

*In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Series 2019B Bonds and the Series 2019C Bonds is excluded from gross income for federal income tax purposes, except interest on any Series 2019B Bond for any period during which that Series 2019B Bond is held by a “substantial user” of the facilities financed or a “related person,” as those terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended (the “Code”), and interest on the Series 2019B Bonds is an item of tax preference for purposes of the federal alternative minimum tax and interest on the Series 2019C Bonds is not an item of tax preference for purposes of that tax, and (ii) interest on, and any profit made on the sale, exchange or other disposition of, the Series 2019 Bonds are exempt from all Ohio state and local taxation, except the estate tax, the domestic insurance company tax, the dealers in intangibles tax, the tax levied on the basis of the total equity capital of financial institutions, and the net worth base of the corporate franchise tax. **INTEREST ON THE SERIES 2019A BONDS IS NOT EXCLUDED FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES.** For a more complete discussion of the tax aspects, see “TAX MATTERS” herein.*



\$301,665,000
City of Cleveland, Ohio
Airport System Revenue Bonds
Series 2019A (Taxable)

\$34,605,000
City of Cleveland, Ohio
Airport System Revenue Bonds
Series 2019B (AMT)

\$5,405,000
City of Cleveland, Ohio
Airport System Revenue Bonds
Series 2019C (Non-AMT)

Dated: Date of Delivery

Due: January 1, as shown on inside cover

The Airport System Revenue Bonds, Series 2019A (Taxable) (the “Series 2019A Bonds”), the Airport System Revenue Bonds, Series 2019B (AMT) (the “Series 2019B Bonds”), and the Airport System Revenue Bonds, Series 2019C (Non-AMT) (the “Series 2019C Bonds,” and together with the Series 2019A Bonds and the Series 2019B Bonds, the “Series 2019 Bonds”), are special obligations of the City of Cleveland, Ohio (the “City”) issued under the Indenture (as defined herein) between the City and The Bank of New York Mellon Trust Company, N.A., New Albany, Ohio, as trustee (the “Trustee”).

The Series 2019A Bonds will be issued to advance refund the City’s outstanding Airport System Revenue Bonds, Series 2012A (Non-AMT) (the “Series 2012A Refunded Bonds”) and currently refund the Airport System Revenue Bonds, Series 2013A (the “Series 2013A Refunded Bonds”), and to pay certain costs of issuance relating to the issuance of the Series 2019A Bonds and the refunding of the Series 2012A Refunded Bonds and Series 2013A Refunded Bonds. The Series 2019B Bonds will be issued to currently refund the City’s outstanding Airport System Revenue Bonds, Series 2009D (Non-AMT) (the “Series 2009D Refunded Bonds”) and Airport System Revenue Bonds, Series 2014A (AMT) (the “Series 2014A Refunded Bonds”), and to pay certain costs of issuance relating to the issuance of the Series 2019B Bonds and the refunding of the Series 2009D Refunded Bonds and Series 2014A Refunded Bonds. The Series 2019C Bonds will be issued to currently refund the City’s outstanding Airport System Revenue Bonds, Series 2008D (Non-AMT) (the “Series 2008D Refunded Bonds”), and to pay certain costs of issuance relating to the issuance of the Series 2019C Bonds and the refunding of the Series 2008D Refunded Bonds. See “PART I – INTRODUCTION – Plan of Finance.” The Series 2019 Bonds are payable on a parity with other series of outstanding Revenue Bonds and any Additional Revenue Bonds issued under the Indenture and are secured by a lien on the Airport Revenues and the Special Funds established under the Indenture, all as more fully described herein. See “PART I – SECURITY FOR THE SERIES 2019 BONDS.”

Interest on the Series 2019 Bonds is payable each January 1 and July 1 (each, an “Interest Payment Date”), beginning January 1, 2020, to the bondholders of record at the close of business on the 15th day next preceding each Interest Payment Date. The Series 2019 Bonds are subject to redemption prior to maturity, as described herein. See “PART I – DESCRIPTION OF THE SERIES 2019 BONDS – Redemption Provisions.”

The Series 2019 Bonds will be initially issued as fully registered bonds under a book-entry system, and will be registered initially in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”). Purchases of book-entry interests in the Series 2019 Bonds will be made in denominations of \$5,000 and integral multiples thereof. DTC, or its nominee, will receive all payments with respect to the Series 2019 Bonds from the Trustee. DTC is required by its rules and procedures to remit such payments to participants in DTC for subsequent disbursement to the owners of book-entry interests. Owners of book-entry interests in the Series 2019 Bonds will not receive physical delivery of bond certificates. See “APPENDIX C – BOOK-ENTRY ONLY SYSTEM” hereto.

The Series 2019 Bonds will be special obligations of the City. Payment of debt service charges on the Series 2019 Bonds will be secured solely by the Airport Revenues and the Special Funds as provided in the Indenture. The Series 2019 Bonds are not general obligations or a pledge of the faith, credit or taxing power of the City, the State of Ohio or any political subdivision thereof. No holder of any Series 2019 Bonds shall have the right to compel the exercise of the City’s taxing power or to compel the City to pay debt service charges on the Series 2019 Bonds from any moneys of the City other than the Airport Revenues and Special Funds.

The Series 2019 Bonds are offered when, as and if issued by the City and accepted by the Underwriters, subject to the opinions on certain legal matters relating to their issuance by Squire Patton Boggs (US) LLP, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the City by Barbara A. Langhenry, its Director of Law. Certain legal matters will be passed upon for the Underwriters by their counsel, Tucker Ellis LLP. It is expected that delivery of the Series 2019 Bonds in definitive form will be made to DTC on or about October 1, 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, paying particular attention to the matters discussed in “CERTAIN INVESTMENT CONSIDERATIONS.”

LOOP CAPITAL MARKETS

Blaylock Van, LLC Cabrera Capital Markets LLC Raymond James Stifel US Bancorp UBS Wells Fargo Securities

The date of this Official Statement is September 17, 2019, and the information speaks only as of that date.

\$301,665,000
City of Cleveland, Ohio
Airport System Revenue Bonds
Series 2019A (Taxable)

MATURITY SCHEDULE

Year (January 1)	Principal Maturing	Interest Rate	Price	Yield	CUSIP*
2020	\$2,940,000	2.181%	100.00	2.181%	186352SC5
2021	4,830,000	2.181	100.00	2.181	186352SD3
2022	5,075,000	2.230	100.00	2.230	186352SE1
2023	5,290,000	2.259	100.00	2.259	186352SF8
2024	5,535,000	2.309	100.00	2.309	186352SG6
2025	26,445,000	2.492	100.00	2.492	186352SH4
2026	27,300,000	2.592	100.00	2.592	186352SJ0
2027	28,060,000	2.692	100.00	2.692	186352SK7
2028	44,395,000	2.742	100.00	2.742	186352SL5
2029	45,600,000	2.792	100.00	2.792	186352SM3
2030	47,235,000	2.832	100.00	2.832	186352SN1
2031	48,630,000	2.882	100.00	2.882	186352SP6
2032	4,990,000	2.932	100.00	2.932	186352SQ4
2033	5,340,000	2.982	100.00	2.982	186352SR2

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\$34,605,000
City of Cleveland, Ohio
Airport System Revenue Bonds
Series 2019B (AMT)

MATURITY SCHEDULE

Year (January 1)	Principal Maturing	Interest Rate	Price	Yield	CUSIP*
2020	\$5,485,000	5.000%	100.861	1.520%	186352SS0
2021	4,985,000	5.000	104.176	1.610	186352ST8
2022	5,410,000	5.000	107.366	1.650	186352SU5
2023	5,765,000	5.000	110.321	1.720	186352SV3
2024	6,215,000	5.000	113.121	1.780	186352SW1
2025	2,125,000	5.000	115.687	1.850	186352SX9
2026	2,245,000	5.000	117.990	1.930	186352SY7
2027	2,375,000	5.000	120.075	2.010	186352SZ4

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\$5,405,000
City of Cleveland, Ohio
Airport System Revenue Bonds
Series 2019C (Non-AMT)

MATURITY SCHEDULE

Year (January 1)	Principal Maturing	Interest Rate	Price	Yield	CUSIP*
2021	\$1,205,000	5.000%	104.392	1.440%	186352TA8
2022	1,285,000	5.000	107.712	1.500	186352TB6
2023	1,400,000	5.000	110.857	1.560	186352TC4
2024	1,515,000	5.000	113.913	1.600	186352TD2

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**CITY OF CLEVELAND, OHIO
AIRPORT SYSTEM**

MAYOR
FRANK G. JACKSON

PRESIDENT OF COUNCIL
KEVIN J. KELLEY

COUNCIL TRANSPORTATION COMMITTEE

Chairman
PHYLLIS CLEVELAND

DEPARTMENT OF FINANCE

Director of Finance
SHARON DUMAS

DEPARTMENT OF PORT CONTROL

Director of Port Control
ROBERT W. KENNEDY

DEPARTMENT OF LAW

Director of Law
BARBARA A. LANGHENRY

BOND COUNSEL

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Cleveland, Ohio

TRUSTEE/ESCROW TRUSTEE

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New Albany, Ohio

FINANCIAL ADVISORS

Government Capital Management, L.L.C.
Cleveland, Ohio

Phoenix Capital Partners, LLP
Philadelphia, Pennsylvania

INDEPENDENT AUDITOR

Clark, Schaefer, Hackett & Co.
Cincinnati, Ohio

VERIFICATION AGENT

Causey Demgen & Moore P.C.

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PART I

REGARDING THIS OFFICIAL STATEMENT

This Official Statement does not constitute an offering of any security other than the original offering of the Series 2019 Bonds identified on the cover hereof. No person has been authorized by the City, other than the Director of Finance of the City, or the Underwriters to give any information or to make any representation, other than as contained in this Official Statement. Any other information or representation should not be relied upon as having been given or authorized by the City or the Underwriters. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the Series 2019 Bonds by any person in any jurisdiction in which it is unlawful to make such offer, solicitation or sale.

The information and expressions of opinion in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale made hereunder shall create, under any circumstances, or give rise to any implication that there has been no change in the affairs of the City since its date.

Any statements made in this Official Statement which involve opinions or estimates, whether expressly stated to be such, are made as such and are not representations of fact or certainty, and no representation is made that any of those statements have been or will be realized. Information in this Official Statement that has been derived by the City from its officials and other sources is believed to be accurate and reliable. Information other than that obtained from official records of the City has not been independently confirmed or verified by the City, and its accuracy is not guaranteed.

This Official Statement contains statements which, to the extent they are not recitations of historical fact, constitute “forward-looking statements.” The words “estimate,” “project,” “anticipate,” “expect,” “intend,” “believe,” and similar expressions are intended to identify forward-looking statements. A number of factors affecting the City’s financial results could cause actual results to differ materially from those stated in the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof.

THE COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

THE SERIES 2019 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AND THE INDENTURE HAS NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE SERIES 2019 BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE 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 THE U.S. SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER FEDERAL, STATE OR OTHER GOVERNMENTAL ENTITY OR AGENCY WILL HAVE PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT OR APPROVED THE SERIES 2019 BONDS FOR SALE. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under 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.

In connection with this offering of the Series 2019 Bonds, the Underwriters may overallocate or effect transactions that stabilize or maintain the market prices of the Series 2019 Bonds at levels above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time without prior notice. The prices and other terms of the offering and sale of the Series 2019 Bonds may be changed from time to time by the Underwriters after the Series 2019 Bonds are released for sale, and the Series 2019 Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers, without prior notice.

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OFFICIAL STATEMENT

Relating to

\$301,665,000
City of Cleveland, Ohio
Airport System Revenue Bonds
Series 2019A (Taxable)

\$34,605,000
City of Cleveland, Ohio
Airport System Revenue Bonds
Series 2019B (AMT)

\$5,405,000
City of Cleveland, Ohio
Airport System Revenue Bonds
Series 2019C (Non-AMT)

INTRODUCTION

The City of Cleveland, Ohio (the “City”) is furnishing this Official Statement to provide certain information in connection with the issuance and sale by the City of its: (a) \$301,665,000 Airport System Revenue Bonds, Series 2019A (Taxable) (the “Series 2019A Bonds”), (b) \$34,605,000 Airport System Revenue Bonds, Series 2019B (AMT) (the “Series 2019B Bonds”), and (c) \$5,405,000 Airport System Revenue Bonds, Series 2019C (Non-AMT) (the “Series 2019C Bonds,” and collectively with the Series 2019A Bonds and the Series 2019B Bonds, the “Series 2019 Bonds”). All terms, unless otherwise defined herein, shall have the meanings given to them in “APPENDIX A – DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE USE AGREEMENTS AND THE TRUST INDENTURE.”

The Series 2019 Bonds are special obligations of the City. Payment of the principal of and interest on the Series 2019 Bonds will be payable solely from the revenues and other moneys assigned and pledged by the Indenture. For further information regarding the Series 2019 Bonds, see “Description and Purpose of the Series 2019 Bonds” below.

This Official Statement should be considered in its entirety and no one subject considered less important than another by reason of its location in the text. Descriptions of instruments, including, without limitation, the Series 2019 Bonds, the Indenture and the Use Agreements, are qualified by reference to the entire text of those instruments, and reference should be made to laws, reports or documents referred to in this Official Statement for more complete information regarding their content. Copies of the Indenture and the Use Agreements are available at the designated office of The Bank of New York Mellon Trust Company, N.A. (the “Trustee”), which is the Trustee’s New Albany office located at 6525 West Campus Oval, Suite 200, New Albany, Ohio 43054.

References to provisions of Ohio law or of the Ohio Constitution are references to such provisions in effect on the date hereof. Those provisions may be amended, repealed or supplemented.

The City and the Airport System

The City is a municipal corporation and political subdivision of the State of Ohio. The City’s Department of Port Control operates Cleveland Hopkins International Airport (the “Airport”) and Burke Lakefront Airport (“Burke”), which together comprise the City’s Airport System (the “Airport System”). The Airport is the primary commercial service airport for northeastern Ohio. For detailed information relating to the City and the Airport System, see “PART II – THE CITY” and “PART II – THE AIRPORT SYSTEM.”

Description and Purpose of the Series 2019 Bonds

The Series 2019 Bonds are issued under and secured by the Amended and Restated Trust Indenture (Seventeenth Supplemental Trust Indenture dated as of November 1, 2011) that became effective January 31, 2012 (referred to herein as the “Trust Indenture”), between the City and the Trustee, as it has been heretofore supplemented and as it is further supplemented by the Twenty-Fourth Supplemental Trust

Indenture dated October 1, 2019 relating to the issuance of the Series 2019 Bonds (the “Twenty-Fourth Supplemental Indenture”, together with the Trust Indenture as it has been heretofore supplemented, the “Indenture”). The Series 2019 Bonds are issued under authority of the Ohio Constitution and the laws of the State of Ohio, the Charter of the City, Ordinance No. 1364-17, passed by the Council of the City (“Council”) on November 20, 2017 and the Certificate of Award executed by the Director of Finance of the City pursuant to that Ordinance.

The City is issuing (i) the Series 2019A Bonds to advance refund the City’s Airport System Revenue Bonds, Series 2012A (Non-AMT) issued on February 23, 2012 (the “Series 2012A Refunded Bonds”) and currently refund the City’s Airport System Revenue Bonds, Series 2013A originally issued on April 24, 2013 (the “Series 2013A Refunded Bonds”) to generate debt service savings, and to pay certain other costs related to the issuance of the Series 2019A Bonds and the refunding of the Series 2012A Refunded Bonds and the Series 2013A Refunded Bonds, (ii) the Series 2019B Bonds to currently refund the City’s Airport System Revenue Bonds, Series 2009D (Non-AMT) issued on August 27, 2009 (the “Series 2009D Refunded Bonds”) and the City’s Airport System Revenue Bonds, Series 2014A (AMT) originally issued on February 12, 2014 (the “Series 2014A Refunded Bonds”) to generate debt service savings, and to pay certain other costs related to the issuance of the Series 2019B Bonds and the refunding of the Series 2009D Refunded Bonds and Series 2014A Refunded Bonds, and (iii) the Series 2019C Bonds to currently refund the City’s Airport System Revenue Bonds, Series 2008D (Non-AMT) issued on July 17, 2008 (the “Series 2008D Refunded Bonds” and together with the Series 2009D Refunded Bonds, the Series 2012A Refunded Bonds, the Series 2013A Refunded Bonds and the Series 2014A Refunded Bonds, the “Refunded Bonds”) to generate debt service savings, and to pay certain other costs related to the issuance of the Series 2019C Bonds and the refunding of the Series 2008D Refunded Bonds. See “PART I – INTRODUCTION – Plan of Finance” herein.

Terms of the Series 2019 Bonds

The Series 2019 Bonds will bear interest payable on January 1 and July 1 of each year, (each, an “Interest Payment Date”) commencing January 1, 2020, at the respective interest rates shown on the inside front cover pages of this Official Statement, calculated on a basis of twelve 30-day months, and will be subject to redemption prior to maturity as described herein. See “PART I – DESCRIPTION OF THE SERIES 2019 BONDS.”

Security for the Series 2019 Bonds

In the Trust Indenture, the City pledges and grants to the Trustee a first lien on Airport Revenues and the moneys in the Special Funds to the payment of the debt service charges on all Revenue Bonds issued under the Trust Indenture, including the Outstanding Bonds described herein, the Series 2019 Bonds, and any other Additional Revenue Bonds. See “PART I – SECURITY FOR THE SERIES 2019 BONDS – Pledge of Airport Revenues” and “APPENDIX A – DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE TRUST INDENTURE – Pledge of Airport Revenues.”

The Series 2019 Bonds are special obligations of the City and do not constitute general obligations or a pledge of the faith, credit or taxing power of the City, the State of Ohio or any political subdivision thereof. The Series 2019 Bonds are payable on a parity with the Outstanding Bonds and any Additional Revenue Bonds issued under the Indenture, and are secured by a lien on the Airport Revenues and the Special Funds as provided in the Indenture. Holders of the Series 2019 Bonds do not have the right to compel taxation in any form or to compel the City to pay debt service charges on the Series 2019 Bonds from any moneys of the City other than Airport Revenues and the Special Funds. Neither the land nor improvements comprising the Airport System nor any other property

of the City, other than the Airport Revenues and the Special Funds, has been pledged to secure the payment of the Series 2019 Bonds.

Outstanding and Additional Revenue Bonds

Upon compliance with certain conditions set forth in the Trust Indenture and the Use Agreements (defined below), the City may issue additional series of Revenue Bonds payable on a parity with the Series 2019 Bonds and the Outstanding Bonds with respect to Airport Revenues and the moneys in the Special Funds (the “Additional Revenue Bonds”). See “PART I – SECURITY FOR THE SERIES 2019 BONDS – Additional Revenue Bonds.”

Under the Trust Indenture and the Use Agreements, the City also may issue or incur Subordinated Indebtedness. Debt service charges on Subordinated Indebtedness are payable from and secured by Airport Revenues on a basis subordinate to the payment of debt service charges on Revenue Bonds. There is currently no Subordinated Indebtedness outstanding. See “APPENDIX A – DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE USE AGREEMENTS AND THE TRUST INDENTURE.”

After the issuance of the Series 2019 Bonds, there will be \$645,515,000 aggregate principal amount of Outstanding Revenue Bonds that were issued pursuant to the Trust Indenture and are secured by the Airport Revenues and the moneys in the Special Funds. See “PART II – AIRPORT FINANCIAL INFORMATION – Outstanding Bonds.”

Airport Use Agreements

The City enters into use and lease agreements (the “Agreement and Lease” also commonly referred to herein as the “Use Agreements”) that govern the use of the Airport by airlines which are parties to such agreements (the “Scheduled Airlines,” also commonly referred to as the “Signatory Airlines”). Each of the Use Agreements between the City and the Signatory Airlines is in substantially the same form.

Pursuant to Ordinance No. 1162-16, passed by City Council on October 24, 2016, the City entered into Use Agreements with the Scheduled Airlines effective January 1, 2017. The current Use Agreements replaced the original use agreement that was entered into in 1976 and amended in 2006 that had expired on December 31, 2015 and was operating on a month-to-month basis. The Use Agreements expire on December 31, 2021 and contain two, two-year extension options that are executable upon mutual agreement between the City and the majority of Scheduled Airlines. Eight passenger airlines (Allegiant Air, American Airlines, Delta Air Lines, Frontier Airlines, JetBlue Airways, Spirit Airlines, Southwest Airlines, and United Airlines) and two cargo carriers (FedEx and UPS) serving the Airport are party to the Use Agreements. The ten Scheduled Airlines represented 98.5% of total enplaned passengers at the Airport in Fiscal Year 2018 and 98.0% of total enplaned passengers at the Airport for the first seven months of Fiscal Year 2019. Airlines serving the Airport that are not Scheduled Airlines pay the same rates and charges as the Scheduled Airlines, but with a 25% administrative fee added to their payments.

The Use Agreements establish procedures for the periodic review and adjustment of the terminal building space rental rates and landing fees paid by the Scheduled Airlines, as well as other airlines serving the Airport who are not party to the Use Agreements. The Airport operates under a “cost-center residual cost” formula for setting initial terminal building rental fee rates, and an “Airport System residual cost” formula for calculating landing fees. Terminal building rental rates and landing fee rates are adjusted annually to produce Airport Revenues sufficient to meet the Rate Covenant, as discussed in the next section. One change in the current Use Agreements as compared to the prior agreement was to transition to similar rental rates across all of the concourse-related leased premises. The use of similar rental rates negates any

favorable rental rate levels from air carriers operating in different concourse areas of the terminal building. All leased premises represented in the Use Agreements are on a preferential use basis that allows the City to accommodate any air carrier requiring space (either new entry or expanded) on existing leased premises of the Scheduled Airlines. In order to achieve access and balanced utilization of Airport gate/holdroom facilities the City can consider multiple factors, including but not limited to, the average number of flight arrivals and departures per gate position.

The City frequently evaluates Airport Revenue requirements during each fiscal year and historically has taken action in a timely manner to adjust rates and charges accordingly to meet the Rate Covenant. Pursuant to the Use Agreements, if at any time during the fiscal year Airport Revenues are insufficient to cover the costs of operating the Airport System, the City may, upon providing 90 days' notice to the Scheduled Airlines, increase landing fees. In recent years, the City has also adjusted (both increased and decreased) certain non-airline revenue credits (the "Passenger Credit") to the Scheduled Airlines based on actual operating performance during the fiscal year. Given the airport-residual nature of the Airport's rate-making methodology, actual revenues and operating expenses are subject to a year-end reconciliation that may result in a credit to/deficit due from the Scheduled Airlines.

The Use Agreements also establish voting rights of the Scheduled Airlines (so-called Majority-In-Interest provisions) for the funding of certain capital projects at the Airport. The Scheduled Airlines may elect to not approve capital improvements that will be funded through rentals, fees and charges and that will require the commitment by the City for the purchase or construction of (i) a single item at a cost of \$500,000 or more, or (ii) items that in the aggregate cost in excess of \$2,000,000. If such capital improvements are not approved, the City may still budget the cost of such capital improvements for the next Fiscal Year under certain circumstances (e.g., to comply with a rule, regulation or order of any federal or state agency). The current Use Agreements also slightly modified approval thresholds required to be obtained from the Scheduled Airlines. Majority-In-Interest ("MII") approval for projects is defined either as: (i) 50% or more in number of all the Scheduled Airlines, which percentage has, on the date in question, more than 50% of the aggregate by Maximum Landing Weight of Aircraft Arrivals of all Scheduled Airlines at the Airport during the latest twelve-month period for which such figures are available as to all Scheduled Airlines; or, alternatively, (ii) 40% or more in number of all Scheduled Airlines, which percentage has, on the date in question, more than 55% of the aggregate by Maximum Landing Weight of Aircraft Arrivals of all Scheduled Airlines at the Airport during the latest twelve-month period for which such figures are available as to all Scheduled Airlines.

The current Use Agreements also increased the annual amounts deposited to the Airport Development Fund, a discretionary funding source to be used by the City for any Airport System purpose. Beginning in Fiscal Year 2017 this amount was increased to \$10 million (from \$7.0 million in the prior Fiscal Year) and from Fiscal Year 2018 to Fiscal Year 2021 the annual deposit is \$12 million.

For more information on the terms of the Use Agreements, see "PART II – THE AIRPORT SYSTEM," "PART II – THE AVIATION SECTOR," "PART II – AIRPORT FINANCIAL INFORMATION – Principal Sources of Revenues" and "APPENDIX A – DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE USE AGREEMENTS AND THE TRUST INDENTURE."

Special Facility Leases

In addition to its Use Agreement, United Airlines is also a party to two long-term operating leases associated with certain terminal-related facilities at the Airport, including portions of Concourse C and Concourse D. Continental Airlines ("Continental") entered into the 1989 Special Facilities Lease and 1997 Special Facilities Lease (together, the "Original Special Facilities Leases") with the City as part of the

development of those Continental-specific facilities funded by Special Revenue Bonds. The Original Special Facilities Leases provide for full cost recovery (associated operating expenses and debt service requirements) of the areas operated under such leases by United Airlines. The Special Revenue Bonds are not part of the City's outstanding Airport System Revenue Bonds and, therefore, are excluded from Rate Covenant, Additional Bonds Test and other provisions of the Indenture. See "PART I – SECURITY FOR THE SERIES 2019 BONDS – Special Revenue Bonds." All Special Revenue Bonds related to Concourse C have been redeemed and are no longer outstanding.

As a result of United Airlines' decreased operation at the Airport, United Airlines consolidated its operations at the Airport on Concourse C, and the Airport shuttered Concourse D in June 2014. As a result, the City and United Airlines negotiated amended and restated Original Special Facilities Leases (the "Amended Special Facilities Leases") pertaining to United Airlines' operations on Concourse C, the continued payment of debt service requirements on Special Revenue Bonds related to Concourse D and the payment by United Airlines of direct operating and maintenance costs related to Concourse D. The Amended Special Facilities Leases became effective on January 1, 2016 and expire on May 31, 2029, or earlier, should the premises be relet under substantially similar economic terms and agreed to by the City.

United Airlines' leased premises on Concourse C include more than 93,000 square feet of gate/holdroom space, offices, the United Airlines club lounge, and baggage handling areas. Those areas contained within Concourse C are used to reflect United Airlines' leased premises for purposes of calculating annual rates and charges at the Airport. Beginning on January 1, 2019 and every two years thereafter, United Airlines may seek permission from the City to return up to 15% of its leased premises in Concourse C. The City is under no obligation to permit United Airlines to return any of the leased premises prior to the expiration date of the Amended Special Facilities Leases.

CAPITAL IMPROVEMENT PROGRAM

The Airport maintains an ongoing Capital Improvement Program ("CIP") for the Airport System. Airport management has identified \$126.0 million of capital projects that are being funded from 2019 to 2023 and are described in "PART II – THE AIRPORT SYSTEM – Capital Improvement Plan" and "PART II – THE AIRPORT SYSTEM – Five-Year CIP Projects."

PLAN OF FINANCE

The Series 2008D Refunded Bonds, the Series 2009D Refunded Bonds, the Series 2013A Refunded Bonds and the Series 2014A Refunded Bonds will be called for redemption on October 1, 2019 (the "Current Refunding Redemption Date" and also the "Closing Date" of the Series 2019 Bonds) at a redemption price equal to 100% of the principal amount redeemed plus interest accrued to the Current Refunding Redemption Date (the "Redemption Price"). Certain proceeds of the Series 2019 Bonds will be deposited with the Trustee on the Closing Date and, together with other amounts available to the City, will be used on such date to pay the Redemption Price of the Series 2008D Refunded Bonds, the Series 2009D Refunded Bonds, the Series 2013A Refunded Bonds and the Series 2014A Refunded Bonds. Upon such redemption, the lien of the Trust Indenture will be released with respect to the Series 2008D Refunded Bonds, the Series 2009D Refunded Bonds, the Series 2013A Refunded Bonds and the Series 2014A Refunded Bonds.

The Series 2012A Refunded Bonds are subject to prior redemption in whole or in part on any date, on or after January 1, 2022 (the "Series 2012A Redemption Date"), at a redemption price equal to 100% of the principal amount redeemed plus interest accrued to the redemption date (the "Series 2012A Redemption Price"). Certain proceeds of the Series 2019A Bonds will be deposited with the Trustee, in its capacity as Escrow Trustee under the Escrow Agreement dated the date of issuance of the Series 2019 Bonds (the

“Escrow Agreement”) between the City and the Escrow Trustee. Certain moneys on deposit in the Bond Service Fund and the Bond Service Reserve Fund held by the Trustee under the Indenture will be transferred to the Escrow Fund established under the Escrow Agreement in the custody of the Escrow Trustee. The amounts deposited in the Escrow Fund (the “Escrow Deposit”) will be (a) held in cash to the extent not needed to make the investments described in (b) below, and (b) invested in Defeasance Obligations that mature or are subject to redemption by and at the option of the holder, in amounts sufficient, together with any uninvested cash in the Escrow Fund but without further investment or reinvestment, for the payment of scheduled interest payments on the Series 2012A Refunded Bonds on each January 1 and July 1 through July 1, 2021, and the Series 2012A Redemption Price on the Series 2012A Redemption Date. The Escrow Deposit, together with interest and earnings on the Defeasance Obligations, will be certified by the Verification Agent (as described herein) to be sufficient, for the payment of the scheduled interest payments on the Series 2012A Refunded Bonds on each January 1 and July 1 through July 1, 2021, and the Series 2012A Redemption Price on the Series 2012A Redemption Date. See “Verification of Mathematical Computations.”

Irrevocable instructions will be given by the City to the Trustee in the Escrow Agreement to redeem the Series 2012A Refunded Bonds on the Series 2012A Redemption Date. Upon the Trustee’s receipt of the Escrow Deposit, the report of the Verification Agent and the irrevocable redemption instructions of the City, the Series 2012A Refunded Bonds will be deemed paid and discharged and no longer Outstanding under the Trust Indenture and the lien of the Trust Indenture will be released with respect to the Series 2012A Refunded Bonds.

Series 2019A Bonds

The proceeds of the Series 2019A Bonds, together with the other available funds held by the Trustee, will be used to advance refund the Series 2012A Refunded Bonds and currently refund the Series 2013A Refunded Bonds and to pay certain costs of issuance of the Series 2019A Bonds and costs of refunding the Series 2012A Refunded Bonds and the Series 2013A Refunded Bonds. See “PART I – SOURCES AND USES OF FUNDS.”

The Series 2012A Refunded Bonds are currently outstanding in the principal amount of \$235,150,000 and are described as follows:

Series 2012A Refunded Bonds

<u>Maturity (January 1)</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>CUSIP No.</u>
2025	\$10,000,000	5.000%	186352 PT1
2025	10,695,000	5.000	186352 QB9
2026	10,000,000	5.000	186352 PU8
2026	11,830,000	5.000	186352 QC7
2027	10,000,000	5.000	186352 PV6
2027	12,860,000	5.000	186352 QF0
2028	20,000,000	5.000	186352 PW4
2028	19,415,000	5.000	186352 QA1
2029	41,245,000	5.000	186352 PX2
2030	20,000,000	5.000	186352 PY0
2030	23,505,000	5.000	186352 QD5
2031	20,000,000	5.000	186352 PZ7
2031	25,600,000	5.000	186352 QE3

The Series 2013A Refunded Bonds are currently outstanding in the principal amount of \$52,050,000 and are described as follows:

Series 2013A Refunded Bonds

<u>Maturity (January 1)</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>CUSIP No.</u>
2033	\$52,050,000	Variable	N/A

Series 2019B Bonds

The proceeds of the Series 2019B Bonds, together with the other available funds held by the Trustee, will be used to currently refund the Series 2009D Refunded Bonds and the 2014A Refunded Bonds and to pay certain costs of issuance and costs of refunding the Series 2009D Refunded Bonds and the Series 2014A Refunded Bonds. See “PART I – SOURCES AND USES OF FUNDS.”

The Series 2009D Refunded Bonds are currently outstanding in the principal amount of \$20,100,000 and are described as follows:

Series 2009D Refunded Bonds

<u>Maturity (January 1)</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>CUSIP No.</u>
2024	\$20,100,000	Variable	186352MX5

The Series 2014A Refunded Bonds are currently outstanding in the principal amount of \$18,170,000 and are described as follows:

Series 2014A Refunded Bonds

<u>Maturity (January 1)</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>CUSIP No.</u>
2027	\$18,170,000	Variable	N/A

Series 2019C Bonds

The proceeds of the Series 2019C Bonds, together with the other available funds held by the Trustee, will be used to currently refund the Series 2008D Refunded Bonds and to pay certain costs of issuance and costs of refunding the Series 2008D Refunded Bonds. See “PART I – SOURCES AND USES OF FUNDS.” The Series 2008D Refunded Bonds are currently outstanding in the principal amount of \$5,975,000 and are described as follows:

Series 2008D Refunded Bonds

<u>Maturity (January 1)</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>CUSIP No.</u>
2024	\$5,975,000	Variable	186352MK3

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SOURCES AND USES OF FUNDS

The following table sets forth the sources and uses of funds in connection with the Series 2019 Bonds:

<u>Sources of Funds</u>	Series 2019A	Series 2019B	Series 2019C
Principal Amount of Bonds	\$301,665,000.00	\$34,605,000.00	\$5,405,000.00
Original Issue Premium	0.00	3,278,381.35	514,802.75
Transfer from other funds	7,478,064.64	601,253.46	93,872.21
Total Sources	\$309,143,064.64	\$38,484,634.81	\$6,013,674.96
<u>Uses of Funds</u>			
Deposit to Escrow Fund*	\$255,015,966.00	\$0.00	\$0.00
Deposit to Bond Fund†	52,050,000.00	38,270,000.00	5,975,000.00
Costs of Issuance‡	2,077,098.64	214,634.81	38,674.96
Total Uses	\$309,143,064.64	\$38,484,634.81	\$6,013,674.96

SECURITY FOR THE SERIES 2019 BONDS

Pledge of Airport Revenues

In the Trust Indenture, the City has pledged and granted to the Trustee a first lien on the Airport Revenues and the moneys in the Special Funds as security for the payment of the debt service charges on all Revenue Bonds issued and outstanding under the Trust Indenture. “Airport Revenues” means generally all rentals, charges, landing fees, use charges and parking and concession revenues received by the City in connection with the City’s operation of the Airport System. In accordance with the flow of funds set forth in the Trust Indenture, Airport Revenues are to be used to pay Bond Service Charges on Revenue Bonds prior to the payment of Operating Expenses. See “Allocation of Airport Revenues to Special Funds” set forth below. Passenger Facility Charges (“PFCs”) received by the City are not included in Airport Revenues, but are being used by the City for the payment of debt service charges on certain Revenue Bonds, including eligible debt service charges on the Series 2019 Bonds. For a discussion of PFCs, see “PART II – THE AIRPORT SYSTEM – Capital Improvement Plan.” Among the Special Funds established by the Trust Indenture is the Bond Service Reserve Fund that is to be used for the payment of the maturing principal of and interest on the Revenue Bonds secured thereby (including the Series 2019 Bonds), when moneys in the Bond Service Fund and certain other Special Funds are insufficient therefor. See “Bond Service Reserve Fund” below.

* For the refunding of the Series 2012A Refunded Bonds only.

† The Trustee will pay the redemption prices of the Series 2008D Refunded Bonds, the Series 2009D Refunded Bonds, the Series 2013A Refunded Bonds and the Series 2014A Refunded Bonds called for redemption on October 1 from the Bond Fund.

‡ Costs of issuance include costs of underwriting, legal, printing, advisory and rating agency fees, Trustee fees, Verification Agent fees, financial and other miscellaneous fees and expenses. See “UNDERWRITING.”

Special Obligations

The Series 2019 Bonds are special obligations of the City and do not constitute general obligations or a pledge of the faith, credit or taxing power of the City, the State of Ohio or any political subdivision thereof. The Series 2019 Bonds are payable on a parity with the Outstanding Bonds and any Additional Revenue Bonds that may be issued under the Trust Indenture, and are secured by a pledge of and lien on the Airport Revenues and the Special Funds as provided in the Trust Indenture. Holders of the Series 2019 Bonds do not have the right to compel taxation in any form or to compel the City to pay debt service charges on the Series 2019 Bonds from any moneys of the City other than Airport Revenues and the Special Funds. Neither the land nor improvements comprising the Airport System nor any other property of the City, other than Airport Revenues and the Special Funds, has been pledged to secure the payment of the Series 2019 Bonds.

Rate Covenant

In the Trust Indenture, the City covenants to prescribe and to charge such rates, fees and charges for the use of the Airport System to produce in each Fiscal Year Airport Revenues, together with Other Available Funds, less Operating Expenses, at least equal to 125% of the amount maturing and becoming due in such Fiscal Year for the payment of principal of and interest on all outstanding Revenue Bonds (the “Rate Covenant”). (An alternative coverage ratio applies if there is General Obligation Debt outstanding for the Airport System. Currently there is none outstanding.) See “APPENDIX A – DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE USE AGREEMENTS AND THE TRUST INDENTURE” for definitions of Airport Revenues, Other Available Funds and Operating Expenses and for a description of the assumptions to be made for computing debt service charges with respect to Revenue Bonds that bear interest at variable rates.

