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

In the opinion of Mayer Brown LLP and Charity & Associates, P.C., Co-Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance by the City with certain covenants, (i) the interest on the 2023A Bonds is excludable from gross income for federal income tax purposes and is an item of tax preference that is includable in alternative minimum taxable income for purposes of determining a taxpayer's alternative minimum tax liability and (ii) the interest on the 2023B Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference that is includable in alternative minimum taxable income for purposes of determining an individual's alternative minimum tax liability, however, the interest is included in the adjusted financial statement income of corporations subject to the corporate alternative minimum tax on adjusted financial statement income. Interest on the Bonds is not exempt from present Illinois income taxes. See "TAX MATTERS" herein for a more complete discussion and APPENDIX G for the forms of opinions to be delivered by Co-Bond Counsel.

$513,510,000
CITY OF CHICAGO
CHICAGO MIDWAY AIRPORT

$211,020,000 Senior Lien Airport Revenue and Revenue Refunding Bonds, Series 2023A (AMT)

$302,490,000 Senior Lien Airport Revenue Refunding Bonds, Series 2023B (Non-AMT)

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

The City of Chicago, Chicago Midway Airport Senior Lien Airport Revenue and Revenue Refunding Bonds, Series 2023A (AMT) (the "*2023A Bonds*") and Senior Lien Airport Revenue Refunding Bonds, Series 2023B (Non-AMT) (the "*2023B Bonds*," and collectively with the 2023A Bonds, the "*Bonds*") are fully registered bonds issued in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("*DTC*"). DTC is securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form and purchasers will not receive certificates representing their interests in the Bonds purchased. Principal of, and interest on, the Bonds are payable by The Bank of New York Mellon Trust Company, N.A., as trustee (the "*Trustee*"), to DTC, which in turn will remit such principal and interest payments to its participants for subsequent disbursement to the beneficial owners of the Bonds. As long as Cede & Co. is the registered owner as nominee of DTC, payments on the 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 H – "DESCRIPTION OF BOOK-ENTRY ONLY SYSTEM."

The proceeds of the Bonds, together with other available funds, are being used to: (i) finance a portion of the cost of the 2023 Airport Projects (as defined herein), (ii) refund certain outstanding Prior Airport Obligations (as defined herein), (iii) fund capitalized interest on the Bonds, and (iv) pay costs and expenses incidental thereto and to the issuance of the Bonds. See "PLAN OF FINANCE" and "SOURCES AND USES OF FUNDS."

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

Interest on the Bonds is payable on January 1 and July 1 of each year, commencing January 1, 2024. The Bonds are subject to optional and mandatory redemption prior to maturity as set forth herein. See "THE BONDS–Redemption Provisions."

For a discussion of certain investment considerations associated with the purchase of the Bonds, see "CERTAIN INVESTMENT CONSIDERATIONS." For maturities, principal amounts, interest rates, prices, yields and CUSIP numbers, see the inside cover page.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under the municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by Build America Mutual Assurance Company (the "*Insurer*"). See "BOND INSURANCE" and APPENDIX I - "Specimen Municipal Bond Insurance Policy."

BAM
BUILD AMERICA MUTUAL

The Bonds are offered when, as and if issued, and subject to the delivery of approving legal opinions by Mayer Brown LLP, Chicago, Illinois and Charity & Associates, P.C., Chicago, Illinois, Co-Bond Counsel, and to certain other conditions. Certain legal matters will be passed on for the City by (i) its Corporation Counsel, and (ii) in connection with the preparation of this Official Statement by Thompson Coburn LLP, Chicago, Illinois and Sanchez Daniels & Hoffman LLP, Chicago, Illinois, Co-Disclosure Counsel to the City. Certain legal matters will be passed upon for the Underwriters by McGuireWoods LLP, Chicago, Illinois. It is expected that the Bonds will be available for delivery through the facilities of DTC on or about November 9, 2023.

JEFFERIES

BOFA SECURITIES **CABRERA CAPITAL MARKETS LLC**

ESTRADA HINOJOSA **LOOP CAPITAL MARKETS** **SIEBERT WILLIAMS SHANK & CO., LLC**

BACKSTROM MCCARLEY BERRY & CO., LLC **FIFTH THIRD SECURITIES, INC.** **MELVIN SECURITIES** **NORTH SOUTH CAPITAL LLC** **RAMIREZ & CO., INC.**

Dated: October 24, 2023

CITY OF CHICAGO
CHICAGO MIDWAY AIRPORT

$211,020,000
Senior Lien Airport Revenue and Revenue Refunding Bonds,
Series 2023A
(AMT)

MATURITY (JANUARY 1)	PRINCIPAL AMOUNT	INTEREST RATE	PRICE	YIELD	CUSIP+
2027	$6,710,000	5.000%	101.445	4.500%	167562 RR0
2028	13,510,000	5.000	101.752	4.530	167562 RS8
2029	13,790,000	5.000	101.899	4.580	167562 RT6
2030	17,395,000	5.000	101.953	4.630	167562 RU3
2031	22,905,000	5.000	102.040	4.660	167562 RV1
2032	20,700,000	5.000	102.140	4.680	167562 RW9
2033	19,060,000	5.000	102.352	4.680	167562 RX7
2036	3,245,000	5.500	105.125*	4.800	167562 RY5
2037	3,430,000	5.500	104.298*	4.910	167562 RZ2
2038	3,620,000	5.500	103.775*	4.980	167562 SA6
2039	3,820,000	5.500	103.256*	5.050	167562 SB4
2040	4,035,000	5.500	102.961*	5.090	167562 SC2
2041	4,250,000	5.750	104.770*	5.090	167562 SD0
2042	4,500,000	5.750	104.547*	5.120	167562 SE8
2043	4,750,000	5.750	104.176*	5.170	167562 SF5

$28,205,000 5.750% Series 2023A Term Bonds due January 1, 2048, Yield 5.290%; Price 103.293*; CUSIP+ 167562 SG3
$37,095,000 5.500% Series 2023A Term Bonds due January 1, 2053, Yield 5.480%; Price 100.134*; CUSIP+ 167562 SH1

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* Priced to first optional redemption date of January 1, 2033.

+ Copyright 2023, American Bankers Association. CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein are provided by S&P Global Markets Intelligence on behalf of the American Bankers Association. The CUSIP numbers listed above are being provided solely for the convenience of bondholders only at the time of issuance of the Bonds and neither the City nor the Underwriters make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. Investors should be aware that under certain circumstances the CUSIP identification number assigned to a maturity of the Bonds may be changed to a new replacement number.

CITY OF CHICAGO
CHICAGO MIDWAY AIRPORT

$302,490,000
Senior Lien Airport Revenue Refunding Bonds, Series 2023B (Non-AMT)

MATURITY (JANUARY 1)	PRINCIPAL AMOUNT	INTEREST RATE	PRICE	YIELD	CUSIP+
2025	$24,095,000	5.000%	101.102	4.000%	167562 SJ7
2026	25,500,000	5.000	102.113	3.960	167562 SK4
2027	22,775,000	5.000	103.220	3.900	167562 SL2
2028	18,410,000	5.000	104.322	3.860	167562 SM0
2029	19,800,000	5.000	105.125	3.890	167562 SN8
2030	6,225,000	5.000	105.618	3.960	167562 SP3
2031	8,965,000	5.000	105.901	4.040	167562 SQ1
2032	20,855,000	5.000	106.315	4.080	167562 SR9
2033	23,540,000	5.000	106.643	4.120	167562 SS7
2034	43,695,000	5.000	106.173*	4.180	167562 ST5
2035	78,570,000	5.000	105.318*	4.290	167562 SU2
2036	10,060,000	5.000	104.471*	4.400	167562 SV0

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* Priced to first optional redemption date of January 1, 2033.

REGARDING THE USE OF THIS OFFICIAL STATEMENT

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

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

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

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

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

In making an investment decision, investors must rely on their own examination of the terms of this offering, including the merits and the risks involved. These securities have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, no federal or state securities commission or regulatory authority has confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense.

Certain persons participating in this offering may engage in transactions that maintain or otherwise affect the price of the Bonds. Specifically, the Underwriters may overallot in connection with their offering of the Bonds, and may bid for, and purchase, the Bonds in the open market. The prices and other terms respecting the offering and sale of the Bonds may be changed from time to time by the Underwriters after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts.

CITY OF CHICAGO
CHICAGO MIDWAY INTERNATIONAL AIRPORT

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APPENDIX H – DESCRIPTION OF BOOK-ENTRY ONLY SYSTEM
APPENDIX I – SPECIMEN MUNICIPAL BOND INSURANCE POLICY

OFFICIAL STATEMENT

$513,510,000
CITY OF CHICAGO
Chicago Midway Airport

$211,020,000 Senior Lien Airport Revenue and Revenue Refunding Bonds, Series 2023A (AMT)	$302,490,000 Senior Lien Airport Revenue Refunding Bonds, Series 2023B (Non-AMT)

INTRODUCTION

This Official Statement is furnished by the City of Chicago (the "*City*") to provide information regarding Chicago Midway International Airport ("*Midway"* or the *"Airport*") and (i) its aggregate principal amount $211,020,000 City of Chicago, Chicago Midway Airport Senior Lien Airport Revenue and Revenue Refunding Bonds, Series 2023A (AMT) (the "*2023A Bonds*"), and (ii) its aggregate principal amount $302,490,000 City of Chicago, Chicago Midway Airport Senior Lien Airport Revenue Refunding Bonds, Series 2023B (Non-AMT (the "*2023B Bonds.* and collectively with the 2023A Bonds, the "*Bond*s"). Certain capitalized terms used in this Official Statement, unless otherwise defined, are defined in APPENDIX A – "GLOSSARY OF TERMS."

Authorization

The Bonds are issued under the authority granted to the City as a home rule unit of local government under the Illinois Constitution of 1970. The Bonds are issued pursuant to an ordinance adopted by the City Council on October 27, 2021 (the "*Ordinance*") and pursuant to the Amended and Restated Master Indenture of Trust Securing Chicago Midway Airport Senior Lien Obligations, dated as of November 1, 2023, as supplemented and amended, including as supplemented by the Twenty-Sixth Supplemental Indenture (the "*Twenty-Sixth Supplemental Indenture*") and the Twenty-Seventh Supplemental Indenture (the "*Twenty-Seventh Supplemental Indenture,"* and collectively with the Twenty-Sixth Supplemental Indenture, the "*2023 Supplemental Indentures,*" and each a "*2023 Supplemental Indenture*") each dated as of November 1, 2023. The above-described Amended and Restated Master Indenture of Trust, as supplemented and amended from time to time in accordance with its terms, including without limitation as supplemented and amended by the 2023 Supplemental Indentures, is referred to herein as the "*Senior Lien Indenture.*"

Purpose

The proceeds from the sale of the Bonds, together with other available funds, are being used to: (i) finance a portion of the cost of the 2023 Airport Projects (as defined herein), (ii) refund certain outstanding Prior Airport Obligations (as defined herein), (iii) fund capitalized interest on the Bonds, and (iv) pay costs and expenses incidental thereto and to the issuance of the Bonds, including without limitation the premium for a municipal bond insurance policy (the "Policy") issued by Build America Mutual Assurance Company (the "Insurer") insuring the Bonds. See "PLAN OF FINANCE" and "SOURCES AND USES OF FUNDS."

"2023 Airport Projects" means the Airport Projects approved by the Ordinance. The Airport's 2023-2027 Capital Improvement Program (as herein defined) focuses on ongoing rehabilitation, repair and maintenance at Midway. Major projects include the rehabilitation of runways, taxiways, and aprons; improvements to the airport maintenance complex; and portions of the Airport's residential sound insulation program. See "PLAN OF FINANCE" and "2023-2027 CAPITAL IMPROVEMENT PROGRAM."

"Prior Airport Obligations" means (i) with respect to the 2023A Bonds, (A) designated maturities of the outstanding principal amount of Chicago Midway Airport Second Lien Revenue and Revenue Refunding Bonds, Series 2013A (AMT) (the "2013A Bonds"), and (B) certain outstanding Midway Commercial Paper Notes (as defined herein); and (ii) with respect to the 2023B Bonds, (A) designated maturities of the outstanding principal amount of Chicago Midway Airport Second Lien Revenue and Revenue Refunding Bonds, Series 2013B (Non-AMT) (the "2013B Bonds"), and (B) designated maturities of the outstanding principal amount of Chicago Midway Airport Second Lien Revenue and Revenue Refunding Bonds, Series 2014B (Non-AMT) (the "2014B Bonds"). See "MIDWAY FINANCIAL INFORMATION – Midway Indebtedness." The Prior Airport Obligations to be refunded from the proceeds of the Bonds (the "Refunded Bonds") are set forth in APPENDIX F – "REFUNDED BONDS." See "PLAN OF FINANCE."

Midway Outstanding Airport Obligations

Midway First Lien Bonds. The City previously had issued bonds (the "*Midway First Lien Bonds*") pursuant to the terms and provisions of the Master Indenture of Trust Securing Chicago Midway Airport Revenue Bonds dated as of April 1, 1994 (the *"Midway First Lien Master Indenture"*) from the City to The Bank of New York Mellon Trust Company, N.A. (as successor in trust to American National Bank and Trust Company of Chicago), as trustee (the *"Midway First Lien Trustee"*), and various supplemental indentures between the City and the Midway First Lien Trustee authorizing such series of Midway First Lien Bonds. As of October 10, 2023 (the "*Lien Defeasance Date*"), the City defeased the last remaining Midway First Lien Bonds, and consequently, upon the execution of the Senior Lien Indenture, the City and the First Lien Trustee will have released the Midway First Lien Master Indenture.

Midway Outstanding Second Lien Bonds to be Redesignated as Midway Outstanding Senior Lien Bonds. The City has issued and outstanding various series of its Chicago Midway Airport Second Lien Revenue Bonds (such bonds as are currently outstanding are herein-called the *"Midway Outstanding Second Lien Bonds"*) pursuant to the terms and provisions of the Master Indenture of Trust Securing Chicago Midway Airport Second Lien Obligations dated as of September 1, 1998 (the *"Second Lien Indenture"*) from the City to The Bank of New York Mellon Trust Company, N.A. (as successor in trust to American National Bank and Trust Company of Chicago), as trustee (the *"Midway Second Lien Trustee"*) and, with respect to each such series, a supplemental indenture between the City and the Midway Second Lien Trustee authorizing, such series. Contemporaneously with the issuance of the Bonds, the City will enter into the Senior Lien Indenture to amend and restate the Second Lien Indenture. With the defeasance of the Midway First Lien Bonds and the execution of the Senior Lien Indenture, the Midway Outstanding Second Lien Bonds will be redesignated as the Outstanding Senior Lien Bonds (as defined herein).

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Pursuant to the Senior Lien Indenture, and as described above, the Midway Outstanding Second Lien Bonds described below will be redesignated as *"Outstanding Senior Lien Bonds."*

MIDWAY OUTSTANDING SECOND LIEN BONDS TO BE REDESIGNATED AS OUTSTANDING SENIOR LIEN BONDS

Series	Principal Outstanding[+]	Bonds Reserve[++]
2004C (AMT) Second Lien Airport Revenue Bonds	$86,225,000	Series Specific Reserve Bonds
2004D (Non-AMT) Second Lien Airport Revenue Bonds	$9,450,000	Series Specific Reserve Bonds
2013A (AMT)[*] Second Lien Airport Revenue Refunding Bonds	$118,600,000	Common Reserve Bonds
2013B (Non-AMT)[*] Second Lien Airport Revenue Refunding Bonds	$101,260,000	Common Reserve Bonds
2014A (AMT) Second Lien Airport Revenue and Revenue Refunding Bonds	$435,240,000	Common Reserve Bonds
2014B (Non-AMT)[*] Second Lien Airport Revenue and Revenue Refunding Bonds	$255,405,000	Common Reserve Bonds
2014C (AMT) Second Lien Airport Revenue Refunding Bonds	$124,710,000	Series Specific Reserve Bonds
2016A (AMT) Second Lien Airport Revenue and Revenue Refunding Bonds	$89,050,000	Common Reserve Bonds
2016B (Non-AMT) Second Lien Airport Revenue and Revenue Refunding Bonds	$195,020,000	Common Reserve Bonds
2018A (Taxable) Second Lien Airport Revenue Refunding Bonds	$27,065,000	Series Specific Reserve Bonds
Total Outstanding	**$1,442,025,000**	

* Constitutes a portion of the Refunded Bonds to be refunded from the proceeds of the Bonds. See "PLAN OF FINANCE" and APPENDIX F – REFUNDED BONDS.

\+ As of October 1, 2023, prior to the issuance of the Bonds and the refunding of the Refunded Bonds.

++ Non-Common Reserve Bonds are secured by a series specific reserve requirement.

The Bonds will be issued as Senior Lien Obligations under the Senior Lien Indenture on a parity with the Outstanding Senior Lien Bonds and any other Senior Lien Obligations that may be issued and outstanding from time to time under the Senior Lien Indenture, including any additional series of Senior Lien Obligations ("*Additional Senior Lien Obligations*").

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Junior Lien Obligations; Outstanding Midway Commercial Paper Notes. The Senior Lien Indenture authorizes the issuance of Junior Lien Obligations upon satisfaction of its requirements. The City has previously implemented a commercial paper program providing for the issuance, from time to time, of commercial paper notes for Midway Airport purposes *("Midway Commercial Paper Notes")* and such program is currently structured to allow for the issuance of such notes in a principal amount of up to $100 million Midway Commercial Paper Notes are currently outstanding in the amount of $33,064,000, $31,674,000 of which the City expects to be repaid with the proceeds of the Bonds. See "PLAN OF FINANCE." The City Council has authorized the establishment of a credit agreement program providing for the execution of credit agreements (*"Midway Credit Agreements"*) and the issuance from time to time of credit agreement notes not to exceed $250,000,000 outstanding at any time for Midway Airport purposes (*"Midway Credit Agreement Notes"*). The City has not implemented this program or issued any Midway Credit Agreement Notes. Midway Commercial Paper Notes and any Midway Credit Agreement Notes are Junior Lien Obligations under the Senior Lien Indenture and are subordinate to all other Airport Obligations, including the Senior Lien Bonds, with respect to their claim on Senior Lien Revenues. For a discussion of the Midway Commercial Paper Notes and the program for Midway Credit Agreement Notes see "MIDWAY FINANCIAL INFORMATION – Midway Indebtedness."

Security and Sources of Payment for the Bonds

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

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

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

Bond Insurance

Concurrently with the issuance of the Bonds, the Insurer will issue the Policy for the Bonds. The Policy guarantees scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as Appendix I to this Official Statement. For additional information on the Insurer and the Policy, see "BOND INSURANCE" and APPENDIX I — "SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

City of Chicago

The City was incorporated in 1837, is America's third largest city by population per 2022 U.S. Census Bureau population estimates, and is the center of a larger Chicago metropolitan statistical area ("*Metropolitan Area*"), which has a population of over nine million. According to Fortune magazine's 2023 ranking of the top 500 U.S. public companies in terms of annual revenue, the Metropolitan Area has the second-highest number of Fortune 500 company headquarters in the nation, second only to the New York City metropolitan area.

Since its earliest days, Chicago has capitalized upon its geographic location to foster the development of transportation and other network-based infrastructure, from ports and railroads to communication wires, interstate highways, and air travel. As a home rule unit of local government under the Illinois Constitution of 1970, the City "may exercise any power and perform any function pertaining to its government and affairs." The City has a mayor-council form of government. The Mayor is the Chief Executive Officer of the City and is elected to a four-year term. Brandon Johnson took office as Chicago's Mayor in May 2023. The City Council is the legislative body and consists of 50 members, each elected to represent one of the City's 50 wards.

Chicago Midway International Airport

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

According to statistics compiled by Airports Council International ("*ACI*"), in 2022, the latest full calendar year for which national (U.S. Department of Transportation) data is available, Midway served approximately 19.9 million passengers, making it the nation's 30th busiest airport. The 2022 activity compares to approximately 20.8 million passengers in 2019, the most recent year prior to the impacts of the COVID-19 pandemic on air travel. Midway is served primarily by airlines that generally provide predominantly domestic origination and destination ("*O&D*") and connecting passenger service. Southwest Airlines Co. ("*Southwest*") is Midway's largest airline, with 89.4% percent of its total enplaned passengers in 2022. In 2022, Southwest enplaned 22.4% of airline passengers in the Chicago metropolitan market (Southwest's share of total U.S. enplanements in 2022 was 18.8%); and represented approximately 59.2% of Midway operating revenues. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Airport Use Agreements," "CHICAGO MIDWAY INTERNATIONAL AIRPORT-Passenger Activity at Midway," "CERTAIN INVESTMENT CONSIDERATIONS – Effect of Airline Bankruptcy," and APPENDIX E – "REPORT OF THE AIRPORT CONSULTANT."

Regional Airport Oversight

The City operates Midway and O'Hare through the Chicago Department of Aviation (the "*CDA*") as separate and distinct enterprises for financial purposes. The Bonds are not secured by any revenues generated, or property located, at O'Hare. See "CHICAGO MIDWAY INTERNATIONAL AIRPORT – Other Commercial Service Airports Serving the Chicago Region" herein.

In 1995, the City and the City of Gary, Indiana, entered into the Compact, which established the Chicago-Gary Regional Airport Authority to oversee and support Midway, O'Hare, Meigs Field* and the Gary/Chicago International Airport, to evaluate jointly the bi-state region's need for additional airport capacity and to coordinate and plan for the continued development, enhancement and operation of such airports and the development of any new airport serving the bi-state region. Subject to the power of the Chicago-Gary Regional Airport Authority to approve certain capital expenditures and other actions, the City continues to manage, own and operate Midway and O'Hare. The approval of the Chicago-Gary Regional Airport Authority is required for implementation of certain capital projects. See "CHICAGO MIDWAY INTERNATIONAL AIRPORT – Regional Authority."

Events and Factors Affecting the Airline Industry – Certain Investment Considerations

The financial performance of the airline industry generally has correlated with the strength of the national economy. In addition, other events and factors, such as fluctuating fuel costs, impact the airline industry in general. For a more complete discussion of events and factors impacting Midway and the airlines that use Midway. The Bonds may not be suitable for all investors. Prospective purchasers of the Bonds should read this entire Official Statement for details of the Bonds, the use of the proceeds of the Bonds, the financial condition of the airlines and certain other factors that could adversely affect the airline industry. See "CERTAIN INVESTMENT CONSIDERATIONS."

Report of the Airport Consultant

Ricondo & Associates, Inc., the City's airport consultant (the "*Airport Consultant*") prepared a Report of the Airport Consultant dated October 13, 2023 (the "*Report of the Airport Consultant*"), and the Report of the Airport Consultant is included as APPENDIX E to this Official Statement. The Report of the Airport Consultant provides certain information with respect to Midway and the Airport capital improvement program, evaluates aviation activity at Midway and presents the analysis undertaken by the Airport Consultant to demonstrate the ability of the City to comply with the requirements of the Senior Lien Indenture on a pro forma basis for Fiscal Years 2023 through 2028 based on the assumptions set forth therein (the "*Projections*"). The Report of the Airport Consultant is described more fully under the captions "AIRPORT CONSULTANT" and "REPORT OF THE AIRPORT CONSULTANT AND PROJECTIONS" herein. The final maturity date of each Series of the 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 "- Forward Looking Statements," any projection, including, but not limited to those contained in the Report of the Airport Consultant, is subject to uncertainties, including the possibility that some of the assumptions used to develop the projections will not be realized and that unanticipated events and circumstances will occur. Accordingly, there are likely to be differences between projections and actual results, which differences could be material.

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* Meigs Field was closed in March 2003.

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 Midway and of future financial performance at Midway; (b) statements of the plans and objectives of the City in relation to the 2023-2027 CIP (as herein defined) (See "CHICAGO MIDWAY INTERNATIONAL AIRPORT" and "2023-2027 CAPITAL IMPROVEMENT PROGRAM" herein); 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." 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 Airport. However, this information is not fact and should not be relied upon as being necessarily indicative of future results, and readers of this Official Statement are cautioned not to place undue reliance on the prospective financial information. Neither the City's independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability. Such parties assume no responsibility for, and disclaim any association with, the prospective financial information.

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

Glossary of Terms; Document Summaries

This Official Statement contains summaries of the terms of and security for the Bonds, together with descriptions of Midway and its operations. A Glossary of Terms 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. All references herein to agreements and documents are qualified in their entirety by references to the definitive forms of the agreement or document. All references to the Bonds are further qualified by references to the information with respect to them contained in the Senior Lien Indenture.

THE BONDS

The following is a summary of certain provisions of the Bonds. Reference is made to the Bonds for the complete text thereof and to the Senior Lien Indenture for all of the provisions relating to the Bonds. The discussion herein is qualified by such reference.

General

The Bonds will be dated the date of delivery and mature on January 1 of the years and in the principal amounts shown on the inside front cover pages hereof. The Bonds will bear interest until their final maturity or earlier redemption payable on January 1 and July 1 in each year, commencing January 1, 2024, at the fixed rates *per annum* set forth on the front inside cover pages hereof.

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

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

Redemption Provisions

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

Optional Redemption At Par.

(a) 2023A Bonds. The 2023A Bonds maturing on or after January 1, 2036 are subject to redemption, at the option of the City, on or after January 1, 2033, as a whole or in part at any time, and if in part, in such order of maturity as the City shall determine and within any maturity by lot, at the Redemption Price of 100% of the principal amount of such 2023A Bonds or portions thereof to be redeemed, together with accrued interest to the redemption date.

(b) 2023B Bonds. The 2023B Bonds maturing on or after January 1, 2034 are subject to redemption, at the option of the City, on or after January 1, 2033, as a whole or in part at any time, and if in part, in such order of maturity as the City shall determine and within any maturity by lot, at the Redemption Price of 100% of the principal amount of such 2023B Bonds or portions thereof to be redeemed, together with accrued interest to the redemption date.

Mandatory Sinking Fund Redemption.

(a) The 2023A Bonds maturing on January 1, 2048, are subject to mandatory redemption, in part by lot from mandatory Sinking Fund Payments, on January 1 in each of the years and in the respective principal amounts set forth below, at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest to the date of redemption:

YEAR	PRINCIPAL AMOUNT
2044	$5,030,000
2045	5,315,000
2046	5,630,000
2047	5,945,000
2048*	6,285,000

* Final maturity.

If the City redeems 2023A Bonds maturing on January 1, 2048 pursuant to optional redemption or purchases (other than from amounts held in the Series 2023A Dedicated Sub-Fund) such 2023A Bonds and cancels the same, then an amount equal to the principal amount of 2023A Bonds of such maturity so redeemed or purchased shall be credited against the unsatisfied balance of future Sinking Fund Payments or the final maturity amount in such amount and against such Sinking Fund Payments or final maturity amount as shall be determined by the City in a Certificate of an Authorized Officer filed with the Trustee prior to the mailing of the notice of redemption of such 2023A Bonds or, in the absence of such determination, shall be credited against the unsatisfied balance of the applicable Sinking Fund Payments in inverse order of their payment dates.

Amounts accumulated in the Series 2023A Dedicated Sub-Fund or other amounts delivered to the Trustee for such purpose may, and if so directed by the City shall, be applied by the Trustee, on or prior to the 45th day before the payment date of a Sinking Fund Payment, to the purchase of the 2023A Bonds maturing January 1, 2048 for which such Sinking Fund Payment is to be made in an amount not exceeding that necessary to complete the retirement of the unsatisfied balance of the 2023A Bonds maturing January 1, 2048 payable from such Sinking Fund Payment on such payment date. The purchase price paid by the Trustee (excluding accrued interest but including any brokerage and other charges) for any Bond so purchased shall not exceed the Sinking Fund redemption price of such Bond applicable upon its redemption on such payment date. Any 2023A Bonds so purchased shall be canceled and the applicable Sinking Fund redemption price thereof shall be credited against the applicable Sinking Fund Payment due on the next payment date.

(b) The 2023A Bonds maturing on January 1, 2053, are subject to mandatory redemption, in part by lot from mandatory Sinking Fund Payments, on January 1 in each of the years and in the respective principal amounts set forth below, at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest to the date of redemption:

YEAR	PRINCIPAL AMOUNT
2049	$6,645,000
2050	7,010,000
2051	7,400,000
2052	7,805,000
2053*	8,235,000

* Final maturity.

If the City redeems 2023A Bonds maturing on January 1, 2053 pursuant to optional redemption or purchases (other than from amounts held in the Series 2023A Dedicated Sub-Fund) such 2023A Bonds and cancels the same, then an amount equal to the principal amount of 2023A Bonds of such maturity so redeemed or purchased shall be credited against the unsatisfied balance of future Sinking Fund Payments or the final maturity amount in such amount and against such Sinking Fund Payments or final maturity amount as shall be determined by the City in a Certificate of an Authorized Officer filed with the Trustee prior to the mailing of the notice of redemption of such 2023A Bonds or, in the absence of such determination, shall be credited against the unsatisfied balance of the applicable Sinking Fund Payments in inverse order of their payment dates.

Amounts accumulated in the Series 2023A Dedicated Sub-Fund or other amounts delivered to the Trustee for such purpose may, and if so directed by the City shall, be applied by the Trustee, on or prior to the 45th day before the payment date of a Sinking Fund Payment, to the purchase of the 2023A Bonds maturing January 1, 2053 for which such Sinking Fund Payment is to be made in an amount not exceeding that necessary to complete the retirement of the unsatisfied balance of the 2023A Bonds maturing January 1, 2053 payable from such Sinking Fund Payment on such payment date. The purchase price paid by the Trustee (excluding accrued interest but including any brokerage and other charges) for any Bond so purchased shall not exceed the Sinking Fund redemption price of such Bond applicable upon its redemption on such payment date. Any 2023A Bonds so purchased shall be canceled and the applicable Sinking Fund redemption price thereof shall be credited against the applicable Sinking Fund Payment due on the next payment date.

Notice of Redemption.

(a) Except as hereinafter provided, a copy of the notice of the call for any redemption identifying the Bonds to be redeemed shall be given by first class mail, postage prepaid, not less than 30 or more than 60 days prior to the date fixed for redemption, to the Registered Owners of the Bonds to be redeemed at their addresses as shown on the Bond Register. Such notice shall specify the redemption date, the redemption price, the place and manner of payment, and that from the redemption date interest will cease to accrue on the Bonds which are the subject of such notice, and shall include such other information as the Trustee shall deem appropriate or necessary at the time such notice is given to comply with any applicable law, regulation or industry standard. Prior to the date that the redemption notice is first given as aforesaid, funds shall be placed with the Trustee to pay such Bonds, any premium thereon, and accrued interest thereon to the redemption date, or such notice shall state that any redemption is conditional on such funds being deposited on the redemption date, and that failure to deposit such funds shall not constitute an Event of Default under the Indenture; any funds so deposited with the Trustee shall be invested solely in Federal Obligations maturing no later than the earlier of (i) 30 days after the date of placement with the Trustee, or (ii) the redemption date.

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

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

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

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

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

Selection of Bonds for Redemption. If less than all the Bonds of a Series shall be called for redemption under any provision of the applicable Supplemental Indenture permitting such partial redemption, the particular Bonds of such Series or portions thereof to be redeemed shall be selected in such order of maturity as the City shall determine and within any maturity by lot. In selecting Bonds for redemption, the Trustee shall treat each Bond as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by the minimum Authorized Denomination. If it is determined that one or more, but not all, of the integral multiples of the Authorized Denomination of principal amount represented by any Bond is to be called for redemption, then, upon notice of intention to redeem such integral multiple of an Authorized Denomination, the Registered Owner of such Bond shall forthwith surrender such Bond to the Trustee for (a) payment to such Registered Owner of the redemption price of the integral multiple of the Authorized Denomination of principal amount called for redemption, and (b) delivery to such Registered Owner of a new Bond or Bonds in the aggregate principal amount of the unredeemed balance of the principal amount of such Bond. New Bonds representing the unredeemed balance of the principal amount of such Bond shall be issued to the Registered Owner thereof without charge therefor.

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

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General

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

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

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

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

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

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

Senior Lien Revenues

"*Senior Lien Revenues*" means and includes all amounts received or receivable directly or indirectly by the City for the use and operation of, or with respect to, the Airport, including, without limitation: all airline fees and charges (excluding payments described in subsection (a) below); all other rentals, charge and fees for the use of the Airport or for any service rendered by the City in the operation of the Airport; concession revenues; interest payments to the City; interest accruing on, and any profit realized from the investment of, moneys held or credited to all Airport funds and accounts of the City; provided, however, that Senior Lien Revenues does not include: (a) any amounts derived by the City from Special Facility Financing Arrangements entered into in connection with Special Facility Improvements to the extent those moneys derived are required to pay principal of, premium, if any, and interest on Special Facility Revenue Bonds and all sinking and other reserve fund payments required by the ordinance or resolution authorizing the issuance of the Special Facility Revenue Bonds; (b) the proceeds of any Passenger Facility Charge, Customer Facility Charge or similar tax or charge levied by or on behalf of the City, including, but not limited to, any cargo facility charge or security charge; (c) the proceeds of any tax levied by or on behalf of the City; (d) interest accruing on, and any profit resulting from the investment of, moneys in any fund or account of the Airport that is not available by agreement or otherwise for deposit into the Revenue Fund; (e) Government Grants-in-Aid; (f) insurance proceeds which are not deemed to be revenues in accordance with generally accepted accounting principles; (g) the proceeds of any condemnation awards; (h) security deposits and the proceeds of the sale of any Airport property; and (i) the proceeds of any borrowings by the City. Unless otherwise provided in a Supplemental Indenture, there shall also be excluded from the term "Senior Lien Revenues" any Released Revenues in respect of which the City has filed with the Trustee the documents contemplated in the definition of the term "Released Revenues."

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

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

"*Operation and Maintenance Expenses*" means, for any Fiscal Year, the costs incurred by the City in operating and maintaining the Airport during such Fiscal Year, either directly or indirectly, including, without limitation (but exclusive of such expenses as may be capitalized in connection with an Airport Project): costs and expenses incurred by the City for employees of the City employed at the Airport, or doing work involving the Airport, including, but not limited to, direct salaries and wages (including overtime pay), together with payments or costs incurred for associated payroll expenses, such as union contributions, cash payments to pension funds, retirement funds or unemployment compensation funds, life, health, accident and unemployment insurance premiums, deposits for self-insurance, vacations and holiday pay, and other fringe benefits; costs of materials, supplies, machinery and equipment and other similar expenses; costs of maintenance, landscaping, decorating, repairs, renewals and alternations not reimbursed by insurance; costs of water, electricity, natural gas, telephone service and all other utilities and services whether furnished by the City or purchased by the City and furnished by independent contractors at or for the Airport; costs of rentals of real property; costs of rental equipment or other personal property; costs of premiums for insurance, including property damage, public liability, burglary, bonds of employees, workers' compensation, disability, automobile, and all other insurance covering the Airport or its operations; the amount of any judgment or settlement arising as a result of the City's ownership, operation and maintenance of the Airport payable by the City during said Fiscal Year, including, without limitation, the amount of any judgment or settlement arising as a result of claims, actions, proceedings or suits alleging a taking of property or interests in property without just compensation, trespass, nuisance, property damage, personal injury or similar claims, actions, proceedings or suits based upon the environmental impacts, including, without limitation, those resulting from the use of the Airport for the landing and taking off of aircraft; costs incurred in collecting and attempting to collect any sums due the City in connection with the operation of the Airport; costs of advertising at or for the Airport; compensation paid or credited to persons or firms appointed or engaged, from time to time, to render advice and perform architectural, engineering, construction management, financial, legal, accounting, testing, consulting or other professional services in connection with the Airport; any other cost incurred or allocated to the Airport necessary to comply with any valid rule, regulation, policy or order of any federal, state or local government, agency or court; and all other direct and indirect expenses, whether similar or dissimilar, which arise out of the City's ownership, operation or maintenance of the Airport, including any taxes payable by the City which may be lawfully imposed upon the Airport.

For a general description of the application of Senior Lien Revenues, see "– Flow of Funds" and "– Payment of Debt Service on the Bonds and Swap Payments" below, and APPENDIX B – "SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE – Source of Payment; Pledge of Senior Lien Revenues." See the heading "MIDWAY FINANCIAL INFORMATION" for an overview of historic financial information of the Airport.

Other Available Moneys

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

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

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

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

The City has issued its $45,670,000 Second Lien Airport Revenue Refunding Bonds, Series 2018A (Taxable) (the "*2018A Bonds*") of which $27,065,000 is currently outstanding. The 2018A Bonds will be redesignated Outstanding Senior Lien Bonds upon the execution of the Senior Lien Indenture. Pursuant to the Twenty-Fifth Supplemental Indenture securing such 2018A Bonds, the City has pledged the CFC Revenues as Other Available Moneys for payment of principal and interest on the 2018A Bonds, prior to the application of Senior Lien Revenues for such purpose. Under the Twenty-Fifth Supplemental Indenture, the City has covenanted to: (i) impose and to cause all CFCs to be collected on a monthly basis in accordance with the CFC Ordinance and the CFC Statute; and (ii) enforce the Consolidated Rental Car Facility Lease to collect Facility Rent as and when due in accordance with the Consolidated Rental Car Facility Lease. The CFC Revenues pledged as Other Available Moneys to pay the 2018A Bonds are treated as Senior Lien Revenues under the Senior Lien Indenture, including for purposes of calculating debt service coverage under the Senior Lien Indenture.

The CFC Revenues for the years 2018 through 2022 have ranged from $3.3 million to $5.3 million and have been in amounts sufficient to pay all debt service on the 2018A Bonds in such years.

Senior Lien Indenture Substantive Amendments

The Senior Lien Indenture includes changes as compared to the Second Lien Indenture designed to maintain and enhance bondholder protections, including a modified rate covenant and flow of funds deposit dates (collectively, the "*Substantive Amendments*"). Certain of the Substantive Amendments will become effective upon the issuance of the Bonds and do not require the consent of the Owners of Second Lien Obligations/Senior Lien Obligations. Certain other Substantive Amendments (the "*Transition Date Amendments*") require consent of the Owners of a majority in principal amount of all Second Lien Obligations/Senior Lien Obligations outstanding at the time that consent is given. The Senior Lien Indenture provides that by purchasing the Bonds, the purchasers and Owners of the Bonds are deemed to have consented to such Transition Date Amendments and, notwithstanding any other provisions of the Senior Lien Indenture, such consent shall be deemed to be a continuing consent by such Owners and registered assigns so long as such Bonds are Outstanding.

As of the date of issuance of the Bonds, the Owners of the Bonds will be the first holders to consent to the Transition Date Amendments, and consent for the Transition Date Amendments will have been obtained from approximately 33.95% of the principal amount of Senior Lien Obligations outstanding. Upon obtaining the consent of a majority in principal amount of all Senior Lien Obligations outstanding, the Transition Date Amendments will become effective from and after the first business day of the month following the delivery by the City of a Certificate to the Trustee informing the Trustee that the Transition Date Amendments have become effective (the "*Transition Date*").

The following table provides an overview of the Substantive Amendments contained in the Senior Lien Indenture, as compared to the corresponding provisions of the prior Second Lien Indenture.

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Comparison of Substantive Amendments in the Senior Lien Indenture to Provisions of the Second Lien Indenture that Become Effective Upon Issuance of the Bonds		
	Prior Indenture - Second Lien Indenture	**Amended Indenture - Senior Lien Indenture**
Rate Covenant	The City covenants to establish rates and charges at the Airport, in relevant part, in an amount sufficient to equal 110% of Aggregate Second Lien Debt Service for the applicable Bond Year.	The City covenants to establish rates and charges at the Airport, in relevant part, in an amount sufficient to equal an amount sufficient to provide for the greater of (i) the amounts needed to make the deposits required under the Senior Lien Indenture during such Fiscal Year to the various reserve funds and accounts, and (ii) A) prior to the end of the Fiscal Year ending on December 31, 2024, an amount not less than 115% of the Aggregate Senior Lien Debt Service for the Bond Year commencing during such Fiscal Year; (B) after the Fiscal Year ending on December 31, 2024 but prior to the end of the Fiscal Year ending on December 31, 2025, an amount not less than 120% of the Aggregate Senior Lien Debt Service for the Bond Year commencing during such Fiscal Year;, or (C) after the Fiscal Year ending on December 31, 2025, an amount not less than 125% of the Aggregate Senior Lien Debt Service for the Bond Year commencing during such Fiscal Year.

Comparison of Substantive Amendments in the Senior Lien Indenture to Provisions of the Second Lien Indenture that Become Effective on the Transition Date		
	Prior Indenture - Second Lien Indenture	**Amended Indenture - Senior Lien Indenture**
Assumed Interest on Variable Rate Obligations	The assumed rate of interest on Variable Rate Bonds is calculated at the highest of: (i) the actual rate on the date of calculation; (ii) if the indebtedness has been outstanding for at least 12 months, the average rate over the 12 months preceding the date of calculation; and (iii) the most recently published Bond Buyer 25 Bond Revenue Index plus 50 basis points (if the Variable Rate Bonds are tax-exempt) or Federal Obligations with comparable maturities plus 50 basis points (if the Variable Rate Bonds are taxable).	The assumed rate of interest on Variable Rate Bonds was revised to apply the actual average rate over the previous 12 months if the debt has been outstanding for a year, or if the debt has not been outstanding for a year yet, an assumed rate for a tax-exempt instrument equal to the SIFMA Index plus 50 bps (if the Variable Rate Bonds are tax-exempt) or Federal Obligations with comparable maturities plus 50 basis points (if the Variable Rate Bonds are taxable).
Qualified Investments	Investments that are permitted by the City's then-effective investment policy are not "Qualified Investments" unless such investments otherwise satisfy the definition of Qualified Investments.	From and after the Transition Date, investments that are permitted by the City's then-effective investment policy are included in the definition of "Qualified Investments."
Flow of Funds	Required monthly deposits for the O&M Reserve Account and the Working Capital Account. All other deposits were semi-annual, including deposits for Second Lien Debt Service Fund, debt service reserves, any deposits for Junior Lien Obligations.	The flow-of-funds was revised to make <u>all</u> deposits on a monthly basis with a system of monthly transfers with two transfer dates. The first transfers would occur as of the 10th day of the month and would be for (i) all Senior Lien Obligations debt service on a 1/6th, 1/12th basis, (ii) the O&M Reserve Account on a 1/12th basis. and (iii) the Working Capital Account on a 1/12th basis. On the 15th of each month, the remaining transfers would be made on a 1/12th basis, including deposits to the senior lien debt service reserve and any deposit requirements for Junior Lien Obligations.
Deposit Requirements for Operational Reserves	An annual deposit required to bring the amount on deposit in such fund to equal the following: • Emergency Reserve Fund: $250,000 adjusted for each Fiscal Year thereafter, the required balance for the prior Fiscal Year plus the percentage increase, if any, in the Producer Price Index during the most recently ended 12-month period for which the Producer Price Index is available. • Repair and Replacement Fund: $1,000,000 adjusted for each Fiscal Year by multiplying the amount of the Repair and Replacement Fund Deposit Requirement for the prior Fiscal Year by a factor of one plus the percentage increase, if any, in the Producer Price Index during the most recently ended 12-month period for which the Producer Price Index is available. • Working Capital Account Fund: the lesser of (i) $500,000, adjusted by multiplying the amount of the Working Capital Deposit Requirement for the prior Fiscal Year by a factor of one plus the percentage increase, if any, in the Producer Price Index during the most recently ended 12-month period for which the Producer Price Index is available, and (ii) the amount required to increase the amount held in the Working Capital Account to an amount equal to 15% of Operation and Maintenance Expense Projection for such Fiscal Year.	The formulations of operational reserve requirements for the Emergency Reserve Fund, the Repair and Replacement Fund and Working Capital Fund were revised as follows: • Emergency Reserve Fund: $500,000 adjusted for each Fiscal Year thereafter, the required balance for the prior Fiscal Year plus the percentage increase, if any, in the Producer Price Index during the most recently ended 12-month period for which the Producer Price Index is available. • Repair and Replacement Fund: $1,000,000 adjusted for each Fiscal Year by multiplying the amount of the Repair and Replacement Fund Deposit Requirement for the prior Fiscal Year by a factor of one plus the percentage increase, if any, in the Producer Price Index during the most recently ended 12-month period for which the Producer Price Index is available. • Working Capital Account Fund: the lesser of (i) $500,000, adjusted by multiplying the amount of the Working Capital Deposit Requirement for the prior Fiscal Year by a factor of one plus the percentage increase, if any, in the Producer Price Index during the most recently ended 12-month period for which the Producer Price Index is available, and (ii) the amount required to increase the amount held in the Working Capital Account to an amount equal to 15% of Operation and Maintenance Expense Projection for such Fiscal Year. The City may deliver a Certificate to the Trustee modifying the formulation of any of the applicable deposit requirements set forth above, so long as such modification does not result in a reduction of the applicable deposit requirement in effect as of the effective date of the Senior Lien Indenture.

Flow of Funds

The provisions of the Senior Lien Indenture as described under this heading (including the table entitled "Flow of Funds") are the provisions in effect on the issuance of the Bonds. Certain amendments to these provisions including amounts of and timing of deposits in funds and accounts under the Senior Lien Indenture will become effective from and after the Transition Date. For a discussion of such amendments see "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Senior Lien Indenture Substantive Amendments" and APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE."

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

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

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

> *First*: to the City for deposit into the O&M Reserve Account an amount equal to one-twelfth of the O&M Reserve Account Deposit Requirement, which is the amount required in each Fiscal Year to increase the amount on deposit in the O&M Reserve Account to an amount equal to one-sixth of the O&M Expense Projection for such Fiscal Year.
>
> *Second*: to the City for deposit into the Working Capital Account. As there is no current deposit requirement for the Working Capital Account under the Airport Use Agreements, the City has directed the Trustee to suspend deposits to the Working Capital Account, which direction may be revoked at any time.

Semi-Annual Deposits. On the Business Day immediately preceding the first and the 182nd day of a Fiscal Year, the Trustee shall make the following deposits and transfers from amounts on deposit in the Revenue Fund in the manner and order of priority set forth below:

> *First*: into the Senior Lien Debt Service Fund an amount, if any, equal to the amount required by any resolution or ordinance authorizing the issuance of Senior Lien Obligations to be deposited therein on such date and without priority, one over the other, to any Accounts within the Senior Lien Debt Service Fund, as specified by a Certificate filed with the Trustee.
>
> *Second*: into (x) the Common Debt Service Reserve Sub-Fund, one-half of the amount (if any) necessary to increase the amount on deposit therein to an amount equal to the Common Debt Service Reserve Requirement and (y) the debt service reserve sub-fund or account established pursuant to a Supplemental Indenture with respect to a Series of Senior Lien Obligations that are not Common Reserve Bonds, one-half of the amount (if any) necessary to increase the amount on

deposit therein to an amount equal to the requirement for such sub-fund or account established pursuant to such applicable Supplemental Indenture.

Third: into the Junior Lien Obligation Debt Service Fund one-half of the amount, if any, equal to the amount required by any resolution or ordinance authorizing the issuance of Junior Lien Obligations to be deposited therein on such date and without priority, one over the other, to any Accounts within the Junior Lien Obligation Debt Service Fund, as specified by a Certificate filed with the Trustee.

Fourth: to the City for deposit into the Repair and Replacement Fund an amount equal to one-half of the Repair and Replacement Fund Deposit Requirement, which requirement for each Fiscal Year shall be the required balance for the prior Fiscal Year (which was established at $1,000,000 for the Fiscal Year ended December 31, 1997) plus the percentage increase, if any, in the Producer Price Index during the most recently ended 12-month period for which the Producer Price Index is available. Notwithstanding the foregoing, the City, in its sole discretion, may direct the Trustee to reduce or suspend such transfers for deposit into the Repair and Replacement Fund for any period by delivery to the Trustee of a Certificate setting forth the amount of such reduction, if applicable, and the period or periods during which such reduction or suspension shall remain in effect.

Fifth: to the City for deposit into the Emergency Reserve Fund an amount equal to one-half of the Emergency Reserve Fund Deposit Requirement, which requirement shall be the amount required to be deposited in the Emergency Reserve Fund so that the amount held therein will equal for each Fiscal Year, the required balance for the prior Fiscal Year (which was established at $250,000 for the Fiscal Year ended December 31, 1994) plus the percentage increase, if any, in the Producer Price Index during the most recently ended 12-month period for which the Producer Price Index is available.

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

Seventh: to the City for deposit into the Airport Development 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.

If at the time deposits are required to be made as described above, the moneys held in the Revenue Fund are insufficient to make any required deposit, then the deposit shall be made up on the next applicable deposit date from amounts in the Revenue Fund after required deposits into all other Funds and Accounts having a higher priority shall have been made in full.

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

Payment of Debt Service on the Bonds and Swap Payments. The Senior Lien Indenture creates the Revenue Fund to be held and administered by the Trustee. The City is required to file with the Trustee, upon the issuance of each series of Senior Lien Obligations (including the Bonds), an executed counterpart of the Supplemental Indenture creating such series. The moneys in the Revenue Fund shall be disbursed and applied by the Trustee as required by the provisions of any Supplemental Indenture creating a series of Senior Lien Obligations (including the 2023 Supplemental Indentures), or by any instrument creating Section 208 or Section 209 Obligations. The Trustee shall segregate within the Revenue Fund and credit to such sub-funds, accounts and sub-accounts therein as may have been created for the benefit of such series of Senior Lien Obligations and such Section 208 and Section 209 Obligations in such Supplemental Indenture such amounts as may be required to be so credited under the provisions of such Supplemental Indenture or instrument creating Section 208 or Section 209 Obligations to pay the principal of and interest on such Senior Lien Obligations and satisfy such Section 208 Obligations and Section 209 Obligations.

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

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Flow of Funds Diagram

Senior Lien Revenues Collected by the City

↓

City transfers amount equal to one-twelfth of the Operation and Maintenance Expense Projections for the current Fiscal Year to the O&M Fund in the custody of the City (monthly) [+]

↓

City transfers all remaining Senior Lien Revenues to the Revenue Fund in the custody of the Trustee (monthly) [+]

↓

Trustee makes the following transfers from the Revenue Fund pursuant to the Senior Lien Indenture

↓

O&M Reserve Account in the custody of the City (monthly) [+]

↓

Working Capital Account in the custody of the City (monthly) [++]

↓

Senior Lien Debt Service Fund (semi-annually) [+, +++]

↓

Common Debt Service Reserve Sub-Fund (semi-annually) [+]

↓

Junior Lien Obligation Debt Service Fund (semi-annually)

↓

Repair and Replacement Fund in the custody of the City (semi-annually)

↓

Emergency Reserve Fund in the custody of the City (semi-annually)

↓

Special Project Fund in the custody of the City (semi-annually)

↓

Airport Development Fund in the custody of the City (semi-annually)

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

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

[+++] The CFC Revenues are not pledged to any Senior Lien Bonds, other than the Outstanding 2018A Bonds.

Source: Chicago Department of Aviation.

Payment of Debt Service on the Bonds and Swap Payments. The Senior Lien Indenture creates the Revenue Fund to be held and administered by the Trustee. The City is required to file with the Trustee, upon the issuance of each series of Senior Lien Obligations (including the Bonds), an executed counterpart of the Supplemental Indenture creating such series. The moneys in the Revenue Fund shall be disbursed and applied by the Trustee as required by the provisions of any Supplemental Indenture creating a series of

Senior Lien Obligations (including the 2023 Supplemental Indentures), or by any instrument creating Section 208 or Section 209 Obligations. The Trustee shall segregate within the Revenue Fund and credit to such sub-funds, accounts and sub-accounts therein as may have been created for the benefit of such series of Senior Lien Obligations and such Section 208 and Section 209 Obligations in such Supplemental Indenture such amounts as may be required to be so credited under the provisions of such Supplemental Indenture or instrument creating Section 208 or Section 209 Obligations to pay the principal of and interest on such Senior Lien Obligations and satisfy such Section 208 Obligations and Section 209 Obligations.

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

Senior Lien Indenture Covenants

Rate Covenant.

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

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

(ii) to provide for the greater of (i) the amounts needed to make the deposits required under the Senior Lien Indenture during such Fiscal Year into the Senior Lien Debt Service Fund, the O&M Reserve Account, the Working Capital Account, the Common Debt Service Reserve Sub-Fund, the Junior Lien Obligation Debt Service Fund, the Repair and Replacement Fund and the Special Project Fund, and (ii) (A) prior to the end of the Fiscal Year ending on December 31, 2024, an amount not less than 115% of the Aggregate Senior Lien Debt Service for the Bond Year commencing during such Fiscal Year; (B) prior to the end of the Fiscal Year ending on December 31, 2025, an amount not less than 120% of the Aggregate Senior Lien Debt Service for the Bond Year commencing during such Fiscal Year; or (C) after the Fiscal Year ending on December 31, 2025, an amount not less than 125% of the Aggregate Senior Lien Debt Service for the Bond Year commencing during such Fiscal Year.

See the discussion under the heading "- Senior Lien Indenture Substantive Amendments" and tables entitled – "Comparison of Substantive Amendments in the Senior Lien Indenture to Provisions of the Second Lien Indenture That Become Effective Upon Issuance of the Bonds" and "- Comparison of Substantive Amendments in the Senior Lien Indenture to Provisions of the Second Lien Indenture That Become Effective on the Transition Date."

(b) If during any Fiscal Year, Senior Lien Revenues, together with Other Available Moneys and such cash balance in the Revenue Fund, are estimated to produce less than the amount required under paragraph (a) above, the City shall revise its Airport rentals, fees and charges or alter its methods of operation or take other action in such manner as is necessary to produce the amount so required in such Fiscal Year.

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

(d) If the certificate specified in paragraph (c) above for any year indicates that the City has not satisfied its obligations under paragraph (a) above, then as soon as practicable, but in any event no later than 60 days after the receipt by the Trustee of such certificate, the City shall employ an Independent Airport Consultant to review and analyze the financial status and the administration and operation of the Airport and to submit to the City, within 60 days after employment of the Independent Airport Consultant, a written report on the same, including the action which the Independent Airport Consultant recommends should be taken by the City with respect to the revision of its Airport rentals, fees, and charges, alteration of its methods of operation or the taking of other action that is projected to result in producing the amount so required in the then-current Fiscal Year or, if less, the maximum amount deemed feasible by the Independent Airport Consultant. Promptly upon its receipt of the recommendations the City shall, after giving due consideration to the recommendations, revise its Airport rentals, fees and charges or alter its methods of operation, which revisions or alterations need not comply with the Independent Airport Consultant's recommendations so long as any revisions or alterations are projected by the City to result in compliance with paragraph (a) above. The City shall transmit copies of the Independent Airport Consultant's recommendations to the Trustee and to each owner of Senior Lien Obligations who has requested the same.

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

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

Common Reserve Bonds

The Bonds are Common Reserve Bonds (as defined below) secured by the Common Debt Service Reserve Sub-Fund.

Common Debt Service Reserve Sub-Fund. The Common Debt Service Reserve Sub-Fund is held and administered by the Trustee in accordance with the terms of the Senior Lien Indenture. The Bonds are Senior Lien Obligations entitled to the benefit of the Common Debt Service Reserve Sub-Fund on a parity with other Outstanding Senior Lien Obligations. Senior Lien Obligations secured by the Common Debt Service Reserve Sub-Fund are referred to as the "*Common Reserve Bonds*." Each other series of Senior Lien Obligations not secured by the Common Debt Service Reserve Sub-Fund (these bonds collectively referred to herein as the "*Non-Common Reserve Bonds*") are secured by a separate debt service reserve account established under the respective supplemental indenture authorizing their issuance. These individual debt service reserve accounts do not secure and are not available for payment of debt service on the Common Reserve Bonds, and the Common Debt Service Reserve Sub-Fund does not secure and is not available for payment of the Non-Common Reserve Bonds.

The "*Common Debt Service Reserve Requirement*" for the Common Debt Service Reserve Sub-Fund means the least of (i) the maximum amount of Annual Senior Lien Debt Service payable on the Common Reserve Bonds in the current or any succeeding Bond Year, (ii) 125% of the average Annual Senior Lien Debt Service on the Common Reserve Bonds or (iii) 10% of the original principal amount of the Common Reserve Bonds, provided, however, that if upon the issuance of any Common Reserve Bonds such amount would require that moneys be paid into the Common Debt Service Reserve Sub-Fund from the proceeds of such Common Reserve Bonds in an amount in excess of the maximum amount permitted under the Code, the Common Debt Service Reserve Requirement shall be the sum of (a) the Common Debt Service Reserve Requirement immediately preceding the issuance of such Common Reserve Bonds and (b) the maximum amount permitted under the Code to be deposited from the proceeds of such Common Reserve Bonds, as certified by the Chief Financial Officer.

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

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

The City covenants in the applicable supplemental indenture with respect to each series of Bonds, that (i) the City will maintain the Common Debt Service Reserve Sub-Fund in an amount equal to the Common Debt Service Reserve Requirement, (ii) moneys held therein will be held and disbursed for the benefit of all Common Reserve Bonds and such moneys are pledged and assigned for that purpose, and (iii) all Common Reserve Bonds are on a parity and rank equally, without preference, priority or distinction. If on any valuation date under the Senior Lien Indenture the amount on deposit in the Common Debt Service Reserve Sub-Fund is more than the Common Debt Service Reserve Requirement, the amount of such excess shall be transferred by the Trustee to the Revenue Fund, provided, however, that immediately after such withdrawal, the amount on deposit in the Common Debt Service Reserve Sub-Fund equals or exceeds the Common Debt Service Reserve Requirement.

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

Deficiencies in the Common Debt Service Reserve Sub-Fund are required to be satisfied from Senior Lien Revenues. Amounts deposited in the Common Debt Service Reserve Sub-Fund for the purposes of restoring amounts withdrawn therefrom shall be applied first to reimburse the provider of the Qualified Reserve Account Credit Instrument and thereby reinstate the Qualified Reserve Account Credit Instrument and next to make deposits into the Common Debt Service Reserve Sub-Fund.

The Common Debt Service Reserve Sub-Fund will be applicable only to the Common Reserve Bonds and will not be available to pay debt service on any other Senior Lien Obligations. See "Flow of Funds–Payment of Debt Service on the Bonds and Swap Payments," above and APPENDIX B – "SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE – Payment of Debt Service on the Bonds and Related Section 208 and Section 209 Obligations."

Upon issuance of the Bonds, the Common Debt Service Reserve Requirement for the Common Reserve Bonds will be $82,968,252 and the City expects to have such amount on deposit in cash in the Common Debt Service Reserve Sub-Fund. Prior to, and after, giving effect to the issuance of the Bonds, the City will be and will remain in compliance with all requirements for the maintenance of the Common Debt Service Reserve Sub-Fund.

Midway Revenues Must Be Used For Airport Purposes

As a recipient of federal grants for Midway, the City is required by federal law, and by its grant assurances to the Federal Aviation Administration (the "*FAA*") under its grant agreements with the FAA, to use all revenues generated at Midway, including all Senior Lien Revenues, for the capital or operating costs of Midway, the local airport system, or other local facilities which are owned or operated by the City and directly and substantially related to the air transportation of passengers or property.

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

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

Airport Use Agreements

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

The nature of the obligation of the Signatory Airlines to make payments to the City under the Airport Use Agreements is described in APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT USE AGREEMENTS – Airline Fees and Charges." The Airport Use Agreements provide that the aggregate of all rentals, fees and charges to be paid by the Signatory Airlines, together with Non-Airline Revenues and as required by the Airport Use Agreements, shall be sufficient to pay for the cost of operating, maintaining and improving Midway, including the satisfaction of all of the City's obligations to make deposits and payments under the Airport Use Agreements and the Senior Lien Indenture or any other ordinance or indenture authorizing the issuance of notes, bonds or other obligations of Midway. In addition, the Airport Use Agreements specifically provide the City with the right to approve or disapprove any transfer, including, but not limited to, any sublease or assignment, by any Signatory Airline of any of its leasehold rights to Leased Premises at Midway, which include, but are not limited to, gates at Midway. See APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT USE AGREEMENTS –Term," "– Default and Termination," "– Assignment, Sublease and Other Transfers," and "– Change of Lease Term."

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

Based upon CDA management records for 2022, the Signatory Airlines and their affiliates represented, in the aggregate, 98.3% of the total enplanements at Midway. Southwest represented 89.4% of the total enplaned passengers at Midway in 2022. See "CHICAGO MIDWAY INTERNATIONAL AIRPORT – Airlines Providing Service at Midway," "CERTAIN INVESTMENT CONSIDERATIONS – Effect of Airline Bankruptcy" and APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT USE AGREEMENTS."

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

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

Additional Obligations

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

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

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

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

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

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

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

Junior Lien Obligations. The Senior Lien Indenture permits the issuance of bonds, notes or other evidences of indebtedness (including bonds, notes or other evidences of indebtedness evidencing loans made by the City to the Airport) which are payable out of, or secured by, the pledge of amounts which may be withdrawn from the Junior Lien Obligation Debt Service Fund so long as such pledge is expressly junior and subordinate to the pledge of Senior Lien Revenues securing the Senior Lien Bonds.

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

No Acceleration Rights

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

Modifications to the Senior Lien Indenture

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

Any modification or amendment of the Senior Lien Indenture or of any Supplemental Indenture or of the rights and obligations of the City and of the owners of the Senior Lien Obligations, in particular, may be made by a Supplemental Indenture, with the written consent given as provided in the Senior Lien Indenture, (a) of the owners of a majority in principal amount of the Senior Lien Obligations Outstanding at the time such consent is given, (b) in case less than all of the several Series of then Outstanding Senior Lien Obligations are affected by the modification or amendment, of the owners of a majority in principal amount of the then Outstanding Senior Lien Obligations of each Series so affected.

Deemed Consent to Amendment to the Senior Lien Indenture Relating to Sale of the Airport

Currently, Section 506 of the Senior Lien Indenture imposes a series of conditions that would have to be satisfied before any sale, conveyance, mortgage, encumbrance or other disposition, directly or indirectly, of all or substantially all of the Airport or the transfer, directly or indirectly, of control, management or any material aspect of control, management or oversight of the Airport could occur. All of these conditions are described in APPENDIX B – "SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE – Sale or Transfer of Airport."

The Owners of all of the Midway Outstanding Senior Lien Bonds have consented to an amendment to the Senior Lien Indenture to delete Section 506 in its entirety. However, the City to date has not implemented the proposed amendment, requested consent from the providers of credit support for certain of the Midway Outstanding Senior Lien Bonds (e.g., bond insurers or letter of credit banks) to the proposed amendment, or certified its effectiveness to the Trustee.

The amendment to delete Section 506 requires consent of the Owners of a majority in principal amount of all Senior Lien Obligations outstanding at the time that consent is given. The Senior Lien Indenture provides that by purchasing the Bonds, the purchasers and Owners of the Bonds are deemed to have consented to such amendment to delete Section 506 in its entirety and, notwithstanding any other provisions of the Senior Lien Indenture, such consent shall be deemed to be a continuing consent by such Owners and registered assigns so long as such Bonds are Outstanding.

BOND INSURANCE

The Policy

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company (the "Insurer" or "BAM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as APPENDIX I to this Official Statement.

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

The Insurer

General. BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure municipal bonds, as defined in Section 6901 of the New York Insurance Law, which are most often issued by states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

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

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

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

Capitalization of BAM. BAM's total admitted assets, total liabilities, and total capital and surplus, as of June 30, 2023 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$486.0 million, \$204.5 million and \$281.5 million, respectively.

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

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

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

Additional Information Available from BAM

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

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

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

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

PLAN OF FINANCE

General

The proceeds of the Bonds are being used to: (i) finance a portion of the cost of the 2023 Airport Projects, (ii) refund prior to maturity the Refunded Bonds and repay certain Commercial Paper Notes and accrued interest thereon, (iii) fund capitalized interest on the Bonds, and (iv) pay costs and expenses incidental thereto and to the issuance of the Bonds, including without limitation the premium for the Policy issued by the Insurer insuring the Bonds.

Proceeds of the 2023A Bonds in the amount of $59.7 million are expected to be used to pay certain costs of implementing the Airport's 2023-2027 Capital Improvement Program and to fund the 2023 Airport Projects. For additional information regarding the 2023 Airport Projects and the Airport's Capital Improvement Program, see "2023-2027 CAPITAL IMPROVEMENT PROGRAM."

Refunding Plan

Proceeds of the 2023A Bonds and 2023B Bonds and other available moneys in the amount of $450.6 million are expected to be used to currently refund certain Outstanding Senior Lien Bonds, outstanding in the aggregate principal amount of $443.0 million. The maturities and CUSIPs of the Refunded Bonds are shown on APPENDIX F – "REFUNDED BONDS." On the date of issuance and delivery of the 2023A Bonds and 2023B Bonds, the City will give the Trustee irrevocable instructions to call the Refunded Bonds on their applicable redemption dates in the manner required by the Senior Lien Indenture. The Refunded Bonds will be redeemed at par on the date(s) set forth in APPENDIX F.

To provide for the payment of (and in certain cases the defeasance of) the Refunded Bonds, certain proceeds of the 2023A Bonds and 2023B Bonds may be used to purchase securities constituting direct obligations of the United States of America (collectively, the "*Government Obligations*") and to provide initial cash deposits. The principal of and interest on the Government Obligations, together with available cash deposits, will be sufficient (i) to pay when due the interest on the Refunded Bonds to their respective redemption dates, and (ii) to redeem the Refunded Bonds on their respective redemption dates at their respective redemption prices.

The Government Obligations purchased with the proceeds of the 2023A Bonds and 2023B Bonds, together with available cash deposits, will be held in trust with the respective paying agents for the Refunded Bonds (collectively, the "*Escrow Funds*"). To provide for the redemption and defeasance of the Refunded Bonds, a portion of the proceeds of the 2023A Bonds and 2023B Bonds and the contribution from certain excess funds in the Common Debt Service Reserve Sub-Fund will be applied to the redemption of the Refunded Bonds and be deposited into an escrow account to be held by The Bank of New York Mellon Trust Company, N.A., as the escrow agent ("*Escrow Agent*") pursuant to a Refunding Escrow Agreement, dated as of November 1, 2023, between the City and the Escrow Agent and invested in Defeasance Obligations in amounts sufficient (without reinvestment) to provide for the payment of the redemption price of Refunded Bonds to the redemption date at the redemption price of par plus accrued interest to such date of redemption. The principal of, and interest on, the Refunded Bonds will be payable from the escrow account administered for the benefit of the City and the holders of the outstanding Refunded Bonds. Neither the cash on deposit, the maturing principal of the Government Obligations nor the interest to be earned thereon will serve as security for or be available for the payment of the principal of or the interest on the Bonds.

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

Common Debt Service Reserve Sub-Fund

The Bonds are being issued as Common Reserve Bonds pursuant to the Senior Lien Indenture. Certain other Outstanding Senior Lien Bonds are Common Reserve Bonds and, as such, are secured by the Common Debt Service Reserve Sub-Fund on a parity with the Bonds in accordance with provisions of the Senior Lien Indenture. See "INTRODUCTION – Midway Outstanding Airport Obligations." No deposits to the Common Debt Service Reserve Sub-Fund are expected to be required in connection with the issuance of the Bonds. The amounts on deposit in the Common Debt Service Reserve Sub-Fund of $103,342,536 as of September 30, 2023, satisfy and exceed the requirements of the Senior Lien Indenture in connection with the issuance of the Bonds of $82,968,252 and the amount in excess of the requirements shall be applied to the redemption of the Refunded Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Common Reserve Bonds" and APPENDIX B – "SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE – Use of Funds."

Future Financings

The City anticipates that additional Senior Lien Bonds will be issued in 2025 to complete the 2023-2027 CIP. In addition, the amount of indebtedness required for the 2023-2027 CIP could increase for a variety of reasons, including reductions in PFC Revenues and Grant Reimbursements. See "2023-2027 CAPITAL IMPROVEMENT PROGRAM – Uncertainties in Funding the 2023-2027 CIP."

Sources and Uses of Funds

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

	2023A BONDS	2023B BONDS	TOTAL[1]
SOURCES OF FUNDS			
Par Amount of Bonds	$211,020,000	$302,490,000	$513,510,000
Net Original Issue Premium	4,572,221	14,433,055	19,005,276
Excess Funds in the Common Debt Service Reserve Sub-Fund	5,674,669	15,048,045	20,722,714
Cash Contributions	2,242	951,069	953,311
Total[1]	**$221,269,132**	**$332,922,169**	**$554,191,301**
USES OF FUNDS			
Deposit to Project Fund	$59,671,711	$-	$59,671,711
Deposit to Repay Midway Commercial Paper Notes	31,969,288	-	31,969,288
Deposit to Redeem Refunded Bonds	120,867,838	329,738,833	450,606,671
Deposit to Capitalized Interest Account	6,395,494	-	6,395,494
Costs of Issuance, including premium for the Policy	2,364,800	3,183,336	5,548,136
Total[1]	**$221,269,132**	**$332,922,169**	**$554,191,301**

(1) Totals may not add due to rounding.

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Debt Service on Outstanding Senior Lien Bonds and the Bonds

DEBT SERVICE SCHEDULE [1,2]

Year Ending Jan. 1[3]	Total Debt Service on Outstanding Senior Lien Bonds[4,5,6]	Total Debt Service on 2023A Bonds	Total Debt Service on 2023B Bonds	Total Aggregate Debt Service[4,5,6]
2024[5]	$124,250,555	$1,079,914	$2,184,650	$127,515,119
2025	85,343,510	7,642,832	39,219,500	132,205,842
2026	83,921,531	8,770,898	39,419,750	132,112,179
2027	83,888,102	17,850,013	35,419,750	137,157,865
2028	83,939,847	24,314,513	29,916,000	138,170,360
2029	82,610,000	23,919,013	30,385,500	136,914,513
2030	90,429,814	26,834,513	15,820,500	133,084,827
2031	83,362,024	31,474,763	18,249,250	133,086,037
2032	74,627,654	28,124,513	29,691,000	132,443,167
2033	74,643,891	25,449,513	31,333,250	131,426,654
2034	74,678,761	5,436,513	50,311,250	130,426,524
2035	41,013,072	5,436,513	83,001,500	129,451,085
2036	38,690,050	8,681,513	10,563,000	57,934,563
2037	53,373,168	8,688,038	-	62,061,206
2038	53,373,932	8,689,388	-	62,063,320
2039	53,372,300	8,690,288	-	62,062,588
2040	53,375,550	8,695,188	-	62,070,738
2041	53,440,418	8,688,263	-	62,128,681
2042	59,020,635	8,693,888	-	67,714,523
2043	59,584,700	8,685,138	-	68,269,838
2044	60,169,050	8,692,013	-	68,861,063
2045	20,710,250	8,687,788	-	29,398,038
2046	20,706,000	8,697,175	-	29,403,175
2047	-	8,688,450	-	8,688,450
2048	-	8,686,613	-	8,686,613
2049	-	8,685,225	-	8,685,225
2050	-	8,684,750	-	8,684,750
2051	-	8,689,200	-	8,689,200
2052	-	8,687,200	-	8,687,200
2053	-	8,687,925	-	8,687,925
TOTALS:	$1,508,524,813	$362,731,544	$415,514,900	$2,286,771,258

(1) Totals may not add due to rounding.
(2) Debt service is net of capitalized interest as applicable.
(3) Debt service for each year includes the principal and interest paid from January 2 of the preceding year through January 1 of the stated year.
(4) Debt service on variable rate bonds does not include support costs or miscellaneous expenses, such as letter of credit and remarketing agent fees; unhedged variable rate bonds assume an interest rate of 3.00%.
(5) Debt service on the Outstanding Senior Lien Bonds excludes the Refunded Bonds.
(6) Debt service on the Outstanding Senior Lien Bonds includes debt service on the 2018A Bonds that are secured by a pledge of CFC Revenues as Other Available Moneys. Historically, CFC Revenues have been sufficient to pay all debt service on the 2018A Bonds.

THE AIRPORT CONSULTANT

Ricondo & Associates, Inc. (the "*Airport Consultant*") has prepared the "Report of the Airport Consultant" included in this Official Statement in APPENDIX E – "REPORT OF THE AIRPORT CONSULTANT." Ricondo & Associates is a full-service aviation consulting firm that primarily provides facilities and operations planning, environmental planning, and financial planning services to airport owners and operators, airlines, and federal and state aviation-related agencies. The Airport Consultant's technical consulting and project management services include airport facilities planning, airport master planning, environmental planning, financial feasibility studies, financial analyses and capital plans of finance, airfield and airspace analyses, and airport development programs. The Airport Consultant is headquartered in Chicago, with twelve US offices and one international office. The Airport Consultant has provided airport consulting services to the City with respect to the Airport since 1989.

REPORT OF THE AIRPORT CONSULTANT AND PROJECTIONS

Overview

The Report of the Airport Consultant prepared by the Airport Consultant, included as APPENDIX E, provides certain information with respect to the Airport, and presents the Projections.

Projections of Senior Lien Revenues for the Projection Period

The Projections in the report are for the projection period (2023 through 2028) (the "*Projection Period*") and such Projection Period does not extend through the final maturity of the Bonds (January 1, 2053). The Projections are based, in part, on historical data from sources considered by the Airport Consultant to be reliable, but the accuracy of these data has not been independently verified. The Projections are based on assumptions made by the Airport Consultant concerning future events and circumstances which the Airport Consultant believes are significant to the Projections. The achievement of the results described in the Projections may be affected by fluctuating economic conditions and depends upon the occurrence of other future events which cannot be assured. Therefore, the actual results achieved may vary from the Projections, and such variations could be material.

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

Neither the City's independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the prospective financial information contained herein or in the Report of the Airport Consultant, nor have they expressed any opinion or any other form of assurance on such information or its achievability. Such parties assume no responsibility for, and disclaim any association with, the prospective financial information.

On the basis of the analysis set forth in the Report of the Airport Consultant, the Airport Consultant is of the opinion that the Senior Lien Revenues generated in each year of the Projection Period should be sufficient to comply with the Rate Covenant established in the Senior Lien Indenture. Although summary information is provided in the Report of the Airport Consultant, the report states that a complete understanding of the justification for the conclusions stated therein cannot be attained without reading the Report of the Airport Consultant in its entirety.

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Projected Senior Lien Bonds Debt Service Coverage 2023-2028

The following table shows projections of Senior Lien Revenues and debt service coverage on the Senior Lien Bonds, following the refunding of the Refunded Bonds, through the Projection Period based on the financing assumptions described in the Report of the Airport Consultant, which should be read in its entirety. See APPENDIX E – "REPORT OF THE AIRPORT CONSULTANT." For a discussion of historical debt service coverage for the Airport, see "MIDWAY FINANCIAL INFORMATION – Historical Debt Service Coverage."

PROJECTED SENIOR LIEN BONDS DEBT SERVICE COVERAGE 2023-2028

Year Ending Dec. 31[(1)]	Projected Senior Lien Revenues Available for Debt Service[(2)]	Outstanding Senior Lien Bonds Debt Service[(3,4,5)]	2023A Bonds and 2023B Bonds Debt Service[(5)]	Estimated Future Senior Lien Bonds Debt Service[(5,6)]	Assumed Total Senior Lien Bond Debt Service[(6)]	Projected Aggregate Debt Service Coverage
2023	$164,603,579	$124,250,555	$3,264,564	$-	$127,515,119	1.29x
2024	167,250,199	85,343,510	46,862,332	-	132,205,842	1.27x
2025	171,105,412	83,921,531	48,190,648	-	132,112,179	1.30x
2026	188,021,114	83,888,102	53,269,763	8,418,076	145,575,941	1.29x
2027	200,132,263	83,939,847	54,230,513	17,021,700	155,192,060	1.29x
2028	198,656,454	82,610,000	54,304,513	17,021,700	153,936,212	1.29x

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

(2) Projected Senior Lien Revenues Available for Debt Service includes CFC Revenues pledged to pay the 2018A Bonds that are Other Available Moneys and PFC Revenues expected to be applied to Senior Lien Bond Debt Service as Other Available Moneys.

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

(4) Debt service on the Outstanding Senior Lien Bonds includes debt service on the 2018A Bonds that are secured by a pledge of CFC Revenues as Other Available Moneys. Historically, CFC Revenues have been sufficient to pay all debt service on the 2018A Bonds. Debt service on Outstanding Senior Lien Bonds includes refunding of existing bonds associated with the Series 2023 Bonds.

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

(6) Includes estimated future Senior Lien Bonds. See APPENDIX E – "REPORT OF THE AIRPORT CONSULTANT – FINANCIAL ANALYSIS - EXISTING SENIOR LIEN BONDS DEBT SERVICE," "- FUTURE SENIOR LIEN BONDS," and "- SENIOR LIEN BOND DEBT SERVICE COVERAGE" and the related tables referred to therein.

Note: The results above are based on Table B-3 "Existing and Future Debt Services" and B-9 "Debt Service Coverage" contained in APPENDIX E – "REPORT OF THE AIRPORT CONSULTANT", but uses the actual debt service on the 2023 Bonds, whereas Tables B-3 and B-9 in APPENDIX E uses estimated debt service on the 2023 Bonds as of the date of the Report of the Airport Consultant. In addition, variance between actual debt service and previously estimated debt service results in differences in airline cost allocation requirements, affecting revenues available for debt service. Totals may not add due to rounding. See APPENDIX E – "REPORT OF THE AIRPORT CONSULTANT" for additional information.

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CHICAGO MIDWAY INTERNATIONAL AIRPORT

General

Midway was opened in 1927 and is located approximately ten miles southwest of the City's central business district. The Airport encompasses an area of approximately 840 acres, bordered by 55th Street on the north, 63rd Street on the south, Central Avenue on the west, and Cicero Avenue on the east. The Airport's terminal is accessed from Cicero Avenue, which connects to Interstate 55 (the Stevenson Expressway) approximately two miles north of the Airport. The Airport is also connected to the downtown business district by the Chicago Transit Authority (CTA) rapid transit system Orange Line, which opened in 1993, as well as by surrounding city and suburban areas via bus service provided by both the CTA and Pace Suburban Bus Service.

Midway is a major commercial airport serving the Chicago region. As of October 2023, it is served by Allegiant Air, Avelo Airlines, Delta Air Lines, Frontier Airlines, Southwest Airlines, and two foreign flag carriers, Volaris and Porter. Sun Country Airlines also provides non-scheduled service at the Airport. According to ACI the Airport served approximately 19.9 million passengers in 2022, making it the nation's 30th busiest airport. The 2022 activity compares to approximately 20.8 million passengers in 2019, the most recent year prior to the impacts of the COVID-19 pandemic on air travel. In 2019, the Airport ranked 31st busiest airport in the nation. Based on USDOT survey data, the Chicago market was ranked fourth in the nation in terms of domestic O&D passengers for the year 2019, fifth in 2020 and 2021, and third in 2022, reflecting a distribution of traffic more similar to pre-COVID-19 pandemic activity.

The Airport's favorable geographical location in relation to the national air service network, large population base, and proximity to Chicago's central business district, fostered the Airport becoming one of the largest stations in Southwest's network. While Southwest emphasizes local passengers in its operations, the volume of Southwest flights offered from Midway to meet local demand makes the Airport a key station in the airline's network due to the connecting opportunities afforded by the high amount of service. In 2022, Southwest provided an average of 197 scheduled flights per day from the Airport to 79 destinations and accounted for 89.4 percent of the Airport's passenger enplanements.

Midway has already completed essential capital improvement projects. See "– Existing Facilities at Midway" below. In August 2015, the CDA announced a near $400 million Midway terminal improvement project referred to as the Midway Modernization Program ("*MMP*") which includes three major projects: Passenger Security Checkpoint Expansion, Terminal Parking Garage Expansion and Concessions Redevelopment Program. The passenger security checkpoint expansion at Midway was completed in 2020, the terminal parking garage enhancement project was completed in 2021 and the concessions redevelopment program, which began in summer 2017, is anticipated to be completed late summer 2024. The first significant upgrade to Midway's concessions program in nearly 20 years delivers new local offerings, national brands, new healthy options and expanded retail offerings. The total concessions area is anticipated to increase from 40,000 square feet to more than 65,000 square feet. The full redevelopment is being implemented in a phased approach and is anticipated to cover more than 60 concessions locations. When complete, the redevelopment program is anticipated to feature 39 food and beverage locations, 19 retail locations, and 5 services, including the first-ever Midway common use passenger lounge.

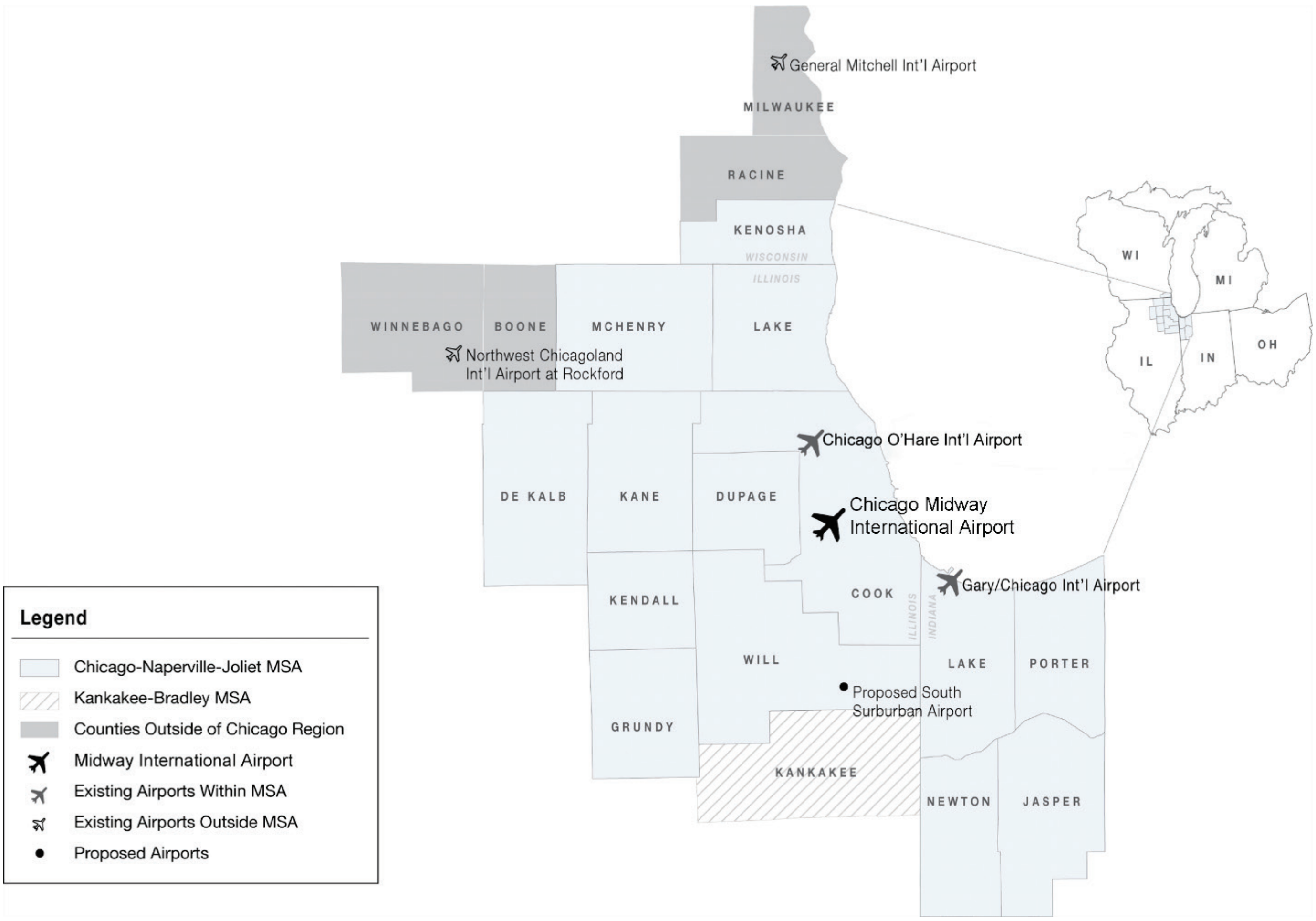
The City developed its 2023-2027 CIP, the most recently published, to address capital project requirements for Midway for the period 2023 through 2027. The primary focus of the 2023-2027 CIP is maintaining a good state of repair for existing airport facilities. For additional information regarding the 2023-2027 CIP and the funding thereof, see "2023-2027 CAPITAL IMPROVEMENT PROGRAM" herein and APPENDIX E – "REPORT OF THE AIRPORT CONSULTANT."

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

The Air Trade Area

Overview. The primary air trade area that Midway serves consists of 10 counties in Illinois (Cook, DeKalb, DuPage, Grundy, Kane, Kankakee, Kendall, Lake, McHenry and Will), four counties in Indiana (Jasper, Lake, Newton and Porter) and one county in Wisconsin (Kenosha). These 15 counties comprise the "*Chicago Region*" and include two Metropolitan Statistical Areas that contain four adjoining major metropolitan areas. This area (the "*Air Trade Area*") is depicted by the following map. See APPENDIX E – "REPORT OF THE AIRPORT CONSULTANT."

MAP OF AIR TRADE AREA



Source: Report of the Airport Consultant

Regional Authority

In 1995, the City and the City of Gary, Indiana, entered into the Compact, which established the Chicago-Gary Regional Airport Authority to oversee and support Midway, O'Hare, Meigs Field and the Gary/Chicago International Airport, to evaluate jointly the bi-state region's need for additional airport capacity and to coordinate and plan for the continued development, enhancement and operation of such airports and the development of any new airport serving the bi-state region. Subject to the power of the Chicago-Gary Regional Airport Authority to approve certain capital expenditures and other actions, the City continues to manage, own and operate Midway and O'Hare. Meigs Field was closed by the City on March 30, 2003. The approval of the Chicago-Gary Regional Airport Authority is required for implementation of certain capital projects. The City has all necessary approvals from the Chicago-Gary Regional Airport Authority to proceed with the 2023-2027 CIP.

Other Commercial Service Airports Serving the Chicago Region

Chicago O'Hare Airport. In addition to Midway, the City also operates O'Hare through CDA. The operations of these two airports are separate and distinct and the Bonds are not secured by any revenues generated at O'Hare. O'Hare is the primary commercial airport for the City, as well as an important connecting point for numerous domestic and international flights. O'Hare serves nearly all of the Chicago Region's international air traffic and is the predominant airport for nonstop/business travel to the Chicago Region's top 50 O&D markets. For more information relating to O'Hare, see APPENDIX E – "REPORT OF THE AIRPORT CONSULTANT." Southwest launched service from O'Hare in February 2021. In 2023, Southwest has scheduled 28 average daily departures from O'Hare to 12 destinations compared to 213 average daily departures to 79 destinations scheduled from Midway. All the destinations Southwest serves from O'Hare are also served from Midway. Three other airlines, Delta, Frontier, and Volaris, currently provide scheduled service from both Midway and O'Hare.

General Mitchell International Airport. The nearest commercial service airport outside the Chicago Region is General Mitchell International Airport ("*Mitchell*"), located approximately 85 miles north of Midway. Mitchell serves the commercial air service needs of Milwaukee, southeast Wisconsin, and portions of northern Illinois. Due to its proximity to Chicago, General Mitchell International Airport's catchment area overlaps with Midway's Air Trade Area, with both areas including three counties in the northern Chicago Region, which represent approximately 12 percent of the population in the Air Trade Area. General Mitchell International Airport had an average of 78 daily nonstop flights to 31 destinations (all are domestic destinations) in 2023.

