6 MAJOR INDUSTRY SECTORS

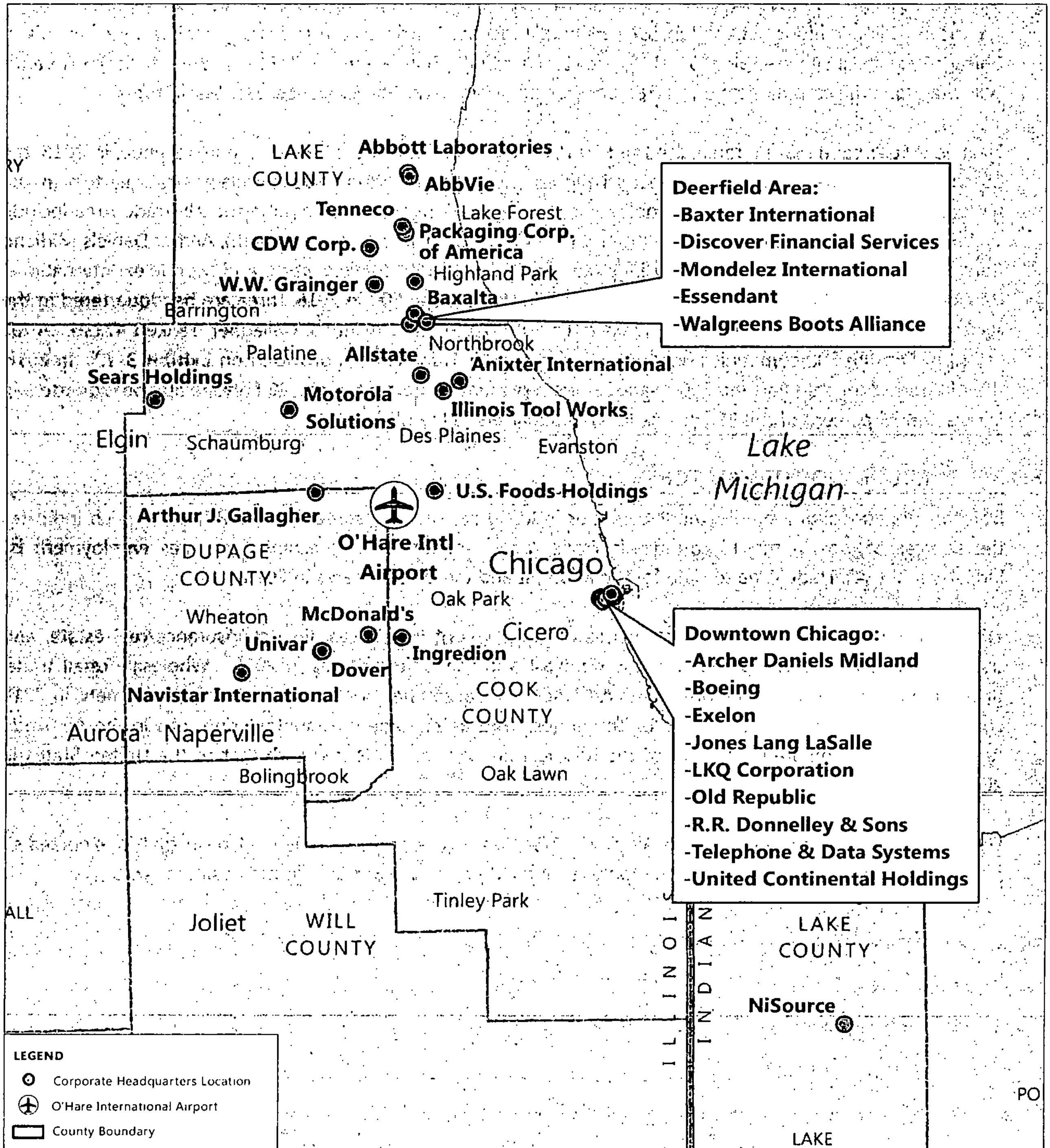
Data for nonagricultural employment by major industry sector is presented on **Exhibit 3-8**, which indicates the sources of jobs in the 15-county Air Trade Area's economy. This exhibit compares employment by industry in the Air Trade Area to data for the Midwest and the United States in 2015.

The Air Trade Area had greater percentages of employment in services, finance/insurance/real estate, and transportation/utilities compared with the Midwest and the United States in 2015. Wholesale/retail trade, government, and construction jobs in the Air Trade Area accounted for lower shares of employment in 2015 compared with the Midwest and the United States. The percentage of manufacturing jobs in the Air Trade Area was lower compared with that of the Midwest and higher compared with that of the United States in 2015.

Data in Exhibit 3-8 indicate that 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.

[17] Exhibit 3-7 includes only those counties within the Air Trade Area in which Fortune 500 companies are located. See Exhibit 3-1 for a map of the entire (15-county) Air Trade Area

[18] The Midwest is defined as the states of Illinois, Indiana, Michigan, Ohio, and Wisconsin.



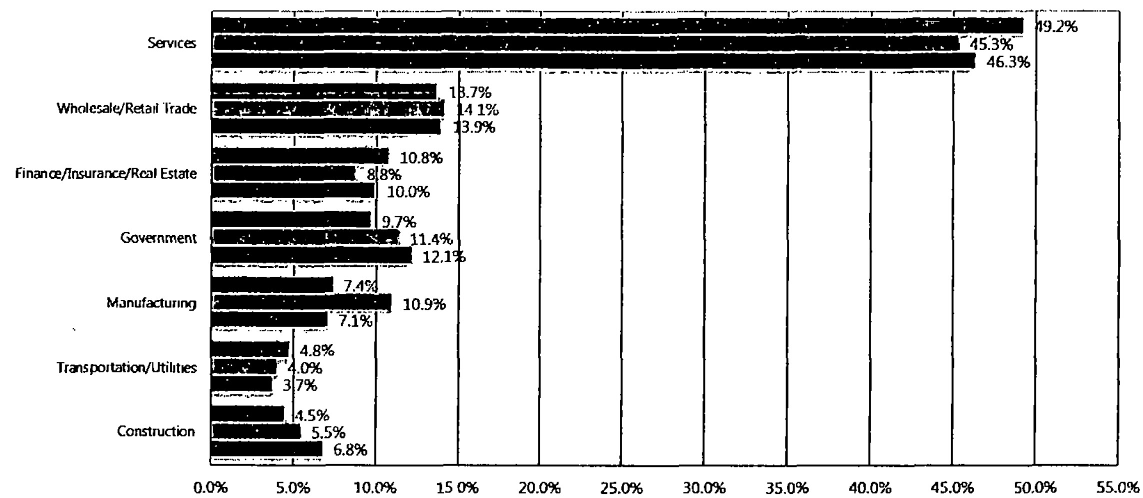
SOURCES "2016 Fortune 500," Fortune, June 15, 2016, U S Census 2013 TIGER/Line Shapefiles, Accessed Online November 2014 https //www census gov/cgi-bin/geo/shapefiles2013/main, City of Chicago, Geographic Information Systems, City Data, Accessed Online November 2014 http //www cityofchicago org/city/en/depts/doit/provdrs/gis html
PREPARED BY Ricondo & Associates, Inc , August 2016

NORTH 0 10 mi

EXHIBIT 3-7

Fortune 500 Companies Headquartered in the Air Trade Area

Exhibit 3-8: Jobs by Major Industry Sectors (2015) 1/



	AIR TRADE AREA	MIDWEST	UNITED STATES
2015 Jobs	5,897,355	26,880,999	184,227,823
2025 Jobs (Projected)	6,628,674	29,900,291	212,927,611
CAGR 2015–2025 2/	1.5%	1.1%	1.2%

NOTES:

1/ Nonagricultural employment only. Construction employment includes mining and forestry industries

2/ CAGR = Compound Annual Growth Rate

SOURCE: Woods & Poole Economics Inc., *2016 Complete Economic and Demographic Data Source* (CEDDS), May 2016
PREPARED BY: Partners for Economic Solutions, August 2016

3.3.7 AIR TRADE AREA TOURISM INDUSTRY

Approximately 52 million people traveled to the Air Trade Area in 2015,[19] representing a 3.6 percent increase over the visitor level in 2014 (50.2 million). Chicago is one of only three U.S. cities that receive more than 50 million visitors annually.[20] Between 2010 and 2015, the number of visitors to the Air Trade Area increased by

19 Choose Chicago New Releases, "Mayor Emanuel Announces Record Tourism in June," http://www.choosechicago.com/articles/view/mayor-emanuel-announces-record-tourism-in-june-/1710 (accessed August 2016).

20 The two others were Orlando (66 million) and New York (58 million). *Choose Chicago 2015 Annual Report*, February 2016, http://www.choosechicago.com/media, *Orlando Sentinel*, "Visit Orlando hits 66 million tourists in 2015," May 2, 2016, http://www.orlandosentinel.com/business/tourism/os-visit-orlando-2015-tourist-numbers-20160502-story.html, *The New York Times*, "Record Number of Tourists Visited New York City in 2015," March 8, 2016, http://www.nytimes.com/2016/03/09/nyregion/record-number-of-tourists-visited-new-york-city-in-2015-and-more-are-expected-this-year.html?_r=0 (accessed August 2016).

more than 31 percent.[21] The Air Trade Area's visitors generated approximately $14.9 billion in direct spending and $935 million in state and local tax revenue in 2015.[22]

Chicago and its surrounding region host a variety of cultural institutions, including art museums, science museums, performing arts facilities (symphony, opera, theater), and comedy venues. Other visitor attractions include two zoos (Lincoln Park and Brookfield), an aquarium, Skydeck Chicago in Willis Tower (formerly Sears Tower), and Millennium Park. Major league sports based in the Air Trade Area include football, basketball, hockey, and two baseball teams. The region's wide array of cultural choices and entertainment options is an important factor supporting repeat visitation. The ability to see attractions or undertake activities that were missed on a previous visit has been cited as a significant element in a visitor's intent to return to a travel destination.[23]

Numerous travel magazines, such as *Travel + Leisure*, *Condé Nast Traveler*, *Lonely Planet*, and other publications, regularly name Chicago a top travel destination. Chicago and its surrounding region have also been cited as a top location for commerce, sporting events, and cultural attractions by publications including *Business Traveler*, *Site Selection*, *The Sporting News*, and *American Style*. In addition, Choose Chicago (the Chicago Convention & Tourism Bureau) has been a frequent winner of the Pinnacle Award from *Successful Meetings* in recognition of its meeting planning services.

3.3.7.1 Convention Facilities, Tourism Marketing, and Special Events

Chicago ranks second in the United States in terms of the number of conventions hosted.[24] Containing 2.6 million square feet of exhibit space, McCormick Place is the Air Trade Area's primary meeting and exhibition venue. 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.

Support for tourism and conventions is a priority for the business community, civic organizations, and government officials in the Air Trade Area. In 2015, Choose Chicago launched its Corporate Leadership Circle in order to engage support from the region's business community for tourism and convention initiatives. Inaugural corporate partners that support Choose Chicago's initiatives include United Continental Holdings, Boeing, and PepsiCo. In addition, Choose Chicago's strategic marketing partners include American Airlines, American Express, Bank of America, BestCities Global Alliance, and Experient. Choose Chicago also launched the "Chicago Epic" national and international advertising campaign in 2015.

Chicago's lakefront was chosen as the first freshwater venue for the America's Cup catamaran race in 2016. Other highlights include the selection of Chicago to host the NFL Draft in 2015 and 2016 (New York had been the previous host since 1965). After 25 years in New York, the James Beard Foundation Awards moved its

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21 *Choose Chicago 2015 Annual Report*, February 2016, http.//www choosechicago.com/media (accessed August 2016)

22 Choose Chicago News Releases, "Mayor Emanuel and Choose Chicago Announce Record Tourism in 2015," April 26, 2016, www.choosechicago com/includes/content/docs/media/04-26-16-Tourism-Record-RELEASE.pdf (accessed August 2016).

23 Jeffrey M Caneen, "Cultural Determinants of Tourist Intention to Return." *Consumer Psychology of Tourism, Hospitality and Leisure*. Oxfordshire, UK: CABI Publishing, 2004

24 *Cvent's Top 50 Meeting Destinations in the United States*, http://www.cvent.com/en/supplier-network/top-50/2016-top-destinations-us shtml (accessed August 2016)

venue to Chicago in 2015; Chicago hosted this internationally renowned culinary event again in 2016 and a return date is scheduled in 2017.

3.3.7.2 Overseas Visitors

Based on a survey from the U.S. Department of Commerce's Office of Tourism Industries, data in **Table 3-5** show that more than 1.6 million travelers from overseas (excluding Canada and Mexico) selected Chicago as their destination city in 2015. Chicago was the 9th most popular U.S. destination for overseas travelers in 2015, ranking ahead of other major cities such as Boston, San Diego, Fort Lauderdale, Houston, Atlanta, Seattle, Philadelphia, Flagstaff, Anaheim, and Tampa.

Table 3-5: Top Destination Cities for Overseas Visitors (2015)

RANK	DESTINATION CITY	OVERSEAS VISITORS 1/
1	New York City	10,132,000
2	Miami	5,509,000
3	Los Angeles	4,857,000
4	Orlando	4,718,000
5	San Francisco	3,632,000
6	Las Vegas	3,409,000
7	Honolulu	2,380,000
8	Washington, D.C.	2,135,000
9	**Chicago**	**1,620,000**
10	Boston	1,159,000
11	San Diego	1,033,000
12	Fort Lauderdale	902,000
13	Houston	864,000
14	Atlanta	837,000
15	Seattle	783,000
16	Philadelphia	680,000
17	Flagstaff, AZ	672,000
18	Florida Keys	637,000
19	Anaheim	610,000
20	Tampa	591,000

NOTE:

1/ Excluding visitors from Canada and Mexico.

SOURCE: U.S. Department of Commerce, International Trade Administration, Office of Tourism Industries, July 2016
PREPARED BY: Partners for Economic Solutions, August 2016

3.4 Economic Outlook

3.4.1 SHORT-TERM ECONOMIC OUTLOOK

The U.S. economy expanded at a modest and steady level in 2015, with employment growing by an average of 204,000 jobs per month.[25] Between January and August 2016, U.S. employment growth averaged 182,000 jobs per month.[26] Continued monthly job growth supports projections for wage gains and further declines in unemployment. In addition, the outlook for consumer spending is optimistic, inflationary pressures are modest, and lower oil prices are projected to have a positive effect on U.S. growth.[27]

The most recently published projection by business economists from the National Association for Business Economics (NABE) indicates consensus for real GDP growth of 1.5 percent in 2016 and 2.3 percent in 2017. The NABE estimates that the average annual U.S. unemployment rate will be 4.8 percent in 2016 and 4.6 percent in 2017.[28]

3.4.2 LONG-TERM ECONOMIC OUTLOOK

Table 3-6 presents selected 2015 and 2025 economic figures for the Air Trade Area and the United States including population, employment, personal income, and GRP and GDP. Growth expectations for these variables in the 15-county Air Trade Area are generally equivalent to those of the United States and indicate the ongoing capacity of the Air Trade Area to continue to generate demand for air travel services during the projection period.

Table 3-6: Projected Select Economic Variables (2015–2025)

VARIABLE 1/	2015	2025	CAGR 2/ 2015–2025
Air Trade Area Population	9,713,451	10,273,007	0.6%
United States Population	321,545,081	352,566,429	0.9%
Air Trade Area Total Employment	5,897,355	6,628,674	1.2%
United States Total Employment	184,227,823	212,927,611	1.5%
Air Trade Area Total Personal Income ($ billion)	$502.83	$619.49	2.1%
United States Total Personal Income ($ billion)	$15,104.25	$19,257.53	2.5%
Air Trade Area Per Capita Personal Income	$51,766	$60,303	1.5%
United States Per Capita Personal Income	$46,974	$54,621	1.5%
Air Trade Area Gross Regional Product ($ billion)	$615.95	$749.82	2.0%
United States Gross Domestic Product ($ billion)	$17,839.32	$22,263.58	2.2%
Air Trade Area Per Capita Gross Regional Product	$63,412	$72,989	1.4%
United States Per Capita Gross Domestic Product	$55,480	$63,147	1.3%

NOTES

1/ Dollar amounts are in 2015 dollars

2/ CAGR = Compound Annual Growth Rate

SOURCE. Woods & Poole Economics, Inc., *Complete Economic and Demographic Data Source* (CEDDS), May 2016
PREPARED BY Partners for Economic Solutions, August 2016

25 U.S. Department of Commerce, Bureau of Labor Statistics, *2015 Employment Situation*, www.bls gov/schedule/ archives/empsit_nr.htm (accessed August 2016).

26 U.S. Department of Commerce, Bureau of Labor Statistics, *2016 Employment Situation, January-August 2016*, www bls.gov/schedule/ archives/empsit_nr.htm (accessed September 2016).

27 National Association for Business Economics, *NABE Outlook*, June 2016, Board of Governors of the Federal Reserve System, *July 13, 2016 Summary of Commentary on Current Economic Conditions by Federal Reserve District*, www federalreserve.gov/monetary policy/beigebook/beigebook201607 htm?summary (accessed August 2016).

28 National Association for Business Economics, *NABE Outlook*, September 2016

3.4.3 CONCLUSIONS

The 15-county Air Trade Area has a population of nearly 9.7 million that is projected to increase to more than 10.3 million by 2025.

Median household income and per capita personal income in the Air Trade Area are both higher than United States levels. Median household income in the Air Trade Area in 2015 is $59,940, 13 percent higher than in the United States. ($53,217). The Air Trade Area's 2015 per capita personal income ($51,766) is 10 percent higher than in the United States. ($46,974).

In terms of percentages, the industry sectors in the Air Trade Area with employment that exceeds levels in the United States are services, finance/insurance/real estate, manufacturing, and transportation/utilities.

The Air Trade Area's 5.9 million jobs contribute to a GRP of more than $615 billion in 2015. Jobs in the Air Trade Area are projected to increase by more than 731,000 to approximately 6.6 million by 2025. The Air Trade Area's GRP is projected to increase by 22 percent, in real terms, to approximately $750 billion by 2025.

The data cited in this chapter support the conclusion that the 15-county Air Trade Area has a large and diverse economy that is capable of supporting increased airline traffic demand through the Projection Period (ending FY 2025).

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4. Air Traffic

This section describes the airlines serving the Airport, historical airport activity, factors affecting aviation demand, and forecast airport activity.

4.1 National and Global Perspective of the Airport

Based on U.S. DOT survey data, the Chicago market[1] was ranked fourth in the nation in terms of domestic O&D passengers in calendar year 2015 - following the New York[2], Los Angeles[3], and San Francisco[4] markets. With its proximity to the center of the United States, its facilities to accommodate domestic and international passengers, and its status as the largest mid-continent international airport and the largest major "dual hub" airport in the United States (measured by enplaned passengers)[5], the Airport is a key component of the national air transportation system.

Table 4-1 presents the Airport's worldwide rankings of activity for calendar year 2015. The Airport served approximately 76.9 million enplaned and deplaned passengers, or approximately 210,800 average daily passengers, during this period. This is an increase from the approximately 70.0 million passengers, or approximately 191,800 average daily passengers, in 2014. The Airport ranked second worldwide in total aircraft operations, with 875,136 takeoffs and landings; fourth worldwide and second in the United States in total passengers; and seventeenth worldwide and sixth in the United States in total cargo. The Airport has historically ranked at or near the top of the world's busiest airports in terms of passenger and operational activity. Through the first eight months of 2016, enplaned passenger volumes have increased 2.5 percent from the same period in 2015.

Chicago's location along the heavily traveled east/west air routes and its large population base make it a natural location for airline hub operations. American Airlines (American) and United Airlines (United), the world's largest and second largest carriers in terms of available seat miles (ASMs) operate major connecting hub operations at the Airport. United and American's use of the Airport as a hub is described in more detail later in Section 4.5. Southwest Airlines (Southwest) also serves the Chicago region at Midway International Airport. Additional discussion of Southwest is contained in Section 4.4.

1 Includes Chicago O'Hare International and Chicago Midway International Airports.

2 Includes John F Kennedy International, Newark Liberty International, and LaGuardia Airports

3 Includes Los Angeles International, John Wayne Airport-Orange County, Ontario International, Bob Hope, and Long Beach Airports

4 Includes San Francisco International, Metropolitan Oakland International, and Norman Y. Mineta San Jose International Airports

5 Based on 2015 U S. DOT T-100 data.

Table 4-1: Top 20 Worldwide Ranking of Activity

(12 Months Ending December 2015)

	RANKINGS BY AIRCRAFT OPERATIONS		RANKINGS BY TOTAL PASSENGERS		RANKINGS BY TONS OF CARGO	
RANK	**AIRPORT**	**TOTAL OPERATIONS**	**AIRPORT**	**TOTAL PASSENGERS**	**AIRPORT**	**TOTAL CARGO (METRIC TONS)**
1	Atlanta (ATL)	882,497	Atlanta (ATL)	101,491,106	Hong Kong (HKG)	4,460,065
2	**Chicago (ORD)**	**875,136**	Beijing (PEK)	89,938,628	Memphis (MEM)	4,290,638
3	Dallas/Fort Worth (DFW)	681,244	Dubai (DXB)	78,010,265	Shanghai (PVG)	3,273,732
4	Los Angeles (LAX)	655,564	**Chicago (ORD)**	**76,949,504**	Anchorage (ANC)1/	2,630,701
5	Beijing, (PEK)	590,169	Tokyo (HND)	75,316,718	Incheon (ICN)	2,595,677
6	Charlotte (CLT)	543,944	London (LHR)	74,989,795	Dubai (DXB)	2,505,507
7	Denver (DEN)	541,213	Los Angeles (LAX)	74,937,004	Louisville (SDF)	2,350,656
8	Las Vegas (LAS)	530,330	Hong Kong (HKG)	68,283,407	Tokyo (NRT)	2,122,314
9	Houston (IAH)	502,844	Paris (CDG)	65,766,986	Paris (CDG)	2,090,795
10	Paris (CDG)	475,810	Dallas (DFW)	64,072,468	Frankfurt (FRA)	2,076,734
11	London (LHR)	474,103	Istanbul (IST)	61,836,781	Taipei (TPE)	2,021,865
12	Frankfurt (FRA)	468,153	Frankfurt (FRA)	61,032,022	Miami (MIA)	2,005,174
13	Amsterdam (AMS)	465,521	Shanghai (PVG)	60,053,387	Los Angeles (LAX)	1,938,624
14	Istanbul, (IST)	464,865	Amsterdam (AMS)	58,284,864	Beijing (PEK)	1,889,829
15	Shanghai (PVG)	448,213	New York (JFK)	56,827,154	Singapore (SIN)	1,887,000
16	Toronto (YYZ)	443,958	Singapore (SIN)	55,449,000	Amsterdam (AMS)	1,655,354
17	Phoenix (PHX)	440,411	Guangzhou (CAN)	55,201,915	**Chicago (ORD)**	**1,592,826**
18	New York (JFK)	438,897	Jakarta (CGK)	54,053,905	London (LHR)	1,591,637
19	Tokyo (HND)	438,542	Denver (DEN)	54,014,502	Guangzhou (CAN)	1,537,759
20	San Francisco (SFO)	429,815	Bangkok (BKK)	52,902,110	Doha (DOH)	1,454,952

NOTE: All results are preliminary

1/ ANC data include transit freight

SOURCE: Airports Council International, *2015 World Airport Traffic Report (preliminary)*, April 2016.
PREPARED BY: Ricondo & Associates, Inc., August 2016.

4.2 Airlines Serving the Airport

The Airport is an important O&D market within the networks of the passenger airlines that it accommodates. The Airport also serves as a major connecting hub for both United and American. **Table 4-2** lists the airlines serving the Airport during the 12 months ended August 2016, and includes seasonal service.

Table 4-3 presents the scheduled United States airlines that have served the Airport at any time since at least 2006. The Airport has had the benefit of a large and stable airline base, which has helped promote competitive pricing and scheduling diversity in the Airport's major domestic markets. As of August 2016, United and its regional affiliates provided nonstop service from the Airport to 141 domestic markets and 42 international markets[6]; American and its regional affiliates provided nonstop service to 111 domestic markets and 19 international markets from the Airport.

In addition to United, American and their regional affiliates, other major United States airlines at the Airport include Alaska Airlines (Alaska), Delta Air Lines (Delta), and four low-cost carriers (LCCs): Frontier Airlines (Frontier), JetBlue Airways (JetBlue), Spirit Airlines (Spirit), and Virgin America. Together, these airlines provide nonstop service to a total of 41 domestic markets and two international markets.

The foreign flag airlines that have served the Airport at any time since at least 2006 are listed in **Table 4-4**. Nineteen of the 37 foreign-flag airlines currently serving the Airport in 2016 have operated at the Airport each year since at least 2006. In addition, the number of new carriers has steadily grown. Twelve new foreign flag carriers have begun service to the Airport since 2013 (Air Berlin, Austrian Airlines, Hainan Airlines, Qatar Airways, Sky Regional and Volaris in 2013; Avianca and Emirates in 2014; Finnair in 2015; and China Eastern Airlines, EVA Air[7], and Icelandair in 2016). As shown in **Exhibit 4-1,** the Airport has the fourth most foreign flag carriers operating in the United States (after John F. Kennedy International, Los Angeles International, and Miami International Airports). **Exhibit 4-2** presents the market shares, as measured by 2015 total enplaned passengers at the Airport. In 2015, United and American, and their regional affiliates represented approximately 80 percent of the enplaned passengers at the Airport based on CDA data.

[6] Includes seasonal service

[7] EVA Air is scheduled to begin service at the Airport in November 2016

Table 4-2: Airlines Serving the Airport [1]

SCHEDULED U.S. CARRIERS (21)	FOREIGN-FLAG CARRIERS (36)	NON-SCHEDULED CARRIERS (5)	ALL-CARGO CARRIERS (22)
Aerodynamics, Inc.	Aer Lingus	Casino Express	Aerologic
Air Choice One	Aeromexico	Miami Air International	Aerounion
Alaska	Air Berlin	Omni Air International	Air Bridge Cargo
American [2/] *	Air Canada [3/] *	Sunwing Airlines	Air China Cargo
Compass (Delta Connection)	Air France [3/]	Vision Air	Airborne Express
Delta *	Air India		Atlas Air
Endeavor Air (Delta Connection)	Alitalia [3/]		Cargolux
Envoy (American Eagle)	All Nippon		China
ExpressJet (American Eagle, Delta Connection, and United Express)	Asiana		China Cargo
Frontier	Austrian		China Eastern
GoJet (Delta Connection and United Express)	AVIANCA		China Southern
JetBlue	British Airways		DHL
Mesa (American Eagle and United Express)	Cathay Pacific		EVA Airways
PSA (American Eagle)	Cayman [3/]		FedEx *
Republic (American Eagle)	COPA		Kalitta
Shuttle America (Delta Connection and United Express)	China Eastern Airlines		Lufthansa Cargo
SkyWest (American Eagle, Delta Connection, and United Express)	Emirates		Martinair Cargo
Spirit *	Etihad		Mountain Air
Trans States (United Express)	Finnair [3/]		Nippon
United *	Hainan		Qantas
Virgin America	Iberia		United Parcel Service *
	Icelandair		Yangtze River
	Japan		
	KLM-Royal Dutch		
	Korean Air		
	LOT		
	Lufthansa		
	Qatar		
	Royal Jordanian		
	SAS		
	Sky Regional (Air Canada Express)		
	SWISS International		
	Turkish		
	Virgin Atlantic [3/]		
	WestJet [3/]		
	Volaris		

NOTES:
* = Signatory to the Airport Use Agreement
1/ Scheduled for the 12 months ended August 2016.
2/ In December 2013, American and US Airways merged. The FAA granted a single operating certificate on April 8, 2015.
3/ Provides seasonal service at the Airport.
SOURCE: City of Chicago, Department of Aviation Management Records, August 2016; Diio LLC, August 2016.
PREPARED BY: Ricondo & Associates, Inc., August 2016.

Table 4-3: Scheduled United States Passenger Air Carrier Base

AIR CARRIER	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016 1/
Alaska	●	●	●	●	●	●	●	●	●	●	●
American 2/	●	●	●	●	●	●	●	●	●	●	●
Delta 4/	●	●	●	●	●	●	●	●	●	●	●
Envoy 3/	●	●	●	●	●	●	●	●	●	●	●
ExpressJet	●	●	●	●	●	●	●	●	●	●	●
GoJet	●	●	●	●	●	●	●	●	●	●	●
Republic	●	●	●	●	●	●	●	●	●	●	●
Shuttle America	●	●	●	●	●	●	●	●	●	●	●
SkyWest	●	●	●	●	●	●	●	●	●	●	●
Spirit	●	●	●	●	●	●	●	●	●	●	●
Trans States	●	●	●	●	●	●	●	●	●	●	●
United 5/	●	●	●	●	●	●	●	●	●	●	●
JetBlue		●	●	●	●	●	●	●	●	●	●
Endeavor 6/			●	●	●	●	●	●	●	●	●
Air Choice One					●	●	●	●	●	●	●
Compass					●	●	●	●	●	●	●
Frontier						●	●	●	●	●	●
Virgin America						●	●	●	●	●	●
PSA	●	●	●	●	●				●	●	●
Aerodynamics											●
Mesa	●	●	●	●	●	●	●	●	●	●	
Chautauqua	●	●	●	●	●	●	●	●	●		
Comair	●	●	●	●	●	●	●				
Air Wisconsin	●	●	●	●	●	●					
USA 3000	●	●	●	●	●	●					
Atlantic Southeast			●	●	●	●					
Freedom			●	●	●						
Mesaba	●				●	●					
MidAtlantic	●			●	●						
Atlantic Coast/Independence Air	●										
Total Airlines Serving the Airport	**21**	**19**	**22**	**23**	**26**	**25**	**21**	**20**	**21**	**20**	**20**

NOTES.

1/ Scheduled service in 2016, as of August 2016

2/ In December 2013, American and US Airways merged. The FAA granted a single operating certificate on April 8, 2015.

3/ American Eagle was rebranded as Envoy in April 2014.

4/ In October 2008, Delta and Northwest merged. The FAA granted Delta a single operating certificate on January 1, 2010

5/ In October 2010, United and Continental merged The FAA granted United a single operating certificate on November 30, 2011.

6/ Pinnacle was rebranded as Endeavor Air on August 1, 2013.

SOURCE City of Chicago, Department of Aviation Management Records, August 2016; Diio LLC, August 2016.

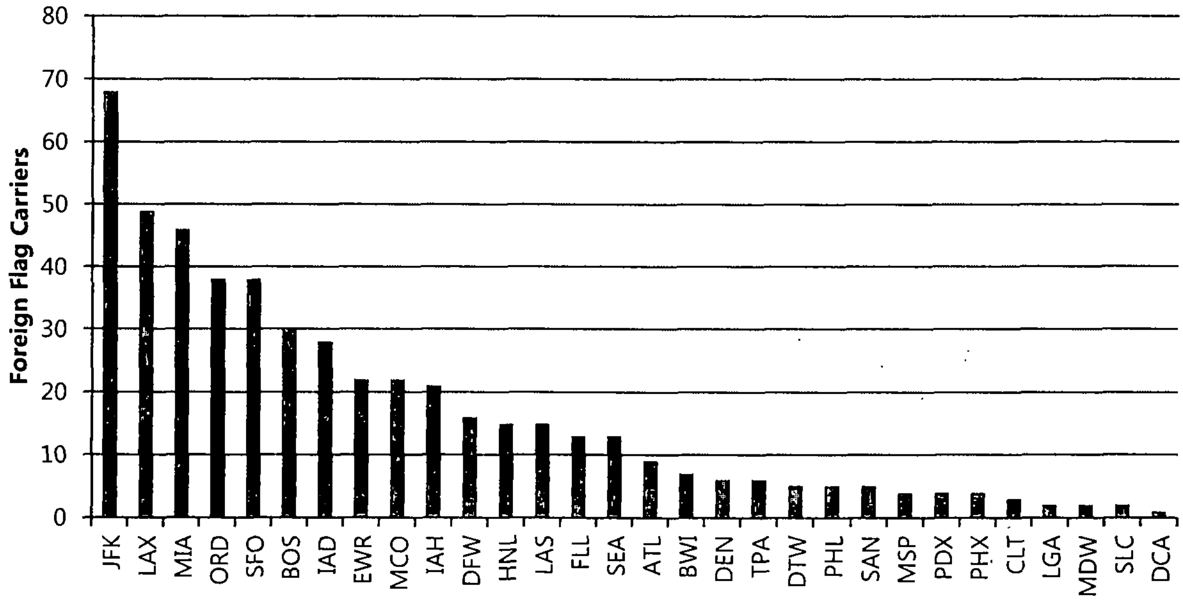
PREPARED BY Ricondo & Associates, Inc., August 2016.

Table 4-4: Foreign Flag Air Carrier Base

AIR CARRIER	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016[1/]
Aer Lingus	●	●	●	●	●	●	●	●	●	●	●
Aeromexico	●	●	●	●	●	●	●	●	●	●	●
Air Canada[2/]	●	●	●	●	●	●	●	●	●	●	●
Air France[2/]	●	●	●	●	●	●	●	●	●	●	●
Air India	●	●	●	●	●	●	●	●	●	●	●
Alitalia/Air One[2/]	●	●	●	●	●	●	●	●	●	●	●
Asiana	●	●	●	●	●	●	●	●	●	●	●
British Airways	●	●	●	●	●	●	●	●	●	●	●
Cayman Airways[2/]	●	●	●	●	●	●	●	●	●	●	●
Iberia	●	●	●	●	●	●	●	●	●	●	●
Japan	●	●	●	●	●	●	●	●	●	●	●
KLM Royal Dutch	●	●	●	●	●	●	●	●	●	●	●
Korean Air	●	●	●	●	●	●	●	●	●	●	●
LOT	●	●	●	●	●	●	●	●	●	●	●
Lufthansa	●	●	●	●	●	●	●	●	●	●	●
Royal Jordanian	●	●	●	●	●	●	●	●	●	●	●
SAS Scandinavian	●	●	●	●	●	●	●	●	●	●	●
Swiss International	●	●	●	●	●	●	●	●	●	●	●
Turkish	●	●	●	●	●	●	●	●	●	●	●
All Nippon - ANA		●	●	●	●	●	●	●	●	●	●
Virgin Atlantic[2/]		●	●	●	●	●	●	●	●	●	●
Etihad				●	●	●	●	●	●	●	●
Copa						●	●	●	●	●	●
Cathay Pacific							●	●	●	●	●
WestJet[2/]							●	●	●	●	●
Air Berlin								●	●	●	●
Austrian		●	●					●	●	●	●
Hainan								●	●	●	●
Qatar								●	●	●	●
Sky Regional								●	●	●	●
Volaris								●	●	●	●
AVIANCA[3/]									●	●	●
Emirates[4/]									●	●	●
Finnair[2/]										●	●
China Eastern											●
EVA Air[5/]											●
Icelandair											●
Jazz Air	●	●	●	●	●	●	●	●			
Pakistan International	●	●			●	●					
Air Jamaica	●	●	●	●	●						
Mexicana	●	●	●	●	●						
BMI - British Midland	●	●	●								
El Al Israel	●	●									
Aviacsa	●										
PrivatAir	●										
Total Airlines Serving the Airport	**27**	**28**	**26**	**25**	**26**	**25**	**26**	**32**	**33**	**34**	**37**

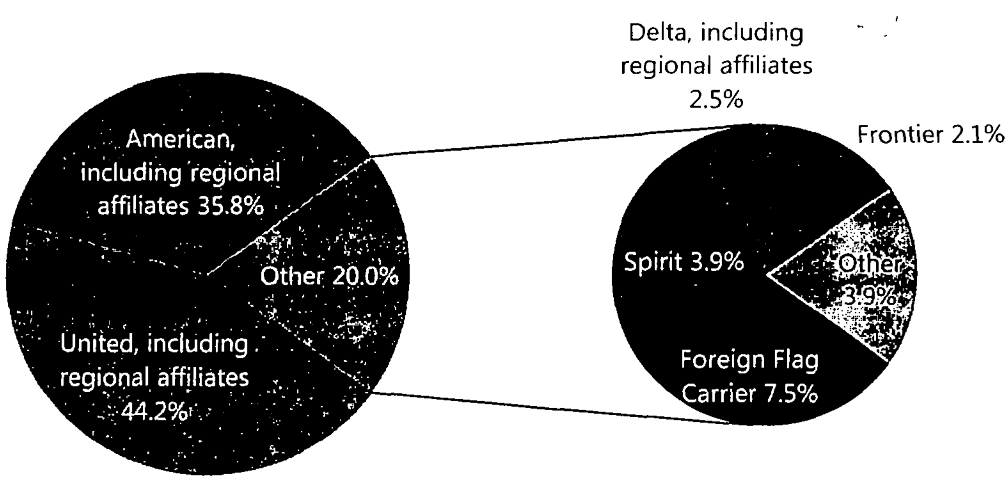
NOTES
1/ Scheduled service in 2016, as of August 2016.
2/ Provides seasonal service at the Airport
3/ AVIANCA merged with TACA and LACSA in 2009 and the combined carrier has been operating as AVIANCA at the Airport since February 2014.
4/ Emirates began service in August 2014
5/ EVA Air is scheduled to begin service at the Airport in November 2016.
SOURCE: City of Chicago, Department of Aviation Management Records, August 2016; Diio LLC, August 2016
PREPARED BY: Ricondo & Associates, Inc., August 2016.

Exhibit 4-1: Large Hub Airport Foreign Flag Carrier Count



NOTE: Foreign flag carriers scheduled in 2016.
SOURCE: Innovata, August 2016
PREPARED BY Ricondo and Associates, Inc, August 2016

Exhibit 4-2: 2015 Airline Market Share (measured by enplaned passengers)



NOTE American includes US Airways Affiliates refers to branded regional affiliates only
SOURCE City of Chicago, Department of Aviation Management Records, August 2016
PREPARED BY Ricondo & Associates, Inc, August 2016

4.3 Historical Airport Activity

The following sections present a review of the Airport's historical passenger activity and air service.

4.3.1 ENPLANED PASSENGER ACTIVITY AND AIRLINE OPERATIONS

Table 4-5 presents historical data on enplaned passengers at the Airport. Total enplaned passengers at the Airport increased by a CAGR of 0.2 percent from 2006 to 2015. In 2015, the airport set a record for passenger enplanements. Enplanements at the Airport grew 9.9 percent from the prior year, with domestic enplanements increasing by 11.2 percent and international enplanements increasing by 2.3 percent. Through July 2016, passenger enplanements have increased 2.7 percent from the record volumes over the same period in 2015. Further detail regarding recent passenger enplanement growth is provided throughout this chapter.

4.3.1.1 Domestic Enplaned Passengers and Operations

Exhibit 4-3 depicts trends in domestic enplanements and operations over a 12-year period. Included in the exhibit are major events that impacted domestic enplanements and operations during the period.

Despite the imposition of flight caps restricting operations beginning in 2004, the Airport reached a record high number of enplanements in 2005. In 2006, the FAA implemented mandatory flight restrictions on operations from the Airport to destinations within the United States and Canada[8] due to continued congestion. Though this mandatory restriction limited operations at the Airport, domestic enplanements decreased slightly in 2007, but fell significantly in 2008 and 2009, as a result of the economic recession that began in December 2007 as well as self-imposed capacity reductions by the carriers in response to the economic recession. In 2008, airlines further reduced capacity through consolidation and aircraft retirements in response to lower demand and record high oil prices. Airlines held capacity relatively flat as the economy began to improve, keeping control on costs and generating higher revenues through increased fares and new fees, while emphasizing service in profitable markets. Domestic enplanements grew in 2010 and then remained relatively constant from 2011 to 2013 as United worked through merger integration issues and American filed for bankruptcy protection in 2011. Since 2008, United system-wide enplanements have decreased 8.1 percent, while at the Airport United enplanements have decreased 3.1 percent. Over this same timeframe, American system-wide enplanements have grown 3.3 percent while decreasing 0.9 percent at the Airport. Both United and American have grown at O'Hare in recent years, increasing enplaned passengers 6.4 and 6.8 percent, respectively, since 2013. **Exhibit 4-4** presents the system-wide enplaned passenger trends for United and American (including their respective merger partners and affiliates) since 2008.