Allocation of Airport Revenues to Special Funds

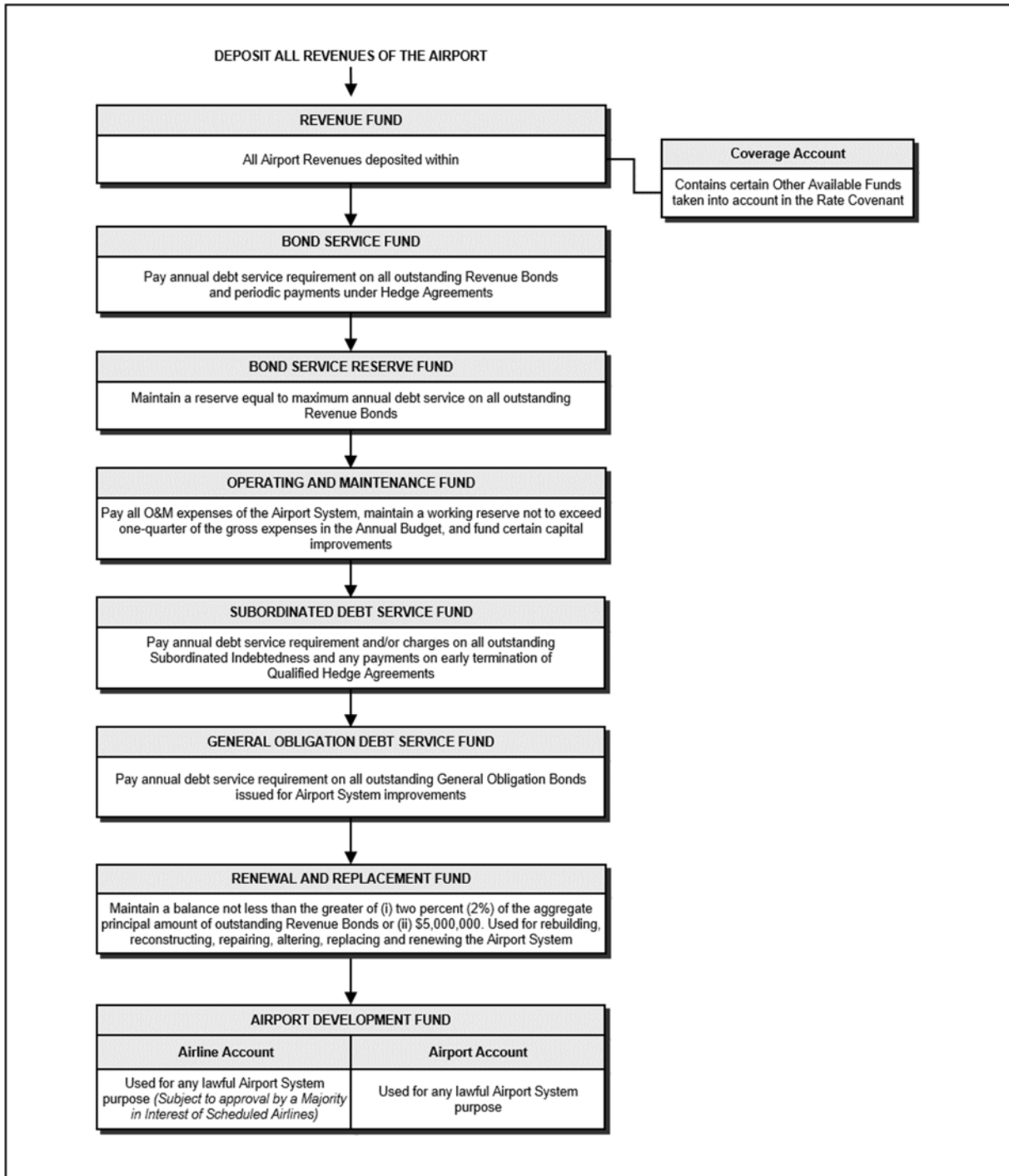
Under the Trust Indenture, all Airport Revenues are to be paid directly to the Trustee and deposited by the Trustee in the Revenue Fund, one of the Special Funds created by the Trust Indenture and held by the Trustee. Beginning on the first day of each month, the Trustee transfers Airport Revenues in the Revenue Fund to the other Special Funds as follows (see also Figure 1. Flow of Funds, below):

- *First*, to the Bond Service Fund to (i) provide for the payment of debt service charges on outstanding Revenue Bonds and (ii) to pay periodic, interest-equivalent payments under (but not any amounts owed for early termination of) Hedge Agreements. (The City has no Hedge Agreements in place with respect to its Airport System Revenue Bonds.)
- *Second*, to the Bond Service Reserve Fund to maintain a reserve for debt service equal to the maximum annual debt service charges to be paid on all outstanding Revenue Bonds secured by the Bond Service Reserve Fund in any Fiscal Year.
- *Third*, to the Operating and Maintenance Fund to pay all Operating Expenses of the Airport System, maintain a working capital reserve and fund certain capital improvements.
- *Fourth*, to the Subordinated Debt Service Fund to provide for the payment of debt service charges on any Subordinated Indebtedness and any amount owed on early termination of a Qualified Hedge Agreement. (The City currently has no Subordinated Indebtedness outstanding, and has no Qualified Hedge Agreements in place with respect to its Airport System Revenue Bonds.)

- *Fifth*, to the General Obligation Debt Service Fund to provide for the payment of debt service charges on any General Obligation Debt outstanding with respect to the Airport System. (The City currently has no General Obligation Debt outstanding with respect to the Airport System.)
- *Sixth*, to the Renewal and Replacement Fund to maintain a reserve equal to the greater of (i) 2.00% of the aggregate principal amount outstanding of Airport Revenue Bonds, or (ii) \$5,000,000. Monies in the Renewal and Replacement Fund may be used at the City's discretion to pay for the costs of rebuilding, reconstructing, repairing, altering, replacing and renewing the Airport System. As of September 3, 2019, there was a balance of \$21,348,675 in the Renewal and Replacement Fund which exceeded the fund requirement by \$8,642,975.
- *Seventh*, to the Airport Development Fund, after making the deposits provided in the funds above, to the Airport Account and the Airline Account therein, the amount determined annually in accordance with the Use Agreements. Pursuant to the current Use Agreements, an annual amount not to exceed \$12,000,000 shall be deposited in the Airport Account of the Airport Development Fund in equal monthly installments. Money in the Airport Development Fund may be used for any Airport System purpose. Money in the Airport Account may be used at the discretion of the City. Upon the approval of a Majority in Interest of the Scheduled Airlines, money deposited in the Airline Account of the Airport Development Fund may also be used for certain capital improvements within the Airport System. As of September 3, 2019, there was a balance of \$18,921,947 in the Airport Account of the Airport Development Fund. There is no amount currently on deposit in the Airline Account of the Airport Development Fund.

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Figure 1. Flow of Funds



Bond Service Reserve Fund

The Trust Indenture requires that the balance in the Bond Service Reserve Fund equal the Required Bond Service Reserve. Under the Trust Indenture, the Required Bond Service Reserve is defined as an amount equal to the maximum annual debt service charges on all Revenue Bonds secured by the Bond Service Reserve Fund. As of September 3, 2019, the balance in the Bond Service Reserve Fund was

\$72,733,441. After the issuance of the Series 2019 Bonds, the Required Bond Service Reserve requirement will be \$67,526,165. Although the Trust Indenture permits the City to use credit instruments for funding the Bond Service Reserve Fund, currently it is funded solely with cash and investments.

All series of Outstanding Bonds are, and the Twenty-Fourth Supplemental Indenture provides that the Series 2019 Bonds will be, secured by the Bond Service Reserve Fund. Moneys in the Bond Service Reserve Fund shall be used only for the purpose of payment when due of principal of or interest on the Revenue Bonds secured thereby when the moneys in the Bond Service Fund and the other Special Funds are insufficient therefor. Amounts withdrawn from the Bond Service Reserve Fund must be restored from the first receipts of Airport Revenues available after the required deposits have been made to the Bond Service Fund as provided in the Trust Indenture.

The Trust Indenture permits any supplemental indenture providing for the issuance of any series of Additional Revenue Bonds to provide that such series of Revenue Bonds be secured by a separate reserve fund or, alternatively, if the City maintains a rating on outstanding Revenue Bonds determined without regard to the issuance of credit enhancement (an underlying rating), that no reserve fund be established for that particular series of Revenue Bonds. Any Additional Revenue Bonds secured by a separate reserve fund or not secured by a reserve fund will not have a lien on the Bond Service Reserve Fund, and debt service charges on such Additional Revenue Bonds will not be included in computing the Required Bond Service Reserve. Subject to certain restrictions and conditions set forth therein, the Trust Indenture also permits the City to satisfy the Required Bond Service Reserve in whole or in part with the deposit of a surety bond, insurance policy, letter of credit or other instrument, in lieu of a cash deposit. For additional information relating to the Bond Service Reserve Fund, see “APPENDIX A – DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE USE AGREEMENTS AND THE TRUST INDENTURE.”

Renewal and Replacement Fund

The Trust Indenture requires the City to maintain a balance in the Renewal and Replacement Fund in an amount not less than the greater of (i) 2% of the aggregate principal amount of outstanding Revenue Bonds (\$12,910,300 after the issuance of the Series 2019 Bonds), or (ii) \$5,000,000. In the event that the balance in the Renewal and Replacement Fund falls below the required amount, monthly deposits are to be made to that Fund to restore the balance to the required amount within 60 months.

As of September 3, 2019, there was a balance in that Fund of \$21,348,675, which exceeded the Renewal and Replacement Fund requirement by \$8,642,975 (the “Excess Amount”). Of that Excess Amount, \$7,438,776 was committed to fund the costs of projects and \$1,204,199 remained uncommitted.

Airport Development Fund

The Airport Development Fund was created in 2006 in connection with the 2006 amendment to the original Use Agreements with the Signatory Airlines. The Airport Development Fund contains two accounts, the Airport Account and the Airline Account. As of September 3, 2019 there was a cash balance in the Airport Account of the Airport Development Fund of \$18,921,947. Of that amount, \$14,897,882 is currently committed to fund the costs of projects and \$4,024,065 remains unencumbered. There is no amount currently on deposit in the Airline Account of the Airport Development Fund.

Annual deposits are to be made to the Airport Account of the Airport Development Fund in an amount not to exceed \$12,000,000 in equal monthly installments from the balance remaining in the Operating and Maintenance Fund after all other deposits have been made pursuant to the Trust Indenture and the Use Agreements.

Money in the Airport Account may be spent by the City at its discretion for any Airport System purpose. Money in the Airline Account may be spent by the City at the direction of a Majority In Interest of the Signatory Airlines for any Airport System purpose. However, no prior consent is required for the transfer of money from either the Airport Account or the Airline Account to another Special Fund.

Subject to certain provisions of the Use Agreements, the Signatory Airlines and the City may agree, in connection with the preparation of the Annual Reports for any Additional Term, that amounts on deposit in the Airline Account and/or the Airport Account of the Airport Development Fund will be made available as Other Available Funds in the calculation of the landing fee for that Additional Term to aid in the reduction of airline rates and charges. Amounts to be made available as Other Available Funds shall be transferred to the Coverage Account of the Revenue Fund established in the Indenture. In the event that the amount in the Coverage Account of the Revenue Fund exceeds 25% of the maximum annual debt service charges on all outstanding Revenue Bonds occurring in any subsequent Fiscal Year, the amount in excess of that 25% shall be transferred to the Airport Development Fund, unless the City and the Signatory Airlines otherwise agree in connection with the preparation of the Annual Reports. Any moneys to be so transferred from the Coverage Account of the Revenue Fund to the Airport Development Fund shall be transferred to the Airport Account and the Airline Account in amounts proportionate to any transfers made to the Coverage Account from the Accounts of the Airport Development Fund.

Additional Revenue Bonds

Upon compliance with certain conditions set forth in the Trust Indenture and subject to the Majority In Interest procedures under the Use Agreements, the City may issue at one or more times Additional Revenue Bonds secured on a parity with the Series 2019 Bonds and the Outstanding Bonds with respect to Airport Revenues and the Special Funds. See “APPENDIX A – DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE USE AGREEMENTS AND THE TRUST INDENTURE.” The Outstanding Bonds are described in “PART II – AIRPORT FINANCIAL INFORMATION – Outstanding Bonds.” The City may issue Additional Revenue Bonds only for the purposes permitted by the Indenture, which include providing funds to make additional enlargements, replacements, extensions and improvements to the Airport System, or for any other proper Airport System purpose for which Revenue Bonds may be legally issued.

The Use Agreements require that the City submit to the Signatory Airlines for review the proposed capital improvements which are to be funded through rentals, fees and charges to be imposed on the Signatory Airlines. If the proposed capital improvements are approved by a Majority In Interest of the Signatory Airlines within a period of ten days, the cost of the improvements (including debt service charges on Additional Revenue Bonds) may be included in airline rentals, fees and charges.

Except as described below, prior to issuing any Additional Revenue Bonds, the Trustee must receive from the City, among other things, a written report of the Airport Consultant, to the effect that the projected Airport Revenues, together with Other Available Funds, during each of the five complete Fiscal Years immediately following the issuance of the Additional Revenue Bonds, less the projected Operating Expenses during each of such Fiscal Years, are at least equal to 125% of the debt service charges on all outstanding Revenue Bonds, including the Additional Revenue Bonds proposed to be issued, due during each of such Fiscal Years, less, in each case, such debt service charges on any Revenue Bonds which are to be redeemed or retired with the proceeds of such Additional Revenue Bonds. An alternative debt service coverage ratio applies if there is General Obligation Debt of the City outstanding for Airport System purposes. The City currently has no outstanding General Obligation Debt for Airport System purposes. See “APPENDIX A – DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE USE AGREEMENTS AND THE TRUST INDENTURE.”

A written report of the Airport Consultant is not required in connection with Additional Revenue Bonds when:

(i) the Director of Finance of the City certifies to the Trustee that the Airport Revenues, together with Other Available Funds, less Operating Expenses, for 12 of the past 18 months immediately preceding the proposed issuance of Additional Revenue Bonds or for the most recent Fiscal Year for which audited financial statements are available, are at least equal to 125% of Bond service charges on all Outstanding Revenue Bonds, including the Additional Revenue Bonds proposed to be issued, in each of the three complete Fiscal Years immediately following the issuance of the Additional Revenue Bonds; or

(ii) the Additional Revenue Bonds are issued to refund Outstanding Revenue Bonds and the Director of Finance certifies to the Trustee that (i) the refunding will result in aggregate net present value debt service savings to the City, or (ii) in each bond year that Bond service charges were payable on the refunded Revenue Bonds, the Bond service charges on the refunding Revenue Bonds are not greater than the Bond service charges on the refunded Revenue Bonds, or (iii) the maximum annual Bond service charges on all Revenue Bonds to be Outstanding after the issuance of the refunding Revenue Bonds are not greater than the maximum annual Bond service charges on all Revenue Bonds Outstanding prior to the issuance of the refunding Revenue Bonds; or

(iii) the Additional Revenue Bonds are issued for the completion of a capital improvement project for which a series of Revenue Bonds has been issued, provided the principal amount of the Additional Revenue Bonds issued for that purpose does not exceed 10% of the total cost of such project.

Special Revenue Bonds

Under certain circumstances, the City may issue at one or more times Special Revenue Bonds for the purpose of financing Special Facilities of the Airport System. The Indenture provides that Special Revenue Bonds will not be payable from or secured by Airport Revenues or the Special Funds and will not be issued under or secured by the Indenture. There is currently one series of outstanding Special Revenue Bonds issued by the City with respect to the Concourse D Special Facilities under lease to United Airlines. See “PART I – INTRODUCTION – Special Facility Leases.”

Amendment of the Trust Indenture

The Trust Indenture amended and restated the Original Indenture effective January 31, 2012. The City seeks to amend the requirements in Section 13.02 of the Trust Indenture (which were also contained in the Original Indenture) that the consent of the Holders of not less than two-thirds of the aggregate principal amount of all Outstanding Revenue Bonds be obtained for amendments of the Trust Indenture subject to bondholder consent and that the consent of all Holders of all Outstanding Revenue Bonds be obtained for any amendment reducing the percentage of Holders whose consent is required for amendments. The proposed amendments provide that the Holders of a majority (not two-thirds) in aggregate principal amount of all Outstanding Revenue Bonds may consent to amendments of the Trust Indenture subject to bondholder consent and eliminate the provision requiring the consent of all Holders of all Outstanding Revenue Bonds for any amendment reducing the percentage of Holders whose consent is required for amendments (the “Proposed Amendments”).

By purchase of any of the Series 2019 Bonds or any book-entry interest therein, the purchaser as the registered owner of the Series 2019 Bonds or book-entry interest shall be deemed to have consented to the Proposed Amendments of Section 13.02 of the Trust Indenture. Such consent shall be binding on all

subsequent Holders of Series 2019 Bonds. Pursuant to the Twenty-Fourth Supplemental Indenture, the Trustee is appointed as the agent of the Holders of the Series 2019 Bonds for purposes of any notice required to be given under the Trust Indenture regarding these amendments, and the Holders of the Series 2019 Bonds have granted an irrevocable proxy authorizing and directing the Trustee to consent to the Proposed Amendments.

After the issuance of the Series 2019 Bonds and the refunding of the Refunded Bonds, the percentage of the Holders of Outstanding Revenue Bonds that will have consented to the Proposed Amendments will be 96.5%. However, the Proposed Amendments will not be effective until the consent of 100% of the Holders is obtained. The consent of the Holders of the Series 2006A Bonds, currently outstanding in the principal amount of \$22,535,000, is needed for the Proposed Amendments to become effective.

Remedies

For a discussion of the remedies of the Holders of the Series 2019 Bonds and the Trustee upon the occurrence of an Event of Default under the Trust Indenture, including the rights of financial institutions providing credit and liquidity support for Revenue Bonds to act in place of the holders of those Revenue Bonds, see the discussion under “APPENDIX A – DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE USE AGREEMENTS AND THE TRUST INDENTURE.” The Trust Indenture provides that holders of Revenue Bonds and the Trustee will have the right to accelerate the entire outstanding principal amount of Revenue Bonds upon the occurrence of certain Events of Default, subject to the consent of each Bond Insurer with respect to the acceleration of any Revenue Bonds it has insured.

For a more detailed discussion of the terms of the Trust Indenture, see “APPENDIX A – DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE USE AGREEMENTS AND THE TRUST INDENTURE.”

DESCRIPTION OF THE SERIES 2019 BONDS

General Description

The Series 2019 Bonds will be issued in the aggregate principal amount of \$341,675,000, comprised of (i) \$301,665,000 in aggregate principal amount of Series 2019A Bonds, (ii) \$34,605,000 in aggregate principal amount of Series 2019B Bonds and (iii) \$5,405,000 in aggregate principal amount of Series 2019C Bonds. The Series 2019 Bonds will be dated the date of their delivery, will bear interest at the rates set forth on the inside cover page hereof, payable semiannually on January 1 and July 1 of each year, commencing January 1, 2020, and will mature on January 1 in the years and in the principal amounts set forth on the inside cover pages hereof.

The Series 2019 Bonds will bear interest from the most recent date to which interest has been paid or duly provided for or, if no interest has been paid or duly provided for, from their date. Interest on the Series 2019 Bonds will be calculated on the basis of a 360-day year consisting of 12 30-day months. The Series 2019 Bonds will be issued in denominations of \$5,000 and integral multiples thereof (“Authorized Denominations”).

Book-Entry Only System

The Series 2019 Bonds initially will be issued in a book entry system, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), as registered

owner of the Series 2019 Bonds, and held in the custody of DTC, pursuant to DTC's book entry-only system. Purchasers of beneficial interests in the Series 2019 Bonds will be made in book-entry form, without certificates. If the book entry system is discontinued for the Series 2019 Bonds, the City will take the actions necessary to provide for the issuance of Bond certificates to the Owners of such Series 2019 Bonds.

So long as the Series 2019 Bonds are held by DTC or its nominee, Cede & Co., in book-entry only form, the Trustee will recognize and treat DTC or its nominee, Cede & Co., as the Holder of the Series 2019 Bonds for all purposes under the Twenty-Fourth Supplemental Indenture, provided that the Trustee will recognize Beneficial Owners for purposes of the purchase of Book Entry Interests. (See APPENDIX C – BOOK-ENTRY ONLY SYSTEM).

Transfer and Exchange of Series 2019 Bonds; Persons Treated as Owners

The person in whose name any Series 2019 Bond is registered (the "Bondholder," "Holder," "Owner" or "Registered Owner") in the books kept and maintained by the Trustee as Registrar (the "Registrar") for registration and transfer of Bonds (the "Register") will be deemed and regarded as the absolute owner thereof for all purposes of the Indenture, and payment of or on account of the principal of and interest on the Series 2019 Bonds will be made only to or upon the order of the Registered Owner thereof or his or her legal representative. All such payments will be valid and effective to satisfy and discharge the liability upon that Series 2019 Bond to the extent of the sum or sums so paid.

So long as the Series 2019 Bonds are held in book-entry form, transfers of the Series 2019 Bonds by Beneficial Owners may be made only as described in "APPENDIX C – BOOK-ENTRY ONLY SYSTEM." At any other time, any Series 2019 Bonds may be transferred or exchanged only upon the books kept for the registration and transfer of Series 2019 Bonds as provided in the Indenture.

Revision of Book-Entry System; Replacement Bonds

The Indenture provides for issuance of fully registered Series 2019 Bonds ("Replacement Bonds") directly to owners of Series 2019 Bonds other than DTC or its nominee only in the event that DTC determines not to continue to act as securities depository for the Series 2019 Bonds.

Upon occurrence of this event, the City may in its discretion attempt to have established a securities depository book-entry relationship with another securities depository. If the City does not do so, or is unable to do so, and after the Trustee has made provisions for notification of the owners of book-entry interests in the Series 2019 Bonds by appropriate notice to DTC, the City and the Trustee will authenticate and deliver Replacement Bonds for the Series 2019 Bonds, in fully registered form, in the denomination of \$100,000 or any integral multiple of \$5,000 in excess thereof for the Series 2019 Bonds. If the elimination of a securities depository book-entry system for the Series 2019 Bonds is not the result of City action or inaction, the delivery of Replacement Bonds will be at the expense (including printing costs) of any persons requesting issuance of Replacement Bonds.

Replacement Bonds will be exchangeable for fully registered Series 2019 Bonds of any denomination or denominations authorized by the Indenture in the aggregate principal amount not exceeding the unmatured and unredeemed principal amount of such Series 2019 Bonds and bearing interest at the same rate and maturing on the same date. Replacement Bonds will be transferable at the Designated Office of the Trustee or any Authentication Agent, without charge (except any tax, fee, or other governmental charge required to be paid). Exchange or transfer of then redeemable Replacement Bonds is not required to be made (i) during the 15 days preceding the date of a selection of Replacement Bonds to

be redeemed, or (ii) of a particular Replacement Bond selected for redemption (in whole or part). See “APPENDIX C – BOOK-ENTRY ONLY SYSTEM.”

Redemption Provisions

Optional Redemption

The Series 2019A Bonds are subject to optional redemption prior to maturity by written direction of the City, in whole or in part, on any Business Day, at the Make-Whole Redemption Price. The “*Make-Whole Redemption Price*” is the greater of (i) 100% of the principal amount of the Series 2019A Bonds to be redeemed; or (ii) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the Series 2019A Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2019A Bonds are to be redeemed, discounted to the date on which the Series 2019A Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (as defined below) plus (a) 10 basis points for Series 2019A Bonds maturing on or before January 1, 2024 or (b) 15 basis points for Series 2019A Bonds maturing on or after January 1, 2025, plus, in each case, accrued and unpaid interest on the Series 2019A Bonds to be redeemed to the redemption date. The “*Treasury Rate*” is, as of any redemption date, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days, but not more than 45 calendar days, prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the maturity date of the Series 2019A Bonds to be redeemed; provided, however, that if the period from the redemption date to such maturity date is less than one year, the yield on actually traded United States Treasury securities with a constant maturity of one year will be used (determined by reference to the aforementioned publications).

The Series 2019B Bonds and the Series 2019C Bonds are not subject to optional redemption prior to maturity.

Mandatory Sinking Fund Redemption. The Series 2019 Bonds are not subject to mandatory sinking fund redemption.

Partial Redemption; Selection of Series 2019A Bonds to be Redeemed

If less than all of the Series 2019A Bonds are called for redemption prior to maturity, the Series 2019A Bonds to be called for prior redemption will be designated to the Trustee by the City. The principal amount to be redeemed is required to be an Authorized Denomination. In the case of a partial redemption of the Series 2019A Bonds when Series 2019A Bonds of Authorized Denominations greater than \$5,000 are then outstanding, each \$5,000 unit of principal will be treated as though it were a separate Series 2019A Bond of the denomination of \$5,000. If the Series 2019A Bonds are in book-entry only form and a securities depository is the sole registered owner of the Series 2019A Bonds, any redemption of less than all of the Series 2019A Bonds of the same maturity and interest rate will be performed in accordance with the depository’s procedures then in effect.

If it is determined that one or more, but not all of the \$5,000 units of principal amount represented by a Series 2019A Bond are to be called for redemption, then upon notice of redemption of a \$5,000 unit or units the Holder of that Series 2019A Bond will surrender the Series 2019A Bond to the Trustee (a) for payment of the redemption price of the \$5,000 unit or units called for redemption (including without limitation, the interest accrued to the date fixed for redemption), and (b) for issuance, without charge to the

Holder thereof, of a new Series 2019A Bond or Series 2019A Bonds of any Authorized Denomination in an aggregate principal amount equal to the unmatured and unredeemed portion of, and bearing interest at the same rate and maturing on the same date as, the Series 2019A Bond surrendered.

Notice and Effect of Call for Redemption

Official notice of any such redemption will be given by the Trustee on behalf of the City by mailing a copy of an official redemption notice by first class mail not more than 45 days and not fewer than 20 calendar days prior to the redemption date to each Registered Owner of the Series 2019A Bonds to be redeemed at the address shown on the Register or at such other address as is furnished in writing by such Registered Owner to the Trustee. Notice of redemption will also be given by the Trustee, on behalf of the City, to the Municipal Securities Rulemaking Board through its centralized database Electronic Municipal Market Access system (“EMMA”) pursuant to Rule 15c2-12 of the Securities and Exchange Commission. Any notice of optional redemption of any Series 2019A Bonds may specify that the redemption is contingent upon the deposit of moneys with the Trustee in an amount sufficient to pay the redemption price of all the Series 2019A Bonds or portions of Series 2019A Bonds that are to be redeemed on that date.

If unconditional notice of redemption of Series 2019A Bonds has been given, or if conditional notice of optional redemption has been given as described above and moneys sufficient to pay the redemption price on the redemption date have been deposited with the Trustee, the Series 2019A Bonds or portions thereof to be redeemed will, on the redemption date, become due and payable at the redemption price, and from and after such date (unless the City shall default in the payment of the redemption price) such Series 2019A Bonds or portions of thereof to be redeemed shall cease to bear interest. Upon surrender of such Series 2019A Bonds for redemption, such Series 2019A Bonds will be paid by the Trustee at the redemption price. Failure to give any notice to any Owner, or any defect therein, shall not affect the validity of any proceedings for the redemption of any other Series 2019A Bonds. Any notice mailed shall be conclusively presumed to have been duly given and shall become effective upon mailing, whether or not any Owner receives the notice.

For so long as DTC is effecting book-entry transfers of the Series 2019A Bonds, the Trustee will provide the redemption notice described above to DTC. It is expected that DTC will, in turn, notify its participants, and that the participants, in turn, will notify or cause to be notified the Beneficial Owners of the Series 2019A Bonds to be redeemed. The City and the Trustee will have no responsibility or liability in connection with any failure on the part of DTC or a participant, or failure on the part of a nominee of a Beneficial Owner of a Series 2019A Bond, to notify the Beneficial Owner of the Series 2019A Bond so affected, and such failure shall not affect the validity of the redemption of such Series 2019A Bonds. See “APPENDIX C – BOOK-ENTRY ONLY SYSTEM.”

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, in particular, the matters referred to in the following summary.

General

The Airport Revenues are affected substantially by the economic health of the air transportation industry and the airlines serving the Airport. Certain factors that may materially affect the Airport service region, the Airport and the airlines include, but are not limited to (i) national and international economic conditions and currency fluctuations, (ii) the population growth and the economic health of the region and the nation, (iii) the financial health and viability of the airline industry, (iv) air carrier service and route

networks, (v) the availability and cost of aviation fuel and other necessary supplies, (vi) changes in demand for air travel, (vii) service and cost competition, (viii) levels of air fares, (ix) fixed costs and capital requirements, (x) the cost and availability of financing, including federal funding, (xi) the capacity of the national air traffic control system, (xii) the capacity of the Airport and of competing airports, (xiii) alternative modes of travel and transportation substitutes, (xiv) national and international disasters and hostilities, (xv) the cost and availability of employees, (xvi) labor relations within the airline industry, (xvii) regulation by the federal government (xviii) evolving federal restrictions on travel to the United States from certain countries, (xix) environmental risks and regulations, noise abatement concerns and regulations, (xx) bankruptcy and insolvency laws, and (xxi) safety concerns arising from international conflicts, the possibility of terrorist or other attacks and other risks (including the impact of such attacks on other airports that have flights to or from the Airport, as well as the possibility of the closure of those airports for a period of time).

National and Global Economic Conditions

Historically, the financial performance of the air transportation industry has correlated with the state of the national and global economy. With the globalization of business and the increased importance of international trade and tourism, the U.S. economy and, by extension, passenger traffic at U.S. airports, has become more closely tied to worldwide economic, political, and social conditions. As a result, international economics, trade balances, currency exchange rates, political relationships, and hostilities all influence passenger traffic at major U.S. airports. Following significant and dramatic changes which occurred in the financial markets in September 2008, the U.S. economy experienced a recession followed by weak growth. In addition, associated high unemployment and reduced discretionary income resulted in reduced airline travel. Over the last decade, there has been significant improvement in economic conditions in the U.S. that has contributed to the rebound in aviation activity levels nationwide. It is not known at this time whether the improving national unemployment rate or the current rate of national and global economic growth will continue and what effect, if any, they will have on the air transportation industry.

Airlines Serving the Airport

The Airport derives a substantial portion of its operating revenues from landing, facility rental and concession fees. The financial strength and stability of the airlines using the Airport, together with numerous other factors, influence the level of aviation activity and revenues at the Airport. In addition, individual airline decisions regarding level of service, particularly aircraft size such as use of regional jets, can affect total enplanements.

The Airport cannot predict the duration or extent of reductions and disruptions in air travel or the extent of any adverse impact on Airport Revenues, PFC collections, passenger enplanements, operations or the financial condition of the Airport that disruptions and reductions related to airline bankruptcies may cause, or whether these and other factors will result in more airline bankruptcies. All airlines that have filed for reorganization under the United States bankruptcy laws in the past have remitted all material payments due to the Airport under the Use Agreements. Bankruptcies, liquidations or major restructurings of airlines could occur in the future. The Airport is not able to predict how long any airline in bankruptcy protection would continue operating at the Airport or whether any such airline would liquidate or substantially restructure its operations. Further, the Airport cannot predict or give any assurance that the airlines serving the Airport will continue to pay or to make timely payment of their obligations under the Use Agreement.

Except for United Airlines, no airline operating at the Airport under a lease, use agreement or other agreement, has made any agreement regarding the continuing disclosure of information for the benefit of the holders and beneficial owners of any Series of Outstanding Bonds. See “PART I – CONTINUING DISCLOSURE – United Airlines.” However, certain of the major domestic airlines (or their respective

parent corporations), including United Airlines, are subject to the information reporting requirements of the Exchange Act, and thus must file reports and other information with the SEC. See “PART II – AVIATION SECTOR – Airline Information.”

Airline Consolidations

In response to competitive pressures, the U.S. airline industry has continued to consolidate. Delta and Northwest merged in 2008; United and Continental merged in 2010; Southwest Airlines acquired AirTran Airways in 2011; and US Airways and American Airlines merged in 2013. Alaska Air Group acquired Virgin America in December 2016 and received a single operating certificate in January 2018.

Airline consolidation has affected airline service patterns at the Airport, including the decrease in the number of nonstop departures and connecting air service as a result of United Airlines dehubbing of the Airport that was announced in February 2014. Further airline consolidation is possible and could continue to change airline service patterns. The City cannot predict what impact, if any, such consolidations will have on airline traffic at the Airport.

Cost of Aviation Fuel

Airline profitability is significantly affected by the price of aviation fuel. According to Airlines for America, fuel is the second largest single cost component for most airline operations, and therefore an important and uncertain determinant of an air carrier’s operating economics. Any increase in fuel prices causes an increase in airline operating costs. Fuel prices continue to be susceptible to, among other factors, political unrest in various parts of the world, Organization of Petroleum Exporting Countries’ policy, increased demand for fuel caused by rapid growth of economies such as China and India, the levels of fuel inventory maintained by certain industries, the amounts of reserves maintained by governments, currency fluctuations, disruptions to production and refining facilities and weather. The cost of aviation fuel has fluctuated in the past in response to changes in demand for and supply of oil worldwide. Significant fluctuations and prolonged increases in the cost of aviation fuel historically have had an adverse impact on air transportation industry profitability, causing airlines to reduce capacity, fleet and personnel as well as to increase fares and institute fuel, checked baggage and other extra surcharges, all of which may decrease demand for air travel.

Public Health Risks

Public health concerns affect 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, concerns about the spread of influenza caused by the H1N1 virus reduced certain international travel, particularly to and from Mexico and Asia. Following an outbreak of the Ebola virus in West Africa in 2014, concerns about the spread of the virus have adversely affected travel to and from certain regions of Africa. In January 2016, the Centers for Disease Control and Prevention issued a travel alert warning pregnant women to avoid travel to areas where the Zika virus has spread, a list that included more than 50 countries and territories.

Aviation Safety and Security Concerns

Concerns about the safety of air travel and the effectiveness of security precautions, particularly in the context of international hostilities and domestic and foreign terrorist attacks and threats and other airline incidents may influence passenger travel behavior and air travel demand. Travel behavior may be affected by anxieties about the safety of flying and by the inconveniences and delays associated with more stringent

security screening procedures, which may give rise to the avoidance of air travel generally and the switching from air to surface travel modes.

Safety concerns in the aftermath of the terrorist attacks on September 11, 2001, were largely responsible for the steep decline in airline travel nationwide in 2002. Since 2001, government agencies, airlines, and airport operators have enhanced security measures to guard against possible 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 federal air 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.

The Boeing 737 MAX aircraft was grounded in March 2019 after fatal crashes of that aircraft that were suspected to have been caused by malfunctions of the automated flight control system. While the grounding has not caused significant flight cancellations at the Airport, safety concerns of travelers and future aircraft grounding could, in the future, impact airlines serving the Airport.

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

Aviation Security Requirements and Related Costs and Restrictions

The Airport is currently in compliance with all federally mandated security requirements. The City cannot predict the effect of any future government-required security measures on passenger activity at the Airport. Nor can the City predict how the government will staff security screening functions or the effect on passenger activity of government decisions regarding its staffing levels.

Enplanements at the Airport, collections of PFCs and the receipt of Airport Revenues were negatively affected by security restrictions on the Airport and the financial condition of the air transportation industry following the terrorist attacks of September 11, 2001. The Airport, like many airport operators, experienced increased operating costs due to compliance with federally mandated and other security and operating changes. The City cannot predict the likelihood of future incidents similar to the terrorist attacks of September 11, 2001, the possibility of increased security restrictions or the likelihood of future air transportation disruptions or the impact on the Airport or the airlines from such incidents or disruptions.

Regulations and Other Restrictions Affecting the Airport

The operations of the Airport and its ability to generate revenues are affected by a variety of legislative, legal, contractual, statutory, regulatory and practical restrictions, including restrictions in the Federal Act, provisions of the Use Agreements, the PFC Acts and extensive federal legislation and regulations applicable to all airports. It is not possible to predict whether future restrictions or limitations on the Airport's operation will be imposed, whether future legislation or regulation will affect anticipated federal funding or PFC collection, whether additional requirements will be funded by the federal government or require funding by the City, or whether such restrictions, legislation or regulations would adversely affect Airline Revenues.

Risks from Unexpected Events and Global Climate Change

General. The Airport could sustain damage and loss of use as a result of certain unexpected events, such as terrorist attacks, extreme weather events and other natural occurrences, fires and explosions, spills of hazardous substances, strikes and lockouts, sabotage, wars, blockades and riots. While the Airport has attempted to address the risk of loss through the purchase of insurance, certain of these events may not be covered. Furthermore, even for events that are covered by insurance, the Airport cannot guarantee that coverage will be sufficient or that insurers will pay claims in a timely manner. From time to time, the Airport may change the types of, and limits and deductibles on, the insurance coverage that it carries. The Airport cannot predict what effects any of these events may have on the Airport's ability to generate Airport Revenues but the effects may be materially adverse.

Global Climate Change. Numerous scientific studies on global climate change show that, among other effects on the global ecosystem, sea levels will rise, extreme temperatures will become more common and extreme weather events will become more frequent as a result of increasing global temperatures attributable to atmospheric pollution. Over the next 25 to 100 years, such extreme events and conditions are expected to increasingly disrupt and damage critical infrastructure and property as well as regional economies and industries that depend on natural resources and favorable climate conditions. Disruptions could include more frequent and longer-lasting power outages, fuel shortages and service disruptions.

Climate-Related Regulations. Climate change concerns have led, and may continue to lead, to new laws and regulations at the federal and state levels that could have a material adverse effect on the operations of the Airport and on the airlines operating at the Airport. The United States Environmental Protection Agency ("EPA") has taken steps towards regulation of greenhouse gas ("GHG") emissions under existing federal law. Those steps may in turn lead to further regulation of aircraft GHG emissions. On July 5, 2011, the United States District Court for the District of Columbia issued an order concluding that EPA has a mandatory obligation under the Clean Air Act to consider whether the GHG and black carbon emissions of aircraft engines endanger public health and welfare. On August 15, 2016, EPA found that GHG emissions from certain aircraft cause and contribute to pollution that endangers public health and welfare. In that endangerment finding, EPA stated that it intends to propose GHG emission standards for covered aircraft that will be at least as stringent as emission standards under development by the International Civil Aviation Organization ("ICAO"). The ICAO standards were approved on October 6, 2016 and adopted on March 6, 2017. The ICAO standards apply to new aircraft type designs from 2020 forward, and in-production aircraft must meet the standards by 2028. EPA publicly indicated in January 2018 its intent to adopt the ICAO emission standards for the United States, but the agency has not initiated rulemaking or set a timeline for such action. Additionally, in the fall of 2018, the EPA classified this rulemaking as a "Long-Term Action" in its agenda of regulatory and deregulatory actions. Consequently, the Airport cannot predict when EPA's GHG emission standards will be proposed, when the Federal Aviation Administration will adopt regulations to implement such standards, or what effect the standards may have on the Airport or on air traffic at the Airport.

