

OFFICIAL STATEMENT DATED SEPTEMBER 12, 2023

NEW ISSUE: BOOK ENTRY

**RATINGS: “A+” Fitch
“A1” Moody’s
See “RATINGS” herein**

Quarles & Brady LLP, Milwaukee, Wisconsin, and Emile Banks & Associates, LLC, Milwaukee, Wisconsin, Co-Bond Counsel, will deliver legal opinions with respect to the federal income tax exemption applicable to the interest on the Series 2023A Bonds and the Series 2023B Bonds (collectively referred to as the “Series 2023 Bonds”) under existing law substantially in the form of Appendix D hereto. See “TAX EXEMPTION” herein for a more detailed discussion of some of the federal income tax consequences of owning the Series 2023 Bonds. The interest on the Series 2023 Bonds is not exempt from present Wisconsin income or franchise taxes. The Series 2023 Bonds shall not be designated as “Qualified Tax-Exempt Obligations” under Section 265(b)(3) of the Code.



MILWAUKEE COUNTY, WISCONSIN

Dated: Date of Delivery

Principal Due: December 1, as shown on the inside cover page

\$27,245,000

AIRPORT REVENUE REFUNDING BONDS, SERIES 2023A (AMT)

The \$27,245,000 Airport Revenue Refunding Bonds, Series 2023A (AMT) (the “Series 2023A Bonds”) are being issued by Milwaukee County, Wisconsin (the “County”) pursuant to the Constitution and laws of the State of Wisconsin, including Section 66.0621 of the Wisconsin Statutes, and resolutions adopted by the County Board of Supervisors of the County for the public purpose of refinancing certain obligations of the County as further described herein. Interest on the Series 2023A Bonds is payable semiannually on June 1 and December 1, commencing on June 1, 2024. The Series 2023A Bonds maturing on or after December 1, 2034 are subject to optional redemption on any date on and after December 1, 2033.

\$10,135,000

AIRPORT REVENUE REFUNDING BONDS, SERIES 2023B (AMT)

The \$10,135,000 Airport Revenue Refunding Bonds, Series 2023B (AMT) (the “Series 2023B Bonds”) are being issued by the County pursuant to the Constitution and laws of the State of Wisconsin, including Section 66.0621 of the Wisconsin Statutes, and resolutions adopted by the County Board of Supervisors of the County for the public purpose of refinancing certain obligations of the County as further described herein. Interest on the Series 2023B Bonds is payable semiannually on each June 1 and December 1, commencing on June 1, 2024. The Series 2023B Bonds are not subject to redemption prior to maturity.

SEE INSIDE COVER PAGE FOR MATURITY AND PRICING SCHEDULE AND CUSIP NUMBERS

The Series 2023A Bonds and the Series 2023B Bonds will collectively be referred to as the “Series 2023 Bonds.” The Series 2023 Bonds will not be a general obligation of the County, nor will the County be obligated to levy any taxes in connection with the Series 2023 Bonds.

The Series 2023 Bonds will be special, limited obligations of the County, payable solely from net revenues derived from the ownership and operation by the County of General Mitchell International Airport a/k/a Milwaukee Mitchell International Airport and Lawrence J. Timmerman Airport (collectively the “Airport System”) on parity with the County’s other Airport Revenue Bonds (collectively referred to herein with the Series 2023 Bonds as the “Outstanding Bonds”), and any additional airport revenue bonds which may hereafter be issued by the County on parity with the Outstanding Bonds (collectively, the “Bonds”), as provided in the General Bond Resolution, as defined herein.

The Series 2023 Bonds will be issued as registered obligations and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository of the Series 2023 Bonds. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 and multiples thereof. Principal and interest will be paid to DTC, which will in turn remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Series 2023 Bonds as described herein.

The Series 2023 Bonds are offered when, as and if issued and received by the Underwriter, subject to the approval of certain legal matters relating to the issuance of the Series 2023 Bonds by Quarles & Brady LLP and Emile Banks & Associates, LLC, Co-Bond Counsel. Certain legal matters will be passed upon for the County by the Milwaukee County Corporation Counsel Office and for the Underwriter by Orrick Herrington & Sutcliffe LLP. It is expected that the Series 2023 Bonds in book-entry form will be available for delivery through DTC on or about October 4, 2023.

(THIS 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.)

Citigroup

MATURITY AND PRICING SCHEDULE, AND CUSIP[†] NUMBERS

MILWAUKEE COUNTY, WISCONSIN

\$27,245,000

AIRPORT REVENUE REFUNDING BONDS, SERIES 2023A (AMT)

<u>Maturity</u> <u>(December 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP[†]</u> <u>(Base 602248)</u>
2024	\$ 1,950,000	5.00%	4.00%	LP9
2025	1,950,000	5.00%	3.91%	LQ7
2026	1,950,000	5.00%	3.89%	LR5
2027	1,945,000	5.00%	3.85%	LS3
2028	1,945,000	5.00%	3.88%	LT1
2029	1,945,000	5.00%	3.93%	LU8
2030	1,945,000	5.00%	3.98%	LV6
2031	1,945,000	5.00%	4.01%	LW4
2032	1,945,000	5.00%	4.05%	LX2
2033	1,945,000	5.00%	4.09%	LY0
2034	1,945,000	5.00%	4.14%*	LZ7
2035	1,945,000	5.00%	4.26%*	MA1
2036	1,945,000	5.00%	4.37%*	MB9
2037	1,945,000	5.00%	4.47%*	MC7

*Priced to the call date of December 1, 2033

\$10,135,000

AIRPORT REVENUE REFUNDING BONDS, SERIES 2023B (AMT)

<u>Maturity</u> <u>(December 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP[†]</u> <u>(Base 602248)</u>
2024	\$ 1,690,000	5.00%	4.00%	MD5
2025	1,690,000	5.00%	3.91%	ME3
2026	1,690,000	5.00%	3.89%	MF0
2027	1,690,000	5.00%	3.85%	MG8
2028	1,690,000	5.00%	3.88%	MH6
2029	1,685,000	5.00%	3.93%	MJ2

[†] Copyright, American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of The American Bankers Association. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Series 2023 Bonds and neither the County nor the Underwriter makes any representation with respect to such numbers or undertakes any responsibility for their accuracy now or at any time in the future.

This Official Statement is submitted in connection with the sale of securities as referred to herein and may not be reproduced or be used, in whole or in part, for any other purpose. No dealer, broker, sales representative or other person has been authorized by the County, the Co-Financial Advisors or the Underwriter to give any information or make any representations other than as contained in this Official Statement in connection with the offering described herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the County, the Co-Financial Advisors or the Underwriter. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy, nor shall there be any sale of the Series 2023 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the County and other sources which are believed to be reliable, but it is not to be construed as a representation by the Co-Financial Advisors or the Underwriter. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made thereafter shall, under any circumstances, create any implication that there has been no change in the affairs of the County or in any other information contained herein, since the date hereof (or since the date of any information included herein that is dated other than the date hereof).

This Official Statement is not to be construed as a contract with the purchasers of the Series 2023 Bonds. Statements contained in this Official Statement involving estimates, forecasts, or matters of opinion, whether or not expressly so described herein, are intended solely as such, and are not to be construed as representations of fact. This Official Statement contains “forward-looking” statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Such statements may involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements to be different from future results, performance and achievements expressed or implied by such forward-looking statements. Investors are cautioned that the actual results could differ materially from those set forth in the forward-looking statements.

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

THE PRICES AND OTHER TERMS RESPECTING THE OFFERING AND SALE OF THE SERIES 2023 BONDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER AFTER THE SERIES 2023 BONDS ARE RELEASED FOR SALE, AND THE SERIES 2023 BONDS MAY BE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING PRICES, INCLUDING SALES TO DEALERS WHO MAY SELL THE SERIES 2023 BONDS INTO INVESTMENT ACCOUNTS.

IN MAKING ANY INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN REVIEW OF THE TERMS OF THE SERIES 2023 BONDS AND THE OFFERING THEREOF, AND THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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INTRODUCTION TO OFFICIAL STATEMENT

The following information is furnished solely to provide limited introductory information regarding the County's \$27,245,000 Airport Revenue Refunding Bonds, Series 2023A (the "Series 2023A Bonds") and \$10,135,000 Airport Revenue Refunding Bonds, Series 2023B (the "Series 2023B Bonds") (collectively referred to herein as the "Series 2023 Bonds"), and does not purport to be comprehensive. All such information is qualified in its entirety by reference to the more detailed descriptions appearing in this Official Statement, including the appendices hereto.

Issuer:	Milwaukee County, Wisconsin (the "County").
Dated:	Date of Delivery.
Delivery:	Delivery is expected on or about October 4, 2023.
Security:	The principal and interest on the Series 2023 Bonds are payable solely from, and are secured equally and ratably by a pledge of the Net Revenues derived from the Airport System. (See "DESCRIPTION OF THE SERIES 2023 BONDS – Security Provisions" herein.)
Purpose and Authority:	<p>Proceeds of the Series 2023 Bonds will be used for the public purpose of refinancing certain obligations of the County as further described herein and to pay the cost of issuing the Series 2023 Bonds.</p> <p>The Series 2023 Bonds are being issued by the County, pursuant to provisions of Chapter 66 of the <i>Wisconsin Statutes</i> and resolutions adopted by the County Board.</p>
Redemption Provisions:	<p>Series 2023A Bonds: The Series 2023A Bonds maturing on and after December 1, 2034 are subject to optional redemption on any date on and after December 1, 2033.</p> <p>Series 2023B Bonds: The Series 2023B Bonds are not subject to redemption prior to maturity.</p>
Principal Payments:	<p>Series 2023A Bonds: Annually, December 1, 2024 through 2037.</p> <p>Series 2023B Bonds: Annually, December 1, 2024 through 2029.</p>
Interest Payments:	On each June 1 and December 1, commencing on June 1, 2024.
Tax Status:	<p>In the opinion of Co-Bond Counsel as more fully described herein, interest on the Series 2023 Bonds is excludable for federal income tax purposes from the gross income of the owners of the Series 2023 Bonds, except for interest on any Series 2023 Bonds held by a "substantial user" of the facilities financed by the Series 2023 Bonds or a "related person" within the meaning of Section 147(a) of the Code. Interest on the Series 2023 Bonds is, however, an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and is taken into account in determining the "adjusted financial statement income" for purposes of comparing the federal alternative minimum tax imposed on Applicable Corporations (as defined in Section 59(k) of the Code) for taxable years beginning after December 31, 2022. See "TAX EXEMPTION – SERIES 2023 BONDS" herein.</p> <p>Interest on the Series 2023 Bonds is not exempt from present Wisconsin income or franchise taxes.</p>
Professional Consultants:	<p><i>Airport Consultants:</i> Unison Consulting, Inc. Chicago, Illinois</p>
Trustee/Paying Agent:	U.S. Bank Trust Company, National Association
Record Date:	The 15 th day of the month preceding each payment date.

- Legal Matters:** Legal matters incident to the authorization and issuance of the Series 2023 Bonds are subject to the opinions of Quarles & Brady LLP, Milwaukee, Wisconsin and Emile Banks & Associates, LLC, Milwaukee, Wisconsin, Co-Bond Counsel, as to validity and federal tax exemption. The opinions will be substantially in the form set forth in Appendix D attached hereto. Emile Banks & Associates, LLC has not participated in the preparation of this Official Statement, except for information under the headings “DESCRIPTION OF THE SERIES 2023 BONDS” and “TAX STATUS”. Quarles & Brady LLP has been retained by the County to serve as disclosure counsel to the County with respect to the Series 2023 Bonds. Certain legal matters will be passed upon for the County by the Milwaukee County Corporation Counsel Office and for the Underwriter by Orrick Herrington & Sutcliffe LLP.
- Book-Entry-Only:** The Series 2023 Bonds will be issued as book-entry-only securities through The Depository Trust Company.
- No Litigation:** There is currently no litigation pending or, to the best of certain County officials’ knowledge, threatened, which questions the validity of the Series 2023 Bonds or of any proceedings of the County taken with respect to the issuance or sale thereof.

Questions regarding the Series 2023 Bonds or the Official Statement can be directed to Pamela Bryant, Director of Capital Finance, Milwaukee County Comptroller’s Office, 901 North Ninth Street, Room 301, Milwaukee, Wisconsin 53233, (414/278-4396) or PFM Financial Advisors, LLC, 115 South 84th Street, Suite 315, Milwaukee, Wisconsin 53214, (414/771-2700).

INTRODUCTION

This Official Statement is furnished to provide information regarding the Series 2023 Bonds. The Series 2023 Bonds are issued pursuant to the Constitution and laws of the State of Wisconsin, including Section 66.0621 of the Wisconsin Statutes, and resolutions adopted by the County Board of Supervisors of the County (the “County Board”).

The Series 2023 Bonds are being issued pursuant to the General Bond Resolution adopted by the County Board on June 22, 2000, which established an airport revenue bond program (as amended from time to time, the “General Bond Resolution”), and a supplemental resolution adopted by the County Board of Supervisors on March 23, 2023 (the “2023 Supplemental Resolution” and together with the General Bond Resolution, the “Bond Resolutions”).

The Series 2023A Bonds are being issued to refund all of the outstanding maturities of the County’s Airport Revenue Bonds, Series 2013A (AMT), dated August 14, 2013 (the “Series 2013A Bonds”), which were issued to finance various improvements to the Airport System. The refunded maturities of the Series 2013A Bonds are described further in “PLAN OF FINANCE” herein.

The Series 2023B Bonds are being issued to refund all of the outstanding maturities of the County’s Airport Revenue Refunding Bonds, Series 2014A (AMT), dated November 6, 2014 (the “Series 2014A Bonds” and, with the Series 2013A Bonds, the “Refunded Bonds”), which were issued to refund various outstanding obligations of the County as described in “PLAN OF FINANCE” herein.

The County owns and operates General Mitchell International Airport a/k/a Milwaukee Mitchell International Airport (the “Airport”) and Lawrence J. Timmerman Airport (“Timmerman Airport”), which together comprise the Milwaukee County Airport System (the “Airport System”). The Airport System is a division within the County's Department of Transportation, and is accounted for as an enterprise fund in the County's financial statements. See APPENDIX B “AIRPORT SYSTEM FINANCIAL INFORMATION.”

The Airport, a medium hub airport, is Wisconsin’s largest and busiest airport located on approximately 2,331 acres approximately six miles south of downtown Milwaukee. The airfield at the Airport contains two air carrier runways and three other runways. The terminal complex consists of a main terminal building and three concourses with 48 gates. The Airport also contains a six-level parking structure for automobile parking and rental car operations. See “THE AIRPORT SYSTEM” for a description of the Airport System's facilities, governance and operating results.

Origin and Destination (“O&D”) passengers – those persons beginning or ending their journey at the Airport – now account for over 99% of total Airport enplanements. According to preliminary data from the FAA Air Carrier Activity Information System (“ACAIS”), the Airport ranked 57th among U.S. commercial service airports based on calendar year (“CY”) 2022 revenue enplanements.

The Airport is served by each of the industry’s four major domestic airlines, which accounted for 85.4% of enplanements in 2022. Including affiliates, Southwest Airlines (“Southwest”) accounted for 36.4%; Delta Air Lines (“Delta”), 24.7%; American Airlines (“American”), 14.2%; and United Air Lines (“United”), 10.1% of enplaned passengers in 2022. Frontier, Spirit, JetBlue, Alaska, and other smaller airlines accounted for the remaining 14.6%. Low-cost carriers (“LCCs”) including Southwest, Frontier, Sun Country, and Spirit accounted for over 48% of enplanements in 2022. See “INVESTMENT CONSIDERATIONS – Growth of Low-Cost Carriers.”

The County has entered into substantially similar airline-airport use and lease agreements (the “AULA”) with seven signatory airlines (the “Signatory Airlines”) as of July 2016, providing the terms and conditions upon which the Signatory Airlines use the Airport. The Signatory Airlines to the 2016 agreement are Alaska, American, Air Canada, Delta, Frontier, Southwest and United. The County executed an amendment with each Signatory Airline to extend the term of the AULA for an additional five years ending December 31, 2020 (the “Amended AULA”). Due to the COVID-19 Pandemic, Airport Management and the Airlines agreed to extend the agreement for 2021 and then once more to cover 2022 through 2023. The Amended AULA retains most of the provisions of the AULA, which went into effect on October 1, 2010, including the cost center residual rate methodology. Airport Management and the Airlines are currently negotiating a new amended AULA with similar terms covering 2024 through 2028 (the “2024 AULA”). See “AIRLINE-AIRPORT USE AND LEASE AGREEMENT” and Appendix F – “SUMMARY OF AIRLINE LEASES” herein, for a more detailed description of the Amended AULA.

Unison Consulting, Inc., the Airport System's airport consultant ("Unison" or the "Airport Consultant") has prepared a financial feasibility report summarizing certain information relating to the Airport's financial operations and projecting debt service coverage through 2028, which appears as APPENDIX A hereto.

Capitalized terms used herein, which are not defined herein, have the meanings given them in APPENDIX C "SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL BOND RESOLUTION – Definitions of Certain Terms."

DESCRIPTION OF THE SERIES 2023 BONDS

General

The Series 2023 Bonds shall be dated the date of delivery, and shall bear interest at the rates and shall mature on the dates as set forth on the inside cover page of this Official Statement. Interest on the Series 2023 Bonds is to be computed on the basis of a 360-day year of twelve 30-day months. The payment of interest on the Series 2023 Bonds shall be made on June 1, 2024 and on each December 1 and June 1 thereafter until maturity (each an "Interest Payment Date"). Interest payments shall be made by check or draft of the U.S. Bank Trust Company, National Association (successor in interest to U.S. Bank National Association), as trustee under the Bond Resolutions (the "Trustee") in lawful money of the United States of America to the owners listed on the bond register as of the close of business on the fifteenth day of the calendar month next preceding each such Interest Payment Date. The principal of the Series 2023 Bonds shall be made in lawful money of the United States of America only upon presentation at the principal corporate trust office of the Trustee, except when held by the Depository Trust Company ("DTC") as described below.

The Series 2023 Bonds will be issued as fully registered bonds without coupons in denominations of \$5,000 and any multiple thereof, and, when issued, will be registered in the name of Cede & Co., as nominee of DTC, New York, New York. DTC will act as securities depository of the Series 2023 Bonds. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 and multiples thereof. Purchasers will not receive certificates representing their interest in the Series 2023 Bonds purchased. Principal and interest will be paid to DTC, which will in turn remit such principal and interest payments to its participants, for subsequent disbursement to the beneficial owners of the Series 2023 Bonds. (See APPENDIX G - "BOOK-ENTRY-ONLY SYSTEM" herein.) So long as Cede & Co. is the registered owner of the Series 2023 Bonds as nominee, references herein to the bondholders, owners or registered owners of the Series 2023 Bonds shall mean Cede & Co., as nominee of DTC and shall not mean the beneficial owners of the Series 2023 Bonds.

Transfer, Registration and Exchange of Series 2023 Bonds

If the Series 2023 Bonds are no longer held in book-entry-only form, the Series 2023 Bonds will be transferable at the designated corporate trust office of the Trustee by the registered owner in person, or by the owner's attorney duly authorized in writing, upon surrender of the Series 2023 Bonds together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or its duly authorized attorney, and thereupon the County shall issue in the name of the transferee a new registered Series 2023 Bond of the same aggregate principal amount and interest rate and maturity as the surrendered Obligation. The Series 2023 Bonds may also be exchanged, alone or with other Series 2023 Bonds of the same interest rate and maturity, at the principal office of the Trustee, for a new Series 2023 Bond of the same aggregate principal amount, interest rate and maturity, without transfer to a new registered owner in authorized denominations.

Transfers, registrations and exchanges of the Series 2023 Bonds shall be without expense to the owner, except that any taxes or other governmental charges required to be paid with respect to the same shall be paid by the owner requesting the transfer, registration or exchange as a condition precedent to the exercise of the privilege; and no transfers, registrations and exchanges shall be required to be made during the 15 days next preceding an interest payment date for the Series 2023 Bonds, nor during the 45 days next preceding the date fixed for redemption of the Series 2023 Bonds.

SECURITY FOR THE SERIES 2023 BONDS

Pledge of Net Revenues

The Series 2023 Bonds are special obligations of the County, and are being issued on parity with the County's currently outstanding airport revenue bonds issued pursuant to the General Bond Resolution (collectively, with the Series 2023 Bonds, the "Outstanding Bonds") listed below and any additional airport revenue bonds which may hereafter be issued by the County pursuant to the General Bond Resolution (with the Outstanding Bonds, the "Bonds"), as provided in the General Bond Resolution:

- Airport Revenue Bonds, Series 2013A (AMT); *
- Airport Revenue Refunding Bonds, Series 2014A (AMT); *
- Airport Revenue Refunding Bonds, Series 2016A (AMT) (the "Series 2016A Bonds");
- Airport Revenue Refunding Bonds, Series 2019A (the "Series 2019A Bonds");
- Airport Revenue Refunding Bonds, Series 2019B (AMT) (the "Series 2019B Bonds").

* Denotes Outstanding Bonds being refunded by the Series 2023 Bonds.

The principal of and premium, if any, and interest on the Series 2023 Bonds are payable solely from, and are secured equally and ratably by, a pledge of the Net Revenues derived from the Airport System. Under the 2023 Supplemental Resolution, Passenger Facility Charge revenues ("PFC Revenues") are included in the Revenues pledged to the payment of the principal of and interest on the Series 2023 Bonds to the extent that the projects financed by the Series 2013A Bonds and Series 2014A Bonds were approved for funding with PFC Revenues. In accordance with the related Bond Resolutions, such PFC Revenues will be deposited in the Special Redemption Fund. It is currently expected that approximately 21.9% of the principal of and interest on the Series 2023A Bonds, and approximately 95.2% of the principal and interest on the Series 2023B Bonds, will be eligible for funding by PFC Revenues. Therefore, PFC Revenues will be pledged to pay portions of the debt service of the Series 2023 Bonds. See "SOURCES OF REVENUES OF THE AIRPORT SYSTEM – Passenger Facility Charges" for information regarding PFC Revenues.

Revenues of the Airport System

The "Net Revenues" of the Airport System that are pledged to the payment of the Series 2023 Bonds under the General Resolution are defined for any period as the aggregate of Revenues for such period, after deducting the aggregate of the Operation and Maintenance Expenses for such period. The "Revenues" of the Airport System are defined under the General Resolution to include all moneys received from any source by the Airport System or the County with respect to the Airport System, including without limitation all rates, fees, charges, rents and other income derived from the ownership or operation of the Airport System. Revenues shall not include PFC Revenues, except to the extent that PFC Revenues are specifically designated as included in Revenues by a Supplemental Resolution. In addition to PFCs, unless otherwise provided by a Supplemental Resolution, Revenues also do not include (a) the proceeds of Series 2023 Bonds or other borrowings, (b) the proceeds of grants or gifts for limited purposes or the proceeds of the disposition of property financed with such gifts or grants, (c) condemnation or insurance proceeds, except for business interruption insurance, (d) income and revenue from properties and facilities not included in the Airport System and (e) Special Facility Revenues (see "Issuance of Subordinate Securities and Special Facility Bonds"). "Operation and Maintenance Expenses" of the Airport System are defined to include the reasonable and necessary expenses (under generally accepted accounting principles) of administering, operating, maintaining, and repairing the Airport System, but exclude the costs of capital improvements to the Airport System, reserves, payment of the Series 2023 Bonds or other indebtedness, allowances for depreciation and capital replacements, and operation and maintenance expenses pertaining to any Special Facilities. See "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL BOND RESOLUTION – Definitions of Certain Terms."

Rate Covenant

The County has covenanted in the General Bond Resolution to establish and impose such schedule of rates, rentals, fees and charges for the use and services of and the facilities and commodities furnished by the Airport System, and to revise the same from time to time when necessary, and collect the income, rents, receipts and other moneys derived therefrom, so that in each fiscal year the Revenues will be at all times at least sufficient to provide for the payment of all amounts necessary to make the required deposits in such fiscal year to the funds provided in the General Bond Resolution.

The General Bond Resolution contains a covenant (the “Rate Covenant”) requiring the County to establish and collect such rates, rentals, fees and charges sufficient so that in each fiscal year the Net Revenues, together with Other Available Funds (defined as the amount of unencumbered funds on deposit or anticipated to be on deposit on the first day of the fiscal year in the Coverage Fund and the Surplus Fund in an amount up to 25% of debt service in the fiscal year), will be at least equal to 125% of debt service on all Bonds then Outstanding, including, without duplication, any repayment or other obligations incurred by the County in respect of draws or other payments or disbursements made under a credit facility, but only if such obligations have a lien on revenues on the same priority as the lien of the Outstanding Bonds. PFC Revenues are treated as Revenues under the Rate Covenant only to the extent they are specifically designated as Revenues in the respective Supplemental Resolutions authorizing the bonds. PFC Revenues are not included in the revenues pledged to the 2019B Bonds, but are included in the revenues pledged to the Series 2013A Bonds, Series 2014A Bonds, Series 2016A Bonds, Series 2019A Bonds, Series 2023A Bonds, and the Series 2023B Bonds as described under “SECURITY FOR THE BONDS - Revenues of the Airport System” above and “SOURCES OF REVENUES OF THE AIRPORT SYSTEM – Passenger Facility Charges.”

Failure to comply with the Rate Covenant does not constitute a default by the County under the General Bond Resolution if (i) the County promptly (a) causes an airport consultant to make a study for the purpose of making recommendations with respect to rates, rentals, fees and charges for the Airport System in order to provide funds for all the payments and other requirements described above; (b) considers the recommendations of such airport consultant; and (c) takes such action as the County, in its discretion, deems necessary to comply with the Rate Covenant, and (ii) in the following fiscal year, Net Revenues, together with Other Available Funds, are at least sufficient to meet the Rate Covenant.

Reserve Account

Under the General Bond Resolution, the County has established a Reserve Account within the Special Redemption Fund into which is deposited and maintained the Reserve Requirement, an amount equal to the least of (i) maximum annual debt service on the Bonds then Outstanding during the then-current or any future fiscal year, (ii) 125% of the average annual debt service on the Bonds then Outstanding, or (iii) 10% of the principal amount (as defined in the General Bond Resolution) of all Bonds then Outstanding upon original issuance thereof, but shall not in any event exceed the maximum amount permitted to be on deposit in the Reserve Account pursuant to the Code, and the regulations issued thereunder. The moneys on deposit in the Reserve Account shall be used and applied to pay principal or mandatory sinking fund installments and interest on the Bonds then Outstanding due and owing when a deficiency exists in the amounts on deposit for such purpose in the Interest and Principal Account of the Special Redemption Fund. Investments in the Reserve Account are valued at the market value thereof unless the Trustee determines that a lower valuation is necessary by reason of uncertainty of payment thereof or anticipated loss thereon prior to maturity. The monies so drawn from the Reserve Account shall be replenished from rates and charges imposed under the Amended AULA in that fiscal year.

In lieu of the deposit of moneys in the Reserve Account, the County, at any time, may cause to be credited to the Reserve Account a letter or line of credit, policy of bond insurance, surety bond, guarantee or similar instrument issued by a financial, insurance or other institution and which provides security and/or liquidity in respect of the Bonds then Outstanding (a "Credit Facility") for the benefit of the bondholders equal to the difference between the Reserve Requirement and all other amounts then on deposit in the Reserve Account. The Credit Facility shall be payable on any date on which moneys will be required to be withdrawn from the Reserve Account and applied to the payment of the principal of or interest on any Bonds when such withdrawals cannot be made by amounts credited to the Reserve Account.

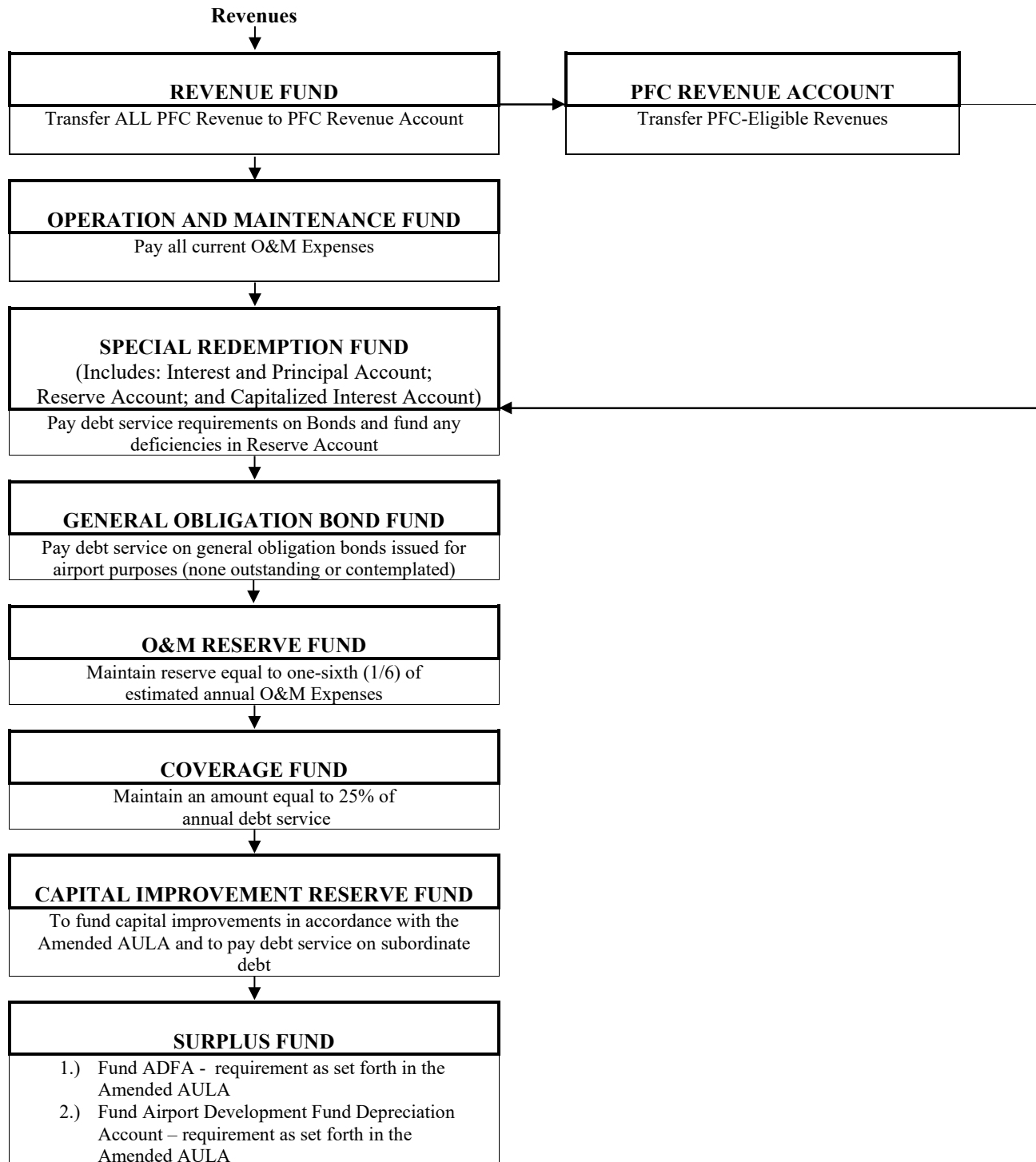
The Reserve Account is funded fully with cash on the date of this Official Statement and will continue to be so upon the issuance of the Series 2023 Bonds. The Reserve Requirement balance is expected to be \$9,601,746.15 upon the closing of the Bonds.

Flow of Funds

The County will set aside and deposit all Revenues, including PFC Revenues, into the Airport Revenue Fund established by the General Bond Resolution and apply all monies on deposit therein at such times and in accordance with the priorities established in the General Bond Resolution. The County Treasurer may accumulate Revenues as received from time to time and shall cause the transfer of such accumulated Revenues to the funds and accounts established under the General Bond Resolution monthly. The Special Redemption Fund will be held by the Trustee pursuant to the General Bond Resolution. Only PFC Revenues specifically designated for the payment of debt service pursuant to a Supplemental Resolution (and only PFC Revenues which are so pledged) shall be deposited into the Special Redemption Fund. All other funds and accounts will be held by the County. The funds and accounts established by the Bond Resolutions and their priority of payment are set forth in the following table. See APPENDIX C "SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL BOND RESOLUTION – Definitions of Certain Terms" for a definition of Revenues.

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**MILWAUKEE COUNTY AIRPORT SYSTEM
FLOW OF FUNDS PER GENERAL RESOLUTION**



The General Bond Resolution provides that, except as otherwise provided therein, all income from the investment of any fund or account established under the General Bond Resolution (including net profit from the sale of any investment) shall be retained in that fund or account until such fund or account is fully funded in accordance with the terms of the General Bond Resolution, and, thereafter, shall be treated as Revenues and deposited in the Revenue Fund, except that all income from the investment of the Reserve Account, when the Reserve Requirement is on deposit therein, shall be transferred to the Interest and Principal Account and used for the purposes thereof. For the period until the date of substantial completion of a project financed by Bonds (or until the project is discontinued) income accruing from investment of the proceeds of Bonds issued to finance or refinance the project which have been deposited in the Capitalized Interest Account, the Construction Fund or the Reserve Account, including income on the income, shall when received be deposited in the Construction Fund, or, if so directed by the County, in the Interest and Principal Account, or as otherwise provided by the Supplemental Resolution under which the Bonds are issued for the project. Any loss from investment of a fund or account shall be charged to the fund or account but, unless otherwise made up, shall be set off against income from investment of the fund or account, which would otherwise be deposited in another fund, or account. See APPENDIX C "SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL BOND RESOLUTION - Creation of Funds; Flow of Funds."

