Department of Finance

CITY OF CHICAGO

June 28, 2017

Andrea M. Valencia 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 Refunding Bonds, Series 2017A, Series 2017B, Series 2017C and General Airport Senior Lien Revenue Bonds, Series 2017D (collectively, the "Bonds")

Dear Ms. Valencia:

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.

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Very truly yours,
Carole L. Brown Chief Financial Officer

121 NORTH LASALLE STREET, SUITE 700, CHICAGO, ILLINOIS 60602

ACKNOWLEDGMENT OF FILING

Pursuant to the foregoing CERTIFICATE PURSUANT TO BOND ORDINANCE (the "Certificate") of the Chief Financial Officer of the City of Chicago (the "City") executed and delivered in connection with the issuance by the City of $55,915,000 aggregate principal amount of the City's Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2017A (the "Series 2017A Senior Lien Bonds"), $356,385,000 aggregate principal amount of the City's Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2017B (the "Series 2017B Senior Lien Bonds"), $122,120,000 aggregate principal amount of the City's Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2017C (the "Series 2017C Senior Lien Bonds") and $278,075,000 aggregate principal amount of the City's Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2017D (together with the Series 2017A Senior Lien Bonds, the Series 2017B Senior Lien Bonds and the Series 2017C Senior Lien Bonds, the "Bonds"), the following documents have been filed in the office of the City Clerk of the City and is part of the official files and records of said office:

1. One executed copy of the Certificate;

2. One copy of the Official Statement of the City dated June 21, 2017 relating to the Bonds; and

3. One executed copy of the Contract of Purchase dated June 21, 2017 between the City and Loop Capital Markets LLC, as representative of the underwriters as listed therein, relating to the Bonds.

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IN WITNESS WHEREOF, I have hereunto affixed my signature and caused to be affixed hereto the corporate seal of the City of Chicago, Illinois this ffi-^tiay of June, 2017.

Andrea M. Valencia
City Clerk, City of Chicago

(SEAL)

[Signature Page - Acknowledgment of Filing]

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 Chief Financial Officer has determined that the Bonds (as hereinafter defined) shall be issued in an aggregate principal amount of $812,495,000 and in four series, such series to be designated (i) Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2017A in the aggregate principal amount of $55,915,000 (the "Series 2017A Senior Lien Bonds"), (ii) Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2017B in the aggregate principal amount of $356,385,000 (the "Series 2017B Senior Lien Bonds"), (iii) Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2017C in the aggregate principal amount of $122,120,000 (the "Series 2017C Senior Lien Bonds") and (iv) Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2017D in the aggregate principal amount of $278,075,000 (the "Series 2017D Senior Lien Bonds" and, together with the Series 2017A Senior Lien Bonds, the Series 2017B Senior Lien Bonds and the Series 2017C 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 hereto 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.

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 "Application of Bond Proceeds."

d) Pursuant to Part B, Article II, Section 2.6(a) and (b) of the Bond Ordinance, the Chief Financial Officer (i) 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 $925,631,483.51 (reflecting an underwriters' discount of $4,279,609.84 and a net original issue premium of $117,416,093.35), representing an aggregate purchase price for the Bonds which is not less than 85% of the principal amount of the Bonds (less any original issue discount used in the marketing of the Bonds), plus accrued interest thereon from their date to the date of delivery thereof and payment thereof and (ii) on behalf of the City has executed and delivered a Contract of

Purchase, dated June 21, 2017 between the City and Loop Capital Markets LLC, as representative of the underwriters as listed therein (the "Contract of Purchase").

e) Pursuant to Part B, Article II, Section 2.9 of the Bond Ordinance, the Chief Financial Officer of the City has executed a Defeasance Escrow Agreement with the Senior Lien Trustee for the purpose of refunding certain outstanding obligations of the City (the "Refunded Bonds") in a form substantially similar to the form of Defeasance Escrow Agreement previously used by the City for such purpose. In connection therewith, the Chief Financial Officer has determined that upon the issuance of the Bonds:

i) the City will deposit $600,903,931.20 from the proceeds of the Series 2017A Senior Lien Bonds, the Series 2017B Senior Lien Bonds and the Series 2017C Senior Lien Bonds with the Senior Lien Trustee for deposit into the account created pursuant to the Defeasance Escrow Agreement (the "Escrow Account");

ii) the City will direct the Senior Lien Trustee, by delivery of this Certificate to the Senior Lien Trustee, to transfer $14,938,925.01 of funds of the City held to secure the Refunded Bonds for deposit into the Escrow Account.

f) Pursuant to Part B, Article II, Section 2.12 of the Bond Ordinance, the Chief Financial Officer has determined that the Series 2017A Senior Lien Bonds, the Series 2017C Senior Lien Bonds and the Series 2017D Senior Lien Bonds are "Common Reserve Bonds" as defined in the related Supplemental Indentures. The Chief Financial Officer has further determined that upon the issuance of the Bonds:

i) the City will deposit $7,043,169.24 from proceeds of the Series 2017D Senior Lien Bonds into the Common Debt Service Reserve Sub-Fund established with respect to the Common Reserve Bonds, and such deposit of funds into the Common Debt Service Reserve Sub-Fund is in the best financial interests of the City; and

ii) the City will (a) deposit $11,584,798.99 from the proceeds of the Series 2017B Senior Lien Bonds to the credit of the Debt Service Reserve Account established under the Sixtieth Supplemental Indenture Securing Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2017B, dated as of June 1, 2017, between the City and the Senior Lien Trustee, providing for the issuance of the Series 2017B Senior Lien Bonds (the "2017B Debt Service Reserve Account"), and (b) direct the Senior Lien Trustee, by delivery of this Certificate to the Senior Lien Trustee, to transfer $28,638,701.71 from the debt service reserve account securing the Chicago O'Hare International Airport General Airport Third Lien Revenue Bonds, Series 2011 A, of the City, being refunded with proceeds of the Series 2017B Senior Lien Bonds for deposit to the credit of the 2017B Debt Service Reserve Account, and such deposit and such transfer of funds are in the best financial interests of the City.

g) Pursuant to Part B, Article II, Section 2.6(f) of the Bond Ordinance, the Chief Financial Officer has executed a Continuing Disclosure Undertaking, dated as of June 28, 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.

h) Pursuant to Part B, Article II, Section 2.6(c) of the Bond Ordinance, the 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 June 21, 2017 relating to the Bonds and an executed copy of the Contract of Purchase.

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IN WITNESS WHEREOF, the undersigned has hereunto subscribed her official signature this of June, 2017.

ITY OF CHICAGO
Carole L. Brown Chief Financial Officer

Certificate Pursuant to Bond Ordinance]

EXHIBIT A SCHEDULE OF MATURITIES

$55,915,000
Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2017A (Non-AMT)

Maturity (January 1)
202) 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 2033 2034 2035 2036 2037

Amount
$ 415,000
435,000 1,115,000 1,390,000 1,470,000 4,220,000 7,135,000 7,480,000 7,875,000 8,260,000 8,665,000 710,000 730,000 770,000 795,000 825,000 850,000

Interest Rate 5.000% 5.000 5.000 5.000 5.000 5.000 5.000 5.000 5.000 5.000 5.000 3.125 5.000 3.250 3.250 3.375 5.000

Price 112.502 1)5.391 117.800 119.637 121.284 122.139 122.845 121.512° 120.009c 118.989° 118.162° 98.791 116.979° 98.739 98.032 98.710 114.832°

Yield
1.340%
1.460
1.610
1.790
1.940
2.140
2.310
2.450
2.610
2.720
2.810
3.230
2.940
3.350
3.400
3.470
3.180

CUSIP
167593YR7
167593 YS5
167593 YT3
I67593YU0
167593YV8
167593YW6
167593YX4
I67593YY2

I67593YZ9
167593ZA3
167593ZB1
167593ZC9
167593ZD7
167593ZE5
167593ZF2
167593ZG0
I67593ZH8

$2,775,000; 4.000% Scries 2017A Term Bonds due January 1, 2040, Yield 3.570%; Price 103.440°; CUSIP 167593ZJ4 ᶜ Priced 10 ihe first optional redemption date of January 1, 2027.

Optional Redemption:

The 2017A 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 2017A Senior Lien Bonds of the same maturity, at a redemption price equal to the principal amount of each 2017A Senior Lien Bond to be redeemed, plus accrued interest to the date of redemption.

Mandatory Sinking Fund Redemption:

The 2017A Senior Lien Bonds maturing on January 1, 2040 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:

Amount

2038 2039 2040[T]
$890,000 925,000 960,000

[t] Maturity

A-1

$356,385,000
Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2017B (Non-AMT)

Maturity (January 1)	Amount	Interest Rate
2018	$ 100,000	5.000%
2019	400,0005.000	
2020	420,0005.000	
2021	440,0005.000	
2022	460,0005.000	
2023	485,0005.000	
2024	510,0005.000	
2025	535,0005.000	
2026	560,0005.000	
2027	590,0005.000	
2028	620,0005.000	

2029	650,0005.000
2030	685,0005.000
2031	715,0005.000
2032	755,0005.000
2033	34,820,0005.000
2034	39,915,0005.000
2035	41,915,0005.000
2036	44,010,0005.000
2037	46,210,0005.000
2038	48,525,0005.000
2039	93,065,0005.000

Price	Yield	CUSIP
102.079	0.890%	167593ZK1
105.895	1.050	167593ZL9
109.361	1.200	167593ZM7
112.502	1.340	167593ZN5
115.391	1.460	I67593ZP0
117.800	1.610	167593ZQ8
119.637	1.790	167593ZR6
121.284	1.940	167593ZS4
122.139	2.140	167593ZT2
122.845	2.310	167593ZU9
121.512°	2.450	167593ZV7
120.009°	2.610	167593ZW5
118.989°	2.720	167593ZX3
118.162°	2.810	167593ZY1
117.432°	2.890	167593ZZ8
116.979°	2.940	167593A28
116.079°	3.040	167593A36
' 115.454°	3.110	167593A44
115.098°	3.150	167593A51
114.832°	3.180	167593A69
114.656°	3.200	167593A77
114.479°	3.220	167593A85

[c] Priced to the first optional redemption date of January 1, 2027.

Optional Redemption:

The 2017B 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 2017B Senior Lien Bonds of the same maturity, at a redemption price equal to the principal amount of each 2017B Senior Lien Bond to be redeemed, plus accrued interest to the date of redemption.

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$122,120,000
Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Scries 2017C (Non-AMT)

Maturity (January 1)
2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 2033 2034 2035 2036 2037

Amount
210,000 220,000 235,000
23,250,000 4,415,000 4,635,000 4,865,000 5,110,000 5,365,000 5,630,000 5,300,000 4,065,000 4,270,000 4,480,000 4,705,000 4,895,000 5,090,000 5,295,000 5,505,000

Interest Rate 5.000% 5.000 5.000 5.000 5.000 5.000 5.000 5.000 5.000 5.000 5.000 5.000 5.000 5.000 4.000 4.000 4.000 4.000 4.000

Price 105.895 109.361 112.502 115.391 117.800 119.637 121.284 122.139 122.845 121.512c 120.009c 118.989c 118.162° 117.432c 105.589'" 105.088c 104.673° 104.343° 104.096°

Yield
1.050%
1.200
1.340
1.460
1.610
1.790
1.940
2.140
2.310
2.450
2.610
2.720
2.810
2.890
3.310
3.370
3.420
3.460
3.490

CUSIP
167593B35 167593B43 167593B50 167593B68 167593B76 167593B84 167593B92 167593C26 167593C34 167593C42 167593C59 167593C67 167593C75 167593C83 167593C91 167593 D25 167593D33 167593D41 167593D58

$6,080,000; 4.000% Series 2017C Term Bonds due January 1, 2041, Yield 3.580%; Price 103.359°; CUSIP 167593A93 $18,500,000; 5.000% Series 2017C Term Bonds due January 1, 2041, Yield 3.280%; Price 113.952°; CUSIP 167593B27 ' Priced to the first optional redemption date of January 1, 2027.

Optional Redemption:

The 2017C 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 2017C Senior Lien Bonds of the same maturity, at a redemption price equal to the principal amount of each 2017C Senior Lien Bond to be redeemed, plus accrued interest to the date of redemption.

Mandatory Sinking Fund Redemption:

The 2017C Senior Lien Bonds maturing on January 1, 2041 and bearing interest at the rate of 5.00% per annum 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:

Amount

2038 2039 2040 2041[T]
$4,295,000 4,505,000 4,730,000 4,970,000

Maturity

A-3

The 2017C Senior Lien Bonds maturing on January 1, 2041 and bearing interest at the rate of 4.00% per annum 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:

Amount

2038 2039 2040 2041[T]
$1,430,000 1,490,000 1,550,000 1,610,000

* Maturity

$278,075,000
Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2017D (AMT)

Maturity (January 1)
2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 2033 2034 2035 2036 2037

Amount
$3,930,000 4,125,000 4,335,000 4,550,000 4,775,000 5,015,000 5,265,000 5,530,000 5,805,000 6,095,000 6,400,000 6,720,000 7,060,000 7,4)0,000 7,780,000 8,170,000

Interest Rate 5.000% 5.000 5.000 5.000 5.000 5.000 5.000 5.000 5.000 5.000 5.000 5.000 5.000 5.000 5.000 5.000

Price 114.123 116.026 117.754 118.976 119.392 119.544 118.528° 117.251° 116.348° 115.454° 114.832° 114.303° 113.777° 113.340° 112.992° 112.732°

Yield
1.730%
1.920
2.070
2.240
2.460
2.660
2.770
2.910
3.010
3.110

3.180
3.240
3.300
3.350
3.390
3.420

CUSIP
167593D66 167593D74 167593D82 167593D90 167593E24 167593E32 167593E40 167593E57 167593E65 167593E73 167593E81 167593E99 167593F23 167593F31 167593F49 167593F56

$47,400,000; 5.000% Series 2017D Term Bonds due January 1, 2042, Yield 3.470%; Price 112.301°; CUSIP 167593F64 $60,500,000; 5.000%

Series 2017D Term Bonds due January 1, 2047, Yield 3.530%: Price 111.785°; CUSIP 167593F72

$77,210,000; 5.000% Series 20I7D Term Bonds due January 1, 2052, Yield 3.660%; Price 110.678°; CUSIP I67593F80

'Priced to the first optional redemption dale of January 1, 2027.

Optional Redemption:

The 2017D 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 2017D Senior Lien Bonds of the same maturity, at a redemption price equal lo the principal amount of each 2017D Senior Lien Bond to be redeemed, plus accrued interest to the date of redemption

Mandatory Sinking Fund Redemption:

The 2017D 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.

Amount

2038 2039 2040 2041 2042[T]

$ 8,580,000 9,005,000 9,460,000 9,930,000 10,425,000

Maturity

A-5

The 2017D 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	$10,950,000
2044	11,495,000
2045	12,070,000
2046	12,675,000
2047[T]	13,310,000

* Maturity

The 2017D 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	$13,975,000	
2049	14,670,000	
2050	15,405,000	
2051	16,175,000	
2051	2052T	16,985,000

Maturity

A-6

EXHIBIT B APPLICATION OF BOND PROCEEDS

Jun 21, 2017 7:35 am Prepared by Loop Capital Markets LLC

SOURCES AM) USES 01 FUNDS

City of Chicago - O'Hare International Airport General Airport Revenue Refunding and Revenue Bonds, Series 20I7ABCD FINAL PRICING As of June 20, 2017

Dated Date 06/28/2017 Delivery Date 06/28/2017

Revenue Refunding Bonds, Series 2017A (201 OA/2011C)

Revenue Refunding Bonds, Series 2017B (2011A)

Revenue Refunding Bonds, Series 2017C (201 IB)

Revenue Bonds, Series 2017D (AMT NewMoney)

Bond Proceeds: Par Amount Net Premium/OID

55,915,000.00 10,095.321.85

356,385,000.00 54,297,639.15

122,120,000.00 17,319,855.65

278,075,000.00 35,703,276.70

812,495,000.00 117,416,093.35

Other Sources of Funds: Debt Service Fund Prior DSRF

1,566,684.38 9,935,378.13 3,436,862.50
28,638,701.71
1,566,684.38 38,574,079.84 3,436,862.50

14,938,925.01 28,638,701.71 43,577,626.72

67,577,006.23 449,256,718.99 142.876,718.15 313.778,276.70 973,488,720.07

Revenue Refunding Bonds, Series 2017A (201 OA/2011C)

Revenue-Refunding Bonds, Series 2017B (2011 A)

Revenue Refunding Bonds, Scries 20I7C (201 IB)

Revenue Bonds, Series 20I7D (AMT New Money)

Project Fund Deposits:

Terminal 5 Expansion

Refunding Escrow Deposits: Cash Deposit Open Market Purchases

1,017.375.89 66,219.346.19

6,555,483.46 400,007.813.20

2,260.635.27 139.782,202.20

9,833,494.62 606,009,361.59 615,842,856.21

Other Fund Deposits:
Debt Service Reserve Fund
Capitalized Interest Fund
Common Debt Service Reserve Fund

38.038,435.19 7,043,169.24 45.081.604.43

40,223,500.70 38,038.435.19 7,043,169.24 85.305.105.13

Delivery Date Expenses: Cost of Issuance Underwriter's Discount

50,319.95 289.964.20
340.284.15

554,851.21 1,915,070.42 2,469.921.63

230,597.21 603.283.47
833,880.68

425,380.52 1,471,291.75 1,896,672.27

1,261,148.89 4,279,609.84 5,540,758.73

67,577,006.23 449.256,718.99 142,876,718.15 313,778,276.70 973,488,720.07

Notes:
Optional Redemption: January 1, 2027 @, 100
Scries 2017B Bonds treated as a seperatc issue tax purposes

S812,495,000 CITY OF CHICAGO CHICAGO O'HARE INTERNATIONAL AIRPORT

General Airport Senior Lien Revenue Refunding Bonds
$55,915,000 $356,385,000 $122,120,000
Series 2017A (Non-AMT) Scries 2017B (Non-AMT) Series 2017C (Non-AMT)

General airport Senior Lien Revenue bonds $278,075,000 Series 2017D (AMT)

CONTRACT OF PURCHASE

June 21, 2017

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

The undersigned, Loop Capital Markets 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 2017 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 noon, Chicago time, on June 21, 2017, 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 $812,495,000 aggregate principal amount of (a) Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2017A, Series 2017B and Series 2017C and (b) Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2017D (collectively, the "2017 Senior Lien Bonds"). The 2017 Senior Lien Bonds will be issued in four series:

QB\45789704.6

i) *$55,915,000 aggregate principal amount of Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2017A (Non-AMT) (the "2017A Senior Lien Bonds");*

ii) *$356,385,000 aggregate principal amount of Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2017B (Non-AMT) (the "2017B Senior Lien Bonds");*

iii) $122,120,000 aggregate principal amount of Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2017C (Non-AMT) (the "2017C Senior Lien Bonds"); and

iv) *$278,075,000 aggregate principal amount of Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2017D (AMT) (the "2017D Senior Lien Bonds").*

The 2017 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 2017 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 2017 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 2017 Senior Lien Bonds if the conditions of Closing (as defined in Section 8 hereof) are satisfied. The aggregate purchase price of the 2017 Senior Lien Bonds of $925,631,483.51 (reflecting a par value of $812,495,000 less an Underwriters' discount of $4,279,609.84 plus a net original issue premium of $117,416,093.35), consists of the purchase price for each Series of 2017 Senior Lien Bonds as set forth in Exhibit B hereto (the "Purchase Price"). The Underwriters have made on or before the date hereof, in accordance with Section 2 hereof, a bona fide public offering of all of the 2017 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, subject to the restrictions set forth in Section 2 hereof, to change such public offering prices (or yields) as the Underwriters deem necessary in connection with the marketing of the 2017 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.

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2. Establishment of Issue Price.

a) The Representative, on behalf of the Underwriters, agrees to assist the City in establishing the issue price of the Series 2017 Senior Lien Bonds and shall execute and deliver to the City and Co-Bond Counsel (as defined herein) at Closing an "issue price" or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit C, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Representative, the City and Co-Bond Counsel, to accurately reflect, as applicable, the sale price or prices or the initial offering price or prices to the public of the 2017 Senior Lien Bonds. The Underwriters acknowledge that the City and Co-Bond Counsel will rely on said certificate to establish the yield on the 2017 Senior Lien Bonds and for certain other purposes, and that such reliance is material to the City in entering into this Contract of Purchase in connection with the delivery of the 2017 Senior Lien Bonds.

b) Except as otherwise set forth in Exhibit A attached hereto, the City will treat the first price at which 10% of each maturity of the 2017 Senior Lien Bonds (the "10% test") is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test). At or promptly after the execution of this Contract of Purchase, the Representative shall report to the City the price or prices at which the Underwriters have sold to the public each maturity of 2017 Senior Lien Bonds. If at that time the 10% test has not been satisfied as to any maturity of the 2017 Senior Lien Bonds, the Representative agrees to promptly report to the City the prices at which 2017 Senior Lien Bonds of that maturity have been sold by the Underwriters to the public. That reporting obligation shall continue, whether or not the Closing Date (as hereinafter defined) has occurred, until the 10% test has been satisfied as to the 2017 Senior Lien Bonds of that maturity or until all 2017 Senior Lien Bonds of that maturity have been sold to the public.

c) The Representative confirms that the Underwriters have offered the 2017 Senior Lien Bonds to the public on or before the date of this Contract of Purchase at the offering price or prices (the ' "initial offering price"), or at the corresponding yield or yields, set forth in Exhibit A attached hereto. Exhibit A also sets forth, as of the date of this Contract of Purchase, the maturities, if any, of the 2017 Senior Lien Bonds for which the 10% test has not been satisfied and for which the City and the Representative, on behalf of the Underwriters, agree that the restrictions set forth in the next sentence shall apply, which will allow the City to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the "hold-the-offering-price rule"); such maturities are notated on Exhibit A. So long as the hold-the-offering-price rule remains applicable to any maturity of the 2017 Senior Lien Bonds, the Underwriters will neither offer nor sell unsold 2017 Senior Lien Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

1) the close of the fifth (5^{th}) business day after the sale date; or

2) the date on which the Underwriters have sold at least 10% of that maturity of the 2017 Senior Lien Bonds to the public at a price that is no higher than the initial offering price to the public.

The Representative shall promptly advise the City when the Underwriters have sold 10% of that maturity of the 2017 Senior Lien Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

The City acknowledges that, in making the representation set forth in this subsection, the Representative will rely on (i) the agreement of each Underwriter to comply with the hold-the-offering-price rule, as set forth in the AAU (as hereinafter defined) and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the 2017 Senior Lien Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an Underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the 2017 Senior Lien Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The City further acknowledges that each Underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no Underwriter shall be liable for the failure of any other Underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement, to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the 2017 Senior Lien Bonds.

d) The Representative confirms that:

i) any agreement among underwriters (including the AAU), any selling group agreement and each retail distribution agreement (to which the Representative is a party) relating to the initial sale of the 2017 Senior Lien Bonds to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold 2017 Senior Lien Bonds of each maturity allotted to it until it is notified by the Representative that either the 10% test has been satisfied as to the 2017 Senior Lien Bonds of that maturity or all 2017 Senior Lien Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Representative and as set forth in the related pricing wires, and

ii) any agreement among underwriters (including the AAU) relating to the initial sale of the 2017 Senior Lien Bonds to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the 2017 Senior Lien Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the public the unsold 2017 Senior Lien Bonds of each maturity allotted to it until it is notified by the Representative or the Underwriter that either the 10% test has been satisfied as to the 2017 Senior Lien Bonds of that maturity or all 2017 Senior Lien Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Representative or the Underwriter and as set forth in the related pricing wires.

e) The Underwriters acknowledge that sales of any 2017 Senior Lien Bonds to any person that is a related party to an Underwriter shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

i) "public" means any person other than an underwriter or a related party,

ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in

the initial sale of the 2017 Senior Lien Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the 2017 Senior Lien Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the 2017 Senior Lien Bonds to the public),

(iii) a purchaser of any of the 2017 Senior Lien Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) "sale date" means the date of execution of this Contract of Purchase by all parties.

3. 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 June 9, 2017 relating to the 2017 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 an 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 2017 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.

4. Authorization. The 2017 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 2017 Senior Lien Bonds will be issued pursuant to an ordinance adopted by the City Council of the City on

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September 14, 2016 (the "Bond Ordinance"). The 2017 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") between the City and U.S. Bank National Association, Chicago, Illinois, as successor trustee to LaSalle Bank National Association (the "Trustee"), as supplemented by the Fifty-Ninth Supplemental Indenture (the "Fifty-Ninth Supplemental Indenture"), the Sixtieth Supplemental Indenture (the "Sixtieth Supplemental Indenture"), the Sixty-First Supplemental Indenture (the "Sixty-First Supplemental Indenture") and the Sixty-Second Supplemental Indenture (the "Sixty-Second Supplemental Indenture" and collectively with the Fifty-Ninth Supplemental Indenture, the Sixtieth Supplemental Indenture and Sixty-First Supplemental Indenture, the "Supplemental Indentures"), each dated as of June 1, 2017 and each between the City and 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 2017 Senior Lien Bonds are being issued primarily to refund certain Refunded Bonds (the "Refunded Bonds") and to pay the costs of the 2017 Airport Projects, as described in the Official Statement and the respective Supplemental Indentures.

5. 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 2017 Senior Lien Bonds; to execute, deliver and comply with this Contract of Purchase, each Tax Exemption Certificate and Agreement of the City dated as of the Closing Date (collectively, the "Tax Agreements"), the Senior Lien Indenture, the Airport Use Agreements and the Continuing Disclosure Undertaking of the City relating to the 2017 Senior Lien Bonds required by Rule 15c2-12 (the "Undertaking"); and to execute and deliver the Official Statement. The execution and
. delivery of this Contract of Purchase, the Tax Agreements, the 2017 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 2017 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 and the Senior Lien Master Indenture have been, and the Supplemental Indentures, the Tax Agreements, the Undertaking, and the 2017 Senior Lien Bonds (when delivered and paid for at the Closing) shall be, duly authorized, executed, delivered and (in the case of the 2017 Senior Lien Bonds) authenticated by the Trustee and issued by the City. This Contract of Purchase, the Senior Lien Indenture, the Tax Agreements, and the Undertaking (when each is executed and delivered) and the 2017 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 2017 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 Agreements, 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 2017 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 materia] 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 2017 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 2017 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 2017 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 2017 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 2017 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 2017 Senior Lien Bonds or in any way questioning or affecting: (i) the proceedings under which the 2017 Senior Lien Bonds are to be issued; (ii) the validity or enforceability of any provision of the 2017 Senior Lien Bonds, the Senior Lien Master Indenture, the Tax Agreements, the Bond Ordinance, the Supplemental Indentures, the Airport Use Agreements, the Undertaking, or this Contract of Purchase; (iii) the 2017 Airport Projects 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

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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 2017 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 2017 Senior Lien Bonds, the Bond Ordinance, the Senior Lien Indenture, the Tax Agreements, 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 2017 Senior Lien Bonds, the Tax Agreements, 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 11 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 2017 Senior Lien Bonds and upon which said officer may be called upon to act or vote; provided, however, that nothing in this Section 5(k) shall give rise to a cause of action by the Underwriters against the City.

(1) 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 slate 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 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 2017 Senior Lien Bonds.

6. Covenants of the City. In connection with the purchase and sale of the 2017 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 2017 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 Underwriters' Counsel (as hereinafter defined) may designate in writing and (ii) determine the eligibility of the 2017 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 2017 Senior Lien Bonds for sale in any jurisdiction or the initiation or threat of any

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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 2017 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

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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 Underwriters' Counsel in writing of such event and, if such event requires, in the opinion of the City, the Representative or Underwriters' Counsel, 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 2017 Senior Lien Bonds and the Bond Ordinance conform to the descriptions thereof contained in the Official Statement under the captions "THE 2017 SENIOR LIEN BONDS" and "SECURITY FOR THE 2017 SENIOR LIEN BONDS," and the City shall apply the proceeds of the 2017 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 as 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.

7. Closing. The delivery of and payment for the 2017 Senior Lien Bonds is herein called the "Closing." The Closing shall take place on June 28, 2017 (the "Closing Date") at the offices of Chapman and Cutler LLP, 111 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 2017 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 8 hereof have been satisfied and all documents and instruments required to be delivered pursuant to Section 8(d) hereof are in form and substance satisfactory to the Representative, the Underwriters shall cause the Purchase Price for the 2017 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 2017 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 2017 Senior Lien Bonds on the Closing Date upon receipt of payment for the 2017 Senior Lien Bonds as aforesaid. In addition, the City and the Underwriters agree that there shall be a preliminary

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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 2017 Senior Lien Bonds, but neither the failure to print such number on any 2017 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 2017 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 2017 Senior Lien Bonds and the CUSIP Service Bureau charge for the assignment of such numbers shall be paid for by the Underwriters.

8. 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 2017 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 Agreements, 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 2017 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 2017 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 2017 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 2017 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

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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 2017 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 2017 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 2017 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 2017 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 6(c) hereof, which event, in the Representative's reasonable opinion, materially adversely affects the market price of the 2017 Senior Lien Bonds or makes it, in the Representative's reasonable opinion, impracticable or inadvisable to proceed with the delivery of the 2017 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, the 2017 Airport Projects or the refunding of Refunded

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Bonds, or (B) any governmental action, authorization, or funding in support of the O'Hare Modernization Program; or

ix) the ratings of the 2017 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 either rating service or either rating service shall have publicly announced that it has under surveillance or review, with possible negative implications, its rating of the 2017 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 2017 Senior Lien Bonds or make it, in the reasonable opinion of the Representative, impracticable or inadvisable to proceed with the delivery of the 2017 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 2017 Senior Lien Bonds or make it, in the reasonable opinion of the Representative, impracticable or inadvisable to proceed with the delivery of the 2017 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 the City Clerk of the City, 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 Chapman and Cutler LLP, Chicago, Illinois and Charity & Associates, P.C., 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 Underwriters, 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 2017 Senior Lien Bonds are not required to be registered under the 1933 Act, and the Bond Ordinance and the Senior Lien Indenture are not required to be qualified under 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 2017 Senior Lien Bonds has been duly authorized by the City; and

D) (1) the statements contained in the Official Statement under the captions "INTRODUCTION - AUTHORIZATION" and "-SECURITY FOR THE 2017 SENIOR LIEN BONDS" (except as such statements relate to the Airport Use Agreements, the amount of outstanding Senior Lien Bonds, the amount of outstanding PFC Obligations and the authority of the City to impose and use passenger facility charges), "-LIMITED OBLIGATIONS," "THE 2017 SENIOR LIEN BONDS (apart from the information relating to DTC and its book -entry only system)," "SECURITY FOR THE 2017 SENIOR LIEN BONDS (except as such statements relate to the authority of the City to impose and use passenger facility charges and the amount of Senior Lien Bonds additionally secured by available PFC Revenues and except for the information contained (i) under the paragraph sub-heading "-DESCRIPTION OF REVENUES- Certain Aviation Fuel Taxes Excluded From Revenues" (ii) in the second, third and fourth paragraphs under the sub-heading "-O'HARE Revenues Must Be Used For Airport Purposes," and (iii) under the subheading "AIRPORT USE AGREEMENTS"), "PLAN OF FINANCE-REFUNDING PLAN," 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," insofar as any such statements purport to describe or summarize certain provisions of the 2017 Senior Lien Bonds and the Senior Lien Indenture, are accurate summaries of such provisions in all material respects, and (2) the information in the Official Statement under the caption "TAX MATTERS" purporting to describe or summarize opinions concerning certain federal and state tax matters relating to the 2017 Senior Lien Bonds has been reviewed by such firm and is an accurate summary in all material respects.

(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:

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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 Agreements, the Senior Lien Indenture, and the Undertaking, to authorize, issue and sell the 2017 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 Agreements, 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 (where required), 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 Agreements, 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 2017 Senior Lien Bonds, the Senior Lien Indenture, the Tax Agreements, 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

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seeking to restrain or to enjoin the issuance, sale or delivery of the 2017 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 2017 Senior Lien Bonds, or in any way contesting or affecting the validity or enforceability of the 2017 Senior Lien Bonds, the Bond Ordinance, this Contract of Purchase, the Senior Lien Indenture, the Undertaking, the Airport Use Agreements or the Tax Agreements, 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 2017 Senior Lien Bonds, the Bond Ordinance, this Contract of Purchase, the Senior Lien Indenture, the Undertaking, the Airport Use Agreements or the Tax Agreements;

(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: "AIRPORT CONSULTANT," "TAX MATTERS," "UNDERWRITING," "CO-FINANCIAL ADVISORS AND INDEPENDENT REGISTERED MUNICIPAL ADVISOR," "INDEPENDENT AUDITORS," "RATINGS," or the information set forth in APPENDICES D, E, F and G;

(I I) 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 2017 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 2017 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 Thompson Cobum, LLP, Chicago, Illinois, and Sanchez

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Daniels & Hoffman, LLP, 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 caption "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.

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

A) the 2017 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 2017 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 caption "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 - OUTSTANDING INDEBTEDNESS AT O'HARE AND FUTURE FINANCINGS," "INTRODUCTION - CHICAGO O'HARE INTERNATIONAL AIRPORT," "INTRODUCTION - CAPITAL PROGRAMS," "INTRODUCTION - REGIONAL AIRPORT OVERSIGHT," "SECURITY FOR THE 2017 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," "PFC PROGRAM 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 of the Airport Consultant 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 AC TIVITY AT O'HARE," "CAPITAL PROGRAMS (but not including information under the sub-captions "-MANAGEMENT APPROACH FOR CAPITAL PROGRAMS" and "-
Federal Legislation, State Actions and Proposed South Suburban AIRPORT*')," "CERTAIN INVESTMENT CONSIDERATIONS (but not including

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information under the sub-captions "-EFFECT OF AIRLFNE BANKRUPTCY," "-Financial Condition of the City and Other Overlapping Governmental Bodies," "-Municipal Bankruptcy" "-Force Majeure Even ts Affecting the City and O'Hare," "-Enforcement actions," "-Limited Obligations," and "-Limited Liability Subordination") 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) Robert Thomas CPA, LLC (the "Verification Agent"), will deliver a verification report stating that it has verified the mathematical accuracy of certain computations relating to the sufficiency of the amounts of proceeds of the 2017A Senior Lien Bonds, the 2017B Senior Lien Bonds and the 2017C Senior Lien Bonds, in the aggregate, set aside and to be used for the redemption of the Refunded Bonds to provide for the timely payment of the principal or respective redemption prices of and interest on the Refunded Bonds on their respective maturity or redemption dates.

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

xiv) Evidence satisfactory to the Representative that the 2017 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).

xv) One counterpart original of a transcript of all documents and proceedings relating to the authorization and issuance of the 2017 Senior Lien Bonds.

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

xvii) An executed counterpart of the Tax Agreements.

xviii) *A supplemental opinion of Co-Bond Counsel, dated the dale of Closing and addressed to the Underwriters, in substantially the form attached hereto as Exhibit D.*

(xix) 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.

(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 (he 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.

9. 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 2017 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 2017 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 Section 10 hereof.

10. Expenses. The Underwriters shall be under no obligation to pay, and the City shall pay, but solely from the proceeds of the 2017 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 Agreements, the Undertaking, the

Preliminary Official Statement and the Official Statement; (ii) the cost of the preparation and printing, if any, of the 2017 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 2017 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 2017 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 2017 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 AAU 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 2017 Senior Lien Bonds; (iv) an amount, if any, required to be paid to the MSRB as its special assessment; (v) the fees and disbursements of Underwriters' Counsel; and (vi) all other expenses incurred by them or any of them in connection with their public offering and distribution of the 2017 Senior Lien Bonds.

11. Compliance with Municipal Code. The Representative understands and agrees, and, based upon the representations and warranties received by the Representative from (he other Underwriters under the Agreement Among Underwriters, dated June 16, 2017 (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 wan-ants 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 2017 Senior Lien Bonds and upon which such officer may be called upon to act or vote.

12. 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 2017 Senior Lien Bonds for sale.

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13. No Advisory or Fiduciary Role; Acknowledgements of the City. The City acknowledges and agrees that:

a) (i) the purchase and sale of the 2017 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.

b) the Representative and the City have not previously entered into any formal agreement, engagement letter or other arrangement for the retention of the Underwriters establishing the fees of the Underwriters.

14. 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 2017 Senior Lien Bonds pursuant to this Contract of Purchase, or (iii) any termination of this Contract of Purchase, other than pursuant to Section 9.

15. Compliance with MSRB Rule G-ll. In connection with the 2010 Amendment, the City has stated in the

Official Statement that "Pursuant, to the 2017 Supplemental Indentures authorizing each Series of the 2017 Senior Lien Bonds, the Owners of the 2017 Senior Lien Bonds shall be deemed to have consented to the 2010 Amendment by purchasing such 2017 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 2017 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 2017 Senior Lien Bonds, if any, that such Underwriter holds in its capacity as an underwriter as defined in Section 2(a)(l 1) of the Securities Act.

16. 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

Loop Capital Markets LLC 111 West Jackson Blvd., Suite 1901, Chicago, IL 60604, Attention: Clarence Bourne.

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

18. 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 2017 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 2017 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 2017 Senior Lien Bonds.

19. 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.

20. 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 2017 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.

21. 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.

22. 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.

23. 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 Refunding Bonds, Series 2017A, Chicago O'Hare International Airport Senior Lien Revenue Refunding Bonds, Series 2017B, Chicago O'Hare International Airport Senior Lien Revenue Refunding Bonds, Series 2017C and Chicago O'Hare International Airport Senior Lien Revenue Bonds, Series 2017D to be executed by their duly authorized representatives as of the date first above written.

Very truly yours,

LOOP CAPITAL MARKETS, LLC, for itself and on behalf of the Underwriters described in Schedule I

By:
Name: Clarence Bourne Title: Managing Director

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

CITY OF CHICAGO

Carole L. Brown Chief Financial Officer
Edward M. Burke
Chairman, Committee on Finance,
City of Chicago

SCHEDULE I TO CONTRACT OF PURCHASE UNDERWRITERS:

BOOKRUNNER:

Loop Capital Markets LLC

CO-SENIOR MANAGERS:

Citigroup Capital Markets Inc. Ramirez & Co., Inc.

CO-MANAGERS:

Cabrera Capital Markets, LLC North South Capital, LLC Valdes & Mareno, Inc.

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EXHIBIT A

$55,915,000
Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2017A (Non-AMT)

Maturity (January 1
2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 2033 2034 2035 2036 2037

Amount ; 415,000 435,000 1,115,000 1,390,000 1,470,000 4,220,000 7,135,000 7,480,000 7,875,000 8,260,000 8,665,000 710,000 730,000 770,000 795,000 825,000 850,000

Interest Rate 5.000% 5.000 5.000 5.000 5.000 5.000 5.000 5.000 5.000 5.000 5.000 3.125 5.000 3.250 3.250 3.375
.000

Price 112.502 115.391 117.800 119.637 121.284 122.139 122.845 121.512[c] 120.009[c] 118.989[c] 118.162[c] 98.791 116.979[c] 98.739 98.032 98.710 114.832[c]

Yield
1.340%
1.460
1.610
1.790
1.940
2.140
2.310
2.450
2.610
2.720
2.810
3.230
2.940
3.350
3.400-
1
3.470
180

CUSIP+
167593 YR7
167593YS5
167593YT3
167593YU0
167593YV8
167593 YW6
167593YX4
167593YY2
167593YZ9
167593ZA3
167593ZB1
167593ZC9
167593ZD7
167593ZE5
167593ZF2
167593ZG0
167593ZH8

Hold the Offering Price Rule Maturity

X

X

$2,775,000; 4.000% Series 2017A Term Bonds due January 1, 2040, Yield 3.570%; Price 103.440'; CUSIP 167593ZJ43

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

+ Copyright 2017, 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 arc being provided solely for the convenience of bondholders only at the time of issuance of the 2017 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 2017 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 2017 Senior Lien Bonds.

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$356,385,000

Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2017B (Non-AMT)

Maturity (January 1)

2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030
1 2031
2032 2033 2034 2035 2036 2037 2038 2039

Amount $ 100,000
400,000
420,000
440,000
460,000
485,000
510,000
535,000
560,000
590,000
620,000
650,000
685,000

715,000
755,000
34,820,000 39,915,000 41,915,000 44,010,000 46,210,000 48,525,000 93,065,000
Interest Rate 5.000% 5.000

Price 102.079 105.895 109.361 112.502 115.391 117.800 119.637 121.284 122.139 122.845 121.512' 120.009[c] 118.989' 118.162' 117.432[c] 116.979' 116.079' 115.454' 115.098' 114.832' 114.656' 114.479'

<u>Yield</u>
0.890%
1.050
1.200
1.340
1.460
1.610
1.790
1.940
2.140
2.310
2.450
2.610
2.720
2.810
2.890
2.940
3.040
3.110
3.150
3.180
3.200
3.220

CUSIP[+] 167593ZK1 167593ZL9 167593ZM7 167593ZN5 167593ZP0 167593ZQ8 167593ZR6 167593ZS4 167593ZT2 167593ZU9 167593ZV7 167593ZW5 167593ZX3 I67593ZY1 167593ZZ8 167593A28 167593A36 167593A44 167593A51 167593A69 167593 A77 167593 A85

'Priced to the first optional redemption date of January 1,2027.
[+] Copyright 2017, 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 2017 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 2017 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 2017 Senior Lien Bonds.

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$122,120,000

Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2017C (Non-AMT)

Maturity (January 1)
2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 2033 2034 2035 2036 2037

Amount
$ 210,000
220,000 235,000 23,250,000 4,415,000 4,635,000 4,865,000 5,110,000 5,365,000 5,630,000 5,300,000 4,065,000 4,270,000 4,480,000 4,705,000 4,895,000 5,090,000 5,295,000 5,505,000

Interest Rate 5.000% 5.000 5.000 5.000 5.000 5.000 5.000 5.000 5.000 5.000 5.000 5.000 5.000 5.000 4.000 4.000 4.000 4.000 4.000

Price 105.895 109.361 112.502 115.391 117.800 119.637 121.284 122.139 122.845 121.512° 120.009° 118.989° 118.162° 117.432° 105.589° 105.088° 104.673° 104.343° 104.096°

Yield
1.050%
1.200
1.340
1.460
1.610
1.790
1.940
2.140
2.310
2.450
2.610
2.720
2.810
2.890
3.310
3.370
3.420
3.460
3.490

CUSJP* 167593B35 167593B43 167593B50 167593B68 167593B76 167593B84 167593 B92 167593C26 167593C34 167593C42 167593C59 167593C67 167593C75 167593C83 167593C91 167593 D25 167593D33 167593D41 167593D58

$18,500,000; 5.000% Scries 2017C Term Bonds due January 1, 2041, Yield 3.280%; Price 113.952°; CUSIP 167593B27 $6,080,000; 4.000%

Series 2017C Term Bonds due January' 1, 2041, Yield 3.580%; Price 103.359°; CUSIP 167593A93

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

+ Copyright 2017, 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 arc being provided solely for (he convenience of bondholders only at the time of issuance of the 2017 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 2017 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 2017 Senior Lien Bonds.

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$278,075,000 Chicago O'Hare International Airport General Airport
Senior Lien Revenue Bonds, Scries 2017D (AMT)

Maturity (January 1)
2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 2033 2034 2035 2036 2037

Amount
$3,930,000 4,125,000 4,335,000 4,550,000 4,775,000 5,015,000 5,265,000 5,530,000 5,805,000 6,095,000 6,400,000 6,720,000 7,060,000 7,410,000 7,780,000 8,170,000
Interest Rate 5.000% 5.000 5.000 5.000 5.000 5.000 5.000 5.000 5.000 5.000 5.000 5.000 5.000 5.000 5.000 5.000

Price ' 114.123 116.026 117.754 118.976 119.392 119.544 118.528° 117.25 l° 116.348° 115.454° 114.832° 114.303° 113.777° 113.340° 112.992° 112.732°

Yield
1.730%
1.920
2.070
2.240
2.460
2.660
2.770
2.910
3.010
3.110
3.180
3.240
3.300
3.350
3.390
3.420

CUSIP" 167593D66 167593D74 167593D82 I67593D90 167593E24 167593E32 167593E40 167593E57 167593E65 167593E73 167593E81 167593E99 167593F23 167593F31 167593F49 167593F56

$47,400,000; 5.000% Series 2017D Term Bonds due January 1, 2042, Yield 3.470%; Price 112.301°; CUSIP 167593F64 $60,500,000; 5.000% Scries 2017D

Term Bonds due January 1, 2047, Yield 3.530%; Price 111.785°; CUSIP 167593F72 $77,210,000; 5.000% Scries 2017D Term Bonds due January 1, 2052, Yield 3.660%; Price 110.678°; CUSIP 167593F80

'Priced to the first optional redemption date of January 1, 2027.
+ Copyright 2017, 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 2017 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 2017 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 2017 Senior Lien Bonds.

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Optional Redemption Provisions.

2017A Senior Lien Bonds. The 2017A 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 2017A Senior Lien Bonds of the same maturity, at a redemption price equal to the principal amount of each 2017A Senior Lien Bond to be redeemed, plus accrued interest to the date of redemption.

2017B Senior Lien Bonds. The 2017B 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 2017B Senior Lien Bonds of the same maturity, at a redemption price equal to the principal amount of each 2017B Senior Lien Bond to be redeemed, plus accrued interest to the date of redemption.

2017C Senior Lien Bonds. The 2017C 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 2017C Senior Lien Bonds of the same maturity, at a redemption price equal to the principal amount of each 2017C Senior Lien Bond to be redeemed, plus accrued interest to the date of redemption.

2017D Senior Lien Bonds. The 2017D 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 2017D Senior Lien Bonds of the same maturity, at a redemption price equal to the principal amount of each 2017D Senior Lien Bond to be redeemed, plus accrued interest to the date of redemption.

Mandatory Sinking Fund Redemption Provisions.

2017A Senior Lien Bonds. The 2017A Senior Lien Bonds maturing on January 1, 2040 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	$890,000
2039	925,000
2040[f]	960,000

[f] Final Maturity

2017C Senior Lien Bonds. The 2017C Senior Lien Bonds maturing on January I, 2041 and bearing interest at the rate of 5.00% per annum 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

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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	$4,295,000
2039	4,505,000
2040	4,730,000
2041*	4,970,000

* Final Maturity

The 2017C Senior Lien Bonds maturing on January 1, 2041 and bearing interest at the rate of 4.00% per annum 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	$1,430,000
2039	1,490,000
2040	1,550,000
2041*	1,610,000

* Final Maturity

2017D Senior Lien Bonds. The 2017D 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	$8,580,000
2039	9,005,000
2040	9,460,000
2041	9,930,000
2042*	10,425,000

* Final Maturity

The 2017D 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	$10,950,000
2044	11,495,000
2045	12,070,000
2046	12,675,000
2047*	13,310,000

* Final Maturity

The 2017D 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 eacli 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	$13,975,000
2049	14,670,000
2050	15,405,000
2051	16,175,000
2052*	16,985,000

* Final Maturity

If the City redeems 2017 Senior Lien Bonds subject to mandatory redemption pursuant to optional redemption or purchases 2017 Senior Lien Bonds subject to mandatory redemption and cancels the same, then an amount equal to the principal amount of 2017 Senior Lien Bonds of such Series and maturity so redeemed or purchased shall be deducted from the mandatory redemption requirements as provided for such 2017 Senior Lien Bonds of such Series and maturity in such order as the Chief Financial Officer of the City shall determine.

Redemption Procedures. Notice of redemption of the 2017 Senior Lien Bonds identifying the 2017 Senior Lien Bonds or portions thereof to be redeemed, and 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 (in the case of an optional redemption) is conditioned upon sufficient moneys being available on the redemption date (or any other condition), shall be given by the Trustee by mailing a copy of such redemption notice, not less than 30 days nor more than 60 days prior to the date fixed for redemption, to the Registered Owner of each such 2017 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 2017 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 2017 Senior Lien Bond or any defect therein shall not affect the validity of the proceedings for such redemption of such 2017 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 2017 Senior Lien Bond receives the notice.

If a 2017 Senior Lien Bond is of a denomination larger than $5,000, all or a portion of such 2017 Senior Lien Bond (in a denomination of $5,000 or any integral multiple thereof) may be redeemed, but such 2017 Senior Lien Bond shall be redeemed only in a principal amount equal to $5,000 or any integral multiple thereof. Upon surrender of any 2017 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 2017 Senior Lien Bond or 2017 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 2017 Senior Lien Bond surrendered.

If fewer than all of the 2017 Senior Lien Bonds of the same Series, maturity and interest rate are called for redemption, such 2017 Senior Lien Bonds (or portions thereof) to be redeemed shall be selected by lot by the Trustee (except at any time when such 2017 Senior Lien Bonds are held in a book-entry system, in which case selection of such 2017 Senior Lien Bonds to be redeemed will be in accordance with procedures established by the book-entry depository).

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EXHIBIT B

S55,915,000 City of Chicago Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2017A (Non-AMT)

Par Amount

Plus Net Premium

Less Underwriters' Discount

Purchase Price

$55,915,000.00 10,095,321.85 289,964.20 $65.720.357.65

$356,385,000 City of Chicago Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2017B (Non-AMT)

Purchase Price

Par Amount	$356,385,000.00
Plus Premium	54,297,639.15

Less Underwriters' Discount	1,915,070.42
Purchase Price	$408,767.568.73

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QB\45789704.6

$122,120,000 City of Chicago Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Scries 2017C (Non-AMT)

Par Amount Plus Premium

Less Underwriters' Discount Purchase Price

$122,120,000.00 17,319,855.65 603,283.47 $138.836.572.18

$278,075,000 City of Chicago Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Scries 2017D (AMT)

Purchase Price

Par Amount Plus Premium

Less Underwriters' Discount Purchase Price

$278,075,000.00 35,703,276.70 1,471,291.75

$3_.L2L3J6,9_84,9_5_

QB\45789704.6

EXHIBIT C

ISSUE PRICE CERTIFICATE OF THE UNDERWRITER

The undersigned, on behalf of Loop Capital Markets LLC ("Loop Capital Markets" or the "Representative"), Citigroup Capital Markets Inc., Ramirez & Company, Inc. Cabrera Capital Markets, LLC, North South Capital, LLC and Valdes & Mareno, Inc. (together, with the Representative, the "Underwriting Group"), hereby certifies as set forth below with respect to the sale and issuance of the $55,915,000 Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2017A (the "Series 2017A Bonds"), the $356,385,000 Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2017B (the "Series 2011B Bonds"), the $122,120,000 Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2017C (the "Series 2017C Bonds") and the $278,075,000 Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2017D (the "Series 2017D Bonds" and, together with the Series 2017A Bonds, the Series 2017B Bonds and the Series 2017C Bonds, the "Bonds").

I. General

On June 21, 2017 (the "Sale Date"), the Underwriting Group and the City of Chicago (the "City") executed a contract of purchase (the "Contract of Purchase ") in connection with the Bonds. The Underwriting Group has not modified the Contract of Purchase since its execution on the Sale Date.

II. Sale of the Bonds

1. As of the date of this Certificate, for each of the General Rule Maturities, the first price at which at least ten percent (10%) of such Maturity of the Bonds was sold to the Public is the respective price listed in Column D of Appendix A.

III. Initial Offering Price - Price-Hold Maturities

a) *The Underwriting Group offered the Bonds to the Public for purchase at the respective initial offering price for such Maturity listed in Column E ofAppendixA (the "Initial Offering Price") on or before the Sale Date. A copy of the pricing wires or equivalent communication for the Bonds is attached to this certificate as Appendix B.*

b) As set forth in the Contract of Purchase, Loop Capital Markets and the other members of the Underwriting

Group agreed in writing that, (i) for each of the 2033 and 2037 Maturities of the Scries 2017A Bonds, they would neither offer nor sell any of the Series 2017A Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "hold-the-price rule"), and (ii) any selling group agreement would contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement would contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. [If Holding Period Ends prior to Closing i.e., 10% test met at or below initial offering price:] No Underwriter has offered or sold any Maturity of the Price-

Hold Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period. [If Holding Period Ends at the Close of Business on the Closing Date:] As of the date of this Certificate, no Underwriter has offered or sold any Maturity of the Price-Hold Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds. The Holding Period does not end until the close of business on the date hereof. The Representative will provide a post-closing certification that no Underwriter has offered or sold any Maturity of the Price-Hold Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

IV. Credit

1. The Common Debt Service Reserve Sub-Fund created or maintained in connection with the Series 20I7A Bonds, Series 2017C Bonds and Series 2017D Bonds is of the size and type that is customarily required in financings of the size and nature of the Series 2017A Bonds, Series 2017C Bonds and Series 2017D Bonds. Such a requirement provides the holders of the Series 2017A Bonds, Series 2017C Bonds and Series 2017D Bonds some measure of protection and work-out time should the City encounter financial difficulties. The failure to provide for this fund at its current size would materially adversely affect the interest rates or Yields at which the Series 2017A Bonds, Series 2017C Bonds and Series 2017D Bonds could be sold.

2. The Debt Service Reserve Account created or maintained in connection with the Series 2017B Bonds is of the size and type that is customarily required in financings of the size and nature of the Series 2017B Bonds. Such a requirement provides the holders of the Series 2017B Bonds some measure of protection and work-out time should the City encounter financial difficulties. The failure to provide for this fund at its current size would materially adversely affect the interest rates or Yields at which the Series 2017B Bonds could be sold.

V. Weighted Average Maturity

1. The weighted average maturity of the Series 2017D Bonds does not exceed years.

VI. Defined Terms

General Rule Maturities means all Maturities of the Bonds other than the Price-Hold Maturities.

Holding Period means, with respect to a Price-Hold Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which the Underwriters have sold at least 10% of such Price-Hold Maturity to the Public at prices that are no higher than the Initial Offering Price for such Price-Hold Maturity.

Maturity means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

Price-Hold Maturities means the 2033 and 2037 Maturities of the Series 2017A Bonds and marked in Column A of Appendix A.

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Public means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter.

A person is a "Related Party" to an Underwriter if the Underwriter and the person are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

Underwriter means (i) the members of the Underwriting Group and any other person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

Capitalized terms not defined herein shall have the same meanings as in the Tax Exemption Certificates and Agreements for the Bonds, to which this Certificate is attached.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Representative's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the City with respect to certain of the representations set forth in the Tax Exemption Certificates and Agreements executed in connection with the issuance of the Bonds and with respect to compliance with the federal income tax rules affecting the Bonds, and by Chapman and Cutler LLP and Charity & Associates, P.C. in connection with rendering its opinions that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of Internal Revenue Service Forms 8038 and 8038-G, and other federal income tax advice it may give to the City from time to time relating to the Bonds.

DATED: June 28, 2017

Loop Capital Markets LLC as Represen tative of the Underwriting Group

By Its

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appendix a
Sale Prices of General Rule Maturities and Initial Offering Prices of
Price Hold Maturities

(A) Price Hold Maturity if Marked "X"

(Q

Series 2017A Bonds

(D)

(E)

First Sale of 10% to Public Price

Principal Interest

(F)

Initial Offering Price

(G)

Total Dollar Price Based on lower of First Sale Price or

1/1/21 1/1/22 1/1/23 1/1/24 1/1/25 1/1/26 1/1/27 1/1/28 1/1/29 1/1/30 1/1/31 1/1/32 1/1/33 1/1/34 1/1/35 1/1/36 1/1/37 1/1/38 1/1/39 1/1/40

415,000 435,000 1,115,000 l,390,000i 1,470,000 4,220,000 7,135,000 7,480,000 7,875,000 8,260,000 8,665,000 710,000 730,000 770,000 795,000 825,000 850,000 890,000 925,000 960,000 55,915,000

5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 3.13 5.00' 3.25 3.25 3.38 5.00 4.00 4.00 4.00

112.5020 115.3910 117.8000 119.6370 121.2840. 122.1390 122.8450 121.5120 120.0090 118.9890 118.1620 98.7910

98.0320 98.7100

103.4400 103.4400 103.4400

466,883.30 501,950.85 1,313,470.00 1,662,954.30 1,782,874.80 5,154,265.80 8,764,990.75 9,089,097.60 9,450,708.75 9,828,491.40 10,238,737.30 701,416.10 [853,946.70] 760,290.30 779,354.40 814,357.50 [976,072.00] 920,616.00 956,820.00 993,024.00 [66,010,321.85]

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Series 2017B Bonds

(A) (B)

Price Hold Maturity if
Marked "X" Maturity

1/1/18 1/1/19 1/1/20 1/1/21 1/1/22 1/1/23 1/1/24 1/1/25
1/1/26 1/1/27 1/1/28 1/1/29 1/1/30 1/1/31 1/1/32 1/1/33
1/1/34 1/1/35 1/1/36 1/1/37 1/1/38 1/1/39

Total

(C)

Principal Amount ($)

100,000 400,000 420,000 440,000 460,000 485,000 510,000 535,000 560,000 590,000 620,000 650,000 685,000 715,000 755,000 34,820,000 39,915,000 41,915,000 44,010,000 46,210,000 48,525,000 93,065,000 356,385,000

(D)

Interest Rate(%)

5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00

(E)

First Sale of 10% to Public Price (% of Par)

102.079 105.895 109.361 112.502 115.391 117.800 119.637 121.284 122.139 122.845 121.512 120.009 118.989 118.162 I 17.432 116.979 116.079 115.454 115.098 114.832 114.656 114.479

(F)

Dollar Price

102,079.00 423,580.00 459,316.20 495,008.80 530,798.60 571,330.00 610,148.70 648,869.40 683,978.40 724,785.50 753,374.40 780,058.50 815,074.65 844,858.30 886,611.60 40,732,087.80 46,332,932.85 48,392,544.10 50,654,629.80 53,063,867.20 55,636,824.00 106,539,881.35 410,682,639.15

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Series 2017C Bonds

(A) (B) (C) (D) (E) (F)

Firs t Sale of
Price Hold
l o% to Public
Maturity if Principal In terest Price Dollar
Marked "X" Maturity Amount ($) Rate (%) (% of Par") Price

1/1/19210,0005.00105.895	222,379.50
1/1/20220,0005.00109.361	240,594.20
1/1/21235,0005.00 '112.502	264,379.70
1/1/2223,250,0005.001 15.391	26,828,407.50
1/1/234,415,0005.00117.8	5,200,870.00
1/1/244,635,0005.00119.637	5,545,174.95
1/1/254,865,0005.00121.284	5,900,466.60
1/1/265,110,0005.00122.139	6,241,302.90
1/1/275,365,0005.00122.845	6,590,634.25
1/1/285,630,0005.00121.512	6,841,125.60
1/1/295,300,0005.00120.009	6,360,477.00
1/1/304,065,0005.00118.989	4,836,902.85
1/1/314,270,0005.00118.162	5,045,517.40
1/1/324,480,0005.00117.432	5,260,953.60
1/1/334,705,0004.00105.589	4,967,962.45
1/1/344,895,0004.00105.088	5,144,057.60
1/1/355,090,0004.00104.673	5,327,855.70
1/1/365,295,0004.00104.343	5,524,961.85
1/1/375,505,0004.00104.096	5,730,484.80
1/1/4118,500,0005.00113.952	21,081,120.00

1/1/2041 6,080,000 4.00
103.359 6,284,227.20

Total	122,120,000	139,439,855.65

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Series 2017D Bonds

(A)

(B)

Price Hold Maturity if Marked "X" Maturity

(C)

Principal Amount ($)

(D)

Interest Rate(%)

(E)

First Sale of 10% to Public Price (% of par)

1/1/22 1/1/23 1/1/24 1/1/25 1/1/26 1/1/27 1/1/28 1/1/29 1/1/30 1/1/31 1/1/32 1/1/33 1/1/34 1/1/35 1/1/36 1/1/37 1/1/42 1/1/47 1/1/52

3,930,000 4,125,000 4,335,000 4,550,000 4,775,000 5,015,000 5,265,000 5,530,000 5,805,000 6,095,000 6,400,000 6,720,000 7,060,000 7,410,000 7,780,000 8,170,000 47,400,000 60,500,000 77,210,000 278,075,000

5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00

1 14.123 1 16.026 117.754 118.976 1 19.392 119.544 118.528 117.251 116.348 115.454 114.832 114.303 113.777 113.34 112.992 112.732 112.301 111.785 110.678
4,485,033.90 4,786,072.50 5,104,635.90 5,413,408.00 5,700,968.00 5,995,131.60 6,240,499.20 6,483,980.30 6,754,001.40 7,036,921.30 7,349,248.00 7,681,161.60 8,032,656.20 8;398,494.00 8,790,777.60 9,210,204.40 53,230,674.00 67,629,925.00 85,454,483.80 313,778,276.70

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Appendix Ii

Pricing Wires or Equivalent Communication

App. 13-1

EXHIBIT D

SUPPLEMENTAL OPINION OF CO-BOND COUNSEL

[Date oflssuance of Bonds]

Loop Capital Markets LLC
Chicago, Illinois
as Representative of the Underwriters named in the Contract of Purchase
described below (the "Underwriters")

City of Chicago
121 North LaSalle Street, 7th Floor
Chicago, Illinois 60602

Re: City of Chicago
Chicago O'Hare International Airport
General Airport Senior Lien Revenue Refunding Bonds,
$55,915,000 Series 2017A
$356,385,000 Series 2017B
$122,120,000 Series 2017C

$278,075,000 General Airport Senior Lien Revenue Bonds, Series 2017D
(collectively, the "Bonds")

Ladies and Gentlemen:

We have on this date delivered to the City of Chicago (the "City ") our approving opinions (the "Approving Opinions") in connection with the issuance by the City of the above-referenced obligations (collectively, the "Bonds"). The Bonds have been delivered this date to the Underwriters in the four Scries described above pursuant to the terms of the Contract of Purchase dated June 21, 2017, between the City and the Underwriters (the "Contract of Purchase"). Capitalized terms used herein without definition shall have the meanings ascribed to such terms in the hereinafter defined Official Statement.

Based upon our examination as Bond Counsel of the proceedings described in the Approving Opinions and our examination of such documents and questions of law as we have deemed relevant in connection with the offering and sale of the Bonds under the circumstances described in the Official Statement dated June 21, 2017 (the "Official Statement"), we are of the opinion that:

1. Pursuant to an ordinance adopted by the City Council on the 14th day of September, 2016, authorizing the issuance of the Bonds (the "Bond Ordinance"), the City has duly authorized, executed and delivered the Contract of Purchase and the Undertaking,

and, assuming the due authorization, execution and delivery by the Underwriters of the Contract of Purchase and the binding effect of the Contract of Purchase on the Underwriters, each of the Contract of Purchase and the Undertaking constitutes a legal, valid and binding obligation of the City, enforceable against the City in accordance with its respective terms, except that the enforceability of the Contract of Purchase and the Undertaking may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

2. Under existing law, the Bonds arc not required to be registered under the Securities Act of 1933, as amended, and the Bond Ordinance and the Senior Lien Indenture are not required to be qualified under the Trust Indenture Act of 1939, as amended.

3. Pursuant to the Bond Ordinance, the City has duly authorized (i) the delivery of the Preliminary Official Statement, (ii) the execution and delivery of the Official Statement and (iii) the use and distribution by the Underwriters of the Preliminary Official Statement and the Official Statement in connection with the sale of the Bonds.

4. The statements contained in the Official Statement under the captions "Introduction - Authorization," "-Security for the 2017 Senior Lien Bonds" (except as such statements relate to the Airport Use Agreements, the amount of outstanding Senior Lien Bonds, the amount of outstanding PFC Obligations and the authority of the City to impose and use passenger facility charges) and "-Limited OBLIGATIONS," "THE 2017

SENIOR LIEN BONDS" (apart from the information relating to DTC and its book-entry only ' system), "SECURITY FOR THE 2017 SENIOR LIEN BONDS" (except as such statements relate to the authority of the City to impose and use passenger facility charges and the amount of Senior Lien Bonds additionally secured by available PFC Revenues and except for the information contained (i) under the paragraph sub-heading "-DESCRIPTION OF REVENUES-Certain Aviation Fuel Taxes Excluded From Revenues," (ii) in the second, third and fourth paragraphs under the sub-heading "-O'HARE REVENUES MUST BE USED FOR AIRPORT PURPOSES," and (iii) under the sub-heading "AIRPORT USE AGREEMENTS"), "PLAN OF Finance-Refunding Plan," 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," insofar as any such statements purport to describe or summarize certain provisions of the 2017 Senior Lien Bonds and the Senior Lien Indenture, are accurate summaries of such provisions in all material respects, and (2) the information in the Official Statement under the caption "Tax MATTERS" purporting to describe or summarize opinions concerning certain federal and state tax matters relating to the 2017 Senior Lien Bonds has been reviewed by us and is an accurate summary in all material respects

Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion, and is not a guarantee of a result. This opinion is

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given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

We enclose copies of the Approving Opinions, dated the date hereof, as to the validity of the Bonds and the exclusion of interest on the Bonds from the gross income of the owners thereof for federal income tax purposes. The Underwriters are entitled to rely on the Approving Opinions as though the Approving Opinions were addressed to them, subject to the following matters, which by acceptance of this letter and the accompanying Approving Opinions the Underwriters recognize and acknowledge: (1) that we have not been engaged to act, and have not acted, as the Underwriters' counsel for any purpose in connection with the issuance of the Bonds; (2) that no attorney-client relationship exists or has at any time existed between our firm and the Underwriters by virtue of the delivery of the Approving Opinions or this opinion; and (3) that the Approving Opinions are based upon our review of proceedings and other documents undertaken as part of our engagement as bond counsel to the City, and in order to deliver this opinion we neither undertook any duties or responsibilities to the Underwriters nor conducted any activities in addition to those undertaken or conducted for the benefit of, and requested by, the City. Consequently, we make no representation that our review has been adequate for the Underwriters' purposes.

This opinion is furnished by us as Bond Counsel to the City. This opinion is solely for the benefit of the Underwriters and the City and may not be used, quoted, relied upon or otherwise referred to for any other purpose or by any other person (including any person purchasing any of the Bonds from the Underwriters) without our prior written consent.

Very truly yours,

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RATINGS: SEE "RATINGS" HEREIN

Subject to compliance by the City with, curtain covenants, in the respective opinions of Chairman and Cutler LLP, Chicago, Illinois, and Charity & Associates, P.C., Chicago, Illinois, Co-Bond Counsel, wider present law, (i) interest, on the 2017A Senior Lien Bonds, S017B Senior Lien Bonds and 20I7C Senior Lien Bonds is excludable from, gross income of the owners thereof for federal, income tax purposes and is not included as an item of lax preference in computing the federal alternative minimum tax for individuals and corporations and (ii) interest on the 2017D Senior Lien Bonds is excludable from gross income of the owners thereof for federal income tax purposes, except firr interest on any 20171) Senior Lien. Bond for any period during which such. 2017D Senior Lien Bond is owned by a person who is a substantial user of the facilit ies financed thereby or any person considered to be related to such person ('within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended), but such interest is included as an item of tax preference in computing the federal alternative minimum tat: for individuals and corporations. Interest on the 2017 Senior Lien Bonds is not exempt from present Stale of Illinois income taxes. See "TAXMATTERS"herein for a more complete discussion.

$812,495,000 CITY OF CHICAGO Chicago O'Hare International Airport

General Airport Senior Lien Revenue Refunding Bonds

$55,915,000 $356,385,000 $122,120,000

Series 2017A (Non-AMT) Series 2017B (Non-AMT) Series 2017C (Non-AMT)

General Airport Senior Lien Revenue Bonds $278,075,000

Series 2017D (AMT)

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

The 2017 Senior lien Bonds (as herein defined) 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 Revenues with the City's Outstanding Senior Lien Bonds (as herein defined) and such other Senior Lien Obligations (as herein defined) as may be outstanding from time to time, as more fully described herein. Debt service on the 2017B Senior Lien Bonds will also be payable from and secured by a subordinate pledge of PFC Revenues (as herein defined), including moneys to be withdrawn from the PFC Capital Fund (as herein defined). The claim of the 2017B 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 2017. SENIOR LIEN BONDS." Debt service on the 2017C Senior Lien Bonds will also be payable from and secured by a pledge of Grant Receipts (as herein defined) to be deposited into the 2017C Senior Lien Bond Grant Receipts Deposit Account and the 2017C Senior Lien Bond Grant Receipts Disbursement Account (each as herein defined) (the "2017C Pledged Other Available Moneys"). The 2017A Senior Lien Bonds and the 2017D Senior Lien Bonds will not be secured by PFC Revenues or Grant Receipts. See "THE 2017 SENIOR LIEN BONDS" and "SECURITY FOR THE 2017 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 2017 Senior Lien Bonds.

The 2017 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 2017 Senior Lien Bonds. Purchasers of the 2017 Senior Lien Bonds will not receive certificates representing their interests in the 2017 Senior Lien Bonds purchased. Ownership by the beneficial owners of the 2017 Senior lien Bonds will be evidenced by book entry only. Principal of and interest on the 2017 Senior lien Bonds will be paid by U.S. Bank National Association, Chicago, Illinois, as trustee for the 2017 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 2017 Senior Lien Bonds. As long as Cede & Co. is the registered owner as nominee of DTC, payments on the 2017 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 2017 Senior Lien Bonds is payable on January 1 and July 1 of each year commencing January 1,2018. The 2017 Senior Lien Bonds are subject to redemption prior to maturity in the manner and at the times set forth herein. See "THE 2017 SENIOR LIEN BONDS-Redemption Provisions."

The City will use the proceeds from the sale of the 2017A Senior Lien Bonds, 2017B Senior Lien Bonds and 2017C Senior Lien Bonds (collectively the "2017 Senior Lien Refunding Bonds"), together with other available funds, to: (i) refund certain outstanding Senior Lien Bonds (the "Refunded Bonds," as herein defined), (ii) fund the related Reserve Requirement (as herein defined) for certain Series of the 2017 Senior Lien Refunding Bonds and (iii) pay costs and expenses incidental thereto and to the issuance of each Series of the 2017 Senior lien Refunding Bonds. The City will use the proceeds from the sale of the 2017D Senior lien Bonds, together with other available funds, to: (i) pay the costs of the 2017 Airport Projects (as herein defined), (ii) fund the related Reserve Requirement for the 2017D Senior Lien Bonds, (iii) capitalize a portion of the interest on the 2017D Senior Lien Bonds, and (iv) pay costs and expenses incidental thereto and to the issuance of the 2017D Senior Lien Bonds. See "PLAN OF FINANCE" and "SOURCES AND USES OF FUNDS" herein.

For a discussion of certain investment considerations associated with the purchase of the 2017 Senior lien Bonds, see "CERTAIN INVESTMENT CONSIDERATIONS."

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

The 2017 Senior Lien Bonds are offered when, as and if issued by the City and accepted by the Underwriters (as herein defined) subject to the approval of their validity by Chapman and Cutler LLP, Chicago, Illinois, and Charity & Associates, P.C., Chicago, Illinois, Co Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the City by (i) its Corporation Counsel and (ii) in connection with the preparation of this Official Statement, Thompson Coburn LLP, Chicago, Illinois, and Sanchez Daniels & Hoffman LU, Chicago, Illinois, Co-Disclosure Counsel to the City. Certain legal matters will be passed upon for the Underwriters by Quarles & Brady LLP, Chicago, Illinois. It. is expected that delivery of the 2017 Senior Lien Bonds in book entry form will be made through the facilities of DTC on or about June 28, 2017.

Loop Capital Markets

Citigroup **Ramirez & Co., Inc.**

Cabrera Capital Markets, LLC **North South Capital, LLC** **Valdes & Moreno Inc.**

Dated June 21, 2017

Maturities, Amounts, Interest Rates, Prices, Yields and CUSIP + Numbers

City of Chicago Chicago O'Hare International airport

$55,915,000
General Airport Senior Lien Revenue Refunding Bonds, Series 2017A (Non-AMT)

Maturity (January 0

Interest Rate

2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 2033 2034 2035 2036 2037
$ 415,000 435,000 1,115,000 1,390,000 1,470,000 4,220,000 7,135,000 7,480,000 7,875,000 8,260,000 8,665,000 710,000 730,000 770,000 795,000 825,000 850,000

5.000%
5.000
5.000
5.000
5.000
5.000
5.000
5.000
5.000
5.000
5.000
3.125
5.000
3.250
3.250
3.375

5.000
112.502 115.391 117.800 119.637 121.284 122.139 122.845 121.512 c 120.009 c; 118.989 c 118.162 c 98.791 116.979 c 98.739 98.032 98.710 114.832 c
1.340%
1.460
1.610
1.790
1.940
2.140
2.310
2.450
2.610
2.720
2.810
3.230
2.940
3.350
3.400
3.470
3.180
167593 YR7
167593 YS5
167593YT3
167593 YU0
167593YV8
167593YW6
167593YX4
167593 YY2
167593 YZ9
167593ZA3
167593ZB1
167593ZC9
167593ZD7
167593ZE5
167593ZF2
167593ZG0
167593ZH8

$2,775,000 4.000% Series 2017A Term Bonds due January 1, 2040, Price 103.440 c: Yield 3.570%; CUSIP 167593ZJ4

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

+ Copyright 2016, American Bankers Association. CUSrP 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 2017 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 2017 Senior Lien Bonds as a result of various subsequent actions including, but not limited to, a refiinding 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 2017

Senior Lien Bonds.

City ok Chicago Chicago O'Hark International Airport

$356,385,000
General Airport Senior Lien Revenue Refunding Bonds, Series 2017B (Non-AMT)

Maturity (January I)	Amount	Interest Rati:	Price	Yield	CUSIP'
2018	S 100,000	5.000%	102.079	0.890% 167593ZK1	
2019	400,000	5.000	105.895	1.050167593ZL9	
2020	420,000	5.000	109.361	1.200167593ZM7	
2021	440,000	5.000	112.502	1.340167593ZN5	
2022	460,000	5.000	115.391	1.460167593ZP0	
2023	485,000	5.000	117.800	1.610167593ZQ8	
2024	510,000	5.000	119.637	1.790167593ZR6	
2025	535,000	5.000	121.284	1.940167593ZS4	
2026	560,000	5.000	122.139	2.140167593ZT2	
2027	590,000	5.000	122.845	2.310167593ZU9	
2028	620,000	5.000	121.512[c]	2.450	167593ZV7
2029	650,000	5.000	120.0092.610167593ZW5		
2030	685,000	5.000	118.989[(:]	2.720	167593ZX3
2031	715,000	5.000	118.162[c]	2.810	167593ZY1
2032	755,000	5.000	117:432[c]	2.890	167593ZZ8
2033	34,820,000	5.000	116.979[c]	2.940	167593A28
2034	39,915,000	5.000	116.079[c]	3.040	167593A36
2035	41,915,000	5.000	115.454[c]	3.110	167593A44
2036	44,010,000	5.000	115.098[c]	3.150	167593A51
2037	46,210,000	5.000	114.832[c !]	3.180	167593A69
2038	48,525,000	5.000	114.656[c]	3.200	167593A77
2039	93,065,000	5.000	114.479[c]	3.220	167593 A85

[c] 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 2017 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 2017 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 2017 Senior Lien Bonds.

City of Chicago Chicago O'Hare In ternational Airport

General Airport Senior Lien Revenue Refunding Bonds, Series 2017C (Non-AMT)

Maturity (Januaryi)

Interest' Rath

2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 •2031 •2032 2033 2034 /2035-.2036 2037
S 210,000 . 220,000 •235,000
23,250,000 4,415,000 4;63 5,000 4;865,000 5,110,000 5,365,000 5,63.0,000 5,300,000 4,065,000 4,270,000 4,480,000 4,705,000 4,895,000 5,090,000 5,295,000 5,505,000
5.000% 5.000 5.000 5.000 5.000 5.000 5.000 5.000 5.000 •5.000 5.000 5.000 5.000 5.000 4.000 4.000 4.000 4.000 4.000
105.895 109.361 112.502 115.391 117.800 119.637 121.284 122.139 122.845 121.512 c 120.009 c 118.989 c 118.162c 117.432 c 105.589 c 105.088° 104.673 c 104.343 c 104.096 c
1.050%, 1.200 1.340 1.460 1.610 .1.790 1:940 2.140 2.310 •2:450 2.610 ■2,720 2.810 2.890 . 3:3 10 •3:370 • ^3:420 • !3:460 ;3.490
167593B35
167593B43
167593B50
167593 B68.
167593B76
167593B84
167593B92
167593C26
167593C34
167593C42
167593C59
167593C67
167593C75
167593C83
167593C91
167593 D25
167593D33
167593D41
167593D58

$6,080,000 4:000% Scricsi2017C Term BondsdueManuary 1, 2041, Price 103.359c; Yield3.580%; CUSIP 167593A93

$18,500,000 5.000% Scries 20I7C Term Bonds due January 1, 2041, Price 113.952 c; Yield 3.280%; CUSIP 167593B27

[c] Priced to the January 1, 2027 optional redemption.datc;, .

[4]: Copyright.2016, American Bankers, Association, CUSIP data herein arc provided by Standard &;Poor's, CUSIP Service Bureau, a,division.of The. McGraw-Hill Companies, .Inc. • ThejCUSIP numbers list.cd-abo.vc>are being.provided solely, for the convenience of.bondholders only.-at.the time,of issuance.of the 201.7 Senior Lien,Bonds ;and thc Gity 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 2017 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 2017 Senior Lien Bonds.

City of Chicago Chicago O'Hare International Airport

$278,075,000
General Airport Senior Lien Revenue Bonds, Series 2017D
(AMT)

Maturity (January 1)

Interest Rate

2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 2033 2034 2035 2036 "2037-
S 3,93 0,000 4,125,000 4,335,000 4,550,000 4,775,000 5,015,000 5,265,000 5,530,000 5,805,000 6,095,000 6,400,000 6,720,000 7,060,000 7,410,000 7,780,000 8,170,000
5.000%
5.000
5.000
5.000
5.000
5.000
5.000
5.000
5.000
5.000
5.000
5.000
5.000
5.000
5.000
5.000
114.123 116.026 117.754 118.976 119.392 119.544 118.528 c 117.251 c 116.348 c 115.454 c 114.832c 114.303 c 113.777 c 113.340° 112.992 c U2.732c
1.730%,
1.920
2.070
2.240
2.460
2.660
2.770
2.910
3.010
3.110
3.180
3.240
3.300
3.350
3.390

3.420
167593D66 167593D74 167593D82 167593 D90 167593E24 167593 E32 167593 E40 167593E57 167593E65 167593E73 167593E81 167593E99 167593F23 167593F31 167593F49 167593F56

$47,400,000 5.000% Series 2017D Term Bonds due January 1, 2042, Price 112.301 [c]; Yield 3.470%; CUSIP 167593F64 $60,500,000 5.000% Series 2017D Term Bonds due January 1, 2047, Price 111.785 [c]; Yield 3.530%; CUSIP 167593F72 $77,210,000 5.000% Series 2017D Term Bonds due January 1, 2052, Price 110.678 [c]; Yield 3.660%; CUSIP 167593F80

[c] 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 2017 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 2017 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 2017 Senior Lien Bonds.

Regarding riik Use of This Oh iciai. 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 (acts and circumstances of this transaction, but (he Underwriters do not guarantee the accuracy or completeness of such information.

This Official Statement is being used in connection with the sale of the 201 7 Senior Lien Bonds and may not be reproduced or used, in whole or in pari, 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 lo 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 lo herein, reference should <http://should> .be <http://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 staled, 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.

No dealer, broker, sales representative or any other person hits 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 ot.her_tha.n 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 2017 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 to7cHange withourhotice 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 thaLmay.have been made verbally or in.writing; js to be construed as a contract with the registered or beneficial owners of the 2017 Senior Lien, Bonds. ,' . .' "*

Certain persons participating in this offering may engage in transactions that maintain or otherwise affect the price of the 2017 Senior Lien Bonos. Specifically, t he Underwriters may overallot in connection with the Offering, and may bid for, and purchase, the 2017 Senior Lien Bonds in the open market. The prices and other terms respecting the Offering and sale of the 2017 Senior Lien Bonds may be changed from time to time by the Underwri ters after the 2017 Senior Lien Bonds are released for sale, and the 2017 Senior Lien Bonds may be offered and sold at prices other than t he Initial Offering Prices, including sales to dealers who may sell the 2017 senior llen bonds into investment accounts.