Federal Funding; Impact of Federal Sequestration

The Airport depends upon federal funding for the Airport System not only in connection with grants and PFC authorizations but also because federal funding provides for TSA, Federal Inspection Services, air traffic control, Customs and Border Protection ("CBP") and other FAA staffing and facilities. The Airport depends on federal employees working at these agencies to support financial and operational activities at the Airport System. Federal funds must be appropriated to continue to pay the workforce of these federal agencies providing services at the Airport System. Gaps in appropriation authority can occur due to Congressional or Presidential inaction creating government shutdowns. During government shutdowns federal agencies must discontinue all non-essential, discretionary functions until new funding legislation is

passed and signed into law. Essential services continue to function, as do mandatory spending programs. Essential federal employees have included air traffic controllers, TSA screeners and CBP agents providing services at airports throughout the nation. The most recent and longest government shutdown commenced at the end of 2018 and carried in to early 2019 lasting 35 days. While that shutdown did not have a significant impact on the Airport's finances or operations, it is possible that future government shutdowns could result in significant operational or financial effects on the Airport, depending on the duration and severity of the circumstances.

Federal funding received by the Airport and aviation operations at the Airport System could also be adversely affected by the implementation of across-the-board spending cuts, known as sequestration, a budgetary feature first introduced in the Budget Control Act of 2011. Sequestration could adversely affect FAA and TSA budgets and operations and the availability of certain federal grant funds typically received annually by the Airport, which may cause the FAA or TSA to implement furloughs of its employees and freeze hiring, and may result in flight delays and cancellations.

On October 5, 2018, the President signed into law a five-year reauthorization bill for the FAA – the FAA Reauthorization Act of 2018. The 2018 FAA reauthorization retains the federal cap on PFCs at \$4.50 and authorizes \$3.35 billion per year for AIP grants through federal fiscal year 2023, which is the same funding level as was in place for the preceding five years. 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). FAA AIP expenditures are subject to congressional appropriation and no assurance can be given that the FAA will receive spending authority. In addition, the AIP could be affected by a government shutdown or sequestration described above. The Airport is unable to predict the level of available AIP funding it may receive. If there is a reduction in the amount of AIP grants awarded to the Airport, such reduction could (i) increase by a corresponding amount the capital expenditures that the Airport would need to fund from other sources (including operating revenues and additional Bonds), (ii) result in adjustments to the CIP or (iii) extend the timing for completion of certain projects.

Effect of Signatory Airline Bankruptcy on the Use Agreement

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. In the event of assumption, the debtor airline is required to cure any prior defaults and to provide adequate assurance of future performance under the relevant document. Rejection of the Use Agreement by any Signatory Airline gives rise to an unsecured claim of the City for damages, the amount of which may be limited by the U.S. Bankruptcy Code. The amounts unpaid as a result of a rejection of the Use Agreement by a Signatory Airline in bankruptcy can be passed on to the remaining Signatory Airlines under the Use Agreement. If the bankruptcy of one or more Signatory Airlines were to occur, however, there can be no assurance that the remaining Signatory Airlines would be able, individually or collectively, to meet their obligations under the Use Agreement. See “PART I – INTRODUCTION – Airport Use Agreements,” and APPENDIX A – “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE USE AGREEMENTS AND THE TRUST INDENTURE.”

In addition, the bankruptcy of a Signatory Airline may affect the amount and timing of receipt by the Airport of PFCs collected by that airline. Pursuant to the Aviation Safety and Capacity Expansion Act of 1990 (P.L. 101-508), the Wendel H. Ford Aviation Investment and Reform Act for the 21st Century (P.L. 106-181), the VISION 100-Century of Aviation Reauthorization Act, P.L. 108-176, the Federal Aviation Administration Extension Act of 2008, P.L. 110-330 and the FAA Modernization and Reform Act

of 2012, P.L. 112-95 (collectively, the “PFC Acts”), the FAA has approved the Airport’s applications to require airlines to collect and remit to the Airport a \$4.50 PFC for each enplaning revenue passenger at the Airport.

The PFC Acts provide that PFCs collected by the airlines constitute a trust fund held for the beneficial interest of the eligible agency (i.e., the Airport) imposing the PFCs, except for any handling fee or retention of interest collected on unremitted proceeds. In addition, federal regulations require airlines to account for PFC collections separately and to disclose the existence and amount of funds regarded as trust funds on financial statements. Airlines are permitted to commingle PFC collections with other revenues. Airlines that have filed for Chapter 7 or 11 bankruptcy protection, however, are required to segregate PFC collections in a separate account for the benefit of the airport and cannot grant a third party any security or other interest in PFC collections. The airlines are entitled to retain interest earned on PFC collections until such PFC collections are remitted. PFCs collected by those airlines are required by the bankruptcy court to be placed in accounts separate from other airline revenue accounts and be paid to airports monthly in accordance with the PFC regulations. However, the Airport cannot predict whether an airline that files for bankruptcy protection will properly account for the PFCs it has collected at the Airport or whether the bankruptcy estate will have sufficient moneys to pay the Airport in full for the PFCs owed by such airline. The Airport has recovered all of its PFC revenues from each of the airlines that filed for Chapter 11 bankruptcy protection in the past. PFC revenues are not pledged to the repayment of the Series 2019 Bonds.

Competition from Other Airports

The Akron-Canton Regional Airport (“Akron”) located approximately 60 miles away from the Airport provides competition for the Airport Service Region’s Origin & Destination (“O&D”) passenger base. See “PART II – THE AIRPORT SYSTEM – The Airport Service Region.” Historically, a portion of the Airport Service Region’s O&D passengers utilized Akron for air carrier service, primarily offered by low fare air carrier AirTran Airways (acquired by Southwest Airlines in May 2011). Frontier Airlines terminated air service at Akron in 2012 and began offering seasonal service to Cancun and Punta Cana at the Airport in 2013. Southwest Airlines terminated air service at Akron in June 2017, and Allegiant Air in February 2017. Akron enplaned approximately 616,000 and 451,000 passengers in calendar years 2017 and 2018, respectively—representing decreases of 9.7% and 26.7%, respectively, when compared to each prior year. The Airport’s O&D passenger market share for the Airport Service Region was 87.2% in CY 2017, increasing to 91.2% in CY 2018.

Expiration and Possible Termination of Use Agreements

Pursuant to the Use Agreements, the City and each Signatory Airline agree to pay rentals, fees and charges for the Airport in an amount that is sufficient to generate revenues in an amount to allow the City to satisfy its covenants to Bondholders. The current Use Agreements expire on December 31, 2021, with an option to extend another two years based upon mutual acceptance of the City and Signatory Airlines. See “Effect of Signatory Airline Bankruptcy on the Use Agreement” above and “PART I – INTRODUCTION – Airport Use Agreements.”

Credit Risk of Financial Institutions Providing Credit Enhancement, Liquidity Support and Other Financial Products Relating to Revenue Bonds

The City entered into a number of liquidity, credit enhancement and other transactions involving a variety of financial institutions relating to its Revenue Bonds, including Bond Insurance policies. Additionally, in connection with various variable rate bond issues, the City entered into credit and liquidity agreements with and/or guaranteed by various financial institutions, including commercial and investment banks.

Each of Moody's, S&P and Fitch (collectively, the "Rating Agencies") has downgraded the claims-paying ability and financial strength ratings of most of the nation's monoline Bond Insurance companies and many other financial institutions, including insurers of one or more series of Revenue Bonds. The Rating Agencies could announce changes in rating outlook, or a review for downgrade or further downgrades of bond insurers, or credit or liquidity providers. Such adverse ratings developments with respect to bond insurers or credit or liquidity providers could have a material adverse effect on the City, including without limitation as a result of substantial increases in the City's debt service-related costs. In addition to an increase in the interest rates on variable rate bonds secured by the subject credit enhancers, such downgrades, especially downgrades to below investment grade could lead to termination events or other negative effects under related agreements including, but not limited to, letters of credit. Payments required under these agreements in the event of any termination could be substantial and could have a negative impact on Airport Revenues and/or the liquidity position of the Airport. However, upon issuance of the Series 2019 Bonds and the final maturity of the Series 2014B Bonds on January 1, 2020, the Airport will no longer have any variable rate bonds outstanding.

A default by any of these financial institutions under its Bond Insurance or liquidity obligations could have a material adverse impact on Airport finances.

Cyber-Security

The Airport, like many other large public and private entities, relies on a large and complex technology environment to conduct its operations and faces multiple cybersecurity threats, including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and other digital networks and systems (collectively, "Systems Technology"). As a recipient and provider of personal, private, or sensitive information, the Airport may be the target of cybersecurity incidents that could result in adverse consequences to the Airport and its Systems Technology, requiring a response action to mitigate the consequences. Cybersecurity incidents could result from unintentional events or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the Airport's Systems Technology for the purposes of misappropriating assets or information or causing operational disruption and damage. In April 2019 the Airport's Systems Technology was affected by malware that took down flight information and information boards throughout the Airport. The malware did not affect flight schedules or security operations at the Airport.

To mitigate the risk of business operations impact and/or damage from cybersecurity incidents or cyber-attacks, the City and the Airport invest in multiple forms of cybersecurity and operational safeguards. While City and Airport cybersecurity and operational safeguards are periodically tested, no assurances can be given by the City or the Airport that such measures will ensure against cybersecurity threats and attacks, and any breach could damage the Airport's Systems Technology and cause material disruption to the Airport finances or operations. The costs of remedying any such damage or protecting against future attacks could be substantial. Furthermore, cybersecurity breaches could expose the City and the Airport to material litigation and other legal risks, which could cause the Airport to incur material costs.

Alternative Travel Modes and Travel Substitutes

Teleconference, video-conference and web-based meetings continue to improve in quality and price and are considered a satisfactory alternative to some face-to-face business meetings.

In addition, consumers have become more price-sensitive. Efforts of airlines to stimulate traffic by discounting fares have changed consumer expectations regarding airfares and the availability of transparent price information on the internet, which allows easier comparison shopping, has changed consumer

purchasing habits. As a result, pricing and marketing have become more competitive in the United States' airline industry.

Industry Workforce Shortages

Pilot shortage is an industry-wide issue, and especially so for smaller regional airlines. There are several causes for the pilot shortage that affect all airlines. Congress changed duty time rules in 2010 to mitigate pilot fatigue, which required airlines to increase pilot staff. Beginning in 2013, first officers flying for commercial airlines were required to have at least 1,500 hours of flight time, instead of the 250 hours previously required. Other factors include an aging pilot workforce and fewer new pilots coming out of the military. Further, as passenger demand increases, the major air carriers are anticipated to need additional pilots, and are generally able to hire pilots away from regional airlines. As a result, small regional airlines have a particularly difficult time hiring qualified new pilots, despite increased incentives. The shortage of pilots available to regional airlines may result in reduced service to some smaller U.S. markets.

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

Changes in Federal Tax Law

See "TAX MATTERS – Risk of Future Legislative Changes and/or Court Decisions."

Other Key Factors

Capacity limitations of the national air traffic control system at the Airport and at competing airports are 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 2018 FAA Reauthorization Act 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.

Special Obligations

The Series 2019 Bonds are special obligations of the City and do not constitute general obligations or a pledge of the faith, credit or taxing power of the City, the State of Ohio or any political subdivision thereof. The Series 2019 Bonds are payable on a parity with the Outstanding Bonds and any Additional Revenue Bonds that may be issued under the Indenture, and are secured by a pledge of and lien on the Airport Revenues and the Special Funds as provided in the Indenture. Holders of the Series 2019 Bonds do not have the right to compel taxation in any form or to compel the City to pay debt service charges on the Series 2019 Bonds from any moneys of the City other than Airport Revenues and the Special Funds. Neither the land nor improvements comprising the Airport System nor any other property of the City, other than Airport Revenues and the Special Funds, has been pledged to secure the payment of the Series 2019 Bonds.

Forward-Looking Statements

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. When used in this Official Statement, the words “estimate,” “anticipate,” “forecast,” “project,” “propose,” “plan,” “expect,” “assume” 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.

Enforceability of Remedies

The rights of the owners of the Revenue Bonds, including the Series 2019 Bonds, and the enforceability of the City’s obligation to make payments on the Revenue Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors’ rights under existing law or under laws enacted in the future and may also be subject to the exercise of judicial discretion under certain circumstances. The opinion of Bond Counsel to be delivered at the time of the initial issuance of the Series 2019 Bonds as to the enforceability of the City’s obligations will be qualified as to bankruptcy and similar events and as to the application of equitable principles and the exercise of judicial discretion in appropriate cases and to common law and statutes affecting the enforceability of contractual obligations generally and to principles of public policy concerning, affecting or limiting the enforcement of rights or remedies against governmental entities such as the City.

LEGAL MATTERS

Certain legal and tax matters incident to the issuance of the Series 2019 Bonds (see “PART I – TAX MATTERS”) are subject to the opinion of Squire Patton Boggs (US) LLP, Bond Counsel to the City. The signed legal opinions of Bond Counsel, substantially in the forms attached hereto as APPENDIX B, dated and premised on law in effect on the respective dates of issuance of the Series 2019 Bonds, will be delivered on the respective dates of issuance of the Series 2019 Bonds. The text of the opinions to be delivered may vary from the text as set forth in APPENDIX B if necessary to reflect facts and law on the respective dates of delivery. The opinions will speak only as of their dates, and subsequent distribution of them by recirculation of this Official Statement or otherwise shall create no implication that Bond Counsel has reviewed or expresses any opinion concerning any of the matters referred to in the opinions subsequent to their dates.

The opinions of Bond Counsel and any other legal opinions and letters of counsel to be delivered concurrently with the delivery of the Series 2019 Bonds express the professional judgment of the attorneys rendering the opinions or advice regarding the legal issues and other matters expressly addressed therein. By rendering a legal opinion or advice, the giver of such opinion or advice does not become an insurer or guarantor of the result indicated by that opinion, or the transaction on which the opinion or advice is rendered, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

As Bond Counsel, Squire Patton Boggs (US) LLP has participated in the preparation of, and has reviewed those portions of, this Official Statement pertaining to the Series 2019 Bonds, security and sources

of payment for the Series 2019 Bonds, the Indenture and the Use Agreements under “PART I – INTRODUCTION – Description and Purpose of the Series 2019 Bonds,” “– Security for the Series 2019 Bonds,” and “– Outstanding and Additional Revenue Bonds,” “PART I – SECURITY FOR THE SERIES 2019 BONDS,” “PART I – DESCRIPTION OF THE SERIES 2019 BONDS,” and “PART I -TAX MATTERS” insofar as such information summarizes the terms of the Series 2019 Bonds and the treatment of the interest on the Series 2019 Bonds under federal income tax laws and Ohio law, as well as “APPENDIX A – DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE USE AGREEMENTS AND THE TRUST INDENTURE.” Bond Counsel will deliver to the Underwriters at the time of original delivery of the Series 2019 Bonds opinions as to the fairness and accuracy of those portions. Bond Counsel, however, has not been engaged to, and will not, independently confirm or verify that information or any other information provided by the City or others, and will not express an opinion as to the accuracy or fairness of any such information or any other reports, financial information, offering or disclosure documents or other information pertaining to the Series 2019 Bonds that may be prepared or made available by the City or others to the purchasers or owners of the Series 2019 Bonds or of book entry interests or to others.

In addition to rendering the legal opinions, Bond Counsel will assist in the preparation of and advise the City concerning documents for the bond transcript.

The City has also retained the legal services of Squire Patton Boggs (US) LLP from time to time as special counsel in connection with matters that do not relate to City financings. Squire Patton Boggs (US) LLP has served from time to time as counsel to certain of the firms among the Underwriters in matters unrelated to the Series 2019 Bonds.

LITIGATION

To the knowledge of the appropriate officials of the City, no litigation or administrative action or proceeding is pending or threatened (a) restraining or enjoining, or seeking to restrain or enjoin (i) the issuance and delivery of the Series 2019 Bonds, (ii) the execution and delivery of the Twenty-Fourth Supplemental Indenture, or (iii) the collection or pledge of the Airport Revenues or the moneys in the Special Funds to pay debt service charges on the Series 2019 Bonds, or (b) contesting or questioning (i) the proceedings and authority under which the Series 2019 Bonds have been authorized and are to be issued, sold, executed or delivered or under which the Indenture, including the Twenty-Fourth Supplemental Indenture, has been executed and delivered, (ii) the validity of the Series 2019 Bonds or the Indenture, including the Twenty-Fourth Supplemental Indenture; Indenture, or (iii) the powers of authority of the City with respect thereto or with respect to the fixing and collecting of rates and charges for the Airport System, or (c) challenging the City’s right to own or operate the Airport System. The City will deliver a certificate to that effect to the Underwriters at the time of original delivery of the Series 2019 Bonds to the Underwriters.

In addition to the legal proceedings described below, the City is a party to various legal proceedings seeking damages or injunctive or other relief generally incidental to its operations. These proceedings are not directly related to the Series 2019 Bonds or the security for the Series 2019 Bonds. The ultimate disposition of these proceedings is not now determinable. It is the opinion of the City’s Director of Law, based on her present understanding and knowledge of these proceedings, that the disposition of these proceedings, individually or in the aggregate, will not result in liabilities in an amount which, in the opinion of the City’s Director of Finance, will have a material adverse effect on the Series 2019 Bonds, the security for the Series 2019 Bonds or the current operations of the Airport System.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Upon delivery of the Series 2019 Bonds, Causey Demgen & Moore P.C., certified public accountants (the “Verification Agent”) will deliver reports on the mathematical accuracy of certain computations contained in schedules provided to them by the Underwriters on behalf of the City. These computations will relate to the adequacy of the money and maturing principal amounts of the Defeasance Obligations held in the Escrow Fund for the payment of scheduled interest payments on the Series 2012A Refunded Bonds on each January 1 and July 1 through July 1, 2021, and the Series 2012A Redemption Price on the Series 2012A Redemption Date, all in accordance with the terms of the Escrow Agreement.

Such computations will be based solely on assumptions and information supplied by the Underwriter on behalf of the City, and the Verification Agent has restricted its procedures to verifying the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information on which such computations are based. Accordingly, the Verification Agent has not expressed an opinion on the data used, the reasonableness of the assumptions, or the ability to achieve the forecasted outcome.

TAX MATTERS

The Series 2019A Bonds

In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law, interest on, and any profit made on the sale, exchange or other disposition of, the Series 2019A Bonds are exempt from all Ohio state and local taxation, except the estate tax, the domestic insurance company tax, the dealers in intangibles tax, the tax levied on the basis of the total equity capital of financial institutions, and the net worth base of the corporate franchise tax. Bond Counsel expresses no opinion as to any other tax consequences regarding the Series 2019A Bonds. INTEREST ON THE SERIES 2019A BONDS IS NOT EXCLUDED FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES. THE LEGAL DEFEASANCE OF THE SERIES 2019A BONDS MAY RESULT IN A DEEMED SALE OR EXCHANGE OF THE SERIES 2019A BONDS UNDER CERTAIN CIRCUMSTANCES; OWNERS OF THE SERIES 2019A BONDS SHOULD CONSULT THEIR TAX ADVISORS AS TO THE FEDERAL INCOME TAX CONSEQUENCES OF SUCH AN EVENT. PROSPECTIVE PURCHASERS OF THE SERIES 2019A BONDS SHOULD CONSULT THEIR TAX ADVISORS AS TO THE FEDERAL, STATE AND LOCAL, AND FOREIGN TAX CONSEQUENCES OF THEIR ACQUISITION, OWNERSHIP AND DISPOSITION OF THE SERIES 2019A BONDS.

The following discussion is generally limited to “U.S. owners,” meaning beneficial owners of Series 2019A Bonds that for United States federal income tax purposes are individual citizens or residents of the United States, corporations or other entities taxable as corporations created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), and certain estates or trusts with specific connections to the United States. ***Partnerships holding Series 2019A Bonds, and partners in such partnerships, should consult their tax advisors regarding the tax consequences of an investment in the Series 2019A Bonds (including their status as U.S. owners).***

Prospective purchasers of the Series 2019A Bonds upon their original issuance at prices other than the respective prices indicated on the inside cover of this Official Statement, and prospective purchasers of the Series 2019A Bonds at other than their original issuance, should consult their own tax advisors regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

Payment of Interest

In general, interest paid or accrued on the Series 2019A Bonds will be treated as ordinary income

to U.S. owners. A U.S. owner using the accrual method of accounting for U.S. federal income tax purposes must include interest paid or accrued on the Series 2019A Bonds in ordinary income as the interest accrues, while a U.S. owner using the cash receipts and disbursements method of accounting for U.S. federal income tax purposes must include interest in ordinary income when payments are received or constructively received by the owner.

Sale, Exchange, Retirement or Other Taxable Disposition of Series 2019A Bonds

Upon the sale, exchange, retirement or other taxable disposition of a Series 2019A Bond, a U.S. owner will recognize gain or loss equal to the difference between the amount realized from the sale, exchange, retirement or other disposition and the owner's adjusted basis in the Series 2019A Bond or applicable portion of the adjusted basis. The owner's adjusted basis generally will equal the cost of the Series 2019A Bond to the owner and reduced by any principal payments on the Series 2019A Bond previously received by the owner (including any other payments on the Series 2019A Bond that are not qualified stated interest payments). Any gain or loss recognized upon a sale, exchange, retirement or other disposition of a Series 2019A Bond (excluding amounts attributable to accrued interest) will generally be capital gain or loss and will be long-term capital gain or loss if the U.S. owner's holding period in the Series 2019A Bond exceeds one year. Long-term capital gains of individuals are currently eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

Information Reporting and Backup Withholding

General information reporting requirements will apply to payments of principal and interest made on Series 2019A Bonds and the proceeds of the sale of Series 2019A Bonds to non-corporate holders of the Series 2019A Bonds, and "backup withholding," currently at a rate of 24%, will apply to such payments if the owner fails to provide an accurate taxpayer identification number in the manner required or fails to report all interest required to be shown on its federal income tax returns. A beneficial owner of Series 2019A Bonds that is a U.S. owner generally can obtain complete exemption from backup withholding by providing a properly completed IRS Form W-9 (Request for Taxpayer Identification Number and Certification).

Medicare Tax Affecting U.S. Owners

A U.S. owner that is an individual or estate, or a trust not included in a special class of trusts that is exempt from such tax, is subject to a 3.8% Medicare tax on the lesser of (1) the U.S. owner's "net investment income" for the taxable year and (2) the excess of the U.S. owner's modified adjusted gross income for the taxable year over a certain threshold (which in the case of individuals is between \$125,000 and \$250,000, depending on the individual's circumstances). A U.S. owner's net investment income generally includes interest income on, and net gains from the disposition of, Series 2019A Bonds, unless such interest income or net gains are derived in the ordinary course of a trade or business (other than a trade or business that consists of certain passive or trading activities). A U.S. owner that is an individual, estate, or trust, should consult its tax advisor regarding the applicability of the Medicare tax.

Non-U.S. Owners

Under the Code, interest on any Series 2019A Bond whose beneficial owner is not a U.S. owner is generally not subject to United States income tax or withholding tax (including backup withholding) if the non-U.S. owner provides the payor of interest on the Series 2019A Bonds with an appropriate statement as to its status as a non-U.S. owner. This statement can be made on IRS Form W-8BEN or a successor form. If, however, the non-U.S. owner conducts a trade or business in the United States and the interest on the Series 2019A Bonds held by the non-U.S. owner is effectively connected with such trade or business, that interest will be subject to United States income tax but will generally not be subject to United States withholding tax (including backup withholding). The foregoing is a brief summary of certain federal

income tax consequences to a non-U.S. owner. *Non-U.S. owners should consult their tax advisors regarding the tax consequences of an investment in the Series 2019A Bonds.*

Foreign Account Tax Compliance Act

The Foreign Account Tax Compliance Act (“FATCA”) generally imposes a 30% withholding tax on interest payments to (i) certain foreign financial institutions (including certain investment funds) that fail to certify their FATCA status and (ii) non-financial foreign entities if certain disclosure requirements related to direct and indirect United States shareholders are not satisfied. Proposed Treasury Regulations, which may be relied upon until final Treasury Regulations are promulgated, suspend the requirement to apply the 30% withholding tax to gross proceeds from the sale or other disposition of Series 2019A Bonds. This requirement otherwise would have applied to a sale or other disposition of Series 2019A Bonds made on or after January 1, 2019.

In the case of payments made to a “foreign financial institution” (generally including an investment fund), as a beneficial owner or as an intermediary, the FATCA withholding tax generally will be imposed, subject to certain exceptions, unless such institution (i) enters into (or is otherwise subject to) and complies with an agreement with the U.S. government (a “FATCA Agreement”) or (ii) is required by and complies with applicable foreign law enacted in connection with an intergovernmental agreement between the United States and a foreign jurisdiction (an “IGA”), in either case to, among other things, collect and provide to the U.S. or other relevant tax authorities certain information regarding U.S. account holders of such institution. In the case of payments made to a foreign entity that is not a financial institution (as a beneficial owner), the FATCA withholding tax generally will be imposed, subject to certain exceptions, unless such entity either provides the withholding agent with a certification that it does not have any “substantial” U.S. owner (generally, any specified U.S. person that directly or indirectly owns more than a specified percentage of such entity) or identifies its “substantial” U.S. owners.

If Series 2019A Bonds are held through a foreign financial institution that enters into (or is otherwise subject to) a FATCA Agreement, such foreign financial institution (or, in certain cases, a person paying amounts to such foreign financial institution) generally will be required, subject to certain exceptions, to withhold the 30% FATCA tax on payments of dividends or the items described above made to (i) a person (including an individual) that fails to comply with certain information requests or (ii) a foreign financial institution that has not entered into (and is not otherwise subject to) a FATCA Agreement and that is not required to comply with FATCA pursuant to applicable foreign law enacted in connection with an IGA. Coordinating rules may limit duplicative withholding in cases where the withholding described above in “**Non-U.S. Owners**” or “**Information Reporting and Backup Withholding**” also applies.

If any amount of, or in respect of, U.S. withholding tax were to be deducted or withheld from payments on Series 2019A Bonds as a result of a failure by an investor (or by an institution through which an investor holds the Series 2019A Bonds) to comply with FATCA, none of the Issuer, any paying agent or any other person would, pursuant to the terms of the Series 2019A Bonds, be required to pay additional amounts with respect to any Series 2019A Bond as a result of the deduction or withholding of such tax. *Non-U.S. owners should consult their tax advisors regarding the application of FATCA to the ownership and disposition of Series 2019A Bonds.*

The Series 2019B and Series 2019C Bonds

In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law: (i) interest on the Series 2019B Bonds and the Series 2019C Bonds (together, the “Series 2019BC Bonds”) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the Code), except interest on any Series 2019B Bond for any period during which that Series 2019B Bond is held by a “substantial user” of the facilities financed or a “related person,” as those

terms are used in Section 147(a) of the Code, and interest on the Series 2019B Bonds is an item of tax preference for purposes of the federal alternative minimum tax and interest on the Series 2019C Bonds is not an item of tax preference for purposes of that tax; and (ii) interest on, and any profit made on the sale, exchange or other disposition of, the Series 2019BC Bonds are exempt from all Ohio state and local taxation, except the estate tax, the domestic insurance company tax, the dealers in intangibles tax, the tax levied on the basis of the total equity capital of financial institutions, and the net worth base of the corporate franchise tax. Bond Counsel expresses no opinion as to any other tax consequences regarding the Series 2019BC Bonds.

The opinion on federal tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the City contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Series 2019BC Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Bond Counsel will not independently verify the accuracy of the City's certifications and representations or the continuing compliance with the City's covenants.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Series 2019BC Bonds from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service (IRS) or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and the enforcement of the Code or those regulations by the IRS.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations. Noncompliance with these requirements by the City may cause loss of such status and result in the interest on the Series 2019BC Bonds being included in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2019BC Bonds. The City has covenanted to take the actions required of it for the interest on the Series 2019BC Bonds to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. After the date of issuance of the Series 2019BC Bonds, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel's attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Series 2019BC Bonds or the market value of the Series 2019BC Bonds.

Interest on the Series 2019BC Bonds may be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain S corporations. Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owner of the Series 2019BC Bonds. Bond Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the Series 2019BC Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If a Bond owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Bond Counsel's engagement with respect to the Series 2019BC Bonds ends with the issuance of the Series 2019BC Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the City or the owners of the Series 2019BC Bonds regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Series 2019BC Bonds, under current IRS procedures, the IRS will treat the City as the taxpayer and the beneficial owners of the Series 2019BC Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the Series 2019BC Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Series 2019BC Bonds.

Prospective purchasers of the Series 2019BC Bonds upon their original issuance at prices other than the respective prices indicated on the Cover, and prospective purchasers of the Series 2019BC Bonds at other than their original issuance, should consult their own tax advisors regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

Risk of Future Legislative Changes and/or Court Decisions

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Series 2019BC Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Series 2019BC Bonds will not have an adverse effect on the tax status of interest or other income on the Series 2019BC Bonds or the market value or marketability of the Series 2019BC Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Series 2019BC Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

For example, federal tax legislation that was enacted on December 22, 2017 reduced corporate tax rates, modified individual tax rates, eliminated many deductions, repealed the corporate alternative minimum tax, and eliminated the tax-exempt advance refunding of tax-exempt bonds and tax-advantaged bonds, among other things. Additionally, investors in the Series 2019BC Bonds should be aware that future legislative actions might increase, reduce or otherwise change (including retroactively) the financial benefits and the treatment of all or a portion of the interest on the Series 2019BC Bonds for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Series 2019BC Bonds may be affected and the ability of holders to sell their Bonds in the secondary market may be reduced.

Investors should consult their own financial and tax advisors to analyze the importance of these risks.

Original Issue Premium

Certain of the Series 2019BC Bonds ("Premium Bonds") were offered and sold to the public at a price in excess of their stated redemption price at maturity (the principal amount). That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Bond), compounded semiannually. No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner's tax basis in the Premium Bond is reduced by the amount of bond premium that is amortized during the period of ownership. As a result, an owner

may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond. A purchaser of a Premium Bond in the initial public offering who holds that Premium Bond to maturity (or, in the case of a callable Premium Bond, to its earlier call date that results in the lowest yield on that Premium Bond) will realize no gain or loss upon the retirement of that Premium Bond.

Owners of Premium Bonds should consult their own tax advisors as to the determination for federal income tax purposes of the existence of bond premium, the determination for federal income tax purposes of the amount of bond premium properly accruable or amortizable in any period with respect to the Premium Bonds, other federal tax consequences in respect of bond premium, and the treatment of bond premium for purposes of state and local taxes on, or based on, income.

CONTINUING DISCLOSURE

The City has agreed, for the benefit of the holders and beneficial owners from time to time of the Series 2019 Bonds, in accordance with SEC Rule 15c2-12 (the “Rule”), to provide or cause to be provided to the Municipal Securities Rulemaking Board such annual financial information and operating data, audited financial statements and notices of the occurrence of certain events in such manner as may be required for purposes of paragraph (b)(5)(i) of the Rule (the “Continuing Disclosure Certificate”). See “APPENDIX D – CONTINUING DISCLOSURE AGREEMENTS.” The performance by the City of the Continuing Disclosure Certificate will be subject to the annual appropriation by the City of any funds that may be necessary to perform it. The Continuing Disclosure Certificate will remain in effect only for such period that the Series 2019 Bonds are outstanding in accordance with their terms, and the City remains an Obligated Person with respect to the Series 2019 Bonds within the meaning of the Rule.

The City regularly enters into disclosure undertakings under the Rule in connection with its bond offerings. The City believes that it has complied in all material respects with its previous continuing disclosure undertakings under the Rule during the past five years, but the City notes the following instances of noncompliance, including: (i) it did not file or did not file on a timely basis event notices relating to certain changes to ratings assigned to the insurers of insured bonds or to the underlying ratings, (ii) it filed event notices 17 days late relating to ratings upgrades for both its outstanding water revenue bonds and subordinate water revenue bonds received on August 9, 2017, (iii) it filed certain annual reports on June 30 of each year, which at times was one or two days later than the 180th day following the end of the fiscal year of the City, (iv) it filed certain annual reports on July 30 or July 31 of each year, which at times was one or two days later than the 210th day following the end of the fiscal year of the City, (v) it did not file a statement every year that Continental/United Airlines’ annual reports were available on the SEC’s EDGAR website, (vi) certain annual reports and financial audits filed by the City were not properly matched with all required CUSIP numbers, (vii) it amended one page on its 2013 Airport Annual Filing to add a column of information regarding enplaned passengers that was mistakenly excluded on the original version, (viii) it mistakenly omitted the required “CPP Net Gain of CEI Meters” table from its CPP Annual Filings for Fiscal Years 2010-2013, and (ix) it mistakenly omitted certain required information from the “Debt Service Requirements and Pledged Taxes” table in filings related to the Income Tax Receipts Obligations and the “Total Restricted and Unrestricted Income Tax Receipts” table in filings related to the Series 2008 Subordinate Lien Unrestricted Income Tax Bonds for Fiscal Years 2010-2013, which omissions were corrected in the City’s 2014 Annual Filings for those bonds. All necessary notices and omitted information have been filed prior to the date of this Official Statement. In addition, the City has notified Continental/United Airlines about the necessity of posting on EMMA the availability of its annual reports pursuant to United’s continuing disclosure agreements as an obligated person that were entered into with the trustee of the City’s airport revenue bonds. The foregoing description of instances of noncompliance by the City with continuing disclosure undertakings should not be construed as an acknowledgment that any such instance was material. The City has reviewed the current requirements of the Rule and adopted procedures to ensure full compliance with the Rule.

United Airlines

United Airlines will enter into an agreement with the Trustee in which United Airlines will agree to provide or cause to be provided to the MSRB (a) such reports as United Airlines files with the SEC on Form 10-K or a successor form and, in the event that United Airlines no longer is required to file such reports on Form 10-K or a successor form, United Airlines' audited financial statements prepared in accordance with generally accepted accounting principles and such related financial and operating data disclosure as is made available to United Airlines' public shareholders generally or, in the event that United Airlines no longer is required to file such reports on Form 10-K or a successor form and no longer has any public shareholders, information concerning United Airlines' business and properties, selected financial data and management's discussion and analysis, together with United Airlines' audited financial statements prepared in accordance with generally accepted accounting principles, comparable to the information contained in such report on Form 10-K (the "Airline Financial Information") and (b) notice of the following events: (i) failure to provide or cause to be provided the Airline Financial Information on or prior to the filing date (ii) any change in the fiscal year of United Airlines, (iii) any change in the accounting principles applied in the preparation of the Airline Financial Information and (iv) termination of the agreement.

INDEPENDENT ACCOUNTANTS

The financial statements of the governmental activities, the business-type activities, and each major fund of the City's Department of Port Control, Divisions of Cleveland Hopkins International and Burke Lakefront Airports for the year ending December 31, 2018, have been audited by Clark Schaefer Hackett & Co. and have been released by the State of Ohio Office of the Auditor of State (the "Auditor of State"). A complete copy may be obtained from the Director of Finance of the City of Cleveland, at: City Hall, 601 Lakeside Avenue, Cleveland, Ohio 44114. The audited financial statements of the City's Department of Port Control, Divisions of Cleveland Hopkins International and Burke Lakefront Airports for the year ending December 31, 2018 were filed with the Municipal Securities Rulemaking Board under its Electronic Municipal Market Access System ("EMMA") at <https://emma.msrb.org/> and are included by specific reference thereto into this Official Statement. The financial statements are also included in the audit reports of the Auditor of State, located at www.ohioauditor.gov. The audited financial statements are public records, no consent to their inclusion is required, and no bring down procedures have been undertaken by Clark Schaefer Hackett & Co. or the Auditor of State since their date. The City continues to maintain an internal audit function and an active external audit committee.

FINANCIAL ADVISORS

The City has retained Government Capital Management, LLC and Phoenix Capital Partners, LLP as co-financial advisors (the "Financial Advisors") to the City, in connection with the issuance of the Series 2019 Bonds. The Financial Advisors are not obligated to undertake, and have not undertaken to make, an independent verification or to assume the responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. Government Capital Management, LLC and Phoenix Capital Partners, LLP are independent financial advisory firms and are not engaged in the business of underwriting, trading or distributing municipal or other public securities.

UNDERWRITING

Loop Capital Markets LLC, as representative (the "Representative") of itself and Blaylock Van, LLC, Cabrera Capital Markets LLC, Raymond James & Associates, Inc., Stifel, Nicolaus & Company, Incorporated, US Bancorp, UBS Financial Services Inc. and Wells Fargo Bank, National Association (collectively, the "Underwriters"), has agreed, subject to certain conditions, to purchase the Series 2019

Bonds from the City. The Series 2019A Bonds are being purchased by the Underwriters at a purchase price of \$300,412,098.07, which represents the par amount of the Series 2019A Bonds (\$301,665,000), less an Underwriters' discount of \$1,252,901.93. The Series 2019B Bonds are being purchased by the Underwriters at a purchase price of \$37,772,272.89, which represents the par amount of the Series 2019B Bonds (\$34,605,000), plus original issue premium of \$3,278,381.35, less an Underwriters' discount of \$111,108.46. The Series 2019C Bonds are being purchased by the Underwriters at a purchase price of \$5,902,013.15, which represents the par amount of the Series 2019C Bonds (\$5,405,000), plus original issue premium of \$514,802.75, less an Underwriters' discount of \$17,789.60.