Gary/Chicago International Airport. Gary/Chicago International Airport, which is owned by the City of Gary, Indiana is located in the Air Trade Area and operated by the Gary/Chicago International Airport Authority. Currently, no scheduled passenger airline service is offered at this airport. In January 2014, Gary/Chicago entered into a Public-Private Partnership with AFCO/AvPorts to further develop airport property and to increase the economic impact of the Airport.

Existing Facilities at Midway

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

Airfield. Midway's airfield consists of five runways with an associated taxiway system connecting the runways to the terminal area, general aviation facilities, hangars, and maintenance buildings. The Airport's two main runways serve the commercial airlines and are equipped with Instrument Landing Systems (ILS) that enable arrivals to continue when visibility drops due to inclement weather conditions and Engineered Material Arresting Systems that enhances the safety of aircraft that undershoot, overrun, or veer off the runway. The remaining three runways are reserved to accommodate non-commercial and general aviation aircraft.

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

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

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

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

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

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

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

Passenger Activity at Midway

The Airport is classified by the FAA as a large-hub facility based on its percentage of the nation's enplaned passengers and it was ranked 30th nationwide in 2022 with 9.9 million enplaned revenue passengers. The following table presents historical O&D and connecting enplaned passengers for the Airport from 2013 to 2022.

CHICAGO MIDWAY INTERNATIONAL AIRPORT
O&D AND CONNECTING ENPLANEMENTS
2013-2022

Calendar Year	O&D Passengers	O&D Passenger Growth	Connecting Passengers	Connecting Passenger Growth	Total Passengers	Total Passenger Growth	O&D Percentage
2013	6,505,206	-	3,762,275	-	10,267,481	-	63.4%
2014	6,446,497	-0.9%	4,161,499	10.6%	10,607,996	3.3%	60.8%
2015	6,682,549	3.7%	4,435,674	6.6%	11,118,223	4.8%	60.1%
2016	7,181,858	7.5%	4,163,890	-6.1%	11,345,748	2.0%	63.3%
2017	7,446,996	3.7%	3,785,276	-9.1%	11,232,272	-1.0%	66.3%
2018	7,197,512	-3.4%	3,824,712	1.0%	11,022,224	-1.9%	65.3%
2019	6,944,982	-3.5%	3,472,833	-9.2%	10,417,815	-5.5%	66.7%
2020	2,912,068	-58.1%	1,533,838	-55.8%	4,445,906	-57.3%	65.5%
2021	5,054,877	73.6%	2,869,467	87.1%	7,924,344	78.2%	63.8%
2022	6,266,354	24.0%	3,680,528	28.3%	9,946,882	25.5%	63.0%
Compound Annual Growth Rate							
2013-2022		-0.4%		-0.2%		-0.4%	

Sources: Chicago Department of Aviation, Management Records, September 2023; US Department of Transportation O&D Survey and T-100 database (segmentation of passengers), September 2023.

The large O&D passenger market of the Chicago Region (O&D passengers consist of those travelers whose residence and/or place of employment is in the Chicago Region and whose air trips originate at Midway and those travelers who visit the Chicago Region for business or personal reasons) has proven to be attractive to airlines. For 2022, total passenger activity at Midway was composed of approximately 63% enplaned O&D passengers and approximately 37% enplaned connecting passengers.

Airlines Providing Service at Midway

As of August 2023, Southwest, Delta (including its regional partners), Frontier, Porter, Volaris, Avelo and Allegiant provide scheduled service at Midway. Sun Country also provides non-scheduled service at the Airport. See "CERTAIN INVESTMENT CONSIDERATIONS" and APPENDIX E – "REPORT OF THE AIRPORT CONSULTANT – Midway International Airport."

Midway Role in Southwest Airlines Network

Midway is among the most active airports in Southwest's network measured by enplaned passengers and the number of flight departures. In the second quarter of 2023, Midway accounted for 5.6% of all departing passenger capacity within Southwest's network. In addition, Midway ranks among the airports from which Southwest serves the most cities within its network. This is attributable in part to Chicago's large O&D base and geographic location, producing efficient transfer operations at Midway.

In 2022, Southwest enplaned 22.4% of airline passengers at Chicago airports while Southwest's share of total U.S. enplanements in 2022 was 18.8%. This distribution is similar to other large population centers with more than one commercial airport, with most of these regions also having one airport that is predominantly served by Southwest. Southwest's operations accounted for approximately 59.2% of Midway operating revenues in 2022.

TOP 10 AIRPORTS IN SOUTHWEST'S NETWORK
BY SHARE OF TOTAL SOUTHWEST PASSENGERS IN 2022

Airport Code	Airport Name	Share of Total Southwest Passengers
DEN	Denver International Airport	6.6%
LAS	Harry Reid International Airport	5.6
MDW	Midway Airport	5.6
BWI	Baltimore - Washington International Airport	4.9
DAL	Dallas Love Field	4.8
PHX	Phoenix Sky Harbor International Airport	4.8
HOU	William P. Hobby (Houston) Airport	3.9
BNA	Nashville International Airport	3.3
MCO	Orlando International Airport	3.0
OAK	Oakland International Airport	2.7

For the 12 months ending December 2022.
Source: Chicago Department of Aviation.

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

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CHICAGO MIDWAY INTERNATIONAL AIRPORT
HISTORICAL ENPLANEMENTS BY AIRLINE

	2018		2019		2020		2021		2022	
Airline	**Enplaned Passengers**	**Share**	**Enplaned Passengers**	**Share**	**Enplaned Passengers**	**Share**	**Enplaned Passengers**	**Share**	**Enplaned Passengers**	**Share**
Southwest	10,240,801	92.9%	9,622,343	92.4%	4,166,573	93.7%	7,396,910	93.3%	8,887,860	89.4%
Frontier	-	0.0%	-	0.0%	-	0.0%	-	0.0%	359,291	3.6%
Delta	426,022	3.9%	427,860	4.1%	89,486	2.0%	206,328	2.6%	278,253	2.8%
Volaris	146,745	1.3%	149,776	1.4%	163,001	3.7%	107,476	1.4%	201,206	2.0%
Allegiant	-	0.0%	-	0.0%	12,879	0.3%	42,598	0.5%	48,168	0.5%
Porter	85,251	0.8%	81,382	0.8%	6,417	0.1%	6,715	0.1%	46,292	0.5%
Others	123,405	1.1%	136,454	1.3%	7,550	0.2%	164,317	2.1%	125,812	1.3%
Total Airlines	**11,022,224**		**10,417,815**		**4,445,906**		**7,924,344**		**9,946,882**	

Note: Delta includes regional affiliates.
Source: Chicago Department of Aviation, Management Records, October 2023.

See also APPENDIX E – "REPORT OF THE AIRPORT CONSULTANT – Passenger Demand and Air Traffic."

The number of enplaned passengers at the Airport for the year-to-date period ended August 31, 2023, was 7,323,644, which was 106% of the number of enplaned passengers at the Airport for the year-to-date period ended August 31, 2019. For the year-to-date period ended August 31, 2023, Southwest accounted for 6,442,355 enplanements at Midway, or approximately 88% of the total, which was 101% of the number of Southwest enplaned passengers at the Airport for the year-to-date period ended August 31, 2019.

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Midway Noise Compatibility Program

In 1996, the Midway Noise Compatibility Commission (the "Midway Noise Commission") was formed through the execution of an intergovernmental agreement by the City, Cook County and certain municipalities that are located in the area surrounding Midway. The purpose of the Midway Noise Commission is to (i) determine certain noise compatibility projects to be implemented in a defined area surrounding Midway, and (ii) advise the City concerning other Midway noise-related issues. As of September 15, 2023, the City has spent approximately $262.3 million on residential and school noise compatibility projects implemented in cooperation with the airlines and the Midway Noise Commission.

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

Midway Management

The Airport is owned by the City and operated through the CDA, which oversees planning, operations, safety and security, and finance and administration. The CDA also independently oversees such activities at O'Hare. CDA is headed by the Commissioner of Aviation and as of September 1, 2023, had approximately 1,597 FTE employees (1,350 at O'Hare and 247 at Midway).

Budget Procedures

The Illinois Municipal Code requires the City to pass an annual appropriation ordinance prior to the beginning of each Fiscal Year. The CDA submits its proposed budget for the following Fiscal Year, including the proposed budget for the Airport, to the City's Budget Director for inclusion in the proposed City budget. The Budget Director includes a proposed budget for the CDA in the City's budget proposal for approval by the Mayor who submits the City budget to the City Council for approval. The Airport's budget, as proposed by CDA, may be modified by the Budget Director, the Mayor or the City Council. On October 11, 2023, the Mayor submitted a proposed Fiscal Year 2024 budget. The proposed budget is expected to be considered for approval by the City Council in November 2023.

Federal Legislation, State Actions and Proposed South Suburban Airport

Federal Legislation. On October 5, 2018, President Trump signed into law the FAA Reauthorization Act of 2018 ("*2018 FAA Act*"). The 2018 FAA Act reauthorizes the Federal Aviation Administration ("*FAA*") operations and programs and provides funding through September 30, 2023. On September 30, 2023, the U.S. Congress passed and President Biden signed a continuing appropriations act, which legislation includes a measure to extend FAA Authorization through December 31, 2023. Bipartisan bills have been introduced in both the House of Representatives and the Senate to provide a multi-year FAA reauthorization; however, 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 December 31, 2023. See "CERTAIN INVESTMENT CONSIDERATIONS – Federal Funding; Impact of Federal Sequestration."

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

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

Proposed South Suburban Airport. Plans to build a third airport in the Chicago Region have been discussed for many years. The most likely site for such an airport is the proposed South Suburban Airport site located near Peotone, Illinois, in Will County, approximately 35 miles south of the City's central business district. The State of Illinois fiscal year 2020 budget allotted $1 million to the South Suburban Airport to be used for environmental studies and an airport master plan. An additional $162 million was apportioned in the 2019 capital plan for roadwork to connect the proposed Peotone-adjacent site with Interstate 57. The State of Illinois fiscal year 2023 budget allocates approximately $17 million to land acquisition for the site.

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

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

COVID-19

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

Introduction and Impact to the Airport. The COVID-19 pandemic and the related restrictions and measures adopted to contain the spread of the virus had a negative impact on international and domestic travel and travel-related industries, including airlines serving the Airport.

With the outbreak of COVID-19 in December 2019, and following worldwide governmental stay at home orders and travel restrictions, airlines reported unprecedented decreases in domestic and international air traffic and a significant reduction in passenger volumes and flights. Airlines serving the Airport reduced or cancelled flights and curtailed their overall capacity due to the drop in demand for both domestic and international air travel. (See "– *Impact on Passenger Volume*" below.)

Impact on Passenger Volume. The Airport, similar to most other airports across the nation, experienced steep declines in passenger volumes as a result of the COVID-19 pandemic. Total enplaned passengers decreased 57.3 percent between 2019 and 2020 and increased 78.2 percent between 2020 and 2021. See APPENDIX E – "REPORT OF THE AIRPORT CONSULTANT."

Government Stimulus and Relief Measures in Response to the COVID-19 Pandemic. As a direct result of the COVID-19 pandemic, several bills were adopted by the U.S. Congress that provided or continue to provide financial aid to the airports around the country, the airlines and other concessionaires. The Coronavirus Aid, Relief, and Economic Security Act ("*CARES Act*"), which became law on March 27, 2020, the Coronavirus Response and Relief Supplemental Appropriations Act (the "*CRRSAA*"), which became law on December 27, 2020, and the American Rescue Plan Act ("*ARPA*" and collectively with the CARES Act and CRRSAA, "*COVID Relief Grants*"), which became law on March 11, 2021, each provided direct aid for airports. The CDA has received through 2023 a total of $172.4 million in federal relief attributable to Midway under these Acts.

Given the fully residual nature of the Airport Use Agreements, each use of COVID Relief Grants served to offset airline rates and charges. The City has applied COVID Relief Grants it has received for the following uses:

APPLICATION OF FEDERAL RELIEF FUNDS

	Amount Applied			
Uses of Funds	**2020**	**2021**	**2022**	**Total**
CARES Act Funding				
Airline Rate Base Mitigation	$78,301,700	$4,000,182	-0-	$82,301,882
CRRSAA Funding				
Airline Rate Base Mitigation	-0-	$18,695,973	-0-	$18,695,973
ARPA Funding				
Airline Rate Base Mitigation	-0-	$27,747,978	$43,690,555	$71,438,533
Total	$78,301,700	$50,444,133	$43,690,555	$172,436,388

Source: Chicago Department of Aviation, October 2023.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE FACTORS

The City and the CDA are committed to sustainability and enhancing its economic viability, operational effectiveness, environment, and social responsibility at Midway and O'Hare, while recognizing the interconnectedness of these elements. The CDA has implemented numerous airport industry-leading initiatives to improve natural resource conservation, operational efficiency, social responsibility, and economic viability at the Airport.

Sustainability Goals

The CDA, in alignment with the United Nations Sustainable Development Goals, has adopted the following environmental goals for Midway and O'Hare:

Energy Use and Supply. By 2030, the CDA has set a goal to reduce energy usage per passenger by 30 percent from a 2010 baseline and by 2025 to procure 100 percent renewable electricity.

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

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

Energy Management. The CDA monitors the electricity and natural gas usage for the Airport in order to improve energy efficiency. A utility meter inventory allows for energy tracking of over 180 electricity meters and over 50 natural gas meters at Midway. Energy usage reports are sent to the CDA facilities staff to manage building systems and equipment.

Clean Energy. The City of Chicago has entered into an agreement with a retail electricity supplier for an initial five-year term which is expected to begin supplying 100 percent clean, renewable energy in 2025. A large percentage of the 100 percent renewable energy will be sourced from a new solar generation installation under development in central Illinois. Of the major commercial airports in the country, the Airport will be among the first to be 100 percent supplied by renewable energy when that goal is achieved, which is anticipated to occur in 2025.

Green Concessions Policy. The CDA's Green Concessions Policy provides concessionaires at Midway and O'Hare with guidance and standards for minimizing waste, enhancing recycling, generating demand for eco-friendly products, and providing healthier foods for passengers and employees. All concessionaires must adhere to the policy's requirements as listed in the SAM®.

U.S. Green Building Council® Building Certification. The Consolidated Rental Car Facility at the Airport has received the U.S. Green Building Council (USGBC®) Leadership in Energy and Environmental Design™ (LEED®) third-party certification. The LEED® buildings help reduce energy and water use, improve indoor air quality, support better building material choices, and drive innovation. The CRCF was awarded LEED® Silver certification in 2014.

Social Factors

Diversity, Equity and Inclusion. The City believes in developing and supporting a culture based on equity, belonging, a commitment to its diverse communities and a respectful workplace. To achieve its objectives, the CDA actively seeks a workforce that reflects the diversity of its communities and understands differences add value by bringing a variety of skills, knowledge, points of view, values and abilities onboard. As of September 2023, the CDA workforce was approximately 33% white, 38% African American or Black, 23% Latino, 3% Asian and 3% in another category/unidentified and 73% male, 26% female and 1% identifying as non-binary.

The CDA works with the Mayor's Office, City Council, the Chicago Department of Procurement Services ("*DPS*") the Mayor's Office for People with Disabilities ("*MOPD*"), the Chicago Public Schools ("*CPS*"), City Colleges of Chicago, the CMARs, and several non-governmental organizations to ensure access to accommodations for employees, contractors, vendors, and passengers and to create a meaningful pipeline from schools to work in the aviation industry. Some of these efforts are as follows:

Working Groups.

Diversity Working Group. The Diversity Working Group was created in Spring 2018 pursuant to a City ordinance and consists of representatives of the City Council, CDA, DPS and the City Law Department to ensure small-, minority-, women-, veteran- and people with disability-owned businesses throughout the City's 77 community areas are included in hiring and contracting opportunities.

Airport Accessibility Advisory Committee. The CDA and MOPD have jointly led an initiative bringing government and advocacy groups together in seeking input from travelers with disabilities to make Midway and O'Hare more accessible through removing physical and communication barriers and enhancing wayfinding signage.

Workforce and Career Building Initiatives. Since 2013, CDA has hosted career fairs in the City's neighborhoods to enhance minority recruitment for Midway and O'Hare job opportunities. At these events, the CDA partners with non-governmental and union organizations to offer workshops on resume writing, interview techniques, job training, job reentry information session and union apprenticeship programs. During 2020 and 2021, due to the pandemic, career fairs were hosted virtually rather than in person. Additionally, CDA participates in virtual and in-person career days with MOPD as well as CPS and City Colleges of Chicago.

The CDA has also hosted a number of expos and symposiums on hiring and contracting opportunities, contracting initiatives to increase diversity, equity and inclusion, and how local and small businesses can get certified as an Airport Concessionaire Disadvantage Business Enterprise ("*ACDBE*"), Disadvantaged Business Enterprise, Minority-Owned Business Enterprise, Women-Owned Business Enterprise, Veteran-Owned Business Enterprise and/or Business Enterprises Owned by People with Disabilities. In May 2022, CDA hosted an Airport Expo with 45 exhibitors and approximately 200 attendees. Another Airport Expo was heled in November 2022, at which CDA hosted 60 exhibitors and approximately 400 attendees. In May 2023, CDA hosted an Airport Expo with 80 exhibitors and over 700 attendees.

Contracting Initiatives – Midway Concessions Program. The CDA has a current goal for ACDBE participation in its concessions program at Midway at 45%, which is in excess of the federally required 10% ACDBE participation goal. The concessions program at Midway exceeds this goal, with ACDBE participation at 53% for calendar year 2019, 56% for calendar year 2020, 55% for calendar year 2021 and 55% for calendar year 2022.

Governance Factors

The City operates Midway and O'Hare through the CDA as separate and distinct enterprises for financial purposes. The CDA is a department of City government. See "CHICAGO MIDWAY INTERNATIONAL AIRPORT – Midway Management" herein. The CDA's core mission is to:

- Ensure safe and efficient travel through Midway and O'Hare International Airports.
- Enhance economic activity and job creation within the City and the region while growing opportunities for diversity, equity and inclusiveness at Midway and O'Hare.
- Continue to grow Midway and O'Hare's competitive positions in the global aviation marketplace.
- Provide world class services and amenities in an environment that reflects Chicago's rich, diverse and unique character.

Continue to be the international leader in airport sustainability by integrating environmental best practices into all aspects of airport operations and the Airport capital program.

2023-2027 CAPITAL IMPROVEMENT PROGRAM

The City is undertaking the 2023-2027 Capital Improvement Program ("*2023-2027 CIP*" or "*2023-2027 Capital Improvement Program*") for Midway. The 2023-2027 CIP is designed to provide ongoing rehabilitation, repair and maintenance at Midway, including rehabilitation of runways, taxiways, and aprons, improvements to the Terminal, Airport maintenance complex and portions of the Airport's residential sound insulation program. The 2023-2027 CIP is estimated to cost $514.3 million and is anticipated to be funded from the following sources: proceeds of Airport obligations, including the Bonds, federal grant funds and other Midway funds.

2023-2027 CIP Projects

Airfield Projects. Approximately $216.9 million for airfield improvements are included in the CIP. Airfield improvements include rehabilitation or replacement of airfield pavement areas including the airfield's major runways, adjacent taxiways, and airside service roads, modifying lighting and electrical systems, addressing non-standard conditions with FAA airfield design requirements, and minimizing the risk of foreign object debris within the aircraft movement area.

Terminal Complex Improvements. Approximately $57.2 million for terminal enhancements improving the passenger experience. These include renovation of terminal restrooms, replacement of the baggage handling system controls, upgrades to passenger loading bridges, and replacement of hold room carpeting for terminal gate areas.

Parking Garage Projects. Approximately $8.8 million for parking improvements, which include repair to reinforced concrete ramps within the terminal parking garage, partial and full depth concrete repairs to the parking garage deck as well as helical vertical and overhead surfaces, replacement of expansion joints, and tensioning of vehicle restraint cable barriers, design and installation of LED replacement fixtures for more efficient entry and exit, and energy efficiency upgrades.

Facilities, Fuel and Vehicles. Approximately $88.0 million for comprehensive modernization of the existing AMC building, including replacement of mechanical equipment, replacement of garage overhead doors, upgrades to emergency generator and electrical switchgear, installation of new deicing system tanks and pumps, replacement of garage roof, windows and entry doors, and incorporation of ADA requirements to improve accessibility; upgrades to the fuel storage facility consisting of upgrades to the fuel distribution system's software and programmable logic controller and addition of an equipment storage garage; and the acquisition of aircraft rescue and firefighting and Airport support vehicles.

Land Acquisition. Approximately $23.6 million for the acquisition of land parcels adjacent or proximate to the existing property boundary and for remediation, demolition, and furtherance of airport compatible development.

Noise Mitigation. Approximately $119.8 million for sound insulation and noise mitigation projects for homes located within the 65 Day-Night Average Sound Level (DNL) or greater contour level in the FAA-approved future noise contour.

Required Approvals for CIP Projects. The City has received required regulatory and Airport Use Agreement approvals for the portions of the 2023-2027 CIP to be funded with proceeds of the Bonds and plans to obtain additional approvals as needed to proceed with the projects included in the 2023-2027 CIP that are not currently approved.

The estimated sources and uses of funds for all of the anticipated costs of the 2023-2027 CIP are set forth in the following table.

CHICAGO MIDWAY INTERNATIONAL AIRPORT
2023-2027 CAPITAL IMPROVEMENT PROGRAM
ESTIMATED SOURCES AND USES
(in millions)

Estimated Sources:	
Proceeds of the Bonds	$ 59.7
Proceeds of Outstanding Senior Lien Bonds	137.2
Federal Grants [1]	63.7
Proceeds of Future Senior Lien Bonds [2]	253.7
Total Estimated Sources	$514.3
Estimated Uses:	
Airfield Projects	$ 216.9
Terminal Complex Improvements	57.2
Parking Garage Projects	8.8
Facilities, Fuel and Vehicles	88.0
Land/Property Acquisition	23.6
Noise Mitigation	119.8
Total Estimated Uses	$514.3

[1] Assumes grant funding for approximately 60 percent of the Noise Mitigation Program projects.
[2] Additional grant funds are anticipated to offset the use of future bonds as a funding source.
Note: Totals may not add due to rounding.
Source: City of Chicago Department of Aviation.

2023-2027 CIP Funding Sources

The City anticipates that the 2023-2027 CIP will be funded from the federal AIP, the federal Bipartisan Infrastructure Law ("*BIL*"), proceeds of Senior Lien Bonds, PFC Revenues, CFC Revenues, Midway funds and certain investment earnings. The estimated sources and uses of funds for the 2023-2027 CIP are set forth in the preceding table.

Midway Airport Revenue Bonds. The City expects that additional Senior Lien Bonds will be issued to complete the 2023-2027 CIP. The amount of indebtedness required for the 2023-2027 CIP could increase for a variety of reasons, including costs of additional security improvements and reductions in PFC Revenues and grant reimbursements, as discussed below under the caption "– Uncertainties in Funding the 2023-2027 CIP."

Passenger Facility Charge Revenues. In 1990, the United States Congress enacted legislation (the "*PFC Act*") authorizing a public agency, such as the City, which controls a commercial service airport to charge each paying passenger enplaning at the airport (subject to limited exceptions) a PFC of $1.00, $2.00

or $3.00. The purpose of the PFC is to provide additional capital funding for the expansion of the national airport system. The proceeds from PFCs are to be used to finance eligible airport-related projects that preserve or enhance safety, capacity or security of the national air transportation system; reduce noise from an airport that is part of such system; or furnish opportunities for enhanced competition between or among air carriers. Before imposing and using PFCs, a public agency must apply to the FAA for approval. PFCs are collected on behalf of airports by air carriers and their agents (the "*Collecting Carriers*") and remitted to the City on a monthly basis. The Wendell H. Ford Aviation Investment and Reform Act for the 21st Century ("*AIR 21*"), among other things, amended the PFC Act to authorize eligible public agencies such as the City to impose PFCs of $4.00 or $4.50 to finance PFC eligible projects, including the payment of debt service on indebtedness incurred to finance such projects, that cannot be paid for from funds reasonably expected to be available through the AIP, subject to certain other conditions. On January 1, 2007, pursuant to authorization contained in AIR 21 and amended PFC Approvals received from the FAA, the City began imposing PFCs at Midway at the rate of $4.50 per eligible enplaned passenger. Regardless of the number of PFC applications which have been approved by the FAA, eligible public agencies, such as the City, can only collect a maximum of $4.50 from each eligible enplaning passenger.

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

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

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

The FAA may terminate the City's authority to impose PFCs, subject to informal and formal procedural safeguards, if the FAA determines that (i) the City is in violation of certain provisions of the federal Airport Noise and Capacity Act of 1990 relating to airport noise and access restrictions, (ii) PFC collections and investment income thereon are not being used for PFC-approved projects in accordance with the PFC approvals applicable to the City's PFC program (the "*PFC Approvals*"), or with the PFC Act and the PFC regulations adopted by the FAA (the "*PFC Regulations*"), (iii) implementation of a PFC-approved project does not commence within the time period specified in the PFC Act and PFC Regulations, or (iv) the City is otherwise in violation of the PFC Act, the PFC Regulations or the PFC Approvals. The City has not received notice of any such determination by the FAA. The informal resolution and formal termination processes of the FAA lasting at least 180 days will be required before the FAA can terminate the City's authority to impose PFCs.

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

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

PFC Revenues do not constitute Other Available Moneys included in Senior Lien Revenues and are not pledged to or held by the Trustee for the benefit of the owners of Senior Lien Bonds unless and until they are specifically transferred to the Trustee for deposit into the respective Dedicated Sub-Funds as Other Available Moneys. However, **t**he City expects that to the extent that PFC Revenues are available to the City, the City will use PFC Revenues to pay PFC-eligible debt service on various series of Senior Lien Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS –Other Available Moneys."

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

Bipartisan Infrastructure Law. In November 2021, President Biden signed the Bipartisan Infrastructure Law bill into Law. The BIL provides $25 billion of capital grants for airport infrastructure improvements to address repair and maintenance backlogs, reduce congestion and emissions near ports and airports, and drive electrification and other low-carbon technologies over a period of five years, starting in FFY 2022, of which $15 billion will be allocated through Airport Infrastructure Grants ("*AIG*") for eligible projects, $5 billion will be provided via competitive discretionary grants through the Airport Terminal Program ("*ATP*") for eligible projects and $5 billion will be provided for FAA air traffic facilities and equipment. In FFY 2022 and 2023, the Airport was allocated $20.3 million and $20.2 million, respectively, and anticipates an estimated annual allocation of approximately $21.3 million in each of FFY 2024, 2025, and 2026. Received AIG funds will serve to offset project costs currently assumed to be funded with bond proceeds. The Airport will utilize its BIL funding to strengthen its capital funding sources to continue with major capital improvements.

Uncertainties in Funding the 2023-2027 CIP

All of the amounts presented above are preliminary and based on numerous assumptions which are subject to change. Changes in various assumptions could cause an increase in the amount of the proceeds of additional Airport Obligations which are projected to be required to complete the funding of any of the elements of the 2023-2027 CIP described above. The estimated costs of, and the projected schedule for, the projects included in the 2023-2027 CIP depend on various sources of funding, and are subject to a number of uncertainties including: estimating errors, design and engineering errors, changes to the scope of these projects, delays in contract awards, material and/or labor shortages, litigation, unforeseen site conditions, adverse weather conditions, contractor defaults, labor disputes, unanticipated levels of inflation, and environmental issues, including environmental approvals that the City has not obtained at this time. There can be no assurance that the cost of construction of the projects included in the 2023-2027 CIP will not exceed the currently projected amounts or that the completion will not be delayed beyond the currently projected completion dates. Any schedule delays or cost increases could result in the need to issue additional Airport Obligations and may result in increased costs per enplaned passenger to the airlines serving Midway.

MIDWAY FINANCIAL INFORMATION

Historical Operating Results

The following is a summary of Midway's operating revenues and Operation and Maintenance Expenses for the five-year period ended December 31, 2018 through 2022. See APPENDIX D – "AUDITED FINANCIAL STATEMENTS."

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CHICAGO MIDWAY INTERNATIONAL AIRPORT
HISTORICAL OPERATING RESULTS 2018 – 2022
(in thousands)

	2018	2019	2020	2021	2022
Operating Revenues:					
Landing Fees	$58,304	$56,604	$38,772	$52,166	$58,445
Rental Revenues					
Terminal Area Use Charges	47,821	68,827	74,714	85,886	78,781
Other Rentals and Fueling System Fees	28,755	32,615	29,486	24,891	36,028
Subtotal Rental Revenues	76,576	101,442	104,200	110,777	114,809
Concessions					
Auto Parking	36,602	34,430	14,299	27,797	35,901
Auto Rentals	11,022	11,135	9,693	9,838	8,413
Restaurant	16,167	16,227	13,390	13,652	9,685
News and Gifts	5,379	5,497	5,716	4,717	3,892
Other	2,483	2,199	1,670	1,881	1,279
Subtotal Concessions	71,653	69,488	44,768	57,885	59,170
Total Operating Revenues	206,533	227,534	187,740	220,828	232,424
Operation & Maintenance Expenses:					
Salaries and Wages	51,408	55,571	55,964	57,489	60,146
Pension Expense	42,843	47,537	22,510	27,444	35,852
Repair and Maintenance	47,326	47,021	43,737	48,910	53,124
Professional and Engineering Services	7,104	7,728	6,400	6,987	7,321
Energy	2,397	3,061	5,689	2,553	2,372
Materials and Supplies	24,144	22,113	20,783	22,033	23,535
Other Operating Expenses	6,188	5,151	8,807	23,883	3,414
Total Operation and Maintenance Expenses Before Depreciation and Amortization:	181,410	188,182	163,890	189,299	185,764
Net Operating Income (and Loss) Before Depreciation and Amortization:	$25,123	$39,352	$23,850	$31,529	$46,660

Sources: Basic Financial Statements of Chicago Midway International Airport for the year ended December 31, 2022 set forth in APPENDIX D to this Official Statement, and City Comptroller's Office.

Discussion of Financial Operations

The "*Historical Operating Results*" table above summarizes Midway's audited financial results for the years 2018 through 2022. Operating revenues are comprised of landing fees, terminal area use charges, other rentals and concessions. Operation and Maintenance Expenses are comprised of salaries and wages, pension expense, repairs and maintenance, professional and engineering services, energy, materials and supplies, and other operating expenses which include insurance premiums, equipment rentals, vehicles and various miscellaneous costs.

Landing fees and terminal area use charges and fueling system charges are assessed to the various Signatory Airlines throughout each year based on estimated rates. Such rates are designed to yield collections from the Signatory Airlines adequate to cover certain operating expenses and required debt service and fund deposits as determined under provisions of the Airport Use Agreements. Incremental amounts due from the Signatory Airlines arise when amounts assessed, based on the estimated rates used during the year, are less than actual expenses and required deposits for the year. Such incremental amounts due from airlines are included in amounts to be billed. Incremental amounts due to the Signatory Airlines arise when amounts assessed, based on the estimated rates used during the year, exceed actual expenses and required deposits for the year. Such incremental amounts due to Signatory Airlines are included in billings over amounts earned. The termination date of the Airport Use Agreements is December 31, 2027. See the discussion under the heading "SECURITY AND SOURCES OF PAYMENT OF THE BONDS – Airport Use Agreements" and APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT USE AGREEMENTS."

Landing fees and terminal area use charges for the years 2022 and 2021 were $137.2 million and $138.1 million, respectively. Rents, concessions, and other revenues for the years 2022 and 2021 were $95.2 million and $82.8 million, respectively. The increase in 2022 operating revenues from 2021 of $11.6 million (5.3%) was due to an increase in rents and other concession revenue, including parking, of $12.4 million (15.0%) due to an increase in activity of aircraft operations and passenger activity as the Airport continued to recover from the impacts of COVID-19 on travel. Salaries and wages increased by $2.7 million (4.6%) in 2022 as compared to 2021 due to annual contractual salary increases and centralized support staff costs. Repairs and maintenance increased by $4.2 million (8.6%) due to an increase in activity and increase in costs due to economic impacts. Other operating expenses decreased by $20.3 million (60.8%) due to a reduction in vehicle purchases, grant expenses related to COVID-19 relief for concessions, and a reduction in bad debt expense.

Pension expense increased by $8.4 million (30.6%) from $27.4 million in 2021 to $35.9 million in 2022 as a result of composition of amounts being amortized from deferred inflows and outflows related to prior assumptions changes and differences between projected and actual earnings on pension plan investments. During 2022, the Airport made cash contributions of $24.2 million toward the pension plans.

The 2022 nonoperating revenues of $86.6 million are comprised of PFC Revenues of $36.6 million, CFC revenues of $5.7 million, GASB 87 Interest Income of $7.7 million and COVID Relief Grants of $36.6 million. During 2022, nonoperating revenues increased by $16.9 million primarily due to the increase in the recognition of interest income on concessions lease agreements due to the implementation of GASB 87 of $7.7 million and an increase in PFC and CFC collections of $8.3 million and $0.9 million, respectively, as the Airport continued to recover from the impacts of the COVID-19 pandemic on travel and tourism.

Nonoperating expenses of $86.4 million and $71.6 million for the years 2022 and 2021, respectively, were primarily comprised of bond interest expense and an increase in investment loss due to recognized investment losses that have impacted the U.S. and Global markets.

Capital grants increased $1.1 million in 2022 primarily due to increased capital grant revenues received for AIG grant reimbursements.

Cash Balances and Cash on Hand

As of December 31, 2022, the Airport's cash and cash equivalents of $174.2 million increased by $22.7 million as compared to $151.5 million at December 31, 2021 due to an increase of operating activities of $25.8 million as accrued revenues for 2021 were paid by the airlines during 2022 and revenues continued to recover from the impacts of the COVID-19 pandemic, investing of $8.9 million and capital and related financing of $17.5 million related to the reduction of construction spend as the expansion of the passenger security checkpoint and enhancements to the parking garage included in the Midway Modernization Program, were completed in 2022; offset by a decrease in noncapital financing activities of $7.6 million during 2022. Total cash and cash equivalents at December 31, 2022, were comprised of unrestricted and restricted cash and cash equivalents of $51.6 million and $122.7 million, respectively.

Within the Airport's Cash Balances are unrestricted and restricted funds that are available for operations and maintenance, including debt service. The term "Days Cash on Hand" is a calculation of how many days the Airport could theoretically maintain full operations using only these available funds, with no other sources of funds. The table below details the Airport's Days Cash on Hand as of October 2, 2023; such table is not subject to the City's continuing disclosure undertaking discussed under the caption "SECONDARY MARKET DISCLOSURE."

CHICAGO MIDWAY INTERNATIONAL AIRPORT
DAYS CASH ON HAND
BALANCES AS OF 10/02/2023 ($ MILLIONS)

Unrestricted Funds:	
O&M Fund	$11.6
Revenue Fund	53.7
Total Unrestricted Cash	65.3
Midway Grant Relief Fund	36.8
Adjusted Total Unrestricted Cash	**$102.1**
Restricted Funds:	
O&M Reserve Fund	$31.3
Repair & Replacement Fund	13.4
Emergency Reserve Fund	0.6
Airport Development Fund	16.8
Midway Restricted	1.2
Total Restricted Funds	**$63.3**
Total Adjusted Unrestricted & Restricted Funds	**$165.4**
Days Cash on Hand	**299 days**

Source: Chicago Department of Aviation

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Historical Airline Costs

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

CHICAGO MIDWAY INTERNATIONAL AIRPORT
HISTORICAL AIRLINE COST PER ENPLANED PASSENGER, 2018 – 2022

	2018	2019	2020	2021	2022
Total Airline Revenues (000)	$115,954	$135,119	$130,621	$144,302	$170,887
Total Enplanements (000)	11,022	10,418	4,446	7,924	9,947
Airline Cost Per Enplanement	$10.52	$12.97	$29.38	$18.21	$17.18

Source: Chicago Department of Aviation

PFC Revenues – Historical Collections

The following table is a summary of PFC collections by the City for the period 2018 through 2022. **The revenues the City receives from PFCs (the "*PFC Revenues*") do not constitute Senior Lien Revenues and are not pledged to, or held by, the Trustee for the benefit of the owners of the Bonds.** However, historically the City has, from time to time in certain Fiscal Years, transferred PFC Revenues to the Trustee as Other Available Moneys to pay the principal of or interest on Outstanding Airport Obligations payable from Senior Lien Revenues. Pursuant to the Airport Use Agreements, the City has agreed to use PFC Revenues collected at the Airport to pay debt service on Senior Lien Bonds the proceeds of which are used by the City to pay for capital projects approved by the FAA for the collection and use of a PFC at the Airport. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Other Available Moneys."

CITY OF CHICAGO
DEPARTMENT OF AVIATION
CHICAGO MIDWAY INTERNATIONAL AIRPORT
SUMMARY OF PFC REVENUES 2018-2022
(ACCRUAL BASIS)

	PFC Revenues Collected
2018	$39,469,294
2019	36,668,532
2020*	13,265,705
2021	28,267,877
2022	36,566,390

* In 2020, the Airport collected PFC Revenues of $13,265,705. However, in that year the Airport also incurred a PFC Audit Fee of $20,813. In compiling the Airport's financial statements, the City applied the fee against 2020 PFC revenue as shown above to present the net amount of $13,244,892, rounded to $13,245 (000s).

Source: City of Chicago Department of Aviation

Pension Costs

Determination of Pension Contributions. Pursuant to the Illinois Pension Code, as revised from time to time (the "*Pension Code*"), the City contributes to four retirement funds (collectively, the "*Retirement Funds*"), which provide benefits upon retirement, death or disability to members and their beneficiaries. The Retirement Funds are, by order of membership: (i) the Municipal Employees' Annuity and Benefit Fund of Chicago ("*MEABF"*); (ii) the Policemen's Annuity and Benefit Fund of Chicago ("*PABF*"); (iii) the Firemen's Annuity and Benefit Fund of Chicago ("*FABF*"); and (iv) the Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago ("*LABF*"). The Retirement Funds' membership consists primarily of current and former employees of the City and their beneficiaries. Each Midway employee participates in one of the Retirement Funds. For additional information on the Midway's portion of the net pension liability to the Retirement Funds, see APPENDIX D – "AUDITED FINANCIAL STATEMENTS - NOTES 7 and 8."

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

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

The portion of the City's contribution presently made from Other Available Funds consists of several revenue sources, including (i) general corporate fund revenues, and (ii) revenues of the enterprise systems (with respect to the portion of the contribution allocable to the employees of the respective enterprise systems). The City has identified additional revenue sources to assist in making the increased contributions to LABF and MEABF as a result of the enactment of P.A. 100-23 (described below). With respect to LABF, the City expects that a portion of such increased contribution will be made from funds in the Corporate Fund made available as a result of an increase in the 911 surcharge. With respect to MEABF, the City intends to utilize revenues generated from a tax on water and sewer usage which was imposed by the City Council on September 14, 2016, to fund a portion of the increase in the City's contributions to MEABF. The City also expects to allocate to the Retirement Funds revenues received commencing in 2023 from the operation of the City's first-ever casino.

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

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

Historically, the Pension Code required the City to contribute to a Retirement Fund a statutory multiple of the amount contributed to such Retirement Fund by the employees who are Eligible Members two years prior to the levy year of the property tax used to generate the contribution (the "*Multiplier Funding System*"). The Multiplier Funding System did not adjust for changes in the funding level of such Retirement Fund, so in many years the contributions determined under the Multiplier Funding System were substantially less than the contribution that would have resulted from an actuarial determination.

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

Pursuant to the FABF/PABF Funding Legislation, beginning in payment year 2021, the City must contribute to FABF and PABF annually the amount necessary to achieve a Funded Ratio (as described below) of 90 percent in such Retirement Funds by the end of fiscal year 2055 (the "*FABF/PABF Actuarial Funding Amount*"). For payment years 2016 through 2020, the FABF/PABF Funding Legislation specifies the amounts contributed by the City in gradually increasing amounts ahead of the FABF/PABF Actuarial Funding Amount (the "*FABF/PABF Phase-in Funding*" and, together with the FABF/PABF Actuarial Funding Amount, the "*FABF/PABF Funding Plan*"). During the FABF/PABF Phase-in Funding, the City contributed the following amounts pursuant to the FABF/PABF Funding Legislation in payment year 2018, $727 million; in payment year 2019, $792 million; and in payment year 2020, $824 million. In payment year 2021 the City began contributing FABF/PABF Actuarial Funding Amounts, the first time in the City's history that contributions to a pension fund of the City were calculated on an actuarially-determined basis. The City contributed the FABF/PABF Actuarial Funding Amounts of $1.11 billion in payment year 2021 and $1.16 billion in payment year 2022. The City will contribute the FABF/PABF Actuarial Funding Amount of $1.25 billion in payment year 2023.

Pursuant to P.A. 100-23, beginning in payment year 2023, the City must contribute to LABF and MEABF annually the amount necessary to achieve a Funded Ratio (as described below) of 90 percent in such Retirement Funds by the end of fiscal year 2058 (the "*LABF/MEABF Actuarial Funding Amount*"). For payment years 2018 through 2022, P.A. 100-23 specifies the amounts contributed by the City in gradually increasing amounts ahead of the LABF/MEABF Actuarial Funding Amount (the "*LABF/MEABF Phase-in Funding*" and, together with the LABF/MEABF Actuarial Funding Amount, the "*LABF/MEABF Funding Plan*"). During the LABF/MEABF Phase-in Funding, the City contributed the following amounts pursuant to P.A. 100-23: in payment year 2018, $302 million; in payment year 2019, $392 million, in payment year 2020, $481 million, in payment year 2021, $571 million and, in payment year 2022, $660 million. The City will contribute the LABF/MEABF Actuarial Funding Amount of $1.08 billion in payment year 2023.

2023 Budgeted Contributions. The City's Fiscal Year 2023 budget included the following contributions to the Retirement Funds in 2024 (as indicated by total annual contribution and Airport proportional share): (i) $1,084.7 million for MEABF, of which $12.1 million, or 1.1 percent, is the Airport's proportional share; (ii) $126.3 million for LABF, of which $2.3 million, or 1.7 percent, is the Airport's proportional share; (iii) $973.2 million for PABF, of which $4.8 million, or 0.5%, is the Airport's proportionate share; and (iv) $482.5 million for FABF, of which $6.4 million, or 1.3% percent, is the Airport's proportional share. No pledged Revenues have been used or will be used to pay pension expenses for non-Airport employees or employees performing services not directly chargeable to the Airport; the proportional share contributed on behalf of the Airport is drawn from general airport revenues. The 2023 payment year is the first time that the contributions to all four pension funds of the City are being calculated on an actuarially-determined basis.

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

New Pension Funding Policy, Contemporaneously with the 2023 Budget, the City published a new debt and pension management policy (the "*Pension Funding Policy*") that states: "*Starting in fiscal year 2023, the City will annually budget for an advance pension contribution which, in addition to the statutorily required contribution, and in the determination of the Chief Financial Officer, will not increase the total net pension liability of the City's four pension funds based on best efforts projections and information available at the time of budget. This total net pension liability calculation will be based on the GASB 67/68 calculation of net pension liability included annually in the City's Basic Financial Statements and will include components of said calculation including interest cost derived from unfunded liability, normal cost, administrative costs, employee contributions and market value of the assets of the fund*." It also provides that the advance pension contribution shall be paid in the first business day of the year in which such contributions are budgeted.

The first of these advance pension contributions, for $242.0 million, was included in the 2023 Budget adopted by the City Council on November 7, 2022 (the "*2023 Advance Pension Contribution*"). The 2023 Advance Pension Contribution, in addition to preventing an increase in the City's net pension liability, also avoids an estimated $30 million in market losses due to asset liquidations that would otherwise be required to make benefit payments. In accordance with the Pension Funding Policy, the 2023 Advance Pension Contribution was paid on the first business day of the 2023 fiscal year (January 3, 2023). The 2023 Advance Pension Contribution is included in the figures cited above under "2023 Budgeted Contributions." As part of the Pension Funding Policy, the Airport is paying its proportionate share of the 2023 Advance Pension Contribution. For Budget Year 2023, that payment was approximately $1.87 million for MEABF, $220,000 for LABF, $461,000 for PABF, and $533,000 for FABF.

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Historical Debt Service Coverage

The following table shows historical debt service coverage of Senior Lien Bonds for Fiscal Years 2018 through 2022. For a discussion of projected debt service coverage see the discussion under the heading "REPORT OF THE AIRPORT CONSULTANT AND PROJECTIONS – Projected Senior Lien Bonds Debt Service Coverage 2023-2028."

CITY OF CHICAGO
CHICAGO MIDWAY INTERNATIONAL AIRPORT
HISTORICAL DEBT SERVICE COVERAGE (2018 – 2022)[(1)(2)]

Debt Service Coverage ($000)	**2018**	**2019**	**2020**	**2021**	**2022**
Total Collected Revenues [(3)]	$212,530	$233,994	$193,201	$208,457	$247,264
Plus: Other Available Moneys [(4)]	$42,754	$42,014	$72,412	$81,897	$41,911
Adjusted Total Revenues	$255,284	$276,008	$265,613	$290,354	$289,175
Plus: Revenue Fund Balance on January 1st	$8,082	$17,376	$14,970	$24,693	$24,442
Total Revenues Available for O&M Expenses and Debt Service	$263,366	$293,384	$280,583	$315,047	$313,618
Less: O&M Expenses [(5)]	($150,058)	($154,549)	($122,894)	($139,956)	($138,909)
Total Revenues Available for Debt Service	**$113,308**	**$138,835**	**$157,689**	**$175,091**	**$174,708**
First Lien Debt Service[(6)(7)]	$4,511	$4,508	$4,494	$4,533	$4,541
Second Lien Debt Service[(6)(7)(8)]	$97,336	$107,962	$123,182	$126,984	$133,658
Total Debt Service	**$101,847**	**$112,471**	**$127,677**	**$131,518**	**$138,199**
Aggregate Debt Service Coverage	**1.11x**	**1.23x**	**1.24x**	**1.33x**	**1.26x**

Source: Chicago Department of Aviation.

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

(2) Revenues, as defined in the Midway First Lien Master Indenture, has the meaning of Senior Lien Revenues in the Senior Lien Indenture.

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

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

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

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

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

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

Insurance

The City's property and liability insurance premiums are approximately $14.5 million per year. The City maintains property and liability insurance coverage for both Midway and O'Hare and allocates the cost of premiums between the two airports. The property coverage was renewed on December 31, 2022, with a limit of $3.5 billion and includes $3.5 billion in terrorism coverage, and the liability coverage was renewed May 15, 2023 with a limit of $1 billion and includes $1 billion in war and terrorism liability coverage.

Midway Indebtedness

General. The City has financed capital improvements at Midway through the issuance of the Senior Lien Bonds, Midway Commercial Paper Notes and from AIP and Transportation Security Administration ("*TSA*") Federal Grants, PFC Revenues, CFC Revenues, airline contributions and other Midway funds. The City's indebtedness at Midway includes $1,442,025,000 outstanding aggregate principal amount of Senior Lien Bonds, prior to the issuance of the Bonds and the refunding of the Refunded Bonds.

Variable Rate Debt. The City's outstanding indebtedness at Midway includes certain series of variable rate debt obligations. These obligations are supported by letters of credit provided by banks for the payment of debt service or tender prices for such bonds. The following table sets forth information on the bond letter of credit facilities for the City's outstanding variable rate debt obligations for Midway. The Midway Outstanding Second Lien Bonds described below will be redesignated as *"Outstanding Senior Lien Bonds"* upon the execution of the Senior Lien Indenture.

LETTER OF CREDIT FACILITIES

					Ratings Thresholds*			
Second Lien Bond Series	Principal Amount Outstanding	LOC Expiration Date	Bond Maturity Date	Bank	Fitch	Moody's	S&P	Kroll
2004C-1	$39,605,000	7/10/2025	1/1/2035	Bank of Montreal	BBB-	Baa3	BBB-	NA
2004C-2	46,620,000	11/25/2024	1/1/2035	Bank of Montreal	BBB-	Baa3	BBB-	NA
2004D	9,450,000	11/25/2024	1/1/2035	Bank of Montreal	BBB-	Baa3	BBB-	NA
2014C	124,710,000	7/10/2025	1/1/2044	PNC Bank	BBB	NA	BBB	BBB

* A Midway Outstanding Senior Lien Bond rating below the level set forth in the "Ratings Thresholds" column would constitute an event of default under the agreements with the related banks.

Swap Agreements. The City entered into the interest rate swaps set forth below as a means of limiting, reducing or managing the City's interest cost with respect to certain bonds issued for Midway, and limiting the interest rate risk inherent in variable rate debt. However, the interest rate swaps may expose the City to certain market and credit risks. The City may terminate the interest rate swaps at any time at market value, or upon the occurrence of certain events.

In 2004, the City entered into separate Qualified Swap Agreements related to the 2004C Bonds and 2004D Bonds with two Swap Providers, JPMorgan Chase Bank National Association and Goldman Sachs. In April 2011, the JPMorgan Chase Bank National Association swap agreement was novated to Wells Fargo, and the City now pays 4.247% on a notional amount of $38,270,000 of the outstanding 2004C Bonds and 2004D Bonds. The Goldman Sachs swap agreement requires the City to pay 4.174% on a notional amount of $57,405,000 of the outstanding 2004C Bonds and 2004D Bonds. The following chart provides information on these Qualified Swap Agreements as of September 30, 2023.

SWAP AGREEMENTS

Second Lien Bond Series	Current Notional Amount	Counterparty	Type	City Receives	City Pays	Effective Date	Termination Date	Total Mark-to-Market
2004C&D	$57,405,000	Goldman Sachs	Floating -to- Fixed	SIFMA + .05%	4.174%	12/14/2004	1/1/2035	($1,805,205)
2004C&D	$38,270,000	Wells Fargo	Floating -to- Fixed	SIFMA + .05%	4.247%	4/21/2011	1/1/2035	($1,600,256)

The Qualified Swap Agreements entered into in 2004 were amended in connection with the 2010 conversion and reoffering of the 2004C Bonds and 2004D Bonds to remove and cancel bond insurance policies on the City's payment obligations thereunder. The terms of these are more fully described in Note 4 to the Basic Financial Statements of Chicago Midway International Airport for the year ended December 31, 2022 included as APPENDIX D – "AUDITED FINANCIAL STATEMENTS" under the subheading **"**LONG-TERM DEBT–*Hedging Derivatives*."

In connection with Qualified Swap Agreements entered into in 2004 and 2011 described above, the City has entered into a credit support annex to secure potential termination payments on such Qualified Swap Agreements. In certain circumstances relating to market conditions and the financial creditworthiness of the Swap Provider, the credit support annex requires the Swap Provider to post collateral. Presently, only the Swap Providers are required to post collateral under the respective credit support annexes. The Airport and counterparties both have additional termination events ("*ATE*"). Each party is required to maintain a credit rating at or above Baa1/BBB+. In the event a party's credit rating falls below this level, the other party is authorized to terminate the credit support annex. For this and other reasons, the City regularly monitors Swap Provider creditworthiness. If the interest rate swaps are terminated, the related bonds would continue to bear interest at a variable rate (unless converted by the City to a fixed rate), and the City could be liable for a termination payment if the swaps have a negative market value. This estimate is based on the information provided by each counterparty and has not been independently verified by the City.

Commercial Paper. In October 2003, the City established the Midway Commercial Paper Program providing for the issuance, from time to time, of Midway Commercial Paper Notes in an initial aggregate principal amount outstanding at any one time of not to exceed $150 million. The Midway Commercial Paper Notes are authorized to be issued for payment, or the reimbursement of the City for the payment, of the cost of all or any portion of capital projects at or related to Midway, cash flow needs at Midway, the refunding of general airport revenue bonds and special facility revenue bonds and the payment of the costs of issuance of Midway Commercial Paper Notes. By ordinance adopted on March 13, 2013, the City increased the aggregate principal amount of Midway Commercial Paper Notes which may be outstanding at any one time under the Midway Commercial Paper Program to $250 million. However, the City has only obtained credit support for Midway Commercial Paper Notes under the Midway Commercial Paper Program in an amount not to exceed $100 million as set forth in the following chart.

COMMERCIAL PAPER LETTER OF CREDIT FACILITIES

CP Note Series	LOC Expiration Date	Borrowing Authority	Bank	Ratings Thresholds* Fitch	S&P	Kroll
2003A-D	6/21/2024	$100,000,000	Bank of Montreal	BBB-	BBB-	BBB-

* A Midway second lien debt rating by two of the three rating agencies below the level set forth in the "Ratings Thresholds" column would constitute an event of default under the agreement with the related bank.

Midway Commercial Paper Notes are subordinate to all other Airport Obligations, including the Senior Lien Bonds, with respect to their claim on Senior Lien Revenues. The principal amount of Midway Commercial Paper Notes outstanding as of the date of this Official Statement is $33,064,000. $31,674,000 of the outstanding principal amount of Midway Commercial Paper Notes outstanding at the time of issuance of the Bonds, and interest thereon, are expected to be repaid from a portion of the proceeds of the 2023A Bonds.

Midway Credit Agreements. The City Council has authorized the issuance of Midway Credit Agreement Notes in an amount not to exceed $250,000,000 at any one time outstanding. As of the date hereof, the City has not entered into any Midway Credit Agreements or issued any Midway Credit Agreement Notes.

Debt Service Schedule. The heading "PLAN OF FINANCE" includes a table that sets forth aggregate annual debt service for the Midway Outstanding Senior Lien Bonds based on the stated maturity of the Midway Outstanding Senior Lien Bonds after giving effect to the issuance of the Bonds and the refunding of the Refunded Bonds. See "PLAN OF FINANCE – Debt Service on Outstanding Senior Lien Bonds and the Bonds."

CERTAIN INVESTMENT CONSIDERATIONS

The purchase of Bonds involves certain investment risks and considerations. Prospective investors should read this Official Statement in its entirety. The following discussion summarizes some, but not necessarily all, of the possible investment considerations that could affect the City's ability to derive Senior Lien Revenues sufficient to pay debt service on the Bonds and could have an adverse effect on the liquidity or market value of the Bonds. The order in which the following information is presented is not intended to reflect the relative importance of any such considerations. There can be no assurance that other investment consideration not discussed herein will not become material in the future.

Limited Obligations

THE BONDS ARE LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM THE SENIOR LIEN REVENUES AND THE TRUST ESTATE PLEDGED TO SUCH BONDS UNDER THE SENIOR LIEN INDENTURE. THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OR A LOAN OF CREDIT OF THE CITY WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE STATE OR ANY POLITICAL SUBDIVISION OF THE STATE WILL BE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS. THE BONDS ARE NOT SECURED BY ANY PROPERTIES OR IMPROVEMENTS (INCLUDING PROPERTIES AND IMPROVEMENTS AT THE AIRPORT) AND ARE NOT SECURED BY A PLEDGE OF ANY REVENUES OF THE CITY INCLUDING REVENUES DERIVED BY THE CITY FROM THE OPERATION OF THE AIRPORT GENERALLY (OTHER THAN THE SENIOR LIEN REVENUES).

General Factors Affecting Level of Airline Traffic and Senior Lien Revenues

The Bonds are payable from and secured by a pledge of Senior Lien Revenues and certain Funds and Accounts held under the Senior Lien Indenture. Senior Lien Revenues are dependent primarily on the level of aviation activity and enplaned passenger traffic at the Airport. Key factors affecting airline traffic at the Airport 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 the Airport and other competing airports, (v) the occurrence of pandemics and other national and international natural and man-made disasters, (vi) safety concerns arising from international conflicts, the possibility of terrorist or other attacks, and (vii) various other local, regional, national and international economic, political and other factors. Many of these factors, most of which are outside the City's control, are discussed in detail in APPENDIX E – "REPORT OF THE AIRPORT CONSULTANT." If aviation activity at the Airport does not meet forecast levels, a corresponding reduction may occur in Senior Lien Revenues (absent an increase in Airport rentals, fees and charges).

Impact of Regional and National Economic Conditions on the Airport

Historically, the financial performance of the air transportation industry has correlated with the state of the national economy. Future increases in passenger traffic will depend largely on the ability of the U.S. to sustain growth in economic output and income. The COVID-19 pandemic materially adversely impacted local, state, national and global economies. The short- and long-term effects of these developments on the broader economy are not known at this time. There can be no assurances that weakness in international, national, state and/or local economies will not have an adverse effect on the air transportation industry, and on the Airport and its Senior Lien Revenues. See "CHICAGO MIDWAY INTERNATIONAL AIRPORT – Passenger Activity at Midway" and "– COVID-19" below.

In addition, demand for air transportation is, to a degree, dependent upon the demographic and economic characteristics of an airport's air trade area. This relationship is true for O&D passenger traffic, which has historically accounted for approximately 63 percent of demand at the Airport. Although the Airport's Air Trade Area has a large, diverse economic base that supports business and leisure travel, there can be no assurances that any negative economic or political conditions affecting the Air Trade Area would not have an adverse effect on demand for air transportation at the Airport. See APPENDIX E – "REPORT OF THE AIRPORT CONSULTANT – Demographic and Economic Analysis."

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

Uncertainties of the Airline Industry

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

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

Financial Condition of Airlines Serving the Airport. The economic condition of the airline industry is volatile, and in recent years the industry has undergone significant changes, including major restructuring, bankruptcy, mergers, acquisitions and closures. The COVID-19 pandemic severely and negatively affected domestic and international air travel. See "CHICAGO MIDWAY INTERNATIONAL AIRPORT – Passenger Activity at Midway" and "– COVID-19" below.

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

The industry is cyclical and subject to intense competition and variable demand. Traffic volumes are responsive to economic circumstances and seasonal patterns. Other factors, such as fuel and regulatory costs, can also have a significant impact on the industry. As a result, financial performance can fluctuate dramatically from one reporting period to the next. Current and future financial and operational difficulties encountered by the airlines serving the Airport could have a material adverse effect on operations at, and the financial condition of, the Airport.

In addition to revenues received from the airlines, the Airport derives a substantial portion of its revenues from concessionaires including parking operations, food and beverage concessions, retail concessions, car rental companies, and others. See "MIDWAY FINANCIAL INFORMATION." Declines in passenger traffic at the Airport may adversely affect the commercial operations of many of these concessionaires.

Threat of Terrorism. As has been the case since the events 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 Projections contained in the Report of the Airport Consultant. Any terrorist incident aimed at aviation would have an immediate and significant adverse impact on the demand for aviation services.

Cost of Aviation Fuel. Airline earnings are significantly affected by the price of aviation fuel. Fuel prices continue to be impacted by, among other things, political unrest in oil-producing parts of the world, repercussions from Russia's invasion of Ukraine, including economic sanctions, 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. The price of aviation fuel rose to an all-time high of approximately $4.03 per gallon in June 2022. According to the U.S. Bureau of Transportation Statistics, the price of aviation fuel averaged approximately $2.48 per gallon in July 2023. Significant fluctuations and prolonged periods of increases in the cost of aviation fuel have had material adverse effects on airline profitability, causing airlines to reduce capacity, fleet and personnel, as well as increase fares and institute additional fees, such as checked baggage fees, all of which may decrease demand for air travel.

Airline Mergers, Acquisitions and Alliances. In response to competitive pressures and increased costs, airlines have merged and acquired competitors in an attempt to combine operations in order to increase cost synergies and become more competitive. The airline industry continues to evolve as a result of competition and changing demand patterns and it is possible the airlines serving the Airport could consolidate operations through acquisition, merger, alliances and code share sales strategies. The City cannot predict the effect, if any, such consolidation would have on airline traffic at the Airport.

Industry Workforce Shortages. Workforce and labor shortages are an aviation industry-wide issue. For example, a shortage in pilots have especially affected smaller regional airlines. There are several causes for such shortage. Congress changed duty time rules in 2010 to mitigate pilot fatigue, which required airlines to increase pilot staff. Beginning in 2013, first officers flying for commercial airlines were required to have at least 1,500 hours of flight time, instead of the 250 hours previously required. Additionally, at the onset of the COVID-19 pandemic, airlines were faced with a surplus of personnel resulting from the sudden and dramatic decline in traffic. As a result, airlines offered their employees buyouts and early retirement packages prompting many pilots to take early retirement. Other factors include an aging pilot workforce and fewer new pilots coming out of the military. Further, as passenger demand increases as air traffic demand returns, the major air carriers are anticipated to need additional pilots, and are generally able to hire pilots away from regional airlines. An additional concern regarding the pilot workforce has recently come to light due to the COVID-19 pandemic. Pilots have self-reported increased errors to NASA's Aviation Safety Reporting System and attributed their errors to the reduction in flights, which has meant less time for pilots in the cockpit. Such reports raise the possible need for retraining opportunities as the airline industry recovers.

In addition to the pilot shortage, over the next decade there could be a shortage of qualified mechanics to maintain the airlines' fleet of planes. This potential shortage is a result of an aging pool of mechanics, a large portion of which are expected to retire in the next decade, and a lack of younger people joining the ranks of the mechanics. A shortage of mechanics could raise the cost of maintenance, require airlines to maintain more spare planes and/or result in increased flight cancellations and delays.

General labor staffing shortages, including shortages in air traffic controllers, have also affected the airline industry. Over the last several months, numerous airlines have cancelled thousands of flights attributed to bad weather, staffing shortages, and air traffic control issues, among other things.

Aircraft Shortages. After retiring numerous aircraft during the COVID-19 pandemic, airlines are struggling to acquire sufficient aircraft to meet growing demand for air service in the United States and abroad. Those challenges are compounded because aircraft manufacturers, including Airbus and Boeing, have experienced delays in producing and delivering aircraft. Such delays result from several factors, including supply-chain disruptions, staffing shortages and FAA certification delays. Delays in aircraft delivery may hamper airlines' ability to increase capacity to meet travel demand. If such aircraft-delivery delays persist, airlines could reduce service domestically and internationally, including from the Airport.

COVID-19 Pandemic and other Worldwide Health Concerns

The COVID-19 pandemic and resulting restrictions on human activities severely disrupted the economies of the United States and other countries. There can be no assurances that any resurgence of COVID-19 will not have a material adverse effect on the demand for passenger air travel, both nationally and internationally, although air travel volumes have substantially recovered since mid-2020. See "CHICAGO MIDWAY INTERNATIONAL AIRPORT – COVID-19."

In addition, the COVID-19 pandemic resulted in operational difficulties for certain airlines as they have increased capacity to meet demand. In some cases, this has resulted in higher flight cancellation rates and reductions in previously planned additions of scheduled capacity. These difficulties have resulted from a variety of factors, including, but not limited to, delays in re-hiring or hiring sufficient personnel as a result of generally prevailing labor shortages, increased customer service demands due to ongoing changes in ticketing rules and information technology disruptions.

A pandemic, and its dynamic nature leads to uncertainties, including those related to the severity of the disease; the duration of the pandemic; actions that may be taken by governmental authorities to contain the outbreak or to treat its impact; any travel restrictions on the demand for air travel, or on Airport revenues and expenses; the impact of the outbreak on the local or global economy or on the airlines serving the Airport and concessions, or on the airline or travel industry generally; and the efficacy and distribution of vaccines. Due to the evolving nature of a pandemic or other worldwide health-related events, and the response of governments, businesses and individuals to a pandemic or other worldwide health event, the City cannot predict, among other things: (i) the duration or extent of a pandemic or another outbreak; (ii) the scope or duration of restrictions or warnings related to air travel, gatherings or any other activities, and the duration or extent to which the Airlines serving the Airport may reduce or cease operations at the Airport in response to such restrictions or warnings; (iii) what effect a pandemic or any other outbreak or pandemic-related restrictions or warnings may have on air travel and the resulting impact on Airport revenues and expenses; (iv) whether and to what extend a pandemic or another outbreak may disrupt the local, state, national or global economies, manufacturing or supply chain; (v) whether any such disruption may adversely impact construction, the cost, sources of funds, schedule or implementation of the Airport's capital program, or other operations; (vi) the extent to which a pandemic or another outbreak, or resulting disruptions to the local state, national or global economies may result in changes in demand for air travel, or may have an impact on the Airlines serving the Airport or concessions, or the airline and travel industry, generally; (vii) whether or to what extent the Airport may provide deferrals, forbearances, adjustments or other changes to the Airport's concession agreements or agreements with the Airlines serving the Airport; or (viii) the duration of the Airport's response to the adverse effect of the foregoing on the finances and operations of the Airport, including collections of Senior Lien Revenues.

Future outbreaks, pandemics or other health-related events outside the City's control may reduce demand for air travel, which in turn could cause a decrease in passenger activity at the Airport and declines in collections of Senior Lien Revenues.

Southwest Airlines Concentration at Midway

Southwest is the largest single airline at Midway with 89.40% of passenger enplanements in 2022. Where an airport has a sizable market share accounted for by a single airline, there is risk associated with the potential for that airline to reduce or discontinue service. The City cannot predict what effect a reduction or discontinuation of service by Southwest would have on the Airport, Senior Lien Revenues and O&M Expenses at the Airport or the availability of Senior Lien Revenues in every year to pay the Senior Lien Obligations, including the Bonds. See CHICAGO MIDWAY INTERNATIONAL AIRPORT" and APPENDIX E – "REPORT OF THE AIRPORT CONSULTANT."

Effect of Airline Bankruptcy

Certain airlines operating at the Airport, including Delta and Frontier, have emerged from bankruptcy reorganization in the past. U.S. airlines may file for bankruptcy protection in the future. See "–Uncertainties of the Airline Industry" above. The cessation of operations by a Signatory Airline with significant operations at the Airport could have a material adverse effect on operations, Senior Lien Revenues (with the resultant effect on repayment of the Bonds) and the cost to the other airlines of operating at the Airport.

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

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

There may be delays in payments to the City and resulting delays in the payment of principal of and interest on the Bonds while the court considers any of the issues described above. There may be other possible effects of a bankruptcy of an airline or other tenant that could result in delays or reductions in payments on the Bonds. Regardless of any specific adverse determinations in an airline or other tenant bankruptcy proceeding, the fact of an airline or other tenant bankruptcy proceeding could have an adverse effect on the liquidity and value of the Bonds.

Effect of Contractual Counterparty Bankruptcy

A number of concessionaires or contractual counterparties that served or are currently serving the Airport have filed for bankruptcy protection in the past, including Hertz Corporation and its affiliates in 2020, and may do so in the future. Future bankruptcies, restructurings and liquidations of other concessionaires or contractual counterparties may occur.

While it is not possible to predict the impact on the Airport of future bankruptcies, restructurings and liquidations by concessionaires or counterparties, if such concessionaire or counterparty had significant operations or contractual obligations at the Airport, its bankruptcy, restructuring or liquidation could have a material adverse effect on the Senior Lien Revenues of the Airport, operations at the Airport and could increase the costs of other contractual counterparties to operate at the Airport. In addition, there can be no assurance that other additional concessionaires or contractual counterparties would be available to provide the Senior Lien Revenues, services or operations at the Airport of any bankrupt or terminating concessionaire or counterparty.

Expiration of Airport Use Agreements

The expiration date of the Airport Use Agreements for Signatory Airlines is December 31, 2027, subject to the right of the City or a Signatory Airline, under certain circumstances, to terminate its Airport Use Agreement prior to that date. 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 secures bonds that mature beyond the expiration of the Airport Use Agreements) to establish rentals, rates and other charges for the use and operation of the Airport such that Senior Lien 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 the Airport and to satisfy the debt service coverage covenants contained in the Senior Lien Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Senior Lien Indenture Covenants."

Aviation Security Concerns

Concerns about the safety of airline travel and the effectiveness of security precautions, particularly in the context of international hostilities (such as those that have occurred and continue to occur in the Middle East), terrorist attacks (see "–Uncertainties of the Airline Industry–*Threats of Terrorism*" above), increased threat levels declared by the Department of Homeland Security may influence passenger travel behavior and air travel demand. Travel behavior may be affected by anxieties about the safety of flying and by the inconveniences and delays associated with more stringent security screening procedures, both of which may give rise to the avoidance of air travel generally and the switching from air to surface travel modes.

The City cannot predict whether the Airport will be a target of terrorists in the future. Additionally, the City cannot predict the effect of any future government-required security measures on passenger activity at the Airport.

Capacity of National and International Air Traffic Control and Airport System

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

Capital Programs Costs and Schedule

The estimated costs of, and the projected schedule for, the projects in the Capital Programs for the Airport depend on various sources of funding and are subject to a number of uncertainties. The ability of the City to complete these projects within the current budgets and on the current schedules may be adversely affected by various factors including: (i) economic conditions, including as a result of worldwide health concerns including pandemics; (ii) estimating errors, (iii) design and engineering errors, (iv) changes to the scope of the projects, (v) delays in contract awards, (vi) material and/or labor shortages, (vii) delays due to airline operational needs, (viii) unforeseen site conditions, (ix) adverse weather conditions, (x) contractor defaults, (xi) labor disputes, (xii) delays in delivery of materials and/or equipment due to supply chain issues, (xiii) unanticipated levels of inflation, (xiv) litigation, (xv) environmental issues and (xvi) additional security improvements and associated costs mandated by the federal government. 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. Any schedule delays or cost increases could result in the need to issue Additional Senior Lien Obligations and could result in increased costs per enplaned passenger to the airlines, which could place the Airport at a competitive disadvantage relative to lower-cost airports.

Future Indebtedness

As described under the heading "2023-2027 CAPITAL IMPROVEMENT PROGRAM," the City expects that it will need to incur additional indebtedness, including the issuance of Senior Lien Bonds to finance the CIP. Also the City's plan of finance for the CIP assumes that PFC Revenues will be available in certain amounts and at certain times for the payment of a portion of the anticipated costs of such capital projects on a “pay as you go” basis and for the payment of a portion of the debt service on Senior Lien Bonds, to the extent Senior Lien Bonds are payable from PFC Revenues. See “2023-2027 CAPITAL IMPROVEMENT PROGRAM.” No assurance can be given that these sources of funding will be available in the amounts or on the schedules assumed. For a discussion of the availability of PFC Revenues, see “-Availability of PFC Revenues” below.

The City’s plans of finance with respect to the CIP assume that AIP grant funds and BIL funding would be available in certain amounts and at certain times for the payment of a portion of the anticipated costs of such capital projects. Although the City considers such assumptions in its plans of finance to be reasonable, such assumptions are inherently subject to certain uncertainties and contingencies. Actual FAA AIP grant funds and BIL funding levels and timing may vary, and such differences may be material. See “2023-2027 CAPITAL IMPROVEMENT PROGRAM” and APPENDIX E – “REPORT OF THE AIRPORT CONSULTANT.”

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

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

Availability of PFC Revenues

As discussed above under the subheading “– Future Indebtedness,” the plan of finance for the 2023-2027 CIP assumes that PFC Revenues will be applied by the City to pay PFC-eligible debt service. PFC Revenues do not constitute Senior Lien Revenues as defined in the Senior Lien Indenture and are not pledged to or held by the Trustee for the benefit of the owners of Senior Lien Obligations, including the Bonds, unless and until such revenues are specifically transferred to the Trustee for deposit into the respective Dedicated Sub-Funds as Other Available Moneys. However, historically the City has, from time to time in certain Fiscal Years, transferred PFC Revenues to the Trustee as Other Available Moneys to pay the principal of or interest on Outstanding Airport Obligations payable from Senior Lien Revenues. Pursuant to the Airport Use Agreements, the City has agreed to use PFC Revenues collected at the Airport to pay debt service on Senior Lien Bonds the proceeds of which are used by the City to pay for capital projects approved by the FAA for the collection and use of a PFC at the Airport. No assurance can be given that PFC Revenues will be available in the amounts or on the schedules assumed. The ability of the City to collect sufficient PFC Revenues depends upon a number of factors, including, without limitation, the number of enplanements at the Airport.

Under the terms of the PFC Act, the FAA may terminate the City’s authority to impose a PFC if the PFC Revenues are not being used for approved projects in accordance with the FAA’s approval, the PFC Act or the regulations promulgated thereunder, or if the City otherwise violates the PFC Act or regulations. The FAA may also terminate the City’s authority to impose a PFC for a violation by the City of the Airport Noise and Capacity Act. The PFC termination provisions contained in the regulations provide both informal and formal procedural safeguards. See "2023-2027 CAPITAL IMPROVEMENT PROGRAM – 2023-2027 CIP Funding Sources."

Federal Funding; Impact of Federal Sequestration

The City receives federal funding for the Airport 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. Federal agencies also have regulatory and review authority over, among other things, certain Airport operations, construction at the Airport and the airlines operating at the Airport.

As discussed under the heading "CHICAGO MIDWAY INTERNATIONAL AIRPORT – Federal Legislation, State Actions and Proposed South Suburban Airport" the 2018 FAA Act which reauthorizes the FAA operations and programs and provides funding through September 30, 2023 and the U.S. Congress passed and President Biden has signed a continuing appropriations act, which includes a measure to extend FAA Authorization through December 31, 2023. 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, and if not so adopted, the duration of any resulting period of de-authorization, and the impact on the Airport's finances which might result therefrom.

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

Federal funding is also impacted by sequestration, a budgetary feature first introduced under the federal Budget Control Act of 2011. Sequestration establishes automatic spending cuts that occur through the withdrawal of funding for certain government programs, such as certain FAA programs. Unless changed by the United States Congress from time to time, sequestration is a multi-year process and could continue to affect FAA, TSA and CBP budgets and staffing, resulting in staffing shortages and traffic delays and cancellations at airports across the United States. The full impact of sequestration on the aviation industry and the Airport, 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 the Airport

The operations of the Airport 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 the Airport, which could materially adversely affect the Airport's operations or financial condition.

In addition, following the events of September 11, 2001, the Airport 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 the Airport, 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 Senior Lien Revenues.

Climate change concerns are shaping laws and regulations at the federal and state levels that could have a material adverse effect on airlines operating at the Airport and could also affect ground operations the Airport. The United States Environmental Protection Agency has taken steps toward regulation of greenhouse gas ("*GHG*") emissions under existing federal law.

The City cannot predict what additional laws and regulations with respect to GHG emissions or on other environmental issues (including, but not limited to, air, water, hazardous substances and waste regulations) will be adopted, or what effects such laws and regulations will have on the Airport or airlines operating at the Airport or the local or State economy. The effects, however, could be material.

Competition

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

Any increases in operating costs at the Airport may increase costs to the airlines, which could result in the Airport being put into a competitive disadvantage relative to other airports and other types of transportation. For a discussion of the costs to the airlines of operating at the Airport, see APPENDIX E – "REPORT OF THE AIRPORT CONSULTANT – Financial Analysis" and see "MIDWAY FINANCIAL INFORMATION – Historical Airline Costs."

Financial Condition of the City and other Overlapping Governmental Bodies

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

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

The Airport is required to contribute a pro rata share of City Contributions to the Retirement Systems based on the Annuity Factors for the number of the Airport employees who are Eligible Members. Historically, the Airport has contributed its pro rata share to the Retirement Systems. No pledged Revenues have been used or will be used to pay pension expenses for non-Airport employees or employees performing services not directly chargeable to the Airport; the proportional share contributed on behalf of the Airport is drawn from general Airport revenues. See "MIDWAY FINANCIAL INFORMATION – Pension Costs."

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

Municipal Bankruptcy

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

Special Revenues. Although the City can provide no assurances, the City believes that Senior Lien 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 Senior Lien Revenues and Other Available Moneys currently pledged by the City under the Senior Lien Indenture acquired by the City after the commencement of a case by the City under Chapter 9 of the U.S. Bankruptcy Code would remain subject to the lien of the Senior Lien Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Midway Revenues Must Be Used For Airport Purposes."

Force Majeure Events Affecting the City and the Airport

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

[*] The only Other Available Moneys currently pledged by the City under the Senior Lien Indenture are the CFC Revenues pledged solely to payment of the 2018A Bonds.

Geopolitical Risks

On October 7, 2023, the Hamas organization which controls the Gaza Strip staged a series of coordinated attacks in southern Israel, resulting in hundreds of deaths, thousands of injuries, and the taking of numerous Israeli and other hostages. Israel has since staged numerous counterattacks, with thousands of reported resulting casualties. Israel has declared a state of war against Hamas and has imposed a siege of the territory in response. The ongoing conflict has resulted in disruptions of travel in the region, the duration of which cannot be foreseen at this time. The potential impact on world markets, including without limitation oil markets, and international travel, is uncertain, particularly in the event the conflict was to expand.

The Russian invasion of Ukraine and the related imposition of economic sanctions on Russia, the political turmoil in the Middle East and concern about potential disruption in oil shipments from the Persian Gulf, as well as the high demand for oil and other geopolitical factors, have caused oil prices to fluctuate unpredictably. These factors have had, and may continue to have, significant adverse effects on the cost of air travel, on airline industry profitability and service patterns, and on the cost of operating and maintaining the Airport. The full impact of these possibilities cannot be predicted.

Cyber-Security

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

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

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

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

Alternative Transportation Modes and Future Parking Demand

One significant category of non-airline revenues at the Airport is from ground transportation activity, including use of on-Airport parking garages; trip fees paid by taxi and limousine companies; and rental car transactions by the Airport passengers.

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

While the City makes every effort to anticipate demand shifts, there may be times when the City's expectations differ from actual outcomes. In such event, revenue from one or more ground transportation modes may be lower than expected. The City cannot predict with certainty what impact these innovations in ground transportation will have over time on revenues from parking, other ground transportation services or rental cars. The City also cannot predict with certainty whether or to what extent it will collect non-airline revenues in connection with such new technologies or innovative business strategies.

Enforcement Actions

The remedies available to bondholders upon nonpayment of principal of or interest on the Bonds are in many respects dependent upon judicial enforcement actions which are often subject to discretion and delay. Under the terms of the Senior Lien Indenture, payments of debt service on Bonds are required to be made only as they become due and the occurrence of an event of default does not grant a right to accelerate payment of Bonds. Remedies for Events of Default are limited to such actions that may be taken at law or in equity. See APPENDIX B – "SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE – Default and Remedies." Other than the pledge of Senior Lien Revenues under the Senior Lien Indenture, no mortgage or security interest has been granted or lien created in any properties of the City to secure payment of the Bonds or properties of the Airlines to secure the remittance of payments under the Airport Use Agreements or payment of the Bonds. No revenues of the City other than the Senior Lien Revenues are pledged to the payment of the Bonds.

Various state laws, constitutional provisions, and federal laws and regulations apply to the obligations created by the issuance of the Bonds. There can be no assurance that there will not be any change in, interpretation of or addition to the applicable laws, nor that provisions will not be changed, interpreted, or supplemented in a manner that would have a material adverse effect, directly or indirectly, on the affairs of the City or the Airlines.

The rights of the owners of the Bonds and the enforceability of the City's obligation to make payments on the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights under existing law or under laws enacted in the future and may also be subject to the exercise of judicial discretion under certain circumstances. The opinions of Co-Bond Counsel and the City's Corporation Counsel as to the enforceability of the City's obligations will be qualified as to bankruptcy and similar events and as to the application of equitable principles and the exercise of judicial discretion in appropriate cases and to common law and statutes affecting the enforceability of contractual obligations generally and to principles of public policy concerning, affecting or limiting the enforcement of rights or remedies against governmental entities such as the City. See APPENDIX H –"FORMS OF OPINIONS OF CO-BOND COUNSEL."

Assumptions in the Report of the Airport Consultant

In connection with the offering of the Bonds described in this Official Statement, the Airport Consultant has prepared the Report of the Airport Consultant, a copy of which is included as APPENDIX

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

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

Forward-Looking Statements

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

Secondary Market

No assurance can be given concerning the existence of any secondary market in the Bonds or its creation or maintenance by the Underwriters. Thus, purchasers of Bonds should be prepared, if necessary, to hold their Bonds until their respective maturity dates.

LITIGATION

There is no litigation pending or threatened against the City relating to the City's operation of the Airport, the issuance, sale, or delivery of the Bonds, the validity or enforceability thereof, or the implementation, construction or operation of the Airport capital program, other than various legal proceedings (pending or threatened) which may have arisen or may arise out of the ordinary course of business of the Airport. 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 the Airport.

TAX MATTERS

The following is a discussion of the opinion of Co-Bond Counsel to be rendered as to the tax-exempt status of interest on the 2023A Bonds and 2023B Bonds.

Certain Tax Consequences of the 2023A Bonds and 2023B Bonds

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

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

In addition, the accrual or receipt of such interest may otherwise affect the federal income tax liability of the owners of the 2023A Bonds and 2023B Bonds. The extent of these other tax consequences will depend upon such owner's particular tax status and other items of income or deduction. Co-Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the 2023A Bonds and 2023B Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers otherwise entitled to claim the earned income credit, or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the 2023A Bonds and 2023B Bonds.

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

Backup Withholding. Interest on tax-exempt obligations such as the 2023A Bonds and 2023B Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments to any holder of the 2023A Bonds and 2023B Bonds who fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the 2023A Bonds and 2023B Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Changes in Federal and State Tax Law. From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment.

In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds or the market value thereof would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Co-Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds and Co-Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

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

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

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

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

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

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

CERTAIN LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale by the City of the Bonds are subject to the approving legal opinion of Mayer Brown LLP, Chicago, Illinois, and Charity & Associates, P.C., Chicago, Illinois ("*Co-Bond Counsel*"). The proposed forms of opinions of Co-Bond Counsel are included as APPENDIX G. Certain legal matters will be passed on for the City by its Corporation Counsel, by Thompson Coburn LLP, Chicago, Illinois, and Sanchez Daniels & Hoffman LLP, Chicago, Illinois, Co-Disclosure Counsel to the City and for the Underwriters by their counsel, McGuireWoods LLP, Chicago, Illinois.

UNDERWRITING

A group of underwriters, represented by Jefferies LLC (the "*Underwriters*"), has agreed, jointly and severally, to purchase the Bonds subject to certain conditions set forth in the Bond Purchase Agreement with the City (the "*Bond Purchase Agreement*"). The Bond Purchase Agreement provides that the obligations of the Underwriters to accept delivery of the Bonds are subject to various conditions of the Bond Purchase Agreement, but the Underwriters will be obligated to purchase all the Bonds if any Bonds are purchased. The Underwriters have agreed to purchase the 2023A Bonds at an aggregate purchase price of $214,292,070.35 (reflecting an Underwriters' discount of $1,300,150.15 plus a net original issue premium of $4,572,220.50), and to purchase the 2023B Bonds at an aggregate purchase price of $315,151,495.07 (reflecting an Underwriters' discount of $1,771,560.18 plus a net original issue premium of $14,433,055.25).

The Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell such Bonds into investment accounts.

The Underwriters reserve the right to join with dealers and other underwriters in offering the Bonds to the public.

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, and may involve relationships with financial advisory firms, investment banks and law firms that may have, or may have had, relationships with the City. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory, commercial banking and investment banking services for the City, for which they received or will receive customary fees and expenses.

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

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

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

FINANCIAL ADVISORS

Financial Advisor. The City has engaged The RSI Group, LLC as its financial advisor (the "*Financial Advisor*") in connection with the authorization, issuance and sale of the Bonds. Under the terms of their engagement, the Financial Advisor is 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.

Pricing Advisor. PFM Financial Advisors LLC ("*PFM*") was engaged by the City in connection with pricing to provide financial advisory services with respect to matters relating to the pricing of the Bonds. PFM is an independent financial advisory firm and is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. PFM is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

Immediately prior to her appointment, the Chief Financial Officer of the City was an employee of PFM. PFM was selected as a pricing advisor through an evaluation of its response to a request for proposal for such services. The Chief Financial Officer recused herself from participating in any way in the review, evaluation, scoring and selection of a pricing advisor pursuant to such request for proposals and the negotiation of a services agreement with the selected pricing advisor.

VERIFICATION AGENT

Robert Thomas CPA, LLC, Shawnee Mission, Kansas (the "*Verification Agent*"), upon delivery of the Bonds, will deliver a report stating that the firm, at the request of the City and the Underwriters, has reviewed the mathematical accuracy of certain computations based on certain assumptions relating to the sufficiency of the principal and interest received from the investment in Government Obligations deposited in the Escrow Fund, together with any initial cash deposit, to meet the timely payment of the redemption price of and interest on the Refunded Bonds.

INDEPENDENT AUDITORS

The Basic Financial Statements for the Airport for the year ended December 31, 2022 included as APPENDIX D to this Official Statement, has been audited by Deloitte & Touche LLP, independent auditors, as stated in their report appearing herein.

Deloitte & Touche LLP has not compiled, examined, or performed any procedures with respect to the prospective financial information contained in this Official Statement, nor has Deloitte & Touche LLP expressed any opinion or any other form of assurance on such information or its achievability, and Deloitte & Touche LLP assumes no responsibility for, and disclaims association with, the prospective financial information included in this Official Statement.

SECONDARY MARKET DISCLOSURE

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

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

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

Annual Financial Information Disclosure

The City covenants that it will disseminate to EMMA its Annual Financial Information and its Audited Financial Statements (as described below) to the MSRB prepared in accordance with generally accepted accounting principles applicable to government units (as described below).

"*Annual Financial Information*" means (a) with respect to the City, financial and statistical data generally consistent with that contained in this Official Statement under the captions "CHICAGO MIDWAY INTERNATIONAL AIRPORT–Passenger Activity at Midway," "MIDWAY FINANCIAL INFORMATION–Historical Operating Results," "- PFC Revenues Historical Collections," "- Historical Debt Service Coverage," "– Midway Indebtedness" and "– Debt Service Schedule" 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 financial statements of Midway prepared in accordance with generally accepted accounting principles applicable to governmental units as in effect from time to time.

"*Obligated Person*" means the City and each airline or other entity at any time using Midway (i) that is obligated under an Airport Use Agreement, lease or other agreement having a term of more than one year to pay a portion of the debt service on the Airport Obligations and (ii) has paid amounts equal to at least 20% of the Senior Lien Revenues of Midway for each of the prior two fiscal years of Midway.

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

Annual Financial Information exclusive of Audited Financial Statements (commencing with the Audited Financial Statements for the fiscal year ended December 31, 2023) 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 shall be included and Audited Financial Statements will be filed when available.

Reportable Events Disclosure

The City covenants that it will disseminate in a timely manner, not in excess of ten business days after occurrence, to the MSRB the disclosure of the occurrence of a Reportable Event (defined 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 Bonds, are:

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. unscheduled draws on debt service reserves reflecting financial difficulties;
4. unscheduled draws on credit enhancements reflecting financial difficulties;
5. substitution of credit or liquidity providers, or their failure to perform;
6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the securities, or other material events affecting the tax status of the securities;
7. modifications to rights of security holders, if material;
8. bond calls, if material, and tender offers;
9. defeasances;
10. release, substitution or sale of property securing repayment of the securities, if material;
11. rating changes;
12. bankruptcy, insolvency, receivership, or similar proceedings of an Obligated Person (considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy

Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person);

13. the consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of an Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. the appointment of a successor or additional trustee, or the change of the name of a trustee, if material;
15. the incurrence of a financial obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Obligated Person, any of which affect security holders, if material; and
16. a default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation (defined to mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii); the term financial obligation does not include municipal securities for which a final official statement has been provided to the MSRB consistent with Rule 15c2-12) of the Obligated Person, any of which reflect financial difficulties.