[8] Mandatory flight restrictions became effective October 29, 2006. They expired October 31, 2008 in conjunction with the opening of Runway 9L-27R

Table 4-5: Historical Enplaned Passengers 1/

	DOMESTIC		INTERNATIONAL		TOTAL	
YEAR	ENPLANED PASSENGERS	ANNUAL GROWTH	ENPLANED PASSENGERS	ANNUAL GROWTH	ENPLANED PASSENGERS	ANNUAL GROWTH
2006	32,116,629	(0.9%)	5,647,815	1.9%	37,764,444	(0.5%)
2007	32,109,607	(0.0%)	5,653,455	0.1%	37,763,062	(0.0%)
2008	28,378,531	(11.6%)	5,632,655	(0.4%)	34,011,186	(9.9%)
2009	26,851,150	(5.4%)	5,184,005	(8.0%)	32,035,155	(5.8%)
2010	28,087,634	4.6%	5,131,768	(1.0%)	33,219,402	3.7%
2011	28,293,579	0.7%	4,901,129	(4.5%)	33,194,708	(0.1%)
2012	28,275,113	(0.1%)	4,956,088	1.1%	33,231,201	0.1%
2013	28,182,287	(0.3%)	5,102,501	3.0%	33,284,788	0.2%
2014	29,546,907	4.8%	5,392,787	5.7%	34,939,694	5.0%
2015	32,863,551	11.2%	5,517,938	2.3%	38,381,489	9.9%
COMPOUND ANNUAL GROWTH RATE						
2006 - 2011	(2.5%)		(2.8%)		(2.5%)	
2011 - 2015	3.8%		3.0%		3.7%	
2006 - 2015	0.3%		(0.3%)		0.2%	

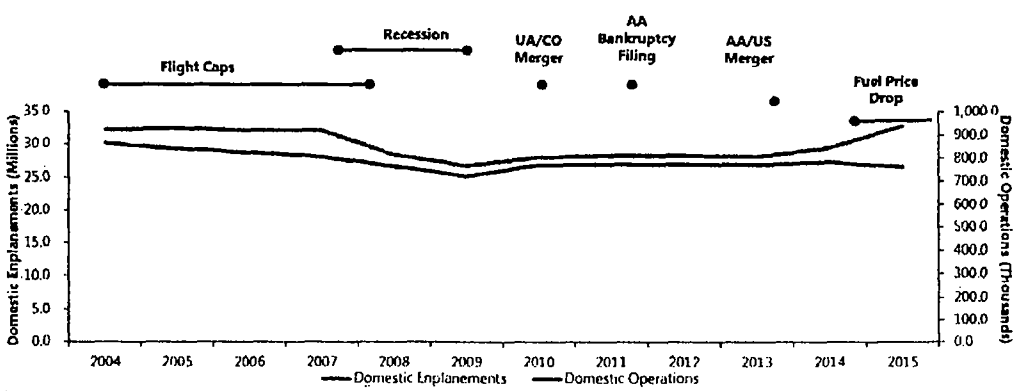
NOTE:

1/ Excludes general aviation, military, helicopter, and miscellaneous passengers included in the City of Chicago's Airport Activity Statistics.

SOURCE: City of Chicago, Department of Aviation Management Records, August 2016

PREPARED BY: Ricondo & Associates, Inc., August 2016

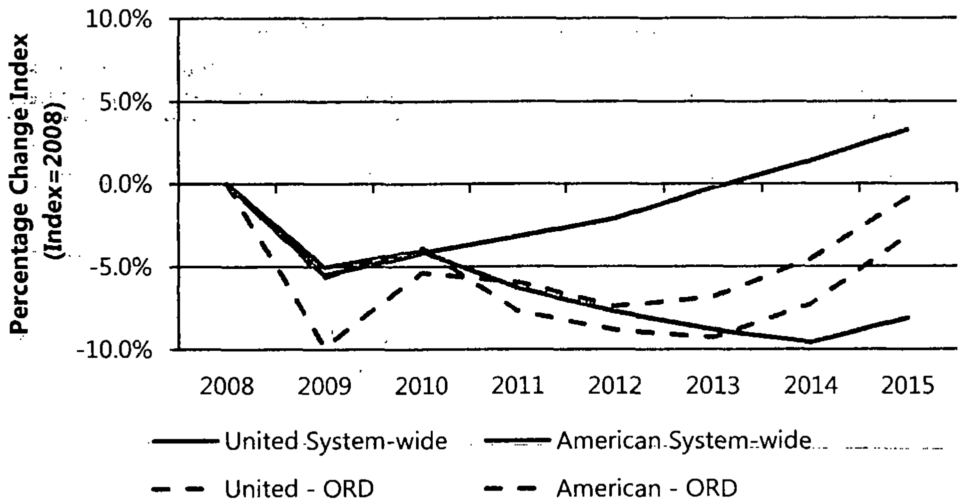
Exhibit 4-3: Domestic Enplanements and Operations



SOURCE: City of Chicago, Department of Aviation Management Records, August 2016, Ricondo & Associates, Inc. based on the analysis and assumptions described in the Report, August 2016

PREPARED BY: Ricondo & Associates, Inc., August 2016

Exhibit 4-4: United and American Enplaned Passenger Trends



NOTE: Includes regional partners and merged carriers (Continental and US Airways).
SOURCE: U S. DOT T-100, August 2016.
PREPARED BY. Ricondo and Associates, Inc. August 2016.

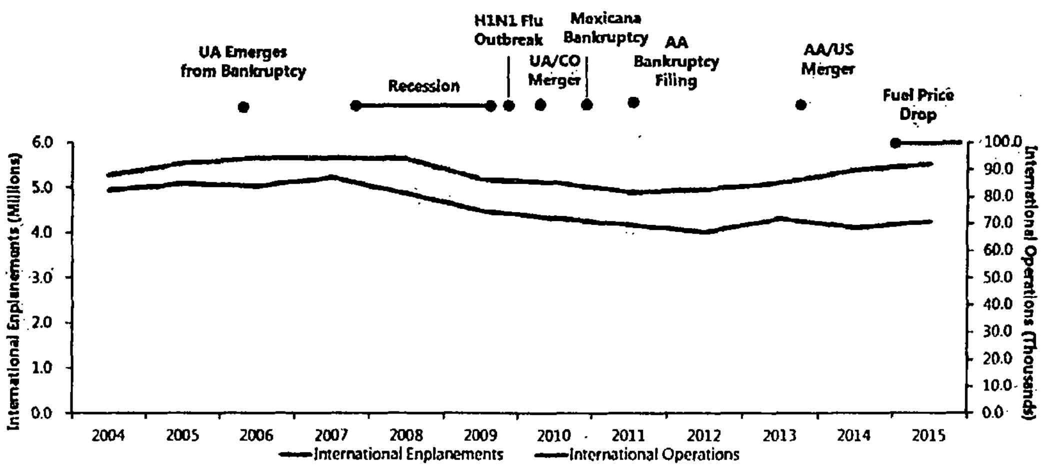
Low-cost carrier growth at the Airport has accelerated since 2013. In 2014, Spirit increased seat capacity at the Airport by 17.2 percent from the prior year and in 2015 increased scheduled seat capacity by another 39.6 percent. The airline has increased scheduled seat capacity by another 4.1 percent in 2016, serving 20 destinations by the end of 2016. In the third quarter of 2014, Frontier commenced domestic service at the Airport (prior to 2014 Frontier operated international charter service at O'Hare) and by the end of 2016 it will serve 24 destinations. Frontier has increased scheduled domestic seat capacity by 3.4 percent in 2016. In addition to Frontier and Spirit, low-cost carriers JetBlue and Virgin America have served the Airport since 2007 and 2011, respectively. Combined, the two carriers offer service to five major destinations: Boston, New York-Kennedy, Los Angeles, San Francisco, and San Juan, Puerto Rico. Additional information on low cost carriers can be found in Section 4.5.2.

In 2015, domestic enplaned passengers increased 11.2 percent over 2014. Scheduled domestic seat capacity increased 5.7 percent during this period. Higher enplanement growth relative to seat capacity growth is due, in part, to United and American's schedule restructuring referred to as rebanking. By rebanking, airlines schedule flights to arrive and depart within a narrow window of time to facilitate efficient connecting itineraries, which maximize the number of connecting passengers that can be accommodated on existing flights and results in fuller aircraft on average. United and American increased domestic seat capacity at the Airport by 1.5 percent and 2.3 percent, respectively, in 2015, driven by increased seats per departure as smaller regional jets seating 50 passengers or less are being replaced by larger regional jets. United's scheduled domestic seat capacity at the Airport has increased another 4.5 percent in 2016, and American's scheduled domestic seat capacity has increased another 2.5 percent. Overall, domestic seat capacity at the Airport is scheduled to increase by 3.1 percent in 2016

4.3.1.2 International Enplaned Passengers

Exhibit 4-5 depicts trends in international enplanements and operations over a 12 year period. Included in the exhibit are major events that impacted international enplanements and operations during the period.

Exhibit 4-5: International Enplanement and Operations



SOURCE: City of Chicago, Department of Aviation Management Records, August 2016, Ricondo & Associates, Inc based on the analysis and assumptions described in the Report, August 2016.
PREPARED BY: Ricondo & Associates, Inc, August 2016.

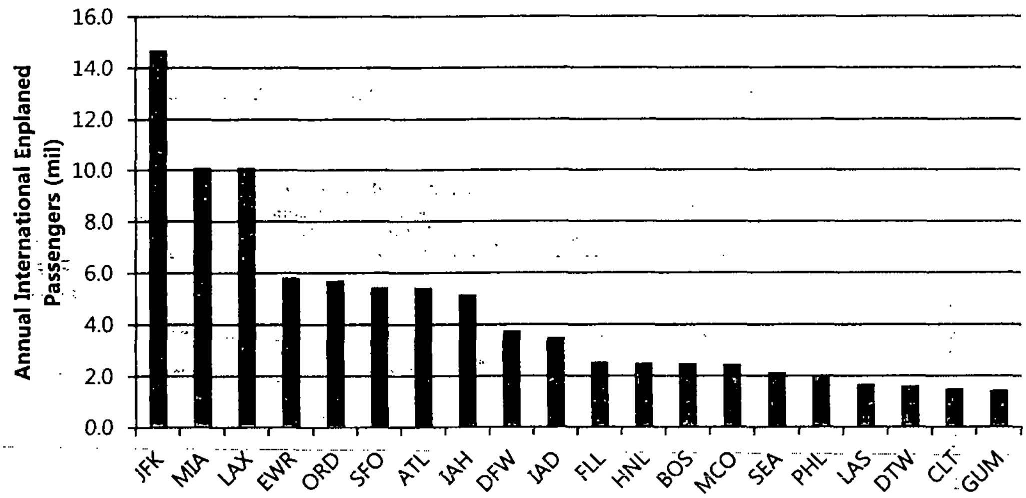
International enplanements and operations at the Airport remained relatively flat through 2007. Operations began to decline in 2008 as airlines reacted to the worsening economic environment by reducing seat capacity. The recession continued to negatively impact international activity in 2009, and was further impacted by the H1N1 swine flu outbreak that reduced demand to Asia, Mexico, and South America.

Lagging demand for international travel, United's merger integration issues, and the bankruptcy of Mexicana (which at the time was the second largest foreign flag carrier at the Airport) combined to further depress international activity in 2010 and 2011. International enplanements declined to their lowest point of the last 10 years in 2011. International activity began to increase again in 2012 and experienced further growth in 2013 and 2014 as a result of service provided by new foreign flag carriers and the expansion of international service by United and American.

In 2015 new international service was initiated by United to Vieux-Fort, Saint Lucia (UVF), Providenciales, Caicos Islands (PLS), and Ixtapa, Mexico (ZIH). In 2016, new international service was initiated by Icelandair to Reykjavik, Iceland (KEF), and EVA Air is scheduled to begin service to Taipei, Taiwan (TPE) in November 2016. Icelandair and EVA Air are foreign flag carriers that have not previously served the Airport.

In 2015, international enplanements increased 2.3 percent from the prior year. As depicted in **Exhibit 4-6**, the Airport ranked fourth among United States airports as measured by international enplaned passenger volumes in 2015.

Exhibit 4-6: Top 20 United States Airports by International Enplaned Passenger Volumes – 2015



SOURCE: U S. DOT T-100, August 2016.
PREPARED BY: Ricondo and Associates, Inc. August 2016.

Table 4-6 presents total enplaned passengers by airline at the Airport from 2011 through 2015. The total enplanement share of United and its regional affiliates has declined since 2011 (from 47.3 percent to 44.2 percent). This is the result of a combination of minor capacity reductions by United and growth by other airlines at the Airport, which is consistent with nationwide trends. American and its regional affiliates have also experienced a reduced share of enplaned passengers over the same period (from 37.7 percent to 35.8 percent), despite growth in the total number of enplaned passengers, as a result of growth by other airlines at the Airport. **Exhibit 4-7** provides further detail of the shares of United, American and their regional affiliates at the Airport in 2010 and 2015.

4.3.2 AIR SERVICE

Table 4-7 presents the historical O&D and connecting enplanement shares at the Airport. The share of O&D passengers increased from 47.8 percent in 2006 to a high of 52.4 percent in 2010. In 2015, O&D passengers comprised 52.3 percent of total Airport enplanements. O&D passenger growth was facilitated by new domestic seat capacity introduced by United, American, and the low-cost carriers. Further supporting O&D growth was a decline in fares enabled by a decline in oil prices. Through higher passenger volumes, airlines were able to increase passenger revenues despite the lower fare environment.

Exhibit 4-8 shows historical O&D passengers and fares at the Airport and the average annual oil prices. Between 2009 and 2014, O&D passenger volumes grew at a CAGR of 1.7 percent, while average domestic fares grew at a CAGR of 6.0 percent. As the average price of oil hovered above $90, airlines elected to drive revenue growth through higher fares. As a result of declining oil prices in 2015, O&D passengers grew 17.4 percent while fares fell by 11.7 percent. The cost of operating additional capacity has decreased, and airlines have been able to profitably fly passengers at those lower fares. Should the price of oil return to the levels of 2012 and 2013, airlines may reduce capacity and capture revenue growth through higher fares.

Table 4-6: Historical Total Enplaned Passengers by Airline

	AIRLINE	2011 ENPLANED PASSENGERS	2011 SHARE	2012 ENPLANED PASSENGERS	2012 SHARE	2013 ENPLANED PASSENGERS	2013 SHARE	2014 ENPLANED PASSENGERS	2014 SHARE	2015 ENPLANED PASSENGERS	2015 SHARE
	United Carriers Combined 1/	15,697,777	47 3%	15,512,325	46.7%	15,417,514	46.3%	15,953,464	45 7%	16,964,618	44.2%
	American Carriers Combined 2/	12,504,447	37.7%	12,518,193	37.7%	12,574,993	37.8%	13,025,518	37.3%	13,740,573	35.8%
1	United 1/	9,711,656	29 3%	9,315,340	28.0%	8,990,732	27.0%	9,227,495	26 4%	10,556,509	27.5%
2	American 2/	8,555,926	25.8%	8,233,016	24.8%	8,278,339	24.9%	8,089,327	23.2%	9,694,172	25.3%
3	Envoy Air 3/ (American Eagle)	3,500,279	10.5%	3,591,209	10.8%	3,322,933	10.0%	2,868,392	8.2%	2,992,870	7 8%
4	SkyWest (American Eagle, Delta Connection & United Express)	1,375,929	4.1%	1,276,718	3.8%	1,386,813	4.2%	1,873,838	5.4%	2,363,825	6.2%
5	ExpressJet (American Eagle, Delta Connection & United Express)	1,920,154	5 8%	2,547,550	7.7%	2,507,154	7.5%	2,265,376	6.5%	2,080,030	5 4%
6	Spirit	565,117	1.7%	875,403	2.6%	956,297	2.9%	1,151,516	3.3%	1,505,460	3.9%
7	Republic (American Eagle & United Express)	2,958	0 0%	4,127	0.0%	214,238	0.6%	1,673,668	4.8%	1,477,878	3 9%
8	Delta	692,244	2.1%	719,024	2.2%	716,938	2.2%	844,445	2.4%	972,132	2.5%
9	Shuttle America (Delta Connection & United Express)	1,176,252	3.5%	1,163,078	3 5%	1,118,384	3.4%	1,036,671	3.0%	960,637	2 5%
10	GoJet (Delta Connection & United Express)	695,580	2.1%	743,794	2.2%	795,407	2.4%	783,363	2.2%	867,993	2.3%
11	Frontier	612	0.0%	86,198	0.3%	85,589	0.3%	153,838	0.4%	809,191	2 1%
12	Alaska	249,701	0.8%	248,885	0.7%	243,625	0.7%	264,947	0.8%	306,030	0.8%
13	Lufthansa	287,892	0 9%	269,061	0.8%	295,435	0 9%	301,482	0.9%	279,972	0 7%
14	Trans States (United Express)	347,997	1.0%	208,197	0.6%	475,863	1.4%	637,489	1.8%	279,635	0.7%
15	JetBlue	225,175	0.7%	205,707	0 6%	185,653	0.6%	241,582	0 7%	263,947	0.7%
	Other	3,887,236	11.7%	3,743,894	11.3%	3,711,388	11.2%	3,526,265	10.1%	2,971,208	7.7%
	Airport Total 4/	**33,194,708**	**100.0%**	**33,231,201**	**100.0%**	**33,284,788**	**100.0%**	**34,939,694**	**100.0%**	**38,381,489**	**100.0%**

NOTES U S DOT T-100 Data has been used to determine United and American combined shares. Share totals for United and American carriers combined include regional affiliates and are separate from the airport total calculation

1/ In October 2010, United and Continental merged The FAA granted United a single operating certificate on November 30, 2011. Data for the two airlines are combined

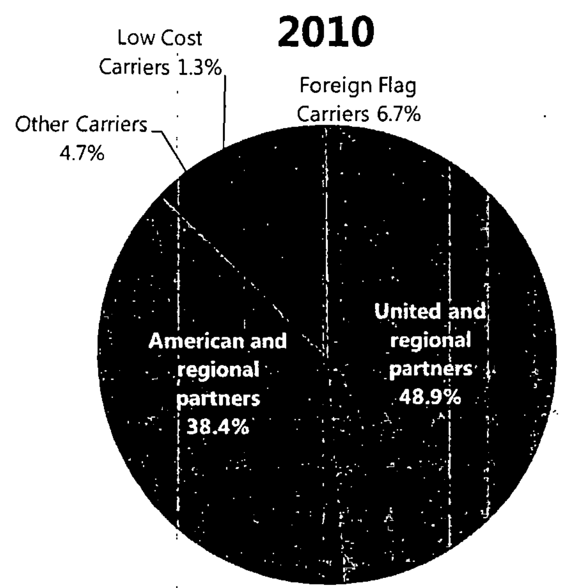
2/ In December 2013, American and US Airways merged The FAA granted a single operating certificate on April 8, 2015 Data for the two airlines are combined

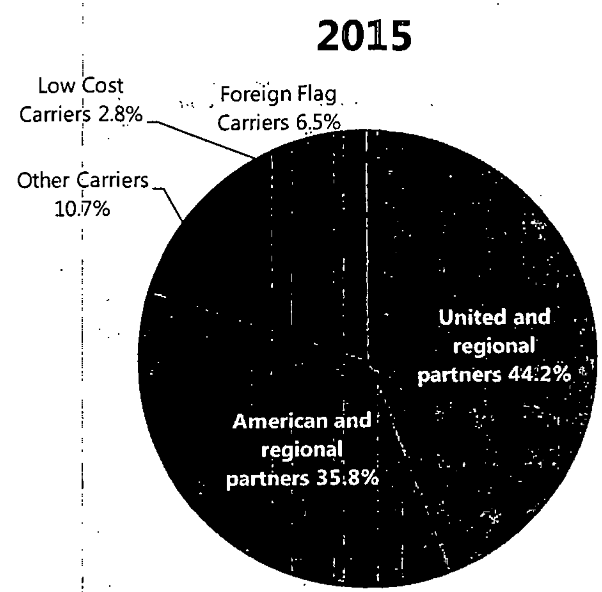
3/ In January 2014, American Eagle was rebranded as Envoy Air

4/ Columns may not add to totals shown because of rounding

SOURCE City of Chicago, Department of Aviation Management Records, August 2016, U S DOT T-100, August 2016.
PREPARED BY. Ricondo & Associates, Inc, August 2016

Exhibit 4-7: 2010 and 2015 Airline Market Shares





NOTE United includes Continental Airlines and American includes US Airways

SOURCE. City of Chicago, Department of Aviation Management Records, August 2016, U.S DOT Form T-100, August 2016
PREPARED BY Ricondo & Associates, Inc, September 2016.

Table 4-7: Historical O&D and Connecting Enplaned Passengers

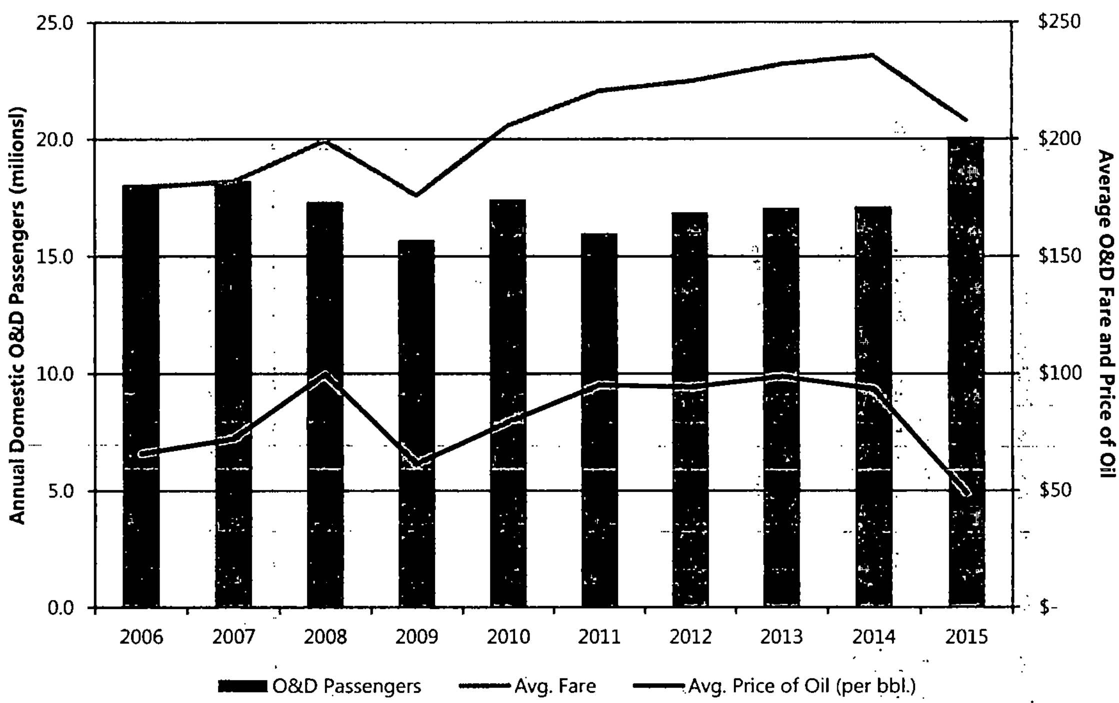
YEAR	TOTAL ORIGINATING ENPLANED PASSENGERS	ORIGINATING ENPLANED PASSENGER ANNUAL GROWTH	TOTAL CONNECTING ENPLANED PASSENGERS	CONNECTING ENPLANED PASSENGER ANNUAL GROWTH	TOTAL ENPLANED PASSENGERS	TOTAL ENPLANED PASSENGER ANNUAL GROWTH	ORIGINATING ENPLANED PASSENGER PERCENTAGE
2006	18,051,404	3.0%	19,713,040	-3.4%	37,764,444	-0.5%	47.8%
2007	18,201,796	0.8%	19,561,266	-0.8%	37,763,062	0.0%	48.2%
2008	17,311,694	-4.9%	16,699,492	-14.6%	34,011,186	-9.9%	50.9%
2009	15,697,226	-9.3%	16,337,929	-2.2%	32,035,155	-5.8%	49 0%
2010	17,406,914	10.9%	15,812,388	-3.2%	33,219,302	3.7%	52.4%
2011	15,966,655	-8.3%	17,228,053	9.0%	33,194,708	-0.1%	48.1%
2012	16,848,219	5.5%	16,382,982	-4.9%	33,231,201	0.1%	50.7%
2013	17,041,811	1.1%	16,242,977	-0.9%	33,284,788	0.2%	51 2%
2014	17,102,467	0.4%	17,837,227	9.8%	34,939,694	5.0%	48.9%
2015	20,081,775	17 4%	18,299,714	2 6%	38,381,489	9.9%	52.3%
COMPOUND ANNUAL GROWTH RATE							
2006 - 2011	(2 4%)		(2.7%)		(2.5%)		
2011 - 2015	5.9%		1.5%		3.7%		
2006 - 2015	1 2%		(0 8%)		0 2%		

NOTE Excludes general aviation, military, helicopter, and miscellaneous passengers included in the City of Chicago's Comprehensive Annual Financial Report

SOURCES: City of Chicago, Department of Aviation Management Records (historical enplaned passengers), August 2016, Ricondo & Associates, Inc., analysis of passenger components

PREPARED BY Ricondo & Associates, Inc, August 2016.

Exhibit 4-8: Average Domestic O&D Passengers and Fares at O'Hare and Average Annual Price of Oil



NOTES: Domestic O&D revenue passengers and fares. Fares exclude ancillary fees. Price of oil averaged over the calendar year. All values are nominal
SOURCES U S. Department of Transportation DB1b Survey, U.S. Department of Energy, July 2016
PREPARED BY Ricondo & Associates, Inc July 2016.

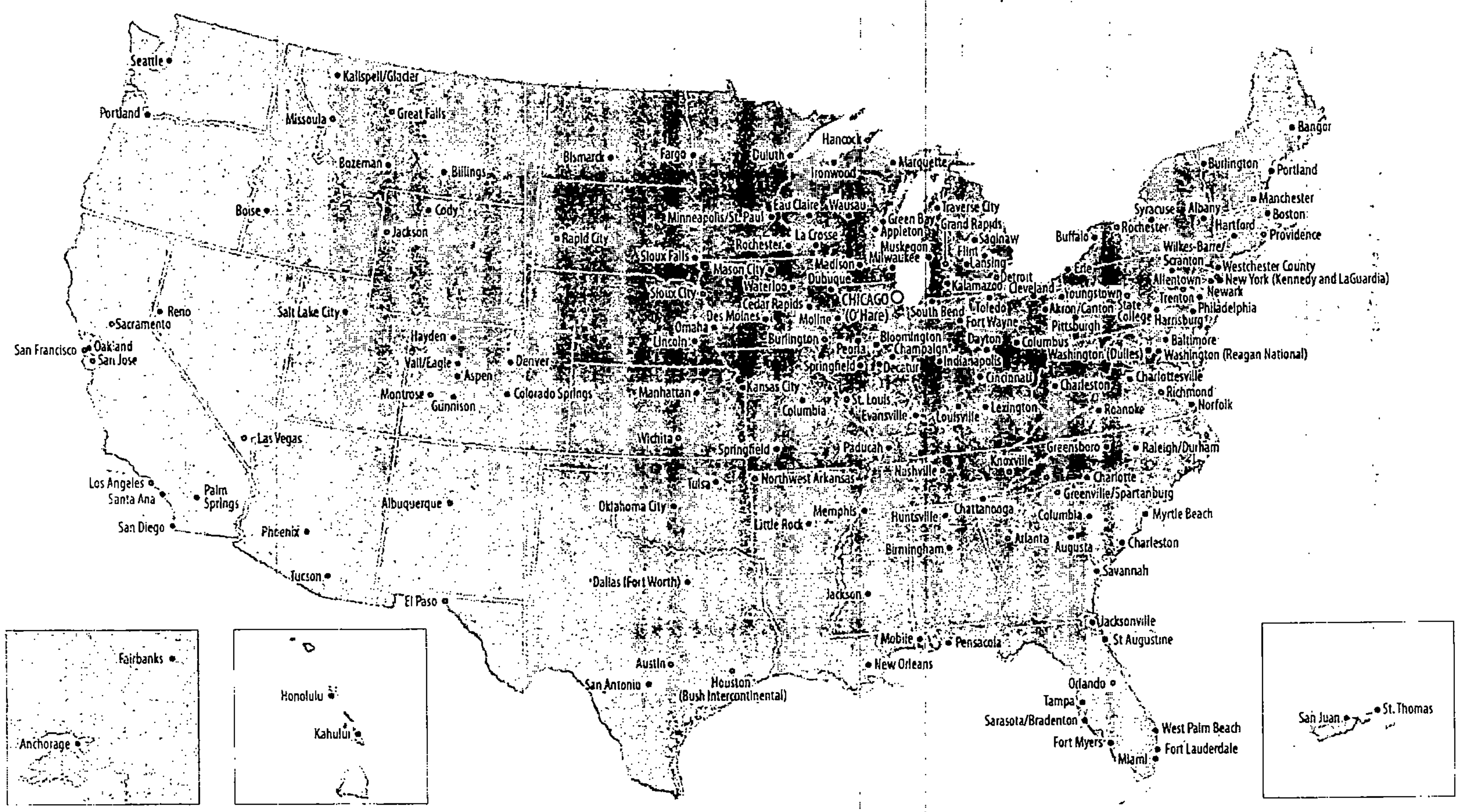
An important characteristic of airport activity is the distribution of the Airport's O&D markets, which is a function of air travel demand and available services and facilities. **Table 4-8** presents data on the Airport's top 50 domestic O&D markets in 2015, the latest full year of data available, as measured by the number of passengers. Given the Airport's central location in the United States, the domestic O&D markets are predominately medium-haul markets (between 601 and 1,800 miles). The Airport's top 50 domestic O&D markets had an average length of haul (i.e., actual passenger trip distance flown) of 1,019 miles, compared to an average length of haul of 1,141 miles nationwide.

Also shown in Table 4-8 are the number of weekly nonstop departures in each of the Airport's top 50 domestic O&D markets for the week of August 8, 2016. The week of August 8, 2016 represents an average week of the busiest month of the year as measured by scheduled departures. **Exhibit 4-9** illustrates the domestic markets served nonstop from the Airport as of August 2016. An average of 1,105 domestic departures per day were flown to 161 nonstop destinations in August 2016, which was the most destinations of any airport in the United States during that month and reflects an increase of 29 destinations since August 2009. **Exhibit 4-10** illustrates the international markets served nonstop from the Airport as of August 2016. During the month of August, the Airport averaged 128 international departures per day to 56 nonstop destinations.

Table 4-8: Top 50 Domestic O&D Passenger Markets – 2015

RANK	MARKET	TRIP LENGTH [1]	TOTAL O&D PASSENGERS [2]	WEEKLY NONSTOP DEPARTURES [3]	NUMBER OF AIRLINES [3]	AIRLINES [4]
1	New York City[5]	MH	3,340,615	507	5	AA, DL, NK, UA, B6
2	Los Angeles[6]	MH	1,930,926	251	5	AA, F9, NK, UA, VX
3	San Francisco[7]	MH	1,543,419	212	5	AA, F9, NK, UA, VX
4	Washington, D C[8]	LH	1,385,562	277	4	AA, F9, NK, UA
5	Boston	MH	1,170,799	166	4	AA, B6, NK, UA
6	Dallas[9]	MH	1,134,567	160	3	AA, NK, UA
7	Atlanta	SH	953,053	184	4	AA, DL, NK, UA
8	Orlando	SH	942,762	91	4	AA, F9, NK, UA
9	Las Vegas	MH	926,142	91	4	AA, F9, NK, UA
10	Denver	MH	861,712	145	4	AA, F9, NK, UA
11	Phoenix	MH	833,438	84	3	AA, F9, UA
12	Philadelphia	MH	806,333	105	3	AA, F9, UA
13	Minneapolis/St. Paul	MH	805,625	177	5	AA, DL, F9, NK, UA
14	Houston[10]	MH	705,303	116	3	AA, NK, UA
15	Miami	MH	642,384	80	3	AA, F9, UA
16	Fort Lauderdale	MH	602,814	42	3	AA, NK, UA
17	Seattle	MH	571,111	119	4	AA, AS, F9, UA
18	Tampa	MH	562,065	46	3	AA, NK, UA
19	San Diego	MH	464,813	70	3	AA, NK, UA
20	Fort Myers	MH	436,074	17	3	AA, NK, UA
21	Charlotte	SH	396,555	108	3	AA, F9, UA
22	Austin	MH	342,037	58	3	AA, F9, UA
23	Raleigh/Durham	MH	327,959	66	3	AA, F9, UA
24	Detroit	MH	318,947	136	3	AA, DL, UA
25	Portland, OR	SH	318,206	70	4	AA, AS, NK, UA
26	New Orleans	LH	313,634	50	3	AA, NK, UA
27	Salt Lake City	MH	304,244	65	4	AA, DL, F9, UA
28	San Juan	MH	282,858	21	3	AA, B6, UA
29	Cleveland	SH	274,570	114	2	AA, UA
30	Kansas City	SH	243,076	92	3	AA, F9, UA
31	St. Louis	SH	220,817	109	2	AA, UA
32	Pittsburgh	MH	215,680	83	3	AA, F9, UA
33	Nashville	MH	204,211	104	3	AA, F9, UA
34	Columbus	SH	203,345	102	2	AA, UA
35	Hartford	SH	190,942	62	2	AA, UA
36	Palm Beach	MH	179,649	7	1	AA
37	Honolulu/Oahu	MH	169,774	7	1	UA
38	San Antonio	MH	169,347	41	2	AA, UA
39	Cincinnati	LH	141,032	122	3	AA, DL, UA
40	Jacksonville	MH	140,095	35	2	AA, UA
41	Memphis	LH	119,665	55	2	AA, UA
42	Omaha	SH	119,594	75	2	AA, UA
43	Richmond	SH	113,665	61	2	AA, UA
44	Buffalo	LH	108,461	75	2	AA, UA
45	Charleston	MH	101,613	35	1	UA
46	Myrtle Beach	SH	96,459	10	2	NK, UA
47	Sacramento	MH	91,269	28	2	AA, UA
48	Tucson	SH	89,175	14	1	AA
49	Louisville	MH	84,184	60	2	AA, UA
50	Norfolk	MH	83,220	48	2	AA, UA
	Other Markets		3,970,245	3,002		
	Total		**30,554,048**	**7,845**		
WEIGHTED AVERAGE		**TRIP LENGTH**				
Airport [11]		1,019	miles			
United States		1,141	miles			

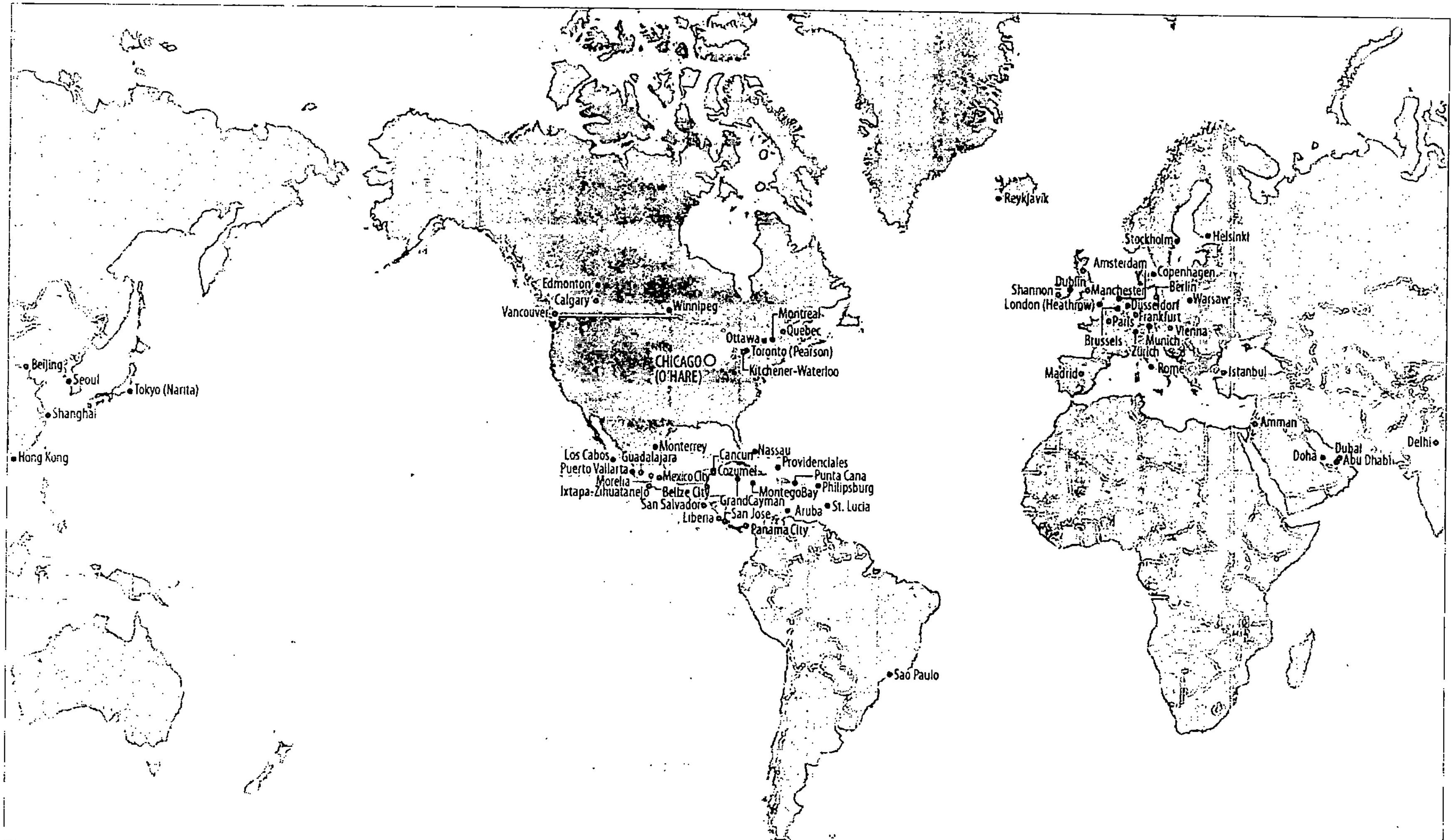
NOTES
1/ (SH) Short Haul = 1 to 600 miles, (MH) Medium Haul = 601 to 1,800 miles; (LH) Long Haul = over 1,800 miles
2/ Passengers travelling in both directions.
3/ For the week of August 8, 2016, regional affiliates are counted as part of their mainline carrier
4/ AA-American, AS-Alaska, B6-JetBlue, DL-Delta, F9-Frontier, NK-Spirit, UA-United, VX-Virgin America
5/ Includes John F Kennedy International, Newark Liberty International, and LaGuardia Airports
6/ Includes Los Angeles International, John Wayne Airport-Orange County, Ontario International, Bob Hope, and Long Beach Airports
7/ Includes San Francisco International, Metropolitan Oakland International, and Norman Y Mineta San Jose International Airports
8/ Includes Washington Dulles International, Washington National, and Baltimore-Washington International Airports
9/ Includes Dallas/Fort Worth International and Dallas-Love Field Airports
10 Includes Houston-Intercontinental and Houston-Hobby Airports
11/ Weighted average calculated for all of the Airport's O&D markets
SOURCE U S DOT DB1B Survey, August 2016, Innovata, August 2016
PREPARED BY Ricondo & Associates, Inc, August 2016



SOURCE: Diio, LLC, August 2016
PREPARED BY: Ricondo & Associates, Inc., August 2016

EXHIBIT 4-9

Nonstop Domestic Markets



SOURCE: Diio, LLC, August 2016
PREPARED BY: Ricondo & Associates, Inc., August 2016

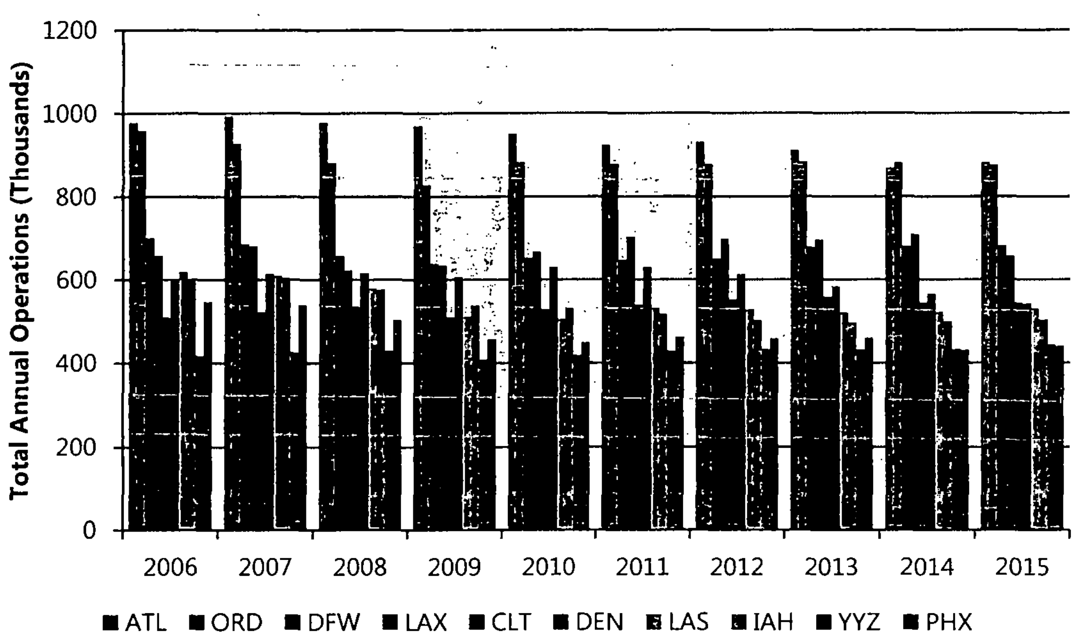
EXHIBIT 4-10

Nonstop International Markets

4.3.3 AIRCRAFT OPERATIONS

Table 4-9 presents aircraft operations levels at the Airport by major user group between 2006 and 2015. A notable trend in passenger airline operations through the period is the increasing number of regional/commuter affiliate operations relative to those of majors/nationals. As airline labor agreements have become less restrictive, airlines have increased the amount of capacity flown using regional aircraft, specifically those seating more than 60 passengers. This has allowed airlines to increase average seat capacity through the use of larger regional jets. The trend toward regional/commuter affiliate operations at the Airport began to change in 2015, however, as airlines increasingly replaced smaller regional jets with larger regional jets and mainline aircraft. Over the period shown (2006-2015), relaxation of restrictive labor agreements has enabled a 1.0 percent compound annual decrease in total operations at the Airport, which, as shown on **Exhibit 4-11**, is similar to operations trends at the 10 largest North American airports.