The Series 2019 Bond Purchase Agreement, between the Representative and the City, provides that the Underwriters will purchase all of the applicable Series 2019 Bonds if any are purchased and that the purchase is subject to certain conditions for purposes of resale.

Underwriter Disclosures. The following information has been provided by the Underwriters for inclusion in this Official Statement.

Blaylock Van, LLC ("Blaylock Van") has entered into an agreement with TD Ameritrade, Inc. that enables the firm to distribute certain new issue municipal securities underwritten by or allocated to Blaylock Van, which could include the Series 2019 Bonds. Under such agreement, Blaylock Van will share with such firm a portion of the fee or commission paid to Blaylock Van.

UBS Financial Services Inc. ("UBS FSI"), one of the underwriters of the Series 2019 Bonds, has entered into a distribution and service agreement with its affiliate UBS Securities LLC ("UBS Securities") for the distribution of certain municipal securities offerings, including the Series 2019 Bonds. Pursuant to such agreement, UBS FSI will share a portion of its underwriting compensation with respect to the Series 2019 Bonds with UBS Securities. UBS FSI and UBS Securities are each subsidiaries of UBS Group AG.

"US Bancorp" is the marketing name of U.S. Bancorp and its subsidiaries, including U.S. Bancorp Investments, Inc. ("USBII"), which is serving as one of the underwriters of the Series 2019 Bonds.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Products Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Products Group ("WFBNA"), one of the underwriters of the Series 2019 Bonds, has entered into an agreement (the "WFA Distribution Agreement") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name "Wells Fargo Advisors") ("WFA"), for the distribution of certain municipal securities offerings, including the Series 2019 Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Series 2019 Bonds with WFA. WFBNA has also entered into an agreement (the "WFSLLC Distribution Agreement") with its affiliate Wells Fargo Securities, LLC ("WFSLLC"), for the distribution of municipal securities offerings, including the Series 2019 Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC's

expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

The Underwriters have furnished the information in this Official Statement pertaining to the applicable public offering prices of the Series 2019 Bonds and have participated in the preparation of portions of this Official Statement. The public offering prices of the Series 2019 Bonds may be changed from time to time by the Underwriters, and the Underwriters may offer and sell the Series 2019 Bonds to certain dealers (including dealers depositing into investment trusts) and others at prices lower than the public offering prices set forth on the inside cover page of this Official Statement.

The Underwriters and their respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriters and their respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriters and their respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the City. The Underwriters and their respective affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the City.

THE TRUSTEE

The Trustee, The Bank of New York Mellon Trust Company, N.A., is a national banking association organized and existing under and by virtue of the laws of the United States of America and duly authorized to exercise corporate trust powers under the laws of the State of Ohio. The Designated Office of the Trustee is 6525 West Campus Oval, Suite 200, New Albany, Ohio 43054.

RATINGS

Moody's, S&P and Fitch Ratings ("Fitch") have assigned their ratings of A2," "A" and "A-," respectively, to the Series 2019 Bonds.

No application has been made to any other rating agency for the purpose of obtaining an additional rating on the Series 2019 Bonds. A rating reflects only the views of the rating agency and any explanations of the significance of those ratings may be obtained from the respective rating agencies. There is no assurance that those ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by any or all of the rating agencies, if, in their judgment, circumstances so warrant. Any downward revision or withdrawal of those ratings may have an adverse effect on the market price of the Series 2019 Bonds. The City and the Underwriters have undertaken no responsibility either to bring to the attention of the holders of the Series 2019 Bonds any proposed change in or withdrawal of the ratings or to oppose any revision or withdrawal.

CONCLUDING STATEMENT

To the extent that any statements made in this Official Statement involve matters of opinion, forecasts or estimates, whether or not expressly stated to be such, they are made as such and not as representations of facts or certainty, and no representation is made that any of such statements have been or will be realized. Information in this Official Statement has been derived by the City from official and other sources and is believed by the City to be accurate and reliable. Information other than that obtained

from official records of the City has not been independently confirmed or verified by the City and its accuracy is not guaranteed.

The summaries and descriptions of provisions of the Indenture and all references to other materials not purporting to be quoted in full are qualified in their entirety by reference to the complete provisions of the documents and other materials summarized or described. Copies of the Indenture may be obtained from the City or, during the offering period, from the Underwriters.

The agreement of the City with the owners of the Series 2019 Bonds is fully set forth in the Indenture. Neither this Official Statement nor any statement that may have been or that may be made orally or in writing is to be construed as or as part of a contract with the original purchasers or subsequent holders of the Series 2019 Bonds.

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This Official Statement has been prepared and delivered by the City and executed for and on behalf of the City by its Director of Finance and Director of Port Control.

CITY OF CLEVELAND, OHIO

By: /s/ Sharon A. Dumas
Director of Finance

By: /s/ Robert W. Kennedy
Director of Port Control

PART II

CERTAIN INFORMATION REGARDING THE CITY, THE AIRPORT SYSTEM AND THE AVIATION SECTOR

THE CITY

General

The City is a municipal corporation and political subdivision of the State of Ohio (the “State” or “Ohio”). It is located on the southern shore of Lake Erie and is the county seat of Cuyahoga County (the “County”) located in northeastern Ohio. The City was incorporated as a village in 1814 and became a city in 1836.

City Government

The City operates under and is governed by the Charter, which was first adopted by the voters in 1913 and has been and may be further amended by the voters from time to time. The City is also subject to certain general State laws that are applicable to all cities in the State. In addition, under Article XVIII, Section 3 of the Ohio Constitution, the City may exercise all powers of local self-government and may exercise police powers to the extent not in conflict with applicable general State laws. The Charter provides for a mayor-council form of government.

Legislative authority is currently vested in a 17-member Council. The terms of Council members and the Mayor are four years. All Council members are elected from wards. The current terms of the Mayor and Council members expire on January 3, 2022. The Council fixes compensation of City officials and employees and enacts ordinances and resolutions relating to City services, tax levies, appropriating and borrowing money, licensing and regulating businesses and trades, and other municipal functions. The presiding officer is the President of Council, who is elected by the City Council members. Kevin J. Kelley was elected as President of Council for a second term beginning January 1, 2018. The Clerk of Council is appointed by Council.

Pursuant to the City Charter, City Council is required to re-divide the City into wards based on the City’s population. Currently, there are 17 wards in the City.

The City’s chief executive and administrative officer is the Mayor who is elected by the voters for a four-year term. On November 7, 2017, Frank G. Jackson was re-elected Mayor of the City for a fourth term beginning January 1, 2018. Prior to assuming office as Mayor, Mr. Jackson served as President of Council from January 2002 through December 2005 and as Ward 5 Council Member since 1989. The Mayor may veto any legislation passed by Council. A veto may be overridden by a two-thirds vote of all members of the Council.

The Charter establishes certain administrative departments and Council may establish divisions thereof or additional departments. The Mayor appoints all of the directors of the City’s 12 departments.

Financial Matters

The responsibilities for the City’s major financial functions are vested in the Director of Finance. The Director of Finance is responsible for preparing and implementing the City’s current operating budget and capital improvement plan, collecting the City’s revenues, and procuring the City’s goods and services and making payments therefor. The Director of Finance is also responsible for maintaining an effective

system of internal accounting control, which includes the maintenance of a centralized accounting system and the supervision of the City's internal audit staff. Preparation and issuance of the City's internal and external financial reports are supervised by the Director of Finance.

The Director of Finance for the City is Sharon A. Dumas. Ms. Dumas served as Assistant Director of Finance for Budget and Capital from October 13, 2003 until her appointment as Director of Finance on March 29, 2006. Prior to joining the City's Finance Department, Ms. Dumas worked as Assistant Director of Community Development for the City. Ms. Dumas also served as Finance Director for the City of East Cleveland, Ohio from 1988 to 1994. Ms. Dumas holds a Masters of Accounting and Financial Information Systems from Cleveland State University and has over thirty years of experience in private and public sector accounting. In addition, Ms. Dumas was named the Interim Chief of Staff on December 4, 2017. She retains her position as Director of Finance.

James T. Hartley was named an Assistant Finance Director in April 2007 and, in addition, has served as acting City Treasurer and now City Treasurer since April 2008. Prior to accepting his current positions, Mr. Hartley was the Chief Investment Officer for the Ohio Treasurer of State from 1999 until 2007. As a member of the Treasurer's senior staff, he was responsible for overseeing and directing the State's investment program, including the State Operating Fund, STAR Ohio Local Government Investment Pool, and the State Tobacco Settlement Funds.

James E. Gentile, CPA, returned to the City as Controller in February 2002. Prior to accepting the position, Mr. Gentile was Deputy Auditor for the Auditor of State's Office since 1995 where he planned and supervised audits of cities, school districts and other local government agencies. From 1991 through 1995, he was employed by the City as an accountant and, in his final year, as Acting City Controller.

Elizabeth C. Hruby has served as the City's debt manager since 1996. She is the Assistant Secretary to the Sinking Fund Commission. She has been employed by the City since 1982 when she began as a Budget Analyst in the Office of Budget and Management. She was promoted to Operating Budget Manager in 1987 and was responsible for the development and monitoring of the City's annual operating budget. From January 7, 2002 until April 1, 2002, Ms. Hruby served as interim Director of Finance for the City.

Certain Economic and Demographic Information

The following information updates certain economic and demographic information about the City, the County and the related metropolitan statistical area but does not provide information with respect to the entire Airport Service Region.

Population

In the 2010 Census classifications, the City was in the Cleveland-Elyria-Mentor Metropolitan Statistical Area ("MSA"), which consists of Cuyahoga, Geauga, Lake, Lorain and Medina counties. In 2010, the MSA had a population of 2,077,240, ranking it the 28th largest metropolitan area (out of 366) in the United States. The City was also in the Cleveland-Lorain-Elyria Primary Metropolitan Statistical Area ("PMSA"), which consisted of the counties of Ashtabula, Cuyahoga, Geauga, Lake, Lorain and Medina and the Cleveland-Akron Consolidated Metropolitan Statistical Area ("CMSA"), which consisted of eight northeast Ohio counties, until June 2003 when the U.S. Census Bureau ceased using the PMSA and CMSA distinctions.

Set forth below are population statistics from the U.S. Bureau of the Census for the City, the County, the MSA/PMSA, the CMSA and the state for each decade from 1970 to 2000 and for the City, the County, the MSA/PMSA, and the State for 2010 and estimated for 2018.

POPULATION STATISTICS

Year	City	County	PMSA/MSA	CMSA	State of Ohio
1970	750,879	1,720,300	2,418,809 ¹	2,999,811	10,657,423
1980	573,822	1,498,400	2,277,681 ¹	2,834,412	10,797,604
1990	505,616	1,412,140	2,201,994 ¹	2,859,644	10,847,115
2000	478,403	1,393,978	2,250,871 ¹	2,945,831	11,363,543
2010	396,815	1,280,122	2,077,240 ²	N/A	11,536,504
2018-est	N/A	1,243,857	2,057,009 ²	N/A	11,689,442

Source: U.S. Bureau of the Census.

Employment

The following table compares estimated employment and unemployment statistics (annual averages) for the City, the County and the MSA, including comparisons with unemployment rates for the State and the United States.

EMPLOYMENT STATISTICS³

Year	Employed			Unemployed			Unemployment Rate				
	City	County	MSA	City	County	MSA	City	County	MSA	Ohio	U.S.
2010	148,800	577,900	964,100	17,900	53,800	87,900	10.8%	8.5%	8.4%	10.3%	9.6%
2011	147,900	576,000	964,200	15,900	47,200	76,400	9.7	7.6	7.3	8.8	8.9
2012	148,200	577,200	967,600	14,100	42,000	67,700	8.7	6.8	6.5	7.4	8.1
2013	148,500	578,600	972,500	14,300	43,300	70,500	8.8	7.0	6.8	7.5	7.4
2014	149,100	580,200	977,000	12,600	38,400	62,200	7.8	6.2	6.0	5.8	6.2
2015	148,900	579,900	978,400	10,500	31,700	51,700	6.6	5.2	5.0	4.9	5.3
2016	148,800	579,800	981,000	11,400	34,200	56,000	7.1	5.6	5.4	5.0	4.9
2017	148,300	578,000	979,900	11,700	35,600	58,200	7.3	5.8	5.6	5.0	4.4
2018	148,900	580,200	983,000	10,400	32,100	52,400	6.5	5.2	5.1	4.6	3.9
2019 ⁴	153,800	599,300	1,015,300	10,900	33,500	54,700	6.6	5.3	5.1	4.6	4.0

Source: Ohio Department of Job & Family Services, Labor Market Information Division. City and County estimates are NOT seasonally adjusted.

¹ Indicates population for the PMSA

² Indicates population for the MSA.

³ Rounded to the nearest hundred.

⁴ As of July 2019.

The following table indicates the distribution of employee classifications in the MSA for the years 2014 through 2018 and for the period ending July 31, 2019:

DISTRIBUTION OF EMPLOYEES BY SECTOR
(Amounts in 000s)

	2014	2015	2016	2017	2018	2019
Goods Producing Industries						
Mining, Logging, Construction	35.2	35.8	35.9	36.4	38.6	42.9
Primary Metal	8.7	8.4	7.1	7.0	6.9	6.7
Fabricated Metal	27.9	27.9	26.6	27.1	27.9	27.5
Transportation Equipment	12.5	12.8	13.5	13.4	13.2	12.9
Other	74.9	75.6	73.9	74.0	75.3	77.3
Total Goods Producing Industries	159.2	160.5	157.0	157.9	161.9	167.3
Service Providing Industries						
Transportation & Public Utilities	30.2	30.9	31.3	31.0	31.0	32.0
Wholesale Trade	50.2	51.1	51.5	52.1	52.5	55.7
Retail Trade	101.3	101.6	102.1	99.9	98.6	95.8
Finance, Insurance & Real Estate	64.9	65.0	65.2	66.6	67.0	66.8
Health Services	163.0	166.1	169.4	165.9	167.9	172.7
Other Services	334.2	335.5	341.9	347.6	351.3	363.9
Federal Government	18.3	18.6	18.9	19.1	19.3	19.3
State Government	7.3	7.2	7.3	7.4	7.5	6.8
Local Government	108.2	108.8	109.9	110.1	110.4	109.2
Total Service Providing Industries	877.6	884.8	897.5	899.7	905.5	922.2
Total	<u>1,036.7</u>	<u>1,045.3</u>	<u>1,054.5</u>	<u>1,057.6</u>	<u>1,067.4</u>	<u>1,089.5</u>
Goods Producing Percentage	15.4%	15.4%	14.9%	14.9%	15.2%	15.4%
Service Providing Percentage	84.6%	84.6%	85.1%	85.1%	84.8%	84.6%

Source: Ohio Department of Job & Family Services, Labor Market Information Division.

The following table indicates the per capita income for the County, the MSA, the State, and the United States for the years 2008 through 2017.

PER CAPITA INCOME

Year	County	MSA	Ohio	U.S.
2008	\$42,302	\$41,122	\$36,681	\$41,082
2009	39,938	39,057	35,610	39,376
2010	39,971	39,401	36,355	40,277
2011	42,645	42,075	38,816	42,461
2012	44,933	44,034	40,269	44,282
2013	44,889	44,297	40,687	44,493
2014	47,087	46,295	42,164	46,464
2015	48,506	47,783	43,587	48,190
2016	50,023	48,968	44,876	49,246
2017	52,783	51,755	46,732	51,640

Source: U.S. Bureau of Economic Analysis.

The income per household in the City and the County is estimated to be distributed as set forth in the following table:

INCOME PER HOUSEHOLD

Income and Benefits ¹	City		County	
	# Households	% Households	# Households	% Households
Less than \$10,000	33,376	19.8%	56,200	10.5%
\$10,000 to \$14,999	17,195	10.2	33,099	6.2
\$15,000 to \$24,999	26,901	16.0	62,692	11.7
\$25,000 to \$34,999	20,909	12.4	57,758	10.7
\$35,000 to \$49,000	22,798	13.5	72,573	13.5
\$50,000 to \$74,999	23,380	13.9	88,945	16.5
\$75,000 to \$99,999	10,832	6.4	57,746	10.7
\$100,000 to \$149,999	8,801	5.2	60,852	11.3
\$150,000 to \$199,999	2,278	1.4	22,790	4.2
\$200,000 or more	2,026	1.2	24,966	4.6

Source: U.S. Census Bureau Selected Economic Characteristics in the United States 2013-2017.

The U.S. Census Bureau also estimates that 30.7.0% of the people in the City and 14.0% of the people in the County have incomes that fall below the poverty level.

Corporate Headquarters

Listed below are 13 corporations (representing 12 different industries) among the Fortune 1000 largest corporations of 2017 (ranked by worldwide revenues) that have headquarters in the County.

CORPORATIONS HEADQUARTERED IN COUNTY AMONG FORTUNE'S TOP 1000 WITHIN THE 1,000 LARGEST U.S. CORPORATIONS RANKED BY REVENUES

Rank	Company	Major Products
99	Progressive	Insurance
177	The Sherwin Williams Company ²	Paints & Chemicals
218	Parker Hannifin Corp	Hydraulic Components
413	KeyCorp ²	Financial Services
433	TravelCenters of America	National Travel Center Chain
650	TransDigm Group, Inc. ²	Aircraft Components
690	Aleris International ²	Metals
718	Medical Mutual of Ohio	Health Care Insurance
733	Hyster-Yale Materials Handling	Industrial Machinery
747	Applied Industrial Technologies Inc. ²	Industrial Components
762	Lincoln Electric Holdings	Industrial Equipment
866	Cleveland-Cliffs, Inc. ²	Iron Ore, Mining
919	Nordson	Industrial Machinery

Source: 2019 Fortune Directory of the Largest U.S. Corporations.

Home Values, Housing Units and Home Sales

The 2017 estimated median values of owner-occupied homes in the City, the County and the MSA (figures derived from the U.S. Bureau of the Census; 2017 is the most recent year available) were \$67,600, \$123,900, and \$142,400, respectively, compared with \$135,100 in the State and \$193,500 in the United

¹ In 2017 inflation-adjusted dollars

² Headquartered in the City

States. The number of housing units within the City for the seven-year period from 2010 to 2017 decreased by 2.15%, from 216,561 to 211,902, compared with a decrease of 0.54% for the County, from 622,637 to 619,305. In recent years, as part of the City's community development initiatives, the City has provided financial assistance to nonprofit and for-profit developers to stimulate new housing construction in the City and made additional efforts to address increased foreclosures. See "**Housing and Neighborhood Development**" below.

Listed below are sale price summary statistics for the City and the County, respectively.

HOUSING SALES STATISTICS 2014-2018

Year	City		County	
	Number of Sales	Average Sales Price	Number of Sales	Average Sales Price
2014	3,761	\$54,548	16,021	\$129,634
2015	3,266	67,280	15,672	144,206
2016	4,847	59,368	20,198	135,046
2017	4,705	76,458	19,495	156,622
2018	6,790	69,500	23,938	140,500

Source: The County.

Building Permits

The following table shows information concerning the filing with the County of building permits for construction and demolition and the net assessed valuation (not the actual construction or demolition cost) of those building permits as determined by the County, for the City by class:

BUILDING PERMITS

	2014		2015		2016		2017		2018	
	# of Permits	Assessed Value ¹	# of Permits	Assessed Value ¹	# of Permits	Assessed Value ¹	# of Permits	Assessed Value ¹	# of Permits	Assessed Value ¹
Commercial	758	\$153,627	889	\$87,635	944	\$104,940	852	\$129,979	1,046	\$113,646
Industrial	105	4,403	103	2,401	96	2,692	79	6,450	106	3,735
Exempt	318	427	1,175	2,541	561	90	1,252	1,244	162	-
Public	0	0	2	0	2	0	0	0	0	-
Residential	<u>4,907</u>	<u>7,853</u>	<u>5,884</u>	<u>7,015</u>	<u>5,924</u>	<u>8,179</u>	<u>5,014</u>	<u>10,467</u>	<u>2,823</u>	<u>12,517</u>
Total:	6,088	\$166,310	8,053	\$99,592	7,527	\$115,901	7,197	\$148,140	4,137	\$129,898

Source: The County.

¹ In thousands.

Utilities

The MSA is well served with adequate and reliable water and energy resources. The principal source of water in the MSA is Lake Erie, the 12th largest lake in the world. The principal provider of potable water in the County is the City's Division of Water. A large amount of fresh water is available to the area for its foreseeable needs. The two principal providers of electric energy in the MSA are the City's Cleveland Public Power and the Cleveland Electric Illuminating Company, a wholly-owned electric utility operating as a subsidiary of FirstEnergy Corp. Sewer services in the MSA are provided by the Northeast Ohio Regional Sewer District.

Transportation

The City is a major regional center for economic and commercial activity and is served by diversified transportation facilities. There is immediate access to six United States highways and seven interstate highways. The Cleveland Innerbelt Modernization Plan focused on improving safety, reducing congestion and traffic delays, and modernizing interstate travel along I-71, I-77 and I-90 through downtown Cleveland. This investment by the State of Ohio rehabilitated and reconstructed the Innerbelt Freeway system, including construction of two new bridges to carry I-90 traffic, and addressed operational, design, safety and access shortcomings that severely impacted the ability of the Innerbelt Freeway system to meet the transportation needs of Northeast Ohio. Commencing in 2013 the Ohio Department of Transportation (“ODOT”) constructed a new westbound Innerbelt Bridge, demolished the old Innerbelt Bridge, and completed construction of a new eastbound bridge, concluding in October 2016. This two bridge system accommodates the more than 138,000 vehicles that cross the bridge each day. ODOT reports that the total cost for the construction of the two bridges was approximately \$573 million.

In the fall of 2014, ODOT commenced construction on its Opportunity Corridor Project, a three-mile, approximately \$331 million road project that is designed to improve the transportation system and support planned economic development within the City in the areas between I-490/I-77 and University Circle. The Opportunity Corridor encompasses nearly 1,000 acres on the City’s southeast side and is anchored by University Circle and the Cleveland Clinic. The Opportunity Corridor Project supports an economic development plan of the City and Greater Cleveland Partnership for the area through enhanced mobility, direct access to freeways and the University Circle area, new frontage for potential development, improved visibility and improved multi-modal access. The Opportunity Corridor Project is being funded in part by bonds issued by the Ohio Turnpike and Infrastructure Commission. The Opportunity Corridor Project is divided into three stages: the first stage was completed in 2017; the second stage opened in November 2018; and the third stage commenced major construction in May 2019 with the closure of I-490 for two years. The targeted completion is in 2021.

The Port of Cleveland (the “Port”) is an interlake and international shipping center located on the shores of Lake Erie and the Cuyahoga River. The Port primarily handles steel and bulk commodities and is a heavy lift port which is favorable for such items as automobile manufacturing equipment, presses and raw and finished steel and factory components. There are approximately 20,273 jobs supported by the maritime activities of the Port, with \$1.4 billion in total personal income and local consumption. The Port averages 13 million tons of cargo per year.

Norfolk Southern and CSX chose the City as their gateway to the Northeast and Midwest after the respective railroads restructured the rail systems following the acquisition of Conrail.

The City is also served by the Regional Transit Authority (“RTA”). The RTA owns and operates a public mass transit system, providing transportation to a 457 square mile service area which includes 59 municipalities, one of which is the City.

Financial Services

The City is a regional financial center and is the headquarters for the Fourth District Federal Reserve Bank, serving Ohio, the western portion of Pennsylvania and portions of Kentucky and West Virginia.

Education

Within the County are numerous public and private two-year and four-year colleges and universities, including, among others, Case Western Reserve University, John Carroll University,

Cleveland State University, Cuyahoga Community College, Baldwin Wallace University, Notre Dame College, Ursuline College, the Cleveland Institute of Music and the Cleveland Institute of Art.

Health Care

There are over 20 hospitals, including acute care and private psychiatric hospitals, in the County. Among these institutions are the Cleveland Clinic Foundation, University Hospitals Health System, and The MetroHealth System, all headquartered in the City.

Recreation and Entertainment

The City is noted for its many cultural institutions, including the internationally acclaimed Cleveland Orchestra and the Cleveland Museum of Art, the latter of which completed a \$350 million renovation and expansion project in late 2013. The project included refurbishing historic galleries and adding 35,000 square feet of gallery space, which opened in stages. Theaters and entertainment centers include Playhouse Square (a complex of eight theaters and performance venues, currently with seating for over 10,000), Public Auditorium, Karamu House, and Severance Hall. Other cultural institutions include the Cleveland Play House, Great Lakes Theater, Cleveland Public Theater, Apollo's Fire (the Cleveland Baroque Orchestra), Verb Ballet, and Dance Cleveland.

The Rock and Roll Hall of Fame and Museum, a 150,000 square foot facility located at North Coast Harbor, opened in 1995 and has attracted more than 11 million visitors to date. The Rock Hall is in the midst of fundraising for a \$30-35 million expansion project which will add approximately 50,000 square feet to be used for live performances, exhibits and education programs. The City hosted the Rock and Roll Hall of Fame inductions in 2015 and 2018. Future induction ceremonies will be held in the City every other year.

The Great Lakes Center for Science and Technology, located on North Coast Harbor next to the Rock and Roll Hall of Fame and Museum, opened in July 1996. With more than 400 hands-on exhibits and a six-story Omnimax theater, the Center gives visitors the chance to explore science, environment and technology and their relationships to the Great Lakes.

Other museums in the City include the Museum of Contemporary Art Cleveland, Cleveland Botanical Gardens, Cleveland Museum of Natural History, Dunham Tavern Museum, and the Cleveland History Center. Recreational facilities in the City include the 18,800-acre Metropolitan Park System, Cleveland Metroparks Zoo, Wade Park, Rockefeller Park, Cultural Gardens, Lakefront State Park and, outside the City, the Cuyahoga Valley National Park. The Cleveland Metroparks Zoo opened its \$4.1 million Rosebrough Tiger Passage in June 2016 and its \$4.5 million Asian Highlands exhibit in June 2018. The Crawford Auto Aviation Museum, part of the Cleveland History Center, reopened in January 2013 after a \$4 million renovation. In the fall of 2017, the Cleveland Children's Museum reopened in the historic Stager-Beckwith mansion in the Midtown neighborhood after a \$10.3 million renovation, giving the museum four times the space as its former location.

Professional sports are available to area residents at various facilities located in the City's downtown. FirstEnergy Stadium (previously known as Cleveland Browns Stadium), located on the lakefront in downtown Cleveland on the same site as the former Cleveland Municipal Stadium, was completed in August 1999 and is the home of the National Football League's (NFL) Cleveland Browns. The facility consists of an open-air stadium with approximately 68,000 seats. In addition to NFL football, the facility is suitable for major league soccer and open-air concerts.

The Gateway Sports Complex, located in the central business district of the City, includes Progressive Field (home of the American League's Cleveland Indians), Rocket Mortgage FieldHouse, formerly Quicken Loans Arena (home of the National Basketball Association's Cleveland Cavaliers, the American Hockey League's Cleveland Monsters, and the Arena Football League's Cleveland Gladiators), and a parking garage.

Progressive Field, which opened in April 1994, is an open air, natural turf baseball stadium with a current seating capacity for approximately 35,000 people. Rocket Mortgage FieldHouse, which opened in October 1994, is a multi-functional, indoor facility for sporting and entertainment events and seats approximately 20,000 people. The Gateway common areas consist of approximately 13 acres and include Gateway Square, an area for outdoor entertainment and activities. A \$185 million renovation of Rocket Mortgage FieldHouse began in September 2017 and is projected to be completed by October 2019.

The City hosted Major League Baseball's All-Star Game in 2019 at Progressive Field. The City has been selected to host the NFL's draft in 2021. The City will also host the 2020 National Collegiate Athletic Association ("NCAA") Division I Men's Basketball Championship First and Second Rounds, the National Basketball Association's 2022 All-Star Game, and the NCAA Division I 2024 Women's Final Four.

The City hosted the 2016 Republican National Convention in July 2016. The Convention drew an estimated 50,000 attendees and visitors.

Downtown and Other Economic Development

The City continues to focus its strategies on identified clusters of regional strength including health technology, paints and coatings, lighting and electrical, information technology, automotive and automotive related, aerospace, and banking and finance. Retention efforts include two visitation programs: the Cleveland Industrial Retention Initiative for all manufacturers, distribution and related supply chain businesses and a specific downtown stakeholders' visitation program through Downtown Cleveland Alliance. Oatey Co., a long time Cleveland manufacturer of plumbing products with locations around the world, built a new 43,500 square foot headquarters building in Cleveland's Emerald Corporate Park, which opened in October 2016.

Investment in the City's educational institutions continues. Cleveland State University opened Washkewicz Hall, its new \$60 million engineering building in December 2017. Cuyahoga Community College has undertaken a major construction and renovation project across all four of its campuses. This includes a \$10 million addition and renovation of its Advanced Technology and Training Center at the Metropolitan Campus downtown. This downtown project broke ground in June 2018 with a projected completion in the fall of 2019.

One of the central focus areas is the Health Tech Corridor, a three-block wide transit-oriented development running from Cleveland State University to University Circle, encompassing 1,600 acres. The Health Tech Corridor includes three colleges and universities and three major hospitals. In 2014, RTA completed a new transit station in University Circle on Cedar Avenue and completed construction of a new transit station on Mayfield Road in August 2015. These stations complement RTA's Health Line transportation system by connecting it to the City's heavy rail system, with direct access to the airport, and providing better connectivity to the City's second "downtown." The Health Line was key in the retention of Dealer Tire in the City's Midtown area. Dealer Tire opened their new Headquarters at the Victory Center in mid-2017, keeping their 450 employees in the City. They intend to add over 100 jobs by 2021. The area also continues to provide a location for incubated health technology companies like Abeona, which opened a 6,000 square foot private gene manufacturing facility (one of 10 in the United States) in the Health Tech corridor in 2018 with a second 20,000 square foot facility under construction at the same site. IBM Watson Health

opened a new headquarters in the City at the intersection of East 105th Street and Cedar Avenue, along the Opportunity Corridor.

Hemingway Development and University Hospitals purchased a ten-acre brownfield site that the City assembled and cleaned up. University Hospitals is developing another Health Technology Campus to be anchored by University Hospital's 40,000 square foot Rainbow Center for Women and Children, which opened in July 2018. Hemingway is now leasing Link 59, its 60,000 square foot speculative tech center. Dave's Supermarkets opened a new flagship 60,000 square foot grocery store on an adjacent site in February 2019. This provides a major retail amenity to the Corridor, as well as the surrounding neighborhoods. A new Hilton Tru hotel opened in the area in June 2019 to meet the rising demand from the medical and technology developments in the corridor.

In June 2018, a development team of First Interstate Properties, Ltd., and Petros Development Corp. opened One University Circle, a new 28-story residential tower in University Circle, five miles east of downtown in the vicinity of the Cleveland Clinic, Case Western Reserve University and many of the City's cultural institutions. Midwest Development Partners and the Coral Company also opened Centric, a seven-story mixed use complex consisting of first floor office and retail and 272 residential units. The two projects represent a total investment in the University Circle area of over \$180 million.

In 2013, the Cleveland Clinic demolished a block of buildings across from its campus to make way for a new medical school in partnership with Case Western Reserve University. Originally planned as a 165,000 square foot medical education building, the project has now been expanded to become a Health Education Campus in excess of 477,000 square feet and a cost over \$515 million. The project broke ground on October 1, 2015, and occupancy by various programs and departments started in the summer of 2019. The Cleveland Clinic opened its \$276 million 377,000 square foot Taussig Cancer Center in March 2017. The Clinic has converted the former Cancer Center building into the 120,000-square-foot new home of Cleveland Clinic Children's outpatient facility. The \$28 million renovated facility opened in September 2018.

In 2015, Integrated CC LLC, as the developer, commenced construction of the 276-room all service Holiday Inn Cleveland Clinic located on the Cleveland Clinic Campus. The hotel has a full service restaurant and lounge. The hotel is designed to serve the public and the families of overnight patients at the Cleveland Clinic. The \$45 million project was financed with bonds issued by the Cleveland-Cuyahoga County Port Authority. The hotel opened for business in May 2016.

In 2014, MetroHealth Medical Center announced its campus transformation project. As part of the multi-year project, MetroHealth opened its \$86 million Critical Care Pavilion in 2016. A 1,500-space parking garage opened in November 2018, with demolition of the old garage completed over the winter. Construction of a new 11-story, 270-room hospital began in April 2019. The total cost for all phases of the campus transformation is anticipated to be approximately \$1 billion.

The County's \$465 million Convention Center and Global Center for Health Innovation project in the City's downtown was completed in 2013. The project included an integrated facility for (i) exhibition space and showrooms for medical devices and equipment and related functions (the Global Center for Health Innovation) and (ii) exhibition, tradeshow and conference facilities, meeting rooms and related functions. Plug and Play, a Silicon Valley-based startup accelerator, has partnered with The Cleveland Clinic and Jumpstart to launch healthcare startups. The companies are housed in 10,000 square feet of the Global Center for Health Innovation, where Plug and Play has made a three-year commitment to provide mentorship to high-tech startups.

The \$275 million Cleveland Flats East Development Project Phase I was completed in 2013. This project consisted of an approximately 476,000 square foot, 18-story office tower, an approximately 530-space

parking garage, a 150-room Aloft hotel, and approximately 31,000 square feet of restaurant and retail space. The \$146 million Phase II included 243 apartments and 80,000 square feet of ground floor restaurant and retail as well as 48,000 square feet of entertainment space. A 1,200 linear foot river walk has been completed and provides access to the riverfront. The Phase II grand opening was held in October 2015. Plans for a third phase including riverfront bars and restaurants have received preliminary approvals. The Metroparks has opened a seasonal water taxi service that connects both sides of the river with plans to connect in the future to a lakefront beach at Wendy Park, furthering the tourist draw to this area.

The Ohio City neighborhood continues to grow and be a destination for residents and tourists. The neighborhood includes the City-owned West Side Market, the oldest continually operating market in the country, which recently celebrated its 100th anniversary. The West 25th Street Lofts Project created 83 loft style apartments and some rooftop penthouse units, as well as 9,100 square feet of commercial space. The last of the apartments was completed in December 2016. Total project cost was over \$60 million. Brickhaus Partners has assembled four acres of land with hopes of constructing a \$40 to \$50 million new mixed use development called One West Twenty. The area has seen more than \$15 million in new investment to redevelop over 198,000 square feet of vacant or underutilized mixed use space, including historic renovations and some new construction. The Snavely Group's \$60 million mixed-use, mixed-income development opened in 2018 and is currently leasing apartments. The success of Ohio City investments has led to development moving along the retail corridor on Lorain Avenue, with investors buying buildings from West 25th Street to West 50th Street with a variety of retail and commercial projects that include microbreweries, a home brewing supplier, an organic grocery store, restaurants and a shuffle board club. Harbor Bay Investments, a Chicago-based developer, recently agreed to acquire the outdated shopping center across from the West Side Market and has proposed a mixed-use development on the site. Many of the buildings are renovating long vacant apartments over the first floor retail space as the Ohio City housing market continues to draw new residents from all income levels looking to be in this walkable, transit-oriented community.

The Detroit Shoreway neighborhood adjacent to Ohio City is also enjoying an arts and entertainment resurgence. The Cleveland Public Theater and Capital Theater were joined in 2015 by a new performing arts venue, the Near West Theatre. The Templin Bradley, a 30-unit mixed income apartment building with both market rate and low-income units, opened in June 2015.

The City's Division of Animal Care and Control opened its new \$7.3 million kennel in March 2019. The new 20,000 square foot facility has three wings – animal care and control, clinic and classroom, and adoption – and was designed to incorporate current best practices for kennels. There is an on-site veterinarian clinic, play and visitation areas, and two new animal transport vehicles plus an additional veterinarian, an animal control supervisor, a full-time animal control officer, and five full-time animal care workers.

Housing and Neighborhood Development

The City continues to implement strategies to position the City and its neighborhoods to capitalize on future opportunities. The City has identified areas (i) where significant needs must be addressed, (ii) where need and market potential overlap, (iii) where scattered site rehabilitation will be sustainable, and (iv) where the City can create new housing opportunities, particularly for very low income households. In these target areas, the City has focused market-building and stabilization efforts, specifically focused on demolition, housing renovation and land reutilization.

THE AIRPORT SYSTEM

General

The Airport System is comprised of Cleveland Hopkins International Airport (the “Airport”) and Burke Lakefront Airport (“Burke”). The Airport is the primary commercial service airport for northeastern Ohio. The Airport is located approximately ten miles southwest of the City’s downtown, and encompasses approximately 2,045 acres of land, with three air carrier runways, a large terminal complex and various cargo maintenance facilities.

According to statistics compiled by the FAA, the Airport was the 44th busiest airport in terms of total passengers for U.S. airports in 2018. The Airport had approximately 4.84 million enplaned passengers in 2018 and 4.56 million enplaned passengers in 2017, representing a 6.0% increase in enplanements for 2018. Through the first seven months of 2019, enplaned passenger levels at the Airport increased 4.5% compared to the same period in 2018.

