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

*In the opinion of Armstrong Teasdale LLP and Saulsberry & Associates, LLC, Co-Bond Counsel, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the "**Code**") and the accuracy of certain representations and certifications made by the City described herein (1) the interest on the Series 2019 Bonds (as defined herein) (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes; (2) the interest on the Series 2019 Bonds is exempt from income taxation by the State of Missouri; and (3) the Series 2019 Bonds are not "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. Interest on the Series 2019A Project Bonds (as defined here) and the Series 2019 Refunding Bonds (as defined herein) is not treated as an item of tax preference for purposes of calculating the federal alternative minimum tax that may be imposed under the Code. Interest on the Series 2019B Project Bonds (as defined herein) is treated as an item of tax preference for purposes of calculating the federal alternative minimum tax that may be imposed under the Code. No opinion is expressed as to the status of interest on any Series 2019B Project Bond or Series 2019 Refunding Bond held by a "substantial user" of the facilities financed or refinanced by the Series 2019B Project Bonds or Series 2019 Refunding Bonds or by a "related person" within the meaning of Section 147(a) of the Code. See "**TAX MATTERS**" in this Official Statement.*

$97,145,000
THE CITY OF ST. LOUIS, MISSOURI
AIRPORT REVENUE BONDS AND AIRPORT REVENUE REFUNDING BONDS
(St. Louis Lambert International Airport)

consisting of:

$13,235,000 Airport Revenue Bonds, Series 2019A (Non-AMT) (St. Louis Lambert International Airport)	$8,440,000 Airport Revenue Bonds, Series 2019B (AMT) (St. Louis Lambert International Airport)	$75,470,000 Airport Revenue Refunding Bonds, Series 2019C (Non-AMT) (St. Louis Lambert International Airport)

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

The City of St. Louis, Missouri (the "***City***") expects to issue its (i) Airport Revenue Bonds, Series 2019A (Non-AMT) (St. Louis Lambert International Airport) (the "***Series 2019A Project Bonds***") and (ii) Airport Revenue Bonds, Series 2019B (AMT) (St. Louis Lambert International Airport) (the "***Series 2019B Project Bonds***," and, together with the Series 2019A Project Bonds, the "***Series 2019 Project Bonds***") under and pursuant to the Indenture of Trust dated as of October 15, 1984 (the "***Original Indenture***"), which Original Indenture, as previously amended, supplemented and restated, was amended, restated and superseded by that certain Amended and Restated Indenture of Trust dated as of July 1, 2009 (the "***Restated Indenture***"), as amended and supplemented, including by the Twenty-Third Supplemental Indenture of Trust dated as of June 1, 2019 (the "***Twenty-Third Supplemental Indenture***"), by and between the City and UMB Bank, N.A., as Trustee (the "***Trustee***"), and (iii) Airport Revenue Refunding Bonds, Series 2019C (Non-AMT) (St. Louis Lambert International Airport) (the "***Series 2019 Refunding Bonds***" and, together with the Series 2019 Project Bonds, the "***Series 2019 Bonds***") under and pursuant to the Restated Indenture, as amended and supplemented, including by the Twenty-Third Supplemental Indenture and the Twenty-Fourth Supplemental Indenture of Trust dated as of June 1, 2019 (the "***Twenty-Fourth Supplemental Indenture***" and, together with the Restated Indenture and the Twenty-Third Supplemental Indenture, the "***Indenture***"), by and between the City and the Trustee.

The Series 2019 Bonds are limited obligations of the City, payable solely from Revenues, as defined herein, to be derived by the City from the operation of St. Louis Lambert International Airport (formerly Lambert-St. Louis International Airport) (the "***Airport***") and certain other funds pledged under the Indenture. **The Series 2019 Bonds do not constitute an indebtedness of the City within the meaning of any constitutional or statutory limitation or provision, and the taxing power of the City is not pledged to the payment of the Series 2019 Bonds, either as to principal, premium (if any) or interest.** The Series 2019 Bonds will be secured on a parity basis with the Outstanding Bonds, as defined herein, and any Additional Bonds (as defined in **APPENDIX C** - "**Summary of Certain Provisions of the Indenture**") issued under the Indenture as more fully described herein.

The proceeds of the Series 2019 Project Bonds will be used: (i) to fund a portion of the costs of the construction and improvement of the Airport (the "***2019 Project***"), (ii) to fund capitalized interest on the Series 2019 Project Bonds through July 1, 2020, (iii) to provide for the funding of a Debt Service Reserve Account for the Series 2019 Project Bonds, and (iv) to pay costs of issuing the Series 2019 Project Bonds.

The proceeds of the Series 2019 Refunding Bonds, together with other available funds, will be used: (i) to refund or defease all of the outstanding City of St. Louis Airport Revenue Bonds, Series 2009A-1 (the "***Series 2009A-1 Bonds***"), (ii) to provide for the funding of a Debt Service Reserve Account for the Series 2019 Refunding Bonds, and (iii) to pay costs of issuing the Series 2019 Refunding Bonds.

Interest on the Series 2019 Bonds is payable on January 1 and July 1 of each year, commencing January 1, 2020, until maturity. The Series 2019 Bonds are initially issuable only to Cede & Co., the nominee of The Depository Trust Company ("***DTC***"), New York, New York, pursuant to the book-entry-only system described herein. Beneficial ownership may be acquired in denominations of $5,000 or any integral multiples thereof. No physical delivery of the Series 2019 Bonds will be made to the purchasers. See "**THE SERIES 2019 BONDS - Book-Entry - Only System**."

The Series 2019 Bonds are subject to extraordinary, optional and mandatory sinking fund redemption prior to maturity as described herein.

See the inside cover page for maturities, principal amounts, interest rates, prices, yields and CUSIP numbers.

The Series 2019 Bonds are offered when, as and if issued by the City and received by the Underwriters (as defined herein) and subject to prior sale, withdrawal or modification of the offer without notice and the approval of legality of the Series 2019 Bonds by Armstrong Teasdale LLP, St. Louis, Missouri, and Saulsberry & Associates, LLC, St. Louis, Missouri, Co-Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the City by the office of the City Counselor, and for the Underwriters by Bryan Cave Leighton Paisner LLP, St. Louis, Missouri, Underwriters' Counsel. Certain legal matters will be passed upon for the City by its Co-Disclosure Counsel, Hardwick Law Firm, LLC, St. Louis, Missouri, and Richard G. Hughes & Associates, LLC, St. Louis, Missouri. It is expected that the Series 2019 Bonds in book-entry-only form will be available for delivery through the facilities of DTC on or about June 27, 2019.

*This cover page contains certain information for quick reference only. It is not a summary of this Official Statement. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision, including, but not limited to, matters described in "**CERTAIN INVESTMENT CONSIDERATIONS.**"*

BofA Merrill Lynch

Stern Brothers & Co. **Loop Capital Markets**

Baird **Backstrom McCarley Berry & Co., LLC** **The Williams Capital Group, L.P.**

The date of this Official Statement is June 20, 2019.

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

$13,235,000
The City of St. Louis, Missouri
Airport Revenue Bonds, Series 2019A (Non-AMT)
(St. Louis Lambert International Airport)

Maturity Date July 1	Principal	Interest Rate	Yield	Price	CUSIP†
2037	$550,000	5.000%	2.430%	122.716%[c]	791638H44
2038	795,000	5.000	2.470	122.317[c]	791638H51
2039	835,000	5.000	2.510	121.921[c]	791638H69

$4,860,000 5.00% Term Bond Due July 1, 2044 Yield 2.670% Price 120.349%[c] CUSIP: 791638H77

$6,195,000 5.00% Term Bond Due July 1, 2049 Yield 2.720% Price 119.863%[c] CUSIP: 791638H85

$8,440,000
The City of St. Louis, Missouri
Airport Revenue Bonds, Series 2019B (AMT)
(St. Louis Lambert International Airport)

Maturity Date July 1	Principal	Interest Rate	Yield	Price	CUSIP†
2021	$350,000	5.000%	1.520%	106.866%	791638H93
2022	365,000	5.000	1.580	110.018	791638J26
2023	385,000	5.000	1.640	112.991	791638J34
2024	400,000	5.000	1.710	115.735	791638J42
2025	420,000	5.000	1.800	118.153	791638J59
2026	445,000	5.000	1.910	120.186	791638J67
2027	465,000	5.000	2.030	121.856	791638J75
2028	490,000	5.000	2.150	123.233	791638J83
2029	515,000	5.000	2.270	124.324	791638J91
2030	540,000	5.000	2.390	123.115[c]	791638K24
2031	565,000	5.000	2.440	122.616[c]	791638K32
2032	595,000	5.000	2.500	122.020[c]	791638K40
2033	625,000	5.000	2.550	121.526[c]	791638K57
2034	655,000	5.000	2.600	121.034[c]	791638K65
2035	690,000	5.000	2.640	120.642[c]	791638K73
2036	725,000	5.000	2.680	120.252[c]	791638K81
2037	210,000	5.000	2.720	119.863[c]	791638K99

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[c] Priced to first Optional Redemption date of July 1, 2029.

† Copyright, American Bankers Association (the "ABA"). CUSIP data used herein is provided by CUSIP Global Services ("CGS"), operated on behalf of the ABA by S&P Global Market Intelligence, a Division of S&P Global Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of sale of the Series 2019 Bonds and neither the City nor the Underwriters makes any representation with respect to such numbers and do not undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the sale of the Series 2019 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2019 Bonds.

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

$75,470,000
The City of St. Louis, Missouri
Airport Revenue Refunding Bonds, Series 2019C (Non-AMT)
(St. Louis Lambert International Airport)

Maturity Date July 1	Principal	Interest Rate	Yield	Price	CUSIP[†]
2025	$5,040,000	5.000%	1.580%	119.538%	791638L23
2026	6,390,000	5.000	1.660	122.019	791638L31
2027	6,705,000	5.000	1.790	123.857	791638L49
2028	7,040,000	5.000	1.900	125.562	791638L56
2029	7,395,000	5.000	2.000	127.095	791638L64
2030	7,760,000	5.000	2.090	126.163[c]	791638L72
2031	8,155,000	5.000	2.150	125.546[c]	791638L80
2032	8,560,000	5.000	2.210	124.933[c]	791638L98
2033	8,990,000	5.000	2.260	124.425[c]	791638M22
2034	9,435,000	5.000	2.310	123.919[c]	791638M30

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[c] Priced to first Optional Redemption date of July 1, 2029.

[†] Copyright, American Bankers Association (the "ABA"). CUSIP data used herein is provided by CUSIP Global Services ("CGS"), operated on behalf of the ABA by S&P Global Market Intelligence, a Division of S&P Global Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of sale of the Series 2019 Bonds and neither the City nor the Underwriters makes any representation with respect to such numbers and do not undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the sale of the Series 2019 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2019 Bonds.

THE CITY OF ST. LOUIS

ELECTED OFFICIALS

Lyda Krewson, Mayor
Darlene Green, Comptroller
Lewis Reed, President of the Board of Aldermen
Tishaura O. Jones, Treasurer

BOARD OF ALDERMEN

Sharon Tyus	Ward 1	Megan E. Green	Ward 15
Lisa Middlebrook	Ward 2	Tom Oldenburg	Ward 16
Brandon Bosley	Ward 3	Joseph D. Roddy	Ward 17
Samuel L. Moore	Ward 4	Jesse Todd	Ward 18
Tammika Hubbard	Ward 5	Marlene E. Davis	Ward 19
Christine Ingrassia	Ward 6	Cara Spencer	Ward 20
John J. Coatar	Ward 7	John Collins-Muhammad	Ward 21
Annie Rice	Ward 8	Jeffrey L. Boyd	Ward 22
Dan Guenther	Ward 9	Joseph A. Vaccaro	Ward 23
Joseph Vollmer	Ward 10	Bret Narayan	Ward 24
Sarah Martin	Ward 11	Shane Cohn	Ward 25
Larry Arnowitz	Ward 12	Shameem Hubbard	Ward 26
Beth Murphy	Ward 13	Pam Boyd	Ward 27
Carol Howard	Ward 14	Heather Navarro	Ward 28

OTHER CITY OFFICIALS

James M. Garavaglia, Deputy Comptroller for Finance and Development
Antonio Strong, Deputy Director – Finance and Administration
Ryan Coleman, Financial Analyst
Denise Peeples, Accounting Coordinator
Julian L. Bush, City Counselor
Mario A. Pandolfo, Jr., Airport Counsel

CITY AIRPORT COMMISSIONERS

Rhonda Hamm-Niebruegge, Director and Chairperson

John Bales	Samuel Jenkins	John Stelzer
Marlene E. Davis	Lee King	Marilyn Teitelbaum
Sean R. Fitzgerald	Richard Nemanick, Jr.	Kevin Cantwell
June McAllister Fowler	Kathleen Osborn	Vacancy
John Gaal	Lewis Reed	
Darlene Green	Richard A. Sauget	

BOARD OF ESTIMATE AND APPORTIONMENT

Lyda Krewson, Mayor
Darlene Green, Comptroller
Lewis Reed, President of the Board of Aldermen

CO-MUNICIPAL ADVISORS

Siebert Cisneros Shank & Co., L.L.C.
Detroit, Michigan

PFM Financial Advisors LLC
Philadelphia, Pennsylvania

CO-BOND COUNSEL

Armstrong Teasdale LLP
St. Louis, Missouri

Saulsberry & Associates, LLC
St. Louis, Missouri

CO-DISCLOSURE COUNSEL

Hardwick Law Firm, LLC
St. Louis, Missouri

Richard G. Hughes & Associates, LLC
St. Louis, Missouri

TREASURER'S ADVISOR

Comer Capital Group, LLC
Jackson, Mississippi

AIRPORT CONSULTANT

Unison Consulting, Inc.
Chicago, Illinois

This Official Statement is provided in connection with the initial offering and sale of the Series 2019 Bonds referred to herein, and may not be reproduced or used, in whole or in part, for any other purpose. The information contained in this Official Statement has been derived from information provided by the City, the Airport (each as hereinafter defined) and other sources which are believed to be reliable. The Underwriters have provided the following sentence for inclusion in this Official Statement. *The Underwriters have reviewed the information in this Official Statement in accordance with, and as a part of their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.*

No dealer, broker, salesman or other person has been authorized by the City, the Airport or the Underwriters to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations should not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2019 Bonds, by any person in any state or jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information and expressions of opinion herein speak as of their date unless otherwise noted and are subject to change without notice. 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 the City or the Airport since the date hereof (or since the date of any information included herein that is dated other than the date hereof).

The Series 2019 Bonds have not been registered with the United States Securities and Exchange Commission (the "*SEC*") under the Securities Act of 1933, as amended (the "*Securities Act*"), in reliance upon the exemption contained in Section 3(a)(2) of such act. The Indenture has not been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon an exemption contained in such act. The registration or qualification of the Series 2019 Bonds in accordance with applicable provisions of securities laws of any states in which the Series 2019 Bonds have been registered or qualified and the exemption from registration or qualification in other states cannot be regarded as a recommendation thereof. Neither these states nor any of their agencies have passed upon the merits of the Series 2019 Bonds or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2019 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Cautionary Statements Regarding Forward-Looking Statements in this Official Statement

Certain statements included in or incorporated by reference in this Official Statement that are not purely historical are "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, as amended, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act and reflect the City's current expectations, hopes, intentions, or strategies regarding the future. Such statements may be identifiable by the terminology used such as "plan," "expect," "estimate," "budget," "intend" or other similar words.

The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Included in such risks and uncertainties are (i) those relating to the possible invalidity of the underlying assumptions and estimates, (ii) possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances, and (iii) conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately. For these reasons, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

Undue reliance should not be placed on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the City or the Airport on the date hereof, and the City and the Airport assume no obligation to update any such forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur or fail to occur, other than as indicated under the caption "CONTINUING DISCLOSURE" and APPENDIX G – "Form of Continuing Disclosure Agreement."

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, SEC Rule 15c2-12.

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TABLE OF CONTENTS

OFFICIAL STATEMENT
Relating to
$97,145,000
THE CITY OF ST. LOUIS, MISSOURI
AIRPORT REVENUE BONDS AND AIRPORT REVENUE REFUNDING BONDS
(St. Louis Lambert International Airport)
consisting of:

$13,235,000 Airport Revenue Bonds, Series 2019A (Non-AMT) (St. Louis Lambert International Airport)	$8,440,000 Airport Revenue Bonds, Series 2019B (AMT) (St. Louis Lambert International Airport)	$75,470,000 Airport Revenue Refunding Bonds, Series 2019C (Non-AMT) (St. Louis Lambert International Airport)

INTRODUCTION

*This introduction is only a brief description and summary of certain information contained in this Official Statement and is qualified in its entirety by reference to the more complete and detailed information contained in the entire Official Statement, including the cover page, inside cover page and appendices (collectively, the "**Official Statement**") and the documents summarized or described herein. Unless otherwise defined herein, certain capitalized words and terms used in this Official Statement have the meanings given to them in **APPENDIX C - "Summary of Certain Provisions of the Indenture**."* **Investors must read the entire Official Statement, including the cover page, inside cover page and appendices, to obtain information essential to making an informed investment decision.**

This Official Statement is furnished in connection with the offering by The City of St. Louis, Missouri (the "***City***") of its (i) $13,235,000 Airport Revenue Bonds, Series 2019A (Non-AMT) (St. Louis Lambert International Airport) (the "***Series 2019A Project Bonds***"), (ii) $8,440,000 Airport Revenue Bonds, Series 2019B (AMT) (St. Louis Lambert International Airport) (the "***Series 2019B Project Bonds***" and, together with the Series 2019A Project Bonds, the "***Series 2019 Project Bonds***"), and (iii) $75,470,000 Airport Revenue Refunding Bonds, Series 2019C (Non-AMT) (St. Louis Lambert International Airport) (the "***Series 2019 Refunding Bonds***" and, together with the Series 2019 Project Bonds, the "***Series 2019 Bonds***").

Authority for Issuance

The Series 2019 Bonds are issued under the authority of the constitution and laws of the State of Missouri (the "***State***"), including Article VI, Section 27(a) and Section 28 of the Missouri Constitution, as amended, and Sections 108.140 and 108.170 of the Revised Statutes of Missouri, as amended, and Ordinance No. 70970, adopted by the Board of Aldermen of the City (the "***Board of Aldermen***") on May 31, 2019, and signed by the Mayor of the City on June 11, 2019 (which approved the issuance of the Series 2019 Bonds).

The Series 2019 Project Bonds are issued pursuant to an Indenture of Trust dated as of October 15, 1984 (the "***Original Indenture***") providing for the issuance from time to time of a series of airport revenue bonds of the City, which Original Indenture, as previously amended, supplemented and restated, was amended, restated and superseded by that certain Amended and Restated Indenture of Trust dated as of July 1, 2009 (the "***Restated Indenture***"), as amended and supplemented, including by the Twenty-Third Supplemental Indenture of Trust dated as of June 1, 2019 (the "***Twenty-Third Supplemental Indenture***") by and between the City and UMB Bank, N.A., as Trustee (the "***Trustee***").

The Series 2019 Refunding Bonds are issued pursuant to the Restated Indenture, as amended and supplemented, including by the Twenty-Fourth Supplemental Indenture of Trust dated as of June 1, 2019 (the "***Twenty-Fourth Supplemental Indenture***" and together with the Restated Indenture and the Twenty-Third Supplemental Indenture, the "***Indenture***") by and between the City and the Trustee.

The Indenture authorizes the issuance of bonds subject to the requirements specified in the Indenture and summarized under the section captioned "**THE SERIES 2019 BONDS — Outstanding Bonds, Additional Bonds and Refunding Bonds**." For a summary of the Indenture, see **APPENDIX C** - "**Summary of Certain Provisions of the Indenture**."

Pursuant to voter authorization on November 5, 1991 and April 8, 2003 (together, the "***Voter Approval***"), the City is authorized to issue up to $3.5 billion of bonds to finance capital projects at the Airport. To date, approximately $1.22 billion of Bonds have been issued pursuant to the Voter Approval, which leaves approximately $2.28 billion of authorized, but unissued Bonds approved for Airport purposes. Under state law and the City Charter, Refunding Bonds do not require voter approval. The Series 2019 Refunding Bonds will be subject to the refunding bonds test as provided in the Indenture and summarized herein. See **APPENDIX C** — "**Summary of Certain Provisions of the Indenture - Refunding Bonds**."

Parity Obligations

The Series 2019 Bonds will be issued on a parity with the Outstanding Bonds, defined herein, which are outstanding as of June 1, 2019, in the aggregate principal amount of $594,475,000* and are payable solely from Revenues derived from the operations of the Airport and certain other funds pledged under the Indenture. Such Outstanding Bonds, together with the Series 2019 Bonds and any Additional Bonds and Refunding Bonds hereafter issued and outstanding, are referred to herein as the "***Outstanding Bonds***." See "**THE SERIES 2019 BONDS - Outstanding Bonds, Additional Bonds and Refunding Bonds**."

The City and the Airport

The City is a constitutional charter city and political subdivision of the State. St. Louis Lambert International Airport (formerly Lambert-St. Louis International Airport) (the "***Airport***") is owned by the City and operated by the St. Louis Airport Authority (the "***Airport Authority***"). The Airport Authority was created by ordinance of the Board of Aldermen and consists of the St. Louis Airport Commission (the "***Airport Commission***"), the Airport's Chief Executive Officer (the "***Airport Director***") and other managers and personnel required to operate the Airport. The Airport Commission is responsible for the planning, development, management and operation of the Airport. See "**AIRPORT MANAGEMENT - Introduction**."

FAA Airport Privatization Pilot Program

The City has formed an Advisory Working Group (defined herein) to explore the possibility of leasing the Airport to a private entity that would manage and operate the Airport pursuant to the Federal Aviation Administration's Airport Privatization Pilot Program. The City will not enter into such a lease agreement unless, among other things, principal of and interest on all of the Outstanding Bonds (including the Series 2019 Bonds) have been paid in full, or unless the City has made adequate provision for the defeasance of all Outstanding Bonds (including the Series 2019 Bonds), in accordance with the Indenture. See **"FAA AIRPORT PRIVATIZATION PILOT PROGRAM," "THE SERIES 2019 BONDS – Redemption Provisions," "CERTAIN INVESTMENT CONSIDERATIONS – FAA Airport**

*Including the Series 2009A-1 Bonds.

Privatization Pilot Program" and **APPENDIX C – "Summary of Certain Provisions of the Indenture – Particular Covenants of the City – Sale, Lease or Encumbrance of Property."**

Use of Proceeds

The proceeds of the Series 2019 Project Bonds will be used: (i) to fund a portion of the costs of the construction and improvement of the Airport (the "***2019 Project***"), (ii) to fund capitalized interest on the Series 2019 Project Bonds through July 1, 2020, (iii) to provide for the funding of a Debt Service Reserve Account for the Series 2019 Project Bonds, and (iv) to pay costs of issuing the Series 2019 Project Bonds. See also "**PLAN OF FINANCE,**" "**ESTIMATED SOURCES AND USES OF FUNDS**" and "**AIRPORT CAPITAL IMPROVEMENT PROGRAMS**" herein and **APPENDIX A** - "**The Report of the Airport Consultant – Introduction – Airport Governance - The Airport Capital Program.**"

The proceeds of the Series 2019 Refunding Bonds, together with other available funds, will be used: (i) to refund or defease all of the outstanding City of St. Louis, Missouri Airport Revenue Bonds, Series 2009A-1 (the ***"Series 2009A-1 Bonds"***) issued under the Indenture (as more fully described herein), (ii) to provide for the funding of a Debt Service Reserve Account for the Series 2019 Refunding Bonds, and (iii) to pay costs of issuing the Series 2019 Refunding Bonds. See also "**PLAN OF FINANCE**" and "**ESTIMATED SOURCES AND USES OF FUNDS**" herein.

As of June 1, 2019 the outstanding Series 2009A-1 Bonds consist of the following:

Stated Maturity July 1	**Principal Amount**	**Interest Rate**	**CUSIP Number†**	**Redemption Price**
2019*	$ 3,720,000	6.000%	791638ZF9	
2024	22,295,000	6.125	791638ZG7	100%
2029	30,090,000	6.250	791638ZH5	100
2034	41,050,000	6.625	791638ZJ1	100

Security and Sources of Payment

The Series 2019 Bonds are limited obligations of the City payable on a parity with the Outstanding Bonds from the Revenues derived solely from the operation of the Airport and certain other funds pledged under the Indenture, subject to the application thereof in accordance with the Indenture, including the Debt Service Stabilization Fund and the Debt Service Reserve Account, all as more fully described in "**THE SERIES 2019 BONDS - Security and Sources of Payment**." The principal sources of Revenues are the rates and charges generated under agreements between the City and the airlines serving the Airport and payments under concession contracts at the Airport. See "**CERTAIN AGREEMENTS FOR USE OF THE AIRPORT'S FACILITIES**."

The Series 2019 Bonds do not constitute an indebtedness of the City within the meaning of any constitutional, statutory or charter limitation or provision, and the taxing power of the City is not pledged to the payment of the Series 2019 Bonds, either as to principal or interest.

The Series 2019 Bonds will be issued on parity with the Outstanding Bonds. In addition, the City may issue from time to time subordinate debt, including subordinate commercial paper notes, which are

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*Simultaneously with the issuance of the Series 2019 Refunding Bonds, the July 1, 2019 maturity of the Series 2009A-1 Bonds will be defeased using other available funds on deposit with the Trustee.

† CUSIP numbers appearing herein are included for the benefit of bondholders. Neither the Trustee nor the City shall be responsible for the selection or use of any such CUSIP number(s) nor are any representations made as to their correctness on the Series 2009A-1 Bonds or as indicated herein.

currently authorized in a maximum principal amount outstanding at any time not to exceed $125,000,000. Currently there is no subordinate debt outstanding. The City may issue subordinate commercial paper notes or other subordinated debt in the future, but the City has no current plans to issue any such notes or other subordinated debt. See "**THE SERIES 2019 BONDS - Subordinated Indebtedness and Special Facilities Indebtedness**."

Additional Bonds and Refunding Bonds

Pursuant to the Indenture, subject to certain terms and conditions, the City may issue:

(1) Additional Bonds from time to time to finance capital improvements at the Airport; and

(2) Refunding Bonds for the purpose of refunding principal and/or interest components of any Outstanding Bonds, any Subordinated Indebtedness or Special Facilities Indebtedness.

Additional Bonds and Refunding Bonds will be equally and ratably secured on a parity with the Series 2019 Bonds and other Outstanding Bonds.

The City may issue Additional Bonds if (i) sufficient bonding authority remains pursuant to the Voter Approval and (ii) the requirements for the issuance of Additional Bonds under the Indenture (the "***Additional Bonds Test***") are met. The City may issue Refunding Bonds if (i) the Aggregate Debt Service in each Airport Fiscal Year prior to the final maturity date of then Outstanding Bonds after the refunding is no greater than the Aggregate Debt Service in each Airport Fiscal Year prior to the refunding or (ii) such Refunding Bonds satisfy certain portions of the Additional Bonds Test. See "**THE SERIES 2019 BONDS - Outstanding Bonds, Additional Bonds and Refunding Bonds**."

The Series 2019 Refunding Bonds are being issued as Refunding Bonds. The Series 2019 Project Bonds are being issued as Additional Bonds.

Certain Investment Considerations

The Series 2019 Bonds may not be suitable for all investors. Prospective purchasers of the Series 2019 Bonds should give careful consideration to the information set forth in this Official Statement, including, but not limited to, the matters discussed or referred to under "**CERTAIN INVESTMENT CONSIDERATIONS**." These considerations include, among others, the following: (1) changes in the level of airline activity at the Airport; (2) events adversely affecting the air transportation system and the Airport; (3) the possible effect of an airline bankruptcy on the Use Agreements (as defined herein); and (4) the financial health of the airline industry and certain airlines serving the Airport. See also "**FACTORS AFFECTING THE AIRPORT AND THE AIR CARRIER INDUSTRY**" **and APPENDIX A** - "**The Report of the Airport Consultant – Aviation Activity – Sources of Forecast Risk and Uncertainty"** for a more comprehensive discussion of certain investment considerations.

Continuing Disclosure

The City and the Trustee, as dissemination agent (the "***Dissemination Agent***"), will enter into a Continuing Disclosure Agreement dated as of June 1, 2019 (the "***Continuing Disclosure Agreement***"), substantially in the form attached as **APPENDIX G** – "**Form of Continuing Disclosure Agreement**," pursuant to which the City will covenant for the benefit of holders and beneficial owners of the Series 2019 Bonds to provide audited financial statements of the Airport, certain statistical and operating data relating to the City and the Airport and notices of the occurrence of certain enumerated events. The audited financial statements, statistical and operating data and notices of events will be filed by or on behalf of the City in compliance with Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "***Rule***"). See the section herein captioned "**CONTINUING DISCLOSURE**" and **APPENDIX G** – "**Form of Continuing Disclosure Agreement**."

Miscellaneous

This Official Statement contains brief descriptions of, among other things, the Indenture, the Series 2019 Bonds, the City, the Airport, the Use Agreements, the Operating Agreements, the Continuing Disclosure Agreement, the audited financial statements of the Airport, certain unaudited financial information of the Airport, the Airport's capital improvement programs and the Airport Development Program. Such descriptions do not purport to be comprehensive or definitive. All references in this Official Statement to any documents are qualified in their entirety by reference to such documents, and references to the Series 2019 Project Bonds are qualified in their entirety by reference to the form of the Series 2019 Project Bonds included in the Twenty-Third Supplemental Indenture and references to the Series 2019 Refunding Bonds are qualified in their entirety by reference to the form of the Series 2019 Refunding Bonds included in the Twenty-Fourth Supplemental Indenture. Upon the issuance of the Series 2019 Bonds, the Indenture and the Continuing Disclosure Agreement will be available for inspection at the offices of the Trustee. All other documents referenced above are attached as appendices or available for inspection at the offices of the Airport.

The Report of the Airport Consultant (defined herein) is included as **APPENDIX A**. Certain audited financial statements of the Airport are included as **APPENDIX B**. Definitions and a summary of certain provisions of the Indenture are included as **APPENDIX C,** and all capitalized terms used in this Official Statement and not otherwise defined in this Official Statement shall have the meanings set forth in **APPENDIX C** or, with respect to terms defined in the Use Agreements and the Operating Agreements, in **APPENDIX D**. A summary of certain provisions of the Use Agreements and the Operating Agreements is included as **APPENDIX D**. A description of the book-entry-only system maintained by DTC is set forth in **APPENDIX E**. The substantially final text of the opinion to be delivered by Co-Bond Counsel, Armstrong Teasdale LLP, St. Louis, Missouri, and Saulsberry & Associates, LLC, St. Louis, Missouri, is included as **APPENDIX F**. A form of the Continuing Disclosure Agreement is attached as **APPENDIX G**. A description of the PFC Program, as defined herein, is included as **APPENDIX H**.

The information in this Official Statement is subject to change without notice, and neither the delivery of this Official Statement nor any sale made pursuant hereto shall under any circumstances, create an implication that there has been no change in the affairs of the City or the Airport since the date hereof. This Official Statement is not to be construed as a contract or agreement between the City or the Underwriters and purchasers or owners of any of the Series 2019 Bonds.

THE SERIES 2019 BONDS

The Series 2019 Bonds are being issued under the Indenture. Reference is hereby made to the Indenture in its entirety for the detailed provisions pertaining to the Series 2019 Bonds.

General

The Series 2019 Bonds will be dated their date of delivery and will mature and bear interest as set forth on the inside cover page of this Official Statement. The Series 2019 Bonds are issued as fully registered bonds in denominations of $5,000 or integral multiples thereof. The principal of and redemption premium, if any, on the Series 2019 Bonds will be payable at maturity to the persons in whose name such Series 2019 Bonds are registered upon presentation and surrender of such Series 2019 Bonds at the principal corporate trust office of the Trustee in St. Louis, Missouri. Interest on the Series 2019 Bonds is payable semiannually on January 1 and July 1 of each year, commencing January 1, 2020. Principal of the Series 2019 Bonds shall be paid on the maturity dates listed on the inside cover of this Official Statement. Registered Owners of Series 2019 Bonds of a principal amount of at least $1,000,000 may receive payments of interest by electronic transfer upon written request from the registered Owner to the Trustee providing relevant instructions not later than five days prior to the Record Date for such interest payment date.

Book-Entry-Only System

The Depository Trust Company ("***DTC***"), New York, New York, will act as securities depository for the Series 2019 Bonds. The Series 2019 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully registered Bond certificate will be issued for each maturity of the Series 2019 Bonds in the aggregate principal amount of such maturity, and will be deposited with DTC. For additional information regarding DTC and DTC's book-entry-only system, see **APPENDIX E** - "**DTC Information**."

In reading this Official Statement, it should be understood that while the Series 2019 Bonds are in book-entry-only form, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Series 2019 Bonds, but (i) all rights of ownership must be exercised through DTC and its book-entry only system, and (ii) except as described in ***APPENDIX E*** *– "****DTC Information****," notices that are to be given to registered owners under the Indenture shall be given only to DTC.*

Redemption Provisions

The Series 2019 Bonds are subject to redemption prior to maturity as described below.

Extraordinary Redemption of Series 2019 Bonds. The City is exploring the possibility of leasing the Airport to a private entity that would manage and operate the Airport pursuant to the Federal Aviation Administration's Airport Privatization Pilot Program ("APPP"). The formation of the Advisory Working Group represents only one step in a lengthy evaluation process and no determination has been made at this time as to whether or not to pursue a lease of the Airport. The City has determined that it will not lease the Airport to a private entity unless, among other things, principal of and interest on all of the City's outstanding Airport Revenue Bonds have been paid in full, or unless the City has made adequate provision for the defeasance of all outstanding Airport Revenue Bonds in accordance with the Indenture.

In light of the above, in addition to the Optional Redemption provisions specified below, the Series 2019 Bonds are subject to extraordinary redemption prior to maturity on any date up to and including July 1, 2023, only if the City makes a determination to enter into a lease of the Airport to a private entity that would manage and operate the Airport pursuant to the APPP. The City will not enter into such a lease agreement unless, among other things, principal of and interest on all of the Outstanding Bonds (including the Series 2019 Bonds) have been paid in full, or unless the City has made adequate provision for the defeasance of all Outstanding Bonds (including the Series 2019 Bonds), in accordance with the Indenture. See "**INTRODUCTION - FAA Airport Privatization Pilot Program," "FAA AIRPORT PRIVATIZATION PILOT PROGRAM," "CERTAIN INVESTMENT CONSIDERATIONS – FAA Airport Privatization Pilot Program"** and **APPENDIX C – "Summary of Certain Provisions of the Indenture – Particular Covenants of the City – Sale, Lease or Encumbrance of Property."**

In the event the City enters into a lease of the Airport, the City will make provision for the redemption and/or defeasance of the Series 2019 Bonds. The City may, at the City's discretion, choose to defease the Series 2019 Bonds with an escrow through the optional redemption call date and/or to redeem the Series 2019 Bonds through this extraordinary redemption provision at the

Unamortized Premium Redemption Price. Such optional redemptions or extraordinary redemptions shall be subject in all respects to the provisions and requirements of the Indenture. The extraordinary redemption of the Series 2019 Bonds shall be at the Unamortized Premium Redemption Price of the Series 2019 Bonds and such redemption shall be subject in all respects to the provisions and requirements of the Indenture.

Such redemption shall be at the Unamortized Premium Redemption Price of the Series 2019 Bonds and such redemption shall be subject in all respects to the provisions and requirements of the Indenture.

"Unamortized Premium Redemption Price" means 100% of the Unamortized Premium Value of the Series 2019 Bonds to be redeemed, plus accrued interest to, but not including, the redemption date.

"Unamortized Premium Value" means the amount determined by the City and certified to the Trustee and verified by the Verification Agent in the form of a verification report, to be the principal amount of the Series 2019 Bonds to be redeemed multiplied by the price of such Series 2019 Bonds expressed as a percentage, calculated by the City based on the industry standard method of calculating bond prices, with a delivery date equal to the redemption date, the maturity date of such Series 2019 Bonds (taking into account the date provided in the optional redemption provisions provided in the Indenture) and a yield equal to the original offering yield of the Series 2019 Bonds.

Optional Redemption of Series 2019A Project Bonds. The Series 2019A Project Bonds are subject to redemption prior to maturity in the sole discretion of the City from any source, in whole or in part at any time, as determined by the City (and within any maturity as selected by the Trustee in such equitable manner as it shall determine), on and after July 1, 2029, at the Redemption Price of 100% of the principal amount of the Series 2019A Project Bonds or portions thereof to be redeemed, together with accrued interest to the redemption date.

Optional Redemption of Series 2019B Project Bonds. The Series 2019B Project Bonds maturing on and after July 1, 2030 are subject to redemption prior to maturity in the sole discretion of the City from any source, in whole or in part at any time, as determined by the City (and within any maturity as selected by the Trustee in such equitable manner as it shall determine), on and after July 1, 2029, at the Redemption Price of 100% of the principal amount of the Series 2019B Project Bonds or portions thereof to be redeemed, together with accrued interest to the redemption date.

Optional Redemption of Series 2019 Refunding Bonds. The Series 2019 Refunding Bonds maturing on and after July 1, 2030 are subject to redemption prior to maturity in the sole discretion of the City from any source, in whole or in part at any time, as determined by the City (and within any maturity as selected by the Trustee in such equitable manner as it shall determine), on and after July 1, 2029, at the Redemption Price of 100% of the principal amount of the Series 2019 Refunding Bonds or portions thereof to be redeemed, together with accrued interest to the redemption date.

Mandatory Sinking Fund Redemption of the Series 2019A Project Bonds. The Series 2019A Project Bonds maturing July 1, 2044 are subject to mandatory redemption prior to maturity, upon notice as provided in the Indenture, in part, as selected by lot by the Trustee in such manner as it shall deem fair and appropriate, at par, plus accrued interest to the date of redemption on July 1 of each of the years set forth below, in the principal amounts set forth below:

July 1	Principal Amount
2040	$ 880,000
2041	925,000
2042	970,000
2043	1,015,000
2044*	1,070,000

* Final Maturity

The Series 2019A Project Bonds maturing July 1, 2049 are subject to mandatory redemption prior to maturity, upon notice as provided in the Indenture, in part, as selected by lot by the Trustee in such manner as it shall deem fair and appropriate, at par, plus accrued interest to the date of redemption on July 1 of each of the years set forth below, in the principal amounts set forth below:

July 1	Principal Amount
2045	$1,120,000
2046	1,175,000
2047	1,235,000
2048	1,300,000
2049*	1,365,000

* Final Maturity

With respect to the mandatory sinking fund redemption of Series 2019A Project Bonds which are subject to mandatory sinking fund redemption, amounts accumulated in the Debt Service Account or the Contingency Fund may be applied for such purpose prior to the 60th day preceding a sinking fund payment date to purchase such Series 2019A Project Bonds. After the 60th day, but on or prior to the 40th day preceding a sinking fund payment date, amounts on deposit in the Debt Service Account or the Contingency Fund may be applied to purchase such Series 2019A Project Bonds in an amount not exceeding that necessary to complete the retirement of the unsatisfied balance of the payment requirement for such sinking fund payment date. All such purchases of Series 2019A Project Bonds shall be at prices not exceeding the applicable sinking fund Redemption Price plus accrued interest.

Method of Selecting Series 2019 Bonds for Redemption. If less than all of the Series 2019 Bonds of like maturity shall be called for prior redemption, the particular Series 2019 Bonds or portions of Series 2019 Bonds to be redeemed shall be selected by lot by the Trustee in such manner as the Trustee in its discretion may deem fair and appropriate; provided, however, that the portion of any Series 2019 Bonds of a denomination of more than $5,000 to be redeemed shall be in the principal amount of $5,000 or any integral multiple thereof, and that, in selecting portions of such Series 2019 Bonds for redemption the Trustee shall treat each such Series 2019 Bond as representing that number of Series 2019 Bonds of $5,000 denomination which is obtained by dividing the principal amount of such Series 2019 Bond to be redeemed in part by $5,000.

Notice of Redemption. Notices of redemption will be mailed by the Trustee, postage prepaid, not less than 25 days prior to any redemption date, to the registered Owners of the Series 2019 Bonds that are to be redeemed. Each such notice will identify the Series 2019 Bonds to be redeemed (and, in the case of Series 2019 Bonds to be redeemed in part only, the principal amounts to be redeemed), will specify the redemption date and the Redemption Price, and will state that the Series 2019 Bonds to be redeemed will be payable at the principal corporate trust office of the Trustee. If, at the time of mailing of the notice of any optional redemption, there has not been deposited with the Trustee moneys sufficient to redeem all the

Series 2019 Bonds called for redemption, the notice may state that it is conditional on the deposit of the redemption moneys with the Trustee not later than the opening of business on the redemption date. Such notice will be of no effect and the Redemption Price for such optional redemption will not be due and payable unless such moneys are so deposited. Upon the sending of notice as provided in the Indenture and the deposit with the Trustee of legally available moneys sufficient to pay the principal of and interest accrued to the redemption date on the Series 2019 Bonds called for redemption, the Series 2019 Bonds or portions thereof thus called for redemption will cease to bear interest from and after the redemption date, will no longer be entitled to the benefits provided by the Indenture and will not be deemed to be Outstanding under the provisions of the Indenture.

Registration, Transfer and Exchange

Bonds, upon surrender thereof at the principal office of the Trustee or any other Bond Registrar with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered Owner or his duly authorized attorney, may, at the option of the Owner thereof, and upon payment by such Owner of any charges which the Trustee may make as provided in the Indenture, be exchanged for an equal aggregate principal amount of Bonds of the same Series, maturity and interest rate of any other authorized denominations.

Each Bond is transferable only upon the books of the City maintained by the Comptroller, which will be kept for that purpose at the principal office of the Trustee, by the Owner thereof in person or by the Owner's attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the Owner or the Owner's duly authorized attorney. Upon the transfer of any such Bond, the City will issue in the name of the transferee a new Bond or Bonds of the same aggregate principal amount, Series and maturity as the surrendered Bond. The Trustee and any other Bond Registrar will cooperate with each other in maintaining accurate Bond registration books of the City at the principal office of the Trustee in accordance with the Indenture and in maintaining a copy thereof at the principal office of the Trustee and any other Bond Registrar.

The City and each Fiduciary may deem and treat the person in whose name any Bond will be registered upon the Bond registration books of the City as the absolute Owner of such Bond, whether such Bond will be overdue or not, for the purpose of receiving payment of, or on account of, the principal and Redemption Price, if any, of, and interest on such Bond and for all other purposes, and all such payments so made to any such Owner or upon such Owner's order will be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the City nor any Fiduciary will be affected by any notice to the contrary.

In all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, the City will execute and the Trustee will authenticate and deliver Bonds in accordance with the provisions of the Indenture. All Bonds surrendered in any such exchanges or transfers will forthwith be canceled by the Trustee and disposed of in accordance with the Charter. For every such exchange or transfer of Bonds, whether temporary or definitive, the City, the Trustee or the Co-Registrar may make a charge sufficient to reimburse it for any tax, governmental fee or other governmental charge required to be paid with respect to such exchange or transfer. Neither the City, the Trustee nor any other Bond Registrar will be required (a) to register the transfer or exchange of Bonds of any Series for a period of 15 days next preceding any selection of Bonds of such Series to be redeemed or thereafter until after the first mailing of any notice of redemption, or (b) to register the transfer or exchange of any Bonds called for redemption.

Security and Sources of Payment

General. The Series 2019 Bonds do not constitute an indebtedness of the City within the meaning of any constitutional, statutory or charter limitation or provision, and the taxing power of the City is not pledged to the payment of the Series 2019 Bonds, either as to principal or interest.

The Series 2019 Bonds are limited obligations of the City, payable solely from and secured, on a parity with the Outstanding Bonds, by a pledge of (i) the Revenues, subject to the application thereof to the purposes and on the conditions permitted by the Indenture, including for the payment of Operation and Maintenance Expenses, and (ii) the Funds established by the Indenture. None of the properties of the Airport have been pledged or mortgaged to secure payment on the Bonds, including the Series 2019 Bonds.

Revenues. Under the Indenture, "***Revenues***" means collectively, GARB Revenues (as defined herein), Pledged PFC Revenues (as defined herein) and any other available moneys deposited in the Revenue Fund. The Indenture defines "***Net Revenues***" as Revenues less Operation and Maintenance Expenses.

> GARB Revenues. The Indenture defines "***GARB Revenues***" as all revenues collected by the City relating to, from or with respect to its possession, management, supervision, operation and control of the Airport, including all rates, charges, landing fees, rentals, use charges, concession revenues, revenues from the sale of services, supplies or other commodities, any investment income realized from the investment of amounts in the Revenue Fund, and any other amounts deposited into the Revenue Fund. GARB Revenues do not include: (a) any revenue or income from any Special Facilities, except ground rentals thereof or any payments made to the City in lieu of such ground rentals and the revenue or income from Special Facilities which are not pledged to the payment of Special Facilities Indebtedness; (b) any moneys received as grants, appropriations or gifts from the United States of America, the State or other sources, the use of which is limited by the grantor or donor to the planning or the construction of capital improvements, including land acquisition, for the Airport, except to the extent any such moneys are received as payment for the use of the Airport; (c) any Bond proceeds and other money (including investment earnings) credited to the Construction Fund for the financing of capital improvements to the Airport; (d) any interest earnings or other gain from investment of moneys or securities in any escrow or similar account pledged to the payment of any obligations therein specified in connection with the issuance of Refunding Bonds or the defeasance of any Series of Bonds in accordance with the Indenture; (e) any consideration received by the City upon transfer of the Airport pursuant to the Indenture; (f) interest income on, and any profit realized from, the investment of moneys in (i) the Construction Fund or any other construction fund funded from proceeds of Bonds or (ii) the Debt Service Account or the Debt Service Reserve Account if and to the extent there is any deficiency therein; (g) any passenger facility charge or similar charge levied by or on behalf of the Airport against passengers or cargo, including any income or earnings thereon; (h) insurance proceeds which are not deemed to be GARB Revenues in accordance with generally accepted accounting principles (other than proceeds that provide for lost revenue to the Airport for business interruption or business loss); (i) the proceeds of any condemnation or eminent domain award; (j) the proceeds of any sale of land, buildings or equipment; (k) any money received by or for the account of the Airport from the levy of taxes upon any property in the City; and (1) amounts payable to the City under an Interest Rate Exchange Agreement, unless and to the extent designated as GARB Revenues by the City in a Supplemental Indenture.
>
> Pledged PFC Revenues. The Indenture defines "***Pledged PFC Revenues***" as the portion of PFC Revenues that have been pledged to the payment of Bonds pursuant to the terms, and subject to the qualification of the Indenture, designated as PFC-Eligible Projects or PFC-Eligible Debt

Service. The Indenture defines "***PFC Revenues***" as the passenger facility charges imposed at the Airport from time to time pursuant to the PFC Act, the regulations thereunder and any record of decision of the Federal Aviation Administration ("***FAA***") relating to passenger facility charges (the "***PFCs***") remitted to the City as a result of enplanements at the Airport, including any interest earned thereon.

Pledged PFC Revenues may be decreased or eliminated as a result of the refunding or defeasance of PFC-Eligible Bonds. Pledged PFC Revenues for each PFC Year are an amount equal to 125% of the amount of PFC-Eligible Debt Service designated for any series of Bonds part or all of the proceeds of which are for PFC-Eligible Projects. Such pledged amount constitutes Pledged PFC Revenues and are in addition to any PFC Revenues previously or thereafter pledged to the payment of other Bonds. See **APPENDIX C** - "**Summary of Certain Provisions of the Indenture – Pledged PFC Revenues"** and "- **Elimination of or Decrease in the Amount of PFC Revenues"** attached hereto. For information regarding the PFC Program see **APPENDIX H** - "**The PFC Program**" attached hereto.

Amounts in the Revenue Fund are deposited, on a monthly basis, in specified funds and accounts under the Indenture in the order set forth in the Indenture. For a summary of the application of Revenues under the Indenture, see **APPENDIX C** - "**Summary of Certain Provisions of the Indenture** — **Application of Revenues**."

The principal sources of Revenues are the rates and charges generated under agreements between the City and the airlines serving the Airport and payments under concession contracts at the Airport. See "**CERTAIN AGREEMENTS FOR USE OF THE AIRPORT'S FACILITIES**."

Rate Covenant. Under the Indenture, the City has covenanted that it will, at all times while any Bonds remain outstanding, establish, fix, prescribe and collect rates, fees, rentals and other charges for the use of the Airport as will be reasonably anticipated to provide in each Airport Fiscal Year an amount so that Revenues will be sufficient to (i) pay Aggregate Debt Service for such Airport Fiscal Year, (ii) provide funds necessary to make the required deposits in and maintain the several funds and accounts established under the Indenture, and (iii) pay or discharge all indebtedness, charges and liens payable out of the Revenues under the Indenture. See **APPENDIX C – "Summary of Certain Provisions of the Indenture – Particular Covenants of the City – Rates and Charges."** For further discussion, see also "**CERTAIN AGREEMENTS FOR USE OF THE AIRPORT'S FACILITIES."**

Debt Service Reserve Account. The Indenture authorizes the establishment of the Series 2019 Refunding Debt Service Reserve Sub-Account and the Series 2019 Project Debt Service Reserve Sub-Account, each of the Debt Service Reserve Account within the Airport Bond Fund, each of which is to be held by the Trustee. Each such Debt Service Reserve Sub-Account is to be applied solely for the purposes specified in the Indenture and is pledged to secure the payment of the accrued Aggregate Debt Service on the Series 2019 Bonds. All of the sub-accounts within the Debt Service Reserve Account are held on a parity basis for the equal and ratable benefit of the Holders of all of the Outstanding Bonds. The Indenture requires that the Debt Service Reserve Account be maintained, as of any date of calculation for the then-Outstanding Bonds, unless otherwise provided in a Supplemental Indenture for a particular Series of Bonds, at an amount which equals the least of: (i) 10% of the proceeds of such Series of Bonds; (ii) 125% of the average annual debt service on such Series of Bonds; or (iii) the maximum annual debt service on such Series of Bonds. Deposits into the Debt Service Reserve Account may be satisfied by a deposit of cash or a letter of credit, revolving credit agreement, standby purchase agreement, surety bond, insurance policy or similar obligation, arrangement or instrument issued by a bank, insurance company or other financial institution (the "***Reserve Facility***") pursuant to the requirements of the Indenture.

Pursuant to the Twenty-Third Supplemental Indenture, the Debt Service Reserve Requirement with respect to the Series 2019 Project Bonds initially will be $1,433,750.00, which is to be satisfied by a deposit from the proceeds of the Series 2019 Project Bonds.

Pursuant to the Twenty-Fourth Supplemental Indenture, the Debt Service Reserve Requirement with respect to the Series 2019 Refunding Bonds initially will be $9,396,493.62, which is to be satisfied by a deposit from the proceeds of the Series 2019 Refunding Bonds.

Moneys in the Debt Service Reserve Account are to be withdrawn and deposited in the Debt Service Account each month to the extent that the amount in the Debt Service Account is less than the Accrued Aggregate Debt Service on such Bonds after all required transfers to the Debt Service Account pursuant to the Indenture and any transfers from the Debt Service Stabilization Fund. If amounts in the Debt Service Reserve Account are less than the Debt Service Reserve Requirement, or if any Reserve Facility is downgraded below the fourth highest rating category (without giving effect to gradations within a rating category) by any of the Rating Agencies, the Indenture requires that the Debt Service Reserve Account be restored to its requirement from amounts held in the Renewal and Replacement Fund, the Contingency Fund or the Development Fund or by the deposit of a new Reserve Facility rated in one of the three highest rating categories (without giving effect to gradations within a rating category). To the extent that such deficiency has not been made up from amounts in the Renewal and Replacement Fund, the Contingency Fund or the Development Fund, or by deposit of a new Reserve Facility, such deficiency shall be replenished from the first available Revenues after required deposits into the Operation and Maintenance Fund and the Debt Service Account pursuant to the Indenture. The Indenture provides that any such deficiency in the Debt Service Reserve Account shall be replenished over various time periods as specified in the Indenture. Moneys in the Debt Service Reserve Account in excess of the requirement may be withdrawn and applied in accordance with the Indenture. See **APPENDIX C - "Summary of Certain Provisions of the Indenture**."

As of June 1, 2019, the value of all amounts on deposit in the Debt Service Reserve Account, which secures, on a parity basis, all $594,475,000 [1] Outstanding Bonds issued under the Indenture, is approximately $82,856,963 million. Such amount is comprised of Reserve Facilities consisting of approximately $60,131,014 million of surety bonds provided by qualified financial institutions and the balance is in cash (which has been invested in accordance with the Indenture). Because of periodic recalculations of the Debt Service Reserve Requirements for Outstanding Series of Bonds required by the Indenture, the amount required to be on deposit in certain Debt Service Reserve Sub-accounts may increase or decrease from time-to-time. The City is meeting its obligations with respect to the Debt Service Reserve Requirement. The amount of the deposit may change over time due to the manner in which the Debt Service Reserve Requirement is calculated. See **APPENDIX C — "Summary of Certain Provisions of the Indenture - Debt Service Reserve Requirement**."

Debt Service Stabilization Fund. After making all required monthly deposits to or for the Operation and Maintenance Fund, the Debt Service Account, the Debt Service Reserve Account, the Arbitrage Rebate Fund, the payment of any Subordinated Indebtedness, the Renewal and Replacement Fund and the City Sub-Account in the Revenue Fund, the City will deposit the remaining Revenues in the Revenue Fund (i) in Fiscal Year 2019 and (ii) in each Fiscal Year thereafter, into the Debt Service Stabilization Fund up to an amount sufficient to cause the amount on deposit therein to equal the Debt Service Stabilization Fund Requirement. The Debt Service Stabilization Fund Requirement is an amount equal to 35% of the maximum annual Debt Service on the Bonds due in the then-current or any future Airport Fiscal Year, subject to change as described below. After such deposits, any remaining GARB

[1] Includes the Series 2009A-1 Bonds.

Revenues will be deposited in the Development Fund and any remaining unused Pledged PFC Revenues will be deposited in the PFC Account.

Amounts on deposit in the Debt Service Stabilization Fund may be withdrawn and used for (1) monthly transfers to the Trustee for deposit to the Debt Service Account to the extent necessary to replenish any deficiency or deficiencies therein, (2) emergency debt service needs with respect to Outstanding Bonds, Subordinated Indebtedness or other indebtedness issued for Airport purposes and (3) Airport operational emergencies.

Notwithstanding the foregoing, after the Net Revenues for three consecutive Airport Fiscal Years equals at least 1.60 times the Aggregate Adjusted Debt Service for such Airport Fiscal Years, the Comptroller, upon the receipt of a request of the Airport Commission, may determine to reduce or eliminate the Debt Service Stabilization Fund Requirement and/or eliminate the Debt Service Stabilization Fund.

The balance in the Debt Service Stabilization Fund is expected to be approximately $38 million as of June 30, 2019, including the amounts described above. For additional information regarding the Debt Service Stabilization Fund, see **APPENDIX C —** "**Summary of Certain Provisions of the Indenture** — **Description of Funds Established by the Indenture** — **Debt Service Stabilization Fund**."

Under the Use Agreements (as defined herein), the City is using a portion of the Debt Service Stabilization Fund held under the Indenture in order to mitigate rates on an annual basis during the term of the Use Agreements. In each Fiscal Year in which the City determines to mitigate rates, the City will withdraw an amount not to exceed $13.7 million from the Debt Service Stabilization Fund and deposit such amount in the Revenue Fund, with the expectation that such amount will be redeposited in the Debt Service Stabilization Fund by the end of such Fiscal Year. The amounts so deposited in such years will be included in GARB Revenues and the debt service coverage calculations for such years. For additional information see the projections of the Airport Consultant in its Report of the Airport Consultant (defined herein) attached as **APPENDIX A** hereto.

Outstanding Bonds, Additional Bonds and Refunding Bonds

Outstanding Bonds. The following series of Bonds constitute the Outstanding Bonds under the Indenture, as of June 1, 2019.

Title	Dated Date	Original Amount of Issue	Amount Outstanding
Airport Revenue Refunding Bonds, Series 2005 (Non-AMT)	July 7, 2005	$263,695,000	$167,700,000
Airport Revenue Refunding Bonds, Series 2007A (Non-AMT)	January 23, 2007	231,275,000	34,105,000
Airport Revenue Bonds, Series 2009A-1[1]	July 14, 2009	107,240,000	97,155,000
Airport Revenue Refunding Bonds, Series 2012 (AMT)	June 28, 2012	31,395,000	22,140,000
Airport Revenue Refunding Bonds, Series 2015 (Non-AMT)	June 25, 2015	17,310,000	17,310,000
Airport Revenue Refunding Bonds, Series 2017A (Non-AMT)	June 28, 2015	125,410,000	125,410,000
Airport Revenue Refunding Bonds, Series 2017B (AMT)	June 28, 2015	74,715,000	72,350,000
Airport Revenue Bonds, Series 2017C (Non-AMT)	June 28, 2015	31,700,000	31,700,000
Airport Revenue Bonds, Series 2017D (AMT)	June 28, 2015	26,605,000	26,605,000
Total		$909,345,000	$594,475,000

The City maintains an investor information website at http://buystlbonds.com containing information on indebtedness of the City. *However, information on this website has not been verified for accuracy, timeliness or completeness and is not a part of this Official Statement.*

Additional Bonds. Additional Bonds, equally and ratably secured under the Indenture on a parity with Outstanding Bonds, including the Series 2019 Bonds, may be authorized and issued by the City upon satisfaction of certain conditions for the purpose of providing funds for costs of construction of Additional Projects, consisting of the extension, improvement, acquisition, construction and enlargement of the Airport. The City may issue Additional Bonds for an Additional Project only if (i) sufficient bonding authority remains pursuant to the Voter Approval and (ii) the Additional Bonds Test under the Indenture is met, including receipt by the Trustee of certain certificates, reports and information, including, but not limited to, the following:

1. An Accountant's Certificate setting forth (a) the Net Revenues of the Airport for any period of 12 consecutive months out of the 18 months preceding the authentication and delivery of such Additional Bonds, and (b) the Aggregate Adjusted Debt Service for such 12-month period, and demonstrating that for such 12-month period that Net Revenues equaled at least 1.25 times the Aggregate Adjusted Debt Service; and

2. A certificate of an authorized officer of the City demonstrating that, among other things, the estimated Net Revenues of the Airport for each of the three Fiscal Years following the Fiscal Year in which the Additional Project will be completed is at least equal to 1.25 times Aggregate Adjusted Debt Service for each of such three Fiscal Years.

The Indenture contains a covenant (applicable so long as certain Bonds authorized thereby are Outstanding) which provides that the amount of Pledged PFC Revenues that may be counted for the purpose

[1] All of the Series 2009A-1 Bonds will be refunded or defeased upon the issuance of the Series 2019 Refunding Bonds.

of meeting the Additional Bonds Test for any Fiscal Year may not exceed 125% of the sum of the outstanding and proposed PFC-eligible debt service for such Fiscal Year.

The Series 2019 Project Bonds are being issued as Additional Bonds.

See **APPENDIX C – "Summary of Certain Provisions of the Indenture – Additional Bonds."**

Refunding Bonds. Refunding Bonds, equally and ratably secured under the Indenture on a parity with Outstanding Bonds, including the Series 2019 Bonds, may be authorized and issued by the City upon satisfaction of certain conditions, for the purpose of refunding all or a portion of the principal and/or interest components of Outstanding Bonds, Subordinated Indebtedness (described below) or Special Facilities Indebtedness (described below).

Refunding Bonds may be issued only upon receipt by the Trustee of certain certificates, reports and information, including, but not limited to, either of the following: (1) a certificate of an Authorized Officer of the City setting forth (a) the Aggregate Debt Service and the Aggregate Adjusted Debt Service for the then current and each future Fiscal Year to and including the Fiscal Year next preceding the date of the latest maturity of any Bonds of any Series then Outstanding (i) with respect to the Bonds of all Series Outstanding immediately prior to the date of authentication and delivery of such Refunding Bonds and (ii) with respect to the Bonds of all Series to be Outstanding immediately thereafter, and (b) that the Aggregate Debt Service and the Aggregate Adjusted Debt Service set forth for each Airport Fiscal Year pursuant to (ii) above are not greater than the corresponding amounts set forth for such Airport Fiscal Year pursuant to (i) above; or (2) the certificates required by the Indenture evidencing that the Additional Bonds Test has been met, considering, for all purposes of such test, that such Refunding Bonds are Additional Bonds, subject to certain exceptions.

The Series 2019 Refunding Bonds are being issued as Refunding Bonds.

See **APPENDIX C – "Summary of Certain Provisions of the Indenture."**

Subordinated Indebtedness and Special Facilities Indebtedness

The Indenture permits the City to issue or refund bonds, notes, commercial paper, certificates, warrants or other evidence of indebtedness payable as to principal and interest from the Revenue Fund and the Net Revenues, subject and subordinate to the deposits and credits required to be made therefrom to the Debt Service Account and the Debt Service Reserve Account, and to secure such bonds, notes, commercial paper, certificates, warrants or other evidences of indebtedness and the payment thereof by a lien and pledge on the Net Revenues junior and inferior to the lien and pledge on the Net Revenues created under the Indenture for the payment of and security on the Bonds (the "***Subordinated Indebtedness***"). The City is currently authorized to issue commercial paper notes in a maximum principal amount outstanding at any time not to exceed $125,000,000. Currently there is no subordinate debt outstanding.

At any time after authorization, but prior to the issuance of Subordinated Indebtedness, the City must furnish to the Trustee a certificate of the City with respect to the specific principal amount of Subordinated Indebtedness proposed to be issued (the "***Certified Amount***") that provides as follows: annual estimated Net Revenues available, after payment of Debt Service of the Outstanding Bonds, for each of the three Airport Fiscal Years following the Airport Fiscal Year in which it is estimated that the Airport has beneficial occupancy of the Airport project to be financed or refinanced (in whole or in part) from the proceeds of such Certified Amount, will be at least equal to 1.10 times the sum of (1) estimated debt service on the Certified Amount proposed to be issued, (2) debt service on all outstanding Subordinated

Indebtedness, and (3) estimated debt service on any other previously Certified Amounts to the extent that such Certified Amounts are not outstanding but are still authorized and available to be issued.

The Indenture permits the issuance of obligations other than Bonds by the City or otherwise ("***Special Facilities Indebtedness***") for the purpose of financing capital improvements or facilities to be located on Airport property, provided that such Special Facilities Indebtedness is not payable from Revenues. Special Facilities Indebtedness must be payable solely from rentals and other charges derived from a lease, sale or other agreement with the person, firm or corporation utilizing such Special Facilities. Prior to the issuance of the Special Facilities Indebtedness, there must be filed with the Trustee a certificate of the Airport Consultant certifying that (i) the estimated rentals, payments and other charges (including interest earnings on any reserves) to be paid with respect to such Special Facilities will be at least sufficient to pay the principal of and interest on such Special Facilities Indebtedness, together with all costs of operating and maintaining the Special Facilities and all required sinking fund, reserve and other payments; and (ii) the construction and operation of the Special Facilities to be financed will not decrease the Revenues presently projected to be derived from the Airport. The City is required to charge a fair and reasonable rental for the land upon which any Special Facilities are to be constructed, and such ground rent will be deemed Revenues of the Airport. There currently is no Special Facility Indebtedness outstanding, and the City has no current plans to incur any such Indebtedness.

PLAN OF FINANCE

General

The proceeds of the Series 2019 Project Bonds will be used: (i) to fund a portion of the costs of the construction and improvement of the Airport (the "***2019 Project***"), (ii) to fund capitalized interest on the Series 2019 Project Bonds through July 1, 2020, (iii) to provide for the funding of a Debt Service Reserve Account for the Series 2019 Project Bonds, and (iv) to pay costs of issuing the Series 2019 Project Bonds.

The proceeds of the Series 2019 Refunding Bonds, together with other available funds, will be used: (i) to refund or defease all of the outstanding Series 2009A-1 Bonds issued under the Indenture (as more fully described herein), (ii) to provide for the funding of a Debt Service Reserve Account for the Series 2019 Refunding Bonds, and (iii) to pay costs of issuing the Series 2019 Refunding Bonds.

The 2019 Project

The proceeds of the Series 2019 Project Bonds will be used to provide funds to purchase and construct capital improvements under the Airport's CIP, as defined herein. See "**ESTIMATED SOURCES AND USES OF FUNDS**" and "**AIRPORT CAPITAL IMPROVEMENT PROGRAMS**" herein and **APPENDIX A** - "**The Report of the Airport Consultant – Introduction – The Airport Capital Program - Funding Plan for Series 2019 Project"** hereto.

Plan of Refunding or Defeasance

The proceeds of the Series 2019 Refunding Bonds, together with other available funds, will be used to refund on a current basis or defease all of the Series 2009A-1 Bonds, which are outstanding as of June 1, 2019, in the aggregate principal amount of $97,155,000. See "**INTRODUCTION – Use of Proceeds**" and "**ESTIMATED SOURCES AND USES OF FUNDS**" herein.

ESTIMATED SOURCES AND USES OF FUNDS

The following sets forth the estimated sources and uses of the proceeds of the Series 2019 Bonds and other available funds:

	Series 2019A Project Bonds	Series 2019B Project Bonds	Series 2019 Refunding Bonds
Sources:			
Par Amount	$13,235,000.00	$8,440,000.00	$75,470,000.00
Original Issue Premium	2,704,872.75	1,667,262.75	18,494,936.25
Series 2009A-1- Bonds Debt Service Funds on Deposit with the Trustee			2,982,878.13
Series 2009A-1 Bonds Debt Service Reserve			9,913,962.50
Total	$15,939,872.75	$10,107,262.75	$106,861,776.88
Uses:			
Deposit to Project Fund	$14,221,326.00	$9,009,864.00	
Refunding/Defeasance Escrow Deposit			$96,417,878.13
Deposit to Debt Service Reserve Fund	875,463.96	558,286.04	9,396,493.62
Capitalized Interest	658,241.77	419,762.78	
Costs of Issuance[1]	184,841.02	119,349.93	1,047,405.13
Total	$15,939,872.75	$10,107,262.75	$106,861,776.88

[1] Includes Underwriters' discount and legal, accounting, administrative and miscellaneous fees and expenses.

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DEBT SERVICE REQUIREMENTS

The following table summarizes the debt service payments to be made by the City for all Outstanding Bonds, including the Series 2019 Bonds, based on when payments are required to be sent to the Trustee.

Period Ending July 1	Outstanding Bonds[1] Principal & Interest	Series 2019A Project Bonds Principal	Series 2019A Project Bonds Interest[2]	Series 2019B Project Bonds Principal	Series 2019B Project Bonds Interest[2]	Series 2019 Refunding Bonds Principal	Series 2019 Refunding Bonds Interest	Total Debt
2019	$ 64,884,403							$ 64,884,403
2020	56,494,850						$ 3,815,428	60,310,278
2021	56,500,575		$ 661,750	$ 350,000	$ 422,000		3,773,500	61,707,825
2022	56,494,325		661,750	365,000	404,500		3,773,500	61,699,075
2023	49,213,076		661,750	385,000	386,250		3,773,500	54,419,576
2024	49,211,325		661,750	400,000	367,000		3,773,500	54,413,575
2025	49,211,251		661,750	420,000	347,000	$ 5,040,000	3,773,500	59,453,501
2026	49,204,376		661,750	445,000	326,000	6,390,000	3,521,500	60,548,626
2027	49,212,888		661,750	465,000	303,750	6,705,000	3,202,000	60,550,388
2028	42,297,501		661,750	490,000	280,500	7,040,000	2,866,750	53,636,501
2029	42,290,326		661,750	515,000	256,000	7,395,000	2,514,750	53,632,826
2030	42,297,401		661,750	540,000	230,250	7,760,000	2,145,000	53,634,401
2031	42,298,200		661,750	565,000	203,250	8,155,000	1,757,000	53,640,200
2032	11,549,751		661,750	595,000	175,000	8,560,000	1,349,250	22,890,751
2033	5,030,750		661,750	625,000	145,250	8,990,000	921,250	16,374,000
2034	5,030,750		661,750	655,000	114,000	9,435,000	471,750	16,368,250
2035	5,029,000		661,750	690,000	81,250			6,462,000
2036	5,030,250		661,750	725,000	46,750			6,463,750
2037	5,029,000	$ 550,000	661,750	210,000	10,500			6,461,250
2038	4,105,000	795,000	634,250					5,534,250
2039	4,104,000	835,000	594,500					5,533,500
2040	4,106,750	880,000	552,750					5,539,500
2041	4,107,750	925,000	508,750					5,541,500
2042	4,106,750	970,000	462,500					5,539,250
2043	4,103,500	1,015,000	414,000					5,532,500
2044	4,102,750	1,070,000	363,250					5,536,000
2045	4,104,000	1,120,000	309,750					5,533,750
2046	4,106,750	1,175,000	253,750					5,535,500
2047	4,105,500	1,235,000	195,000					5,535,500
2048		1,300,000	133,250					1,433,250
2049		1,365,000	68,250					1,433,250
Total	**$727,362,745**	**$13,235,000**	**$15,739,750**	**$8,440,000**	**$4,099,250**	**$75,470,000**	**$41,432,178**	**$885,778,923**

[1] Rounded to the nearest dollar. Excludes debt service on the Series 2009A-1 Bonds.
[2] Net of capitalized interest.
Note: totals may not foot due to rounding.

THE CITY OF ST. LOUIS, MISSOURI

General

The City of St. Louis, Missouri, a constitutional charter city not a part of any county, is organized and exists under and pursuant to its Charter and the Constitution and laws of the State. The Airport is owned by the City and operated by the Airport Authority, under the supervision of the Airport Commission. The Airport Authority was created by ordinance of the Board of Aldermen.

The City is located on the Mississippi River, the eastern boundary of the State, just below its confluence with the Missouri River. The City occupies approximately 61.4 square miles of land, and its area has remained constant since 1876. The City is popularly known as the "Gateway to the West," due to its central location and historical role in the nation's westward expansion. Commemorating this role is the 630-foot stainless steel Gateway Arch, the world's tallest man-made monument, which is the focal point of the 86-acre Jefferson National Expansion Memorial on the downtown riverfront.

Government

The City's system of government is provided for by its Charter, which first became effective in 1914 and has subsequently been amended from time to time by the City's voters.

The Mayor, elected to a four-year term, is the chief executive officer of the City. The Mayor appoints most department heads, municipal court judges and various members of the City's boards and commissions. The Mayor possesses the executive powers of the City, which are exercised by the boards, commissions, officers and departments of the City under the Mayor's general supervision and control. See "**AIRPORT MANAGEMENT**" herein.

The Comptroller is the City's chief fiscal officer, and is elected at-large to a four-year term. The Comptroller is, by Charter, Chairperson of the Department of Finance for the City and has broad investigative audit powers over all City departments and agencies. The Comptroller has administrative responsibility for all of the City's contracts, financial departments and accounting procedures.

The legislative body of the City is the Board of Aldermen. Currently, the Board of Aldermen is comprised of 28 Aldermen and a President. One Alderman is elected from each of the City's 28 wards to serve a four-year term, and Aldermen are elected for one-half of the wards every two years. The President of the Board of Aldermen is elected at large to serve a four-year term. The President is the presiding officer of the Board of Aldermen. The Board of Aldermen may adopt bills or ordinances which the Mayor may either approve or veto. Ordinances may be enacted by the Board of Aldermen over the Mayor's veto by a two-thirds vote.

The Board of Estimate and Apportionment is primarily responsible for the finances of the City. The Board of Estimate and Apportionment is comprised of the Mayor, the Comptroller and the President of the Board of Aldermen.

While most governmental functions of the City are controlled by the Mayor, the Comptroller, the Board of Estimate and Apportionment and the Board of Aldermen, the appointment of certain officials, including the Board of Election Commissioners, is made by the Governor of the State. The Sheriff, Treasurer, Collector of Revenue, License Collector, Circuit Clerk, Circuit Attorney, Public Administrator and Recorder of Deeds of the City are elected independently to four-year terms.

FAA AIRPORT PRIVATIZATION PILOT PROGRAM

On April 24, 2017, the FAA accepted the City's preliminary application for the participation of the Airport in the FAA's Airport Privatization Pilot Program (the "APPP"). Since the FAA's acceptance, the City, as sponsor of the Airport, has been exploring the possibility of leasing the Airport to a private entity that would manage and operate the Airport pursuant to the APPP. The City has formed an advisory working group (the ***"Advisory Working Group"***) consisting of representatives of the City and has engaged various other professionals including aviation consultants, attorneys, financial advisors and investment bankers to assist the City in this exploratory process. The Advisory Working Group represents only one step in a lengthy evaluation process and no determination has been made at this time as to whether or not to pursue a lease of the Airport. Before a final decision is made, significant further action will be necessary on the part of the City, including the Board of Aldermen and the Board of Estimate and Apportionment, the FAA, and a super-majority of the airlines that are a party to the Use Agreements.

The City will not enter into such a lease agreement unless, among other things, principal of and interest on all of the Outstanding Bonds (including the Series 2019 Bonds) have been paid in full, or unless the City has made adequate provision for the defeasance of all Outstanding Bonds (including the Series 2019 Bonds), in accordance with the Indenture. See also "**INTRODUCTION - FAA Airport Privatization Pilot Program," "THE SERIES 2019 BONDS – Redemption Provisions," "CERTAIN INVESTMENT CONSIDERATIONS – FAA Airport Privatization Pilot Program"** and **APPENDIX C – "Summary of Certain Provisions of the Indenture – Particular Covenants of the City – Sale, Lease or Encumbrance of Property."**

THE AIRPORT

The Airport is located in St. Louis County, Missouri, which is adjacent to the City, approximately 15 miles northwest of the City's central business district, a drive of approximately 20 to 30 minutes on Interstate Highway 70, and approximately 10 miles from the population center of the St. Louis metropolitan area. The Airport is currently classified by the FAA as a "Medium Hub" airport meaning it enplaned at least 0.25% but less than 1% of the total passenger enplanements in the United States in calendar year 2017.

The Airport was originally established by Major Albert Bond Lambert and other aviation pioneers on a 160-acre site. It was acquired by the City in 1929 and subsequently expanded to slightly more than 3,600 acres. In 2017, the Airport's name officially changed to St. Louis Lambert International Airport. Additional information on the Airport can be found on its website: http://flystl.com, *however, information on this website has not been verified for accuracy, timeliness or completeness and is not a part of this Official Statement.*

According to the Airports Council International North American's most recently released traffic report results, the Airport ranked as the 32nd largest airport nationwide in terms of total passengers in calendar year 2017. Total enplanements at the Airport for calendar year 2018 were approximately 7.8 million, representing an increase of 5.8% from the prior year. Of the total calendar year 2018 enplanements, approximately 77.0% were originating and destination passengers and approximately 23.0% were connecting passengers.

Based on calendar year 2018 enplanements, Southwest Airlines ("***Southwest***" or "***Southwest Airlines***") is currently the dominant carrier at the Airport, accounting for 60.3% of the enplanements, followed by American Airlines and its affiliates ("***American***" or "***American Airlines***"), which accounted for 15.3% of the enplanements and Delta Airlines ("***Delta***" or "***Delta Airlines***") which accounted for 10.8%

of the enplanements. For Fiscal Year enplanement statistical data, see "**Airline Market Shares**" and "**Passenger Enplanements**" herein.

Service Area

The Airport's primary service area consists of the St. Louis–St. Charles–Farmington, MO-IL combined statistical area (the "***St. Louis Area***"). The St. Louis Area has an aggregated population of more than 2.9 million people and includes the City, Crawford, Franklin, Jefferson, Lincoln, St. Charles, St. Louis, St. Francis and Warren counties in Missouri and Bond, Calhoun, Clinton, Jersey, Macoupin, Madison, Monroe, Marion and St. Clair counties in Illinois.

In addition, the catchment area for the Airport has more than 6 million residents. The residents have few air service options other than the Airport. As such, the Airport's local market is close to 6 million people.

The Airport is the only major commercial service airport in the St. Louis Area. The FAA identifies six reliever airports, those being: Spirit of St. Louis Airport in west St. Louis County, Missouri; St. Louis Downtown Parks Airport in Cahokia, Illinois; St. Louis Regional Airport in Bethalto, Illinois; St. Charles County/Smart Airport in St. Charles County, Missouri; and Creve Coeur Airport in St. Louis County, Missouri.

MidAmerica Airport ("***MidAmerica***") is located on the grounds of Scott Air Force Base ("***Scott AFB***") in St. Clair County, Illinois. MidAmerica has access rights to Scott AFB runways for joint military and civilian use. In exchange for those rights, MidAmerica is responsible for maintenance of the east runway. MidAmerica can accommodate large jet aircraft, and has a four-gate passenger terminal and is served by one passenger airline.

Airfield Facilities and Enplanements

The airfield at the Airport provides four all-weather runways and each runway end is served with an instrument landing system. Landings can be performed in all weather conditions, including the most inclement and adverse situations.

Commencing in calendar year 2004 and extending through calendar year 2014, the Airport experienced a substantial decline in flight operations. The reduction was initially predicated on American Airlines absorption of Trans World Airlines ("***TWA***") activity and the reallocation of TWA resources from the City to other American hub cities. Later, the economic recession of 2009 weakened demand for air travel and all airlines responded by cutting services system-wide. American abandoned the St. Louis hub in 2010 and currently provides direct service from the City only to other American hub cities.

Subsequently, demand for air travel and airfield facilities returned slowly, but airfield use has been increasing due to additional scheduled commercial air service. The last few years have seen growth in passengers and destinations. The retirement of small 50-seat regional jets in favor of up-gauged mainline jets, which feature much greater comfort and seating capacity have boosted traffic into the Airport.

Terminal Facilities

The Airport's terminal facilities include Terminal 1 and Terminal 2. Terminal 1 contains 1,182,839 usable square feet of building space and is comprised of the Terminal 1 domes and four concourses (Concourses A, B, C and D) with 67 aircraft gates in a mixed configuration. Terminal 2 has 390,191 usable square feet of building space with 18 aircraft gates (including the four easternmost gates of Concourse D).

Terminal 1 has two active concourses, A and most of C. Concourse A has 15 gates: six are leased by Delta Airlines, five by United Airlines, one by Air Canada, two are City Gates available for lease or per-turn use, and one gate in Concourse A is not currently in use. Concourse C has 29 gates: two are leased by Air Choice One, one by Alaska Airlines, seven by American Airlines, two by Cape Air, one by Contour Aviation, two by Frontier Airlines, one is a City Gate available for lease or per-turn use, and 13 gates in Concourse C are not currently in use, two of which have been renovated and are City Gates currently available for lease or per-turn use. Concourse B is available for rental on an occasional basis as a public event space and is not currently in use for airline purposes, but continues to remain available as holdroom space for passenger airlines. Concourse D of Terminal 1 is currently closed to the public.

Terminal 2 consists of one concourse. Southwest Airlines leases 17 gates in Terminal 2. One City Gate is available for lease or per-turn use. Three of the Terminal 2 (one City Gate and two Southwest leased) gates are available for arriving flights requiring United States Customs and Border Protection services. There are no unused gates in Terminal 2.

Public Parking

The Airport currently has 9,001 public parking spaces. The Terminal 1 and Terminal 2 parking garages have a total of 3,032 spaces and surface parking lot spaces total 5,969. In addition to the public parking spaces, the Airport operates two free cell phone parking lots that are open to the public, one is west of Terminal 1, and one is east of Terminal 2. The Airport has set aside 26 parking spaces in the Terminal 2 parking garage for the reserved parking program. The Reserved Parking program participants pay a premium rate for each reserved space. See also **"CERTAIN AGREEMENTS FOR USE OF THE AIRPORT'S FACILITIES – Concession Agreements"** herein.

Other Facilities

The other Airport facilities owned by the City at the Airport include two off-site office buildings, five warehouse type buildings designed for the handling and processing of air cargo and other related uses totaling 134,673 square feet located southeast of and connected to the airfield in "Cargo City" and leased to various tenants, eleven shops and service buildings, and hangars leased by American Airlines, JetLinx St. Louis, Trans States Airlines, Airport Terminal Services, Signature Flight Support, and MHS Travel & Charter. In 2016, one of the office buildings was leased on a long-term basis to the Missouri Air National Guard (***"MOANG"***) and one of the buildings in Cargo City was leased on a long-term basis to Southwest Airlines. In 2018, the City took possession of the former MOANG base site which had been leased by the federal government for decades, and is in the process of determining the long-term use of this property.

Additionally, there are other structures at the Airport that are not owned by the City but are located on grounds leased from the City. These sites include facilities owned by the Boeing Company and, prior to May 2019, St. Louis Air Cargo Services (***"Air Cargo"***), whose long-term lease with the City expired on April 30, 2019. Federal Express (FedEx) and various freight forwarders had leased space from Air Cargo in a facility that includes a 100,000 square foot cargo building and 448,000 square feet of adjacent aircraft parking space, on the land leased from the Airport. Additionally, United Parcel Service (UPS) owns an 18,000 square foot warehouse facility adjacent to a 200,000 square foot aircraft parking area that had been part of the prior Air Cargo leasehold. After the expiration of Air Cargo's lease, the Airport entered into two new leases directly with FedEx and UPS.

Spire Inc. (formerly the Laclede Group) operates a public access Compressed Natural Gas fueling station on a parcel of land owned by the City. Under the terms of its lease, Spire Inc. pays the City a set ground rent plus a royalty percentage for fuel pumped at the station.

In January 2017, the City entered into a long-term lease agreement with Enterprise Leasing Company of St. Louis, LLC for a formerly vacant parking lot known as the "Springdale Lot," consisting of 17.86 acres of paved land with a small building. The Springdale Lot will be used for vehicle storage.

The airline fuel consortium STL Fuel Company, LLC currently leases approximately 88,000 square feet of fuel farm space and has begun the process of developing a replacement fuel farm. The replacement fuel farm will be located on the former "Brownleigh" site, to the northeast of the Airport, and is currently in the design and site investigation phase. Construction on the replacement fuel farm is expected to begin during Fiscal Year 2020. Upon the completion of the replacement fuel farm, the old fuel farm will be decommissioned, remediated, and the land returned to the Airport for future redevelopment.

The City also owns certain former aircraft production facilities and grounds of approximately 76 acres with airfield access on the north side of the Airport's airfield, commonly referred to as the Northern Tract Site.

Air Carrier Service

Listed below are scheduled air carriers currently serving the Airport (as of May 30, 2019).

Major Air Carriers	Regional Air Carriers	Air Cargo Carriers
Air Canada[1]	Air Choice One[1]	Federal Express[1]
Alaska Airlines, Inc.[1]	Air Georgian Limited[2] (Air Canada)	Southern Air[3]
American Airlines, Inc.[1]	Air Wisconsin[2] (American)	United Parcel Service[1]
	Champlain Enterprises, LLC d/b/a CommutAir[2] (United)	
Delta Air Lines, Inc.[1]	Compass[2] (Delta)	
Frontier Airlines, Inc.[1]	Contour Aviation[2]	
	Endeavor Air[2] (Delta)	
Southwest Airlines Co.[1]	Envoy[2] (American)	
United Airlines, Inc.[1]	ExpressJet[2] (Delta, United)	
	GoJet[2] (Delta, United)	
	Horizon Air Industries, Inc.[2] (Alaska)	
	Hyannis Air Service, Inc., d/b/a Cape Air[1]	
	Mesa[2] (American, United)	
	MN Airlines, Inc.[2], d/b/a Sun Country[3]	
	Piedmont Airlines, Inc.[2] (American)	
	PSA[2] (American)	
	Republic[2] (American, United)	
	Shuttle America[2] (Delta, United)	
	SkyWest[2] (Alaska, Delta, United)	
	Trans States[2] (American, United)	
	Volaris[3]	

1 Signatory Airline (holds current Use Agreement).
2 Non-Signatory Airline (holds current Operating Agreement and Terminal Building Space Permit) that has been named a Designated Affiliate of a Signatory Airline.
3 Non-Signatory Airline that has not been named a Designated Affiliate of a Signatory Airline.
Source: Airport Management Records

Recent Changes in Service at the Airport

On March 13, 2019, the FAA ordered the temporary grounding of the Boeing 737 MAX aircraft (the ***"737 MAX Grounding"***) operated by U.S. airlines or in U.S. territory. Of all the airlines serving the

Airport, Southwest showed the largest reduction in scheduled departures after the 737 MAX Grounding with 72 fewer departures in April and May 2019. Although American does not use its 737 MAX at the Airport, it reduced its scheduled capacity at the Airport after the grounding in April and May by 32 departures. While the changes in American's schedules may reflect regular amendments that airlines make in their schedules, they may also be indicative of the network-wide ripple effects of the FAA's grounding of the 737 MAX on American's schedules. See **APPENDIX A - "The Report of the Airport Consultant – Aviation Activity – Sources of Forecast Risk and Uncertainty - Grounding of the Boeing 737 MAX"** hereto.

The Airport cannot predict the timing or effect, if any, of the 737 MAX Grounding on the airlines operating at the Airport, including disruptions to airlines not operating the 737 MAX at the Airport but that operate the 737 MAX in their fleet, or the likelihood of further service disruptions and alterations in departure schedules at the Airport as airlines adjust operations due to the 737 MAX Grounding. The Airport does not expect the 737 MAX Grounding to have a material adverse effect on the finances or operations of the Airport.

Airline Market Shares

In Fiscal Year 2018, Southwest Airlines had the largest share of enplanements at the Airport. Southwest's share of enplanements at the Airport was 58.92% of total enplanements during such Fiscal Year.

For the last five Fiscal Years, the number of enplanements and corresponding shares of the three largest carriers (including affiliate airlines) were as set forth below:

Annual Enplanements of Three Largest Carriers

Fiscal Year 2014-2018

Enplanements	2014	2015	2016	2017	2018
Southwest	3,170,384	3,240,935	3,503,850	4,049,421	4,483,867
American*	1,331,563	1,290,684	1,272,340	1,204,936	1,216,992
Delta	862,702	851,713	892,856	849,390	844,203
Total	5,364,649	5,383,332	5,669,046	6,103,747	6,545,062
All Others	812,496	884,402	1,003,512	1,083,692	1,067,401
Market Share	2014	2015	2016	2017	2018
Southwest	51.3%	51.7%	52.5%	56.3%	58.9%
American*	21.6%	20.6%	19.1%	16.8%	16.0%
Delta	14.0%	13.6%	13.4%	11.8%	11.1%
Total	86.9%	85.9%	85.0%	84.9%	86.0%
All Others	13.1%	14.1%	15.0%	15.1%	14.0%

* Includes market share of US Airways, which merged with American Airlines on December 30, 2015.
Source: Airport Management Records

As a group, the three largest air carriers accounted for the majority of enplanements; their combined share decreased from 86.9% in Fiscal Year 2014 to 86.0% in Fiscal Year 2018.

Passenger Enplanements

Passenger enplanements at the Airport are categorized as either origination and destination ("***O&D***") activity or connecting activity. The following table shows the O&D activity and connecting activity for the period from Fiscal Year 2014 through Fiscal Year 2018. O&D activity is influenced by local market factors and trends which track economic and demographic trends. Connecting activity is determined primarily by airlines' network strategies.

ST. LOUIS LAMBERT INTERNATIONAL AIRPORT
O&D AND CONNECTING ENPLANEMENTS
Fiscal Years 2014 – 2018

Fiscal Year	O&D Actual	O&D Share	Connecting Actual	Connecting Share	Total Enplanements
2014	5,294,063	85.7%	883,082	14.3%	6,177,145
2015	5,393,476	86.1%	874,258	13.9%	6,267,734
2016	5,696,437	85.4%	976,121	14.6%	6,672,558
2017	5,859,004	81.5%	1,328,435	18.5%	7,187,439
2018	5,893,898	77.4%	1,718,565	22.6%	7,612,463
Year to date thru April 30	4,946,442	76.78%	1,495,674	23.22%	6,442,116

Source: Airport Management Records.

The trends in O&D and connecting activity at the Airport show the fundamental changes in the Airport's role from a primary to a medium hub in American Airlines' route system and in the Airport's underlying traffic base. The downsizing of American Airlines' operations at the Airport has caused a significant decline in connecting traffic, with the connecting segment's share falling from more than 50% prior to Fiscal Year 2004 to as low as 13.9% in 2015. Connecting traffic has increased gradually since 2015, however, with the connecting segment's share increasing to 22.6% in Fiscal Year 2018 as Southwest increased connecting traffic activity at the Airport. In Fiscal Year 2018, the O&D segment accounted for 77.4% of the total enplanements at the Airport compared to 81.5% in Fiscal Year 2017 and 85.4% in Fiscal Year 2016.

Recent Air Service Trends

Beginning in 2004, American Airlines implemented cuts in service at the Airport that ultimately led to the elimination of its connecting hub. Such cuts, however, have been offset, in part, by the expansion of service by Southwest Airlines.

The Airport has recorded 44 straight months of passenger growth through April 2019. In Fiscal Year 2018, there were, on average, 235 daily non-stop departures, to over 74 destinations, including 4 daily non-stop departures to 3 destinations and 3 weekly charter departures to 4 destinations outside the United States.

The Airport surpassed 15.6 million total passengers in calendar year 2018 to mark its best year in passenger activity since 2003. In 2018, the Airport served approximately 865,000 more passengers for a 5.9% increase in passengers compared to calendar year 2017. From January 1, 2019 through April 30, 2019, the number of passengers increased by 2.9% over the same period in 2018.

Southwest Airlines is responsible for much of the Airport's recent growth. As of December 2018, Southwest had 111 peak daily departures to 46 destinations, including new international, weekly service to Cancun. In 2018, Southwest added service to four new non-stop destinations including San Jose and Sacramento, California, West Palm Beach, Florida and Hartford, Connecticut. Additionally, in March 2019, Southwest added weekly service to Punta Cana, Dominican Republic and Montego Bay, Jamaica. Southwest has added six additional gates to support its growth in activity.

An additional strong growth trend for the Airport is an increase in connecting passenger activity. Connecting enplanements in calendar year 2018 grew by 18% or 1,797,130 passengers versus calendar year 2017, and accounted for nearly 23% of passenger enplanements, up 2.3% from calendar year 2017. Most of the connecting activity growth has been on Southwest. See **"Passenger Enplanements"** herein.

Five-Year Strategic Plan

During Fiscal Year 2015, the Airport unveiled a five-year strategic plan for 2015-2020 (the "***Strategic Plan***") to build on the momentum of several transformational campaigns that have improved airport facilities, enhanced customer services and strengthened air service over the last several years. The Strategic Plan, first made public before the Airport Commission meeting in February 2015, was developed in collaboration with the City's business community and with the support of Civic Progress and the Regional Business Council, two major civic organizations.

The Strategic Plan is built on a foundation of operational excellence with four core objectives. Fiscal Year 2018 marked the fourth year of the Strategic Plan. Noteworthy milestones achieved with respect to the four core objectives in Fiscal Years 2015-2018 include:

1. Sustain and grow passenger air service.
    - The addition of 14 new destinations and a 13.3% increase in the number of seats per day departing the Airport to the Airport's top 40 markets based on O&D.
    - Expansion to a peak of 74 nonstop destinations.

2. Strengthen financial stability.
    - Completion of a five-year Airport Use and Lease Agreement in July 2016.
    - Reduction in costs per enplaned passenger by 20.1%.
    - An 18.8% increase in parking revenues, transportation network company revenues and food/beverage sales.

3. Create a positive and lasting impression for the region.
    - In Fiscal Year 2016, the Airport received recognition from Ameren Missouri for the Airport's energy saving projects and commitment to sustainability.
    - The Airport received the 2018 Distinguished Building Award Exceptional Stewardship for Terminal 1 from the American Institute of Architects.
    - The Airport continues to make upgrades to provide passengers with updated amenities and wayfinding improvements.

4. Generate economic development.

    - Airport tenants and construction projects contributed to 1,039 new construction jobs and 439 permanent jobs throughout the Airport.
    - The Airport is involved in lease negotiations of vacant buildings and undeveloped land.