Exhibit 4-11: Operations at Other North American Airports (2006-2015)



SOURCE Airports Council International - North America, 2015 North American Airport Traffic Report, July 2016
PREPARED BY Ricondo & Associates, Inc., August 2016.

4.3.3.1 General Aviation Operations

After an approximately 49 percent decline in 2007 (from 31,912 operations in 2006), general aviation operations have grown from 16,295 in 2007 to 21,828 in 2015. General aviation activity levels at the Airport are influenced by the lower costs and lower delays at outlying airports within the Chicago region. As a result, general aviation activity at the Airport has been relatively low, accounting for approximately 2.5 percent of total operations in 2015.

Table 4-9: Historical Aircraft Operations

	DOMESTIC			INTERNATIONAL							
	MAJORS/ NATIONALS	REGIONALS/ COMMUTERS	DOMESTIC TOTAL	U.S. FLAG CARRIERS	FOREIGN FLAG CARRIERS	INTERNATIONAL TOTAL	TOTAL PASSENGER AIRLINES	GENERAL AVIATION 1/	ALL CARGO	MILITARY	TOTAL
2006	398,633	422,953	821,586	49,230	34,750	83,980	905,566	31,912	21,165	0	958,643
2007	387,663	415,270	802,933	51,531	35,512	87,043	889,976	16,295	20,702	0	926,973
2008	366,143	396,848	762,991	45,378	35,833	81,211	844,202	19,802	17,562	0	881,566
2009	318,513	402,656	721,169	42,074	32,768	74,842	796,011	17,900	13,988	0	827,899
2010	283,194	488,376	771,570	41,452	30,702	72,154	843,724	21,645	17,248	0	882,617
2011	279,466	493,249	772,715	41,492	28,212	69,704	842,419	19,230	17,149	0	878,798
2012	274,841	498,295	773,136	38,560	28,432	66,992	840,128	21,103	16,877	0	878,108
2013	267,838	504,491	772,329	41,959	29,899	71,858	844,187	22,774	16,326	0	883,287
2014	267,044	513,552	780,596	32,697	35,863	68,560	849,156	17,344	15,433	0	881,933
2015	306,670	458,210	764,880	33,873	36,855	70,728	835,608	21,828	17,700	0	875,136
COMPOUND ANNUAL GROWTH RATE											
2006-2015	(2.9%)	0.9%	(0.8%)	(4.1%)	0.7%	(1.9%)	(0.9%)	(4.1%)	(2.0%)	N/A	(1.0%)

NOTE N/A = not applicable

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

SOURCES City of Chicago, Department of Aviation Management Records, August 2016.
PREPARED BY Ricondo & Associates, Inc., August 2016

4.3.3.2 All-Cargo Carrier Operations

Twenty-two all-cargo operators provide scheduled service at the Airport. FedEx provides the majority of the all-cargo activity with approximately 6 daily departures. The second busiest all-cargo carrier at the Airport is United Parcel Service (UPS) with approximately 3 daily departures. Approximately 54.9 percent of all-cargo operations in 2015 were international flights. Operations by the all-cargo airlines at the Airport were relatively stable in 2006 and 2007, averaging approximately 21,000 operations during this period. All-cargo operations at the Airport decreased 15.2 percent in 2008 from 2007 levels, primarily due to the temporary discontinuation of service at the Airport by Korean Air Cargo and the decrease in service at the Airport by FedEx and UPS due to increases in fuel prices during this period. High fuel prices and a weak economy led to further reduction in all-cargo operations from 2008 to 2009. Cargo operations at the Airport increased in 2010 and have remained relatively stable since that time as air cargo demand has recovered more slowly than passenger demand.

4.3.3.3 Military Operations

In 1996, the City purchased approximately 350 acres of land in the northeast quadrant of the Airport formerly used as a United States Air Reserve station. In 1999, the largest remaining military unit at the Airport, the 126th Air Refueling Wing, was deactivated and relocated to Scott Air Force Base in St. Clair County, Illinois. As a result, no military aircraft operations have been recorded at the Airport between 2006 and 2015.

4.3.4 LANDED WEIGHT

Table 4-10 presents the shares of landed weight for the passenger and all-cargo airlines serving the Airport from 2011 through 2015. Landed weight decreased in 2012 and 2013 but it increased in 2014 and 2015, for a compound annual increase of 1.4 percent over the 5-year period.

4.3.5 AIR CARGO VOLUMES

In addition to all-cargo service, passenger airlines also served the cargo market, carrying approximately 41 percent of the Airport's cargo volume in 2015. **Table 4-11** presents historical enplaned and deplaned air cargo at the Airport between 2006 and 2015. Similar to the passenger airlines, the air cargo industry has been impacted in recent years by the global economy, foreign currencies, uncertainties in the Middle East, and new security regulations. Between 2006 and 2015 cargo volumes at the Airport have increased at a CAGR of 0.4 percent. In 2014 and 2015, international cargo volumes increased by 13.1 percent and 13.6 percent, respectively, from the prior year as international cargo markets began to recover from the period of reduced demand for air cargo.

Table 4-10: Historical Landed Weight by Airline

(Weight in 1,000 Pound Units)

		2011		2012		2013		2014		2015	
	AIRLINE	LANDED WEIGHT	SHARE	LANDED WEIGHT	SHARE	LANDED WEIGHT	SHARE	LANDED WEIGHT	SHARE	LANDED WEIGHT	SHARE
1	United 1/	12,207,493	25 3%	10,425,029	22.1%	10,960,264	23 4%	11,663,237	24 0%	12,730,525	24.9%
2	American 2/	10,200,131	21.1%	9,504,531	20.2%	9,541,537	20.3%	9,235,979	19.0%	9,732,775	19.0%
3	Envoy	4,152,118	8.6%	4,222,553	9 0%	4,001,689	8 5%	3,384,444	7.0%	3,459,174	6.8%
4	SkyWest	1,767,228	3.7%	1,572,609	3.3%	1,695,000	3.6%	2,227,276	4.6%	2,714,343	5.3%
5	Express Jet	2,091,504	4.3%	2,780,910	5.9%	2,652,899	5 7%	2,365,856	4.9%	2,180,012	4 3%
6	Republic	0	0.0%	0	0.0%	0	0.0%	1,964,398	4.0%	1,724,985	3.4%
7	Spirit	611,096	1.3%	933,865	2.0%	968,402	2 1%	1,132,865	2.3%	1,531,291	3.0%
8	Shuttle America	1,575,253	3.3%	1,479,376	3.1%	1,437,800	3.1%	1,326,492	2.7%	1,200,677	2.3%
9	Delta	801,814	1.7%	845,978	1 8%	889,087	1.9%	951,907	2.0%	1,059,371	2.1%
10	GoJet	887,616	1.8%	905,197	1.9%	975,520	2.1%	886,410	1.8%	991,062	1.9%
11	Frontier	672	0.0%	84,537	0.2%	86,845	0 2%	159,000	0.3%	787,639	1 5%
12	FedEx	672,447	1.4%	622,485	1.3%	675,957	1.4%	686,323	1.4%	735,579	1.4%
13	Cathay Pacific	351,301	0.7%	457,637	1 0%	474,272	1.0%	627,346	1.3%	621,978	1 2%
14	Lufthansa German	671,961	1.4%	592,309	1.3%	631,882	1.3%	634,908	1.3%	616,827	1.2%
15	Nippon Cargo	324,696	0 7%	364,413	0 8%	351,918	0.7%	421,519	0 9%	512,832	1 0%
	Other	11,966,112	24.8%	12,347,741	26.2%	11,580,757	24.7%	10,917,468	22.5%	10,541,195	20.6%
	Airport Total 3/	**48,281,442**	**100.0%**	**47,139,170**	**100.0%**	**46,923,829**	**100.0%**	**48,585,427**	**100.0%**	**51,140,266**	**100.0%**

NOTES

1/ In October 2010, United and Continental merged The FAA granted United a single operating certificate on November 30, 2011. Data for the two airlines are combined.

2/ American and US Airways merged on December 9, 2013. The FAA granted American a single operating certificate on April 8, 2015 Data for the two airlines are combined

3/ Columns may not add to totals shown because of rounding

SOURCE City of Chicago, Department of Aviation Management Records, August 2016

PREPARED BY Ricondo & Associates, Inc, August 2016.

Table 4-11: Historical Enplaned and Deplaned Cargo Weight

(In Tons)

YEAR	DOMESTIC CARGO	ANNUAL GROWTH	INTERNATIONAL CARGO	ANNUAL GROWTH	TOTAL CARGO	ANNUAL GROWTH
2006	584,833	(9.4%)	1,090,494	7.4%	1,675,327	0.9%
2007	530,838	(9.2%)	1,106,486	1.5%	1,637,323	(2.3%)
2008	443,036	(16.5%)	950,813	(14.1%)	1,393,849	(14.9%)
2009	393,522	(11.2%)	761,843	(19.9%)	1,155,366	(17.1%)
2010	522,042	32.7%	1,055,006	38.5%	1,577,048	36.5%
2011	476,595	(8.7%)	1,028,623	(2.5%)	1,505,218	(4.6%)
2012	431,533	(9.5%)	1,011,749	(1.6%)	1,443,281	(4.1%)
2013	405,754	(6.0%)	1,028,623	1.7%	1,434,377	(0.6%)
2014	415,457	2.4%	1,162,874	13.1%	1,578,331	10.0%
2015	421,992	1.6%	1,320,509	13.6%	1,742,501	10.4%
COMPOUND ANNUAL GROWTH RATE						
2006 - 2015	(3.6%)		2.1%		0.4%	

SOURCE: City of Chicago, Department of Aviation Management Records, August 2016.
PREPARED BY: Ricondo & Associates, Inc., August 2016

4.4 Factors Affecting Aviation Demand at the Airport

This section discusses qualitative factors that could influence future aviation activity at the Airport. Data and information related to these factors have been either directly or indirectly incorporated into the development of activity forecasts for the Airport.

4.4.1 NATIONAL ECONOMY

Historically, trends in airline travel demand, measured by either passenger volumes or passenger revenue, have been closely correlated with national economic trends, most notably changes in GDP. Chapter 3 presents an analysis of general economic trends, both national and local, that may influence demand for air service over time. As noted in Chapter 3, national GDP is expected to increase at a 2.2 percent annual rate through the Projection Period, which should support increasing demand for air service. Actual economic activity is likely to differ from this forecast, especially on a year-to-year basis, with demand for air service likely reacting in kind.

4.4.2 STATE OF THE AIRLINE INDUSTRY

In the aftermath of the terrorist attacks on September 11, 2001, the United States airline industry experienced a material adverse shift in the demand for airline travel, which exacerbated problems for a United States airline industry already weakened by a slowing economy and rising labor and fuel costs. The result was 4 years of reported industry operating losses in 2001 through 2004, totaling more than $22 billion (excluding extraordinary charges and gains). Following these restructuring years, the airline industry gained ground from

2005 through 2007, with United States airlines posting combined operating profits in all 3 years.[9] In 2008 and through the first half of 2009, the combination of record-high fuel prices, weakening economic conditions, and a weak dollar resulted in the worst financial environment for United States network and low-cost airlines since the September 11, 2001 terrorist attacks.

4.4.3 AIRLINE MERGERS AND ACQUISITIONS

Since 2009, airlines have merged or acquired competitors in an attempt to increase operational synergies and become more competitive and cost efficient. In 2009, Delta completed its merger with Northwest Airlines, initiating a wave of United States airline mergers and acquisitions. That same year, Republic Airways Holdings, a regional airline, acquired Frontier Airlines of Denver and Midwest Airlines of Milwaukee. In October 2010, United and Continental merged, creating the world's largest airline in terms of operating revenue and revenue passenger miles. In 2011, Southwest Airlines acquired AirTran Holdings, Inc., the former parent company of low-cost competitor AirTran. Effective December 9, 2013, American and US Airways merged, creating the largest airline in terms of operating revenue and revenue passenger miles (surpassing United). Additional consolidation in the United States industry could affect the amount of capacity offered to passengers and alter the competitive landscape.

4.4.3.1 Capacity Discipline —A Change in the Airline Business Model

In 2008, many domestic airlines announced significant capacity reductions, increases in fuel surcharges, airfares and fees, and other measures to address their financial challenges. In 2008 North American International Air Transport Association airlines recorded a $16.8 billion loss. The combination of airline mergers and capacity reductions has dramatically improved the financial conditions for the airlines. In contrast to earlier losses, North American International Air Transport Association airlines are projected to generate profits of $22.9 billion in 2016, after producing $21.5 billion in profits in 2015.[10] Strict control on capacity, primarily in the domestic market, referred to as capacity discipline, is the principal driver behind the airline industry's financial turnaround.

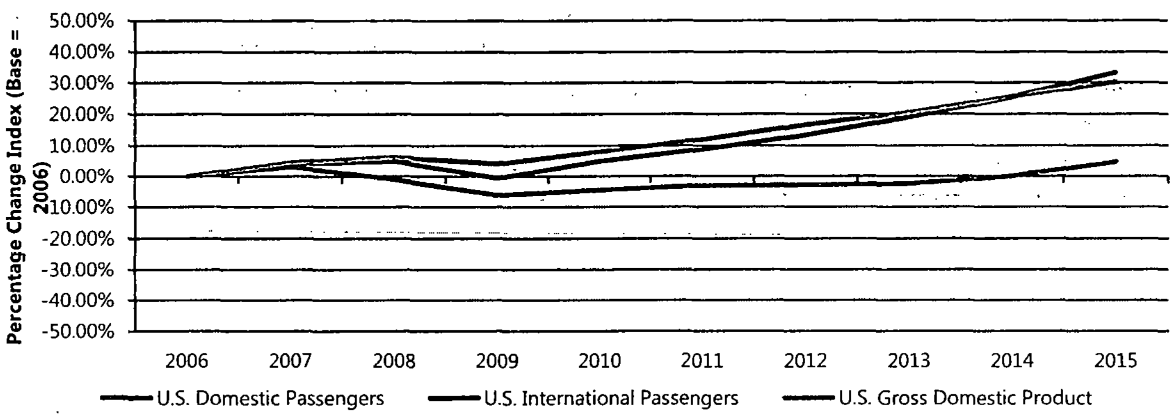
Capacity discipline reflects a shift in the airline business model, from an environment where market share targets are pursued to one where financial targets are pursued. The new business model resulted in an approximately 7 percent decrease in United States domestic seat capacity between 2008 and 2014 as airlines shed less profitable capacity and passenger volumes not contributing toward the achievement of financial targets. By allocating the remaining seat capacity to a more profitable segment of passengers, airlines increased domestic load factors from approximately 75 percent in 2008 to approximately 83 percent in 2015. O'Hare experienced similar trends during the same period, as load factors increased from 76.4 percent to 86.2 percent. **Exhibit 4-12** illustrates the change in United States airline industry passenger volumes since 2006 relative to the change in U.S. GDP, a driver of demand for air travel. Both domestic and international passenger volumes followed GDP trends until 2009, after which domestic passenger volumes remained largely unchanged, while GDP and international passenger volume growth resumed. More profitable international passengers have continued to be accommodated by airlines. **Exhibit 4-13** illustrates the change in United States domestic passenger volume, passenger revenues, and United States GDP since 2006. While domestic

9 Airlines for America, *2009 Economic Report.*

10 International Air Transport Association, *Economic Performance of the Industry*, June 2016

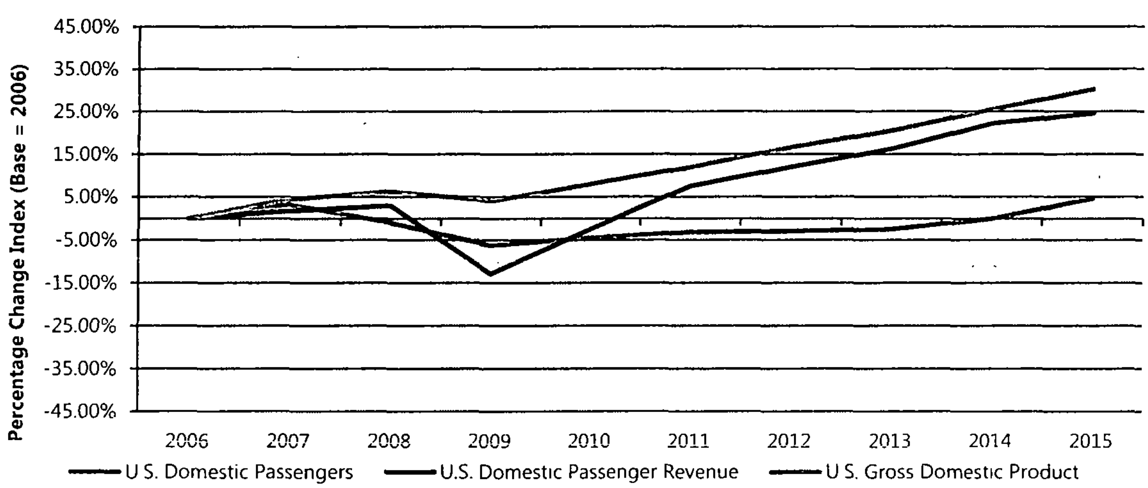
passenger volumes have not followed GDP trends since 2009, another measure of passenger demand, passenger revenue, has increased as United States airlines have focused on achieving financial targets through lower domestic passenger volumes and higher passenger fares. United States domestic seat capacity increased in 2015 and is scheduled to increase further in 2016 as airlines have taken advantage of lower fuel costs to increase capacity to achieve financial targets through growth of passenger volumes.

Exhibit 4-12: Growth Trends of United States Passengers and Gross Domestic Product



SOURCE: U.S. Department of Commerce Bureau of Economic Analysis, July 2016; U S. Department of Transportation Form T100, August 2016
PREPARED BY Ricondo & Associates, Inc., August 2016.

Exhibit 4-13: Growth Trends of United States Domestic Passengers, Passenger Revenue, and Gross Domestic Product



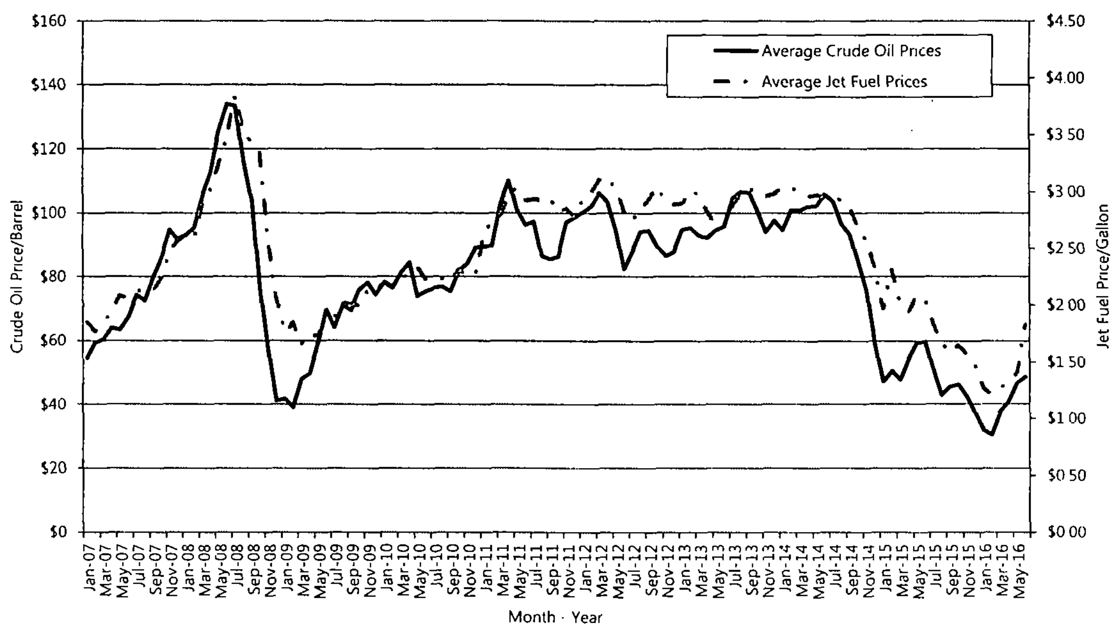
SOURCE U S Department of Commerce Bureau of Economic Analysis, July 2016, U S Department of Transportation Form T100, August 2016, U S Department of Transportation DB1B Survey, August 2016
PREPARED BY Ricondo & Associates, Inc., August 2016

4.4.4 COST OF AVIATION FUEL

The price of fuel is one of the most significant and volatile expenses for airlines. Historically, fuel has been the first or second largest operating expense for the airline industry, shifting with labor as the cost of fuel fluctuated. According to the International Air Transport Association (IATA), fuel was 31.6 percent and 27.5 percent of operating costs for airlines in 2014 and 2015, respectively, and is projected to be 19.7 percent of operating costs for 2016.[11]

Exhibit 4-14 shows the monthly average prices of jet fuel and crude oil from January 2007 through June 2016. Since 2007 the average monthly price of jet fuel fluctuated between a high of $3.84 per gallon in July 2008 to a low of $1.21 per gallon in February 2016. Since January 2014, the average price of jet fuel has declined 39.8 percent. The decreasing price of oil has provided airlines with more flexibility in terms of pricing and allocation of capacity, while still maintaining a disciplined approach to achieving return on invested capital and profitability goals. Between 2010 and 2014, airlines have managed seat capacity growth at or below United States GDP growth, as several United States airlines have stated as guidance to their capacity growth planning. In 2015 however, domestic seat capacity grew 3.4 percent, exceeding United States GDP growth of 2.6 percent[12]. In 2016, domestic seat capacity is scheduled to grow 4.2 percent while United States GDP is projected to grow 2.2 percent. Prolonged low fuel prices have enabled this higher than expected seat capacity growth in a way that may not continue should fuel prices rise.

Exhibit 4-14: Historical Monthly Averages of Jet Fuel and Crude Oil Prices



SOURCES U.S. Bureau of Transportation Statistics (Average Jet Fuel Prices), U.S. Energy Information Administration (Average Crude Oil Prices), June 2016
PREPARED BY: Ricondo & Associates, Inc., August 2016

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11 International Air Transport Association, *Fact Sheet-Fuel*, June 2016.

12 Source. Woods and Poole Economics, Inc., *CEDDS*, 2016.

Fluctuating fuel costs will continue to affect airline profitability and could lead to changes in air service as airlines restructure air service to address increases or decreases in the cost of fuel.

4.4.5 THREAT OF TERRORISM AND GEOPOLITICAL ISSUES

Since the terrorist attacks of September 11, 2001, the recurrence of terrorism incidents against either domestic or world aviation during the Projection Period remains a risk to achieving the activity forecasts contained herein. Tighter security measures have restored the public's confidence in the integrity of United States and world aviation security systems. Any terrorist incident aimed at aviation could have an immediate and significant impact on the demand for aviation services.

Additionally, geopolitical issues may affect aviation activity during the Projection Period. Potential governmental or regional instability in certain countries or locations may affect access to, or demand for aviation service in these places. As an international gateway, the Airport provides service to nearly all major regions of the world. Future governmental or regional instability may have an impact on international aviation service demand at the Airport.

4.4.6 OPERATIONAL CAPACITY OF THE NATIONAL AIRSPACE SYSTEM

One of the FAA's concerns is how increased delays at busy airports impact the efficiency of the National Airspace System (NAS). 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 it's 2007 assessment, as well as to implement NextGen airspace system improvements. The report emphasized the need to continue to invest in system improvements with airfield enhancements and NextGen capabilities.

4.4.7 OTHER AIRPORTS IN THE REGION

There are two other commercial service airports in the area; Chicago Midway International Airport and General Mitchell International Airport. In addition, Gary/Chicago International Airport and the proposed South Suburban Airport are focused on future air service development. These regional airports and their relationship to the Airport are described in this section.

Chicago Midway International Airport (Midway), classified as a large-hub commercial service airport, is located 15 miles south of the Airport. The City owns both the Airport and Midway, and the City of Chicago's Department of Aviation operates the airports. Midway is a hub for Southwest Airlines and serves as the largest airport in its system when measured by both enplaned passengers and operations. In 2015, 43 of Midway's top 50 domestic O&D markets were included in O'Hare's top 50 domestic O&D markets. International service from Midway includes flights to Canada, Mexico, and the Caribbean. Long-haul international markets cannot be served from Midway due to constrained runway lengths.

Table 4-12 presents enplaned passengers for the Airport and Midway between 2006 and 2015. The Airport maintained nearly 81 percent share of total enplaned passengers between 2006 and 2008 despite Southwest's expansion of service at Midway during the period after the bankruptcy of ATA Airlines. Between 2010 and 2013, however, as Southwest grew at Midway, enplanements at the Airport remained relatively stable. As a result, Midway achieved an enplanement share of greater than 23 percent by 2013. However, as the Airport outpaced Midway in enplaned passenger growth in both 2014 and 2015, the Airport's share of total enplaned passengers increased from the low experienced in 2013.

Table 4-12: Historical Enplaned Passengers at O'Hare and Midway

	O'HARE			MIDWAY			TOTAL	
YEAR	ENPLANED PASSENGERS 1/	ANNUAL GROWTH	SHARE	ENPLANED PASSENGERS 1/	ANNUAL GROWTH	SHARE	ENPLANED PASSENGERS	ANNUAL GROWTH
2006	37,764,444	(0.5%)	80.6%	9,087,611	5.7%	19.4%	46,852,055	0.7%
2007	37,763,062	(0.0%)	80.3%	9,288,348	2.2%	19.7%	47,051,410	0.4%
2008	34,011,186	(9.9%)	80.5%	8,229,304	(11.4%)	19.5%	42,240,490	(10.2%)
2009	32,035,155	(5.8%)	79.1%	8,468,470	2.9%	20.9%	40,503,625	(4.1%)
2010	33,219,772	3.7%	79.2%	8,734,214	3.1%	20.8%	41,953,986	3.6%
2011	33,194,708	(0.1%)	78.0%	9,352,766	7.1%	22.0%	42,547,474	1.4%
2012	33,231,201	0.1%	77.5%	9,671,619	3.4%	22.5%	42,902,820	0.8%
2013	33,284,788	0.2%	76.6%	10,155,389	5.0%	23.4%	43,440,177	1.3%
2014	34,939,694	5.0%	76.9%	10,497,727	3.4%	23.1%	45,437,421	4.6%
2015	38,381,489	9.9%	77.7%	11,003,697	4.8%	22.3%	49,385,186	8.7%
WEIGHTED AVERAGE								
2006 - 2015			78.6%			21.4%		
COMPOUND ANNUAL GROWTH RATE								
2006 - 2008	(5.1%)			(4.8%)			(5.0%)	
2009 - 2011	1.8%			5.1%			2.5%	
2012 - 2015	4.9%			4.4%			4.8%	
2006 - 2015	0.2%			2.1%			0.6%	

NOTE

1/ Excludes general aviation, military, helicopter, and miscellaneous passengers included in the City of Chicago's Airport Activity Statistics.

SOURCE: City of Chicago, Department of Aviation Management Records, August 2016

PREPARED BY Ricondo & Associates, Inc., August 2016.

Table 4-13 provides a comparison of average fares and yields for the Airport and Midway. The average fare and yield growth for the Airport and for Midway were similar in 2006 and 2007. In 2008 fares and yields grew more at Midway as a result of the bankruptcy of ATA Airlines. After decreasing in 2009 as a result of the economic recession, fares and yields began to recover at both airports in 2010. Fares and yields grew at Midway in 2011 and 2012 as Southwest added additional service on longer range routes from Midway. After a slight drop in average domestic fares at the Airport in 2012, domestic fares and yields at both airports grew by a modest rate in 2013 and 2014. In 2015, the Airport and Midway experienced a significant decrease in average domestic fares and yields, as a low fuel cost environment led airlines to expand domestic capacity, maximizing profitability by carrying additional, lower fare-paying passengers.

Table 4-13: Comparison of O'Hare and Midway Domestic Fares and Yields

	AVERAGE O&D FARE 1/				AVERAGE DOMESTIC ONE-WAY YIELD PER PASSENGER MILE 2/			
CALENDAR YEAR	CHICAGO O'HARE	O'HARE CHANGE	CHICAGO MIDWAY	MIDWAY CHANGE	CHICAGO O'HARE	O'HARE CHANGE	CHICAGO MIDWAY	MIDWAY CHANGE
2006	$148	7.4%	$102	6.6%	$0.146	7.2%	$0.111	8.8%
2007	$148	0.2%	$103	1.3%	$0.147	0.3%	$0.113	1.8%
2008	$164	10.6%	$124	19.7%	$0.162	10.0%	$0.134	18.1%
2009	$147	-10.1%	$113	-8.3%	$0.144	-10.6%	$0.123	-8.5%
2010	$164	11.4%	$128	13.1%	$0.160	10.8%	$0.140	14.2%
2011	$177	7.9%	$140	9.1%	$0.171	6.9%	$0.150	7.1%
2012	$176	-0.5%	$140	0.0%	$0.176	2.7%	$0.155	3.2%
2013	$184	4.5%	$144	2.9%	$0.184	4.8%	$0.160	3.2%
2014	$191	3.9%	$150	3.9%	$0.190	3.2%	$0.165	3.2%
2015	$169	-11.7%	$137	-8.4%	$0.166	-12.8%	$0.148	-10.1%

NOTE

1/ Calculation includes frequent flyer passengers.

2/ Calculation includes frequent flyer passengers. Yield is calculated by dividing passenger revenue by revenue passenger miles (flight length multiplied by passengers on board)

SOURCES: U S Department of Transportation DB1B Survey, August 2016 (2006 - 2015).
PREPARED BY: Ricondo & Associates, Inc., August 2016

General Mitchell International Airport (General Mitchell) is the nearest medium- or large-hub commercial service airport outside of Chicago. This medium-hub airport[13] is located approximately 70 miles north of the Airport near Milwaukee, Wisconsin. General Mitchell serves the commercial air service needs of Milwaukee, southeast Wisconsin, and portions of northern Illinois. Although General Mitchell is in close proximity to the Airport (overlapping catchment areas include three counties in the northern Chicago region, which represent approximately 12 percent of the population in the region), the higher frequency of nonstop service to key markets from the Airport diverts a portion of potential traffic from the General Mitchell catchment area to O'Hare.

Gary/Chicago International Airport, 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). There is currently no scheduled passenger airline service offered at Gary/Chicago International Airport. In

13 Medium hub airport enplane at least 0 25 percent but less than 1 00 percent of total nationwide enplanements

January 2014 Gary/Chicago International Airport entered into a Public Private Partnership with AFCO/AvPorts to further develop airport property and to increase the economic impact of the airport.

4.5 Importance of the Airport to Airlines

4.5.1 HUB AIRLINES

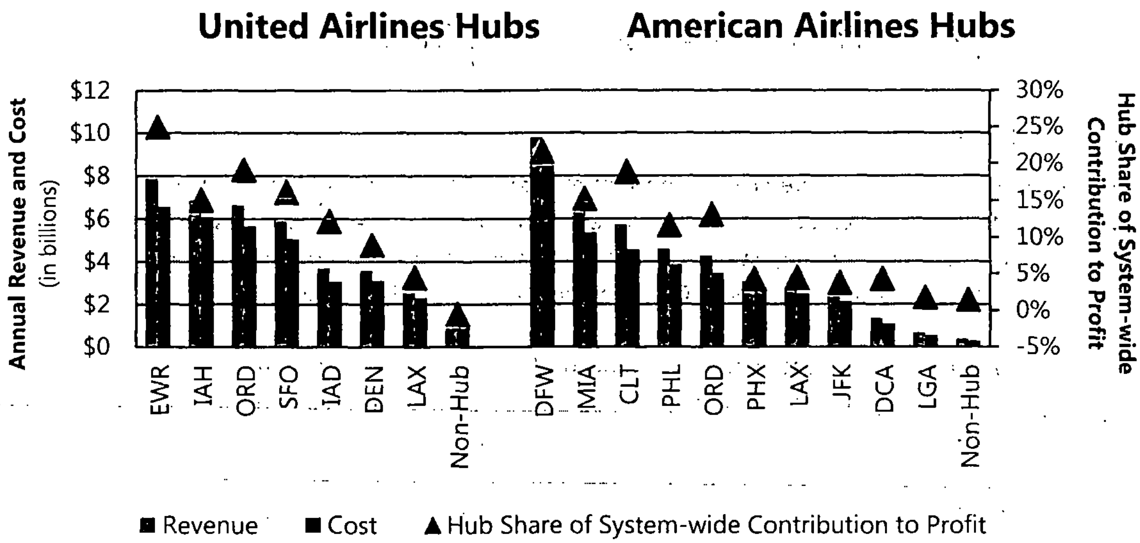
The Airport represents a strategically important element of the route networks of United and American, and is estimated to be the second and fourth highest contributor to their profit, respectively. Measured by seat capacity, it is currently the largest hub in United's network and the fourth largest hub in American's network, and has the second largest number of O&D passengers for both hub airlines.

Exhibit 4-15 presents the estimated operating profit and relative contribution of each of the airlines' hubs. Publicly available sources of financial and operational data were analyzed, and allocation methodologies commonly used in the airline industry were applied to derive estimates of hub financial performance. Ticket revenue was attributed to hubs using DOT O&D data and prorated to flight segments using a distance-based proration methodology. Non-ticket revenue was allocated using drivers that include passenger and cargo volumes. Cost allocation drivers include block hours, departures, passenger volume and Available Seat Miles (ASMs). Aircraft type-specific allocation rates were used where reporting is available in order to represent the economic impact of the mix of fleet types operating across the hubs. While this analysis has applied commonly used approaches to the alignment of costs and revenues with activity based allocation drivers, these estimates of hub profitability may differ from those developed by individual airlines, which employ many different methodologies incorporating detailed internal data sources. Based on this analysis, the Airport is the second highest contributor to profit for United and the fourth highest contributor to profit for American.

As shown on **Exhibit 4-16**, the Airport contributes the third most revenue among United's hubs and the fifth most revenue among American's hubs. **Table 4-14** and **Table 4-15** present the percentage of O&D passengers flown by United and American at their hub airports in 2015. The Airport serves 17.5 percent of United's hub O&D passenger base and 14.1 percent of American's hub O&D passenger base, and represents the second largest O&D passenger base for both United and American.

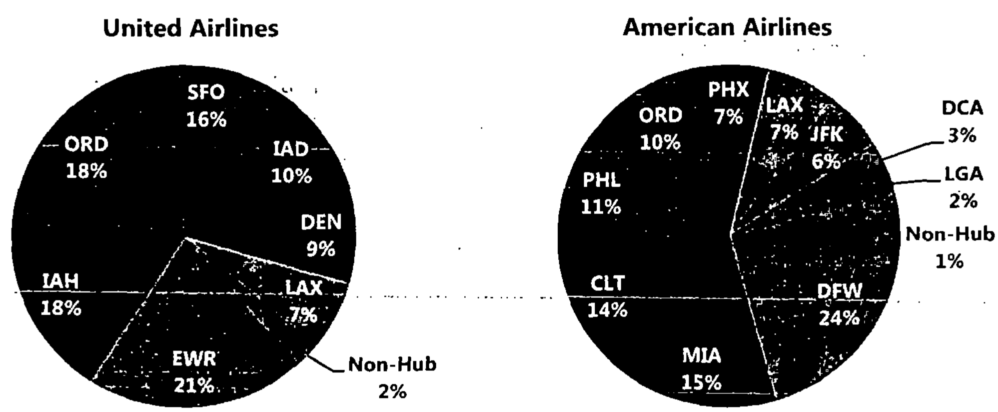
The central geographic location of the Airport allows United and American to efficiently connect passengers within the United States and to many international destinations. As other airports have been dehubbed either through consolidation or as a result of the industry's implementation of the capacity discipline business model, United and American have leveraged their hubs at ORD to accommodate more connecting passengers, especially as underlying market demand grows.

Exhibit 4-15: CY 2015 Estimated Relative Hub Profitability United and American Hubs



NOTE: Allocation of airline cost is approximated, and excludes cost items not readily allocable such as general and administrative expenses
SOURCES: U S DOT Form 41, 2015; Ricondo & Associates, Inc (analysis), based on the analysis and assumptions described in the Report, August 2016.
PREPARED BY Ricondo & Associates, Inc., August 2016.

Exhibit 4-16: CY 2015 Hub Airport Revenue Contribution



SOURCES U S DOT Form 41, 2015, Ricondo & Associates, Inc (analysis) based on the analysis and assumptions described in the Report, August 2016
PREPARED BY Ricondo & Associates, Inc, August 2016

Table 4-14: Share of United Hub O&D Passengers

RANK	AIRPORT	PERCENT OF TOTAL HUB PASSENGERS
1	Newark Liberty	21.2%
2	**Chicago O'Hare**	**17.5%**
3	San Francisco	16.8%
4	Houston Bush Intercontinental	14.5%
5	Denver	11.4%
6	Los Angeles	10.5%
7	Washington Dulles	8.1%

NOTE Includes one-way O&D Passengers at the carrier's hubs in Calendar Year 2015.
SOURCE U S Department of Transportation DB1B Survey, August 2016, Ricondo & Associates, Inc. (analysis)
PREPARED BY. Ricondo & Associates, Inc, August 2016.

Table 4-15: Share of American Hub O&D Passengers

RANK	AIRPORT	PERCENT OF TOTAL HUB PASSENGERS
1	Dallas/Ft. Worth	18.6%
2	**Chicago O'Hare**	**14.1%**
3	Miami	12.5%
4	Philadelphia	11.7%
5	Los Angeles	10.9%
6	Phoenix	9.0%
7	Washington Reagan	8.8%
8	Charlotte	8.7%
9	New York Kennedy	5.8%

NOTE. Includes one-way O&D Passengers at the carrier's hubs in Calendar Year 2015
SOURCE U S Department of Transportation DB1B Survey, August 2016, Ricondo & Associates, Inc (analysis)
PREPARED BY Ricondo & Associates, Inc, August 2016

Table 4-16 provides the Airport's rank within each airline's route network, as measured by scheduled seat capacity within the United States and to four major international regions: Canada, Europe/Middle East and Africa (EMEA), Latin/South America and Asia. **Exhibits 4-17** and **4-18** depict the seat capacity operated by United and American, respectively from their hubs to these regions. The Airport is currently the largest hub in United's network and is also the largest hub for traffic within the United States and to Canada. The Airport is American's third largest domestic hub. In addition, United and American's alliance partners also serve the

Airport and provide capacity to these regions. At the Airport, United has 13 Star Alliance partners[14] operating, compared to Los Angeles International Airport (LAX) (14), San Francisco International Airport (SFO) (14), Dulles International Airport (IAD) (12), Newark-Liberty International Airport (EWR) (9), George Bush Intercontinental Airport (IAH) (9), Denver International Airport (DEN) (2) while eight of American's oneworld partners[15] operate at the Airport, compared to Kennedy International Airport (JFK) (11) Miami International Airport (MIA) (9), and Dallas/Ft, Worth International Airport (DFW) (4).

Table 4-16: Chicago O'Hare Ranking of Seat Capacity within United and American Route Networks

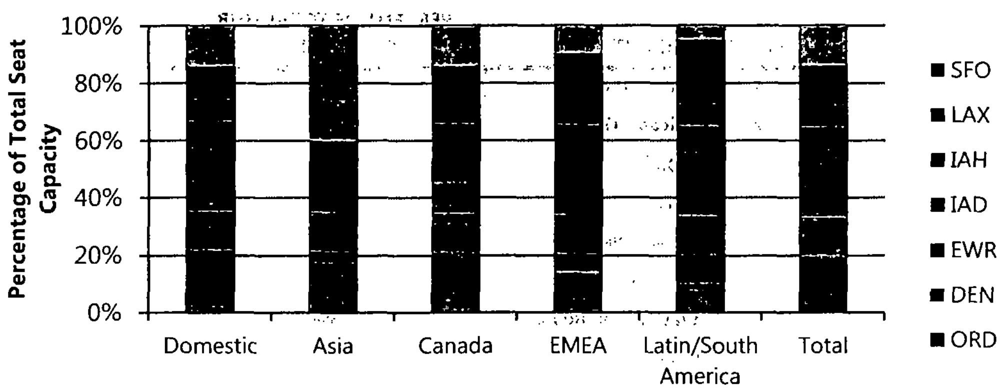
	DOMESTIC	ASIA	CANADA	EMEA	LATIN/SOUTH AMERICA	TOTAL
United	1	3	1	3	3	1
American	3	3	3	3	6	4

NOTE: Scheduled seat capacity in August 2016

SOURCE Innovata, August 2016.