United Airlines (previously Continental Airlines prior to the merger of the two airlines in November 2011) used the Airport as one of its major domestic hubs until February 2014, when United announced plans to dehub operations at the Airport by dramatically reducing nonstop departures and destinations. For comparison purposes, United Airlines’ nonstop departures served by mainline aircraft at the Airport decreased by 61% between February 2014 and February 2015 according to U.S. Department of Transportation data. United Airlines and its regional affiliates (collectively, “United Airlines”), in particular, Express Jet, Mesa, Skywest and Republic, which operate under the brand name United Express, together accounted for 50.8% and 67.4% of the total enplaned passengers at the Airport in 2014 and 2013, respectively. In 2018, United Airlines represented 26.1% of the total enplaned passengers at the Airport

The Airport has historically served a significant origin-destination market, with origin-destination (“O&D”) passengers typically accounting for more than 70% of annual enplaned passengers (revenue and non-revenue, domestic and international) at the Airport. The existing substantial O&D passenger base together with United Airlines’ dehubbing operations at the Airport, and subsequent entry of new air carriers and expanded air service of incumbent air carriers has contributed to record O&D passenger levels at the Airport since 2017. In 2018, O&D passengers represented 4.71 million enplaned passengers or 97.3% of total enplaned passengers at the Airport, up from 74.9% in 2013, which was the last full year of United Airlines’ hubbing operation at the Airport. New entrant air carriers that also became new Signatory Airlines (Frontier Airlines, Spirit Airlines, JetBlue Airlines, and Allegiant Air), as well as expanded service from existing air carriers (American Airlines, Delta Air Lines and Southwest Airlines), contribute to the Airport’s role as a substantial O&D-based airport

Burke is a federally certified commercial and general aviation reliever airport located on 480 acres adjacent to the City’s downtown. Burke is a full-service aeronautical facility offering two parallel runways, the longest of which is 6,200 feet in length. In 2018, about 46,765 terminal operations (landings and takeoffs) were performed at Burke, the majority of which were performed by air taxi operators serving the City’s downtown business activities and the remainder of which were performed almost entirely by corporate and private general aviation aircraft. In 2017, Burke completed the Congressionally-mandated Runway 6L/24R Safety Area Improvements Project. This project lengthened the runway and brought pertinent runway-taxiway intersections to current FAA standards. The project also installed an Engineered Materials Arresting System on the west end as the runway was lengthened to the east.

Airport Facilities

The Airport has three runways, including two parallel runways (6L/24R, and 6R/24L) in the northeast-southwest primary wind direction and a crosswind runway (10/28) with an east-west orientation.

The Airport commissioned Phase I of Runway 6L/24R in December 2002 at a length of 6,800 feet. Runway 6L/24R was further extended to 9,000 feet and was commissioned as a CAT III runway in November 2004. Runway 6R-24L was extended to approximately 10,000 feet in length and commissioned on December 5, 2008 as part of a project to “uncouple,” or disconnect, the runway from its intersection with east–west Runway 10-28 (6015 feet in length). A fourth Runway, 6C/24C, was permanently closed in 2007 as part of a safety enhancement program. Runway ends 6R, 24L, 24R and 28 are equipped with Instrument Landing System “ILS” navigational aids that allow for precision approaches during inclement weather conditions. The Airport completed installation of EMAS at the 10 and 28 ends of Runway 10-28 as part of a project to relocate the runway 330 feet to the east.

The Airport’s passenger terminal facilities consist of approximately 935,000 square feet in a main terminal building with four attached concourses. Currently three of the concourses are active (Concourses A, B and C) which support 46 aircraft gates. The Airport opened Concourse D (170,000 square feet) in 1999 to serve the expanding regional jet operation of Continental Express (now, ExpressJet). United Airlines announced in April 2014 that it would no longer operate a hub at CLE and vacated Concourse D and consolidated its operations at the Airport on Concourse C. However, United Airlines continues to pay all costs, including the debt service, associated with Concourse D as evidenced in the Amended Special Facilities Leases for Concourses C and D. Pursuant to the Use Agreements, the leased premises of the Airport are leased on a preferential basis to each of the Airlines that have signed a Use Agreement, including Southwest Airlines, Delta Air Lines, United Airlines, American Airlines, Frontier Airlines, JetBlue Airways, Spirit Airlines, Allegiant Air, UPS and FedEx (collectively, the “Signatory Airlines”). Each Signatory Airline has priority of use with respect to its leased premises, but may be required by the Airport to share the use of such leased premises. In addition, 14 gates remain common use gates under the control of the Airport.

The Airport’s public automobile parking facilities currently consists of 5,770 parking spaces, with 3,675 spaces in the Smart Parking Garage (utilizes sensors to signal parking space availability), 1,584 spaces located on-Airport in various surface lots, and 511 spaces located in an offsite economy surface lot. An estimated 7,000 private off-airport parking spaces exist around the Airport’s perimeter. On May 1, 2018, the Airport implemented a \$2.00 rate increase across all parking products. The increase generated an additional \$2,200,000 in 2018 and full year projected incremental revenue of \$3,250,000.

Airport services also include a consolidated rental car facility that is located offsite, though adjacent to the Airport perimeter. The rental car facility is owned by the Airport and leased to the car rental companies, which currently include Alamo, Avis, Budget, Dollar Thrifty, Enterprise, Hertz, and National.

Transportation network companies (“TNCs”), such as Uber Technologies Inc. and Lyft, Inc. provide transportation services to and from the Airport. TNC vehicles pay a \$4.00 trip fee for each pick-up and drop-off at the Airport. In 2018 the Airport collected \$3.0 million in rideshare trip fees.

In 2018, the Airport exercised its option to extend its concessions and lease agreement with the developer Fraport, Inc., formerly known as AIRMALL USA, Inc. for five years. The agreement with Fraport has resulted in a higher amount spent per enplaned passenger and a higher revenue stream to the Airport. In 2011, the average revenue per enplaned passenger was \$8.08, and through the second quarter of 2019, the average revenue per enplaned passenger was \$11.29. The agreement contains minimum annual guarantees payable to the City at levels comparable to the total amount of annual revenue received under the prior concessions and lease agreements. In addition to the minimum annual guarantee provisions, the agreement with Fraport also includes certain revenue sharing elements that benefit the Airport. The concessions development program currently includes more than 52,000 square feet of concession space with plans to refresh certain concessions concepts and to add three new concessions spaces. The concessions program includes local, regional and nationally branded concepts. Current offerings include a

variety of concepts, such as Shake Shack, The Pub, Quaker Steak and Lube, Bar Symon, Great Lakes Brewery Restaurant, Bruegger's Bagels, Sammy's, Inca Tea, Johnston and Murphy, Rock and Roll Hall of Fame & Museum Store, Monarch, Sunglass Hut and numerous other brands. Five new concepts have opened or will be added in 2019, including offerings such as Cantina Taqueria and Tequila Bar and 800 Degrees Pizza Oven.

Capital Improvement Plan

The Airport maintains an ongoing Capital Improvement Program ("CIP") for the Airport System. Airport management has identified \$126.0 million of capital projects that are being funded from 2019 to 2023 (the "Five-Year CIP") from the following sources.

CAPITAL IMPROVEMENT PLAN

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Total</u>
Existing Bond Proceeds	\$ 15,650,000	\$ 13,400,000	\$ 9,200,000	\$ -	\$ -	\$ 38,250,000
Airport Discretionary Funds	4,216,778	12,738,400	2,825,887	2,543,387	6,150,000	28,474,452
Federal Grants-in-Aid	5,306,314	32,950,747	750,000	5,302,500	15,000,000	59,309,561
Total CIP Sources	\$ 25,173,092	\$ 59,089,147	\$ 12,775,887	\$ 7,845,887	\$ 21,150,000	\$ 126,034,013
Airfield Projects						
BKL Taxiway D Rehabilitation	\$ 345,607	\$ -	\$ -	\$ -	\$ -	\$ 345,607
BKL Runway 6R/24L Rehabilitation	876,598	-	-	-	-	876,598
BKL Crossing Taxiways Design	-	83,034	-	-	-	83,034
BKL Crossing Taxiways Construction	-	747,310	-	-	-	747,310
Full depth Rehabilitation of Runway 6R-24L (EA)	-	-	1,000,000	-	-	1,000,000
Full depth Rehabilitation of Runway 6R-24L (Design)	-	-	-	7,070,000	-	7,070,000
Full depth Rehabilitation of Runway 6R-24L (Construction Phase I)	-	-	-	-	20,000,000	20,000,000
North Airfield Improvements (Construction-Phase III)	1,000,000	18,257,916	-	-	-	19,257,916
North Airfield Improvements (Construction-Phase IV)	-	24,230,000	-	-	-	24,230,000
Airfield Sanitary Sewer Relocation Project	2,500,000	2,500,000	2,000,000	-	-	7,000,000
Terminal Projects						
Main Terminal Boiler Replacement	3,300,000	-	-	-	-	3,300,000
Main Terminal Chiller Replacement	300,000	2,500,000	2,500,000	-	-	5,300,000
Other Projects						
Aircraft Rescue & Firefighting (ARFF) Vehicle	425,887	425,887	425,887	425,887	-	1,703,548
BKL Exhibit A	-	375,000	-	-	-	375,000
BKL Parking Lot Upgrades	-	1,000,000	1,000,000	-	-	2,000,000
Airport Master Plan	500,000	2,000,000	2,000,000	-	-	4,500,000
Baggage Handling System Expansion	-	1,000,000	1,500,000	-	-	2,500,000
Electrical Vault 6 (EV-6) Replacement	550,000	-	-	-	-	550,000
Environmental	800,000	-	800,000	-	800,000	2,400,000
General Design Services	850,000	-	200,000	200,000	200,000	1,450,000
Pavement Management Support Services	-	350,000	-	-	-	350,000
Quality Assurance and Quality Control Services	225,000	-	150,000	150,000	150,000	675,000
Ground Transportation Center Upgrades	1,000,000	2,000,000	-	-	-	3,000,000
IT End of Life Hardware Replacement	300,000	500,000	500,000	-	-	1,300,000
Life Safety & Security Access Control Overhaul	2,300,000	400,000	400,000	-	-	3,100,000
Life Safety & Security Fire Alarm & Suppression	400,000	1,500,000	300,000	-	-	2,200,000
Noise Monitoring Equipment Replacement	-	220,000	-	-	-	220,000
Snow Removal Equipment	4,550,000	-	-	-	-	4,550,000
Roadway Storm Sewer Pump Replacement	-	1,000,000	-	-	-	1,000,000
Port Control Vehicles	450,000	-	-	-	-	450,000
Primary Road Utilities & Roadway Improvements	4,500,000	-	-	-	-	4,500,000
Total CIP Uses	\$ 25,173,092	\$ 59,089,147	\$ 12,775,887	\$ 7,845,887	\$ 21,150,000	\$ 126,034,013

Source: City of Cleveland, Department of Port Control records

The bond-funded CIP Projects have been reviewed by the Signatory Airlines under the MII procedures in the Use Agreements for review of capital projects, and all of the CIP Projects were approved under the MII process. No new money bond issuances are expected in the next four years.

Five-Year CIP Projects

The following is a summary and description of the Five-Year CIP projects:

Airfield Projects

North Airfield Improvements (Phases III-IV). This project will eliminate two airfield-related “hot spots” (areas with the potential for collision or runway incursion) as determined by the Federal Aviation Administration (“FAA”). The project will provide geometric updates to current FAA standards and eliminate direct aircraft access into the runway environment to enhance airfield safety. Estimated cost: \$43.5 million.

Full Depth Rehabilitation of Runway 6R-24L. Includes the environmental assessment, design and construction of the complete rehabilitation of the Airport’s inboard runway. Estimated cost: \$28.1 million.

Airfield Sanitary Sewer Relocation Project. Includes the design and relocation of an airfield sanitary sewer line to comply with environmental standards. Estimated cost: \$7.0 million.

BKL Runway 6R/24L Rehabilitation. Includes the complete resurfacing and remarking of Burke’s Runway 6R/24L to FAA specifications. Estimated cost: \$0.9 million.

BKL Taxiway Rehabilitation. Includes the complete resurfacing and remarking of Taxiways B, D, E and F at Burke. Estimated cost: \$1.2 million.

Terminal Projects

Main Terminal Boiler Replacement. Replacement of six of the existing eight boilers for the main terminal with more energy efficient units. Estimated cost: \$3.3 million.

Main Terminal Chiller Replacement. Complete replacement of the Airport’s central cooling plant equipment, which is more than 20 years old. This project will allow for a more efficient chiller plant (plus associated equipment) to meet the current and future service needs of the Airport’s terminal complex. Estimated cost: \$5.3 million.

Other Projects

Airport Master Plan. The development of a new Airport Master Plan to address the short and long-term development needs for the Airport, especially critical given the Airport’s aging landside infrastructure and transition to an O&D airport. The plan addresses five primary goals for the Airport: 1) provide a development strategy for the future; 2) identify long-range facilities requirements; 3) develop an implementation program; 4) satisfy the requirements of FAA airport needs; and 5) span a 20-year planning horizon. Estimated cost: \$4.5 million.

Life Safety & Security Access Control Replacement. A complete replacement of the existing access control system is required due to the obsolescence of the existing system and evolving security requirements of the federal agencies that impact Airport operations. Estimated cost: \$3.1 million.

Life Safety & Security Fire Alarm Suppression Replacement. This project replaces field devices (detectors and alarms) placed throughout the terminal complex that are antiquated and require upgrading to integrate with more recent installed systems (e.g., sprinkler release systems). Estimated cost: \$2.2 million.

Airport Baggage Handling System Expansion. The design and implementation of additional capacity to the Airport’s in-line baggage handling system. Estimated cost: \$2.5 million.

Primary Road Utilities & Roadway Improvements. Rehabilitation of Primary Road, including the re-rerouting of adjacent underground utilities and sanitary systems. Estimated cost: \$4.5 million.

Ground Transportation Center Upgrades. This project provides customer service improvements to the existing ground transportation center (“GTC”), including a new canopy system, new lighting and signage and sectional heating. Upgrades to the GTC are required given the increased utilization of TNCs by passengers entering and exiting the Airport. Estimated cost: \$3.0 million.

Roadway Storm Sewer Pump Replacement. The replacement of five storm sewer pumps that service the terminal roadway system. Estimated cost: \$1.0 million.

BKL Parking Lot Upgrades. This project will rehabilitate the existing pavement surface to provide safety improvements and structural strength to support vehicles entering and exiting the parking lot. Estimated cost: \$2.0 million.

Snow Removal Equipment. New snow removal equipment will be purchased to assist with the Airport’s snow and ice control plan that addresses poor weather conditions and prompt removal requirements to ensure a safe and efficient operation. Estimated cost: \$4.6 million.

Electrical Vault 6 (EV-6) Replacement. Removes and replaces all electrical switchgear in the electrical vault due to damaged panel’s automatic transfer switch requirements. The EV-6 switchgear and automatic transfer switch were damaged in a flood. Replacement of the switchgear and automatic transfer switch will allow the parking garage, roadway lights and other critical areas served by EV-6 to run on the existing generator power in the event of a power loss. Estimated cost: \$0.6 million.

Information Technology Upgrades. Upgrade of switches and other core networking infrastructure to enhance the information technology network across the Airport. Estimated cost: \$1.3 million.

Aircraft Rescue & Firefighting (ARFF) Vehicle. Includes the purchase of a new ARFF vehicle to comply with airport safety standards and response times. Estimated cost: \$1.7 million.

Vehicle Replacement. This project will replace a portion of the Airport’s existing vehicle fleet due to age and operating condition of certain vehicles. Estimated cost: \$0.5 million.

General Design and Planning Services. This project allows for the engagement of consultants to provide design, planning and construction management services, as extension support to the staff of the Department of Port Control for the implementation of the Five-Year CIP. Estimated cost: \$1.5 million.

On-Call Environmental and Other Professional Planning Services. The Department of Port Control maintains a pool of qualified professional firms that can provide airport planning and environmental services on an as-needed basis. This project will fund those services over the next five fiscal years. Estimated cost: \$3.4 million.

Noise Monitoring Equipment Replacement. This project replaces noise monitors at various locations that have reached the end of their useful life to comply with the Airport’s Part 150 Noise Compatibility Program. Estimated cost: \$0.2 million.

BKL Exhibit A. This project maps the Burke property to update real estate assessment information for City-owned parcels. Estimated cost: \$0.4 million.

CIP Funding Sources

Funding sources for the Five-Year CIP projects are anticipated to include existing proceeds from outstanding Airport System Revenue Bonds, federal and state grants-in-aid, and other Airport discretionary funds. The following table summarizes the anticipated sources and uses of funding for the Five-Year CIP.

Sources and Uses – Five-Year CIP (in \$000s)

<u>CIP Projects</u>	<u>Project Cost Estimate</u>	<u>Existing Bond Proceeds</u>	<u>Airport Discretionary Funds</u>	<u>Federal and State Grants</u>
Airfield Projects	\$80,610	\$ 7,000	\$18,050	\$55,560
Terminal Projects	8,600	8,600	--	--
Other Projects	<u>36,824</u>	<u>22,650</u>	<u>10,424</u>	<u>3,750</u>
Total	\$126,034	\$38,250	\$28,474	\$59,310

Source: City of Cleveland, Department of Port Control records

Existing Bond Proceeds

The City expects to use approximately \$38.3 million in existing bond proceeds to fund a portion of the Five-Year CIP projects. The Scheduled Airlines have provided certain approvals for the use of such proceeds for funding projects in the Five-Year CIP.

Airport Discretionary Funds

In accordance with the Use Agreements, the City receives annual discretionary funds via the Airport Development Fund. The City anticipates using a portion of annual Airport Development Fund receipts to fund certain projects in the Five-Year CIP. The City plans to utilize \$28.5 million in Airport Development Fund and other discretionary fund monies to provide local matches to certain federal and state grants-in-aid as well as fund other capital improvements.

Federal Grants

In accordance with FAA Record of Decision dated December 22, 2000 and subsequently amended on August 25, 2005 and August 18, 2017, the City anticipates receiving a total of \$181.6 million in Letter-of-Intent (LOI) funds to pay project costs of the Runway Uncoupling Project (\$42.8 million) and debt service associated with airfield projects funded in part from the Series 2000 Bonds (\$148.4 million). As of December 31, 2018, the City received \$174.9 million of the LOI proceeds. The following table presents the anticipated schedule for receiving the remaining LOI fund balance:

Year	LOI Payment	Year	LOI Payment
2019	\$2,059,960	2021	\$2,090,031
2020	\$2,074,885	2022	\$400,248

Source: FAA letter AGL-01-01 dated August 18, 2017

In addition, the City anticipates receiving \$59.3 million in additional federal and state grants-in-aid for the implementation of certain airfield and other improvements at the Airport and Burke.

Passenger Facility Charges

Under federal law, the FAA may authorize a public agency that controls an airport to impose a PFC of \$1.00, \$2.00, \$3.00, \$4.00 or \$4.50 for each qualifying enplaned passenger at such airport to be used to finance eligible airport-related projects. The City currently imposes a \$4.50 PFC at the Airport, with total impose and use collection authority of \$596.6 million. As of June 30, 2019, the Airport had received a total of \$512.3 million in PFC revenues. The remaining balance of collection authority is anticipated to extend through 2023, with 100% of annual PFC revenues allocated to pay debt service associated with already approved PFC projects.

The amount of actual PFC revenues will vary depending on actual levels of passenger enplanements at the Airport and therefore there is no assurance of the timing or amount of PFC revenues that will be available. The FAA may terminate its approval of the City's imposition of a PFC if the FAA determines that the City is in violation of the Aviation Safety and Capacity Expansion Act of 1990 and reauthorization in 2000 (the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century) (together, the "PFC Acts") or the regulations promulgated thereunder or certain provisions of the Airport Noise and Capacity Act (the "Noise Act"). However, both the PFC Acts and the Noise Act provide procedural safeguards to ensure that the City's ability to impose a PFC will not be summarily terminated.

The following table provides the annual audited collections of PFCs, from 2014 through 2018 (in thousands).

PFC Revenue

Calendar Year	PFC Revenue
2014	\$14,798
2015	16,198
2016	16,608
2017	18,511
2018	19,425

Source: City of Cleveland, Department of Port Control records

Airport Development Funds

In accordance with the Use Agreements, the City annually receives discretionary funds from airline rates and charges that are deposited in the Airport Development Fund. See "PART I – SECURITY FOR THE SERIES 2019 BONDS – Airport Development Fund." The City anticipates using a portion of annual Airport Development Fund receipts to fund certain of the Five-Year CIP Projects.

Regulatory Matters

On April 20, 2001, the Airport and the State executed a consent order allowing the Airport to proceed with its expansion program. The consent order required the Airport to address environmental issues, which included handling of deicing chemicals, removal of soils during construction, and an investigation into the effects of past deicing on Airport property. In cooperation with the Ohio Environmental Protection Agency ("OEPA") the City has implemented numerous capital improvements that address the consent order, including a Centralized Deicing Facility, which eliminates most discharges of deicing chemicals into local waters. The City has implemented a source area reduction program that

removes soils adversely impacted by deicing chemicals as those soils are discovered. The consent order has been satisfied and the matter is closed.

The City has sought a modification to the National Pollutant Discharge Elimination System (“NPDES”) permit from the OEPA, which will address new effluent limits on deicing chemicals. The OEPA has also notified the City that Burke is no longer eligible for a general NPDES permit. The City applied for an individual permit that specifically addresses the needs of Burke. The application for the NPDES permit was approved, and the City has received a permit, effective February 1, 2018.

On September 14, 2015, the Airport received four notices of proposed penalties from the FAA, totaling \$735,000. The penalties alleged that the Airport failed to uphold its Snow and Ice Control Plan during four events between 2013 and 2015 during the winter seasons. In May 2016, the Airport agreed to pay a fine of \$200,000 to settle the four cases related to alleged Snow and Ice Control Plan issues. Under the settlement agreement with the FAA, the City is required to submit a letter to the FAA every August 1st and November 1st, updating the FAA on staffing levels. The City can request that the FAA release the City of its obligations under the settlement agreement after May 20, 2021. The City must also comply with a multi-year snow removal equipment acquisition plan. The final piece of equipment will be purchased under that plan in 2019, with delivery likely in 2020. The Airport’s operations section has been working with the FAA on the implementation of that plan. If any changes to the plan are made, they must be approved by the FAA.

Management of the Airport System

Section 76-8 of the City’s Charter provides that the Director of Port Control is in charge of administration and control of, among other facilities, the municipally owned airport facilities of the City. The City’s Department of Port Control, through the Divisions of the Airport and Burke (the “Divisions”), operates the two airports comprising the Airport System. The Divisions employ approximately 400 individuals in administration, airfield and building maintenance, vehicle maintenance, and aircraft rescue and firefighting. There have been no strikes or work stoppages by employees of the Divisions in recent years. The City believes its relations with these employees are excellent.

The Codified Ordinances of the City place management responsibility for the Divisions in the Commissioner of the Airport, or the Commissioner’s duly authorized representatives. The Commissioner of the Airport fixes the charges for the use of hangar space and landing and take-off fees, subject to the approval of the City’s Board of Control. Following are brief biographical sketches of the Department of Port Control officials:

Robert W. Kennedy was named Director of Port Control on January 11, 2017 and is responsible for the management and operations of the Airport System. In this capacity, Mr. Kennedy provides leadership and oversight to the Airport, Burke and also the Division of Harbors, including the City’s North Coast Harbor. Prior to joining the City, Mr. Kennedy held the position of Vice-President, Consulting Services for Aviation Strategies International, where he had executive responsibilities focused upon aviation advisory services. With more than 30 years of aviation experience, Mr. Kennedy has a wide variety of experiences within civil aviation including being appointed to interim general and deputy general manager for the world’s busiest airport, Hartsfield-Jackson Atlanta International Airport (“ATL”). At ATL, he also served as the general manager of Operations, Maintenance and Security at ATL and served as the airport’s director of marketing, public relations and intergovernmental affairs, and route development manager. Mr. Kennedy has received the two highest airport industry accreditations: the Accredited Airport Executive (AAE) designation from the American Association of Airport Executives (AAAE) in 2008. In 2009, he earned the International Airport Professional (IAP) designation, an accreditation awarded jointly by the Airports Council International (ACI) and the International Civil Aviation Organization

(ICAO). Mr. Kennedy holds a Bachelor of Arts degree in Leadership Studies from the University of Alabama.

Khalid Bahhur was appointed as Commissioner of the Airport and Burke in 2017. As the Commissioner of Airports, Mr. Bahhur is responsible for the day to day management of the Airport and Burke. Prior to his appointment to Airport Commissioner, Mr. Bahhur was the Commissioner of Burke and was responsible for operations there, as well as for management of the City's harbor properties surrounding Lake Erie. Mr. Bahhur has over 28 years of experience in commercial airport management, economic development, planning and budgeting. Mr. Bahhur received his bachelor's degree from the Cleveland State University and has a certificate of affiliate membership from the American Association of Airport Executives.

Christine Gilmartin was appointed Chief Financial Officer for the City's Department of Port Control in June 2012 and is responsible for planning, organizing, directing, monitoring and evaluating the financial and accounting work of managers and staff of the Airport with an annual operating budget of \$170 million. In her previous role, Ms. Gilmartin served as the comptroller for the Department of Port Control. Prior to her employment with the City, Ms. Gilmartin served as a credit administrator with the Mountaineer Casino Racetrack & Resort and previously served with the Auditor of the State of Ohio where her responsibilities included leading the audit team from the planning of the audit to the issuing of financial statements. Ms. Gilmartin received her Bachelor of Science in Business Administration from Youngstown State University. She is a Certified Fraud Examiner and a member of the Association of Government Accountants.

Pat Singleton was appointed Chief of Business Development and Management in October 2006 and is responsible for business planning and development and all matters related to concessions, airline agreements, parking and ground transportation, development and inventory control. Ms. Singleton joined the Department of Port Control as Airport Development Manager in 1999 and has served in various management positions within the business cluster. Ms. Singleton has a Bachelor of Science degree from Central State University and a Master of Science from The Ohio State University. Ms. Singleton has over 30 years of experience in commercial management including experience with concessions, property and business development, airline use and lease agreements, management of airport parking and ground transportation operations, and real estate negotiations.

Dina Wilson was appointed as Acting Chief of Human Resources and Organizational Effectiveness at the Department of Port Control in January 2019. She is responsible for strategic workforce planning, talent and performance management and training and development to achieve objectives driving optimal organizational success. Her professional background in both the private and public sectors brings years of experience in both airport management and human resources/organizational development. She is a graduate of Waynesburg University with a Bachelor's in Business Management. She has graduate studies at both Embry Riddle University in the MBAA (Business Administration/Aviation) program and Robert Morris University where she plans to continue to pursue a Master's in Organizational Development/Leadership.

Todd F. Payne was selected to join the Department of Port Control for the Airport System in December 2006 as Chief of Marketing and Air Service Development. He is responsible for air service recruitment, marketing, communications, strategic customer service performance and art/tour programming for the Airport and Burke. Prior to his selection, Mr. Payne was Regional Manager of the Eastern and Central U.S. and National Affiliate Marketing Manager with Hawaiian Airlines. He has over 32 years of travel industry marketing and leadership experience. He has also held management positions with Piedmont Airlines, US Airways, VIASA Venezuelan International Airways, the Aruba Tourism Authority, Universal Studios Orlando, Sofitel Hotels and the

Experience Columbus CVB. Mr. Payne is a graduate of Ashland University and has also received CTC and CTA certification from the Travel Institute.

The Airport Service Region

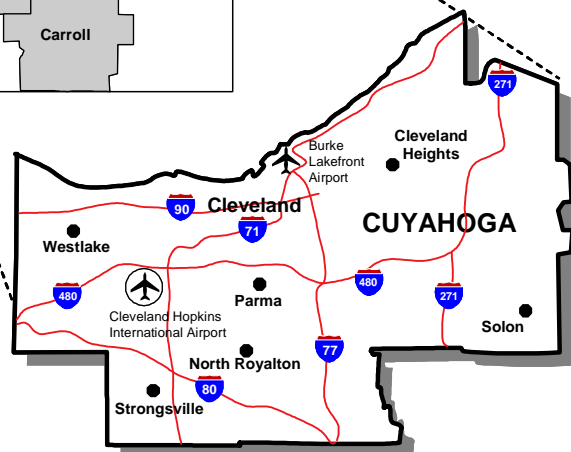
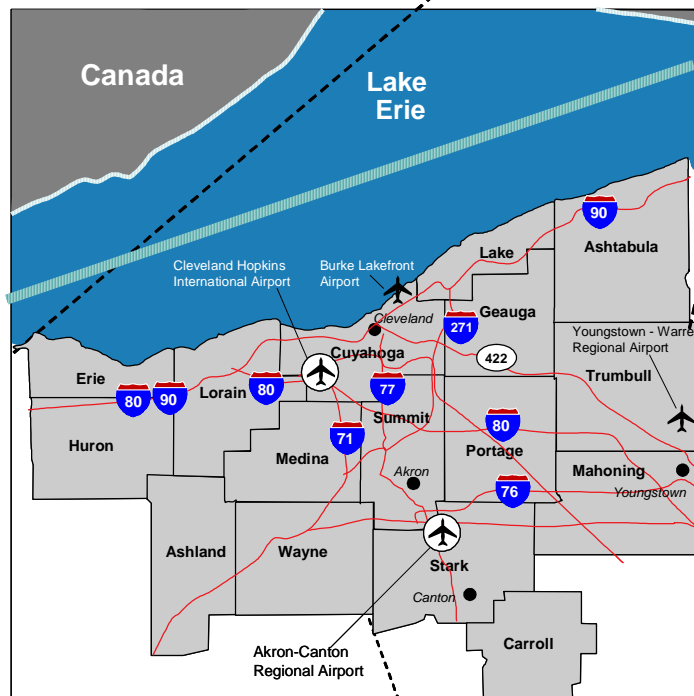
The City and the Airport System are located in Cuyahoga County, the largest county in terms of population in the State of Ohio. The air trade area for the Airport is comprised of the following 16 counties in Ohio: Ashland, Ashtabula, Carroll, Cuyahoga, Erie, Geauga, Huron, Lake, Lorain, Mahoning, Medina, Portage, Stark, Summit, Trumbull and Wayne. Together, these 16 counties comprise the “Airport Service Region.” This area is depicted by the map on the following page. While most of the Airport’s passengers originate from the Airport Service Region, the Airport does draw passengers from other regions, including northwestern Ohio and western Pennsylvania. The population of the Airport Service Region is approximately 4.0 million. The Cleveland Combined Statistical Area, includes the following ten counties: Ashtabula, Carroll, Cuyahoga, Geauga, Lake, Lorain, Medina, Portage, Stark and Summit and is the 16th largest metropolitan area in the U.S. (as defined by the U.S. Census Bureau). The other commercial air service airport located in the Airport Service Region is Akron-Canton Regional Airport.

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THE AIRPORT SERVICE REGION

Road miles from Cleveland to:	
Akron	39
Canton	58
Columbus	142
Detroit	174
Pittsburgh	137
Toledo	119
Youngstown	76

Less than 1 hour flight time from Cleveland:	
Toronto	45 minutes
Chicago	55 minutes
New York	55 minutes
Washington, DC	55 minutes



Airport Passenger Activity

In 2018, enplaned passengers at the Airport increased by 6.0% from 2017 and represented the highest enplaned passenger activity level since 2009. From 2014 to 2018, the Airport averaged a 6.2% increase in annual enplaned passenger levels. For 2017, total enplaned passengers at the Airport increased by 8.5% compared to 2016.

The following table shows the total number of enplaned passengers, aircraft departures, and aircraft landed weight at the Airport for the ten most recent calendar years.

SUMMARY OF RECENT HISTORICAL AIRPORT ACTIVITY						
Year	Enplaned Passengers		Aircraft Departures		Aircraft Landed Weight	
	Number	Percent Change	Number	Percent Change	1,000 lb ¹ Unit	Percent Change
2009	4,855,129	(12.4)%	100,134	(21.4)%	6,265,656	(13.7)%
2010	4,745,308	(2.3)	96,432	(3.7)	5,907,546	(5.7)
2011	4,598,279	(3.1)	94,143	(2.4)	5,912,394	0.1
2012	4,495,353	(2.2)	90,472	(3.9)	5,732,148	(3.0)
2013	4,525,656	0.7	90,670	0.2	5,732,142	0.0
2014	3,797,261	(16.1)	65,381	(27.9)	4,773,831	(16.7)
2015	4,046,634	6.6	58,887	(9.9)	5,118,792	7.2
2016	4,205,739	3.9	59,327	(0.7)	5,117,105	(0.0)
2017	4,562,740	8.5	61,196	3.2	5,455,096	6.6
2018	4,836,580	6.0	63,239	3.3	5,686,461	4.2

Source: City of Cleveland, Department of Port Control records

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¹ Includes the sum of all commercial air carrier, commuter and all-cargo operations.

The table below presents total enplanements at the Airport by month between January 2014 and July 2019.

MONTHLY ENPLANEMENT COMPARISON AT THE AIRPORT

<u>Month</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2015 v. 2014 %</u>	<u>2016 v. 2015 %</u>	<u>2017 v. 2016 %</u>	<u>2018 v. 2017 %</u>	<u>2019 v. 2018 %</u>
Jan	282,988	264,960	299,868	294,677	329,091	335,111	(6.4)	13.2	(1.7)	11.7	1.8
Feb	300,758	271,059	295,923	290,026	322,009	331,618	(9.9)	9.2	(2.0)	11.0	3.0
March	381,879	332,132	358,313	376,914	409,855	433,039	(13.0)	7.9	5.2	8.7	5.7
April	339,109	321,104	330,731	359,035	390,506	403,203	(5.3)	3.0	8.6	8.8	3.3
May	337,272	359,455	372,610	404,947	431,116	454,375	6.6	3.7	8.7	6.5	5.4
June	322,525	377,533	391,393	436,179	455,273	481,395	17.1	3.7	11.4	4.4	5.7
July	326,007	378,202	393,204	445,962	458,791	484,001	16.0	4.0	13.4	2.9	5.5
Aug	313,878	364,464	377,529	430,669	440,554		16.1	3.6	14.1	2.3	
Sept	287,848	342,205	358,886	379,546	395,671		18.9	4.9	5.8	4.2	
Oct	312,317	369,214	369,745	409,972	421,114		18.2	0.1	10.9	2.7	
Nov	288,339	338,300	335,876	368,056	398,923		17.3	(0.7)	9.6	8.4	
Dec	304,341	339,475	321,238	366,757	383,677		11.5	(5.4)	14.2	4.6	
Totals	3,797,261	4,046,634	4,205,739	4,562,740	4,836,580	2,922,742	6.6	3.9	8.5	6.0	4.5

Source: City of Cleveland, Department of Port Control records.

For the first seven months of 2019, total enplanements (scheduled and non-scheduled) at the Airport increased 4.5% compared to the same period for 2018. For the calendar year 2018, total Airport enplanements (scheduled and non-scheduled) were 6.0% higher than in 2017, while total enplanements by U.S. airlines and on foreign airlines serving the United States increased 5.0% in 2018 compared to 2017. (Source: Department of Transportation Bureau of Transportation Statistics data).

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The following table shows total domestic revenue originating enplanements and total domestic revenue connecting enplanements at the Airport from 2009 through 2018.

HISTORICAL DOMESTIC ORIGINATING AND CONNECTING ENPLANEMENTS¹

<u>Year</u>	<u>Originating Enplanements</u>	<u>Percent of Total</u>	<u>Connecting Enplanements</u>	<u>Percent of Total</u>
2009	3,300,406	73.0%	1,222,268	27.0%
2010	3,223,242	71.8	1,268,791	28.2
2011	3,399,760	78.0	956,462	22.0
2012	3,402,931	79.9	857,990	20.1
2013	3,217,367	75.6	1,039,845	24.4
2014	3,133,828	88.0	428,989	12.0
2015	3,726,323	97.3	104,476	2.7
2016	3,891,067	98.2	71,409	1.8
2017	4,229,186	99.0	42,099	1.0
2018	4,556,854	98.9	51,346	1.1

Source: City of Cleveland, Department of Port Control records.

For the calendar year 2018, domestic revenue originating passengers accounted for 98.9% of total domestic revenue enplaned passengers, and domestic revenue connecting passengers accounted for an estimated 1.1% of total domestic revenue enplaned passengers at the Airport. Domestic revenue origination enplanements increased 5.7% in calendar year 2018 compared to the same period in 2017.

Airlines and Market Shares

As of July 2019, the Airport was served by eight major and national carriers, 16 regional and commuter airlines, one foreign flag airline and three all cargo airlines. According to the Department of Port Control, domestic enplanements accounted for 97.7% of all passengers enplaned at the Airport in calendar year 2018.

The following table sets forth the airlines serving the Airport and their market shares based on enplaned passengers for the calendar years indicated. For comparison purposes, the table reflects historical market shares based on airlines operating at the Airport as of December 2018. For example, the line item for United Airlines includes enplanements that may have been served by Continental Airlines prior to the merger of the two airlines. For calendar year 2018, United Airlines accounted for 26.1% of total enplanements at the Airport. With the downsizing of operations at the Airport by United Airlines (announced February 2014) and subsequent entry of new/expanded service from Frontier, Spirit, JetBlue and Allegiant, market shares at the Airport are highly distributed across multiple airlines. Enplanement levels are also increasingly being served by larger, mainline type of aircraft equipment. For calendar year 2018, 74.5% of enplanements were served via mainline air carriers.

¹ Figures do not include any non-revenue passengers.