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

Consequences of Failure of the City to Provide Information

The City shall give notice in a timely manner not in excess of ten 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 Bond may seek mandamus or specific performance by court order to cause the City to comply with its obligations under the Undertaking. The Undertaking provides that any court action must be initiated in the Circuit Court of Cook County, Illinois. A default under the Undertaking shall not be deemed a default under the Second Lien Indenture, and the sole remedy under the Undertaking in the event of any failure of the City to comply with the Undertaking shall be an action to compel performance.

Amendment; Waiver

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

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

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

(iii) the amendment or waiver does not materially impair the interests of the beneficial owners of the 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 Bonds pursuant to the terms of the Senior Lien Indenture at the time of the amendment; or

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

EMMA

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

Termination of Undertaking

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

Additional Information

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

Corrective Action Related to Certain Bond Disclosure Requirements

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

The City failed to file on a timely basis certain Annual Financial Information for the years 2017, 2018 and 2021, with respect to the City's Tax Increment Allocation Revenue Refunding Bonds (Pilsen Redevelopment Project), Series 2014A and Series 2014B (the "*Pilsen Series 2014AB Bonds*"). However, the Pilsen Series 2014AB Bonds have since matured. The City filed on EMMA the 2021 annual information for the Pilsen Series 2014AB Bonds on July 29, 2022.

In July 2019, the City filed on EMMA on a timely basis the City's 2018 audited financial statements for the General Fund for all then-outstanding general obligation bonds of the City, except with respect to the City's General Obligation Bonds, Library Series 2008D (the "*Series 2008D Bonds*"). On December 17, 2019, those financial statements were filed on EMMA with respect to the Series 2008D Bonds, and the City filed on EMMA a notice regarding its failure to file on a timely basis the 2018 audited financial statements with respect to the Series 2008D Bonds.

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

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

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

On November 12, 2021, the City filed a notice regarding its failure to file on a timely basis certain Annual Financial Information including certain capital improvements tables for the year 2020 and certain third-party sourced Retirement Fund tables with respect to the Series 2014AB Bonds. In connection with such notice filing, the City also filed on EMMA such capital improvements tables for the years 2020 and 2021 and Tables 4 and 9 of the third-party sourced Retirement Fund tables with respect to the Series 2014AB Bonds.

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

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

On August 9, 2022, the City filed on EMMA a notice regarding its failure to file on a timely basis certain Annual Financial Information in connection with the City's Second Lien Wastewater Transmission Revenue Bonds, Project Series 2017A and Refunding Series 2017B. In connection with such notice filing, the City also filed on EMMA a table titled "Historical Capital Improvement Program Funding by Source," including data from 2017 to 2021.

RATINGS

The Bonds have been assigned a rating of "AA" (stable outlook) by S&P based upon the issuance of the Policy by the Insurer. The Bonds have been assigned underlying ratings of "A" (stable outlook) by Fitch, "A" (stable outlook) by Kroll, and "A" (stable outlook) by S&P without taking into account the issuance of the Policy by the Insurer. Certain information was supplied by the City to each of the foregoing rating agencies to be considered in evaluating the Bonds. The City has not sought a rating of the Bonds from any other rating agency.

Such ratings reflect views of such organizations and are not a recommendation to buy, sell or hold the Bonds. Any desired explanation of the significance of such ratings should be obtained from the ratings agency furnishing the same, at the following addresses: Fitch by writing to Fitch Ratings, Inc., 33 Whitehall Street, New York, New York 10004; KBRA by writing to Kroll Bond Rating Agency, Inc., 805 Third Avenue, 29th Floor, New York, New York 10022; and S&P by writing to S&P Global Ratings, 55 Water Street, New York, New York 10022.

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

MISCELLANEOUS

The summaries or descriptions in this Official Statement of provisions in the Senior Lien Indenture and the Airport Use Agreements and all references to other materials not purporting to be quoted in full are only brief outlines of certain provisions and do not constitute complete statements of such documents or provisions. Reference is made to the complete documents relating to such matter for further information, copies of which will be furnished by the City upon written request delivered to the office of the City Comptroller, Room 700, 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.

CITY OF CHICAGO

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

"Aggregate Senior Lien Debt Service" means, as of any particular date of computation and with respect to a particular Bond Year or other specified 12-month period, an amount of money equal to the aggregate amounts required by the provisions of all Supplemental Indentures creating series of Senior Lien Obligations and all instruments creating Section 208 Obligations and Section 209 Obligations to be deposited from Senior Lien Revenues in all sub-funds, accounts and sub-accounts created under such Supplemental Indentures in such Bond Year or other specified 12-month period.

"Airport' or *"Midway"* means Chicago Midway International Airport.

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

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

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

"Authorized Denomination" means $5,000 or any integral multiple thereof.

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

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

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

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

"Bonds" means the Series 2023A Bonds and the Series 2023B Bonds.

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

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

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

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

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

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

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

"Common Debt Service Reserve Requirement" means the least of (i) the maximum amount of Annual Senior Lien Debt Service payable on the Common Reserve Bonds in the current or any succeeding Bond Year, (ii) 125% of the average Annual Senior Lien Debt Service on the Common Reserve Bonds or (iii) 10% of the original principal amount of the Common Reserve Bonds, *provided, however*, that if upon the issuance of any Common Reserve Bonds such amount would require that moneys be paid into the

Common Debt Service Reserve Sub-Fund from the proceeds of such Common Reserve Bonds in an amount in excess of the maximum amount permitted under the Code, the Common Debt Service Reserve Requirement shall be the sum of (a) the Common Debt Service Reserve Requirement immediately preceding the issuance of such Common Reserve Bonds and (b) the maximum amount permitted under the Code to be deposited from the proceeds of such Common Reserve Bonds, as certified by the Chief Financial Officer.

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

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

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

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

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

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

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

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

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

"DTC" means The Depositary Trust Company.

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

"Emergency Reserve Fund Deposit Requirement," before the Transition Date, means, (A) for the Fiscal Year ended December 31, 1994, the amount required to be deposited in the Emergency Reserve Fund so that the amount held therein will equal $250,000 and (B) for each Fiscal Year thereafter, the amount required to be deposited in the Emergency Reserve Fund so that the amount held therein will equal the required balance for the prior Fiscal Year plus the percentage increase, if any, in the Producer Price Index during the most recently ended 12-month period for which the Producer Price Index is available.

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

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

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

"First Lien Bonds" means (a) any of the bonds of the City authenticated and delivered under and pursuant to Article II of the First Lien Indenture and (b) any Airport Obligations described in the second paragraph of Section 204 of the Master Indenture.

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

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

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

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

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

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

"Independent Airport Consultant" means a consultant, other than a Consulting Engineer, selected by the City, with expertise in the administration, financing, planning, maintenance and operations of airports and facilities thereof, and who, in the case of an individual, shall not be an officer or employee of the City.

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

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

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

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

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

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

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

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

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

"Ordinance" means the ordinance duly adopted by the City Council of the City on October 27, 2021, which authorizes the issuance and sale of the Bonds and the execution and delivery of the Senior Lien Indenture, the Twenty-Sixth Supplemental Indenture and the Twenty-Seventh Supplemental Indenture.

"Other Available Moneys" means, for any Fiscal Year, the amount of money determined by the Chief Financial Officer to be transferred by the City for such Fiscal Year from sources other than Senior Lien Revenues to the Revenue Fund or the Senior Lien Debt Service Fund.

"Outstanding" when used with reference to Senior Lien Obligations means, as of any date, all Senior Lien Obligations theretofore or thereupon being issued under the Senior Lien Indenture or Section 208 Obligations except: (a) Senior Lien Obligations cancelled by the Trustee or the owner of a Section 208 Obligation or Section 209 Obligation, as the case may be, at or prior to such date or theretofore delivered to the Trustee or the City, as the case may be, for cancellation; (b) Senior Lien Obligations (or portions of Senior Lien Obligations) for the payment or redemption of which there shall be held in trust and set aside for such payment or redemption (whether at, prior to or after the maturity or redemption date) moneys or Defeasance Obligations, the principal of an interest on which when due or payable will provide moneys, together with the moneys, if any, deposited with the Trustee at the same time, in an amount sufficient to pay the principal or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, and, if such Senior Lien Obligations are to be redeemed, for which notice of such redemption shall have been given as provided in the related Supplemental Indenture or provisions satisfactory to the Trustee shall have been made for the giving of such notice; (c) Senior Lien Obligations for the transfer or exchange or, in lieu of or in substitution for which other Senior Lien Obligations shall have been authenticated and delivered pursuant to the Senior Lien Indenture; and (d) Senior Lien Obligations deemed to have been paid as described under "APPENDIX B-SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE-Defeasance."

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

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

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

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

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

"Program Fees" means:

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

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

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

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

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

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

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

"Refunding Obligations" means all Senior Lien Obligations, whether issued in one or more series, authenticated and delivered on original issuance for the purpose of the refunding of Senior Lien Obligations of any series.

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

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

"Repair and Replacement Fund Deposit Requirement," before the Transition Date, means, (A) for the Fiscal Year ended December 31, 1997, the amount of $1,000,000 and (B) for each Fiscal Year thereafter, the amount equal the previous Fiscal Year's amount adjusted for each Fiscal Year by multiplying the amount of the Repair and Replacement Fund Deposit Requirement for the prior Fiscal Year by a factor of one plus the percentage increase, if any, in the Producer Price Index during the most recently ended 12-month period for which the Producer Price Index is available.

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

"Revenue Fund' means the Revenue Fund created by the First Lien Indenture and continued under the Senior Lien Indenture.

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

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

"Senior Lien Revenues" means and includes all amounts received or receivable directly or indirectly by the City for the use and operation of, or with respect to, the Airport, including, without limitation: all airline fees and charges (excluding payments described in subsection (a) below); all other rentals, charge and fees for the use of the Airport or for any service rendered by the City in the operation of the Airport; concession revenues; interest payments to the City; interest accruing on, and any profit realized from the investment of, moneys held or credited to all Airport funds and accounts of the City; provided, however, that Senior Lien Revenues does not include:

(a) any amounts derived by the City from Special Facility Financing Arrangements entered into in connection with Special Facility Improvements to the extent those moneys derived are required to pay principal of, premium, if any, and interest on Special Facility Revenue Bonds and all sinking and other reserve fund payments required by the ordinance or resolution authorizing the issuance of the Special Facility Revenue Bonds;

(a) 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;

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

(c) 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;

(d) Government Grants-in-Aid;

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

(f) the proceeds of any condemnation awards;

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

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

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

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

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

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

"Sinking Fund Payment" means, as of any particular date of determination and with respect to the Outstanding Senior Lien Obligations of any Series or consisting of any Section 208 Obligation, the amount required by the Supplemental Indenture creating such Series or the instrument creating such Section 208 Obligation to be paid in any event by the City on a single future date for the retirement of such Senior Lien Obligations which mature after said future date, but does not include any amount payable by the City by reason only of the maturity of a Senior Lien Obligation.

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

"State" means the State of Illinois.

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

"Swap Provider" means any person with which the City enters into a Qualified Swap Agreement.

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

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

"Trust Estate" means the property conveyed to the Trustee pursuant to the Granting Clauses of the Twenty-Sixth Supplemental Indenture and the Twenty-Seventh Supplemental Indenture.

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

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

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

"Working Capital Account Deposit Requirement," before the Transition Date, means, (A) for the Fiscal Year ended December 31, 1994, the amount of $500,000, and (B) for each following Fiscal Year, the lesser of (i) the previous Fiscal Year's amount adjusted by multiplying the amount of the Working Capital Deposit Requirement for such prior Fiscal Year by a factor of one plus the percentage increase, if any, in the Producer Price Index during the most recently ended 12-month period for which the Producer Price Index is available, and (ii) the amount required to increase the amount held in the Working Capital Account to an amount equal to 15% of Operation and Maintenance Expense Projection for such Fiscal Year.

"Working Capital Account Deposit Requirement," after the Transition Date, means, for each Fiscal Year, the lesser of (i) $500,000 adjusted by multiplying the amount of the Working Capital Deposit Requirement for the prior Fiscal Year by a factor of one plus the percentage increase, if any, in the Producer Price Index during the most recently ended 12-month period for which the Producer Price Index is available, and (ii) the amount required to increase the amount held in the Working Capital Account to an amount equal to 15% of Operation and Maintenance Expense Projection for such Fiscal Year; *provided,*

however, the City may deliver a Certificate to the Trustee reflecting a modification to the formulation of the Working Capital Account Deposit Requirement so long as such modification does not result in a reduction in the Working Capital Account Deposit Requirement in effect as of the effective date of this Senior Lien Indenture.

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APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE

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APPENDIX B
SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE

The following is a composite summary of certain provisions of the Senior Lien Indenture, the Twenty-Sixth Supplemental Indenture and the Twenty-Seventh Supplemental Indenture, to which reference is made for a complete statement of the provisions and contents of each of such documents. Certain words and terms used in this Official Statement and in the Senior Lien Indenture are defined in APPENDIX A-"GLOSSARY OF TERMS."

Authorization of the Senior Lien Bonds and Other Senior Lien Obligations

The Master Indenture authorizes the issuance, from time to time, of Senior Lien Obligations payable from Senior Lien Revenues for the purpose of (a) the payment, or the reimbursement for the payment of, the costs of one or more Airport Projects, (b) the refunding of any Senior Lien Obligations (including Second Lien Obligations), Senior Lien Obligations or other obligations issued to finance or refinance one or more Airport Projects, including, but not limited to, the refunding of any Special Facility Revenue Bonds and any Junior Lien Obligations, or (c) the funding of any Fund or Account under the Senior Indenture, or any Fund or Account under the Senior Lien Indenture or the Supplemental Indenture under which any Senior Lien Obligations are issued; including, in each case, payment of Costs of Issuance. Senior Lien Obligations may be issued under a Supplemental Indenture entered into in accordance with the terms of the Senior Lien Indenture, provided that, at the time of issuance of such Senior Lien Obligations, certain conditions precedent are satisfied, including the receipt by the Trustee of certain certificates and opinions of counsel relating to the validity of such Senior Lien Obligations and the Supplemental Indenture under which they are issued, including:

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

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

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

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

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

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

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

(a) If the City shall enter into a Qualified Swap Agreement with a Swap Provider requiring the City to pay a fixed interest rate on a notional amount, or requiring the City to pay a variable interest rate on a notional amount, and if the City has made a determination that such Qualified Swap Agreement was entered into for the purpose of providing substitute interest payments for Senior Lien Obligations of a particular maturity or maturities in a principal amount equal to the notional amount of the Qualified Swap Agreement and so long as the swap provider under such Qualified Swap Agreement is not in default under such Qualified Swap Agreement:

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

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

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

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

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

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

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

Source of Payment; Pledge of Senior Lien Revenues

The provisions of the Master Indenture and any Supplemental Indenture (including, but not limited to, the Twenty-Sixth Supplemental Indenture and the Twenty-Seventh Supplemental Indenture) constitute a contract among the City, the Trustee and the owners of the Senior Lien Obligations. The Senior Lien Obligations are limited obligations of the City payable solely from Senior Lien Revenues and certain other moneys and securities held by the Trustee under the Master Indenture. The Senior Lien Obligations and the interest thereon do not constitute an indebtedness or a loan of credit of the City within the meaning of any constitutional or statutory limitation, and neither the faith and credit nor the taxing power of the City, the State or any political subdivision thereof is pledged to the payment of the principal of or interest on the Senior Lien Obligations. The Senior Lien Obligations are secured by a pledge of the Senior Lien Revenues and moneys and securities held by the Trustee under the Senior Lien Indenture.

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

Disbursement from Revenue Fund

After the Transition Date, the moneys in the Revenue Fund shall be disbursed and applied by the Trustee as required to make the following deposits on the dates and in the amounts provided:

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

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

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

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

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

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

(ii) Second: The Trustee shall deposit into the Junior Lien Obligation Debt Service Fund an amount, if any, equal to the amount required by any resolution or ordinance authorizing the issuance of Junior Lien Obligations to be deposited therein through the end of the current month as of such date and without priority, one over the other, to any Accounts within the Junior Lien Obligation Debt Service Fund, as specified by a Certificate filed with the Trustee.

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

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

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

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

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

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

Covenant Against Pledge of Revenues

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

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

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

Series 2023A Bonds

The Twenty-Sixth Supplemental Indenture creates and establishes the Series 2023A Dedicated Sub-Fund with the Trustee as a separate and segregated sub-fund within the Revenue Fund. Moneys on deposit in the Series 2023A Dedicated Sub-Fund, and in each Account established therein are to be held in trust by the Trustee for the sole and exclusive benefit of the Registered Owners of the Series 2023A Bonds. On January 1 and July 1 of each year, commencing January 1, 2024 (each such date referred to herein as the *"Deposit Date")* there shall be deposited into the Series 2023A Dedicated Sub-Fund an amount equal to the aggregate of the following amounts which amounts are calculated on the preceding June 5 or December 5, as appropriate (such aggregate amount with respect to any Deposit Date being referred to herein as the *"Series 2023A Deposit Requirement"):*

(a) for deposit into the Series 2023A Principal and Interest Account, the amount, projected to be required as of the close of business on the applicable January 1 or July 1 next succeeding such date of calculation to restore the Series 2023A Principal and Interest Account to an amount equal to the Principal and Interest Account Requirement for the Series 2023A Bonds;

(b) for deposit into the Series 2023A Debt Service Reserve Account, the amount, if any, projected to be required as of the close of business on the applicable January 1 or July 1 next succeeding such date of calculation to restore the Series 2023A Debt Service Reserve Account to an amount equal to the Series 2023A Deposit Requirement; and

(c) for deposit into the Series 2023A Program Fee Account, the amount estimated by the City to be required as of the close of business on the related Deposit Date to pay all Program Fees payable from amounts in the Series 2023A Program Fee Account during the semi-annual period commencing on such related Deposit Date.

Upon calculation by the Trustee of each Series 2023A Deposit Requirement under this section, the Trustee shall notify the City of the Series 2023A Deposit Requirement and the Deposit Date to which it relates, and shall provide the City with such supporting documentation and calculations as the City may reasonably request.

In the event that on any Interest Payment Date, the Trustee determines that a shortfall will exist with respect to payments to be made from the Series 2023A Principal and Interest Account, the Trustee shall promptly notify the City of such shortfall so that additional funds may be deposited into the Series 2023A Principal and Interest Account in accordance with the Senior Lien Indenture to make timely payments of the amounts due on such Interest and Payment Date.

Moneys in the Series 2023A Principal and Interest Account and the Series 2023A Debt Reserve Account shall be used solely for the payment of the principal of, premium (if any) and interest on the Series 2023A Bonds, for the redemption of the Series 2023A Bonds prior to maturity.

Series 2023B Bonds

The Twenty-Seventh Supplemental Indenture creates and establishes the Series 2023B Dedicated Sub-Fund with the Trustee as a separate and segregated sub-fund within the Revenue Fund. Moneys on deposit in the Series 2023B Dedicated Sub-Fund, and in each Account established therein are to be held in trust by the Trustee for the sole and exclusive benefit of the Registered Owners of the Series 2023B Bonds. On January 1 and July 1 of each year, commencing January 1, 2024 (each such date referred to herein as the *"Deposit Date")* there shall be deposited into the Series 2023B Dedicated Sub-Fund an amount equal to the aggregate of the following amounts which amounts are calculated on the preceding June 5 or December 5, as appropriate (such aggregate amount with respect to any Deposit Date being referred to herein as the *"Series 2023B Deposit Requirement"):*

(a) for deposit into the Series 2023B Principal and Interest Account, the amount, projected to be required as of the close of business on the applicable January 1 or July 1 next succeeding such date of calculation to restore the Series 2023B Principal and Interest Account to an amount equal to the Principal and Interest Account Requirement for the Series 2023B Bonds;

(b) for deposit into the Series 2023B Debt Service Reserve Account, the amount, if any, projected to be required as of the close of business on the applicable January 1 or July 1 next succeeding such date of calculation to restore the Series 2023B Debt Service Reserve Account to an amount equal to the Series 2023B Deposit Requirement; and

(c) for deposit into the Series 2023B Program Fee Account, the amount estimated by the City to be required as of the close of business on the related Deposit Date to pay all Program Fees payable from amounts in the Series 2023B Program Fee Account during the semi-annual period commencing on such related Deposit Date.

Upon calculation by the Trustee of each Series 2023B Deposit Requirement under this section, the Trustee shall notify the City of the Series 2023B Deposit Requirement and the Deposit Date to which it relates, and shall provide the City with such supporting documentation and calculations as the City may reasonably request.

In the event that on any Interest Payment Date, the Trustee determines that a shortfall will exist with respect to payments to be made from the Series 2023B Principal and Interest Account, the Trustee shall promptly notify the City of such shortfall so that additional funds may be deposited into the Series 2023B Principal and Interest Account in accordance with the Senior Lien Indenture to make timely payments of the amounts due on such Interest and Payment Date.

Moneys in the Series 2023B Principal and Interest Account and the Series 2023B Debt Reserve Account shall be used solely for the payment of the principal of, premium (if any) and interest on the Series 2023B Bonds, for the redemption of the Series 2023B Bonds prior to maturity.

Common Debt Service Reserve Sub-Fund

(a) In accordance with the Nineteenth Supplemental Indenture, the City shall maintain the Common Debt Service Reserve Sub-Fund in an amount equal to the Common Debt Service Reserve Requirement, which requirement may be satisfied with (i) one or more Qualified Reserve Account Credit Instruments, (ii) Qualified Investments, or (iii) a combination thereof. Any Qualified Investments held to the credit of the Common Debt Service Reserve Sub-Fund shall be valued in accordance with the provisions of the Senior Lien Indenture. If on any valuation date, the amount on deposit in the Common Debt Service Reserve Sub-Fund is more than the Common Debt Service Reserve Requirement, unless otherwise directed by the City as described in paragraph (f) below, the amount of such excess shall be transferred by the Trustee to the Revenue Fund.

(b) If at any time the Common Debt Service Reserve Sub-Fund holds both a Qualified Reserve Account Credit Instrument and Qualified Investments, the Qualified Investments shall be liquidated and the proceeds applied for the purposes for which Common Debt Service Reserve Sub-Fund moneys may be applied prior to any draw being made on the Qualified Reserve Account Credit Instrument. If the Common Debt Service Reserve Sub-Fund holds Qualified Reserve Account Credit Instruments issued by more than one issuer, draws shall be made under such Qualified Reserve Account Credit Instruments on a *pro rata* basis to the extent of available funds. Amounts deposited in the Common Debt Service Reserve Sub-Fund for the purpose of restoring amounts withdrawn therefrom shall be applied first to reimburse the Qualified Reserve Account Credit Provider and thereby reinstate the Qualified Reserve Account Credit Instrument.

(c) The moneys in the Common Debt Service Reserve Sub-Fund are held for the benefit of all Common Reserve Bonds and are pledged and assigned for that purpose. On the date of initial issuance of any Senior Lien Obligations intended to be Common Reserve Bonds, the City shall provide the Trustee a Certificate to that effect and setting forth the amount of the deposit to be made from bond proceeds to fund the Common Debt Service Reserve Requirement.

(d) On the business day of the Trustee immediately preceding each January 1 and July 1, there shall be withdrawn from the Revenue Fund for deposit into the Common Debt Service Reserve Sub-Fund, the amount, if any, required as of the close of business on such date to restore the amount held in the Common Debt Service Reserve Sub-Fund to the Common Debt Service Reserve Requirement. Any amount so required shall constitute a Deposit Requirement to be funded from the Revenue Fund.

(e) If on any Payment Date for the payment of the Principal Installment of and interest on any Series of Common Reserve Bonds the amount held in the Dedicated Sub-Fund for that Series for the payment of such Principal Installment or interest due and payable on such Payment Date shall be less than the Principal Installment and interest then due and payable, then the Trustee shall withdraw from the Common Debt Service Reserve Sub-Fund and deposit into the Dedicated Sub-Fund for that Series the amount necessary to cure such deficiency. In the case of multiple deficiencies among Series, such withdrawal shall be made ratably among the various Series having a deficiency, without preference or priority of any kind.

(f) At the direction of the City expressed in a Certificate filed with the Trustee, moneys in the Common Debt Service Reserve Sub-Fund may be withdrawn and deposited in trust to pay or provide for the payment of Senior Lien Obligations pursuant to the defeasance provisions of the Senior Lien Indenture; provided, however, that immediately after such withdrawal the amount of deposit in the Common Debt Service Reserve Sub-Fund equals or exceeds the Common Debt Service Reserve Requirement.

Investment of Moneys

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

The interest earned on any investment of moneys held hereunder of each Supplemental Indenture, any profit realized from such investment and any loss resulting from such investment shall be credited or charged to the fund, account or sub-account for which such investment was made; *provided, however,* that any interest earned on, and any profit resulting from, the investment of moneys on deposit in the Debt Service Reserve Account shall be transferred by the Trustee to the Revenue Fund.

Other Covenants Relating to **the Airport**

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

Supplemental Indentures

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

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

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

(a) of the owners of a majority in principal amount of the Senior Lien Obligations Outstanding at the time such consent is given;

(b) in case less than all of the several series of then Outstanding Senior Lien Obligations are affected by the modification or amendment, of the owners of a majority in principal amount of the then Outstanding Senior Lien Obligations of each series so affected;

(c) in case any Section 208 Obligations or Section 209 Obligations are affected by the modification or amendment, of the owners of the Section 208 Obligations or Section 209 Obligations so affected; and

(d) in case any Swap Provider is affected by the modification or amendment, of the Swap Provider so affected.

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

No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Senior Lien Obligation or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon, or in the terms of purchase or the purchase price thereof, without the consent of the owner of such Senior Lien Obligation, or shall reduce the percentages or otherwise affect the classes of Senior Lien Obligations, the consent of the owners of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of the Trustee without its written assent thereto.

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

Amendment of a Supplemental Indenture

The Twenty-Sixth Supplemental Indenture or the Twenty-Seventh Supplemental Indenture may be supplemented and amended in the manner described above under "-Supplemental Indentures."

Default and Remedies

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

(a) payment of the principal or Redemption Price, if any, of any Senior Lien Obligation shall not be made when and as the same shall become due, whether at maturity or upon call for redemption or otherwise;

(b) payment of any installment of interest on any Senior Lien Obligation shall not be made when the same shall become due;

(c) the City shall fail or refuse to comply with the provisions of the Senior Lien Indenture, or shall default in the performance or observance of any of the covenants, agreements or conditions on its part contained therein or in the Senior Lien Obligations, which materially affects the rights of the owners of the Senior Lien Obligations, and such failure, refusal or default shall continue for a period of 45 days after written notice thereof by the Trustee or the owners of not less than 25% in principal amount of the Outstanding Senior Lien Obligations; provided, however, that in the case of any such default which can be cured by due diligence but which cannot be cured within the 45-day period, the time to cure shall be extended for such period as may be necessary to remedy the default with all due diligence; or

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

Upon the happening and continuance of any Event of Default specified in paragraph (a) or (b) above, the Trustee shall proceed, or upon the happening and continuance of any Event of Default specified in paragraph (c) or (d) above,·-the Trustee may proceed, and upon the written request of the owners of not less than 25 percent in principal amount of the Outstanding Senior Lien Obligations, shall proceed, in its own name to protect and enforce its rights and the rights of the owners of the Senior Lien Obligations by such of the following remedies or any additional remedies specified in one or more Supplemental Indentures with respect to a particular series as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights:

(a) by mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the owners of the Senior Lien Obligations, including the right to require the City to receive and collect the Revenues adequate to carry out the covenants and agreements as to such Revenues and their pledge under the Senior Lien Indenture and to require the City to carry out any other covenant or agreement with the owners of the Senior Lien Obligations and to perform its duties under the Senior Lien Indenture;

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

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

(d) by action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the owners of the Senior Lien Obligations.

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

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

Defeasance

(a) If the City shall pay or cause to be paid to the owners of all Senior Lien Obligations, the principal and interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein, in the Senior Lien Indenture, the Twenty-Sixth Supplemental Indenture and the Twenty-Seventh Supplemental Indenture creating the Bonds, then the pledge for the Bonds and all other rights granted thereby shall be discharged and satisfied, in such event the Trustee shall, upon the request of the City expressed in a Certificate, execute and deliver to the City all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver to the City all Accounts, Funds and other moneys or securities held by them pursuant to the Senior Lien Indenture and the Twenty-Sixth Supplemental Indenture and the Twenty-Seventh which are not required for the payment or redemption of the Senior Lien Obligations not theretofore surrendered for such payment or redemption.

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

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

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

(iii) in the event said Senior Lien Obligations are not by their terms subject to redemption within the next succeeding 45 days, the City shall have given the Trustee, in form satisfactory to it, irrevocable instructions to mail, as soon as practicable, a notice to the owners of such Senior Lien Obligations that the deposit required by clause (b) above has been made with the Trustee and that said Senior Lien Obligations are deemed to have been paid as described in this paragraph and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price, if any, of, and accrued interest on, said Senior Lien Obligations.

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

(d) In the event that the principal of and interest on all Insured Obligations shall be paid by Bond Insurers pursuant to the terms of the Bond Insurance Policies, the pledge of revenues, securities and funds and all other covenants, agreements and other obligations of the City to the owners of the Insured Obligations shall continue to exist and each Bond Insurer shall be fully subrogated to the rights of such owners.

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

Sale or Transfer of Airport

The Senior Lien Indenture provides that the sale, conveyance, mortgage, encumbrance or other disposition, directly or indirectly, of all or substantially all of the Airport or the transfer, directly or indirectly, of control, management or oversight, or any material aspect of control, management or oversight, of the Airport, whether of its properties, interests, operations, expenditures, revenues (including, without limit, Revenues, Junior Lien Revenues or the proceeds of any Passenger Facility Charge or similar charge) or otherwise (any of the foregoing being referred to as a *"transfer")* shall not occur unless and until all of the following conditions shall have been met:

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

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

(c) a certificate shall have been received from an Independent Airport Consultant, certifying that, in each calendar year during the five-year period commencing after the calendar year in which such transfer occurs, Revenues together with any cash balance held in the Revenue Fund on the first day of such calendar year not then required to be deposited in any Fund or Account (or sub-account thereof) other than the Revenue Fund, and investment earnings for each such calendar year on moneys held in the funds and accounts held pursuant to the Senior Lien Indenture to the extent that such earnings are not required hereby to be transferred to any Construction Fund, shall equal an amount not less than the amount required to satisfy the rate covenant set forth in the Master Indenture; provided that for purposes of the certificate "150%" shall be substituted for "125%" and "110%" in such rate covenant (See "SECURITY FOR THE BONDS-Rate Covenant");

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

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

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

(g) written consent to such transfer shall have been received from the Chicago/Gary Regional Airport Authority pursuant to Section 10-20 of the Compact between the City and the City of Gary dated April 15, 1995 Relating to the Establishment of the Chicago/Gary Regional Airport Authority; and

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

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

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

Term

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

Cost Centers

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

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

Leased Premises; Gate Management Provisions

Premises within the Terminal Area are either leased to the Signatory Airlines or retained by the City as City-Controlled Facilities. The City has the right, under certain circumstances, to impose shared use or temporary use arrangements on all or any designated portion of a Signatory Airline's Leased Premises to accommodate new or expanding carriers. The City, at its discretion, may also use any City-Controlled Facilities to accommodate the space requirements of Signatory Airlines or Non-Signatory

Airlines. The Airport Use Agreements refer to whichever of the premises a Signatory Airline is leasing at any given time as the Signatory Airline's "*Leased Premises*."

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

Airline Fees and Charges

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

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

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

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

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

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

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

Deposits to the Airport Development Fund

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

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

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

Non-Signatory Fees and Charges

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

Security Deposits

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

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

General Commitment to Pay Airline Fees and Charges

The Airport Use Agreements provide that the aggregate of Airline Fees and Charges payable by all Signatory Airlines, together with Non-Airline Revenues and amounts paid from the Airport Development Fund as described above under the caption "*–Airport Development Fund*" for each Fiscal Year shall be sufficient to pay for the cost of operating, maintaining and improving the Airport, and to satisfy all of the City's obligations to make all deposits and payments under the Airport Use Agreements and any Bond Ordinance (including the Senior Lien Indenture).

Billing of Airline Fees and Charges

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

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

No Abatement or Suspension of Payment

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

Grant of Rights; Obligations of City and Signatory Airlines

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

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

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

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

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

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

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

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

Additional Capital Projects

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

The City may issue obligations (other than "Bonds" (as defined in the Airport Use Agreements)) and use the proceeds thereof to fund the cost of additional capital projects at the Airport or any other airports operated by the City without the consent of the Signatory Airlines or a Majority-in-Interest so long as the debt service thereon is not included in the calculation of Airline Fees and Charges. In addition, the City may fund the costs of additional capital projects at the Airport or any other airports owned, operated or controlled by the City from other sources available for such purpose, including: (1) amounts in the Repair and Replacement Fund and Emergency Reserve Fund (subject to limitations contained in the Airport Use Agreements); (2) amounts in the Airport Development Fund, or any other fund created pursuant to a Bond Ordinance; (3) government grants-in-aid; (4) proceeds of any gift, bequest, contribution or donation to the Airport, including any funds provided by an airline doing business at the Airport; (5) proceeds of any insurance or condemnation award subject to any restrictions on the use of such proceeds set forth in the Airport Use Agreements; and (6) proceeds of any Passenger Facility Charge, subject to the restrictions on the use of Passenger Facility Charge revenue noted above.

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

Default and Termination

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

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

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

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

Assignment, Sublease and Other Transfers

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

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

If any Transfer shall occur, whether or not prohibited by any provision of the Airport Use Agreement, the City may collect Airline Fees and Charges from any assignee, sublessee or other transferee of a Signatory Airline and in such event shall apply the net amount collected to the Airline Fees and Charges payable by the Signatory Airline under its Airport Use Agreement without such action by the City releasing the Signatory Airline from its Airport Use Agreement or any of its obligations under its Airport Use Agreement.

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

Change of Lease Term

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

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

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

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

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

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

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

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

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

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

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

APPENDIX D

AUDITED FINANCIAL STATEMENTS

City of Chicago, Illinois Chicago Midway International Airport

Basic Financial Statements as of and for the Year Ended December 31, 2022, Required Supplementary Information, Additional Supplementary Information, Statistical Information, and Independent Auditor's Report

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

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CITY OF CHICAGO, ILLINOIS
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INDEPENDENT AUDITOR'S REPORT

To the Honorable Brandon Johnson, Mayor
and Members of the City Council
City of Chicago, Illinois

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Chicago Midway International Airport (the "Airport"), an enterprise fund of the City of Chicago, Illinois (the "City"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Airport's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Chicago Midway International Airport as of December 31, 2022, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Airport, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matters

As discussed in Note 1, the basic financial statements present only Chicago Midway International Airport, an enterprise fund of the City, and do not purport to, and do not, present fairly the financial position of the City as of December 31, 2022, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 1, the Airport presented its financial statements to reflect the effects of the adoption of Governmental Accounting Standards Board Statement No. 87, *Leases*, on January 1, 2022. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Airport's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Schedule of Changes in the Net Pension Liability and Related Ratios, and the Schedule of Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Airport's basic financial statements. The additional supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual financial report. The other information comprises the statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Deloitte & Touche LLP

June 30, 2023

This following discussion and analysis of the Chicago Midway International Airport's (the "Airport" or "Midway") performance provides an introduction and overview of the Airport's financial activities for the year ended December 31, 2022. Please read this discussion in conjunction with the Airport's basic financial statements and the notes to basic financial statements following this section.

FINANCIAL HIGHLIGHTS

- Operating revenues for 2022 increased by $11,596 compared to 2021 operating revenue primarily due to a significant increase in leisure passenger traffic and terminal rental revenues and concessions, primarily parking revenues, due to the ongoing recovery from the impacts of the COVID-19 pandemic in previous years.

- Operating expenses before depreciation and amortization for 2022 decreased by $3,535 compared to 2021 due to a decrease in other operating expenses of $20,316 due to reductions in vehicle purchases and COVID relief grant expenses related to concessions, offset by an increase in pension expense of $8,408 primarily due to the composition of amounts being amortized from deferred inflows and outflows related to prior assumptions changes and differences between projected and actual earnings on pension plan investments, an increase in salary expense of $2,657 due to contractual increases and fringe benefit costs, and repairs and maintenance of $4,214 due to the increase in vendor costs based on economic impact.

- The Airport's total net deficit at December 31, 2022, was ($344,181), which was an increase of $3,663 compared to total net deficit at December 31, 2021, which was ($340,518), primarily due to a decrease in investment income of $14,025 due to recognized fair market value changes on December 31, 2022, offset by a decrease in operating expenses before depreciation and amortization of $3,535 due to grant expenses related to COVID-19 relief funds applied as concessions relief in 2021, which was zero in 2022 and reduction in bad debt expenses, an increase in Passenger and Customer Facility Charges ("PFC" and "CFC") of $8,298 and $884, respectively; increase in rents and concessions of $12,421 as leisure passenger activity continued to increase in 2022 as the Airport was recovering from the impact of the COVID-19 pandemic on travel.

- Capital asset additions for 2022 were $12,135, which was a decrease of $4,979 compared to 2021, primarily due a reduction of major capital projects work as a majority of Midway Modernization Program ("MMP") was primarily completed in 2021. Remaining projects in the MMP are related to the modernization of the concession areas. Completed projects totaling $18,774 were transferred from construction in progress to applicable buildings and other facilities.

- During 2022, the Airport implemented GASB Statement No. 87, *Leases* ("GASB 87"). Due to this implementation, the Airport had a right to use asset of $127 and Lease Receivable of $212,220, Lease Payable of $126 and Deferred Inflows of Resources for Leases of $211,012 related to the lessor and lessee activity of the Airport as of December 31, 2022.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Airport's basic financial statements. The Airport is included in the City of Chicago, Illinois' (the "City") reporting entity as an enterprise fund. The Airport's basic financial statements are composed of 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 (Deficit) Position present all of the Airport's assets, deferred outflows, liabilities, and deferred inflows using the accrual basis of accounting. The difference between assets and deferred outflows and liabilities and deferred inflows is reported as net (deficit) position. The increase or decrease in net (deficit) 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 the overall financial position and health of the Airport.

The Statements of Revenues, Expenses, and Changes in Net (Deficit) Position present all current fiscal year revenues and expenses, regardless of when cash is received or paid, and the ensuing change in net (deficit) position.

The Statements of Cash Flows report how cash and cash equivalents are provided and used by the Airport's operating, capital financing, noncapital financing and investing activities. These statements present the cash received and disbursed, the net increase or decrease in cash and cash equivalents for the year and the cash and cash equivalents balance at year-end.

The Notes to Basic Financial Statements are an integral part of the basic financial statements; accordingly, such disclosures are essential to a full understanding of the information provided in the basic financial statements.

The Required Supplementary Information section presents the schedule of changes in the net pension liability and related ratios and the schedule of contributions.

In addition to the basic financial statements, this report includes the Additional Supplementary and Statistical Information. The Additional Supplementary Information section presents debt service coverage calculations and the Statistical Information section includes certain information related to the Airport's historical financial and non-financial operating results and capital activities.

FINANCIAL ANALYSIS

Landing fees and terminal area use charges and fueling system charges are assessed to the various airlines throughout each year based on estimated rates. Such rates are designed to yield collections from airlines adequate to cover certain operating expenses and required debt service and fund deposits as determined under provisions of the Airport Use Agreement and Facilities Lease ("Use Agreement"). 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. The termination date of the Use Agreement is December 31, 2027.

At December 31, 2022, the Airport's financial position included total assets and deferred outflows of $1,990,097, total liabilities and deferred inflows of $2,334,278, and net (deficit) position of $344,181. A comparative condensed summary of the Airport's net deficit at December 31, 2022 and 2021, is as follows:

	Net (Deficit) Position	
	2022	**2021**
Current unrestricted assets	$ 119,786	$ 96,140
Restricted and other assets—noncurrent	591,794	413,775
Capital assets—net	1,229,867	1,275,163
Total assets	1,941,447	1,785,078
Deferred outflows	48,650	65,763
Total assets and deferred outflows	1,990,097	1,850,841
Current unrestricted liabilities	58,870	50,665
Liabilities payable from restricted assets and noncurrent liabilities	2,030,855	2,122,496
Total liabilities	2,089,725	2,173,161
Deferred inflows	33,541	18,198
Deferred inflows of resources for leases	211,012	-
Total liabilities and deferred inflows	2,334,278	2,191,359
Net position:		
Net investment in capital assets	(160,863)	(111,146)
Restricted	149,693	89,541
Unrestricted	(333,011)	(318,913)
Total net deficit	$ (344,181)	$ (340,518)

Current unrestricted assets increased by $23,646 (24.6%) primarily due to an increase in cash and cash equivalents as a result of increases in the activity in aeronautical and non-aeronautical revenues as economic recovery continued during 2022, as well as the increase in lease receivables of $19,169 due to the implementation of GASB 87, offset by a decrease in accounts receivable and accrued revenues due to stronger collections from airlines and concessionaires. The Airport's current ratio (current unrestricted assets/current unrestricted liabilities) at December 31, 2022, was 2.03:1. Noncurrent restricted and other assets increased by $178,019 (43.0%) mainly due to the implementation of GASB 87 for lessors, based on concessionaire contracts at the Airport. Net capital assets decreased by $45,296 (3.6%) due primarily depreciation expense of $57,345, offset by the increase in capital additions of $12,049 from the MMP and other capital improvement projects.

The increase in current liabilities of $8,205 (16.2%) is primarily due to an increase Due to other City Funds of $10,553 (50.5%) due to timing differences in amounts due to Governmental Funds for shared services, offset by a decrease in accounts payable and accrued liabilities of $2,725 (9.3%) as the Airport implemented measures to pay invoices promptly. Liabilities payable from restricted assets and noncurrent liabilities decreased by $91,641 (4.3%) in 2022 mainly due to a decrease in revenue bonds payable from restricted funds of $71,857 (4.4%) as no new long-term bonds were issued during 2022 and a reduction in derivatives of $15,534 (73.2%) as the derivatives market recovered, and a decrease in net pension liability of $3,554 (0.9%) compared to 2021 primarily as a result of adjustments in the discount rate and a lower allocation of pension costs for certain pension funds to the Airport.

Deferred outflows decreased by $17,113 (26.0%) and deferred inflows related to pensions increased by $15,343 (84.3%) during 2022 due to the difference between changes in actuarial assumptions from the prior year. In addition, due to the implementation of GASB 87, deferred inflows related to contracts where the Airport is a lessor was $211,012 as of December 31, 2022.

A comparative condensed summary of the Airport's changes in net (deficit) position for the years ended December 31, 2022 and 2021 is as follows (dollars in thousands):

	Changes in Net (Deficit) Position	
	2022	**2021**
Operating revenues:		
Landing fees and terminal area use charges	$ 137,226	$ 138,052
Rents, concessions and other	95,198	82,776
Total operating revenues	232,424	220,828
Operating expenses:		
Salaries and wages	60,146	57,489
Pension expense	35,852	27,444
Repairs and maintenance	53,124	48,910
Professional and engineering	23,535	22,033
Other operating expenses	13,107	33,423
Depreciation and amortization	57,345	52,636
Total operating expenses	243,109	241,935
Operating income(loss)	(10,685)	(21,107)
Nonoperating revenue (expenses):		
Passenger facility charge revenue	36,566	28,268
Customer facility charge revenue	5,696	4,812
Lease Interest income (expenses)	7,710	-
Noise mitigation	(865)	(619)
Investment income (loss)	(17,365)	(3,340)
Interest expense	(68,205)	(67,608)
Grant revenues	36,603	36,574
Total nonoperating revenues (expenses)	140	(1,913)
(Loss) before capital grants	(10,545)	(23,020)
Capital grants	6,882	5,757
Change in net (deficit) position	(3,663)	(17,263)
Net (deficit) position beginning of year	(340,518)	(323,255)
Net (deficit) position end of year	$ (344,181)	$ (340,518)

Landing fees and terminal area use charges for the years 2022 and 2021 were $137,226 and $138,052, respectively. Rents, concessions, and other revenues for the years 2022 and 2021 were $95,198 and $82,776, respectively. The increase in 2022 operating revenues from 2021 of $11,596 (5.3%) was due to an increase in rents and other concession revenue, including parking, of $12,422 (15.0%) due to an increase in activity of aircraft operations and passenger activity as the Airport continued to recover from the impacts of COVID-19 on travel. Salaries and wages increased by $2,657 (4.6%) in 2022 as compared to 2021 due to annual contractual salary increases and centralized support staff costs. Repairs and maintenance increased by $4,214 (8.6%) due to an increase in activity and increase in costs due to economic impacts. Other operating expenses decreased by $20,316 (60.8%) due to a reduction in vehicle purchases, grant expenses related to COVID-19 relief for concessions, and a reduction in bad debt expense.

Pension expense increased by $8,408 (30.6%) from $27,444 in 2021 to $35,852 in 2022 as a result of composition of amounts being amortized from deferred inflows and outflows related to prior assumptions changes and differences between projected and actual earnings on pension plan investments. During 2022, the Airport made cash contributions of $24,179 toward the pension plans.

The 2022 nonoperating revenues of $86,575 are comprised of PFC revenues of $36,566, CFC revenues of $5,696, GASB 87 Interest Income of $7,710 and COVID Relief Grants of $36,603. During 2022, nonoperating revenues increased by $16,921 primarily due to the increase in the recognition interest income on concessions lease agreements due to the implementation of GASB 87 of $7,710 and an increase in PFC and CFC collections of $8,298 and $884, respectively as the Airport continued to recover from the impacts of the COVID-19 pandemic on travel and tourism.

Nonoperating expenses of $86,435 and $71,567 for the years 2022 and 2021, respectively, were primarily comprised of bond interest expense and an increase in investment loss due to recognized investment losses that have impacted the U.S. and Global markets.

Capital grants increased $1,125 in 2022 primarily due to the increase of capital grant revenues earned during 2022 for Airport Improvement Grants (AIP) grant reimbursements.

A comparative summary of the Airport’s cash flows for the years ended December 31, 2022 and 2021 is as follows:

	Cash Flows	
	2022	**2021**
Cash provided by (used in) activities:		
Operating	$ 64,244	$ 38,395
Capital and related financing	(76,466)	(120,991)
Noncapital financing	38,111	45,714
Investing	(3,193)	(12,128)
Net change in cash and cash equivalents	22,696	(49,010)
Cash and cash equivalents:		
Beginning of year	151,544	200,554
End of year	$ 174,240	$ 151,544

As of December 31, 2022, the Airport’s cash and cash equivalents of $174,240 increased by $22,696 as compared to $151,544 at December 31, 2021 due to an increase of operating activities of $25,849 as accrued revenues for 2021 were paid by the airlines during 2022 and revenues continued to recover from the impacts of the COVID-19 pandemic, investing of $8,935 and capital and related financing of $17,497 related to the reduction of construction spend as the expansion of the passenger security checkpoint and enhancements to the parking garage included in the Midway Modernization Program, were completed in

2022; offset by a decrease in noncapital financing activities of $7,603 during 2022. Total cash and cash equivalents at December 31, 2022, were comprised of unrestricted and restricted cash and cash equivalents of $51,574 and $122,666, respectively.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of 2022 and 2021, the Airport had invested $1,229,867 and $1,275,163, respectively, in net capital assets. During 2022, the Airport had additions of $12,135 related to capital activities. Construction projects include runway rehabilitation, passenger security checkpoint expansion and terminal garage enhancements.

During 2022, completed projects totaling $18,774 were transferred from construction in progress to applicable buildings and other facilities capital account. These major completed projects were related to building security, runway and taxi improvements and parking enhancements.

The Airport's capital assets at December 31, 2022 and 2021, are summarized as follows:

	Capital Assets at Year-End	
	2022	**2021**
Capital assets not depreciated:		
Land	$ 116,798	$ 116,712
Construction in progress	10,367	17,092
Total capital assets not depreciated	127,165	133,804
Capital assets depreciated:		
Buildings and other facilities	2,033,815	2,015,127
Less accumulated depreciation for:		
Buildings and other facilities	(931,113)	(873,768)
Total capital assets depreciated—net	1,102,702	1,141,359
Total property and facilities—net	$ 1,229,867	$ 1,275,163

The Airport's capital activities are funded through Airport revenue bonds, federal and state grants, PFC and CFC revenue. Additional information on the Airport's capital assets is presented in Note 5 of the notes to the basic financial statements.

The Airport's outstanding debt at December 31, 2022 and 2021, is summarized as follows (dollars in thousands):

	Outstanding Debt at Year-End	
	2022	**2021**
Revenue bonds and notes	$ 1,539,160	$ 1,594,952
Unamortized:		
Bond premium (discount)	72,704	80,449
Total revenue bonds payable—net of unamortized premium discount	1,611,864	1,675,401
Current bonds payable	(68,460)	(60,140)
Total long-term revenue bonds and notes payable—net	$ 1,543,404	$ 1,615,261

Additional information on the Airport's long-term debt is presented in Note 4 of the notes to basic financial statements and in the Statistical Information section of this report.

The Airport's revenue bonds at December 31, 2022, had credit ratings with each of the four major rating agencies as follows:

	Moody's Investor Services	**Standard & Poor's**	**Fitch Ratings**	**Kroll Ratings**
First Lien Chicago Midway Revenue Bonds	A2	A-	NR	NR
Second Lien Chicago Midway Revenue Bonds	A3	A-	A	A

At December 31, 2022, 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

The airlines using the Airport generally provide low fare, point-to-point origination and destination passenger service. Southwest Airlines accounted for 89.4% and 93.3% during 2022 and 2021, respectively, of total enplanements at the Airport.

Based on the Airport's rates and charges for 2023, total budgeted Operating and Maintenance Expenses are projected at $202,174 and total net debt service and fund deposit requirements are projected at $101,679. Additionally, 2023 nonairline and nonsignatory revenues are budgeted for $87,526, resulting in a net airline requirement of $216,327 that will be funded through landing fees, terminal area use charges, and fueling system charges.

REQUESTS FOR INFORMATION

This financial report is designed to provide the reader with a general overview of the Airport's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Chicago Department of Finance.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

STATEMENT OF NET (DEFICIT) POSITION
AS OF DECEMBER 31, 2022
($ in thousands)

ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents (Note 2)	$ 51,574
Cash and cash equivalents—restricted (Note 2)	106,307
Investments (Note 2)	11,026
Accounts receivable—net of allowance for doubtful accounts of approximately $1,038	11,236
Amounts to be billed	9,675
Due from other City funds	6,589
Prepaid expenses	721
Due from other governments	9,450
Interest receivable	346
Lease receivable (Note 6)	19,169
Total current assets	226,093
NONCURRENT ASSETS:	
Cash and cash equivalents (Note 2)—restricted	16,359
Investments (Note 2)—restricted	268,215
Lease receivable (Note 6)	193,051
Right of use lease asset—net (Note 5)	127
Due from other governments—restricted	3,760
Passenger facility charges and other receivables—restricted	2,570
Interest receivable—restricted	934
Prepaid expenses	54
Other assets	417
Property and facilities (Note 5):	
Land	116,798
Buildings and other facilities	2,033,815
Construction in progress	10,367
Total property and facilities	2,160,980
Less accumulated depreciation	(931,113)
Property and facilities—net	1,229,867
Total noncurrent assets	1,715,354
Total assets	1,941,447
DEFERRED OUTFLOWS (Note 10)	48,650
TOTAL ASSETS AND DEFERRED OUTFLOWS	$1,990,097

LIABILITIES	
CURRENT LIABILITIES:	
Accounts payable and accrued liabilities	$ 26,454
Due to other City funds	31,448
Advances for terminal and hangar rent	823
Billings over amounts earned	105
Lease liability (Note 6)	40
Liabilities payable from restricted assets:	
Accounts payable	5,056
Due to other City funds	-
Interest payable	32,791
Current portion of revenue bond payable (Note 4)	68,460
Total current liabilities	165,177
NONCURRENT LIABILITIES:	
Revenue bonds payable—net of current maturities (Note 4)	1,543,404
Net pension liability (Note 7)	373,406
Derivative instrument (Note 4)	5,698
Performance deposits	1,954
Lease liability (Note 6)	86
Total noncurrent liabilities	1,924,548
Total liabilities	2,089,725
DEFERRED INFLOWS (Note 10)	33,541
DEFERRED INFLOWS OF RESOURCES FOR LEASES (Note 10)	211,012
NET POSITION (Note 1):	
Net investment in capital assets (deficit)	(160,863)
Restricted net position:	
Debt service	63,743
Capital projects	20,481
Passenger facility charges	4,413
Airport use agreement	39,171
Customer facility charges	12,188
Other assets	9,697
Total restricted net position	149,693
Unrestricted net (deficit)	(333,011)
Total net (deficit)	(344,181)
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET (DEFICIT)	$1,990,097

See notes to basic financial statements.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET (DEFICIT)
FOR THE YEAR ENDED DECEMBER 31, 2022
($ in thousands)

OPERATING REVENUES:	
Landing fees and terminal area use (Note 6)	$ 137,226
Rents, concessions and other (Note 6)	95,198
Total operating revenues	232,424
OPERATING EXPENSES:	
Salaries and wages	60,146
Pension expense (Note 7)	35,852
Repairs and maintenance	53,124
Professional and engineering services	23,535
Other operating expenses	13,107
Total operating expenses before depreciation and amortization	185,764
Depreciation and amortization	57,345
Total operating expenses	243,109
OPERATING (LOSS)	(10,685)
NONOPERATING REVENUES (EXPENSES):	
Passenger facility charges revenues	36,566
Customer facility charges revenues	5,696
Investment loss	(17,365)
Interest expense (Note 4)	(68,205)
Noise mitigation costs	(865)
Grant revenues (Note 1)	36,603
Lease Interest income (expenses)	7,710
Total nonoperating revenues (expenses)	140
CHANGE IN NET (DEFICIT) POSITION BEFORE CAPITAL GRANTS	(10,545)
CAPITAL GRANTS	6,882
CHANGE IN NET (DEFICIT) POSITION	(3,663)
TOTAL NET (DEFICIT) —Beginning of year	(340,518)
TOTAL NET (DEFICIT) —End of year	$ (344,181)

See notes to basic financial statements.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022
($ in thousands)

CASH FLOWS FROM OPERATING ACTIVITIES:	
Landing fees and terminal area use charges	$ 147,551
Rents, concessions and other	93,094
Payments to vendors	(125,233)
Payments to employees	(53,269)
Transactions with other City funds (used in) provided by	(1,552)
Transactions with other City funds provided by	3,653
Cash flows provided by operating activities	64,244
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Proceeds from issuance of commercial paper	4,348
Principal paid on bonds	(60,140)
Interest paid	(74,931)
Interest income from leases	7,710
Principal received from leases	19,318
Acquisition and construction of capital assets	(20,029)
Grant receipts	5,382
Passenger Facility Charges revenues	36,222
Customer Facility Charges revenues	5,654
Cash flows used in capital and related financing activities	(76,466)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Proceeds from COVID-19 Relief Funding	38,976
Cash paid for noise mitigation program	(865)
Cash flows provided by noncapital financing activities	38,111
CASH FLOWS FROM INVESTING ACTIVITIES:	
Sale (purchases) of investments—net	(7,113)
Investment interest	3,920
Cash flows used in investing activities	(3,193)
NET CHANGE IN CASH AND CASH EQUIVALENTS	22,696
CASH AND CASH EQUIVALENTS—Beginning of year	151,544
CASH AND CASH EQUIVALENTS—End of year	$ 174,240

(Continued)

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022
($ in thousands)

RECONCILIATION OF CASH AND CASH EQUIVALENTS REPORTED ON THE STATEMENTS OF NET POSITION:	
Unrestricted	$ 51,574
Restricted:	
Current	106,307
Noncurrent	16,359
TOTAL	$ 174,240
RECONCILIATION OF OPERATING LOSS TO CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating loss	$ (10,685)
Adjustments to reconcile operating loss to cash flows from operating activities:	
Depreciation and amortization	57,345
Provision for uncollectible accounts	(3,043)
Changes in assets and liabilities:	
Accounts receivable	10,009
Due from other City funds	(1,551)
Prepaid expenses	(197)
Due to other City funds	10,147
Amounts to be billed	13,461
Deferred inflows	(8,854)
Billings over amounts earned	104
Advances for terminal and hangar rent	233
Accounts payable and accrued liabilities	(2,725)
CASH FLOWS FROM OPERATING ACTIVITIES	$ 64,244

SUPPLEMENTAL DISCLOSURE OF NONCASH ITEMS—Property additions in 2022 of $3,487 are included in accounts payable.

The fair value adjustments (loss) to investments for 2022 were ($26,371)

See notes to basic financial statements. (Concluded)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization—Chicago Midway International Airport (the "Airport" or "Midway") is operated by the City of Chicago, Illinois (the "City") Department of Aviation. The Airport is included in the City's reporting entity as an enterprise fund. The City is a member of the Chicago-Gary Regional Airport Authority, which was created in 1995 to address the air transportation needs of the Chicago-Northwest Indiana Region. The Airport operated subject to the provisions of the Airport Use Agreement and Facilities Lease ("Use Agreement") commencing January 1, 2013, which is a residual Use Agreement that is scheduled to terminate on December 31, 2027.

Basis of Accounting and Measurement Focus—The accounting policies of the Airport are based upon accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board ("GASB"). The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The accounts of the Airport are reported using the flow of economic resources measurement focus.

The Airport uses the accrual basis of accounting, under which revenues are recognized when earned and expenses are recognized when incurred.

Annual Appropriated Budget—The Airport has a legally adopted annual budget, which is not required to be reported.

Management's Use of Estimates—The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, and deferred inflows 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 and state savings and loan associations, located within the City, whose deposits are federally insured.

Investments are limited to those authorized by the Code. Investments authorized by the Code include, but are not limited to, interest-bearing general obligations of the City, the State of Illinois (the "State"), and the U.S. government; U.S. Treasury bills and other non-interest-bearing general obligations of the U.S. government purchased in the open market below face value; domestic money market mutual funds regulated by, and in good standing with, the Securities and Exchange Commission; and tax anticipation warrants issued by the City (see Note 2). The City is prohibited by ordinance from investing in derivative instruments, 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.

Repurchase agreements can be purchased only from banks and certain other institutions authorized to do business in the State. The City Treasurer requires that securities pledged to secure these agreements have a fair value equal to the cost of the repurchase agreements plus accrued interest.

Investments generally may 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 applicable bond ordinances.

Cash equivalents include certificates of deposit and other investments with maturities of three months or less when purchased.

Accounts Receivable Allowance—Management has provided an allowance based on amounts recorded at year-end, which may be uncollectible.

Due from Other Governments—These are receivables due from federal and state agencies, related to grants receivable. These funds are for reimbursement of capital improvements under the Airport Improvement Program.

Transactions with the City—The City's general fund provides services to the Airport. The amounts allocated to the Airport for these services are treated as operating expenses and consist mainly of employee benefits, self-insured risks, and administrative expenses.

Property and Facilities—Property and facilities are recorded at cost or, for donated assets, donated works of art and similar items, and capital assets received in a consortium arrangement at acquisition value. Expenditures greater than $5,000 for the acquisition, construction, or equipping of capital projects, together with related design, architectural, and engineering fees, are capitalized. Expenditures for vehicles and other movable equipment are expensed as incurred.

Depreciation and amortization are provided using the straight-line method and begin in the year following the year of acquisition or completion. Estimated useful lives are as follows:

Facilities and structures	40 years
Runways, aprons, tunnels, taxiways, and paved roads	30 years
Other	10–30 years

Deferred Outflows—Deferred outflows represent the unamortized loss on bond refundings, the changes in fair value of hedging derivative instruments and differences between estimated and actual investment earnings related to pensions, and changes in actuarial assumptions related to pensions.

Debt—Debt is defined as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. For disclosure purposes, debt does not include leases, except for contracts reported as financed purchase of the underlying asset, or accounts payable.

Deferred Inflows—Deferred inflows represent the differences between projected and actual actuarial experience and changes in assumptions related to pensions. Deferred inflows of resources for leases represents the resources related to the lease arrangements that will be recognized as revenue in future years over the terms of the leases between the City and the lessors.

Net (Deficit) Position—Net (deficit) position comprises the net earnings from operating and nonoperating revenues, expenses, and capital grants. Net (deficit) position is displayed in three components—net investment in capital assets; restricted for debt service, capital projects, PFC, Airport Use Agreement requirements, CFC, and other assets; and unrestricted. Net investment in capital assets consists of all capital assets, net of accumulated depreciation, reduced by outstanding debt net of debt service reserve, and unspent construction funds. Restricted net (deficit) position consists of net (deficit) position for which constraints are placed thereon by external parties (such as lenders and grantors) and 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. Unused vacation leave is accrued and may be carried over for up to one year. Sick leave is accumulated at the rate of one day for each month worked, up to a maximum of 200 days. Severance of employment terminates all rights to receive compensation for any unused sick leave. Sick leave pay is not accrued. Employee benefit claims outstanding, including claims incurred but not reported, are estimated and recorded as liabilities. The Airport maintains insurance from a commercial carrier for workers' compensation claims. Settlements in each of the past three 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 Sections 457 and 401(a). The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Third-party administrators who maintain the investment portfolio administer the Plan. The plan's assets have been placed in trust accounts with the plan administrators for the exclusive benefit of participants and their beneficiaries and are not considered assets of the City.

The City is subject to the State of Illinois Unemployment Compensation Act and has elected the reimbursing employer option for providing unemployment insurance benefits for eligible former employees. Under this option, the City reimburses the State for claims paid by the State.

Bond Insurance Costs, and Bond Premiums, and Discounts—Bond insurance costs and bond premiums and discounts are deferred and amortized over the term of the related debt. Other debt issuance costs are expensed in the period incurred.

Capitalized Interest—Interest expense on construction bond proceeds are expensed as incurred.

Capital Grants—The Airport reports capital grants on the statements of revenues, expenses, and changes in net (deficit) position. Capital grants are on a reimbursement basis and revenues are recognized when associated capital expenditures become eligible and are spent for grant reimbursement.

Noise Mitigation Costs—Funds expended for the Noise Mitigation Program are recorded as nonoperating expenses in the period they are incurred.

Revenue Recognition—Revenues from landing fees, terminal area use charges, fueling system charges, parking revenue, and concessions are reported as operating revenues. The Airport adheres to the guidelines outlined in the FAA revenue use policy. Landing fees and terminal area use charges and fueling system charges are assessed to the various airlines throughout each 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 previously defined Use Agreement. 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 (PFC) Revenue—The Airport imposed PFC of $4.50 per eligible enplaned passenger for the year ended December 31, 2022. PFCs are available, subject to Federal Aviation Administration regulation and approval, to finance specific eligible capital projects. The City reports PFC revenue as nonoperating revenue and related noncapital expenses as nonoperating expenses in conformity with industry practice.

Customer Facility Charge (CFC) Revenue—The Airport imposed a CFC of $4.75 per contract day on each customer for motor vehicle rentals at the Airport for the year ended December 31, 2022. CFCs are available to finance-specific eligible capital projects. The City reports CFC revenue as nonoperating revenue and related noncapital expenses as nonoperating expenses in conformity with industry practice.

Grants and Federal Reimbursements—Grants and Federal reimbursements are recorded as revenue in the accounting period in which eligibility requirements have been met to receive reimbursement of federal funds.

The Coronavirus Response and Relief Supplemental Appropriations (“CRRSA”) and American Rescue Plan (“ARP”) Acts funds approved by the United States Congress and signed by the President in 2021, are actions to address the crisis created by the COVID-19 pandemic and includes among its relief measures direct aid for airports (collectively, the COVID-19 Relief Funds). The Airport was eligible to receive $62.8 million of ARP Act funds and drew down $8.2 million of cash in 2021 and $36.8 million in 2022; $2.2 million of CRRSA Act funds allocated to Concessions Relief and drew down the entire amount in 2022 and $8.6 million of ARP Act funds allocated to Concessions Relief during 2021, which will be drawn down in the future. The COVID-19 Relief Funds allow airports to request reimbursement of any lawful expense. For ease of administration, the Airport requested reimbursement for payroll and anticipates doing so beyond 2022.

Leases—The Airport follows GASB 87 which defines the Airport’s leasing arrangement as the right to use an underlying asset as a lessor or lessee.

As lessee, the Airport recognizes a lease liability and an intangible right of use lease asset at the beginning of a lease unless the lease is considered a short-term lease or transfers ownership of the underlying asset. As there is no implicit rate per the lease agreements, the right of use lease assets are measured based on the net present value of the future lease payments at inception using the incremental borrowing rate. Remeasurement of a lease liability occurs when there is a change in the lease term and/or other changes that are likely to have a significant impact on the lease liability. The Airport calculates the amortization of the discount on the lease liability and reports that amount as outflows of resources. Payments are allocated first to accrued interest liability and then to the lease liability.

As a lessee or lessor, the Airport does not consider variable lease payments in the lease liability and lease receivable calculations. They are recognized as outflows of resources in the period in which the obligation was incurred.

For lease contracts that are short-term, the Airport recognizes short-term lease payments as inflows of resources (revenues) based on the payment provisions of the lease contract. Liabilities are only recognized if payments are received in advance, and receivables are only recognized if payments are received subsequent to the reporting period.

As lessor, the Airport recognizes a lease receivable. The lease receivable is measured using the net present value of future lease payments to be received for the lease term and deferred inflow of resources at the beginning of the lease term. Periodic payments are reflected as a reduction of the discounted lease receivable and as interest revenue for that period. Deferred inflows of resources are recognized as inflows on a straight-line basis over the term of the lease.

Re-measurement of lease receivables occur when there are modifications including, but not limited to, changes in the contract price, lease term and adding or removing an underlying asset to the lease agreements. In the case of a partial or full lease termination, the carrying value of the lease receivable and the related deferred inflow of resources will be reduced and will include a gain or loss for the difference.

Expenses—Salaries and wages, repair and maintenance, pension expense, professional and engineering services, and other expenses that relate to Airport operations are reported as operating expenses. Interest expense, financing costs, and noise mitigation costs are reported as nonoperating expenses.

Adopted and Upcoming Accounting Standards

GASB Statement	Impact
GASB Statement No. 87, *Leases* (“GASB 87”)	This statement will better meet the information needs of financial statement users by improving accounting and financial reporting for leases. The statement introduces a single lease model that defines a lease as a contract that conveys control of the right to use another entity’s nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. A lessor recognizes a lease receivable and a deferred inflow of resources, and a lessee recognizes a lease payable and an intangible right-to-use lease asset. The Airport adopted GASB 87 as of January 1, 2022. The adoption of GASB 87 resulted in a right-to-use asset, leases payable, leases receivable, and deferred inflows of resources. Right-to-use assets and leases payable were $165, whereas leases receivable and deferred inflows of resources were $231,539 on January 1, 2022. The adoption of GASB 87 had no impact on the beginning net position.
GASB Statement No. 91, Conduit Debt Obligations (“GASB 91”)	Establishes a single method of reporting conduit debt obligations by issuers and clarifies associated accounting requirements. The Airport adopted GASB 91 as of and for the year ended December 31, 2022.

GASB Statement	Impact
	There was no material impact to the basic financial statements upon adoption.
GASB Statement No. 93, Replacement of Interbank Offered Rates ("GASB 93")—Remaining provisions	Addresses accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR). The Airport adopted GASB 93 as of and for the year ended December 31, 2022. There was no material impact to the basic financial statements upon adoption.
GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* ("GASB 97")—Remaining provisions	Requires that a Section 457 plan be classified as either a pension plan or another employee benefit plan depending on whether the plan meets the definition of a pension plan. The Airport adopted the remaining provisions of GASB 97 as of and for the year ended December 31, 2022. There was no material impact to the basic financial statements upon adoption.

Upcoming Accounting Standards—GASB has issued the following pronouncements that may affect the future financial position, results of operations, cash flows, or financial presentation of the Airport upon implementation. Management has not yet evaluated the effect of implementation of these standards.

GASB Accounting Standard	Required Year of Adoption
GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* ("GASB 94")	2023
GASB Statement No. 96, *Subscription-based Information Technology Arrangements* ("GASB 96")	2023
GASB Statement No. 99, *Omnibus 2022* ("GASB 99")—Remaining provisions	2023 & 2024
GASB Statement No. 100, *Accounting Changes and Error Corrections—An Amendment of GASB Statement No. 62* ("GASB 100")	2024
GASB Statement No. 101, *Compensated Absences* ("GASB 101")	2024

2. RESTRICTED AND UNRESTRICTED CASH EQUIVALENTS AND INVESTMENTS

Cash Equivalents and Investments—As of December 31, 2022, the Airport had the following investments (dollars in thousands):

	Maturities (in Years)				
Investment Type	**Less than 1**	**1–5**	**6–10**	**10+**	**Fair Value**
U.S. agencies	$ 16,016	$ 208,702	$ 23,299	$ -	$ 248,017
U.S. treasuries	-	-	-	-	-
Municipal bonds	11,996	23,123	-	-	35,119
Corporate bonds	-	-	-	-	-
Money market funds	167,958	-	-	-	167,958
Certificates of deposits and other short-term	2,121	-	-	-	2,121
Subtotal	$ 198,091	$ 231,825	$ 23,299	$ -	$ 453,215

U.S. agencies include investments in government-sponsored enterprises such as Federal National Mortgage Association, Federal Home Loan Banks, and Federal Home Loan Mortgage Corp.

Investments Fair Value Measurements—The City categorizes the fair value measurements of its investments based the hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation techniques used to measure fair value.

Level 1—Inputs are unadjusted quoted prices in active markets for identical assets

Level 2—Observable inputs other than quoted market prices, and

Level 3—Unobservable Inputs

The investments measured at fair value as of December 31, 2022, were (dollars in thousands):

	Level 1	**Level 2**	**Level 3**
U.S. agencies	$ -	$ 242,054	$ -
Municipal bonds	-	35,119	-
Total investments at fair value	$ -	$ 277,173	$ -

Investments that are valued through other observable inputs (Level 2), are valued using methods that include, but are not limited to, model processes, benchmark curves, benchmarking of like securities, sector groupings, and matrix pricing.

Money market investments and participating interest-earning investment contracts that have a remaining maturity at the time of purchase of one year or less and are held by governments other than the external investment pools are measured at amortized cost and are not reflected in the table above. The total of these investments at amortized cost for Midway is $176.0 million at December 31, 2022.

Interest Rate Risk—As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy requires that investments generally may not have a maturity date in excess of 30 years from the date of purchase. Certain other investments are held in accordance with the specific provisions of applicable ordinances.

Credit Risk—With regard to credit risk, the Code limits the investments in securities to:

(1) Interest-bearing general obligations of the United States and the State of Illinois;

(2) United States treasury bills and other non-interest bearing general obligations of the United States or United States government agencies when offered for sale at a price below the face value of same, so as to afford the City a return on such investment in lieu of interest;

(3) Tax anticipation warrants, municipal bonds, notes, commercial paper or other instruments representing a debt obligation issued by the City of Chicago;

(4) Commercial paper which: (1) at the time of purchase, is rated in the two highest classifications by at least two accredited ratings agencies; and (2) matures not more than 270 days after the date of purchase;

(5) Reverse repurchase agreement if: (1) the term does not exceed 90 days; and (2) the maturity of the investment acquired with the proceeds of the reverse repurchase agreement does not exceed the expiration date of the reverse repurchase agreement; Reverse repurchase agreements may be transacted with primary dealers and financial institutions, provided that the City has on file a master repurchase agreement;

(6) Certificates of deposit of banks or savings and loan associations designated as municipal depositories which are insured by federal deposit insurance; provided that any amount of the deposit in excess of the federal deposit insurance shall be collateralized as noted in Custodial Credit Risk—Cash and Certificates of Deposit below;

(7) Bankers' acceptance of banks whose senior obligations, at the time of purchase, are rated in either the AAA or AA rating categories by at least two accredited ratings agencies;

(8) Tax-exempt securities exempt from federal arbitrage provisions applicable to investments of proceeds of the City's tax-exempt debt obligations;

(9) Domestic money market mutual funds regulated by and in good standing with the Securities and Exchange Commission; provided that such money market mutual funds' portfolios are limited to investments authorized by this section;

(10) Any other suitable investment instrument permitted by state laws governing municipal investments generally, subject to the reasonable exercise of prudence in making investments of public funds;

(11) Except where otherwise restricted or prohibited, a non-interest-bearing savings account, non-interest-bearing checking account or other non-interest bearing demand account established in a national or state bank, or a federal or state savings and loan association, when, in the determination of the treasurer, the placement of such funds in the non-interest bearing account is used as compensating balances to offset fees associated with that account that will result in cost savings to the City;

(12) Bonds of companies organized in the United States with assets exceeding $500 million that, at the time of purchase, are rated not less than two ratings above investment grade, or equivalent rating, by at least two accredited ratings agencies;

(13) Debt instruments of international financial institutions, including but not limited to the World Bank and the International Monetary Fund, that, at the time of purchase, are rated within 4 intermediate credit ratings of the United States sovereign credit rating by at least two accredited ratings agencies, but not less than an A-rating, or equivalent rating. For purposes of this subsection, an "international financial institution" means a financial institution that has been established or chartered by more than one country and the owners or shareholders are generally national governments or other international institutions such as the United Nations;

(14) United States dollar denominated debt instruments of foreign sovereignties that, at the time of purchase, are rated within 4 intermediate credit ratings of the United States sovereign credit rating by at least two accredited ratings agencies, but not less than an A-rating or equivalent rating;

(15) Interest-bearing bonds of any county, township, city, village, incorporated town, municipal corporation, or school district, of the State of Illinois, of any other state, or of any political subdivision or agency of the State of Illinois or of any other state, whether the interest earned thereon is taxable or tax-exempt under federal law. The bonds shall be registered in the name of the city or held under a custodial agreement at a bank. The bonds shall be rated, at the time of purchase, not less than A-, or equivalent rating, by at least two accredited rating agencies with nationally recognized expertise in rating bonds of states and their political subdivisions;

(16) Bonds registered and regulated by the Securities and Exchange Commission and for which the full faith and credit of the State of Israel is pledged for payment; provided that the bonds have an A-rating or above or equivalent rating by at least two accredited ratings agencies;

(17) Bonds, notes, debentures, or other similar obligations of agencies of the United States.

Total holdings across all funds held by the Airport shall have no less than an overall average rating of Aa1 on a quarterly basis, as rated by two accredited rating agencies. The Airport's exposure to credit risk at December 31, 2022, was as follows (dollars in thousands):

Quality Rating	
Moody's/S&P:	
AAA	$ 396,001
AA	49,130
A1	6,456
A2	1,628
Total funds	$ 453,215

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 100% by: (i) marketable U.S. government securities marked to market at least monthly; (ii) bonds, notes, or other securities constituting the direct and general obligation of any agency or instrumentality of the United States; or (iii) bonds, notes or other securities constituting a direct and general obligation of any county, township, city, village, incorporated town, municipal corporation, or school district, of the State of Illinois or of any other state, or of any political subdivision or agency of the State of Illinois or any other state which are rated in either the AAA or AA rating categories by at least two accredited ratings agencies and maintaining such rating during the term of such investments; (2) secured by a corporate surety bond issued by an insurance company licensed to do business in Illinois and having a claims-paying rating in the top rating category as rated by a nationally recognized statistical rating organization and maintaining such rating during the term of such investment; or (3) fully collateralized at least 102% by an irrevocable letter of credit issued in favor of the City of Chicago by the Federal Home Loan Bank, provided that the Federal Home Loan Bank's short-term debt obligations are rated in the highest rating category by at least one accredited ratings agency throughout the term of the certificate of deposit.

The collateral required to secure City funds must be held in safekeeping and pursuant to collateral agreements which would prohibit release or substitution of pledged assets without proper written notification and authorization of the City Treasurer. The final maturity of acceptable collateral pledged shall not exceed 120 months.

The bank balance of cash and certificates of deposit with the City's various municipal depositories was $307.6 million. 100% of the bank balance was either insured or collateralized with securities held by City agents in the City's name. There was no uncollaterized bank balance at December 31, 2022.

Custodial Credit Risk—**Investments**—For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The City has no custodial credit risk exposure because investment securities are insured, registered and held by the City.

The investments reported in the basic financial statements at December 31, 2022, are summarized as follows (dollars in thousands):

Per Note 2—investments—airport	$ 453,215
Per basic financial statements:	
Restricted investments	$ 268,215
Unrestricted investments	11,026
Investments classified as cash and cash equivalents on the statement of net position	173,974
	$ 453,215

3. RESTRICTED ASSETS

There are various limitations and restrictions contained in the Master Indenture of Trust securing the Chicago Midway Airport Revenue Bonds ("First Lien Master Indenture") and the Master Indenture of Trust securing the Chicago Midway Airport Second Lien Obligation ("Second Lien Master Indenture") and together with the First Lien Master Indenture ("Master Indentures"), the Use Agreement and federal regulations contain various limitations and restrictions, which, among other things, require the creation and maintenance of separate accounts, certain of which must be held by a trustee and into which required deposits are made by the Airport on a periodic basis to fund construction, debt retirement, operation and maintenance, and contingencies.

Restricted cash, cash equivalents, and investment balances in accordance with the Master Indenture requirements at December 31, 2022, were as follows (dollars in thousands):

Account	
Construction	$ 105,800
Debt service	96,224
Debt service reserve	123,586
Operation and maintenance reserve	25,469
Repair and replacement	13,350
Emergency reserve	503
Customer Facility Charge (CFC)	12,156
Other	11,950
Subtotal—master indentures and use agreement accounts	389,038
Passenger Facility Charges (PFC)	1,843
Total	$ 390,881

Construction accounts, which are funded with bond proceeds, are restricted to pay authorized capital improvements and related interest costs during construction.

Required deposits are made by the Airport from revenues collected after funding deposits to an operation and maintenance account in the following priority on a monthly basis:

- The debt service account, which is restricted for the payment of debt service.
- The operation and maintenance reserve account, which is restricted to make loans to the operation and maintenance account, as needed, and are to be repaid as the funds become available.

The debt service reserve account requirement was funded upon issuance of, the Series 2004 second lien bonds, the Series 2013 second lien bonds, the Series 2016 second lien bonds and the Series 2014 second lien bonds with a cash deposit. 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 repair and replacement account must be used for paying the cost of 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.

The emergency reserve account is restricted to make payments for certain purposes, including terminal area use charges, landing fees, and certain other charges that are deemed uncollectible and also for any judgments or settlements against the Airport.

The CFC funds are restricted for permitted costs and purposes related to the consolidated rental car facility. The PFC account is restricted to fund eligible and approved PFC projects.

Other funds include the federal and state grant funds, the security for payment fund, and the Airport development fund.

At December 31, 2022, the Airport believes it was in compliance with the funding requirements and restrictions as stated in the Master Indentures.

4. LONG-TERM DEBT

Long-term debt at December 31, 2022, consisted of the following (dollars in thousands):

First lien bonds:	
$54,210 Series 1998 C Chicago Midway Airport Revenue Bonds, issued September 10, 1998, due through 2024, interest at 5.25%–5.50%	$ 8,380
Subtotal—first lien bonds	8,380
Second lien bonds:	
$152,150 Series 2004 C and D Chicago Midway Airport Second Lien Revenue Bonds, issued December 14, 2004, due through 2035, interest rate swap at 4.174% and 4.247% at December 31, 2022	101,600
$118,600 Series 2013 A Chicago Midway Airport Second Lien Revenue Bonds, issued December 5, 2013, due through 2033, interest rate at 5.375%–5.500%	118,600
$150,365 Series 2013 B Chicago Midway Airport Second Lien Revenue Bonds, issued December 5, 2013, due through 2035, interest rate at 4.125%–5.250%	117,260
$484,200 Series 2014 A Chicago Midway Airport Second Lien Revenue Bonds, issued June 11, 2014, due through 2041, interest rate at 5.000%	452,360
$287,610 Series 2014 B Chicago Midway Airport Second Lien Revenue Bonds, issued June 11, 2014, due through 2036, interest rate at 4.000%–5.000%	268,730
$124,710 Series 2014 C Chicago Midway Airport Second Lien Revenue Bonds, issued June 11, 2014, due through 2044 variable floating interest rate (3.750% at December 31, 2022)	124,710
$121,265 Series 2016 A Chicago Midway Airport Second Lien Revenue Bonds, issued June 1, 2016, due through 2033, interest rate at 2.000%–5.000%	96,870
$221,130 Series 2016 B Chicago Midway Airport Second Lien Revenue Bonds, issued June 1, 2016, due through 2046, interest rate at 2.000%–5.000%	195,020
$45,670 Series 2018 A Chicago Midway Airport Second Lien Revenue Bonds, issued August 1, 2018, due through 2029, interest rate at 2.937%–3.897%	31,255
Subtotal—second lien bonds	1,506,405
Commercial paper notes—Series A, B, C and D	24,375
Total revenue bonds and notes	1,539,160
Unamortized premium	72,704
Total revenue bonds payable—net of unamortized premium	1,611,864
Current portion	(68,460)
Total long-term revenue bonds payable	$1,543,404

Long-term debt during the year ended December 31, 2022, changed as follows (dollars in thousands):

	Balance January 1, 2022	Additions	Reductions	Balance December 31, 2022	Due within One Year
Revenue bonds and notes	$ 1,594,952	$ 4,348	$ (60,140)	$ 1,539,160	$ 68,460
Unamortized premium (discount)	80,449	-	(7,745)	72,704	-
Total long-term debt	$ 1,675,401	$ 4,348	$ (67,885)	$ 1,611,864	$ 68,460

Interest expense includes amortization of the deferred loss on bond refunding for 2022 of $1.7 million, and amortization of $7.7 million of premium, net.

Issuance of Debt—The Airport Commercial Paper Notes, Series A, B and C outstanding at December 31, 2022, was $24.4 million, with a $100.0 million maximum aggregated authorized by City Council. In 2022, $4.3 million of Chicago Midway International Airport Commercial Paper Notes were issued. The proceeds were used to finance portions of the costs of authorized airport projects. An irrevocable letter of credit (LOC) ($111.2 million) provided for the timely payment of principal and interest on the notes until June 21, 2024. Amounts paid by drawing on the LOC shall be reimbursed by the Airport on said day; any amounts not reimbursed shall constitute an advance and will bear interest at the greater of the most recent prime rate, plus 1.50% or the federal funds rate, plus 2.0% and 7.5% (Base Rate). Advances outstanding greater than 90 days will bear interest at the Base Rate, plus 1.0% beginning on the 90-first day after such advance is made. At December 31, 2022, there were no outstanding LOC advances.

At December 31, 2022, Midway had unused commercial paper capacity of $75.6 million. In an Event of Default, the Facility Fee rate that is in effect on the date of the default will increase by 1.00% per annum. In the event of long-term rating assigned to the Junior Lien Obligation Bonds, by either S&P or Fitch, the Facility Fee rate then in effect will increase by 1.00% per annum.

Defeased Bonds—Defeased bonds have been removed from the balance sheet because the related assets have been placed in irrevocable trusts, together with interest earned thereon, will provide amount sufficient for payment of all principal and interest. There were no defeased bonds outstanding at December 31, 2022.

Debt Redemption—Following is a schedule of debt service requirements to maturity of the first lien bonds (dollars in thousands):

Years Ending December 31	Principal	Interest	Total
2023	$ 4,080	$ 349	$ 4,429
2024	4,300	118	4,418
Total	$ 8,380	$ 467	$ 8,847

Following is a schedule of debt service requirements to maturity of the second lien bonds. For issues with variable rates, interest is imputed at the percent rate effective at December 31, 2022 (dollars in thousands):

Years Ending December 31	**Principal**	**Interest**	**Total**
2023	$ 64,380	$ 71,076	$ 135,456
2024	66,960	67,898	134,858
2025	74,550	64,473	139,023
2026	77,015	60,798	137,813
2027	79,625	56,978	136,603
2028–2032	425,415	222,887	648,302
2033–2037	356,080	117,099	473,179
2038–2042	214,010	57,322	271,332
2043–2046	148,370	9,238	157,608
Total	$ 1,506,405	$ 727,769	$ 2,234,174

The Airport's second lien variable rate bonds may bear interest from time to time at a flexible rate, a daily rate, a weekly rate, 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, 2022, the Series 2004 C&D bonds and the Series 2014C bonds were in a weekly rate interest mode. An irrevocable LOC ($144.1 million) provides for the timely payment of principal and interest on the Series 2004 C&D bonds until November 25, 2024.

An irrevocable LOC ($126.8 million) provides for the timely payment of principal and interest on the Series 2014C bonds until July 10, 2025.

In the event the bonds are put back to the bank and not successfully remarketed, or if the LOC expires without an extension or substitution, the bank bonds will convert to a term loan. There is no principal due on potential term loans within the next fiscal year.

Debt Covenants—The Master Indenture of Trust securing Chicago Midway Airport Revenue Bonds requires in each year that the City fix and establish and revise from time to time whenever necessary, such rates and other charges for the use and operation of Midway and for services rendered by the City in the operation of Midway in order that, in each Fiscal year, Revenues, together with any Other Available Monies deposited with the Trustee with respect to such Fiscal Year and any cash balance held in the Revenue Fund on the first day of such Fiscal Year not then required to be deposited in any Fund or Account, will be at least sufficient (a) to provide for the Operation and Maintenance Expenses for the Fiscal Year and (b) to provide for the greater of (i) the amounts needed to make the Deposits required during such Fiscal Year into the Debt Service Funds, the Operations & Maintenance Reserve Account, the Working Capital Account, the Debt Service Reserve Fund, the Junior Lien Obligation Debt Service Fund, the Repair and Replacement Fund, and the Special Project Fund and (ii) an amount not less than 125% of the Aggregate Debt Service for the Bond Year commencing during such Fiscal Year reduced by an amount equal to the sum of any amount held in any Capitalized Interest Account for disbursement during such Fiscal Year to pay interest on First Lien Bonds. These requirements were met at December 31, 2022.

The Master Indenture of Trust Securing Chicago Midway Airport Second Lien Obligations requires that the City fix and establish and revise from time to time whenever necessary, such rentals, rates and other charges for the use and operation of Midway and for certain services rendered by the City in the operation of Midway in order that in each Fiscal Year, Revenues, together with Other Available Moneys deposited with the First Lien Trustee or the Second Lien Trustee with respect to such Fiscal Year and any cash balance held in the First Lien Revenue Fund or the Second Lien Revenue Fund on the first day of such Fiscal Year not then required to be deposited in any Fund or Account under the First Lien Indenture for the Second Lien Indenture, will be at least sufficient (1) to provide for the payment of Operation and Maintenance Expenses for the Fiscal Year and (2) to provide for the greater of (A) or (B) as follows: (A) the greater of the amounts needed to make the deposits required under the First Lien Indenture described in the immediately preceding paragraph above; or (B) the greater of the amounts needed to make the deposits required under the First Lien Indenture described in the immediately preceding paragraph above or an amount not less than 110% of the Aggregate First Lien Debt Service and Aggregate Second Lien Debt Service for the Bond Year commencing during such Fiscal Year, reduced by (X) any amount held in any Capitalized Interest Account for disbursement during such Bond Year to pay interest on First Lien Bonds, and (Y) any amount held in any capitalized interest account established pursuant to a Supplemental Indenture under the Second Lien Indenture for disbursement during such Bond Year to pay interest on Second Lien Obligations. These requirements were met at December 31, 2022.