Additional Bonds

The General Bond Resolution permits the issuance of one or more additional series of Bonds on a parity with the Bonds then Outstanding ("Additional Bonds") upon certain conditions. Any such series of Additional Bonds may be issued only upon the filing of the following with the Trustee:

- (1) (a) A certificate of the County that to the best of the knowledge and belief of the authorized officer executing the certificate, no event of default exists and, (b) a certificate of the Trustee that there is no event of default of which it has actual knowledge;
- (2) A certificate of the County, executed on its behalf by an authorized officer, setting forth (a) the Net Revenues for the last audited fiscal year and (b) the maximum debt service (including, without duplication, related Credit Facility Obligations) on all Bonds then Outstanding and the Additional Bonds to be issued in any fiscal year; and demonstrating that such Net Revenues, together with Other Available Funds, equal an amount not less than 125% of such debt service (including, without duplication, related Credit Facility Obligations); or, alternatively, a certificate prepared and signed by an Airport Consultant, setting forth for each of the three fiscal years commencing with the fiscal year following that in which the projects financed by such Additional Bonds are estimated to be completed, the projected Net Revenues, the projected Other Available Funds, and the maximum debt service on all Bonds then Outstanding and the Additional Bonds to be issued in any fiscal year; and demonstrating that for each such fiscal year the projected Net Revenues, together with the projected Other Available Funds, will be in an amount not less than 125% of such debt service (including, without duplication, related Credit Facility Obligations);
- (3) A certified copy of the 2023 Supplemental Resolution providing for the issuance of the Additional Bonds; and
- (4) An opinion of bond counsel that the conditions precedent to the issuance of the Additional Bonds have been satisfied.

Completion Bonds. The certificates required by subparagraph (2) above shall not be required in connection with the issuance of Additional Bonds to pay costs of completing a project for which Bonds have been previously issued; provided that the principal amount of such Additional Bonds issued under this paragraph shall not exceed 15% of the original principal amount of the Bonds previously issued for such project; and provided further that Additional Bonds shall not be issued under this paragraph unless there has been filed with the Trustee a certificate of the consulting engineer (i) stating that the project has not materially changed from its description in the Supplemental Resolution authorizing the Bonds initially issued to pay the project costs of the project, (ii) estimating the revised aggregate project costs of the project, (iii) stating that the revised aggregate project costs of such project cannot be paid in full with moneys available for such project in the Construction Fund, and (iv) stating that the issuance of the Additional Bonds is necessary to provide funds for the completion of the project.

Refunding Bonds. The certificates required by subparagraph (2) above shall not be required in connection with the issuance of Additional Bonds to refund Bonds, provided that the average annual debt service on the refunding bonds shall not be greater than the average annual debt service on the Bonds being refunded, but such certificates shall be required in the case of Additional Bonds issued to refund obligations other than Bonds (including the issuance of Additional Bonds to retire notes issued in anticipation of Bonds) as if the Additional Bonds were being issued for the projects financed by the Refunded Bonds. The Series 2023 Bonds are being issued as Refunding Bonds to refund the Series 2013A Bonds and Series 2014A Bonds.

Issuance of Subordinate Securities and Special Facility Bonds

The General Bond Resolution provides that the County may issue subordinate lien securities for the purpose of the Airport System payable from the Revenues deposited in the Capital Improvement Reserve Fund. The General Bond Resolution also includes provisions under which the County may issue Special Facility Bonds for the purpose of constructing a Special Facility at the Airport. A Special Facility is any facility, structure, equipment or other property, real or personal, which is at the Airport or a part of any facility or structure at the Airport and which is designated as a Special Facility by a Supplemental Resolution. Such Supplemental Resolution shall provide that revenues earned by the County from or with respect to such Special Facility shall constitute Special Facility Revenues and shall not be included as Revenues. Any such Special Facility Bonds are required to be payable solely from Special Facility Revenues and will not be a charge or claim against the Revenue Fund or any other fund or account designated in the Bond Resolutions. For a summary of the conditions for the issuance of Special Facility Bonds, see APPENDIX C “SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL BOND RESOLUTION – Issuance of Subordinate Securities and Special Facility Bonds.” There are no subordinate lien securities or Special Facility Bonds outstanding as of the date of this Official Statement.

PLAN OF FINANCE

Authorization and Purpose

The County Board adopted the 2023 Supplemental Resolution authorizing the issuance of the Series 2023 Bonds on March 23, 2023. The Series 2023 Bonds are being issued on parity with the other Outstanding Bonds. Pursuant to the 2023 Supplemental Resolution, the County Board delegated to the Comptroller of the County the authority to accept on behalf of the County a proposal for the purchase of the Series 2023 Bonds so long as the proposal satisfies the terms and conditions of the 2023 Supplemental Resolution.

The proceeds of the Series 2023 Bonds along with funds on hand of the County will be used to refund all outstanding maturities of the Refunded Bonds as presented at the call dates below, and to pay the cost of issuing the Series 2023 Bonds.

Refunded Bonds – Series 2013A

<u>Dated</u>	<u>Issue</u>	<u>Refunded Maturities</u>	<u>Amount Refunded</u>	<u>Call Date</u>
08/14/2013	Airport Revenue Bonds, Series 2013A (AMT)	2023-2037	\$ 33,145,000	12/01/2023

Refunded Bonds – Series 2014A

<u>Dated</u>	<u>Issue</u>	<u>Refunded Maturities</u>	<u>Amount Refunded</u>	<u>Call Date</u>
11/06/2014	Airport Revenue Refunding Bonds, Series 2014A (AMT)	2023-2029	\$13,220,000	12/01/2023

The Refunded Bonds were issued to finance or partially finance: baggage claim area expansion, construction of an inline baggage security structure, construction of a redundant main electrical service feed, design and construction of airport security operations and safety and security training facilities, parking structure repairs, the purchase and installation of a narrow band radio system, and the refunding of the Airport Revenue Bonds, Series 2004A.

SOURCES AND USES OF FUNDS

The proceeds of the Series 2023 Bonds, together with other available funds of the County, will be applied as follows.

Sources and Uses

<u>Estimated Sources:</u>	<u>Series 2023A</u> <u>Bonds</u>	<u>Series 2023B</u> <u>Bonds</u>	<u>Total</u>
Par Amount	\$ 27,245,000.00	\$ 10,135,000.00	\$ 37,380,000.00
Original Issue Premium	1,406,448.65	370,901.75	1,777,350.40
Funds on Hand	2,404,093.75	1,955,500.00	4,359,593.75
Release from Debt Service Reserve Fund	<u>3,104,749.42</u>	<u>1,139,046.66</u>	<u>4,243,796.08</u>
Total Sources of Funds	<u>\$ 34,160,291.82</u>	<u>\$ 13,600,448.41</u>	<u>\$ 47,760,740.23</u>
<u>Estimated Uses:</u>			
Refunding Escrow Deposit	\$ 33,714,177.60	\$ 13,432,994.33	\$ 47,147,171.93
Estimated Costs of Issuance/Underwriter's Discount	444,336.33	165,416.98	609,753.31
Additional Proceeds	<u>1,777.89</u>	<u>2,037.10</u>	<u>3,814.99</u>
Total Uses of Funds	<u>\$ 34,160,291.82</u>	<u>\$ 13,600,448.41</u>	<u>\$ 47,760,740.23</u>

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THE COUNTY

General

The County is located in southeastern Wisconsin on the Lake Michigan shoreline. The County covers an area of approximately 242 square miles and consists of 10 cities and nine villages. The City of Milwaukee, which is the County seat, contains approximately 61% of the County's population and 45% of its taxable property value. The County serves as the population, economic and financial center of the state.

The County was first incorporated in 1835 by the Michigan Territorial Government. In 1837, territory was removed from the County by the Wisconsin Territorial Legislature. Nine years later, territory was removed again, and the County attained its present size.

Government and Administration

The County is governed by a County Executive and an 18-member County Board. The County Executive is elected on a nonpartisan basis to a four-year term. County Board supervisors are elected on a nonpartisan basis to two-year terms. Each supervisor is elected from a district with an average population of approximately 53,000. In addition, six constitutional and two statutory officers are elected on a partisan basis to serve four-year terms as shown below.

County Officials

(Year first sworn into office follows name)

County Executive:	David Crowley (2020)
County Clerk:	George L. Christenson (2017)
Register of Deeds:	Israel Ramón (2019)
Treasurer:	David Cullen (2014)
Clerk of Circuit Court:	Anna Maria Hodges (2022)
Sheriff:	Denita R. Ball (2022)
District Attorney:	John T. Chisholm (2007)
County Comptroller:	Scott B. Manske (2012)

Board of Supervisors

Marcelia Nicholson - Chairwoman (2016)
Sequanna Taylor - 1st Vice Chairperson (2016)
Steven Shea - 2nd Vice Chairperson (2018)

Deanna Alexander (2022)	Juan Miguel Martinez (2022)
Peter Burgelis (2022)	Shawn Rolland (2020)
Ryan Clancy (2020)	Anthony Staskunas (2013)
Priscilla E. Coggs-Jones (2021)	Liz Sumner (2020)
Caroline Gomez-Tom (2023)	Steve F. Taylor (2022)
Willie Johnson, Jr. (2000)	Kathleen Vincent (2022)
Patti Logsdon (2018)	Sheldon A. Wasserman (2016)
Felesia A. Martin (2018)	

County Executive's Office

The County was the first county in the State of Wisconsin to establish an executive branch. The following five cabinet officers are appointed by the County Executive to assist in carrying out these executive functions:

- Director - Department of Administrative Services
- Director - Department of Health and Human Services
- Director - Department of Human Resources
- Director - Department of Parks, Recreation and Culture
- Director - Department of Transportation

In addition, the County Executive appoints and manages heads of the following departments:

- Zoological Gardens
- Emergency Management
- Medical Examiner
- Strategy, Budget, and Performance
- Corporation Counsel
- Government Affairs
- Child Support Services
- Community Reintegration Center
- Behavioral Health Services
- Office of Equity

Functions of the County Executive's office include: coordination and direction of administrative and management functions of the County government not otherwise vested by law in boards, commissions or other elected officers; appointment of department heads, except where statute provides otherwise, and members of boards and commissions, subject to confirmation by the County Board; preparation and submission of an annual County budget to the County Board; submission annually, and otherwise if necessary, of a message to the County Board setting forth the condition of the County and recommending changes and improvements in County programs and services; and review for approval or veto of all resolutions and ordinances enacted by the County Board.

Legislative

The County Board determines County policy and directs the activities of County government by the adoption of ordinances and resolutions, under authority vested in it by the Wisconsin Statutes. At its annual meeting in November of each year, the County Board adopts the next calendar year's budget. It meets on a monthly basis to transact official business, and its committees meet regularly during the monthly cycles to hold hearings, gather information and take testimony preparatory to making recommendations to the full County Board.

The Chairperson of the County Board is elected by the members of the County Board following their election every two years and is responsible for presiding at County Board meetings; ruling on procedural matters; representing the County Board at official functions; and making appointments to County Board committees, special subcommittees, boards and commissions.

The standing committees of the County Board meet periodically and make recommendations to the County Board, which formally approves, modifies or disapproves those recommendations. Standing committees include:

- Finance
- Audit
- Personnel
- Committee of the Whole
- Intergovernmental Relations
- Health, Equity, Human Needs, and Strategic Planning
- Transportation and Transit
- Community, Environment and Economic Development
- Judiciary, Law Enforcement, and General Services
- Parks and Culture

County Employee Pension Benefits

The Milwaukee County Employees' Retirement System (the "MCERS") was established in 1938 and is a single-employer defined benefit pension plan. The MCERS was substantially noncontributory until 2011. In that year, employees were required under 2011 Wisconsin Act 10 ("Act 10") to begin contributing half of the Actuarial Required Contribution ("ARC") to the MCERS. Public safety employees are specifically exempted from this requirement under Act 10, but similar employee pension contributions have been negotiated with public safety worker unions. As of December 31, 2022, there were 12,459 participants with vested benefits in MCERS of which 7,819 are receiving benefits. The most recent valuation of the MCERS dated December 31, 2022 indicates a 72.90% funded status. This funded ratio is based on a Plan Fiduciary Net Position of \$1,665,958,039 and a Total Pension Liability of \$2,285,971,200.

The County established the OBRA 1990 Retirement System of the County of Milwaukee ("OBRA") to cover seasonal and certain temporary employees who are not enrolled in MCERS. As of December 31, 2022, there were 5,522 participants with vested benefits in OBRA of which 5,271 are receiving benefits. The most recent valuation of the OBRA dated December 31, 2022 indicates a 82.81% funded status. This funded ratio is based on a Plan Fiduciary Net Position of \$4,582,367 and a Total Pension Liability of \$5,533,668.

The Board of Trustees of MCERS has the responsibility for the overall performance of the Retirement System (MCERS and OBRA). The Board is the fiduciary of the MCERS and OBRA and is responsible for carrying out the investment functions solely in the interest of the members and benefit recipients. Requests for MCERS financial information should be sent to: MCERS, 901 N. 9th Street Room 210C, Milwaukee, WI 53233. Financial information regarding MCERS and OBRA can also be obtained at: <https://county.milwaukee.gov/EN/Human-Resources/Retirement-Services/Financial-Reports>. Such information is prepared by the entity maintaining such website, and no such information is incorporated herein by this reference.

Airport Pension Contributions and Liabilities

The Airport contributed a total of \$3,756,056 in 2022 to the County for its active and retired employees' pensions, compared to \$3,814,975 in 2021. These amounts make up a portion of the County's total contribution. The County contributed a total of \$60,964,137 in 2022 and \$62,113,812 in 2021. The most recently available net pension liability attributable to the Airport is as of December 31, 2021 and assumes a discount rate of 7.50%. The total net pension liability of the County was \$330,849,565 in 2021. Of this amount, the Airport's net pension liability was \$7,885,000. The increase in the net pension liability in 2022 is attributable, among other factors, to the depreciation in fair value of system investments. Below is a summary of the Airport's contributions and liabilities from 2021 and 2022:

	2021	2022
MCERS' net pension liability	330,849,565	620,013,161
Airport MCERS' net pension liability	7,885,000	NA
ERS' County contribution	62,113,812	60,964,137
Airport contribution	3,814,975	3,756,056

With respect to costs related to active employees, pension costs are allocated based upon a percentage of active employees' pensionable wages (which excludes overtime and sick leave payouts). Beginning in 2018, with respect to retired employees, pension costs are allocated based on the 25-year historical number of full time equivalents ("FTE") by department and adjusting for the likelihood that those FTEs are currently receiving pension benefits. Prior to 2018, a three-year average of active pensionable wages were charged to the Airport.

2023 Wisconsin Act 12 – State Shared Revenue and Local Sales Tax and its impact to the County’s Five-Year Outlook

2023 Wisconsin Act 12 (“Act 12”) was enacted on June 20, 2023. Act 12 contains various provisions that have fiscal impacts to the County, including local government program funding for shared revenue, additional sales tax authority, and potential changes to MCERS. The additional sales tax authority and the potential changes to the MCERS require a two-thirds vote to become effective. On July 27, 2023, the County Board approved Resolution 23-719 to implement the additional sales tax and provide that all new County employees that start on or after January 1, 2025 would become members of the Wisconsin Retirement System (“WRS”). On August 3, 2023, the Milwaukee County Executive signed Resolution 23-719.

Act 12 provides the County with the option to increase its sales tax collection rate by 0.4%, from 0.5% to 0.9%. The additional 0.4% sales tax is estimated to result in approximately \$82.2 million in annual sales tax collections in 2024. In addition, Act 12 provides counties across the state with additional shared revenue, which Milwaukee County would receive \$7.6 million of the statewide increase. The shared revenue increase occurs with or without the approval of the sales tax. The sales tax collections will begin on January 1, 2024. The sales tax proceeds would only be available to fund both the unfunded pension liability and Pension Obligation Bonds (“POBs”) until the MCERS is fully funded or thirty years, whichever is earlier. The MCERS has a \$620 million unfunded pension liability as of January 1, 2023, based on a market value of assets and a 7.5% rate of return assumption. The County issued POBs in 2009. Portions of the 2009 issues were refunded in 2013 and 2021. At the end of 2023, the POBs and refunded POBs will have a total outstanding balance of \$199 million. The POBs and refunded POBs will require annual payments through 2030.

Tax levy dollars that are currently spent on the unfunded pension liability will be “freed up” and made available to support County services and to offset a structural deficit that is projected in future years.

In March 2023, the Comptroller’s Office released a five-year fiscal forecast for the County for the period 2024 – 2028, which projected an \$18.3 million structural deficit in 2024, a \$52.7 million deficit in 2025 and a \$109.7 million structural deficit in the operating budget by 2028.

The implementation of the 0.4% sales tax is estimated to impact the structural deficit is as follows:

- Elimination of the 2024 and 2025 structural deficit .
- Reduction of the five-year potential structural deficit from \$109.7 million to \$36.2 million.
- Reduction in the continuing structural deficit from \$18 million to only \$13 million.
- Eliminating rising pension costs related to the unfunded liability, which is one of the drivers of the structural deficit.
- Ability to address potential levy increases related to Transit System in 2025.

The following chart shows the estimated impact of Act 12 on the County’s structural deficit between 2024 and 2028, both with and without an approval of the 0.4% sales tax.

Estimated Structural (Deficits)/Surplus*		
	Pre Act 12	Post Act 12
Year	Five Year Forecast March 2023	Approval of 0.4% Sales Tax
2024	(\$18,296)	\$31,642
2025	(\$52,775)	\$2,688
2026	(\$75,815)	(\$13,022)
2027	(\$93,311)	(\$23,317)
2028	(\$109,656)	(\$36,193)
*InThousands		

Because the County has adopted the sales tax increase, the County is required to have all new employees, who start after January 1, 2025, join the WRS. This results in a “soft close” of MCERS. There will be additional costs of joining WRS, since the continuing “normal cost” of that plan is higher than MCERS. However, WRS is one of the top-rated pension plans in the country and has no unfunded liability.

County Employee Other Post-Employment Benefits (“OPEB”)

The County administers single-employer defined benefit healthcare and life insurance plans for retired employees. The plans provide health and life insurance contributions for eligible retirees and eligible spouses through the County’s self-insured health insurance plan and the County’s group life insurance plan. The County stopped providing post-retirement health care and life insurance for most employees who began work with the County after January 1, 1994. Employees who started prior to this date and worked 15 years with the County are eligible for post-retirement health care.

During 2018, the County adopted GASB 75 – Accounting and Financial Reporting by Employers for Post-Employment Benefits other than Pensions (“GASB 75”). GASB 75 requires calculation of an OPEB liability. The County is on a pay-as-you-go basis for its OPEB liability and thus has not established a trust for the payment of these liabilities. The OPEB liability is the present value of the amounts needed to pay OPEB health and life benefits earned by each participant based on meeting minimum service requirements and eligibility rules as of the date of the actuarial valuation. In other words, it is a measure of the present value of benefits owed as of a particular date based on what has been earned only up to that date, without taking into account any benefits earned after that date.

An actuarial valuation report was prepared as of January 1, 2022 for the County, based on GASB 75. The County’s liability for OPEB for all funds, excluding the Milwaukee County Transit System, was estimated at \$1.112 billion, based on a 2.25% discount rate. The discount rate used for an unfunded plan is based on a 20-year municipal bond yield, as required by GASB 75.

The OPEB expense for the year ended December 31, 2022 for the County was (\$1.9) million, which included service cost of \$4.9 million, interest cost on the OPEB liability of \$23.4 million, and amortization of experience and assumption changes of (\$30.2) million. The OPEB liability decreased by (\$123.8) million for 2022. The change in liability consisted of increases from OPEB service and interest costs of \$28.3 million and changes between expected and actual experience of \$12.3 million. Offsetting these increases were changes of assumptions of (\$106.4) million and employer contributions of (\$58.1) million.

Airport OPEB Contributions and Liabilities

The Airport contributed \$2,818,000 in 2022 to the County for OPEB liability and retiree healthcare costs, compared \$2,743,946 in 2021. The total net OPEB liability of the County was \$1.112 billion in 2021. Of this amount, the Airports’ net OPEB liability was \$40,856,000.

For active employees, the Airport’s allocation is based on the number of FTE positions in the Airport for each pay period. Beginning in 2018, expenses related to retiree health care are allocated based on the 25-year historical number of FTEs by department and adjusting for the likelihood that those FTEs are currently receiving retiree healthcare benefits. Prior to 2018, the allocation for retirees was based upon the three-year average of active FTE employees for the Airport compared to the total FTEs of the County.

THE AIRPORT SYSTEM

General

The County owns and operates the Airport and Timmerman Airport, which together comprise the Airport System. The Airport is the major air carrier airport in Wisconsin, serving a primary air service area of approximately 2.3 million people and a total catchment area of approximately seven million people.

The County began operating its first airport in 1919. In 1926, the Airport opened the County's first terminal and Northwest Airlines began offering flights from Milwaukee to Chicago and Minneapolis. A two-story terminal building was constructed in 1940, and a new two-level terminal with 23 gates was added in 1955. In 1985, a greatly expanded terminal complex with larger concession, ticketing, and baggage claim areas was built. In 1990, 15 additional gates were added to Concourse D. In 2007, the Airport completed several terminal concourse improvement projects, which included improvements for Concourses C, D, and E. A 4,440-space parking garage was completed in 1980, which has been expanded to total approximately 8,155 public parking spaces currently.

Timmerman Airport is a general aviation reliever airport for the Airport, containing two paved runways and three instrument approaches.

The Airport System is accounted for as an enterprise fund within the County. The Airport System includes the operations of the Airport and Timmerman Airport.

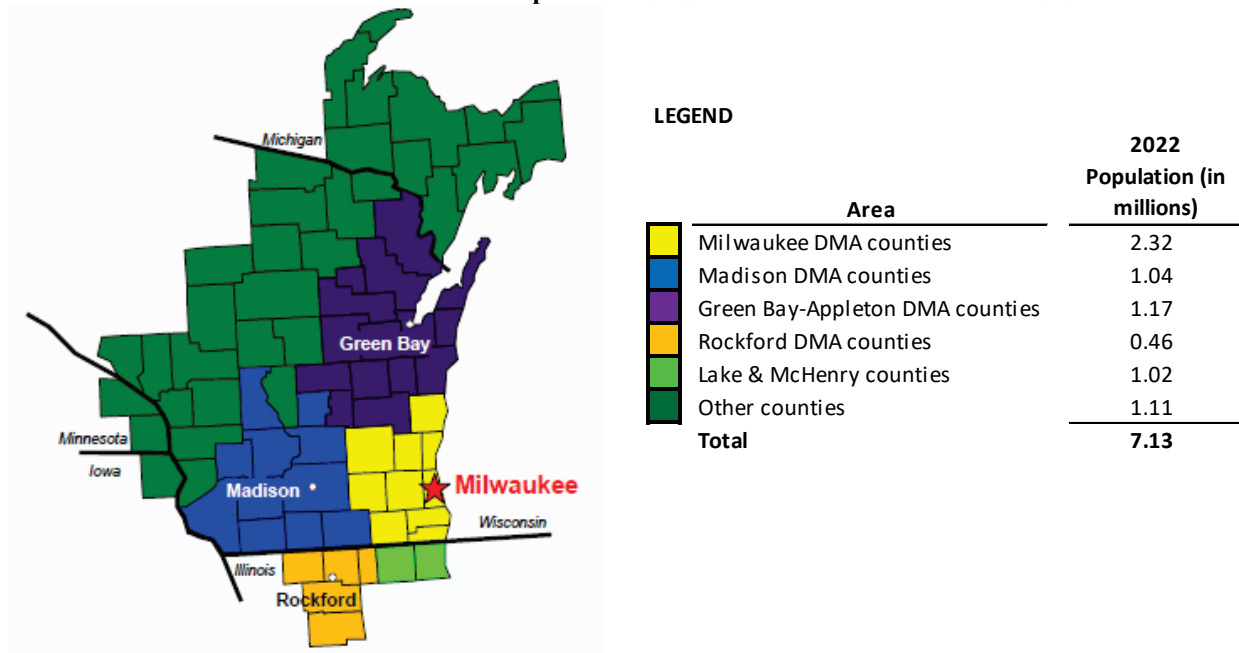
Included within APPENDIX B to this Official Statement is the Statement of Revenues, Expenses and Changes in Net Assets and Balance Sheet of the Airport System excerpted from the County's audited basic financial statements audited by Baker Tilly US LLP for the years ended December 31, 2018 through 2022. The accounts of the Airport System are not separately audited.

The Airport System is economically self-sustaining and operates solely on revenue generated from operations and concessions, plus federal and state funding of primarily airfield improvements. For financial purposes, and in the calculation of airline rates and charges, the County combines the financial operations of the Airport and Timmerman Airport.

Airport Service Area

The Airport's primary service area has a population of approximately 2.3 million and includes the Milwaukee-Waukesha Metropolitan Statistical Area (Milwaukee MSA), which includes the counties of Milwaukee, Ozaukee, Washington, Waukesha, and Racine. The Airport's catchment area covers the southeastern region of Wisconsin and Northern Illinois, with a total population of over seven million persons.

The Airport's Catchment Area



Public transportation in the Airport catchment area includes bus service to all major cities and train service between Chicago and Milwaukee. See APPENDIX A “FINANCIAL FEASIBILITY REPORT” for a description of the local Milwaukee economy.

Presence of Other Airports

The Airport is the major commercial airport in Wisconsin. Located 72 miles from Chicago O’Hare International Airport and 98 miles from Chicago Midway Airport, the Airport’s strategic location makes it an accessible alternative airport for Northern Illinois residents. The Airport is also able to capture traffic from markets served by the smaller regional airports, primarily because the Airport offers lower fares and more flights.

Other airports within approximately 125 miles of the Airport include Austin-Straubel International Airport in Green Bay (158 miles north of the Airport), Appleton International Airport (113 miles north of the Airport), Chicago/Rockford International Airport (98 miles southwest of the Airport) and Dane County Regional Airport in Madison (83 miles west of the Airport). The table on the following page includes a comparison of these surrounding airports.

**MILWAUKEE MITCHELL INTERNATIONAL AIRPORT
LOCAL AREA COMMERCIAL SERVICE AIRPORTS**

Airport Information				Total Enplanements (1000s)			Distance from MKE	
Airport Name	State	Code	FAA Hub	2022	2019	2019-2022	Miles	Drive
			Class			Change		Time
General Mitchell	WI	MKE	Medium	2,721	3,450	-21%	N/A	
Chicago O'Hare	IL	ORD	Large	33,107	40,877	-19%	72	1h 10m
Dane County	WI	MSN	Small	909	1,153	-21%	83	1h 20m
Chicago Rockford	IL	RFD	Nonhub	118	114	4%	98	1h 30m
Chicago Midway	IL	MDW	Large	9,636	10,064	-4%	98	1h 40m
Appleton	WI	ATW	Nonhub	415	386	8%	113	1h 50m
Green Bay	WI	GRB	Nonhub	294	339	-13%	158	2h 00m

Sources: Airport records, FAA, Google Maps, U.S. Department of Transportation, and Unison Consulting, Inc.

Times are rounded to the nearest ten minutes. Driving times vary by day of the week, time of day, and traffic.

Airport System Management

An Airport Director manages the Airport System. The County Executive appoints the Airport Director. The Airport Director oversees 234 full-time equivalent employees. Key members of the Airport System Management include the Airport Director, the Director of Finance and Administration, the Director of Operations and Maintenance, and the Director of Business and Commercial Development.

Airport Director. Brian Dranzik, A.A.E., was appointed as Airport Director in 2017 by the Milwaukee County Executive. Mr. Dranzik formerly held the position of Deputy Director of Transportation and then Director of Transportation for Milwaukee County where he oversaw the divisions of Highway, Transit, Fleet, Administration, and the Airport from 2008 to 2017.

Mr. Dranzik earned his full accreditation as an Accredited Airport Executive in 2020. He holds a Master of Urban Planning degree from the University of Wisconsin-Milwaukee and has been working in transportation for over 20 years.

Director, Finance and Administration. James Martin, C.M. was appointed Director for Finance and Administration in 2018. Mr. Martin formerly served as the Deputy Director of Transportation for Milwaukee County where he was responsible for financial oversight of multiple divisions. He earned his Certified Membership to the American Association of Airport Executives in 2022. Mr. Martin holds a Master of Public Policy in Finance and Organizational Management from the University of Chicago and has been a practicing financial professional for 18 years.

Director, Operations and Maintenance. Ryan Collins, C.M., was appointed Director of Operations and Maintenance in 2021. Mr. Collins previously held positions with the Massachusetts Port Authority and the Martha's Vineyard Airport. He earned his Certified Membership to the American Association of Airport Executives in 2019 and has 20 years of aviation and airport experience. Mr. Collins is also an instrument-rated Private Pilot who holds a Bachelor of Science degree in Aviation/Air Traffic Management from Daniel Webster College.

Director, Business and Commercial Development. Matthew Hoffman, A.A.E., was appointed Director for Business and Commercial Development in 2018. Mr. Hoffman previously held positions at multiple airports including the Portland International, Hillsboro, Troutdale, Gerald R. Ford International, and Abraham Lincoln Airports. He earned the status of Accredited Airport Executive by the American Association of Airport Executives in 2002 and has more than 26 years' experience working in aviation/airports. Mr. Hoffman is also a commercial pilot, turbojet flight engineer and earned a bachelor's degree in aviation business administration from Embry-Riddle Aeronautical University.

Facilities and Services

Airfield and Aircraft Parking Aprons. The Airport's existing airfield configuration consists of two air carrier runways and three other runways, as follows:

RUNWAY DESCRIPTIONS

	Runway 1L-19R	Runway 7R-25L	Runway 1R-19L	Runway 7L-25R	Runway 13-31
Length (ft)	9,990	8,300	4,183	4,800	5,535
Width (ft)	200	150	150	150	150
Instrumentation	CAT I	CAT I	CAT II	CAT II	NONE
Pavement Material	Concrete	Concrete	Concrete	Concrete	Concrete w/ Asphalt Overlay

Runways 1L-19R and 7R-25L accommodate all air carrier operations, while Runways 1R-19L and 7L-25R serve smaller aircraft and general aviation propeller aircraft. Runway 13-31 is available for smaller jet aircraft, general aviation aircraft, and occasional commercial operations under specific wind conditions. The taxiway system provides access between all runway ends. In addition, Runways 1L-19R and 7R-25L are serviced by partial parallel taxiways and the other runways are served by either crossing runways or taxiways. All of the taxiways are 75 feet wide, except one, which is 50 feet wide. The terminal apron area surrounds all three concourses and totals approximately 70 acres. As part of the most recent Airport Master Plan Update, projects have been identified to decommission and remove Runway 1R-19L and Runway 13-31. These runways handle less than 1 percent of the Airport's traffic and are not eligible for federal funding. The removal of these runways is aimed at rightsizing the Airport's facilities.

Terminal Facilities. The Airport's main terminal complex contains approximately 810,000 square feet and is currently comprised of a central terminal building and three passenger concourses with 48 gates and corresponding hold-room areas, including Concourse E that is currently closed. Bridge structures connect the main level of the central terminal building to the concourses. The central terminal building consists of four levels. The basement level contains the inbound baggage delivery system, mechanical and utility equipment rooms, concession and Airport storage rooms, and a tornado shelter. The ground or lower level contains ticketing operations, airline offices, outbound baggage and support systems, baggage claim, and baggage service offices. The second level contains concessions, the hold-room areas located in the concourses, administrative offices, a first aid center, and an aviation museum. The Airport operations offices and the control center room are located on the mezzanine level. Located west of Concourse C is a separate 20,830 square-foot International Arrivals Terminal to be replaced with a reconstructed Concourse E, which is currently closed.

Two pedestrian bridges connect the main level of the central terminal building to the existing six-level automobile parking structure. The Airport has separate enplaning and deplaning roadways, which provide curbside access to the main terminal complex. A spur roadway off the main terminal departure road provides access to the International Arrivals Terminal.

Public Parking. The Airport has over 11,000 public parking spaces, consisting of approximately 8,155 spaces in the parking garage (short-term and long-term) and approximately 3,686 surface spaces. Of the spaces in the surface lots, approximately 528 spaces are located in a lot near the terminal complex with the remainder located in remote lots served by parking shuttle buses. On December 19, 2018, Airport System management implemented the Smart Park parking program which offers a reservation system, loyalty programs and valet parking.

AMTRAK Station. An Amtrak station is located on the western edge of the Airport along the Canadian Pacific Railway lines. The station serves rail passengers using the Airport for travel, along with rail-only passengers using Amtrak's Hiawatha Service that provides seven daily round trips between Milwaukee and Chicago. The County and the Airport provide a free shuttle bus connection between the Airport and the Amtrak station, which includes a vehicle parking facility.