AIRLINES AND MARKET SHARES

	2014		2015		2016		2017		2018	
Domestic Service	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
United	1,886,771	49.7%	1,341,605	33.2%	1,225,649	29.1%	1,178,750	25.8%	1,256,464	26.0%
Southwest	522,048	13.7%	554,712	13.7%	634,206	15.1%	733,040	16.1%	836,541	17.3%
American	591,647	15.6%	671,134	16.6%	657,527	15.6%	684,861	15.0%	725,417	15.0%
Delta	461,565	12.2%	543,784	13.4%	627,013	14.9%	670,942	14.7%	756,560	15.6%
Frontier	244,176	6.4%	460,148	11.4%	459,667	10.9%	566,013	12.4%	469,635	9.7%
Spirit	-	0.0%	303,162	7.5%	378,296	9.0%	374,161	8.2%	427,329	8.8%
JetBlue	-	0.0%	71,739	1.8%	124,899	3.0%	137,648	3.0%	134,319	2.8%
Allegiant	-	0.0%	-	0.0%	-	0.0%	122,480	2.7%	114,479	2.4%
Subtotal	3,706,207	97.6%	3,946,284	97.5%	4,107,257	97.7%	4,467,895	97.9%	4,720,744	97.6%
Charter	4,184	0.1%	7,561	0.2%	4,149	0.1%	7,036	0.2%	3,896	0.1%
Total	3,710,391	97.7%	3,953,845	97.7%	4,111,406	97.8%	4,474,931	98.1%	4,724,640	97.7%
International Service	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
United	40,702	1.1%	17,662	0.4%	16,251	0.4%	9,580	0.2%	5,733	0.1%
Frontier	17,442	0.5%	37,691	0.9%	30,286	0.7%	29,622	0.6%	25,291	0.5%
Air Canada	28,726	0.8%	37,436	0.9%	37,577	0.9%	39,913	0.9%	42,449	0.9%
Icelandair	-	0.0%	-	0.0%	-	0.0%	-	0.0%	12,618	0.3%
WOW Air	-	0.0%	-	0.0%	-	0.0%	-	0.0%	16,039	0.3%
Subtotal	86,870	2.3%	92,789	2.3%	84,114	2.0%	79,115	1.7%	102,130	2.1%
Charter	-	0.0%	-	0.0%	10,219	0.2%	8,694	0.2%	9,810	0.2%
Total	86,870	2.3%	92,789	2.3%	94,333	2.2%	87,809	1.9%	111,940	2.3%
TOTAL ENPLANEMENTS	3,797,261	100.0%	4,046,634	100.0%	4,205,739	100.0%	4,562,740	100.0%	4,836,580	100.0%
Enplanement Share	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Mainline	1,649,059	43.4%	2,490,421	61.5%	2,996,861	71.3%	3,336,520	73.1%	3,605,505	74.5%
Regional/Commuter	2,148,202	56.6%	1,556,213	38.5%	1,208,878	28.7%	1,226,220	26.9%	1,231,075	25.5%
Total	3,797,261		4,046,634		4,205,739		4,562,740		4,836,580	

Source: City of Cleveland, Department of Port Control records

AIRPORT FINANCIAL INFORMATION

Principal Sources of Revenues

The principal sources of Airport Revenues include non-airline revenues, terminal complex space rentals paid by the Signatory Airlines and landing fees paid by the Signatory Airlines pursuant to the Use Agreements with the City. Non-airline revenues (consisting primarily of parking, rental cars and terminal retail) accounted for 42.4% of Airport Revenues in 2017 and 45.3% in 2018. Revenues from parking and rental cars comprised the largest part of the non-airline revenues. Terminal complex space rentals and landing fees paid by Signatory Airlines under the Use Agreement accounted for 55.1% and 51.3% of Airport Revenues in 2017 and 2018, respectively.

The principal sources of Airport Revenues for 2017 and 2018 are summarized as follows:

SOURCES OF AIRPORT REVENUES¹
(Amounts in thousands)

Sources of Revenues	Audited 2017	Percent of Total	Audited 2018	Percent of Total
<i>Cleveland Hopkins International</i>				
Signatory Airline Revenues				
Terminal Complex Space Rent	\$ 49,407	34.0%	\$39,504	26.8%
Landing fees	27,818	19.1	32,976	22.4
Other	<u>2,863</u>	<u>2.0</u>	<u>3,092</u>	<u>2.1</u>
Total Signatory Airline Revenues	80,088	55.1	75,572	51.3
Non-Signatory Landing fees	1,916	1.3	2,066	1.4
Non-Airline Revenues	61,711	42.4	66,686	45.3
Interest Income	<u>271</u>	<u>0.2</u>	<u>1,348</u>	<u>0.9</u>
Subtotal-Cleveland Hopkins	143,986	99.0	145,672	98.9
<i>Burke Lakefront</i>	1,491	1.0	1,657	1.1
Total Revenues	<u>\$145,477</u>	<u>100.0%</u>	<u>\$147,329</u>	<u>100.0%</u>

Source: City of Cleveland, Department of Port Control records

Historical Data for the Airport System

The financial statements of the governmental activities, the business-type activities, and each major fund of the City's Department of Port Control, Divisions of Cleveland Hopkins International and Burke Lakefront Airports, for the year ending December 31, 2018, have been audited by Clark Schaefer Hackett & Co. and accepted by the Auditor of State. A complete copy may be obtained from the Director of Finance at the City of Cleveland City Hall, 601 Lakeside Avenue, Cleveland, Ohio 44114. The audited financial statements of the City's Department of Port Control, Divisions of Cleveland Hopkins International and Burke Lakefront Airports for the year ending December 31, 2018 are contained in the City's 2018 Comprehensive Annual Financial Report which was filed with the Municipal Securities Rulemaking Board under its Electronic Municipal Market Access System ("EMMA") at <https://emma.msrb.org/> and are included by specific reference thereto into this Official Statement. The financial statements are also included in the audit reports of the Auditor of State, located at www.ohioauditor.gov. The audited financial statements are public records, no consent to their inclusion is required, and no bring down procedures have been undertaken by Clark Schaefer Hackett & Co. or the Auditor of State since their date. The City continues to maintain an internal audit function and an active external audit committee.

¹ Totals may not sum due to rounding.

Operating Results

The following table describes the operating results for the Airport System for the years 2014 through 2018. This information has been compiled from the audited financial statements for those years.

OPERATING RESULTS (Amounts in thousands)

	2014	2015	2016	2017	2018
Statement of Net Revenues in accordance with the Indenture:					
Airport Revenues	\$131,442	\$128,033	\$142,433	\$145,206	\$145,981
Airport Expenses	(72,101)	(74,841)	(81,501)	(85,399)	(85,320)
Net Revenues	\$59,340	\$53,192	\$60,932	\$59,807	\$60,661
Statement of Income (GAAP):					
Total Operating Revenue	\$131,724	\$128,033	\$142,433	\$145,206	145,981
Total Operating Expense	(124,453)	(127,161)	(134,428)	(138,975)	(138,773)
Operating Income	7,272	872	8,005	6,231	7,208
Non-operating Revenues	(16,790)	(15,164)	(5,430)	23,314	20,482
Net Income (Loss)	(\$9,518)	(\$14,292)	\$2,575	\$29,545	\$27,690

Note: Numbers may not sum due to rounding.

Source: City of Cleveland, Department of Port Control records

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The following is a reconciliation of the operating results shown above, which were prepared in accordance with generally accepted accounting principles (“GAAP”), with those prepared with reference to the Indenture and the Use Agreements.

RECONCILIATION OF OPERATING RESULTS
(Amounts in thousands)

	2014	2015	2016	2017	2018
<u>Reconciliation:</u>					
Net Income (GAAP)	(\$9,518)	(\$14,292)	\$2,575	\$29,545	\$27,690
<u>Add Back:</u>					
Depreciation	\$52,351	\$52,320	\$52,927	\$53,576	\$53,453
Interest Expense	31,600	30,355	47,615	25,512	24,417
<u>Deduct:</u>					
PFC Revenue	(\$14,797)	(\$16,198)	(\$16,608)	(\$18,511)	(\$19,425)
Other Interest Income	190	246	856	1,850	5,910
Other Adjustments/ Contributed Capital	(\$486)	\$781	(\$26,433)	(\$32,165)	(\$31,384)
Net Revenues	<u>\$59,340</u>	<u>\$53,211</u>	<u>\$60,932</u>	<u>\$59,807</u>	<u>\$60,661</u>

Note: Numbers may not sum due to rounding.

Source: City of Cleveland, Department of Port Control records

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Bond Service Coverage Calculation

Pursuant to the Rate Covenant, Airport Revenues, together with Other Available Funds, less Operating Expenses, must be at least equal to 125% of the amount of Outstanding Revenue Bonds maturing and becoming due in such Fiscal Year for the payment of principal and interest on all Outstanding Revenue Bonds. See “PART I – SECURITY FOR THE SERIES 2019 BONDS – Rate Covenant.” The following table describes the operating results of the Airport System for the years 2014 through 2018 and the Bond service coverage calculation for those years, calculated in accordance with the Rate Covenant.

BOND SERVICE COVERAGE CALCULATION

(Amounts in thousands)

	2014	2015	2016	2017	2018
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>
Airport Revenues					
Airline Revenues (Hopkins)	\$83,086	\$74,342	\$85,439	\$80,088	\$75,572
Non-Airline Revenues (Hopkins)	47,237	52,301	55,391	63,627	68,752
Total Airport Revenues (Burke)	1,119	1,390	1,603	1,491	1,657
Net Interest Income	<u>75</u>	<u>81</u>	<u>187</u>	<u>271</u>	<u>1,348</u>
Total Airport Revenues	131,517	128,114	142,620	145,477	147,329
Operating Expenses	<u>72,101</u>	<u>75,112</u>	<u>80,270</u>	<u>80,892</u>	<u>81,551</u>
Net Operating Income	59,316	53,002	62,350	64,585	65,778
Plus: Other Available Funds For Debt Service					
Passenger Facility Charges	14,000	16,000	16,000	17,000	17,500
AIP Grants (LOI)	2,180	2,148	1,973	2,533	2,065
Coverage Account Balance	18,083	18,084	18,130	18,258	18,583
Net Revenues Available For Debt Service	\$93,679	\$89,234	\$98,453	\$102,376	\$103,926
Bond Debt Service Charges ¹	\$67,723	\$67,773	\$69,673	\$68,437	\$68,603
Bond Debt Service Coverage	1.38	1.32 ²	1.41 ²	1.50 ²	1.51 ²

Source: City of Cleveland and City of Cleveland Department of Port Control records

¹ Includes debt service payable on July 1 in the current year and on January 1 in the succeeding year, which corresponds with the amounts deposited by the Airport System in the calendar year.

² The Bond Debt Service Coverage calculation included in the City's audited financial statements for Fiscal Years 2015, 2016, 2017 and 2018 include accrued pension liabilities in the calculation of Operating Expenses pursuant to GASB Statement 68 (accrued pension liabilities were (\$271) in Fiscal Year 2015, \$1,231 in Fiscal Year 2016, \$4,507 in Fiscal Year 2017 and \$3,769 in Fiscal Year 2018) and, therefore, those calculations are different from what is represented above (1.32 in Fiscal Year 2015, 1.38 in Fiscal Year 2016, 1.43 in Fiscal Year 2017 and 1.46 in Fiscal Year 2018). Pursuant to the Trust Indenture, accrued pension liabilities are excluded from the calculation of Operating Expenses. Accordingly, in the future, the City will not include accrued pension liabilities in the calculation of Operating Expenses for the Airport System when calculating coverage in its audited financial statements.

Mid-Year Financial Reporting

The City, in each Fiscal Year, reports GAAP basis Airport financial results as of June 30. The reporting is done on an unaudited basis. The reporting as of June 30 for the years 2017, 2018 and 2019 is shown below.

MID-YEAR FINANCIAL REPORTING¹ (Amounts in thousands)

	June 30, 2017	June 30, 2018	June 30, 2019
Operating Revenue			
Net Landing Fees	\$20,023	\$19,503	\$18,302
Terminal and Concourse Rentals	34,216	30,447	30,928
Concessions	24,377	25,946	28,701
Utility Sales/Other	3,228	2,056	1,904
Total Operating Revenue	\$81,844	\$77,952	\$79,835
Operating Expenses			
Operations	\$41,153	\$40,685	\$36,513
Maintenance	1,754	1,449	1,412
Depreciation and Amortization	26,464	26,788	26,727
Total Operating Expenses	\$69,371	\$68,922	\$64,652
Non-Operating Revenue/Expense			
Passenger Facility Charge Revenue	\$9,442	\$10,170	\$10,559
Non-Operating Expenses	3,438	4,922	1,771
Loss on disposal of capital assets	-	-	-
Interest Income	543	1,438	2,849
Interest Expense	(14,872)	(14,544)	(14,663)
Amortization of Bond Issuance Expense, Discounts, and Loss on Refunding	1,251	1,209	1,522
Total Non-Operating Revenue/Expense	\$(198)	\$3,195	\$2,038
Capital and Other Contributions	9,227	8,258	6,106
Increase (Decrease) in Net Assets	\$21,501	\$20,483	\$23,328

Note: Totals may not sum due to rounding.

Source: City of Cleveland and City of Cleveland Department of Port Control records

The mid-year results for terminal and concourse rentals was \$481,000 more in 2019 over 2018 due to increased leased premises and increased Concourse D maintenance reimbursements. Operating expenses decreased 6.2% from mid-year 2018 to 2019 mainly due to lower contractual services, utilities and materials and supplies expenditures for such period.

¹ Totals may not sum due to rounding

Outstanding Bonds

After the issuance of the Series 2019 Bonds and the refunding of the Refunded Bonds, there will be \$645,515,000 aggregate principal amount of Outstanding Revenue Bonds issued pursuant to the Trust Indenture and secured by the Airport Revenues and the moneys in the Special Funds, consisting of:

Series of Airport System Revenue Bonds	Aggregate Principal Amount Outstanding
Series 2006A	\$22,535,000
Series 2007B	5,205,000
Series 2011A	26,175,000
Series 2014B	1,790,000
Series 2016A	102,215,000
Series 2016B	36,235,000
Series 2018A	87,940,000
Series 2018B	21,745,000
Series 2019A	301,665,000
Series 2019B	34,605,000
Series 2019C	<u>5,405,000</u>
Total	<u>\$645,515,000</u>

(collectively, the “Outstanding Revenue Bonds”). All of the Outstanding Revenue Bonds are, and upon their issuance the Series 2019 Bonds will be, secured equally and ratably by Airport Revenues and the moneys in the Special Funds, including the Bond Service Reserve Fund. The City will refund all of its outstanding variable rate bonds (except the Series 2014B Bonds, currently held as direct purchase revenue bonds by U.S. Bank National Association, that mature on January 1, 2020) with the issuance of the Series 2019 Bonds. See “INTRODUCTION – Description and Purpose of the Series 2019 Bonds” and “PLAN OF FINANCE.”

Hedge Agreements

There are currently no Hedge Agreements in place with respect to the Outstanding Revenue Bonds.

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Debt Service Requirements

The following table sets forth the debt service requirements on the Outstanding Bonds that will accrue for the period ending on January 1 in each year set forth below. Differences in totals may occur due to rounding. Debt service on the Series 2014B Bonds, which are variable rate bonds, is based on the assumed interest rate noted below and the scheduled sinking fund redemption requirement.

Period Ending (January 1)	Outstanding Debt Service	Series 2019A Bonds Debt Service	Series 2019B Bonds Debt Service	Series 2019C Bonds Debt Service	Total Debt Service
2020 ¹	\$40,701,581	\$ 4,986,790	\$5,917,563	\$ 67,563	\$51,673,497
2021	46,656,875	12,953,040	6,441,000	1,475,250	67,526,165
2022	44,539,175	13,092,698	6,616,750	1,495,000	65,743,623
2023	41,173,925	13,194,525	6,701,250	1,545,750	62,615,450
2024	41,045,075	13,320,024	6,863,000	1,590,750	62,818,849
2025	25,915,825	34,102,221	2,462,250		62,480,296
2026	25,676,825	34,298,212	2,476,000		62,451,037
2027	25,592,325	34,350,596	2,493,750		62,436,671
2028	14,572,825	49,930,220			64,503,045
2029	14,742,825	49,917,909			64,660,734
2030	14,577,825	50,279,757			64,857,582
2031	14,692,825	50,337,062			65,029,887
2032	1,672,825	5,295,546			6,968,371
2033	1,672,825	5,499,239			7,172,064
2034	3,392,825				3,392,825
2035	3,392,050				3,392,050
2036	3,393,375				3,393,375
2037	3,390,125				3,390,125
2038	3,392,375				3,392,375
2039	3,389,625				3,389,625
2040	3,392,750				3,392,750
2041	3,391,875				3,391,875
2042	3,391,875				3,391,875
2043	3,392,688				3,392,688
2044	3,389,000				3,389,000
2045	3,391,250				3,391,250
2046	3,391,750				3,391,750
2047	3,390,250				3,390,250
2048	<u>3,391,500</u>				<u>3,391,500</u>
Total	\$404,106,869	\$371,557,839	\$39,971,563	\$6,174,313	\$821,810,583

¹ Assumes an interest rate of 3.50% on the Series 2014B Bonds. Reflects debt service only for the six month period ending January 1, 2020.

AVIATION SECTOR

Airline Information

Certain Signatory Airlines (or their respective parent corporations) are subject to the information reporting requirements of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and in accordance therewith file reports and other information with the Securities and Exchange Commission (the “SEC”). Only companies with securities listed on a national securities exchange or registered under §12(g) of the Exchange Act, or companies which are required to file with the SEC under §15(d) of the Exchange Act, are subject to the information reporting requirements. Certain information, including financial information, concerning each reporting Signatory Airline (or its respective parent corporation) is disclosed in such reports and statements filed with the SEC. Such reports and statements can be inspected in the Public Reference Rooms of the SEC which can be located by calling the SEC at 1-800-SEC-0330. In addition, electronically filed SEC reports can be obtained from the SEC’s website at <http://www.sec.gov>. In addition, each domestic Signatory Airline is required to file periodic reports of financial and operating statistics with the U.S. Department of Transportation (the “DOT”). Such reports can be inspected at the following location: Office of Airline Information, Bureau of Transportation Statistics, Department of Transportation, 1200 New Jersey Avenue, S. E., Washington, D.C. 20590, and copies of such reports can be obtained from the DOT at prescribed rates. For more information about the airline industry, see “PART I – CERTAIN INVESTMENT CONSIDERATIONS” herein.

The City has no responsibility for the completeness or accuracy of information available from the DOT or SEC, including but not limited to, updates of information on the SEC’s website or links to other internet sites accessed through the SEC’s site.

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APPENDIX A

DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE USE AGREEMENTS AND THE TRUST INDENTURE

The following is a summary of certain of the terms and provisions of the Amended and Restated Trust Indenture (Seventeenth Supplemental Trust Indenture dated as of November 1, 2011) effective as of January 31, 2012 (the “Trust Indenture”) and of the Use Agreements (defined below). The following summary does not purport to be a complete description of the Trust Indenture or the Use Agreements and is subject in all respects to the provisions of, and is qualified in its entirety by reference to, the Trust Indenture and the Use Agreements. The following summary supplements the information set forth elsewhere in this Official Statement and should be read in conjunction therewith. Capitalized terms used herein and not otherwise defined herein have the meaning given to such terms in the Official Statement or in the Trust Indenture.

DEFINITIONS

“Additional Revenue Bonds” means any Revenue Bonds authorized pursuant to and issued under the Trust Indenture on a parity with the outstanding Revenue Bonds, but will not include Special Revenue Bonds.

“Aircraft Arrivals” means any aircraft arrival at the Airport. Aircraft Arrivals shall be determined by the City’s Passive Secondary Surveillance Radar (“PASSUR”) or other such systems that accurately verify aircraft arrivals at the Airport, with Airline able to audit said systems or verify landings through said system upon Airline’s reasonable request for such audit or verification. A flight that returns to the Airport because of mechanical, meteorological, or other precautionary reasons, without landing at another airport, shall not be considered or included in an Aircraft Arrival.

“Airport Revenues” means (a) all rentals, charges, landing fees, use charges and concession revenues now or hereafter received by or on behalf of the City in its proprietary capacity as the owner of the Airport System in connection with the operation, improvement and enlargement of the Airport System, or any part thereof; (b) subject to the provisions of the Trust Indenture, all income or revenues resulting from the investment of any of the Special Funds; and (c) all gifts, grants, reimbursements or payments received from governmental units or public agencies for the benefit of the Airport System which are (i) not restricted in application to a special purpose and (ii) otherwise lawfully available for the payment of charges with respect to the Revenue Bonds. Airport Revenues will not include any passenger facility charge or tax which may be authorized by the United States Congress (unless the City otherwise elects) or any revenue or income from any Special Facilities to the extent such revenue or income is pledged to pay principal, interest or any other charges for Special Revenue Bonds or other obligations issued in anticipation thereof, or to the extent such revenue or income is for the use of the City in reimbursement of costs incurred by it in the construction or provision of Special Facilities.

“Airport System” means Cleveland Hopkins International Airport and Burke Lakefront Airport.

“Airport System Expense” means the amount determined pursuant to the Use Agreements for purposes of computing the landing fee and certain other payments and deposits.

“Annual Budget” means the annual budget of the Airport System prepared by the City for the succeeding Fiscal Year.

“Annual Reports” means the reports prepared by the City’s Director of Port Control pursuant to the Use Agreements.

“Assumed Amortization Period” means the period of time specified in paragraph (a) or paragraph (b) below, as selected by the Fiscal Officer:

(a) Five years; or

(b) The period of time, exceeding five years, set forth in a written opinion delivered to the City, of an investment banker selected by the City and experienced in underwriting indebtedness of the character of the Revenue Bonds, as being not longer than the maximum period of time over which indebtedness having comparable terms and security issued or incurred by similar issuers of comparable credit standing would, if then being offered, be marketable on reasonable and customary terms.

“Assumed Interest Rate” means the rate per annum (determined as of the last day of the calendar month next preceding the month in which the determination of the Assumed Interest Rate is being made except for the initial determination for Balloon Bonds of any series which will occur on the date of issuance of such series) set forth in an opinion delivered to the City of an investment banker selected by the City and experienced in underwriting indebtedness of the character of the Revenue Bonds, as being not lower than the lowest rate of interest at which indebtedness having comparable terms, security and federal tax status amortized on a level debt service basis over a period of time equal to the Assumed Amortization Period, and issued or incurred by similar issuers of comparable credit standing would, if being offered as of the date of such opinion, be marketable on reasonable and customary terms; provided that such rate will be neither (a) lower than the lower of (i) the rate specified in the Fixed Rate Index, as in effect on the date of such opinion, or (ii) the rate on fixed rate Revenue Bonds of the City having comparable terms (except for interest rate), security and federal tax status as the Balloon Bonds and issued on or not more than 30 days prior to the date of such opinion, nor (b) higher than the highest rate permitted by law at which such Revenue Bonds could be sold on that day.

“Balloon Bonds” means any Revenue Bonds, or notes issued in anticipation thereof, including any Variable Rate Bonds, if (a) 25% or more of the principal payments of which are due in a single year, excluding any such principal payments that are subject to mandatory sinking fund requirements in a prior year, or (b) 25% or more of the principal of which may, at the option of the holder or holders thereof, or will, upon the occurrence of events specified in the Bond proceedings providing for those Revenue Bonds or notes, be redeemed or tendered at one time.

“Bond Insurer” means, with respect to a series of Revenue Bonds, any issuer of a municipal bond insurance policy insuring the payment of the principal of and interest on the Revenue Bonds of that series.

“Completion Date” means, for each Project or component thereof, the cost of which is to be paid in whole or in part from the proceeds of a series of Revenue Bonds, the date on which such Project, or component thereof, is substantially completed and placed in service, as evidenced pursuant to Section 6.03 of the Trust Indenture.

“Credit Provider” means, with respect to a series of Revenue Bonds, the provider of any Credit Support Instrument for the payment of Bond service charges for that series of Revenue Bonds specified in the applicable Supplemental Indenture.

“Credit Support Instrument” means letters of credit, lines of credit, stand-by, contingent, or firm securities purchase agreements, insurance, surety arrangements, guarantees, and other arrangements that provide for direct or contingent payment of Bond service charges on Revenue Bonds, debt charges on

Subordinated Indebtedness or General Obligation Debt or amounts owed under Hedge Agreements, or for security in the event of nonpayment of those Bond service charges, debt charges or other amounts, or upon certain conditions occurring under put or similar arrangements, or for otherwise supporting the credit or liquidity of Revenue Bonds, Subordinated Indebtedness, General Obligation Debt or Hedge Agreements, and includes credit, reimbursement, marketing, remarketing, indexing, carrying, and subrogation agreements, and other agreements and arrangements for payment and reimbursement of the person providing the credit support.

“Defeasance Obligations” means Government Obligations and Government Certificates.

“Eligible Investments” means and includes any of the following, if and to the extent the same are at the time legal for the investment of the City’s money:

- (a) Government Obligations and Government Certificates;
- (b) Obligations issued or guaranteed by any of the following:
 - (i) Federal Home Loan Bank System,
 - (ii) Export-Import Bank of the United States,
 - (iii) Federal Financing Bank,
 - (iv) Government National Mortgage Association,
 - (v) Farmers Home Administration,
 - (vi) Federal Home Loan Mortgage Company,
 - (vii) Federal Housing Administration,
 - (viii) Private Export Funding Corp.,
 - (ix) Federal National Mortgage Association,
 - (x) Federal Farm Credit Bank, and
 - (xi) Resolution Trust Corporation,

or any indebtedness issued or guaranteed by any instrumentality or agency of the United States;

(c) Pre-refunded municipal obligations rated in the highest rating category by at least two Rating Agencies and meeting the following conditions:

- (i) (A) such obligations are not to be redeemed prior to maturity or the Trustee has been given irrevocable instructions concerning their call for redemption, and (B) the issuer of such obligations has covenanted not to redeem such obligations other than as set forth in such instructions;
- (ii) such obligations are secured by Government Obligations or Government Certificates that may be applied only to interest, principal, and premium payments on such obligations;
- (iii) the principal of and interest on such Government Obligations or Government Certificates (plus any cash in the escrow fund with respect to such pre-refunded obligations) are sufficient to meet the liabilities of the obligations;
- (iv) the Government Obligations or Government Certificates serving as security for the obligations are held by an escrow agent or trustee; and
- (v) such Government Obligations or Government Certificates are not available to satisfy any other claims, including those against the trustee or escrow agent;

(d) Direct and general long-term obligations of any state of the United States of America or the District of Columbia (a “state”), to the payment of which the full faith and credit of such state is pledged and that are rated in either of the two highest rating categories by at least two Rating Agencies;

(e) Direct and general short-term obligations of any state, to the payment of which the full faith and credit of such state is pledged and that are rated in the highest rating category by at least two Rating Agencies;

(f) Interest-bearing demand or time deposits with, or interests in money market portfolios rated AAA-m by S&P issued by state banks or trust companies or national banking associations that are members of the Federal Deposit Insurance Corporation (“FDIC”). Such deposits or interests must be (i) continuously and fully insured by FDIC, (ii) if they have a maturity of one year or less, with or issued by banks that are rated in one of the two highest short-term rating categories by at least two Rating Agencies, (iii) if they have a maturity longer than one year, with or issued by banks that are rated in one of the two highest rating categories by at least two Rating Agencies, or (iv) fully secured by Government Obligations or Government Certificates. Such Government Obligations or Government Certificates must have a market value at all times at least equal to the principal amount of the deposits or interests. The Government Obligations or Government Certificates must be held by a third party (who will not be the provider of the collateral), or by any Federal Reserve Bank or depository, as custodian for the institution issuing the deposits or interests. Such third party will have a perfected first lien in the Government Obligations or Government Certificates serving as collateral, and such collateral is to be free from all other third party liens;

(g) Eurodollar time deposits issued by a bank with a deposit rating in one of the two highest short-term credit rating categories by at least two Rating Agencies;

(h) Repurchase agreements, (i) the maturities of which are 30 days or less or (ii) the maturities of which are longer than 30 days and not longer than one year, provided the collateral subject to such agreements is marked to market daily, and in either case is entered into with financial institutions such as banks or trust companies organized under state law or national banking associations, insurance companies, or government bond dealers reporting to, trading with, and recognized as a primary dealer by, the Federal Reserve Bank of New York and a member of the Security Investors Protection Corporation (“SIPC”), or with a dealer or parent holding company that is rated investment grade (“A” or better) by at least two Rating Agencies. The repurchase agreement will be in respect of Government Obligations or Government Certificates or obligations described in paragraph (b) of this definition. The repurchase agreement securities and, to the extent necessary, Government Obligations and Government Certificates or obligations described in paragraph (b), exclusive of accrued interest, will be maintained in an amount equal to at least 103% of the amount invested in the repurchase agreements. In addition, the provisions of the repurchase agreement will meet the following additional criteria:

(i) the third party (who will not be the provider of the collateral) has possession of the repurchase agreement securities and the Government Obligations or Government Certificates;

(ii) failure to maintain the requisite collateral levels will require the third party having possession of the securities to liquidate the securities immediately; and

(iii) the third party having possession of the securities has a perfected, first priority security interest in the securities;

(i) Public housing bonds issued by public agencies. Such bonds must be: (i) fully secured by a pledge of annual contributions under a contract with the United States of America; (ii) temporary notes, preliminary loan notes, or project notes secured by a requisition or payment agreement with the United States of America; or (iii) obligations of a State, public agency or municipality rated in the highest credit rating category by at least two Rating Agencies;

(j) Money market accounts of any state or federal bank, or bank whose holding parent company is rated in one of the two highest short-term or long-term rating categories by at least two Rating Agencies;

(k) Investment agreements, the issuer or guarantor of which is rated in one of the two highest rating categories by at least two Rating Agencies; and

(l) Any debt or fixed income security, the issuer of which is rated in the highest rating category by at least two Rating Agencies.

Ratings of Eligible Investments referred to herein will be determined at the time of purchase of such Eligible Investments and without regard to ratings subcategories. As used in this definition of Eligible Investments, unless provided otherwise in a Supplemental Indenture, “Rating Agency” means Fitch, Moody’s or S&P.

“Fiscal Officer” means the Director of Finance of the City.

“Fiscal Year” means the twelve-month period commencing on January 1 of any year and expiring on December 31 of such year.

“Fitch” means Fitch Ratings, and its successors and assigns, or, if such firm will be dissolved or liquidated or will no longer perform the functions of a securities rating service, Fitch means any other nationally recognized securities rating service designated by the City.

“Fixed Rate Index” means (a) if the outstanding Revenue Bonds (without regard to any credit enhancement) are rated not lower than A3 by Moody’s or A by S&P, the yields for Aaa insured bonds as provided by Municipal Market Data or any successor thereto and published or made available in *The Bond Buyer* or similar publication, or, if Municipal Market Data ceases to provide that index, then such other publicly available and comparable index selected by the City and acceptable to the Rating Agencies, and (b) if the outstanding Revenue Bonds (without regard to any credit enhancement) are rated lower than the aforesaid ratings by either Rating Agency, the Revenue Bond Index or successor index published in *The Bond Buyer*, or, if *The Bond Buyer* ceases to publish such an index, then such other publicly available and comparable index selected by the City and not disapproved by the Trustee after reasonable notice from the City.

“General Obligation Debt” means the general obligation notes and bonds issued by the City in connection with the financing of improvements and additions to the Airport System. Currently there is no outstanding General Obligation Debt.

“Governing Body” means the Council of the City.

“Government Certificates” means (in the case of Government Obligations) evidences of ownership of proportionate interests in future interest or principal payments of Government Obligations, including depository receipts thereof. Investments in such proportionate interest must be limited to circumstances wherein (a) a bank or trust company acts as custodian and holds the underlying Government Obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying Government Obligations; and (c) the underlying

Government Obligations are held in a special account, segregated from the custodian's general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated.

“Government Obligations” means direct and general obligations of, or obligations the timely payment of principal and interest on which are unconditionally guaranteed by, the United States of America.

“Hedge Agreement” means an interest rate swap, swap option, rate cap, rate collar and other arrangements undertaken with respect to Revenue Bonds or Subordinated Indebtedness to reduce costs of borrowing or optimize relative amounts of fixed and variable rate obligations or reduce the risk of variations in debt service costs, including without limitation, arrangements by which different interest costs or receipts at, between or among fixed or variable interest rates, or at different fixed or variable interest rates or maturities are exchanged in respect of Revenue Bonds or Subordinated Indebtedness.

“Majority In Interest” means either: (i) fifty percent (50%) or more in number of all the Scheduled Airlines, which percentage has, on the date in question, more than fifty percent (50%) of the aggregate by Maximum Landing Weight of Aircraft Arrivals of all Scheduled Airlines at the Airport during the latest twelve-month period for which such figures are available as to all Scheduled Airlines; or (ii) forty percent (40%) or more in number of all Scheduled Airlines, which percentage has, on the date in question, more than fifty-five percent (55%) of the aggregate by Maximum Landing Weight of Aircraft Arrivals of all Scheduled Airlines at the Airport during the latest twelve-month period for which such figures are available as to all Scheduled Airlines.

“Maximum Landing Weight” means the maximum weight, in 1,000 pound units, at which each aircraft operated by Airline or the Signatory Airlines is authorized to land at the Airport, as specified in Airline's flight manual approved by the Federal Aviation Administration governing that type of aircraft, and as may be accurately verified by the City.

“Moody's” means Moody's Investors Service, Inc., a corporation existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation will no longer perform the functions of a securities rating agency, “Moody's” will mean any other nationally recognized rating agency designated by the City.

“Operating Expenses” means all costs and expenses for the operation, maintenance, repair and administration of the Airport System in order to maintain, repair and operate the Airport System in a reasonable and prudent manner, and including items normally included as essential expenses in the operating budget of a municipally owned facility comparable to the Airport System, and including without limiting the generality of the foregoing: (a) insurance premiums; (b) the City's administrative expenses allocable to the Airport System (including, without limitation, engineering, architectural, legal, consultants, and accounting fees and expenses); (c) the City's Airport System employees' compensation (including, without limitation, costs of worker's compensation insurance and all employee fringe benefits applicable to such employees from time to time); (d) any taxes or assessments, whether general or special, which are lawfully imposed on the Airport System or on the revenue or income derived from the operation thereof; (e) charges for electricity, water, telephone and other public or private utility services; (f) fees and expenses of the Trustee and Paying Agents; (g) fees and expenses of independent engineers, architects, consultants, accountants and attorneys retained by the City in connection with the Trust Indenture; (h) fees and expenses of any remarketing agent for Revenue Bonds and fees and expenses of any Credit Facility Provider for Revenue Bonds; and (i) other reasonable current expenses, which will include repayment to the City for any moneys voluntarily advanced from its general funds to the Airport System, and all as calculated and determined in accordance with generally accepted accounting practices. Operating Expenses will not include: (i) any such expenses (including payment of principal, interest and redemption premium, if any, on Special Revenue Bonds paid or incurred by the City in connection with a Special Facility) to the extent

such expenses are not properly includable in the City's Annual Budget; (ii) Bond service charges; (iii) debt service on General Obligation Debt; (iv) any charges for depreciation or obsolescence, or reserves therefor, amortization of intangibles or other bookkeeping entries of a similar nature; (v) any other expenses for which or to the extent to which the City has been reimbursed from or through any source whatsoever (including the Renewal and Replacement Fund, the Airport Improvement Fund, or any similar funds or accounts), and the amount so received or credited, or to be received or credited, is not included or includable as Airport Revenues; (vi) expenditures for capital improvements to the Airport System; (vii) losses from the sale, abandonment, reclassification, revaluation or other disposition of any properties of the Airport System; and (viii) to the extent any Use Agreements restrict the expenses associated with Burke Lakefront Airport that may be considered in the rates and charges to be paid by the Signatory Airlines, all maintenance, operating and administrative expenses attributable to the operation of Burke Lakefront Airport and all debt service on General Obligation Bonds issued by the City in connection with improvements at Burke Lakefront Airport, to the extent that such expenses and debt service exceed the Burke Deficit as defined in the Use Agreements and as adjusted pursuant to Section 8.05(b)(vi) thereof.

“Original Indenture” means the Trust Indenture, dated as of November 1, 1976, between the City and the Trustee, as amended by the First Supplemental Trust Indenture dated as of April 1, 1990, the Second Supplemental Trust Indenture dated as of August 1, 1994, the Third Supplemental Trust Indenture dated as of November 1, 1997, the Fifth Supplemental Trust Indenture dated as of October 15, 2003, and the Sixth Supplemental Trust Indenture dated as of January 1, 2006, each between the City and the Trustee, which Original Indenture was amended and restated by the Amended and Restated Trust Indenture (Seventeenth Supplemental Trust Indenture dated as of November 1, 2011) effective January 31, 2012.

“Other Available Funds” means any moneys transferred to the Revenue Fund by the City from any other Special Fund, including without limitation, moneys transferred to the Revenue Fund from the Airport Development Fund, and any moneys not otherwise constituting Airport Revenues and deposited in, or transferred to, the Revenue Fund or the Bond Service Fund, including without limitation Passenger Facility Charges; provided that such moneys have not been taken into account in the calculation of the amount of Bond service charges on outstanding Revenue Bonds with the effect of reducing those Bond service charges.

“Outstanding Bonds”, “Outstanding Revenue Bonds” or “Revenue Bonds outstanding”, “Outstanding” or “outstanding” means all Revenue Bonds which have been authenticated and delivered or are then being delivered, by the Trustee, as of any date, under the Trust Indenture except: (i) Revenue Bonds surrendered for exchange or transfer or cancelled because of payment or redemption at or prior to such date; (ii) Revenue Bonds for the payment, redemption or purchase for cancellation of which sufficient moneys have been deposited prior to such date with the Trustee (whether upon or prior to the maturity or redemption date of any such Revenue Bonds), or which are deemed to have been paid and discharged pursuant to the provisions of the Indenture; provided that if such Revenue Bonds are to be redeemed prior to the maturity thereof, notice of such redemption will have been given or arrangements satisfactory to the Trustee will have been made therefor, or waiver of such notice satisfactory in form to the Trustee will have been filed with the Trustee, and provided further that if such Revenue Bonds are to be purchased for cancellation, a firm offer for sale stating the price has been received and accepted; and (iii) lost, stolen, mutilated or destroyed Revenue Bonds in lieu of which others have been authenticated (or payment, when due, of which is made without replacement) under the Trust Indenture.

“Paying Agent” means the Trustee and any other commercial bank or trust institution organized under the laws of any State of the United States of America or any national banking association designated by any applicable supplemental indenture as paying agent for the Revenue Bonds at which the principal of and redemption premium, if any, and interest on such Bonds will be payable.