During 2022, the Airport received cash of $36.8 million of ARP Act Funds, which are available for any airport purpose, including debt service payments, plus $2.2 million of ARP Act funds related to Concessions, which were applied as revenues. As a result, ARP Act Funds received by the Airport have been included in the calculation of the debt service covenant.

Hedging Derivative Instruments—In April 2011, the Airport novated its $60.9 million notional amount swap associated with the Midway Airport Series 2004 C&D variable rate bonds with J.P. Morgan to Wells Fargo Bank, N.A. The fixed rate the Airport pays increased from 4.174% to 4.247%, and the Airport signed a one-way credit support agreement (CSA) that no longer requires the Airport to post collateral if the mark-to-market exceeds the threshold, previously defined in the J.P. Morgan agreement. A Goldman Sachs swap covers the 60% balance of the bonds, with a current notional amount of $61.0 million, which does not have a two-way CSA and remains unchanged.

Objective of the Swaps—In order to protect against the potential of rising interest rates, the Airport has entered into a separate pay-fixed, receive-variable interest rate swap at a cost less than what the Airport would have paid to issue fixed-rate debt (dollars in thousands).

	Changes in Fair Value		Fair Value at December 31, 2022		
	Classification	Amount	Classification	Amount	Notional
Cash flow hedges—pay-fixed interest rate swaps	Derivative instrument	$15,534	Derivative instrument	$(5,698)	$101,600

Pay-Fixed, Receive-Variable Interest Rate Swaps—The swap counterparties are Goldman Sachs and Wells Fargo, with notional amounts as of December 31, 2022, of $61.0 million and $40.6 million.

Terms, Fair Values, and Credit Risk—The terms, including the fair value and credit ratings of the outstanding swaps as of December 31, 2022, are as follows. The notional amounts of the swaps match the principal amounts of the associated debt. The Airport's swap agreements contained scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated "bonds payable" category (dollars in thousands).

Associated Bond Issue	Notional Amounts	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Value 2022	Swap Termination Date	Counterparty Credit Rating
Series 2004 C&D Bonds	$ 60,960	December 14, 2004	4.174 %	SIFMA +.05%	$(3,308)	January 1, 2035	A1/A+
Series 2004 C&D Bonds	40,640	April 21, 2011	4.247	SIFMA +.05%	(2,390)	January 1, 2035	Aa2/A+
Total	$101,600				$(5,698)		

Fair Value—As per industry convention, the fair value of the Airport's outstanding swaps was estimated using the zero-coupon method. This method calculates the future net settlement payment required by the swap, assuming that the forward rates implied the yield curve correctly anticipates future spot rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement of the swap. Because interest rates declined subsequent to the date of execution, the Airport's swaps had negative values. Derivative instruments are valued in the market using regression analysis. Significant inputs to the derivative instrument valuation for interest rate swaps are observable in active markets and are classified as Level 3 in the fair value hierarchy.

Credit Risk—The Airport is exposed to credit risk (counterparty risk) through the counterparties with which it enters into agreements. If minimum credit rating requirements are not maintained, the counterparty is required to post collateral to a third party. This protects the Airport by mitigating the credit risk, and therefore the ability to pay a termination payment, inherent in a swap. Collateral on all swaps is to be in the form of cash or eligible collateral held by a third-party custodian. Upon credit events, the swaps also allow transfers, credit support, and termination, if the counterparty is unable to meet the said credit requirements.

Basis Risk—Basis risk refers to the mismatch between the variable rate payments received on a swap contract and the interest payment actually owed on the bonds. The two significant components driving this risk are credit and Securities Industry and Financial Markets Associations (SIFMA) ratios. Credit may create basis risk because the Airport's bonds may trade differently than the swap index as a result of a credit change in the Airport. SIFMA ratios (or spreads) may create basis risk if SIFMA swaps of the Airport's bonds trade higher than the SIFMA received on the swap. This can occur due to many factors including, without limitations, changes in marginal tax rates, tax-exempt status of bonds, and supply and demand for variable rate bonds. The Airport is exposed to basis risk on the swaps if the rate paid on the bonds is higher than the rate received. The Airport is liable for the difference. The difference would need to be available on the debt service payment date and would add additional underlying cost to the transaction.

Tax Risk—The swap exposes the Airport to tax risk or a permanent mismatch (shortfall) between the floating rate received on the swap and the variable rate paid on the underlying variable-rate bonds due to tax law changes such that the Federal or State tax exception of municipal debt is eliminated or its value reduced. There have been no tax law changes since the execution of this swap agreement.

Termination Risk—The risk that the swap could be terminated as a result of certain events, including a ratings downgrade for the issuer or swap counterparty, covenant violation, bankruptcy, payment default, or other defined events of default. Termination of a swap may result in a payment made by the issuer or to the issuer depending upon the market at the time of termination.

Swap Payments and Associated Debt—As of December 31, 2022, debt service requirements for the Airport's outstanding variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term are as follows (dollars in thousands):

Years Ending December 31	Variable-Rate Bonds with Swaps Principal	Variable-Rate Bonds with Swaps Interest	Interest Rate Swaps—Net	Total
2023	$ 5,925	$ 3,545	$ 497	$ 9,967
2024	6,200	3,317	466	9,983
2025	6,475	3,079	432	9,986
2026	6,775	2,831	397	10,003
2027–2031	7,025	2,572	361	9,958
2028–2032	40,375	8,545	1,199	50,119
2033–2036	28,825	1,183	166	30,174
Total	$ 101,600	$ 25,072	$ 3,518	$ 130,190

5. CHANGES IN CAPITAL ASSETS

During the year ended December 31, 2022, capital assets changed as follows (dollars in thousands):

	Balance January 1, 2022	Additions	Disposals and Transfers	Balance December 31, 2022
Capital assets not depreciated:				
Land	$ 116,712	$ 86	$ -	$ 116,798
Construction in progress	17,092	12,049	(18,774)	10,367
Total capital assets not depreciated	133,804	12,135	(18,774)	127,165
Capital assets depreciated—buildings and other facilities [1]	2,015,127	18,688	-	2,033,815
Less accumulated depreciation for—buildings and other facilities	(873,768)	(57,345)	-	(931,113)
Total capital assets depreciated—net	1,141,359	(38,657)	-	1,102,702
Total property and facilities—net	$1,275,163	$(26,522)	$(18,774)	$1,229,867

(1) Reference Note 1 for Property and Facilities Significant Accounting Policies.

As of December 31, 2022, the total amount of right-to-use lease assets by major class, and the related accumulated amortization, disclosed separately from other capital assets, is as follows (in thousands):

	Balance January 1, 2022	Additions	Deductions	Balance December 31, 2022
Leased assets being amortized:				
Leased—equipment	$165	$ -	$ -	$165
Total leased assets not depreciated	165	-	-	165
Less accumulated amortization:				
Leased—equipment	-	(38)	-	(38)
Total accumulated amortization	-	(38)	-	(38)
Total, net of accumulated amortization	$165	$(38)	$ -	$127

6. LEASES

As Lessee:

The Airport leases equipment from other vendors. These leases have terms between three and five years. The long-term lease liability as of December 31, 2022 is as follows (in thousands):

	Balance January 1, 2022	Additions	Reductions	Balance December 31, 2022	Due within One Year
Lease liability	$ 165	$ -	$ (39)	$ 126	$ 40

The expected future principal and interest requirements to maturity for leases that are included in the measurement of the lease liability as of December 31, 2022 are as follows (in thousands):

Years Ending December 31	Principal	Interest	Amount
2023	$ 40	$ 5	$ 45
2024	27	3	30
2025	32	2	34
2026	25	1	26
2027	2	1	3
Total	$ 126	$ 12	$ 138

As Lessor:

The Airport leases terminal square footage (except for regulated leases), aircraft maintenance, cargo facilities, hangars, and other structures to air carriers and other tenants under various operating leases, a majority of which is non-cancellable and terminate no later than April 2033. Certain provisions of the leases provide for fixed and variable rental payments to be received by the Airport, and all are generally designed to allow the Airport to meet its debt service requirements and recover certain operating, maintenance and fund deposit costs. In addition, certain agreements under which the Airport receives revenue under concessions operations at the Airport provide for payment of fee based on the greater of an aggregated percentage of gross receipts or guaranteed minimum.

In accordance with GASB 87, the Airport recognizes a lease receivable and a deferred inflow of resources at commencement of the lease term, with exceptions for regulated leases, and short-term leases.

a) Regulated Leases

Regulated leases comprise certain agreements with airline tenants that govern the use of airport gates, aprons, airline ticket counters, ticketing and check-in stations, baggage claim facilities, and other aeronautical uses (e.g. cargo and hangar). These agreements are subject to the U.S. Department of Transportation and the Federal Aviation Administration regulations and oversight that set limits on lease rates and require consistent terms to tenants. The regulations require leasing opportunities are made available to any potential lessee should a facility become vacant. In accordance with GASB 87, the Airport recognizes lease payments related to regulated leases as inflows of resources (revenues) based on payment provisions of those agreements.

The Airport operates under signatory airlines use and lease agreements and non-signatory airlines lease agreements. These agreements define the responsibilities of the Airport, and the airlines, and establish a cost structure to operate airfield and terminal facilities primarily through charges to airlines in the forms of landing fees, terminal rentals, joint use fees, terminal ramp fees, consortium equipment and fuel usage fees, and federal inspection service fees. Landing fees are charged for each landing at the Airport based on the maximum weight of the aircraft. Terminal rents are set at the beginning of each fiscal year and adjusted during the year to estimate the annual cost to operate terminal buildings. They are allocated to airlines based on square footage occupied. Joint use fees are calculated based on a combination of terminal square footage and landed weight activity. Terminal Ramp fees are calculated based on number of square feet of aircraft parking area assigned to signatory airlines. Federal inspection service fees are charged for each arriving international passenger. Revenues recognized from regulated leases for the year ended December 31, 2022 were $172,767.

Expected future principal and interest requirements to maturity from Regulated Leases at December 31, 2022 are as follows (in thousands), projected by the City using the following assumptions: 1) Revenues earned from the Signatory Airlines (long-term and short-term) for the year ended December 31, 2022, 2) through the expiration of the agreements with the Signatory Airlines, 3) without considering future expansion changes in operations by the Airport.

Years Ending December 31	**Amount**
2023	$ 54,798
2024	54,314
2025	53,870
2026	53,684
2027	51,426
2028–2032	12,789
2033–2036	10,232
Total future minimum rental income	$ 291,113

b) Non-Regulated Leases

These contracts allow control of the right to use the Airport's assets and facilities to lessees for non-aeronautical uses. They are not subject to external laws, regulations, or legal rulings. Lease inflows for non-regulated leases with maximum possible term greater than 12 months at commencement of the leases are recognized in accordance with the provisions of GASB 87. Lease inflows for non-regulated leases with maximum possible term of 12 months or less at commencement of the leases are recognized in accordance with the payment provisions of those leases. The Airport's non-regulated leases are grouped into the following categories:

i. Ground and facilities

The Airport is a lessor for agreements with tenants that develop the Airport's real estate for airport-related uses, and concurrent commercial development. The agreements require periodic payments based on ground and facilities rental rates or other amounts as specified in each lease agreement and is based on square footage. In addition, these agreements may require payment of reimbursable costs and other variable payments. These variable inflows were not included in the measurement of the lease receivable.

ii. Concessions

The Airport is a lessor on contracts that provide concessionaires the right to operate at the Airport. These agreements typically require an operator to pay a minimum guaranteed annual rent amount plus a percentage of the concession operator's gross receipts above a certain threshold. The agreements may also require the operator to reimburse the Airport costs it incurs to maintain areas and facilities used for operations. Performance based and other variable inflows are not included in the measurement of the lease receivable.

iii. Rent-A-Car

The Airport leases square footage to car rental companies at the on-site car rental facility. These agreements require payment of ground rents based on the Airport's ground rental rate and acreage leased. Inflows for ground rents were included in the measurements of the lease receivable. Additionally, these agreements require certain payments based on the lessees' gross receipts in the form of minimum annual guaranteed rents and percent rents, and reimbursement to the Airport of certain costs it incurs to maintain the car rental facility and transportation to and from the terminal areas. Lessees that conduct rental operations from other facilities outside of the Airport's boundaries are required to pay a percent rent based on their gross receipts and certain reimbursable costs to the Airport. The performance-based and variable inflows are not included in the measurement of the lease receivable.

The expected future lease payments that are included in the measurement of the lease receivable as of December 31, 2022 are as follows (in thousands):

Years Ending December 31	Principal	Interest	Amount
2023	$ 19,175	$ 7,737	$ 26,912
2024	19,154	7,014	26,168
2025	19,886	6,274	26,160
2026	20,562	5,506	26,068
2027	21,357	4,710	26,067
2028–2032	108,859	10,616	119,475
2033	3,227	26	3,253
Total	$ 212,220	$ 41,883	$ 254,103

The inflows (revenues) recognized in the year ended December 31, 2022, are included in the Rents, Concessions and Other revenue and are as follows (in thousands):

	Amortization of Leases Deferred Inflows	Inflows from Short-Term Leases and Variable Lease Payments	Total
Concessions	$ 8,891	$ 41,981	$ 50,872
Rent-A-Car	6,766	2,019	8,785
Total	$ 15,657	$ 44,000	$ 59,657

7. PENSION PLANS

General Information about the Pension Plan

Plan Description—Eligible Midway Fund employees participate in one of four single-employer defined benefit pension plans (Plans). These Plans are: the Municipal Employees' Annuity and Benefit Fund of Chicago (Municipal Employees'); the Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago (Laborers'); the Policemen's Annuity and Benefit Fund of Chicago (Policemen's); and the Firemen's Annuity and Benefit Fund of Chicago (Firemen's). The plans are administered by individual retirement boards of trustees comprised of City officials or their designees and of trustees elected by Plan members. Certain employees of the Chicago Board of Education participate in Municipal Employees' or Laborers'. Each Plan issues a publicly available financial report that includes financial statements and required supplementary information that can be obtained at www.meabf.org, www.labfchicago.org, www.chipabf.org, and www.fabf.org.

Benefits Provided—The Plans provide retirement, disability, and death benefits as established by State law. Benefits generally vest after 10 years of credited service. Employees qualify for an unreduced retirement age minimum formula annuity based on a combination of years of service and age of retirement. Employees may also receive a reduced retirement age minimum formula annuity if they do not meet the age and service requirements for the unreduced retirement age annuity. The requirements of age and service are different for employees depending on when they first became members of their respective Plans. For all four Plans, employees who became members before January 1, 2011 are considered Tier 1 Employees. For Policemen's and Firemen's, those employees who became members on or after January 1, 2011 are considered Tier 2 Employees. For Municipal Employees' and Laborers', those employees who became members on or after January 1, 2011 but before July 6, 2017 are considered Tier 2 Employees. For Municipal Employees' and Laborers', those employees who became members on or after July 6, 2017 are considered Tier 3 Employees. Public Act 100-0023 (P.A. 100-0023), which established the requirements for Tier 3 employees, includes a provision for Tier 2 employees to elect to be considered as Tier 3 employees. The annuity is computed by multiplying the final average salary by a percentage ranging from 2.2% to 2.5% per year of credited service. The final average salary is the employee's highest average annual salary for any four consecutive years within the last 10 years of credited service for participants who are Tier 1 Employees and any eight consecutive years within the last 10 years of credited service for participants who are Tier 2 Employees or Tier 3 Employees.

Benefit terms provide for annual adjustments to each employee's retirement allowance subsequent to the employees' retirement date. For Tier 1 Employees, the annual adjustments for Municipal Employees' and Laborers' are 3.0%, compounded, and for Policemen's and the majority of participants in Firemen's 3.0%, simple, for annuitants born before January 1, 1966 and 1.5%, simple, born after January 1, 1966 or later. For Tier 2 Employees and Tier 3 Employees, the annual adjustments are equal to the lesser of 3.0% and 50% of CPI-U of the original benefit.

Employees Covered by Benefit Terms—At December 31, 2022, the following City employees were covered by the benefit terms:

	Municipal Employees'	Laborers'	Policemen's	Firemen's	Total
Inactive employees or beneficiaries currently receiving benefits	25,894	3,527	14,639	5,300	49,360
Inactive employees entitled to but not yet receiving benefits	22,586	1,388	1,151	139	25,264
Active employees	35,369	2,624	11,868	4,767	54,628
	83,849	7,539	27,658	10,206	129,252

Contributions—For the Municipal Employees' and Laborers' Plans, P.A. 100-0023 was enacted on July 6, 2017. P.A. 100-0023 requires the City to contribute specific amounts to the Municipal Employees' and the Laborers' Plans in the aggregate amounts as follows: in payment year 2019, $392.0 million; in payment year 2020, $481.0 million; in payment year 2021, $571.0 million; in payment year 2022, $660.0 million. Additionally, P.A. 100-0023 requires that the City's contributions are at actuarially determined rates beginning in payment year 2023 and future funding be sufficient to produce a funding level of 90% by the year end of 2058.

For Policemen's and Firemen's, Public Act 99-0506 (P.A. 99-0506) was enacted on May 31, 2016. P.A. 99-0506 requires the City to contribute specific amounts to Policemen's and Firemen's Plans in the aggregate amounts as follows: in payment year 2019, $792.0 million; in payment year 2020, $824.0 million. Additionally, P.A. 99-0506 requires that the City's contributions are at actuarially determined rates beginning in payment year 2021 and future funding be sufficient to produce a funding level of 90% by the year end of 2055. In 2021, P.A. 101-0673 was enacted, which changed the terms of the automatic benefit increase provisions and eligibility for certain Tier 1 participants for 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).

The contribution to all four pension plans from the Airport was $24.2 million for the year ended December 31, 2022.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—At December 31, 2022, the Airport reported a liability of $373.4 million for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Changes in Actuarial Assumptions—Changes in the municipal bond rate resulted in an increase in the single discount rate for Firemen and a decrease in the single discount rate for Laborers' and Policemen. See discount rate section below.

The change in the single discount rate and other assumptions decreased the net pension liability by $4.1 million for Policemen and $2.1 million for Laborers' and increased the net pension liability by $.7 million for Firemen and $1.8 million for Municipal Employees'. These changes are being amortized into expense over a 4-year period for Municipal Employees' and Laborers' and a 6-year period for Policemen's and Firemen's.

The Airport's proportion of the net pension liability was determined based on the rates of the Airport's salaries within each corresponding pension plan to the total budgeted salaries for 2022. At December 31, 2022, the Airport's proportion was 1.2% of the Municipal Employees' Plan, 1.9% of the Laborer's Plan, 0.6% of the Policemen's Plan, and 1.4% of the Firemen's Plan.

For the year ended December 31, 2022, the Airport recognized pension expense of $35.9 million.

At December 31, 2022, the reported deferred outflows of resources of $25.1 million and deferred inflows of resources of $10.6 million related to pensions from the following sources:

Municipal Employees' (dollars in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$2,124	$ -
Changes of assumptions	1,422	-
Net difference between projected and actual earnings on pension plan investments	4,028	-
Total	$7,574	$ -

Amounts reported as deferred outflows of resources and deferred inflows of resources related to Municipal Employees' pensions will be recognized in pension expense/(benefit) as follows:

Years Ending December 31	
2023	$1,439
2024	2,137
2025	1,700
2026	2,298
Total	$7,574

Laborers' (dollars in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 794
Changes of assumptions	435	1,586
Net difference between projected and actual earnings on pension plan investments	2,119	-
Total	$2,554	$2,380

Amounts reported as deferred outflows of resources and deferred inflows of resources related to Laborers' pensions will be recognized in pension expense/(benefit) as follows:

Years Ending December 31	
2023	$(500)
2024	(205)
2025	143
2026	736
Total	$ 174

Policemen's (dollars in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$2,874	$ 487
Changes of assumptions	3,670	3,717
Net difference between projected and actual earnings on pension plan investments	1,922	-
Total	$8,466	$4,204

Amounts reported as deferred outflows of resources and deferred inflows of resources related to Policemen's pensions will be recognized in pension expense as follows:

Years Ending December 31	
2023	$ 926
2024	1,503
2025	1,410
2026	803
2027	(377)
Thereafter	(3)
Total	$4,262

Firemen's (dollars in thousands):

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Differences between expected and actual experience	$2,174	$ 787
Changes of assumptions	2,598	3,256
Net difference between projected and actual earnings on pension plan investments	1,697	-
Total	$6,469	$4,043

Amounts reported as deferred outflows of resources and deferred inflows of resources related to Firemen's pensions will be recognized in pension expense/(benefit) as follows:

Years Ending December 31	
2023	$1,114
2024	663
2025	510
2026	403
2027	(301)
Thereafter	37
Total	$2,426

Deferred Outflows Related to Changes in Proportionate Share of Contributions—For the year ended December 31, 2022, the Airport reported pension charge of $1.2 million related to changes in its proportionate share of contributions. As of December 31, 2022, the Airport reported deferred inflows of $23.0 million, and deferred outflows of $5.8 million, related to changes in its proportionate share of contributions. This deferred amount will be recognized as pension charge/(benefit) over a period of five years.

Actuarial Assumptions—The total pension liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Municipal Employees'	**Laborers'**	**Policemen's**	**Firemen's**
Inflation	2.50 %	2.25 %	2.25 %	2.50 %
Salary increases	2.50 %–14.00 % (a)	3.00 % (b)	3.50 % (c)	3.50 %–25.00 % (d)
Investment rate of return	6.75 % (e)	7.25 % (e)	6.75 %	6.75 % (e)

(a) varying by years of service

(b) Plus a service—based increase in the first 9 years

(c) Plus service based increases consistent with bargaining contracts

(d) varying by years of service

(e) Net of investment expense

Post-Retirement Mortality

Bargaining Plan Members		Mortality Table Name	Mortality Improvement
Municipal Employees’	Post Retirement	PubG-2010 Retiree Amount-weighted Below Median Mortality Table (sex-specific)	Generational—Scale MP-2021
	Beneficiary	PubG-2010 Contingent Survivor Table Amount-weighted Below Median Mortality Table (sex-specific)	Generational—Scale MP-2021
	Pre-Retirement	PubG-2010 Employee Amount-weighted Below Median Mortality Table (sex-specific)	Generational—Scale MP-2021
Laborers’	Post Retirement	Pub-2010 Amount-weighted Below Median Income General Healthy Retiree Mortality Tables, Sex Distinct	Generational—Scale MP-2020 2-dimensional
	Pre-Retirement	Pub-2010 Amount-weighted Below Median Income General Employee Mortality Tables, Sex Distinct	Generational—Scale MP-2020 2-dimensional
Policemen’s	Post Retirement	Pub-2010 Amount-weighted Safety Healthy Retiree Mortality Table, Sex Distinct	Generational—Scale MP-2018 2-dimentional
	Disabled	Pub-2010 Amount-weighted Safety Healthy Retiree Mortality Table, Sex Distinct	Generational—Scale MP-2018 2-dimentional
	Pre-Retirement	Pub-2010 Amount-weighted Safety Employee Mortality Table, Sex Distinct	Generational—Scale MP-2018 2-dimentional
Firemen’s	Post Retirement	PubS-2010 Retiree Amount-weighted Mortality Table	Generational—Scale MP-2021
	Disabled	PubS-2010 Disabled Retiree Amount-weighted Mortality Table	Generational—Scale MP-2021
	Beneficiary	Pub-2010 Contingent Survivor Amount-weighted Mortality Table	Generational—Scale MP-2021
	Pre-Retirement	PubS-2010 Employee Amount-weighted Mortality Table	Generational—Scale MP-2021

The mortality actuarial assumptions used in the December 31, 2022, valuation were adjusted based on the results of actuarial experience study for the following periods:

Municipal Employees’	January 1, 2017–December 31, 2021
Laborers’	January 1, 2017–December 31, 2019
Policemen’s	January 1, 2014–December 31, 2018
Firemen’s	January 1, 2017 – December 31, 2021

The long term expected rate of return on pension plan investments was determined using the building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of December 31, 2022 are summarized in the following tables:

	Target Allocation				Long-Term Expected Real Rate of Return			
	Municipal Employees'	Laborers'	Policemen's	Firemen's	Municipal Employees'	Laborers'	Policemen's	Firemen's
Asset class:								
Equity	- %	- %	29.50 %	57.00 %	- %	- %	7.85 %	7.40 %
Domestic equity	26.00	-	-	-	7.10	-	-	-
U.S. equity	-	25.00	-	-	-	5.20	-	-
Non U.S. equity	-	20.00	19.50	-	-	5.40	9.65	-
Global equity	5.00	-	-	-	6.80	-	-	-
Global low volatility equity	-	5.00	-	-	-	4.50	-	-
International equity	17.00	-	-	-	7.40	-	-	-
Fixed income	22.00	20.00	15.00	22.00	4.90	1.60	3.62	4.60
Hedge funds	10.00	10.00	5.00	-	5.30	3.10	5.48	-
Infrastructure	3.00	-	-	-	6.90	-	-	-
Private debt	4.00	3.00	-	-	10.10	8.20	-	-
Private equity	4.00	4.00	-	-	11.40	9.30	-	-
Private markets	-	-	20.00	-	-	-	11.20	-
Real estate	9.00	10.00	-	-	6.80	4.50	-	-
Real assets	-	-	11.00	-	-	-	5.99	-
Private real assets	-	3.00	-	-	-	4.80	-	-
Other investments	-	-	-	21.00	-	-	-	6.50
Total	100.00 %	100.00 %	100.00 %	100.00 %				

Discount Rate

Municipal Employees'— The Single Discount Rate used to measure the total pension liability as of December 31, 2022 was 6.57%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made according to the contribution rate applicable for each member's tier and that employer contributions will be made as specified by Public Act 100-0023. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions and contributions from future plan members that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through the year 2078. Therefore, the long-term expected rate of return on pension plan investments of 6.75%was applied to projected benefits for all periods through 2077 and the municipal bond index rate of 3.72% was applied thereafter to determine total pension liability.

Laborers'— A Single Discount Rate of 7.13% was used to measure the total pension liability as of December 31, 2022. This Single Discount Rate was based on an expected rate of return on pension plan investments of 7.25% and a municipal bond rate of 4.05% (based on the daily rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"). The projection of cash flows used to determine this Single Discount Rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made under the statutory funding policy. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2076. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2076, and the municipal bond rate was applied to all benefit payments after that date.

Policemen's— A Single Discount Rate of 6.64% 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 6.75% and a municipal bond rate of 4.05% (based on the most recent date available on or before the measurement date of the Fidelity "20-Year Municipal GO AA Index"). The projection of cash flows used to determine this Single Discount Rate assumed that plan member contributions and employer contributions are made in accordance with the statutory requirements. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance benefit payments through the year 2079. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2079, and the municipal bond rate was applied to all benefit payments after that date.

Firemen's—A Single Discount Rate of 6.75% was used to measure the total pension liability as of December 31, 2022. This Single Discount Rate was based on an expected rate of return on pension plan investments of 6.75% for December 31, 2022, and a municipal bond rate of 3.72% as of December 31, 2022 (based on the Bond Buyer 20-Bond Index of general obligation municipal bonds as of December 31, 2022). The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made according to the contribution rate applicable for each member's tier and that employer contributions will be made as specified by Public Act 99-0506. 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 the assumptions as of December 31, 2022, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members throughout the projection period. As a result, as of December 31, 2022, the long-term expected rate of return on pension plan investments was applied to projected benefits for all periods.

Sensitivity of the Airport's Net Pension Liability to Changes in the Discount Rate

Municipal Employees'—The following presents the allocated share of the net pension liability to the Airport as of December 31, 2022, calculated using the discount rate of 6.57%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% point lower (5.57%) or 1% point higher (7.57%) than the current rate (dollars in thousands):

Net Pension Liability	1% Decrease	Current Discount Rate	1% Increase
Municipal Employees' discount rate	5.57 %	6.57 %	7.57 %
Municipal Employees' net pension liability	$ 215,729	$ 187,037	$ 163,068

Laborers'—The following presents the allocated share of the net pension liability to the Airport as of December 31, 2022, calculated using the discount rate of 7.13%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% point lower (6.13%) or 1% point higher (8.13%) than the current rate (dollars in thousands):

Net Pension Liability	**1% Decrease**	**Current Discount Rate**	**1% Increase**
Laborers' discount rate	6.13 %	7.13 %	8.13 %
Laborers' net pension liability	$37,959	$31,902	$26,799

Policemen's—The following presents the allocated share of the net pension liability to the Airport as of December 31, 2022, calculated using the discount rate of 6.64%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% point lower (5.64%) or 1% point higher (7.64%) than the current rate (dollars in thousands):

Net Pension Liability	**1% Decrease**	**Current Discount Rate**	**1% Increase**
Policemen's discount rate	5.64 %	6.64 %	7.64 %
Policemen's net pension liability	$85,980	$74,541	$64,992

Firemen's—The following presents the allocated share of the net pension liability to the Airport as of December 31, 2022, calculated using the discount rate of 6.75%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% point lower (5.75%) or 1% point higher (7.75%) than the current rate (dollars in thousands):

Net Pension Liability	**1% Decrease**	**Current Discount Rate**	**1% Increase**
Firemen's discount rate	5.75 %	6.75 %	7.75 %
Firemen's net pension liability	$91,486	$79,926	$70,217

Pension Plan Fiduciary Net (Deficit) Position—Detailed information about the pension plan's fiduciary net (deficit) position is available in the separately issued Pension Plans financial report.

8. RELATED-PARTY TRANSACTIONS

Included in operating expenses are reimbursements to the general fund of the City for services provided by other City departments, employee fringe benefits, and self-insured risks. Such reimbursements were $39.0 million in 2022.

9. COMMITMENTS AND CONTINGENCIES

The Airport has certain contingent liabilities resulting from litigation, claims, and commitments incident to the 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 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 year ended December 31, 2022, are as follows (dollars in thousands):

Beginning balance—January 1	$ 597
Total claims incurred	6,061
Claims paid	(6,029)
Claims liability—December 31	$ 629

The City's property and liability insurance premiums are approximately $14.5 million per year. The City maintains property and liability insurance coverage for both O'Hare and Midway and allocates the cost of the premiums between the two airports. The property coverage was renewed on December 31, 2022, with a limit of $3.5 billion and includes $3.5 billion in terrorism coverage, and the liability coverage was renewed May 15, 2023, with a limit of $1 billion and includes $1 billion in war and terrorism liability coverage.

At December 31, 2022, the Airport had commitments in the amount of approximately $23.3 million in connection with contracts entered into for construction projects.

10. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows of resources:	
Deferred outflows from pension activities accumulated	$ 25,058
Changes in proportionate share of pension contribution	5,829
Unamortized deferred bond refunding costs	12,065
Derivatives	5,698
Total deferred outflows of resources	$ 48,650
Deferred inflows of resources—deferred inflows from pension activities	$ 33,541
Deferred Inflows of Leases	211,012

Refer to Note 7 Pension Plans—Deferred Outflows Related to Pension Activities and to Changes in Proportionate Share of Contributions sections. Refer to Note 6 for deferred inflows related to leases.

11. SUBSEQUENT EVENTS

On February 2, 2023, S&P upgraded the rating of the Chicago Midway International Airport's raised its long-term rating and underlying rating (SPUR) on the City of Chicago's first-lien and second-lien general airport revenue bonds (GARBs) to 'A' from 'A-'. S&P Global Ratings also raised its rating to 'AA+/A-1' from 'AA/A-1' on Chicago Midway International Airport's second-lien revenue refunding bonds, series 2004C-1, 2004C-2, and 2004D. At the same time, S&P Global Ratings affirmed its 'AA/A-1' rating on Chicago Midway International Airport's second-lien revenue refunding bonds, series 2014C. The outlooks, where applicable, are stable.

* * * * * *

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
LAST EIGHT FISCAL YEARS
(Dollars are in thousands)

	2022	2021	2020	2019	2018	2017	2016	2015
MUNICIPAL EMPLOYEES':								
Total pension liability:								
Service cost*	$ 263,993	$ 246,066	$ 236,302	$ 228,465	$ 223,528	$ 572,534	$ 619,743	$ 226,816
Interest	1,269,645	1,228,905	1,190,694	1,159,253	1,123,348	915,711	878,369	909,067
Benefit changes	-	-	-	-	-	-	-	2,140,009
Differences between expected and actual experience	84,258	121,988	100,938	16,676	95,540	(177,755)	(127,119)	(109,865)
Assumption changes	143,996	-	-	-	-	(7,431,191)	(578,920)	8,711,755
Benefit payments including refunds	(1,055,585)	(1,010,191)	(973,478)	(952,652)	(916,198)	(888,174)	(859,672)	(826,036)
Net change in total pension liability	706,307	586,768	554,456	451,742	526,218	(7,008,875)	(67,599)	11,051,746
Total pension liability—beginning	18,401,580	17,814,812	17,260,356	16,808,614	16,282,396	23,291,271	23,358,870	12,307,094
Total pension liability—ending (a)	19,107,887	18,401,580	17,814,812	17,260,356	16,808,614	16,282,396	23,291,271	23,358,840
Plan fiduciary net position:								
Contributions—employer	959,550	573,198	496,992	418,269	349,574	261,764	149,718	149,225
Contributions—employee	176,339	163,411	157,798	146,645	138,400	134,765	130,391	131,428
Net investment income	(429,912)	498,299	335,403	560,940	(204,975)	610,515	281,419	114,025
Benefit payments including refunds of employee contribution	(1,055,585)	(1,010,191)	(973,478)	(952,652)	(916,198)	(888,174)	(859,672)	(826,036)
Administrative expenses	(6,873)	(6,687)	(7,118)	(6,740)	(6,639)	(6,473)	(7,056)	(6,701)
Other	-	-	-	-	-	5,394	-	-
Net change in plan fiduciary net position	(356,481)	218,030	9,597	166,462	(639,838)	117,791	(305,200)	(438,059)
Plan fiduciary net position—beginning	4,308,269	4,090,239	4,080,642	3,914,180	4,554,018	4,436,227	4,741,427	5,179,486
Plan fiduciary net position—ending (b)	3,951,788	4,308,269	4,090,239	4,080,642	3,914,180	4,554,018	4,436,227	4,741,427
NET PENSION LIABILITY—Ending (a)–(b)	$ 15,156,099	$ 14,093,311	$ 13,724,573	$ 13,179,714	$ 12,894,434	$ 11,728,378	$ 18,855,044	$ 18,617,413
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	20.68 %	23.41 %	22.96 %	23.64 %	23.29 %	27.97 %	19.05 %	20.30 %
ALLOCATED COVERED PAYROLL**	$ 26,732	$ 29,709	$ 26,921	$ 26,905	$ 25,353	$ 23,019	$ 15,292	$ 15,138
EMPLOYER'S NET PENSION LIABILITY AS A PERCENTAGE OF ALLOCATED COVERED PAYROLL	699.67 %	704.24 %	737.13 %	731.07 %	743.37 %	695.41 %	1,144.85 %	1,132.81 %
ALLOCATED NET PENSION LIABILITY	$ 187,037	$ 209,223	$ 198,443	$ 196,694	$ 188,469	$ 160,076	$ 175,069	$ 171,485
ALLOCATED PERCENTAGE	1.23 %	1.48 %	1.45 %	1.49 %	1.46 %	1.36 %	0.93 %	0.92 %

* Includes pension plan administrative expense.
** Allocated covered payroll is the amount in force as of the actuarial valuation date and likely differs from actual payroll paid during fiscal year.

Ten year information will be provided prospectively starting with year 2015.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
LAST EIGHT FISCAL YEARS
(Dollars are in thousands)

	2022	2021	2020	2019	2018	2017	2016	2015
LABORERS':								
Total pension liability:								
Service cost*	$ 39,331	$ 40,411	$ 39,216	$ 38,522	$ 40,801	$ 80,232	$ 82,960	$ 38,389
Interest	193,347	192,343	191,099	188,347	183,135	154,047	150,166	153,812
Benefit changes	-	-	-	-	-	150	-	384,033
Differences between expected and actual experience	(27,236)	(31,083)	(18,992)	(8,820)	15,143	(62,178)	(30,428)	(46,085)
Assumption changes	(109,355)	21,870	44,034	32,846	(11,788)	(1,074,754)	(62,905)	1,175,935
Benefit payments including refunds	(177,162)	(172,514)	(169,056)	(164,959)	(160,061)	(157,050)	(154,683)	(152,530)
Pension plan administrative expense	(3,607)	(3,837)	(3,616)	(3,691)	(3,933)	(3,985)	(4,080)	(3,844)
Net change in total pension liability	(84,682)	47,190	82,685	82,245	63,297	(1,063,538)	(18,970)	1,549,710
Total pension liability—beginning	2,905,524	2,858,334	2,775,649	2,693,404	2,630,107	3,693,645	3,712,615	2,162,905
Total pension liability—ending (a)	2,820,842	2,905,524	2,858,334	2,775,649	2,693,404	2,630,107	3,693,645	3,712,615
Plan fiduciary net position:								
Contributions—employer	116,176	84,969	73,744	59,346	47,844	35,457	12,603	12,412
Contributions—employee	19,069	17,637	18,064	18,143	17,837	17,411	17,246	16,844
Net investment income	(161,680)	138,105	163,057	184,027	(75,219)	207,981	57,997	(22,318)
Benefit payments including refunds of employee contribution	(177,162)	(172,514)	(169,056)	(164,959)	(160,061)	(157,050)	(154,683)	(152,530)
Administrative expenses	(3,607)	(3,837)	(3,616)	(3,691)	(3,933)	(3,985)	(4,080)	(3,844)
Other	-	-	-	-	661	-	-	-
Net change in plan fiduciary net position	(207,204)	64,360	82,193	92,866	(172,871)	99,814	(70,917)	(149,436)
Plan fiduciary net position—beginning	1,334,102	1,269,742	1,187,549	1,094,683	1,267,554	1,167,740	1,238,657	1,388,093
Plan fiduciary net position—ending (b)	1,126,898	1,334,102	1,269,742	1,187,549	1,094,683	1,267,554	1,167,740	1,238,657
NET PENSION LIABILITY—Ending (a)–(b)	$ 1,693,944	$ 1,571,422	$ 1,588,592	$ 1,588,100	$ 1,598,721	$ 1,362,553	$ 2,525,905	$ 2,473,958
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	39.95 %	45.92 %	44.42 %	42.78 %	40.64 %	48.19 %	31.61 %	33.36 %
ALLOCATED COVERED PAYROLL**	$ 4,032	$ 3,530	$ 3,364	$ 3,118	$ 3,075	$ 3,098	$ 3,172	$ 3,060
EMPLOYER'S NET PENSION LIABILITY AS A PERCENTAGE OF ALLOCATED COVERED PAYROLL	791.22 %	740.88 %	766.71 %	750.49 %	755.96 %	653.68 %	1,213.47 %	1,208.15 %
ALLOCATED NET PENSION LIABILITY	$ 31,902	$ 26,153	$ 25,793	$ 23,398	$ 23,248	$ 20,249	$ 38,495	$ 36,973
ALLOCATED PERCENTAGE	1.88 %	1.66 %	1.62 %	1.47 %	1.45 %	1.49 %	1.52 %	1.50 %

* Includes pension plan administrative expense.
** Allocated covered payroll is the amount in force as of the actuarial valuation date and likely differs from actual payroll paid during fiscal year.

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CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
LAST EIGHT FISCAL YEARS
(Dollars are in thousands)

	2022	2021	2020	2019	2018	2017	2016	2015
POLICEMEN'S:								
Total pension liability:								
Service cost*	$ 294,515	$ 284,707	$ 286,537	$ 240,383	$ 242,998	$ 237,333	$ 220,570	$ 213,585
Interest	1,011,977	963,417	942,623	944,739	931,731	917,720	851,098	832,972
Benefit changes	40,210	-	-	24,216	-	-	606,250	-
Differences between expected and actual experience	179,968	450,528	61,914	(68,010)	(281,151)	(299,923)	1,801	(105,969)
Assumption changes	(700,065)	37,029	260,021	1,140,418	(259,052)	238,975	112,585	-
Benefit payments including refunds	(947,589)	(887,076)	(841,598)	(800,668)	(771,104)	(747,891)	(707,196)	(676,777)
Pension plan administrative expense	(4,394)	(3,337)	(4,359)	(4,734)	(4,626)	(4,843)	(4,750)	(4,508)
Net change in total pension liability	(125,378)	845,268	705,138	1,476,344	(141,204)	341,371	1,080,358	259,303
Total pension liability—beginning	16,340,008	15,494,740	14,789,602	13,313,258	13,454,462	13,113,091	12,032,733	11,773,430
Total pension liability—ending (a)	16,214,630	16,340,008	15,494,740	14,789,602	13,313,258	13,454,462	13,113,091	12,032,733
Plan fiduciary net position:								
Contributions—employer	801,706	788,770	739,441	581,936	588,035	494,483	272,428	572,836
Contributions—employee	114,403	136,225	113,622	110,792	107,186	103,011	101,476	107,626
Net investment income	(324,259)	370,141	271,891	369,982	(137,977)	412,190	142,699	(5,334)
Benefit payments including refunds of employee contribution	(947,589)	(887,076)	(841,598)	(800,668)	(771,104)	(747,891)	(707,196)	(676,777)
Administrative expenses	(4,394)	(3,337)	(4,359)	(4,734)	(4,626)	(4,843)	(4,750)	(4,508)
Other	368	91	472	(59)	1,600	97	1,413	3,092
Net change in plan fiduciary net position	(359,765)	404,814	279,469	257,249	(216,886)	257,047	(193,930)	(3,065)
Adjustment as of January 1,	(119)	(48)						
Plan fiduciary net position—beginning	3,846,664	3,441,898	3,162,429	2,905,089	3,122,066	2,865,019	3,058,949	3,062,014
Plan fiduciary net position—ending (b)	3,486,780	3,846,664	3,441,898	3,162,338	2,905,180	3,122,066	2,865,019	3,058,949
NET PENSION LIABILITY—Ending (a)-(b)	$ 12,727,850	$ 12,493,344	$ 12,052,842	$ 11,627,264	$ 10,408,078	$ 10,332,396	$ 10,248,072	$ 8,973,784
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	21.50 %	23.54 %	22.21 %	21.38 %	21.82 %	23.20 %	21.85 %	25.42 %
ALLOCATED COVERED PAYROLL**	$ 7,462	$ 6,904	$ 6,696	$ 7,187	$ 5,492	$ 5,361	$ 5,022	$ 1,086,608
EMPLOYER'S NET PENSION LIABILITY AS A PERCENTAGE OF ALLOCATED COVERED PAYROLL	998.94 %	992.89 %	1,007.78 %	946.08 %	863.51 %	898.15 %	915.39 %	825.85 %
ALLOCATED NET PENSION LIABILITY	$ 74,541	$ 68,549	$ 67,477	$ 67,996	$ 47,425	$ 48,149	$ 45,971	$ 36,344
ALLOCATED PERCENTAGE	0.59 %	0.55 %	0.56 %	0.58 %	0.46 %	0.47 %	0.45 %	0.41 %

* Includes pension plan administrative expense
** Allocated covered payroll is the amount in force as of the actuarial valuation date and likely differs from actual payroll paid during fiscal year.

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CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
LAST EIGHT FISCAL YEARS
(Dollars are in thousands)

	2022	2021	2020	2019	2018	2017	2016	2015
FIREMEN'S:								
Total pension liability:								
Service cost	$ 111,917	$ 112,730	$ 109,487	$ 102,141	$ 97,143	$ 93,367	$ 94,115	$ 87,203
Interest	466,819	429,630	410,128	408,586	410,821	371,622	342,085	338,986
Benefit changes	11,737	196,531	-	-	-	-	227,213	-
Differences between expected and actual experience	(30,667)	93,928	174,717	(65,213)	(56,418)	26,954	24,110	(7,981)
Assumption changes	53,665	(340,370)	30,468	190,954	382,611	414,219	(74,373)	176,282
Benefit payments including refunds	(401,968)	(388,674)	(366,160)	(346,337)	(324,662)	(306,098)	(286,759)	(278,017)
Pension plan administrative expense	-	-	-	-	(3,285)	(3,172)	(3,217)	(3,149)
Net change in total pension liability	211,503	103,775	358,640	290,131	506,210	596,892	323,174	313,324
Total pension liability—beginning	7,004,906	6,901,131	6,542,491	6,252,360	5,746,150	5,149,258	4,826,084	4,512,760
Total pension liability—ending (a)	7,216,409	7,004,906	6,901,131	6,542,491	6,252,360	5,746,150	5,149,258	4,826,084
Plan fiduciary net position:								
Contributions—employer	399,210	367,481	368,423	255,382	249,684	228,453	154,101	236,104
Contributions—employee	53,031	52,268	54,414	46,623	45,894	47,364	48,960	46,552
Net investment income	(155,590)	129,513	105,367	161,082	(58,000)	140,570	60,881	7,596
Benefit payments including refunds of employee contribution	(401,968)	(388,674)	(366,160)	(346,337)	(324,662)	(306,098)	(286,759)	(278,017)
Administrative expenses	(3,390)	(3,082)	(2,991)	(3,226)	(3,285)	(3,172)	(3,217)	(3,149)
Other	5	5	13	507	6	22	(53)	7
Net change in plan fiduciary net position	(108,702)	157,511	159,066	114,031	(90,363)	107,139	(26,087)	9,093
Plan fiduciary net position—beginning	1,466,398	1,308,887	1,149,821	1,035,790	1,126,153	1,019,014	1,045,101	1,036,008
Plan fiduciary net position—ending (b)	1,357,696	1,466,398	1,308,887	1,149,821	1,035,790	1,126,153	1,019,014	1,045,101
NET PENSION LIABILITY—Ending (a)-(b)	$ 5,858,713	$ 5,538,508	$ 5,592,244	$ 5,392,670	$ 5,216,570	$ 4,619,997	$ 4,130,244	$ 3,780,983
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	18.81 %	20.93 %	18.97 %	17.57 %	16.57 %	19.60 %	19.79 %	21.66 %
ALLOCATED COVERED PAYROLL**	$ 7,169	$ 6,858	$ 6,839	$ 6,163	$ 6,181	$ 6,313	$ 6,628	$ 6,303
EMPLOYER'S NET PENSION LIABILITY AS A PERCENTAGE OF ALLOCATED COVERED PAYROLL	1,114.88 %	1,064.96 %	1,117.63 %	1,179.80 %	1,141.56 %	984.22 %	863.22 %	812.71 %
ALLOCATED NET PENSION LIABILITY	$ 79,926	$ 73,035	$ 76,431	$ 72,707	$ 70,560	$ 62,136	$ 57,212	$ 51,224
ALLOCATED PERCENTAGE	1.36 %	1.32 %	1.37 %	1.35 %	1.35 %	1.34 %	1.39 %	1.36 %

* Includes pension plan administrative expense.
** Allocated Covered payroll is the amount in force as of the actuarial valuation date and likely differs from actual payroll paid during fiscal year.

Note: Ten year information will be provided prospectively starting with year 2015.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

SCHEDULE OF CONTRIBUTIONS
LAST TEN YEARS
(Dollars are in thousands)

Municipal Employees'

Years Ended December 31	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency	Covered Payroll*	Contributions as a Percentage of Covered Payroll
2013	$ 820,023	$148,197	$671,826	$1,580,289	9.38 %
2014	839,039	149,747	689,292	1,602,978	9.34
2015	677,200	149,225	527,975	1,643,481	9.08
2016	961,770	149,718	812,052	1,646,939	9.09
2017	1,005,457	261,764	743,693	1,686,533	15.52
2018	1,049,916	349,574	700,342	1,734,596	20.15
2019	1,117,388	418,269	699,119	1,802,790	23.20
2020	1,167,154	496,992	670,162	1,861,905	26.69
2021	1,218,361	573,198	645,163	2,001,181	28.64
2022	1,262,413	959,550	302,863	2,166,182	44.30

*Covered payroll is the amount in force as of the actuarial valuation date and likely differs from actual payroll paid during fiscal year.

The schedule of contribution amounts are presented City-wide, as statutory requirement is for contribution is for the City of Chicago and not the individual Enterprise fund.

Laborers'

Years Ended December 31	Actuarially Determined Contributions*	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency	Covered Payroll**	Contributions as a Percentage of Covered Payroll
2013	$ 106,199	$ 11,583	$ 94,616	$ 200,352	5.78 %
2014	106,019	12,161	93,858	202,673	6.00
2015	79,851	12,412	67,439	204,773	6.06
2016	117,033	12,603	104,430	208,155	6.05
2017	124,226	35,457	88,769	208,442	17.01
2018	129,247	47,844	81,403	211,482	22.62
2019	148,410	59,346	89,064	211,608	28.05
2020	155,794	73,744	82,050	207,195	35.59
2021	155,245	84,969	70,276	212,122	40.06
2022	153,023	116,176	36,847	214,083	54.27

*The LABF Statutory Funding does not conform to Actuarial Standards of Practice, therefore, the actuarially determined contribution is equal to the normal cost plus an amount to amortize the unfunded liability using dollar payments and a 30 year open amortization period.

**Covered payroll is the amount in force as of the actuarial valuation date and likely differs from actual payroll paid during fiscal year.

The schedule of contribution amounts are presented City-wide, as statutory requirement is for contribution is for the City of Chicago and not the individual Enterprise fund.

(Continued)

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

SCHEDULE OF CONTRIBUTIONS
LAST TEN YEARS
(Dollars are in thousands)

Policemen's:

Years Ended December 31	Actuarially Determined Contributions*	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency	Covered Payroll**	Contributions as a Percentage of Covered Payroll
2013	$ 474,177	$179,521	$294,656	$1,015,426	17.68 %
2014	491,651	178,158	313,493	1,074,333	16.58
2015	785,501	575,928	209,573	1,086,608	53.00
2016	785,695	273,840	511,855	1,119,527	24.46
2017	910,938	494,580	416,358	1,150,406	42.99
2018	924,654	589,635	335,019	1,205,324	48.92
2019	933,770	581,968	351,802	1,228,987	47.35
2020	1,037,582	739,913	297,669	1,195,980	61.87
2021	1,047,839	788,861	258,978	1,258,338	62.69
2022	1,085,159	802,074	283,085	1,274,050	62.95

*The PABF Statutory Funding does not conform to Actuarial Standards of Practice; therefore, the 2015 and after, the actuarially determined contribution is equal to the normal cost plus a 30-year dollar amortization of the unfunded actuarial liability. Prior to 2015 the actuarially determined contribution was equal to the "ARC" which was equal to normal cost plus a 30-year open level percent amortization of the unfunded actuarial liability.

**Covered payroll is the amount in force as of the actuarial valuation date and likely differs from actual payroll paid during fiscal year.

The schedule of contribution amounts are presented City-wide, as statutory requirement is for contribution is for the City of Chicago and not the individual Enterprise fund.

Firemen's:

Years Ended December 31	Actuarially Determined Contributions*	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency	Covered Payroll**	Contributions as a Percentage of Covered Payroll
2013	$ 294,878	$103,669	$191,209	$ 416,492	24.89 %
2014	304,265	107,334	196,931	460,190	23.32
2015	323,545	236,104	87,441	465,232	50.75
2016	333,952	154,101	179,851	478,471	32.21
2017	372,845	228,453	144,392	469,407	48.67
2018	412,220	249,684	162,536	456,969	54.64
2019	442,045	255,382	186,663	457,082	55.87
2020	466,556	368,423	98,133	500,368	73.63
2021	476,498	367,481	109,017	520,047	70.66
2022	509,936	399,210	110,726	525,480	75.97

*The FABF Statutory Funding does not conform to Actuarial Standards of Practice, therefore, the Actuarially Determined Contribution is equal to the normal cost plus an amount to amortize the unfunded liability using level dollar payments and a 30 year open amortization period. Amounts for fiscal years prior to 2015 were based on the "ARC" which was equal to normal cost plus an amount to amortize the unfunded liability using a 30-year open period level dollar amortization.

**Covered payroll is the amount in force as of the actuarial valuation date and likely differs from actual payroll paid during fiscal year.

The schedule of contribution amounts are presented City-wide, as statutory requirement is for contribution is for the City of Chicago and not the individual Enterprise fund.

(Continued)

SCHEDULE OF CONTRIBUTIONS
LAST TEN YEARS
(Dollars are in thousands)

Actuarial Methods and Assumptions	**Municipal Employees'**		**Laborers'**		**Policemen's**		**Firemen's**	
Actuarial valuation date	12/31/2021		12/31/2021		12/31/2021		12/31/2021	
Actuarial cost method	Entry age normal		Entry age normal		Entry age normal		Entry age normal	
Asset valuation method	5-yr. Smoothed Market		5-yr. Smoothed Market		5-yr. Smoothed Market		5-yr. Smoothed Market	
Actuarial assumptions:								
Inflation	2.50%		2.25%		2.25%		2.50%	
Salary increases	3.50%–7.75%	(a)	3.00%	(b)	3.50%	(c)	3.5%–25.00%	(d)
Investment rate of return	7.00%	(e)	7.25%	(f)	6.75%		6.75%	(e)
Retirement age	(g)		(h)		(i)		(j)	
Mortality	(k)		(l)		(m)		(n)	
Other information	(o)		(p)		(q)		(o)	

(a) Varying by years of service and employer.
(b) Plus a service-based increase in the first 9 years.
(c) Plus service based increases consistent with bargaining contracts.
(d) Varying by years of service.
(e) Net of investment expense
(f) Net of investment expense, including inflation
(g) For employees first hired prior to January 1, 2011, rates of retirement are based on the recent experience of the Fund (effective December 31, 2022). For employees first hired on or after January 1, 2011 and before July 6, 2017, rates of retirement for each age from 62 to 80 were used (effective December 31, 2011). For employees first hired on or after July 6, 2017, rates of retirement for each age from 60 to 80 were used (effective December 31, 2018).
(h) Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the December 31, 2020, valuation pursuant to an experience study of the period January 1, 2017, through December 31, 2019.
(i) Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the December 31, 2019, actuarial valuation pursuant to an experience study of the period January 1, 2014, through December 31, 2018.
(j) Retirement rates are based on the recent experience of the Fund (effective December 31, 2022).
(k) Post-retirement mortality rates were based on the RP-2014 Healthy Annuitant Mortality Tables, set forward two years for males and one year for females, and projected generationally using scale MP-2016. Pre-retirement mortality rates were based on 120% of the RP-2014 Employee Mortality Tables projected generationally using scale MP-2016.
(l) Post Retirement Mortality: Scaling factors of 109% for males, and 108% for females of the Pub-2010 Amount-weighted Below-median Income General Healthy Retiree Mortality Tables, sex distinct, with generational mortality improvement using MP-2020 2-dimensional mortality improvement scales recently released by the SOA. This assumption provides a margin for mortality improvements. Pre Retirement Mortality: Scaling factors of 111% for males, and 115% for females of the Pub-2010 Amount-weighted Below-median Income General Employee Mortality Tables, sex distinct, with generational mortality improvement using MP-2020 2-dimensional mortality improvement scales recently released by the SOA. This assumption provides a margin for mortality improvements.

Pre Retirement Mortality: Scaling factors of 111% for males, and 115% for females of the Pub-2010 Amount-weighted Below-median Income General Employee Mortality Tables, sex distinct, with generational mortality improvement using MP-2020 2-dimensional mortality improvement scales recently released by the SOA. This assumption provides a margin for mortality improvements.
(m) Post-Retirement Healthy mortality rates: Sex distinct Pub-2010 Amount-weighted Safety Healthy Retiree Mortality Tables weighted 119% for males and 102% for females, set forward one year for males. Pre-Retirement mortality rates: Sex distinct Pub-2010 Amount-weighted Safety Employee Mortality Tables weighted 100% for males and 100% for females. Disabled Mortality: Sex distinct Pub-2010 Amount-weighted Safety Healthy Retiree Mortality Tables weighted 129% for males and 112% for females, set forward one year for males. Future mortality improvements are reflected by projecting the base mortality tables forward using the MP-2018 projection scale.
(n) Post-retirement mortality rates were based on the RP-2014 Blue Collar Healthy Annuitant Mortality Tables, scaled by 106% for males and 98% for females, and projected generationally using scale MP-2017. Disabled mortality rates were based on the RP-2014 Blue Collar Healthy Annuitant Mortality Tables, scaled by 107% for males and 99% for females, and projected generationally using scale MP-2017. Pre-retirement mortality rates were based on the RP-2014 Blue Collar Employee Mortality, scaled by 92% for males and 100% for females, projected generationally using scale MP-2017.

(o) Other assumptions: Same as those used in the December 31, 2021, actuarial funding valuations.
(p) The actuarial valuation is based on the statutes in effect as of December 31, 2020.
(q) The actuarially determined contribution for fiscal year ending December 31, 2022 was determined in the funding actuarial valuation as of December 31, 2021 and the statutory contribution (upon which the actual contribution was based) for fiscal year ending December 31, 2022 was determined in the funding actuarial valuation as of December 31, 2020, which were both based on the assumptions summarized above.

(Concluded)

ADDITIONAL SUPPLEMENTARY INFORMATION

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

ADDITIONAL SUPPLEMENTARY INFORMATION
CHICAGO MIDWAY AIRPORT REVENUE BONDS
DEBT SERVICE COVERAGE CALCULATIONS
YEARS ENDED DECEMBER 31, 2022 AND 2021
($ in thousands)

	2022	2021
REVENUES:		
Total revenues—as defined	$ 247,264	$ 208,457
Other available moneys (passenger facility charges and COVID-19 Relief Funds)	36,566	76,553
Revenue Fund balance on first day of fiscal year (Note 2)	24,442	24,693
TOTAL REVENUES	$ 308,272	$ 309,703
COVERAGE REQUIREMENT—Required deposits from revenues:		
Debt Service Fund	$ 4,538	$ 4,533
Operation and maintenance reserve account	2,773	1,891
Second/Junior Lien Obligation Debt Service Fund	128,044	121,639
Second Lien Obligation Program Fee Fund	2,355	2,454
Repair and Maintenance Fund	1,642	1,017
TOTAL FUND DEPOSIT REQUIREMENTS	$ 139,352	$ 131,534
AGGREGATE FIRST LIEN DEBT SERVICE FOR THE BOND YEAR	$ 4,541	$ 4,533
NET AGGREGATE DEBT SERVICE	$ 4,541	$ 4,533
	1.25	1.25
NET DEBT SERVICE REQUIRED COVERAGE	$ 5,676	$ 5,666
OPERATION AND MAINTENANCE EXPENSES	$ 138,909	$ 139,956
COVERAGE REQUIRED (Greater of total fund deposit requirements or 125% of aggregate debt service)	139,352	131,534
TOTAL COVERAGE REQUIRED	$ 278,261	$ 271,490
TOTAL REVENUES	$ 308,272	$ 309,703
COVENANT COVERAGE RATIO	1.11	1.14

See notes to debt service coverage calculations.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

ADDITIONAL SUPPLEMENTARY INFORMATION
CHICAGO MIDWAY AIRPORT REVENUE BONDS
NOTES TO DEBT SERVICE COVERAGE CALCULATIONS
YEARS ENDED DECEMBER 31, 2022 AND 2021

1. RATE COVENANT

The Master Indenture of Trust ("Master Indenture") securing the Chicago Midway Airport Revenue Bonds ("Bonds") requires that revenues, together with other available moneys deposited with the trustee and any balance held in the revenue fund on the first day of the calendar 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 year and (ii) to provide for the greater of (a) the amounts, if any, needed to make required deposits into the Debt Service Fund, the Operating and Maintenance Reserve Account, the Working Capital Account, the Debt Service Reserve Fund, the Junior Lien Obligation Debt Service Fund, the Repair and Replacement Fund, and the Special Project Fund; and (b) an amount not less than 125% of the aggregate debt service for the Bond year commencing during such fiscal year.

Midway Airport contributed $24.2 million of cash to the pension funds. In addition, COVID-19 Relief Funds of $35.1 million were applied to reduce the airline-based operating and maintenance costs in 2022.

2. REVENUE FUND BALANCE

The revenue fund balance includes all cash, cash equivalents, and investments, which were available to the revenue fund to satisfy the coverage requirement under the terms of the Master Indenture.

3. FUND DEPOSIT REQUIREMENTS

The Airport excludes the Airport Development Fund in the Debt Service Coverage calculation. This fund can be used by the City for any lawful Airport purpose and therefore can be used to fulfill any debt service obligations. The cash balance as of December 31, 2022 was $18.1 million.

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CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

ADDITIONAL SUPPLEMENTARY INFORMATION
CHICAGO MIDWAY AIRPORT SECOND LIEN REVENUE BONDS
DEBT SERVICE COVERAGE CALCULATIONS
YEARS ENDED DECEMBER 31, 2022 AND 2021
($ in thousands)

	2022	2021
REVENUES:		
Total revenues—as defined	$ 247,264	$ 208,457
Other available moneys (passenger facility charges)	36,566	76,553
Revenue fund balance on first day of fiscal year (Note 2)	24,442	24,693
TOTAL REVENUES FOR CALCULATION OF COVERAGE	$ 308,272	$ 309,703
COVERAGE REQUIREMENT—Required deposits from revenues:		
First Lien Debt Service Fund	$ 4,538	$ 4,533
Operation and maintenance reserve account	2,773	1,891
Second Lien Obligation Debt Service Fund	128,044	121,639
Second Lien Obligation Program Fee Fund	2,355	2,454
Repair and Replacement Fund	1,642	1,017
TOTAL FUND DEPOSIT REQUIREMENTS	$ 139,352	$ 131,534
125% OF AGGREGATE FIRST LIEN DEBT SERVICE FOR THE BOND YEAR:		
Aggregate First Lien Debt Service	$ 4,541	$ 4,533
Net aggregate First Lien Debt Service	4,541	4,533
	1.25	1.25
125% OF AGGREGATE FIRST LIEN DEBT SERVICE	$ 5,676	$ 5,666
GREATER OF FUND DEPOSIT REQUIREMENTS OR 125% OF AGGREGATE FIRST LIEN DEBT SERVICE	$ 139,352	$ 131,534
110% OF AGGREGATE FIRST AND SECOND LIEN DEBT SERVICE FOR THE BOND YEAR:		
Aggregate First Lien Debt Service	$ 4,541	$ 4,533
Aggregate Second Lien Debt Service	128,313	121,640
Less amounts transferred from Junior Lien Capitalized Interest Accounts	-	-
Net aggregate First and Second Lien Debt Service	132,854	126,173
	1.10	1.10
110% OF AGGREGATE FIRST AND SECOND LIEN DEBT SERVICE	$ 146,139	$ 138,790
GREATER OF FUND DEPOSIT REQUIREMENTS OR 110% OF AGGREGATE FIRST AND SECOND LIEN DEBT SERVICE	$ 146,139	$ 138,790
GREATER OF FUND DEPOSIT REQUIREMENTS OR 125% OF FIRST LIEN DEBT OR 110% OF AGGREGATE DEBT SERVICE	$ 146,139	$ 138,790
RATE COVENANT CALCULATION:		
Operation and maintenance expenses	$ 138,909	$ 139,956
110% of aggregate First and Second Lien Debt Service	146,139	138,790
TOTAL COVERAGE REQUIRED	$ 285,048	$ 278,746
TOTAL REVENUES	$ 308,272	$ 309,703
REVENUES IN EXCESS OF COVERAGE REQUIREMENT	$ 23,224	$ 30,957
COVENANT COVERAGE RATIO	1.08	1.11
COVERAGE CALCULATION:		
Total revenues	$ 308,272	$ 309,703
Operation and maintenance expenses	138,909	139,956
TOTAL REVENUES AVAILABLE FOR AGGREGATE DEBT SERVICE	169,363	169,747
AGGREGATE FIRST AND SECOND LIEN DEBT SERVICE	132,854	126,173
REVENUES IN EXCESS OF COVERAGE REQUIREMENT	$ 36,509	$ 43,574
COVERAGE RATIO	1.27	1.35

See notes to debt service coverage calculations.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

ADDITIONAL SUPPLEMENTARY INFORMATION
CHICAGO MIDWAY AIRPORT SECOND LIEN REVENUE BONDS
NOTES TO DEBT SERVICE COVERAGE CALCULATIONS
YEARS ENDED DECEMBER 31, 2022 AND 2021

1. RATE COVENANT

The Master Indenture of Trust ("Master Indenture") securing the Chicago Midway Airport Second Lien Revenue Bonds ("Bonds") requires that revenues, together with other available moneys deposited with the first lien trustee or the second lien trustee and any balance held in the first lien revenue fund or the second lien revenue fund on the first day of the year not then required to be deposited in any fund or account under the first lien indenture or the second lien indenture, will be at least sufficient (a) to provide for the payment of operation and maintenance expenses for the year and (b) to provide for: (i) the greater of the amounts needed to make the deposits required under the first lien indenture during such calendar year into the first lien debt service fund, the Operating and Maintenance (O&M) Reserve Account, the Working Capital Account, the First Lien Debt Service Reserve Fund, the Junior Lien Obligation Debt Service Fund, the Repair and Replacement Fund and the Special Project Fund, or an amount not less than 125% of the Aggregate First Lien Debt Service for the Bond year commencing during such year, reduced by any amount held in any capitalized interest account for disbursement during such Bond year to pay interest on first lien bonds; or (ii) the greater of the amounts needed to make the deposits required under the first lien indenture during such year into the First Lien Debt Service Fund, the O&M Reserve Account, the Working Capital Account, the First Lien Debt Service Reserve Fund, the Junior Lien Obligation Debt Service Fund, the Repair and Replacement Fund and the Special Project Fund, or an amount not less than 110% of the sum of Aggregate First Lien Debt Service and Aggregate Second Lien Debt Service for the Bond year commencing during such year, reduced by (a) any amount held in any capitalized interest account for disbursement during such Bond year to pay interest on any first lien bonds, and (b) any amount held in any capitalized interest account established pursuant to a supplemental indenture for disbursement during such Bond year to pay interest on second lien obligations.

Midway Airport contributed $24.2 million of cash to the pension funds. In addition, COVID-19 Relief Funds of $35.1 million were applied to reduce the airline-based operating and maintenance costs in 2022.

2. REVENUE FUND BALANCE

The revenue fund balance includes all cash, cash equivalents, and investments, which were available to the revenue fund to satisfy the coverage requirement under the terms of the Master Indenture.

3. FUND DEPOSIT REQUIREMENTS

The Airport excludes the Airport Development Fund in the Debt Service Coverage calculation. This fund can be used by the City for any lawful Airport purpose and therefore can be used to fulfill any debt service obligations. The cash balance as of December 31, 2022 was $18.1 million.

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STATISTICAL INFORMATION

STATISTICAL INFORMATION

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, notes disclosures and required supplementary information says about the Airport's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the Airport's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the Airport's most significant revenue sources.

Debt Capacity

These schedules present information to help the reader assess the affordability of the Airport's current levels of outstanding debt and the Airport's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the Environment within which the Airport's financial activities takes place.

Operating Information

These schedules contains data to help the reader understand how the information in the Airport's financial report relates to the services the Airport provides and the activities it performs.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

HISTORICAL OPERATING RESULTS
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2013–2022
($ in thousands)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
OPERATING REVENUES:										
Landing fees	$ 42,516	$ 42,539	$ 48,350	$ 49,186	$ 54,165	$ 58,304	$ 56,604	$ 38,772	$ 52,166	$ 58,445
Rental revenues:										
Terminal area use charges	47,486	40,916	36,273	38,239	41,251	47,821	68,827	74,714	85,886	78,781
Other rentals and fueling system fees	26,004	24,197	25,945	26,396	27,912	28,755	32,615	29,486	24,891	36,028
Subtotal rental revenues	73,490	65,113	62,218	64,635	69,163	76,576	101,442	104,200	110,777	114,809
Concessions:										
Auto parking	32,721	34,226	35,772	36,665	38,317	36,602	34,430	14,299	27,797	35,901
Auto rentals	10,255	10,743	11,104	11,390	11,287	11,022	11,135	9,693	9,838	8,413
Restaurant	10,179	11,090	12,150	13,019	14,912	16,167	16,227	13,390	13,652	9,685
News and gifts	3,619	3,761	4,128	4,471	4,729	5,379	5,497	5,716	4,717	3,892
Other	2,409	2,787	2,397	2,827	2,452	2,483	2,199	1,670	1,881	1,279
Subtotal concessions	59,183	62,607	65,551	68,372	71,697	71,653	69,488	44,768	57,885	59,170
Reimbursements	-	-	-	-	-	-	-	-	-	-
Total operating revenues [1]	175,189	170,259	176,119	182,193	195,025	206,533	227,534	187,740	220,828	232,424
OPERATING AND MAINTENANCE EXPENSES:										
Salaries and wages [2]	43,998	47,836	43,343	48,548	48,185	51,408	55,571	55,964	57,489	60,146
Pension expense	-	-	60,767	47,879	40,211	42,843	47,537	22,510	27,444	35,852
Repairs and maintenance	39,606	44,160	44,095	48,277	44,506	47,326	47,021	43,737	48,910	53,124
Energy	7,205	7,060	6,868	7,221	6,984	7,104	7,728	6,400	6,987	7,321
Materials and supplies	1,927	1,971	2,522	2,016	1,932	2,397	3,061	5,689	2,553	2,372
Professional and engineering services	19,144	23,255	20,954	20,851	24,344	24,144	22,113	20,783	22,033	23,535
Other operating expenses	9,236	5,314	5,327	7,813	4,803	6,188	5,151	8,807	23,883	3,414
Total operating and maintenance expenses before depreciation and amortization [3]	121,116	129,596	183,876	182,605	170,965	181,410	188,182	163,890	189,299	185,764
NET OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION [4]	$ 54,073	$ 40,663	$ (7,757)	$ (412)	$ 24,060	$ 25,123	$ 39,352	$ 23,850	$ 31,529	$ 46,660
COVENANT COVERAGE CALCULATION—FIRST LIEN	1.06	1.09	1.11	1.04	1.05	1.04	1.08	1.11	1.14	1.11
COVENANT COVERAGE CALCULATION—SECOND LIEN	1.06	1.09	1.10	1.04	1.04	1.01	1.06	1.07	1.11	1.08

[1] Average annual compound growth rate for 2013–2022 for total operating revenues is 3.2%.
[2] Salaries and wages includes charges for pension, health care and other employee benefits for years 2013–2022.
[3] Average annual compound growth rate for 2013–2022 for total operating and maintenance expenses before depreciation and amortization is 4.9%.
[4] Amount for 2022 may be reconciled to operating loss of $10,685 reported in the 2022 Statement of Revenues, Expenses and Changes in Net Position by deducting depreciation and amortization of $57,345. Amount for prior years may be reconciled through similar calculations.
$24.2 million is the portion of the City's pension cash contribution payable in 2022 to the pension funds and allocable to Midway Airport.
Accordingly, only $24.2 million should be included in Operating Expenses for purposes of calculation of the debt service coverage ratios.

Source: Chicago Midway Airport Audited Financial Statements and City of Chicago Comptroller's Office.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

DEBT SERVICE SCHEDULE
($ in thousands)

The following table sets forth aggregate annual debt service of principal and interest for outstanding Midway Airport Revenue Bonds:

Year Ending December 31	Debt Service Series 1998 First Lien Bonds	(First Lien) Total Debt Service	Debt Service Series 2004 Second Lien Bonds	Debt Service Series 2013 Second Lien Bonds	Debt Service Series 2014 Second Lien Bonds	Debt Service Series 2016 Second Lien Bonds	Debt Service Series 2018 Second Lien Bonds	(Second Lien) Total Debt Service[1]	Total Debt Service
2023	$4,429	$4,429	$ 9,967	$ 28,030	$ 70,409	$ 21,777	$ 5,272	$ 135,455	$ 139,884
2024	4,418	4,418	9,983	27,561	70,276	21,772	5,266	134,858	139,276
2025	-	-	9,986	27,218	76,029	20,522	5,266	139,021	139,021
2026	-	-	10,003	26,111	75,921	20,515	5,263	137,813	137,813
2027	-	-	9,958	25,230	75,654	20,505	5,256	136,603	136,603
2028	-	-	9,999	23,775	75,875	20,494	5,251	135,394	135,394
2029	-	-	10,002	22,759	75,735	20,483	3,808	132,787	132,787
2030	-	-	10,039	24,479	72,834	20,474	-	127,826	127,826
2031	-	-	10,036	27,944	68,241	20,463	-	126,684	126,684
2032	-	-	10,042	24,260	70,811	20,500	-	125,613	125,613
2033	-	-	10,034	23,329	70,660	20,498	-	124,521	124,521
2034	-	-	10,056	22,384	70,511	20,485	-	123,436	123,436
2035	-	-	10,085	18,826	72,989	20,473	-	122,373	122,373
2036	-	-	-	-	29,038	20,403	-	49,441	49,441
2037	-	-	-	-	33,017	20,392	-	53,409	53,409
2038	-	-	-	-	32,991	20,376	-	53,367	53,367
2039	-	-	-	-	32,960	20,356	-	53,316	53,316
2040	-	-	-	-	32,932	20,338	-	53,270	53,270
2041	-	-	-	-	32,823	20,319	-	53,142	53,142
2042	-	-	-	-	37,935	20,302	-	58,237	58,237
2043	-	-	-	-	38,181	20,281	-	58,462	58,462
2044	-	-	-	-	38,430	20,262	-	58,692	58,692
2045	-	-	-	-		20,241	-	20,241	20,241
2046	-	-	-	-		20,213	-	20,213	20,213
	-	-	-	-			-	-	-
	-	-	-	-	-	-	-	-	-
	$8,847	$8,847	$130,190	$321,906	$1,254,252	$492,444	$35,382	$2,234,174	$2,243,021

[1] Assumes an interest rate effective at December 31, 2022, on $226,310,000 of Second Lien Bonds that are variable-rate demand obligations.

Note: The annual debt service tables in the Official Statements for the above debt were presented with a year ended January 1.
The information above is presented with a year ended December 31.
The change has been made to facilitate reconciliation to revenue bonds payable at December 31, 2022.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

CAPITAL IMPROVEMENT PROGRAM 2023–2029
ESTIMATED SOURCES AND USES OF FUNDS
AS OF DECEMBER 31, 2022
($ in thousands)

ESTIMATED SOURCES:	
AIP—entitlements	$ 15,349
Airport development fund	41,045
State Grant	24,864
Series 2010 Bonds	9,289
Series 2014 Bonds	18,762
Series 2016 Bonds	40,295
Future Bonds	351,335
TOTAL ESTIMATED SOURCES	$ 500,939
ESTIMATED USES:	
Terminal area projects	$ 71,852
Land acquisition	27,808
Airfield projects	152,364
Parking/roadway projects	11,730
Noise projects	138,325
Safety and security	73,410
Implementation	25,450
TOTAL ESTIMATED USES	$ 500,939

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

HISTORICAL ENPLANED PASSENGERS
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2013–2022

Years	Domestic Air Carrier	Domestic Commuter[1]	Total Domestic	International Enplanements	Total Enplanements	Percent Change
2013	10,003,167	-	10,003,167	264,314	10,267,481	5.0 %
2014	10,315,089	-	10,315,089	292,907	10,607,996	3.3
2015	10,731,246	-	10,731,246	386,977	11,118,223	4.8
2016	10,953,566	-	10,953,566	392,182	11,345,748	2.0
2017	10,825,564	-	10,825,564	406,708	11,232,272	(1.0)
2018	10,625,852	-	10,625,852	396,372	11,022,224	(1.9)
2019	10,021,351	-	10,021,351	396,464	10,417,815	(5.5)
2020 [2]	4,311,767	-	4,311,767	134,139	4,445,906	(57.3)
2021	7,663,768	-	7,663,768	260,576	7,924,344	78.2
2022	9,601,294	-	9,601,294	345,588	9,946,882	25.5
Average Annual Compound Growth Rates						
2013–2022	(0.5)%		(0.5)%	3.0 %	(0.4)%	

[1] "Domestic Air Carrier" includes General Aviation.

[2] Reduction in Enplanements due to the impact of the COVID-19 pandemic on air travel.

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

ENPLANED COMMERCIAL PASSENGERS BY AIRLINE
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2013–2022

	2013		2014		2015		2016		2017	
	Enplanements	% of Total	Enplanements	% of Total	Enplanements	% of Total	Enplanements	% of Total	Enplanements	% of Total
Southwest Airlines	8,885,118	86.5 %	9,262,733	87.3 %	10,281,189	92.5 %	10,520,571	92.7 %	10,415,087	92.7 %
AirTran	462,680	4.5	383,443	3.6	-	-	-	-	-	-
Frontier	161,456	1.6	157,835	1.5	8,658	0.1	-	-	-	-
Shuttle America (Delta Express)	4,281	0.1	7,830	0.1	640	-	3,535	0.0	-	-
Volaris	108,896	1.1	95,082	0.9	110,969	1.0	139,148	1.2	149,776	1.3
Comair	-	-	-	-	-	-	-	-	-	-
Delta	239,361	2.3	265,134	2.5	278,356	2.5	266,281	2.3	247,076	2.2
All other airlines	405,689	4.0	435,939	4.1	438,411	3.9	416,213	3.7	420,333	3.7
Total	10,267,481	100.0 %	10,607,996	100.0 %	11,118,223	100.0 %	11,345,748	100.0 %	11,232,272	100.0 %

	2018		2019		2020		2021		2022	
	Enplanements	% of Total	Enplanements	% of Total	Enplanements	% of Total	Enplanements	% of Total	Enplanements	% of Total
Southwest Airlines	10,240,801	92.9 %	9,622,343	92.4 %	4,166,573	93.7 %	7,396,910	93.3 %	8,887,860	89.4 %
AirTran	-	-	-	-	-	-	-	-	-	-
Frontier	-	-	-	-	-	-	-	-	-	-
Shuttle America (Delta Express)	-	-	-	-	-	-	-	-	-	-
Volaris	146,745	1.3	149,776	1.4	163,001	3.7	107,476	1.4	201,206	2.0
Comair	-	-	-	-	-	-	-	-	-	-
Delta	227,967	2.1	247,076	2.4	59,603	1.3	74,601	0.9	147,219	1.5
All other airlines	406,711	3.7	398,620	3.8	56,729	1.3	345,357	4.4	710,597	7.1
Total	11,022,224	100.0 %	10,417,815	100.0 %	4,445,906	100.0 %	7,924,344	100.0 %	9,946,882	100.0 %

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

HISTORICAL ENPLANED PASSENGERS
CHICAGO REGION AIRPORTS
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2013–2022

	Chicago Midway International Airport		Chicago O'Hare International Airport		
Years	**Total Enplanements**	**Percent of Total Chicago**	**Total Enplanements**	**Percent of Total Chicago**	**Total Enplanements**
2013	10,267,481	23.6 %	33,297,578	76.4 %	43,565,059
2014	10,607,996	23.4	34,646,832	76.6	45,254,828
2015	11,118,223	22.5	38,395,905	77.5	49,514,128
2016	11,345,748	22.6	38,872,669	77.4	50,218,417
2017	11,232,272	22.0	39,815,888	78.0	51,048,160
2018	11,022,224	21.0	41,563,343	79.0	52,585,567
2019	10,417,815	19.8	42,248,370	80.2	52,666,185
2020[1]	4,445,906	22.5	15,351,046	77.5	19,796,952
2021	7,924,344	22.7	26,945,359	77.3	34,869,703
2022	9,946,882	22.6	34,095,710	77.4	44,042,592

Average Annual Compound Growth Rates

2013–2022	(0.4)%	0.3 %	0.1 %

[1] Reduction in Enplanements due to the impact of the COVID-19 pandemic on air travel.

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

HISTORICAL TOTAL ORIGIN AND DESTINATION (O&D) ENPLANEMENTS
CHICAGO REGION AIRPORTS
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2013–2022

	Chicago Midway International Airport		Chicago O'Hare International Airport		
Years	Total O&D Enplanements	Percent of Total Chicago	Total O&D Enplanements	Percent of Total Chicago	Total O&D Enplanements
2013	6,505,206	27.6 %	17,044,643	72.4 %	23,549,849
2014	6,446,497	27.4	17,115,535	72.6	23,562,032
2015	6,890,633	25.5	20,096,191	74.5	26,986,824
2016	7,181,858	25.5	20,991,241	74.5	28,173,099
2017	7,446,996	24.9	22,429,433	75.1	29,876,429
2018	7,197,512	23.5	23,483,289	76.5	30,680,801
2019	6,944,982	22.6	23,836,209	77.4	30,781,191
2020[(2)]	2,912,068	25.4	8,550,533	74.6	11,462,601
2021	5,653,866	24.5	17,444,606	75.5	23,098,472
2022	6,266,354	23.4	20,491,522	76.6	26,757,876
Average Annual Compound Growth Rates					
2013–2022	(0.4)%		2.1 %		1.4 %

[(1)]Originating enplanements, resulting connecting enplanements and percentages have been recalculated based on updated information.
[(2)]Reduction in Enplanements due to the impact of the COVID-19 pandemic on air travel.

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

AIRCRAFT OPERATIONS
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2013–2022

Years	Aircraft Operations Domestic Air Carrier	International Air Carrier	Total Air Carrier	Domestic Commuter	General Aviation	Total
2013	182,643	7,046	189,689	8,401	54,036	252,126
2014	178,518	7,299	185,817	10,013	53,422	249,252
2015	177,658	8,474	186,132	11,857	55,530	253,519
2016	178,346	8,220	186,566	9,822	56,658	253,046
2017	185,471	8,374	193,845	-	57,496	251,341
2018	178,791	8,491	187,282	-	56,040	243,322
2019	162,887	8,367	171,254	-	60,830	232,084
2020	110,129	2,627	112,756	-	37,442	150,198
2021	125,874	4,794	130,668	-	55,288	185,956
2022	153,975	6,760	160,735	-	53,692	214,427
			Average Annual Compound Growth Rates			
2013–2022	(1.9)%	(0.5)%	(1.8)%	(100.0)%	(0.1)%	

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

NET POSITION BY COMPONENT
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2013–2022
($ in thousands)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
NET POSITION:										
Net investment in capital assets	$(131,057)	$(115,080)	$(150,431)	$(152,026)	$(180,803)	$(172,197)	$(165,290)	$(125,410)	$(111,146)	$(160,863)
Restricted	99,427	86,526	97,980	83,048	127,476	120,685	121,093	96,358	89,541	149,693
Unrestricted	46,613	21,856	(191,025)	(234,875)	(253,674)	(281,312)	(312,022)	(294,203)	(318,913)	(333,011)
TOTAL NET POSITION	$ 14,983	$ (6,698)	$(243,476) *	$(303,853)	$(307,001)	$(332,824)	$(356,219)	$(323,255)	$(340,518)	$(344,181)

* Amounts were restated due to the implementation of GASB 68.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

CHANGE IN NET POSITION
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2013–2022
($ in thousands)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
OPERATING REVENUES	$175,189	$170,259	$176,119	$182,193	$195,025	$206,533	$227,534	$187,740	$220,828	$232,424
OPERATING EXPENSES:										
Salary Wages	43,998	47,836	43,343	48,548	48,185	51,408	55,571	55,964	57,489	60,146
Pension Expense	-	-	60,767	47,879	40,211	42,843	47,537	22,510	27,444	35,852
Repairs and Maintenance	39,606	44,160	44,095	48,277	44,506	47,326	47,021	43,737	48,910	53,124
Professional Engineering Services	19,144	23,255	20,954	20,851	24,344	24,144	22,113	20,783	22,033	23,535
Other Operating Expenses	18,368	14,345	14,717	17,050	13,719	15,689	15,940	20,896	33,423	13,107
Depreciation and amortization	41,538	46,163	47,719	49,118	51,443	51,383	52,007	50,018	52,636	57,345
Total operating expenses	162,654	175,759	231,595	231,723	222,408	232,793	240,189	213,908	241,935	243,109
OPERATING (LOSS) INCOME	12,535	(5,500)	(55,476)	(49,530)	(27,383)	(26,260)	(12,655)	(26,168)	(21,107)	(10,685)
NONOPERATING (EXPENSES) REVENUES:										
Passenger facility charge revenue	39,470	39,889	41,692	41,665	40,918	39,469	36,669	13,245	28,268	36,566
Customer facility charges	6,546	6,514	7,572	8,625	8,130	7,502	7,427	3,214	4,812	5,696
Other nonoperating revenues	1,083	1,522	1,402	364	475	1,083	(8,488)	132	-	-
Noise mitigation	(11,859)	(3,103)	(23,323)	(27,089)	(1,289)	(648)	(2,496)	(703)	(619)	(865)
Cost of issuance	(2,425)	(5,258)	(42)	(3,001)	-	(555)	-	-	-	-
Investment income (loss)	(1,000)	3,540	2,497	(1,094)	5,722	6,408	11,241	3,829	(3,340)	(17,365)
Interest expense	(64,142)	(64,111)	(60,764)	(58,220)	(61,277)	(59,598)	(58,490)	(58,045)	(67,608)	(68,205)
GASB 87 Interest income (expense)	-	-	-	-	-	-	-	-	-	7,710
Grant revenues	-	-	-	-	-	-	-	82,302	36,574	36,603
Total nonoperating expenses	(32,327)	(21,007)	(30,966)	(38,750)	(7,321)	(6,339)	(14,137)	43,974	(1,913)	140
(LOSS) GAIN BEFORE CAPITAL GRANTS	(19,792)	(26,507)	(86,442)	(88,280)	(34,704)	(32,599)	(26,792)	17,806	(23,020)	(10,545)
CAPITAL GRANTS	4,975	4,826	9,279	27,903	31,556	6,776	3,397	15,158	5,757	6,882
CHANGE IN NET POSITION	$ (14,817)	$ (21,681)	$ (77,163) *	$ (60,377)	$ (3,148)	$ (25,823)	$ (23,395)	$ 32,964	$ (17,263)	$ (3,663)

* Amounts were restated due to the implementation of GASB 68.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

LONG-TERM DEBT
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2013–2022
($ in thousands)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
First lien bonds	$ 624,545	$ 34,180	$ 31,530	$ 28,730	$ 25,775	$ 22,660	$ 19,370	$ 15,900	$ 12,240	$ 8,380
Second lien bonds	812,750	1,489,410	1,474,795	1,752,875	1,730,060	1,690,825	1,657,635	1,612,920	1,562,685	1,506,405
Commercial paper notes	57,713	-	-	-	-	-	-	-	20,027	24,375
Total revenue bonds and notes	1,495,008	1,523,590	1,506,325	1,781,605	1,755,835	1,713,485	1,677,005	1,628,820	1,594,952	1,539,160
Unamortized premium	4,325	84,609	79,093	123,133	114,270	105,563	96,982	88,567	80,449	72,704
Total revenue bonds payable, net of unamortized premium (discount)	1,499,333	1,608,199	1,585,418	1,904,738	1,870,105	1,819,048	1,773,987	1,717,387	1,675,401	1,611,864
Enplanements [1]	10,267,481	10,607,996	11,118,223	11,345,748	11,232,272	11,022,224	10,417,815	4,445,906	7,924,344	9,946,882
Total debt per enplanements	$ 146	$ 144	$ 135	$ 157	$ 156	$ 155	$ 161	$ 366	$ 201	$ 155

[1] Enplaned Commercial Passengers by Airline Schedule as shown on page 71.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

FULL-TIME EQUIVALENT CHICAGO MIDWAY AIRPORT EMPLOYEES BY FUNCTION
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2013–2022

Function	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Airfield operations	70	85	88	94	127	128	134	137	137	146
Landside operations	-	21	20	21	21	21	21	22	22	29
Security management	60	69	62	62	63	64	68	110	110	111
Facility management	35	14	15	15	15	15	18	17	20	25
Midway administration	10	10	10	10	12	12	12	12	10	11
Safety management	2	-	-	-	-	-	-	-	-	-
Total	177	199	195	202	238	240	253	298	299	322

Source: City of Chicago's Program and Budget Summary.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

STATISTICAL DATA
PRINCIPAL EMPLOYERS (NONGOVERNMENT)
CURRENT YEAR AND NINE YEARS AGO (NOTE AT THE END OF THIS PAGE)

	2022 (1)			2013 (3)		
Employer	Number of Employees	Rank	Percentage of Total City Employment (2)	Number of Employees	Rank	Percentage of Total City Employment
Amazon.Com Inc	28,994	1	2.2%	-	-	- %
Advocate Health (4)	26,841	2	2.03	-	-	-
Northwestern Memorial Healthcare	24,120	3	1.83	-	-	-
University of Chicago	21,618	4	1.64	-	-	-
Walgreens Boots Alliance Inc.(5)	17,344	5	1.31	2,869	9	0.26
Walmart Inc.	17,300	6	1.31	-	-	-
United Continental Holdings Inc. (6)	15,565	7	1.18	8,199	2	0.75
JPMorgan Chase & Co. (7)	14,293	8	1.08	8,499	1	0.78
North Shore Edward-Elmhurst Health (8)	14,216	9	1.08	-	-	-
Jewel-Osco (9)	11,436	10	0.87	4,441	6	0.41
Accenture LLP	-	-	-	5,821	3	0.53
Northern Trust	-	-	-	5,353	4	0.49
Ford Motor Company	-	-	-	5,103	5	0.47
ABM Janitorial Services—North Central	-	-	-	3,399	7	0.31
Bank of America NT & SA (10)	-	-	-	3,392	8	0.31
American Airlines	-	-	-	2,749	10	0.25

NOTES:

(1) Source: Reprinted with permission from the February 27, 2023 issue of Crain's Chicago Business.