Air Cargo Project

On January 9, 2019, the Airport Commission approved the Second Amended and Restated Agreement with Bi-National Gateway Terminal, LLC, a Missouri limited liability company ("***Bi-National***") for the development, construction, and operation of air cargo operations, distribution facilities and logistics centers related to domestic and international air cargo operations (the ***"Agreement"***). The Agreement was a restatement of the original agreement that was approved in 2015, and first revised and restated in 2016. The Agreement has a term of 49-years. The leased premises consist of 61.10 acres of City-owned property on the north side of the airfield commonly referred to as the Northern Tract Site. A portion of the facilities on the leased premises was to be demolished by Bi-National to build the air cargo terminal (including the Dual Customs facility) and ramp space for freighter aircraft. The three-phase redevelopment was anticipated to be substantially complete no later than 2023. On May 28, 2019, the City notified Bi-National in writing that it was exercising its rights under the Agreement to terminate the Agreement and to revoke Bi-National's leasehold rights to the leased premises as of May 28, 2019, as a result of Bi-National's failure to timely satisfy the conditions precedent to the commencement date of the Agreement. The Airport does not expect the cancellation of the Agreement with Bi-National to have a material adverse effect on the finances or operations of the Airport.

Ongoing Cost-Cutting Measures Initiated at the Airport

For the last several years, the Airport has made an effort to reduce costs in its Operations and Maintenance budget. For example, the Airport has eliminated more than 100 full-time equivalent positions since Fiscal Year 2009. Cost-cutting efforts also resulted in privatization of a portion of the custodial staff and the closing of a third fire station at the Airport. In addition, significant savings have been realized in utilities. As a result of various energy efficiencies including, but not limited to, the replacement of LED lighting on the airfields, terminals and garages and the installation of more efficient chillers, utility cost savings were realized as compared to budget of $744,000 and $340,000 in Fiscal Years 2017 and 2018, respectively. Other reductions in usage are underway with the replacement of LED lighting in tunnels and more efficient electric vehicles. Energy efficiency and conservation efforts at the Airport are guided by key strategies and goals pursuant to the City's Sustainability Plan (2013) that targets lower greenhouse emissions for the region.

Air Service Marketing

The Airport's Air Service Development Program is continuing its efforts to attract new service, both from existing and potential new entrant air carriers. In the past five Fiscal Years, the number of destinations, flights and seats has increased approximately 10.0%, 5.0% and 15.0%, respectively. The increases are attributable to new entrant air carriers entering the St. Louis market, such as Sun Country Airlines and Contour Airlines, and incumbent air carriers adding destinations, frequency and/or seats.

The Airport adopted a revised Air Service Incentive Program that was approved by the City through Fiscal Year 2020. The program provides incentives to airlines that expand their services at the Airport. In Fiscal Year 2018 Southwest Airlines and Cape Air took advantage of the program. Efforts have also been made to increase cargo service, especially international cargo. The Airport continues to actively pursue international air cargo carriers for both scheduled and charter service.

Planning

The St. Louis Airport Master Plan (the "***Master Plan***") provides a framework that guides future airport development. The Master Plan includes an Airport Layout Plan, which is a set of drawings that depict existing facilities and recommended future facilities that would serve the traveling public needs. An update to the Airport Layout Plan will be initiated in calendar year 2019. See "**AIRPORT CAPITAL IMPROVEMENT PROGRAMS**" herein.

The Airport has a comprehensive Airport Noise Compatibility Program (the "***Noise Compatibility Program***"). The Noise Compatibility Program assesses aircraft noise exposure on surrounding municipalities, and identifies means to mitigate adverse noise and achieve land use compatibility. The Noise Compatibility Program was approved by FAA in calendar year 2011 and the most recent review found the Noise Compatibility Program in compliance with expectations set in 2011. The next review will occur in calendar year 2020.

CERTAIN AGREEMENTS FOR USE OF THE AIRPORT'S FACILITIES

Airport Use, Operating and Cargo Agreements

On July 1, 2016, the City entered into substantially identical Airport Use and Lease Agreements (individually with respect to each air carrier, a "***Use Agreement***" and, collectively with respect to all applicable air carriers, the "***Use Agreements***") or Airline Operating Agreements (individually with respect to each air carrier, an "***Operating Agreement***" and, collectively with respect to all applicable air carriers, the "***Operating Agreements***") and, in some instances, Cargo Addenda (individually with respect to each air carrier, a "***Cargo Addendum***" and, collectively with respect to all applicable air carriers, the "***Cargo Addenda***") with all major and regional air carriers serving the Airport, thereby replacing the airport use, operating and cargo agreements that had been in place since 2011. Air carriers may choose to operate at the Airport under either the Use Agreement or the Operating Agreement.

Use Agreements. All air carriers operating at the Airport pursuant to a Use Agreement constitute "Signatory Airlines." The Use Agreements grant the Signatory Airlines the right to use, as applicable, the airfield and the terminal building, including the concourses and related facilities, for the business of air transportation with respect to persons, property, cargo and mail and provide for the payment of rentals, fees and charges by the Signatory Airlines.

Each Use Agreement has a five-year term commencing on July 1, 2016 and terminating on June 30, 2021, unless earlier terminated for non-performance or default. Any Use Agreement entered into after July 1, 2016 and prior to June 30, 2021, will have a June 30, 2021 termination date. In general, the Use Agreements use a residual hybrid rate methodology whereby the airlines commit to back revenue shortfalls or share in surplus with respect to the airfield and pay applicable rates with respect to the terminal complex. Landing fees and terminal building space rentals are computed based on formulas provided in the Use Agreements. See **APPENDIX D** - "**Summary of Certain Provisions of the Use Agreements and the Operating Agreements**."

Rentals, fees and charges are assessed to the Signatory Airlines to support the primary activities of the Airport — the airfield and the terminal complex (including Terminal 1 and Terminal 2), pursuant to formulas set forth in the Use Agreements. The minimum landing fee commitment is $1,000,000 for Signatory Airlines over the term of the Use Agreement. The Use Agreements permit the City to adjust rentals, fees and charges for each rate period to reflect overpayments and underpayments that occurred during the preceding rate period, and, to the extent necessary, replenish reasonable reserves for uncollected revenues.

A Pre-Approved Five-Year Capital Improvement Program is detailed in the Use Agreements and the Airport may proceed with each project without Majority-in-Interest ("***MII***") approval by using Airport funds lawfully available for such purpose, up to a total cost, in the Fiscal Years, and in the cost centers for each project. An MII is deemed to be 50% plus one of the Signatory Airlines operating at the Airport at the time of the voting action, having paid no less than 66.67% of the aggregate rents, fees, and charges paid by all Signatory Airlines operating at the Airport during the immediately preceding Fiscal Year. The Airport may substitute any capital improvements with similar capital improvements without MII approval if the replacement capital improvement: (i) has the same or similar total project cost; (ii) net cost is chargeable to the same Cost Center; and (iii) will accomplish the same purpose or function. See "**AIRPORT CAPITAL IMPROVEMENT PROGRAMS**" herein and **APPENDIX A** - "**The Report of the Airport Consultant"** hereto.

Except as described above, before undertaking any capital improvement not listed in the Pre-Approved Five-Year Capital Improvement Program, the City must notify the Signatory Airlines and request MII approval for each such capital improvement. Notwithstanding the previous sentence, no MII approval is required for capital improvements undertaken: (i) to comply with federal, State, or local law, or regulation; federal policy; grant agreement; airport certification requirements; or mandated by executive order or by an executive agency (State or federal) having jurisdiction over the activities at the Airport; (ii) to comply with a requirement of the Indenture; (iii) as an emergency repair, replacement, or improvement to maintain the Airport's functional capability; (iv) to settle claims, satisfy judgments, or comply with judicial orders rendered by a court of competent jurisdiction against the City and pertaining to the Airport; (v) to repair casualty damage at the Airport not covered by insurance proceeds; (vi) to acquire land or rights to land to mitigate aircraft noise, or provide for sound insulation as part of a noise compatibility program approved by the federal government in accordance with the provisions of 14 C.F.R. Part 150; (vii) to conduct an environmental investigation and remediation at the Airport as required by applicable environmental laws and environmental permits and/or attributed to hazardous materials left on City property in excess of applicable remediation standards derived by applicable governmental agency or agencies as appropriate for commercial property; provided, however, that the City will use its best efforts to recover such costs from the party at fault, if such party is identified; (viii) to acquire, construct, renovate, or remodel a special facility for which a Signatory Airline or a financially-responsible third party has contractually committed to lease from the City under terms that include sufficient rentals to permit such special facility to be acquired, constructed, renovated, remodeled, administered, operated, maintained and repaired without affecting rents, fees, and charges throughout the Term; (ix) to be fully funded from PFCs; (x) with funds in excess of 6% of Development Fund Deposits made after July 1, 2016.

Operating Agreements. The Operating Agreements are month-to-month operating permits that may be terminated by either party by providing 30-day written notice to the other party. Air carriers electing to operate at the Airport under an Operating Agreement are considered to be "Non-Signatory" Airlines. The Operating Agreements are short-term permits intended to provide flexibility for charter airlines, new entrants that may wish to test the market, and regional airlines that operate at the Airport under a contract with other air carriers. Non-Signatory Airlines are subject to a landing fee rate equal to 125% of the landing fee rate paid by Signatory Airlines (unless the Non-Signatory Airline is designated as an affiliate of a Signatory Airline). A Non-Signatory Airline that requests space in one of the terminal buildings pays a space use fee equal to the terminal rental rate paid by Signatory Airlines.

Cargo Addenda. Cargo air carriers may elect to operate under either a Use Agreement or an Operating Agreement, but must execute the applicable Cargo Addendum which prohibits cargo air carriers from operating from the Airport's passenger terminal buildings. Among other things, the Cargo Addenda require cargo air carriers to arrange for operating space at the Airport separately either with the City or a third-party Airport tenant whose rights include providing such space.

Airport Maintenance. Under the terms of both the Use Agreements and the Operating Agreements, the City is required to maintain and keep in good repair all of the public areas and facilities of the Airport, including the structures associated with the terminal buildings, the utility systems within the Airport and all other common use systems owned and operated by the City. The Signatory Airlines and the Non-Signatory Airlines are each required to repair, maintain and keep in good condition the premises leased or assigned to each of them, including that portion of the utility systems serving each of their exclusive use facilities.

Concession Agreements

The City has entered into concession agreements to lease space at the Airport to certain concessionaires who provide food and beverages, news and gifts, and other retail items and/or services to users of the Airport. For example, the City has entered into concession agreements with Host International (Host) (one agreement for multiple food and beverage outlets that expires in December 2020, and a second agreement for a single Three Kings outlet as noted below); the Hudson Group (one agreement for multiple news, gift, and specialty retail outlets that expires in January 2026, and one agreement for four electronic stores that expires in November 2022); Taste, Inc. (d/b/a Vino Volo) (for two wine bar locations that expires in January 2023); and OHM Concession Group, LLC (OHM) (for a single local concept food and beverage outlet that expires in January 2021).

The Airport awarded Airport Terminal Services, d/b/a "Wingtips," a ten-year agreement to operate a Common Use Airport Club concession in Terminal 2. Construction began in the summer of 2017 and was completed in December 2017. Wingtips opened for business in January 2018. The club is not limited to a specific airline, and is open to any passenger.

In March 2017, the Airport announced a solicitation for bid for a 1,468-square foot local concept restaurant in Terminal 2. Bids were due in the summer of 2017 with Host International being awarded the agreement to construct and operate Three Kings Public House, based on a local St. Louis concept. Construction began in January 2018 and was completed in June 2018. Three Kings opened in June 2018. The contract expires in 2026.

The Airport currently has a Wireless Internet (Wi-Fi) and Distributed Antenna System (DAS) operating agreement with Concourse Communications STL, LLC d/b/a Boingo Wireless. Through this agreement, Boingo installed an Airport-wide DAS that greatly improved cellular reception and utility for users of participating wireless carriers, and upgraded an existing Wi-Fi facility. Cellular carriers pay a DAS Fee to allow their customers on the Airport DAS; Verizon Wireless and T-Mobile were the initial participating carriers, and AT&T was added in 2018.

Under the initial agreement with Boingo, the Airport received the greater of the Minimum Annual Guarantee (MAG) or 30% of the gross receipts from use of the Wi-Fi. However, in 2018, the MAG was reduced and the percentage of gross receipts due to the City from purchase of the Wi-Fi was lowered to 20%. The lowered percentage was agreed to in order to provide passengers with an extended "free Wi-Fi access" period, an amenity that travelers have come to expect.

Terminal concession revenues represented 53.27% of total concession revenue and 17.17% of the total operating revenue in Fiscal Year 2018, compared to 53.22% and 16.81%, respectively, in Fiscal Year 2017, 53.08% and 16.33%, respectively, in Fiscal Year 2016 and 57.14% and 16.33%, respectively, in Fiscal Year 2015.

The City has entered into a five-year operating agreement for management and operation of the parking facilities with ABM Parking, a division of ABM, Inc. Pursuant to this agreement, the City retains all receipts from the parking operations and periodically reimburses ABM Parking for expenses. Parking revenues represented 46.3% of total concession revenue and 15.06% of total operating revenue in Fiscal Year 2018, compared to 46.78% and 14.78%, respectively, in Fiscal Year 2017, 46.92% and 14.24%, respectively, in Fiscal Year 2016 and 42.86% and 12.25%, respectively, in Fiscal Year 2015.

The City has entered into rental car concession agreements with Hertz, Avis, Budget, Alamo, National, Enterprise, and Thrifty for operation of rental car facilities at the Airport. These concession agreements will expire on December 31, 2019. Under such agreements, the Airport receives the greater of the Minimum Annual Guarantee or 10% of the gross receipts from each concessionaire. A Solicitation For Bids is currently being drafted, and bids will be due in the summer of 2019.

Federal Policy on Air Carrier Rates and Charges

The Federal Aviation Administration Authorization Act of 1994, as amended, requires airport fees to be "reasonable" and provides a mechanism by which the Secretary of Transportation can review rates and charges complaints brought by air carriers. The provisions of such Act do not apply to fees imposed pursuant to a written agreement with air carriers using airport facilities. There is currently no dispute between the City and any of the air carriers operating at the Airport over any existing or proposed rates and charges. There is no assurance, however, that such disputes will not arise in the future.

AIRPORT MANAGEMENT

Introduction

The Airport is owned by the City and operated by the Airport Authority. The Airport Authority was created by the City's Board of Aldermen by an ordinance adopted in 1968 and consists of the Airport Commission, the Airport Authority's Chief Executive Officer and other managers and personnel required to operate the Airport. The Chief Executive Officer of the Airport Authority is the Airport Director who is appointed by the Mayor for a term that runs concurrently with the Mayor's term of office or until his or her successor is appointed.

The Airport Commission is responsible for the planning, development, management and operation of the Airport. The Airport Commission currently consists of the Airport Director, who serves as Chair of the Airport Commission, the Comptroller of the City, the President of the Board of Aldermen, the Chair of the Transportation and Commerce Committee of the Board of Aldermen, six members appointed by the Mayor, five members appointed by the St. Louis County Executive, one member appointed by St. Charles County, Missouri, and one member appointed by St. Clair County, Illinois. The present members of the Airport Commission are set forth in the front portion of this Official Statement.

Airport Staff

The Airport Commission and the Airport Director have an Airport staff to aid them in carrying out their responsibilities. Key members of the Airport staff include the following:

Rhonda Hamm-Niebruegge was named the Airport Director on January 3, 2010. Ms. Hamm-Niebruegge has more than two decades of aviation management experience with key leadership positions with Ozark Airlines, Trans World Airlines and American Airlines. Ms. Hamm-Niebruegge previously served as American Airlines Managing Director, St. Louis Operations.

Jerry Beckmann, P.E., was named Airport Deputy Director of Planning and Development in October of 2013. Mr. Beckmann was previously the Assistant Director of Engineering, a position he held for four years. Mr. Beckmann is responsible for the planning, contracting and executing of all construction projects at the Airport, and coordinating the long-range Master Plan goals for all airfield and Airport properties.

Ron Stella was named Airport Deputy Director of Operations and Maintenance in July of 2015. Mr. Stella was formerly the Airport Assistant Director of Operations and Maintenance. Mr. Stella is responsible for airfield and building operations, security operations and emergency planning and manages compliance with all FAA Airport operations, regulations and standards. Mr. Stella supervises multiple operating departments, including: Airfield and Grounds Maintenance, the Airport Operations Center, Airport Building Maintenance, Airport and Airfield Electrical Maintenance, Housekeeping, Radio Systems, and Emergency Planning.

Antonio Strong, C.P.A., was named Deputy Director of Finance and Administration in July of 2015. Mr. Strong leads all Airport finance and business units including Finance and Accounting, the Properties Department and the Business Diversity Development Office. Mr. Strong brings 20 years of experience in accounting and management to the Airport.

Airport Employees

For Fiscal Year 2019, the Airport has 468 budgeted full-time employee positions and an additional 62 City firefighter personnel assigned to the Airport. Approximately 47% of the Airport's employees are represented by employee groups. The employee groups are not entitled to strike under Missouri law, because the Airport, as a department of the City, is not subject to collective bargaining. Airport employees are covered by the City's pension plan. See **APPENDIX B -** "**Audited Financial Statements of the Airport**" for additional information on the pension plan. On April 25, 2019, Airport Police Officers and Airport Police Sergeants voted to join the St. Louis Police Officers Association (***"SLPOA"***). The City is in the process of negotiating a memorandum of understanding with SLPOA regarding certain work rules at the Airport.

Risk Management

The Airport is exposed to various risks of loss related to tort, such as theft of, damage to, and destruction of assets, errors and omissions, injuries to guests and invitees and employees and natural disasters, including tornadoes and high winds. For those exposures not otherwise covered by commercial insurance, the Airport participates in the City of St. Louis Risk Management Program, which is the City's self-insurance program that covers workers' compensation claims, general liability claims and various other claims and legal actions. The City appropriates funds annually for the operations of the City's Risk Management Program that are placed in a Risk Trust Fund. Public Facilities Protection Corporation ("***PFPC***"), a not-for-profit corporation, oversees the City's Risk Management Program and administers the Risk Trust Fund. The Airport reimburses PFPC for workers' compensation claims and expenses on a cost reimbursement basis.

The Airport purchases commercial insurance for risks that are significant and which are not covered by the City's self-insurance program. Such coverages include commercial general liability, with enhancements to the war risk limit to $350 million (covers war, hostilities, terrorism, strikes, riot, civil commotion, labor disturbances, malicious acts, acts of sabotage, confiscation/restraint/seizure by civil authority, hijacking and other unlawful seizure of aircraft or crew), property damage which includes business interruption and coverage for the fine arts, public entity officials' liability which includes employment practices liability, employee dishonesty, business automobile, inland marine for large equipment, crime, and cyber liability.

The Airport has a commercial liability policy with a limit of $350 million. The Airport's property insurance has a limit of $1 billion. The Airport also has an automobile policy with total coverage of $1 million, large equipment coverage of $17 million as well as public officials and employee liability coverage of $7 million for each policy. All policies provide coverage through October 1, 2019.

AIRPORT CAPITAL IMPROVEMENT PROGRAMS

Responsibility for asset management and improvements to the Airport facilities and operations is covered by the Airport Capital Improvement Program (the "***CIP***"). The CIP is a near-term, five-year agenda that identifies capital projects and equipment purchases, provides an implementation schedule, and specifies options for financing individual projects. Essentially, the program provides linkage between the Strategic Plan and the Master Plan with the annual budget. See "**THE AIRPORT - Planning**" herein.

The City's ability to finance Airport improvements is subject to numerous factors. Among the most prominent is the amount of Revenues generated by the Airport. This determines the ability of the Airport to include appropriate amounts of capital expenditures in the rates and charges of airlines using the Airport.

Equally prominent is the availability of funds under federal and state grant programs, and the ability of the City to issue Additional Bonds or other indebtedness for Airport purposes. This would include the City's ability to meet the test for the issuance of Additional Bonds under the Indenture and to comply with legal requirements relating to the incurrence of indebtedness. See "**THE SERIES 2019 BONDS - Outstanding Bonds, Additional Bonds and Refunding Bonds**" herein.

Majority-In-Interest

The Use Agreement contains provisions for inclusion of Airline(s) input to the CIP. The Signatory Airlines that participate with a Use Agreement subject each capital project to review and Majority-In-Interest approval. If a proposed capital project is approved by Airline Majority-In-Interest, the City may proceed with implementation in accord with the proposed funding and schedule.

Five-Year CIP

The CIP consists of a rolling five-year program that presently extends from Fiscal Year 2019 through Fiscal Year 2023 (the ***"Fiscal Year 2019-2023 CIP"***). The Fiscal Year 2019-2023 CIP includes Airport management's latest projections of capital improvement needs for Fiscal Years 2022-2023 which have not been approved by the airlines and are subject to change. The Fiscal Year 2019-2023 CIP consists primarily of projects involving asset modernization, major maintenance, refurbishment or reconstruction, and replacement of heavy equipment and vehicle fleets.

The City reviews necessary and beneficial projects that may be added within the five-year program. All new projects or projects with major funding revisions are subject to the Airline Majority-In-Interest approval.

The current CIP contains 102 projects valued at an estimated price of $249.0 million. A portion of the projects will be funded with proceeds from the Series 2019 Project Bonds. For a description of the projects to be funded with the proceeds from the Series 2019 Project Bonds, see **APPENDIX A** - "**The Report of the Airport Consultant – Airport Governance – The Airport Capital Program - Funding Plan for Series 2019 Project"** hereto.

Funding sources for the CIP include approximately $66.0 million in federal Airport Improvement Program (the "***AIP***") grants; $23.1 million in pay-as-you-go PFC Revenues; $18.0 million in Development Fund money; $125.5 in GARB Revenues; and $16.3 million in funding from other sources**.** The Development Fund is funded with revenue that remains after meeting operating expenses, debt service and other required deposits. See **APPENDIX A** - "**The Report of the Airport Consultant – Airport Governance – The Airport Capital Program"** hereto.

A minimum of 19 CIP projects are eligible for 75% financing from the AIP. The projects constitute large scale refurbishment or reconstruction of airfield pavements. The City anticipates that all such projects will receive the total eligible AIP funding.

Voluntary Airport Low Emission Program

In accordance with the City's Sustainability Plan, Fiscal Year 2017 marked the City's entry into the federal Voluntary Airport Low Emission Program (the "***VALE Program***"). The VALE Program is an FAA venture that is designed to improve air quality by reducing sources of airport ground emissions created when fossil fuels are burned.

The program encourages eligible airports to invest in clean technology projects. Like the AIP, the VALE Program offers financial incentives through grants that provide 75% financing for qualified equipment, alternative fuel vehicles, and electric vehicles. The Airport's 25% matching funds for such projects are subject to Airline Majority-In-Interest approval.

The VALE Program agenda at the Airport is a three-year rolling program extending to Fiscal Year 2022, which will be reviewed and updated annually. The current program identifies $7.6 million in eligible projects. When implemented many of these energy efficiency projects will also be eligible for rebates from the Airport's electrical utility provider.

AIRPORT FINANCIAL INFORMATION

Revenues and Expenses

The financial statements of the Airport for Fiscal Year 2018 are included in **APPENDIX B** – "**Audited Financial Statements of the Airport**" to this Official Statement and have been audited by KPMG LLP, independent auditors. KPMG LLP, the Airport's independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in the report. KPMG LLP also has not performed any procedures relating to this Official Statement.

The following table sets forth the historical revenues and expenses and certain Bond-related data of the Airport for Fiscal Years 2014 through 2018. Such Fiscal Year information is based primarily upon the audited financial statements of the Airport for such Fiscal Years.

ST. LOUIS LAMBERT INTERNATIONAL AIRPORT
Airport Revenues and Expenses and Certain Bond-Related Data[1]
(in thousands)
(Fiscal Years Ended June 30)

	2014	2015	2016	2017	2018
GARB Revenues					
Air Carrier Fees[2]	$89,723	$86,111	$81,337	$81,444	$68,754
Concession Fees	$44,238	$44,175	$46,977	$49,394	$50,627
Cargo/Other Revenues	$5,484	$6,348	$5,886	$8,511	$9,260
Mitigation	$13,728	$13,728	$13,728	$13,728	$13,728
Miscellaneous Income	$7,673	$3,614	$2,494	$3,260	$5,934
Interest Income	$2,089	$2,284	$2,080	$2,546	$2,201
Total GARB Revenues	$162,935	$156,260	$152,502	$158,883	$150,504
Pledged PFC Revenues	$27,578	$27,577	$28,320	$28,325	$28,322
Total Revenues	$190,513	$183,837	$180,823	$187,207	$178,826
Total Operating Expenses	$84,406	$80,713	$79,871	$82,973	$85,168
Net Revenues	$106,107	$103,124	$100,952	$104,234	$93,658
Aggregate Annual Debt Service on Outstanding Bonds	$77,906	$75,545	$74,946	$74,988	$62,926
Debt Service Coverage	x1.36	x1.37	x1.35	x1.39	x1.49

[1] Actuals based on audited financials.
[2] The decrease in Air Carrier Fees in FY2018 is primarily due to lower O&M expenses, coupled with increased non-airline revenues.

See **"THE SERIES 2019 BONDS – Rate Covenant"** and **APPENDIX C – "Summary of Certain Provisions of the Indenture – Particular Covenants of the City – Rates and Charges."**

Source: Airport Management Records.

Management Discussion of Financial Information

GARB Revenues. GARB Revenues for Fiscal Year 2018 were $150.5 million, which represents a decrease of approximately $8.3 million, or 5.27%, compared to Fiscal Year 2017. See **"REPORT OF THE AIRPORT CONSULTANT"** herein. The decrease is primarily due to lower terminal rental rates assessed to air carriers. For more information regarding recent developments in concessions and parking revenues, see "**THE AIRPORT - Public Parking**" and "**CERTAIN AGREEMENTS FOR USE OF THE AIRPORT'S FACILITIES - Concession Agreements**" herein. See also **"REPORT OF THE AIRPORT CONSULTANT"** herein.

PFC Revenues, Including Pledged PFC Revenues. The Airport collected $28.7 million in PFC Revenues (including interest earnings) in Fiscal Year 2018. The Pledged PFC Revenues for Fiscal Year 2018 were approximately $28.3 million and are included in total Revenues. The current PFC rate is $4.50 per passenger. The Airport has received FAA approval to collect and use approximately $1.1 billion in PFC Revenues through November 2026. Only a portion of the PFC Revenues is pledged under the Indenture. The portion of PFC Revenues that constitutes Pledged PFC Revenues is an amount equal to 125% of the debt service on Bonds allocable to projects approved for PFC funding. See **"REPORT OF THE AIRPORT CONSULTANT"** herein and **APPENDIX C** - "**Summary of Certain Provisions of the Indenture – Pledged PFC Revenues"** and **"- Elimination of or Decrease in the Amount of PFC Revenues"** and **APPENDIX H** - "**The PFC Program**" attached hereto.

Total Revenues. The total amount of Revenues pledged pursuant to the Indenture for Fiscal Year 2018 was $178.8 million, consisting of $150.5 million in GARB Revenues and $28.3 million in Pledged PFC Revenues. The total amount of Revenues pledged pursuant to the Indenture for Fiscal Year 2017, was $187 million, consisting of $159 million in GARB Revenues and $28 million in Pledged PFC Revenues. See **"REPORT OF THE AIRPORT CONSULTANT"** herein.

Operation and Maintenance Expenses. Operation and maintenance expenses for Fiscal Year 2018, were approximately $85.2 million, which represents an increase of $2.2 million or nearly 2.6% compared to Fiscal Year 2017. The increase was primarily due to cleaning and security contractual services and parking garage related expenses offset by lower payroll expenses. See **"REPORT OF THE AIRPORT CONSULTANT"** herein and **APPENDIX A** - "**The Report of the Airport Consultant – Operation and Maintenance Expenses**" hereto.

Net Revenues. The Airport's Net Revenues for Fiscal Year 2018 were approximately $94 million, which represents a decrease of approximately $10 million compared to Fiscal Year 2017. The decrease in Net Revenues is primarily due to the increase in expenses described above and lower terminal rates assessed to air carriers. See **"REPORT OF THE AIRPORT CONSULTANT"** herein.

REPORT OF THE AIRPORT CONSULTANT

The City has retained Unison Consulting, Inc. to serve as the airport consultant (the "***Airport Consultant***") in connection with the issuance of the Series 2019 Bonds. The Airport Consultant has (i) analyzed the ability of the City to meet its financial obligations related to the Series 2019 Bonds through Fiscal Year 2024 and (ii) prepared a Financial Feasibility Report regarding the Airport's operating revenues, expenses and air traffic activity, dated June 20, 2019 (the "***Report of the Airport Consultant***"), which is attached hereto as **APPENDIX A** – "**Report of the Airport Consultant**." The Report of the Airport Consultant, including certain information regarding the analyses and conclusions contained therein, is included in this Official Statement in reliance upon the expertise of the Airport Consultant. See

"**CERTAIN INVESTMENT CONSIDERATIONS** - Forward-Looking Statements" and " - Assumptions in the Report of the Airport Consultant; Actual Results May Differ from Forecasts and Assumptions" herein.

Projected Airport Revenues

The following tables present the Airport Consultant's estimates and projections for Fiscal Years 2018 through 2024 of (i) Revenues, (ii) Signatory Airline revenues, cost per enplaned passenger and rates and (iii) debt service coverage calculations with respect to the Series 2019 Bonds.

Total Airport Revenues are projected to increase from $178.8 million in Fiscal Year 2018 to $199.7 million in Fiscal Year 2024 or at an average annual growth rate of 1.9% or $20.9 million. Revenues are projected to be sufficient to pay Operation and Maintenance Expenses and meet all of the other funding requirements of the Indenture in each year of the projection period, Fiscal Year 2018 through Fiscal Year 2024.

The average Signatory Airline cost per enplaned passenger is projected to decrease from $8.87 in Fiscal Year 2018 to $8.13 in Fiscal Year 2024. The Signatory Airline landing fee rate is projected to increase from $6.17 in Fiscal Year 2018 to $6.70 in Fiscal Year 2024.

In addition, based on its knowledge of comparable airports and its experience in providing financial consulting services to a variety of airports, the Airport Consultant believes the projected airline costs per enplaned passenger at the Airport are reasonable in comparison with other medium hub airports that have completed or are currently implementing major capital improvement programs.

The financial projections presented in the Report of the Airport Consultant are based on information and assumptions that have been provided by Airport management, or developed by the Airport Consultant and confirmed by Airport management. Based upon its review, the Airport Consultant believes that the information is accurate and that the assumptions provide a reasonable basis for the forecasts. However, some variations from the forecasts are inevitable due to unforeseen events and circumstances, and such variations may be material. The Report of the Airport Consultant should be considered in its entirety for an understanding of the forecasts and the underlying assumptions. See **APPENDIX A -** "**Report of the Airport Consultant**" hereto.

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The following table presents projected Airport Revenues at the Airport for the Fiscal Years indicated:

PROJECTED AIRPORT REVENUES
ST. LOUIS LAMBERT INTERNATIONAL AIRPORT
FISCAL YEARS ENDING JUNE 30
(IN THOUSANDS)

	Avg. Annual Growth Rate	For Fiscal Years Ending June 30,						
		Actual	Projected					
AIRPORT REVENUES	**2018-2024**	**2018[1]**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Signatory Airlines								
Airfield Landing Fees	3.2%	$54,344	$59,946	$60,623	$62,003	$62,942	$64,792	$65,725
Terminal Rents	-20.4%	12,878	16,084	7,666	9,069	8,444	3,665	3,269
Passenger Loading Bridges	n/a	0	380	404	405	378	378	362
Total	0.5%	$67,222	$76,410	$68,693	$71,477	$71,764	$68,835	$69,356
Concession Fees								
Terminal Concessions	4.2%	$12,740	$13,572	$14,147	$14,425	$14,962	$15,581	$16,268
Public Parking	3.1%	23,379	24,566	26,847	26,544	26,906	27,438	28,086
Car Rentals	4.2%	12,308	13,077	13,648	13,916	14,445	15,060	15,741
Space Rental	2.2%	1,326	1,355	1,385	1,415	1,446	1,478	1,510
In-Flight Catering	2.2%	309	316	323	330	337	344	352
Other	2.1%	564	576	588	600	613	626	639
Total	3.6%	$50,627	$53,462	$56,938	$57,231	$58,710	$60,527	$62,597
Other								
Non-Signatory Landing Fees	5.4%	$1,385	$1,893	$1,771	$1,812	$1,836	$1,876	$1,896
Non-Signatory Airlines-Terminal	-0.5%	146	182	142	182	142	182	142
Total	4.9%	$1,532	$2,075	$1,913	$1,994	$1,978	$2,058	$2,038
Airline Revenue Mitigation[2]	0.0%	13,728	13,729	13,729	13,729	13,729	13,729	13,729
Cargo	26.7%	$568	$845	$2,229	$2,229	$2,266	$2,303	$2,354
Hangars and Other Buildings	9.8%	801	1,232	1,239	1,246	1,320	1,327	1,401
Tenant Improvement Surcharge	0.0%	372	372	372	372	372	372	372
Terminal EDS Surcharges	n/a	2,219	2,884	2,950	3,018	3,088	3,159	3,231
Other Miscellaneous	3.8%	11,235	11,978	12,924	13,130	13,403	13,701	14,018
Total Other-Operating	3.4%	$30,454	$33,115	$35,357	$35,718	$36,154	$36,648	$37,143
Total Operating Revenue	2.2%	$148,303	$162,988	$160,987	$164,426	$166,629	$166,010	$169,095
Interest Income [3]	-8.2%	$2,201	$1,318	$1,125	$1,170	$1,327	$1,293	$1,314
Total GARB Revenues	2.1%	$150,504	$164,306	$162,112	$165,596	$167,955	$167,304	$170,410
Pledged PFC Revenue	0.6%	28,322	26,276	25,953	26,539	29,287	29,283	29,312
Total Revenues	1.9%	178,826	190,582	188,065	192,135	197,242	196,587	199,722

[1] Based on audited financial statements and Airport records.
[2] Reflects amounts scheduled to be transferred from the Debt Service Stabilization Fund per the Airline Use and Lease Agreement.
[3] Operating Interest income only.
Source: Airport Consultant.

SUMMARY OF PROJECTED SIGNATORY AIRLINE REVENUES,
COST PER ENPLANED PASSENGER,
AND AIRLINE RATES AND CHARGES

St. Louis Lambert International Airport

in thousands except for rates

For Fiscal Years Ending June 30

	For Fiscal Years Ending June 30						
	Actual			Projected			
	2018[1]	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
INITIAL AIRLINE REQUIREMENTS							
Landing Fees	$54,344	$59,946	$60,623	$62,003	$62,942	$64,792	$65,725
Terminal 1	9,252	9,472	8,499	8,702	8,868	9,130	9,092
Terminal 2	4,413	4,139	4,234	4,363	4,440	4,704	4,701
Passenger Loading Bridges	0	380	404	405	378	378	362
	$68,009	$73,937	$73,760	$75,473	$76,629	$79,005	$79,880
TOTAL SIGNATORY AIRLINE REQUIREMENTS							
Initial Requirement	$68,009	$73,937	$73,760	$75,473	$76,629	$79,005	$79,880
Additional Airline Requirement*	(786)	2,473	(5,067)	(3,996)	(4,864)	(10,169)	(10,524)
Signatory airline enplaned passengers	$67,222	$76,410	$68,693	$71,477	$71,764	$68,835	$69,356
Signatory Airline CPE post Mitigation	**$8.87**	**$9.68**	**$8.51**	**$8.88**	**$8.77**	**$8.25**	**$8.13**
SIGNATORY AIRLINES (including Additional Requirement*)							
Landing Fee Rate (per 1,000 pounds)	**$6.17**	**$6.55**	**$6.49**	**$6.66**	**$6.67**	**$6.74**	**$6.70**
Airlines' Terminal Building Rental Rates							
Terminal 1	**$36.23**	**$46.85**	**$20.39**	**$24.42**	**$22.53**	**$7.85**	**$6.64**
Terminal 2	**$43.27**	**$50.12**	**$28.71**	**$33.22**	**$31.44**	**$18.41**	**$17.33**

[1] Based on audited financial statements and Airport records.

* As defined in **APPENDIX A - "The Report of the Airport Consultant – Financial Analysis – Additional Airline Requirement."**

Source: Airport Consultant.

The following table shows the actual and projected Net Revenues for Fiscal Year 2018 and Fiscal Years 2019 through 2024, respectively, and the calculation of actual and projected debt service coverage for Fiscal Year 2018 and Fiscal Years 2019 through 2024, respectively.

BASE FORECAST PROJECTED COVERAGE CALCULATIONS
St. Louis Lambert International Airport
in thousands except for ratios
For Fiscal Years Ending June 30

	Actual	Projected					
	2018[1]	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Total Revenues (including Debt Service Stabilization Fund Contribution and Additional Requirement)	$178,826	$190,581	$188,064	$192,134	$197,241	$196,586	$199,721
less: Operation and Maintenance Expenses	85,168	92,633	94,923	97,414	99,971	102,597	105,293
Net Revenues	$93,658	$97,948	$93,141	$94,720	$97,269	$93,989	$94,428
Debt Service							
Outstanding Bonds	62,926	66,410	56,495	56,501	56,494	49,213	49,211
Future Bonds	0	0	3,815	5,207	7,401	11,003	10,999
	$62,926	$66,410	$60,310	$61,708	$63,895	$60,216	$60,210
Debt service coverage ratio	**1.49**	**1.48**	**1.54**	**1.53**	**1.52**	**1.56**	**1.57**

[1] Based on audited financial statements and Airport records.
[2] The Series 2019 Project Bonds and the future 2021 bond issue both assume 12 months of capitalized interest.

Source: Airport Consultant.

FACTORS AFFECTING THE AIRPORT AND THE AIR CARRIER INDUSTRY

General

The City's ability to collect Revenues may be affected by the ability of the airlines operating at the Airport to meet their respective obligations under the Use Agreements, the Operating Agreements and other arrangements. In addition, the level of aviation activity at the Airport can have a material impact on the amount of Revenues and PFC Revenues of the Airport. The amount of the PFC Revenues is based upon the number of enplanements at the Airport, thus, any decrease in enplanement levels, whether due to a general decrease in aviation activity nationwide or a decrease in aviation activity at the Airport specifically, will cause a decrease in the amount of the PFC Revenues received by the Airport during the Fiscal Year. The amount of moneys to be deposited into the Revenue Fund in any given month is also dependent upon the level of concession and non-air carrier revenues, which is dependent upon activity at the Airport. Amounts available for deposit in the Revenue Fund could be adversely affected by delays or defaults in the payment of rates and charges by the air carriers at the Airport.

The generation of Revenues from the operation of the Airport depends on various factors, many of which are not subject to the control of the Airport, including, as noted above, the ability of the airlines serving the Airport to meet their respective obligations under the Use Agreements, the Operating Agreements and other arrangements. The revenues and financial condition of the airlines serving the Airport may be materially affected by many factors, including without limitation, the following: declining air travel demand; service and cost competition; mergers and acquisitions; the availability and cost of fuel and other necessary supplies; high fixed costs; high capital requirements; the cost and availability of financing; technological changes; national and international disasters and hostilities; the cost and availability of employees; strikes and other employee disruptions; the maintenance and replacement requirements of aircraft; the availability of routes and slots at various airports; litigation liability; regulation by the federal government; environmental risks and regulations; noise abatement concerns and regulation; deregulation; federal and state bankruptcy and insolvency laws; acts of war, terrorism and other risks.

There can be no assurance that any such airline will continue to operate at the Airport or at its current level of operation; nor can there be any assurance that any airline operating at the Airport is not incurring or will not incur financial difficulties affecting its level of operations at the Airport or its ability to continue to operate as a viable airline.

Aviation Security Requirements

The FAA has instituted several security and safety measures for all U.S. airports, including enhancing the search and security checks and prohibiting non-ticketed persons beyond security checkpoints. The Aviation and Transportation Security Act, as amended (the "***Aviation Security Act***") created the Department of Homeland Security and the Transportation Security Administration ("***TSA***"), and provided for the federalization of airport security. The Aviation Security Act permits the deployment of air marshals on all flights and requires deployment of air marshals on all "high risk" flights. The Aviation Security Act also requires that sufficient explosives detection systems be deployed at airports in the United States to screen all checked baggage. Such security enhancements have resulted in additional costs to the Airport, caused delays to travelers and have discouraged air travel by some members of the public. The airlines and the federal government are largely responsible for the cost of implementing the new security measures.

Revenues from Air Carriers

Historically, the airline industry's results have corresponded to the performance of the economy. Air carrier fares have an important effect on passenger demand, particularly for relatively short trips where the automobile or other travel modes are alternatives and for price-sensitive "discretionary" travel, such as vacation travel. Airfares are influenced by air carrier operating costs and debt burden, passenger demand, capacity and yield management, market presence and competition.

Air Carrier Service and Routes

While passenger demand at an airport depends on the population and the economy of the region served, air carrier service and the number of passengers enplaned also depend on the route networks of the air carriers serving the airport. Domestic air carriers are free to enter or leave individual air traffic markets, and to increase or decrease service at will, and there can be no assurance that any air carrier will maintain its current level of service at the Airport. Most major air carriers have developed "hub-and-spoke" route networks as a means of increasing their service frequencies, passenger volumes and profitability. Changes in air carrier activity at the Airport can significantly impact Revenues.

Aviation Fuel Costs

The price of aviation fuel is a critical and uncertain factor affecting airline operating economics. Fuel prices are particularly sensitive to worldwide political instability and economic uncertainly. See "**CERTAIN INVESTMENT CONSIDERATIONS – Cost of Aviation Fuel**."

FINANCIAL CONDITION OF CERTAIN AIRLINES SERVING THE AIRPORT

General

The Airport derives its operating revenues primarily from landing and facility rental fees. The financial strength and stability of the airlines serving the Airport, among other factors, including the decisions of individual airlines regarding levels of service at the Airport, affect the level of aviation activity at the Airport and Airport Revenues. For information regarding airline activity at the Airport, see "**CERTAIN INVESTMENT CONSIDERATIONS - Demand for Air Travel and Airline Activity at the Airport**."

The principal airlines serving the Airport are Southwest, American Airlines, and Delta Airlines. For Fiscal Year 2018, Southwest accounted for approximately 27.0% of the total "airline rentals, fees and charges" component of the Airport's operating revenue and approximately 58.9% of total enplanements. For Fiscal Year 2018, American Airlines accounted for approximately 8.7% of the total "airline rentals, fees and charges" component of the Airport's operating revenue and approximately 16.0% of total enplanements, including regional affiliates. For Fiscal Year 2018, Delta Airlines accounted for approximately 5.2% of the total airlines' rentals, fees and charges component of the Airport's operating revenue and approximately 11.1% of the total enplanements, including affiliates.

Airline Information

Certain of the airlines or their parent corporations, including Southwest, American Airlines and Delta, are subject to the information reporting requirements of the Exchange Act, and as such are required to file periodic reports, including financial and operational data, with the SEC. All such reports and statements may be inspected in the Public Reference Room of the SEC which can be located by calling the SEC at 1-800-SEC-0330. The SEC maintains a website at http://www.sec.gov containing reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. In addition, each domestic airline is required to file periodic reports of financial and operating statistics with the U.S. Department of Transportation ("DOT"). These reports may be inspected at the following location: Department of Transportation, Research and Special Programs Administration, Office of Airlines

Statistics at Room 4125, 400 7th Street, SW, Washington, DC 20590, and copies of the reports may be obtained from the DOT at prescribed rates.

Airlines owned by foreign governments or foreign corporations operating airlines (unless such foreign airlines have American Depository Receipts registered on a national exchange) are not required to file information with the SEC. Airlines owned by foreign governments, or foreign corporations operating airlines, file limited information only with the DOT.

Neither the City nor the Underwriters undertake any responsibility for or make any representation as to the accuracy or completeness of (i) any reports and statements filed with the SEC or the DOT or (ii) any material contained on the SEC's website as described in the preceding paragraph, including, but not limited to, updates of information on the SEC's website or links to other internet sites accessed through the SEC's website. Any material contained on the SEC's website is provided for informational purposes only. Such information is not incorporated by reference herein and should not be relied upon by investors. The City is not obligated to provide any such financial information for any airline serving the Airport in its Annual Report under the Continuing Disclosure Agreement.

NEITHER THE CITY NOR THE UNDERWRITERS MAKE ANY REPRESENTATION WHATSOEVER WITH RESPECT TO THE FINANCIAL CONDITION OR CONTINUED VIABILITY OF ANY OF THE AIRLINES.

CERTAIN INVESTMENT CONSIDERATIONS

The purchase and ownership of the Series 2019 Bonds involve investment risk and may not be suitable for all investors. Prospective investors are urged to read this Official Statement, including the cover page, inside cover page and appendices to the Official Statement, in its entirety. The factors set forth in this Official Statement, among others, may affect the security for and/or trading value of the Series 2019 Bonds. The information in this Official Statement does not purport to be a comprehensive or exhaustive discussion of all risks or other considerations that may be relevant to an investment in the Series 2019 Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such considerations. Additional risk factors relating to the purchase of the Series 2019 Bonds are described throughout this Official Statement, whether or not specifically designated as risk factors. Additional risks and uncertainties not presently known, or currently believed to be immaterial, may also materially and adversely affect, among other things, Revenues. In addition, although the various risks discussed in this Official Statement are generally described separately, prospective investors of the Series 2019 Bonds should consider the potential effects of the interplay of multiple risk factors. Where more than one significant risk factor is present, the risk of loss to an investor may be significantly increased. There can be no assurance that other risks or considerations not discussed in this Official Statement are or will not become material in the future.

FAA Airport Privatization Pilot Program

The City has been exploring the possibility of leasing the Airport to a private entity that would manage and operate the Airport pursuant to the FAA's Airport Privatization Pilot Program. In the event that the City decides to enter into such a lease arrangement, the Series 2019 Bonds may be subject to extraordinary redemption. See **"INTRODUCTION – FAA Airport Privatization Pilot Program," "FAA AIRPORT PRIVATIZATION PILOT PROGRAM," "THE SERIES 2019 BONDS – Redemption Provisions"** and **APPENDIX C – "Summary of Certain Provisions of the Indenture – Particular Covenants of the City – Sale, Lease or Encumbrance of Property."**

Demand for Air Travel and Airline Activity at the Airport

The Revenues of the Airport are affected substantially by the economic health of the air transportation industry and the airlines serving the Airport. Air travel demand has historically correlated to the national economy, generally, and consumer income and business profits in particular. The long-term implications of recent economic and political conditions are unclear. A lack of sustainable economic growth could negatively affect, among other things, financial markets, commercial activity and consumer spending. There can be no assurance that economic and political turmoil or lack of sustainable economic growth will not adversely affect demand for travel.

The level of aviation activity and enplaned passenger traffic at the Airport depend on a number of factors, including those discussed above and other economic and political conditions; international hostilities; world health concerns; aviation security concerns, including incidents of terrorism; federal government mandated security measures that result in additional taxes and fees and longer passenger processing and wait times; accidents involving commercial passenger aircraft; airline service and routes; airline airfares and competition; airline industry economics, including labor relations, fuel prices and aging aircraft fleets; capacity of the national air traffic control and airport systems; competition from other airports; reliability of air service; business travel substitutes, including teleconferencing, videoconferencing and web-casting; consumer price sensitivity; and the capacity, availability and convenience of service at the Airport, among others. An outbreak of a disease or similar public health threat that affects travel demand or travel behavior, or travel restrictions or reduction in the demand for air travel caused by an outbreak of a disease or similar public health threat in the future, could have a material adverse impact on the airline industry and result in substantial reductions in and/or cancellations of, bookings and flights.

The Airport derives a substantial portion of its operating revenues from landing and facility rental fees. The financial strength and stability of the airlines using the Airport, and the number and the percentage of enplaned passengers carried by any one airline, together with numerous other factors, influence the level of aviation activity at the Airport. In addition, individual airline decisions regarding levels of service, particularly numbers of flights and hubbing activity at the Airport, can substantially affect total enplanements. See also **"THE AIRPORT – Recent Changes in Service at the Airport."**

Southwest is now the largest carrier at the Airport, accounting for approximately 27.0% of the total "airline rentals, fees and charges" component of the operating revenue and approximately 58.9% of total enplanements at the Airport in Fiscal Year 2018. No assurances can be given that Southwest will continue to operate at its current level or that, if it reduces or discontinues its operations, its current level of activity will be replaced by other carriers.

American Airlines (including its affiliates) is the second largest carrier operating at the Airport, accounting for approximately 8.7%% of the total "airline rentals, fees and charges" component of operating revenue and approximately 16.0% of total enplanements at the Airport in Fiscal Year 2018. No assurances can be given that American will continue its operations at the Airport or that, if it discontinues or further reduces such operations, its activity will be replaced by other carriers.

Delta Airlines is the third largest carrier operating at the Airport, accounting for approximately 5.2% of the total "airline rentals, fees and charges" component of operating revenue and approximately 11.1% of total enplanements at the Airport in Fiscal Year 2018. No assurances can be given that Delta will continue to operate at its current level or that, if it reduces or discontinues its operations, its current level of activity will be replaced by other carriers.

For information regarding the financial condition of Southwest, American Airlines, Delta Airlines and other airlines, see "**THE AIRPORT**" and "**FINANCIAL CONDITION OF CERTAIN AIRLINES SERVING THE AIRPORT**."

Airline Consolidations

In 2005, ten major airlines were flying inside the United States (AirTran, Alaska Airlines, American Airlines, America West, Continental, Delta, Northwest, Southwest, United and US Airways) and accounted for 87% of all available seats. Faced with declining profitability because of increased costs of aviation fuel, lower fares brought on by the proliferation of low cost carriers, reduced growth potential in the domestic markets and declining passenger activity based on security concerns, the airlines pursued consolidation. In October 2008, Delta and Northwest merged. In October 2010, United and Continental completed the merger of the two airlines. In May 2011, Southwest Airlines completed its acquisition of AirTran Airways. In October 2015, US Airways and American Airlines completed the merger of the two airlines. As a result of these consolidations, today there are four major network airlines flying inside the United States (American, Delta, Southwest and United) that account for approximately 80.6% of domestic capacity (available seats). Additionally, in 2009, Republic Airways Holdings, Inc. purchased Midwest Airlines and Frontier Airlines, and the combined carrier operated as Frontier Airline until October 2013 when Frontier Airlines was sold to Indigo Partners, LLC, a private equity firm. In December 2016, Alaska Air Group completed its acquisition of Virgin America.

Airline consolidation has affected airline service patterns at the Airport. Further airline consolidation remains possible and could continue to change airline service patterns, particularly at the connecting hub airports of the merged airlines. The Airport cannot predict what impact, if any, such consolidations will have on airline traffic at the Airport.

Cost of Aviation Fuel

The price of aviation fuel is a critical and uncertain factor affecting airline operating economics. Fuel prices are particularly sensitive to worldwide political instability and economic uncertainly. Aviation fuel prices will continue to affect future airline service, airfares and passenger numbers. Airline operating economics will also be affected as regulatory costs are imposed on air travel and the airline industry as part of efforts to reduce aircraft emissions contributing to global climate change.

Aviation Safety and Security Concerns

Federal Security Measures. Concerns about the safety of airline travel and the effectiveness of security precautions, particularly in light of existing international hostilities and terrorist attacks, may influence passenger travel behavior and air travel demand. These concerns intensified in the aftermath of the events of September 11, 2001 and again in 2014 following the high-profile disappearance of Malaysia Airlines Flight 370. As a result of terrorist activities certain international hostilities and risk of violent crime, the Airport has implemented enhanced security measures mandated by the FAA, the TSA, the Department of Homeland Security and Airport management.

Since 2001, government agencies, airlines, and airport operators have upgraded security measures to guard against future terrorist incidents and maintain confidence in the safety of airline travel. These measures include strengthened aircraft cockpit doors, changed flight crew procedures, increased presence of armed sky marshals, federalization of airport security functions under the TSA, more effective dissemination of information about threats, more intensive screening of passengers, baggage, and cargo, and deployment of new screening technologies.

In addition to the aforementioned security requirements described above, the TSA has issued additional unfunded mandates by way of TSA security directives. These include: (i) transmittal to the TSA of personal information on all employees holding an airport-issued identification badge for performance of Security Threat Assessment ("***STA***") and retrieval of STA results prior to issuing badges and other forms of identification, (ii) performance of inspections of all vendors and vendor products entering the sterile areas of the Airport, and (iii) reduction of the number of Airport employees authorized to escort visitors in the secured areas. Thus far, the Airport has been able to meet these requirements without significant financial or operational impact. However, there could be additional unfunded security directives that may have a financial or operational impact on the Airport.

Current and future security measures may create significantly increased inconvenience, costs and delays at the Airport which may give rise to the avoidance of air travel generally and the switching from air to ground travel modes and may adversely affect the Airport's operations, expenditures and Revenues.

Cybersecurity. Computer networks and data transmission and collection are vital to the efficient operation of the airline industry. Air travel industry participants, including airlines, the FAA, the TSA, the Airport, concessionaires and others collect and store sensitive data, including intellectual property, proprietary business information, information regarding customers, suppliers and business partners, and personally identifiable information of customers and employees. The secure processing, maintenance and transmission of this information is critical to air travel industry operations. Despite security measures, information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise networks and the information stored there could be disrupted, accessed, publicly disclosed, lost or stolen. Any such disruption, access, disclosure or other loss of information could result in disruptions in the efficiency of the air travel industry, legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties, operations and the services provided, and cause a loss of confidence in the air travel industry, which could ultimately adversely affect Revenues. The Airport Authority employs various measures to combat these threats ranging from external service providers monitoring traffic and mitigating threatening traffic to internal monitoring and mitigation systems used by internal Airport Information Technology (AIT) security members. All data interfaces with the tenants of the Airport are through secured firewalled systems interfaces. The AIT department provides and promotes security awareness training as well as testing of the users to assist in preventing users from allowing a data breach. Finally, the Airport Authority has a Cybersecurity Insurance policy in the event of a breach which would supply monetary and mitigation support.

Aviation Security Requirements and Related Costs

The airlines and the federal government were primarily responsible for, and bore most of the capital costs associated with, implementing the new security measures. The Airport is currently in compliance with all federally mandated security requirements.

The Airport cannot predict the effect of any future government-required security measures on passenger activity at the Airport, nor can the Airport predict how the government will staff security.

Public Health and Safety Concerns

Public health and safety concerns also have affected air travel demand from time to time. In 2003, concerns about the spread of severe acute respiratory syndrome ("***SARS***") led public health agencies to issue advisories against nonessential travel to certain regions of the world. In 2009, while the United States Centers for Disease Control ("***CDC***") and the World Health Organization ("***WHO***") did not recommend that people avoid domestic or international travel, concerns about the spread of influenza caused by the

H1N1 virus reduced international air travel, particularly to and from Mexico and Asia. In 2014, an outbreak of Ebola in West Africa and the discovery of a patient and health care workers infected with Ebola in the United States raised concerns about the spread of communicable disease through air travel. In January 2016, the CDC issued a travel alert warning pregnant women to avoid travel to areas where the Zika virus, which has been linked to a type of birth defect called microcephaly, is spreading, a list that currently includes over 50 countries and territories, primarily in the Caribbean, Central America, South America and certain Pacific Islands, as well as the State of Florida and the State of Texas.

FAA Reauthorization and Federal Funding

On October 3, 2018, Congress passed a five-year reauthorization bill for the FAA, the FAA Reauthorization Act of 2018, which was signed into law on October 5, 2018. The FAA Reauthorization Act of 2018, among other things, authorizes the FAA's programs for five federal fiscal years, and increases funding for the AIP. The AIP provides federal capital grants to support airport infrastructure, including entitlement grants (determined by formulas based on passenger, cargo, and general aviation activity levels) and discretionary grants (allocated on the basis of specific set-asides and the national priority ranking system). There can be no assurance that Congress will enact and the President will sign future FAA reauthorization acts or provide for additional extensions before the current authorization expires. Failure to adopt such legislation may have a material, adverse impact on the AIP grant program and the Airport.

Considerations Regarding Passenger Facility Charges

The FAA has the power to terminate the authority to impose PFCs if the City's PFC Revenues are not used for approved projects, if project implementation does not commence within the time periods specified in the FAA's regulations or if the City otherwise violates FAA regulations. The City's plan of funding for the CIP is premised on certain assumptions with respect to the timing and amounts of the City's PFC applications, and the availability of PFCs to fund PFC-eligible portions of certain of those projects. If amounts collected through PFCs are lower than expected, the City may elect to delay certain projects or to seek alternative sources of funding, including the issuance of Additional Bonds.

Climate Change and Natural Disasters

The St. Louis Area is at risk for a broad range of natural, weather-related disasters, including without limitation, drought, tornadoes and flooding. With rising global temperatures, climate change may significantly increase the occurrence of natural hazards and extreme weather events in the St. Louis Area and throughout the United States. 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.

Other Key Factors

Capacity limitations of the national air traffic control system, the Airport and at competing airports could be factors that might affect future activity at the Airport. In the past, demands on the air traffic control system have caused operational restrictions that have affected airline schedules and passenger traffic and caused significant delays. 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 activity would not again adversely affect airline operations. The FAA Modernization and Reform Act of 2012 contains numerous provisions aimed at accelerating the implementation of Next Generation Air Transport System ("***NextGen***"). NextGen is designed to modernize the National Airspace System from a ground-based system of air traffic control to a satellite-based system of air traffic management in order to enhance the use of airspace and runways.

For more details on these and other key factors that could impact results of Airport operations, see APPENDIX A – "Report of the Airport Consultant – Sources of Forecast Risk and Uncertainty."

Effect of Airline Bankruptcies

In 2002 through 2013, several airlines (including some that served the Airport) ceased operations and/or filed for bankruptcy protection. No assurances can be given that the airlines now serving the Airport will continue operations or maintain their current levels of activity at the Airport. If one or more airlines were to discontinue operations at the Airport, there is no assurance that the activity accounted for by such airlines would be replaced by other carriers.

In the event of bankruptcy proceedings involving one or more of the Signatory Airlines, the debtor airline or its bankruptcy trustee must determine within a time period determined by the court whether to assume or reject the applicable Use Agreement. However, bankruptcy courts are courts of equity and can grant exceptions to these statutory limitations. In the event of assumption, the debtor airline would be required to cure any prior defaults and to provide adequate assurance of future performance under the relevant document. Rejection of a Use Agreement by any bankrupt Signatory Airline would give rise to an unsecured claim of the City for damages, the amount of which may be limited by the Bankruptcy Code. In general, under the Use Agreements, the City is not permitted to allocate to other Signatory Airlines the rents, fees and charges for facilities surrendered by Signatory Airlines pursuant to a rejection in bankruptcy.

If the bankruptcy of one or more Signatory Airlines were to occur, there can be no assurance that the remaining Signatory Airlines would be able, individually or collectively, to meet their obligations under the Use Agreements. Whether or not a Use Agreement is assumed or rejected in a bankruptcy proceeding, it is not possible to predict the subsequent level of utilization of the gates leased under such agreement. Decreased utilization of gates could have a material adverse effect on Airport operations, as well as on Revenues and ultimately on the cost to the airlines of operating at the Airport. See **APPENDIX D** - "**Summary of Certain Provisions of the Use Agreements and the Operating Agreements**" and **APPENDIX H** - "**THE PFC PROGRAM – Treatment of PFCs in Air Carrier Bankruptcies**."

Limitations on Bondholders' Remedies

The occurrence of an Event of Default under the Indenture, including a failure to make a payment of principal of or interest on the Series 2019 Bonds, may not result in an acceleration of payment of the Series 2019 Bonds. As a result, the Airport may be able to continue indefinitely collecting Revenues and applying them to the operation of the Airport, even if an Event of Default has occurred and no payments are being made on the Series 2019 Bonds. See "**Matters Relating to Enforceability**" herein.

Matters Relating to Enforceability

The practical realization of any rights upon any default will depend upon the exercise of various remedies specified in the Indenture. These remedies, in certain respects, may require judicial action, which is often subject to discretion and delay. Under existing law, certain of the remedies specified in the Indenture may not be readily available or may be limited. A court may decide not to order the specific performance of the covenants contained in the Indenture. The security interest in the Revenues granted pursuant to the Indenture may be subordinated to the interest and claims of others in several instances. Examples of cases of subordination of prior claims are described under "**THE SERIES 2019 BONDS — Security and Sources of Payment**" herein.

The application of federal bankruptcy laws may have an adverse effect on the ability of the Trustee and the Bondholders to enforce their claim to the Revenues. Federal bankruptcy law permits adoption of a reorganization plan, even if such plan has not been accepted by the Holders of a majority in aggregate principal amount of the Bonds, if the Bondholders are provided with the benefit of their original lien or the "indubitable equivalent." In addition, if a bankruptcy court concludes that the Bondholders have "adequate protection," it may under certain circumstances (a) substitute other security for the security provided by the Indenture for the benefit of the Bondholders and (b) subordinate the lien of the security interest of the Trustee to (1) claims by persons supplying goods and services to the bankrupt after the bankruptcy and (2) the administrative expenses of the bankruptcy proceeding. In the event of the bankruptcy of the City or any of the Signatory Airlines, the amount realized by the Bondholders might depend, among other factors, on the bankruptcy court's interpretation of various legal doctrines under the then-existing circumstances.

All legal opinions with respect to the enforceability of the Indenture and the Series 2019 Bonds will be expressly subject to the qualification that enforceability thereof may be limited by bankruptcy, reorganization, insolvency, moratorium or other similar laws affecting creditors' rights generally and by applicable principles of equity.

Matters Relating to Security for the Series 2019 Bonds

The amount of Revenues to be received by the City is subject to a number of factors, including: (a) statutory liens; (b) rights arising in favor of the United States of America or any agency thereof; (c) constructive trusts, equitable or other rights impressed or conferred by a federal or state court in the exercise of its equitable jurisdiction; (d) federal bankruptcy laws that may affect the enforceability of such security interest or certain federal statutes, regulations and judicial decisions that have cast doubt upon the right of the Trustee, in the event of the City's default, to collect and retain accounts receivable from the Revenues and other governmental programs; (e) rights of third parties in certain types of Revenues, such as instruments and cash not in the possession of the Trustee; and (f) requirements for filing Uniform Commercial Code continuation statements.

Costs of Capital Improvement Programs and Schedule

The estimated costs of, and the projected schedule for, the projects included in the CIP, the Noise Compatibility Program and the VALE Program depend on various sources of funding, including Additional Bonds, PFCs and federal grants, and are subject to a number of uncertainties. The ability of the City to complete the projects may be adversely affected by various factors including: (i) estimating errors; (ii) design and engineering errors; (iii) changes to the scope of the projects; (iv) delays in contract awards; (v) material and/or labor shortages; (vi) unforeseen site conditions; (vii) adverse weather conditions; (viii) contractor defaults; (ix) labor disputes; (x) unanticipated levels of inflation; and (xi) environmental issues, including environmental approvals that the City has not obtained at this time. A delay in the completion of certain projects could delay the collection of Revenues in respect of such projects, increase costs for such projects, and may cause the rescheduling of other projects. Any schedule delays or cost increases could result in the need to issue Additional Bonds and may result in increased costs per enplaned passenger to the airlines serving the Airport that may place the Airport at a competitive disadvantage to other airports. See "**AIRPORT CAPITAL IMPROVEMENT PROGRAMS**" herein.

Forward Looking Statements

This Official Statement, and particularly the information contained under the captions "**THE AIRPORT − Airport Facilities**," "**PLAN OF FINANCE**," "**REPORT OF THE AIRPORT CONSULTANT**" and the Report of the Airport Consultant included as **APPENDIX A** to this Official Statement contains statements relating to future results that are "forward looking statements" as defined in the Private Securities Litigation Reform Act of 1995, as amended. When used in this Official Statement, the words "estimate," "forecast," "intend," "expect," and similar expressions identify forward looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward looking statements. Among the factors that may cause forecast revenues and expenditures to be materially different from those anticipated are an inability to incur debt at assumed rates, construction delays, increases in construction costs, general economic downturns, factors affecting the airline industry in general, federal legislation and/or regulations, and regulatory and other restrictions, including, but not limited to, those that may affect the ability to undertake the timing or the costs of certain projects. Any forecast is subject to such uncertainties. Therefore, there will be differences between forecast and actual results, and those differences may be material and adverse.

Assumptions in the Report of the Airport Consultant; Actual Results May Differ from Forecasts and Assumptions

The Report of the Airport Consultant included as **APPENDIX A** incorporates numerous assumptions regarding the utilization of the Airport and other matters and states that the forecasts in the Report of the Airport Consultant is subject to uncertainties. The Report of the Airport Consultant is an integral part of this Official Statement and should be read in its entirety for an understanding of all of the assumptions used to prepare the forecasts made therein. No assurances can be given that the forecasts and expectations discussed in the Report of the Airport Consultant will be achieved or that the assumptions upon which the forecasts are based will be realized. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances will occur. Therefore, actual results achieved during the forecast period will vary from those set forth in **APPENDIX A** and the variations may be material and adverse. Further, the Report of the Airport Consultant does not cover the entire period through maturity of the Series 2019 Bonds. See "**Forward-Looking Statements**," "**REPORT OF THE AIRPORT CONSULTANT**" and **APPENDIX A –** "**Report of the Airport Consultant**."

Future Legislation

Congress may from time to time consider legislative proposals which, if enacted, would limit for certain individual taxpayers the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. For example, recent presidential and legislative proposals would eliminate, reduce or otherwise alter the tax benefits currently provided to certain owners of state and local government bonds, including proposals that would result in additional federal income tax on taxpayers that own tax-exempt obligations if their incomes exceed certain thresholds.

Investors in the Series 2019 Bonds should be aware that any such future legislative actions (including federal tax reform) may retroactively change the treatment of all or a portion of the interest on the Series 2019 Bonds for federal income tax purposes for all or certain taxpayers. In such event, the market value of the Series 2019 Bonds may be adversely affected and the ability of holders to sell their Series 2019 Bonds in the secondary market may be reduced. The Series 2019 Bonds are not subject to special mandatory redemption, and the interest rates on the Series 2019 Bonds are not subject to adjustment in the event of any such change.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Series 2019 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. Prospective purchasers of the Series 2019 Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Co-Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

TAX MATTERS

The following is a summary of the material federal and State income tax consequences of holding and disposing of the Series 2019 Bonds. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the Series 2019 Bonds as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State, does not discuss the consequences to an owner under any state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the Series 2019 Bonds in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the Series 2019 Bonds.

Opinion of Co-Bond Counsel

In the opinion of Armstrong Teasdale LLP and Saulsberry & Associates, LLC, Co-Bond Counsel to the City, under the law existing as of the issue date of the Series 2019 Bonds:

Federal Tax Exemption. The interest on the Series 2019 Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes and is exempt from income taxation by the State. However, no opinion is expressed as to the status of interest on any Series 2019B Project Bond or Series 2019 Refunding Bond for any period during which a Series 2019B Project Bond or a Series 2019 Refunding Bond is held by a "substantial user" of the facilities financed or refinanced by the Series 2019B Project Bonds or the Series 2019 Refunding Bonds or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "***Code***").

Alternative Minimum Tax. The interest on the Series 2019A Project Bonds and the Series 2019 Refunding Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax imposed under the Code. The interest on the Series 2019B Project Bonds is an item of tax preference for purposes of computing the federal alternative minimum tax imposed under the Code.

Co-Bond Counsel's opinions are provided as of the date of the original issue of the Series 2019 Bonds, are based upon the accuracy, truthfulness and reasonableness of certain expectations, representations and certifications of the City as described herein and in the Tax Compliance Agreement, and are subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2019 Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The City has covenanted to comply with all such requirements. Failure to comply with certain of such requirements, or if certain representations, certifications or expectations are inaccurate, unreasonable or incorrect, the interest on the Series 2019 Bonds may be included in gross income for federal and State income tax purposes retroactive to the date of issuance of the Series 2019 Bonds. Co-Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Series 2019 Bonds, but has reviewed the discussion under this heading "**TAX MATTERS**."

Other Tax Consequences

Bank Qualification. The Series 2019 Bonds have not been designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

Original Issue Discount. For federal income tax purposes, original issue discount is the excess of the stated redemption price at maturity of a Series 2019 Bond over its issue price. The issue price of a Series 2019 Bond is generally the first price at which a substantial amount of the Series 2019 Bonds of that maturity have been sold to the public. Under Section 1288 of the Code, original issue discount on tax-exempt bonds accrues on a compound basis. The amount of original issue discount that accrues to an owner of a Series 2019 Bond during any accrual period generally equals (1) the issue price of that Series 2019 Bond, plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that Series 2019 Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (3) any interest payable on that Series 2019 Bond during that accrual period. The amount of original issue discount accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner's tax basis in that Series 2019 Bond. Prospective investors should consult their own tax advisors concerning the calculation and accrual of original issue discount.

Original Issue Premium. For federal income tax purposes, premium is the excess of the issue price of a Series 2019 Bond over its stated redemption price at maturity. The issue price of a Series 2019 Bond is generally the first price at which a substantial amount of the Series 2019 Bonds of that maturity have been sold to the public. Under Section 171 of the Code, premium on tax-exempt bonds amortizes over the term of the Series 2019 Bond using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the owner's basis in the Series 2019 Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner, which will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the Series 2019 Bond prior to its maturity. Even though the owner's basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of bond premium.

Sale, Exchange or Retirement of Series 2019 Bonds. Upon the sale, exchange or retirement (including redemption) of a Series 2019 Bond, an owner of the Series 2019 Bond generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property received on the sale, exchange or retirement of the Series 2019 Bond (other than in respect of accrued and unpaid interest) and such owner's adjusted tax basis in the Series 2019 Bond. To the extent a Series 2019 Bond is held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Series 2019 Bond has been held for more than 12 months at the time of sale, exchange or retirement.

Reporting Requirements. In general, information reporting requirements will apply to certain payments of the principal of, interest and premium on the Series 2019 Bonds, and to the proceeds paid on the sale of the Series 2019 Bonds, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner's federal income tax liability.

Collateral Federal Income Tax Consequences. Prospective purchasers of the Series 2019 Bonds should be aware that ownership of the Series 2019 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Series 2019 Bonds. Co-Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of the Series 2019 Bonds should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the Series 2019 Bonds, including the possible application of state, local, foreign and other tax laws.

LITIGATION

There is no litigation pending or, to the best knowledge of the City, threatened that would restrain or enjoin the issuance or delivery of the Series 2019 Bonds, that questions the validity of the Series 2019 Bonds or the Indenture, concerns any proceedings of the City taken in connection therewith or the pledge or application of any Revenues provided for their payment, or that contests the power of the City with respect to the foregoing.

The City and the Airport are subject to a variety of suits and proceedings arising out of its ordinary course of operations, some of which may be adjudicated adversely. In the opinion of the City Counselor, there is no litigation pending against the City or the Airport not sufficiently covered by insurance which, if determined adversely, would have a material adverse effect on Airport operations, Revenues or Net Revenues.

UNDERWRITING

BofA Securities, Inc., as the representative of itself and the underwriters listed on the cover page of this Official Statement (collectively, the "***Underwriters***"), have agreed to purchase the Series 2019 Bonds from the City at an aggregate purchase price equal to $119,616,456.40 (which amount constitutes the aggregate principal amount of the Series 2019 Bonds of $97,145,000.00, plus original issue premium on the Series 2019 Bonds of $22,867,071.75, less the Underwriters' discount on the Series 2019 Bonds of $395,615.35).

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the Underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the City and to persons and entities with relationships with 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, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the City (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the City. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments."

The bond purchase agreement between the Underwriters and the City (the "***Bond Purchase Agreement***") provides that the Underwriters will purchase all of the Series 2019 Bonds if any are purchased, and that the obligation to make such purchase is subject to certain terms and conditions set forth in the Bond Purchase Agreement, the approval of certain legal matters by counsel and certain other conditions.

The initial public offering prices of the Series 2019 Bonds may be changed from time to time by the Underwriters.

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.

Stern Brothers & Co., an Underwriter of the Series 2019 Bonds, has entered into agreements (each a "Stern Brothers Agreement") with 280 Securities LLC ("280 Securities") and Herbert J. Sims ("HJ Sims") for the retail distribution of certain municipal securities offerings at the original issue price. Pursuant to each Stern Brothers Agreement, Stern Brothers & Co. may sell the Series 2019 Bonds to 280 Securities and/or HJ Sims and will share a portion of its selling concession compensation with each, if applicable.

On April 1, 2019, Baird Financial Corporation, the parent company of Robert W. Baird & Co. Incorporated ("Baird"), acquired HL Financial Services, LLC, its subsidiaries, affiliates and assigns (collectively, "Hilliard Lyons"). As a result of such common control, Baird and Hilliard Lyons are now affiliated. It is expected that Hilliard Lyons will merge with and into Baird later in 2019.

INDEPENDENT PUBLIC ACCOUNTANTS

Included as **APPENDIX B** are the audited financial statements of the Airport as of June 30, 2018 for the Fiscal Year then ended, together with the report thereon of KPMG LLP, independent public accountants. This Official Statement does not include audited financial information of the Airport after June 30, 2018.

CO-MUNICIPAL ADVISORS

Siebert Cisneros Shank & Co., L.L.C. and PFM Financial Advisors LLC served as co-municipal advisors (the "***Co-Municipal Advisors***") to the City with respect to the sale of the Series 2019 Bonds. The Co-Municipal Advisors assisted in the preparation of this Official Statement and in other matters relating to the planning, structuring and issuance of the Series 2019 Bonds and provided other advice. The Co-Municipal Advisors have not independently verified the factual information contained in this Official Statement, but have relied upon information supplied by the Airport and the City and other sources who have certified that such information contains no material misstatement or omission.

TREASURER'S ADVISOR

Comer Capital Group, LLC ("***CCG***") serves as municipal advisor to the Treasurer of the City. CCG assisted in the planning and allocation of certain accounts authorized by the Indenture. CCG Asset Management ("***CCGAM***"), an affiliate of CCG, serves as an investment advisor to the City and will provide advice related to the investment of proceeds of the Series 2019 Bonds and other funds invested in connection with the Indenture. Neither CCG nor CCGAM has participated in the preparation, drafting or review of this Official Statement.

AIRPORT CONSULTANT

Unison Consulting, Inc., Chicago, Illinois, has served as the Airport Consultant to the City with respect to the issuance of the Series 2019 Bonds.

LEGAL MATTERS

All legal matters incident to the authorization, issuance and sale of the Series 2019 Bonds are subject to the approval of Armstrong Teasdale LLP, St. Louis, Missouri, and Saulsberry & Associates, LLC, St. Louis, Missouri, Co-Bond Counsel, and certain other conditions. The form of the Co-Bond Counsel opinion is set forth in **APPENDIX F** attached hereto. Certain legal matters will be passed upon for the City by the office of the City Counselor, and for the Underwriters by Bryan Cave Leighton Paisner LLP, St. Louis, Missouri, Underwriters' Counsel. Certain legal matters will be passed upon for the City by Hardwick Law Firm, LLC, St. Louis, Missouri and Richard G. Hughes & Associates, LLC, St. Louis, Missouri, Co-Disclosure Counsel.

Co-Bond Counsel has not assisted in the preparation of this Official Statement except those portions of this Official Statement under the captions "**THE SERIES 2019 BONDS**" (excluding information concerning the Outstanding Bonds amounts, DTC and its book-entry-only system), **"TAX MATTERS,"** and **APPENDICES C and F** to this Official Statement and, therefore, express no opinion as to the sufficiency or accuracy of any other material or information, including, but not limited to financial and statistical information, included herein.

CERTAIN RELATIONSHIPS

Siebert Cisneros Shank & Co., L.L.C. and PFM Financial Advisors LLC are serving as Co-Municipal Advisors to the City with respect to the sale of the Series 2019 Bonds and are also members of the Advisory Working Group where they serve as the City's Co-Municipal Advisors in connection with the City's exploration of the FAA's Airport Privatization Pilot Program.

Bryan Cave Leighton Paisner LLP is serving as Underwriters' Counsel with respect to the issuance of the Series 2019 Bonds and also represents certain of the Underwriters and the City from time to time on other transactions or matters.

Armstrong Teasdale LLP and Saulsberry & Associates, LLC are serving as Co-Bond Counsel with respect to the issuance of the Series 2019 Bonds, and each also represents the City and certain of the Underwriters from time to time on other transactions or matters.

Hardwick Law Firm, LLC and Richard G. Hughes & Associates, LLC are serving as Co-Disclosure Counsel with respect to the issuance of the Series 2019 Bonds, and each also represents the City and certain of the Underwriters from time to time on other transactions or matters.

CONTINUING DISCLOSURE

*The form of the Continuing Disclosure Agreement entered into by and between the City and the Trustee, as Dissemination Agent, is included as **APPENDIX G**. All references herein to the Continuing Disclosure Agreement are qualified in their entirety by reference to such document. The Continuing Disclosure Agreement is available for inspection at the offices of the City.*

Continuing Disclosure Agreement

In accordance with the requirements of the Rule, the City will enter into the Continuing Disclosure Agreement substantially in the form attached as **APPENDIX G – "Form of Continuing Disclosure Agreement,"** pursuant to which the City will agree to file or cause to be filed on an annual basis on the Electronic Municipal Market Access ("***EMMA***") system established by the Municipal Securities Rulemaking Board, in accordance with the Rule: (i) certain annual information, including certain statistical and operating data, (ii) in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of certain events with respect to the Series 2019 Bonds, and (iii) timely notice of a failure by the City to provide the required annual information on or before the date specified in the Continuing Disclosure Agreement. The Underwriters' obligation to purchase the Series 2019 Bonds is conditioned upon their receiving, at or prior to the delivery of the Series 2019 Bonds, an executed copy of the Continuing Disclosure Agreement.

Compliance by the City with Prior Continuing Disclosure Obligations

The following disclosure is being provided by the City for the purpose of assisting the Underwriters in complying with the Rule:

The City has previously entered into continuing disclosure undertakings as an "obligated person" under the Rule (the "***Undertakings***"). In the previous five years, in certain instances, the City failed to comply with certain provisions of such Undertakings, including: (i) untimely filing of certain developer and special district annual and semi-annual financial information; (ii) incomplete cross references by CUSIP numbers to the City's annual financial information, including certain statistical and operating data; (iii) not filing certain statistical and operating data in the proper format and/or filing it in a format that could be considered incomplete; (iv) the failure to file, or timely file, or link to all relevant CUSIPS, certain notices relating to rating changes to the City's outstanding bonds, a surety provider or to a bond insurer insuring obligations previously issued by the City; and (v) for Fiscal Year 2015, the annual financial information was late for Undertakings with a filing requirement of 180 days after the end of the City's Fiscal Year, and certain statistical and operating data relating to the Airport, though timely filed, was subsequently substituted with revised data.

Certain of the City's Undertakings require the filing of calendar year information and information related to the City's retirement systems, that is not available at the time audited financial statements and other operating and statistical data are required to be filed. As such, the City is unable to file such information until after its due date. The City, however, routinely files such information on EMMA as soon as it becomes available. Additionally, certain information related to certain top taxpayers, while in substantial compliance with the Undertakings, no longer identifies the individual companies by name but classifies such taxpayers by industry.

Other than as stated herein, the City is in compliance in all material respects with its Undertakings for the prior five-year period through the date of this Official Statement. The City has adopted policies and procedures to assist the City in complying with its obligations under the Undertakings.

Airline Reporting Requirements

See also "**FINANCIAL CONDITION OF CERTAIN AIRLINES SERVING THE AIRPORT – Airline Information**" for additional information on certain Signatory Airlines and their reporting requirements under the Exchange Act.

RATINGS

Moody's Investors Service, Inc. ("***Moody's***") and S&P Global Ratings ("***S&P***") are expected to assign ratings of "A2" and "A" respectively, to the Series 2019 Bonds.

These ratings should be evaluated independently. No application has been made to any other rating agency in order to obtain additional ratings on the Series 2019 Bonds. Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, New York, New York 10007; S&P Global Ratings, 55 Water Street, 38th Floor, New York, New York 10041. Generally, a rating agency bases its ratings on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2019 Bonds.

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MISCELLANEOUS

This Official Statement has been duly approved, executed and delivered by the City.

The references in the Official Statement to the Indenture and other documents are brief summaries of certain provisions thereof. Such summaries do not purport to be complete and for full and complete statements of the provisions thereof, reference is made to the Indenture and such other documents. Copies of such documents are on file at the offices of the City and following the delivery of the Series 2019 Bonds will be on file at the office of the Trustee. All estimates and other statements in this Official Statement involving matters of opinion, whether or not expressly stated, are intended as such and not as representations of fact.

The attached appendices are integral parts of this Official Statement and must be read together with all of the foregoing statement.

THE CITY OF ST. LOUIS, MISSOURI

By: /s/ Lyda Krewson
Lyda Krewson, Mayor

By: /s/ Darlene Green
Darlene Green, Comptroller

APPENDIX A

REPORT OF THE AIRPORT CONSULTANT

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UNISON CONSULTING
Enabling the Complex Business of Airports

Chicago, Illinois
Orange County, California
St. Louis, Missouri

409 W. Huron, Suite 400
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June 20, 2019

Ms. Rhonda Hamm-Niebruegge
Airport Director
St. Louis Lambert International
Airport Post Office Box 10212
St. Louis, MO 63145

Re: Financial Feasibility Report--The City of St. Louis, Missouri, Airport Revenue Bonds, Series 2019A (Non-AMT), Airport Revenue Bonds, Series 2019B (AMT), and Airport Revenue Refunding Bonds, Series 2019C (Non-AMT) (St. Louis Lambert International Airport)

Dear Ms. Hamm-Niebruegge:

Unison-Consulting, Inc. is pleased to submit this Report of the Airport Consultant (the "Report") in connection with the issuance by The City of St. Louis, Missouri (the "City"), of its (i) Airport Revenue Bonds, Series 2019A (Non-AMT) (St. Louis Lambert International Airport) (the "Series 2019A Project Bonds"); (ii) Airport Revenue Bonds, Series 2019B (AMT) (St. Louis Lambert International Airport) (the "Series 2019B Project Bonds"), and together with the Series 2019A Project Bonds, (the "Series 2019 Project Bonds"), and (iii) Airport Revenue Refunding Bonds, Series 2019C (Non-AMT) (St. Louis Lambert International Airport) (the "Series 2019 Refunding Bonds"), and together with the Series 2019 Project Bonds, (the "Series 2019 Bonds"). The proceeds from the sale of the Series 2019 Bonds, along with other available funds, will be used: (i) to fund the costs of construction and improvements for the St. Louis International Airport ("STL" or "Airport") (the "2019 Project") and to refund or defease all or a portion of the outstanding City of St. Louis, Airport Revenue Refunding Bonds, Series 2009A-1 (the "Series 2009A-1" or "Refunded Bonds"). In addition, the proceeds will be used (i) to fund capitalized interest for the Series 2019 Project Bonds, through end of fiscal year[1] (FY) 2020, (ii) to fund debt service reserve accounts for the Series 2019 Bonds (or purchase a surety bond or bond insurance policy), and (iii) to pay cost of issuance for Series 2019 Bonds. The remainder of the Report defines capitalized terms as having a meaning as defined in this Report or as provided in the Indenture.

On April 24, 2017, the Federal Aviation Administration (FAA) accepted the City's preliminary application for the participation in the FAA's Airport Privatization Pilot Program (the "APPP"). The City formed an advisory working group (the "Advisory Working Group") consisting of representatives of the City and various other professionals including, aviation consultants, attorneys, financial advisors and investment bankers to assist the City in this exploratory process. The Advisory Group represents only one step in the lengthy evaluation process, which will also require approval from the airlines that are currently under lease with the City (the "Signatory Airlines"), and at this time no determination has been made whether or not to pursue a lease of the Airport. Therefore, the financial projections contained in our Report are prepared based on the City continuing its current lease arrangement with the Signatory Airlines through the end of the projection period as noted in the attached Report.

[1] Fiscal Year ends June 30.

The Airport is owned by the City and operated by the City of St. Louis Airport Authority (the Authority), an agency of the City. The Airport is the principal airport serving the St. Louis metropolitan area, a region with a population of approximately 2.9 million as of CY 2018. In Fiscal Year (FY) 2018, approximately 7.6 million passengers were enplaned at the Airport, of which 5.9 million (77%) were originating passengers and 1.7 million (23%) were connecting passengers.

Historical Passenger Traffic Trends

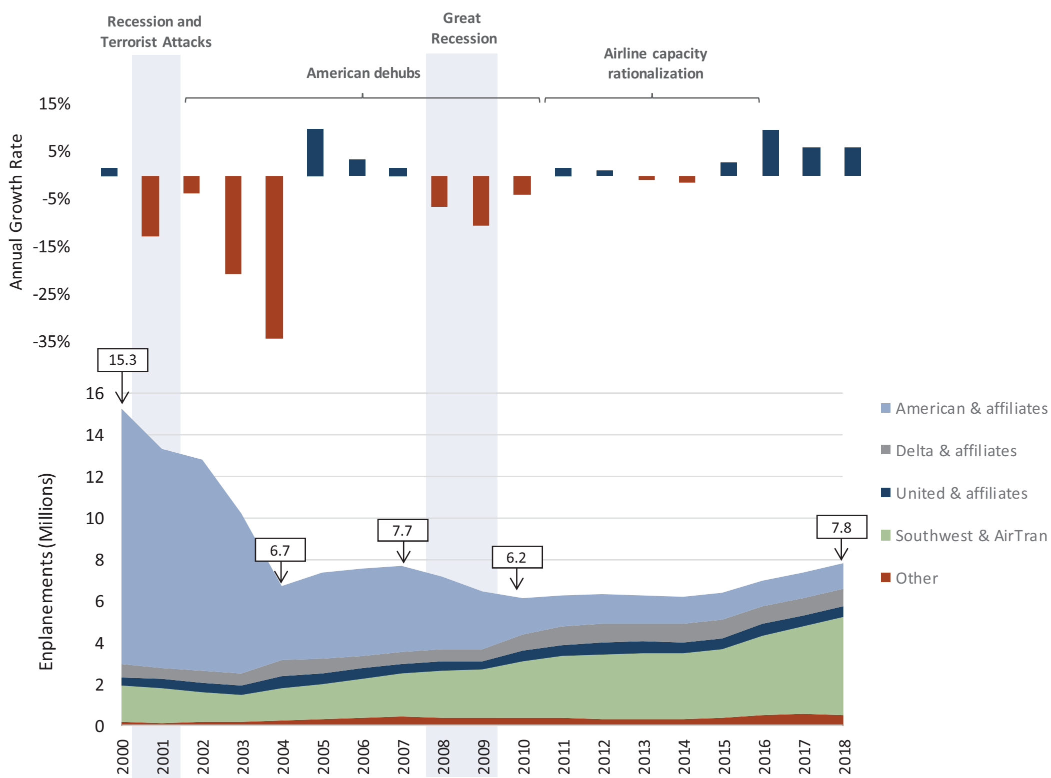
Over the years, the Airport experienced changes in passenger traffic levels driven by changes in the U.S. economic cycle, changes in air service capacity, and one-off events such as the 2001 terrorist attacks (Figure 1). The 2000s were particularly eventful. The terrorist attacks, the recessions, and American Airlines' capacity cuts at STL combined to cause a significant decrease in the Airport's passenger traffic. Not long after the crash of two American Airlines flights during the terrorist attacks in September 2001, American Airlines began scaling down its network hub at STL, eventually shutting it down altogether. STL's enplanements were more than halved from their all-time peak of 15.3 million in 2000 to 6.7 million in 2004. American Airlines continued to cut service at STL through the Great Recession, and the Airport's enplanements decreased further to 6.2 million in 2010, their lowest level since 1982.

American Airlines' dehubbing of STL caused a fundamental change in the Airport's role from a major connecting hub to a predominantly origin and destination (O&D) airport—a change that may have hurt the Airport in the short-run but is now proving to be a beneficial change over the long-run. As American Airlines reduced capacity, Southwest Airlines gradually emerged as the Airport's largest carrier. Delta Air Lines and United Airlines also increased their STL operations, and new airlines entered the STL market. Today STL has a more stable O&D traffic base and a more diversified mix of air service providers led by Southwest Airlines.

The long-running economic expansion of the 2010s has begun to show a positive impact on STL. After staying essentially flat at around 6.3 million a year during the first half of the decade, due in part to the airline industry capacity rationalization, enplanements have increased steadily since 2015. STL ended 2018 with 7.8 million total enplanements, up 26.6 percent from their post-recession low of 6.2 million in 2010 and exceeding the pre-recession level of 7.7 million in 2007 by 1.4 percent. Enplanements increased at a fast pace in the last three years—by 9.6 percent in 2016, 6 percent in 2017, and 6 percent in 2018, faster than national rates. However, enplanement growth through March 2019 moderated to 3 percent. The recent strong traffic growth can be attributed to improving economic conditions—both at the national and regional levels—and growing airline capacity. Helped by growing demand for air travel and lower fuel prices, airlines have been earning profits in recent years, allowing them to renew and expand their fleets and increase flight and seat offerings at airports.

STL maintains its position as the second largest medium hub airport. The recent strong growth in STL enplanements increased its share of U.S. enplanements from 0.71 percent in 2015 to 0.77 percent in 2018.

Figure 1
HISTORICAL ENPLANEMENT TRENDS AT STL
CY2000-2018



Source: Airport records.

During 2016, the Airport executed a new Airline Use and Lease Agreement ("AUA") with the Signatory airlines, which is similar in form to the previous AUA and contained a pre-approved 5-year Capital Improvement Program ("CIP"). The Airport's current funding plan is based on a rolling five-year capital program for the period FY2019–2023 (the "FY2019-2023 CIP") totaling approximately $249.0 million. The City's expected funding for the FY2019-2023 CIP will be comprised of proceeds from the sale of the Series 2019 Project Bonds along with moneys from AIP entitlement and discretionary grants, passenger facility charges ("PFCs"), Airport Development Funds ("ADF"), future bonds and any other available resources.[1]

The City expects to issue the Series 2019 Bonds pursuant to the Indenture of Trust dated as of October 15, 1984 (the "Original Indenture"), which Original Indenture, as previously amended, supplemented and restated, was amended, restated and superseded by that certain Amended and Restated Indenture of Trust dated as of July 1, 2009 (the "Restated Indenture"), as amended and supplemented, including by the Twenty-Third Supplemental Indenture of Trust dated as of June 1, 2019 (the "Twenty-Third Supplemental Indenture"), by and between the City and UMB Bank, N.A., as Trustee (the "Trustee"), and (iii) Series 2019 Refunding Bonds and, together with the Series 2019 Project Bonds, under and pursuant to the Restated Indenture, as amended and supplemented, including by the Twenty-Third Supplemental Indenture and the Twenty-Fourth Supplemental Indenture of Trust dated as of June 1, 2019 (the "Twenty-Fourth Supplemental Indenture" and, together with the Restated Indenture and the Twenty-Third Supplemental Indenture, the "Indenture"), by and between the City and the Trustee. The Series 2019 Bonds are limited obligations of the City secured by and payable solely from GARB Revenues and PFC Pledged Revenues (as defined in the Indenture), and any other available moneys deposited with the Trustee for deposit in the Revenue Fund (collectively, the Revenues).

The Series 2019 Bonds will be subject to the requirements for issuing Additional Bonds as stated herein and further described in the Indenture. As a condition for the issuance of Additional Bonds, the Indenture requires that the following documents be prepared and delivered to the Trustee:

- An Accountant's Certificate setting forth (a) for any 12 consecutive calendar months out of the 18 months next preceding the authentication and delivery of such Series of Bonds, the Net Revenues for such 12-month period, and (b) the Aggregate Adjusted Debt Service for such 12-month period, and demonstrating that for such 12-month period Net Revenues equaled at least 1.25 times the Aggregate Adjusted Debt Service;

- A certificate of the Consulting Engineers setting forth (a) the estimated date of completion for the Additional Project for which such Series of Additional Bonds is being issued, and (b) an estimate of the Cost of Construction of such Additional Project;
- A certificate of the Airport Consultant setting forth for each of the three Airport Fiscal Years following the Airport Fiscal Year in which the Consulting Engineers estimate the Project or any Additional Project will be completed, estimates of (a) Net Revenues and (b) amounts to be deposited from Revenues into the Debt Service Reserve Account, the Renewal and Replacement Fund, and the Development Fund; and

[1] Other available moneys include $16.3 million of financing from Southwest for a portion of the funding for the replacement of the T2 Inbound Makeup Carrousels.