“Qualified Hedge Agreement” means a Hedge Agreement provided that: (a) the City’s obligations to the Hedge Counterparty in respect of periodic, interest-equivalent payments are insured by a policy of insurance or financial guarantee issued by a monoline insurance company with a claims paying ability rating at the time of issuance from S&P or Fitch of AAA or a financial strength rating from Moody’s of Aaa or an equivalent rating determined by another nationally recognized ratings service, or (b) the Hedge Counterparty does not have any right to terminate the Hedge Agreement, or to require collateral to be posted by the City, upon the downgrade of the City’s credit rating by S&P or Moody’s or Fitch or other nationally recognized ratings service, or (c) the Hedge Agreement permits the City to elect to satisfy any payment owed to the Hedge Counterparty upon early termination in annual installments over a period of not less than five years.

“Rating Agency” means, with respect to any series of Revenue Bonds, Moody’s, S&P, or Fitch, or any other nationally recognized credit rating agency or agencies specified as such in the applicable Supplemental Indenture.

“Renewal and Replacement Fund Requirement” means, an amount not less than the greater of (i) 2% of the aggregate principal amount of Airport Revenue Bonds Outstanding, from time to time, or (ii) \$5,000,000.

“Required Bond Service Reserve” means as of any date of calculation an amount equal to the highest annual Bond service charges to be paid on the Revenue Bonds in any Fiscal Year.

“Revenue Bonds” or **“Bonds”** means the Revenue Bonds issued and outstanding from time to time under the Trust Indenture.

“Revenue Bond Anticipation Notes” means any notes issued in anticipation of the issuance of a series of Additional Revenue Bonds.

“Series Bond Legislation” means, with respect to any series of Revenue Bonds, the ordinance passed by the Governing Body authorizing the issuance of such series of Revenue Bonds.

“Series Bond Proceedings” means, with respect to any series of Revenue Bonds, the Series Bond Legislation for such series of Revenue Bonds, any resolution of award or Series Certificate of Award applicable to such series of Revenue Bonds and the Supplemental Indenture authorizing the issuance of such Revenue Bonds.

“Series Certificate of Award” means, with respect to any series of Revenue Bonds, a certificate executed on behalf of the City by the Director of Finance, setting forth and determining, pursuant to the applicable Series Bond Legislation and subject to any limitations, restrictions, and requirements as may be specified therein, such terms, conditions, and other details of such series of Revenue Bonds (including, without limitation, the original purchasers thereof) as are authorized to be set forth and determined therein by such Series Bond Legislation.

“Signatory Airline (or Scheduled Airline)” means any Air Carrier that has entered into an agreement with the City substantially similar to the Use Agreements and either (a) commits to lease from the City one or more preferential gates and holdroom space located in the Terminal Complex and either (i) four or more ticketing counters positions in the ticketing lobby and Airport Ticketing Office space, or (ii) at least 1,000 square feet of combined ticketing or office space in the ticketing lobby or Ramp Area; or (2) in the case of an all-cargo Air Carrier commits to concurrently sign a lease for a cargo building or other premises containing at least 5,000 square feet, if that space is available. If that minimum amount of square footage is not available for lease to an all-cargo Air Carrier, the City’s Director of Port Control may grant

Signatory Airline status to an all-cargo Air Carrier leasing a lesser amount of space until such time as additional space becomes available.

“Special Facility or Facilities” means any hangar, maintenance buildings, or any other facility, improvement, or structure to be acquired or constructed on the Airport System, the cost of construction, acquisition, maintenance and operation of which are financed by Special Revenue Bonds and user charges.

“Special Funds” under the Trust Indenture means collectively the Revenue Fund, the Construction Fund, the Bond Service Fund, the Bond Service Reserve Fund, the Operating and Maintenance Fund, the Subordinated Debt Service Fund, the General Obligation Debt Service Fund, the Renewal and Replacement Fund, the Airport Development Fund (and the Airport Account and the Airline Account therein), and any other funds or accounts permitted by, established under, or identified in the Trust Indenture, except the Rebate Fund.

“Special Revenue Bonds” means revenue bonds or obligations authorized and issued by the City for the purpose of acquiring, constructing or improving a Special Facility to be leased to, or contracted for operation by, any person or entity, including the City, with the income therefrom to be used for the payment of sums adequate to pay all principal, interest, redemption premiums, if any, and reserves, if any, as required in the legislation authorizing such Special Revenue Bonds and all operating expenses incurred in the operation of the Special Facility. Special Revenue Bonds are not issued under or secured by the Trust Indenture.

“S&P” means S&P Global Ratings, a division of S&P Global, Inc., a corporation existing under the laws of the state of New York, its successors and assigns, and, if such corporation will no longer perform the functions of a securities rating agency, “S&P” will mean any other nationally recognized rating agency designated by the City.

“Subordinated Indebtedness” means any obligation or evidence of indebtedness incurred by the City in accordance with the Trust Indenture, the debt service charges on which are payable and secured on a basis subordinate to the Bond service charges on Revenue Bonds. In determining the interest payable with respect to any Subordinated Indebtedness, there will be included any amounts owed by the City to a provider of a Credit Support Instrument for that Subordinated Indebtedness and to a counterparty under any Hedge Agreement relating to that Subordinated Indebtedness in respect of periodic, interest equivalent payments but not any amounts owed in respect of early termination of any Hedge Agreement.

“Trust Indenture” means the Amended and Restated Trust Indenture (Seventeenth Supplemental Trust Indenture dated as of November 1, 2011) between the City and the Trustee that amended and restated the Original Indenture, effective January 31, 2012.

“Variable Rate Bond” means any Revenue Bond that does not bear interest throughout its term at a fixed rate, but that does bear interest at a rate that, during part or the entirety of the term of such Revenue Bond, varies from time to time based upon a formula or other method of determination set forth in the applicable Supplemental Indenture, subject to a maximum rate of interest set forth therein. Once the rate of interest on any Revenue Bond that had been a Variable Rate Bond becomes fixed for the balance of the period until its maturity that Revenue Bond will cease to be a Variable Rate Bond. A Revenue Bond will not be deemed a Variable Rate Bond solely on the basis that the rate of interest thereon may be adjusted if such interest becomes includable in gross income for purposes of federal income taxation.

SUMMARY OF CERTAIN PROVISIONS OF THE USE AGREEMENTS

Each of the Use Agreements between the City and the Signatory Airlines is in substantially the same form. The Use Agreements consist of the Agreement and Lease, effective as of the later of January 1, 2017 or the date it was signed by the Signatory Airline. Each Use Agreement generally provides that the Signatory Airline will pay rentals for space occupied at the Airport and will pay landing fees in consideration for the rights to use the Airport granted under the Use Agreement. The Use Agreements enable the City to adjust the landing fees and rentals of the Signatory Airlines to provide Airport Revenues sufficient to meet the financial requirements of the Airport System, including debt service.

Term

The current Use Agreements terminate at midnight on December 31, 2021 with two, two-year options to extend based upon mutual acceptance of the City and Signatory Airlines.

Calculation of Signatory Airline Payments

The Use Agreements require the City to prepare and submit to the Signatory Airlines, at least 90 days prior to each Fiscal Year, Annual Reports setting forth (a) the proposed Annual Budget (as defined in the Use Agreements) for the Airport System for the next Fiscal Year, reflecting all estimated Airport System maintenance, operating and administrative expenses and certain capital improvements; (b) a schedule of all debt service to accrue in such Fiscal Year in connection with Revenue Bonds, any Subordinated Indebtedness, any General Obligation Debt, any Credit Support Instrument and any Hedge Agreement; (c) a statement of estimated Airport Revenues for such Fiscal Year from parties other than the Signatory Airlines; (d) a schedule of the capital improvements proposed for the succeeding term which are subject to Majority In Interest review; and (e) the City's calculation of rentals and landing fees for such Fiscal Year.

The Use Agreements, while permitting the Signatory Airlines to raise objections to the Annual Reports, authorize the City to adopt the Annual Budget substantially in accordance with the proposed Annual Reports, as it may have been revised as a result of the City's giving due consideration to Signatory Airline's suggestions, comments or requests. A Majority In Interest of the Signatory Airlines, however, may disapprove capital improvements which will be funded through rentals, fees and charges and which will require the commitment by the City for the purchase or construction of (a) a single item at a cost of \$500,000 or more, or (b) items which in the aggregate cost in excess of \$2,000,000. If such capital improvements are not approved, the City may still budget the cost of such capital improvements for the next Fiscal Year under certain circumstances unless the Signatory Airlines file an action for declaratory judgment in a court of competent jurisdiction contesting either the justification for the proposed capital improvements based on factors set forth in the Use Agreements or the reasonableness of the City's method of financing the costs of such improvements. If, after diligent prosecution by the Signatory Airlines of such action, it is dismissed by Signatory Airlines or a ruling thereon is ultimately made in favor of the City, the City may then proceed with the capital improvements at issue.

The Use Agreements authorize the City to adjust rentals and landing fees annually to reflect budgeted Airport Revenues, debt service coverage, and Airport System Expense (including debt service and capital improvements) included in the Annual Report for the Fiscal Year. In addition, if at any time during a Fiscal Year, Airport Revenues are insufficient to pay, when due, all items included in the Annual Reports for such Fiscal Year or to pay any other expense or cost incidental or necessary to, or arising out of, the operation of the Airport System, the City may at any time during such Fiscal Year, upon 90 days' notice to the Signatory Airlines, increase landing fees to such amount as is sufficient to assure the City that all such items, costs and expenses will be paid in full solely from Airport Revenues. The Use Agreements also permit the landing fees to be adjusted if any of the quarterly statements for a Fiscal Year vary by more than 10% from the projected landing fees for such quarter. Finally, if the audited financial statements for

any Fiscal Year indicate that Airport Revenues did not equal Airport System Expenses, the difference will be charged to the Signatory Airlines over the remaining billing periods of the then current Fiscal Year. In the event that the landing fees produce Airport Revenues in excess of Airport System Expenses and a rebate is to be made to any Signatory Airlines, the City will reduce landing fees paid by general aviation users so that the resulting reduction in landing fees charged to general aviation users will equal any rebate paid to the Signatory Airlines.

Landing fees may not be payable by the Signatory Airlines in any period during which the Airport is closed or none of the Signatory Airlines are landing aircraft and, if such period is an extended one, Airport Revenues could be adversely affected.

Incentive Compensation

As an incentive to the City to provide efficient management of the Airport System, the Use Agreements provide that deposits will be made to the Airport Account of the Airport Development Fund (the City's discretionary account) in an amount not to exceed \$12,000,000 in equal monthly installments from the balance remaining in the Operating and Maintenance Fund after all other deposits have been made pursuant to the Use Agreement.

Damage or Destruction

The Use Agreements generally require that, prior to payment and discharge of all Revenue Bonds (or provision for their payment having been made), the Signatory Airlines must continue to pay rentals and landing fees without abatement or reduction if the leased premises are damaged or partially or totally destroyed by a casualty. The portion of the leased premises that was damaged or destroyed will generally be repaired from insurance proceeds, after payment of any expenses of obtaining or recovering them, as well as any additional moneys necessary therefor. To the extent such proceeds are insufficient to pay the costs of repair, each Signatory Airline is required to pay the costs of repairing the premises leased by such Signatory Airline. In addition, the City and the Signatory Airlines may determine to issue Additional Revenue Bonds to pay such costs. If Revenue Bonds are outstanding, any excess insurance proceeds will be paid into the Revenue Fund.

Condemnation

The Use Agreements generally require that, prior to payment and discharge of all Revenue Bonds (or provision for their payment having been made), the Signatory Airlines must continue to pay rentals and landing fees without abatement or reduction if title to or temporary use of the Airport System or any part of the Airport System is taken under the exercise of eminent domain. The proceeds of any condemnation award will be used to restore the remaining facilities of the Airport System to substantially the same prior condition or to acquire additional land or improvements. Any remaining net proceeds of a condemnation award will be used to redeem Revenue Bonds if any Revenue Bonds are then subject to redemption.

Events of Default and Remedies

Events of default under the Use Agreements include:

- (a) the failure of the Signatory Airline to pay rentals, landing fees or other payments within ten days after written demand for such payment;

(b) the failure of the Signatory Airline to observe and perform any other covenant, condition or agreement on its part to be observed or performed and to remedy same, or commence action which will promptly remedy same which action is thereafter diligently pursued, within 30 days after written notice is given by the City to the Signatory Airline;

(c) any execution or attachment will be issued against the Signatory Airline in connection with its operations at the Airport System and will not be discharged within 90 days after levy or seizure thereunder or the leased premises will be occupied by someone other than the Signatory Airline;

(d) the City will determine that the Signatory Airline has deserted or vacated the leased premises;

(e) the Signatory Airline will violate any provision of any insurance policy referred to in the Use Agreement resulting in such policy becoming void or unenforceable and the Signatory Airline will not cure the violation or the inadequate insurance within 10 days after written notice; or the Signatory Airline will in any way fail to perform and satisfy the requirements of any insurance policy referred to in the Use Agreement and the Signatory Airline will fail to conform to such requirements within 30 days after written notice; and

(f) the occurrence of certain events of bankruptcy.

Unless governmental restrictions or any other cause beyond its control have prevented the defaulting Signatory Airline from curing any event of default (other than a non-payment default), or the Signatory Airline is contesting or protesting such default, the City may, in addition to other remedies, reenter the leased premises and terminate the Use Agreement. The defaulting Signatory Airline is thereupon required to pay all amounts then owing to the City, and the City may relet the leased premises. The defaulting Signatory Airline is also required to pay to the City each month, as liquidated damages, an amount equal to the difference between amounts received from subsequent users of the leased premises and the monthly rentals, fees and charges which would have been payable had the Signatory Airline maintained the same average monthly level of operations at the Airport as the Signatory Airline maintained during the calendar year preceding the default.

Assignment and Subletting

The Signatory Airline may not assign or sublet the leased premises without the prior approval of the City, but no such approval is required for the assignment of the Use Agreement to an Affiliate (as defined in the Use Agreement), subject to certain requirements, or to any corporation with which the Signatory Airline may merge or consolidate or which may succeed to the Signatory Airline's business.

Signatory Airline's Right to Terminate

After either the payment in full of the Revenue Bonds or the aggregation of moneys in certain funds sufficient to pay and redeem the Revenue Bonds then outstanding, a Signatory Airline may terminate its Use Agreement. A Signatory Airline may also terminate its Use Agreement if, as a result of any legislative action of the United States or any action or non-action of any federal or other governmental agency, such Signatory Airline will cease to have the necessary authority to transport persons, property and mail at the Airport; however, no Signatory Airline will have the right to terminate the Use Agreement under such circumstances, unless such governmental action or non-action was not requested by the Signatory Airline, the Signatory Airline made all reasonable efforts to prevent it, and it was not part of legislative action affecting any other Signatory Airline.

Expiration of the Use Agreements

The City may agree, in its sole discretion, to permit a Signatory Airline to continue a tenancy at the Airport on a month-to-month basis. The City or the Signatory Airline may terminate that month-to-month tenancy upon 30 days' prior written notice to the other. During such tenancy, the Signatory Airline will pay to the City the same rates of rental and landing fees as were in effect at the expiration of the term of the Use Agreement, as subsequently adjusted as provided in the Use Agreement, unless different rates are agreed upon. The Signatory Airline will be bound by all of the additional provisions of the Use Agreement insofar as they may be pertinent.

SUMMARY OF CERTAIN PROVISIONS OF THE TRUST INDENTURE

Pledge of Airport Revenues

Revenue Bonds issued under the Trust Indenture are secured by a pledge and assignment of the Airport Revenues and the Special Funds. For a description of the Special Funds, see "SECURITY FOR THE SERIES 2019 BONDS – Allocation of Airport Revenues to Special Funds, – Bond Service Reserve Fund, – Renewal and Replacement Fund, and – Airport Development Fund." Neither Revenue Bonds nor the Trust Indenture constitute general obligation debt of the City, and the general resources of the City will not be required to be used, nor the full faith and credit of the City be pledged, for the performance of any duty thereunder, and the holders of Revenue Bonds will have no right to have excises or taxes levied by the City Council or any taxing authority of the State of Ohio or any political subdivision for the payment of debt service on the Revenue Bonds.

The City has assigned to the Trustee all its rights and interests in and to the Use Agreements for the benefit of the Holders of the Revenue Bonds. The City covenants in the Trust Indenture to instruct the Signatory Airlines and all other users of the Airport System, including concessionaires and other aircraft operators, to pay directly to the Trustee all amounts due to the City as the owner and operator of the Airport System.

The City will hold all amounts received by it from the Trustee pursuant to the Trust Indenture in trust and such moneys will be held separate and apart from, and will not be commingled with, the general funds or any other funds of the City. The City will restrict the use and application of such amounts in the manner set forth in the Trust Indenture. The amounts held by the City are pledged to the payment of Bond service charges on the Revenue Bonds, subject to the condition that such amounts will be appropriated, transferred, expended or used for the purposes of the Airport System as provided in the Trust Indenture.

Additional Bonds Test

Additional Revenue Bonds may be issued by the City if there will have been received by the Trustee, among other things, a written report of the Airport Consultant that the projected Airport Revenues together with Other Available Funds, during each of the five complete Fiscal Years immediately following the issuance of the Additional Revenue Bonds, less the projected Operating Expenses during each of such Fiscal Years, are at least equal to 125% of the Bond service charges on all outstanding Revenue Bonds, including the Additional Revenue Bonds proposed to be issued, due during each of those five Fiscal Years, less, in each case, such Bond service charges on any Revenue Bonds that are to be redeemed or retired with the proceeds of such Additional Revenue Bonds. An alternative coverage ratio applies if there is General Obligation Debt of the City Outstanding for Airport System purposes. Currently, there is none.

A written report of the Airport Consultant is not required upon the issuance of Additional Revenue Bonds (1) when Airport Revenues, together with Other Available Funds, less Operating Expenses, for 12 of the past 18 months immediately preceding the proposed issuance of Additional Revenue Bonds or for

the most recent Fiscal Year for which audited financial statements are available, are at least equal to 125% of Bond service charges on all Outstanding Revenue Bonds, including the Additional Revenue Bonds proposed to be issued, in each of the three complete Fiscal Years immediately following the issuance of the Additional Revenue Bonds, evidenced by a written certificate of the Director of Finance of the City delivered to the Trustee, (2) to refund Revenue Bonds when either the refunding will result in aggregate net present value debt service savings or in each bond year that Bond service charges were payable on the refunded Revenue Bonds, the Bond service charges on the refunding Revenue Bonds are not greater than the Bond service charges on the refunded Revenue Bonds or the maximum annual Bond service charges on all Revenue Bonds to be Outstanding after the issuance of such Additional Revenue Bonds will not be greater than the maximum annual Bond service charges on all Revenue Bonds Outstanding prior to the issuance of such Additional Revenue Bonds, evidenced by a written certificate of the Director of Finance of the City delivered to the Trustee, or (3) to provide additional funds for the completion of a capital improvement project for which a series of Revenue Bonds has been issued, provided the principal amount of the Additional Revenue Bonds does not exceed 10% of the total cost of such project.

Computation of Bond Service Charges

The City may exclude from the calculation of Bond service charges on Outstanding Revenue Bonds due in any Fiscal Year under any provision of the Trust Indenture, principal and/or interest on Revenue Bonds for which sufficient moneys have been irrevocably deposited with the Trustee prior to the date of calculation, including, without limitation, Capitalized Interest Payments, passenger facility charges or other moneys not otherwise constituting Airport Revenues deposited in the Bond Fund, amounts deposited with the Trustee to defease Outstanding Revenue Bonds and Net Proceeds of insurance or condemnation awards deposited in the Bond Fund.

For purposes of determining whether Additional Revenue Bonds may be issued in compliance with the Additional Bonds Test, the debt service coverage ratio calculation will exclude from the aggregate amount of Bond service charges amounts to be paid from revenues that are not then included in the pledged Airport Revenues if the City has contractually agreed (in the case of Outstanding Revenue Bonds) or will contractually agree (in the case of Additional Revenue Bonds) to make deposits from those revenues into the Bond Service Fund under a payment schedule specified in the applicable Supplemental Indenture and those revenues have not been counted as Other Available Funds in the debt service coverage calculation.

For purposes of determining whether Additional Revenue Bonds issued for the purpose of refunding Revenue Bonds may be issued in compliance with the Additional Bonds Test, the Bond service charges for such Additional Revenue Bonds will be used in lieu of Bond service charges for the Revenue Bonds being refunded.

Any series of Additional Revenue Bonds may be issued as Variable Rate Bonds. The Supplemental Indenture applicable to any series of Variable Rate Bonds will specify the method and procedure by which the rate of interest to be borne thereby will be determined and may provide for the right of the holders thereof to tender such Variable Rate Bonds for purchase by the City at the times, on the terms, and subject to the conditions set forth therein.

In the event that all or any portion of any series of Additional Revenue Bonds have been issued as or are proposed to be issued as Variable Rate Bonds, then in order to compute the Bond service charges on such Additional Revenue Bonds for the purposes of the Trust Indenture, the following rules will apply:

- (a) For the purpose of determining compliance with the rate covenant for any period prior to the date of calculation, the rate of interest borne by such Variable Rate Bonds, including Variable Rate Bonds which are Balloon Bonds, will be deemed to be the actual weighted average rate in effect thereon during such period;

(b) For the purpose of determining whether Additional Revenue Bonds may be issued in compliance with the Additional Bonds Test, regardless of whether such Additional Revenue Bonds are to be Variable Rate Bonds, the rate of interest borne by any outstanding Variable Rate Bonds, except for Variable Rate Bonds which are Balloon Bonds, will be deemed to be the highest of (i) the highest rate of interest borne by such Variable Rate Bonds during the preceding twelve months or such shorter period that such Variable Rate Bonds may have been outstanding, (ii) the actual rate on the date of calculation, (iii) if the outstanding Variable Rate Bonds have been outstanding for at least twelve months, the average rate over the twelve months immediately preceding the date of calculation, or (iv)(A) if interest on the outstanding Variable Rate Bonds is excludable from gross income under the applicable provisions of the Internal Revenue Code, the most recently published Fixed Rate Index plus fifty (50) basis points, or (B) if interest is not so excludable, the interest rate on direct U.S. Treasury Obligations with comparable maturities plus fifty (50) basis points; and

(c) For the purpose of determining whether Additional Revenue Bonds that are to be Variable Rate Bonds may be issued in compliance with the Additional Bonds Test, and for the purpose of determining the amount of the Required Bond Service Reserve attributable to those Additional Revenue Bonds, those Additional Revenue Bonds will be deemed to bear interest at the Assumed Interest Rate and to be amortized on the basis of the Assumed Amortization Period;

(d) If the City has entered into a Hedge Agreement with respect to any Variable Rate Bonds under which the City will make fixed interest rate payments in exchange for a Hedge Counterparty making variable rate payments to the City, (i) at the election of the City, those Variable Rate Bonds may be assumed to bear interest at the fixed rate of interest simulated by the Hedge Agreement, in lieu of the rate determined under the above clauses (a), (b) or (c) and (ii) for purposes of determining compliance with the rate covenant, payments owed and received under the Hedge Agreement may be netted against each other for purposes of determining the interest paid on the Variable Rate Bonds.

(e) For the purpose of determining whether any outstanding Variable Rate Bond is deemed paid and discharged under the Trust Indenture, such Variable Rate Bond will be deemed to bear interest at the actual rate of interest borne thereby for the remainder of the period that such rate will remain in effect, and for any subsequent period prior to the time at which such Variable Rate is actually to be paid and discharged, such Variable Rate Bond will be deemed to bear interest at the maximum rate of interest such Variable Rate Bond may bear pursuant to the Series Bond Proceedings.

All or any portion of any series of Additional Revenue Bonds may be issued as Balloon Bonds. Regarding any Additional Revenue Bonds that are or are to be Balloon Bonds, for the purpose of (a) determining compliance with the rate covenant for any period prior to the date of calculation (except for Revenue Bonds that are to be issued as Variable Rate Bonds), (b) determining whether Additional Revenue Bonds, regardless of whether they are to be Balloon Bonds, may be issued in compliance with the Additional Bonds Test when any Balloon Bonds are outstanding, (c) determining whether Additional Revenue Bonds that are to be Balloon Bonds may be issued in compliance with the Additional Bonds Test, and (d) determining the amount of the Required Bond Service Reserve attributable to such Balloon Bonds, the Bond service charges on such Additional Revenue Bonds will be determined:

(i) if such Balloon Bonds are not Capital Appreciation Bonds (as defined in the Trust Indenture), by assuming that such Bonds are to be amortized on the basis of level debt service over the Assumed Amortization Period at the Assumed Interest Rate; and

(ii) if such Balloon Bonds are Capital Appreciation Bonds, by assuming that the Appreciated Principal Amount (as defined in the Trust Indenture) of such Bonds at maturity is to be amortized on the basis of level principal payments over the Assumed Amortization Period.

All or any portion of any series of Additional Revenue Bonds may be issued as Capital Appreciation Bonds. Regarding any Additional Revenue Bonds that are or are to be Capital Appreciation Bonds, for the purpose of (a) determining compliance with the rate covenant for any period prior to the date of calculation, (b) determining whether Additional Revenue Bonds, regardless of whether they are to be Capital Appreciation Bonds, may be issued in compliance with the Additional Bonds Test when any Capital Appreciation Bonds are outstanding, (c) determining whether Additional Revenue Bonds that are to be Capital Appreciation Bonds may be issued in compliance with the Additional Bonds Test, and (d) determining the amount of the Required Bond Service Reserve attributable to such Capital Appreciation Bonds, the Bond service charges on such Additional Revenue Bonds will include the Appreciated Principal Amounts at maturity.

Bond service charges will not include payments potentially required to be made by the City under any Reimbursement Agreement to reimburse any Credit Provider for payments made to pay the principal of or interest or any premium on Revenue Bonds, but Bond service charges will include such payments if the City's obligation to make such payments will have accrued and become actual.

In anticipation of the issuance of any series of Additional Revenue Bonds, the City may issue one or more series of Revenue Bond Anticipation Notes. All requirements of the Trust Indenture applicable to Revenue Bonds will apply to Revenue Bond Anticipation Notes, including, without limitation the conditions precedent for the issuance of a series of Revenue Bonds. For the purpose of (a) determining compliance with the rate covenant for any period prior to the date of calculation, (b) determining whether Additional Revenue Bonds may be issued in compliance with the Additional Bonds Test when any Revenue Bond Anticipation Notes are outstanding, (c) determining whether Revenue Bond Anticipation Notes may be issued in compliance with the Additional Bonds Test and (d) determining the amount of the Required Bond Service Reserve attributable to such Revenue Bond Anticipation Notes, the Bond service charges payable on any Revenue Bond Anticipation Notes will be computed for purposes of the Trust Indenture in the same manner as for Balloon Bonds.

Credit Providers

In addition to the Airport Revenues payable into the Special Funds and other amounts, proceeds, moneys, investments, rights, and interests pledged and assigned by the City to the Trustee under the Trust Indenture to secure the payment of the Bond service charges on the Revenue Bonds, the Supplemental Indenture for any series of Additional Revenue Bonds may provide for a Credit Support Instrument applicable to such series of Revenue Bonds without any requirement that the security or protection afforded by such Credit Support Instrument extend or apply to the Revenue Bonds of any other series. Provided that the Credit Support Instrument is in full force and effect and the Credit Provider has made all payments and met its obligations under the Credit Support Instrument and is not in any insolvency proceedings, then the Supplemental Indenture for any series of Revenue Bonds to which any such Credit Support Instrument applies may include provisions permitting the Credit Provider to act as, or in the place of, the holders of such Revenue Bonds for the purposes and on the terms and conditions set forth in such Supplemental Indenture.

Bond Service Reserve Fund

In connection with any issuance of Additional Revenue Bonds, and provided that the City maintains a rating on Outstanding Revenue Bonds determined without regard to any credit enhancement (an

underlying rating), the City may, in the applicable Supplemental Indenture, provide that no deposit to the Bond Service Reserve Fund will be made for or with respect to such Additional Revenue Bonds, in which case: (a) the holders of such Additional Revenue Bonds will have no right or entitlement to have any portion of the Bond service charges on such Additional Revenue Bonds be paid from amounts in the Bond Service Reserve Fund, (b) the lien of and pledge on the Bond Service Reserve Fund will not extend to or be for the benefit of the holders of such Additional Revenue Bonds, and (c) the Bond service charges on such Additional Revenue Bonds will not be taken into account in determining the Required Bond Service Reserve. In the event that the Supplemental Indenture applicable to an issue of Additional Revenue Bonds provides as described in the preceding sentence, then such Supplemental Indenture may also provide for the creation of a special reserve fund solely for such Additional Revenue Bonds, separate from the Bond Service Reserve Fund, and may provide for the deposit therein, at the time of issuance or in one or more subsequent deposits thereto, of an amount specified in the applicable Supplemental Indenture as the required reserve for such Additional Revenue Bonds, or may require the City to provide a municipal bond insurance policy, a bank letter or line of credit, or a surety bond to enhance the security for such Additional Revenue Bonds in lieu of a funded reserve fund, provided that such credit facility meets certain requirements set forth in the Trust Indenture. If the Supplemental Indenture applicable to such a series of Additional Revenue Bonds so provides for such a special reserve fund and further requires that deposits be made thereto from Airport Revenues at any time, then such deposits may be made from Airport Revenues on a parity with payments made to the Bond Service Reserve Fund to replenish any cash withdrawals from the Bond Service Reserve Fund.

In addition, if the Supplemental Indenture applicable to a series of Additional Revenue Bonds provides as described in the immediately preceding paragraph, then such Supplemental Indenture will also provide that the amount of any defaulted interest or principal on such series of Revenue Bonds, which would have been timely paid had the Required Bond Service Reserve for those Revenue Bonds been fully funded in the Bond Service Reserve Fund, will be paid from Airport Revenues on a parity with payments to be made to any providers of credit facilities held for the Bond Service Reserve Fund in lieu of cash and investments to reimburse those providers for claims or draws on those credit facilities.

Subordinated Indebtedness

The City may, at any time and from time to time, issue or incur Subordinated Indebtedness for the purpose of financing any capital improvement to the Airport System. In addition, any amounts owed by the City to a Hedge Counterparty in respect of termination of a Qualified Hedge Agreement will be considered as Subordinated Indebtedness. Subordinated Indebtedness is secured by, and is payable from, Airport Revenues on a basis subordinate to payment of Bond service charges on Revenue Bonds, the replenishment of the Bond Service Reserve Fund and the payment of maintenance and operating expenses of the Airport System.

Any supplemental indenture providing for the issuance of Subordinated Indebtedness will provide that the trustee for such Subordinated Indebtedness will have no right, power or authority to cause acceleration of such Subordinated Indebtedness unless and until the Trustee has exercised its power to accelerate the Revenue Bonds.

Particular Covenants

Payment: The City will pay, solely from the sources provided in the Trust Indenture, the Bond service charges on the Revenue Bonds on the dates and at the places and in the manner mentioned in the Revenue Bonds, and it will faithfully observe and perform at all times all agreements, covenants, undertakings, stipulations and provisions contained in the Series Bond Proceedings, in the Trust Indenture and in every Revenue Bond executed, authenticated and delivered under the Trust Indenture and in all proceedings of the Governing Body pertaining to the Revenue Bonds.

Maintenance and Operation of Airport System: The City will, but only from Airport Revenues, maintain or cause to be maintained the Airport System in a good state of repair and sound operating condition, will with reasonable diligence prudently develop, improve, and at all times operate in an economical and efficient manner the Airport System, and will comply with all valid acts, rules, regulations, orders and directions of any executive, legislative, administrative or judicial body applicable to the Airport System.

Payment of Taxes and Claims: The City will cause the payment of all lawful taxes, assessments and charges at any time levied or assessed upon or against the Airport Revenues or the Airport System, and will not create or suffer to be created any debt, lien or charge on the Airport System or on the Airport Revenues.

Insurance: To the extent reasonably obtainable at a reasonable cost, the City will procure, and maintain at all times while any of the Revenue Bonds will be outstanding, insurance covering the Airport System and its operations.

Accounting Records and Financial Statements: The City will have an annual audit of the Airport System made by nationally recognized independent certified public accountants in accordance with generally accepted accounting principles, and will furnish a copy of such audit to the Trustee promptly upon its completion along with a copy of the financial statements and reports which are regularly prepared by the City.

Tax-Exempt Status of Bonds: With respect to Revenue Bonds issued as obligations bearing interest that is excluded from gross income for federal income tax purposes, the City will take or cause to be taken such actions that may be required of it for the interest on those Revenue Bonds to be and to remain excluded from gross income for federal income tax purposes and will not omit to take any actions that may be required of it for that purpose.

Rates and Charges: So long as any Revenue Bonds are outstanding, the City will at all times prescribe and charge such rates, fees and charges for the use of the Airport System, its services and supplies, and will provide for the charging of such rates, fees and charges and the making of payments to the City of such rentals or other considerations for the use and operation of the Airport System, so as to produce, in each fiscal year, Airport Revenues, together with Other Available Funds, less Operating Expenses at least equal to 125% of the amount maturing and becoming due in such fiscal year for the payment of principal of and interest on all Outstanding Revenue Bonds.

Supplemental Indentures

The City and the Trustee, without the consent of the Bondholders, may enter into supplemental indentures for the following purposes: correcting ambiguities or inconsistencies in the Trust Indenture, granting additional rights to the Trustee, subjecting additional revenues to the lien of the Trust Indenture, adding to the covenants of the City, evidencing any succession of the City with respect to the Airport System, in connection with the issuance of Additional Revenue Bonds in accordance with the Trust Indenture, complying with Federal tax or securities laws, making further provisions for use of a book entry system of registration, to permit the Trustee to comply with obligations imposed on it, to specify further the duties of and relationship among the Trustee, Bond Registrar and any Authenticating Agents or Paying Agents, and to permit any other amendment that, in the judgment of the Trustee, will not materially adversely affect the interests of the Trustee or the holders of Revenue Bonds.

With the consent of the holders of not less than two-thirds in aggregate principal amount (and Appreciated Principal Amount) of the Revenue Bonds then outstanding, the City and the Trustee may enter into supplemental indentures modifying, altering, amending, adding to or rescinding any of the terms or provisions of the Trust Indenture. No such supplemental indenture, however, will (a) extend the maturity of the principal of or the interest on any Revenue Bond issued under the Trust Indenture, or reduce the principal amount thereof, or reduce the rate or extend the time of payment of interest thereon, or reduce any premium payable or redemption thereof, or extend the time of any payment required by any mandatory sinking fund requirements, without the consent of the holder of each Revenue Bond affected thereby, or (b) permit a privilege or priority of any Revenue Bond or Revenue Bonds, or a reduction in the aggregate principal amount of the Revenue Bonds required for consent to such supplemental indenture, without the consent of the holders of all of the Revenue Bonds then outstanding.

Effective upon obtaining the consent of all of the holders of all Outstanding Revenue Bonds, the Trust Indenture requirement that the consent of the holders of not less than two-thirds of the aggregate principal amount of all outstanding Revenue Bonds be obtained for amendments of the Trust Indenture subject to bondholder consent is to be amended so that the holders of a majority in aggregate principal amount of all Outstanding Revenue Bonds may consent to such amendments. In addition, upon obtaining such consent, the provision in the Trust Indenture requiring the consent of all holders of all Outstanding Revenue Bonds to any amendment reducing the percentage of holders whose consent is required is to be eliminated.

Events of Default

Each of the following occurrences or events is declared to be an Event of Default under the Trust Indenture:

- (a) The failure to make payment of any interest on any Revenue Bond when and as the same will have become due.
- (b) The failure to make payment of the principal or mandatory sinking fund payment of, or any premium on, any Revenue Bond when and as the same will become due, whether at the stated maturity thereof, by acceleration or call for redemption.
- (c) The filing by the City of a petition for reorganization or rearrangement or readjustment of its obligations under the provisions of any bankruptcy or moratorium laws or similar laws relating to or affecting creditors' rights.
- (d) Default in the performance or observance of any other of the covenants, agreements or conditions on the part of the City included in the Trust Indenture or in the Revenue Bonds and the continuance thereof for a period of 90 days after written notice to the City given by the Trustee or the holders of not less than 25% in aggregate principal amount of Revenue Bonds then outstanding.

Remedies for Default

Upon the occurrence of an Event of Default the Trustee may, and upon the request of the holders of at least 25% in aggregate principal amount of Revenue Bonds outstanding, the Trustee will, declare the principal of all Revenue Bonds to be immediately due and payable. The Trustee may require indemnification before taking any such action under the Trust Indenture. The Trust Indenture does not require the filing of any periodic evidence as to the absence of default or as to compliance with the Trust Indenture.

Upon the occurrence of an Event of Default, the City will, upon demand of the Trustee, surrender control of any Special Funds held by the City and possession of the Airport System to the Trustee, and the Trustee may operate the Airport System for the benefit of the holders of Revenue Bonds.

Provision has been made, and may be made, in Supplemental Indentures for Revenue Bonds secured by a Credit Support Instrument that the Credit Provider will be deemed to be the holder of all the Revenue Bonds secured by that Credit Support Instrument and may act in the place of the holders of those Revenue Bonds for purposes of (i) making requests and giving directions and consents to the Trustee and exercising any and all other rights which Bondholders would have the power and authority to make, give, or exercise with respect to remedies under the Trust Indenture as a result of the occurrence and continuation of an Event of Default, and (ii) making or giving any other consent, direction, or approval permitted or required under the Trust Indenture to be made or given by holders of Revenue Bonds secured by that Credit Support Instrument.

Waiver of Events of Default

The Trustee may in its discretion waive any event of default at the request of the holders of 25% in aggregate principal amount (and Appreciated Principal Amount) of Revenue Bonds then outstanding; provided, however, an event of default occasioned by the failure to pay principal or interest may not be waived until such principal or interest payment, plus penalty interest at the rate borne by the Revenue Bonds, and all expenses of the Trustee, will be paid.