Other Facilities. Other facilities located at the Airport include rental car, general aviation, air cargo, and aviation support facilities. The Airport has five on-Airport rental car companies that lease rental car parking spaces in the parking garage. General aviation facilities include aircraft storage hangars, aircraft maintenance hangars, and general aviation passenger and tenant buildings. Air cargo facilities include a building and apron facilities. Aviation support facilities include an aircraft rescue and fire-fighting facility, an underground hydrant fuel system and fuel storage tanks, and an air traffic control tower. Air Wisconsin, Air Cargo Carriers, SkyWest, and Textron-Cessna have maintenance facilities on the Airport. Also located within the Airport's perimeter fence is the MKE Regional Business Park. The site contains approximately 163,000 square feet of building space, which is mainly occupied by Freight Runners, an air cargo and aircraft maintenance tenant. The Airport is planning to transition the MKE Regional Business Park from its aging facilities to its highest and best use including cargo and maintenance facilities, based on the recent Master Plan Update approved in 2022.

Environmental, Social and Governance Considerations

The County and the Airport are working to address strategic considerations related to ongoing environmental, social and governance matters for the benefit of the County and the Airport.

Environmental

In 2017, inspired by the aviation industry's definition for airport sustainability, the Airport developed a Sustainability Management Plan ("SMP") to build a holistic management approach to reducing its environmental footprint. Through a collaborative approach with airport stakeholders, the SMP identified several focus areas with goals and action items. Examples of these include energy management, waste management, water management, and creating sustainable buildings and infrastructure.

The Airport has made great strides since adopting the SMP, aptly titled Journey to Sustainability. The Airport has retrofitted installation of LED light fixtures and energy efficient equipment. Through a robust tenant outreach program and the deployment of liquid collection stations at security checkpoints, the Airport has increased recycling capabilities and better managed waste streams at our facilities. All of the public area restrooms at the Airport have been retrofitted with low-flow automated fixtures and toilets to ensure that we apply responsible water management practices. The Airport has also worked alongside our airline tenants to reinforce their corporate sustainability plans by supporting the use of battery-operated Ground Support Equipment, reducing greenhouse gas emissions along with particulate matter.

Social

In May 2019, the County became the first jurisdiction in the nation to declare racism a public health crisis. This action was codified in the Milwaukee Code of General Ordinances Chapter 108. Chapter 108.04(1)(a) requires County leaders, managers, and staff to report written or orally regarding the prior year's accomplishments by April 30 of each year.

After the creation of the Ordinance, the County developed its strategic plan focused on how it provides service to the community through a racial equity lens. This is supported by the County's vision of "By achieving racial equity, Milwaukee County will be the healthiest county in Wisconsin" with supporting values of:

- Inclusion: We actively seek diverse perspectives when making decisions.
- Influence: We collectively use our power to positively impact our community
- Integrity: We do the right thing even when no one is looking.

The County established three strategic focus areas with nine objectives to guide its work moving forward as follows:

Creating Intentional Inclusion

- Reflect the full diversity of the County at every level of County Government.
- Create and nurture an inclusive culture across the County.
- Increase the number of County contracts awarded to minority and women-owned businesses.

Bridge the Gap

- Determine what, where and how we deliver services based on the resolution of health disparities.
- Break down silos across County government to maximize access to and quality of services offered.
- Apply a racial equity lens to all decisions.

Investment in Equity

- Invest “upstream” to address root causes of health disparities.
- Enhance the County’s fiscal health and sustainability.
- Dismantle barriers to diverse and inclusive communities.

The Airport has established an MKE Cares initiative that encompasses the essence of the strategic focus areas. Work done in association with MKE Cares includes:

- ADA accessible lactation stations and nursing rooms in terminal and each concourse.
- ADA-approved adult changing tables in the terminal and each concourse, above the ADA standard.
- Free Aira access point glasses to assist passengers with low visibility.
- Meditation room
- Hidden disability Sunflower Program
- Outdoor and Indoor pet relief areas in the terminal and each concourse for service animals.
- Partnered with the County’s Department of Health and Human Services Housing division to collect change at security entry points to funding housing initiatives for Milwaukee’s homeless population.
- Support the Aviation Career Education program in conjunction with the State of Wisconsin Department of Transportation to provide aviation career awareness to traditionally underprivileged youth.
- Partnering with minority focused organizations to promote aviation careers and participate in hiring events.
- Support Girls in Aviation Day to provide aviation career exposure to young girls.
- Included local small, woman, and minority business access to our concessions program through our retail concessions partner.
- Signed USDOT pledge for anti-human trafficking and all staff have had human trafficking training.
- Favorable brand awareness in the community by being Awarded “Best Airport North America 5-15 million” in 2021 and 2022 from Airport’s Council International – Airport Service Quality award. An independent international standardized survey asked to random passengers regarding several aspects of their airport experience.

Governance

The County owns and operates the Airport and Timmerman Airport, which together comprise the Airport System. The Airport Director reports to the Director of Transportation who is a member of the County Executive’s appointed cabinet.

The County is governed by a County Executive and an 18-member County Board. The County Executive is elected on a nonpartisan basis to a four-year term. County Board supervisors are elected on a nonpartisan basis to two-year terms.

The County Board determines County policy and directs the activities of County government by the adoption of ordinances and resolutions, under authority vested in it by the Wisconsin Statutes. At its annual meeting in November of each year, the County Board adopts the next calendar year’s budget. It meets on a monthly basis to transact official business, and its committees meet regularly during the monthly cycles to hold hearings, gather information and take testimony preparatory to making recommendations to the full County Board. (See “THE COUNTY” herein.)

The Airport is focused on:

- Maintaining a safe and efficient airfield that remains open to air traffic within the region.
- Providing a world-class experience for its users with a focus on inclusive customer service.
- Project delivery through a planned process with continuous review of market pricing and project cost, against the financial capacity of various funding sources available to the airport and project type.

- Promoting the airport's value to the community and individual consumer.
- Growing the airport service profile that accommodates the traveling needs of catchment area.

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AIRLINE-AIRPORT USE AND LEASE AGREEMENT

Amended AULA

As described under the heading “INTRODUCTION,” the current Amended AULA between the County and Signatory Airlines became effective January 1, 2011 established rentals, fees, and charges payable by all Signatory Airlines during the initial term ending December 31, 2016. The Amended AULA included an option to extend for an additional five years with mutual agreement from the County and the Signatory Airlines. The extension was exercised by both parties with a new expiration date of December 31, 2020. The County and the Signatory Airlines began negotiations on a new AULA in 2020, however, due to the COVID-19 Pandemic, the County and the Signatory Airlines agreed to end negotiations and extend the Amended AULA for an additional year through December 31, 2021. In 2021, through an amendment, the County and the Signatory Airlines mutually agreed to extend the Amended AULA for 2 additional years to December 21, 2023. See “SUMMARY OF AIRLINE LEASES” in Appendix F hereto for a summary of the terms of the current AULA.

2024 AULA

The County and the Signatory Airlines are currently negotiating the terms of the 2024 AULA, which is expected to be a five-year agreement from January 1, 2024 to December 31, 2028 with substantially similar provisions to the Amended AULA with the exception of a cost centers change discussed below. The financial projections presented in this Official Statement are based on the 2024 AULA that remains subject to final approval by the County and the Signatory Airlines. The Signatory Airlines have communicated to the County their intent to execute the 2024 AULA on the terms and conditions summarized in this Official Statement and before the expiration of the Amended AULA, which expires December 31, 2023. The Signatory Airlines have informed the County that they are undertaking the final diligence, review and approval process to authorize execution of the 2024 AULA. While Airport management anticipates an agreement being in place covering 2024 through 2028, there can be no assurance that the County will be successful in negotiating such an agreement or that the approved capital improvement program will be the same as proposed by Airport management. Because the Signatory Airlines have not executed the 2024 AULA, the County cannot provide any assurances that the terms of the 2024 AULA will not materially change from the provisions negotiated and summarized below.

Rate Methodology. Consistent with the Amended AULA, the 2024 AULA is expected to provide a residual rate methodology and with deposits of funds to the Airport Development Fund Account (“ADFA”). The ADFA is a special, segregated account maintained in the Surplus Fund established in the Bond Resolution. Amounts equal to 10% of Airport concession and parking revenues are to be deposited to the ADFA annually. Monies deposited to the ADFA can be used for capital improvements or any lawful Airport System purpose, subject to certain limitations. Projects funded with monies from the ADFA will not be depreciated or amortized and will not affect airline rates and charges. The County expects the 2024 AULA to provide that the County can transfer up to \$4 million over the 5-year term of the 2024 AULA from the ADFA to the Airport Development Fund Depreciation Account (“ADF-D”). The ADF-D is a special, segregated account in the Surplus Fund established in the Bond Resolution. The 2024 AULA is expected to provide that these monies can be used for capital improvements or any lawful Airport System purpose, subject to certain limitations, and that projects funded with monies from the ADF-D will be depreciated and will affect airline rates and charges.

Capital Improvement Plan. The 2024 AULA is expected to include preapproval for the Five-Year Capital Improvement Plan for 2024 - 2028 (“5-year CIP”). As part of the 2024 AULA, the County expects the 5-year CIP project costs to be included in the calculation of airline rates and charges, including a Net (Airline) Financing Requirement Cap of \$47,138,631 from the proceeds of future bond issues anticipated from 2024 to 2028. The 2024 AULA is expected to allow the County to add or modify projects without Majority-In-Interest (MII) approval provided that the Net (Airline) Financing Requirement Cap on the total CIP is not exceeded. Also, under the 2024 AULA, it is expected that the airline MII process would continue to apply for additional capital projects that exceed the Net (Airline) Financing Requirement Cap.

Cost Centers and Other Rate Matters. The 2024 AULA is expected to eliminate the Flexible Response Security cost center and provide that airlines will not be charged a separate fee for Flexible Response Security. Expenses that were previously allocated to the Flexible Response Security cost center under the Amended AULA are to be included with Security expenses under the terms of the 2024 AULA which allocated such expenses among the airlines. The 2024 AULA is also expected to provide that the total net requirement from the MKE Regional Business Park cost center is allocated to the Airfield cost center.

The 2024 AULA is also expected to provide that Non-Signatory Airlines would pay 125% of the rates paid by Signatory Airlines. Other rate and cost center provisions expected under the 2024 AULA include, among others: two differential Terminal Rental Rate classifications for the Terminal cost center; airline space with public access is set at the base rate and airline space with no public access is equal to 75% of the base rate.

Airline Rates and Charges

The primary rates charged to the airlines for their use of the Airport facilities are landing fees, terminal rents, and apron fees. The County has established various cost centers within the Airport System to which it allocates the direct and indirect costs of providing the facilities within such cost centers and from which it recovers such costs from the users of such facilities. Under a “residual rate” methodology, for each cost center, the County first allocates all Revenues received from sources other than the Signatory Airlines to recovery of such costs, including both Operation and Maintenance Expenses and debt service on the Outstanding Bonds and other capital costs, and then allocates the remaining unrecovered costs to the Signatory Airlines.

In establishing the rates and charges for the use of such facilities for each year, including the landing fee, terminal rentals and apron fees, the County first develops a budget for each cost center. Then it determines the Revenues that are expected to be received with respect to each cost center from sources other than the Signatory Airlines and subtracts such amounts from the expected costs allocable to the applicable cost centers. Thus, the Signatory Airlines bear the risk of revenue shortfalls and benefit from stronger revenues from non-Signatory Airlines and from concessions. For the aeronautical cost centers, the remaining amount is allocated to the Signatory Airlines, either through the landing fee based upon the Signatory Airlines’ projected landed weights for the coming year or through terminal rentals on the basis of rentable square feet of terminal space occupied by each Signatory Airline. Non-Signatory Airlines are required to pay 125% of the rates charged to the Signatory Airlines. Other aeronautical revenues, including non-Signatory Airline landing fees, air cargo building rentals, general aviation revenues and the net income of the MKE Regional Business Park are credited to the Airfield cost center. 90% of concessions revenues, which include parking, rental car revenues (excluding customer facility charges), in-terminal concessions and other concessions fees, are credited to the Terminal cost center. The remaining 10% may be deposited into the ADFA. Leased terminal space is charged on the basis of space rented, but for common use facilities, costs are allocated to the airlines, with 20% of such costs shared equally by all Signatory Airlines and 80% of such costs allocated by the proportion of the passengers of each Signatory Airline compared to all passengers enplaned at the Airport. Apron costs are similarly recovered. Rates for apron and other facilities used in common or jointly by the Signatory Carriers are allocated proportionally on the basis of the actual linear feet of apron occupied by the airline.

At the end of each year, the County performs a “true up.” It calculates the actual direct and indirect costs and the actual Revenues received and, if the amounts paid by Signatory Airlines exceed the actual costs, then the excess is paid to the Signatory Airlines and if the actual costs are less than the amounts paid by the Signatory Airlines, the amount of any shortfall is invoiced to the Signatory Airlines. Thus, the Signatory Airlines provide a “backstop,” ensuring that the County is able to recover its actual direct and indirect costs allocable to the Airport, including operation and maintenance expenses and debt service on the Outstanding Bonds.

For more information on airlines rates and charges, particularly the methodology for calculating these fees, see APPENDIX F, “SUMMARY OF AIRLINE LEASES – Payments by Airlines.”

Airline Airport Affairs Committee

The Amended AULA provides for an Airline Airport Affairs Committee (“AAAC”) composed of one representative per Signatory Airline who is authorized to represent and vote on items subject to AAAC review, approval, or concurrence. Each Signatory Airline advises the County's Airport Director of the name of the principal representative and not more than two alternate representatives to the AAAC. See Appendix F, “SUMMARY OF AIRLINE LEASES” herein for a more complete discussion of the AAAC.

AIRPORT SYSTEM REVENUES

Airport System Revenues, as defined in the Bond Resolutions, consist of all monies received by the County from any Airport System source, including all rates, fees, charges, rents and other income derived by the County from the ownership or operation of the Airport System, except as hereinafter described. Revenues do not include PFC Revenues, except to the extent PFC Revenues are specifically designated as included in Revenues in a Supplemental Resolution. Unless and to the extent otherwise provided by a Supplemental Resolution, Revenues do not include (a) proceeds of Bonds or other borrowings by the County, or interest earned thereon, (b) proceeds of grants and gifts for limited purposes or the proceeds of the disposition of property financed by such grants and gifts, (c) condemnation proceeds or insurance proceeds, except those received from rental or business interruption insurance, (d) all income and revenue collected and received by the County with respect to properties and facilities which are not included in the definition of Airport System, (e) Special Facility Revenues, or (f), except as specified above, PFC Revenues.

Under the 2023 Supplemental Resolution, PFC Revenues are pledged to the payment of the Series 2023 Bonds to the extent that the projects originally financed by the Series 2013A Bonds and Series 2014A Bonds were PFC-eligible. Approximately 21.92% of the principal of and interest on the Series 2023A Bonds may be funded with PFC Revenues. Approximately 95.18% of the principal of and interest on the Series 2023B Bonds may be funded with PFC Revenues. Other Supplemental Resolutions authorizing the issuance of other series of Outstanding Bonds have also pledged PFC Revenues to the payment of such series of Outstanding Bonds to the extent that the projects financed and or refinanced by such series of Outstanding Bonds could be funded with PFC Revenues.

The Revenues of the Airport System are derived from rentals, fees and charges paid by users of the Airport System. In the Amended AULA, the Signatory Airlines have agreed to pay for their usage of the Airport based on a series of formulae designed to allow the County to recover its costs of providing facilities and services for the Airport System. The costs are apportioned among the Signatory Airlines based on usage. See “AIRPORT SYSTEM REVENUES” and APPENDIX F for a more detailed description of the Amended AULA, and the cost recovery formulae.

The County has approval to include in the rates charged to the Signatory Airlines any amounts necessary to pay the principal of and interest on the Series 2023 Bonds as a Debt Service Expense under the Amended AULA.

Airfield Revenues

Airfield Revenues consist of landing fees from Signatory Airlines and non-Signatory Airlines, revenues from general aviation operations, and air cargo rentals. Total Airfield revenues decreased from approximately \$21.9 million in 2021 to approximately \$19.3 million in 2022. Total Airfield revenues are projected to increase to approximately \$34.5 million in 2028, as described in the following paragraphs.

- a. **Landing Fee Revenues.** Landing Fee revenues consist of fees collected from Signatory Airlines and non-Signatory Airlines based on the landed weight of each carrier’s aircraft landed at the Airport. The airlines pay fees established to recover the Airfield net deficit, which equals total Airfield expenses minus non-airline Airfield revenues, non-Signatory Airline landing fee revenues, general aviation revenues, and net revenues from the MKE Regional Business Park. Landing Fee Revenues decreased by an average of 4.9% per year from 2018 to 2022. The main driver of the decrease in Landing Fee Revenues was the application of federal relief funds and Airport management’s goal to reduce costs.
- b. **General Aviation and Other Revenues.** General Aviation and Other Revenues include the following line items:

- Hangar Rentals – rents collected for land occupied by hangars and fees collected for County owned Hangars. Hangar Rentals remained steady at approximately \$882,000 from 2018 to 2022.
 - Fuel and Oil Charges – a per-gallon fuel flowage fee is assessed to general aviation fuel purchases in lieu of landing fees. Fuel and Oil Revenue increased by an average of 5.7% per year from approximately \$253,000 in 2018 to \$316,000 in 2022. There is one Fixed Based Operator (“FBO”) located at Timmerman Airport. There are three FBOs located at the Airport with the third having opened for business in 2023.
 - Fixed Base Operator Revenues – rents collected from FBOs for land, apron, hangars, and other buildings. FBO revenues increased by an average of 6.1% per year from approximately \$485,000 in 2018 to \$615,000 in 2022.
 - Other Revenues – includes all miscellaneous revenues paid that are credited to the Airfield, including but not limited to landing fees collected by FBOs, other rental income, interest on investments, other federal grants, reimbursements, and fleet maintenance fees. Other Revenues decreased by an average of 6.5% per year from approximately \$2.3 million in 2018 to \$1.7 million in 2022.
- c. Air Cargo Rentals. Air Cargo Rental revenues are generated from the following three sources: (1) building rent received for space rented in the air cargo building owned by the County, (2) air cargo ramp rent, and (3) ground rent received from a private developer who owns an air cargo building and leases building space to various tenants. Air Cargo Rentals increased by an average of 0.9% per year from approximately \$578,000 in 2018 to \$598,000 in 2022.

Terminal Revenues

Terminal Revenues consist of Terminal rents received from the airlines and non-airline revenues such as Terminal concession revenues, rental car revenues, and parking revenues. Terminal Revenues Include:

- a. *Signatory Airline Space Rental.* Signatory Airline space rental revenue consists of rents collected from Signatory Airlines for space occupied in the Airport Terminal. The Signatory Airlines pay fees established to recover the Terminal net deficit, which equals total Terminal expenses minus a portion of non-airline revenues such as Terminal concessions revenues, rental car revenues, and public parking revenues. Signatory Airline space rental revenues increased by an average of 25.1% per year from approximately \$2.2 million in 2018 to \$5.4 million in 2022. The increases in 2020 and 2021 were caused by lower concession, rental car, and parking revenues, 90% of which are credit to the Terminal Requirement. Signatory Space Rental revenue decreased to \$5.4 million in 2022 because of the increased concession, rental car and parking revenues and the Airport’s increased use of federal relief funds, which are a credit to the Terminal Requirement.
- b. *Other Charges and Fees.* This category includes other tenant revenue from passenger service fees (a \$7.50 per-passenger fee collected from airlines for international flights processed through the International Arrivals Building). Other Charges and Fees increased by an average of 49.4% per year from approximately \$297,000 in 2018 to \$1.5 million in 2022. The increase in these fees was caused by the airlines’ increased usage of the County gates.
- c. *Concessions.* Concession revenues consist of fees collected from Airport concession operators. The major categories of concession revenues are: Public Parking Concessions, Car Rental, Ground Transportation Fees, Gifts and Novelties, Food and Beverage and Other.
 - Public Parking revenues decreased by an average of 3.6% per year from \$29.6 million in 2018 to \$25.6 million in 2022. Projections for 2024 anticipate a parking rate increase of \$2.00 per day and then increasing by projected enplanements thereafter.
 - Car Rental revenues increased by an average of 1.2% per year from approximately \$10.5 million to \$11.1 million from 2018 to 2022. The increases were due to customers renting vehicles for longer periods (longer contract duration) and price increases implemented by the rental car companies. The

County receives the greater of a percentage of the revenues collected by the rental car companies and a minimum annual guaranty (“MAG”).

- Gifts and Novelties revenues decreased from approximately \$1.9 million in 2018 to \$1.4 million in 2022.
- Food and Beverage revenues decreased by an average of 17.3% per year from 2018 to 2022, from approximately \$3.8 million to \$1.8 million. The County receives the greater of a percentage of the revenues collected from these in-Terminal concessions and a MAG.
- Transportation Network Company (“TNC”) began operating at the Airport in 2016. TNCs are currently charged a \$3 pick up fee. TNC revenues decreased from approximately \$878,000 in 2019 to \$671,000 in 2022.

Other concession revenues include, but are not limited to peer-to-peer car rentals, taxi pick-up fees, fees received from the display advertising, automated teller machines, shoe shine stands, rents collected from the County for Airport lands and building space used for highway maintenance and other purposes as well as interest earnings. Other concession revenues decreased from approximately \$2.7 million in 2018 to approximately \$1.5 million in 2022.

Lease Expiration Dates and MAG MKE International Airport

<u>Concession</u>	<u>Description</u>	<u>Lease Executed</u>	<u>Lease Expiration</u>	<u>Options</u>	<u>MAG (adjustment)</u>
SSP America	Food & Beverage	11/1/2008	10/31/2024	none	85% of previous year rental
HMSHost (Host International Inc.)	Food & Beverage	11/1/2008	10/31/2029	none	85% of previous year rental
Paradies - Mark II	News & Gift	9/1/2019	8/31/2029	three, 1-year mutual options one 5-year	85% of previous year rental
Lamar Advertising	Advertising	3/1/2022	2/28/2027	County option	85% of previous year rental
Avis/Budget	Rental Car	7/1/2013	6/30/2024	none	85% of previous year rental
Dollar/Thrifty	Rental Car	7/1/2013	6/30/2024	none	85% of previous year rental
Enterprise	Rental Car	7/1/2013	6/30/2024	none	85% of previous year rental
Midwest/Alamo	Rental Car	7/1/2013	6/30/2024	none	85% of previous year rental
Hertz	Rental Car	7/1/2013	6/30/2024	none	85% of previous year rental
Interflight Parking	Parking Operator	4/1/2017	3/31/2024	none	N/A

Apron Fees

The Signatory Airlines pay Apron Fees established to recover the Apron Requirement, which equals total Apron expenses minus Non-Signatory revenues and non-airline revenues. Signatory Apron Fees decreased from \$1.1 million in 2018 to approximately \$972,000 in 2022. These revenues are projected to increase to \$1.7 million in 2028. The increase is expected to occur because of increased O&M expenses and the reduction of the Apron credits since the Federal Relief funds are no longer available after 2024.

Other Revenues

Other revenues received by the County from Airport operations include reimbursements from the airlines for the Airport’s security costs (Flexible Response Security Charges), and rent collected by the County for the old military base that is located on Airport grounds (MKE Regional Business Park).

- Flexible Response Security Charges revenue represents amounts collected from the airlines for services primarily provided by the County Sheriff’s Department at the concourse checkpoints. Flexible Response Security Charges revenue was \$2.2 million in 2018 and \$2.2 million in 2022. As a part of the new AULA, it is anticipated the Flexible Response Security cost center will be eliminated in 2024. The expenses that are currently being allocated to this cost center will be allocated to the Terminal (66.7%) and Airfield (33.3%) cost centers. Beginning in 2024, the Airport will no longer charge a separate Security fee.

- MKE Regional Business Park revenue is rental income generated from the old military base located on Airport grounds. MKE Regional Business Park revenue increased from approximately \$452,000 in 2018 to \$544,000 in 2022.

PFC Pledged Revenues

The Aviation Safety and Capacity Expansion Act of 1990 allows public agencies controlling commercial service airports with regularly scheduled service and enplaning passengers of 2,500 or more annually to charge each enplaning passenger using the airport a facility charge, referred to as a “PFC.” The Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (“AIR 21”) increased the maximum allowable PFC that may be charged by qualifying airports from \$3.00 to \$4.50.

Public agencies wishing to impose and use PFCs are required to apply to the FAA for such authority and meet the requirements specified in 49 U.S.C. § 40117 (the “PFC Act”) and regulations issued by the FAA. Regardless of the number of PFC applications that have been approved by the FAA, an airport may collect a maximum of \$4.50 on each enplaning passenger.

Airports may use PFCs to fund FAA-approved projects that enhance safety, security, or capacity; reduce noise; or increase air carrier competition.

The County imposes a PFC of \$4.50 on all eligible passengers enplaned at the Airport and its collection authority extends through June 1, 2026.

PFCs are not defined as Revenues in the General Bond Resolution unless pledged as Revenues in a Supplemental Resolution adopted by the County. Under the 2023 Supplemental Resolution, PFC Revenues are pledged to the payment of the Series 2023 Bonds to the extent that the projects originally financed by the Series 2013A Bonds and Series 2014A Bonds, were PFC-eligible. PFCs are currently being used to pay debt service on PFC-approved projects financed with the Series 2013A Bonds, Series 2014A Bonds, Series 2016A Bonds, and Series 2019A Bonds and on a PAYGO basis for other FAA-approved projects.

Federal Relief Funds

The CARES Act established the Coronavirus Relief Fund in March 2020 by the United States Treasury to provide financial assistance to States and eligible units of local government impacted by the COVID-19 pandemic, including approximately \$10.0 billion awarded to U.S. airports. The Airport was awarded approximately \$29.1 million in grants from the CARES Act Fund.

The Coronavirus Response and Relief Supplemental Appropriations Act “CRRSA” of 2021 includes billions in supplemental appropriations for COVID-19 relief that were allocated to the transit industry during the COVID-19 pandemic, including almost \$2.0 billion awarded to U.S. airports. The Airport was awarded a total of approximately \$8.5 million from the CRRSA Fund. These funds are composed of funds available to cover eligible O&M Expenses and debt service costs (\$7.7 million) and funds available to provide relief to concessionaires that operate at the Airport (\$0.7 million).

The American Rescue Plan Act (“ARPA”) was passed by Congress in March 2021 to provide additional relief to address the continued impact of COVID-19, including approximately \$6.0 billion awarded to U.S. airports. In 2021, the Airport was awarded approximately \$26.7 million in ARPA funds, of which \$23.8 million was awarded to be used for O&M Expenses and debt service costs, and \$2.9 million was awarded to provide relief to concessionaires that operate at the Airport.

The Airport has received and applied federal relief funds to airline costs totaling \$20.8 million in 2020 and \$1.7 million in 2021. In 2022, the Airport applied \$13.9 million (\$11.8 million to airline costs and \$2.2 million to concessionaires). The Airport applied the relief funds to each cost center based on each cost center’s percent of total O&M. In addition, the Airport applied the concession related relief funds to the concessionaires in accordance with the FAA’s guidelines.

The Airport expects to apply approximately \$14.9 million to airline costs and \$480,000 to concessionaires in 2023, and in 2024, the Airport anticipates using \$5.2 million to reduce airline fees and \$200,000 for concessionaires. Finally, in 2024 the Airport plans to use \$6.5 million of CARES Act funds for the purchase of Snow Removal Equipment.

Over collected Airline Revenues

In 2020, Airport management identified a liability account containing \$6.6 million of undistributed over collections from various airlines serving the Airport between approximately 1980 and 2000. After further internal review, it was determined these funds should be applied to reduce the airlines rates and charges as an additional revenue credit. The total revenue credit was allocated to each Airline cost center based on the proportionate percent share of the cost center's 2021 and 2022 O&M expenses.

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The following table presents Airport Revenues for fiscal years 2018 through 2022. Total Revenues increased from \$88.6 million to \$99.5 million from 2018 to 2022, which corresponds to an average annual increase of 2.9%.

**MILWAUKEE COUNTY AIRPORT SYSTEM
AIRPORT REVENUE
FOR FISCAL YEARS 2018-2022**

FOR FISCAL YEARS 2018-2022						
Airport Revenues	2018	2019	Actual 2020	2021	2022	CAGR 2018-2022
Airfield						
Landing Fees						
Signatory Landing Fees	\$ 17,208,082	\$ 19,794,027	\$ 13,749,580	\$ 16,805,044	\$ 14,597,437	-4.0%
Non-Signatory Landing Fees	1,377,361	1,275,203	909,983	1,000,002	612,703	-18.3%
Total Landing Fees	\$ 18,585,444	\$ 21,069,229	\$ 14,659,563	\$ 17,805,046	\$ 15,210,140	-4.9%
General Aviation and Other						
Hangar Rentals	881,614	776,812	813,804	826,949	882,393	0.0%
Fuel and Oil Charges	253,102	227,536	189,393	285,593	316,079	5.7%
Fixed Based Operator	485,294	491,524	557,394	597,877	615,406	6.1%
Other	2,254,221	2,904,680	1,335,518	1,865,771	1,723,744	-6.5%
Total GA and Other	\$ 3,874,230	\$ 4,400,552	\$ 2,896,110	\$ 3,576,190	\$ 3,537,622	-2.2%
Air Cargo Rentals	578,246	528,588	550,539	544,643	598,214	0.9%
Total Airfield Revenues	\$ 23,037,920	\$ 25,998,369	\$ 18,106,212	\$ 21,925,879	\$ 19,345,976	-4.3%
Terminal						
Signatory Airlines						
Space Rentals	2,218,150	4,397,746	8,635,771	11,491,760	5,440,323	25.1%
Other Charges and Fees	297,308	272,850	487,841	860,920	1,479,359	49.4%
Total Signatory Airlines	\$ 2,515,458	\$ 4,670,596	\$ 9,123,612	\$ 12,352,680	\$ 6,919,682	28.8%
Concessions						
Car Rental	10,545,569	11,220,595	6,323,086	9,063,767	11,057,681	1.2%
Gifts & Novelty	1,865,193	1,890,429	1,082,742	1,678,401	1,391,493	-7.1%
Food & Beverage	3,852,234	3,811,901	3,612,088	1,571,337	1,802,883	-17.3%
TNC	-	878,016	296,385	460,842	671,073	N/A
Other	2,745,998	1,876,108	933,967	1,095,962	1,489,132	-14.2%
Total Concessions	\$ 19,008,993	\$ 19,677,049	\$ 12,248,268	\$ 13,870,310	\$ 16,412,262	-3.6%
Public Parking	29,621,343	28,783,304	11,143,718	18,467,093	25,577,201	-3.6%
Other Terminal Revenues	1,520,655	2,591,221	1,891,950	2,140,336	1,693,276	2.7%
Total Terminal Revenues	\$ 52,666,448	\$ 55,722,170	\$ 34,407,548	\$ 46,830,419	\$ 50,602,421	-1.0%
Apron						
Signatory Apron Fees	1,133,233	954,233	1,210,177	1,089,515	971,801	-3.8%
Other Apron Fees	439,254	423,321	213,262	192,864	416,487	-1.3%
Total Apron Revenues	\$ 1,572,487	\$ 1,377,554	\$ 1,423,439	\$ 1,282,379	\$ 1,388,288	-3.1%
Other						
Flexible Response Security	2,249,787	2,399,431	951,542	2,307,575	2,175,805	-0.8%
MKE Business Park	451,828	521,816	745,637	546,881	543,925	4.7%
Total Other Revenues	\$ 2,701,615	\$ 2,921,246	\$ 1,697,179	\$ 2,854,456	\$ 2,719,730	0.2%
PFC Pledged Revenues	8,663,479	8,954,916	8,415,328	8,321,360	8,357,832	-0.9%
Federal Relief Funds	-	-	22,494,687	1,663,926	13,944,989	N/A
Deferred CARES Act Funds	-	-	(1,663,926)	-	-	N/A
Overcollected Airline Revenue	-	-	-	3,431,982	3,191,286	N/A
TOTAL AIRPORT REVENUES	\$ 88,641,951	\$ 94,974,255	\$ 84,880,467	\$ 86,310,401	\$ 99,550,521	2.9%

OPERATION AND MAINTENANCE EXPENSES

Airport System Operation and Maintenance Expenses are incurred in the operation and maintenance of the Airport System. As described in “SECURITY FOR THE SERIES 2023 BONDS – Flow of Funds” herein, Airport System Revenues are first applied to the Operation and Maintenance Fund for the payment of current Operation and Maintenance Expenses. These expenses are categorized as follows: Salaries and Fringe Benefits; Contractual Services (Utilities, Repairs/Maintenance, Professional Services/Administration and Other); Intra-County Services (Sheriff, Fleet Maintenance, Professional Services, Insurance and Other); Commodities; Major Maintenance; and Other.