PREPARED BY: Ricondo & Associates, Inc, August 2016

Exhibit 4-17: United Seat Capacity by Hub and Region



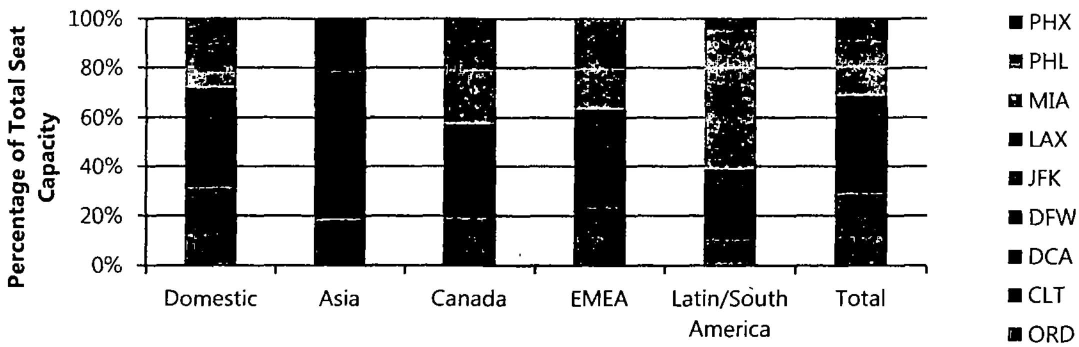
SOURCE Innovata August 2016

PREPARED BY. Ricondo and Associates, Inc August 2016

14 Includes. Air Canada, Air India, ANA, Asiana Airlines, Austrian, Avianca, Copa Airlines, LOT Polish Airlines, Lufthansa, SAS Scandinavian Airlines, Swiss Air, Turkish Airlines, and United. Eva is expected to begin service later this year which is also a Star Alliance partner

15 Includes Air Berlin, British Airways, Cathay Pacific, Finnair, Japan Airlines, Iberia, Qatar, Royal Jordanian, and American

Exhibit 4-18: American Seat Capacity by Hub and Region



SOURCE: Innovata, August 2016.
PREPARED BY. Ricondo and Associates, Inc August 2016.

4.5.2 LOW-COST AIRLINES

The Airport is an increasingly important airport within the route networks of several United States low-cost carriers. The low cost structure of these airlines has enabled their growth at the Airport, as they have taken advantage of an increasingly valuable passenger base. In 2011 the City purchased the L Concourse leasehold from Delta Air Lines. By purchasing the leasehold, the City was able to convert five gates on the L Concourse from exclusive use to common use. In 2014 the City acquired an additional two gates on the L Concourse as a result of the merger between US Airways and American, which were also converted to common use. While other gates at the Airport are preferential-use or exclusive-use (meaning a particular airline has priority or the exclusive use of a gate), the seven common use gates on the L Concourse, and the one common use gate in Terminal 2 can be allocated at the Airport's discretion. These gates have been used to allow Frontier, JetBlue, Spirit, and Virgin America to either begin or grow service at the Airport. Since 2009, the Airport's rank as measured by total system-wide departures among these carriers jumped to 9th, from the 25th busiest.

As shown in **Table 4-17,** between 2009 and 2015, annual low-cost carrier enplanements grew by over 640 percent, from approximately 375,000 to nearly 2.8 million. The greatest year-over-year growth occurred in 2015, when total low-cost carrier enplanements grew 59.5 percent.

Table 4-17: Low-Cost Carrier Enplanements at O'Hare 2009-2015

AIRLINE	2009	2010	2011	2012	2013	2014	2015	2009 – 2015 CHANGE	2014 – 2015 CHANGE
Spirit	190,794	230,298	565,117	875,403	956,297	1,151,516	1,505,460	689.0%	30.7%
Frontier 1/	0	0	612	86,198	87,941	153,838	809,191	426 0%	426 0%
JetBlue	183,727	214,374	225,175	205,707	185,653	241,582	263,947	44%	9.3%
Virgin America 3/	0	0	134,810	230,646	185,529	194,214	198,571	-13.9%	2 2%
Total	**374,521**	**444,672**	**925,714**	**1,397,954**	**1,415,420**	**1,741,150**	**2,777,169**	**642%**	**59.5%**

NOTES.
1/ Frontier commenced domestic service at O'Hare in September 2014
2/ Virgin America commenced service at O'Hare in May 2011.
3/ Percent change for Frontier and Virgin America is between the first full year of service, 2012, and 2014
SOURCE Chicago Department of Aviation, August 2016
PREPARED BY Ricondo & Associates, Inc, August 2016

As shown in **Table 4-18**, since 2009, departures operated collectively by Frontier, JetBlue, Spirit, and Virgin America have increased at the Airport by nearly six-fold (from approximately 10 daily departures in 2009 to approximately 56 daily departures for the 12-month schedule period ended August 2016). During this same period, average daily low-cost carrier seat capacity at the Airport has increased from 1,335 daily departing seats in 2009 to 9,369 daily departing seats in 2016. This low-cost carrier growth has occurred at the same time as record growth by Southwest at Midway, indicating growing demand for low-cost carrier service at the Airport concurrent with growth at Midway.

Table 4-18: 2009 vs 2016 Low-Cost Carrier Activity 1/

	2009		2016	
RANK	AIRPORT	AVERAGE DAILY DEPARTURES	AIRPORT	AVERAGE DAILY DEPARTURES 2/
1	New York Kennedy	163	New York Kennedy	169
2	Denver	163	Boston	137
3	Ft Lauderdale	88	Ft. Lauderdale	133
4	Boston	63	Orlando	99
5	Orlando	56	Denver	80
6	San Francisco	40	Los Angeles	78
7	Los Angeles	29	San Francisco	78
8	Long Beach	28	Las Vegas	72
9	Las Vegas	23	Chicago O'Hare	56
10	Washington Dulles	23	San Juan	39
11	San Juan	22	Washington Reagan	36
12	New York LaGuardia	21	New York LaGuardia	35
13	Seattle	16	Atlanta	32
14	Detroit	16	Dallas/Ft. Worth	31
15	Ft. Myers	16	Detroit	30
16	Tampa	16	Tampa	29
17	West Palm Beach	15	Newark	26
18	San Diego	14	Ft. Myers	24
19	Buffalo	13	Houston Intercontinental	24
20	Newark	12	Long Beach	23
21	White Plains	11	Philadelphia	22
22	Austin	10	West Palm Beach	22
23	Atlantic City	10	Cleveland	20
24	Salt Lake City	10	Baltimore	19
25	Chicago O'Hare	10	San Diego	19

NOTES.

1/ Low cost carriers include Frontier, JetBlue, Spirit and Virgin America

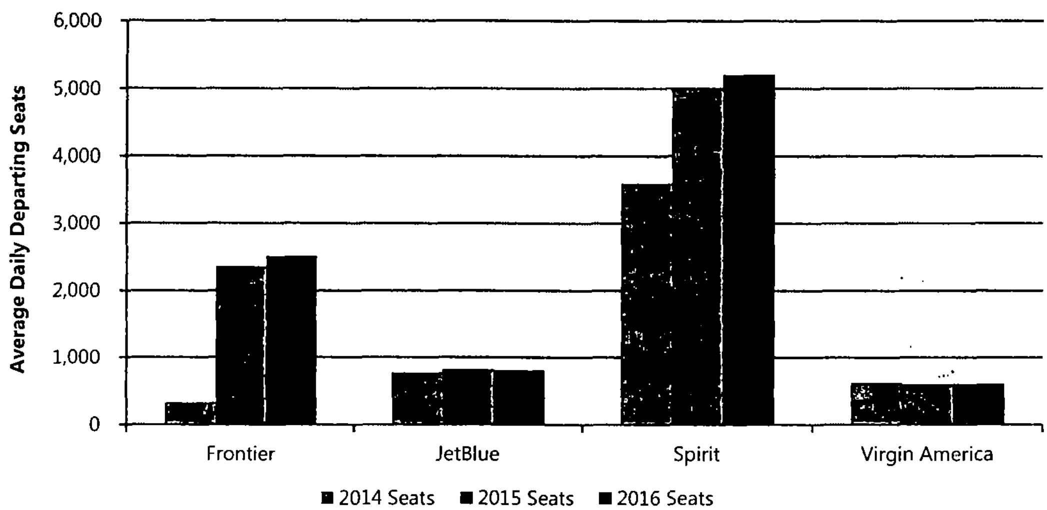
2/ 2016 data includes the 12 months ended August 2016-

SOURCE: Innovata, August 2016

PREPARED BY Ricondo & Associates, Inc., August 2016

Low-cost carrier growth is continuing in 2016. **Exhibit 4-19** presents a comparison of the average daily scheduled seat capacity of low-cost carriers at the Airport from 2014 through 2016. Spirit is scheduled to increase average daily departing seat capacity approximately 4 percent while Frontier is scheduled to increase departing seat capacity approximately 6 percent from 2015. JetBlue is scheduled to decrease departing seat capacity by approximately 2 percent, while Virgin America is scheduled to remain relatively unchanged from the prior year. In total, the low-cost carriers at the Airport are expected to increase scheduled seat capacity by 3.8 percent from 2015.

Exhibit 4-19: 2014-2016 Low-Cost Carrier Seat Capacity Growth



SOURCE Innovata, September 2016
PREPARED BY Ricondo & Associates, Inc, September 2016.

4.6 Forecasts of Aviation Demand

Forecasts of aviation demand (i.e., enplaned passengers, aircraft operations, and landed weight) were developed considering historical activity, including passenger volume and revenue trends at the Airport and across the industry, historical trends and future forecasts of local and national socioeconomic factors, and anticipated trends in use of the Airport by American, United, and other airlines. The following section provides an overview of the methodologies used in forecasting activity at the Airport, and it also presents the results of those forecasts through 2025.

4.6.1 ASSUMPTIONS UNDERLYING THE FORECASTS

Forecasts of enplaned passengers, aircraft operations, and landed weight were based on a number of underlying assumptions, including:

- The Airport will continue its role serving O&D passengers and as a major connecting hub for United and American Airlines The Airport will continue to serve as a connecting hub within the United States domestic route network, and will continue to be an important international gateway for European, Asian and Canadian passenger traffic.

- There will be no terrorist incidents during the Projection Period that would have significant, negative, and prolonged effects on aviation demand at the Airport or nationwide.
- Economic disturbances will occur during the Projection Period, causing year-to-year variations in airline traffic; however, long-term economic growth is assumed.
- No major "acts of God" that may disrupt the national or global airspace system will occur during the Projection Period that would negatively affect aviation demand.
- Major health issues, such as H1N1, SARS, or Zika are not expected to have a prolonged impact on demand during the Projection Period.

Many of the factors influencing aviation demand cannot be quantified, and any forecast is subject to uncertainties. As a result, the forecast should not be viewed as precise. Actual airline traffic at the Airport may differ from the forecasts presented herein because events and circumstances do not occur as expected, and these differences may be material.

4.6.2 NEAR-TERM (2016 AND 2017) ENPLANED PASSENGERS AND OPERATIONS FORECAST METHODOLOGY AND RESULTS

Published airline schedules for 2016 and 2017 were analyzed, and flight segment-level estimates of performance were developed based on trends of load factors and completion rates identified through analysis of actual performance data furnished by the Airport through June 2016, as well as through analysis of USDOT enplanement and O&D data available through April 2016. Estimates of load factors and completion rates were applied to scheduled capacity in order to derive enplanement and operations forecasts for the balance of 2016. For 2017, air service profiles were estimated using a partial year of published airline schedules for the Airport (number of operations, fleet, and seat capacity). 2015 and estimated 2016 load factor trends and completion rates were used as a reference for the development of 2017 passenger activity.

Table 4-19 presents historical and forecast enplaned passengers at the Airport. The total number of enplaned passengers is forecast to increase 0.4 percent between 2015 and 2016, from approximately 38.4 million to approximately 38.5 million. The number of international enplaned passengers is forecast to increase 2.7 percent in 2016, from approximately 5.5 million to approximately 5.7 million, while the number of domestic enplaned passengers is forecast to remain level. Growth in international enplaned passengers will be supported in part by new service by China Eastern to Shanghai Pudong International Airport, China (PVG) and Icelandair to Keflavik International Airport, Iceland (KEF), as well as increased capacity to existing international destinations such as Heathrow Airport, England (LHR), Warsaw Chopin Airport, Poland (WAW), and Dublin Airport, Ireland (DUB). Domestic enplanement growth will be supported by an overall increase in average seat capacity led by the growth of low-cost carriers Spirit Airlines and Frontier Airlines, who combined, will increase scheduled capacity by 4.7 percent in 2016 from 2015. In addition, average seat capacity per departure at the Airport is expected to increase from 105 in 2015 to 109 in 2016, as low-cost carriers increase the use of large narrowbody aircraft at the Airport, and as United and American increase capacity by upgauging smaller regional aircraft to larger regional jet aircraft and mainline aircraft. In 2017, enplaned passengers are forecast to grow 1.3 percent, which is supported by a 1.0 percent increase in domestic enplaned passengers and a 2.8 percent increase in international enplaned passengers.

Table 4-19: Historical and Forecast Domestic and International Enplaned Passengers

	DOMESTIC		INTERNATIONAL		TOTAL	
YEAR	ENPLANED PASSENGERS	ANNUAL GROWTH	ENPLANED PASSENGERS	ANNUAL GROWTH	ENPLANED PASSENGERS	ANNUAL GROWTH
Historical						
2006	32,116,629	(0.9%)	5,647,815	1.9%	37,764,444	(0.5%)
2007	32,109,607	(0.0%)	5,653,455	0.1%	37,763,062	(0.0%)
2008	28,378,531	(11.6%)	5,632,655	(0.4%)	34,011,186	(9.9%)
2009	26,851,150	(5.4%)	5,184,005	(8.0%)	32,035,155	(5.8%)
2010	28,087,634	4.6%	5,131,768	(1.0%)	33,219,402	3.7%
2011	28,293,579	0.7%	4,901,129	(4.5%)	33,194,708	(0.1%)
2012	28,275,113	(0.1%)	4,956,088	1.1%	33,231,201	0.1%
2013	28,182,287	(0.3%)	5,102,501	3.0%	33,284,788	0.2%
2014	29,546,907	4.8%	5,392,787	5.7%	34,939,694	5.0%
2015	32,863,551	11.2%	5,517,938	2.3%	38,381,489	9.9%
Forecast						
2016	32,859,708	(0.0%)	5,664,579	2.7%	38,524,287	0.4%
2017	33,188,306	1.0%	5,823,187	2.8%	39,011,492	1.3%
2018	33,431,286	0.7%	5,909,285	1.5%	39,340,570	0.8%
2019	33,677,681	0.7%	5,995,070	1.5%	39,672,751	0.8%
2020	33,922,148	0.7%	6,078,955	1.4%	40,001,103	0.8%
2021	34,169,007	0.7%	6,162,894	1.4%	40,331,901	0.8%
2022	34,408,071	0.7%	6,243,744	1.3%	40,651,815	0.8%
2023	34,618,027	0.6%	6,320,015	1.2%	40,938,042	0.7%
2024	34,791,029	0.5%	6,394,463	1.2%	41,185,491	0 6%
2025	34,942,079	0.4%	6,465,471	1.1%	41,407,549	0.5%
COMPOUND ANNUAL GROWTH RATE						
2006 - 2015	0.3%		(0.3%)		0.2%	
2015 - 2025	0 6%		1.6%		0.8%	

NOTE

1/ Excludes general aviation, military, helicopter, and miscellaneous passengers included in the City of Chicago's Airport Activity Statistics

SOURCE City of Chicago, Department of Aviation Management Records, August 2016 (historical) Ricondo & Associates, Inc , August 2016 (forecast)
PREPARED BY Ricondo & Associates, Inc , August 2016

Table 4-20 presents historical and forecast aircraft operations at the Airport. Total passenger airline aircraft operations are forecast to increase slightly from 2015 to 2016 as passenger increases are accommodated with larger aircraft. Passenger operations are forecast to remain largely unchanged in 2016 as growth is accommodated by both larger aircraft and additional operations. In 2017, growth in passenger aircraft operations resumes as average aircraft seat capacity growth normalizes. Other factors and methodologies regarding forecast enplaned passengers and operations in the longer term (2018 through 2025) are discussed in the following subsection.

Table 4-20: Historical and Forecast Aircraft Operations

YEAR	TOTAL PASSENGER AIRLINES	AVERAGE SEATS PER DEPARTURE	AVERAGE LOAD FACTOR	GENERAL AVIATION 1/	ALL-CARGO CARRIERS	MILITARY	AIRPORT TOTAL
Historical							
2006	905,566	105	79.1%	31,912	21,165	0	958,643
2007	889,976	106	80.0%	16,295	20,702	0	926,973
2008	844,202	106	76.4%	19,802	17,562	0	881,566
2009	796,011	104	77.8%	17,900	13,988	0	827,899
2010	843,724	98	80.3%	21,645	17,248	0	882,617
2011	842,419	97	81.2%	19,230	17,149	0	878,798
2012	840,128	95	83.0%	21,103	16,877	0	878,108
2013	844,187	95	83.4%	22,774	16,326	0	883,287
2014	849,156	98	83.6%	17,344	15,433	0	881,933
2015	835,608	105	86.7%	21,828	17,700	0	875,136
Forecast							
2016	835,733	109	84.5%	21,872	18,092	0	875,697
2017	837,389	110	84.6%	21,915	18,525	0	877,830
2018	837,181	111	84.6%	21,959	18,889	0	878,029
2019	836,510	112	84 6%	22,003	19,261	0	877,774
2020	836,404	113	84.6%	22,047	19,654	0	878,105
2021	837,624	114	84.6%	22,091	19,998	0	879,713
2022	838,888	115	84.6%	22,135	20,319	0	881,343
2023	840,586	116	84 6%	22,180	20,653	0	883,419
2024	841,504	117	84.6%	22,224	20,984	0	884,712
2025	841,742	117	84 6%	22,269	21,302	0	885,312
COMPOUND ANNUAL GROWTH RATE							
2006 - 2015	(0 9%)	0 4%		(4.1%)	(1 7%)		(1 0%)
2015 - 2025	0.1%	1.2%		0.2%	1.9%		0.1%

NOTE:

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

SOURCES City of Chicago, Department of Aviation Management Records (historical), July 2016, Ricondo & Associates, Inc (forecast), based on the analysis and assumptions described in the 2015 Report August 2016

PREPARED BY Ricondo & Associates, Inc, August 2016

4.6.3 LONGER-TERM (2018 THROUGH 2025) ENPLANED PASSENGERS FORECAST METHODOLOGY

To understand the long-term growth potential of enplaned passengers at the Airport, forecasts of nationwide and local economic activity were examined, as discussed in Chapter 3 of this Report. It was concluded that the economic bases of the Air Trade Area and the nation are diversified, stable, and capable of generating longer-term increases in demand for air transportation at the Airport during the Projection Period.

Longer-term passenger demand growth rates at the Airport were derived using socioeconomic regression analysis. Socioeconomic regression analysis is used to identify predictive relationships between a dependent variable (e.g., passenger volume, passenger revenue, or other metric representing passenger demand) and one or more independent variables (e.g., socioeconomic factors, such as population, employment, per capita personal income, etc.). These relationships, or regression models, can be employed to forecast future growth in aviation activity using forecasts of independent variables. A standard measure of how well each socioeconomic variable explains passenger demand is the regression model's coefficient of determination, or R-squared. A result of 100 percent is the maximum value possible for a coefficient of determination; it represents a perfect fit between the variables analyzed. For purposes of this analysis, an R-squared value of 70 percent or better was considered adequate.

Socioeconomic regression analysis was conducted to identify predictive relationships between passenger demand at the Airport and socioeconomic variables at the national level and for the Air Trade Area[16]. The Airport serves originating passengers who reside in the Air Trade Area as well as those who visit or connect through the Air Trade Area or Airport for business or leisure. With the Airport's diverse customer base, demand for air service is driven by factors directly related to demographic and economic characteristics of both the Air Trade Area and the nation. As such, the following five socioeconomic variables were analyzed separately as independent variables in the regression analyses, both for the nation and the Air Trade Area: population, income, per capita personal income, employment, and GRP/GDP. Historical and forecast data for these independent variables were obtained from Woods & Poole Economics, Inc.

4.6.3.1 Passenger Segmentation

The relationship between socioeconomic variables and passenger activity was explored for four segments of demand:

- Origin and Destination (52.3 percent of Airport passengers in 2015):
  - Domestic O&D: Passengers using the Airport as an origin or destination point for journeys within the United States.
  - International O&D: Passengers using the Airport as an origin or destination point for journeys to or from points outside of the United States. This category includes passengers whose ultimate destination is an international point, but who use a flight segment to or from another domestic

16 Because the Airport's O&D activity is affected by surrounding airports, historical relationships for O&D activity were analyzed further to consider historical activity at Midway and General Mitchell. However, incorporation of Midway and General Mitchell metrics did not improve regression output, and produced more aggressive growth results. Therefore, for purposes of this analysis, only O'Hare metrics were used in regression modeling.

Airport that serves as the international gateway (for example, a passenger flying from the Airport to Belfast International Airport, Northern Ireland [BFS] via [EWR]). While this type of passenger is on an international itinerary, the Airport reports this type of passenger as a domestic enplanement.

- Connection (47.7 percent of Airport passengers in 2015):
  - Domestic Connection: Passengers using the Airport as a waypoint for journeys between two other airports within the United States.
  - International Connection: Passengers using the Airport as a waypoint for journeys between two other airports, at least one of which is an international point. This category includes international to international journeys. This category also includes passengers who depart from the Airport on a domestic flight after arriving at the Airport on a flight from an international origin. While this type of passenger is on an international itinerary, the Airport reports this type of passenger as a domestic enplanement.

Passengers were categorized as described above for analytical purposes. While this categorization differs slightly from how the Airport reports passenger activity, passengers were re-categorized to Airport standards for presentation in Table 4-19.

4.6.3.2 Regression Analysis Specifics

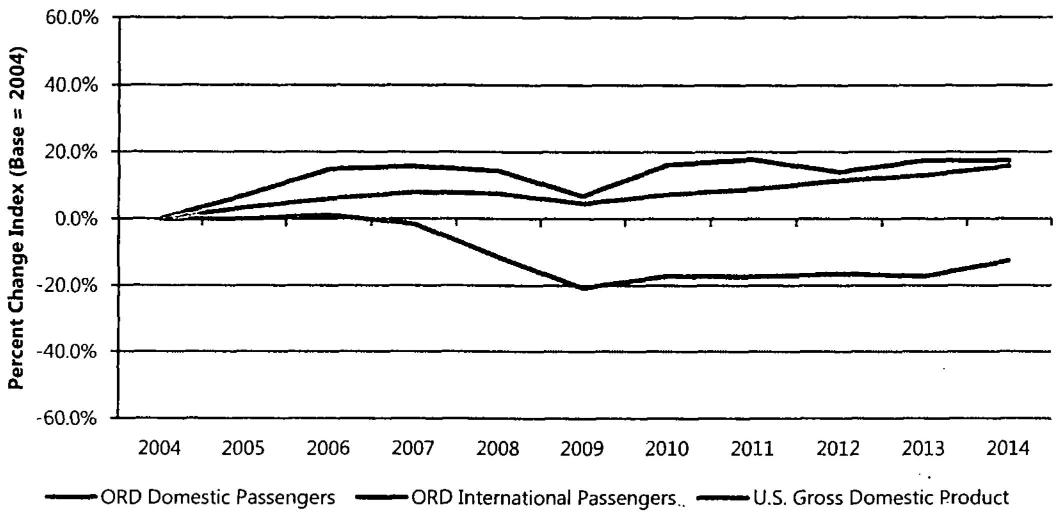
The methodology described in this section outlining the approach to determining future airport demand for this forecast was initially provided in the Report of the Airport Consultant for the issuance of the Series 2015 Bonds at the Airport included as Appendix E to the Official Statement for the Series 2015 Bonds, dated October 8, 2015 (2015 Report). This approach and the rationale described for eliminating other possible methodologies remain unchanged. However, as will be described further below, the timing of the forecast increase in passenger volumes has changed due, in part, to lower fuel costs enabling the carriage of higher passenger volumes in the near term. This section describes certain analyses prepared for the 2015 Report.

Four different regression approaches were utilized to derive the ultimate forecast of enplaned passengers for the Airport. Forecasting models were explored utilizing regression analysis between:

*A) <u>Socioeconomic Variables and Passenger Volumes (Single-Variable Regression):</u> Passenger enplanement forecasts commonly employ this approach, leveraging historical relationships between passenger volumes and socioeconomic variables to estimate future passenger volumes. However, as shown in Exhibit 4-13 the capacity discipline business model adopted by United States airlines across their domestic route networks has altered the historical relationship between socioeconomic elements and domestic passenger volumes nationally. This is also the case specifically for the Airport as illustrated on **Exhibit 4-20**. As a result, predictive relationships between the Airport domestic passenger volumes and socioeconomic elements were not adequate for use in forecasting future domestic air traffic.*

Also as illustrated in Exhibit 4-12 and Exhibit 4-13, the historical relationship between international passenger volumes and socioeconomic factors has remained intact, as airlines have continued to accommodate more-profitable international passengers. As a result, adequate regression models were *identified only when analyzing relationships between socioeconomic variables and international enplaned passengers using the Airport. These models generated a range of future CAGRs for international passenger volumes between 2.7 percent and 4.0 percent for the period through 2024.*

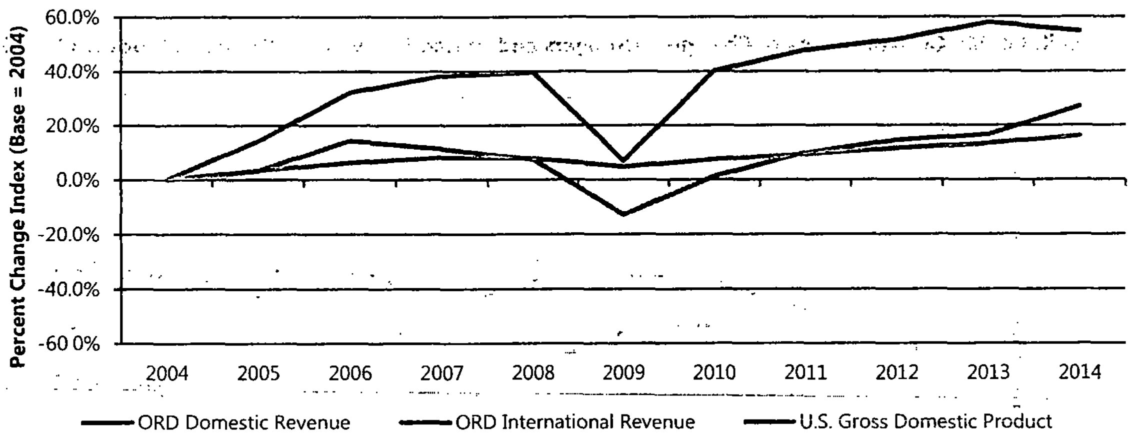
Exhibit 4-20: Growth Trends of Chicago Passengers and United States Gross Domestic Product (2015 Report)



SOURCE: Woods & Poole Economics, Inc, U S DOT T-100, 2014
PREPARED BY: Ricondo & Associates, Inc, August 2015.

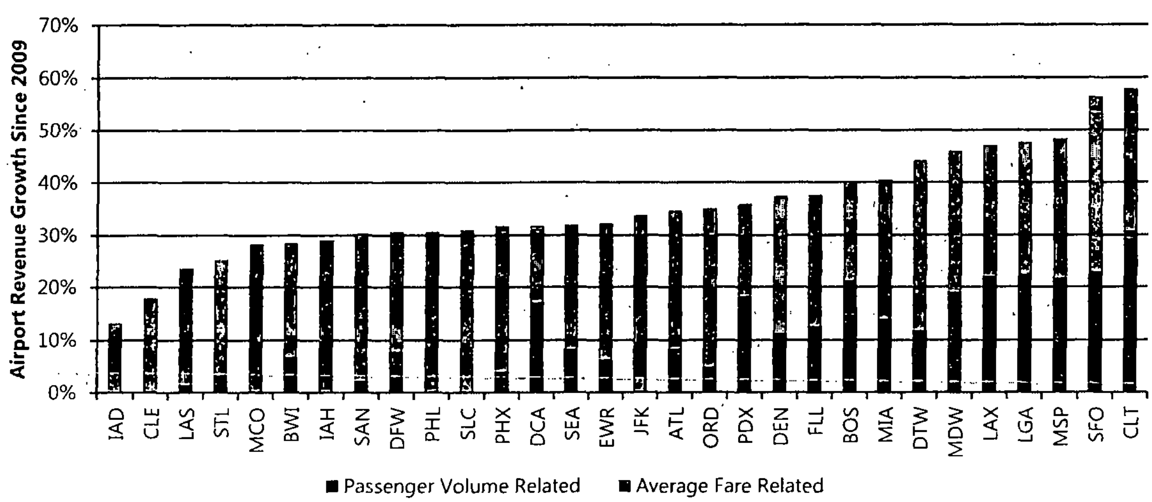
B) *<u>Socioeconomic Variables and Passenger Revenues (Single-Variable Regression)</u>: Exhibit 4-13 illustrates the continued positive relationship between domestic passenger revenues and socioeconomic variables (in contrast to the relationship between socioeconomic variables and domestic passenger volumes). For the Airport specifically, the same positive relationship between passenger revenues and socioeconomic variables exists for both domestic and international passenger revenues as illustrated on **Exhibit 4-21**. As illustrated on **Exhibit 4-22**, since the implementation of the capacity discipline business model by air carriers, revenue growth at the Airport and many other large United States airports has come primarily through increased average passenger fares, and less so through passenger volumes. This is in contrast to several other large airports that have experienced revenue growth through a higher component of passenger volume growth. As a result, the Airport has among the highest passenger yield (cents paid per passenger mile flown) of the top 30 United States airports as presented on **Exhibit 4-23**.*

Exhibit 4-21: Growth Trends of Chicago Passenger Revenue and United States Gross Domestic Product (2015 Report)



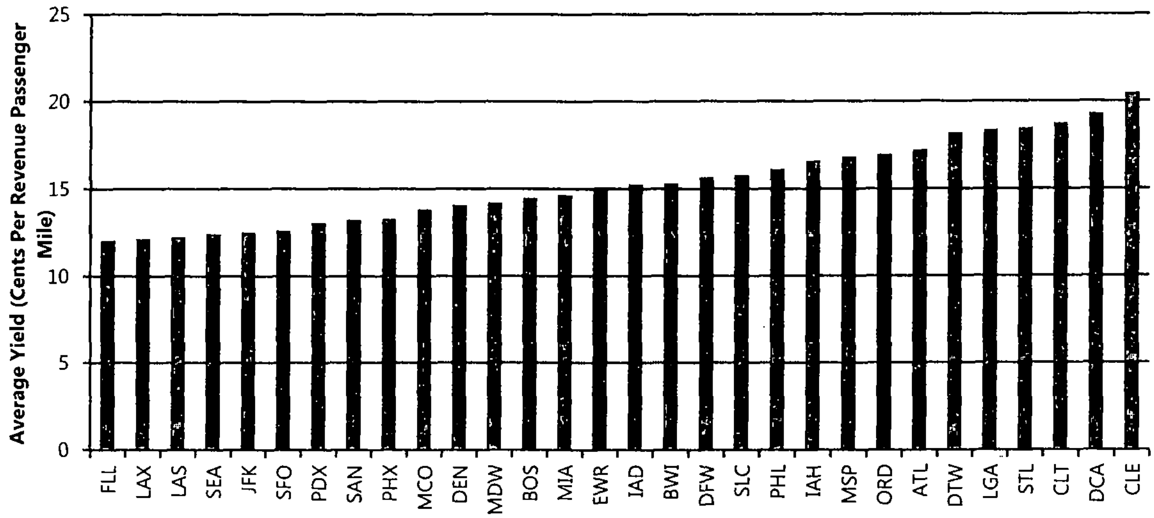
SOURCE. Woods & Poole Economics, Inc. 2016, U S. DOT T-100, 2014.
PREPARED BY Ricondo & Associates, Inc, August 2015

Exhibit 4-22: Components of Revenue Growth since Calendar Year 2009 Top 30 United States Airports by Departures – United States Carriers Data Only (2015 Report)



SOURCE U.S Department of Transportation DB1B Survey, August 2015.
PREPARED BY Ricondo & Associates, Inc, August 2015

Exhibit 4-23: 2014 Average Yield (cents/passenger mile) Top 30 United States Airports by Departures - United States Carrier Data Only (2015 Report)



SOURCE: U.S. Department of Transportation DB1B Survey, August 2015.
PREPARED BY: Ricondo & Associates, Inc., August 2015.

Regression analysis was conducted between socioeconomic variables and the passenger revenues generated by each passenger segment described above. For each segment, adequate regression models were identified that provided a range of future growth for passenger revenue for the period through 2024. This range is illustrated in ***Table 4-21.***

Table 4-21: Range of Forecast Revenue Growth (2015 Report)

	LOW	AVERAGE	HIGH
Domestic Revenue	3.7%	4.5%	5.4%
International Revenue	4.3%	6.0%	7.6%
Total Revenue	4.0%	5.3%	6.6%

SOURCE: Ricondo & Associates, Inc. based on the analysis and assumptions described in the 2015 Report, August 2015
PREPARED BY: Ricondo & Associates, Inc., August 2015.

In order to derive passenger volume growth associated with the range of forecasted passenger revenue growth, a second step was necessary to estimate how airlines might capture that revenue at the Airport, through a combination of passenger volume growth and/or passenger fare growth. A range of revenue to passenger "conversions" was developed for application to overall revenue growth forecasts.

The Airport's relatively high yield and low historical passenger component of revenue growth indicates an environment where airlines are more able to support profitable passenger volume growth (in contrast to the recent environment where revenue growth has come almost entirely through fare growth). These conversions were derived through analysis of recent trends of revenue growth in the United States industry, and span a range from conservative (low passenger volume growth - 13 percent of passenger revenue growth is driven through passenger volume growth, modeled using fare growth trends at the Airport over the last decade) to aggressive (high passenger volume growth – 66 percent of passenger revenue growth is driven through passenger volume growth, modeled considering the FAA's forecast of industry yield growth as published in the FAA Aerospace Forecast 2014-2034). For reference purposes, between 2009 and 2014, passenger growth has accounted for approximately 20 percent of revenue growth at the Airport, and 27 percent for the top 30 United States airports. Between 2012 and 2014, passenger volumes accounted for approximately 50 percent of revenue growth both at the Airport and in the top 30 United States airports. Between 2013 and 2014, approximately 70 percent of revenue growth at the Airport was due to passenger volume growth, compared to 60 percent in the top 30 United States airports.

This approach generated a range of passenger volume CAGRs for the period through 2024:

- *Domestic Passenger Growth Range: 0.5 percent to 3.5 percent*
- *International Passenger Growth Range: 0.5 percent to 5.0 percent*
- *Total Passenger Growth Range: 0.5 percent to 4.3 percent.*

***Table 4-22** summarizes the range of total forecast revenue growth rates along with passenger conversions from conservative to aggressive.*

Table 4-22: Results of Revenue Regression Analysis and Passenger Conversion (2015 Report)

	FORECAST REVENUE GROWTH RANGE AND RESULTING PASSENGER GROWTH		
	LOW	AVERAGE	HIGH
Total Revenue Growth	4.0%	5.3%	6.6%
Resulting Passenger Growth:			
Conservative Conversion	0.5%	0.7%	0.8%
Average Conversion	1.8%	2.4%	3.0%
Aggressive Conversion	2.7%	3 5%	4.3%

SOURCE Ricondo and Associates, Inc (analysis) based on the analysis and assumptions described in the Report, August 2015
PREPARED BY Ricondo & Associates, Inc, August 2015

C) *<u>Both Socioeconomic Variables and Average Fares, and Passenger Volumes (Multi-Variable Regression):</u> Regression analysis was performed to enable forecasting of passenger volumes given forecasts of socioeconomic variables and a range of possible average fares. Under this regression methodology, several adequate relationships were identified for the domestic and international O&D passenger segments. However, the results of this approach were significantly more aggressive than those generated under the approach described in "B". Therefore, the results of this approach were dismissed.*

D) *Socioeconomic Variables and Regional Passenger Volumes (Single-Variable Regression):*
To take into account the other airports in or around the Air Trade Area, Midway and General Mitchell, regression analysis was conducted for O&D passenger volumes at the combined airports and socioeconomic variables in both regions. Forecasts of the Airport's share of O&D passengers among the three airports were applied to those relationships with adequate R-squared values in order to determine the O&D passenger forecast. The approach yielded a more aggressive result than those produced under the approach described in "B". Therefore, the results of this approach were dismissed.

4.6.3.3 Enplaned Passenger Forecast Results

In the forecast included in the 2015 Report, a scenario was selected from the range of passenger volume growth produced by the Socioeconomic Variables and Passenger Revenue approach to forecast enplaned passengers through 2024. This scenario (which produced a 2014-2024 compound annual growth for total enplaned passengers of 1.6 percent) was selected in part for its lower outlook on revenue growth. In addition, the scenario assumed a conservative-to-average passenger conversion. The outlook for revenue growth, as forecast in the 2015 Report remains unchanged in the forecast in this Report. However, the recent reduction in the cost of fuel has resulted in lower-than-expected passenger fares in 2015 and 2016. As previously described, this decrease in fares has helped sustain higher volumes of enplaned passengers in 2015 and 2016. Fares were modeled to gradually return to levels forecast previously, under the assumption that fuel prices will increase in the future. The long-term enplaned passenger volumes are still expected, but incorporate the recent growth in the near-term. This analysis assumes that fuel prices eventually return to a higher level. If fuel prices remain low for a longer period of time, fares may also grow at a rate lower than forecast. This could result in a higher volume of enplaned passengers than forecast.

Enplaned passenger forecasts are presented in Table 4-19, re-categorized by domestic and international as indicated in Airport reports. The number of international enplaned passengers is forecast to increase from approximately 5.5 million in 2015 to approximately 6.5 million in 2025, at a CAGR of 1.6 percent for the period. Domestic enplaned passengers are forecast to grow from 32.9 million in 2015 to 34.9 million in 2025, a CAGR of 0.6 percent. In aggregate, total Airport enplaned passengers are forecast to grow from 38.4 million in 2015 to 41.4 million in 2025, at a CAGR of 0.8 percent.

4.6.4 AIRCRAFT OPERATIONS AND LANDED WEIGHT FORECASTS

Forecasts of annual aircraft operations at the Airport are presented in Table 4-20 for 2015 through 2025. Forecasts of passenger airline aircraft operations are based on assumptions of load factor management by the airlines serving the Airport and analysis of future fleet plans. Passenger airline aircraft operations are forecast to increase at a CAGR of 0.1 percent during the Projection Period, with the majority of passenger growth being accommodated through use of larger-capacity aircraft. Specific information regarding forecasts of passenger airline aircraft operations is provided below:

- Average seat capacity for passenger airline aircraft operations at the Airport is expected to increase from 105 seats in 2015 to 117 seats in 2025. This capacity increase is driven primarily by a shift by United and American away from aircraft with 50 or fewer seats to both larger regional jet aircraft and narrow body mainline aircraft. Airlines are able to maintain seat capacity in markets while reducing the number of flights through the use of larger regional jet and mainline aircraft. In 2015, approximately 32 percent of scheduled departures were operated in aircraft with 50 or fewer seats.

- Load factors for 2016 are expected to remain similar to those in 2015. However, as average aircraft seat capacity increases through 2025, the average load factor is expected to decrease slightly from 86.7 percent in 2015 to 84.6 percent in 2025.

General aviation operations at the Airport (including helicopter and miscellaneous operations as reported by the City of Chicago Department of Aviation) are expected to increase marginally from 21,828 in 2015 to 22,269 operations in 2025, reflecting the long-term assumption that growth in this sector will occur primarily at outlying airports within the Chicago region as the result of cost and delay considerations. The increase between 2015 and 2025 represents a CAGR of 0.2 percent during this period, comparable to 0.4 percent growth forecast nationwide by the FAA.

All-cargo operations at the Airport increased from 13,988 in 2009 to 17,700 operations in 2014. All-cargo aircraft operations at the Airport are forecast to increase at rates generally more conservative than industry cargo volumes in the period and more in line with all cargo aircraft growth in the period as forecast by the FAA. All-cargo aircraft activity at the Airport is forecast to increase from 17,700 operations in 2015 to 21,302 operations in 2025 a CAGR of 1.9 percent.

Future military activity at the Airport will be influenced by United States Department of Defense policy, which largely dictates the level of military activity at an airport. As shown in Table 4-20, no military activity is forecast to occur at the Airport during the Projection Period.

In large part as a result of the increased size of passenger aircraft expected to operate at the Airport through 2025, total aircraft operations at the Airport are forecast to increase marginally from 875,136 operations in 2015 to 885,312 operations in 2025, at a CAGR of 0.1 percent.

Table 4-23 presents historical and forecast landed weight at the Airport through 2025. Total landed weight is forecast to increase at a CAGR of 1.3 percent between 2015 and 2025, from approximately 51.1 million 1,000-pound units to 58.2 million 1,000-pound units.