- A certificate of an Authorized Officer of the City setting forth (a) the estimates of Net Revenues, as set forth in the certificate of the Airport Consultant…, (b) the estimates of the amounts to be deposited in certain funds and accounts from Revenues as set forth in the certificate of the Airport Consultant, and (c) the Aggregate Adjusted Debt Service, determined after giving effect to the issuance of such Additional Bonds and including the Aggregate Debt Service…with respect to future Series of Bonds, if any, required to complete payment of the Cost of Construction of the Project, and demonstrating that the estimated Net Revenues in each Airport Fiscal Years set forth in (a) above is at least equal to 1.25 times Aggregate Adjusted Debt Service for the corresponding Airport FiscalYear; and

- A Bond Counsel's Opinion to the effect that the issuance and sale of such Additional Bonds and the application of the proceeds thereof in accordance with the terms of the Supplemental Indenture authorizing such Bonds will not adversely affect the tax-exempt status of any Bonds outstanding immediately prior to the issuance of such Additional Bonds.

This Report has been prepared in part to assist the City in complying with the Additional Bond provisions as described in the Indenture.

The City and the scheduled passenger airlines serving the Airport have each entered into substantially similar AUAs that govern, among other things, airline use and occupancy of Airport facilities and the calculation of airline rates and charges. The term of the AUA extends to June 30, 2021. The AUA provides that terminal rental rates are to be calculated under a "compensatory" rate methodology and landing fees are to be calculated under a "cost center residual cost" rate methodology. In addition, under the AUA, the Airport is allowed to add an Additional Requirement, when applicable, to the respective signatory airline rates (airfield and terminal) in order to meet all requirements in a particular fiscal year.

This Report is organized into the following sections:

Section 1	**Introduction** – Review of the Airport structure, governance, and an overview of the Airport's five-year capital improvement program (FY 2019-2023 CIP), including the Series 2019 Projects.
Section 2	**The Economic Base of the Airport** – A discussion of the demographic and economic characteristics of the Airport's service area providing context for the forecasts of commercial aviation activity.
Section 3	**Analysis and Forecast of Commercial Aviation Activity** – A discussion of historical trends in commercial air traffic activity and forecasts through 2024.
Section 4	**Financial Analysis** – A discussion of the framework for the operation of the Airport (including the Indenture and the AUAs), the sources of Revenues and the components of Operation and Maintenance Expenses, and forecasts of Revenues, Operation and Maintenance Expenses, Net Revenues, the application of Revenues to the funds and accounts established by the Indenture, and debt service coverage.

Major Assumptions

The financial forecasts presented in the Report are based on the following major assumptions that were provided by Airport Management and certain data and projections from other independent sources as referenced herein. The attached Report should be read in its entirety for an understanding of the forecast and the underlying assumptions used in the Report are reliable, and provide a reasonable basis for our forecast given the information available and circumstances as of the date of this Report, however, any forecast is subject to uncertainties. Inevitably, some assumptions will not be realized and unanticipated events and circumstances may occur, therefore, the actual results achieved may vary from the forecasts, and the variations could be material.

1. The City will complete all projects in the FY2019-2023 CIP in accordance with the approved schedule.

2. There will be no major cuts in airline service, especially by Southwest Airlines, during the forecast period.

3. The FAA will fulfill the terms of the federal grants as part of the overall funding of the FY2019-2023 CIP.

4. There will be no major disruption or loss of service resulting from a terrorist or any other catastrophic event. These and other important assumptions underlying the forecasts of air traffic activity, Revenues, and Operation and Maintenance Expenses are set forth in Sections 3 and 4.

Findings and Conclusions

As indicated in the Report, Net Revenues are forecast to exceed 1.25 times Aggregate Adjusted Debt Service in the first three Airport Fiscal Years following the estimated date of completion of the last Series 2019 Project Bonds project in the FY2019-2023 CIP, thereby satisfying the Additional Bonds provision for the base and sensitivity cases as shown on pages 7 and 8 of this letter.

In addition, based on our knowledge of comparable airports and our experience in providing financial consulting services to a variety of airports, we believe the forecasted airline costs per enplaned passenger are reasonable in comparison with other major airports that have completed or are currently implementing major capital improvement programs.

We appreciate the opportunity to assist the City on this important financing program for the Airport.

Sincerely,

UNISON CONSULTING, INC.

Unison Consulting, Inc.

Base Case - Projected Debt Service Coverage – (in Thousands)

	For Fiscal Years Ending June 30						
	Actual	Projected					
	2018 [1]	2019	2020	2021	2022	2023	2024
Total Revenues (including DSSF Contribution and Additional Requirement)	$178,826	$190,581	$188,064	$192,134	$197,241	$196,586	$199,721
less: Operation and Maintenance Expenses	85,168	92,633	94,923	97,414	99,971	102,597	105,293
Net Revenues	$93,658	$97,948	$93,141	$94,720	$97,269	$93,989	$94,428
Debt Service							
Outstanding Bonds	62,926	66,410	56,495	56,501	56,494	49,213	49,211
Future Bonds [2]	0	0	3,815	5,207	7,401	11,003	10,999
	$62,926	$66,410	$60,310	$61,708	$63,895	$60,216	$60,210
Debt service coverage ratio	**1.49**	**1.47**	**1.54**	**1.53**	**1.52**	**1.56**	**1.57**

[1] Based on Airport's FY2018 Rates & Charges Settlement.

[2] The Series 2019 Project Bonds and the future 2021 bond issue both assume 12 months of capitalized interest.

Sensitivity Case - Projected Debt Service Coverage – (in Thousands)

	For Fiscal Years Ending June 30						
	Actual	Projected [2]					
	2018 [1]	2019	2020	2021	2022	2023	2024
Total Revenues (including DSSF Contribution and Additional Requirement)	$178,826	$190,596	$188,030	$191,726	$196,494	$195,816	$198,925
less: Operation and Maintenance Expenses	85,168	92,633	94,923	97,414	99,971	102,597	105,293
Net Revenues	$93,658	$97,963	$93,107	$94,312	$96,523	$93,219	$93,632
Debt Service							
Outstanding Bonds	62,926	66,410	56,495	56,501	56,494	49,213	49,211
Future Bonds [3]	0	0	3,815	5,207	7,401	11,003	10,999
	$62,926	$66,410	$60,310	$61,708	$63,895	$60,216	$60,210
Debt service coverage ratio	**1.49**	**1.48**	**1.54**	**1.53**	**1.51**	**1.55**	**1.56**

[1] Based on Airport's FY2018 Rates & Charges Settlement.

[2] Sensitivity scenario based on reduction in connecting traffic during the forecast period starting in FY2020.

[3] The Series 2019 Project Bonds and the future 2021 bond issue both assume 12 months of capitalized interest.

ST. LOUIS LAMBERT INTERNATIONAL AIRPORT

AIRPORT REVENUE BONDS AND AIRPORT REVENUE REFUNDING BONDS, SERIES 2019

REPORT OF THE AIRPORT CONSULTANT

June 20, 2019

Prepared by:

UNISON CONSULTING

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SECTION 1 | INTRODUCTION

The purpose of this Report is to evaluate the financial impact of the proposed issuance by The City of St. Louis, Missouri (the "City") of (i) Airport Revenue Bonds, Series 2019A (Non-AMT) (St. Louis Lambert International Airport) (the "Series 2019A Project Bonds"); (ii) Airport Revenue Bonds, Series 2019B (AMT) (St. Louis Lambert International Airport) (the "Series 2019B Project Bonds") and together with the Series 2019A Project Bonds (the "Series 2019 Project Bonds"), and (iii) Airport Revenue Refunding Bonds, Series 2019C (Non-AMT) (St. Louis Lambert International Airport) (the "Series 2019 Refunding Bonds"), and together with the Series 2019 Project Bonds the (the "Series 2019 Bonds"). The Series 2019 Bonds are issued pursuant to the Indenture of Trust dated as of October 15, 1984 (the "Original Indenture"), which Original Indenture, as previously amended, supplemented and restated, was amended, restated and superseded by that certain Amended and Restated Indenture of Trust dated as of July 1, 2009 (the "Restated Indenture"), as amended and supplemented, including by the Twenty-Third Supplemental Indenture of Trust dated as of June 1, 2019 (the "Twenty-Third Supplemental Indenture"), by and between the City and UMB Bank, N.A., as Trustee (the "Trustee"), and (iii) Series 2019 Refunding Bonds and, together with the Series 2019 Project Bonds, under and pursuant to the Restated Indenture, as amended and supplemented, including by the Twenty-Third Supplemental Indenture and the Twenty-Fourth Supplemental Indenture of Trust dated as of June 1, 2019 (the "Twenty-Fourth Supplemental Indenture" and, together with the Restated Indenture and the Twenty-Third Supplemental Indenture, the "Indenture"), by and between the City and the Trustee. The remainder of the Report defines capitalized terms as having a meaning as defined in this Report or as provided in the Indenture.

This Report addresses the use of bond proceeds from the Series 2019 Bonds, together with other available funds, to fund a portion of the costs of construction and improvement of the St. Louis Lambert International Airport (the "Airport or STL") (the "2019 Project") and to refund or defease all or a portion of the outstanding City of St. Louis, Airport Revenue Refunding Bonds, Series 2009A-1 (the "Series 2009A-1 Bonds or Refunded Bonds"). In addition, the proceeds, together with other available funds, will be used (i) to fund capitalized interest for the Series 2019 Bonds through end of fiscal year[1] (FY) 2020, (ii) to fund debt service reserve accounts for the Series 2019 Bonds (or purchase a surety bond or bond insurance policy), and (iii) to pay cost of issuance for Series 2019 Bonds.

On April 24, 2017, the FAA accepted the City's preliminary application for the participation of the Airport in the federal aviation administration's ("FAA") Airport Privatization Pilot Program (the "APPP"). Since the FAA's acceptance, the City, as sponsor of the Airport, has been exploring the possibility of leasing the Airport to a private entity that would manage and operate the Airport pursuant to the APPP. The City has formed an advisory working group (the "Advisory Working Group") consisting of representatives of the City and has engaged various professionals including

[1] Airport fiscal year ends June 30th.

aviation consultants, attorneys, financial advisors and investment bankers to assist the City in this exploratory process. The Advisory Working Group represents only one step in a lengthy evaluation process and no determination has been made at this time as to whether or not to pursue a lease of the Airport. Before a final decision is made, significant further actions will be necessary on the part of the City, including by the Board of Aldermen and the Board of Estimate and Apportionment, the FAA, and a super-majority of the airlines that are a party to the current Airline Use Agreements ("AUA"). The City will not enter into such a lease agreement unless, among other things, principal of and interest on all of the City's Outstanding Bonds (including the Series 2019 Bonds) have been paid in full, or unless the City has made adequate provision for the defeasance of all Outstanding Bonds (including the Series 2019 Bonds), in accordance with the Indenture.

The Report is comprised of the following sections:

- Section 1 - Review of the Airport structure, governance and the plan of finance for the Airport's five-year capital improvement program covering fiscal years ("FY") ("FY2019–2023 CIP"), including the Series 2019 Projects.
- Section 2 - Discussion of the demographic and economic characteristics of the Airport's service area providing context for the forecasts of commercial aviation activity.
- Section 3 - A discussion of historical trends in commercial air traffic activity and forecasts through FY2024.
- Section 4 - A discussion of the framework for the operation of the Airport including the Indenture and the AUA, the sources of Revenues, Operation and Maintenance Expenses ("O&M"), Net Revenues and Debt Service Coverage.

The Airport

Located in St. Louis County, Missouri approximately 15 miles northwest of the City's business district, the Airport is situated approximately 10 miles from the St. Louis metropolitan area. The Airport is comprised of approximately 3,600 acres of land. In February 2017, the Airport's name officially changed to St. Louis Lambert International Airport.

The FAA classifies the Airport as a medium hub airport. A medium hub airport is defined as an airport that enplanes between 0.25 and 1.0 percent of the total passengers in the United States in a calendar year ("CY"). In CY2018, the Airport enplaned approximately 7.8 million passengers, which accounted for approximately 0.77 percent of total U.S. enplanements. According to the Airports Council International's (ACI) CY2017 report, the Airport ranked as the 32nd largest airport nationwide in terms of total passengers.

The Airport has four active runways and an extensive taxiway system. The largest commercial aircrafts can use the primary runways, 12R-30L, 12L-30R and 11-29 without restrictions. The current runway configuration allows the Airport to achieve simultaneous take-offs and landings with Runway 12L-30R during instrument flight rule (IFR) conditions. All runways, including Runway 6-24 (crosswind runway), have sufficient length to handle most aircraft that currently serve the Airport. The airfield has over 15 miles of 75-foot-wide concrete taxiways and four concrete holding pads. Approximately 49 acres of concrete apron provide space for aircraft parking, servicing and refueling by scheduled commercial air carriers. In addition, another approximately 17 acres are leased to two fixed-base operators that support general aviation aircraft.

Terminal facilities consist of Terminals 1 and 2. Terminal 1 contains approximately 1.2 million usable square feet of building space and is comprised of the main terminal space and four concourses (Concourses A, B, C and D) with 67 aircraft gates in a mixed configuration. Currently, Concourse A has 15 gates: six are leased by Delta Airlines, five by United Airlines, one by Air Canada, two are City Gates available for lease or per-turn use, and one gate is not currently in use. Concourse C has 29 gates: two are leased by Air Choice One, one by Alaska Airlines, seven by American Airlines, two by Cape Air, one by Contour Aviation, two by Frontier, two City Gates available for lease or per-turn use, and 12 gates not currently in use, although one is in the process of renovation to a City Gate and will be available for lease or per-turn use by the end of September 2019. Concourse B is available for rental on an occasional basis as a public event space and is not currently in use for airline purposes, but continues to remain available as holdroom space for passenger airlines. Concourse D of Terminal 1 continues to be inactive at this time. Terminal 2 has approximately 390 thousand usable square feet of building space and consists of one concourse with 18 aircraft gates. Currently, Southwest Airlines leases 17 gates in Terminal 2, and one City Gate is available for lease or per-turn use. Three of the gates (one City Gate and two Southwest leased) are available for arriving flights requiring United States Customs and Border Protection services.

Currently, the Airport has 9,001 public parking spaces available consisting of 3,032 short-term (Terminal 1 and 2 garages), 4,728 long-term (Lots B, C and D), 993 intermediate public parking spaces (Lot A) and 248 in the recently completed Lot E adjacent to Terminal 2.

Metro Link, the metropolitan area's light rail system, currently serves the Airport with two stations—one at Terminal 1 and the other at Terminal 2, which provides another mode of transportation to and from the Airport.

The other Airport facilities owned by the City include two off-site office buildings, five warehouse type buildings in Cargo City, eleven shops and service buildings, and hangars leased by American Airlines, JetLinx St. Louis, Trans States Airlines, Airport Terminal Services, Signature Flight Support, and MHS Travel & Charter. In 2016 one of the office buildings was leased on a long-term basis to the Missouri Air National Guard (MoANG) and one of the buildings in Cargo City was leased on a long-term basis to Southwest Airlines. In 2018, the City took possession of the former MOANG base site which had been leased by the federal government for decades, and is in the process of determining the long-term use of this property.

A long-term lease of the north cargo facility in Cargo City, with St. Louis Cargo Services, expired on April 30, 2019. The facility includes 139,340 square feet of cargo building space, 338,740 square feet of vehicle parking space and 566,209 square feet of aircraft apron space. The Airport has entered into direct leases with Federal Express and United Parcel Service for portions of the facility, leaving 44,274 square feet of cargo building space, 78,224 square feet of vehicle space and 67,539 square feet of aircraft apron available for lease.

The Spire Corporation (formerly Laclede) operates a public access Compressed Natural Gas fueling station on a parcel of land owned by the City. Under the terms of the lease, Spire Corporation pays the City a set ground rent plus a royalty percentage for fuel pumped at the station.

In January 2017, the City entered into a long-term lease agreement with Enterprise Leasing Company of St. Louis, LLC for a formerly vacant parking lot known as the "Springdale Lot," consisting of 17.86 acres of paved land with a small building. The Springdale Lot will be used for vehicle storage.

The airline fuel consortium, STL Fuel Company, LLC, currently leases approximately 88,000 square feet of fuel farm space and has begun the process of developing a replacement fuel farm. The replacement fuel farm will be located on the former "Brownleigh" site, to the northeast of the Airport, and is currently in the design and site investigation phase. Construction on the replacement fuel farm is expected to begin during FY2020. Upon the completion of the replacement fuel farm, the old fuel farm will be decommissioned, remediated, and the land returned to the Airport for future redevelopment.

The City also owns certain former aircraft production facilities and grounds of approximately 61 acres on the north side of the Airport's airfield for which it is has entered into a long-term lease agreement with Bi-National Gateway Terminal, LLC (Bi-National) for the development, construction, and operation of an air cargo Dual Customs facility (for the processing of customs with the United Mexican States). The lease agreement grants Bi-National the right to redevelop the leased premises to accommodate, handle, and support air cargo operations and distribution facilities on the leased premises. On May 28, 2019, the City notified Bi-National in writing that it was exercising its right under the lease agreement to terminate the lease agreement and to revoke Bi-National's leasehold rights to the leased premises as of May 28, 2019. Airport management does not expect this termination to have a material adverse effect on the finances or operations of the Airport.

Additionally, there are other structures at the Airport that are owned by the Boeing company but are located on grounds leased from the City.

Airport Governance

The Airport is owned by the City and operated by the City of St. Louis Airport Authority (the "Authority"). The City is governed by a charter under the Constitution and the laws of the State of Missouri. The Mayor serves as Chief Executive Officer of the City and the Comptroller serves as the Chief Fiscal Officer of the City. Both are elected to four-year terms.[2] The Board of Aldermen, consisting of a President and 28 Aldermen who serve four-year terms, is the legislative body of the City. The Mayor, the Comptroller and the President of the Board of Aldermen constitute the Board of Estimate and Apportionment, which is primarily responsible for the City's finances.

The Authority was created to manage the Airport by an ordinance enacted by the City's Board of Aldermen in 1968. The Director of Airports serves as the Chief Executive Officer of the Authority. The

[2] On April 7, 2017 the City elected its first female Mayor – Lyda Krewson and reelected Darlene Green as Comptroller.

Airport Commission (the "Commission") is the governing board of the Authority and is responsible for overseeing the planning, development, management, and operation of the Airport. The Commission has 17 members: the Director of Airports (acting as Chair), the Comptroller of the City, the President of the Board of Aldermen, the Chair of the Transportation and Commerce Committee of the Board of Aldermen, six members appointed by the Mayor, five members appointed by the St. Louis County Executive, one member appointed by the County Executive of St. Charles, Missouri, and one by the Chair of the County Board of St. Clair County, Illinois. The Director of Airports is supported by three Deputy Directors as further described below.

With the approval of the Commission and the Board of Estimate and Apportionment of the City, the Director of Airports has the power to enter into contracts, leases, and agreements for use of STL's property and facilities. Any contracts, leases, and agreements with a term of more than three years must be authorized by the Board of Aldermen and, if such contract, lease or agreement relates to the construction of public works, by the City's Board of Public Service. The Director of Airports, with the approval of the Commission, has the power to establish schedules fixing all other fees and charges.

The key officials of the Airport management team are as follows:

Rhonda Hamm-Niebruegge, Director of Airports, has served in this capacity since January 2010. Ms. Hamm-Niebruegge has more than two decades of aviation management experience with key leadership positions with Ozark Airlines, Trans World Airlines and American Airlines. She previously served as American Airlines Managing Director, St. Louis Operations.

Jerry Beckmann, P.E., Airport Deputy Director of Planning and Development, was promoted to this position in October 2013. He was previously the Assistant Director of Engineering, a position he held for four years. Mr. Beckmann is responsible for the planning, contracting and executing all construction projects at Lambert, while also coordinating long-range master plan goals for all airfield and Airport properties.

Ron Stella, Deputy, was promoted to Airport Deputy Director of Operations and Maintenance in July 2015. He was formerly the Airport Assistant Director of Operations and Maintenance. Mr. Stella is responsible for Airfield and Building Operations, Security Operations, Emergency Planning and manages compliance with all FAA airport operations regulations and standards. He is also responsible for multiple operating departments, including Airfield and Grounds Maintenance, the Airport Operations Center, Airport Building Maintenance, Airport and Airfield Electrical Maintenance, Housekeeping, Radio Systems, and Emergency Planning.

Antonio Strong, C.P.A., was promoted to Airport Deputy Director of Finance and Administration in July 2015. He was formerly the Airport Assistant Director of Finance and Administration. Mr. Strong leads all Airport finance and business units including Finance and Accounting, the Properties Department and the Business Diversity Development Office. Mr. Strong has a strong background in accounting and management with over 20 years of experience.

During FY2015, Airport management developed a Strategic Plan for FYs 2015-2020 to build on the momentum from several transformational campaigns, which established a foundation for the City to achieve an immediate operational and financial benefit. Now in the fourth year of the strategic plan, the milestones achieved during the FYs 2015-2018 are summarized below.

1. Sustain and grow passenger air service – addition of 14 new destinations and a 13.3 percent increase in the number of seats to the Airport's top 40 markets.
2. Strengthen financial stability – completed negotiations for a five-year AUA while reducing cost per enplanement by 20.1 percent. In addition, parking, transportation network company revenues and food and beverage revenues increased by 18 percent.
3. Create positive and lasting impression for the region – Airport achieved recognition from Ameren Missouri for its energy saving projects and commitment to sustainability and, environment and the 2018 Distinguished Building Award Exceptional Stewardship of Terminal 1 from the American Institute of Architects. Additionally, the Airport continues to make upgrades to improve passenger experience through new amenities and wayfinding improvements
4. Generate economic development – Airport tenants and construction projects contributed 1,039 new construction jobs and 439 permanent jobs throughout the Airport. Airport management continues its efforts to lease vacant property at the Airport resulting in new and expanded businesses in the area, including the Air Cargo project.

The Strategic Plan has become an important part of Airport management's mission as defined by the City and its business community.

The Airport Capital Program

The Airport's CIP consists of a rolling five-year program that extends from FY2019 through FY2023 ("FY2019–2023 CIP"). This CIP consists of previously approved projects for FYs 2019-2021[3] and Airport management's latest projections of capital improvement needs for FYs 2022–2023, which have not been submitted to the airlines and are subject to change. The FY2019-2023 CIP consists mostly of projects involving asset modernization, major maintenance, refurbishment or reconstruction, and replacement of heavy equipment and vehicle fleets that Airport management and the Airlines agreed were essential for the continued safe and efficient operation of the Airport.

Below is a brief discussion of each project element within a specific cost center included in the FY2019-2023 CIP.

Airfield Projects – This category totals approximately $108.4 million, of which approximately $6.1 million will be funded with a portion of the proceeds of the Series 2019 Project Bonds. This category consists of various projects to improve the airfield operations such as: airfield pavement reconstruction, airfield safety, and noise and general planning studies. The remaining projects include the acquisition of various airfield vehicles to meet FAA Part 139 requirements.

[3] The projects in these years were part of the 5-year pre-approved CIP that covered FYs 2017-2021 and were approved with the signing of the AUA.

Terminal 1 Projects – These projects total approximately $18.0 million, of which approximately $2.7 million will be funded with a portion of the proceeds of the Series 2019 Project Bonds. These projects focus on building improvements and restoration of Terminal 1. Nearly half of the project costs in this category are replacing the HVAC and electrical equipment in this terminal. Additionally, sewer repairs, waterproofing, and building maintenance issues are being addressed in order to ensure optimal efficiency of Terminal 1's operations.

Terminal 2 Projects – The project in this category is totaling $55.1 million, of which approximately $1.7 million will be funded with a portion of the proceeds of the Series 2019 Project Bonds. These projects are focusing on the restoration and building improvement for Terminal 2. The major focus is replacement of various HVAC equipment and evaluation of other conditions for the building. This category also includes costs to replace two inbound baggage carousels.

Terminal 1 and 2 Shared Projects – This category is comprised of an electric shop project and other shared climate control projects, including various shared operational projects. The total project cost for this category is $38.0 million with approximately $3.0 million being funded from a portion of the proceeds of the Series 2019 Project Bonds.

Passenger Loading Bridge Projects – This category consists of costs to purchase and replace new loading bridges. The total project cost for this category is $4.1 million with no funding from the Series 2019 Project Bonds.

Parking Projects – This category is comprised of various parking facility improvements and other ancillary projects to extend the useful life of the parking facilities. The total project cost for this category is approximately $20.9 million with approximately $5.2 million to be funded with a portion of the proceeds of the Series 2019 Project Bonds. These projects will consist of replacement of electrical equipment, re-lamping of light fixtures, structural assessment and restoration and asphalt resurfacing lots as deemed needed. In addition, a Ground Transportation Center and expanded surface parking is included for Terminal 2.

Airport Roadways – This category is estimated at $1.7 million and consists of projects that will restore and rehabilitate Airport owned rights-of way. Specific projects consist of bridge replacement, several asphalt mills and overlay projects and concrete removal and replacement. This category will be funded in full with a portion of the proceeds of the Series 2019 Project Bonds.

Cargo/Other Buildings Projects – This final category totals approximately $2.9 million and consists of roof repair for various Cargo City buildings and other miscellaneous CIP projects. This category will be funded in full with a portion of the proceeds of the Series 2019 Project Bonds.

Table 1 provides the FY2019-2023 CIP estimated costs for the forecast period.

Table 1| FY2019-2023 CIP Summary

Project Name	Estimated Project Cost (FY2019 - FY2023)	2019	2020	2021	2022	2023
Airfield Projects:						
Equipment Building and Major Maintenance Projects	$26,075,000	$0	$0	$0	$23,037,500	$3,037,500
Planning Projects	1,759,000	1,000,000	0	259,000	500,000	0
Airfield Vehicles						
Snow Removal/Deicer Vehicles	10,122,317	2,543,105	3,296,300	4,282,912	0	0
Other Airfield Vehicles	5,366,879	1,631,199	1,828,200	1,907,480	0	0
Vehicle Replacements	6,480,000	0	0	0	3,240,000	3,240,000
Sub-Total Airfield Vehicles	$21,969,196	$4,174,304	$5,124,500	$6,190,392	$3,240,000	$3,240,000
Runway Construction/Rehab, Taxiway and Apron Projects	50,762,000	7,868,000	9,130,000	16,764,000	2,000,000	15,000,000
Other Airfield Projects	7,794,880	0	1,000,000	6,794,880	0	0
Airfield Total	**$108,360,076**	**$13,042,304**	**$15,254,500**	**$30,008,272**	**$28,777,500**	**$21,277,500**
Terminal 1 Projects:						
Operations Projects	$4,655,254	$555,254	$4,100,000	$0	$0	$0
Electric Shop Projects	5,650,000	0	650,000	0	5,000,000	0
Building Maintenance Projects	5,639,296	5,639,296	0	0	0	0
Climate Control Projects	2,095,800	0	2,095,800	0	0	0
Terminal 1 Total	**$18,040,350**	**$6,194,550**	**$6,845,800**	**$0**	**$5,000,000**	**$0**
Terminal 1 and 2 Shared Projects:						
Operations Projects	$12,144,982	$140,982	$1,254,000	$0	$10,500,000	$250,000
Climate Control Project	8,000,000	0	0	0	5,000,000	3,000,000
Information Technology Projects	1,705,138	130,138	0	0	1,450,000	125,000
Electric Shop Projects	16,100,000	0	0	0	10,600,000	5,500,000
Terminals 1 and 2 Shared Total	**$37,950,120**	**$271,120**	**$1,254,000**	**$0**	**$27,550,000**	**$8,875,000**
Terminal 2 Projects:						
Operations Projects						
T2 Replace Inbound Make-Up Carrousels	$23,425,000	$2,168,960	$0	$21,256,040	$0	$0
Relocated FIS Facility	20,000,000	0	0	0	20,000,000	0
Fire Alarm Control Panels, T2	203,882	203,882	0	0	0	0
Sub-Total Operations-T2	$43,628,882	$2,372,842	$0	$21,256,040	$20,000,000	$0
Electric Shop Projects	2,500,000	0	1,500,000	0	0	1,000,000
Climate Control Projects	8,975,040	3,253,440	3,221,600	0	0	2,500,000
Terminal 2 Total	**$55,103,922**	**$5,626,282**	**$4,721,600**	**$21,256,040**	**$20,000,000**	**$3,500,000**
Passenger Loading Bridge Projects:						
Replace 3 Aged Airport-Owned Passenger Loading Bridges	$3,000,000	$0	$0	$0	$3,000,000	$0
3 Loading Bridges, Terminal 1	1,084,480	1,084,480	0	0	0	0
Passenger Loading Bridge Total	**$4,084,480**	**$1,084,480**	**$0**	**$0**	**$3,000,000**	**$0**
Parking Projects:						
Rehabilitate Concrete T1/T2 in Parking Garages	$2,168,960	$2,168,960	$0	$0	$0	$0
T2 Ground Transportation Improvements	3,000,000	3,000,000	0	0	0	0
Terminal 1 Garage Structural Repairs	10,000,000	0	0	0	10,000,000	0
Other Parking Projects	5,725,009	531,233	3,834,800	1,358,976	0	0
Parking Total	**$20,893,969**	**$5,700,193**	**$3,834,800**	**$1,358,976**	**$10,000,000**	**$0**
Airport Roadway Projects:						
Spot Slab removal & replacement	$1,664,800	$0	$1,664,800	$0	$0	$0
Roads Total	**$1,664,800**	**$0**	**$1,664,800**	**$0**	**$0**	**$0**
Cargo/Other Buildings Projects:						
Roofs at Cargo City Buildings 1,2,3,4,5	$2,038,464	$0	$0	$2,038,464	$0	$0
Other Projects	850,000	0	850,000	0	0	0
Cargo/Other Buildings Total	**$2,888,464**	**$0**	**$850,000**	**$2,038,464**	**$0**	**$0**
Grand Total 5 Year CIP FY 2019 - 2023	**$248,986,181**	**$31,918,929**	**$34,425,500**	**$54,661,752**	**$94,327,500**	**$33,652,500**

Funding Plan for FY2019-2023 CIP

The funding plan for the FY2019-2023 CIP shown on Table 2 anticipates using the following funding sources:

- Airport Development Fund ("ADF")
- Passenger Facility Charges ("PFCs")
- General Airport Revenue Bonds ("GARBs")
- Airport Improvement Program – Entitlement and Discretionary ("AIP")
- Other – Southwest Airlines Contribution

Each funding source is briefly described below.

Airport Development Fund

The ADF represents funds that are generated from the Airport's excess operating revenues each year. The excess operating revenues represent money on hand after payment of O&M expenses, aggregate debt service on outstanding bonds, and the replenishment of certain reserves. This money is then available to be appropriated by the City's Board of Alderman for capital projects or for any other Airport purpose. As of April 30, 2019, the Airport had an unaudited balance of approximately $13.0 million in the unappropriated ADF account. It is projected that the Airport will continue to generate excess operating revenues that will flow into the ADF as discussed in more detail in Section 4 of this Report. The current funding plan for the FY2019-2023 CIP anticipates using approximately $18.0 million in ADF.

Passenger Facility Charges

In 1990, Congress authorized public airport operators to impose PFCs up to $3.00 per eligible enplaned passenger and use the proceeds of such charges to fund airport capital improvements—primarily projects that improve airport capacity, mitigate noise, or enhance airline competition. The PFC rate has subsequently been increased to provide for the collection of up to $4.50 per eligible enplaned passenger. The Airport currently collects a $4.50 PFC and anticipates requesting the $4.50 rate in any future applications. The revenue generated from PFC fees has become a major source of equity capital for financing airport projects. In fact, PFC fees are currently being imposed at most of the major airports in the United States.

The PFC revenues and the interest income earned thereon (collectively referred to as "PFC resources") may be used in two ways: (1) to pay direct costs of FAA approved projects (referred to as "pay-as-you-go" funding) and (2) to pay debt service on bonds issued for approved PFC projects (referred to as "leveraging" the PFC revenue stream).

The FY2019-2023 CIP anticipates the use of approximately $23.1 million of PFC revenues on a Pay-As-You-Go (PAYGO) basis, with an additional $46.0 million of PFC eligible projects that can be leveraged with a portion of the proceeds of the Series 2019 Project Bonds and future bonds. The Airport will apply for any necessary approvals to use PFC revenues for the purposes intended in the funding plan.

Table 2| FY2019-2023 CIP Funding Plan

Project Name	Estimated Project Funding	AIP Grants		PFC PAYGO	ADF	GARB [1]	OTHER [2]
		Entitlement	Discretionary				
Airfield Projects:							
Equipment Building and Major Maintenance Projects	$26,075,000	$0	$16,500,000	$0	$2,075,000	$7,500,000	$0
Planning Projects	1,759,000	0	582,200	51,800	1,125,000	0	0
Airfield Vehicles							
Snow Removal/Deicer Vehicles	10,122,317	0	0	9,693,948	0	428,369	0
Other Airfield Vehicles	5,366,879	0	1,969,056	2,886,320	298,232	213,271	0
Vehicle Replacements	6,480,000	0	1,650,000	0	550,000	4,280,000	0
Sub-Total Airfield Vehicles	$21,969,196	$0	$3,619,056	$12,580,268	$848,232	$4,921,640	$0
Runway Construction/Rehab, Taxiway and Apron Projects	50,762,000	2,306,886	32,614,614	3,336,750	4,441,000	8,062,750	0
Other Airfield Projects	7,794,880	0	5,096,160	1,698,720	0	1,000,000	0
Airfield Total	**$108,360,076**	**$2,306,886**	**$58,412,030**	**$17,667,538**	**$8,489,232**	**$21,484,390**	**$0**
Terminal 1 Projects:							
Operations Projects	$4,655,254	$0	$1,800,000	$0	$1,155,254	$1,700,000	$0
Electric Shop Projects	5,650,000	0	0	0	0	5,650,000	0
Building Maintenance Projects	5,639,296	0	0	0	0	5,639,296	0
Climate Control Projects	2,095,800	0	0	0	0	2,095,800	0
Terminal 1 Total	**$18,040,350**	**$0**	**$1,800,000**	**$0**	**$1,155,254**	**$15,085,096**	**$0**
Terminal 1 and 2 Shared Projects:							
Operations Projects	$12,144,982	$0	$1,312,500	$0	$3,578,482	$7,254,000	$0
Climate Control Project	8,000,000	0	0	0	0	8,000,000	0
Information Technology Projects	1,705,138	0	0	0	1,705,138	0	0
Electric Shop Projects	16,100,000	0	0	0	2,100,000	14,000,000	0
Terminals 1 and 2 Shared Total	**$37,950,120**	**$0**	**$1,312,500**	**$0**	**$7,383,620**	**$29,254,000**	**$0**
Terminal 2 Projects:							
Operations Projects							
T2 Replace Inbound Make-Up Carrousels [2]	$23,425,000	$0	$0	$5,451,609	$0	$1,717,351	$16,256,040
Relocated FIS Facility	20,000,000	0	0	0	0	20,000,000	0
Fire Alarm Control Panels, T2	203,882	0	0	0	203,882	0	0
Sub-Total Operations-T2	$43,628,882	$0	$0	$5,451,609	$203,882	$21,717,351	$16,256,040
Electric Shop Projects	2,500,000	0	0	0	0	2,500,000	0
Climate Control Projects	8,975,040	0	2,250,000	0	750,000	5,975,040	0
Terminal 2 Total	**$55,103,922**	**$0**	**$2,250,000**	**$5,451,609**	**$953,882**	**$30,192,391**	**$16,256,040**
Passenger Loading Bridge Projects:							
Replace 3 Aged Airport-Owned Passenger Loading Bridges	$1,084,480	$0	$0	$0	$0	$1,084,480	$0
3 Loading Bridges, Terminal 1	3,000,000	0	0	0	0	3,000,000	0
Passenger Loading Bridge Total	**$4,084,480**	**$0**	**$0**	**$0**	**$0**	**$4,084,480**	**$0**
Parking Projects:							
Rehabilitate Concrete T1/T2 in Parking Garages	$2,168,960	$0	$0	$0	$0	$2,168,960	$0
T2 Ground Transportation Improvements	3,000,000	0	0	0	0	3,000,000	0
Terminal 1 Garage Structural Repairs	10,000,000	0	0	0	0	10,000,000	0
Other Parking Projects	5,725,009	0	0	0	0	5,725,009	0
Parking Total	**$20,893,969**	**$0**	**$0**	**$0**	**$0**	**$20,893,969**	**$0**
Airport Roadway Projects:							
Spot Slab removal & replacement	$1,664,800	$0	$0	$0	$0	$1,664,800	$0
Roads Total	**$1,664,800**	**$0**	**$0**	**$0**	**$0**	**$1,664,800**	**$0**
Cargo/Other Buidlings Projects:							
Roofs at Cargo City Buildings 1,2,3,4,5	$2,038,464	$0	$0	$0	$0	$2,038,464	$0
Other Projects	850,000	0	0	0	0	850,000	0
Cargo/Other Buildings Total	**$2,888,464**	**$0**	**$0**	**$0**	**$0**	**$2,888,464**	**$0**
Grand Total 5 Year CIP FY 2019 - 2023	**$248,986,181**	**$2,306,886**	**$63,774,530**	**$23,119,147**	**$17,981,988**	**$125,547,590**	**$16,256,040**

[1] Includes approximately $46.0 million of PFC-eligible project costs, including $10.7 million for funding a portion of the Series 2019 Project Bonds.
[2] 'Other' funding represents the balance that Southwest Airlines has agreed to fund for the Terminal 2 Baggage Make-Up Carousel project.

The projection of PFC revenues is based on the assumption that approximately 89 percent of Airport passenger enplanements are PFC eligible—which is supported by recent PFC revenue data collected by the Airport. The projections shown on Table 3 assume a base enplanement forecast discussed in Section 3 of this Report, and a $4.50 PFC rate, which beginning in FY2019 is projected to generate approximately $31.2 million in annual net PFC revenues, excluding the administrative charge. The projected annual net PFC revenues based on the passenger enplanement forecasts are projected to increase to approximately $33.4 million by the end of FY2024. This assumes no change in the current PFC rate of $4.50 during the forecast period.

General Airport Revenue Bonds

The GARBs (which includes the Series 2019 Project Bonds) represent bonds issued or anticipated to be issued by the City that are payable solely from the Revenues of the Airport as further defined in the Indenture. The FY2019-2023 CIP includes GARB funding to fund a portion of the project costs totaling approximately $125.5 million comprised of $19.1 million for funding the remaining Series 2017 Bond projects, $23.1 million for funding a portion of the Series 2019 Project and $83.3 for funding a portion of the FY 2021 future bonds, which have not been presented to the airlines for approval as of the date of this Report. The City can issue additional GARBs for additional projects under the Indenture as long as the proposed GARBs can meet the Additional Bonds provision and the aggregate amount of GARBs and other applicable obligations, if any, does not exceed the City's current authorization limit of $3.5 billion. As further provided in the Indenture, the Additional Bonds provision requires, among other things: 1) Accountant's Certificate setting forth (a) the Net Revenues of the Airport for any 12-consecutive months out of the 18 months preceding the authentication and delivery of such Additional Bonds, (b) the Aggregate Adjusted Debt Service for such 12-month period, and demonstrating that for such 12-month period Net Revenues equaled at least 1.25 times the Aggregate Adjusted Debt Service; and 2) certificate of an authorized officer of the City demonstrating that, among other things, the estimated Net Revenues of the Airport for each of the three Fiscal Years following the Fiscal Year in which the Additional Project will be completed is projected to be at least equal to 1.25 times the Aggregate Adjusted Debt Service for each of such three Fiscal Years, and 3) a certificate of the Consulting Engineers setting forth (a) the estimated date of completion for the Additional Project for which such sales of Additional Bonds is being issued and (b) an estimate of the Cost of Construction of such Additional Project. The total par value of the Series 2019 Bonds planned to be issued is approximately $97.1 million including the Series 2019 Refunding Bonds. The projects being funded with the Series 2019 Project Bonds are scheduled to be completed by the end of FY 2020.

AIP Grants

The Airport is anticipating receiving AIP grants to provide funding for a portion of the FY2019-2023 CIP.

The AIP was established by the Airport and Airway Improvement Act of 1982, as amended. This Act authorizes funding for the AIP from the Airport and Airway Trust Fund for airport development and planning and noise compatibility planning programs. The AIP grant is awarded to airports in two ways: (1) entitlement grants, which are awarded annually based on a formula applied to estimated enplanements reduced by 50 percent if the Airport collects a $3.00 PFC or 75 percent if the Airport collects a $4.50 PFC; and (2) discretionary grants, which are awarded for capital projects that enhance safety, security and noise compatibility. While doing so, the Airport must preserve the existing infrastructure, meet critical expansion needs, and attain compatibility with neighboring communities. During FY2018, the Airport was awarded approximately $9.5 million in AIP grants, which consisted of $2.6 million entitlement and the balance from discretionary, which shows the Airport's ability to continue to receive those grants. The total amount of grants estimated to be available to finance a portion of the FY 2019–2023 CIP is approximately $66.0 million primarily funding Airfield projects.

Other Funding

A portion of the project replacing T2 Inbound Make-up Carrousels project totaling $23.4 million will be funded by Southwest airlines per mutual agreement between the Airport and Airlines totaling approximately $16.3 million with the balance being paid through the use of GARBs and PFCs.

Table 3 shows the calculation and anticipated application of projected PFC resources during FYs 2019-2024.

Table 3| Passenger Facility Charge Sources & Uses

	Projected					
	2019	2020	2021	2022	2023	2024
Projected PFC revenues						
Total enplaned passengers [1]	7,956	8,124	8,105	8,233	8,398	8,589
Assumed percentage of enplaned passengers eligible (based on FY2012)	89%	89%	89%	89%	89%	89%
PFC-eligible enplaned passengers	7,100	7,200	7,200	7,300	7,500	7,600
Amount of PFC charge	$4.50	$4.50	$4.50	$4.50	$4.50	$4.50
Less airline retention	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)
Net PFC charge	$4.39	$4.39	$4.39	$4.39	$4.39	$4.39
Computed Net PFC revenue to Airport	$31,169	$31,608	$31,608	$32,047	$32,925	$33,364
Available PFC Resources						
Previous year's unused balance	$35,348	$41,787	$46,167	$44,880	$54,004	$64,105
Current year collections	31,169	31,608	31,608	32,047	32,925	33,364
plus: interest earned	384	441	456	506	602	705
Cumulative unliquidated PFC resources - Beginning Balance	**$66,901**	**$73,836**	**$78,232**	**$77,433**	**$87,531**	**$98,174**
Application of Available PFC Resources (=PFC Expenditures)						
Future PFC Pay-As-You-Go	$4,092	$6,907	$12,120	$0	$0	$0
PFC # 4 (debt service on PFC-enhanced Airport Rev Bonds) :						
Series 2005						
PFC debt service	$20,805	$20,806	$20,802	$20,804	$20,803	$20,805
less: Series 2007A refunding	(4,576)	(15,076)	(15,031)	(16,107)	(16,106)	(16,108)
less: Series 2015 refunding	(98)	(854)	(582)	(452)	(275)	0
Subtotal - Series 2005 PFC debt service	$16,131	$4,876	$5,189	$4,245	$4,422	$4,697
Series 2007A						
PFC debt service	$4,571	$15,071	$15,026	$16,102	$16,101	$16,104
less: Series 2017A refunding	(4,454)	(11,840)	(13,037)	(13,535)	(11,371)	(11,374)
Subtotal - Series 2007A PFC debt service	$117	$3,231	$1,989	$2,567	$4,730	$4,730
Series 2015						
PFC debt service	$95	$836	$564	$434	$257	$0
Series 2017A						
PFC debt service	$2,819	$10,438	$12,124	$12,620	$10,456	$10,461
PFC #9 (debt service on PFC enhanced Airport Rev Bonds) :						
Series 2009A-1						
PFC debt service	$1,859	$1,869	$1,869	$1,870	$1,869	$1,869
less: Series 2019C refunding	0	(1,869)	(1,869)	(1,870)	(1,869)	(1,869)
Subtotal - Series 2009A-1 PFC debt service	$1,859	$0	$0	$0	$0	$0
Total Outstanding PFC debt service--	$21,021	$19,380	$19,859	$19,859	$19,859	$19,882
Future PFC (debt service on PFC enhanced Airport Rev Bonds) :						
Series 2019C						
PFC debt service	0	720	712	712	712	712
Series 2019 Bond Projects						
PFC debt service	0	663	661	663	660	660
Future Bonds						
PFC debt service	0	0	0	2,196	2,196	2,196
Total Proposed Future PFC debt service--	$0	$1,382	$1,373	$3,570	$3,568	$3,568
TOTAL PFC DEBT SERVICE--	$21,021	$20,762	$21,232	$23,429	$23,427	$23,450
Add: 25% Coverage Requirement	$5,255	$5,191	$5,308	$5,857	$5,857	$5,862
TOTAL PLEDGED PFC's--	$26,276	$25,953	$26,539	$29,287	$29,283	$29,312
Annual incremental PFC resources	$24,812	$4,380	($1,287)	$9,124	$10,100	$10,619
Cumulative unliquidated PFC resources - Ending Balance	**$41,787**	**$46,167**	**$44,880**	**$54,004**	**$64,105**	**$74,724**

[1] Source: Unison's May 2019 traffic forecast.

Funding Plan for Series 2019 Project

Table 4 shows the financing plan for the Series 2019 Project which totals $34.8 million, of which approximately $23.2 million will be funded from a portion of the proceeds of the Series 2019 Project Bonds. The balance of the Series 2019 Project will be funded from AIP grants totaling $11.6 million.

The Series 2019 Bonds sources and uses is summarized on Table 5. The sources and uses information was developed by Bank of America Merrill Lynch and assumes a bond all-in true interest cost of 2.87 percent, which includes cost of issuance, bond premium, underwriter's discount and other amounts.

Table 4| Series 2019 Projects

	Total Project Cost	Other Funding			Series 2019 Bonds [1]
		PFC PAYGO	ADF	AIP	
AIRFIELD PROJECTS:					
Airfield Runway and Apron Projects					
Const. RW 12R-30L, R to G, and TW D/12R connecting TW's	$15,451,000			$11,588,250	$3,862,750
Rehabilitate Juliet Pad Scupper Drains and Ramp Panels	$1,200,000				$1,200,000
Sub-Total Runway and Apron Projects	$16,651,000			$11,588,250	$5,062,750
Environmental Health					
Vehicle Wash Bays	$1,000,000				$1,000,000
Sub-Total Environmental Projects	$1,000,000			$0	$1,000,000
Total Airfield Projects	**$17,651,000**	**$0**	**$0**	**$11,588,250**	**$6,062,750**
Climate Control - T1[1]					
Replace Cooling Towers 1,2,3	$600,000				$600,000
Replace Misc. HVAC Equipment, AHU's, Smoke Fans, Window	$1,495,800				$1,495,800
Sub-Total Climate Control T1	$2,095,800				$2,095,800
Engineering Projects - T1					
Replace Generators 50 and 80	$650,000				$650,000
Sub-Total Engineering Projects-T1	$650,000				$650,000
Total Terminal 1 Projects	**$2,745,800**	**$0**	**$0**	**$0**	**$2,745,800**
New Phone System	$554,000				$554,000
UPS for T1 & T2 CBIS Controls	$700,000				$700,000
Emergency Operations Center - Implementation[2]	$1,700,000				$1,700,000
Total Terminal 1/2 Projects	**$2,954,000**	**$0**	**$0**	**$0**	**$2,954,000**
Engineering Projects - T2					
Airlock Doors at Terminal 2	$1,500,000				$1,500,000
Sub-Total Engineering Projects-T2	$1,500,000				$1,500,000
Climate Control Projects T2					
Replace Misc. HVAC Equip., AHU, Hub Server Room[3]	$221,600				$221,600
Sub-Total Climate Controls T2	$221,600				$221,600
Total Terminal 2 Projects	**$1,721,600**	**$0**	**$0**	**$0**	**$1,721,600**
Cargo/Other Buildings Projects					
Roofs at Cargo City Buildings 1,2,3,4,5	$2,038,464				$2,038,464
Building 1A Roof Replacement (Former MoANG Hangar)	$550,000				$550,000
UPS at Airport Office Building	$300,000				$300,000
Total Cargo/Other Projects	**$2,888,464**	**$0**	**$0**	**$0**	**$2,888,464**
Parking Improvements					
Rehab Asphalt Surface Lots A B C D and Cell	$2,023,776				$2,023,776
T2 Surface Parking at Cargo City	$2,770,000				$2,770,000
Modernize T1 Parking Garage Elevators T1G-03 and T1G-04	$400,000				$400,000
Total Parking Projects	**$5,193,776**	**$0**	**$0**	**$0**	**$5,193,776**
Airport Roadway Projects					
Spot Slab Removal & Replacement	$1,664,800				$1,664,800
Total Road Projects	**$1,664,800**	**$0**	**$0**	**$0**	**$1,664,800**
Total Series 2019 Bond Projects	**$34,819,440**	**$0**	**$0**	**$11,588,250**	**$23,231,190**

[1] Approximately $10.7 million of the Series 2019 Project Bonds are funding PFC eligible projects, thus a portion of the Series 2019 Project Bonds annual debt service can be paid using a portion of PFC resources.

Table 5| Series 2019 Bonds Financing Sources and Uses (Estimated)

Sources:	Airport Revenue Bonds Series 2019A (Non-AMT)	Airport Revenue Bonds Series 2019B (AMT)	Airport Revenue Refunding Bonds Series 2019C	Cash Defeasance	Total
Bond Proceeds					
Par Amount	$13,235,000	$8,440,000	$75,470,000	$0	$97,145,000
Premium	2,704,873	1,667,263	18,494,936	0	22,867,072
	15,939,873	10,107,263	93,964,936	0	120,012,072
Other Sources of Funds					
2009A DSRF Release	0	0	9,913,962	0	9,913,962
Funds on Hand	0	0	2,982,878	0	2,982,878
2009A DS Funds on Hand	0	0	0	3,831,600	3,831,600
	0	0	12,896,840	3,831,600	16,728,440
Total Sources	$15,939,873	$10,107,263	$106,861,776	$3,831,600	$136,740,512
Uses:					
Project Fund Deposits					
Project Fund	$14,221,326	$9,009,864	$0		$23,231,190
Refunding Escrow Deposits					
Cash Deposits	0	0	96,417,878	3,831,600	100,249,478
Other Fund Deposits					
Debt Service Reserve Fund	875,464	558,286	9,396,494		10,830,244
Capitalized Interest Fund	658,242	419,763	0		1,078,005
	1,533,706	978,049	9,396,494	0	11,908,249
Delivery Date Expenses					
Cost of Issuance	129,428	82,536	738,036		950,000
Underwriter's Discount	53,898	34,371	307,346		395,615
	183,326	116,907	1,045,382		1,345,615
Other Uses of Funds					
Additional Proceeds	1,515	2,442	2,023		5,980
Total Uses	$15,939,873	$10,107,263	$106,861,776	$3,831,600	$136,740,512

Source: Plan of Finance prepared by Bank of America Merrill Lynch dated June 20, 2019.

SECTION 2 | ECONOMIC BASE

Demographic and economic trends influence the demand for air travel through STL, serving largely origin and destination (O&D) passenger traffic.[4] Trends in the Airport's air service area and Missouri contribute to the area's potential to generate local demand for air travel and draw visitors. National trends contribute to trends in the Airport's passenger traffic in two ways: they determine demand for air travel nationwide; and they influence regional demographic and economic trends. This section discusses relevant demographic and economic trends in the Airport service area, the St. Louis, MO-IL, metropolitan statistical area ("St. Louis MSA"), along with trends in the state of Missouri and the United States. This section also provides an assessment of the outlook for the air service area, Missouri and national economies.

Air Service Area

The St. Louis MSA straddles the Mississippi River, covering parts of Illinois on the east and Missouri on the west. Based on the current MSA delineation, the St. Louis MSA comprises eight counties in southern Illinois, six counties in eastern Missouri, and St. Louis City (Table 6). St. Louis City is the principal city of the St. Louis MSA; it operates both as a city and a county.[5] This report counts St. Louis City as a county.

Table 6| Counties in the St. Louis MSA

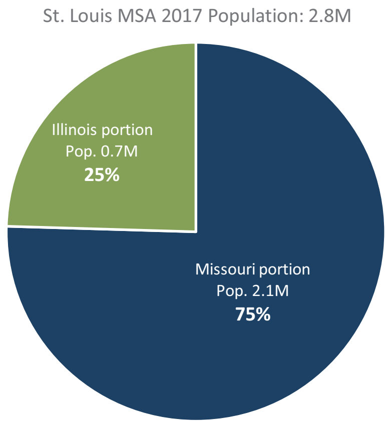
Illinois		Missouri	
• Bond County	• Macoupin County	• Franklin County	• St. Louis City
• Calhoun County	• Madison County	• Jefferson County	• St. Louis County
• Clinton County	• Monroe County	• Lincoln County	• Warren County
• Jersey County	• St. Clair County	• St. Charles County	

Source: Office of Management and Budget, "Revised Delineations of Metropolitan Statistical Areas, Micropolitan Statistical Areas, and Combined Statistical Areas, and Guidance on Uses of the Delineations in These Areas," OMB Bulletin No. 18-04, September 14, 2018.

The Missouri portion of the St. Louis MSA accounts for more than 75 percent of the MSA population, and almost 35 percent of the Missouri state population (Figure 1). Although the MSA covers approximately the same geographic area across the two states, the MSA's counties in Missouri are more densely populated compared with its counties in Illinois (Figure 2).

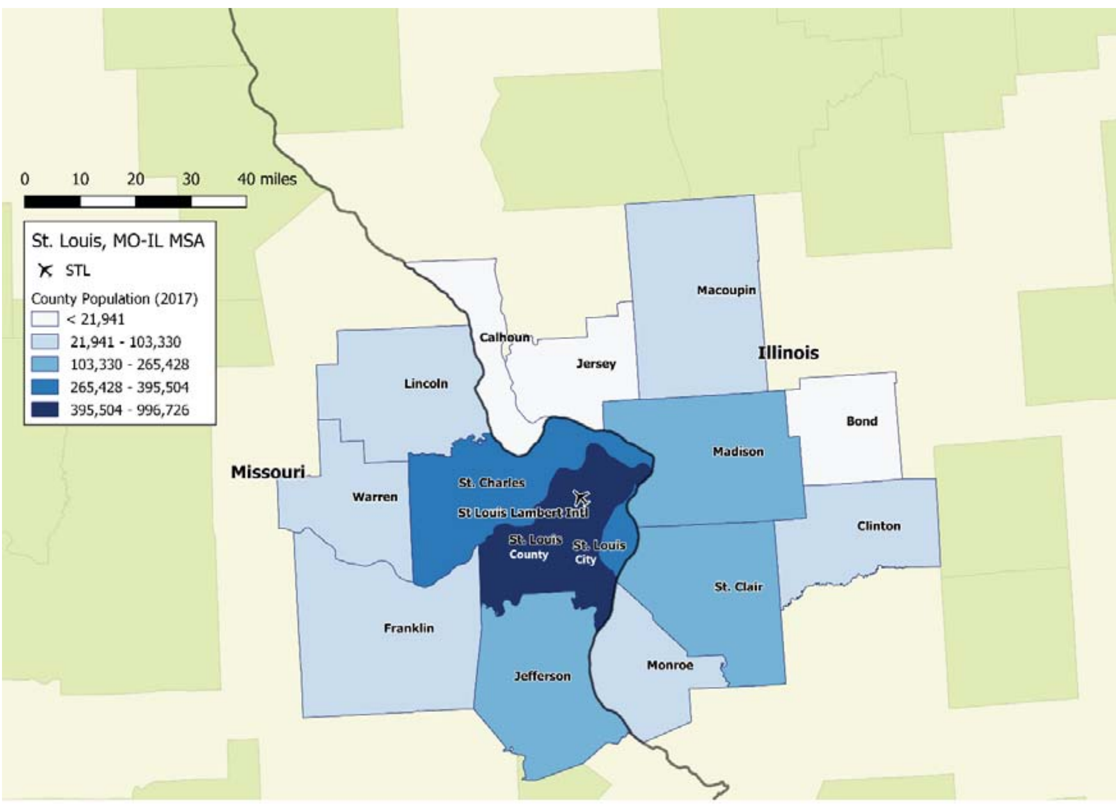
[4] O&D passenger traffic refers to passenger trips originating or ending in the area.
[5] St. Louis City Government official website.

Figure 1| Distribution of the St. Louis MSA Population by State



Source: U.S. Census Bureau.

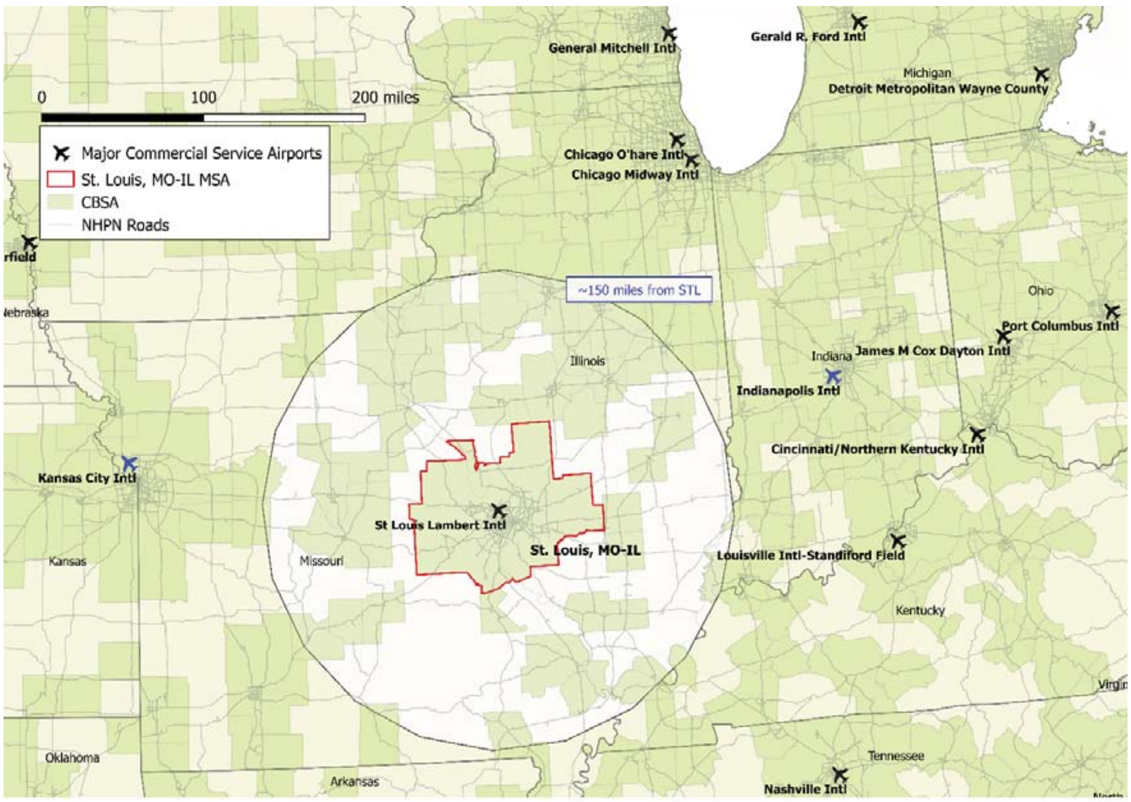
Figure 2| St. Louis, MO-IL MSA County 2017 Population



Source: U.S. Census Bureau.

STL is the only major commercial service airport serving the St. Louis MSA and adjacent areas in Missouri and Illinois. As shown in Figure 3, the two major commercial service airports closest to STL are Indianapolis International Airport and Kansas City International Airport, both more than 200 miles away and more than a 3 ½ hour drive. The figure shows commercial airports with more than 1 million enplanements in CY2017.

Figure 3| Commercial Service Airports Nearest STL



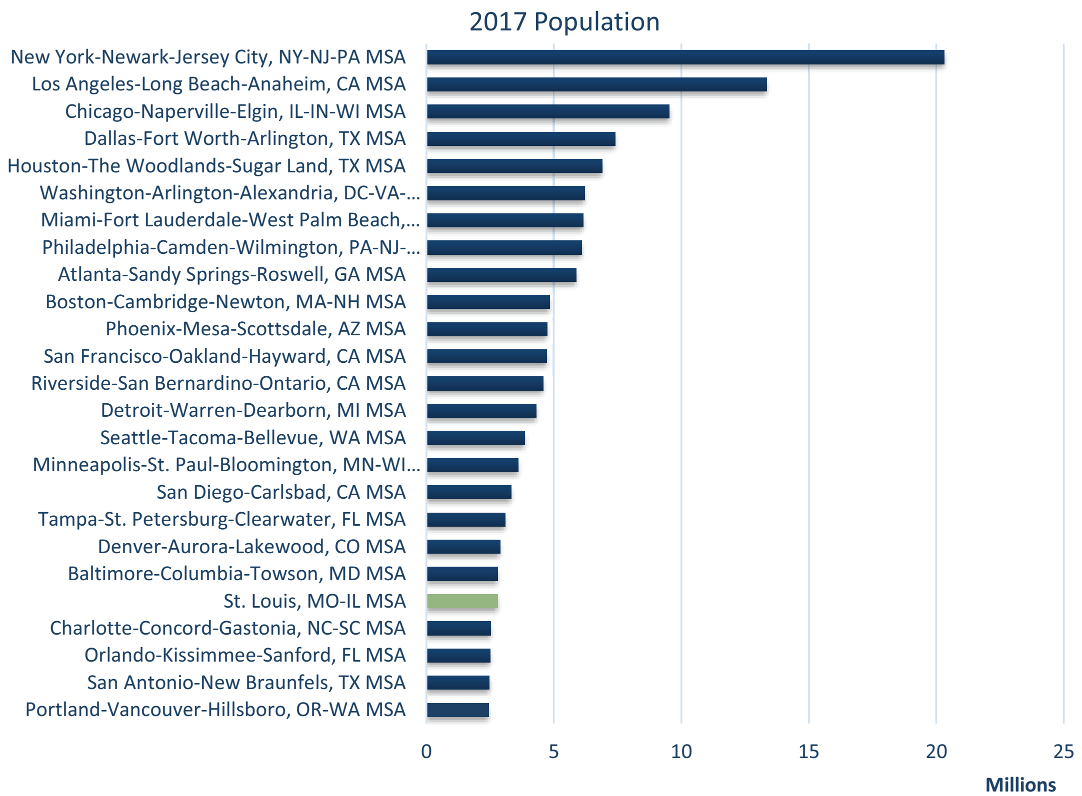
NHPN: National Highway Plan Network
Sources: U.S. Department of Transportation National Transportation Atlas Database (NTAD) 2017 and Unison Consulting, Inc.

Population

The St. Louis MSA offers a large, stable market for air travel. With a population of 2.9 million in 2018, St. Louis MSA is the 21st largest metropolitan area in the country—following the metropolitan areas of Tampa, Denver and Baltimore (Figure 4). St. Louis MSA is the largest metropolitan area in Missouri and the second largest in Illinois.

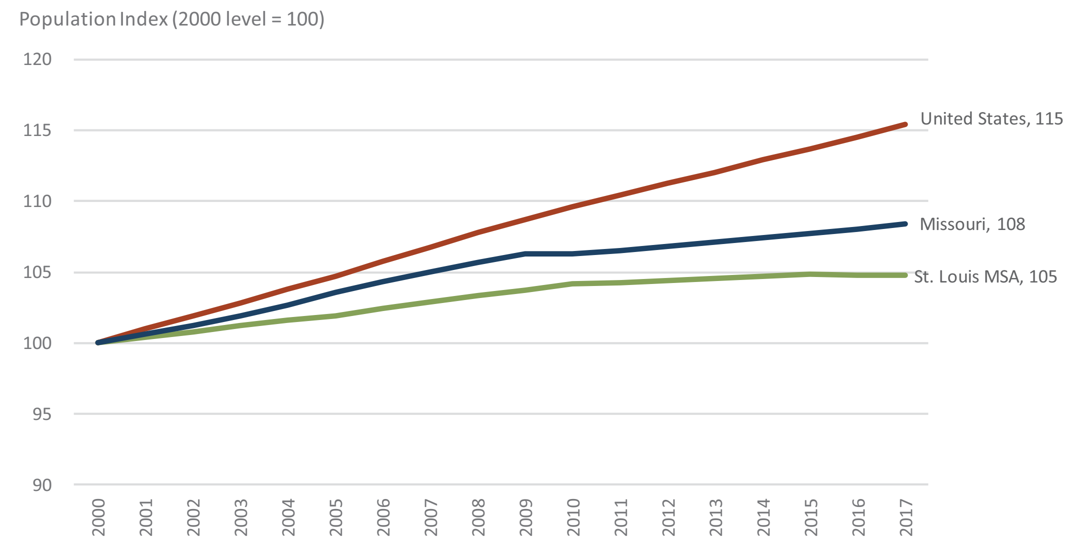
The St. Louis MSA's population has been slow-growing. Since 2000, it has grown only 5 percent (an average of 0.3 percent a year), slower than both the Missouri state population growth of 8 percent (an average of 0.5 percent a year) and the national population growth of 15 percent (an average of 0.8 percent per year) (Figure 5).

Figure 4| Top 25 U.S. Metropolitan Areas by Population



Source: U.S. Census Bureau mid-year population estimates.

Figure 5| Population Growth Since 2000



Source: U.S. Census Bureau mid-year population estimates.

The St. Louis MSA's population growth in the last two decades, albeit slow, is a positive trend reversing population losses in the 1970s and early 1980s. The pace of population growth, however, slowed from an average of 0.4 percent a year between 2000 and 2010 to an average of 0.1 percent a year between 2010 and 2017 (Table 7). Population losses in nearly all of the MSA's Illinois counties and in the City are responsible for the slowing of the St. Louis MSA's population growth since 2010. The Missouri counties, with the exception of St. Louis County, are gaining population, with St. Charles County posting the highest population growth rate from 2010 to 2017. The population of St. Louis County held steady from 2010 to 2017.

Table 7| St. Louis MSA County Populations

Area	2000	2010	2017	CAGR 2000-2010	CAGR 2010-2017	CAGR 2000-2017
St. Louis, MO-IL MSA						
Bond County, IL	17,659	17,771	16,948	0.1%	-0.7%	-0.2%
Calhoun County, IL	5,086	5,081	4,833	0.0%	-0.7%	-0.3%
Clinton, County, IL	35,565	37,827	37,614	0.6%	-0.1%	0.3%
Jersey County, IL	21,642	22,966	21,941	0.6%	-0.7%	0.1%
Macoupin County, IL	48,972	47,791	45,446	-0.2%	-0.7%	-0.4%
Madison County, IL	259,204	269,384	265,428	0.4%	-0.2%	0.1%
Monroe County, IL	27,764	33,010	34,097	1.7%	0.5%	1.2%
St. Clair County, IL	256,462	270,370	262,479	0.5%	-0.4%	0.1%
Franklin County, MO	94,050	101,502	103,330	0.8%	0.3%	0.6%
Jefferson County, MO	198,937	219,129	223,810	1.0%	0.3%	0.7%
Lincoln County, MO	39,196	52,700	56,183	3.0%	0.9%	2.1%
St. Charles County, MO	286,218	361,840	395,504	2.4%	1.3%	1.9%
St. Louis County, MO	1,016,178	998,833	996,726	-0.2%	0.0%	-0.1%
Warren County, MO	24,745	32,583	34,373	2.8%	0.8%	2.0%
St. Louis City, MO	347,144	319,305	308,626	-0.8%	-0.5%	-0.7%
Total - St. Louis, MO-IL MSA	2,678,822	2,790,092	2,807,338	0.4%	0.1%	0.3%
Missouri	5,607,285	5,996,118	6,113,532	0.7%	0.3%	0.5%
United States	282,162,411	309,348,193	325,719,200	0.9%	0.7%	0.8%

Source: U.S. Census Bureau mid-year population estimates.

Educational Attainment

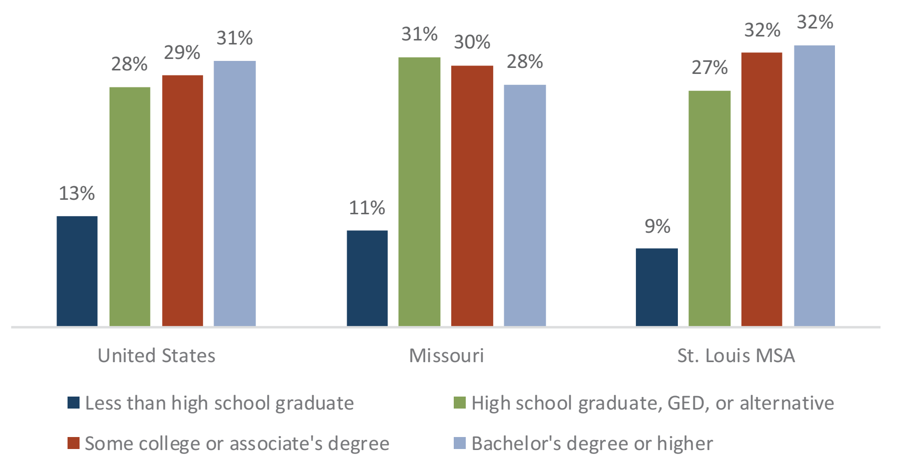
An educated population is important for economic diversification and long-term economic growth for many reasons. Places with a more educated workforce add jobs and population faster, because they are more attractive to businesses seeking highly skilled workers. They are also more resilient to economic recessions and transformations because their educated workforce can adapt better to changes in skills required by businesses. Workers with higher education levels typically earn higher wages and receive larger wage increases than less educated workers.

Overall, the St. Louis MSA's population has a higher level of educational attainment than the Missouri and U.S. populations. Compared to the state and the nation, the St. Louis MSA has greater shares of residents with some college education and with college or graduate degrees within its adult population (Figure 6).

Figure 7 shows that the percentages of college-educated adults in Monroe County, St. Clair County, St. Charles County, St. Louis County, and St. Louis City are among the highest in the nation. These five counties account for more than 70 percent of the St. Louis MSA.

In a Brookings Institution study of 70 older industrial cities, St. Louis figured among those with stronger economies making progress toward renewal and reinvention. The study attributes St. Louis' progress in transitioning from an industrial manufacturing base to a knowledge base economy to a strong talent pool, among other factors.[6]

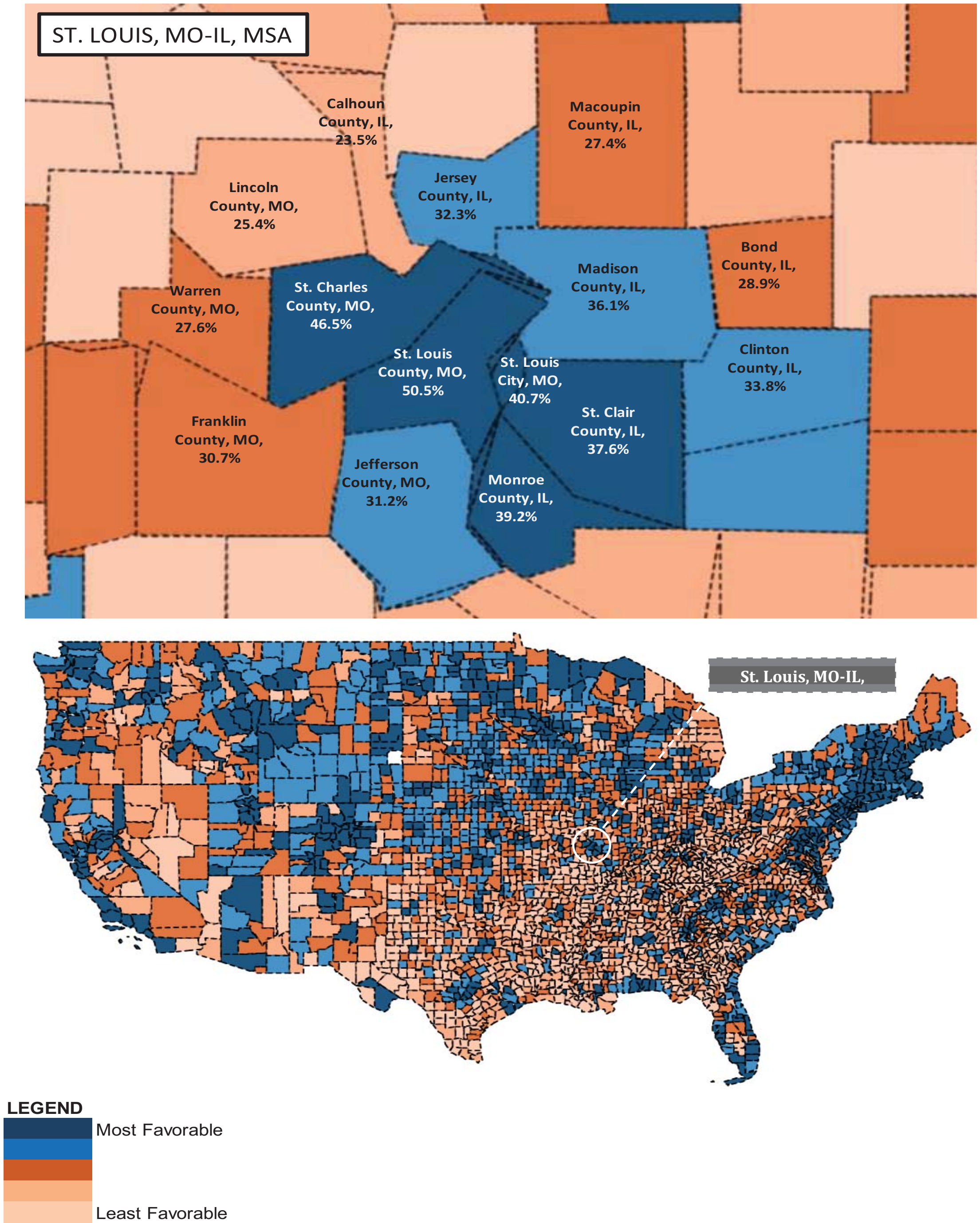
Figure 6| Population 25 Years and Older – Educational Attainment, 2013-2017



Source: U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates.

[6] Alan Berube and Cecile Murray, *Renewing America's Economic Promise Through Older Industrial Cities*, Metropolitan Policy Program at Brookings, April 2018.

Figure 7| Educational Attainment, Two-Year Degree or Higher, 2017



Source: Federal Reserve Bank of St. Louis Community Development Department, ERIN – Economic Resilience and Inclusion Navigator.

Labor Market

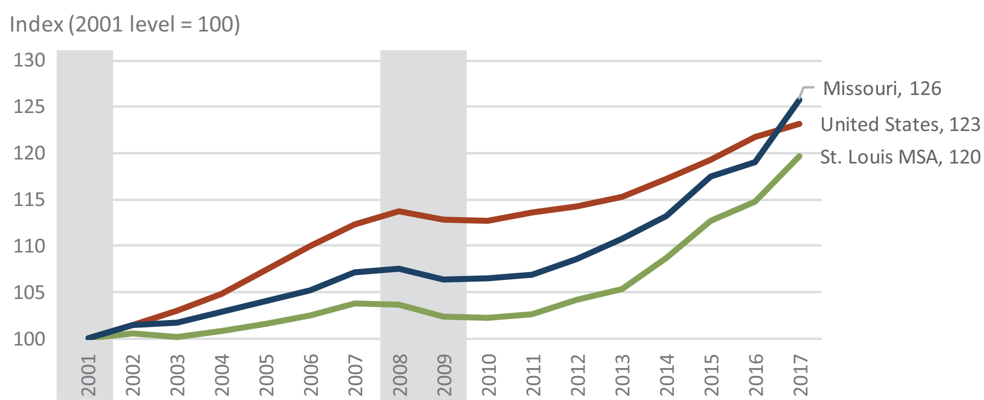
Trends in the labor market reflect business conditions and overall economic well-being—factors that influence the demand for air travel. Employment growth reflects the pace of economic growth. Employment tends to decrease during an economic recession, and increase during recovery and expansion. Employment needs to grow to raise living standards, boost consumer confidence, and increase consumer spending.

There are several key labor market indicators—number of business establishments, employment in all business establishments, civilian labor force, employed civilian labor force, and unemployment rate. All of these indicators point to a strong labor market and an improving economy in the St. Louis MSA.[7]

Number of Business Establishments

Job creation begins with business development, which has been progressing at a healthy pace in the St. Louis MSA. The number of business establishments in the St. Louis MSA has increased by 20 percent since 2001 (Figure 8). The overall increase from 2001 to 2017 may be smaller than the overall increases in the entire state of Missouri (23 percent) and the United States (26 percent) over the same period, but since 2010 the number of business establishments has been increasing at a much faster rate in the St. Louis MSA (2.3 percent per year) than in the entire nation (1.3 percent per year), keeping up with the rate of growth in the entire state of Missouri (2.4 percent per year).

Figure 8| Growth of Business Establishments



Shaded areas indicate recession periods.

Period	Compound Annual Growth Rate		
	St. Louis MSA	Missouri	United States
2001-2010	0.2%	0.7%	1.3%
2010-2017	2.3%	2.4%	1.3%

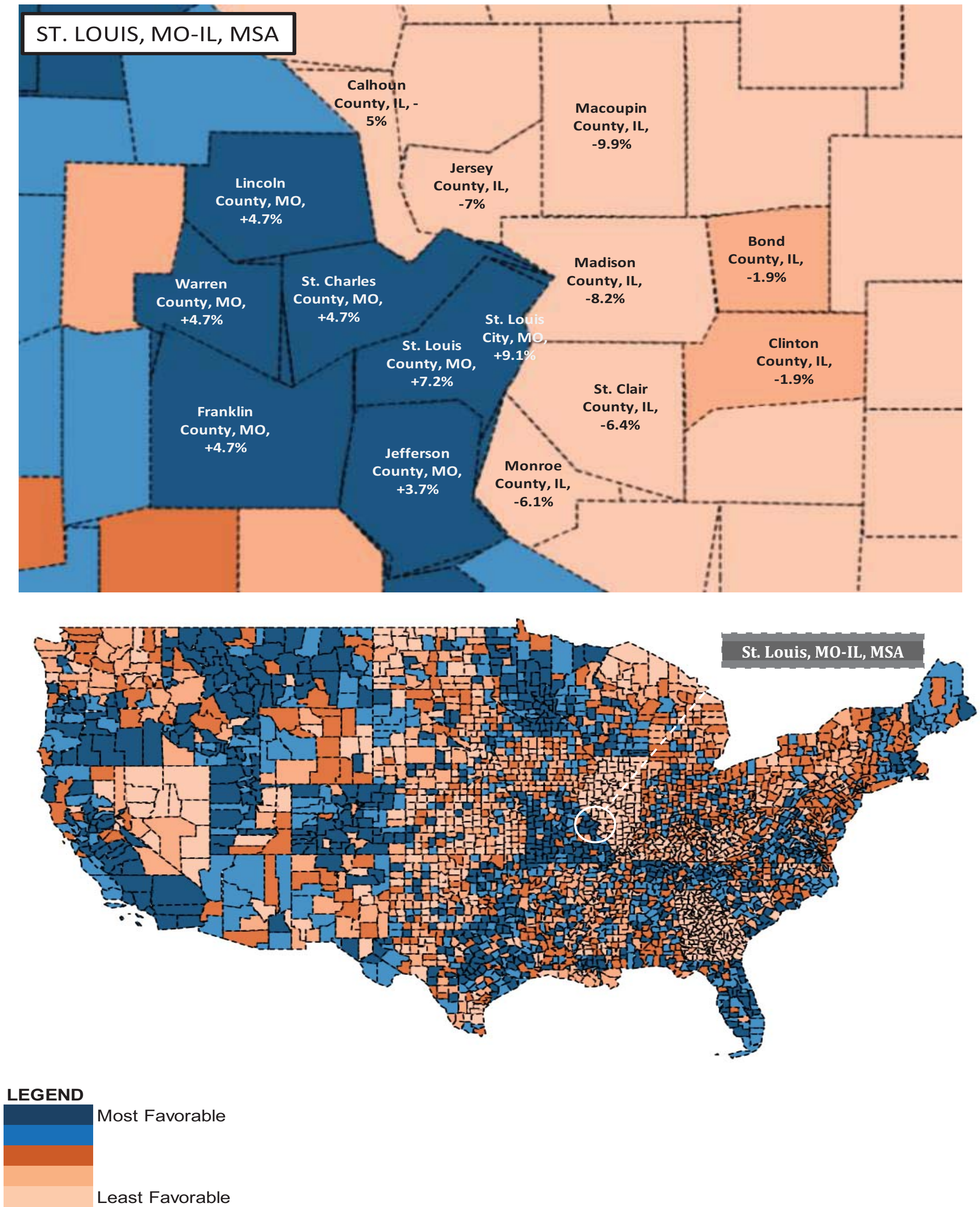
Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages for the St. Louis MSA, Missouri and U.S., 2017.

[7] St. Louis Federal Reserve Bank, *Burgundy Book, A Report on Economic Conditions in the St. Louis Zone*, 2016 quarterly issues.

An economic commentary published online referred to St. Louis as "the new startup frontier", because the St. Louis MSA was second among metro areas with the fastest growth rate of new startups from 2009 to 2014. According to the U.S. Census Bureau data used in the article, startups, defined as businesses under a year old, increased in share of all businesses in the St. Louis MSA from 6.7 percent in 2009 to 9.7 percent in 2014.[8] More recent data show that the seven Missouri counties accounting for 75 percent of the St. Louis MSA population continue to gain new businesses (Figure 9). The rates of net new business formation in these seven Missouri counties rank among the highest in the nation. The St. Louis MSA's booming start-up community will contribute to its long-term economic growth.[9]

[8] Ben Casselman, "St Louis is the New Startup Frontier," *FiveThirtyEight*, September 12, 2016.
[9] "Vibrant Start-Up Incubator Environment Boosting Long-Term Growth for St. Louis Regional Economy," *St. Louis Construction News and Review*, June 1, 2017.

Figure 9| Net New Business Formations, 2017



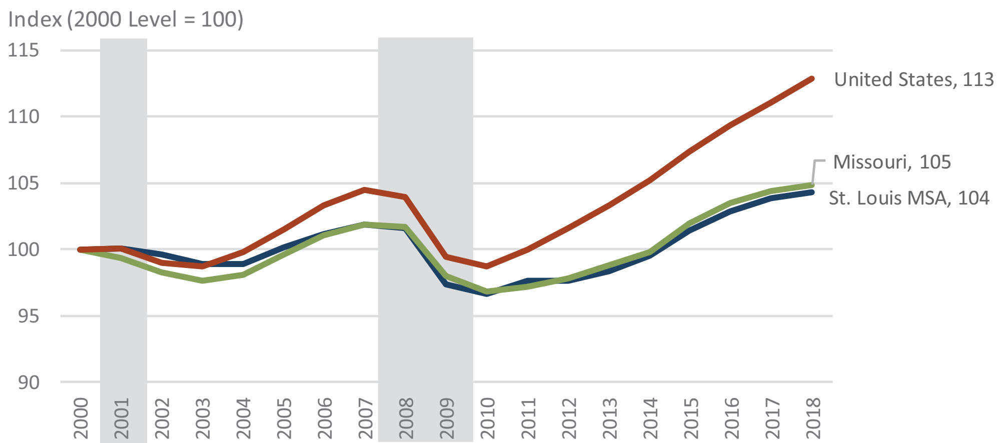
Source: Federal Reserve Bank of St. Louis Community Development Department, ERIN – Economic Resilience and Inclusion Navigator.

Job Creation

Jobs are vulnerable to economic downturns. Nationwide, jobs decreased following the 2001 recession and the 2008-2009 recession. In the 2008-2009 recession, jobs decreased more sharply and took much longer to recover than they did following the mild recession in 2001.

Overall since 2000, the St. Louis MSA lagged in job creation, especially when compared to the entire nation, because, in the St. Louis MSA, employment recovered slower following the 2001 recession and decreased more sharply following the 2008-2009 recession. Since 2010, however, employment growth in the St. Louis MSA has picked up pace, averaging 1 percent each year (Figure 10).

Figure 10| Growth in Total Nonfarm Employment



Shaded areas indicate recession periods.

Period	Compound Annual Growth Rate		
	St. Louis MSA	Missouri	United States
2000-2010	-0.3%	-0.3%	-0.1%
2010-2018	1.0%	1.0%	1.7%

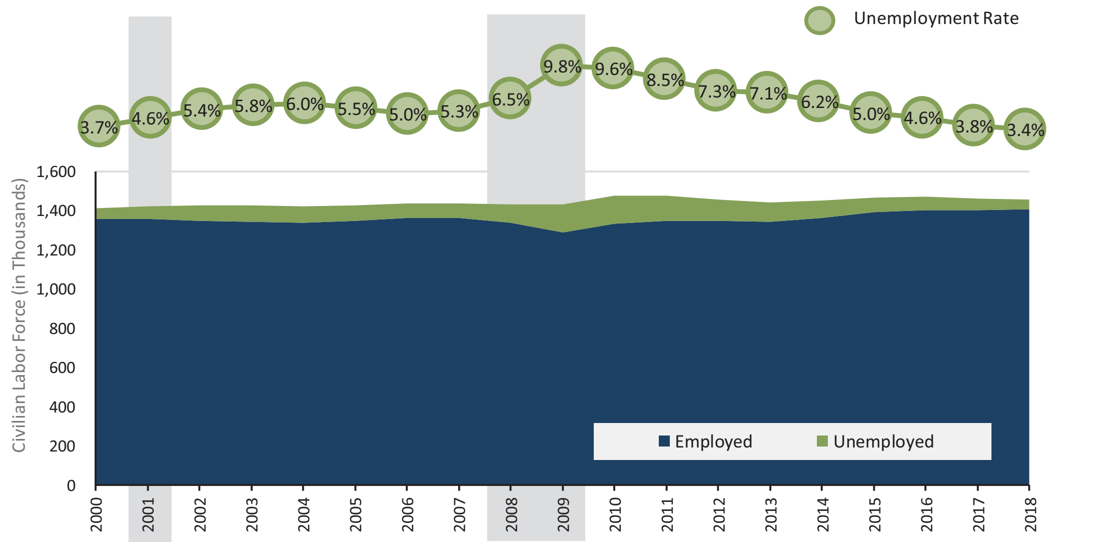
Source: Federal Reserve Bank of St. Louis Economic Research Division, Federal Reserve Economic Data.

Civilian Labor Force Trends

Figure 11 shows the trends in the civilian labor force, which reflect the improvements in the St. Louis MSA labor market. The civilian labor force consists of residents of working age (16 years and older), who are either employed, or unemployed but actively seeking employment. Employment counts include all types of civilian employment, including agricultural, non-agricultural, and self-employment. The unemployment rate refers to the unemployed as a percentage of the labor force.

While the size of the St. Louis MSA's civilian labor force has remained about the same since 2000, employment has grown particularly since 2010. From 2010 to 2018, the number of people employed increased 5.5 percent, or an average of 0.7 percent a year. As a result, the St. Louis MSA's unemployment rate, which peaked at 9.8 percent in 2010, fell to a record low 3.4 percent in 2018—lower than the U.S. unemployment rate of 3.9 percent in the same year and lower than the 4.5-to-5 percent range that the Federal Reserve estimates as the natural rate of unemployment.

Figure 11| St. Louis MSA Civilian Labor Force Trends



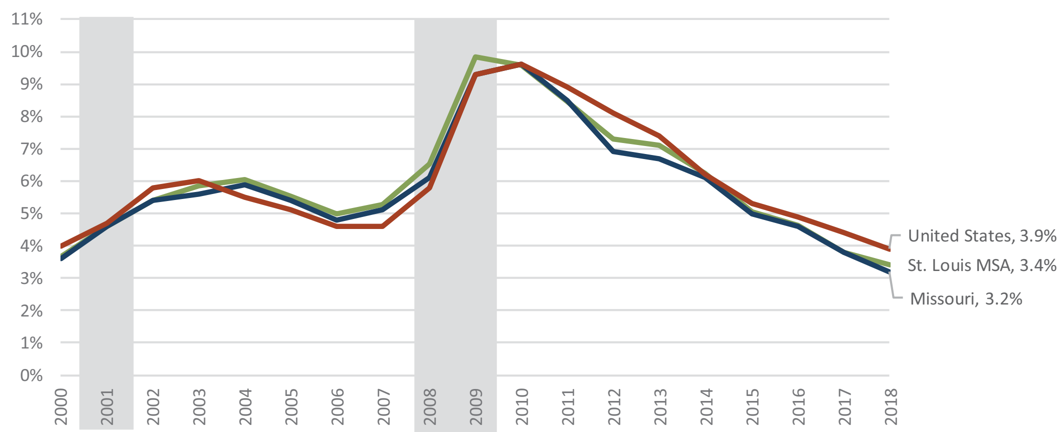
Shaded areas indicate recession periods.

Source: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics.

Overall, the St. Louis MSA and the Missouri state unemployment rates have followed national trends—rising during economic recessions and falling during economic expansions (Figure 12). During most of the past eight years, the St. Louis MSA's unemployment rate was lower than the national average.

The preliminary estimate for the St. Louis MSA's not seasonally adjusted unemployment rate in March 2019 is 4 percent, down two-tenths of a percentage point from the same month in 2018 and slightly above the U.S. not seasonally unadjusted unemployment rate of 3.9 percent in March 2019. In general, unemployment rate is typically higher in January and February due to seasonal factors.

Figure 12| Unemployment Rate

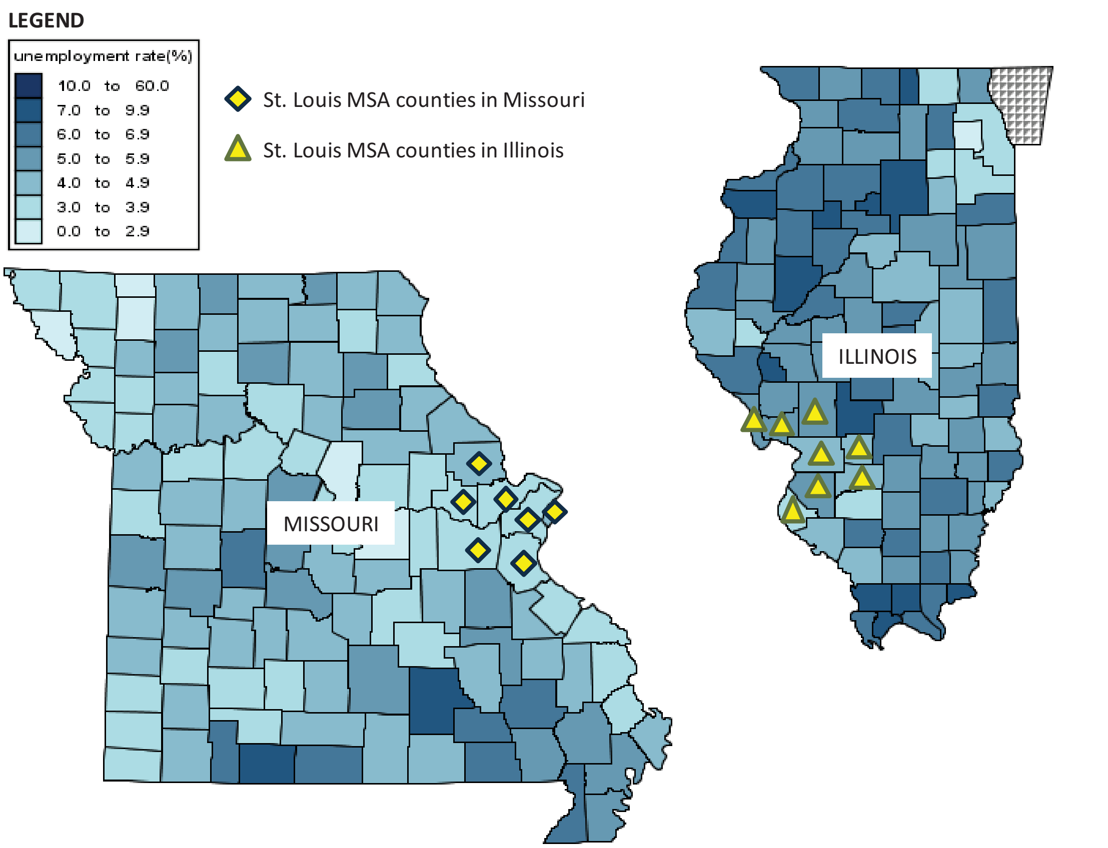


Shaded areas indicate recession periods.