Salaries and Fringe Benefits

Salaries and Fringe Benefits are the largest expense for the Airport System. This expense category is related to the compensation of personnel. During the historical period 2018 to 2022, Salaries and Fringe Benefits decreased slightly from approximately \$24.6 million to approximately \$24.1 million, or by an average annual rate of 0.5%. Salaries and Fringe Benefits reached a high in 2019 before decreasing to \$23.4 million in 2020. The increase in Fringe Benefits was budgeted in 2019 due to an adjustment to the legacy fringe benefit costs. Salaries and Fringe Benefits are budgeted to increase in 2023 due to anticipated vacancies being filled, County shifting from County filled positions to contractual positions and a County wide 2% wage increase.

Contractual Services

Contractual Services includes expenses incurred for services provided to the Airport System, as follows:

- Utilities – electricity, natural gas, sewage, telephone, water, and internet services.
- Repair and Maintenance – expenses incurred for the repair and maintenance of facilities and equipment.
- Professional Services and Administration – expenses for contracts for professional services.
- Other Contractual Services – expenses for other types of contractual services not mentioned above including janitorial services, waste removal expenses, bank fees, advertising fees and other miscellaneous expenses.

Contractual Services increased by an average of 3.1% per year from 2018 to 2022, from approximately \$19.2 million to \$21.7 million. The majority of the increase in Other Contractual Services expenses was from Repairs and Maintenance expenses. Those increases were due to the Airport completing repairs and maintenance projects that were deferred in 2020.

Intra-County Services

Intra-County Services consist of costs charged to the Airport System by other County departments, including Sheriff, Fleet Maintenance, Professional Services, Insurance, and other expenses, with Sheriff expenses representing the largest component of the total. Expenses for Intra-County Services increased from \$10.6 million in 2018 to \$15.2 million in 2022, or by an average annual rate of 9.3% during this period.

Commodities

Commodities include building, plumbing, roadway, and other materials and supplies, including technological supplies. This category often fluctuates as a result of the harshness of winter and the number of snowfalls. Commodities expenses were approximately \$5.0 million in 2018 and 2019. In 2020, Commodities expenses decreased to approximately \$2.3 million. This decrease was driven by Airport management reducing costs in reaction to the pandemic related reduction in activity. These expenses increased to \$3.2 million in 2021 and \$4.4 million in 2022, respectively. These increases are related to increased activity at the Airport. In addition, Commodities expenses often fluctuate as a result of weather, therefore years with more winter weather require more deicing chemical usage. In 2022, the weather-related expenses were higher than 2020 and 2021.

Major Maintenance

Major Maintenance expenses consist of expenditures for major repairs and maintenance of facilities and equipment, land improvements, and utility relocation. Major Maintenance expenses fluctuated during the historical period, based on the number and type of major maintenance projects conducted. Major Maintenance expenses fluctuated from approximately \$229,000 in 2018 to \$55,000 in 2022.

Other

Other expenses include interest and penalties, bad debt expense, and other miscellaneous charges. These expenses increased from \$157,000 in 2018 to \$769,000 in 2019. In 2020, these expenses increased to \$2.7 million. The sharp increase was a result of increased bad debt expenses that were caused by COVID 19 Pandemic. These expenses decreased to \$140,000 in 2021 and \$61,000 in 2022.

The following table presents Operation and Maintenance Expenses for fiscal years 2018 through 2022. Total O&M Expenses were approximately \$59.8 million in 2018 and grew by an average of 2.3% per year to \$65.5 million in 2022.

MILWAUKEE COUNTY AIRPORT SYSTEM TOTAL AIRPORT SYSTEM O&M EXPENSES FOR FISCAL YEARS 2018-2022

Airport Expenses	Actual					CAGR
	2018	2019	2020	2021	2022	2018-2022
BY EXPENSE CATEGORY						
Salaries	\$ 13,666,416	\$ 13,964,176	\$ 12,926,787	\$ 13,159,847	\$ 13,344,543	-0.6%
Fringe Benefits	10,905,686	10,926,139	10,465,427	10,337,703	10,725,522	-0.4%
Salaries and Fringe Benefits	\$ 24,572,102	\$ 24,890,315	\$ 23,392,214	\$ 23,497,550	\$ 24,070,065	-0.5%
Contractual Services						
Utilities	\$ 5,737,580	\$ 5,208,584	\$ 4,771,438	\$ 5,252,325	\$ 5,673,687	-0.3%
Repairs/Maintenance	2,604,194	3,782,036	3,201,695	4,010,122	4,389,002	13.9%
Prof. Services/Admin	9,550,984	10,833,611	8,210,079	8,998,337	10,193,384	1.6%
Other	1,326,149	1,541,914	1,116,393	1,285,941	1,447,652	2.2%
Subtotal	\$ 19,218,907	\$ 21,366,145	\$ 17,299,605	\$ 19,546,725	\$ 21,703,725	3.1%
Intra-County Services						
Sheriff	\$ 7,097,040	\$ 7,627,756	\$ 7,569,086	\$ 7,925,839	\$ 7,960,278	2.9%
Fleet Maintenance	76,380	(33,255)	2,619,234	2,228,790	2,849,718	147.1%
Prof. Service	705,075	785,454	589,669	631,718	788,922	2.8%
Insurance	713,670	287,583	467,671	1,117,177	1,450,969	19.4%
Other	2,043,472	2,351,966	2,481,162	2,451,631	2,156,712	1.4%
Subtotal	\$ 10,635,636	\$ 11,019,504	\$ 13,726,822	\$ 14,355,155	\$ 15,206,599	9.3%
Commodities	\$ 5,017,435	\$ 5,016,596	\$ 2,350,378	\$ 3,196,708	\$ 4,422,861	-3.1%
Major Maintenance	\$ 228,764	\$ 612,269	\$ 192,762	\$ 161,498	\$ 55,000	-30.0%
Other	\$ 157,081	\$ 769,232	\$ 2,705,254	\$ 140,469	\$ 61,212	-21.0%
Total O & M Expenses	\$ 59,829,924	\$ 63,674,062	\$ 59,667,034	\$ 60,898,105	\$ 65,519,462	2.3%

HISTORICAL ENPLANEMENTS

The Airport experienced reasonably steady growth through the 1990s and 2000s, interrupted only by the economic recession in 1991, the September 11 terrorist attacks in 2001, and the Great Recession in 2008 through 2009. Following an expansion of network hubs by the former Midwest Airlines and AirTran Airways and later an expansion of low-cost carrier (LCC) service by AirTran, Frontier Airlines, and Southwest Airlines, the Airport reached its peak air traffic activity shortly after the Great Recession, rising from 2.2 million enplanements in 1990 to 4.9 million enplanements in 2010—a compound annual growth rate (CAGR) of 4.1%.

The Airport passenger traffic faced a sharp downturn after 2010, falling to 3.3 million enplanements in 2013 (a CAGR of -12.8%). One contributing factor was Frontier’s financial troubles and subsequent change from hub-and-spoke to point-to-point low-cost carrier service. While Frontier initially benefited from a significant increase in enplanements from 559,148 in 2010 to 1.4 million in 2011 following a merger with Midwest Airlines, Frontier failed to sustain the rise and quickly dropped to 148,448 enplanements in 2013. Alongside Frontier’s service cuts was Southwest’s buyout of AirTran—Southwest retained service to nearly all of AirTran’s large markets but discontinued all commuter connections that did not align with its point-to-point network. As a result, the Airport’s total enplanements fell below 3.3 million by 2013. Now consisting mainly of O&D traffic, MKE’s annual enplanements gradually rose to around 3.5 million during the three years (2017-2019) before the pandemic.

In 2020, lockdown measures and travel restrictions to contain the spread of COVID-19 caused the Airport’s enplanements to fall 62% from 3.5 million enplanements to about 1.3 million enplanements. The Airport had not seen that level of air traffic since at least 1990, and 2020 easily marked the largest single-year decline for the Airport. The following years brought progress toward recovery, with annual enplanements reaching 2.7 million in 2022. However, the Airport has yet to return to pre-pandemic passenger traffic level.

AIRPORT AND U.S. ENPLANEMENTS 2002-2022

Year	MKE Enplanements¹ (1000s)	U.S. Enplanements² (1000s)	Milwaukee Market Share of U.S.
2002	2,791	670,604	0.42%
2003	3,074	700,864	0.44%
2004	3,331	763,710	0.44%
2005	3,630	800,850	0.45%
2006	3,642	808,103	0.45%
2007	3,868	835,510	0.46%
2008	4,001	809,822	0.49%
2009	3,982	767,817	0.52%
2010	4,928	787,478	0.63%
2011	4,761	802,135	0.59%
2012	3,780	813,123	0.46%
2013	3,266	825,322	0.40%
2014	3,279	851,850	0.38%
2015	3,277	896,632	0.37%
2016	3,383	931,989	0.36%
2017	3,453	964,765	0.36%
2018	3,549	1,013,213	0.35%
2019	3,450	1,052,981	0.33%
2020	1,310	398,655	0.33%
2021	2,260	700,560	0.32%
2022	2,721	935,445	0.29%
Compound Annual Growth Rate			
2002-2022	-0.1%	1.7%	
2010-2022	-4.8%	1.4%	

¹ Source: Airport records.

² Source: US Bureau of Transportation Statistics, U.S. system revenue passenger enplanements.

The Airport serves primarily O&D traffic, which accounted for more than 99% of total passengers in 2022. O&D traffic is a more stable air service market than connecting traffic. It arises from market demand and generally follows growth in both the local and national economies. Unlike connecting traffic, O&D traffic is less vulnerable to changes in individual airlines' network strategies, business models, and financial conditions. Of O&D traffic, residents account for approximately 60%, while visitors account for approximately 40%, based on the U.S. Department of Transportation's DB1B data.

The Airport also served primarily domestic traffic, which accounted 99% of total passengers in 2022.

O&D AND CONNECTING ENPLANEMENTS 2009-2022

Year	O&D		Connecting		Total Enplanements
	Actual	Share	Actual	Share	Actual
2009	3,194,926	80.2%	786,946	19.8%	3,981,871
2010	3,866,789	78.5%	1,060,770	21.5%	4,927,558
2011	3,754,817	78.9%	1,006,136	21.1%	4,760,952
2012	3,281,412	86.8%	498,904	13.2%	3,780,315
2013	3,079,463	94.3%	186,847	5.7%	3,266,309
2014	3,151,574	96.1%	127,246	3.9%	3,278,820
2015	3,157,015	96.3%	120,341	3.7%	3,277,356
2016	3,287,206	97.2%	96,066	2.8%	3,383,271
2017	3,392,771	98.3%	59,773	1.7%	3,452,544
2018	3,507,279	98.8%	41,538	1.2%	3,548,817
2019	3,416,115	99.0%	33,872	1.0%	3,449,987
2020	1,299,380	99.2%	10,587	0.8%	1,309,967
2021	2,248,730	99.5%	10,944	0.5%	2,259,674
2022	2,711,275	99.7%	9,493	0.3%	2,720,768
Average Annual Growth Rate					
2009-2022	-1.3%	-	-28.8%	-	-2.9%

¹ Connecting enplanements are calculated as one-half of on-line transfer passengers. O&D enplanements are calculated as the difference between total enplanements and connecting enplanements.

Source: Airport records.

DOMESTIC AND INTERNATIONAL ENPLANEMENTS 2009-2022

Year	Domestic		International		Total Enplanements
	Enplanements	Share	Enplanements	Share	
2009	3,944,716	99.1%	37,155	0.9%	3,981,871
2010	4,896,990	99.4%	30,568	0.6%	4,927,558
2011	4,712,624	99.0%	48,328	1.0%	4,760,952
2012	3,737,482	98.9%	42,833	1.1%	3,780,315
2013	3,219,249	98.6%	47,060	1.4%	3,266,309
2014	3,223,691	98.3%	55,129	1.7%	3,278,820
2015	3,220,905	98.3%	56,451	1.7%	3,277,356
2016	3,330,924	98.5%	52,347	1.5%	3,383,271
2017	3,386,317	98.1%	66,227	1.9%	3,452,544
2018	3,491,976	98.4%	56,841	1.6%	3,548,817
2019	3,395,787	98.4%	54,200	1.6%	3,449,987
2020	1,285,104	98.1%	24,863	1.9%	1,309,967
2021	2,252,742	99.7%	6,932	0.3%	2,259,674
2022	2,694,822	99.0%	25,946	1.0%	2,720,768
Average Annual Growth Rate					
2009-2022	-2.9%	-	-2.7%	-	-2.9%

AIRLINE SERVICE PROVIDERS

The Airport is served by each of the industry's four major domestic airlines. Mainline airlines accounted for 85.4% of enplanements in 2022. Including affiliates, Southwest accounted for 36.4%; Delta, 24.7%; American, 14.2%; and United, 10.1%. Frontier, Spirit, and other smaller airlines accounted for the remaining 14.6%. LCCs including Southwest, Frontier ("ULCC"), Sun Country, and Spirit ("ULCC") accounted for nearly 50% of enplanements. Additional details are found on the table "AIRLINE ENPLANEMENTS AND MARKET SHARES, 2018 – 2022," located on page 39.

The table below shows the air service trends from 2018 through 2023 for Southwest, Delta and American, currently the three largest passenger carriers at the Airport, as well as United, Frontier, and Spirit. The Airport experienced overall decreases in all three measures below due largely to Southwest and Frontier's declines from 2018 to 2023, though this was partially mitigated by the entry of Spirit in 2021. As the Airport's largest carrier by enplanement share, Southwest also maintained the highest numbers in nonstop destinations, average daily departures, and average daily seats from 2018 through 2023. However, Southwest is also responsible for the Airport's net decreases in all three measures.

A common trend among airlines at the Airport is the increased seat capacity per aircraft departure in the years following the start of the pandemic, evident in the faster recovery of daily seats relative to daily departures (or, in some cases like Southwest and American, the continued reduction in departures).

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**SCHEDULED PASSENGER SERVICE
2018-2023**

Scheduled Service at MKE						
Airline	2018	2019	2020	2021	2022	2023
Southwest						
Number of Nonstop Destinations	22	23	20	20	18	16
Average Daily Departures	34	33	23	22	21	20
Average Daily Seats	5,104	4,996	3,440	3,306	3,262	3,174
Delta						
Number of Nonstop Destinations	10	9	8	6	7	7
Average Daily Departures	26	25	13	16	20	20
Average Daily Seats	3,085	3,127	1,468	1,876	2,236	2,574
American						
Number of Nonstop Destinations	5	5	6	6	6	6
Average Daily Departures	18	17	12	14	12	12
Average Daily Seats	1,454	1,440	970	1,224	1,241	1,314
United						
Number of Nonstop Destinations	17	16	14	21	20	12
Average Daily Departures	17	16	8	12	13	13
Average Daily Seats	995	1,032	502	761	919	1,007
Frontier						
Number of Nonstop Destinations	12	9	6	5	5	3
Average Daily Departures	4	4	2	2	2	1
Average Daily Seats	824	722	416	486	316	191
Spirit						
Number of Nonstop Destinations	0	0	1	8	9	3
Average Daily Departures ¹	0	0	0	2	3	2
Average Daily Seats ¹	0	0	0	307	587	357
Other						
Number of Nonstop Destinations	12	10	2	8	11	10
Average Daily Departures	5	3	1	1	3	3
Average Daily Seats	444	337	147	168	445	517
All Airlines						
Number of Nonstop Destinations	52	45	37	45	43	38
Average Daily Departures	104	98	60	70	75	72
Average Daily Seats	11,907	11,654	6,942	8,130	9,007	9,135

*Based on actual service through April 2023 and advanced airline schedules for the remainder of 2023.

¹Spirit had 1 recorded departure and 62 recorded seats in 2020, both of which result in values that round down to 0 when calculating annual daily averages.

**AIRLINE ENPLANEMENTS AND MARKET SHARES
2018-2022**

Annual Enplanements by Airline (1000s)						CAGR
Airline	2018	2019	2020	2021	2022	2018-2022
American	433	434	217	358	386	-2.8%
Delta	893	901	262	493	672	-6.9%
Frontier	253	223	92	124	87	-23.4%
Southwest	1,498	1,443	577	926	991	-9.8%
Spirit				81	165	
United	311	316	116	220	276	-2.9%
Other	160	133	46	58	145	-2.4%
Total	3,549	3,450	1,310	2,260	2,721	-6.4%
AGR	2.8%	-2.8%	-62.0%	72.5%	20.4%	

Annual Enplanement Shares by Airline					
Airline	2018	2019	2020	2021	2022
American	12.2%	12.6%	16.5%	15.8%	14.2%
Delta	25.2%	26.1%	20.0%	21.8%	24.7%
Frontier	7.1%	6.5%	7.0%	5.5%	3.2%
Southwest	42.2%	41.8%	44.0%	41.0%	36.4%
Spirit				3.6%	6.1%
United	8.8%	9.2%	8.9%	9.8%	10.1%
Other	4.5%	3.9%	3.5%	2.5%	5.3%
Total	100%	100%	100%	100%	100%

Source: Airport records.

The table below lists the Airport's top 25 O&D metro markets in 2022, all of them in the United States. These 25 airports account for 78.2% of the Airport's O&D passenger traffic. In July 2023, all but the California markets (Los Angeles and San Diego) have scheduled nonstop service from the Airport. The top three markets are Orlando (Southwest and Spirit), Phoenix (American and Southwest), and the New York metropolitan Area (Delta, JetBlue, and United).

**MILWAUKEE MITCHELL INTERNATIONAL AIRPORT
TOP 25 O&D MARKETS BY SHARE OF O&D PASSENGERS
2022**

Rank	Metro Market	Airports	Share of O&D
1	Orlando, FL	MCO	8.6%
2	Phoenix, AZ	PHX	6.0%
3	New York City, NY (Metropolitan Area)	EW, JFK, LGA	5.7%
4	Las Vegas, NV	LAS	5.6%
5	Denver, CO	DEN	5.4%
6	Washington, DC (Metropolitan Area)	BWI, DCA, IAD	4.8%
7	Atlanta, GA (Metropolitan Area)	ATL	4.2%
8	Tampa, FL (Metropolitan Area)	TPA	3.8%
9	Dallas/Fort Worth, TX	DFW, DAL	3.8%
10	Fort Myers, FL	RSW	3.8%
11	Boston, MA (Metropolitan Area)	BOS, PVD	3.5%
12	Los Angeles, CA (Metropolitan Area)	LAX, SNA, BUR, LGB, ONT	3.2%
13	Miami, FL (Metropolitan Area)	MIA, FLL	2.4%
14	Nashville, TN	BNA	2.3%
15	Houston, TX	IAH, HOU	2.0%
16	Seattle, WA	SEA	2.0%
17	Minneapolis/St. Paul, MN	MSP	1.5%
18	Charlotte, NC	CLT	1.5%
19	San Francisco, CA (Metropolitan Area)	SFO, OAK, SJC	1.5%
20	San Diego, CA	SAN	1.3%
21	Philadelphia, PA	PHL	1.3%
22	Detroit, MI	DTW	1.2%
23	Austin, TX	AUS	1.0%
24	St. Louis, MO	STL	0.9%
25	Salt Lake City, UT	SEA	0.9%
Top 25 O&D Metro Markets			78.2%
Other			21.8%
Total O&D			100.0%

Source: U.S. Bureau of Transportation Statistics DB1B, last accessed on July 21, 2023

CAPITAL IMPROVEMENT PROJECTS

The term of the Amended AULA ends on December 31, 2023. The County and the Airlines are currently in negotiations of a new AULA, which would become effective January 1, 2024. The Airport, as part of the upcoming lease negotiations, has developed a proposed 5-Year CIP 2024-2028, which Airport management has reviewed with and is requesting pre-approval from the airlines during the airline negotiations for the 2024 AULA.

The current CIP provides a list of projects, that the Airport plans to pursue during this period. The 5-Year CIP CY2024-2028 contains various projects costing \$169.8 million, with the main funding concentrated in the Airfield (\$78.7 million) for the removal and rehabilitation of several taxiways, Terminal (\$51.2 million) for the replacement of the baggage handling system control, several passenger loading bridges and Concourse Roof and Floor replacement, followed by Parking projects (\$19.3 million), Equipment (\$7.8 million), Other Projects (\$9.1 million) involving work on the South Maintenance facility and work on the Fuel based infrastructure, and finally a Noise project (\$2.4 million) involving a noise study, and various Lawrence J. Timmerman projects (\$1.3 million). Airport management is currently negotiating the 2024 AULA and anticipates the 5-Year CIP CY2024-2028 will be approved in total or in parts during the negotiation.

In addition, the Airport has projects that were approved by the Airlines in the prior CIP costing \$130.8 million, with the main funding concentrated in the following: Terminal (\$94.9 million) for Concourse E redevelopment, Airfield (\$15.7 million) for the removal and rehabilitation of several taxiways, Parking projects (\$6.7 million), Equipment (\$11.4 million), Other Projects (\$0.3 million), and various Lawrence J. Timmerman projects (\$1.9 million). The prior CIP also includes additional bond funding totaling approximately \$52.2 million of General Airport Revenue Bonds (GARBs) of which \$47.9 million is anticipated to be repaid from Passenger Facility Charges. These bond transactions are anticipated to occur during CYs 2024 and 2025.

A summary of key projects and related funding sources of the Airport's current 5-Year CIP 2024-2028, is further detailed in Table 2 of "FINANCIAL FEASIBILITY REPORT" attached as APPENDIX A hereto.

AIRPORT SYSTEM INDEBTEDNESS

Airport Revenue Debt

The County has issued general airport revenue bonds, which are paid from Airport System Revenues. The following two tables provide the Airport revenue debt by issue and by payment source, respectively, and includes the Series 2023A and Series 2023B Bonds.

AIRPORT REVENUE DEBT BY ISSUE*

Date of Issue	GARB Issue	Amount Issued	Final Maturity	Interest Rates Outstanding	Principal Outstanding
11/10/2016	Airport Revenue Ref., Series 2016A (AMT)	\$ 46,165,000	12/01/2032	5.00%	\$ 31,245,000
10/30/2019	Airport Revenue Ref., Series 2019A	26,945,000	12/01/2031	5.00%	20,205,000
10/30/2019	Airport Revenue Ref., Series 2019B (AMT)	13,520,000	12/01/2023	5.00%	<u>3,380,000</u>
	Subtotal - Existing Debt				<u>\$ 54,830,000</u>
10/04/2023	Airport Revenue Ref., Series 2023A (AMT)	\$ 27,245,000	12/01/2037	5.00%	\$ 27,245,000
10/04/2023	Airport Revenue Ref., Series 2023B (AMT)	10,135,000	12/01/2029	5.00%	10,135,000
	TOTAL				<u>\$ 92,210,000</u>

*Excludes the Series 2013A and the Series 2014A Bonds to be refunded by the Series 2023 Bonds.

Although the Bonds are payable on a parity basis from all Net Revenues of the Airport System, under the Amended AULA, the County expects to recover debt service on the Outstanding Bonds and the Series 2023 Bonds by either allocating PFC Revenues to pay principal of and interest on such Bonds or by adding such costs to the rates and charges paid by the Signatory Airlines for use of airfield, terminal or apron facilities, or a combination of the foregoing. The following table shows the County's expected sources of funds to pay principal of and interest on the Outstanding Bonds and the Series 2023 Bonds.

AIRPORT REVENUE DEBT BY PAYMENT SOURCE

GARB Issue	Airfield	Terminal	Apron	PFC	Total
Airport Revenue, Series 2013A*	0.7%	77.4%	--	21.9%	100.0%
Airport Revenue Ref., Series 2014A*	--	4.8%	--	95.2%	100.0%
Airport Revenue, Series 2016A	0.9%	7.2%	0.5%	91.4%	100.0%
Airport Revenue Ref., Series 2019A	--	62.6%	--	37.4%	100.0%
Airport Revenue Ref., Series 2019B	--	100.0%	--	--	100.0%
Airport Revenue Ref., Series 2023A	0.7%	77.4%	--	21.9%	100.0%
Airport Revenue Ref., Series 2023B	--	4.8%	--	95.2%	100.0%

*Bonds to be refunded by the Series 2023 Bonds.

Airport Revenue Debt Service

The following table provides general airport revenue bond debt service as of the issuance of the Series 2023 Bonds and excluding the Refunded Bonds.

AIRPORT REVENUE DEBT SERVICE

	<u>Currently Outstanding</u>		<u>Series 2023A Bonds</u>		<u>Series 2023B Bonds</u>		
<u>Year</u>	<u>Principal*</u>	<u>Interest*</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Total D.S.</u>
2023	\$ 8,585,000	\$ 1,370,750	\$ --	\$ --	\$ --	\$ --	\$ 9,955,750
2024	5,360,000	2,312,250	1,950,000	1,577,940	1,690,000	586,985	13,477,175
2025	5,505,000	2,044,250	1,950,000	1,264,750	1,690,000	422,250	12,876,250
2026	5,675,000	1,769,000	1,950,000	1,167,250	1,690,000	337,750	12,589,000
2027	5,845,000	1,485,250	1,945,000	1,069,750	1,690,000	253,250	12,288,250
2028	6,025,000	1,193,000	1,945,000	972,500	1,690,000	168,750	11,994,250
2029	6,220,000	891,750	1,945,000	875,250	1,685,000	84,250	11,701,250
2030	6,410,000	580,750	1,945,000	778,000	--	--	9,713,750
2031	4,440,000	260,250	1,945,000	680,750	--	--	7,326,000
2032	765,000	38,250	1,945,000	583,500	--	--	3,331,750
2033	--	--	1,945,000	486,250	--	--	2,431,250
2034	--	--	1,945,000	389,000	--	--	2,334,000
2035	--	--	1,945,000	291,750	--	--	2,236,750
2036	--	--	1,945,000	194,500	--	--	2,139,500
2037	--	--	1,945,000	97,250	--	--	2,042,250
Total	<u>\$ 54,830,000</u>	<u>\$ 11,945,500</u>	<u>\$ 27,245,000</u>	<u>\$ 10,428,440</u>	<u>\$ 10,135,000</u>	<u>\$ 1,853,235</u>	<u>\$ 116,437,175</u>

* Note: Excluding maturities of the Refunded Bonds to be refunded

FINANCIAL FEASIBILITY REPORT

The County has retained the Airport Consultant to prepare a financial review (the “Review”) of the projected operating revenues, expenses and air traffic activity at the Airport, which is attached hereto as APPENDIX A “FINANCIAL FEASIBILITY REPORT.” Additionally, the Review includes historic and projected debt service coverage following the issuance of the Series 2023 Bonds and the defeasance of the Refunded Bonds. The Review should be read in its entirety for an explanation of the assumptions and projections used therein.

The conclusions, projections, and much of the other information included in the Review are based on the assumptions stated therein. Such assumptions are based on present circumstances and information currently available, which was furnished by the Airport System management and other sources. The Airport Consultant expresses no opinion as to the accuracy of the financial source data or other materials utilized in preparing the Review. Prospective purchasers should be aware that there might be differences between the projected and actual results, because events and circumstances may not occur as expected, and those differences may be material. The achievement of any financial projection is dependent upon future events that cannot be assured.

The assumptions described above and the analyses contained in the attached Review have resulted in the findings described below:

- The local demographic and economic trends reflect a diverse and growing socio-economic base that will continue to support growth in air travel demand.
- Under the base forecast, the Airport’s enplanements are projected to increase during 2022-2028 from 2.7 million to 3.7 million or 5.1% over the time period.
- The base forecast has been developed using actual airline enplanements through February 2023, and scheduled airline service through October 2023.
- Total Airport System Revenues, using the base enplanement forecast, are projected to increase from approximately \$103.6 million in 2023 to approximately \$122.3 million in 2028.
- The airline cost per enplaned passenger, under the base enplanement forecast, is projected to fluctuate between \$8.54 in 2023 and \$11.01 by 2028, an increase due to higher O&M expenses and airline rate based debt service planned during the forecast period. The cost per enplaned passenger is projected to peak at \$11.32 in 2027.
- Annual net discretionary cash flow is projected to range between approximately \$4.6 million and \$6.0 million during the years 2023 - 2028.

Debt service coverage for the base enplanement forecast is projected to range from 1.88 to 1.72 during the forecast period, which remains above the 1.25 debt service coverage minimum requirement.

The financial projections presented in the Review are based on information and assumptions that have been provided by Airport System management or developed by the Airport Consultant and reviewed with and confirmed by Airport System management. Based upon their review, the Airport Consultant believes that the information is accurate and that the assumptions provide a reasonable basis for the projection. However, some variations may be material. The Review should be considered in its entirety for an understanding of the projections and the underlying assumptions.

**MILWAUKEE COUNTY AIRPORT SYSTEM
DEBT SERVICE COVERAGE
For Fiscal Years 2023 – 2028
BASE CASE PROJECTIONS**

Debt Service Coverage	Estimate 2023	2024	2025	Projected 2026	2027	2028
AIRPORT SYSTEM REVENUES						
Total Revenues	\$103,648,419	\$106,789,536	\$112,535,881	\$115,672,972	\$119,556,472	\$122,338,248
O&M Expenses	77,524,039	80,555,956	82,960,503	84,868,594	86,820,572	88,817,445
Net Revenues	\$26,124,380	\$26,233,580	\$29,575,378	\$30,804,378	\$32,735,900	\$33,520,803
NET DISCRETIONARY CASH FLOW						
Add Other Available Funds: ¹						
Series 2013A Bonds - PFC	179,065	-	-	-	-	-
Series 2013A Bonds - Rate Based	637,982	-	-	-	-	-
Series 2014A Bonds - PFC	543,928	-	-	-	-	-
Series 2014A Bonds - Rate Based	27,572	-	-	-	-	-
Series 2016A Bonds - PFC	1,033,627	1,035,227	1,032,770	1,034,370	1,034,027	1,034,027
Series 2016A Bonds - Rate Based	96,935	97,085	96,855	97,005	96,973	96,973
Series 2019A Bonds - PFC	304,670	294,164	283,659	273,153	262,647	252,141
Series 2019A Bonds - Rate Based	509,142	491,586	474,029	456,472	438,916	421,359
Series 2019B Bonds - Rate Based	887,250	-	-	-	-	-
Series 2023A Bonds - PFC	-	199,025	181,357	175,856	170,074	164,588
Series 2023A Bonds - Rate Based	-	682,960	622,331	603,456	583,613	564,787
Series 2023B Bonds - PFC	-	541,783	502,586	482,480	462,374	442,268
Series 2023B Bonds - Rate Based	-	27,464	25,477	24,458	23,438	22,419
Future Series 2024 Bonds - PFC	-	660,199	660,199	660,199	660,199	660,199
Future Series 2024 Bonds - Rate Based	-	-	338,876	338,876	338,876	338,876
Future Series 2025 Bonds - PFC	-	-	643,595	643,595	643,595	643,595
Future Series 2025 Bonds - Rate Based	-	-	-	146,091	146,091	146,091
Future Series 2026 Bonds - PFC	-	-	-	68,409	68,409	68,409
Future Series 2026 Bonds - Rate Based	-	-	-	-	623,232	623,232
Future Series 2027 Bonds - Rate Based	-	-	-	-	-	128,115
Future Series 2028 Bonds - PFC	-	-	-	-	-	82,539
Net Revenues plus Other Available Funds	\$30,344,552	\$30,263,073	\$34,437,110	\$36,452,392	\$38,288,364	\$39,854,015
Debt Service:						
Series 2013A Bonds - PFC	716,262	-	-	-	-	-
Series 2013A Bonds - Rate Based	2,551,926	-	-	-	-	-
Series 2014A Bonds - PFC	2,175,710	-	-	-	-	-
Series 2014A Bonds - Rate Based	110,290	-	-	-	-	-
Series 2016A Bonds - PFC	4,134,509	4,140,909	4,131,081	4,137,480	4,136,109	4,136,109
Series 2016A Bonds - Rate Based	387,741	388,341	387,419	388,020	387,891	387,891
Series 2019A Bonds - PFC	1,218,681	1,176,658	1,134,634	1,092,611	1,050,587	1,008,564
Series 2019A Bonds - Rate Based	2,036,569	1,966,342	1,896,116	1,825,889	1,755,663	1,685,436
Series 2019B Bonds - Rate Based	3,549,000	-	-	-	-	-
Series 2023A Bonds - PFC	-	796,100	725,427	703,426	680,296	658,351
Series 2023A Bonds - Rate Based	-	2,731,839	2,489,323	2,413,824	2,334,454	2,259,149
Series 2023B Bonds - PFC	-	2,167,130	2,010,343	1,929,920	1,849,496	1,769,073
Series 2023B Bonds - Rate Based	-	109,855	101,907	97,830	93,754	89,677
Future Series 2024 Bonds - PFC	-	2,640,797	2,640,797	2,640,797	2,640,797	2,640,797
Future Series 2024 Bonds - Rate Based	-	-	1,355,503	1,355,503	1,355,503	1,355,503
Future Series 2025 Bonds - PFC	-	-	2,574,378	2,574,378	2,574,378	2,574,378
Future Series 2025 Bonds - Rate Based	-	-	-	584,365	584,365	584,365
Future Series 2026 Bonds - PFC	-	-	-	273,636	273,636	273,636
Future Series 2026 Bonds - Rate Based	-	-	-	-	2,492,927	2,492,927
Future Series 2027 Bonds - Rate Based	-	-	-	-	-	512,459
Future Series 2028 Bonds - PFC	-	-	-	-	-	330,156
Total GARB Debt Service	16,880,688	16,117,972	19,446,928	20,017,680	22,209,857	22,758,472
Debt Service Coverage	1.80	1.88	1.77	1.82	1.72	1.75

Source: Milwaukee County records, PFM Financial Advisors LLC., and Unison Consulting, Inc.