(2) Source: Bureau of Labor Statistics data used in calculation of Total City Employment.

(3) Source: City of Chicago, Department of Revenue, Employer's Expense Tax Returns.
Prior to 2014, the source for information was the City of Chicago, Bureau of Revenue Tax–Division report which is no longer available.

(4) Advocate Health formerly known as Advocate Aurora Health.

(5) In 2014, Walgreens purchased 55% of Alliance Boots forming Walgreens Boots Alliance, Inc.

(6) United Continental Holdings Inc. formerly known as United Airlines.

(7) JP Morgan & Co. formerly known as J.P. Morgan Chase.

(8) North Shore Edward-Elmhurst Health formerly known as NorthShore University HealthSystem.

(9) Jewel-Osco formerly known as Jewel Food Stores, Inc.

(10) Bank of America NT & SA formerly known as Bank of America NT.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

STATISTICAL DATA
POPULATION AND INCOME STATISTICS
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2013–2022

Year	Population [1]	Median Age [2]	Number of Households [2]	City Employment	Unemployment Rate [3]	Per Capita Income [4]	Total Income
2013	2,695,598	33.5	1,062,029	1,153,725	8.3 %	$49,071	$132,275,689,458
2014	2,695,598	33.9	1,031,672	1,264,234	5.7	50,690	136,639,862,620
2015	2,695,598	34.2	1,053,229	1,273,733	5.7	53,886	145,254,993,828
2016	2,695,598	34.4	1,053,986	1,282,117	5.4	55,621	149,931,856,358
2017	2,695,598	34.6	1,047,695	1,289,325	4.7	58,315	157,193,797,370
2018	2,695,598	34.9	1,077,886	1,288,755	4.0	61,089	164,671,386,222
2019	2,695,598	35.2	1,080,345	1,286,484	3.2	65,306	176,038,722,988
2020	2,695,598	34.8	1,081,143	1,165,441	8.2	67,671	182,413,812,258
2021	2,746,388	35.8	1139537	1,247,060	4.1	71992	197,717,964,896
2022	2,746,388	N/A [5]	N/A [5]	1,319,764	4.2	N/A [5]	N/A [5]

Notes:

[1] Source: U.S. Census Bureau.

[2] Source: U.S. Census Bureau—American Community Survey data estimates. Data not available in 2022.

[3] Source: Bureau of Labor Statistics 2022, Unemployment rate for Chicago-Naperville-Illinois Metropolitan Area.

[4] Source: U.S. Department of Commerce, Bureau of Economic Analysis, Per Capita Personal Income for Chicago-Naperville-Illinois Metropolitan Area.

[5] N/A means not available at time of publication.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

STATISTICAL DATA
LANDING FEES AND TERMINAL AREA USE CHARGES
ANNUALIZED RATES

Landing Fees and Terminal Area Use Charges	2022
Signatory landing fee (rate/1000 lbs)	$ 5.267
Non-signatory landing fee (rate/1000 lbs)	$ 6.584
Signatory joint use fee (base usage/1000 lbs)	$ 2.770
Non-signatory joint use fee (base usage/1000 lbs)	$ 3.463
Signatory joint use fee (per capita/annual)	$ 713,843
Non-signatory joint use fee (per capita/annual)	$ 892,303
Signatory terminal rental rate	$ 240.94
Non-signatory terminal rental rate	$ 301.17
Terminal ramp rate	$ 5.21
Signatory FIS fee per deplaned passenger	$ 5.56
Non-signatory FIS fee per deplaned passenger	$ 6.96
Cost per departure rate (1)	$ 264.47

(1) The cost per departure is for Gates A1, A2, A3, A10, A12, A14, C1, C2, C3

APPENDIX E

REPORT OF THE AIRPORT CONSULTANT

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October 13, 2023

APPENDIX E

Report of the Airport Consultant

Chicago Midway International Airport

Senior Lien Airport Revenue and Revenue Refunding Bonds Series 2023A (AMT)

Senior Lien Revenue Refunding Bonds, Series 2023B (Non-AMT)

Prepared for:

City of Chicago

Prepared by:

RICONDO

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RICONDO®

October 13, 2023

Ms. Jamie L. Rhee
Commissioner
Chicago Department of Aviation
10501 West Zemke Road
Chicago, Illinois 60666

RE: Report of the Airport Consultant
Chicago Midway International Airport
Senior Lien Revenue and Revenue Refunding Bonds, Series 2023A (AMT)
Senior Lien Revenue Refunding Bonds, Series 2023B (Non-AMT)

Dear Commissioner Rhee:

Ricondo & Associates, Inc. (Ricondo) is pleased to present this Report of the Airport Consultant (the Report) for inclusion as Appendix E in the Official Statement for the City of Chicago, Chicago Midway Airport Senior Lien Revenue and Revenue Refunding Bonds, Series 2023A (AMT) and Chicago Midway Airport Senior Lien Revenue Refunding Bonds, Series 2023B (Non-AMT; collectively, the Series 2023 Bonds). The Series 2023 Bonds will be issued pursuant to an ordinance adopted by the Chicago City Council on October 27, 2021 (the Ordinance) and pursuant to the Amended and Restated Master Indenture of Trust Securing Chicago Midway Airport Senior Lien Obligations, to be dated as of November 1, 2023, as supplemented and amended (the Senior Lien Indenture). The Series 2023 Bonds are payable from the Senior Lien Airport Revenues generated from the operation of Chicago Midway International Airport (Midway or the Airport).

Proceeds of the Series 2023 Bonds, at the time of this Report, are anticipated to:

(i) finance a portion of the 2023 Airport Projects, as defined herein,
(ii) refund certain Outstanding Prior Airport Obligations,
(iii) pay any Swap Agreement Payments (if applicable),
(iv) fund the Common Debt Service Reserve Sub-Fund, if required,
(v) fund capitalized interest of the Series 2023 Bonds, and
(vi) pay costs and expenses incidental thereto and to the issuance of the Series 2023 Bonds.

Unless otherwise defined herein, all capitalized terms in this Report are used as defined in the Official Statement or the Senior Lien Indenture.

This Report presents the analysis undertaken by Ricondo to demonstrate the ability of the City of Chicago (the City) to comply with the requirements of the Senior Lien Indenture, on a *pro forma* basis for Fiscal Year (FY) 2023 through FY 2028 (the Projection Period), based on the assumptions regarding the planned issuance of the Series 2023 Bonds, which are established by the City through consultation with its municipal advisors and underwriters. In developing its analysis, Ricondo reviewed historical trends and formulated projections based on the assumptions put forth in this Report, which have been reviewed and agreed to by the City and its professionals, regarding the ability of the Air Trade Area (defined herein) to generate demand for air service at the Airport, trends in air service and passenger activity at the Airport, and the financial performance of the Airport. This Report is organized as follows:

- Summary of Findings
- Chapter 1: The Series 2023 Bonds
- Chapter 2: Midway International Airport
- Chapter 3: Demographic and Economic Analysis
- Chapter 4: Passenger Demand and Air Traffic
- Chapter 5: Financial Analysis

On the basis of the analysis put forth in this Report, Ricondo is of the opinion that the Senior Lien Airport Revenues generated by the Airport in each year of the Projection Period should be sufficient to comply with the Rate Covenant established in the Senior Lien Indenture. Ricondo is also of the opinion that the projected airline costs should remain reasonable throughout the Projection Period. Although summary information is provided, a complete understanding of the justification for our conclusion cannot be attained without reading the Report in its entirety.

Founded in 1989, Ricondo is a full-service aviation consulting firm providing airport physical and financial planning services to airport owners and operators, airlines, and federal and state agencies. Ricondo has prepared Reports of the Airport Consultant in support of over $41 billion of airport-related revenue bonds since 1996. Ricondo is not registered as a municipal advisor under Section 15B of the Securities Exchange Act of 1934. Ricondo is not acting as a municipal advisor and has not been engaged by the City to provide advice with respect to the structure, timing, terms, or other similar matters concerning the issuance of municipal securities. The assumptions regarding such matters included in this Report were provided by the City or the City's municipal advisors or underwriters, or, with the City's approval, were derived from general, publicly available data approved by the City. Ricondo owes no fiduciary duty to the City. Ricondo recommends that the City discuss the information and analysis contained in this Report with internal and external advisors and experts that the City deems appropriate before taking any action. Any opinions, assumptions, views, or information contained herein are not intended to be, and do not constitute, "advice" within the meaning of Section 15B of the Securities Exchange Act of 1934.

The techniques and methodologies used by Ricondo in preparing this Report are consistent with industry practices for similar studies in connection with airport revenue bond sales. While Ricondo believes the approach and assumptions used in this Report are reasonable, some assumptions regarding future trends and events detailed in this Report, including the implementation schedule, the forecast of passenger activity, and the projection of financial performance, may not materialize. Therefore, actual performance will likely differ from the projections and forecasts set forth in this Report, and the variations may be material. In developing its analyses, Ricondo used information from various sources, including the City, the underwriters, the financial advisor, federal and local governmental agencies, and independent private providers of economic and aviation industry data, as identified in the notes accompanying the related tables and exhibits in this Report. Ricondo believes these sources to be reliable but has not audited the data and does not warrant their accuracy. The analysis presented is based on conditions known as of the date of this letter. Ricondo has no obligation to update this Report on an ongoing basis.

Sincerely,

Ricondo & Associates, Inc.

RICONDO & ASSOCIATES, INC.

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SUMMARY OF FINDINGS

The City of Chicago (the City) commissioned Ricondo & Associates, Inc. (Ricondo) to prepare the Report of the Airport Consultant (the Report) to provide an independent analysis of the City's compliance with the provisions of the Amended and Restated Master Indenture of Trust Securing Chicago Midway Airport Senior Lien Obligations, as supplemented and amended, and described herein (the Senior Lien Indenture) regarding the conditions precedent (the Additional Bonds Test) for the issuance of the City of Chicago, Chicago Midway Airport Senior Lien Airport Revenue and Revenue Refunding Bonds, Series 2023A (Series 2023A Bonds), and Chicago Midway Airport Senior Lien Airport Revenue Refunding Bonds, Series 2023B (Series 2023B Bonds; collectively, the Series 2023 Bonds), as well as to provide an independent analysis of the Airport's ability to generate Senior Lien Revenues sufficient to meet its obligations under the Senior Lien Indenture, including the Rate Covenant, on a *pro forma* basis for the period from Fiscal Year (FY) 2023 (FY ends December 31) through FY 2028 (the Projection Period).[1]

In developing its analysis, Ricondo reviewed the terms of the Senior Lien Indenture; the terms of the Series 2023 Bonds, as provided by the City's financing team; the City's Outstanding Senior Lien Bonds; the capacity of Chicago Midway International Airport's (Midway or the Airport) existing and planned facilities to accommodate current and forecast demand; the Airport's Capital Improvement Program (CIP); and proposed funding sources, including the potential for additional borrowing beyond the Series 2023 Bonds.

To develop the *pro forma* analysis of the financial performance of the Airport, Ricondo reviewed key provisions of the agreements that establish the business arrangements between the City and its various Airport tenants, including the commercial airlines serving the Airport. Airport revenues are in large measure driven by passenger demand for air service from the Airport, which is a function of national and local economic conditions, as well as the ability and willingness of the commercial airlines to supply service at a level commensurate with this demand. Thus, Ricondo reviewed the historical relationships between economic activity and demand for air service, the airlines' provision of air service, and the financial performance of the Airport. Based on this historical review, Ricondo developed assumptions regarding these factors and relationships through the Projection Period (FY 2023 through FY 2028), which provide the basis for the forecasts of passenger activity and the projections of financial performance presented in this Report.[2]

On the basis of the analyses set forth in this Report, Ricondo is of the opinion that the Senior Lien Revenues generated each year of the Projection Period are expected to be sufficient to comply with the Rate Covenant established in the Senior Lien Indenture and that the resulting projected airline costs should remain reasonable. The following sections summarize Ricondo's assumptions, projections, and findings. Additional details are included in Chapters 1 through 5 of this Report, which should be read in its entirety.

---

1 Ricondo prepared this Report for the stated purposes as expressly set forth herein and for the sole use of the City and its intended recipients. The techniques and methodologies used in preparing this Report are consistent with industry practices at the time of preparation, and this Report should be read in its entirety for an understanding of the analyses, assumptions, and opinions presented. Ricondo is not registered as a municipal advisor under Section 15B of the Securities Exchange Act of 1934 and does not provide financial advisory services within the meaning of such Act.

2 FY ending December 31.

THE SERIES 2023 BONDS

The Series 2023 Bonds will be issued pursuant to an Ordinance adopted by the Chicago City Council on October 27, 2021 (the Ordinance), and the Amended and Restated Master Indenture of Trust Securing Chicago Midway Airport Senior Lien Obligations, to be dated as of November 1, 2023, as supplemented and amended (Senior Lien Indenture).

Proceeds of the Series 2023 Bonds, at the time of the Report, are anticipated to:

(i) finance a portion of the cost of the 2023 Airport Projects, as defined herein,
(ii) refund certain Outstanding Prior Airport Obligations,
(iii) pay any Swap Agreement Payments (if applicable),
(iv) fund the Common Debt Service Reserve Sub-Fund, if required,
(v) fund capitalized interest of the Series 2023 Bonds, and
(vi) pay costs and expenses incidental thereto and to the issuance of the Series 2023 Bonds.

Table S-1 presents an estimate of the anticipated sources and uses of proceeds from the Series 2023 Bonds and other funds.

TABLE S-1 ANTICIPATED SOURCES AND USES OF SERIES 2023 BOND PROCEEDS AND OTHER FUNDS (IN MILLIONS)

	SERIES 2023A	SERIES 2023B	TOTAL
Sources			
Par Amount of Bonds	$219.4	$300.3	$519.8
Net Original Issue Premium/(Discount)	(2.7)	16.3	13.7
Debt Service Reserve Fund Release	5.6	14.8	20.4
Debt Service Fund	0.0	0.9	0.9
Total	**$222.3**	**$332.3**	**$554.7**
Uses			
Deposit to Project Fund	$59.7	-	$59.7
Deposit to Repay Outstanding Senior Lien Bonds	120.9	$329.9	450.8
Deposit to Repay Midway Commercial Paper Notes and Accrued Interest	32.0	-	32.0
Deposit to Capitalized Interest Accounts	8.0	-	8.0
Cost of Issuance	1.8	2.4	4.2
Total	**$222.3**	**$332.3**	**$554.7**

NOTES:
Totals may not add up due to rounding.
Swap termination payments, if any, and corresponding debt service of the associated refunding bonds could be incurred in the event the City terminates its swaps related to Senior Lien Bonds. The plan of finance reflected herein does not assume the termination of any swaps.
SOURCE: Jefferies LLC, October 2023.

The Series 2023 Bonds will be secured by a lien on, and a pledge of, all Senior Lien Revenues, and they will be payable from amounts that may be withdrawn from the Debt Service Fund created under the Senior Lien Indenture.

MIDWAY INTERNATIONAL AIRPORT

Midway, which opened in 1927, is one of two primary commercial airports serving the Air Trade Area comprising the Chicago-Naperville-Joliet Metropolitan Statistical Area (MSA) and the Kankakee MSA, a 15-county region spanning northeastern Illinois, northwestern Indiana, and southeastern Wisconsin. Midway is owned and operated by the City through the Chicago Department of Aviation (CDA), which also manages the other primary commercial airport in the Air Trade Area, Chicago O'Hare International Airport (O'Hare), as a separate financial enterprise.

Midway is located on the City's southwest side, approximately 10 miles from Chicago's central business district. The Airport terminal is accessible from Interstate 55 (the Stevenson Expressway), as well as local arterial routes, via Cicero Avenue. In addition, passengers and Airport employees may use the Chicago Transit Authority's (CTA) rapid transit system Orange Line, as well as use bus service provided by both the CTA and the Pace suburban bus service (Pace).

The Airport encompasses an area of approximately 840 acres, with the airfield comprising five runways, two of which serve commercial airline operations, while the remaining runways serve general aviation. Both airline runways are equipped with instrument landing systems to enable operations in most weather conditions. The 1-million-square-foot terminal and connected concourses provide access to a total of 43 aircraft gates, 3 of which are capable of serving inbound international passengers. Public parking facilities at the Airport include the terminal parking garage adjacent to the terminal, with approximately 2,470 spaces, and a surface lot and seven-level structure located on the north side of the Airport, with 8,842 long-term economy spaces.

THE 2023 AIRPORT PROJECTS, CAPITAL PROGRAM, AND FUNDING SOURCES

The Airport maintains a multi-year CIP. The Airport has a relatively new terminal and no significant airfield modifications planned. As a result, the Airport's CIP is focused on ongoing repair, maintenance, a sound insulation program, and facility improvements. The current CIP includes a project cost estimate of approximately $584.8 million for calendar years 2023 to 2027 (2023–2027 CIP), which includes the 2023 Airport Projects, as defined herein. Major 2023–2027 CIP projects include the rehabilitation or pavement replacement of runways, taxiways, and aprons; improvements to the Airport Maintenance Complex (AMC); and portions of the Airport's Residential Sound Insulation Program (RSIP).

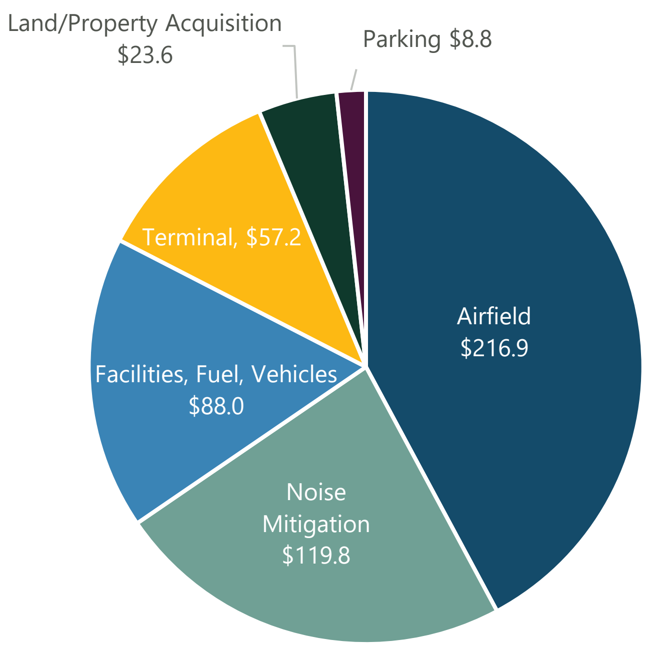
Funding sources for capital projects include proceeds from airport revenue bonds, Federal Aviation Administration (FAA) Airport Improvement Program (AIP) grants, FAA Bipartisan Infrastructure Law (BIL) grants, and other grant funding. For purposes of the financial analysis included with this Report, the 2023–2027 CIP is funded with $63.7 million in AIP grant funds[3], approximately $129.4 million of previously issued Senior Lien Revenue Bonds, approximately $59.7 million of Series 2023 Bonds, and approximately $253.7 million of future bonds. The City intends to use additional AIP entitlement and BIL Airport Infrastructure Grant (AIG) funds for eligible projects. The City also anticipates applying for discretionary AIP and/or BIL Airport Terminal Program (ATP) grants. These or other grant funds may serve to offset project costs currently assumed to be funded with bond proceeds.

Passenger Facility Charge (PFC) and rental car Customer Facility Charge (CFC) Revenues indirectly fund projects as they are used for existing airport revenue bond debt service; pledged CFC Revenues are used to fully pay Series 2018A Bonds. Chapter 4 of this Report includes a projection of PFC Revenues and CFC Revenues applied and pledged to debt service, respectively.

Exhibit S-1 shows the 2023–2027 CIP broken out by category.

[3] $63.7 million in AIP grant funds are assumed to fund RSIP projects. Per FAA policy, AIP grants can fund up to 80 percent of noise mitigation projects. For purposes of the financial analysis, 60 percent of RSIP project costs are assumed to be funded with AIP grant funds.

EXHIBIT S-1 2023–2027 CAPITAL IMPROVEMENT PROGRAM COSTS (IN MILLIONS)



SOURCE: Chicago Department of Aviation, October 2023.

DEMOGRAPHIC AND ECONOMIC ANALYSIS

The demand for air transportation is, to a large degree, dependent upon the demographic and economic characteristics of the geographical area served by an airport, commonly referred to as an airport's air trade area. This relationship is particularly true for origin and destination (O&D) passenger traffic, which has accounted for between approximately 62 and 68 percent of passenger traffic at the Airport since 2011. Therefore, demand for airline travel at the Airport is influenced by the local characteristics of the area served, along with individual airline decisions regarding service in support of connecting activity.

The Airport's Air Trade Area[4] has a large, diverse economic base that supports business and leisure travel. Projected economic variables indicate the Air Trade Area will remain a destination that attracts both business and tourist visitors, positively affecting the demand for future inbound airline travel. Projected Air Trade Area economic variables further support the continued growth of local outbound passengers. **Table S-2** presents selected 2021 and 2028 economic figures for the Air Trade Area and for the United States, as projected by Woods & Poole Economics, Inc. Additional information on the demographic and economic characteristics of the Air Trade Area is provided in Chapter 3.

[4] For a definition of the Airport's Air Trade Area, see Chapter 2.

TABLE S-2 SUMMARY OF DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS

VARIABLE[1]	2021	2028	CAGR 2021–2028
Air Trade Area Population	9,626,190	9,692,958	0.1%
United States Population	332,031,563	346,778,031	0.6%
Air Trade Area Total Employment	6,054,579	6,823,894	1.7%
United States Total Employment	201,142,594	226,839,609	1.7%
Air Trade Area Total Personal Income ($billion)	$679	$749	1.4%
United States Total Personal Income ($billion)	$20,928	$23,593	1.7%
Air Trade Area Per Capita Personal Income	$70,495	$77,275	1.3%
United States Per Capita Personal Income	$63,029	$68,036	1.1%
Air Trade Area Gross Regional Product ($billion)	$759	$877	2.1%
United States Gross Domestic Product ($billion)	$22,154	$25,697	2.1%
Air Trade Area Per Capita Gross Regional Product	$78,824	$90,440	2.0%
United States Per Capita Gross Domestic Product	$66,723	$74,103	1.5%

NOTES:
CAGR – Compound Annual Growth Rate
1 Dollar amounts are in 2021 dollars.
SOURCE: Woods & Poole Economics, Inc., *2023 Complete Economic and Demographic Data Source (CEDDS)*, July 2023.

PASSENGER DEMAND AND AIR TRAFFIC

As presented in Chapter 4 of this Report, the Airport has had the benefit of a large and resilient passenger base, served by a Southwest Airlines (Southwest) and a core of other airlines generally offering low-cost service to a growing number of destinations, both domestic and international. As of October 2023, the Airport had scheduled service provided by seven US-flag airlines and two foreign-flag airlines. The Airport, classified by the FAA as a large-hub facility based on its percentage of nationwide enplaned passengers, ranked 30th nationwide in 2022, with approximately 19.7 million enplaned and deplaned passengers. The following are other key points regarding historical and forecast aviation activity at the Airport:

- Between 1992 and 2022, the Airport experienced a 5.2 percent compound annual growth rate (CAGR) for enplaned passengers, compared to 1.8 percent for the United States. Between 2013 and 2022, the Airport has experienced a -0.4 percent CAGR, compared to 1.5 percent nationwide.
- Southwest is the largest airline at the Airport, accounting for 89.4 percent of enplaned passengers at the Airport in 2022. Southwest has grown its presence at the Airport over time, in terms of both total daily flights and number of markets served, with the Airport ranking third in terms of scheduled departures and second in terms of destinations served in the Southwest network in 2023.
- Southwest has undertaken several fleet initiatives that will ultimately increase the airline's average number of seats per departure, including the introduction of a total of 207 737-800 aircraft with 175 seats, orders for more than 400 Boeing 737 MAX variants with 150 to 175 seats, and the ongoing phase out of older 149-seat 737-700 aircraft.

Based on local and national socioeconomic and demographic factors, the Airport's historical share of US domestic enplaned passengers, the impacts of the factors described in Chapter 4 of this Report, and the anticipated usage of the Airport by Southwest and other airlines, total enplaned passengers at the Airport are forecast to increase from 9.9 million in 2022 to 12.0 million in 2028. The increase between 2023 and 2028 represents a CAGR of 3.2 percent. The forecast enplaned passenger activity in 2023 exceeds historical annual enplaned passenger activity, which reached an annual record of 11.3 million in 2016.

Table S-3 summarizes the historical and forecast enplaned passengers at the Airport through the Projection Period.

TABLE S-3 HISTORICAL AND ENPLANED PASSENGERS AT THE AIRPORT

	ENPLANED PASSENGERS	% CHANGE
Historical		
2013	10,267,481	6.2%
2014	10,607,996	3.3%
2015	11,118,223	4.8%
2016	11,345,748	2.0%
2017	11,232,272	-1.0%
2018	11,022,224	-1.9%
2019	10,417,815	-5.5%
2020	4,445,906	-57.3%
2021	7,924,344	78.2%
2022	9,946,882	25.5%
Forecast		
2023	11,372,662	14.3%
2024	11,539,212	1.5%
2025	11,654,406	1.0%
2026	11,786,504	1.1%
2027	11,915,983	1.1%
2028	12,042,736	1.1%
CAGR		
2013–2022	-0.4%	
2022–2028	3.2%	

NOTE:
CAGR – Compound Annual Growth Rate
SOURCES: Chicago Department of Aviation, October 2023 (historical); Ricondo & Associates, Inc., October 2023 (forecast).

FINANCIAL ANALYSIS

The Airport is owned by the City and operated by the CDA, and it is accounted for as a self-supporting Enterprise Fund of the City on a FY basis. The City's FY ends December 31. The City maintains the books, records, and accounts of the Airport in accordance with generally accepted accounting principles and as required by the provisions of the Airport Use Agreement and Facilities Lease (Airport Use Agreement) and the Senior Lien Indenture. Neither City nor State of Illinois tax revenues are pledged to the payment of Senior Lien Bonds or to fund the cost of operations at the Airport.

Chapter 5 of this Report presents the analysis undertaken by Ricondo to demonstrate the ability of the City to comply with the requirements of the Senior Lien Indenture, including those pertaining to the issuance of the Series 2023 Bonds, on a *pro forma* basis in each year of the Projection Period based on assumptions regarding the planned issuance of the Series 2023 Bonds.

Projections of airline rates and charges, and resultant airline cost per enplaned passenger (CPE), were developed based on the terms of the Airport Use Agreement. The Signatory Airlines entered into 15-year Airport Use Agreements, effective January 1, 2013. Pursuant to the terms of the Airport Use Agreement, terminal rental rates, equipment, fueling, and airline landing fees are established using a residual rate-setting methodology. As such, the Signatory Airlines guarantee the net cost of operating the entire Airport, including operation expenses and all debt service and coverage requirements.

Based on the analysis described in this Report, and the financial projections presented in Chapter 5, Ricondo is of the opinion that Senior Lien Revenues generated in each year of the Projection Period will be sufficient to comply with the Rate Covenant established in the Senior Lien Indenture. Ricondo also finds the projected airline CPE to be reasonable throughout the Projection Period.

Results of the financial analysis are summarized as follows:

- Total Operation and Maintenance (O&M) Expenses are projected to increase from $202.2 million in 2023 to $266.0 million in 2028, representing a CAGR of 5.6 percent. The projected O&M Expense growth rate is determined by the calculated CAGR from 2017 through the budget 2023, in conjunction with historical growth.
- Non-Signatory Airline revenues and nonairline revenues, which offset Signatory Airline revenues, are projected to increase from $88.5 million in 2023 to $99.1 million in 2028, at a CAGR of 2.3 percent. Nonairline revenues were projected on the basis of a review of historical trends, forecast activity levels, and inflation.
- After the issuance of the Series 2023 Bonds and an estimate issuance of bonds in 2025 as described in Chapter 2, and after the application of PFCs and CFCs, Net Debt Service is estimated to be approximately $81.5 million in 2023 and then increase to $101.9 million in 2027, which reflects the maximum amount of Annual Senior Lien Debt Service during the Projection Period.
- The Net Signatory Airline Requirement means the total amount that must be paid by the Signatory Airlines under the Airport Use Agreement through landing fees, Terminal Area Rentals, Terminal Ramp Use Charges, Federal Inspection Services Fees, Equipment Fees, and Fueling System Fees during the year. The Net Signatory Airline Requirement is projected to increase from $213.3 million in 2023 to $274.5 million in 2028.
- The airline CPE at the Airport, based on the Airport's budgeted rates and charges plus additional impacts of the Airport's portion of projected City pension contributions and debt service on the Series 2023 Bonds and an estimate issuance of bonds in 2025, is estimated to be $20.00 in 2023 and projected to be $24.10 by the end of the Projection Period in 2028, which equates to approximately $20.79 in 2023 dollars.
- Pursuant to the Senior Lien Indenture, the City covenants that it will set rates and charges sufficient to generate revenue that, along with Other Available Moneys, will provide for the payment of O&M Expenses, fund necessary reserve accounts, and provide for (A) prior to the end of the FY ending on December 31, 2024, an amount not less than 115 percent of the Aggregate Senior Lien Debt Service for the Bond Year commencing during such FY; (B) after the Fiscal Year ending on December 31, 2024 but prior to the end of the Fiscal Year ending on December 31, 2025, an amount not less than 120 percent of the Aggregate Senior Lien Debt Service for the Bond Year commencing during such FY; or (C) after the FY ending on December 31, 2025, an amount not less than 125 percent of the Aggregate Senior Lien Debt Service for the Bond Year commencing during such FY. The Debt Service coverage ratio is projected to exceed the minimum requirement for the applicable test in each year of the Projection Period.

The projected Airport rates and charges and resulting Senior Lien Revenues are found to be reasonable based on the expectation that these fees will not deter forecast demand for air traffic at the Airport as airlines continue to deploy capacity to airports based on available resources. The projected Senior Lien Revenues in this analysis are deemed to be reasonable based on the following combination of factors:

- **Large population and strong economic base** – The Chicago market[5] was ranked third behind the New York[6]

[5] Includes Chicago O'Hare and Chicago Midway International Airports.

[6] Includes John F. Kennedy International, Newark Liberty International, and LaGuardia Airports.

and Los Angeles[7] markets for domestic O&D passengers in 2022. The Airport's Air Trade Area has a large, diverse economic base that supports business and leisure travel. Projected economic variables indicate the Air Trade Area will remain a destination that attracts both business and tourist visitors, positively affecting the demand for future inbound airline travel. Projected Air Trade Area economic variables further support the continued growth of local outbound passengers.

- **Attractive geographical location** – The Airport's central location and proximity to heavily traveled east–west airways make it a natural location for transferring passengers, and it is complementary to airline route networks.
- **Important airport in Southwest's network** – The Airport plays a major role within Southwest's US domestic route networks, providing significant passenger traffic and strong connectivity opportunities. Midway has historically been one of Southwest's largest airports measured by seat capacity, and it ranked third in average daily departures in 2022.

In summary, Airport user fees, although increasing over the Projection Period, are one of many factors that airlines consider when evaluating air service and when allocating capacity resources. The projected growth of the population and economic base, along with the geographical location and established role of the Airport in airlines' route networks, support the reasonableness of projected Airport user fees.

Table S-4 presents the debt service coverage ratio projected for Senior Lien Bonds from 2023 through 2028. As contained in the Senior Lien Indenture:

> The City covenants that it will fix and establish, and revise from time to time whenever necessary, such rentals, rates and other charges for the use and operation of the Airport and for services rendered by the City in the operation thereof in order that in each Fiscal Year Senior Lien Revenues, together with Other Available Moneys deposited with the Trustee with respect to such Fiscal Year and any cash balance held in the Revenue Fund on the first day of such Fiscal Year not then required to be deposited in any Fund or, will be at least sufficient:
>
> (i) to provide for the payment of Operation and Maintenance Expenses for the Fiscal Year; and
>
> (ii) to provide for the greater of
>
> (i) the amounts needed to make the deposits required under Section 303 during such Fiscal Year into the Senior Lien Debt Service Fund, the O&M Reserve Account, the Working Capital Account, the Common Debt Service Reserve Sub-Fund, any debt service reserve sub-fund or account established for the benefit of a single Series of Senior Lien Obligations that are not Common Reserve Bonds, the Junior Lien Obligation Debt Service Fund, the Repair and Replacement Fund and the Special Project Fund, and
>
> (ii) (A) prior to the end of the Fiscal Year ending on December 31, 2024, an amount not less than 115% of the Aggregate Senior Lien Debt Service for the Bond Year commencing during such Fiscal Year; (B) after the Fiscal Year ending on December 31, 2024 but prior to the end of the Fiscal Year ending on December 31, 2025, an amount not less than 120% of the Aggregate Senior Lien Debt Service for the Bond Year commencing during such Fiscal Year; or (C) after the Fiscal Year ending on December 31, 2025, an amount not less than 125% of the Aggregate Senior Lien Debt Service for the Bond Year commencing during such Fiscal Year.

7 Includes Los Angeles International, John Wayne (Orange County), Ontario International, Hollywood Burbank, and Long Beach Airports.

TABLE S-4 DEBT SERVICE COVERAGE

(For Fiscal Years Ending December 31)

	BUDGET 2023[1]	PROJECTION 2024	2025	2026	2027	2028
Coverage Calculation						
Signatory Airline Revenues	$213,303,200	$232,353,084	$235,147,054	$254,275,408	$268,644,941	$274,484,522
Nonairline and Non-Signatory Airline Revenue	88,543,698	90,892,808	92,905,077	95,091,980	97,296,416	99,120,707
Total Revenues[2]	**$301,846,898**	**$323,245,892**	**$328,052,131**	**$349,367,387**	**$365,941,357**	**$373,605,229**
PFC Revenues Applied to Debt Service	44,933,388	45,591,428	46,046,559	46,568,477	47,080,047	47,580,849
CFC Revenues Pledged to Debt Service and Coverage	5,611,816	5,616,310	5,616,637	5,346,193	5,345,538	3,514,246
Total Revenues plus PFC and CFC Revenues[2]	**$352,392,101**	**$374,453,629**	**$379,715,327**	**$401,282,057**	**$418,366,942**	**$424,700,323**
Plus:						
Prior Year Debt Service Coverage[3]	14,071,884	19,540,042	26,355,609	32,746,333	36,422,294	38,579,887
Adjusted Total Revenue[2]	**$366,463,985**	**$393,993,671**	**$406,070,937**	**$434,028,390**	**$454,789,237**	**$463,280,210**
Less:						
O&M Expenses	$(202,173,787)	$(227,256,825)	$(236,374,080)	$(245,865,729)	$(255,747,614)	$(266,036,272)
Net Revenue Available for Senior Lien Coverage[2]	**$164,290,198**	**$166,736,846**	**$169,696,856**	**$188,162,661**	**$199,041,623**	**$197,243,938**
	-	-	-	-	-	-
First Lien Debt Service[4]	$4,536,500	$-	$-	$-	$-	$-
Senior Lien Debt Service[4, 5]	127,242,613	131,778,048	130,985,334	145,689,178	154,319,547	152,806,200
Aggregate Debt Service	$131,779,113	$131,778,048	$130,985,334	$145,689,178	$154,319,547	$152,806,200
Senior Lien Debt Service Coverage	**1.29 x**	**1.27 x**	**1.30 x**	**1.29 x**	**1.29 x**	**1.29 x**
Other Required Uses of Revenue						
O&M Reserve Fund	$8,226,588	$4,181,000	$1,520,000	$1,581,000	$1,647,000	$1,715,000
Repair and Replacement Fund	1,090,000	1,114,000	1,136,000	1,160,000	1,184,000	1,209,000
Emergency Reserve Fund	52,457	54,000	55,000	56,000	57,000	58,000
Total Other Required Uses of Revenue	**$9,369,045**	**$5,349,000**	**$2,711,000**	**$2,797,000**	**$2,888,000**	**$2,982,000**

NOTES:
O&M – Operation and Maintenance; PFC – Passenger Facility Charge; CFC – Customer Facility Charge
1 2023 First Half City Approved Budget: includes estimated Series 2023 Bonds and projected PFC and CFC Revenues. The City of Chicago had a balance of approximately $33.2 million in the Revenue Fund on January 1, 2023. For purposes of the estimated 2023 calculation, approximately $14.1 million is assumed, which represents the amount required under the Rate Covenant (10 percent of Debt Service).
2 Totals may not add up due to rounding.
3 Includes coverage requirements for Series 2018A Bonds, which are assumed to be paid with pledged CFC Revenues.
4 Net of capitalized interest; actual and projected debt service.
5 Includes Series 2018A Bonds (assumed to be paid with pledged CFC Revenues), Series 2023 Bonds, and estimated Series 2025 Bonds.
SOURCES: Chicago Department of Aviation, October 2023; Ricondo & Associates, Inc., October 2023.

Table S-5 presents the projected CPE from 2023 through 2028, which reflects the estimated debt service, the project costs assumed to be recovered through airline rates and charges, and the operational impacts to expenses and revenues associated with the completion of the 2023–2027 CIP. The aforementioned assumptions on projected costs, along with the forecast passenger activity, provide the basis for Ricondo's opinion that costs at the Airport remain reasonable through the Projection Period.

Additional information on the financial analysis is provided in Chapter 5 of this Report.

TABLE S-5 PROJECTED AIRLINE COST PER ENPLANED PASSENGER

(For Fiscal Years Ending December 31)

		BUDGET 2023[1]	PROJECTION				
			2024	2025	2026	2027	2028
Signatory Airline Requirement	[A]	$213,303,200	$232,353,084	$235,147,054	$254,275,408	$268,644,941	$274,484,522
Non-Signatory Airline Revenues	[B]	14,182,822	14,476,142	14,776,796	15,084,966	15,404,115	15,729,151
Total Airline Revenues[2]	[C]	**$227,486,022**	**$246,829,226**	**$249,923,850**	**$269,360,373**	**$284,049,056**	**$290,213,672**
Projected Total Enplaned Passengers	[D]	**11,372,662**	**11,539,212**	**11,654,406**	**11,786,504**	**11,915,983**	**12,042,736**
Signatory Cost Per Enplaned Passenger							
Current Dollars	[E] = [C] / [D]	**$20.00**	**$21.39**	**$21.44**	**$22.85**	**$23.84**	**$24.10**
2023 Dollars[3]		$20.00	$20.77	$20.21	$20.91	$21.18	$20.79

NOTES:
1 2023 First Half City Approved Budget: includes estimated Series 2023 Bonds and forecast enplaned passengers.
2 Totals may not add up due to rounding.
3 Inflation rate assumed at 3 percent.
SOURCES: Chicago Department of Aviation, October 2023; Ricondo & Associates, Inc., October 2023.

1. THE SERIES 2023 BONDS

1.1 THE SERIES 2023 BONDS

The Series 2023 Bonds will be issued pursuant to an Ordinance adopted by the Chicago City Council on October 27, 2021 (the Ordinance) and the Amended and Restated Master Indenture of Trust Securing Chicago Midway Airport Senior Lien Obligations, to be dated as of November 1, 2023, as supplemented and amended (the Senior Lien Indenture).

The City of Chicago (City) expects to use the proceeds from the sale of the Series 2023 Bonds, together with other available funds, to:

(i) finance a portion of the 2023 Airport Projects, as defined herein,

(ii) refund certain Outstanding Prior Airport Obligations,

(iii) pay any Swap Agreement Payments (if applicable),

(iv) fund the Common Debt Service Reserve Sub-Fund, if required,

(v) fund capitalized interest of the Series 2023 Bonds, and

(vi) pay costs and expenses incidental thereto and to the issuance of the Series 2023 Bonds.

On October 10, 2023, all of the City's Outstanding First Lien Bonds were defeased. Consequently, upon the execution and delivery of the Senior Lien Indenture, the Outstanding Second Lien Bonds will be redesignated and recognized as Outstanding Senior Lien Bonds.

Table 1-1 presents the estimate of the anticipated sources and uses of the proceeds of the Series 2023 Bonds and other funds. The Series 2023 Bonds will be secured under the Senior Lien Indenture, which amends and restates the Midway Second Lien Master Indenture, by a lien on, and pledge of, all Senior Lien Revenues, and will be payable from amounts that may be withdrawn from the Debt Service Fund created under the Senior Lien Indenture.

1.2 INDENTURE OF TRUST

1.2.1 SECURITY FOR THE SERIES 2023 BONDS

The Series 2023 Bonds are Senior Lien Obligations under the Senior Lien Indenture and are payable solely from amounts authorized to be withdrawn by the Senior Lien Trustee from the Senior Lien Debt Service Fund established under the Senior Lien Indenture (the Senior Lien Revenues).

Under the Senior Lien Indenture, Senior Lien Revenues are defined as all amounts received by the City for the use and operation of Chicago Midway International Airport (Midway or the Airport), with the exception of the following: Passenger Facility Charge (PFC) Revenues; Customer Facility Charge (CFC) Revenues; grants or similar contributions; transfer or disposition of title to all or any part of the Airport; the proceeds of any taxes collected at the Airport; the proceeds of any condemnation or insurance proceeds, except to the extent such monies are deemed to be revenues in accordance with generally accepted accounting principles (GAAP); the proceeds of any court or arbitration award or settlement in lieu thereof unless they are deemed revenues under GAAP or are reimbursements for previously incurred Operations and Maintenance (O&M) Expenses; amounts generated by the City for the payment of Special Facility Revenue Bonds; the proceeds of any bonds or other indebtedness of the City; investment income on moneys held in any fund or account of the Airport that are not available, by agreement or otherwise, for deposit into the

Revenue Fund; and any other amounts that are not deemed to be revenues in accordance with GAAP or that are restricted in their use.

TABLE 1-1 ANTICIPATED SOURCES AND USES OF SERIES 2023 BOND PROCEEDS AND OTHER FUNDS (IN MILLIONS)

	SERIES 2023A	SERIES 2023B	TOTAL
Sources			
Par Amount of Bonds	$219.4	$300.3	$519.8
Net Original Issue Premium/(Discount)	(2.7)	16.3	13.7
Debt Service Reserve Fund Release	5.6	14.8	20.4
Debt Service Fund	0.0	0.9	0.9
Total	**$222.3**	**$332.3**	**$554.7**
Uses			
Deposit to Project Fund	$59.7	-	$59.7
Deposit to Repay Outstanding Senior Lien Bonds	120.9	$329.9	450.8
Deposit to Repay Midway Commercial Paper Notes and Accrued Interest	32.0	-	32.0
Deposit to Capitalized Interest Accounts	8.0	-	8.0
Cost of Issuance	1.8	2.4	4.2
Total	**$222.3**	**$332.3**	**$554.7**

NOTES:
Totals may not add up due to rounding.
Swap termination payments, if any, and corresponding debt service of the associated refunding bonds could be incurred in the event the City terminates its swaps related to Senior Lien Bonds. The plan of finance reflected herein does not assume the termination of any swaps.
SOURCE: Jefferies LLC, October 2023.

1.2.2 DEBT SERVICE COVERAGE COVENANT

The Senior Lien Indenture includes modifications to the rate covenant that increases Senior Lien Revenue available for Senior Lien Debt Service. These modifications include a change to the covenant that the City establish rates and charges in an amount sufficient to equal 110 percent of Aggregate Second Lien Debt Service for the applicable year to a covenant that the City establishes rates and charges in an amount sufficient to equal 115, 120 or 125 percent of Senior Lien Debt Service, depending on the year.

Specifically, the City covenants that it will set rates and charges at the Airport for each Fiscal Year (FY) sufficient to generate revenue that, along with Other Available Moneys,

i) will provide for the payment of O&M Expenses for such FY; and
ii) provide for the greater of either:
    (i) the amounts needed to make all required deposits under the Senior Lien Indenture during such FY into the Senior Lien Debt Service Fund, the O&M Reserve Account, the Working Capital Account, the Common Debt Service Reserve Sub-Fund, any debt service reserve sub-fund or account established for the benefit of a single Series of Senior Lien Obligations that are not Common Reserve Bonds, the Junior Lien Obligation Debt Service Fund, the Repair and Replacement Fund, and the Special Project Fund, and
    (ii) (A) prior to the end of the FY ending on December 31, 2024, an amount not less than 120

percent of the Aggregate Senior Lien Debt Service for the Bond Year commencing during such FY; or (B) after the FY ending on December 31, 2024, an amount not less than 125 percent of the Aggregate Senior Lien Debt Service for the Bond Year commencing during such FY.

1.2.3 FLOW OF FUNDS

Revenues of the Airport are subject to the provisions of the Senior Lien Indenture and the Airport Use Agreement and Facilities Lease (Airport Use Agreement) between the City and airlines signatory to the agreement. Under the Senior Lien Indenture, all Senior Lien Revenues are collected by the City. On a monthly basis, the City first deposits an amount equal to one-twelfth of the O&M Expense Projection for the current FY in the O&M Fund and subsequently deposits the remainder to be credited to the Revenue Fund.

The Senior Lien Trustee then makes the following transfers from the Revenue Fund in order of priority identified in the Senior Lien Indenture. **Exhibit 1-1** illustrates the Flow of Funds identified in the Senior Lien Indenture.

1.2.4 ADDITIONAL OBLIGATIONS

The City may issue Additional Senior Lien Obligations provided that it either:

i) Provides a certificate from an Independent Airport Consultant stating that, based on reasonable assumptions, Senior Lien Revenues and Other Available Moneys are projected to be not less than that required to satisfy the Rate Covenant for the Aggregate Annual Debt Service for all outstanding Senior Lien Obligations, including the proposed Bonds but excluding any refunded or defeased Senior Lien Obligations, for the longer of either i) the next three FYs following the issuance of such Additional Senior Lien Obligations, or ii) for each FY following the issuance through the two FYs following completion of projects financed by such Additional Senior Lien Obligations. For the purposes of this certificate, Other Available Moneys shall only include:

    a. Moneys that have been paid over to the Senior Lien Trustee

    b. and deposited into the Revenue Fund or the Senior Lien Debt Service Fund or paid over to the Second Lien Trustee and deposited into a Debt Service Fund for Senior Lien Obligations or,

    c. Moneys that have been irrevocably pledged to the payment of debt service on the Senior Lien Bonds or Senior Lien Obligations.

ii) Provides a certificate stating that Senior Lien Revenues and Other Available Moneys in the most recently completed FY for which an audit has been prepared were sufficient to meet the Rate Covenant, assuming for such purpose that Aggregate Senior Lien Debt Service includes the maximum Annual Senior Lien Debt Service on the Senior Lien Obligations proposed to be issued.

The City may issue Additional Senior Lien Obligations constituting Completion Obligations provided that the City delivers a certificate stating:

i) that the Completion Obligations proposed to be issued are being issued to finance the costs of one or more Airport Projects initially financed in whole or in part by Senior Lien Bonds or Senior Lien Obligations; and
ii) that the additional cost of the Airport Projects being financed by such Completion Obligations does not exceed 15 percent of the aggregate cost originally financed.

EXHIBIT 1-1 FLOW OF FUNDS

Revenue Fund

↓

O&M Fund[1]

↓

Revenue Fund[1]

↓

O&M Reserve Account[1]

↓

Working Capital Account[2]

↓

Senior Lien Debt Service Fund[1,3]

↓

Common Debt Service Reserve Sub-Fund[1]

↓

Junior Lien Obligation Debt Service Fund[1]

↓

Repair and Replacement Fund

↓

Emergency Reserve Fund

↓

Special Project Fund

↓

Airport Development Fund

NOTES:

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

2 As there is no current deposit requirement for the Working Capital Account under the Airport Use Agreement and Facilities Lease, the City of Chicago has directed the Senior Lien Trustee to suspend deposits to the Working Capital Account; this direction may be revoked at any time.

3 The Customer Facility Charge Revenues are not pledged to any Senior Lien Bonds, other than the Outstanding 2018A Bonds.

SOURCE: City of Chicago, October 2023.

Further, the City is required to provide a certificate from a Consulting Engineer: (a) stating that the projects have not materially changed from their description in the Senior Lien Supplemental Indenture or the Supplemental Indenture creating the series of Senior Lien Bonds or Senior Lien Obligations initially issued to finance the cost of such Airport Projects; (b) estimating the revised aggregate cost of the Airport Projects; (c) stating that such costs cannot be paid with available moneys; and (d) stating that in the opinion of the Consulting Engineer, the issuance of Completion Obligations is necessary to complete the Airport Projects.

The City may issue Additional Senior Lien Obligations constituting Refunding Obligations without meeting the conditions for a certificate of an Independent Airport Consultant described within this section.

2. MIDWAY INTERNATIONAL AIRPORT

The City owns and operates the Airport, which is managed by the Chicago Department of Aviation (CDA). In addition to Midway, the City owns and operates O'Hare International Airport (O'Hare), which is managed by the CDA as a separate Enterprise Fund of the City. This chapter presents the role of the Airport, summarizes existing Airport facilities, and summarizes the Airport's 2023-2027 Capital Improvement Program (CIP) projects, which include the 2023 Airport Projects. As of October 2023, the CDA employs approximately 1,620 people, of which 293 positions are budgeted for Midway, with an additional 102 employees for the winter season. During the same period there are approximately 9,350 badged employees at Midway, including airline, concession, tenant, custodial, and contracted personnel.

The Airport encompasses an area of approximately 840 acres, bordered by 55th Street on the north, 63rd Street on the south, Central Avenue on the west, and Cicero Avenue on the east. It is approximately 10 miles southwest of downtown Chicago. The Airport's terminal is accessed from Cicero Avenue, which connects to Interstate 55 (the Stevenson Expressway) approximately 2 miles north of the Airport. The Airport is also connected to the downtown business district by the Chicago Transit Authority (CTA) rapid transit system Orange Line, which opened in 1993, as well as by surrounding city and suburban areas via bus service provided by both the CTA and Pace suburban bus service.

2.1 THE ROLE OF THE AIRPORT

Midway is a major commercial airport serving the Chicago region. As of October 2023, it is served by Allegiant Air (Allegiant), Avelo Airlines (Avelo), Delta Air Lines (Delta), Frontier Airlines (Frontier), Southwest Airlines (Southwest), and two foreign-flag airlines, Volaris and Porter Airlines (Porter). Sun Country Airlines (Sun Country) also provides non-scheduled service at the Airport. According to Airports Council International–North America, the Airport served approximately 19.9 million passengers in 2022, making it the nation's 30th busiest airport.[8] The 2022 activity compares to approximately 20.8 million passengers in 2019, the most recent year prior to the impacts of the COVID-19 pandemic on air travel. In 2019, Midway ranked as the 31st busiest airport in the nation.[9] Based on US Department of Transportation survey data, the Chicago market was ranked fourth in the nation in terms of domestic origin and destination (O&D) passengers for the year 2019, fifth in 2020 and 2021, and third in 2022, reflecting a distribution of traffic more similar to pre–COVID-19 pandemic activity.

The Airport's favorable geographical location, in relation to the national air service network, large population base, and proximity to Chicago's central business district all contributed to the Airport becoming one of the largest stations in Southwest's network. While Southwest emphasizes local passengers in its operations, the volume of Southwest flights offered from Midway to meet local demand makes the Airport a key station in the airline's network due to the connecting opportunities afforded by the high amount of service. In 2022, Southwest provided an average of 197 scheduled flights per day from the Airport to 79 destinations and accounted for 89.4 percent of the Airport's enplaned passengers.

The demand for air transportation at an airport is, to a large degree, dependent upon the demographic and economic characteristics of the geographical area surrounding the airport (the airport's "air trade area"). This

[8] Airports Council International–North America, *2022 North American Airport Traffic Summary*, August 2023.

[9] Airports Council International–North America, *2019 North American Airport Traffic Summary*, August 2023 (enplaned passengers).

relationship is particularly true for O&D passenger traffic, which has historically accounted for between approximately 60 and 67 percent of passenger traffic at the Airport. O&D demand is influenced more by the local characteristics of the area served by the Airport than by individual airline decisions regarding service patterns in support of connecting activity.

The borders of an airport's air trade area are influenced by such factors as the location of other metropolitan areas and their associated airport facilities. For purposes of this Report of the Airport Consultant (Report), the Air Trade Area for the Airport consists of the Chicago-Naperville-Elgin Metropolitan Statistical Area (MSA)[10] and the Kankakee MSA. As presented on **Exhibit 2-1**, the Air Trade Area encompasses 15 counties in 3 states: Cook, DeKalb, DuPage, Grundy, Kane, Kankakee, Kendall, Lake, McHenry, and Will Counties in Illinois; Jasper, Lake, Newton, and Porter Counties in Indiana; and Kenosha County in Wisconsin.

2.2 EXISTING AIRPORT FACILITIES

The Airport consists of the airfield, terminal area, general aviation (GA) facilities, maintenance and Airport support areas, landside surface access and parking, and rental car facilities. **Exhibit 2-2** provides an aerial view of the existing airfield and terminal facilities at the Airport.

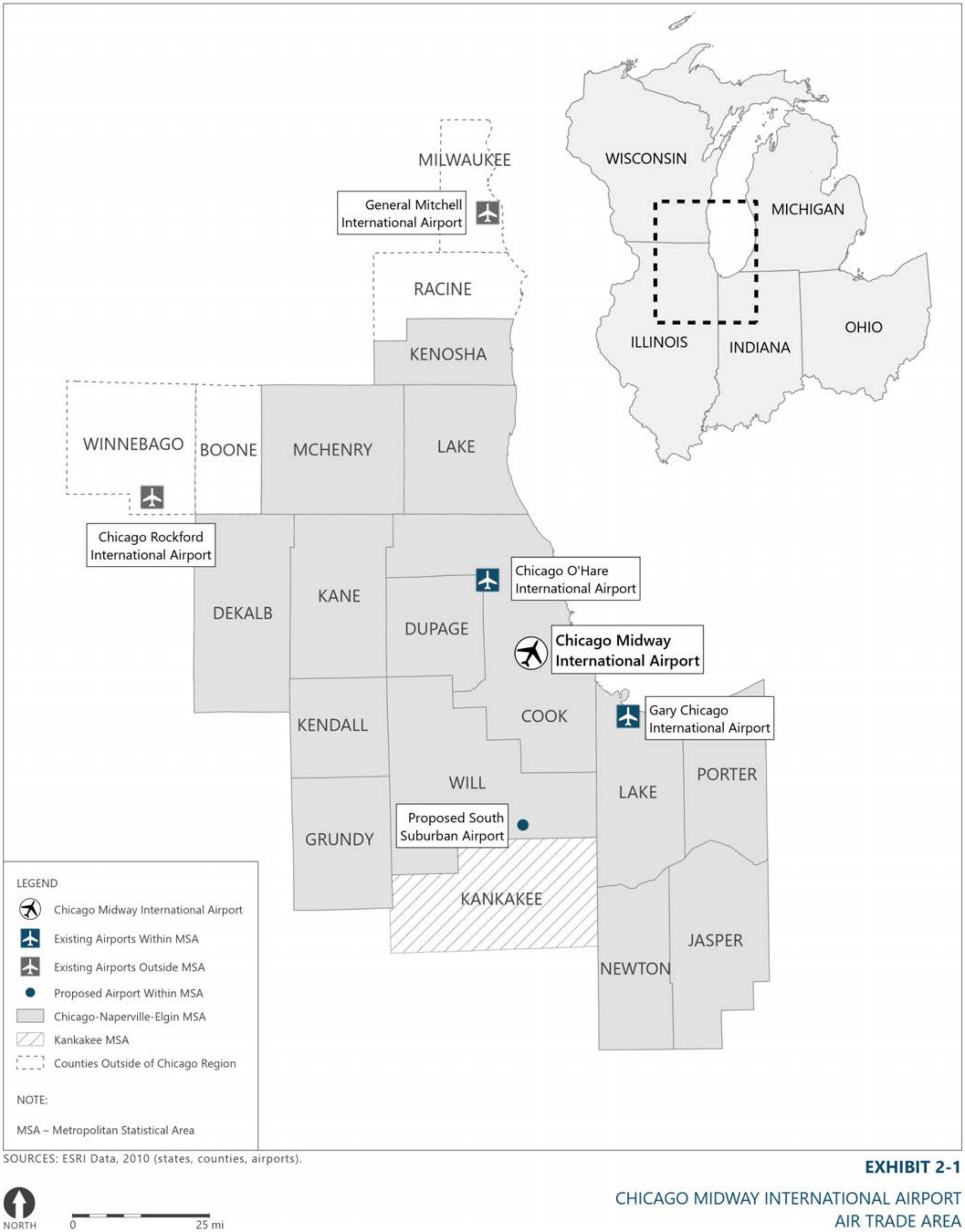
2.2.1 AIRFIELD

Midway's airfield covers just over 1 square mile and consists of five runways with an associated taxiway system connecting the runways to the terminal area, GA facilities, hangars, and maintenance buildings. The Airport's two main runways, 13C-31C (6,522 feet long) and 4R-22L (6,445 feet long), serve the commercial airlines and are capable of accommodating aircraft up to and including Airplane Design Group (ADG)–III (for example B737 and A321). Runways 13C-31C and 4R-22L are both equipped with instrument landing systems (ILS) that enable arrivals to continue when visibility drops due to inclement weather conditions. The remaining two active runways, 13R-31L (3,859 feet long) and 4L-22R (5,507 feet long), are reserved to accommodate non-commercial air taxi service and GA aircraft. On August 10, 2023, Runway 13L-31R was temporarily closed after consultation with the Federal Aviation Administration (FAA) to improve the efficiency of moving aircraft around the airfield and enhance safety.

2.2.2 TERMINAL AREA

The passenger terminal is located on the east side of the airfield, between Runways 13L-31R and 4R-22L and Cicero Avenue, and it is connected via an elevated pedestrian bridge to a six-story parking structure on the west side of the road. The terminal consists of three concourses (A, B, and C) that provide 43 aircraft gate positions; 34 of these are leased as Preferential Use gates, with the remaining 9 available to any airline, considered Common Use. Three of the Common Use gates have a secure corridor connection to Midway's Federal Inspection Services (FIS) facility and thus are capable of processing inbound passengers from international destinations. In 2004, the 7-year Midway Development Program redeveloped the Airport's terminal; this program included the construction of the Airport's existing 1-million-square-foot, three-concourse passenger terminal.

[10] An MSA is a geographic entity delineated by the Office of Management and Budget for use by federal statistical agencies in collecting, tabulating, and publishing federal statistics. MSAs have at least one urbanized area with a population of 50,000 or more, plus adjacent territory that has a high degree of social and economic integration with the urbanized area, as measured by commuting ties.



SOURCES: ESRI Data, 2010 (states, counties, airports).

EXHIBIT 2-1

CHICAGO MIDWAY INTERNATIONAL AIRPORT
AIR TRADE AREA

P:\GIS\Projects\MDW\APRX\MDW_ATA_20230814.aprx

SOURCES: Nearmap, June 2023 (aerial photography – for visual reference only, may not be to scale).

EXHIBIT 2-2

CHICAGO MIDWAY INTERNATIONAL AIRPORT – AERIAL VIEW

Project: P:\GIS\Projects\MDW\APRX\MDW_ATA_20230814.aprx Layout: CDA_MDW_Ex2-2_AerialView_20230814

Mechanical and electrical improvements to the terminals and landside structures and capacity upgrades and modernization to the Airport's heating and refrigeration plant were completed in 2021. Improvements included the reconstruction of all air handling units, with new motors and variable frequency drives; upgrades to the fire protection system, including installation of dry fire suppression systems in place of wet systems; variable air volume box upgrades with new controls and thermostats; the replacement of pre-conditioned air units on all jet-bridges with new units; and the automation of all interior and exterior lighting controls. Heating and refrigeration plant improvements included an additional 1,100 tons of peak cooling load, two new chillers and rework of existing chillers, cooling tower replacement, new primary chilled water pumps and chilled water distribution pumps, and the installation of new switchgear and additional power supply to provide redundancy to the Airport's cooling capacity in the event of a power outage.

In 2020, an upgrade and expansion to Midway's passenger security checkpoint was completed. This project expanded the existing elevated passenger bridge over Cicero Avenue from 50 feet to 400 feet, which increased the queuing area to 80,000 square feet. This update provides a streamlined single checkpoint area that is eight times wider than the previous security hall, with up to 17 operational screening lanes. These new lanes have the capacity to double passenger throughput from 2,500 to 5,000 passengers per hour, as needed, with room for future expansion. In addition, the expansion opened up approximately 18,000 square feet of existing space that can be repurposed for concessions redevelopment. The City is nearing the end of a Concessions Redevelopment Program with over 75 percent of the program complete as of October 2023. This program is being completed in five phases; the fourth phase began in February 2023 and an additional 8 food and beverage locations are anticipated to be opened by November 2023. Midway's first airport lounge, The Club MDW, is part of the program, with an anticipated opening of late 2024. The 3,300-square-foot club will be available to all passengers, regardless of airline and class of service, for a daily fee of $50. Construction is anticipated to begin in 2024 in Midway's Central Market to prepare for the space. As of October 2023, there are 24 retail locations, 30 food and beverage locations, and 1 service location, a shoeshine, throughout the Airport.

Improvements to the Airport's FIS facility and customs hall were completed in 2019. These improvements replaced the existing traditional bag claim device in the FIS international bag claim Hall with a new higher-capacity bag claim device, added a second higher-capacity bag claim device with associated conveyors in an area previously occupied by the Customs and Border Protection (CBP) offices, reconfigured CBP spaces to allow for the consolidation of certain functions and improved passenger interview and screening spaces, and updated certain parts of the existing bag recheck area and existing Transportation Security Administration (TSA) office space. This bag claim configuration provides the Airport with the ability to store approximately 200 bags on two rotating bag claim devices and provides approximately 12,860 square feet in CBP space.

2.2.3 GENERAL AVIATION FACILITIES

GA facilities and services are located on both the south and west sides of the airfield. These include corporate flight facilities, avionics repair shops, and two fixed-based operators (FBOs): Atlantic Aviation and Signature Flight Support. The lease agreement between the Airport and Signature Flight Support is currently operating on a month to-month basis, and the City is in the process of developing a new Request for Proposal (RFP) pertaining to the future operation of this west-side FBO. The lease agreement between the Airport and Atlantic Aviation expires in 2025 and a separate RFP for operation of the south-side FBO (currently leased and managed by Atlantic Aviation) is expected to be issued by the City in the future.

2.2.4 MAINTENANCE AND AIRPORT SUPPORT AREAS

A variety of Airport support, service equipment, and maintenance facilities are located around the perimeter of the airfield. These include fuel farms, hangars, airline maintenance buildings, and both CDA and FAA support facilities, including the Airport Maintenance Complex (AMC), Aircraft Rescue and Fire Fighting (ARFF) station, and an Airport Traffic Control Tower. Hangars located on both the north and south sides of the airfield are leased by Southwest. Cargo, which is belly loaded in passenger aircraft, is processed at these facilities. Midway is not served by cargo-specific carriers; the Air Trade Area's cargo-specific carrier service is supported by facilities at O'Hare.

2.2.5 SURFACE ACCESS

Public vehicular access to the passenger terminal complex is provided via an elevated roadway entrance connected to Cicero Avenue between 55th Street and 63rd Street. Recirculation roadways enable drivers to transition between the two levels of terminal access and the parking garage. Interstate 55 (the Stevenson Expressway) is less than 2 miles to the north.

2.2.6 PARKING AND GROUND TRANSPORTATION

A six-level terminal parking garage on the east side of Cicero Avenue is connected to the passenger terminal via the elevated passenger bridge. The structure opened in 1999 and provides one level of hourly parking, with approximately 360 parking spaces, and five levels of daily parking, with approximately 2,110 parking spaces.

Terminal parking garage enhancements were completed in 2021. These included improvements to the exit plaza, a new revenue control system for more efficient entry and exiting, new electric vehicle charging stations, elevator modernization, a new emergency exit staircase, energy-efficient electrical upgrades, drainage upgrades, and other civil improvements.

Economy parking is located on the north side of 55th Street in the form of a seven-level parking structure and surface lots that collectively provide 8,842 public parking spaces. A cell phone lot opened in 2006 that enables public vehicles to wait free of charge for arriving passengers outside the terminal roadway system. In addition, the Airport maintains two remote employee parking lots, totaling 1,179 spaces.

Taxi stands are located on the lower-level curb front of the terminals, and taxis are available on a first come, first serve basis. Some limousine services can arrange to have their drivers meet arriving passengers in the baggage claim area or in other pre-designated pickup locations within the baggage claim area. The loading zones for rideshare services are on the lower level outside of baggage claim, doors 2 through 4. The taxi and limousine staging lots are located on Kilpatrick Avenue, south of 55th Street. The rideshare staging lot is located on the east side of 72nd Street and Cicero Avenue.

Public transportation services from both the CTA and Pace provide access to the Airport via the fully accessible Midway Transportation Center, located directly east of the terminal and connected to the terminal building via an enclosed walkway. The CTA Orange Line train provides service from Midway to downtown Chicago via elevated tracks; as of October 2023, it provides service from approximately 4:00 a.m. to approximately 1:00 a.m. every day, with service offered as frequently as every 10 minutes during weekday morning and evening rush hours. Alternate overnight service is available via the N62 Archer bus, one of nine CTA bus routes that serve the Airport. Seven Pace bus routes provide service throughout the Chicago suburbs to Midway.

2.2.7 RENTAL CAR FACILITIES

A Consolidated Rental Car Facility (CRCF) opened in April 2013. It consists of an elevated parking structure north of 55th Street with a Quick Turnaround (QTA) facility, approximately 1,300 ready/return spaces, and approximately 1,870 storage spaces. The parking structure provides four covered levels and one uncovered rooftop level. The first level houses a customer service center that replaced the former service counters in the passenger terminal. The single-level QTA facility is located immediately east of the elevated parking structure. It provides 10 at-grade wash bays, office and ancillary facilities for each rental car company, employee restrooms, and bicycle parking. All rental car operations are operated from this facility, which is connected to the terminal complex via a dedicated roadway and shuttle bus operations.

2.3 THE 2023 AIRPORT PROJECTS

The Airport maintains a multi-year CIP. A portion of the proceeds of the Series 2023 Bonds is anticipated to be used to fund the 2023 Airport Projects, which consist of certain projects contained in the Airport's CIP for 2023 to 2027 (2023–2027 CIP).

For purposes of this Report, it was assumed that the total cost of the 2023 Airport Projects reflects those CIP projects that are anticipated to be funded in part or in whole, depending on the project, with proceeds from the Series 2023 Bonds. The total project cost of the 2023 Airport Projects is approximately $92.6 million, and the Series 2023 Bonds will fund approximately $59.7 million. The remaining costs are either funded with existing bonds or are assumed to be funded with a future issuance of Senior Lien Bonds (Series 2025 Bonds or Future Bonds), which is assumed to occur in 2025 for purpose of this Report[11] . Signatory Airlines' approval has been received for all of the 2023 Airport Projects.

Table 2-1 presents the 2023 Airport Projects and their estimated costs.

TABLE 2-1 THE 2023 AIRPORT PROJECTS AND ESTIMATED COSTS (IN THOUSANDS)

PROJECT DESCRIPTION	ESTIMATED TOTAL PROJECT COST	ESTIMATED PROJECT COST FUNDED WITH SERIES 2023 BONDS
Fuel Farm Garage and Upgrades	$4,000	$4,000
Restrooms Modernization	$22,585	$6,115
Baggage Handling System and Checked Baggage Inspection System Elements	$36,520	$28,838
Holdroom Carpet Replacement	$1,800	$1,800
Passenger Loading Bridge Refresh	$9,385	$9,385
North CBIA Matrix Recapitalization and Optimization Project	$1,800	$1,385
Implementation	$16,500	$8,150
Total	**$92,590**	**$59,672**

NOTES:
CBIA – Checked Baggage Inspection Area.
Totals may not add up due to rounding.
SOURCE: Chicago Department of Aviation, October 2023.

2.4 TOTAL 2023 TO 2027 CAPITAL IMPROVEMENT PROGRAM

The Airport CIP focuses on ongoing rehabilitation, repair, and maintenance in addition to the previously described projects. The current 2023–2027 CIP includes a project cost estimate of approximately $514.3 million for calendar years (CYs) 2023 to 2027. **Table 2-2** shows the 2023–2027 CIP costs by category. The 2023 Airport Projects are included in the 2023–2027 CIP.

[11] The Future Bonds are assumed to be issued in FY2025 to fund (i) $253.7 million of project costs; (ii) capitalized interest through the respective DBO of each project, ending on 1/1/2027; (iii) a deposit to the Common Reserve Fund; and (iv) any costs of issuance. The Bonds are structured for level debt service with principal amortizing from 2036 to 2055. Interest rates are assumed to be 6.00 percent.

- Airfield – Approximately $216.9 million of airfield improvements are included in the 2023–2027 CIP. The majority of the projects address rehabilitation or replacement of airfield pavement areas, including Runway 13C-31C and associated taxiways, Runway 4R-22L, Taxiway Y, and apron areas around the terminal.
- Terminal – Approximately $57.2 million of terminal area projects are included in the 2023–2027 CIP; these projects primarily consist of restroom modernization, baggage system updates and modifications, passenger loading bridge improvements, and holdroom carpet replacement.
- Parking – Approximately $8.8 million of planned parking and roadway improvements, including upgrades to the Terminal Parking Garage, structural investigation repairs, and parking garage lighting replacement, are included in the 2023–2027 CIP.
- Facilities, Fuel, Vehicles – Approximately $88.0 million is included in the 2023–2027 CIP for a comprehensive modernization of the existing AMC, upgrades to the fuel storage facility, and the acquisition of ARFF and airport support vehicles.
- Land/Property Acquisition – Approximately $23.6 million of property acquisition projects are included in the 2023–2027 CIP. The City purchases properties within the runway protection zones as they become available.
- Noise Mitigation – Approximately $119.8 million of residential noise mitigation projects are included in the 2023–2027 CIP. The current phase of the residential noise mitigation includes approximately 2,020 dwelling units. Homes are eligible based on inclusion or proximity to the 65 day-night average sound level (DNL) noise contour. Not all eligible homeowners will choose to participate in the program, and the amount in the 2023–2027 CIP assumes approximately 75 percent participation based on historical trends.

TABLE 2-2 2023–2027 CAPITAL IMPROVEMENT PROGRAM COSTS BY CATEGORY (IN MILLIONS)

CATEGORY	TOTAL
Airfield	$216.9
Terminal	57.2
Parking	8.8
Facilities, Fuel, Vehicles	88.0
Land/Property Acquisition	23.6
Noise Mitigation	119.8
Total Estimated Costs	**$514.3**

NOTE:
Totals may not add up due to rounding.
SOURCE: Chicago Department of Aviation, October 2023.

The funding sources for the 2023–2027 CIP include a combination of Airport Improvement Program (AIP) grant funds, proceeds of previously issued Senior Lien Bonds, proceeds of a portion of the Series 2023 Bonds, and proceeds of future Senior Lien Bonds. PFC Revenue is used to pay eligible debt service for PFC-eligible debt. **Table 2-3** shows the 2023–2027 CIP funding sources by category. The City intends to use additional AIP entitlement and Bipartisan Infrastructure Law (BIL) Airport Infrastructure Grant (AIG) funds for eligible projects. The City also anticipates applying for discretionary AIP and/or BIL Airport Terminal Program (ATP) grants. Any of these funds, or other grant funds, will serve to offset project costs currently assumed to be funded with bond proceeds assumed in the financial analysis and shown in Table 2-3.

TABLE 2-3 2023–2027 CAPITAL IMPROVEMENT PROGRAM FUNDING SOURCES (IN MILLIONS)

CATEGORY	TOTAL
Previously Issued Senior Lien Revenue Bonds	$137.2
FAA AIP Grants[1]	63.7
Series 2023 Bonds	59.7
Future Bonds	253.7
Total	**$514.3**

NOTES:
FAA – Federal Aviation Administration
AIP – Airport Improvement Program
Additional Airport Improvement Program, Bipartisan Infrastructure Law, or other grant funds are anticipated to offset the use of Future Bonds as a funding source.
Totals may not add up due to rounding.
1 Assumes grant funding for approximately 60 percent of the noise mitigation projects.
SOURCE: Chicago Department of Aviation, October 2023.

2.4.1 SENIOR LIEN AIRPORT REVENUE BONDS

Funding sources for the 2023–2027 CIP include previously issued Bonds, the Series 2023 Bonds, and the Future Bonds. Approximately $266.5 million of proceeds of previously issued bonds will be used for the 2023–2027 CIP projects. The Series 2023 Bonds will fund approximately $59.7 million of the 2023–2027 CIP projects. The City anticipates using the Future Bonds and/or commercial paper proceeds in the amount of approximately $253.7 million for the remaining costs of the 2023–2027 CIP.

2.4.2 FEDERAL GRANT FUNDS

The Airport uses FAA AIP grant funds for eligible projects, such as runway rehabilitations, noise mitigation, and other projects, that meet AIP requirements. $63.7 million in AIP grant funds are assumed to fund 2023–2027 CIP RSIP projects. Per FAA policy, AIP grants can fund up to 80 percent of noise mitigation projects; for purposes of the financial analysis, 60 percent of RSIP project costs are assumed to be funded with AIP grant funds. If AIP grants are not received for the RSIP, then bond proceeds are anticipated to be used as a funding source. In addition to the RSIP AIP grants for the RSIP, the City anticipates using AIP entitlement grant funds, which are awarded based on passenger activity, toward eligible projects; the City intends to apply for AIP discretionary grants for projects that meet eligibility requirements and align with AIP priorities. If additional AIP funding is received for projects in the 2023–2027 CIP, then the amount of the Future Bonds is anticipated to be reduced.

An additional source of federal capital grant funding is from the Infrastructure Investment and Jobs Act, also referenced as the BIL. It was signed into law by President Biden on November 15, 2021, and is a $1.2 trillion infrastructure bill that includes $550 billion in new spending. Costs incurred on or after November 15, 2021, the enactment date of BIL, are eligible as long as federal procurement requirements, FAA design and construction standards, and project eligibility requirements are met. BIL provides three grant programs that are exclusively available to airports. Through AIG, the FAA has allocated $40.4 million to the Airport in FYs 2022 and 2023. Through FY 2026, the City estimates the Airport will draw down approximately $100 to $104 million in AIG funds. The City also anticipates applying for discretionary ATP grants for projects that meet eligibility requirements and align with ATP priorities. These funds have not been assumed in the financial analysis, and, if received, it is anticipated that such receipt would reduce the amount of the Future Bonds

2.4.3 PASSENGER FACILITY CHARGE REVENUE

A PFC of $4.50 is collected for each eligible enplaned passenger at the Airport. PFC Revenue is pledged to PFC-eligible debt service and does not fund projects directly. As of October 2023, the City has received authority to collect up to approximately $2.48 billion of PFC Revenue, with a collection expiration date of May 1, 2056. A projection of PFC Revenues, which are applied to eligible debt service, is presented in Chapter 5 of this Report.

2.4.4 CUSTOMER FACILITY CHARGE REVENUE

CFC Revenue is not anticipated to be used to fund any of the 2023–2027 CIP projects at the Airport. CFC Revenue is used to pay debt service on the Series 2018A Bonds and may be used to pay certain CFC-eligible O&M Expenses associated with the CRCF and shuttle bus services connecting the terminal and CRCF.

3. DEMOGRAPHIC AND ECONOMIC ANALYSIS

The demand for air transportation at an airport is, to a large degree, dependent upon the demographic and economic characteristics of the geographical area surrounding the airport. This relationship is particularly true for O&D passenger traffic, which has accounted for between approximately 62 and 68 percent of passenger traffic at the Airport since 2011. Therefore, the major portion of demand for air transportation at the Airport is influenced more by the local characteristics of the area served by the Airport than by individual airline decisions regarding service patterns in support of connecting activity. This chapter presents data indicating the Airport's Air Trade Area (as defined in Chapter 2 of this Report) has an economic base capable of supporting increased airline traffic demand through the Projection Period (ending FY 2028).

3.1 DEMOGRAPHIC ANALYSIS

3.1.1 POPULATION

With a population of more than 9.6 million in 2021,[12] the Air Trade Area is the fourth most populous metropolitan region in the United States (see **Exhibit 3-1**), and it is a major air transportation market.

Population growth is a key factor regarding demand for airline travel. Data in **Table 3-1** show the Air Trade Area's population remained constant between 2011 and 2021. The Air Trade Area's historical rate of population growth between 2001 and 2021 was relatively comparable to that of the Midwest population, but it was somewhat lower than that of the United States—a relationship that is expected to prevail through 2028. Similarly, the Air Trade Area population projected for the period 2021 through 2028 reflects a compound annual growth rate (CAGR) of 0.10 percent—a rate that is comparable to what is projected for the Midwest (0.18 percent) but somewhat lower than what is projected for the United States (0.62 percent). The projected increase of approximately 67,000 new residents in the Air Trade Area during this period is expected to generate additional demand for airline service at the Airport.

3.1.2 AGE DISTRIBUTION AND EDUCATION

Demand for airline travel varies by age group, and this is a factor influencing O&D passenger activity at the Airport. According to Consumer Expenditure Survey data from the US Department of Labor, Bureau of Labor Statistics, in the United States, persons between the ages of 35 and 54 account for 44.0 percent of expenditures on airfares.[13]

Table 3-2 shows that in 2021, residents in the Air Trade Area aged 35 to 54 accounted for 26.1 percent of the population. Thus, the age group that generates the most expenditures on airfares is represented in the Air Trade Area at a higher rate than the population in both the Midwest (24.5 percent) and the United States (25.0 percent).

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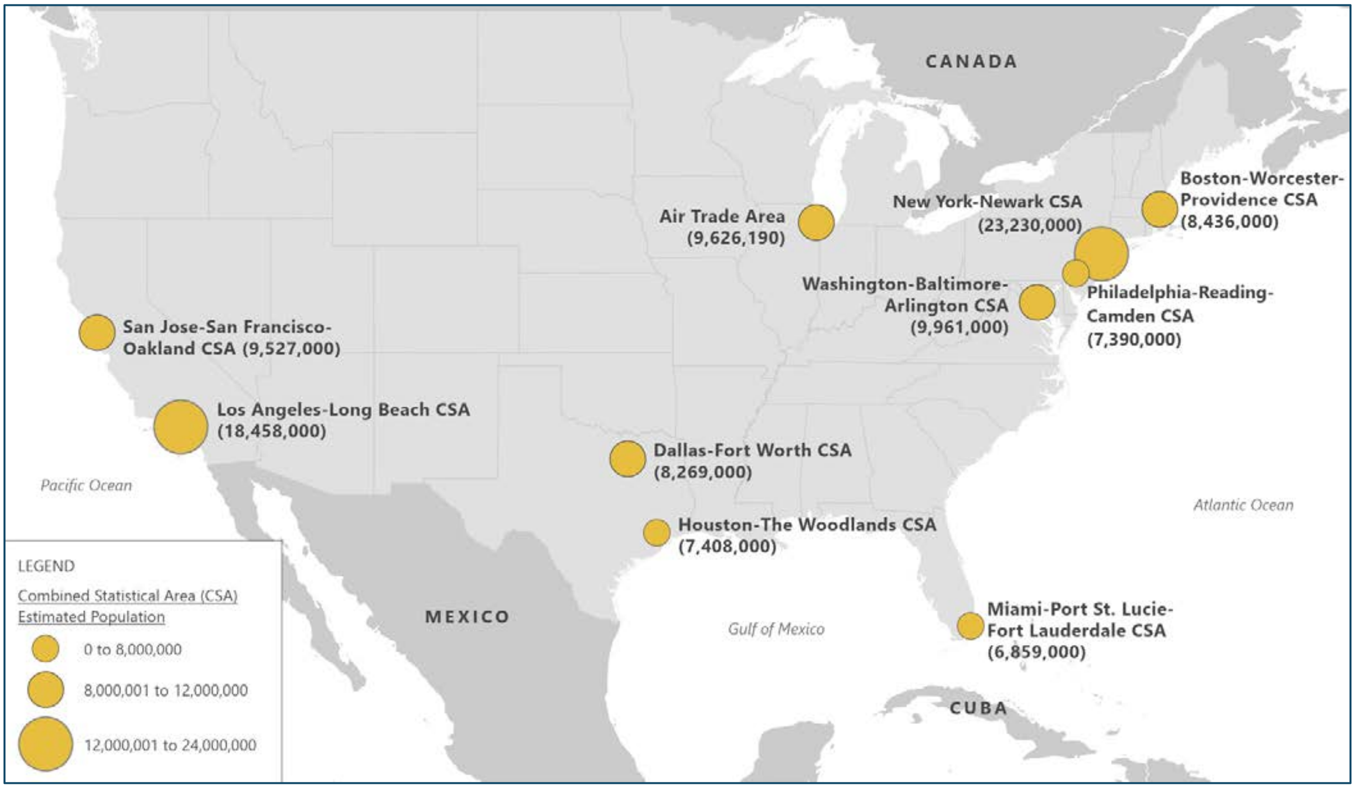
[12] 2021 represents the most recent annual historical population data available from the data source used in this section: Woods & Poole Economics, Inc., *2023 Complete Economic and Demographic Data Source (CEDDS)*.

[13] New Strategist Press, *Who's Buying for Travel*, 12th ed. Ithaca, NY: New Strategist Press, 2018. Data in *Who's Buying for Travel* are based on the US Department of Labor, Bureau of Labor Statistics' Consumer Expenditure Survey, an ongoing nationwide survey of household spending.

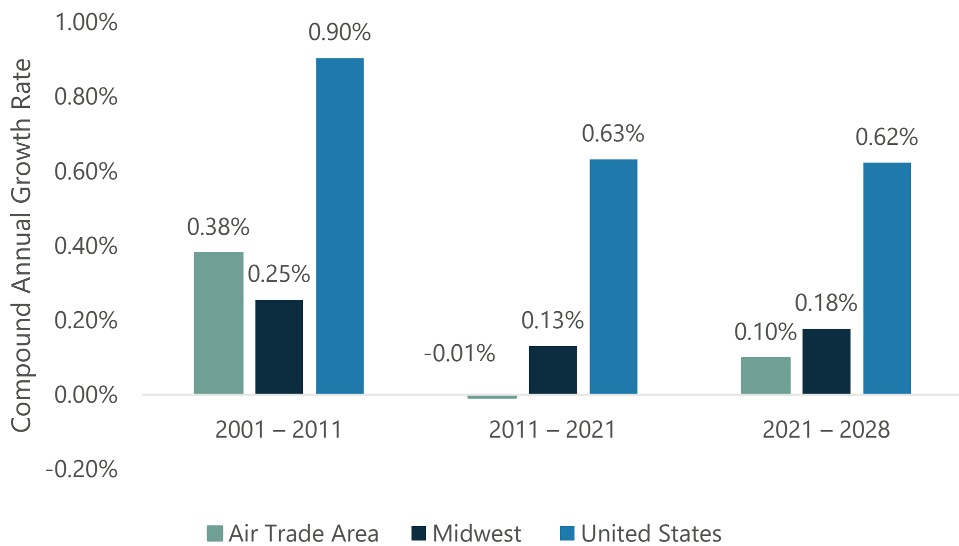
EXHIBIT 3-1 TEN LARGEST METROPOLITAN REGIONS IN THE UNITED STATES (2021)



NOTE:
CSA – Combined Statistical Area
SOURCES: Woods & Poole Economics, Inc., *2023 Complete Economic and Demographic Data Source (CEDDS)*, October 2023; Esri, Basemap Database, 2010.

TABLE 3-1 HISTORICAL AND PROJECTED POPULATION (2001–2028)

	HISTORICAL			PROJECTED
AREA	2001	2011	2021	2028
Air Trade Area	9,274,070	9,633,736	9,626,190	9,692,958
Chicago-Naperville-Elgin MSA [1]	*9,169,580*	*9,520,338*	*9,519,538*	*9,585,784*
Kankakee MSA [2]	*104,490*	*113,398*	*106,652*	*107,174*
Midwest [3]	45,401,564	46,570,061	47,181,948	47,768,904
United States	284,968,906	311,786,313	332,031,563	346,778,031



NOTES:
MSA – Metropolitan Statistical Area
2028 data are Woods & Poole Economics, Inc., projections.
1 The Chicago-Naperville-Elgin MSA comprises the following counties: Cook (IL), DeKalb (IL), DuPage (IL), Grundy (IL), Kane (IL), Kendall (IL), Lake (IL), McHenry (IL), Will (IL), Jasper (IN), Lake (IN), Newton (IN), Porter (IN), and Kenosha (WI).
2 The Kankakee MSA comprises Kankakee County (IL).
3 The Midwest is defined as Illinois, Indiana, Michigan, Ohio, and Wisconsin.
SOURCE: Woods & Poole Economics, Inc., *2023 Complete Economic and Demographic Data Source (CEDDS)*, July 2023.