Source: U.S. Bureau of Labor Statistics, Current Population Survey and Local Area Unemployment Statistics.

Figure 13 shows that the Missouri counties in the St. Louis MSA have lower unemployment rates than the Illinois counties.

Figure 13| Missouri and Illinois County Unemployment Rates, March 2019



ST. LOUIS MSA UNEMPLOYMENT RATE: 4.0%			
St. Charles County, MO	3.1%	Monroe County, IL	3.9%
St. Louis County, MO	3.6%	Clinton, County, IL	4.0%
Warren County, MO	3.7%	Madison County, IL	4.8%
Franklin County, MO	3.7%	Bond County, IL	4.9%
Jefferson County, MO	3.9%	St. Clair County, IL	5.5%
Lincoln County, MO	4.3%	Macoupin County, IL	5.5%
St. Louis City, MO	4.5%	Jersey County, IL	5.6%
		Calhoun County, IL	5.8%

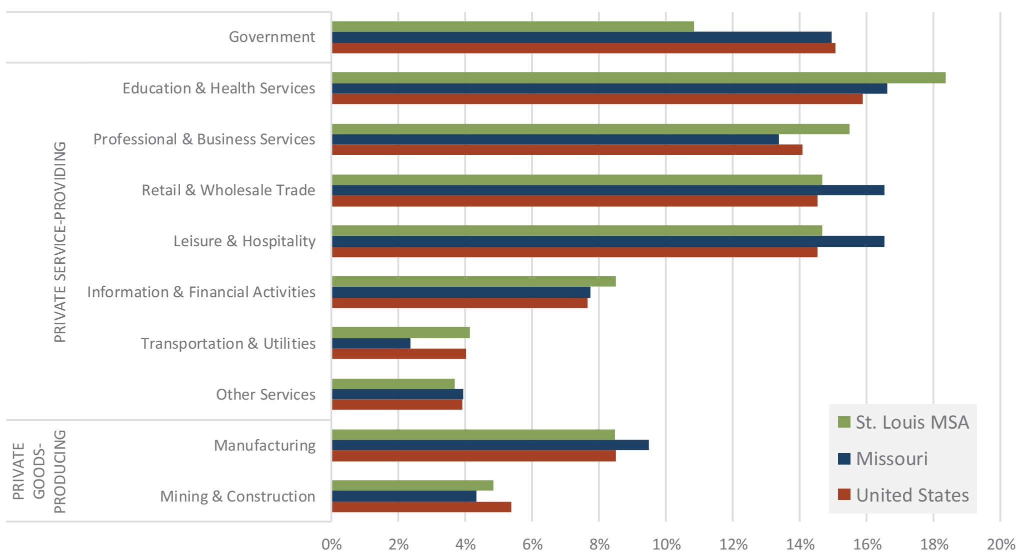
Source: U.S. Bureau of Labor Statistics.

Employment by Industry

Once a major industrial center known for manufacturing automobiles, shoes and beer, St. Louis MSA has successfully transformed into a diversified economy, led by the private service-providing sectors of *education & health services, professional & business services*, and *retail & wholesale trade* (Figure 14). These sectors account for 18.4 percent, 15.5 percent, and 14.7 percent, respectively, of total employment in the St. Louis MSA in 2018. The St. Louis MSA economy reflects the diversity of the U.S. economy, although the MSA has significantly higher employment concentrations in knowledge-based sectors, namely, *education & health services, professional & business services*, *information & financial activities,* compared with the U.S. economy as a whole*.*

According to the Brookings study of older industrial cities, the emergence of education & health services-related businesses and the continued presence of strong agriculture businesses combine to make St. Louis a prominent center of agriculture technology and bio sciences, giving the MSA a competitive advantage not only in the United States, but also globally.[10]

Figure 14| Employment Share by Industry, 2018

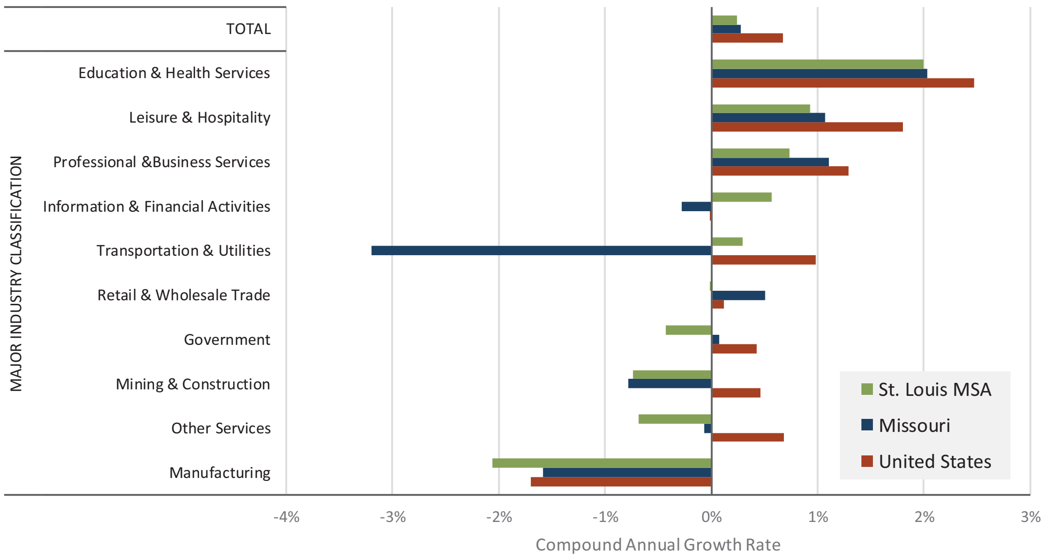


Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages.

[10] Alan Berube and Cecile Murray, *Renewing America's Economic Promise Through Older Industrial Cities*, Metropolitan Policy Program at Brookings, April 2018.

As in the state and the nation, the three fastest growing industry sectors in the St. Louis MSA from 2000 to 2018 are: *education & health services*, *leisure & hospitality*, and *professional & business services* (Figure 15). *Information & financial activities* and *transportation & utilities* also posted employment gains, while the five other industry sectors posted employment losses in the St. Louis MSA.

Figure 15| Employment Growth by Industry, 2000-2018

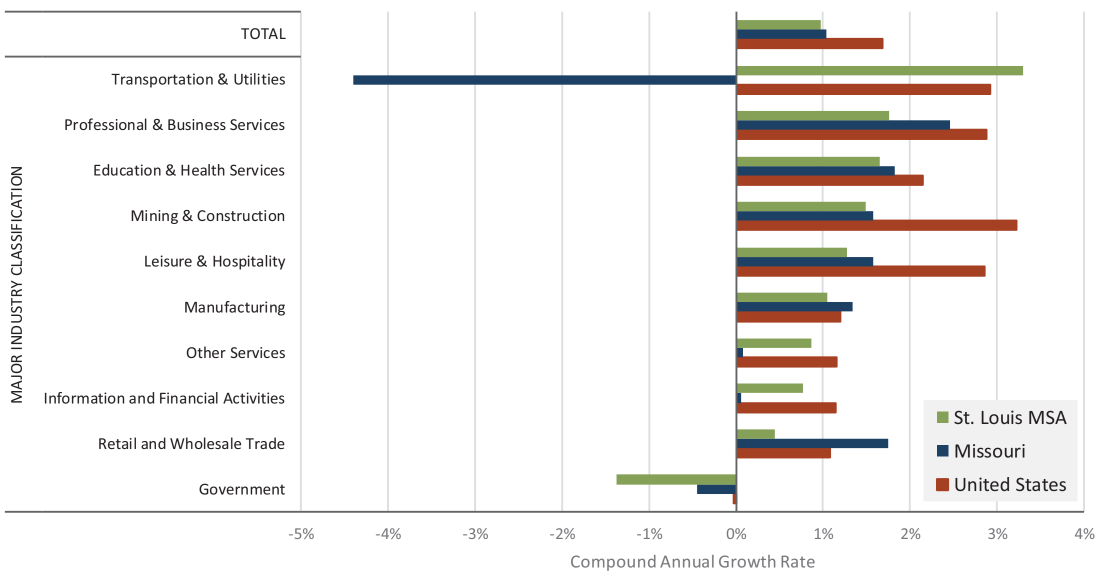


Source: U.S. Bureau of Labor Statistics.

Manufacturing suffered the largest proportional losses in employment in the St. Louis MSA from 2000 to 2010. Manufacturing jobs have been moving to other countries where labor and other business costs are lower—a trend that began shortly after the North American Free Trade Agreement ("NAFTA") of 1994 and has continued with global trade liberalization. Older industrial centers like the St. Louis MSA suffered larger losses in manufacturing employment than other more service-oriented metropolitan areas. Since 2010, manufacturing has turned around, adding jobs in the St. Louis MSA, in the entire state of Missouri, and nationally (Figure 16).

Employment recovery from the Great Recession began after 2010. The recovery was broad-based, with all private industry sectors posting employment gains from 2010 to 2018 in the St. Louis MSA. *Transportation & utilities*, *professional & business servic*es, and *education & health services* recorded the highest employment growth rates in the St. Louis MSA. The *government* sector continued to shed jobs.

Figure 16| Employment Growth by Industry, 2010-2018



Source: U.S. Bureau of Labor Statistics.

Major Employers and Large Company Headquarters

Table 8 lists the 50 largest employers in the St. Louis MSA. A total of 19 of them do business in education & health services, now the largest industry sector in the St. Louis MSA. Thirty of them have business locations in St. Louis County, 15 in the City of St. Louis, two in St. Charles County, two in Madison County, and one in St. Clair County. Thirty-two have headquarters in the St. Louis MSA.

Table 8| Top 50 Employers in the St. Louis MSA

Company	Headquarters	St. Louis MSA County Location	Industry	St. Louis MSA Employees
BJC HealthCare	St. Louis MSA	City of St. Louis	Health Care & Social Assistance	28,975
Wal-Mart Stores Inc.	Bentonville, AR	St. Louis County	Retail Trade	22,290
Washington University in St. Louis	St. Louis MSA	St. Louis County	Educational Services	16,903
SSM Health Care	St. Louis MSA	St. Louis County	Health Care & Social Assistance	16,140
Mercy Health	St. Louis MSA	St. Louis County	Health Care & Social Assistance	15,174
Boeing Defense, Space & Security	Washington, DC	St. Louis County	Manufacturing	13,707
Scott Air Force Base	St. Louis MSA	St. Clair County	Government & Public Administration	12,600
U.S. Postal Service	Washington, DC	City of St. Louis	Government & Public Administration	12,000
Schnuck Markets Inc.	St. Louis MSA	St. Louis County	Retail Trade	9,510
Mercy Clinic	St. Louis MSA	St. Louis County	Health Care & Social Assistance	9,305
Archdiocese of St. Louis	St. Louis MSA	City of St. Louis	Educational Services	8,800
McDonald’s	Oak Brook, IL	St. Louis County	Accommodation & Food Services	7,550
Saint Louis University	St. Louis MSA	City of St. Louis	Educational Services	7,400
City of Saint Louis	St. Louis MSA	City of St. Louis	Government & Public Administration	7,077
Washington University Physcians	St. Louis MSA	City of St. Louis	Health Care & Social Assistance	6,261
Edward Jones	St. Louis MSA	St. Louis County	Finance & Insurance	6,200
Special School District of St. Louis County	St. Louis MSA	St. Louis County	Educational Services	6,126
AT&T Communications Inc.	Dallas, TX	City of St. Louis	Information	6,000
Enterprise Rent-A-Car (Enterprise Holdings)	St. Louis MSA	St. Louis County	Real Estate & Rental & Leasing	5,600
Imo's Pizza	St. Louis MSA	St. Louis County	Accommodation & Food Services	5,540
Bayer Crop Science	Durham, NC	St. Louis County	Manufacturing	5,400
Wells Fargo Advisors	St. Louis MSA	City of St. Louis	Finance & Insurance	5,000
Walgreens	Springfield, IL	St. Louis County	Retail Trade	4,740
Target Corp	Minneapolis, MN	St. Louis County	Retail Trade	4,675
University of Missouri – St. Louis	St. Louis MSA	St. Louis County	Educational Services	4,633
Ameren Corporation	St. Louis MSA	City of St. Louis	Utilities	4,594
St. Luke's Hospital	St. Louis MSA	St. Louis County	Health Care & Social Assistance	4,529
U.S. Bank	Minneapolis, MN	City of St. Louis	Finance & Insurance	4,500
St. Louis Public Schools	St. Louis MSA	City of St. Louis	Educational Services	4,329
St. Louis County Government	St. Louis MSA	St. Louis County	Government & Public Administration	4,216
Express Scripts Inc.	St. Louis MSA	St. Louis County	Wholesale Trade	4,100
Amazon Inc.	Seattle, WA	Madison County	Retail Trade	4,100
General Motors	Detroit, MI	St. Charles County	Manufacturing	4,035
Dierbergs Markets	St. Louis MSA	St. Louis County	Retail Trade	4,000
Spectrum	Stanford, CT	St. Louis County	Information	4,000
Home Depot USA Inc	Atlanta, GA	City of St. Louis	Retail Trade	3,972
CitiMortgage	St. Louis MSA	St. Charles County	Finance & Insurance	3,800
St. Anthony's Medical Center	St. Louis MSA	St. Louis County	Health Care & Social Assistance	3,723
Southern Illinois University Edwardsville	St. Louis MSA	Madison County	Educational Services	3,500
St. Louis Community College District	St. Louis MSA	City of St. Louis	Educational Services	3,450
Rockwood School District	St. Louis MSA	St. Louis County	Educational Services	3,328
Human Resource Staffing	St. Louis MSA	St. Louis County	Professtional & Scientific & Technical Services	3,315
Anheuser-Busch InBev	New York, NY	City of St. Louis	Manufacturing	3,300
United Parcel Service Inc.	Altanta, GA	St. Louis County	Transportation & Warehousing	3,142
National Geospatial-Intelligence Agency	Washington, D.C.	St. Louis County	Government & Public Administration	3,100
Lodging Hospitality Management	St. Louis MSA	St. Louis County	Accommodation & Food Services	3,000
Veterans Health Administration	Washington, D.C.	City of St. Louis	Health Care & Social Assistance	3,000
Lutheran Senior Services	St. Louis MSA	St. Louis County	Health Care & Social Assistance	2,947
Lowe's Home Centers Inc	Mooresville, NC	St. Louis County	Retail Trade	2,753
Delmar Gardens Enterprises	St. Louis MSA	St. Louis County	Health Care & Social Assistance	2,711

Sources: *St. Louis Business Journal and St. Louis Post-Dispatch, compiled by the St. Louis Regional Chamber*.

Table 9 lists Fortune 500 companies with headquarters in the St. Louis MSA. Table 10 lists the Forbes' America's Largest Private Companies with headquarters in the St. Louis MSA.

Table 9| Fortune 500 Companies Headquartered in the St. Louis MSA

Forbes Rank in 2018	Fortune 500	Industry	Annual Revenue
25	Express Scripts[1]	Pharmaceutical Benefits Management and Distribution	$100.1 B
61	Centene	Health Insurance	$48.6 B
178	Emerson Electric	Electrical Engineering	$16.3 B
199	Monsanto[2]	Manufacturing	$14.6 B
234	Reinsurance Group of America	Media	$12.5 B
376	Jones Financial (Edward Jones)	Financial Services	$7.6 B
426	Graybar Electric	Electric and Gas Utilities	$6.6 B
448	Olin	Chemical Products	$6.3 B
453	Ameren	Electric and Gas Utilities	$6.2 B
491	Peabody Energy	Coal Energy	$5.6 B

[1] Express Scripts was taken over by Cigna in December 2018.
[2] Monsanto merged with Bayer in June 2018.

Table 10| Forbes America's Largest Private Companies Headquartered in the St. Louis MSA

Forbes Rank in 2018	Company	Industry	Annual Revenue
13	Enterprise Holdings Inc.	Transportation	$24.1 B
27	World Wide Technology Holding Company, Inc.	Information Technology	$10.4 B
48	Edward Jones	Financial Services	$7.5 B
57	Graybar Electric	Media	$6.7 B
103	Apex Oil Co. Inc.	Oil & Natural Gas	$4.0 B
112	McCarthy Holdings, Inc.	Construction	$3.7 B
168	Schnuck Markets, Inc.	Retail	$2.7 B
220	Alberici Corp.	Construction	$2.0 B

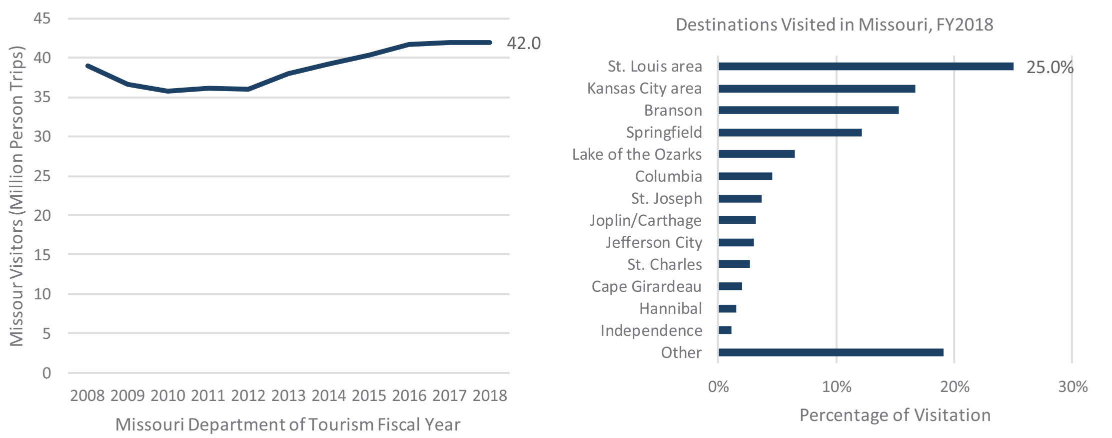
Source: Forbes, America's Largest Private Companies, 2018.

Tourism

Tourism is essential to the St. Louis MSA and the Missouri state economies. It drives demand for air transportation and contributes to overall economic health by generating business revenues and supporting employment. Visitors spend on air fare, ground transportation, restaurants, lodging, attractions, entertainment venues, retail shopping, and other services.

In 2018, Missouri had 42 million visitors, and 25 percent of them visited the St. Louis MSA (Figure 17). The number of visitors increased 17.3 percent from the post-recession low of 35.8 million in FY2010.

Figure 17| Number of Missouri Visitors and Destinations Visited



Source: Missouri Division of Tourism Annual Reports.

St. Louis' premier attraction is the 630-foot Gateway Arch. Museums such as the Magic House, the St. Louis Museum of Transportation, the City Museum, and the Saint Louis Science Center also attract millions of visitors throughout the year. Moreover, visitors enjoy live theater and music at the Fabulous Fox, the Repertory Theater and the Opera Theatre of St. Louis.[11]

Other tourist attractions in St. Louis MSA include:

- Outdoor recreation within parks such as City Gardens and Forest Park.
- Amusement parks such as Six Flags St. Louis.
- Sporting events featuring the St. Louis Cardinals and the Saint Louis Blues.
- Dozens of museums and several contemporary art galleries.

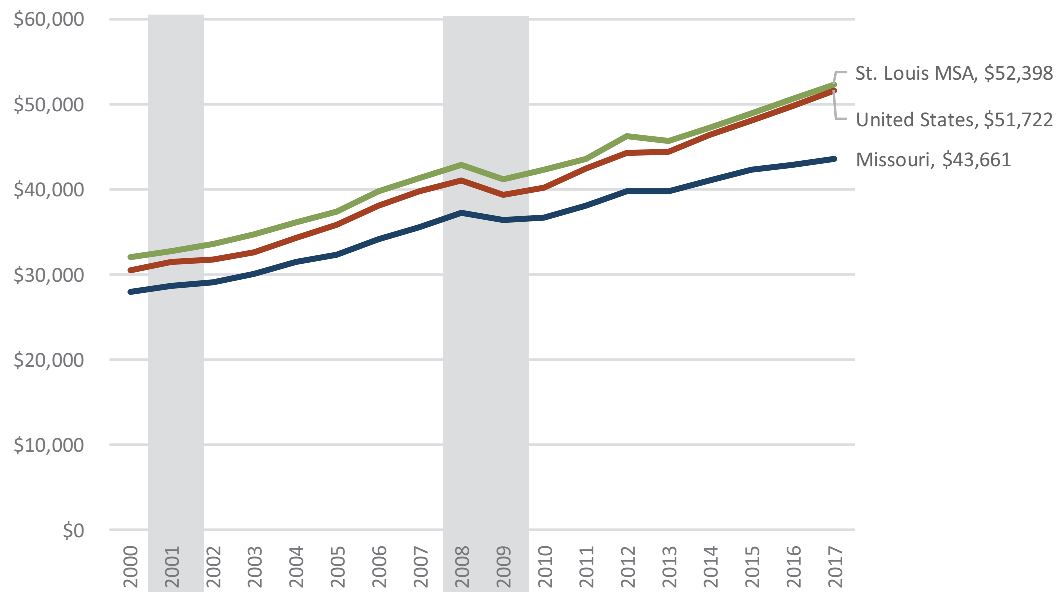
Personal Income

Personal income measures the income people receive from all sources—employment, proprietorship, government transfers, rental properties, and other assets. Consumers' ability to spend and build wealth depends on their personal income. Growth in personal income boosts demand for air travel. A component of gross domestic product (GDP), personal income follows the same cyclical pattern: increasing during economic expansion and decreasing during economic recession.

[11] The Explore St. Louis website, 25 Things to Do, 2018.

The residents of the St. Louis MSA enjoy a higher per capita personal income, compared to national and Missouri state averages (Figure 18). The gap between the St. Louis MSA per capita personal income and the U.S. per capital personal income is narrowing, because St. Louis MSA per capita personal income increased at a slightly lower rate (2.9 percent annually) than the U.S. rate (3.1 percent annually).

Figure 18| Per Capita Personal Income (Current Dollars)



Shaded areas indicate recession periods.
Source: U.S. Bureau of Economic Analysis.

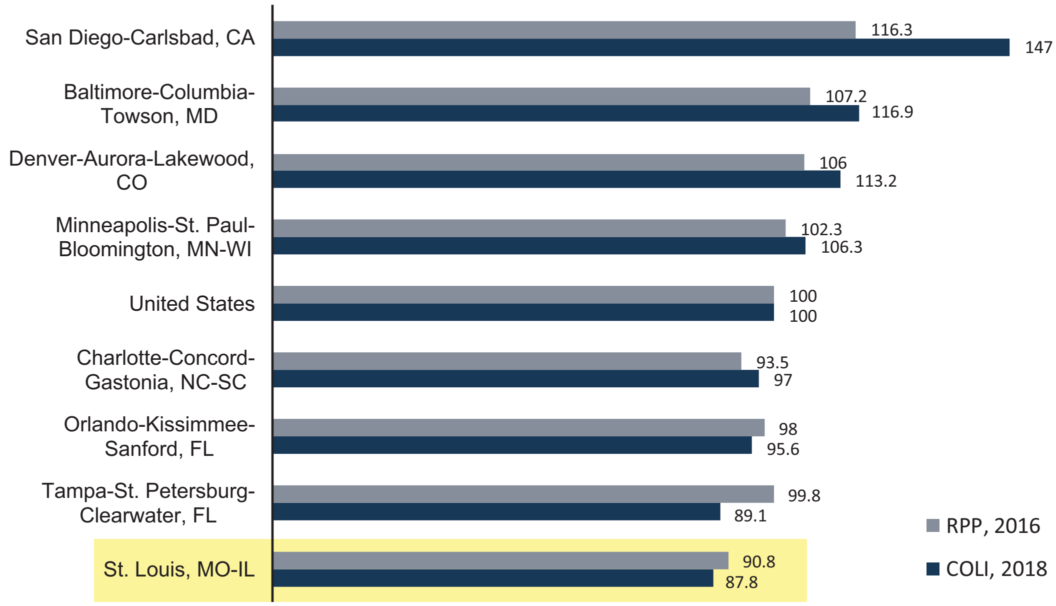
Cost of Living

A low cost of living attracts new workers and businesses into the area. The St. Louis MSA residents enjoy low cost of living as indicated by the two measures shown in Figure 19: (1) the Cost of Living Index (COLI) published by the Council for Community and Economic Research (C2ER) and (2) the Regional Price Parity (RPP) published by the U.S. Bureau of Economic Analysis (BEA).

COLI measures regional differences in the cost of consumer goods and services, excluding taxes and non-consumer expenditures, for professional and managerial households in the top income quintile. In 2018, the cost of living in the St. Louis MSA was 12.25 percent lower than the U.S. average. It was also lower than the cost of living in the other seven metropolitan areas with similar population size.

Like COLI, RPP measures price differences across metropolitan areas relative to the national level. Based on RPP, the cost of living in the St. Louis MSA in 2016 was 9.2 percent lower than the national average. The RPP confirms that the St. Louis MSA has the lowest cost of living among the U.S. metropolitan areas shown in Figure 19.

Figure 19| Cost of Living in Select Urban Areas



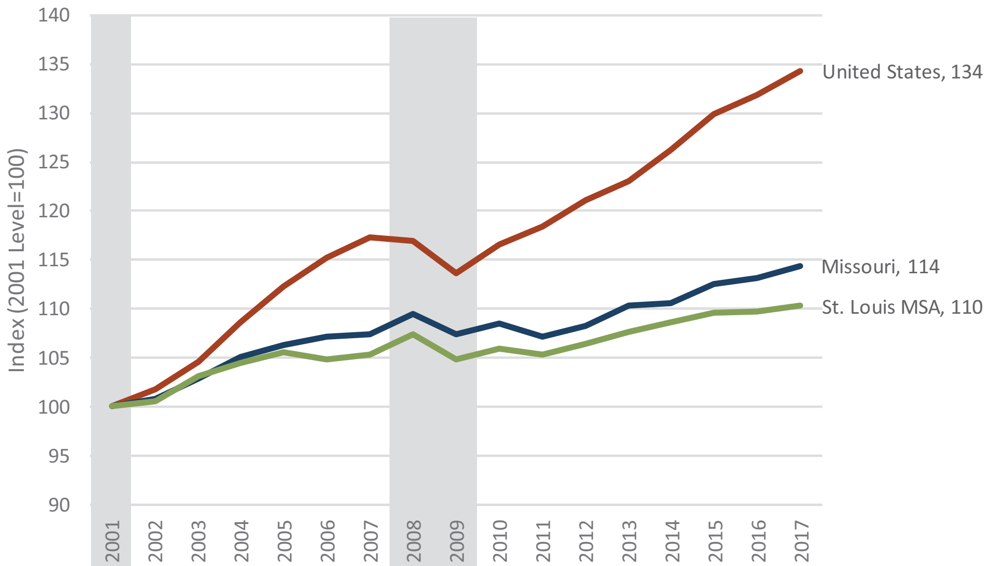
Sources: Council for Community and Economic Research, and U.S. Bureau of Economic Analysis.

Economic Output

Economic trends drive airport passenger traffic, especially at an airport like STL that serves predominantly O&D traffic. The most comprehensive economic indicator is GDP, which measures the value of all goods and services produced in an area. Growth in inflation-adjusted (real) GDP indicates an economic expansion, while a steady decline over two or more quarters indicates a recession. An economic expansion increases employment and income, boosts consumer and business confidence, and increases the demand for air travel. In contrast, an economic recession dampens business activity, causes job losses, reduces income, weakens consumer and business confidence, and decreases the demand for air travel.

The St. Louis MSA's real GDP has been growing steadily since 2011, setting a new high record each year from 2013 (Figure 20). The trends in annual GDP growth in the St. Louis MSA and the entire state of Missouri are very similar. Compared to national trends, the St. Louis MSA and the state both show a milder economic downturn during the last recession and a more gradual expansion following the recession. From 2001 to 2017, the St. Louis MSA's real GDP grew 10 percent, or 0.6 percent annually.

Figure 20| Growth in Real Gross Domestic Product



Shaded areas indicate recession periods.

Source: U.S. Bureau of Economic Analysis.

Outlook for the St. Louis MSA Economy

Compared to national trends, the St. Louis MSA experienced a milder economic downturn during the last recession and a more gradual expansion following the recession. A slow-growing population continues to restrain growth in the St. Louis MSA's labor force, but employment has been growing and the unemployment rate in the St. Louis MSA has fallen to record low levels lower than national figures. According to the St. Louis Federal Reserve, economic conditions in the St. Louis MSA continue to improve in 2019 despite hiring restrictions due to a tight labor market. Within the St. Louis MSA's industries, wages are rising; they are expected to continue rising through the end of 2019. Manufacturing and real estate sales have been on the rise in 2019, but the transportation sector has been held down by increased costs, partly due to adverse weather and flooding in the winter.[12]

The St. Louis Regional Chamber identifies four key industry clusters that will drive job growth in the St. Louis MSA in the coming years: financial and information services, health sciences and services, bioscience, and multimodal logistics. These four clusters are the focus of the Chamber's economic development strategy to develop a vibrant and growing business base and a resilient and balanced economy.[13]

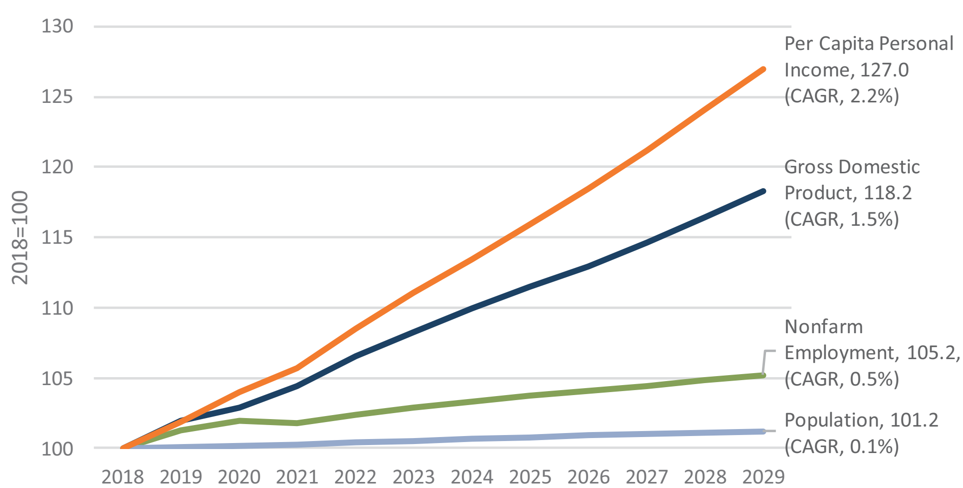
The St. Louis MSA economy will continue to be driven by the national economy, so that the projected slowing of the national economy in the short-term will also slow the St. Louis MSA economy. But the

[12] St. Louis Federal Reserve, *The Beige Book*, Eighth District, April 2019.
[13] St. Louis Regional Chamber Regional Data, Industry Clusters.

long-term outlook for the St. Louis MSA economy is positive, according to forecast growth in key socio-economic indicators for the St. Louis MSA through 2029 by Moody's Analytics, an independent economic forecasting firm (Figure 21):

- The St. Louis MSA's real GDP will continue to grow at a 1.5 percent annual rate, on average.
- Per capita personal income will increase 2.2 percent annually, on average.
- Nonfarm employment will increase 0.5 percent annually, on average.
- Population will continue its slow growth at an annual average rate of 0.1 percent.

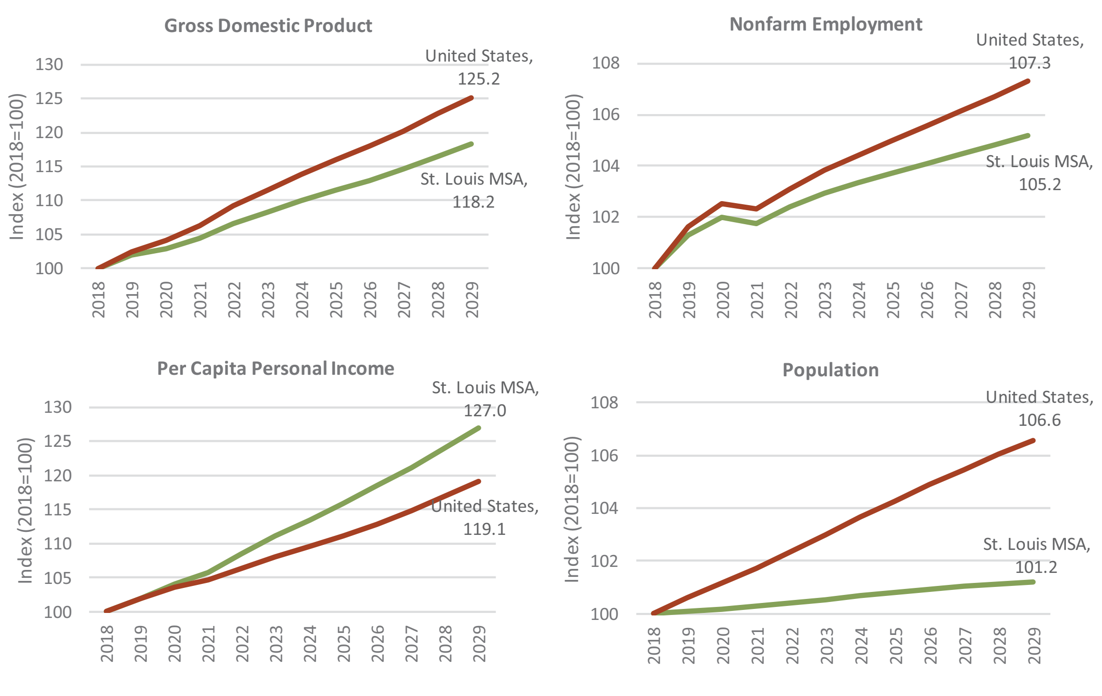
Figure 21| Forecast Growth in Key Socio-Economic Indicators for the St. Louis MSA



Source: Moody's Analytics.

Figure 22 compares the forecast growth in the four socio-economic indicators in the St. Louis MSA with the forecast for the nation. The St. Louis MSA is projected to continue outpacing the nation in per capita personal income growth, but it would continue to lag the nation in growth in the remaining three indicators.

Figure 22| Comparison of Forecast Growth in Key Socio-Economic Indicators in the St. Louis MSA



Source: Moody's Analytics.

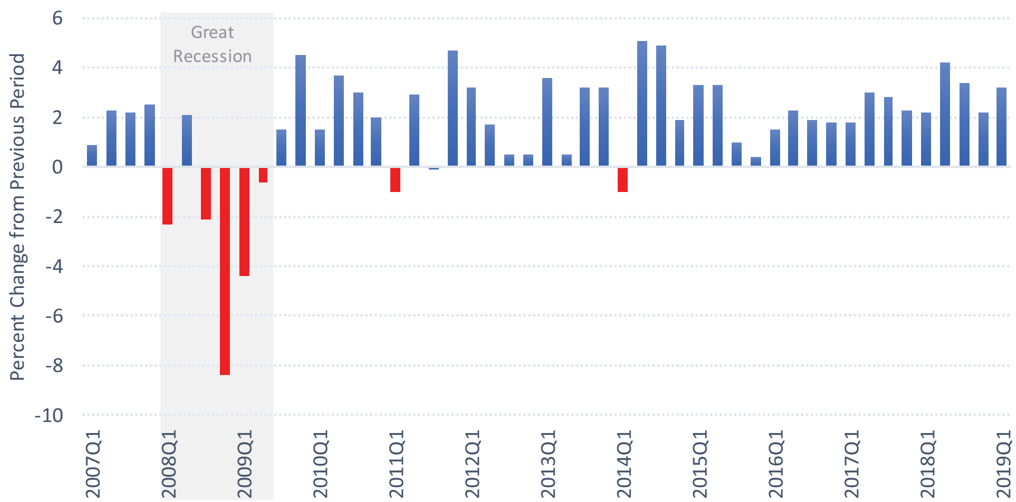
Outlook for the National Economy

The national economy is a major driver of the St. Louis MSA economy and visitor traffic at STL. Continued growth in the U.S. economy would bring continued growth in the St. Louis MSA's economy. In the same way, risks facing the national economy would also hamper growth in the St. Louis MSA's economy.

The U.S. economy grew strongly in 2018, after years of slow and uneven recovery from the Great Recession. The current U.S. economic expansion is now on its 10th year; it has the potential to outlast the 1990s' record 10-year economic expansion, barring major economic shocks. The pace of economic growth, however, has slowed in the last quarter of 2018 and the first quarter of 2019, due largely to restraint in consumer spending. The 35-day shutdown of the federal government from December 22, 2018, to January 25, 2019, contributed to the slowdown by reducing production and weakening consumer and business confidence.

Figure 23 shows quarterly changes in U.S. economic output, measured by the U.S. real GDP, from the first quarter of 2007 to the first quarter of 2019. Quarterly real GDP growth has averaged 2.3 percent since the beginning of the current economic expansion in the third quarter of 2009. The preliminary estimate of 3.2 percent growth for the first quarter of 2019 is still higher than the average growth rate in the current expansion. As of the first quarter of 2019, the U.S. economy had grown steadily for 20 consecutive quarters.

Figure 23| U.S. Real GDP Trends

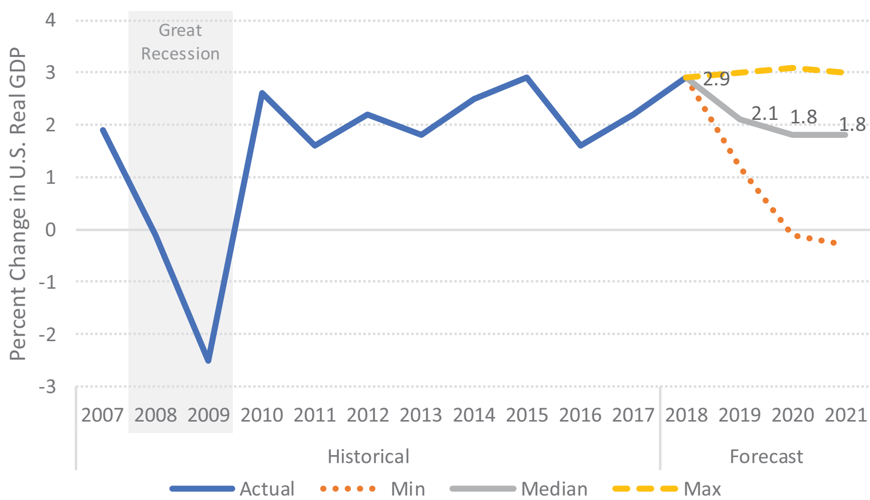


Source: U.S. Bureau of Economic Analysis.

In 2018, economic growth was boosted by a strong labor market, low unemployment, modest inflation, relatively low levels of consumer debt, strong corporate balance sheets, improving corporate profits, and global economic expansion. Many of these economic fundamentals remain supportive of continued growth. The labor market is strong, consumer confidence remains high, household balance sheets are generally healthy—conditions that will boost consumer spending in the coming quarters. The Wall Street Journal ("WSJ") April 2019 economic forecasting survey provided median predictions for U.S. real GDP growth of 2.1 percent in 2019, 1.8 percent in 2020, and 1.8 percent in 2021. Figure 24 shows the historical annual growth rates in U.S. real GDP from 2007 and the forecast annual growth rates through 2021 from the WSJ April 2019 economic forecasting survey. Moody's Analytics' forecasts of U.S. real GDP growth are 2.4 percent in 2019, 1.6 percent in 2020, and 2.2 percent in 2021, with an average annual growth rate of 2.1 percent between 2018 and 2029.

In the WSJ April 2019 economic forecasting survey, estimates the probability of the U.S. economy going into a recession over the next 12 months range from zero to 60 percent, with a median of 26 percent. The next recession is predicted to start in 2020 by 49 percent of the economists surveyed, in 2021 according to 40 percent of the respondents, and after 2021 according to the remaining 11 percent of the respondents. The sources of economic risks are: political and economic policy uncertainty, international trade tensions, the high level of U.S. government and private debt, tightening labor market, deterioration in financial market conditions, oil price volatility, slowing global economy, and continuing political tensions abroad.

Figure 24| U.S. Real GDP Growth Forecasts



Sources: U.S. Bureau of Economic Analysis for historical data and the Wall Street Journal January 2019 Economic Forecasting Survey.

Summary

STL serves the St. Louis MSA and neighboring areas. Demographic and economic trends in the St. Louis MSA influence passenger traffic trends at STL. The economic trends in the St. Louis MSA generally follow national trends, although the MSA experienced a milder economic downturn during the last recession and a more gradual expansion following the recession. Slow population growth has restrained economic growth in the St. Louis MSA. The MSA does have a strong talent pool that has helped the metro area economy transition from an industrial manufacturing base to a knowledge base economy. The St. Louis MSA's key labor market indicators—number of business establishments, employment in all business establishments, civilian labor force, employed civilian labor force, and unemployment rate—all point to a strong labor market and an improving economy.

Employment growth in the St. Louis MSA has picked up pace since 2010, with all private industry sectors posting employment gains. Once a major industrial center, St. Louis MSA has successfully diversified its economy, with the private service-providing sectors of *education & health services*, *professional & business services*, and *retail & wholesale trade* leading in share of St. Louis MSA employment. The residents of the St. Louis MSA enjoy above-U.S. average per capita personal income and below-U.S. average cost of living.

The long-term outlook for the St. Louis MSA economy is positive, according to independent regional economic forecasts. The St. Louis MSA economy will continue to be driven by the U.S. economy. The U.S. economy is expected to continue growing at a solid pace at least through the end of 2019, on track to set a new record for the longest U.S. economic expansion. Amid strong economic fundamentals, recession concerns are growing, stemming from a number of risk factors. The current predictions are for a relatively mild economic slowdown starting in 2020 or later.

SECTION 3| AVIATION ACTIVITY

This section reviews the historical trends in commercial aviation activity at the Airport and presents forecasts of enplanements and landed weight, which serve as an important input to the financial feasibility analysis. The discussion in this section is organized into three topics:

- Historical trends in commercial aviation activity and underlying drivers.
- Forecast development methodology, assumptions, and results.
- Forecast uncertainty and risk factors.

Historical Trends in Commercial Aviation Activity at the Airport

STL is classified as a medium hub commercial service airport by the FAA. A medium hub is defined as an airport enplaning at least 0.25 percent but less than 1 percent of total U.S. enplanements. In FY2018, the Airport enplaned 7.6 million passengers, representing 0.77 percent of total U.S. enplanements that year. According to CY 2017 airport traffic data compiled by the Airports Council International-North America (ACI-NA), STL is the 32nd largest airport in the United States by total passenger traffic, the 46th busiest by total aircraft operations, and the 57th largest airport for air cargo by cargo tonnage.

As of May 2019, STL has scheduled commercial service from 10 passenger carriers and three all-cargo carriers (Table 11).

Table 11| Airlines Providing Scheduled Commercial Service at STL as of May 2019

Passenger Carriers		All-Cargo Carriers
Air Canada[1]	Contour Aviation	FedEx Express
Air Choice One	**Delta Air Lines**[4]	Southern Air (for DHL)
Alaska Airlines[2]	**Frontier Airlines**	UPS Airlines
American Airlines[3]	**Southwest Airlines**	
Cape Air	**United Airlines**[5]	

Signatory airlines in bold.
[1] Operated by regional affiliate Air Georgian.
[2] Operated by Alaska Airlines and regional affiliate Horizon Air.
[3] Operated by American Airlines and regional affiliates: Envoy Air, Mesa Airlines, PSA Airlines, and Republic Airline.
[4] Operated by Delta Air Lines and regional affiliates: Compass Airlines, Endeavor Air, GoJet Airlines, Republic Airline, and SkyWest Airlines.
[5] Operated by United Airlines and regional affiliates: Air Wisconsin, CommutAir, ExpressJet Airlines, Mesa Airlines, Republic Airline, SkyWest Airlines, and Trans States Airlines.
Sources: Airport records and OAG Schedules Analyzer.

Figure 25 shows all the destinations with scheduled nonstop service from STL over July 2019.

Figure 25| Nonstop Passenger Service Destinations, July 2019

Source: Airport official website.

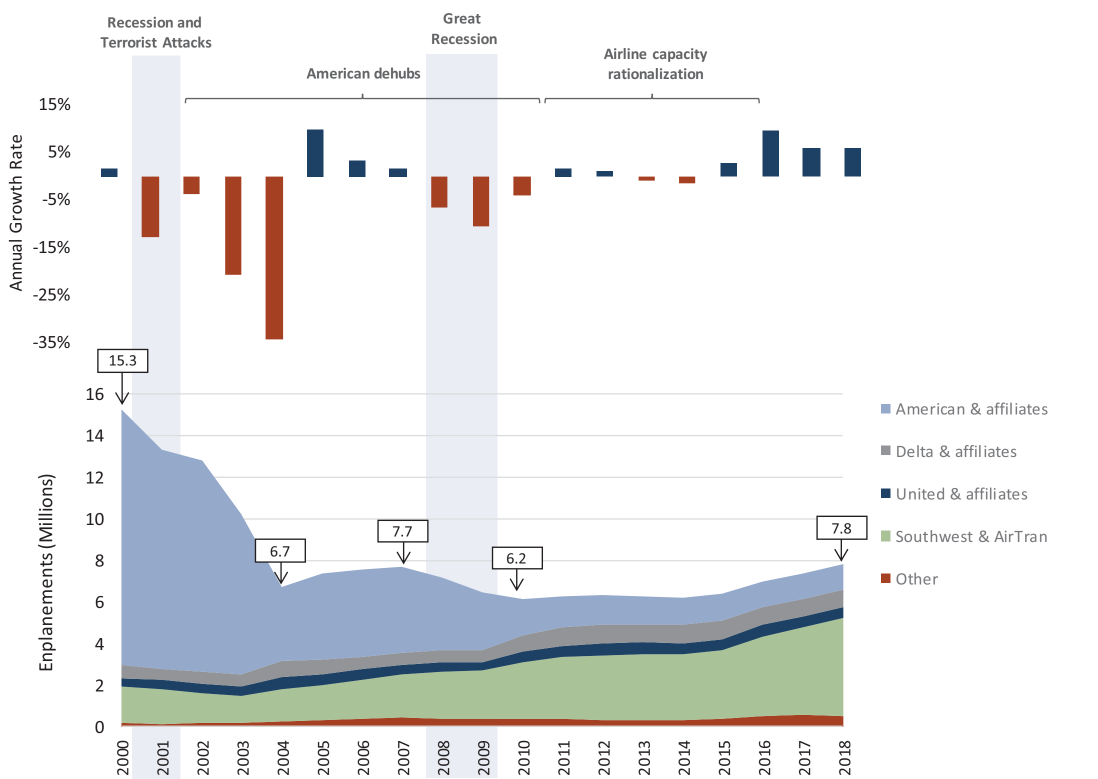
Long-Term Enplanement Trends

Over the years, the Airport experienced changes in passenger traffic levels driven by changes in the U.S. economic cycle, changes in air service capacity, and one-off events such as the 2001 terrorist attacks (Figure 26). The 2000s were particularly eventful. The terrorist attacks, the recessions, and American Airlines' capacity cuts at STL combined to cause a significant decrease in the airport's passenger traffic. Not long after the crash of two American flights during the terrorist attacks in September 2001, American Airlines began scaling down its network hub at STL, eventually shutting it down altogether in 2009. STL's enplanements were more than halved from their all-time peak of 15.3 million in 2000 to 6.7 million in 2004. American continued to cut service at STL through the Great Recession, and the Airport's enplanements decreased further to 6.2 million in 2010, their lowest level since 1982.

American's dehubbing of STL caused a fundamental change in the Airport's role from a major connecting hub to a predominantly O&D airport—a change that may have hurt the Airport in the short-run but is now proving to be a beneficial change over the long-run. As American reduced capacity, Southwest Airlines gradually emerged as the Airport's largest carrier. Delta Air Lines and United Airlines also increased their STL operations, and new airlines entered the STL market. Today

STL has a more stable O&D traffic base and a more diversified mix of air service providers led by Southwest Airlines. The long-running economic expansion of the 2010s has begun to show a positive impact on STL. After staying essentially flat at around 6.3 million a year during the first half of the decade, enplanements have increased steadily since 2015. STL ended 2018 with 7.8 million total enplanements, up 26.6 percent from their post-recession low of 6.2 million in 2010 and exceeding the pre-recession level of 7.7 million in 2007 by 1.4 percent. Enplanements increased at a fast pace in the last three years—by 9.6 percent in 2016, 6 percent in 2017, and 6 percent in 2018, although enplanement growth through March 2019 slowed to 3 percent. The recent strong traffic growth can be attributed to improving economic conditions—both at the national and regional levels—and growing airline capacity. Helped by growing demand for air travel and lower fuel prices, airlines have been earning profits in recent years, allowing them to renew and expand their fleets and increase flight and seat offerings at airports.

Figure 26| Historical Enplanement Trends at STL by Calendar Year



Source: The Authority.

Events Affecting the U.S. Aviation Industry

Since 2001 the U.S. aviation industry has faced many adverse events that prompted structural changes in the air travel market and airline industry.

In 2001 a recession ended the long-running U.S. economic expansion from the early 1990s. The recession was brief, lasting from March to November 2001, but during the recession, the U.S. aviation industry faced terrorist attacks on September 11, 2001 and their aftermath. The terrorist attacks caused an already weak air travel demand to fall sharply. The U.S. airline industry suffered financial losses, especially American Airlines and United Airlines. After the terrorist attacks, airports tightened security screening, resulting in longer wait times and changes in air travel behavior.

Meanwhile, jet fuel cost per gallon quadrupled from 2000 to 2008, remaining at record high levels through 2014. Amid record fuel prices, the U.S. economy entered the Great Recession from December 2007 to June 2009. The Great Recession weakened demand for domestic and international passenger and cargo air services. The Great Recession holds the record for the longest and deepest recession since the Great Depression. The recovery from this recession was also the slowest of all recoveries from previous recessions since the Great Depression.

Facing weak air travel demand and high fuel prices, airlines responded with cuts in domestic seat capacity, increases in load factors, retirement of old aircraft, addition of seats to existing aircraft, changes in route networks, pricing changes, and various other cost-cutting measures. The cuts in domestic seat capacity—approximately 20 percent between 2005 and 2014—fell disproportionately on small and medium hub airports.

Mounting financial difficulties led to airline bankruptcies, mergers, business restructuring, and network consolidations. Today the U.S. airline industry is left with four major airlines controlling 80 percent of the U.S. domestic passenger traffic.

All of these events have had adverse effects on STL, including its dehubbing by American Airlines. The airline industry capacity rationalization following the Great Recession held back traffic recovery at STL.

In 2010 the U.S. airline industry as a whole began earning profits. In late 2014, jet fuel prices began falling along with world oil prices, returning to mid-2000s' levels. The sharp decrease in fuel costs brought airlines more profits, allowing them to renew their fleets and increase flight schedules while maintaining capacity discipline. STL has benefitted from the recent improvement in the airline industry's financial health and the resulting expansion in airline capacity.

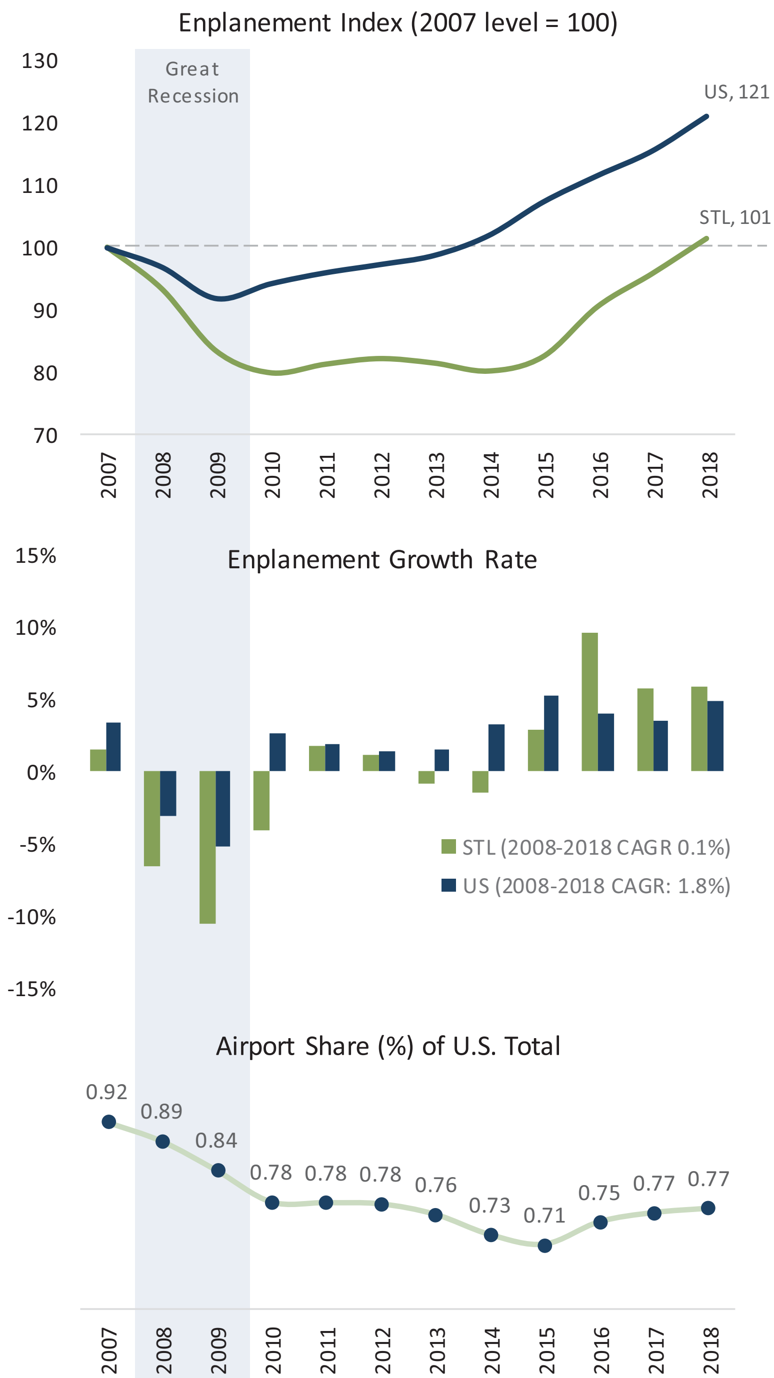
Airport and U.S. System Enplanements

Figure 27 compares the passenger enplanement trends at STL with changes in U.S. total enplanements between 2007 and 2018:

- Relative to national trends, STL's passenger traffic suffered deeper and more persistent declines during the Great Recession.
- Steady recovery in STL passenger traffic began in 2015, lagging the national trend by five years. By 2018, STL enplanements reached 101 percent of their pre-recession peak level in 2007, while U.S. total enplanements were already 21 percent higher than their 2007 level.
- STL's enplanement recovery accelerated beginning in 2016. STL enplanements grew faster than U.S. enplanements in the past three years.

As American dismantled its hub services at STL, the Airport's share of total U.S. enplanements fell below 1 percent. FAA changed STL's classification from a large hub to a medium hub beginning in 2004. STL's share of total U.S. enplanements reached its lowest at 0.71 percent in 2015; it has since increased to 0.77 percent in 2018. STL is the second largest medium hub airport, behind Dallas Love Field.

Figure 27 | STL and U.S. Total Enplanement Growth by Calendar Year

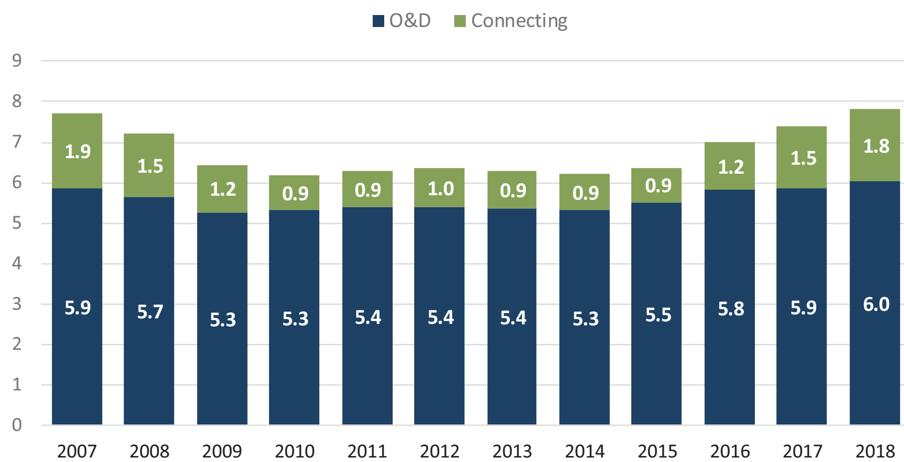


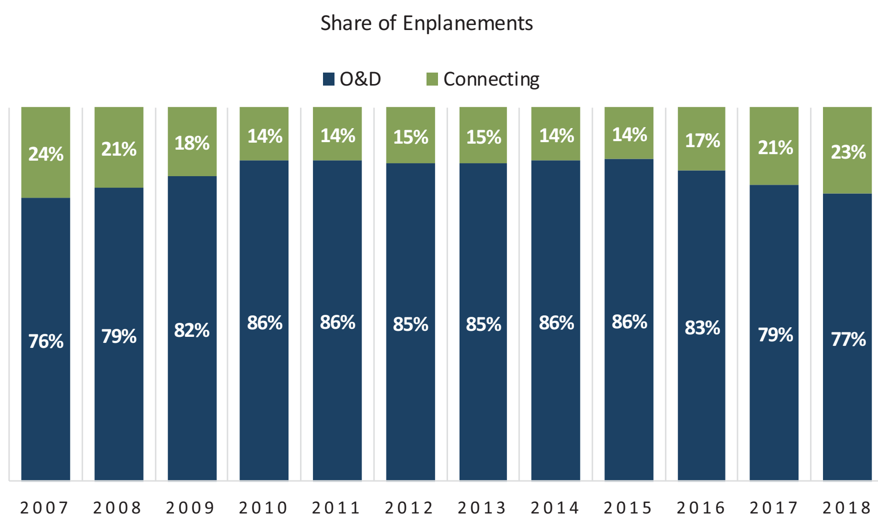
CAGR - Compound annual growth rate
Sources: Airport records and U.S. Bureau of Transportation Statistics.

Origin and Destination and Connecting Traffic

The mix of O&D and connecting traffic at STL has changed with the closing of American's hub operations. Although Figure 28 shows data only from 2007, O&D traffic has increased to account for the majority share of passenger traffic at the Airport since 2004. From 2010 through 2015, O&D traffic maintained a share of approximately 86 percent of total enplanements. In the past three years, the Airport experienced a resurgence in connecting traffic, mostly owing to Southwest Airlines, which accounted for about 97 percent of connecting traffic at STL in the last three years. The connecting share increased from 14 percent in 2015 to 23 percent in 2018, bringing the O&D share down to 77 percent.

Figure 28| O&D and Connecting Traffic Shares by Calendar Year





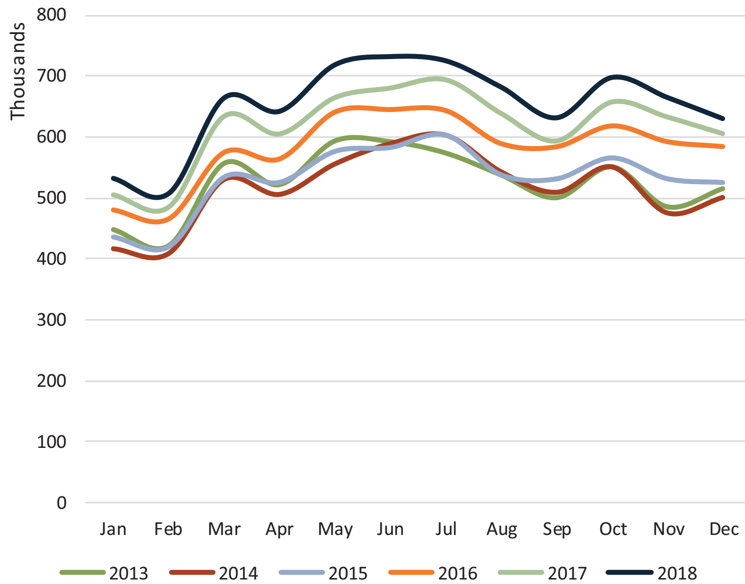
Source: Airport records.

Seasonality in Enplanements

As shown in Figure 29, during each calendar year, STL's enplanements peak slightly in the summer months of June and July, consistent with patterns of air travel demand observed nationwide. Between 2013 and 2018, on average, the month of July had the highest enplanement levels.

Figure 29| STL Monthly Enplanements by Calendar Year

Month	2013-2018 Avg. Share of CY Total
Jan	6.5%
Feb	6.6%
Mar	8.5%
Apr	8.2%
May	9.2%
Jun	9.3%
Jul	9.4%
Aug	8.6%
Sep	8.2%
Oct	8.9%
Nov	8.3%
Dec	8.2%



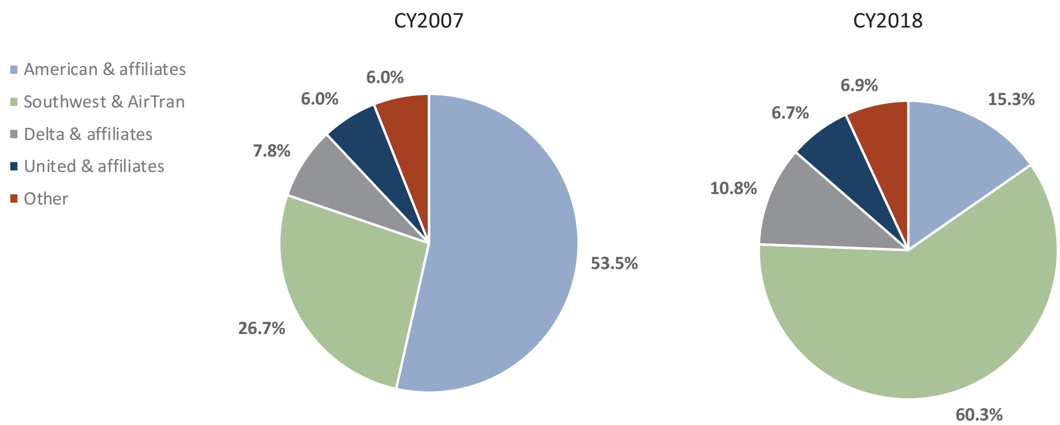
Source: Airport records.

Airline Market Shares

The recent wave of airline consolidation left the industry with four major airlines controlling more than 80 percent of U.S. domestic passenger traffic (American, Delta, Southwest, and United). These four major airlines accounted for 89 percent of STL's total enplanements in 2018 (Figure 30). While their combined share of passenger traffic at STL remains larger than their national share, it decreased from 92 percent in 2007 with air service expansion by other airlines.

Southwest holds the largest share of STL's enplanements (60 percent in 2018), followed by American (15 percent), Delta Airlines (11 percent), and United Airlines (7 percent). Southwest has been largely responsible for the recent increases in enplanements at STL. The carrier more than doubled its traffic at STL from 2007 to 2018, with its enplanements growing at 8 percent per year on average (Table 12). Delta and United increased their enplanements at STL by 3.1 percent and 1.2 percent per year, respectively, on average from 2007 to 2018, although their enplanements have been decreasing in recent years. American's enplanements decreased steadily from 2007 through 2018, although the rate of decrease slowed from -16.8 percent per year, on average, from 2007 to 2013 to -2.6 percent per year, on average, from 2013 to 2018. Other airlines including Alaska Air, Air Choice One and Frontier have contributed to STL's passenger traffic growth since 2013, with their combined enplanements increasing 13 percent annually, on average, from 2013 to 2018. Table 13 shows airline enplanements and market shares at STL by fiscal year from 2013-2018.

Figure 30| STL Enplanement Share by Airline



Source: Airport records.

Table 12| STL Enplanements and Market Share by Airline, Calendar Year

	Enplanements (Thousands)						Enplanement Share				
Calendar Year	American & affiliates[1]	Southwest & AirTran	Delta & affiliates	United & affiliates	Other	Total	American & affiliates[1]	Southwest & AirTran	Delta & affiliates	United & affiliates	Other
2007	4,130	2,060	601	462	463	7,715	53.5%	26.7%	7.8%	6.0%	6.0%
2008	3,493	2,236	635	431	412	7,208	48.5%	31.0%	8.8%	6.0%	5.7%
2009	2,728	2,315	602	426	374	6,446	42.3%	35.9%	9.3%	6.6%	5.8%
2010	1,760	2,754	815	482	367	6,179	28.5%	44.6%	13.2%	7.8%	5.9%
2011	1,484	2,957	925	504	411	6,283	23.6%	47.1%	14.7%	8.0%	6.5%
2012	1,435	3,099	902	566	350	6,352	22.6%	48.8%	14.2%	8.9%	5.5%
2013	1,368	3,213	875	551	291	6,298	21.7%	51.0%	13.9%	8.8%	4.6%
2014	1,305	3,194	861	531	310	6,200	21.0%	51.5%	13.9%	8.6%	5.0%
2015	1,295	3,298	865	554	363	6,376	20.3%	51.7%	13.6%	8.7%	5.7%
2016	1,210	3,828	873	539	538	6,988	17.3%	54.8%	12.5%	7.7%	7.7%
2017	1,225	4,237	850	516	563	7,391	16.6%	57.3%	11.5%	7.0%	7.6%
2018	1,198	4,717	844	525	538	7,822	15.3%	60.3%	10.8%	6.7%	6.9%
	Compound Annual Growth Rate										
2007-2018	-10.6%	7.8%	3.1%	1.2%	1.4%	0.1%					
2013-2018	-2.6%	8.0%	-0.7%	-1.0%	13.1%	4.4%					

Source: Airport records.
[1] Includes US Airways' enplanements

Table 13| STL Enplanements and Market Share by Airline, Fiscal Year

	Enplanements (Thousands)						Enplanement Share				
Fiscal Year	American & affiliates[1]	Southwest & AirTran	Delta & affiliates	United & affiliates	Other	Total	American & affiliates[1]	Southwest & AirTran	Delta & affiliates	United & affiliates	Other
2013	1,400	3,212	885	561	328	6,386	21.9%	50.3%	13.9%	8.8%	5.1%
2014	1,332	3,170	863	537	275	6,177	21.6%	51.3%	14.0%	8.7%	4.5%
2015	1,291	3,241	852	542	343	6,268	20.6%	51.7%	13.6%	8.6%	5.5%
2016	1,272	3,504	893	541	462	6,673	19.1%	52.5%	13.4%	8.1%	6.9%
2017	1,205	4,049	849	536	547	7,187	16.8%	56.3%	11.8%	7.5%	7.6%
2018	1,217	4,484	844	524	544	7,612	16.0%	58.9%	11.1%	6.9%	7.1%
	Compound Annual Growth Rate										
2013-2018	-2.8%	6.9%	-0.9%	-1.3%	10.6%	3.6%					

The fiscal year ends in June.
Source: Airport records.
[1] Includes US Airways' enplanements.

Top Domestic O&D Markets

O&D enplanements account for approximately 77 percent of STL's passenger traffic. Table 14 lists the Airport's top 25 O&D city markets in 2018, ranked by share of O&D enplanements. The table shows the airports served in each market, the number of daily nonstop departures to each market from STL, and the airlines serving each market from the Airport in 2018.

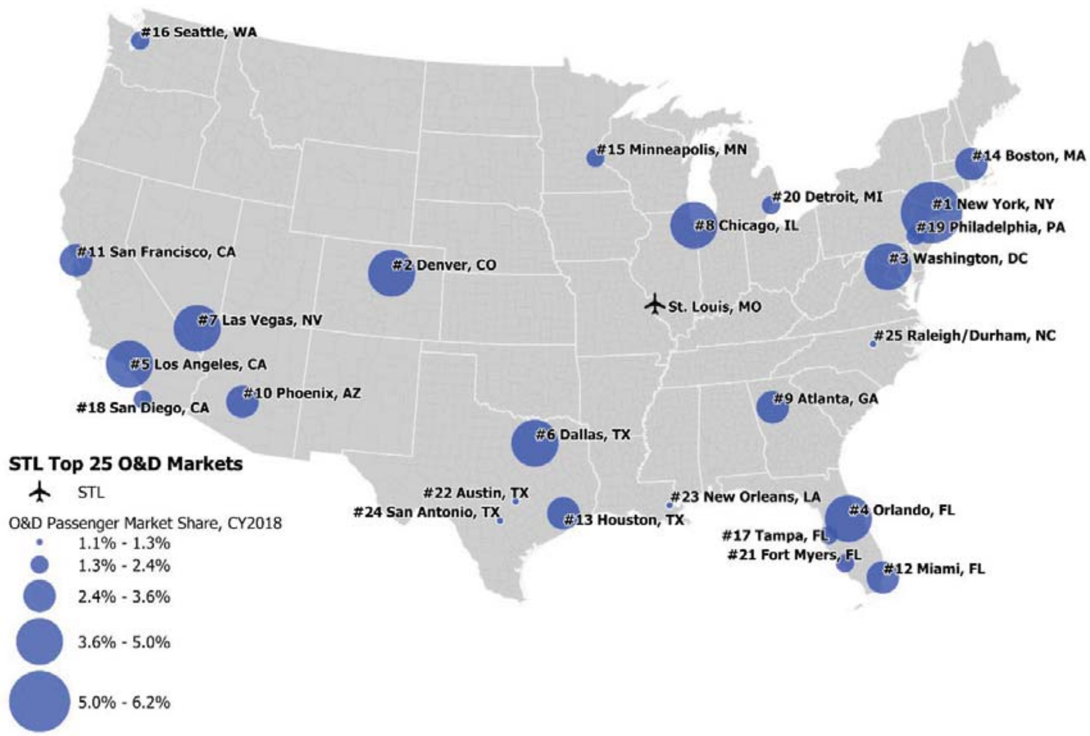
Table 14 | STL's Top O&D Markets in CY2018

CY2018 Rank [1]	Destination	Airports[2]	O&D Market Share [3]	Daily Nonstop Departures [4]	Airlines Serving Market from STL [5]
1	New York City, NY	LGA, EWR, JFK	6.16%	18	DL, WN, UA, AA
2	Denver, CO	DEN	5.02%	11	WN, UA, F9
3	Washington, DC	DCA, BWI, IAD	4.76%	11	AA, WN, UA
4	Orlando, FL	MCO	4.70%	5	WN, F9, DL
5	Los Angeles, CA	LAX, SNA, ONT, BUR	4.51%	5	WN, AA, UA
6	Dallas/Fort Worth, TX	DAL, DFW	4.48%	13	AA, WN, UA
7	Las Vegas, NV	LAS	4.20%	4	WN, F9, SY
8	Chicago, IL	MDW, ORD	4.05%	21	UA, WN, AA
9	Atlanta, GA	ATL	3.57%	11	DL, WN, UA, F9
10	Phoenix, AZ	PHX	3.14%	5	WN, AA, UA, F9
11	San Francisco, CA	SFO, OAK, SJC	3.07%	3	UA, WN
12	Miami, FL	FLL, MIA	2.84%	3	AA
13	Houston, TX	HOU, IAH	2.64%	9	UA, WN
14	Boston, MA	BOS, PVD, MHT	2.59%	3	WN
15	Minneapolis/St. Paul, MN	MSP	2.37%	8	DL, WN, UA, SY
16	Seattle, WA	SEA	2.20%	3	AS, WN
17	Tampa, FL	TPA	2.17%	2	WN, F9, SY
18	San Diego, CA	SAN	2.09%	3	WN, AS
19	Philadelphia, PA	PHL	1.95%	7	AA, WN, UA
20	Detroit, MI	DTW	1.70%	7	DL, WN
21	Fort Myers, FL	RSW	1.65%	2	WN, F9, SY
22	Austin, TX	AUS	1.33%	<1	WN
23	New Orleans, LA	MSY	1.14%	2	WN
24	San Antonio, TX	SAT	1.12%	2	WN
25	Raleigh/Durham, NC	RDU	1.12%	2	WN
	DESTINATIONS LISTED	**-**	**74.6%**	**160**	
	OTHER DESTINATIONS	**-**	**25.4%**	**75**	
	TOTAL	**-**	**100.0%**	**235**	

Sources: U.S. Census Bureau population estimates, U.S. Department of Transportation DB1B, and OAG Schedules Analyzer.
[1] Ranking is based on share of domestic O&D passengers in FY2018.
[2]Airports accounting for at least 0.1 percent of O&D market share.
[3]. Source: U.S. Department of Transportation (DB1B 10%-sample airline ticket survey)
[4] Source: OAG Schedules Analyzer (accessed April 2019). Daily nonstop departures: annual nonstop departures divided by 365.
[5] Airline codes: AA=American; AS=Alaska; DL=Delta; F9=Frontier; SY= Sun Country; UA=United; WN=Southwest.

STL's top 25 destination cities are in large urban areas across the country (Figure 31). They were served by 160 of the 235 daily nonstop departures from STL. Together, service to these markets accounted for approximately 75 percent of O&D enplanements at the Airport in 2018.

Figure 31 | STL's Top 25 Domestic O&D Markets in CY2018



Sources: U.S. Department of Transportation DB1B and Unison Consulting, Inc.

Scheduled Passenger Airline Service

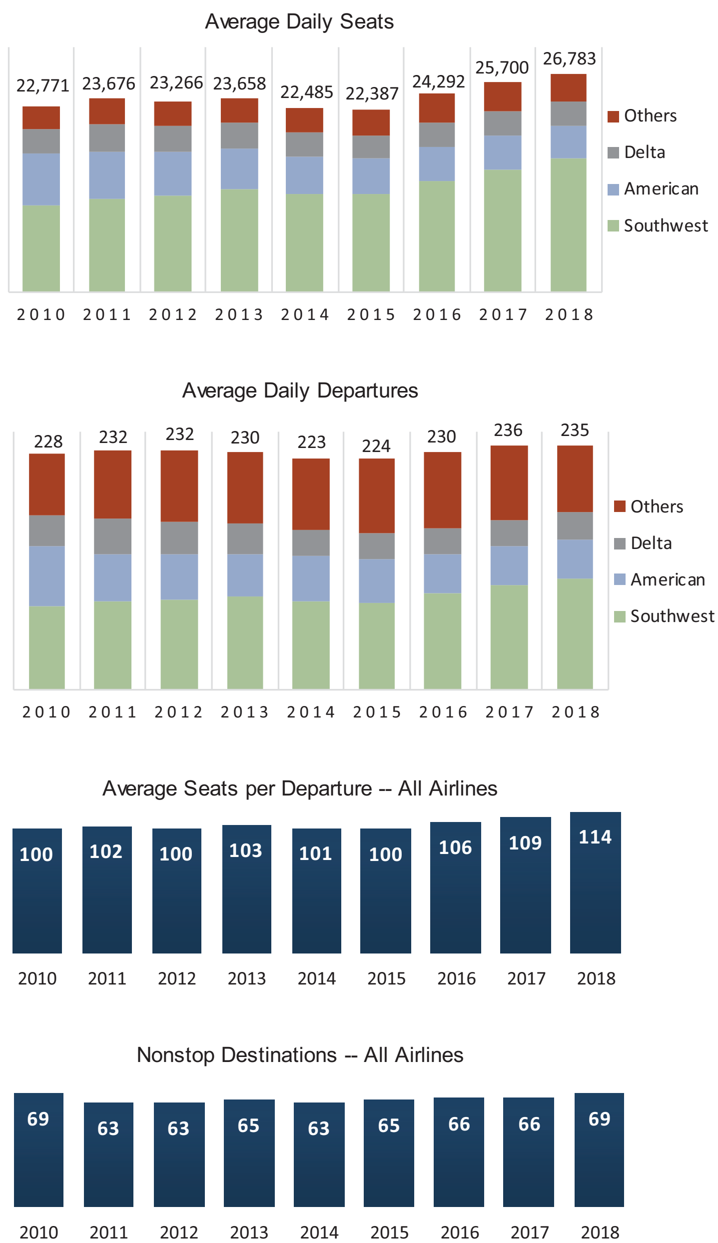
Figure 32 shows the trends in scheduled passenger airline service at STL by the following measures: seats, aircraft departures, seats per departure, and nonstop destinations. Scheduled seat capacity at STL has taken an upturn since 2015, due to increases in flights and aircraft gauge—the airline industry's transition toward using aircraft with more seats. Airlines have been upgrading their fleet by putting more seats on each aircraft and by replacing smaller aircraft with larger aircraft to maximize financial returns on each flight.

The average number of seats per day at STL—the most important measure of service capacity—increased 19.6 percent from 2015 to 2018. The average number of departures per day increased only 5.1 percent, but each departure offered 12 more seats on average. From 2015 to 2018, STL saw a net increase of four nonstop destinations.

The increase in seat capacity at STL is due largely to Southwest Airlines. Southwest increased its scheduled seats at STL by 35.2 percent from 2015 to 2018 by increasing its flights by 29.8 percent and increasing seats on each flight by 7.8 percent. Southwest's share of scheduled seats at STL increased from 53.9 percent in 2015 to 60.9 percent in 2018. Its share of scheduled departures increased from 37.1 percent to 45.8 percent.

In 2018, Southwest operated an average of 108 flight departures per day out of 18 gates at STL (17 leased gates and 1 city gate on a per-turn basis). American operated an average of 37 flight departures per day on 7 gates. Delta operated an average of 26 flight departures per day on 5 gates. All other carriers operated an average of 64 flight departures per day on 10 gates.

Figure 32| Scheduled Passenger Service Trends at STL by Calendar Year

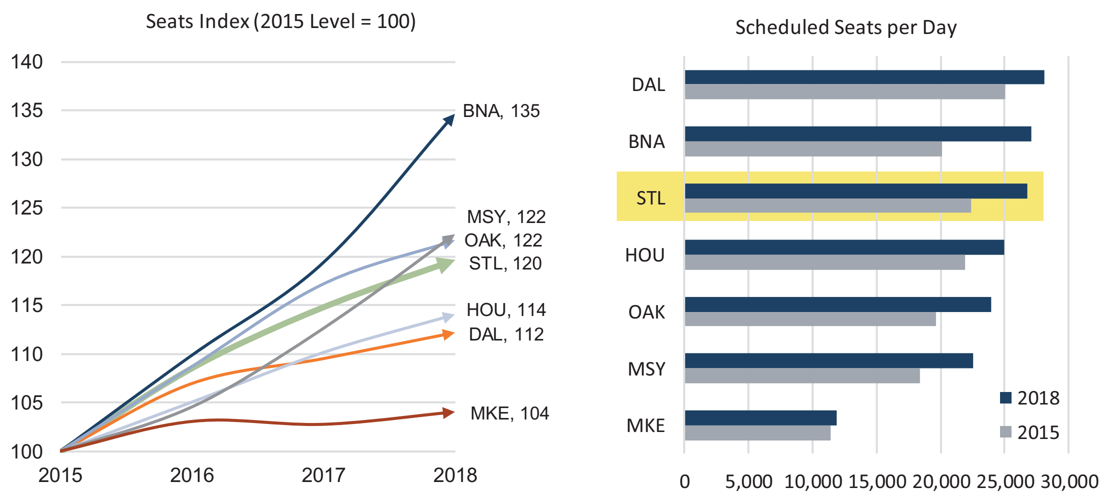


The average daily departures and seats were calculated by dividing the annual total by 365.
Source: OAG Schedules Analyzer (accessed April 2019).

Comparison of Recent Trends in Scheduled Seats at STL and Select Medium Hub Airports

Figure 33 compares the trends in scheduled seats at STL and the six other medium hub airports in Southwest's focus cities from 2015 through 2018. STL had the fourth largest percentage increase in seats over the entire period. In 2018, STL had more scheduled Southwest seats than four of the airports in the sample.

Figure 33| Scheduled Daily Seats at STL and Select Medium Hub Airports by Calendar Year

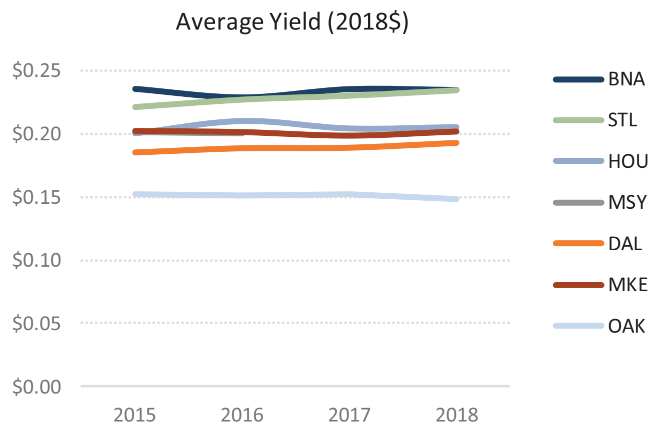


Source: OAG Schedules Analyzer.

Passenger Yield

Lower airfares attract passengers. A common measure of airfares that controls for trip length is passenger yield—the average airline revenue per revenue passenger mile. Figure 34 compares the average domestic passenger yields at STL and other medium hub airports in Southwest's focus cities from 2015 through 2018. In general yields changed little over the period. The yields at STL increased at the fastest rate so that, by 2018, STL had the highest average yield in the sample.

Figure 34| Domestic Passenger Yields at STL and Comparable Airports, CY2006-2017



Source: U.S. Department of Transportation DB1B.

Commercial Aircraft Landings and Landed Weight

Table 15 shows aircraft landings (departures) at STL by airline over the past five fiscal years. Scheduled passenger aircraft landings, which account for nearly all commercial aircraft operations at STL, show growth trends similar to enplanement growth trends. In the past two years, scheduled passenger aircraft landings increased with enplanements, but at slower pace, because improvements in boarding load factors and increases in seats on each flight allowed airlines to accommodate more passengers on each flight.

Charter and all-cargo aircraft account for the remainder of commercial aircraft operations. Charter landings do not show a consistent pattern, and all-cargo aircraft landings have increased since FY2014.

Table 15| Aircraft Landings at STL by Airline by Fiscal Year

Airline	Landings Fiscal Year 2014	2015	2016	2017	2018	Share Fiscal Year 2014	2015	2016	2017	2018
American & affiliates[1]	14,726	17,580	14,665	13,735	13,859	17.9%	20.8%	17.3%	15.8%	15.7%
Southwest[2]	31,389	30,353	31,474	35,440	37,541	38.2%	35.9%	37.2%	40.8%	42.6%
Delta & affiliates	9,867	9,249	9,151	9,286	9,421	12.0%	10.9%	10.8%	10.7%	10.7%
United & affiliates	11,189	11,324	10,719	9,975	10,007	13.6%	13.4%	12.7%	11.5%	11.4%
Other	13,522	14,500	16,707	16,368	15,319	16.5%	17.2%	19.7%	18.8%	17.4%
Subtotal	**80,693**	**83,006**	**82,716**	**84,804**	**86,147**	**98.3%**	**98.2%**	**97.8%**	**97.6%**	**97.8%**
Charter	80	42	369	545	414	0.1%	0.0%	0.4%	0.6%	0.5%
Cargo	1,350	1,474	1,530	1,501	1,527	1.6%	1.7%	1.8%	1.7%	1.7%
Total	**82,123**	**84,522**	**84,615**	**86,850**	**88,088**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Annual Change		2.9%	0.1%	2.6%	1.4%					

[1] Includes US Airways.
[2] Includes AirTran.
Source: Airport records.

Table 16 shows aircraft landed weight by carrier at STL. After a slight decrease in FY2015, landed weight increased steadily through FY2018. Airports assess landing fees—the largest airline revenue source—based on aircraft gross landed weight (GLW).

Table 16| Aircraft Landed Weight at STL by Airline by Fiscal Year

Airline	Landed Weight (Million Pounds) Fiscal Year 2014	2015	2016	2017	2018	Share Fiscal Year 2014	2015	2016	2017	2018
American & affiliates[1]	1,577	1,572	1,475	1,430	1,417	20.2%	20.2%	18.5%	16.7%	15.9%
Southwest[2]	3,871	3,816	3,997	4,545	4,951	49.7%	49.0%	50.1%	53.1%	55.5%
Delta & affiliates	1,053	1,027	1,033	1,029	1,007	13.5%	13.2%	13.0%	12.0%	11.3%
United & affiliates	595	608	605	623	590	7.6%	7.8%	7.6%	7.3%	6.6%
Other	319	386	460	536	544	4.1%	5.0%	5.8%	6.3%	6.1%
Subtotal	**7,415**	**7,409**	**7,570**	**8,163**	**8,509**	**95.2%**	**95.1%**	**95.0%**	**95.4%**	**95.3%**
Charter	26	9	40	51	56	0.3%	0.1%	0.5%	0.6%	0.6%
Cargo	348	370	362	341	362	4.5%	4.7%	4.5%	4.0%	4.1%
Total	**7,789**	**7,788**	**7,972**	**8,556**	**8,928**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Annual Change		0.0%	2.4%	7.3%	4.3%					

[1] Includes US Airways.
[2] Includes AirTran.
Source: Airport records.

Forecast Commercial Aviation Activity

Forecasts are presented for three key measures of commercial aviation activity—enplanements, aircraft landings, and landed weight—for the FYs 2019-2024. Forecast enplanement levels determine the number of aircraft operations and corresponding landed weight, along with assumptions regarding trends in boarding load factors and aircraft seat capacity.

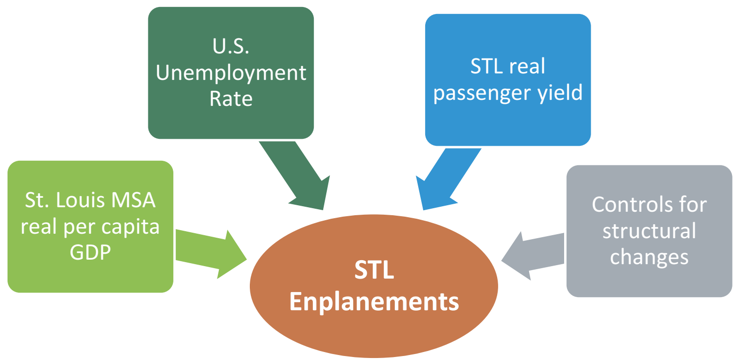
Unison's approach to forecast development features a hybrid modeling framework that combines different forecasting techniques to consider both air service supply and demand factors. The resulting forecasts are largely capacity-driven in the near-term (FY2019) and demand-driven beyond FY2019. The near-term forecast reflects actual performance at STL through February 2019 and trends in scheduled airline service through June 2019. Airlines publish scheduled flights and seats for up to nine months ahead based on passenger airline bookings. These published airline schedules reflect current market demand. For the long-term forecasts, multivariate time series regression analysis links trends in enplanements to trends in key market demand drivers. Regression analysis provides a systematic framework for measuring the contributions of market drivers to growth in enplanements. The estimated contributions of market drivers (regression coefficients) along with the projected values of these market drivers are used to generate forecasts of STL enplanements.

For the regression model, O&D enplanements serve as the dependent variable, as they now account for the large majority of traffic. Using O&D enplanements also effectively controls for the sharp decrease in connecting traffic resulting from the closing of American Airlines' hub, allowing for a more precise measurement of the contributions of demand drivers to enplanement growth at STL. The selection of model explanatory variables is based on the underlying theory of consumer demand and the dynamics of traffic growth at the Airport. A number of market demand drivers were evaluated as explanatory variables for regression analysis. Figure 35 shows the three market demand drivers that proved the best in explaining growth trends in enplanements at STL:

- St. Louis MSA real per capita GDP as an indicator of regional economic trends.
- U.S. Unemployment Rate as an indicator of national economic trends.
- STL average real passenger yield as an indicator of the price of air travel.

In addition to these demand drivers, the regression model also includes explanatory variables to account for events that precipitated certain structural changes in the entire industry and in the Airport market. These include: (1) the terrorist attacks on the U.S. aviation system on September 11, 2001 and (2) American Airlines' service cuts beginning in November 2003 that culminated in the closing of the airline's connecting hub at STL.

Figure 35| Key Drivers of Enplanement Growth



Key Market Demand Drivers

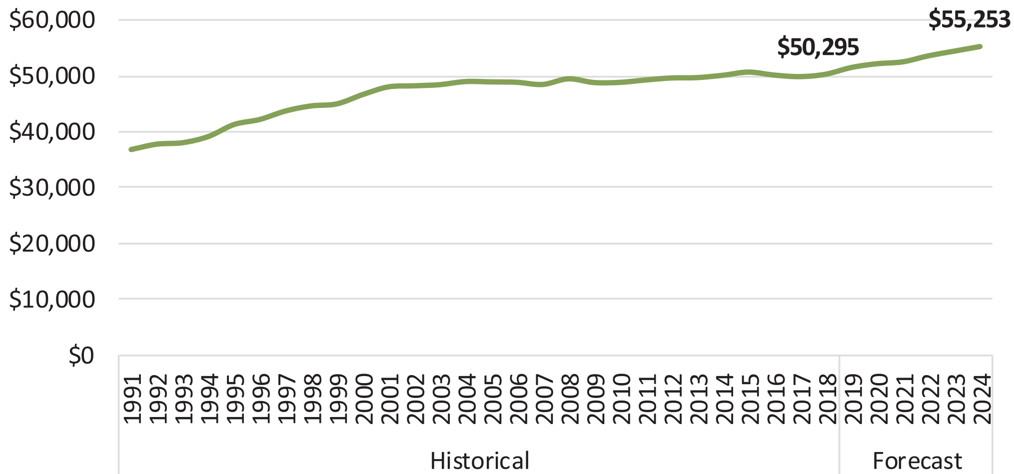
Multivariate time series regression analysis quantifies the contributions of market demand drivers to growth in enplanements. The regression model for enplanements includes as key explanatory variables the following market drivers: the St. Louis MSA real per capita GDP, the U.S. unemployment rate, STL real passenger yield, and controls for structural changes in the airline industry and in the Airport market.

The St. Louis MSA Real Per Capita GDP

To capture regional economic trends, the regression model for enplanements uses the St. Louis MSA real per capita GDP, which is calculated by dividing the St. Louis MSA real GDP by the St. Louis MSA population. The source of historical and forecast data on the St. Louis MSA real GDP and population is Moody's Analytics, an independent economic forecasting firm.

The St. Louis MSA real per capita GDP increased 2.7 percent per year, on average, from FY1991 to FY2001. Its average annual rate of increase slowed to 0.3 percent in the following years through FY2018. Since the end of the Great Recession, improving economic conditions in the St. Louis MSA are captured by the steady increase in the metro area's GDP. Based on Moody's Analytics' forecasts for the St. Louis MSA real GDP and population, the average annual rate of increase in the St. Louis MSA real per capita GDP would accelerate to 1.6 percent over the forecast period. Moody's Analytics' forecast for the St. Louis MSA real GDP anticipates a slowing of economic growth in the coming years, but no major downturn such as the nation experienced during the Great Recession (Figure 36).