¹ Reflects the Coverage Fund.

**MILWAUKEE COUNTY AIRPORT SYSTEM
AIRLINE COST PER ENPLANED PASSENGER
For Years 2023 – 2028
BASE CASE PROJECTIONS**

Year	Landing Fees ¹	Terminal Rents & Charges	Apron Fees	Flex Response Security	Total Airline Payments	Enplaned Passengers	Cost Per Enplaned Passenger
2023 Est.	\$16,647,341	\$5,396,534	\$1,291,708	\$2,167,448	\$25,503,031	2,987,575	\$8.54
2024 Proj.	\$21,572,443	\$6,239,366	\$1,528,933	\$0	\$29,340,742	3,262,320	\$8.99
2025 Proj.	\$24,123,892	\$9,898,751	\$1,670,737	\$0	\$35,693,380	3,363,790	\$10.61
2026 Proj.	\$26,820,369	\$10,292,761	\$1,706,365	\$0	\$38,819,495	3,447,557	\$11.26
2027 Proj.	\$27,435,431	\$11,163,718	\$1,742,770	\$0	\$40,341,919	3,562,296	\$11.32
2028 Proj.	\$28,059,380	\$10,601,391	\$1,780,020	\$0	\$40,440,792	3,673,093	\$11.01

Source: Milwaukee County records and Unison Consulting, Inc.

¹ Excludes landing fees paid by cargo carriers and military aircraft.

The above table presents estimated and projected airline cost per enplanement (“CPE”) for the years 2023 – 2028. The CPE is derived from dividing the costs charged to the airlines for use of the Airport by the actual or estimated enplanements from historic data or the prepared forecast, respectively. The CPE is expected to peak in 2027 after the application of the remaining COVID-19 federal relief funds and the projected increase in debt service charges associated with anticipated future bond financings. The Airport’s projected CPE for the forecast period are considered reasonable by the Airport Consultant.

INVESTMENT CONSIDERATIONS

This section contains a general overview of certain risk factors which should be considered, in addition to the other matters set forth in this Official Statement, in evaluating an investment in the Series 2023 Bonds. This section is not meant to be a comprehensive or definitive discussion of the risks associated with an investment in the Series 2023 Bonds, and the order in which this information is presented does not necessarily reflect the relative importance of various risks. Potential investors in the Series 2023 Bonds are advised to consider the following factors, among others, and to review this entire Official Statement to obtain information essential to making of an informed investment decision. Any one or more of the investment considerations discussed below, among others, could adversely affect the financial condition of the Airport System or the County’s ability to make scheduled payments on the Series 2023 Bonds. There can be no assurance that other risks not discussed herein will not become material in the future.

Use of Financial Assumptions by the County

Operation of the Airport System and the setting of rates and charges by the County with respect to the Airport System are based on a number of assumptions, which the County believes are reasonable, although one or more of these assumptions may prove incorrect. Such assumptions include, among others, that (a) there will not be significant reductions in the level of aviation activity and enplaned passengers at the Airport, or if there are, that rates and charges to airlines operating at the Airport can be adjusted upward to offset any such reduction, (b) airlines operating at the Airport will remain able to pay amounts owing under the Amended AULA and under the 2024 AULA, assuming it is executed and delivered by the parties as described herein, (c) various federally authorized airport funding programs (including Airport Improvement Program grants and the cap on PFCs) will continue at approximately current levels, (d) projections of Operation and Maintenance Expenses and non-airline revenues for the Airport System are reasonably accurate, (e) there are not significant changes in the airline industry generally which adversely affect the Airport System and (f) upon expiration of the Amended AULA, the County and the Signatory Airlines will enter into the 2024 AULA, which as described herein is substantially similar to the Amended AULA. Any significant variation in any of these and other assumptions could have a material adverse effect on the Airport System, the financial condition of the Airport System and the forecasts contained in APPENDIX A hereto.

Assumptions in the Financial Feasibility Report

The Financial Feasibility Report incorporates numerous assumptions as to the utilization of the Airport and other matters and states that any forecast is subject to uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, the actual results achieved during the forecast period will vary, and the variations may be material. See APPENDIX A “FINANCIAL FEASIBILITY REPORT.”

Forecast Uncertainty and Risk Factors

The forecasts of aviation activity have been developed based on specific assumptions about the availability and characteristics of airline service at the Airport, key measurable factors that drive demand for air travel, and information available at the time of the analysis. There are broader factors affecting the entire aviation industry that introduce risk and uncertainty into the forecasts. Some of these factors are discussed below.

Disease Outbreaks

Passenger air travel demand is sensitive to disease outbreaks. Disease outbreaks pose an unpredictable danger in various ways, such as customer confidence, health and safety, international travel policies, and the well-being and availability of sufficient staffing and labor. In 2020, COVID-19 became a significant threat to the entire aviation industry. Widespread vaccination helped contain the spread of the disease, restoring people’s confidence in the public health and safety of air travel, and increasing people’s comfort level with crowded spaces. It aided the recovery of air travel and the overall U.S. economy. Current infection levels sit among its lowest numbers throughout the pandemic history. The World Health Organization ended COVID-19’s global emergency status as of May 5, 2023, and soon after on May 11, 2023, the United States also ended its federal COVID-19 public health emergency. That said, continued awareness of COVID-19 and proper health safety practices remain essential to minimize serious illness, hospitalizations, and fatalities while maintaining public confidence.

Economic Conditions

The aviation industry is pro-cyclical: traffic grows during economic expansion as consumer and business incomes rise, increasing overall demand, including for air travel. Conversely, traffic declines during an economic recession, as consumer and business incomes fall, causing demand to fall.

Various factors can cause an economic recession. In 2020, the pandemic and the extreme mitigation measures triggered a global economic downturn. The U.S. economy recovered to its pre-pandemic output level in the second quarter of 2021 and has continued to grow, though at a slower pace. While the pandemic has eased, the U.S. economy faces other economic risks. Inflationary pressures and supply constraints remain the most pressing concerns in the short term. Other economic risks stem from international trade tensions, continuing geopolitical tensions, weakness in portions of the global economy, financial market volatility, and the high level of U.S. government and private debt.

The growth of the U.S. economy faces several headwinds resulting from unfavorable, long-term demographic shifts, including population aging and declining population growth. An aging population will raise government expenditures on social programs and exert upward budgetary pressure on the U.S. government. This pressure will add to high U.S. government debt levels, which increased during the pandemic with federal programs aimed at alleviating the impacts of the pandemic on individuals and businesses. In addition, a dwindling population base could gradually reduce the overall demand for consumer goods, including the demand for air travel.

Financial Condition of the Airlines

Although global health and the underlying economic conditions of the Air Service Area likely will continue to be the most important factor driving passenger demand at the Airport, the ability of the Airport to generate Revenues from operations depends largely upon the financial health of the airline industry as a whole. The financial results of the airline industry are subject to substantial volatility and, at times, many carriers have had overlapping, extended periods of unprofitability. In recent years the industry has undergone significant changes, including mergers, acquisitions, major restructuring, bankruptcies and closures. Additionally, the COVID pandemic and its resultant economic impact

had severe negative effects on demand for air travel and the airline industry, and resulted in substantial financial challenges for airlines serving the Airport, including substantial financial losses and reduction in workforce that has impacted service. Airlines operating at the Airport have filed for bankruptcy protection in the past and may do so in the future. See “—Effect of Airline Bankruptcies.” Even absent an airline bankruptcy filing, the Airport may encounter significant expenses, delays, and potentially nonpayment of amounts owed if it is required to pursue legal action to enforce agreements with the airlines. While the Airport has seen passenger traffic return after or grow through airline bankruptcies and consolidations and other events that have historically affected the airline industry, the COVID pandemic is an unprecedented event and its near-term and long-term effects on the airline industry cannot be predicted with any certainty.

The industry is cyclical and subject to intense competition and variable demand and is highly sensitive to a variety of factors, including (i) the cost and availability of labor, fuel, efficient aircraft and insurance, (ii) general economic conditions, (iii) international trade, (iv) currency values, (v) competitive considerations, including the effects of airline ticket pricing, (vi) traffic and airport capacity constraints, (vii) governmental regulation, including security regulations and taxes and fees imposed upon airlines and passengers, (viii) increases in maintenance and environmental requirements and costs, (ix) passenger demand for air travel, (x) disruptions caused by airline accidents, natural disasters, health crises, criminal incidents and acts of war or terrorism, (xi) strikes and other union activities and (xii) political risk, including regulatory issues and federal funding and/or staffing shortfalls resulting from actions, or inaction, of Congress.

The price of fuel is a significant factor impacting the passenger and cargo airline industry and continues to be an important and uncertain determinant of an air carrier’s operating economics. Historically, aviation fuel prices have been particularly sensitive to worldwide political instability. Continued or new hostilities in petroleum-producing regions or affecting key shipping lanes could dramatically impact the price and availability of aviation fuel. Economic expansion in emerging markets also contributes to higher aviation fuel prices. Natural disasters affecting refineries may also result in higher aviation fuel prices. Although some airlines hedge fluctuations in fuel prices through the purchase of futures contracts and although fuel prices have declined significantly in the past several years, a substantial increase in fuel prices can have a material effect on profitability and airline aircraft and route decisions at the Airport. Future fuel price increases or sustained higher prices and volatility in supply have affected and likely will continue to affect the financial condition of airlines, their capacity and route decisions and the level of service the airlines provide at the Airport.

Airline Market Concentration

Airline market concentration is a source of risk because it could lead to the abuse of market power or excessive price increases. However, monopoly market power is less of a concern at the Airport with the decrease in Southwest Airlines’ market share below 40%. Part of this decline was contributed by increases in Delta and United’s market shares and Spirit’s entry.

Airline Economics, Competition, and Airfares

Airfares influence passenger demand, particularly for relatively short trips where the automobile (or occasional bus or train) is a viable alternative and for price-sensitive “discretionary” vacation travel. Airfares are affected by airline operating costs and debt burden, passenger demand, capacity and yield management, market presence, and competition.

The aviation activity forecasts for the Airport assume that, over the long term, annual increases in airfares do not exceed inflation. If they do, the increases in airfares will dampen forecast traffic growth.

Airline Industry Concentration and Consolidation

The airline industry has been and continues to pursue opportunities to consolidate in response to competition, cost, and regulatory pressure. Airline mergers affect service and traffic at airports when they consolidate facilities, optimize route networks, and route connecting traffic through other hubs. The impact on affected airports usually happens within a few years—sometimes immediately—following a merger. It can be significant or trivial, depending on whether the merging airlines have a large market share at an airport and whether they carry significant connecting traffic.

In response to competitive pressures and increased costs, airlines have merged and acquired competitors in an attempt to combine operations in order to increase cost synergies and become more competitive. In 2009, Delta merged with Northwest Airlines. In 2010, United Airlines and Continental Airlines merged. In 2011, Southwest acquired AirTran Airways. In 2013, US Airways and American merged, with the consolidated airline retaining the American brand. The two airlines completed their merger in 2015, which created the largest airline in the world in terms of operating revenue and revenue passenger miles. In 2016, Alaska Airlines and Virgin America merged. The two airlines completed their integration in 2018. JetBlue Airways in 2020 entered into an agreement with American Airlines to cooperate in operations in New York and Boston, and in July 2022 announced an agreement to acquire Spirit Airlines. Both of these moves have been challenged by the Justice Department, and in July, 2023 JetBlue announced it would not challenge a judicial ruling against its agreement with American Airlines in order to concentrate its efforts acquiring Spirit Airlines. If completed JetBlue's merger deal with Spirit would be the biggest in the U.S. airline industry since American merged with U.S. Airways in 2013. However, JetBlue accounted for less than 2 percent of MKE's total enplanements in 2022 and serves different markets from Spirit at MKE. Neither carries connecting traffic through the Airport. From MKE, JetBlue has nonstop flights to Boston and New York, and Spirit has nonstop flights to Las Vegas, Orlando, and Fort Myers. These markets are in MKE's top 11 O&D markets. If JetBlue were to discontinue service from MKE to these markets, other airlines will likely provide replacement service.

In addition, all of the large U.S. airlines are members of alliances with foreign-flag airlines, which alliances, and other marketing arrangements, provide airlines with many of the advantages of mergers. Alliances typically involve marketing, code-sharing, and scheduling arrangements to facilitate the transfer of passengers between the airlines.

Further airline consolidation remains possible and could result in changes in airline service patterns, particularly at connecting hub airports. The County cannot predict the effect, if any, such consolidation would have on airline traffic at the Airport.

Structural Changes in Demand and Supply

Historically, major crises have prompted lasting structural changes on the aviation industry's demand and supply sides. For example, the 2001 terrorist attacks prompted more stringent airport security measures requiring passengers to arrive much earlier for departing flights, reducing the time advantage of air travel over ground transportation for short-haul flights. Likewise, the COVID-19 pandemic spurred changes in passenger travel and airline service, which could become permanent.

On the demand side, the pandemic has prompted changes in consumer behavior, social interactions, and ways of conducting business that would permanently alter travel propensities and preferences. Public health and safety concerns may influence customers to consider ground transportation for longer distances previously traveled by air. For vacation travel, consumers adapted to the COVID-19 environment by favoring less crowded and outdoor-oriented destinations. The accelerated adoption of technology for virtual meetings and conferences could result in a permanent downshift in business travel demand.

On the supply side, U.S. airlines have taken steps to become smaller—accelerating the retirement of old aircraft, deferring new aircraft orders, and cutting workforces during the worst period of the pandemic. However, the streamlined fleet and workforce have constrained U.S. airlines in restoring adequate capacity to accommodate the strong rebound in air travel demand. Moreover, U.S. airlines could take years to resolve these capacity constraints amid supply chain problems in aircraft manufacturing, a pilot shortage, and tight labor supply.

One favorable trend is the accelerated adoption of no-touch technologies by airlines, airports, and the Transportation Security Administration ("TSA"). These new technologies help allay public health and safety concerns and speed up passenger processing. By saving passengers time and reducing uncertainty, these technologies could help restore the competitiveness of air travel against ground transportation and stimulate traffic recovery and growth.

Labor Supply Constraints

The COVID-19 pandemic and resulting recession led to employee layoffs across many airlines, and companies went into 2021 with a significantly smaller workforce than they had before the pandemic. In addition, the demand for leisure

travel accelerated in the first half of 2021, requiring airlines to adjust their workforce to meet demand. However, inadequate staffing could limit airline capacity and slow air traffic growth. Amid a tight labor market, competition between companies to attract and retain skilled personnel has intensified and threatens to impact industry growth.

A long-running constraint that airlines face is the declining pilot population. Several factors contribute to the pilot shortage. First, approximately 5,000 experienced pilots accepted early retirement in response to airlines' efforts to cut staff during the pandemic. Second, many pilots historically gained their training via military service. However, the use of drones and reductions in military staff has limited that pathway. Third, the aviation industry is heavily gender-biased (women comprise only about 5% of the global pilot workforce). This failure to diversify severely reduces the size of the pilot labor force. Fourth, the working conditions and initial pay for new pilots are discouraging. The substantial investments in time, money, and experience required to become a pilot can be a disincentive to joining the industry.

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.

Geopolitical Conflicts and the Threat of Terrorism

Geopolitical conflicts and acts of terrorism disrupt air transportation. The terrorist attacks of September 11, 2001, serve as a constant reminder of the serious threat to the aviation industry. Travel threats and warnings elevate airport security measures, resulting in more meticulous passenger screening, longer waits at security screening lines, and increased passenger anxiety—all discouraging air travel.

The Russian invasion of Ukraine is the latest example of a geopolitical conflict affecting air transportation. The United States, Canada, and the European Union have closed their airspace to Russian aircraft. In retaliation, Russia has limited its airspace to the airlines of many countries. These constraints have significantly impacted flight routes and flight times for global travel.

Technological Innovations

New technologies are currently being developed and are likely to continue to be developed in the future. The impact of these new technologies on current operations and practices at the Airport are not all known and may have an effect on airlines and operations at the Airport.

In connection with the expansion of wireless broadband operations into the 3.7-3.98 GHz frequency band service ("5G service") on January 19, 2022, the FAA issued certain guidelines for aircraft manufacturers, aircraft operators and airports because 5G service uses frequencies in a radio spectrum that the FAA has determined may interfere with those used by radar altimeters, which are important equipment in certain aircraft.

The FAA continues to work with aircraft equipment manufacturers and airlines to clear aircraft models, versions and airlines to operate at airports nationally, including the Airport, in low visibility conditions. Throughout this process, visual approaches, standard Category I instrument approaches, and other instrument procedures, including GPS-based approaches, are unaffected by 5G service. The deployment of 5G technology has not impacted the Airport's operations or the County's revenues.

New technologies (such as autonomous vehicles and connected vehicles) and innovative business strategies in established markets such as commercial ground transportation and car rental may continue to occur and may result in further changes in Airport passengers' choice of ground transportation mode. While the County makes every effort to anticipate demand shifts, there may be times when the County's expectations differ from actual outcomes. In such event, revenue from one or more ground transportation modes may be lower than expected. The County cannot predict with certainty what impact these innovations in ground transportation will have over time on revenues from parking, other ground transportation services or rental cars. The County also cannot predict with certainty whether or to what extent it will collect non-airline revenues in connection with such new technologies or innovative business strategies.

In addition, improved teleconferencing technologies and increased acceptance of these methods of communicating could reduce the demand for business travel, though the long-term impact of such technologies on the demand for business travel is not known.

Growth of Low Cost Carriers

Low cost carriers (“LCCs”) are carriers that take advantage of an operating cost structure that is typically significantly lower than the cost structure of the network carriers and an increased reliance on fee revenues. These advantages can include lower labor costs, greater labor flexibility, a streamlined aircraft fleet (i.e., fewer different types of aircraft in a given airline’s fleet) and a generally more efficient operation. These low costs suggest that the LCCs can offer a lower fare structure to the traveling public than network carriers while still maintaining profitability. Further, increased access to major markets for LCCs may moderate average airfare increases that can typically result from airline consolidation.

As the larger U.S. carriers consolidated and became more focused on capacity discipline, fare increases took hold. LCCs began to emerge in larger markets where passenger levels were high enough for the LCCs to overcome certain barriers to entry caused by the larger carriers such as, for example, control of the majority of airport gates and slots. The cost structure of LCCs allows for lower fares, which has stimulated traffic and driven LCCs into more and larger markets. One result of the consolidation of carriers and their capacity discipline and the associated fare increases is that certain price-sensitive travelers are flying less. Recently, these budget conscious flyers have emerged as an underserved segment which has helped to expand the LCC market to include the ultra-low cost carriers (“ULCCs”), such as Allegiant, Frontier and Spirit. Frontier has had a substantial presence at the Airport. The ULCC business model is characterized by extreme unbundling of services; the purchase of a ticket on a ULCC covers only the seat. Other amenities such as seat choice, food or drink, checked or carry-on luggage or a paper boarding pass are then available for additional a la carte purchase.

Effect of Bankruptcy of Air Carriers

Airlines operating at the Airport have filed for bankruptcy in the past and may do so in the future. A bankruptcy of a Signatory Airline (or of any other airline, non-airline tenant or concessionaire at the Airport) can result in significant delays, significant additional expenses and/or significant reductions in payments, or even in non-payments, to the County and consequently in a reduction in the amount of Net Revenues.

For the Airport, which has residual ratemaking, expectations would be that the amounts other airlines would be required to pay would be sufficient to make up any shortfalls attributable to an airline in bankruptcy. However, the other airlines likely would not be required to make up for unpaid post-bankruptcy usage and rental of terminal and concourse space and ramps, and no assurances can be given that the other airlines would be able to pay such additional amounts when needed, particularly if the bankruptcy occurred during a period in which many of the Signatory Airlines were struggling.

The automatic stay provisions of the Bankruptcy Code could prevent (unless approval of the bankruptcy court was obtained) any action to collect any amount owing by the airline to the County, any action to remove the airline from possession of any premises or other space, any action to terminate any agreement with the airline, or any action to enforce any obligation of the airline to the County. With the authorization of the bankruptcy court, the airline may be able to repudiate some or all of its agreements with the Airport and stop performing its obligations (including payment obligations) under such agreements. Such a repudiation could also excuse the other parties to such agreements from performing any of their obligations. The airline may be able, without the consent and over the objection of the County, the Trustee, and the holders of the Series 2023 Bonds, to alter the terms, including the payment terms, of its agreements with the County, as long as the bankruptcy court determines that the alterations are fair and equitable. In addition, with the authorization of the bankruptcy court, the airline may be able to assign its rights and obligations under any of its agreements with the County to another entity, despite any contractual provisions prohibiting such an assignment. The Trustee and the holders of the Series 2023 Bonds may be required to return to the airline as preferential transfers any money that was used to make payments on the Series 2023 Bonds and that was received by the County or the Trustee from the airline during the 90 days immediately preceding the filing of the bankruptcy petition. Claims by

the County under any lease, or any agreement that is determined to be a lease, with the airline may be subject to limitations.

There may be delays in payments on the Series 2023 Bonds while a court considers any of these issues.

There may be other possible effects of a bankruptcy of an airline that could result in delays or reductions in payments on, or other losses with respect to, the Series 2023 Bonds.

In connection with bankruptcy or similar proceedings outside of the United States, the County cannot predict what types of orders or relief could be issued by foreign tribunals or the extent of delays in connection with such proceedings or the extent to which such orders would be enforceable in the United States.

Regardless of any specific adverse determinations and delays in an airline bankruptcy proceeding, the fact of an airline bankruptcy proceeding, particularly a bankruptcy of a Signatory Airline, could have a material adverse effect on the liquidity and value of the Series 2023 Bonds and could cause a material reduction in Revenues.

Effect of Other Tenant or Concessionaire Bankruptcies

A bankruptcy of a non-airline tenant or concessionaire would raise challenges similar to those described above in connection with airline bankruptcies. Many of the major rental car companies operating at the Airport filed for bankruptcy in recent years, and it is possible that rental car companies or other non-airline tenants or concessionaires will file for bankruptcy in the future.

Aviation Safety and Security

Concerns about the safety of airline travel and the effectiveness of security precautions, particularly in the context of potential international hostilities and terrorist attacks, may influence passenger travel behavior and air travel demand. Travel behavior may be affected by anxieties about the safety of flying and by the inconveniences and delays associated with more stringent security screening procedures, both of which may give rise to the avoidance of air travel generally and the switching from air to surface travel modes.

Intensified security precautions instituted by government agencies, airlines and airport operators have vastly increased costs, some of which have been or will be passed on to travelers and airlines. Despite the increased security measures, additional acts of terrorism resulting in disruption to the North American air traffic system, increased passenger and flight delays, damage to the Airport, reductions in Airport passenger traffic, decreased airline profitability and/or reductions in Revenues, remain possible. Terrorist attacks, civil disturbances, or any other events that undermine confidence in the safety of air travel or the travel industry as a whole likely would have an immediate and material effect on air travel demand.

The TSA issued National Amendment (TSA-NA-23-02) was disseminated to all airport operators on April 27, 2023, with a mandatory effective date of September 25, 2023. The intent of this amendment seeks to enhance insider threat deterrence and detection for every aviation worker with access to the Secured or Sterile Areas of a U.S. domestic, federally-regulated airport, each work day. Action items are set forth as a mandatory requirements of certain regulated airport operators to develop a policy, train the policy, research and acquire proper equipment. The action items include: signage at all access points, a program to staff and train screening teams at each access point, and acquire proper equipment to conduct the screenings. TSA-NA-23-02 does not provide funding to airports to accomplish the federal mandate.

Aviation Public Health Considerations

Public health and safety concerns have also affected air travel demand from time to time. Disease outbreaks pose an unpredictable danger in various ways, such as customer confidence, health and safety, international travel policies, and the well-being and availability of sufficient staffing and labor. In 2020, the COVID-19 pandemic became a significant threat to the entire aviation industry. Widespread vaccination helped contain the spread of the disease, restoring people's confidence in the public health and safety of air travel, and increasing people's comfort level with crowded spaces. It aided the recovery of air travel and the overall U.S. economy. Current infection levels sit among

the lowest numbers throughout the pandemic history. The World Health Organization ended COVID-19's global emergency status as of May 5, 2023, and soon after on May 11, 2023, the United States also ended its federal COVID-19 public health emergency. That said, continuous awareness of COVID-19 and proper health safety practices remain essential to minimize serious illness, hospitalizations, and fatalities while maintaining public confidence. Other previous travel alerts or advisories include the 2016 travel alert by the U.S. Centers for Disease Control and Prevention warning pregnant women to avoid travel to areas where outbreaks of the Zika virus, which has been linked to birth defects, were occurring. In 2009, WHO and the U.S. Department of Health and Human Services (through the Secretary of the Department of Homeland Security) declared public health emergencies as the result of outbreaks of a serious strain of H1N1 influenza or "flu." In spring 2003, there was an outbreak of a serious strain of bird flu in Asia and Canada called "Severe Acute Respiratory Syndrome" or SARS. Future outbreaks or pandemics, of greater severity or duration than the COVID pandemic, could occur, resulting in decrease in air traffic, disruption to the global supply chain, interruption in manufacturing and construction operations and other unexpected incidents, of a magnitude greater than what the Airport has experienced during the COVID pandemic, that could materially interfere with the Airport's implementation of its CIP and other operations, or the operations of the airlines operating at Airport.

FAA Reauthorization and Federal Funding

The County depends on federal funding for the Airport in connection with grants and PFC authorizations, as well as for the funding that provides for TSA, FIS, air traffic control and other FAA staffing and facilities. Federal funding must be appropriated by Congress for these services. From time to time, there may be a gap in appropriation authority due to Congressional or Presidential inaction. When this occurs, federal agencies must discontinue all nonessential, discretionary functions until new funding legislation is enacted and signed into law, while essential services and mandatory spending programs continue to function. Air traffic controllers, TSA screeners and Customs and Border Protection ("CBP") agents providing services at U.S. airports are considered essential federal employees that are required to work without pay during any gaps in appropriation authority. It is possible that a future gap in federal appropriation authority could result in significant operational or financial effects on the County.

Federal funding also is impacted by sequestration under the Budget Control Act of 2011. Except to the extent changed by Congress from time to time, sequestration is a multi-year process and could continue to affect FAA, TSA and CBP budgets and staffing, which results in staffing shortages and furloughs and traffic delays at the Airport and nationwide. Some of the TSA funding shortages are being addressed by increasing the amount (and removing the cap) on the security fees on tickets, but such fees have been controversial, and no assurance can be given that such fees will be sufficient or that the increased ticket costs will not result in lower passenger enplanements.

The FAA currently operates under the FAA Reauthorization Act of 2018, which authorizes its operations and programs and provides funding through September 30, 2023. If the FAA authorization were to expire without a long-term reauthorization or short-term extension, during such period FAA programs would be unauthorized, including FAA programs providing funding for the Airport.

The FAA may reduce discretionary grants in the future. The reduction in discretionary grants awarded to the Airport increases by a corresponding amount the capital expenditures that the County needs to fund from other sources, including operating revenues, PFCs and Bond proceeds. Project costs are subject to audit by the funding agencies to ensure that the costs are allowable under the grant agreements. If any project costs are disallowed, amounts recorded as grants receivable will be reduced or refunded to the respective funding agencies.

The FAA currently disburses grant funds to the Airport through the AIP, however there are several proposals that would reduce or eliminate funding for the AIP. Additional proposals to reduce or eliminate AIP funding may be made in the future. Further, AIP grants to airports are subject to passage of annual congressional appropriation bills and funding may be reduced or eliminated in any year.

It is difficult for the County to predict the occurrence of the events or changes to the programs described in this section captioned "Federal Funding Considerations" or the potential effect of such events or changes on the finances and operations of the County and its revenues until the extent and duration of such events or changes are known.

On November 15, 2021, the Infrastructure Investment and Jobs Act, Pub. L. 117-58 (also referred to as the Bipartisan Infrastructure Legislation, or BIL) was signed into law. The BIL included two new limited duration grant programs

for airports: 1) the Airport infrastructure program (primarily a formula funding program); and 2) the Airport Terminal program (a competitive or discretionary funding program). The BIL also substantially expanded the scope of airport capital development that can qualify for credit assistance under the Transportation Infrastructure Finance and Innovation Act of 1998 (TIFIA) and modified other aspects of the TIFIA program. The BIL appropriates a total of \$15 billion spread equally over five years (or \$3 billion per year) for federal fiscal year 2022 through 2026.

Federal Law Affecting Rates and Charges

Rates and charges for aeronautical use of an airport imposed pursuant to a written agreement between the air carriers operating at an airport and the operator of the airport are generally not subject to federal regulation except for regulations designed to ensure that such rates are not discriminatory. The 2024 AULA between the Airport and the Signatory Airlines is expected to provide a formula for establishing rates and charges for use of the aeronautical facilities at the Airport. Accordingly, the County believes that the provisions of the 2024 AULA will be consistent with the FAA regulations and the County's grant assurances, to the extent the same are applicable. The 2024 AULA is expected to expire (unless sooner terminated pursuant to their terms) on December 31, 2028.

Airlines operating at the Airport which do not execute the AULA are referred to as "Nonsignatory Airlines". Such airlines, as well as other aircraft utilizing the Airport on an itinerant basis, are charged a surcharge equal to 125% of the rates and charges imposed under the 2024 AULA. Such Nonsignatory Airline operations constitute only a small percentage of total operations at the Airport.

For rates and charges not determined pursuant to an agreement, federal aviation law requires, in general, that airport fees be reasonable and nondiscriminatory. In order to receive federal grant funding, all airport generated revenues must be expended for the capital or operating costs of the airport, the local airport system, or other local facilities owned or operated by the airport owner that are directly and substantially related to air transportation of passengers or property. Pursuant to the requirements of the Federal Aviation Administration Authorization Act of 1994, USDOT and FAA have promulgated regulations setting forth an expedited hearing process to be followed in determining the reasonableness of airport rates and charges, and have also promulgated a policy statement (the "Rates and Charges Policy"), which sets forth the standards that USDOT uses in determining the reasonableness of the fees charged to airlines and other aeronautical users.

Future FAA Rules, Regulations or guidelines may limit the Authority's flexibility in negotiating new airline agreements or in setting rates and charges for use of the Airport's airfield and non-airfield facilities. While there are no currently pending proposals to effectuate such changes in Congress or by the FAA or USDOT, there can be no assurance that new proposals will not be forthcoming which could impact Airport financial models. Any new FAA guidelines or any standards promulgated by a court in connection with a dispute could limit the amounts and allocation of costs payable by airlines serving the Airport. Until USDOT promulgates a new policy regarding rates and charges, the guiding principle for determining whether rates and charges established for use of airport assets is the requirement of federal law that such charges be reasonable.

PFC Revenues and Other Sources of Funding

The plan of finance for the County's 2024-2028 CIP for the Airport System assumes that PFC revenues, federal grants and other sources of funding will be received in certain amounts and at certain times to pay certain project costs. See "AIRLINE-AIRPORT USE AND LEASE AGREEMENT – Five-Year Capital Improvement Plan" above. No assurance can be given that these sources of funding will be available in the amounts or on the schedule assumed.

The amount of PFC revenue collected by airlines for the Airport in past years has varied, and in future years will vary, based upon the actual number of passenger enplanements at the Airport. No assurance can be given that any level of enplanements will be realized. This adverse impact of decreased enplanements could be direct or indirect. For example, PFC shortfalls could result in increases in terminal rentals or landing fees at the Airport, thereby negatively impacting the airlines' desire to operate at the Airport. Furthermore, under the terms of the PFC Act, the FAA may terminate the County's authority to impose a PFC if the County's PFC revenues are not being used for approved projects in accordance with the FAA's approval, the PFC Act or the regulations promulgated thereunder, or if the County otherwise violates the PFC Act or regulations. The FAA may also terminate the County's authority to impose a PFC for a violation by the County of the Airport Noise and Capacity Act. The PFC termination provisions contained

in the regulations provide both informal and formal procedural safeguards. The FAA's PFC regulations require Collecting Carriers (as defined in the PFC Act) to account for PFC collections separately, and indicate that such funds are to be regarded as trust funds held by the Collecting Carriers for the beneficial interest of the public agency imposing the PFC. In early cases in which PFCs were at issue, certain bankruptcy court decisions indicated that PFCs may not be treated as trust funds and that airports are not entitled to any priority over other creditors of the Collecting Carrier as to such funds. In the more recent cases, such as the American Airlines bankruptcy, however, the bankruptcy court has recognized the airports' interests in PFCs and taken steps to segregate PFCs from airline revenues. Where an air carrier files for bankruptcy protection and liquidates, however, such as the Direct Air bankruptcy, PFC revenues may not be recoverable if they have been expended by the carrier before such filing. A portion of the principal of and interest on Series 2023 Bonds and certain other Outstanding Bonds is expected to be paid from PFC Revenues See "AIRPORT REVENUE DEBT BY PAYMENT SOURCE" above.

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

Cybersecurity

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, ransomware and other attacks to 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's 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 or damage. To mitigate the risk of business operations impact and/or damage by cybersecurity incidents or cyber-attacks, the County invests in multiple forms of cybersecurity and operational safeguards.