Cn v oi Chicago

Chicago O'Hare International Airport

Mayor
Rahm Emanuel

City Treasurer

Kurt A. Summers, Jr.

City Clerk

Andrea M. Valencia

City Council Committee on Finance Edward M. Burke, Chairman

Chief Financial Officer

Carole L. Brown

City Comptroller
Erin Keanc

Budget Director
Alexandra Holt

Corporation Counsel Edward N. Siskcl, Esq.

Department of Aviation
Ginger S. Evans, Commissioner

Co-Bond Counsel Chapman and Cutler LLP Charity & Associates, P.C.

Co-Disclosure Counsel Thompson Coburn LLP Sanchez Daniels & Hoffman LLP

Airport Consultant Ricondo & Associates, Inc.

Co-Financial Advisors
PFM Financial Advisors LLC D+G Consulting Group, LLC

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Official Statement

$812,495,000 City of Chicago Chicago O'Hare International airport

General Airport Senior Lien Revenue Refunding Bonds

$55,915,000 $356,385,000 $122,120,000
Series 2017A (Non-AMT) Series 2017B (Non-AMT) Scries 2017C (Non-AMT)

General Airport Senior Lien Revenue Bonds $278,075,000 Series 2017D (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 $55,915,000 aggregate principal amount Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2017A (the "2017A Senior Lien Bonds"), its $356,385,000 aggregate principal amount Chicago O'Hare International Airport General Airport Senior'Lien Revenue Refunding Bonds, Scries 2017B (the "2017B Senior Lien Bonds"), its $122,120,000 aggregate principal amount Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2017C (the "2017C Senior Lien Bonds"), and its $278,075,000 aggregate principal amount Chicago O'Hare International Airport General Airport

Senior Lien Revenue Bonds, Series 2017D (the "2017D Senior Ljen Bonds"). The 2017A Senior Lien Bonds, the 2017B Senior Lien Bonds and the 2017C Senior Lien Bonds are referred to collectively herein as the "2017 Senior Lien Refunding Bonds." The 2017 Senior, Lien Refunding Bonds and the 2017D Senior.Lien Bonds are referred to collectively herein as the "2017 Senior Lien Bonds." Certain other capitalized terms used in this Official Statement,, unless otherwise defined herein, arc defined in APPENDIX A - "GLOSSARY OF TERMS."

Authorization

The 2017 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 2017 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. ,2017 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 (as amended and supplemented from time to time, the "Senior Lien Indenture") between the City and U.S. Bank National Association, Chicago, Illinois, as successor trustee to LaSalle Bank National Association (the "Trustee"), as supplemented by the Fifty-Ninth Supplemental Indenture (the "Fifty-Ninth Supplemental Indenture"), the Sixtieth Supplemental Indenture (the "Sixtieth Supplemental Indenture"), the Sixty-First Supplemental Indenture (the "Sixty-First Supplemental Indenture") and the Sixty-Second Supplemental Indenture (the "Sixty-Second Supplemental Indenture", and collectively with the Fifty-Ninth Supplemental Indenture, Sixtieth Supplemental-Indenture and Sixty-First Supplemental Indenture, the "2017 Supplemental Indentures" and each a "2017 Supplemental Indenture") each dated as of June 1, 2017 and each between the City and the Trustee.

The Senior Lien Indenture grants to the Trustee a first lien on and pledge of Revenues (as herein defined) derived from the operation of Chicago O'Hare International Airport ("O'Hare") to secure, on a parity basis, (i) the 2017 Senior Lien Bonds which are described in this Official Statement, (ii) all of the issued and Outstanding Senior Lien Bonds (as herein defined) and (iii) any other Senior Lien Obligations (as herein defined) issued by the City in accordance with the Senior Lien Indenture. The terms "Revenues," "Senior Lien Obligations" and "Outstanding Senior Lien Obligations" are more fully

described and defined under the heading "SECURITY FOR THE 2017 SENIOR LIEN BONDS." The
City currently has Outstanding Senior Lien Bonds in the aggregate principal amount of $7,280,425,000 (which amount includes the Refunded Bonds (as herein defined) that together with the 2017 Senior Lien Bonds, arc collectively referred to herein as the "Senior Lien Bonds").

Each Supplemental Indenture and the related Scries of 2017 Senior Lien Bonds is described

Supplemental Indenture Fifty-Ninth Supplemental Indenture Sixtieth Supplemental Indenture Sixty-First Supplemental Indenture Sixty-Second Supplemental Indenture

Related 2017 Senior Lien Bonds

2017A Senior Lien Bonds 2017B Senior Lien Bonds 2017C Senior Lien Bonds 2017D Senior Lien Bonds

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

Purpose ' . '

BONDS TO BE

'" . The City will use the proceeds from the sale of the 2017 Senior Lien Refunding Bonds, together

.with other available funds, to: (i) refund the outstanding Senior.Lien'Bonds' of the City described in

Appendix H hereto (thei "Refunded Bonds"),'(H) 'furid the Related Reserve Requirement (as herein defined)

for the 2017B Senior Lien Bonds,, 'and'(iii)'pay costs and'expehses' incidental .'thereto, and to the issuance

of each Senes'of !&c' :i2oTfi!SeniOT 'Wen v$efuffl Sec APPENDIX H^,-
MFUNDED"r for additional infonfiation on the Refuridof Bonds/ ' ' ' i; ııJ> '
available fu'n'ds,[1] to: (i) pay'the" costs df the'2017'Aifpo'rf'Pr6jccts (as'herein 'defined), (ii) fund'the relat Rese'rve -'Re'quirem'e'nt for 'trie 20I!7D'J Senior' Liien[5] 'Bonds;[1] '(iii): capitalize a • portion[f] of the 'iritef est' On' i
*90170 Qpnirvr T if*n Rnnrlc anrl (\|r| nav r»r|cic Qnrl f»vnpnc^c iri^i!r^i»rirci1 ^tYi(*r'(*\r|^rirl'r/S fhp^ iceiidinh pirSf i*

The[r]City'will usetheprocecds from the sale o'fth'e 2017D'; Senior Lieri'BohrJs, together with other

the 2017D Senior Lien Bonds, and (iv) pay costs and expenses incidentalHheVeto'an'd[5] tb" the issuance of the 2017D Senior Lien Bonds. See "PLAN OF FINANCE," "SOURCES AND USES OF FUNDS" and "CAPITAL PROGRAMS" herein

"Securityf6Tthe"2017:Se1^^ ':"-"'i -"Ji ■■' " : ' '-:"

The 2017 Senior Lien Bonds and the interest thereon will' be limited;[f]pbiigations of the City payable frbrh':ahd secured by a pledge'of Revenues derived frorn the operation'of O'Hare arid'will be secured on a parity basis as to Rev'enueVwith the City's! Outstanding -Senior --Lien 'Bonds and 'such' other Senior Lien Obligations' -as 'may -b'c! feu'tsfahdrng' from' 'time' tp/t iHi.c, 'as more'fuUy'descnbed'rieremV^ l!';: "

The Revenues are substantially derived from'payments of rentals; fees and charges made pursuant to[1]'the' Airport'Use Agreements (as herein defihed)[r]by thc: "Airline Parties"' that'use O'Hare'[1]'arid are signatories'to::siich-' 'Airport' UsfAgfeemeritsV See[5]'" "SECURITY;[1] FOR THE!!2017[1] SENIOR' LIEN BONDS-Aif port:(Use Agreements" for- a[1]'discussion'-of the current expiration'of'such agreements' - on May 11, 20i8[i]ahd the City's covenant' to continue! to"c'dllcct rentals', rates and 'other charges'from the airlines using O'Hare. See also APPENDIX C - "SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT'USE AGREEMENTS "' The Senior LienIndcriture:provides[1] that'ttieVCity may pledge certain "Other Available Revenues" (as defined in the Senior Lien Indenture) to pay debt service ori: a Series of Senior Lien Bonds. The City has pledged Other Available Revenues to pay certain maturities of certain Series of Outstanding Senior Lien Bonds.

In addition to the Revenues, debt service oil the 2017B Senior Lien Bonds is payable from and secured by a pledge of Other Available' Revenues consisting[1] of a siibbrdiriate pledge of all[1] revenue received by the City from the passenger facility charges imposed by the'City at O'Hare ("PFC Revenues"

as more fully described and defined under the heading "SECURITY FOR THE 2017 SENIOR LIEN BONDS-Dcscription of PFC Revenues and 2017B Pledged PFC Revenues-'). In addition to the Revenues, debt service on the 2017C Senior Lien Bonds is payable from and secured by a pledge of Other Available Revenues consisting of receipts from certain federal grants for O'Hare ("Grant Receipts" as more fully described and defined under the heading "SECURITY FOR THE 2017 SENIOR LIEN BONDS - Description of Grant Receipts and 2017C Pledged Other Available Moneys"). The 2017A Senior Lien Bonds and the 2017D Senior Lien Bonds will not be secured by PFC Revenues or Grant Receipts. See "SECURITY FOR THE 2017 SENIOR LIEN BONDS."

The following sets forth the pledged security under the Indenture for each Series of 2017 Senior Lien Bonds:

Series of 2017 Senior Lien Bonds

Series 2017A Series 2017B Series 2017C Series 2017D

Pledged Security

Revenues Revenues and PFC Revenues Revenues and Grant Receipts

Revenues

Limited Obligations

The 2017 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 2017 Senior Lien Bonds. The 2017 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 2017 Senior Lien Bonds.

Outstanding Indebtedness at O'I-Iare and Future Financings

The City has financed capital improvements at O'Hare through various sources including City financings. The City has issued obligations secured by Revenues, including the Outstanding Senior Lien Obligations secured by Revenues on a senior lien basis, and Chicago O'Hare International Airport Commercial Paper Notes ("Commercial Paper Notes") and Chicago O'Hare International Airport Line of Credit Agreement Notes ("Credit Agreement Notes") both secured by Revenues on a junior lien basis. Certain of the Outstanding Senior Lien Obligations are secured by revenue sources which are separate and apart from Revenues, such as PFC Revenues'and Grant Receipts. In addition, the City has issued PFC Obligations (as herein defined) secured by PFC Revenues, 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 "OUTSTANDING INDEBTEDNESS AT O'HARE" and APPENDIX D - "AUDITED FINANCIAL STATEMENTS-Note 4."

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

3

Chicago O'Hare International Airpor t

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 2016, O'Hare ranked second worldwide and second in the United States in total aircraft operations, and sixth worldwide and third in the United States in terms of total passengers. According to the Chicago Department of Aviation ("CDA"), O'Hare had approximately 70.0 million total enplaned and deplaned passengers in 2014, approximately 76.9 million in 2015, and approximately 78.0 million in 2016. United Airlines and American Airlines each maintain a hub at O'Hare. United Airlines (including its regional affiliates) operated 531 daily departures from O'Hare as of May 2017 and accounted for 44.2* percent of the enplaned passengers at O'Hare in 2016. American Airlines (including US Airways with which American Airlines merged in 2015 and their regional affiliates) operated 440 daily departures from O'Hare as of May 2017 and accounted for 35.8* percent of the enplaned passengers at O'Hare in 2016. For additional information regarding O'Hare, sec "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 that are collectively referrpd to herein as the

"Capital Programs." The Capital Programs include: (i) the O'Hare Modernization Program ("OMP") Airfi.eld,Projects;:(ii) the 5-year ,(2017^2021). Capital Improvement Program ("201 7t.202 1 CIP") including the- .Terminali5 Expansion, (as herein .defined),-the: Multimodal;FaciljryH(as/jh'crein;defined) .andipngping repair, and maintenance projects; and (iii) other recently, announced\Capital Programs;described;therein; including ,the Concourse L Extension, the Hotel: Development and ,the-, Terminal/Area Plan , ("TAP"). These Capital Programs and; their funding, are..: described . herein < and r:in. the. Report of the, Airport Consultant ,, See '[CAPITAL PROGRAMS" and APPENDIX E^REPORT, OV THE AIRPORT CONSULTANT." m i ■■<:r.:>? \ .■v^:; -.

Regional Airport Oversight : >: . : : • • < ■ - ■■

j.-ThCiCity.operates,O'Hare-and Chicago Midway InternationaLjAirpprti^^Midway") -through the CDAi as iseparate: andjdistinct enterprises ,fqr.financial.purposes. ;
secured 'by any revenues generated, or-property located,.at Midway..; See "CHICAGO .O'HARE IN TERNATIONAL AIRPOR1-Other Commercial Service Airports ;Serving the Chicago.Region"
herein,:.On. April.15,,, 1.995vthe.-iCity ;and the City of.Gary,;.Indiana:entered into.the/Cpmpaet (as herein defined) >yjth respect-to,. the .relationshipr^mong^OIHare^'Midway, .Merrill_..Gt,(Meigs;Fieldt. - 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 2017 Senior Lien Bonds may not be suitable for all investors. Prospective .purchasers of the 2017 Senior Lien Bonds should read this entire Official Statement for details of the 2017 Senior Lien Bonds,.the,use ofithe.proceeds pf.the 2017. 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 '; ;\.

** Market shares based on the twelve months ending October 2016, the latest'period for "which United States Department of Transportation ("U.S. DOT") data are available.* ' '

t Meigs Field was closed in March 2003.

4

REPORT" OF THE AIRPORT CONSULTANT

The Letter of the Airport Consultant dated June 9, 2017 (the "Airport Consultant's Letter") prepared by Ricondo & Associates, Inc., the City's airport consultant (the "Airport Consultant"), updates certain information previously prepared by the Airport Consultant as part of its November 18, 2016 report incorporated in the Airport Consultant's Letter (such report and the Airport Consultant's Letter are collectively referred to herein as the "Report of the Airport Consultant"). The Report of the Airport Consultant is attached hereto as APPENDIX E. The Report of the Airport Consultant is described more fully under the caption "AIRPORT CONSULTANT" herein. The Report of the Airport Consultant provides certain information with respect to O'Hare and the Capital Programs, evaluates aviation activity at

O'Hare and presents the analysis undertaken by the Airport Consultant to demonstrate the ability of the City to comply with the requirements of the Senior Lien Indenture on a pro forma basis for Fiscal Years 2017 through 2025 based on the assumptions set forth therein (the "Projections"). The final maturity date of each Series of the 2017 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 arc likely to be differences between projections and actual results, which differences could be material. See APPENDIX E - "REPORT OF THE AIRPORT CONSULTANT."

Regarding Use of the Official Statement

Forward-Looking Statements. All statements other than statements of historical facts included in this Official Statement are forward-looking statements, including, without limitation: (a) statements concerning projections of future passenger activity at O'Hare and of future financial performance at O'Hare (see APPENDIX E - "REPORT OF THE AIRPORT CONSULTANT "), (b) statements of the plans and objectives of the City in relation to the Capital Programs (sec "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 arc 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

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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 2017 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 arc defined as set forth in APPENDIX A/ AH references to the 2017 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 entirelyby references to-the definitive forms of the agreement or document:

The 2017 Senior Lien Bonds

General - . . ,- ■ ...

: The.2()17,Scnior Lien.Bonds will mature on.Janu.ary, 1. of thciycars and in the.amounts,shown on the .inside, front, cover pages hereof and :wiU be dated.,as of their .date of delivery. ,.iThe,.20.17 Senior Lien B.oridSjwiIl bear .a fixed rate of interest until their final > maturity or earlier, redemption, at .the^rratcs-jper annum set forth on the inside front. cover..pages.; hcreof.:1'Interest on the Senior Lien, Bonds is payable ..on January 1 and July 1 of each year commencing January 1, 2018.

The 2017 Senior Lien Bonds will be subject to redemption as described below under "Redemption.Provisions." • i-

. , , .. The 2017 Senior Lien Bonds; will be .issued only as fully registered bonds.,MThe,,201.7, Senior, Lien Bonds will be issued in denominations jthat are>integral multiples.of $5,000. Thc-201.7 Senior Lien Bonds willibe initially registered through a book-entry, only system, opera ted by The Depository Trust Company, New (York,-New York ("DTC"): Details';;of/payments ;of the 2017 Senior. iLien .Bonds] when :in;the book-entry..form and the book.entiy.only, system-are desm^
BOOK-ENTRY ONLY SYSTEM.". Except as .described in APPENDIX G; beneficial owners of the 2017 Senior Lien Bonds will not receive or have. ;the f right;ttp ijrcceiy.etphysical -delivery!'ofj2Q 1 (7*;Senior Lien Bonds, and will not be or be considered under the Senior Lien Indenture to be the Registered Owners thereof.. Accordingly, beneficialiowners;must!rely;upon'(i),therprocedures of,D.TC,an'd, if such beneficiaLownerJsinot a DTC Participantj/the DTC'Participant who.-will .act on behalfiof,-such: beneficial ownerr-to; receive r notices and; payments • of principal ,and. interest <on- the.. -201-7 Senior, iLien Bonds :and- to exercise.voting .rights, and-(ii)ithe-: records<ofjREG-andjMifsuch b.eneficial;Owneriis not a-D/TG-Participant; such:beneficial owner's DTC .Participant,- to. evidence: its beneficial ownership of 2017 Senior/Lien' Bonds. Asjlong as DTC or its nominee: is the.Registered Owner; of 2017 Senior Lien Bonds, refercnees herein to Bondholders or Registered Owners :of such 2017 Senior Lien Bonds shall mean DTC,or its nominee and shall :nbt mean the beneficial owners of such 2017 Senior Lien Bonds. :

REDEM.PTJON;PROVISIONS -.:■;-.■ : ...fii ; .

Optional.Redemption Provisions. . . ;. .,.

' 2017A Senior Lien Bonds. The 2017A Senior Lien Bonds maturing on and after January 1, 202.8j arc 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 b.y.lot.for. 2017A Senior Lien Bonds of the same maturity, at a redemption price, equal to the principal .amount, of each 2017A Senior Lien Bond to be redeemed,, plus accrued interest to the date of redemption. .

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2017B Senior Lien Bonds. The 2017B 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 2017B Senior Lien Bonds of the same maturity, at a redemption price equal to the principal amount of each 2017B Senior Lien Bond to be redeemed, plus accrued interest to the date of redemption.

2017C Senior Lien Bonds. The 2017C 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 lime, and if in part, from such maturities as the City shall determine and by lot for 2017C Senior Lien Bonds of the same maturity, at a redemption price equal to the principal amount of each 2017C Senior Lien Bond to be redeemed, plus accrued interest to the date of redemption.

2017D Senior Lien Bonds. The 2017D 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 2017D Senior Lien Bonds of (he same maturity, at a redemption price equal to the principal amount of each 2017D Senior Lien Bond to be redeemed, plus accrued interest to the date of redemption.

Mandatory Sinking Fund Redemption Provisions.

2017A Senior Lien Bonds. The 2017A Senior Lien Bonds maturing on January 1, 2040 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	$890,000
2039	925,000
2040[t]	960,000

[f] Maturity

2017C Senior Lien Bonds. The 2017C Senior Lien Bonds maturing on January 1, 2041 and bearing interest at the rate of 5.00% per annum arc 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	$4,295,000
2039	4,505,000
2040	4,730,000
2041[T]	4,970,000

[t] Maturity

The 2017C Senior Lien Bonds maturing on January 1, 2041 and bearing interest at the rate of 4.00% per annum arc 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 lo the date of redemption:

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Year	Amount
2038	Si,430,000

2039	1,490,000
2040	1,550,000
2040	204 T1,610,000

[1] Maturit"

2017D Senior Lien Bonds. The 2017D Senior Lien Bonds maturing on'January 1, 2042 are subject lo mandatory redemption; in part and by lot, by the application of Sinking Fund Payments on January I 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;	■ $8,580,000
2039	9,005,000
2040	9,460,000
2041	9,930,000
2042[f]	10,425,000; t-T;

Maturity

trie 2017D Senior Lien" Bonds' maturing on January "!, 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	$10,950,000
2044	11,495,000
2045	12,070,000
2046	VJ 2;675f000 '
2047*	13,310,000

+ Maturity

The 2017D Senior Lien Bonds maturing on January 1, 2052' are subject tb mandatory redemption, in part and by lot, by the application of Sinking,Eund 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	' $13,975',000
2049	14,670,000
2050	15,405,000
2051/- ,	16,175,000: i --i
*2052**	*16.985,000* [1]

t Maturity

If the City redeems 2017 Senior Lien Bonds subject to mandatory redemption pursuant to optional redemption or

purchases 2017 Senior Lien Bonds subject to mandatory redemption and cancels
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the same, then an amount equal to the principal amount of 2017 Senior Lien Bonds of such Series and maturity so redeemed or purchased shall be deducted from the mandatory redemption requirements as provided for such 2017 Senior Lien Bonds of such Series and maturity in such order as the Chief Financial Officer of the City shall determine.

Redemption Procedures. Notice of redemption of the 2017 Senior Lien Bonds identifying the 2017 Senior Lien Bonds or portions thereof to be redeemed, and 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 (in the case of an optional redemption) is conditioned upon sufficient moneys being available on the redemption date (or any other condition), shall be given by the Trustee by mailing a copy of such redemption notice, not less than 30 days nor more than 60 days prior to the date fixed for redemption, to the Registered Owner of each such 2017 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 SI,000,000 of 2017 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 2017 Senior Lien Bond or any defect therein shall not affect the validity of the proceedings for such redemption of such 2017 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 2017 Senior Lien Bond receives the notice.

If a 2017 Senior Lien Bond is of a denomination larger than $5,000, all or a portion of such 2017 Senior Lien Bond (in a denomination of $5,000 or any integral multiple thereof) may be redeemed, but such 2017 Senior Lien Bond shall be redeemed only in a principal amount equal to $5,000 or any integral multiple thereof. Upon surrender of any 2017 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 2017 Senior Lien Bond or 2017 Senior Lien Bonds of the same Series, maturity arid interest rate and of authorized denominations, in aggregate principal amount equal to the unredeemed portion of the 2017 Senior Lien Bond surrendered.

If fewer than all of the 2017 Senior Lien Bonds of the same Scries, maturity and interest rate are called for redemption, such 2017 Senior Lien Bonds (or portions thereof) to be redeemed shall be selected by lot by the Trustee (except at any time when such 2017 Senior Lien Bonds are held in a book-entry system, in which case selection of such 2017 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-"DESCRIPTlON OF BOOK-ENTRY ONLY SYSTEM."

Security for the 2017 Senior Lien Bonds

General

Overview. The 2017 Senior Lien Bonds and the interest thereon arc limited obligations of the City payable from and secured by a pledge of Revenues derived from the operations of O'Hare and certain funds, sub-funds and accounts maintained under the Senior Lien Indenture and do not constitute an indebtedness or a loan of credit of the City within the meaning of any constitutional or statutory limitation, and neither the faith and credit nor the taxing power of the State of Illinois, the City or any other political subdivision of the State of Illinois is pledged to the'payment of the principal of, prcrniufn, if any, or interest on the 2017 Senior Lien Bonds. The 2017 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 2017 Senior Lien Bonds.

As described below, the claim of the holders of the Senior Lien Obligations, including holders of the 2017 Senior Lien Bonds, to Revenues of O'Hare is a first lien on and pledge of such Revenues and is senior to the claim of any Junior Lien Obligations. The 2017 Senior Lien Bonds are secured on a parity basis with the City's Outstanding Senior Lien Obligations. Subject to certain conditions set forth in the Senior Lien indenture, the City may issue additional Senior Lien Bonds (the "Additional Senior Lien Bonds") or incur other Senior Lien Obligations that will be secured on a parity basis with the 2017 Senior Lien Bonds and the City's other Senior Lien Obligations. See "OUTSTANDING INDEBTEDNESS AT O'HARE-Airport Obligations-/.v.viffl#ict' of Additional Airport Obligations" and "CAPITAL PROGRAMS."

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

"Senior Lien Obligations" means the 2017 Senior Lien Bonds,; all .Outstanding Senior Lien Bonds, and other, obligations of the City payable from Revenues,, other than Junior Lien Obligations, including any obligations of the City under a Qualified Senior Lien Swap.Agreement and obligations incurred. by:the-City .to reimburse the issuers of any-letters.of credit or bond purchase, agreements securing one or more Scries of Senior Lien Bonds.

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

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

,, ., The Senior Lien Indenture provides .that in addi.tjon.to_ <http://addi.tjon.to_>. the, .Reyenues^emor, (L>ien. Bonds. may.^be

secured by and payable from. "Pledged ..Other. Available Moneys", pledged to.the payment thereof under

the Supplemental IndehtTjrc securing such Series.p .... :; i... .

.,, iJffJ7A.,Senior,Lien-. 'Bands..,,Thc 20.17A Senior Lien.. Bonds wili be payable solely from,and

secured by a pledge of Revenues. lf> ... , ., : r,..- ..... r........ :.... ..;,..,«•,.

, 2017B.Senior,Lien Bonds. , The 2017B Senior Lien Bonds will be,payable.from and,sccured by j(i). a .pledge; ©. ({Revenues..and- (ii j.-Pledged Other, Available. Moneys .consistingj.o.f a subordinate pledge; of PFC Revenues; including moneys to bewithdrawn:from.trie.PEC.Capital Fund (as herein .defined);.(the "2017B PI edged (PFC, Revenues"). The^annual^amount.pf the.2bl7B^Eiedged.PF,C Revenues may be less "than tn^pfihcipal~ah3~interest due on the 2017B Senior.Lien Bonds and, if so. the difference .will be paid from Revenues. The application of 2017B Pledged PFC Revenues to the payment of principal and interest on thei20.17B-Senior .Lien Bonds wijl reduce the- amount of principal and, interest .expense,, otherwise payable from Airport Fees and Charges payable by the/Aiffine-Partiesj-See^'^Elpw the 2017B Senior Lien PFC Revenue Deposit Account" below.

2017C Senior Lien Bonds. The 2017C Senior Lien Bonds will be payable from and secured by (i) a pledge of Revenues and (ii) Pledged Other Available Moneys consisting of a pledge of Grant Receipts (the "2017C Pledged Other Available Moneys"). The annual amount of the 2017C Pledged Other Available .Moneys is expected to.be.less than, the principal and ..interest due. on the 20.17C Senior Lien.Bonds and the difference will be paid from Revenues. The application of 20.17C Pledged Other Available, Moneys,to the. payment of principal, and interest,on,the 2017C.Senior Lien Bonds, will reduce the amount of principal,and interest expense, otherwise payable from, Airport Fees and Charges payablejby the Airline Parties. See "Description of .Grant Receipts, and 2017C. Pledged, Other Available Moneys^ below, and "CERTAIN INVESTM discussion of.the terms and conditions of the Grant Letter .of Intent (as definedI'herein), which currently extends through Federal Fiscal Year

2020, which is prior, to. the, final, maturity, of the. 2017C Senior .Lien Bonds. See "-Flow of Funds-Creation of the 2017C Senior Lien Grant Receipts Account," below.

■ 2Q17D .Senior Lien Bonds. The 2Q17D Senior Lien Bonds will-be ..payable solely, from and secured by a pledge of Revenues.

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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 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 properly; and (ix) unless otherwise provided in a Supplemental Indenture, any Released Revenues.

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

Fora 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 bc 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.

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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, from and after 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 (the "Transition Date"), the Airport Genera! 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 lo O'Hare, unless the City contests them in good faith, all to.the cnd 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, agreementsrwith the Federal Aviation Administration ("FAA"), to use all revenues generated at O'Hare, including,all;Reycnues:, for the capital or operating costs of O'Flare, the local airport system, or other local facilities which arc owned or operated by. the Cityjand directly and'substantially related to the air transportation of passengers or property.

.-... Anydiversion;by the City of revenues generated;.at OJHare, including Rcvenues-,,in< violation, of "federal, law i or ..the City's >grant.,assurances,- would .subject ther.Gity.topotcntial, enforcement, actions;by.rthe FAA,! including: (i) <withholding,Airport Improvement Program ;(\AIP"),grant ,fundsj-approval of ALP grant applications, modifications of <existing ALP, grants and approval of applications to < impose and use PFCs;> and/or,'(ii) assessment of a- civil <penalty for;unlawful revenue, diversion iof up to-.$50,00Q; and/or (iii) seeking ^judicial .-.enforcement- for 'violation i p£;any rgrantj assurance;; and/6'r.(iv) assessment! ofia iciyil penalty,up itb/.thrcc? times ,thej amount ;.of thc.:diyerted)revenue;; and/or (yi)'.assessment, of,-interest oro the amount of diverted revenue; and/ori(yi) withholding any-amountTrom-funds othcrwisefavailable: toithe City from the;U.S. DOT,-, including funds for other transportation;projects;,such as, transit,or multimodal proj ects;; rand/or (yii) .exercise by, the iFAA. ofiits .right of .reverter and, > on-behalf of;, the; United States; taking title ;toall or any. partof federal, property interests previously :conveyed>by;.;theifedcraligoyernment to the City. ■ ,-. ■_.■'(•,[;■

>; •»,•! In;addition,.any;diversion .by the;City.'of^revenues generated at O'Hare,,including Revenues, in violation t.ofrithe City's .grant^assurances; ,or- federal, law may/ result, in- ;a-default, iundcr >the, Senior-;Lien ln'denmfe,>whi'ch, updn becoming? an Event'of:D.efault:under;the>Seni'o'r ʳL'ien Indenture; could result imthe exercise by the Trustee rof i the remedies;-under the Senior-Lien Indenture.' See "APPENDIX : Bf SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE-Remedies."

Description, of'PFC Revenues and 2.017B Pledged PFC Revenues> s

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 "RFC Act," the "PFC Regulations," the, "PFC Approvals" (as :such: !terms...are defined.:be.Iow ;and under .the heading-"PFC, PROGRAM AT O'-HARE") j.andban Ordinance adopted by the City Council:.of,•thejiC.ity,,on January ;12; 1993,(each such.passenger facility charge referred to as .a "PFC,",and collectively, the "BFCs'% including any -interest earned, thereon after such revenue ,has been,remitted to the City as provided in the-PFC Regulations. As of May 3, 2017, the City has authority from, the FAA to impose.and use PFCs pf$4i_50 per. eligible; enplaned passenger, up, to an aggregate total of $6.93 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 ' herein for a more detailed discussion of O'Hare's PFC program and the City's-PFC Program Authority.

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

The PFC Indenture provides for PFC Revenues to be applied to fund debt service and other required deposits to secure PFC Obligations and Subordinate Obligations prior to funding the PFC Capital Fund. Amounts in the PFC Capital Fund may be used by the City for any lawful purposes as shall be, authorized by the FAA and permitted by the PFC Act, the PFC Regulations and the PFC Approvals. See "-Certain Provisions of the PFC Indenture" for a more detailed discussion of the flow of funds under'the PFC Indenture. The Sixtieth Supplemental Indenture provides for the draw of the 2017B Pledged PFC Revenues from the Capital Fund under the PFC Indenture. See "-Flow of Funds" below.

The pledge of PFC Revenues and moneys in the PFC Capital Fund as the source of the 2017B Pledged PFC Revenues is on a parity lien basis and is subject to (i) the prior and superior pledge of.and lien on the PFC Revenues and the moneys in the PFC Capital Fund as security for the payment of PFC Obligations secured under the PFC Master Indenture; (ii) the payments by the City to fund the costs of certain capital projects at the Chicago/Gary International Airport from PFC Revenues pursuant to the Compact between the City and the City of Gary dated April 15, 1995 Relating to the Establishment of the Chicago Gary Regional Airport Authority (the "Compact"); (iii) the parity pledge of and lien on the PFC Revenues and the moneys in the PFC Capital Fund as security for the payment of the Senior Lien Obligations of the City issued or secured under the (A) Thirty-Sixth Supplemental Indenture, including the outstanding Chicago O'Hare International Airport General Airport Third Lien Revenue Bonds, Series 2010F, (B) Thirty-Eighth Supplemental Indenture, including the outstanding Chicago O'Hare International Airport General Airport Third Lien Revenue Bonds, Series 2011 A, (C) Fifty-Fourth Supplemental Indenture, including the outstanding Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2016C, and (D) Fifty-Seventh Supplemental Indenture, including the outstanding Chicago O'Hare International Airport General Airport Senior Lien,Revenue Bonds, Series 2016F; (iv) the City's right to issue additional Senior Lien Obligations that are also secured by PFC Revenues, including moneys to be withdrawn from the PFC Capital Fund, on a parity with the Bonds and (v) the City's

right to issue Subordinated PFC Obligations that are secured by a pledge of arid lien on the PFC Revenues and the moneys in the PFC Capital Fund that is superior to the pledge and lien created by the Sixtieth Supplemental Indenture. See "OUTSTANDING INDEBTEDNESS AT O'HARE-Airport PFC Obligations" for a discussion of outstanding indebtedness of the City payable from and secured by PFC Revenues. See also "-Flow of Funds" below, "-Certain Provisions of the PFC Indenture," below and APPENDIX B - "SUMMARY OF CERTAIN PROVISIONS OF THE

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SENIOR LIEN INDENTURE-Source of Payment: Pledge of Senior Lien Revenues and Other Moneys."

Description of Grant Receipts and 2017C Pledged Other Available Moneys

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

The Sixty-First Supplemental Indenture provides that,.for the. Federal Fiscal Year ending September 30, 2020, upon receipt, the City is required, to,pay, over. Grant .Receipts to the 2017C Senior. Lien, Bond-Grant .Receipts Deposit Account in the amount.-,of.$20,000,000, ^See also "-General -2017C Senior Lien Bonds" above and "CERTAIN INVESTMENT CONSIDERATIONS" for a discussion of certain terms and conditions of the Grant Letter of Intent.

. The pledge, of Grant Receipts as the source, of the 2017C Pledged;Other Available Moneys, is subject to;.the City's right to issue, additional Senior. Lien Obligations and Junior Lien Obligations: that: arc also, secured by Grant Receipts on a parity with the 2017C Senior;Lien Bonds;

The Sixty-First Supplemental Indenture establishes the 2017C Senior Lien Bond Grant Receipts Deposit Accounted the 2017C Senior.Licn Bond.Grant:Reccjpte;Pw and adminjstered;by,the Trustee.,^ Registered Owners ;of the; 2.0170; Senior. Lien, Bonds. .. The .moneys .'in the 2017C, Senior. Lien Bpn^..Grant .Receipts .Deposit Account arid-, the -,2,0,1,7c •Senior,. Lien "Bond, Gr^t^R^ceipte./pisbursement A^cco.unt, whichy.will; consist, of,,Grant Receipt's! .constituting,20L7C..P no,t; be uisc^jor.-ayaiiable^rpr. the. payment .of any other .Senior Lien Obligations.. On. Junei20,, 202.1 „ the Trustee ,shall .withdraw from the. 2017iC,;S.enipr,Lien,^Bondi Grant Receipts. Deposit;;Account..andjpromptly.depps 2017C Senior Lien Bond Grant Receipts Disbursement Account an amount equal to the sum held in the 2,0-1-71? Senior Lien .Bond Grant. Receipts. Deposit Account.pn September 30, 2020. See "-General - 2012C "%j^ ■Fund);'*,^belp.w.'.anii,'"CERTAIN 'INVESTMENT; -.CONSro

Pledge ,qf Reventjes, PFC Revenues and Gr^ .

.', ... ^/fieyefiues. The Senior Lien Indenture .authprize'sthe issuanc Lien Obligations, without limit a^fo^mpunt'but subject to compliance bythe(.City .with certain .covenants as to the issuance of ad^idon'al'Senior the purpose'of Financing "AirpprrProjects'" (as defined .'in the Scni.bj'Lien^ obligations..issued to 'financX.^|rj^rt' projects', arid, related purposes. Seiiijor 'iJien^O^Jigarions^ ape*.secured by,.anH payable' frra theT rustec for deposit into the'Revenue Fund established under the Senior Lien Indenture.' '"Pwsuani'. to 'the 'Senior Lien Indenture, such ; Revenues, are. pledged on ,a parity basis to the payment pf the 'principal of, prcrrii.urn, if any, \ and interest on'all'Senior Lien Obligations (including'trie 20 "' ' '

, 'Revenues' deposited, into the Revenue (Fund "are ajlpcated "mqrithly to the 'Operationand Maintenance Fund and scmi.-anhualjy to ;the" other'Senior tien;m4enkrc.'.'Funds,.including';'thc 'IteD t SeK'ice'Fund. Moneys iri the Debt Service'Fund are then' allocated'to bedicated'Sub-Funds, including the Cpfflmoripebt Service Reserve Sub-Fund; and any separate' debt service reserve fund, to satisfy the'then current Deposit.Requirerrierils. Sec "-Flow of Funds" below.

\Each <file:///Each> 2017 .Supplemental Indenture establishes with "the* trustee'..a separate and segregated sub' -fiin*d/wjmin'¡the.Debt Service Fund (the,"20,1,7 Senior, Lien Dedicated Sub-Funds," each a "201.7 Senior'Lien Dedicated Sub-Fund"). Each 2017 Senior Lien Dedicated Sub-Fund and each Account

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established therein are held solely for the benefit of the Registered Owners of the 2017 Senior Lien Bonds issued pursuant to the applicable 2017 Supplemental Indenture. Moneys on deposit in a particular 2017 Senior Lien Dedicated Sub-Fund are not to be used or available for payment of any other Airport Obligations including other 2017 Senior Lien Bonds.

For a general description of the application of Revenues, see "Payment of Debt Service on the 2017 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 lo 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 2017B Pledged PFC Revenues for 2017B Senior Lien Bonds. The Sixtieth Supplemental Indenture provides that 2017B Pledged PFC Revenues will be pledged by the City to the payment of the 2017B Senior Lien Bonds. See "-Description of PFC Revenues and 2017B Pledged PFC Revenues" above.

Pledge of 2017C Other Available Moneys for 20I7C Senior Lien Bonds. The Sixty-First Supplemental Indenture provides that 2017C Pledged Other Available Moneys will be pledged by the City to'the payment of the 2017C Senior Lien Bonds. Sec "-Description of Grant Receipts and 2017C Pledged Other Available Moneys" above.

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. See "-Airport Use Agreements" for a discussion of the provisions and term 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 arid 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

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(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 I;

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 ofthe 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 .7 > 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,.pf;(i) $1,500,00ft; pr(it): 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
Certificate filed with the Trustee.

If at the time the above-described depqsits are required.tp.be <http://required.tp.be> made as described under paragraphs

(a) or (b).above,.the moneys held jn. the Re^ insufficient.tq.make aiiy such required^eposit, 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 .irrcyocably.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 Airpqrt, 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 bc^ applied,, used and, withdrawn by. the-City for. any, lawiu'f^rrj'orate. purposes .of thic. City,' freg firpnr any. hen, or security .m'terest in favor of the Trustee and the owners of Senior Lien Obligations., Sec "-O'Hare Revenues Must,Be Used For Airport Purposes" and APPENDIX B - ' SUMMARYOF, CERTAINPROVISIONS.' OF THE SENIOR LIEN INDENTURE-Indenture Funds and Payment of Debt Service-Disbursements from. Revenue Fund Prior to the Transition Date."

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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 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 A fter die 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

a) Operation and Maintenance Fund an amount equal to one-twelfth of the amount provided in the Operation

a) and Maintenance Expense Projection for the current Fiscal Year; provided, however, that if the mid-year

a) projection contains an adjustment of Operation and Maintenance Expenses, the amount required to be

a) deposited in the Operation and Maintenance Fund each month of the second six-month period of each

a) Fiscal Year shall be increased or decreased as appropriate by an amount equal to one-sixth of the amount

a) 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, lo 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.dcposit 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 arc required to be made as described, under paragraphs (a) or (b) above, the

moneys held in the Revenue Fund are insufficient to make any required deposit, the deposit shall be made

up on the next applicable deposit date after required deposits into all other Funds enjoying a higher

priority shall have been made in full. ' . .

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

Amounts on deposit in the Debt Service Fund, the Operation and Maintenance Fund, the Operation and Maintenance Reserve Fund, the Maintenance Reserve Fund 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 Aiqjort General Fund .established on the Transition Date may be applied;: usedrand 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 " audi APPENDIX B - "SUMMARYOF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE-Indenture Funds and Payment of Debt Service-Disbursements from Revenue Fund From and After the Transition Date."

Purpose and. Funding of the 201.7B,-Senior Lient-Bond: PFG. Revenue) Deposit. Account.i/Ihc Sixtieth Supplemental Indenture provides that 2017B Pledged PFC Revenues in the PFC Capital Fund will-be withdrawn; therefrom and deposited[1] .into the 2G.1.7B Seniori Lien Bond PFC Revenue Deposit Account, (a special account withiuithe Debt Service Fund) and usedito (i). pay, the, debt; service on the 2017B Senior Lien Bonds, (ii) satisfy any deficiency in the 2017B Senior LierhDebtl Service!.Reserve Account (as herein defined) and (iii) pay all fees and expenses with respect to the 2017B Senior Lien Bonds. The moneys on deposit in.the;2017B:Senior Lien Bond PFC Revenue'Deposit Account are held in trust by the Trustee for thelsole andiexclusivciberiefitofithe Registe'red'Owners^f the; 2017B: Senior Lien Bonds and' will <notbe -used.br <http://-used.br> avai lable Ton the payment of ;any other Senior Lien 'Obligations..- s>

. The 2017B Senior Lien Bond PFGiRevcnue Deposit Account will be funded by the City as follows: i.'!. -'• •- ■■ ■.•-!"!*'!-, -: j./i.j-.-.j id !^i;,Vi.-: yi i.V.' 'V

(i) On_June 20 of each Fiscal Year, the City shall withdraw from the PFC Capital Fund and^pay to the Trustee for deposit; into-the-*2017B Senior Lien Bond PFC Revenue Deposit Account 'an -amount equal to -the 2017B Deposits Requirement '.with'[1]-respect to the'next ensuing July 1 Deposit Date, as determined pursuant to the provisions o'f[1]'the'--Sixtieth-Supplemental Indenture as described under "-Payment of Debt Service on the 2017 Senior Lien Bonds-■2017B Senior Lien Bonds" bt\av.': • ■■:'<■■■■■ ' n; ; ,;

l:! ■'■ "■ ' (ii) :©h December- 20 of'eaeh: Fiscal Y'ear,'the'City shall withdraw'frorii'the PFC CapitafFund and pay to the'Tfustec:for:deposit-intd: the 2017B Senior Lien Bond PFC Revenue Deposit Account an amount equal to the greater of (a)Uh'e :2017B' Deposit: Requirement with respect to the next ensuing January 1 Deposit Date, as determined pursuant to the provisions of the-Sixtieth-Supplemental'M^ on the 2017 Senior Lien Bohds-20/ 7B Senior Lien:Bonds"Jbe\6w; arid (b) the amount rdquired so that the aggregate sum withdrawn from the PFC Capital Fund and deposited iri the '2017B Senior Lien Bond PFC Revcri'iie Deposit; Account 'during the theri currentTiscal Year wilf-be-ho'tlcss'than one and ten-hundredths times the Net Debt Service with respect to the 2017B Senior Lien Bonds for the Bond Year commencing'during such Fiscal Year.

"•Each deposit to the'2017B Senior Lien[1] Bond PFC Rc'veriue'Depb's'it Accburif^as[1] described under paragraphs (i) and (ii) above 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

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City shell 1 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 2017B Senior Lien Bond PFC Revenue Deposit Account shall continue until the 2017B Deposit Requirement under the Senior Lien, Indenture, as described under "-Payment of Debt Service on the 2017 Senior Lien Bonds-20/7Z? Senior Lien Bonds" below, has been fully satisfied.

Any moneys held in the 2017B 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 Sixtieth Supplemental Indenture on the earliest date in each Fiscal Year, alter January 5 and prior to June 20 of such Fiscal Year, provided that each prior 2017B Deposit Requirement, as determined under "-Payment of Debt Service on the 2017 Senior Lien Bonds-20I7B Senior Lien Bonds" below, has been fully satisfied.

Creation of the 2017C Senior Lien Bond Grant Receipts Accounts. The Sixty-First Supplemental Indenture creates the 2017C Senior Lien Bond Grant Receipts Deposit Account and the 2017C Senior Lien Bond Grant Receipts Disbursement Account. Moneys on deposit in the 2017C Senior Lien Bond Grant Receipts Deposit Account and the 2017C 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 2017C 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 Sixty-First Supplemental Indenture that all Grant Receipts constituting 2017C Pledged Other Available Moneys shall be promptly paid to the Trustee for deposit to the credit of the 2017C Senior Lien Bond Grant Receipts Deposit Account. On June 20, 2021, the Trustee is required to withdraw from the 2017C Senior Lien Bond Grant Receipts Deposit Account and promptly deposit to the credit of the 2017C Senior Lien Bond Grant Receipts Disbursement Account an amount equal to the sum held in the 2017C Senior Lien Bond Grant Receipts Deposit Account on September 30, 2020.

Any moneys remaining in the 2017C 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 Sixty-First 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 2017C Deposit Requirement (as hereinafter defined), as determined under "-Payment of Debt Service on the 2017 Senior Lien Bohds-2077C Senior Lien Bonds " below, has been fully satisfied.

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

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Payment of Debt Service on the 2017 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 2017 Supplemental Indenture creating each Series of the 2017 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 2017B Senior Lien Debt Service Reserve Account established for the 2017B Senior Lien Bonds, such amounts as may be required lo 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. Sec APPENDIX B - "SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE-Indenture Funds and Payment of Debt Service."

Each Series of the 2017 Senior Lien Bonds will be payable from Revenues allocated to the Dedicated Sub-Fund established for that Series by the applicable 2017 Supplemental Indenture within the Debt Service Fund.

The 2017A Senior Lien Bonds will be payable solely from Revenues in accordance with the provisions of the Fifty-Ninth Supplemental Indenture. The Fifty-Ninth Supplemental creates and establishes with the Trustee the 2017A Senior Lien Dedicated Sub-Fund which is a separate and segregated sub-fund within the Debt Service Fund.

The 2017B Senior Lien Bonds will be payable from 2017B Pledged PFC Revenues and from Revenues in accordance with the provisions of the Sixtieth Supplemental Indenture. The Sixtieth Supplemental Indenture creates arid establishes with the 'Trustee the 2017B Senior Lien Dedicated Sub-Fund', which is a separate and segregated sub-fund within the Debt Service Fund.

The 2017C Senior Lien Bonds will be payable from 2017C Pledged Other Available Moneys and from Revenues in accordance with the provisions of the Sixty-First Supplemental Indenture. The Sixty-First Supplemental Indenture creates and establishes with the Trustee the 20.17C Senior Lien Dedicated Sub-Furid, which is a separate and segregated[1] sub-fund within the Debt Service Fund.

The 2017D Senior Lien Bonds will be payable solely from Revenues in accordance with the provisions of the Sixty-Second Supplemental Indenture. The Sixty-Second Supplemental Indenture creates and establishes with the Trustee the 2017D Senior Lien Dedicated Sub-Fund, which is a separate and segregated sub-fund within the Debt Service Fund.

2017A Senior Lien Bonds. On the Business Day immediately preceding January 1 and July 1 of each year, commencing January 1, 2018 (each such date referred to herein as the "Deposit Date"), there will be deposited into the 2017A Senior Lien Dedicated Sub-Fund from amounts on deposit in the Debt Service Fund, an amount equal to the aggregate of the following arriounts, which amounts shall have been 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 herein as the "2017A Deposit Requirement"):

(a) for deposit into the "2017A Senior Lien Principal and Interest Account," an amount equal to the aggregate of: (i) one half of the Principal Installment coming due on the 2017A Senior Lien Bonds on the January 1 next succeeding such date of calculation and (ii) the amount of interest due on the 2017A Senior Lien Bonds on the current Deposit Date (reduced, in

the case of each January I Deposit Date, by investment earnings credited as of the immediately prior calculation date to the 2017A Senior Lien Principal and Interest Account); and

(b) for deposit into the "2017A 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 2017A Senior Lien Bonds during the semiannual period commencing on such Deposit Dale.

In addition to the 2017A Deposit Requirement, there shall be deposited into the 2017A Senior Lien Dedicated Sub-Fund any other moneys received by the Trustee,under and pursuant to the Senior Lien Indenture or the Fifty-Ninth Supplemental Indenture, when; accompanied by directions from the person depositing such, moneys that such moneys are to be paid into the 2017A Senior Lien Dedicated Sub-Fund and to one or more accounts therein. >.-.■.'■,

, ... , .-vHVf, •:,!:•:;-. • " ■ /v.; is? iy.f-v.:> '■•je-st ;u\ v*

2017B Senior Lien Bonds. On each Deposit Date of each year, commencing January 1, 2018, there will be deposited into the 2017B Senior Lien Dedicated Sub-Fund first, from amounts on deposit in the 2017B Senior.Lien Bond PFC Revenue Deposit Account and: second,, if /needed, from 'amounts on deposit in - the 'Debt Service i Fund, "an- .amount[1] .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 ease of each January 1 or July 1, respectively) (such aggregate amount with respect to any Deposit Date being referred to herein a.sthe "2017B Deposit Requirement!'): . ; ;n>i ;, ,: ; ,, ,;>' , i

: ; . ,; (a): ■ ; for .deposit- intc-nthe "2017B: SeniorLien (Principal and !Interest Account," ;an amount equal to the aggregate of: (i) for the--January, 1, ;2Q.-1>8 Deposit Date, ;the;. Principal Installment due January 1, 2018, and thereafter, one-half of the Principal Installment, if any, ;.- ;i s-.coming-.due pnrthe; 201;7Bf Senior. LienLBpnd,s: on!the^January L..nex|-,sucGeedingfsuch; date of ■ .'.;)■/.<> calculation:and-(ii),,the- amount-of rinterest-due:otvthe,,201,7B-Senior Lien; Bpnds on the,current .Deposit,Date (reduced ;by, ini the -case-pf each /January 1 pppsit Date ^investment .earnings credited as of the.rimm^ Interest Account);

:V i !■/■'■■ -; : ^ .; : ■ -""i)"'•'■' -■<•{} ;>,;v: :,;l i 11.- ■ -^.H r ■ ■ J ■ .>

; ','>s(bj).,-; ; for,.deposit into;the, "20,lj7Bf,Sen'prvLien.,p.e,bt;- Service.-ReserveAccount," the : ;,, -amount,, if-any, required;as pftthe close-,pf businessi^onjsuch-Deposit .Date,, to ;restore,ithe 2017B Senior Lien Debt Service R^serye-Account,}©; anj.amp.unt;eflual^to .Ae,rReservre .Requirement, for the 2017B Senior Lien Bonds, including reimbursement of any Qualified Credit Provider; and

• .w jiXqX j;; u ?. fprj.deppsit/intOj .the "20,1 ^^^Senipr-j-Li.en-; Program Fee .Account,",the: .amount i.. ■, ,,. estiniated,- by, the; City to, be, required as. ,qf, the; clpserof, businessron , such . Deposit Date, to pay all fees and expenses with respect to the 2017B Senior .Lien Bonds during ■ the;:semi-annual, period commencing on such Deposit Date.

; <■■■■' ! .•!';:• :.';;bv.,\-r - .' ..■ i:;: i; .>r,0, ; ••v.:;ll vri- -.v- ■ , v.,v. V. ;>.,,.• .'. I '

• -•• , In addition (to the 201,7B .peppsit, Requ^ement,.-thei]e. .shall t be tdeppsited. into: the 2017B Senior,

Lien Dedicated-Sub-Fund;:any other moneys, received by; the. Trustee, under and pursuant to ,the Senior Lien Indenture, or, the Sixtjeth. Supple.mental Indenture, when,accompanied; by. directions .from -the person depositing such,moneys-that}such moneys',are to -be-paid intoj&e/io'nB, Senior Lien Dedicated Sub-Fund and to.one, or, more .accounts;,therein... . ; ; , ...

2017C Senior Lien Bonds. On each Deposit Date of each year, commencing January 1, 2018, there will be deposited into the 2Q17C .Senior- Lien Dedicated Sub-Fund,,/7qf, from amounts on deposit in the 2017C Senior,Lien Bond .Grant Receipts Disbursement Account a.nd,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

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case of each January 1 or July 1, respectively) (such aggregate amount with respect to any Deposit Dale being referred to herein as the "2017C Deposit Requirement"):

a) for deposit into the "2017C 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 2017C Senior Lien Bonds on the January 1 next succeeding such date of calculation and (ii) the amount of interest due on the 2017C 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 "2017C Senior Lien Debt Service Reserve Account," the amount, if any, required as of the close of business on such Deposit Dale to restore the 20I7C Senior Lien Debt Service Reserve Account to an amount equal to the 2017C Reserve Requirement (as herein defined with respect to the 2017C Senior Lien Bonds), including reimbursement of any Qualified Credit Provider; and

c) for deposit into the "2017C 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 2017C Senior Lien Bonds during the semi-annual period commencing on such Deposit Date.

In addition to the 2017C Deposit Requirement, there shall be deposited into the 2017C Senior Lien Dedicated Sub-Fund any other moneys received by the Trustee under and pursuant to the Senior Lien Indenture or the Sixty-First Supplemental Indenture, when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the 2017C Senior Lien Dedicated Sub-Fund and to one or more accounts therein.

" 2017D Senior Lien Bonds. On each Deposit Date of each year, commencing January 1, 2018, there will be deposited into the 2017D 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]1, respectively) (such aggregate amount with respect to any Deposit Date being referred to herein as the "2017D Deposit Requirement"):

(a) for deposit into the "2017D Senior Lien Principal and Interest Account," an ' amount equal to the aggregate of: (i) one half of the Principal Installment coming due on the 2017D Senior Lien Bonds on the January 1 next succeeding such date of calculation and (ii) the amount of interest due on the 2017D Senior Lien Bonds on the current Deposit Date (reduced, (a) by moneys transferred from the "2017D Senior Lien Capitalized Interest Account" established in the Sixty-Second 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 2017D Senior Lien Principal and Interest Account); and

(b) for deposit into the "2017D 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 2017D Senior Lien Bonds during the semiannual period commencing on such Deposit Date.

In addition to the 2017D Deposit Requirement, there shall be deposited into the 2017D Senior Lien Dedicated Sub-Fund any other moneys received by the Trustee under and pursuant to the Senior Lien Indenture or the Sixty-Second Supplemental Indenture, when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the 2017D Senior Lien Dedicated Sub-Fund and to one or more accounts therein.

debt Service Reserves

The 2017A Senior Lien Bonds, the 2017C Senior Lien Bonds and the 2017D Senior Lien Bonds arc Common Reserve Bonds secured by the Common Debt Service Reserve Sub-Fund. The 20I7B Senior Lien Bonds are not Common Reserve Bonds and are secured by a separate debt service reserve account.

Common Debt Service Reserve Sub-Fund. Pursuant tP 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 2017A Senior Lien Bonds, the 2017C

Senior Lien Bonds and the 2017D Senior Lien Bonds as ,well as the Outstanding Senior Lien

Bonds, other

titan,the.Series-,2005c .Bonds-;-the Series 2Q05D--Bpnds,:tiie^ Series.201 OF Bonds,
the Series 2011A Bonds, the Series 2012A Bonds,,the Series 20.16C.Bonds, the Series 2016F Bonds and the 2017B Senior Lien Bonds (which Series of bonds are collectively referred to herein as the "Non-Common Reserve Bonds!') are entitled to the benefil of the Common Debt Service Reserve Sub-Fund (the
"Common Reserve Bonds"). -Non-Common-Reserve. Bonds; other than the. Scries 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;Sub7Fundjdpes not, secure and; is,not .available. for, payment of the
Non-Common;Reserve Bonds'....The .Series-2005C iBpnds;,and.the.Series;2005D;Bonds,are not secured by
a reserve fund. ;,;--, ; .:i::i\v:\r-' Imiv..' ■ .: i-v . ■■ ,i,
■ ; •' ..' ;·; ->\V ; . , ■_>>=. .----'ii;; •;•' <:v;r-" If,;' ^.v,'.'!'. ■ .' .,'- ;-.;;)i-i-;v:.' ;':,. -

The "Reserve Requirement" for the Common Debt Service Reserve Sub7Fund. is amamount equal to the maximum amount of Principal Installments and interest payable on the Common Reserve Bonds in
the, current or, any.,succeeding Bond, Ye^,,pr0yjded,ohx}weyle.r,j that if.uppn the issuance cpf'a'Series of
Common ReseryJe..Bondsisuchvampunt: would require that moneys be paid into the Common Debt; Service
ReserveiSubr,Fund from the proceeds of. such .Gommonj-Reserye (Bpnds .in ;an amount in excess ,of .the
maximum ,amount. permitted; under, .the,- Code;: ^e^R^erye/Requirement shalLbe the sum of (a), the Reserve
Requirement, immediate such Cpmmpn Reserye Bonds, and (b).,the maximum
amount pennitted under the Code to be deposited from the proceeds of such .Common .Reserve Bonds, as 'certifiexfby tlte~Ch~ief FinancialTJTficer.

,, Additional Senior Lien Bonds issued by, the City in-.the...fomre,.pureuant .to ..the;,Senior Lien Indenture, may, ,but need ,not, be .designated, as entitled itp.the .benefit of the- Common D,ebt. Service Reserve Sub-Fund. Thefmoneys^in the;!Comfnpn-;Diebt. Sprviqe,Reserve'Subj-Fund.are heldjfpr the.benefit of all Common:Reserve,Bonds: issued or to;be,.issued under, die Sempr Lien Indenture , ,;

The Senior Lien Indenture prpyid.es <http://prpyid.es>, and.the City icoyenants. in, the Fifty-Ninth .Supplemental Indenture with respect to the,2017A Senior,Licn^Bonds, in the Sixty7First;Supp.lemental indenture with respect to the 2017C Senior Lien Bonds, and in the Sixty-Second ^Supplemental Indenture.with, respect to the 2017D 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)imoneys!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, priorilyrOrdistinction. 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 2017 Senior Lien Bonds" above and APPENDIX B - "SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE-lndcnture Funds and Payment of Debt Service."

The 2017A Senior Lien Bonds, the 2017C Senior Lien Bonds and the 2017D Senior Lien Bonds are Common Reserve Bonds. Prior to issuance of the 2017A Senior Lien Bonds, the 2017C Senior Lien Bonds and the 2017D Senior Lien Bonds, the Reserve Requirement for the Common Reserve Bonds was $472,346,857.82. Upon issuance of the 2017D Senior 'Lien Bonds, the City intends to deposit $7,043,169.24 of proceeds from the sale of the 2017D Senior Lien Bonds into the Common Debt Service Reserve Sub-Fund which, together with other funds on deposit in the Common Debt Service Reserve Sub-Fund; will increase the amount on deposit to $483,264,562^54, which amount is equal to the new Reserve Requirement for the Common Reserve Bonds, and such sub-fund 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 2017 Senior Lien Bonds any information regarding the financial condition of any Qualified Credit Provider or to take any action in connection therewith.

2017B Senior Lien Debt Service Reserve Account. In the Sixtieth Supplemental Indenture, the City covenants that the City will maintain the 2017B Senior Lien Debt Service Reserve Account in an amount equal to the Reserve Requirement for the 2017B 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 2017B Senior Lien Bonds, the City intends to deposit into the 2017B Senior Lien Debt Service Reserve Account a portion of the proceeds from the sale of the 2017B

Senior Lien Bonds. The Reserve Requirement for the 2017B Senior Lien Bonds is equal to the lesser of (i) $40,223,500.70 or (ii) the maximum amount of principal of and interest on the 2017B 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 Sixtieth Supplemental Indenture.

Debt Service Coveragf. Covenants

The City covenants in the Senior Lien Indenture to fix and establish, and to revise from lime to time whenever necessary, the rentals, rates andpther 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

m -,!•;;(•!)- -.. ;to.prpvide;ffor;, the,?greater of .(A).,lhe sum of Ui&,ampunts,:needed to make the : : .deposits .required .tp.-be; made jpurcuanCtp all resolutions; ordinances,-indentures and trust , .•^agreements pursuant ,;to which ,^ .Obligationsaor >other Outstanding Airport Obligations are issued, and,secured,,,and ,(B,) pne and5ten-hundredths {times the Aggregate Debt Service for the Bond Year commencing during that Fiscal Year, reduced by any proceeds of ,Airport,Qbligatipns.,held by the Trustee...for.disbursement during thatsBond.Year to-pay principal , , of and: interest, on Senior. Lien .Obligations: .,, ... ; .... ,,

.,; . Thc^City. further,cpvenantsfin the.Spnipr.LienTndenmre.tOrfi and revise, from time to time wheneyer.inec'ess^,li(he,.re^tels, .rates, ;and:- other charges for the use ,and operation of O'Hare,and for. services, rendered; by.,therC,ity in [the, operation of it in order, that Revenues, in each Fiscal-. iYear, together with Other. Available: ,MpneyS|Consisfing solelyrQ any,PF(Cs depositedfwthithe^f^steeifor tliatTiscal 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 lasfday q£ ^immediatelyprior.FiscalYear, will b,e.at,least sufficient:

. (i). to, provide for the payment of.Operation and Maintenance Expenses for the.Fiscal --. .-Year;;and.' , . -, ". -"^ .- , • ~ ; ~~Y^7,-'. ■. -

,. (ii) . , to prpyide':J.fo^ the ,Bond Year , cpmmencing^during.that F.iscal.Year, reduced,by,any ObiigationSiheld.by the .: ,. Trustee for disbursement,djiring.the.Bond Ye^gtopay'the principal of.and('interest'.on.'Senior Lien Obligations, ,. , f|' . , '.

,." fhe; ,20'i7B Sehipr Lien Bonds are also' p'ayabie from 2$7B Pledged PFC, Revenues. . Debt service on the 2017B Senior.T'ien'Bonds-will",be payable firsffrom 2017Bl,Pledged PFC Revenues to be withdrawn from the PFC Capital Fund and, a's'.heeded,J.from Revenue's.

,,, !. The 20l,7C Senior.Lieri,Borids are'also payable from.2017C Pledged Other Available Moneys. Debt service on the 2017C Senior Li'eri Bonds will be payab'le first from 2017C'Pledged Other Available Moneys and, as needed, from Revenues.

WitKii(*9b .'days"after 'the end ,'of'each Fiscal Y'ear^the City is required by the' Senior Lien Indenture to furnish to the Trustee calculations of the required debt sbrvice coverage, as described above. If either calciilatioh'fpr any Fiscal' Year^indicatesthafthe City has not satisfied its obligations' described above, then as, soon as practicable, but in any ,evenf 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 2017 Senior Lien Bonds, other than the pledge of Revenues contained in the Senior Lien Indenture.

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

Issuance of Additional Senior. LrEN Bonds

Additional Senior Lien Bonds may be issued upon .the satisfaction of certain conditions as set forth in the Senior Lien Indenture. These conditions includcdelivery 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 <http://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.

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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 ail 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 ofdebt 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 requiremcnts'described-in APPENDIX B - ^'SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE-Refunding Bonds " and "-.Completion Bonds."

Issuance of Additional Senior Lien Obligations Secured by Grant Receipts or PFC REVENUES

The Sixtieth Supplemental,Indenture provides that the 2017B-Pledged PFC Revenues pledged to the payment of principal and interest on the 2017B Senior Lien Bonds are. subject to the ;City's'right to issue additional PFC Obligations ;that are secured <by the.PFC. Revenues;on a senior lien basis and Senior Lien. Obligations, or Junior,Lien Obligations that are. also securedby PFG/Revenues on a parity with the 2017B Senior Lien Bonds.

,i The iSixty-First' Supplemental. Indenture.!,pr6vides! that the , 2017G..:Pledged Other Available Moneys-pledged;to the,payment iof.principal and.-interest on the.2017C, Senior Lien.Bonds is subject to the jGityJs right to.-issue ladditidnaLS.enioriiLien iObligations- or«i Junior iLieniObligations!that are. also secufe.drby Grant Receipts ,on a parity"w.ith(thei-20T.7G: (Senior Lien Bonds. ;! . - = >.<• ■■'•.<■■•■ •.«„.-.{

Airport Use Agreements

Airport Use Agreements. The City has entered into several Amended and Restated Airport Use

Agreements and TeiTninal' Facilitie's-Leases^collectively,' the "Airport: Use Agreements") withthe airlines

identified as signatories;to, the; Airport UsbAgreements:in"AIR,TRAFFIC<ACTTVITY AT O'HARE^

Airlines Providing Service at O'Hare." Those airlines, together with any additional airline that

"executes an.agreement'withtheTGity■substantially thesameias-the Aup^rtTJse AgreeTnents, are referred to as -the "Aifline-Parties."'Revenues .depositediby' the' City>ini acc'ordance;<withothe>Senior Lien Indenture include:^rentalsv fees and- charges:imposed upon the Airline Parties under the Airport Use Agreements. The Airport Use Agreements provide thafrthe.-aggregate:of'all>entals}fees,arid'-charges-to'be.!paid by the AirlineiParties shall be sufficient-to pay;for,the:het cost of ;operating, maintaining sand' developing O'Hare (excluding the Land Support Area), including, the i satisfaction of all[1], of the City's-'obligations to make deposits, and payments under thelSenior LienIndenture and any 'other ordinanceor-resolution Authorizing Airport'Obligations in'accordance with the' Airport. Use-Agreements. i-See "AIR TRAFFlCrACTIVITY AT O'HARE-Airlines Providing Service at O'Hare" and "CERTAIN -INVESTMENT CONSIDERATIONS." The Airport Use Agreements require approval by a majority in interest of the Airline Parties 'for-the City's iss^ on which is payable by the Airline Parties,.Tor certain capital projects at: O'Hare. See APPENDIX C - "SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT USE AGREEMENTS"

Expiration-of Airport Use Agreements: The expiratioh date of each of the Airport Use Agreements is May 11 2018.[1]- Substantially^all of the'debtiservice on the 2017 Senior Lien Bonds and the Outstanding Senior- Lien iBonds'b'ecohies 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, lees 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 2017 Senior Lien Bonds, the Outstanding Senior Lien Bonds or any other Senior Lien Obligations after the expiration date of the Aiqxirt 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 lo 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 Parlies. See APPENDIX C - "SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT USE AGREEMENTS."

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 2017 Supplemental Indentures authorizing each Series of the 2017 Senior Lien Bonds, the Owners of the 2017 Senior Lien Bonds shall be deemed to have consented to the 2010 Amendment by purchasing such 2017 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 2017 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.

REMEDIES

There is no provision for the acceleration of the maturity of the 2017 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 2017 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-Remedics "

Certain Provisions of the PFC Indenture •

As described in "-General" and "-Pledge of Revenues, PFC Revenues and Grant Receipts" above, debt service on the 2017B Senior Lien Bonds is payable from a subordinate pledge of PFC Revenues as well as from Revenues. The description of the PFC Indenture is included within this Official Statement for the benefit of the 2017B Senior Lien Bonds to the extent they are payable from the 2017B Pledged PFC Revenues. While the 20I7B Senior Lien Bonds will be payable from the 20I7B Pledged PFC Revenues, such bonds are being issued pursuant to and are secured by the Senior Lien Indenture and not the PFC Indenture.

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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) lo 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 RFC Obligations;

■ Second: to make any payments required Tor 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. J ■ ■

; ;:i;The ,PFC Capital Fund is held; and;administered by .the.-.City, subject to (a) the PFC Indenture providing'that the. PFC Capital Fundsbe held > and ^administered by the PEG Trustee upon an Event-of Default under ,the. PFC, Indenture'or (b) to the extent and for the,period of time required by thePFC'Aet, the PFCs Regulations ■ or ;the PFC' Approvals.' !< 'When* amounts -on -deposit inl the PFC - Revenue Fund are i nsufficient to < make the 'depos its , in to: the .; P FG.Bond; Fund < described 3 i ndth'e; [first , subparagraph' above,'
amounts'On, deposit -in- the! PFC Capital Fund shall be used'whenever necessary to make such payments: As the City may from-time to time'determine; amounts in the PFC CapitaMFund may; also be used for any lawful ^.purposes as shall be authorized-by the FAA.and permitted by the PEG Act, the PFC Regulations and the,PFC Approvals.. See "-ComplianceuwithcNoise Act;. RFC AcfynPFC Regulations and PFC Approvals ".;beloxv, for a descriptiomof certain limitations'imposed onthe-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 oh a parity basis as to the lien on the PFC Revenues with PFC Obligations-outstanding from time to'time,: without'limitation as-'to arhountiexcept as' may ;be limited-by-law -and;[1] subject;to the satisfaction;" by the City of certain-conditions regarding the issuance of additional PFC Obligations, for'-th'e purpose of (a)%e payment-; on the reimbursement foMhe' payment of; certain;costs of Approved Projects; (b) the refunding of any PFC Obligations or other 6bligations »issued to finance or refinance certain costs of Approved Projects, including, without limitation, any revenue bonds or commercial paper notes issued by the City to finance or refinance certain costs of Approved-Projects or (c)' the' funding of any Fund or Account as specified in the PFC Indenture, for the purposes set forth therein. Any PFC Obligations issued pursuant •td-'*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.

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

Plan of Finance Compliance Certificate. The City covenants in the PFC Indenture that it will use PFC Revenues to ensure that a Plan of Finance Compliance Certificate can be delivered annually with respect to PFC Obligations. In order to deliver such Certificate, the City must be able to certify that PFC Revenues for which the City has impose and use authority in the PFC Capital Fund, when added to (i) the available moneys held pursuant to the PFC Indenture in the PFC Bond Fund and (ii) projected PFC Revenues based upon any period of 12 consecutive months out of the preceding

18 months at O'Hare, after giving effect to other projected uses of PFC Revenues through the date on which all Outstanding PFC Obligations (including any proposed series of PFC Obligations being issued at the time of delivery of such Certificate) are expected to be paid in full, are equal to or greater than 105 percent of all Aggregate PFC Debt Service (including any proposed series of PFC Obligations being issued at the time of delivery of such Certificate) through the date of such payment. To date, the City has been in compliance with the covenants described within this paragraph.

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

Plan of Finance

General

The City expects to use the proceeds from the sale of the 2017 Senior Lien Refunding Bonds, together with other available funds, to: (i) refund the Refunded Bonds, (ii) fund the Reserve Requirement for the 2017B Senior Lien Bonds and (iii) pay costs and expenses incidental thereto and to the issuance of each Series of the 2017 Senior Lien Refunding Bonds.

The City expects to use the proceeds from the sale of the 2017D Senior Lien Bonds, together with other available funds, to: (i) pay the costs of the 2017 Airport Projects, (ii) fund the related Reserve Requirement for the 2017D Senior Lien Bonds, (iii) capitalize a portion of the interest on the 2017D Senior Lien Bonds, and (iv) pay costs and expenses incidental thereto and to the issuance of the 2017D Senior Lien Bonds. See "CAPITAL PROGRAMS" and APPENDIX E - "REPORT OF THE AIRPORT CONSULTANT-The Airport Consultant's Letter" for a discussion of the 2017 Airport Projects. i

Refunding Plan

The City intends to refund the Refunded Bonds with proceeds of the 2017 Senior Lien Refunding Bonds. The table in APPENDIX H - "BONDS TO BE REFUNDED" sets forth the series designation, maturities, principal amounts, interest rates, and redemption dates for each series of the Refunded Bonds and the Scries of the 2017 Senior Lien Refunding Bonds that will be used for such purpose. On the date

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of issuance and delivery of the 2017 Senior Lien Bonds the City will give the Trustee irrevocable instructions to call the Refunded Bonds on their applicable redemption dates. Notices of the call for redemption of the Refunded Bonds will be given by the Trustee in the manner required by the Senior Lien Indenture and the Escrow Agreement (as herein defined).

To provide for the refunding and defeasance of the Refunded Bonds, certain proceeds of the respective Series of the 2017 Senior Lien Refunding Bonds and other available funds will be deposited in an escrow account (the "Escrow Account") pursuant to the provisions of a Refunding Escrow Agreement (the "Escrow Agreement"), dated as of June . 1, 2017, between the, City and U.S. Bank National Association, as trustee under the Senior Lien Indenture, and invested in Federal Obligations in amounts sufficient (without reinvestment) to provide for, the.: payment- of the interest on and principal and Redemption Price of the Refunded Bonds to their , respective redemption dates at the Redemption Price of par plus accrued interest to such dates of redemption.

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

Future Financings for O'Hare . j!: m , . , :·,,

■ The-City expects to, issue additional Airport ,Obligations, including Senior ,Lien Bonds,-PFC Obligations, CFC Obligations,, Commercial Paper Notes, and Credit Agreement Notes, from time .to time, to continue implejnentation^ndjfundingiof .capita), projects. aCOj'Hare .and,refunding Outstanding Airport Obligations. The Report of the .Airport Consultant jassumes thatjthe. City-w-Ulyissue, and. the City expects to issue, additional ;Senior Lien, Bonds un ,2018 to fund, an estimated $1.19- billion of costs related to, the 201.7t2021 ..CIR.,and.an estimated $36,1.4. million of,costs.related,to.the OMP.,,For a discussion.ofifuture financings and financing needs for O'Hare^sw,,^ AT, O'HARE," "CAPITAL PROGRAMS" and APPENDIX E - "REPORT OF THE AIRPORT CONSULTANT- The Airport FaciHties, Capital Program,,^ • ... '•>*;■; •

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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 lo 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 AO, for the 12-month period ended December 31, 2016, O'Hare ranked second both worldwide and in the United Stafes:in,tptal aircraft operations, and sixth worldwide and third in the United States in terms of total passengers. According to the CDA, 0'IIarc had approximately 70.0 million total passengers in 2014, approximately 76.9 million in 2015, and approximately 78.0 million in 2016.

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 531 daily departures from O'Hare as of May 2017 and accounted for 44.2 percent of the enplaned passengers at O'Hare in 2016. American Airlines (including US Airways with which American Airlines merged in 2015 and its regional affiliates) operated 44.0 daily departures from O'Hare as of May 2017 and accounted for 35.8* percent of the enplaned passengers at O'Hare in 2016. .See-*

"CERTAIN INVESTMENT CONSIDERATIONS-Uncertaiiitics of the Airline Industry" herein for additional information regarding the airlines serving O'Hare^ ■!" 1

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

Market shares based on the twelve months ending October 2016, the latest period for which U.S. DOT data are available.

The Air Trade Area

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

Map of Chicago Region

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EXHIBIT 3-1

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O ther 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 11,232,493 for 2016, 11,003,697 for 2015 and 10,497,727 for 20 i 4. As of May 20 i 7, Midway provided nonstop service to 74 markets (ten of which arc international destinations) with a total of 264 daily nonstop flights whereas O'Hare has approximately 1,140 daily nonstop flights to 204 markets (54 of which are international destinations).' In 2016\ Midway had 4,119,986 connecting cnplanemcnts and .7,112,507 originating enplanements; these cnplanemcnts represented approximately 25.3 percent of Chicago originating passenger traffic and approximately 18.7 percent of Chicago connecting passenger traffic, whereas O'Hare's originating and connecting percentages of Chicago passeriprtfaffic~foT percent and 82.3 percent, respectively.

O'Hare and Midway are operated as separate and distinct enterprises for financial purposes and the 2017 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 3.4 million in 2016 and 3.3 million in each of theyears 2015 and 2014.; Although Mitchell is in close proximity to O'Hare (their overlapping service areas include three countiesjin the northern Chicago Region area, which represent japj3r6ximately'<..12 percent of the population, • in.\the "Chicago, Region); the higher-frequency nonstop sei-yice to top O&D markets from O'Hare Attracts- a'grcater'.portion of traffic in northern Illinois and southern Wisconsin to O'Hare. On average ini 2016, Mitchell had approximately 102 daily nonstop flights to 32 markets (3\of whicH-were-iKfema1ion^^..v;*. ■■■■■*',*{:■. 1. '

Gary/Chicago International Airport. Gary/Chicago International Airport, which is owned by the

City of Gary, Indiana, is also.docated passenger service is provided at Gary7CfiicagaTntem^ "?'■'•'.-^r-s?'"•••'"•'-"f

Existing Airport Facilities . ■■■\v)\v;-'■■■./%;-;-":i:;^r". ■ -P-

. O'Hare currently has eight actiye;'ruhways,-, which-'altow Tor-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,PP;l;feet:-,-.^j-;ninways have electronic and other navigational aids that permit aircraft landings in most we^ef'-^nditions. For more information regarding the existing airfield facilities at O'Hare, see "The" Airport [1] Facilities, Capital Programs, arid 2017 Projects-Airport Facilities-Airfield" in APPENDIX E - "REPORT OF THE AIRPORT CONSULTANT."

The airlines serving O'Hare operate out of four terminal buildings. Three terminal buildings, 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'FIare, see APPENDED E -"REPORT OF THE AIRPORT CONSULTANT."

In the month of May 2017, excludes seasonal service.

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~ O&D data are for the four quarters ended Q3 2016, the latest period for which U.S. DOT data are available.

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Currently, of the 170 domestic gates and related facilities at O'Hare, 10 arc common use gates and eight are preferential use gales. The remaining domestic gates and related facilities are exclusively leased by the Cily to the Airline Parlies pursuant to the Airport Use Agreements. The common use gates arc 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 arc 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 arc 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 arid 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 0'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 and the 2017-2021 CIP, including the projects to be financed with the proceeds of the 2017D Senior Lien Bonds.

O'Hare Noise Compatibility Commission

The O'Hare Noise Compatibility Commission (the "O'Hare NoiseCommission") 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 June 1, 2017, the City had spent approximately $513.5 million on residential and school noise compatibility projects since the establishment of the O'Hare Noise Commission in 1997.

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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.

Avr 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^.providinginot onlyitheiprimary origin and.destination service to.the third largest metropolitaniarea in-thei.United'States, but.also: serving as an important connecting hub for two of the world's four.: largest air carriers (innferms .of -revenue passenger miles) - United Airlines and American Airlines. Preliminary:statistics:from.rACI indicateithat'forithei 12-month-period ended December 31,,201-6, O'Hare ranked second 'worldwide- and; second sin: the .United States in total aircraft operations, and-sixth worldwide and third in the United States in terms of total passengers. O'Hare served approximately 78.0 million enplaned and deplaned passengers in 2016, an increase of 1.3% from the previous year. Through the first three months of 2017, passenger activity at O'Hare has increased 0.4% from the record volume over the same'period in;2016. To'r-additidnaliirifpnnatibn;regarding O'Hare,' sec "CHICAGO O'HARE INTERNATIONAL AIRPORT," "CERTAIN INVESTMENT CONSIDERATIONS" and APPENDIX;Ei- "REPORT OF THE AIRPORT CONSULTANTS .) -:! :

As of May 2017, nonstop service was provided from O'Hare to each of O'Hare's top 50 domestic O&D markets. Scheduled service in May 2017 included an average of 1,140 nonstop; departures from O'Hare, including 1,020 domestic departures and 120 international departures.

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Passenger Activity at O'Hareih/ • ■!•--- ■.:■ ʰ .- ^ ---^-^ ■--

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iM-jh-Hj- The Itable on the -followingipago showsi thctotal ienplancd'passenger, activity for a i 0-year-period from-2007i through 201,6-.;; Total/enplaned-passengers ;at .'O'Hare;reached a'irecord .high of approximately 38;524: million^total enplaned passengers;hri2016 and-iincrcased- significantly from a low in 2009 of 32.035 million! total enplaned passengers:; ,The,idecreases in, total enplaned passengers in :2009 (as compar'ed;:to - prior;,years),vwhich^wer'e.)similar, to ,those: experienced nationally; were iprimarily due, to cutbacks irii.capacity iby jthe airlines tin-, rcsponseTo record high fuel costs iand'a nationwide economic recession, which impacted demand foriair travel.! From 2010 through 2013, O'Hare experienced relatively stable activity with approximately 33 million in enplaned pass'engers;,annually. Enplaned, passenger activity for 2015 rose 9.9% over 2014. In 2016 enplaned passenger activity increased 1.2% over 2015.