At any time after the Revenue Bonds have been accelerated and before a receiver has been appointed and confirmed and if all sums then due on the Revenue Bonds (other than pursuant to the acceleration) have been paid and all existing defaults have been cured, the holders of not less than 25% in aggregate principal amount of all Revenue Bonds then outstanding may rescind such acceleration.

Defeasance

If the City will pay or cause to be paid the principal of, premium, if any, and interest due on the outstanding Revenue Bonds at the times and in the manner stipulated in the Trust Indenture, and will have paid all fees and charges of the Trustee and any Paying Agents, the Trust Indenture will cease, determine and become null and void, and the Trustee will release the Trust Indenture and discharge the lien thereof.

Any outstanding Revenue Bonds of one or more series will be deemed to have been paid and discharged within the meaning of the Trust Indenture if:

- (a) the Trustee and the Paying Agents will hold, in trust for and irrevocably committed thereto, sufficient moneys, or

- (b) the Trustee will hold, in trust for and irrevocably committed thereto, Defeasance Obligations which an independent public accounting firm of national reputation certifies to be of such maturities and interest payment dates and to bear such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom (likewise to be held in trust and committed, except as hereinafter provided), be sufficient together with moneys referred to in (a) above, for the payment, at their maturity, redemption or due date, as the case may be, of all Bond service charges thereon to the maturity, redemption, or due date, as the case may be, or if default in such payment will have occurred on such date, then to the date of the tender of such payment;

provided, that if any of such Revenue Bonds are to be redeemed prior to the stated maturity thereof, notice of such redemption will have been duly given or irrevocable provision satisfactory to the Trustee will have

been duly made for the giving of such notice, which provision, however, will be subject to change as to the date or dates specified for such redemption as described below.

If a forward supply contract is employed in connection with the defeasance (a) the verification report will expressly state that the adequacy of the escrow to accomplish the defeasance relies solely on the initial Defeasance Obligations and the maturing principal thereof and interest income thereon and does not assume performance under or compliance with the forward supply contract and (b) the applicable escrow agreement will provide that in the event of any discrepancy or difference between the terms of the forward supply contract and the escrow agreement, the terms of the escrow agreement will be controlling.

Any moneys held by the Trustee for the defeasance of Revenue Bonds may be invested by the Trustee but only in Defeasance Obligations the maturities or redemption dates of which, at the option of the Trustee, will coincide as nearly as practicable with, but not later than, the time

or times at which those moneys will be required to pay Bond service charges. Any income or interest earned by, or increment to, the investments held will, to the extent determined from time to time by the Trustee to be in excess of the amount required to be held by it for the purpose, be transferred to the City free and clear of the lien of the Trust Indenture, pursuant to instructions by the Fiscal Officer.

In the event that the Trust Indenture is satisfied and discharged and if, but only if, the City will then so direct the Trustee, the holders of any Revenue Bonds then outstanding, the maturity or redemption dates of which have not then arrived, may (to the extent that such will not be in conflict with the provisions of a trust agreement, if any, under which the Trustee holds moneys and/or Defeasance Obligations and will not result in insufficient moneys to pay Bond service charges on other Revenue Bonds at maturity or redemption) as of and on any Interest Payment Date or Dates stated in such direction by the City to the Trustee, surrender those Revenue Bonds to a Paying Agent and, upon such surrender, be paid the principal amount of any Revenue Bond surrendered, with any applicable redemption premium, as stated in the direction by the City to the Trustee, plus interest accrued on any such Revenue Bond so surrendered. Such right may be exercised only after the holders of any such Revenue Bonds to be surrendered have given written notice to the Trustee, at least 70 days (or such other period as may be stated in such direction to the Trustee) before the Interest Payment Date on which they request such payment, of their intent so to surrender the Revenue Bonds for such payment and setting forth in such notice the Revenue Bonds to be surrendered. If any Revenue Bond as to which such notice of intent has been given is not surrendered on or before such Interest Payment Date, surrender thereof for payment need not be accepted at any time thereafter prior to maturity or call for redemption. After receiving the aforesaid directions from the City and within 30 days after such discharge and satisfaction of the Trust Indenture, the Trustee will give Bondholders notice of the provisions described in this paragraph in the same manner as provided for in the Trust Indenture for mailing notice of redemption of Revenue Bonds. In the case of discharge and satisfaction of the Trust Indenture pursuant to an advance refunding, a second notice of such discharge and satisfaction will be given by the Trustee to the holders of the Revenue Bonds so affected, by the same manner as provided for the mailing of notice of redemption, at least 30 days prior to the actual redemption date of such Revenue Bonds.

Notwithstanding the foregoing, those provisions of the Trust Indenture or any Supplemental Indenture relating to the maturity of Revenue Bonds, interest payments and dates thereof, optional and mandatory redemption provisions, credit against mandatory sinking fund installments, exchange, transfer and registration of Revenue Bonds, replacement of mutilated, destroyed, lost, or wrongfully taken Revenue Bonds, the safekeeping and cancellation of Revenue Bonds, non-presentment of Revenue Bonds, the holding of moneys in trust, repayments to the City from the Special Funds, compliance with any applicable Federal tax law and the duties of the Trustee in connection with all of the foregoing, will remain in effect

and will be binding upon the Trustee and the Bondholders notwithstanding the release and discharge of the lien of the Trust Indenture.

Condemnation and Destruction

In the event of the condemnation or destruction of the Airport System or a portion thereof, the net proceeds of any insurance or condemnation award will be applied to reconstruct or restore the Airport System to substantially the same level as prior to such condemnation or destruction. The Trust Indenture does not provide for any extraordinary optional redemption of Revenue Bonds in the event of condemnation or destruction of the Airport System, but any excess net proceeds not required to reconstruct or restore the Airport System may, and in the event of condemnation will, be used to redeem Revenue Bonds then subject to redemption.

Investments of Amounts in Special Funds

Moneys held in any Special Fund maintained by the Trustee will be invested in Eligible Investments by the Trustee at the written request of the City's Director of Finance, and moneys held in any Special Fund maintained by the City will be invested by the City only in Eligible Investments. Any such investment will be deemed at all times a part of the Special Fund from which the investment has been made, and profits and losses on such investments will be credited or charged, as the case may be, to such Special Funds; provided that earnings on amounts in the Bond Service Reserve Fund which are not needed to satisfy the Required Bond Service Reserve will be transferred to the City for deposit in the Renewal and Replacement Fund.

Release of Property

The Trust Indenture provides that the City may remove from the Airport System any unimproved and unneeded part of the real property or interests in real property comprising part of the Airport System, and may grant easements with respect to any such real property or interests therein, upon delivery of certain documents to the Trustee, including the following:

- (a) An ordinance adopted by the City's Council stating that the City is not in default under the Trust Indenture, giving an adequate legal description of the real property to be released, stating the purpose for which the release is desired and the improvements to be made on such real property, and requesting its release from the lien of the Trust Indenture; and
- (b) A certificate of an Airport Consultant stating that real property proposed to be released is not otherwise needed for, or has become inexpedient to use in connection with, the Airport System, and that such release would not impair the City's ability to produce Airport Revenues sufficient to meet all the requirements to be met therefrom under the Trust Indenture and the Revenue Bonds.

The Trust Indenture also permits the City to sell Burke Lakefront Airport at any time without having to deliver an ordinance of the City Council or a certificate of an Airport Consultant. All net proceeds of the sale of Burke Lakefront Airport, after reimbursing the Airport System for all amounts paid from any of the Special Funds in excess of the Burke Deficit (as defined in the Use Agreement), will be paid to the City and may be applied by the City for any purpose, whether or not related to the Airport System.

The proceeds from the sale of any other real property or interests in real property, which are part of the Airport System, as improved with the proceeds from the sale of Revenue Bonds, will be deposited in the Revenue Fund, except where in conflict with agreements between the City and the United States of America. The proceeds from the sale of any future-acquired property will be payable to the City after

reimbursing the Airport System for all costs and expenses incurred by the Airport System in connection with the acquisition, improvement and disposition of any such future-acquired property.

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APPENDIX B

FORM OF OPINION OF BOND COUNSEL

To: City of Cleveland, Ohio

Loop Capital Markets LLC, as Representative of the Underwriters

The Bank of New York Mellon Trust Company, N.A.

We have served as bond counsel to our client the City of Cleveland, Ohio (the “City”) in connection with the issuance by the City of its \$301,665,000 Airport System Revenue Bonds, Series 2019A (Taxable) (the “Series 2019A Bonds”), \$34,605,000 Airport System Revenue Bonds, Series 2019B (AMT) (the “Series 2019B Bonds”), and \$5,405,000 Airport System Revenue Bonds, Series 2019C (Non-AMT) (the “Series 2019C Bonds” and, together with the Series 2019A Bonds and the Series 2019B Bonds, the “Series 2019 Bonds”), each dated the date of this letter.

The Series 2019 Bonds are issued pursuant to the authority of the Constitution and laws of the state of Ohio, the Charter of the City and Ordinance No. 1364-17 passed by the Council of the City on November 20, 2017 (the “Bond Legislation”). The Series 2019 Bonds are issued and secured under the Amended and Restated Trust Indenture (Seventeenth Supplemental Trust Indenture dated as of November 1, 2011), effective January 31, 2012 (the “Trust Indenture”), between the City and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the “Trustee”), as supplemented by the Twenty-fourth Supplemental Trust Indenture, dated October 1, 2019 (the “Twenty-fourth Supplemental Indenture” and, together with the Trust Indenture, the “Indenture”), between the City and the Trustee. Capitalized terms not otherwise defined in this letter are used as defined in the Indenture.

In our capacity as bond counsel, we have examined the transcript of proceedings relating to the issuance of the Series 2019 Bonds, a copy of the signed and authenticated Bond of the first maturity for each series of Series 2019 Bonds, a certified copy of the Bond Legislation, an executed counterpart of the Trust Indenture, an executed counterpart of the Twenty-fourth Supplemental Indenture, and such other documents, matters and law as we deem necessary to render the opinions set forth in this letter.

Based on that examination and subject to the limitations stated below, we are of the opinion that under existing law:

1. The Series 2019 Bonds and the Indenture are valid and binding obligations of the City, enforceable in accordance with their respective terms.

2. The Series 2019 Bonds constitute special obligations of the City, and the principal of and interest on (collectively, “debt service”) the Series 2019 Bonds, together with debt service on any other obligations issued and outstanding on a parity with the Series 2019 Bonds as provided in the Trust Indenture, are payable from and secured solely by the Airport Revenues and Special Funds established under the Trust Indenture. The payment of debt service on the Series 2019 Bonds is not secured by an obligation or pledge of any money raised by taxation, and the Series 2019 Bonds do not represent or constitute a general obligation or a pledge of the faith and credit of the City, the State of Ohio or any of its political subdivisions.

3. Interest on the Series 2019B Bonds and the Series 2019C Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), except interest on any Series 2019B Bond for any period during which it is held by

a “substantial user” or a “related person,” as those terms are used in Section 147(a) of the Code. Interest on the Series 2019B Bonds is an item of tax preference for purposes of the federal alternative minimum tax, and interest on the Series 2019C Bonds is not an item of tax preference for purposes of that tax. Interest on, and any profit made on the sale, exchange or other disposition of, the Series 2019 Bonds are exempt from all Ohio state and local taxation, except the estate tax, the domestic insurance company tax, the dealers in intangibles tax, the tax levied on the basis of the total equity capital of financial institutions, and the net worth base of the corporate franchise tax. We express no opinion as to any other tax consequences regarding the Series 2019 Bonds.

The opinions stated above are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. In rendering all such opinions, we assume, without independent verification, and rely upon (i) the accuracy of the factual matters represented, warranted or certified in the proceedings and documents we have examined, (ii) the due and legal authorization, execution and delivery of those documents by, and the valid, binding and enforceable nature of those documents upon, any parties other than the City and (iii) the due authorization, signing and delivery by, and the binding effect upon and enforceability against, the Trustee of the Indenture.

We express no opinion herein regarding the priority of the lien on Airport Revenues and Special Funds or other funds created by the Indenture.

In rendering those opinions with respect to treatment of the interest on the Series 2019B Bonds and the Series 2019C Bonds under the federal tax laws, we further assume and rely upon compliance with the covenants in the proceedings and documents we have examined, including those of the City. Failure to comply with certain of those covenants subsequent to issuance of the Series 2019B Bonds and the Series 2019C Bonds may cause interest on the Series 2019B Bonds and the Series 2019C Bonds to be included in gross income for federal income tax purposes retroactively to their date of issuance.

The rights of the owners of the Series 2019 Bonds and the enforceability of the Series 2019 Bonds, the Bond Legislation and the Indenture are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer and other laws relating to or affecting the rights and remedies of creditors generally; to the application of equitable principles, whether considered in a proceeding at law or in equity; to the exercise of judicial discretion; and to limitations on legal remedies against public entities.

No opinions other than those expressly stated herein are implied or shall be inferred as a result of anything contained in or omitted from this letter. The opinions expressed in this letter are stated only as of the time of its delivery and we disclaim any obligation to revise or supplement this letter thereafter. Our engagement as bond counsel in connection with the original issuance and delivery of the Series 2019 Bonds is concluded upon delivery of this letter.

APPENDIX C

BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities (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 certificate will be issued for each stated maturity of the Series 2019 Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC. **So long as Cede & Co. is the registered owner of the Series 2019 Bonds, as partnership nominee for DTC, references herein to Bondholders, holders or owners of the Series 2019 Bonds (other than under the captions “TAX MATTERS” and “CONTINUING DISCLOSURE” herein) shall mean Cede & Co. and shall not mean the Beneficial Owners of the Series 2019 Bonds.**

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has S&P rating of AA+. The DTC Rules applicable to its participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of 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 Security (“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 interests in 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 Series 2019 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 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 Series 2019 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 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 Series 2019 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend 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 detail information from the City or the Trustee, on 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, distributions, and dividend 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.

A Beneficial Owner shall give notice to elect to have its Series 2019 Bonds purchased or tendered, through its Participant, to the Paying Agent, and shall effect delivery of such Series 2019 Bonds by causing the Direct Participant to transfer the Participant's interest in the Series 2019 Bonds, on DTC's records, to the Paying Agent. The requirement for physical delivery of Series 2019 Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series 2019 Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Series 2019 Bonds to the Paying Agent's DTC account.

DTC may discontinue providing its services as 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-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

Direct Participants and Indirect Participants may impose service charges on book entry interest owners in certain cases. Purchasers of book entry interests should discuss that possibility with their brokers.

The City and the Trustee have no role in the purchases, transfers or sales of book entry interests. The rights of Beneficial Owners (i.e., book entry interest owners) to transfer or pledge their interests, and the manner of transferring or pledging those interests, may be subject to applicable state law. Beneficial Owners may want to discuss with their legal advisers the manner of transferring or pledging their book entry interests.

The City and the Trustee have no responsibility or liability for any aspects of the records or notices relating to, or payments made on account of, book entry interest ownership, or for maintaining, supervising or reviewing any records relating to that ownership.

The City cannot and does not give any assurances that DTC, Direct Participants, Indirect Participants or others will distribute to the Beneficial Owners payments of debt charges on the Series 2019 Bonds made to DTC as the registered owner, or any redemption or other notices, or that the City will do so on a timely basis, or that DTC will serve and act in a manner described in this Official Statement.

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 securities depository is not obtained, Series 2019 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, Series 2019 Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from DTC, and neither the City nor either the Underwriters makes any representation, warranty or guarantee, or otherwise take responsibility for, its accuracy or completeness.

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APPENDIX D

CONTINUING DISCLOSURE AGREEMENTS

Continuing Disclosure Agreement of City

THIS CONTINUING DISCLOSURE AGREEMENT (this “Agreement”) is made and entered into as of October 1, 2019, by and between the City of Cleveland (the “City”), a municipal corporation in, and a political subdivision of, the State of Ohio, and The Bank of New York Mellon Trust Company, N.A., a national banking association duly organized and validly existing under the laws of the United States of America and duly organized to exercise corporate trust powers under the laws of the State of Ohio, as successor trustee (the “Trustee”).

WHEREAS, the City has determined to issue its Airport System Revenue Bonds, Series 2019A (Taxable) in the aggregate principal amount of \$301,665,000 (the “Series 2019A Bonds”), its Airport System Revenue Bonds, Series 2019B (AMT) in the aggregate principal amount of \$34,605,000 (the “Series 2019B Bonds”) and its Airport System Revenue Bonds, Series 2019C (Non-AMT) in the aggregate principal amount of \$5,405,000 (the “Series 2019C Bonds,” and, together with the Series 2019A Bonds and Series 2019B Bonds, the “Series 2019 Bonds”), pursuant to the Amended and Restated Trust Indenture (Seventeenth Supplemental Trust Indenture dated as of November 1, 2011) that became effective January 31, 2012 (the “Trust Indenture”), as supplemented by the Twenty-fourth Supplemental Trust Indenture dated October 1, 2019, between the City and the Trustee (the Trust Indenture, as supplemented, is herein referred to as the “Indenture”);

WHEREAS, the Series 2019 Bonds have been offered and sold pursuant to a Preliminary Official Statement dated September 10, 2019, and the City has entered into a Bond Purchase Agreement dated September 17, 2019 with Loop Capital Markets LLC, for itself (the “Representative”) and as representative of Blaylock Van, LLC, Cabrera Capital Markets LLC, Raymond James & Associates, Inc., Stifel, Nicolaus & Company, Incorporated, US Bancorp, UBS Financial Services Inc. and Wells Fargo Bank, National Association (together with the Representative, the “Underwriters”), relating to the sale of the Series 2019 Bonds;

WHEREAS, the City wishes to provide for the disclosure of certain information concerning the Series 2019 Bonds, the City and other matters on an on-going basis as set forth herein for the benefit of the holders of the Series 2019 Bonds (the “Bondholders”) in accordance with the provisions of the Rule (as defined herein).

NOW, THEREFORE, in consideration of the mutual promises and agreements made herein and in the Indenture, the receipt and sufficiency of which consideration is hereby mutually acknowledged, the parties hereto agree as follows:

Section 1. Definitions. All terms capitalized but not otherwise defined herein shall have the meanings assigned to those terms in the Indenture. The following capitalized terms shall have the following meanings:

“Annual Financial Information” means annual financial information and operating data (historical only) found in the tables titled “Summary of Recent Historical Airport Activity,” “Monthly Enplanement Comparison at the Airport” and “Historical Domestic Originating and Connecting Enplanements” under “THE AIRPORT SYSTEM – Airport Passenger Activity” and the table under the heading “Airlines and

Market Shares” under “THE AIRPORT SYSTEM – Airlines and Market Shares” and in the tables titled “Sources of Airport Revenues,” “Operating Results,” “Reconciliation of Operating Results,” “Bond Service Coverage Calculation” and “Mid-Year Financial Reporting” in “AIRPORT FINANCIAL INFORMATION.”

“Annual Report” shall mean the Annual Report described in and provided pursuant to Sections 3 and 4 hereof.

“Financial Obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). 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.

“Fiscal Year” shall mean each fiscal year of the City, commencing with the fiscal year ending December 31, 2019.

“Listed Events” shall mean any of the following events with respect to the Series 2019 Bonds:

1. Principal and interest payment delinquencies on the Series 2019 Bonds;
2. Non-payment related defaults on the Series 2019 Bonds, if material;
3. Unscheduled draws on debt service reserves relating to the Series 2019 Bonds reflecting financial difficulties^(a);
4. Unscheduled draws on credit enhancements relating to the Series 2019 Bonds reflecting financial difficulties;^(a)
5. Substitution of credit or liquidity providers, or their failure to perform^(a);
6. (Issuance of) Adverse tax opinions with respect to the Series 2019 Bonds, 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;
7. Modifications to rights of Holders or beneficial owners of the Series 2019 Bonds, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Series 2019 Bonds, if material^(b);
11. Rating changes on the Series 2019 Bonds;

(a) The City has not obtained or provided, and does not expect to obtain or provide, any credit enhancements or credit or liquidity providers for the Series 2019 Bonds.

(b) Repayment of the Series 2019 Bonds is not secured by a lien on any property capable of release or sale or for which other property may be substituted.

12. Bankruptcy, insolvency, receivership or similar event of the obligated person; *Note: For the purposes of the event identified in this subparagraph, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person;*
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, 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. The 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.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Participating Underwriters” shall mean any Underwriter required to comply with the Rule in connection with the offering of the Series 2019 Bonds.

“Repository” shall mean the MSRB or any other repository designated hereafter by the Rule to be the repository for receiving continuing disclosure.

“Rule” shall mean Rule 15c2-12(b) adopted by the Securities and Exchange Commission (the “SEC”) under the Securities Exchange Act of 1934, as the same may be amended from time to time, as such amendments apply to the Series 2019 Bonds.

Section 2. General Provisions. This Agreement is being executed and delivered by the City for the benefit of the Bondholders and in order to assist the Participating Underwriters in complying with the Rule. Nothing herein shall limit the duties or obligations of the Trustee under the Indenture. In its actions under this Agreement, the Trustee shall be entitled to the same protection in so acting under this Agreement as it has in acting as Trustee under the Indenture.

Section 3. Provision of Annual Reports.

(a) The City shall, not later than the last day of the ninth month following the end of each Fiscal Year (or the next succeeding business day if that day is not a business day), beginning September 30, 2020, provide to the Repository and the Trustee, an Annual Report for the Fiscal Year of the City which

ended on the previous December 31, which Annual Report is consistent with the requirements of Section 4 of this Agreement. The Annual Report may be submitted as a single document or as separate documents constituting a package, and may reference other information as provided in Section 4 of this Agreement. Upon receipt of the Annual Report from the City, the Trustee shall be entitled to assume that the City has provided the Annual Report to the Repository. The Trustee shall have no responsibility for providing the Annual Report to the Repository unless directed in writing to do so by the City.

(b) If the City fails to provide to the Repository an Annual Report by the date set forth in subsection (a) of this Section 3, the City shall send a notice in a timely manner to the Repository of such failure, which shall include a statement as to the date by which the City anticipates that the Annual Report will be provided to the Repository.

(c) The City agrees to use reasonable efforts to cause each obligated person other than the City to provide or cause to be provided to the Repository an Annual Report as such term is defined in the Continuing Disclosure Agreement, dated as of the date hereof, by and between United Airlines, Inc. and the Trustee.

Section 4. Content of the Annual Report. The Annual Report shall contain or incorporate by reference the Annual Financial Information and annual audited financial statements for the City's Department of Port Control, Divisions of Cleveland Hopkins International and Burke Lakefront Airports, if available. If the annual audited financial statements are not available at the time of the submission of the Annual Report, then they shall be submitted when and if available. This information may be included by specific reference from other documents which have previously been provided to the Repository or to the SEC. If the document included by reference is a final official statement, it must be available from the MSRB.

Section 5. Reporting of Listed Events. The City shall provide (or cause to be provided) to the Repository, in an electronic format and containing such identifying information as is prescribed by the Repository and in a timely manner but not later than ten business days after the occurrence of the event, notice of any of the Listed Events as specified by the Rule.

Section 6. Means of Reporting Information. Information provided by the City shall be transmitted electronically, currently through the Electronic Municipal Market Access ("EMMA") system, to the Repository, or by whatever means are mutually acceptable to the City and the Repository, as applicable.

Section 7. Termination of Reporting Obligation; Sources of Payment. The obligations of the City under this Agreement shall remain in effect only for such period that (i) the Series 2019 Bonds are outstanding in accordance with their terms and (ii) the City remains an obligated person with respect to the Series 2019 Bonds within the meaning of the Rule. The obligation of the City to provide the Annual Financial Information and notices of the Listed Events shall terminate, if and when the City no longer remains an obligated person with respect to the Series 2019 Bonds, provided that the City shall provide notice of such termination to the MSRB and the Trustee. The performance of this Agreement shall be subject to the availability of funds and their annual appropriation to meet costs the City would be required to incur to perform it.

Section 8. Amendment; Waiver. The City may amend this Agreement and obtain a waiver of noncompliance with any provision hereof as may be necessary or appropriate to achieve its compliance with any applicable federal securities law or rule, to cure any ambiguity, inconsistency or formal defect or omission, and to address any change in circumstances arising from a change in legal requirements, change in law, or change in the identity, nature, or status of the City, or type of business conducted by the City. Any such amendment or waiver will not be effective unless the Agreement (as amended or taking into

account such waiver) would have complied with requirements of the Rule at the time of the primary offering of the Series 2019 Bonds, after taking into account any applicable amendments to or official interpretations of the Rule, as well as any change in circumstances, and until the City shall have received either (a) a written opinion of bond or other qualified independent special counsel selected by the City, or determination by the Trustee, that the amendment or waiver would not materially impair the interests of holders or beneficial owners of the Series 2019 Bonds, or (b) the written consent to the amendment or waiver of the Bondholders of at least a majority of the principal amount of the Series 2019 Bonds then outstanding. Any such amendment or waiver shall be described by the City in the next Annual Report following the effective date of such amendment or waiver.

Section 9. Additional Information. Nothing in this Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Report or providing notice of occurrence of events, in addition to that which is required by this Agreement. If the City chooses to include any information in any Annual Report or provide notice of occurrence of events which are not Listed Events in addition to that which is specifically required by this Agreement, the City shall have no obligation to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default; Remedies. This Agreement shall be solely for the benefit of the holders and beneficial owners from time to time of the Series 2019 Bonds. The exclusive remedy for any breach of the Agreement by the City shall be limited, to the extent permitted by law and as hereinafter provided, to a right of holders and beneficial owners to cause proceedings at law or in equity to be instituted and maintained to obtain the specific performance by the City of its obligations hereunder. Any individual holder or beneficial owner may institute and maintain, or cause to be instituted and maintained, such proceedings to require the City to provide or cause to be provided a pertinent filing if such a filing is due and has not been made. Any such proceedings to require the City to perform any other obligation under this Agreement (including any proceedings that contest the sufficiency of any pertinent filing) may be instituted and maintained (i) by a trustee appointed by the holders and beneficial owners of not less than 25% in principal amount of the Series 2019 Bonds then outstanding, which trustee may, and upon request of holders and beneficial owners of not less than 25% in principal amount of the Series 2019 Bonds then outstanding would be required to, institute and maintain such proceedings or (ii) holders and beneficial owners of not less than 10% in principal amount of the Series 2019 Bonds then outstanding. Any failure of the City to comply with the provisions of this Agreement shall not be a default or failure, or an event of default under the Indenture.

Section 11. Beneficiaries. This Agreement shall inure to the benefit of the City and the Underwriters and the holders and beneficial owners of the Series 2019 Bonds, and shall create no rights in any other person or entity.

Section 12. Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Ohio; provided that, to the extent that the SEC, the MSRB or any other federal or state agency or regulatory body with jurisdiction over the Series 2019 Bonds shall have promulgated any rule or regulation governing the subject matter hereof, this Agreement shall be interpreted and construed in a manner consistent therewith.

Section 13. Severability; Counterparts. If any provision hereof shall be held invalid or unenforceable by a court of competent jurisdiction, the remaining provisions hereof shall survive and continue in full force and effect. This Agreement may be executed in one or more counterparts, each and all of which shall constitute one and the same instrument.

October __, 2019

CITY OF CLEVELAND, OHIO

By: _____
Director of Finance

By: _____
Director of Port Control

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A.

By: _____
Title:

The legal form of the within instrument
is approved.

Director of Law, City of Cleveland, Ohio

By: _____
Assistant Director of Law

Continuing Disclosure Agreement of United Airlines

THIS CONTINUING DISCLOSURE AGREEMENT (this “Agreement”) is made and entered into as of the October 1, 2019, by and between United Airlines, Inc., a Delaware corporation (the “Company”), and The Bank of New York Mellon Trust Company, N.A., a national banking association, duly organized and validly existing under the laws of the United States of America and duly organized to exercise corporate trust powers under the laws of the State of Ohio, as trustee (the “Trustee”). All terms capitalized but not otherwise defined herein shall have the meanings assigned to those terms in the Indenture (as defined herein).

WHEREAS, the City of Cleveland, Ohio (the “City”) has determined to issue its Airport System Revenue Bonds, Series 2019A (Taxable) in the aggregate principal amount of \$301,665,000 (the “Series 2019A Bonds”), its Airport System Revenue Bonds, Series 2019B (AMT) in the aggregate principal amount of \$34,605,000 (the “Series 2019B Bonds”) and its Airport System Revenue Bonds, Series 2019C (Non-AMT) in the aggregate principal amount of \$5,405,000 (the “Series 2019C Bonds,” and, together with the Series 2019A Bonds and Series 2019B Bonds, the “Series 2019 Bonds”), pursuant to the Amended and Restated Trust Indenture (Seventeenth Supplemental Trust Indenture dated as of November 1, 2011) that became effective January 31, 2012 (the “Trust Indenture”), as supplemented by the Twenty-Fourth Supplemental Trust Indenture dated October 1, 2019, between the City and the Trustee (the Trust Indenture, as supplemented, is herein referred to as the “Indenture”);

WHEREAS, the Series 2019 Bonds have been offered and sold pursuant to a Preliminary Official Statement dated September 10, 2019, and the City has entered into a Bond Purchase Agreement dated September 17, 2019 with Loop Capital Markets LLC, for itself (the “Representative”) and as representative of Blaylock Van, LLC, Cabrera Capital Markets LLC, Raymond James & Associates, Inc., Stifel, Nicolaus & Company, Incorporated, US Bancorp, UBS Financial Services Inc. and Wells Fargo Bank, National Association (together with the Representative, the “Underwriters”), relating to the sale of the Series 2019 Bonds;

WHEREAS, the City, as an obligated person under the Rule (as defined herein), has entered into a Continuing Disclosure Agreement, dated as of October __, 2019, between the City and the Trustee in conjunction with the issuance of the Series 2019 Bonds;

WHEREAS, the Company is obligated under certain provisions of the Use Agreements with the City to pay terminal complex rental rates and landing fee rates to the City to produce Airport Revenues sufficient to meet the Rate Covenant;

WHEREAS, as of the date hereof, the Company accounts for 20% or more of the Airport Revenues at Cleveland Hopkins International Airport (the “Airport”); and

WHEREAS, the Company has agreed to provide for the disclosure of certain information concerning the Company and other matters on an on-going basis as set forth herein for the benefit of the Bondholders.

NOW, THEREFORE, in consideration of the mutual promises and agreements made herein and in the Indenture, the receipt and sufficiency of which consideration is hereby mutually acknowledged, the parties hereto agree as follows:

Section 1. Definitions. The following capitalized terms shall have the following meanings:

“Annual Financial Information” shall mean such reports as the Company files with the SEC on Form 10-K or a successor form (including all materials physically included therewith or incorporated by

reference therein) and, in the event that the Company no longer is required to file such reports on Form 10-K or a successor form, the Company's audited financial statements prepared in accordance with generally accepted accounting principles and such related financial and operating data disclosure as is made available to the Company's public shareholders generally or, in the event that the Company no longer is required to file such reports on Form 10-K or a successor form and no longer has any public shareholders, information concerning the Company's business and properties, selected financial data and management's discussion and analysis, together with the Company's audited financial statements prepared in accordance with generally accepted accounting principles, comparable to the information contained in such report on Form 10-K.

"Annual Report" shall mean the Annual Report described in and provided pursuant to Section 3 hereof.

"Bondholders" or "holders" shall mean the Holders of the Series 2019 Bonds as defined in the Indenture.

"Business Day" shall mean any day other than a Saturday, Sunday, or a day on which the Trustee is required or authorized by law or executive order to close and is closed.

"Filing Date" shall mean the 120th day following the end of each Fiscal Year (or the next Business Day if that day is not a Business Day).

"Fiscal Year" shall mean each fiscal year of the Company, commencing with the fiscal year ending December 31, 2019.

"Notice Addresses":

Trustee:	The Bank of New York Mellon Trust Company, N.A. 1660 6525 West Campus Oval, Suite 200 New Albany, Ohio 43054 Attention: Global Corporate Trust Telephone No.: 614-775-5201 Facsimile No.: 614-775-5636
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Company:	United Airlines, Inc. 233 South Wacker Drive, HDQFT Chicago, Illinois 60606 Attention: Carol Manning Telephone No.: 872-825-7655 Facsimile No.: 872-825-0316
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City:	City of Cleveland Department of Finance 601 Lakeside Avenue, Room 104 Cleveland, Ohio 44114 Attention: Director of Finance Telephone No.: 216-664-2536 Facsimile No.: 216-664-2535
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"Obligated Person" has the meaning assigned to it in Section 7 hereof.

“Participating Underwriters” shall mean any Underwriter required to comply with the Rule in connection with the offering of the Series 2019 Bonds.

“Primary Offering” has the meaning assigned to it in paragraph (f) of the Rule.

“Repository” means the Municipal Securities Rulemaking Board, currently through its Electronic Municipal Market Access system (<http://emma.msrb.org/>).

“Rule” shall mean Rule 15c2-12(b) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the Securities and Exchange Commission.

The captions and headings in this Agreement are solely for convenience of reference and in no way define, limit or describe the scope or intent of any Sections, subsections, paragraphs, subparagraphs or clauses hereof. Reference to a “Section” means a section of this Agreement, unless otherwise indicated.

Section 2. General Provisions. This Agreement is being executed and delivered by the Company for the benefit of the Bondholders and in order to assist the Participating Underwriters in complying with the Rule. Nothing herein shall add to or limit the rights, duties or obligations of the Trustee under the Indenture. In its actions under this Agreement, the Trustee shall be entitled to the same protection in so acting under this Agreement as it has in acting as Trustee under the Indenture.

Section 3. Provision of Annual Reports. The Company hereby agrees to provide or cause to be provided, the Annual Financial Information for the preceding Fiscal Year to the Repository, not later than the Filing Date for that Fiscal Year when obligated to do so. If, in a given year during the term hereof, the Company is not so obligated, it shall provide or cause to be provided notice thereof to the Repository not later than 15 Business Days prior to the Filing Date. The Company expects that the Annual Financial Information will be provided by cross-reference to documents filed by the Company with the SEC, including, but not limited to, the Company’s Form 10-K.

Section 4. Content of the Annual Report. The Annual Report shall contain or incorporate by reference the Annual Financial Information. The Annual Financial Information may be included by specific reference from other documents which have previously been provided to the Repository or to the SEC.

Section 5. Notice of Certain Events. The Company agrees to provide or cause to be provided to the Repository and to the Trustee, in a timely manner, as applicable, (i) notice of its failure to provide or cause to be provided the Annual Financial Information on or prior to the Filing Date, (ii) notice of any change in the Company’s Fiscal Year, (iii) notice of any change in the accounting principles applied in the preparation of the Annual Financial Information to the extent not disclosed in such Annual Financial Information, and (iv) notice of termination of this Agreement. Upon receipt of the information set forth in the preceding sentence from the Company, the Trustee shall be entitled to assume that the Company has provided such information to the Repository. The Trustee shall have no responsibility for providing any of such information received by it hereunder to the Repository unless directed in writing to do so by the Company.

Section 6. Means of Reporting Information. Information provided by the Company shall be transmitted electronically, through the Electronic Municipal Market Access (“EMMA”) system, to the Repository, or by whatever means are mutually acceptable to the Company and the Repository, as applicable.

Section 7. Termination of Reporting Obligation. The obligations of the Company under this Agreement shall terminate at such time as the earlier to occur of the following: (i) all the Series 2019 Bonds are paid and discharged or deemed paid and discharged for purposes of the Indenture or (ii) the Company ceases to be an Obligated Person. For purposes of this Agreement, the Company shall be an “Obligated Person” and shall provide the information and notices in the time and manner called for under this Agreement if and for as long as: (A) for any fiscal year of the City during the term hereof, the Company is obligated under a lease, use agreement or other agreement and, for each of the two preceding fiscal years of the City, accounts for (1) at least 15% of the Airport Revenues and more than 40% of the enplaned passengers at the Airport or (2) 20% or more of the Airport Revenues, or (B) the Company is otherwise an obligated person with respect to the Series 2019 Bonds within the meaning of the Rule, if the Rule has been amended or modified after the date hereof to provide for a standard as to who constitutes such an obligated person that is different from the objective standard set forth in the foregoing clause (A) and that is applicable to the Company or if the SEC publishes information after the date hereof which makes it otherwise clear that the Company is such an obligated person. Notwithstanding the foregoing, in the event that any outstanding Bonds are converted to an interest rate mode not subject to the continuing disclosure provisions of the Rule, the obligations of the Company under this Agreement with regard to such Bonds shall be terminated for the period of time that such Bonds remain in the interest rate mode not subject to the continuing disclosure provisions of the Rule.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Agreement, the Company may amend this Agreement, and any provision of this Agreement may be revised if the Company and the Trustee have received an opinion of counsel knowledgeable in federal securities laws to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule. Any such amendment shall be described by the Company in the next Annual Report following the effective date of such amendment.

Section 9. Additional Information. Nothing in this Agreement shall be deemed to prevent the Company from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Report, in addition to that which is required by this Agreement. If the Company chooses to include any information in any Annual Report in addition to that which is specifically required by this Agreement, the Company shall have no obligation to update such information or include it in any future Annual Report.

Section 10. Default; Remedies. Failure of the Company to perform any of its undertakings contained in this Agreement shall not constitute an event of default with respect to the Series 2019 Bonds. The right of the Bondholders to enforce the provisions of this Agreement shall be limited to an action in mandamus, and no money damages shall be recoverable under any circumstances.

Section 11. Beneficiaries. This Agreement shall inure to the benefit of the Company, the City, the Participating Underwriters and the Bondholders, and shall create no rights in any other person or entity.

Section 12. Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Ohio; provided that, to the extent that the SEC or any other federal or state agency or regulatory body with jurisdiction over the Series 2019 Bonds shall have promulgated any rule or regulation governing the subject matter hereof; this Agreement shall be interpreted and construed in a manner consistent therewith.

October __, 2019

UNITED AIRLINES, INC.

By: _____

Title _____

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A.

By: _____

Title: _____