Table 4-23: Historical and Forecast Landed Weight

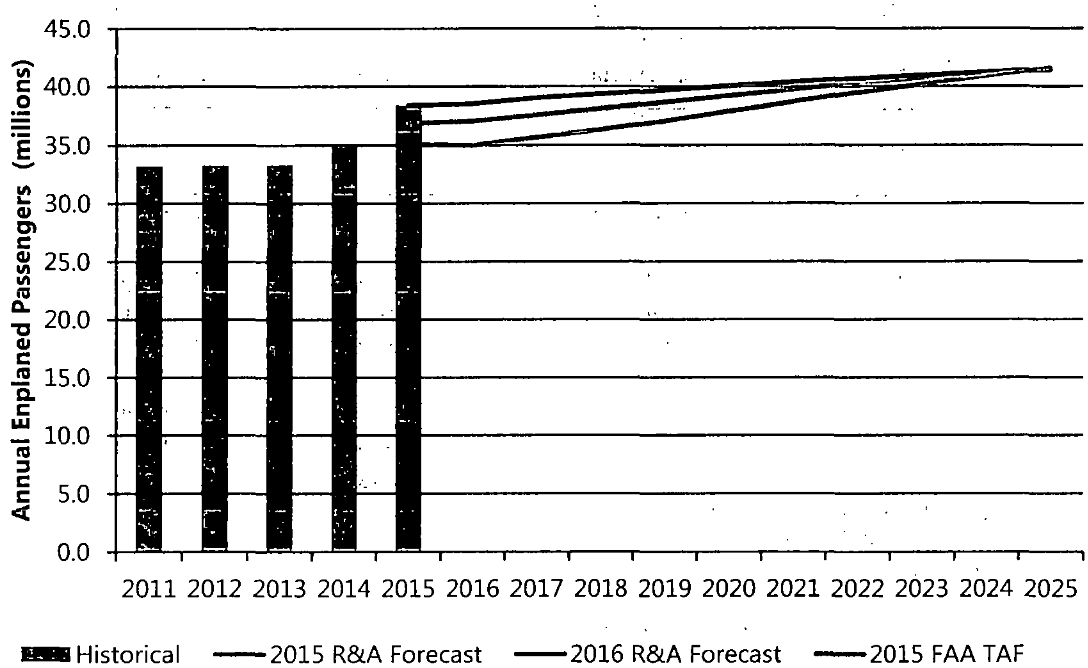
	PASSENGER AIRLINES	ALL-CARGO CARRIERS	TOTAL	
YEAR	LANDED WEIGHT	LANDED WEIGHT	LANDED WEIGHT	ANNUAL GROWTH
Historical				
2006	51,761,214	4,804,675	56,565,889	
2007	50,968,630	5,179,942	56,148,572	(0.7%)
2008	47,784,241	4,459,511	52,243,752	(7.0%)
2009	44,544,600	3,512,231	48,056,831	(8.0%)
2010	44,614,250	4,426,768	49,041,018	2.0%
2011	43,876,584	4,404,858	48,281,442	(1.5%)
2012	42,712,863	4,426,307	47,139,170	(2.4%)
2013	42,545,672	4,378,157	46,923,829	(0.5%)
2014	44,095,348	4,490,079	48,585,427	3.5%
2015	45,867,833	5,272,433	51,140,266	5.3%
Forecast				
2016	47,862,466	5,389,311	53,251,777	4.1%
2017	48,379,848	5,518,322	53,898,170	1.2%
2018	48,839,008	5,626,595	54,465,603	1.1%
2019	49,298,330	5,737,444	55,035,774	1.0%
2020	49,761,386	5,854,397	55,615,782	1.1%
2021	50,219,154	5,956,960	56,176,114	1.0%
2022	50,679,730	6,052,663	56,732,393	1.0%
2023	51,125,802	6,152,177	57,277,979	1.0%
2024	51,527,793	6,250,567	57,778,360	0.9%
2025	51,888,869	6,345,334	58,234,202	0.8%
COMPOUND ANNUAL GROWTH RATE				
2006 - 2015	(1.3%)	1.0%	(1.1%)	
2015 - 2025	1.2%	1.9%	1.3%	

SOURCE: City of Chicago, Department of Aviation Management Records, August 2016 (historical). Ricondo & Associates, Inc, August 2016 (forecast)
PREPARED BY. Ricondo & Associates, Inc, August 2016

4.6.5 COMPARISON OF ACTIVITY FORECASTS

Exhibit 4-24 provides a comparison of the forecast of enplanements in the Report to the forecast in the 2015 Report and the 2015 FAA *Terminal Area Forecast (TAF)*. Between 2015 and 2025, the forecast in this Report forecasts enplanements to increase from 38.4 million to 41.4 million (a CAGR of 0.8 percent) while the FAA TAF forecasts enplanements at the Airport to increase from 35.1 million to 41.5 million in the corresponding Federal Fiscal Year (a CAGR of 1.7 percent reflecting, in part, the lower enplanements forecast in the TAF for 2015). The 2015 Report forecasts enplanements to increase at a 1.1 percent CAGR from 2015 to 2024 resulting in enplanements growing from 36.9 million to 41.1 million in 2024.

Exhibit 4-24: Enplaned Passenger Forecast Comparison



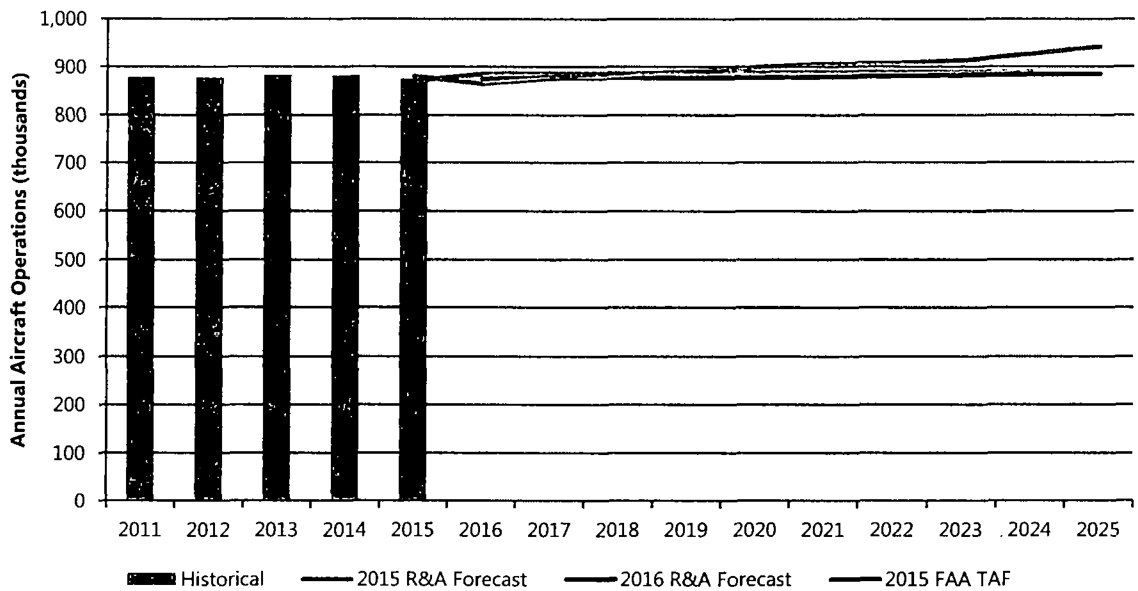
NOTE: The FAA TAF is presented on a federal fiscal year (October through September) basis and excludes nonrevenue passengers.

SOURCES City of Chicago, Department of Aviation Management Records, August 2016 (historical). Ricondo & Associates, Inc., August 2016 (forecast) Federal Aviation Administration *2015 Terminal Area Forecast*, August 2016

PREPARED BY: Ricondo & Associates, Inc., August 2016

Exhibit 4-25 provides a comparison of aircraft operations forecasts between the same three forecasts. This Report forecasts total aircraft operations to increase at a CAGR of 0.1 percent from 875,136 in 2015 to 885,312 in 2025, while the FAA TAF forecasts total aircraft operations to increase 0.7 percent during the same period from 880,804 in 2015 to 943,298 in 2025. The 2015 Report forecasts total aircraft operations to increase at a CAGR of 0.2 percent from 870,744 in 2015 to 894,452 in 2024.

Exhibit 4-25: Aircraft Operations Forecast Comparison



NOTE: The FAA TAF is presented on a federal fiscal year (October through September) basis and excludes nonrevenue passengers.

SOURCES: City of Chicago, Department of Aviation Management Records, August 2016 (historical); Ricondo & Associates, Inc., August 2016 (forecast), Federal Aviation Administration, *2015 Terminal Area Forecast*, August 2016.

PREPARED BY: Ricondo & Associates, Inc., August 2016.

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5. Financial Analysis

This chapter presents the financial framework of the Airport, and the cost and other financial implications following the issuance of the 2016 Bonds and the future bonds necessary to complete the funding of the remaining OMP Airfield Projects and 2016-2020 CIP capital projects described in Chapter 2. Chapter 5 presents the following projections: Operating and Maintenance (O&M) Expenses; Non-Signatory Airline and Non-Airline Revenues; Other Available Revenues, including PFC Revenue and Grant Receipts, and other federal funds; Net Debt Service; the Net Signatory Airline Requirement; and calculation of the Airline Parties' Airport rates and charges. The reasonableness of Airport user fees, including cost per enplaned passenger; and General Airport Revenue Bond (GARB) Debt Service coverage are also discussed.

The GARB debt service included in the financial analysis reflects debt service on outstanding GARBs after the issuance of the 2016 Refunding Bonds and the refunding of certain Airport Obligations, the 2016 New Money Bonds, and future GARBs necessary for funding the OMP Airfield Projects and 2016-2020 CIP capital projects described in Chapter 2. It is expected that annual debt service savings of between $2.1 million and $7.5 million will result from the issuance of the 2016 Refunding Bonds and the refunding of certain Airport Obligations. The expected savings from the 2016 Refunding Bonds have been assumed.

In combination, the 2016 New Money Bonds and future GARBs assumed in the financial analysis reflect the following capital project funding assumptions:

- approximately $1.3 billion for remaining OMP Airfield Projects, including $978.3 million for Runway 9C-27C funded with proceeds from the 2016 New Money Bonds and $361.4 million for the extension of Runway 9R-27L funded with future GARB proceeds,
- approximately $289.5 million for additional airfield improvements, including $113.3 million for the centralized deicing pad and $176.2 million for cross-field taxiway system and relocation of Taxiways A and B, both funded with proceeds from the 2016 New Money Bonds, and
- approximately $773.3 million for the 2016-2020 CIP projects funded with future GARB proceeds.

Financing assumptions of the 2016 New Money Bonds and future GARBs are described in Section 5.5 of this Chapter. Future PFC Revenue Bonds, anticipated to be issued in 2017 to fund approximately $188.6 million of the Terminal 5 Expansion project and to potentially refund certain outstanding PFC Revenue Bonds, are described in Section 5.4.1. of this Chapter.

The other recently announced capital projects, including the Concourse L Extension, Hotel Development, and the Terminal Area Plan, as described in Section 2.2.3 of this Report, are not included in the financial analysis.

While costs for these projects are likely to be incurred during the Projection Period and future bonds could be issued to fund certain portions of the projects with debt service payable during the Projection Period, the projects are in preliminary planning phases and project timing and costs have not been fully developed and are currently unknown.

Anticipated funding sources for these projects are as follows:

- **Concourse L Extension.** To be funded directly by American Airlines.
- **Hotel Development at the Airport**. To be funded through a special facility loan, or loans, backed by hotel revenues.

The Terminal Area Plan is still in the preliminary conceptual planning and discussion phases. Funding sources have not yet been determined.

5.1 Financial Framework

The Airport is owned by the City, operated by CDA, and is accounted for as a self-supporting enterprise fund of the City on a Fiscal Year basis. The City's Fiscal Year 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 the Senior Lien Indenture. Neither City nor State of Illinois tax revenues are pledged to the payment of Net Debt Service or to fund the cost of operations at the Airport.

5.1.1 AIRPORT USE AGREEMENT

The Airport Use Agreement sets forth the City's main financial and operational arrangement with the airline tenants of the Airport that are signatory to the agreement (the Airline Parties). The Airport Use Agreement provides, among other things, contractual support of the Airline Parties for GARBs and certain other obligations issued to fund Airport capital improvements. The Airport Use Agreement formalizes the rights and responsibilities of the Airline Parties and CDA, and expires on May 11, 2018.

The City has executed the Airport Use Agreement with the following 12 Airline Parties at the Airport: Air Canada, Alaska Airlines, American Airlines, Envoy, Delta Air Lines, Expressjet, FedEx, SkyWest, Spirit, United Airlines, UPS, and Virgin America. In the aggregate, the Airline Parties, including their regional affiliates, accounted for approximately 76.0% percent of the total landed weight at the Airport in 2015. Non-Signatory Airlines, the airlines that are not signatory to the Airport Use Agreement or a regional affiliate to one of the Airline Parties, including foreign flag carriers, accounted for the remaining 24.0% percent of landed weight at the Airport in 2015. Foreign Flag carriers that have signed the International Terminal Use Agreement are referred to as the International Terminal Airline Parties. The Airline Parties and the International Terminal Airline Parties are collectively referred to as the Signatory Airlines in this Report.

Upon the expiration of the Airport Use Agreement in 2018, the City and the Airline Parties could agree to execute a new agreement as the result of negotiations between the City and airlines serving the Airport or the City could elect to impose airline rates and charges without an airport use agreement and in accordance with the FAA's Policy Regarding the Establishment of Airport Rates and Charges.

The City has initiated efforts to evaluate options for a new Airport use agreement that will maximize the use of existing terminal facilities and provide a mechanism for the City to fund future capital projects. While there are multiple rate-setting methodologies that may achieve these goals, in any case, the City is obligated, pursuant to the Senior Lien Indenture, to set airline rates and charges at a level sufficient to pay the net cost of operating, maintaining, and developing the Airport, including the satisfaction of debt service coverage, fund deposit, and payment requirements of the Senior Lien Indenture. Projections of O&M Expenses, Non-Airline Revenues, and Net Debt Service assumed in the financial analysis in this Report are developed independently and material changes to these projections resulting from changes in the airline rate-setting methodology at the Airport are not anticipated.

Although the City is contemplating options for a business deal, the rate-setting methodology after May 2018 is uncertain and remains subject to negotiations between the City and the airlines serving the Airport. Therefore, in developing the financial projections presented herein, a continuation of the rate-setting methodology set forth in the existing Airport Use Agreement was assumed for the entirety of the Projection Period. It is also assumed in this Report that the current Airline Parties and International Terminal Airline Parties will continue to be signatory to future agreements and will remain signatory to those agreements through the Projection Period.

5.1.2 AIRPORT FEES AND CHARGES

Under the current Airport Use Agreement, terminal rental rates and airline landing fees are established using a residual airport rate-setting methodology[1], whereby airline rates and charges are calculated to recover any net remaining costs for each Cost-Revenue Center (CRC). To equitably allocate the net cost of operating, maintaining, improving, and expanding the Airport among the Airline Parties, various physical and functional areas of the Airport are separated into CRCs for the purposes of accounting for O&M Expenses, revenues, required fund deposits, and Debt Service on Airport Obligations. An allocable share of the net deficit generated in the Terminal Area, Airfield Area, and Fueling System CRCs is paid by the Airline Parties as part of their Airport Fees and Charges for the use of the Airport. The Airport Use Agreement provides that the aggregate of Airport Fees and Charges paid by the Airline Parties must be sufficient to pay the net cost of operating, maintaining, and developing the Airport (excluding the Land Support Area), including the satisfaction of debt service coverage, deposit, and payment requirements of the Senior Lien Indenture. Airlines or other users of the Airport that are not signatories to the Airport Use Agreement or the International Terminal Use Agreement are assessed Airport fees and charges enacted by City ordinances. For financial

[1] A somewhat modified rate-setting methodology is in effect for portions of the Airfield Area in order to avoid "private business use" under federal tax regulations See Section 5.7.1 herein

projection purposes, it was assumed that the City ordinances controlling non-signatory airline fees and charges will remain in place through the Projection Period.

Five CRCs in the Airport's financial structure are included in the residual rate-setting calculation and the adjustment of Airport Fees and Charges, as follows:

- **Airfield Area.** The Airfield Area includes the aircraft parking areas, runways, taxiways, approach and runway protection zones, infield areas, navigational aids, and other facilities related to aircraft taxiing, landing, and takeoff.
- **Terminal Area.** The Terminal Area includes the domestic terminal buildings and a designated portion of the heating and refrigeration plant.
- **Terminal Support Area.** The Terminal Support Area includes the public parking facilities, roadways, walkways, automobile rental areas, ground transportation system, and the existing Airport hotel.
- **International Terminal Area.** The International Terminal Area includes the International Terminal and a designated portion of the heating and refrigeration plant.
- **Fueling System.** The Fueling System includes the tank farm and all facilities that are part of the Airport's hydrant fueling system.

5.1.3 LAND SUPPORT AREA

The revenues and expenses of the Land Support Area are not included in the calculation of Airline Parties' Airport Fees and Charges, or pledged to pay debt service on bonds, including the 2016 Bonds. Therefore, the revenues and expenses within the designated Land Support Area are excluded in the financial projections in this Chapter. The Land Support Area includes certain vacant land and air rights and facilities, such as air cargo, hangar, flight kitchen, and freight forwarding facilities. Principally, these areas and facilities are located on the perimeter of Airport property.

5.2 Operating and Maintenance Expenses

O&M Expenses include expenses associated with operating and maintaining the Airport, including the airfield, terminal, and landside facilities.

5.2.1 HISTORICAL O&M EXPENSES

O&M Expenses for 2011 through 2015, as presented each year in the City's Airport Comprehensive Annual Financial Report (CAFR) for the years ended December 31, which excludes expenses in the Land Support Cost Center and excludes any expenses associated with certain discretionary funds[2] (the Airport Development Fund, Emergency Reserve Fund, and PFC Fund), are presented in **Table 5-1**. O&M Expenses increased at a

[2] City of Chicago, Chicago O'Hare International Airport, An Enterprise Fund of the City of Chicago, Comprehensive Annual Financial Reports, years 2011-2015 2015, Page 85; 2014, Page 65, 2013, Page 64, 2012, Page 52, 2011, Page 53

compound annual growth rate of 3.4 percent, from $407.3 million in 2011 to $466.4 million in 2015. This increase in O&M Expenses can partially be attributed to increasing professional and engineering costs as well as increases in salaries and wages. Between 2011 and 2015, professional and engineering costs increased at a CAGR of 6.2 percent and salaries and wages increased at a CAGR of 4.7 percent. The Airport's contribution of its allocable share of City pension expenses, described in the following section, has contributed to increasing salaries and wages expenses. The expenses shown in Table 5-1 reflect only expenses due and payable in each year (the cash contribution, reflected in the Airport's rates and charges), and do not reflect certain expenses that are not payable in that year, but recorded pursuant to GASB 68 as reflected in the City's Airport CAFR.

Table 5-1: Historical O&M Expenses, 2011 - 2015

(Dollars in Thousands for Fiscal Years Ended December 31)

	2011	2012	2013	2014	2015	COMPOUND ANNUAL GROWTH RATE
Total O&M Expenses (thousands)	$407,331	$426,461	$406,318	$463,224	$466,426	3.4%
O&M Expenses annual growth rate		4.7%	(4.7%)	14.0%	0.7%	
Enplaned Passengers (thousands)	33,207	33,245	33,298	34,953	38,395	3.7%
Enplaned Passengers Growth Rate		0.1%	0.2%	5.0%	9.9%	
Total O&M Expenses per Enplaned Passenger	$12.27	$12.83	$12.20	$13.25	$12.15	-0.2%

SOURCE: City of Chicago Comptroller's Office and Chicago Department of Aviation, July 2016
PREPARED BY: Ricondo & Associates, Inc., August 2016.

O&M Expenses remained relatively level between 2014 and 2015, increasing 0.7 percent, primarily attributable to reductions of snow removal expenses in repairs and maintenance, professional and engineering costs, and other operating expenses, offset by increases in salaries and wages attributable to pension contributions and certain retroactive salary adjustments. Due to the type of expense decreases achieved in 2015 (i.e., snow removal), it is not assumed that decreases similar to those seen in 2015 will occur on an annual basis. Professional and engineering costs decreased 5.5 percent between 2014 and 2015, mainly attributable to decreases in contracted costs. Salaries and wages, including pensions, increased 19.8 percent between 2014 and 2015, and repairs and maintenance costs decreased 10.8 percent between 2014 and 2015 largely because of the reduction of snow removal expenses. Other operating expenses, which consist of materials and supplies, utilities, insurance, miscellaneous expenses (administrative expenses, telephone, and bad debt expenses), machinery, and vehicles and equipment, decreased by 18.5 percent between 2014 and 2015.

The Airport's O&M Expenses per enplaned passenger from 2011 to 2015 have now decreased at a CAGR of 0.2 percent, from $12.27 in 2011 to $12.15 in 2015, decreasing from $13.25 in 2014 to $12.15 in 2015, attributable to level O&M Expenses and an increase in enplaned passengers in 2015.

5.2.2 CITY PENSION OBLIGATIONS

Pension fund obligations of the Airport are limited to the share of City employee salaries allocated to the Airport; these City employees include both those working directly at the Airport and those from other City departments that support Airport operations such as Purchasing, Finance, and Corporation Counsel. Federal regulations prevent Airport Revenues from being used to fund pension costs for any employees not working directly at or allocated to the Airport.

The following four pension funds affect Airport expenses:

- Policemen's Annuity and Benefit Fund of Chicago (PABF)
- Firemen's Annuity and Benefit Fund of Chicago (FABF)
- Municipal Employees' Annuity and Benefit Fund of Chicago (MEABF)
- Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago (LABF)

The City's pension expenses have increased over time, resulting in an actual cash contribution from the Airport to City pensions of approximately $25.8 million in 2015. The 2016 Airport rates and charges budget includes a pension expense of approximately $35.3 million, which is the budgeted amount of the 2016 cash contribution. The amount budgeted for 2016 reflects the impact of certain pension reforms. Pension expense increases projected in this analysis are based on Public Act 099-0506, which was enacted into law on May 30, 2016. This report excludes the impact of Public Act 98-641, which was declared unconstitutional by the Illinois Supreme Court on March 24, 2016. This decision has resulted in expected actual pension expenses in 2016 being below the cash contribution included in the Airport rates and charges budget, however, for purposes of this Report, the budgeted amount is included in the financial analysis.

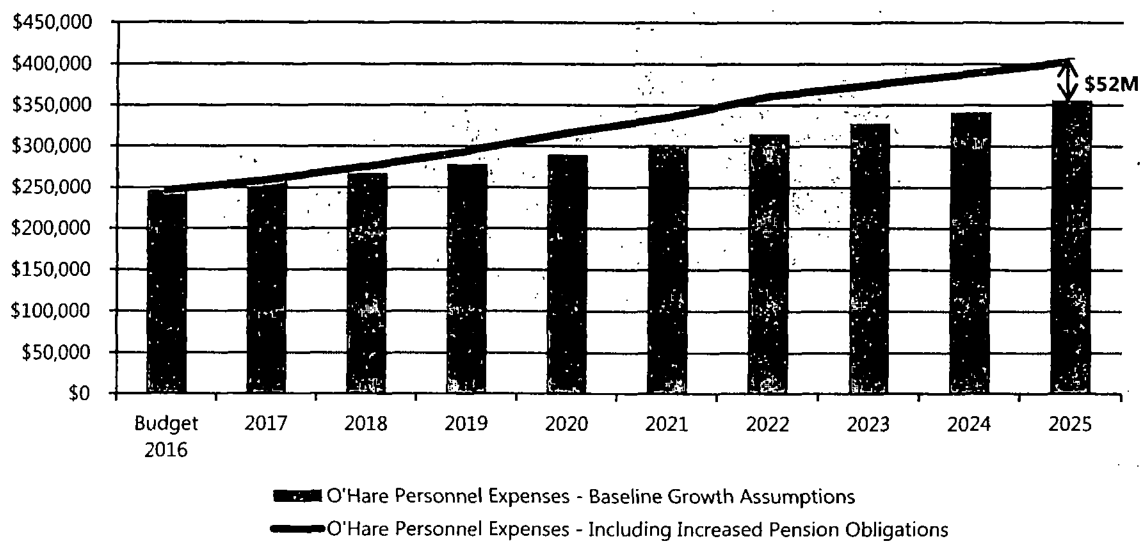
Due to financial reporting requirements pursuant to the Governmental Accounting Standards Board (GASB), Statement 68, the Airport's 2015 CAFR reflects the total pension liability of $339.5 million. GASB Statement 68, Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27, requires the Airport's pension liability to be reported as the portion of the present value of the total pension liability, defined as the projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.[3] Under the current provisions of the Pension Code, MEABF and LABF are projected by their respective actuaries to have insufficient funds available to make payments to beneficiaries beginning in Fiscal Years 2025 and 2027, respectively. Although it is uncertain how such payments would be made in this circumstance, one possibility is that the City could be required to make these payments due to beneficiaries on a pay-as-you-go basis, which would cause a significant increase in the City's contributions and, as a result, to the Airport's allocated portion of such contributions to such funds. Assuming the current allocation percentage of this requirement to the Airport, pension expenses are estimated to increase at a CAGR of 10.9 percent from approximately $35.3 million budgeted in 2016 to approximately $89.4 million in 2025, should the City be required to make such beneficiary payments in addition to its required contributions.

[3] Accounting and Financial Reporting for Pensions—An Amendment of GASB Statement No 27, § Statement No 68 (2012).

Exhibit 5-1 illustrates the impact of the estimated pension contributions over baseline growth assumptions on projected 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: Projected Impact of Estimated Pension Contributions[1/] over Baseline Growth

(Dollars in Thousands for fiscal years ending December 31)



NOTE:

1/ Assumes that the City would be required to contribute amount necessary to fund beneficiary payments on a pay-as-you-go basis upon insolvency of MEABF and LABF. The actuaries of MEABF and LABF project large increases in contributions in the years of initial insolvency with modest growth in contributions thereafter, if the City is required to contribute on this basis

SOURCE. Chicago Department of Aviation, September 2016
PREPARED BY: Ricondo & Associates, Inc, September 2016

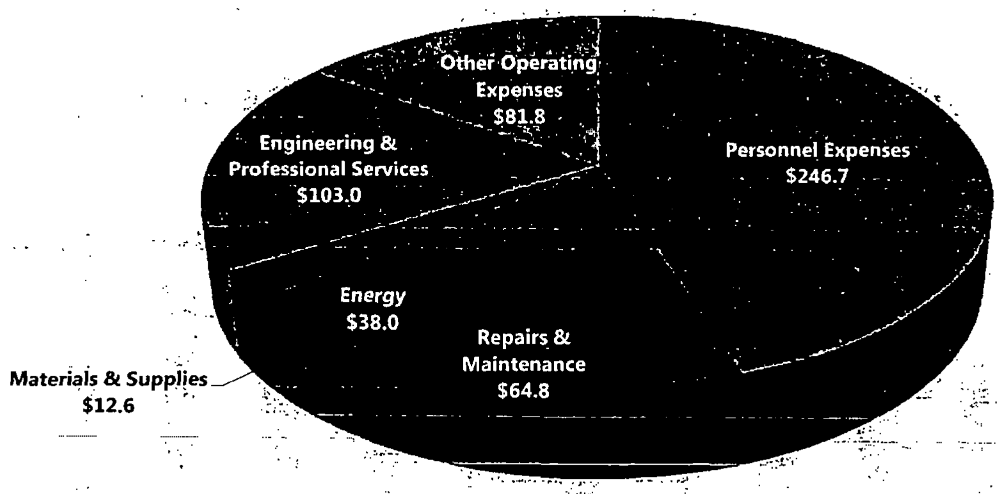
5.2.3 BUDGETED AND PROJECTED OPERATING AND MAINTENANCE EXPENSES

Actual O&M Expenses vs Budget

CDA sets a budget for airline rates and charges annually using the rate-setting methodology set forth in the Airport Use Agreement, as described in Section 5.1 above, based on the budgeted O&M Expenses, Non-Airline Revenues, required fund deposits, and debt service on Airport Obligations. As shown in Table A-1 of **Appendix A** to this Report, between 2011 and 2015, actual O&M Expenses for the Airport have been less than the budgeted amount in each of the last 5 years, averaging 5.7 percent below budget. The Airport's 2016 final airline rates and charges budget serves as the base from which O&M Expenses are projected.

Exhibit 5-2 presents the 2016 budgeted O&M Expenses by cost category.

Exhibit 5-2: 2016 Operating and Maintenance Expenses by Cost Category (in millions)



NOTE: Includes Land Support
SOURCE: Chicago Department of Aviation, August 2016.
PREPARED BY: Ricondo & Associates, Inc., September 2016.

O&M Expenses are classified into the following categories:

Personnel

Personnel expenses include compensation for City staff working at the Airport, pension obligations discussed above, and an allocation of personnel costs from other City departments that support Airport operations, such as Purchasing, Finance, and Corporation Counsel. Personnel expenses associated with Airport operations and capital development are projected to increase 6.0 percent in 2017, based on operational and future development needs. Personnel expenses are then projected to increase at an annual rate of 4.0 percent from 2018 through the Projection Period, attributable primarily to salary increases, escalating insurance premiums, and other benefits increases. When the assumed additional personnel expenses related to additional pension obligations and future capital projects are incorporated, personnel expenses are projected to increase at a CAGR of 5.6 percent through 2025.

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 4.75 percent through 2025, primarily reflecting inflation and additional costs associated with maintaining existing aging facilities. When the assumed additional repairs and maintenance expenses related to future capital projects are incorporated, repairs and maintenance expenses are projected to increase at a CAGR of 5.0 percent through 2025.

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 4.5 percent. However, when the assumed additional energy expenses related to future capital projects are incorporated, energy expenses are projected to increase at a CAGR of 4.6 percent through 2025

Materials and Supplies

Materials and supplies expenses include costs associated with the purchase of deicing fluid, office supplies, cleaning supplies, keys and locks, and other general maintenance supplies for the Airport. Materials and supplies expenses are projected to increase annually at the 3.0 percent rate of inflation. When the assumed additional material and supply expenses related to future capital projects are incorporated, expenses for materials and supplies are projected to increase at a CAGR of 3.6 percent through 2025.

Engineering and Professional Services

Engineering and professional services expenses include fees for specialized engineering, legal, and other technical services. These expenses are projected to increase annually at a CAGR of 4.5 percent through 2025, primarily because of increases in billing rates. Engineering and professional services expense projections include an additional $2 million annually in 2017 and 2018 to reflect additional services in those years for future capital planning and negotiating a new Airport Use Agreement. The use of outside professional services was otherwise assumed to remain constant through 2025. The assumed additional engineering and professional services expenses are projected to increase at a CAGR of 4.9 percent through 2025.

Other Operating Expenses

Other operating expenses include equipment and property rentals, insurance, miscellaneous expenses (administrative expenses, telephone and bad debt expenses), machinery, and vehicles and equipment. Equipment and property rental expenses include expenses related to the rental of heavy equipment and contracting of equipment operators, rental of unarmed security systems, operation of the automated transit system, shuttle bus services, rental of office equipment, and lease of a warehouse. Other operating expenses are projected to increase at a CAGR of 5.9 percent through 2025, primarily reflecting inflation, the need to replace various equipment, and additional expenses related to future projects.

O&M Expenses Related to Remaining OMP Airfield Projects

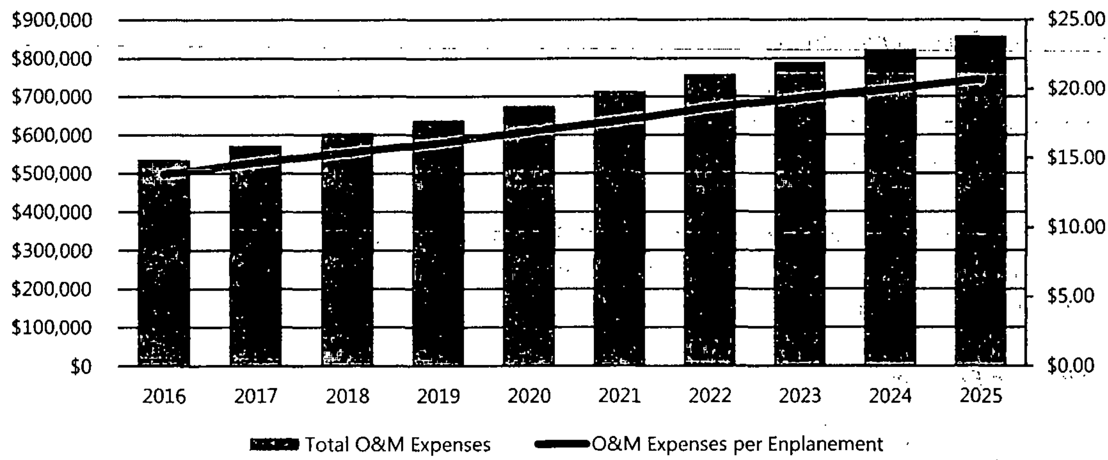
Incremental effects on O&M Expenses from Runway 9C-27C construction and the extension of Runway 9R-27L OMP Airfield Projects are expected to result from the increased operation and maintenance required to maintain the additional airfield pavement and are estimated to begin in 2021. Projections of these O&M Expenses were developed based on the incremental increase in runway pavement surface area in the Airfield Area with Airfield Area O&M Expenses projected to increase $4.9 million in 2021 and $9.6 million in 2022, the first full year of operation. This projected increase in Airfield Area O&M Expenses is proportionate to the increase in runway square footage, which represents a conservative approach, particularly given that new infrastructure projects do not typically have major maintenance needs immediately after completion.

O&M Expense Projections

O&M Expense projections are based on the type of expense, expectations of future inflation (assumed to be 3.0 percent annually through the Projection Period), and incremental O&M expenses related to the construction of Runway 9C-27C and the extension of Runway 9R-27L. O&M Expenses for the Multimodal Facility, described in Chapter 2 of this Report, are assumed to be covered 100 percent by rental car operators through CFC collections and Facility Rent. No incremental O&M Expenses associated with the 2016-2020 CIP Projects or any other recently announced capital projects have been assumed. Projected O&M Expenses are presented on **Exhibit 5-3**.

Exhibit 5-3: Projected Operating and Maintenance Expenses

(Dollars in Thousands for fiscal years ending December



SOURCE. Chicago Department of Aviation, Ricondo & Associates, Inc, based on the analysis and assumptions in the Report. September 2016
PREPARED BY: Ricondo & Associates, Inc, September 2016

As shown on Exhibit 5-3, total O&M Expenses, excluding Land Support Area expenses, are projected to increase from $535.0 million in 2016 to $857.1 million in 2025, reflecting a CAGR of 5.4 percent.

See Table B-1 in **Appendix B** at the end of this Report for additional information regarding projected O&M Expenses.

5.3 Non-Signatory Airline and Non-Airline Revenues

Non-Signatory Airline Revenues are revenues collected from airlines that are not parties to the Airport Use Agreement or International Terminal Use Agreement. Non-Airline 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 Non-Airline Revenues are generated from concessions, which includes automobile parking revenues. **Table 5-2** presents concession revenues at the Airport from 2011 through 2015. As shown, concession revenues were approximately $211.9 million in 2011, and increased to approximately $244.0 million in 2015, reflecting a CAGR of 3.6 percent during that period. The increase from 2011 through 2015 resulted from the ongoing recovery from the economic recession, as well as continually enhanced concession offerings at the Airport, with local and national favorites well represented. Parking revenues, which represent the Airport's largest Non-Airline Revenue source, were $96.0 million in 2011, and have increased to $99.2 million in 2015, reflecting a CAGR of 0.8 percent.

Table 5-2: Historical Concession Revenues, 2011 – 2015

(Dollars in Thousands for Fiscal Years Ended December 31)

	2011	2012	2013	2014	2015	COMPOUND ANNUAL GROWTH RATE
Concession Revenues						
Automobile Parking	$95,997	$93,557	$95,614	$97,834	$99,210	0.8%
Automobile Rentals	23,745	25,445	26,274	27,863	29,176	5.2%
Restaurants 1/	38,547	41,330	42,662	45,432	49,366	6.4%
News and Gifts 1/	15,608	16,579	18,367	24,086	24,355	11.8%
Other	37,989	41,197	40,337	45,082	41,908	2.9%
Total Concession Revenues	$211,886	$218,108	$223,254	$240,297	$244,015	3.6%
Total Concession Revenues Annual Growth Rate		2.9%	2.4%	7.6%	1.6%	--
Enplaned Passengers (thousands)	33,207	33,245	33,298	34,953	38,395	2.4%
Enplaned Passengers Growth Rate		0.1%	0.2%	5.0%	9.9%	--
Concession Revenues per Enplaned Passenger	$6.38	$6.56	$6.70	$6.87	$6.36	-0.1%

NOTE

1/ Includes International Terminal concession Revenues

SOURCE Chicago Department of Aviation, July 2016

PREPARED BY. Ricondo & Associates, Inc , August 2016

The Airport's concession revenues per enplanement decreased from $6.38 in 2011 to $6.36 in 2015, which represents a CAGR of -0.1 percent, decreasing from $6.87 in 2014 to $6.36 in 2015, attributable to enplaned passenger growth outpacing concessions revenue growth in 2015.

5.3.1 BUDGETED AND PROJECTED NON-SIGNATORY AIRLINE REVENUES

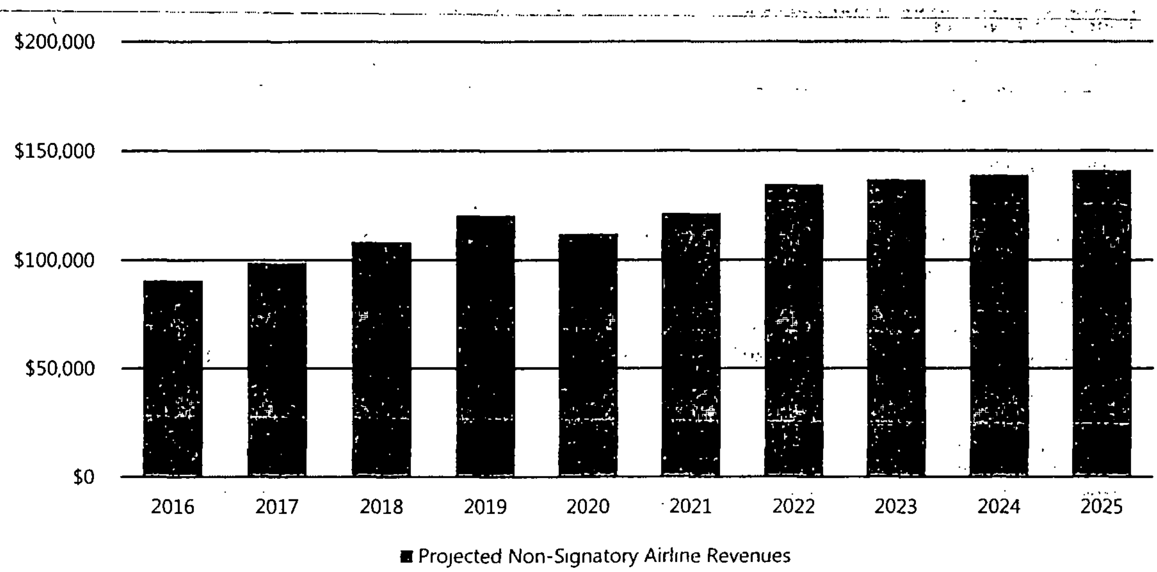
Non-Signatory Airline Revenues include landing fees and terminal rentals paid by airlines that are not parties to either an Airport Use Agreement or the International Terminal Use Agreement.

Non-Signatory Airline Revenue Projections

Non-Signatory Airline Revenues are derived as a function of the signatory rentals, fees, and charges, based on O&M Expenses, Debt Service, and fund deposits. In the financial analysis in this Report, landing fee revenues received from non-signatory affiliates of the Airline Parties are considered Non-Signatory Airline Revenues. Non-Signatory Airline Revenues are budgeted to be approximately $90.7 million in 2016 and are projected to increase to $140.8 million in 2025, a CAGR of 5.0 percent, which can primarily be attributed to expected increases in the rates and charges, specifically landing fees, charged to Non-Signatory Airlines in order to recover increasing O&M Expenses throughout the Projection Period and debt service associated with the 2016 New Money Bonds and future GARB issuances. Projected Non-Signatory Airline Revenues are shown in **Exhibit 5-4.**

Exhibit 5-4: Projected Non-Signatory Airline Revenues

(Dollars in Thousands for Fiscal Years Ending December 31)



SOURCES: Chicago Department of Aviation; Ricondo & Associates, Inc., based on the analysis and assumptions in the Report, November 2016.
PREPARED BY: Ricondo & Associates, Inc., November 2016

5.3.2 BUDGETED AND PROJECTED NON-AIRLINE REVENUES

Non-Airline Revenues include revenues from the Chicago International Carriers Association Terminal Equipment Corporation (CICA TEC); and from concessions, including automobile parking, automobile rentals, and concessions in the domestic and international terminals. These revenues are discussed below.

5.3.2.1 CICA TEC

CICA TEC operates and maintains certain common-use equipment, including baggage systems and loading bridges, for the airlines serving the International Terminal. CICA TEC was formed by the foreign-flag carriers that operate at the International Terminal together with United Airlines and American Airlines, which also operate international arriving flights at the International Terminal. Lease payments by CICA TEC to the City are considered Non-Airline Revenues. CICA TEC lease payments are budgeted at $14.4 million in 2016 and are projected to increase at a CAGR of half the rate of expected inflation (1.5 percent) through 2025.