As set forth in the following table, O'Hare supports substantial international service. Between

2007.i'and:20\6< the,percent-of.international'enplaned-passengers'ranged'from 14-38 to 16:56 percent of

the total enplaned:passeng'crs.<••' i • .n!.!--: •••: i .-;-i ᶦ;,: ; :.. -..vm-toi,;. .' ■

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TOTAL ENPLANED PASSENGERS' CHICAGO O'HARE INTERNATIONAL AIRPORT

2007-2016

INTERNATIONAL

ENPLANED PASSENGERS
ANNUAL GROWTH
ENPLANED PASSENGERS
ANNUAL GROWTH
ENPLANED PASSENGERS
ANNUAL GROWTH

2007	32,109.607(0 0%)5,653,4550 1%37,763.062	(0 0%)
2008	2S.378.531(116%,)5,632.655(0.4%)	34,011,186 (9.9%)
2009	26,851,150(5.4%)5.1X4,005(8.0%)	32,035,155 (5.8%,)
2010	28.087,6344.6%,5.131,768(1.0%)33.219,402 3.7%	
2011	28.293.5790.7%,4,901,129(4.5%)33,194,708	(0 1%,)
2012	28,275,113(0 1%,)4,956,08811%33,231,201 0.1%	
2013	28,182.287(0.3%)5,102,5013 0%33,2S4,788 0.2%	
2014	29.546,9074.8%5,392.7875.7%34,939,694 5.0%	
2015	32,863,55111.2%5.517,9382 3%,38,381,489 9.9%,	

2016	33.001.2620.4%5,856,8186.1%,38.858,080 1.2%		
COMPOUND ANNUAL GROWTH RATE			
2007 -2012	-2.5%-2.6%	-2.5%	
2012 -2016	3.9%4.3%4.0%		
2007 -2016	0.3%0.4%	0.3%	

NOTE:

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

SOURCK: City ofChicago, Department of Aviation Management Records, June 1,2017.

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 2007 through 2016. As shown, O'Hare has a strong O&D market with the percent of originating passengers ranging from 47.8% to 54.0% of total enplaned passengers over the 10-year period.

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Aircran Operations

The table on the following page shows total aircraft operations at O'Hare for the 10-ycar period 2007 through 2016. From 2007 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 lo 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 increasing operating capacity with larger aircraft were the primary cause of total operations at O'Hare decreasing from 926,973 in 2007 to 867,635 in 2016.

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Airlines Providing Service at O'Hare

As of May 2017, O'Hare had scheduled air service by 21 U.S. (lag carriers, 38 foreign Hag carriers, 4 non-schcdulcd/charter airlines and 25 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 201 1 to 2016. For more information, sec "Air Traffic-Airlines Serving the Airport" in APPENDIX E - "REPORT OF THE AIRPORT CONSULTANT.

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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 SRC. 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 i-SOO-SEC-0330. In addition, electronically filed SEC Reports can be obtained from the SEC's web site at www.sec.uov<http://www.sec.uov>. Each Airline Party and certain other airlines are required to file periodic reports of financial and operating statistics with the U.S. DOT. Such reports can be inspected at the Office of Airline Information, Bureau of Transportation Statistics, Department of Transportation, Room 4201, 400 Seventh Street S.W., Washington, DC 20590, and copies of such reports can be obtained from the U.S. DOT at prescribed rates. Non-U.S. airlines also provide certain information concerning their operations and financial affairs, which mayibe 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"). . \ 'e f

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Historical Operating Results Chicago O'Hare International Airport 2011-2015 (In Thousands)

	2011
Operating Revenues	
Landing Fees	$179,924
Rental Revenues	
Terminal rental and use charges	237,628
Other rentals and fueling system fees	41,745
Sub-Total Rental Revenues	279,373
Concessions:	
Auto parking	95,997
Auto rentals	23,745
Restaurants	38,547
News and gifts	15,608
Other	37,989
Sub-Total Concessions	211,886
Reimbursements	8,219
Total Operating Revenues	$679,402
Operation and Maintenance Expenses	
Salaries and Wages (1)	$190,830
Pension Expense	
Repairs and Maintenance	94,519
Energy	31,777
Materials & Supplies	14,288
Engineering & Other Professional Services..	65,382
Other Operating Expenses	34,254
Total Operation and Maintenance Expenses Before Depreciation and Amortization....	$431,050
Net Operating Income Before Depreciation and Amortization	$248 352

2014

2013

2015

2012

246,912 40.530 287,442

340,449 45.330 385,779

292,706 48.199 340.905

99,210 29,176 49,366 24,355 41,908 244.015 6.961

$189,997 $169,323 $211,982 $253,347
93,557 25,445 41,330 16,579 41,197 218.108 7.017
97,834 27,863 45,432 24,086 45,082 240.297 6,466

273,611 44.813 318.424

95,614 26,274 42,662 18,367 40.337 223.254 6.679
$702.564 $717.680 $844,524 $845.228
88,784, 31,775 9,797 74,307 53.839
85,484 32,895 8,961 81,070 24,895

$191,677 $192,744 $212,576

110,928 34,519 10,573 88,142 38,268

$450.179 $426.049 $495..007 $252,385 $291.631 $349.517

(l) 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.

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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 S3.6 million in 2015 compared to 2014, due to an increased net airline requirement, driven by an increase in Operation and Maintenance Expenses before depreciation and amortization 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' $3-39.5 million 'of Pension-Expense recorded for 2015, $25.8 million is the portion of the City's pension contribution payable in 201.5 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 oft 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 revenue's-and reimbursements of $3 million from 201*4'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,[1] Revenue Fund-arid O&M Fund was $143.5 million and its restricted cash -and-' investments'[5] " ' balance was'$2.498 billib'ri'corripared 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 ah'd investments "balance was ° comprised of 'construction fun'ds [J] "df $(5'50.5 million,-.'$79.6 million-of capitalized interest; $1,025 billion in debt service reserve and 'debt '[1] _s_ervicc funds,_$133..8-operation-and maintenance reserve,4>^3.9-milli6n-customer-facility^charge Turids',-: '$342.'5 million'- in the Auitori>-DevelopmfenVFund,' '$42\6« million iiv'other funds,'ahd($126;3- iri'-the' ; passenger facility^-charge ,fund.;> The restricted cash/and..investments balance' includes' approximately " $650.5 million in construction funds that the City expects to spend through 2018."* ' ".'•■■■'■<■

Insurance[7];"/;' "; '■"■ :"■'] .;'; '■•"

ThevGity,mamtains,.property; and liability; insurance coverage for both Q'-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 $8.5 million per year. The property coverage renewed on December 31, 2016 with a limit of $3.5 billion total for both airports arid includes terrorism, and the liability coverage renewed on May 15, 2017 with a limit of $1 billion total for both airports and includes war'arid terro'nsrri [1] liability coverage.' >'> [H]'

Pension Costs ' •' ;<' • :" ■ ■ ■ - ->. ■

Determination of Pension Contributions ;;'■'■"

Each O'Hare employee participates in one of four single-employer defincd-benefit pension plans for City employees: the Municipal Employees' Annuity and Benefit Fund of Chicago (the "MEABF"),

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the Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago (the "LABF," and together with the MEABF, the "Municipal and Laborers' Funds[1]'), 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, arc 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, sec 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 arc 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 thc 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 Safely 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. 1 ' ■

The City's 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

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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. 20i 1 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 lo 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[1] 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 arc 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 I, 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 thc: LABF. i Without significantly higher contributions or investment returns, the MEABF and LABF are currently estimated to become insolvent in 2025 and 2027_,_respcctivjeLy,, . : :-

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 (he 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 IIMcmbers 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.

The implementation of the provisions of the Stabilization Plans requires amendments to the Pension Code, which require action by the Illinois General Assembly. Senate Bill 2437 ("SB 2437"), introduced in the 99lh General Assembly, contained provisions implementing the MEABF Plan and the LABF Plan and was passed by the Illinois General Assembly, but was vetoed by the Governor. The expiration of the 99lh General Assembly prevented a vote to override the Governor's veto. In January 2017, Senate Bill 0014 ("SB 0014") was introduced in the 100lh General Assembly and contains the same provisions as SB 2437. SB 0014 was approved by the Illinois Senate in January and the Illinois House in April; the Governor has not yet taken any action regarding SB 0014. 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 Revenues on a senior lien basis) and Commercial Paper Notes and Letter of Credit Notes (secured by Revenues on a junior lien basis). Certain of the Senior Lien Obligations arc secured by revenue sources which are separate and apart from Revenues, such as Grant Receipts and PFC Revenues.

In addition, the City has issued PFC Obligations secured by PFC Revenues, CFC Obligations secured by CFCs paid by customers of the rental car companies operating at O'Hare, and Special Facility Revenue Bonds secured by payments made by individual airlines and other tenants and licensees pursuant to separate special facility agreements with. the City. Sec 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 $7,280,425,000 (which amount includes the Refunded Bonds anticipated to be refunded with proceeds of the 2017 Senior Lien Refunding Bonds). The 2017 Senior Lien Bonds arc secured on a parity basis with the Outstanding Senior Lien Bonds and all other Senior Lien Obligations.

Debt Sen'ice Schedule for Outstanding Senior Lien Bonds. The Senior Lien Indenture secures on a parity basis as to Revenues the 2017 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 2017 SENIOR LIEN BONDS-General." The debt service on the Outstanding Senior Lien Bonds, including the Refunded Bonds to be refunded with proceeds of the 2017 Senior Lien Refunding Bonds, is shown in the following table:

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Issuance of Additional Airport Obligations. Subject to certain conditions sel forth in the Senior Lien Indenture, the City may issue Additional Senior Lien Bonds or incur other Senior Lien Obligations that will be secured on a parity basis with the 2017 Senior Lien Bonds and the Outstanding Senior Lien Bonds. See "SECURITY FOR THE 2017 SENIOR LIEN BONDS-Issuance of Additional Senior Lien Bonds" and "CAPITAL PROGRAMS."

Obligations Subordinate to Senior Lien Bonds. As described under "SECURITY FOR THE 2017 SENIOR LIEN BONDS-Covenants Against Lien on Revenues," the City has the right, at any time, to issue debt payable or secured by Revenues so long as such pledge is expressly junior and subordinate to the pledge of Revenues to the payment of Senior Lien Obligations. Indebtedness of the type described in the preceding sentence can be issued without limit as to nature or amount.

The City has authorized the issuance of Chicago O'Hare International Airport Commercial Paper Notes (the "Commercial Paper Notes") and Chicago O'Hare International Airport Credit Agreement Notes (the "Credit Agreement Notes"), respectively, in a combined aggregate principal amount outstanding at any one time of up to $1 billion. Pursuant to this authority, the City recently established a $420 million Commercial Paper Notes program and a $180 million Credit Agreement Note program. The Commercial Paper Notes and the Credit Agreement Notes (to the amount issued) are Junior Lien Obligations and subordinate to the 2017 Senior Lien Bonds and all other Senior Lien Obligations with respect to their claim on Revenues. The authorized and outstanding Commercial Paper Notes and Credit Agreement Notes are set forth in the table below. The Credit Agreement Notes arc issued pursuant to a revolving credit agreement and repayment of the amount outstanding would restore the credit capacity for ' future borrowings.

Bank	Bank of America	Bank of Tokyo	Barclays	JPMorgan,

Term / Years	m		m	
:: Facility : - Expiration	9/27/2019	9/27/2019	.9/27/2019	12/12/2019
Amount Outstanding as of :■ May 31,2017	" $1.3,400,000	o-o "■ P,, ■ o o 'VO ,vo". 1/1		■ $12,098,000
Credit Capacity	$180,000,000	$120,000,000	SI 20,000,000	$180,000,000
Series	2009 Program - 2016 Issue Scries A1-A3	*2009 Program - ! 2016 Issue Series B1-B3* ■	2009 Program - 2016 Issue Series CI-C3	2016
Issue	Commercial Paper Notes	Commercial Paper Notes	Commercial Paper Notes	Credit Agreement Notes

Lf.tter ok Credit Facilities Securing Indebtedness at O'Hare

The City has issued from time to time certain variable rate bonds and notes that arc 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 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 (May 31,2017)	Expiration/ Termination Date[2]	Bank	Ratings Thresholds" Fitch	Moody's	S&P
2005C	$140,600	8/15/2017	Citibank	BBB	Baa2	BBB-
2005D	100,000	8/15/2017 '	Barclays	(3)	(3)	(3)

(i)

(2) (3)

Source: City of Chicago, Department of Finance. t 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.

The City intends to renew or replace these letter of credit facilities prior to their respective dates of expiration or termination. '

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

Airport PFC Obligations

Outstanding PFC Obligations. The City has previously issued various series of PFC Obligations pursuant to the PFC Master Indenture. There, are .currently $558,641 million aggregate principal amount of PFC Obligations outstanding under the PFC Indenture. PFC Obligations are secured separately from the Senior Lien Bonds, solely by PFC Revenues.

Issuance of Additional PFC Obligations. The City has authorized the issuance of an additional $500 million of PFC Obligations. The City may issue, from time to time, additional PFC Obligations to fund additional capital projects, as described under "CAPITAL PROGRAMS." See "CERTAIN INVESTMENT CONSIDERATIONS-Futurc Indebtedness" and " Availabilitv of PFC Revenues."

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

Airport CFC Obligations

The City has previously issued and has outstanding $248,750 million aggregate principal amount of its Customer'Facility Charge Senior Lien Revenue Bonds, Series 2013 (the "CFC Bonds") pursuant to anThdentufe 6T Trust, dafed as'6f'August l; 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' tHc "U.S. DOTi' td' provide funding in an aggregate principal amount up-to!$272^000,000 (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'thc conslfuctidrrof the Multimodal Facility, and the CFC Obligations arc secured separately from the Senior Lien Obligations, solely by CFCs collected from customers of rental car companies operating at O'Hare and certain other charges payable by rental car companies operating from the consolidated rental car facility ("CRCF")> •

Special facility Revenue Bonds'^- :- ■" '1

The .City has previously issued Special Facdity Revenue Bonds on behalf,pf 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 fipm such airlines and non-airline parties •pursuant' to'tfie^ferms'-W relat$P Special ij?acil^ :"^Sce" 'ffcE^TA^ -CONSmERATiONS-
Uncertainties of the Airline Industry."

" ' * '..IV * l!l. PFC.Program at O'Hark "

,; „,-.:. ■■■The' description-of the. PFC Program di O'Hare is included'within 'this Official [1] Statement for the

Benefit'ofIhe 20! 7B'Senior LieiYBdnds'io Hlie extent the 2017B Senior 'Lien 'Bonds are payable from the

20I7B Pledged'PFC Reyehues: The PFC Re) 'eniies collected at "O'Hare "are riot included within

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General - ■. i;;V.-: . . ,-..■'■. ■■

The United States Congress enacted the PFC Act in 1990, authorizing a public-agency,; such: as the City, which controls a commercial service aiq^ort to charge each paying passenger enplaning at such aiiTJoftr(subjcct ^ PFC of $ 1\00, $2K)0 or $3.00. The[1] purpose of the PFC is to provide additional-"eapital-'ftrridihgi foKthe •'expahsib'h)'oP the 'national' airport system. The procee'ds-from PFCs are'to be used tb finance ciigible'airport-related'projccts'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 oh behalf of airports by air carriers'.and their agents (the "Collecting Carriers") and remitted tb'-tnc City on a[1] monthly- basis. On September l:,:'l 993, pursuant to'a PFC Approval^ the City began' to' impose PFCs af^Hareat^

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The Wendell II. Ford Aviation Investment and Reform Act for the 21st Century ("AIR 21"), among other things, authorizes eligible public agencies, such as the City, to impose PFCs of $4.00 or $4.50 to finance PFC eligible projects, including the payment of debt service on indebtedness incurred to finance such projects, that cannot be paid for from funds reasonably expected to be available through the federal AIP. On April 1, 2001, pursuant to authorization contained in AIR 21 and amended PFC Approvals (as 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 arc 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 claim's 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

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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 Ci ty'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 FA A for PFC funding ("Approved Projects"), including those Approved Projects financed or refinanced by the issuance of the Series 2001 PFC Bonds, the Series 2008 PFC Bonds, the Series 2010 PFC Bonds and the Scries 2011 PFC Bonds (each scries as defined in APPENDIX A - "GLOSSARY OF TERMS"), together with debt service on such bonds, and (ii) allowable costs of certain Approved Projects on a "pay as you go" basis. The City recently received PFC authority for the International Terminal expansion project.

As of the date of this Official Statement, the City has authority to impose and use at O'Hare up lo $6.93= billion ; in PFCs.. Based upon.:the City's current PFC authority,, the FAA :estimates .the PFC collection-.expiration date-to-be, July 1,-204.1. Sec Exhibit 5-7 in APPENDIX E - "REPORTOF THE AIRPORT-CONSULTANT" Tor 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 <http://can.be> given that the City will be able to do so., Regardless, the2017B Senior Lien Bonds are also payable from and secured by a pledge of Revenues. See "SECURITY .FOR THE 2017 SENIOR LIEN BONDS ."

Termination of Authority to Impose PFCs , .

the FAA .determines, that, (i) the City js, in; violation, of certain provisions of,the federal jAirport tNoise: and Capacity. Act ,of 1.990,,(the. "Noise• Act") relating to airport; noise and ;access restrictions, (ii) PFC collections and investment income thereon are nqf being used Tor, 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 ithe (time.period (Specified; in the PFCrAct and the PJJC.Regulations or (iv) the City,is. otherwise: in violation of the PFC:Acl, the. PFC Regulations.orrthc PFC Apprpvals..;As provided-by-4he PFC Regulations, a formal termination process that would last a minimum of 100 days would b.e; required before theT'AA could terminate .the City's authority to impose a PFC; for a[1] violation of the PFC Act;;>The City has not received -noticer of any such|dcterminatipn--by(the FAA-and has no reason to..bcliQyerthati:it;is?inriViolatipn; pC.-theiPFG.Act;on:the.PEQiRegulationsi'tSeci^SEG-^WnTY-FOR,THE 2017 SENIOR LIEN; BONDS-Certain Provisions of PFC. IndenturerCo»i/7//fl/ici2 with Noise Act, PFC Act, PFC Regulations and PFC Approvals." , i ;

. r; In-the event the;.FAA w,ere:tQ'terminate;Qryreducc^ PFCs at O'Hare; such action would have the; resultant effect of limiting the amount of PFC.Reyenucs available for payment off the 2017B; Senior. Lietv Bonds, and the other Senior: Lien: Bonds to the .extent such Senior Lien Bonds are payable,from PF.G, Revenues;, The,2.0.17B. Senior,Lien;Bonds and-.any,>Senior:Lien*Sonds• payable from RFC;. Reyenues, are .also payable from andsecured by a- pledge of-.Revenues in. the; event, sufficient RFC. Revenues';are-'not;available .f or;!payment of these bonds.- , See "SECURITY FOR THE 2017 SENIOR LIEN BONDS."

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Capital Programs

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The City has on-going capital programs at O'Hare that arc collectively referred to herein as the "Capital Programs." The Capital Programs include: (i) the OMP Airfield Projects; (ii) the 2017-2021 OP, including the Terminal 5 Expansion, the Multimodal Facility and ongoing repair and maintenance projects; and (iii) other

recently announced Capital Programs, including the Concourse L Extension, the Hotel Development and the TAP. These Capital Programs and their funding are described herein and in the Report of the Airport Consultant. See APPENDIX E - "REPORT OF THE AIRPORT CONSULTANT." In addition to the Capital Programs, the City, in accordance with criteria established by the O'Hare Noise Commission, participates in an ongoing program of providing sound insulation to eligible schools and residences in the vicinity of O'Hare (the "OMP Noise Program"). Sec "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 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.

The OMP Airfield Projects involve 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. O'Hare has experienced a reduction in operational delays and an increase in airfield capacity with the completion of these 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. See APPENDIX E - "REPORT OF THE AIRPORT CONSULTANT" for a more detailed discussion of the OMP.

Projected Sources and Uses of Funds for OMP Airfield Projects. Funding for the OMP Airfield Projects has been undertaken in phases. OMP Phase 1, a $3.2 billion project approved by the Airline Parties, included two runways and an extension and was completed in 2013. A $1.3 billion funding agreement with the Airline Parties for OMP Phase 2A included one runway and enabling projects for another 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. Approximately $361.4 million of the cost of the remaining OMP Airfield Projects are assumed in the Report of the Airport Consultant to be funded by proceeds from future Senior Lien Obligations, assumed to be issued in 2018. Additional sources of funding for these projects include PFC Revenues (on a pay-as-you-go basis) and FAA AIP grant receipts. See APPENDIX E - "REPORT OF THE AIRPORT CONSULTANT" for a more detailed discussion of the sources arid uses of funds for the OMP Airfield Projects.

2017-2021 CLP .

Overview. The 2017-2021 CIP includes the Terminal 5 Expansion, the construction of the Multimodal Facility, and development projects at O'Hare that generally address O'Hare's ongoing capital needs. The total estimated cost of the 2017-2021 CIP projects is $2,268 billion (including the cost of the Terminal 5 Expansion and the Multimodal Facility). For more information regarding the 2017-2021 CIP

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and sources and uses of funds for such projects, sec APPENDIX E - "REPORT OF THE AIRPORT CONSULTANT."

Terminal 5 Expansion. The City is undertaking an expansion of and modifications to Terminal 5, the International Terminal, to accommodate increased traffic and increased aircraft si/.e at O'Hare (the "Terminal 5 Expansion"). The Terminal 5 Expansion increases both the number of gates (from 19 to 28) and the size of gates at 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 Ml through M6 arc anticipated to be modified to accommodate eight narrow body aircraft and. includes:the. modification of existing passenger .loading bridges and the addition of new passenger loading bridges. Existing Terminal 5 facilities are anticipated to be modified to accommodate additional activity. Modifications to systems include the expansion of the security screening checkpoint; the modification of the baggage system, ticket counter lobby facilities, and FIS-'inspcction .areas; iahd other-projects. .! . ,

The City expects to ftilly fund the estimated $266.8 million cost of the projects comprising the Tejrmin^ "20'l7^A'ij^c}rt"Projects") using,proceeds from The 2017DSenior Lien' Bonds. The Aifpo'rt'Us'c Agreements require approval by a majority iii interest of the Airlihe'Parties for the; City's issuance of Airport 'Obligations, the deb'f 'service on which' is payable' by the[1] Airline Parties; 'for certain capital projects, at O'Hare ("Mil Approval") and any such required approvals, have been obtained for the 2017 Airport Trojects.' The City has received PFC .authority ifrom' the FAA' to* .use PFC Revenues to fund the Terminal'5' Expansion, and may elect to apply PFC' Revenues 'to o Met 'portions' of th c debt service' on the'26i'7D"S'enior'Lien Bondsj however there' is no 'pledge,6'f PFC RcVcnu^ta'me^2M'7D'.Senior Lien Bonds' ' '->"V '' i "'U/ i -, -.- m,!' ■■■y.b <■ .-. n: ■ ■.r.-jy M-;;t; -■: w;;k;

I.-: A'■ ■ ■■ i MultimodahFacUityA The City isicbnstrueting thesix-rstory, 4:5. millipn.squareTobt."Multimodal Facility", which; includes a :CRCF Avith an;associated quick turnaround:-area i("QTA"), ah extension:>to ©'Hare's'existing automated transit system ("ATS'OUincludirig .the jpurch'ase[1] of hcw'/ATS-vchicIcs,: and -public-pa ~~rking. Thc~-$~~7:85;4 rrii~~llioB^estimatG~~dx'ost-~~ o~~f~~ .~~m~~is-prejeGT^s-Mly-fta waivers required from the rental car operators to operate in the CRCF have been received. Construction of the Muitihiodal Facility, began in-August 2015 and is expected to-be complete in 2019. ■'• '>

;.- :b-: ■ i ■■ ■ Other Ongoing CIPWrojects. A; primary focus of:the 2017-2021 r,C-IP= is the 'rehabilitation i of airfield.pavemcnt;;upgrades:tothe equipment.in the heating'and refrigeration plant and. additionalJdVAG projects;in:the terminals;- terminal area.projects,[1] including.'rdbf replacement: in?Terminal -1 and up'grades' to ConcoursesiE arid F in Terminal 2v. as well as;a replacement of the existing emergency istandby,power sy'stem -;tarid'Safe'ty'and!s'ecunty»projects.v«h >■ -..:• -i. ■-!-..;; ;.i •••►/ ■.),,:■ .:.rr;:- .Mi :■

Other/Recentl-y-Announced Capital Programs h ': ■'.i;-'■•.,,< - vm ■,■ .■■:■■■■,>>.,'

The City is undertaking capital prbjectsr intended .to iproyidciO'HareTacilities .with ,the ability: to accommodate long-term demand. Recently announced Capital Programs that support this demand are described below. In addition, the feasibility of a future express rail third-party project connecting the O'Hare to the central business district is currently being studied. For additional information on the recently -announced Capital-• Programs, - see . "APPENDIX . E ; - ^'REPORT OF THE AIRPORT CONSULTANT.".- - - • • • ■'.■..■■.:■.,..■:■*!;•,.(.■■'•(:■.■.• ■ . r; . .:■.,; !.'

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Concourse L Extension. In February 2016, the City announced a project to expand 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 Terminal 5, 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.

Hotel Development. In June 2016, the City announced three hotel development projects to add capacity at

OTIare. 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 feel 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. A Request for Proposals is underway for an Operator Agreement for the modernization of the existing terminal hotel and for a new hotel located near Terminal 5.

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 TAP. The City's goals include strengthening O'Hare'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 and phasing options. 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 O'Hare's existing terminal infrastructure and the TAP could provide increased capacity of aircraft gates and terminal processing areas, while also meeting functional needs in several areas. Funding sources for the TAP are anticipated to include the proceeds of future Airport Obligations and other funding sources that have not yet been identified.

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 construct ion 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.

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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 May 5, 2017, Public Law Number 115-31, the Consolidated Appropriations Act, 2017, was signed into law which authorizes appropriations that fund the operation of the Federal Government through September 30, 2017. 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. " See "CERTAIN INVESTMENT CONSIDERATIONS '

O'Hare Modernization Act. The O'Hare Modernization Act, 620 ILCS 65/1 et seq., which became Ja'w7n\August' 2 pb3,; was "'created to expedite and 'facilitate"" IhVOMPf 'Specifically, the' O'Hare Modernization 'Act"states' the iilinois 'General Assembly's intent 'that' "all agencies of this State arid its subdivisions 'shall facilitate the efficient and expeditious completion" of the OMP. 'Among other thing's, the O'Hare'Modernization Act eliminates duplicative aeronautics review of the'OMP'under the Illinois Acrb'nlautics' Act "and" grant's quick-take authority tb the City for land'acquisition'associated with the OMP! The'O/Hare'Mode'rjiizatibn'Act also amends other laws to'faciliiate the" OMP'. '."'•"" " ' ""

Public Act 99-0202, which was effective on January 1, 2016, was signed by Governor Rauncr on July 30, 201-5, 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.: thaUnay texist| after, the construction of ..a new, mnway at O'fHare.without: a certificate.pf approvalfrom thejllinois Department of Transportation.-) i :

. : .,;.;sState Approvalfif~Federal\^ Act, .the City is-generally required-to; ojbtain; the, apprpval, of Illinois Departm AIP. grant applications, that thefCity.;:submitsytp, the,,EAAv b3the.p'Hare---Nl9de^zation Act-provides,- that this .requirement,does ■ not aPRiMP.-AJBig^Q* SBPJicaMops-jrelateid to;the OMR andTurther provides that.t,he.City.,may?directIy ^ receive and disburse,AIPgrantifunds related;to,the OIV^ - ,,, .,.... ,-.

Proposed South Suburban Airport. Plans:to.build a .third airpprt in the. Chicago Region;haye, been -discussedJor -many-~~years~~. ~~T~~hejuost-Iikel-y-site -for such-an-airTJor-UsJhc-proposed^outh-Suf^rianVAirport-site located near Peotone, Illinois (in Will County approximateiy 3'5' niiles'soiitn^of the' City's' -central business district).

If'is'hot'pbssibl'e'at tflistime'tb determine th'e viability of a'new m'ajor'e'omrh'erc'ial -airport-at'the Peotone site or'to predict whether 'br -when any hew regional airport-would be constructed; nor is it currently-possible'^ at O'Hare. ir"'■""■■' ",: "■'■■' '■■ ■■ .-- ■■-■='■-": !] :V

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'br -regulations;, or'their effect' oh the Operations or financial' 'condition of O'Hare. ; 'rilf/; ■'■■■' - ■'■ " >f[" •■■[•■<"■■ : ■■■■■■-.'■ . >■■;..:■■>■.■ :- ■ • , . :-: ..

'■'■' ■■-•■■■■■'■■ Ckrtain ^NVI:sT^1E^TCo^S!D^:RATlo^s -

-.' The purchase' of 2017' Senior Lien' Bonds in vol ves certain' investment: risks arid considerations. Prospective investors should read this Official Statement in its entirety. The /actors set forth'-below, among others, may affect the security for the 2017 Senior Lien Bonds.

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General Fac tors Affecting Level of Airline Traffic and Revenues

The 2017 Senior Lien Bonds are payable from and secured by a pledge of Revenues and certain Funds and Accounts held under the Senior Lien Indenture. Revenues arc 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.

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 arid its regional -affiliates,- which" accounted for approximately 44.2 percent of the enplaned passengers at O'Hare in 2016, and American Airlines and its regional affiliates, which accounted for approximately 35.8 percent of the enplaned passengers at O'Hare in 2016), could have a material adverse effect on operations at, and the financial condition of, O'Hare. If cither United Airlines or American Airlines were to cease operations at O'Hare for any reason or eliminate or reduce O'Hare's

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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 arc 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 vvell as increase, fares and institute additional fees,, such as checked baggage fees, all of which may decrease demand for airtravcl. 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 i-2010, : UnitedirAirlines .'and Continental Airlines -merged. In. 2015,, American arid > US Airways completed theirs merger which created-the .largest airline in the world in terms of operating, revenue; and revenue passenger miles. - Tn-addition, alfof 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 advaritages of mergers. Alliances lypically involve marketing,.code-sharing, and schedulingiarrangements toifacilitatei'th'eHransfcr of passengers:between the airlines. ; ■ .'..:<.'.■< ;,m jsi- m;.!;-,

Effect or- airline Bankruptcy : ,■■'m<!. ^im;, ■:.-:■ -i.n

; , American:-Airlines;;United Airlines ,>and- other airlines operating > at■ Q'Hare .have, emerged';from bankruptcy,^reorganization.oven the; last- severalt.years:i!!U:S.!airlinesi'may^filelforibaiikiiiptcy,protecfioni in the., future.;:, See;r"-Uncertaihties,-of the Airline, Industry".above.: ■<[The, cessation of loperations;iby -.an Airline -Party iwithisignificant operations rat Q!Hare, .such, as'-.United Airlines ior American (Airlines,-;cpuld have, a material adverse effect on operations, Revenues .(with .the resultant, effect on; repayment of the -20JJ..Senioriien-Bonds)-and-.the.-cost-to-thc-othcr-airlines-of-opcrating^t-O'Hare. -.--

:Jn ■thejeyent; ofjbanl^uptcynproceedingS|inyolv.ing..an -AirlineiParty,,-the, debtpr,iprri.ts; bankruptcy trustee must determine -within/a time -period idetermined jby the: epurt.;iwhether,'to assume or:reject ,the applicable Airport-Use Agreement. In the eyent of assumption, the.debtor-would be-required to cure;any prior..defaults and to provideiadcquate assurance of fuUireperfomiance.

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;risc to an, unsecured claim of the: City against -the. debtor's; estate for damages, the; amount qfiwhich :is limited by the Bankruptcy Code. After application of certain; reserve funds, -.the amounts unpaid by the Airline Party as.a result;pf its rejection of an Airport Use Agreement in bankruptcy would' be jncludedjn the calculation of the fees; and charges jpf the - remaining Airlines;Parties underi-their Airport Use Agreements. See APPENDIX C - "SUMMARY OF C ERTAIN PROVISIONS QF THE AIRPORT USEAGREEMENTS-Gencral,Commitment to Pay Airport Fees and,Charges."

Capacity of National Air Traffic Control and Airport System . ■ . ....

, i' 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

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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 Usf: agreements

The expiration date of the Airport Use Agreements is May 11, 2018. Substantially all of the debt service on the 2017 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 2017 Senior Lien Bonds, the Outstanding Senior Lien Bonds or any other Senior Lien Bonds after the expiration dale 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 2017 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," the City expects that it will need to incur additional indebtedness, including the issuance of Senior Lien Bonds, other Airport Obligations, and PFC Obligations, to finance the Capital Programs. Also the City's plans of finance for the Capital Programs assumeThat PFC Revenues would be available in certain amounts and at certain times for the payment of a portion of the anticipated costs of such capital projects on a "pay as you go " basis and for the payment of a portion of the debt service on Senior Lien Bonds, including without limitation the 2017B Senior Lien Bonds and other Senior Lien Bonds, to the extent such Senior Lien Bonds are payable from PFC Revenues. See "CAPITAL PROGRAMS." No assurance can be given that these sources of funding actually will be available in the amounts or on the schedules assumed. For a discussion of the availability of PFC Revenues, see "-Availability of PFC Revenues" below.

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The City's plans of finance with respect to the Capital Programs assume that FAA LOI Grants and FAA AfP 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 2017C Senior Lien Bonds and other Senior Lien Bonds to the extent such Senior Lien Bonds are payable from Grant Receipts. FAA LOI Grants and FAA AIP Grants.are subject to congressional appropriation, as well as automatic spending cuts, known as sequestration as described below in "-Additional Federal Authorization and'Funding Considerations." Although the City considers such assumptions in its plans of finance to be 'reasonable, such assumptions are inherently subject to certain uncertainties and contingencies..'Actual'FAA LOI Grant Receipt and'FAA AIP'Grant Receipt funding levels and timing may.-vary and such, differences may be material. See "CAPITAL PROGRAMS-GIMP Airfield Projects" and APPENDIX E - "REPORT OF THE AIRPORT CONSULTANT "

■■_A ... hvaddition-to the. Capital Programs; the City may,.from lime to time, determine to fund additional

capital projects at O'Hare prior to the maturity of the 2017 Senior Lien Bonds; Ihe funding ;of-which isnot

reflected .in :lhc: Projections set forth in the Report of the Airport Consultant. ;Such additional capital projects: may have separatc plans of finance which assume various sources of funding,, including, without limitation, Additional Senior iLien-Bonds; and.-the amount of such-future Senior ,Lien Bonds; imay be material., ■■■.■■:■■>;, ;>/■:;; - •; '.1; ' /■'■. " ■■'■ ■ ' '■.■.'-:; ;■ ■■■ .'" '■ ':

To the extent that any portion of the funding assumed in the plan of finance for capitaliprojects.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'ScnioriLien'Bonds,.thc City may. ultimately decide not to proceed with certain capital projects or may iprocecd with.them on a different schedule, producing different-results than those included-in the prbjectionslshownanitheiReporttof the Airport'Consultant.'iij u-n 'Wi-••••<•• vivif r..-'u m ■> Mi

GrAnt.-ReceiptsSubjecttoFederal-authorization/Appropriation Sequestration >-.: ■-.

.(.'.••••i;f:ifTn'ei availability: oLfunding from Grant Receipts; under, the Grant Letter.iof Intent,• is>subject to -Oong ressidnal^u4faorizMon-and-apprepr4atj^

legislation] Inthbevehttha't. the;FAA;Extension;rSafety.and(Security Act of, 201.6 ^expired without'alongr 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 jauthorityoiniavfutur&EederaliiFisGal:Meanduei to .changes > in (statutory .program authorization or appropriation!:actorestrictions; miay i necessitate- a;;reduction!;by;--thei<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 FederalFiscal-Year in which 'such'reductioh occurs, -to the total'discretionary funds made available for Obligation in'the; Federal Fiscal [1]'Year in which the Grant Letter of Intent was issued. The Grants-Letter-of Intent' also provides that payment of'the-amount- of- any such- reduction -in[5] a grant installment shall be deemed to be• deferred to the following Federal Fiscal -Year, subject'again to the availability bffufids and statutory authority. • <• •' <-• ■■'<<: -■ f- .-!•>:: • . N« :«•■.■*

: "Federal funding is also impacted' by sequestration, a budgetary feature first introduced under the federal -Budget -Control Act of 2011. Unless changed by the United States Congress from time to time; sequestration' is a multi-year process-and could; continue to affect FAA, Transportation Security Administration ("TSA"), and Customs and Border Control ("CBP")'budgets and staffing,'resulting'in

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staffing shortages and traffic delays and cancellations at airports across the United Slates. See "FEDERAL LEGISLATION, STATE ACTIONS AND PROPOSED SOUTH SUBURBAN AIRPORT-Federal Legislation."

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

Grant Letter of Intent Not A Binding Contrac t

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 lo 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 2017C Senior Lien Bonds anticipated to be paid from such Grant Receipts. In such event, principal and interest on the 2017C 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

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Letter of Intent or other Grant Receipts to be at least equal to the debt service requirements on the 2017C 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 icomply 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 <http://may.-pursue.all> remedies-available in law or equity, including, but not: limited to, thewithholding of future payments iUrider the Grant Letter of Intent:

Availability of PFC Revenues

•<ru . ; . As- discussed above under the subheading "-F.uture.Jndebtedness,".-the:plans,of-finance-for the Capital Programs assume that PFC Revenues would be available in certain amounts and at certain times for the payment of a portion of the anticipated costs of such capital projects on a "pay-as-you-go" as well as to-secure additional Airport Obligations needed to fund such projects.In addition, the Report of the Airport (Consultant-,; ■which, se.ts forth; certain; Projectipns,regarding Q'-Harc,, assumes that certain available PFC .Revenues not, otherwise- pledged- to.pay-PFC Obligations, Senior Lien Bonds, and other payment obligationSjT.wiil jbe applied by;(thc,.Cit.y pni^year-to-ycaribasisras .O.m^ pay [debt service/.oniSuchfO.bligations.tNo assurance .can-be '-given-' that PFQ i 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, inGludmg^without^imi Carriers and the efficiency and ability of the. Collecting, Carriers to collect and remit-PFCs to the City. The City;relies, on.the. -Collecting [Gamers' collection and, remittance, of PFCs, and both, the City and the FAA rely upon the airljncs' reports of enplanements and colleetions.

; ; Under, the terms :pf the. PFCAct, the, FAA may germinate the. City's authority to impose a RFC if the City's RFC, Reyenues,are not^ wjth the,FAA's,approval; the PFC Act,or foe-/egulations;promulgated -thereunder, or if;the-Gity rptheiwisei(viplates the'PF,C 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 RFC collections separately, and further indicate that such funds are to be regarded, as trust funds.heldtby the,Collecting.Carricrs for.the beneficial, interest, of -the public agency imposing,the. PFC... Recent •bankruptcy court decisionsjipwever, indicate that in a.bankruptcy proceeding involving a Collecting, Gamer, it is likely that PFCs will not.be <http://not.be> treated as trust funds and that-airports arc not entitled to any priority over other creditors of the Collecting Carrier,as to such funds. For more

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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 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 Stales. 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 ioperations 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.

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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 2016, Midway had cnplanemcnts representing approximately 25.3 percent of Chicago originating passenger traffic and approximately 18.7 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-Othcr Commercial Service Airports Serving the Chicago Region."

. International passengers are also significant at.O'Hare; making up approximately 15.1% of all passenger enplanements in 2016. International, air travel, may :bc, more casiiy. 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 t "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,couId;rcsult in; :,0'H.are.[-being,-put:.into ia competitive (disadvantage.-:relative. to other airports: and .otherutypes .of transportation..-For a discussion: of the costs to-the airlines of operating .at O'Hare,-see APPENDIX E - ^REPORT OF.THE AIRPORT CONSULTANTrFinancial,Analysis '- . r

Impactof Regional and National EconomiG:Gpnditions-ON.O'Hare-;. ;,.,. .-n :-;

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 demandi-at,O'Hare.; Although O'-Hare'siAiriTrade-Area has;a- large,, diverse -economic.(baseithatisupportsbusiness and;leisure;travel;and is ;projected -by the Airport .Consultant to,,expericncc'continued- growth, there can-be no assurances that any negative economic, or political -conditions affecting-the Air; Trade;Area would, hot. haye an adverse effect,on,demandToriair:transportation.at;0'-Hare:'Sce APPENDIX E>71 "REPORT; OF; THE AIRPORT CONSULTANT-Demograpliic and Economic Analysis " ■ •■ ^ ■_:

.n;;i!i;,'i')-..- i;i-j'<i;r-: :■ :;)i;t.-;-. -it) iv.. , i>:.w:i-; /ih.r-v";-;i \, t'iv.. -. :y. '■:■■>

Sec "-Financial Condition of the City and Other Overlapping Governmental Bodies" below for :a-discussion-of the implications for O'Hare ofithc current financial.challenges,faced-byi,the:City and other, public bodies located within the-Air Trade. Area-.- r>-..- : :?-.it, ;.-. v ■■; ■--.v.; ;;;-.-!.;'

FINANCIAL;CONPITIONjOF -THE C.ITY, AND. QTH.ER OVERLAPPING,GOVERNMENTAL BODIES;:,v,'.<•,.-: jri

ii\vs>..-} ^^he,,-2,01.7 -Senior Lien Bonds ,are limited;■p1bligations),qf-,the.,-..Cityi}and -dp,-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 2017 Senior Lien Bonds. The City is the issuer of (the.2Ql)7 Senior/Lien -Bonds,and weiinfoFmatipn unden-this heading,regarding,the,Gity|s financial condition-1and:;the financial; condition- of..other,•governmental bodies .sharing; a.fepramon tax, base is proyided ias information regarding certain[1] factors-that could impact:the level of enplaned passenger, traffic, andiaviafion activity at|0'IIare. ,-.. . . . .■■ \ - ., ,, .,,,■.< ■

/j,,.- ;.y\Unfunded■■Pensions.-fl\ic Retirement- Funds have significant imfundedjiabilite 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

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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 increasc(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 stale law to authorize such entity to be a debtor in a bankruptcy proceeding.' State law does not currently permit municipalities to be a debtor in a bankruptcy proceeding: From time to time, legislation has been introduced in the Ulinois General Assembly which, if enacted, would permit Illinois municipalities to be debtors in bankruptcy. The City is unable to'predict whether the Illinois General Assembly will adopt any such legislation or the form of such legislation if enacted.

Special Revenues. Although the City can provide no assurances, the City believes that Revenues and Other Available Moneys currently pledged by the City under the Senior Lien Indenture constitute "special revenues, " as defined in Section 902(2) of the U.S. Bankruptcy Code, and therefore, pursuant to Section 928(a) of the U.S. Bankruptcy Code, any and all of such pledged Revenues and Other Available Moneys currently pledged by the City under the Senior Lien Indenture acquired by the City after the commencement of a case by the City under Chapter 9 of the U.S. Bankruptcy Code would remain subject to the lien of the Senior Lien Indenture 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. Sec "SECURITY FOR THE 2017 SENIOR LIEN BONDS-O'Hare Revenues Must Be Used For Airport Purposes."

Force Majeure Events Affecting the City and O'Hare

There are certain unanticipated events beyond the City's control that could have a material adverse effect on the City's operations and financial condition, or on O'Hare's operations and financial

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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 2017 Senior Lien Bonds arc 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

.,.,i,The .2017: Senior Lien, Bonp.s,,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 const(rn^np.nal_or.statutqry,limitation,, .and neither,the faith and,,credit, nor,.the taxing eqwer, of.the state of illinois, the .clty.or.any. other political subdivision of the.state of illinois ,is peedged.to, the; payment of.the principal of or,interest,qn,the.2017 .senior .l.ijen Bonds. The 2017 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 ti-ie 2017 Senior Lien Bonds. .. ; , .

jiIj r.jbnT^n^;^91?) :5(enipr..Lien -Bonds < are, secured .pn a j parity -.basis with;,,Ae..p,utstanding .Senior Lien Bonds,.and all .other, Senior Lien ,ObJigations.i.,Subject.to pertain, conditions set., forth-in,the .Senior Lien lndenUrre,.;thef,City,;may in. the future [issue . Additional Senior,Lien Bonds, qr^incur .other Senior Lien Obligations that, .will ,bc,secured on a parity basis, with-.the, 20.1.7 Senior. Lien Bonds .and, the Outstanding Senior' Lien..Bpnds|;-,. Sec '"SECURITY, FQR THE 2017 SENIOR IJEN BONDS-Issuance of AdditionaJ:Senipr I Jen Bonds".and "CAPITAI. PR OCRAMS■" .... ' ^ : __.

Assump tions in the Report of the Airpor t Consultant '

In connection with .the offering, of.the 2017 Senior. Lien. Bonds described, ,'m .this Official Statement,,the, Airport;Consultant has prepared the Report-pf-the Airport Consultant, a copy of which is included, as APP'ENDIX E to this; Official Statement. ..fhe.tReport'p^ contains numerous assumptions,,as .to. the .utilization.of .Q'Hare and other.matters .and. includes,ithcProjections.-Projections and.■ assumptions, are;.inherently.,;subject .to [Significant uncertainties. '-(Inevitably,.' some assumptions may not.be <http://not.be> realized and unanticipated events and circumstances mav.occur. Actual results are likely, to differ,, perhaps materially, from those projected. .. Accordingly, the,,Projcc.tipns contained, in Report iqf the Airline,Consultant are not necessariiy.-indicatiyc of future .performiance^iand neither...the Airport.(Consultant ,-nor, the City assumes any,responsibility, .for..the..acpuracj^ of, ^suchj.Prpjeptjons....(Tn addition, the final maturity date, of each-Series of the 2017 .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,he reliable, but,the accuracy of these .data has not been .independently, verified. The Projections are based on assumptions made by the . Airport Consultant concerning Tutu re events and

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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 Subordina tion

As described under the caption "SECURITY FOR THE 2017 SENIOR LIEN BONDS," the 2017B Senior Lien Bonds are also payable from and secured by a pledge of the 20I.7B Pledged PFC Revenues 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 2017B Pledged PFC Revenues is subject to (i) the prior and superior pledge of and lien on the PFC Revenues and the moneys in the PFC Capital Fund as security for the payment of 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 2017B 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 pledge and lien created by the Sixtieth 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 2017B Pledged PFC Revenues and (b) Subordinated PFC Obligations (including additional Commercial Paper Notes) that may be secured by a pledge of and lien on the 2017B Pledged-PFC Revenues and moneys in the PFC Capital Fund that is senior and superior to the pledge and lien on the 2017B Pledged PFC Revenues securing the 2017B Senior Lien Bonds. See "SECURITY FOR THE 2017 SENIOR LIEN BONDS-Certain Provisions of the PFC Indenture-Issuance of PFCObligations." i

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

Except for the matter described below, 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 2017 Senior Lien Bonds, the validity or enforceability thereof, or the implementation, construction or operation of the OMP or the 2017-2021 CIP projects, including the projects financed with the proceeds of the 2017 Senior Lien Bonds, 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.

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Riser v. Citv of Chicago. Case No. 2015-L-009955 (Cook Co. Cir. CU. On October 1, 2015, 61 homeowners in Bcnsenville filed a complaint alleging a taking of their property due to noise and disruption from aircraft overflights arriving and departing from the new Runway 10C-28C at O'Hare. Following multiple motions to dismiss filed by the City and changes of venue, Plaintiffs filed their third amended complaint. In it, they assert a single cause of action: inverse condemnation under the Illinois Constitution. Plaintiffs request relief in the form of compensation for the value of the property taken and the diminution in value to the remaining property not taken. On June 7, 2017, the Court denied the City's motion to dismiss the third amended complaint under 735 ILCS 5/2-619, and ordered he City to answer plaintiffs' complaint by July 5, 2017. The City intends to vigorously defend this law suit. The City.isiunable to express an opinion at this time concerning the outcome of (he above matter or the City's liability, if any, in connection therewith.

There arc, from time to time, lawsuits that, arise out of thc; 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 <http://may.be> recovered would have a material adverse, impact on the financial condition of O'Hare.

r , •: Airport Consultant .

, ,. :.i..;The r-Rcpoiit5of4hc Airport Consultant• • included.as APPENDIX E, provides: certain .information with

'.'respect 'to[1] O'Hare. and its' capital programs, evaluates .aviation[1] activity at O'Hare and. presents the analysis .undertaken-by the.Airport Consultant to demonstrate the.ability, of the City;to .comply!with the rcquirements.-;of ,the[5] SeniorlLien- Indenture ;on. a-, pro. forma basis- for .-Fiscal .Years :201.6 .through 2025,based on: the assumptions ;set forth, therein:: The projections are-based, in ;part, 'on historic .data,, from sources considered.'^byvthenAirport •;Gonsultant.:!to.- :be,.->rcliable,., but-<the- accuracy .of; these? data rhas: not ;bcen independently verified. The Projections (as defined under "INTRODUCTION-Rcport 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:ProjcetiQns:< iThe>achievement of the results described in the Projections may be affected by fluctuating economic conditions and depends: upon ithe occurrence of othen future events, which cannot be ;assured-.u.There fore, the actual results achieved .may 'vaiyvfrom the ."forecasts; i and! suchdvaida'tionsxcouldube irriateriaLui In. addition, -the final maturity date of each Scries: of the-2017 Senior Lien-Bonds extends beyond the: period of the Projections. See^GERTAFN IN^ESTMENT-GONSIPERATIONS^ForwardTLooking^tatcments ",

:..,i. ■ Tax Matters i ■

. : : ,i 'Federal- tax law;.containsf-a-inumberr.df requirementsi,and=-restrictions which'-.-apply. to'tthe :2017 Senior Lien .Bonds, including investment, restrictions, periodic payments of arbitrage- profits-to the U nited States, requirements regarding the;'pfoper use of-'bond proceeds and the;facilities financed therewith, and certain other matters. The City has covenanted to comply with all requirements that must'be-, satisfied'in order for the interest on the 2017 Senior Lien Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the 2017 Senior Lien Bonds to become includible in gross income for federal income tax purposes retroactively to the date of issuance of the 2017 Senior Lien Bonds.

Subject to the City's compliance with the above-referenced covenants, under present law, in the

respective .opinions of Co-Bond Counsel: - . ; .

(i) interest oh the 2017A Senior Lien Bonds, 2017B'Senior Lien Bonds and 2017C Senior •• . Lien.-Bondsj is excludable .from .gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but Co-Bond Counsel express no opinion as to

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whether interest on the 2017A Senior Lien Bonds. 2017B Senior Lien Bonds and 2017C Senior Lien Bonds is taken into account in computing adjusted current earnings, which is used in determining the federal alternative minimum tax for certain corporations, and

(ii) interest on the 2017D Senior Lien Bonds is excludable from gross income of the owners thereof for federal income tax purposes, except for interest on any 2017D Senior Lien Bond for any period during which such 2017D Senior Lien Bond is owned by a person who is a substantial user of the facilities financed thereby or any person considered to be related to such person (within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended), but such interest is included as an item of lax preference in computing the federal alternative minimum tax for individuals and corporations.

In rendering their opinions, Co-Bond Counsel will rely upon certifications of the City with respect to certain material facts within the City's knowledge and upon the mathematical computation of the yield on the 2017 Senior Lien Bonds and the yield on certain investments by Robert Thomas, CPA LLC, Certified Public Accountants. Co-Bond Counsel's opinions represent their respective legal judgments based upon their independent review of the law and the facts that they each deem relevant to render such opinions and are not a guarantee of a result.

Ownership of the 2017 Senior Lien Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the alternative minimum tax, corporations subject to the branch profits tax, financial institutions, certain insurance companies,[1] certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations-. Prospective purchasers of the 2017 Senior Lien Bonds should consult their tax advisors as to the applicability of any such collateral consequences.

>-! The issue price for original issue discount (as further discussed below) and market discount purposes (the "OID Issue Price") for each maturity of the 2017 Senior Lien Bonds is the price at which a substantial amount of such maturity of the 2017 Senior Lien Bonds is first sold to the public (excluding bond houses and brokers and similar persons or organizations acting in the capacity of underwriter, placement agent or wholesalers). The OID Issue Price of a maturity of the 2017 Senior Lien Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the cover page hereof.

- If the OID Issue Price of a maturity of the 2017 Senior Lien Bonds is less than the principal amount payable at maturity, the difference between the OID Issue Price of each such maturity, if any, of the 2017 Senior Lien Bonds (the "OID Bonds") and the principal amount payable at maturity is original issue discount.

For an investor who purchases an OID Bond in the initial public offering at the OID Issue Price for such-maturity and who holds such OID Bond to its stated maturity, subject to the condition that the City complies with the covenants discussed above, (a) the full amount of original issue discount with respect to such OID Bond constitutes interest which is excludable from the gross income of the owner thereof for federal income tax purposes (except in the case of an owner of 2017D Senior Lien Bonds who is a substantial user of the facilities financed thereby or any person considered to be related to such person within the meaning of Section 147(a) of the Code); (b) such owner will not realize taxable capital gain or market discount upon payment of such OID Bond at its stated maturity; (c) in the case of the 2017A Senior Lien Bonds, 2017B Senior Lien Bonds and 2017C Senior Lien Bonds, such original issue discount is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Code, but owners of such OID Bonds should consult their own tax advisors as to

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whether such original issue discount is taken into account in computing adjusted current earnings, which is used in determining the federal alternative minimum tax for certain corporations; (d) in the case of the 2017D Senior Lien Bonds, such original issue discount is included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Code and (e) the accretion of original issue discount in each year may result in an alternative minimum tax liability for corporations or certain other collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until a later year. Based upon the stated position of the Illinois Department of Revenue, under Illinois income tax law, accreted original issue discount on such QID Bonds is subject to taxation as it accretes, even though there may not.be <http://not.be> a corresponding cash payment; until a. later year. Owners, of QID Bonds should consult, their own tax advisors with.respect lo the state and local tax consequences of original issue discount on such OID Bonds. . , •

Owners of 2017 Senior Lien Bonds who dispose of such Bonds prior to the stated maturity (whether by- sale, redemption or otherwise)}■.■purchase 201:7 .Senior. Lien ,Bonds, in the; initial public offering, but at a price different from the-OID Issue Price or purchase 2017 Senior Lien Bonds subsequent to.the initial public offering shouldconsult their own tax advisors. .■■■>

If a 2017 Senior Lien Bond is purchased aLany time-for a price that is less than the 2017 Senior Lien Bond's stated redemption price at maturity or, in the case of an OID Bond, its OID Issue Price plus accreted original, issue discount reduced, by. paymcntsfof interest, included in the. computation of original issue: discount and previously paid . (the ."Revised Issue Price"), the purchaser, will be treated .as having purchased a-2017 Senior .Lien: Bond?with market discount-subject to;the.market-discount rules .of:thc;Gode (unless a statutory, de minimis rule applies). Accrued market discount is treated ias taxable ordinary income >and.is recognized, when a (2017. Senior, Lienr-Bond,is disposed :.of (to thcrextent suchr accrued discount does: not.(exceed gain realized) :,or, at; the purchaser's election, -as; itMaccru.es.- <http://itMaccru.es.-> Such- treatment would apply to any purchaser who purchases ;an^OID iBond for a.price, .that,is; less than itsjRevised Issue Price. The applicability of the market discount rules may adversely affect the liquidity or secondary market price .of, such 20,17. Senior-Lien; Bond.; Purchasers should,consult/,their;own.;tax advisors ,regarding the;potential implication's;of marketidiscountiwithIrcspcctto(the 2.01,7;Senior.LienBonds;> •■■ :<•...•■••;■:,:.:

.-f.-'-i '.-••Ani investor • may purchase a .2017 Senior-Lien Bond^aha.prieefn-cxcess'of-its -stated (principal amountTr-Sjierr-cxeres-i
amortized-by. an investor on a constant yieldibasis.over the remaining term of the 20-17; Senior Lien Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction iriithe-tax-exempt, interest received. "As; bond'premium-is amortized, it reduces the investor's basisiin the Bond, i Investors, who .purchase aj2.0 f.7i Senior iLien, Bond; at a- premium; shouldiconsult-their own -tax advisors; regarding -the amortization; of -bond; premium ian'd; its effect-on such Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of such Bond.

>!> •• - There.are ormay.bc;pendingjin-theCongressiofthe .Uhited'States legislative.propbsals,-including some that carry,retroactive effective-dates, thatif enacted, could alter:or ;amend the federal tax ,matters referred to'iabove or affect the market- value -of-the >2017:.Senior JjicniBonds.-;. It cannot be predicted whether or in. what-form-any such proposal might be enacted or whether, if enacted; it would apply to bonds-issued prior to enactment; Prospective purchasers-of thei201/7 S.enior.Lien Bonds, should-consult their,own tax advisors regarding any pending or proposed federal tax. legislation. Co-Bond .Counsel express no. opinion regarding any pending or proposed federal tax legislation... • ■■

;., ... The [Internal Revenue-Service (the. "Service") has an ongoing program of auditing, tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is

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includible in the gross income of (lie owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the 2017 Senior Lien Bonds. If an audit is commenced, under current procedures the Service may treat the City as a taxpayer and the 2017 Senior Lien Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the 2017 Senior Lien Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the 2017 Senior Lien Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply lo any such payments to any 2017 Senior Lien Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any 2017 Senior Lien Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

Co-Bond Counsel express no opinion as to the treatment of interest expense for financial institutions owning the 2017 Senior Lien Bonds for purposes of Section 265(b)(7) of the Code. Financial institutions should consult their tax advisors concerning such treatment.

Interest on the 2017 Senior Lien Bonds is not exempt from present State of Illinois income taxes. Ownership of the 2017 Senior Lien Bonds may result in other state and local tax consequences to certain taxpayers. -Co-Bond Counsel express no opinion regarding any such collateral consequences arising with respect'to the 2017 Senior Lien Bonds. Prospective purchasers of the 2017 Senior Lien Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

' '■ - Certain Legal Matters

Certain legal matters incident to the authorization, issuance and sale by the City of the 2017 Senior Lien Bonds are subject to the approving legal opinions of Chapman and Cutler LLP, Chicago, Illinois and Charity & Associates, P.C., Chicago, Illinois, who have been retained by the City and are acting as Co-Bond Counsel. Co-Bond Counsel have not been retained or consulted on disclosure matters and have riot undertaken to review or verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the 2017 Senior Lien Bonds and assume ho 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 2017 Senior Lien Bonds and the Senior Lien Indenture, the security for the 2017 Senior Lien Bonds and the description of the federal tax exemption of interest on the 2017 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, Thompson Coburn LLP, Chicago, Illinois, and Sanchez Daniels & Hoffman LLP, Chicago, Illinois, Co-Disclosure Counsel to the City. Certain legal matters will be passed upon for the Underwriters by Quarlcs & Brady LLP, Chicago, Illinois.

UNDERWRJTING

A group of underwriters, represented by Loop Capital Markets LLC, has agreed, jointly and severally, to purchase the 2017 Senior Lien Bonds subject to certain conditions set forth in the Contract of

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Purchase with the City. The Contract of Purchase provides that the obligations of the Underwriters to accept delivery of the 2017 Senior Lien Bonds are subject lo various conditions of the Contract of Purchase, but the Underwriters will be obligated lo purchase all the 2017 Senior Lien Bonds if any 2017 Senior Lien Bonds arc purchased. The Underwriters have agreed to purchase the 2017 Senior Lien Bonds at an aggregate purchase price of $925,631,483.51 (reflecting an underwriters' discount of $4,279,609.84 and net original issue premium of $117,416,093.35).

The Underwriters reserve the right to join with dealers and other underwriters in offering the 2017 Senior Lien Bonds to the public. The 2017 Senior Lien Bonds, may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sclI such 2017 Senior Lien Bonds' into investment accounts.

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

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or .hold a broad array, of investments and actively trade debt and; equity securities (or related derivative securities, •whjch.mayjnclude .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^pfthe^Clty:., U) ....,ttt. _.r.. ,.,(;j •;,,,•!',•_

The Underwriters and their respectivc^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 timeihold, or recommend ,to clients that they...shouldj acquire,, long..anchor ;short,1ppsitions, in .such .assets, , securities . and instruments. , The' Underwriters retained Underwriters' counsel, based, in part, on the recommendation of the City. ., . . m

. ... .Citigroup. Global Markets,Inc.,. an underwriter, of the. 2017 Senior. Lien Bonds, has entered into.a retail distribution agreement with; UBS Financial Services Inc., ("UBSFS"). Under this. ,distribution agreement[1], Citigroup Global Markets Inc.,may)rdis^.butc..municipal securities,,to,retail.investors through the financial,advisor network.of.UBSFS., As part.of this, arrangement;£hc. Underwriter may compensate UBSF,S for ,jts; selling efforts with respect.to.lhe. 2017.S,enior Lien Bonds. •. v

u . Valdcs & Moreno Inc. ("V&M"), an underwriter of the 2017 Senior Lien Bonds, has entered into

a..distribution agreement with Neighborly. Sepuritie^^pNp(ighbqr)y"),.. whereby V<^.M. .will distribute

municipal securities'to retail investors. This distribution arrangement,became, effective on.May. 31, 2017.

As part of this arrangement, V&M will compensate Neighborly for its selling efforts with respect to the

2017 Senior Lien Bonds. . . • , ,: ., ,, ;:. , ■.. .,.

Secondary MarketDisclosure

The City will enter into a Continuing Disclosure Undertaking (the "Undertaking") for the benefit of the beneficial owners of the 2017 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

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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 lo comply with the Undertaking will not constitute a default under the 2017 Senior Lien Bonds, the Senior Lien Indenture, or the Bond Ordinance, and beneficial owners of the 2017 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 lo 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 2017 Senior Lien Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the 2017 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 lo 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 forfhe'accuracy or completeness of any SEC Report filed by United Airlines or American Airlincs 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-/)^ 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 Revenues at O'Hare for each of the prior two Fiscal Years.

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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 ,2017 Senior Lien Bonds, are:

. . 1. principal and interest paymentdelinquencies; .

2. non-payment related defaults, if material; ,

3. unscheduled draws on debt service reserves-reflecting financial difficulties; \>',ui.v>- ■ 4: : .

unscheduled draws-on^creditienhancements reflecting-financial difficulties;

5. rsubstitutibniofcrcditiorfliquidityjp'rovidersy.oritheir failure to perform; :; ■„■

- ">■-'■ -' !:■' ■■v-s..sl. 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; • : ;■'■;.■.■-.■:/>/■ ; < /' i-'--': 1 -•:■':■•■ -..'

• ■■ -!■!.'■■;• • 11;. rating changes; ' -

!i •'•>•>•"• '= i • :'••'"•" 12: • bankruptcy;-insolvency;" receivership, or -similar'proceedings of an Obligated

Person;* '•'''" ■' ■" ■ ■-■■<

* Note thai,'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 of'similar officer tor 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 lhe 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 cdrifimiing'a plan of reorganization, arrangement of liquidation by a court-or governmental authority having supervision or jurisdiction over substantially all of the assets or business of th'e Obligated Person.

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13. the consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of an Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; 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 Ci ty 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 2017 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 2017 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 docs not materially impair the interests of the beneficial owners of the 2017 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 2017 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

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 ornptice 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 toCertain Bond disclosure •Requirements

The City failed to comply .with certain cqntinuing.disclosurc;un^ by it pursuant.to the Rule, as described below. Such non-compliance may pr.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. 3,1, 2011, with respect to the City of Chicago - Chicago O'Hare International Airport General Airport Third Lien Revenue,and Revenue Refunding Bpnds,:-Serics-.-2,01 OA-^thrp.ugh..Series. 20,1 OF,: Annual Financial Information and Audited Financial Statements were not

filed by,the.City in20.1;1 for the ...Fiscal-,,Year ended December 31, 2010, and in 2012 for the Fiscal Year ended December 31, 2011, with respect to the Gity of Chicago - Chicago O'Hare;:International., Airport Passenger Facilities Charge Revenue and JRevenue^efimfl^^
EMMA such Annual Financial Information.and-Audi^ to such bonds.

Annual t Financial,Information and - Audited Financial Statements were, not filed by the City in 2Ql2;fpr.:the Fiscal -Year;endedrD.e.cember ;3.:l;:201 l,with;res.pect-;tp the. City,of ChicagoChicago 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^ 201.1, with[1] respect to.the City of Chicago !r: Chicagor.O'Hare International Airport Passenger; Facility Charge.Revenue'Bonds,.Scries-2011A; and Series 201TB. On October 12, 2016, the Cityfiled .with/EMMA such Annual Financial In formation .and Audited Financial Statements with respect to such bonds! •,-,• ; ■ • .-: ■ • "' ;■'»■" .

With respect to the City's Collateralized Single Family Mortgage Revenue-Bonds, Scries 2006A (the "Series 2006A Bonds';)',! S&P lowered its rating on the. Series: 2006A ;Bonds from "AA + " to "AA" and placed the Scries 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,iS&P-removed--the^^"Crerf/A;W7/c/i-iv/7A' negative implications" characterization from the!-Series"2006A Bonds. The'City caused the trustee, as

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dissemination agent, tor the Series 2006A Bonds to tile a notice of a reportable event with I: MM A 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 Stales-based subsidiaries (including American Airlines and American Eagle) filed voluntary petitions for Chapter 11 reorganization in the United Slates 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 lo 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 bpnds subject to the Rule and for which the City is an "obligated person " under the Rule (collectively, the "Prior Bonds") of 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 Chicago Midway Airport Second Lien Revenue Bonds from A- to A. On May 17, 2016, the City filed with EMMA an event notice relating to this rating upgrade.

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Co-Financial Advisors and Independent Registered Municipal Advisor

The City has engaged PFM Financial Advisors LLC and D+G Consulting Group, LLC as its financial advisors (the "Financial Advisors") in connection with the authorization, issuance and sale of the 2017 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 15Bal-lr(d)(l)) 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 2017 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, .20.15 and 2014, .included as .APPENDIX D to this Official Statement.have been audited,.b.y Delqitte &.Tquchc. LLP,' independent,auditors, as stated: in their report appearing here in (that, was modified .to,include, a reference, tp.pthe^auditqrs,, and .to-include an,emphasis of a. matter; paragraph./related• to. the. adoption, qf,.,GpYer^ental,.Apcqunfi Board.:(GASB) Statement No. 68, Accounting and Financial Reporting.for P.ensions - an .amendment oj\GASB- Statement. No. 27.

JRATI1VGS :

t'>. 'THie'2^17. Senior TJien Bonds have been assigned Ittfe'ratings'br"A"'{'stable" outlook) 'by' S&P Global Ratings

"'" " A fating rejects; only the views of trie rating agency 'assigning such fating and an explanation of insignificance of such rating may be obtained from such fating agency. The City has furnished to the rating agencies Certain information and materials relating to the 2017.Senior Lien Bonds and O'Hare, including"certain'information and materials that have hot 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 givcri'.'peVibd bf time, of that any rating will, riot be revised', downward' or' withdrawn' entirely by any such rating agency if, in its judgment, circumstances so warrant. . Any such downward revision, or withdrawai^pf'any suctv rarihg"ij^y.'haye' ^/adverse effect on thV market price of the 2017 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 ceHain'pfovisions arid'do not constitute complete^statements df such documents or provisions. Reference is'made to the complete documents -relating' to such matter for-'fitfther 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.

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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.

Chief Financial Officer

City of Chicago

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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: --/s/ Carole L. Brown 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 2017 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.

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"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, alter 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 General Fund" means the Airport General Fund to be established by the City pursuant to the Senior Lien Master In'denture.

"Airport Obligations " means any bonds, notes or other evidences of indebtedness of the City, which bonds, note's 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 "b'eydnd 'the'theh-curreht boundaries"of the: Airport, or any cost or expen se paid'bV infeuirred'in cbrinec'tion-with: br; relafe'd to the A irport whether'of not of a capital nadife and/ whetlief or nb' t'fe^.ate^'to..'facilities" at the Airport;r;ihciudirig, but riot limited to, amounts needed to "satisfy'any judgment arid'the cost bf any noise mitigation program's.' •

' •'" "A irpdriPrpj^ect'Account "•means/ airy Accp'unt established for the payment of the cost's of an' Airport Project including any Account established'^ of proceeds of insurance under the Senior Lien Indenture.

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' "Airport Use Agreements " means (a) the Amended and Restated Airport Use Agreerhent -and Terminal""Facilıries"£^as^aterl"a^Tn0iJaTO the City and various companies engaged in the Air Transportation Business at the Airport; (b) each other' airpdrt use 'agreement-arid'terminal' facilifies lease'," with* respect 'to the'Airport, 'substantially the same (except with respect to'the"Exclusive Us#Pie"mises'and "Aiflme's'Airbraft Parking'Area described therein) and haying the same expiration date as the agreements referred to in (a) above, and (c) in the case of each aif-ear'go carrier',1'its airpdrt use1 agreement, with respect to the Airport, substantially trie' same (except with respect'to'the'Exclusive' Use'Premises and Airline1'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,' ariieride'd or supplemented from'time to time in accordance with their tcrirrs. '''''''''''' '' '' _'';':': ''*'' ' ' ■'''•''•'' :;;* ''•

"Annual Debt Service " means, as bf any particular date of computation and with respect to a particular Bond Year or other specified ■I:2-rii6rith period,' arid Senior ilicn'Cjbligatibhs.'of a particular Series or consisting of a particular Senior Lien Section 208 Obligation or Qualified Senior Lien 'Swap Agreement',"an 'amburit'of money'equal to the sum bf (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

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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.

"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 2017B Senior Lien Bond PFC Revenue Deposit Account as described under the caption "Security for the 2017 Senior Lien Bonds-Description of PFC Revenues and Pledged 2017B PFC Revenues," 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.

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"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,' i counsel or accountants may certify to different facts, respectively:- /Every; Certificate on opinion !ofjCounsel,-accouritants; engineers; or other persons provided for. in the-Senior Lien Indenture or any Supplemental Indenture thereto must include: ; ■.■::■■.'.>'.■■,;■< i: • ■-.■■-•..■/_. ;'. ii' U'■ '-■,.■:■] ■•.

■ r.n)uj.! ,-? : ,:• j(a) :.,,^statement.- that; the i.person.;making.-. that ,Certificateu om\ opinion or .:: representationvhass .read, the pertinent, provision' of. the Senior, Lien; Indenture or. the it. .) Supplemental indenture Ao. which that; statement,, Certificate,! opinion., or representation *.relates; • :• -||: ■ ■■■[: r:| ! :-.-.■'.■: -v., ---firi;-.: v-■ n ■ rr.- .*
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(b) .a brief statement,as tonature: and scope.bf the examination or, investigation upon which the statements, opinions or representations:are•basedv; .; i :.<;, -

.•:: <:'.u-.:*-,< XcX K.iia^statement'jthat^inithe opinion: of that iperson, that\person <file:///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 i . : the iSenior.Lien'Indenture^ a-statement-whether or mot,-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 thcCity at any .time a vacancy exists in the office of. the-Chief Financial Officer.

: "City", -meansi ;the .City of Chicago,, a municipal corporation .and.home rule unit of local government organized and existing under the laws, of the rS.tate-of;Illinois. :

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"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 2017A Bonds, the Series 2017C Bonds and the Series 2017D 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.

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"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 issuedto finance or refinance .one ormore 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 (informationiwith/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'Sfbpinion may be based, as/aforesaid', is.erroneous.

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

• .; "GP/Notes" means*CommercialiPaper-NoteS'.of any-seriesito--finance or refinance-Airport Projects. - -■:■■>' ' ■ ■;. - , . ;- Yy...

"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 2.017A Bonds, the Series 20 lj7C; Bonds and the Series 2017D Bonds; the Common ;Debt Service Reserve Sub-Fund and (b) with respect to the Series,20L7B Bonds, the Account designated as the "Chicago O'Hare International Airport 2017B Senior Lien Debt Service Reserve Account."

i; ^'DedicatedrSitb-Fund".* means a:sub-fund within .the Debt iService! Fund,including each sub-fund created by a Supplemental Indenture,--and[1] 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 Deb t 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 Funcr under that caption that are required to be made at that time.

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"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 or Certain Provisions or 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 2017 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.

"Fifty-Ninth Supplemental Indenture" means the Fifty-Ninth Supplemental Indenture dated as of June 1, 2017, between the City and the Trustee, which supplements the Senior Lien Indenture. -

"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.

"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 Letter of Intent " means the Airport Letter of Intent No. AGL-06-01, dated November'21, 2005 from the FAA to the Commissioner, as the same may be amended and supplemented from time to time.

"Grant Receipts" means all moneys received by the City from the United States of America and agencies thereof, including the FAA, for Federal Fiscal Year 2020, pursuant to the Grant Letter of Intent.

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"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* Debl\Seryic&f!uffdJ\[means>-the. Junior rLieni Obligation ..Debt Service Fund created by the Senior Lien Master Indenture.

"Land Support Area " means (a) during the term of the Airline Use Agreementsytrthe facilities, uses, leases, land and air rights, if any, identified as such in the Airport Use Agreements and<(b.) after;itherendcof'the.i.term.'bf thefAirp.Grt'iUs'e-,Agre.em'eritSv.'the-Tacilities,,-usesr.leases, land and'air rightSj 'if any, ident ified■ 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 Gity;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 jsu'eh revision .shall not-take effect until either (i) there is filed with the Trustee an Independent Airport Consultant^Certificate; ;based.-oni reasonable assumptions, that the anticipated reduction of Revenues resulting from such revision will not constitute a material redu^ion^f-Revermes7"OT' (ii) tte Indenture regarding Released Revenues.

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"Landing Fee Rate" means the Landing Fee Rate established pursuant to the Airport .Use Agreements.

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"Landing,Fees" meansywith respectfo-each-Airline Party- the Landing Fees;calculated pursuant to such Airline Party's,Airport JJse Agreement.

"Liens Defeasance Date" means September 12, 2012.

"Maintenance* ReserverFund" means the Maintenance Reserve Fund'created under 'the Airport Use Agreements. . A ■■■

.- . '-'Moo^'1v",means!Moody's investors Service

"Net Debt Service " means with respect to the Series 2017D Bonds for.any Bond Year;.the Annual Debt Service with respect to each respective Series, reduced by any proceeds of Airport

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Obligations held by the Trustee for disbursement during that Bond Year to pay Principal Installments of and interest on such respective Series.

"Non-Common Reserve Bonds" means the Outstanding Series 2005C Bonds, Series 2005D Bonds, Series 2008A Bonds, Series 20I0D Bonds, Series 201 OF Bonds, Series 2011A Bonds, Series 2012A Bonds, Series 2016C Bonds, Series 2016F Bonds and Series 2017B 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 midyear 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 hot 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;

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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;

(k) costs incurred in eollecting.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=;personsj.or;fimiS',appointed or engaged, from^ime'tO'timei-.to,,render. advice .and! perform (architectural;- engineerings construction management, financial,>legal, accounting,.testing; consulting.or other professional services in connection with the Airport;

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.: (xii) :; any. other cost incurred oriallocated toXhe. Airport necessary,to comply with any valid rule, regulation; policy or order: of any federal, state.or.1o.cal <http://or.1o.cal> government, agency or court; and -' . :•>:><;>. ■ ' :.• -ww

■■■■ (xiii): 'all otherrdirect and indirectexpenses, whether similar; oridissimilar, which arise but of the-City's mvrfefship, operation or maintenance ,ofrthcrAiiriortvifncteding-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 onetfourth-of such Fiscal Year's-Qperatiori:and Maintenance Expense Projection as adjusted at mid-year pursuant to the Airport Use,Agreements:,. , • . :

"Other Available Moneys " means for any Fiscal Yeanthe amounfof money determined by the Chief Financial Officer to be transferred by the City for that Fiscal Year from sources other than Revenues to the;Reyenue Fund. .. . -.

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"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 dale to the Trustee or to the City, as the case may be, for cancellation;

b) Senior Lien Obligations (or portions of Senior Lien Obligations) for the payment or redemption of which there are held in trust and set aside for such payment or redemption (whether at, before or after the maturity or redemption date) moneys or Federal Obligations the principal of and interest on which when due or payable will provide moneys, together with the moneys, if any, deposited with the Trustee at the same time, in an amount sufficient to pay their principal or Redemption Price, as the case may be, with interest to the date of maturity or redemption date, and, if those Senior Lien Obligations are to be redeemed, for which notice of the redemption has been given as provided in the related Supplemental Indenture or provisions satisfactory to the Trustee have been made for giving the notice;

c) Senior Lien Obligations for the transfer or exchange of, in lieu of or in substitution for which other Senior Lien Obligations have been authenticated and delivered pursuant to the Senior Lien Master Indenture; and

d) Senior Lien Obligations deemed to have been paid as provided in the- Senior Lien Master Indenture.

"Participant" when used with respect to any Securities Depository,' means any participant of such Securities Depository. • •• > 1 !>;;'.

"Paying 'Agent" means any bank or trust company designated as a paying- agent for a Series and its successor or successors later appointed in the manner provided in the Senior Lien Master Indenture. ' ■ :

"PaymentDate" means any date on which a Principal Installment or interest on any Series of Senior Lien Obligations is payable in accordance with its terms and the terms of the Senior Lien Master Indenture and the Supplemental Indenture creating the Series or, in the case of Senior Lien Section 208. Obligations or amounts payable under any Qualified Senior Lien Swap Agreement, in accordance with the terms of the instrument creating the Senior Lien Section 208 Obligations or the Qualified Senior Lien Swap Agreement.

"PFC Capital Fund" means the PFC Capital-Fund of the City:

"PFC Master Indenture" means the Master Trust Indenture Securing Chicago O'Hare International Airport Passenger Facility Charge Obligations dated as of January 1, 2008, from the City to The Bank of New-York Trust Company, N.A., as trustee, amending and restating the Master Trust Indenture Securing Chicago O'Hare International Airport Second Lien Passenger Facility

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Charge Obligations dated as of May 15, 2001, from the City to The Bank of New York Trust Company, N.A., as successor to BNY Midwest Trust Company, N.A., as trustee.

"PFC Regulations" means Part 158 of the Federal Aviation Regulations (14 CFR Part 158), as amended from time to time, and any other regulation issued with respect to the PFC Act.

"Pledged Other Available Moneys " means (a) with respect to the Series 2017B Bonds, for each Fiscal Year, the amounts to be withdrawn from the PFC Capital Fund and deposited into the 2017B Senior-Lien:Bond PFC .Revenue Deposit Account that the Chief Financial Officer has determined to be Other Available Moneys as evidenced by the Pledged Other Available Moneys Certificate for the Scries 2017B Bonds;, and (b) with respect to the Series 2017C Bonds, the amount of Grant Receipts to be deposited into the 2017C Senior Lien Bond Grant Receipts Deposit Account that the, Chief, Financial'Officer has determined to., be Other ^Available,. Moneys as evidenced by the Other Available;M.oneys Certifieate; •

• < "Pledged; Other Available!Moneys,-Certificate".' means the ,Other Available Moneys Certificate, substantially in the forms attached to the Sixtieth ^upplementaf Indenture, ,with respect to the Series 2017B Bonds, and the Sixty-First Supplemental Indenture,.with .respect to the Series 2017C Bonds, signed by the Chief Financial Officer and filed with the Trustee.

to Senior Lien Obligations of a particular/Series.;; or ^consisting of a/particular.,;Senipr Lien Section 208 Obligation, an amount of money equal to the aggregate of (i) the principal amount of Outstanding Sehionlcien Obligations of that- Series ;or< Senior (Jiien Section-208 ^Obligations which mature on a single future date, reduced by the aggregate principal-amount ofrfhe] Outstanding Senior Lien Obligations of that Series which would at or before that future date be retired by reason of the. payment when due and the application in accordance with the Senior Lien Master Indenture and the Supplemental Indenture creating the Series or the instalment creating those; Senior. Lien "Section 2TJ8TCfl51igatioT^ before-that-future-date-for the- r.etir'emenU.o^ ;bfuthat<-Series, plus <(ii).ithe (amount of any *Sinking ;F.undrHay;mentS'payableton that :fomre)datetfor/itHe>.retirement-.of;me:-.Outstanding;Senio'f Lien Obligations of that Series, and that future date is for all purposes of the Senior Lien Master Indenture, deemed to be the date when the Principal Installment is payable and the date of the Principal Installment.* • ; ■ • . |<- ,

< "Qualified Collateral" means':. • :■■

■ •:'".;/• •;;.'.." ; n-j- : ;-.;;;> ; !,,;lili::;0 ■".; :' m' '■.:(,

. j ^ j'Xa);!?:.- Federal Obligations; .:;.; : .: i;,..'r:,: >

(b) direct and general obligations of any State of the United States of America or any political siibdivisioniof the State of Illinois: which are rated in bneof the two highest rating categories by any two Rating Agencies without regard to any refinement or gradation of rating category by numerical modifier or, otherwise; and - . .