Figure 36| Real Per Capita Gross Domestic Product (2012$) by Fiscal Year – St. Louis MSA

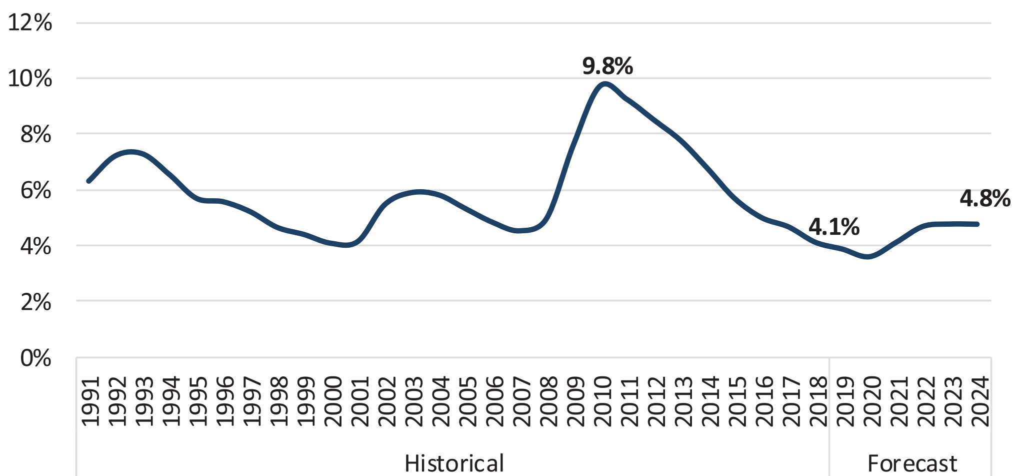


Sources: U.S. Bureau of Economic Analysis and Moody's Analytics.

U.S. Unemployment Rate

National economic trends are expected to also drive passenger traffic at airports in the St. Louis MSA. The U.S. unemployment rate is used to indicate national economic trends. As national economic conditions improved following the 2008-2009 recession, the U.S. unemployment rate decreased from an annual average of 9.8 percent in FY2010 to an annual average of 4.1 percent in FY2018. According to Moody's Analytics' economic forecast, U.S. unemployment rate will continue to decrease to an annual average of 3.6 percent by FY2020, and then increase to an annual average of 4.8 percent over the remaining forecast period (Figure 37).

Figure 37| Unemployment Rate (percent) by Fiscal Year – United States



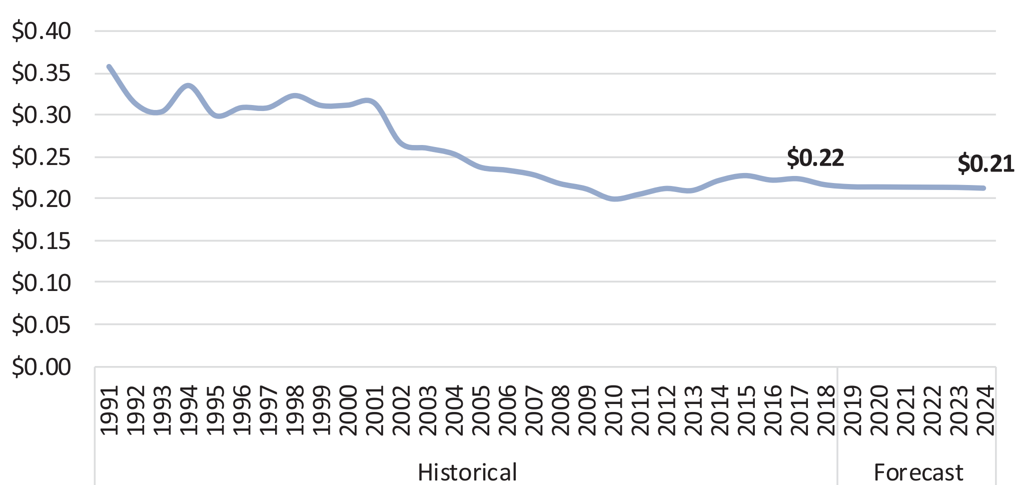
Sources: U.S. Bureau of Labor Statistics and Moody's Analytics.

STL Real Passenger Yield

Consumer demand is inversely related to price. Demand increases when price decreases, and decreases when price increases, holding all other factors constant. The regression model for enplanements uses the average real passenger yield as the indicator for the price of air travel. Passenger yield, which is the average airline revenue per passenger mile, is a better price indicator than the average fare, because it controls for trip distance.

The average real passenger yield at STL was on a long-term decreasing trend through FY2010. The declines particularly coincide with the reduction of American's hub services at the Airport in the early 2000's. After increasing to around 21 cents per mile in FY2012 and just under 23 cents per mile in FY2014, airline yields appear to have levelled off. The FAA's most recent forecasts for mainline passenger yields do not anticipate significant changes over the forecast period (Figure 38).

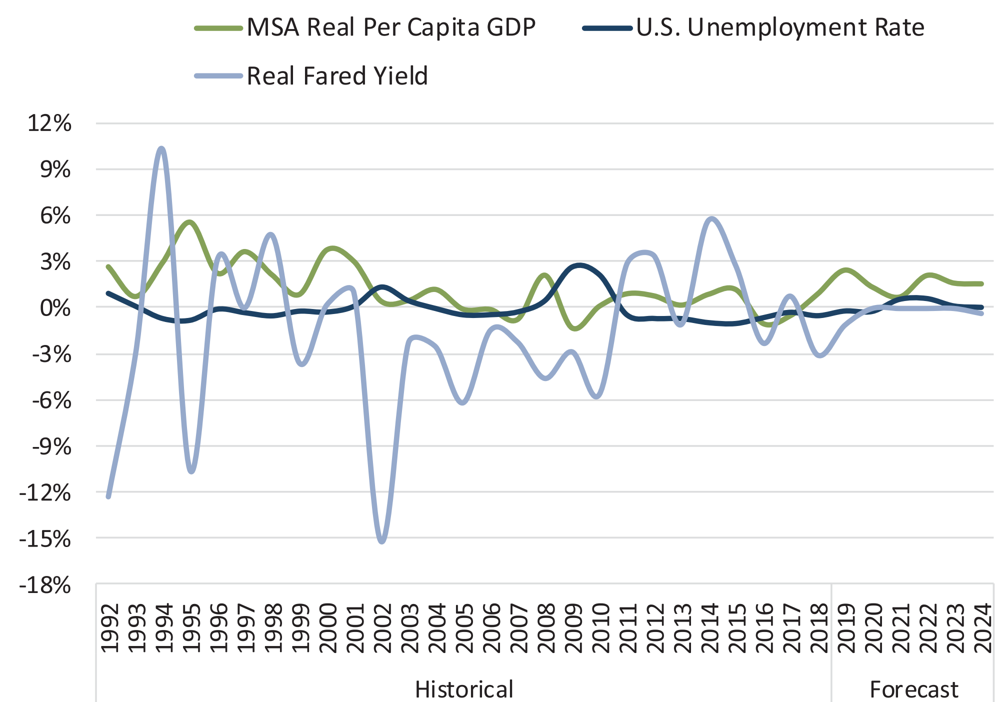
Figure 38| STL Real Fared Yield (2012$) by Fiscal Year



The fare data exclude frequent flier, nonrevenue and other discounted fare tickets.
Source: U.S. Department of Transportation and Airline Data, Inc.

Figure 39 shows the annual growth trends in the St. Louis MSA's real per capita GDP, the national unemployment rate, and in real passenger yield at STL. These three explanatory variables explain the variation in historical enplanement trends at STL, and drive the forecast trends in the Airport's enplanements beyond FY2019.

Figure 39| Changes in Key Explanatory Variables by Fiscal Year



Sources: U.S. Bureau of Economic Analysis, Moody's Analytics, U.S. Department of Transportation and Airline Data, Inc.

Forecast Results

Forecasts for FY2019 are based on Airport activity data through February 28, 2019 and airline flight schedules for March 1, 2019 - June 30, 2019 published in the OAG database as of April 2019. Forecasts after FY2019 consider trends in airline schedules for the first quarter of FY2020, projected regional and national economic growth trends and real passenger yield trends at STL. The regression coefficient estimates measuring the contributions of market drivers to growth in enplanements, along with the projections for the key market demand drivers, determine growth in enplanements beyond FY2019 for the base forecast.

Recognizing uncertainty in the future trends of key market demand drivers, alternative forecasts were developed using Monte Carlo simulation. A comprehensive approach to forecast risk analysis, Monte Carlo simulation uses probability distributions[14] and random sampling techniques for assigning future values to the key explanatory variables of the regression model. The simulation involved 5,000 iterations, producing the same number of forecasts and corresponding percentile rankings. Percentiles provide an indication of the likelihood of each of the forecast scenarios. The 25-percentile results are selected as the basis for a low forecast scenario.

Interpretation of Percentiles

A percentile indicates the value at or below which a given percentage of results fall. For example, if we arrange 100 forecast results for one year from lowest to highest, 25 results (25 percent) will be at or below the 25-percentile, 75 results (75 percent) will be at or below the 75-percentile, and 50 results (50 percent) will be at or below the 50-percentile (also known as the median). A percentile gives the probability that actual outcome will be as forecast or lower.

The following examples illustrate how the percentile results can be used to indicate forecast probability:

- The 75-percentile results have a 25 percent probability that actual enplanements will exceed the forecast and a 75 percent probability that actual enplanements will be at or below the forecast.
- The 25-percentile results have a 75 percent probability that actual enplanements will exceed the forecast and a 25 percent probability that actual enplanements will be at or below the forecast.

The range of forecasts bounded by the 25-percentile and the 75-percentile is called the interquartile range—the middle 50 percent of results fall within this range.

Figure 40 compares the base forecast enplanements with select percentile results from the Monte Carlo simulation. The base forecast enplanements are slightly higher than the median results from the Monte Carlo simulation in FY2020. Reflecting the projected slowdown in the economic drivers, the base forecast enplanements decrease the following year to levels between the median and 25-percentile ranges. The base forecast enplanements then slowly rebound to keep pace with the median range through the remainder of the forecast period.

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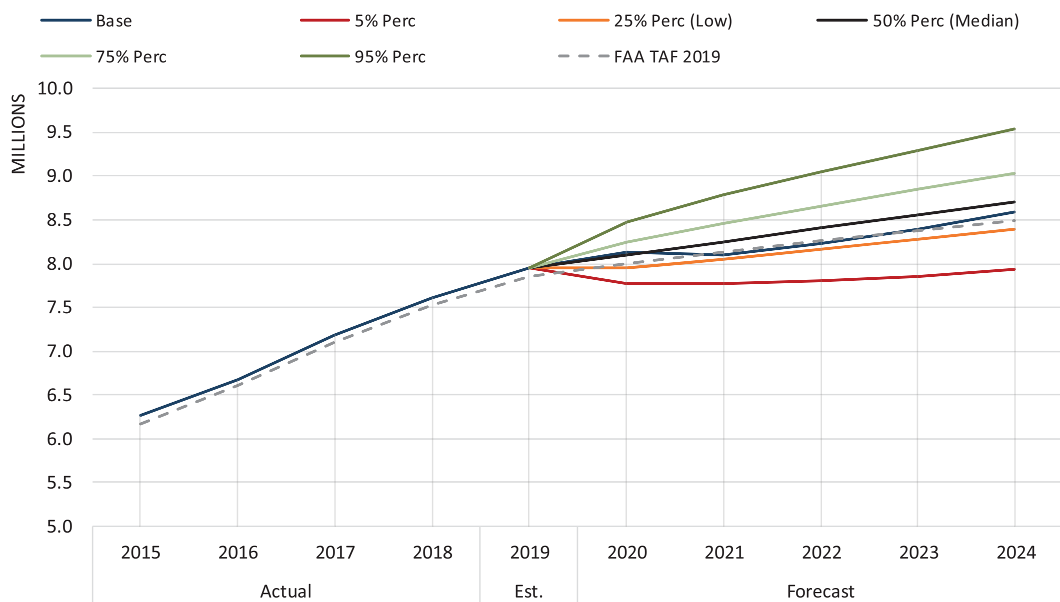
[14] The probability distributions for the input variables in the Monte Carlo simulation were determined from sampling distributions of their historical data.

Figure 40 also presents the FAA's Terminal Area Forecast ("TAF") for STL. The FAA develops TAF for its planning, budgeting, and staffing purposes. The most recent TAF was published in February 2018. Forecast publications lag more than a year behind forecast development, and so the latest TAF considers actual performance only through federal fiscal year 2017 (which ended on September 30, 2017). They are within 1.5 percent of the TAF's projected enplanement levels over the forecast period.

Figure 40| Enplanement Forecasts by Fiscal Year



FAA TAF enplanements are converted from Federal FYs (ending September) to the Airport's FYs (ending June).
Sources: FAA Terminal Area Forecast (TAF) and Unison Consulting, Inc. (all other forecasts).

Base Forecast

Table 17 shows the base forecast enplanements increasing from 7.6 million in FY2018 to 8.6 million in FY2024, growing at an average annual rate of 2.0 percent. The relatively high annual growth rates through FY2020 reflect continuing momentum from recent airline capacity expansion, especially by Southwest, as well as the projected acceleration in St. Louis MSA and U.S. economic growth. Enplanements are forecast to decline slightly in FY2021, reflecting the projected growth slowdown in both the regional and national economies and Southwest's return to its slow and steady growth strategy.

Table 17| Base Forecast Commercial Enplanements by Fiscal Year

	Actual (1,000s)		Forecast (1,000s)[1]						CAGR
Activity	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2018-2024**
Mainline Air Carrier									
American	898	855	843	864	862	876	893	914	1.1%
Delta	634	596	544	558	556	565	577	590	-0.2%
Southwest	4,049	4,484	4,809	4,927	4,916	4,993	5,094	5,210	2.5%
Others	500	435	516	514	513	521	531	543	3.8%
Subtotal-Mainline	6,082	6,370	6,713	6,863	6,847	6,955	7,095	7,256	2.2%
Regional Air Carrier									
American	307	362	343	334	334	339	346	354	-0.4%
Delta	215	248	320	328	328	333	339	347	5.7%
Others	555	603	552	569	568	577	588	602	0.0%
Subtotal-Regional	1,078	1,213	1,215	1,232	1,229	1,249	1,274	1,303	1.2%
Charter	28	30	28	29	29	29	30	30	0.1%
Total-Enplanements	**7,187**	**7,612**	**7,956**	**8,124**	**8,105**	**8,233**	**8,398**	**8,589**	**2.0%**
Annual Growth Rate	7.7%	5.9%	4.5%	2.1%	-0.2%	1.6%	2.0%	2.3%	

CAGR - Compound Annual Growth Rate

[1] Forecasts for FY2019 are based on YTD Airport activity data and airline flight schedules through June 2019. Beyond FY2019, forecasts are driven by projected real passenger yield trends at STL and local economic growth trends.

Table 18 shows the forecast passenger aircraft departures corresponding to the base forecast enplanements. Forecast passenger aircraft departures will grow at an average annual rate of 0.8 percent—slower than projected for enplanements owing to continued improvements in load factors and continued upgauging in airlines' fleet. Table 18 also includes forecast all-cargo aircraft departures, assumed to remain constant over the forecast period. Total aircraft departures are projected to approach 93,000 by FY2024, increasing 5 percent over current levels (an average increase of 0.8 percent per year).

Table 18| Base Forecast Commercial Aircraft Departures (Landings) by Fiscal Year

	Actual		Forecast[1]						CAGR
Activity	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2018-2024**
Mainline Air Carrier									
American	8,097	7,360	7,269	7,407	7,349	7,423	7,530	7,668	0.7%
Delta	5,179	4,841	4,413	4,498	4,464	4,510	4,577	4,662	-0.6%
Southwest	35,440	37,541	39,882	40,650	40,342	40,759	41,357	42,126	1.9%
Others	3,226	2,656	3,237	3,207	3,195	3,240	3,299	3,371	4.1%
Subtotal-Mainline	51,942	52,398	54,801	55,762	55,349	55,932	56,763	57,827	1.7%
Regional Air Carrier									
American	5,638	6,499	5,921	5,593	5,573	5,645	5,741	5,861	-1.7%
Delta	4,107	4,580	5,670	5,804	5,762	5,825	5,913	6,044	4.7%
Others	23,117	22,670	20,925	20,367	20,183	20,363	20,620	20,980	-1.3%
Subtotal-Regional	32,862	33,749	32,516	31,763	31,519	31,833	32,275	32,885	-0.4%
Charter	545	414	384	391	387	390	395	402	-0.5%
Subtotal Passenger	85,349	86,561	87,701	87,916	87,255	88,155	89,433	91,114	0.9%
Air Cargo	1,501	1,527	1,511	1,511	1,511	1,511	1,511	1,511	-0.2%
Total-Landings	**86,850**	**88,088**	**89,212**	**89,427**	**88,766**	**89,666**	**90,944**	**92,625**	**0.8%**
Annual Growth Rate	2.6%	1.4%	1.3%	0.2%	-0.7%	1.0%	1.4%	1.8%	

CAGR - Compound Annual Growth Rate
[1]Forecasts for FY2019 are based on YTD Airport activity data and airline flight schedules through June 2019. Beyond FY2019, forecasts are derived from projected enplanement levels, boarding load factors, and average seats per departure.

Table 19 shows the landed weight forecast corresponding to the base forecast aircraft landings (the same as departures). Forecast growth rates for landed weight are similar to forecast growth rates for enplanements—averaging 1.9 percent annually between FYs 2018 and 2024. They are higher than the forecast growth rates for aircraft departures (or landings) because of continued fleet upgauging.

Table 19| Base Forecast Commercial Aviation Landed Weight by Fiscal Year

	Actual (Million Pounds)		Forecast (Million Pounds)[1]						CAGR
Activity	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2018-2024**
Mainline Air Carrier									
American	1,074	989	992	1,015	1,011	1,026	1,045	1,068	1.3%
Delta	740	685	637	652	649	659	671	686	0.0%
Southwest	4,545	4,951	5,273	5,396	5,376	5,453	5,554	5,676	2.3%
Others	499	421	505	499	497	505	515	526	3.8%
Subtotal-Mainline	6,859	7,047	7,407	7,561	7,534	7,642	7,785	7,957	2.0%
Regional Air Carrier									
American	355	429	404	393	392	398	405	414	-0.6%
Delta	290	322	407	417	415	422	430	439	5.3%
Others	660	712	675	691	689	700	713	729	0.4%
Subtotal-Regional	1,305	1,463	1,487	1,502	1,497	1,519	1,548	1,582	1.3%
Charter	51	56	54	56	55	56	57	58	0.5%
Subtotal Passenger	8,214	8,566	8,947	9,119	9,086	9,217	9,390	9,597	1.9%
Air Cargo	341	362	372	372	372	372	372	372	0.4%
Total-LWs	**8,556**	**8,928**	**9,319**	**9,490**	**9,458**	**9,589**	**9,761**	**9,969**	**1.9%**
Annual Growth Rate	7.3%	4.3%	4.4%	1.8%	-0.3%	1.4%	1.8%	2.1%	

CAGR - Compound Annual Growth Rate
[1]Forecasts for FY2019 are based on YTD Airport activity data and airline flight schedules through June 2019. Beyond FY2019, forecasts are derived from projected aircraft landings (equal to departures) and average landed weight per landing.

Low Forecast

Table 20 shows the low forecast enplanements, which are based on the 25-percentile Monte Carlo simulation results. They correspond to a 75 percent probability estimate that actual enplanements will be equal to or greater than the projected levels. Enplanements increase from 7.6 million in FY2018 to 8.4 million in FY2024, growing at an average annual rate of 1.6 percent. Table 21 shows the corresponding forecast aircraft departures increasing from 88,088 in FY2018 to 90,167 in FY2024 at an average annual rate of 0.4 percent. Table 22 shows the forecast aircraft landed weight increasing from 8.9 billion pounds in FY2018 to 9.7 billion pounds in FY2024 at an average annual rate of 1.4 percent.

Table 20| Low Forecast Commercial Enplanements by Fiscal Year

Activity	Actual (1,000s)		Forecast (1,000s)[1]						CAGR
	2017	2018	2019	2020	2021	2022	2023	2024	2018-2024
Mainline Air Carrier									
American	898	855	843	843	853	864	877	889	0.6%
Delta	634	596	544	544	551	558	566	574	-0.6%
Southwest	4,049	4,484	4,809	4,809	4,866	4,930	4,999	5,069	2.1%
Others	500	435	516	502	508	514	521	529	3.3%
Subtotal-Mainline	6,082	6,370	6,713	6,698	6,778	6,866	6,963	7,060	1.7%
Regional Air Carrier									
American	307	362	343	326	330	335	339	344	-0.8%
Delta	215	248	320	320	324	328	333	338	5.3%
Others	555	603	552	556	562	570	578	586	-0.5%
Subtotal-Regional	1,078	1,213	1,215	1,202	1,217	1,233	1,250	1,267	0.7%
Charter	28	30	28	28	28	29	29	29	-0.4%
Total-Enplanements	**7,187**	**7,612**	**7,956**	**7,928**	**8,023**	**8,128**	**8,242**	**8,357**	**1.6%**
Annual Growth Rate	7.7%	5.9%	4.5%	-0.3%	1.2%	1.3%	1.4%	1.4%	

CAGR - Compound Annual Growth Rate
[1] Forecasts for FY2019 are based on YTD Airport activity data and airline flight schedules through June 2019. Beyond FY2019, forecasts are based on the Monte Carlo simulation 25-percentile results.

Table 21| Low Forecast Commercial Aircraft Departures (Landings) by Fiscal Year

Activity	Actual		Forecast[1]						CAGR
	2017	2018	2019	2020	2021	2022	2023	2024	2018-2024
Mainline Air Carrier									
American	8,097	7,360	7,269	7,229	7,275	7,328	7,390	7,461	0.2%
Delta	5,179	4,841	4,413	4,390	4,419	4,453	4,492	4,536	-1.1%
Southwest	35,440	37,541	39,882	39,671	39,935	40,240	40,587	40,987	1.5%
Others	3,226	2,656	3,237	3,130	3,162	3,198	3,238	3,280	3.6%
Subtotal-Mainline	51,942	52,398	54,801	54,419	54,791	55,219	55,706	56,263	1.2%
Regional Air Carrier									
American	5,638	6,499	5,921	5,458	5,517	5,573	5,634	5,702	-2.2%
Delta	4,107	4,580	5,670	5,664	5,704	5,751	5,803	5,881	4.3%
Others	23,117	22,670	20,925	19,882	19,985	20,110	20,242	20,418	-1.7%
Subtotal-Regional	32,862	33,749	32,516	31,004	31,206	31,433	31,679	32,002	-0.9%
Charter	545	414	384	381	383	385	388	391	-1.0%
Subtotal Passenger	85,349	86,561	87,701	85,804	86,380	87,037	87,773	88,656	0.4%
Air Cargo	1,501	1,527	1,511	1,511	1,511	1,511	1,511	1,511	-0.2%
Total-Landings	**86,850**	**88,088**	**89,212**	**87,315**	**87,891**	**88,548**	**89,285**	**90,167**	**0.4%**
Annual Growth Rate	2.6%	1.4%	1.3%	-2.1%	0.7%	0.7%	0.8%	1.0%	

CAGR - Compound Annual Growth Rate
[1] Forecasts for FY2019 are based on YTD Airport activity data and airline flight schedules through June 2019. Beyond FY2019, forecasts are derived from low forecast enplanement levels, boarding load factors, and average seats per departure.

Table 22| Low Forecast Commercial Aviation Landed Weight by Fiscal Year

	Actual (Million Pounds)		Forecast (Million Pounds)[1]						CAGR
Activity	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2018-2024**
Mainline Air Carrier									
American	1,074	989	992	991	1,001	1,013	1,026	1,039	0.8%
Delta	740	685	637	636	643	650	659	667	-0.4%
Southwest	4,545	4,951	5,273	5,266	5,322	5,383	5,451	5,523	1.8%
Others	499	421	505	487	492	499	505	512	3.3%
Subtotal-Mainline	6,859	7,047	7,407	7,379	7,458	7,545	7,640	7,742	1.6%
Regional Air Carrier									
American	355	429	404	384	388	393	398	403	-1.0%
Delta	290	322	407	407	411	416	422	427	4.8%
Others	660	712	675	675	683	691	700	710	-0.1%
Subtotal-Regional	1,305	1,463	1,487	1,466	1,482	1,500	1,519	1,540	0.9%
Charter	51	56	54	54	55	55	56	56	0.1%
Subtotal Passenger	8,214	8,566	8,947	8,899	8,994	9,100	9,215	9,338	1.4%
Air Cargo	341	362	372	372	372	372	372	372	0.4%
Total-LWs	**8,556**	**8,928**	**9,319**	**9,271**	**9,366**	**9,471**	**9,587**	**9,709**	**1.4%**
Annual Growth Rate	7.3%	4.3%	4.4%	-0.5%	1.0%	1.1%	1.2%	1.3%	

CAGR - Compound Annual Growth Rate
[1]Forecasts for FY2019 are based on YTD Airport activity data and airline flight schedules through June 2019. Beyond FY2019, forecasts are derived from the low forecast aircraft landings (equal to departures) and average landed weight per landing.

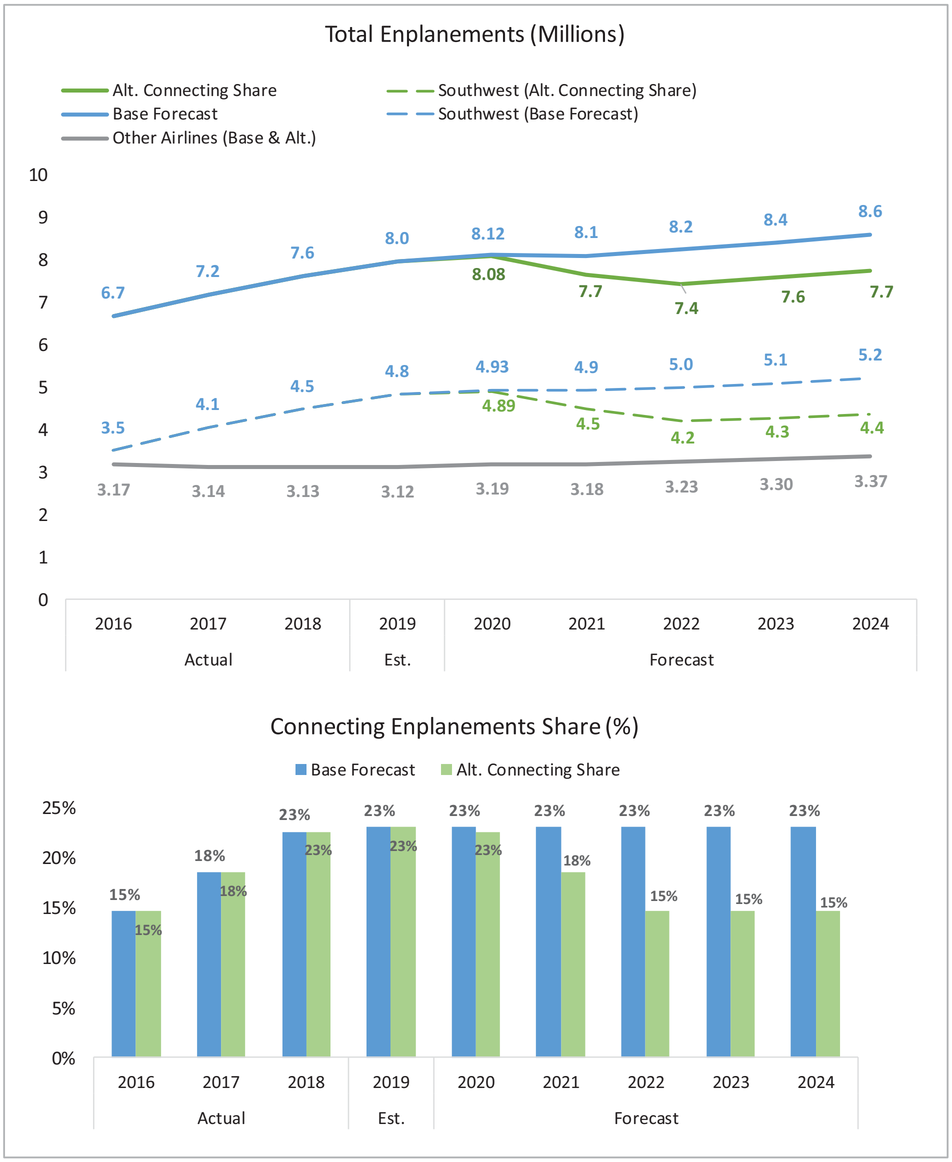
Scenario Analysis Assuming Decrease in Connecting Traffic

Southwest has expanded its connecting service at STL in recent years, which in turn has considerably increased total enplanements at the Airport. Since FY2016, Southwest's connecting passengers at STL nearly doubled, raising the carrier's share of connecting traffic from just over 90 percent in FY2016 to 97 percent in FY2018. Overall connecting traffic made up approximately 15 percent of the Airport's total enplanements for a long stretch—eight years—since the Great Recession. With the recent surge in Southwest's connecting traffic, the connecting traffic share grew to 18 percent in FY2017 and to 23 percent in FY2018.

The enplanement forecast assumes that connecting traffic will grow at the same rate as O&D enplanements, effectively keeping their respective shares observed in FY2018 constant. If Southwest were to restructure its network to connect fewer passengers through STL, a sensitivity analysis is provided below to understand how much total enplanements at STL would decrease if Southwest decreased its connecting traffic. Specifically, the scenario assumes that Southwest will decrease its connecting passengers such that the Airport's total connecting passenger share gradually decreases from 23 percent to 15 percent by 2022.

As shown in Figure 41 below, this scenario has the effect of reducing total enplanements by less than 1 percent in FY2020, 6 percent in FY2021, and by 10 percent in the remaining years of the forecast period. These cuts in connecting passengers are assumed to be incurred primarily by Southwest, given that the carrier effectively accounts for all of STL's connecting traffic. Consequently, the enplanement trends forecast for the Airport reflect the trends projected for Southwest, while the other carriers serving STL are unaffected.

Figure 41| Scenario Analysis Assuming Decrease in Connecting Traffic



Sources of Forecast Risk and Uncertainty

The forecasts of enplanements are based on information available at the time of analysis, measurable factors that drive air travel demand, and assumptions about the availability and characteristics of airline service at the Airport. These assumptions may not hold in the future, so that actual enplanements could differ materially from the forecasts. In addition, broader factors affect the aviation industry and the Airport, and they could bring risk and uncertainty to the forecasts.

Economic Conditions

National and regional economic conditions affect airport traffic trends. The national economy is a major driver of the regional economy as a whole, and it is an important determinant of air travel demand. Economic expansions increase income, boost consumer confidence, stimulate business activity, and increase demand. In contrast, economic recessions reduce income, diminish consumer confidence, dampen business activity, and weaken demand. Generally, air travel demand declines during economic recessions and grows during economic recoveries and expansions. While the diversity of the regional economy helps temper the effects of business cycles, the regional economy is vulnerable to a national economic recession as deep as the Great Recession in 2008-2009.

The U.S. economy is now on its tenth year of expansion after the Great Recession. Driven by growth in consumer spending and business investment, the U.S. economy is predicted to continue growing over the next few years, although recession risks are always present. The sources of economic risks include political and economic policy uncertainty, international trade tensions, tightening monetary policy, the high level of U.S. government and private debt, tightening labor market, stock market volatility, slowing global economy, and continuing political tensions abroad.

Trends in Oil Prices and Jet Fuel Prices

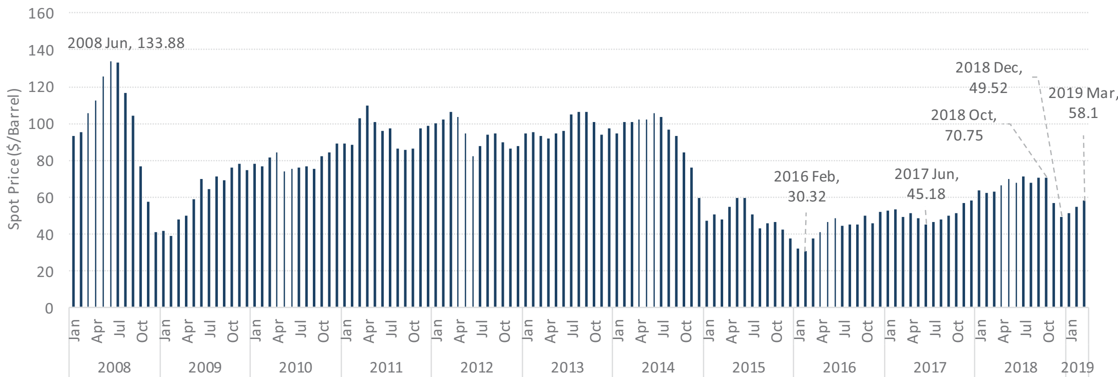
Oil prices affect one of the largest components of airline costs—jet fuel. The sharp increases in oil prices (Figure 42) in the past decade caused sharp increases in jet fuel costs (Figure 43). The U.S. airline industry suffered huge financial losses, pushing many airlines into bankruptcy and prompting significant changes in airlines' operations and business practices. In contrast, the sharp decrease in oil prices since June 2014 has brought airlines windfall profits, allowing them to renew their fleets and invest in other service improvements.

World oil prices slowly recovered after June 2017, raising the average spot price per barrel for 2017 to $50.79. Prices continued to increase to nearly $71 through October 2018, before dropping down to $49.52 within two months in December 2018. They have risen steadily since then, reaching $58.10 in March 2019. According to the U.S. Energy Information Administration short-term energy outlook, WTI spot prices are expected to remain around $60 per barrel in the summer months of 2019, before dipping just below to $60 per barrel through 2020.[15]

U.S. airlines yet again face increases in jet fuel prices, although this time with more fuel-efficient fleets, more cost-efficient business operations, and better financial conditions.

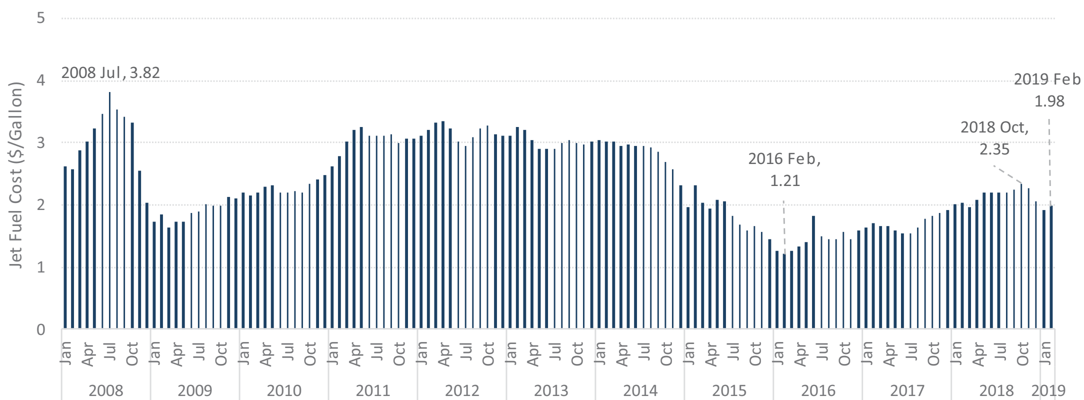
[15] U.S. Energy Information Administration Summer Fuels Outlook, April 2019.

Figure 42| Monthly Crude Oil Spot Prices (Cushing, OK WTI)



Source: U.S. Energy Information Administration.

Figure 43| U.S. Jet Fuel Cost



Source: U.S. Bureau of Transportation Statistics.

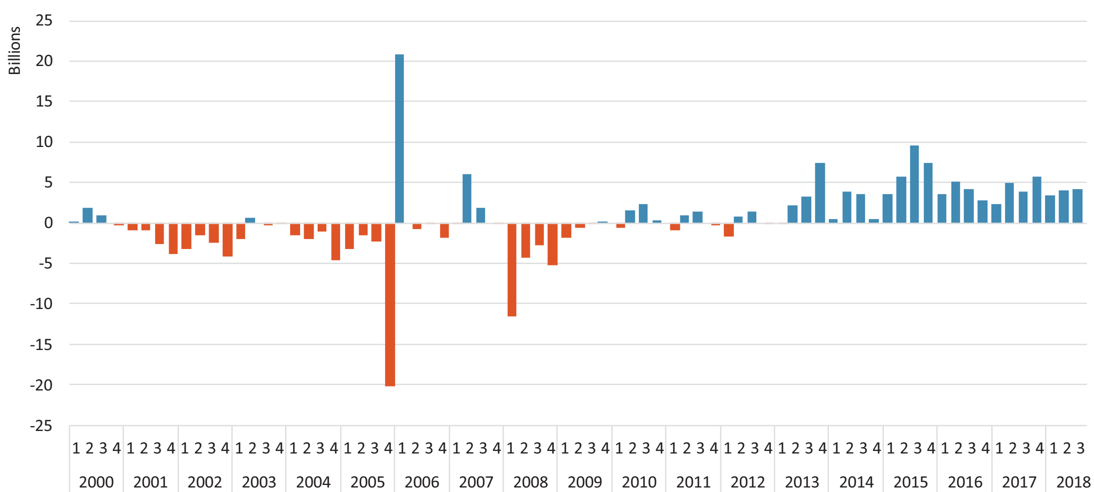
Financial Health of the U.S. Airline Industry

Since 2000, the U.S. airline industry has incurred losses in seven years, totaling $83.9 billion, and has made profits in 11 years, totaling $125 billion (Figure 44). The period since 2010 has been one of the industry's most profitable periods.

The losses were incurred prior to 2010, when the demand for air travel declined following the September 2001 terrorist attacks and during the Great Recession, and when fuel prices increased to record levels. Jet fuel prices increased steadily from 2002 to 2008. The greatest increase in jet fuel prices—a 44 percent increase—occurred in 2005, and the airline industry also posted their greatest quarterly loss in 2005. Mounting financial difficulties forced many airlines into bankruptcy and liquidation. Surviving airlines merged, cut costs, retired fuel-inefficient aircraft, scaled back networks, changed pricing of airline services, and took many other measures to improve financial results. Airlines began to see profits in 2006, but they were unable to sustain them through the Great Recession in 2008 and 2009.

The airline industry has been earning profits more steadily since 2010, reaping the benefits of lower fuel prices, capacity discipline, traffic recovery along with global and U.S. economic recovery. Amid strong air travel demand, airlines have been able to raise airfares and earn substantial revenues from ancillary services. Airports have benefitted with increases in airline service.

Figure 44| U.S. Carrier Quarterly Net Profit



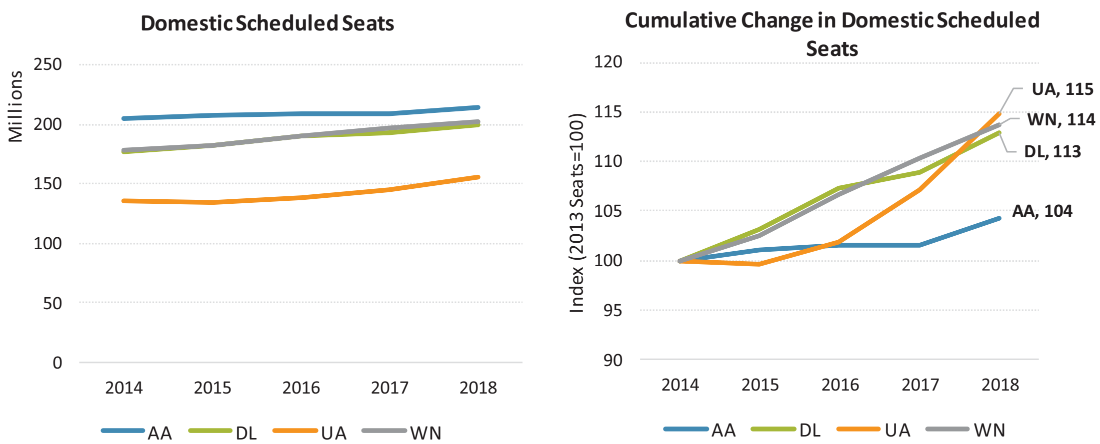
Source: U.S. Bureau of Transportation Statistics F41 Schedule P12 data.

Performance of the Five Largest Airlines Serving the Airport[16]

The market performance of major airlines can affect future Airport traffic. The four major airlines accounted for approximately 92 percent of the Airport's total passengers in 2018—Southwest (36 percent), American (23 percent), Delta (21 percent), and United (12 percent). Their combined share of STL passenger traffic decreased slightly in recent years, as smaller carriers led by Spirit and Frontier Airlines increased market share.

In recent years, all four carriers have been earning profits, aided by the continuing economic expansion and relatively stable fuel prices. They have also been adding capacity as shown in Figure 45 for the U.S. domestic market.

Figure 45| Domestic Scheduled Seats by the Four Major U.S. Airlines



AA – American Airlines (includes US Airways in 2014-2015)
DL – Delta Airlines
UA – United Airlines
WN – Southwest Airlines (includes AirTran Airways in 2014)
Source: OAG Schedules Analyzer.

[16] The discussion is based on information and reports contained in the airlines' websites and operating data from the Bureau of Transportation Statistics.

Southwest Airlines

Southwest is the largest scheduled domestic market U.S. carrier, based on its share of U.S. system revenue passenger miles (17.83 percent in 2018). In 2018, Southwest reported its 46th consecutive annual net income of $2.5 billion, maintaining its record as the only major U.S. airline that has remained consistently profitable through all the downturns in the airline industry. Southwest's business strategy centers on cost discipline and profitably charging competitively low fares. Adjusted for stage length, Southwest has lower unit costs, on average, than the majority of major domestic carriers.

Southwest is able to keep its costs low by (1) using a single aircraft type, the Boeing 737, (2) operating an efficient point-to-point route structure, and (3) achieving high labor productivity. Southwest began flying Boeing's new 737 MAX 8 aircraft in October 2016, believed to be the best narrow-body airplane of comparable size in the world in terms of fuel efficiency and noise reduction. As of December 31, 2018, Southwest had 31 737 MAX 8 in its fleet of 750 Boeing 737 aircraft. Southwest expects to grow its fleet to 794 aircraft by the end of 2019. However, effective March 13, 2019, the FAA has grounded the Boeing 737 MAX 8, and Southwest has taken the 31 737 MAX 8 in its fleet out of operation until the grounding is lifted. See the discussion below on the grounding of the Boeing 737 MAX 8.

Like other airlines, Southwest cut capacity during the last recession and the early years of economic recovery. Like other airlines, it began increasing capacity in recent years—2015 was the turning point for Southwest's domestic capacity as shown in Figure 45. Southwest's scheduled domestic seats in 2018 were up 14 percent from 2014. Southwest expects to continue its strategic capacity increases in 2019.[17]

American Airlines

American is the second largest scheduled domestic market U.S. passenger carrier, based on its 17.82 percent share of U.S. system revenue passenger miles in 2018. American earned a net income of $1.41 billion in 2018, and it has been profitable in every year since emerging from bankruptcy and merging with U.S. Airways in December 2013. As a result of the merger, US Airways Group became a subsidiary of AMR Corporation, which changed its name to American Airlines Group Inc. ("AAG"). US Airways operations were fully integrated into American Airlines in late 2015.

As of year-end 2018, American had 956 aircraft in its mainline fleet and 595 aircraft in its regional fleet. As of January 2019, American expects to expand its mainline fleet with 47 new Boeing 787s to replace retiring aircraft in its fleet.

As shown in Figure 45, American has steadily increased domestic seat capacity since 2014, albeit very slowly. American's scheduled domestic seats in 2018 were up 4 percent from 2014.[18]

Delta Air Lines

Delta is the third largest scheduled domestic market U.S. carrier, accounting for 16.88 percent of U.S. system revenue passenger miles in 2018. Delta earned a net income of $5.1 billion in 2018,

[17] Southwest Airlines Co. Fourth Quarter -Form 10K, February 5, 2019.
[18] American Airlines Investor Relations Update, January 24, 2019.

consistently earning an annual profit since 2010.[19] Delta merged with Northwest Airlines in October 2008 and completed the integration of the two airlines in 2010.

As of December 31, 2018, Delta has 1,025 aircraft in its fleet. Delta took delivery of 68 new aircraft in 2018, including five Airbus A350s and four Airbus A220s, toward meeting its target of 30 percent mainline fleet renewal by 2020.[20]

As shown in Figure 45, Delta has steadily increased domestic seat capacity since 2014, posting a cumulative increase of 13 percent from 2014. Delta plans to continue increasing seat capacity in 2019.

United Airlines

United is the fourth largest scheduled domestic market U.S. passenger carrier, as measured by its share of U.S. system revenue passenger miles (15.04 percent in 2018). United merged with Continental Airlines in October 2010 and began operating as a single airline in November 2011. United reported $2.1 billion in net income for 2018. It has consistently earned a net annual profit since 2013.

In 2018, United added 21 new Boeing aircraft to its fleet, including four 777-300ER, four 787-9, three 787-10 and ten 737 MAX 9 aircraft. As of December 2018, United had 770 aircraft in its mainline fleet and 559 aircraft in its regional fleet. United plans to expand its mainline and regional fleets to 803 and 568, respectively, by the end of 2019.[21]

As shown in Figure 45, United continued to cut its domestic seats through 2015, but has since turned around to increase its scheduled domestic seats in 2018 by 15 percent more than its 2014 schedules.

Grounding of the Boeing 737 MAX 8

Following the Ethiopian Airlines 737 MAX 8 crash on March 10, 2019, the FAA ordered the grounding of those airplanes on March 13, 2019. As of March 2019, there are 34 in Southwest Airlines' fleet, 24 Boeing 737 MAX 8 in American Airlines' fleet, and 14 in United Airlines' fleet.[22] The grounding of this aircraft over an extended period could limit the ability of these airlines to implement their planned capacity increases.

To understand the current impact of the 737 MAX 8 grounding on STL's airline service, Table 23 compares airline schedules published prior to the FAA's 737 MAX 8 grounding with schedules published a month after the grounding (April 15, 2019).[23] Southwest, which operated the 737 MAX 8 aircraft at STL shows the largest reduction in scheduled departures after the grounding. The carrier had 72 fewer departures in April and May 2019. Although American did not use its 737 MAX 8 planes

[19] Delta Air Lines Earnings Releases, various years.
[20] Delta Air Lines Investor Day 2017, December 14, 2017.
[21] United Airlines Reports on Full-Year and Fourth-Quarter 2018 Performance, and Investor Update, January 15, 2019.
[22] Airlines' fleet details in Planespotters.net.
[23] Pre-grounding schedules for STL were retrieved from OAG Schedules Analyzer on March 16, 2019. Given that OAG publishes airline schedules weekly on Mondays, the data retrieved on March 16th reflects airline schedules published on Monday, March 11, 2019 two days before the FAA grounded the Boeing 737 MAX 8 aircraft. The schedules retrieved on April 15, 2019, which were also used for STL activity forecast reflect airline schedules published after FAA's grounding.

at STL, the carrier reduced its scheduled capacity at the Airport in April and May after the grounding (32 fewer departures).[24] While the changes in American's schedules may reflect regular amendments that airlines make in their schedules, they may also be indicative of the network-wide ripple effects of the FAA's grounding of the 737 MAX 8 on the carrier's schedules.

Table 23| STL Scheduled Departures by Carrier Published Before vs. After 737 MAX 8 Grounding

STL			
	Departures - Published 3/16/2019	**Departures - Published 4/15/2019**	**Change (%)**
Mar-19			
WN	3,503	3,503	0.00%
AA	1,139	1,139	0.00%
Apr-19			
WN	3,481	3,445	-1.03%
AA	1,050	1,043	-0.67%
May-19			
WN	3,579	3,543	-1.01%
AA	1,163	1,138	-2.15%
Jun-19			
WN	3,552	3,548	-0.11%
AA	1,095	1,095	0.00%

Airline codes: AA=American; WN=Southwest.
Source: OAG Schedules Analyzer.

The latest discussions amongst the FAA, Boeing and other stakeholders suggest that the 737 MAX 8 airplanes may not be cleared to fly anytime soon.[25] The grounding of the 737 MAX 8 remains in effect as of the date of this Report.

Airline Competition

Competition within the airline industry is intense and highly unpredictable—one of the main reasons for the volatility of the airline industry. Airlines compete on various factors, including (1) pricing and cost structure; (2) routes, frequent flyer programs, schedules; and (3) customer service, operational reliability, and amenities. Airlines also face competition from other forms of transportation and alternatives to travel such as videoconferencing and the internet.

[24] Prior to the grounding, American operated its Boeing 737 MAX 8 planes on "thin" long-haul routes.

[25] "Return of Boeing's 737 MAX 8 Delayed, Posing Further Headaches for Airlines." The Wall Street Journal, May 13, 2019. Retrieved from: https://www.wsj.com/articles/timeline-for-returning-boeing-737 8-max-jets-to-the-skies-lengthens-11557758701.

Pricing is a significant competitive factor in the airline industry because airfares are an important consideration for customers when choosing flights. The Internet has made it easy for customers to compare fares and identify competitor promotions and discounts.

The significant growth of ultra-low-cost carriers ("ULCCs") has made price competition even fiercer. ULCCs offer "a la carte" service offerings, promoting extremely low relative base fares while separately charging for related services and products. Certain major U.S. airlines have responded by introducing a new "Basic Economy" fare product, offering a lower base fare to compete with a ULCC base fare but with significant restrictions on related amenities and services. This price competition has led to lower fares across the industry.[26]

Airline Mergers

Responding to competition, cost and regulatory pressures, the airline industry has been consolidating. The most recent examples of large mergers include Delta and Northwest in 2008, United and Continental in 2010, Southwest and AirTran in 2011, American and US Airways in 2013, and Alaska and Virgin America in 2016.

Airline mergers affect service and traffic at airports, when they consolidate facilities, optimize route networks, and route connecting traffic through other hubs. The impact on affected airports usually plays out within a few years—sometimes immediately—following the merger. The impact can be significant or trivial, depending upon whether the merging airlines have a large market share at an airport and whether they carry significant connecting traffic through the airport.

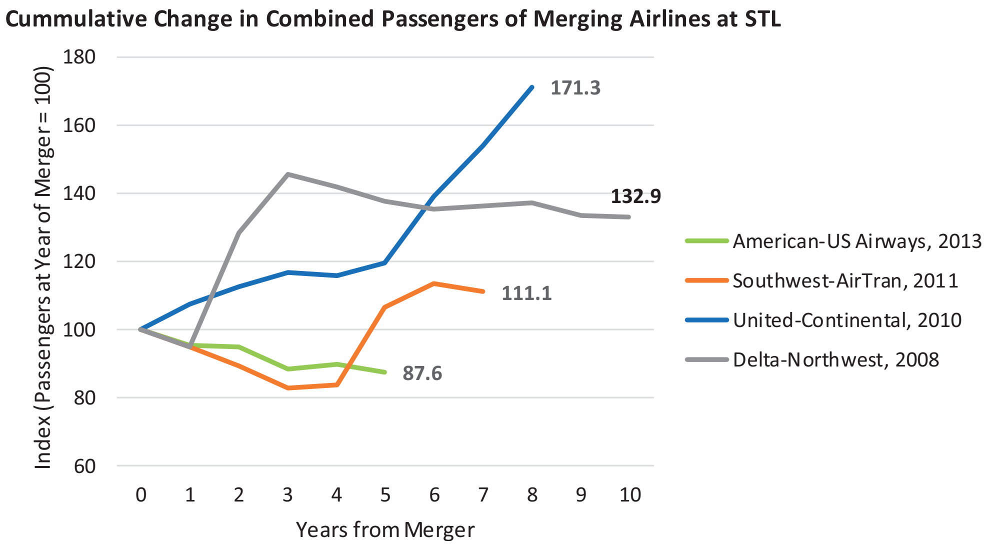
Since 2008, STL has faced four large mergers—Delta-Northwest, United-Continental, Southwest-AirTran, and American-US Airways—and experienced immediate decreases in the combined passenger traffic of merging airlines following most mergers (Figure 46). The decreases were most significant after the Southwest-AirTran and American-US Airways mergers. The United-Continental merger, however, appears to have increased service at STL.

With the exception of American, by 2018, the total passengers of each surviving airline at STL exceeded the combined traffic of merging airlines at the time of merger. Most notably, United's enplanements at STL in 2018, eight years after its merger with Continental, were around 71 percent more than the combined enplanements of United and Continental in 2010. In 2018, Delta had 33 percent more than its combined enplanements with Northwest in 2008.

Traffic rebounded for Southwest four years after its merger with AirTran in 2011. Since the merger, Southwest's enplanements at STL decreased to their lowest level three years later in 2014, about 17 percent lower than the combined enplanements of Southwest and AirTran in 2011. They returned to the 2011 level in less than five years. In 2018, seven years after the merger, Southwest's enplanements at STL were 11 percent higher than the combined total for Southwest and AirTran in 2011. American's enplanements have continued to decline since its merger with U.S. Airways in 2013. The airline currently enplanes 12 percent fewer passengers than it did combined with U.S. Airways in 2013.

[26] Southwest Airlines Co. 2017 Annual Report to Shareholders, March 23, 2018.

Figure 46| Airline Merger Impacts at STL



Sources: Airport data and Unison's calculations.

Aviation Security, Health and Safety Concerns

Concerns about security, health, and safety influence consumer travel behavior. Even with tightened security measures implemented by the Department of Homeland Security, terrorism remains a serious threat to the aviation industry. Additionally, the stringent airport security screening and long waits at security screening lines discourage air travel particularly to destinations that can be reached by ground transportation within a reasonable amount of time. Health and safety concerns can also cause temporary dips in traffic in affected routes.

Structural Changes in Travel Demand

Consumers alter their travel patterns in response to changes at airports, changes in airline business practices, and changes in technology. For example, the stringent airport security screening and long wait times at airports after the 2001 terrorist attacks decreased the demand for air travel for short-haul trips. Intense fare competition and the ease of comparison shopping allowed by the internet have made consumers more price-sensitive. The widespread use of tele- and video conferencing has decreased the need for business travel.

Summary

Over the years, the Airport experienced changes in passenger traffic levels driven by changes in the U.S. economic cycle, changes in air service capacity, and one-off events such as the 2001 terrorist attacks. In the 2000s, the terrorist attacks, the recessions, and American Airlines' capacity cuts at STL combined to cause a significant decrease in the Airport's passenger traffic. When American Airlines discontinued its connecting hub at STL in 2009, enplanements were more than halved from their all-time peak of 15.3 million in 2000 to 6.7 million in 2004. American continued to cut service at STL through the Great Recession, and the Airport's enplanements decreased further to 6.2 million in 2010, their lowest level since 1982.

The long-running economic expansion of the 2010s has begun to show a positive impact on STL. After staying essentially flat at around 6.3 million a year during the first half of the decade, enplanements have increased steadily since 2015. STL ended 2018 with 7.8 million total enplanements, up 26.6 percent from their post-recession low of 6.2 million in 2010 and exceeding the pre-recession level of 7.7 million in 2007 by 1.4 percent. Enplanements increased at a fast pace in the last three years—by 9.6 percent in 2016, 6 percent in 2017, and 6 percent in 2018, faster than national rates—although enplanement growth in 2019 through March moderated to 3 percent. The recent strong traffic growth can be attributed to improving economic conditions—both at the national and regional levels—and growing airline capacity. Helped by growing demand for air travel and lower fuel prices, airlines have been earning profits in recent years, allowing them to renew and expand their fleets and increase flight and seat offerings at airports.

American's dehubbing of STL caused a fundamental change in the Airport's role from a major connecting hub to a predominantly O&D airport—a change that may have hurt the Airport in the short-run but is now proving to be a beneficial change over the long-run. As American reduced capacity, Southwest Airlines gradually emerged as the Airport's largest carrier. Delta Air Lines and United Airlines also increased their STL operations, and new airlines entered the STL market. Today STL has a more stable O&D traffic base. O&D traffic share increased to around 85-86 percent of total enplanements in 2010-2015. It decreased to 77 percent in 2018, with the resurgence of connecting traffic in recent years, largely due to the expansion of Southwest at STL. Although Southwest now accounts for approximately 60 percent of total enplanements, STL has a more diversified mix of air service providers than it had when it was a major connecting hub for American (and, previously, for Trans World Airways).

Forecast development for commercial aviation activity adopted a hybrid modeling approach. The FY2019 forecast reflects actual trends through March 2019 and published airline schedules for the remainder of the fiscal year. The long-term forecast is demand-driven, based on multivariate time series regression analysis quantifying the contributions to enplanement growth of the following market demand drivers: national economic growth trends, changes in the price of air travel, and structural changes at the airport and in the industry. Under the base forecast, enplanements are projected to grow at an annual average rate of 2 percent, from 7.6 million in FY2018 to 8.6 million in FY2024. Total aircraft landed weight is expected to grow at an average annual rate of 1.9 percent from 8.9 billion pounds in FY2018 to nearly 10 billion pounds in FY2024. Recognizing uncertainty, this section also presents a low forecast scenario based on the 25-percentile results from Monte Carlo simulation and a stress scenario assuming a decrease in connecting traffic for sensitivity analysis.

SECTION 4 | FINANCIAL ANALYSIS

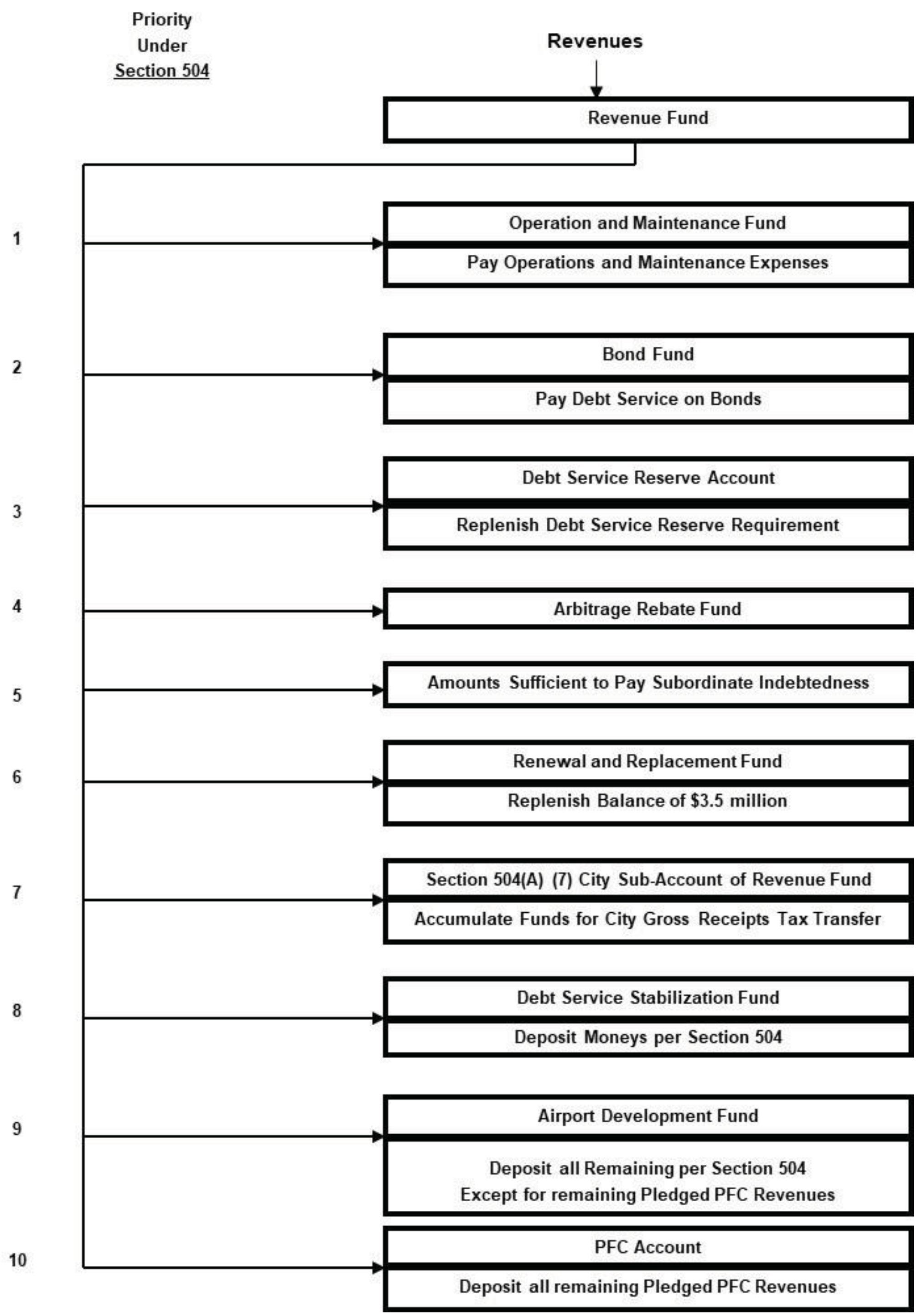
This section presents the framework for the financial operation of the Airport, including key provisions of the Indenture and the AUA. In addition, a review of the Airport's recent historical financial performance, and projections regarding the Airport's ability to generate sufficient Revenues to (1) pay Operation and Maintenance (O&M) Expenses, (2) meet all of the funding requirements of the Indenture and (3) satisfy the relevant provisions of the Additional Bonds Test during the forecast period FY2019–2024. This section also discusses the information and assumptions underlying the financial projections.

Framework for Airport System Financial Operations

Indenture

The Series 2019 Bonds are being issued pursuant to the Indenture and are limited obligations of the City payable solely from Revenues (as defined in the Indenture). The Indenture establishes priorities for the application of Airport Revenues to various funds and accounts as shown on Figure 47. Airport Revenues are to first be deposited into the Revenue Fund, which then flow to the O&M Fund to pay those expenses. The remaining Revenues are available for deposit, in the following order of priority in the specified funds and accounts of the Airport: in the Bond Fund (for payment of Debt Service); in the Debt Service Reserve Account (to restore any deficiency and maintain a balance equal to the Debt Service Reserve Requirement); in the Arbitrage Rebate Fund (to fund Rebate Amount); amounts sufficient to pay Subordinate Indebtedness in accordance with the authorizing and implementing documents of such Subordinate Indebtedness; in the Renewal and Replacement Fund (to maintain a balance of $3.5 million); in the City's Sub-Account (to pay the 5 percent gross receipts tax required under Section 504.B); to the Debt Service Stabilization Fund pursuant to the calculations set forth in subsection 504 (A); and the remainder to the ADF, except for remaining Pledged PFC Revenues that are deposited in the PFC Account as further described in the Indenture.

Figure 47| Flow of Funds Airport Use and Lease Agreement



Airport Use and Lease Agreement

The City and the airlines executed a new AUA during early 2016 for a five-year term beginning July 1, 2016, through June 30, 2021. The new AUA preserved the underlying rate methodology (Hybrid Compensatory) and rate-making procedures of the previous AUA, which expired June 30, 2016. The AUA sets forth the procedures for calculating landing fees and terminal building space rentals, as well as certain other fees and charges that are briefly summarized below.

Landing Fees. Under the terms of the AUA under Section 606, the Signatory Airlines are charged landing fees calculated based on the total annual costs of the Airfield, which are comprised of the items listed below:

- direct and indirect O&M Expenses allocable to the Airfield Cost Center;
- amortization of Capital Improvements made in, or allocable to, the Airfield Cost Center and put into service before July 1, 2011;
- annual Debt Service associated with Capital Improvements made in, or allocable to, the Airfield Cost Center, and put into service on or after July 1, 2016, in accordance with Section 702;
- annual Debt Service associated with Capital Improvements made in, or allocated to, the Airfield Cost Center, put into service on or after July 1, 2011, and approved by a Majority-In-Interest pursuant to Subsection 703(B);
- annual Depreciation Charges or annual Debt Service, as the case may be, related to Capital Improvements undertaken pursuant to Subsection 705(A)(i)-(vii), and made in, or allocated to, the Airfield Cost Center, if any;
- any replenishment or rebate of the Debt Service Reserve Account required by the Indenture and allocated to the Airfield Cost Center based on the Allocation of Amortization and Debt Service;
- any replenishment of the Renewal and Replacement Fund required by the Indenture as a result of an expenditure made in, or allocable to, the Airfield Cost Center; and
- the share of the Debt Service Stabilization Fund Contribution allocated to the Airfield Cost Center.

The items listed below shall then be subtracted from the total airfield costs above to establish the Initial Airfield Requirement:

- non-signatory Airline landing fees;
- general aviation landing fees;
- military use fees;
- fuel flowage fees;

- remote parking fees;
- rent paid to the City by the airline consortium leasing the fuel farm; and
- Rate Mitigation Program credits available for that Fiscal Year, as allocated to the Airfield Cost Center.

The landing fee rate will then be calculated by dividing the sum of the Initial Airfield Requirement and the Additional Airline Requirement (defined below), allocable to the Airfield Cost Center by the aggregate landed weight of all signatory airlines and their affiliates for the particular fiscal year.

The City will establish annually a landing fee rate applicable to non-signatory airlines that have signed an airline operating agreement equal to 125 percent of the landing fee rate calculated in accordance with the AUA, excluding designated affiliates.

Terminal Rental Rate. Under Section 605 of the AUA, the terminal rate is calculated based on total annual costs attributable to each Terminal Building, which are comprised of the items listed below in order to establish the Initial Terminal Requirement:

- direct and indirect Operating and Maintenance Expenses allocable to each of the Terminal Cost Centers;
- 50 percent of the Terminal Roadways Cost Center costs allocated to each Terminal Cost Center based on the percentage that results from dividing the Useable Space in each of the respective Terminal Buildings by the aggregate Useable Space in both Terminal Buildings;
- Amortization of Capital Improvements made in, or allocable to, each Terminal Cost Center and put into service before July 1, 2011;
- annual Debt Service associated with Capital Improvements made in, or allocable to, each of the Terminal Cost Centers, and put into service on or after July 1, 2016, in accordance with Section 702;
- annual Debt Service associated with Capital Improvements made in, or allocable to, each of the Terminal Cost Centers, put into service on or after July 1, 2011, and approved by a Majority-In-Interest in accordance with Subsection 703(B);
- annual Depreciation Charges or annual Debt Service, as the case may be, related to Capital Improvements undertaken pursuant to Subsection 705(A)(i)-(vii), and made in, or allocated to, each of the Terminal Cost Centers, if any;
- any replenishment or rebate of the Debt Service Reserve Account required by the Indenture and allocated between each of the Terminal Cost Centers based on the Allocation of Amortization and Debt Service;
- any replenishment of the Renewal and Replacement Fund required by the Indenture as a result of an expenditure made in, or allocable to, each of the Terminal Cost Centers; and

- the share of the Debt Service Stabilization Fund Contribution allocated to each Terminal Cost Center.

The net costs attributable to each Terminal cost center shall then be calculated by subtracting the following amounts from the total cost attributable to each:

- the amount of aggregate rent payable for Apron-Level Unenclosed Space in accordance with Subsection 502(D) by all Signatory Airlines at each Terminal Building;
- non-signatory Terminal Rents from each Terminal Building; and
- Rate Mitigation Program credits available for that fiscal year, as allocated to each Terminal Cost Center.

The Initial Terminal Rental Rate applicable to each of the Terminal Buildings will then be calculated by dividing the net costs attributable to each Cost Center by the Usable Space in each of the respective Terminal Buildings. The corresponding Initial Terminal Requirement will be calculated by multiplying the Initial Terminal Rental Rate for each Terminal Building by the Rented Space in each of the respective Terminal Buildings.

The Additional Terminal Rental Rate applicable to each of the Terminal Buildings will be calculated by dividing the Additional Airline Requirement allocated to each Terminal Cost Center by the Rented Space in each of the respective Terminal Buildings. The Total Terminal Rental Rate applicable to each of the Terminal Buildings will be the sum of the Initial Terminal Rental Rate and the Additional Terminal Rental Rate for each.

The City will establish annually a terminal rental rate at each Terminal Building and applicable to non-signatory Airlines equal to the respective Total Terminal Rental Rates calculated in accordance with the AUA.

The City will establish annually fair and reasonable charges for the use of the International Facilities.

Additional Airline Requirement. Under the terms of the AUA, the Airport is allowed to add an Additional Requirement, when applicable, to the respective signatory airline rates (airfield and terminal) in order to meet all requirements in a particular fiscal year. The Additional Airline Requirement is calculated by taking the difference between: (1) the sum of the annual Operating and Maintenance Expenses, annual Debt Service, the annual amount of the Debt Service Stabilization Fund Contribution, and the annual Airport Development Fund Deposit; and subtracting (2) the sum of the Initial Requirement, the annual Non-Airline Revenues, Other Airline Revenues, the annual Interest Income, the annual Pledged PFC Revenues, and the annual amount of Rate Mitigation Program credits.

The Additional Airline Requirement may be a positive or a negative number, and will be allocated as for fiscal year 2019, 100 percent to the Terminal Cost Centers in accordance with their proportionate share of rented space.

Rate Mitigation Program. The Rate Mitigation program is structured to provide a continuing incentive for growth in air service at the Airport. Subject to the availability of funds and annual appropriations, the City will make credits from the Debt Service Stabilization Fund in an amount not to exceed $13.7 million each fiscal year for the purpose of mitigating the amount of the then current Rents, Fees, and Charges; provided, however, that the Debt Service Stabilization Fund shall be replenished annually by an amount equal to the amount appropriated for use in the Rate Mitigation Program during such Fiscal Year. Rate Mitigation Program credits shall be allocated among each of the Airline Cost Centers based on the Allocation of Amortization and Debt Service.

Passenger Loading Bridge Charge. Under Section 604 of the AUA, new airline cost centers were established (Terminal 1 Loading Bridges and Terminal 2 Loading Bridges) to account for all operating and capital costs associated with the loading bridges owned by the City. The Loading Bridge Charge to recover all the associated costs is computed by first adding together the following costs:

- Direct and indirect Operating and Maintenance Expenses, if any, allocable to the Passenger Loading Bridges Cost Center; and
- The Depreciation Charge or Debt Service, as the case may be, of each new passenger loading bridge acquired by the City on or after July 1, 2011.

The total costs allocable to the Passenger Loading Bridges Cost Center is then divided by the total number of passenger loading bridges acquired by the City on or after July 1, 2011. The monthly Passenger Loading Bridge Charge shall be 1/12 of the annual Passenger Loading Bridge Charge.

Unless otherwise provided for in one or more separate agreements, airlines will pay the City $2,500 each month for use of each assigned City-owned passenger loading bridge that was acquired prior to July 1, 2011.

Airport Accounting

The City operates the Airport as an Enterprise Fund in accordance with generally accepted accounting principles (GAAP) applicable to governmental entities. Financial statements for the Airport are prepared each fiscal year based on GAAP and audited by independent certified public accountants. The Airport also maintains internal financial statements, which contain more detailed itemization of revenues and expenses. The audited financial statements of the Airport for fiscal year ended June 30, 2018 are included in Appendix B of the Official Statement.

Airport Cost Accounting

Airport management has implemented a cost/revenue accounting system to facilitate the monitoring of revenue and O&M expenses and the calculation of Airport rates and charges. The cost/revenue centers include:

- Airfield
- Terminals (1 and 2)

- Passenger Loading Bridges
- Other Building and Areas
- Parking

Revenues

Under the Indenture, Revenues are comprised of GARB Revenues, Pledged PFC Revenues, and any other available moneys deposited in the Revenue Fund, including investment income. GARB Revenues are further defined in the Indenture.

Table 24 provides a historical summary of audited actual revenues for FYs 2014-2018. During this period, total Revenues decreased $11.7 million, or 1.6 percent, which was primarily due to a decline in total Signatory Airline Revenues of approximately $20.5 million, which was offset by an increase in total Concession Fees of $6.4 million. The decrease in Signatory Airline Fees was caused by declines in both Airfield Landing Fees and Terminal rents, which occurred in FY2018, primarily due to declines in the cost of operating the airfield and the terminal as further discussed below. The increase in total Concession Fees was due to higher revenues in Public Parking and Terminal Concessions. The remaining airport revenues categories had no material changes during the period.

Table 25 presents the Revenue projections for the period FYs 2019-2024. Total Airport Revenues are projected to increase from $178.8 million in FY2018 to $199.7 million in FY2024 or an average annual growth rate of 1.9 percent or $20.9 million. The major revenue accounts and the underlying assumptions for the financial projections are discussed in detail below.

Signatory Airline Rates and Charges

Signatory Airline fees consist of landing fees and terminal building space rentals received from the Signatory Airlines in accordance with the rates and charges provisions outlined in the AUA.

As shown in Table 24, Signatory Airline fees fluctuated during the FYs 2014-2018, resulting in an average annual decline of 6.4 percent or $20.5 million comprised of landing fees decreasing $13.6 million with the balance due to terminal rents. Although airfield landing fees decreased steadily over the period, the sharpest decline occurred in FY2018 totaling $6.5 million or nearly 50 percent of the decrease over the period. The decline was primarily due to reduced debt service obligations from the Series 2017 refunding bonds and the 2003A bonds becoming fully matured in FY2018. Terminal rents was the remaining part of the change over the period decreasing approximately $6.9 million with the majority of this decline occurring in FY2018, totaling approximately $6.0 million. The decrease was also primarily due to reduced debt service obligations from the Airport Revenue Refunding Bonds Series 2017 A&B and the Airport Revenue Refunding Bonds Series 2013 bonds becoming fully matured.

Table 24| Historical Revenues (in Thousands)

	Avg. Annual Growth Rate	For Fiscal Years Ended June 30 Historical [1]				
AIRPORT REVENUES	FY '14-'18	2014	2015	2016	2017	2018
Signatory Airlines						
Airfield Landing Fees	-5.4%	$67,931	$64,019	$60,431	$60,810	$54,344
Terminal Rents	-10.2%	$19,828	$20,998	$19,248	$18,870	$12,878
Total	-6.4%	$87,759	$85,017	$79,679	$79,680	$67,222
Concession Fees						
Terminal Concessions	2.4%	$11,572	$11,375	$11,326	$12,161	$12,740
Public Parking	5.5%	$18,885	$18,936	$22,043	$23,107	$23,379
Car Rentals	1.3%	$11,667	$11,985	$11,713	$11,923	$12,308
Space Rental	-3.6%	$1,534	$1,384	$1,309	$1,486	$1,326
In-Flight Catering	1.9%	$287	$303	$294	$309	$309
Other	17.8%	$293	$192	$292	$407	$564
Total	3.4%	$44,238	$44,175	$46,977	$49,394	$50,627
Other						
Non-Signatory Landing Fees	-6.0%	$1,778	$1,074	$1,584	$1,582	$1,385
Non-Signatory Airlines-Terminal	-5.8%	$186	$20	$74	$182	$146
Total	-6.0%	$1,964	$1,094	$1,658	$1,764	$1,532
Airline Revenue Mitigation [2]		$13,728	$13,728	$13,728	$13,728	$13,728
Cargo	4.3%	$480	$344	$382	$482	$568
Hangars and Other Buildings	5.4%	$649	$658	$635	$921	$801
Tenant Improvement Surcharge	-1.1%	$389	$498	$371	$372	$372
Terminal EDS Surcharges	n/a	$0	$0	$0	$2,228	$2,219
Other Miscellaneous	-0.9%	$11,639	$8,463	$6,993	$7,768	$11,235
Total Other-Operating	1.4%	$28,849	$24,785	$23,767	$27,262	$30,454
Total Operating Revenue	-2.0%	$160,846	$153,976	$150,422	$156,336	$148,303
Interest Income [3]	1.3%	$2,089	$2,284	$2,080	$2,546	$2,201
Total GARB Revenues	-2.0%	$162,935	$156,260	$152,502	$158,883	$150,504
Pledged PFC Revenue	0.7%	$27,578	$27,577	$28,320	$28,325	$28,322
Total Revenues	-1.6%	$190,513	$183,837	$180,823	$187,207	$178,826

[1] Based on audited financial statements and Airport records.
[2] Reflects amounts scheduled to be transferred from the Debt Service Stabilization Fund per the Airline Use and Lease Agreement.
[3] Operating Interest income only.

The projected Signatory Airline revenues for the FY2019-2024 in Table 25 were developed based on the rate methodology discussed earlier in this section, including the assumption that the new AUA will be structured similar to the current AUA. As a result, Signatory Airline Revenues are projected to increase slightly from $67.2 million in FY2018 to $69.3 million in FY2024, or an average annual growth rate of 0.5 percent or $2.1 million. During the forecast period, the average annual growth in Airfield Landing Fees was 3.2 percent, which is primarily due to O&M expenses allocated to the airfield increasing by inflationary growth factors for an average annual rate of 4.5 percent offset by a reduction in amortization costs as a result of capital projects becoming fully amortized. In contrast, the Terminal Rents average annual decline rate during the period is projected at 20.4 percent, which is primarily due to the Additional Requirement becoming negative starting in FY 2020 as a result of lower debt service obligations and increased non-airline revenues.

Table 26, summarizes the projected Signatory Airline landing fees and Terminal rental rates for FYs 2019–2024. The landing fee rates are projected to increase from $6.17 in FY2018 to $6.70 in FY2024. The change in the landing fee rate is due to increased airfield costs which grew by an average rate of 4.5 percent. The Terminal 1 rental rates are projected to decline from $36.23 in FY2018 to $6.64 in FY2024, and the Terminal 2 rental rates are projected to decline from $43.27 in FY2018 to $17.33 in FY2024. The Terminal 1 and 2 projected declines are primarily due to higher non-airline revenues attributable to a negative Additional Requirement, which is allocated 100 percent to the terminals during the forecast period.

Table 25| Projected Airport Revenues (in Thousands)

AIRPORT REVENUES	Avg. Annual Growth Rate 2018-2024	Actual 2018[1]	Projected 2019	2020	2021	2022	2023	2024
Signatory Airlines								
Airfield Landing Fees	3.2%	$54,344	$59,946	$60,623	$62,003	$62,942	$64,792	$65,725
Terminal Rents	-20.4%	12,878	16,084	7,666	9,069	8,444	3,665	3,269
Passenger Loading Bridges	n/a	0	380	404	405	378	378	362
Total	0.5%	$67,222	$76,410	$68,693	$71,477	$71,764	$68,835	$69,356
Concession Fees								
Terminal Concessions	4.2%	$12,740	$13,572	$14,147	$14,425	$14,962	$15,581	$16,268
Public Parking	3.1%	23,379	24,566	26,847	26,544	26,906	27,438	28,086
Car Rentals	4.2%	12,308	13,077	13,648	13,916	14,445	15,060	15,741
Space Rental	2.2%	1,326	1,355	1,385	1,415	1,446	1,478	1,510
In-Flight Catering	2.2%	309	316	323	330	337	344	352
Other	2.1%	564	576	588	600	613	626	639
Total	3.6%	$50,627	$53,462	$56,938	$57,231	$58,710	$60,527	$62,597
Other								
Non-Signatory Landing Fees	5.4%	$1,385	$1,893	$1,771	$1,812	$1,836	$1,876	$1,896
Non-Signatory Airlines-Terminal	-0.5%	146	182	142	182	142	182	142
Total	4.9%	$1,532	$2,075	$1,913	$1,994	$1,978	$2,058	$2,038
Airline Revenue Mitigation [2]	0.0%	13,728	13,729	13,729	13,729	13,729	13,729	13,729
Cargo	26.7%	$568	$845	$2,229	$2,229	$2,266	$2,303	$2,354
Hangars and Other Buildings	9.8%	801	1,232	1,239	1,246	1,320	1,327	1,401
Tenant Improvement Surcharge	0.0%	372	372	372	372	372	372	372
Terminal EDS Surcharges	n/a	2,219	2,884	2,950	3,018	3,088	3,159	3,231
Other Miscellaneous	3.8%	11,235	11,978	12,924	13,130	13,403	13,701	14,018
Total Other-Operating	3.4%	$30,454	$33,115	$35,357	$35,718	$36,154	$36,648	$37,143
Total Operating Revenue	2.2%	$148,303	$162,988	$160,987	$164,426	$166,629	$166,010	$169,095
Interest Income [3]	-8.2%	$2,201	$1,318	$1,125	$1,170	$1,327	$1,293	$1,314
Total GARB Revenues	2.1%	$150,504	$164,306	$162,112	$165,596	$167,955	$167,304	$170,410
Pledged PFC Revenue	0.6%	28,322	26,276	25,953	26,539	29,287	29,283	29,312
Total Revenues	1.9%	178,826	190,582	188,065	192,135	197,242	196,587	199,722

[1] Based on Airport's FY2018 Rates & Charges Settlement.
[2] Reflects amounts scheduled to be transferred from the Debt Service Stabilization Fund per the Airline Use and Lease Agreement.
[3] Operating Interest income only.

Table 26| Projected Signatory Landing Fee Rates and Terminal Rental Rates (in Thousands)

SUMMARY OF SIGNATORY AIRLINE REVENUES, COST PER ENPLANED PASSENGER, AND AIRLINE RATES & CHARGES
St. Louis Lambert International Airport
in thousands except for rates
For Fiscal Years Ending June 30

	For Fiscal Years Ending June 30						
	Actual	Projected					
	2018 [1]	2019	2020	2021	2022	2023	2024
INITIAL AIRLINE REQUIREMENTS							
Landing Fees	$54,344	$59,946	$60,623	$62,003	$62,942	$64,792	$65,725
Terminal 1	9,252	9,472	8,499	8,702	8,868	9,130	9,092
Terminal 2	4,413	4,139	4,234	4,363	4,440	4,704	4,701
Passenger Loading Bridges	0	380	404	405	378	378	362
	$68,009	$73,937	$73,760	$75,473	$76,629	$79,005	$79,880
TOTAL SIGNATORY AIRLINE REQUIREMENTS							
Initial Requirement	$68,009	$73,937	$73,760	$75,473	$76,629	$79,005	$79,880
Additional Airline Requirement	(786)	2,473	(5,067)	(3,996)	(4,864)	(10,169)	(10,524)
	$67,222	$76,410	$68,693	$71,477	$71,764	$68,835	$69,356
Signatory airline enplaned passengers	7,582	7,893	8,071	8,053	8,179	8,343	8,533
Signatory Airline CPE post Mitigation	**$8.87**	**$9.68**	**$8.51**	**$8.88**	**$8.77**	**$8.25**	**$8.13**
SIGNATORY AIRLINE RATES (including Additional Requirement)							
Landing Fee Rate (per 1,000 pounds)	**$6.17**	**$6.55**	**$6.49**	**$6.66**	**$6.67**	**$6.74**	**$6.70**
Airlines' Terminal Building Rental Rates							
Terminal 1	**$36.23**	**$46.85**	**$20.39**	**$24.42**	**$22.53**	**$7.85**	**$6.64**
Terminal 2	**$43.27**	**$50.12**	**$28.71**	**$33.22**	**$31.44**	**$18.41**	**$17.33**

[1] Based on Airport's FY2018 Rates & Charges Settlement.

Concession Fees

Concession fees include terminal concessions (food and beverage, news and gifts, and coin devices), public parking, car rentals, ground transportation, space rental, in-flight catering, utility reimbursements and advertising.

During the FY2014-2018, total concession fees increased approximately $6.4 million at an average annual rate of 3.4 percent. The increase was primarily due to growth in public parking and terminal concessions. Public parking increase was approximately $4.5 million, primarily due to an increase in parking durations and additional revenue generated from a new employee parking lot starting in FY2016. The Terminal concessions increase was approximately $1.1 million during the period, primarily due to additional revenues generated as a result of two new food and drink concepts starting service at the Airport. Pizza Studio opened in December 2016, while Vino Volo opened its second location in Terminal 1 in September 2017. The remainder of the increase for concession fees resulted was spread over Car Rentals, In-Flight catering, and Other concessions.

Total Concession fees are projected to increase from $50.6 million in FY2018 to $62.6 million by FY2024, which represents an average annual growth rate of 3.6 percent. This growth is supported by the following assumptions:

- Projected parking increase due to increases in parking supply and duration.
- A projected increase in various food and beverage concession revenues due to higher O&D enplanements.
- An applied inflation/consumption factor rate of 2.2 percent during the forecast period which represents increase due to continued increase in consumption factor and CPI.

The major concession categories are:

Terminal Concessions. The food and beverage component of terminal concessions does not anticipate adding any new concept during the forecast period. Retail concessions is the second largest category in terminal concessions and comprised an estimated 36.3 percent or $4.6 million of terminal concession revenues in FY2018. The forecast period does not assume any new merchandising concepts are added. Both merchandising and food and beverage revenues are projected based on O&D passenger traffic activity during the forecast period and the annual inflationary rate. Terminal concessions are projected to increase from $12.7 million in FY2018 to $16.3 million in FY2024, an average annual growth of 4.2 percent. This growth is primarily a result of O&D passenger traffic projections increasing 4.0 percent in FY2019 then growing annually at an average 1.5 percent for the remainder of the forecast period.

a) Some of the terminal concession concepts are scheduled to expire during the forecast period; however, the financial projection anticipates the current minimum annual guarantee ("MAGs") will remain in place for existing or replacement concession concepts.

b) Public Parking. ABM Parking Services ("ABM") is the Airport's public parking management company. Under the current agreement, ABM is responsible for operating the public parking facilities, including operating the shuttle bus service connecting the terminals to the intermediate and remote lots. Additionally, the Airport collects all parking revenues, and reimburses ABM for approved operating and administrative expenses and any expenditures made for capital improvements. The public parking revenues also include taxicab fee revenues, which generate revenues of approximately $1.2 million during the forecast period. Net public parking revenues are projected to increase from $23.4 million in FY2018 to $28.1 million in FY2024. Taxicab fees are projected to increase from $1.1 million in FY2018 to $1.4 million in FY2024. While the Airport's customers have benefited from the wider variety of transportation option now available, including Transportation Network Companies ("TNCs"), the parking financial results remain strong.

c) Car Rentals. There are seven car rental companies that currently operate at the Airport. They are: Avis, Budget, Hertz, Enterprise, Thrifty, Alamo, and National. The car rental revenues paid to the city are based on 10 percent of the car rental company's gross revenues or their annual MAGs, whichever is greater. During the FY2014-2018 period, rental car revenues increased at an average annual rate of 1.3 percent or $0.6 million. The increase is primarily a result of demand generated by passenger growth at the Airport. Car rental revenues are forecast to increase from $12.3 million in FY2018 to $15.7 million in 2024, which is primarily based on the anticipated increases in O&D passenger enplanements and an annual escalation factor. The rental car concession agreements will expire on December 31, 2019. The financial projection assumes such agreements will be renewed under the same terms as the current agreements.

d) In-Flight catering. This category has remained relatively flat with revenues now hovering around $0.3 million throughout the period FY2014-2018. The forecast assumes the category will remain relatively flat at the FY2018 actual level ($0.3 million). With continued increase in food offerings throughout the terminal facilities this pattern is likely to continue.

e) Other Concession Revenues. Other Concession Revenues include utility reimbursements, and other miscellaneous concession revenues, which consist of customs rentals and per passenger fees for the international area. During the FY2014-2018 period, this category increased at an average annual growth rate of 17.8 percent, primarily due to international customs area rentals increasing from $0.3 million in FY 2017 to $0.5 million, or an increase of 70 percent. International customs area rentals is the largest category in other concessions and comprised an estimated 90 percent of other concession revenues in FY 2018. The estimated projected revenues assume the category will remain relatively flat at the FY2018 level.

Other Operating Revenues

Other Operating Revenues consist of non-signatory airline fees, cargo area rentals and fees, hangar and other building rentals, tenant improvement surcharges, terminal Explosive Detection System ("EDS") surcharges, and other miscellaneous revenues. During the FY2014-2018 period, Other Operating Revenues increased approximately $1.7 million or at an average annual rate of 1.4 percent. The increase was primarily due to the introduction of terminal EDS surcharges, offset by reductions in non-signatory airline revenues and other miscellaneous revenue as further discussed below:

a) *Non-signatory Airline* revenues consist of landing fees and terminal rents paid by non-signatory airlines. Landing fee rates for non-signatory airline revenues are set at 125 percent of the signatory airline rate. Revenues in this category are declining from $2.0 million in FY2014 to $1.6 million in FY2018, primarily due to the high rate of conversion of non-signatory airlines to signatory airlines, resulting in fewer airlines paying the non-signatory rates.

b) *Cargo Revenues* include ground rent, building rent, and tenant improvement charges. Cargo revenues are forecast to increase from $0.6 million in FY2018 to $2.4 million in FY2024, or an average annual growth of 26.7 percent, resulting from the change from a management fee to an annual lease payment for Fedex and UPS starting in FY 2020 throughout the forecast period.

c) *Hangar and Other Building Area* revenues include building and ground rent for various support facilities and land rental payments. Revenues are forecast to increase from $0.8 million in FY2018 to $1.4 million in FY2024 as a result of anticipated new hangar rentals and building rents in FY2019.

d) *Tenant Improvement Surcharges* remained flat during the FY2014-2018 period. The forecast estimates the tenant surcharges staying level at the $0.4 million FY2018 level for the forecast period.

e) *Terminal EDS Surcharges* were introduced in FY2017 to reimburse the Airport for maintenance costs performed on the Terminal EDS baggage systems. From FY2017 to FY2018, terminal EDS surcharges remained relatively flat at $2.2 million. Revenues are forecast to increase from $2.2 million in FY2018 to $3.2 million in FY2024 due to annual inflation growth.

f) *Other Miscellaneous Revenues* include U.S. government rental revenues, American ramp charges (associated with their hangar), air cargo services, land rents, utility reimbursements, ground transportation fees, rental revenues from inside advertising billboards and other miscellaneous revenues. During the period FYs 2014-2018 this category fluctuated due to one-time receipts of insurance reimbursements and proceeds from the American Airlines stock sale in FY2014, along with new revenue received from TNC's in FY2018, which increased ground transportation fees by $1.6 million. The forecast period is projected to increase at an average annual growth of 3.8 percent due to anticipated new land lease opportunities beginning in FY2019 of approximately $1.1 million. The Spire Corporation (formerly the Laclede Group) operates a public access Compressed Natural Gas fueling station on a parcel of land owned by the City. Under the terms of the lease, Spire pays the Airport a set ground rent plus a royalty percentage for fuel pumped at the station. In January 2017, the Airport entered into a long-term lease agreement with Enterprise Leasing Company of St. Louis, LLC for a formerly vacant parking lot known as the "Springdale Lot" consisting of 17.86 acres of paved land with a small building. The Springdale Lot will be used for vehicle storage. The airline fuel consortium STL Fuel Company, LLC currently leases approximately 88,000 square feet of fuel farm space and has begun the process of developing a replacement fuel farm. The replacement fuel farm will be located on the former "Brownleigh" site, to the northeast of the Airport, and is currently in the design and site investigation stage. Construction on the replacement fuel farm is expected to begin during Fiscal Year 2020 and, upon completion, the old fuel farm will be decommissioned, remediated, and the land returned to the Airport for future redevelopment.

Interest Income

Interest income on all operating funds and accounts, other than the Construction Fund (bond proceeds) and the PFC Fund, are classified as Revenues under the Indenture. Interest income is estimated to decrease from $2.2 million for FY2018 to $1.3 million in FY2024 due to lower investable debt service account balances, resulting from the Series 2019 Refunding Bonds and lower debt service reserves as certain bonds fully mature. The interest income forecast is based on projected balances in each fund and account assuming average annual interest yields of 1.5 percent on the Debt Service and Debt Service Reserve Accounts and less than 1 percent for all other funds held during the forecast period.

Pledged PFC Revenues

The Airport collected approximately $28.7 million in PFC Revenues (including interest earnings) during the Fiscal Year ended June 30, 2018. The Pledged PFC Revenues for Fiscal Year 2018 were approximately $28.3 million and are included in total Revenues. The current PFC rate is $4.50 per passenger. The Airport has received FAA approval to collect and use approximately $1.1 billion in PFC Revenues through November 2026. The Pledged PFC Revenues are projected to increase to $29.3 million by FY2024 due to a portion of the Series 2019 Project Bonds and the future bond issue in FY2021 including a portion of PFC-eligible projects.

Operation and Maintenance (O&M) Expenses

Table 27 summarizes historical O&M Expenses for the FYs 2014-2018 by major expense category comprised of: personnel services, consisting of salaries, fringe benefits; supplies, materials and equipment; and contractual services. During this period, O&M Expenses increased $0.8 million or an average annual growth rate of 0.2 percent as a result of efforts by airport management to continue to maintain control over operating costs. The growth resulted from an increase in total contractual services of approximately $3.4 million, offset by decreases in personnel services and supplies and materials totaling $2.6 million as further discussed below.

Personnel services expenses represent salaries and wages, and fringe benefits paid to individuals employed by the Airport to maintain and operate the terminal, airfield, roadways and other facilities. Personnel services decreased from $40.8 million in FY2014 to $38.8 million in FY2018, for an average annual decrease of 1.3 percent. The decrease was primarily due to a reduction in salaries and wages during the period due to attrition and Airport management continuing to manage headcount.