TABLE 3-2 AGE DISTRIBUTION AND EDUCATIONAL ATTAINMENT (2021)

AGE DISTRIBUTION	AIR TRADE AREA	MIDWEST	UNITED STATES
Total Population	**9,626,190**	**47,181,948**	**332,031,563**
By Age Group			
19 and Under	15.4%	24.5%	24.6%
20 to 24 Years	6.4%	6.5%	6.5%
25 to 34 Years	14.4%	13.4%	14.0%
35 to 44 Years	13.5%	12.5%	12.9%
45 to 54 Years	12.6%	12.0%	12.1%
55 to 64 Years	22.0%	13.3%	12.7%
65 and Above	15.7%	17.8%	17.2%
Total[1]	**100.0%**	**100.0%**	**100.0%**
Median Age	**37.6 years[2]**	**38.7 years**	**38.0 years**
EDUCATIONAL ATTAINMENT	AIR TRADE AREA	MIDWEST	UNITED STATES
Population 25 Years and Over	**7,525,407**	**32,542,909**	**228,770,330**
By Highest Level Achieved			
Less than 9th Grade	5.2%	3.3%	4.8%
9th–12th Grade, No Diploma	5.3%	5.8%	6.3%
High School Graduate (includes GED/Alternative Credential)	23.5%	29.5%	26.5%
Some College, No Degree	19.0%	20.6%	20.0%
Post-Secondary Degree	46.9%	40.8%	42.4%
Associate's Degree	7.4%	9.2%	8.7%
Bachelor's Degree	23.7%	19.5%	20.6%
Master's Degree or Doctorate	15.8%	12.1%	13.1%
Total[1]	**100.0%**	**100.0%**	**100.0%**

NOTES:
GED – General Educational Development
1 Sums may not total to 100.0 percent due to rounding.
2 The Air Trade Area median age does not account for the Kankakee Metropolitan Statistical Area.
SOURCES: Woods & Poole Economics, Inc., *2023 Complete Economic and Demographic Data Source (CEDDS)*, July 2023; US Census Bureau, American Community Survey, July 2023 (metropolitan statistical areas, states, and United States).

According to Consumer Expenditure Survey data, persons with a college degree generate a high percentage of expenditures on airline travel. Data indicate that 74.0 percent of airfares are purchased by college graduates, while 18.0 percent are purchased by consumers who have had some college, and 8.0 percent are purchased by consumers who never attended college.[14] As shown in Table 3-2, 46.9 percent of the Air Trade Area's population over the age of 25 have a post-secondary degree (associate's, bachelor's, master's, or doctorate)—a higher percentage than the populations of both the Midwest (40.8 percent) and the United States (42.4 percent). In addition to having a highly educated population, the Air Trade Area is also home to approximately 100 colleges and universities. These schools, which include community colleges and technical schools, have a total enrollment of approximately 700,000 students.[15] These educational institutions generate demand for airline service through academic meetings and conferences, visiting professorships, study abroad programs, and individual student and faculty travel.

[14] New Strategist Press, *Who's Buying for Travel,* 12th ed. Ithaca, NY: New Strategist Press, 2018.

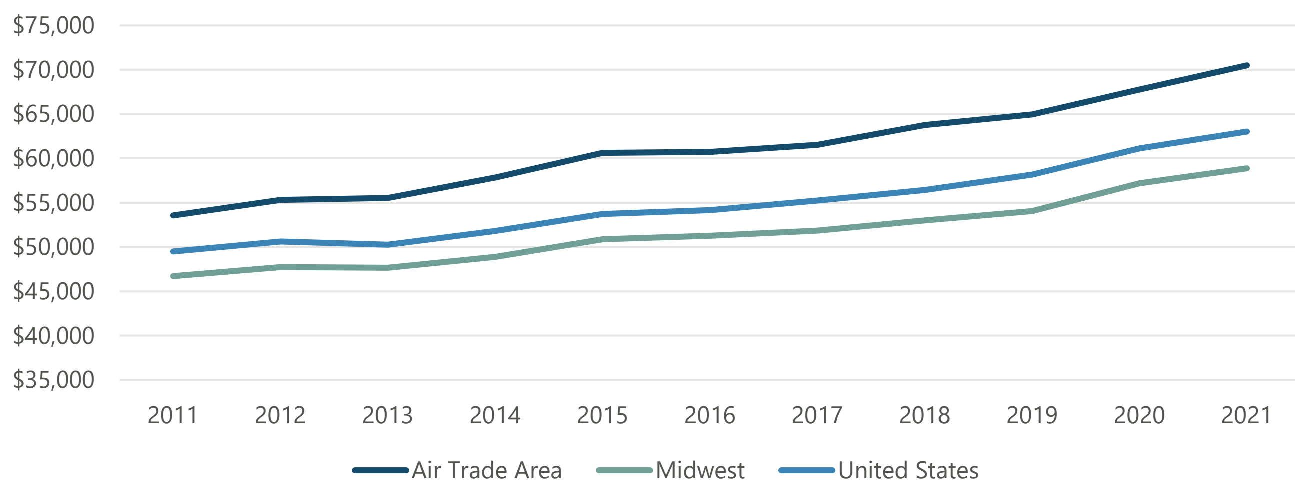
[15] Institute of Education Sciences, National Center for Education Statistics, October 2023.

3.1.3 PER CAPITA PERSONAL INCOME

Another indicator of a region's demand for airline travel is per capita personal income.[16] Per capita personal income indicates the relative affluence of a region's residents, as well as their ability to afford airline travel. It can also be an indicator of an area's attractiveness to business and leisure travelers. Regions with higher per capita personal income often have stronger business connections to the rest of the nation, as well as a more developed market for tourism. **Exhibit 3-2** presents historical per capita personal income for 2011 through 2021 for the Air Trade Area, the Midwest, and the United States. As shown, between 2011 and 2021, per capita personal income in the Air Trade Area was higher than that of the Midwest and the United States. Per capita personal income for the Air Trade Area increased at a CAGR of 2.8 percent between 2011 and 2021, which is higher than the rate in both the Midwest (2.3 percent) and the United States (2.4 percent) during the same period.

Exhibit 3-2 also shows that projected per capita personal income in the Air Trade Area is expected to increase at a CAGR of 1.3 percent, from $70,495 in 2021 to $77,275 in 2028. (Note: dollar amounts in this chapter are in 2021 dollars, unless otherwise noted.) The projected growth rate for per capita personal income in the Air Trade Area (1.3 percent) is higher than that of the Midwest (1.0 percent) and the United States (1.1 percent) between 2021 and 2028.

EXHIBIT 3-2 PER CAPITA PERSONAL INCOME (2011–2021)



ANNUAL PER CAPITA PERSONAL INCOME GROWTH	AIR TRADE AREA	MIDWEST	UNITED STATES
2011–2021	2.8%	2.3%	2.4%
2021–2028 (Projected)	1.3%	1.0%	1.1%

NOTES:
Amounts are in 2021 dollars.
2028 data are Woods & Poole Economics, Inc., projections.
SOURCE: Woods & Poole Economics, Inc., *2023 Complete Economic and Demographic Data Source (CEDDS)*, July 2023.

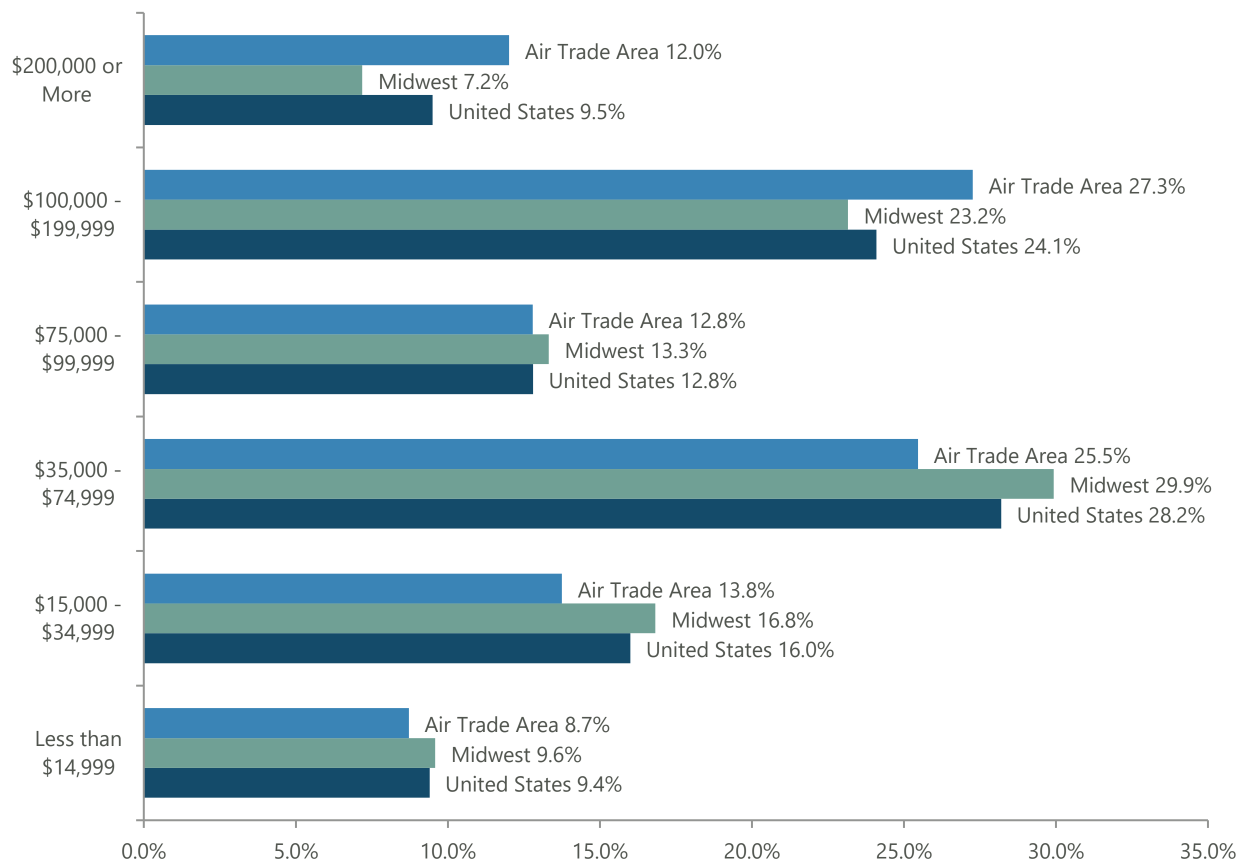
[16] Per capita personal income is the sum of wages and salaries, other labor income, proprietors' income, rental income, dividend income, personal interest income, and transfer payments, less personal contributions for government social insurance, divided by the region's population.

3.1.4 HOUSEHOLD INCOME

Exhibit 3-3 shows the distribution of households among the income categories for the Air Trade Area, the Midwest, and the United States in 2021. The Air Trade Area's median household income of $78,604 in 2021 was 19.7 percent higher than that of the Midwest ($65,661) and 13.9 percent higher than that of the United States ($69,021).[17]

The percentage of higher-income households (defined as those earning $100,000 or more annually) within the Air Trade Area is another key indicator of potential demand for airline travel. According to Consumer Expenditure Survey data from the US Department of Labor, Bureau of Labor Statistics, 55 percent of airfare expenditures are made by households with annual incomes of $100,000 or more.[18] With approximately 1,457,441 households earning $100,000 or more in 2021, the Air Trade Area is among the wealthiest markets in the United States.

EXHIBIT 3-3 HOUSEHOLD INCOME DISTRIBUTION (2021)



NOTES:
Amounts are in 2021 dollars.
2021 is the latest year with household income distribution data available.
SOURCE: US Census Bureau, Data Table S1901, "Income in the Past 12 Months (in 2021 Inflation-Adjusted Dollars)," July 2023 (metropolitan statistical areas, states, and the United States).

17 Amounts are in 2021 dollars.

18 New Strategist Press, *Who's Buying for Travel,* 12th ed. Ithaca, NY: New Strategist Press, 2018.

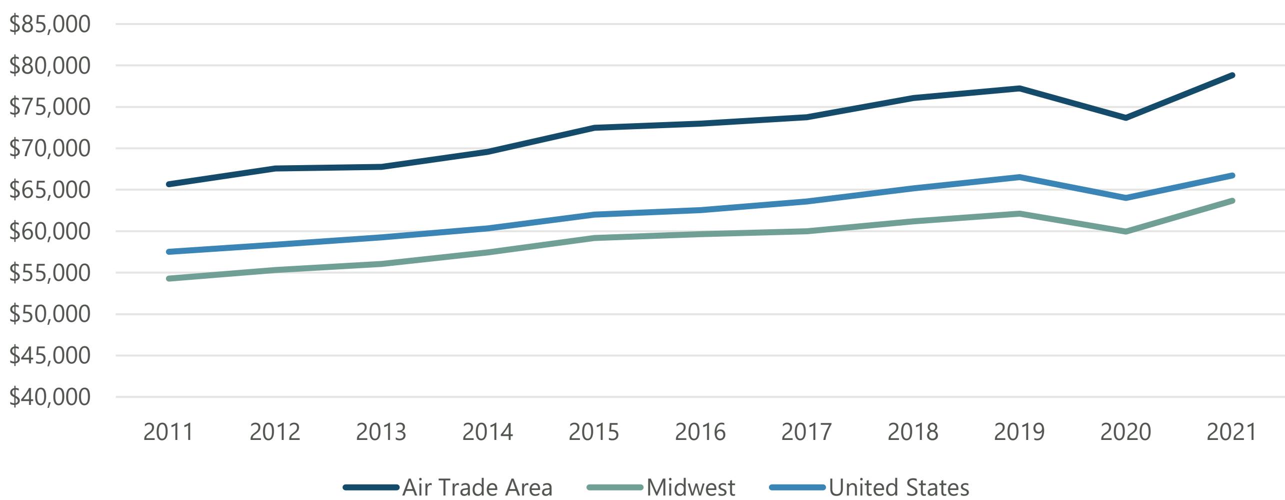
3.2 ECONOMIC ANALYSIS

3.2.1 PER CAPITA GROSS DOMESTIC/REGIONAL PRODUCT

Per capita gross domestic product (GDP; US-level data) and per capita gross regional product (GRP; state- and county-level data) are measures of the market value of all final goods and services produced within a defined geographic area, divided by the total population of the area. These indicators are broad measures of the economic health of an area and, consequently, of the area's potential demand for airline travel.

Exhibit 3-4 presents historical per capita GRP data for the Air Trade Area and the Midwest, as well as per capita GDP data for the United States, for 2011 through 2021.[19] The Air Trade Area's per capita GRP increased from $65,666 in 2011 to $78,824 in 2021. Per capita GRP for the Air Trade Area increased at a CAGR of 1.8 percent between 2011 and 2021, which is slightly higher than the CAGR for the Midwest (1.6 percent) and higher than the CAGR for the United States (1.5 percent) during the same period. The CAGRs for the 2011 to 2021 period were impacted by the COVID-19 pandemic. COVID-19 was first identified in December 2019 and was declared a pandemic by the World Health Organization in March 2020. As seen on Exhibit 3-4, there was a 4.6 percent decline in the Air Trade Area's per capita GRP in 2020 due to the COVID-19 pandemic, followed by a 7.0 percent increase between 2020 and 2021 as the economy started to recover from the COVID-19 pandemic.

EXHIBIT 3-4 PER CAPITA GROSS DOMESTIC/REGIONAL PRODUCTS (2011–2021)



ANNUAL PER CAPITA GDP/GRP GROWTH	AIR TRADE AREA	MIDWEST	UNITED STATES
2011–2021	1.8%	1.6%	1.5%
2021–2028 (Projected)	2.0%	1.6%	1.5%

NOTES:
GDP – Gross Domestic Product
GRP – Gross Regional Product
Amounts are in 2021 dollars.
2028 data are Woods & Poole Economics, Inc., projections.
SOURCE: Woods & Poole Economics, Inc., *2023 Complete Economic and Demographic Data Source (CEDDS)*, July 2023.

[19] Amounts are in 2021 dollars.

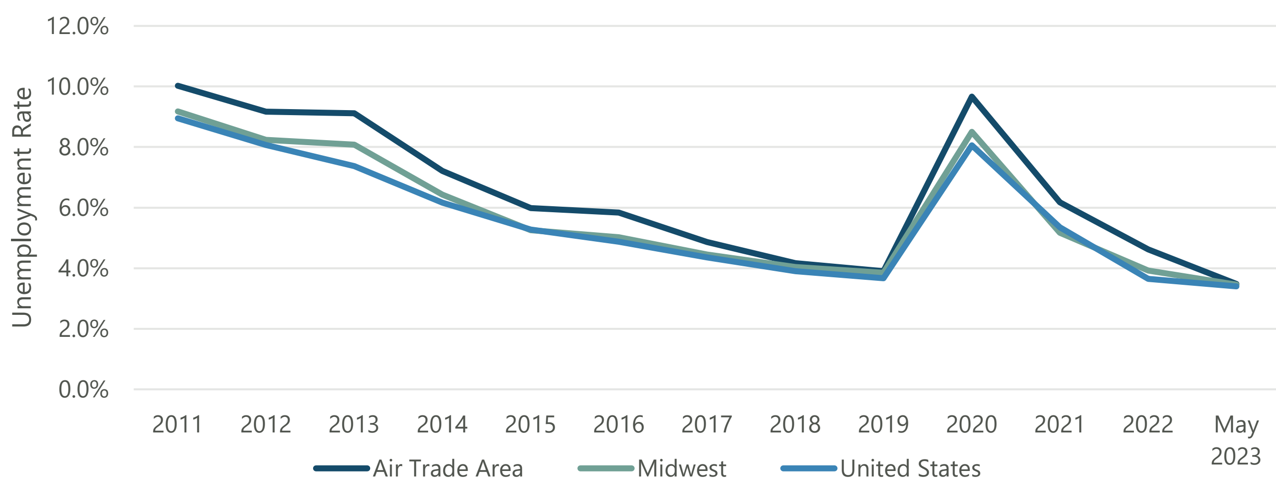
Per capita GRP for the Air Trade Area is projected to increase from $78,824 in 2021 to $90,440 in 2028. This increase represents a CAGR of 2.0 percent for the Air Trade Area, which is slightly higher than the Midwest (1.6 percent) and the United States (1.5 percent) over the same period.

3.2.2 EMPLOYMENT TRENDS

Between 2011 and 2021, the Air Trade Area and Midwest labor forces both increased by 0.3 percent. The United States experienced labor force growth of 0.8 percent during the same period. The Air Trade Area's civilian labor force declined by 2.8 percent in CY 2020, higher than the decline in the civilian labor force of the Midwest and the United States in CY 2020 (by 2.1 percent and 1.7 percent, respectively), as workers left the labor force due to childcare duties, fear of getting COVID-19 in the workplace, and other reasons related to the COVID-19 pandemic. CY 2021 saw marginal recovery in the labor force in the Air Trade Area and in the United States; however, the labor market tightened as the recovery in the labor force did not always keep pace with the demand for labor in certain sectors. By 2022, all three regions' labor forces were increasing, and this recovery trend continued through May 2023 for the Midwest and the United States; however, the May 2023 labor force of the Air Trade Area was slightly lower than its 2022 level.

Exhibit 3-5 shows the annual unemployment rate in the Air Trade Area was higher than that of the Midwest and the United States in all years from January 2011 through May 2023

EXHIBIT 3-5 UNEMPLOYMENT RATE (JANUARY 2011 – MAY 2023)



NOTE:
May 2023 data are preliminary.
SOURCE: US Department of Labor, Bureau of Labor Statistics, July 2023.

The unemployment rates in the Air Trade Area, the Midwest, and the United States increased dramatically in 2020 due to the COVID-19 pandemic, and they subsequently started to decline as the economy began to recover. In CY 2021, the unemployment rate in the Air Trade Area was 6.2 percent; this was higher than the 5.2 percent unemployment rate in the Midwest and the 5.3 percent rate in the United States. Unemployment rates continued to decline in CY 2022, with the Air Trade Area unemployment rate remaining higher than the unemployment rates in the Midwest and the United States. By May 2023, all three regions' unemployment rates were nearly equivalent and below their pre-COVID-19 pandemic 2019 levels.

3.2.3 BUSINESS CLIMATE

The Chicago metropolitan area is the largest inland region in the United States with a global reach; in 2022, if it were measured as a country, it would be the 22nd largest economy in the world.[20] Oxford Economics characterizes the economy as large and diversified, with strong global transit links, and a low cost of living relative to other large US cities.[21] World Business Chicago (WBC), a nonprofit economic development partnership, works with companies and economic development partners to attract, retain, and create new businesses in the Air Trade Area. WBC reports on both Chicago's innovation and economic resilience. WBC has identified over 20 unicorns (privately held startup companies with a valuation of $1 billion or more) headquartered in Chicago and characterizes the area as one of the most diversified economies in the United States.[22] WBC also reports that Chicago technology companies received over $9.7 billion of investment[23] in 2021 (most recent data available), including $7.0 billion of venture capital, which was more than double of what was raised in 2020,[24] and 180 businesses relocated, expanded, or entered the market with locations within the city in 2022, and 84.6 percent of businesses renewed their business licenses.[25] Given the Air Trade Area's highly diversified economy, WBC is strategically focusing on six high-growth areas—Life Sciences; Transportation, Distribution, and Logistics and Logistics Tech; Manufacturing; Food Manufacturing and Innovation; Finance and Fintech; and Business and Professional Services—to spur both full economic recovery from the COVID-19 pandemic and continued growth.[26]

In 2022, Chicago was named "#1 US metro for corporate relocations and expansions" by *Site Selection* magazine for the eighth year in a row.[27] According to Choose Chicago, the official destination marketing organization for the City, the number of business visitors to the Chicago metropolitan area increased from 11.8 million in 2016 to 12.8 million in 2019 (latest pre–COVID-19 pandemic year available).[28] *fDi Magazine* named Chicago in the top five cities in its biennial Americas Cities of the Future list in 2021 (most current ranking available).[29] In addition, Chicago ranked second in the Americas in the human capital and lifestyle category. The *fDi Magazine* ranking highlights the more than 100 projects that the city attracted in 2020, as well as the European and Asian companies that grew their presence in Chicago in 2020. These include the opening or expansion of office space, retail businesses, manufacturing, and research facilities. Chicago-related decisions include the Kellogg Company announcing Chicago as the global headquarters of its $11.4 billion snack division, the relocation of 250 of Kimberly-Clark Corporation's employees, the opening of a Discover Financial Services call center in Chicago's South Side, and Google announcing its purchase and occupancy of the Thompson Center, a 1.2-million-square-foot former State of Illinois building

[20] World Business Chicago, *World Business Chicago Insights: High-Growth Industries in Chicagoland*, https://worldbusinesschicago.com/app/uploads/2023/01/High-Growth-Industries-in-Chicagoland.pdf (accessed October 3, 2023).

[21] Oxford Economics, *Metro Economic Forecast – Chicago*, December 2021.

[22] World Business Chicago, "Chicago is a global innovation hub," https://worldbusinesschicago.com/why-chicago-innovation/ (accessed October 3, 2023).

[23] Ibid.

[24] Ibid.

[25] World Business Chicago, *Year in Review: A Look Back at Chicago's Business Trends in 2022*, https://worldbusinesschicago.com/app/uploads/2023/02/WBCResearch-Center_Year_In_Review_2023.pdf (accessed October 3, 2023).

[26] World Business Chicago, *World Business Chicago Insights: High-Growth Industries in Chicagoland*, https://worldbusinesschicago.com/app/uploads/2023/01/High-Growth-Industries-in-Chicagoland.pdf (accessed October 3, 2023).

[27] World Business Chicago, "100 Reasons," https://worldbusinesschicago.com/100-reasons/ (accessed October 3, 2023).

[28] Choose Chicago, Research & Analysis, *Chicago Tourism Performance*, September 21, 2021.

[29] fDi Intelligence, "Americas Cities of the Future: 2021/2022 – FDI Strategy," https://www.fdiintelligence.com/article/79913 (accessed October 3, 2023).

located in the Loop. [30,31] While the Boeing Company, Caterpillar Inc., and the hedge fund Citadel have announced the move of their headquarters from the Air Trade Area to other locations, most or a significant number of employees will remain in the Air Trade Area. [32] Additionally, Chicago is well-positioned to forge partnerships with companies abroad as it is the home of 80 consulates and honorary consulates. [33] It also has 100 international/ethnic chambers of commerce and international trade-based organizations and more than 1,800 foreign-based companies representing over $140 billion in foreign direct investment. [34] According to the IBM *Global Locations Trend Report 2020* (most current report available), for the eighth year in a row Chicago was the top North American metro and ranked sixth globally in foreign direct investment projects.[35]

The region is also nearing completion of a $492 million investment in modernizing the CTA Blue Line. In addition, the Red-Purple Modernization Program is a $2.1 billion project to rebuild a nearly 10-mile section of track in some of Chicago's densest neighborhoods. At the time of projected completion of Phase 1 in 2025, this project will increase capacity, accessibility, and reliability along the CTA Red Line and Purple Line Express routes.[36]

While O'Hare's capital program, O'Hare 21, is significantly larger than Midway's capital program and includes a new global terminal, projects at both airports impact the Air Trade Area. O'Hare 21 is currently underway and is anticipated to create more than 60,000 construction jobs and 35,000 permanent tourism jobs. In addition, it is anticipated to contribute $16 billion per year to the regional economy.[37]

3.2.4 TRADE BY AIR

The Air Trade Area's extensive access to overseas markets gives businesses in the region the ability to operate internationally. Many of the Air Trade Area's major employers depend on offshore plants and suppliers for manufacturing and assembly, as well as for raw materials. This expanding international business activity generates demand for international airline travel and for air freight services. In 2022, total trade activity (total imports and exports) between the Chicago Customs District[38] and the rest of the world was valued at $362.4 billion. In 2022, more than $286.6 billion in trade through the Chicago Customs District was conveyed by air. This represents over 79 percent of all trade through the Chicago Customs District and more than 69 percent of the Midwest's value of total trade by air (see **Table 3-3**). The Air Trade Area's high rate of trade by air reflects the prevalence of the just-in-time inventory management of high-value goods (especially in the pharmaceuticals, electronics, and industrial

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[30] CBS News Chicago, "Kellogg to Split into Three Companies, with Snack Division Headquarters in Chicago," https://www.cbsnews.com/chicago/news/kellogg-to-split-into-three-companies-with-snack-division-headquarters-in-chicago/ (accessed October 3, 2023).

[31] Newmark, "Chicago's Industry Diversity Makes the City an Economic Powerhouse," https://www.nmrk.com/insights/thought-leadership/chicagos-industry-diversity-makes-the-city-an-economic-powerhouse (accessed October 3, 2023).

[32] Bloomberg, "Chicago Faces Deep-Seated Ills in Shadow of Citadel-Boeing Defections," https://www.bloomberg.com/news/articles/2022-09-14/boeing-citadel-left-chicago-here-s-what-it-means-for-the-city (accessed October 3, 2023).

[33] Chicagoland Chamber of Commerce, "The Chicagoland Chamber of Commerce and Local Business Leaders Applaud President Joe Biden's Selection of Rahm Emanuel for U.S. Ambassador to Japan," https://www.chicagolandchamber.org/statements-releases/rahm-emanuel-ambassador-japan/ (accessed October 3, 2023).

[34] Ibid.

[35] World Business Chicago, "Chicago #1 City in North America for Foreign Direct Investment," http://www.worldbusinesschicago.com/chicago-1-city-in-north-america-for-foreign-direct-investment (accessed October 3, 2023).

[36] Chicago Transit Authority, "About the Red & Purple Modernization Program," https://www.transitchicago.com/rpm/about/ (accessed October 3, 2023).

[37] World Business Chicago, "O'Hare Will Get Historic $8.5 Billion Transformation," www.worldbusinesschicago.org/ohare-transformation (accessed October 3, 2023).

[38] US Census Bureau, Foreign Trade Statistics, *Schedule D – District/Port List (by District Code)*, http://www.census.gov/foreign-trade/schedules/d/dist.txt (accessed October 3, 2023). The Chicago Customs District comprises eight ports in Illinois and one port in Indiana.

components sectors), as well as an expanding global network of suppliers and manufacturers. The Airport does not have service from any cargo-specific carriers. Air freight in the Air Trade Area is predominately served by O'Hare, although a limited amount is processed at the Airport which tends to be accommodated by passenger air carriers.

TABLE 3-3 2022 TRADE BY CONVEYANCE (IN BILLIONS)

CUSTOMS DISTRICT	VALUE OF TOTAL TRADE[1]	VALUE OF TOTAL TRADE BY AIR	PERCENT OF TOTAL TRADE BY AIR
Chicago	$362.4	$286.6	79.1%
Midwest[2]	$790.7	$413.7	52.3%
United States	$5,307.7	$1,463.4	27.6%

NOTES:
1 Total Trade = Total Imports and Exports
2 Data for the Midwest are an aggregation of the Chicago, Cleveland, Detroit, and Milwaukee Customs Districts.
SOURCE: US Department of Commerce, US Census Bureau, https://www.census.gov/foreign-trade/data/index.html (accessed October 2023).

3.2.5 MAJOR EMPLOYERS AND FORTUNE 500 HEADQUARTERS

Table 3-4 lists the 25 largest employers in the Air Trade Area.[39] In addition to providing an important source of local employment, the private sector employers, which comprise over half of the list in Table 3-4, depend on airline passenger and freight services for the continued health and expansion of their enterprises. The Airport's proximity to both Chicago's downtown business areas and large companies in the western suburbs makes it an important resource for employers in the Air Trade Area.

Major employers in the Air Trade Area represent a wide range of industries: health care (Advocate Aurora Health, Northwestern Medicine); higher education (University of Chicago, Northwestern University, University of Illinois Chicago); financial services (JPMorgan Chase & Co.); pharmaceuticals (AbbVie Inc.); insurance (Allstate); telecommunications (AT&T Inc.); and retail (Amazon.com, Inc., Walgreens Boots Alliance, Inc., Walmart Inc.).

Fortune magazine ranks the top 500 US public companies in terms of annual revenue. According to the 2023 rankings, the Air Trade Area has the second-highest number of Fortune 500 company headquarters in the nation, after the New York City metropolitan area. **Exhibit 3-6** includes the rankings of the 2023 Fortune 500 companies with headquarters in the Air Trade Area. Corporations headquartered in the Air Trade Area include Walgreens Boots Alliance, Inc. (ranked 27th among the Fortune 500), Archer Daniels Midland (ranked 35th), Boeing Company (ranked 58th),[40] AbbVie Inc. (ranked 73rd), Allstate (ranked 84th), Caterpillar Inc. (ranked 68th),[41] and Abbott Laboratories (ranked 99th). In 2023, the Air Trade Area's 31 Fortune 500 headquarters represent approximately 94 percent of the 33 Fortune 500 headquarters in Illinois and approximately 34 percent of the 90 Fortune 500 headquarters in the Midwest.[42]

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[39] The list in Table 3-4 includes employers in Cook, DuPage, Kane, Lake, McHenry, and Will Counties. These six counties comprised more than 90 percent of total employment in the Air Trade Area in 2021.

[40] On May 5, 2022, Boeing announced it was planning to relocate its global headquarters from Chicago to Arlington, Virginia. However, the company maintained a significant employment presence in the Air Trade Area.

[41] On June 14, 2022, Caterpillar announced it would relocate its headquarters from Deerfield, Illinois to Irving, Texas, later in 2022. This was estimated to only affect up to 230 jobs at the Deerfield office, and the vast majority of Caterpillar's Illinois employees remained in the state.

[42] The Midwest is defined as the states of Illinois, Indiana, Michigan, Ohio, and Wisconsin.

TABLE 3-4 LARGEST EMPLOYERS IN THE AIR TRADE AREA (2023)

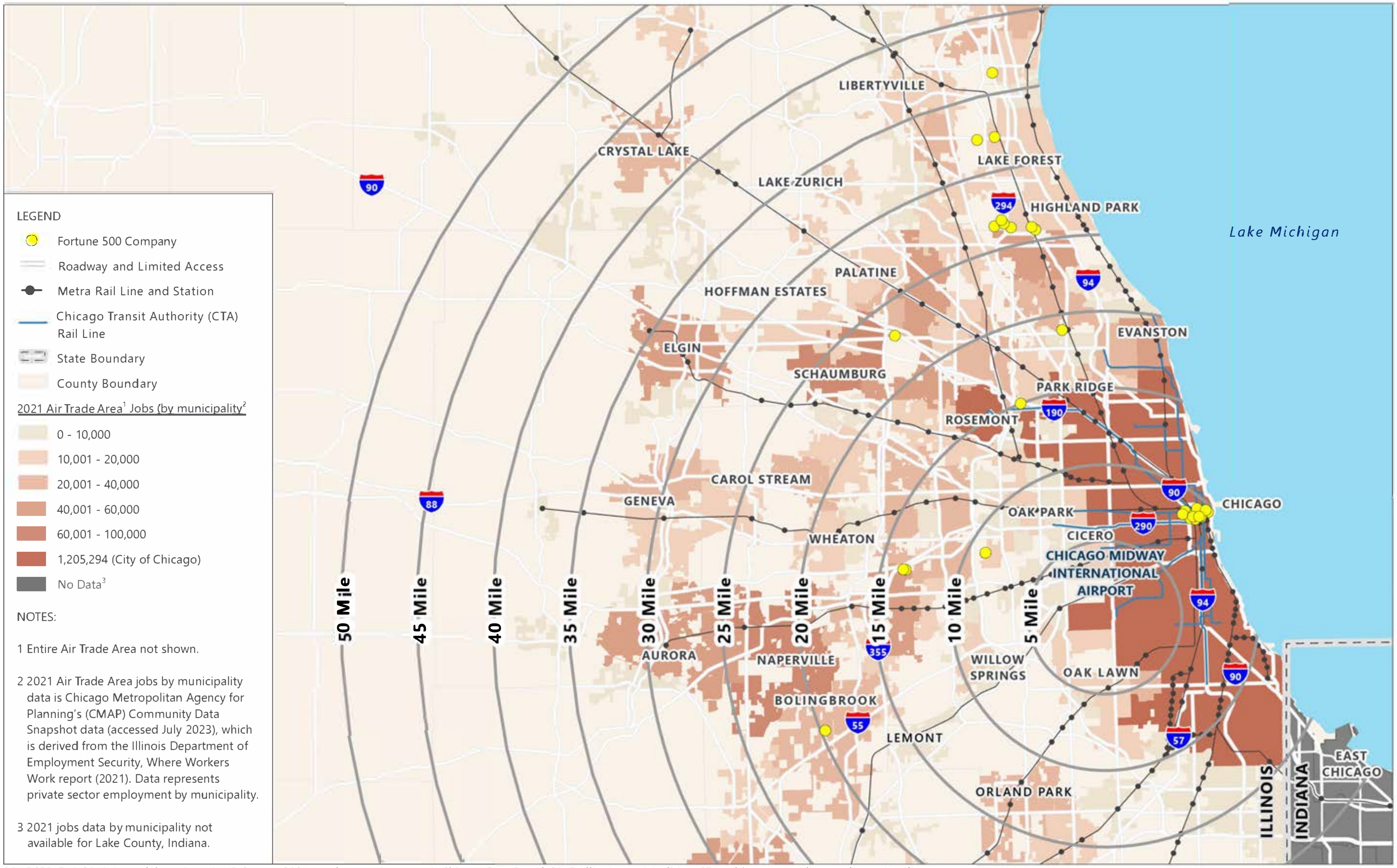
COMPANY[1,2]	NUMBER OF FULL-TIME LOCAL EMPLOYEES	INDUSTRY
US Government	52,315	Government
Chicago Public Schools	41,469	Education
City of Chicago	30,216	Government
Amazon.com, Inc. (#2)	28,994	Tech and telecom
Advocate Aurora Health	26,841	Health care
Northwestern Medicine	24,120	Health care
University of Chicago	21,618	Education
Cook County	19,263	Government
Walmart Inc. (#1)	17,900	Retail
Walgreens Boots Alliance, Inc. (#27)	16,734	Retail
United Airlines Holdings, Inc. (#96)	15,565	Logistics and transportation
JPMorgan Chase & Co. (#23)	14,293	Financial Services
NorthShore – Edward-Elmhurst Health	14,216	Health care
State of Illinois	13,317	Government
Jewel-Osco	11,436	Retail
Northwestern University	11,193	Education
Ascension Illinois	10,512	Health care
University of Illinois Chicago	10,313	Education
Rush University Medical Center	10,177	Health care
American Airlines Group Inc.	10,000	Logistics and transportation
AbbVie Inc. (#73)	9,300	Health care
Chicago Transit Authority	9,230	Logistics and transportation
Abbott Laboratories (#99)	8,500	Health care
Employco USA, Inc.	8,269	Human resources services
AT&T Inc. (#30)	7,700	Tech and telecom

NOTES:

1 Represents employers with the most full-time employees in Cook, DuPage, Kane, Lake, McHenry, and Will Counties.

2 (#) indicates 2023 Fortune 500 ranking.

SOURCES: Crain's Chicago Business, "Chicago's Largest Employers," https://www.chicagobusiness.com/businessdata/46/largest-employers (accessed October 3, 2023); Fortune, "2023 Fortune 500," https://fortune.com/fortune500/2023/search (accessed October 3, 2023).



SOURCES: Esri, 2010 (great lakes, airport); US Census, 2021 (roads, counties, states); Chicago Data Portal, 2015 (Illinois municipalities, CTA rail lines, Metra lines and stops); Indiana Geographic Information Office, 2021 (Indiana municipalities); Chicago Metropolitan Agency for Planning (CMAP), 2021 (Illinois jobs); Fortune, "*Fortune 500*," 2023 (Fortune 500 companies).

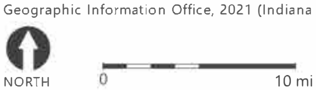


EXHIBIT 3-6

FORTUNE 500 COMPANIES HEADQUARTERS IN AIR TRADE AREA

3.2.6 MAJOR INDUSTRY SECTORS

Exhibit 3-7 presents data for nonagricultural employment by major industry sector, which indicates the sources of jobs in the Air Trade Area's economy. This exhibit compares employment by industry in the Air Trade Area to data for the Midwest and the United States in 2022.

The Air Trade Area had greater percentages of employment in the professional and business services, trade, financial, transportation/utilities, and other services sectors compared with the Midwest and the United States in 2022. Government and construction jobs in the Air Trade Area accounted for lower shares of employment in 2022 compared with the Midwest and the United States. The percentage of education and health services jobs in the Air Trade Area was identical with the Midwest but lower than the United States in 2022. The percentage of manufacturing jobs in the Air Trade Area was lower compared with that of the Midwest but higher compared with that of the United States in 2022. The percentage of information jobs in the Air Trade Area was higher compared with that of the Midwest but lower compared with that of the United States in 2022.

Data on Exhibit 3-7 indicate the Air Trade Area has a diversified employment base that is expected to provide the region with a stable foundation to withstand periodic downturns in the business cycle. Data on Exhibit 3-7 also show strong jobs growth in the projected number of jobs in 2028. Jobs growth in the Air Trade Area is 1.7 percent, whereas growth in the Midwest and United States is 1.3 percent and 1.7 percent, respectively.

3.2.7 AIR TRADE AREA TOURISM INDUSTRY

Approximately 60.8 million people traveled to the Chicago metropolitan area in 2019, representing a 4.3 percent increase over the visitor level in 2018 (58.3 million).[43] The Chicago metropolitan area is one of only three US cities that receive more than 60.0 million visitors annually.[44] Between 2014 and 2019, the number of visitors to the Chicago metropolitan area increased by 21.6 percent.[45] In 2019 the Chicago metropolitan area's visitors generated an estimated $16.5 billion in direct spending and $1.1 billion in total tax revenue.[46] While there was a large decline in annual visitors in 2020 (16.3 million), annual visitors increased in 2021 (30.52 million), and visitorship is expected to rebound as the effects of the COVID-19 pandemic wane. In 2022, approximately 50.0 million domestic and overseas visitors traveled to Chicago, a 60.1 percent increase from 2021.[47] 2022 hotel data available show an 82.0 percent recovery in demand for Chicago hotel rooms from 2019 levels.[48]

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43 Choose Chicago, Research & Analysis, *Chicago Tourism Performance*, September 21, 2021.

44 Visit Orlando, "Travel to Orlando," https://visitorlando.widen.net/s/hrmrzsb5dq/vo-2021-orlando-visitor-volume-2020 (accessed October 3, 2023); Office of New York State Comptroller, "The Tourism Industry in New York City: Reigniting the Return," https://www.osc.state.ny.us/files/reports/osdc/pdf/report-2-2022.pdf (accessed October 3, 2023). The two other cities were Orlando (76 million) and New York (67 million).

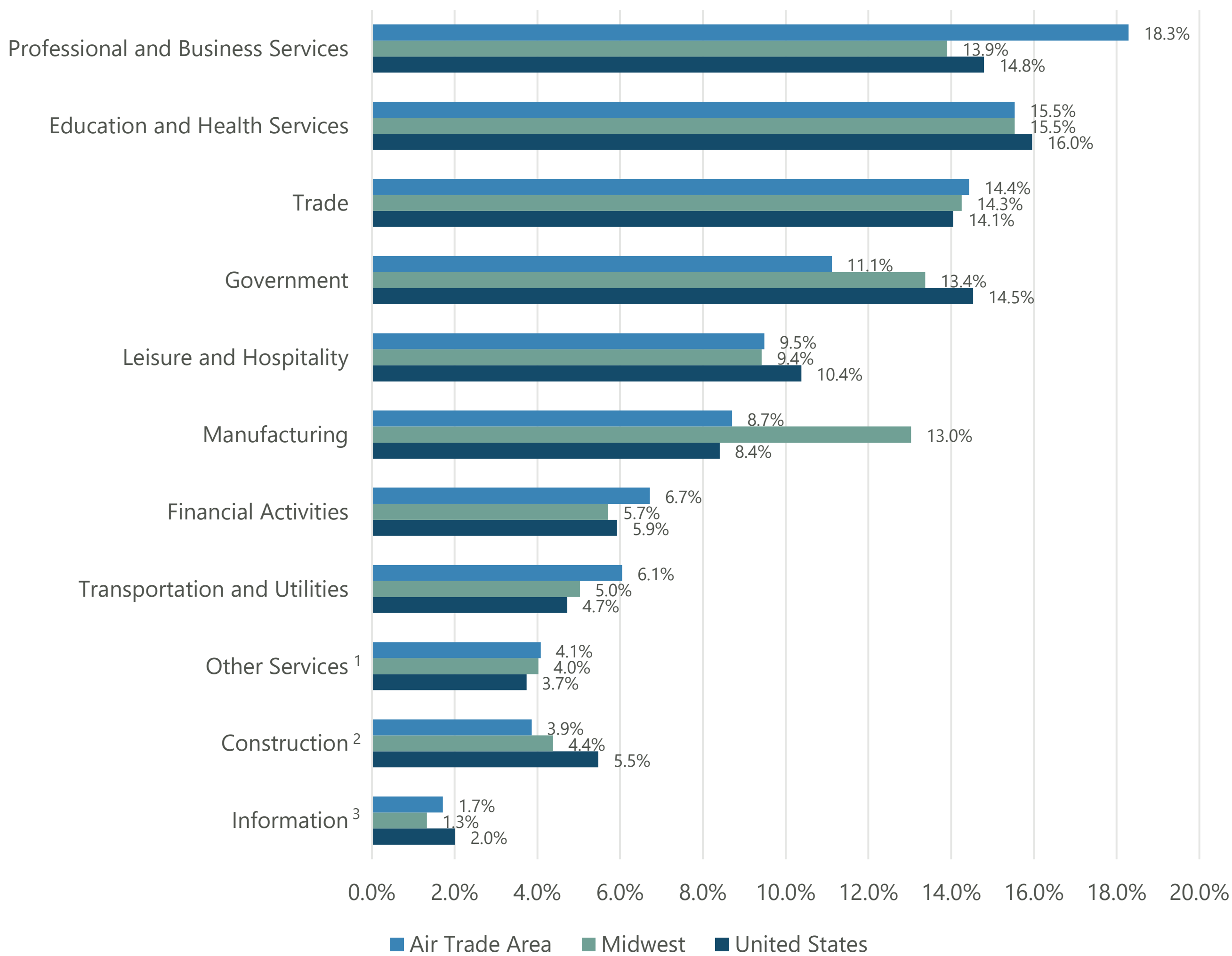
45 Choose Chicago, *Annual Report 2019*, https://indd.adobe.com/view/8075d811-944e-469f-a44e-42651d5136ef (accessed October 3, 2023).

46 Ibid.

47 Choose Chicago, *Chicago Tourism Performance*, https://cdn.choosechicago.com/uploads/2023/07/Chicago-Tourism-Overview-2022.pdf?_gl=1*1si0j6x*_ga*MzkxNjIwOTk0LjE2ODg3OTQxNzk.*_ga_1TGMZ2E092*MTY5MjEzNDI5Mi4yLjAuMTY5MjEzNDI5Mi42MC4wLjA (accessed October 3, 2023).

48 Choose Chicago, *2022 Hotel Performance*, https://cdn.choosechicago.com/uploads/2023/01/Hotel-Performance-2022.pdf (accessed October 3, 2023).

EXHIBIT 3-7 JOBS BY MAJOR INDUSTRY SECTOR (2022)



	AIR TRADE AREA	MIDWEST	UNITED STATES
2021 Jobs	6,054,579	27,893,884	201,142,594
2028 Jobs (Projected)[4]	6,823,894	30,597,808	226,839,609
CAGR 2021–2028	1.7%	1.3%	1.7%

NOTES:
CAGR – Compound Annual Growth Rate
Numbers may not sum due to rounding.
Data for the 2022 jobs by industry sector were sourced from the US Department of Labor, Bureau of Labor Statistics and are the most current data available. Because Woods & Poole Economics, Inc.'s 2028 total jobs projections are based on 2021 jobs data, 2021 jobs (as reported by Woods & Poole Economics, Inc.) are displayed in the table and used for the 2021 to 2028 CAGR, as shown.
1 The nonagricultural employment for the services sector includes outsourcing from the manufacturing sector.
2 This includes mining and logging employment.
3 The information sector includes communications, publishing, motion picture and sound recording, and online services.
4 2028 data are Woods & Poole Economics, Inc., projections.
SOURCES: Woods & Poole Economics, Inc., *2023 Complete Economic and Demographic Data Source (CEDDS),* July 2023; US Department of Labor, Bureau of Labor Statistics, July 2023.

Chicago and its surrounding region host a variety of cultural institutions, including art museums, science museums, performing arts facilities (symphony, opera, theater), and comedy venues. Other visitor attractions include two zoos (Lincoln Park and Brookfield), an aquarium, architecture attractions, and Millennium Park. Major professional sports teams based in the Air Trade Area include football, basketball, hockey, baseball, and soccer. The region's wide array of cultural choices and entertainment options is an important factor supporting repeat visitation. The ability to see attractions or undertake activities that were missed on a previous visit is a factor in a visitor's intent to return to a travel destination.

3.2.7.1 TOURISM RANKINGS

Numerous travel magazines, such as *Travel + Leisure*, *Condé Nast Traveler*, *Lonely Planet*, *Time Out*, and *Bon Appétit*, regularly name Chicago a top travel destination. *Condé Nast Traveler* named Chicago the top big city to visit for the seventh straight year in 2023.[49] Chicago and its surrounding region have also been cited as a top location for commerce, sporting events, and cultural attractions by *Forbes*, *Business Traveler*, *Site Selection*, *U.S. News & World Report*, *Fodor's Travel*, *Bicycling* magazine, *Michelin Guide*, WalkScore.com, TripAdvisor.com, and *American Style*. In 2022, *U.S. News & World Report* rated Chicago the best weekend getaway in the Midwest and ranked the city in the top 20 best places to visit in the United States.[50]

3.2.7.2 CONVENTION FACILITIES, TOURISM MARKETING, AND SPECIAL EVENTS

Chicago ranks in the top two destinations in the United States for conventions in 2022.[51] Containing 2.6 million square feet of exhibit space, McCormick Place is the Air Trade Area's primary meeting and exhibition venue, and the largest convention center in North America.[52] With four separate buildings connected by concourses and sky bridges, McCormick Place is designed to be flexible in accommodating a range of events, and it can host two conventions simultaneously. Prior to the COVID-19 pandemic, McCormick Place hosted about 3 million visitors annually.[53] The Chicago Auto Show, which returned at its full pre–COVID-19 capacity in 2022, is one of the largest conventions McCormick Place hosts on an annual basis, and it regularly surpasses 30,000 daily attendees on a typical weekend day.[54] In addition to McCormick Place, there are smaller convention centers in the Air Trade Area, including in Rosemont, Schaumburg, and Tinley Park.

According to data reported by Choose Chicago, Chicago has more than 140 hotels and 45,000 rooms in its central business district and had an occupancy rate of nearly 75 percent in 2019. The city as a whole added 37 new hotels and more than 8,100 rooms in the 5 years leading up to the start of the COVID-19 pandemic, a 22 percent increase. The supply of hotel rooms, as well as consumer demand, dropped drastically in 2020, but these are expected to return post COVID-19. [55] In its 3-year financial plan, the Metropolitan Pier and Exposition Authority, owner of

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[49] Conde Nast Traveler, "The Best Cities in the US: 2023 Readers' Choice Awards," https://www.cntraveler.com/gallery/best-cities-us (accessed October 3, 2023).

[50] U.S. News & World Report, "Chicago Travel Guide," https://travel.usnews.com/Chicago_IL (accessed October 3, 2023).

[51] Statista, "Leading City Destinations for Conventions in the United States in 2022, by Share of Planned Conventions" https://www.statista.com/statistics/1068272/conventions-cities-united-states/#:~:text=The%20cities%20of%20Orlando%20and,in%20the%20North%20American%20country (accessed October 3, 2023).

[52] McCormick Place, https://www.mccormickplace.com (accessed October 3, 2023).

[53] McCormick Place, "About McCormick Place," https://www.mccormickplace.com/about (accessed October 3, 2023).

[54] Channick, Robert, "Chicago Auto Show Opens as City Tourism Begins Long Road to Recovery," https://www.chicagotribune.com/business/ct-biz-chicago-auto-show-summer-edition-mccormick-place-20210714-xzwu3g3xcbf4rpuh7ergypgriu-story.html (accessed October 3, 2023).

[55] Choose Chicago, *Chicago Tourism Performance*, July 2023.

McCormick Place and several other venues and hotels, projects combined hotel and convention center revenues recovering to pre–COVID-19 levels in 2023.[56] Recovery is well underway; in the first quarter of 2023, McCormick Place events generated 70 percent more hotel stays than they did in the first quarter of 2022, and event attendance increased 77 percent over the same period.[57] The CEO of the American Hotel and Lodging Association expects the hotel industry in 2023 to exceed pre-pandemic levels.[58]

Choose Chicago is undertaking a national and international marketing effort. A new media campaign, "Tourism & Hospitality Forward," launched in 2020; it focuses on accelerating and spurring Chicago's tourism industry as the area continues its economic recovery from the COVID-19 pandemic. Within the recovery campaign there is a four-part pledge, which includes commitments to socially responsible planning, dedicated and strategic engagement, authentic and inclusive excellence, and unparalleled Chicago advocacy.[59]

In addition, Chicago hosts national events, such as the James Beard Foundation Awards, an internationally renowned culinary awards event that moved its venue to Chicago in 2015 after 25 years in New York. Chicago will continue to be the event's host city through 2027. Grant Park 220, a National Association for Stock Car Auto Racing, LLC (NASCAR) Cup Series race, and Lollapalooza, a music festival, also have multi-year commitments with Chicago.

3.3 ECONOMIC OUTLOOK

3.3.1 SHORT-TERM ECONOMIC OUTLOOK

With respect to the national economy, the Congressional Budget Office (CBO) outlook released in June 2023 projects a 0.3 percent year-over-year increase in real GDP for 2023. This would be a decline from real GDP growth in 2022, which was 1.9 percent. The real GDP growth rate is projected to increase to 1.8 percent in 2024 and 2.7 percent in 2025, and then fall to 2.4 percent in 2026 and gradually decline to 1.7 percent by 2033 (latest year of CBO outlook available).[60] The International Monetary Fund (IMF) outlook released in April 2023 projects a 1.6 percent year-over-year increase in real US GDP for 2023. 2024 is then projected to see year-over-year US GDP growth of 1.1 percent.[61] The CBO projects the national unemployment rate will rise to 4.7 percent in 2023 and 4.9 percent in 2024 before a gradual decline to 4.5 percent in 2027, where it will remain at that level through 2033.[62]

At the time of this Report (October 2023), the Russian invasion of Ukraine has been ongoing for more than 16 months. While the economic outlooks cited in this Report consider the Russian invasion's current and future impact on the national and local economy, the Russian invasion is likely to further exacerbate existing economic

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[56] Channick, Robert, "After Two Years of Empty Show Floors and Hotel Rooms, McCormick Place Gears up for the Return of Conventions to Chicago," *Chicago Tribune*, *https*://www.chicagotribune.com/business/ct-biz-mccormick-place-conventions-return-20220316-7j3ullv6gnc73j4n4wzwf3zjb4-story.html (accessed October 3, 2023).

[57] Ecker, Danny, "McCormick Place Switching Management and Food Service Partners," *Crain's Chicago Business*, https://www.chicagobusiness.com/tourism/mccormick-place-switching-management-food-service-partners (accessed September 15, 2023).

[58] American Hotel & Lodging Association, "Hotels Continue to Recover in 2023 as Industry Begins New Era of Operations," https://www.ahla.com/news/report-hotels-continue-recover-2023-industry-begins-new-era-operations (accessed October 3, 2023).

[59] Choose Chicago, "Choose Chicago Announces Tourism & Hospitality Forward to Responsibly Welcome Visitors Back to Chicago," https://www.choosechicago.com/press-media/press-releases/choose-chicago-announces-tourism-hospitality-forward-to-responsibly-welcome-visitors-back-to-chicago (accessed October 3, 2023).

[60] Congressional Budget Office, *The 2023 Long-Term Budget Outlook*, June 2023.

[61] International Monetary Fund, *World Economic Outlook: A Rocky Recovery*, April 2023.

[62] Congressional Budget Office, *The Budget and Economic Outlook: 2023 to 2033*, February 2023; Congressional Budget Office, *The 2023 Long-Term Budget Outlook*, June 2023.

uncertainty,[63] which could impact both travel and commerce—not only at a global level but also within the United States. As a result of the invasion, sanctions have been imposed on Russia, which creates regulatory barriers that can hinder economic growth.

3.3.2 LONG-TERM ECONOMIC OUTLOOK

Table 3-5 presents selected 2021 and 2028 economic figures for the Air Trade Area and the United States, including population, employment, personal income, per capita personal income, GRP and GDP, and per capita GRP and GDP. Population and employment in the Air Trade Area are projected to grow at CAGRs of 0.1 percent and 1.7 percent, respectively. Total personal income and per capita personal income in the Air Trade Area are projected to grow at CAGRs of 1.4 percent and 1.3 percent, respectively. GRP and per capita GRP are projected to grow at CAGRs of 2.1 percent and 2.0 percent, respectively. Growth expectations for these variables in the Air Trade Area are generally in line with those of the United States. Overall, growth expectations for the Air Trade Area indicate the ongoing capacity of the Air Trade Area to continue to generate demand for air travel services during the Projection Period.

Multiple sources of national and local economic data were reviewed for the purpose of informing the projections included in this Report, given the close correlation between the economic activity and Airport passenger activity. Woods & Poole Economics, Inc.'s projections, the CBO's 10-year *Budget and Economic Outlook* (released February 2023), and an Oxford Economics forecast (as of December 2021) were reviewed and compared. While differences exist between the various sources in the absolute numbers and projected CAGRs of some variables, there were no variables that were found to closely correlate with activity that appeared out of line between the three reports. The Woods & Poole Economics, Inc., projections were used for the purposes of forecasting passenger activity.

TABLE 3-5 PROJECTED SELECT ECONOMIC VARIABLES (2021–2028)

VARIABLE	2021	2028	CAGR 2021–2028
Air Trade Area Population	9,626,190	9,692,958	0.1%
United States Population	332,031,563	346,778,031	0.6%
Air Trade Area Total Employment	6,054,579	6,823,894	1.7%
United States Total Employment	201,142,594	226,839,609	1.7%
Air Trade Area Total Personal Income ($billion)	$679	$749	1.4%
United States Total Personal Income ($billion)	$20,928	$23,593	1.7%
Air Trade Area Per Capita Personal Income	$70,495	$77,275	1.3%
United States Per Capita Personal Income	$63,029	$68,036	1.1%
Air Trade Area Gross Regional Product ($billion)	$759	$877	2.1%
United States Gross Domestic Product ($billion)	$22,154	$25,697	2.1%
Air Trade Area Per Capita Gross Regional Product	$78,824	$90,440	2.0%
United States Per Capita Gross Domestic Product	$66,723	$74,103	1.5%

NOTES:
CAGR – Compound Annual Growth Rate
Dollar amounts are in 2021 dollars.
2028 data are Woods & Poole Economics, Inc., projections.
SOURCE: Woods & Poole Economics, Inc., *2023 Complete Economic and Demographic Data Source (CEDDS)*, July 2023.

[63] Prior to the Russian invasion, the December 2021 consumer price index (CPI) showed that US inflation reached 7 percent for 2021, the highest rate in nearly 40 years.

3.3.3 CONCLUSIONS

The data cited in this chapter support the conclusion that the Air Trade Area has a large and diverse economy that can support increased airline traffic demand through the Projection Period (ending in FY 2028).

The Air Trade Area population was 9,626,190 in CY 2021, and it is projected to increase to 9,692,958 by CY 2028. This represents a 0.1 percent CAGR for the Air Trade Area, a net increase of approximately 67,000 residents over the Projection Period.

Per capita personal income in the Air Trade Area was higher than in the United States between CY 2011 and CY 2021, and it increased at a CAGR of 2.8 percent during that period, faster than the rate of increase for the United States (2.4 percent). Per capita personal income in the Air Trade Area is projected to increase at a CAGR of 1.3 percent between CY 2021 and CY 2028, higher than the projected CAGR increase for the United States (1.1 percent).

Between CY 2011 and CY 2021, the Air Trade Area's per capita GRP increased at a CAGR of approximately 1.8 percent; this is slightly higher than growth in the United States (1.5 percent) during the same period. Per capita GRP in the Air Trade Area is projected to increase at a CAGR of 2.0 percent between CY 2021 and CY 2028, higher than the projected per capita GRP CAGR increase for the United States (1.5 percent).

The Air Trade Area has a large and diverse economy with strong global transit links, which favorably impacts future airline traffic demand.

4. PASSENGER DEMAND AND AIR TRAFFIC

This chapter describes the airlines serving the Airport, historical Airport activity, factors affecting aviation demand, and forecast Airport activity.

4.1 AIRLINES SERVING THE AIRPORT

As of October 2023, 7 US airlines and 2 foreign-flag airlines provide scheduled service at Midway. Sun Country also provides non-scheduled service at the Airport. **Table 4-1** presents the airlines serving the Airport during the 12-month period ending December 2023. **Table 4-2** presents the airlines that have served the Airport since 2013. Southwest, Delta, Porter, and Volaris have served the Airport in all years since 2013.

TABLE 4-1 AIRLINES SERVING THE AIRPORT – 12 MONTHS ENDING DECEMBER 2023

SCHEDULED US AIRLINES (7)	FOREIGN-FLAG AIRLINES (2)	NON-SCHEDULED AIRLINES
Allegiant Air	Porter Airlines	Sun Country Airlines
Avelo Airlines	Volaris	
Delta Air Lines		
Endeavor Air (Delta Connection)		
Frontier Airlines		
SkyWest Airlines (Delta Connection)		
Southwest Airlines		

SOURCES: Chicago Department of Aviation, Management Records, October 2023; Innovata, October 2023 (published airline schedules).

Table 4-3 presents enplaned passengers by airline and share of the Airport's total enplaned passengers from 2018 through 2022.

Southwest initiated service at the Airport in 1985 and is currently Midway's largest airline, with 89.4 percent of its total enplaned passengers in 2022. In 2023, Southwest provides scheduled service from the Airport to 75 destinations in the United States and 4 international destinations. The role the Airport plays in Southwest's route network is presented in more detail in Section 4.3.8.

Frontier served both Midway and O'Hare in 2013 and 2014 and relocated all of its Chicago operations to O'Hare in 2015. In April 2022, Frontier resumed Midway operations. In 2023, Frontier provides scheduled nonstop service to 14 destinations from Midway: Hartsfield-Jackson Atlanta International Airport (ATL), Dallas Fort Worth International Airport (DFW), Denver International Airport (DEN), Fort Lauderdale–Hollywood International Airport (FLL), Harry Reid International Airport (Las Vegas; LAS), Luis Muñoz Marín International Airport (San Juan, Puerto Rico; SJU), Miami International Airport (MIA), Orlando International Airport (MCO), Philadelphia International Airport (PHL), Phoenix Sky Harbor International Airport (PHX), Raleigh-Durham International Airport (RDU), San Francisco International Airport (SFO), Sangster International Airport (Montego Bay, Jamaica; MBJ), and Tampa International Airport (TPA). Frontier continues to serve 5 destinations from O'Hare: ATL, Cancun International Airport (CUN), MCO, PHX, and Punta Cana International Airport (PUJ).

TABLE 4-2 PASSENGER AIRLINE SERVICE AT THE AIRPORT

AIRLINE	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Delta Air Lines	●	●	●	●	●	●	●	●	●	●	●
Endeavor Air (Delta Connection)[1]	●	●	●	●	●	●	●	●	●	●	●
Porter Airlines	●	●	●	●	●	●	●	●	●	●	●
SkyWest Airlines (Delta Connection)	●	●	●	●	●	●	●	●	●	●	●
Southwest Airline [2]	●	●	●	●	●	●	●	●	●	●	●
Volaris	●	●	●	●	●	●	●	●	●	●	●
Allegiant Air						●	●	●	●	●	●
Republic Airways (Delta Connection)	●	●	●		●			●	●		
Frontier Airlines	●	●	●							●	●
Avelo Airlines										●	●
GoJet Airlines (Delta Connection)		●		●	●	●	●				
Express Jet (Delta Connection)[3]	●	●	●	●	●	●					
Casino Express				●	●	●					
Miami Air International			●	●	●						
Via Air					●						
Compass Airlines (Delta Connection)	●	●	●	●	●						
Shuttle America (Delta Connection)	●	●	●	●							
Sun Country Airlines[4]	●	●	●								
Branson AirExpress		●	●								
Chautauqua Airlines		●									
Mesa Airlines		●									
Vision Air	●	●									
Total Airlines Serving the Airport	**13**	**17**	**14**	**12**	**13**	**10**	**8**	**8**	**8**	**9**	**9**

NOTES:

1 Pinnacle was rebranded as Endeavor Air in August 2013.

2 In May 2011 Southwest Airlines acquired AirTran Airways. The two airlines operated separately until December 2014.

3 Delta Connection terminated its contract with Express Jet in 2018. Express Jet was rebranded to Aha Airlines in September 2021 and ceased operation in August 2022.

4 Sun Country Airlines provided non-scheduled service in 2022 and 2023.

SOURCES: Chicago Department of Aviation, Management Records, October 2023; US Department of Transportation, T-100 Database, October 2023.

TABLE 4-3 ENPLANED PASSENGERS BY AIRLINE

AIRLINE	2018 ENPLANED PASSENGERS	2018 SHARE	2019 ENPLANED PASSENGERS	2019 SHARE	2020 ENPLANED PASSENGERS	2020 SHARE	2021 ENPLANED PASSENGERS	2021 SHARE	2022 ENPLANED PASSENGERS	2022 SHARE
Southwest Airlines	10,240,801	92.9%	9,622,343	92.4%	4,166,573	93.7%	7,396,910	93.3%	8,887,860	89.4%
Frontier Airlines		0.0%		0.0%		0.0%		0.0%	359,291	3.6%
Delta Air Lines	426,022	3.9%	427,860	4.1%	89,486	2.0%	206,328	2.6%	278,253	2.8%
Volaris	146,745	1.3%	149,776	1.4%	163,001	3.7%	107,476	1.4%	201,206	2.0%
Allegiant Air		0.0%		0.0%	12,879	0.3%	42,598	0.5%	48,168	0.5%
Porter Airlines	85,251	0.8%	81,382	0.8%	6,417	0.1%	6,715	0.1%	46,292	0.5%
Others	123,405	1.1%	136,454	1.3%	7,550	0.2%	164,317	2.1%	125,812	1.3%
Total Airlines	**11,022,224**		**10,417,815**		**4,445,906**		**7,924,344**		**9,946,882**	

NOTE:
Delta Air Lines includes regional affiliates.
SOURCE: Chicago Department of Aviation, Management Records, October 2023.

Delta, inclusive of its regional partners, is the Airport's third largest airline, representing 2.8 percent of total enplaned passengers in 2022. Delta serves three of its connecting hubs from the Airport: ATL, Detroit Metropolitan Wayne County Airport (DTW), and Minneapolis–St. Paul International Airport (MSP).

Allegiant launched scheduled service at the Airport in May 2020 (after having provided limited non-scheduled service in 2018 and 2019). In 2023, Allegiant serves 6 destinations from the Airport: Asheville Regional Airport (AVL), Punta Gorda Airport (PGD), Provo Municipal Airport (PVU), Savannah/Hilton Head International Airport (SAV), McGhee Tyson Airport (Knoxville; TYS), and Destin–Fort Walton Beach Airport (VPS). All routes are operated approximately 2 times per week.

There are two foreign-flag airlines currently serving the Airport: Porter and Volaris. Porter provides daily service to Billy Bishop Toronto City Airport (YTZ). Volaris serves six destinations in Mexico from the Airport: Guadalajara International Airport (GDL), Morelia International Airport (MLM), Aguascalientes International Airport (AGU), Durango International Airport (DGO), Guanajuato International Airport (BJX), and Zacatecas International Airport (ZCL).

Avelo launched seasonal service from Midway to Tweed New Haven Airport (HVN) in May 2022.

4.2 HISTORICAL AIRPORT ACTIVITY

The following subsections describe the Airport's historical passenger activity, air service, passenger airline operations, and aircraft landed weight.

4.2.1 PASSENGER ACTIVITY

The FAA classifies the Airport as a large-hub facility based on its percentage of the nation's enplaned passengers,[64] and it was ranked 30th nationwide in 2022 with 9.9 million enplaned revenue passengers.[65] **Table 4-4** presents historical enplaned passengers for the Airport and the United States from 2013 to 2022. As of August 2023, Midway Airport had recorded 7.3 million enplaned passengers Year-to-Date (YTD) which represents approximately 106 percent of enplaned passengers for the same period in 2019. As shown, the Airport's share of total US enplaned passengers has consistently exceeded 1.0 percent.

TABLE 4-4 HISTORICAL ENPLANED PASSENGERS AT MIDWAY AND IN THE UNITED STATES

	MIDWAY		UNITED STATES		
YEAR	ENPLANED PASSENGERS	ANNUAL GROWTH	ENPLANED PASSENGERS	ANNUAL GROWTH	AIRPORT SHARE OF TOTAL UNITED STATES
2013	10,267,481	6.2%	747,392,123	0.9%	1.4%
2014	10,607,996	3.3%	768,260,887	2.8%	1.4%
2015	11,118,223	4.8%	805,686,715	4.9%	1.4%
2016	11,345,748	2.0%	834,928,634	3.6%	1.4%
2017	11,232,272	-1.0%	862,536,462	3.3%	1.3%
2018	11,022,224	-1.9%	904,351,525	4.8%	1.2%
2019	10,417,815	-5.5%	939,955,342	3.9%	1.1%
2020	4,445,906	-57.3%	369,812,962	-60.7%	1.2%
2021	7,924,344	78.2%	657,609,986	77.8%	1.2%
2022	9,946,882	25.5%	850,990,550	29.4%	1.2%
2013 – 2019 CAGR	0.2%		3.9%		
2013 – 2022 CAGR	-0.4%		1.5%		

SOURCES: Chicago Department of Aviation, Management Records, October 2023; US Department of Transportation, T-100 Database, October 2023.

Table 4-5 presents the historical O&D, connecting, and total enplaned passengers at the Airport. As shown, total enplaned passengers increased by a CAGR of 0.2 percent between 2013 and 2019. During this period, O&D enplaned passengers increased by a CAGR of 1.1 percent, and connecting enplaned passengers decreased by a CAGR of 1.3 percent. During this period, O&D passengers represented between 60.1 percent and 66.7 percent of total passengers. Total enplaned passengers decreased 57.3 percent between 2019 and 2020 and increased 78.2 percent between 2020 and 2021. O&D and connecting passengers decreased sharply in 2020, due to the impact of the COVID-19 pandemic, and then increased in 2021 and 2022 as passenger activity recovered. Despite these changes, the O&D share of total passengers did not meaningfully change. The 2022 O&D passenger share of total passengers was 63.0 percent, marginally lower than the 63.4 percent share in 2013. The impact of the COVID-19 pandemic is presented in more detail in Section 4.3.1.

[64] As defined by the FAA, a large-hub airport enplanes 1 percent or more of enplaned passengers nationwide during a calendar year.

[65] US Department of Transportation, T-100 Database, August 2023.

TABLE 4-5 HISTORICAL ORIGIN AND DESTINATION, CONNECTING, AND TOTAL ENPLANED PASSENGERS AT MIDWAY

YEAR	O&D ENPLANED PASSENGERS	O&D YOY % CHANGE	CONNECTING ENPLANED PASSENGERS	CONNECTING YOY % CHANGE	TOTAL ENPLANED PASSENGERS	TOTAL YOY % CHANGE	O&D SHARE OF TOTAL
2013	6,505,206	-	3,762,275	-	10,267,481	-	63.4%
2014	6,446,497	-0.9%	4,161,499	10.6%	10,607,996	3.3%	60.8%
2015	6,682,549	3.7%	4,435,674	6.6%	11,118,223	4.8%	60.1%
2016	7,181,858	7.5%	4,163,890	-6.1%	11,345,748	2.0%	63.3%
2017	7,446,996	3.7%	3,785,276	-9.1%	11,232,272	-1.0%	66.3%
2018	7,197,512	-3.4%	3,824,712	1.0%	11,022,224	-1.9%	65.3%
2019	6,944,982	-3.5%	3,472,833	-9.2%	10,417,815	-5.5%	66.7%
2020	2,912,068	-58.1%	1,533,838	-55.8%	4,445,906	-57.3%	65.5%
2021	5,054,877	73.6%	2,869,467	87.1%	7,924,344	78.2%	63.8%
2022	6,266,354	24.0%	3,680,528	28.3%	9,946,882	25.5%	63.0%
2013 – 2019 CAGR	1.1%		-1.3%		0.2%		
2013 – 2022 CAGR	-0.4%		-0.2%		-0.4%		

NOTES:
O&D – Origin and Destination
YOY – Year Over Year
CAGR – Compound Annual Growth Rate
SOURCES: Chicago Department of Aviation, Management Records (total enplaned passengers), October 2023; US Department of Transportation, O&D Survey (segmentations of passengers), October 2023; US Department of Transportation, T-100 Database (segmentation of passengers), October 2023.

The following summarizes the annual changes in passenger activity at the Airport between 2012 and 2022:

- **2012 to 2013:** The number of enplaned passengers at the Airport increased by 5.0 percent between 2012 and 2013. The growth was driven in large part by Southwest, which launched service to nine destinations: Spokane International Airport (GEG), Wichita Dwight D. Eisenhower National Airport (ICT), Jacksonville International Airport (JAX), Clinton National Airport (Little Rock; LIT), Memphis International Airport (MEM), Palm Beach International Airport (PBI), PUJ, Greater Rochester International Airport (ROC), and Tulsa International Airport (TUL). Southwest also increased capacity on existing routes, including Akron-Canton Airport (CAK), CUN, Des Moines International Airport (DSM), and LaGuardia Airport (New York; LGA). In 2013, Sun Country initiated service from the Airport to MSP.
- **2014:** The number of enplaned passengers increased 3.3 percent in 2014 as Southwest launched new service to Boise Airport (BOI), Ronald Reagan Washington National Airport (DCA), Dallas Love Field (DAL), and Portland International Jetport (Portland, Maine; PWM). Delta increased frequencies to ATL and increased seat capacity to DTW.
- **2015:** Enplaned passengers increased 4.8 percent in 2015 due Southwest increasing capacity on existing routes, as well as generating a two-point increase in average load factor. Southwest's growth was partially offset by Frontier, which stopped serving the Airport in April 2015. From that point forward, Frontier only served Chicago from O'Hare, which it has served since 2013. Sun Country stopped serving the Airport in September 2015.
- **2016:** Enplaned passengers increased 2.0 percent in 2016. Southwest's total capacity increased marginally as it launched service that year to Dayton International Airport (DAY), Bishop International Airport (Flint, Michigan; FNT), Gerald R. Ford International Airport (Grand Rapids, Michigan; GRR), and Indianapolis International Airport

(IND), while discontinuing service to DSM, Greenville-Spartanburg International Airport (GSP), Washington Dulles International Airport (IAD), ICT, and TUL.

- **2017:** Enplaned passengers decreased 1.0 percent in 2017 on a marginal increase in capacity. Southwest initiated service to Cincinnati/Northern Kentucky International Airport (CVG) and discontinued service to DAY. Southwest also discontinued service that year to DSM, ICT, GSP, IAD, and TUL and reduced capacity to DCA.
- **2018:** Enplaned passengers continued to decrease in 2018, falling 1.9 percent compared to 2017, due in large part to a decrease in Southwest's average load factor on marginally lower capacity. That year Southwest launched service to Hollywood Burbank Airport (BUR), while discontinuing service to FNT, GEG, and John Wayne Airport (Orange County; SNA). Delta passengers decreased on marginal reductions in capacity on all routes served.
- **2019:** Enplaned passengers at the Airport decreased 5.5 percent in 2019 as Southwest reduced scheduled departing seats by 4.8 percent, due in large part to the FAA grounding all 737 MAX aircraft in March 2019. In the first two months of 2019 the 737 MAX represented 4.1 percent of Southwest's systemwide scheduled departing seat capacity and 3.7 percent of scheduled departing seat capacity from the Airport. Southwest ceased all service to Newark Liberty International Airport (EWR) in November 2019, and it reduced capacity on most existing routes it served from the Airport.
- **2020 to 2021:** In 2020, total enplaned passengers decreased 57.3 percent as airlines reduced flying due to the COVID-19 pandemic's impact on travel and demand. Enplaned passengers increased 78.2 percent in 2021 as demand began to recover. The impact of the COVID-19 pandemic is presented in more detail in Section 4.3.1.
- **2022:** Enplaned passengers increased 25.5 percent as demand recovered and airlines restored service that was suspended or reduced in 2020. Southwest's enplaned passengers increased 20.2 percent as scheduled departing seats increased 18.6 percent. Frontier, which initiated service in April 2022, captured 3.6 percent of total enplaned passengers for the year and represented 17.8 percent of the total year-over-year growth in 2022.

4.2.2 AIR SERVICE

An important characteristic of airport activity is the distribution of the airport's O&D markets, which is a function of air travel demand and available services and facilities. **Table 4-6** presents data on the Airport's top 20 domestic O&D markets in 2022, as measured by the number of passengers. Given the Airport's central location in the United States, the O&D markets are all short- to medium-haul markets (600 miles or less and between 601 and 1,800 miles, respectively). Each of the Airport's top 20 domestic O&D markets was served nonstop in 2022, 12 of which were served by 2 or more airlines.

Exhibit 4-1 illustrates the US destinations served nonstop from the Airport in 2023, during which 233 average daily departures were scheduled to 83 domestic destinations. **Exhibit 4-2** illustrates the international destinations served nonstop from the Airport in 2023, during which 9 average daily departures were scheduled to 11 international destinations. Nonstop services to a total of 93 destinations from the Airport are scheduled in December 2023, reflecting an 18 percent increase compared to 79 destinations in December 2019.

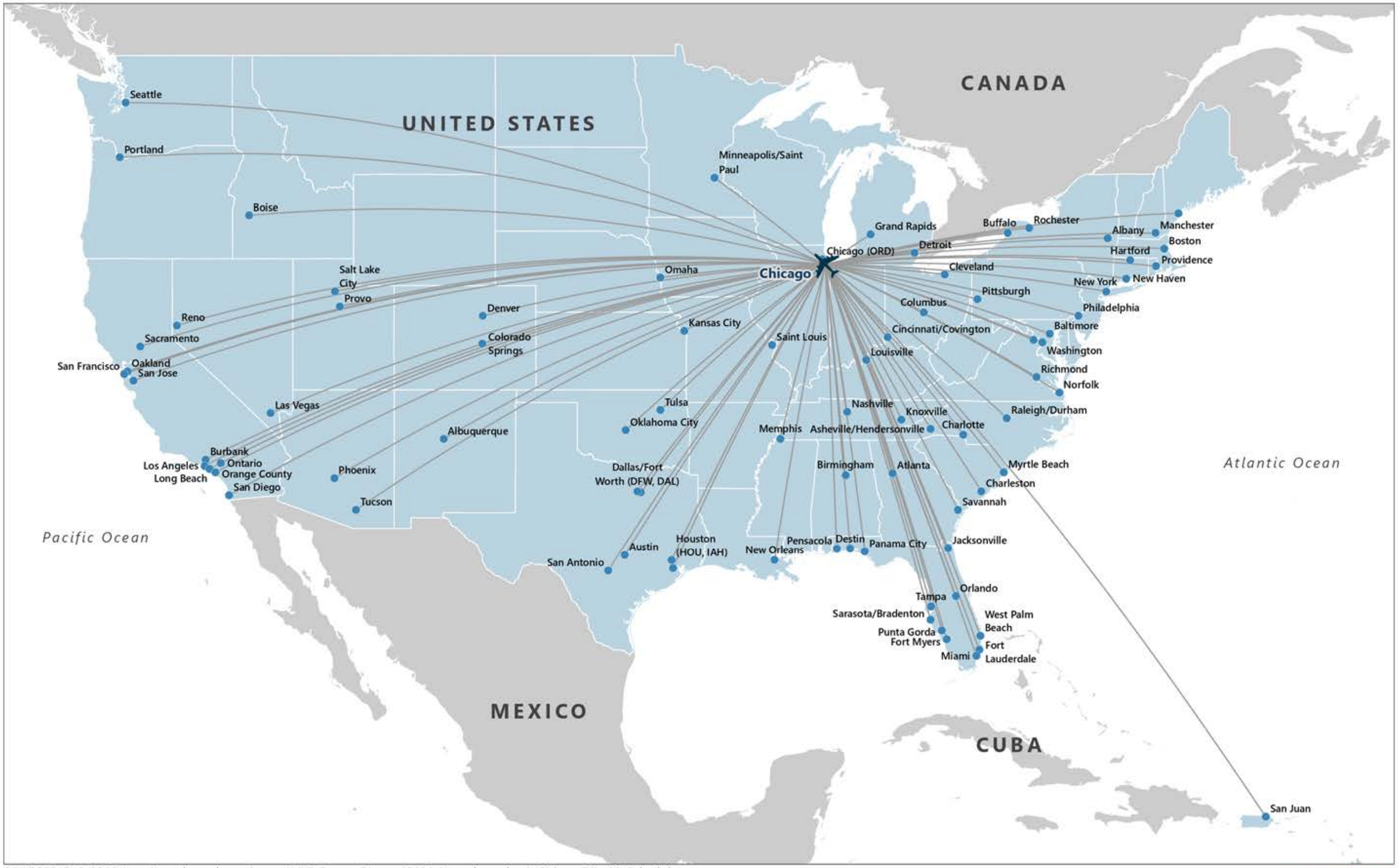
4.2.3 AIRCRAFT OPERATIONS

Table 4-7 presents the annual passenger airline, GA, and total aircraft operations from 2013 to 2022, as well as the average seats per departure for passenger airlines. From 2013 to 2019 the CAGR was -1.7 percent for passenger airline operations, -0.4 percent for GA operations, and -1.4 percent for total operations. Total operations decreased 35.3 percent between 2019 and 2020 and then increased 23.8 percent in 2021 and 15.3 percent in 2022. The fluctuation in operations that occurred during this period was due to the impacts of the COVID-19 pandemic, as discussed in Section 4.3.1. Passenger airline operations have not necessarily moved in line with enplaned passengers as Southwest and other airlines have gradually increased the average seats per departure, enabling them to accommodate more passengers per flight. **Exhibit 4-3** presents the indexed annual enplaned passengers, passenger airline operations, and average seats per departure from 2013 to 2022. From 2013 through 2018, operations were largely unchanged as enplaned passengers and average seats per departure increased. Average seats per departure continued to increase through 2022, resulting in slower rates of growth in operations in 2021 and 2022 compared to enplaned passengers.

TABLE 4-6 MIDWAY TOP 20 DOMESTIC ORIGIN AND DESTINATION PASSENGER MARKETS IN 2022

RANK	MARKET	TRIP LENGTH[1]	TOTAL O&D PASSENGERS[2]	WEEKLY NONSTOP DEPARTURES[3]	NUMBER OF AIRLINES	AIRLINES[4]
1	Orlando	MH	620,555	60	2	F9, WN
2	Atlanta	SH	572,541	69	3	DL, F9, WN
3	Washington, DC[5]	MH	539,560	96	1	WN
4	Phoenix	MH	518,046	60	2	F9, WN
5	Los Angeles[6]	MH	492,635	48	1	WN
6	Las Vegas	MH	488,890	63	2	F9, WN
7	Dallas[7]	MH	479,448	55	2	F9, WN
8	Houston[8]	MH	442,468	48	1	WN
9	Denver	MH	428,586	70	2	F9, WN
10	Tampa	MH	415,310	38	2	F9, WN
11	New York[9]	MH	364,833	50	1	WN
12	Fort Lauderdale	MH	294,007	26	2	F9, WN
13	Minneapolis/St. Paul	MH	259,646	65	2	DL, WN
14	Fort Myers	MH	258,752	24	1	WN
15	Kansas City	SH	243,738	47	1	WN
16	Nashville	SH	243,051	41	1	WN
17	San Francisco[10]	MH	242,442	29	2	F9, WN
18	Philadelphia	MH	229,049	34	2	F9, WN
19	Austin	MH	229,002	31	1	WN
20	Miami	MH	223,492	21	2	F9, WN

NOTES: O&D – Origin and Destination
1 Short Haul (SH) = 1 to 600 miles; Medium Haul (MH) = 601 to 1,800 miles; Long Haul (LH) = over 1,800 miles
2 Passengers traveling in both directions.
3 Average scheduled weekly departures in 2022.
4 DL – Delta Air Lines (inclusive of regional affiliates); F9 – Frontier Airlines; WN – Southwest Airlines
5 Includes Washington Dulles International, Ronald Reagan Washington National, and Baltimore/Washington International Thurgood Marshall Airports.
6 Includes Los Angeles International, John Wayne (Orange County), Ontario International, Hollywood Burbank, and Long Beach Airports.
7 Includes Dallas Fort Worth International Airport and Dallas Love Field.
8 Includes George Bush Intercontinental (Houston) and William P. Hobby (Houston) Airports.
9 Includes John F. Kennedy International, Newark Liberty International, and LaGuardia Airports.
10 Includes San Francisco International, Oakland International, and Norman Y. Mineta San Jose International Airports.
SOURCES: US Department of Transportation, O&D Survey, February 2022; Innovata, February 2022 (published airline schedules).

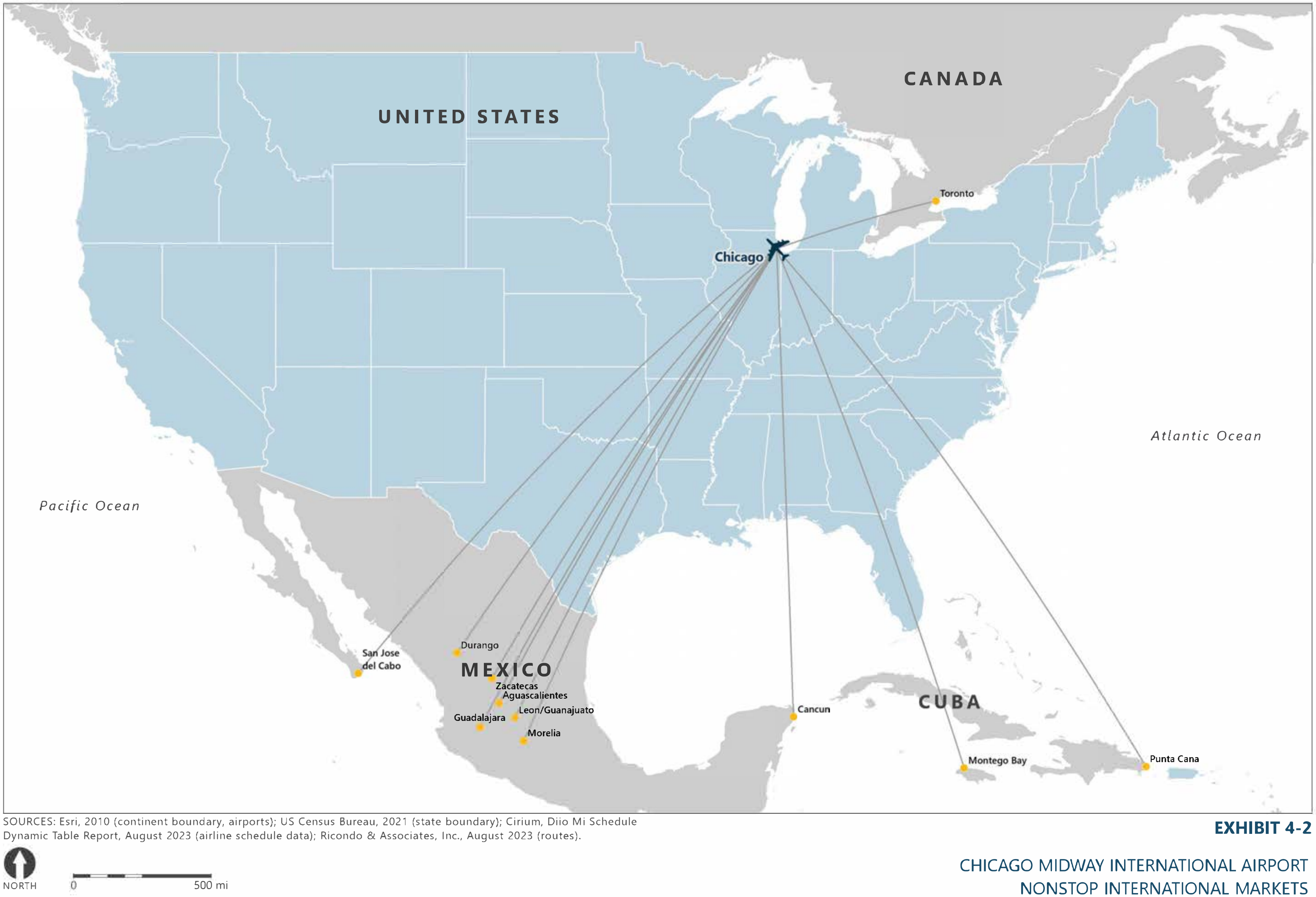


SOURCES: Esri, 2010 (continent boundary, airports); US Census Bureau, 2021 (state boundary); Cirium, Diio Mi Schedule Dynamic Table Report, August 2023 (airline schedule data); Ricondo & Associates, Inc., August 2023 (routes).

NORTH 0 500 mi

EXHIBIT 4-1

CHICAGO MIDWAY INTERNATIONAL AIRPORT
NONSTOP DOMESTIC MARKETS



SOURCES: Esri, 2010 (continent boundary, airports); US Census Bureau, 2021 (state boundary); Cirium, Diio Mi Schedule Dynamic Table Report, August 2023 (airline schedule data); Ricondo & Associates, Inc., August 2023 (routes).