.'■'. (c) . public housingbonds issued by publicihousingjauthorities and-fiilly secured ;as.to.the payment of both principal and interest by a pledge of annual contributions under

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an annual contributions contract or contracts with the United States of America, or project notes issued by public housing authorities, or project notes issued by local public agencies, in each case fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America.

"Qualified Credit Instrument" means a letter of credit, surety bond or non-cancelable insurance policy issued by a domestic or foreign bank, insurance company or other financial institution whose debt obligations on the date of issuance thereof are rated in the highest rating category by S&P and Moody's and, if rated by A.M. Best & Company, is rated in the highest rating category by A.M. Best & Company. Any such letter of credit, surety bond or insurance policy shall be issued in the name of the Trustee and shall contain no restrictions on the ability of the Trustee to receive payment thereunder other than a certification of the Trustee that the funds drawn thereunder are to be used for purposes for which moneys in the Common Debt Service Reserve Sub-Fund may be used under the Senior Lien Indenture.

"Qualified Credit Provider" means the issuer of a Qualified Credit Instrument.

"Qualified Investments " means with respect to Senior Lien Obligations as follows:

a) Federal Obligations;

b) pre-refunded municipal obligations meeting the following conditions: (i) the municipal obligations are not subject to redemption prior to maturity, or the trustee therefor has-been given irrevocable instructions concerning their calling and redemption and the issuer thereof has covenanted not to redeem such obligati ons other than as set forth in such instructions; (ii) the municipal obligations are secured by cash and/or Federal Obligations, which Federal Obligations may be applied only to interest, principal and premium payments of such municipal obligations; (iii) the principal of and interest on the Federal Obligations (plus any cash in the escrow fund) are sufficient to meet the liabilities of the municipal obligations; (iv) the Federal Obligations serving as security for the municipal obligations are held by an escrow agent or trustee; (v) the Federal Obligations are not available to satisfy any other claims, including those against the trustee or escrow agent; and (vi) the municipal obligations are rated in the highest rating category by any two Rating Agencies without regard to any refinement or gradation of rating category by numerical modifier or otherwise;

c) deposits in interest-bearing deposits or certificates of deposit or similar arrangements issued by any bank or national banking association, including'the Trustee, which deposits, to the extent not insured by the Federal Deposit Insurance Corporation, shall be secured by Qualified Collateral having a current market value (exclusive of accrued interest) at least equal-to the amount of such deposits, marked to market monthly, and which Qualified Collateral shall have been deposited in trust by such bank or national banking association with the trust department of the Trustee or with a Federal Reserve Bank or branch or, with the written approval of the City and the Trustee, with another bank, trust company or national banking association for the benefit of the City and the appropriate Fund or Account as collateral security for such deposits;

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d) direct and general obligations of any state of the United States of America or any political subdivision of the State of Illinois which are rated in one of the two highest rating categories by any two Rating Agencies without regard to any refinement or gradation of rating category by numerical modifier or otherwise;

e) obligations issued by any of the following agencies: Banks for Cooperatives, Federal Intermediate Credit Banks, Federal Home Loan. Banks System, Federal Land Banks, Export Import Bank, Tennessee Valley Authority, Government National-Mortgage Association, Farmers Home Administration, United States Postal Service, Fannie Mae, Student Loan Marketing Association, Federal Farm Credit Bureau, Federal. Home .Loan Mortgage Corporation, Federal Housing Administration, any agency or instrumentality of the United States of America and any corporation controlled and supervised by, and acting-as an agency or instrumentality, of, the United States, of America;

f) any repurchase agreements collateralized by securities described in clauses (a) or (e) above: with any .registered broker/dealer subject to. the Securities Investors' Protection Corporation jurisdiction or any commercial bank, if such broker/dealer or bank;or .parent-holding company providing a guaranty has an uninsured, unsecured and unguaranteed rating in one of the three highest rating categories by any two Rating Agencies without regard to any refinement, or; igradation; of rating category by numerical modifier or otherwise, provided: (i) a specific written agreement governs the transaction;: (iii) the: securities are Held by. a depository acting solely as agent for the Trustee, andisuchithirdiparty. is.(A) .a-Federal Reserve. Bank;.or (B:)iabank.w.hich is.iasmember of the ; Federal D„epbsit Insurance iCorporatibniandiwithicombined: capital, surplus and undivided .'.profits-" 'oftf'not^'less^than r{$25j000',Q.0(H; and vthe.;nTrustee ishall ,rhavevreceivedf written confirmation from such third, party that it-holds rsuch securities;.; (iii), a perfected first ' securityinterest under the Uniformi'Commercial Code, onbook entry.proccdures prescribed .at .l)iC.F>R. 306.1. et seep ;or 31 .C.F.R,'i350.0 et seq. in| such securities is. created for the benefit of The Tf\iste^(iv7The repurclrasi; agreement has:a term-ofrxsneryeaf-orTrlessvor-the-collateral securities will.be <http://will.be>,valued no less frequently than nionthlyjand will he liquidated if any deficiency in the required collateral -percentage, is notrestored'W.ithin:.tw.o,business days.,of such valuation;, (v);the repurchase agreement matures at least 10 days (or other .appropriate liquidation*penod) prioi>to.:a PaymentrDate;iand;(vi):the,.fair,.marke,t .value of , the securities in relation to. the amount of the repurchase obligations, including, principal and interest, is equal to at least 100 percent; . .'i^r ..h-;:

:.-. (g) shares...:of. an investment company, organized Sunder., ithe Investment Company,Act,of 1940,- as,amended, which invests its assets exclusively;in obligations of the type.described-imclauses (a){to.(e);." . ••• - -A- ; yv AAA>

■(h). i'nvestmenf.agreemenrswhich.represent the unconditional-obligation of one or more banks, insurance companies or other financial institutions, or are guaranteed by a •financial institution, in.either case.that.has an unsecured rating, or which agreement is itself ratedj as of the date of execution thereof, in one of the three highest, rating categories by any two'Rating Agencies .without regard to any refinement ongradatiott:qf rating-category by numerical modifier or otherwise;

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(i) long-term or medium-term corporate debt instruments issued or guaranteed by any corporation that is rated in the highest rating category by any two Rating Agencies without regard to any refinement or gradation of rating category by numerical modifier or otherwise;

(j) prime commercial paper of a United States corporation, finance company or banking institution rated in the highest short-term rating category by any two Rating Agencies maintaining a rating on such paper; and

(k) any other type of investment in which the City directs the Trustee in writing to invest, provided that there is delivered to the Trustee a Certificate of an Authorized Officer stating that each Rating Agency has been informed of the proposal to invest in such investment and each Rating Agency has confirmed that such investment will not adversely affect the rating then assigned by such Rating Agency to any Senior Lien Obligations.

"Qualified Reserve Account Credit Instrument" means a letter of credit, surety bond or non-cancelable insurance policy issued by a domestic or foreign bank, insurance company or other financial institution whose debt obligations on the date of issuance thereof are rated in the highest rating category by S&P and Moody's and, if rated by A.M. Best & Company, is rated in the highest rating category by A.M. Best & Company.

"Qualified Senior Lien Swap Agreement" means an agreement between the City and a Swap Provider under which the City agrees to pay the Swap Provider an amount calculated at an agreed-upon rate or index based upon a notional amount and the Swap Provider agrees to pay the City for a specified period of time an amount calculated at an agreed-upon rate or index based upon the notional amount, where (a) each Rating Agency (if the Rating Agency also rates the unsecured obligations of the Swap Provider or its guarantor) has assigned to the unsecured obligations of the Swap Provider or of the party who guarantees the obligation of the Swap Provider to make its payments to the City, as of the date the swap agreement is entered into, a rating that is equal to or higher than the rating then assigned to the Senior Lien Obligations by the Rating Agency (without regard to municipal bond insurance or any other credit facility), and (b) the City has notified each Rating Agency (whether or not a Rating Agency also rates the unsecured obligations of the Swap Provider or its guarantor) in writing, at least 15 days before executing and delivering the swap agreement, of its intention to enter into the swap agreement and has received from each' Rating Agency a written indication that the entering into of the swap agreement by the City will not in and of itself cause a reduction or withdrawal by the Rating Agency of its rating on the Senior Lien Obligations.

"Rating Agency" means any rating agency that has an outstanding credit rating assigned to any Senior Lien Obligations. .

"Record Date " means June 15 and December 15 of each year.

"Redemption Price" means with respect to any Series of Senior Lien Obligations, their principal amount plus the applicable premium, if any, payable upon their redemption pursuant to the provisions of the Senior Lien Obligations or the Supplemental Indenture creating the Series of

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Senior Lien Obligations, or such other redemption price as may be specified in the Senior Lien Obligations or Supplemental Indenture.

"Refunding Bonds" means all Senior Lien Obligations, whether issued in one or more Series, authenticated and delivered on original issuance for the purpose of the refunding of Airport Obligations of any series, and all Senior Lien Obligations thereafter authenticated and delivered in lieu of or in substitution for the Senior Lien Obligations pursuant to the Senior Lien Master Indenture and the Supplemental Indenture creating the Series of Senior Lien Obligations.

"Registered: Owner " or "Owner.') means with respect lo Senior Lien Bonds, the person or persons in whose name a Senior Lien Bond:shall be registered on. the books of the City kept for that purpose in accordance with the provisions of the Senior Liert Master Indenture.

"Regulations" means.the Income Tax Regulations (26 C.F.R. Part 1) promulgated under and pursuant to the Code.

i, "-Released Revenues "hmeans-Revenues-in.Trespect of .which;,the Trustee has. received the following:- -.■ ..<..;'•■ m

(a) a request of an Authorized Officer describtng.sucfo Revenues and;requesting that those Revenues be excluded from the pledge and lien of the Senior Lien Master Indenture on Revenues; ■ ,■..<>■■•■■■ ■<>■.:■■ ,>

. ' ' .'vi'.; ' ; . ••;[:• . ■■ ■'] rV -j<|'. . .:<-; - ■' yy/]:;;: v. .) j:':' ;;■■:"! ,v r:;ijrMJ -'/ori n<'

■\, . (b) .:,. an independent Airport Consultant's .Certificate, based, upon reasonable >y -assumptions,) to the/effect rthat; Revenues,' after: therRevenues coveredibyi the^Authorized - i .;•. i i@fficer's; request; are 5exelude,d\<for-;each • of the five full Fiscal Years: following ithe' (Fiscal , . .- Year in which, such Certificate. is,delivered,,will,be;sufficient to enable the. City .to satisfy •■' -.the'; coverage'rjcovenant-;-set"forth:'■ undernvparagtaph (a)ivunde'r rjtheHcap'tion "iGbyerage • Covenants^ ih.AiM'CNDIx B ineach.ofthose five Fiscal Years; .,.- .,; .,- -^4-

■ •'. .:.;::!:':,• ''■">! > ; T..;-: <■ ' ■ .u>. j-f. '. -r; .,.<ii !..■:'.. :;:i >■■> ■ ■■ ■.■ sWi

,!i ,i:! ii'(c). ;.a;;Counsel's-,Qpinion to the , effect, ithat (i)jthe conditions} set-forth in 'the .iiSenibr Lien Master Indenture to the release of those- Revenues have; beemmet and (ii) the ..:' exclusion, of those Revenues fromjthe^pledge and.lien ofsthe; Senior Lien;Master .Indenture ! ;• wilLnqt-,; in and of itself,- cause, the interestcon. any: outstanding. Senior Liert sObligations. to be included in gross income from purposes of federal income taxation; and

(d) written confirmation from each of the Rating Agencies to.the effect that the exclusion of those Revenues from the pledge and lien of the Senior Lien Master Indenture ;• will not cause a withdrawal .or reduction in any;unenhanced rating then assigned to any Senior Lien Obligations.

Upon the Trustee's receipt of those documents, the Revenues described in the Authorized Officer's request shall be excluded from the pledge and lien of the Senior Lien Master Indenture, and'me.-Trustee'shalLtake alhreasonable steps.requested by the. Authorized Officer.to. evidence or confirm the release of that .pledge and lien :on the Released Revenues. ; : ■

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"Reserve Requirement" means (a) with respect to the Common Debt Service Reserve Sub-Fund, an amount equal to the maximum amount of Principal Installments of 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 Comnion 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 (i) the Reserve Requirement immediately preceding the issuance of such Common Reserve Bonds, and (ii) the maximum amount permitted under the Code to be deposited from the proceeds of such bonds, as certified by the Chief Financial Officer and (b) with respect to the Debt Service Reserve Account for the Series 2017B Bonds, the lesser of (i) $40,223,500.70 or (ii) the maximum amount of Principal Installments of and interest on the 2017B Senior Lien Bonds payable in the current or any future Bond Year.

"Revenue Fund" means the Revenue Fund maintained under the Senior Lien Master Indenture.

"Revenues " means and includes all amounts received or receivable directly or indirectly by the City for the use and operation of, or with respect to, the Airport (excluding the Land Support Area), including, without limitation: all airline fees and charges (excluding payments described in clause (i) below); 'all other rentals, charges and fees for the use of the Airport or for any service rendered by the City in the operation of the Airport; concession revenues; interest payments to the City; interest accruing on, and any profit realized from the investment of, moneys held or credited to all Airport funds and accounts of the City; provided, however, that Revenues does not include: (i) any amounts derived by the City from Special Facility Financing Arrangements entered into in connection with Special Facilities to the extent those moneys derived are required to pay principal of, premium, if any, and interest on Special Facility Revenue Bonds and all sinking and other reserve fund payments required by the ordinance or resolution authorizing the issuance of the Special Facility Revenue Bonds; (ii) the proceeds of any passenger facility charge, customer facility charge or similar tax or charge levied by or on behalf of the City, including but not limited to, any cargo facility charge or security charge; (iii) the proceeds of any tax levied by or on behalf of the City; (iv) interest accruing on, and any profit resulting from the investment of, moneys in any fund or account of the Airport that is not available by agreement or otherwise for deposit into the Revenue Fund; (v) Government Grants-in-Aid; (vi) insurance proceeds which are not deemed to be revenues in accordance with generally accepted accounting principles; (vii) the proceeds of any condemnation awards; (viii) security deposits and the proceeds of the sale of any Airport property; and (ix)'the proceeds of any borrowings by the City.

Unless otherwise provided in a Supplemental Indenture, there shall also be excluded from the term "Revenues " any Released Revenues in respect of which the City has filed with the Trustee the documents contemplated in the definition of the term' "Released Revenues. "

"S&P" means S&P Global Ratings.

"Securities Depository" means DTC and any other securities depository registered as a clearing agency with the Securities and Exchange Commission pursuant to Section 17A of the

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Securities Exchange Act of 1934, as amended, and appointed as the securities depository for the Bonds.

"Senior Lien Bonds" means the Existing Senior Lien Bonds and any of the bonds issued by the City under and pursuant to Article II of the Senior Lien Indenture.

"Senior Lien Indenture" means the Senior Lien Master Indenture as originally executed and delivered by .the City and the Trustee and constituting an amendment and restatement of the 2002Third Lien Indenture .and as it may from time.to time be amended or supplemented by Supplemental Indentures.,

"Senior Lien 'Master Indenture " means the Master Indenture of Trust iSeeuring Chicago O'Hare International Airport General Airport Revenue Senior Lien Obligations dated as of September 1, 2012- between .the City?and the Trustee. ■ '-;

*"Senior Lien Obligations " means (a) any of the bonds, notes or evidences of indebtedness issuedi.by the.-Gity under and. pursuantito-Article ILof the Senior Lien •Indenture, .(b)*any Senior Lien Section;208 Obligations and:(c),obligations;ofthe City.under.a Qualified Senior Lien Swap Agreement except to .the extent those obligations are.subdrdinateduhder therSeniorLi en.Indenture or.underthat agreement, and in each case, including 2002 Third Lien.Obligations issued or incurred prior to, the Liens Defeasance Date: ><-... . < . - •..«'{ m .■/■m;--;-^ \,<\i >||)|%|| ,-| mrtbt.-n*

. y;, .) . ni'Senior)}LienrSectibn>208\ Obligations"-.means anyij6bligationsidricurred::by-ither.€ity.: to reimburse the:.issuerior issuers: of one or more instruments: securing one: or more Series of Senior Lien .Obligations) as (described: in Section .208ioffthe!S.enior!Lien:Indenmre,; including anyrfeesior 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 theiCity.and the issuenof any such instrument, or liri one or more notes, or, other evidences of indebtedness executed and delivered by
the City,pursuant thereto,.or any ;eombination T of them: " ; . . .,. --r~. -■ . .. ■.
::,'.:'::■ - >'.'., ■■ vtf i)'.-■;•••:!<•.."■'■ ■■ .\:\v.' '..: .;.:■.■;:";.j vi;:. ru ■ "Series ": means all of the Senior Lien Obligations.authenticated, and delivered on original issiiance-jpursuanti to; a:Supplemental Indenture: .and;designated in ;it' asrfa series, ;b.ut,<.unless the context clearly indicates otherwise, does; not include Senior Lien Section 208; Obligations or bbHgations!Qfim.elGity.-underta-Qualified>Senion- Lien•Sw.aprAgreement'.i;.i.,-..• yyjr, r.i >:0u;y{j oi

"Series 2005C Bonds" means:the Chicago .0'Hare International Airport General.Airport Third Lien Revenue Bonds, Series 2005C.

! "Series 2005D Bonds 'l means the Chicago O'Hare International Airport GeneralrAirport Third Lien Revenue Bonds,.Series 20.05D. ;• . - ■;.•:•

"Series 2008A Bonds " means the Chicago O' Hare international Airport General Airport Third Lien Revenue Bonds, Series 2008A.

!: i-> "Series ^201.0 D Bonds"- means the Chicago; O'Hare International.: Airport General Airport Third Lien Revenue Bonds, Scries 2010D.

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"Series 201 OF Bonds" means the Chicago O'Hare International Airport General Airport Third Lien

Revenue Bonds, Series 201 OF Bonds.

"Series 2011A Bonds" means the Chicago O'Hare International Airport General Airport Third Lien Revenue Bonds, Series 201 1 A.

"Series 201 IB Bonds" means the Chicago O'Hare International Airport General Airport Third Lien Revenue Bonds, Series 201 IB.

"Series 2012A Bonds" means the Chicago O'Hare International Airport General Aitporl Senior Lien Revenue Refunding Bonds, Scries 2012A.

"Series 2016C Bonds" means the Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2016C.

"Series 2016F Bonds" means the Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2016F.

"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.

"Sixtieth Supplemental Indenture" means the Sixtieth Supplemental Indenture dated as of June 1, 2017, between the City and the Trustee, which supplements the Senior Lien Indenture.

"Sixty-First Supplemental Indenture " means the Sixty-First Supplemental Indenture dated as of June 1, 2017, between the City and the Trustee, which supplements the Senior Lien Indenture.

"Sixty-Second Supplemental Indenture" means the Sixty-Second Supplemental Indenture dated as of June 1, 2017, between the City and the Trustee, which supplements the Senior Lien Indenture.

"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.pursuantto Article V of such'.Airline Party's Airport Use Agreement:.

"Terminal Area Use Charges" means, with respect to each Airline Party, the Terminal Area.Usc Charges calculated.pursuant to Article V. of such Airline Party 's.AirporfUse Agreement.

"Third Lien Bonds " means any of the Bonds, notes or evidences of indebtedness issued by the City pursuantto .Article ill of .the 2002. Third Lien Indenture. ; . ,;\

"Thirty-Ninth-Supplemental Indenture" means,the Thirty-Ninth Supplemental'Indenture from-the City to the' Trustee, .dated as of April-d-,; 201 ^providing for thej issuance of the Series
201 1B Bonds' . :• ■ r,.,'!< w ■■:■.-.: • ,\\\ r 1 '/ujt'ii :

'"Transition Date" means the first Business Day of the Trustee, inthe; 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 ease<the Transition Date shall be.the date selected.by the City in a Certificate, filed.with the,Trustee ino.fless than 30 days prior to the date selected by the City.

.: v; , "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 mannerproyided in the Senior Lien Master Indenture.

"2017 Senior Lien Bonds" means the 2017A Senior Lien Bonds,.the 2017BjSenior Lien Bonds, the 2017C Senior Lien Bonds and the 2017D Senior Lien Bonds.

.,: "20I7A Senior, Lien ■Bonds" ■ or "Series-2017A< Bonds" means- the. Chicago, O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series ;2017 A. ; ...,-!■

r ; . "201a'B Senior Lien Bonds" or- "Series 2017B Bonds'.', means the Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series¦2017B,\.. r;

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"2017CSenior Lien Bonds" or "Series 2017C Bonds" means the Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2017C.

"2017D Senior Lien Bonds" or "Series 2017D Bonds" means the Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2017D.

"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 T hird Lien Indenture, that were Outstanding on the Liens Defeasance Date.

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Appendix B

Summary of Certain Provisions of the Senior Lien Indenture

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Appendix B

Summary oe Certain Provisions ok 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 Obliga tions 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

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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 Licris Defeasance Date arid continues the prior-pledges under the 2002 Third Lien Indenture. The Revenues so pledged arid 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 bf ariy kind 'iri tort, contract or otherwise against the City, irrespective of whether the parties have notice of it.

Indenture Funds and Payment or Debt Service"" " '•"f" !ւv: :

The Revenue Fund, the Debt Service Fund and the Junior "Lien Obligation Debt Service Fund'are tnistfuhds Held arid^"administered by the trustee iri'*accordance'.with the.Senior"'Lien Master Iridentufe'.' The"Corrimb'n"Debt' Service'Reserve Sub-'Furid'an'd;cacri'B^ aTe held'by the'Trustee'as p by a'Srippleriieritat'iriderifiire to the '2002'Third'Lien Indenture'■■sharll continue to be'adrriiinis'tefe'd as a"bedicated'Sub-Fuhd with'iri'the'Debt'SerVice;'Fu'rid.' "' J ■

*"The-Cify has -established-an'd agrees to'maintain ah Operation °and.'Mainfe'ftahce Fuh^,''ari Operation arid' ^aihtenath'ce" Reserve' Fund;J' ah'd"a "'ivla'iriteriahfce 'Reserve"Fund.'1 The 'City "has established and'a'gree's"to' m'aYntam""a" 'Special"Capiital'"Pfojects"Fund -1 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 Mainteriari'ce Reserve Fund and the Maintenance Reserve FurYd' * shall ibe imainjtaihed" iri accordance1 with thV^rporf "UsF'Agreem nray^tsb-Maintain1 the.Airpor|j'Development'Fun'd'jpure'id^Kt'tp 1 the Airp'ort'tf'se'Agreements:*lKJ' '*

' "" On the transition Date (i)'the' City'shall 'establish arid thereafter rifaihtain the Airport General Fund, (ii) the Special Capital Projects Fund arid the Airport Development "Fund shall b'e discoritiriued arid (iiij the moneys then held in the'Special Capital Projects Fund and the Airport Development Fund shall be credited to the Airpdrt'Geheral Fund. r ;!;,""f"

The Trustee[1] shall,'at raV written request of the City, 'establish[5] 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 pfeciselythe sources of payments into arid disbursements from the' Furidsor such sub-funds' Accounts arid subaccounts:"

Additional sub-funds within the'Funds (other than the Junior Lien'ObIigatiori'Debt Service Fund)[5] and Accounts and subaccounts within such sub-funds may" alsb' be created by any Supplemental Indenture; and ariy 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 arid exclusive benefit of such Senior Lien Obligations as may be specifically designated iri such'

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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 De'posit Requirements corresponding to that January l or, July L-;

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.

Fourth. The Trustee shall next transfer to. the City for deposit into the MaintenanceyKeserve
Fuiid'an am .(ii).the amount;-jiff.any, required^-to .increase ithe' amount.';ori/-.deposit;..therein';td
$3,000,000.

:> Fifth, The Trustee shall next-transfer to the City>fordeposit into'thcAirport Development Fund; an amount'equal >to one-half of.the Airport Development Fund Deposit Requirement, if any, for the.FiscaLYear. which includes. suchJanuary J- and July 1.

■ .v. jfi'. . : \Sixth <file:///Sixth>,:The;Trustee.shall next:depositjintOi.the. Jiinior);LienObligation Debt
■■r .'. 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 i. [therein-: omsu'eh
idate - and-* without- priority, • one- overtthe* other; to .any/sub-funds or
'accounts 'within , the Junior. Lien Obligation Debt, Service/ Fund,the amount •. 'specifiedby .a Certificate filed with ithe 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 alter 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 Dale. 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

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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) $1,50.0,000 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;thc 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 ifiled with the, Trustee. . .::

Fifth; The Trustee shall next transfer, to ithe 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 lessen.amounty 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 arc-required to be madeiunder paragraphs (a)'or (b) above the moneys held in the Revenue Fund are insufficient to make any required deposit, ,the'deposifshall be.madeup onjthe.'nexttapplicable.depbsit.datejafter required deposits into ... all otherFundsienjoying aihigheripriorityishall have been made;in full., .:

\ . (d) . . The City shall be mandatorily and.irrevocably obligated to apply, moneys in ;.: : ■: theTMaintenance: Keserve"Eund trjlnakeTup^

. .the event rhorieys-are so appliedjfrom the] Maintenance.Reserve: Fund,nthe .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.)', .Amountsi,on rdep.osit, in.,.the. Debt Service. Fund, the Operation and Maintenance Fund;: the : Operation and Maintenance i Reserye 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

I under; any: ordinance or resolution authorizing: the issuance of Junior Lien Obligations to be.ondepositin such Fund at the.endbf s.uch.Fiscal Year-shall betransferred to the Revenue Fund. ' .. -. - . .>■ -_-|-

:.;Useof Funds. The moneys-on deposit in the-Funds, except the. Airport Development Fund and the Airport General Fund, ;shall be. used for the purposes arid 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

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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 storm's 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:

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(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 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 Supplemental Indenture or instrument creating Senior Lien^Obligations^theK amounts required so to be withdrawn and deposited by the provisions of the Supplemental Indenture ■ or .the; instrument Ui:J ; ,■!,•,:■<.■ '.. ■ i;- ■ -.'■'; -;\\ ■:• .

(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;Tmste'e (and;revise'ffom time-to time asirequired);a Certificate detailing the Uw, timingrand)amountiQfather."Other'Required Deposits [\{pm^ in ?...; ;;ofder< to ideterminenthe. .DeposibRequiremehtssof ithe Debt -Servicer-Eund;and the proper i. i ^disbursement of thermorieiys helditherein,'. including suchirevisibns as. may result from the ;; bittprepayTne'ntv:re.demp*tion,bpurchaser.and remarketing.) bfoSenion Lienh©bligations-;and the adjustment of the rate of interest borne by Senior LicniObligations.■/ •••;•.!?!-.

;) -./.{Common Debt'iService Reserve Sub-FMnd.' \ A f ■■■■ < ■ w or!1" ;';

;r f f. <1 !..; /.: (a) foiiTh'e.City shall maintainithe'Gommbn.Deb.t Service-Reserive.Suh-Fund in an ;. ■ amount equal to the Reserve Requirement^; which requirement may be satisfiedrwith (i) one ■;•:!, i[1] orjmore.QualifiedqGredit 'Instruments,, (iii); Qualified, Investments,\ or i(iii);aicombination 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 ;i):iiagreefnent,; repurchase agreement orTdrward purchase agreement .approved by each issuer : : of a municipal bond insurance policy insuring rpayment: of any iCommbn Reserve; Bonds) .and)shall be valued .ini.ac'cordance, with!the.Senior;;Lien Master: Indenture::..If on any valuation ,datej 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

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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 thepayment of such Principal Instal lment 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-2017B Bonds Debt Service Reserve Account. Pursuant to the Sixtieth Supplemental Indenture, the City has established the 2017B Senior Lien Debt Service Reserve Account (as defined herein) within the 2017B Senior Lien Dedicated Sub-Fund (as defined herein). The 2017B 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 Series 2017B Bonds.

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The City covenants to maintain the 201 7B 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 2017B 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 Senior Lien Master Indenture the amount on deposit in the 2017B 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 2017B Senior Lien. Debt-Service Reserve. Account may be withdrawn and deposited in trust: to 'pay or. provide Tor 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 2017B. Senior Lien Debt Service Reserve Account equals or exceeds the Reserve Requirement. ■ ■ < '; ;i:

If at any time the 2017B Senior Lien Debt Service Reserve Account holds both a Qualified Reserve Account Credit Instrument and Qualified. Investments,'ithe Qualified Investments shall be liquidated and,the proceedsiapplied:for the purposes for which.201 7B Senior LieniDebt Service Reserve Account moheys.may.be <http://moheys.may.be> applied under.theiSixtiethiSupplementai .ilhdentureiprior to any draw being, made on the.Qualified Reserve Account Credit Instrument) If the 2017B [Senior Lien DebtjS.ervic.e 'Reservej Account-holds. .Qualified' Reserve Account-Credit Instruments'issued by more than one issuer, draws shall be,made under suchi credit instruments .on.apro ratobasis to the extent of available funds. Amounts deposited in the 2017B Senior Lien Dedicated Sub-Fund for the. purpose jbfi,restbrihgi amounts)withdrawnpfrom tme;20d;7B/Senior, Lien Debt. Service Reserve Accountshallibe appli'ed'first'to reimburse'the Qualified Credit Provider andtthereby^reinstate the Qualified Reserve Account Credit Instrumentiand- jnext, to (make deposits into, the;.20d7B Senior Lien .Debt .Service 'Reserve-Account.1' ••>.<{>iim; otuCl ;.(iiv;;'-l \'vai. ;;?. JJzvr.i,*

*~~Ti^DffdJcalel^*

Indenture creates and-.establishes with the Trustee, ai separate arid segregated'Dedicated :Sub-Fund within'jthe Debt Service Fund; with respect to, the Series 2017A Bonds (the "2017A Senior Lien Dedicated Sub-Fund"). Moneys on deposit in the 2017A 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 .ofthe,Seriesr2017A.Bonds.

. The Fifty-Ninth SupplementaMndenture creates andrestablishes with.the Trustee separate Accounts within the. 20.17A,S.enior-Lien Dedicated Sub-Fund-, designatedr as.follows: (a) the Chicago OrHare International. Airport 201-7A Senior .,Lien Costs .-.of issuance.. Account (the "2017A Senior Lien Costs of Issuance Account"); (h).the Chicago O'Hare international Airport 2017A Senior Lien Program Fee Account (the "2017A Senior Lien Program. Fee Account"); and (c) the. Chicago O'Hare International Airport. 2017A-Senior Lien Principal arid Interest Account (the "201/'A Senior Lien Principal and'Interest Account").

■ The Sixtieth Supplemental Indenture .creates.-and establishes with the Trustee^-a separate and segregated Dedicated Sub-Fund within the-Debt Service -Fund wifh-respect to the Series 2Q17B Bonds (the "2017B Senior Lien Dedicated Sub-Fund"). Moneys on deposit in the 2017B Senior

Lien Dedicated Sub-Fund and in each account and sub-account established therein are to be held

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in trust by the Trustee for the sole and exclusive benefit of the Registered Owners of the Series 2017B Bonds.

The Sixtieth Supplemental Indenture creates and establishes with the Trustee separate Accounts within the 2017B Senior Lien Dedicated Sub-Fund, designated as follows: (a) the Chicago O'Hare International Airport 2017B Senior Lien Costs of Issuance Account (the "20/7B Senior Lien Costs of Issuance Account"); (b) the Chicago O'Hare International Airport 2017B Senior Lien Program Fee Account (the "20/ 7B Senior Lien Program Fee Account"); (c) the Chicago O'Hare International Airport 20I7B Senior Lien Principal and Interest Account (the "20/7B Senior Lien Principal and Interest Account"); and (d) the Chicago O'Hare International Airport 2017B Senior Lien Debt Service Reserve Account (the "207 7B Senior Lien Debt Service Reserve Account'").

The Sixty-First Supplemental Indenture creates and establishes with the Trustee a separate and segregated Dedicated Sub-Fund within the Debt Service Fund with respect to the Series 2017C Bonds (the "2017C Senior Lien Dedicated Sub-Fund"). Moneys on deposit in the 2017C 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 Series 2017C Bonds.' .,

The Sixty-First Supplemental Indenture creates and establishes with the Trustee separate Accounts within the 2017C Senior Lien Dedicated Sub-Fund, designated as follows: (a) the Chicago O'Hare International Airport 2017C Senior Lien Costs of Issuance Account (the "2017C Senior Lien Costs of Issuance Account"); (b) the Chicago O'Hare International Airport 2017C Senior Lien Program Fee Account (the "2017C Senior Lien Program Fee Account "); and (c) the Chicago O'Hare International Airport 2017C Senior Lien Principal and Interest Account (the "2017C Senior Lien Principal and Interest Account").

The Sixty-Second Supplemental Indenture creates and establishes with the Trustee a separate and segregated Dedicated Sub-Fund within the Debt Service Fund with respect to the Series 2017D Bonds (the "2017D Senior Lien Dedicated Sub-Fund"). Moneys on deposit in the 2017D 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 Series 2017D Bonds.

The Sixty-Second Supplemental Indenture creates and establishes with the Trustee separate Accounts within the 2017D Senior Lien Dedicated Sub-Fund, designated as follows: (a) the Chicago O'Hare International Airport 2017D Senior Lien Costs of Issuance Account (the "2017D Senior Lien Costs of Issuance Account"); (b) the Chicago O'Hare International Airport 2017D Senior Lien Program Fee Account (the "2017D Senior Lien Program Fee Account "); (c) the Chicago O'Hare International Airport 2017D Senior Lien Principal and Interest Account (the "2017D Senior Lien Principal and Interest Account"); (d) the Chicago O'Hare International Airport 2017D Senior Lien Project Account (the "2017D Senior Lien Project Account"); and (e) the Chicago O'Hare International Airport 2017D Senior Lien Capitalized Interest Account (the "2017D Senior Lien Capitalized Interest Account").

Deposits into 2017A Senior Lien Dedicated Sub-Fund and Accoun ts Therein

On January 1 and July i of each year, commencing January 1, 2018 (each such date referred to as the "Deposit Date"), there will be deposited into the 2017A 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 "2017A Senior Lien Deposit ■Requirement"):

(a) for deposit into the 2017A 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 2017A Senior Lien Bonds on the January 1 next succeeding, such date of calculation and (ii) the amount of interest due on the 2017A Senior Lien Bonds on the current Deposit Date ..(reduced, in; the case ofieachJanuary. 1 :DepositDate,'by investment earnings credited as:of the immediately prior calculation-date to the 2017A:Senior Lien Principal and/InterestAccount); and. ' , • .\'. ,::,s ,.-

. ; u, . , (b) . for deposit into the 2017A- 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 2017A Senior Lien Bonds during the semi-annual .: ,,):;period.cpmmencing.on.suchDeposit.Date.. ■ ...-n. ||

mln addition-to the 2017A Senior Lieni Deposi t Requirement; (there will ihe deposited into Ithe 201;7A\Seni.ori;Lien.Dedicated.SubrFundiarty other,^moneys.receivedvby*the Tfiustee under, and pursuant, to the Senior Lien Master . Indenture or the i Fifty-Ninth Supplementahlnderiture, ,when accompanied-by directions .from the person depositing such moneys that, such moneys .are to be paid into the 2017A Senior Lien DedicatedsSub-Fund and to, one ormoreaccounts^hereiri'/l j;h >

-:;i.- jMoneys.-in the,20,17A,Senior LienPrincipakand:Interest Account,will bemused solely for payment.of priricipalvof,:prefnium,iifany,;and; interest idue.on each Payment .Date..with respectj to the 2017A Senior Lien'Bonds (including the optional redemption of 2017A Senior. Lien Bonds) and nbtjotherwise proyided-forj ratably; without preference or priority, ofany tkindJ . .;r

Moneys in the 2017A Senior Lien Program Fee Account will be used solely.,for the payment of fees and expenses with respect to the 2017A Senior Lien Bonds as set forth in a Certificate filed with: the Trustee. .!•< ... ■■/•-

20T7B'Seni6rLien'Bond PFC Revenue Deposit Account ' ;

The Sixtieth Supplemental Indenture creates and'establishes: with the Trustee a separate and segregated account to be designated the "Chicago O'Hare International Airport 2017B Senior Lien Bond PFC Revenue Deposit Account'-' (the "201 JB Senior Lien Bond PFC Revenue'Deposit Account"):'-'Moneys; on deposit in the -20F7-B Senior LienT3ond' PFG; Revenue -Deposit Account will be held in trust by the Trustee for the sole and exclusive benefit of the Registered Owners of

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the Series 2017B 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 2017B Senior Lien Bond PFC Revenue Deposit Account an amount equal to the 2017B Senior Lien Deposit Requirement (as defined herein) 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 2017B Senior Lien Bond PFC Revenue Deposit Account an amount equal to the greater of (i) the 2017B Senior Lien Deposit Requirement with respect to the next ensuing January 1 Deposit Date, and (ii) the amount required so that the aggregate sum withdrawn from the PFC Capital Fund and deposited in the 2017B 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 2017B Senior Lien Bonds for the Bond Year commencing during such Fiscal Year.

Each deposit to the 2017B 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 2017B Senior Lien Bond PFC Revenue Deposit Account will continue until the applicable 2017B Senior Lien Deposit Requirement has been fully satisfied.

Any moneys.held in the 2017B Senior Lien Bond PFC Revenue Deposit: Account will be withdrawn by the Trustee and paid over the City free from the lien of the Sixty-First 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 2017B Senior Lien Deposit Requirement has been fully satisfied.

Deposits into 2017B Senior Lien Dedicated Sub Fund and Accounts Therein

On each Deposit Date, there will be deposited into the 2017B Senior Lien Dedicated Sub-Fund, first, from amounts on deposit in the 2017B 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 "2017B Senior Lien Deposit Requirement"):

(a) •■ for deposit into the 2017B Senior Lien Principal and Interest Account, an amount equal to the aggregate of: (i) for the January 1, 2018 Deposit Date, the Principal Installment due January 1, 2018, and thereafter, one-half of the Principal Installment; if any, coming due on the 2017B Senior Lien Bonds on the January 1 next succeeding such date of calculation and (ii) the amount of interest due on the 2017B 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 2017B Senior Lien Principal and Interest Account); and

b) for deposit into the 20.17B Senior Lien Debt Service Reserve Account, the amount, if any, required as of the close of business on such Deposit Date to restore the 2017B 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 2017B Senior Lien: Program Fee-.Account, Ithe amount

c) estimated by the .City to be required as of the close of business on such Deposit.Date tcpay

c) all fees and expenses with respect to the 2017B Senior Lien. Bonds during the semi-annual

c) period commencing, on such Deposit Date. .... • • :

, In 'addition to the 2017B;Senior Lien'Deposit Requirement, there will be deposited into; the 2017B Senior Lien Dedicated Sub-Fund any other moneys*-received jby.-the,,<Trustee-!under!rand pursuant to the Senior Lien Master Indenture or the Sixtieth Supplemental Indenture, when accompaniediby-;dir.ectionst;from. the ;persdn'depositing such/moneys"; that .such'moneys .are to be paid-into jther20h7B)Senio'r-Lien'Dedicated.SubtFund/and;to one on more-accounts therein.-... ,-

Moneys .in. the 2017B;Senior Lien/Principal and Interest Account will be used solely for payment of principal, premium, if any,' and interestdue on each Payment Date with respect to the 2017B Senior Lien Bonds (including, the optional redemption of 20.liZB.-Senior Lien Bond's) land not otheriwiseipro,yidedi for,';ratably,^^iwitho.utipreference or priority fof:any kind. , .--...!

■■ vi'i'1 noori - r.ri X' yyyyy:^' !

Moneys in the 2017B Senior Lien Debt Service Reserve Account shall be used solely for theipayment:of/the:principaF^ on 'thei Series:2.0H 7B. Bonds/without pr.eferencpjor:priority, of'any kind,;but .only- if and.to the'extent'-moneys are not available.fori such purpose iri.the 20.17B.Senior Lien Prineipal and Interest Account. ¯ ■ . -

Moneys in the 2017B Senior Lien Program Fee Account will be used solely for the payment of fees;and(2

20.1 <7C SeniorLien Bond.Gran i REei:n>rs.DEPosri ;Ac:GOUNT'A\D20:l:7.G Senior Lien Bond

Grant.Receipts Disbursement.Account-.;. <■/■ - , . W:\yy <file://W:/yy>.. i;:.- r -./

The/Sixty-First iSupplemental Indenture; creates, and, establishes; .with the Trusteer;two separate and segregated accounts within the ■ Debt Service Fund tobe .designated the< "Chicago O'Hare International Airport 2017C Senior Lien Bond Grant Receipts Deposit Account" (the "20I7C Senior Lien Bond Grant Receipts Deposit Account") and the "Chicago O'Hare International Airport 2017C Senior Lien Bond Grant Receipts . Disbursement Account (the "20L7G SenioryLien-Grant Receipts Disbursement]Accountjf).--.-Moneys.on deposit in .the 2017C Senior Lien,Bond jGrant.Receipts Deposit; Account and! .the. 2017G.Senior Lien Bond Grant Receipts Disbursement Account shall j be (held in trust by the Trustee for the sole and exclusive benefit of the Registered Owners of the 2017C 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 2017C Pledged Other Available Moneys shall be promptly paid to the Trustee for deposit to the credit of the 2017C Senior Lien Bond Grant Receipts Deposit Account. On June 20, 2021, the Trustee shall withdraw from the 2017C Senior Lien Bond Grant Receipts Deposit Account and promptly deposit to the credit of the 2017C Senior Lien Bond Grant Receipts Disbursement Account an amount equal to the sum held in the 2017C Senior Lien Bond Grant Receipts Deposit Account on September 30, 2020.

Deposits into 2017C Senior Lien Dedica ted Sub-Fund and Accounts Therein

On each Deposit Date, there will be deposited into the 2017C Senior Lien Dedicated Sub-Fund first, from amounts on deposit in the 2017C 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 "2017C Senior Lien Deposit Requirement"):

a) for deposit into the 2017C 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 *2017C Senior Lien Bonds on the January I next succeeding such date of calculation and (ii) the amount of interest due on the 2017C Senior Lien Bonds on the current Deposit Date (reduced, in the case of each January 1 Deposit Date, by investment earnings credited as of the immediately prior calculation date to the 2017C Senior Lien Principal and Interest Account); and

b) for deposit into the 2017C 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 2017C Senior Lien Bonds during the semi-annual period commencing on such Deposit Date.

In addition to the 2017C Senior Lien Deposit Requirement, there will be deposited into the 2017G Senior Lien Dedicated Sub-Fund any other moneys received by the Trustee under and pursuant to the Senior Lien Master Indenture or the Sixty-First SupplementalTndenture, when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the 2017C Senior Lien Dedicated Sub-Fund and to one or more accounts therein.

Any moneys in the 2017C 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 Sixty-First Supplemental Indenture on the earliest date in each Fiscal Year, after January 5 and prior to June 20 of such Fiscal Year, that each prior 2017C Senior Lien Deposit Requirement has been fully satisfied.

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Moneys in the 2017C 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 2017C Senior Lien Bonds (including the optional redemption of 2017C Senior Lien Bonds) and not otherwise provided for, ratably, without preference or priority of any kind.

Moneys in the 2017C Senior Lien Program Fee Account will be used solely for the payment of fees and expenses with respect to the 2017G Senior Lien Bonds, as set forth in a Certificate filed with the Trustee.

Deposits into 2017D Senior Lien Dedicated Sub Fund and Accounts Therein

On each.Deposit Date, there will be deposited into the 20 l;7D 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 (inthe case of -each January 1 or July 1, respectively) (such~aggregate:afnounl with respect to any Deposit Date being referred to as the "2017D Senior Lien ■ Deposit Requirement"):,

, L • : i, j!".j'.'(a), -. fofcdepositinto the 2017D .Senior .Lien .PrincipaLandrlhterest Account; an amount equal to the aggregate of (i) one-half bf the. Principalvlxistallment, if any, coining due on the 2017D Senior Lien Bonds on the January 1 next succeeding such date of : .calculation and.(ii); the amount:of interest due on the 20-17D Senior Lien Bonds on the current Deposit: Date, reduced, (a) by .moneys transferred;from the 2017D Senior Lien Capitalized Interest- Account and (b) in, the case of each January. 1 Deposit; Date, by i; ... investment; earnings)^credited as of then immediatelyprior \(calculation . date, to the . = ivn:-i<20.17>D Senior. Lien (Rrincipaband Interest Account; and. ii:,;; •,,.»-/{ ■:■>;:.- .:■,■; ... •, '< :■"; ... ,..: ■ :• ;.; •!•..'(<t. j:/ ..• ;. . •

(b) for deposit into the 2017D Senior Lien Program ;Eeei Account;, .the ;amount estimated by the City to be required aYofthe close of business on such~DB"posit Datei:o-pay-allTees.and expenses with-respect to .the 2017D Senior Lien .Bonds during the semi-annual ... .period commencing.on such Deposit Date;......

In addition to the 2017D Senior Lien Deposit Requirement, thereiwill be.depdsited[into the 2017D Senior Lien Dedicated Sub-Fund any other moneys received by the Trustee under and pursuantjto-the Senibf Lien Master Indentureror>the Sixty-Second Supplemental.Indenture, when accompanied by direction from: the person depos'iting.;such:moneys that such moneys are-to be'paid into the 201.7D Senior Lien Dedicated Sub-F.iind and to,one:or more accounts therein. . . ;. . :;

Moneys in the 2017D Senior Lien Principal, arid 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. 201.7D Senior. LienrBdnds (including the>ioptionat iredemptidri! of 2.0,17D Senior Lien' Bonds) and not otherwise provided for, ratably, without preference;or priority;of:any!kindl !;-(,'>:fi' -

Moneys in the. Series 2017D:Senior Lien Capitalized Interest Account will be used to pay interest on the Series 2017D Bonds by transfers to the Series 2017D Senior Lien Principal, and Interest Account on the following Deposit Dates of the following amounts:

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Deposit Date

January 1, 2018 July 1, 2018
January 1, 2019 July 1,2019
January 1, 2020 July 1,2020

Amount

$7,067,739.58 6,951,875.00 6,951,875.00 6,951,875.00 6,951,875.00 3,163,195.61

Any amount remaining in the Series 20I7D Senior Lien Capitalized Interest Account on the July 1, 2020 Deposit Date after making the transfer in the table above will be transferred to the Series 2017D Senior Lien Principal and Interest Account on such Deposit Date to provide for the payment of interest due on the Series 2017D Bonds on July 1, 2020. Any amount remaining in the 2017D Senior Lien Capitalized Interest Account after the July 1, 2020 Deposit Date will be transferred to the 2017D Senior Lien Principal and Interest Account.

Moneys in the 2017D Senior Lien Program Fee Account shall be used solely for the payment of fees and expenses with respect to the 2017D Senior Lien Bonds as set forth in a Certificate filed with the Trustee.

Coverage Covenants

"(a) The Gity covenants that it will fix and establish, arid 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 riot 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, arid (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 arid 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.. 'j.: .

d) Within 90 days after the end of each Fiscal Year, the City will furnish to the Trustee calculations .offthe,-coverage required under,paragraphs (a).-and--(b)' above certified by the City Comptroller.- •■• ; ■ y.■.■■■ >;\\ ■•>• ■. x\>/\ :■ v-.-^.v:. ■.■ ; :■(;

e) **If either calculation specified in paragraph (d) above for any Fiscal Year indicates**

e) **that the City has not satisfied its obligations under paragraph (a) or (b) ; above, then .as soon as**

e) **practicable, but in any event no later than 45 days after the receipt by the Trustee of such**

e) **calculation,jthefCity^wiLl ^ Airport ,Consultant-to^ review.^and analyze the**

e) **financial,^**

45.days, after,employment of the Independent, Ai^
including;the;actipn which the -IndependenjtAirppjt Consultary should -be,taken.by
thejCity, wjth,respect tptherevision of its Airport rejatalsAfee§rand charges, alteration of its: methods of operation or theTaTcing of"pfher actiprt
required in the then current Fiscal Year or, if less, the maximum amount deemed feasible by the Independent Airport, Consultant. Within. 60; days fqllowing-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 recommendati ;or alterations are projected ,b.y; the,jCity to .-result.in,cpmpliance: with.paragraphs,(a) and ,(b) above. The City will transmit,copies^ -to ;the:,Trustee and to each,0,wnerrwhq, has, requested, the .same,.:.,,. .(). ,,\nr,i yiiriO -.u^-.'-j. , :',;:,;n;-:

;r,.jp"-.jr,(f^^1-j-If1.at any, time;and-as long as.the fCity iSjin,fuil,cpmpliance with-of paragraphs,(e), (d), and (e) above, there will be,np(Ey.ent,of Default ,undervthe jSenior Uen 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 al 1 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

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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 puq?oses.

(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.

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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 maliciousiniischief 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 inthe State-.of Illinois. Such insurance shall be maintained in-air amount not lessthan'thefuirinsurable replacement valueiOf thefinsured prerriises. No : policy of insurance shall be. .written , such) that the proceeds thereof will produce less, toy :.-ofithe insiirecl.premises..'Full.insurable replacement valuerof.'ariy insured;premises shall'be deemed to equal the actual replacement cost of the premises,; and shall toe determined from . ,time;totime, butnot less frequently thanorieeeveryithree-.years,[1] by an .architect, contractor; !,-::; appraiserroriappraisal company selected toy; the Qityu/In . the ;ev.ertt ,that;;such determination >of. full finsurance rreplaeement 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.coyerage., ,,, , ,q i,w . ./, , . - :,,; .

.,. (b)^..Comprehensive., generali,,public .liabiUty.iJnsurance;..including . blanket . . . ; contractual liabil i tyTand; personal Injury. Iiabiliry7(witb employee .-exclusion on-premises .automobile insurance including..owned, ,non-owned;;and -^ed; automobiles ,; .. . used-and. operated by.the Gity^, protecting,the City against Jiability,^ persons . ,...fand property ^arising, o(ut of the; existence -or .pperation^of thfiiA^grt^^excepj^^thc- Land , ..Support.Area), in limits as follow^:.for personal injury andL bodily injury, $1,0.0,000,000for ; each ,. occurrence and, $100,000,000; annual aggregate; , and for ^property, damage, Y:, $100,0.00,0.00, for each .occurred •;;, ,

(c) Boiler , or pressure vessel explosion insurance with coverage on a ; replacement cost basis as provided, in subsection (a),abrjyejfor property, damage,, hut,any .such policy may have;a.deductible ampunt;not;exceeding,;$l0^000; vNo such,.policy.,pf insurance shall be so written that.the proceeds thereof will produce Jess than the minimum , . coverage required by the first sentence...of this subsectioni(c). by,.reason pf-coinsurance provisions or otherwise. -ctybr.

(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.

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(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 wil l, 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;' direc.tly or indirectly,-of icontrol, management or oversight, or any material aspect, of control, management ;dr: oversight, of the Airport, whether of its properties, interests; operations, expendituresjjre.venues .(including, without limit, Revenues or the proceeds of any passenger, facility'charge.'or similaf'charge)ior;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.Gity and by the City Council at a meeting duly called for such purpose;

.-.iiii: . j! . (ii). ,i!.evidence.,has beeni obtained; in writingiC.onfirmingjthat-;su'ch^transfer does *not adversely affectany rating.on.Senior-Lien Obligations (issued by.ahy Ratingi Agency;*

i: ■:■■.(•■;. iiv(iii): ;d a .certificate /hasnheen received .from, an I Independent) Airport r Consultant, certifying that, in each calendar year during the five-yearlperiod'commeneing after the calendar year in which such transfer occurs, Revenues together with any cash balance held .: : (in the Revenue Fund.on.the firstlday.ofisuch.calendar year, not then 'required"w~be"deposiied in any fund Lor account (or ..subaccount., thereof) ;other.iithan"the .Revenue;!Fund, and I investment earnings for. .each such calendar year on moneys .held in the.funds and accounts '•■ held pursuant to the.Senior Lien^MasterrIhdentu^ejto4he.extent.thatisuchearnings are not v . ■. required, by. the. SenioFlLien Master .Indenture do7be .transferredvfo^any. Airport; Project Account, will, equal; am amount-not; less. ;than;the; amount: required to; satisfy the, coverage •.< . covenants described; under, the caption "Coverage.jGovenants",above;prnvidedr. however, •, :. for purposes, of the Certificate"one.and'fifty-hundredths times" will be substituted for "one . arid 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;,...

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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 2017 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 2017 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 2017 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 Commissionerof Aviation. <-The:Gity wilfnot 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 Airpoft-isat all: times operated and maintained in an efficient operating condition; and that repairs are made to the Airport'as[f] are necessary or appropriate in - the* prudent management of rthe Airport to ensure its economic'andiefficient operation satia'lli'times.S'Tflie City-covenants toicause all rentals^ rates: and Other[1] charges for the'iise and bpera't'ibri'of the 'Airport' arid for eertairr service's rendered iby>tfie' 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- ior cause ;to be paid and discharged, any taxes, assessments or other governmental charges lawfullyimposedltpofT the'Airport br.uponi any part iof iit, oriupon (the Revenues;, \whenjthey:;be£.ome due^as. well as any lawful claim' for labor, materials,, on "supplies • w<hieh,nif unpaid, might rby: law, become ia .lien or chargcupbnthe. Airport, orwhich might impair the security of the. Senior Lien Obligations'.

MAINTENANCE' OP POWERS

■ -!:. 'The'Gity covenants'-that it williat all'times use reasonable!effortsito keepvth'e Airport open for landings and takeoffs of aircraft of any type using facilities similar to'those atithe 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 theicovenants. contained in the Senior Lien Master-Indenture. ,. . : ,,,;.:.';. ,•.<-;■ :o';:: ;, . . -t,-j'.-:

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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 of 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,

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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 aiso 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

g) respect whatever, but only if (i) the modification is, and is expressed to be, effective only

g) after all Senior Lien Obligations Outstanding at the date.of the execution and delivery of

g) the Supplemental Indenture cease to be Outstanding, and, (ii), the Supplemental indenture

g) is specifi cally referred to in the text of all Senior Lien Obligations issued after the date of

g) the execution and delivery of the.Supplemental Indenture, and of Senior Lien Obligations

g) issued in exchange therefore or in place of it. . . • , Supplemental Indentures Effective. Upon, ConsenT|Of Trustee,,.. ,, ...

.,, .(a) For any one. or. more of the. followingpurposes and .atany.time or.frpm time to time, a-Supplemental.Indcnture may be authorized.by ,an ordinance adoptedby .the.Cjty.Council which, upon (i) the; filing with the Trustee of a copy .of.the ordinance. :certified|-by ithe.Qity Clerk, (ii) .the filmg-with. the Trustee., and, the. ,City of .an, instrument ini .writing,, made by ^ the Trustee, consenting thereto and (iii) the execution and delivery of the Supplemental ind^nmre .by7:fe"City and~trrcr Trustee, is fully effective in accordance with its terms:

•• ,.:.(i). tl(ip,cure.any(ambjguity?..supply pr.cure(or^correct any.defect or ; , inconsistent proyision in the Senior ^en 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.Mastpr Indenture-as theretpfore 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 provisipns,of,the Supplemental Indenture as contain one or more of the purposes set forth in paragraph (a) under this caption.

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Supplemen tal 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

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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 ithe 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,,i , ,

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-r The resignation may takeieffe.ctConlyup.on'the appointment of a successor Trustee.

Removal of Trustee .'■u- '■■< n-v;.■. -' ... , -:\ .<v:a\<v, > ; ,-.m

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 soft th'cfthen Outstanding x Senior'Lien Obligations or their ^omeys[T]m-facf dulyauthorized, excludirigany Senior Lien Obligatibh^heToTby^ or for-the account of the City/ TheCity 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} ' Irrcase'at any time the Trustee resigns or is removed or bec6mes iricapable of acting; or is • adjudged[1] a barikfupf 'or i hs'olveht, of if a receiver/ liquidator or conservator[5] of the Trustee, of of its property; is appointed, of if any public officer takes charge of control of the Trustee'or of its property or affairs, the City covenants arid agrees that it will thereupon appoint a successor Trustee.' The City covenants, within 20 days after the appointment,[1] to' cause to be mailed hdtice'of the appoiritmentto'the Owners of the Senior Lien Obligations: : ?1 , :f .

(b) If in a proper case no appointment of a' successor Trustee is made pursuant to the foregoing provisions of this Sectibri within 45 days after the; Trustee has given to the City written notice of its resignation or after a vacancy in the office bf the Trustee fias occurred by reason of its'

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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;

" ⁝ -ᵛ- (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 inequity, 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 beiunlawftil 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 o^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 o£ Master. Indenture or ,any,SuppIemental Indenture; .or of the Senior Lien .Obligations; and unpaid, with interest on.overdue, payments at the rate-pr rates,of intere^ costs and .expenses of. collection and qf.all, proceedings ;.un and under the S,enipr LienObligations.wi to any.other, right or remedy of the. Trustee or of the .Owners: of the, Senior. Lien .Obligations recover and^enforce, a judgment .or decree *against the'City for any pprtionipf the amounts-remaining unpaid, with interest, costs.and ,expenses, and-tp .collect from any-mpneys available,under the .Senipr.Lien Master Indenture.for such purpose, iirarry mariner provided~by lawTthe moneys adjudged or decreed to be payable. •, ~*

Directions Proceedings byOwners.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 ito 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. j_n. accordance with .law. qiy the provisions, of the- Senior. Lien. Master Indenture,-and the.Trustee.has <http://the.Trustee.has> the right to decline to follow any such direction which in the.ppinion 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 taist 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.

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.(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 urider'the Senior Lien Master fIndenture, toroviding-specific approvals, consents or waivers or instruments of similar puip'ose,iand to the ex tent 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 arc defined in the Aiiport 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.

Cos t-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 Are a

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

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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 subcaplion "Special bunds." 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 thc total.gallonage. of all Airline

Parties., • . .-, ,.,, , , ... ; , . .-:.,....<,.,• ... ■ . . ,

' Landing Fees, are calculated by.'fjrst "deiermiiiing ,the Net Cost of the Airfield Area, .which

consists of portions of the following allocable fo^^ of'Operation and Maintenance' Expense's j 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 j^rea^Ejeginning 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 trie 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 re^ectjye approved maximum'.'lahded weight '<$

aircraft, of Airline Parties landed'during such Fiscal Year and the approved maximum' landed weight of al 1 aircraft of other users during such Eiscal' Year', provided that for purposes of such allocation, the landed weight'df certain classes of users, of the Airfield Area maybe increasedby^ certain premium fart determined by the Commissioner of Aviation from time to time... Tq'the extent in ariy 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 al located to such users'for that Fiscal Year, such excess shall 'be applied in future years in a manlier that does hot, 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 (excludirig 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 hot paid by a

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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 Fhes 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 rel ating to the implementation of the Airport Use Agreement.

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Appendix D AUDITED FINANCIAL STATEMENTS

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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Deloitte St Touche LLP
111 South Wacker Drive Chicago, IL 60606-4301 USA

D@ioitte

Tel: +1 312 486 1000 Fax: +1 312 486 1486
www.deloitte.com <http://www.deloitte.com>

INDEPENDENT AUDITORS' REPORT

The Honorable Rahm Emanuel, Mayor,
and Members of the City Council
City of Chicago, I llinois

We have audited the accompanying basic financial statements of Chicago O'Hare International Airport ("O'Hare"), an enterprise fund of the City of Ghjcago, Illinois ("the City"); as of-andTor 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 whether,due. to fraud or .error. . ■■ ;

Auditor's Responsibility ,, ., /r , ■...•,<■ • „ . ,

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

An audit involves performing procedures to.obtain audi|,eyᵢidence,ab.qut the amounte.and disclosures, in. the financial statements. The procedures selected depend 6n 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 th.e;entity's preparation and fair presentat ion of the financial statements in order to design audit procedures that are appropriate in ..the circumstances, but not for the purpose of expressingran..opinipn.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 bbtai'ned'is'sufficieht and appropriate to provide a basis for

our audit opinion. . .

Opinion

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In our opinion, the basic financial statements 'referred to above present fairly,, iri 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 Nolc 1 to the basic financial statements, the basic financial statements referred to above present only Chicago O'Hare International Aiiport, 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 lo 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.

June 30, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS (Dollars in thousands)

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.

-•-0per-a#Bg-ex-peiises-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.

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A comparative condensed summary of the Airport's net position at December 31, 2015, 2014, and 2013 is as follows (dollars in thousands):

2015

2013

Net Position

2014

Current unrestricted assets Restricted and other assets Capital assets-net Deferred outflows

$ 265,920 2,541,960 7,090,695

. '548,573

$ 210,357 2,536,281 6,872,854 50.172

3) Z1U,1«1

2,715.535 6,742,101 62,974

$ 10,447,148 $ 9:669,664 $9,730,791

Current liabilities

Liabilities payable from restricted assets and

noncurrent liabilities

Deferred 'inflows ' ::

Total liabilities and deferred inflows

S'; '264,688' :,'f:9,699;2l'2'

8;648'

A<"." \'

$ 9,972,548

$ 174,621 8,228,771

$ 175,216 ' 8,034,364

$8,209,580 $ 8,403,392

Net position:

"Net investment in capital'assets Restricted ': Unrestricted

$

707,99 f !! ' 828,216 ■'■(1;061,607)

644',430 '780,514 • ■ 35,140;

$ 582;086 709,754 - ; 35,559 •

■'$ ^474,600 - $ 1,460,084 S 1,327,399

2015

Current unrestricted[1] assets increased by $55,563' (26.4%) primarily due to increased accounts, receivable

and decreased cash arid irivesfnfents.' TheX'irpb^'s current '

uiirestricte'dliab^ 31',2015 and 2014 w^

and other assets increased by $5,679 (0T2%) primarily due to decreases'in construction funds of S18,226 and capitalized interest funds of $14,555 and increases to debt service interest funds,of,$8,947 and,. ,t . . Airport Development Funds of $33,143. Net capital assets increased by $217,84lT3^2^auci^ipaHy to capital activities of the Capital Improvement Prpgram and.the O'Hare Modernization Program (OMP) at the Airport. ..',.'.,.. . I ." , ', The increase iri current liabilities of $89',472"(Hl%j^Ji's mainly rejated.tb the increased Recounts payable

and accrued/liabilities of $'32,172 and'ihcf'eased amounts of .advanced'payments for terminal and hangar

rents of $5,42'7'offset ! "

Liabilities payable'from restricted assets arid^ noncurrent liabilities'increased by $1,664,848 (20%) due primarily to the increase in pension liability.;

Net positiori'may serve, over a period'of time,'as a useful indicator bf the'Airport's' financial position: As' of December 31, 2015, total net position was $474,600, a decrease of $985,484 (67.5%) from 2014prirharily due_'td the impact bf the'implementation of'<jASB"68. '

2014

Current unrestricted assets increased by $176 (0.08%) primarily due lo 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 fundsof $49,898 and increases lo 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):

Operating revenues: Landing fees and terminal charges Rents, concessions, and other

Total operating revenues

Operating expenses: Salaries and wages Pension expense Repairs and maintenance Professional and engineering Other operating expenses Depreciation and amortization Capital asset impairment

Total operating expenses

Operating income

Nonoperating revenues Nonoperating expenses

Total nonoperating revenues/expenses Income (Loss) Before Capital Grants Capital grants

Changes in Net Position

2014

$ 552,431 292,093

. 182,984.

110,928 88,143 112,952 218,211

713,218
131,306
233,318 (320,971).

(87,653) 43,653 89,032
844,524

191,842 339,546 98,945 83,265 92,112 231,670 3,320

1,040,700
(195,472)
224,544 (342,153)

(117,609) (313,081) 76,689

Change in net position

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 lo 2014 was primarily due lo 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.thc 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 $3301,712 and $320,97 1.forme 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 (3j%)> for. 20-1 Ssover- 20.14- >was; mainly due it© increased linterestiexpe'nseoffsetby.-

decrease in PFC noise mitigation and cost of issuance.[1] •:.!■;: ; •');

Capital grants,' comprised;mainly, of'federal grants, decreased from $89,032 in 2014 to $76,689 in 2015, a 13.9%'dccrease mairilyras a result ofless-Tederal grant reimbursements in 2015.

Landing fees and terminal area usc,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 _20JL3, respectively. The increase in 2014 operating revenues of $126,844 (17.7%) compared to 2013' was primarily due to increased'landing fee's and terminal area use charges of $109,497.'- • •*-f*-»'

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 yearth'e increase is; largely the result of additional snow.removal expenses. Professional arid engineering[1] costs increased $7,073 (8.7%) from the prior year as a result-of increases in contracted costs. Other opefatirig expenses increased by $15,690 (16.1%) Other operating expenses arc mainly comprised^ of certain employee costs, insurance premiums, indirect costs,-materials and supplies, utilities, vehicle purchases, and the provision for doubtful accounts.

The 2014 hpnoperatihgireyenues 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.

Capita] grants, comprised mainly of federal grants, decreased from $203,536 in 2013 to SS9,032 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 3 1, 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	S 885,669	S 884,636
Construction in progress	386,814	752,331	845,495
1'oiai 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)	(2,97.3,903)	• (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 ofcommercial-'paper notes during 2015. 'Notes proceeds may be u'sed'tb'

finance portions of the" costs'-of authorized'airport's-^ riotcsi •""
The Airport'has no outstanding "Commercial 'Paper Notes at December 31,- 201'5 'due to the issuance: of the' Chicago O'Hare 201'5 G&D[1] Senior Eiefr Revenue-Bon'd's'ih October'20T5, in' which-proceed"s':were u'se'd(':
to repay the outstanding Commercial Paper Notes.

2> > '";

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 :rarigirig 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 wUl'be^ and the Capital [1]'
Improvement Program' arid certain process'were" used tb'Tiind capitalized -interest "deposit'-arid'd'ebt--'service ' reserve deposit require'merit'and'to'pay the cost^ of issuance [5] bf the bonds'.'"- '-' -""" " .<j?j:>.s-j'....

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The Airport's outstanding debt at December 3 1, 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 Standard Fitch Kroll Services & Poor's
Ratings Ratings

Senior Lien General Airport Revenue Bonds	A2	A	A-	A.+
PFC Revenue Bonds	A2	A	A	Not Rated
CFC Revenue Bonds	Baal	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.

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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.

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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

(UOiiaTS ip mOL'SandS)

	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	1 10,928
Professional and engineering services	83,265	88,143
Other operating expenses	92,1 12	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		147,697136,351
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)		ST (117,609) (87,653)
(LOSS) INCOME BEFORE CAPITAL GRANTS		(313,081). 43.653K
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)		710,9921,327.399-
TOTAL NET POSITION-End of year		$ 474,600$1,460,084:-

See notes to basic financial statements.

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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

CASH FLOWS FROM OPERATING ACTIVITIES: Landing fees and terminal area use charges Rents, concessions, and other Payments to vendors Payments to employees
Transactions with other City funds-provided by Transactions with other City funds-(used in)

Cash flows provided by operating activities

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: Proceeds from issuance of bonds
Proceeds from commercial paper notes Payment of commercial notes payable
Proceeds from O'Hare 2010B Senior Lien Build America Bonds subsidy
Payment to refund bonds
Principal paid on bonds
Bond issuance costs
Interest paid on bonds and note
Acquisition and construction of capital assets
Capital grants

Customer facility charge revenue
Passenger facility charge revenue and other receipts
Passenger facility charge expenses ,. ,

Cash flows (used in) provided by capital and related financing activities

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: Proceeds from settlement agreement Cash paid for Noise mitigation program

Cash flows (used in) noncapital financing activities

CASH FLOWS FROM INVESTING ACTIVITIES: Sales (purchases) investments-net Investment interest

Cash flows provided by (used in) investing activities

NET CHANGE IN CASH AND CASH EQUIVALENTS ? CASH AND CASH EQUIVALENTS-Beginning of year CASH

AND CASH EQUIVALENTS-End of year

i 554,161 288,192 (272,612) (167,248) 1,265 (62,808)

340,950

570,459 317,973 (216,459) (175,052) 2,454 (71,098)

428,277
31,026

12,354

(168,895) (154) (368,370) (289,835) 88,942 36,284 138,184 (4,631)

2,164,456

(51,026) 12,380 (1,767,600) (189,605) (11,441) (420,548) (359,547) 74,516 39,204
150,705 (2,342)

984 (8,998)

(360,848) (525,095)

1,999 (15,892)

(13,893)
(8,014)

373,361 16,927

390,288

449,703 964,696

$ 1,414,399

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CHICAGO O'HARE INTERNATIONAL AIRPORT

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Dollars in thousands)

2015

RECONCILIATION TO CASH AND CASH EQUIVALENTS REPORTED ON THE STATEMENTS OF NET ASSETS:
Unrestricted Restricted:
Current
Noncurrent
537,631 777,885

$ 98,883 $ 5,632

494,735 464,329

$ 1,414.399 $ 964,696

RECONCILIATION OF OPERATING INCOME TO CASH FLOWS PROVIDED BYiOPERATING ACTIVITIES: Operating (loss) income Adjustments' to reconcile: Depreciation, amortization, and impairment - "; " Pension expense other than contribution Changes iri assets' arid liabilities: :' (Increase) in'accounts receivable Increase iri 'due'rro'm other City funds Decrease in prepaid expenses (Decrease) increase in accounts payable (Decrease) "in due to other City hinds ~-(Dccrcase)"incr'ease"in prcpardlerminaiTent
(Decrease) increase in billings over amounts billed Decrease (increase) in amounts to be billed

:$ (1-95,472) $ 131,306 218,212
234,990 313,746

(14,127) 2:219 ■' 177 29,544

(131)

' 5,427

51,904

CASH FLOWS PROVIDED BY OPERATING ACTIVITIES

^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 we're S(1,839) and $(4,316), respectively.

See notes to basic financial statements.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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.

M anagement'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 arc 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 lace 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, dp 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, ' : t" i .... ' . ...

Accounts Receivables^ provided an allowance for amounts recorded at year-end, which may be uncollectible. ' ! ,

Revenues and Expenses-Revenues, from landing terminal area use charges, fueling system charges, parking revenue,'arid concessions are reported as operating revenues. Revenues thai 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'Xirport operations' arc reported as operating expenses. Interest expense, PFC expenses, financing costs, and noise mitigation costs arc reported as nonoperating expenses. , :I;t

Transactions witii'thc.C^ general fund provides services' to the Airport. The amounts al'qca'tedViheA expenses by the Airport and consist mainly of employee behefits,' self-insured risks, and administrative expenses.

_ Prgperty and FaciUties-Property, and facilities are recorded at cost or, for donated assets, at market

value at the date of acquisition.".Expenditures greater ^ acquisition, construction, or equipping of capital projects, together|Witb relate and engineering fees, are capitalized. Exp'enditures^fpr vehicles and other movable equipment are expensed as incurred.

Depreciation and amortization are provided using the straight-line method arid begin in the year following the year of acquisition or completion. Estimated useful lives arc as follows:.

Runways,'aprons,' nume'l's, taxiways' arid paved'roads"	30 years
' Water drainage and sewer system	20-50 years
Refrigeration and heating systems	30 years
Buildings" " "'!u"y ' < ■•'•;: 1	40 years
Electrical system'- "* -•••>•'••!. - 'J -. ;	15-20 years
Other • ■ - •!..	10 30 years

Deferred Outflows^Defcfred outflows represent-the fair value of derivative instruments that are deemed to be effective hedges, unamortized Idss^bri 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, Cl'Cs, 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, arc 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, 20.15 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 motorvehicle 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 relatedinoncapitafcxpenses as nonoperating expenses in conformity with industry practice.

Adopted Accounting Standards-Accounting and, Financial Reporting for Bensions, 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 ^ !, 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;ias.lhey relate.to governments .that provide pensions through pensioniplansiadministeredias trusts-orp similar;arrangements that meet.certain criteria. GASB 6(8 requires go vemments .providing defined sbenefitipensions to recognize;themlong-term.obligation-forspension .- benefits as a liability for the first time, and to more comprehensively and comparably measure the annualc'osts.of.pension benefits;The)Statemeht.also cnhanccs'iaccouritabilityand transparencyrthrough revised ;andihew note .disclosures and required^supplementary iinformation. .Beginning Net Position was restatedas a.result of implementation of.this standard (see Note 12). -

Pension '; Transition for Contributions Mad&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 nonenlploycr 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.theiQ'Hare Fund 'beginning with the year ended;December 3 ly 20F5-: IThis.'Statement amendsiparagraph.437; of.GASB.68 to'requireithat, at transition ; !a govemment recognizc-a' beginning deferred outflow of resources for its pension contributions, if any, made subsequent to Jthe 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 ?al transition only if it is practical to detenninealI such'amounts. There was no impact-on: the O'Hares Fund's Financial statements as a-re'sult of the implementation of'GASB71v-y-

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 'HovlTFair Valve-Measurement'and Application {"GASB72"), addressesaccounting and financial repdrting issues related to fair value measurcmcnts.-GASB 72-will be effective for the Airport beginning wilh its year ending'Decerhber 31, 2016:'This Statement provides guidance for detcrrriining a fair value'measurementTorTmancial reporting purposes and the rclalcd disclosures. This

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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 Airpdrt beginning with its year ending December 31, 2017. Included arc 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

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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.qualifyingr.extcrnal investment pools that measure.all of .theininvestments at amortized costs for financial reporting.purposes and for governments that-participate in those pools. .GASB 79 will be effective Tor the Airport beginning with its year ending December 3.1, 2016.

GASB.Statement:No. 82, Pension.Issues,m amendmentof GASB Statements,No.- 67-,.Nq.: 68-„and

No. 73 ("GASBI82"), addresses.issues^regiuding (l),the presentation.of payroll-related,measures in

required supplementary information,-.(2).,the,selectipn of assumptions and-the treatment of deviations

from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the

classification ofpayments made.by employers to satisfy^mployce (Plan member);contribution!

requirements. GASB 82 wilf.be <http://wilf.be>.effective for the Airport beginning with its year ending December 31,

2017; • . v.-v-v, :'\ \ -.-/AA.!

2. RESTRICTED AND UNRESTRICTED CASH, CASH EQ UIV A LENTS, AN D INVESTMENTS

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■ ■ Iny.cstmcntsv-U,S.,agcnc^ government-sponsored enterprises such-,as. Federal

:rjh, *-■<;.>; v-) :.i:;r j !✓*.<'!; ;!.:!■ .,:/, i.;nJ 'i,i..n H'l'K '!■.•«)• .• •

	Investment Maturities (in Years) ,				
Investment Type	Less than ,1	1-5	6-10.	More than 10	Fair Value

. " U.S.,agencie\r' ' ; " ";." 'l&Jji" '535,'6'65 ' $ l^OOl' ' : $"_1:J'. ' 'Tj8i5,783

. ; U.S. Treasuries0 .';; "~ c v"-yv-^yv-- ■ 19-759 v ~-,. r^j^-"

■"•"•••'Con^ercial p)Iperv '•',v248')9'54-' •' ;• • v"• - '"■"■ 1 '• ' ' ' "• • "2'48,954

<';6rp6fate bonds:' ' ' :11,002 •' :'69,808 " ! 16,720 ' : 97,530

■: Municipal bonds ' ■ -'■-:'76,f532' 1-26,366 '-V" - •" ' ' "; - ' -202,898

Certificates'bfdeposits ^-lJ222-;505 ■ ^y;' •-<-l'222,505

and other short term .' .•"■)-•.• v>j:i.-.;i.. i\\ ■ <i ...-n-. • :■./!■. ->.n-m\>

Subtotal	$1,825,770	$750;938	-;$G0;721 ' ■.■■$..-	...i2;60,7,429
Share of City's • ' ••'••>•• pooled funds ■...■'■•'i ••	*v 1. ■'■ ■■■-..'.'■ V> .'* r-/, ■ , , •■	*w-A./\ ■>' <■. ■■*		*/ ■)* .. '2,642
Total		.!:. ;- I- .. . <■ y -^		■.. ■;>$g',6T0,071

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The Airport had investments as of December 31, 2014, 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	S 243,573	$1,016,260	$49,654	S -	$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 arc 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, al 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 slate 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 sayings account, non-interesl-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'lime bf purchase/are fated 'riot less than A-, or equivalent rating,' by at least two accredited
' '-ratings agencies'?""'-:m'"-'",; : - ' ': - n:: ' -

13) Debt instruments of international financial institutions, including but not limited to the World Bank arid the InlematioriaTfvl'ohetary 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 hot less'-man'an'A:-rahng',: or'eduivalch't rating. The maturity of investments'
. authorized in this subsection shall not exceed 10 years. For purposes of this subsection, an "iri'te'fnatibri'alTiriaricial'iristit means' a' 'financial institution that has been established 'or chartered'by more ofsHarchblders ᵛare"generally 'national - governments or- other -international instil '■

14) United States dollar denominated debt instalments of foreign sovereignties that, at the tirne 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;

(1'5) Intercs^bearing bonds' of any County, towrishib,"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 .thari A-, or equivalent rating, by at least two accredited rating agencies with nationally recognized expertise in'rating bonds of states and their political subdi visions;

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 borids have an A-"rating'or above or .equivalent fating by at least two accredited ratings agencies;

17) Bonds, notes, debentures, or other similar obligations of agencies bf the United States rated, at the time of purchase, no less than AAA by at least two accredited rating agencies.

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Total holdings across all funds held by the treasurer shall have no less than an overall average rating of Aal 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

Moody 's/S & P
Aaa/AAA
Aa/AA
A/A
Pl/Al
Not rated

S 57,119 853,412 27,949

1,668,949

.$ 55,828

1,373,002 15,075 240,348 945,226

$2,607,429

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 orother 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.

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The investments reported in the basic financial statements as of December 31, 2015 and 2014, is as follows (dollars in thousands):

2014

Per Note 2: Investments-Airport Investments-City Treasurer Pooled Fund

$2,610,071 $2,631,351

Per financial statements: Restricted investments ; Unrestricted'investments Investments classified as cash and cash equivalents on the statements of net position

$ 1,182,225 44,621

1,383,225

$ 1,503,728 94,002

1,033,621

$2,610,071 $2,631,351

RESTRICTED ASSETS

The.GeneralAirpqrt; Revenue Bond Ordinance ("Bond Ordinance"), the Master .Indenture of Trust

:.Securing C>hicagp.-Q-.Hare;Inteniational Airport Second Lien:Obligations .("Second Lien Indenture"), the

Master Indenture of Trust Securing .Chicago-O'Harc International Airport .Tlrird.Lien .Obligations

("Third Lien Indenture"), the Use Agreement, and federal regulations contain various limitations and

restrictions .-which;.- among [other tilings, require the creation- and maintenance, of, separate ae.cpunts,

f/certainpf whichvmustjbe.h^ deposits, are made by/^he Airport on a

i.f.;,

;ij J'j'f. 'CO'SO .'S.'Jl'lll

: Restricted cashj/cashjequiyalents^rand -investment ,balances-in accordance withithei Bond Ordinance, the , .SecondjLienJndenture; jand; the Third-Lien,Indenpjreirequ.irements-.arc;as. :follows,(dqllars,in thousands):

■lUiuM! 'is 'iii;!^

! t,:!:\

!)■ >:-i-y.;'j;ih .j.vjihi.'. i-vii:.)-jr..

., Construction . . , .

'•Capitalized interest' ' Debt service reserve Debt service interest | ;

Debt'service' principal"':: : "' • ; ■ ■■.-;;;■• . y\\ ■■.-.

|i;-'bpera'tidn'andiW^ •' ' ' "

' "MainteriancсTCserve^; : ": ■; • • ■" - ■■■ ": -'^Customer-facility'charge ' ..;:-. ■.■■■■.■•■'.■.<■■

Airport Development Fund

.Subtotal-Bond Ordinance. Master Indenture Accounts

, 2015

'$ " 650,533 : : ■ '79',579 ' " 63'r;717; ■" '347,458" •' '46;422;-■■" ; : 133,758 - ! 31000! ■■ -93,856 342,535 .42,57.1

2,37.1,429.

h 2014

'$ #68,758 " ' ""94,134
"'618,529 i :: 356,405 ■ :' "43,965 •' 128,068 '■•> ■■■'■!•'!3,000 • -91,195 309,392

.35,669

2.349,115

Passenger facility charge

$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.