5.3.2.2 Concessions

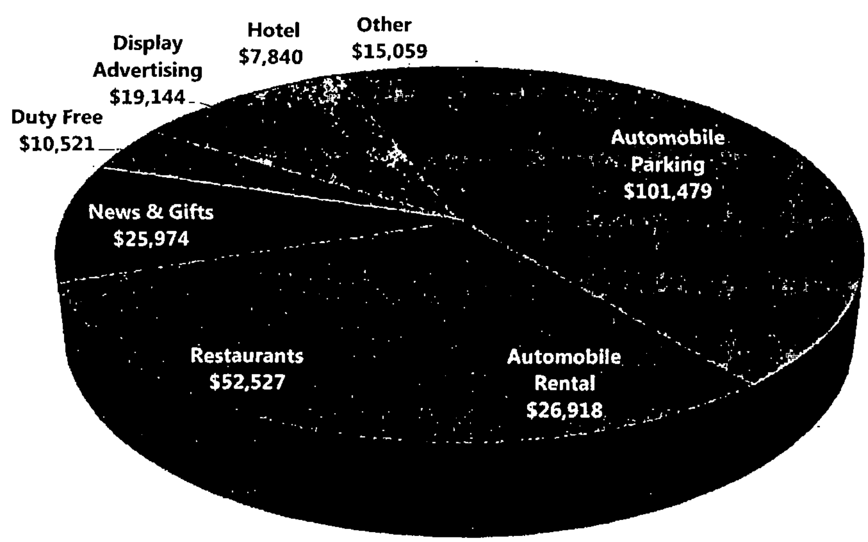
Concession revenues include those derived from the concessionaires in the terminal, such as restaurants and news and gift shops, and the Airport's landside operations such as automobile parking, automobile rentals, and bus service. CDA is continually looking for additional space that could be allocated to concessions and at opportunities to enhance concession revenue.

5.3.2.3 Actual Concession Revenues vs. Budget

As shown in Table A-2 of Appendix A to this Report, between 2011 and 2015, actual concession revenues generated at the Airport have been higher than the budgeted amount in 3 of the 5 years presented, averaging 2.2 percent higher than budgeted. Actual concession revenues have been within 1 percent of budget in each of the past 3 years. The Airport's 2016 final rates and charges budget serves as the base from which concession revenues are projected.

Exhibit 5-5 presents the breakdown of budgeted 2016 concession revenues.

Exhibit 5-5: 2016 Concession Revenues by Category (in millions)



SOURCE Chicago Department of Aviation, June 2016
PREPARED BY: Ricondo & Associates, Inc., August 2016

The revenues generated by automobile parking, automobile rentals, and the concessions in the domestic and international terminals (i.e., restaurants, news and gifts outlets, and duty free), which together account for approximately 83.8 percent of concession revenues in the Airport's 2016 budget, are discussed below.

5.3.2.4 Automobile Parking Revenues

The City has a management agreement with Standard Parking Corporation, a provider of parking facility management services. Under the agreement, Standard Parking Corporation provides personnel to operate and maintain the parking facilities at the Airport, provides cashier services, and provides ground transportation. The current 5-year contract between the City and Standard Parking commenced January 1, 2013. Standard Parking receives a fixed management fee adjusted annually by a pre-agreed-upon contract rate and submits daily, monthly, and annual accountings to the CDA. Budgeted parking revenues net of City taxes for 2016 are $101.5 million, or 39.1 percent of concession revenues.

Parking revenues at the Airport are a function of on-Airport parking demand and the availability of parking spaces demanded. Several factors affect on-Airport parking demand, such as: the variety of parking products offered (i.e. terminal garage, mid-market surface spaces, and economy spaces); off-Airport parking competition; availability of alternative transportation such as the Chicago Transportation Authority (CTA) train and taxis, as well as the impact of transportation network companies (TNCs) such as Uber and Lyft; and the cost and convenience associated with each of these facilities and alternatives.

The Airport currently offers hourly and daily parking in the 9,300-space Terminal Parking Garage, with a maximum daily weekday rate of $60.00 per day in the hourly (level 1) parking and $35.00 per day for the daily spaces on levels 2 and 6 and outdoor surface spaces in Lots B and C. The hourly spaces are designed for short term parking of less than three hours, and while the Airport does not recommend parkers use these spaces for overnight stays there are no restrictions on how long a parker may stay in the space. The Airport also provides valet service with a maximum daily weekday rate of $54 per day. During peak hours, holiday travel, and in inclement weather, the Terminal Parking Garage approaches maximum capacity but with limited closures, only 3 hours total in 2015.

Lot E and Lot G at the Airport are designated for mid-market and economy parkers, respectively, providing approximately 10,700 surface spaces. Surface Lot E is directly adjacent to the ATS with a maximum daily weekday rate of $17 per day. Parkers in Lot E are able to move directly from their vehicle to the ATS, which takes them to the Terminal Area. Surface Lot G is directly west of Lot E across Bessie Coleman Drive with a maximum daily weekday rate of $10 per day. Free shuttle buses operate 24 hours a day within these lots, dropping off passengers at the ATS station adjacent to Lot E. Lot E and Lot G also occasionally experience limited capacity during fall and winter months leading to several lot closures in October through December of 2015. Off-Airport parking competitors serving the Airport, such as Park N Jet Valet and WallyPark, provide parking facilities and a shuttle service to and from the Airport with rates typically competitive with the on-Airport economy lot.

Alternative transportation options include the CTA Blue Line Train providing direct access to a station located in the Terminal and connectivity between downtown Chicago and other CTA train lines. According to the CTA, ridership on the Blue Line has been increasing steadily over the past 15 years and has reached record levels, with the highest transit ridership of any U.S. Airport. Despite this growth, Airport parking revenues have also grown over this period. The City continues to evaluate the feasibility of a third-party operated express airport train service, which could provide direct non-stop service between the Airport and downtown Chicago. This express service, if constructed, may impact parking demand at the Airport, but that impact is unknown.

Taxis provide service to and from the Airport, with each departure trip requiring a tax stamp from which the Metropolitan Pier and Exposition Authority (MPEA) receives a fixed fee. Taxi service, as a well-established alternative, factors into the current level of on-Airport parking demand, and with limited ability to develop new products or facilities, is not expected to result in any material incremental long-term effect on on-Airport parking revenues. However, TNCs offer a relatively new and increasingly popular transportation alternative that may impact on-Airport parking revenues. On November 24, 2015, TNCs secured permission from the City to offer TNC service at the Airport, and while TNCs may have been servicing the Airport before that time without permission, given the recent emergence of TNCs, there is not sufficient data available to meaningfully assess the degree to which they are capturing demand share at the expense of on-Airport parking or other forms of ground transportation such as taxis and mass transit options. The impact of TNCs to on-Airport parking revenues will be clearer as the industry matures and tracking of TNC activity at airports improves.

As Airport passengers are forecast to increase over the Projection Period, as discussed in Chapter 4 of this Report, it is assumed that on-Airport parking demand will also increase at a rate consistent with the increase in enplaned passengers. Increased on-Airport parking demand over the Projection Period could create parking capacity issues at the Airport. To accommodate future demand, the City is currently constructing the Multimodal Facility which will include approximately 2,000 parking spaces with direct access to the ATS, and has planned a new parking garage as part of the Airport's capital program. The Multimodal Facility, expected to be completed at the end of 2018, will accommodate demand for mid-market parking. The planned parking garage construction will provide customers typically parking in the Terminal Garage another option to optimize their level of convenience. Additional information regarding these capital projects is included in Chapter 2 of this Report.

An increase in parking rates at the Airport requires approval by the City Council, and while currently there are no proposed rate increases under City Council review, CDA may elect to seek approval from City Council for parking rate increases on existing facilities and to set parking rates on new facilities opened during the Projection Period. Parking rate increases would likely result in increases in parking revenues to the Airport. The last parking rate increase was implemented on January 1, 2012.

For purposes of this Report, parking revenues are projected to increase at a CAGR of 2.5 percent through 2025, which is a combination of increases in the number of O&D passengers and assumed periodic parking rate increases, based on historical parking rate increases at the Airport, to account for inflation (3.0 percent every other year). Over the past 10 years, parking rates at the Airport for the Terminal Garage and economy lots have increased at a CAGR of 1.8 percent and 2.7 percent, respectively, excluding parking rate increases related only to tax increases.

5.3.2.5 Other Concessions Revenues

Automobile Rentals

Eight rental car brands currently operate on Airport. They include Alamo, Avis, Budget, Dollar, Enterprise, Hertz, National, and Thrifty. In terms of off-Airport rental car operators, Advantage Rent A Car, E-Z Rent-A-Car, Payless Car Rental, and Silvercar currently serve the Airport. All off-Airport rental car facilities are currently located at sites remote from the terminals and are served by shuttle buses. Avis Budget Group, Inc. operates the Avis, Budget, and Payless brands; Enterprise Holdings, Inc. operates the Alamo, Enterprise, and

National brands; and The Hertz Corporation operates the Hertz, Dollar, and Thrifty brands. Advantage operates as an independent brand.

A Consolidated Rental Car Facility Lease and License Concession Agreement, executed in 2013 by the rental car companies that will serve the Airport from the Multimodal Facility, establishes a Minimum Annual Guarantee Fee and Concession Fee, which will be the greater of the Minimum Annual Guarantee Fee or 10 percent of annual gross revenues, as defined in the agreement. At the end of each agreement year, an annual reconciliation will be computed for underpayment/overpayment. Budgeted automobile rental revenues for 2016 are $26.9 million, or 10.4 percent of concession revenues. Automobile rentals are projected to increase at a CAGR of 2.3 percent through 2025, which is a combination of increases in the number of O&D passengers and half the rate of inflation.

Restaurants

Concessionaires operate more than 100 restaurants/food and beverage outlets in the domestic terminals at the Airport. These outlets include a mixture of national and local Chicago brands. The terms of the agreements for these concessionaires generally range from 5 years to 10 years. The City receives from the concessionaires a percentage of gross sales against minimum annual guarantees that are adjusted annually based on the previous year's sales. The budgeted domestic terminal restaurant revenues for 2016 are $50.1 million, or 19.8 percent of concession revenues. Domestic terminal restaurant revenues are projected to increase at a CAGR of 2.3 percent through 2025, which is a combination of increases in the number of domestic enplanements and increases based on anticipated new offerings during the Projection Period.

In 2015 the Airport opened 21 new and refurbished stores. The new concepts included: Coach, MAC, and Chicago Sports Pop Up. The refurbished stores included one Starbucks, two McDonalds and others. In 2016 the Airport has completed seven new concepts including: Sarah's Candies, Green Market, Publican, and Summer House.

News and Gifts

Hudson Group operates 24 news and gifts outlets in the domestic terminals. The City receives, from Hudson Group, a percentage of gross sales against minimum annual guarantees that are adjusted annually based on the previous year's sales. The budgeted domestic terminal news and gifts revenues for 2016 are $24.3 million, or 9.6 percent of concession revenues. News and gift revenues in the domestic terminal are projected to increase at a CAGR of 2.2 percent through 2025, which is a combination of increases in the number of domestic enplanements and half the rate of inflation.

International Terminal Concessions

Effective September 1, 2011, the CDA executed a 20-year concession agreement with Westfield Group to enhance the concessions in the International Terminal. Under the International Terminal concession agreement, Westfield completed a $26 million renovation that included the addition of 24 new dining and retail outlets, including 11 local Chicago brands; a redesigned TSA checkpoint; a new dining lounge and new bathrooms; and new seating, lighting, signage, and fixtures throughout the International Terminal. The renovation also included the addition of a 10,000-square-foot flagship duty-free store, through which all departing travelers must now pass after clearing the TSA security screening checkpoint.

Under the previous concession agreement for the International Terminal, concession sales were approximately $25.0 million annually. Under the new agreement, concession sales increased 84.8 percent to $46.2 million in 2015. These sales generated approximately $7.2 million in revenue for the Airport, more than double the revenue in 2010, the last year prior to the start of the redevelopment. This increase in concession sales has resulted in additional revenue to the Airport, and is a result of a re-engineered layout as well as an improved selection of offerings. Prior to redevelopment, the terminal's first since its 1993 construction, 95 percent of concessions were located pre-security, preventing passengers from making purchases while waiting for flights. Of the 15 new retail and 9 new dining destinations in the newly redesigned terminal, 22 are located post-security to serve travelers near their gates. CDA has indicated that it is reviewing elements of the International Terminal concession agreement that might be used to improve domestic terminal concession operations.

The budgeted International Terminal concession revenues for 2016 are $10.8 million, or 4.3 percent of concession revenues. International Terminal restaurant revenue is projected to increase at a CAGR of 4.5 percent through 2025, which is a combination of increases in the number of international enplanements and the rate of inflation. News and gift revenue in the International Terminal is projected to increase at a CAGR of 3.0 percent through 2025, which is a combination of increases in the number of international enplanements and half the rate of inflation. Duty Free revenue in the International Terminal is projected to increase at a CAGR of 3.0 percent through 2025, which is a combination of increases in the number of international enplanements and half the rate of inflation.

Display advertising

Display advertising revenue is budgeted to be $19.1 million in 2016 and is projected to remain level through 2025.

Hotel

Hotel revenue is budgeted to be $7.8 million in 2016 and is projected to increase at a CAGR of 2.3 percent through 2025. As described in Chapter 2, the total investment for the three hotel development projects at the Airport is estimated to be approximately $350 million and is planned to be funded by a special facility loan backed by hotel revenues. Requests for Proposals for an Operator Agreement for the terminal hotels and for a Development Agreement for the mixed-use commercial development are expected to be issued in the fall of 2016; however, the financial analysis does not assume any impacts associated with the hotel redevelopment projects on future hotel revenues or the use of hotel revenues on payments of a special facility loan.

Other Concessions

Other concessions include revenues from bus service, miscellaneous, retail gift shops, currency exchange/ATMs, wireless, and telecommunications. Other concessions revenues are budgeted to be $15.1 million in 2016 and are projected to increase at a CAGR of 1.8 percent through 2025.

5.3.2.6 Concessions Planning

The City is making efforts to maximize concession revenues through strategic planning. These efforts include both near-term and long-term planning at the Airport, as well as space and vendor management.

Plans involving the renegotiation and remarketing of the current concession agreements expiring in the near term should yield an increase in overall concession revenue through the issuance of new contracts. The City is also maximizing the use of terminal space to increase concession revenue. A combination of CDA terminal space and space that was released by airlines is planned to be converted into concession space that will also allow for increased revenues. An improvement in overall concessions planning was reflected in the issuance of a new long-term concession agreement in the International Terminal, which provided opportunities for vendors to maximize their investments and yielded increased concession revenues. The financial analysis presented in this chapter does not include the potential effects of planned concession initiatives in the Domestic Terminal.

5.3.2.7 Reimbursements and Other Non-Airline Revenue

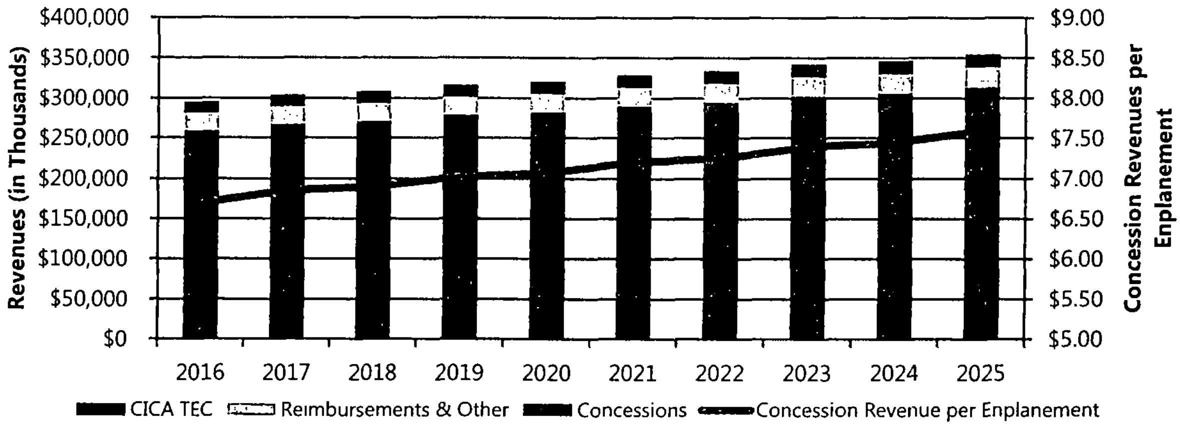
Reimbursements primarily relate to utilities. Many of the buildings on Airport property are separately metered for utilities; however, CDA pays the utility companies directly. CDA then bills each tenant for individual metered usage at regular scheduled rates that are no higher than the rates paid by CDA itself. Other revenue items included in this line item are CICA TEC energy reimbursement (CICA TEC's energy payments to the City) and interest income. These revenue items are not affected by increases or decreases in aviation activity; increases are based on inflation. Other Non-Airline Revenues include interest income. Reimbursements and other Non-Airline Revenues combined are projected to increase at a CAGR of 1.3 percent through 2025.

Non-Airline Revenues, shown on **Exhibit 5-6**, are projected on the basis of a review of historical trends, projected air carrier activity levels, and inflation. Non-Airline Revenues are projected to increase at a CAGR of 2.1 percent between 2016 and 2025.

Land rentals for hangar and cargo facilities are allocated to the Land Support Area. As described in section 5.1.3, these revenues are used to offset expenses incurred in the Land Support Area and are not Revenues or pledged as security for GARBs, including the 2016 Bonds. Therefore, these revenues are not included in the projections.

Exhibit 5-6: Projected Non-Airline Revenues

(Dollars in Thousands for Fiscal Years Ending December 31)



SOURCES Chicago Department of Aviation, Ricondo & Associates, Inc., based on the analysis and assumptions described in the Report. November 2016.
PREPARED BY Ricondo & Associates, Inc, November 2016

Non-Airline Revenues Related to Future Projects

OMP Airfield Projects are not expected to directly affect Non-Airline Revenues, although these projects are expected to increase Airport capacity, thus allowing for additional enplanement growth, which would indirectly increase concession revenues at the Airport. There are also no assumed effects on Non-Airline Revenues associated with the future capital projects described in Chapter 2 of this Report, including the 2016 Projects.

5.4 Other Available Revenue

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, including OMP Airfield Projects.

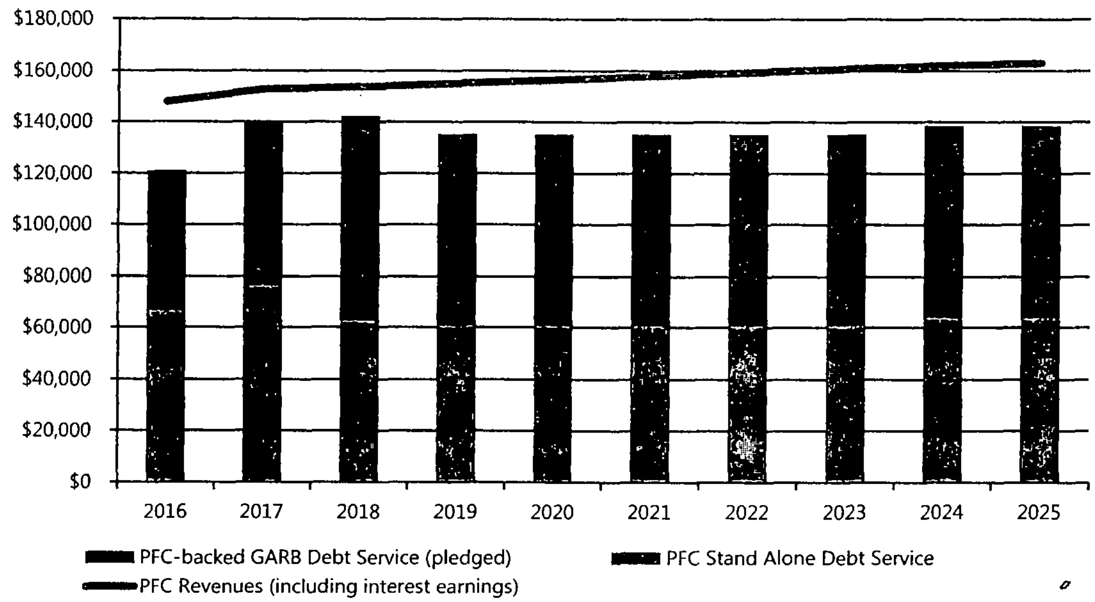
PFC Program Highlights

- The City collects a $4.50 PFC per eligible enplaned passenger less an $0.11 airline processing charge. No increase in the PFC collection level was assumed in the projections. No decrease in the PFC collection level is required based on current PFC approvals.
- The City has approved authority from the FAA to impose a PFC and use PFC Revenues for all project costs anticipated to be funded with PFC Revenues for OMP Phase 1, OMP Phase 2A, and the remaining OMP Airfield Projects.

- As of September 2016, the City has received authority to impose a PFC and use $6.55 billion of PFC Revenues at the Airport and an estimated charge expiration date of February 1, 2039. As of June 2016, PFC Revenues received by the City for use at the Airport, including investment earnings, totaled approximately $2.75 billion.
- In 2015, PFC Revenues totaled approximately $143.3 million, reflecting PFCs paid by approximately 84.5 percent of enplanements at the Airport.
- The estimated balance in the City's PFC Revenue funds as of January 1, 2016 was $179.0 million.
- Table B-3 in Appendix B of this Report presents projected debt service on PFC Revenue Bonds. Debt service on outstanding PFC Revenue Bonds is anticipated to be approximately $66.4 million in 2016 and 2017, then decrease to approximately $50.4 million in 2018, $48.3 million from 2019 through 2023, then increase to $51.5 million in 2024 and 2025.
- The Series 2011A Bonds through maturity and, through 2018, the Series 2008A Bonds and the Series 2010F Bonds, and any bonds refunding all of those bonds, are secured not only by a pledge of Revenues, but are also payable from and secured by a pledge of available PFC Revenues. The City is evaluating the use of PFC Revenues after calendar year 2018 and in its sole discretion plans to continue to use PFC Revenues to pay debt service on the Series 2008A Bonds and Series 2010F Bonds, or on any bonds refunding those bonds, for which the City is under no obligation to use PFC Revenues. Therefore, the financial analysis in this Report assumes that PFC Revenues will be applied to pay debt service on the Series 2008A and Series 2010F Bonds, or on any bonds refunding those bonds, from 2019 through the end of the Projection Period.
- PFC Revenues will be pledged as Other Available Moneys to the 2016F New Money Bonds through the Projection Period.
- The City is in the process of submitting a PFC application to the FAA to apply for PFC authority for the Terminal 5 Expansion project described in Chapter 2 of this Report. PFC Revenue Bonds are expected to be issued in 2017 to fund approximately $188.6 million of the Terminal 5 Expansion project costs and to potentially refund certain outstanding PFC Revenue Bonds. Debt service on these future PFC Revenue Bonds is assumed to be approximately $12.3 million annually through the Projection Period. Due to the uncertainty of outstanding PFC Revenue Bonds to be refunded with the 2017 PFC Revenue Bonds, no savings are assumed in this Report. Additional Terminal 5 Expansion project costs could be determined to be PFC-eligible based on project refinements, if so; the City may elect to use PFC Revenues to fund those costs.
- Projected PFC Revenues, as shown on **Exhibit 5-7**, are expected to be sufficient to cover all PFC Revenue Bond debt service and the PFC Revenues pledged to pay PFC-backed GARB debt service at the current PFC collection level of $4.50 per PFC-eligible enplanement. If PFC Revenues generated in a given year are insufficient to fully pay PFC-backed GARB debt service in that year, then the City may elect to use existing PFC Revenues in the PFC Revenue Fund, if available, instead of Airport Revenues to pay the shortfall.

Exhibit 5-7: Projected PFC Revenue

(Dollars in Thousands for Fiscal Years Ending December 31)



NOTE: Includes only debt service with pledged PFC Revenues, however, PFC Revenues are projected to also be sufficient to pay debt service on the Series 2008A Bonds and Series 2010F Bonds, or on any bonds refunding those bonds, for which the City is under no obligation to use PFC Revenues after 2018.

SOURCES: Chicago Department of Aviation; Ricondo & Associates, Inc., based on the analysis and assumptions described in the Report. November 2016

PREPARED BY: Ricondo & Associates, Inc., November 2016.

5.4.2 FAA AIRPORT IMPROVEMENT PROGRAM GRANTS AND OTHER FEDERAL FUNDING

As of August 2016, the City has received $505 million of the $925 million multiyear LOI grants awarded ($300 million under grant AGL-06-01 and $625 million under grant AGL-10-01, as amended) by the FAA for OMP Phase 1, OMP Phase 2A, and the remaining OMP Airfield Projects.

On November 21, 2005, the FAA issued an LOI (AGL-06-01) to the City for $300 million in discretionary grants for OMP Phase 1 over a 15-year period from Federal Fiscal Years 2006 through 2020.

- A total of $160 million of the OMP Phase 1 LOI discretionary grant is pledged to the payment of debt service on the Series 2011B Bonds, with the other $140 million used on a pay-as-you-go basis.
- As of August 2016, the City has received $220 million of the $300 million Phase 1 LOI discretionary grant, of which, $80 million has been applied to date to the payment of debt service on the Series 2011B Bonds.
- The remaining $80 million of the OMP Phase 1 LOI grant, anticipated to be received by the City in four annual $20 million installments through 2020, is pledged to the payment of debt service on the Series 2011B Bonds. The 2016 Refunding Bonds are anticipated to be used to refund certain

maturities of the Series 2011B Bonds. For purposes of this Report, the remaining $80 million of the Phase 1 LOI is assumed to be pledged to pay debt service on the portions of the Series 2011B Bonds not refunded.

On April 21, 2010, the FAA issued an LOI (AGL-10-01) to the City for $410 million in discretionary grants for OMP Phase 2A and the remaining OMP Airfield Projects. The FAA has approved a series of amendments to increase the amount and revised the timing of the LOI grant, which resulted in an increase the total grant amount from $410 million to $625 million.

- Of the $625 million LOI discretionary grant, $280 million is to be used to fund OMP Phase 2A, including $45 million pledged to the payment of debt service on the 2011B Bonds, with the remaining $345 million to be used to fund the remaining OMP Airfield Projects.
- As of August 2016, the City has received $285 million of the $625 million LOI discretionary grant, of which $45 million has been applied to the payment of debt service on the Series 2011B Bonds, $235 million has been used to reimburse the City for prior expenditures on OMP Phase 2A projects, and $5 million will be used to fund the remaining OMP Airfield Projects.
- The City intends to apply a total of $325 million of LOI grant installments associated with the remaining OMP Airfield Projects, comprised of $205 million of LOI grant installments used on a pay-as-you-go basis and $140 million pledged to the payment of debt service on the 2016E New Money Bonds.

All future LOI grant installments anticipated to be received by the City are assumed to be made available by the FAA and paid to the City in accordance with the schedule shown in Table B-4 in Appendix B of this Report.

Under the AIP, in addition to discretionary grants, the City also receives annual entitlement grants for use at the Airport based on the number of enplaned passengers and cargo tonnage at the Airport.

Federal funding received by the Airport, and aviation operations in general, could be adversely affected by implementation of the sequestration provisions of the Budget Control Act, which was signed into law by the President on August 2, 2011. Under the budget sequestration provisions, the Build America Bonds (BAB) subsidy, which is applied to offset debt service paid by the airlines on the Series 2010B Bonds, was reduced by 7.2 percent for Federal FY 2014, 7.3 percent for Federal FY 2015, and 6.8 percent for Federal FY 2016, and will be reduced by 6.9 percent for Federal FY 2017. Absent Congressional action, the sequester will continue through Federal FY 2025; however, the percentage of future reduction is not known at this time. The amount of the BAB subsidy in 2016 is budgeted to be $12.4 million; for purposes of the financial analysis in this Report, this amount is assumed to be available in each year of the Projection Period.

5.5 Debt Service

5.5.1 GENERAL AIRPORT REVENUE BOND DEBT SERVICE

Projected annual Net Debt Service, net of capitalized interest, PFC Revenues, Grant Receipts and other federal funds used to pay debt service, on all currently outstanding GARBs and projected future GARBs is discussed in this section. Projected debt service is provided in Table B-5 in Appendix B of this Report.

Outstanding GARB Debt Service after the Issuance of the 2016 Refunding Bonds

Total outstanding GARB debt service totals approximately $540.7 million in 2016. The expected savings from the 2016 Refunding Bonds are assumed. After the issuance of the 2016 Refunding Bonds and refunding of certain Airport Obligations, outstanding GARB debt service is projected to increase to approximately $568.9 million in 2018 then decrease steadily throughout the Projection Period to approximately $452.9 million in 2025.

2016 New Money Bond Debt Service

As described in Chapter 2 of this Report, the 2016 Projects include the construction of Runway 9C-27C and enabling projects, centralized deicing pad, and cross-field taxiway system and relocation of Taxiways A and B. Proceeds from the 2016 New Money Bonds are anticipated to be used, in part, to fund the 2016 Projects. The 2016 Projects total approximately $1.3 billion, of which approximately $1.0 billion will be funded with proceeds from the 2016 New Money Bonds. PFC Revenues and Grant Receipts from a FAA LOI Grant, both used on a pay-as-you-go basis, are anticipated to fund the portions of the 2016 Projects not funded with the 2016 New Money Bonds.

In addition to Revenues, the Series 2016E New Money Bonds are also payable from and secured by a pledge of Net Grant Receipts. The City anticipates receiving annual FAA LOI Grant reimbursements in the amounts shown in **Table 5-3**, which will be used to pay debt service on the 2016E New Money Bonds in the year following the receipt of the grant.

Table 5-3: Schedule of FAA LOI Grant Receipts for 2016E New Money Bond Debt Service

CITY FISCAL YEAR	LOI GRANT RECEIPT
2022	$30,000,000
2023	$30,000,000
2024	$30,000,000
2025	$30,000,000
2026	$20,000,000

SOURCE: Chicago Department of Aviation, September 2016
PREPARED BY: Ricondo & Associates, Inc., September 2016

In addition to Revenues, the Series 2016F New Money Bonds are also payable from and secured by a pledge of PFC Revenues through maturity.

The 2016 New Money Bonds are each assumed to have a term of 35 years, and for purposes of this Report, interest on the 2016 New Money Bonds is assumed at the current market interest rate as of November 15, 2016 plus 75 basis points.

Total debt service payable on the 2016 New Money Bonds is projected to be approximately $9.4 million in 2017 and 2018, increase to approximately $43.4 million in 2019, increase to approximately $51.9 in 2020, increase to approximately $65.9 million in 2021 and 2022, and then increase to approximately $95.9 million in 2023 and remain at that level through the end of the Projection Period, based on the expected timing of project components being completed and the anticipated structure of the 2016E New Money Bonds.

Net Debt Service on future GARBs

The financial analysis presented in this chapter includes Net Debt Service on future GARBs to be issued to fund the Airport's capital program described in Chapter 2 of this Report and includes the following:

- **Future Remaining OMP Airfield Projects GARBs.** Approximately $361.4 million of the remaining OMP Airfield Projects are estimated to be funded by proceeds from future GARBs. Funding approval for the extension of Runway 9R-27L has yet to be negotiated with the Airline Parties and Airline Party approval has not yet been requested or received for these bonds. Based on the City's planned schedule for the remaining OMP Airfield Projects, Net Debt Service, net of capitalized interest, for these GARBs is assumed to be approximately $42.8 million in 2022 and then remain level through the Projection Period.
- **Future 2016-2020 CIP GARBs.** As shown in Chapter 2 of this Report, proceeds from future GARBs in the amount of approximately $773.3 million, along with other funds, are needed to fund the Airport 2016-2020 CIP. Based on the anticipated timing of capital expenditures and anticipated future MII airline approvals, a bond issuance in FY 2018 is assumed in this financial analysis, shown below. Debt service on these bonds is allocated to cost centers based on the type of capital projects funded, detailed in Chapter 2. Net Debt Service on these future bonds is projected to be approximately $38.9 million in 2019, and then to steadily increase as projects included in the 2016-2020 CIP are completed, to approximately $73.5 million in 2025.

The Terminal Area Plan, described in Section 2.2.3 of this Report, is still in preliminary planning and discussion phases, and due to the uncertainty of project costs, funding, and timing, no future GARB issuances associated with this project have been assumed, however debt service payable during the Projection Period is expected.

The future GARB issuances all assume 30-year bonds and an interest rate of 6.5 percent. GARB issuances associated with the remaining OMP Airfield Projects each assume capitalized interest until the completion the extension of Runway 9R-27L, assumed to be October 2021. The GARB issuance associated with the 2016-2020 CIP assumes capitalized interest until individual project completion. The year and amounts assumed are as follows in **Table 5-4**.

Table 5-4: Assumed Future GARB Issuances

FUTURE GARB ISSUANCE	ASSUMED PROJECT FUNDING ($ MILLIONS)
2016-2020 CIP	
Series 2018	$773.3 million
Remaining OMP Airfield Projects	
Series 2018	$361.4 million

NOTE. PFC Revenue Bonds are expected to be issued in 2017 to fund Terminal 5 Expansion. These bonds are not expected to be secured by Revenues
SOURCE: Chicago Department of Aviation, August 2016; Frasca & Associates, September 2016.
PREPARED BY Ricondo & Associates, Inc, September 2016.

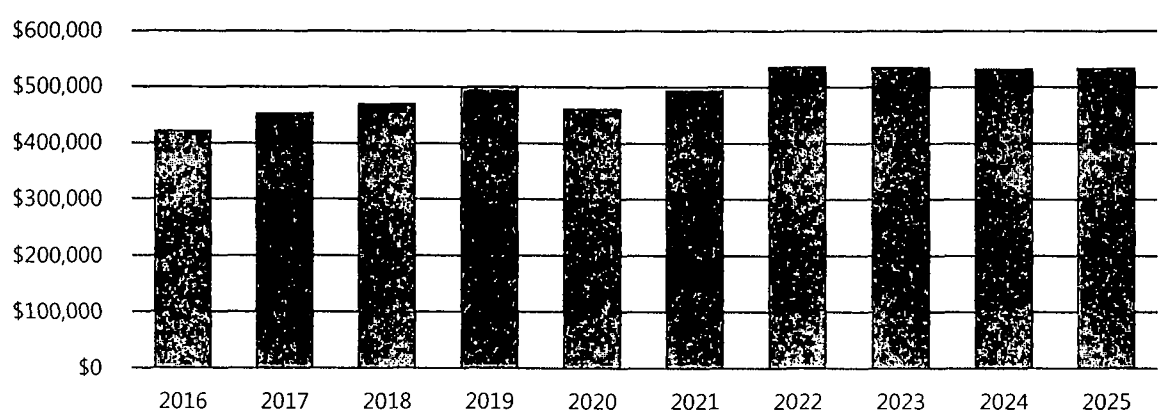
Table B-5 in Appendix B of this Report shows estimated Net Debt Service, net of capitalized interest, on the additional GARBs projected to be required to fund projects associated with the remaining OMP Airfield Projects and future 2016-2020 CIP projects, within the Projection Period.

Net Debt Service

Net Debt Service in the financial analysis reflects existing and future Net Debt Service, net of capitalized interest, PFC Revenues, Grant Receipts and other federal funds used to pay debt service, and adjusted to reflect debt service coverage requirements, investment income, and program fees. As shown on **Exhibit 5-9**, Net Debt Service is budgeted to be approximately $423.4 million in 2016 and projected to increase to approximately $534.6 million in 2025 as project components funded with proceeds from the 2016 Bonds and future GARB issuances are completed.

Exhibit 5-9: Projected Net Debt Service

(Dollars in Thousands for Fiscal Years Ending December 31)



SOURCE Chicago Department of Aviation, August 2016, BAML November 2016
PREPARED BY Ricondo & Associates, Inc, November 2016.

5.6 Net Signatory Airline Requirement

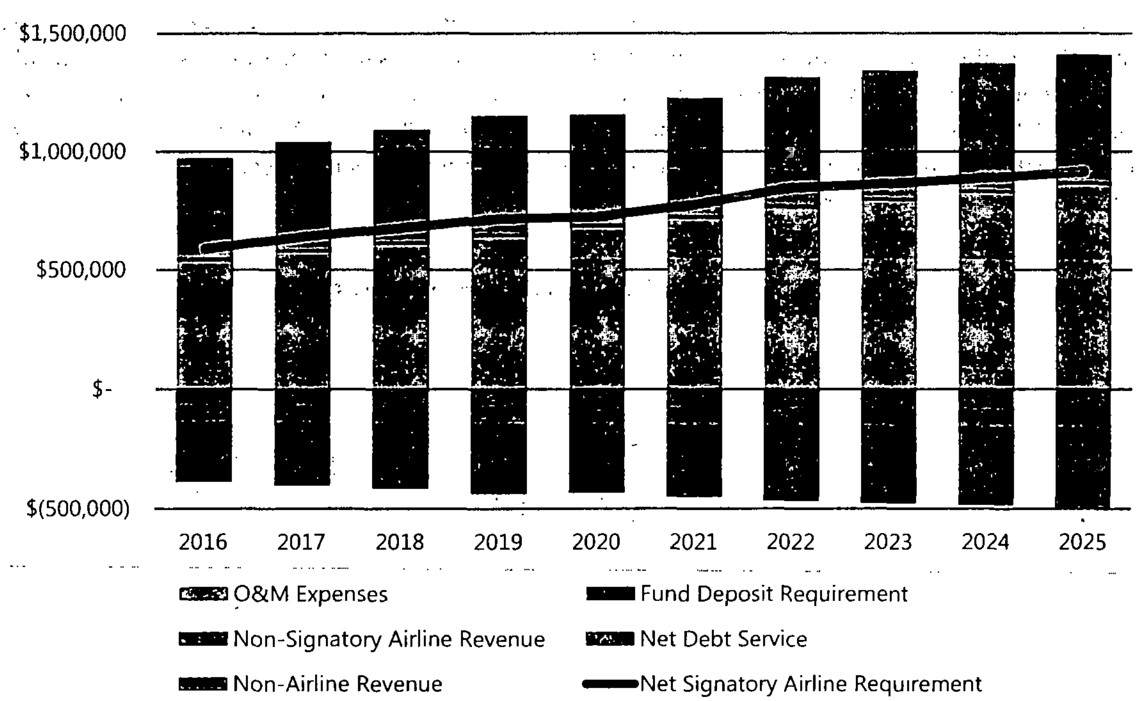
The Airport enterprise has the ability to generate sufficient Revenues to pay O&M Expenses, Net GARB Debt Service, and annual required deposits to the O&M Reserve Fund and the Maintenance Reserve Fund.

The Net Signatory Airline Requirement constitutes the total amount that must be paid by the Airline Parties and the International Terminal Airline Parties under the Airport Use Agreement and the International Terminal Use Agreement, respectively, through Landing Fees, Terminal Area Rentals, Terminal Area Use Charges, International Terminal Enplaned and Deplaned Common Use Charges, and Fueling System Fees during the year.

The Net Signatory Airline Requirement is projected to increase from $587.0 million in 2016 to $913.2 million in 2025, shown in **Exhibit 5-10**.

Exhibit 5-10: Projected Net Signatory Airline Requirement

(Dollars in Thousands for Fiscal Years Ending December 31)



SOURCES Chicago Department of Aviation; Ricondo & Associates, Inc., based on the analysis and assumptions in the Report November 2016.
PREPARED BY Ricondo & Associates, Inc, November 2016

5.7 Calculation of Airline Parties' Airport Fees and Charges

Under the Airport Use Agreement and the International Terminal Use Agreement, the Airfield Area, the Terminal Area, the International Terminal Area, and the Fueling System each generate rentals, fees, or charges payable by the airlines that are signatory to such agreements. The Airport Fees and Charges presented in this section for 2016 through 2018 reflect the rate-setting methodology in the Airport Use Agreement and the International Terminal Use Agreement. In the financial projections presented herein, a continuation of the current Airport residual rate-setting methodology was assumed through 2025; see Section 5.1.1 of this Chapter.

Applicable Non-Airline Revenues (i.e., rentals, concession revenues, and reimbursements), as well as the following costs, are allocated to each CRC to calculate applicable rates used to generate such fees, rentals, and charges:

- **O&M Expenses.** Includes the O&M Expenses (direct and allocated indirect) attributable to the CRC.
- **Net Debt Service.** Includes the portion of debt service, net of capitalized interest, and debt service coverage attributable to the CRC. The debt service amounts included in the calculation of airline rates and charges also reflect certain adjustments required to be made to actual debt service under the Airport Use Agreement for the purpose of calculating of Airport Fees and Charges.
- **Fund Deposit Requirements.** Includes the allocated portions of the amounts required to be deposited to the funds described earlier.

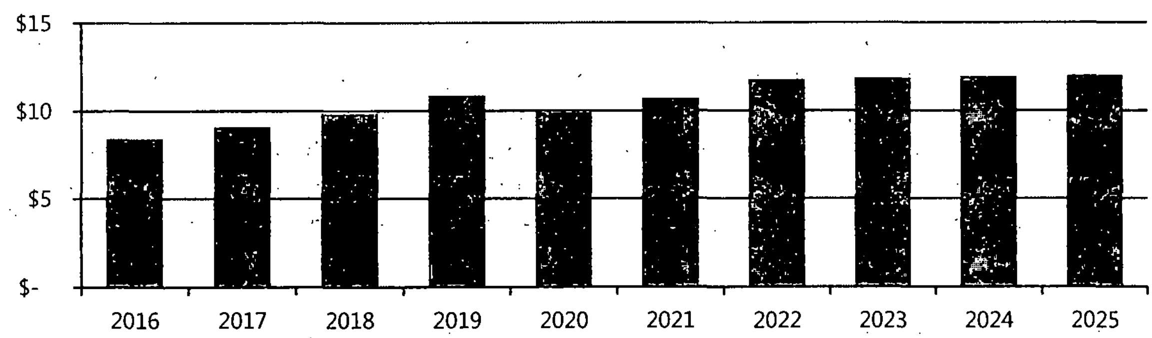
5.7.1 AIRFIELD AREA

Generally, Landing Fees are calculated by first determining the net cost of the Airfield Area, which consists of portions of the following: sum of O&M Expenses, Net Debt Service, fund deposit requirements, and the net deficit of the International Terminal Area less the sum of projected Non-Airline Revenues and net revenues of the International Terminal Area. The Net Cost 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 on Non-Signatory Airlines may be increased by Non-Signatory Airline premium factors to be determined by the City's Commissioner of Aviation from time to time.