EXHIBIT 4-2

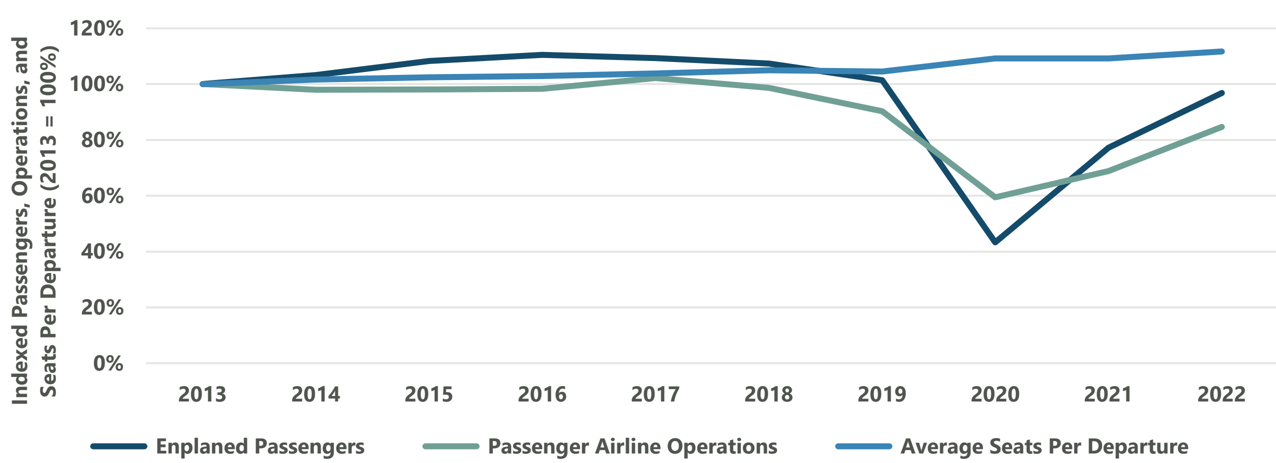
CHICAGO MIDWAY INTERNATIONAL AIRPORT
NONSTOP INTERNATIONAL MARKETS

TABLE 4-7 HISTORICAL AIRCRAFT OPERATIONS

YEAR	PASSENGER AIRLINES			GENERAL AVIATION[1]		TOTAL OPERATIONS	
	OPERATIONS	ANNUAL CHANGE	AVERAGE SEATS PER DEPARTURE	OPERATIONS	ANNUAL CHANGE	TOTAL	ANNUAL CHANGE
2013	189,689		140	62,437		252,126	
2014	185,817	-2.0%	143	63,435	1.6%	249,252	-1.1%
2015	186,132	0.2%	144	67,387	6.2%	253,519	1.7%
2016	186,566	0.2%	144	66,480	-1.3%	253,046	-0.2%
2017	193,845	3.9%	146	57,496	-13.5%	251,341	-0.7%
2018	187,282	-3.4%	147	56,040	-2.5%	243,322	-3.2%
2019	171,254	-8.6%	147	60,830	8.5%	232,084	-4.6%
2020	112,756	-34.2%	153	37,442	-38.4%	150,198	-35.3%
2021	130,668	15.9%	153	55,288	47.7%	185,956	23.8%
2022	155,936	19.3%	156	58,491	5.8%	214,427	15.3%
2013 – 2019 CAGR	-1.7%		0.8%	-0.4%		-1.4%	
2013 – 2022 CAGR	-2.2%		1.2%	-0.7%		-1.8%	

NOTES:
CAGR – Compound Annual Growth Rate
1 Includes domestic commuter operations.
SOURCES: Chicago Department of Aviation, Management Records, October 2023; US Department of Transportation, T-100 Database, October 2023.

EXHIBIT 4-3 HISTORICAL ENPLANED PASSENGERS, PASSENGER AIRLINE OPERATIONS, AND AVERAGE SEATS PER DEPARTURE



SOURCES: Chicago Department of Aviation, Management Records, October 2023; Innovata, October 2023 (published airline schedules).

4.2.4 LANDED WEIGHT

Table 4-8 presents the landed weight and share of total landed weight for the passenger airlines serving the Airport from 2018 through 2022. Similar to enplaned passengers, Southwest represents the largest share of total Airport landed weight. Southwest's share of landed weight decreased from 90.9 percent in 2018 to 88.0 percent in 2022 as Frontier captured a 3.1 percent share of the total landed weight after it resumed service at the Airport in 2022. Trends in landed weight shares for the other airlines serving the Airport generally followed trends for the airlines' enplaned passenger market shares.

TABLE 4-8 HISTORICAL LANDED WEIGHT BY AIRLINE (WEIGHT IN 1,000-POUND UNITS)

	2018		2019		2020		2021		2022	
AIRLINE	LANDED WEIGHT	SHARE	LANDED WEIGHT	SHARE	LANDED WEIGHT	SHARE	LANDED WEIGHT	SHARE	LANDED WEIGHT	SHARE
Southwest Airlines	10,842,032	90.9%	10,153,480	90.2%	7,130,608	93.5%	8,091,165	90.7%	9,481,862	88.0%
Frontier Airlines									330,462	3.1%
Delta Air Lines[1]	508,585	4.3%	518,001	4.6%	140,164	1.8%	289,032	3.2%	313,732	2.9%
Volaris	178,186	1.5%	195,779	1.7%	146,453	1.9%	211,947	2.4%	249,219	2.3%
Atlantic Aviation	133,790	1.1%	148,050	1.3%	68,430	0.9%	110,670	1.2%	135,580	1.3%
Signature Flight Support	146,410	1.2%	133,240	1.2%	86,050	1.1%	134,650	1.5%	132,880	1.2%
Porter Airlines	104,666	0.9%	98,244	0.9%	10,806	0.1%	14,882	0.2%	58,971	0.5%
Allegiant Air	430	0.0%	146	0.0%	31,717	0.4%	61,749	0.7%	48,160	0.4%
Sun Country Airlines	6,863	0.1%	5,673	0.1%	3,804	0.0%	2,341	0.0%	5,998	0.1%
Other	9,707	0.1%	9,909	0.1%	6,157	0.1%			15,561	0.1%
Airport Total[2]	**11,930,669**	**100.0%**	**11,262,522**	**100.0%**	**7,624,189**	**100.0%**	**8,916,435**	**100.0%**	**10,772,426**	**100.0%**

NOTE:
1 Delta Air Lines includes regional affiliates.
2 Totals may not add up due to rounding.
SOURCE: Chicago Department of Aviation, Management Records, October 2023.

4.3 FACTORS AFFECTING AVIATION DEMAND

This section discusses the qualitative factors that may influence future aviation activity at the Airport. These factors were considered, either directly or indirectly, in developing the aviation activity forecasts for the Airport.

4.3.1 IMPACT OF THE COVID-19 PANDEMIC

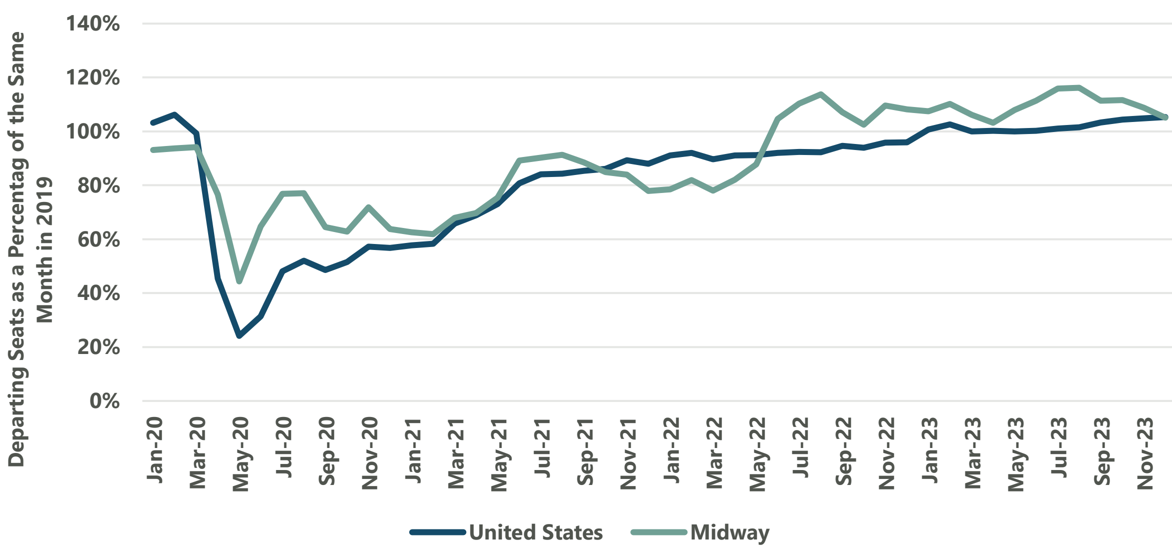
The outbreak and spread of the COVID-19 pandemic resulted in a severe contraction in demand for air travel that was driven by fear of illness, as well as government-imposed travel restrictions and quarantine requirements. The impact to air travel began in East Asia in December 2019 and rapidly accelerated to other regions of the world in March and April 2020. Airlines responded to the change in demand by parking aircraft and reducing capacity across their networks. Several large international foreign-flag airlines suspended all operations for a period in March and April 2020. By May 2020, which represented the low point in terms of passenger airline capacity offered, scheduled departing seats decreased to 24 percent of May 2019 capacity for all US airports and 44 percent of May 2019 capacity at Midway. By December 2020, departing seat capacity for all US airports had increased to 57 percent of

December 2019 departing seat capacity and 64 percent of December 2019 departing seat capacity at Midway. The Airport's faster rate of recovery during this period was due in large part to airlines primarily serving domestic and short-haul international destinations from Midway, markets that were not as heavily impacted by travel restrictions.

Airlines accelerated the restoration of capacity in the second quarter of 2021 as COVID-19 vaccines became widely available in the United States and demand for air travel increased. In December 2021, scheduled departing seats represented 88 percent of December 2019 scheduled departing seats for all US airports and 78 percent for Midway. The restoration of scheduled capacity continued through 2022, despite interruptions in demand recovery that coincided with spikes in COVID-19 infections related to the Delta and Omicron variants of the virus. In December 2022, scheduled departing seats represented 96 percent of December 2019 scheduled departing seats for all US airports and 108 percent for Midway. Scheduled departing seats exceeded 2019 levels for all US airports and Midway through all of 2023.

Exhibit 4-4 depicts the Airport's seat capacity recovery relative to the United States.

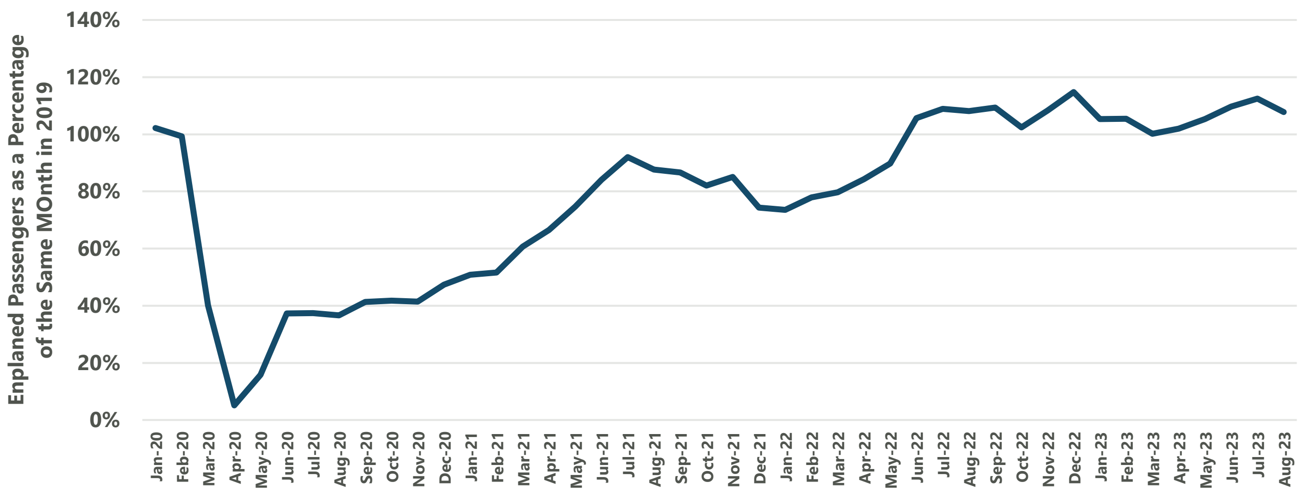
EXHIBIT 4-4 SEAT CAPACITY RECOVERY – MIDWAY AND THE UNITED STATES



NOTE:
Scheduled seats indexed to the same month in 2019.
SOURCE: Innovata, October 2023.

Passenger volumes decreased at a faster rate than seat capacity at the onset of the COVID-19 pandemic. Throughout most of April 2020, which was the lowest point in terms of domestic monthly passenger activity since the onset of the COVID-19 pandemic, the TSA reported that daily airport screening throughput for all US airports was approximately 5 percent of the volume on the equivalent same day in 2019. For Midway, April 2020 enplaned passengers represented approximately 5 percent of April 2019 enplaned passengers. Passenger volumes at the Airport remained below 50 percent of 2019 levels through December 2020. Passenger growth gradually accelerated through mid-2021, reaching 92 percent of 2019 levels in July 2021. Enplaned passengers have represented over 100 percent of 2019 levels since June 2022. In August 2023, enplaned passengers at the Airport represented approximately 108 percent of August 2019 enplaned passengers. **Exhibit 4-5** presents the monthly enplaned passengers as a percentage of the same month in 2019 for January 2020 through August 2023.

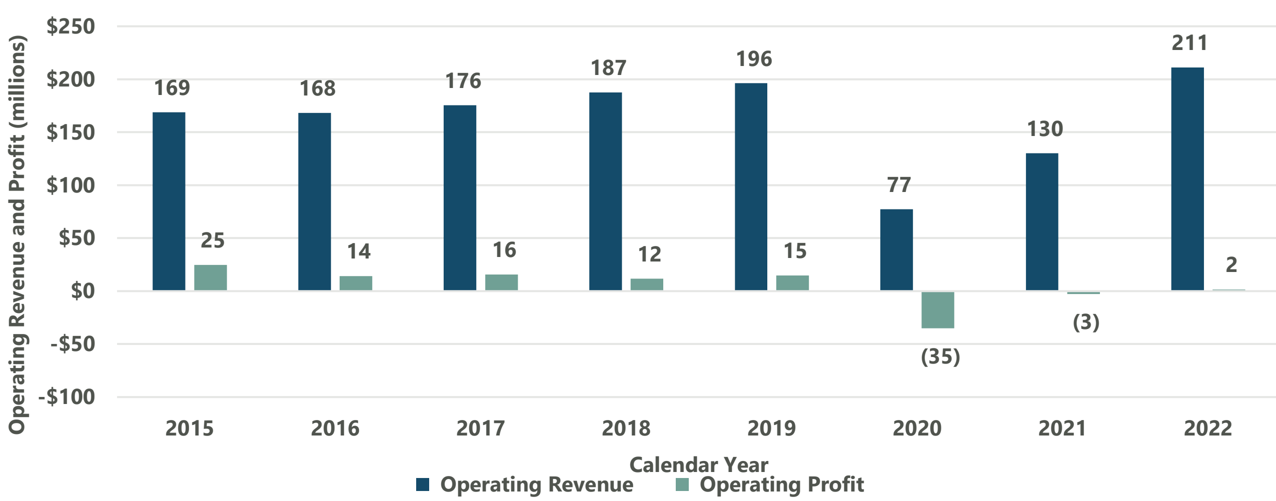
EXHIBIT 4-5 MIDWAY ENPLANED PASSENGER RECOVERY



NOTE:
Enplaned passengers indexed to the same month in 2019.
SOURCE: Chicago Department of Aviation, Management Records, October 2023.

US airlines reported revenue growth and positive operating profits in the years leading up to the COVID-19 pandemic. The severe decrease in demand for air travel beginning in March 2020 drove a sharp contraction in operating revenues and steep financial losses in 2020 and 2021. In 2022, strong growth in demand drove record levels of operating revenue, and US airlines collectively reported a positive operating profit in 2022, with performance improving throughout the year. **Exhibit 4-6** presents operating revenue and profit for US airlines from 2015 through 2022. During earnings calls in the second quarter of 2023, major US airlines reported a positive outlook for the demand environment through the rest of 2023 and expected continued improvement in financial performance.

EXHIBIT 4-6 HISTORICAL AND PROJECTED NET PROFIT OF US COMMERCIAL AIRLINES



SOURCE: Airlines for America, Data & Statistics, https://www.airlines.org/dataset/annual-results-u-s-passenger-airlines/ (accessed July 23, 2023).

4.3.2 NATIONAL ECONOMY

Historically, trends in airline travel have been closely correlated with national economic trends, most notably changes in GDP. Chapter 3 of this Report presents an analysis of the general economic trends, both national and local, that may influence demand for air service over time. As noted in the conclusion to Chapter 3, national GDP is expected to increase at CAGR of 1.5 percent between 2021 and 2028, which should support generally increasing demand for air service over the Projection Period. Actual economic activity may differ from this forecast, especially on a year-to-year basis. Demand for air service may be impacted by changes in economic performance.

4.3.3 MERGERS AND ACQUISITIONS

US airlines have merged with or acquired competitors to achieve operational and commercial synergies and to improve their financial performance. A wave of consolidation began in 2005 when America West Airlines merged with US Airways, retaining the US Airways brand for the consolidated airline. In 2009, Delta acquired Northwest Airlines. In 2010, United Airlines acquired Continental Airlines. In 2011, Southwest acquired AirTran Airways. In 2013, US Airways and American Airlines merged, with the consolidated airline retaining the American Airlines brand. The most recent consolidation occurred in 2016 when Alaska Airlines acquired Virgin America. The two airlines completed their integration in 2018. In July 2022, JetBlue Airways reached an agreement to purchase Spirit Airlines. Such purchase transaction is scheduled to close in the first half of 2024, however, the JetBlue Airways and Spirit Airlines merger is still awaiting government and shareholder approval. Consolidation across the industry has resulted in the realignment of several airline route networks as airlines have sought efficiency in their service. Further consolidation of the US airline industry could affect the amount of capacity offered at the Airport and could alter the competitive landscape.

4.3.4 COST OF AVIATION FUEL

As of the fourth quarter of 2022, jet fuel accounted for 23.3 percent of total airline operation costs, second only to labor, according to Airlines for America.[66]

In July 2023, the average price of jet fuel was $2.48 per gallon, down from a high of $4.04 per gallon in June 2022. **Exhibit 4-7** shows the monthly averages for jet fuel and crude oil prices from July 2013 through July 2023. Fluctuating fuel costs will continue to affect airline profitability. This could lead to changes in air service as airlines adjust capacity and pricing to address increases or decreases in the cost of fuel.

4.3.5 INTERNATIONAL CONFLICTS AND THREAT OF TERRORISM

Since September 11, 2001, the recurrence of terrorism incidents against either domestic or world aviation has remained a risk to achieving forecast levels of activity. Tighter security measures have restored the public's confidence in the integrity of the US and global aviation security systems. However, any terrorist incident targeting aviation could have an immediate and significant impact on the demand for air travel.

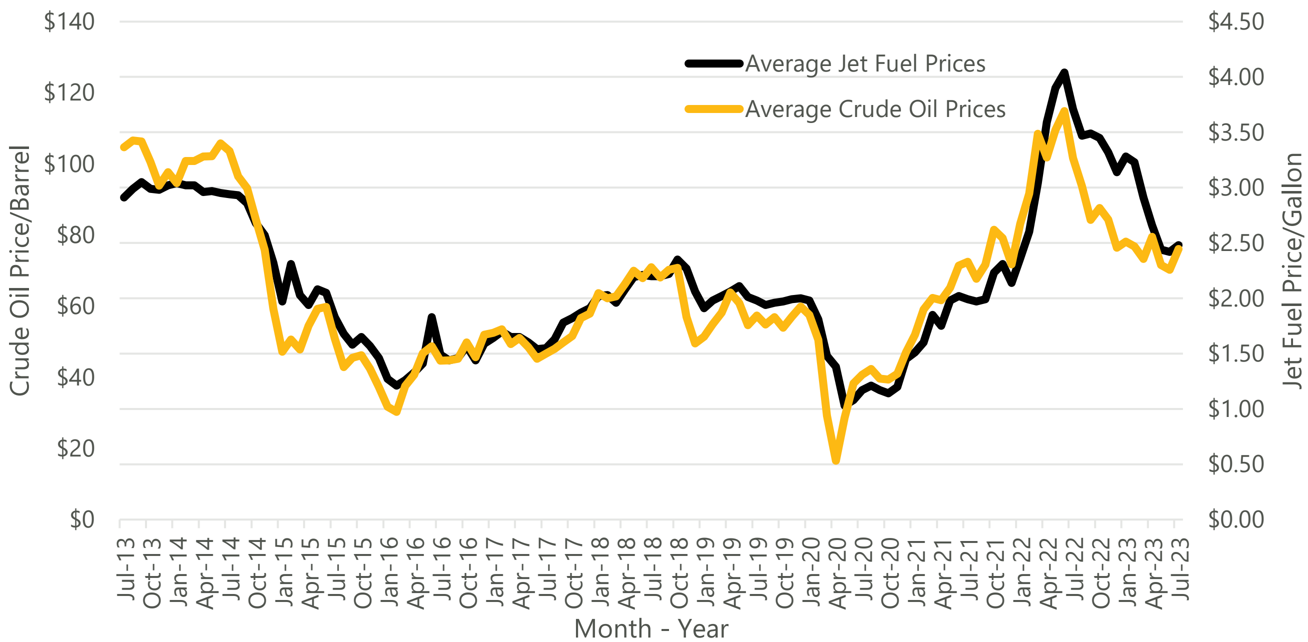
Additionally, geopolitical issues may affect aviation activity during the Projection Period. Potential governmental or regional instability in certain countries or locations may affect access to, or demand for, aviation service in these places.

At the time of this Report, the Russian invasion of Ukraine, which began in February 2022, is still ongoing. Additionally, an attack on Israel by Hamas, a US-Government designated foreign terrorist organization, began on October 7, 2023 and remains an evolving situation.. Further developments in these conflicts could exacerbate

[66] Airlines for America, "A4A Passenger Airline Cost Index (PACI)," https://www.airlines.org/dataset/a4a-quarterly-passenger-airline-cost-index-u-s-passenger-airlines/ (accessed July 2023).

geopolitical and economic uncertainty and potentially impact demand for travel to certain regions.

EXHIBIT 4-7 HISTORICAL MONTHLY AVERAGES OF JET FUEL AND CRUDE OIL PRICES



SOURCE: US Bureau of Transportation Statistics, US Energy Information Administration, October 2023.

4.3.6 CAPACITY OF THE NATIONAL AIRSPACE SYSTEM

The FAA has expressed concern regarding how increased delays at busy airports impact the efficiency of the National Airspace System. In its report *Airport Capacity Needs in the National Airspace System* (January 2015), the FAA stated the need to address delays that remain at key airports since its 2007 assessment, as well as the need to implement NextGen airspace system improvements. The report emphasized the need to continue to invest in system improvements with airfield enhancements and NextGen capabilities. With the continuous improvements and upgrades in infrastructure, which reduced delays and enhanced capacity, the Airport is no longer constrained from an airfield perspective. However, the Airport remains subject to the National Airspace System capacity limitations associated with constraints, such as technology advancement or staffing shortages.

4.3.7 OTHER AIRPORTS IN THE REGION

Two other commercial service airports are in the area: O'Hare and Milwaukee Mitchell International Airport (Milwaukee Mitchell). In addition, Gary/Chicago International Airport (Gary/Chicago) and the proposed South Suburban Airport are considered regarding future air service development. These regional airports and their relationship to Midway are described in this section.

O'Hare, which is a large-hub airport, is located 15 miles north of Midway. The City owns both Midway and O'Hare, and the CDA operates the airports. Three of the four largest airlines in the United States operate hubs at O'Hare or Midway. The majority of demand for air service in the Air Trade Area is served through O'Hare, particularly for international air traffic. O'Hare is a hub for both United Airlines and American Airlines. Midway has historically served a distinct market segment in the Air Trade Area, serving as a lower-fare alternative to O'Hare and providing service to a smaller number of mostly domestic destinations. As discussed in Section 4.2.2, in 2023 airlines have scheduled an average of 242 daily nonstop flights from Midway to 94 destinations (11 of which are international destinations), whereas O'Hare has an average of 937 daily nonstop flights to 247 destinations (71 of which are international destinations).

Southwest launched service from O'Hare in February 2021. In 2023, Southwest has scheduled 28 average daily departures from O'Hare to 12 destinations, compared to 213 average daily departures to 79 destinations scheduled from Midway. All the destinations Southwest serves from O'Hare are also served from Midway. Three other airlines, Delta, Frontier, and Volaris, currently provide scheduled service from both Midway and O'Hare.

Table 4-9 presents total enplaned passengers for Midway and O'Hare between 2013 and 2022. Midway maintained between approximately 20 and 23 percent share of total enplaned passengers between 2013 and 2022. **Table 4-10** presents O&D enplaned passengers for Midway and O'Hare between 2013 and 2022. Midway's share of O&D passengers decreased from approximately 27.6 percent in 2013 to 23.4 percent in 2022.

Milwaukee Mitchell is the nearest medium- or large-hub commercial service airport outside of Chicago. This medium-hub airport[67] is located approximately 85 miles north of the Airport near Milwaukee, Wisconsin. This airport serves the commercial air service needs of Milwaukee, southeast Wisconsin, and portions of northern Illinois. Due to its proximity to Chicago, Milwaukee Mitchell's catchment area overlaps with Midway's Air Trade Area, with both areas including three counties in the northern Chicago Region, which represent approximately 12 percent of the population in the Air Trade Area. Airlines scheduled an average of 78 daily departures to 31 destinations, one of which is international, from Milwaukee Mitchell in 2023.

Gary/Chicago, which is owned by the City of Gary, Indiana, and operated by the Gary/Chicago International Airport Authority, is also located in the Air Trade Area (see Exhibit 3-1 in Chapter 3). Currently, no scheduled passenger airline service is offered at this airport. In January 2014, the Authority entered into a public-private partnership with AFCO/AvPorts to further develop airport property and to increase the economic impact of the airport.

4.3.8 SOUTHWEST AIRLINES

Southwest is the largest domestic carrier in the US by seats in 2023 with 228 million scheduled domestic seats. Southwest has been the largest airline at the Airport since 2005. In 2022, Southwest enplaned approximately 8.9 million passengers, or 89.4 percent of the Airport's total. The Airport plays a critical role in Southwest's route network. **Table 4-11** presents Southwest's 10 busiest airports in terms of scheduled departures, as well as the airport ranking from 2019 through 2023. **Table 4-12** presents Southwest's busiest airports in terms of the number of destinations served, as well as the airport ranking from 2019 through 2023. In 2019, Midway was Southwest's busiest airport in terms of both average daily departures and destinations served. In 2020, DEN moved to the top ranking in both categories, and it retained that ranking through 2023. During the COVID-19 pandemic, Southwest increased service from DEN, which enabled connectivity to 8 new destinations that Southwest has launched in the western United States since 2020: Bozeman Yellowstone International Airport (BZN), Colorado Springs Airport (COS), Eugene Airport (EUG), Fresno Yosemite International Airport (FAT), Yampa Valley Airport (Routt County, Colorado; HDN), Montrose Regional Airport (Montrose County, Colorado; MTJ), Palm Springs International Airport (PSP), and Santa Barbara Municipal Airport (SBA). Of these airports, only COS is also served from Midway. In terms of average daily departures in 2022 and 2023, LAS moved ahead of Midway; however, LAS is ranked sixth in terms of number of destinations served, compared to second for Midway, for 2021 to 2023.

[67] Medium-hub airports enplane at least 0.25 percent but less than 1.00 percent of total nationwide enplaned passengers.

TABLE 4-9 HISTORICAL TOTAL ENPLANED PASSENGERS AT CHICAGO MIDWAY AND CHICAGO O'HARE INTERNATIONAL AIRPORTS

	MIDWAY			O'HARE			TOTAL	
YEAR	ENPLANED PASSENGERS	ANNUAL GROWTH	SHARE	ENPLANED PASSENGERS	ANNUAL GROWTH	SHARE	ENPLANED PASSENGERS	ANNUAL GROWTH
2013	10,267,481	6.2%	23.6%	33,297,578	0.2%	76.4%	43,565,059	1.5%
2014	10,607,996	3.3%	23.3%	34,952,762	5.0%	76.7%	45,560,758	4.6%
2015	11,118,223	4.8%	22.5%	38,395,905	9.9%	77.5%	49,514,128	8.7%
2016	11,345,748	2.0%	22.6%	38,872,669	1.2%	77.4%	50,218,417	1.4%
2017	11,232,272	-1.0%	22.0%	39,815,888	2.4%	78.0%	51,048,160	1.7%
2018	11,022,224	-1.9%	21.0%	41,563,343	4.4%	79.0%	52,585,567	3.0%
2019	10,417,815	-5.5%	19.8%	42,248,370	1.6%	80.2%	52,666,185	0.2%
2020	4,445,906	-57.3%	22.5%	15,351,046	-63.7%	77.5%	19,796,952	-62.4%
2021	7,924,344	78.2%	22.7%	26,945,359	75.5%	77.3%	34,869,703	76.1%
2022	9,946,882	25.5%	22.6%	34,095,710	26.5%	77.4%	44,042,592	26.3%
Weighted Average								
2013 – 2022			22.2%			77.8%		
Compound Annual Growth Rate								
2013 – 2019	0.3%			4.0%			3.2%	
2013 – 2022	-0.4%			0.3%			0.1%	

SOURCE: Chicago Department of Aviation, Management Records, October 2023.

TABLE 4-10 HISTORICAL ORIGIN AND DESTINATION ENPLANED PASSENGERS AT CHICAGO MIDWAY AND CHICAGO O'HARE INTERNATIONAL AIRPORTS

	MIDWAY			O'HARE			TOTAL	
YEAR	ENPLANED O&D PASSENGERS	ANNUAL GROWTH	SHARE	ENPLANED O&D PASSENGERS	ANNUAL GROWTH	SHARE	ENPLANED O&D PASSENGERS	ANNUAL GROWTH
2013	6,505,206	1.7%	27.6%	17,044,643	2.2%	72.4%	23,549,849	2.1%
2014	6,446,497	-0.9%	27.4%	17,115,535	0.4%	72.6%	23,562,032	0.1%
2015	6,682,549	3.7%	25.0%	20,096,191	17.4%	75.0%	26,778,740	13.7%
2016	7,181,858	7.5%	25.5%	20,991,241	4.5%	74.5%	28,173,099	5.2%
2017	7,446,996	3.7%	24.9%	22,429,433	6.9%	75.1%	29,876,429	6.0%
2018	7,197,512	-3.4%	23.5%	23,483,289	4.7%	76.5%	30,680,801	2.7%
2019	6,944,982	-3.5%	22.6%	23,836,209	1.5%	77.4%	30,781,191	0.3%
2020	2,912,068	-58.1%	25.4%	8,550,533	-64.1%	74.6%	11,462,601	-62.8%
2021	5,054,877	73.6%	24.9%	15,259,775	78.5%	75.1%	20,314,652	77.2%
2022	6,266,354	24.0%	23.4%	20,484,251	34.2%	76.6%	26,750,605	31.7%
Weighted Average								
2013 – 2022			24.9%			75.1%		
Compound Annual Growth Rate								
2013 – 2019	1.1%			5.9%			4.6%	
2013 – 2022	-0.4%			2.1%			1.4%	

NOTES:
O&D – Origin and Destination
SOURCES: Chicago Department of Aviation, Management Records, October 2023 (total passengers); US Department of Transportation, O&D Survey, October 2023; US Department of Transportation, T-100 Database, October 2023 (segmentation of passengers).

TABLE 4-11 AVERAGE DAILY DEPARTURES AT SOUTHWEST AIRLINES' TOP TEN AIRPORTS

CITY AND AIRPORT	2019		2020		2021		2022		2023	
	DAILY DEPARTURES	RANK	DAILY DEPARTURES	RANK	DAILY DEPARTURES	RANK	DAILY DEPARTURES	RANK	DAILY DEPARTURES	RANK
Denver, CO (DEN)	199	2	175	1	210	1	231	1	267	1
Las Vegas, NV (LAS)	194	4	142	4	154	4	202	2	237	2
Chicago, IL (MDW)	**218**	**1**	**161**	**2**	**169**	**2**	**197**	**3**	**213**	**3**
Baltimore, MD (BWI)	199	3	153	3	159	3	177	4	202	4
Dallas, TX (DAL)	188	5	137	5	151	5	175	5	197	5
Phoenix, AZ (PHX)	168	6	127	6	148	6	166	6	176	6
Houston, TX (HOU)	160	7	112	7	127	7	139	7	149	7
Nashville, TN (BNA)	110	14	91	8	105	8	119	8	133	8
Orlando, FL (MCO)	113	10	89	9	102	9	101	10	117	9
St. Louis, MO (STL)	111	13	79	11	71	12	94	13	107	10

NOTES: DEN – Denver International Airport, LAS – Harry Reid International Airport, MDW – Chicago Midway International Airport, BWI – Baltimore/Washington International Thurgood Marshall Airport, DAL – Dallas Love Field Airport, PHX – Phoenix Sky Harbor International Airport, HOU – William P. Hobby Airport, BNA – Nashville International Airport, MCO – Orlando International Airport, STL – St. Louis Lambert International Airport
SOURCE: Innovata, October 2023 (published airline schedules).

TABLE 4-12 DESTINATIONS SERVED FROM SOUTHWEST AIRLINES' TOP TEN AIRPORTS

CITY AND AIRPORT	2019		2020		2021		2022		2023	
	DESTINATIONS SERVED	RANK	DESTINATIONS SERVED	RANK	DESTINATIONS SERVED	RANK	DESTINATIONS SERVED	RANK	DESTINATIONS SERVED	RANK
Denver, CO (DEN)	69	2	74	2	87	1	90	1	94	1
Chicago, IL (MDW)	**69**	**1**	**66**	**4**	**80**	**2**	**79**	**2**	**79**	**2**
Houston, TX (HOU)	66	4	74	1	79	3	76	3	71	3
Baltimore, MD (BWI)	67	3	69	3	69	5	70	4	70	4
Dallas, TX (DAL)	64	5	63	5	72	4	70	5	70	5
Las Vegas, NV (LAS)	56	6	55	8	67	6	66	6	68	6
Phoenix, AZ (PHX)	52	8	58	6	66	7	63	7	61	7
Nashville, TN (BNA)	46	11	45	11	56	9	57	9	57	8
St. Louis, MO (STL)	52	9	56	7	59	8	58	8	57	9
Orlando, FL (MCO)	53	7	50	9	53	10	52	10	56	10

NOTES: DEN – Denver International Airport, LAS – Harry Reid International Airport, MDW – Chicago Midway International Airport, BWI – Baltimore/Washington, International Thurgood Marshall Airport, DAL – Dallas Love Field Airport, PHX – Phoenix Sky Harbor International Airport, HOU – William P. Hobby Airport, BNA – Nashville International Airport, MCO – Orlando International Airport, STL – St. Louis Lambert International Airport
SOURCE: Innovata, October 2023 (published airline schedules).

In 2019, Southwest served 103 destinations systemwide. In 2020, Southwest initiated service to 6 new destinations, and in 2021, it initiated service to an additional 14 new destinations. Of the new destinations Southwest launched in 2020 and 2021, 6 are served nonstop from Midway. **Table 4-13** presents the new destinations that Southwest launched in 2020 and 2021.

TABLE 4-13 SOUTHWEST AIRLINES' NEW DESTINATIONS LAUNCHED IN 2020 AND 2021

DESTINATION	SERVICE INITIATED	SERVED NONSTOP FROM MIDWAY
Hilo International Airport (ITO)	January 2020	
Cozumel International Airport (CZM)	March 2020	
Yampa Valley Regional Airport (HDN)	November 2020	
Miami International Airport (MIA)	November 2020	Yes
Palm Springs International Airport (PSP)	November 2020	
Montrose Regional Airport (MTJ)	December 2020	
Chicago O'Hare International Airport (ORD)	February 2021	
Sarasota-Bradenton International Airport (SRQ)	February 2021	Yes
Colorado Springs Airport (COS)	March 2021	Yes
Savannah/Hilton Head International Airport (SAV)	March 2021	Yes
Fresno Yosemite International Airport (FAT)	April 2021	
George Bush Intercontinental Airport (IAH)	April 2021	Yes
Santa Barbara Municipal Airport (SBA)	April 2021	
Bozeman Yellowstone International Airport (BZN)	May 2021	
Myrtle Beach International Airport (MYR)	May 2021	Yes
Destin–Fort Walton Beach Airport (VPS)	May 2021	
Jackson–Medgar Wiley Evers International Airport (JAN)	June 2021	
Eugene Airport (EUG)	August 2021	
Bellingham International Airport (BLI)	November 2021	
Syracuse Hancock International Airport (SYR)	November 2021	

SOURCE: Innovata, October 2023 (published airline schedules).

The new destinations in Southwest's systemwide route network generally fall into three categories that represent distinct network strategies:

- Nine leisure destinations: BZN, Cozumel International Airport (CZM), HDN, Hilo International Airport (ITO), MTJ, Myrtle Beach International Airport (MYR), PSP, Sarasota-Bradenton International Airport (SRQ), and VPS. These destinations provide access to beaches, skiing, and other outdoor activities where visitors can remain socially distanced during the COVID-19 pandemic.
- Three primary airports in large metropolitan areas where Southwest already had a large presence at a secondary airport: George Bush Intercontinental Airport (Houston; IAH), MIA, and ORD. At each of these airports Southwest has expanded its presence in markets that were already served by Southwest from a different airport: William P. Hobby Airport (Houston; HOU) and FLL in the case of South Florida.[68] In all three cases Southwest serves fewer destinations from the primary airport than it does from the established base of operations at the secondary airport. Also, Southwest only serves destinations from the primary airport that it already served from the secondary airport. At Midway and HOU approximately one-third of Southwest's passengers are connecting, while nearly all Southwest passengers at ORD and IAH are O&D. Southwest primarily accommodates O&D passengers at both FLL and MIA. Access to two airports in these three markets complements existing service by providing better access to regions of cities that are located closer to the primary airport. **Table 4-14** presents

[68] Southwest also serves Palm Beach International Airport (PBI) in the South Florida metropolitan area. PBI is not presented as a comparison due to its distance from MIA and minimal catchment area overlap.

the average daily departures, number of destinations served, and percent of O&D passengers that were visitors at each airport Southwest served in the Chicago, Houston, and South Florida areas in 2022. In all three cases the percentage of visitors was higher at the primary airport where Southwest recently initiated service, which indicates the degree to which the new service broadens Southwests customer base of both residents and visitors.

- Other domestic destinations: Bellingham International Airport (BLI), COS, EUG, FAT, Jackson–Medgar Wiley Evers International Airport (JAN), SAV, SBA, and Syracuse Hancock International Airport (SYR). These destinations are located in medium-sized cities and accommodate a mix of residents and visitors, providing more depth to Southwest's route network.

Table 4-15 shows the distribution of Southwest's O&D and connecting passengers at the Airport between 2013 and 2022, which includes AirTran Airways, before and after its merger integration with Southwest. Between 2013 and 2019, Southwest's connecting passengers decreased at a CAGR of 1.6 percent, while O&D passengers increased at a CAGR of 1.7 percent. The share of O&D passengers increased from 62 percent of Southwest's total passengers in 2013 to 66 percent in 2019. The proportion of connecting passengers increased from 34 percent in 2019 to 39 percent in 2020 and 2021 and 40 percent in 2022, highlighting the critical role mid-continent connecting airports played during and after the COVID-19 pandemic to link destinations across airline route networks.

TABLE 4-14 SOUTHWEST AIRLINES IN CHICAGO, HOUSTON, AND SOUTH FLORIDA IN 2022

	CHICAGO		HOUSTON		SOUTH FLORIDA	
	MDW	ORD	HOU	IAH	FLL	MIA
Average Daily Departures	197	27	139	18	50	19
Destinations Served	79	12	76	9	35	15
Percent Connecting Passengers	40.3%	0.4%	39.3%	4.2%	17.4%	0.2%
Visitor Percent of O&D Passengers	40.9%	48.9%	41.3%	47.8%	60.2%	75.4%

NOTES: MDW – Chicago Midway International Airport, ORD – Chicago O'Hare International Airport, HOU – William P. Hobby Airport, IAH – George Bush Intercontinental Airport, FLL – Fort Lauderdale–Hollywood International Airport, MIA – Miami International Airport, O&D – Origin and Destination
SOURCES: Innovata, October 2023 (published airline schedules); US Department of Transportation, O&D Survey, October 2023; US Department of Transportation, T-100 Database, October 2023.

TABLE 4-15 SOUTHWEST AIRLINES MIDWAY PASSENGERS – ORIGIN AND DESTINATION AND CONNECTING

	CONNECTING		O&D		
YEAR	ENPLANED PASSENGERS	% OF TOTAL	ENPLANED PASSENGERS	% OF TOTAL	TOTAL ENPLANED PASSENGERS
2013	3,561,735	38%	5,786,063	62%	9,347,798
2014	3,826,357	40%	5,819,819	60%	9,646,176
2015	3,900,690	38%	6,380,499	62%	10,281,189
2016	3,815,421	36%	6,705,150	64%	10,520,571
2017	3,588,532	34%	6,826,555	66%	10,415,087
2018	3,653,794	36%	6,587,007	64%	10,240,801
2019	3,237,393	34%	6,384,950	66%	9,622,343
2020	1,633,742	39%	2,532,325	61%	4,166,067
2021	2,871,885	39%	4,515,488	61%	7,387,373
2022	3,581,862	40%	5,305,998	60%	8,887,860
2013 – 2019 CAGR	-1.6%		1.7%		0.5%
2013 – 2022 CAGR	0.1%		-1.0%		-0.6%

NOTES: O&D – Origin and Destination; CAGR – Compound Annual Growth Rate
SOURCES: Chicago Department of Aviation, Management Records, October 2023; US Department of Transportation, O&D Survey, October 2023; US Department of Transportation, T-100 Database, October 2023.

Southwest operates a fleet consisting entirely of Boeing 737 aircraft, with a total of 770 aircraft in three variants, as shown in **Table 4-16**. Southwest currently has over 400 737 MAX 7 and MAX 8 aircraft on order.[69] The 737-700, the smallest aircraft in Southwest's fleet, has the oldest average age. As the 737-700 aircraft are retired and replaced with 737 MAX variants, the weighted average seat size of Southwest's fleet is expected to increase. **Exhibit 4-8** presents Southwest's average seats per departure systemwide and at the Airport from 2013 through 2023. Southwest has consistently deployed a fleet mix at the Airport that drives higher average seats per departure relative to Southwest's system average.

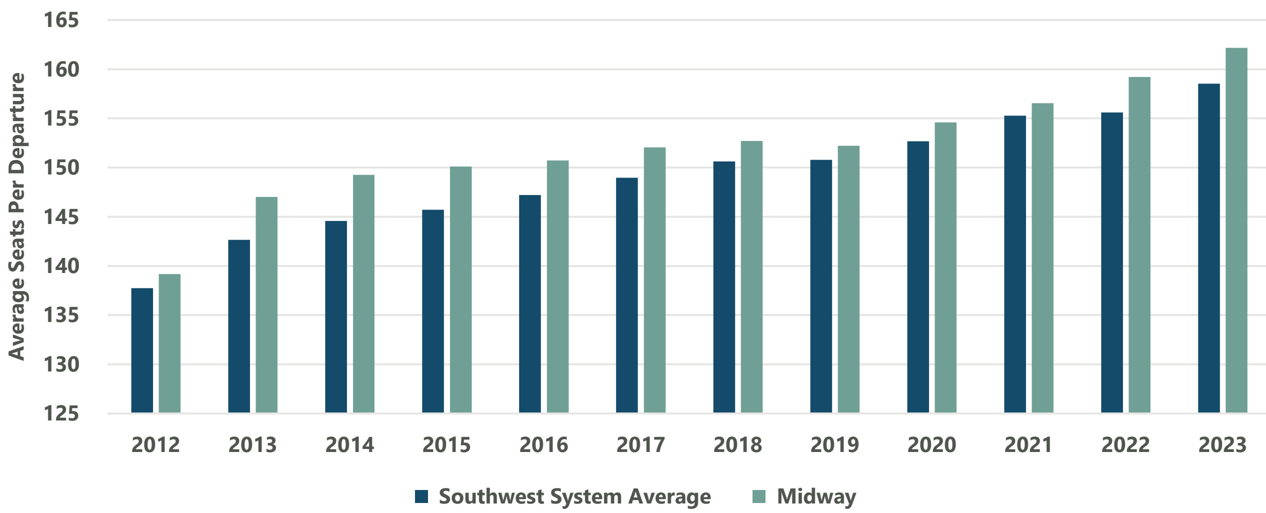
TABLE 4-16 SOUTHWEST AIRLINES FLEET MIX

AIRCRAFT TYPE	SEAT CAPACITY	AVERAGE AGE (YEARS)	AIRCRAFT IN SERVICE
737-700	143	18	426
737-800	175	7	207
737 MAX 8	175	2	137
Total		**12**	**770**

SOURCE: Southwest Airlines, *2022 Annual Report*, August 11, 2023.

[69] Southwest Airlines, *2022 Annual Report*, March 24, 2023.

EXHIBIT 4-8 SOUTHWEST AIRLINES AVERAGE SEATS PER DEPARTURE



SOURCE: Innovata, October 2023 (published airline schedules).

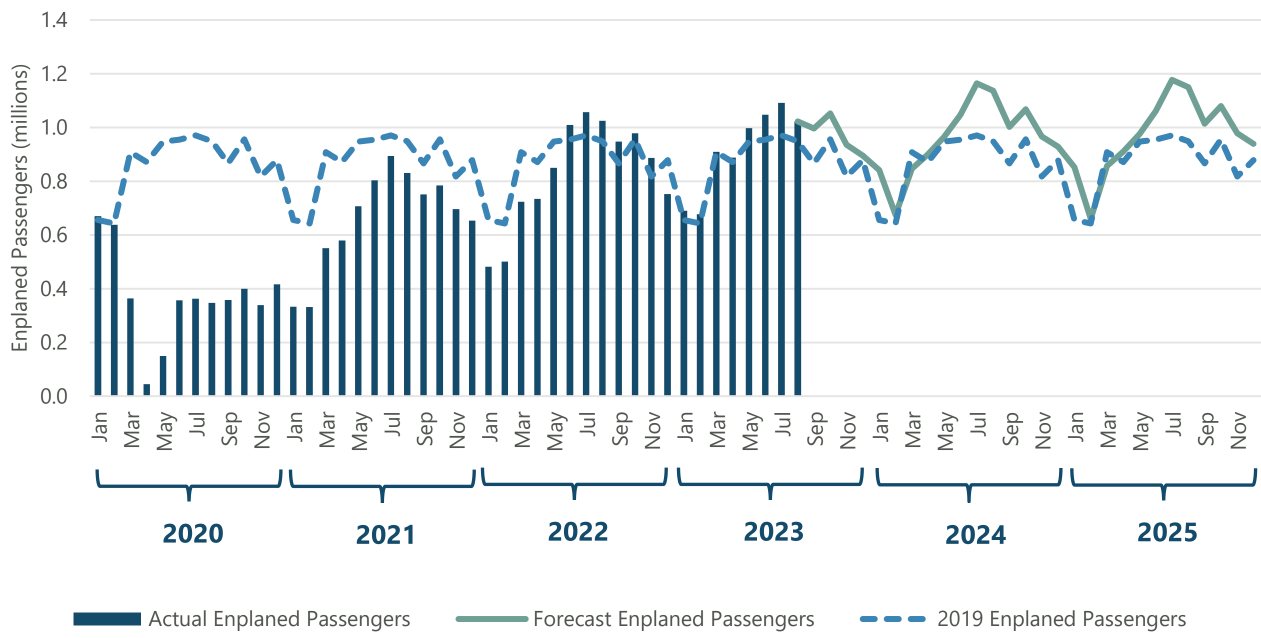
4.4 FORECASTS OF AVIATION ACTIVITY

Forecasts of aviation activity (i.e., enplaned passengers, aircraft operations, and landed weight) were developed for FY 2023 through FY 2028, considering historical activity, including passenger volume trends at the Airport and across the industry, historical trends and projections of local and national socioeconomic factors, and anticipated trends in the use of the Airport by Southwest and other airlines. The forecast incorporates reported activity through June 2023 and published airline schedules through December 2023. The following subsections provide an overview of the methodologies used in developing forecasts of aviation activity at the Airport and present the results of those forecasts.

4.4.1 COVID-19 PANDEMIC RECOVERY PERIOD FORECAST METHODOLOGY

The COVID-19 pandemic has severely disrupted patterns of demand and aviation activity globally, nationally, and at the Airport. Socioeconomic variables that have been traditionally used to model demand for air travel, such as economic output, employment, and personal income, are not as useful for predicting future aviation activity during a period of travel restrictions, fear of illness, labor shortages, and other factors that emerged at the onset of the COVID-19 pandemic. While traditional drivers of demand are expected to influence travel patterns in the long-term, an approach was used to forecast activity in the short-term using the demonstrated recovery of demand since the onset of the COVID-19 pandemic and assumptions of airline seat capacity and load factors for 2023 through 2025. The activity forecast for this period was modeled on estimates of departing seat capacity and passenger activity by airline and region, recognizing activity has recovered differently by region due to the variable effect of COVID-19 and its associated impacts. Gradual increases in departing seats and passengers represent the recovery in demand and airline capacity, considering different rates of recovery by region and market segment, as well as seasonal demand patterns. **Exhibit 4-9** presents the actual and forecast monthly enplaned passengers from January 2020 through November 2025 compared to the 2019 monthly enplaned passengers to demonstrate the trajectory of the forecast recovery to 2019 levels of activity.

EXHIBIT 4-9 MONTHLY ENPLANED PASSENGER RECOVERY FORECAST



SOURCES: Chicago Department of Aviation, October 2023 (actual passengers); Ricondo & Associates, Inc., October 2023 (forecast passengers).

The following factors were also considered in the development of the recovery period forecast:

- While the widespread deployment of effective vaccines to inhibit COVID-19 infection and treatments for illness have mitigated the severity of the COVID-19 pandemic, new variants of the COVID-19 virus may emerge, and the full duration of the global pandemic and resulting impact on air travel remain unknown. It is assumed that the emergence of any new variants of the COVID-19 virus would not result in a severe reduction in air service as experienced at the onset of the pandemic.
- Transborder travel restrictions have impacted demand for international travel. While most travel restrictions have been lifted, the timeline for lifting all restrictions is unknown, and the United States and other countries, including Canada and Mexico, which are served from the Airport, may impose new restrictions (or reinstate restrictions that have been lifted) if new surges of COVID-19 infection emerge. It is assumed a progressive reduction in travel restrictions will occur, or the efficiency and availability of approaches to meet requirements will advance.
- Supply-side factors, including slower than anticipated delivery of new aircraft and labor shortages, may limit the airlines' ability to increase capacity to meet increased demand for air travel.
- The Airport has played a critical and strategic role in the route networks of Southwest, providing access to the large and diverse Chicago O&D market, as well as a geographic location that enables connectivity across regions. The Airport is expected to remain a critical focus city for Southwest, while continuing to serve a large local O&D market during and after the recovery.

4.4.2 LONG-TERM FORECAST METHODOLOGY

As passenger demand and airline capacity fully recover to pre–COVID-19 pandemic levels, it is expected that the traditional relationships between demand and socioeconomics will drive long-term passenger growth. Longer-term O&D passenger activity was forecast using socioeconomic regression analysis techniques that identified predictive statistical relationships between historical O&D passenger volumes and independent socioeconomic variables (such as GRP, employment, and personal income) over a 20-year period ending in 2019. Activity that occurred in 2020 and 2021 was not incorporated into the socioeconomic regression analysis, as activity during this period was heavily influenced by factors that were specific to the COVID-19 pandemic that are not expected to influence demand for air travel in the long-term.

Domestic and international O&D passengers were independently forecast for the total airport system, inclusive of both O'Hare and Midway, using US and Air Trade Area economic factors. The allocation of domestic and international O&D passengers between the two airports was based on each airport's share of O&D passengers in 2019, a period that reflected unconstrained conditions.

Table 4-17 summarizes the output of the socioeconomic regression analysis.

TABLE 4-17 SOCIOECONOMIC REGRESSION ANALYSIS OUTPUTS

SOCIOECONOMIC VARIABLE	IMPLIED FY 2019 – FY 2028 O&D PASSENGER CAGR
Air Trade Area Gross Regional Product	1.8%
Air Trade Area Total Employment	1.0%
Air Trade Area Personal Income	1.9%
United States Gross Domestic Product	1.8%
United States Total Employment	1.9%
United States Personal Income	1.9%
Average	**1.7%**

NOTES:
CAGR – Compound Annual Growth Rate
FY – Fiscal Year
O&D – Origin and Destination
SOURCES: Woods & Poole Economics, Inc., January 2022; Moody's Analytics, Inc., January 2022; US Department of Transportation, DB1B Survey, January 2022; Ricondo & Associates, Inc., January 2022 (analysis).

Midway connecting passengers were modeled as a percentage of Midway's total O&D passengers. The forecast assumes marginal decreases in the connecting passenger share of total passengers as activity levels rise relative to constraints of the Airport. It is expected that Southwest, which accommodates nearly all the connecting passengers at the Airport, will prioritize accommodation of O&D passengers over connecting passengers to maintain its presence in the Chicago market and more effectively compete with O'Hare's hub airlines American Airlines and United Airlines, as well as other airlines serving Chicago's airports. The year-over-year growth rates, inclusive of total O&D and connecting passengers, established using the long-term forecast methodology were applied to the forecast of passenger activity in 2025, as established in the short-term recovery forecast, to derive the forecast of enplaned passengers through 2028.

4.4.3 OTHER ASSUMPTIONS INCORPORATED INTO THE PASSENGER FORECAST

The following assumptions were incorporated into the passenger forecast:

- O'Hare will remain the primary international gateway for long-haul O&D traffic in the region, and international activity at Midway will be focused on Canada, the Caribbean, and Mexico.

- For these analyses, and similar to the FAA's nationwide forecast, it was assumed that during the forecast period there will be no terrorist incidents that would have significant, negative, and prolonged effects on aviation activity at the Airport or nationwide.
- Economic disturbances will occur during the forecast period, causing year-to-year variations in airline traffic; however, long-term economic growth is assumed.
- No major "acts of God" will occur during the forecast period that may disrupt the national or global airspace system and negatively affect aviation demand.

Many of the factors influencing aviation activity cannot be quantified, and any forecast is subject to uncertainties. As a result, the forecast process should not be viewed as precise. Actual airline traffic at the Airport may differ from the forecasts presented herein, because events and circumstances do not occur as expected, and these differences may be material.

4.4.4 ENPLANED PASSENGER FORECAST

Table 4-18 presents the forecast of connecting, O&D, and total enplaned passengers. Total enplaned passengers are forecast to increase from 9.9 million in 2022 to 12.0 million in 2028, which represents a CAGR of 3.2 percent. The 2019 to 2028 CAGR for total enplaned passengers is 1.6 percent. Connecting enplaned passengers are forecast to increase from 3.7 million in 2022 to 4.0 million in 2028, which represents a CAGR of 1.2 percent. The 2019 to 2028 CAGR for connecting enplaned passengers is 1.5 percent. O&D enplaned passengers are forecast to increase from 6.3 million in 2022 to 8.1 million in 2028, which represents a CAGR of 4.3 percent. The 2019 to 2028 CAGR for O&D passengers is 1.7 percent. The O&D passenger share of total passengers increases from 63 percent in 2022 to 67 percent in 2028.

TABLE 4-18 CONNECTING, ORIGIN AND DESTINATION, AND TOTAL ENPLANED PASSENGER FORECAST

	CONNECTING		O&D			
YEAR	ENPLANED PASSENGERS	% OF TOTAL	ENPLANED PASSENGERS	% OF TOTAL	TOTAL ENPLANED PASSENGERS	ANNUAL CHANGE
2019 Actual	3,472,833	33%	6,944,982	67%	10,417,815	
2020 Actual	1,533,838	35%	2,912,068	65%	4,445,906	-57.3%
2021 Actual	2,869,467	36%	5,054,877	64%	7,924,344	78.2%
2022 Actual	3,680,528	37%	6,266,354	63%	9,946,882	25.5%
2023	3,983,343	35%	7,389,319	65%	11,372,662	14.3%
2024	3,992,645	35%	7,546,568	65%	11,539,212	1.5%
2025	3,982,328	34%	7,672,079	66%	11,654,406	1.0%
2026	3,976,050	34%	7,810,454	66%	11,786,504	1.1%
2027	3,967,053	33%	7,948,929	67%	11,915,983	1.1%
2028	3,955,302	33%	8,087,434	67%	12,042,736	1.1%
2019 – 2028 CAGR	1.5%		1.7%		1.6%	
2022 – 2028 CAGR	1.2%		4.3%		3.2%	

NOTES:
O&D – Origin and Destination
CAGR – Compound Annual Growth Rate
Totals may not add up due to rounding.
SOURCES: Chicago Department of Aviation, Management Records, October 2023 (actual passengers); Ricondo & Associates, Inc., October 2023 (forecast passengers).

4.4.5 PASSENGER AIRLINE OPERATIONS FORECAST

Table 4-19 presents the historical and forecast passenger aircraft operations, load factor, and average seats per departure at Midway. Passenger airline operations are forecast to increase from 155,936 in 2022 to 182,513 in 2028, which represents a CAGR of 2.7 percent. The forecast of passenger aircraft operations was derived from an analysis of load factors and average aircraft seating capacities currently operating at the Airport, as well as an analysis of aircraft expected to operate at the Airport. The future fleet mix at the Airport was derived from published fleet plans. As Southwest continues to implement its fleet plan, described in Section 4.3.8, it is expected that the average number of seats per departure will increase from 156 in 2022 to 162 in 2028. The average load factor at the Airport is forecast to increase from 78.8 percent in 2022 to 81.3 percent in 2028.

TABLE 4-19 PASSENGER AIRLINE OPERATIONS FORECAST

YEAR	PASSENGER AIRLINE OPERATIONS	AVERAGE LOAD FACTOR	SEATS PER DEPARTURE
2019 Actual	171,256	80.4%	146
2020 Actual	112,756	46.9%	153
2021 Actual	130,668	77.2%	152
2022 Actual	155,936	78.8%	156
2023	176,836	80.0%	161
2024	180,612	79.8%	160
2025	181,626	79.8%	161
2026	181,975	80.3%	161
2027	182,271	80.8%	162
2028	182,513	81.3%	162
2019 – 2028 CAGR	0.7%		1.2%
2022 – 2028 CAGR	2.7%		0.6%

NOTE:
CAGR – Compound Annual Growth Rate
SOURCES: Chicago Department of Aviation, Management Records, October 2023 (actual operations); Ricondo & Associates, Inc., October 2023 (forecast operations).

4.4.6 LANDED WEIGHT FORECAST

Table 4-20 presents historical and forecast landed weight at the Airport. As shown, landed weight is forecast to increase from 10,772,426 thousand-pound units in 2022 to 12,587,125 thousand-pound units in 2028, which represents a CAGR of 2.6 percent. This increase reflects the combined impact of the increased number of passenger airline operations and Southwest introducing higher-gauge Boeing 737 aircraft.

TABLE 4-20 LANDED WEIGHT FORECAST

YEAR	LANDED WEIGHT	ANNUAL CHANGE
2019 Actual	11,262,522	
2020 Actual	7,624,189	-32.3%
2021 Actual	8,916,435	16.9%
2022 Actual	10,772,426	20.8%
2023	12,075,529	12.1%
2024	12,291,723	1.8%
2025	12,414,205	1.0%
2026	12,475,309	0.5%
2027	12,532,964	0.5%
2028	12,587,125	0.4%
2019 – 2028 CAGR	1.2%	
2022 – 2028 CAGR	2.6%	

NOTE:
CAGR – Compound Annual Growth Rate
SOURCES: Chicago Department of Aviation, Management Records, October 2023 (actual landed weight); Ricondo & Associates, Inc., October 2023 (forecast landed weight).

5. FINANCIAL ANALYSIS

This chapter discusses the financial framework of the Airport, the cost and other financial implications of the issuance of the Series 2023 Bonds, and the issuance of Future Bonds necessary to fund certain projects part of the ongoing CIP. Projections of O&M Expenses, Non-Signatory Airline and nonairline revenues, PFC Revenue, debt service, debt service coverage, net Signatory Airline requirements, Airline Fees and Charges, airline revenues, and airline cost per enplaned passenger (CPE) are also discussed in this chapter.

5.1 FINANCIAL FRAMEWORK

The Airport is owned by the City and operated by the CDA, and it is accounted for as a self-supporting Enterprise Fund of the City, which is separate from O'Hare. The City maintains the books, records, and accounts of the Airport in accordance with GAAP and, as required by the provisions of the Airport Use Agreement, in accordance with the Bond Ordinance and the Senior Lien Indenture, as supplemented and amended. The City's FY ends December 31. Neither City nor State of Illinois tax revenues are pledged to the payment of Net Debt Service or to fund the cost of operations at the Airport.

5.1.1 AIRPORT USE AGREEMENT AND FACILITIES LEASE

The Airport Use Agreement sets forth the City's main financial and operational arrangement with the airline tenants of the Airport. The City has entered into the Airport Use Agreement with the five airlines currently operating at the Airport, which are collectively referred to herein as the Signatory Airlines: Delta, Frontier, Porter, Southwest, and Volaris. The Signatory Airlines entered into the current 15-year Airport Use Agreement, effective from January 1, 2013, to December 31, 2027. The Airport Use Agreement continues the residual rate-setting methodology and daily average gate-utilization requirements.

The Airport Use Agreement provides, among other aspects, contractual support of the Signatory Airlines for bonds and other obligations issued to fund Airport capital improvements. The Airport Use Agreement is in place to formalize the rights and responsibilities of the Signatory Airlines and the CDA. Under the Airport Use Agreement, the City can finance Airport capital projects with Airport Obligations through the receipt of majority-in-interest (MII) approval of the Signatory Airlines. MII approval is reached if the Signatory Airlines that hold a majority of the aggregate Airline Fees and Charges assessed to all Signatory Airlines and hold a majority in the number of Signatory Airlines do not disapprove of the capital project..

Airlines or other users of the Airport that are not signatories to an Airport Use Agreement are assessed fees and charges enacted by City ordinances. In the aggregate, the Signatory Airlines (Airline Parties), including their subsidiaries, accounted for 96.8 percent of the total landed weight at the Airport in 2022; Southwest represented 88.0 percent. Airlines that are not signatory to the Airport Use Agreement (Non-Signatory Airlines and charters) accounted for the remaining 3.2 percent of landed weight.

5.1.2 AIRPORT FEES AND CHARGES

Under the Airport Use Agreement, terminal rental rates, equipment, fueling, and airline landing fees are established using a residual rate-setting methodology. To equitably allocate the net cost of operating, maintaining, improving, and expanding the Airport among the Signatory Airlines, various physical and functional areas of the Airport are separated to account for the O&M Expenses, revenues, required fund deposits, and Net Debt Service on Airport

Obligations. As a result, there are six Cost Centers in the Airport's financial structure that affect the residual calculation and adjustment of Airport fees and charges:

- **Airfield Area.** The Airfield Area includes the aircraft parking areas, runways, taxiways, approach and runway protection zones, infield areas, and other facilities related to aircraft taxiing, landing, and takeoff.
- **Terminal Area.** The Terminal Area includes the passenger terminal buildings, connecting structures, passenger walkways and tunnels, concourses, holdroom areas, passenger loading bridges, and control towers maintained by the City.
- **Terminal Ramp Area.** The Terminal Ramp Area includes the aircraft parking apron and all facilities, equipment, and improvements, including aircraft parking areas and aircraft circulation and taxiing areas for access to the aircraft parking areas.
- **Equipment.** The Equipment Cost Center includes the terminal and airline equipment required for the handling and servicing of passengers, baggage, aircraft, and flight operations at the Airport.
- **Fueling System.** The Fueling System includes the tank farm and all facilities that are part of the Airport's hydrant fueling system.
- **FIS.** The FIS Cost Center includes the equipment required for FIS facilities to process international arrival passengers and baggage.

The revenues and expenses of the Parking and Roadway Area and Support Facilities Area are allocated within the Airfield Area, Terminal Area, and Terminal Ramp Area Cost Centers:

- **Parking and Roadway Area.** The Parking and Roadway Area includes all public and employee parking areas, as well as all roads and facilities serving such parking areas; the Terminal Area access road; the terminal and frontage road; the exit road and all other roadways; rights-of-way; ramps; sidewalks; and other facilities, including the commercial vehicle storage lot, rental car ready-return lot, and other parking areas leased to car rental and ground transportation concessions.
- **Support Facilities Area.** The Support Facilities Area includes ARFF facilities; AMC/snow removal equipment facilities; fuel storage facilities; airline maintenance and other airline support facilities, such as FBOs, GA facilities, and aircraft hangar and cargo facilities; and the Airport services road system.

As described in Section 5.7, total expenses of each Cost Center are offset by Non-Signatory Airlines and nonairline revenue. An allocable share of the net deficit remaining in the Terminal Area, Terminal Ramp Area, Airfield Area, Equipment, and Fueling System Cost Centers is paid by the Signatory Airlines as part of their Airline Fees and Charges for use of the Airport. The Parking and Roadway Area and Support Facilities Area Cost Centers are allocated to the requirements for the Terminal, Terminal Ramp, and Airfield Areas. The Airport Use Agreement provides that the aggregate of Airline Fees and Charges paid by the Signatory Airlines must be sufficient to pay for the net cost of operating, maintaining, and developing the Airport, including satisfaction of the debt service, the debt service coverage requirement, the reserve deposits, and the payment requirements of the Bond Ordinance and the Senior Lien Indenture.

5.2 OPERATION AND MAINTENANCE EXPENSES

O&M Expenses comprise expenses associated with operating and maintaining the Airport, including the airfield, terminal, and landside facilities. **Table 5-1** presents the historical O&M Expenses for 2017 through 2022. O&M

Expenses increased at a CAGR of 3.9 percent, from $154.9 million in 2017 to $187.9 million in 2022. Between 2017 and 2022, professional and engineering costs decreased at a CAGR of 0.7 percent; repairs and maintenance expenses increased by 3.6 percent; and salaries and wages increased by 4.5 percent.

TABLE 5-1 HISTORICAL OPERATION AND MAINTENANCE EXPENSES, 2017–2022

	2017	2018	2019	2020	2021	2022	CAGR 2017–2022
Total O&M Expenses ($'000)	$ 154,870	$ 160,192	$ 173,111	$ 159,895	$ 162,123	$ 187,868	3.9%
Annual Growth Rate		3.4%	8.1%	-7.6%	1.4%	15.9%	
Enplaned Passengers ('000)	11,232	11,022	10,418	4,446	7,924	9,947	-2.4%
Annual Growth Rate		-1.9%	-5.5%	-57.3%	78.2%	25.5%	
Total O&M Expenses per Enplaned Passenger	$ 13.79	$ 14.53	$ 16.62	$ 35.96	$ 20.46	$ 18.89	6.5%

NOTES:
CAGR – Compound Annual Growth Rate
O&M – Operation and Maintenance
Adjusted for the portion of the City's pension cash contribution payable in each year to the pension funds and allocable to Chicago Midway International Airport.
SOURCE: Chicago Department of Aviation, October 2023.

As shown in Table 5-1, the Airport's O&M Expenses per enplaned passenger increased in 2018 and 2019, reflecting 2 years of declining activity levels. In 2020, as a result of reduced traffic caused by the COVID-19 pandemic, total O&M Expenses dropped by 7.6 percent, while enplaned passengers dropped sharply by 57.3 percent, resulting in total O&M Expenses per enplaned passenger increasing to $35.96. The decrease in O&M Expenses in 2020 includes initiatives by the City to reduce costs as the impact of COVID-19 was most severe on passenger activity. In 2022, total O&M Expenses increased to a level representing a CAGR of 2.8 percent between 2019 and 2022, and total O&M Expenses per enplaned passenger decreased due to rebounding enplaned passengers.

The Airport's first-half 2023 rates and charges budget (the Budget) serves as the base year from which O&M Expenses are projected. O&M Expense projections are based on the type of expense and expectations of future inflation rates (assumed to be 3.0 percent annually). As discussed in Chapter 3, and as measured by the consumer price index (CPI), inflation reached 7.0 percent in 2022. O&M Expenses are projected to grow at a CAGR of 5.6 percent through the Projection Period, which represents a growth rate in line with historical rates of O&M Expense growth. The CDA does not currently anticipate any incremental O&M Expenses associated with any future capital projects anticipated to be funded with proceeds from future Senior Lien Bonds to be paid by the airlines. Any incremental O&M Expenses associated with the CRCF are anticipated to be paid by the rental car companies.

5.2.1 CITY PENSION CONTRIBUTIONS

Pension fund contributions of the Airport are limited to the share of City employee salaries allocated to the Airport; these City employees include both those working directly at the Airport and those from other City departments that support Airport operations, such as Purchasing, Finance, and Corporation Counsel. Federal regulations prevent the use of Senior Lien Airport Revenues for funding pension costs for any employees not working directly at or allocated to the Airport.

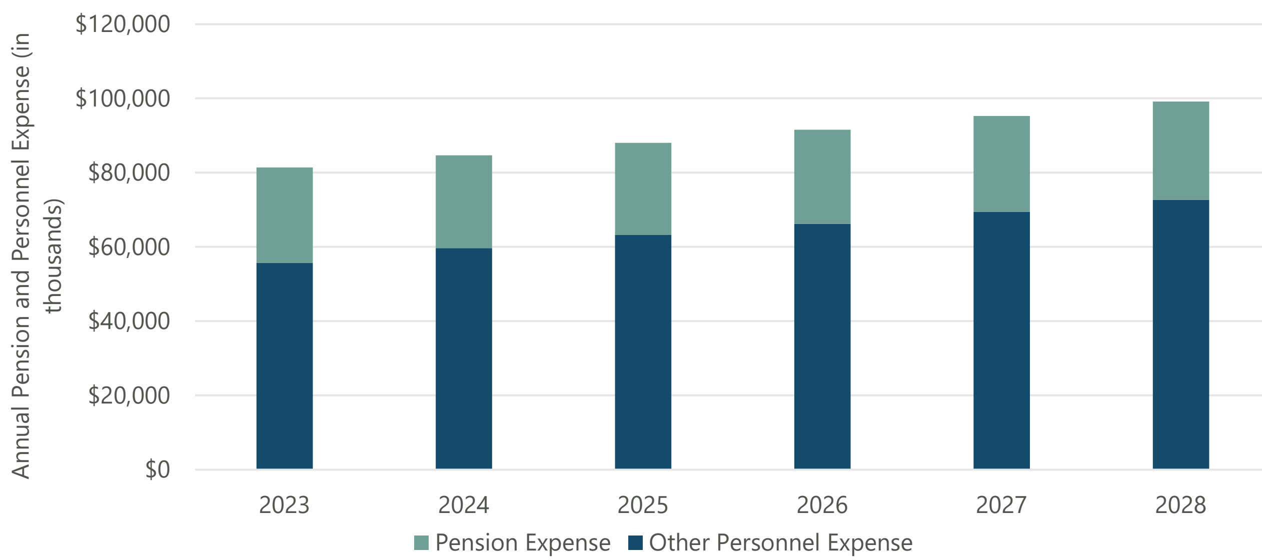
The following four pension funds affect Airport expenses:

- Policemen's Annuity and Benefit Fund of Chicago (PABF)

- Firemen's Annuity and Benefit Fund of Chicago (FABF)
- Municipal Employees' Annuity and Benefit Fund of Chicago (MEABF)
- Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago (LABF)

According to the Budget, this pension expense is approximately $25.6 million in 2023. Assuming the current allocation percentage of this requirement to the Airport, pension expenses are estimated to increase to approximately $26.4 million in 2028. **Exhibit 5-1** illustrates the Airport's projected increase in total personnel expenses through the Projection Period. The projected personnel expenses presented in this Report include the increased pension contributions shown on Exhibit 5-1.

EXHIBIT 5-1 CHICAGO MIDWAY INTERNATIONAL AIRPORT'S PROJECTED PENSION CONTRIBUTION



SOURCES: Chicago Department of Aviation, October 2023; Ricondo & Associates, Inc., October 2023.

5.2.2 BUDGETED AND PROJECTED OPERATION AND MAINTENANCE EXPENSES

Actual O&M Expenses Versus Budget

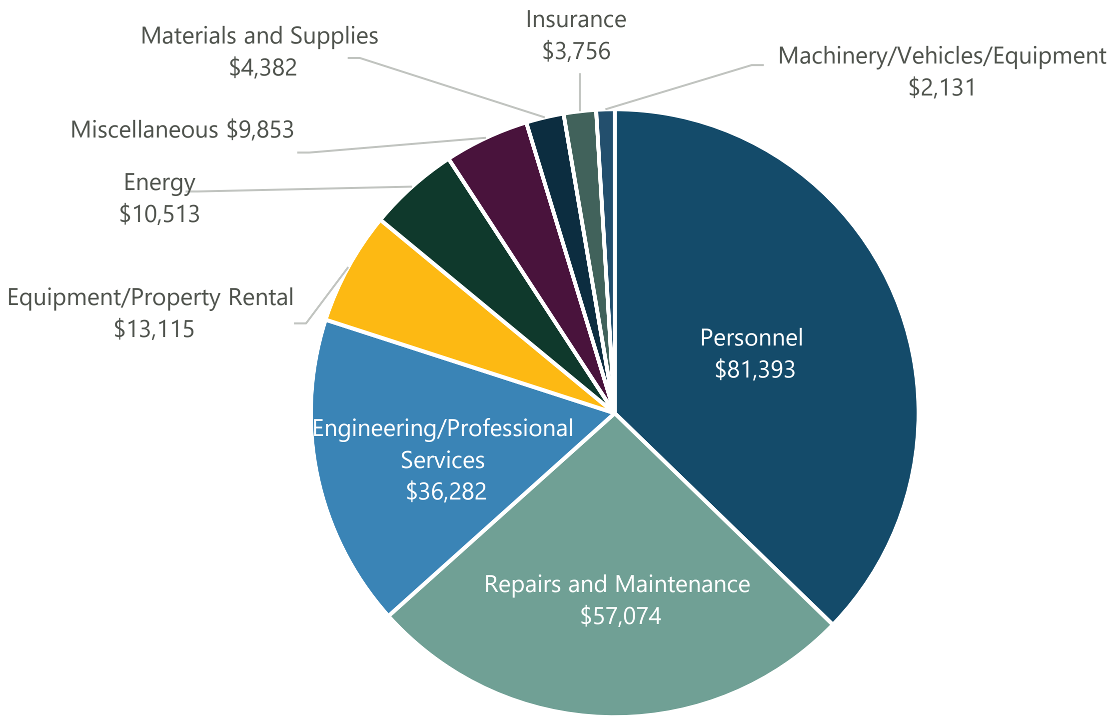
The CDA submits an annual budget for the Airport to the Airline Parties for review. The budget package consists of the Airport rates and charges that are calculated using the rate-setting methodology set forth in the Airport Use Agreement, as described in Section 5.1, based on the budgeted O&M Expenses, revenues, required fund deposits, and debt service on Airport Obligations. As shown in **Table A-1** of **Appendix A**, between 2017 and 2022, actual O&M Expenses for the Airport were more than the budgeted amount in 3 of the last 6 years, before accounting for COVID-19 relief funding, averaging approximately 6.7 percent above budget, or an average of 3.8 percent below budget after applying COVID-19 relief funding. The Airport's 2023 Budget serves as the base from which O&M Expenses are projected.[70] Projected O&M Expenses are presented in **Table B-1** of **Appendix B**. As shown in Table

[70] The 2023 revised budget reflects the Airport's first-half rates and charges budget, published in December 2022.

B-1, total O&M Expenses are projected to increase from $202.2 million in 2023 to $266.0 million in 2028, representing a CAGR of 5.6 percent.

Exhibit 5-2 presents the 2023 budgeted O&M Expenses by cost category assumed by the CDA for purposes of the 2023 rates and charges.

EXHIBIT 5-2 2023 BUDGET OPERATION AND MAINTENANCE EXPENSES BY COST CATEGORY (IN THOUSANDS)



NOTE:
The amounts reflect estimates before cost-cutting measures and expense reductions identified by the Chicago Department of Aviation for rate-setting purposes. These initiatives are not assumed in the financial projections.
SOURCE: Chicago Department of Aviation, October 2023.

O&M Expenses are classified into the following categories:

Personnel

Personnel expenses include Airport staff compensation, as well as an allocation of personnel costs from other City departments that support Airport operations, such as Purchasing, Finance, and Corporation Counsel. Expenses for salaries, wages, and employee benefits, including reimbursements from City and federal departments and increases attributable to future projects, are projected to increase at a CAGR of 4.1 percent through 2028. This is attributable primarily to salary increases, escalating insurance premiums, increasing pension obligations, and other benefits increases.

Repairs and Maintenance

Repairs and maintenance expenses at the Airport include the cost of outside contractors that provide ramp repair, taxiway painting, outside janitorial services for terminals, heating and air conditioning, trash removal, escalator/elevator maintenance, and miscellaneous repairs. Repairs and maintenance expenses are projected to increase at a CAGR of 4.0 percent through 2028; this primarily reflects inflation, additional costs associated with maintaining existing facilities, and savings related to the 2023–2027 CIP projects.

Engineering and Professional Services

Engineering and professional services expenses include fees for specialized engineering, legal services, and other technical services. These expenses are projected to increase at a CAGR of 4.0 percent through 2028, primarily as a result of increases in billing rates. The use of outside professional services was assumed to remain constant through the Projection Period.

Equipment and Property Rental

Equipment and property rental expenses include rental fees paid to renters for the right to use various equipment and properties. Equipment and property rental expenses are projected to increase at a CAGR of 3.0 percent through 2028.

Energy

Energy costs include gas, water, electricity, and fuel oil required to operate the Airport. Energy costs are projected to increase at a CAGR of 6.0 percent through 2028, and they include the impacts related to the CIP.

Materials and Supplies

Materials and supplies expenses include costs associated with the purchasing of deicing fluid, office supplies, cleaning supplies, keys and locks, and other general maintenance supplies for the Airport. Baseline materials and supplies are projected to increase annually at the rate of inflation—assumed to be 3.0 percent compounded annually through 2028.

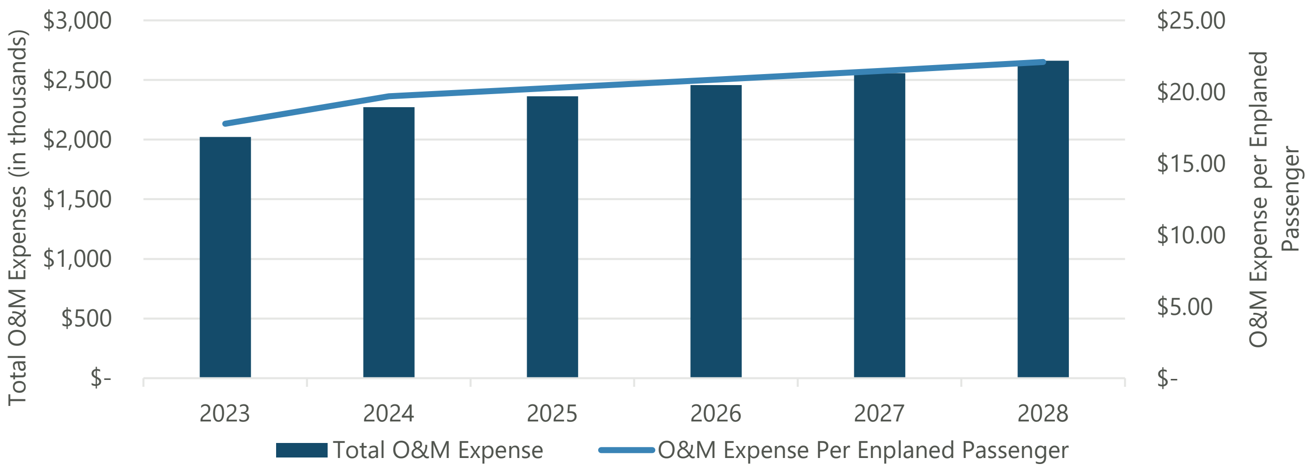
Other Operation Expenses

Other operation expenses include insurance and miscellaneous expenses (administrative, telephone, and bad-debt expenses), as well as machinery, vehicles, and equipment. Equipment and property rental expenses include the rental of heavy equipment and the contracting of equipment operators, the rental of unarmed security systems, shuttle bus services, and the rental of office equipment. Other operation expenses are projected to increase at a CAGR of 3.8 percent through 2028, primarily reflecting inflation and the need to periodically replace various types of equipment.

O&M Expense Projections

O&M Expense projections are based on the type of expense and the expectations of future inflation (assumed to be 3.0 percent annually through the Projection Period). No CIP projects are assumed to have any incremental O&M Expense impacts. The 2023 Budget total O&M Expenses include a $10.3 million expense reduction plan and $6.0 million in cost-cutting initiatives. **Exhibit 5-3** presents the projected O&M Expenses, as well as the O&M Expenses per enplaned passenger. Total O&M Expenses are projected to increase from $202.2 million in 2023 to $266.0 million in 2028, reflecting a CAGR of 5.6 percent. No expense reductions or cost-cutting initiatives are assumed in the projected O&M Expenses in 2024 through 2028.

EXHIBIT 5-3 PROJECTED OPERATION AND MAINTENANCE EXPENSES AT THE AIRPORT



NOTE:
O&M – Operation and Maintenance
SOURCES: Chicago Department of Aviation, October 2023; Ricondo & Associates, Inc., October 2023.

5.3 NON-SIGNATORY AIRLINE AND NONAIRLINE REVENUES

Non-Signatory Airline revenues are revenues collected from airlines that are not parties to the Airport Use Agreement. Nonairline revenues consist of those revenues generated at the Airport from sources other than airlines (e.g., automobile parking, rental cars, restaurants, news and gifts).

A majority of the Airport's nonairline revenues are generated from concessions. **Table 5-2** presents concession revenues at the Airport from 2017 through 2022. As shown, concession revenues decreased from $71.7 million in 2017 to $59.2 million in 2022, representing a CAGR of -3.8 percent. Due to reduced air travel demand during the COVID-19 pandemic, the Airport's concession revenues dropped significantly, by 35.6 percent, in 2020 compared to the 2019 level. Along with the recovery of air travel demand, the Airport's concession revenues rebounded in 2021 and 2022, reaching 85.2 percent of the 2019 level in 2022. Parking revenue, which represents the Airport's largest nonairline revenue source, decreased from $38.3 million in 2017 to $35.9 million in 2022, representing a CAGR of -1.3 percent.

TABLE 5-2 HISTORICAL CONCESSION REVENUES AT THE AIRPORT, 2017–2022

	2017	2018	2019	2020	2021	2022	CAGR 2017–2022
Total Concession Revenues ($'000)	$71,697	$71,653	$69,488	$44,768	$57,885	$59,170	-3.8%
Annual Growth Rate		-0.1%	-3.0%	-35.6%	29.3%	2.2%	
Enplaned Passengers ('000)	11,232	11,022	10,418	4,446	7,924	9,947	-2.4%
Annual Growth Rate		-1.9%	-5.5%	-57.3%	78.2%	25.5%	
Total Concession Revenues per Enplaned Passenger	$6.38	$6.50	$6.67	$10.07	$7.31	$5.95	-1.4%

NOTE:
CAGR – Compound Annual Growth Rate
SOURCE: Chicago Department of Aviation, October 2023.

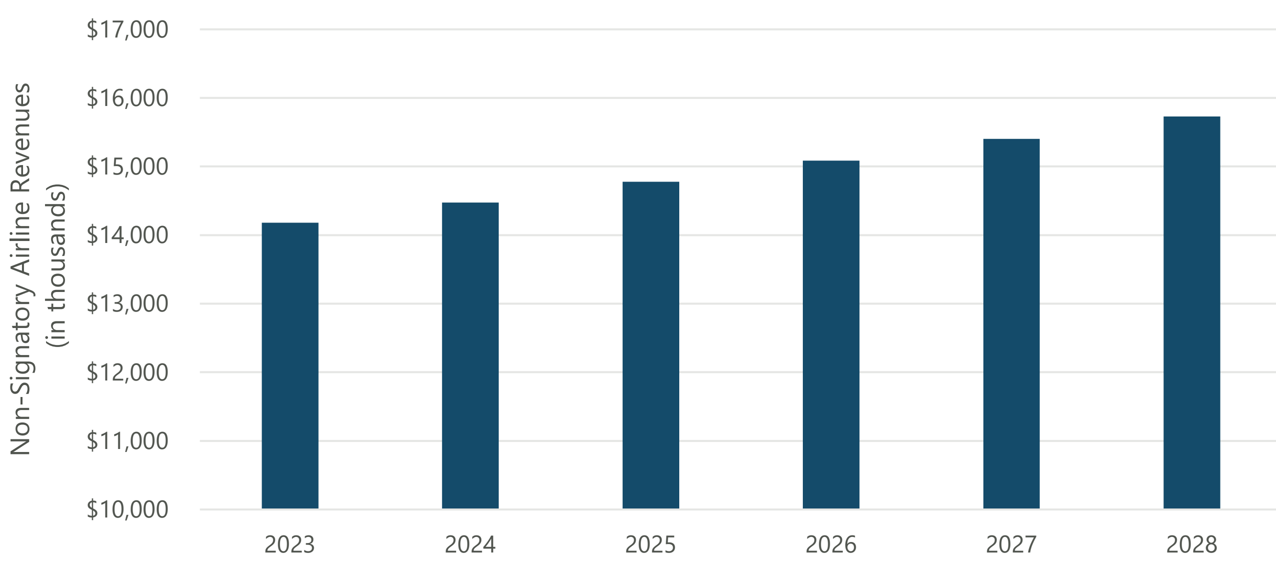
5.3.1 BUDGETED AND PROJECTED NON-SIGNATORY AIRLINE REVENUES

Non-Signatory Airline revenues include landing fees and terminal rentals paid by airlines that are not parties to the Airport Use Agreement, including non-commercial charter airlines. Non-signatory remain overnight (RON) fees, non-signatory FIS fees, and FBO fees are also included. Non-Signatory Airlines are assessed a premium of 25 percent above Signatory Airline rates and charges.

Non-Signatory Airline Revenue Projections

Non-Signatory Airline revenues comprise airline revenues other than the revenues derived as a function of the signatory rentals, fees, and charges, based on O&M Expenses, debt service, and fund deposits. These items include the following: non-commercial charter airline revenues, FBO services, terminal rents and ramp-use fees generated from City-owned gates, RON fees, and non-signatory landing fees and terminal rents. In the financial analysis in this Report, Revenues received from non-signatory affiliates of the Signatory Airlines are considered Non-Signatory Airline revenues. Non-Signatory Airline revenues are budgeted to be approximately $14.2 million in 2023 and are projected to increase to $15.7 million in 2028, a CAGR of 2.1 percent, which can primarily be attributed to expected increases in the rates and charges charged to Non-Signatory Airlines in order to recover increasing O&M Expenses throughout the Projection Period, as well as debt service associated with the 2023 Bonds and future Senior Lien Bond issuances. **Exhibit 5-4** shows the projected Non-Signatory Airline revenues.