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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 Scries 2003 A-1 and A-2 third lien revenue refunding bonds		

issued August 14, 2003, due through 2034; interest at 4.50%--6 00%, S - $ 46,370

. ,$382,155,,Serics 2003 B-1 and BT2 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

$1491330 Series 2003 P,|E.an'dF third lien revenue bonds

issueil Dcccm'tier £'2003,' due'through '2034: interest at 2.12'5%-5.5% * ' ' 75,915

S281,055:Series 2004 A'ari'd.B'third lien revenue'refunding bonds issuediPcccmber2, 2004,.due,througlv2035;.interest at 4J5%-5.0% 145,870

. $39,700 Series 2004 C and.D third lien revenue refunding bonds

" ' issued^becembcr 2V2604'diie^ ' 39,700

$29,360 Series 2004 E, F, G, and H third lien revenue refunding bonds

issucd.pecembcr2.2004 <http://issucd.pecembcr2.2004>, due .through 2023;-jntcrest at 3.49%;-5,35% 29,360 29,360

$961,010 Scries 2005 A third lien revenue bonds

issued December 22, 2005, due through 2033; interest at 5.0%-5.25% 961,010

:. .;••';• j '.)'!) r .. • !f|fji; b<\|, . • ii'i; o; Lv.".' ." : . .-r-.o.j.'-.' ,' ; ' ; . .. "
$238,990 Series 2005 B third lien revenue refunding bonds
issucdjPecember 22, 20,05,.due through 201,8;,ipterest at 5,25?/q- ■ 143,215 t :, 192,335

$300,000 Series 2005 C and'P third lien revenue bonds issued December 22, 2005, due through 2035;
variable floating interest rate 0.01%
and 0.02%% at Pecember 31, 2015 240,600 240,600

$112,630 Series 2006 A, B, and C third lien revenue refunding bonds

issued Pecember 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

S530,170 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)

2014

591,590 Series 2010 A third lien revenue bonds issued April 29, 2010, due through 2040; interest at 3.0%-5.0%

$669,590 Scries 2010 B third lien revenue bonds issued April 29, 2010, due through 2040; interest at 6.145% 6.845%

S171,450 Series 2010 C third lien revenue bonds issued April 29, 2010, due through 2035; interest at 4.00%-5.25%

$55,850 Scries 2010 D third lien revenue refunding bonds issued April 29, 2010, due through 2019; interest at 5.00% 5.25%

$47,360 Series 2010 E third lien revenue refunding bonds issued April 29, 2010, due through 2016; interest at 1.75% 5.00%

S95,375 Scries 2010 F third lien revenue refunding bonds issued April 29, 2010, due through 2040; interest at 4.25% 5.25%

S420,155 Series 2011 A third lien revenue bonds issued May 5, 2011, due through 2041; interest at 5.625%-5.750%

$295,920 Series 2011 B third lien revenue bonds issued May 5, 2011, due through 2041; interest at 3.00%-6.00%

S283,925 Series 2011 C third lien revenue bonds issued May 5, 2011, due through 2041; interest at 5.50%-6.50%

$444,760 Series 2012 A senior lien revenue refunding bonds issued September 12, 2012, due through 2032; interest at 1.00%-5.00%

$277,735 Scries 2012 B senior lien revenue refunding bonds issued September 12, 2012, due through 2032; interest at 1.00%-5.00%

56,400 Scries 2012 C senior lien revenue refunding bonds issued September 12, 2012, due through 2015; interest at 3.00%^1.00%

5336,350 Scries 2013 A senior lien revenue refunding bonds issued October 17, 2013 due through 2026; interest at 2.00%-5.00%

$165,435 Scries 2013 B senior lien revenue refunding bonds issued October 17, 2013 due through 2029; interest at 2.00%-5.25%

598,375 Series 2013 C senior lien revenue bonds issued October 17, 2013 due through 2044; interest at 5.00%-5.50%

5297,745 Series 2013 D senior lien revenue bonds issued October 17, 2013 due through 2044; interest at 3.00%-5.25%>

$428,640 Series 2015 A senior lien revenue refunding bonds issued October 15, 2015 due through 2037; interest at 2.00%-5.00%

51,191,540 Series 2015 B senior lien revenue refunding bonds issued October 15, 2015 due through 2035; interest at 4.00%-5.00%

$195,690 Series 2015 C senior lien revenue bonds issued October 15, 2015 due through 2046; interest at 3.625%-5.000%

$131,510 Series 2015 D senior lien revenue bonds issued October 15, 2015 due through 2046; interest at 4.000%-5.000%

Subtotal-senior lien bonds

(Continued)

2015

Passenger Facility Charge Revenue Bonds. $l i 1,425 Series 2008 A Passenger Facility Charge Revenue Refunding Bonds issued January 31. 2008. due through 2016; interest at 4.0%-5.0%

$24,965 Series 2010 A Passenger Facility Charge Revenue Bonds issued May 27, 2010, due through 2040; interest at 5.00%-5.25%

$51,305 Series 2010 B Passenger Facility Charge Revenue Bonds issued May 27, 2010, due through 2040; interest at 5.00%-5.25%

$48,495 Series 2010 C Passenger Facility Charge Revenue Bonds issued May 27, 2010, due through 2031; interest at 5.272%-6.395%

$12,900 Series 2010 D Passenger Facility Charge Revenue Refunding Bonds issucd.May 27, 2010, due through 2019; interest at'2.0%-5.0%

$12,190 Series 2011 A Passenger Facility Charge Revenue Refunding Bonds issued May 5, 2011, due through 2032; interest at 5.00%-5.625%

$33,815 Series 2011 B Passenger Facility Charge Revenue Refunding Bonds issued May 5, 2011, due through 2033; interest at 5.0%-6.0% ' •

SI 14,855 Series 2012 A Passenger Facility Charge Revenue-Refunding Bonds issued September 12, 2012, due through 2032; interest' at 3:0%-- 5".0%

$337,240 Scries 2012 B Passenger Facility Charge Revenue Refunding Bonds issued'September 12, 2012, due through 2032; interest at'2.'5Vo-5! 6%' '

24,465 % 47,790
24,965
51,305
48,495
7,700
12,190

24,965 51,305 48,495 9,405 12.190 33,815

33,815

113,705- 113,705

314,605 322,110

'Subtotal-Passenger Facility Charge Revenue Bonds

Customer Facility Charge Revenue Bonds-$248,750'S'erics 2013 A Senior Lien" CFC Bonds issued August 22, 2013, due through 2043';'interest at 3.0%-5.75%

Commercial.Paper Notes-Series A, B, C, D, E,.F-,'(Taxa'blej Commercial Paper Notes,, outstanding at December 31, 2014, due through 2015; interest at .10%-.T3%

Total revenue bonds and notes Unamortized premium

7,466,485 -. 7,527,336 374,179 199,169

Current portion

Total long-term revenue bonds payable

7,840,664 - . 7,726,505 (221,220) (189,605)

'$7,619,444- ' $7,536,900

(Concluded)

Long-term debt during the years ended December 3 1, 2015 and 2014, changed as follows (dollars in thousands):

Balance January 31
Balance Due within December 31 One Year

Revenue bonds and notes Unamortized premium (discount)

Total long-term debt

$7,527,336 $2,023,142 199,169 217,076
S (2.083,993) (42.066)

$7,466,485 $221,220 374,179

2014

Revenue bonds and notes Unamortized premium (discount)

Total long-term debt

Balance January 31

$7,665,205 S 31,026

224,056 1,060

$7,889,261

Reductions

$ (168,895) ■ (25,947)

Balance December 31 Due within One Year

$7,527,336 $189,605
199,169

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"), Sefies A-1 through E-V (AMT), Series A-2 through E-2 ("Non-AMT"), Scries 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 Scries 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 Scries 2004C General Airport Revenue Bonds ($29.2 million of principal and $.6 million of interest), a portion of Scries 2004D General Airport Revenue Bonds ($7.4 million of principal and $.1 million of intcrest),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 lo 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),

•v ' 'to fully defease Ihe-Series 2003C-1 General Airport Revenue Bonds ($5.2 million of principal and $0.1 million of interest), a portion of Scries 2003C-2 General Airport Revenue Bonds ($248.7 million of principal and $4.8, million of intercst),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 Scries^pp^p General; AirporbReyenuc Bonds;($0.3:million.pf principal.and interest), and to ^: fully; defease the tSenes.^OQSA.General Airport Revenue Bonds ($9,6.1,0. m.illipn.pf principaljand

; , $24.3, million of interest); Certainrnrt.prpce,eids:pf Se^ft-rrujUon.-werc |Usesd,to pay the post ofthe^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 pf the .Bonds, decreased,the Airport's total .debt ^ryjee .payments by iii.u,?23,6:7;,rrdllion andTcsu}te#«in an economic (gaim^ of the,old debt •j,;,.;. :J>and^tiicnewidebt;.sei^pe,p.aymente),of^;169.4million... E...-.-; -.-. -r: ■ >:-■-,-

: fa.jDct^cr-^015,,&e^ir^rt.sold.^ l'-95,7 mjjtipn of Chicago .O'Hare InternatipnalAirport Senior Lien RevenueiBpnds,,Series.^ ' ., - ranging from-3.625.% tp.5.%[and maturity - and .mandatory, .r^emption.^njrity. .dates ranging-jfrpm 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; certairrof-net-proceeds of $130:3 million wilLbenisedtoTinancc - s. the,.portion of the,capitaU million-were used - to fund,the. capitalized -interestjd^PjOsit requirement, the debt/seryice reserye,deposit jequirerncnt and : ;. .certain.net <http://certain.net> prpceed^of $ 1.2 milliqn.wcreyUse.ditOipay the cost ofthe issuance of fhe bonds. ....

Reyenue Bonds, Series. 2015 TJ;i^ bpnds.havc interest rates , .ranging from^.^tp 5,.and maturity ^d nrandatory re^emption.nwturiiy^ dates; ranging frpm^ January, 1, 2021vthrpugh 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 <http://will.be> used to; financc the portion of the CIP; certain of,net.proceeds jof $3.6 million were used, to fund the, debt service reserve . ..deppsit-requircment; certain;nef.proceeds of,$2.8 milliony/ere uscd.to.fund the. capitalized interest deposit requirement; .and certain net proceeds of $0,8; million were used to pay the ,cp.st of the issuance of the bonds, ., . ,,..

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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 3 I, 2015, as follows (dollars in thousands):

Years Ending v December 31	Principal	Interest	Total
2016	$ 185,605	$ 298,831	$ 484,436
2017	218,365316.876535,241		
2018	256,235305,1 16561,351		
2019	265,500292,488557,988		
2020	241,610280,214521,824		
2020	2021-20251,019,6601,245,2682,264,928		
2020	2026-20301.217,850969,5832.187,433		
2020	2031-2035 "1,692,795624,6352,317,430		
2020	2036-20401,185,935250,7871,436,722		
2020	2041-2045281,81030,424312,234		
2020	204621,12552821,653		
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 Scries 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	36,99528,50565,500		
2018	38,84526,60965,454		
2019	24,72025,01849,738		
2020	23,89523,89147,786		
2020	2021-2025141,010100,104241,114		
2020	2026-2030194,12058,738252,858		
2020	2031-2035105,56515,080120,645		
2020	2036-204030,4803,95934,439		

$312,207

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
ZOiO	J> -	J> 13,^34	3> 13,33^
2017		13,554	13,554
2018	4,72513,43618,161		
2019	4,96013,19418,154		
2020	5,20512,95518,160		
2020	2021-202530,05560,553. 90,608		
2020	2026-2030:38,84551,52190,366		
2020	2031-203550,02039,99890,018		
2020	2036-204065.78523,72089,505		
2020	2041-204349,1554,28353,438		
Total - [1]	$248,750	$246,768	$495,518

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CHANGES IN CAPITAL ASSETS

Capital assets during the years ended December 31, 2015 and 2014, changed as follows (dollars in thousands):

2015

Capital assets not depreciated: Land
Construction in progress

Total capital assets not depreciated

Capital assets depreciated-buildings
and other facilities Less accumulated depreciation for-buildings

and other facilities

Total capital assets depreciated-net Total property and facilities-net Includes capitalized interest of $26,958

Balance January 1
Additions
298 450,489

450,787

(816,006) (816,006)

(9,788) 6,467 (3,321)

Balance December 31

S 885,967 386,814

8,208,757 (2,973.903) 5,234,854

816,006 (229,625) 586,381

1,272,781

9,014,975 (3,197,061) 5,817,914

$ 6,872,854 S 1,037,168 $(819,327) $ 7,090,695

2014

Capital assets not depreciated: Land
Construction in progress

Total capital assets not depreciated

Capital assets depreciated-buildings and other, facilities
Less accumulated depreciation for -buildings and other facilities

Total capital assets depreciated-net

Total property and facilities-net

Includes capitalized interest of $104,305
Balance January 1
Additions
1,033 345,638

346,671

(438,802) (438,802)

Balance December 31

$

$ 885,669 752,331

8,208,757 (2,973,903)

5,234,854

438,802 (215,918) 222,884

1,638,000

7,769,955 (2,757,985) 5,011,970

$ 6,742,101 $ 569,555 $(438,802) $ 6,872,854

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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):

r-\ ^ T<J<4I 3 k-IIUlIIj T |"i #■ ■ M 4!*

December 31	Amount
2016	$ 97,549
2017	97,555
2018	96,357
2019	95,340
2019 ; : 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 minimumfuture rental income.

Rental income, consisting of all rental and concession revenues; except-ramp reritalS'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 v^v?,^20Irrespectively., : -v,llA '...ti;j.',*\

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 defmed-benefit pension-plans (Plans)7~Thesc 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 Ghicagd^Plaris 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: informabon. that.can be: obtained at www.meabf.brg <http://www.meabf.brg>., www.labfchicago.org <http://www.labfchicago.org>, www.chipabf.org <http://www.chipabf.org> and www.fabf.orgg <http://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, 201 1, 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 (he 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 lo 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 arc 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

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that date. The Aiiport's proportion of the net pension liability was determined based on budgeted Aiiport 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.discpunt rate assumption increased the Airports allocated net pension liability by $507.3.million for.Muni'cipa'l and $73.1 million for Laborers'. This impact.is being amortized over a five year period for.Munieipal 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.Munieipal and $23.9 million for Laborers'. This impact is recognized as a portion of 2015 pension expense in its entirety. For the year ended,Dccember;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

' S¦5^117

$417,409

Amounts reported as deferred outflows bf resources and deferred inflows of resources related to pensions will be'recognized'in pension cx^hse'as/follows: , . ' .

' Year Ended "

December 31

2016 2017 2018 2019 , 2020
Thereafter
$ 103,073 103,073 103,073 103,073

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Laborers' (dollars in thousands):

Deferred Outflows Deferred Inflows

of Resources of Resources

Differences between
expected and actual experience Changes of assumptions Net difference between projected and
actual earnings on pension plan investments

51,881 6,055

$ 57,936

Amounts reported as deferred outflows of resources and deferred inflows of resources related lo pensions will be recognized in pension expense as follows:

Year Ended December 31

2016 2017 2018 2019 2020
Thereafter

$21,907 21,907 10,576 1,514

Policemen's (dollars in thousands):

Deferred Outflows Deferred Inflows

of Resources of Resources

Differences between
expected and actual experience Changes of assumptions Net difference between projected and
actual earnings on pension plan investments

Total

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 2017 2018 2019 2020
Thereafter
386 386 386 386 (201)

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Firemen's (dollars in thousands):

Deferred Outflows Deferred Inflows

of Resources of Resources

Differences between
expected and actual experience Changes of assumptions Net difference between projected and
actual earnings on pension plan investments

Total

7,151 2,935

$ 10,086

Year Ended, December 31

2016 2017 2018 2019 2020
Thereafter
$2,102 2,102 2,102 2,102 1,354

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.thc measurement:

	Inflation	Salary Increases	Investment Rate of Return
Municipal	3.0 %	4.5%-8.25% (a)	7.5 % (e)
Laborers'	3.0 %	3.75 % (b)	7.5 % (0
Policemen's	3.0 %	3.75 % (c)	7.5 %
Firemen's	2.5 %	3.75 % (d)	7.5 %

a) Vatyirig-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

5

Mortalitytafes were based'oh the RP-2000 Health Annuitant Mortality^ as appropriate for Municipal, Laborers' and Firemen's and RP-2014 'for'Policemen's.[5] ; '■'

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 Laborers' Policemen's Firemen's

January 1, 2005 - December 31, 2009 January 1, 2004-December 31, 2011 January 1, 2009-December 31, 2013 January 1, 2003-December 31, 2010

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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 arc summarized in the following table:

Long-Term Expected Real Rate of Return

Asset Class:

Domestic equity Domestic large cap equity Domestic small cap equity U.S. equity Non U.S. equity Global equity International equity Domestic Fixed income Fixed income Hedge funds Private equity Private markets GAA
Real estate Risk Parity
Alternative investments .
Commodities
Gash deposits and
. shortrtenn investments
Real assets
Municipal

26.00 %

22.00

27.00. 10.00 5.00

10.00
Laborers' Policemen's Firemen's

22.00 % - % %

21.00 20.00

24.00 16.00

13.00 14.00 .
22.00 7.00 9 00

12.00 5.00

25.00 21.00

16.00 8.00
3.00
2.00
2.00 3.00 '
4.00
4.00

11.00 8.00 6.00 2.00

Municipal

4 90 %

5.00

0.00 3 00 8 60

6.00
Laborers' Policemen's Firemen's

5.90 % - % -

6.10 7.80
7.25 7.55

7 90 6 50
1.70 4.00 8 20

5.10 4.60
7.25 7.25
2 60 3.80
8.15
6.00
5.25 2.75
2.25
4.20

6 90 4.70 4.40 5 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 fate. 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 lo 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 lo 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- Bpnd.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 bf.return on pension plan in vestments.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).Thc 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 fumrc-benefit payments only-through the year 206T."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.

-l^.'.y-Sensitivit^ Liabili^d'^^hdhg^m^he'-Biscount-
-Rate. ■ 1 • .. " . ': • ■ ■■■ .■ i ■■ ^ v.-

■ Municipal-^thefollowing presents the allocated share of the net pension liability to the Airport as of to December-3'1;>2015, calculated using the 'discountrate'oT3.7-3 percent;'as'well[1] as. what ibe net-pension ""; ' liability-' woiild'be if if were 'calculated using a discount-fate' that* is 1 '• percentage point-lowerT 5' <\ ■m:U\ (2.73ipercent) bf

i ■ i f	..- v	Current .v- *	
,■ Net Pension Liability December 31, 2015	.1% Decrease,:	Discount Rate,	1% Increase
• ■ ... Municipal-discount-rate..-:: ,,«.,.. • ,..,.,,,.. ...... , w,	2.73;%,,,.■.	. .3.73' %	4.73 %
., "Municipaliiabiiity; , ;,; ,	S 1,293,192.	S 1.084,148' ;	,S912,840

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Laborers'-the following presents the allocated share of the net pension liability to the Airport as of December 3 1, 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.

OTHER POSTEMPLOYMENT BENEFITS

Other PostEmploymcnt 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 beiow 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

Annual Required Contribution Interest on .Net OPEB Obligation Adjustment to Annual- Required Contribution

Annual OPEB Cost (Gain) ' Contributions Made

$ 23,819 3,391

(38,440)

(11,230)

22,468
$ .9,632 .391

(4,358)

5,665 9:441
S 2,611
. 385

(4,375) (1,379) 2,382
A portion of the City's employer contribution to the Pension Funds is used to'finance the hcaltli'insufa'ncii supplement benefit payments.

(2,376) ' 235 .2,154

S 9,174 $ 2,402 2,406 209

(27,331) (15,751) ■ 8,491

Decrease imcr.tu-'!. ^et'OREBTObligaJip^

Net OPEB Obligation, Beginning of Year

Net OPEB Obligation,

Actuarial Method and Assumptions-For the Pension Funds' subsidies, the actuarial valuation forth 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.

Actuarial Valuation Date Actuarial Cost Method
Municipal

12/31/2015

Entry Age Normal
Laborers'

12/31/2015

Entry Age Normal
Policemen's

12/31/2015

Entry Age Normal
Firemen's

12/31/2015

Entry Age Normal

Amortization Method

Remaining Amortization Method
No Assets
No Assets
No Assets

No Assets
(Pay-as-you-go) (Pay-as-you-go) (Pay-as-you-go) (Pay-as-you-go)

Actuarial assumptions: OPEB Investment Rate of Return (a)

Projected Salary Increases (a) Inflation

4.5 % 3.0 %

4.5 % 3.0 %

4.5 % 3.0 %

4.5 % 2.5 %

Seniority / Merit

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 lo 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

2013 2014 2015

2013 2014 2015

2013 2014 2015

2013 2014 2015

Annual OPEB Cost

: 13,389 (13,100) (15,750)

3,009 567 235

10,536 6,191 5,665

4,071 (868) (1,379)

% of Annual
OPEB Obligation

71.01 %

84 416 917

93 156 167

63

Net OPEB Obligation

$75,637 53,486 29,244

6,442 4,649 2,730

12,150 8,684 4,908

11,902 8,563 4,802

* The negative cost is primarily due to the insurance subsidy ending in 2016:.

Actuarialvaluationsofanongoirigplaninvolvees'timatesofm^
thcprobabilityofoccurrenceofeyentsfarintothefuture.Examplesincludcassumptipn
nt,mortaIity,andthehealthcarecosttrend.Amounfsdetermi
uakequiredcontributionsoftheemployerarcsubjecttocontinualrevisionsastheresultsarecomparedwithpaste

xpectationsandnew estimates are made about the future. The schedule of funding progress, presents,

asrcquired,supplemcntaryinformationfollowingthenotestothefinancialstatements(dollarsinthousands,una

udited). ; v :' :" " ':' 1

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)

12/31/2015 $ 12/31/2015

Policemen's 12/31/2015 Firemen's 12/31/2015

$ 8,147 2,133 9,255 2,399

$ 8,147 2,133 9,255 2,399

$ 1,643,481 204,773 1,086,608 465,232

0.50 % 1.04 0.85 0.52

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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 Kbrshak 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

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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 S95 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 3 1, 2016, will cease on December 31, 2016 or June 30, 2017, depending on bargaining.unit agreements. • :■■ 1 ■ -,

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-employmenttbcncfit (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 projectedrtoicover the normal-cost each year,and to amortize any. unfunded actuarial liabilities over a period of ten years. i,:

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.netliability.ifonthe'other.-postTcmplpyment'b.enefits-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),

v.;;. '•. .'. r rv;:... '■; ^ -u .•/ a i i •: : ■ -y*i-:f:ir"i;i< i!;fi>f.'"V'-

. m Annual OPEB Cost andtCpntributions Made

-j ..->,-	•• Retiree Settlement,. ."" .	CBA . Special Health Plan	Benefitstotal
Contribution Rates:			
City ,	Pay As You Go	Pay As You Go	Pay As You Go
Plan Members "',' ',	[. . N/A	' "' N/A	N/'A
'■Annuaf Required^Contribution ' " '.' '	' S^o',0'69' $	'60,'6'54•:":	$106,723
Interest oh Net OPEH'Obligation ^ '	867	4;459	5.326
Adjustment to Annual Required Contribution -' •	' - (3:291)' '>■■'■-	' : (16^918)	'(20,209)
Annual OPHB Cost '	'43,645	48,195	91,840
Coh'tribulioris Made' ""	' 58,279	' 38,272"'	. 96,551
Decrease in Net OPHB 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

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The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation lor 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

Settlement Plan

12/31/2014

CBA Special Benefits

' 12/31/2014 Total

12/31/2014
Covered Payroll

Actuarial Actuarial
(UAAL)
Ratio
Value of Accrued Accrued Liability Funded
S 311,748
$ 311,748
Assets Liability (AAL)
$ 468,889
$'468,889

% .$2,487,787
S 780,637
$ 780,637

% $1,438',428

% $2,487,787

UAAL as a Percentage of Covered Payroll

12.5 %

32.6 %

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 icosts between the employer and[1].plan.members to that point; The actuarial method'and'assumptions used (includes techniques that are designed toffeduce. the effects of short term volatility ^.actuarial .accrued liabilities and the actuarial yalueof assets,,consistent with the long tern 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.

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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

Actuarial valuation date

Actuarial cost method

Amortization method

Remaining amortization period

Asset valuation method

Actuarial assumptions: Investment rate of return Projected salary increases Healthcare inflation rate

RELATED-PARTY TRANSACTIONS

Settlement Health Plan

December 31, 2014

Entry age normal

Level dollar, open

10 years

Market value

3.0% 2.5%

CBA Special Benefits

December 31, 2014

Entry age normal

Level dollar, open

10 years

Market value

3.0% 2.5%

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, arc as follows (dollars in thousands):

2015

Beginning balance-January l Total claims incurred (expenditures) Claims paid
$ 2,527 25,249 (25,018)
$ 2,194 23,318 (22,985)

Claims liability-December 31

TheXity'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 t: oftheipremiufns between the two'airports:Thc 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 1:5, 2015 with a limit o'f $'f 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

' $2l'6.'4 miiiibn and $237.1 million, respectively, in connection with contracts entered into for

construction projects. . ,

11. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

2015,

.,•"(:.(. .. 'fi :
Deferred outflows of resources: . ■ .Deferred outflows from pension activities Unamortized deferred bond refunding costs

.$ 487,947 60,626

Total deferred outflows of resources

•Deferre,d Inflows of resources jDeferred inflows frq'ni. perisio'n

12. RESTATEMENT DUE TO IMPLEMENTATION OF NEW ACCOUNTING STANDARD

During fiscal year 2015, the Airport implemented two new accounting standards. GASB Statement

, ... No.<6%,"Accounting;aM^ qn;amendment.of..GASBStatement No. 27",

revised standards,of accounting and .reporting .for pension expenses and liabilities as well as . allowing for , "the deferral of certain.pension expense elcments.rAs a result;of,implemcnting1.this: statement,;tiet 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,-npf available. The impact of these changes on the beginning balances reported inrthe financial statements is^^shownibelo,w.(in thousands): ,;

	As Originally Reported or	GASB 68 Impact	As Restated after
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.

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REQUIRED SUPPLEMENTARY INFORMATION

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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	' -	
Plan fiduciary net position-beginning	5,179,486	
, Plan fiduciary net position-ending (b)	4,741,427	
NET PENSION LIABILITY-Ending (a)-(b)	$1.8,617,443	
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)

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
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	f,175,935	
Benefit payments including refunds	■ , (152,530)	
Pension plan administrative expense	(3/844)	
Net change in total pension liability	1:1 1-;549,710	
Total pension liability-beginning	.,:-:.:!-<. - •	2; 162(,9()5
Total pension liability---ending (a)	'■ "'■ •	3S,712,615

Plan fiduciary net position: ' :i '" '
Contributions-employer •' 12,412
Contributions-employee ' • 16,844
Net investment income '."■'■(2'2,318)
" "Benefit payments including refunds of employee contribution " '■■.-.': ■' '(-152,'530)
Administrative expenses •"-""•'"> ' i ; ,n;;rI(^844)
.Other. !_"!○

"Net change in plan fiduciary net position ,r. •• fl 49,436)

1,238,657 $2,473.958

Plan fiduciary net position-beginning "'■ 1.388.093

Plan fiduciary net position-ending (b)

'33:36 % ! $' 204J73

NET PENSION LIABILITY-Ending (a)-(b) : ;' • 1 ■

PLAN FIDUCIARY NET POSITION AS X PERCENTAGE OF .
- THE TOTAL PENSION LIABILITY ' '" !

^COVERED-EMPLOYEE PAYROLL *

EMPLOYER'S NET PENSION LIABILITY AS A PERCENTAGEiOP .
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 TFIE 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.

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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;5 \2\760 <file:///2/760>*
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	4 ' 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 , , ..>..,.!■.	,t ,«
. THE TOTAL PENSION LIABILITY " " ^ •	;,. ■ . ,, ' ,21-166 %
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 iri force as of the valuation'date'arid likely 'differs[1] from actual payroll paid during fiscal year.

(Concluded)

CITY OF CHICAGO, ILLINOIS

SCHEDULE OF CONTRIBUTIONS

Last Ten Years (dollars are in thousands)

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

2006 2007 2008 2009 2010 2011 2012 2013 2014 2015

Actually Determined Contributions*

$ 21,142
21,726
17,652
33,518
46,665
57,259
77,566 106,199 106,019
79,851

$ [redacted]

Contributions in Relation to the Actuarially Determined Contribution

106 13,256 15,233 14,627 15,352 12,779 11,853 11,583 12,161 12,412

Contribution Deficiency

$
21,036 8,470 2,419 18,891 31,313 44,480 65,713 94,616 93,858 67,439

Covered Employee Payroll**

193,176 192,847 216,744 208,626 199,863 195,238 198,790 200,352 202,673 204,773

Contributions as a Percentage of Covered Employee Payroll

0.06 %
6.87
7.03
7.01
7.68
6.55
5.96
5.78
6.00
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)

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oi i I «^ri nonOvj, i ■_ i_ 111 vj i Ci

SCHEDULE OF CONTRIBUTIONS
Last Ten Years (dollars are in thousands)

Policemen's:

Years Ended December 31

2006
2007
2008
2009'
2010 '
2011
2012
2013
2014
2015 •

Actuarially Determined Contributions*

$262,657 ■ 312.726 318,235 • ■ -. 339,488 ' 363,625-402,752 ■
• -.431,010'
• 4.74,177-v. •491,651 .'
'785,501

Contributions in Relation to the Actuarially Determined Contribution

- .$150,718 ■- 170,598^' 172,836 172,044 174,501 , 174,035 ' -■ 197,885 * 179,521 ■:-' 178,158 575,928- . .

Contribution Deficiency

$ 1 11,939 142,128 145,399' 167,444 •
: 189,124 - 228,717 • 233,125 ■
• 294,656
. 313,493 209.573 • •

Covered Employee Payroll**

$1,012,984 1,038,957 1,023.581 1,011,205 1,048,084 1 -034,404 1;015,171 1,015,426 1,074,333 1,086,608

Contributions as a Percentage of Covered Employee Payroll

14.88 %

16.42 ■
16.89
17.01
16.65
16.82
19.49
17.68
16.58
53.00

Years Ended December 31

2006 .
2007
2008
2009
2010'
2011
2012
2013
2014
2015

;f Actuarially^, Determined ;. Contributions*

$
160,246,, 188,202,,-189,941 203,867 , 218,388;,' 250,056 : 271,506,.,.
294,878 ' 304,265 ... 323,545

Contributions in Relation to the
. . Actuarially., -.Determined Contribution

$
76,763 72,023, 81,258 ■89,212 80,947, 82,870 81,522 103,669 107,334 236,104

, Contribution Deficiency

. $ 83,483 116,179 108,683
: 114,655 -
; 137,441 167,186 189,984
. 191,209 • 196,931 87,441

Covered Employee Payroll**

387,442 389,125 396,182 400,912 400,404 425,385 418,965 416,492 460,190 465.232

Contributions as naTercentarge of Covered Employee Payroll

%
19.81
18.5.1
20.51
22.25
20.22
19.48
19.46

24.89;
23.32
50.75

. The FABF Statutory Funding,dp,es,not, conform ,to Actuarial Standards of Practice, therefore,, the actuarially determined.contributipn 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 iri force as of the valuation date and likely differs from actual payroll paid during fiscal year.

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CITY OF CHICAGO, ILLINOIS

SCHEDULE OF CONTRIBUTIONS

Actuarial Methods and Assumptions
Municipal Employees'

Actuarial valuation dale Actuarial cost method Amortization method Remaining amortization period Asset valuation method

12/31/21)15 (a)	12/31/2015 (b)	12/31/2015	12/31/2015
Entry age normal	Entry age normal	Entry age normal	Entry age normal
Level dollar, open	Level dollar, open (c)	Level perceiu, open	Level dollar, open
30 years	30 years	30 years	30 years
5-yr. Smoothed Market	5-yr Smoothed Market	5-yr. Smoothed Market	5-yr. Smoothed Market

Actuarial assumptions: Inflation Salary increases Investment rate of return Retirement age Mortality Other information

3.0 % 4 5%-S 25 % (d) 7.5 % (g) (i) (m)
(q)

3.0 % 3.75 % (c) 7.5 % (h) 0) (n) (r)

3 0 % 3.75 % (f) 7.5 '% (k) (0) (s)

2.5 % (f) 3.75 % 7.5 % (0 (P) (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 arc 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.

(l) For employees first hired prior to January 1. 2011, rates of retirement arc 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 lo 80 were used (adopted Decemcbr 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 lo 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 (1) F.xpcricnce-bascd 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 I lealthy 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 \0S%> 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 docs not consider the impact of PA 99-0506 which was passed on May 31, 2016

(Concluded)

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SCHEDULE OF OTHER POSTEMPLOYiviENT BENEFITS FUNDING PROGRESS

Last Three Years (dollars are in thousands)

Actuarial Actuarial Value Valuation of Assets Date • (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
2014
2015 Laborers'
2013
2014
2015
Policemen's
2013

2014
2015 Firemen's
2013
2014
2015 City of Chicago
2013
2014
2015

12/31/2013 12/31/2014 12/31/2015

12/31/2013 12/31/2014 12/31/2015

12/31/2013 12/31/2014 12/31/2015

12/31/2013 12/31/2014 12/31/2015

12/31/2012 12/31/2013
12/31/2014-

27,573 17,495 8,147

7,074 4,593 2,133

28,376 18,762 9,255

7,692 4,995 2,399

997,281 964,626'
780,637

27,573 17,495 8,147

7,074 4,593 2,133

28,376 18-762 9,255

' 7,692 4,995 ■ 2,399

997;281 964,626
780,637'

% $ 1,580,289 1,602,978 1,643,481

%
200,352 202,673 204,773
%
%

1,015,426 1,074,333 1,086,608

416,492.
460,190
465,232

%

2,385,198 2,425;00'()
2,487,787

1 74 %
1.09
0.50

2.27 1.04

2.79 % 1.75 .. 0.85

1.85 %
1.09
0.52

41.81 % 39.78
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ADDITIONALSUPPLEMENTARY INFORMATION

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CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

ADDITIONAL SUPPLEMENTARY INFORMATION SENIOR LIEN
GENERAL AIRPORT REVENUE BONDS

CALCULA i ivJNo CJr C(JVizKAGt C»J Vt!N Ani i
FOR THE YEAR ENDED DECEMBER 31, 2015
(Dollars in thousands)

Sec 404 (a) Sec 404 (b)

REVENUES: Total revenues-as defined
Other available moneys (passenger facility charges for debt service) Cash balance in Revenue Fund on the first day of fiscal year (Note 2)

TOTAL AVAILABLE FOR COVERAGE COVENANT

COVERAGE REQUIREMENTS-Deposits required: Operation and maintenance reserve Maintenance reserve Special capital projects Senior lien debt service fund

TOTAL DEPOSITS REQUIREMENTS

AGGREGATE SENIOR LIEN DEBT SERVICE

LESS AMOUNTS TRANSFERRED FROM CAPITALIZED

INTEREST ACCOUNTS NET AGGREGATE DEBT SERVICE COVENANT

REQUIREMENT NET AGGREGATE DEBT SERVICE

COVERAGE REQUIREMENT (Greater of total deposit requirements or 110% of net aggregate debt service)

OPERATION AND MAINTENANCE EXPENSES-As defined TOTAL REQUIREMENT

TOTAL AVAILABLE FOR COVERAGE COVENANT See notes to calculations of coverage.

$ 855,626 93,860

$ 843,641 93,860 72,810

$ 1,010,311 $ 949,486

S 4,190 926

730

398,203

$ 404,049

$ 486,116 $486,116

(20,053T

466,063 1.10 $ 512,669

473,574 $939,637 $ 949,486

'$ 512,669 468,426

$ 981,095

$ 1,010,31 1

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CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

SENIOR LIEN GENERAL AIRPORT REVENUE BONDS NOTES TO CALCULATIONS OF COVERAGE FOR THE YEAR ENDED DECEMBER 31, 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.

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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

2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 2033 2034 2035 2036 2037 2038 2039 2040 2041 2042 2043 2044 2045 2046

Total Debt Service on Senior Lien Bonds m

S 484,436 535,241 561,351 557,988 521,824 466,679 466,466 445,414 443,297 443,073 438,703 439,266 439,134 434,240 436,090 435,664 435,336 476,647 474,857 494,926 313,894 312,073 309,680 306,076 194,999 145,067 48,545 48,504 48,444 21,674 21,653

$11,201,241

484,436 535,241 561,351 557,988 521,824 466,679 466,466 445,414 443,297 443,073 438,703 439,266 439,133 434,240 436,090 435,664 435,336 476,647 474,856 494,926 313,894 312,074 309,680 306,076 194,999 145,067 48,545 48,504 48,445 21,674 21,653

Total Debt Service

S

563,908 614,295 644,966 625,880 587,770 532,493 532,228 511,133 508,968 511,829 507,390 508,002 507,833 502,874 504,559 504,055 499,650 504,848 499,750 519,791 338,734 336,891 334,469 330,837 219,734 162,905 66,360 66,289 48,444 21,674 21,653

$11,157,914 $943,453 $495,518 S 12,640,212

(ii

Assumes an interest rate effective at December 31, 2015, on $240,600,000 of Senior Lien Bonds that arc 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 The information above is presented with a year ended December 31. The change has been made to facilitate reconciliation lo revenue bonds payable at December 31,2015.

Source: City of Chicago Comptroller's Office.

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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
i TSA funds ... ..v..	89,536
Prior airport revenue bondrproceeds- ■ •; •	285^413
Future Airport obligation proceeds i ■-■	749,972
CFG 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.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

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

Total **Total Connecting**
Total **Originating** **Connecting Enplanements**
Enplanements **Enplanements** (1) **Enplanements** (1) **Percentage**

```
2006 2007 2008 2009 2010 2011 2012 2013 2014 2015
37,784,336   37,779,576   34,744,030   32,047,097   33,232,412   33,207,302
33,244,515 33,297,578 34,952,762 38,395,905
18,058,904   18,223,460   17,685,020   15,708,291   17,419,794   15,972,745
16,867,283 17,044,643 17,115,535 20,096,191
19,725,432   19,556,116   17,059,010   16,338,806   15,812,618   17,234,557
16,377,232 16,252,935 17,837,227 18,299,714
```

52.2 %
51.8 49.1 51.0 47.6 51.9 49.3 48.8 51.0 47.7

Average Annual Compound Growth Rates
0.2% 1.2%

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 PASSENGER TRAFFIC
FOR EACH OF THE TEN YEARS ENDED DECEMBER 31, 2006-2015

(Unaudited)

Year

2006 2007 2008 2009 2010 2011 2012 2013 .2014 2015
Total Domestic Passengers

64,573,153 64,376,479 59,404,334 54,114,214 56,615,214 57,233,467 56,857,637 56,728,189 59,321,544 65,943,490
Percent of Total Passengers

84.6 %
84.5
83.9
83.8
84.5
85.7
85.1
84.8
84.7
85.7
Total International Passengers

11,726,137 11,801,376 11,414,681 10,439,179 10,410,977 9,558,683 9,977,294 10,181,394 10,753,660 11,006,014
Percent of Total Passengers

15.4 %
15.5
16.1
16.2
15.5
14.3
14.9
15.2

15.3
14.3

Total Passengers

76,299,290 76,177,855 70,819,015 64,553,393 67,026,191 66,792,150 66,834,931 66,909,583 70,075,204 76,949,504
Annual Percent Change

0.2 % (0.2) (7.0) (8.8)
3.8 (0.3)
0.1
0.1
4.7
9.8

Average Annual Compound Growth Rates
2006-2015 0~2~% (0~7)% 0T%

Source: City of Chicago Department of Aviation.

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CHICAGO O'HARE INTERNATIONAL AIRPORT

HISTORICAL TOTAL ORIGIN AND DESTINATION (O&D) ENPLANEMENTS CHICAGO REGION AIRPORTS FOR EACH OF THE TEN YEARS ENDED DECEMBER 31, 2006-2015

(Unaudited) _-

Year

2006
2007
2008
2009
2010
2011
2012
2013
-2014-
2015

. Chicago O'Hare International Airport
(1)

Total O&D Enplanements

18-058,904 " 18;223,460 ' 17,685,020 15,708,291 i 7'419,794 ' 15.;972,745 '" 16,867,283 ' 17,044,643., 17; H 5,535; 20,096,191' '

Chicago Midway International Airport

Total O&D Enplanements

6,708,494 6,532,362 ' 5,910,045 5,647,591 5,485,191 ■ 5,693,938 6,045,841 ,6,505,206 6,446,407 ¥ 6,682,549
1.2 %

Average Annual Compound Growth Rates

0.3 %

(1) Originating enplanements, resulting connecting enplanements and percentages have been recafculafed'based on updarelHhfoTTOatiorr.

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

ENPLANEMENT SUMMARY

FOR EACH OF THE TEN YEARS ENDED DECEMBER 31, 2006-2015

(Unaudited)

Year

2006 2007 2008 2009 2010 2011 2012 2013 2014 2015

Domestic Air Carrier

32,136,521 32,126,121 29,111,375 26,863,092 28,100,388 28,306,173 28,288,427 28,195,077 29,559,975 32,877,967

Domestic Commuter
Percent of Total O'Hare

85.1 %
85.0
83.8
83.8
84.6
85.2
85.1
84.7
84.6
85.6

Total O'Hare Enplanements
(1)

Total International Enplanements

5,647,815
5,653,455
5,632,655
5,184,005
5,132,024 ,
4,901,129
4,956,088
5,102,501
5,392,787
5,517,938

Percent
14.9 %
15.0
16.2
16.2
15.4
14.8
14.9
15.3
15.4
14.4

of Total Total (2) O'Hare Enplanements

37,784,336 37,779,576 34,744,03,0 32,047,097 33,232,412 33,207,302 33,244,515 33,297,578 34,952,762 38,395,905

Average Annual Compound Growth Rates

0.3 %
0.3 %
(0.3)%
2006-2015

(0

Total Domestic Enplanements equals Total Domestic Air Carrier Enplanements plus Total Domestic Commuter Enplanements. (2) Total Enplanements equals Total Domestic Air Carrier Enplanements plus Total Domestic Commuter Enplanements plus Total International Enplanements.

Source: City of Chicago Department of Aviation.

CHICAGO O'HARE INTERNATIONAL AIRPORT

AIRCRAFT OPERATIONS
FOR EACH OF THE TEN YEARS ENDED DECEMBER 31, 2006-2015
(Unaudited)

Annual Aircraft Operations

2006 2007 2008 2009 2010 2011 2012 2013 201.4 2015

Domestic Air Carrier	International Air Carrier	Total Air Carrier	Commuter	All-Cargo	General Aviation	Total
821,586	83,986	905,572		-21,165	31,906	958,643
802,933	87,043	889,976		20,702	16,295	926,973
762,995	81,211	844,206		17,542	19,818	881,566
721,169	74,842	796,011		13.988	17,900	827,899
771,550	72,144 ■•	• 843,694		17,248	21,675	882,617
772,707	69,704	842,4H ,		17,149	1-9,238	878,798
783,371	66,992	• 850,363		16,887	10,858	878,108
784,681,	71,858	.856,539		16,326	.10,422	883,287
779,708.., .,	76,258 .	.855,966. ,		15,433	.1.0,534	881,-933
775,091	70,729	, 845,820 .		17,698	11,618	875,136

(0.8)%

Average Annual Compo.und.Growth Rates
(1.9)%

Source:. City. of. Chicago. Departmchtlof. Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

NET AIRLINE REQUIREMENT AND COST PER ENPLANED PASSENGER FOR THE YEAR ENDED DECEMBER 31, 2015 (Dollars in thousands)
(Unaudited)

Calculation of cost per enplaned passenger:	
Operating and maintenance expenses[01]	$ 466,426
Net debt service [01]	369,661
Debt service coverage requirement	] ,067

Fund deposits (3)	5,846
Total airport expenses01	843,000
Less:	
Non-airline revenue01	(277,674)
PFC revenue applied to eligible debt service	(6,685)
Other	

Net airline requirement(4) 558,641

Enplaned passengers 38,395,905

Cost per enplaned passenger	$ 14.55

01 This analysis excludes the Land Support Cost Revenue Center, Airport Development Fund, Emergency Reserve Fund and PFC Fund.
(2) Incremental adjustment required which provide 10 percent coverage on aggregate debt service.
(3) Deposits to the Operations and Maintenance Reserve, Maintenance Reserve, Emergency Reserve and Special Capital Project Funds.
(41 Revenue required to be collected from all Airline Parties under the 1983 Airport Use Agreements and the 1990 International Terminal Use Agreements.

: Source: City of Chicago Comptroller's Office and Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

HISTORICAL PFC REVENUES
FOR EACH OF THE TEN YEARS ENDED DECEMBER 31, 2006-2015 (Dollars in thousands)
(Unaudited)

Year	Total Enplanements	PFC Enplanements (1)	PFC Revenues (Net of Airline Collection Fees) (2)(3>	PFC Interest Income	Total PFC; Revenues
2006	37,784,336	33,765,769	$ 148,232	$ 10,052 '	$ 158,284 '
2007	37,779,576 ■	34,243,364	150,329	18,922	169,251
2008	34,744,030	30,720,227	130,922	3,940	134,862
2009	32,047,097	27,533,048	117,103	3,767	120370
2010	33,232,412	29,493,621	129,477	•2,596	132;073 .
'2011	33,207,302	28,503,338	125,130;	2,631	127,761
2012	33,244,515	28,067,538	123,215	1,575	124-790
2013	33,297,578	29,516,583	129,578	1,527 •	131,105
20.14	34,952,762	31,962,719	140,316	.1,275;.	14,1,591
2015	38,395,905	32,425,502	142,348	918	143,266

0) Historical collection information reflects an actual percentage of eligible ■'. PFC enplanements of 84.5% in 2015. ,; ;,■_...-...!■■ , :>.; ,

(2) This amount is net of the airline collection fee of $.11 per enplaning passenger since May 1, 2004.

(3) Actual amounts above are recorded on a .cash-basis but are reported in the Airport's • - audited financial statements on an accruallbasis.:The cash.basisPFCauditfori20l5ihas ., f not yet been issued. - p

Source: City of Chicago Comptroller's Office and Department of Aviation.

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CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

PASSENGER FACILITY CHARGE (PFC) DEBT SERVICE COVERAGE FOR EACH OF THE TEN YEARS ENDED DECEMBER 31, 2006-2015 (Dollars in thousands)
(Unaudited)

Bond Year Ended	PFC Revenues (2)	PFC Bonds Debt Service	Coverage by PFC Revenues (1)
January 1,2006	$149,518	$73,502	2.03 %
January 1,2007	158,284	73,502	2.15
January 1,2008	169,251	73,498	2.30
January 1,2009	134,862	50,048	2.69
January 1,2010	120,870	49,411	2.45
January I, 201 1	132,073	59,077	2.24
January 1,2012	127,761	77,497	1.65
January 1,2013	124,790	66,163	1.89
January 1,2014	131,105	70,860	1.85
January 1,2015	141,591	65,307	2.17
January 1,2016	143,266	66,791	2.14

(l) Ratio represents the amount of PFC revenues to debt service:
For bond years ended 2006 through 2008. (' Actual amounts above are recorded on a cash basis and includes interest earnings.

Source: City of Chicago Comptroller's Office.

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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)

Employer
(3)

Advocate Health Care University of Chicago Northwestern Memorial Healthcare JP Morgan Chase & Co.[2] United Continental Holdings Inc.

Health Care Service Corporation Walgreen Boots Alliance Inc. Presence Health Abbott Laboratories Northwestern L'niversity Jewel Food Stores, Inc

Northern Trust Corporation Accenture LLP
SBC/AT&T.

American Airlines Ford Motor Company Bonded Maintenance Company Bank of America

Numberof Employees

18,308

16,197

15,317

.14,158

14,000

13,006

13,006. : • 10,500

10,000 . - 9,708.

Percentage of Total City Employment

1.44% 1.27 1.20 1.1 1 1.10 1.02 1.02 0.82 0.79 -0.76

Number of Employees

8,979 5,944

5,453 4,610 4,470 3,834

3,750 3-480 3,298 3,108

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Rank

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Percentage of Total City Employment

%

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Notes: j

(1) Source: Reprinted with permission, Crain's Chicago Business [January 18, 2016], Grain Communications, Inc.

(2) J.P. Morgan Chase formerly kriown 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.

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CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

SUMMARY-2015 TERMINAL RENTALS, FEES AND CHARGES
FOR THE PERIOD COMMENCING JULY 1, 2015 I

Signatory Non-Signatory

DOMESTIC TERMINAL

DESCRIPTION: Landing fee/1,000 lbs. Base rent Existing footage.
Special facility additional footage Additional footage Ultimate additional footage

$ 7.87 $ 5.0'0
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* N/A
$' 91.23

n/a.

INTERNATIONAL TERMINAL

DESCRIPTION: , Landing fee/1,000 lbs. Terminal rent/sq^ft./annum: Long-term signatory Short-term signatory Month-to-month' - -'

$ 7.8.7 $"' 95.86

n/a; '

$ 129.411

ENPLANED PASSENGER USE CHARGE: Long-term signatory Short-term signatory Month-to-month -

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$• 16.61

DEPLANED PASSENGER USE CHARGE: Long-term signatory Short-temi signatory. Month-to-montli:

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CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

AIRPORT MARKET SHARE OF RENTAL CAR BRANDS OPERATING ON-AIRPORT

(Unaudited)

Corporate Entity (1)

Enterprise Holdings, Inc.

Brand(s)

Enterprise Rent-A-Car(1> Alamo R.ent-A-Car(l) National Rent-A-Car(l)

2015 Airport Market

10.1 % 27.5 %

Avis Car Rental Budget Rent-A-Car
37.6 %

19.5 % 9.2 %

Hertz.Rent A Car Dollar Rent A Car Thrifty Car Rental
7 %

8 % 4.7 % 3.2 %

(1) Alamo and National are reported jointly.

Sources: City of Chicago Department of Aviation, Ricondo & Associates, Inc. Source: Chicago Department of Aviation

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Appendix E

REPORT OF THE AIRPORT CONSULTANT

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RI C O N D O'
& ASSOCIATES

June 9, 2017

Ms. Ginger S. Evans Commissioner
City of Chicago, Department of Aviation 10510 West Zemke Road
Chicago, Illinois 60666

RE: City of Chicago
Series 2017 General Airport Senior Lien Revenue Refunding Bonds, Series ABC Series 2017 General Airport Senior Lien Revenue Bonds, Series D

Dear Ms. Evans:

This Letter of the Airport Consultant (Letter) serves to reaffirm the findings from the Report of the Airport Consultant (2016 Report), dated November 18, 2016, with consideration of information made available since the 2016 Report. The 2016 Report was prepared in connection with the issuance of the Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2016 A, B, and C (the 2016 Refunding Bonds) and Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2016 D, E, F, and G (the 2016 New Money Bonds, and, together with the 2016 Refunding Bonds, are referred to as the 2016 Bonds).

The 2016 Report set forth the findings, assumptions, and projections related to the air traffic and financial analyses developed by Ricondo & Associates, Inc. (R&A) in conjunction with the issuance of the 2016 Bonds by the City of Chicago (the City), which owns and operates Chicago O'Hare International Airport (the Airport). This Letter, based on the findings of the 2016 Report and the updated information in connection with the City's planned issuance of its Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2017 A, B, and C (2017 Refunding Bonds) and Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2017 D (2017 New Money Bonds, and together with the 2017 Refunding Bonds, the 2017 Bonds) contained herein, serves to reaffirm the overall conclusions R&A made in the 2016 Report regarding the City's ability to comply with the Rate Covenants established in the Senior Lien Indenture, and the reasonableness of the resulting projected airline costs.

The 2017 Bonds

The 2017 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 General Airport Revenue Senior Lien Obligations dated as of September 1, 2012 (the

20 NORTH CLARK STREET, SUITE 1500, CHICAGO, IL 60602 TEL (312) 606-061 1 • FAX (312) 606-0706

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Senior Lien Master Indenture) between the City and U.S. Bank National Association, Chicago, Illinois, as supplemented by various supplemental, indentures adopted by the City from time to time'(the Supplemental Indentures). The Senior Lien Master Indenture, as supplemented by the Supplemental Indentures, and as it may be amended and supplemented from time to time in accordance with its terms, is herein referred to as the Senior Lien Indenture.

2017 REFUNDING BONDS

The City is expected to use the proceeds from the sale of the 2017 Refunding Bonds, together with other available funds, to:

i) refund certain outstanding Airport Obligations to generate debt service savings,

ii) fund.certain reserve requirements of the 2017 Refunding. Bonds, and

■'■'•'- (iii) pay costs and expenses-incidental, thereto and to the issuance of the 2017 Refunding Bonds.

Th'e Series 2017A Refunding Bonds'are ahticipated'to' be'lssued'to[1] refuhd'-portioris of 'the?' Series '20 TO A and' Series^ Revenues-(as defined in'the Senior Lien '-Indenture) pledged to the payment thereof under trie Senior Lien Indehture^and certain 'Other' moneys "held by or on behalf of the Trustee.

ffje Series. 2017B Refunding FJpnd^ "are" an'ticipate.d^.to be issued to refund portions, of the Series 20.11A Bonds, and are payabje. 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. The Pledged Other Available Moneys wjth respect to the,Series 2017B Refunding Bonds consist of Passenger Facility Charge (PFC) Revenues through maturity. • .- . - [1]

The iSeries 2017C Refunding-Bonds are anticipated to be;issued,to refund, portions of ithe Series.-201.1 B Bonds, 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. The Pledged Other Available Moneys with respect to the Series 2017C Refunding Bonds consist of Grant Receipts, .consisting of moneys received by the City from the FAA pursuant to the Grant Letter of Intent "'which currently extends through Federal Fiscal Year 2020.

It is expected that debt service savings.will result from the issuance of the 2017 Refunding Bonds and the refunding of certain Airport Obligations. However, as the actual amount of debt service savings is not yet

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& ASSOCIATES

Ms Ginger S. Evans
City of Chicago, Department of Aviation June 9, 2017 Page 3

known, the expected savings from the 2017 Refunding Bonds have not been assumed in the debt service projections included in the updated financial analysis in this Letter. For purposes of the updated financial analysis presented in this letter, it is assumed that PFC Revenues will be applied to pay debt service on the Series 2010F, Series 2011A, and Series 2016C Bonds, or on any bonds refunding those bonds, through the Projection Period (Fiscal Year [FY] 2017 - FY 2025).

2017 NEW MONEY BONDS

The City is expected to use the proceeds from the sale of the 2017 New Money Bonds, together with other available funds, to:

i) pay the costs of the 2017 Airport Projects, as defined herein,
ii) fund the related reserve requirements of the 2017 New Money Bonds,
iii) fund capitalized interest on a portion of the 2017 New Money Bonds, and
iv) pay costs and expenses incidental thereto, and to the issuance of, the 2017 New Money Bonds.

The 2017 New Money Bonds are anticipated to be issued, in part, to fund the 2017 Airport Projects, 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 presents the estimated uses of the proceeds of the 2017 New Money Bonds assumed in the financial analysis in this Letter.

These preliminary numbers are for illustrative purposes and are subject to change.

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City of Chicago, Department of Aviation June 9, 2017 Page 4

SERIES 2017D

[Sources;

ParW'mount'of 2017 B6nds

riginal Issue Premium ,

Total fuses 7

Deposit to 2017 Projects Construction Fund .. Reserve Fund Deposits ...

^Capitalized Interest Deposit ,.. Cost of Issuance[1]' (Toiaf" ■■

NOTE: ■ ■ 1. '

1/ Includes Underwriters' Discount and other.costs of issuance.

SOURCE- Loop Capital, June 2017

PREPARED BY- Ricondo &-Ass6ciates, Inc'.,'Jiine' 2'017.

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Table 2 presents a summary of the tax status and security of each series of the 2017 Bonds!

SERIES 2017C SERIES 2017D

'Use •' Refunding

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Tax-exempt; Non-AMT

Tax-exempt, Non-AMT

Tax-exempt; AMT

Security ... : Revenues.: 1 -.>. • -Revenues, PFC- ■-. ;.Revenues;Grant-'".''••.Revenues.-'

j"1..'.'1" '■;., ■-■ '. ;: 'Revenues through '■ Receipts 1' '- "

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NOTE.

1/ Grant Receipts are expected to be used to pay a portion of debt service during the Projection Period. The anticipated Grant Receipt payment schedule pledged to the 2011B Bonds, which are anticipated to be refunded with proceeds from the 2017C Bonds, is included in Table 1 -4 of Attachment 1 of this Letter

SOURCE: Chicago Department of Aviation, Thomson Coburn; Chapman and Cutler LLP, June 2017 PREPARED BY-

Ricondo 8i Associates, Inc., June 2017.

No changes have been made to the sections of the Senior Lien Indenture summarized in section 1.2 of the 2016 Report.

Purpose of This Letter of the Airport Consultant

R&A prepared the 2016 Report for the stated purposes as expressly set forth in the 2016 Report and for the sole use of the City and its intended recipients. The techniques and methodologies used in preparing the 2016 Report were consistent with industry practices at the time of preparation and the 2016 Report should be read in its entirety for an understanding of the analysis, assumptions, and opinions presented. The 2016 Report was included as Appendix E in each of the Official Statements for the issuance of the 2016 Bonds. It is attached to this Letter for reference as Attachment 2.[2] The 2016 Report incorporated projections of debt service associated with the 2016 Bonds and future General Airport Revenue Bonds (GARBs) anticipated by the City to be issued during the Projection Period.

This Letter provides updated information that has become available since the 2016 Report was prepared, including information regarding the 2017 Bonds, as well as updated data regarding ongoing and future Airport capital projects, the economic base for air transportation at the Airport, air traffic at the Airport, and Airport financial operations including actual Series 2016 Bonds debt service and anticipated debt service on the 2017 New Money Bonds.

On the basis of the updated analysis set forth in this Letter, R&A reaffirms its opinion that the Revenues and in some cases Other Available Moneys generated each year of the Projection Period are expected to be sufficient to comply with the Rate Covenants established in the Senior Lien Indenture and that the resulting projected airline costs should remain reasonable.

Table 3 summarizes key updates and findings by subject matter since the 2016 Report that support this conclusion.

Attachment 1 is provided directly following the updated financial analysis in this Letter and consists of updated financia projections tables consistent with Appendix B of the 2016 Report.

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Mi Gmgei S. Evans
City of Chicago, Department of Aviation June 9, 2017 Page 6

CHANGE(S) SINCE 2016 REPORT KEY FINDINGS

Financial Analysis Variables ■ ;

' The Capitai'Programs described in the 2016 .'■ Report remain relatively.unchanged and
planning of the Terminal Area Plan (TAP) is ! on-going. '

Information.pertaining to the 2017-2021 : ■-. Capital Tmprpvement.Program (CIP) has . become available since the 2016 Report which referenced the 2016-2020 CIP.The • 2017-2021 CIP is referenced in this Letter.

The 2017.Airport Projects are included m.the 'N'26l7-2021-TCiP; ttiey total $266.8 million and include the projects comprising the Terminal ,. ^..Expansion described, in.this letter.

Although the scope of the Terminal 5 Expansion remains consistent with the scope . presentedJn the 2016 Report, this project was assumed in the 2016 Report to be * funded'witrv'PFC 'Revenue "Bonds,[1] but is now anticipatedito.be <http://anticipatedito.be> funded with proceeds., , from the 2017 New Money Bonds.

Increase i n'[1] projected 'GARB debt service'; [1] • associated with the issuance of the 2017,,
New Money'Bonds and increase in ' 'assumed future'"GARB issuance is' M :-projected: to, result in.an.increase in . ; ,
projected Cost Per Enplanement, but
'doe's not change'the conclusions
provided in the 2016 Report.

.- ■Economic Basefor Air;' . , -f. Transportation ' "
. National.and local unemployment rates have-■y fc'Icohtiriued.to decline. Current projections of'..-2025 gross regional product and gross ^domestic product are higher than the same ' . !.Rrbjectiohs available atithe time the 2016; Report was prepared.:-"". • '

'.No material-changes'to'-"the* conclusions'^ ' ' provided.in the 20.16 Report.".'**'/'.i.n:< ?yv

Full year 2016 enplaned passengers are 0.9 percent higher than forecasted in the 2016 Report. Historical activity data available through March 2017 shows that enplaned passengers have increased OA percent compared with the same period in 2016

No material changes to the activity projection nor conclusions provided in the 2016 Report.

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& ASSOCIATES

Ms Ginger S Evans
City of Chicago, Department of Aviation June 9, 2017 Page 7

^'{XP >.«£ 7 Table 3 (2 of.;2}^Summary of Key Changes Si rite 2016 Report Was Prepared,; : "... ;

CHANGE(S) SINCE 2016 REPORT

Financial Analysis Results

Operation and Maintenance (O&M) Expenses
The O&M Expense rates and charges budget is available for 2017. The 2017 budget is 0.1 percent higher than the'projected 2017 O&M Expense in the 2016 Report. The Terminal 5 Expansion is assumed to result in an additional $5 million in O&M Expenses annually beginning in 2020.

Incremental O&M Expenses associated with the Terminal 5 Expansion are projected to result in a slight increase in total O&M Expenses above the 2016 Report. Increase does not change conclusions provided in the 2016 Report.

• ■ ':. the Non-Airline Revenue rates and.charges . > v • budget is available for 2017:The 2017 "--v.-, budget is 6.1 percent lower than the • ^'^i
^^;^plojected'2017^Non-Alrline'Revenue'in:the '■, i"'2016 Report. The Terminal .5 Expansion is" •;
*. •S*r9va'ss'umed-to'result.in-a.l0 percent increase'.in '■*
• '.: , l ., Internatipnal.termjnal concessions
. '..•'"■. .' 'beginning iri 2020,■':■ .•'."■'." -'•• "' "'.*

Incremental Non-Airline' Revenues associated with the Terminal 5 Expansion are, projected'to result in a slight increase in total Non-Airline Revenues abovethe , 2016 Report. Increase dpes^not change ;. ' conclusions'provided-jn the 2016 Report.[1]

Net Debt Service includes approximately S19.5 million in annual debt service on the 2017 Bonds that was not included in the 2016 Report. The 2017-2021 CIP assumes $1.19 billion of project costs will be funded from GARBs to be issued in 2018 compared to $773.3 million of project costs assumed in the 2016 Report, resulting in an additional $53.9 million in annual debt service by 2025.

Incremental debt service associated with the 2017 Bonds and increases in assumed future GARB debt service are projected to result in Net Debt Service above that projected in the 2016 Report. Increase does not change conclusions provided in the 2016 Report.

.• " CPE in the'updated firiarici^ . "■'■■'
X^'projected to/increase from $18:84 in 2017 to , v, S27..47. in 2025. ; Increases jn O&M Expenses and'Net Debt Service result iriari increase in -2025 CPE of $2.01 from the 2016 Report, r -•The.increase in CPE is primarily"attributable'-.. :'..;..:. to debt service on the 2017 New Money . ■ ' •: Bonds and assumed future GARB'issuahces . ' associated with the 2617-2021 CIP./ '•

Jncrea'se.in projected.airline-cost per ehplanem'ent does not change V conclusions regarding the ■■>.■. reasonableness of these costs provided • in the 2016 Report.
■■"'-.'. .,-:.' ;

Projected Debt Service Coverage Ratio
Debt Service coverage ratios are projected to meet the minimum requirement of l.lOx in each year of the Projection Period.

No change from the conclusions provided in the 2016 Report.

SOURCE. Ricondo 8i Associates, Inc, June 2017. PREPARED BY: Ricondo 8i Associates, Inc., June 2017.

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s-.ass.qci-at.es <http://s-.ass.qci-at.es>

Ms. Gingei S. Evans
City of Chicago, Department of Aviation June 9, 2017 Page 8

This Letter, along with the 2016 Report, is intended for inclusion as Appendix E in the Official Statement for the issuance of the 2017 Bonds. The approach and assumptions used in preparing this Letter are consistent with industry practices for similar-reports prepared in connection with the sale of airport revenue 'b^Hs."'*'* "While^RBiA'.'"believes" that"'"the approach and assumptions 'are^.'rea'spnabje/ysb'rrje assumptions regarding.future trends and events set forth in this Letter including, but not limited to, enplaned passenger projections, may riot materialize. Achievement of the projections presented in this Letter, therefore^ is dependent on the occurrence of future events, which cannotbe assured, and the variations may be material'. -

Airport Capita11.Programs^Update

As- described^'in- Chapter-2:.iof cthe 2016,; fepprt,. the ..City'-h'as-been undertaking major-icapital .planning iriijc.iat.iy,ti;:tHfe= ^AiI! udi^ng airfieldnd -facility dev'elopmenty^while also maintaining a 5-year Capital improvement Program (CIP)to address' the[1] Airport^ongping:;tapitarneeds. The'Airport "Capital Programs include: the 0'Hare"Modernization Program (OMP) "Airfield Projects; the 5-year (2017-2021) CIP; including the. Terminal 5 Expansion; and the'other recently announced capital programs, including the Concourse:L:Extension,-the Hotel Development,-and theTerminal Area Plan (TAP). These capital programs remain ph-goin'g.'and brief .updates are listed :beiow.

The Remaining. OMP Airfield Projects

The OMP Airfield Projects remain ongoing! and 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) ^ndxan. extension to an existing runway.

:A's;pVese'hted 1n.se;cti6n';5'.5.1 of th'S" 2016'Repbrt)"approximateiy $361.4 million of the remaining

OMP Airfield Projects.are estimated to be funded,by. proceeds from future GARBs, assumed in the

fihanciaTa^ ' ' .? ";

2017-2021 Capital Improvement Program

The 2017-2021 CIP projects, including the Terminal s Expansion, the Multimodal Facility, airfield improvements, andi.ongoing repair and maintenance projects remain ongoing. The Airport 2017-.-. 2021.CIP,.,described below, has been adopted since the. 2016-Report,..and debt service on future GARBs included in the updated financial analysis now reflects the funding needs associated with the 2017-2021 CIP. The 2017 Airport Projects include the projects comprising the Terminal 5

RICONDO'
& ASSOCIATES

Ms Ginger S Evans
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Expansion, which are anticipated to be funded using proceeds from the 2017 New Money Bonds. The Terminal 5 Expansion includes the expansion of and modifications to Terminal 5, the International Terminal, to accommodate increased traffic at the Airport. Additional information on the 2017 Airport Projects is provided in the 2017 Airport Projects section of this Letter. Majority-In-Interest (Mil) approvals for the 2017 Airport Projects have been received from the airlines serving the Airport.

Proceeds from future GARBs are needed to fully fund the Airport 2017-2021 CIP. For purposes of the financial analysis in this Letter, it is assumed that GARBs will be issued in 2018 to fund $1.19 billion of costs of the 2017-2021 CIP projects.

Other Recently Announced Capital Programs

- The Concourse L Extension scope remains unchanged from section 2.2.3.1 of the 2016 Report. The project is under construction and anticipated to be completed in 2018. It is being funded directly by American Airlines.

- The Hotel Development described in section 2.2.3.2 of the 2016 Report is ongoing and the City is still pursuing the construction of two new hotels and the modernization of the existing terminal hotel. The Request for Proposal process is underway for the modernization of the existing terminal hotel and for a new hotel located near Terminal 5. 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. No future GARBs associated with the hotel development are included in the financial analysis in this Letter.
- The TAP, a long-term terminal development and redevelopment of the Airport's terminal core described in section 2.2.3.4 of the 2016 Report, remains in the planning stages with the City and airline representatives collectively evaluating terminal development and phasing options. Current plans continue to include the redevelopment of Terminal 2 into a new central terminal and gate expansion west of the existing terminal core. While funding for the TAP is anticipated to include the proceeds of future bonds with potential debt service payable during the Projection Period, due to the continued uncertainty of timing and project costs, the updated financial analysis contained in this Letter does not include any debt service payments associated with the TAP. The TAP should be noted as an upcoming program that is expected to be implemented in phases and have a material cost. It is anticipated to enable long-term airline growth and to alleviate the need for certain future capital projects that could be necessary in order to maintain the existing facilities at the Airport if the TAP were not pursued.

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THE 2017-2021 CIP

The 2017-2021' CIP includes development projects at the Airport that generally address the Airport's ongoing capital- heeds, including, the Terminal 5 Expansion and the construction of the Multimodal Facility. In addition, the 2017-2021 CIP includes rehabilitation of airfield pavement; upgrades to the equipment in the heating and refrigeration plant and additional HVAC projects in the terminals; and terminal area projects, including roof replacement in Terminal 1 and upgrades tb Concourses E and F in Terminal 2, as well as a replacement of the existing emergency standby power system; and safety and security projects. . ■ ; ,

Table 4 presents the estimated costs and sources of funds for the 2017-2021 CIP.

i^TableBiaEst^

FUNDING SOURCES

2017-2021 CIP, : pFAA AIP Discretionary Grants
32;500 ■ Terminal Improvements-
63,610 -Noise Mitigation
, 2017.New-Money, Bonds :.,
\'Future GARBs ,,- '-.-'-r.■ ■ ■- ■ :'C~;¨'-
Previously Issued GARBs ^previously issued PFC-Reyenue'8brid's.--y'?"
Previously Issued Senior Lien CFC Revenue Bonds
■..,2.66,8.00.. Parkirig/Roadway Projects?'
1,190,884 Heating and Refrigeration Systems
163,804 Safety arid Security "' 24,282 Land Support Facilities

74,847 Planning, Implementation,-and Other Costs,
565,777
301,293
114,199 ' ' -'66,593 -
101,850
84,153
272,000
"66:593
$2,268,173 Total Uses of Funds: 2017-2021 CIP

, NOTES' . ,
i/ Includes the Terminal 5 Expansion
2/ Includes the' Multimodal Facility ' SOURCE: Chicago Department of Aviation; June '2017. PREPARED BY.'Ricondo & Associates, Inc,-June 2017.

Airfield Improvements

Airfield improvement projects, comprise approximately $354.4 million, or, 15.6 percent of the total 2017--2021 r (ZIP..... Major airfield improvements in , the 2017-2021 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

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concourses; rehabilitation of Taxiway T; vehicle replacement; and an expansion of the existing Airport Maintenance Complex campus and infrastructure.

Terminal Improvements

Terminal improvement projects comprise approximately $744.1 million, or 32.8 percent of the total 2017-2021 CIP. Major terminal improvements in the 2017-2021 CIP include: the Terminal 5 Expansion; expansion of the Terminal 5 FIS facility, which is separate from the Terminal 5 Expansion; repair and maintenance to the domestic terminals, including roof replacement in Terminal 1 and upgrades to Concourses E and F in Terminal 2; and a new emergency standby power system housed in a new 6,500 square foot building.

Noise Mitigation

Noise mitigation projects comprise approximately $20 million, or 0.9 percent of the total 2017-2021 CIP. The noise mitigation costs included in the 2017-2021 CIP are the estimated costs of the remaining residential sound insulation program described in section 2.2.1 of the 2016 Report.

Parking and Roadway |

Parkway and roadway projects comprise approximately $565.8 million, or 24.9 percent of the total 2017-2021 CIP with approximately $43lti million of the $565.8 million representing the remaining costs of the Multimodal Facility. Multimodal Facility construction began in August 2015 and is scheduled to be complete in March 2019. Other major parkway and roadway projects in the 2017-2021 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 $301.3 million, or 13.3 percent of the total 2017-2021 CIP. Major heating and refrigeration system improvements in the 2017-2021 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 $114.2 million, or 5.0 percent of the total 2017-2021 CIP. Major safety and security improvements in the 2017-2021 CIP include: Terminal 3

baggage screening machine replacement; Terminal 5 checked baggage inspection system upgrades; upgrades to the 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.

Land Support Facilities Development

Land support facilities development costs comprise approximately $66.6 million, or 2.9 percent of the total 2017-2021 CIP., Land support facilities development projects in the 2017-2021 CIP are related to the Northeast Cargo facility development.

Planning and Implementation

Planning and implementation costs comprise approximately $101.9 million, or 4.5 percent of the total 2017-2021 CIP. Planning and implementation projects in the 2017-2021 CIP include':' program ' planning, ifinancial feasibility,'Construction management-and;field supervision; program management, . • program security, and allocable'CDA staff costs. - .. ■■> . 'r:,!

Capital Improvement Program Sources and Uses of Funds

As shown in Table.4, the 2017-2021 CIP projects are funded by a combination of FAA grants, TSA funds, a U.S. Depal^'menTp? Transportation "(U.S., DOT) Joan secured, through the Transportation infrastructure Finance and Innovation Act (TIFIA) program, preyiousiy issued GARBs, the 2017'New Money Bpnds, future GARBs, previously issued Senior Lien Customer Facility Charge (CFC) Revenue Bonds, previously issued PFC Revenue Bonds, CFC revenue pn a pay-as.-you.-go basis; and other Airport funds.

The remaining costs of the Multimodal Facility are a significant portion of the 2017-2021 CIP. As of May 2017, approximately $354.4 million of the $785.4 million total estimated cost for the Multimodal Facility had been spent on construction. Sources of funds available to fund the remaining costs include previously issued GARBs, previously issued Senior Lien CFC Revenue Bonds, U.S. DOT TIFIA'direcT/loan to be repaid using CFC[1] Revenue's,"CFC 'pay-as-you-go revenue, arid other Airport Funds. Airfield projects associated with't'he^hird^pa'rty Nbrtheast'Cargb'Tacility are'b'eihg funded[5]by a combination of FAA AIP Passenger and Carg'o: Entitlement Grants and: other Airport funds. The remainder of the 2017-2021 CIP is being funded by FAA AIP'Discretionary and Entitlement Grants, TSA Funds, previously issued GARBs, the 2017 New Money Bonds, and future GARBs.

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The updated financial analysis presented in this Letter assumes that approximately $1.19 billion of 2017-2021 CIP project costs not already funded from existing sources or the 2017 New Money Bonds will be funded through future GARB issuances, as described below.

2017 AIRPORT PROJECTS

The 2017 Airport Projects include the projects comprising the Terminal 5 Expansion and are anticipated to be funded, with proceeds from the 2017 New Money Bonds.

Terminal 5 Expansion

The City is undertaking an expansion and set of modifications to Terminal 5 to accommodate increased traffic and .increased aircraft size at the Airport. The Terminal 5 Expansion increases both the number of gates (from 19 to 28) and the size of gates at 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 Ml through M6 are anticipated to be modified to accommodate eight narrowbody aircraft which includes the modification of existing passenger loading bridges and the addition of new passenger loading bridges. Existing Terminal 5 facilities are anticipated to be modified to accommodate additional activity. 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. Exhibit 1 presents the existing and future configuration of Terminal 5 before and after the undertaking of the Terminal 5 Expansion.

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NOTES ' ■

1/ iri'the Existing Layout'Gates M1-M2 are configured as one widebo'dy aircraft as large as'a'Boeirig 777-200 or two widebody aircraft as large as a ..' Boeing'767 Gate M6 can be used if Gates'M3-M5 are limited-Jo Boeing 767 aircraft or smaller Gate M20 can'be configured as one widebody aircraft as large as a Boeing 767 or two regional jets

21 HS = Hardstand

SOURCES' :Chicago Department of Aviation, May 2017- Ricondo & Associates, Inc., May2017
PREPARED BY "Ricbra June 2017. . ;.

There have been no material changes to the scope of this project since the 2016 Report;'however, the funding plan for this'project'has changed. Iri the 2016 Report/the $266.8 million' Terminal 5 Expansibrr was 'ahticipated'to 'be 'funded through a'combihatibri of PFC revenue oh a pay-'as-ybu-gblasts' and :'PFC Revenue' Bonds ($188.6 million), with the-remaining'funding ($78:2 million) tb come from Airport discretionary funds. :'

The City has received PFC authority from the FAA to use PFCs on the Terminal 5 Expansion project and may elect to apply PFC Revenue to offset portions of the debt service on the 2017 New Money Bonds, however, there is no pledge of PFC Revenues to the 2017 New Money Bonds and the updated financial analysis in this Letter does not assume PFC Revenue is applied to the 2017 New Money Bonds.

The 2017 Airport Projects have received Majority-In-Interest approval from the airlines. For purposes of the updated financial analysis, it is assumed that $266.8 million of 2017 Airport Project costs will be funded with the 2017 New Money Bonds. However, if this amount is not funded with the 2017 New Money Bonds, then the unfunded project amounts are anticipated to be funded with proceeds from

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GARBs to be issued in the future. The debt service associated with the 2017 New Money Bonds is included in the updated financial analysis included in this Letter.

Updated Information Regarding the Economic Base for Air Transportation

R&A conducted a review of certain socioeconomic information made available since the date of the 2016 Report. The information suggests that the findings regarding the Airport's Air Trade Area (the Chicago-Naperville-Joliet Metropolitan Statistical Area [MSA] and the Kankakee-Bradley MSA)[3] and economic base for air transportation remain valid. The economic base of the Air Trade Area remains capable of supporting increases in demand for air transportation at the Airport during the Projection Period. A brief discussion of recent unemployment and economic data, updated Woods & Poole Economics, Inc. (Woods & Poole) projections, and survey data from the National Association for Business Economics (NABE) is provided below.

The Air Trade Area is well-positioned because of its broad and diverse economic base. It is affected by overall economic conditions in the U.S. Economic activity in the U.S. continues to expand at a moderate pace. The 2016 Report presented the most current (September 2016) forecast published by business economists from the NABE, which indicated consensus for real gross domestic product (GDP) growth of 1.5 percent in 2016 and 2.3 percent in 2017.[4] Actual real GDP growth in 2016 was 1.6 percent[5], higher than what had been forecasted in September 2016, and in the most recently published NABE survey (March 2017), the median forecast for real GDP growth in 2017 remains unchanged at 2.3 percent.[6] Those surveyed predict a median forecast for real GDP growth of 2.5 percent in 2018.

As presented in the 2016 Report, data from Woods & Poole projected the Air Trade Area's gross regional product (GRP) to increase at a compound annual growth rate (CAGR) of 2.0 percent through the

The Demographic and Economic Analysis of the Air Trade Area is provided in Chapter 3 of the 2016 Report. National Association for Business Economics, NABE Outlook, September 2016.
U.S. Department of Commerce, Bureau of Economic Analysis, National Income and Product Accounts Cross Domestic Product: Fourth Quarter and Annual 2016 (Third Estimate), March 30, 2017. National Association for Business Economics, NABE Outlook, March 2017.

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Projection Period, from $615.95 billion in 2015 to $749.82' billion in 2025. During the same period, data from Woods and Poole projected the U.S. GDP to increase at a GAGR-of'2:2- percent, -from $17.9 trillion in 2015 to $22.3 trillion in 2025. The updated Woods & Poole projections suggest slightly lower long-term growth, with a projected CAGR of 1.8 percent for the Air Trade Area's GRP during the Projection Period (increasing from $643.30 billion in 2016 to $758.05 billion in 2025). The U.S. GDP is now projected to increase at a ■CAGR:of 2:l.; percent.over the same period (increasing;from"$-l!8.5 trillion; to $22-.4: trillion). Despite slower projections of Air Trade Area GRP and U.S. GDP growth through 2025, because actual Air Trade Area GRP and U.S. GDP data for 2015 and 2016 were higher than previously estimated by Woods & Poole, projections for both Air Trade Area GRP and U.S. GDP levels are above what had been previously projected - in ,the 2016-.Report (i.e. the. Air Jrade-Area's GRP was .projected <tp be $.7.4.9.82, billion in. 2025 in the 2016 Report,; while,the updated Woods & Poole.projections.expect itto.be <http://itto.be> $758.05,billion).