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

The airlines serving the Airport and other Airport tenants, as well as the FAA and TSA, also face cybersecurity threats that could affect their operations or finances. Notwithstanding security measures, information technology and infrastructure at 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 therein. Any such disruption or other loss of information could disrupt 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.

In March 2023, the TSA issued a new cybersecurity amendment on an emergency basis to the security programs of certain TSA-regulated airport and aircraft operators, following similar measures announced in October 2022 for passenger and freight railroad carriers. This is part of the Department of Homeland Security's efforts to increase the cybersecurity resilience of U.S. critical infrastructure. TSA took the emergency action because of persistent cybersecurity threats against U.S. critical infrastructure including the aviation sector. The new emergency amendment requires that impacted TSA-regulated entities develop an approved implementation plan that describes measures they are taking to improve their cybersecurity resilience and prevent disruption and degradation to their infrastructure.

Affected TSA-regulated entities must also proactively assess the effectiveness of these measures, which include the following actions: develop network segmentation policies and controls to ensure that operational technology systems can continue to safely operate in the event that an information technology system has been compromised, and vice versa; create access control measures to secure and prevent unauthorized access to critical cyber systems; implement continuous monitoring and detection policies and procedures to defend against, detect, and respond to cybersecurity threats and anomalies that affect critical system operations; and reduce the risk of exploitation of unpatched systems through the application of security patches and updates for operating systems, applications, drivers, and firmware on critical cyber systems in a timely manner using a risk-based methodology.

Environmental Regulations

The FAA has jurisdiction over certain environmental matters, including soundproofing. Airport noise is a significant federal and local issue, which may require substantial capital investments by the industry and/or airport operators, including the Airport, from time to time to meet applicable standards.

The EPA is responsible for regulating air quality and water quality. The potential exists for additional federal regulation that may require capital expenditures or changes in operations at the Airport's facilities.

Per- and Polyfluoroalkyl Substances (PFAS) are a group of manufactured chemicals that have been used in industry and consumer products since the 1940s. Many organizations worldwide mandate the use of firefighting foam that contains PFAS, known as Aqueous Film Forming Foam (AFFF), because of its effectiveness in fighting aircraft fires. However, per the EPA, certain PFAS can cause serious health problems, including cancer, if people are exposed to them over a long period of time, and they can also be harmful to aquatic and terrestrial organisms. As a result, the FAA and the Department of Defense (DoD) have engaged in a significant research project to test fluorine-free foam (F3). In December 2022, Congress directed the FAA to prepare a transition plan to ensure an orderly move to military specification (MILSPEC) F3 for aircraft firefighting. The FAA published the Aircraft Firefighting Foam Transition Plan dated May 8, 2023 to satisfy the congressional directive. In January 2023, DoD published an F3 MILSPEC and foam manufacturers can now submit MILSPEC F3 agents for qualification by DoD. Once DoD certifies that a foam meets the new specification it will be added to the Qualified Product List.^{1,2}

Airports are nationally understood to be locations for PFAS. At present, there is no FAA-approved alternative to the use of firefighting foam that does not contain PFAS. The Airport is currently working with the Wisconsin Department of Natural Resources to produce a Site Investigation Report and Remedial Action Options Report. No assurance can be given that any future investigation and/or remediation costs for any such contamination will not be material.

Climate Change

Projections of the impacts of global climate change on the County and the Airport, and on the County and the Airport's operations are complex and depend on many factors that are outside the County's control. The various scientific studies that forecast the amount and timing of the adverse impacts of global climate change are based on assumptions contained in such studies, but actual events are proving to be unpredictable and may vary materially. Also, the scientific understanding of climate change and its effects continues to evolve. Accordingly, the County is unable to forecast when adverse impacts of climate change (e.g., the occurrence and frequency of 100-year storm events) will occur. In particular, the County cannot predict the timing or precise magnitude of adverse economic effects, including, without limitation, material adverse impacts on the business operations or financial condition of the County and the local economy during the term of the bonds. While the impacts of climate change may be mitigated by the County's past and future investment in adaptation strategies, the County can give no assurance about the net effects of those strategies and whether the County will be required to take additional adaptive mitigation measures.

¹ https://www.faa.gov/airports/airport_safety/aircraft_rescue_fire_fighting/f3_transition*

² https://www.faa.gov/airports/airport_safety/aircraft_rescue_fire_fighting/f3_transition/aircraft-firefighting-foam-transition-plan*

* Such website is not maintained by parties to this transaction and no information is incorporated herein by reference.

Beyond the direct adverse material impact of global climate change itself, present, pending and possible regulations aimed at curbing the effects of climate change may directly or indirectly materially impact the operations or financial condition of the County. Of particular importance are regulations pertaining to GHG emissions. According to the United States Environmental Protection Agency (“EPA”), aircraft account for 12% of all U.S. transportation GHG emissions and 3% of total U.S. GHG emissions. In 2016 the EPA finalized an “endangerment” finding that GHG emissions from aircraft cause or contribute to air pollution that endangers public health or welfare, triggering the Clean Air Act Section 231’s requirement to regulate, aircraft GHG emissions. In March 2017, the International Civil Aviation Organization (“ICAO”), a specialized agency within the United Nations, adopted fuel-efficiency based GHG emission standards and GHG carbon neutral growth targets applicable to (i) new aircraft type designs as of 2020 and (ii) new deliveries of current in-production aircraft models from 2023. The global standard, which applies to aircraft over 5,700 kilograms that emit more than 10,000 metric tons CO₂, includes a cutoff date of 2028 for production of non-compliant aircraft. The ICAO also passed in October 2016 a market-based mechanism to curb emissions, the Carbon Offsetting and Reduction Scheme for International Aviation (“CORSIA”). CORSIA is designed to achieve carbon-neutral growth for international (but not domestic) civil aviation from 2020 onwards, via pilot, volunteer and mandatory phases. As of January 31, 2018, 73 nations representing 87.7% of international aviation activity, including the United States, have indicated that they will participate in the pilot and volunteer phases of CORSIA. Two means for airlines to comply with CORSIA are through: 1) the purchase of carbon offsets and 2) claiming emission reductions through CORSIA eligible fuels. Consequently, CORSIA is expected to drive airline demand for sustainable aviation fuels (SAF) and potentially the need for future SAF infrastructure at airports.

In December 2020, as a result of the endangerment finding, EPA established CO₂ emission standards for aircraft that match the standards adopted by ICAO in 2017. In March 2021, Airlines for America (“A4A”), the industry trade organization representing U.S. airlines, announced the commitment of its member carriers to achieve net-zero carbon emissions by 2050. As part of that commitment, A4A carriers pledged to work toward rapid expansion of the production and deployment of commercially viable SAF to make two billion gallons of SAF available to U.S. aircraft operators in 2030.

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

Potential Limitation of Tax Exemption of Interest on the Series 2023 Bonds

From time to time, the President of the United States, the United States Congress and/or state legislatures have proposed and could propose in the future, legislation that, if enacted, could cause interest on the Series 2023 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners of the Series 2023 Bonds from realizing the full current benefit of the tax status of such interest. Clarifications of the Internal Revenue Code of 1986, as amended (the “Code”), or court decisions may also cause interest on the Series 2023 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation. The introduction or enactment of any such legislative proposals or any clarification of the Code, or court decisions may also affect the market price for, or marketability of, the Series 2023 Bonds. Prospective purchasers of the Series 2023 Bonds should consult their own tax advisors regarding any such pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Forward-Looking Statements

This Official Statement and APPENDIX A “FINANCIAL FEASIBILITY REPORT,” contain 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,” “forecast,” “projection,” “intend,” “expect,” and similar expressions identify forward looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward looking statements. Among the factors that may cause projected 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.

Municipal Bankruptcy

Municipalities are prohibited from filing for bankruptcy under Chapter 11 (reorganization) or Chapter 7 (liquidation) of the U.S. Bankruptcy Code (11 U.S.C. §§ 101-1532) (the “Bankruptcy Code”). Instead, the Bankruptcy Code permits municipalities to file a petition under Chapter 9 of the Bankruptcy Code, but only if certain requirements are met. These requirements include that the municipality must be “specifically authorized” under State law to file for relief under Chapter 9. For these purposes, “State law” may include, without limitation, statutes of general applicability enacted by the State legislature, special legislation applicable to a particular municipality, and/or executive orders issued by an appropriate officer of the State’s executive branch.

As of the date hereof, Wisconsin law contains no express authority for municipalities to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code.

Nevertheless, there can be no assurance (a) that State law will not change in the future, while the Series 2023 Bonds are outstanding, in a way that would allow the County to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code; or (b) even absent such a change in State law, that an executive order or other executive action could not effectively authorize the County to file for relief under Chapter 9. If, in the future, the County were to file a bankruptcy case under Chapter 9, the relevant bankruptcy court would need to consider whether the County could properly do so, which would involve questions regarding State law authority as well as other questions such as whether the County is a municipality for bankruptcy purposes. If the relevant bankruptcy court concluded that the County could properly file a bankruptcy case, and that determination was not reversed, vacated, or otherwise substantially altered on appeal, then the rights of holders of the Series 2023 Bonds could be modified in bankruptcy proceedings. Such modifications could be adverse to holders of the Series 2023 Bonds, and there could ultimately be no assurance that holders of the Series 2023 Bonds would be paid in full or in part on the Series 2023 Bonds. Further, under such circumstances, there could be no assurance that the Series 2023 Bonds would not be treated as general, unsecured debt by a bankruptcy court, meaning that claims of holders of the Series 2023 Bonds could be viewed as having no priority (a) over claims of other creditors of the County; (b) to any particular assets of the County, or (c) to revenues otherwise designated for payment to holders of the Series 2023 Bonds.

Moreover, if the County were determined not to be a “municipality” for the purposes of the Bankruptcy Code, no representations can be made regarding whether it would still be eligible for voluntary or involuntary relief under Chapters of the Bankruptcy Code other than Chapter 9 or under similar federal or state law or equitable proceeding regarding insolvency or providing for protection from creditors. In any such case, there can be no assurance that the consequences described above for the holders of the Series 2023 Bonds would not occur.

General

The County derives a substantial portion of its operating revenues from landing fees and facility rental fees paid by airlines using the Airport System. The financial strength and stability of these airlines, together with numerous other factors, influence the level of aviation activity within the Airport System and revenues, including PFCs, realized by the County. Individual airline decisions regarding level of service also affect total enplanements.

Performance of Major Airlines at the Airport

The performance of major airlines operating at the Airport can affect future passenger traffic. The four largest airlines accounted for approximately 85.4% of 2022 enplanements. The future operational and financial performances of these airlines will likely influence air traffic activity at the Airport.

Airline Information

Southwest, Delta, American, and United, the airlines with the highest market shares at the Airport, along with certain other major and national airlines serving the Airport or their respective parent corporations are subject to the periodic reporting requirements of the Exchange Act and, in accordance therewith, file reports and other information with the Securities and Exchange Commission. Certain information, including financial information, as of particular dates concerning such airlines or their respective parent corporations is disclosed in certain reports and statements filed with the Commission. Such reports and statements can be inspected in the Public Reference Room of the Commission at 450 Fifth St., N.W., Washington, D.C. 20549, and at the Commission's regional offices at 500 West Madison Street, Suite 1400, Chicago, Illinois 60661; and copies of such reports and statements can be obtained from the Public Reference Section of the Commission, 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. Additional information with respect to the filings of the airlines may be retrieved at the SEC.gov site using the SEC's EDGAR database. In addition, each airline is required to file periodic reports of financial and operating statistics with the Department of Transportation. Such reports can be inspected at the following location: Office of Aviation Information Management, Data Requirements and Public Reports Division, Research and Special Programs Administration, Department of Transportation, 400 7th Street, S.W., Washington, D.C. 20590.

Neither the County nor the Underwriter undertake any responsibility for and make no representations as to the accuracy or completeness of the content of information available from the Securities and Exchange Commission or the U.S. Department of Transportation as discussed in the preceding paragraph, including, but not limited to, updates of such information or links to other internet sites accessed through the Commission's website.

LITIGATION

As certified by authorized representatives and officials of the County, there is no threatened or pending litigation of any nature against the County or its employees which is likely to result in a judgment that would affect the issuance and delivery of the Series 2023 Bonds or the setting and collection of rates, fees and charges necessary to pay the principal and interest thereon, and the corporate existence, the boundaries of the County, and the title of its present officers to their respective offices is not being contested.

There are lawsuits pending before the United States District Court for the Eastern District of Wisconsin, United States Court of Appeals for the Seventh Circuit, and Wisconsin state courts against the County as a body corporate or its employees. Based upon information and knowledge about such matters and past experience, the County does not believe that such litigation will result in a final judgment against the County or its employees that would materially affect the County's financial position; however, it is impossible to guarantee the outcome of any litigation, which is determined by various factors including the decisions of the courts and juries.

CERTAIN LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the Series 2023 Bonds are subject to the approving legal opinion of Quarles & Brady LLP, Milwaukee, Wisconsin, and Emile Banks & Associates, LLC, Milwaukee, Wisconsin, Co-Bond Counsel (the "Co-Bond Counsel"), who have been retained by, and act as, Co-Bond Counsel to the County. Certain legal matters in connection therewith will be passed upon for the County by the Milwaukee County Corporation Counsel and for the Underwriter by its counsel, Orrick Herrington & Sutcliffe LLP.

Quarles & Brady LLP has been retained by the County to serve as Disclosure Counsel to the County with respect to the Series 2023 Bonds. Although, as Disclosure Counsel to the County, Quarles & Brady LLP has assisted the County with certain disclosure matters, Quarles & Brady LLP has not undertaken to independently verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the Series 2023 Bonds and assumes no responsibility whatsoever nor shall have any liability to any other party for the statements or information contained or incorporated by reference in this Official Statement. Further, Quarles & Brady LLP makes no representation as to the suitability of the Series 2023 Bonds for any investor.

TAX EXEMPTION

Quarles & Brady LLP, Milwaukee, Wisconsin, and Emile Banks & Associates, LLC, Milwaukee, Wisconsin, Co-Bond Counsel, will deliver legal opinions with respect to the federal income tax exemption applicable to the interest on the Series 2023 Bonds under existing law substantially in the following forms:

The interest on the Series 2023 Bonds is not exempt from present Wisconsin income or franchise taxes.

In addition, prospective purchasers of the Series 2023 Bonds should be aware that ownership of the Series 2023 Bonds may result in collateral federal income tax consequences to certain taxpayers. Co-Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the Series 2023 Bonds should consult their tax advisors as to collateral federal income tax consequences.

Tax-Exemption

“The interest on the Series 2023 Bonds is excludable for federal income tax purposes from the gross income of the owners of the Series 2023 Bonds, except for interest on any Series 2023 Bonds held by a “substantial user” of the facilities financed by the Series 2023 Bonds or a “related person” within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the “Code”). Interest on the Series 2023 Bonds is, however, an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and is taken into account in determining the “adjusted financial statement income” for purposes of comparing the federal alternative minimum tax imposed on Applicable Corporations (as defined in Section 59(k) of the Code) for taxable years beginning after December 31, 2022. The Code contains requirements that must be satisfied subsequent to the issuance of the Series 2023 Bonds in order for interest on the Series 2023 Bonds to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Series 2023 Bonds. The County has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the County comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Series 2023 Bonds.

From time to time legislation is proposed, and there are or may be legislative proposals pending in the Congress of the United States that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Series 2023 Bonds. It cannot be predicted whether, or in what form, any proposal that could alter one or more of the federal tax matters referred to above or adversely affect the market value of the Series 2023 Bonds may be enacted. Prospective purchasers of the Series 2023 Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Co-Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

Not Bank Qualified Obligations

The Series 2023 Bonds shall not be designated as “Qualified Tax-Exempt Obligations” for purposes of Section 265(b)(3) of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

Original Issue Discount

To the extent that the initial public offering price of certain of the Series 2023 Bonds is less than the principal amount payable at maturity, such Series 2023 Bonds (“Discounted Bonds”) will be considered to be issued with original issue discount. The original issue discount is the excess of the stated redemption price at maturity of a Discounted Bond over the initial offering price to the public, excluding underwriters or other intermediaries, at which price a substantial amount of such Discounted Bonds were sold (issue price). With respect to a taxpayer who purchases a Discounted Bond in the initial public offering at the issue price and who holds such Discounted Bond to maturity, the full amount of original issue discount will constitute interest that is not includible in the gross income of the owner of such

Discounted Bond for federal income tax purposes and such owner will not, subject to the caveats and provisions herein described, realize taxable capital gain upon payment of such Discounted Bond upon maturity.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discounted Bond, on days that are determined by reference to the maturity date of such Discounted Bond. The amount treated as original issue discount on a Discounted Bond for a particular semiannual accrual period is generally equal to (a) the product of (i) the yield to maturity for such Discounted Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discounted Bond at the beginning of the particular accrual period if held by the original purchaser; and less (b) the amount of any interest payable for such Discounted Bond during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discounted Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If a Discounted Bond is sold or exchanged between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

For federal income tax purposes, the amount of original issue discount that is treated as having accrued with respect to such Discounted Bond is added to the cost basis of the owner in determining gain or loss upon disposition of a Discounted Bond (including its sale, exchange, redemption, or payment at maturity). Amounts received upon disposition of a Discounted Bond that are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain.

The accrual or receipt of original issue discount on the Discounted Bonds may result in certain collateral federal income tax consequences for the owners of such Discounted Bonds. The extent of these collateral tax consequences will depend upon the owner's particular tax status and other items of income or deduction.

The Code contains additional provisions relating to the accrual of original issue discount. Owners who purchase Discounted Bonds at a price other than the issue price or who purchase such Discounted Bonds in the secondary market should consult their own tax advisors with respect to the tax consequences of owning the Discounted Bonds. Under the applicable provisions governing the determination of state and local taxes, accrued interest on the Discounted Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment until a later year. Owners of Discounted Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Discounted Bonds.

Bond Premium

To the extent that the initial offering price of certain of the Series 2023 Bonds is more than the principal amount payable at maturity, such Series 2023 Bonds ("Premium Bonds") will be considered to have bond premium.

Any Premium Bond purchased in the initial offering at the issue price will have "amortizable bond premium" within the meaning of Section 171 of the Code. The amortizable bond premium of each Premium Bond is calculated on a daily basis from the issue date of such Premium Bond until its stated maturity date on the basis of a constant interest rate compounded at each accrual period (with straight line interpolation between the compounding dates). An owner of a Premium Bond that has amortizable bond premium is not allowed any deduction for the amortizable bond premium; rather the amortizable bond premium attributable to a taxable year is applied against (and operates to reduce) the amount of tax-exempt interest payments on the Premium Bonds. During each taxable year, such an owner must reduce his or her tax basis in such Premium Bond by the amount of the amortizable bond premium that is allocable to the portion of such taxable year during which the holder held such Premium Bond. The adjusted tax basis in a Premium Bond will be used to determine taxable gain or loss upon a disposition (including the sale, exchange, redemption, or payment at maturity) of such Premium Bond.

Owners of Premium Bonds who did not purchase such Premium Bonds in the initial offering at the issue price should consult their own tax advisors with respect to the tax consequences of owning such Premium Bonds. Owners of Premium Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Premium Bonds.

UNDERWRITING

The Series 2023 Bonds are being purchased by Citigroup (the “Underwriter”) subject to certain terms and conditions set forth in the Bond Purchase Agreement between the County and the Underwriter, including the approval of certain legal matters by Co-Bond Counsel and the existence of no material adverse change in the condition of the Airport System’s finances from that set forth in this Official Statement.

The purchase price payable by the Underwriter for the Series 2023A Bonds is \$28,569,010.57 representing the par amount plus net original issue premium of \$1,406,448.65 and less an Underwriter’s discount of \$82,438.08. The Series 2023A Bonds are offered for sale to the public at the prices producing the yields set forth on the inside cover page of this Official Statement. The Series 2023A Bonds may be offered and sold to certain dealers at prices lower than such public offering prices, and the Underwriter may change such offering prices, from time to time.

The purchase price payable by the Underwriter for the Series 2023B Bonds is \$10,475,086.52 representing the par amount plus original issue premium of \$370,901.75 and less an Underwriter’s discount of \$30,815.23. The Series 2023B Bonds are offered for sale to the public at the prices producing the yields set forth on the inside cover page of this Official Statement. The Series 2023B Bonds may be offered and sold to certain dealers at prices lower than such public offering prices, and the Underwriter may change such offering prices, from time to time.

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

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

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

Citigroup Global Markets Inc., an underwriter of the Series 2023 Bonds, has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, “Fidelity”). Under this distribution agreement, Citigroup Global Markets Inc. will compensate Fidelity for its selling efforts.

CO-FINANCIAL ADVISORS

The County has retained PFM Financial Advisors, LLC, Milwaukee, Wisconsin, and Independent Public Advisors, LLC, Kansas City, Missouri, as Co-Financial Advisors (the “Co-Financial Advisors”) with respect to the issuance of the Series 2023 Bonds. The Co-Financial Advisors have relied upon governmental officials and other sources to provide assistance to the County. The Co-Financial Advisors have reviewed this Official Statement but have not been engaged, nor have they undertaken, to independently verify the accuracy of such information. The Co-Financial Advisors are not public accounting firms and have not been engaged by the County to compile, review, examine or audit any information in this Official Statement in accordance with accounting standards. Both PFM Financial Advisors, LLC and Independent Public Advisors, LLC are registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board as a municipal advisor. The Co-Financial Advisors will not participate in the underwriting of the Series 2023 Bonds.

Requests for information concerning the County may be addressed to PFM Financial Advisors, LLC, 115 South 84th Street, Suite 315, Milwaukee, Wisconsin 53214, (414/771-2700).

RATINGS

The Series 2023 Bonds have been assigned municipal bond ratings of "A+" by Fitch Ratings ("Fitch"), and "A1" by Moody's Investors Service, Inc. ("Moody's"). The rating outlooks for the Series 2023 Bonds from Fitch and Moody's are both "stable".

The ratings do not constitute a recommendation by the rating agencies to buy, sell or hold the Series 2023 Bonds. A further explanation of the significance of the ratings must be obtained from the rating agencies. The ratings are subject to revision or withdrawal at any time by the respective rating agency, and there is no assurance that a rating will continue for any period of time or that it will not be revised or withdrawn. Any downward revision or withdrawal of a rating may have an adverse effect on the market price of the Series 2023 Bonds.

AVAILABILITY AND INCORPORATION BY REFERENCE OF DOCUMENTS AND FINANCIAL INFORMATION

On August 11, 2023, the County filed with the Municipal Securities Rulemaking Board ("MSRB"), the Annual Comprehensive Financial Report of the County for the year ended December 31, 2022 (the "County ACFR"). There is hereby included in this Official Statement by this reference the information contained in the County ACFR with respect to the Airport System, which information should be read in its entirety in conjunction with this Official Statement.

A copy of the County ACFR may be obtained from the MSRB (<http://emma.msrb.org/>) or the County's website (<http://county.milwaukee.gov/ComprehensiveAnnualF12237.htm>).

CONTINUING DISCLOSURE

In order to assist the Underwriter in complying with SEC Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission, pursuant to the Securities Exchange Act of 1934, as amended, as authorized by the 2023 Supplemental Resolution, the County will enter into Continuing Disclosure Certificates (the "Continuing Disclosure Certificates") for the benefit of the owners of the Series 2023 Bonds to provide certain financial information and operating data relating to the County to the MSRB through the Electronic Municipal Market Access system ("EMMA"), and to provide notices to EMMA of the occurrence of certain events enumerated in the Rule. The terms and conditions of the Continuing Disclosure Certificates, as well as the information to be contained in the annual report or the notices of material events, are set forth in the Continuing Disclosure Certificates to be executed and delivered by the County at the time the Series 2023 Bonds are delivered. The Continuing Disclosure Certificates will be in substantially the forms attached hereto as Appendix C.

In the previous five years, the County has not failed to comply in all material respects with any previous continuing disclosure undertakings under the Rule.

In recognition of the importance of complying with its obligations under the County's continuing disclosure certificates, the County implemented procedures in early 2013 to help ensure future compliance. The County has strengthened its internal controls by placing debt issuance and the associated disclosure requirements under the direct supervision of the Office of the Comptroller of the County.

A failure by the County to comply with the Continuing Disclosure Certificates will not constitute an event of default on the Series 2023 Bonds or under the Bond Resolutions (although owners of the Series 2023 Bonds will have the right to obtain specific performance under the Continuing Disclosure Certificates). Nevertheless, such a failure must be reported in accordance with the Rule.

CERTIFICATION

As of the date of the settlement of the Series 2023 Bonds, the Underwriter will be furnished with a certificate signed by the Comptroller, or his designee. The certificate will state that, as of the date of this Official Statement, this Official Statement did not and does not, as of the date of the certificate, contain any untrue statement of material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

* * * * *

MILWAUKEE COUNTY, WISCONSIN

By: _____
Name:
Title:

APPENDIX A

FINANCIAL FEASIBILITY REPORT

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MILWAUKEE MITCHELL INTERNATIONAL AIRPORT

Airport Revenue Refunding Bonds, Series 2023A (AMT) and 2023B (AMT) FINANCIAL FEASIBILITY REPORT

September 12, 2023



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SECTION 1 | INTRODUCTION

The purpose of this Financial Feasibility Report (the Report) is to evaluate the financial impact of the issuance of the Milwaukee County (the County) Airport Revenue Refunding Bonds, Series 2023A (AMT) (the Series 2023A Bonds) refunding all of the outstanding maturities of the County's Airport Revenue Bonds, Series 2013A, dated August 14, 2013 (the Series 2013A Bonds) and Airport Revenue Refunding Series 2023B (AMT) (the Series 2023B Bonds) refunding all of the outstanding maturities of the County's Airport Revenue Refunding Bonds, Series 2014A, dated November 6, 2014 (the Series 2014A Bonds and with the 2013A Bonds, the Refunded Bonds). The Series 2023A Bonds are being issued totaling \$27.3 million par value and the Series 2023B Bonds are being issued at a par value totaling \$10.1 million. The Series 2023A Bonds and Series 2023B Bonds (collectively the Series 2023 Bonds) are being issued in the aggregate par amount totaling approximately \$37.4 million. The Series 2023 Bonds are being issued pursuant to a General Bond Resolution adopted by the County Board of Supervisors (the Board) on June 22, 2000, which established the airport revenue bond program (the General Resolution) and a supplemental resolution adopted on March 23, 2023 (the 2023 Supplemental Resolution) and together with the General Resolution, (the Bond Resolutions). The proceeds of the Series 2023 Bonds, along with cash available, will be used to refund all of the outstanding maturities of the Series 2013A Bonds dated August 14, 2013 and Series 2014A Bonds, dated November 6, 2014. The remaining proceeds will be used to (1) fund the debt service reserve accounts and (2) to pay for certain costs of issuance related to the issuance of the Series 2023 Bonds. The Series 2023 Bonds are being issued by the County, which owns and operates the General Mitchell International Airport (the Airport or MKE) and Lawrence J. Timmerman Airport (Timmerman Airport), which together comprise the Milwaukee County Airport System (the Airport System).

The Report is organized as follows:

- **Section 1 | Introduction** provides background information regarding the Airport System and its facilities, the County and its officials, the key members of the Airport System Management, and the Airport System's proposed calendar year (CY) 2024-2028 Capital Improvement Program (5-Year CIP 2024-2028).
- **Section 2 | Regional and Macroeconomic Environment** defines the Airport's air service area and discusses relevant demographic and economic trends. It provides context for the analysis and forecast of air traffic activity in Section 3.
- **Section 3 | Commercial Aviation Activity** reviews the historical commercial aviation activity at the Airport and explains the factors underlying trends. It presents two forecast scenarios for CY2023-2028, which provide input to the financial analysis in Section 4.
- **Section 4 | Financial Analysis** describes the framework for the financial operation of the Airport System, including a summary of the Airport Use and Lease Agreement (AULA). It presents the Airport System's historical revenues and expenses for CY2018-2022, the budget for CY2023, and projections of Revenues, Operation and Maintenance Expenses

(O&M), Debt Service, Net Revenues, and Debt Service Coverage for CYs2024-2028. The financial projections and sensitivity analysis use the forecasts of enplanements and landed weight developed in Section 3. CY2023 follows the terms of the Amended AULA, which became effective January 1, 2021, and expires December 31, 2023 for the period through CY2023. The financial projections covering CYs2024 – 2028 are based on the new amended AULA (the 2024 AULA), which is being negotiated by Airport management and the Airlines with similar terms to the Amended AULA. Airport management expects the 2024 AULA to be completed before the expiration of the Amended AULA.

1.1 | The Milwaukee County Airport System

The Airport is located approximately six miles south of Milwaukee's downtown area and one mile east of Interstate 94, which connects to the Airport via a spur freeway. It encompasses about 2,331 acres, including the MKE Regional Business Park. The Airport is the largest air carrier airport in the state of Wisconsin, serving the Milwaukee-Waukesha, WI, Metropolitan Statistical Area (the Milwaukee MSA), which consists of Milwaukee, Ozaukee, Washington, and Waukesha Counties in Wisconsin with a population of approximately 1.6 million people.¹ As of December 2022, the Airport has service from ten passenger carriers (nine signatories and one non-signatory) and four all-cargo carriers (two signatories and two non-signatories). In 2022, the Airport accommodated nearly 2.7 million enplanements, an increase of approximately 20.4 percent from 2021, showing the Airport's continuing recovery from the COVID-19 pandemic (COVID-19 or pandemic). However, the Airport's airline traffic remains under its 2019 pre-pandemic level. Section 3 discusses air traffic trends in more detail. The Airport's latest published ranking is 57th in the United States by total passengers based on preliminary CY2022 data in the FAA's Airport Activity Information System. The FAA classifies the Airport as a medium hub airport, an airport that enplanes between 0.25 percent and 1 percent of the total U.S. enplaned revenue passengers on certificated route air carriers.²

Timmerman Airport is a general aviation reliever airport for the Airport, containing two paved runways and three instrument approaches. For its financial statement and calculation of airline rates and charges, the County combines the financial operations and reports as the Airport System.

The County began operating its first airport in 1919. In 1926, the County started airmail service and purchased a new airport facility. The following year, the Airport opened its first terminal with Northwest Airlines offering flights from Milwaukee to Chicago and Minneapolis. In 1940, the Airport constructed a new two-story terminal building.

In 1941, the Airport was officially named Billy Mitchell Field in honor of General William Mitchell, who served in the U.S. armed services during World War I. Aircraft operations increased significantly after the first terminal's completion, ultimately leading to the construction of a new, two-level concourse with 23 gates in 1955. In 1986, the Board officially renamed the Airport the

¹ U.S. Bureau of the Census.

² FAA Air Carrier Activity Information System (ACAIS) CY2021

General Mitchell International Airport,³ recognizing the increased national presence and the U.S. Customs operations at the Airport. In 1990, 15 gates were added to Concourse D and a moving walkway to the new gate areas was installed. In early 2000s, the Airport completed several terminal improvement projects, which included improvements for Concourses C, D, and E. In 2017, following the approval of the 2018 Budget, the initial funding for the redevelopment of Concourse E into a new International Arrivals Terminal (IAT) was identified. The new IAT would replace the current IAT, which has limited capacity and is not connected to the main terminal. Although initially planned to open in 2020, the construction of the new IAT has been delayed due to -COVID-19 and has been rescheduled for CY2025. In addition to terminal improvements, the parking garage was expanded from its original 4,440 spaces to currently approximately 8,155 spaces.

Terminal Facilities

The Airport's main terminal complex contains an estimated 810,000 square feet. It houses a central terminal building and three passenger concourses with 48 gates and corresponding hold-room areas, including Concourse E that is currently closed. Bridge structures connect the main level of the central terminal building to the three concourses. The central terminal building consists of four levels. The basement level contains the inbound baggage delivery system, mechanical and utility equipment rooms, concession and Airport storage rooms, and a tornado shelter. The ground or lower level houses the ticketing operations, airline offices, outbound baggage and support systems, baggage claim, and baggage service offices. The second level contains concessions, hold-room areas in the three concourses, administrative offices, a first aid center, and an aviation museum. The Airport operations offices and the control center room are located on the mezzanine level. Located west of Concourse C is the current separate 20,830 square-foot IAT. The current IAT is expected to be replaced and incorporated in the redeveloped Concourse E, which is currently closed. Work on Concourse E is tentatively scheduled to begin in CY2025. Once Concourse E is completed there is no current plans for the current space used for the IAT.

Two pedestrian bridges connect the main level of the central terminal building to the existing six-level automobile parking structure. The Airport has separate enplaning and deplaning roadways, which provide curbside access to the main terminal complex. A spur roadway off the main terminal departure road provides access to the current IAT.

Airfield and Aircraft Parking Aprons

The Airport's existing airfield configuration consists of two air carrier runways and three other runways (Table 1).

³ In February 2019, the Airport was renamed the "Milwaukee Mitchell International Airport" for marketing purposes to better highlight the Airport's location. However, legally the Airport remains referred to as General Mitchell International Airport.