In order to avoid "private business use" of the Airfield Area under federal tax law, certain modifications to the rate-setting methodology described in the preceding paragraph have been in effect since November 2005. The purpose and effect of these modifications are to cause the Airline Fees and Charges paid by the Airline Parties relating to their use of the Airfield Area to be computed without regard to deficits or surpluses relating to the use of the Airfield Area by entities other than the Airline Parties.

Exhibit 5-11 presents the Projected Landing Fees at the Airport during the Projection Period

Exhibit 5-11: Projected Landing Fees



SOURCES: Chicago Department of Aviation; Ricondo & Associates, Inc., based on the analysis and assumptions in the Report. November 2016
PREPARED BY: Ricondo & Associates, Inc., November 2016

5.7.2 TERMINAL AREA

O&M Expenses, Debt Service, and fund deposit requirements allocated to the Terminal Area are added together and offset by Non-Airline Revenues and Non-Signatory Airline Revenues attributable to the Terminal Area. A portion of the Terminal Support Area net deficit or net revenue is then allocated to the Terminal Area to yield the Terminal Area net deficit. The Terminal Area net deficit is paid by the Airline Parties in the form of Terminal Area Use Charges, which are calculated on a per square foot of exclusive or preferential use leased space basis. In addition to the Terminal Area Use Charges, the Airport Use Agreement establishes a $5.00 per square foot Terminal Area Rental rate for space exclusively or preferentially leased to the Airline Parties.

5.7.3 INTERNATIONAL TERMINAL AREA

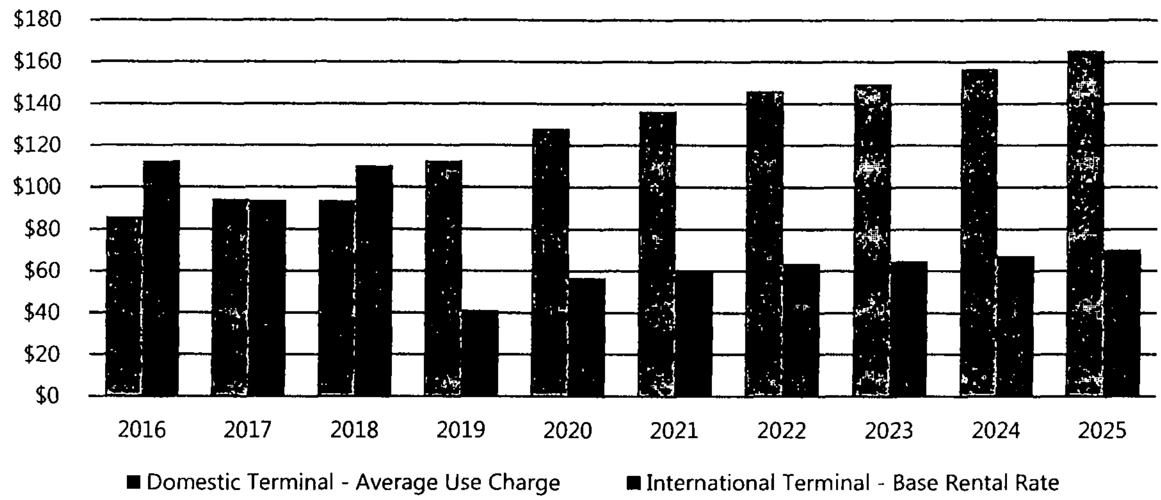
The International Terminal Use Agreement creates sub-cost centers (the Exclusive Use Cost Center, the Enplaned Common Use Cost Center, and the Deplaned Common Use Cost Center) within the International Terminal Area. The International Terminal Airline Parties pay terminal rentals and common use charges based on their use of the International Terminal Area.

Portions of O&M Expenses, Net Debt Service on GARBs, and Non-Airline Revenues are allocated to the sub-cost centers, as appropriate, and a portion of the Terminal Support Area net deficit or net revenue is allocated to the International Terminal Area under the Airport Use Agreement. These sub-cost center expenses are generally allocated on the basis of the relative square footage of the respective sub-cost centers, yielding a net requirement for each sub-cost center.

The net requirement of the Exclusive Use Cost Center results in a base terminal rental rate according to leased square footage; the net requirement of the Enplaned Common Use Cost Center results in a base common use charge rate according to the number of International Terminal enplaned passengers; and the net requirement of the Deplaned Common Use Cost Center results in a base common use charge rate according to the number of International Terminal deplaned passengers.

Exhibit 5-12 presents the projected terminal rental rates in the Domestic Terminal and International Terminal at the Airport during the Projection Period.

Exhibit 5-12: Projected Terminal Rental Rate



SOURCES: Chicago Department of Aviation; Ricondo & Associates, Inc., based on the analysis and assumptions in the Report. November 2016.
PREPARED BY: Ricondo & Associates, Inc., November 2016

5.7.4 FUELING SYSTEM

The net cost of the Fueling System consists of the portions of O&M Expenses and Net Debt Service allocated to the Fueling System. Of this net cost, 10 percent is shared equally by all Airline Parties and International Terminal Airline Parties. The remaining 90 percent of the net cost is divided by the total gallons of fuel distributed from the Fueling System and charged to airlines based on the number of gallons used by each airline.

5.8 Reasonableness of Airport User Fees

Table B-9 in Appendix B at the end of this Report presents the airline revenue resulting from the previously described rentals, fees, and charges. Consistent with the Airport Use Agreement and International Terminal Use Agreement, the total Signatory Airline revenue presented in Table B-9 equals the Net Signatory Airline Requirement presented in Table B-7.

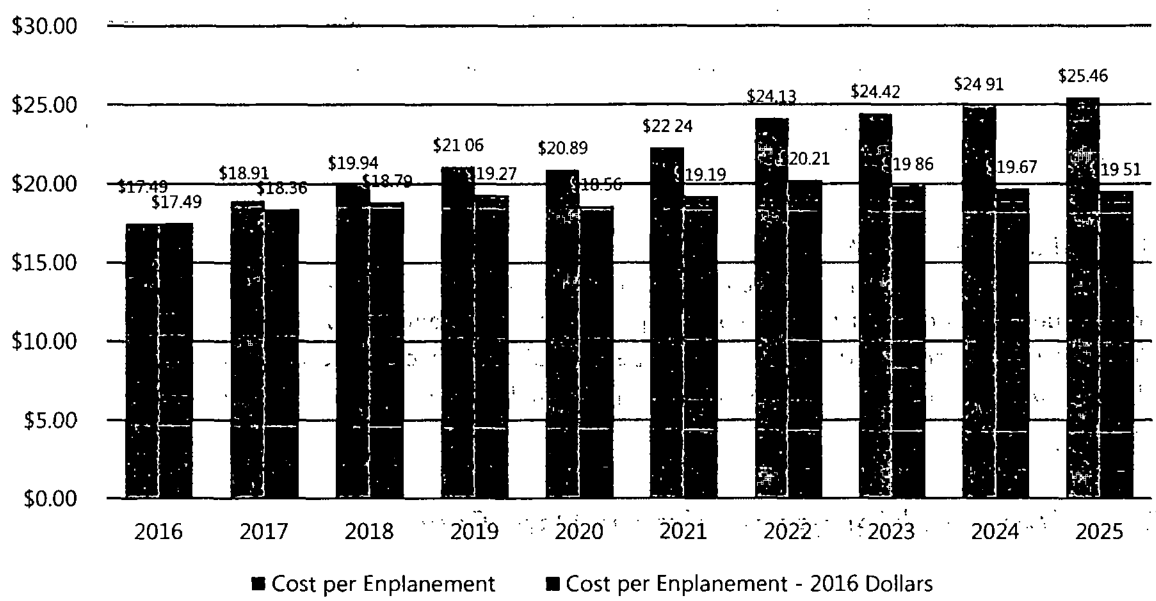
5.8.1 AIRLINE COST

A general test of the reasonableness of airport user fees is to compare projected airline costs in a manner that accounts for airline activity. One approach is to measure airport user fees on a per enplanement (CPE) basis. By comparing this metric on a year-over-year basis and by comparing it to airlines' revenue and estimated costs allocated to the Airport, the reasonableness of Airport user fees can be determined. The airline CPE is calculated by dividing the Total Airline Requirement by the number of enplaned passengers at the Airport.

Exhibit 5-13 shows the projected airline CPE at the Airport. As shown, the CPE is projected to increase from $17.49 in 2016 to $25.46 in 2025, which equates to $19.51 in 2016 dollars assuming 3 percent inflation. Notable increases include the following:

- 2017 through 2025 – Incremental increases in CPE associated with City pension contributions.
- 2017 through 2025 – Incremental increases in airline requirement associated with Net Debt Service on 2016 New Money Bonds as well as assumed future GARB issuances to fund the Airport 2016-2020 CIP and remaining OMP Phase 2B Airfield Projects.
- 2021 – Increase in CPE related to increases in O&M Expenses associated with the commissioning of Runway 9C-27C and the extension of Runway 9R-27L.

Exhibit 5-13: Projected Airline Cost per Enplanement



NOTE Assumes inflation rate of 3 percent

SOURCES City of Chicago Department of Aviation; Ricondo & Associates, Inc, based on the analysis and assumptions in the Report November 2016

PREPARED BY Ricondo & Associates, Inc, November 2016

The projected Airport user fees shown in Exhibit 5-13 are evaluated in this analysis to be reasonable based on the expectation that these fees will not deter forecasted demand for air traffic at the Airport as airlines continue to deploy capacity to airports based on available resources. The projected Airport user fees in this analysis are deemed to be reasonable based on the following combination of factors:

- **Large population and strong economic base** - The Airport is located in the third-most populous metropolitan region in the United States and is ranked fourth in the nation in terms of domestic O&D passengers in calendar year 2015 - following the New York, Los Angeles, and San Francisco markets. The Airport's Air Trade Area has a large, diverse economic base that supports business and leisure travel. Projected economic variables indicate that 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 airline hub activities and is complementary to airline route networks.
- **Important hub for United and American** - The Airport is a major connecting hub for United and American within their United States domestic route networks, and it is an important international gateway for European, Asian and Canadian passenger traffic, providing strong connectivity to flights of international alliance partners. As estimated in Section 4.1 of this Report, the Airport is the second highest contributor to profit for United and the fourth highest contributor to profit for American. The Airport is also an increasingly important airport within the route networks of several United States low-cost carriers. Generally, Airport user fees are not a key contributor to airline's profitability in the United States.
- **Increases in debt are associated with capital projects that allow for growth** – Airport user fees during the Projection Period are calculated to recover debt service and operating costs partially attributable to significant capital projects designed to provide capacity at the Airport which supports the ability for airlines to increase service. Although the funding of these projects is anticipated to result in increased Airport user fees, these projects support projected long-term growth at the Airport.

In summary, Airport user fees, although increasing over the Projection Period, are one of many factors that are considered by airlines when evaluating air service. Airport user fees were approximately 6.7 percent of system-wide total airline operating costs according to the airline industry group Airlines for America[4] and are one of many factors airlines consider when allocating capacity resources. Forecasted growth of 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.

5.9 General Airport Revenue Bond Debt Service Coverage

Table B-11 in Appendix B at the end of this Report presents the Debt Service coverage ratios projected for GARBs from 2016 through 2025. As contained in the Senior Lien Indenture:

> The City covenants... [that it will] fix and establish, and revise from time to time whenever necessary, the rentals, rates and other charges for the use and operation of O'Hare and for services rendered by the City in the operation of it in order that Revenues in each

[4] 2.1 percent of passenger airline operating expenses in the first quarter of 2016 went to landing fees and 4.6 percent went to non-aircraft rents and ownership, according to data collected by Airlines for America.

> Fiscal Year, together with Other Available Moneys deposited with the Trustee with respect to that Fiscal year and any cash balance held in the Revenue Fund on the first day of that Fiscal Year not then required to be deposited in a Fund or Account, will be at least sufficient...to provide for...one and ten-hundredths times (1.10x) Aggregate Senior Lien Debt Service for the Bond Year commencing during that Fiscal Year, reduced by any proceeds of Airport Obligations held by the Trustee for disbursement during that Bond Year to pay principal and interest on Senior Lien Bonds or Senior Lien Obligations.

In addition to Airport Revenues, the City also pledged as Other Available Moneys PFC Revenues through 2018 equal to the amount of annual debt service on the Series 2008A and Series 2010F Bonds, or any bonds refunding those bonds, and through maturity on the Series 2011A Bonds, or any bonds refunding those bonds, plus any required coverage on those bonds. As described in Section 5.4.1, PFC Revenues are assumed to be applied to pay debt service on the Series 2008A and Series 2010F Bonds, or any bonds refunding those bonds, from 2019 through the end of the Projection Period. It is assumed that PFC Revenues equal to the amount of annual debt service on the 2016F New Money Bonds will be pledged as Other Available Moneys through the Projection Period. Also, the City has pledged as Other Available Moneys Grant Receipts from FAA Letter of Intent grants and other FAA discretionary grants to the debt service on the Series 2011B Bonds, in addition to Airport Revenues. It is assumed in this analysis that Grant Receipts from FAA Letter of Intent grants will be pledged as Other Available Moneys to pay debt service on the 2016E New Money Bonds through the Projection Period. As shown, the Debt Service coverage ratio is projected to meet the minimum requirement of 1.10x in each year of the projection period.

5.10 Assumptions Underlying the Financial Projections

The techniques and methodologies used in preparing this financial analysis are consistent with industry practices for similar studies in connection with airport revenue bond sales. While R&A believes that the approach and assumptions used are reasonable, some assumptions regarding future trends and events presented in this Report, including, but not limited to, the implementation schedule and enplanement projections, may not materialize. Achievement of the projections presented in this Report, therefore, is dependent upon the occurrence of future events, which cannot be assured, and the variations may be material.

Appendix A

Historical Budgeted versus Actual Operating Results

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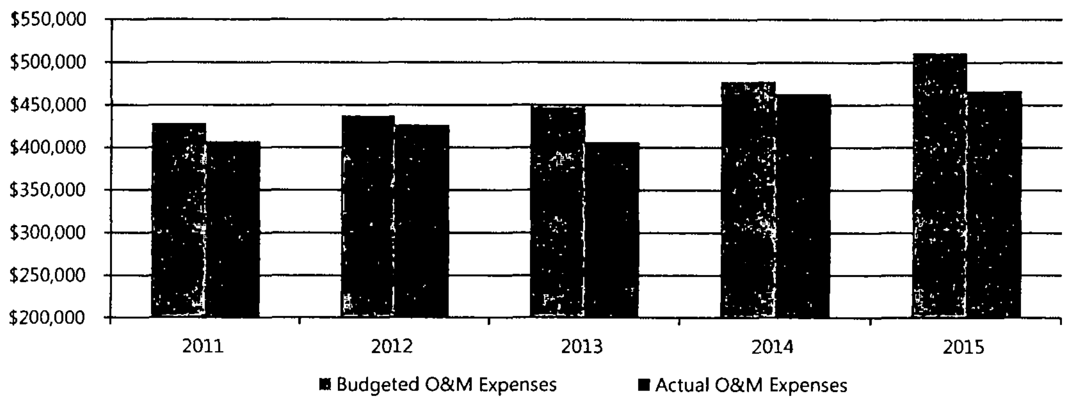
Table A-1: Operation and Maintenance Expenses - Actual vs Budget (2010-2014)

(Dollars in Thousands for Fiscal Years Ended December 31)

	2011	2012	2013	2014	2015	COMPOUNDED ANNUAL GROWTH RATE (2011-2015)
BUDGET:						
Budgeted O&M Expenses 1/	$428,627	$437,297	$448,886	477,940	510,812	4.5%
ACTUAL:						
Actual O&M Expenses 1/	$407,331	$426,461	$406,318	$463,224	$466,426	3.4%
ACTUAL (below)/above BUDGET	-5 0%	-2 5%	-9.5%	-3.1%	-8.7%	



NOTES

1/ Does not include Land Support, Airport Development Fund, Emergency Reserve Fund and PFC Fund

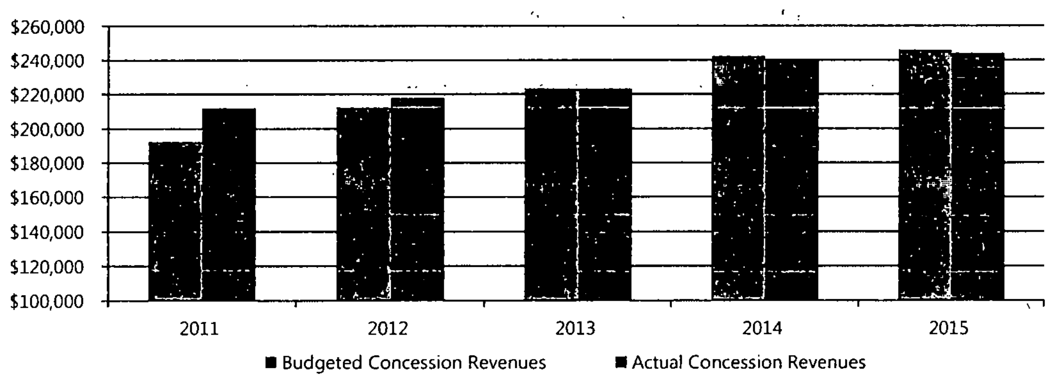
SOURCES City of Chicago Comptroller's Office and Department of Aviation, September 2016

PREPARED BY Ricondo & Associates, Inc., September 2016

Table A-2: Concession Revenue - Actual vs Budget (2010-2014)

(Dollars in Thousands for Fiscal Years Ended December 31)

	2011	2012	2013	2014	2015	COMPOUNDED ANNUAL GROWTH RATE (2010-2014)
BUDGET:						
Automobile Parking - Net of Tax	$89,423	$94,747	$94,460	$97,497	$101,902	3.3%
Automobile Rental 1/	21,523	21,443	22,629	24,589	26,549	5.4%
Restaurants	31,889	39,878	38,213	41,292	44,988	9.0%
News & Gifts	19,719	18,148	20,621	26,048	18,407	-1.7%
Other 2/	29,981	38,125	47,222	52,872	54,048	15.9%
Total Concession Revenue	$192,535	$212,342	$223,144	$242,298	$245,895	6.3%
ACTUAL:						
Automobile Parking - Net of Tax	$95,997	$93,557	$95,614	$97,834	$99,210	0.8%
Automobile Rental 1/	23,745	25,445	26,274	27,863	29,176	5.3%
Restaurants	38,547	41,330	42,662	45,432	49,366	6.4%
News & Gifts	15,608	16,579	18,367	24,086	24,355	11.8%
Other 2/	37,989	41,197	40,337	45,082	41,908	2.5%
Total Concession Revenue	$211,886	$218,108	$223,254	$240,297	$244,015	3.6%
ACTUAL (below)/above BUDGET	10.1%	2.7%	0.0%	-0.8%	-0.8%	



NOTES

1/ Includes percentage of gross receipts of eight rental car companies operating under agreements at the Airport

2/ Includes rentals and fees from other concessions such as other space rentals, bus service, public pay phones, other specialty shops, display advertising, hotel, and duty free

SOURCES City of Chicago Comptroller's Office and Department of Aviation September 2016

PREPARED BY Ricondo & Associates, Inc., September 2016

Appendix B

Financial Projection Tables

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Table B-1: Operation and Maintenance Expenses

(Dollars in Thousands for Fiscal Years Ending December 31)

	BUDGET [1]	PROJECTED [2]									COMPOUNDED ANNUAL
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	GROWTH RATE (2016-2025)
Personnel Expenses [3]	$246,676	$259,183	$275,770	$294,138	$316,262	$335,688	$361,280	$374,947	$389,055	$403,693	5.6%
Repairs & Maintenance [4]	64,769	67,845	71,068	74,444	78,156	82,732	87,627	91,790	96,150	100,717	5.0%
Energy [5]	38,044	39,756	41,545	43,415	45,400	47,597	49,911	52,156	54,504	56,956	4.6%
Materials & Supplies [6]	12,629	13,008	13,398	13,800	14,281	15,031	15,835	16,310	16,799	17,303	3.6%
Engineering & Professional Services [7]	103,041	109,678	116,523	121,767	127,246	132,973	138,956	145,209	151,744	158,572	4.9%
Other Operating Expenses [8]	81,821	93,997	98,367	102,941	107,829	113,341	119,169	124,712	130,512	136,583	5.9%
Subtotal O&M Expenses (incl Land Support)	$546,979	$583,467	$616,671	$650,504	$689,175	$727,361	$772,778	$805,125	$838,763	$873,825	5.3%
Less Land Support Area	$11,949	$11,333	$11,964	$12,607	$13,332	$14,009	$14,817	$15,420	$16,048	$16,700	3.8%
Total O&M Expenses [9]	$535,030	$572,134	$604,707	$637,897	$675,843	$713,352	$757,961	$789,704	$822,716	$857,125	5.4%
Percent Annual Increase in O&M [10]	3.00%	6.93%	5.69%	5.49%	5.95%	5.55%	6.25%	4.19%	4.18%	4.18%	

NOTES

1/ City 2016 Final Rates and Charges Budget

2/ The current Airport Use Agreements expire on May 11, 2018. For the purposes of this analysis, the financial projections presented herein assume a continuation of the current residual rate-setting methodology through 2025

3/ Includes all Airport staff plus an allocation of personnel costs from other City departments which support Airport operations such as Purchasing, Finance and Corporation Counsel

4/ Includes Equipment maintenance contracts, snow removal equipment rentals, painting, glass replacement, office fixtures, furnishings and other repair contracts

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 fees for specialized engineering, legal and other technical services

8/ Includes equipment and property rental, insurance, miscellaneous, machinery, and vehicles and equipment

9/ Totals may not add due to rounding

10/ Annual O&M growth is affected by pension contributions as well as by the Runway 9C-27C and Extension of Runway 9R-27L projects being completed in 2020 and 2021

SOURCES: City of Chicago Department of Aviation, June 2016 (2016); Ricondo & Associates, Inc., September 2016 (2017-2025)

PREPARED BY: Ricondo & Associates, Inc., November 2016

Table B-2: Non-Signatory Airline Revenue & Non-Airline Revenue [1]

(Dollars in Thousands for Fiscal Years Ending December 31)

	BUDGET [2]	PROJECTED [3]								
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
NON SIGNATORY AIRLINE REVENUE [4]	$90,680	$98,798	$108,115	$120,394	$111,955	$121,142	$134,424	$136,777	$138,887	$140,827
NON-AIRLINE REVENUE										
CICA TEC	$14,428	$14,634	$14,844	$15,056	$15,272	$15,491	$15,713	$15,939	$16,168	$16,400
Concessions										
Automobile Parking - Net of Tax	$101,479	$105,840	$106,738	$110,863	$111,786	$116,086	$117,013	$121,365	$122,105	$126,440
Automobile Rental [5]	26,918	27,667	28,319	28,987	29,665	30,359	31,059	31,747	32,418	33,081
Restaurants	52,527	53,930	55,199	56,501	57,827	59,187	60,561	61,914	63,231	64,535
News & Gifts	25,974	26,658	27,269	27,895	28,531	29,182	29,839	30,484	31,110	31,728
Duty Free	10,521	10,737	10,894	11,054	11,215	11,379	11,542	11,698	11,847	11,991
Display Advertising	19,144	19,144	19,144	19,144	19,144	19,144	19,144	19,144	19,144	19,144
Hotel	7,840	8,058	8,248	8,443	8,640	8,842	9,046	9,246	9,442	9,635
Other [6]	15,059	15,339	15,631	15,919	16,213	16,514	16,819	17,129	17,441	17,758
Concession Revenue	$259,462	$267,374	$271,443	$278,806	$283,023	$290,694	$295,024	$302,727	$306,738	$314,313
Reimbursements & Other [7]	$21,730	$22,016	$22,288	$22,576	$22,870	$23,169	$23,475	$23,787	$24,105	$24,429
TOTAL NON AIRLINE REVENUE	$295,620	$304,025	$308,575	$316,439	$321,165	$329,354	$334,212	$342,453	$347,010	$355,143
TOTAL NON-SIGNATORY AIRLINE & NON-AIRLINE REVENUE [8]	$386,300	$402,823	$416,691	$436,832	$433,120	$450,496	$468,636	$479,229	$485,897	$495,970

NOTES

1/ Excludes Land Support Area per the Airport Use Agreements

2/ City 2016 Final Rates and Charges Budget

3/ The current Airport Use Agreements expire on May 11, 2018. For the purposes of this analysis, the financial projections presented herein assume a continuation of the current residual rate-setting methodology through 2025

4/ Includes landing fee revenue from the Non-Signatory Airlines

5/ Includes percentage of gross receipts of eight rental car companies operating under agreements at the Airport

6/ Includes rentals and fees from other concessions such as other space rentals, bus service, public pay phones, other specialty shops and duty free

7/ Includes CICA TEC Energy Reimbursement and Airport interest income

8/ Totals may not add due to rounding

SOURCES: Chicago Department of Aviation June 2016 (2016); Ricondo & Associates, Inc., September 2016 (2017-2025)

PREPARED BY: Ricondo & Associates, Inc., November 2016

Table B-3: Annual PFC Revenue Bond Debt Service Requirements

(Dollars in Thousands for Fiscal Years Ending December 31)

	BUDGET	PROJECTED								
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Outstanding PFC Revenue Bond (Stand Alone) Debt Service										
Series 2010ABCD	$8,934	$8,925	$10,337	$9,509	$9,506	$9,507	$9,504	$9,508	$12,726	$12,727
Series 2011AB	20,986	20,994	3,515	276	276	276	276	276	276	277
Series 2012AB	36,504	36,506	36,506	38,508	38,517	38,512	38,510	38,512	38,514	38,515
Total Outstanding PFC Revenue Bond Debt Service	$66,425	$66,425	$50,358	$48,293	$48,299	$48,294	$48,290	$48,295	$51,516	$51,520
Future PFC Revenue Bond Debt Service										
Estimated Future PFC Revenue Bond Debt Service (Terminal 5 Expansion)			$9,950	$12,314	$12,314	$12,317	$12,317	$12,314	$12,317	$12,316
Total PFC Revenue Bond Debt Service	$66,425	$66,425	$60,308	$60,607	$60,613	$60,612	$60,607	$60,609	$63,833	$63,836

NOTE

1/ Net of capitalized interest

SOURCE: Chicago Department of Aviation, June 2016; Frasca & Associates, September 2016

PREPARED BY: Ricondo & Associates, Inc., November 2016

Table B-4: LOI Grant Schedules and Uses

	LOI GRANT RECEIPTS			USES OF LOI GRANT RECEIPTS					
Federal FY	OMP Phase 1 (AGL-06-01)	OMP Phase 2A and 2B (AGL-10-01)	TOTAL	Pledged to 2011B Bonds [1/][2/]	Pledged to 2016E Bonds [1/]	Pay-As-You-Go (OMP Phase 1)	Pay-As-You-Go (OMP Phase 2A)	Pay-As-You-Go (Remaining OMP Airfield)	TOTAL
GRANTS RECEIVED									
2006	$20,000,000		$20,000,000			$20,000,000			$20,000,000
2007	$20,000,000		$20,000,000			$20,000,000			$20,000,000
2008	$20,000,000		$20,000,000			$20,000,000			$20,000,000
2009	$20,000,000		$20,000,000			$20,000,000			$20,000,000
2010	$20,000,000		$20,000,000			$20,000,000			$20,000,000
2011	$20,000,000	$50,000,000	$70,000,000			$20,000,000	$50,000,000		$70,000,000
2012	$20,000,000	$70,000,000	$90,000,000			$20,000,000	$70,000,000		$90,000,000
2013	$20,000,000	$65,000,000	$85,000,000	$20,000,000			$65,000,000		$85,000,000
2014	$20,000,000	$45,000,000	$65,000,000	$20,000,000			$45,000,000		$65,000,000
2015	$20,000,000	$30,000,000	$50,000,000	$45,000,000			$5,000,000		$50,000,000
2016	$20,000,000	$25,000,000	$45,000,000	$40,000,000				$5,000,000	$45,000,000
Total Received	$220,000,000	$285,000,000	$505,000,000	$125,000,000	$0	$140,000,000	$235,000,000	$5,000,000	$505,000,000
FUTURE GRANTS									
2017	$20,000,000	$40,000,000	$60,000,000	$20,000,000				$40,000,000	$60,000,000
2018	$20,000,000	$45,000,000	$65,000,000	$20,000,000				$45,000,000	$65,000,000
2019	$20,000,000	$45,000,000	$65,000,000	$20,000,000				$45,000,000	$65,000,000
2020	$20,000,000	$45,000,000	$65,000,000	$20,000,000				$45,000,000	$65,000,000
2021		$25,000,000	$25,000,000					$25,000,000	$25,000,000
2022		$30,000,000	$30,000,000		$30,000,000				$30,000,000
2023		$30,000,000	$30,000,000		$30,000,000				$30,000,000
2024		$30,000,000	$30,000,000		$30,000,000				$30,000,000
2025		$30,000,000	$30,000,000		$30,000,000				$30,000,000
2026		$20,000,000	$20,000,000		$20,000,000				$20,000,000
Total Future	$80,000,000	$340,000,000	$420,000,000	$80,000,000	$140,000,000	$0	$0	$200,000,000	$420,000,000
TOTAL	$300,000,000	$625,000,000	$925,000,000	$205,000,000	$140,000,000	$140,000,000	$235,000,000	$205,000,000	$925,000,000

NOTES

1/ Pledged LOI Grant Receipts are applied to debt service in the year after receipt

2/ Pledge comprised of $160 million from AGL 06-01 and $45 million from AGL-10-01

SOURCE: Chicago Department of Aviation, Ricondo & Associates, Inc. September 2016

PREPARED BY: Ricondo & Associates, Inc. November 2016

Table B-5: Annual GARB Debt Service Requirements

(Dollars in Thousands for Fiscal Years Ending December 31)

	BUDGET	PROJECTED								
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Airport Revenue Bond (GARB) Debt Service										
Outstanding GARB Debt Service 1/ 2/	$540,740	$566,973	$568,869	$532,303	$480,231	$480,318	$459,004	$457,082	$457,073	$452,908
Series 2016 New Money Bonds										
2016D New Money Bonds (GARB) 2/	$0	$0	$0	$30,146	$37,313	$43,554	$43,555	$43,551	$43,548	$43,556
2016E New Money Bonds (Grant-Receipts Backed GARB) 2/	0	0	0	0	1,265	9,104	9,102	39,103	39,107	39,103
2016F New Money Bonds (PFC-Backed GARB)	0	9,394	9,394	9,390	9,391	9,392	9,394	9,390	9,391	9,391
2016G New Money Bonds (GARB) 2/	0	0	0	3,893	3,893	3,816	3,817	3,817	3,820	3,817
Total Series 2016 New Money Bonds Debt Service	$0	$9,394	$9,394	$43,428	$51,862	$65,867	$65,868	$95,861	$95,866	$95,867
Future GARB Debt Service										
Future GARB Debt Service (Extension of Runway 9R-27L) 2/	$0	$0	$0	$0	$0	$0	$42,778	$42,778	$42,777	$42,778
Future GARB Debt Service (CIP Projects) 2/	0	0	14,657	38,944	53,589	66,483	67,599	67,746	67,879	73,524
Total Future GARB Debt Service	$0	$0	$14,657	$38,944	$53,589	$66,483	$110,378	$110,523	$110,656	$116,302
Total GARB Debt Service	$540,740	$576,367	$592,920	$614,674	$585,682	$612,668	$635,250	$663,467	$663,595	$665,077
Less PFC's Pledged to existing GARB Debt Service	($54,794)	($54,443)	($69,988)	($65,225)	($65,223)	($65,227)	($65,225)	($65,225)	($65,226)	($65,224)
Less PFC's Applied to existing GARB Debt Service 3/	(5,348)	(7,737)	(9,267)	(7,468)	(7,468)	(7,468)	(7,467)	(7,470)	(7,469)	(7,470)
Less PFC's Pledged to 2016F New Money Bond Debt Service	0	(9,394)	(9,394)	(9,390)	(9,391)	(9,392)	(9,394)	(9,390)	(9,391)	(9,391)
Less Federal Funds Pledged to Series 2011B Debt Service	(37,885)	(40,000)	(20,000)	(20,000)	(20,000)	(20,000)	0	0	0	0
Less Federal Funds Applied to Series 2011B Debt Service 4/	(2,115)	(2,115)	(2,115)	(2,115)	(2,115)	(2,115)	(2,115)	(2,115)	(2,115)	(2,115)
Less Federal Funds Pledged to 2016E New Money Bonds	0	0	0	0	0	0	0	(30,000)	(30,000)	(30,000)
Less BAB Subsidy Applied toSeries 2010B Debt Service	(12,414)	(12,414)	(12,414)	(12,414)	(12,414)	(12,414)	(12,414)	(12,414)	(12,414)	(12,414)
Other Adjustments 5/	(4,829)	3,494	1,477	(1,183)	(6,595)	(1,175)	(1,635)	(1,038)	(3,789)	(3,849)
Net GARB Debt Service	$423,354	$453,757	$471,219	$496,879	$462,476	$494,876	$536,999	$535,814	$533,191	$534,613

NOTES

1/ After the issuance of the 2016 Refunding Bonds and refunding of certain Airport Obligations

2/ Net of capitalized interest

3/ Includes non-pledged PFC Revenues assumed to be applied to existing outstanding debt service through 2018, pursuant to a letter agreement with the airlines

4/ Includes non pledged FAA payments assumed to be applied to existing outstanding debt service through the Projection Period

5/ Adjustments for estimated debt service coverage, investment income, and program fees

SOURCE: Frasca & Associates, November 2016

PREPARED BY: Ricondo & Associates, Inc., November 2016

Table B-6: Fund Deposit Requirements

(Dollars in Thousands for Fiscal Years Ending December 31)

	BUDGET 1/	PROJECTED 2/								
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Fund Deposit Requirements										
O&M Reserve Fund	$6,055	$7,113	$8,143	$8,298	$9,486	$9,377	$11,152	$7,936	$8,253	$8,602
Maintenance Reserve Fund	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Special Capital Projects Fund	730	730	730	730	730	730	730	730	730	730
Airport Development Fund	5,129	5,129	5,129	5,129	5,129	5,129	5,129	5,129	5,129	5,129
TOTAL FUND DEPOSIT REQUIREMENTS	$14,914	$15,972	$17,002	$17,157	$18,346	$18,236	$20,011	$16,795	$17,112	$17,461
Total Fund Deposits by Cost/Revenue Center:										
Airfield Area	$6,362	$6,672	$7,011	$7,057	$7,459	$7,471	$8,128	$7,025	$7,128	$7,241
Terminal Area	2,805	3,223	3,553	3,603	3,977	3,917	4,447	3,438	3,538	3,649
International Terminal Area	863	966	1,066	1,082	1,195	1,178	1,339	1,036	1,067	1,102
Terminal Support Area	4,883	5,112	5,374	5,415	5,714	5,671	6,097	5,297	5,378	5,469
TOTAL FUND DEPOSIT REQUIREMENTS	$14,914	$15,972	$17,002	$17,157	$18,346	$18,236	$20,011	$16,795	$17,112	$17,461

NOTES

1/ City 2016 Final Rates and Charges Budget

2/ The current Airport Use Agreements expire on May 11, 2018 For the purposes of this analysis, the financial projections presented herein assume a continuation of the current residual rate-setting methodology through 2025

SOURCES City of Chicago Department of Aviation, June 2016 (2016), Ricondo & Associates, Inc, September 2016 (2017-2025)

PREPARED BY Ricondo & Associates, Inc, November 2016

Table B-7: Net Signatory Airline Requirement

(Dollars in Thousands for Fiscal Years Ending December 31)

	BUDGET [1/]	PROJECTED [2/]								
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
O & M Expenses	$535,030	$572,134	$604,707	$637,897	$675,843	$713,352	$757,961	$789,704	$822,716	$857,125
Net Debt Service [3/]	423,354	453,757	471,219	496,879	462,476	494,876	536,999	535,814	533,191	534,613
Fund Deposit Requirement	14,914	15,972	17,002	17,157	18,346	18,236	20,011	16,795	17,112	17,461
Total Expenses, Net Debt Service and Fund Deposits	$973,298	$1,041,863	$1,092,928	$1,151,933	$1,156,665	$1,226,464	$1,314,972	$1,342,313	$1,373,019	$1,409,199
Less:										
Non-Airline Revenue	$295,620	$304,025	$308,575	$316,439	$321,165	$329,354	$334,212	$342,453	$347,010	$355,143
Non-Signatory Airline Revenue	90,680	98,798	108,115	120,394	111,955	121,142	134,424	136,777	138,887	140,827
Total Non-Airline and Non-Signatory Revenue	$386,300	$402,823	$416,691	$436,832	$433,120	$450,496	$468,636	$479,229	$485,897	$495,970
Net Signatory Airline Requirement	$586,998	$639,041	$676,237	$715,101	$723,545	$775,968	$846,336	$863,084	$887,121	$913,229

NOTES

1/ City 2016 Final Rates and Charges Budget

2/ The current Airport Use Agreements expire on May 11, 2018 For the purposes of this analysis, the financial projections presented herein assume a continuation of the current residual rate-setting methodology through 2025

3/ Net of capitalized interest and BAB subsidy Adjusted for debt service coverage, investment income, program fees, special facility debt service, and PFC credits

SOURCES City of Chicago Department of Aviation, June 2016 (2016), Ricondo & Associates, Inc., November 2016 (2017-2025)

PREPARED BY Ricondo & Associates, Inc November 2016

Table B-8: Airline Fees, Rentals and Charges

(Dollars in Thousands for Fiscal Years Ending December 31)

	BUDGET 1/				PROJECTED 2/					
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Landing Fee Rate 3/										
Signatory Airline	$8 421	$9.102	$9 856	$10 862	$9 995	$10.707	$11 765	$11 857	$11 935	$12 007
Non-Signatory Airline	$8 421	$9 102	$9 856	$10 862	$9 995	$10 707	$11 765	$11.857	$11 935	$12 007
Terminal Area										
Existing Footage Rate 4/	$73 94	$82 99	$82.54	$100 14	$114 71	$122.42	$132 50	$135 85	$143 58	$152 29
Special Facility Additional Footage Rate 4/	$89 33	$98 40	$97.12	$117 89	$134.51	$143.93	$154 32	$157 68	$165 36	$174 44
Additional Footage Rate 4/	$89.33	$98 40	$97.12	$117.89	$134.51	$143 93	$154 32	$157.68	$165.36	$174 44
Ultimate Additional Footage Rate 4/	$18 50	$18 53	$17.53	$21 34	$24.30	$25.87	$26 24	$26 26	$26.20	$26 65
Average Use Charge 4/	$85 92	$94 60	$93.62	$112.60	$128.20	$136 46	$146 32	$149.54	$156 92	$165 51
International Terminal Area										
Exclusive Use Rental Rate 4/										
Base Rental Rate	$112.53	$93 99	$110.25	$41.43	$56 73	$60 09	$63 82	$64 93	$67 03	$70.14
Common Use Charge per Enplaned Passenger										
Base Rate	$13 20	$15 86	$17.38	$11 68	$13 17	$13 62	$14.08	$14 29	$14.60	$15.01
Common Use Charge per Deplaned Passenger										
Base Rate	$10.61	$11.32	$12 41	$8.28	$9 34	$9 66	$9.98	$10 13	$10 35	$10 64
Fueling System										
Average Cost Per Gallon (excluding fuel)	$0.00645	$0 00638	$0 00082	$0.00125	$0 00125	$0 00137	$0 00139	$0 00142	$0 00144	$0 00131

NOTES

1/ City 2016 Final Rates and Charges Budget

2/ The current Airport Use Agreements expire on May 11, 2018 For the purposes of this analysis, the financial projections presented herein assume a continuation of the current residual rate-setting methodology through 2025

3/ Per thousand pounds

4/ Per square foot

SOURCES City of Chicago Department of Aviation June 2016 (2016); Ricondo & Associates, Inc, November 2016 (2017-2025)

PREPARED BY Ricondo & Associates, Inc, November 2016

Table B-9: Airline Revenue

(Dollars in Thousands for Fiscal Years Ending December 31)