In March 2017 (latest data available.at the time, of this Letter), the unemployment rate for the Air Trade Area reported by the U.S..Department of Commerce, Bureau of Labor Statistics was 4.15 percent (non-seasopally adjusted)[8], lower.than the rate, for the nation (4.6 p^rjcent,. nqn-se.aspnaNy adjusted). The Air Trade Area's unemployment rate, in March 2017. was lower than it was in March 2016 (6.3 percent in March 20i6, non-seasonally adjusted), and this 1.8 percentage point improvement exceeds the employment recovery in the nation. In comparison, the national unemployment rate improved by 0.5 percentage points, from 5.1 percent (non-seasonally adjusted) in March 2016. The NABE survey cited in the.2016-Report estimated that the average annual U.S. unemployment rate would be 4,8 percent in.2016 and;,4.6:percent in 2017...The actual, annual U.S. unemployment rate .was, 4.9 percentdn 2016,,,-and .the forecast for 2017 remained unchanged in the.March 2017 survey. The national unemployment rateis.now forecast by NABE to be 4.5 percent in 20,18. Nonagr.icultural employment increased by an average of 187,000 jobs pen month inr 201€>V -higher,.than,the. .average 2016 year-to-date U.S. employment, growth reported.,in the 2016, Reportl,(182,000.jobs ,penmonth between January and August 2016).[10] In the-first three months of 2017, U.S. employment growth, accelerated further, increasing at ;an average of

In order to remain consistent with the GRP and GDP data provided in the 2016 Report, all GRP and GDP data in this Letter is presented in 2015 dollars

8 March 2017 unemployment rate for the Air Trade Area is preliminary. Source: U.S. Department of Commerce, Bureau, of Labor Statistics, Local Area Unemployment Statistics,.https //www.bls.gov/data/#unemployment <http://www.bls.gov/data/%23unemployment> (accessed May 18, 2017).,

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U.S. Department of Commerce, Bureau of Labor Statistics, The Employment Situation - February 2017, March 10, 2017. 10 U.S. Department of Commerce, Bureau of Labor Statistics, 2016 Employment Situation, January-August 2016, September 2, 2016.

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176,000jobs per month.[11] Slower employment growth is expected in the short term, with a median employment growth forecast from the March 2017 NABE survey of 183,000 jobs per month in 2017 and 166,000 jobs per month in 2018.

Based on the analysis described in Chapter 3 of the 2016 Report, as well as the most recent unemployment data and economic forecast information noted above, R&A's opinion is unchanged: the Air Trade Area's economic base remains broad and diversified, and will continue to support long-term growth in demand for air transportation services at the Airport. R&A's review of the most recent economic data and information suggests that the economic projections used to develop the traffic forecast presented in the 2016 Report remain valid.

Updated Information Regarding Air Traffic

Based on a review of actual air traffic activity at the Airport, air service trends, and published future seat capacity data that has become available since the 2016 Report, R&A is of the opinion that the air traffic activity projections presented in the 2016 Report (see Chapter 4, "Air Traffic," of the 2016 Report) remain reasonable and are therefore unchanged at the time of this Letter.

The activity projections developed for the 2016 Report were based on a number of underlying assumptions (see sections 4.4, 4.5, and 4.6 of the 2016 Report). Notable recent air service developments that support these assumptions, and the projections contained within the 2016 Report are described below. In 2016, the Chicago Department of Aviation (CDA) reported 38,858,080 enplaned passengers at the Airport, a growth of 1.2 percent from 2015. This total exceeds the 2016 enplaned passengers forecast in the 2016 Report of 38,524,287, or 0.4 percent forecast growth from 2015. Passenger activity growth has been driven primarily by domestic O&D and international passengers. Domestic passenger volumes increased 0.6 percent while international passenger volumes increased 5.7 percent. During the four quarters ended Q3 2016[12] O&D passenger volumes increased to 21.0 million enplaned passengers from 20.1 million enplaned passengers in CY 2015, a growth of 4.5 percent. Through March 2017, enplaned passengers have increased 0.4 percent compared with the same period in 2016.

Monthly average based on preliminary nonagricultural employment data (seasonally adjusted) for March 2017. Source: U.S. Department of Commerce, Bureau of Labor Statistics Current Employment Statistics, <https://www> bls.gov/data/#employment (accessed May 18, 2017). 12 The latest period for which U.S. DOT O&D data were available at the time of this report.

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In the near-term, total scheduled seat capacity at the Airport is projected to increase approximately 2:8 percent in i2017o'This rgrowth, is being supported', by-, many carriers :at-.the^Airport, including botlv-hub carriers United Airlines (United) and American Airlines (American). In November 2016, United announced a renewed focus on domestic network growth, impacting all of its hubs, including O'Hare. In March 2017, United announced 47 new flights and six new domestic destinations from the Airport as a part of its domestic expansion. These changes are expected to result in an overall capacity increase in terms of scheduled seats':of 2.7 percent for United in 2017 compared to 2016. During the same month, American annouriced'its own-expansion at the Airport, adding 10 new destinations to its-route network from O'Hare in addition tb'previously announced new service'to Barcelona, Spain (BCN). These 'new destinations- will account for approximately 45 new daily flights and are expected to result in^an overall-capacity increase in terms of scheduled seats of 2.9 percent for American in 2017 compared to 2016. The new United and American flights began in May 2017 and are anticipated to be fully operational by August 2017-Other notable new service additions in 2017 include Delta adding nonstop service to Seattle (SEA), and WOW Air-adding nonstop service to Reykjavik, Iceland (KEF).

As, discussed in section. 4.6.3 of the 2016 Repprt,, longer-term (thrpugh 2025). passenger volumes were projected,.thrpugh-,an analysis of socioeconomic data, historical .passenger volumes and revenues,, and trends in the aviation industry affecting actiyity„at, the^irport. R&Ahas, reviewed the additional .data that have become available since the date of the 2016 Report, and the underlying assumptions used in the 2016"Rep6rt 'remaln'unchangedrPassenger volume growth has'exceeded'near-term projections'in part due to lower than expected fuel prices, and the'se volumes may continue to exceed projections should fuel prices rerhairi low. If relative fuel prices return to levels more consistent with 'those experienced in' recent history,' then R&A expects" that passenger volumes would be more iri line with the activity projections made iri the 2016 Report: Prbjecti6ns"6Y'en'plan'ed-pas'serigers are presented below in Table 5. The City is utilizing" ^'separate," higher growth fb'recast"f6'r facility' planning purpose's.- While enplanement growth' higher thaWprojected iri'-th'is"Lette>imay be likely; particularly as additional near-term capital projects are implemented, such'as'the Concourse L Extension and Terminal 5 'Expansion; for the purposes of the financial analysis included in the 2016 Repbrt':and this letter, a more conservative activity projection is utilized. Additional factors'that may affect'aviatibn demand are discussed in section 4.4 of the 2016 Report.

Table 6 presents historical and forecast aircraft operations from the 2016 Report and the 2016 historical data. Total passenger aircraft operations reported by CDA in 2016 were 828,599 compared to 835,733 projected in the 2016 Report.'Actual load factor performance in 2016 was greater than.projected, enabling passenger volume growth to be accommodated on fewer passenger airline-operations.

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.Table 5: ^Historical; an

FORECAST

FORECAST

• ENPLANED PASSENGERS [1]
ANNUAL .GROWTH

Historical

37:763,062
34,011,186
32;035,155
33,219,402 ■ 33.194,708 ■
33,231,201
(5.8%)

3 7%

'(6'i%)Tj

0.1%

33,28.4,788
34,939,694
38.381.489
38,858,080

38,524,287
39,011.492 r
39,340,570
39,672.751
40,001,103
40,331,901
40,651,815
40,938.042
41,185,491
• 41,407,549 .

COMPOUND ANNUAL GROWTH RATE [11]

2007 - 2016
2015 - 2025
•2016 - 2025

NOTES:

1/ Excludes general aviation, military, helicopter, and miscellaneous passengers included in the City of Chicago's Airport Activity Statistics. 2/ Forecast 2016 growth shown relative to 2015 historical activity 2017 grown shown relative to 2016 historical 3/ Based on 2016 historical data

SOURCES' City of Chicago, Department of Aviation Management Records, May 2017 (historical). Ricondo & Associates, Inc., May 2017 (forecast) PREPARED BY' Ricondo 8(Associates, Inc., June 2017.

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Table 6: Historical arid .Forecast.Air<:raft. Operations ■

TOTAL AVERAGE PASSENGER AVERAGE SEATS LOAD ■ ' GENERAL ' ALL-CARGO AIRLINES PER DEPARTURE FACTOR AVIATION ᵛ CARRIERS

AIRPORT TOTAL

.Historical'.

■', 80.0%
106
104 98
97
'■95^ 95 98

' 881,565
827,899
882.617
878,798
878,108
883,287 T88iT9.33
875,136
v ,87.0%-
Forecast
7*-" 84.5%.
837,389 '
837.181'
836,510 83&404
837,624
111 ■
112 -113 . 114 :..-•>
84;6°/i
84.6% .84.6%
is- 84.6%
18.889- .;
19,261 19.654
19,998
878,029 {
877,774 878.105
879,713
838,888 ;-
2023
2024 .
2025
COMPOUND ANNUAL GROWTH RATE V :
840,586
,841,504
841,742
116 :
' 1.17. 117 .
84 6%'
84 6%
84.6%
22,180"
_22.?24_ 22,269
20,653
_20,984_ 21,302
2007 - 2016 201S~202S "
(0.8%)
" b7i%-
0 3% ■' 1.2%'
2.9% 0.2%
2016 - 2025

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

2/ Historical 2016 average seats per departure and load factors are calculated based on the period January through October 2016 3/ Based on 2016 historical data

SOURCES: City of Chicago, Department of Aviation Management Records (historical), May 2017; Ricondo & Associates, Inc. (forecast), based on the analysis and assumptions described in the 2016 Report, May 2017. PREPARED BY Ricondo & Associates, Inc.', June 2017

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Actual load factors were 87.0 percent through the first 10 months of 2016 compared to 84.5 percent projected in the 2016 Report. Seats per departure are expected to increase as airlines upguage routes to aircraft with greater seat capacity, which in turn allows airlines to operate a similar or greater number of seats through fewer aircraft operations. Overall passenger aircraft operations are not expected to vary significantly from operations as projected in the 2016 Report, based on an analysis of published schedule data available at the time of this Letter. However, as published in current schedules, 2017 scheduled seats per departure are now expected to be approximately one seat per departure higher than projected in the 2016 Report for 2017.

The FAA's 2016 Terminal Area Forecast was released in January 2017. The enplaned passenger growth exceeds that forecast activity in the 2016 Report. Between 2016 and 2025, the 2016 Report forecasts enplanements to increase from 38.4 million to 41.4 million while the FAA 2016 TAF forecasts enplanements at the Airport to increase from .3.7.4 million to 44.3 million in the corresponding Federal Fiscal Years.

Updated Financial Analysis

Changes to the financial analysis since the 2016 Report reflect updated Airport rates arid charges budget information, updated Airport PFC,program highlights, actual debt service on the 2016 Bonds, the issuance of the 2017 New Money Bonds, and updated future GARB debt service assumptions based on the 2017-2021 CIP. The activity projections at the Airport remain unchanged.

As was the case in the 2016 Report, a continuation of the rate-setting methodology set forth in the existing Airport Use Agreement was assumed for the entirety of the Projection Period in the updated financial analysis. While the rate-setting methodology at the Airport following the expiration of the existing use agreement is subject to change, the City remains 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. Additional information regarding the Airport Use Agreement can be found in section 5.1.1 of the 2016 Report.

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 of the 2016 Report, based on the budgeted Operating and Maintenance (O&M) Expenses, Non-Airline Revenues, required fund deposits, and debt service on Airport Obligations. In the financial analysis presented in Chapter 5 of the 2016 Report, the final

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2016 airline rates and charges budget served as the base from which the financial projections were created-.-The>final>'2017 airline rates and charges-budget-has since become available and^now serves as the base for financial projections and the financial analysis included in this Letter.

In general, and .as described in more detaii in the following sections, changes to the financial projections include the following:

- minor increases in 2017 budgeted and projected O&M Expenses, and increases in projected O&M Expenses ($5 million annually beginning in 2020) associated with the Terminal 5 Expansion, not

' " •• '-minor decreases' in 2017' budgeted and projected ^'Non-Airline'-'Revenues, and increases in ' projected International Terminal concession Revenues'(10 percent increase in 2020) associated ' with the Te'rminal 5 Expansion, not originally'assum'ediri the 2016 Report; and

- adjustments to projected Net Debt Service based on the final pricing of the 2016 Bonds, the

issuance of the 2017 New Money Bonds, and revised future GARB issuance assumptions based on

the 2017-2021 CIP. . (■..;■_ ;:

An updated, set of financial projection tables, corresponding to Appendix B of the 2016 Report, are included at the end of this Letter as Attachment. 1.

*UPDATED ORERATIbN A N D M AINTENANCE EXPENSE PR'OjECtIONS "f"^*

The approved second half 2016 airline rates and charges budget/for the Airport served as the base from which Q&M Expenses were projected in the 2016 Report. As shown in Table A-1 of Appendix A to the 2016. Report, between '2011' arid.'20i5, .actuat 6&M' Expenses for the Airport have been" less than the budgeted'amount jrV each$_t$ of .the last 5 years, averaging "5'.7' percent' below budget." Preiinfiinary O&M Expense data available for 2016 suggests no significant differences between budget and actual, however, audited O&M Expenses for 2016 are not yet available.

The" Airport has' sincei released'its approved first half 2017 airline rates and charges budget which is how the base for the updated O&M Expense projections.

The underlying assumptions used to update the O&M Expense projections are consistent with those presented in the 2016 Report; The assumptions 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 the 2016 Report! are still 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 were assumed in the 2016 Report. However, it is now assumed that the completion of the Terminal 5 Expansion will result in an additional $5 million of O&M Expenses annually, beginning in 2020. No other incremental O&M Expenses associated with the projects in the 2017-2021 CIP are assumed in the updated financial analysis.

A comparison of Projected O&M Expenses (less Land Support Area O&M Expenses) between the updated financial analysis and the financial analysis included in the 2016 Report is presented on Exhibit 2.

(Dollars in Thousands for Fiscal Years Ending December 31)

'2017

; ■ Total O'&M Expenses (Less Land Support Area) (2016 Report) ■ Total.O&M Expenses (Less Land Support Area) (Updated)

SOURCE: Chicago Department of Aviation; Ricondo 8(Associates, Inc, based on the analysis and assumptions described in this Letter. May 2017 PREPARED BY: Ricondo 8i Associates, Inc, June 2017

As shown on Exhibit 2, in the 2016 Report total O&M Expenses (less Land Support Area O&M Expenses) were projected to be approximately $572.1 million in 2017. Based on the updated final 2017 airline rates and charges budget, O&M Expenses (less Land Support Area O&M Expenses) are now budgeted to be $572.7 million, a difference of 0.1 percent from the 2016 Report. Based on the inclusion of incremental O&M Expenses associated with the Terminal 5 Expansion, O&M Expenses are now projected to be $864.6 million in 2025, an increase of 0.9 percent from the 2016 Report projection.

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City of Chicago, Department of Aviation June 9, 2017 Page 21

UPDATED. NON-AIRLINE REVENUE PROJECTIONS

The approved, second half 2016 airline rates and charges budget for the Airport served as the base from which Non-Airline,Revenues were projected in the 2016 Report: As shown-in Table A-2 of Appendix A to the 2016, 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. Preliminary data suggests that actual concession revenues, including-parking revenues, in 2016 were slightly above budget.

the Airport has since released its^approved first half 2017 airline rates and.:charges.budget,:.which is now the base for the updated Non-Airline Revenue projections. The underlying assumptions used to update the Non-Airline Revenue projections are consistent with those .presented in section 5.3.2: of the 2016 Report. On-going plans involving the renegotiation and remarketing of the expiring concession agreements-are expected to 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

-combiriatipn_of jGD is planned to be converted into concession space that willialso .allow for increased revenues. -The-financial analysis presented in the 2016 Report, as well as the ..updated/financial analysis included in this Letter, does not include the potential ?ffects.of^plahherd concession initiatives in the Domestic Terminal "' < ■ ■ "■' '■'

The Terminal 5 Expansion is expected to result in an approximately 20 percent increase in concessions space in-the International Terminal. As a result of this increase, along with expected improved concessions, it is now assumed that the completion.of.the Terminal.5 Expansion will result in a.10 percent increase in concession revenues in the International Terminal beginning 'in 2020. No incremental revenue impacts associated with the Terminal 5 Expansion were assumed in the 2016 Report, but are now reflected in the updated financial analysis.

Acomparison of Projected Non-Airline Revenues between the updated.financial analysis and the financial analysis included in the ;2016 Report is presented on Exhibit 3..

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4 ASSOCIATES

Ms Ginger S. Evans
City of Chicago, Department of Aviation June 9, 2017 Page 25

'Exhibit 3: Projected Non-AirlineRevenue Comparison ■

(Dollars in Thousands for Fiscal Years Ending December 31)

2017 2018 2019

I Non-Airline Revenue (2016 Report) I Non-Airline Revenue (Updated)

SOURCE: Chicago Department of Aviation: Ricondo 8i Associates, Inc., based on the analysis and assumptions described in this Letter, May 2017 PREPARED BY: Ricondo & Associates, Inc., June 2017

As shown on Exhibit 3, in the 2016 Report total Non-Airline Revenues were projected to be approximately $304.0 million in 2017. Based on the updated final 2017 airline rates and charges budget, total Non-Airline Revenues are now budgeted to be $303.8 million, a difference of 0.1 percent from the 2016 Report. Based on the inclusion of incremental International Terminal concession revenues associated with the Terminal 5 Expansion, Non-Airline Revenues are now projected to be $356.1 million- in 2025, an increase of 0.3 percent from the 2016 Report projection.

UPDATED AIRPORT PFC PROGRAM HIGHLIGHTS

Information regarding the Airport PFC Program is provided in section 5.4.1 of the 2016 Report, updates since the 2016 Report are as follows:

- As of the date of this Letter, the City has received authority to impose a PFC and use $6.93 billion of PFC Revenues at the Airport and an estimated charge expiration date of July 1, 2041. As of

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Ms Ginger 5 Evans
City of Chicago, Department of Aviation June 9, 2017 Page 26

March 31, 2017, PFC Revenues received by the City for use at the Airport, including investment

• earnings, totaled approximately S2.86 billion.

- In 2016, PFC Revenues totaled approximately $154.1 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, 2017 was approximately
- $143.8 million. ... . -
- As of May 3, 2017, the City had approval from the. FAA to; impose a PFC and to use PFC Revenues for the Terminal.5 Expansion. It was assumed in the 2016'report that PFC Revenue Bonds would be issued in 2017 to fund approximately $188.6 million of Terminal. 5; Expansion costs, however the City now intends to fully fund the Terminal 5 Expansion, with the 2017 New Money Bonds.

' The City may electtb apply ;PFC Revenue to offsetiportior^^fjthe debt service on the 2017 New Money- B6nds;_however,. there is no.pledge of PFC;Revenues*jto the!;,2017. New:;Money Bonds and

;.'. PFC Revepue has; not been;assumed5to,be applied °tp pa'y<dept ser|viCe%n the 2017 New Money Bonds in the updated/financial analysis..

The City may elect to issue PFC Revenue Bonds and/or PFC Revenue Refunding Bonds in the future, however due to the uncertainty of the timing or amount of future issuances, no future PFC bond transactions are assumed in the updated financial analysis.

UPDATED DEBT SERVICE

Updates to projected annual Net Debt Service, net of capitalized interest, PFC Revenues, Grant Receipts arid-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 in^he updated financial analysis is provided in Table(1-5 in Attachment;1of this' Letter. *

Outstanding GARB Debt Service after the Issuance of the 2016 Bonds

Total outstanding GARB debt service totals approximately $564.6 million in 2017 and includes debt service associated with the issuance of the 2016 New Money Bonds as well as reflects the sayings realized from the issuance of the 2016 Refunding Bonds and refunding of certain Airport Obligations. Outstanding GARB debt service is projected to increase to approximately $578.0 million in 2018, then decrease to approximately $572.9 million in 2019, and then remain between $522.5 million and $550.5 million throughout the Projection Period.

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2017 Refunding Bond Debt Service

It is expected that debt service savings will result from the issuance of the 2017 Refunding Bonds and the refunding of certain Airport Obligations. However, because the actual amount of debt service savings is not yet known, the expected savings from the 2017 Refunding Bonds have not been assumed in the updated financial analysis.

2017 New Money Bond Debt Service

For purposes of the updated financial analysis, proceeds from the 2017 New Money Bonds are assumed to fund $266.8 million in project costs for the 2017 Airport Projects. The 2017 New Money Bonds are assumed to have a term of 35 years, and for purposes of this Report, interest on the 2017 New Money Bonds is assumed at the current market interest rate as of June 6, 2017 plus 75 basis points.

Total debt service payable on the 2017 New Money Bonds is projected to be approximately $15.7 million in 2020, then -increase to $19.5 million in 2021 and remain level during the Projection Period.

Net Debt Service on future GARBs

The updated financial analysis includes Net Debt Service on future GARBs to be issued to fund the remaining OMP Airfield Projects described in section 2.2 of the 2016 Report and the 2017-2021 CIP. Future GARB issuance assumptions include the following:

- Future Remaining OMP Airfield Projects GARBs. As presented in section 5.5.1 of the 2016 Report, 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 GARBs. 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. There have been no changes to the assumed future remaining OMP Airfield Project GARBs since the 2016 Report.

- Future 2017-2021 CIP GARBs. As described above, proceeds from future GARBs in the amount of approximately $1.19 billion, along with other funds, are needed to fund the Airport 2017-2021

As presented in Table 2-1 of the 2016 Report, includes Taxiway LL Phase 2.

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CIP. Similar to the 2016 Report, based on the anticipated timing of capital expenditures and anticipated future Mil airline approvals, a GARB issuance in FY 2018 is assumed in the updated financial analysis. Debt service on these GARBs is allocated to cost centers based on the type of capital'projects funded. Net Debt Service on these future GARBs is projected to be'approximately $20.2 million in 2019, then to steadily increase as projects included in the 2017-2021 CIP are completed to approximately $127.5 million in 2023, and then remain level through the Projection Period.

The TAP, described above and in section 2.2.3 of the 2016 Report, is still in preliminary planning and discussion phases, and due to the uncertainty of project costs, funding,[1] and timing, no future GARB issuances associated with this project have been assumed in the updated financial analysis; however, debt service payable durihg-the Projection Period is-likely'." "" '"- : j --; . • * '••

The, future GARB issuances all assume,a term of 30-years and an interest , rate of. 6.5 percent. GARB issuances associated with-the,remaining;OMR-_,Ai.rfield .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 2017-2021 CIP assumes that approximately 20 percent of the projects will'be'Completed in each of the,next fiv^years with interest,capitalized until,each assumed project completion. .

	. ASSUMED PROJECT FUTURE GARB ISSUANCE	FUNDING ($ MILLIONS)
I 2017-2021 CIP ' . " "."."		
Series 2018	$119 billion	
Remaining OMP Airfield.Projects ■'		
Series 2018	$361.4 million	

SOURCE: Chicago Department of Aviation, Loop Capital:' PFM, June 2017 PREPARED BY-Ricondo & Associates, Inc, June 2017.

The year and amounts of future assumed debt issuances are.as follows in Table 7. .

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4 ASSOCIATES

Ms Ginger S. Evans

City of Chicago, Department of Aviation June 9, 2017 Page 29

Table 1-5 in Attachment 1 of this Letter 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 2017-2021 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. A comparison of Projected Net Debt Service between the updated financial analysis and the financial analysis included in the 2016 Report is presented on Exhibit 4. As shown, Net Debt Service is budgeted to be approximately $449.4 million in 2017 and now projected to increase to approximately $613.0 million in 2025 as project components funded with proceeds from the 2017 New Money Bonds and future GARB issuances are completed.

^Exhibit:4: Projected Net Debt Sewi^

(Dollars in Thousands for Fiscal Years Ending December 31)

$700,000 $600,000 $500,000 $400,000 $300,000 $200,000 $100,000 $0

I Net Debt Service (2016 Report) I Net Debt Service (Updated)

SOURCE Chicago Department of Aviation, Loop Capital; PFM, June 2017 PREPARED BY: Ricondo & Associates, Inc, June 2017

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City of Chicago, Department of Aviation June 9, 2017 Page 30

UPDATED NET SIGNATORY AIRLINE REQUIREMENT

As'described'in section 5.6 of the 2016 Re'pbft, 'the-'Airport enterprise"has the "ability to generate sufficient Revenues to pay O&M Expenses, Net GARB Debt Service, and annual required fund deposits.

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 Tees, Terminal Area Rentals, Terminal. Area Use Charges, International Terminal Enplaned and Deplaned Common Use Charges, and Fueling System Fees during the year.

A comparison of Projected Net Signatory Airline Requirement between the updated financial analysis and the financial analysis included in the 2016 Report is.presented. on Exhibit 5.

2017 2018 2019 2020 2021 .2022 2023 2024 2025 ■ Net Signatory Airline Requirement (2016 Report) B Net Signatory Airline Requirement (Updated)

SOURCE' Chicago Department of Aviation, Ricondo & Associates, Inc, June 2017. PREPARED BY. Ricondo & Associates, Inc., June 2017.

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Ms. Ginger S Evans
City of Chicago, Department of Aviation June 9, 2017 Page 31

The Net Signatory Airline Requirement is now projected to increase from $630.6 million in 2017 to $983.6 million in 2025.

UPDATED INTERNATIONAL TERMINAL RENTAL RATE PROJECTIONS

Information pertaining to the International Terminal Area Cost Revenue Center and projections of International Terminal base rental rates are provided in section 5.7.3 of the 2016 Report. For purposes of the updated financial analysis, the 2017 Airport Projects are assumed to be allocated to the International Terminal Area Cost Revenue Center. Thus, debt service on the 2017 New Money Bonds, along with the incremental O&M Expenses and Non-Airline Revenues associated with the Terminal 5 Expansion, will affect the calculated airline terminal rental rate in the International Terminal. A comparison of Projected International Terminal base terminal rental rate between the updated financial analysis and the financial analysis included in the 2016 Report is presented on Exhibit 6.

2017 2018 2019 2020 2021 2022 2023 2024 2025

D International Terminal - Base Rental Rate (2016 Report) ■ International Terminal - Base Rental Rate (Updated)

SOURCE. Chicago Department of Aviation; Ricondo & Associates, Inc., June 2017 PREPARED BV: Ricondo & Associates, Inc., June 2017

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City of Chicago, Department of Aviation June 9, 2017 Page 32

UPDATED COST PER ENPLANED PASSENGER

. (Fiscal Years Ending December 31)
•$3000""

As described in section 5.8.1 of the 2016 Report, 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. :A comparison' of Projected Airline Cost per Enplaned Passenger between the updated financial analysis and the financial analysis included in the 2016 Report is presented on Exhibit 7.

B Total Airline Cost per.Eripianed Passenger (Updated).,

SOURCE.-;!Chicago! Department of Aviation; Ricondo & Associates,'inc, June 2017.

PREPARED BY: Ricondo.& Associates, Inc, June.2017. , ■ ■ . : ■;. J;!;^

As shown, the CPE in the updated financial analysis is projected, to increase from,$18.84 in.2017.to $27.47 in 2025. Notable differences in projected CPE between the updated financial analysis and the 2016 Report include the following:

- Incremental increases in O&M Expenses associated with the Terminal 5 Expansion beginning in 2020

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- Incremental increases in Non-Airline Revenues associated with the Terminal 5 Expansion beginning in 2020
- Debt service payable on the 2017 New Money Bonds beginning in 2020
- Changes in debt service on future GARBs associated with the funding of the 2017-2021 CIP

The projected Airport user fees in the updated financial analysis are deemed to remain reasonable from the 2016 Report 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 U.S. and is also ranked third in the nation in terms of domestic O&D passengers in calendar year 2016 - following the New York and Los Angeles 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 the 2016 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 U.S. low-cost carriers. Generally, Airport user fees are not a key contributor to airline's profitability in the U.S.

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 in the updated financial analysis, although increasing over the Projection Period, and increasing over the financial analysis presented in the 2016 Report are one of many factors that are considered by airlines when evaluating air service. Airport user fees were approximately 6.3 percent of system-wide total airline operating costs according to the airline industry group Airlines for

America[1]' 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.

UPDATED DEBT SERVICE COVERAGE

As presented in Table 1-11 of Attachment 1 to this Letter and in table B-ll in Appendix B of the 2016 Report, the Debt Service coverage ratios are projected to meet the minimum requirement of l.lOx in each year of the Projection Period.

Confirmation of 2016 Report Findings

Qn the; basis of the;assumptions and analyses, described in the 2016 Report and this.Letter,.and our experience preparing financial projections for airport operators, R&A is of the opinion that, for each Fiscal Year of the Projection Period:

■ ■• The GARB.debt service coverage ratio will meet the minimum requirement of l.lOx, and

- The airline CPE is considered to be reasonable compared with those at other large-hub airports.

RICONDO & ASSOCIATES, INC. cc: 16-01-0953 06

1.9 percent of passenger airline operating expenses in the fourth quarter of 2016 went to landing fees and 4 4 percent went to non-aircraft rents and ownership, according to data collected by Airlines for America

Sincerely,

Attachment 1

Updated Financial Analysis Tables

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Attachment 2

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Appendix E

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Report

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Refunding Bqn'ds, Series^21C£I6'A (AMT) Refunding<Bonds,/'Series 2016B (Non-AMT) Refunding Bb^d|/Series 2016C (Non-AMT) Bonds/Series 2Q.1-6D (Non-AMT) Bo/ds, Series 20T6JE (Non-AMT) Borfd'sv^e'ries 20;16r (Non-AMT) B^ndsS^ne^2016G (AMT)

RICONDO*
4 ASSOCIATES

November 18, 2016

2016 REPORT [E

November 18, 2016

Ms. Ginger S. Evans //
Commissioner ^/V
City of Chicago, Department of Aviation
10510 West Zemke Road As -y\ \>
Chicago, Illinois 60666 // J/

RE: City of Chicago, Chicago O'Hare International Airport -•• •
General Airport Senior Lien Revenue Refunding Bonds, Series/^OieA (AMT) v*
General Airport Senior Lien Revenue Refunding Bonds, Series*2016B (Non-AMT)
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Dear Ms. Evans: <. J'^- |y

Ricondo & Associates, Inc. (R&A) is pleased>to present this Report of the Airport Consultant (the Report) for inclusion as Appendix E in^ffieJOfficial Statements for the 2016 Bonds, defined herein and described in detail in this Report. The 2016^onas, comprised of the 2016 Refunding Bonds and 2016 New Money Bonds, described herei^will befi'ssueci|,^ursuant to an ordinance adopted by the Chicago City Council on September 14, 2016 (Ihe^Bond^Cii^iriance) and the Master Indenture of Trust securing Chicago O'Hare International Ajrpo^rt Seniot^Lien Obligations dated as of September 1, 2012 (the Senior Lien Master Indenture) betvJeehsthe City

oKBhicago (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 Truste^e.r'-The\Seoip.,r Lien Master Indenture, as supplemented by the Supplemental Indentures, and as it may b^amejicied and'lujpplemented from time to time in accordance with its terms, is herein referred to
as the Senior Lien'Ihdenture.

|(//

The 2016 Borids 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: X" \\

(i) pay the costs of the 2016 Projects, as herein definecTx v\
(ii) fund the related reserve requirements for the,2016 New MoneyjBonds,
iii) fund capitalized interest on.a portion of the 20i6. Ney/Money Bonds, and
iv) pay costs and expenses incidental .ther,e^p/and f^th^jssuance of the 2016 New Money Bonds.

Unless otherwise defined herein, all capitalized terms'in this^R:eport are used as defined in the Official Statements for the 2016 Bonds and/or the/Seniorj Lien^In^Je/iture.

^^\^\ / j**--.r^

This Report presents the analysis undertaken,by R&A~to demonstrate the ability of the City to comply with the requirements'oT the SenioLLien iridenft^'for 'Fiscal ^ears'tFYs) 2016' through 2025 (the Projection _Perid_d) based_on the assumptions regarding the planned issuance of the 2016 Bonds established by the City through consulMioh'w^ and the financing team. In developing its analysis, R'&A hisV'eviewed^hikoricaUtrencls and formulated projections ba'sed o'n the assumptions'put forth in this Report, w^c1^aye'>b*een^viewed"by the City.'regaYding'the ability ofthe Air Trade Area (as defined herei^y-^6<geherate<^mahd foK airline service at Chicago O'Hare International Airport (the Airport), the ramount^qf airline service and' passenger activity at the Airport, and the generation'of Reve'h^s-^nd<^He'r' ^ailable Mdheys at[1] the Airport through the Projection "Peribd.' The^ Report' is organized as follows;--^/

v> • \\^,~ i- ,; ' ' ■-■ ' ' '

- Summary'of Findings
- Cha^tferl: 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

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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 inyits entirety.

Founded in 1989, R&A is a full-service aviation consulting firm providing-ajrport 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"Secti0rWL5B of,t'he Securities Exchange Act of 1934. R&A is not acting as a municipal advisor and^has notbeen-erigaged 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^pr, with^the City's approval, were derived from general, publicly available data approved by the Cfty:|/R&A opes no fiduciary duty to the City. The City should discuss the information and analys1sH:ontain^d\in/th^s Report with internal and external advisors and experts that the City deems appropriate befqre taking any action. Any opinions, assumptions, views, or information contained herein are ndjNif^eTiBelPto 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 assumpt'idn^Kused'"inlth"is Report are reasonable, some assumptions regarding future trends and events detailed iri'this-Report, including, but not limited to, the implementation schedule and the projections offpasse/iger activity and financial performance, may not materialize. Therefore, actual perforrnance wilMiker^eliffer from the projections set forth in this Report and the variations may be materia^Ih "developjnj)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,

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RICONDO & ASSOCIATES, INC.

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Summary oft<findings

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The City of Chicago (the City) engaged Ricondo & Associates, Inc. (R&A) to^ptepare^this Report of the Airport Consultant (the Report) to provide an independent assessment of the City's\bNity'to meet its obligations regarding the issuance of the Chicago O'Hare International Airpo^-'General Airport Senior Lien Revenue Refunding Bonds, Series 2016A (AMT) (the 2016A Refunding Bono's), Chicag^O'HaVe 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 Senic^Ciemr^v^nue"Refunding Bonds, Series 2016C (Non-AMT) (the 2016C Refunding Bonds and, collectjvefy'withythe 201'6'a' Refunding Bonds and 2016B Refunding Bonds, are referred to as the 2016 Refunding Bor^dsj^Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 20-16D (the N2Q16D New Money Bonds), Chicago O'Hare International Airport General Airport Senior LiertJ^^enu^ondvSeries 2016E (the 2016E New Money Bonds), Chicago O'Hare International Airport GeneraUAirpjo^^enjOj^Lien Revenue Bonds, Series 2016F (the 2016F New Money Bonds), and Chicago O'HareWh^rnationaNA'irport General Airport Senior Lien Revenue Bonds, Series 2016G (the 2016G New Money'Bo^Sj^ndV^ll^ively 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^~X\ fx' Xk, J)*

Unless otherwise defi^evdX^ereinXall'icapitalized terms in this Report are used as defined in the Official Statements for/the-2016 BondS'-and/or the Senior Lien Indenture.

On thejjasis v6\the analysis set forth in this Report, R&A is of the opinion that the Revenues and in some cases^Oth^r^vailable^oneys generated each year of the Projection Period (Fiscal Year [FY] 2016- FY 2025) are expWtedto 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 ^ajicffindings that support this opinion. Additional detail is included in Chapters 1 through 5 of the Report.

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 saving's, \\

(ii) fund related reserve requirements of the 2016 Refunding Bonds, and

(iii) pay costs and expenses incidental thereto and to the issuance of the;20i6 Refunding Bonds.

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It. is expected that, annual debt service savings of between $2.1 millipn'andN$7>5^million will result from the issuance of the 2016.Refunding.Bonds and the refunding of certain^irport Obfigatiops. The expected sayings from the 2016 Refunding Bonds have been assumed in the debt service projections included in the financial analysis in this Report. .;; ^\|N-

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The City,will use the proceeds from the sale,of the ?016.^evypMpney. Bonds, together,with ;Other,available funds, to: . .• . \, v

' ys yy

(i)' pay'the costs of the 201;6 Airp^ '

(ii) fund the related'reserv^^

(iij) fund capitaNzed,interest.^

(iv) pay costs and expenses incidentaLthef^o^BcT?o the issuance of the.2016 New Money Bonds.

Pursuahrto the terms of 'the^eTrior 'Lien "Indenture; the■■;201,6" Bonds[1] wilhbe secured by a first lien pledge of ■-Re'venues'-; {meaning'rgene'ra1^

and operation of Chicago oS^reTln^mational Airport [the Airport] [excluding the Lahd'Suppdrt A'rea])'and certain Other Available^oneys^^n^^parity basis with the City's Outstanding. Senior Lien Bonds and such other Senior Lieh Obligatior^^as may be outstanding from time to time, and wili be paid from amounts that may be withdiiwrHFr'orn the Debt Service Fund created under the Senior Lien Indenture. Revenues are defined in the Official^iStatemenfc

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Additional informatiorvon the 2016 Bonds is provided in Chapter 1 of this Report.

Table S-1 presfents a summary of the tax status and security of each series of the 2016 Bonds.

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Table S-1: Summary of the 2016 Bonds

SERIES 2016B SERIES 2016C

/■Refunding

Tax-exempt, AMT

Security Revenues

■• Refunding

Tax-exempt; Non-AMT

Revenues

Refunding -

Tax-exempt; Non-AMT

Revenues, PFC
Revenue through 2018

New Money ' '■. . New Money■

Tax-exempt; Non-AMT
Revenues'.

' Revenues, Grant Receipts
New Money '
Tax-exempt;[1] Non-AMT

New Money

Tax-Exempt AMT

Revenues;'.'.:'■: Revenues

V'through maturity-

SOURCE. Chicago Department of Aviation; Katten Muchin Rosenman, LLP, November 2016
PREPARED BY: Ricondo & Associates, Inc, November 2016

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The Airport Facilities, Capital Program, and.2616 Projects

The Airport is the largest commercial-service airport semncf Chicago and the surrounding region. Its primary facilities consist of the airfield, terminal area, renta|^^facilrties\air cargo areas, maintenance/airport support areas, and surface access/parking areas. The<^irfield^^nsist^6f eight active runways; the terminal area consists of four terminal buildings with a totaJ^oKl89/gates//The Airport's airfield, terminal area, and other facilities are described in Chapter 2 of this^epbrfc. NN /^^

The City has been undertaking major Ga^i^l^planriirJgT-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/AiFport's capital^program includes the O'Hare Modernization Program (OMP) Airfield Projects, the 5-yearj; (2016^2020) CIP, and other recently announced capital projects, as described briefly in this section and^furtl^^scn^ed in Chapter 2 of this Report.
//runway extensions has been completed. The Airport has ^delays and an increase in airfield capacity with the complet

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OMPj^irfield Projects include one runway (under construction), and an extension to an existing runw^y^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

OMP Airfield^rojects[2] afe-'ehanging the airfield from a layout with intersecting runways to a modern parallekt^way system^The OMP, which includes the construction of one new runway, the relocation of ^\ee existing runways and the extension of two existing runways, is being undertaken in phases Jhat^began in ijjfcj05. To date, three of the four runways have been completed and one of the two
"""^ • . i i i.^.j TL- ": experienced a reduction in operational
completion of the OMP projects. The remaining

' 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 anticioated to remain within budqet. 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 systenVaQd relocation of Taxiways A and B, are expected to be funded with proceeds from the 2016-New Mbhey'sBohds, 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 Bo'nds~:(GARBs) have been included for funding of the construction of the remaining OMF^unwa^e^'rision project.

2016-2020 CIP includes ongoing repair and maintenance/and other\capif.al projects, such as the construction of a Multimodal Facility, which includes a. consolidated\ental <file:///ental> car and public parking facility and an extension of the Airport Transit SystejTT^ATS); airfield improvements associated with the third-party construction of a cargo facility in the/'ho'rtheast area of fne Airport; the expansion of the Airport --Maintenancei .Complex;:•)additions.^^d^n^c|ifj.cations • •to,-Tterminal- -facilities, including an expansion-.o.f; the Terminal 5 F.ederablnspectipnlStation^afety and security.projects; including aniline baggage system in Concourse L and checked)baggage inspection station optimization in Terminal 1; rand ! noise .mitigation. The icost oftb.et'20I6^O2O^^P-Jsv:app.i-oximately-,;$.l.-.78* billion, and Jncludes planning and implementation cc^fs^Vhe Y016j2;020 CIP is expected to be funded through a combination of federal grants^d lc^an^^ed^i':Aviation^Administra [FAA] Airport Improvement Program [AIP] entitlements, FA^S^^isaet^ Security Administration [TSA] grants''U.S. Departm^t^f fr'anspor^tjon [UiSVDOT] loan),''Customer.Facility Charge (CFC) pay-as-you-go, proceeds from p^eyjously issued bonds, assumed,proceeds from future_bond_issuances, and other Airport fu'hds.\^|^CT^ of 2016-2020 CIP project expenditures jsNe^peet^^o^Be funded using proceeds from future bonds; these future bond issuances are als^mcorporateci into the financial analysis of this Report; 'No' 2016-2020 CIP projects are<a''n^jc1ga^ed tdibe^^b^ded-with proceeds frbm the'2016 ■'New''Moriey'-Bonds.<''iJ'<

linal 3. These projects will add gates at the domestic and international terminals,.are expected to pmpierTed-oyeV the next two to three years, and do not require airline approval. The.expansion of terrfSirial>5> is expected to be funded using proceeds from PFC Revenue Bonds anticipated to be issued-m2017, discussed in Section 5.4.1. of this Report. ,Additiopaf 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

6the^Mei^%Ahriounced 'Capital Projects include an expansion of Terminal 5 and Concourse L in

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(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 ^^/J

The 2016 Projects will be funded with proceeds from the 2016 New xMoney^Bonc|s3;and include the construction of Runway 9C-27C and enabling projects, including airline,facilityNrelocation; a centralized deicing pad; and a cross-field taxiway system and relocation of Taxiwa'yV^A~^c^X\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 ReceiptsTfrpm^a^FAA^Leiter of Intent (LOI) Grant, both used on a pay-as-you-go basis, are anticipated to fund tbeyp^orti^ns ofthe-2016 Projects not funded with the 2016 New Money Bonds. Airline Party approval has been received^for the 2016 Projects.

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Additional information on the Airport and projects-included invits-vcapital program is provided in Chapter 2 of this Report.

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The demand for air transportation is, to aMiegree, dependent upon the demographic and economic characteristics of an airport's\^r^rad^\area. This relationship is particularly true for origin and destination (O&D) passenger traff^tv^hich^a^s^^torically accounted for approximately 50 percent of demand at the Airport (with connecting^p^ssengers-'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 reg^rdirTg^rvice in support of connecting activity.

The Airjp6rt/s\. Air^rade^y\rea has a large, diverse economic base that supports business and leisure travel. Projected ecot nomic~Variables indicate that the Air Trade Area will remain a destination that attracts both business andlto^ist visitors, positively affecting the demand for future inbound airline travel. Projected Air Trade Area ^e^onomic 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.

Demographic and EconomfcxAnalyjsis^

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NOVEMBER 18, 2016

Table S-2: 'Projected Economic VaHa W

CAGR[1]' 2015-2025
9,713,451.
0.6%
! Air Trade Area. Population
l' . "' , ' : : •
0 9%
United States Population,

321,5-15,081

:5,897,355.>. 184,227,823
10,273,007
:i.2%
■.AirTrade Area Total Employment,
352,566,429

6.628,674
United States Total Employment
$502.83
Air Trade Area Total Personal Income ($ billion) '
jAir Trade A
United States Total Personal Income ($ billion)
|. Air Trade Area Per Capita Personal Income
United States Per Capita Personal Income
■Air Trade'Area:Gross Regional Product ($ billion)
United States Gross Domestic Rroduct-,($ billion).
Air Trade-Area Per Capita Gross Regional Product
United States Per Capita Gross Domestic Product ::

212,927,611 <y" \\ ' 1-5% $±9,257.532.5"/

.NOTES. : ■ ; ..,„ 1/ Dollar amounts are in 2015 dollars 2/ CAGR = Compound Annual Growth Rate

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SOURCE: Woods 8i Poole Economics, Inc, 20J6 Complete Ecopbmk• ahd DemqgrophicJ}ato Source (CEDDS), May 2016 PREPARED BY Partners for Economic Solutions, August,2(fl6. J J |y

Air Traffic

Chicago's location arofe.the^eavily .traveled east/west air routes an'd its 'large population' base make it a natural location'for air1ine«^ubbihg operations. United [1] and Americari [3]-;ltwo':df :the:world's largest-airlines in ' terms of reve^fl^ operate major'connecting hub facilities [v]a't'the Airport."The City is [J]also served by ChiGagolvHcJway International Airport, ai:maj6r airport for-Southwest [1] Airlines. 'Together the'-two airpor^s^r^^e^^om^ementary, three-hub airport system for the area's O&D passenger base.

The Alport consistently fanks^among thff busiest airports: iri the 'world*-"According/to [l]preliminary-*data:'from Airport CounGiklhferriational, in 2015 the Airport was 4th busiest in terms of passenger volume (second in the lUnited States^behindiHartsfield Atlanta International [1] Airport), the 2nd^busiest'in terms :of aircraft movements, •and the>17tlT busiest in terms of cargo tonnage (6th in the United States) Based oh U.S. DOT survey data', the

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" was ranked 4th in the nation in terms of domestic O&D passengers for the year 2015- following the New York,[5] Los Angeles,[5] 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^prei.gn 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'AirlioesHetBlue, Spirit Airlines, and Virgin America. Low-cost airlines have been a significant source o.f^neW-seat'-capacity at the Airport. Low-cost airlines increased scheduled seat capacity by 21.1 percent in 20"l4 ancTr}y*65/4[v]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 anf^lNrate^ot^OT^p^ercent. However, more recent growth resulted in a 17.4 percent increase in O&D traffie/in 2Q)}5. Between 2006 and 2015, the airlines' domestic O&D revenue at the Airport grew at a compo^r^annual growth rate (CAGR) of 2.3 percent, reflecting strong revenue growth by the airlines serving the Airport.
passengers, aircral

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 futiJT^fbrecasts of local and national socioeconomic factors; and
- Anticipated use of the^irp'orT>^y American, United, low-cost airlines, and other airlines.

/ i V\ - .,

Passenger activity is fojjecasted to grow at a CAGR of 0.8 percent from the base year of 2015 through the end of the ProjectiofTReripd in 2u2\>
Additional-info^mation^rj air traffic is provided in Chapter 4 of this Report.

Includes Chicago O'Hare International and Chicago Midway International Airports.

Includes John F. Kennedy International, Newark Liberty International, and La Guardia Airports

Includes Los Angeles International, John Wayne Airport-Orange County, LA/Ontario International, Burbank Bob Hope, and Long Beach Airports.

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's'assumed to continue [1] throughout the Projection Period." However; the ra'te-settirig- methodology coaiajbe' 'differeQK|f6lldwing the expiration of the current Airport Use Agreement in 2018. Even with a differerit'smethodolbgy, the City's obligations'to bond holders set forth in the Senior Lien Indenture, includinglithe obligation to set rates and charges sufficient to meet the Rate Covenants, remain. Based on the finahciaNalialysis^in^Chapter'S of this Report, R&A is of the opinion that the Net Revenues Available for^erM^r^en^Coverage generated by the Airport in each year of the Projection Period are expected to be sufficient to cor^ply^wtth the Additional Bonds Tests and the Rate Covenants established in the Senior Lien IndeVi'tu'rvei, ' "

*The GARB debt service included in the financial^analysis reflectscdebt service on outstanding GARBs, the 2016 New Money Bonds, and future,GARBs necessary fcir^unding^tbe OMP Airfield Projects and 2016-2020 CIP capital projects described in Chapter 2. Future RF.C|Revenue:B6nds, 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. ^^^s^C^ //^*

In combination, the 2016 New Money/Bonds and_futureVGARBs assumed in the financial analysis reflect the following capital[1] project funding assumptions/

- approximately $1.3 billion for remaining OMP Airfield Projects, including $978.3 million for Runway ~~ 9C-27C~funded with^fKocee;ds^froTTi-th"e"201"6"Wew-Money-Bonds and-$36±4million-for-the extension of Runway 9R-27L funded withifutu're GARB proceeds, .'-■'■- ■ . . -

j:| |v. J)

- a.pprqximately^$289.5 million"for additional .airfield improvements, including $113.3 million for the centralize^^icing^pajd and $176.2 million for cross-field taxiway system and relocation of Taxiways A and B.^Both fijncled with proceeds from the 2016 New Money Bonds, and
- ^p7)roxim^ately^^73.3 million for the 2016-2020 CIP projects funded with future GARB proceeds.

Results of thejfinancial 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 slightlvjto $534.6 million in 2025.

The airline cost per enplanement (CPE) at the Airport is estimated to be/appr^ximately^i^^g in 2016 and is projected to increase to $25.46 in 2025 (which equates to/appropriately $19.51 in 2016 dollars). ^^N-//"""""

The projected Airport user fees are evaluated in this analysis to be reasona&e^basecj^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-useNees in^thi's analysis are 'deemed to be reasonable based on the following combination of factors^:^/'^~N'A|

. large population and strong economic base,"^" . attractive

geographical location
. important hub for United and Amefjiean>an

/J /■■).

- increases in debt are associated^A/rth^ that allow for growth.

Table S-3 presents the De^tjjgryjce coverage-ratio projected for Seniorlien Bonds from 2016 through 2025. As contained in the Senior Lien Indenture:

The City covenants that itlwill fix and establish, and revise from time to time whenever 3 I \ \ v..J/y' necessary^he^rcntal'sr-rates and other charges for the use and operation of the Airport and^^rvice^r^qdered by the City in the operation of it in order that Revenues in each Fiscal Ye^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^Yea^not then required to be deposited in an Fund or Account, will be at least sufficient... to provide for... One and ten-hundredths times (l.lOx) Aggregate Senior Lien pjeJpt/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, 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 Bcfn&s through the maturity of those bonds.

The City has pledged as Other Available Moneys certain Grant Receipts from PAAletter ofintent grants and other FAA discretionary grants to the debt service on the Series 2011B^ᵛnds^n^GrbiTJon to Airport Revenues. It is assumed in this analysis that certain Grant Receipts from FAAjtetter of Intent grants will be pledged to pay debt service on the 2016E New Money Bonds through the_Pj;oje^tion Period/ As shown, the Debt Service coverage ratio is projected to meet the minimum requirer^e^t%f!^10x in^ach'!!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 2016-2^20 ClJP^duri^the Projection Period. The aforementioned assumptions on projected costs, along with the^ore«st passenger activity, provide the basis for R&A's opinion that costs at the Airport remain reasqnable^thraughlrte^Projection Period.

Additional information on the financial^nalysis^is'-provicfed in Chapter 5 of this Report.

The 20316 Bonds

1.1 The 2016 Bonds

The 2016 Bonds will be issued pursuant to an ordinance adopted bythe 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 SeptemKer^l^Ol^tf^e-Senior Lien Master Indenture) between the City of Chicago (the City) and U.S. Bank National Asspciatioh;[J]Chicago, Illinois, as supplemented by the Supplemental Indentures from the City to^he'\TrjJStee. The Senior Lien Master Indenture, as supplemented by the Supplemental Indentures, apd>as it may^be amended and supplemented from time to time in accordance with its terms, is herein referred to as-tPfe 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/o^Eh'e Senior Lien Indenture. The 2016 Bonds are comprised of the 2016 Refunding Bonds and the 2016 New Morj^Bpndsr-^C[7]

1.1.1 2016 REFUNDING BONDS \\

The City will use the proceedsjrorntlie^sale of the 2016 Refunding Bonds, together with other available funds, to: ^

refund certain^/utstonding~Airport Obligations to generate debt service savings.

(ii) fund tHe^reiated reserv^requirements of the 2016 Refundirig Bonds, and

(iii) pay c^fsts and>e$cpenses incidental thereto and to the issuance of the 2016 Refunding Bonds.

It is exp^{&jj\ th^annrjal debt service savings of between $2.1 million and $7.5 million will result from the issuance of thje 201.6 Refunding Bonds and the refunding of certain Airport Obligations. The expected savings from the 20iL6_,Befunding 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 Ind,entureKpledged to the payment thereof under the Senior Lien Indenture and certain other moneys hejtkby or orr^behalf of the Trustee. In addition to Revenues, the Series 2016E New Money Bonds are alsopayableifrom and secured by a pledge of Net Grant Receipts, consisting of moneys received by the City frorTT^eiEiA^^ursuant to Grant Letters of Intent through maturity. ■ ^^^^

The Series 2016F New Money Bonds are anticipated to be issued^to fund Dortioris of the. 2016 Projects, defined herein, and are payable.from Revenues (as defined^-the^Se^r^ and Pledged Other Available Moneys (as defined in the Senior Lien Indenture)'pledged to4hej£>ayment thereof under the Senior Lien Indenture and certain other moneys held by or on^behalf oMhe Trustee., in addition to Revenues, the Series 2016F New Money Bonds are also payable from and^cured by a pledge of Passenger Facility Charge (PFC) Revenues through maturity. ,yy yp> NN^

.The Series 2016G. New Money Bonds. ar^^ntic^p^te^1:o^b^^sued .to fund portions of the 2016 Projects,

.defined herein, and are, payable^.from^Re in . the Senior Lien, Indenture), p^edged^to the payment thereof under the Senior Liens^ej)tij"fe^ar}d certain other, moneys held by or on behalf of the Trustee.

financial analysis in Chapte subject to change. iᵛ-

[aJ}le_lLil_p_r_esmt3_th^^ of the 2016 New Money
$772,995,000.. .. $163,38.0,000. .. .$153,460,000.,
RarvAmount of 2016 Bonds
-^-faj-i ^rr
I NetOriginaliksue/Rr'e.miurn' total Uses

inanciaranalysis in Chapte"r\5\of^his^eport. These preliminary numbers are for illusl

17,050.358
842:811;
31,218,130
6,858,600 •
,..$67,755,000 ., $1,157,590,000
55T969T8591
$804,213,'130 ■ $180,430,'358 $160,318,600 ፡ ' $68,597,811 ■ . '$1,213;559,899
$58,304,875 $1,012,800,000
9,394,500 • ■■ 2,950,469
^7.760.513
31,773,758
"l39,u79"087
6,926,067
416,400.;
6.985.216 i

: -4,748,629,
.896,087; ;;924,100; ;|-

Deposit to 2016 Projects Construction Fund $664,495,125 $140,000,000 $150,000,000
!. ReserveF und Deposits ' ."■. .r .'• • -34,590,114
Capitalized Interest Deposit 100,379,262
tCost,of;issuance1/'. .• ■
$804,213,130 $180,430,358 $160,318,600

NOTE

1/ Includes Underwriters' Discount and other costs of issuance'

SOURCE Frasca & Associates, November 2016 ' PREPARED BY
Ricondo & Associates. Inc.. November 2016

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Table 1-2 presents a summary of the tax status and security of each series of the 2016 Bonds.

Tafaje 12: Summary of the 2016 Bonds '

New Money
-;-^'<r-"
Tax-exempt, Non-AMT^N

SERIES 2016A SERIES 2016B SERIES 2016C SERIES 2016D SERIES 2016E SERIES 2016F
Tax-exempt, AMT

Tax-exempt, Non-AMT
Tax-exempt, Non-AMT
Tax-exempt; Non-AMT

. Use .Refunding-' Refunding' Refunding New Money . New Money
Status
Revenues

, Revenues, PFC . Revenue. ... ' through 2018

.-. Revenues,' Revenues. "\^ . Revenues
Grant Receipts-'*?. ,PFGjRevenues ...'-.'.'■
through maturity '" " ' i - '^'^^t>'

Tax-exempt; Non-AMT
r*: r. : T--;-■-- -- ".7-*--T ~; -

I Security'.- " Revenues Revenues'
SOURCE: Chicago Department of Aviation, Katten Muchin Rosenman. LLP, November 2016 PREPARED BY: Ricondo & Associates, Inc., November 2016

1.2

SV.ZI

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^rieeiyed or^r^e^va'ble, directly or indirectly, by the City for the use and operation of O'Hare (excluding th^Lanc^/SjJr^ort^Area)), on a parity basis with the City's Outstanding Senior Lien Bonds and such other Senior^ien'OBIigations 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 definedvh the OfficiaKStatement.

Under the Senior UenrIndentuf^,\the Gity has covenanted to establish rentals, rates, and charges for the use and operation of the Airport so thatlRevenues, 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 a^cweYiants contained in the Senior Lien Indenture.
service coverag

The C^ty'is^a party^Qjhe 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 AgreementsjoiT^M'ay 11, 2018, the Senior Lien Indenture provides that, beginning on the first Business Day of June 2018, o^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 thedepoSits required to be made pursuant to all resolutions, ordinances, indentures, and trust agreements^rsuant to which all Outstanding Senior Lien Obligations or other Outstanding Airport Obligations^re' issued and secured, and (B) one and ten hundredths times the Aggregate Debt Service for'th'e>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 interestlbi^Seni^

The City further covenants in the Senior Lien Indenture to fix and'eiteibl^^ 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 ordej^that^Rev^nuesJn/feach Fiscal Year, together with Other Available Moneys consisting solely of: (a) any PFC/revenues) depositediwithjthe .Trustee for that Fiscal Year; and (b) any other moneys received by the Cityjn the^irrirnecliately prior Fiscal Year and deposited with the Trustee no later than the last day of the Immediately priorsFiscal Year, will be at least sufficient:

»'(i) r,-tb provide for the payment of Operation arjd^binr^^a^ce:€xpenses for the Fiscal Year; and .. ••..->

K '" " (ii) to provide for' the payment' of^g^e^jte beb^Sjervice for"'the Bond"Yearoommehcihg during that Fiscal Year, reduced by' any pmc^ for disbursement 'during the Bond Year to pay the^pr^

-Flow-ef-Funds

Airport Revenues and ^expense^s (are"^ccounted for as a. separate.venterprise fund., of the City, subject to the . provisions of the Senior^Lien irtd^urvand, prior to the Transition Date, the Airport Use Agreements. , The .Flow o.f.FjLinds, identified .irv-^he. Senipr. Lien indenture, both before and,.after the Transition D,ate, is illustrated graphically on'p^hib^t 1-1. Additional information regarding the Flow of Funds, including the flow of PFC Revenues, is ctescribeciajnder "Flow of Funds" in the Official Statements for the 2016 Bondsand in the Senior Lien Indenture.

Additional Bonds^ ^/p>. ... ,... ,0 ,

. . Additional. Senior Lien-Bonds, except in the.case of Refunding Bonds and Completion-Bonds (both as-defined i 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.

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Exhibit 1-1: Flow of. Funds before and after the Transition Date :;

AFTER TRANSITION DATE *

Revenue Fund

Operation & Maintenance Fund (monthly) "

M\ - . & m .
11

■ ;\. \x ..-x/ ......

7-^t

■ operation & Maintenance Reserve Fund

-
sV -r '

Mainteriance' Reserve Fund '
Junior Lien Obligation. Debt Service Fund

Airport General Fund " *

NOTES:

+ Transition DateTrieans 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

i + i 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 hen 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 8i Associates, Inc, September 2016.

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j CITY OK CHICAGO
I CHICAGO O'HARE INTERNATIONAL AIRPORT

2. The Airport Facilities, Capital

Program, and 2016^Rrojects

j • /

The Airport is the primary commercial-service airport serving Chicago and^tli^^urrojJndjng region. This chapter presents a summary of existing Airport facilities and describes-the^ongo'ihg capital program at the Airport, including the 2016 Projects. //' ~"\^Nv\\,

ii

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<malities^air cargo* areas, maintenance/airport support areas, and surface access/parking areas. These facilities ap^c^scrirje^i.n 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 ProgranrflQMP) includes^reconfiguration of the airfield from intersecting runways to a predominantly east-west paralleUariway layout. To date, three of the four runways included in the OMP have been completed and one ofS^he^two planned runway extensions;has been.completed., A discussion of the OMP is provided in Section 2^j>--A^hetwork of taxiways, aprons/and aircraft holding areas supports the runways. All runways'bave^lectroriic and other navigational aids that.permit.aircraft to land in most weather conditions. Tj/j^Air^irt's firsl^rgnway to meet Airplane Design Group (ADG); VI standards, for the Airbus A380 and the BoeinW47-B^pened 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, wi^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.

A gate is an active aircraft parking position that is accessed through the terminal building, either via a passenger loading bridge or other means, customarily used for enplaning and deplaning passengers. The number of gates is subject to change based on the configuration of aircraft parking.

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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 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 ;pf'.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. ; ;' v;>

3 RENTAL CAR FACILITIES /y o,V-.- / '

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

'v | ' ^

rental car operators include Advantage Rent A CafvEZ'Rent-A-Car, Payless Car Rental, and Silvercar. As part of the Airport's capital program, the City is contracting 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. Se^tlprt/i^.^provides additional information on the Multimodal Facility.

4 AIR CARGO AREAS-v-./ '\>

/i

The Airport is a major center,for,'aif cargo shipments; it ranked second in the United States in 2014 in terms of

j. \vv

the value of shipments.'\In thesarea surrounding the airfield, 16 buildings are used for air cargo operations. A new 820,000-square-fbbtvCargo "center is being developed by Aeroterm, a third-party developer, in the northeast cargq:;area. TheNfirst two phases of the Northeast Cargo Facility are under construction and

i-y" "X %, \.;>

scheduled to ibe open in 2016.

^ \;\ x;\ .

2.1.5 fr Main ten an ce/ai r po rt 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 maintenanceV'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

A hardstand is a paved area for parking airplanes that is remote from the terminal building. Hardsta'nds can be used for repairs and overnight parking, as well as for enplaning and deplaning passengers.

Chicago Department of Aviation, http.//www.flychicago.com/business/EN/media/news/stories/pages/NewsDetail.aspx?ItemID <http://http.//www.flychicago.com/business/EN/media/news/stories/pages/NewsDetail.aspx?ItemID> = 1064

itemID <http://http://www.flychicago.com/business/EN/media/news/stories/pages/NewsDetail.aspx?itemID> = 1004
(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 (1-190) from'the east side of the Airport. This roadway may be accessed from 1-90 or Mannheim Road, which borders the Airport to the east. Other roadways that surround Airport property include' 1-294 to the east,'West Higgins Road and Touhy Avenue to the north, York Road to the west, and Irving Park'Road to the south. Thl&^gjj^O'Hare Western Access[1] (EOWA) Project, 'a major Illinois Tollway capital project currently uhderwa^i'nGludes an^v exterisioh'of the Elgin-O'Har'e Expressway and' the creation of a Western Bypass along the wesVslde^of O'Hare tiiat connects I-90'and 1-294. Cohstructiorvof the EOWA Project began in '2013 and is ex^cte^^'i^^eom'pleted in 2025. Once complete, EOWA will provide new access to the west side of O'Hjje.vja Yorkcj^oad and the south side of O'Hare via Taft Avenue. The'p'assenger terminal complex is also access'ibTe^ia^pubnctransit, with the Chicago

/■ J ,\ \ V^s'

Transit Authority O'Hare Blue Line station located in the lower level ofiTerminaly\

The ATS includes approximately' 2.7 miles of dedicated^^^ provides' passengers with -transportation, free of charge, iamong the.four -terminals ancLtheJong-term parking lots: The^ATSJs also-being - extended to the Multimodal facility, expected ito,be,ppened>ih;2pl9;, . j

, .'iParking.is providedHmvarious-Jocations the - domestic terminals accommodates.a majpr^p^ior^ofNthje^rport's.public parking demand. -Valet;parking is ": located.wjthin;jthe:garage; ffhe garagerjs^suppje^ :> 2,800 spaces .and. additional .surface parkij^^ term surface parking capacity consists of^approximately 10,700 spaces. Employee parking consists of approximately 20,600 spaces^Tfre main employee surface parking IdfiT^re^withinftfielNorth* Maintenance Hangar Area. and, pubjic.su.rfaee/f>Sr%tg Jots are-located-within therterminal^rea and in the Airp.o.rt suppor I area along MannheimjRoad.>^'GeJI phqne lot northeast of the Airport is available for people.waiting to pick . up arriving passengers'jjt^ on the terminal roadways. There.-is no-.charge to users of the cell_phone^v lot, butjparking in the lot is .limited to 60 minutes.

2.2 /Av5&^yv)^)f Capital P ro g ra m

rf t ^

The City.has been undertaking major capita) planning initiatives.at the Airport, including airfield and facility .. dev.elopmenVwhile also, maintaining a,.5-year Capital. Improvement!Program^(ClB).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 witlvthe construction of a cargo facility in the northeast area of the Airport; the expansion of tH^Afrport Maintenance Complex; additions and modifications to terminal facilities, including an expansion oftfie International Terminal FIS facility; safety and security projects, including an inline ba|g%a^e\ystemlrVConcourse L and checked baggage inspection station optimization in Terminal l^"d npjse^^cjation. Additional information on the major 2016-2020 CIP projects is provided in Secj^ori'22:2.
- Other Recently Announced Capital Projects include an expafislc^o.f Term|hal 5 and Concourse L in Terminal 3. Additional long-term terminal development and redevelopment options (Terminal Area Plan) are being evaluated in coordination with airlinexrepresentatives. A redevelopment of the " existing hotel and the construction of two new/holels^n Airpolit^property are also planned. The feasibility of a future express rail third-party^projectcophecting the Airport to the central business district is currently being studied. Additiopa'Pinformation on. the recently announced capital'projects is provided in Section 2.2.3. <^^/^

Exhibit 2=2 depicts the future airport lay^Qlf^oJ!ow)^g cgn^^tion b.f.the remaining OMP:Airfield Projects. Also included in this .exhibit are additiof^^pi^^rpjei^^it the Airpbrt"that are currently under construction, design, or consideration. . . .

Table 2-1'presents the estimated, costs anci^ources of funds fbr-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: XTh^e/other^recently announced capital projects; are still in preliminary conceptual planning, and discussior^phases'^d.ue^to the uncertainty of timing and project costs these projects are not included in Table 2-1.

2.2.1

Under^JJe^MI^ is being reconfigured into a modern parallel runway system, allowing for more efficient operationsr-Brior. 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 layo^i^.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."

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 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.

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Table 2-1: Estimated Sources and Uses of Funds for Remaining OMP Airfield Projects and 2016 :2020 CIP

(Dollars in Thousands)

FUNDING SOURCES

LHcmi'in.!r!9QMP.?nd 'WditionaJ^AjrfieldJmproyements.
OMP Phase 2A
T FAA LOI Grant Receipts - PAYGO ~l-

FAA AIP Grants
pFAA F&E Grant.
Previously Issued PFC-Backed GARBs_
Previously Issued FAA LOI Grant Receipts-Backed GARBs Previously Issued GARBs
Total Estimated Funding Sources - Phase 2A

: $235,000. ;■' OMP Phase 2A (Ihcluding:Runway:lOR-28L', North Airfield Enabling Projects. Taxiway LL Phase 2) "

'77

A7

_19,000 "-" 33,089"
365,000

-77

45.qpp_

7CZ

376,600
,$1.073,689, . . Total Uses of Funds - Phase 2A
TSA Funds | Future GARBs '.:
Previously Issued GARBs
126,917 Planning, Implementation, and Other Costs
45,483
140,000
272,000
K Previou'slylissued'^CReveriu^'or^s Previously Issued Senior Lien GFC Revenue Bonds ·'rW:pay^s"you-go^^"T'. '■- -
50,000,

O

TIFIA Loan ff~
$1,778,493 Total Uses of Funds: 2016-2020 QP
$1,778,493
Other Airport Funds:
Total Estimated Funding Sources: 2016-2020 CIP

NOTES:

1/ Runwa"y 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

//.,

21 Includes the (ilert beast Cargo Facility 3/ Includes the

21 includes the (jlort.neast 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 Si 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 compieted and commissioned in October 2015. The remaining OMP Phase 2A projects areianticipated 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^OMR^

In February 2016, the Airline Parties approved Majority-In-Interest (Mil) funding^ufhoiiity-for amjpfrastructure plan and airfield development program that continues the runway modernization, mis.prbgram includes the construction of Runway 9C-27C, an OMP Airfield Project, along-with additionjhairfield ihiprovements which include a deicing pad to al|ow aircraft to be deiced away from the gafe^and^^ross^eld taxiway system and relocation of Taxiways A and B, all expected to be .funded with thef2016 NewvMoney Bonds. The additional airfield improvements are not part bf'the remaining OMP Airfield Projects. Runway 9C-27C will increase the arrival and departure capacity of the airfield -and is.-anticipated'tb^-co4ripjeted-in.2020.. The remaining OMP Airfield Projects include an extension to an existing runw^^which/is planned to be completed in 2021, but a funding agreementwith the airlines has not yet been<completed>T

2.2,1.1, : Sources and Uses of Funds for the Rer^^^g^M^^rfield Projects

^OMP-Phase 1 was completed and:fully fuh'^ 1 was approximately $3.2 billion.

a A .$1.1. billion funding agreement was^gfeed L/pbn of

the second phase, OM^'Phas^ and'antTcTpated ^ A

$1.3 billion infrastructure plan that includes^nother OMP runway was agreed upon in a funding ..agreement among United, American, andj^he'City in'Ja'raa)y'2016 and" Mil funding~authority for the plan was 'approved -by-the -Airline Parties in-Februa^"; 2"Chi6." T^

improvements, will be .fuhdeds^^art^With' proceeds'from the 2016 NewfMoney-Bonds. Additional'sources of funding include PFC Revenues (payjas^you-go) and - FAA Airport Improvement .Program (AIP) grant receipts. For purposes o£.the financi'al^a'nalysis-included in'Chapter 5 of this repprt, additidhal future GARBs; 'described in Section 5.5 oTthis^f^eport, have been included for funding approximately $361.4 million of the remaining QMP_runway extension\project. ■ ";Ky->...' ... huai,-. *«>

As sh^/r^^^T^^ 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

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 Vl-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^pperations," which were addressed by the FAA in 2014 nationwide with the implementation of new rulesj^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^asTaResult of th^'converging runway operations" rule.

Annual aircraft operations at O'Hare reached a high in 2004 of nearly^..millj.on\c^aJ^annual operations. Since the peak in 2004, annual operations have remained relatively stea'dy.^a^eraging 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/riourly demand is partially due to the rebanking of flight schedules by both major airJji^^at^OjHare^Sllbwing them to concentrate and reduce connection times during peak travel periods. The-i^crease-'in throughput gained from implementation of the OMP has provided the airfield capacity necessary to handle this flight schedule rebanking.
the Airport and historical operations

// /•> v>

Exhibit 2-3 shows the general decrease in syste^nij^layed fjjgnts at following the implementation of OMP Airfiejd^rp^ are periods of restricted operations at the Airport due to the High Density Rule[6] ano>FAA flight caps

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. ,

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.

CHICAGO O'HARE INTERNATIONAL AIRPORT

Exhibit 273:* O'Hare Operations and FAA Reported ^

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30,000
300,000
20;ooo -
200:000
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100,000
0 -
ItS... 2014 2015'
2000 ' 20C1 2002 2003" ,2014 200S '2006 2007 23031 . 100)^-" 2010' \t011 <file:///t011> ' 12012

SOURCE. Federal Aviation Administration Operations Network, August 2016./%

ex.

PREPARED BY. Ricondo & Associates, Inc, August 2016

2.2.2 2016-2020 CAPITAL IMPROVEi^ErSj^PR'O^AM^ .

The 2016-2020 CIP includes developn^nr^roje|tS.at^Ti^^irʳpoh"that

cv

generally'address the Airport's ongoing capital needs, in addition to other capit^prc^e^tX^s'uc-fT"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 rehabilitatiofr'of*airfield pavement; upgrades to the heating and refrigeration plant and

_(;■ ; z^""*"^

additional heating and refrigeration projects in "the terminals; construction of the Multimodal Facility; terminal" area projects, includingˢr.cx>f replacement in Terminal 1 and upgrades to Concourses E and F in Terminal 2, as well as an upgrade to f^eVemergehcy-standby power system; and safety and security projects.

Airfield Improvements

Airfield^^vement prrojects comprise approximately $366.9 million, or 20.6 percent of the total 2016-2020 CIP. Major airfieldsimp'rovements in the 2016-2020 CIP include: comprehensive maintenance of Runway 4R-22L and nurfierous.apron ramps, which consist of the removal and replacement of the apron pavement and

f.

drainage improvements at the passenger terminal and concourses; rehabilitation of Taxiway T; and Airport Maintenances-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

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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

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. y^*

Parking and Roadway v ^'xX

Parkway and roadway projects comprise approximately $689.8 million, or 38.8 oejceht^of the to,ta| 2016-2020 CIP; approximately $638.5 million of the $689.8 million is the remaining costs'^f the^MijJtimodal Facility. The Multimodal Facility is a six-story, 4.5 million square foot structure that will rVoj^se/^GRG^.ap'd public parking. The project includes an extension to the Airport's ATS and additional^AJS^vehides that will provide direct access between the facility and the Airport terminals. It will also provide connections© Metra commuter rail's North Central Service line. Multimodal Facility construction began(in Augustj-2015 and is scheduled to be complete in March 2019. Other major parkway and road^a^projeGtsjn^the 2016-2020 CIP include the extension of the taxi lot and painting of the ATS structuresf^t^ions)and"bridqes.

Heating and Refrigeration Systems /Y \\

Heating and refrigeration systems projects comp'rise^approximately $223.7 million, or 12.6 percent of the total 2016-2020 CIP. Major heating and reJrig^atio>i^ystejTipmprovements in the 2016-2020 .CIP include: replacement of the south cooling towe^;/feplar^ement^bf/five chillers; replacement of six high-temperature water generators; structural restoratioh/^odificatierrgf^the utility ring tunnel; and heating, ventilation, and air conditioning system upgrades in multipleHerminals.

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 secu^v^irrmrc^eQTejits in the 2016-2020 CIP include: Terminals baggage screening machine replacement; International Terminal optimization; inline baggage system in Concourse L (Terminal 3); and, in conjunction Witn^transportaticir^ Security Administration (TSA), upgrades to the inline baggage systems for Terminal 1. \\ \^

fry

Planning qnd Implementation

Planning anci'jm'prementation 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[S] 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, andJ/O'ther 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^rernainder of'the. 2016-2020 CIP is being funded by FAA AIP Discretionary and Entitlement-Grants, TSA>F^hds'pr^vjously issued GARBs, and future GARBs. Vn..>^-'"-^

2.2.3 OTHER RECENTLY ANNOUNCED CAPITAL PROJECTS

The City is undertaking capital projects intended to provide Ajrporf\facilities with' the ability to accommodate

long-term demand into the 21st Century-'-'Recently anno this demand are described in the following sections.

2.2.3.1 Concourse L Extension

In February 2016, the City announced ah'expar^si^r^prpject-of> existing Concourse L in Terminal 3. Five new

: -gates-will be-added to Concourse L to ^ future demand. !The hew'Concourse-L-gates 'comprise:the!firs't expansion[1] of 'gate capacity smW^ the first domestic gate expansion siriceTef^ expected to be completed in 2018 and is being funded directly by AmericahTAirlihes.::Nb other airline'approval is required for this project.

2.2.3.2 Hotel Development

In June 2016, the Cit)^nnouncecl^th"ree■ hotel development projects to-add capacity at .the Airport. The projects includelhe cc^nstructicin of two newrhotels and the modernizationiofrthe existing, terminal hotel. CDA intends to. deyelop^ahnew hotel[1]: adjacent to the International "Terminal, accessible.ito theiATS, with 300^100 rooms, 25,000^65,000square feet of conference space, banquet rooms, and other amenities. A second 150-200 roo^^otel^^pected to be developed by a third party as part of a new mixed-use commercial development]adjace~nr1io the Multimodal Facility and adjacent to a 200,000 square foot office, complex. Both
^ if
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.

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 ah additional $3.4 million of project costs agreed'to pursuant to a letter agreement between the City and the rehtal'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.

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 sclieduling of aircraft, as smaller gate sizes are not compatible with capacity demand. The Terminal 5 Expansionjncreases 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^uare Teet of gross floor area; the addition of 9 aircraft parking positions and installation of associated passe^g^rflpading^bridges; and the extension of sterile corridors feeding the FIS facility. The project also inj^udes^the' expansion of the existing terminal apron by approximately 1.5 million square feet, increasing^tot^lJinear^feet of gate frontage by approximately 25 percent.

The Terminal 5 Expansion also includes the reconfiguraticir^of^ concourse of Terminal 5. Gates Ml through M6 will be modified to accommodate eigjrt/narrowbody aircraft. Existing passenger loading bridges will be modified, and new passenger^loading^b'ridges will be added to provide access to the terminal for the reconfigured gates. Existing T^eyninaj^S fa^cniities will also be modified to accommodate additional activity anticipated from the terminal^^pansjoTi^and the modification of existing gates. Modifications to systems include the exp^nsion^of^e^ecunjty screening checkpoint; the modification of the baggage system, ticket counter lobby^a^ilities^^nd FISqfi^pection areas; and other projects. Also included in the project is the Airport's second Airbus$_x$A38^brcap_3ble gate, with holdroom space specifically designed for the aircraft. x <

It is anticipated that the Terrninal-5-.Expansion will be completed in 2019 at a cost of $266.8 million. The project will be funded with PFC^evehLte (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 inte'ffnation regarding future PFC Revenue Bonds is provided in Section 5.4.1 of this Report.-

4 Terminal AreaNRIan

In addition Vto near-term gate expansion projects, long-term terminal development, and redevelopment options are jbemcpevaluated 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 modemizing^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 severai changes that have buiit 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 JAP could,provide increased capacitj^pf'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;b.e>used;to fund the 2016 Projects, which consist of the construction of Runway 9C-27C and enabling projects inciuding^airline facility relocation; the centralized deicing pad; and the cross-field taxiway system andVelocation of Taxiways A and B, which are described in this section: v v"v^v^'^-^>-

The 2016 Projects total approximately $1.3 billion,^of^vwhichN apRroximately ;$1.0 billion will be funded with proceeds from the; 2016 New Money Bonds.,; RFG^Revei^es^r^Grant •Receipts, from an FAA LOI Grant, both ,used.on a.payras-you-go.basis,,are anticipatedA^fund^th^, remaining portion:(approximately $255, million) of ipbtained ,;ajl.. required-, approvals,: from-the- Chicago-Gary -..received, for the. 2016. Projects., The ,Gjt>^h ■Authority for the-2.016 Projects,.., the^Ol^Proje.cts cost that is not funded with*the<2016. New^Money Bonds. .Airline. Party approval has' been ^so»N,s

Table 2-2 presents the estima^ed^uses of the^Oie New Money Bonds construction fund deposit on the 2016 Projects. The 2016 >New.^ Money Jtopds,construction fund deposit is being, used to fund $488.3. million in construction...of,,-Runway-^.G^.&^i^enabling, projects,;.,-$235,0 million; in.?airline facility relocation, $113.3 'a," '\,M;f ■\.:)' ' !,"": ."'

(DoNars^iiri^usanus)

\\ );\2016 PROJECTS

•million inxentralized c|e|c|ng ,pa^3nd^I76.2.mj.lljo/i<-in;cross-fi.eldr taxiway.system,-and=relocat jpn of Taxiways A and B.

Runway 9C-27C-and Enabling Projects':*,-
ynway.9C-27C AirlineiFaciJity;Relocation
\j?Cehtralized Deicing Pad
Cross-Field Taxiway System and Relocation of Taxiways A and B
Total Estimated 2016 .New Money Bonds Construction Fund Deposit

SOURCE. City of Chicago, Department of Aviation, November 2016
PREPARED BY Ricondo & Associates, Inc, November 2016.

3. Demographic and Economic^nalysis

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 an airport's air trade area. This dependence is particularly significant for O&D passenger traffic^w^icj^nathistorically accounted for approximately half of the passenger traffic at the Airport. ^he^jr^jc^r\^ortion of demand for air transportation at the Airport, therefore, is influenced more by the^lpcal characteristfe 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 J^f^nt^^ir^T^de/Area has an economic base capable of supporting increased airline traffic demand through the Proje'ction^eriod (ending FY 2025)

of an airport's air trade area^afe inffj^ence<-hby/-such factors as th eir associated airport facilm^.^por^u^p^ses of this Report, th<

consists of the Chicago-Napemlle-ElgirrNMetropolitan Statistical Area (MSA)[2] and the Kankakee MSA. presented on Exhibit 3-1, th^Air^Trade Ar^a^tjcompasses 15 counties in three states: Cook County, DeKalb County, DuPage County, G^rundy-r County, Kane County, Kankakee County, Kendall County, Lake County, McHenry County, and Will C'ourjity in Illinois; Jasper County, Lake County, Newton County, and Porter County in Indiana; and Kenosh^Gountyvi^Wisconsin.