Table 1 | Runway Descriptions

	Runway 1L-19R	Runway 7R-25L	Runway 1R-19L	Runway 7L-25R	Runway 13-31
Length (ft)	9,990	8,300	4,183	4,800	5,535
Width (ft)	200	150	150	150	150
Instrumentation	CAT I	CAT I	CAT II	CAT II	NONE
Pavement Material	Concrete	Concrete	Concrete	Concrete	Concrete w/ Asphalt Overlay

Runways 1L-19R and 7R-25L accommodate all air carrier operations, while Runways 1R-19L and 7L-25R serve smaller jet aircraft and general aviation propeller aircraft. In addition, Runway 13-31 is available for smaller jet aircraft and general aviation aircraft under specific wind conditions. The taxiway system provides access between all runway ends. In addition, Runways 1L-19R and 7R-25L are serviced by partial parallel taxiways, and the other runways are served by either crossing runways or taxiways. All taxiways are 75 feet wide except one, which is 50 feet wide. The terminal apron area surrounds all three concourses and totals approximately 70 acres. As noted in the recent Airport Master Plan update approved in 2022, Runways 1R-19L and 13-31 are scheduled to be decommissioned. These runways handle less than one percent of the of the Airport's traffic and are not eligible for federal funding.

Public Parking

The Airport currently has approximately 11,841 public parking spaces, consisting of approximately 8,155 spaces in the parking garage (short-term and long-term) and approximately 3,686 surface spaces. Of the spaces in the surface lots, 528 spaces are located in a lot near the terminal complex, with the remainder located in remote lots served by parking shuttle buses.

Amtrak Station

An Amtrak station is located on the Airport's western edge along the Canadian Pacific Railway lines. The station serves rail passengers using the Airport for travel and rail-only passengers using Amtrak's Hiawatha Service, which provides seven daily round trips between Milwaukee and Chicago. In addition, the County and the Airport provide a free shuttle bus connection between the Airport and the Amtrak station, which includes a vehicle parking lot.

Other Facilities

Other facilities located at the Airport include rental car, general aviation, air cargo, and aviation support facilities. The Airport has five on-Airport rental car companies that lease rental car parking spaces in the parking garage. General aviation facilities include corporate hangars, a maintenance building, and office buildings. Air cargo facilities include a building and apron facilities. Aviation support facilities include an aircraft rescue and fire-fighting (ARFF) facility, a hydrant fuel service system and underground storage tanks, and an air traffic control tower. Air Wisconsin, Air Cargo Carriers, and SkyWest have maintenance facilities on the Airport. Also located within the Airport's perimeter fence is the MKE Regional Business Park. The site contains approximately 163,000 square feet of building space, which is mainly occupied by Freight Runners, an air cargo and aircraft

maintenance tenant. The Airport is planning on transitioning the MKE Regional Business Park from its aging facilities to its highest and best use including cargo and maintenance facilities, based on the recent Master Plan Update approved in 2022.

1.2 | Milwaukee County Governance

Located in southeastern Wisconsin on the Lake Michigan shoreline, Milwaukee County occupies approximately 242 square miles and contains 10 cities and nine villages. The County's population estimate for 2022 was 918,700.⁴ Interstate Highway 94 links Milwaukee County with Chicago to the south, Madison to the west, and other cities. Interstate Highway 43 and U.S. Highways 41 and 45 also provide access to the County from the north.

The County is governed by a County Executive and an 18-member Board. The County Executive is elected on a non-partisan basis every four years, and the Board Supervisors are elected on a non-partisan basis to two-year terms.⁵ The most recent election for the Board was a special election held in May 2023, which resulted in the election of one new Supervisor.

The Board is primarily responsible for legislating County policy and directing the activities of the County government by adopting ordinances and resolutions under the authority vested in it by state statutes. Board members elect a Chairperson to preside over Board meetings, rule on procedural matters, make appointments to Board committees, represent the Board at official functions, and make appointments to Board committees, special subcommittees, boards, and commissions. The Board receives and formally approves, modifies, or disapproves the policy recommendations of various standing committees. The Board determines and adopts Airport System policy after reviewing recommendations from the Transportation, Public Works and Transit Committees.

The County Executive is responsible for the coordination and direction of the administrative and management functions of the County not otherwise vested by law in boards, commissions, or other elected officers; appointment of department heads, except where statute provides otherwise, and members of boards and commissions, subject to confirmation by the Board; preparation and submission of an annual County budget to the Board; submission of an annual message to the Board; and review for approval or veto of all resolutions and ordinances enacted by the Board. The Airport System is a division within the County's Department of Transportation. The County Executive appoints the Director of Transportation to whom the Airport Director reports. The Airport Director is responsible for managing the day-to-day operations of the Airport System.

1.3 | Airport System Key Management

The Airport Director has an experienced staff to aid him in carrying out the responsibilities of his position. Key members of the Airport System Management include the Airport Director, the

⁴ Source: U.S. Bureau of the Census.

⁵ David Crowley is the County Executive and Marcelia Nicholson is the Chairwoman of the Board.

Director of Finance and Administration, the Director of Operations and Maintenance, and the Director of Business and Commercial Development.

Airport Director

Brian Dranzik, A.A.E., was appointed as Airport Director in 2017 by the Milwaukee County Executive. Mr. Dranzik formerly held the position of Deputy Director of Transportation and then Director of Transportation for Milwaukee County where he oversaw the divisions of Highway, Transit, Fleet, Administration, and the Airport from 2008 to 2017.

Mr. Dranzik earned his full accreditation as an Accredited Airport Executive in 2020. He holds a Master of Urban Planning degree from the University of Wisconsin-Milwaukee and has been working in transportation for over 20 years.

Director, Finance and Administration

James Martin, C.M. was appointed Director for Finance and Administration in 2018. Mr. Martin formerly served as the Deputy Director of Transportation for Milwaukee County where he was responsible for financial oversight of multiple divisions. He earned his Certified Membership to the American Association of Airport Executives in 2022. Mr. Martin holds a Master of Public Policy in Finance and Organizational Management from the University of Chicago and has been a practicing financial professional for 18 years.

Director, Operations and Maintenance

Ryan Collins, C.M., was appointed Director of Operations and Maintenance in 2021. Mr. Collins previously held positions with the Massachusetts Port Authority and the Martha's Vineyard Airport. He earned his Certified Membership to the American Association of Airport Executives in 2019 and has 20 years of aviation and airport experience. Mr. Collins is also an instrument-rated Private Pilot who holds a Bachelor of Science degree in Aviation/Air Traffic Management from Daniel Webster College.

Director, Business and Commercial Development

Matthew Hoffman, A.A.E., was appointed Director for Business and Commercial Development in 2018. Mr. Hoffman previously held positions at multiple airports including the Portland International, Hillsboro, Troutdale, Gerald R. Ford International, and Abraham Lincoln Airports. He earned the status of Accredited Airport Executive by the American Association of Airport Executives in 2002 and has more than 26 years' experience working in aviation/airports. Mr. Hoffman is also a commercial pilot, turbojet flight engineer and earned a bachelor's degree in aviation business administration from Embry-Riddle Aeronautical University.

1.4 | The Airport System 5-Year Capital Improvement Program

The current CIP provides a list of projects that the Airport plans to pursue during this period. Table 2 summarizes the Airport's proposed 5-Year CIP CY2024-2028 that is being submitted as part of the 2024 AULA. The 5-Year CIP CY2024-2028 contains various projects costing \$169.8 million, with the main funding concentrated in the Airfield (\$78.7 million) for the removal and rehabilitation of several taxiways, Terminal (\$51.2 million) for the replacement of the baggage handling system control, several passenger loading bridges and Concourse Roof and Floor replacement, followed by

Parking projects (\$19.3 million), Equipment (\$7.8 million), Other Projects (\$9.1 million) involving work on the South Maintenance facility and work on the Fuel based infrastructure, and finally a Noise project (\$2.4 million) involving a noise study, and various Lawrence J. Timmerman projects (\$1.3 million). Airport management is currently negotiating the 2024 AULA and anticipates the 5-Year CIP CY2024-2028 will be approved in total or in parts during the negotiation.

In addition, the Airport has projects that were approved by the Airlines in the prior CIP costing \$130.8 million, with the main funding concentrated in the following: Terminal (\$94.9 million) for Concourse E redevelopment, Airfield (\$15.7 million) for the removal and rehabilitation of several taxiways, Parking projects (\$6.7 million), Equipment (\$11.4 million), Other projects (\$0.3 million), and various Lawrence J. Timmerman projects (\$1.9 million). The prior CIP also includes additional bond funding totaling approximately \$52.2 million of General Airport Revenue Bonds (GARBs) of which \$47.9 million is anticipated to be repaid from Passenger Facility Charges (PFCs). These bond transactions are anticipated to occur during CYs 2024 and 2025.

Table 2 | 5-Year CIP CY2024-2028

Project Name	Estimated Project Funding	AIP Grants			CFC	CIRA	AIP Noise	AIG Allocation	AIG Competitive	PFC PAYGO	ADF	ADF-D	GARB	State	PFC Bond
		Entitlement	Discretionary	GA Entitlement											
Noise Projects:															
MKE Noise Study	\$2,369,000	\$0	\$0	\$0	\$0	\$0	\$1,895,200	\$0	\$0	\$236,900	\$0	\$0	\$0	\$236,900	\$0
Noise Total	\$2,369,000	\$0	\$0	\$0	\$0	\$0	\$1,895,200	\$0	\$0	\$236,900	\$0	\$0	\$0	\$236,900	\$0
Airfield Projects (Part 1):															
Taxiway Projects															
MKE South Airfield Rehab (RW 1L) and Reconfigure South Airfield Taxways Work (Construction)	\$21,125,000	\$0	\$15,843,750	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,640,625	\$2,640,625
MKE North Airfield Taxiway Geometry Improvements (Remove 13/31 and Remove Taxiway G and U) (Construction)	10,598,615	4,100,000	0	0	0	0	0	3,848,961	0	1,324,827	0	0	0	1,324,827	0
MKE Rehabilitate Taxiway Y (Construction)	6,885,137	2,853,245	0	0	0	0	0	2,310,608	0	0	0	0	0	860,642	860,642
MKE Rehabilitate Taxiway W, Runway 1R/19L South of Taxiway W, Taxiway S East of 1L, and convert Runway 1R/19L South of Taxiway W to a Taxiway (Construction)	6,225,930	0	0	0	0	0	0	4,669,448	0	0	0	0	0	778,241	778,241
MKE Relocate Taxiway M High-speed Exit - Reconstruct (Construction)	5,775,877	0	4,331,908	0	0	0	0	0	0	0	0	0	0	721,985	721,985
MKE South Airfield Rehab (RW 1L) and Reconfigure South Airfield Taxways Work (Design)	5,200,000	0	3,900,000	0	0	0	0	0	0	0	0	0	0	650,000	650,000
MKE North Airfield Taxiway Geometry Improvements (Remove 13/31 and Remove Taxiway G and U) (Design)	1,729,889	0	0	0	0	0	0	1,297,417	0	216,236	0	0	0	216,236	0
MKE Rehabilitate Taxiway A3 south of Runway 7R (Construction)	1,604,930	0	0	0	0	0	0	1,203,698	0	0	0	0	0	200,616	200,616
MKE Rehabilitate Taxiway Y (Design)	1,122,234	0	0	0	0	0	0	841,676	0	140,279	0	0	0	140,279	0
MKE Relocate Taxiway M High-speed Exit - Reconstruct (Design)	942,729	0	707,047	0	0	0	0	0	0	117,841	0	0	0	117,841	0
MKE Rehabilitate Taxiway F (Between Runway 19R and Taxiway H) (Construction)	720,213	0	0	0	0	0	0	540,160	0	0	0	0	0	90,027	90,027
MKE Remove Taxiway A1 between Taxiways A and B (Construction)	684,640	0	0	0	0	0	0	513,480	0	85,580	0	0	0	85,580	0
MKE Rehabilitate Taxiway F (Between Runway 19R and Taxiway H) (Design)	110,724	0	0	0	0	0	0	83,043	0	13,841	0	0	0	13,841	0
Sub-Total Taxiway Projects	\$62,725,918	\$6,953,245	\$24,782,705	\$0	\$0	\$0	\$0	\$15,308,489	\$0	\$1,898,604	\$0	\$0	\$0	\$7,840,740	\$5,942,136

Table 2 (Continued) | 5-Year CIP CY2024-2028

Project Name	Estimated Project Funding	AIP Grants			CFC	CIRA	AIP Noise	AIG Allocation	AIG Competitive	PFC PAYGO	ADF	ADF-D	GARB	State	PFC Bond
		Entitlement	Discretionary	GA Entitlement											
Airfield Projects (Part 2):															
Runway and Apron Reconstruction Projects															
MKE Remove Runway 1R/19L (North of Taxiway W) (Construction)	\$4,473,230	\$0	\$0	\$0	\$0	\$0	\$0	\$3,354,923	\$0	\$559,154	\$0	\$0	\$0	\$559,154	\$0
MKE Rehabilitate Bullseye (Construction)	3,600,000	0	0	0	0	0	0	2,700,000	0	0	0	0	0	450,000	450,000
MKE Rehabilitate GRE Ramp (Construction)	2,572,545	0	0	0	0	0	0	1,929,409	0	0	0	0	0	321,568	321,568
MKE Fuel Farm Roadway Reconstruct (Construction)	2,394,299	0	0	0	0	0	0	0	0	0	0	0	2,394,299	0	0
MKE Rehabilitate Bullseye (Design)	1,235,605	0	0	0	0	0	0	926,703	0	154,452	0	0	0	154,451	0
MKE Rehabilitate PAPA Pad (Construction)	614,399	0	0	0	0	0	0	460,799	0	0	0	0	0	76,800	76,800
Other Runway and Apron Projects	1,084,009	0	0	0	0	0	0	376,637	0	62,773	195,650	0	386,177	62,773	0
Sub-Total Runway and Apron Reconstruction Projects	\$15,974,087	\$0	\$0	\$0	\$0	\$0	\$0	\$9,748,470	\$0	\$776,378	\$195,650	\$0	\$2,780,476	\$1,624,745	\$848,368
Airfield Total	\$78,700,005	\$6,953,245	\$24,782,705	\$0	\$0	\$0	\$0	\$25,056,959	\$0	\$2,674,982	\$195,650	\$0	\$2,780,476	\$9,465,485	\$6,790,504
Equipment Projects:															
MKE ARFF Vehicle Replacement	\$3,278,181	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,278,181	\$0	\$0	\$0	\$0	\$0
MKE Vehicle/Equipment Replacement	1,600,000	0	0	0	0	0	0	0	0	0	1,600,000	0	0	0	0
MKE Snow Removal Equipment Replacement	2,188,026	0	0	0	0	0	0	0	0	2,188,026	0	0	0	0	0
MKE ARFF Vehicle Replacement	787,856	0	0	0	0	0	0	0	0	787,856	0	0	0	0	0
Equipment Total	\$7,854,063	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,254,063	\$1,600,000	\$0	\$0	\$0	\$0
Terminal Projects:															
MKE Passenger Loading Bridge Replacement	\$30,430,700	\$0	\$0	\$1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$30,430,699	\$0	\$0
MKE Concourse D Roof Replacement (Construction)	7,265,200	0	0	0	0	0	0	0	4,742,722	0	1,336,797	0	0	0	1,185,681
Baggage Handling Control System Replacement (Construction)	3,960,000	0	0	0	0	0	0	0	0	0	0	0	3,960,000	0	0
MKE Concourse D Floor Replacement (High Traffic Areas) (Construction)	3,168,864	0	0	0	0	0	0	0	0	0	3,168,864	0	0	0	0
MKE Admin Reconfiguration and Remodel (Construction)	2,815,520	0	0	0	0	0	0	0	0	0	2,815,520	0	0	0	0
MKE Elevators L and N Replacement (Construction)	1,715,081	0	0	0	0	0	0	0	0	0	1,715,081	0	0	0	0
Other Terminal Projects	1,867,891	0	0	0	0	0	0	0	0	597,026	830,865	0	440,000	0	0
Terminal Total	\$51,223,256	\$0	\$0	\$1	\$0	\$0	\$0	\$0	\$4,742,722	\$597,026	\$9,867,127	\$0	\$34,830,699	\$0	\$1,185,681
Parking and Landside Projects:															
MKE Parking Structure Traffic Bearing Membranes (1977, 1989, and 2002 Sections) (Construction)	\$6,925,000	\$0	\$0	\$0	\$831,000	\$2,562,600	\$0	\$0	\$0	\$0	\$2,437,600	\$1,093,800	\$0	\$0	\$0
MKE Parking Structure Moving Walkway Modernization (Construction)	2,251,017	0	0	0	0	0	0	0	0	0	0	0	2,251,017	0	0
MKE Super Saver Lot A Rehab (Construction)	2,774,693	0	0	0	0	0	0	0	0	0	0	0	2,774,693	0	0
MKE Surface Lot Rehab (Construction)	1,425,463	0	0	0	0	0	0	0	0	0	0	0	1,425,463	0	0
MKE Employee Parking Lot Replacement (Construction)	1,206,162	0	0	0	0	0	0	0	0	0	0	0	1,206,162	0	0
MKE Car Rental Car Lobby Renovation (Construction)	1,217,237	0	0	0	1,217,237	0	0	0	0	0	0	0	0	0	0
Other Parking and Landside Projects	3,483,633	0	0	0	811,112	794,400	0	0	0	0	0	308,000	1,570,121	0	0
Parking and Landside Total	\$19,283,205	\$0	\$0		\$2,859,349	\$3,357,000	\$0	\$0	\$0	\$0	\$2,437,600	\$1,401,800	\$9,227,456	\$0	\$0

Table 2 (Continued) | 5-Year CIP CY2024-2028

Project Name	Estimated Project Funding	AIP Grants		GA Entitlement	CFC	CIRA	AIP Noise	AIG Allocation	AIG Competitive	PFC PAYGO	ADF	ADF-D	GARB	State	PFC Bond
		Entitlement	Discretionary												
Lawrence J. Timmerman (MWC) Projects	1,276,792	0	0	170,534	0	796,784	0	0	0	0	300,000	0	0	9,474	0
Other Projects:															
MKE Combined South Maintenance Facility AHU Replacement (Construction)	\$4,243,600	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,243,600	\$0	\$0	\$0	\$0
MKE County Fuel Based Infrastructure (Con. E) Construction	3,500,000	0	0	0	0	0	0	0	0	3,500,000	0	0	0	0	0
Building Projects	826,677	0	0	0	0	0	0	0	0	0	826,677	0	0	0	0
MKE Gate C12 Fuel Pit (Construction)	300,000	0	0	0	0	0	0	0	0	0	0	0	300,000	0	0
MKE Crash Phone Replacement (Equipment)	210,000	0	0	0	0	210,000	0	0	0	0	0	0	0	0	0
MKE Gate C12 Fuel Pit (Design)	60,000	0	0	0	0	0	0	0	0	0	60,000	0	0	0	0
Other Total	\$9,140,277	\$0	\$0	\$0	\$0	\$210,000	\$0	\$0	\$0	\$3,500,000	\$5,130,277	\$0	\$300,000	\$0	\$0
Grand Total 5 Year CIP FY2023-2027	\$169,846,597	\$6,953,245	\$24,782,705	\$170,535	\$2,859,349	\$4,363,784	\$1,895,200	\$25,056,959	\$4,742,722	\$13,262,971	\$19,530,654	\$1,401,800	\$47,138,631	\$9,711,859	\$7,976,185

SECTION 2 | REGIONAL AND MACRO ECONOMIC ENVIRONMENT

Demographic and economic conditions at the national and local levels influence the demand for air travel. They are essential for airports like MKE, which serves origin and destination (O&D) traffic primarily—passengers that either begin or end their flight itineraries at the Airport. Healthy demographic and economic conditions promote increased business and leisure air travel. In addition, macroeconomic trends drive demand for air travel and affect state and regional economies. Regional attributes influence residents' propensities to make outbound trips and the region's attractiveness to visitors. This section discusses relevant demographic and economic trends in MKE's service area, Wisconsin, and the United States. It also evaluates the economic outlook for both the region and the nation.

2.1 | COVID-19 Pandemic

Over the past three years, the world grappled with the pandemic, which caused significant disruptions to daily life and global economic activities. Measures such as stay-at-home orders, travel restrictions, and social distancing helped mitigate the spread of the virus but also exacerbated the adverse economic effects of the pandemic. However, recent economic trends demonstrate remarkable resilience. The data presented in this section underscores the magnitude of the pandemic's impact while also highlighting the ability of the economy to withstand and recover from adverse shocks.

The World Health Organization (WHO) has declared an end to the global public health emergency, signifying a turning point. Figure 1 shows the reported COVID-19 cases in the United States from the WHO's announcement of a global pandemic on March 11, 2020, to the end of the public health emergency in the United States on May 11, 2023. After peaking in January 2022, infections have declined sharply and now remain at very low levels.

Figure 1 | COVID-19: Archive of United States Weekly New Cases, March 2020–May 2023



Sources: Centers for Disease Control and Prevention COVID Data Tracker and Unison Consulting, Inc.

The distribution of initial COVID-19 vaccines and subsequent booster shots helped slow virus transmission and alleviated symptoms. As of May 2023, about 230.6 million people in the United States have completed their vaccination (69.5 percent of the population), and 56.4 million have received an updated bivalent booster dose. Wisconsin has a slightly lower but close vaccination rate: 4.0 million are vaccinated (68.4 percent of state residents), and about 1.3 million have received an updated bivalent booster dose. The high vaccination rate reflects significant progress in safeguarding public health and restoring economic normalcy.

2.2 | Airport Service Area

MKE's primary service area is the Milwaukee-Waukesha, WI, Metropolitan Statistical Area (Milwaukee MSA), which encompasses Milwaukee, Ozaukee, Washington, and Waukesha Counties in Wisconsin. The extended service area is the Milwaukee-Racine-Waukesha, WI, Combined Statistical area (CSA) which includes the Milwaukee MSA and Dodge, Jefferson, Racine, and Walworth Counties (Figure 2).^{6, 7} The analysis in this report focuses primarily on the Milwaukee MSA.

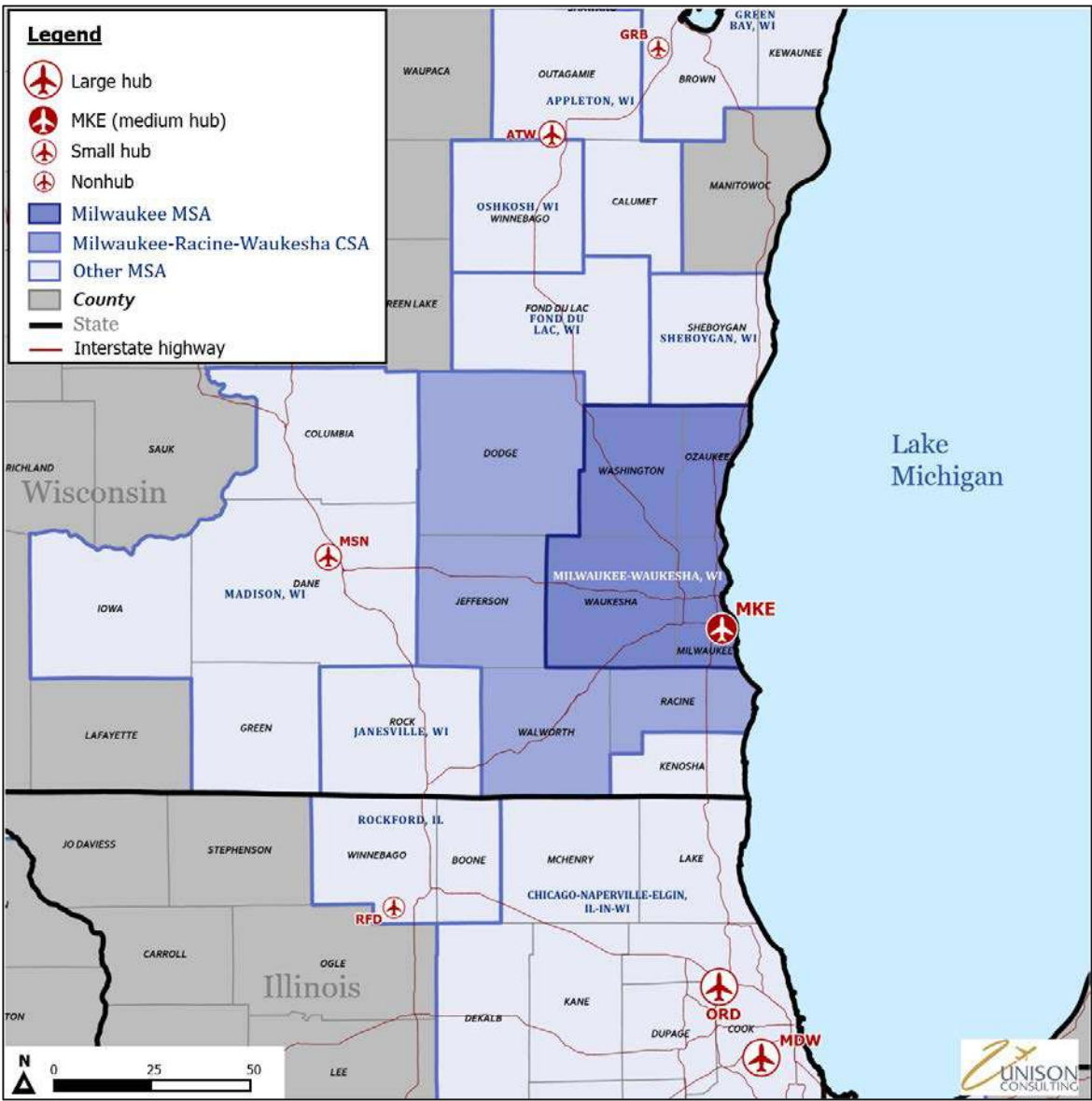
The Milwaukee MSA is bordered by the Sheboygan and Fond du Lac MSAs to the north and the Madison MSA to the west. In addition, the Janesville and Rockford (IL) MSA border the Milwaukee MSA to the southwest, and the Chicago MSA, which includes Kenosha County, WI, is to the south.

⁶ The Milwaukee MSA has included Milwaukee, Ozaukee, Washington, and Waukesha Counties since 2003. Prior to 2003, it also included Racine County.

⁷ The Milwaukee CSA's additional counties are also each designated as an MSA or a micropolitan statistical area as follows:

- Racine County: Racine MSA
- Dodge County: Beaver Dam Micropolitan Statistical Area
- Jefferson County: Watertown-Fort Atkinson Micropolitan Statistical Area
- Walworth County: Whitewater-Elkhorn Micropolitan Statistical Area

Figure 2 | General Mitchell International Airport Service Area



Sources: ESRI and Unison Consulting, Inc.

Table 3 and Figure 3 show the areas within a 60-, 90-, and 120-minute drive to MKE and other airports within a two-hour drive. Although there are no other airports within an hour's drive of the MKE, there are six other commercial service airports within a two-hour drive. These airports are:

- Chicago O'Hare International Airport (ORD), a 1 hour and 10-minute drive
- Dane County Regional Airport (MSN), a 1 hour and 20-minute drive
- Chicago-Rockford International Airport (RFD), a 1 hour and 30-minute drive
- Chicago Midway International Airport (MDW), a 1 hour and 40-minute drive
- Appleton International Airport (ATW), a 1 hour and 50-minute drive
- Green Bay Austin Straubel International Airport (GRB), a 2-hour drive

The FAA classifies MKE as a medium hub. ORD and MDW are large hubs, MSN is a small hub, and ATW, GRB, and RFD are nonhub airports.⁸ These airports pose competition for MKE, particularly for passengers who work or live on the outskirts of the Milwaukee MSA or CSA.

By the end of 2022, only ATW and RFD have exceeded 2019 enplanement levels. MKE and all other airports within a 2-hour drive have yet to return to 2019 enplanement levels. Most notably, MKE, MSN, and ORD were still around 20 percent below 2019 enplanement levels, which was below the U.S. system-wide recovery of approximately 11 percent below the 2019 level. The relatively slow recovery of MKE, MSN, and ORD reflects the composition of traffic at those airports, which is more business-oriented. Business travel lagged in the recovery from the pandemic downturn. Additionally, ORD serves significant international traffic, which also lagged.

Table 3 | Commercial Service Airports within Two Driving Hours of MKE

Airport Information				Total Enplanements (1000s)			Distance from MKE	
Airport Name	State	Code	FAA Hub	2022	2019	2019-2022	Miles	Drive Time
			Class			Change		
General Mitchell	WI	MKE	Medium	2,721	3,450	-21%	N/A	
Chicago O'Hare	IL	ORD	Large	33,107	40,877	-19%	72	1h 10m
Dane County	WI	MSN	Small	909	1,153	-21%	83	1h 20m
Chicago Rockford	IL	RFD	Nonhub	118	114	4%	98	1h 30m
Chicago Midway	IL	MDW	Large	9,636	10,064	-4%	98	1h 40m
Appleton	WI	ATW	Nonhub	415	386	8%	113	1h 50m
Green Bay	WI	GRB	Nonhub	294	339	-13%	158	2h 00m

Sources: Airport records, FAA, Google Maps, U.S. Department of Transportation, and Unison Consulting, Inc.

Times are rounded to the nearest ten minutes. Driving times vary by day of the week, time of day, and traffic. See footnote for the definition of hub airports.

⁸ FAA airport hub classifications:

- Nonhubs serve less than 0.05 percent of the annual U.S. total and more than 10,000 enplanements.
- Small hubs serve 0.05-0.25 percent of U.S. enplanements.
- Medium hubs serve 0.25-1.0 percent of U.S. enplanements.
- Large hubs serve more than 1 percent of U.S. enplanements.

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SECTION 2 | REGIONAL AND MACRO ECONOMIC ENVIRONMENT

2.3 | Demographic Attributes

Demographics shape and drive regional economies in fundamental ways. For example, population size, growth trends, age distribution, foreign-born population, and educational attainment determine the labor force's size, quality, and productivity. Moreover, along with income characteristics, demographic attributes determine consumption patterns and demand levels for goods and services, including air transportation. Hence, demographic trends can impact economic growth through effects on both the supply side (the labor force) and the demand side (consumer spending).

2.3.1 | Population

In 2022, the Milwaukee MSA, with a population of 1.6 million, was the 40th largest (out of 384) metropolitan statistical areas in the United States. It is similar in size to the Jacksonville, FL, and Raleigh, NC MSAs. About 59 percent of residents within the Milwaukee MSA reside in Milwaukee County, 26 percent in Waukesha County, and the remainder in Washington and Ozaukee Counties.⁹

Since 2000, the population of the Milwaukee MSA has remained relatively stable, increasing only 4 percent at a compound annual growth rate (CAGR) of 0.2 percent through 2022 (Figure 4). In comparison, the population of Wisconsin grew by 10 percent (0.4 percent CAGR), and the United States grew by 18 percent (0.8 percent CAGR). Although data show slightly positive net migration to Wisconsin from 2010 to 2020, net migration to the MSA was negative, contributing to the sluggish population growth. The population of the Milwaukee MSA has decreased by 1.1 percent since 2019,^{10, 11, 12} and the MSA's population growth is slower compared to other midwestern cities.¹³

⁹ U.S. Census Bureau. Percentages are based on the 2000-2022 average county populations.

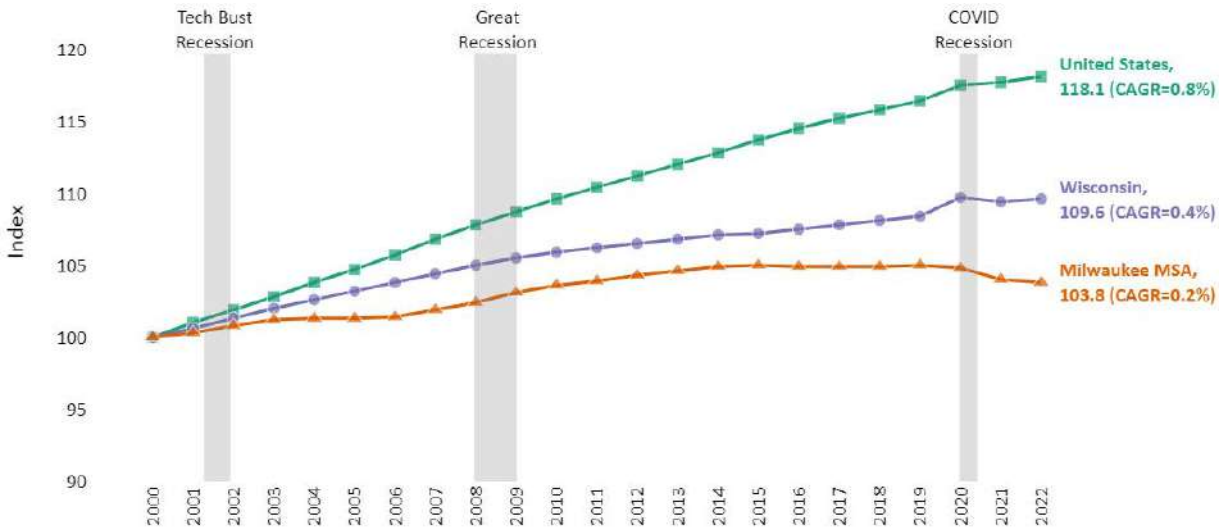
¹⁰ University of Wisconsin-Madison, "Net Migration Patterns for US Counties," <https://netmigration.wisc.edu/>.