Supplies, Materials and Equipment expenses consist of de-icing fluids, office supplies, laundry and cleaning materials, gasoline, tools and other miscellaneous supplies. This category declined by an average annual rate of 1.9 percent during FYs 2014-2018. The decrease in the category was primarily due to decreases in de-icing fluid and the other supplies and material expenses at average annual rates of 14.1 percent and 0.7 percent, respectively. The decline in deicing fluid during the period was weather related and based on variation in usage during the milder weather conditions. In contrast, although the net decline in other materials and equipment was small there was a sharp increase in FY2018 of approximately $1.7 million primarily due to the procurement of new ABM parking shuttle buses, a new Parcs System, and parking garage and lot resurfacing project totaling $1 million.

Contractual Services expenses represent the cost of services provided to the Airport such as utilities and various other specialized services by companies that have expertise in those areas. The primary services include utilities, rental and lease of equipment, snow removal services, airport security, cleaning services, reimbursement for City-provided services, repair and maintenance of equipment (such as elevators and escalators, communications equipment, etc.) and other miscellaneous services. The average annual growth rate for this category during the FY2014-2018 period was 2.4 percent or an increase of $3.4 million. The growth was primarily due to increases in cleaning and security guard services. The average annual increase for cleaning services during the historical period was 12.2 percent, which was primarily due to the remaining year of the original contract being rebid on a monthly basis for the remainder of FY2018. The average annual increase for security services during the historical period was 12.7 percent, primarily due to a new negotiated security contract in November 2017 as well as additional overtime based on staffing needs. The snow removal services decreased from $2.9 million in FY2014 to $0.6 million in FY2018 due the fluctuations in weather conditions, which ended the period with a mild winter. The Other contractual services costs increased at an average annual growth rate of 3.8 percent, primarily due to increased services required for US Customs & Border Protection agents to service new international flights for WOW airlines in the first half of FY2018. WOW airlines eventually discontinued services in January 2018. In addition, this category includes repairs and maintenance to buildings, various plant systems and terminal equipment.

Table 27| Historical O&M Expenses (in Thousands)

	Avg. Annual Growth Rate FY '14-'18	For Fiscal Years Ending June 30 Historical [1] 2014	2015	2016	2017	2018
Personnel Services						
Salaries & Wages	-1.4%	$26,943	$27,174	$25,284	$26,742	$25,450
Fringe Benefits	-1.0%	$13,883	$11,477	$16,507	$14,759	$13,346
	-1.3%	$40,826	$38,651	$41,790	$41,502	$38,796
Supplies, Materials & Equipment						
Deicing & Misc. Supplies	-14.1%	$937	$1,592	$684	$1,350	$510
Other	-0.7%	$7,669	$6,829	$4,517	$5,745	$7,444
	-1.9%	$8,606	$8,421	$5,201	$7,095	$7,955
Contractual Services						
Utilities	0.0%	$7,009	$6,050	$6,703	$6,557	$7,005
Rental Equipment - Snow Removal	-32.2%	$2,910	$1,000	$692	$453	$616
Rental Equipment - Land Maintenance	-8.1%	$166	$67	$115	$113	$118
Cleaning Services	12.2%	$2,956	$2,287	$2,358	$3,916	$4,678
Reimbursement for City Services	-1.8%	$1,613	$1,451	$1,478	$1,485	$1,502
Shuttle, Misc., Acoustical	-17.1%	$161	$161	$159	$210	$76
Legal	1.5%	$167	$192	$198	$271	$177
Security Service	12.7%	$4,324	$4,912	$4,851	$5,192	$6,972
Insurance	-7.4%	$2,199	$2,507	$1,862	$1,481	$1,613
Other	3.8%	$13,469	$15,015	$14,463	$14,699	$15,659
	2.4%	$34,974	$33,641	$32,880	$34,376	$38,418
Total Operation & Maintenance Expenses [3]	0.2%	$84,406	$80,713	$79,871	$82,973	$85,168

[1] Based on the audited financial statements and airport records.
[2] The Operating and Maintenance Expenses reported above are $5.2 million higher than that reflected in the FY 2016 audit due to a prior year adjustment.
[3] Excludes 5% gross receipts tax, which is excluded from calculation of debt service coverage.

Projections of O&M Expenses

Table 28 presents the O&M Expenses projection for the period FYs 2019-2024. The projected O&M Expenses are based on the FY2019 operating budget provided by Airport management, and historical trends in O&M expense growth and inflation factors between 2.3 percent and 4 percent used to develop the remaining forecast period of FYs 2020-2024. As shown on Table 28, total O&M Expenses are forecast to increase from $85.2 million in FY2018 to $105.3 million in FY2024, which represents an average annual growth of 3.6 percent. The increase over the forecast period is higher than the historical average primarily due to (1) snow removal services and de-icing & miscellaneous supplies budgeted in FY2019 at a higher rate than FY2018, to account for normal usage of snow removal and deicing during a typical winter, and (2) the building repairs & maintenance category within Other Contractual Services being budgeted at a higher rate than FY2018. In addition, certain parts of the forecast were developed based on judgments from Airport management and industry trends. The main factors underlying the significant increases in various categories of O&M Expenses are summarized below:

Personnel Services

Salaries and wages are forecast to increase from $25.5 million in FY2018 to $31.4 million in FY2024, for an average annual growth of 3.6 percent. The growth during the forecast period is primarily a result of the FY2019 budget increasing 6.5 percent from FY2018, due to planned salary increases and one additional pay period. The remainder of the forecast period FYs 2020-2024 assumes no additional staff will be hired, and that salaries and wages will generally escalate in line with future inflationary increases averaging 3.0 percent. Fringe benefits are forecast to increase from $13.3 million in FY2018 to $18.0 million in FY2024, for an average annual growth of 5.1 percent. The growth in FY2019 fringe benefits is a result of the FY2019 budget increasing 17.3 percent from FY2018, due to the continued practice of airport management to budget for all full-time employees, including vacant positions.

Contractual Services

Contractual Services are projected to increase from $38.4 million in FY2018 to $47.1 million by FY2024, for an average annual growth of 3.5 percent. The major contractual services categories contributing to this growth are Insurance, Snow Removal Equipment and Other Contractual services. Insurance is forecast based on the FY2019 budget and the inflationary growth factor and is projected to increase from $1.6 million in FY2018 to $2.5 million in FY2024, at an average annual growth of 7.4 percent. Snow removal equipment rentals are projected to increase from $0.6 million in FY2018 to $2.3 million by FY2024, at an average annual growth of 24.5 percent. The significant increase in snow removal services is a result of Airport management budgeting snow removal services in FY2019 at a higher rate representing a more normalized expenses for winter operations. The Other Contractual services is projected to grow at an average annual rate of 3.8 percent during the forecast period, primarily due to expected increases to building repairs & maintenance required to preserve the Airport facilities.

Supplies, Materials & Equipment

This expense category is projected to increase from $8.0 million in FY2018 to $8.7 million in FY2024, for an average annual increase of 1.6 percent. The de-icing & miscellaneous supplies component shows an average growth rate of 26.9 percent, which is mainly a result of FY2018 actual de-icing expenses being unusually low due to a mild winter and FY2019 de-icing costs are budgeted significantly higher to account for expected normal weather conditions. The Other component within the Supplies, Materials & Equipment category declined at an average annual rate of 2.0 percent due to the one-time expense incurred in FY2018 not anticipated to reoccur in FY2019 and the budget reflecting a normal level of spending.

Table 28 shows the projected O&M spending by major expense classification during the forecast period.

Table 28| Projected O&M Expenses (in Thousands)

	Avg. Annual Growth Rate	For Fiscal Years Ending June 30						
		Actual	Budget	Projected				
	FY '18-'24	2018 [2]	2019	2020	2021	2022	2023	2024
Personnel Services								
Salaries & Wages	3.6%	$25,450	$27,111	$27,924	$28,762	$29,625	$30,514	$31,429
Fringe Benefits	5.1%	$13,346	$15,559	$16,026	$16,507	$17,002	$17,512	$18,038
	4.1%	$38,796	$42,670	$43,950	$45,269	$46,627	$48,026	$49,467
Supplies, Materials & Equipment								
Deicing & Misc. Supplies	26.9%	$510	$1,900	$1,944	$1,988	$2,034	$2,081	$2,129
Other	-2.0%	$7,444	$5,897	$6,032	$6,171	$6,313	$6,458	$6,607
	1.6%	$7,955	$7,797	$7,976	$8,159	$8,347	$8,539	$8,736
Contractual Services								
Utilities	0.2%	$7,005	$6,333	$6,479	$6,628	$6,780	$6,936	$7,096
Rental Equipment - Snow Removal	24.5%	$616	$2,045	$2,092	$2,141	$2,190	$2,240	$2,292
Rental Equipment - Land Maintenance	12.5%	$118	$215	$220	$225	$230	$235	$240
Cleaning Services	1.7%	$4,678	$4,614	$4,720	$4,829	$4,940	$5,054	$5,170
Reimbursement for City Services	4.6%	$1,502	$1,752	$1,792	$1,833	$1,875	$1,919	$1,963
Shuttle, Misc., Acoustical	18.7%	$76	$190	$194	$199	$203	$208	$213
Legal	22.3%	$177	$530	$542	$555	$567	$580	$594
Security Service	1.2%	$6,972	$6,685	$6,839	$6,996	$7,157	$7,321	$7,490
Insurance	7.4%	$1,613	$2,214	$2,265	$2,317	$2,370	$2,424	$2,480
Other	3.8%	$15,659	$17,588	$17,853	$18,265	$18,684	$19,114	$19,554
	3.5%	$38,418	$42,166	$42,996	$43,986	$44,997	$46,032	$47,091
Total Operation & Maintenance Expenses [1]	3.6%	$85,168	$92,633	$94,923	$97,414	$99,971	$102,597	$105,293

[1] Excludes 5% gross receipts tax, which is not included in the calculation of Net Revenues.
[2] Based on Airport's FY2018 Rates & Charges Settlement.

Application of Revenues

Table 29 shows the application of Revenues forecast to fund accounts under provisions of the Indenture for the FYs 2019-2024.

Revenues consist of GARB Revenues, Pledged PFC Revenues, and Interest Income deposited in the Revenue Fund as presented earlier in Table 25, all as further described in the Indenture. Pursuant to the Indenture, Pledged PFC Revenues equal 125 percent of the anticipated annual debt service on the portion of the bonds that have been issued to finance PFC-Eligible Projects.

As further described in the Indenture and as depicted in Figure 47, shown earlier in this section, Revenues will first be applied to all of the designated funds in their stipulated amounts as further described in the Indenture. All remaining Revenues are then deposited in the ADF or the PFC Account, if there are unused PFC moneys after meeting all requirements of the PFC eligible debt service. Table 29 shows the projected deposits available for transfer to the ADF during forecast period of FYs 2019-2024.

As of April 30, 2019, the unaudited unappropriated balance in the Airport's ADF was approximately $13.0 million. This balance, coupled with the projected transfers to the ADF indicated in Table 29, should provide adequate resources to meet various obligations of the Airport, such as equipment replacement, major maintenance and small capital projects, during the forecast period.

Table 29| Projected Application of Revenues (in Thousands)

	For Fiscal Years Ended June 30						
	Actual	Projected					
	2018 [1]	2019	2020	2021	2022	2023	2024
Revenues							
GARB Revenues							
Airline revenues (Initial Requirement)	$68,009	$73,937	$73,760	$75,473	$76,629	$79,005	$79,880
Additional Airline Requirement [2]	(786)	2,473	(5,067)	(3,996)	(4,864)	(10,169)	(10,524)
Rate Mitigation Program proceeds	13,728	13,728	13,728	13,728	13,728	13,728	13,728
Airline Incentives Program transfer							
Non-airline revenues and Other Airline Charges	67,353	72,849	78,565	79,220	81,135	83,446	86,011
Interest income	2,201	1,318	1,125	1,170	1,327	1,293	1,314
Pledged PFC Revenues	28,322	26,276	25,953	26,539	29,287	29,283	29,312
	$178,826	$190,581	$188,064	$192,134	$197,241	$196,586	$199,721
Application of Revenues							
Operating and Maintenance Expenses	$85,168	$92,633	$94,923	$97,414	$99,971	$102,597	$105,293
Debt Service Account (Annual Debt Service)							
Outstanding Bonds	$62,926	$66,410	$56,495	$56,501	$56,494	$49,213	$49,211
Future Bonds	0	0	3,815	5,207	7,401	11,003	10,999
Total Debt Service	$62,926	$66,410	$60,310	$61,708	$63,895	$60,216	$60,210
PFC Debt Service Coverage	5,261	5,255	5,025	5,142	5,143	5,143	5,148
Payment to City (5% of Revenues))	6,688	6,780	6,936	7,095	7,259	7,426	7,596
Subtotal net of Contribution from DSSF	$160,044	$171,078	$167,194	$171,360	$176,268	$175,381	$178,248
Amount Available for Deposit to ADF	**$18,782**	**$19,504**	**$20,869**	**$20,774**	**$20,973**	**$21,205**	**$21,473**
Amount due Airlines at Settlement	**(13,728)**	**(13,728)**	**(13,728)**	**(13,728)**	**(13,728)**	**(13,728)**	**(13,728)**
Amount Available for Deposit to ADF post Settlement	**$5,054**	**$5,776**	**$7,141**	**$7,046**	**$7,245**	**$7,477**	**$7,745**

[1] Based on Airport's FY2018 Rates & Charges Settlement.
[2] Includes Airport Development Fund Deposits.

Debt Service Coverage/Additional Bonds Test/Airline Cost Per Passenger

Table 30 shows the projected debt service during the forecast period. The results of the Additional Bonds Test for the base case scenario using the financial projection presented in this Report for FYs 2019-2024 is shown on Table 31. Debt Service Coverage ("DSC") is projected to range from 1.49 to 1.57 during the forecast period, showing that the Airport anticipates to continue meeting the DSC requirement of 1.25 under this scenario in all years. The Additional Bonds provisions states, in part, that Net Revenues must be at least 1.25 times Aggregate Debt Service; 1) in any 12 consecutive calendar months out of the 18 calendar months preceding the authentication and delivery of the Series 2019 Bonds, and 2) as set forth in the Airport Consultant's certificate, for each of the three Airport fiscal years following the Airport fiscal year in which the project is expected to be completed.

The cost per enplanement ("CPE") as shown on Table 26, is projected to decrease from $8.87 in FY2018 to $8.13 in FY2024 due to higher non-airline revenues and signatory airline enplanements, along with continued efforts by Airport management to control costs. We compared the Airport's current and projected CPE with the results from the FAA's 2017 Certification Activity Tracking System ("CATS"), which provides results from all commercial service airports by hub size. The results indicated that the average CPE for medium hub airports was $9.08. Therefore, based on this comparison and our experience in providing financial consulting services to a variety of airports, we believe the projected airline CPE is reasonable in light of the varying stages of other airports implementing major capital improvement programs.

The financial projections presented in this section are based on information and assumptions that have been provided by Airport management, or developed by Unison and reviewed with and confirmed by Airport management. Based upon our review, we believe the information to be accurate and that the assumptions made provide a reasonable basis for the forecasts. However, due to unforeseen events and circumstances actual results may vary from the forecasts.

Sensitivity Analysis

The sensitivity analysis was prepared based on a scenario that assumes a decline in connecting traffic, primarily driven by Southwest as discussed in Section 3. The net change in both landed weight and enplanements is a decline ranging from less than one percent in FY2020 to ten percent by 2024. However, due to the residual nature of the AUA the projected Net Revenues and Debt Service Coverage are minimally affected by this change as shown on Table 33. In contrast, the projected landing fees and CPE increased in proportion to the decline in connecting traffic as shown on Table 32. However, the terminal rates experience a faster decline primarily due to a reduction in non-airline revenues. Despite the decline in traffic and its effect on airline costs, the CPE is believed to remain reasonable during the forecast period.

Table 30| Projected Debt Service (in Thousands)

	For Fiscal Years Ending June 30						
	Actual	Projected					
	2018	2019 [3]	2020	2021	2022	2023	2024
OUTSTANDING BONDS							
General Airport Revenue Bonds:							
Series 2005 Refunding Bonds	$32,386	$30,929	$8,030	$8,030	$8,030	$8,029	$10,545
Series 2007A Refunding Bonds	$0	$0	$0	$0	$0	$0	$0
Series 2007B Refunding Bonds	$1,791	$1,791	$1,791	$1,791	$1,791	$1,791	$1,791
Series 2009A-1 Bonds	$9,914	$9,909	$0	$0	$0	$0	$0
Series 2012 Refunding Bonds	$2,119	$2,117	$2,124	$2,123	$2,119	$2,118	$2,119
Series 2013 Refunding Bonds [1]	$3,745	$0	$0	$0	$0	$0	$0
Series 2015 Refunding Bonds	$866	$866	$7,641	$5,152	$3,966	$2,352	$0
Series 2017A Refunding Bonds	$6,156	$6,106	$22,606	$26,256	$27,330	$22,644	$22,655
Series 2017B Refunding Bonds	$5,949	$13,236	$11,389	$10,235	$10,344	$9,364	$9,187
Series 2017C Bonds	$0	$793	$1,585	$1,585	$1,585	$1,585	$1,585
Series 2017D Bonds	$0	$665	$1,330	$1,330	$1,330	$1,330	$1,330
Subtotal Debt Service (prior to Series 2019 Bonds)	$62,926	$66,410	$56,495	$56,501	$56,494	$49,212	$49,211
PROPOSED BONDS							
Series 2019A+B Bonds [2]	$0	$0	$0	$1,434	$1,431	$1,433	$1,429
Series 2019C Refunding Debt service	$0	$0	$3,815	$3,774	$3,774	$3,774	$3,774
Proposed Series 2021 Bond [2]	$0	$0	$0	$0	$2,196	$5,797	$5,797
Total Debt Service	$62,926	$66,410	$60,310	$61,708	$63,895	$60,216	$60,210

[1] The fiscal year 2018 amount reflects the use of the debt service reserve of approximately $3.5 million to pay a portion of the final debt service payment.
[2] The Series 2019A+B (Series 2019 Project Bonds) and the future 2021 bond issue assume 12 months of capitalized interest.
[3] FY 2019 aggregate debt servcie includes the Series 2009A-1 payment that was defeased during the bond closing for the Series 2019 Bonds. This reflects proper treatment for airline rates and charges for FY 2019.

Table 31| Base Forecast - Projected Debt Service Coverage (in Thousands)

	For Fiscal Years Ending June 30						
	Actual	Projected					
	2018 [1]	2019	2020	2021	2022	2023	2024
Total Revenues (including DSSF Contribution and Additional Requirement)	$178,826	$190,581	$188,064	$192,134	$197,241	$196,586	$199,721
less: Operation and Maintenance Expenses	85,168	92,633	94,923	97,414	99,971	102,597	105,293
Net Revenues	$93,658	$97,948	$93,141	$94,720	$97,269	$93,989	$94,428
Debt Service							
Outstanding Bonds	62,926	66,410	56,495	56,501	56,494	49,213	49,211
Future Bonds [2]	0	0	3,815	5,207	7,401	11,003	10,999
	$62,926	$66,410	$60,310	$61,708	$63,895	$60,216	$60,210
Debt service coverage ratio	**1.49**	**1.47**	**1.54**	**1.53**	**1.52**	**1.56**	**1.57**

[1] Based on Airport's FY2018 Rates & Charges Settlement.

[2] The Series 2019 Project Bonds and the future 2021 bond issue both assume 12 months of capitalized interest.

Table 32 | Sensitivity - Projected Signatory Landing Fee Rates and Terminal Rental Rates (in Thousands)

	For Fiscal Years Ending June 30						
	Actual	Projected [2]					
	2018 [1]	2019	2020	2021	2022	2023	2024
INITIAL AIRLINE REQUIREMENTS							
Landing Fees	$54,344	$59,946	$60,616	$61,940	$62,827	$64,675	$65,606
Terminal 1	9,252	9,472	8,499	8,702	8,868	9,130	9,092
Terminal 2	4,413	4,139	4,234	4,363	4,440	4,704	4,701
Passenger Loading Bridges	0	380	404	405	378	378	362
	$68,009	$73,937	$73,752	$75,411	$76,514	$78,887	$79,762
TOTAL SIGNATORY AIRLINE REQUIREMENTS							
Initial Requirement	$68,009	$73,937	$73,752	$75,411	$76,514	$78,887	$79,762
Additional Airline Requirement	(786)	2,342	(4,801)	(702)	1,179	(3,939)	(4,079)
	$67,222	$76,280	$68,952	$74,708	$77,693	$74,949	$75,683
Signatory airline enplaned passengers	7,582	7,893	8,035	7,611	7,380	7,528	7,700
Signatory Airline CPE post Mitigation	**$8.87**	**$9.66**	**$8.58**	**$9.82**	**$10.53**	**$9.96**	**$9.83**
SIGNATORY AIRLINE RATES (including Additional Requirement)							
Landing Fee Rate (per 1,000 pounds)	**$6.17**	**$6.55**	**$6.53**	**$7.03**	**$7.35**	**$7.43**	**$7.38**
Airlines' Terminal Building Rental Rates							
Terminal 1	**$36.23**	**$46.46**	**$21.18**	**$34.21**	**$40.49**	**$26.37**	**$25.80**
Terminal 2	**$43.27**	**$49.73**	**$29.50**	**$43.00**	**$49.39**	**$36.92**	**$36.47**

[1] Based on Airport's FY2018 Rates & Charges Settlement.
[2] Sensitivity scenario based on reduction in connecting traffic during the forecast period starting in FY2020.

Table 33 | Sensitivity - Projected Debt Service Coverage (in Thousands)

	For Fiscal Years Ending June 30						
	Actual	Projected [2]					
	2018 [1]	2019	2020	2021	2022	2023	2024
Total Revenues (including DSSF Contribution and Additional Requirement)	$178,826	$190,596	$188,030	$191,726	$196,494	$195,816	$198,925
less: Operation and Maintenance Expenses	85,168	92,633	94,923	97,414	99,971	102,597	105,293
Net Revenues	$93,658	$97,963	$93,107	$94,312	$96,523	$93,219	$93,632
Debt Service							
Outstanding Bonds	62,926	66,410	56,495	56,501	56,494	49,213	49,211
Future Bonds [3]	0	0	3,815	5,207	7,401	11,003	10,999
	$62,926	$66,410	$60,310	$61,708	$63,895	$60,216	$60,210
Debt service coverage ratio	**1.49**	**1.48**	**1.54**	**1.53**	**1.51**	**1.55**	**1.56**

[1] Based on Airport's FY2018 Rates & Charges Settlement.

[2] Sensitivity scenario based on reduction in connecting traffic during the forecast period starting in FY2020.

[3] The Series 2019 Project Bonds and the future 2021 bond issue both assume 12 months of capitalized interest.

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APPENDIX B

AUDITED FINANCIAL STATEMENTS OF THE AIRPORT

NOTE: KPMG LLP, THE CITY'S INDEPENDENT AUDITOR, HAS NOT BEEN ENGAGED TO PERFORM AND HAS NOT PERFORMED, SINCE THE DATE OF ITS REPORT INCLUDED HEREIN, ANY PROCEDURES ON THE FINANCIAL STATEMENTS ADDRESSED IN SUCH REPORT. KPMG LLP HAS NOT PERFORMED ANY PROCEDURES RELATING TO THIS OFFICIAL STATEMENT.

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ST. LOUIS LAMBERT INTERNATIONAL AIRPORT

(An Enterprise Fund of the City of St. Louis, Missouri)

Basic Financial Statements and Supplementary Information

June 30, 2018

(With Independent Auditors' Report Thereon)

ST. LOUIS LAMBERT INTERNATIONAL AIRPORT
(An Enterprise Fund of the City of St. Louis, Missouri)

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KPMG LLP
Suite 900
10 South Broadway
St. Louis, MO 63102-1761

Independent Auditors' Report

Honorable Mayor and Members of
the Board of Aldermen of the
City of St. Louis, Missouri:

Report on the Financial Statements

We have audited the accompanying financial statements of St. Louis Lambert International Airport, an enterprise fund of the City of St. Louis, Missouri, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise St. Louis Lambert International Airport's basic financial statements for the year then ended as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St. Louis Lambert International Airport, as of June 30, 2018, and the changes in its financial position and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

KPMG

Emphasis of Matter

As discussed in note 1, the basic financial statements of St. Louis Lambert International Airport present only the financial position and the changes in financial position and cash flows of St. Louis Lambert International Airport, an enterprise fund of the City of St. Louis, Missouri, and do not purport to, and do not, present fairly the financial position of the City of St. Louis, Missouri as of June 30, 2018, the changes in its financial position or, where applicable, its cash flows, for the year then ended, in conformity with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the information in the Management's Discussion and Analysis on pages 4 through 14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise St. Louis Lambert International Airport's basic financial statements. The supplementary information included in schedules I through XII is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information included in schedules I through XII is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information included in schedules I through XII is fairly stated in all material respects in relation to the basic financial statements as a whole.

KPMG

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2018 on our consideration of St. Louis Lambert International Airport's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of St. Louis Lambert International Airport's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the St. Louis Lambert International Airport's internal control over financial reporting and compliance.

KPMG LLP

St. Louis, Missouri
December 12, 2018

The following discussion and analysis of the activity and financial performance of St. Louis Lambert International Airport (the Airport) has been prepared by Airport management to provide the reader with an introduction and overview to the basic financial statements of the Airport for the fiscal year ended June 30, 2018. Following this discussion and analysis are the basic financial statements of the Airport including the notes which are essential to a full understanding of the data contained within the basic financial statements. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Statements

The Airport's basic financial statements are prepared on an accrual basis in accordance with the U.S. generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB). The Airport is structured as an enterprise fund owned and operated by the City of St. Louis, Missouri with revenues recognized when earned. Expenses are recognized when incurred. Capital assets are capitalized (other than land, construction in progress, and easements) and are depreciated over their useful lives. Amounts are restricted for debt service and, where applicable, for construction activities. Refer to note 1 of the basic financial statements for a summary of the Airport's significant accounting policies.

Summary of Airport Activity

Air travel increased in 2018 when compared to 2017 with enplaned passengers increasing by 5.9% and aircraft landings and takeoffs increasing 0.9% from fiscal year 2017. The growth is a result of airlines continuing to add more seats to the market with larger aircraft, additional flights to existing markets and new markets as well. St. Louis (STL) airlines operated 260 daily departures during the peak summer travel period. The airlines are flying to 73 nonstop destinations, which is 4 more than 2017. Activity at the Airport during fiscal years 2018 and 2017, is as follows:

	2018	2017	Change
Enplaned passengers	7,612,463	7,187,439	5.9 %
Aircraft landings and takeoffs	195,171	193,439	0.9
Landed weight (in thousands of pounds)	9,106,126	8,620,541	5.6
Mail and cargo (in tons)	72,810	72,402	0.6

Financial Highlights

The following represents the significant financial activity at the Airport in fiscal years 2018 and 2017 and the reasons for any fluctuations between the years:

- Operating revenues decreased 4.1% from $140,073 in fiscal year 2017 to $134,264 in fiscal year 2018 due to the lowering of assessed air carrier landing fees and terminal rental rates.

(Dollars in thousands, unless otherwise indicated)

- Operating expenses increased 0.4% from $141,410 in fiscal year 2017 to $141,921 in fiscal year 2018 primarily due to the increase in security and custodial related contract costs and depreciation expenses.
- The net result of the impact to operating revenues and expenses, as discussed above, is that operating income decreased 472.7% from $(1,337) in fiscal year 2017 to $(7,657) in fiscal year 2018.
- Nonoperating revenues/(expenses), net, increased 344.3% from $(3,669) in fiscal year 2017 to $8,962 in fiscal year 2018 primarily due to 2017 Bond refunding transactions which lowered annual debt service costs and a growth in enplaned passengers which resulted in a 6.4% increase in passenger facility fee collections.
- Capital contributions received in the form of grants and buildings and improvements from the federal and state governments increased 75.0% from $11,722 in fiscal year 2017 to $20,508 in fiscal year 2018. The grants received in fiscal year 2018 included various FAA Airport Improvement Program airfield projects totaling $7,740 and $3,317 of state and marketing grants. Capital contributions also includes $9,451 from the termination of the long term lease with the Missouri Air National Guard (MOANG) and the contribution of facilities to the Airport.
- As a result of the preceding items, net position increased 1.4% from $1,099,986 in fiscal year 2017 to $1,115,111 in fiscal year 2018.

Financial Position Summary

Net position may serve over time as a useful indicator of the Airport's financial position. The Airport's assets and deferred outflow of resources exceeded liabilities and deferred inflow of resources by $1,115,111 at June 30, 2018.

A condensed summary of the Airport's net position at June 30, 2018 and 2017 is shown below:

		2018	2017	Dollar change	Percentage change
Assets:					
Current and other assets	$	340,456	577,692	(237,236)	(41.1)%
Capital assets		1,533,647	1,557,201	(23,554)	(1.5)
Deferred outflow of resources		13,206	20,789	(7,583)	(36.5)
Total assets and deferred outflow of resources	$	1,887,309	2,155,682	(268,373)	(12.4)%

(Dollars in thousands, unless otherwise indicated)

		2018	2017	Dollar change	Percentage change
Liabilities:					
Long-term liabilities	$	676,766	730,264	(53,498)	(7.3)%
Other liabilities		86,632	320,274	(233,642)	(73.0)
Deferred inflows of resources		8,800	5,158	3,642	70.6
Total liabilities and deferred inflows of resources	$	772,198	1,055,696	(283,498)	(26.9)%
Net position:					
Invested in capital assets	$	963,999	626,202	337,797	53.9 %
Restricted		91,591	408,846	(317,255)	(77.6)
Unrestricted		59,521	64,938	(5,417)	(8.3)
Total net position	$	1,115,111	1,099,986	15,125	1.4 %

A portion of the Airport's net position (86.4% at June 30, 2018) represents its investment in capital assets (e.g., land, easements, pavings, buildings and facilities, roads, runways, and equipment), less the related accumulated depreciation and indebtedness outstanding used to acquire those capital assets. The Airport uses these capital assets to provide services to its passengers and visitors to the Airport; consequently, these assets are not available for future spending. Although the Airport's investment in its capital assets is reported net of related debt, it is noted that the resources required to repay this debt must be provided annually from operations since it is unlikely the capital assets themselves will be liquidated to pay liabilities.

An additional portion of the Airport's net position (8.3% at June 30, 2018) represents net position that are subject to external restrictions on how they can be used. These assets can be used for any lawful Airport use including debt service, capital restoration, or expenditure subject to the restrictions of the Passenger Facility Charge Program and the Airport Improvement Program.

(Dollars in thousands, unless otherwise indicated)

The remaining portion of the Airport's net position (5.3% at June 30, 2018) represents its unrestricted investments, less any outstanding indebtedness, which may be used to meet any of the Airport's ongoing obligations.

In fiscal 2018, the decrease in capital assets is attributable to fewer projects capitalized during fiscal year 2018 compared to the prior fiscal year and current year depreciation expense. The decrease in long-term debt outstanding and other liabilities was attributable to the current refunding of 2007A and 2007B Series Revenue Refunding Bonds on July 3, 2017 to reduce total debt over the next 15 years by $46,646 and to obtain an economic gain (difference between the present value of the old and new debt service payments) of $35,495.

Summary of Revenues, Expenses, and Changes in Fund Net Position

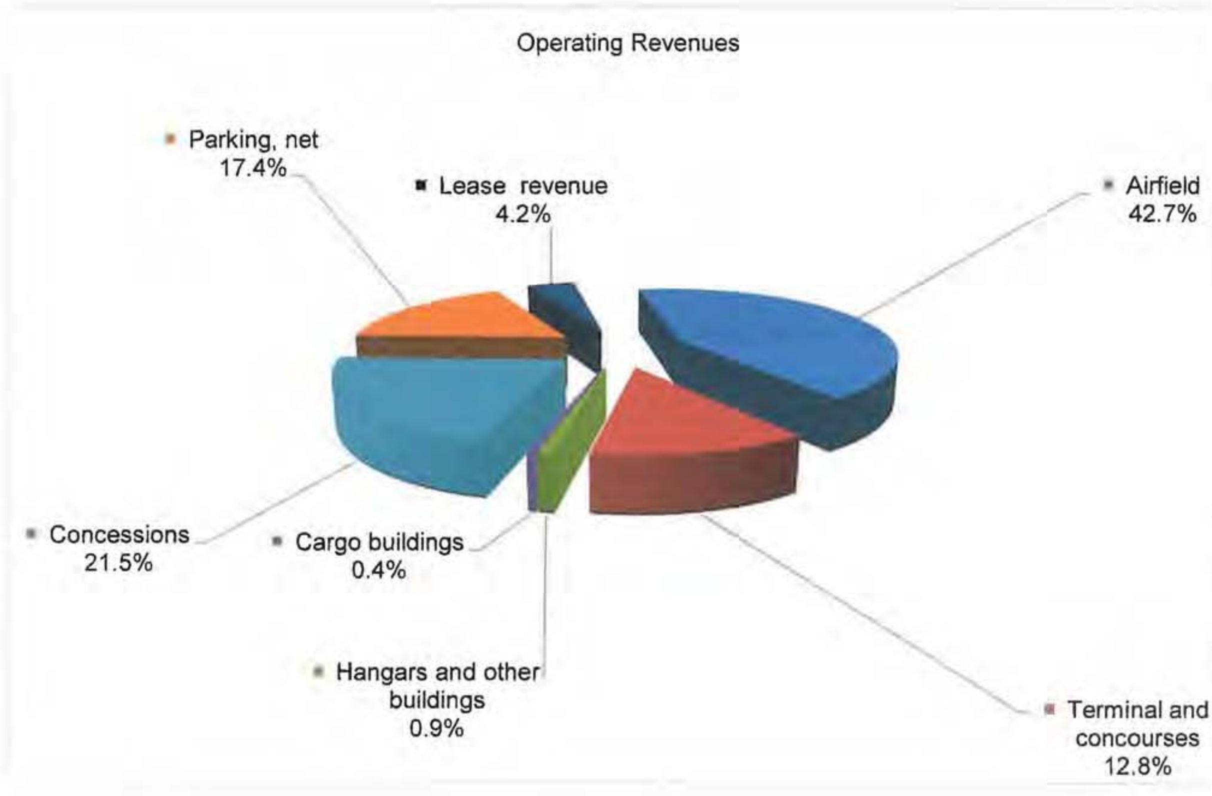
The Airport's revenues, expenses, and changes in fund net position for the fiscal years ended June 30, 2018 and 2017 are summarized as follows:

		2018	2017	Dollar change	Percentage change
Operating revenues	$	134,264	140,073	(5,809)	(4.1)%
Operating expenses		141,921	141,410	511	0.4
Operating (loss)	$	(7,657)	(1,337)	(6,320)	472.7 %
Nonoperating revenues/(expenses), net	$	8,962	(3,669)	12,631	344.3 %
Income (loss) before capital contributions and transfers, net	$	1,305	(5,006)	6,311	126.1 %
Capital contributions		20,508	11,722	8,786	75.0
Transfers out		(6,688)	(6,500)	(188)	2.9
Increase in net position	$	15,125	216	14,909	6,902.3 %
Net position, end of year	$	1,115,111	1,099,986	15,125	1.4 %

ST. LOUIS LAMBERT INTERNATIONAL AIRPORT
(An Enterprise Fund of the City of St. Louis, Missouri)
Management's Discussion and Analysis – Unaudited
June 30, 2018
(Dollars in thousands, unless otherwise indicated)

Revenues

The following chart shows the major sources of *operating revenues*, and their percentage share of *total operating revenues*, for the year ended June 30, 2018:



(Dollars in thousands, unless otherwise indicated)

The following table summarizes *Airport operating and nonoperating revenues*, and their percentage share of *total Airport operating and nonoperating revenue*, for the year ended June 30, 2018:

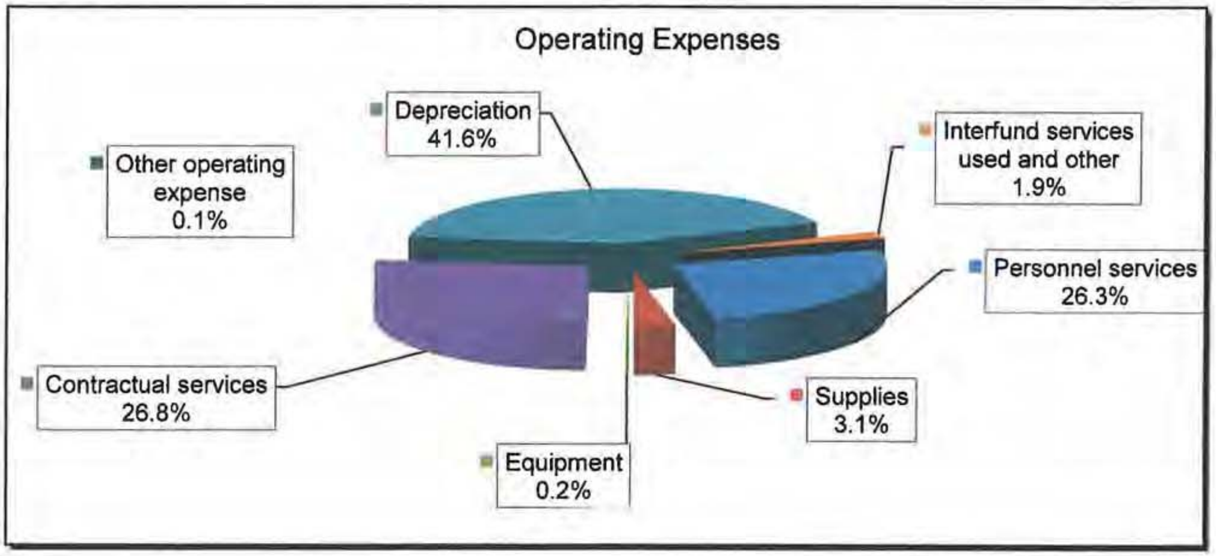
	2018	Percentage of total	Dollar change from 2017	Percentage change from 2017
Operating revenues:				
Aviation revenue:				
Airfield	$ 57,370	34.6 %	(931)	(1.6)%
Terminal and concourses	17,188	10.4	(8,102)	(32.0)
Hangars and other buildings	1,236	0.7	(114)	(8.4)
Cargo buildings	582	0.4	88	17.8
Concessions	28,820	17.4	2,513	9.6
Parking, net	23,379	14.1	272	1.2
Lease revenue	5,689	3.4	464	8.9
Total operating revenue	134,264	81.0 %	(5,810)	(4.1)%
Nonoperating revenues:				
Intergovernmental revenue	826	0.5 %	(310)	(27.3)%
Investment revenue	1,489	0.9	(257)	(14.7)
Passenger facility charges	28,510	17.2	1,717	6.4
Other nonoperating revenue, net	791	0.5	679	606.3
Gain (loss) on sale of land	(103)	(0.1)	(144)	(351.2)
Gain on extinguishment of debt	—	—	(2,097)	(100.0)
Total nonoperating revenue	31,513	19.0 %	(412)	(1.3)%
Total revenues	$ 165,777	100.0 %	(6,222)	(3.6)%

(Continued)

Fiscal year 2018 operating revenues decreased 4.1%, or $5,810. Primarily due to the lower terminal rental rates assessed to air carriers. In addition, nonoperating revenues decreased 1.3%, or $412, due primarily to an increase in enplaned passengers during the fiscal year, resulting in increased passenger facility fee collections, offset by the gain on extinguishment of debt recognized in the prior year.

Expenses

The following chart shows the major sources of *operating expenses*, and their percentage share of *total operating expenses*, for the year ended June 30, 2018:



(Dollars in thousands, unless otherwise indicated)

The following table summarizes *Airport operating and nonoperating expenses*, and their percentage share of *total Airport operating and nonoperating expenses*, for the year ended June 30, 2018:

		2018	Percentage of total	Dollar change from 2017	Percentage change from 2017
Operating expenses:					
Personnel services	$	37,322	22.7 %	(3,038)	(7.5)%
Supplies		4,339	2.6	(490)	(10.1)
Equipment		340	0.2	77	29.3
Contractual services		38,093	23.2	2,087	5.8
Depreciation		59,012	35.9	1,753	3.1
Interfund services used		2,731	1.7	104	4.0
Other operating expenses		84	0.1	18	27.3
Total operating expenses		141,921	86.3 %	511	0.4 %
Nonoperating expenses:					
Interest expense		22,551	13.7 %	(9,740)	(30.2)%
Other nonoperating expense, net		—	—	(3,303)	100.0
Total nonoperating expenses		22,551	13.7 %	(13,043)	(36.6)%
Total expenses	$	164,472	100.0 %	(12,532)	(7.1)%

Airline Use Rates and Charges

As of June 30, 2018, the Airport was served by 11 signatory airlines, which have use agreements, of which two are cargo carriers. Twenty airlines have operating agreements, 16 are designated as affiliates, 1 of which is a cargo carrier. An individual airline that signed a Use and Lease Agreement with the Airport has a contract that establishes how the airlines are assessed annual rates and charges for their use of the Airport. These agreements will expire on June 30, 2021.

Landing and rental fees are calculated on budgeted operating and maintenance expenses and are charged to the airlines based upon forecasted landing weights or square footage utilized. The amount charged is adjusted at year-end based upon actual expenses and actual landed weight and the difference is settled with the Airlines. Nonaffiliated airlines with operating agreements and carriers landing without an Airport Agreement are assessed 125% of the landing fee rate assessed carriers with use agreements.

(Dollars in thousands, unless otherwise indicated)

Capital Acquisitions and Construction Activities

During fiscal year 2018, the Airport expended $21,131 on capital activities related to construction in progress excluding capitalized interest. During 2018, completed projects totaling approximately $27,750 were transferred from construction in progress to their respective capital accounts. The major completed projects were as follows:

Terminal and concourse improvements	$	8,069
Runway improvements		17,633
Roadway improvements		1,571
Airport office building, banshee buildings, and others		477
Total	$	27,750

Capital asset acquisitions and improvements exceeding $10,000 (in dollars) are capitalized at cost. Acquisitions are funded using a variety of financing techniques, including federal grants, State of Missouri grants, passenger facility charges, debt issuances, and Airport operating revenues. Additional information on the Airport's capital assets and commitments can be found in the notes to the basic financial statements.

Passenger Facility Charges (PFC)

The Airport initially received approval from the FAA to impose a passenger facility charge of $3.00 (in dollars) per enplaned passenger beginning December 1, 1992, not to exceed $131,453, principally to finance the Airport Capital Improvement Program. On December 1, 2001, the Airport received approval to increase the PFC $4.50 (in dollars) per enplaned passenger. The current limitation on passenger facility charges to be collected is $1,075,575.

The PFC is withheld by the respective airline for each ticket or transfer in St. Louis and remitted to the Airport one month after collection, less a $0.11 (in dollars) per ticket operating fee by the airline. PFC revenue is classified as nonoperating revenue.

Long-Term Debt Administration

At June 30, 2018, the Airport had the following bond series outstanding:

Revenue Refunding Bonds, Series 2005, dated July 7, 2005, maturing annually from fiscal year 2013 through 2032 with interest coupons of 5.50%

- Balance outstanding at June 30, 2018 – $189,655

Revenue Refunding Bonds, Series 2007A, dated January 23, 2007, maturing annually from fiscal year 2013 through 2027 with interest coupons of 5.25%

- Balance outstanding at June 30, 2018 – $34,105

Revenue Bonds, Series 2009A, dated July 14, 2009, maturing annually from fiscal year 2024 through 2035 with interest coupons ranging from 5.375% to 6.625%

- Balance outstanding at June 30, 2018 – $100,690

Revenue Refunding Bonds, Series 2012, dated June 30, 2012, maturing annually from fiscal year 2013 through 2033 with interest coupons ranging from 3.00% to 5.00%

- Balance outstanding at June 30, 2018 – $23,180

Revenue Refunding Bonds, Series 2013, dated June 30, 2013, maturing annually from fiscal year 2014 through 2019 with interest coupons of 5.00%

- Balance outstanding at June 30, 2018 – $6,885

Revenue Refunding Bonds, Series 2015, dated June 25, 2015, maturing annually from fiscal year 2020 through 2024 with interest coupon of 5.00%

- Balance outstanding at June 30, 2018 – $17,310

Revenue Refunding Bonds, Series 2017A, dated June 30, 2018, maturing annually from fiscal year 2020 through 2033 with interest coupons of 5.00%

- Balance outstanding at June 30, 2018 – $125,410

Revenue Refunding Bonds, Series 2017B, dated June 30, 2018, maturing annually from fiscal year 2018 through 2028 with interest coupons ranging from 4.00% to 5.00%

- Balance outstanding at June 30, 2018 – $74,715

Revenue Bonds, Series 2017C, dated June 30, 2018, maturing annually from fiscal year 2038 through 2048 with interest coupons of 5.00%

- Balance outstanding at June 30, 2018 – $31,700

Revenue Bonds, Series 2017D, dated June 30, 2018, maturing annually from fiscal year 2028 through 2038 with interest coupons of 5.00%

- Balance outstanding at June 30, 2018 – $26,605

Credit Ratings

Moody's Investors Service, Inc. (Moody's) and Standard & Poor's Ratings Services (S&P), a division of The McGraw-Hill Companies, Inc., have assigned ratings of "A2" and "A-" respectively, and subsequent to June 30, 2018 on the basis of the credit of the Airport.

Requests for Information

These basic financial statements are designed to provide a general overview of the Airport's finances for all those with an interest. Questions concerning any information provided in this report should be addressed to the Office of the Airport Assistant Director for Finance and Accounting, St. Louis Lambert International Airport, P.O. Box 10212, St. Louis, Missouri, 63145.

ST. LOUIS LAMBERT INTERNATIONAL AIRPORT
(An Enterprise Fund of the City of St. Louis, Missouri)

Balance Sheet

June 30, 2018

(Dollars in thousands)

Assets

Current assets:		
Unrestricted assets:		
Cash and cash equivalents	$	26,189
Investments		47,500
Accounts receivable, net		4,307
Supplies and materials		2,326
Other current assets		637
Total unrestricted assets		80,959
Restricted assets:		
Cash and cash equivalents		104,310
Accrued interest receivable		150
Passenger facility charges receivable		2,292
Government grants receivable		4,688
Total restricted assets		111,440
Total current assets		192,399
Noncurrent assets:		
Unrestricted:		
Investments		34,723
Restricted:		
Cash and cash equivalents		28,392
Investments		81,368
Capital assets, net		1,533,647
Net pension asset		1,885
Other assets		1,689
Total noncurrent assets		1,681,704
Deferred outflows of resources-loss on bond refunding		8,205
Deferred outflows of resources-pension related		5,001
Total assets and deferred outflows of resources	$	1,887,309

ST. LOUIS LAMBERT INTERNATIONAL AIRPORT
(An Enterprise Fund of the City of St. Louis, Missouri)

Balance Sheet

June 30, 2018

(Dollars in thousands)

Liabilities and Net Position

Current liabilities:		
Payable from unrestricted assets:		
Accounts payable and accrued expenses	$	18,631
Unearned revenue and other current liabilities		2,036
Due to the City of St. Louis, Missouri		4,751
Total payable from unrestricted assets		25,418
Payable from restricted assets:		
Current maturities of revenue bonds payable		35,780
Accrued interest payable		18,190
Contracts and retainage payable		7,244
Total payable from restricted assets		61,214
Total current liabilities		86,632
Noncurrent liabilities:		
Revenue bonds payable, net		646,250
Net pension liability		19,208
Other long-term liabilities		11,308
Total noncurrent liabilities		676,766
Deferred inflows of resources-gain on bond refunding		3,015
Deferred inflows of resources-pension related		5,785
Total liabilities and deferred inflows of resources		772,198
Net position:		
Invested in capital assets		963,999
Restricted:		
Bond reserve funds		70,252
Passenger facility charges		21,339
Unrestricted		59,521
Total net position		1,115,111
Total liabilities, deferred inflows of resources, and net position	$	1,887,309

See accompanying notes to basic financial statements.

ST. LOUIS LAMBERT INTERNATIONAL AIRPORT

(An Enterprise Fund of the City of St. Louis, Missouri)

Statement of Revenues, Expenses, and Changes in Fund Net Position

Year ended June 30, 2018

(Dollars in thousands)

Operating revenue:		
Aviation revenue:		
Airfield	$	57,370
Terminals and concourses		17,188
Hangars and other buildings		1,236
Cargo buildings		582
Concessions		28,820
Parking, net		23,379
Lease revenue		5,689
Total operating revenue		134,264
Operating expenses:		
Personnel services		37,322
Supplies		4,339
Equipment		340
Contractual services		38,093
Depreciation		59,012
Interfund services used		2,731
Other operating		84
Total operating expenses		141,921
Operating loss		(7,657)
Nonoperating revenue (expenses):		
Intergovernmental revenue		826
Investment revenue		1,489
Interest expense		(22,551)
Passenger facility charges		28,510
Loss on sale of land		(103)
Other, net		791
Total nonoperating revenues, net		8,962
Income before capital contributions and transfers		1,305
Capital contributions		20,508
Transfers to the City of St. Louis, Missouri		(6,688)
Total capital contributions and transfers		13,820
Increase in net position		15,125
Total net position, beginning of year		1,099,986
Total net position, end of year	$	1,115,111

See accompanying notes to basic financial statements.

ST. LOUIS LAMBERT INTERNATIONAL AIRPORT
(An Enterprise Fund of the City of St. Louis, Missouri)

Statement of Cash Flows

Year ended June 30, 2018

(Dollars in thousands)

Cash flows from operating activities:	
Receipts from customers and users	$ 135,568
Payments to suppliers of goods and services	(38,455)
Payments to or on behalf of employees	(37,173)
Payments for interfund services used	(2,896)
Net cash provided by operating activities	57,044
Cash flows from noncapital financing activity:	
Transfers to other funds of the City of St. Louis, Missouri	(6,688)
Net cash used in noncapital financing activity	(6,688)
Cash flows from capital and related financing activities:	
Cash collections from passenger facility charges	28,441
Receipt of federal financial assistance	12,648
Acquisition and construction of capital assets	(25,844)
Proceeds from the sale of surplus property	841
Principal paid on revenue bond maturities	(276,000)
Interest paid on revenue bonds	(29,570)
Net cash used in capital and related financing activities	(289,484)
Cash flows from investing activities:	
Purchases of investments	(88,756)
Proceeds from sales and maturities of investments	69,552
Investment income	3,133
Net cash used in investing activities	(16,071)
Net decrease in cash and cash equivalents	$ (255,199)
Cash and cash equivalents:	
Beginning of year:	
Unrestricted	$ 31,084
Restricted	383,006
	$ 414,090
End of year:	
Unrestricted	$ 26,189
Restricted	132,702
	$ 158,891
Reconciliation of operating (loss) to net cash provided by operating activities:	
Operating (loss)	$ (7,657)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:	
Depreciation	59,012
Changes in assets and liabilities:	
Accounts receivable, net	886
Supplies and materials	(23)
Other assets	(78)
Net pension liabilities/assets	17,742
Accounts payable and accrued expenses	4,579
Unearned revenue	783
Due to/from the City of St. Louis, Missouri	(33)
Other long-term liabilities	(18,167)
Total adjustments	64,701
Net cash provided by operating activities	$ 57,044
Supplemental disclosures for noncash activities:	
Unrealized gain/(loss) on investments	$ (1,662)
Contributed capital assets	9,451
Capital assets in contracts and retainage payable	7,244

See accompanying notes to basic financial statements.

(1) Summary of Significant Accounting Policies

The St. Louis Lambert International Airport (the Airport) is owned and operated by the City of St. Louis, Missouri (the City). The Airport is an enterprise fund of the City, and therefore, the basic financial statements of the Airport are not intended to present the financial position, changes in financial position, and cash flows of the City as a whole in conformity with U.S. generally accepted accounting principles.

(a) Basis of Accounting

Governmental enterprise funds are used to account for operations of governmental entities that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The Airport prepares its financial statements in accordance with U.S. generally accepted accounting principles for governmental enterprise funds, which are similar to those for private business enterprises. Accordingly, the economic resource measurement focus and the accrual basis of accounting are used whereby revenues are recorded when earned and expenses are recorded when incurred.

In reporting its financial activity, the Airport applies all applicable Governmental Accounting Standards Board (GASB) pronouncements.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's ongoing operations. Revenues from airlines, concessions, and parking are reported as operating revenues. Transactions that are capital, financing, or investing related are reported as nonoperating revenue. All expenses related to operating the Airport are reported as operating expenses. Interest expense, financing costs, gains and losses on the disposal of capital assets, and gains and losses on the extinguishment of debt are reported as nonoperating expenses.

(b) Accounts Receivable, Net

Accounts receivable at June 30, 2018 consist of $4,352 due from air carriers and concessionaires with operations at the Airport. Such amounts are recorded net of allowances for uncollectible accounts of $45.

(c) Supplies and Materials

Supplies and materials represent items used in support of operations and maintenance of the Airport. Supplies and materials amounts are recorded at cost using a method that approximates the first-in, first-out method.

(d) Passenger Facility Charges (PFCs)

The Airport collects a $4.50 (in dollars) facility charge per enplaned passenger to fund approved FAA projects. The PFCs are withheld by the respective airlines for each ticket purchased and passenger transfer made in St. Louis and remitted to the Airport one month after the month of receipt, less an $0.11 (in dollars) per ticket operating fee retained by the airlines. PFCs represent an exchange-like transaction, and are recognized as nonoperating revenue based upon passenger enplanements. Passenger facility charges receivable as of June 30, 2018 were $2,292. These amounts were collected during July and August of 2018.

(e) Capital Assets, Net

Capital assets are recorded at cost. Depreciation, including depreciation recognized on assets acquired through government grants and other aid, is computed on the straight-line method over the estimated useful lives of the various classes of assets. Land is recorded at cost, which, in addition to the purchase price, includes appraisal and legal fees, demolition, and homeowner relocation costs. Net interest costs on funds borrowed to finance the construction of capital assets are capitalized and amortized over the life of the related asset.

Airport management has evaluated prominent events or changes in circumstances affecting capital assets to determine whether any impairments of capital assets have occurred (note 12). Such events or changes in circumstances that were considered by Airport management to be indicative of impairment include evidence of physical damage, enactment or approval of laws or regulations, or other changes in environmental factors, technological changes or evidence of obsolescence, changes in the manner or duration of use of a capital asset, and construction stoppage.

(f) Interest Expense

Bond discounts and bond premiums are recorded as reductions of or additions to the related debt obligation as appropriate. Such amounts are deferred and amortized over the life of the bonds using the bonds outstanding method. Bond issuance costs are recognized as an outflow of resources and are expensed as incurred.

(g) Other Assets

Other noncurrent assets, as of June 30, 2018, comprise an advance of $1,689 provided to the Airport's parking contractor and will be repaid to the Airport at the conclusion of the parking contract.

(h) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at June 30, 2018 comprise $4,017, of accrued salaries and benefits; $13,274 due to vendors and contractors; and $1,340 of other accrued expenses.

(i) Vacation and Sick Leave Benefits

Under the terms of the City's personnel policy, City employees are granted vacation and sick leave. Employees who have an unused sick leave balance may, at retirement, elect to receive payment for one-half of the sick leave balance. As an estimate of the portion of sick leave that will result in termination payments, a liability has been recorded on the accompanying financial statements within other long-term liabilities representing one-half of the accumulated sick leave balances for those employees who will be eligible to retire within five years. The liability totaled $2,017 as of June 30, 2018, and is included in other long-term liabilities.

The vacation liability reflects amounts attributable to employee services already rendered and are cumulative. The liability totaled $2,928 as of June 30, 2018, and is included in accounts payable and accrued expenses.

(j) Capital Contributions and Intergovernmental Revenue

Capital contributions represent government grants used to fund capital projects and other contributed capital. Generally, capital contributions are recognized when the related expenditure is made and amounts become subject to claim for reimbursement. Certain Airport Improvement Program grants include look-back provisions, which allow the Airport to seek reimbursement for expenditures incurred prior to the respective Airport Improvement Program grant award date. In such circumstances, the Airport recognizes capital contributions for such grants upon meeting both the applicable eligibility requirements established by GASB Statement No. 33, *Accounting for Nonexchange Transactions*, and upon the designation of expenditures as eligible Airport Improvement Program expenditures as evaluated through the report date of the accompanying financial statements. Amounts received from other governments that are not restricted for capital purposes are reflected as nonoperating intergovernmental revenue.

(k) Statement of Cash Flows

For purposes of the statement of cash flows, "cash and cash equivalents" is defined as all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased.

(l) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

(Dollars in thousands, unless otherwise indicated)

(2) Cash and Investments

The Airport applies the provisions of GASB Statement No. 72, *Fair Value Measurement and Application*, which requires investments to be measured at fair value. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The statement established a hierarchy of inputs to valuation techniques used to measure fair value. The hierarchy has three levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2 inputs are inputs—other than quoted prices—included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs, such as management's assumption of the default rate among underlying mortgages of a mortgage-backed security.

The following table presents assets that are measured at fair value on a recurring basis at June 30, 2018:

Assets		Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Federal Home Loan Bank	$	23,453	—	23,453	—
Federal National Mortgage Association		29,009	—	29,009	—
Federal Home Loan Mortgage Corporation		11,088	—	11,088	—
Commercial Paper		34,395	—	34,395	—
U.S. Treasury bills and notes		149,282	149,282	—	—
International Bank Notes		15,591	—	15,591	—
Money Market Mutual Funds		25,429	—	25,429	—
	$	288,247	149,282	138,965	—

Investments are recorded at fair value. Fair value for investments is determined by quoted market prices or by using other observable inputs at year-end as reported by the respective investment custodian.

The Airport deposits all cash with the Office of the Treasurer of the City, which maintains all banking relationships for the Airport. Additionally, all investment decisions are made by the City Treasurer and the City's agents.

(Dollars in thousands, unless otherwise indicated)

Certificates of deposit are defined as investments for balance sheet classification and cash flow purposes; for custodial risk disclosure, however, they are described below as cash deposits. In addition, money market mutual funds are classified as cash and cash equivalents on the balance sheet, but as investments for custodial risk disclosure.

The Airport's current assets contemplate the exclusion of resources that are restricted as to withdrawal or use for other than current operations, are designated for expenditure in the acquisition or construction of noncurrent assets, or are segregated for the liquidation of long-term debts (except for maturing debt that is recorded as a current liability).

As of June 30, 2018, the Airport had the following cash deposits and investments:

Federal Home Loan Bank	$	23,453
Federal National Mortgage Association		29,009
Federal Home Loan Mortgage Corporation		11,088
U.S. Treasury bills and notes		149,282
International Bank Notes		15,591
Money market mutual funds		25,429
Other cash deposits		34,235
Commercial paper		34,395
	$	322,482

State statutes and City investment policies authorize the deposit of funds in financial institutions and trust companies. Investments may be made in obligations of the U.S. Government or any agency or instrumentality thereof; bonds of the State of Missouri, the City of St. Louis, Missouri, or any city within the state with a population of 400,000 inhabitants or more; or time certificates of deposit. In addition, the City may enter into repurchase agreements maturing and becoming payable within 90 days secured by U.S. Treasury obligations or obligations of the U.S. Government agencies or instrumentalities of any maturity as provided by law. Funds in the form of cash deposits are required to be insured or collateralized by authorized investments held in the City's name.

(a) Interest Rate Risk

The Airport seeks to minimize its exposure to fair value losses arising from changes in interest rates by selecting investments in adherence to the Investment Policy for the City of St. Louis, Missouri (Investment Policy). The Investment Policy provides that, to the extent possible, the City shall attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities or make a time deposit with a stated maturity or more than five years from the date of purchase. The average maturity for collateral provided to the City for deposits in connection with a repurchase agreement shall not exceed five years without the written approval of the City Treasurer. In connection with any outstanding bond issue, debt service reserve funds may be invested to a maximum maturity of 15 years, and up to 30 years with the approval of the Treasurer.

(Dollars in thousands, unless otherwise indicated)

The investments had the following maturities on June 30, 2018:

	Fair value	Investment maturities (in years) Less than 1	1 – 5	6 – 10
Federal Home Loan Bank	$ 23,453	23,453	—	—
Federal National Mortgage Association	29,009	8,380	20,629	—
Federal Home Loan Mortgage Corporation	11,088	6,988	4,100	—
Commercial paper	34,395	34,395	—	—
U.S. Treasury bills and notes	149,282	76,661	72,621	—
International Bank Notes	15,591	—	15,591	—
Money Market Mutual Funds	25,429	25,429	—	—
	$ 288,247	175,306	112,941	—

(b) Credit Risk

The Investment Policy provides that investments of the City be rated in one of the three highest ratings categories by Moody's Investors Service, Standard & Poor's Corporation, or Fitch's Ratings Service.

The investments had the following ratings on June 30, 2018:

	Fair value	Investment Ratings (Standard and Poor's) AAA	A-1+	A-1	AA+	Not rated
Federal Home Loan Bank	$ 23,453	—	—	—	12,079	11,374
Federal National Mortgage Association	29,009	—	—	—	29,009	—
Federal Home Loan Mortgage Corporation	11,088	—	—	—	11,088	—
Commercial paper	34,395	—	—	24,390	—	10,005
U.S. Treasury bills and notes*	149,282	—	—	—	49,790	99,492
International Bank Notes	15,591	15,591	—	—	—	—
Money Market Mutual Funds	25,429	—	—	—	—	25,429
	$ 288,247	15,591	—	24,390	101,966	146,300

* The Airport's investments in U.S. Treasury Bills and Notes are explicitly guaranteed by the U.S. government and, therefore, do not require a rating.

(Dollars in thousands, unless otherwise indicated)

(c) Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of a counterparty, the Airport will not be able to recover the value of the investments or collateral securities that are in the possession of the counterparty.

The Investment Policy requires that all cash deposits, time certificates of deposit, deposits with listed institutions, and repurchase agreements be covered by adequate pledged collateral or held in trust for the payment of the principal or redemption price of interest on any bond. Acceptable collateral includes U.S. Treasury obligations, other interest-bearing securities guaranteed as to principal and interest by the U.S. or an agency or instrumentality of the U.S., bonds of the State of Missouri, or bonds of the City. The market value of the principal and accrued interest of the collateral must equal 103% of the deposits secured, less any amount subject to federal deposit insurance. All City securities and securities pledged as collateral must be held in a segregated account on behalf of the City by an independent third party with whom the City has a current custodial agreement and has been designated by the Treasurer and Funds Committee as eligible to serve in such a capacity.

At June 30, 2018, all Airport investments and all collateral securities pledged against Airport deposits are held by the counterparty's trust department or agent in the City's name.

(d) Concentration of Credit Risk

The Investment Policy of the City provides that, with the exception of U.S. Treasury Securities, no more than 50% of the City's total investment portfolio will be invested in a single security type or with a single financial institution. The Airport has no separate policy related to the concentration of credit risk, and the Airport's concentration of credit risk is considered in conjunction with the review of the concentration of credit risk for the City's total investment portfolio.

At June 30, 2018, the concentration of the Airport's investments (excluding cash deposits) was as follows:

Federal National Mortgage Association	10.06 %
Federal Home Loan Mortgage Corporation	3.85
Commercial paper	11.93
U.S. Treasury bills and notes	51.79
International Bank Notes	5.41
Federal Home Loan Bank	8.14
Money Market Mutual Funds	8.82
	100.00 %

(Dollars in thousands, unless otherwise indicated)

(3) Restricted Assets

Cash and investments, restricted in accordance with bond provisions, are as follows at June 30, 2018:

Airport Bond Fund:		
Debt Service Account	$	109,772
Debt Service Reserve Account		26,546
Airport Renewal and Replacement Fund		3,500
Passenger Facility Charge Fund		19,047
Airport Debt Service Stabilization Fund		38,211
Airport Construction Fund		14,923
Drug Enforcement Agency funds		2,071
	$	214,070

Bond provisions require that revenues derived from the operation of the Airport be deposited into the unrestricted Airport Revenue Fund. From this fund, the following allocations are made (as soon as practicable in each month after the deposit of revenues, but no later than five business days before the end of each month) in the following order of priority, and as applicable:

(a) Unrestricted Airport Operation and Maintenance Fund: An amount sufficient to pay the estimated operation and maintenance expenses during the next month.

(b) Airport Bond Fund: For credit to the Debt Service Account if and to the extent required so that the balance in said account shall equal the accrued aggregate debt service on the bonds, to the last day of the then-current calendar month. This account shall be used only for payment of bond principal and interest as the same shall become due.

(c) Airport Bond Fund: For credit to the Debt Service Reserve Account: An amount sufficient to maintain a balance in such account equal to the debt service reserve requirement (an amount equal to the greatest amount of principal and interest due in any future fiscal year). This account shall be available for deficiencies in the Debt Service Account on the last business day of any month, and the balance shall be transferred to the Debt Service Account whenever the balance in the Debt Service Account (before the transfer) is not sufficient to pay fully all outstanding bonds.

(d) Arbitrage Rebate Fund: An amount necessary to fund the Arbitrage Rebate in order to pay the Rebate Amount when due and payable.

(e) Subordinated Indebtedness: An amount sufficient to pay Subordinated Indebtedness in accordance with the authorizing and implementing documents for such Subordinated Indebtedness.

(f) Airport Renewal and Replacement Fund: An amount equal to $57, provided that no deposit shall be required to be made into said fund whenever and as long as uncommitted moneys in said fund are equal to or greater than $3,500 or such larger amount as the City shall determine is necessary for purposes of said fund and provided further that, if any such monthly allocation to said fund shall be less than the required amounts, the amount of the next succeeding monthly payments shall be increased by the amount of such deficiency. This fund shall be used for paying costs of renewal or replacement of capital items used in connection with the operation of the Airport.

(g) A subaccount in the Airport Revenue Fund: An amount determined from time to time by the City such that if deposits were made in amounts equal to such amount in each succeeding month during each Airport fiscal year, the balance in such subaccount shall equal the amounts payable to the City with respect to such Airport fiscal year for the payment of 5% of gross receipts from operations of the Airport. A maximum of 80% of the monthly transfer to this subaccount may be paid to the City during the Airport's fiscal year. The final installment may only be paid to the City upon delivery of the Airport's audited financial statements to the Airport Bond Fund Trustee.

(h) Airport Debt Service Stabilization Fund and the Airport Development Fund: Various amounts for fiscal years 2006 through 2011, achieved a balance of $38,211 at the end of fiscal year 2011. Beginning in fiscal year 2012, the Airport will allocate an amount sufficient to bring the amount on deposit in the Debt Stabilization Fund equal to the Debt Stabilization Fund Requirement (or such lesser amount as is available in the Revenue Fund for such transfer).

(i) The remaining balance in the Revenue Fund shall be deposited into the Airport Development Fund. This fund shall be used for extensions and improvements to the Airport, including equipment acquisition.

Bond provisions provide that, in the event the sums on deposit in the Airport Bond Fund – Debt Service and Debt Service Reserve Accounts are insufficient to pay accruing interest, maturing principal or both, Airport Development Fund, and Airport Renewal and Replacement Fund may be drawn upon, to the extent necessary, to provide for the payment of such interest, principal, or both. Any sums so withdrawn from these accounts for said purposes shall be restored thereto in the manner provided for in their original establishment. Bond provisions also provide that the principal proceeds from the sale of Airport revenue bonds shall be held in the Airport Construction Fund from which they shall be disbursed for the purposes contemplated in the related bond provisions and City ordinances.

Passenger Facility Charge Fund and Drug Enforcement Agency Funds are restricted in accordance with program agreements.

(Dollars in thousands, unless otherwise indicated)

(4) Capital Assets

Following is a summary of the changes in capital assets for the year ended June 30, 2018:

	Balances, June 30, 2017	Additions	Retirements	Transfers	Balances, June 30, 2018
Capital assets being depreciated:					
Pavings	$ 1,040,833	—	—	18,669	1,059,502
Buildings and facilities	655,466	10,195	—	9,068	674,729
Equipment	89,233	4,284	(1,324)	13	92,206
	1,785,532	14,479	(1,324)	27,750	1,826,437
Less accumulated depreciation:					
Pavings	(530,171)	(33,123)	—	—	(563,294)
Buildings and facilities	(411,783)	(22,085)	—	—	(433,868)
Equipment	(65,014)	(3,804)	1,298	—	(67,520)
Total accumulated depreciation	(1,006,968)	(59,012)	1,298	—	(1,064,682)
Total capital assets being depreciated	778,564	(44,533)	(26)	27,750	761,755
Capital assets not being depreciated:					
Land	751,089	—	(126)	—	750,963
Construction in progress	24,042	21,131	—	(27,750)	17,423
Easements	3,506	—	—	—	3,506
Total capital assets not being depreciated	778,637	21,131	(126)	(27,750)	771,892
	$ 1,557,201	(23,402)	(152)	—	1,533,647

Construction in progress as of June 30, 2018 consists of various improvements to the airfield and terminal buildings, as well as property purchased on which the Airport's expansion facilities will be constructed.

The estimated useful lives of capital assets are as follows:

	Years
Pavings	5–30
Buildings and facilities	5–30
Equipment	3–20

(Dollars in thousands, unless otherwise indicated)

(5) Change in Long-Term Liabilities

Following is a summary of the changes in long-term liabilities for the year ended June 30, 2018:

		Balances, June 30, 2017	Additions	Reductions	Balances, June 30, 2018	Due within one year
Revenue bonds payable (note 6)	$	906,255	—	(276,000)	630,255	35,780
Unamortized discounts and premiums (note 6)		60,194	—	(8,419)	51,775	—
Net pension liability		28,077	—	(8,869)	19,208	—
Pension Funding Project (note 14)		4,828	—	(124)	4,704	132
Other long-term liabilities		372	—	—	372	—
Accrued vacation, compensatory, and sick time benefits		5,327	3,323	(3,294)	5,356	3,339
Unearned lease revenues		4,629	—	(282)	4,347	—
Total	$	1,009,682	3,323	(296,988)	716,017	39,251

(6) Revenue Bonds Payable

Bonds outstanding at June 30, 2018 are summarized as follows:

Bond Series 2005, interest rate of 5.50%, payable in varying amounts through 2032	$	189,655
Bond Series 2007A, interest rate ranging of 5.25%, payable in varying amounts through 2027		34,105
Bond Series 2009A, interest rate ranging from 5.375% to 6.625%, payable in varying amounts through 2035		100,690
Bond Series 2012, interest rate ranging from 3.00% to 5.00%, payable in varying amounts through 2033		23,180
Bond Series 2013, interest rate of 5.00%, payable in varying amounts through 2019		6,885
Bond Series 2015, interest rate of 5.00%, payable in varying amounts through through 2024		17,310
Bond Series 2017A, interest rate ranging of 5.00%, payable in varying amounts through 2033		125,410
Bond Series 2017B, interest rate ranging from 4.00% to 5.00%, payable in varying amounts through 2028		74,715

(Dollars in thousands, unless otherwise indicated)

Bond Series 2017C, interest rate of 5.00%, payable in varying amounts through 2048	$	31,700
Bond Series 2017D, interest rate of 5.00%, payable in varying amounts through 2038		26,605
		630,255
Less:		
Current maturities		(35,780)
Unamortized discounts and premiums		51,775
		15,995
	$	646,250

Interest payments on the above issues are due semiannually on January 1 and July 1.

Debt-Related Items Presented as Deferred Outflows/Inflows of Resources

In accordance with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the gain/loss on bond refunding has been recorded as a deferred outflows/inflows of resources, net of the accumulated amortization and will be recognized as a component of interest expense using the bonds outstanding method over the life of the new bonds or of the old bonds, whichever is less. The detail of the debt-related items recognized as deferred outflows/inflows of resources as of June 30, 2018 is presented below:

Debt-Related Deferred Outflow/Inflow of Resources

Deferred outflow of resources – loss on bond refunding	$	8,205
Deferred inflow of resources – gain on bond refunding		(3,015)

Management is not aware of any violations of significant bond covenants with respect to the above issues at June 30, 2018.

(Dollars in thousands, unless otherwise indicated)

As of June 30, 2018, the Airport's aggregate debt service requirements for the next five years and in five-year increments thereafter are as follows:

		Principal	Interest	Total
Year(s) ending June 30:				
2019	$	35,780	32,508	68,288
2020		36,315	30,631	66,946
2021		36,695	28,905	65,600
2022		38,310	27,119	65,429
2023		40,270	25,105	65,375
2024-2028		194,440	96,037	290,477
2029-2033		183,815	41,333	225,148
2034-2038		32,930	11,074	44,004
2039-2043		13,930	6,252	20,182
2044-2048		17,770	2,308	20,078
	$	630,255	301,272	931,527

(7) Use Agreements and Leases with Signatory Air Carriers

Effective July 1, 2016, the Airport entered into long-term use and lease agreements with signatory air carriers that expire on June 30, 2021. Under the terms of the use and lease agreements, the air carriers have agreed to pay airfield landing fees; terminal and concourse rentals; hangar, cargo, and maintenance facility rentals; and certain miscellaneous charges in consideration for use of the Airport. The use and lease agreements also require the Airport to make certain capital improvements and to provide maintenance of certain Airport facilities. Payments by the air carriers are determined as follows:

(a) Landing fees are calculated based on estimated operating and maintenance expenses of the airfield and allocated to the air carriers on the basis of landing weights. Landing fee revenues are adjusted each year by retroactive rate adjustment that is calculated as the difference between estimated and actual costs incurred and estimated and actual landing weights. These revenues are included in aviation revenue—airfield.

(b) Rentals are calculated based on estimated operating and maintenance expenses of the terminals and concourse areas and hangars, cargo, and maintenance facilities, and allocated to the air carriers on the basis of square footage leased in the terminals. Rental revenue is adjusted each year by retroactive rate adjustment that is calculated as the difference between estimated and actual costs incurred. These revenues are included in aviation revenue—terminals and concourses.

(c) Miscellaneous income is derived from the air carriers for their use of sanitary disposal facilities and airline service buildings.

(Dollars in thousands, unless otherwise indicated)

During fiscal year 2018, revenues from signatory air carriers accounted for 48.1% of total Airport operating revenues.

Minimum future rentals for each year in the next five years and in the aggregate are not determinable given the method of calculation.

The following is a summary of aviation revenue by category and source from signatory and nonsignatory air carriers for the year ended June 30, 2018:

		Signatory	Nonsignatory	Total
Airfield	$	47,243	10,127	57,370
Terminal and concourses		16,465	723	17,188
Hangars and other buildings		540	696	1,236
Cargo buildings		303	279	582
	$	64,551	11,825	76,376

No assurance can be given as to the levels of aviation activity that will be achieved at the Airport in future fiscal years. Future traffic at the Airport is sensitive to a variety of factors including (1) the growth in the population and the economy of the area served by the Airport; (2) national and international political and economic conditions, including the effects of any past or future terrorist attacks; (3) air carrier economics and air fares; (4) the availability and price of aviation fuel; (5) air carrier service and route networks; (6) the capacity of the air traffic control system; and (7) the capacity of the Airport/airways system.

The level of aviation activity at the Airport can have a material impact on the amount of total revenues generated at the Airport. However, Airport management believes the risk of significant variance in Airport revenues is mitigated by the Airport Use Agreements, concession agreements, and other leases, which contain minimum annual revenue guarantees. Effective July 1, 2016, the Airport entered into a new long-term Airport Use and Lease Agreement (AUA) with signatory air carriers which will expire June 30, 2021. Contemporaneously, the Airport also adopted a new companion Airline Operating Agreement and Terminal Building Space Permit (AOA), which the Airport will make available to airlines that elect not to enter into an AUA. The new agreements retain most of the provisions of the prior master agreements which expired June 30, 2016.

(8) Use Agreement with Signatory Air Carriers – Southwest Airlines and American Airlines, Inc.

Southwest Airlines (Southwest) and American Airlines, Inc. (American) represent the major air carriers providing air passenger service at the Airport.

Southwest provided 27.0% of the Airport's total operating revenues and 56.2% of total revenues from participating air carriers for the fiscal year ended June 30, 2018. Accounts receivable at June 30, 2018 contained $1,448 relating to unused credits issued by the Airport to Southwest. These amounts include $2,057 of unbilled aviation revenue credits at June 30, 2018.

(Dollars in thousands, unless otherwise indicated)

American provided 8.7% of the Airport's total operating revenues and 18.1% of total revenues from signatory air carriers for the fiscal year ended June 30, 2018. Accounts receivable at June 30, 2018 contained $2,015 relating to unused credits issued by the Airport to American. These amounts include $703 of unbilled aviation revenue credits at June 30, 2018.

(9) Operating Leases

The Airport leases facilities and land with varying renewal privileges to various nonsignatory air carriers, concessionaires, and others. These leases, for periods ranging from 1 to 50 years, require the payment of minimum annual rentals. The following is a schedule by year of minimum future rentals on noncancelable operating leases, other than leases with signatory airlines, pursuant to long-term use agreements:

Year(s) ending June 30:		
2019	$	27,255
2020		19,970
2021		11,986
2022		9,684
2023		7,377
2024–2028		16,781
2029–2033		14,219
2034–2038		5,602
thereafter		5,120
Total minimum future rentals	$	117,994

The above amounts do not include contingent rentals that may be received under certain leases. Such contingent rentals amounted to $46,529 for the year ended June 30, 2018.

Unearned lease revenues included in other long-term liabilities in the amount of $4,348 as of June 30, 2018 represent the upfront lease revenues received by the Airport for the lease of certain land.

The Airport leases computer and other equipment and has service agreements under noncancelable arrangements that expire at various dates through April 2020. Expenses for operating leases and service agreements were $37 for the year ended June 30, 2018. Future minimum payments are as follows:

Year(s) ending June 30:		
2019	$	48
2020		43
2021		26
2022		7
Total minimum future rentals	$	124

(Dollars in thousands, unless otherwise indicated)

(10) Concessions Revenues

During fiscal year 2018, revenues from concessionaires accounted for 21.5% of total Airport operating revenues.

Following is a summary of revenues received by type of concession for the year ended June 30, 2018:

Advertising	$	843
Transportation services		3,061
Automobile rental		12,308
General merchandise sales		4,626
Food and catering services		6,160
Other		1,822
	$	28,820

(11) Parking Revenues, Net

Parking revenues, net represents revenues collected in conjunction with the operations of the Airport parking facilities, net of related expenses. Gross parking revenues and parking expenses for the year ended June 30, 2018 as follows:

Parking revenues	$	34,086
Parking expenses		(10,707)
Parking revenues, net	$	23,379

(12) Impairment of Capital Assets

Airport management performed an evaluation of capital assets, including whether prominent events or changes in circumstances affecting capital assets occurred, which may be indicative of impairment. As a result of evaluation of capital assets performed, and subsequent measurement of potential impairment losses, the Airport did not identify any impairments of capital assets during the years ended June 30, 2018.

(13) Related-Party Transactions

During the year ended June 30, 2018, the City charged the Airport $1,502 for services rendered by various City departments, which are included in the Airport's operating expenses as interfund services used.

Each year, the Airport pays the City a gross receipts tax of approximately 5% of the Airport's gross receipts. During the year ended June 30, 2018, gross receipts tax amounted to $6,688 and is reflected as transfers to the City of St. Louis, Missouri in the accompanying basic financial statements. As of June 30, 2018, $1,975 remains unpaid.

(14) Retirement Plans

All employees of the Airport are covered by the following citywide employee retirement plans. Financial information has been taken directly from the financial statements that were audited by other auditors and whose reports have been furnished to us. The employees of the Airport Fire Department are covered by the Firemen's Retirement System of St. Louis (FRS), a single-employer defined-benefit retirement plan. Effective February 1, 2013, the City passed Ordinances #69149 and #69245 (amended by #69353) and Judge Dierker's ruling (Board Bill 109) replaced the FRS with a new retirement system, The Firefighters' Retirement Plan (FRP). All other employees are covered by the Employees' Retirement System of the City of St. Louis (Employees' System), a cost-sharing, multiple-employer, public defined-benefit retirement plan. Each system is administered by a separate Board of Trustees, members of which are appointed by City officials and plan participants.

Firemen's Retirement System of St. Louis (FRS)

(a) System Description (FRS)

The FRS issues a publicly available financial report that includes financial statements and supplementary information. That information may be obtained by writing to the Firemen's Retirement System of St. Louis; 1601 S. Broadway; St. Louis, Missouri, 63104.

The following disclosures are based on the September 30, 2017 FRS financial statements and the October 1, 2017 actuarial valuation. The valuation as of October 1, 2017, reflects the changes attributable to Ordinances #69245 and #69353, and Judge Dierker's subsequent ruling (Board Bill 109). Key changes to the FRS are as follows:

- FRS is frozen as of February 1, 2013. That is, benefits paid from FRS will be based on the member's service and salary earned as of February 1, 2013. Participants with benefit service in FRS are classified as "grandfathered" members.
- Firefighters hired after February 1, 2013 are not members of FRS.
- Vesting and eligibility service earned after February 1, 2013 in the newly established Firemen's Retirement Plan of St. Louis (FRP) will count toward vesting and eligibility service in FRS.
- Ancillary benefits, for disability or death occurring after February 1, 2013, are assumed to be paid from the newly established FRP to the extent that benefits do not depend on service earned prior to February 1, 2013. FRS members who become disabled or die before retirement are eligible for a refund of contributions made to FRS.
- Employer contributions to the frozen FRS will continue to be calculated under the Frozen Initial Liability cost method.
- Member contributions after February 1, 2013 from "grandfathered" participants in FRS will be paid to the FRP.
- Grandfathered members with 20 or more years of service as of February 1, 2013 are eligible to retire with unreduced FRP benefits if retirement commences before age 55.

- Grandfathered members with less than 20 years of service as of February 1, 2013 are eligible to retire with actuarially reduced FRP benefits if retirement commences before age 55.

As a result of Board Bill 109, the following assumptions were made:

- Since benefits paid under FRS will no longer depend on future salary increases, future salary increase assumptions have been eliminated in the projection of pay and valuation of benefits. Costs will continue to be spread over the present value of future salary, which includes future salary increases.
- It is assumed that grandfathered members with less than 20 years of service as of February 1, 2013 will not retire prior to age 55. The retirement rates were adjusted to reflect accelerated retirement when these members first become eligible at age 55.
- It was assumed the Firemen's System frozen benefit relating to service and pay as of February 1, 2018, will be used to offset post-retirement survivor benefits paid under Firefighters' Plan.
- The overall rates of disability were not changed, but the proportion of ordinary accidental disabilities was changed from 20% ordinary and 80% accidental to 60% ordinary and 40% accidental.

Plan liabilities for FRS after Board Bill 109 are predominantly for retired members and their beneficiaries. That is, the proportion of retired liabilities to total plan liabilities is projected to be over 80% within 10 years.

An agreement between the City and FRS was reached regarding the recognition of City contributions under Board Bill 109. The City made contributions to FRS from February 1, 2013 to September 30, 2013. The contributions for this period recognize the impact of Board Bill 109, certain excess FRS City contributions were transferred from FRS to FRP.

The FRS, in accordance with Ordinance #62994 of the City, initiated during the Firemen's System's fiscal year ended August 31, 1994, the Deferred Retirement Option Plan (DROP). The DROP plan is available to members of the system who have achieved at least 20 years of creditable service and have eligibility for retirement. Those members who elect to participate will continue active employment, will have a service retirement allowance credited monthly into the DROP account of the member, and the member's contribution will be reduced to 1% from the normal 8%. During participation in the DROP plan, the member will not receive credit for employer contributions or credit for service. A member may participate in the DROP only once for any period up to five years. At retirement, the funds in the member's DROP account plus interest and accrued sick leave, if elected, are available to the member in a lump sum or in installments.

(Dollars in thousands, unless otherwise indicated)

(b) Funding Policy (FRS)

Firefighters contributed 8% of their salary to the FRS, as mandated per State statute and adopted by City ordinance through February 1, 2013 (date frozen). The City is required to contribute the remaining amounts necessary to fund the FRS. The City's policy is that the Airport pays 10% of the contribution for FRS.

(c) Net Pension Liability (Asset) (FRS)

The Airport's pension liability (asset) for the FRS as of June 30, 2018 was measured as of September 30, 2017 and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of October 1, 2017.

		Total pension liability (TPL) (a)	Fiduciary net position (FNP) (b)	Net pension liability (asset) (NPL) (c)
Balances at July 1, 2017	$	48,952	45,365	3,587
Changes for the year:				
Service cost		—	—	—
Interest		3,454	—	3,454
Difference between expected and actual experience		(2,646)	—	(2,646)
Assumption changes		—	—	—
Contributions		—	331	(331)
Refunds		(82)	(82)	—
Benefit payments		(3,202)	(3,202)	—
Net investment income		—	6,039	(6,039)
Transfer (out) in due to settlement agreement		—	17	(17)
Administrative expenses		—	(107)	107
Net changes		(2,476)	2,996	(5,472)
Balances at June 30, 2018	$	46,476	48,361	(1,885)

(Dollars in thousands, unless otherwise indicated)

(d) Actuarial Methods and Assumptions (FRS)

Significant actuarial assumptions used in the valuation of the FRS are as follows:

Method:	
Date of actuarial valuation	October 1, 2017
Actuarial cost method (GASB 67/68 Rptg)	Entry Age – Normal
Amortization Method/period	30-year closed from establishment
Asset valuation method	3-year smoothed average of market value
Actuarial assumptions:	
Investment rate of return	7.3%, net of investment expenses of 50 basis points
Long-term municipal bond rate	3.50%
Rate of payroll growth	Benefits frozen as of February 1, 2013; therefore, no salary increases have been assumed
Consumer price inflation	2.75%
Mortality	Post-retirement ordinary – RP-2014 Healthy Annuitant Mortality Tables, sex distinct Pre-retirement – RP-2014 Employee Mortality Tables, sex distinct Post-disability – assumed to be 20% higher than post-retirement mortality rates

The actuarial assumptions used in the October 1, 2017 actuarial valuation were based on the results of an actuarial experience study for the period October 2010 to October 2014 which was performed to compare actual demographic and economic experience with the actuarial assumptions used in the actuarial valuation.

The long-term expected rate of return on the FRS investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return 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. For each major asset class that is included in the pension plans target asset allocation as of October 1, 2017, these best estimates are summarized in the following table:

(Dollars in thousands, unless otherwise indicated)

Asset class	Target allocation	Long-term expected real rate of return
Fixed income	25 %	(1.30)%
Domestic equity	26	4.30
International equity	24	4.70
Private equity	—	9.40
Real estate	15	4.80
Hedge funds	10	2.20
Total	100 %	

The discount rate used to measure the total pension liability was 7.30%. The projection of cash flows used to determine the discount rate assumed that the Airport would make the required contributions as defined by State statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees and their beneficiaries. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset). For the October 1, 2017 actuarial valuation, a 7.30% discount rate was used. The sensitivity of the net pension liability (asset) to changes in the discount rate for the year ended June 30, 2018 for the Airport is as follows:

	Discount rate	Net pension liability (asset)
1% decrease	6.30 %	$ 2,462
Current rate	7.30	(1,885)
1% increase	8.30	(5,582)

(Dollars in thousands, unless otherwise indicated)

(e) Pension Expense (FRS)

For the fiscal year ended June 30, 2018, the Airport recognized pension expense of $593. Annual pension expense consists of service cost, interest, and administrative expenses on the pension liability less employee contributions and projected earnings on pension plan investments. The difference between actual and expected earnings is recorded as a deferred outflow/inflow of resources recognized in pension expense over a five year period. The pension expense for the Airport's fiscal year ended June 30, 2018 is summarized as follows:

Service cost	$	—
Interest		3,453
Administrative expenses		107
Other changes – transfer due to settlement agreement		(17)
Projected earnings on pension plan investments		(3,201)
Recognized assumption changes		1,129
Recognition of outflow due to investment experience		49
Recognition of outflow due to liability experience		(927)
Pension expense for year ended June 30, 2018	$	593

(f) Deferred Outflows/Inflows of Resources Related to Pension (FRS)

In accordance with GASB Statement 68, the Airport recognizes differences between actual and expected experience with regard to economic or demographic factors, changes of assumptions about future economic or demographic factors, the difference between actual and expected investment returns, changes in proportion, and contributions subsequent to the measurement date as deferred outflows/inflows of resources. At June 30, 2018, the Airport reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources as follows:

		Deferred outflows of resources	Deferred inflows of resources
Difference between expected and actual liability experience	$	—	2,232
Net difference between projected and actual earnings on pension plan investments		—	950
Changes in assumptions		1,005	—
Total	$	1,005	3,182

(Dollars in thousands, unless otherwise indicated)

The Airport recognizes differences between actual and expected investment performance included in deferred outflows/inflows of resources on a straight-line basis over five years. Differences between expected and actual experience on actuarial assumptions are amortized over the average expected remaining service life of FRS employees. The following table summarizes the future recognition of these items:

	Recognition
Year ended June 30:	
2019	$ 125
2020	(618)
2021	(1,117)
2022	(567)
	$ (2,177)

Firefighter's Retirement Plan (FRP)

(a) System Description (FRP)

The FRP administers a single-employer defined-benefit pension plan providing pension benefits to the Airport firemen.

The FRP issues a publicly available financial report that includes financial statements and supplementary information. That report may be obtained by writing to the Firefighters' Retirement Plan of the City of St. Louis; 1114 Market Street, Suite 900; St. Louis, Missouri 63101.

Effective February 1, 2013, benefit accruals under the Firemen's Retirement System of St. Louis (FRS) were frozen. The Firefighters' Retirement Plan of the City of St. Louis (FRP) was established as of that date to provide retirement, disability, and death benefits for service rendered after the effective date. Credited service accrued under the FRS counts toward benefit accruals under the FRP, but benefits attributable to such services are offset by the benefits payable by the FRS. Under the FRP, the plan provisions for members who were active as of February 1, 2013 (Grandfathered Participants) are substantially the same as the plan provisions for the FRS.

The FRP provides retirement benefits as well as death and disability benefits. Grandfathered members are those who were employed prior to February 1, 2013. Members can voluntarily retire after a minimum of 20 years of service and upon reaching the normal retirement age of 55. A member who has 20 years of service but has not yet reached the age of 55 may elect an early retirement with the normal retirement benefit deferred until reaching the age of 55. In lieu of a deferred retirement benefit, the member may elect to receive his/her retirement benefit beginning on his/her early retirement date or on the first day of any month thereafter prior to reaching age 55 with such benefit actuarially reduced from age 55. A member hired on or after the effective date of February 1, 2013 who terminates employment after completing 10 years of service, but before completing 20 years of service, is eligible for a full unreduced pension beginning at age 62. Such a member may elect to receive a refund of his/her contributions, plus interest, in lieu of a pension benefit.

The monthly allowance is determined by the average final monthly compensation over the last 5 years of service. For grandfathered members, the average is over the last 2 years of service. The monthly allowance consists of 40% of the applicable final average monthly compensation at 20 years of service, plus 2% of such final average compensation for each of the next five years of service, plus 5% of final average compensation for each additional year of service after 25 years with a maximum pension of 75%. Unused accrued sick pay accumulated before September 20, 2010 may increase the maximum pension beyond this limitation.

A grandfathered member with 20 or more years of credited service may elect to enter the DROP program and defer retirement for up to five years while continuing active employment. The benefit payments the participant would have received during that period are deposited into the DROP account and earn interest at a rate equal to the percentage rate of return of the Trust Fund's investment portfolio for that year. After five years or termination from the DROP plan, the participant may retire or return to regular active service. Upon termination of employment, the participant can choose to receive the DROP account with interest earned. If the participant dies prior to termination of employment, the DROP account is paid as a lump sum to the participant's beneficiary or estate. Active service while in the DROP program is not included in the credited service used to calculate the participant's final benefit amount.

Those members who elect to participate will continue active employment, will have a service retirement allowance credited monthly in the DROP account of the member, and the member's contributions will be reduced to 1% from the normal contribution percentage. During participation in the DROP, the member will not receive credit for City contributions or credit for service. A member may participate in the DROP only once for any period up to five years. At retirement the funds in the member's DROP account plus: 1) interest and 2) accrued sick leave if elected are available to the member in a lump sum or in installments.