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.

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.

WINNEBAGO
BOONE

Chicago Rockford International Airport
I J Chicago-NaperVjillg^Elgin MSA
*LU Kankakee MSA \/^*

Counties Outside of Chicago Region

22 O'Hare International Airport j Q Existing Airports Within MSA j H Existing Airports Outside MSA

^1

" Gary Chicago In te mat i on a I -A i rport

SOURCE S TIG' K/Linc ShapcMcs, Accessed Online November 2014. USGS Shapefiles. Accessed Online August 2016 PREPARED BY Ricondo &'Associates, Inc . August 2016

Air Trade Area

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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.

" > '5.' . Exhibit '3-2: Ten Largest Metropolitan Reunions in theMJnited'States:(20i5)P' • • .
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;k vwy ....,. ..

CSA = Combined Stalistical Area,/ . \\ ,
SOURCES: Woods 8(^6o7e,Economics, \nC^2016 Complete Economic and Demographic Data Source (CEDDS), May 2016; ESRI Basemap Database, 2016 PREPARED BY: Ricondo & A*ssoriates, Inc., August 2016

.NX V

Population growth is'a key factor creating demand for airline travel. Data in Table 3-1 show that the Air

l ' a.

Trade Area added^approximately 329,000 to its population between 2005 and 2015, or approximately 32,900 per year.

ThiZ/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.

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Table 3-1 Historical and Projected Populatib;n\:X19.?5^2p25) :

HISTORICAL

AREA

Air Trade Area

j, Chicago-Naperville-Elgin MSA [11] Kankakee MSA :/

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10,273,007

.'10.156,621 :'j

,116,386

"|-Midwest*

295;516,599 321,545,081

2015-2025

2005^2015'

'If/

•'".ii'

ir.M:

m Midwest KjJnited States

NOTES..

!/■ ■ 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 (Bj^jjdjiSni^j^ (IL), Jasper County (IN),

, . " Lake County (IN), Newtpn^County (IN), Porter Counu/XIN), and Kenosha CpuQ^'fWI). 21 Kankakee MSA is defined as Kankakee County (IL) •

3/'" Midwest is defined as Illinois, Indiana, Michigan, Ohio,\nd.Wisconsin.

SOURCE: Woods'& Poole Economics; Trie,'2016Xomp/e(e£cr^ Source (CEDDS), May 2016.

1:1

PREPARED BY: .Partners for Economic Soldtions/fti.
/August 2016.'.

3.2.2

AGE DISTRIBUTION ANT^E^UCATION

Demand for airline travel varies by age group, and this is a factor influencing O&D passenger activity at the Airport. Acccif^ing^^Cdnsumer Expenditure Survey data from the U.S. Department of Labor, Bureau Of.Labor Statistics, ir^th^UnitedvStates, persons between the ages of 35 and 54 account for 42 percent of expenditures on airfares?

Table j3-2 sio\ySythat 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 - representedon the Air Trade.Area at a higher rate than the population in both the Midwest (25.9 percent) and

the United States (26.9 percent)/

the United States (26.0 percent)/

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.

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L.

table 3-2: Age Distribution and Educational Attainment (2015)

AIR TRADE AREA

AGE DISTRIBUTION Total Population By Age Group
26.2%

6.8% 14.3%
13.4%

; 35 to 44 Years .

45 to 54 Years j 55 to 64 Years ;
Associate's Degree
21.6%

19 and Under ' 20 to 24 Years 25 to 34 Years

Bachelor's Degree.
-: ■■ ■•' ■•- ^rrf- Vy- ■
Total
Master's Degree or Doctorate V % j J 14.0%
-. - &iii:r---*$^v£-

321,545,081

'/ 25.6°/
7,1%
8.2% ~18.6%~
11.4%
100.0%

SOURCES. Woods &.PooleJconomics, IncV2016 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

AccorfJihg 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.[11] 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).

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.

PER CAPITA PERSONAL INCOME

Another key indicator of a region's demand for airline travel is per capita personal income.^ Per capita personal income indicates the relative affluence of a region's residents, as well as their abiNty to afford airline travel. It can also be an indicator bf an area's attractiveness to business and Ieisure4ravelers. Regions with higher perxapita 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'/a^o^0^,\pe^r<capita personal income in the Air Trade Area was higher than that of the Midwest and the United States. xPer capita personal income for the Air Trade Area increased at a CAGR of 0.7 percent between-20/J5,\nd 2015/|which is lower than the rate in both the Midwest (0.9 percent) and the United States (1.0per"C^rrtV:dunng^b"e^aYn'e period.

Exhibit 3-3 also shows that projected per capita personal incbm^ in the Air Tradei Area-is expected to increase at a CAGR of 1.5 percent, from $51,7.66 in 2015^o>$60,30^>in 2925.[6] The projected growth rate for per capita er than that of the Midwest- (1.6 percent) and

personal income in the Air Trade Area (1.5 percent] equal to that of the United States betweep^Oi^^an

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.

Amounts are in 2015 dollars.

Exhibit 3r3: Per Capita Persona

$50,00.0 $47,500. i $45,000 $42,500 .i $46,QO0, $37;500

$3S,000:

2005 2006 :20O7 -70$$ 2pfj9^>;2010.!^Qi 1 , 7Qi?\ 201$ 9014 '201/5 -AirTrade"Area Aj^^i^ -
0.7.%,'"
0.9% ..
1.0%

ANNUAL PER CAPITA PERSONAL INCOME GROWTjrl\^ N^AIR TIRADE AREA MIDWEST UNITED STATES
1.5%
1.6%
1.5%

| 2005-2015 .. .,.- . v- <-.'-.,:•

2015-2025 (Projected)
v

NOTE

1/ Amounts are in 2015 dollars.
i^lere

SOURCE Woods & Poole Economics, Inc\, '20i6'Compte?e Economic and Demographic Data Source (CEDDS), May 2016.

PREPARED BY Partners for EconSmic Solutions, AugustVoi6.

LvV - V V

3.2.4 HOUSEHQbD INCOME DISTRIBUTION AND MEDIAN HOUSEHOLD INCOME .

H \\

Exhibit 3-4 shows the^distribution of households among the income categories for the Air Trade Area, the Midwestrand theHjnitecT States in 2015. The 15-county Air Trade Area's estimated 2015 median household incomers significantly higher than that of both the Midwest arid the United States. The Air Trade Area's median household ncome 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).

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lExhibijtjr^:^ Inc6me:Distn^

'^jidwest 16.7%

. Air Trade Area 7.0% ISSar. Midwest 3 8% ■-■■***'■ United States 5.1%

Air Tr ade Area 23 .G% United States 18 0%

!• Air Trade Area 12.6%
E»' Midwest 12.5%
United States 12.5%

\ \XirTradcArea 21./% \ ˃i Midwest 24.9%

ir Trade Area 17.3% 1 Midwest 18.3% United States 17.6%
aBBBBBaaa|-Uriited States 23.7%

- ifiS Midwest 23.8% ^United States 23.1%

30.0%

NOTE

1/ -Amounts-are in -2015 dollars - - --

SOURCE- ESRI (Market Profiles;f6r MSAs, states, andUS.);.August!2016 PREPARED BY Partners for Economic Solutions, August 2016:

3.2.4.1'•-•AHdusehblds with^Ineom ᵛ ■..

The percentage of highemfrcome hous^N^c^^ earning $100,000 or more annually) within the Air Trade' Area is another key indicatx^r^f/p^enlial 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 j'housejiolds with annual incomes of $100,000 or more.[7] With approximately 1,021,000 households earnirig^lOOTOOO^or more in 2015,..the Air Trade Area, is among the wealthiest markets in the United States. '

3.3 Ecq^i^|c An^sis

PER.CAPITA-GROSS DOMESTIC/REGIONAL PRODUCT

Per capita gross^domestic :product.'(GDP; iU.'S.-leve| data) -and; per capita gross regional-product (GRP; state-and county-'leye'l data) are measures of the marketyalue.-of all finaLgoods 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.

Who's Buying for Travel, 11th ed. Ithaca, NY: New Strategist Publications, 2015.

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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 loyver in regards to the Midwest (1.5 percent) but slightly higher relative to the United States (1.3 percent) ove^the^same period.

Exhibit 3^5: CPer laimta G

$65,000

$60,000

$55,000

$50,0.00

$45,000
$40,000,
$35,000
•TAir Trade AreaO -Midwest
2005 2006 2007 2008: 2009 2010 2011 2012 2013 2014 2015
■ United States
UNITED STATES
MIDWEST
ANNUAL PER CAPITA GDP/GRP GROWTHj\
2005-2015:

2015-2025^7oje£ted)
NOTE.

1/ Amoi/nts'are m 2015\ipllars

SOURCE Woods & Poole Economics, Inc., 2016 Complete Economic and Demographic Data Source (CEDDS), May 2016. PREPARELVBY. Pa'rtners for.Economic Solutions, August 2016
-.£J />

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).

Amounts are in 2015 dollars.

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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

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] . . f7|^*

2013 ;2Q14

M

,2015 • •■August: '2016

^ AfnTradeAre

NOTE"!

1/ August 2016 data are not seasonally adjyst^d: In August 20lis|^he'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 ofyEmploymentsSccurity, Labor Market Information; U.S. Department of Labor, Bureau of Labor Statistics, September 2016 ^ N^Uwft.

^PREPARED BY: Partnere.for,Eojr^ji^^uttohs^^^rJQ16_w_, ^_

3.3.3 .... BUSItffexLJMATE

The 15-courA^ir Tracre^.Area is the largest inland region in the United States with a global reach; if it were measLWd~as a courvtpy^rt would be the 30th largest economy in the world.[11] Since adopting a regional Plan for Economic^Grovyth and Jobs in 20l4, Worid Business Chicago.(WBQ.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,vimprove workforce training; foster innovation and entrepreneurship;

Monthly unemployment data published for the Air Trade Area 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. 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.[11] 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^C-tiiGago areaJs^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[1]*.

3.3.4 TRADE BY AIR //' N

I. NV

The Air Trade Area's outstanding access to overseas markets givess businesses in the region the ability to operate internationally. Many of the Air Trade Area's jpaje^^rjiplc^^ on offshore plants and suppliers for manufacturing and assembly, as well as for^w materials. Tfiis expanding international business activity generates demand for international airline travel an^air/freight services. In 2015, total trade activity (total imports and exports) between the Chicagc^Customs Disttict[15] and the rest of the world was valued at $180.0 billion. In 2015, more than $141 billion^rf^radej^rougn^the Chicago Customs District was conveyed by air. This represents approximately 79 percent ofsall'trade^h?ough the Chicago Customs District and more than 64 percent of the Midwest's value p^citaijtrade b^aj^see Table 3-3). The Air Trade Area's high rate of trade by air reflects the prevalence oftheJu^inftinTe^ management of high-value goods (especially in the electronics and industrial compor^i^sc^ectors)Tas weli'as an expanding global network of suppliers and manufacturers.

'CUSTOMS DISTRICT	"VA"LUE^/TOTAL fRAb^^				
Chicago	\$180.3	^	$141.8	., . . 78.8%	26.6%
pvlidwest'^ %	'%V- '$499i7	• '^•	$219.9"";"	'' ■] .	' "44.0% ■" ■ :~^";;]
United States, \\ V\	$3,746.0	$995.6			

; Total Imports and Exports I I y|

21 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

World Business Chicago, Plan for Economic Growth &Jobs, www.worldbusinesschicago.com/plan <http://www.worldbusinesschicago.com/plan> (accessed August 2016) World Business Chicago, 2015 Annual Report, www.worldbusinesschicago <http://www.worldbusinesschicago> com/annual-report (accessed August 2016). IBM institute for Business Value, Global Location Trends, 2016 Annual Report.

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.

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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.

^.

vjTable^^ , Largert^

. NUMBER OF FULL-TIME LOCAL EMPLOYEES
42,887
Government
^G^er'nme^nit^ vGciverfirrient ' •■

| U.SI Government
37,406
30,276
21,795
Government!
TL
-Health Carl
. 18,308

Chicago Public Schools [■City of Chicago Cook County

-^.Higher Education • HealthiCare'
{]^dvocate-Health Care y -
Northwestern Memorial Healthcare
Government

State of Illinois _ ' [TuPMorgan Chase & Co' - ' " United Continental Holdings[1] (#80)

Fjnancial Services Airline
:pyyalgree'ns Bo'ots'Alliance:(#19)
Health Care:

■ .Health Care Service Gorp;; :{"Presence Health.,C;v-;,ly-
: Health Care:
Pharmaceuticals

Abbott Laboratories, (ff 138) [Northwestern U niversity

jewel-Osc'6'" '

Higher Education •'■ Retail
Government

University of.Chicago ...

Higher Education.. ..Airline.

' 'Health Cafe' ".'
Chicago Transit Authority
Universityof.Illinois at Chicaqo^^gr^ , .9,212 ,
':• 8;000
Telecommunications

L" AiTierican -Airlines Gr6up' Irjc^"^^l^^ivi;:8;9p0 f. Rush University Medical (-^^7^/f "^J^
•7,800

.Insurance: ..Retail ••.,.
AT&T Inc..
\! 7,700.
^\^Allstate Cor'ps(#81) '-'■'■'.
,4k , -w* - ""
""7,409
Wal-Mart Stofe'sjSnc.
■-7,335.
' Payroll Services
•'.'. Insurance

NOTES: ^ ^ _
1/ Employers witWthe/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'Rankmg.
V .... SOURCES. Cram'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.

The list in Table 3-4 includes employers in Gook.-DuPage, Kane, Lake, McHenryyand Will counties. These six counties made up more than 90 percent of total employment in the Air Trade Area-in 2015. ■ - ■ ■

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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).

3.3.6

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^rade Area include Walgreens Boots Alliance (ranked 19th among the Fortune 500), Boeing (ranked 24th), Arche>vDaniels' Midland (ranked 41st), United Continental Holdings (ranked 80th), Allstate (ranked Slsfl/aTid -'MondelezsJnternational (ranked 94th). Of the 15 new U.S. companies to join the-Fortuhe 500 in 20l6^re^are.he_adquartered in the Air Trade Area: Univar (ranked 315th), Baxalta (ranked 420th), and Arthur J. GaTlagher~"(rahked 471st). A full listing of Fortune 500 companies headquartered in the Air Trade-Area^is-p^r^ided^n Exhibit 3-7." In 2016, the Air Trade Area's 34 Fortune 500 headquarters represent'94 percent of the 3(6, Fortune 500 headquarters in Illinois and 36 percent of the 95 Fortune 500 headquarters in thejvlidwest. 18

MAJOR INDUSTRY SECTORS

Data for nonagricultural employment by major industry seetqrjs presented on Exhibit 3-8, which indicates the sources of jobs in the 15-county Air Trade^^ea's^ecohor^;. This exhibit compares employment by industry in the Air Trade Area to data for the Miclwesjt/cind theJJhited States in 2015.

The Air Trade Area had greater percerftageso| employment in services, .finance/insurance/real estate, and transportation/utilities compared with tf^ej^dwest-and the United States in 2015. Wholesale/retail trade, government, and construction jobs in the »^\Trade Area accounted for lower shares of employment in 2015 compared with the Midwest^ahd4he United States. The percentage of manufacturing jobs in the Air Trade Area was lower compared with th'aikpf. the Midwest and higher compared with that of the United States in 2015. - \\&

Data in Exhibit^3^8N indicate^at the Air Trade Area has a diversified employment base that is expected provide the region%vjth a stablMoundation to withstand periodic downturns in the business cycle.

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.

The Midwest is defined as the states of Illinois, Indiana, Michigan, Ohio, and Wisconsin. r

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city or- Chicago

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Deerfield Area:

-Baxter International

s "\ ■

-Discover Financial Services

-Mondelez liiternational
-Essendapt y L- _ rWalgreens Boots Alliance

LAKE Abbott Laboratories ■' ' ■ . ..COUNTY-,.- ; ® AboVie
-. . Tenneco_ - . \Lake Forest CDWCorp^tS^^o^ - ,
W.W. Grainger ® ® Highjand Park:
- rt . . - . X ' BaxaltV '-
Harrington .
Nbrthbrook"
Pa,atine 'A,,st^^
^ Motorola ® .
•® «• i - Illinois Tool Works.
Solutions ,L
DesPaines , . A V,;,-.:.' ■■
■ ; . -■ . Evan&ton"
"' ':4m, '
Sears Holdings . , - . ;v ®«,®. | . - . .-• . # - - .- X. "■■
©

. Elc ih . Schaumburg

Michigan
• .. -®~-~Y±r\® U.S. Foods Hidings
. ArthUrJ^aUaghe^
•DU PAc3 p:'*^ 9^^1^ -
CO.U N t.V.fi? ;J/, ^^.Aijp.P%^|^l^y ".
*■ Wheatori * . McDbhal .... -,./-<% Univaria • ™ ••• • 1 - ® 'Dover Navistar International ym/:*

Aurpi a • Naperville
".- - j. -jga^rkj^' OnaM's^ Ifc JSI
jF^it^iCiic Chicago:
-Archer, Daniels Midland
--3KvvCOOK k ' .-'..W ,5\ -Boeing,
-Exelon
,. -..,;..:r^u.NTY,.; >'-:.
-LKQ Corporation
-Old Republic
-R.R. Donnelley & Sons
-Telephone & Data Systems
-United Continental Holdings

LEGEND

0 Corporate Headquarters Location (j-) O'Hare International Airport I I County Boundary
-Jones Lang LaSalle
PO

EXHIBIT 3-7

SOURCI S "201 f. r-ortune 500." Fortune. June 15, 2015. U S Census 2013 TIGER/Line Shapefiles. Accessed Online November 2014
*https //*v;w census gov/cm-bin/geo/shapofiles20±3/iTiair.. City of Chicago, Geographic Information Systems, City Data. Accessed Online November 2014*
http//www cityofchicago o'rg/city/en/depts/doit/provdrs/gis html - • ■».•':'■■';'■ . . '• '■(| ■ ■ * '*
PRf.PARED BY Ricondo & Associates. Inr . Aijqu',t 201fi r- , f-s\r\ s- i i 1 ■ . I

in the Air Trade Area
Fortune 500 Companies Headquartered

NORTH 0 10 mi

'A ipToiecSs-CHICAoU'CRD^L:- FnarrjsLWXD'.Chir.^o.Atea.l-OiKSIS ir

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Exhibit 3-8: Jobs by Major Industry'Secto'rs (2015)x/

Whoteale/Retail Trade

S

rinance/Insurance/Reol Estate

TI 11.4%

'V

12.1s

Manufacturing

Transportation/Utilities

0.0% 5.0% 10.0% 15.0% 20.0% 25.0%-^ ,30.0%V\35.0% /t0.0% 45.0% 50.0% 55.0%

I Air Trade Area ■ Midwest ■ United States

AIR TRADE MVEA/y ^ ^MIDWEST

084,227;823

212,927,611

1.-2%

nent^clu

NOTES.

1/ Nonagricultural employment only Construction employment*|ncludes mining and forestry industries

2/ CAGR = Compound Annual Growth ^le-

SOURCE: Woods 8i Poole Economics Incti !?01S'€c>n^re Economic and Demographic Data Source (CEDDS), May 2016

PREPARED BY: Partners for Economic Solut!or(sf August.2016

(X V V ';)

^REA TOURISM

AIR TRADE.AREA

Approximately\52 million people traveled to the Air Trade Area in 2015,[19] representing a 3.6 percent increase over the^is^tor<lev^in2pi4 (50.2 million). Chicago is one of only three U.S. cities that receive more than 50 lliorifvisitors annually?[20] Between 2010 and 2015, the number of visitors to the Air Trade Area increased by

mi

Choose Chicago New Releases, "Mayor Emanuel Announces Record Tourism in June," <http://www.choosechicago.com/>articles/view/mayor-emanuel-announces-record-tounsm-in-june-/1710 (accessed August 2016).

The two others were Orlando (66 million) and New York (58 million). Choose Chicago 2015 Annual Report, February 2016, httpy/www.choosechicago.com/media <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- <http://www.nytimes.com/2016/03/09/nyregion/record->number-of-tounsts-visited-new-york-city-in-2015-and-more-are-expected-this-year.html?_r=0 (accessed August 2016).

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more than 31 percent/[1] 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), arid comedy venues. Other visitor attractions include two zoos (Lincoln Park and Brookfi.eld), 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 baseba.ll teams. The region's wide array of cultural; choices and entertajnjhent 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, Conde Nasi Traveler, ,Lorie'ly^Planet, and other
v V-', "*-"

publications, regularly name Chicago a-top travel destination. Chicago.-and^its^SMrrounding region have also been cited as a top location for commerce, sporting events, and culturaT^ra^ions%.y 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, y^/. ^

3.3.7.1 Convention Facilities, Tourism Marketing^nd^ecfai Events

Cthicag0.ranks'second inj:he Uni^ hosted.[2]" Containing 2.6
million'squarefeet of exhibit space, ;McCor^^^ Area's primary-meeting and exhibition
venue. With four separate buildings eon^cieB^y co'nc^r^es and sky bridges, McCormick Place is designed to" be flexible in accommodating a range^bf eveq.ts/'ancnf^ean host two conventions simultaneously.

Chicagois-lakefront wasorhosen as the first freshwater venue for the America's Cup catamaran race in 2016. Other/hTghJights inejjjde^the selection of Chicago to.host-the, N.FL- Draft in 2015 and 2016 (New. York had been

Support for tourism and conventions is\a\priority for the business community, civic organizations, and government officials in the Ajp-Trade Area. In<2015, Choose-Chicago launched its Corporate Leadership Circle in order to engage_supp_o_rtjfrom.7;ihe region's business community for tourism and convention initiatives. Inaugural corporate partners\^hjat supfport Choose Chicago's initiatives, include United Continental Holdings, Boeing, and PepsiCo. llr^a^ditior^CJjpose Chicago's strategic marketing partners include American Airlines, American Express, Bank" ofAmerica, BestCities Global Alliance, and Experient. Choose Chicago also launched the "Chicago Epic^rjational anqNnternational advertising campaign in 2015.

-lakefront was^cl T/.nighli'ghts

inejyjie'tf

the previous host^since 1965). After 25 years in New York, the James Beard Foundation Awards moved its

21 22

Choose Chicago 2015 Annual Report, February 2016, <http://www.choosechicago.corn/media> (accessed August 2016).

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 <http://www.choosechicago.com/includes/content/docs/media/04-26-16-Tourism-Record-RELEASE.pdf> (accessed August 2016).

Jeffrey M. Caneen,."Cultural Determinants of Tourist Intention to Return," Consumer Psychology of Tourism, Hospitality and Leisure.... Oxfordshire, UK: CABI Publishing, 2004.

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)

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venue to Chicago in 2015; Chicago hosted this internationally renowned culinary event again in 2016 and a return date is scheduled in 2017.

Overseas Visitors
VV

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 3r5: Top Destination.Cities for Overseas Visitorsj(201'5).j?

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RANK DESTINATION CITY

1 ^ New York City

2 Miami

17~™Flagstaff, AZ

jSl^JlSr^aKeys 19'^;A^aheim .; 20 Tarhpa

OVERS EAS:VISITORS,;\

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{ •(5,509,000 \

;672,000

637,000

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,610,000

591,000

NOTE

1/ Excluding visitorsVrom Carada^>and Mexico.

SOURCE^O.S'Departm^rikof Commerce, International Trade Administration, Office of Tourism Industries, July 2016.

PREPAREDLY: Partners for-Economic Solutions, August 2016.

V\ I

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." Between January and August 2016, U.S. employment growth averaged 182,000 jobs per month.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.'[7]

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 23 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] , ./V

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^DP.^Gr^vyth expectations for these variables in the 15-county"Air,Trade-Area are generally equivalent ^OytRose^'of^tihe^Onjted States and indicate the ongoing capacity of the Air Trade Area to continue to generate-(demand fqr\air travel services during the projection period. -,f-V.

|- Air Trade Area .Per Capita Personaj Incptrie:v::

United States Per Capita Personal jfrjcome ■r^Aif-tfade.-Area-Gfoss^egionatfK^^^5^?):

United States Gross Domestic'Prodifcm biliionft

. ..., ^^^r_.,.,..Vlj(p)|g:--.T-,

. 'Air Trade Area Per Capita Gross ReqionaLPrdduct

United States Per Capita Grbsspqrnestic'ffroduct

NOTES:

71 CAGR = Compound Annu, SOURCEyWoods»«\Poolel

1/ Dollar amounts are in 2015 tiollars.

V \ \\

1]a| Qri^vth Rate

PREPARED BY Partners ^Economic Solutions, August 2016.

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U.S. Department of Commerce, Bureau of Labor Statistics, 2015 Employment Situation, www.bls.gov/schedule/ <http://www.bls.gov/schedule/> archives/empsit_nr.htm (accessed August 2016).

U.S Department of Commerce, Bureau of Labor Statistics, 2016 Employment Situation, January-August 2016, www.bls.gov/schedule/ <http://www.bls.gov/schedule/>archives/empsit_nr.htm (accessed September 2016).

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 <http://federalreserve.gov/monetary>policy/beigebook/beigebook201607.htm?summary (accessed August 2016)

National Association for Business Economics, NABE Outlook, September 2016.

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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 ($51,7,66) 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 exceeelsjevels 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 appr;oximately^6.6N 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 xy^^^y^-QOKi^^Kn Trade Area has a large and diverse economy that is capable of supporting increased^airNne^tpffic demand through the Projection Period (ending FY 2025). A> ʌ y

4. Air Traffic

This section describes the airlines serving the Airport, historical airport activity, factors affecting aviation demand, and forecast airport activity. II.///'·-~?

4.1 National and Global Perspective of th[e t Airport

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Based on U.S. DOT survey data, the Chicago market[1] was'ranked Yourth-in-tne nation in terms of domestic O&D passengers in calendar year 2015 - following the ^S^Hoxj^, Vos Angeles[3], and San Francisco" markets. With its proximity to the center of the United Statesj/fs facilities to accommodate domestic and international passengers, and its status as the largest mid-continentinternational airport and the largest major "dual hub" airport in the United States (measured by enplaged;£p·assepcj,ers)[s], the Airport is a key component of the national air transportation system.

Table 4-1 presents the Airport's worl^wide^rtlarvgijof 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 arrsjncrease from the approximately 70.0 million passengers, or approximately 191,800 avewge^daHy^passengers, in 2014. The Airport ranked, second worldwide in total aircraft operations, with 875^6j^keoTfs and landings; fourth worldwide and second in the United States in total passengers; arid se^ntee^ritrbw^iclwide and sixth in the United States in total cargo. The Airport has historically ranked at or nearJhe top of the world's busiest airports in terms of passenger and operational activity. Througlfthe^first eignt^nonths of 2016, enplaned passenger volumes have increased 2.5 percent from f i \\ the same period in 2015v

/^NX^K))

Chicago's location<jHong the heavily traveled east/west air routes and its large population base make it a naturai-hocation for airline hub operations. American Airlines (American) and United Airlines (United), the world's larges^arra 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.

Includes Chicago O'Hare International and Chicago Midway International Airports.

Includes John F. Kennedy International, Newark Liberty International, and LaGuardia Airports.

Includes Los Angeles International, John Wayne Airport-Orange County, Ontario International, Bob Hope, and Long Beach Airports. Includes San Francisco International, Metropolitan Oakland International, and Norman Y. Mineta San Jose International Airports Based on 2015 U S. DOT T-100 data.

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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 anytime since at least 2006. The Airport has had the benefit of a large and stable airline base,/wfiich 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 toMj^dbmestje markets and 42 international markets[6]; American and its regional affiliates provided non'sI'Op^service^to 111 domestic markets and 19 international markets from the Airport. / /

In addition to United, American and their regional affiliate^/Othe^majoMJn^ted States airlines at the Airport include Alaska Airlines (Alaska), Delta Air Lines (Delta),/ancf four)lovv^cost carriers (LCCs): Frontier Airlines (Frontier), JetBlue Airways (JetBlue), Spirit Airlines (Spirit), afi'dJApgln America. Together, these airlines provide nonstop service to a total of 41 domestic markets arlcJ two international markets.

V - ^>

The foreign flag airlines that have served the APrpbtJ^t'any tirne since at least 2006 are listed in Table 4-4. Nineteen.of the 37 foreign-flag airlines currier^ise^ir^^e^'irport in 2016 have operated at the Airport each year since at least 2006. In addition, tl^eJhurri^^c^ieW^arriers has steadily grown. Twelve new foreign flag carriers have begun service to the AirporJ^rnce'^OIS (Air Berlin, Austrian. Airlines, Hainan Airlines, Qatar Airways, Sky Regional and Volaris in 2013;>Ay.ianca and Emirates in 2014; Finnair in 2015; and China Eastern Airlines, EVA Air[7], and Icelandairsn 2016). AsSshown in Exhibit 4-1, the Airport has the fourth most foreign flag carriers operating in the(^nited^a|es (after John F. Kennedy International, Los Angeles International, and Miami International Airports)\Exhibit^-2 presents the market shares, as measured by 2015 total enplaned passengers at the Airport. In^-20.1'5, United and American, and their regional affiliates represented approximately 80-p^rcent of^he enplaned passengers at the Airport based on CDA data.

Includes seasonal service.

EVA Air is scheduled to begin service at the Airport in November 2016.

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r • . ' '•;•..•„ **Exhibit 4-1: Large Hub Airport Foreign Fla^ Carrter.Count**

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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.

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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 enplane^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 yea^^ith^domestiij^planements increasing by 11.2.percent arid international enplanements increasing by ^2c3^^rcenV -Through July 2016, passenger enplanements have increased 2.7 percent from the record volumes p^ej>-the--same period, in 2015. Further detail regarding recent passenger enplanement growth is providedi^r^ghout'this chapter proyidedj·i··ghout this chapter.

4.3.i.i Domestic Enplaned Passengers and Operations u /)

- Exhibit-4-3 depicts trends in-domestic enplanements andp^ratiqns ovec:a :l'2Tyear period. Included in the exhibit are major events thatimpacted'domestic en'planeme^nts ajm*lope rations during the. period.

-Despite the imposition of flight-'caps^restrictingjopef^tic^s Begjiqning iri'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^with^' the^tlhited States and - Canada[8] due to continued congestion. Though this mandatory^e^strictiorr ;limited^pperations at the Airport, domestic- enplanements decreased slightly in 2007, but fell signj^ic^tlyjiil2008 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...}Iri;2008;^jjrjjpes,further>)^^tjcecl .capacity thrpugh ..consolidation arid aircraft retirements ·irrresponse to lower demaqcl^an'd-recprci high oil prices. Airlines held capacity'relatively^lat as-the economy, , began to improve, keeping (-6^.trc)Lc>^^osts and generating higher revenues through increased fares and new fees, while emphasiziog^^rvi^ markets. Domestic enplanements grew in 2010 and then remained relatively copstar^from 2011 to 2013 as United worked .through merger integration issues and American' filed^err^bankrupte^protection in. 2011. Since; 2008, .United;"system-wide enplanements have decreased 8.1^rcerfr^hile<at the Airport United enplaneriients have."decreased*·3;l percent. Over this same timeframeT^ have grbwn: 3.3--ᵛpercent;while -decreasing 0.9 percent at the Airport^ BotmUnir^JaFia..American::have grown at O'Hare-iri recent years,increasing enplaned passengers 6.4 and 6/8 pe/c|e'n^^spectively; '.since 2013. Exhibit 4-4 presents.the system-wide enplaned passenger trends for United an^mericari (including-their respective merger-partners 'arid affiliates) since'2008.

Mandatory flight restrictions became effective October 29, 2006. They expired October 31, 2008 in conjunction with the opening bf Runway 9L-27R.

;.; :£.'X ':. ' - ; i • ;; '.⁼ ^' V-' ^ $^J ᵃ'ᵉ'ᵉ 4-5:.·,Historicai Enplaned Passengers '

INTERNATIONAL

ENPLANED PASSENGERS
ANNUAL GROWTH
ENPLANED PASSENGERS
ANNUAL GROWTH
ENPLANED PASSENGERS
ANNUAL GROWTH

2006

2007

2008 2009'

2010

'2011 ■

2012

: 2013 2014

2015;.

32,116,629

32,109,607

28,378,531 26,851,150

28,087,634

28,293,579

28,275,113

28,182,287

29,546,907

: 32,863:551

5,647,815 1.9% 37,764^4/*

5,653.455 " 0.1% 37.763.062;

5,632,655 (0.4%) 34?011,18d^Ss^

5.184,005 '. (8.0%) ,.-^'32i035,155

5,131,768
4,901,129

vn%-

4,956,088

(1.0%)/ <^ J3:219,4Q2_ 3.791 (4.5%) :'v;:;'i3,194^708^

5,102,501
3.0%

0.2% 5 0%

^33:231,201
5,392,787:

33,'284,788
9:9°/

V\57% JJ 34,939,694

517/938: ^|. ■ 2=3%' >' : 38,381,489

COMPOUND ANNUAL GROWTH RATE

2006- 2011

2011 - 2015

2006 - 2015

_(2.5%)_ 3.7%

0.2%

NOTE-

1/ Excludes general aviation, military, helicopter, and miscellaneous passengers included in the City of Chicago's Airport Activity Statistics
sticTEnplanements and Operations ^j??* "'MH^^^r • J'JBtA^S . •
AA/US

SOURCE. City of Chicago, Department of Aviation Managemenh^ecprds, August 2016. PREPARED BY. Ricondo & Associates, inc^u^ust 2016.
AA Bankruptcy

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2005
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2006;
2014
2013
2015

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2007 2008 2009 '2010s 2011 2012 t^p<m^aifAitipn^i -^DomesticO^atiorij.

SOURCE. City of Chicago, Department of Aviation Management Records, August 2016, Ricondo 8i Associates, Inc. based on the analysis and assumptions described in the Report, August 2016. PREPARED BY Ricondo & Associates, Inc, August 2016

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2008 2009 2010 2011

Low-cost carrier growth at the Airport^has-accel^rated^sjrtce 2013. In 2014/- Spirit-increased seat capacity at the Airport by 17.2 percent from the prlcXy^er^arid*ir£26l5 increased scheduled seat capacity by another 39.6 percent. The airline has increased sched^d seat capacity by another 4.1 percent in 2016, serving 20 destinations by the end of 20f6Tv'In the thirdsguarter of 2014, Frontier commenced domestic service at the

(:f

-AiFport-(pr-ior-te-20-14 Frontier-operated-international-eharter-seFviee-at-Q^
serve 24 destinations.^Frontierjhas. increased.scheduled domestic seat,capacity by 3.4 percent in 2016. In
?.\>\AA

addition taFrphtier-a^ ,2007 and 2011, respectively/ Comjb|ned, 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 foundHrVSectiori 4-5.2.

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In 201^ domestiG;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 capacitySgrowth is due, in part] tij,,'l|^e^"aWd'^m"e'ricah's"scKe8ale*restrueturi'rig- referred to as rebanking. Byj 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 flightsiarid 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&1less.. are being replaced , by larger regional jets. United's scheduled domestic seat capacity at trie 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: Iriternatipnal Enplahement and Operations

al travel,

>\ryas the second largest, foreign flag carrier at the Airport) combined to further depress international'activity in^010 and 2011. International enplanements declined to their lowest point of the last 10 years-iri^20Il^ activity began to increase again in 2012 and experienced further growth in

- -taL' '

International enplanements and operations^the Airport remained relatively flat through 2007. Operations began to. decline in 2008 asy-airlines reacted^to the worsening economic environment by reducing seat capacity. The recession contin'ued^to^gatively impact international activity in 2009, and was further impacted by the H1N1 swine fluNoutbreaVthat reduced demand to Asia, Mexico, and South America.

Lagging demand_fr^internat|Qr^al travel, United's merger integration issues, and the bankruptcy of Mexicana

(which at thef|ime>Wc~

2013 and 2C1J4 as ^"result of service provided by new foreign flag carriers and the expansion of international service by United and American.

W

In 2015 newvinternational 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:vTop 20 -United States Airports by International Enplaned Passenger Voiu'mesr '201;5

Table 4-6 presents total .enplaned. passengers^y^riihe at^tpe Airport from 2011 through 2015. The total enplanement share of United and its regto'f^^ffilia'te^as^eclined^since 2011 '(frpm.473;'b*ercent to 44.2 percent). This is the result of a combination/^f-rairior^capacity reductions by United and growth by other airlines at the Airport, which is consist^r^v^liTiairoiTwide trends. American and its regional affiliates have

■ - also experienced -a reduced share of-enplan^d^passengers over the same period (from 37:7'percent to 35.8 -• percent);" despite growth-iri'thje^tOtal number ofrenplahed'passengers, as -a^result'of growth by 'other'airlines at

"TrilieTA"irpor¥T'Ex1fib1fr^

4.3.2

at the Airport in 2010 a'ndi20l^(' ' ■ - ■■ -

AIR SERVICE

"Table"4 7-preYeW^ ahd'cohheeting enplanement shares;■ af'-tHe'-Airport: The[1] share of O&D

" passenj^rs^^^ percent in 2010; "In 2015? O&D -passengers

domestic ■sea|'capa'city introduced 'by- Uriited.-TVmericah, .and the low^cost carriers- Further Supporting O&D growth was were able to.

'comprise^%2. 3^p;errWt> of total Airport enplanements. O&D passenger growth" was facilitated by new

a- dedline in fares enabled by a decline in oil prices. Through higher passenger ^volumes; airlines jjrjerease passenger revenues despite the lower fare environment.

Exhibit 4-8 shows' historical O&D passer^gers''ahd fares at the Airport' and'the average annual oil prices. Between 2009 'arid 2014; O&D passenger volumes grew at a "CAGR of 1.7 percent, whilei 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 thrpugh higher fares. As, a result of declining oil prices in 2015, Q&D passengers grew 17.4 percent while fares fell by. .117 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.

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Exhibit 4-8:: Average Domestic O&D Passengers and Fares at O'Hare" arid Average Annual Price' of -.Oil

2006 2007 ; 2008 2009;,

FWO81D Passengers"

2014 ■ 2015 i->, Avg. Price of Oil (peNbbl.);

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 TransportatioruDBlb Survey: U:S\Department of Energy; July 2016. . 5-
PREPARED BY: Ricondo 8i Associates, Inc/Jury2016.

An important characteristic of aj>pp^t>activity is the distfibutioriyof. the Airport's' O&D markets, which is a function of air travel demarjd and available services and facilities. Table 4-8 presents data on the Airport's top 50 domes^c^Q&D market|vjn 2015, the latest full year of data available, as: measured by the number of passengers. IGiven The Airport's central location in the United States, the domestic O&D markets are predominate|y^ediurn^|iaui markets (between 601 and 1,800 miles). The Airbort's,,;top 50^'domestic O&D marketsnad, an ave^rage'length of haul (i.e., actual passenger trip distance flown) of 1,019 miles, compared to an average lengtlvpf haul of l,141 miles nationwide?: | ^

Also shown ^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 ithe 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.

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Table 4-8;wT6p 50 Domestic O&D Passenger Markets - 2015

TOTAL O&D PASSENGERS"

WEEKLY NONSTOP DEPARTURES "

NUMBER OF AIRLINES "

-..-...'New York CityVl.
Los Angeles"
San Francisco

Washington. DC. Dallas9"
Atlanta
Denver
Orlando
Las Vegas

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LH

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1.134.567
342,037
_9.53.053_ 942,762"

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251
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160
.184,.
91

AA, DL..NK, UA.B6 AA. F9, NK UA, VX
!-AA.!?..!>!•<. UA. VX; ... _|

AA, F9. NK. UA AA'*n£ UA
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;. aa/b. NK, UA
AA?-ra;.NK. UA ■ AA, FftNK^UA
' AA..F9. UA ". ... ,
AA F9, UA \J> AA, .DL'.F9~ NJC.JJA~.JZ3 AA..NK, UA _
AA. F9, UA
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1 to 600 miles; (MH) Medium Haul = 601 to 1,800 miles, (LH) Long Haul = over 1,800 miles

(SH) Short Haul,-
Passengers travelling in both directions

2/
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-Un'ited, 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 8i Associates, Inc, August 2016

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4.3.3 AIRCRAFT OPERATIONS

Table 4-9 presents aircraft operations levels at the Airport by major user group between 2006 and 2015. A

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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 affil^t^pperations at the Airport began to change in 2015, however, as airlines increasingly replaced smallenregional 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-Amerjcan-a'irports.

2013 '2014

^XUyaORD HDFW H LAX HCLT ■ DEN H LAS BIAH BIYYZ ■ PHX

SOURCE Airports' eounclphternational - North America, 2015 North American Airport Traffic Report. July 2016. PREPARED BY: Ricdrid^-cV 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.

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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 :ih£ervTce^at^the Airport by FedEx and UPS due to increases in fuel price's during this period. High "fuel prices^and a weak-economy led to further reduction in all-cargo operations from 2008 to 2009. Cargo operations,ai'tTie^sA|rport increased in 2010 and have remained relatively stable since that time as air cargo demand<has reeovered.;.more slowly than passenger demand. . '

4.3.3.3 Military Operations f (y^!j

4.3.4

In 1996, the City purchased approximately 350 acres of land jp-the^np^theast quadrant of the Airport formerly used as a United States Air Reserve station. In 1999, the^afgest iremai.hin.g'miiita^ unit at';trVe Airport, the 126th Air Refueling Wing, was deactivated arid relocated to^Scot^ir Force Base in/St. Clair County, Illinois. As a result, no military aircraft operations have;been rejGCjrcied at,the^Airport between 2006 and 2015.

LANDED WEIGHT

from 2011 through 2015. Landed weight^ecrea^sed i compound annual increase of 1.4 perce^ntoye/-the-5-~y.ear period

Table 4-10 presents the shares bf.landed^eTght for^the^ssenger and ail-cargqXairlines serving the Airport

v^treiie^ increased it^2014jand 2015, for a

4,3.5 AIR CARGO VOLUMES^

U

In addition to all-cargo-service^paTsenge.r airlines also served~The cargo,market, carrying approximaTely"41 percent of the Airport's\carcpsWlu^yn 2015. Table 4-11 presents historical enplaned and deplaned air cargo at the Airport betwee^n2006^and 2015. Similar to the passenger airlines, theiair cargo industry has been impacted in re^ent>years by"tr^e^global economy, foreign currencies, uncertainties in'the Middle: East, and new security regu[a{io7^\Between 2006 and 2015 cargo volumes at the Airport havejincreased at a CAGR of 0.4 percent

respedi demand for

y^In^O^^and^OlS, interriational 'cargo volumes increased by 13.1 percent and :13.6 percent, tivei^TOms^e^pjrior year .'as internatib'nal cargo markets began to recover from the period of reduced

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Table 4-11: Historical Enplaned and Deplaned Cargo. Weight

(In Tons)

Factors Affecting A^^^^rrlCnd at the Airport

This section discusses qualitativeifactors thatVpuld influence future aviation activity at the Airport. Data and Information related7to- trieseT^ac^
of activity forecasts for^-the Airp^o(% ^ tir

4.4.1 NATIONAL EfebN^M^ j

Historically, tr^cls^M^^rline travel demand, measured by-'either passenger.volumes or passenger revenue,
fee-[1] '

have been closely xornejated with national economic trends, most notably changes in GDP:. Chapter 3 presenf^iri^nal^is^f/g'en.era! economic trends, both national and local, that may influence demand for air clover jtjme.^s"noted in Chapter 3, national GDP is expected to increase|a't 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.

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

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2005 through 2007, with United States airlines posting combined operating profits in all 3 years.[5] 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^yvitri^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 o^qp^atmg^revenue and revenue passenger miles. In 2011, Southwest Airlines acquired AirTran Holdings,-lQC, tfie^ormer parent company of low-cost competitor AirTran. Effective December 9, 2013, Americao-'a^^USsAirvvays 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' amountXof 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 significantpcapaeitv^ reductions, increases in fuel surcharges, airfares and fees, and other measures to addr^ss>^heir ^nancial challenges. In 2008 North American International Air Transport Association ^ir (in^Yecbr^e^d^^$16.8 billion loss. The combination of airline mergers and capacity reductions has/dramatioaHy improved the financial conditions for the airlines. In contrast to earlier losses, North American^nteTnatJonal Air Transport Association airlines are projected to generate profits of $22.9 billion in 2016, af|er 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 tum'aroulid^\

Capacity discipline reflects; a shiQSn^the airline business model, from an environment where market share targets are pursued tc/ one^where financial targets are pursued. The new business model resulted in an approximately^'pe^ent 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<J^^^allQ£^riJ^'e remaining seat capacity to a more profitable segment of passengers, airlines increased doryiesticlbacl 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

Airlines for America, 2009 Economic Report.

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.

-20.00%
' 50.00% v . 40.00% m 30.00%

2006 2007 2008 ■U.S Domestic Passengers
2010 \foii <file:///foii>

U.SMnternational Passengers

2012 2013 2014 2015 U.S. Gross Domestic Product
PREPARED BY: ..Ricondo 8i Associates, Inc., August.2016.^^ ■ ^fS^ff v

SOURCE:: U S.Departmentof.CommerceBureau'of Economic'Analysis, July. 2016ₜU.Sf Department of Transportation Form T100, August 2016
2006 2007 2008 2009 2010 2011 2012 2013 2014 2015

•US. Domestic Passengers US. Domestic Passenger Revenue U.S 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.

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 Janda'rys-2007 through June 2016. Since 2007 the average monthly price of jet fuel fluctuated between a high-pf $3.84 per^gallon in July 2008 to a low of $1.21 per gallon in February 2016. Since January 2014, the^average price df'jet fuel has

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declined 39.8 percent. The decreasing price of oil has provided airlines withTOore flexjbility-in. terms of pricing

Month - Yea

and allocation of capacity, while still maintaining a disciplined approach to^achieving return on invested capital and profitability goals. Between 2010 and 2014, airlines haye^managed^seat capacity growth at or below United States GDP growth, as several United States airlines|h'ave stated as guidance to their capacity growth planning. In 2015 however, domestic seat capacity grew 3.^\percent/e'xceeding United States GDP growth of 2.6 percent[12]. In 2016, domestic seat capacity Js^Keduled t'o^gXb.w'^2 percent while United States GDP is projected to grow 2.2 percent. Prolonged low fuel<prjxes/have enabled this higher than expected seat capacity growth in a way that may not continue sfT^L^a^fuel^prlces rise.

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 Si Associates, Inc., August 2016.

International Air Transport Association, Fact Sheet-Fuel. June 2016. Source. Woods and Poole Economics, Inc., CEDDS, 2016.

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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-tif 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.- y^'^,. V\

Additionally, geopolitical issues may affect aviation activity. ..during the^ Projection--Period. Potential .governmental, or regional instability in certain countries or locations ma^ affecf/'access to, or demand for

.aviation service,.in these places. As an international,gateway, the..Airppfl~proyides^e^ryice to nearly all major regions of the world, Future governmental or regional. instaW(i^ʲmay,..ha1i^.an^mpact on international -aviation .service demand, at the. Airport. ....

4.4^ fi. . 'O (

One of the FAA's concerns is how .increase^' d^eja^^tf bu'jy|^i:pprts, impact,the.. efficien.cy,.of^t.h.evNatipnal Airspace System (NAS). In its report Airport Cap^ity N^ds in^thf National Airspace System (January 2015),

^MhVFAXstated tire need'to address: delays^thatter^ to

■ '"'-implement NextGenairspace system imprqver^hts^^f^ rep^drt emphasized the heed to continue to'invest in systemiimprovements with airfield enhancements and- NextGen-capabilitiesr

4.4.7 ' " OTHER AIRPORTS IN THE REGIO..

There are two other commerqiaKsei-vice airports)in the areafChicago Midway International Airport and General

Mttrh^lttnTernationalnAfrpu^ proposed- South -

Suburban Airport, are^-focuse^on .f(Jture...a.ir'-.servite>. development. These regional airports and their relationship to the AirponYare described in this section.

Chicago Midway^Ihternational Airport (Midway), classified as a large-hub commercial service airport, is locatecl 15 mij^s sout>i^)f the Airport. The City owns both the Airport and Midway, and the City of Chicago's Departo^e%^fl«^a^n^operates the airports. Midway is a hub for Southwest Airlines and serves as the largestfairport in its-system when measured by both enplaned passengers and operations. In 2015, 43 of Midway's top 5C3pdomestic O&D markets were included in O'Hare's top 50 domestic O&D markets. Internationaliservice from Midway includes flights to Canada, Mexico, and the Caribbean. Long-haul internationalrnarkets 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 f2013, 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.

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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 fue| cost .environment Ted airlines to expand,^domestic capacity, maximizing profitability by carrying additional, lower fare-paying passengers. '/ r v\.

AVERAGE.DOMESTIC ONE-WAY YIELD PER ᴺRASSENGER MILE 2/-

CHICAGO ' O'HARE
O'HARE CHANGE
CHICAGO MIDWAY
MIDWAY CHANGE

: CHICAGO Q'HARE

O'HARE CHANGE
CHICAGO. MIDWAY
MIDWAY CHANGE

2/ Calculation includes frequent flyer passengers-Yield is calculated by dividing passenger revenue by revenue passenger miles (fTTghTtengtti mulliplied by passengers on board). \ V>H \Y Vi, ..VT?
IB Survey, August 2016 (2006- 2015);
SOURCES U.S. Department of Tlansportatiori^BlB Survey, PREPARED BY. Ricondo 8t Assoc'iates,jnc, August-20'IB.

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General Mitchell International Airport (General Mitchell) is'the nearest medium- or largerhub commercial

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service^irpbrtVutside of) Chicago. This medium-hub .airport[13] is located approximately 70 miles north of the Airport^ea^Milwa^kee^Wisconsin. General'Mitchell serves the commercial air! service needs of Milwaukee, southeast \r\|iscpnsjn, and portions of northern Illinois. Although General Mitchell is in closeiproximity to the Airport (overlapping catchment-areas include three counties in the northern Chicago region, which represent approximately^ percent of-the- population^in'-the region), -the-higher -frequenCy';-of nonstdp'- service to key markets from the Airport diverts apportion 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

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 Importance of the Airport to Airlines

4.5.1 HUB AIRLINES /\';

The Airport represents a strategically important element of the route networks of Unfted 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 hubln American's network, and has the second largest number of O&D passengers for both hub airlines. \X <-y " •

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 derjve esti^ 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 alJocated>usihg drivers that include passenger and cargo

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volumes. Cost allocation drivers include block hours; departures, passenger volume and Available Seat Miles (ASMs). Aircraft type-specific allocation rates were used^u/here reporting is available in order to represent the economic impact of the mix of fleet typesoperating across the hubs. While this analysis has applied commonly used approaches to the alignment'r..of costs -and revenues with activity based allocation drivers, these estimates of hub profitability may diffecifrom those developed by individual airlines, which employ many different methodologies incorporat'ing;aetailed internal data sources. Based on this analysis, the Airport is the second highest contributor to profiteer 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 flo\^-by,JJnitedᵛa(jd American at their hub airports in 2015. The Airport serves 17.5 percent of United's hub >0&D passenger base and 14.1 percent of American's hub O&D passenger base, and represents the second-largest O&D-passehger 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.

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American Airlines Hubs

American Airlines Hubs

Revenue ■ Cost " A Hub Shiafe' of System-wide Contribution to Profit

NOTE: Allocation of airline cost'is'approxirhated, and excludes cbst*iteiT&nc^rea,& and administrative expenses
[.SOURCES: U.S..DOT Form 41,12015; Ricondo &'Associates;'Inci(analysis);':b^ and assumptions described in the:Report, August 2016 •
.PREPAREp^By.ıRicpndo>&Asso

American Airlines

Non-Hub
" "2%

F■'-■<'.;ri.'Coni .it'-.-'■ .-: .!inv •'

SOURCES' U.S. DOT Form 41, 2015. Ricondo 8t Associates, Inc (analysis) based on the analysis and assumptions described in the Report, August 2016 PREPARED BY Ricondo & Associates, Inc., August 2016.

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•Table 4-14: Share of UhUed ,Hub O&D Passengers

PERCENT OF TOTAL HUB PASSENGERS

NOTE: Includes d^erwa^<jBtriEaHengers at the carrier's hubs in Calendar Year 2015.
PREPARED BY: Ricondo,80\s I / ' .
SOURCtl^.S Department of Transportation DB1B Survey, August 2016; Ricondo Si Associates, Inc. (analysis).
issociates, 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

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Airport and provide capacity to these regions. At the Airport, United has 13 Star Alliance partners[M] operating, compared to Los Angeles International Airport (LAX) (14), San Francisco International Airport (SFO) (14), Dulles Internationa! 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[1'] operate at the Airport, compared to Kennedy International Airport (JFK) (11) Miami International Airport (MIA) (9), and Dallas/Ft, Worth International Airport (DFW) (4). ,

American Route Networks

Table 4-ljS: Chicago^o;Hare^Ranking of Seat Capacity'withiniUriited.and An

yS/ LATIN/SOUTH EMEAy, .^jAMERICA

Domestic^.
Asia

SOURCE^6vata^Augy&.2016)h~" PREPARED BY: Ricondo a^cMSsocfates, Inc. August 2016

EMEA , Latin/South. Total America

[M] Includes[1] 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.

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Exm'bit 4-18: American Seat Capacity by^

Domestic

SOURCE: Innovata, August 2016
PREPARED BY Ricondo and Associates, Inc August 2016.

AIRLINE
2009
2011
2010

LOW-COST AIRLINES

2014
2015
*EMEA Latin/South/ Total America*ll */y~*

2009 - 2015 CHANGE

(•' spirit^

Frontier. pJe'tBlue. i-

_ 307%
426.0%
:9.3%.
134,810
230,646
194,214
198,571
185,529

374,521 444,672 925,714 . 1.397,954 1.415.420 1,741,150 2,777,169

NOTES:
1/ Frontier commenced domestic service at O'Hare in September 2014. 21 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 8i Associates, Inc, August 2016

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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. * ■ , "",

: WMS&i; • .. .-Table 4:18: '2009^'2016^:c&hCaWr^lvi^^^<:^^:-- ;

\2016 <file:///2016>

AVERAGE DAILY DEPARTURES

AVERAGE DAILY ' DEPARTURES'*"

1 New York Kennedy
'Detroit"

•14 15'
Ft' Myer;
X-

2 • Denver :
16
17'

Tampa. West Pafal^ea^" Wnl&iego '~~
.tlantic City
Ib

■ :24Salt Lake City -25 ' Chicago O'Hare
163 New York[1] Kennedy | |
„ .--i„i-.-- -Xx
:163
16'-
Detroit
16
Tampa"-'
1'5

Bostqn W .; „ i^^d^rd^e^-:
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Newark
;13'v
.ft. MyeVs
12

Hdustdrii Intercontinental <»'.«.

Lbng;Be'ach
10

.v. Philadelphia
10
"'.West Palm Beach
'-10.

Cleveland
10

"Baltimore':

' San Diego
133
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30 "•'■■
29

169 137-
26
24/
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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

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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. //

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SOURCE: Innovata, September 2016 PREPARED BY: Ricondo & Associates, Inc. Sep'te'mbe^26l6

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Forecasts of Aviation Demand

\ aviation demanc

Foreca^fl^liKa^^ (i.e., enplaned passengers, aircraft operations, and landed weight) were developed crnisiderihg"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 fJripds 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

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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. X/'*

No major "acts of Gqd'Jthat may disrupt thei national or global airspace system wilPoccur during the Projection Period -.that would negative|y,affect ayiatipn demand. //^\'^ \j>
Major health issues, such as H1N1, SARS, or Zika are not expectecKo have .a_grolonged impact on demand during the Projection Period. \ᵛ-//' "~
./>"-S^ _

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 even'fs-ahd (sirGu^rjs^apces 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 airiTne schedules for 2016 •'^Q'^iT^e/e^-airalyzed,; and flight segment-level" estimates of performance were developed based on,t£eridT^f)load^ identified through analysis of actual performance data furnished Dy'thcAirpbrtthrough June 2016, as well as through analysis of USDOT enplanement and O&D data available tnrdugh April.2016. .Estimates of load factors and completion rates were applied to scheduled capacity in order tojderive enplanement and operations forecasts for the balance of-2Q16r-F0r-2O-l-7-air-seFvic^ schedules for the Airport (number of operationV/fleet/^nd seat capacity). 2015 ■arid-'estimated 2016 load factor trends and completion rates were justed as\^r^ferj.'nce for the development of 2017 passenger activity.

Table 4-19 pr|se7it^^toricah^nd forecast enplaned p'assehg'eretet-t^ of enplaned passengers isᵥforecast\to increase 0.4 percent between 2015 and 2016, from approximately 38.4 million to . apprpxij5iiately^3^5i million.. Jhe number, of interTiatio^^ 2.7 percent in 2^plL6,; ff^m^approximately 5.5 million to approximately ;5.7 million, while the .number of domestic : , enplaned passengers is forecast- to, remain Jeyel.,D-Growth,.,in international enplaned , passengers ..will be ,. supported in paH^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 s 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 arid Forecast Domestic and International Enplaned: Passengers/

INTERNATIONAL

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 8i 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 followina subsection.

"Table4-20" ■ "

: COMPOUyD^ANNUAL
GROWTH RATE ■.'.

2006 r 2015

2015 • 2025

NOTE'

. 1/ ■• Includes general aviation, helicopter, and other miscellaneous operations. •*>•. " '. . ■•' ' (.'

. SOURCES City of Chicago, Department^ Aviation Management Records (historical), July 2016, Ricondo 8t Associates, Inc. (forecast), based analysis and assumptions described in the 2015 Report. August 2016.
PREPARED BY. Ricondo & Associates, Inc, August 2016 ' ' '••

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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.

in aviation activity using forecasts of independent variables, socioeconc R-squared represents
70 percent or better was considered adequate

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^passengeiCdemand) 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 emplo.yecLto-foretast future growth

A standardVneasure of how well each

socioeconomic variable explains passenger demand is the regression/fooders^oeffieient of determination, or 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^pJOrppsesNqf thisyanalysis, an R-squared value of

Socioeconomic regression analysis was conducte^to identif^predictive relationships between passenger demand at the Airport and socioeconomic variables at4r>e national level and for the Air Trade Area[16]. The Airport serves originating passengers who resid^r^t^e'^Air Jra"de Area as well as those who visit or connect through the Air Trade Area or Airport^r-"b"rjsinesssoU With the Airport's diverse customer base, demand for air service is driven by factors directlyj^ated to demographic and economic characteristics of both the Air Trade Area and the natioir>^A-^sti^n7*i:he following five socioeconomic variables were analyzed separately as independent variables in the\ecjression 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'vtfe^e/obtamed from Woods & Poole Economics, Inc.

4.6.3.1 . Passenger Se^rti^qtation-

The relationshi|>between socioeconomic variables and passenger activity was explored for four segments of demand: ((^NtX

Origin ar^Dj^ination (52.3 percent of Airport passengers in 2015):

Djomestic O&D: Passengers using the Airport as an origin or destination point for journeys within hVUnited States. V

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

[10] 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. -://

Internationa.! Connection: Passengers using the Airport as a waypoint' for.joumeys>between two other airports, at least one of which is an international point. This^tegor)y includes'international to international journeys. This category, also includes passengers^|T^d,epa~rt^from the Airport on a domestic fligh.Lafter arriving at, the Airport.on a; flight^from-an in;fernational origin. While this type .of.passenger.is on ,an international, itinerary, the Airport repots 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,^issengers were re-categorized to Airport standards for presentation in.Table,4-19. ......

.4.6.3.2 . Regression, Analysis Specifics

The .methodology.rdescribed; inithis SectiefyoutlihingW determining .future airport demand for this forecast>was!initially.:provided^ the issuance of thei Series ^2015 Bondsi'at.the'cAirport includedHasc-Appei^ix^Euto^ihe QfficiakStatement for the Series:2015 Bonds; dated October 8, 2015 ■ (2015 Report).^This approach and the rationale described for eliminating other possible ;methodologies remain unch,a^ged^rHowever^as will be described furtherrbelow; the timing of the forecast increase in passenger volunWs Ka'Ohianged due, in part, to lower fuel costs enabling the carriage orhigher" passenger volumes in {he neaVteVm. This section describes certain analyses prepared for the 2015 Report.

Four different regression appr^g^es were utilized to. derive, the ultimate forecast of enplaned passengers .for the Airport. Forelasth^models were explored utilizing regression analysis between:

A) So^^e^^^m'te-^iriables and Passenger Volumes (Single-Variable Regression): Passenger: enptanement jBrecasts cqpjmonly employ this approach, leveraging historical relationships between passenger volumes 'and socioeconomic variables to estimate future passenger volumes. However,"as sh'owh in Exhibit 4-13 the capacityrdiscipline 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

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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 U 7\|

77-V-

-.ORD Domestic Passengers
•U:S. Gross Domestic Product
2004 2005 2006 2007/(2008/v"2009 \2010 <file:///2010> 2011 2012 2013 2014

SOURCE: Woods Si Poole Economics, Inc; U.S. DOT T-100£2014 PREPARED BY- Ricondo 8t Associates, Inc, August 2015.

•ORD International Passengers

B) Socioeconomic Variables and.Rassenger Revenues (Single-Variable Regression): Exhibit 4-13 illustrates the continued positive relMions'hip^etween domestic passenger revenues and socioeconomic variables (in c^ ^ A V1

contrast to the relatmnship^b^twejen socioeconomic variables and domestic passenger volumes). For the Airport specificaUy/^tlie same "positive relationship between passenger revenues and socioeconomic varidbletfexftts^for both-vjornestic 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 carr^s^Menue. growth at the Airport, arid many other large United States airports has come primarily anrougp inc^eased'average passenger fares, and less so through passenger volumes. This is in contrast to < severajiotlwy large airports that have experienced revenue growth through a higher component of passengeryolume 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.

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Exhibit 4'r21:

Report) v

2004 20.05 2006 2007 ■ORD Domestic Revenue
~-M:$'Gross Domestic Product

SOURCE: Woods & Poole Economics, Inc. 2016, U.S DOT T-100, 2014 PREPARED BY Ricondo 8i Associates, Inc., August 2015

2008 2009 2010 2011^) 2012: 2013 2014 ORD International^Reve"nue\ -

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60%

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40%

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I Passenger Volume Related B Average Fare Related

SOURCE U.S. Department of Transportation DB1B Survey, August 2015. PREPARED BY- Ricondo & Associates, Inc., August 2015

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■ ^Exhibit 4-23:;'-'2014 Average-Yield! (cents/passenger mije) Top 30 United States Airports by Departures - United '?' '^7 ^'V^' " iiV^-T 1'^"-'" States Carrier Data Only (20'i5 Report) ' : ■<:[;'A.j : \v"' i7*■',>..>

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SOURCE. U S. Department of Transportation DB1B Survey, August 201% PREPARED BY Ricondo Si Associates, Inc., August 201S.
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AVERAGE
HIGH

Regression analysis was conducted^betwe 'eh~~socioeconomic variables and the passenger revenues generated by each passenger segmenf^described above. For each segment, adequate regression models were identified that prodded a range dffuiure growth for passenger revenue for'the period through 2024. This range is illustrated in Tabie*4-21.

"3.7%
Revenue'
: 4.5%

./p~|pomes.tic

4.3%
6.0%
4.0%

f

^ In\ernaliorS^venue
5.3%/

SOURCE: Ricond J.fitAssociates, Inc. based on the analysis and assumptions described in the 2015 Report, August 2015. PREPARED BY. Ricondo 8t 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.

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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/p^rcent of passenger revenue growth is driven through passenger volume growth, modeled consider,}ng 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 approximateiy?20 percent of revenue growth at the Airport, and 27 percent for-the top 30 United States airports. Betivee^2^012 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'"fb^perc^t^fyrevehue growth at the Airport wasldue to passenger volumejgrowih, compared to 60 p^e^cent in the top 30 United States^airports.

This 'approach generated a-jrange pf passenger voium'e/^CR^pr^e^e^od;.through 2024:

Domestic Passenger Growth Range: 0.5 percehV.tq3<5-percent International

Passenger Growth Rangfr.,0.5 percent to$.Q percent Total Passenger Growth

Range: 0.5 percenMo 4.3 percent.

*Table 4-22 summarizes the range'of'ota*forecast-revenue growth rates along with passenger conversions from .conservative to aggrgssiver~:~~ y*

ji li mnx"«ij^"» ' ■ mil-■■ miiii- mi ,,\t.. m -- , .-■. „iwm*,' . . , „... nl 3Sv^li&^'-

FORECAST REVENUE GROWTH RANGE AND RESULTING PASSENGER GROWTH

AVERAGE

Total Revenue Growl

Resulting Passenger Growth:

Average Conversion!

Conservative Gonvereiorv

^*&k~*z-'

2.7%

3.5%

Aggressive Conversion

SOURCE:Ricondo and^slJdciates,'Inc.-(analysis) based onthe analysis and assumptions described in the Report, August 2015: PREPARED BY-Ricondo & Associates, Inc.;-August 2015

C) Both Socioeconomic Variables and Average Fares, and Passenger Volumes (Multi-Variable Regression): 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.

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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 Mitchelt, 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 thiSsReport. /However, the recent reduction in the cost of fuel has resulted in lower-than-expected passenger fares:lri'-2015 and 2016. As previously described, this decrease in fares has helped sustain highecyplum^s 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 enplane^d'passenger vVumes 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

\ *■.'■■■ y S

fuel prices remain low for a longer period of.tirfie, fareSs.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, /rjhe'number oHoternational 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\aVe forecast to grow from 32.9 million in 2015 to 34.9 million in 2025, a CAGR of 0.6 percent. In aggregate, totaLAirport enplaned passengers are forecast to grow from 38.4 million in 2015 to 41.4 million in.2025>at aXAGR of 0.8 percent.

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4.6.4 AIRCRAFTVOPERATIONS AND LANDED WEIGHT FORECASTS

/m\ \\ V:

Forecasts of annual aircraft operations at the Airport are presented in Table 4-20 for 2015 through 2025. Forecasts of jpjassenger airline aircraft operations are based on assumptions of load factor management by the airlines serving,trte'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 marginallywcirrS21,828 in 2015 to 22,269 operations in 2025, reflecting the long-term assumption'that growth in thVs'sectbr \^ill^ricur primarily at outlying airports within' the Chicago region as the result of cost and deJay^^cbnsi^er'ations.^The increase between 2015 and 2025 represents a CAGR of 0.2 percent during this perjpd^?pmparable to 0.4 percent growth forecast nationwide: by the FAA. [1]'■' \\

All-cargo operations at the Airport increased from 13;988 in 2009, to 17,700 liberations in 2014. All-cargo aircraft operations at the^Airport are forecast to'increase atj^^ge^e^rallyjT^re conservative than industry cargo volumes 'in the period -and 'more in lih'e-witlvall-.cargo aircraft[1] 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:'
forecast to occur at the Airport during^f^ Prdje^ion[5]Perio'cl

Future military 'activity at the'Airport will be mfl^el^^yiUnitecl'Stat'es Department of Defense policy, which largely dictates'the level of'"military -a^wJ^^a'nla^pgja^As shown[1] in Table 4-20; no military activity is
^PrbjeGti.bi

.V':-'"TK,'XV^

Table'4-23 presents hl^to^ical'ahd-forecast landed weight'at-Vth'e Airport throughs2025;"Total-landed weight forecast to inojease^at a CAGRsof 1.3 percent between 201;5"ahd -2025," frorri: approximately 51.1 million 1,000-pound units tp^
-"ion 1,000-pound units.

In large part as a result of the increased sizevof passenger aircraft expected to operate at the Airport through

2025; total aircraft 6perations^it>the Airport "are forecast to increase marginally from 875,136 operations in

2015 to 885,312 operations-irX2025rlt"'a CAGR of 0.1 percent:' ' -.- • - - • - "■

Table 4-23: Historical and Forecast Landed Weight

ALL-CARGO CARRIERS

LANDED WEIGHT
LANDED WEIGHT
LANDED WEIGHT
ANNUAL GROWTH

Historical

2Q06
2007
■2008
2009
20T0
2011 2012' 2013

51,761,-214
50,968,630
47,784,241
44,544,600
44,614,250.
43,876,584 '4I7U863
42,545,672

-./>.-.
5,179,942
56,565,889 ^ .
56,148,572>
(0 7%)
4,459,511'
52,243,752
3,512,231
48,056;831;

4,426,768
^49,041,018'
X/r

: '(7.0%) "(8.0%)
4,404,858

2:0%
:.¡;47,139,170
(2.4%)
48;281',4'42'-"-⁝-^ (1.5%)
4,378,157
(0.5%)

4,426.307 '
-y.y. \.*>r
// N46,923?829

SOURCE: City of Chfcag^Tbepartment of Aviation Management Records, August 2016 (historical) Ricondo 8t Associates, Inc., August 2016 (forecast). PREPARED BY: Rico(Vcl^& Associates, Inc., August 2016
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4.6.5 COMPARISON OF ACTIVITY FORECASTS

2015). The 2015 Report/forecasts in enplanements growing from 36

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 Fisca.L_Year.(a CAGR of 1.7 percent reflecting, in part, the lower enplanements forecast in the TAF for

enplanements to increase at a 1.1 percent CAGR fronv20l5 to 2024 resulting 3.9 million to 41.1 million in 2024. </

■2015 FAA TAF
2015 R&A Forecast
2011X2012 201-3-2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025
■2016 R&A Forecast

NOTE. The FAcA'TAF presented on a federal fiscal year (October through September) basis and excludes nonrevenue passengers
SOURCI
ES^City ofj

Chicago, Department of Aviation Management Records, August 2016 (historical). Ricondo 8t Associates, Inc., August 2016 (forecast).
Federal Aviation Administration 2015 Terminal Area Forecast, August 2016 II
PREPARED BY Ricondo'BMssociates, Inc, August 2016

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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.

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Exhibit 4-25: Aircraft Operations Forecast Comparison

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2011 2012 2013 2014 2015 2016 201*7 2018./2019 2020 2021 2022 2023 2024 2025

// \<,

I Historical 2015 R&A Forecast' -~r201'6,R8iA Forecast 2015 FAA TAF

NOTE: The FAA TAF is presented on a federal fiscal year (Oc^ter-through^r^mber)(^(sis and excludes nonrevenue passengers.
SOURCES. City of Chicago, Department of Aviation Management Records, August/-2yl6 (historical); Ricondo & Associates, Inc, August 2016 (forecast). Federal Aviation Administration, 2015 Terminal Area Forecast, Augustj2016
PREPARED BY- Ricondo & Associates, Inc., August 201(i.O"v /O---•--CZ^y'

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5. Financial-Analysis

This chapter presents the financial framework of the Airport, and the cosfand other financial implications following the issuance of the 2016 Bonds and the future bonds necessar^tp^x co^plete-the funding of the remaining OMP Airfield Projects and 2016-2020 CIP capital proje^ts^eltribedNn Chapter 2. Chapter 5 presents the following projections: Operating and Maintenance (O&M) Expenses; Non-Signatory Airline and

federal funds; Net Debt Service; the Net Signatory Airline r^equir^meq^.ajTd.,ca Airport rates and charges. The reasonableness of Airport^dser fees, incluciing

Non-Airline Revenues; Other Available Revenues, including PFC \Reyenue <file:///Reyenue> and Grant Receipts, and other and General Airport Revenue Bond (GARB) Debt Service cdv.eVage'are also discussed.

--[1] -il'culation of the Airline Parties' cost per enplaned passenger

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•ne^refun^d.ing of,ejpi

Bonds, and future GARBs necessary for fL^cimg the OMFairfield Projects and 2016-2020 CIP capital projects

described in Chapter 2. It is expecte^^a^a^nnuaLd^t service savings of between $2.1 million and $7.5 million will result from the issuance of\^e^2016~Refunding Bonds and the refunding of certain Airport Obligations. The expected sayings^rom the^N 2{H6 Refunding Bonds have been assumed.

In combination, the 2016 Ne^fvloney^Bonds and future GARBs assumed in the financial analysis reflect the following capital projer^funding^s^upiptions:

approxirr5afj^$1.3 billiojj for remaining OMP Airfield Projects, including $978.3 million for Runway 9C-27C furided witJr proceeds from the 2016 New Money Bonds and $361.4 million for the extension of RunwvaV'v9R-27L funded with future GARB proceeds,

'approximately-$289.5- million for additional airfield improvements, including $113.3 million for the centrjbize^d^deicing pad and $176.2 million for cross-field taxiway system and relocation of Taxiways A and B^btoth 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.

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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: />. ' 7.y y,-:|

- *Concourse L Extension. To be funded directly by American Airlines.* ^y ^|

Hotel Development at the Airport. To be funded through a special facilitylqan, or loans, backed by hotel revenues.

The'Terminal Area Plan is still in.the preliminary conceptual planning^nd^disc^ussjonphases. 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>'fl^ 31. The-City maintains the books, ■ •• records; and accounts of the Airport in accor^nce^ith generally accepted accounting principles and as ». - required; by the provisions .of, the 'AirporUUse -Agreement arid the Senior Lien Indenture; Neither Gity nor State .-of rIllinois'tax r.eVenues-.-are ipledged Ao^'^--.pa^en.^o.f^iet • Debt Service or to fund the .cost of operations at the Airport.

5.1.1 AIRPORT USE AGREEMENT

The Airport-Use Agreement setsYfb^TTvXth^ and operajEidnar-a'iTangement witH the airline tenants of the Airportjtrjat areSignatpry to the agreement (the- AirlineTartie's^'[1] The A'irp'orti'Use"Agreement provides, among other "things, contractual support of the Airline Parties for GARBs and certain other dbligatibhs iss^d^^nd^A^ort'tapitar improvements/ -the Airport Use Agreement^rmalize's the rights ; 'and respdnsibjiities of^m^ ' ":

. : The Gity has jexecuted-the Airport Use Agreement with the: following .12 Airline-Parties-at .the. Airport: Air Canada,-.Alaska Airlines, American Airlines, Envoy, Del.ta ,Air Lines, Expressjet, FedEx,-SkyVyest, Spirit.. United Airlines, UPS.'^ancl 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^prdjects. While there are multiple rate-setting methodologies that may achieve these goals, in any case/tiie City is obligated, pursuant to the Senior Lien Indenture, to set airline rates and charges at a level^sufficient topay the net cost of operating, maintaining, and developing the Airport, including the satisfa^tidrTofi-debt service coverage, fund deposit, and payment requirements of the Senior Lien Indenture. Profections^dr^Q&M^ Expenses, Non-Airline Revenues, and Net Debt Service assumed in the financial analysisNr^'^ are developed independently and material changes to these projections resulting/froiTrcr^ngesQr^ the airline rate-setting methodology at the Airport are not anticipated. (f

Although the City is contemplating options for a business,deal, the^ ratecsettihg methodology after May 2018 is uncertain and remains subject to negotiations betwe^n^tlje^/City and the airlines serving the Airport. Therefore, in developing the financial projecticms^presente^d herein, a continuation of the rate-setting methodology set forth in the existing Airport U^e^Agreerrjent was^assumed for the entirety of the Projection Period. It is also assumed in this Report that the^tfrrent Airline Parties and International Terminal Airline Parties will continue to be signatory to j:ufur^ will remain signatory to those agreements through the Projection Period.

5.1.2 AIRPORT FEES AND CHARGES'

Under the current Airport Use/AgTeement, terminal rental rates and airline landing fees are established using a residual airport rate-setting ir^etjjodblcigy[1], whereby airline rates and charges are calculated to recover any net remaining costs for e^ch Cos^ev^rju'e Center (CRC). To equitably allocate the net cost of operating, maintaining, improvingA^d expandihg'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 generatedJn tlikTermiPic|l Area, Airfield Area, and Fueling System CRCs .is paid by the Airline Parties as part of their AiFpoiy ^es^jjwd^Gharges for the use of the Airport. The Airport Use Agreement provides that the 't Airport Fees and Charges paid by the Airline Parties must be sufficient to pay the net cost of
aggregate of
operating, maintaining, and developing the Airport (excluding the Land Support Area), including the satisfaction o,Fdebt 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

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 rela'te dv to aircraft taxiing, landing, and takeoff. v' \.\

Terminal Area. The Terminal Area includes the domestic terminal buildingrand a designated portion of the heating and refrigeration.plant. ,.. |^//

Terminal Support Area. The Terminal Support Area includes,the- public-parking facilities, roadways, walkways,"automobile rehta\ areas, ground transportation system, anb^he existing Airport hotel.

and a designated portion of the heating and refrigera'tiori^pJaritN^.... 7

International Terminal Area. The International Terminal Area includes the International Terminal

JJ

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Fueling: System. The»Fueling System;.includes'Sthe.tapk^farm and all-facilities that are part of the Airport's hydrant fueling system: b-.. • ^•••0^*' •• A^jf'

5.1.3 .-. LAND SUPPORT AREA

' The reveriues arid expenses of the lian^k^^ included in the- calculation of Airline Parties' Airport Fees and Charges, or pledged ^^ayde^t^ervice>'on bonds, including t he^2016 Bonds-- therefore; the revenues and expenses within the designated L"a7Td"Support Area are excluded in the financial projections in this Chapter. The Land Support Area includes certain vacant larid' and air rights arid facilities, such as air ,: cargp,,,b,angar, flight kitchen,^aricr^r,eight:foi^r^ing facilities. Principally, theseiareas.and facilities are.lpcated
on the peri meter,of ■ Ai rpprt prpper^Si-V > -

5.2 Operating and'Maintenance Expenses

O&M Bkpens^^^ 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 Airpdrt Development' Fund, Emergency Reserve Fund, and PFC Fund), are presented in Table 5-1. O&M Expenses increased at a

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.

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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 thejEifys^Airport CAFR.

Table 5-1: Historical.O&M Expenses;.26,ll - 2015.f^:

2012
2013

(Dollars in Thousands for Fiscal Years Ended December 31)

2011

3.4%

3.7%..

-.0.2%

SOURCE. City of Chicago Comptroller's Offic'e-ancl Chicago Departfrj^nt of Aviation, July 2016
PREPARED BY-. Ricondo & Associates, Inc/. Augusf2016.

. V \ V. s\

O&M Expenses remained,jelatively*leveT between 2014 and 2015, increasing 0.7 percent, primarily attributable to reductions ^,sqow 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 certainj^roaq^^e salary^ adjustments. Due to the type of expense decreases achieved in 2015 (i.e., snow remoya^ntvis no^aj^umed that decreases similar to those seen in 2015 will occur on an annual basis. Professjonaljand engineering costs decreased 5.5 percent between 2014 and 2015, mainly attributable to decreases irpeon^cted costs. Salaries and wages, including pensions, increased 19.8 percent between 2014 and 2015, and/epairs 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.

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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: \X

- Policemen's Annuity and Benefit Fund of Chicago (PABF) " "^^
- *Firemen's Annuity and Benefit Fund of Chicago (FABF)* */^f ^)L-*
- Municipal Employees' Annuity and Benefit Fund of Chicago (MEABF),
- Laborers' and Retirement Board Employees' Annuity and Benefit Fundpf^Chicago (LABF)

' '.. ,!,... : 1 1\ ... .)■} ... .

The City's pension expenses have increased over time, resulting inNan actual cash contribution .from the Airport to City pensions'o'f approximately $25.8 million ip^015:^fhe 2016-Airport rates and charges budget includes a pension expense of approximately $35.3^rpMlicir^vy^ich^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 th'is analysis are based oq^bli^A^ 09'9-0^06, which-was enacted into,Jaw,,6p:May 30, 2016 This report excludes the impact of Public Ac^98^41. which was declared unconstitutional by the Illinois Supreme Court on March 24, 2016. This/p^ in expected actual pension expenses- in 2016 being.belowithe.cash .contribution,inclt^ded .ia^^^^ol^xates arid charges budget, however, Tor .purposes of this Report, the budgeted'a'mount is inclucleci^ ' '' '5.'

Due to financial reporting requirements pursuant'to'the Governmental Accounting Standards Board (GASB), Statement 68, the Airport's 2015'^A?R^reflects'the total perTsTdnl^ GASB Sfatement~68r Accounting and FinancM Repp^ingJ^pr Pensions-an Amendment of GASB Statement 27, requires the Airport's-pension NabijjfystoLYe reported as the portion of the present value of the total pension liability, " defined as the^roje^ted' beqef^t- payments^to be provided through the' pension plan[1] to-current-active and " inactive emp|oyees[x] that is attributed to those employees' past periods [illegible]

Accounting and Financial Reporting for Pensions-An Amendment of GASB Statement No. 27, § Statement No.68 (2012).