	BUDGET [1]	PROJECTED [2]								
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Landing Fee Revenue										
Signatory Airline [3]	$331,081	$361,265	$395,335	$440,232	$409,376	$442,969	$491,535	$500,138	$507,855	$514,948
Non-Signatory Airline	90,680	98,798	108,115	120,394	111,955	121,142	134,424	136,777	138,887	140,827
TOTAL LANDING FEE REVENUE	$421,761	$460,063	$503,450	$560,626	$521,331	$564,112	$625,959	$636,915	$646,742	$655,775
Terminal Area Rental and Use Charge Revenue										
Airline Parties	$154,661	$170,292	$168,515	$202,688	$230,767	$245,643	$263,393	$269,186	$282,464	$297,935
TOTAL TERMINAL RENTAL AND USE CHARGE REVENUE	$154,661	$170,292	$168,515	$202,688	$230,767	$245,643	$263,393	$269,186	$282,464	$297,935
International Terminal Area Rental and Use Charge Revenue										
Exclusive Use	$10,810	$9,029	$10,592	$3,981	$5,450	$5,773	$6,131	$6,237	$6,440	$6,738
Enplaned Common Use Charges	25,988	31,196	34,680	23,655	27,046	28,340	29,682	30,490	31,525	32,783
Deplaned Common Use Charges	50,729	54,123	60,188	40,735	46,624	48,842	51,148	52,536	54,312	56,470
Equipment	5,760	5,354	5,930	2,286	2,754	2,726	2,750	2,758	2,759	2,750
TOTAL INTERNATIONAL TERMINAL REVENUE	$93,288	$99,702	$111,389	$70,657	$81,874	$85,681	$89,711	$92,022	$95,037	$98,741
Fueling System Fee Revenue										
Fixed Charges	$797	$778	$100	$152	$153	$167	$170	$174	$177	$160
Variable Charges	7,172	7,003	898	1,372	1,376	1,507	1,528	1,563	1,589	1,444
TOTAL FUELING SYSTEM FEE REVENUE	$7,969	$7,781	$998	$1,524	$1,528	$1,675	$1,698	$1,737	$1,765	$1,604
Total Airline Revenue	$677,678	$737,839	$784,353	$835,495	$835,500	$897,110	$980,760	$999,860	$1,026,008	$1,054,056
Less Non-Signatory Airline Revenue	90,680	98,798	108,115	120,394	111,955	121,142	134,424	136,777	138,887	140,827
TOTAL SIGNATORY AIRLINE REVENUE	$586,998	$639,041	$676,237	$715,101	$723,545	$775,968	$846,336	$863,084	$887,121	$913,229

NOTES

1/ City 2016 Final Rates and Charges Budget

2/ The current Airport Use Agreements expire on May 11, 2018. For the purposes of this analysis, the financial projections presented herein assume a continuation of the current residual rate-setting methodology through 2025

3/ Includes airlines that are signatory to the Airport Use Agreements and/or International Terminal Use Agreements

SOURCES: City of Chicago Department of Aviation, June 2016 (2016); Ricondo & Associates, Inc., November 2016 (2017-2025)

PREPARED BY: Ricondo & Associates, Inc., November 2016

Table B-10: Airline Cost Per Enplanement

(Dollars in Thousands for Fiscal Years Ending December 31)

	BUDGET [1]	PROJECTED [2]								
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Net Signatory Airline Revenue	$586,998	$639,041	$676,237	$715,101	$723,545	$775,968	$846,336	$863,084	$887,121	$913,229
Non-Signatory Airline Revenue	90,680	98,798	108,115	120,394	111,955	121,142	134,424	136,777	138,887	140,827
Total Airline Requirement	$677,678	$737,839	$784,353	$835,495	$835,500	$897,110	$980,760	$999,860	$1,026,008	$1,054,056
Total Projected Enplaned Passengers	38,750	39,011	39,341	39,673	40,001	40,332	40,652	40,938	41,185	41,408
Total Airline Cost per Enplaned Passenger										
Current Dollars	$17.49	$18.91	$19.94	$21.06	$20.89	$22.24	$24.13	$24.42	$24.91	$25.46
2016 Dollars [3]	$17.49	$18.36	$18.79	$19.27	$18.56	$19.19	$20.21	$19.86	$19.67	$19.51

NOTES Excludes Land Support

1/ *City 2016 Final Rates and Charges Budget*

2/ The current Airport Use Agreements expire on May 11, 2018 For the purposes of this analysis, the financial projections presented herein assume a continuation of the current residual rate-setting methodology through 2025

3/ Inflation rate assumed at 3 percent

SOURCES City of Chicago Department of Aviation, June 2016 (2016), Ricondo & Associates, Inc., November 2016 (2017-2025)

PREPARED BY Ricondo & Associates, Inc., November 2016

Table B-11 (1 of 2): GARB Debt Service Coverage [1]

(Dollars in Thousands for Fiscal Years Ending December 31)

	BUDGET	PROJECTED [2]								
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Signatory Landing Fee Revenue	$331,081	$361,265	$395,335	$440,232	$409,376	$442,969	$491,535	$500,138	$507,855	$514,948
Terminal Area Rental and Use Charge Revenue	154,661	170,292	168,515	202,688	230,767	245,643	263,393	269,186	282,464	297,935
International Terminal Area Rental and Use Charge Revenue	93,288	99,702	111,389	70,657	81,874	85,681	89,711	92,022	95,037	98,741
Fueling System Fee Revenue	7,969	7,781	998	1,524	1,528	1,675	1,698	1,737	1,765	1,604
Non-Airline and Non-Signatory Airline Revenue	386,300	402,823	416,691	436,832	433,120	450,496	468,636	479,229	485,897	495,970
Investment Income from Debt Service Reserve Fund	7,535	4,554	4,363	7,032	7,064	6,988	7,008	7,001	6,972	7,066
Federal Subsidy (BABs) Revenue	12,414	12,414	12,414	12,414	12,414	12,414	12,414	12,414	12,414	12,414
Total Revenue	$993,247	$1,058,831	$1,109,705	$1,171,379	$1,176,143	$1,245,866	$1,334,395	$1,361,728	$1,392,405	$1,428,678
Pledged PFC Revenue [3]	$54,794	$54,443	$69,988	$65,225	$65,223	$65,227	$65,225	$65,225	$65,226	$65,224
Applied PFC Revenue [4]	5,348	7,737	9,267	7,468	7,468	7,468	7,467	7,470	7,469	7,470
Federal Funds Pledged to Series 2011B Debt Service	40,000	40,000	20,000	20,000	20,000	20,000	0	0	0	0
Federal Funds Applied to Series 2011B Debt Service [5]	2,115	2,115	2,115	2,115	2,115	2,115	2,115	2,115	2,115	2,115
PFC's Pledged to 2016F New Money Bond Debt Service	0	9,394	9,394	9,390	9,391	9,392	9,394	9,390	9,391	9,391
Federal Funds Pledged to 2016E New Money Bond Debt Service	0	0	0	0	0	0	0	30,000	30,000	30,000
Total Revenue plus Pledged Other Available Moneys and Applied PFCs	$1,095,504	$1,172,521	$1,220,470	$1,275,577	$1,280,340	$1,350,069	$1,418,596	$1,475,929	$1,506,606	$1,542,879

Table B-11 (2 of 2): GARB Debt Service Coverage [1/]

(Dollars in Thousands for Fiscal Years Ending December 31)

	BUDGET	PROJECTED [2/]								
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
COVERAGE CALCULATION										
Total Revenue plus Pledged Other Available Moneys and Applied PFCs	$1,095,504	$1,172,521	$1,220,470	$1,275,577	$1,280,340	$1,350,069	$1,418,596	$1,475,929	$1,506,606	$1,542,879
Plus Prior Period Debt Service Coverage	47,152	54,074	57,637	59,292	61,467	58,568	61,267	63,525	66,347	66,360
Adjusted Total Revenue	$1,142,655	$1,226,595	$1,278,107	$1,334,869	$1,341,807	$1,408,637	$1,479,863	$1,539,454	$1,572,952	$1,609,238
Less										
O&M Expenses	$535,030	$572,134	$604,707	$637,897	$675,843	$713,352	$757,961	$789,704	$822,716	$857,125
Net Revenue Available for Senior Lien Coverage	$607,625	$654,460	$673,399	$696,972	$665,964	$695,285	$721,902	$749,749	$750,236	$752,114
Senior Lien Debt Service [6/]	$540,740	$576,367	$592,920	$614,674	$585,682	$612,668	$635,250	$663,467	$663,595	$665,077
Senior Lien GARB Debt Service Coverage	**1.12**	**1.14**	**1.14**	**1.13**	**1.14**	**1.13**	**1.14**	**1.13**	**1.13**	**1.13**
Other Required Uses of Revenue										
O&M Reserve Fund	$6,055	$7,113	$8,143	$8,298	$9,486	$9,377	$11,152	$7,936	$8,253	$8,602
Maintenance Reserve Fund	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Special Capital Projects Fund	730	730	730	730	730	730	730	730	730	730
Airport Development Fund	5,129	5,129	5,129	5,129	5,129	5,129	5,129	5,129	5,129	5,129
Total Other Required Uses of Revenue	$14,914	$15,972	$17,002	$17,157	$18,346	$18,236	$20,011	$16,795	$17,112	$17,461

NOTES

1/ Coverage calculation excludes Land Support O&M Expenses, Revenues, and other reserve funds and therefore not directly comparable to the coverage calculation in the financial statements

2/ *The current Airport Use Agreements expire on May 11, 2018 For the purposes of this analysis, the financial projections presented herein assume a continuation of the current residual rate-setting methodology through 2025*

3/ Includes PFC Revenues pledged to pay debt service on the Series 2008A and Series 2010F GARBs, or any bonds refunding those bonds, through 2018, and the Series 2011A GARBs, or any bonds refunding those bonds, through Maturity

4/ Includes non pledged PFC Revenues assumed to be applied to existing outstanding debt service through the Projection Period, pursuant to a letter agreement with the airlines In addition, includes PFC Revenues assumed to be applied to pay debt service on the Series 2008A and Series 2010F Bonds from 2019 through the end of the Projection Period

5/ *Includes non-pledged FAA payments assumed to be applied to existing outstanding debt service through the Projection Period*

6/ Net of capitalized interest Actual and projected debt service Assumes future debt service issues as Senior Lien debt

SOURCES City of Chicago Department of Aviation, June 2016, Frasca & Associates (Debt Service), Ricondo & Associates, Inc (Remaining Projections), November 2016

PREPARED BY Ricondo & Associates, Inc , November 2016

Appendix F

PROPOSED FORMS OF OPINIONS OF CO-BOND COUNSEL

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[FORM OF SERIES 2016D CO-BOND COUNSEL OPINION]

January 10, 2017

City of Chicago
City Hall
Chicago, Illinois

We have examined a record of proceedings relating to the issuance of $739,335,000 aggregate principal amount of Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2016D (the "Bonds") of the City of Chicago, a municipal corporation and a home rule unit of local government of the State of Illinois (the "City"). The Bonds are limited obligations of the City issued pursuant to the authority of Article VII, Section 6(a) of the Illinois Constitution of 1970 and by virtue of an ordinance adopted by the City Council of the City on September 14, 2016 (the "Bond Ordinance").

The Bonds are authorized by the City for the primary purpose of providing funds to finance the cost of certain capital projects at Chicago O'Hare International Airport (the "Airport").

The Bonds are being issued pursuant to a Master Indenture of Trust Securing Chicago O'Hare International Airport General Airport Revenue Senior Lien Obligations, dated as of September 1, 2012 (the "Indenture"), between the City and U.S. Bank National Association, as Trustee (the "Trustee"), and a Fifty-Fifth Supplemental Indenture Securing Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2016D, dated as of December 1, 2016 (the "Fifty-Fifth Supplemental Indenture"). The Bonds are Senior Lien Obligations authorized under the Indenture and are payable solely from and secured by a pledge of Revenues of the Airport as, and to the extent, provided in the Indenture and the Fifty-Fifth Supplemental Indenture. Terms used herein that are defined in the Indenture and the Fifty-Fifth Supplemental Indenture shall have the meanings set forth therein unless otherwise defined herein.

Under the terms of the Indenture, the City has previously issued Senior Lien Obligations that are presently outstanding and the City may hereafter authorize and issue additional Senior Lien Obligations as permitted by the Indenture. Senior Lien Obligations are entitled to the benefit and security of the Indenture, including the pledge of Revenues and other funds maintained for the benefit of the Senior Lien Obligations.

The Bonds are issuable only as fully registered bonds without coupons in the denomination of $5,000 or any integral multiple thereof. The Bonds are dated January 10, 2017 and bear interest from their date payable on July 1, 2017, and semi-annually thereafter on each January 1 and July 1 until paid. The Bonds mature on January 1 in each of the following years in the respective principal amounts set opposite such years, and the Bonds maturing in each such year bear interest at the respective rates of interest per annum set opposite such principal amounts in the following table:

Year	Principal Amount	Interest Rate
2020	$ 5,025,000	5.00%
2021	5,275,000	5.00
2022	5,540,000	5.00
2023	5,820,000	5.00
2024	5,975,000	5.00
2025	6,270,000	5.00
2026	6,590,000	5.00
2027	6,910,000	5.00
2028	7,265,000	5.25
2029	14,985,000	5.25
2030	15,770,000	5.25
2031	16,595,000	5.25
2032	17,475,000	5.25
2033	18,385,000	5.25
2034	19,355,000	5.25
2035	20,370,000	5.25
2036	21,445,000	5.25
2037	22,565,000	5.25
2042	131,890,000	5.25
2047	169,505,000	5.00
2052	216,325,000	5.00

The Bonds maturing on or after January 1, 2028 are subject to redemption, at the option of the City, on or after January 1, 2027, as a whole or in part at any time, and if in part, from such maturities as the City shall determine and by lot for Bonds of the same maturity, at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption.

The Bonds maturing on January 1, 2042 are subject to mandatory redemption, in part and by lot, by the application of Sinking Fund Payments as provided in the Fifty-Fifth Supplemental Indenture, on January 1, 2038 and on each January 1 thereafter, at a redemption price equal to the principal amount thereof to be redeemed.

The Bonds maturing on January 1, 2047 are subject to mandatory redemption, in part and by lot, by the application of Sinking Fund Payments as provided in the Fifty-Fifth Supplemental Indenture, on January 1, 2043 and on each January 1 thereafter, at a redemption price equal to the principal amount thereof to be redeemed.

The Bonds maturing on January 1, 2052 are subject to mandatory redemption, in part and by lot, by the application of Sinking Fund Payments as provided in the Fifty-Fifth Supplemental Indenture, on January 1, 2048 and on each January 1 thereafter, at a redemption price equal to the principal amount thereof to be redeemed.

In connection with the issuance of the Bonds we have examined the following: (a) the Constitution of the State of Illinois, and such laws as we deemed pertinent to this opinion; (b) a certified copy of the Bond Ordinance, (c) executed counterparts of the Indenture and the Fifty-Fifth Supplemental Indenture; and (d) such other documents and related matters of law as we have deemed necessary in order to render this opinion.

Based upon our examination of the foregoing, we are of the opinion that:

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 Fifty-Fifth 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 Fifty-Fifth Supplemental Indenture in those respects.

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 Fifty-Fifth Supplemental Indenture have been duly authorized, executed and delivered by the City, constitute valid and binding obligations of the City and are legally enforceable in accordance with their terms.

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 Fifty-Fifth Supplemental Indenture, and are enforceable in accordance with their terms.

The Bonds are payable solely from the Revenues deposited in the 2016D Dedicated Sub-Fund maintained by the Trustee under the Fifty-Fifth Supplemental Indenture, the Common Debt Service Reserve Sub-Fund on a parity with other Common Reserve Bonds and certain other amounts as provided in the Indenture and the Fifty-Fifth 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.

The Indenture and the Fifty-Fifth Supplemental Indenture create the valid and binding assignments and pledges which they purport to create of the amounts assigned and pledged to the Trustee under the Indenture and the Fifty-Fifth Supplemental Indenture.

Under existing law, interest on the Bonds is not includible in the gross income of the owners thereof for Federal income tax purposes. If there is continuing compliance with the requirements of the Internal Revenue Code of 1986 (the "Code"), we are of the opinion that interest on the Bonds will continue to be excluded from the gross income of the owners thereof for Federal income tax purposes. In addition, interest on the Bonds does not constitute an item of tax preference for purposes of computing individual or corporate alternative minimum taxable income. You are advised, however, that interest on the Bonds is includible in corporate earnings and profits and therefore must be taken into account when computing, for example, corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax. Interest on the Bonds is not exempt from present Illinois income taxes.

The Code contains certain requirements that must be satisfied from and after the date hereof in order to preserve the exemption from Federal income taxes of interest on the Bonds. These requirements relate to the use and investment of the proceeds of the Bonds, the payment of certain amounts to the United States of America, the security and source of payment of the Bonds and the use and tax ownership of the property financed with the proceeds of the Bonds. The City has covenanted in the Indenture to comply with these requirements.

In rendering the foregoing opinion, we advise you that the enforceability (but not the validity or binding effect) of the Bonds, the Indenture and the Fifty-Fifth Supplemental Indenture (i) may be limited by any applicable bankruptcy, insolvency or other laws affecting the rights or remedies of creditors now or hereafter in effect and (ii) is subject to principles of equity in the event that equitable remedies are sought, either in an action at law or in equity.

Respectfully yours,

LG/be

[FORM OF SERIES 2016E CO-BOND COUNSEL OPINION]

January 10, 2017

City of Chicago
City Hall
Chicago, Illinois

We have examined a record of proceedings relating to the issuance of $156,575,000 aggregate principal amount of Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2016E (the "Bonds") of the City of Chicago, a municipal corporation and a home rule unit of local government of the State of Illinois (the "City"). The Bonds are limited obligations of the City issued pursuant to the authority of Article VII, Section 6(a) of the Illinois Constitution of 1970 and by virtue of an ordinance adopted by the City Council of the City on September 14, 2016 (the "Bond Ordinance").

The Bonds are authorized by the City for the primary purpose of providing funds to finance the cost of certain capital projects at Chicago O'Hare International Airport (the "Airport").

The Bonds are being issued pursuant to a Master Indenture of Trust Securing Chicago O'Hare International Airport General Airport Revenue Senior Lien Obligations, dated as of September 1, 2012 (the "Indenture"), between the City and U.S. Bank National Association, as Trustee (the "Trustee"), and a Fifty-Sixth Supplemental Indenture Securing Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2016E, dated as of December 1, 2016 (the "Fifty-Sixth Supplemental Indenture"). The Bonds are Senior Lien Obligations authorized under the Indenture and are payable solely from and secured by a pledge of Revenues of the Airport and Pledged Other Available Moneys as, and to the extent, provided in the Indenture and the Fifty-Sixth Supplemental Indenture. Terms used herein that are defined in the Indenture and the Fifty-Sixth Supplemental Indenture shall have the meanings set forth therein unless otherwise defined herein.

The Pledged Other Available Moneys are grant funds expected to be received by the City from the Federal Aviation Administration (the "Grant Receipts"). The payment of grant funds constituting Grant Receipts is not a contractual obligation of the United States of America and the eligibility of the City to receive grant funds is subject to the City's continuing compliance with applicable Federal laws and regulations and the applicable Grant Letter of Intent. We express no opinion as to the rights or remedies of the City with respect to the receipt of Grant Receipts.

Under the terms of the Indenture, the City has previously issued Senior Lien Obligations that are presently outstanding and the City may hereafter authorize and issue additional Senior Lien Obligations as permitted by the Indenture. Senior Lien Obligations are entitled to the benefit and security of the Indenture, including the pledge of Revenues and other funds maintained for the benefit of the Senior Lien Obligations.

The Bonds are issuable only as fully registered bonds without coupons in the denomination of $5,000 or any integral multiple thereof. The Bonds are dated January 10, 2017 and bear interest from their date payable on July 1, 2017, and semi-annually thereafter on each January 1 and July 1 until paid. The Bonds mature on January 1 in each of the following years in the respective principal amounts set opposite such years, and the Bonds maturing in each such year bear interest at the respective rates of interest per annum set opposite such principal amounts in the following table:

YEAR	PRINCIPAL AMOUNT	INTEREST RATE
2024	$30,145,000	5.00%
2025	31,655,000	5.00
2026	33,235,000	5.00
2027	34,900,000	5.00
2028	26,640,000	5.25

The Bonds maturing on January 1, 2028 are subject to redemption, at the option of the City, on or after January 1, 2027, as a whole or in part at any time, and if in part, by lot, at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption.

In connection with the issuance of the Bonds we have examined the following: (a) the Constitution of the State of Illinois, and such laws as we deemed pertinent to this opinion; (b) a certified copy of the Bond Ordinance, (c) executed counterparts of the Indenture and the Fifty-Sixth Supplemental Indenture; and (d) such other documents and related matters of law as we have deemed necessary in order to render this opinion.

Based upon our examination of the foregoing, we are of the opinion that:

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 Fifty-Sixth Supplemental Indenture with the Trustee and to issue the Bonds thereunder, and (ii) to improve, maintain and operate the Airport and to charge and collect rents, fees and other charges for the use and services of the Airport and to perform all of its obligations under the Indenture and the Fifty-Sixth Supplemental Indenture in those respects.

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 Fifty-Sixth Supplemental Indenture have been duly authorized, executed and delivered by the City, constitute valid and binding obligations of the City and are legally enforceable in accordance with their terms.

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 Fifty-Sixth Supplemental Indenture, and are enforceable in accordance with their terms.

The Bonds are payable solely from the Revenues deposited in the 2016E Dedicated Sub-Fund and the Pledged Other Available Moneys deposited in the 2016E Grant Receipts Deposit Account, each maintained by the Trustee under the Fifty-Sixth Supplemental Indenture, the Common Debt Service Reserve Sub-Fund on a parity with other Common Reserve Fund Bonds and certain other amounts as provided in the Indenture and the Fifty-Sixth Supplemental Indenture. The Bonds and the interest thereon are limited obligations of the City and do not constitute an indebtedness of the City within the meaning of any state constitutional or statutory limitation or give rise to a charge against its general credit or taxing powers. Neither the faith and credit nor the taxing power of the State of Illinois, the City or any political subdivision of the State of Illinois is pledged to the payment of the principal of, premium, if any, or interest on the Bonds.

The Indenture and the Fifty-Sixth Supplemental Indenture create the valid and binding assignments and pledges which they purport to create of the amounts assigned and pledged to the Trustee under the Indenture and the Fifty-Sixth Supplemental Indenture.

Under existing law, interest on the Bonds is not includible in the gross income of the owners thereof for Federal income tax purposes. If there is continuing compliance with the requirements of the Internal Revenue Code of 1986 (the "Code"), we are of the opinion that interest on the Bonds will continue to be excluded from the gross income of the owners thereof for Federal income tax purposes. In addition, interest on the Bonds does not constitute an item of tax preference for purposes of computing individual or corporate alternative minimum taxable income. You are advised, however, that interest on the Bonds is includible in corporate earnings and profits and therefore must be taken into account when computing, for example, corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax. Interest on the Bonds is not exempt from present Illinois income taxes.

The Code contains certain requirements that must be satisfied from and after the date hereof in order to preserve the exemption from Federal income taxes of interest on the Bonds. These requirements relate to the use and investment of the proceeds of the Bonds, the payment of certain amounts to the United States of America, the security and source of payment of the Bonds and the use and tax ownership of the property financed with the proceeds of the Bonds. The City has covenanted in the Indenture to comply with these requirements.

In rendering the foregoing opinion, we advise you that the enforceability (but not the validity or binding effect) of the Bonds, the Indenture and the Fifty-Sixth Supplemental Indenture (i) may be limited by any applicable bankruptcy, insolvency or other laws affecting the rights or remedies of creditors now or hereafter in effect and (ii) is subject to principles of equity in the event that equitable remedies are sought, either in an action at law or in equity.

Respectfully yours,

LG/be

[FORM OF SERIES 2016F CO-BOND COUNSEL OPINION]

January 10, 2017

City of Chicago
City Hall
Chicago, Illinois

We have examined a record of proceedings relating to the issuance of $156,090,000 aggregate principal amount of Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2016F (the "Bonds") of the City of Chicago, a municipal corporation and a home rule unit of local government of the State of Illinois (the "City"). The Bonds are limited obligations of the City issued pursuant to the authority of Article VII, Section 6(a) of the Illinois Constitution of 1970 and by virtue of an ordinance adopted by the City Council of the City on September 14, 2016 (the "Bond Ordinance").

The Bonds are authorized by the City for the primary purpose of providing funds to finance the cost of certain capital projects at Chicago O'Hare International Airport (the "Airport").

The Bonds are being issued pursuant to a Master Indenture of Trust Securing Chicago O'Hare International Airport General Airport Revenue Senior Lien Obligations, dated as of September 1, 2012 (the "Indenture"), between the City and U.S. Bank National Association, as Trustee (the "Trustee"), and a Fifty-Seventh Supplemental Indenture Securing Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2016F, dated as of December 1, 2016 (the "Fifty-Seventh Supplemental Indenture"). The Bonds are Senior Lien Obligations authorized under the Indenture and are payable solely from and secured by a pledge of Revenues of the Airport and Pledged Other Available Moneys as, and to the extent, provided in the Indenture and the Fifty-Seventh Supplemental Indenture. The Pledged Other Available Moneys consist of passenger facility charges imposed by the City at the Airport that may be withdrawn from the PFC Capital Fund. Terms used herein that are defined in the Indenture and the Fifty-Seventh Supplemental Indenture shall have the meanings set forth therein unless otherwise defined herein.

Under the terms of the Indenture, the City has previously issued Senior Lien Obligations that are presently outstanding and the City may hereafter authorize and issue additional Senior Lien Obligations as permitted by the Indenture. Senior Lien Obligations are entitled to the benefit and security of the Indenture, including the pledge of Revenues and other funds maintained for the benefit of the Senior Lien Obligations.

The Bonds are issuable only as fully registered bonds without coupons in the denomination of $5,000 or any integral multiple thereof. The Bonds are dated January 10, 2017 and bear interest from their date payable on July 1, 2017, and semi-annually thereafter on each January 1 and July 1 until paid. The Bonds mature on January 1 in each of the following years in the respective principal amounts set opposite such years, and the Bonds maturing in each such year bear interest at the respective rates of interest per annum set opposite such principal amounts in the following table:

YEAR	PRINCIPAL AMOUNT	INTEREST RATE
2018	$1,895,000	2.000%
2019	1,980,000	3.000
2020	2,040,000	3.000
2021	2,100,000	3.000
2022	2,165,000	5.000
2023	2,270,000	5.000
2024	2,385,000	5.000
2025	2,505,000	5.000
2026	2,630,000	5.000
2027	2,760,000	5.250
2028	2,905,000	5.250
2029	3,060,000	5.250
2030	3,220,000	5.250
2031	3,385,000	5.250
2032	3,565,000	5.250
2033	3,750,000	5.250
2034	3,950,000	5.250
2035	4,155,000	4.125
2036	4,330,000	4.250
2037	4,510,000	4.250
2042	25,605,000	4.250
2047	31,520,000	4.250
2052	39,405,000	5.000

The Bonds maturing on or after January 1, 2028 are subject to redemption, at the option of the City, on or after January 1, 2027, as a whole or in part at any time, and if in part, from such maturities as the City shall determine and by lot for Bonds of the same maturity, at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption.

The Bonds maturing on January 1, 2042 are subject to mandatory redemption, in part and by lot, by the application of Sinking Fund Payments as provided in the Fifty-Seventh Supplemental Indenture, on January 1, 2038 and on each January 1 thereafter, at a redemption price equal to the principal amount thereof to be redeemed.

The Bonds maturing on January 1, 2047 are subject to mandatory redemption, in part and by lot, by the application of Sinking Fund Payments as provided in the Fifty-Seventh Supplemental Indenture, on January 1, 2043 and on each January 1 thereafter, at a redemption price equal to the principal amount thereof to be redeemed.

The Bonds maturing on January 1, 2052 are subject to mandatory redemption, in part and by lot, by the application of Sinking Fund Payments as provided in the Fifty-Seventh Supplemental Indenture, on January 1, 2048 and on each January 1 thereafter, at a redemption price equal to the principal amount thereof to be redeemed.

In connection with the issuance of the Bonds we have examined the following: (a) the Constitution of the State of Illinois, and such laws as we deemed pertinent to this opinion; (b) a certified copy of the Bond Ordinance, (c) executed counterparts of the Indenture and the Fifty-Seventh Supplemental Indenture; and (d) such other documents and related matters of law as we have deemed necessary in order to render this opinion.

Based upon our examination of the foregoing, we are of the opinion that:

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 Fifty-Seventh Supplemental Indenture with the Trustee and to issue the Bonds thereunder, and (ii) to improve, maintain and operate the Airport and to charge and collect rents, fees and other charges for the use and services of the Airport and to perform all of its obligations under the Indenture and the Fifty-Seventh Supplemental Indenture in those respects.

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 Fifty-Seventh Supplemental Indenture have been duly authorized, executed and delivered by the City, constitute valid and binding obligations of the City and are legally enforceable in accordance with their terms.

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 Fifty-Seventh Supplemental Indenture, and are enforceable in accordance with their terms.

The Bonds are payable solely from the Revenues deposited in the 2016F Dedicated Sub-Fund and the Pledged Other Available Moneys deposited in the 2016F PFC Revenue Deposit Account, each maintained by the Trustee under the Fifty-Seventh Supplemental Indenture and certain other amounts as provided in the Indenture and the Fifty-Seventh Supplemental Indenture. The Bonds and the interest thereon are limited obligations of the City and do not constitute an indebtedness of the City within the meaning of any state constitutional or statutory limitation or give rise to a charge against its general credit or taxing powers. Neither the faith and credit nor the taxing power of the State of Illinois, the City or any political subdivision of the State of Illinois is pledged to the payment of the principal of, premium, if any, or interest on the Bonds.

The Indenture and the Fifty-Seventh Supplemental Indenture create the valid and binding assignments and pledges which they purport to create of the amounts assigned and pledged to the Trustee under the Indenture and the Fifty-Seventh Supplemental Indenture.

Under existing law, interest on the Bonds is not includible in the gross income of the owners thereof for Federal income tax purposes. If there is continuing compliance with the requirements of the Internal Revenue Code of 1986 (the "Code"), we are of the opinion that interest on the Bonds will continue to be excluded from the gross income of the owners thereof for Federal income tax purposes. In addition, interest on the Bonds does not constitute an item of tax preference for purposes of computing individual or corporate alternative minimum taxable income. You are advised, however, that interest on the Bonds is includible in corporate earnings and profits and therefore must be taken into account when computing, for example, corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax. Interest on the Bonds is not exempt from present Illinois income taxes.

The Code contains certain requirements that must be satisfied from and after the date hereof in order to preserve the exemption from Federal income taxes of interest on the Bonds. These requirements relate to the use and investment of the proceeds of the Bonds, the payment of certain amounts to the United States of America, the security and source of payment of the Bonds and the use and tax ownership of the property financed with the proceeds of the Bonds. The City has covenanted in the Indenture to comply with these requirements.

In rendering the foregoing opinion, we advise you that the enforceability (but not the validity or binding effect) of the Bonds, the Indenture and the Fifty-Seventh Supplemental Indenture (i) may be limited by any applicable bankruptcy, insolvency or other laws affecting the rights or remedies of creditors now or hereafter in effect and (ii) is subject to principles of equity in the event that equitable remedies are sought, either in an action at law or in equity.

Respectfully yours,

LG/be

[FORM OF SERIES 2016G CO-BOND COUNSEL OPINION]

January 10, 2017

City of Chicago
City Hall
Chicago, Illinois

We have examined a record of proceedings relating to the issuance of $65,250,000 aggregate principal amount of Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2016G (the "Bonds") of the City of Chicago, a municipal corporation and a home rule unit of local government of the State of Illinois (the "City"). The Bonds are limited obligations of the City issued pursuant to the authority of Article VII, Section 6(a) of the Illinois Constitution of 1970 and by virtue of an ordinance adopted by the City Council of the City on September 14, 2016 (the "Bond Ordinance").

The Bonds are authorized by the City for the primary purpose of providing funds to finance the cost of certain capital projects at Chicago O'Hare International Airport (the "Airport").

The Bonds are being issued pursuant to a Master Indenture of Trust Securing Chicago O'Hare International Airport General Airport Revenue Senior Lien Obligations, dated as of September 1, 2012 (the "Indenture"), between the City and U.S. Bank National Association, as Trustee (the "Trustee"), and a Fifty-Eighth Supplemental Indenture Securing Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2016G, dated as of December 1, 2016 (the "Fifty-Eighth Supplemental Indenture"). The Bonds are Senior Lien Obligations authorized under the Indenture and are payable solely from and secured by a pledge of Revenues of the Airport as, and to the extent, provided in the Indenture and the Fifty-Eighth Supplemental Indenture. Terms used herein that are defined in the Indenture and the Fifty-Eighth Supplemental Indenture shall have the meanings set forth therein unless otherwise defined herein.

Under the terms of the Indenture, the City has previously issued Senior Lien Obligations that are presently outstanding and the City may hereafter authorize and issue additional Senior Lien Obligations as permitted by the Indenture. Senior Lien Obligations are entitled to the benefit and security of the Indenture, including the pledge of Revenues and other funds maintained for the benefit of the Senior Lien Obligations.

The Bonds are issuable only as fully registered bonds without coupons in the denomination of $5,000 or any integral multiple thereof. The Bonds are dated January 10, 2017 and bear interest from their date payable on July 1, 2017, and semi-annually thereafter on each January 1 and July 1 until paid. The Bonds mature on January 1 in each of the following years in the respective principal amounts set opposite such years, and the Bonds maturing in each such year bear interest at the respective rates of interest per annum set opposite such principal amounts in the following table:

Year	Principal Amount	Interest Rate
2020	$ 430,000	5.00%
2021	450,000	5.00
2022	470,000	5.00
2023	495,000	5.00
2024	510,000	5.00
2025	535,000	5.00
2026	560,000	5.00
2027	590,000	5.00
2028	620,000	5.25
2029	1,350,000	5.25
2030	1,425,000	5.25
2031	1,500,000	5.25
2037	10,720,000	5.00
2042	11,680,000	5.00
2047	14,895,000	5.00
2052	19,020,000	5.00

The Bonds maturing on or after January 1, 2028 are subject to redemption, at the option of the City, on or after January 1, 2027, as a whole or in part at any time, and if in part, from such maturities as the City shall determine and by lot for Bonds of the same maturity, at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption.

The Bonds maturing on January 1, 2037 are subject to mandatory redemption, in part and by lot, by the application of Sinking Fund Payments as provided in the Fifty-Eighth Supplemental Indenture, on January 1, 2032 and on each January 1 thereafter, at a redemption price equal to the principal amount thereof to be redeemed.

The Bonds maturing on January 1, 2042 are subject to mandatory redemption, in part and by lot, by the application of Sinking Fund Payments as provided in the Fifty-Eighth Supplemental Indenture, on January 1, 2038 and on each January 1 thereafter, at a redemption price equal to the principal amount thereof to be redeemed.

The Bonds maturing on January 1, 2047 are subject to mandatory redemption, in part and by lot, by the application of Sinking Fund Payments as provided in the Fifty-Eighth Supplemental Indenture, on January 1, 2043 and on each January 1 thereafter, at a redemption price equal to the principal amount thereof to be redeemed.

The Bonds maturing on January 1, 2052 are subject to mandatory redemption, in part and by lot, by the application of Sinking Fund Payments as provided in the Fifty-Eighth Supplemental Indenture, on January 1, 2048 and on each January 1 thereafter, at a redemption price equal to the principal amount thereof to be redeemed.

In connection with the issuance of the Bonds we have examined the following: (a) the Constitution of the State of Illinois, and such laws as we deemed pertinent to this opinion; (b) a certified copy of the Bond Ordinance, (c) executed counterparts of the Indenture and the Fifty-Eighth Supplemental Indenture; and (d) such other documents and related matters of law as we have deemed necessary in order to render this opinion.

Based upon our examination of the foregoing, we are of the opinion that:

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 Fifty-Eighth Supplemental Indenture with the Trustee and to issue the Bonds thereunder, and (ii) to improve, maintain and operate the Airport and to charge and collect rents, fees and other charges for the use and services of the Airport and to perform all of its obligations under the Indenture and the Fifty-Eighth Supplemental Indenture in those respects.

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 Fifty-Eighth Supplemental Indenture have been duly authorized, executed and delivered by the City, constitute valid and binding obligations of the City and are legally enforceable in accordance with their terms.

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 Fifty-Eighth Supplemental Indenture, and are enforceable in accordance with their terms.

The Bonds are payable solely from the Revenues deposited in the 2016G Dedicated Sub-Fund maintained by the Trustee under the Fifty-Eighth Supplemental Indenture, the Common Debt Service Reserve Sub-Fund on a parity with other Common Reserve Bonds and certain other amounts as provided in the Indenture and the Fifty-Eighth 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.

The Indenture and the Fifty-Eighth Supplemental Indenture create the valid and binding assignments and pledges which they purport to create of the amounts assigned and pledged to the Trustee under the Indenture and the Fifty-Eighth Supplemental Indenture.

Under existing law, interest on the Bonds is not includible in the gross income of the owners thereof for Federal income tax purposes. If there is continuing compliance with the requirements of the Internal Revenue Code of 1986 (the "Code"), we are of the opinion that interest on the Bonds will continue to be excluded from the gross income of the owners thereof for Federal income tax purposes. We express no opinion as to the exclusion from gross income for Federal income tax purposes of interest on any Bond for any period during which such Bond is held by a person who is a "substantial user" of the facilities financed with the proceeds of the Bonds or a "related person" (as defined in Section 147(a) of the Code). Furthermore, you are advised that interest on the Bonds constitutes an item of tax preference for purposes of computing individual and corporate alternative minimum taxable income for purposes of the individual and corporate alternative minimum tax. Interest on the Bonds is not exempt from present Illinois income taxes.

The Code contains certain requirements that must be satisfied from and after the date hereof in order to preserve the exemption from Federal income taxes of interest on the Bonds. These requirements relate to the use and investment of the proceeds of the Bonds, the payment of certain amounts to the United States of America, the security and source of payment of the Bonds and the use and tax ownership of the property financed with the proceeds of the Bonds. The City has covenanted in the Indenture to comply with these requirements.

In rendering the foregoing opinion, we advise you that the enforceability (but not the validity or binding effect) of the Bonds, the Indenture and the Fifty-Eighth Supplemental Indenture (i) may be limited by any applicable bankruptcy, insolvency or other laws affecting the rights or remedies of creditors now or hereafter in effect and (ii) is subject to principles of equity in the event that equitable remedies are sought, either in an action at law or in equity.

Respectfully yours,

LG/bc

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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 subcaption, is not, and has no relation to, the "Record Date" as defined in Appendix A — "Glossary of Terms" and used in this Official Statement.

DTC will act as securities depository for the 2016 Senior Lien Bonds. The 2016 Senior Lien 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 2016 Senior Lien Bond certificate will be issued for each maturity of each Series of the 2016 Senior Lien 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 Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of 2016 Senior Lien Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2016 Senior Lien Bonds on DTC's records. The ownership interest of each actual purchaser of each 2016 Senior Lien 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 2016 Senior Lien 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 2016 Senior Lien Bonds, except in the event that use of the book entry system for the 2016 Senior Lien Bonds is discontinued.

To facilitate subsequent transfers, all 2016 Senior Lien 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 2016 Senior Lien Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2016 Senior Lien Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2016 Senior Lien 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 2016 Senior Lien Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2016 Senior Lien Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Senior Lien Bond documents. For example, Beneficial Owners of the 2016 Senior Lien Bonds may wish to ascertain that the nominee holding the 2016 Senior Lien 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 fewer than all of the 2016 Senior Lien Bonds of a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the 2016 Senior Lien Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2016 Senior Lien 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 2016 Senior Lien Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and interest payments on the 2016 Senior Lien 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 2016 Senior Lien 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 2016 Senior Lien 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 2016 Senior Lien Bonds will be printed and delivered to DTC.

For every transfer and exchange of the 2016 Senior Lien Bonds, the Trustee and DTC and the Participants may charge the beneficial owner a sum sufficient to cover any tax, fee or other charge that may be imposed in relation thereto.

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 2016 Senior Lien Bonds, (ii) the delivery to any Participant or any other person, other than an owner, of any notice with respect to the 2016 Senior Lien 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 2016 Senior Lien Bonds.

Effect on 2016 Senior Lien Bonds of Discontinuance of Book-Entry System. The following two paragraphs apply to the 2016 Senior Lien Bonds only when they are not in the book-entry system:

The 2016 Senior Lien Bonds will be issuable as fully registered bonds in denominations that are integral multiples of $5,000. Exchanges and transfers will be made without charge to the Registered Owners, except that in each case the Trustee may require the payment by the Registered Owner requesting exchange or transfer of any tax or governmental charge required to be paid with respect thereto.

Principal of and interest on the 2016 Senior Lien Bonds will be payable upon presentation and surrender when due at the principal corporate trust office of the Trustee. Interest on the 2016 Senior Lien Bonds will be payable by check mailed to the persons in whose names they are registered at the close of business on the Record Date next preceding each Interest Payment Date. The Record Date for the 2016 Senior Lien Bonds will be the June 15 and December 15 prior to each July 1 and January 1, respectively. At the request of any Registered Owner of not less than $1,000,000 principal amount of the 2016 Senior Lien Bonds of a Series, all payments to such Registered Owner with respect to such Series of 2016 Senior Lien Bonds shall be made by wire transfer to any address in the continental United States on the applicable Payment Date, if such Registered Owner provides the Trustee with written notice of such wire transfer address prior to the applicable Record Date (which notice may provide that it will remain in effect with respect to subsequent Interest Payment Dates unless and until changed or revoked by subsequent notice).

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Appendix H

SPECIMEN BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: $_________ in aggregate principal amount of [NAME OF TRANSACTION] [and maturing on]

Effective Date: _______

Risk Premium: $_______
Member Surplus Contribution: $_______
Total Insurance Payment: $_______

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds) for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

SPECIMEN

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: ______________________________
Authorized Officer

SPECIMEN

Notices (Unless Otherwise Specified by BAM)

Email:
claims@buildamerica.com
Address:
1 World Financial Center, 27th floor
200 Liberty Street
New York, New York 10281
Telecopy:
212-962-1524 (attention: Claims)

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CITY OF CHICAGO

URBS IN HORTO

INCORPORATED 4th MARCH 1837