(b) Funding Policy (FRP)

A grandfathered member with at least 20 years of service as of February 1, 2013 contribute 8% of their salary, after tax. All other members contribute 9% of their salary, pretax. The City is required to contribute the remaining amounts necessary to fund FRP. All members who terminate employment before becoming eligible to receive a retirement benefit will receive a refund of all contributions plus interest. Members hired after February 1, 2013 who terminate employment before reaching age 55 and elect a refund of contributions in lieu of a pension benefit will also receive a refund of their contributions plus interest, as will grandfathered members who terminate employment before completing 20 years of service. Contributions to the FRP made on or after the inception of the FRP are not refundable to a member who receives a service retirement benefit, ordinary disability benefit, or a service connected disability benefit, except that contributions to the FRP by a grandfathered member with at least 20 years of service as of inception who receives a service retirement benefit are refundable without interest.

(Dollars in thousands, unless otherwise indicated)

An agreement between the City and FRS was reached regarding the recognition of City contributions under Board Bill 109. The City made contributions to FRS from February 1, 2013 to September 30, 2013. The contributions for this period recognize the impact of Board Bill 109, certain excess Firemen's System City contributions were transferred from the FRS to the FRP.

(c) Net Pension Liability (FRP)

The Airport's net pension liability for FRP as of June 30, 2018 was measured as of September 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2017.

		Total pension liability (TPL) (a)	Fiduciary net position (FNP) (b)	Net pension liability (asset) (NPL) (a)-(b)
Balances at July 1, 2017	$	10,198	4,394	5,804
Changes for the year:				
Service cost		601	—	601
Interest		821	—	821
Difference between expected and actual experience		404	—	404
Change of assumptions		(1,968)	—	(1,968)
Benefit payments		(55)	(55)	—
Contributions – employer		—	926	(926)
Contributions – employee		—	312	(312)
Net investment income		—	590	(590)
Administrative expenses		—	(41)	41
Net changes		(197)	1,732	(1,929)
Balances at June 30, 2018	$	10,001	6,126	3,875

(Dollars in thousands, unless otherwise indicated)

The following were some of the significant actuarial assumptions used in the valuation of the Firefighter's Plan:

Method:	
Date of actuarial valuation	October 1, 2017
Actuarial cost method (GASB 67/68 Rptg)	Entry Age – Normal
Funding	Entry Age – Normal
Amortization Method/period	30-year closed from establishment
Remaining amortization period	Started February 1, 2013
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.25%, net of investment expenses
Rate of payroll growth	Varies based on Partcipants' years of service
Consumer price inflation	2.75%
Mortality	RP-2014 Blue Collar mortality table, adjusted to 2006 with MP-2017

The actuarial assumptions used in the October 2017 actuarial valuation were based on the results of an actuarial experience study performed for the period October 2013 through September 2017.

The long-term expected rate of return on the FRP investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return 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. For each major asset class that is included in the pension plans target asset allocation as of September 30, 2017, these best estimates are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return
Fixed income	20 %	2.20 %
Domestic large cap equity	30	5.60
Domestic mid cap equity	20	7.00
Real estate	5	6.80
International equity	25	11.60
Total	100 %	

(Continued)

(Dollars in thousands, unless otherwise indicated)

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that the City would make the required contributions as defined by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. For the October 1, 2017 actuarial valuation, a 7.25% discount rate was used. The sensitivity of the net pension liability to changes in the discount rate for the year ended June 30, 2018 for the Airport is as follows:

	Discount rate	Net pension liability
1% decrease	6.25 %	$ 5,206
Current rate	7.25	3,875
1% increase	8.25	2,732

(d) Pension Expense (FRP)

For the fiscal year ended June 30, 2018, the Airport recognized pension expense of $838 Annual pension expense consists of service cost, interest and administrative expenses on the pension liability less employee contributions and projected earnings on pension plan investments. The difference between actual and expected earnings is recorded as a deferred outflow/inflow of resources recognized in pension expense over a five year period. The pension expense for the Airport's fiscal year ended June 30, 2018 is summarized as follows:

Service cost	$ 601
Interest	821
Administrative expenses	41
Contributions – employee	(312)
Projected earnings on pension plan investments	(343)
Benefit changes	—
Recognized portion of change in assumptions	32
Recognized portion of current-period difference between expected and actual experience	3
Recognized portion of current-period difference between projected and actual earnings on pension plan investments	(5)
Pension expense for year ended June 30, 2018	$ 838

(e) Deferred Outflows/Inflows of Resources Related to Pension (FRP)

In accordance with GASB Statement 68, the Airport recognizes differences between actual and expected experience with regard to economic or demographic factors, changes of assumptions about future economic or demographic factors, the difference between actual and expected investment returns, changes in proportion, and contributions subsequent to the measurement date as deferred outflows/inflows of resources. At June 30, 2018, the Airport reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources as follows:

(Dollars in thousands, unless otherwise indicated)

		Deferred outflows of resources	Deferred inflows of resources
Net difference between projected and actual earnings on pension plan investments	$	—	126
Change in assumptions		1,390	1,722
Differences between expected and actual experience		453	268
Total	$	1,843	2,116

The Airport recognizes differences between actual and expected investment performance included in deferred outflows/inflows of resources on a straight-line basis over five years. Differences between expected and actual experience on actuarial assumptions are amortized over the average expected remaining service life of the FRP employees. The following table summarizes the future recognition of these items:

		Recognition
Years ended June 30:		
2019	$	29
2020		23
2021		(26)
2022		(15)
2023		102
Thereafter		(386)
	$	(273)

Employees' Retirement System of the City of St. Louis (ERS)

The Airport participates in the Employees' Retirement System of the City of St. Louis (Employees' System), a cost-sharing, multiple-employer, public defined-benefit retirement plan.

(a) System Description (ERS)

All nonuniformed employees of the Airport become members of the Employees' System upon employment, with the exception of employees hired after attaining age 60.

The Employees' System issues a publicly available financial report that includes financial statements and supplementary information. That report may be obtained by writing to the Employees Retirement System of the City of St. Louis; 1114 Market Street, Suite 900; St. Louis, Missouri 63101.

The Employees' System provides for defined-benefit payments for retirement, death, or disability to eligible employees or their beneficiaries based upon creditable service, final average compensation, and a benefit compensation base. Benefits vest to employees covered by the Employees' System after the employee has attained five years of creditable service. Employees retire with full retirement benefits after the age 65 or if the employee's age and creditable service combined equal or exceed 85. Employees may retire and receive a reduced benefit after age 60, with five years of creditable service; age 55, with 20 years of creditable service; or at any age after 30 years of creditable service. The monthly pension benefits of all retirees or their beneficiaries are adjusted according to the changes in the consumer price index of the U.S. Department of Labor. Increases are limited each year, with total increases to retirees or their beneficiaries limited to 25%.

On June 8, 2000, the Mayor of the City approved an ordinance passed by the Board of Aldermen, Authorizing a Deferred Retirement Option Plan (DROP), which became effective January 1, 2001. This plan states that when members reach retirement age, they are allowed to work for five additional years and defer receipt of their retirement allowance. The calculation of average salary for retirement benefits will not include the additional years of service after normal retirement age. The amount that would have been received as retirement benefit is put in a special DROP account monthly. The DROP account will not be adjusted for cost-of-living increases as the normal retirement benefits are. The DROP account earns interest at the actuarial valuation rate of return and at the 10-year U.S. Treasury Bond yield as of September 30 for DROP participants enrolling February 1, 2003 and thereafter. After the member completely terminates employment, the member can withdraw amounts from the DROP account in a lump sum or according to a deferred retirement payment plan.

(b) Funding Policy (ERS)

The Employees System's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate assets to pay benefits when due. If contributions are necessary, level percentage of payroll employer contribution rates are determined using the projected unit credit actuarial cost method.

Employer contribution rates are established annually by the Board of Trustees of the Employees' System based on an actuarial study. Deductions from plan net assets are financed from plan additions. The Board of Trustees established the required employer-contributions-rate-based active member payroll of 12.22% effective July 2017 and 12.51% effective July 2016.

Employees who became members of the Employees' System prior to October 14, 1977, and continue to make contributions, may make voluntary contributions to the Employees' System equal to 3% of their compensation until the employee's compensation equals the maximum annual taxable earnings under the Federal Social Security Act. Thereafter, employees may contribute 6% of their compensation for the remainder of the calendar year. The Airport's contributions to the Employee's system for the year ended June 30, 2018 were $2,552.

(Dollars in thousands, unless otherwise indicated)

(c) Net Pension Liability (ERS)

The Airport reported a liability of $15,333 for its proportionate share of the net pension liability as of June 30, 2018. The net pension liability was measured as of September 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2017. The Airport's proportion of the net pension liability was based on the Airport's share of contributions to the Employees System relative to the contributions of all Employees System participating employers. As of September 30, 2017, the Airport's collective proportion was 8.83%, which was a decrease of 0.10 from its proportion measured as of September 30, 2016.

(d) Actuarial Methods and Assumptions (ERS)

The following were some of the significant actuarial assumptions used in the valuation of the Employee's System:

Date of actuarial valuation	October 1, 2017
Actuarial cost method	Entry age normal
Amortization method	Layered 20 year amortization of unfunded liability
Remaining amortization period	20 years as of October 1, 2015
Asset valuation method	5-year smoothed market
Inflation	2.50%
Discount rate	7.50%
Projected salary increases	3.00% plus merit component based on employee's years of service
Mortality	RP-2000 healthy mortality 3-year set forward with generational projections using Scale AA

The actuarial assumptions used in the October 1, 2017 actuarial valuation were based on the results of an actuarial experience study performed in 2015 which reviewed all economic and demographic assumptions.

The long-term expected rate of return on the Employees System investments was determined using a building-block approach and a forward-looking model 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 rates 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.

Even though history provides a valuable perspective for setting the investment return assumption, the Employees System relies primarily on an approach which builds upon the last capital market assumption. Specifically, the Employees System uses Summit Strategies Group capital market assumptions in analyzing the Employees System's asset allocation. The assumptions and the Employees Systems' formal policy for asset allocation are shown below.

(Dollars in thousands, unless otherwise indicated)

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to the expected long-term real return and reflecting expected volatility and correlation.

For each major asset class that is included in the pension plan target asset allocation as of September 30, 2017, these best estimates are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return*
Large cap	$ 17.00 %	7.30 %
Small cap	4.00	7.00
International large cap	15.30	7.30
Emerging markets	6.20	9.30
High yield	5.00	5.30
Master limited partnerships	7.50	10.80
Private equity	5.00	9.80
Core fixed income	12.50	3.80
Internation fixed income	4.00	3.50
Core real estate	10.00	6.50
Treasury inflation protected securities	3.50	3.50
Hedge funds	10.00	5.00
	$ 100.00 %	

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plans fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. For the October 1, 2017 actuarial valuation, a 7.50% discount rate was used. The sensitivity of the net pension liability to changes in the discount rate for the year ended June 30, 2018 for the Airport is as follows:

(Dollars in thousands, unless otherwise indicated)

	Rate	Net pension liability (NPL)
1% decrease	6.50 %	$ 24,065
Current rate	7.50	15,333
1% increase	8.50	7,861

Pension Plan Fiduciary Net Position – Detailed information about the pension plan fiduciary net position is available in the separately issued Employees System Financial Report.

(e) Pension Expense (ERS)

For the fiscal year ended June 30, 2018, the Airport recognized pension expense of $2,384. Annual pension expense consists of service cost, interest, and administrative expenses on the pension liability less employee contributions and projected earnings on pension plan investments. The difference between actual and expected earnings is recorded as a deferred outflow/inflow of resources recognized in pension expense over a five-year period.

(f) Deferred Outflows/Inflows of Resources Related to Pension (ERS)

In accordance with GASB Statement 68, the Airport recognizes differences between actual and expected experience with regard to economic or demographic factors, changes of assumptions about future economic or demographic factors, the difference between actual and expected investment returns, changes in proportion, and contributions subsequent to the measurement date as deferred outflows/inflows of resources. At June 30, 2018, the Airport reported deferred outflows of resources and inflows of resources related to pensions from the following sources as follows:

	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	$ —	364
Net difference between projected and actual earnings on pension plan investments	167	—
Changes in assumptions	—	—
Changes in proportion	20	123
Airport contributions subsequent to the measurement date	1,966	—
Total	$ 2,153	487

(Dollars in thousands, unless otherwise indicated)

The $1,966 reported as deferred outflows of resources related to pensions resulting from the Airport's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018.

The Airport recognizes differences between actual and expected investment performance included in deferred outflows/inflows of resources on a straight-line basis over five years. Differences between expected and actual experience on actuarial assumptions are amortized over the average expected remaining service life of the Employee System. The following table summarizes the future recognition of these items:

		Recognition
Years ended June 30:		
2019	$	353
2020		647
2021		(763)
2022		(537)
2023		—
Thereafter		—
Total	$	(300)

During fiscal year 2008, the City of St. Louis Municipal Finance Corporation issued $46,700 in Taxable Leasehold Revenue and Refunding Bonds Series 2007 (Pension Funding Project) to fund the Employees System. While the Airport is not legally responsible for these bonds, $5,510 of the proceeds was allocated to the Airport. A $4,704 liability is reflected on the balance sheet and is payable to the City of St. Louis by June 30, 2037.

(15) Commitments and Contingencies

At June 30, 2018, the Airport had outstanding commitments amounting to approximately $20,838 resulting primarily from contracts for construction projects. In addition, the Airport has $51,763 in outstanding commitments resulting from service agreements.

In connection with federal grant programs, the Airport is obligated to administer the related programs, spend the grant monies in accordance with regulatory restrictions, and is subject to audit by the grantor agencies. In cases of noncompliance, the agencies involved may require the Airport to refund program monies.

Finally, certain lawsuits were pending against the City that involved the Airport. In the opinion of Airport officials and legal counsel, these actions are not expected to have a material effect, individually or in the aggregate, on the financial position or results of operations of the Airport.

(16) Risk Management

The Airport is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Airport participates in the Public Facilities Protection Corporation (PFPC), an internal service fund of the City of St. Louis, Missouri. The purpose of PFPC is to account for risks in which the City is self-insured, primarily workers' compensation, unemployment benefits, certain general liability, and various other claims and legal actions. All self-insured claims liabilities and payments are recorded in PFPC. The Airport reimburses PFPC for workers' compensation claims on a cost-reimbursement basis. During the year ended June 30, 2018, expenses related to the Airport's participation in PFPC amounted to $1,229 and are reflected as interfund services used in the accompanying basic financial statements. At June 30, 2018, the Airport owed PFPC $2,776 for unreimbursed workers' compensation claims.

The Airport purchases commercial insurance for other risks it considers significant, including general liability, public officials' liability, property damage, employee honesty bond, business auto, and insurance on its fine arts. Settled claims did not exceed commercial coverage in any of the last three years.

(17) Pledged Revenues

The Airport has pledged future specific revenue streams, net of specified operating expenses, to secure the repayment of $630,255 in various long-term debt issuances, as outlined in note 6. The general purpose of the various long-term debt issuances is for land acquisition and construction of the capital assets at the Airport. The bonds are payable from Airport net revenues and are payable through July 2048 Annual principal and interest payments on the bonds are expected to require less than 80% of estimated Airport net revenues. As of June 30, 2018, the total principal and interest remaining to be paid on the bonds is $931,527. Principal and interest paid was $62,926 for the year ended June 30, 2018. The pledged net revenue recognized for the year ended June 30, 2018 was $81,653.

(18) Subsequent Events

In connection with the preparation of the financial statements, the Airport evaluated subsequent events, and noted no additional items to disclose through December 12, 2018, which was the date the financial statements were issued.

ST. LOUIS LAMBERT INTERNATIONAL AIRPORT
(An Enterprise Fund of the City of St. Louis, Missouri)

Analysis of Cash and Investment Accounts

Year ended June 30, 2018

(Dollars in thousands)

	Unrestricted			Unrestricted funds designated		Restricted held by trustee bond fund		Restricted other restricted funds						
	Revenue fund	Revenue fund subaccount	Operation and maintenance fund	Development fund (ADF)/ Debt Service Stabilization fund (DSSF)	Construction fund	Debt service account	Debt service reserve account	Renewal and replacement fund	Passenger facility charge fund	Stabilization fund	Construction fund	DEA fund	Total
Balance at June 30, 2017	$ 13,622	9,622	1,579	85,584	(1,887)	352,082	27,927	3,500	26,505	38,211	984	2,210	560,139
Cash deposited with City Treasurer	153,909	—	—	—	—	—	—	—	28,441	—	—	—	182,350
Cash receipts	(11)	—	—	3	(678)	267	4	—	240	—	24	298	147
Transfer in accordance with ordinance	(143,531)	6,688	84,905	12,633	—	65,764	(4,477)	—	(36,139)	—	14,157	—	—
Vouchers and requisitions paid	(12,684)	—	(85,086)	—	—	—	—	—	—	—	—	(437)	(98,207)
Bond proceeds	—	—	—	—	—	—	—	—	—	—	—	—	—
Payments	—	—	—	—	—	(252,165)	—	—	—	—	—	—	(252,165)
Interest	—	—	—	—	—	(25,178)	(1,305)	—	—	—	(242)	—	(26,725)
Redemption of bonds	—	—	—	—	—	(30,678)	—	—	—	—	—	—	(30,678)
Refunding of bonds	—	—	—	—	—	—	—	—	—	—	—	—	—
Capitalized interest	—	—	—	—	—	—	4,397	—	—	—	—	—	4,397
Payments to the City of 5% of gross receipts	—	(5,302)	—	—	—	—	—	—	—	—	—	—	(5,302)
Receipts from FAA, TSA, and MoDOT	—	—	—	11,639	—	—	—	—	—	—	—	—	11,639
Gain on extinguished debt	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfers from development fund to ordinance fund	—	—	—	—	—	—	—	—	—	—	—	—	—
Capital appropriation	—	—	—	—	—	—	—	—	—	—	—	—	—
Capital expenditures	—	—	—	(22,813)	—	—	—	—	—	—	—	—	(22,813)
Balance at June 30, 2018	$ 11,305	11,008	1,398	87,046	(2,345)	108,772	26,546	3,500	19,047	38,211	14,923	2,071	322,482

See accompanying independent auditors' report.

Schedule II

ST. LOUIS LAMBERT INTERNATIONAL AIRPORT

(An Enterprise Fund of the City of St. Louis, Missouri)

Schedule of 2005 Revenue Refunding Bonds Payable

June 30, 2018

(Dollars in thousands)

Maturity on July 1	Interest rate	Principal maturity
2018	5.50 %	$ 21,955
2019	5.50	21,705
2024	5.50	2,515
2025	5.50	2,655
2026	5.50	2,795
2027	5.50	24,545
2028	5.50	26,135
2029	5.50	27,570
2030	5.50	29,090
2031	5.50	30,690
		$ 189,655

See accompanying independent auditors' report.

ST. LOUIS LAMBERT INTERNATIONAL AIRPORT

(An Enterprise Fund of the City of St. Louis, Missouri)

Schedule of 2007A Revenue Refunding Bonds Payable

June 30, 2018

(Dollars in thousands)

Maturity on July 1	Interest rate		Principal maturity
2025	5.25 %	$	10,000
2026	5.25		24,105
		$	34,105

See accompanying independent auditors' report.

ST. LOUIS LAMBERT INTERNATIONAL AIRPORT
(An Enterprise Fund of the City of St. Louis, Missouri)

Schedule of 2009A Revenue Bonds Payable

June 30, 2018

(Dollars in thousands)

Maturity on July 1	Interest rate		Principal maturity
2018	5.375 %	$	3,535
2019	6.000		3,720
2020	6.125		3,945
2021	6.125		4,185
2022	6.125		4,445
2023	6.125		4,715
2024	6.125		5,005
2025	6.250		5,310
2026	6.250		5,645
2027	6.250		5,995
2028	6.250		6,370
2029	6.250		6,770
2030	6.625		7,190
2031	6.625		7,670
2032	6.625		8,175
2033	6.625		8,720
2034	6.625		9,295
		$	100,690

See accompanying independent auditors' report.

Schedule V

ST. LOUIS LAMBERT INTERNATIONAL AIRPORT
(An Enterprise Fund of the City of St. Louis, Missouri)

Schedule of 2012 Revenue Refunding Bonds Payable

June 30, 2018

(Dollars in thousands)

Maturity on July 1	Interest rate	Principal maturity
2018	5.00 %	$ 1,040
2019	3.00	1,090
2020	3.25	1,130
2021	5.00	1,165
2022	5.00	1,220
2023	5.00	1,280
2024	5.00	1,345
2025	4.00	1,415
2026	5.00	1,465
2027	4.25	1,545
2028	5.00	1,610
2029	4.25	1,690
2030	—	—
2031	—	—
2032	5.00	7,185
		$ 23,180

See accompanying independent auditors' report.

Schedule VI

ST. LOUIS LAMBERT INTERNATIONAL AIRPORT
(An Enterprise Fund of the City of St. Louis, Missouri)

Schedule of 2013 Revenue Refunding Bonds Payable

June 30, 2018

(Dollars in thousands)

Maturity on July 1	Interest rate		Principal maturity
2018	5.00 %	$	6,885
		$	6,885

See accompanying independent auditors' report.

Schedule VII

ST. LOUIS LAMBERT INTERNATIONAL AIRPORT
(An Enterprise Fund of the City of St. Louis, Missouri)

Schedule of 2015 Revenue Refunding Bonds Payable

June 30, 2018

(Dollars in thousands)

Maturity on July 1	Interest rate		Principal maturity
2020	5.00 %	$	6,775
2021	5.00		4,625
2022	5.00		3,670
2023	5.00		2,240
		$	17,310

See accompanying independent auditors' report.

ST. LOUIS LAMBERT INTERNATIONAL AIRPORT

(An Enterprise Fund of the City of St. Louis, Missouri)

Schedule of 2017A Revenue Refunding Bonds Payable

June 30, 2018

(Dollars in thousands)

Maturity on July 1	Interest rate	Principal maturity
2020	5.00 %	$ 16,500
2021	5.00	20,810
2022	5.00	22,925
2023	5.00	19,385
2024	5.00	20,365
2025	5.00	11,380
2026	5.00	—
2027	5.00	2,065
2028	5.00	2,170
2029	5.00	2,275
2030	5.00	2,390
2031	5.00	2,510
2032	5.00	2,635
		$ 125,410

See accompanying independent auditors' report.

Schedule IX

ST. LOUIS LAMBERT INTERNATIONAL AIRPORT

(An Enterprise Fund of the City of St. Louis, Missouri)

Schedule of 2017B Revenue Refunding Bonds Payable

June 30, 2018

(Dollars in thousands)

Maturity on July 1	Interest rate	Principal maturity
2018	5.00 %	$ 2,365
2019	4.00	9,800
2020	4.00	8,345
2021	5.00	7,525
2022	5.00	8,010
2023	5.00	7,430
2024	5.00	7,625
2025	5.00	8,005
2026	5.00	6,780
2027	5.00	8,830
		$ 74,715

See accompanying independent auditors' report.

ST. LOUIS LAMBERT INTERNATIONAL AIRPORT

(An Enterprise Fund of the City of St. Louis, Missouri)

Schedule of 2017C Revenue Refunding Bonds Payable

June 30, 2018

(Dollars in thousands)

Maturity on July 1	Interest rate	Principal maturity
2038	5.00 %	$ 2,520
2039	5.00	2,645
2040	5.00	2,780
2041	5.00	2,920
2042	5.00	3,065
2043	5.00	3,215
2044	5.00	3,375
2045	5.00	3,545
2046	5.00	3,725
2047	5.00	3,910
		$ 31,700

See accompanying independent auditors' report.

ST. LOUIS LAMBERT INTERNATIONAL AIRPORT
(An Enterprise Fund of the City of St. Louis, Missouri)

Schedule of 2017D Revenue Refunding Bonds Payable

June 30, 2018

(Dollars in thousands)

Maturity on July 1	Interest rate		Principal maturity
2028	5.00 %	$	2,115
2029	5.00		2,220
2030	5.00		2,335
2031	5.00		2,450
2032	5.00		2,570
2033	5.00		2,700
2034	5.00		2,835
2035	5.00		2,975
2036	5.00		3,125
2037	5.00		3,280
		$	26,605

See accompanying independent auditors' report.

ST. LOUIS LAMBERT INTERNATIONAL AIRPORT
(An Enterprise Fund of the City of St. Louis, Missouri)

Schedule of Insurance

June 30, 2018

(Dollars in thousands)

Insurer		Amount	Expiration date	Character of coverage
Starr Aviation	$	350,000	9/30/2018	Airport Owners and Operators Liability
AIG		900,754	9/30/2018	Property damage and business interruption
ACE Municipal Advantage		7,000	9/30/2018	Public official's and employee's liability
Granite States Insurance Company		1,000	9/30/2018	Business auto and excess
Lexington		20,949	9/30/2018	Inland Marine/Property equipment
Nationwide Mutual		100	10/31/2018	Surety Bond US Customs
Harleysville		5,410	10/31/2018	Property for Bridgeton Army Guard location
Ascent		5,000	3/14/2019	Cyber Liability
Chubb		25	3/14/2019	Crime Policy

See accompanying independent auditors' report.

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

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Appendix C

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a summary of certain provisions of the Amended and Restated Indenture of Trust dated as of July 1, 2009, between the City and the Trustee (the ***"Restated Indenture"***), which amended, restated and superseded the Indenture of Trust dated as of October 15, 1984 (the ***"Original Indenture"***), between the City and the Trustee. (The Original Indenture, as amended, supplemented and restated by the Restated Indenture, and as amended and supplemented from time to time, including by the Twenty-Third Supplemental Indenture of Trust (the ***"23rd Supplemental Indenture"***) and the Twenty-Fourth Supplemental Indenture of Trust (the ***"24th Supplemental Indenture"***), is referred to herein collectively as the ***"Indenture"***). This summary does not purport to set forth all of the provisions of the Indenture and reference is made to the Indenture for its complete and actual terms.

Definitions

The following terms have the following meanings in the Indenture, unless a different meaning clearly appears from the context:

"2019 Projects" means the 2019A Project and the 2019B Project as more particularly described in the 23rd Supplemental Indenture.

"2019A Project" means the portion of the 2019 Projects to be paid from the proceeds of the Series 2019A Project Bonds as more particularly described in the 23rd Supplemental Indenture.

"2019B Project" means the portion of the 2019 Projects to be paid from the proceeds of the Series 2019B Project Bonds as more particularly described in the 23rd Supplemental Indenture.

"Accountant's Certificate" means a certificate signed by an independent certified public accountant or a firm of certified public accountants selected by the City satisfactory to the Trustee, who may be the accountant or firm of accountants who regularly audit the books of the City.

"Accrued Aggregate Debt Service" means, as of any date of calculation, an amount equal to the sum of (i) interest on the Bonds of all Series accrued and unpaid and to accrue to the end of the then current calendar month, and (ii) Principal Installments due and unpaid and that portion of the Principal Installments for all Series next due which would have accrued (if deemed to accrue in the manner set forth in the definition of Debt Service) to the end of such calendar month.

"Additional Bonds" means Bonds authenticated and delivered pursuant to the Indenture, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to the Indenture.

"Additional Project" means the extension, improvement, purchase, acquisition, construction and enlargement of facilities, appurtenances and equipment, and the acquisition of land, for the Airport to be financed, in whole or in part, from the proceeds of Additional Bonds issued pursuant to the provisions of the Indenture.

"Adjusted Debt Service" means Debt Service, except that for any Series of Partially Amortizing Bonds it will mean Debt Service for each Fiscal Year other than the Fiscal Year in which the final maturity date of such Bonds occurs and, with respect to such Fiscal Year and each Fiscal Year thereafter through the Fiscal Year ending on the date which is the anniversary of the final maturity date of such Series next occurring before the date which is 25.5 years after their issuance, that amount which if paid in substantially equal installments in each such Fiscal Year would pay the full amount of principal of such Bonds and the interest thereon (at the Index Interest Rate) by such anniversary.

"Aggregate Adjusted Debt Service" means, as of any particular date of computation and with respect to any period, the sum of the amounts of Adjusted Debt Service for such period with respect to all Series of Bonds.

"Aggregate Debt Service" means, as of any particular date of computation and with respect to any period, the sum of the amounts of Debt Service for such period with respect to all Series of Bonds.

"Airport" means the St. Louis Lambert International Airport owned and operated by the City, including all land owned as of the date of the Indenture or acquired after the date of the Indenture by the City (by lease or otherwise) for purposes of such airport (including, without limitation, noise mitigation and clear zone purposes) and all improvements and facilities in existence as of the date of the Indenture and located on any such land, as said Airport may be added to, extended, improved or constructed and equipped after the date of the Indenture.

"Airport Authority" means the entity that was created by the City's Board of Aldermen pursuant to an ordinance in 1968 and that operates the Airport and consists of the Airport Commission, the Airport Director and other managers and personnel required to operate the Airport, or any subsequent entity created by the City's Board of Aldermen to operate the Airport.

"Airport Commission" means the Airport Commission of the City, or such officer, board or commission of the City who or which may be legally given the powers and duties given to the Airport Commission.

"Airport Consultant" means the airport consultant or airport consulting firm or corporation at time retained by the City pursuant to the Indenture to perform the acts and carry out the duties provided for such Airport Consultant in the Indenture.

"Airport Fiscal Year" means the twelve-month period beginning on July 1 of one year and ending on June 30 of the following year, or such other fiscal year of twelve months as may be selected by the City.

"Annual Budget" means the annual budget of the City (through the Airport Commission) for the Airport, as amended or supplemented from time to time, adopted or in effect for a particular City Fiscal Year as provided in the Indenture.

"Arbitrage Rebate Fund" means the Airport Arbitrage Rebate Fund established pursuant to the Indenture.

"Authorized Officer of the City" means the Mayor, the Comptroller or the Treasurer of the City, or any other officer or employee of the City authorized under the laws of the State, the Charter or ordinance of the City to perform specific acts or duties related to the subject matter of the authorization.

"Beneficial Owner" means, for any Bond which is held by a nominee, the beneficial owner of such Bond.

"Bond" or ***"Bonds"*** means the Series 2019 Bonds and any other bond or bonds, as the case may be, authenticated and delivered under and pursuant to the Indenture.

"Bond Counsel" means Armstrong Teasdale LLP, St. Louis, Missouri, and Saulsberry & Associates, LLC, St. Louis, Missouri, as co-Bond Counsel or any other attorney or firm of attorneys nationally recognized on the subject of municipal bonds selected by the City and acceptable to the Trustee.

"Bondholder," "Bondowner," "Holders of the Series 2019 Bonds" or ***"Owner"*** or any similar term means any person who shall be the registered owner of any Bond or Bonds.

"Bond Counsel's Opinion" means an opinion of an attorney or firm of attorneys experienced and nationally recognized in matters relating to tax-exempt financing under the Code.

"Bond Fund" means the Airport Bond Fund established pursuant to the Indenture.

"Bond Purchase Agreement" means the Bond Purchase Agreement entered into by the City with the purchaser or purchasers of the Series 2019 Bonds.

"Bond Registrar" means the Trustee and any other bank or trust company organized under the laws of any state or national banking association appointed by the City to perform the duties of Bond Registrar enumerated in the Indenture. The term "Bond Registrar" also includes any Co-Registrar appointed pursuant to the Indenture.

"Bond Year" means, except as otherwise provided in a Supplemental Indenture or a Tax Certificate delivered in connection with a Series of Bonds, the one-year period beginning on the date such Series of Bonds is issued and all subsequent one-year periods beginning on the day following the expiration of the preceding Bond Year, or such other period as may be required under Section 148 of the Code.

"Business Day" means any day of the year other than (a) a Saturday or Sunday or (b) a day on which banks located in New York, New York, St. Louis, Missouri or Kansas City, Missouri are required or authorized by law to remain closed.

"Capital Budget" means the capital budget of the City (through the Airport Commission) for the Airport, as amended or supplemented from time to time, adopted or in effect for a particular City Fiscal Year as provided in the Indenture.

"Charter" means the Charter of the City as in effect from time to time.

"City" means The City of St. Louis, Missouri.

"City Fiscal Year" means the twelve-month period beginning on July 1 of one year and ending on June 30 of the following year, or such other fiscal year of twelve months as may be selected by the City.

"City Held PFC Revenues" means, collectively, PFC Revenues on deposit in the Revenue Fund and PFC Revenues held by the City in the PFC Account and available to pay debt service.

"City Sub-Account" means the City Sub-Account established within the Revenue Fund pursuant to the Indenture.

"Code" means the Internal Revenue Code of 1986, as amended, and the regulations thereunder, as applicable, and any successor to such Code.

"Comptroller" means the Comptroller of the City.

"Construction Fund" means the Airport Construction Fund established pursuant to the Indenture.

"Consulting Engineers" means the engineer or engineering firm or corporation at the time retained by the City pursuant to the Indenture to perform the acts and carry out the duties provided for such Consulting Engineers in the Indenture.

"Contingency Fund" means the Airport Contingency Fund established pursuant to the Indenture.

"Continuing Disclosure Agreement" means that certain Continuing Disclosure Agreement executed and delivered by the City and the Dissemination Agent with respect to the Series 2019 Bonds.

"Cost of Construction" means, with respect to the Initial Project or an Additional Project, the City's costs properly attributable to the construction or acquisition thereof, including but not limited to, the cost of acquisition by or for the City of real or personal property or other interest therein, costs of physical construction, and costs of the City incidental to such construction or acquisition, including but not limited to the cost of any indemnity and surety bonds and premiums on insurance during construction, planning, architectural, engineering, inspection and construction management fees, legal fees and expenses, cost of audits, fees and expenses of the Fiduciaries and costs of financing, construction period interest on any Bonds issued in connection with such Project, administrative and general overhead and keeping accounts and making reports required by the Indenture prior to commencement of operation of such Project, amounts, if any, required by the Indenture to be paid into any Fund or Account established under the Indenture upon the issuance of any Series of Bonds, payments when due (whether at the maturity of principal or the due date of interest or upon redemption) on any indebtedness of the City (other than the Bonds) incurred for such Project, costs of machinery, equipment and supplies and initial working capital required by the City for the commencement of operation of such Project, the initial funding of the reserves required under the Indenture, and may include reimbursement to the City for any such items of Cost of Construction theretofore paid by or on behalf of the City. "Cost of Construction" will also include the Costs of Issuance of any Series of Bonds to the extent payable from the Construction Fund pursuant to the Indenture or a Supplemental Indenture.

"Cost of Issuance Account" means the Cost of Issuance Account established with respect to a Series of Bonds in accordance with the Indenture.

"Cost of Issuance" means all items of expense, directly or indirectly payable or reimbursable by or to the City and related to the authorization, sale and issuance of any Bonds including, but not limited to, printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of any Fiduciary, legal fees and charges, fees and disbursements of consultants and professionals, costs of credit ratings, fees and charges for preparation, execution, transportation and safekeeping of Bonds, costs and expenses of refunding, premiums for the insurance of the payment of Bonds, fees payable in connection with any letter of credit securing all or a portion of the Bonds, financing charges, accrued interest with respect to the initial investment of proceeds of Bonds and any other costs, charge or fee in connection with the issuance of Bonds.

"Counsel's Opinion" means an opinion of an attorney or firm of attorneys nationally recognized on the subject of tax-exempt municipal financings (who may be counsel to the City) selected by the City and satisfactory to the Trustee.

"Counterparty" means an entity whose senior long-term debt obligations, or whose obligations under an Interest Rate Exchange Agreement, are guaranteed by a financial institution whose senior long-term debt obligations have a rating in one of the three highest categories of each of the Rating Agencies.

"Debt Service" for any period means, as of any date of calculation and with respect to any Series of Bonds, an amount equal to the sum of (i) interest accruing during such period on Bonds of such Series, except to the extent that such interest on the Bonds of such Series is to be paid from deposits (including investment income thereon) in the Debt Service Account made from Bond proceeds or other amounts available therein, and (ii) that portion of each Principal Installment for such Series of Bonds which would accrue during such period 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 will be no such preceding Principal Installment due date, from the date of issuance of such Series). Such interest and Principal Installments for such Series of Bonds shall be calculated on the assumption that no Bonds of such Series Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of each Principal Installment on the due date thereof. For the purposes of any projections required by the Indenture with respect to Variable Rate Bonds, interest will be calculated on the basis of the average interest rate or rates borne on Variable Rate Bonds Outstanding during any consecutive 12 months of the preceding 24 months, except that (i) for the purpose of satisfying the conditions for the issuance of Additional Bonds, if the Variable Rate Bonds are being issued on the date of computation, the rate of interest will be assumed to be 110% of the initial interest rate of such Bonds, and (ii) for the purpose of satisfying the Debt Service Reserve Requirement, if any, the interest rate for any Variable Rate Bonds will be computed at the average interest rate on such Bonds during the preceding Airport Fiscal Year or if not Outstanding during the preceding Airport Fiscal Year, the initial interest rate of such Bonds; provided, however, that no payments required for any Option Bonds, other Bonds or Interest Rate Exchange Agreements which may be tendered or otherwise presented for payment at the option or demand of the Owners thereof, or which may otherwise become due by reason of any other circumstance which will not, with certainty, occur during such period, will be included in any computation of Debt Service prior to the stated or theretofore extended maturity or otherwise certain due dates thereof, and all such payments will be deemed to be required on such stated or theretofore extended maturity dates or otherwise certain due dates; and provided further, however, that if the City in a Supplemental Indenture for a Series of Bonds elects to enter into an Interest Rate Exchange Agreement and deem any payments received thereunder as Revenues, Debt Service will include any amounts payable by the City during such interest rate period pursuant to such Interest Rate Exchange Agreement (other than termination payments thereunder).

"Debt Service Account" means the Airport Debt Service Account established within the Bond Fund.

"Debt Service Reserve Account" means the Debt Service Reserve Account established within the Bond Fund.

"Debt Service Reserve Requirement" means, as of any date of calculation for the then Outstanding Bonds, unless otherwise specified in a Supplemental Indenture for a particular Series of Bonds, an amount which will equal the least of: (i) 10% of the proceeds of such Series of Bonds, (ii) 125% of the average annual debt service on such Series of Bonds or (iii) the maximum annual debt service on such Series of Bonds. Such amount for any Series of Bonds may be satisfied by a deposit of cash or a letter of credit, revolving credit agreement, standby purchase agreement, surety bond, insurance policy or similar obligation, arrangement or instrument issued by a bank, insurance company or other financial institution which provides for payment of all or a portion of the Principal Installments and/or interest due on any Series of Bonds or provides funds for the purchase of such Bonds or portions thereof, which shall be rated at the time of issuance of the applicable Series of Bonds in one of the three highest rating categories by the Rating Agencies (without giving effect to gradations within a rating category), and shall permit the full amount thereof to be drawn down at least thirty days prior to the expiration thereof, **provided, however**, that if the rating of any issuer or provider of such letter of credit, revolving credit agreement, standby purchase agreement, surety bond, insurance policy or similar obligation, arrangement or instrument is thereafter downgraded below the fourth highest rating category (without giving effect to gradations within a rating category) by any of the Rating Agencies, then, upon notice of such downgrade to the City from the Trustee, a deficiency shall exist in the Debt Service Reserve Account in the amount of such downgraded letter of credit, revolving credit agreement, standby purchase agreement, surety bond, insurance policy or similar obligation, arrangement or instrument, which amount shall be replenished as set forth in the Indenture or by the deposit of cash or a substitute letter of credit, revolving credit agreement, standby purchase agreement, surety bond, insurance policy or similar obligation, arrangement or instrument issued by a bank, insurance company or other financial institution which shall be rated in one of the three highest rating categories by the Rating Agencies at the time of deposit (without giving effect to gradations within a rating category). A Supplemental Indenture for a Series of Bonds may specify that the Debt Service Reserve Requirement may be satisfied either at the closing date for such Series of Bonds or by depositing such requirement over time from Revenues monthly in substantially equal amounts which time period will not exceed sixty months from the closing date for such Series; alternatively, a Supplemental Indenture for a Series of Bonds may specify that such Series of Bonds will not have a Debt Service Reserve Requirement, in which event such Series of Bonds will not be entitled to a lien on such account.

"Debt Service Stabilization Fund" means the Airport Debt Service Stabilization Fund established pursuant to the Indenture.

"Debt Service Stabilization Fund Requirement" means an amount equal to 35% of the maximum annual Debt Service on the Bonds due in the then current or any future Airport Fiscal Year, subject to the provisions of the Indenture.

"Depositary" means any bank or trust company qualified under the Indenture, selected by the City pursuant to the Indenture and approved in writing by the Trustee as a depositary of moneys and securities held under the provisions of the Indenture and will include the Trustee.

"Development Fund" means the Airport Development Fund established pursuant to the Indenture.

"Director of Airports" means the Director of Airports of the City or such officer of the City who after the date of the Indenture may be given the powers and duties currently given to the Director of Airports.

"Dissemination Agent" means UMB Bank, N.A., and any successor dissemination agent under the Continuing Disclosure Agreement.

"DTC" means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the New York Banking Law, as amended, a "banking organization" within the meaning of the New York Banking Law, as amended, a member of the Federal Reserve System, a "clearing corporation," within the meaning of the New York Commercial Code, as amended, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities and Exchange Act of 1934, as amended, and its successors and assigns.

"Event of Default" will have the meaning given to such term in the Indenture.

"FAA" means the Federal Aviation Administration, or the successor to its powers and authority.

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

"Fitch" means Fitch Ratings, Inc.

“GARB Revenues” means all revenues collected by the City relating to, from or with respect to its possession, management, supervision, operation and control of the Airport, including all rates, charges, landing fees, rentals, use charges, concession revenues, revenues from the sale of services, supplies or other commodities, any investment income realized from the investment of amounts in the Revenue Fund, and any other amounts deposited into the Revenue Fund. GARB Revenues do not include: (a) any revenue or income from any Special Facilities, except ground rentals therefor or any payments made to the City in lieu of such ground rentals and the revenue or income from Special Facilities which are not pledged to the payment of Special Facilities Indebtedness, (b) any moneys received as grants, appropriations or gifts from the United States of America, the State or other sources, the use of which is limited by the grantor or donor to the planning or the construction of capital improvements, including land acquisition, for the Airport, except to the extent any such moneys will be received as payment for the use of the Airport, (c) any Bond proceeds and other money (including investment earnings) credited to the Construction Fund for the financing of capital improvements to the Airport, (d) any interest earnings or other gain from investment of moneys or securities in any escrow or similar account pledged to the payment of any obligations therein specified in connection with the issuance of Refunding Bonds or the defeasance of any Series of Bonds in accordance with the Indenture, (e) any consideration received by the City upon transfer of the Airport pursuant to the Indenture, (f) interest income on, and any profit realized from, the investment of moneys in (i) the Construction Fund or any other construction fund funded from proceeds of Bonds or (ii) the Debt Service Account or the Debt Service Reserve Account if and to the extent there is any deficiency therein, (g) any passenger facility charge or similar charge levied by or on behalf of the Airport against passengers or cargo, including any income or earnings thereon, (h) insurance proceeds which are not deemed to be GARB Revenues in accordance with generally accepted accounting principles (other than proceeds that provide for lost revenue to the Airport for business interruption or business loss), (i) the proceeds of any condemnation or eminent domain award, (j) the proceeds of any sale of land, buildings or equipment, (k) any money received by or for the account of the Airport from the levy of taxes upon any property in the City, and (1) amounts payable to the City under an Interest Rate Exchange Agreement unless and to the extent designated as Revenues by the City in a Supplemental Indenture.

“Government Securities” means any securities described in clauses (i) and (vii) of the definition of “Investment Securities” provided that such reference shall be to clauses (1) and (10) of the proviso to such definition so long as such proviso shall apply.

“Indenture” means the Original Indenture, as amended and restated by the Restated Indenture, as supplemented and amended, authorizing Airport Revenue Bonds of the City, as the same may from time to time be amended or supplemented by a Supplemental Indenture in accordance with the terms of the Indenture.

“Index Interest Rate” means the per annum interest rate set forth in the most recently issued Revenue Bond Index published by The Bond Buyer or, in the event such Index is no longer published, in such comparable index selected by the Trustee.

“Insurance Consultant” means an insurance consultant or other expert (and may include the Airport Consultant) having expert knowledge and skill with respect to the scope and amounts of insurance coverages appropriate for airport facilities similar to the Airport.

“Interest Payment Date” means July 1 and January 1 of each year beginning January 1, 2020.

“Interest Rate Exchange Agreement” means and includes any financial arrangement (i) that is entered into by the City with an entity that is a Counterparty; (ii) which provides that the City will pay to such Counterparty an amount based either on the principal amount or the notional amount equal to the principal amount of all or a portion of a Series of Bonds, and that such Counterparty will pay to the City an amount based on the principal amount of such Series of Bonds, in each case computed in accordance with a formula set forth in such Interest Rate Exchange Agreement, or that one will pay to the other any net amount due under such arrangement; or that the City will be paid by the Counterparty an amount, based either on the principal amount or a notional amount equal to the principal amount of all or any portion of the Variable Rate Bonds of such Series, if the interest rate on such Series of Variable Rate Bonds exceeds a previously agreed upon rate, and/or the City will pay to the Counterparty an amount, based on a notional amount equal to the principal amount of all or any portion of the Variable Rate Bonds of such Series, if the interest rate on such Series of Variable Rate Bonds is less than a previously agreed upon rate; (iii) which has been designated in writing to the Trustee by an Authorized City Representative as an Interest Rate Exchange Agreement with respect to a Series of Bonds and (iv) which, in the opinion of Bond Counsel, will not adversely affect the exclusion of interest on Bonds from gross income for the purposes of federal income taxation.

"Investment Securities" means and includes, unless otherwise specified in a Supplemental Indenture, any of the following obligations, to the extent the same are at the time legal for investment of funds of the City, or under other applicable law: (i) any bonds or other obligations which as to principal and interest constitute direct obligations of, or the full and timely payment of the principal of and interest on which are unconditionally guaranteed by, the United States of America, including obligations of any federal agency to the extent the full and timely payment of the principal of and interest on such obligations are unconditionally guaranteed by the United States of America; (ii) senior debt obligations and mortgage-backed securities issued by Federal Land Banks, Export-Import Bank of the United States, Federal Financing Bank, FNMA (excluding stripped mortgage securities which are purchased at prices exceeding their principal amount), FHLMC (excluding stripped mortgage securities which are purchased at prices exceeding their principal amount), Farmers Home Administration, Federal Housing Administration, Private Export Funding Corporation, Federal Farm Credit System and senior debt obligations and letter of credit-backed issues issued by the Student Loan Marketing Association; (iii) time deposits, certificates of deposit or any other deposit with a bank, trust company, national banking association, savings bank, federal mutual savings bank, savings and loan association, federal savings and loan association or any other institution chartered or licensed by any state or the U.S. Comptroller of the Currency to accept deposits in such state ("deposits" meaning obligations evidencing deposit liability which rank at least on a parity with the claims of general creditors in liquidation), which are (a) fully secured by direct obligations of the United States having a market value (exclusive of accrued interest) which will meet the over-collateralization levels and meet the criteria required by each Rating Agency to maintain the rating on the Bonds or (b) secured to the extent, if any, required by each Rating Agency and made with an institution whose debt securities are rated at least equal to the then current rating on the Bonds (or equivalent rating of short-term obligations if the investment is for a period not exceeding one year) by each Rating Agency; (iv) repurchase agreements backed by or related to obligations described in (i) or (ii) above with any institution which will not adversely affect the then current rating on the Bonds by each Rating Agency; (v) investment agreements, secured or unsecured as required by each Rating Agency, with any institution which will not adversely affect the then current rating on the Bonds by each Rating Agency; (vi) if rated at a level which will not adversely affect the then current rating on the Bonds by each Rating Agency, direct and general obligations of or obligations guaranteed by any state or possession of the United States or the District of Columbia, to the payment of the principal of and interest on which the full faith and credit of such state, possession or District of Columbia is pledged; (vii) pre-refunded municipal obligations rated in the highest rating category by each Rating Agency and meeting the following conditions (a) such obligations are: (A) not subject to redemption prior to maturity or the Trustee has been given irrevocable instructions concerning their calling and redemption, and (B) the issuer of such obligations has covenanted not to redeem such obligations other than as set forth in such instructions, (b) such obligations are secured by Investment Securities described in clause (i) above that may be applied only to interest, principal and premium payments of such obligations, and (c) the principal of and interest on such Investment Securities described in clause (i) above (plus any cash in the escrow fund with respect to such pre-refunded obligations) are sufficient to meet the liabilities of the obligations; (viii) interest-bearing notes issued by a bank having combined capital and surplus of at least $500,000,000 whose senior debt is rated in the highest rating category by each Rating Agency; (ix) tax-exempt revenue bond obligations of a state, municipality or governmental unit rated at least "AA" by each Rating Agency; (x) money market funds registered under the Investment Company Act of 1940, as amended (the ***"1940 Act"***) or shares of a diversified open-end management investment company, as defined in the 1940 Act, whose shares are registered under the Securities Act of 1933, as amended, which invests only in securities of the type described in clause (i) or (ii) above and having the highest possible rating from each Rating Agency; (xi) Eurodollar time deposits issued by a bank with a deposit rating in one of the two highest short-term deposit rating categories by each Rating Agency; (xii) long-term or medium-term corporate debt guaranteed by any corporation that is rated in one of the three highest rating categories by each Rating Agency; (xiii) short-term corporate debt including commercial paper which is rated in the highest short-term rating category by each Rating Agency; and (xiv) public housing bonds issued by public agencies which are either (a) fully guaranteed by the United States of America, or (b) temporary notes, preliminary loan notes or project notes secured by a requisition or payment agreement with the United States of America, or (c) state or public agency or municipality obligations rated in the highest credit rating category by each Rating Agency; provided that it is expressly understood that the definition of Investment Securities will be, and be deemed to be, expanded, or new definitions and related provisions will be added to the Indenture, thus permitting investments with different characteristics from those permitted which the City deems from time to time to be in the interest of the City to include as Investment Securities, if at the time of inclusion such inclusion will not, in and of itself, adversely affect the then current rating on the Bonds. Investment Securities must be limited to those instruments that have a predetermined fixed dollar amount of principal due at maturity that cannot vary or change, and if the obligation is rated, it should not have an 'r' highlighter affixed to its rating.

"Moody's" means Moody's Investors Service, Inc.

"Net Revenues" means Revenues less Operation and Maintenance Expenses.

"Operation and Maintenance Expenses" means the City's expenses for operation, maintenance, repairs, ordinary replacement and ordinary reconstruction of the Airport, including a reasonable reserve for uncollectible Revenues, and will include, without limitation, administrative and overhead expenses, insurance premiums, deposits for self-insurance, legal, engineering, consulting, accounting or other professional service expenses, union contributions, payments to pension, retirement, group life insurance, health and hospitalization funds, or other employee benefit funds, costs of rentals of equipment or other personal property, costs of rentals of real property, costs incurred in collecting and attempting to collect any sums due the City in connection with the operation of the Airport, and any other expenses required to be paid by the City under the provisions of the Indenture or by laws or consistent with standard practices for airports similar to the properties and business of the Airport and applicable in the circumstances, including, without limitation, an allocable share of administrative personnel costs incurred by the City at locations other than the Airport in connection with the operations of the Airport, and the expenses, liabilities and compensation of the fiduciaries required to be paid under the Indenture, all to the extent properly attributable to the Airport. "Operation and Maintenance Expenses" will not include any capital development cost or any allowance for depreciation or any operation or maintenance costs for Special Facilities where the lessee is obligated under its Special Facilities lease to pay such expenses.

"Operation and Maintenance Fund" means the Airport Operation and Maintenance Fund established pursuant to the Indenture.

"Option Bonds" means Bonds which by their terms may be tendered for payment by and at the option of the Owners thereof prior to the stated maturity thereof, or the maturities of which may be extended at the option of the Owners thereof.

"Original Indenture" means the Indenture of Trust dated as of October 15, 1984, between the City and Mercantile Trust Company, National Association, predecessor in interest to the Trustee.

"Outstanding" or ***"outstanding,"*** when used with reference to Bonds, means as of a particular date, all Bonds theretofore and thereupon being authenticated and delivered under the Indenture except as otherwise provided therein.

"Partially Amortizing Bonds" will mean a Series of Bonds providing for principal payments such that: (i) the principal and interest coming due in the final year exceeds by more than 25% the amount coming due in any prior year; and (ii) the principal amount payable in the year ending on the final maturity date of such Series will not exceed the lesser of (a) 75% of the original principal amount of such Series or (b) the amount that would have been Outstanding on the day prior to the final maturity date of such Bonds if the Bonds of such Series had required level debt service payments (with interest payable at the Index Interest Rate) over the period beginning on the first principal payment date of such Series and ending on the anniversary of the final maturity date of such Series next occurring before the date which is 25.5 years after their issuance.

"Paying Agent" means UMB Bank, N.A., as Paying Agent with respect to the Bonds.

"PFC Account" means the Airport PFC Account established pursuant to the Indenture and held by the City.

"PFC Act" means the Aviation Safety and Capacity Expansion Act of 1990, 49 U.S.C. § 40117, as amended from time to time.

"PFC-Eligible Debt Service" means, for any PFC Year, the debt service on Bonds the proceeds of which were used to finance PFC-Eligible Projects.

"PFC-Eligible Projects" means any projects that (i) are approved by the FAA for the imposition of PFC Revenues and (ii) are designated by the City as "PFC-Eligible Projects" pursuant to a Supplemental Indenture for the purpose of including the debt service thereon in the definition of PFC-Eligible Debt Service.

"PFC Revenues" means the PFCs remitted to the City as a result of enplanements at the Airport, including any interest earned thereon.

"PFCs" means the passenger facility charges imposed at the Airport from time to time pursuant to the PFC Act, the regulations thereunder and any record of decision of the FAA relating to passenger facility charges.

"PFC Year" means each one-year period from July 2 of a calendar year through and including July 1 of the succeeding calendar year.

"Pledged PFC Revenues" means the portion of PFC Revenues that has been pledged to the payment of the Bonds pursuant to the terms of a Supplemental Indenture with respect to PFC-Eligible Projects which have been financed by proceeds of Bonds.

"Principal Installment" means, as of the date of calculation and with respect to any Series of Bonds, so long as any Bonds thereof are Outstanding, (i) the principal amount of Bonds of such Series due on a certain future date for which no Sinking Fund Installments have been established, or (ii) the unsatisfied balance (determined as provided in the Indenture) of any Sinking Fund Installments due on a certain future date for Bonds of such Series, plus the amount of the sinking fund redemption premiums, if any, which would be applicable upon redemption of such Bonds on such future date in a principal amount equal to said unsatisfied balance of such Sinking Fund Installments, or (iii) if such future dates coincide as to different Bonds of such Series, the sum of such principal amounts of Bonds and of such unsatisfied balances of Sinking Fund Installments due on such future date plus such applicable redemption premiums, if any.

"Principal Payment Date" means July 1 of each year beginning July 1, 2020.

"Rating Agency" or ***"Rating Agencies"*** means, with respect to the Bonds or any Series of Bonds, Moody's, S&P and Fitch, to the extent that any of such rating services have issued a credit rating on the Bonds which is in effect at the time in question or, upon discontinuance of any of such rating services, such other nationally recognized rating service or services, if any, which has issued a credit rating on the Bonds at the request of the City and which credit rating is in effect at the time in question.

"Rebate Amount" means the amount required to be paid to the United States under Section 148(f) of the Code.

"Record Date" means the 15^{th} day of the month preceding an Interest Payment Date.

"Redemption Price" means, with respect to any Series 2019 Bond, the amount payable upon redemption thereof pursuant to the 23^{rd} Supplemental Indenture or the 24^{th} Supplemental Indenture.

"Refunded Bonds" means the Series of Bonds being defeased and refunded pursuant to the 24^{th} Supplemental Indenture.

"Refunding Bonds" means all Bonds, whether issued in one or more Series, authenticated and delivered pursuant to the Indenture, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to the Indenture.

"Renewal and Replacement Fund" means the Airport Renewal and Replacement Fund established pursuant to the Indenture.

"Restated Indenture" means the Amended and Restated Indenture of Trust between the City and the Trustee dated as of July 1, 2009.

"Revenue Fund" means the Airport Revenue Fund established pursuant to the Indenture.

"Revenues" means, collectively, GARB Revenues, the Pledged PFC Revenues and any other available moneys deposited in the Revenue Fund.

"Series" means all Bonds of a designated series authenticated and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to the Indenture regardless of variations in maturity, interest rate, Sinking Fund Installments or other provisions.

"Series 2009A-1 Bonds" means Airport Revenue Bonds, Series 2009A-1.

"Series 2019 Capitalized Interest Sub-Account" means the account by that name established pursuant to the 23rd Supplemental Indenture.

"Series 2019 Costs of Issuance Sub-Account" means the subaccount by that name established pursuant to the 23rd Supplemental Indenture.

"Series 2019 Project Debt Service Sub-Account" means the account by that name established pursuant to the 23rd Supplemental Indenture.

"Series 2019 Project Bonds" means the Series 2019A Project Bonds and Series 2019B Project Bonds.

"Series 2019 Project Debt Service Reserve Requirement" means, as of any date of calculation, an amount equal to the least of (a) 10% of the aggregate original principal amount (or "issue price", as computed for federal income tax purposes, if original issuance premium or discount is greater than 2%) of the Series 2019 Project Bonds, (b) the maximum annual principal and interest requirements on the Series 2019 Project Bonds, or (c) 125% of the average annual Debt Service Reserve Requirements for the Series 2019 Project Bonds.

"Series 2019 Project Debt Service Reserve Sub-Account" means the subaccount by that name established pursuant to 23rd Supplemental Indenture.

"Series 2019 Refunding Bonds" means the Airport Revenue Refunding Bonds, Series 2019C (Non-AMT) (St. Louis Lambert International Airport).

"Series 2019 Refunding Costs of Issuance Sub-Account" means the subaccount by that name established pursuant to 24th Supplemental Indenture.

"Series 2019 Refunding Debt Service Reserve Requirement" means, as of any date of calculation, an amount equal to the least of (a) 10% of the aggregate original principal amount (or "issue price", as computed for federal income tax purposes, if original issuance premium or discount is greater than 2%) of the Series 2019 Refunding Bonds, (b) the maximum annual principal and interest requirements on the Series 2019 Refunding Bonds, or (c) 125% of the average annual Debt Service Reserve Requirements for the Series 2019 Refunding Bonds.

"Series 2019 Refunding Debt Service Reserve Sub-Account" means the subaccount by that name established pursuant to the 24th Supplemental Indenture.

"Series 2019 Refunding Debt Service Sub-Account" means the subaccount by that name established pursuant to the 24th Supplemental Indenture.

"Series 2019 Refunding Sub-Account" means the subaccount by that name established pursuant to the 24th Supplemental Indenture.

"Series 2019A Construction Sub-Account" means the subaccount by that name established pursuant to the 23rd Supplemental Indenture.

"Series 2019A Project Bonds" means the Airport Revenue Bonds, Series 2019A (Non-AMT) (St. Louis Lambert International Airport).

"Series 2019B Construction Sub-Account" means the subaccount by that name established pursuant to the 23rd Supplemental Indenture.

"Series 2019B Project Bonds" means the Airport Revenue Bonds, Series 2019B (AMT) (St. Louis Lambert International Airport).

"S&P" means S&P Global Ratings, a division of S&P Global, Inc.

"Sinking Fund Installment" means an amount so designated which is established pursuant to the Indenture.

"Special Facilities" means those capital improvements or facilities acquired or constructed after the date of the Original Indenture and described in the Indenture.

"Special Facilities Indebtedness" means any indebtedness issued by the City or any other public corporation or public instrumentality to finance Special Facilities in accordance with the Special Facilities covenant, described in the Indenture.

"State" means the State of Missouri.

"Subordinated Indebtedness" means any evidence of debt referred to in, and complying with the provisions of the Indenture.

"Supplemental Indenture" means any indenture of the City amending or supplementing the Indenture and adopted and becoming effective in accordance with the terms of the Indenture.

"Tax Agreement" means, collectively, the Tax Compliance Agreements issued in connection with the Series 2019 Bonds entered into by and between the City and the Trustee to evidence compliance with the provisions of Sections 103 and 141-150 of the Code.

"Tax Certificate" means the Tax Certificate to be delivered by the City to evidence compliance with the provisions of Sections 103 and 141-150 of the Code.

"Tax-Exempt Bonds" means Bonds the interest on which at the time of their original issuance was, in Bond Counsel's Opinion, exempt from federal income taxation or excluded from gross income for federal income tax purposes under the Code.

"Treasurer" means the Treasurer of the City.

"Trustee" means UMB Bank, N.A., a national banking association, and any successor trustee under the Indenture, acting in its trust capacity.

"Trust Estate" means (i) the proceeds of the sale of the Bonds; (ii) Revenues; and (iii) all funds established pursuant to the Indenture, including the investments, if any, thereof; (iv) all other property of every name and nature from time to time mortgaged, pledged or hypothecated as and for additional security under the Indenture by the City, or by anyone on its behalf or with its written consent, in favor of the Trustee, which is authorized to receive all such property at any time and to hold and apply the same subject to the terms of the Indenture; and (v) all proceeds of any of the foregoing.

"2019 Project Bonds Accounts" means the subaccounts by that name established pursuant to the 23rd Supplemental Indenture.

"2019 Refunding Bonds Accounts" means the subaccounts by that name established pursuant to the 24th Supplemental Indenture.

"Unamortized Premium Redemption Price" means 100% of the Unamortized Premium Value of the Series 2019 Bonds to be redeemed, plus accrued interest to, but not including, the redemption date.

"Unamortized Premium Value" means the amount determined by the City and certified to the Trustee and verified by the Verification Agent in the form of a verification report, to be the principal amount of the Series 2019 Bonds to be redeemed multiplied by the price of such Series 2019 Bonds expressed as a percentage, calculated by the City based on the industry standard method of calculating bond prices, with a delivery date equal to the redemption date, the maturity date of such Series 2019 Bonds (taking into account the date provided in the optional redemption provisions provided in the Twenty-Third Supplemental Indenture and the Twenty-Fourth Supplemental Indenture) and a yield equal to the original offering yield of the Series 2019 Bonds.

"Underwriters" means those underwriters identified in the Bond Purchase Agreement relating to the sale, purchase and delivery of the Series 2019 Bonds.

"Use Agreements" means the commercial airlines/airport use agreements between the principal certificated air carriers and the City, as amended from time to time.

"Variable Rate Bond" means any Bond the rate of interest on which is subject to change prior to maturity and cannot be determined in advance of such change.

"Verification Agent" means an independent third party satisfactory to the City and the Trustee.

Issuance of Bonds

The Indenture authorizes the issuance of one or more series as provided in the Indenture. Each such series of Bonds be designated as "Airport Revenue Bonds" and will include such further appropriate designation as the City shall determine to distinguish the Bonds of such Series from the Bonds of all other Series.

Additional Bonds

The Indenture authorizes the issuance of one or more Series of Additional Bonds for the purpose of paying all or a portion of the Cost of Construction of any Additional Project. The issuance of Additional Bonds is subject to certain conditions and tests, including, but not limited to:

(1) An Accountant's Certificate setting forth (a) for any period of 12 consecutive calendar months out of the 18 calendar months next preceding the authentication

and delivery of such Series, the Net Revenues for such 12-month period, and (b) the Aggregate Adjusted Debt Service for such 12-month period, and demonstrating that for such 12-month period Net Revenues equaled at least 1.25 times the Aggregate Adjusted Debt Service;

(2) A certificate of the Consulting Engineers setting forth (a) the estimated date of completion for the Additional Project for which such Series of Additional Bonds is being issued, and (b) an estimate of the Cost of Construction of such Additional Project;

(3) A certificate of the Airport Consultant setting forth, for each of the three Airport Fiscal Years following the Airport Fiscal Year in which the Consulting Engineers estimate such Additional Project will be completed, estimates of (a) Net Revenues and (b) amounts to be deposited from Revenues into the Debt Service Reserve Account, the Renewal and Replacement Fund and the Development Fund;

(4) A certificate of an Authorized Officer of the City setting forth (a) the estimates of Net Revenues, as set forth in the certificate of the Airport Consultant pursuant to paragraph (3) above, for each of the three Airport Fiscal Years following the Airport Fiscal Year in which it is estimated that such Additional Project will be completed, (b) the estimates of the amounts to be deposited in certain funds and accounts from Revenues as set forth in the certificate of the Airport Consultant pursuant to paragraph (3) above, for each of the three Airport Fiscal Years following the Airport Fiscal Year in which it is estimated that such Additional Project will be completed, and (c) the Aggregate Adjusted Debt Service, determined after giving effect to the issuance of such Additional Bonds and including the Aggregate Debt Service, as estimated by such Authorized Officer, with respect to future Series of Bonds, if any, which such Authorized Officer shall estimate (based on the estimate of the Consulting Engineers of the Cost of Construction for such Additional Project utilizing the Index Interest Rate) will be required to complete payment of the Cost of Construction of such Additional Project, and demonstrating that the estimated Net Revenues in each of the Airport Fiscal Years set forth in (a) above is at least equal to 1.25 times Aggregate Adjusted Debt Service for the corresponding Airport Fiscal Year determined as described in (c) above; and

(5) A Bond Counsel's Opinion to the effect that the issuance and sale of such Additional Bonds and the application of the proceeds thereof in accordance with the terms of the Supplemental Indenture authorizing such Bonds will not adversely affect the tax-exempt status of any Bonds outstanding immediately prior to the issuance of such Additional Bonds.

The proceeds, including accrued interest, of the Additional Bonds of each Series are to be applied simultaneously with the delivery of such Bonds in accordance with the Supplemental Indenture authorizing such Bonds.

The amount of Pledged PFC Revenues that may be counted for the purpose of meeting the Additional Bonds Test pursuant to the Indenture for any Airport Fiscal Year may not exceed 125% of the sum of the outstanding and proposed PFC-Eligible Debt Service for such Airport Fiscal Year.

Refunding Bonds

The Indenture authorizes the issuance of one or more Series of Refunding Bonds for the purpose of refunding all or a portion of the principal and/or interest components of (i) any Outstanding Bonds, (ii) any Subordinated Indebtedness, (iii) any Special Facilities Indebtedness, or (iv) any other indebtedness issued for Airport purposes. Refunding Bonds are to be issued in a principal amount sufficient, together with other moneys available therefor, to accomplish such refunding and to make the deposits in the Funds under the Indenture required by the provisions of the Supplemental Indenture authorizing such Bonds.

Refunding Bonds of each Series issued to refund one or more Series of Outstanding Bonds or one or more maturities within a Series are to be authenticated and delivered by the Trustee only upon receipt by it from the City (in addition to the documents and moneys required by the Indenture) of:

(1) Irrevocable instruction to the Trustee, satisfactory to it, to give due notice of redemption of all Bonds to be redeemed, if any, on a redemption date specified in such instructions;

(2) If the Bonds to be refunded are not by their terms subject to redemption within the next succeeding 60 days, irrevocable instructions to the Trustee, satisfactory to it, to mail the notice provided for in the Indenture to the Owners of the Bonds being refunded;

(3) Either (a) moneys in an amount sufficient to effect payment at the applicable Redemption Price of the Bonds to be refunded, together with accrued interest on such Bonds to the redemption date, which moneys are to be held by the Trustee or any one or more of the Paying Agents in a separate account irrevocably in trust for and assigned to the respective Owners of the Bonds to be refunded, or (b) Government Securities in such principal amounts, of such maturities, bearing such interest, and otherwise having such terms and qualifications, as are necessary to comply with the provisions of the Indenture and any moneys required pursuant to the Indenture, which Government Securities and moneys are to be held in trust and used only as provided in the Indenture; and

(4) Either of the following: (a) a certificate of an Authorized Officer of the City setting forth (i) the Aggregate Debt Service and the Aggregate Adjusted Debt Service for the then current and each future Airport Fiscal Year to and including the Airport Fiscal Year next preceding the date of the latest maturity of any Bonds of any Series then Outstanding (X) with respect to the Bonds of all Series Outstanding immediately prior to the date of authentication and delivery of such Refunding Bonds, and (Y) with respect to the Bonds of all Series to be Outstanding immediately thereafter, and (ii) that the Aggregate Debt Service and the Aggregate Adjusted Debt Service set forth for each Airport Fiscal Year pursuant to (Y) above are no greater than the corresponding amounts set forth for such Airport Fiscal Year pursuant to (X) above; or (b) the certificates required by the Indenture evidencing that such Series of Refunding Bonds meets the tests provided for by the Indenture considering, for all purposes of such certificates and tests, that such Series of Refunding Bonds is a Series of Additional Bonds, provided that, for such purpose, the estimated date of completion for the Additional Project being refinanced by such Series of Refunding Bonds shall be the later of (i) the date of issuance of such Series of Refunding Bonds or (ii) the then estimated completion date for the Additional Project being refinanced having the latest estimated completion date.

The proceeds, including accrued interest, of the Refunding Bonds of each such Series shall be applied simultaneously with the delivery of such Bonds for the purpose of making deposits in such Funds and Accounts under the Indenture as shall be provided in the Supplemental Indenture authorizing such Bonds and is to be applied to the refunding purposes thereof in the manner provided in said Supplemental Indenture.

Pledge Effected by the Indenture

The Bonds are secured by a pledge of, and the Bondholders are granted an express lien on (i) the proceeds of sale of the Bonds, (ii) Revenues, and (iii) all Funds established pursuant to the Indenture, including the investments, if any, thereof.

Pledged PFC Revenues

Pledged PFC Revenues for a given PFC Year constitute that portion of the PFC Revenues that, for such PFC Year, equals 125% of the amount of PFC-Eligible Debt Service due during such PFC Year. Pursuant to the Indenture, the City has pledged the Pledged PFC Revenues for the benefit of the Owners of the Bonds. The City will not create a lien on Pledged PFC Revenues that is senior to the lien of the Bonds. The City may, at any time with the execution and delivery of a Supplemental Indenture, submit additional PFC Revenues to the pledge of the Indenture.

Elimination of or Decrease in the Amount of Pledged PFC Revenues

The City may decrease the amount of Pledged PFC Revenues pledged to the Bonds, or eliminate the pledge of the Pledged PFC Revenues to the Bonds, upon receipt by the Trustee from the City of both of the following:

(i) A certificate of the Airport Consultant setting forth for each of three Airport Fiscal Years following the Airport Fiscal Year in which the pledge of the Pledged PFC Revenues will be decreased or eliminated, estimates of (A) Net Revenues (as adjusted to reflect the reduction or elimination of Pledged PFC Revenues), (B) the Aggregate Adjusted Debt Service (determined after giving effect to any Additional Bonds to be issued on or before the date of decrease or elimination of such pledge), and (C) demonstrating that the estimated Net Revenues set forth in (A) are at least equal to 1.25 times Aggregate Adjusted Debt Service for the corresponding Airport Fiscal Years determined as set forth in (B) above; and

(ii) An opinion of Bond Counsel to the effect that all conditions precedent to the decrease or elimination of the Pledged PFC Revenues have been met and such decrease or elimination will not adversely affect exclusion from gross income for federal income tax purposes of the interest on any Outstanding Bonds.

Establishment of Funds

Project Bonds. The following sub-accounts are created within the specified Accounts established pursuant to the 23rd Supplemental Indenture:

(i) the Series 2019 Project Capitalized Interest Sub-Account (the ***"Series 2019 Capitalized Interest Sub-Account"***) of the Series 2019 Project Debt Service Sub-Accounts;

(ii) the Series 2019A Project Construction Sub-Account (the ***"Series 2019A Construction Sub-Account"***) to be held by the Trustee and used to pay the costs of the 2019A Project;

(iii) the Series 2019B Project Construction Sub-Account (the ***"Series 2019B Construction Sub-Account"***) to be held by the Trustee and used to pay the costs of the 2019B Project;

(iv) the Series 2019 Project Costs of Issuance Sub-Account (the ***"Series 2019 Costs of Issuance Sub-Account"***) to be held by the Trustee and used to pay the Costs of Issuance of the Series 2019 Project Bonds;

(v) the Series 2019 Project Debt Service Sub-Account (the ***"Series 2019 Debt Service Sub-Account"***) of the Debt Service Account of the Airport Bond Fund; and

(vi) the Series 2019 Project Debt Service Reserve Sub-Account (the ***"Series 2019 Project Debt Service Reserve Sub-Account"***) of the Debt Service Reserve Account of the Airport Bond Fund.

(b) The sub-accounts created pursuant to 23rd Supplemental Indenture are hereinafter referred to collectively as the ***"2019 Project Bonds Accounts."*** Each of the 2019 Project Bonds Accounts shall be used for the same purposes as the respective fund or account to which it relates. Moneys on deposit in each of the 2019 Project Bonds Accounts pursuant to the Indenture shall be held and used for purposes and on the conditions specified in the Indenture. Money credited to the 2019 Project Bonds Accounts may be held by the City, in the case of funds deposited with the City under the Indenture, or by the Trustee, in the case of funds deposited with the Trustee under the Indenture. However, the investment of monies with respect to each of the 2019 Project Bonds Accounts shall be separately made and maintained. The investment earnings of any of the 2019 Project Bonds Accounts shall be transferred to the Revenue Fund as provided in the Indenture. Moneys may be transferred between the 2019A Construction Sub-Account and the 2019B Construction Sub-Account on written instruction from the City together with an opinion from Bond Counsel that such transfer will not impact the tax-exempt status of the 2019 Project Bonds.

(c) The City and the Trustee, as the case may be, may eliminate any of the aforementioned 2019 Project Bonds Accounts and transfer all amounts therein to the related Fund if both receive the written opinion of Bond Counsel that the failure to maintain such account will not adversely affect the tax-exempt status of interest on the Series 2019 Project Bonds.

(d) <u>Refunding Bonds</u>. The following sub-accounts are created within the specified Accounts established pursuant to the 24th Supplemental Indenture:

(i) the Series 2019 Refunding Costs of Issuance Sub-Account (the ***"Series 2019 Refunding Costs of Issuance Sub-Account"***) to be held by the Trustee and used to pay the Costs of Issuance of the Series 2019 Refunding Bonds, with any balance remaining after one hundred twenty (120) days after the date of issuance of the Series 2019 Refunding Bonds to be transferred to the Revenue Fund;

(ii) the Series 2019 Refunding Debt Service Reserve Sub-Account (the ***"Series 2019 Refunding Debt Service Reserve Sub-Account"***) of the Debt Service Reserve Account of the Airport Bond Fund;

(iii) the Series 2019 Refunding Debt Service Sub-Account (the ***"Series 2019 Refunding Debt Service Sub-Account"***) of the Debt Service Account of the Airport Bond Fund; and

(iv) the Series 2019 Refunding Sub-Account (the ***"Series 2019 Refunding Sub-Account"***) of the Debt Service Account of the Airport Bond Fund.

The sub-accounts created pursuant to the 24th Supplemental Indenture are hereinafter referred to collectively as the ***"2019 Refunding Bonds Accounts."*** Each of the 2019 Refunding Bonds Accounts shall be used for the same purposes as the respective fund or account to which it relates. Moneys on deposit in each of the 2019 Refunding Bonds Accounts pursuant to the Indenture shall be held and used for purposes and on the conditions specified in the Indenture. Money credited to the 2019 Refunding Bonds Accounts may be held by the City, in the case of funds deposited with the City under the Indenture, or by the Trustee, in the case of funds deposited with the Trustee under the Indenture. However, the investment of monies with respect to each of the 2019 Refunding Bonds Accounts shall be separately made and maintained. The investment earnings of any of the 2019 Refunding Bonds Accounts shall be transferred to the Revenue Fund as provided in the Indenture.

(e) The City and the Trustee, as the case may be, may eliminate any of the aforementioned 2019 Refunding Bonds Accounts and transfer all amounts therein to the related Fund if both receive the written opinion of Bond Counsel that the failure to maintain such account will not adversely affect the tax-exempt status of interest on the Series 2019 Refunding Bonds.

The Indenture also establishes

(A) Airport Construction Fund to be held by the City, unless otherwise specified in a Supplemental Indenture, including the (i) Series 2019A Construction Sub-Account; and (ii) Series 2019B Construction Sub-Account;

(B) Airport Revenue Fund, including the City Sub-Account therein, to be held by the City;

(C) Airport Operation and Maintenance Fund, to be held by the City;

(D) Airport Bond Fund held by the Trustee, including the (i) Series 2019 Project Debt Service Sub-Account of the Debt Service Account, (ii) Series 2019 Project Debt Service Reserve Sub-Account of the Debt Service Reserve Account, (iii) Series 2019 Refunding Debt Service Sub-Account of the Debt Service Account and (iv) Series 2019 Refunding Debt Service Reserve Sub-Account of the Debt Service Reserve Account;

(E) Airport Renewal and Replacement Fund, to be held by the City;

(F) Airport Debt Service Stabilization Fund, to be held by the City;

(G) Airport Development Fund, to be held by the City;

(H) Airport Contingency Fund, to be held by the City;

(I) Arbitrage Rebate Fund, to be held by the City; and

(J) Airport PFC Account, to be held by the City.

Application of Revenues

General. All Revenues as received are to be promptly deposited by the City into the Revenue Fund. As soon as practicable in each month after the deposit of Revenues in the Revenue Fund, but in any case no later than five (5) Business Days before the end of each month, the City is required to withdraw from the Revenue Fund for deposit in the following Funds in the following order of priority the amounts set forth below:

(1) To the Operation and Maintenance Fund, an amount sufficient to pay the estimated Operation and Maintenance Expenses during the next month;

(2) To the Bond Fund for credit to the Debt Service Account, if and to the extent required so that the balance in said Account will equal the Accrued Aggregate Debt Service on the Bonds; provided that, for the purpose of computing the amount in said Account, there is to be excluded the amount, if any, set aside in said Account which was deposited therein from the proceeds of each Series of Bonds less the amount of interest accrued and unpaid and to accrue on the Bonds of such Series (or any Refunding Bonds issued to refund such Bonds) to the last day of the then current calendar month;

(3) To the Bond Fund for credit to the Debt Service Reserve Account, an amount sufficient to maintain a balance in such Account equal to the Debt Service Reserve Requirement; provided, however, that no deposit in the Debt Service Reserve Account will be required to the extent the amount therein equals or exceeds the Debt Service Reserve Requirement and in the event the amount in the Debt Service Reserve Account is reduced below the amount otherwise required therein, such amount will be replenished (i) immediately, first from any funds in the Sub-Account and, thereafter, from other available funds, in such priority as the City may direct in the Contingency Fund, the Development Fund and the Renewal and Replacement Fund and (ii) at the earliest practicable date, to the extent such funds are not sufficient for such purpose, from the first available Revenues (after all deposits required to be made pursuant to clauses (1) and (2) described above have been made) following such reduction; provided, however, that notwithstanding anything to the contrary in the Indenture, to the extent that a deficiency exists in the Debt Service Reserve Account, such deposits to the Bond Fund will be made in the order of priority indicated:

(a) To the Bond Fund for credit to the Debt Service Reserve Account, there will be deposited, at least monthly, to the Debt Service Reserve Account for a Series of Bonds an amount at least equal to 1/60 of the Debt Service Requirement for such Series of Bonds until the amount on deposit in the Debt Service Reserve Account will equal the Debt Service Reserve Requirement. The Debt Service Reserve Requirement will be cumulative and the amount of any deficiency in any month will be added to the amount otherwise required to be deposited to the credit of such Debt Service Reserve Account in each month thereafter until such time as such deficiency will be remedied;

(b) To the Bond Fund for credit to the Debt Service Reserve Account, there will be deposited, at least monthly to the Debt Service Reserve Account for a Series of Bonds an amount equal to 1/12 of the deficiency attributed to a draw (or diminution in stated principal) upon a financial instrument as specified in the definition of Debt Service Reserve Requirement, deposited into the Debt Service Reserve Account until the principal amount (or available amount) of such financial instrument, either singularly, or in combination with amounts on deposit therein, is equal to the Debt Service Reserve Requirement if and only if such amounts are attributable to such Series of Bonds; and

(c) To the Bond Fund for credit to the Debt Service Reserve Account, there will be deposited to the Debt Service Reserve Account as soon as practicable (but not later than thirty days from the date of such deficiency), the full amount of any deficiency in the Debt Service Reserve Account, which is attributable to a decline in the market value of Investment Securities on deposit therein until such Investment Securities and any cash therein will equal the Debt Service Reserve Requirement.

(4) To the Arbitrage Rebate Fund, there shall be deposited as soon as practicable, the amount necessary to fund the Arbitrage Rebate Fund in order to pay the Rebate Amount when due and payable;

(5) Amounts sufficient to pay Subordinated Indebtedness in accordance with the authorizing and implementing documents for such Subordinated Indebtedness (as certified by the trustee or other fiduciary with respect to such Subordinated Indebtedness) shall be transferred by the City to such trustee or other fiduciary for payment or deposit;

(6) To the Renewal and Replacement Fund, an amount equal to Fifty Seven Thousand Dollars ($57,000); provided that, no deposit will be required to be made into said Fund whenever and as long as uncommitted moneys in said Fund are equal to or greater than Three Million Five Hundred Thousand Dollars ($3,500,000) or such larger amount as the City will determine necessary, from time to time, for the purposes of said Fund; and provided further that, if any such monthly allocation to said Fund will be less than the required amount, the amount of the next succeeding monthly payments will be increased by the amount of such deficiency;

(7) To the City Sub-Account, an amount determined from time to time by the City, such that if deposits were made in amounts equal to such amount in each succeeding month during each Airport Fiscal Year, the balance in such Sub-Account will equal at the end of such Airport Fiscal Year the amounts payable to the City with respect to such Airport Fiscal Year pursuant to the Indenture;

(8) For Airport Fiscal Year ending June 30, 2011, to the Debt Service Stabilization Fund and the Development Fund for the times and in the amounts and pursuant to the calculations set forth below:

(a) To the Debt Service Stabilization Fund any amounts withdrawn therefrom during Airport Fiscal Years ending June 30, 2006 through 2010 and not previously replenished; and then

(b) To the Debt Service Stabilization Fund and the Development Fund a total of up to $5,725,000, with 87.25% of each such transfer to the Debt Service Stabilization Fund and 12.75% of each such transfer to the Development Fund;

(9) Beginning in Airport Fiscal Year ending June 30, 2012, and thereafter, to the Debt Service Stabilization Fund an amount sufficient to bring the amount on deposit in the Debt Service Stabilization Fund equal to the Debt Service Stabilization Fund Requirement (or such lesser amount as is available in the Revenue Fund for such transfer).

(10) The remaining GARB Revenues in the Revenue Fund will be deposited into the Development Fund; and

(11) The remaining Pledged PFC Revenues in the Revenue Fund will be deposited into the PFC Account.

As soon as practicable after the end of each Airport Fiscal Year and except as otherwise provided in the Indenture and subject to the satisfaction of the conditions set forth therein, after all deposits required to be made into each of the aforesaid Funds have been made, the City is required to transfer from the City Sub-Account to the general revenue fund of the City, an amount equal to five percent (5%) of the GARB Revenues (excluding, however, from GARB Revenues, for this purpose only, investment income and other non-operating income of the Airport) during the Airport Fiscal Year then last ended; provided, however, that for all periods subsequent to July 1, 1996, the applicable percentage of GARB Revenues (as specified above) will equal the percentage of the gross revenues then required to be paid to the City by public utilities operating within the City (such percentage being ten percent (10%) as of the date of the Restated Indenture).

Notwithstanding the foregoing, the amounts payable to the City described in the preceding paragraph are limited to five percent of the GARB Revenues (excluding, however, from GARB Revenues, for this purpose only, investment income and other non-operating income of the Airport) until such time that the Trustee has received a Counsel's Opinion to the effect that the amount payable does not violate or conflict with any laws or contractual obligations applicable to the Airport and the City, including, without limitation, the Federal Airport and Airway Improvement Act of 1982 and the United States Department of Transportation Grant Agreements to which the City is a party.

The amount payable to the general revenue fund of the City described in the preceding paragraphs may be paid in advance in monthly installments so long as (i) such amount is included in the rate base utilized to determine rates and charges payable by air carriers which utilize the Airport and (ii) each such monthly installment will not exceed the lesser of one-twelfth ($1/12^{th}$) of eighty percent (80%) of the total amount paid to the City pursuant to such clause in respect of the prior Airport Fiscal Year or (2) eighty percent (80%) of the amount deposited in such month in the City Sub-Account in respect of amounts payable to the City pursuant to the preceding paragraphs.

The final installment of the amount payable to the City each Airport Fiscal Year is subject to the filing with the Trustee of certificates of the City that all required deposits to the Operation and Maintenance Fund, the Bond Fund and the Renewal and Replacement Fund have been made and that no Event of Default has occurred and is continuing under the Indenture. If, during any Airport Fiscal Year, the aggregate amount paid in advance to the City exceeds the amount payable to the City during such Airport Fiscal Year, the amount of such excess will be returned by the City to the Revenue Fund. Until any such excess is returned by the City to the Revenue Fund, the City will be entitled to no further payments by the Airport.

Description of Funds Established by the Indenture

Operation and Maintenance Fund. Amounts in the Operation and Maintenance Fund are to be paid out from time to time by the City for reasonable and necessary Operation and Maintenance Expenses. Amounts in said Fund which the City at any time determines to be in excess of the requirements of such Fund will be transferred into the Revenue Fund and applied in accordance with the provisions of the Indenture regarding the application of Revenues.

Bond Fund-Debt Service Account. The Trustee is required to pay out of the Debt Service Account to the respective Paying Agents (1) on or before each interest payment date for any of the Bonds, the amount required for the interest payable on such date, (2) on or before each Principal Installment due date, the amount required for the Principal Installment payable on such due date; and (3) on or before any redemption date for the Bonds, the amount required for the payment of interest on the Bonds then to be redeemed. Such amounts are required to be applied by the Paying Agents on and after the due dates thereof. The Trustee is also required to pay out of the Debt Service Account the accrued interest included in the purchase price of Bonds purchased for retirement.

Bond Fund-Debt Service Reserve Account. If, immediately after each monthly transfer required by the Indenture provision concerning application of Revenues, the amount in the Debt Service Account shall be less than the amount required to be in such Account pursuant to the Indenture, after any transfers from the Debt Service Stabilization Fund, the Trustee shall transfer amounts from the Debt Service Reserve Account to the Debt Service Account to the extent necessary to make good such deficiency or deficiencies. In addition to the annual valuation of Accounts and Funds as of June 30 of each year required by the Indenture, amounts on deposit in the Accounts established in the Debt Service Reserve Account shall be determined (i) upon the issuance of Additional Bonds, (ii) at any time, on the written request of the City to the Trustee, and (iii) at any time the Trustee believes such determination to be necessary or desirable (each of the foregoing including the annual valuation is a ***"Valuation Date"***). If, as of any Valuation Date, the amount in any Account in the Debt Service Reserve Account exceeds the applicable Debt Service Reserve Requirement after giving effect to any. letter of credit, revolving credit agreement, standby purchase agreement, surety bond, insurance policy or similar obligation, arrangement or instrument issued by a bank, insurance company or other financial institution which provides for payment of all or a portion of the Principal Installments and/or interest due on any Series of Bonds, deposited in such Account, the Trustee will, on the first Business Day of the following Valuation Date, withdraw from such Account the amount of any excess therein over the applicable Debt Service Reserve Requirement as of the date of such withdrawal for deposit into (i) the Arbitrage Rebate Fund, the Rebate Amount estimated by the City, if any, and (ii) the Revenue Fund. If the amount in any Account in the Debt Service Reserve Account is less than the applicable Debt Service Reserve Requirement and to the extent that such deficiency has not been made up within 12 months with respect to a deficiency resulting from a draw on the Debt Service Reserve Account by deposits pursuant to the Indenture or to the extent there has been a deficiency resulting from a decline in the market value of Investment Securities, the City will immediately deposit such amounts as will be necessary to cure such deficiency.

Whenever the amount in the Debt Service Reserve Account, together with the amount in the Debt Service Account, is sufficient to fully pay all Outstanding Bonds in accordance with their terms (including principal and applicable sinking fund Redemption Price and interest thereon), the funds on deposit in the Debt Service Reserve Account are to be transferred to the Debt Service Account. Prior to said transfer, all investments held in the Debt Service Reserve Account are to be liquidated to the extent deemed necessary in order to provide for the timely payment of principal and interest (or Redemption Price) on the Bonds Outstanding.

The Trustee is required to transfer to the City for deposit in the Revenue Fund all investment earnings on moneys in the Debt Service Reserve Account, such transfer to be made at such times required by the City.

Renewal and Replacement Fund. Money in the Renewal and Replacement Fund may be applied to pay costs of the renewal or replacement of machinery, equipment, rolling stock, facilities or other capital items used in connection with the operation of the Airport. If at any time the moneys in the Debt Service Account, the Debt Service Reserve Account, the Debt Service Stabilization Fund, the Development Fund and the Contingency Fund are insufficient to pay the interest and Principal Installments when due on the Bonds, the City, upon requisition of the Trustee, is required to transfer from the Renewal and Replacement Fund to the Trustee for deposit in the Debt Service Account the amount necessary (or all the moneys in said Fund if less than the amount necessary) to make up such deficiency. So long as there is no deficiency in the Debt Service Account or the Debt Service Reserve Account, in the event the City receives a requisition from the trustee or other fiduciary for any Subordinated Indebtedness, with respect to a deficiency in available moneys to pay debt service on

Subordinated Indebtedness, then the City shall transfer from the Renewal and Replacement Fund to such trustee or other fiduciary, the amount necessary (or all the moneys in said Fund if less than the amount necessary) to make up such deficiency. If at any time the moneys in the Operation and Maintenance Fund and the Contingency Fund will be insufficient to pay Operation and Maintenance Expenses when due, the City is required to transfer from the Renewal and Replacement Fund to the Operation and Maintenance Fund the amount necessary (or all the moneys in said Fund if less than the amount necessary) to make up such deficiency. If the amount on deposit at any time in the Debt Service Reserve Account is reduced below the amount required therein pursuant to the Indenture, the City may transfer from the Renewal and Replacement Fund to the Debt Service Reserve Account all or a portion of the amount of such deficiency.

Development Fund. Moneys in the Development Fund may be applied, in accordance with the Capital Budget or otherwise, at the discretion of the City, to the acquisition of land or easements for the expansion or improvement of the Airport, to purchase items of machinery, equipment, rolling stock or other capital items for use in connection with the Airport, to pay the cost of planning, engineering, design and construction of new facilities for the Airport, or to pay the cost of any other capital improvements to the Airport. If at any time the moneys in the Debt Service Account, Debt Service Reserve Account, the Debt Service Stabilization Fund, and the Contingency Fund are insufficient to pay the interest and Principal Installments when due on the Bonds, the City, upon requisition of the Trustee, is required to transfer from the Development Fund to the Trustee, for deposit in the Debt Service Account, the amount necessary (or all of the moneys in said Fund if less than the amount necessary) to make up such deficiency. So long as there is no deficiency in the Debt Service Account or the Debt Service Reserve Account, in the event the City receives a requisition from the trustee or other fiduciary for any Subordinated Indebtedness, with respect to a deficiency in available moneys to pay debt service on Subordinated Indebtedness, then the City shall transfer from the Development Fund to such trustee or other fiduciary, the amount necessary (or all the moneys in said Fund if less than the amount necessary) to make up such deficiency. If at any time the moneys in the Operation and Maintenance Fund, the Renewal and Replacement Fund and the Contingency Fund are insufficient to pay Operation and Maintenance expenses when due, the City is required to transfer from the Development Fund to the Operation and Maintenance Fund the amount necessary to make up such deficiency. If the amount on deposit at any time in the Debt Service Reserve Account is reduced below the amount required therein in accordance with the Indenture, the City may transfer from the Development Fund to the Debt Service Reserve Account all or a portion of the amount of such deficiency. The City may use amounts on deposit in the Development Fund to make payments pursuant to an Interest Rate Exchange Agreement by transferring such amounts to the Debt Service Account or as otherwise specified in a Supplemental Indenture for a Series of Bonds. The City may, but if and only to the extent consistent with the Capital Budget, transfer from the Development Fund to the Contingency Fund any moneys in the Development Fund which are no longer needed for the purposes of moneys on deposit in the Development Fund.