EXHIBIT 5-4 PROJECTED NON-SIGNATORY AIRLINE REVENUES AT THE AIRPORT (IN THOUSANDS)



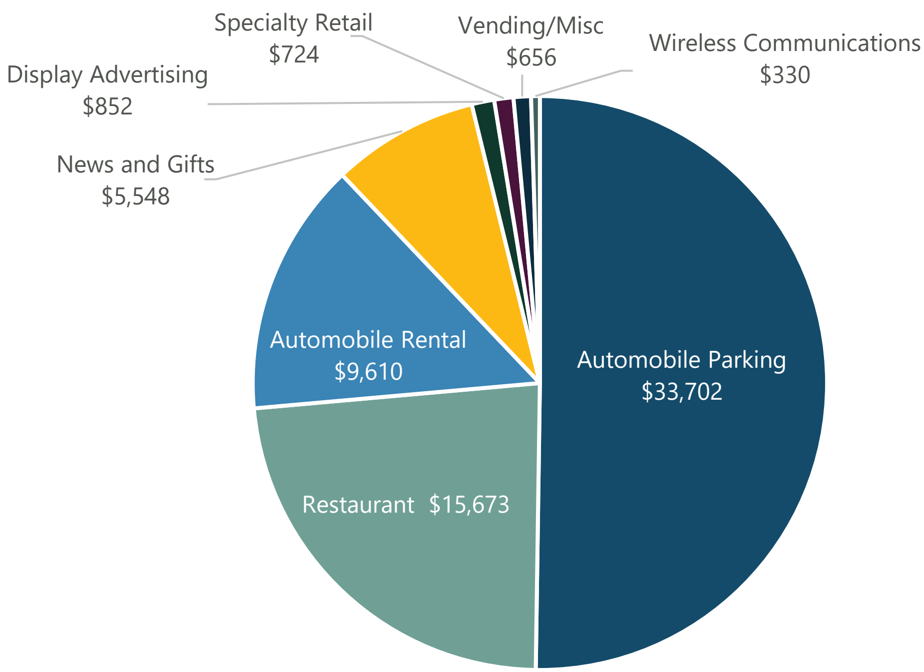
SOURCE: Chicago Department of Aviation, August 2023; Ricondo & Associates, Inc., October 2023.

5.3.2 BUDGETED AND PROJECTED NONAIRLINE REVENUES

Nonairline revenues primarily include revenues from concessions, including automobile parking and rentals, restaurants, news and gifts, specialty retail, and other concessions.

Exhibit 5-5 presents the concession revenues by category assumed by the CDA for the 2023 rates and charges.

EXHIBIT 5-5 BUDGET 2023 CONCESSION REVENUES BY CATEGORY (IN THOUSANDS)



SOURCE: Chicago Department of Aviation, October 2023.

Actual Concession Revenues Versus Budget

As shown in **Table A-2** of Appendix A, between 2017 and 2022, actual concession revenues generated at the Airport were higher than the budgeted amount every year for the past 6 years, averaging 16.9 percent higher than what had been budgeted. The Airport's 2023 Budget serves as the base from which nonairline revenues are projected.

The following subsections describe the nonairline revenue categories.

5.3.2.1 CONCESSION REVENUES

Concession revenues are projected to increase at a CAGR of 2.4 percent from $67.1 million in 2023 to $75.6 million in 2028. The City is continually making efforts to maximize concession revenues through strategic planning. These efforts include both near- and long-term planning at the Airport, as well as space and vendor management.

The City's Concessions Redevelopment Program is leveraging underutilized space in the Airport to construct new and improved choices for shopping and dining, services, and amenities. New concession offerings started opening in May 2018 with the new Food Hall in Concourse A, which features 5 food and beverage options, 1 retail location, seating for 200 travelers, and charging stations. Before the program began, food and beverage and news and gift concessions revenue per enplaned passenger was $1.91 in 2017. With multiple new units operating at the Airport, and the Concessions Redevelopment Program at 75 percent completion, the food and beverage and news and gift concessions revenue per enplaned passenger was $2.20 in 2022 and $2.32 in 2023 (January through June; available data). As of October 2023, there are 24 retail locations, 30 food and beverage locations, and 1 service location throughout the Airport. Seven new concessions have opened in 2023 and an additional eight new food and beverage locations are anticipated to be opened by November 2023.

Concession revenues include those derived from the concessionaires in the terminal, such as restaurants and news and gift shops, and the Airport's landside activities, such as automobile parking and automobile rentals. Concession revenues are projected as follows:

- **Automobile Parking.** Projected to increase by a combination of increases in the number of O&D passengers and half the rate of inflation.
- **Automobile Rentals.** Projected to increase by a combination of increases in the number of O&D passengers and half the rate of inflation.
- **Restaurant.** Projected to increase by a combination of increases in the number of domestic enplaned passengers and half the rate of inflation.
- **News and Gifts.** Projected to increase by a combination of increases in the number of domestic enplaned passengers and half the rate of inflation.
- **Specialty Retail.** Projected to increase by a combination of increases in the number of domestic enplaned passengers and half the rate of inflation.
- **Other Concessions:**
  - **Display Advertising.** Projected to increase by a combination of increases in the number of domestic enplaned passengers and half the rate of inflation.
  - **Wireless Communications.** Projected to increase by a combination of increases in the number of domestic enplaned passengers and half the rate of inflation.
  - **Miscellaneous.** Projected to increase by a combination of increases in the number of domestic enplaned passengers and half the rate of inflation.

Detailed descriptions of revenues generated by automobile parking, automobile rentals, restaurants, news and gifts, and specialty retail outlets, all of which account for approximately 97.3 percent of concession revenues in the Airport's 2023 Budget, are described in the following subsections.

Automobile Parking

The Airport has a variety of parking products. It currently offers hourly and daily parking in the approximately 2,500-space Terminal Parking Garage, with a $40.00 per day rate for the daily spaces on Levels 2 through 6. The hourly spaces, located on Level 1, are designed for short-term parking of less than 4 hours, with a rate starting at $4 for the first hour and a maximum 24-hour rate of $64.

The Daily Lot located on the northwest corner of 55th Street and Kilpatrick Avenue includes daily parking with a $30-per-day rate. The Airport facilitates connectivity between the Daily Lot and the terminal through complimentary shuttle buses that traverse a dedicated bus lane.

The surface economy parking lot and economy parking garage located on 55th Street impose a daily rate of $15. Complimentary shuttle buses provide transportation to and from the terminal.

The budgeted automobile parking revenues for 2023 are $33.7 million, or 50.2 percent of concession revenues. Automobile parking revenues are projected to increase to $37.9 million in 2028, at a CAGR of 2.4 percent, reflecting a combination of increases in the number of O&D passengers and assumed periodic parking rate increases, based on historical parking rate increases at the Airport to account for inflation.

Automobile Rental

Ten rental car brands operate "on Airport." The on-Airport rental car companies operate on concession agreements with the City and pay a fee of 10.0 percent of gross revenues, subject to a minimum annual guarantee based on the prior year's gross revenues. These rental car companies are the source of all rental car revenues for the Airport; no revenue is derived from "off-Airport" rental car companies. (Section 2.2.7 describes the new CRCF that opened in 2013.) Budgeted automobile rental revenues derived from the concession agreements for 2023 are $9.6 million, or 14.3 percent of concession revenues. Automobile rental revenues are projected to increase to $10.8 million in 2028, at a CAGR of 2.4 percent, which reflects a forecast of demand for rental cars as measured by rental car transaction days.

Restaurant

As of October 2023, concessionaires operate a total of 30 food and beverage locations throughout the Airport. The term of their agreements generally ranges from 5 years to 10 years. The City receives a percentage of gross sales from the concessionaires, with minimum annual guarantees that adjust annually based on the previous year's sales. Budgeted restaurant revenues for 2023 are $15.7 million, or 23.4 percent of concession revenues. Projected concession revenue does not consider additional revenue that may be generated as a result of new concession offerings, new concession agreements, or new concession management efforts undertaken at the Airport. Restaurant revenues are projected to increase to $17.6 million in 2028, at a CAGR of 2.4 percent.

News and Gifts

Concessionaires operate 8 news and gifts outlets at the Airport. The City receives from the concessionaires a percentage of gross sales, with minimum annual guarantees that adjust annually based on the previous year's sales. The budgeted news and gifts revenues for 2023 are $5.5 million, or 8.3 percent of concession revenues. News and gifts revenues are projected to increase to $6.2 million in 2028, at a CAGR of 2.4 percent.

Specialty Retail

Concessionaires operate 16 specialty retail outlets and 1 service, a shoeshine, at the Airport. The City receives from the concessionaires a percentage of gross sales, with minimum annual guarantees that adjust annually based on the previous year's sales. The budgeted specialty retail revenues for 2023 are $0.7 million, or 1.1 percent of concession revenues. Specialty retail revenues are projected to increase at a CAGR of 2.4 percent through 2028, which reflects a combination of increases in the number of enplaned passengers plus half the rate of inflation.

Other Concessions

When combined, display advertising revenues, wireless communications revenues, and miscellaneous revenues are budgeted to be $1.8 million in 2023, or 2.7 percent of concession revenues. Other concession revenues are projected to increase at a CAGR of 2.6 percent, reaching $2.1 million in 2028.

5.3.2.2 OTHER NONAIRLINE REVENUES

Other nonairline revenues include land, storage, and hangars revenue, Metropolitan Pier and Exposition Authority (MPEA) reimbursement, and interest earnings.

Land, storage, and hangars revenues are not impacted by increases or decreases in aviation activity; increases are based on inflation. The budgeted land, storage, and hangars revenues are budgeted to be $4.3 million in 2023 and are projected to increase to $4.8 million in 2028, a CAGR of 2.5 percent from 2023 through 2028.

Fees are imposed on taxis and Transportation Network Providers (TNPs) serving the airport. However, revenue goes to the City and the MPEA with exception of an amount reimbursed to cover airport costs associated with taxi operations. MPEA reimbursement amounts are projected to increase based on inflation.

Interest earnings include interest incomes from Revenue Fund, Debt Service Fund, and Debt Service Reserve Fund, and are projected based on projected fund balances and interest rates.

The budgeted other nonairline revenues for 2023 are $7.3 million, or 9.8 percent of nonairline revenues. Other nonairline revenues are projected to increase to $7.8 million in 2028, a CAGR of 1.5 percent from 2023 through 2028.

Projections of Non-Signatory Airline revenues and nonairline revenues are presented in **Table B-2** of **Appendix B**. Revenues were projected on the basis of a review of historical trends, forecast activity levels, and inflation. As shown, Non-Signatory Airline revenues and nonairline revenues are projected to increase from $88.5 million in 2023 to $99.1 million in 2028 at a CAGR of 2.3 percent.

5.4 OTHER AVAILABLE MONEYS

5.4.1 PASSENGER FACILITY CHARGE REVENUE

The City has FAA approval to impose a PFC at the Airport and to use PFC Revenue for approved Airport Projects. PFC Revenue does not constitute Senior Lien Revenues as defined in the Senior Lien Indenture and is not pledged to or held by the Senior Lien Trustee for the benefit of the owners of Senior Lien Bonds, unless and until it is specifically transferred to the Senior Lien Trustee for deposit into the respective Dedicated Sub-Funds as Other Available Moneys. However, the City elects to apply all PFC Revenue to pay debt service on PFC-eligible portions of existing bonds. Approximately 32.1 percent of all debt service at the Airport is PFC-eligible.

PFC Program Highlights

- The City collects a $4.50 PFC per eligible enplaned passenger, less a $0.11 airline processing charge. No increase in the PFC collection level was assumed in the projections. No decrease in the PFC collection level is required based on current PFC approvals.
- As of October 2023, the City has received authority to impose a PFC and use $2.47 billion of PFC Revenues at the Airport, with an estimated charge expiration date of May 1, 2056.
- From 2011 to 2022, PFC Revenues received by the City for use at the Airport totaled $432.2 million.
- The beginning PFC Fund balance was approximately $1.8 million in January 2023.
- In 2022, PFC Revenues totaled $36.6 million, reflecting PFCs paid by approximately 83.7 percent of enplaned passengers at the Airport. The 2022 PFC Revenues were similar to the 2019 level, which totaled $36.8 million.

5.4.2 CUSTOMER FACILITY CHARGE REVENUE

The City passed an ordinance in September 2005 authorizing the CDA to impose a CFC on customers renting vehicles at the Airport. In September 2005, the City first implemented a CFC of $3.75 per contract day to be remitted by the rental car companies to help fund the CRCF. The Second Lien Revenue Bonds, Series 2010C (Series 2010C Bonds), were issued to fund the CRCF in 2010. The Series 2010C Bonds were subsequently refunded by the Second Lien Revenue Refunding Bonds, Series 2018A (Series 2018A Bonds). CFC Revenues are pledged to secure the Series 2018A Bonds and are included in Other Available Moneys for the Series 2018A Bonds. However, CFC Revenues are not pledged to secure Senior Lien Bonds. The CFC Revenues are pledged to pay debt service on the 2018A Bonds.

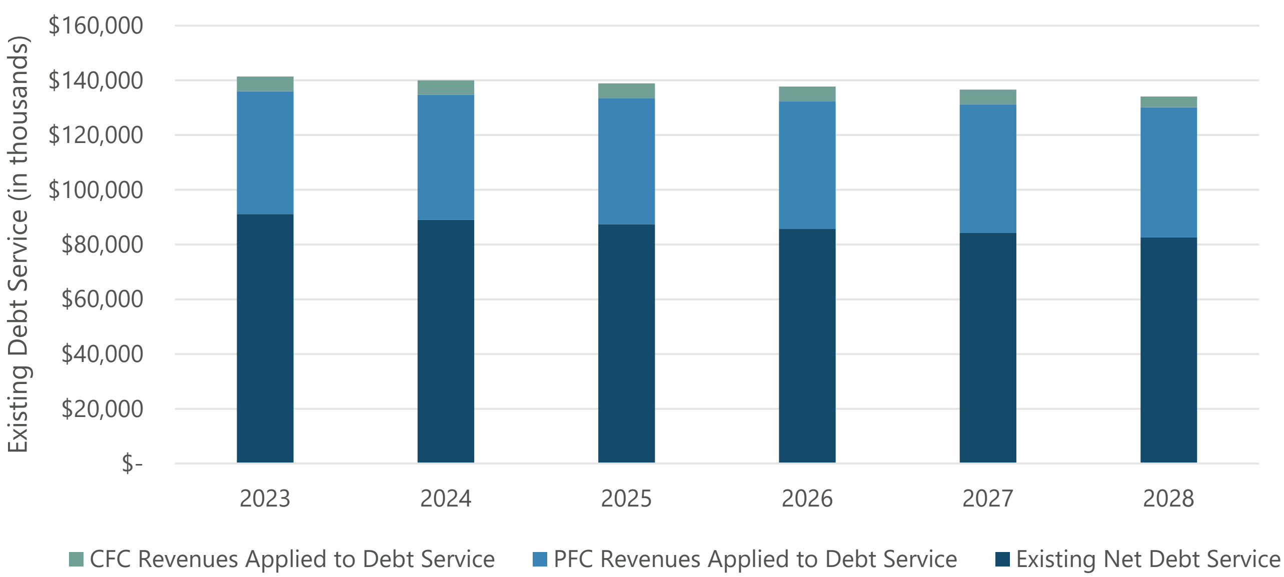
The rental car companies remitted total CFCs of approximately $78.7 million between 2011 and 2022. CFC Revenues increased at a CAGR of 2.3 percent from 2011 to 2019, from $6.2 million to $7.4 million, an increase in part due to a CFC rate increase in July 2015 from $3.75 per contract day to $4.75 per contract day. CFC Revenues in 2021 and 2022 totaled $4.8 million and $5.7 million, respectively, representing 64.8 percent and 76.7 percent of 2019 collections, which totaled $7.4 million.

CFC Revenues have been sufficient to pay debt service on the Series 2018A Bonds and are assumed to remain sufficient throughout the Projection Period.

5.5 DEBT SERVICE

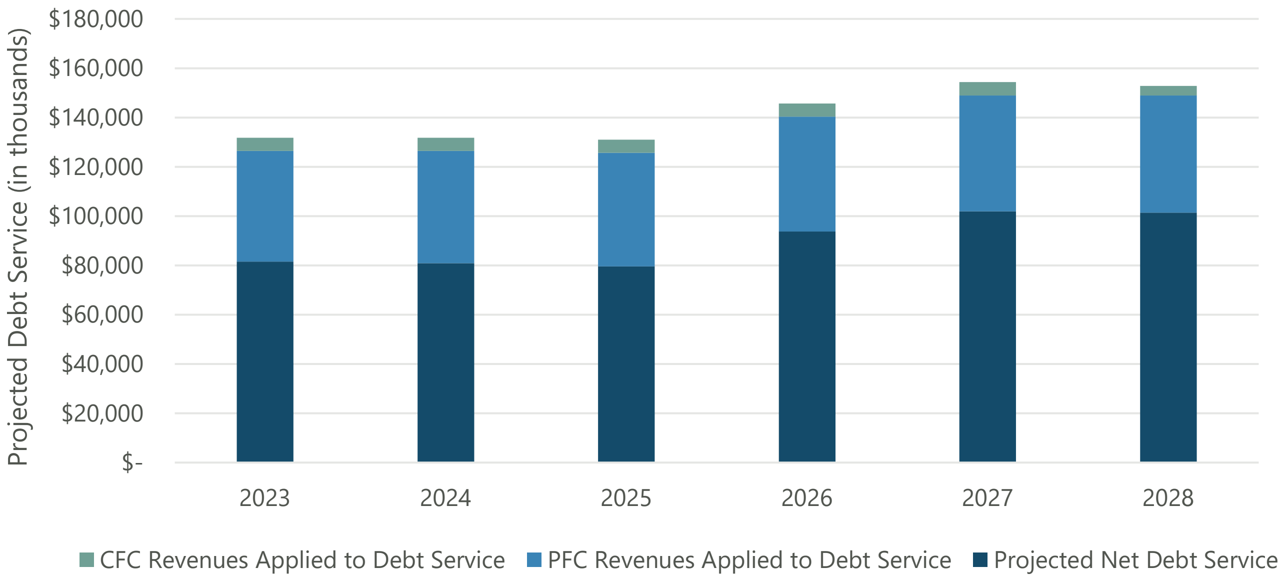
Exhibit 5-6 presents the estimated existing debt service, and **Exhibit 5-7** presents the estimated future debt service following the issuance of the Series 2023 Bonds and the Series 2025 Bonds. For purposes of the financial analysis included in this Report, the Series 2023 Bonds assume the refunding of certain existing series of Senior Lien Bonds. The City may refund more or fewer series than assumed; however, the resulting annual debt service is anticipated to be equal to or less than what is shown on Exhibit 5-7 and included in the financial analysis.

EXHIBIT 5-6 EXISTING DEBT SERVICE



NOTES:
CFC – Customer Facility Charge; PFC – Passenger Facility Charge
SOURCES: Chicago Department of Aviation, October 2023 (existing debt); Jefferies LLC, October 2023 (Series 2023 debt service).

EXHIBIT 5-7 PROJECTED DEBT SERVICE



NOTES:
CFC – Customer Facility Charge; PFC – Passenger Facility Charge
SOURCES: Chicago Department of Aviation, October 2023 (existing debt); Jefferies LLC, October 2023 (future debt).

5.5.1 EXISTING SENIOR LIEN BONDS DEBT SERVICE

Debt service on previously issued Senior Lien Bonds (reclassified from Second Lien) before refunding, net of capitalized interest, is scheduled to be approximately $141.4 million in 2023. The application of PFC Revenues to PFC-eligible debt service, along with the use of CFC Revenues to pay debt service on the Series 2018A Bonds, results in a Net Debt Service of $91.1 million in 2023.

5.5.2 SERIES 2023 BONDS DEBT SERVICE

Debt service on the Series 2023 Bonds, net of capitalized interest, is anticipated to be approximately $3.0 million in 2023 and is projected to increase to $46.4 million and $47.1 million in 2024 and 2025, respectively, as additional 2023–2027 CIP projects are completed. Debt service on the Series 2023 Bonds is then projected to be approximately $53.4 million in 2026 and 2027, and then reduce to $53.2 million in 2028.

5.5.3 FUTURE SENIOR LIEN BONDS

As shown in **Table B-3** in Appendix B, total Net Debt Service, net of PFC Revenue and CFC Revenue, is projected to steadily increase from $81.5 million in 2023 to $101.9 million in 2027, following the issuance of the Series 2025 Bonds, and it is projected to decrease to $101.3 million in 2028.

5.6 FUND DEPOSIT REQUIREMENTS

Airline Fees and Charges paid by the Signatory Airlines include required annual deposits into the O&M Reserve Fund, the Repair and Replacement Fund, and the Emergency Reserve Fund. **Table B-4** in Appendix B presents the projected required annual deposits to these funds.

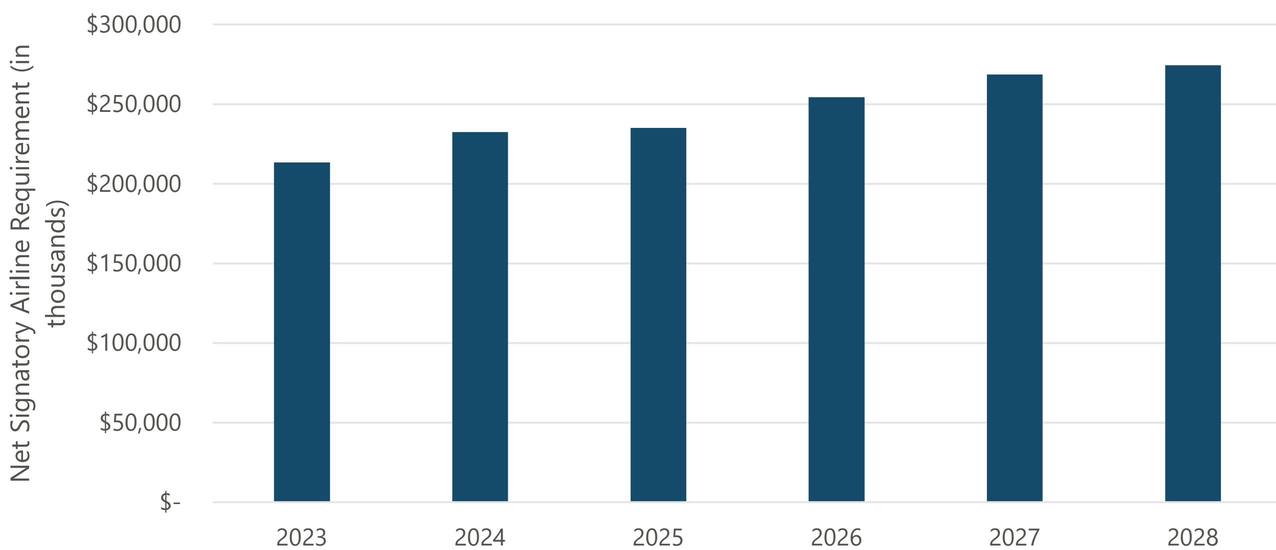
5.7 NET SIGNATORY AIRLINE REQUIREMENT

Table B-5 in Appendix B indicates the ability of the Airport enterprise to generate sufficient revenues to pay O&M Expenses and Net Debt Service, as well as to fund deposit requirements.

The projections of O&M Expenses, nonairline revenues, and Non-Signatory Airline revenues, including annual coverage requirements, are included in Table B-5 in Appendix B. The Net Signatory Airline Requirement constitutes the total amount that must be paid by the Signatory Airlines under the Airport Use Agreement through landing fees, terminal area rentals, terminal ramp use charges, equipment fees, and Fueling System Fees during the year.

As shown on **Exhibit 5-8**, the Net Signatory Airline Requirement is projected to increase from $213.3 million in 2023 to $274.5 million in 2028.

EXHIBIT 5-8 PROJECTED NET SIGNATORY AIRLINE REQUIREMENT



SOURCES: Chicago Department of Aviation, October 2023; Ricondo & Associates, Inc., October 2023.

5.8 CALCULATION OF AIRLINE PARTIES' AIRPORT FEES AND CHARGES

Under the Airport Use Agreement, the Airfield Area, Terminal Area, Terminal Ramp Area, Equipment, Fueling System, and FIS each generate fees, rentals, or charges payable by the Signatory Airlines. The Airport fees and charges presented in this section for 2023 through 2028 reflect the rate-setting methodology in the Airport Use Agreement.

Applicable nonairline revenues (i.e., rentals, concession revenues, and investment income) are allocated to each cost center, as well as to the following costs, to calculate applicable rates used to generate such fees, rentals, and charges:

- **O&M Expenses.** Includes the O&M Expenses (direct and allocated indirect) attributable to each cost center.
- **Net Debt Service.** Includes the portion of debt service, net of capitalized interest, and debt service coverage attributable to each cost center. The debt service amounts included in the calculation of airline rates and charges also reflect certain adjustments that are required to be made to actual debt service under the Airport Use

Agreement for the purpose of calculating the Airport fees and charges. Such adjustments include a credit for debt service coverage collected in the prior year, a credit for projected investment income on debt service reserve funds, an allowance for program fees, and a credit for PFC Revenue and CFC Revenue applied and pledged to Senior Lien Bond debt service, respectively.

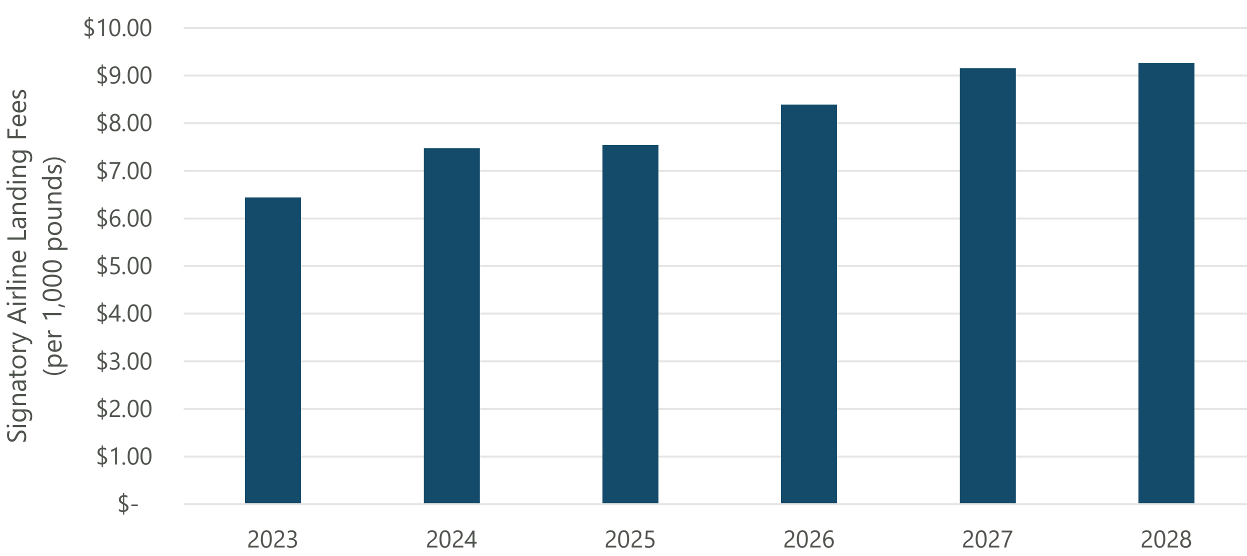
- **Fund Deposit Requirements.** Includes the allocated portions of the amounts required to be deposited to the funds previously described.

5.8.1 AIRFIELD AREA

Generally, landing fees are calculated by first determining the net requirement of the Airfield Area, which consists of portions of the following: sum of O&M Expenses, Net Debt Service, fund deposit requirements, and allocated portions of Parking and Roadway Area and Support Facilities Area requirements less the sum of projected nonairline revenues. The net requirement of the Airfield Area is allocated among Signatory and Non-Signatory Airlines on the basis of the approved maximum landed weight of all aircraft. Each Signatory Airline and Non-Signatory Airline pays landing fees on the basis of the ratio of its total approved maximum landed weight to the total approved maximum landed weight of all Signatory Airlines and Non-Signatory Airlines. The landed weight of aircraft landed by certain classes of Non-Signatory Airlines may be increased by Non-Signatory Airline premium factors, as periodically determined by the Commissioner of Aviation.

As presented on **Exhibit 5-9**, the landing fee rate is projected to increase from a budgeted $6.44 per 1,000 pounds of landed weight in 2023 to $9.26 per 1,000 pounds of landed weight in 2028.

EXHIBIT 5-9 PROJECTED SIGNATORY AIRLINE LANDING FEES (PER 1,000 POUNDS LANDED WEIGHT)

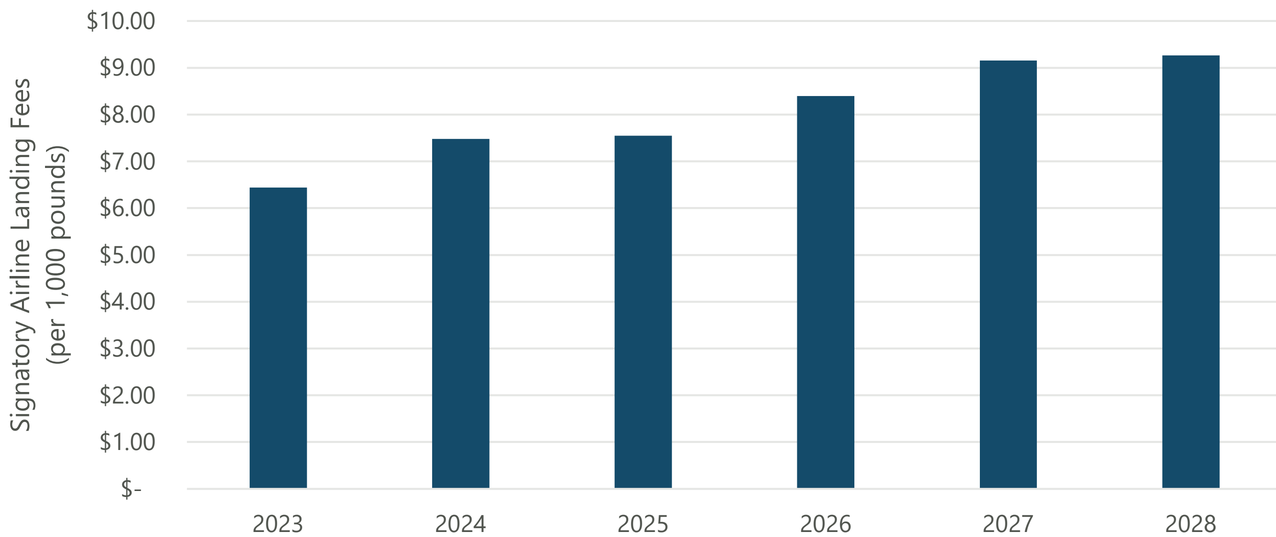


SOURCES: Chicago Department of Aviation, October 2023; Ricondo & Associates, Inc., October 2023.

5.8.2 TERMINAL AREA

O&M Expenses, Net Debt Service, and fund deposit requirements, as well as portions of Parking and Roadway Area and FIS requirements, allocated to the Terminal Area are added together and offset by nonairline revenues and Non-Signatory Airline revenues attributable to the Terminal Area. The Terminal Area net deficit is paid by the Airline Parties in the form of a Terminal Area Rental Rate, which is calculated on a per-square-foot-of-leased-space basis, as defined in the Airport Use Agreement. **Exhibit 5-10** presents the projected Terminal Area Rental Rates at the Airport during the Projection Period. This charge is budgeted at $295.31 per square foot in 2023, and it is projected to increase to $345.75 per square foot in 2028. The Terminal Joint Use Fee is budgeted at $3.12 per 1,000 pounds of landed weight in 2023, and it is projected to increase to $3.77 per 1,000 pounds of landed weight in 2028.

EXHIBIT 5-10 PROJECTED SIGNATORY AIRLINE TERMINAL AREA RENTAL RATE (PER SQUARE FOOT)



SOURCES: Chicago Department of Aviation, October 2023; Ricondo & Associates, Inc., October 2023.

5.8.3 TERMINAL RAMP AREA

O&M Expenses, Net Debt Service, and fund deposit requirements, as well as portions of Parking and Roadway Area requirements allocated to the Terminal Ramp Area, are added together and offset by nonairline revenues and Non-Signatory Airline revenues attributable to the Terminal Ramp Area. The Terminal Ramp Area net deficit is paid by the Airline Parties in the form of a Terminal Ramp Area Use Charge, which is calculated on a per-square-foot-of-leased-space basis, as defined in the Airport Use Agreement. This charge is budgeted at $6.54 per square foot in 2023, and it is projected to increase to $10.05 per square foot in 2028.

5.8.4 EQUIPMENT AND FUELING SYSTEM

The net cost of the Equipment and the Fueling System Cost Centers consists of the portions of O&M Expenses, Net Debt Service, and fund requirements allocated to these cost centers. Of this net cost, a portion is shared equally by all Airline Parties, with the remaining costs distributed among the Midway Airlines' Terminal Consortium (MATCO) member airlines based on each airline's total landed weight and fuel usage.

All projected Airline Fees, Rentals, and MATCO member fees are presented in **Table B-6** in Appendix B.

5.8.5 FEDERAL INSPECTION SERVICES

O&M Expenses, Net Debt Service, and fund deposit requirements allocated to the FIS are added together and offset by Non-Signatory Airline FIS Fees. The FIS net deficit is paid by the Airline Parties in the form of an FIS Use Charge, which is calculated on a per-international-arrival-passenger basis. This charge is budgeted at $6.26 per international arrival passenger in 2023, and it is projected to decrease to $4.19 per international arrival passenger in 2028.

5.8.6 SIGNATORY AIRLINE REVENUE

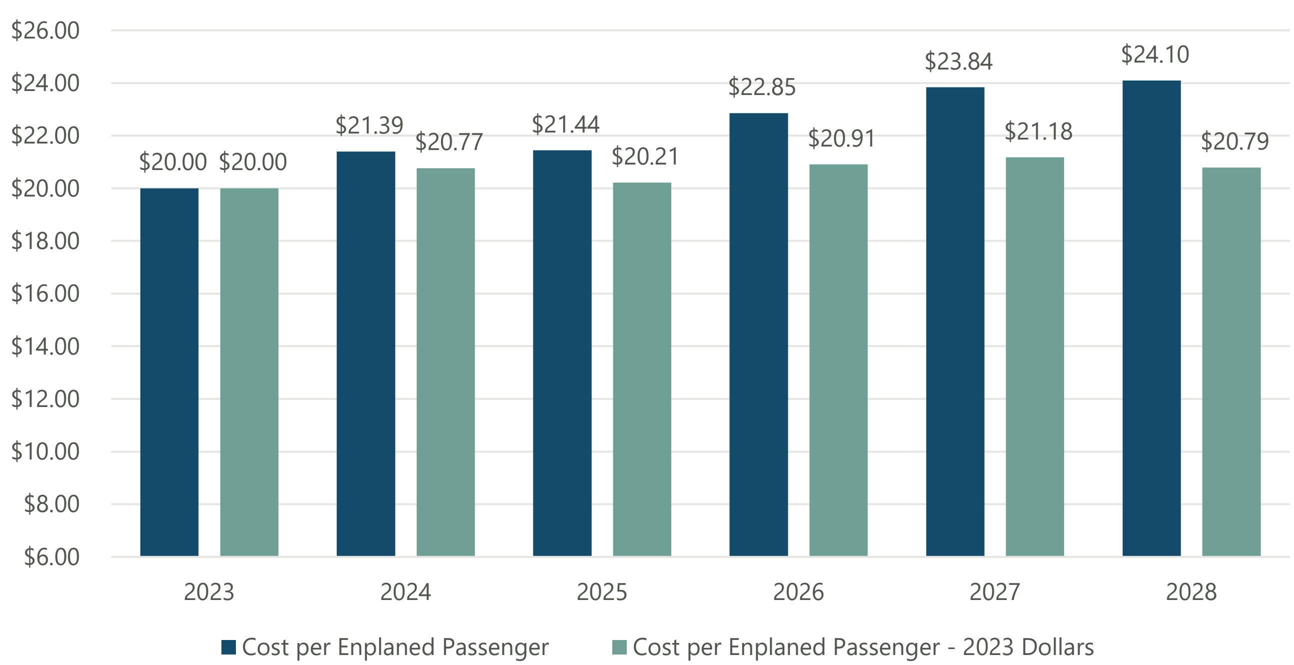
Table B-7 in Appendix B presents the airline revenue resulting from the previously described Signatory Airline fees, rentals, and charges. Consistent with the Airport Use Agreement, the total Signatory Airline revenue presented in Table B-7 equals the Net Signatory Airline Requirement presented in Table B-5.

5.8.7 AIRLINE COST PER ENPLANED PASSENGER

A general test of reasonableness for Airport user fees is the airline CPE. The airline CPE is calculated by dividing the total airline requirement by the number of enplaned passengers at the Airport.

Exhibit 5-11 presents the total airline CPE at the Airport for the Projection Period. The airline CPE at the Airport is projected to be $20.00 in 2023 and projected to be $24.10 by the end of the Projection Period in 2028, which equates to approximately $20.79 in 2023 dollars. **Table B-8** in Appendix B presents the total airline CPE for the Projection Period.

EXHIBIT 5-11 PROJECTED AIRLINE COST PER ENPLANED PASSENGER AT THE AIRPORT



NOTE:
Assumes an inflation rate of 3.0 percent.
SOURCES: Chicago Department of Aviation, October 2023; Ricondo & Associates, Inc., October 2023.

5.9 REASONABLENESS OF AIRPORT USER FEES

The projected Airport user fees shown on Exhibit 5-11 were determined to be reasonable based on the expectation that these fees will not deter forecast demand for air traffic at the Airport as airlines continue to deploy capacity to airports based on available resources. The projected Airport user fees in this analysis are deemed to be reasonable based on the following combination of factors:

- **Large population and strong economic base** – The Chicago market[71] was ranked third behind the New York[72] and Los Angeles[73] markets for domestic O&D passengers in 2022. The Airport's Air Trade Area has a large, diverse economic base that supports business and leisure travel. Projected economic variables indicate the Air Trade Area will remain a destination that attracts both business and tourist visitors, positively affecting the demand for future inbound airline travel. Projected Air Trade Area economic variables further support the continued growth of local outbound passengers.
- **Attractive geographical location** – The Airport's central location and proximity to heavily traveled east–west airways make it a natural location for transferring passengers, and it is complementary to airline route networks.
- **Important airport in Southwest's network** – The Airport plays a major role within Southwest's US domestic route networks, providing strong connectivity to flights. Midway has historically been one of Southwest's largest airports measured by seat capacity, and the Airport ranked third in average daily departures in 2022.

In summary, Airport user fees, although increasing over the Projection Period, are one of many factors that airlines consider when evaluating air service, including potential revenue driven by the population and economic base. Airport user fees were approximately 6.8 percent of systemwide total airline operation costs, according to the airline industry group Airlines for America.[74] The projected growth of the population and economic base, along with the geographical location and established role of the Airport in airlines' route network, support the reasonableness of projected Airport user fees.

5.10 SENIOR LIEN BOND DEBT SERVICE COVERAGE

As described in Chapter 1 of this Report, pursuant to the Senior Lien Indenture, the City covenants that it will set rates and charges sufficient to generate revenue that, along with Other Available Moneys, will provide for the payment of O&M Expenses and provide for the greater of

(i) the amounts needed to make the deposits required under Section 303 during such Fiscal Year into the Senior Lien Debt Service Fund, the O&M Reserve Account, the Working Capital Account, the Common Debt Service Reserve Sub-Fund, any debt service reserve sub-fund or account established for the benefit of a single Series of Senior Lien Obligations that are not Common Reserve Bonds, the Junior Lien Obligation Debt Service Fund, the Repair and Replacement Fund and the Special Project Fund, and

(ii) (A) prior to the end of the Fiscal Year ending on December 31, 2024, an amount not less than 115% of the Aggregate Senior Lien Debt Service for the Bond Year commencing

[71] Includes Chicago O'Hare and Chicago Midway International Airports.

[72] Includes John F. Kennedy International, Newark Liberty International, and LaGuardia Airports.

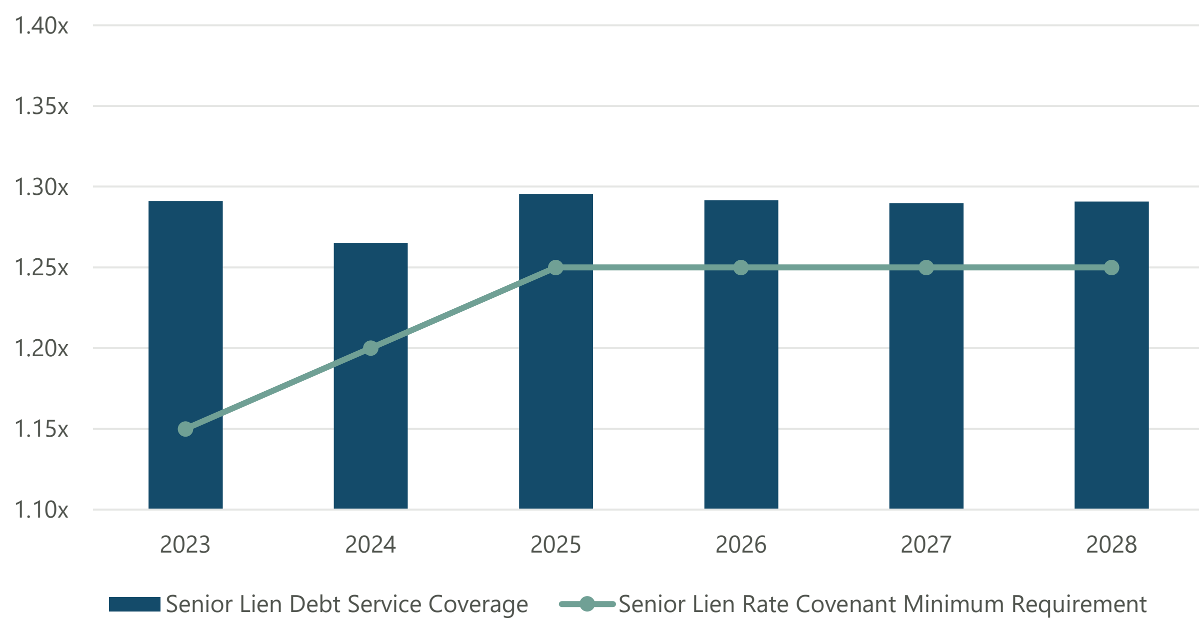
[73] Includes Los Angeles International, John Wayne (Orange County), Ontario International, Hollywood Burbank, and Long Beach Airports.

[74] In the first quarter of 2023, 2.0 percent of passenger airline operation expenses went to landing fees and approximately 4.8 percent went to non-aircraft rents and ownership, according to data collected by Airlines for America.

during such Fiscal Year; (B) after the Fiscal Year ending on December 31, 2024 but prior to the end of the Fiscal Year ending on December 31, 2025, an amount not less than 120% of the Aggregate Senior Lien Debt Service for the Bond Year commencing during such Fiscal Year; or (C) after the Fiscal Year ending on December 31, 2025, an amount not less than 125% of the Aggregate Senior Lien Debt Service for the Bond Year commencing during such Fiscal Year.

Exhibit 5-12, as well as **Table B-9** in Appendix B, presents the debt service coverage ratio projected for all Senior Lien Bonds outstanding after the issuance of the Series 2023 Bonds and the Series 2025 Bonds, from 2023 through 2028. As shown, the debt service coverage ratio is projected to exceed the Senior Lien Rate Covenant minimum requirement (1.15x in 2023, 1.20x in 2024, and 1.25x in 2025 and beyond).

EXHIBIT 5-12 PROJECTED SENIOR LIEN DEBT SERVICE COVERAGE



SOURCES: Chicago Department of Aviation, October 2023 (2023); Ricondo & Associates, Inc., October 2023 (projections).

5.11 ASSUMPTIONS UNDERLYING THE FINANCIAL PROJECTIONS

The techniques and methodologies used in preparing this Report are consistent with industry practices for similar studies in connection with airport revenue bond sales. While Ricondo believes the approach and assumptions used are reasonable, some assumptions regarding future trends and events detailed in this Report, including the implementation schedule and forecasts of enplaned passengers, may not materialize. Therefore, the achievement of the projections and forecasts presented in this Report is dependent upon the occurrence of future events, which cannot be assured, and the variations may be material.

APPENDIX A

Historical Budgeted versus Actual Operation Results

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EXHIBIT A-1 OPERATION AND MAINTENANCE EXPENSES - ACTUAL VS. BUDGET (2017-2022)

(Dollars in millions for Fiscal Years Ending December 31)

	2017	2018	2019	2020	2021	2022
BUDGET						
Budgeted O&M Expenses	$ 154.9	$ 160.2	$ 173.1	$ 159.9	$ 162.1	$ 187.9
Covid Relief Funding	$ -	$ -	$ -	$ (27.0)	$ (26.3)	$ (35.1)
Budgeted O&M Expenses (Net of Covid Relief Funding)	$ -	$ -	$ -	$ 132.9	$ 135.8	$ 152.8
ACTUAL						
Actual O&M Expenses[1,2]	$ 140.3	$ 150.1	$ 154.5	$ 158.9	$ 181.0	$ 174.1
Variance from budget	-9.4%	-6.3%	-10.7%	19.5%	33.2%	13.9%

NOTES:

1 Before depreciation and amortization.

2 Adjusted for the portion of the City's pension cash contribution payable in each year to the pension funds and allocable to Chicago Midway International Airport.

SOURCE: City of Chicago Department of Aviation, October 2023.

EXHIBIT A-2 TOTAL REVENUE - ACTUAL VS. BUDGET (2017-2022)

(Dollars in millions for Fiscal Years Ending December 31)

	2017	2018	2019	2020	2021	2022
BUDGET						
Budgeted Total Revenues	$ 178.9	$ 203.0	$ 224.0	$ 159.9	$ 162.1	$ 187.9
ACTUAL						
Actual Total Revenues[1]	$ 198.5	$ 212.5	$ 234.0	$ 193.2	$ 208.5	$ 247.3
Variance from budget	10.9%	4.7%	4.5%	20.8%	28.6%	31.6%

NOTE:

1 Not include Revenue Fund balance on first day of fiscal year, Passenger Facility Charges, and CARES Act Funds.

SOURCE: City of Chicago Department of Aviation, October 2023.

APPENDIX B

Financial Projection Tables

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EXHIBIT B-1 O&M EXPENSES

(Dollars for Fiscal Years Ending December 31)

	BUDGET[1]	PROJECTION					COMPOUND ANNUAL
	2023	2024	2025	2026	2027	2028	GROWTH RATE (2023-2028)
Personnel Expenses[2]	$ 81,393,046	$ 84,668,768	$ 88,075,519	$ 91,618,539	$ 95,303,281	$ 99,135,412	4.0%
Repairs & Maintenance[3]	57,073,637	59,356,582	61,730,846	64,200,080	66,768,083	69,438,806	4.0%
Engineering & Professional Services[4]	36,282,324	37,733,617	39,242,962	40,812,680	42,445,187	44,142,995	4.0%
Equipment & Property Rental	13,114,589	13,508,027	13,913,267	14,330,665	14,760,585	15,203,403	3.0%
Energy[5]	10,512,844	11,143,615	11,812,232	12,520,965	13,272,223	14,068,557	6.0%
Materials & Supplies[6]	4,382,182	4,513,647	4,649,057	4,788,529	4,932,184	5,080,150	3.0%
Other Operation Expenses[7]	15,740,165	16,332,569	16,950,198	17,594,270	18,266,070	18,966,949	3.8%
Total Cost Cutting Measures and Expense Reductions	(16,325,000)	-	-	-	-	-	
Total O&M Expenses[8]	**$ 202,173,787**	**$ 227,256,825**	**$ 236,374,080**	**$ 245,865,729**	**$ 255,747,614**	**$ 266,036,272**	**5.6%**

NOTES:

1 2023 First Half City Approved Budget.

2 Includes all Airport staff plus Pension Obligations and an allocation of personnel costs from other City departments which support Airport operations such as Purchasing, Finance and Corporation Counsel.

3 Includes Equipment maintenance contracts, snow removal equipment rentals, painting, glass replacement, office fixtures, furnishings and other repair contracts.

4 Includes fees for specialized engineering, legal and other technical services.

5 Includes gas, water, electricity and fuel oil required to operate the Airport.

6 Includes disposal equipment, cleaning supplies, airfield deicing chemicals and other items used in daily Airport operations and maintenance.

7 Includes equipment and property rental, insurance, miscellaneous, machinery, and vehicles and equipment.

8 Totals may not add up due to rounding.

SOURCES: City of Chicago Department of Aviation, October 2023 (2023 budget); Ricondo & Associates, Inc., October 2023 (projections).

EXHIBIT B-2 NON-SIGNATORY AND NONAIRLINE REVENUE

(Dollars for Fiscal Years Ending December 31)

	BUDGET[1] 2023	PROJECTION 2024	2025	2026	2027	2028	COMPOUND ANNUAL GROWTH RATE (2023-2028)
NON SIGNATORY AIRLINE REVENUE[2]	$ 14,182,822	$ 14,476,142	$ 14,776,796	$ 15,084,966	$ 15,404,115	$ 15,729,151	2.1%
NONAIRLINE REVENUE							
Automobile Parking	$ 33,702,354	$ 34,617,197	$ 35,395,490	$ 36,239,126	$ 37,090,214	$ 37,948,379	2.4%
Automobile Rental[3]	9,610,000	9,870,861	10,092,786	10,333,343	10,576,026	10,820,726	2.4%
Restaurant	15,673,140	16,098,584	16,460,526	16,852,855	17,248,650	17,647,736	2.4%
News and Gifts	5,547,600	5,698,188	5,826,300	5,965,167	6,105,261	6,246,520	2.4%
Specialty Retail	723,680	743,324	760,036	778,151	796,426	814,854	2.4%
Display Advertising	852,000	875,127	894,803	916,130	937,646	959,340	2.4%
Wireless Communications	330,140	339,102	346,726	354,990	363,327	371,733	2.4%
Miscellaneous[4]	656,380	676,071	696,354	717,244	738,761	760,924	3.0%
Total Concession Revenue	**$ 67,095,294**	**$ 68,918,456**	**$ 70,473,020**	**$ 72,157,007**	**$ 73,856,312**	**$ 75,570,212**	**2.4%**
Land, Storage, Hangars	4,267,622	4,374,313	4,483,670	4,595,762	4,710,656	4,828,423	2.5%
Metropolitan Pier and Exposition Authority (MPEA) Reimbursement	30,000	30,750	31,519	32,307	33,114	33,942	2.5%
Interest Earnings[5]	2,967,960	3,093,148	3,140,072	3,221,938	3,292,218	2,958,980	-0.1%
Total Other Nonairline Revenue	**$ 7,265,582**	**$ 7,498,210**	**$ 7,655,261**	**$ 7,850,007**	**$ 8,035,989**	**$ 7,821,344**	**1.5%**
TOTAL NONAIRLINE REVENUE	**$ 74,360,876**	**$ 76,416,666**	**$ 78,128,281**	**$ 80,007,014**	**$ 81,892,301**	**$ 83,391,557**	**2.3%**
TOTAL NON-SIGNATORY AIRLINE & NON-AIRLINE REVENUE[6]	**$ 88,543,698**	**$ 90,892,808**	**$ 92,905,077**	**$ 95,091,980**	**$ 97,296,416**	**$ 99,120,707**	**2.3%**

NOTES:

1 2023 First Half City Approved Budget.

2 Includes landing fee revenues from the Non-Signatory Airlines.

3 Includes percentage of gross receipts of eight rental car companies operating under agreements at the Airport.

4 Includes rentals and fees from other concessions such as bus service, public pay phones, and other specialty shops.

5 Includes Interest Earnings From Revenue Fund, Debt Service Fund, and Debt Service Reserve Fund.

6 Totals may not add up due to rounding.

SOURCES: City of Chicago Department of Aviation, October 2023 (2023 budget); Ricondo & Associates, Inc., October 2023 (projections).

EXHIBIT B-3 EXISTING AND FUTURE DEBT SERVICE

(Dollars for Fiscal Years Ending December 31)

	ESTIMATED[1]	PROJECTION				
	2023	2024	2025	2026	2027	2028
First Lien Debt Service[2]						
Series 1998C	$ 4,536,500	$ -	$ -	$ -	$ -	$ -
Total First Lien Debt Service	**$ 4,536,500**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Existing Senior Lien Debt Service[2]						
Series 2004A	$ -	$ -	$ -	$ -	$ -	$ -
Series 2004B	-	-	-	-	-	-
Series 2004C	9,224,209	9,213,830	9,243,994	9,212,598	9,271,746	9,292,233
Series 2004D	997,202	1,021,983	1,019,662	1,016,291	1,011,868	1,006,395
Series 2013A	3,249,625	-	-	-	-	-
Series 2013B	19,342,581	1,452,544	-	-	-	-
Series 2013C	-	-	-	-	-	-
Series 2014A	39,737,000	43,833,250	43,834,750	43,838,750	43,837,250	43,957,500
Series 2014B	20,636,875	25,000	25,000	25,000	25,000	25,000
Series 2014C[3]	3,741,300	3,742,168	3,740,432	3,741,300	3,741,300	3,742,168
Series 2016A	12,458,100	11,187,350	11,189,600	11,188,350	11,187,850	11,187,100
Series 2016B	9,519,050	9,519,050	9,519,050	9,519,050	9,519,050	9,519,050
Series 2018A	5,344,612	5,348,335	5,349,043	5,346,763	5,345,783	3,880,553
Total Existing Senior Lien Debt Service	**$ 124,250,555**	**$ 85,343,510**	**$ 83,921,531**	**$ 83,888,102**	**$ 83,939,847**	**$ 82,610,000**
Estimated Series 2023 Senior Lien Debt						
Series 2023A (AMT)	$ 823,044	$ 5,848,288	$ 8,806,054	$ 15,186,250	$ 25,255,500	$ 23,460,750
Series 2023B (Non-AMT)	2,169,014	40,586,250	38,257,750	38,196,750	28,102,500	29,713,750
Service	**$ 2,992,058**	**$ 46,434,538**	**$ 47,063,804**	**$ 53,383,000**	**$ 53,358,000**	**$ 53,174,500**
Future Senior Lien Debt						
Series 2025	$ -	$ -	$ -	$ 8,418,076	$ 17,021,700	$ 17,021,700
Total Future Senior Lien Debt Service	**$ -**	**$ -**	**$ -**	**$ 8,418,076**	**$ 17,021,700**	**$ 17,021,700**
Total Debt Service[4]	**$ 131,779,113**	**$ 131,778,048**	**$ 130,985,334**	**$ 145,689,178**	**$ 154,319,547**	**$ 152,806,200**
Less: PFC Revenues Applied to Debt Service	$ (44,933,388)	$ (45,591,428)	$ (46,046,559)	$ (46,568,477)	$ (47,080,047)	$ (47,580,849)
Less: CFCs Applied to Debt Service	$ (5,344,612)	$ (5,348,335)	$ (5,349,043)	$ (5,346,763)	$ (5,345,783)	$ (3,880,553)
Total Net Debt Service	**$ 81,501,114**	**$ 80,838,285**	**$ 79,589,732**	**$ 93,773,939**	**$ 101,893,717**	**$ 101,344,798**
Commercial Paper Program Fees	$ 3,602,000	$ 3,254,190	$ 3,254,190	$ 3,254,190	$ 3,254,190	$ 3,254,190
Total Additional Coverage Requirement[5]	$ 5,200,954	$ 6,547,592	$ 6,123,130	$ 3,676,531	$ 2,157,837	$ (12,029)
Less: Debt Service Fund Interest Earnings	$ (100,000)	$ (340,579)	$ (337,534)	$ (368,183)	$ (385,964)	$ (380,420)
Less: Debt Service Reserve Fund Interest Earnings	$ (917,960)	$ (753,819)	$ (753,819)	$ (753,819)	$ (753,819)	$ (372,314)
Total Debt Service Requirements	**$ 89,286,108**	**$ 89,545,670**	**$ 87,875,699**	**$ 99,582,658**	**$ 106,165,961**	**$ 103,834,224**

NOTES:

1 Reflects the refunding impact from the estimated Series 2023 Bonds

2 Reclassified from Second Lien Debt Service. First Lien defeased on October 10, 2023.

3 Debt Service subject to change due to variable rates.

4 Reflects defeasance of Series 1998C Bonds and refunding of existing Senior Lien Bonds, as identified.

5 Does not include additional coverage requirement for Series 2018A Bonds, which is assumed to be funded with pledged CFC Revenues.

SOURCES: Chicago Department of Aviation, October 2023; Ricondo & Associates, Inc., October 2023.

EXHIBIT B-4 FUND DEPOSIT REQUIREMENTS

(Dollars for Fiscal Years Ending December 31)

	BUDGET[1]	PROJECTION				
	2023	2024	2025	2026	2027	2028
Fund Deposit Requirements:						
O&M Reserve Fund	$ 8,226,588	$ 4,181,000	$ 1,520,000	$ 1,581,000	$ 1,647,000	$ 1,715,000
Repair and Replacement Fund	1,090,000	1,114,000	1,136,000	1,160,000	1,184,000	1,209,000
Emergency Reserve Fund	52,457	54,000	55,000	56,000	57,000	58,000
Airport Development Fund	-	-	-	-	-	-
TOTAL FUND DEPOSIT REQUIREMENTS	**$ 9,369,045**	**$ 5,349,000**	**$ 2,711,000**	**$ 2,797,000**	**$ 2,888,000**	**$ 2,982,000**
Total Fund Deposits by Cost/Revenue Center:						
Airfield Area	$ 3,019,738	$ 1,456,750	$ 782,031	$ 806,310	$ 831,589	$ 857,866
Terminal Area	3,815,572	1,990,982	919,336	949,692	982,049	1,015,408
Support Facilities	50,904	25,538	28,550	30,563	31,576	32,590
Terminal Ramp	181,079	254,290	66,316	68,342	70,368	73,394
Parking and Roadway	1,591,845	1,133,524	617,742	636,959	657,175	677,392
Equipment	538,445	408,981	250,072	257,164	265,255	273,346
Fueling	82,673	31,653	32,665	33,677	34,689	36,701
FIS Facility	88,788	47,283	14,288	14,294	15,299	15,304
TOTAL FUND DEPOSIT REQUIREMENTS	**$ 9,369,045**	**$ 5,349,000**	**$ 2,711,000**	**$ 2,797,000**	**$ 2,888,000**	**$ 2,982,000**

NOTE:

1 2023 First Half City Approved Budget

SOURCES: City of Chicago Department of Aviation, October 2023 (2023 budget); Ricondo & Associates, Inc., October 2023 (projections).

EXHIBIT B-5 SIGNATORY AIRLINE REQUIREMENT

(Dollars for Fiscal Years Ending December 31)

	ESTIMATED[1]	PROJECTION				
	2023	2024	2025	2026	2027	2028
O&M Expenses	$ 202,173,787	$ 227,256,825	$ 236,374,080	$ 245,865,729	$ 255,747,614	$ 266,036,272
Net Debt Service[2,3]	90,304,066	90,640,066	88,967,051	100,704,658	107,305,743	104,586,957
Fund Deposit Requirement	9,369,045	5,349,000	2,711,000	2,797,000	2,888,000	2,982,000
Total Expenses, Net Debt Service and Fund Deposits	**$301,846,898**	**$323,245,892**	**$328,052,131**	**$349,367,387**	**$365,941,357**	**$373,605,229**
Less:						
Non-Airline Revenue[4]	$ (74,360,876)	$ (76,416,666)	$ (78,128,281)	$ (80,007,014)	$ (81,892,301)	$ (83,391,557)
Non-Signatory Airline Revenue	(14,182,822)	(14,476,142)	(14,776,796)	(15,084,966)	(15,404,115)	(15,729,151)
Total Non-Airline and Non-Signatory Revenue	**$ (88,543,698)**	**$ (90,892,808)**	**$ (92,905,077)**	**$ (95,091,980)**	**$ (97,296,416)**	**$ (99,120,707)**
Total Net Signatory Airline Requirement	**$213,303,200**	**$232,353,084**	**$235,147,054**	**$254,275,408**	**$268,644,941**	**$274,484,522**

NOTES:

1 2023 First Half City Approved Budget; includes estimated Series 2023 Bonds.

2 Net of capitalized interest. Does not include Series 2018A Bonds, which are assumed to be paid with pledged CFC Revenues.

3 Adjusted for debt service coverage, program fees, and PFC credits. Does not include interest earnings offsetting Debt Service Requirements.

4 Includes Interest Earnings

SOURCES: Chicago Department of Aviation, October 2023; Ricondo & Associates, Inc., October 2023.

EXHIBIT B-6 SUMMARY OF AIRLINE RATES

(Dollars for Fiscal Years Ending December 31)

	BUDGET[1]	PROJECTION				
	2023	2024	2025	2026	2027	2028
Landing Fee Rate[2]						
Signatory Airline	$ 6.442	$ 7.479	$ 7.545	$ 8.393	$ 9.158	$ 9.262
Non-Signatory Airline	$ 8.052	$ 9.349	$ 9.431	$ 10.492	$ 11.448	$ 11.577
Terminal Joint Use Fee Rate:						
Base Usage[3]						
Signatory Airline	$ 3.12	$ 3.54	$ 3.50	$ 3.65	$ 3.67	$ 3.77
Non-Signatory Airline	$ 3.90	$ 4.43	$ 4.38	$ 4.56	$ 4.59	$ 4.71
Per Capita/Annual						
Signatory Airline	$ 874,939	$ 939,926	$ 938,886	$ 983,347	$ 993,968	$ 1,024,372
Non-Signatory Airline	$ 1,093,674	$ 1,174,908	$ 1,173,608	$ 1,229,184	$ 1,242,460	$ 1,280,465
Terminal Area:						
Signatory Terminal Rental Rate[4]	$ 295.31	$ 317.25	$ 316.90	$ 331.90	$ 335.49	$ 345.75
Non-Signatory Terminal Rental Rate[4]	$ 369.14	$ 396.56	$ 396.12	$ 414.88	$ 419.36	$ 432.19
Terminal Ramp Rate[4]	$ 6.54	$ 6.79	$ 6.91	$ 8.68	$ 10.08	$ 10.05
FIS Use Fees[5]						
Signatory Airline	$ 6.26	$ 3.57	$ 3.94	$ 4.05	$ 4.13	$ 4.19
Non-Signatory Airline	$ 7.83	$ 4.46	$ 4.93	$ 5.06	$ 5.16	$ 5.24
MATCO Fees:						
Member Equipment Fee (per Capita)	$ 1,448,321	$ 1,639,690	$ 1,692,543	$ 1,774,189	$ 1,861,533	$ 1,905,808
Member Equipment Fee (per 1,000 lbs)	$ 1.42	$ 1.69	$ 1.73	$ 1.80	$ 1.88	$ 1.92
Non-Member Equipment Fee (per 1,000 lbs)	$ 9.04	$ 6.67	$ 6.49	$ 6.77	$ 7.07	$ 7.21
Member Fuel Fee (per Capita)	$ 163,873	$ 168,013	$ 173,795	$ 179,080	$ 190,205	$ 191,994
Member Fuel Usage Fee (per Gallon)	$ 0.03	$ 0.03	$ 0.03	$ 0.03	$ 0.03	$ 0.03
Non-Member Fuel Usage Fee (per Gallon)	$ 0.10	$ 0.10	$ 0.10	$ 0.10	$ 0.10	$ 0.10

NOTES:

1 Rates reflect actual 2023 published rates. A reconcilation of airline revenues to requirement will occur, reflecting actual O&M Expenses, revenues, and debt including estimated Series 2023 Bonds.

2 Per thousand pounds.

3 Per thousand pounds.

4 Per square foot.

5 Per international-arrival passenger.

SOURCES: City of Chicago Department of Aviation, October 2023 (published rates); Ricondo & Associates, Inc., October 2023 (projections).

EXHIBIT B-7 SIGNATORY AIRLINE REVENUE

(Dollars for Fiscal Years Ending December 31)

	ESTIMATED[1]	PROJECTION				
	2023	2024	2025	2026	2027	2028
Signatory Airline Revenue:						
Landing Fee Revenue	$ 80,016,131	$ 89,281,399	$ 90,992,032	$ 101,735,427	$ 111,534,912	$ 113,290,028
Terminal Area Rentals Revenue	$ 92,880,436	$ 101,632,729	$ 101,520,297	$ 106,327,805	$ 107,476,234	$ 110,763,715
Terminal Ramp Use Charges Revenue	$ 7,404,692	$ 7,716,431	$ 7,851,349	$ 9,860,289	$ 11,456,919	$ 11,423,499
Equipment Use Fees Revenue	$ 25,538,301	$ 27,249,323	$ 27,965,585	$ 29,314,108	$ 30,756,777	$ 31,487,844
Fueling System Fees Revenue	$ 4,877,582	$ 5,000,795	$ 5,172,889	$ 5,330,197	$ 5,661,317	$ 5,714,590
FIS Use Fees Revenue	$ 2,586,059	$ 1,472,406	$ 1,644,901	$ 1,707,582	$ 1,758,782	$ 1,804,845
Total Signatory Airline Revenue	**$ 213,303,200**	**$ 232,353,084**	**$ 235,147,054**	**$ 254,275,408**	**$ 268,644,941**	**$ 274,484,522**

NOTE:

1 2023 First Half City Approved Budget; includes estimated Series 2023 Bonds.

SOURCES: Chicago Department of Aviation, October 2023; Ricondo & Associates, Inc., October 2023.

EXHIBIT B-8 COST PER ENPLANED PASSENGER

(Dollars for Fiscal Years Ending December 31)

		PROJECTED[1]	PROJECTION				
		2023	2024	2025	2026	2027	2028
Signatory Airline Requirement	[A]	$ 213,303,200	$ 232,353,084	$ 235,147,054	$ 254,275,408	$ 268,644,941	$ 274,484,522
Non-Signatory Airline Revenues	[B]	14,182,822	14,476,142	14,776,796	15,084,966	15,404,115	15,729,151
Total Airline Revenues	[C]	**$ 227,486,022**	**$ 246,829,226**	**$ 249,923,850**	**$ 269,360,373**	**$ 284,049,056**	**$ 290,213,672**
Projected Total Enplaned Passengers	[D]	**11,372,662**	**11,539,212**	**11,654,406**	**11,786,504**	**11,915,983**	**12,042,736**
Cost per Enplaned Passenger							
Current Dollars	[E] = [C] / [D]	**$ 20.00**	**$ 21.39**	**$ 21.44**	**$ 22.85**	**$ 23.84**	**$ 24.10**
2023 Dollars[2]		$ 20.00	$ 20.77	$ 20.21	$ 20.91	$ 21.18	$ 20.79

NOTES:

1 2023 First Half City Approved Budget; includes estimated Series 2023 Bonds and forecast enplaned passengers.

2 Inflation rate assumed at 3 percent.

SOURCES: Chicago Department of Aviation, October 2023; Ricondo & Associates, Inc., October 2023.

EXHIBIT B-9 DEBT SERVICE COVERAGE

(Dollars for Fiscal Years Ending December 31)

	PROJECTED[1]	PROJECTION				
	2023	2024	2025	2026	2027	2028
Coverage Calculation						
Signatory Airline Revenues	$ 213,303,200	$ 232,353,084	$ 235,147,054	$ 254,275,408	$ 268,644,941	$ 274,484,522
Nonairline and Non-Signatory Airline Revenue	88,543,698	90,892,808	92,905,077	95,091,980	97,296,416	99,120,707
Total Revenues[2]	**$ 301,846,898**	**$ 323,245,892**	**$ 328,052,131**	**$ 349,367,387**	**$ 365,941,357**	**$ 373,605,229**
PFC Revenues Applied to Debt Service	44,933,388	45,591,428	46,046,559	46,568,477	47,080,047	47,580,849
CFC Revenues Pledged to Debt Service and Coverage	5,611,816	5,616,310	5,616,637	5,346,193	5,345,538	3,514,246
Total Revenues plus PFC and CFC Revenues[2]	**$ 352,392,101**	**$ 374,453,629**	**$ 379,715,327**	**$ 401,282,057**	**$ 418,366,942**	**$ 424,700,323**
Plus:						
Prior Year Debt Service Coverage[3]	14,071,884	19,540,042	26,355,609	32,746,333	36,422,294	38,579,887
Adjusted Total Revenue[2]	**$ 366,463,985**	**$ 393,993,671**	**$ 406,070,937**	**$ 434,028,390**	**$ 454,789,237**	**$ 463,280,210**
Less:						
O&M Expenses	$ (202,173,787)	$ (227,256,825)	$ (236,374,080)	$ (245,865,729)	$ (255,747,614)	$ (266,036,272)
Net Revenue Available for Senior Lien Coverage[2]	**$ 164,290,198**	**$ 166,736,846**	**$ 169,696,856**	**$ 188,162,661**	**$ 199,041,623**	**$ 197,243,938**
First Lien Debt Service[4]	$ 4,536,500	$ -	$ -	$ -	$ -	$ -
Senior Lien Debt Service[4, 5]	127,242,613	131,778,048	130,985,334	145,689,178	154,319,547	152,806,200
Aggregate Debt Service	$ 131,779,113	$ 131,778,048	$ 130,985,334	$ 145,689,178	$ 154,319,547	$ 152,806,200
Senior Lien Debt Service Coverage	**1.29 x**	**1.27 x**	**1.30 x**	**1.29 x**	**1.29 x**	**1.29 x**
Other Required Uses of Revenue						
O&M Reserve Fund	$ 8,226,588	$ 4,181,000	$ 1,520,000	$ 1,581,000	$ 1,647,000	$ 1,715,000
Repair and Replacement Fund	1,090,000	1,114,000	1,136,000	1,160,000	1,184,000	1,209,000
Emergency Reserve Fund	52,457	54,000	55,000	56,000	57,000	58,000
Total Other Required Uses of Revenue	**$ 9,369,045**	**$ 5,349,000**	**$ 2,711,000**	**$ 2,797,000**	**$ 2,888,000**	**$ 2,982,000**

NOTES:

1 2023 First Half City Approved Budget; includes estimated Series 2023 Bonds and projected PFC and CFC Revenues. The City had a balance of approximately $33.2 million in the Revenue Fund on January 1, 2023. For purposes of the estimated 2023 calculation, approximately $14.1 million is assumed, which represents the amount required under the Rate Covenant (10 percent of Debt Service).

2 Totals may not add up due to rounding.

3 Includes coverage requirements for Series 2018A Bonds, which are assumed to be paid with pledged CFC Revenues.

4 Net of capitalized interest, actual and projected debt service.

5 Includes Series 2018A Bonds (assumed to be paid with pledged CFC Revenues), Series 2023 Bonds, and estimated Series 2025 Bonds.

SOURCES: Chicago Department of Aviation, October 2023; Ricondo & Associates, Inc., October 2023.

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APPENDIX F

REFUNDED BONDS

The following Refunded Bonds, in the outstanding total principal amount of $443,010,000, will be called for redemption on February 6, 2024 at a redemption price of 100% of the principal amount of such bonds, together with accrued interest to the redemption date. The City will enter into an Amended and Restated Master Indenture of Trust Securing Chicago Midway Airport Senior Lien Obligations, dated as of November 1, 2023, as supplemented and amended, pursuant to which the Second Lien Bonds described below will be redesignated as "Senior Lien Bonds."

SECOND LIEN AIRPORT REVENUE REFUNDING BONDS
SERIES 2013A (AMT)

Maturity Date Jan. 1	Interest Rate	Par Amount	CUSIP
2027	5.500%	$5,925,000	167562MR5
2028	5.500%	15,910,000	167562ML8
2029	5.500%	15,765,000	167562MM6
2030	5.500%	18,425,000	167562MN4
2031	5.500%	23,030,000	167562MP9
2032	5.500%	20,545,000	167562MQ7
2033	5.375%	19,000,000	167562MS3
Total		$118,600,000	

SECOND LIEN AIRPORT REVENUE REFUNDING BONDS
SERIES 2013B (NON-AMT)

Maturity Date Jan. 1	Interest Rate	Par Amount	CUSIP
2025	5.000%	$15,425,000	167562ND5
2026	5.000%	16,540,000	167562MU8
2027	5.000%	10,575,000	167562MV6
2033	5.250%	1,735,000	167562MW4
2034	5.250%	20,895,000	167562MX2
2035	5.250%	9,300,000	167562NE3
2035	5.000%	9,055,000	167562NF0
Total		$83,525,000	

SECOND LIEN AIRPORT REVENUE AND REVENUE REFUNDING BONDS,
SERIES 2014B (NON-AMT)

Maturity Date Jan. 1	Interest Rate	Par Amount	CUSIP
2025	5.000%	$16,435,000	167562PF8
2026	5.000%	17,195,000	167562PG6
2027	5.000%	17,830,000	167562PH4
2028	5.000%	19,005,000	167562PJ0
2029	5.000%	19,750,000	167562PK7
2030	5.000%	6,175,000	167562PL5
2031	5.000%	8,910,000	167562PT8
2032	5.000%	20,805,000	167562PN1
2033	5.000%	21,750,000	167562PP6
2034	5.000%	22,750,000	167562PQ4
2035	5.000%	60,210,000	167562PR2
2036	5.000%	10,070,000	167562PS0
Total		$240,885,000	

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APPENDIX G

FORMS OF OPINIONS OF CO-BOND COUNSEL

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November 9, 2023

City of Chicago
Chicago, Illinois

The Bank of New York Mellon Trust Company, N.A.
Chicago, Illinois

Re: City of Chicago, Chicago Midway Airport
Senior Lien Revenue and Revenue Refunding Bonds,
Series 2023A (AMT)

Ladies and Gentlemen:

We have acted as bond counsel to the City of Chicago, Illinois (the "City"), in connection with the issuance of $211,020,000 aggregate principal amount Chicago Midway Airport Senior Lien Revenue and Revenue Refunding Bonds, Series 2023A (AMT) (the "Bonds"), of the City. We have examined a record of proceedings relating to the issuance of the Bonds. The Bonds are limited obligations of the City issued pursuant to the authority of Article VII, Section 6(a) of the Illinois Constitution of 1970 and by virtue of ordinances adopted by the City Council of the City on October 27, 2021, authorizing the Bonds (the "Bond Ordinance"). Terms used herein that are defined in the Indenture and the Twenty-Sixth Supplemental Indenture (each as hereinafter defined) shall have the meanings set forth therein unless otherwise defined herein.

The Bonds are authorized by the City for the purpose of providing funds to (i) finance a portion of the costs of the 2023 Airport Projects, (ii) refund prior to maturity the Prior Airport Obligations, (iii) capitalize a portion of the interest on the Bonds, and (iv) pay Costs of Issuance of the Bonds.

The Bonds are being issued pursuant to an Amended and Restated Master Indenture of Trust Securing Chicago Midway Airport Senior Lien Obligations dated as of November 1, 2023, as amended (the "Indenture"), from the City to The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), and a Twenty-Sixth Supplemental Indenture dated as of November 1, 2023 (the "Twenty-Sixth Supplemental Indenture") relating to the Bonds. The Bonds are Senior Lien Obligations of the City authorized under the Indenture are payable solely from and secured by pledges of Senior Lien Revenues as, and to the extent, provided in the Indenture and the Twenty-Sixth Supplemental Indenture.

The Bonds are issuable only as fully registered bonds without coupons in Authorized Denominations. The Bonds are dated the date hereof, mature, bear interest from their date as set forth in the Twenty-Sixth Supplemental Indenture. The Bonds are subject to optional and mandatory redemption at the times, in the manner and upon the terms specified in the Twenty-Sixth Supplemental Indenture

In connection with the issuance of the Bonds we have examined the following:

(a) a certified copy of the Bond Ordinance;

(b) executed or certified counterparts of the Indenture and the Twenty-Sixth Supplemental Indenture; and

(c) such other documents and related matters of law as we have deemed necessary in order to render this opinion.

Based upon our examination of the foregoing, we are of the opinion that:

1. The City is a municipal corporation duly existing under the laws of the State of Illinois and is a home rule unit of local government within the meaning of Section 6(a) of Article VII of the 1970 Illinois Constitution. The City has all requisite power and authority under the Constitution and the laws of the State of Illinois and the Bond Ordinance (i) to enter into the Indenture and the Twenty-Sixth Supplemental Indenture with the Trustee and to issue the Bonds thereunder and (ii) to improve, maintain and operate the Airport and to charge and collect rents, fees and other charges for the use and services of the Airport and to perform all of its obligations under the Indenture and the Twenty-Sixth Supplemental Indenture in those respects.

2. The Bond Ordinance is in full force and effect and is valid and binding upon the City in accordance with its terms. The Indenture and the Twenty-Sixth Supplemental Indenture have been duly authorized, executed and delivered by the City, constitute valid and binding obligations of the City and are legally enforceable in accordance with their respective terms.

3. The Bonds have been duly authorized and issued, are the legal, valid and binding limited obligations of the City, are entitled to the benefits and security of the Indenture and the Twenty-Sixth Supplemental Indenture and are enforceable in accordance with their terms.

4. The Bonds are payable solely from the Senior Lien Revenues deposited in the dedicated sub-fund maintained by the Trustee under the Indenture and the Twenty-Sixth Supplemental Indenture, and certain other amounts, including amounts on deposit in the Common Debt Service Reserve Sub-Fund, as provided in the Indenture and the Twenty-Sixth Supplemental Indenture. The Bonds and the interest thereon are limited obligations of the City and do not constitute an indebtedness of the City within the meaning of any state constitutional or statutory limitation or give rise to a charge against its general credit or taxing powers. Neither the faith and credit nor the taxing power of the State of Illinois, the City or any political subdivision of the State of Illinois is pledged to the payment of the principal of, premium, if any, or interest on the Bonds.

5. The Indenture and the Twenty-Sixth Supplemental Indenture create the valid and binding pledge of Senior Lien Revenues, moneys and securities which they purport to create.

6. Under existing law and assuming continuing compliance with certain covenants made by the City to satisfy pertinent requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Bonds (i) is excluded from the gross income of the owners thereof for federal income tax purposes and (ii) is an item of tax preference for purposes of individual and corporate minimum taxable income for purposes of individual and corporate alternative minimum tax. Failure by the City to comply with such covenants could cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. Ownership of the Bonds may also result in collateral federal income tax consequences to certain taxpayers, and we express no opinion regarding any such collateral tax consequences arising with respect to the Bonds. In rendering this opinion, we have relied upon and assume the correctness of certain representations and certifications of the City with respect to certain material facts solely within the City's knowledge relating to the property financed or refinanced with the proceeds of the Bonds and the application of the proceeds of the Bonds.

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

In rendering the foregoing opinion, we advise you that the enforceability (but not the validity or binding effect) of the Bonds, the Indenture and the Twenty-Sixth Supplemental Indenture (i) may be limited by any applicable bankruptcy, insolvency or other laws affecting the rights or remedies of creditors now or hereafter in effect and (ii) is subject to principles of equity in the event that equitable remedies are sought, either in an action at law or in equity.

Respectfully submitted,

November 9, 2023

City of Chicago
Chicago, Illinois

The Bank of New York Mellon Trust Company, N.A.
Chicago, Illinois

Re: City of Chicago, Chicago Midway Airport
Senior Lien Revenue Refunding Bonds, Series 2023B
(Non-AMT)

Ladies and Gentlemen:

We have acted as bond counsel to the City of Chicago, Illinois (the "City"), in connection with the issuance of $302,490,000 aggregate principal amount Chicago Midway Airport Senior Lien Revenue Refunding Bonds, Series 2023B (Non-AMT) (the "Bonds"), of the City. We have examined a record of proceedings relating to the issuance of the Bonds. The Bonds are limited obligations of the City issued pursuant to the authority of Article VII, Section 6(a) of the Illinois Constitution of 1970 and by virtue of ordinances adopted by the City Council of the City on October 27, 2021, authorizing the Bonds (the "Bond Ordinance"). Terms used herein that are defined in the Indenture and the Twenty-Seventh Supplemental Indenture (each as hereinafter defined) shall have the meanings set forth therein unless otherwise defined herein.

The Bonds are authorized by the City for the purpose of providing funds to (i) refund prior to maturity the Prior Airport Obligations and (ii) pay Costs of Issuance of the Bonds.

The Bonds are being issued pursuant to an Amended and Restated Master Indenture of Trust Securing Chicago Midway Airport Senior Lien Obligations dated as of November 1, 2023, as amended (the "Indenture"), from the City to The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), and a Twenty-Seventh Supplemental Indenture dated as of November 1, 2023 (the "Twenty-Seventh Supplemental Indenture") relating to the Bonds. The Bonds are Senior Lien Obligations of the City authorized under the Indenture are payable solely from and secured by pledges of Senior Lien Revenues as, and to the extent, provided in the Indenture and the Twenty-Seventh Supplemental Indenture.

The Bonds are issuable only as fully registered bonds without coupons in Authorized Denominations. The Bonds are dated the date hereof, mature, bear interest from their date as set forth in the Twenty-Seventh Supplemental Indenture. The Bonds are subject to optional and mandatory redemption at the times, in the manner and upon the terms specified in the Twenty-Seventh Supplemental Indenture.

In connection with the issuance of the Bonds we have examined the following:

(a) a certified copy of the Bond Ordinance;

(b) executed or certified counterparts of the Indenture and the Twenty-Seventh Supplemental Indenture; and

(c) such other documents and related matters of law as we have deemed necessary in order to render this opinion.

Based upon our examination of the foregoing, we are of the opinion that:

1. The City is a municipal corporation duly existing under the laws of the State of Illinois and is a home rule unit of local government within the meaning of Section 6(a) of Article VII of the 1970 Illinois Constitution. The City has all requisite power and authority under the Constitution and the laws of the State of Illinois and the Bond Ordinance (i) to enter into the Indenture and the Twenty-Seventh Supplemental Indenture with the Trustee and to issue the Bonds thereunder and (ii) to improve, maintain and operate the Airport and to charge and collect rents, fees and other charges for the use and services of the Airport and to perform all of its obligations under the Indenture and the Twenty-Seventh Supplemental Indenture in those respects.

2. The Bond Ordinance is in full force and effect and is valid and binding upon the City in accordance with its terms. The Indenture and the Twenty-Seventh Supplemental Indenture have been duly authorized, executed and delivered by the City, constitute valid and binding obligations of the City and are legally enforceable in accordance with their respective terms.

3. The Bonds have been duly authorized and issued, are the legal, valid and binding limited obligations of the City, are entitled to the benefits and security of the Indenture and the Twenty-Seventh Supplemental Indenture and are enforceable in accordance with their terms.

4. The Bonds are payable solely from the Senior Lien Revenues deposited in the dedicated sub-fund maintained by the Trustee under the Indenture and the Twenty-Seventh Supplemental Indenture, and certain other amounts, including amounts on deposit in the Common Debt Service Reserve Sub-Fund, as provided in the Indenture and the Twenty-Seventh Supplemental Indenture. The Bonds and the interest thereon are limited obligations of the City and do not constitute an indebtedness of the City within the meaning of any state constitutional or statutory limitation or give rise to a charge against its general credit or taxing powers. Neither the faith and credit nor the taxing power of the State of Illinois, the City or any political subdivision of the State of Illinois is pledged to the payment of the principal of, premium, if any, or interest on the Bonds.

5. The Indenture and the Twenty-Seventh Supplemental Indenture create the valid and binding pledge of Senior Lien Revenues, moneys and securities which they purport to create.

6. Under existing law and assuming continuing compliance with certain covenants made by the City to satisfy pertinent requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Bonds (i) is excluded from the gross income of the owners thereof for federal income tax purposes and (ii) will not be treated as a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, but is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Failure by the City to comply with such covenants could cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. Ownership of the Bonds may also result in collateral federal income tax consequences to certain taxpayers, and we express no opinion regarding any such collateral tax consequences arising with respect to the Bonds. In rendering this opinion, we have relied upon and assume the correctness of certain representations and certifications of the City with respect to certain material facts solely within the City's knowledge relating to the property financed or refinanced with the proceeds of the Bonds and the application of the proceeds of the Bonds.

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

In rendering the foregoing opinion, we advise you that the enforceability (but not the validity or binding effect) of the Bonds, the Indenture and the Twenty-Seventh Supplemental Indenture (i) may be limited by any applicable bankruptcy, insolvency or other laws affecting the rights or remedies of creditors now or hereafter in effect and (ii) is subject to principles of equity in the event that equitable remedies are sought, either in an action at law or in equity.

Respectfully submitted,

APPENDIX H

DESCRIPTION OF BOOK-ENTRY ONLY SYSTEM

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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 B – "SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE" and used in this Official Statement.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2023 CFC Bond certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (*"Direct Participants"*) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (*"DTCC"*). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (*"Indirect Participants"*). DTC has a S&P rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each 2023 CFC Bond (*"Beneficial Owner"*) is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the

Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2023 CFC Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds of a Series and maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, certificates for the Bonds are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates for the Bonds will be printed and delivered to DTC.

The City and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Participant or any other person, other than an owner, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any Participant or any other person, other than an owner, of any amount with respect to principal of or interest on the Bonds.

Transfer of Bonds

So long as Cede & Co., as nominee for DTC (or other nominee of DTC), is the Bondholder of record of the Bonds, beneficial ownership interests in the Bonds may be transferred only through a Direct Participant or Indirect Participant and recorded on the book-entry system operated by DTC. In the event the book-entry-only system is discontinued, 2023 CFC Bond certificates will be delivered to the Beneficial Owners as described in the Senior Lien Indenture. Thereafter, the Bonds, upon surrender thereof at the designated corporate trust operations office of the Trustee with a written instrument of transfer satisfactory to the Trustee, duly executed by the holder thereof or such holder's duly authorized attorney, may be exchanged for an equal aggregate principal amount of Bonds of the same maturity and of any Authorized Denominations.

In all cases in which the privilege of exchanging or transferring Bonds is exercised, the City shall execute and the Trustee shall authenticate and deliver the Bonds in accordance with the provisions of the Senior Lien Indenture. For every such exchange or transfer of Bonds, the City or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer but may impose no other charge therefor. Neither the City nor the Trustee shall be required to make any such exchange or transfer of Bonds during the 15 days next preceding an Interest Payment Date or, in the case of any proposed redemption, during the 15 days next preceding the first publication or mailing of notice of redemption.

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APPENDIX I

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER] Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: $__________ in aggregate principal amount of [NAME OF TRANSACTION] [and maturing on] Effective Date: _________

Risk Premium: $__________
Member Surplus Contribution: $ _________
Total Insurance Payment: $_________

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: ______________________________
Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:
claims@buildamerica.com
Address:
200 Liberty Street, 27th floor
New York, New York 10281
Telecopy:
212-962-1524 (attention: Claims)

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CITY OF CHICAGO • CHICAGO MIDWAY AIRPORT SENIOR LIEN AIRPORT REVENUE AND REVENUE REFUNDING BONDS, SERIES 2023A (AMT) AND SENIOR LIEN AIRPORT REVENUE REFUNDING BONDS, SERIES 2023B (NON-AMT)

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