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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.

r Exhibit 5-1: Projected Impact of. Estimated .Pens>^

I O'Hare Personnel Expenses\Baseline Growth Assumptions
//\\ \V/ •O'Hare Personnel Expenses ^Including Increased Pension Obligations

NOTE.

1/ Assumes that the City would be required J^contnbute amourUvnecessary to fund beneficiary payments on a pay-as-you-go basis upon insolvency of MEABF and LABF. The actuanes of ME^iBr-and LABF project large increases in contnbutions in the years of initial insolvency with modest growth in contributions thereafter, if the City is required'to-contnbute on this basis

SOURCE Chicago Department of Aviation, S,eptember2016 PREPARED BY: Ricondo 8i Associates, Inc., SerMernber 2016

5.2.3 BUDGE-TE-D-AND PROJECTED OPERATING AND MAINTENANCE EXPENSES

CDA sets

Actual O&Myxpenses vs Budget

sets a budgeWo.r>a
budget^fc?r>airline rates and charges annually using the rate-setting methodology set forth in the
Airporf/llse Ugreement, as described in Section 5.1 above, based on the budgeted O&M Expenses, Non-
f ' y. y
Airline Revenues^ required fund deposits, and debt service on Airport Obligations. As shown in Table A-1 of Appendix ATOthis 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.

■ •■vl: ' ■' -

Personnel expenses include compensation^for City staff working at the Airport, pension obligations discussed above, and an allocation of pe/sbhnel costs frctno other CityPepartments'that support Airport operations, such as Purchasing, Finance, and (Corporation Counsel. Personnel expenses.associated with Airport operations and capital development are prbj^'fjfed[N]'tOj increase 6.0 percent in;2017-,.;. based on...operational and future development needs. r^erspnnekexpenses are then projected to iricrease'at 'an annual' rate of 4:0 per'cent from 2018 through the Projecti'orkPeriod; attributable primarily to salary increases, escalating insurance premiums, and other berje'fiTs^creases^^Vhen the assumed additional personnel expenses related to additional pension obligations arid future[N]capital projects are incorporated, personnel expenses are projected to increase at a CAGR of-5:6vpercent through 2025. ">->t-\!c ' i '-V

Repairs and Maintenance >.. : ,

H V . . .

Repairs andtrfiaihtehance 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[1] 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,ˢoffice supplies, cleaning supplies, keys and locks, and other general maintenance supplies fof^the^Airport.^^l.aterials 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 project^^e^nc^ expenses for materials and supplies are projected to increase at a CAGR of 3.6 percej5t%irauglT<2Q25.

((^%^>

Engineering and Professional Services \K j j

Engineering and professional services expenses include^e^fb^ 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. Eng'i'rfeeringᵛ!and professional services expense projections include an additional $2 million annually in 2017^and 2018'^reflect additional services in those years for future capital planning and negotiating a newvAjnooft Use^Apreerrient. T^ᵉ ᵘˢᵉ °'f outside professional services was otherwise assumed to rema i n-^oqstanKt^roucⱼ'h^02 5. The assumed additional engineering and professional services expenses are pro^^ed^cy^ CAGR of 4:9 percent through 2025.

Other Operating Expenses \^\^

Other operating expenses /incTucle equipment and property rentals, insurance, miscellaneous expenses [// (administrative expenses, teTephones^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 equipni^ht^pera^oril-rental of unarmed security systems, operation of the automated transit system, shuttle/bus.^ervices>reiTtal 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 replacej^ri^us^e^uiprrr^nt, and additional expenses related to future projects.

O&M Expenses Re ated to Remaining OMP Airfield Projects

Incremental feffeots^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. Projecte^.fe)&M Expenses are presented on Exhibit 5-3.

(Dollars in Thousands for fiscal years ending December

$900,000

$800,000 '$700:000

$600^00 ' '$'500,000 ' VH ' $400,000

'$'300,000

$2cl6,'odO

$100,000' $0

2016 2017 ^_ 2018 201S\ 2020 2021 2022 2023 2024 2025

r: ., ./^ '• • \> : tv..:: .;~ ,..,,ir

Total'O&M Expenses «»»0&M Expenses per Enplanement

SOURCE . Chicago pepartmerit-o(-Awati6n,^Rjcp[iclo associates,-Inc-bVsed onHhe.ahalysis'"and'assurriptidnslrt-theiReport. ■ September 2016 «••>

.PREPARED BY. Ricondo 8d Associaiei'Iri,c.,.Ser^emLTe"r;2016 . . ,

As shown on.(Exhibit^3, total O&M Expenses/'excluding Land Support Area expenses, are projected to increaseirom $535.0 million iri 2016 to<$8-57<!millionf in 2025/ re'fle^ihgia>GAGR'©f'5'.4= percent. •>-•• 1

See Table B-jj in Appendix B at the end of this Report.for additional-information reg'ardirigVprojected O&M Expenses.

5.3 Noh-Sigriatory Airline and Non-Airline Revenues

Non-Signatory Airline Revenues are revenues collected from airlines that are not parties'to the Airport Use Agreement or Internatiorial 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).

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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.

• "■'■'i.fable S-2? Historical Concession RevWv^

2011

(Dollars in Thousands for Fiscal Years Ended December 31)

2012

[Concession Revenues

Automobile Parking

Automobile Rentals.

Restaurants

i News and Gifts"

TbtalConcessiotrRevenues'

Total Concession Revenues Annual Growth Rate

Other

Enplaned Passengers Growth Rate '

[Concession Revenues' per j Enplaned Passenger .. r v-;^

Enplaned Passengers (thousands)

NOTE

XX

1/ Includes IntemationTfTerminal concession Revenues

tr N\ V

SOURCE. Chicago Department;of,Aviationr July 2016. PREPARED BYMfoon^Vst Associates, Inc., August 2016.

The Airport's concession revenues per enplanement decreased from $6.38 in 2011 to $6.36 in represents a'. GAG'R of -0.1 percent, decreasing from $6.87 in 2014 to $6.36 in 2015, attributable passenger growth outpacing concessions revenue growth in 2015.

2015, which to enplaned

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.

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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 Ajr^e^f^evenue's^re shown in Exhibit 5-4. . . ■- .: ■ | '■' • ■

(Dollars in Thousands for Fiscal Years Ending December 3.1)

$200,000

I, $150,000 -1

$100,000
$50,000
2016 ; 2017 ^2018'
V
$0
2024
2025
2023

2019 2020 2021 2022 Projected Non-Signatory Airline Revenues
SOURCES Chicago Department aPAviation; Ricondo & Associates, Inc., based on the analysis and assumptions in the.Report.. November 2016 ■
PREPAREB^BYrRicondOifii^AssociaJes. Inc, November 2016
/' \\ \> -y
tr~ri : ; •

5.3.2 BUDGETED AND PROJECTED NON-AIRLINE REVENUES.

\V ■ ■ ■■■■■■■■■■■ ■'.
• - '■ ■

5.3.2.1

Non-Airline vRevenues 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.

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

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.

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'tpsconcessions 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,/actTjal"˙cdri"cession revenues generated at the Airport have been higher than the budgeted amoun^tin-^ presented, averaging

Exhibit 5-5 presents the breakdown of budgeted 20J.6^con'cessipn revenues.

2.2 percent higher than budgeted. Actual concession revenues hav^been within 1 percent of budget in each of the past 3 years. The Airport's 2016 final rates and chargesᵥbudget serves as the base from which concession revenues are projected.

SOURCE. Chicago Department of Aviation, June 2016 PREPARED BY- Ricondo 8t 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 belbw.

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 parkingVevenues 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, demandand the availability of parking spaces demanded. Several factors affect on-Airport. parking demand, such S^th^yawet^L^parking products offered (j.e. terminal garage, mid-market surface spaces, and , economy ^sfjaces), off-Airport parking competition; availability of .alternative transportation, such as the Chica'gp Tr^hspprta^pn Authority (CTA) train and taxis, as .well as the impact of transportation network companies (TNCs) spch as Uber and Lyft; and the cost and convenience associated with each of these facilities artci'altematives. J]

The Airport currently offers hpurjy)<;a.nd4i%daily^,p,arldn^ in^i^-aQp-sp^ce Jermjnal ..Parking Garage, .with a maximum daily weekday rate of $60.00 per day in^the^houriyXleyel 1) parking and $35.00 per day for the daily spaces^on levels 2 and 6 and outdoor surface spa£es:in^1^
term parking of less Xhah' three hours; arid whN^ for
overnight stays there are no restrictions^oh''*f^w loqcj^J^tker may stay in the space. The Airport also provides valet service with a maximurmdaily weekday^rate^of $54 .per day. During peak hours, holiday travel, and in inclement weather, the Termin.a|^arldng^^age'. approaches maximum capacity but with limited closures, only 3 hours total in 2015.' v .'^^V ■' "■'■■-':$>■ -■ --M

Lot E and Lot- G at'>the'AiiTJC{iit~a^c)esigh'ated.forvmidimarket^an'dfecdnbmy;parkers, respectively, providing approximately .lO^OO^urface^^ directly adja.cent^p;-th!e\ATS with a maximum daily weekday rate of $17 per^fjay.. Parkers in Lot E-.are able-to move directlyirom'tlieir vehicle to the ATS, which takes them tOithe-TerminaPArea. Surface Lot G is directly west of Lot E across: Bessie Coleman Drive with a maximum daily weekday. rate of',$10 per'day; ...Free shuttle buses,,.operate^24 hqursia day within these lots, dropping.^ G also occasionally experience limited^apa*aty'S^a0$\\.and winfer.;moijiths.leading.fo Idficio'sures in'Ootpber through December of 2015.\;Off-A|iiiport^parking .competitor's serving the Airport, such as Park N Jet Valet and WallyPark, provide parking facilities^and a-shuttle, service to and from the Ai'rport.withirates^typically competitive with the on-Airport economy lot. '_■■'• ■: :<; '■■':-/.'■ .. .'•.'.'\i-'-'"

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 cbntinuesto 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

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 a'vailable^to meaningfully assess the degree to which they are capturing demand share at the expense ojf.,on.;Airport^p^k^ng or other forms of ground transportation such as taxis and mass transit options. The^inrpa^Jof TNCs to on-Airport parking revenues will be clearer as the industry matures and tracking of TNC<af^vity/^tgirj£Orts improves.

As Airport passengers are forecast to increase over the Projection^1m6c^ 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 \p.^er the Projection Period could create parking capacity issues at the Airport. To accommodate futo1^''d^man'd^^'City is currently constructing the Multimodal Facility which will include approximately 2,000 (parkiny 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 demar^for mid-market parking. The planned parking garage construction will provide customers ty^cajlyj^parki no, in the Terminal Garage another option to optimize their level of convenience. Additional irif^rrnatipn^regarding these capital projects is included in Chapter 2 of this Report.

An increase in parking rates at the Airpdr^requires^ap'proval by the City Council, and while currently there are no proposed rate increases uncle^City Co^ncikreview, 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^ncreases would likely result in increases in parking revenues to the Airport. The last parking rate increase was jmplemented on January 1, 2012.

For purposes ^f^this Report^parking revenues are projected to increase at a CAGR of 2.5 percent through 2025, which is^ob^binationof increases in the number of 08iD passengers and assumed periodic parking rate increases\^based^n\historical parking rate increases at the Airport, to account for inflation (3.0 percent every o^e^ear^Qy^the past 10 years, parking rates at the Airport for the Terminal Garage and economy lots h'ay.e increased at a CAGR of 1.8 percent and 2.7 percent, respectively, excluding parking rate increases related only to tax^ihcreases. v ■/'

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

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National brands;' and The Hertz Corporation operates the Hertz, Dollar, and Thrifty brands. Advantage operates as an independent brand.

A Consoiidated 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 Annuals-Guarantee Fee or 10 percent of annual gross revenues; as defined in the agreement. At the end of each/a'greement year, an annual reconciliation will be computed for underpayment/overpayment. Budge^ted\automobile rental revenues for 2016 are $26.9 million,-or-10.4 percenfrofconcession> revenues; Automobile rentals-are.projected to increase at a CAGR of 2.3 percent through 2025, which is a combination of jrVcreas&sj in the number of O&D passengers and half the rate of inflation. ■ , 1

Restaurants

Concessionaires operate more than 100 restaurants/food and beverage outlefsiin the domestic terminals at the Airport. These outlets include a mixture of nationaUarid\lo^cak Chicago' brands. The terms of the agreements for these concessionaires generally/ange frorri 5 years to 10-years. The City receives from the concessionaires a percentage of gross sales^.against^ini^rr^nnuaj 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, i^^estic^rminal ,restaurant revenues are projected to increase at a CAGR of 2.3 percent throujh^O^^^^Kh is/a1 combination of increases in the number of

In 2015 the .Airport opened,21. new and^ejf|(Sisl^^tbne& .v The.,;new, concepts: included; Coach,,MAC,. and Chicago Sports,Pop. Up... The refurbished,stc<(je^included, pn^Stai;bMcle,.two McDonalds;and others. In.2016 the Airport has completed /ieveh_new concepts indudihg: Sarah's Candies, Green .Market, Publican, and Summer House.

domestic enplanements and increases based on^s^anticipated^new offerings during the Projection Period.

News and Gifts

Hudson Grouj^5pe^a^s"24 ne^s arid gifts outlets in th'e'dpmestic terminals. The City receives, from Hudson Group, a percentage oj\grbss sales against minimum annual guarantees that are adjusted annually based on the preyjpus..yeaKs sales") The budgeted domestic terminal news and gifts revenues fpr 2016 are $243 million, or 9.6. percent cVr^olj^ssion revenue's.' News and gift'revenues in the domestic terminal are projected to increase at a] CAj5R 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 Iriternational 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, arid fixtures throughout the International Terminal. The

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renovation also included the addition of a 10,000-square-foot flagship duty-free store, through which all departing travelers must now pass after cieanng 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 ^-"concession sales has resulted in additional revenue to the Airport, and is a result of a re-engineered layout>as w,ell as an improved selection of offerings. Prior to redevelopment, the terminal's first since its 199^eon^tructic^q^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^^rrr^^,--22-are located post-security to serve travelers near their gates. CDA has indicated that it is reyiewing^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^eyerujeyis projected to increase at a CAGR of 4.5 percent through 2025, which is a combination of increasesvin the;number of international enplanements and
the rate of inflation. News and gift revenue in the Ip^natioha^Terminal is projected to increase at a CAGR of 3.0 percent through 2025, which is a combinatiqrvof increasessin^the number of international enplanements and half the rate of inflation. Duty Free revenueSnyth^e^nterriational Terminal is projected to increase at a CAGR of 3.0 percent through 2025, whieh^is^a corribinatipn of increases in the number of international enplanements and half the rate of inflation. " v

Display advertising

Display advertising .revenue ,js/budgeted' to beᵛ$19.1 million in 2016 and is projected to remain level through 2025.

Hotel

Hotel revenue^'i^Btidgeted tb^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^islSstirhated tc^p'e approximately $350 million and is planned to be funded by a special facility loan backec?by h^o\el^e^.0ues. 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; howevej/^he 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.

Reimbursements and Other Non-Airline Revenues

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 cbmbinatitxi 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 cdhc^essionVp issuance of a new long-term concession agreement in the International Terminal, whic'h provided opportunities for vendors to maximize their investments and yielded increased concession^evenu^s^^lie^financial analysis presented in this chapter does not include the potential effects ot-plarineckconcession initiatives in the Domestic Terminal. '■ //^ ~~>\ ^^X^

5.3.2.7

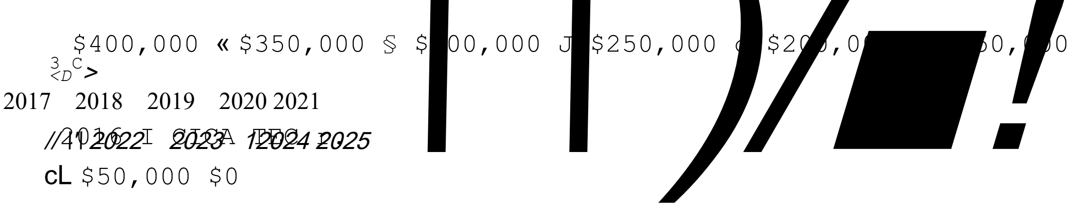
Reimbursements primarily relate to utilities. Many of the^i^djngs^n Aiiport .property are separately metered for utilities; however, CDA pays .the _uti|itv_ _cpmp¦ar^^di^ti^^CpA.then bills each tenant for individual metered usage at regular scheduled rates that arespo higher thar^he rates paid by CDA itself. Other revenue items included in this line item are CICA TEC energy reimBursement fCICA f EC's energy payments to the City) and interest income. These revenue iteiris-rare^no^^ffectedyoy increases or decreases in aviation.activity; increases are based on inflation. Other^on-Ajr^ine Re^nues include interest income. Reimbursements and other Non-Airline Revenues combined^afer^jecte^ajincrease at a CAGR of i.3 percent through 2025.

Non-Airline Revenues, shown^a, Exhibit SS^are projected on the basis of a review of historical trends, projected air carrier' activityTevelsy/and' inflation.' Non-Airline Revenues are projected to increase at a CAGR of 2.1 percent between 2016 anrj\2025. \\

Land rentals for hangar andvcargo racilities are allocated to the Land Support Area. As described in section 5.1.3, these rev^ues^are used^tp. 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 projectioj

.Exhibit 5t'6:' Projected Non-Airline. Revenues' -

(Dollars in Thousands for Fiscal Years Ending December 31)



SOURCES. Chicago Department of Aviation; Ricondo 8(Associates, Inc, based onjhe analysis and assumptions described in the Report November 2016 \\ PREPARED BY: Ricondo 8i 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 capacit}y^vt|iusj^a1l^ing 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 Other AvMabl^^evenue Projects.

5.4 PASSENGER, FACILITY CHARGE REVENUE

The City has^FAAvapprbval to impose a PFC at the Airport and to use PFC Revenue for approved Airport projects, indu'dingJDMP 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.

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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 l, 2016 was'$179.0 million.

Table B 3 in Appendix B of this Report presents'^ Debt

service, on outstanding PFC Revenue Bpnds vis. anticipated to. be approximately $66.4 million in 2016

and 2017, then decrease to approximately"$.50:4 rriiNlon in£2018; '^^^n^jflortjrom 2019 -through

2023, then increase to-$51.5 million-in 2024 and 2025:- -i^^V^ :

.,' .; /, _ \\ .

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 boncls, are secured not only by a pledge of Revenues, but are also payable frorri.and sei\ix&6y^^^c^^^^^zh\Q PFC Revenues. The City is evaluating the use of PFC Revenues after calendar yeai/2018 and^ in its sole discretion plans to continue to use PFC Revenues to pay debt se^iceo^th^'Series 2008A Bonds and Series 2010F Bonds, or on any bonds refunding those bonds^for whicrWthe City is under no obligation to use PFC Revenues. Therefore, the financial analysis injnis RerJort^ssumes that PFC Revenues will be applied to pay debt service on the Series 2008Aaf^^ refunding'those bonds, from:2019;.thr.oug^ j0(: -

PFC Revenues wiir'Be'piedged 201'6F'New 'Money' Bond's"t'nrdugh the Projection Period.0"

The City is in the process of-SLibmitting a PFC application to the FAA;to apply for PFC authority for the Terminal 5 ExpansibriW^e^qescribed in Chapter 2 of this Report. PFC Revenue Bonds are expected to be issued in 2017 fe^rid^approximately $188.6 million of the Terminal 5 Expansion project costs and to potentially'vre.fund certain outstanding PFC Revenue'BohdsV (Debt service on these future PFC Revenue.3oqds is ass'umed to be approximately $12.3 million annually through the Projection Period. Due tp^the uncertainty of outstanding PFC Revenue Bonds to be refunded with the 2017 PFC Revenue ^pnd^no^savin^s are assumed in this Report! Additiohal^efhiinai 5' Expansion'project costs could "be /determined^o^be' RFC^Leligible based on-project refinements,' if so; the'City-may elect to use'PFC "Revenues-to fund those costs. : -

f i //

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.

v - Exhibit 5-7: Projected PRC Revenue

(Dollars in Thousands for Fiscal Years Ending December 31)
2017
2016
2019 /,2020 \2021 <file:///2021>
2022
2024
2025
2018
2023
// /> ^ I PFC-backed GARB Debt Service (pledgee!) Xy
■■■•PFC Stand Alone Debt Service
»PFC Revenues (including interestearningsJ-'V'^

NOTE:
1 the City is under no obligation to use PFC
Includes only debt service with pledged PFC Revenues, however, PRCRevenues are projected to also be sufficient to pay debt service on the Series 2008A Bonds and Series 2010F Bondsfor'on any bonds refundiijefthose bonds, for which th<
Revenues after 2018. ^0%/^/"" SOURCES: Chicago Department of Aviation; Ricondo Si Associates, Inc., based on the analysis and assumptions described in the Report. November
2016 VX PREPARED BY- Ricondo 8t Associates, InCyNoviiiiber
2016

5.4.2

FAA AIRPORT-IMPROVEMENT PROGRAM GRANTS AND OTHER FEDERAL FUNDING
//NX ---r:^y

As of August 2016, the/City^has received $505 million of the $925 million multiyear LOI grants awarded ($300 million under/g^^t^AGL-06-6l^and $625 million under grant AGL-10-01, as amended) by the FAA for OMP Phase 1, OMPt PJiase 2AJ\and the remaining OMP Airfield Projects.

On November 21, 2005fthe FAA issued an LOI (AGL-06-01) to the City for $300 million in discretionary grants for OMP Phase l.dyer 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

I

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. /fy*

. -, . i . ,., -. , _T . \\

Of the $625 million LOI: discretionary grant, $280 million : is to be^usecPto. fund OMP Phase 2A, including $45 million pledged to the payment of debt service on the^dllB^Borids.^with the remaining $345 million to be used.to fund the remaining OMP Airfield Projects;: iV^^'"'

As of August 2016, the City has received $285 million of the^6^5^Hlio^Lf^I discretionary grant, of which $45 million.has been applied to the payment of debt Service' bnj the Series 2011B Bonds, $235 .million-has been used to reimburse'the City for prior^-expenditures.'p'r^OMP Phase 2A projects, and $5 million will be used to fund the remaining OMP Airfield P^rojectsr^S '^

' ' *SL // Vj*

The City intends to-apply" a 'tbt^t'of '"$32J^n1llid^<C)p'LOI "granf'iristallmerits'-associated with the remaining OMP"Airfield Projects,"comprised^ $205' million of LOI 'grant installments used on a pay-as-you-go basis[1] and $140'million-^ New Money Bonds. , ,,, ^

All 'future LOI grant installments anticrpated^ are "assumed to'be made available by the FAA and .paid,to the City in accprdan^tf^ of this Report.

Under the AIP, in addition toySiscretipnary grants, the City also receives annual entitlement grants for use at the Airport based on the nurrjber/6'f enplaned passengers and cargo tonnage at the Airport.

Federal f unding receiy4cTHD^he Airport, and aviation operations in' genera!, cou <http://cou> ld <http://ld> .be <http://be> adversely affected by i.m^jementetjQrr^f^he.segue^^tion.provisions of the„Budget.Control.Act,'-,which was,signed into law by the President on (August,s2;. 2011. Under the. budget sequestration provisions, the Build America Bonds (BAB) subsidy^hidWappliedYo offset debt service paid by the airlines on the Series 2010B Bonds, was reduced by 7.2 pe{cerTt[N]for FedVaKPY 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. 2Q17. Absent. Congressional action, the .sequester will, continue through Federaj^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 mijlipn; for purposes of the financial analysis in this Report, this amount is assumed.to be available in each year of the Projection Period.

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.- V

Outstanding GARB Debt Service after the Issuance of the 2016 Refunding Bonds

Total outstanding GARB debt service totals approximately $540.7 million in 2(p:6. 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 projectecp:OHncreas'e to approximately $568.9 million in 2018 then decrease steadily throughout the Projection Period toS^proximately $452.9 million in 2025.

2016 New Money Bond Debt Service

As described.'in Chapter 2 of this Report, the 2016 Projeds^ndldde the construction of Runway 9C-27C and enabling projects, centralized deicing pad, and cros^^eldJaxiw^y system and relocation of Taxiways A and B. Proceeds from the 2016 New Money Bonds are^nrticipa'{ed to be used, in part, to fund the 2016 Projects. The 2016 Projects total approximately $1.3 billion, oUwhich^approximately $1.0 billion will be funded with proceeds from the 2016 New Money J^o£ids. FffjC ReV^hcies and Grant Receipts from a FAA LOI Grant, both used on a pay-as-you-go basis, are antidf^er^itoXfapdrthe portions of the 2016 Projects not funded with the 2016 New Money Bonds.

In addition to Revenues, the|Seriesj2016E New Money Bonds are also payable from and secured by a pledge
se'd to pay debt service on the 2016E New Money Bonds in the year
■ shown in Table 5-3, which wi

of Net Grant Receipts. The City anticipates receiving annual FAA LOI Grant reimbursements in the amounts

which

following the receipt of/the^grant

$30,000,000

$30,000,000

$30,000,000

$20,000,000-

SOURCE Chicago Department of Aviation, September 2016.
PREPARED BY Ricondo & Associates, Inc., September 2016.

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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 approximatejy,$51.9 in 2020, increase to approximately $65.9 million-'in'2021 and' 2022, and"then increase to ar5plpximately$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;competed and the anticipated structure of the 2^16E^Ne^Money Bonds.

Net Debt Service on future GARBs

(.{ \ I

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^Hhis^p the following:

Future Remaining OMP Airfield Projects GARBs! Approximately $361.4 million of the remaining OMP Airfield Projects are estimated to be fi^^ed rj'y^proceeds from future GARBs. Funding approval for the extension of 'Runway -9R-27L haslet to^^negbtiated' 'with' the Airline Parties and Airline Party approval has ho't yef%eeri re^ on the City's planned

' schedule for'the re ma i hi n g O M^jrli^ld I RrSj^f^^ et Debt Service;[1] 'net' bf capitalized'interest, for

[1] " these GARBs is' assum^^^ miTlioh^in-2W2[4]antl'trtenrem the

PrOjectibh Period.[0:]

the amount of approximately ,$773.3 million, along with other funds, 2016-2020 CIP.. Based^on

tfie^anticipated timing of capita^

airline approya^^bpn^ 2018,is,assumedjn,,this,firia shown below. Debt

service on the'se^bonds ^allocated to cost centers based on the. type of capital projects funded,

. Future 2016-2020 CIP^ARBs. As sl^ovyn in Chapter 2 of this Report, proceeds from future GARBs in

-'- ■■• ■■>--■' • are needed to fund.the Airport

, ...,_v. „r,._..,_..r_,,_.tures and "anticipated fufufe"Mil

| in 2019, /and; then fa steadily, increase:;as;;proje^S:;inc!uded ■ eted, to:approxima\eiy.$73:5 milli^ in 2025:' 7-^777:;l'r

detailedJ'Q^Chapter 2^Net Debt Service on these future bonds is projected to be approximately $38.9 million, in 20,19, /and -then to steadily, increase:'as-projects ^included rin the 2016-2020 CIP are eomple

The Terminal AreaPlan, described^ri'Se'ctibh'^-^ of tfiis^Report? is'still in preliminary planning and discussion phases, andjd^ue^to the uncertaint^r.ofjbjpject costs, fundigg^ahd 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 OMR 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

ASSUMED PROJECT FUNDING ($ MILLIONS)

j 2016-2020. CIP

Series 2018

^Remaining OMP Airfield Projects

$361.4 million

NOTE PFC Revenue Bonds are expected to be issued in 2017 to fund Terminal 5 Expansion These bonds are not'ex'pected 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 DebttService, netj-pf 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 P.eriod>-~_-^

Net Debt Service

program fees. As shown on Exhibit 5-9,

^^^jrox\m^^^A23A millip approximately $534.6'million in 2025 as^oject components

funded.with proceeds from the 2016 Bonds and future GARB'issuances are completed.

Net Debt Service in the financial analysis refle^^e^tfng andsfciture Net Debt Service, net of capitalized interest, PFC Revenues, Grant Receipts and„oJther\federal jMpds used to pay debt service, and adjusted to reflect debt service coverage requirementsr'irv^es^tmeht^ncpme, and

(Dollars in Thousands for Fis^KVea/s EndingP.ecember 31)

$600,000

S500;000"

J 1

$40.0,000

$300,000 $200,000

2022

2025

2017

2018

2019

2020

2021

2023 2024

2016

Net Debt Service is budgeted to be^approxiiiria.tely$423i4 million in 2016 and projected to increase to

SOURCE. Chicago Department of Aviation, August 2016, BAML November 2016

PREPARED BY: Ricondo & Associates, Inc., November 2016

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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 th^iternational Terminal Use Agreement, respectively, through Landing Fees, Terminal Area Rentals, Terminal Area^Use Charges, International Terminal Enplaned and Deplaned Common Use Charges, and Fi^lTng\System Fee's during the year. OC /

The Net Signatory Airline Requirement is projected to increase from $^8^'Wllion W2016 to $913.2 million in **2025, shown in Exhibit 5-10.**

O&M Expenses .. :,.V" .jpr;~<; na Fund Deposit Requirement;.

Non-Signatory Airline Revenue. Net Debt Service ' ; '

Non-Airiine Revenue,., • / «==»Net Signatory Airline Requirement

SOURCES' Chicago Department of Aviation;.Ricorido 8t Associates, Inc.,. based on the analysis and assumptions in'the Report. November 2016
PREPARED BY Ricondo 8i Associates, Inc., November 2016

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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 hereirij'a continuation of the current Airport residual rate-setting methodology was assumed through 2025:-see Sectiori\5.1.1 of this current Airport residual rate-setting methodology was assumed through 2025, see Section 5.7 of this

Chapter. /^^)) ^

Applicable Non-Airline Revenues (i.e., rentals, concession revenues, and^rei'mbursements), as well as the following costs, are allocated to each CRC to calculate applicable ra.tes'used^tp generate such fees, rentals, and charges:

O&M Expenses. Includes the O&M Expenses (direcfand^allocated indirect) attributable to the CRC.

<f)) ^

Net Debt Service. Includes the portion of debrseryiceynet of capitalized interest, and debt service

7/ |w7

ies.

coverage attributable to the CRC. The deb^t/service ariqounts included in the calculation of airline rates and charges also reflect certain adjustments recfuflred tq^be made to actual debt service under the Airport Use Agreement for the purpose of^lculating<of Airport Fees and Charge

Fund Deposit Requirements:^Includes the^allocated portions of the amounts required to be deposited to the funds describedearneTT

5.7.1 AIRFIELD AREA x£^>

Generally, Landing Fees are calculatea>by first determining the net cost of the Airfield Area, which consists of portions of the following: sutrV'of O&jyl Expenses, Net Debt Sen/ice, fund deposit requirements, and the net deficit of the InternationaJ^rminaJrAfie'a less the sum of projected Non-Airline Revenues and net revenues of the InternationjiJJerminal^Area The Net Cost of the Airfield Area is allocated among Signatory, and Non-Signatory AirlineTbn"trie basisNsf the approved maximum landed weight of all aircraft. Each Signatory Airline and Non-Signatory Airiihe pays Landing Fees on the basis of the ratio of its total approved maximum landed weight-^tb^-he tb.talva£prbved maximum landed weight of all Signatory Airlines and Non-Signatory Airlines.

The landed weight oHiircraft landed by certain classes on Non-Signatory Airlines may be increased by Non-v I' l ^ Signatory Air^ne^remium 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

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Exhibit Srli:; Projected L^'ndinigjFeesY

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$5

SOURCES' Chicago Departmehtbf Aviation; Ricondo 8i Associates; Inc, based.on the analysis a'nd'assumptionsMii'the Report November 2016.
PREPARED BY Ricondo 8i Associates, Inc, November 2016.

5.7.2 TERMINAL AREA

to yield the Terrriinah Area net deficit. The Te^ma'l^fea[5] ne£.deficit is paid by th Terminal Area Use Charges, which are c^lc-'dlatfed on^persquare foot of exclu;

O&MExpenses; 'Debt-Service,'-and fund^be'p"6sit'requir^^o^a'llocated to the Terminal'Area are added ' together and offset by Non-Airline Revenues aridNph-'Signatory^Airline Revenues attributable to the Terminal ■■■'! Area*' A'~pbYtioh'of-th'e Termihal-Su'pport-Area'ri^^ to'the Terminal Area

";",': ""i :- -•'"* u" *he Airline Parties in the form of

lusive or preferential use leased

spate basis: iri addition'to the Termmi^e^^g^rd^^th'e Ajrpbrt'Use Agreement'establishes a $5.00 per square foot Terminal Area Rental rate forcfoace exclusively or preferentially leased to the Airline Parties.

5.7.3 INTERNATIONAL TERMINAL AREA[N]

T:-' The[1] International' Terminal te^^Apre^ment[1] creates sub-cost centers -(the --Exclusive Use Cost Center, the

7 "-■ "■ Eriplahed Gbm'm'b'n 'Us^e^osv^jil^^ Cost-'Center) within' the- International Terminal Area. The Irite.mati'6n'al[N]termihaT Airline Parties pay terminal rentals and common use charges based 'bn-th'eir us'e'of.the-^

, Pprtion^-pf^p^j^Expe^es,-; Net Debt; Service, on.GARBs, and ..NoriTAirline Revenues are allocated ,to the .sub-cost centers^as^pprc^'ate, and a portion of,the Terminal Support. Area net:deficit or net revenue is allocated , . to. the^nterijiatio.r^lTfr,^ -the-Airport. Use Agreement. These sub-cost center expenses are :. • generally allppaJ^>on/:,the basis-pf-the relative square footage of the respective sub-cost centers, yielding a net requirernepHor each sub-cost center.

. The pet 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

$180

2023

2024 2025 i'Iriterna'tionarTermifia'1 - Base Rental Rate

5.7.4 ■ FUELING SYSTEM

The net cost of the Fueling System consists of thVporHiorfs-fof O&M Expenses and Net Debt Service allocated to the .Fueling System.' Of this net cos^lO^ercent^sTrared equally by all Airline Parties and International Terminal Airline Parties. The remaining 9^^percerrt of the net cost Js divided' by the total gallons of fuel distributed from the Fueling System and charged to airlihesj'based on the number of gallons used by each airline.

5.8 Reasonableness of Airport User Fees

Table B-9 in ArJpendixNB^at the end of this Report presents the airline revenue resulting from the previously describjed^? ^.tals/>fe^s^nd charges. Consistent with the Airport Use Agreement and International Terminal Use A^reemjeht, the^total Signatory Airline revenue presented in Table B-9 equals the Net Signatory Airline Requirement prps'ented in Table B-7.

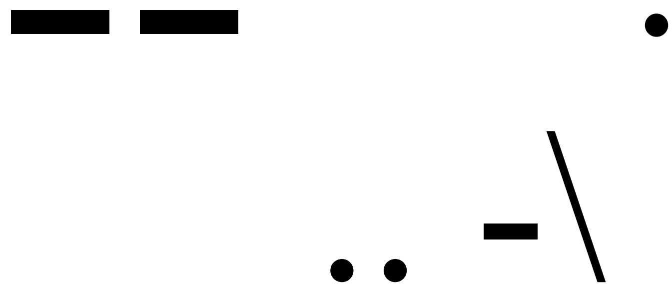
3.1 AIRLINE COST

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.

I

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-27G and the'exte'nsipn.pf.Runway'9R-27L.'. :"" /C1^ ^)'-}- '

I Cost per Enplanement - 2016 Dollars

■r. ■ ■ - *M ■ ■ ■ "| ■ -<•■■ f>~ ■ ■ ■:

SOURCES^City o^hicago.Departi Aviation; Ridbndo a'Associate's', Inc, based dri the analysis arid'assurriptions 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 ai.r traffic at the Airport as airlines continue to deploy capacity to'airport's 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

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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^fpr United and American within their United States domestic route networks, andJ^is'lTn 'importantsinternational gateway-for European, Asian and Canadian passenger traffic, providing strong-corjnectivity to flights

\ *\ y'y -.■ ."^7"

of international alliance partners. As estimated in Section 4.1 of_this Re^o^t, the Airport is the second highest contributor to profit for United and the fourth highes^eb'irt^ri^^Ktoprofit 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 aJcey^contributor,to airline's profitability in the

United States. \ ^x^x^-- ^

Increases in debt are associated with capital prpjectS'that allow for growth - Airport user fees during the Projection Period are calculatel recover debt service and operating costs partially attributable to significant capital projec^<desic|p^d to provide capacity at the Airport which supports the ability for airlines to increase service>^jthouglxrrfhe funding of these projects is anticipated to result in increased Airport user fees^fhese pro^cts^ifpport projected long-term growth at the Airport.

In summary, Airport user fees, although^io\r?easiffg d6ver r the Projection Period, are one of many factors that are considered by airlines when evaluating air^ervice. Airport user fees were approximately 6.7 percent of system-wide total airline operatn^g costs according to the airline industry group Airlines for America" and are one of many factors airlinei;-consic^r^when allocating capacity resources. Forecasted growth of population and economic base, alprrg witf^the geographical location and established role of the airport in airlines' route network, support the r^aspnableh^Sj5].6'f'projected Airport user fees.

Appendix B at the end of this Report presents the Debt Service coverage ratios projected for 2Ql1>;through 2025. As contained in the Senior Lien Indenture:

5.9 General >^i[port Revenue Bond Debt Service Coverage

Tableau i GARBs from

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

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.

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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 (l.lOx) 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 tb-'AirponvRevenues--theGity also; pledged as-Other Available Money^PFC^Revenuesvthrough 2018 equal to the amount'of annual debt service on the Series 2008A and Series'foTttFj Bonds.^or any bonds refunding those bonds, and ^through maturity on the Series 2011A Bonds^or anyjbondj^refunding those bonds; plus any required-coverage on those bonds. -As described in Section^5'4.1,'^FC Revenues are assumed to' be applied 'to pay debt service on the Series 2008A and Series 201TJF*B^ndSlvprah^ bonds refunding those boridsr from 2019 through the end of 'the Projection; Period. It is /assumed that PFcf

2011C. B-nuS¡ypran- bonds refunding these bonds. from 2016 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\vilKbe pledgee! as Other Available Moneys through the Projection Period. Also, the City has pledged al^f^rAvi^bJeJMioneys Grant Receipts from FAA Letter ,qf Intent .grants, and.,other FAA discretionary grarits'-tp trje^debt .service on the Series 2011B Bonds, in addition to. Airport,Revenues. It is. assumed in this'ahalysi^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,pe^Se^ice coverage ratio is projected to meet the minimum

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Appendix A

IM*}BBBC^BBB

urn ^

^■BBEBBB.a

Hist&ri^^Budgeted versus Actual Operating Results

M B BOB BB ffl BB^B^Bl B <r i B B B B fl B B BBB fl CB fl ■■;aMB ■ flflfl Iglll EjTflflfl flflfl ■ ABB fl ■ C ■ fl fl '■BflrJ:flflflBflfl.flDflflBi5TflSflflflflflflfl

■ II^IBIBIflfl^flBflI■■■ BBBBBBflBBBQflC^flABBASflivfl'fl ■ ■ ■ BB : -BBBUBBflBBBBBBBBBBBB

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/^ V > / Table /j>I: . Operation and Maintenance Expenses - Actual vs Budget (2010-2014)

(Dollars in Thousands for Fiscal Years Ended December 31)

COMPOUNDED ANNUAL 2015 GROWTH RATE (2011-2015)

BUDGET:

Budgeted O&M Expenses [1] **ACTUAL:**

Actual O&M Exoenses

ACTUAL (below)/above BUDGET

$428,627 $437,297 $448,886 477,940 510,812
-5.0%
-2 5%
-9 5%

$407,331 $426,461 $406,318 $463,224
-31% x.\-8 ?,%•>.:

Z-2013 2014

Budgeted O&M^Expenses ■ Actual O&M Expenses

fcxx

1/ Does not include Ldnd Sup port,* Airport Development Fund>EmfiigencyReserve Fund and PFC Fund
PREPARED BY Ricondo 61 Associates, Int>-SeStember
SOURCES City of Chicago Comptrollers Office and Deparrni*nt of Aviation, September 2016
er 2016 \i>.'... *-. ■

■ -/.Table A-2: Concession Revenue - Actual ys Budget (201p-26i4)

(Dollars in Thousands for Fiscal Years Ended December 31)

COMPOUNDED ANNUAL GROWTH RATE (2010-2014)

BUDGET:

Automobile Parking - Net of Tax Automobile Rental " Restaurants News & Gifts Other'"

Total Concession Revenue

189,423 21,523 31,889 19,719 29,981

$192,535

$101,902

26,549

44,988 <

(<Sy 18,407 54,048

$212,342 $223,144 $242,298 -'-$245,895 '■■

| L

/y \ '-vw,

^5.4%

N X

-17% >-l-5 9%

ACTUAL:

Automobile Parking - Net of Tax-Automobile Rental 1,1 Restaurants

News & Gifts ..V'.

*Other *'*' £;'i,: '■] 'Jl*

Total Concession Revenue..: ·:·

'$7'n.·886,:

. lb.608 . · " 37.989'!

$93,557 25,445 41,330 16,579

41,197;

595,614^-26.274' 27;863 42,662 _/45,432

$97,834>v $99,210' _:29;176

$240,297,;

-u.^ , 7^,-^ 49,366 ^ 18.367^/' 24.!:8f> V; J. 24,355 :-:;;40'337 \\y45;082,-.;'■'i•. --41,908

,:•:'$244.0 IS

0 8% 5 3% ■ 6 4%

■;ii8% 25%

3 6%

ACTUAL (below)/above BUDGET

2015

2014

Actual Concession Revenues

$260,000 $240,000 $220,000' $200,000 $180,000 $160,000 $140,000 $120,000 $100,000

yy 2012 2013

B Budgeted Concession Revenues

NOTES

V Induces percentage af gross receipts of eight rental car companies operating under agreements at the Anport

2/ Includes rentals and fees from o:her concessions such as other space rentals, bus service, public pay phones, other specialty shops, display advertising, hotel, ano duty frc-c

SOURCES Ciiy o Chicago Comptroller's Office and Department of Aviation, September 2016

PREPARED RY Ricondo & Associates, Inc. September 2016

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Appendix F

PROPOSED FORMS OF OPINIONS OF CO-BOND COUNSEL

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[Form of Co-Bond Counsel Opinion tor 2017A Senior Lien Bonds]

[Date of Issuance of 2017A Senior Lien Bonds]

City of Chicago Chicago,
Illinois

We hereby certify that we have examined a certified copy of the record of the proceedings of the City

Council of the City of Chicago, a municipal corporation and a home rule unit of local government of the State of Illinois (the "City"), passed preliminary to the issue by the City of its fully registered Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2017A, in the aggregate principal amount of $55,915,000 (the "Bonds"), The Bonds are limited obligations of the City issued pursuant to the authority of Article VII, Section 6(a) of the Illinois Constitution of 1970 and by virtue of an ordinance adopted by the City Council of the City on September 14, 2016 (the "Bond Ordinance"). The Bonds have been authorized by the City for the primary purpose of refunding bonds previously issued for the purpose of providing funds to finance the cost of certain capital projects at Chicago O'Hare International Airport (the "Airport").

The Bonds are being issued pursuant to a Master Indenture of Trust Securing Chicago O'Hare International Airport General Airport Revenue Senior Lien Obligations, dated as of September 1, 2012 (the "Indenture"), between the City and U.S. Bank National Association, as Trustee (the "Trustee"), and a Fifty-Ninth Supplemental Indenture Securing Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2017A, dated as of June 1, 2017 (the[1] "Fifty-Ninth Supplemental Indenture"), between the City and the Trustee. 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-Ninth Supplemental Indenture. Terms used herein that are defined in the Indenture and the Fifty-Ninth Supplemental Indenture shall have the meanings set forth therein unless otherwise defined herein.

Under the terms of the Indenture, the City has previously issued Senior Lien Obligations that are presently outstanding and the City may hereafter authorize and issue additional Senior Lien Obligations as permitted by the Indenture. Senior Lien Obligations are entitled to the benefit and security of the Indenture, including the pledge of Revenues and other funds maintained for the benefit of the Senior Lien Obligations.

The Bonds are dated the date hereof arid mature on January 1 of the years and in the amounts and bear interest at the rates per annum as follows:

F-1

Year (January 1)	Principal Amount	Interest Rate	Year (January 1)	Principal Amount	Interest Rate
2021	$ 415,000	5.000%	2030	$8,260,000	5.000%
2022	. 435,000	5.000	2031	8,665,000	5.000
2023	1,115,000	5.000	2032	710,000	3.125
2024	■ 1,390,000	5.000	2033	730,000	5.000

2025 ■	1,470,000	5.000	2034	7/70;000	3.250
2026	4,220,000	5.000	2035 .	795;000	3.250
- 2027	• 7,135,000	5.000	2036 ■	825,000	3375:.
2028 ' •:	7,480,000	5.000	2037	850,000	5.000
: 2029	7,875,000	5.000	2040..	2,775,000	■■. • 4i000

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 within any'maturity by:11ot,-iat|a redemption,price:equal to the principal amount of each Bond to be redeemed, plus accrued interest to the date of the redemption. ■ : •

" . The Boridsi maturing .bn January. 1,:2040 are subject to mandatory.;redemption,;in part by lot 'a's(proyided' imthe ilndenture from mandatory;Sink'ing/Fuhd (Payments' in,accordance, with the Eifty^NinthrSupp'leme'ntali Indenture; ; on"January 1oin ceachvof .-thewyears) and-;in^tHe rrespective principal amounts: set forth'below; at a redemption price equal to the^principal amount thereof to beiredcemed: .. .:;■ i-.-i.--■ ■.!'■■,■:;;.n., ■ ■■ 'f/■ • '

:■: ;.:-:-. .\ .-YEAR.. ' . \il\\::A.-\\	. /PRINCIPAL Amount -■■ :
2038	;$890;()()() • ...
2039	925,000
!■' ;>•,...i ■• ,v2040 (maturity) . ;i	,-n 960,000 ...

■.; In;our-capacityas;;ibond:co,unsel,.we;have.examined,jamong,.otherrthings,:the,following:

a) certified copies of the jproceedings of .the City Council adopting .the Bond Ordinance and authorizing, among other things, the execution and delivery of the , , ;Eifty-Ninth Supplemental Indenture and the issuance, of the Bonds;.

b) certified copy of me Bond Ordinance;

c) an executed counterpart of the Indenture and the Fifty-Ninth Supplemental Indenture; and

d) such other certifications, documents, showings and related matters of law as we have deemed necessary in order to render this opinion.

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Based upon the foregoing we are of the opinion that:

1. The City is a municipal corporation duly existing under the laws of the State of Illinois and is a home rule unit of local government within the meaning of Section 6(a) of Article VII of the 1970 Illinois Constitution. The City has all requisite power and authority under the Constitution and the laws of the State of Illinois and the Bond Ordinance (i) to enter into the Indenture and the Fifty-Ninth Supplemental Indenture with the Trustee and to issue the Bonds thereunder, and (ii) to improve, maintain and operate the Airport and to charge and collect rents, fees and other charges for the use and services of the Airport and to perform all of its

obligations under the Indenture and the Fifty-Ninth Supplemental Indenture in those respects.

2. The Bond Ordinance is in full force and effect and is valid and binding upon the City in accordance with its terms. The Indenture and the Fifty-Ninth Supplemental Indenture have been duly and lawfully authorized, executed and delivered by the City, are in full force and effect, and constitute valid and binding obligations of the City legally enforceable in accordance with their terms, except as enforceability may be limited by laws relating to bankruptcy, insolvency,.moratorium, reorganization and other similar laws-affecting creditors' rights .generally and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

3. The Bonds have been duly authorized and issued, are the legal, valid and binding limited obligations of the City, are entitled to the benefits and security of the Indenture and the Fifty-Ninth Supplemental Indenture, and are enforceable in accordance with their terms .and the terms of the Fifty-Ninth Supplemental Indenture, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy,' insolvency, moratorium, reorganization and other similar laws affecting creditors' rights andi by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

4. The Bonds are payable solely from the Revenues deposited in the 2017A Dedicated Sub-Fund maintained by the Trustee under the Fifty-Ninth Supplemental Indenture, the Common Debt Service Reserve Sub-Fund on a parity with other Common Reserve Bonds and certain other amounts as provided in the Indenture and the Fifty-Ninth Supplemental Indenture. The Bonds and the interest thereon are limited obligations of the City and do not constitute an indebtedness of the City within the meaning of any state constitutional or statutory limitation or give rise to a charge against its general credit or taxing powers. Neither the faith and credit nor the taxing power of the State of Illinois, the City or any political subdivision of the State of Illinois is pledged to the payment of the principal of, premium, if any, or interest on the Bonds.

5. The Indenture and the Fifty-Ninth Supplemental Indenture create the valid and binding assignments and pledges which they purport to create of the amounts assigned and pledged to the Trustee under the Indenture and the Fifty-Ninth Supplemental Indenture.

6. Subject to the City's compliance with certain covenants, under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as ah item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended, but we express no opinion as to whether interest on the Bonds is taken into account in computing adjusted current earnings, which is used in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such City covenants could cause interest on the Bonds to be includible in .gross income for federal income tax-purposes retroactively to the date of issuance; of the Bonds. Ownership of the Bonds may result in .other federal tax consequences to. certain taxpayers, and. .we express no .opinion regarding any such collateral consequences arising with respect to the Bonds. In rendering our opinion on • tax exemption[1],-we have relied on the mathematical tdomputation of the yield on the Bonds and the yield on certain investments by Robert Thomas, CPA L'LC, Certified Public • !. Accountants.

<: ■ 1:.:■■) Interest, on thei-Bonds ismot exempt, from present State of •Illinois; income *i taxes. Ownership of the Bonds may result in-other state .and local-tax consequences to ■yir. i'- '-certam -.taxpayers,' -and we expressino opinion[1] regarding anyjsuch collateral .consequences arising with respect'tothei Bonds. . - ■• k . si ■ ■ - ■ ; j-^ r- = ■■!■.<■.<■■;■■/■>'*

. We'..express no opinion hereini as ; to:; the; accuracy, adequacy.' or completeness of any information furnished[1] to any person iniconnection/with ahyioffer or;sale ofthe/Bonds!.r. v

- -.■!-!•■ ■■'

:>(U 'i;':Tni renderingrthis lopioion,-• we\Have-¯relied!uponscertifications iofthe; City with respect to certain.-matefiahfaefsrwithirirthe Cityisoknowledge.^ .Oufuopinioh represents our .legal judgment based upon.'ou'r review of the law and the fact.S'that.we deem relevant to render such opinion and is. npt a:guarantee of a. result. This'opinion is given as of the date heredf iand wei assume no obligation to revise or supplement this opinionr.to reflect.any facts-orxircumstaiices;that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully yours,. ■ ..

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[Form of Co-Bond Counsel Opinion for 2017B Senior Lien Bonus]

[Date of Issuance of 2017B Senior Lien Bonds]

City of Chicago Chicago,
Illinois

We hereby certify that we have examined a certified copy of the record of the proceedings of the City Council of the City of Chicago, a municipal corporation and a home rule unit of local government of the State *of Illinois (the "City "), passed preliminary to the issue by the City of its fully registered Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2017B, in the aggregate principal amount of $356,385,000 (the "Bonds "), The Bonds are limited obligations of the City issued pursuant to the authority of Article VII, Section 6(a) of the Illinois Constitution of 1970 and by virtue of an ordinance adopted'by the City Council of the City on September 14, 2016 (the "Bond Ordinance"). The Bonds have been authorized by the City for the primary purpose of refunding bonds previously issued for the purpose of providing funds to finance the cost of certain capital projects at Chicago O'Hare Internationa! 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 Sixtieth Supplemental Indenture Securing Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2017B, dated as of June 1, 2017 (the "Sixtieth Supplemental Indenture"), between the City and the Trustee. 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 Sixtieth Supplemental Indenture. The Pledged Other Available Moneys are derived from PFC Revenues, including moneys to be withdrawn from the PFC Capital Fund, subject to certain prior and parity pledges and other uses of such funds as provided in the Sixtieth Supplemental Indenture. Terms used herein that are defined in the Indenture and the Sixtieth 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 dated the date hereof and mature on January 1 of the years and in the amounts and bear interest at the rates per annum as follows:

Year (January 1)

2018

2019

2020:

-2021

•. 2022' '

:o=... : ,2023- ;

^ --.2024 '■-

.-2025:;: .
. ' 2026
. 2027- . ■■ •, .2028:

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 maturitiesfas ithe City-shall detennine and-withinr-any(.maturity'.by.;lot;!at;a redemption price equal to the .principal amount . of each Bond to . be. redeemed,. plus ^accrued* -interest-to - the date, of ithe

redemption.-/-/- Ii,!,,.: . • n';:.o . ■ • •..,' :.•/./<!•.;-.•' V .\-.v." -r\ ■■ ■■ ■['_ '
:/!.',' I'0 D;;i/.:iH ..*> :.i-!Mi.. .,<-. '■;.;(>•;<.•>■.i\ \'\y. I::-
M" I Or In.iOUP!capacity as-bond;counsel,:we:ihaye examinedviamo.ngiQther;things; ,the foHowing:;-;.i
'.srij br;?; •/!;*.} ;,(:) '; u " " '■ ■,-iv,-.-v.\;,- \ *-\.-;v. x • 'v.<\,:'/. \\- !\\;'\(' ' ';<,)! ":0-. .:: ■j'jii>b

•,!.-!,; -,,; \f,,,; (a) :, .certified, copies.of -thej proceedingsi pf.the iCjty Council adopting the Bond ,i< !/.: ; ..,.Oxdinanpe and-authorizing,.:among other,things; the execution and.delivery of the Sixtieth • n < •= SupplementalJndenture -andrthe, issu^ee-pf the, Bonds--..

(b) certified copy of the Bond,^Ordinance; .

(c) an executed counterpart of the indenture and the Sixtieth Supplemental : ' Indenture; and

(d) such other certifications, documents, showings and related matters of law r"': ' 'as we have' deemed' necessary lh'6'rder 'to render' this opinion:

'-"■' 'Based'-upo'n th'e'fore'gbirig-we'afe'dfthe opiriibn that:'

1. The City is a municipal 'corporation 'duly e'xi'stirig urider^he Taw's of the State of Illinois and is a home rule unit of local government within the meaning of ■'1 'Sectibn6(a)"'of Article-'Vii bf th& l-970'fHinbis-eons'n^ufiorif-"The5<3ity -has-all requisite power and authority under the"Cbnstituti6ria'Hd the 'laws -of the'State*'of Illinois arid the Bond Ordinance (i) to enter into the Indenture and the Sixtieth 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 Sixtieth Supplemental Indenture in those respects.

2. The Bond Ordinance is in full force and effect and is valid and binding upon the City in accordance with its terms. The Indenture and the Sixtieth Supplemental Indenture have been duly and lawfully authorized, executed and delivered by the City, are in full force and effect, and const itute valid and binding obligations of the City legally enforceable in accordance with their terms, except as enforceability may be limited by laws relating to bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

3. The Bonds have been duly authorized and issued, are the legal, valid and binding limited

obligations of the City, are entitled to the benefits and security of the Indenture and the Sixtieth Supplemental Indenture, and are enforceable in accordance with their terms and the terms of the Sixtieth Supplemental Indenture, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

4. The Bonds are payable solely from the Revenues deposited in the 2017B Dedicated Sub-Fund and the Pledged Other Available Moneys deposited in the 2017B PFC Revenue Deposit Account, each maintained by the Trustee under the Sixtieth Supplemental Indenture, and certain other amounts as provided in the Indenture and the Sixtieth Supplemental Indenture. The Bonds and the interest thereon are limited obligations of the City and do not constitute an indebtedness of the City within the meaning of any state constitutional or statutory limitation or give rise to a charge against its general credit or taxing powers. Neither the faith and credit nor the taxing power of the State of Illinois, the City or any political subdivision of the State of Illinois is pledged to the payment of the principal of, premium, if any, or interest on the Bonds.

5. The Indenture and the Sixtieth 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 Sixtieth Supplemental Indenture.

6. Subject to the City's compliance with certain covenants, under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended, but we express no opinion as to whether interest on the Bonds is taken into account in computing adjusted current earnings, which is used in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such City covenants could cause interest on the Bonds to be includible in gross income for federal income tax purposes retroactively to the date of

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issuance of the Bonds. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds. In rendering our opinion on tax exemption, we have relied on the mathematical computation of the yield on the Bonds and the yield on certain investments by Robert Thomas, CPA LLC, Certified Public Accountants.

7. Interest on the Bonds is not exempt from present State of Illinois income taxes. Ownership of the Bonds may result in other state and local tax consequences to certain .taxpayers, and we express no: opinion regarding any such collateral consequences arising with respect to.the.Bonds.;., ...

We express no opinion herein as to the accuracy, adequacy or completeness of any information furnished to any person in connection with any offeror sale of the Bonds..

■ : .In rendering this, opinion,.we-.have-relied- upon, certifications of thesGity with.respect to certain;material facts within the City's, knowledge. -Our opinion represents our legal judgment based upon our review of the law: and the. ifacts. that.w.e. deem relevant to render such opinion and is;not,a; guarantee of ia,-result. ...This ;opinion lis givpn .aSLof;,the .date hereof-and -we assume no obligation to revise or supplement this opinion to reflect: any ifacts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

•V ' iiOi'r./: 'V.. ■': ■! - ■ ': :'. ■ ■ A<\-■' . ... .-i - ' '

; , . :. ,v Respectfully yours,

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[Form of Co-Bond Counsel Opinion for 2017C Senior Lien Bonds]

[Date of Issuance of 2017C Senior Lien Bonds]

City of Chicago Chicago,
Illinois

We hereby certify that we have examined a certified copy of the record of the proceedings of the City Council of the City of Chicago, a municipal corporation and a home rule unit of local government of the State of Illinois (the "City"), passed preliminary to the issue by the City of its fully registered Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2017C, in the aggregate principal amount of $122,120,000 (the "Bonds"), The Bonds are limited obligations of the City issued pursuant *to the authority of Article VII, Section 6(a) of the Illinois Constitution of 1970 and by virtue of an ordinance adopted by the City Council of the City on September 14, 2016 (the "Bond Ordinance"). The Bonds have been authorized by the City for the primary purpose of refunding bonds previously issued for the purpose of providing funds to finance the cost of certain capital projects at Chicago O'Hare International Airport (the "Airport").*

The Bonds are being issued pursuant to a Master Indenture of Trust Securing Chicago O'Hare International Airport General Airport Revenue Senior Lien Obligations, dated as of September 1, 2012 (the "Indenture"), between the City and U.S. Bank National Association, as Trustee (the "Trustee"), and a Sixty-First Supplemental Indenture Securing Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2017C, dated as of June 1, 2017 (the "Sixty-First Supplemental Indenture"), between the City and the Trustee. The Bonds are Senior Lien Obligations authorized under the Indenture and are payable solely from and secured by a pledge of Revenues of the Airport and Pledged Other Available Moneys as, and to the extent, provided in the Indenture and the Sixty-First Supplemental Indenture. Terms used herein that are defined in the Indenture and the Sixty-First Supplemental Indenture shall have the meanings set forth therein unless otherwise defined herein.

The Pledged Other Available Moneys are derived from 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 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.

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The Bonds arc dated the date hereof and mature on January 1 of the years and in the amounts and bear interest at the rales per annum as follows:

Year (January 1)	Principal Amount	Interest Rate	Year (January I)	Principal Amount	Interest Rate
2019	$ 210,000	5.000%	2030	$ 4,065,000	5.000%
2020	220,000	5.000	2031	4,270,000	5.000
2021	235,000	5.000	2032	4,480,000	5.000
2022	23,250,000	5.000	2033	4,705,000	4.000
2023	4,415,000	5.000	2034	4,895,000	4.000
2024	4.635.000	5.000	2035	5.090,000	4.000
2025	4,865,000	5.000	2036	5,295,000	4.000

• :;2026	5,110,000	5,000	2037	5,505,000	4.000
A\ ." 2027	5,365,000	5.000	2041 '	18,500,000	5.000
. 2028	5,630,000	5.000	2041	6,080,000	4.000

The Bonds maturing on or after January 1, 2028 are subject to redemption at the option of the.Gity onior.after>Januaty4,.2027;'as.^ such maturities'.'as.theiGityishall determine andjwithin any .maturity,by'lot,- afc a'redemption .price equal to theiprincipal!amount of each.Bond.to;;be redeemed,.plus accrued-interest to the date of:the redemption:-;! :i)' uiKnr.v" ■■ -n^. i-v : .■ .i-:;h<

. ^"". -.'.-jl r.->'. :;\ ■'■■'< ..' •: 'V S ;.j>.' •»;!/!..•'. n<i'\\'-'\ ':::;':-.;;'

L'i;t;T,he Bohdsomaturing on- January', 1;\-204'lvand 'bearing- interest ati the.rate."perMannum;of 5'.0.00% are isubjecti to imandatory: redemption, :ini.part.fby< lot as] provided- in . the , Jndenture.:from mandatory rSinkihg 'Fund Payments in :accordance.jwith the-Sixty-First Supplemental Indenture, on January;-l-"-'in-each of.-the years and iri.;the' respective.principal amounts set forth below, at-a redemption price: equalJb the principal amount thereof to be redeemed: - -

Year	Principal Amount
',.= ■:■ ! v 2038	: $4,295,000
>._•::.:• J -,,v ;., j.-, ,2039 .. ■ ■	,>;...:.) .4,505,000, .
■ ■■] ■ vi .: : -i,.. 2040:	. . '4;73.0;00.0'.
ii,/-:. ; ■M-,/-v; . •- : ; ■ 2041, (maturity). ..	*: : .;,.■ .., 4,97,0,000 ...:,-.<>■■*

The Bonds maturing on January 1, 2041 and bearing interest at the rate per annum,,of 4.000%) are subject to mandatory redemption, in part by lot as provided in the Indenture from mandatory 'Sinking:'Fund Payments in accordance)^th the; Sixty-First, Supplemental, Indenture, on .January .! i in;ieach .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:. ; . : ■ ..: •

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Year	Principal Amount
2038	$1,430,000
2039	1,490,000
2040	1,550,000
2041 (maturity)	1,610,000

In our capacity as bond counsel, we have examined, among other things, the following:

a) certified copies of the proceedings of the City Council adopting the Bond Ordinance and authorizing, among other things, the execution and delivery of the Sixty-First Supplemental Indenture and the issuance of the Bonds;

b) certified copy of the Bond Ordinance;

c) an executed counterpart of the Indenture and the Sixty-First Supplemental Indenture; and

d) such other certifications, documents, showings and related matters of law as we have deemed necessary in order to render this opinion.

Based upon the foregoing we are of the opinion that:

1. The City is a municipal corporation duly existing under the laws of the State of Illinois and is a home rule unit of local government within the meaning of Section 6(a) of Article VII of the 1970 Illinois Constitution. The City has all requisite power and authority under the Constitution and the laws of the State of Illinois and the Bond Ordinance (i) to enter into the Indenture and the Sixty-First Supplemental Indenture with the[1] Trustee and to issue the Bonds thereunder, and (ii) to improve, maintain and operate the Airport and to charge and collect rents, fees and other charges for the use and services of the Airport and to perform all of its obligations under the Indenture and the Sixty-First Supplemental Indenture in those respects.

2. The Bond Ordinance is in full force and effect and is valid and binding upon the City in accordance with its terms. The Indenture and the Sixty-First Supplemental Indenture have been duly and lawfully authorized, executed and delivered by the City, are in full force and effect, and constitute valid and binding obligations of the City legally enforceable in accordance with their terms, except as enforceability may be limited by laws relating to bankruptcy, insolvency, moratorium, reorganization and other similar'laws affecting creditors' rights generally and by equitable-principles, whether considered at law or in equity, including the exercise of judicial discretion.

3. The Bonds have been duly authorized and issued, are the legal, valid and binding limited obligations of the City, are entitled to the benefits and security of the Indenture and the Sixty-First Supplemental Indenture, and are enforceable in accordance with their terms and the terms of the Sixty-First Supplemental Indenture, except that the

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rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar iaws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise ol judicial discretion.

4. The Bonds are payable solely from the Revenues deposited m the 2017C Dedicated Sub-Fund and the Pledged Other Available Moneys deposited in the 2017C Grant Receipts Deposit Account, each maintained by the Trustee under the Sixty-First

5. The Indenture and the Sixty-First Supplemental Indenture create the valid and binding assignments and .pledges t which they purport to. create of the amounts assigned'and pledged to the..'.Trustee under.me indenture.and the Sixty-First Supplemental Indenture.

6. Subject to the City's compliance with certain covenants, under present . ; .... law, interest on the^Bonds; is, .excludable jfrom,.gross income of the owners thereof for ::..:federallinepme..tax.purpqses .and.is;npt incjudjed^s^jan^itemjofftax preference in,cpmputing ,.., . the,alternative.minimum tax for-individuals-and. corporations, .under.the,Internal. Revenue .j„ Code of 1986, as amended,,but,we .express.no.opinion as^tp.whether, interest pnthe Bonds .is j taken,, .into, ^account, in. cpmputmgj.,adjusted .purrent .earnings(,_,. which is , used in comply with certain of .such. City covenants could cause,.interest, on the Bonds to be issuance of the Bonds. Ownership of, the . Bonds ...may..result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such „.,;;. .collateral.,^ to .the.Bonds. In.rendering our opinion on /., j . tax exemption, we have relied on .the, mati}ematicaLp,omputation of thexyie.ld pn.the Bonds i...... ,, and,the, yield on,ceitein.,jnyestments.,by^Robert.,Thomas,,£PA-LLC,..Certified Public :. *Accountants. : .* , .. , -> •

We express no.opinion herein,as to the accuracy, adequacy or completeness of any information furnished, to any person in connection, with any offer or sale of the Bonds.

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In rendering this opinion, we have relied upon certifications of the City with respect to certain material facts within the City's knowledge. Our opinion represents our'legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully yours,

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[Form or Co-Bond Counsel Opinion for 2017D Senior Lien Bonds]

[Date of issuance of 2017D Senior Lien Bonds]

City of Chicago r".-.;^Q(T.~.
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We hereby certify that we have examined a certified copy of the record of the proceedings of the City Council of the City of Chicago, a municipal corporation and a home rule unit of local government of the State of Illinois (the "City"), passed preliminary to the issue by the City of its fully registered Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2017D, in the aggregate principal amount of $278,075,000 (the "Bonds"), The Bonds are limited obligations of the City issued pursuant to the authority of Article VII, Section 6(a) of the Illinois Constitution of 1970 and by virtue of an ordinance adopted by the City Council of the City on September 14, 2016 (the "Bond Ordinance"). The Bonds have been 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 Sixty-Second Supplemental Indenture Securing Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2017D, dated as of June 1, 2017 (the "Sixty-Second Supplemental Indenture"), between the City and the Trustee. The Bonds are Senior Lien Obligations authorized under the Indenture and arc payable solely from and secured by a pledge of Revenues of the Airport as, and to the extent, provided in the Indenture and the Sixty-Second Supplemental Indenture. Terms used herein that are defined in the Indenture and the Sixty-Second 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 dated the date hereof and mature on January 1 of the years and in the amounts and bear interest at the rates per annum as follows:

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Year (January 1)	Principal Amount	Interest' Rate	Year (January 1)	Principal Amount	Interest Rate
2022	$3,930,000	5.000%			
2023	4,125,000	5.000			
2024	4,335,000	5.000			
2025	4,550,000	5.000			
2026	4,775,000	5.000			
2027	5,015,000	5.000			
2028	5,265,000	5.000			
2029	5,530,000	5.000			
2030	5,805,000	5.000			
2031	6,095,000	5.000			
2032	$ 6,400,000	5.000%,			
2033	6,720,000	5.000			
2034	7,060,000	5.000			
2035	7,410,000	5.000			

2036	7,780,000	5.000
2037	8,170,0005.000	
2037	204247,400,000	5.000
2037	204760,500,000	5.000
2037	205277,210,000	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 within any maturity by lot, at a redemption price equal to the principal amount of each Bond to be redeemed, plus accrued interest to the date of the redemption.

The Bonds maturing on January 1, 2042 are subject to mandatory redemption, in part by lot as provided in the Indenture from mandatory Sinking Fund Payments in accordance with the Sixty-Second Supplemental Indenture, on January 1 in each of the years and iri the respective principal amounts set forth below, at a redemption price equal to the principal amount thereof to be redeemed:

Year	Principal Amount
2038	$ 8,580,000
2039	9,005,000
2040	9,460,000
2041	9,930,000
2042 (maturity)	10,425,000

The Bonds maturing on January 1, 2047 are subject to mandatory redemption, in part by lot as provided in the Indenture from mandatory Sinking Fund Payments in accordance with the Sixty-Second Supplemental Indenture, on January 1 in each of the years and in the respective principal amounts set forth below, at a redemption price equal to the principal amount thereof to be redeemed:

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Principal Amount

2043	$10,950,000
2044	11,495,000
	1 "? (Yl(\ (\C\C\ <file:///C/C/>
2046	12,675,000
2047 (maturity) 13,310,000	

. The Bonds maturing on January 1, 2052 are subject to mandatory redemption, in part by lot as provided in the Indenture from mandatory Sinking Fund Payments in accordance with the Sixty-Second Supplemental

Indenture, on January 1 in each of the years and in the respective principal amounts set ..forth below, at a redemption price equal to the principal amount thereof to be redeemed:

Year	Principal Amount
2048	$ 13,975,000
20,49	1.4,670,000
2050	15,405,000
2051	16,175,000
2052.(maturity)	1;6;985,000.

In our capacity as bond counsel, we have examined, among other things, the following:

a) certified copies of the proceedings of the City Council adopting the Bond Ordinance and authorizing, among other things, the execution and delivery of the Sixty-Second Supplemental Indenture and the issuance of the Bonds;

b) certified copy of the Bond Ordinance;

c) an executed' counterpart of the Indenture and the Sixty-Second Supplemental Indenture';' and

d) such either certifications, documents,' showings and related matters of law as we have deemed necessary in order to render this opinion.

Based upbrr the foregoing we are of the opihioii that:

1." 'The -City'is a municTpal"tbrpb'rati6n duly existing under the laws of the State of Illinois and is a home rule unit of local government within the meaning of Section 6(a) of Article VII of the 1970 Illinois Constitution. The City has all requisite power and authority under the Constitution and the laws of the State of Illinois and the Bond Ordinance (i) to enter into the Indenture and the Sixty-Second Supplemental Indenture with the Trustee and to issue the Bonds thereunder, and (ii) to improve, maintain and operate the Airport and to charge and collect rents, fees and other charges

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for the use and services of the Airport and to perform all of its obligations under the Indenture and the Sixty-Second Supplemental Indenture in those respects.

2. The Bond Ordinance is in full force and effect and is valid and binding upon the City in accordance with its terms. The Indenture and the Sixty-Second Supplemental Indenture have been duly and lawfully authorized, executed and delivered by the City, are in full force and effect, and constitute valid and binding obligations of the City legally enforceable in accordance with their terms, except as enforceability may be limited by laws relating to bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

3. The Bonds have been duly authorized and issued, are the legal, valid and binding limited obligations of the City, are entitled to the benefits and security of the Indenture and the Sixty-Second Supplemental Indenture, and are enforceable in accordance with their terms and the terms of the Sixty-Second Supplemental Indenture, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

4. The Bonds are payable solely from the Revenues deposited in the 2017D Dedicated Sub-Fund maintained by the Trustee under the Sixty-Second Supplemental Indenture, the Common Debt Service Reserve Sub-Fund on a parity with other Common Reserve Bonds and certain other amounts as provided in the Indenture and the Sixty-Second Supplemental Indenture. The Bonds and the interest thereon are limited obligations of the City and do not constitute an indebtedness of the City within the meaning of any state constitutional or statutory limitation or give rise to a charge against its general credit or taxing powers. Neither the faith and credit nor the taxing power of the State of Illinois, the City or any political subdivision of the State of Illinois is pledged to the payment of the principal of, premium, if any, or interest on the Bonds.

5. The Indenture and the Sixty-Second Supplemental Indenture create the valid and binding assignments and pledges which they purport to create of the amounts assigned and pledged to the Trustee under the Indenture and the Sixty-Second Supplemental Indenture.

6. Subject to the City's compliance with certain covenants, under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes, except for interest on any Bond for any period during which such Bond is owned by a person who is a substantial user of the facilities financed thereby or any person considered to be related to such person (within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code")); however, such interest on the Bonds is included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations under the Code. Failure to comply with certain of such covenants could cause interest on the Bonds to be

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includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

taxes. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

We express.no <http://express.no> opinion herein as to the accuracy, adequacy or completeness of any information furnished to any person in connection with any offer or sale of the Bonds.

.:! In.rendering this opinion, we have relied upon certifications of the City with respect to certain material facts within ;the City's knowledge. Our .opinion represents our legal ,judgment based upon our. review of the .law and the faets that ;we: deem relevant to render such opinion and is .not a guarantee, of a result This opinion?is given as of >the date: hereof and we, assume no obligation to revise or supplement this .opinion to reflect any facts or circumstances that may hereafter! come, to: our-attentioni or any changes in law that^may hereafter occur.

. .,, , t Respectfully.yp.urs,;.

Appendix G

DESCRIPTION OF BOOK-ENTRY ONLY SYSTEM

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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 2017 Senior Lien Bonds. The 2017 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 2017 Senior Lien Bond certificate.will be issued for each maturity of each Series of the 2017 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 ("DfCC"). 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 <http://www.dtcc.com>.

Purchases of 2017 Senior Lien Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2017 Senior Lien Bonds on DTC's records. The ownership interest of each actual purchaser of each 2017 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.

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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 2017 Senior Lien Bonds arc to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial

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Bonds, except in the event that use of the book entry system for the 2017 Senior Lien Bonds is discontinued.

To facilitate subsequent transfers, all 2017 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 2017 Senior Lien Bonds with DTC'and'their registration in the name of Cede & Co. - or such other DTC' nominee do not effect any cha'rige'in'b'ehefi'diafowhe'rship'. DTC'nas no knowledge' of the'actuaT Beneficial Owners of the 20T7 Senior Lien Bonds;' DTC's records reflect'only the identity of the Direct Participants' to whose accounts' such 201'7 Senior Lien Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participant's'Will'remam^ their holdings' on behalf of their *customers.'* " '; ,';'' , ',' | ' ', :' ■ '■ ■

' Conveyance of notices 'andLother corriiiiuni'catjori's by DTC to Direct Participants, by bifcctPaftifclp^nts to Indirect Participants;'and b to Beneficial Owners will be governed by arrangements"among;'therri', subject to any statutory or reg'ulatory^Vequ 'to'time. fieheficiarOwners^bf the' *2017' Senior Lien Bori'ds may wish to take certain steps to augment the transmission #> them of' notice's''of significant'events with' resp'ecf-to''tfie' "2017" Seriibr" Lien 'Bonds', such 'as' redemptions, tenders,'defaults' ah amendments' to the Senior Lieri Bond documents:'* Fprexarhpie,' Beneficial' Ownersof the" 2017 Sem wislffo ascertain fhattlie ~ nominee holding the 2017 ' Senior Lreri- 'Bonds for theif " benefit' has agreed to' obtain anci-trarismit'ri qtices tb Ben'eficia}" Owners'. Iri' the alternative,^Behefi'ci'al"0'wners' may" wish' to provide their names arid addresses tb the Trustee and request that'copies of notices be provided directly to therri. ' "" ••• •'••" ' • ••'" "'(".'".

"' ' -"Redemption notices shall be' s'ent'tb bTC?lf fewer man''all '6f-the' 2017 Senior LieriiBohds of a maturity are' Being redeemed, DTC's practice is to determine' by lot the amount' bf the interest df iea'ch'- Dire\;t;JPa7ticipant'in 'ttifie*20'l'7 Senior'L'i'dn BohHs'to'- Be're'deerned'.

'Neither DTC nor Cede & Co. (hor'any'other'D'TC'ri'bminee) will cb'ri'serit'br Vote with' respect to the 2017 Senior Lien Bonds unless authorized by a Direct Participant in accordance with DTC's MM I

Procedures. Under its usual procedures, DTC mails an-Omnibus-Proxy id the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting br voting rights to those Direct Participants to whose accounts the 2017 Senior Lieri'Bonds'aire credited oh the'record date (identified in a listing attached to the Omnibus Proxy)'. '.""

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Redemption proceeds, distributions, and interest payments on the 2017 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 2017 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 2017 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 2017 Senior Lien Bonds will be printed and delivered to DTC.

For every transfer and exchange of the 2017 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 2017 Senior Lien Bonds, (ii) the delivery to any Participant or any other person, other than an owner, of any notice with respect to the 2017 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 2017 Senior Lien Bonds.

Effect on 2017 Senior Lien Bonds of Discontinuance of Book-Entry System. The following two paragraphs apply to the 2017 Senior Lien Bonds only when they are not in the book-entry system:

The 2017 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 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.

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Principal of and intcresl on the 2017 Senior Lien Bonds will be payable upon presentation and surrender when due at the principal corporate trust office of the Trustee. Interest on the 2017 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 2017 Senior Lien Bonds will be the June i5 anu December Id prior io 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 2017 Senior Lien Bonds of a Series, all payments to such. Registered Owner with respect to such Series of 2017 Senior Lien Bonds shall be made.by wire transfer to anv address in the continental United States on the* applicable Pavment 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).

Appendix H BONDS TO BE REFUNDED

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Appendix H

BONDS TO BE REFUNDED

From Proceeds of the Scries 2017A Bonds:

Refunded Maturity Interest Par Amount Redemption Redemption

Series January 1 Rate Refunded Date Price

2021
2022
2023
2024
2025
2026
2027
2028
2029
2030
203 5:
2040
4.375% 4.375% 4.500% 4.500% 4.500% 4.625% 4.625% 4.750% 4.750% 4.875% 5.000% 5.000%
$425,000 445,000 465,000 485,000 510,000 530,000 555,000 580,000 610,000 640,000 3,690,000 4,710,000
1/1/2020 1/1/2020 1/1/2020 1/1/2020 1/1/2020 1/1/2020 1/1/2020 1/1/2020 1/1/2020 1/1/2020 1/1/2020 1/1/2020
100% 100 100 100 100 100 100 100 100 100 100 100
167593AY8 167593 AZ5 1-67593 BA9 167593BB7 167593BC5 167593BD3 167593BE1 167593BF8 167593BG6 167593BH4 167593BJ0 167593BK7

2011C 2031 5.500% 44,940,000

From Proceeds of the Scries 2017B Bonds:

Refunded Maturity Interest Par Amount
Series January 1 Rate Refunded
Redemption Redemption Date Price

2033 2034 2035
5.625% 5.625% 5.625%
$34,030,000' 39,300,000* 41,515,000[2]
1/1/2021 1/1/2021 1/1/2021
100% 100 100
167593FJ6 167593FJ6 167593FJ6

2036 2037 2038 2039
5.750% 5.750% 5.750% 5.750%
43,845,000[3] 46,370,000[3] 49,040,000[3] 93,975,000[4]

1/1/2021 1/1/2021 1/1/2021 1/1/2021
100 100 100 100
167593FH0 167593FH0 167593FH0 167593FH0

[1] Being a portion of the Sinking Fund Payment for the 2035 maturity. - Being a portion of the amount due at 2035 maturity. [J] Being a portion of the Sinking Fund Payment for the 2039 maturity. [4] Being a portion of the amount due at 2039 maturity.

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From Proceeds of the Series 2017C Bonds:

Refunded Maturity Interest
Series January 1 Rate

Par Amount Redemption Redemption
Refunded Date Price

2022 2031 2041

4.250% 5.500% 6.000%
j>z,^., / tu,uuu

240.000 41,745,000 57,155,000,

1/1/2021 1/1/2021 1/1/2021

100 100 100

167593 FV9 167593 FT4, 167593 FU1