Contingency Fund. If at any time the moneys in the Debt Service Account, the Debt Service Reserve Account and the Debt Service Stabilization Fund are insufficient to pay the interest and Principal Installments when due on the Bonds, the City, upon requisition of the Trustee, is required to transfer from the Contingency Fund to the Trustee for deposit in the Debt Service Account the amount necessary (or all of the moneys in said Fund if less than the amount necessary) to make up such deficiency or deficiencies. If at any time the moneys in the Operation and Maintenance Fund are insufficient to pay Operation and Maintenance Expenses when due, the City will transfer from the Contingency Fund to the Operation and Maintenance Fund the amount necessary (or all of the moneys in said Fund if less than the amount necessary) to make up such deficiency. If the amount on deposit in the Debt Service Reserve Account is reduced below the amount required therein in accordance with the Indenture, the City may transfer from the Contingency Fund to the Debt Services Reserve Account all or a portion of the amount of such deficiency. Amounts in the Contingency Fund not required to meet a deficiency as required above, may, at the discretion of the City, be applied to any one or more of the following purposes:

1. the purchase or redemption of any Bonds, and expenses in connection with the purchase or redemption of any such Bonds;

2. payments of principal or redemption price of and interest on any Subordinated Indebtedness;

3. improvements, extensions, betterments, renewals, replacements, repairs, maintenance or reconstruction of any properties or facilities of the Airport or the provision of one or more reserves therefor; and

4. any other corporate purpose of the City in connection with the Airport, the local airport system or other local facilities which are owned or operated by the City and directly related to the actual transportation of passengers or property.

Whenever any moneys in the Contingency Fund are to be applied to the purchase or redemption of Bonds, the City is required to deposit such moneys with the Trustee, in a separate account established for purpose, and is required to give written instructions to the Trustee to make such purchase or redemption in accordance with the provisions of the Indenture. Upon any such purchase or redemption of Bonds of any Series and maturity for which Sinking Fund Installments have been established, an amount equal to the principal amount of such Bonds so purchased or redeemed is to be credited toward a part (an integral multiple of $5,000) or all of any one or more Sinking Fund Installments thereafter to become due, as directed by the City in a certificate in writing signed by an Authorized Officer of the City and filed with the Trustee, or in the absence of such direction, toward such Sinking Fund Installments in inverse order of their due dates. The portion of any such Sinking Fund Installment remaining after the deduction of any such amounts credited toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) will constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of calculation of Sinking Fund Installments due on a future date.

Arbitrage Rebate Fund

The Arbitrage Rebate Fund is required to be maintained for as long as any Series of Bonds is Outstanding for the purpose of paying to the United States Treasury the amount required to be rebated pursuant to Section 148(f) of the Code. Any moneys in the Arbitrage Rebate Fund are to be invested in Government Securities or securities described in clause (x) of the definition of "Investment Securities" and investment earnings thereon are to be credited to the Arbitrage Rebate Fund.

Subordinated Indebtedness

Nothing contained in the Indenture will prohibit or prevent, or be deemed, or construed, to prohibit or prevent, the City from issuing or refunding bonds, notes, commercial paper, certificates, warrants or other evidence of indebtedness payable as to principal and interest from the Revenue Fund and the Net Revenues, subject and subordinate to the deposits and credits required to be made therefrom to the Debt Service Account and the Debt Service Reserve Account, or from securing such bonds, notes, commercial paper, certificates, warrants or other evidences of indebtedness and the payment thereof by a lien and pledge on the Net Revenues junior and inferior to the lien and pledge on the Net Revenues created for the payment and security of the Bonds.

Subject to the paragraph directly below, at any time after authorization but prior to the issuance of Subordinated Indebtedness, the City shall furnish to the Trustee a Certificate of the City with respect to the specific principal amount of Subordinated Indebtedness proposed to be issued (the ***"Certified Amount"***), and that provides as follows: annual estimated Net Revenues available, after payment of Debt Service of the Outstanding Bonds, for each of the three (3) Airport Fiscal Years following the Airport Fiscal Year in which it is estimated that the Airport has beneficial occupancy of the Airport project to be financed or refinanced (in whole or in part) from the proceeds of such Certified Amount, will be at least equal to 1.10 times the sum of (1) estimated debt service on the Certified Amount proposed to be issued, (2) debt service on all outstanding Subordinated Indebtedness, and (3) estimated debt service on any other previously Certified Amounts to the extent that such Certified Amounts are not outstanding but are still authorized and available to be issued.

For purposes of compliance with the paragraph above, the Certificate of the City may include any of the following provisions or assumptions:

> 1. Once executed with respect to a Certified Amount, the Certificate of the City shall remain effective with respect to all issuances and reissuances, from time to time (and regardless of any repayment or maturity) of such Certified Amount until the authorized time period for issuance and final maturity of such Certified Amount has expired. (By way of example, (i) if the Certified Amount is with respect to a commercial paper program, then once such amount is certified with respect to the initial Airport project, such certificate shall remain effective until the final eligible maturity date of the commercial paper has passed such that it cannot be issued, re-issued or refunded; or (ii) if the Certified Amount is with respect to long-term fixed rate bonds, then once certified such certificate shall remain effective until such bonds or notes are issued and they mature or are paid off or defeased prior to maturity.)
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> 2. With respect to the identification of the Airport project to be financed or refinanced (in whole or in part) with the proceeds of the Certified Amount and the determination of the applicable three (3) Airport Fiscal Years for the coverage test, the Certificate of the City may assume, without regard to the estimated beneficial occupancy date of a specific Airport project, that, with respect to the Certified Amount, the three (3) year test period begins with the first full Airport Fiscal Year beginning after the date of the Certificate of the City.
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> 3. If the Certified Amount is structured so that the principal coming due on the final maturity date exceeds by at least 25% the principal coming due in any prior year then debt service on the Certified Amount may be calculated based upon an assumed 30-year level debt amortization schedule and applying a 10-year average of the Index Interest Rate. For purposes of calculating estimated debt service for any Certified Amount, the calculation may be based on then prevailing market conditions as determined by a third party expert or by applying the appropriate average of the Index Interest Rate as determined by the City or a third party expert.
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> 4. The Certificate of the Authorized Officer of the City may be based, in whole or in part, upon reports or certificates from the Airport Consultant, an Accountant's Certificate or reports of other third party experts.
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> 5. Subordinated Indebtedness issued for the following purposes may be excluded from any calculation of debt service coverage with respect to Subordinated Indebtedness (including certification with respect to a Certified Amount):

i. Subordinated Indebtedness issued to refund outstanding Subordinated Indebtedness.

ii. Subordinated Indebtedness issued to refund Outstanding Bonds.

iii. Subordinated Indebtedness which the City expects to pay from a source of funds other than estimated Net Revenues available, after payment of Debt Service of the Outstanding Bonds, to the extent such source is anticipated as being available or obligated to the City for Airport purposes, such as grant moneys, passenger facility charges or other available moneys, including, without limitation, moneys in the Development Fund.

Any ordinance or indenture providing for the issuance of Subordinated Indebtedness may provide that additional Subordinated Indebtedness may be issued on a parity therewith.

The principal amount of any Subordinated Indebtedness shall, by its terms, not be subject to acceleration upon default unless and until the principal amount of the Bonds has been accelerated pursuant to the Indenture.

Debt Service Stabilization Fund

If, immediately after each monthly transfer required by the Indenture, the amount in the Debt Service Account shall be less than the amount required to be in such Account pursuant to the Indenture, the City shall transfer amounts from the Debt Service Stabilization Fund to the Trustee for deposit to the Debt Service Account to the extent necessary to make good such deficiency or deficiencies. Amounts on deposit in the Debt Service Stabilization Fund may be withdrawn at any time and used for (1) emergency debt service needs with respect to Bonds, Subordinated Indebtedness or other indebtedness issued for Airport purposes and (2) Airport operational emergencies. Notwithstanding the foregoing, after the Net Revenues for three consecutive Airport Fiscal Years equals at least 1.60 times the Aggregate Adjusted Debt Service for such Airport Fiscal Years, the Comptroller, upon the receipt of a request of the Airport Commission, may determine to reduce or eliminate the Debt Service Stabilization Fund Requirement and/or eliminate the Debt Service Stabilization Fund. The Comptroller, upon any such determination, shall notify the Airport Commission and the Trustee of such determination.

PFC Account

Amounts in the PFC Account shall be applied as provided in the applicable Supplemental Indenture relating to the designation and pledge of Pledged PFC Revenues.

Expenditures from City Held Funds and Accounts

Expenditures from any Funds and Accounts held by the City shall be subject to the then existing requirements for expenditure of City funds, which requirements consist of approvals by the Airport Commission and the Board of Estimate and Apportionment of the City and appropriation of funds by the Board of Aldermen of the City. Notwithstanding the foregoing, if the timing of the need for any expenditure of moneys from any Fund or Account held by the City is deemed an emergency, then the approval of the expenditure of such moneys may occur in accordance with the provisions of Article XV, Section 2 of the City Charter, or any successor provision.

Investment of Certain Funds

Moneys held in the Debt Service Account, the Debt Service Reserve Account and the Rebate Fund are to be invested and reinvested by the Trustee to the fullest extent practicable in Investment Securities which mature not later than such times as will be necessary to provide moneys when needed for payments to be made from such Accounts, and in the case of the Debt Service Reserve Account not later than 15 years (unless such securities will be redeemable at the option of the holder thereof, in which event such securities may mature at a date no later than the final maturity date of the Bonds). The Trustee will make such investment in accordance with any instructions received from an Authorized Officer of the City. The Trustee, upon notice to and written consent of an Authorized Officer of the City, may make any and all such investments through its own bond department or the bond department of any bank or trust company under common control with the Trustee.

Moneys in the Revenue Fund and the Construction Fund may be invested by the City in Investment Securities which mature not later than such time as will be necessary to provide moneys when needed to provide payments from such Funds. Moneys in the Operation and Maintenance Fund may be invested by the City in Investment Securities which mature within 12 months and moneys in the Development Fund, the Renewal and Replacement Fund, the Contingency Fund, the Debt Service Stabilization Fund, the PFC Account and the Arbitrage Rebate Fund may be invested in Investment Securities which mature within 5 years, and in any case not later than such time as will be necessary to provide moneys when needed for payment from such respective Funds.

Earnings on any moneys or investments in all Funds and Accounts established under the Indenture will be deposited in the Revenue Fund, except that earnings on the moneys or investments in the Construction Fund will, to the extent expressly required by the terms of any Supplemental Indenture authorizing the issuance of a Series of Bonds, be retained in the Construction Fund.

Particular Covenants of the City

Powers as to the Airport and Collection of Rates, Fees and Rentals. The City has and will have, so long as any Bonds are Outstanding, good right and lawful authority to acquire, construct, develop, operate, maintain, repair, improve, reconstruct, enlarge, and extend the Airport and to fix rates, fees, rentals and other charges in connection therewith.

Indebtedness and Liens. The City has covenanted not to issue any bonds, notes or other evidences of indebtedness, other than the Bonds, payable out of or secured by a pledge of the Revenues or of the moneys, securities of funds held or set aside by the City or by the Fiduciaries under the Indenture and will not create or cause to be created any lien or charge on the Revenues or such moneys, securities or funds; provided, however, that nothing contained in the Indenture will prevent the City from issuing Subordinated Indebtedness as provided in the Indenture.

Sale, Lease or Encumbrance of Property. The City has covenanted not to sell or otherwise dispose of or encumber any part of the Airport, except property which, in the opinion of the Airport Commission and the Airport Consultant, is no longer necessary or useful in the operation thereof, and except as provided in the Indenture with respect to Special Facilities. In addition, the City may lease or make contracts or grant licenses for the operation of, or grant easements or other rights with respect to, any part of the Airport if such lease, contract, license, easement or right does not impede or restrict the operation by the City of the Airport for Airport purposes. Proceeds from the sale or disposition of property not used to replace such property and any such payments with respect to a lease, contract, license, easement or right not otherwise required to be applied in accordance with the Indenture will be applied in the same manner and to the same purpose as Revenues.

The Indenture expressly permits the transfer (by sale, lease or otherwise) of all or a substantial part of the Airport if the principal of and interest on the Bonds are paid in full; the Bonds are defeased in accordance with the Indenture; or the transferee assumes all obligations of the City under the Indenture and in the Bonds and if, in the case of such assumption: (1) in the written opinions of the Director of Airports and the Airport Consultant, after giving effect to such transfer and assumption, the ability of the transferee to meet the rate maintenance and other covenants under the Indenture and the security for the Bonds are not materially and adversely affected, (2) the City will have furnished the Trustee with a Bond Counsel's Opinion to the effect that such transfer will not adversely affect the tax-exempt status of interest on the Bonds under the Code and (3) such transferee will expressly agree not to use the Funds held under the Indenture otherwise than as provided in the Indenture. In the event of any such transfer and assumption, nothing in the Indenture will prohibit or prevent the retention by the City of any facility of the Airport if, in the written opinions of the Director of Airports and the Airport Consultant, such retention will not materially and adversely affect the security for the Bonds, nor unreasonably restrict the transferee's ability to comply with the rate maintenance and other covenants thereunder. Any consideration received by the City from the transferee of all or a substantial part of the Airport will not constitute "Revenues" under the Indenture or be subject to the terms and provisions of the Indenture. The terms and conditions of the transfer of all or a substantial part of the Airport pursuant to the Indenture will be set forth in a Supplemental Indenture executed by the City, the Trustee and the transferee and notice of such transfer will be given to the Bondholders in accordance with the Indenture.

Operation Maintenance and Reconstruction. The City shall at all times operate, or cause to be operated, the airport properly and in a sound, efficient and economical manner, and shall maintain, preserve, and keep the same or cause the same to be maintained, preserved and kept with the appurtenances and every part and parcel thereof, in good repair, working order and condition, and shall from time to time make or cause to be made, all ordinary, necessary and proper repairs, replacements and renewals so that at all times the operation of the Airport may be properly and advantageously conducted, and I, if any useful part of the Airport is damaged or destroyed, the City shall, as expeditiously as may be possible, commence and diligently prosecute the ordinary replacement or reconstruction of such part so as to restore the same to use; provided, however, that nothing in the Indenture shall require the City to operate, maintain, preserve, repair, replace, renew or reconstruct any part of the Airport (1) from sources other than the Revenues or (2) if there shall be filed with the Trustee (i) a certificate executed by an Authorized Officer of the City stating that in the opinion of the City abandonment of operation of such part is economically justified and is not prejudicial to the interests of the Owners of the Bonds, and (ii) a consent to the filing of such certificate is given by the Trustee, which consent shall be withheld only upon reasonable grounds.

Notwithstanding any provisions in the Indenture to the contrary, the City and the Airport Commission shall at all times operate the Airport so long as there are any Outstanding Bonds under the Indenture. Operation of the Airport may not be transferred by the City or the Airport Commission to another entity and may not be assumed by any other entity so long as there are any Outstanding Bonds under the Indenture; provided, however, that the City and the Airport Commission may enter into agreements with third party vendors, consultants and contractors for specific aspects or portions of the maintenance or operation of the Airport or the construction of capital projects at the Airport.

Rates and Charges. The City has covenanted to, at all times while any Bonds will be Outstanding, establish, fix, prescribe and collect such rates, fees, rentals and other charges for the use of the Airport as will be reasonably anticipated to provide in each Airport Fiscal Year an amount so that the Revenues will be sufficient to pay the Aggregate Debt Service for such Airport Fiscal Year and to provide the funds necessary to make the required deposits in and maintain the several Funds and Accounts established in the Indenture, and in any event, as will be required to pay or discharge all indebtedness, charges and liens whatsoever payable out of Revenues under the Indenture.

Insurance. So long as any Bonds are Outstanding the City will at all times carry insurance or cause insurance to be carried, including the City as an insured as its interest may appear, with a responsible insurance company or companies authorized and qualified under the laws of any state of the United States of America to assume the risk thereof, covering such properties of the Airport as are customarily insured, and against loss or damage from such causes as are customarily insured against, by public or private corporations engaged in a similar type of business, all in accordance with the annual written recommendations of the Insurance Consultant.

Any proceeds of insurance for the Airport will be paid into the Construction Fund during the period of Construction, and thereafter will, to the extent necessary and desirable, be applied to the repair and replacement of any damaged or destroyed properties of the Airport. If any of said proceeds received are not used or committed for use with respect to the repair or replacement of Airport property within twenty-four months of receipt, such proceeds will be paid into the Development Fund.

Airport Consultant. The City will employ an Airport Consultant from time to time whenever and for the purposes contemplated by the Indenture. Such Airport Consultant will be an airport consultant or airport consultant firm or corporation having a wide and favorable reputation for skill and experience with respect to the operation and maintenance of airports, in recommending rental and other charges for use of airport facilities and in projecting revenues to be derived from the operation of airports.

Budgets. The City has covenanted to prepare and file annually with the Trustee at the beginning of each City Fiscal Year an Annual Budget setting forth the ensuing City Fiscal Year in reasonable detail, among other things, estimated Revenues, estimated Operation and Maintenance Expenses, reasonably anticipated unusual and extraordinary expenses, and deposits into each of the Funds established under the Indenture. The City may at any time adopt an amended Annual Budget for the remainder of the then current City Fiscal Year.

At least every five (5) City Fiscal Years the City (through the Airport Commission) has covenanted to prepare and file with the Trustee a Capital Budget for the Airport for the ensuing five (5) City Fiscal Years. The Capital Budget will set forth in reasonable detail the anticipated necessary or appropriate major capital improvements to the Airport during the succeeding five year period, the estimated Cost of Construction of such capital improvements and the anticipated sources of funds for the payment of such Costs. The City may at any time and from time to time adopt an amended Capital Budget for the remainder of the five City Fiscal Years covered thereby and will promptly file any such amendment with the Trustee. The Capital Budget and any amendments thereto will be available at the offices of the Trustee for inspection by the Bondholders.

Accounts and Reports. The City has covenanted to keep or cause to be kept proper books of record and account of the Airport in which complete and correct entries will be made of its transactions relating to the Revenues and each Fund and Account established under the Indenture, and which will at all times be subject to the inspection of the Trustee and the Owners of an aggregate of not less than 5% in principal amount of the Bonds then Outstanding or their representatives duly authorized in writing.

The City shall annually, within 120 days after the close of each Airport Fiscal Year, cause an audit to be made of its books and accounts relating to the Airport for such Airport Fiscal Year by an independent and recognized certified public accountant or firm of independent certified public accountants not in the regular employ of the City. Promptly thereafter reports of each audit will be filed with the Trustee and with each Rating Agency. Each such audit report will set forth with respect to such Airport Fiscal Year: (i) a statement of financial condition of the Airport as of the end of such Airport Fiscal Year and the related statement of revenues and expenses for the Airport Fiscal Year then ended,

(ii) a summary with respect to each Fund and Account established under the Indenture of the receipts therein and disbursements therefrom; (iii) the details of all Bonds issued, paid, purchased or redeemed, (iv) the amounts on deposit at the end of such Airport Fiscal Year to the credit of each Fund and Account established under the Indenture; (v) the amounts of the proceeds received from any sales of property constituting part of the Airport; and (vi) a list of all insurance policies with respect to the Airport or certificates thereof then held by the City or the Trustee.

The reports, statements and other documents required to be furnished to the Trustee pursuant to any provisions of the Indenture will be available for the inspection of the Bondholders at the office of the Trustee and will be mailed to each Bondholder who will file a written request therefor with the City. The City may charge each Bondholder requesting such reports, statement and other documents, a reasonable fee to cover reproduction, handling and postage.

Special Facilities. The City or any other public corporation or public instrumentality will be authorized to finance from the proceeds of obligations, other than Bonds, issued by the City or such other public corporation or public instrumentality which are not payable from Revenues, capital improvements or facilities to be located on any property included under the definition of Airport (***"Special Facilities"***) without regard to any requirements of the Indenture with respect to the issuance of Additional Bonds, provided:

(1) Such obligations are payable solely from rentals or other charges derived by the City or such other public corporation or public instrumentality under a lease, sale or other agreement entered into between the City or such other public corporation or public instrumentality and the person, firm or corporation which will be utilizing the Special Facilities to be financed;

(2) The estimated rentals, payments or other charges (including interest earnings on any reserves) to be derived by the City or such other public corporation or public instrumentality from the lease, sale or other agreement with respect to the Special Facilities to be financed will be at least sufficient to pay the principal of and interest on such obligations, all costs of operating and maintaining such Special Facilities and all sinking fund, reserve or other payments required by the resolution, ordinance or indenture securing such obligations;

(3) The construction and operation of the Special Facilities to be financed will not decrease the Revenues presently projected to be derived from the Airport; and

(4) In addition to all rentals, payments or other charges with respect to the Special Facilities to be financed, a fair and reasonable rental for the land upon which said Special Facilities are to be constructed will be charged by the City, and said ground rent will be deemed Revenues derived from the Airport.

The Indenture further provides that the provisions described above are not applicable to or otherwise deemed to limit the right of the City or any other public corporation or public instrumentality to finance the expansion, relocation or other improvement of any airline aviation fueling facilities or in-flight meal preparation facilities located at the Airport on October 15, 1984.

Tax Covenant of the City. The City shall at all times do and perform, or cause to be done and performed, all acts and things permitted by law and necessary in order to assure that the interest paid on the Bonds which are Tax-Exempt Bonds shall, for the purpose of federal income taxation, be excludable from the gross income of the recipients thereof and exempt from such taxation, except in the case of any

Bond which is a "private activity bond" which is held by a person who is a "substantial user" or a "related person" within the meaning of Section 147(a) of the Code or except in the event that interest on the Bonds is subject to any other federal income tax otherwise applicable to obligations, the interest on which is excluded from gross income under Section 103 of the Code.

The City shall not permit at any time or times any of the proceeds of the Tax-Exempt Bonds or any other funds of the City to be used directly or indirectly to acquire any securities or obligations the acquisition of which would cause any Tax-Exempt Bond issued pursuant to the Indenture to be an "arbitrage bond" within the meaning of Section 103(b)(2) of the Code. In addition, the City shall not permit at any time or times, any moneys or securities in any fund or account created or continued hereunder to be invested or held in such manner so as to cause any Tax-Exempt Bond issued pursuant to the Indenture to be an "arbitrage bond" as aforesaid.

The City shall make any and all payments required to be made to the United States Department of the Treasury in connection with the Tax-Exempt Bonds pursuant to Section 148(f) of the Code from amounts on deposit in the funds and accounts established under the Indenture and available therefor.

The City agrees to continually comply with the provisions of any Tax Certificate entered into in connection with each Series of Bonds, as such certificate may be amended from time to time, as a source of guidance for achieving compliance with the Code.

Events of Default and Remedies

Each of the following constitutes an event of default (each, an ***"Event of Default"***) under the Indenture:

(A) if default is made in the due and punctual payment of the principal of or Redemption Price of any Bond, whether at maturity or by call for redemption, or otherwise, or in the due and punctual payment of any installment of interest on any Bond or the unsatisfied balance of any Sinking Fund Installment therefor when and as such interest installment or Sinking Fund Installment will become due and payable;

(B) if default is made by the City in the performance or observance of the covenants, agreements and conditions on its part in establishing, fixing, prescribing and collecting rates, fees, rentals and other charges for the use of the Airport in order that in each Airport Fiscal Year the Revenues will be sufficient to pay the Aggregate Debt Service for such Airport Fiscal Year and to provide the funds necessary to make the required deposits in and maintain the several Funds and Accounts established in the Indenture, and in any event, as are required to pay or discharge all indebtedness, charges and liens whatsoever payable out of the Revenues under the Indenture; provided, however, that a failure by the City to comply with the foregoing covenant will not constitute an event of default under the Indenture if, (i) within four months of the end of the most recently completed Airport Fiscal Year, the City retains an Airport Consultant for the purpose of making recommendations with respect to the operations of the Airport and the sufficiency of its rates, fees, rentals and other charges, (ii) the Airport Consultant will make the required recommendations to the City within seven months of the end of such Airport Fiscal Year and file same with the Trustee; and (iii) the City will diligently and in good faith follow the recommendations of the Airport Consultant;

(C) if default will be made by the City in the performance or observance of any other of the covenants, agreements or conditions on its part contained in the Indenture or in the Bonds and such default will continue for a period of sixty days after written notice thereof to the

City by the Trustee or to the City and to the Trustee by the Owners of not less than twenty-five percent in principal amount of the Bonds Outstanding; provided, however, that if such failure will be such that it can be corrected but cannot be corrected within such sixty day period, it will not constitute an Event of Default if corrective action is instituted within such period and diligently pursued until the failure is corrected;

(D) if the City will file a petition seeking a composition of indebtedness under the federal bankruptcy laws, or under any other applicable law or statute of the United States of America or of the State;

(E) if judgment for the payment of money is rendered against the City as the result of the construction, improvement, ownership, control or operation of the Airport, and any such judgment will not be discharged within twenty four (24) months after the entry thereof, or an appeal will not be taken therefrom or from the order, decree or process upon which or pursuant to which such judgment will have been granted or entered, in such manner as to set aside or stay the execution of or levy under such judgment, or order, decree or process or the enforcement thereof; or

(F) if an order or decree is entered, with the consent or acquiescence of the City, appointing a receiver or receivers of the Airport or any part thereof, or the revenues therefrom, or if such order or decree has been entered without the consent or acquiescence of the City, such order or decree will not be vacated or discharged, stayed or appealed within ninety (90) days after the entry thereof; then and in each and every such case, so long as such Event of Default will not have been remedied, unless the principal of all the Bonds will have already become due and payable, either the Trustee may (by notice in writing to the City), and upon written request of the Owners of not less than twenty-five percent (25%) in principal amount of the Bonds Outstanding (by notice in writing to the City and the Trustee) will, declare the principal of all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same will become and be immediately due and payable, anything in the Indenture or in any of the Bonds contained to the contrary notwithstanding.

The right of the Trustee to make any such declaration as aforesaid, however, is subject to the condition that if, at any time after such declaration, but before the Bonds will have matured by their terms, all overdue installments of interest upon the Bonds, together with interest on such overdue installments of interest to the extent permitted by law and the reasonable and proper charges, expenses and liabilities of the Trustee, and all other sums then payable by the City under the Indenture (except the principal of, and interest accrued since the next preceding interest payment date on the Bonds due and payable solely by virtue of such declaration) will either be paid by or for the account of the City or provision satisfactory to the Trustee will be made for such payment, and all defaults under the Bonds or under the Indenture (other than the payment of principal and interest due and payable solely by reason of such declaration) will be made good or be secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate will be made therefor, then and in every such case the Owners of fifty-one percent (51%) in principal amount of the Bonds Outstanding, by written notice to the City and to the Trustee, may rescind such declaration and annul such default in its entirety, or, if the Trustee will have acted itself, and if there will not have theretofore delivered to the Trustee written direction to the contrary by the Owners of fifty-one percent (51%) in principal amount of the Bonds then Outstanding, then any such declaration will ipso facto be deemed to be rescinded and any such default and its consequences will ipso facto be deemed to be annulled, but no such rescission and annulment will extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon.

If an Event of Default has happened and has not been remedied, then and in every such case, the Trustee, by its agents and attorneys, may proceed, and upon written request of the Owners of not less than twenty-five percent (25%) in principal amount of the Bonds Outstanding will proceed, to protect and enforce its rights and the rights of the Owners of the Bonds under the Indenture forthwith by a suit or suits in equity or at law, whether for the specific performance of any covenant contained in the Indenture, or in aid of the execution of any power therein granted, or for an accounting against the City as if the City were the trustee of an express trust, or in the enforcement of any other legal or equitable right as the Trustee, being advised by counsel, will deem most effectual to enforce any of its rights or to perform any of its duties under the Indenture.

The Owners of not less than a majority in principal amount of the Bonds at the time Outstanding may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, provided that the Trustee will have the right to decline to follow any such direction if the Trustee will be advised by counsel that the action or proceeding so directed may not lawfully be taken, or if the Trustee in good faith will determine that the action or proceeding so directed would involve the Trustee in personal liability or be unjustly prejudicial to the Bondholders not parties to such direction.

Regardless of the happening of an Event of Default, the Trustee will have power to, but unless requested in writing by the Owners of not less than 51% in principal amount of the Bonds then Outstanding, and furnished with reasonable security and indemnity, will be under no obligation to, institute and maintain such suits and proceedings as it may be advised will be necessary or expedient to prevent any impairment of the security under the Indenture by any acts which may be unlawful or in violation of the Indenture, and such suits and proceedings as the Trustee may be advised will be necessary or expedient to preserve or protect its interests and the interest of the Bondholders.

Restrictions on Bondholders' Actions

No Owner of any Bond will have any right to institute any suit, action or proceeding at law or in equity for the enforcement of any provision of the Indenture or the execution of any trust under the Indenture or for any remedy under the Indenture, unless such Owner will have previously given to the Trustee written notice of the happening of an Event of Default, as provided in the Indenture, and the Owners of at least twenty-five percent in principal amount of the Bonds then Outstanding will have filed a written request with the Trustee, and will have offered it reasonable opportunity, either to exercise the powers granted in the Indenture or by the laws of the State or to institute such action, suit or proceeding in its own name, and unless such Owners will have offered to the Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee will have refused to comply with such request for a period of thirty days after receipt by it of such notice, request and offer of indemnity, it being understood and intended that no one or more Owners of Bonds will have any right in any manner whatever by his or their action to affect, disturb or prejudice the pledge created by the Indenture, or to enforce any right under the Indenture, except in the manner therein provided; and that all proceedings at law or in equity to enforce any provision of the Indenture will be instituted, had and maintained in the manner provided in the Indenture and for the equal benefit of all Owners of the Outstanding Bonds.

Waiver of Events of Defaults

Prior to the declaration of maturity of the Bonds as provided in the Indenture, the Owners of not less than fifty-one percent (51%) in principal amount of the Bonds at the time Outstanding, or their attorneys-in-fact duly authorized, may on behalf of the Owners of all of the Bonds waive any past default under the Indenture and its consequences, except a default in the payment of interest on or principal of or premium (if any) on any of the Bonds. No such waiver will extend to any subsequent or other default or impair any right consequent thereon.

Supplemental Indentures

For any one or more of the following purposes at any time or from time to time, a Supplemental Indenture of the City may be adopted, which, upon the execution and delivery thereof by the Trustee will be fully effective in accordance with its terms:

(1) To close the Indenture against, or provide limitations and restrictions to the limitations and restrictions contained in the Indenture on, the authentication and delivery of Bonds or the issuance of other evidences of indebtedness;

(2) To add to the covenants and agreements of the City in the Indenture, other covenants and agreements to be observed by the City which are not contrary to or inconsistent with the Indenture theretofore in effect;

(3) To add to the limitations and restrictions in the Indenture, other limitations and restrictions to be observed by the City which are not contrary to or inconsistent with the Indenture as theretofore in effect;

(4) To provide for the issuance of bearer Bonds and interest coupons and establish appropriate exchange privileges and notice requirements in connection therewith with respect to any Bonds issued or to be issued under the Indenture;

(5) To authorize Bonds of a Series or to determine the terms and details thereof and, in connection therewith, specify and determine certain matters and things pertaining to the issuance of the Bonds, Additional Bonds and Refunding Bonds referred to in the Indenture, and also any other matters and things relative to such Bonds which are not contrary to or inconsistent with the Indenture as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first authentication and delivery of such Bonds;

(6) To confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, the Indenture, of the Revenues, or of any other moneys, securities or funds;

(7) To modify any of the provisions of the Indenture in any respect whatever, provided that (i) the effective date of such modification will be, and expressed to be, effective only after all Bonds of any Series Outstanding at the date of the adoption of such Supplemental Indenture will cease to be Outstanding, and (ii) such Supplemental Indenture will be specifically referred to in the text of all Bonds of any Series authenticated and delivered after the date of the adoption of such Supplemental Indenture and of Bonds issued in exchange therefor or in place thereof;

(8) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Indenture; or

(9) To insert such provisions clarifying matters or questions arising under the Indenture as are necessary or desirable and are not contrary to or inconsistent with the Indenture as theretofore in effect.

At any time or from time to time, a Supplemental Indenture may be adopted subject to consent by Bondholders in accordance with and subject to the provisions of the Indenture, which Supplemental Indenture, upon the execution and delivery thereof by the Trustee and upon compliance with the provisions of the Indenture, will become fully effective in accordance with its terms as provided in the Indenture.

Any modification or amendment of the Indenture and of the rights and obligations of the City and of the Owners of the Bonds thereunder, in particular, may be made by a Supplemental Indenture, with the written consent given as provided in the Indenture (i) of the Owners of at least fifty-one percent in principal amount of the Bonds Outstanding at the time such consent is given, and (ii) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the Owners of at least fifty-one percent in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding, the consent of the Owners of such Bonds will not be required and such Bonds will not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under the Indenture. No such modification or amendment will permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or Sinking Fund Installment or any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Owner of such Bond, or will reduce the percentages or otherwise affect the classes of Bonds 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 any Fiduciary without its written assent thereto.

The terms and provisions of the Indenture and the rights and obligations of the City and of the Owners of the Bonds thereunder may be modified or amended in any respect upon the adoption and filing by the City of a Supplemental Indenture and the consent of the Owners of all the Bonds then Outstanding.

Discharge of Lien of the Indenture

If the City will pay or cause to be paid, or there will otherwise be paid, to the Owners of all Bonds the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Indenture, then the pledge of any Net Revenues, and other moneys and securities pledged under the Indenture and all covenants, agreements and other obligations of the City to the Bondholders; will thereupon cease, terminate and become void and be discharged and satisfied.

Bonds or interest installments for payment or redemption of which moneys will have been set aside and will be held in trust by the Paying Agents (through deposit by the City of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof will be deemed to have been paid within the meaning and with the effect expressed in the Indenture. All Outstanding Bonds of any Series will prior to the maturity or redemption date thereof be deemed to have been paid if (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, the City will have given to the Trustee in form satisfactory to it irrevocable instructions to mail as provided in the Indenture notice of redemption of such Bonds on said date; (ii) there will have been deposited with the Trustee either moneys in an amount which will be sufficient, or Government Securities the principal of and the interest on which when due will provide money which, together with the moneys, if any, deposited with the Trustee at the same time, will be sufficient, to pay when due the principal and premium, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, and all necessary and proper fees, compensation and expenses of the Trustee and Paying Agents pertaining to the Bonds with respect to which such deposit is made will have been paid or the payment thereof provided for to the satisfaction of the Trustee and Paying Agents, respectively, as the case may be; and (iii) in the event said Bonds are not by their terms subject to redemption within the next succeeding sixty days, the City will have given the Trustee in form satisfactory to it irrevocable instructions to mail, as soon as practicable, to the Owners of such Bonds notice that the deposit required by (ii) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with the Indenture and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price, if applicable, on said Bonds.

Anything in the Indenture to the contrary notwithstanding, any moneys held by a Fiduciary in trust for the payment and discharge of any of the Bonds which remain unclaimed for six years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Fiduciary at such date, or for six years after the date of deposit of such moneys if deposited with the Fiduciary after the said date when such Bonds became due and payable, will, unless otherwise provided by law, at the written request of the City, be repaid by the Fiduciary to the City, as its absolute property and free from trust, and the Fiduciary will thereupon be released and discharged with respect thereto and the Bondholders will look only to the City for the payment of such Bonds; provided, however, that before being required to make any such payment to the City and the Fiduciary will, at the expense of the City, cause to be mailed to the Owner of each unpaid Bond, at the address of such Owner as set forth on the Bond register maintained by the Trustee, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date will not be less than 45 days after the date of the mailing of such notice, the balance of such moneys then unclaimed will be returned to the City.

After payment in full of the principal of, redemption premium, if any, and interest on any Series of Bonds (or after provision has been made for the payment thereof as provided in the Indenture), the fees, charges and expenses of the Trustee and Paying Agent, and any other amounts required to be paid under the Indenture relating to such Series of Bonds, all amounts remaining in the accounts or sub-accounts established with the Trustee for such Series of Bonds shall be transferred to the various sub-accounts of the Debt Service Account for the Outstanding Bonds, as directed by the City, unless otherwise directed in a Supplemental Indenture adopted in accordance with the Indenture.

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APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE USE AGREEMENTS AND THE OPERATING AGREEMENTS

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The following is a summary of certain provisions of the Use Agreements, the Operating Agreements and the Cargo Addenda. This summary does not purport to be complete or definitive and reference is made to the Use Agreements, the Operating Agreements and the Cargo Addenda for a complete recital of the terms of such documents.

Airport Use and Lease Agreement. The term of the current Use Agreement began on July 1, 2016. Each Use Agreement will expire on June 30, 2021, unless earlier terminated by the City for nonperformance or default. An air carrier may terminate its Use Agreement if the City fails to keep any material promise or covenant, or if the air carrier is denied the right to operate at the Airport by a governmental agency with competent jurisdiction or, under certain circumstances, if the air carrier is prevented from conducting its air transportation business at the Airport for an extended period of time. The terms of the Use Agreements may be extended by mutual agreement of the parties.

Air carriers operating at the Airport pursuant to the Use Agreements are referred to as "Signatory Airlines." The Use Agreements grant the Signatory Airlines the right to use the airfield and, as applicable, use and lease certain areas in the passenger terminal buildings, including concourses, and related facilities for the business of transporting persons, property, cargo, and mail by air. Signatory Airlines that operate from the passenger terminal buildings at the Airport may, but are not required to, lease space in the terminal buildings. The Use Agreements also provide for the payment of certain rentals, fees and charges by the Signatory Airlines.

Signatory Airlines. Signatory Airlines must commit to pay the City a minimum amount in landing fees throughout the term of their respective Use Agreements. The minimum landing fee commitment is $1,000,000 for Signatory Airlines with Use Agreements that began on July 1, 2016. Signatory Airlines may include affiliate airline fees in the commitment test and the landing fee commitment is prorated in Use Agreements that began after July 1, 2016.

A Pre-Approved 5-Year Capital Improvement Program is detailed in the Use Agreements and the Airport may proceed with each project without MII approval. Signatory Airlines have the right to review and approve certain capital acquisitions and projects with a net cost (net of federal and/or state grants-in-aid and PFCs) in excess of $200,000 ("Capital Improvements") at the Airport, as well as the right to participate in the Airport's annual rate setting process (budget review and comment; meet and confer over rents, fees and charges), and, under certain circumstances, are eligible for a waiver of the security deposit requirements of their respective Use Agreements. Signatory Airlines may designate certain non-signatory airlines as their "Affiliates." Affiliates enjoy some, but not all, of the benefits of Signatory Airlines.

Airlines Rates and Charges Methodology. The Use Agreements set forth the methodology for computing the user fees and space rentals that are charged to the air carriers. Rentals, fees and charges are assessed to the Signatory Airlines and the other air carriers using the Airport to support the primary activities of the Airport - the airfield and the terminal buildings (including Terminal 1,Terminal 2 and passenger loading bridges). The Use Agreements permit the City to adjust rental rates for each rate period to reflect overpayments and underpayments that occurred during the preceding rate period, and, to the extent necessary, replenish reasonable reserves for uncollected revenues.

Landing Fees. Under the terms of the Use Agreements, the Airport landing fees are computed based on a modified cost center residual rate methodology. In calculating the annual landing fee rate, the total costs of the Airfield are first calculated by adding the following costs for such year allocable to the Airfield Cost Center:

- direct and indirect Operation and Maintenance Expenses;
- amortization of Capital Improvements made to the airfield and put into service before July 1, 2011

- debt service associated with Capital Improvements made to the airfield, approved by the Signatory Airlines, and put into service on or after July 1, 2016;

- debt service associated with Capital Improvements made to the airfield, approved by the Signatory Airlines, and put into service on or after July 1, 2011, and approved by MII;

- debt service or depreciation charges, as the case may be, associated with certain Capital Improvements undertaken on the airfield: to comply with laws and regulations or with the requirements of the Trust Indenture; as an emergency project; to settle claims, satisfy judgments, or comply with judicial orders; to repair casualty damage on the airfield; to mitigate aircraft noise as part of a Noise Compatibility Program; or to conduct any necessary environmental investigation or remediation;

- any replenishment or rebate of the Debt Service Reserve Account and the Renewal and Replacement Fund; and

- share of the Debt Service Stabilization Fund Contribution.

The "Initial Airfield Requirement" is then calculated by subtracting the following from the total costs allocable to the Airfield Cost Center:

- non-signatory airline landing fees;

- general aviation landing fees, if any;

- military use fees;

- fuel flowage fees;

- remote parking fees;

- rent paid to the City by a consortium of airlines leasing the fuel farm; and

- certain credits made available annually by the City from the Debt Service Stabilization Fund.

The landing fee rate is then calculated by dividing the aggregate landed weight of all Signatory Airlines and their Affiliates into the sum of the Initial Airfield Requirement and that portion allocated to the Airfield Cost Center of Airport-wide residual shortfalls or overages that would result if airline charges were limited to the Initial Airfield Requirement and the Initial Terminal Requirement (see below) (the "Additional Airline Requirement").

In accordance with the terms of the Use Agreements, the landing fee rate applicable to non-signatory airlines that have signed an Operating Agreement is equal to 125% of the landing fee rate payable by the Signatory Airlines. The landing fee payable by each air carrier is then calculated by multiplying that air carrier's actual landed weight for the period in question, by the applicable landing fee rate.

Terminal Building Space Rentals. The Use Agreements establish two passenger terminal building cost centers: Terminal 1 Cost Center (including Terminal 1 and Concourses A, B, C and all but the four easternmost gates in Concourse D), and Terminal 2 Cost Center (including Terminal 2, the International Facilities, and the four easternmost gates in Concourse D). Under the terms of the Use Agreements, Signatory Airlines are charged terminal building rental rates computed based on a modified compensatory rate methodology. In calculating the annual rental rate for each terminal cost center, the total annual costs are first calculated by adding the following costs allocable to each terminal cost center:

- direct and indirect Operation and Maintenance Expenses;

- fifty percent (50%) of the total costs in the terminal roadways allocated between each of the terminal buildings based on the ratio that the usable space in each of the terminal buildings is to the aggregate usable space in all terminal buildings;

- amortization of Capital Improvements made to the terminal buildings and put into service before July 1, 2011;

- debt service associated with Capital Improvements made to the terminal buildings, approved by the Signatory Airlines, and put into service on or after July 1, 2016;

- debt service associated with Capital Improvements made to the terminal buildings, approved by the Signatory Airlines, and put into service on or after July 1, 2011, and approved by MII;

- debt service or depreciation charges, as the case may be, associated with certain Capital Improvements undertaken on the terminal buildings: to comply with laws and regulations or with the requirements of the Trust Indenture; as an emergency project; to settle claims, satisfy judgments, or comply with judicial orders; to repair casualty damage of the terminal buildings; to mitigate aircraft noise as part of a Noise Compatibility Program; or to conduct any necessary environmental investigation or remediation;

- any replenishment or rebate of the Debt Service Reserve Account and the Renewal and Replacement Fund; and

- share of the Debt Service Stabilization Fund Contribution.

Passenger Loading Bridge Charge. The total cost of the Passenger Loading Bridges Cost Center is calculated by adding together the following:

- direct and indirect Operating and Maintenance Expenses;

- the Depreciation Charge or Debt Service, as the case may be, of each new passenger loading bridge acquired by the City on or after July 1, 2011.

The annual Passenger Loading Bridge Charge applicable to each new passenger loading bridge shall be calculated by dividing the total cost and charges allocable to the Passenger Loading Bridges Cost Center in accordance with the Use Agreement, by the total number of passenger loading bridges acquired by the City on or after July 1, 2011. The monthly Passenger Loading Bridge Charge shall be 1/12 of the annual Passenger Loading Bridge Charge.

The net costs attributable to each terminal cost center is then calculated by subtracting the following from the total costs allocable to each corresponding terminal cost center:

- rent payable for apron-level enclosed space;

- non-signatory airline terminal rents; and

- certain credits made available annually by the City from the Debt Service Stabilization Fund.

The "Initial Terminal Requirement" is then calculated by dividing the net costs attributable to each terminal cost center by the usable space of such terminal building, and the resulting quotient (the "Initial Terminal Rental Rate") multiplied by the rented space of such terminal building.

The annual terminal rental rate applicable to the Signatory Airlines in each terminal building is then calculated by adding the Initial Terminal Rental Rate in each terminal cost center to the quotient derived by dividing the Additional Airline Requirement allocable to each terminal cost center by the rented space in each of the respective terminal buildings and beginning in fiscal year ending June 30, 2018, reallocating the Additional Airline Requirement from the current 50% airfield and 50% terminal cost centers to 100% to the terminal cost center.

The annual terminal rental rate to the non-signatory airlines that have signed an Operating Agreement is equal to the applicable terminal rental rate calculated in accordance with the Use Agreements.

Airline Review and Approval of Capital Projects. A Pre-Approved 5-Year Capital Improvement Program is detailed in the Use Agreements and the Airport may proceed with each project without MII approval by using Airport funds lawfully available for such purpose, up to a total cost, in the Fiscal Years, and in the Cost Centers for each project. The City may undertake all Capital Improvements for which it receives MII approval. Except for projects included in the 5-Year Capital Improvement Program, the City may not undertake Capital Improvements that are funded with Bond proceeds unless it receives MII approval for such projects.

Except as enumerated below, before undertaking any Capital Improvement not included in the Pre-Approved 5-Year Capital Improvement Program, the City must notify the Signatory Airlines and request a MII approval for each such Capital Improvement. An MII is deemed to be 50% plus one of the Signatory Airlines operating at the Airport at the time of the voting action, having paid no less than 66.67% of the aggregate rents, fees, and charges paid by all signatory Airlines operating at the Airport during the immediately preceding fiscal year. The City may substitute any individual capital project listed in the Pre-Approved 5-Year Capital Improvement Program if the replacement project has the same or similar total cost, the net cost is chargeable to the same cost center, and the capital asset will accomplish the same purpose or function.

No MII approval is required for Capital Improvements undertaken: (a) to comply with laws and regulations or with the requirements of the Trust Indenture; (b) as an emergency project; (c) to settle claims, satisfy judgments, or comply with judicial orders; (d) to repair casualty damage at the Airport; (e) to mitigate aircraft noise as part of a Noise Compatibility Program; (f) to conduct any necessary environmental investigation or remediation; (g) to build special facilities for which the City has a contractual commitment from a Signatory Airline or a financially-responsible third party; (h) to be fully funded from PFCs or (i) with funds from Airport Development Fund Deposits made after July 1, 2016 in excess of 6%.

Airline Operating Agreement and Terminal Space Permit. The Operating Agreements are month-to-month operating permits that may be terminated by either party by providing the other party 30-day written notice. Air carriers electing to operate at the Airport under the Operating Agreements are considered to be "non-signatory" airlines. The Operating Agreements are short term permits intended to provide flexibility for charter airlines, new entrants that may wish to test the market, and regional airlines that operate at the airport under a contract with other air carriers. Air carriers operating at the Airport pursuant to Operating Agreements are subject to a landing fee rate equal to 125% of the landing fee rate paid by the Signatory Airlines (unless the Operating Agreement airline is designated as an Affiliate by a Signatory Airline, in which case its landing fee rate is equal to the landing fee rate applicable to the Signatory Airlines). A passenger air carrier that signs an Operating Agreement and requests space in one of the terminal buildings pays a space use fee equal to the terminal rental rate payable by the Signatory Airlines.

Allocation of Space in the Terminal Building. Neither the Use Agreements nor the Operating Agreements require an air carrier to lease space in the Airport terminal buildings as a condition precedent to entering into either of those agreements. A Signatory Airline may lease space in the terminal buildings for its exclusive, preferential, joint, or common use and occupancy. As noted below, air carriers that sign an Operating Agreement may also receive a month-to-month space permit. All gates in the passenger terminal buildings have been designated as preferential use space. In accordance with the Use Agreements, a Signatory Airline's right to a preferential gate is subject to an average gate utilization requirement (by that air carrier and/or its Affiliate or partner airlines if applicable) of four flight departures each day from that gate. A Signatory Airline that fails to meet the average gate utilization during any given six-month period may be required to relinquish its preferential rights to one or more gates. In addition, under the provisions of the Use Agreements, the City retains the right to accommodate requesting air carriers (either new entrants or incumbents in need of more gate space) in an air carrier's preferential use gates if similar space cannot be found elsewhere in one of the terminal buildings. Finally, in accordance with the provisions of the Use Agreements and the Operating Agreements, the City retains the right to consolidate, force relinquishment, and/or relocate airline leased space, both preferential use and exclusive space, under certain circumstances and following agreed upon criteria.

Itinerant Air Carriers. The City has retained under its exclusive control six gates at the terminal buildings where itinerant air carriers can be accommodated and handled by an authorized gate agent. The Airport Commission has established a schedule of fees and charges for the use of the Airport, including the use of the airfield, space in the terminal buildings, and hangars, applicable to all users of the Airport whose activities are not governed by a contract, lease, or agreement, such as a Use Agreement or an Operating Agreement.

Airport Maintenance. Under the terms of both the Use Agreements and the Operating Agreements, the City is required to maintain and keep in good repair all of the public areas and facilities of the Airport, including the structures associated with the terminal buildings, the utility systems within the Airport, and all other common use systems owned and operated by the City. For their part, the Signatory Airlines and the air carriers operating at the Airport pursuant to an Operating Agreement are individually required to repair and maintain in good condition the premises leased or assigned to each of them, including that portion of the utility systems serving each of their exclusive use facilities.

Cargo Addendum. Cargo air carriers may elect to operate under either a Use Agreement or an Operating Agreement, but must execute the applicable cargo addendum which prohibits cargo air carriers from operating from the Airport's passenger terminal buildings. Among other things, the cargo addenda for the Use Agreements and the Operating Agreements require cargo air carriers to arrange for operating space at the Airport separately with the City or with a third-party Airport tenant whose rights include providing such space.

Other Air Carrier Facilities. The City also has available throughout the Airport, and leases to individual air carriers, space suitable for maintenance activities, cargo operations, and other related facilities. Rental rates for these facilities are adjusted from time-to-time to reflect their fair market value.

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APPENDIX E

DTC INFORMATION

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The information provided immediately below concerning DTC and the Book-Entry System, as it currently exists, has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by , the Underwriters or the City. The Underwriters and the City make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of Beneficial Owners will act in accordance with the procedures described above or in a timely manner.

Book-Entry Only System

The Depository Trust Company ("***DTC***"), New York, New York, will act as securities depository for the Series 2019 Bonds. The Series 2019 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond for each maturity of each series of Bonds will be issued in the aggregate principal amount of the Series 2019 Bonds, and will be deposited with DTC.

DTC, the world's largest 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, 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 agencies. 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***" and, together with the Direct Participants, the "***Participants***"). DTC has Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Series 2019 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2019 Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("***Beneficial Owner***") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2019 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 interest in the Series 2019 Bonds, except in the event that use of the book-entry system for the Series 2019 Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2019 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2019 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.

Redemption notices shall be sent to DTC. If less than all of the Series 2019 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2019 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 Series 2019 Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and principal and interest payments on the Series 2019 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 detailed 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 principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of 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 Series 2019 Bonds at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered as described in the Indenture.

None of the Underwriters, the Trustee, nor the City will have any responsibility or obligations to any Direct Participants or Indirect Participants or the persons for whom they act with respect to (i) the accuracy of any records maintained by DTC or any such Direct Participant or Indirect Participant; (ii) the payment by any Participant of any amount due to any Beneficial Owner in respect of the principal of, premium, if any, or interest on the Series 2019 Bonds; (iii) the delivery by any such Direct Participant or Indirect Participant of any notice to any Beneficial Owner that is required or permitted under the terms of the Indenture to be given to owners of the Series 2019 Bonds; (iv) any consent given or other action taken by DTC as Bondholder.

The information in this Appendix concerning DTC and DTC's book-entry system has been obtained from sources that the City and the Underwriters believe to be reliable, but the City and the Underwriters take no responsibility for the accuracy thereof and neither the Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters but should, instead, confirm the same with DTC or the Participants, as the case may be. Neither the City nor the Underwriters makes any assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners will act in accordance with the procedures described above or in a timely manner. There can be no assurance that DTC will abide by its procedures or that such procedures will not be changed from time to time.

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APPENDIX F

FORM OF OPINION OF CO-BOND COUNSEL

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FORM OF OPINION OF CO-BOND COUNSEL

The City of St. Louis, Missouri
City Hall, Room 200
1200 Market Street
St. Louis, Missouri 63103

Re: $97,145,000 The City of St. Louis, Missouri Airport Revenue Bonds and Airport Revenue Refunding Bonds, Series 2019 (St. Louis Lambert International Airport)

Ladies and Gentlemen:

We have acted as Co-Bond Counsel to The City of St. Louis, Missouri (the "**City**") in connection with the issuance of the City's: (a) $13,235,000 Airport Revenue Bonds, Series 2019A (Non-AMT) (St. Louis Lambert International Airport) (the "**Series 2019A Project Bonds**") and its $8,440,000 Airport Revenue Bonds, Series 2019B (AMT) (St. Louis Lambert International Airport) (the "**Series 2019B Project Bonds**" and, together with the Series 2019A Project Bonds, collectively, the "**Series 2019 Project Bonds**") under and pursuant to the Indenture of Trust dated as of October 15, 1984 (the "**Original Indenture**"), which Original Indenture, as previously amended, supplemented and restated, was amended, restated and superseded by that certain Amended and Restated Indenture of Trust dated as of July 1, 2009 (the "**Restated Indenture**"), as amended and supplemented, including by the Twenty-Third Supplemental Indenture of Trust dated as of June 1, 2019 (the "**Twenty-Third Supplemental Indenture**"), by and between the City and UMB Bank, N.A., as trustee (the "**Trustee**"); and (b) $75,470,000 Airport Revenue Refunding Bonds, Series 2019C (Non-AMT) (St. Louis Lambert International Airport) (the "**Series 2019 Refunding Bonds**" and together with the Series 2019 Project Bonds, collectively, the "**Series 2019 Bonds**") under and pursuant to the Restated Indenture, as amended and supplemented, including by the Twenty-Third Supplemental Indenture and the Twenty-Fourth Supplemental Indenture of Trust dated as of June 1, 2019 (the "**Twenty-Fourth Supplemental Indenture**") by and between the City and the Trustee. The Restated Indenture, as amended and supplemented to date including by the Twenty-Third Supplemental Indenture and the Twenty-Fourth Supplemental Indenture, is collectively referred to herein as the "**Indenture**".

We have reviewed the transcript of proceedings related to the issuance of the Series 2019 Bonds, including the Constitution of the State of Missouri (the "**State**"), the statutes of the State, as amended, including particularly, Chapter 108.170 of the Revised Statutes of Missouri, as amended, the Charter of the City (the "**Charter**"), Ordinance No. 70970, adopted by the Board of Aldermen on May 31, 2019 and, approved by the Mayor on June 11, 2019, and the Indenture, the Tax Compliance Agreement between the City and the Trustee dated as of the date hereof relating to the Series 2019A Project Bonds (the "**Series 2019A Tax Compliance Agreement**"), the Tax Compliance Agreement between the City and the Trustee dated as of the date hereof relating to the Series 2019B Project Bonds and the Series 2019 Refunding Bonds (the "**Series 2019B and Series 2019C Tax Compliance Agreement**" and together with the Series 2019A Tax Compliance Agreement, collectively, the "**Tax Compliance Agreements**") and such other law, certified proceedings and other documents and materials as we have deemed necessary to enable us to render the opinions contained herein. Capitalized terms used and not defined herein shall have the same meanings given to such terms in the Indenture.

The Internal Revenue Code of 1986, as amended (the "**Code**") imposes certain requirements that must be met on the date of issuance of the Series 2019 Bonds and on a continuing basis subsequent to the issuance of the Series 2019 Bonds in order for interest on the Series 2019 Bonds (including any original issue discount properly allocable to the owners thereof) to be excludable from gross income for federal income tax purposes under Section 103 of the Code. Such requirements include, but are not limited to, requirements relating to the continuous ownership and operation by the City of certain projects as an "airport facility" as described in Code section 142, as well as private use limitations and yield restriction of certain funds. The City has represented, certified and covenanted in the Indenture and the Tax Compliance Agreements, among other things, (i) that so long as it owns the Airport, it will take no action that will impair the excludability of interest on the Series 2019 Bonds (including any original issue discount properly allocable to the owners thereof) from federal income taxes, (ii) that it will comply with the provisions and procedures set forth in the Tax Compliance Agreements, and (iii) that it will do and perform all acts and things necessary or desirable in order to assure that under the Code, as presently in force and effect, interest on the Series 2019 Bonds (including any original issue discount properly allocable to the owners thereof) will, for purposes of federal income taxation, be excludable from gross income of the recipients thereof pursuant to Section 103 of the Code.

In making our examination of documents, we have assumed that the parties to such documents had the power to enter into and perform all obligations thereunder; the due and valid authorization, execution and delivery of such documents; that such documents are valid and binding obligations of the parties thereto and are enforceable against such parties in accordance with their terms; and that the parties to such documents have complied and will comply with their obligations thereunder, including, without limitation, the obligations set forth in the preceding paragraph. We have assumed the genuineness of all signatures on all documents examined by us, the authenticity of all documents submitted to us as originals and the conformity to authentic originals of all documents submitted to us as copies.

As to questions of fact material to this opinion, we have relied upon representations of the City contained in the Indenture, the Tax Compliance Agreements and the other financing documents delivered in connection with the Series 2019 Bonds, the representations and information contained in the above-described documents, and the certified proceedings and other certifications of public officials and officers and others furnished to us, in each case without undertaking to verify the same by independent investigation. We note that we have relied upon the opinion of even date herewith of the City Counselor of the City with respect to the matters set forth therein. Except as otherwise stated herein, we express no opinion with respect to those issues.

For purposes of this opinion, without limiting the generality of the foregoing, we have assumed that the Indenture has been duly and lawfully executed and delivered by the parties thereto and is in full force and effect.

Based upon the foregoing, and subject to the qualifications and limitations stated herein, we are of the opinion that, under existing law:

1. The Series 2019 Bonds have been duly authorized and executed by the City in accordance with the Constitution and statutes of the State and the Charter and, when duly authenticated and delivered by the Trustee, will be valid and binding special, limited obligations of the

City, payable solely from the sources provided therefor in the Indenture. The Series 2019 Bonds and the interest thereon are not a debt or general obligation of the City, the State or any political subdivision thereof, and do not constitute an indebtedness of the City, the State or any political subdivision thereof within the meaning of any State constitutional provision or statutory limitation and shall not constitute a pledge of the full faith and credit of the City, the State or any political subdivision thereof. We express no opinion with respect to the perfection or priority of any lien or security interest created or purported to have been created by any documents related to the issuance of the Series 2019 Bonds.

2. The Twenty-Third Supplemental Indenture has been duly authorized, executed and delivered by the City and, assuming due authorization, execution and delivery by the other party thereto, constitutes the valid and binding obligation of the City in accordance with its terms.

3. The Twenty-Fourth Supplemental Indenture has been duly authorized, executed and delivered by the City and, assuming due authorization, execution and delivery by the other party thereto, constitutes the valid and binding obligation of the City in accordance with its terms.

4. The Indenture creates the valid pledge which it purports to create of the moneys, securities and funds included in the Trust Estate and of all Revenues subject to the application thereof, as and to the extent that the City obtains rights to the Revenues, for the purposes and on the conditions permitted by the Indenture. We express no opinion with respect to the perfection or priority of any lien or security interest created or purported to have been created by the Indenture.

5. Based upon existing law, interest on the Series 2019 Bonds (including any original issue discount properly allocable to the owners thereof) is excludable from the gross income of the owners of the Series 2019 Bonds for federal income tax purposes. No opinion is expressed as to the status of interest on any Series 2019 Refunding Bonds or any Series 2019B Project Bonds for any period that such Series 2019 Refunding Bonds or such Series 2019B Project Bonds are held by a "substantial user" of the facilities financed or refinanced by the Series 2019 Refunding Bonds or the Series 2019B Project Bonds or by a "related person" within the meaning of Section 147(a) of the Code. In addition, interest on the Series 2019 Refunding Bonds and the Series 2019A Project Bonds is not a specific preference item for purposes of calculating the federal alternative minimum tax that may be imposed under the Code. Interest on the Series 2019B Project Bonds is treated as an item of preference for purposes of calculating the federal alternative minimum tax that may be imposed under the Code. In rendering the opinions set forth in this paragraph, we have assumed compliance by the City with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2019 Bonds in order that interest thereon (including any original issue discount properly allocable to the owners thereof) be, and continue to be, excludable from gross income for federal income tax purposes. The City has covenanted to comply with all such requirements. Failure by the City to comply with certain of such requirements may cause interest on the Series 2019 Bonds (including any original issue discount properly allocable to the owners thereof) to become included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2019 Bonds. We express no opinion regarding any other federal tax consequences arising with respect to the Series 2019 Bonds.

6. Under the laws of the State as presently enacted and construed, and subject to the assumptions set forth in the preceding paragraph, interest on the Series 2019 Bonds (including any original issue discount properly allocable to the owners thereof) is excludable from taxable income for the purposes of the personal income tax and corporate income tax imposed by the State. No opinion is expressed regarding whether the interest on the Series 2019 Bonds is exempt from the taxes imposed

by the State on financial institutions under Chapter 148 of the Revised Statutes of Missouri, as amended. We express no opinion regarding any other State tax consequences arising with respect to the Series 2019 Bonds.

Except as stated in paragraphs 5 and 6 above, we express no opinion regarding any federal or state tax consequences arising with respect to the Series 2019 Bonds including, but not limited to, the ownership or disposition of, or the accrual or receipt of interest on, the Series 2019 Bonds.

With respect to our opinion that any document was duly executed and delivered, we note that we were not present at the execution and delivery of the original documents and that we have based our opinions with respect thereto solely on an examination of copies of the executed documents.

Although we are not opining as to enforceability, it is to be understood that the rights of the owners of the Series 2019 Bonds and the enforceability thereof and of the Indenture may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium and other similar laws relating to or affecting creditors' rights and by equitable principles, whether considered at law or in equity, and their enforcement may be subject to the exercise of judicial discretion in appropriate cases.

We express no opinion as to (1) the nature or extent of the rights or title of the City in or to any collateral; and note to the extent that such rights are limited, the security interest may only attach to such limited rights; (2) the accuracy of the description of any collateral in the Indenture; (3) the extent to which any restriction on the right of the City to transfer or assign its interest in any of the collateral is rendered ineffective under Section 9-406 or Section 9-408 of the Uniform Commercial Code, as amended; and (4) any actions that may be required to be taken periodically or as the result of any changes in facts or circumstances under any applicable law, including without limitation the Uniform Commercial Code as in effect in any applicable jurisdiction, in order for the validity of any security interest to be maintained.

Except as expressly stated in our supplemental co-bond counsel opinion of even date herewith, we have not been engaged or undertaken to review the accuracy, adequacy or completeness of any offering material relating to the Series 2019 Bonds, and we express no opinion relating thereto.

The opinions expressed herein are limited to the federal law of the United States of America and the laws of the State, and we express no opinion as to the laws of any other state or jurisdiction, including any local or municipal laws. In rendering our opinion, we have not considered, and hereby disclaim any opinion as to, the application or impact of any laws, cases, decisions, rules or regulations of any other jurisdiction, court or administrative agency.

We call to your attention the fact that our legal opinions are an expression of professional judgment and are not a guarantee of a result. Further, the opinions expressed herein are as of the date hereof only and are based on laws, orders, contract terms and provisions and facts as of such date. By rendering this opinion, we do not undertake, and hereby disclaim any obligation, to update this opinion letter after such date or to advise you of any changes in law or fact stated or assumed herein that may occur or come to our attention after the date hereof.

This opinion is furnished only to you and is solely for your use and benefit in connection with the transactions described herein. Without our prior written consent, this opinion may not be used, quoted or otherwise referred to for any other purpose or relied upon by, or assigned to, any other person for any purpose, including any other person that seeks to assert your rights in respect of this opinion.

Very truly yours,

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APPENDIX G

FORM OF CONTINUING DISCLOSURE AGREEMENT

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CONTINUING DISCLOSURE AGREEMENT

Dated as of June 1, 2019

by and between

THE CITY OF ST. LOUIS, MISSOURI

and

UMB BANK, N.A.,
as Dissemination Agent

$13,235,000
The City of St. Louis, Missouri
Airport Revenue Bonds, Series 2019A (Non-AMT)
(St. Louis Lambert International Airport)

$8,440,000
The City of St. Louis, Missouri
Airport Revenue Bonds, Series 2019B (AMT)
(St. Louis Lambert International Airport)

$75,470,000
The City of St. Louis, Missouri
Airport Revenue Refunding Bonds, Series 2019C (Non-AMT)
(St. Louis Lambert International Airport)

CONTINUING DISCLOSURE AGREEMENT

This CONTINUING DISCLOSURE AGREEMENT dated as of June 1, 2019 (this *"Continuing Disclosure Agreement"*), is executed and delivered by The City of St. Louis, Missouri (the *"City"*) and UMB Bank, N.A., as dissemination agent (the *"Dissemination Agent"*).

RECITALS

1. This Continuing Disclosure Agreement is executed and delivered by the City and the Dissemination Agent in connection with the issuance by the City of its (i) $13,235,000 Airport Revenue Bonds, Series 2019A (Non-AMT) (St. Louis Lambert International Airport) (the "*Series 2019A Project Bonds*"), (ii) $8,440,000 Airport Revenue Bonds, Series 2019B (AMT) (St. Louis Lambert International Airport) (the "*Series 2019B Project Bonds*" and, together with the Series 2019A Project Bonds, the "*Series 2019 Project Bonds*") under and pursuant to the Indenture of Trust dated as of October 15, 1984 (the "*Original Indenture*"), which Original Indenture, as previously amended, supplemented and restated, was amended, restated and superseded by that certain Amended and Restated Indenture of Trust dated as of July 1, 2009 (the "*Restated Indenture*"), as amended and supplemented, including by the Twenty-Third Supplemental Indenture of Trust dated as of June 1, 2019 (the "*Twenty-Third Supplemental Indenture*"), by and between the City and UMB Bank, N.A., as Trustee (the "*Trustee*"), and (iii) $75,470,000 Airport Revenue Refunding Bonds, Series 2019C (Non-AMT) (St. Louis Lambert International Airport) (the "*Series 2019 Refunding Bonds"* and, together with the Series 2019 Project Bonds, the "*Series 2019 Bonds*") under and pursuant to the Restated Indenture, as amended and supplemented, including by the Twenty-Fourth Supplemental Indenture of Trust dated as of June 1, 2019 (the "*Twenty-Fourth Supplemental Indenture*" and, together with the Restated Indenture and the Twenty-Third Indenture, the "*Indenture*"), by and between the City and the Trustee.

2. The City and the Dissemination Agent are entering into this Continuing Disclosure Agreement for the benefit of the Beneficial Owners of the Series 2019 Bonds and in order to assist the Participating Underwriters in complying with the Rule (all as defined below). The City acknowledges that no other party has undertaken any responsibility with respect to any reports, notices or disclosures provided or required under this Continuing Disclosure Agreement.

In consideration of the mutual covenants and agreements herein, the City and the Dissemination Agent covenant and agree as follows:

Section 1. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Continuing Disclosure Agreement, unless otherwise defined in the Recitals or this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any Annual Report provided by the City pursuant to, and as described in, Sections 2 and 3 of this Continuing Disclosure Agreement.

"Beneficial Owner" means any registered owner of any Series 2019 Bonds and any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of any Series 2019 Bonds (including persons holding Series 2019 Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2019 Bonds for federal income tax purposes.

"*Disclosure Representative*" shall mean the Comptroller, on behalf of the City, or her successors or designees, or such other person as the City shall designate in writing to the Dissemination Agent from time to time.

"*EMMA*" means the Electronic Municipal Market Access system for municipal securities disclosures established and maintained by the MSRB, which can be accessed at www.emma.msrb.org, or such other location as may be designated in the future by the MSRB pursuant to the Rule.

"*Financial Obligation*" shall mean a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b) in this definition; provided however, the term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"*Listed Events*" means any of the events listed in Section 4(A) of this Continuing Disclosure Agreement, and includes any Material Listed Events.

"*Material Listed Events*" means such of the events listed in Section 4(A) of this Continuing Disclosure Agreement which requires a determination of materiality and which the City has advised the Dissemination Agent are material under applicable federal securities law.

"*MSRB*" means the Municipal Securities Rulemaking Board, or any successor repository designated as such by the SEC in accordance with the Rule.

"*National Repository*" means any nationally recognized municipal securities information repository for purposes of the Rule. Currently, the sole National Repository within the meaning of the Rule is the MSRB through EMMA and filings shall be submitted solely at its website, http://emma.msrb.org.

"*Objective Criteria*" means any air carrier that is party to a use agreement with the City with a term of more than one year pursuant to which it (or its corporate parent) has paid amounts equal to at least 20% of the Revenues of the Airport for each of the prior two fiscal years. As of the date of the Official Statement, Southwest Airlines is the only airline which meets the criteria in the preceding sentence.

"*Obligated Person*" means the City and any airline meeting the Objective Criteria.

"*Official Statement*" means the Official Statement dated June 20, 2019, relating to the issuance and sale of the Series 2019 Bonds.

"*Participating Underwriter*" means any of the original underwriter(s) of the Series 2019 Bonds required to comply with the Rule in connection with the offering of the Series 2019 Bonds.

"*Repository*" means each National Repository and each State Repository, if any.

"*Rule*" means Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"*SEC*" means the U.S. Securities and Exchange Commission.

"*State*" means the State of Missouri.

"State Repository" means any public or private repository or entity designated by the State as a state repository for the purpose of the Rule and recognized as such by the SEC. As of the date of this Continuing Disclosure Agreement, there is no State Repository.

Unless the context clearly indicates otherwise, words used in the singular include the plural and words used in the plural include the singular.

Section 2. Provision of Annual Reports.

A. The City shall, or shall cause the Dissemination Agent to, not later than two hundred ten (210) days (if the 210th day is not a Business Day, then the next succeeding Business Day) after the end of the City's Fiscal Year (presently June 30) commencing with the report for the Fiscal Year ending June 30, 2019, provide to each Repository an Annual Report which is consistent with the requirements of Section 3 of this Continuing Disclosure Agreement. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Continuing Disclosure Agreement; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the City's Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 4(A) of this Continuing Disclosure Agreement.

B. Not later than three (3) Business Days prior to the date specified in Subsection A above for providing the Annual Report to the Repositories, the City shall either provide the Annual Report, in PDF format, word-searchable, to the Dissemination Agent with instructions to file the Annual Report as specified in Subsection A above or provide a written certification to the Dissemination Agent that the City has provided the Annual Report to the Repositories.

C. If the Dissemination Agent is unable to verify that an Annual Report has been provided to the Repositories by the date in Subsection A above, the Dissemination Agent shall send a notice to each Repository in substantially the form of **Exhibit A** attached hereto.

D. The Dissemination Agent shall:

1. determine each year, prior to the date for providing the Annual Report to the Repositories the name and address of each National Repository and the State Repository, if any;

2. unless the City has certified in writing that the City has provided the Annual Report to the Repositories, promptly following receipt of the Annual Report and the instructions required by Subsection B above, provide the Annual Report to the Repositories and file a report with the City certifying that the Annual Report has been provided pursuant to this Continuing Disclosure Agreement, stating the date it was provided, and listing all the Repositories to which it was provided or that the City has certified that it filed the Annual Report; and

3. unless the City has provided the Annual Report as provided above, notify the City in each year not later than ninety (90) days and again not later than thirty (30) days prior to the date for providing the Annual Report to the Repositories, of the date on which its Annual Report must be provided to the Dissemination Agent or the Repositories.

Section 3. Content of Annual Reports.

The City's Annual Report will contain or incorporate by reference the following:

A. Audited financial statements of the Airport for the prior Fiscal Year**,** prepared in accordance with generally accepted accounting principles as promulgated from time to time by the Governmental Accounting Standards Board ("GASB") and all statements and interpretations issued by the Financial Accounting Standards Board which are not in conflict with the statements issued by GASB, provided, however, that the Airport may from time to time, in order to comply with federal or State legal requirements, modify the basis upon which such financial statements are provided. Notice of any such modification shall be provided to the MSRB and shall include a reference to the applicable law or requirement describing such accounting basis. If the Airport's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to this Continuing Disclosure Agreement, the Annual Report will contain unaudited financial statements in a format similar to the financial statements contained in the Annual Report for the prior Fiscal Year, and the audited financial statements will be filed in the same manner as the Annual Report when they become available.

B. The following statistical and operating data of the Airport, updated for the Airport's prior Fiscal Year:

(1) A list of Major Air Carriers, Regional Air Carriers and Air Cargo Carriers at the Airport, including information as to which are Signatory Airlines and Non-Signatory Airlines comparable in substance to the list contained in the Official Statement under the caption "THE AIRPORT–Air Carrier Service";

(2) A table reflecting "Airport Revenues and Expenses and Certain Bond-Related Data" comparable in substance to the table contained in the Official Statement in the section "AIRPORT FINANCIAL INFORMATION – Revenues and Expenses";

(3) A table reflecting "O&D and Connecting Enplanements" comparable in substance to the table contained in the Official Statement in the section "THE AIRPORT – Passenger Enplanements";

(4) A table reflecting "Annual Enplanements of Three Largest Carriers" and Market Share comparable in substance to the table in the Official Statement under the caption "THE AIRPORT – Airline Market Shares";

(5) A table reflecting "Projected Airport Revenues St. Louis Lambert International Airport Fiscal Years Ending June 30 (In Thousands)" comparable in substance to the table in the Official Statement under the caption "REPORT OF THE AIRPORT CONSULTANT - Projected Airport Revenues";

(6) A table reflecting "Scheduled Passenger Service Trends at STL" comparable in substance to Figure 32 in APPENDIX A - "Report of the Airport Consultant" in the Official Statement;

(7) A table reflecting "Base Forecast Commercial Enplanements by Fiscal Year" (actual only) comparable in substance to Table 17 APPENDIX A - "Report of the Airport Consultant" in the Official Statement;

(8) A table reflecting "Base Forecast Commercial Aircraft Departures (Landings) by Fiscal Year" (actual only) comparable in substance to Table 18 in APPENDIX A - "Report of the Airport Consultant" in the Official Statement;

(9) A table reflecting "Base Forecast Commercial Aviation Landed Weights by Fiscal Year" (actual only) comparable in substance to Table 19 in APPENDIX A - "Report of the Airport Consultant" in the Official Statement;

(10) A table reflecting "Projected Signatory Landing Fee Rates and Terminal Rental Rates (in Thousands)" comparable in substance to Table 26 in APPENDIX A - "Report of the Airport Consultant" in the Official Statement; and

(11) A table reflecting "Base Forecast - Projected Debt Service Coverage (in Thousands)" comparable in substance to Table 31 in APPENDIX A - "Report of the Airport Consultant" in the Official Statement.

Section 4. Reporting of Listed Events.

A. Pursuant to the provisions of this Section, the City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2019 Bonds, in a timely manner not in excess of ten (10) business days after the occurrence of such event:

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. modifications to rights of Bondholders, if material;
4. Bond calls, if material, and tender offers;
5. defeasance;
6. rating changes;
7. 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 Series 2019 Bonds, or other material events affecting the tax status of the Series 2019 Bonds;
8. unscheduled draws on debt service reserves reflecting financial difficulties;
9. unscheduled draws on credit enhancements reflecting financial difficulties;
10. substitution of credit or liquidity providers, or their failure to perform;
11. release, substitution or sale of property securing repayment of the Series 2019 Bonds, if material;
12. bankruptcy, insolvency, receivership or similar event of an Obligated Person;

13. the consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of an Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

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

15. incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and

16. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

B. The Dissemination Agent shall, within three (3) Business Days of obtaining actual knowledge of the occurrence of any Listed Event, contact the City, inform the Disclosure Representative of the event, and, if such Listed Event requires a determination of materiality, request that the City promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to Subsection F below. For the purpose of this Continuing Disclosure Agreement, "actual knowledge" of the Listed Events shall mean knowledge by an officer of the Dissemination Agent with responsibility for matters related to this Continuing Disclosure Agreement.

C. Whenever the City obtains knowledge of the occurrence of a Listed Event requiring a determination of materiality, as set forth in Subsection A above, because of a notice from the Dissemination Agent pursuant to Subsection B above or otherwise, the City shall as soon as possible determine if such event is a Material Listed Event.

D. If knowledge of the occurrence of a Listed Event requiring a determination of materiality would be material under applicable federal securities laws, the City shall promptly notify the Dissemination Agent in writing that it is a Material Listed Event. Such notice shall instruct the Dissemination Agent to report the occurrence of the Material Listed Event pursuant to Subsection F below.

E. If in response to a request under Subsection B above, the City determines that the Listed Event requiring a determination of materiality is not a Material Listed Event, the City shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to Subsection F below.

F. The Dissemination Agent shall file a notice of all Listed Events within the timeframe set forth in Subsection A above with the Repository, with a copy to the City.

Section 5. EMMA. The Dissemination Agent shall use EMMA for the submission of Annual Reports and Listed Events for so long as EMMA is recognized, authorized or approved by the SEC. Submission of an Annual Report or a Listed Event by the Dissemination Agent to EMMA shall be deemed to satisfy the Dissemination Agent's obligations under this Continuing Disclosure Agreement with respect to that Annual Report or Listed Event.

Section 6. Termination of Reporting Obligations. The City's and the Dissemination Agent's obligations under this Continuing Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all the Series 2019 Bonds. If the City's obligations under this Continuing Disclosure Agreement are assumed in full by another entity, such entity shall be responsible for compliance with this Continuing Disclosure Agreement in the same manner as if it were the City, and the City shall have no further responsibility hereunder. If such termination or substitution occurs prior to the final maturity of the Series 2019 Bonds, the City shall give notice of such termination or substitution in the same manner as for a Listed Event under Section 4(A) of this Continuing Disclosure Agreement. This Continuing Disclosure Agreement shall also terminate upon (i) the Rule being withdrawn, retroactively repealed, or having been found by a court of competent jurisdiction to be invalid in a non-appealable action; or (ii) receipt by the Dissemination Agent and the City of an opinion of counsel of nationally recognized expertise in matters relating to securities laws affecting municipal securities to the effect that the Rule is no longer applicable to the Series 2019 Bonds.

Section 7. Additional Information. Nothing in this Continuing Disclosure Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of the occurrence of a Listed Event, in addition to that which is required by this Continuing Disclosure Agreement. If the City chooses to include any information in any Annual Report or notice of the occurrence of a Listed Event, in addition to that which is specifically required by this Continuing Disclosure Agreement, the City shall not have any obligation under this Continuing Disclosure Agreement to update such information or include it in any future Annual Report or notice of the occurrence of a Listed Event.

Section 8. Amendment; Waiver.

Notwithstanding any other provision of this Continuing Disclosure Agreement, the City and the Dissemination Agent may amend this Continuing Disclosure Agreement (and the execution of such amendment by the Dissemination Agent so requested by the City shall not be unreasonably withheld) and any provision of this Continuing Disclosure Agreement may be waived, provided that the following conditions are satisfied:

A. If the amendment or waiver relates to the provisions of Sections 2A, 3 or 4A of this Continuing Disclosure Agreement, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, rule or regulation or change in the identity, nature or status of an Obligated Person with respect to the Series 2019 Bonds, or the type of business conducted;

B. The undertaking, as amended or taking into account such waiver, should, in the opinion of counsel to the Participating Underwriters, have complied with the requirements of the Rule at the time of the original issuance of the Series 2019 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

C. The amendment or waiver in the Opinion of Co-Bond Counsel for the Series 2019 Bonds, does not materially impair the interests of the Bondholders or Beneficial Owners of the Series 2019 Bonds.

In the event of any amendment or waiver of a provision of this Continuing Disclosure Agreement, the City shall describe such amendment or waiver in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 4A of this Continuing Disclosure Agreement, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Default. In the event of a failure of the City or the Dissemination Agent to comply with any provision of this Continuing Disclosure Agreement, any Bondholder or Beneficial Owner of the Series 2019 Bonds may take such action as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City or the Dissemination Agent, as the case may be, to comply with its obligations under this Continuing Disclosure Agreement. A default under this Continuing Disclosure Agreement shall not be deemed to be an Event of Default under the Indenture or with respect to the Series 2019 Bonds, and the sole remedy under this Continuing Disclosure Agreement in the event of any failure of the City or the Dissemination Agent to comply with this Continuing Disclosure Agreement shall be action to compel performance.

Section 10. Duties, Immunities and Liabilities of Dissemination Agent.

The Dissemination Agent at the time acting hereunder may at any time resign by giving not less than sixty (60) days' written notice to the City specifying the date when such resignation will take effect. No such resignation shall take effect unless a successor Dissemination Agent shall have been appointed by the City. If no successor Dissemination Agent has been appointed within sixty (60) days of the notice, the Dissemination Agent may petition a court of competent jurisdiction to have a successor Dissemination Agent appointed.

The Dissemination Agent shall have only such duties as are specifically set forth in this Continuing Disclosure Agreement, and, to the extent permitted by applicable law, the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees, and agents, harmless against any loss, expense, and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including costs and expenses (including reasonable attorney's fees and expenses) of defending against any claim of liability as it relates to the City, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct.

The Dissemination Agent shall not be responsible for the content of any notice or information provided by the City to the Dissemination Agent for filing or the City's failure to submit a complete Annual Report. The Dissemination Agent shall not be responsible for ensuring the compliance with any rule or regulation of the City or Participating Underwriter in connection with the filings of information herein, but is merely responsible for the filing of any such information provided to the Dissemination Agent by the City.

The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Series 2019 Bonds. The City shall pay the fees, charges, and expenses of the Dissemination Agent in connection with its administration of this Continuing Disclosure Agreement.

Section 11. Notices. Any notices or communications to or between any of the parties to this Continuing Disclosure Agreement may be given by registered or certified mail, return receipt requested, or by confirmed facsimile, or delivered in person or by overnight courier, and will be deemed given on the second day following the date on which the notice or communication is so mailed, as follows:

To the Airport:	St. Louis Lambert International Airport 10701 Lambert International Drive St. Louis, Missouri 63145 Attention: Rhonda K. Hamm-Niebruegge Telephone: (314) 426-8000 Facsimile: (314) 426-5733
To the City:	The City of St. Louis, Missouri City Hall West 1520 Market Street, Room 3005 St. Louis, Missouri 63103 Attention: Kelley Anderson, Esq., Special Assistant to the Comptroller Telephone: (314) 612-1467 Facsimile: (314) 622-4026
With copy to:	The City of St. Louis, Missouri City Hall, Room 314 1200 Market Street St. Louis, Missouri 63103 Attention: City Counselor Telephone: (314) 622-4078 Facsimile: (314) 622-4956
To the Dissemination Agent:	UMB Bank, N.A. 2 South Broadway, Suite 600 St. Louis, Missouri 63102 Attention: Corporate Trust Department Telephone: (314) 612-8492 Facsimile: (314) 612-8499

Any person may, by written notice to the other persons listed above, designate a different address, telephone number(s) or facsimile number(s) to which subsequent notices or communications should be sent.

Section 12. Beneficiaries. This Continuing Disclosure Agreement shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriters, and Bondholders and the Beneficial Owners from time to time of the Series 2019 Bonds, and shall create no rights in any other person or entity.

Section 13. Counterparts. This Continuing Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 14. Governing Law; Venue. This Continuing Disclosure Agreement shall be governed by and construed in accordance with the laws of the State of Missouri. Any action under this Continuing Disclosure Agreement shall be filed in the 22nd Judicial Circuit of the State of Missouri (City of St. Louis) or in the United States District Court for the Eastern District of Missouri.

Section 15. Severability. If any provision in this Continuing Disclosure Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 16. Captions. The captions or headings in this Continuing Disclosure Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provision or section of this Continuing Disclosure Agreement.

Section 17. Electronic Means. The transaction described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

IN WITNESS WHEREOF, The City of St. Louis, Missouri, has caused this Continuing Disclosure Agreement to be signed in its name and on its behalf and its corporate seal to be hereunto affixed and attested by its duly elected officials and/or authorized officers, all as of the day and year first above written.

[SEAL]

THE CITY OF ST. LOUIS, MISSOURI

By:____________________________________
Lyda Krewson, Mayor

By:____________________________________
Darlene Green, Comptroller

[SEAL]

ATTEST

By:____________________________________
Dionne Flowers, Register

APPROVED AS TO FORM:

By:____________________________________
Julian L. Bush, City Counselor

[Continuing Disclosure Agreement]

IN WITNESS WHEREOF, UMB Bank, N.A., as Dissemination Agent, has caused this Continuing Disclosure Agreement to be signed in its name and on its behalf by one of its duly authorized officers as of the day first above written.

UMB BANK N.A., as Dissemination Agent

By: ____

Brian P. Krippner, Senior Vice President

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	The City of St. Louis, Missouri (the *"City"*)
Name of Bond Issue:	$13,235,000 The City of St. Louis, Missouri Airport Revenue Bonds, Series 2019A (Non-AMT) (St. Louis Lambert International Airport) $8,440,000 The City of St. Louis, Missouri Airport Revenue Bonds, Series 2019B (AMT) (St. Louis Lambert International Airport) $75,470,000 The City of St. Louis, Missouri Airport Revenue Refunding Bonds, Series 2019C (Non-AMT) (St. Louis Lambert International Airport)
Date of Issuance:	June 27, 2019

NOTICE IS HEREBY GIVEN that the City has not filed an Annual Report with respect to the above-named Series 2019 Bonds as required by the Continuing Disclosure Agreement dated as of June 1, 2019, between the City and UMB Bank, N.A., as Dissemination Agent. [The City has informed the Dissemination Agent that the City anticipates that the Annual Report will be filed by _____________.]

Dated: __________ ___, _____

UMB BANK, N.A., as Dissemination Agent
on behalf of The City of St. Louis, Missouri

cc: The City of St. Louis, Missouri

APPENDIX H

THE PFC PROGRAM

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THE PFC PROGRAM

Authority and Purpose of Passenger Facility Charges. Section 40117 of Title 49 of the United States Code allows public agencies controlling commercial service airports (those with regularly scheduled service and enplaning 2,500 or more passengers annually) to charge enplaning passengers using the airport a $1, $2, $3, $4 or $4.50 charge, referred to as a Passenger Facility Charge, or "PFC". The purpose of the charge 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.

Termination of Authority to Impose and Use PFCs. 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 Noise Control Act, 42 USC 4901-4918 (the "Noise Act"), relating to airport noise and access restrictions, (ii) PFCs and investment income thereon are not being used for Approved PFC funding in accordance with the FAA's approvals or with the PFC Act and the PFC Regulations, (iii) implementation of projects financed with PFCs does not commence within the time periods specified in the PFC Act and the PFC Regulations or (iv) the City is otherwise in violation of the PFC Act, the PFC Regulations or the PFC Approvals.

Noise Act Violations. The City's authority to impose PFCs may be terminated if the City violates the provisions of the Noise Act. Although the procedures described above do not apply to alleged violations of the Noise Act, the Noise Act and FAA regulations thereunder provide procedural safeguards to ensure that the City's authority to impose PFCs at the Airport will not be summarily terminated because of violations of the Noise Act. In general, the City can prevent termination of its PFC Authority by suspending the effectiveness of any noise or access restriction in question, until the legal sufficiency of the restriction, and its impact on the City's authority to impose PFCs at the Airport, has been determined The PFC approvals issued by the FAA in 2000 included findings by the FAA that the City has not been found to be in violation of the Noise Act and that the FAA is not aware of any proposal at the Airport that would be found to be in violation of the Noise Act.

Informal Resolution Process for PFC Act Violations. Pursuant to the provisions of the PFC Act, the PFC Regulations provide for an informal process for resolution of possible violations of the PFC Act, PFC Regulations or PFC Approvals. A public agency may also request that the FAA agree in the PFC approval to a specific, informal resolution process that the FAA will follow if it suspects the public agency has committed such a violation.

Formal Termination Process for PFC Act Violations. Pursuant to the PFC Regulations, formal termination proceedings are authorized only if the FAA determines that efforts to achieve an informal resolution are not successful. The formal termination process prescribed in the PFC Regulations is to be initiated upon the FAA's filing of a notice, followed by a 60-day period during which the City may submit further comments and take corrective action. The PFC Regulations provide that if corrective action is not taken as prescribed in the notice, the FAA is required to hold a public hearing at least 30 days after notifying the City and publishing a notice of the hearing in the Federal Register. After the public hearing, the City would have 10 days after receiving notice of the FAA's decision to advise the FAA in writing that it will complete any corrective action prescribed in the FAA's decision within 30 days or to provide the FAA with a list of collecting carriers, after which the FAA would notify the collecting carriers to terminate or to modify the PFC accordingly. The formal termination process would last at least 100 days.

Treatment of PFCs in Air Carrier Bankruptcies. The PFC Act was amended in 1996 to provide that PFCs that are held by a Collecting Carrier constitute a trust fund that is held for the beneficial interest of the eligible agency imposing the PFCs and that the Collecting Carrier holds neither legal nor equitable interest in the PFCs, except for any handling fee or retention of interest collected on unremitted proceeds. In addition, PFC Regulations require Collecting Carriers to account for PFC collections separately and to disclose the existence and amount of funds regarded as trust funds in financial statements. The Collecting Carriers, however, are permitted to commingle PFC collections with their other sources of revenue and are also entitled to retain interest earned on PFC collections until such PFCs must be remitted. Despite the language in the PFC Act, at least one bankruptcy court in an unpublished opinion has indicated that PFC revenues held by an air carrier in bankruptcy would not be treated as a trust fund and would instead be subject to the general claims of such air carrier's unsecured creditors. In an unpublished opinion rendered in the TWA bankruptcy, the Court entered a stipulated order on March 12, 2001 establishing a $7 5 million PFC trust fund for the benefit of various airports to whom TWA was not current on PFC payments. At the time TWA filed its petition for reorganization, the Airport was owed approximately $2 million in PFCs for the month of November 2000, which were payable by December 31, 2000. Pursuant to Court authorization, the Airport was paid all PFC amounts then due it on January 17, 2001. Thereafter, during the bankruptcy proceedings, TWA paid all PFC amounts due the Airport. There is no assurance as to which approach other bankruptcy courts will use in the future. In 2003, Congress added a provision (Section 124 of Pub. L. 108-176 (December 12, 2003)) that imposes additional requirements relating to PFC revenues on air carriers filing for bankruptcy after the date of enactment. These air carriers in bankruptcy would have to segregate PFC money so that the airport for which the PFC was collected would be assured of receiving its money should the airline go out of business during the interim period between the date that the PFC was collected and the time it was remitted to the airport. Such air carriers would not be required, however, to put that money in an escrow account.

The PFC Program at the City

City PFC Approvals. The Airport has obtained the approval under nine PFC applications (PFC #1, PFC #2, PFC #3, PFC #4, PFC #5 and PFC #6, PFC #9, PFC #11 and PFC #12) to impose and use PFCs (on both a pay-as-you-go and leveraged basis) for a variety of projects including the Noise Compatibility Program, Terminal 2, a number of smaller airfield and terminal projects, the ADP and the Terminal Improvement Program. The Airport collected a total of $28.7 million in PFC Revenues (including investment earnings) in Fiscal Year 2018. In September 2001, the Airport obtained approval to increase the PFC rate from $3.00 per passenger to $4.50. The $4.50 rate has been collected since December 2001.

Amounts updated per the PFC Reports for 04/30/2019 completed yesterday are as follows:

As of April 30, 2019, the FAA had authorized the City to collect up to $1.1 billion in PFCs through 2026, of which approximately $828.0 million has been collected, plus an additional $52.4 million of interest earned totaling $880.4 million of PFC Revenues. From this total, $843.1 million has been expended, leaving a PFC Account balance of approximately $37.3 million.

For a discussion of the pledge of PFC Revenues to the payment of the City's Airport Revenue Bonds, see **"THE SERIES 2019 BONDS – Security and Sources of Payment."** See also **APPENDIX C** - "**Summary of Certain Provisions of the Indenture – Pledged PFC Revenues"** and **"- Elimination of or Decrease in the Amount of PFC Revenues"** attached hereto.

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