¹¹ U.S. Census Bureau, "County-to-County Migration Flows," <https://www.census.gov/topics/population/migration/guidance/county-to-county-migration-flows.html>.

¹² Migration is essential to population growth, particularly as fertility rates (birth per 1,000 women aged 15-44) have fallen nationally. Wisconsin's fertility rate has been lower than the national average. For example, in 2010, the U.S. fertility rate was 64.1 nationally and 62.4 in Wisconsin. By 2021, the values had dropped to 56.3 nationally and 55.7 in Wisconsin. See CDC National Center for Health Statistics (https://www.cdc.gov/nchs/data_access/vitalstatsonline.htm).

¹³ M. Gousha and J. Johnson. "Milwaukee lagging its Midwestern peers in a key metric of economic vitality: population growth," Milwaukee Journal Sentinel, May 28, 2020, <https://www.jsonline.com/story/news/solutions/2020/05/28/milwaukee-lags-midwestern-cities-key-metric-population-growth/5262045002/>.

Figure 4 | Population Index (2000=100), 2000-2022



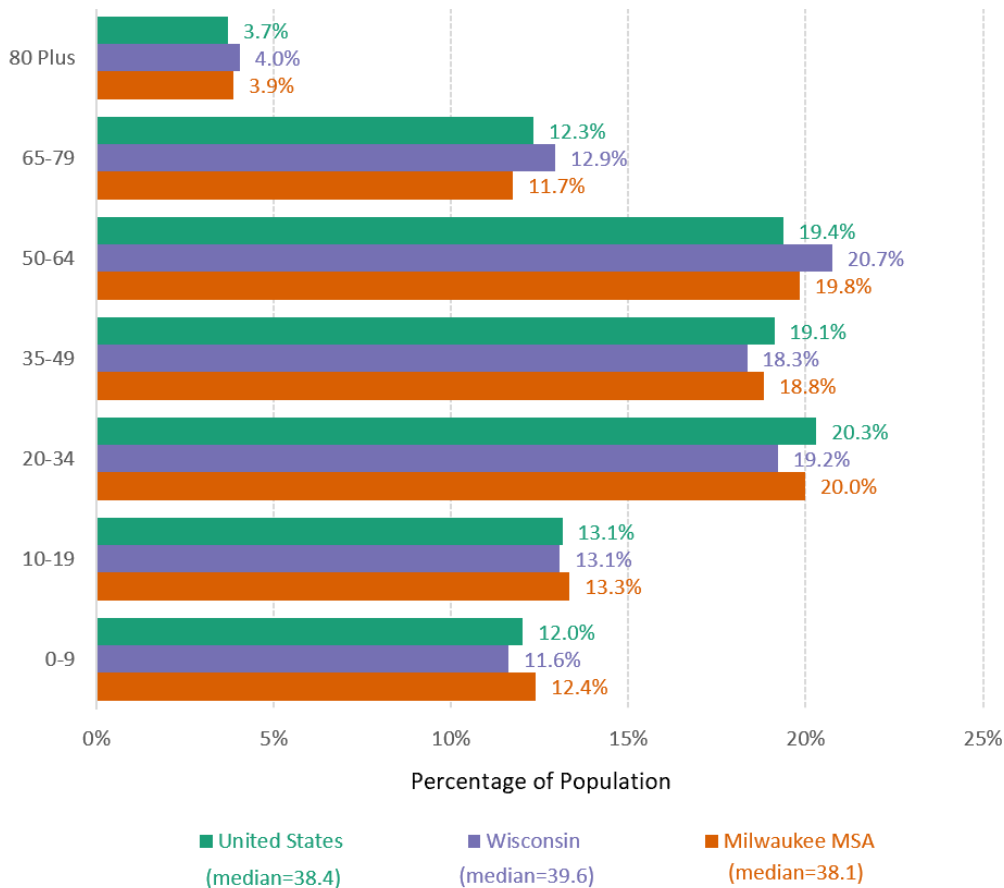
Sources: U.S. Census Bureau and Unison Consulting, Inc.
Gray areas indicate economic recession periods.

Population Structure

A region's population distribution by age has important economic and social implications (Figure 5). The population structure of the Milwaukee MSA is very similar to that of the nation. In 2021, approximately 59 percent of the Milwaukee MSA was in the primary working age cohort of 20 to 64 years of age, equal to that of the nation and similar to Wisconsin (58 percent). A sizeable working-age population is essential for maintaining a vibrant local economy and a high standard of living.

The median age of the Milwaukee MSA (38.1 years) is nearly identical to the median age of the United States (38.4 years) and slightly lower than the median age of Wisconsin (39.6 years). However, the Milwaukee MSA, Wisconsin, and the United States are aging. Between 2010 and 2021, the median age in the Milwaukee MSA increased by 1.4 years, similar to the 1.5-year increase nationally and 1.6-year increase in the United States. While these changes may be small, they indicate an ongoing population maturation—which has important implications for economic growth. The working-age population needs to grow for the labor force and the economy to grow. Since 2010, the share of the working-age population in the Milwaukee MSA has decreased just slightly from about 60 percent in 2010 to its current level (59 percent). However, the increase in the median age of the MSA may continue the decrease in the share of the working-age population in the coming years. As the population ages, the growth in the working-age population slows. To counter this trend and to promote continued economic growth, labor productivity needs to improve by upskilling, raising educational attainment, and technological advancements.

Figure 5 | Population Structure, 2021



Sources: U.S. Census 2021 American Community Survey and Unison Consulting, Inc.

Foreign-Born Population

Amid an aging population and declining birth rates, attracting foreign immigration offers another way to increase the population, expand the labor force, and support economic growth. Immigrants add to a region's labor supply, contribute to productivity, and expand the regional market for goods and services.^{14, 15} Immigrants also generate demand for air service—for their travel to visit family and friends in their place of origin and from their family and friends visiting the United States.

The Milwaukee MSA has a lower proportion of foreign-born residents than the United States, but a slightly higher proportion than Wisconsin (Table 4). In 2021, around 7.5 percent of the Milwaukee

¹⁴ G.J. Borjas, "Immigration and Economic Growth," National Bureau of Economic Research *Working Paper Series*, Working Paper 25836, May 2019, https://www.nber.org/system/files/working_papers/w25836/w25836.pdf.

¹⁵ P. Orrenius and C. Smith, "Without Immigration, U.S. Economy Will Struggle to Grow," *Dallas Fed Economics*, Federal Reserve Bank of Dallas, April 9, 2020, <https://www.dallasfed.org/research/economics/2020/0409>.

MSA population was born outside the United States, compared with 13.6 percent nationally and 5 percent in Wisconsin. Among the foreign-born population in the Milwaukee MSA, the largest group came from Latin America (39 percent), followed by Asia (38 percent) and Europe (16 percent). Compared with the national distribution, the Milwaukee MSA has a higher concentration of people from Europe and Asia. The percentage of foreign-born residents in the Milwaukee MSA is increasing, rising from 6.8 percent in 2010 to its current level of 7.5 percent.

Table 4 | Foreign-Born Population, 2021

Region	Foreign Born Share of Population	Distribution of Foreign Born by Region of Origin					
		Europe	Asia	Africa	Oceania	Latin America	Northern America
United States	13.6%	10.8%	31.2%	5.5%	0.6%	50.0%	1.8%
Wisconsin	5.0%	15.9%	36.8%	5.2%	0.6%	39.3%	2.3%
Milwaukee MSA	7.5%	16.2%	37.7%	5.6%	0.3%	38.8%	1.4%

Sources: U.S. Census 2021 American Community Survey and Unison Consulting, Inc.

2.3.2 | Educational Attainment

Education promotes economic growth in several ways. First, education increases the value of human capital and labor productivity. Second, it fosters innovation and the adoption of new technologies. Third, it provides flexibility to adapt to changing work environments and skill requirements.^{16, 17}

Advancements in information and communication technologies have amplified the role of workers' skills in generating economic growth.¹⁸ Cities and regions that have been able to attract and retain educated and skilled workers have thrived, while cities failing to do so have lagged.¹⁹ The value of education is evident in the disparities in average wages and unemployment rates by educational attainment. Workers who have not completed high school earn only 48 percent of the salaries earned by college graduates. They also have average unemployment rates that are three times higher.^{20,21}

¹⁶ E. Hanushek and L. Woessman, "Education and Economic Growth," *International Encyclopedia of Education* (Oxford: Elsevier, 2010), Vol. 2, pp. 245-252.

¹⁷ D. Claude and L. Charlotte, "Human Capital and Economic Growth," *Encyclopedia of International Higher Education Systems and Institutions* (Dordrecht: Springer, 2019).

¹⁸ Enrico Moretti, *The New Geography of Jobs* (Boston: Houghton Mifflin Harcourt, 2012).

¹⁹ Edward Glaeser, *Triumph of the City* (New York: Penguin Books, 2012).

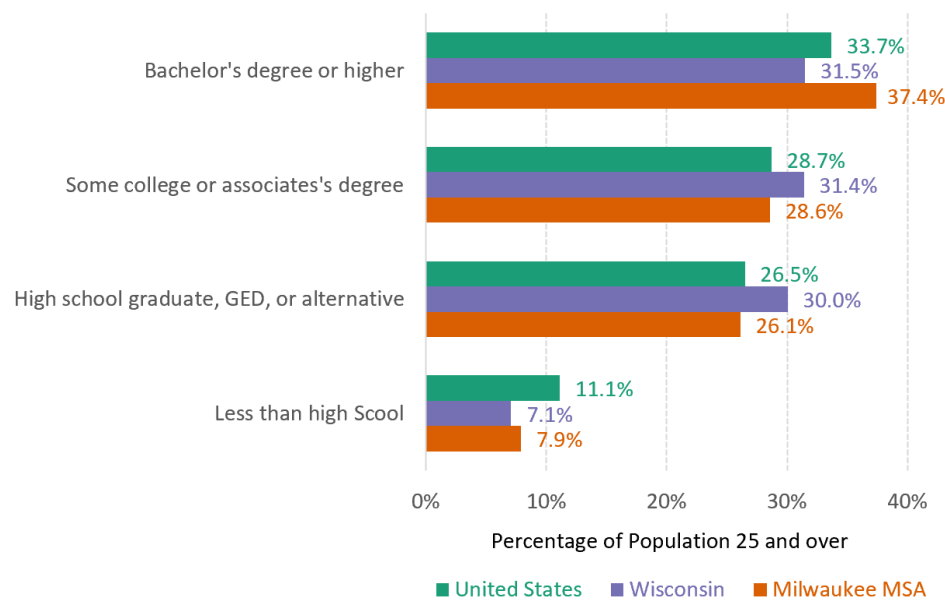
²⁰ U.S. Bureau of Labor Statistics, "Education pays, 2022," May 2023, <https://www.bls.gov/careeroutlook/2023/data-on-display/education-pays.htm>.

²¹ U.S. Bureau of Labor Statistics, "Unemployment Rates for Persons 25 years and older by Educational Attainment, Seasonally Adjusted."

Educational attainment levels in the Milwaukee MSA are higher than state and national levels (Figure 6). More than 37 percent of the population aged 25 and over in the Milwaukee MSA have at least a bachelor's degree, compared with 32 percent in Wisconsin and 34 percent nationally. In addition, the percentage of the population 25 years and over in the Milwaukee MSA with a high school degree or less is 34 percent compared with 37 percent in Wisconsin and 38 percent in the United States.

Over time, educational attainment levels in the Milwaukee MSA are improving. For example, since 2010, the share of residents aged 25 and over with less than a ninth-grade education has fallen by 29 percent, and those with some high school but no diploma has fallen by about 30 percent. Meanwhile, the percentage of residents with a bachelor's degree has risen by 20 percent, and those with a graduate or professional degree by 24 percent.²² Continued improvements in educational attainment and the upskilling of the local workforce are critical for maintaining and enhancing regional economic competitiveness in the Milwaukee MSA.

Figure 6 | Educational Attainment, 2021



Sources: U.S. Census 2021 American Community Survey and Unison Consulting, Inc.

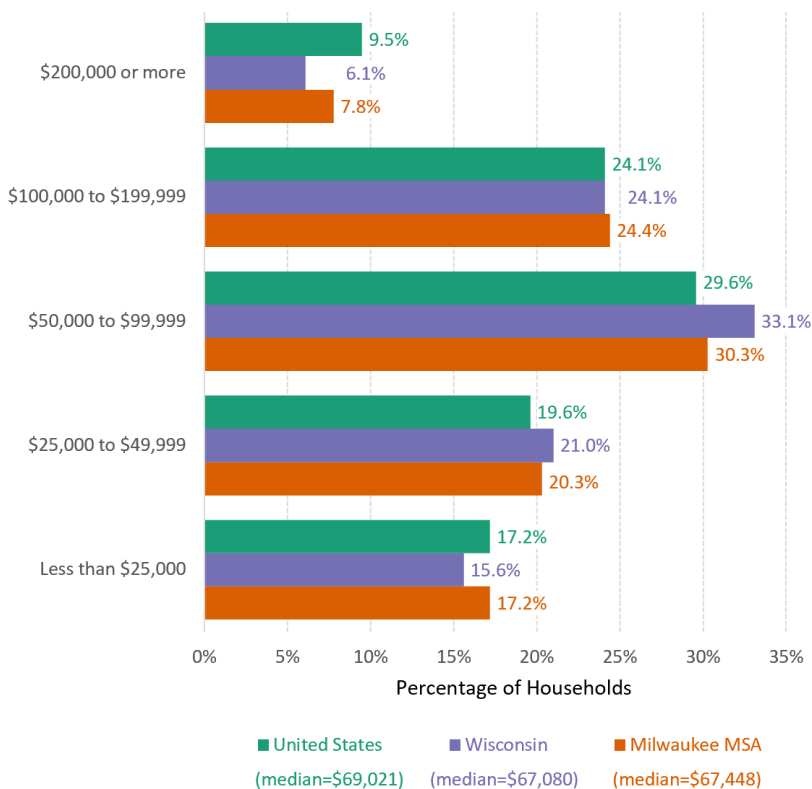
²² U.S. Census Bureau 2021 and 2010 American Community Survey 5-year Estimates.

2.3.3 | Income

Research indicates a direct correlation between income and demand for air travel. In fact, studies show that the income elasticity of air travel demand is often greater than one. In simpler terms, this means that when income increases, the demand for air travel increases even more, assuming all other factors remain constant.²³

Household incomes in the Milwaukee MSA are similar to the rest of Wisconsin and slightly lower than the nation (Figure 7). The median household income in the Milwaukee MSA is \$67,448 compared with \$67,080 in Wisconsin and \$69,021 nationally. The distribution of income by bracket is also similar across income ranges.

Figure 7 | Household Income Distribution and Median Household Income, 2021



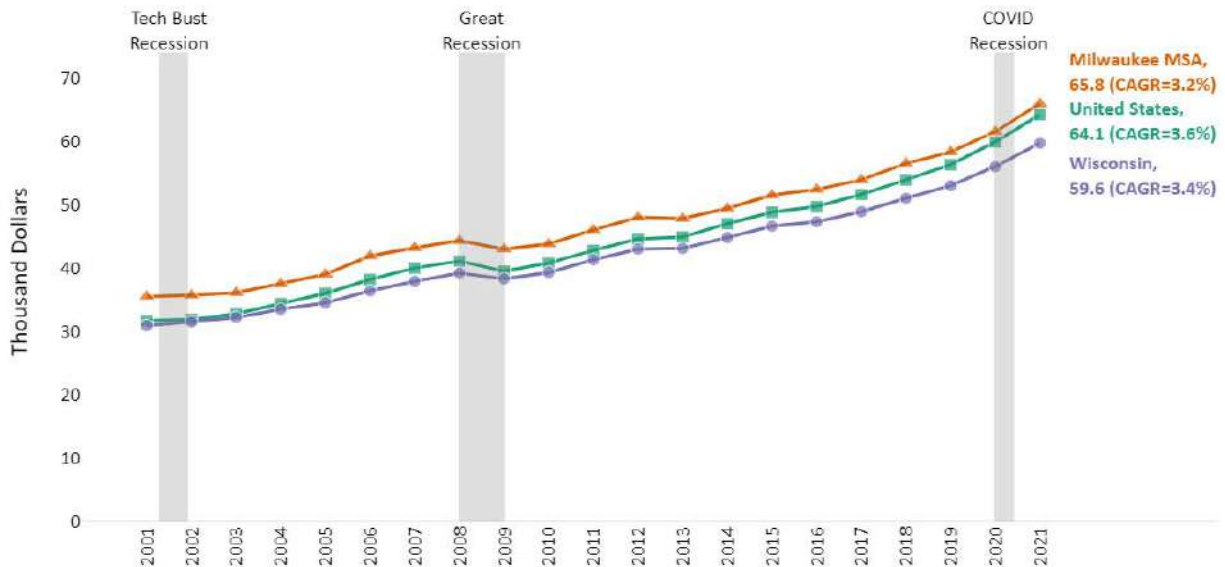
Sources: U.S. Census 2021 American Community Survey and Unison Consulting, Inc.

The Milwaukee MSA has enjoyed steady per capita personal income growth since 2001, experiencing only a slight dip during the Great Recession (Figure 8). As a result, per capita personal income in the Milwaukee MSA increased at a compound annual growth rate of 3.2 over the past two

²³ For example, a 10 percent increase in income will generate more than a 10 percent increase in air travel demand. See C. A. Gallet and H. Doucouliagos, "The income elasticity of air travel: A meta-analysis," *Annals of Tourism Research* 49 (2014), 141-155.

decades—a pace like that of the nation (3.6 percent) and the state of Wisconsin (3.4 percent). Moreover, since 2001, per capita income in the Milwaukee MSA has been consistently higher than in the nation and Wisconsin. For example, in 2021, per capita income in the Milwaukee MSA (\$65,803) was about 2.5 percent higher than the national average (\$64,143) and 3.6 percent higher than the state average (\$59,626).

Figure 8 | Per-Capita Personal Income (Nominal), 2001-2021

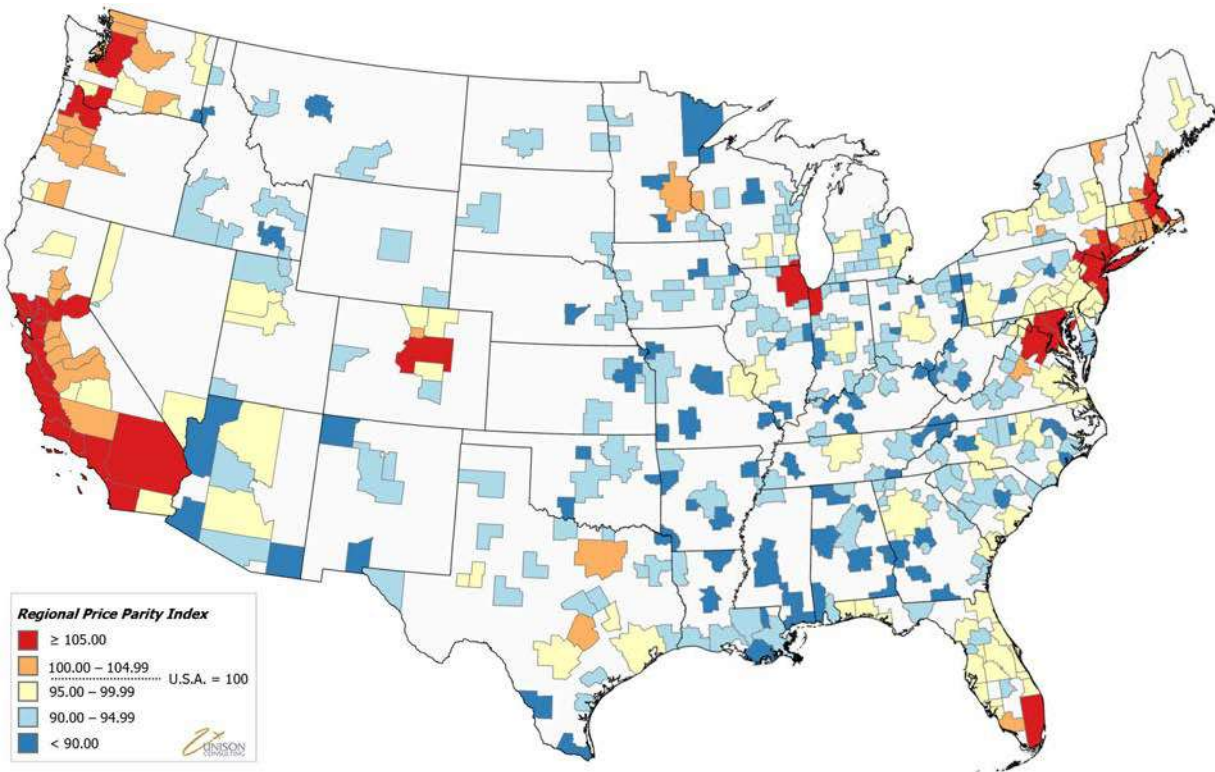


Sources: U.S. Bureau of Economic Analysis and Unison Consulting, Inc.
Gray areas indicate economic recession periods.

Cost of Living

The cost of living is lower in the Milwaukee MSA than the national average, meaning incomes buy more (Figure 9). Based on the MSA regional price parity index for 2021, prices in the Milwaukee MSA are about 4 percent below the U.S. average and about 10 percent lower than the nearby Chicago MSA. Other MSAs with a comparable cost of living include Pittsburgh, PA, and Nashville, TN. All things equal, lower average prices leave more discretionary income for travel.

Figure 9 | Regional Price Parity Index (U.S. Average = 100), 2021



Sources: U.S. Bureau of Economic Analysis and Unison Consulting, Inc.

2.4 | Economic Attributes

Demand for air transport services is a function of the economic vitality of a region, which we can glean from trends in the gross domestic product (GDP), the labor market, the mix of industries that make up the regional economy, and tourism. Regional, national, and even global economic conditions influence the demand for air transportation services at a particular airport.

2.4.1 | Gross Domestic Product

The most comprehensive measure of economic output is GDP—the dollar value of all goods and services produced in a geographic region.²⁴ Sustained growth in inflation-adjusted real GDP underpins economic expansions, while decreases in real GDP over two or more consecutive quarters often signal a recession.²⁵ Generally, during an economic expansion, employment grows, incomes rise, and the demand for air travel also rises. Conversely, during an economic recession, employment decreases, incomes fall, and air travel also falls.

²⁴ In this report, GDP refers to economic output measured at both national and sub-national levels.

²⁵ The National Bureau of Economic Research (NBER) Business Cycle Dating Committee officially determines recessions.

When COVID-19 struck the United States in the first quarter of 2020, widespread lockdowns, stay-at-home orders, and voluntary social distancing depressed consumer spending, causing the economy to fall into a deep recession. As a result, in 2020, U.S. real GDP decreased by 4.6 percent (annual rate) in the first quarter and another 29.9 percent in the second quarter (Figure 10). The magnitude of the overall contraction in U.S. real GDP was unprecedented. The second-quarter contraction alone was at least three times the GDP contraction during the 2008-2009 Great Recession.

The 2020 recession was different from previous U.S. economic recessions. The typical causes of recessions are market-related and economic in nature—for example, asset market crashes, oversupply, loss of consumer and business confidence, or tight monetary and fiscal policy. The 2020 recession resulted from shocks to both supply and demand induced by the pandemic and containment measures. Therefore, when counties and states began to reopen in the second half of 2020, and social distancing began to ease, the U.S. real GDP rebounded quickly, increasing 35.3 percent in the third quarter and 3.9 percent in the fourth quarter. Vaccination helped restore consumer and business confidence, accelerate business re-openings, and sustain the economic recovery in 2021. U.S. real GDP grew 5.9 percent for the entire year, the highest annual increase since 1978.

Trends changed in 2022. The U.S. real GDP declined during the first two quarters—by 1.6 percent during the first quarter and 0.6 percent during the second quarter. GDP decreased due to supply and demand issues. On the supply side, production lagged due to:

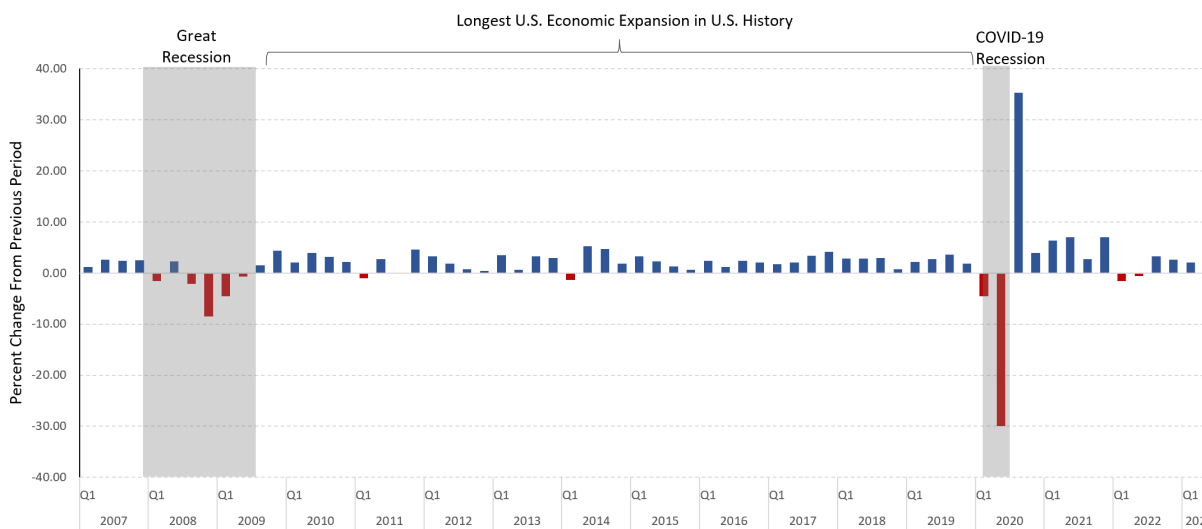
- The surge in COVID-19 infections from the Omicron variant.
- The supply-chain bottlenecks and inventory pressures.
- A fundamental tightness in the labor market due to demand far exceeding labor supply.

On the demand side, growth slowed due to:

- The disappearing stimulus from household income transfers.
- Reduced government spending.
- Rising interest rates resulting from monetary tightening to contain inflation.
- The decrease in exports due to the appreciation of the U.S. dollar.

GDP decline in two consecutive quarters typically would have signaled a recession. However, the NBER Business Cycle Dating Committee, the official arbiter of U.S. business cycles, also looks at trends in other key economic indicators such as nonfarm employment, consumer spending, industrial production, and personal income. These indicators, which were generally increasing, did not signal a recession, which the NBER defines as a "significant decline in economic activity spread across the economy, lasting more than a few months, normally visible in production, employment, income, and other indicators." Estimates for the first and second quarter 2023 GDP growth indicate continued economic resilience. While the first quarter growth cooled slightly to 2 percent, the advance estimate for the second quarter rebounded to 2.4 percent.

Figure 10 | U.S. Real GDP, Quarterly, Annualized Percent Change from Previous Period, 2007-Q2 2023



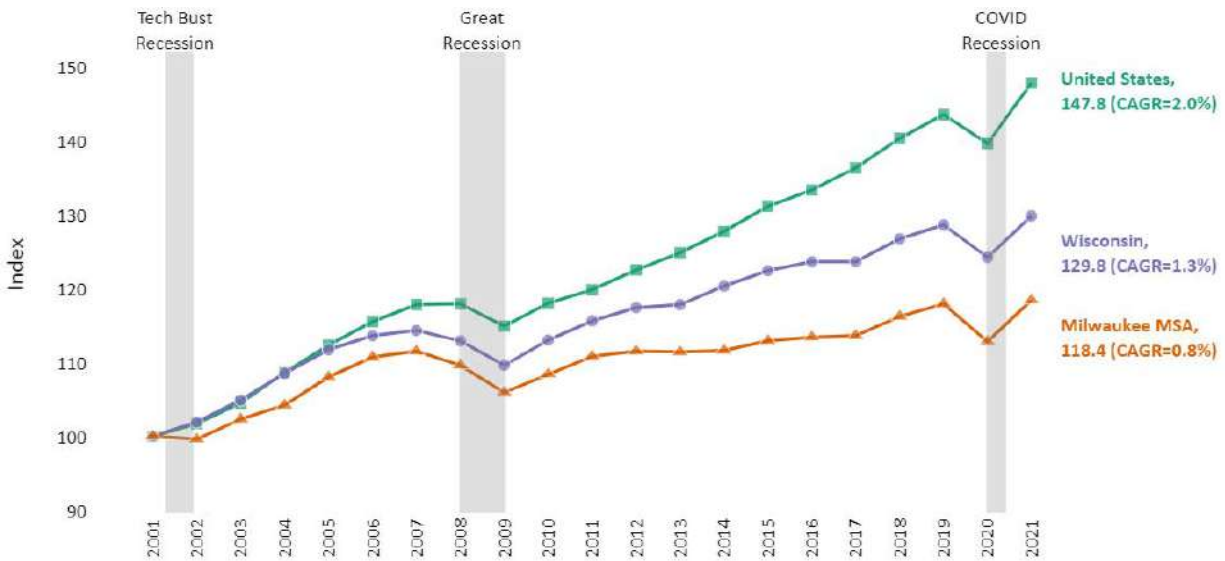
Sources: U.S. Bureau of Economic Analysis and Unison Consulting, Inc.

Gray areas indicate economic recession periods.

Measured by real GDP, business cycle changes at the state and MSA levels generally follow national trends (Figure 11). Over the long term, growth in real GDP in the Milwaukee MSA has lagged that of Wisconsin and the United States, particularly since the Great Recession. Between 2001 and 2007, just before the Great Recession, real GDP in the Milwaukee MSA grew by 1.8 percent compared with 2.8 percent nationally and 2.3 percent in Wisconsin. Real GDP decline during the Great Recession was more substantial in the Milwaukee MSA than in the nation or state. Between 2008 and 2009, real GDP fell by 3.3 percent locally versus 2.6 percent nationally and 3.0 percent in Wisconsin. The United States and Wisconsin recovered to 2008 GDP levels by 2010, while it took another year for the Milwaukee MSA to recover.

The pattern was similar during the 2020 recession and the subsequent recovery. Between 2019 and 2020, the decline in real GDP in the Milwaukee MSA (-4.4 percent) was deeper than the declines nationally (-2.8 percent) and in Wisconsin (-3.5 percent). However, recovery was quicker: The United States, Wisconsin, and the Milwaukee MSA all returned to pre-pandemic real GDP levels by 2021.

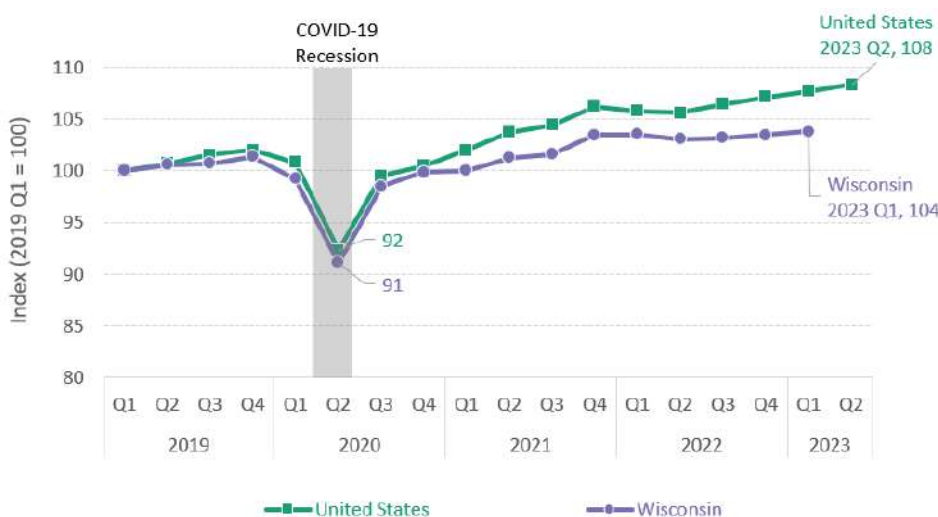
Figure 11 | Real GDP Index (2001=100), 2001-2021



Sources: U.S. Bureau of Economic Analysis and Unison Consulting, Inc.
Gray areas indicate economic recession periods.

Figure 12 provides more insight into GDP recovery from the 2020 recession at the state and national levels (detailed quarterly data at the MSA level are unavailable). For example, the U.S. real GDP began to exceed its 2019 fourth quarter pre-pandemic peak by the first quarter of 2021 and grew to 8 percent above its 2019 first quarter level by the second quarter of 2023. Likewise, Wisconsin's real GDP began to exceed its 2019 fourth quarter pre-pandemic peak by the third quarter of 2021 and grew to 4 percent above its 2019 first quarter level by the first quarter of 2023.

Figure 12 | Real GDP Recovery from the COVID-19 Recession (Index, Q1=100), Q1 2019-Q2 2023



Sources: U.S. Bureau of Economic Analysis and Unison Consulting, Inc.
Gray areas indicate economic recession periods. Q2 2023 data are not yet available at the MSA level.

2.4.2 | Labor Market

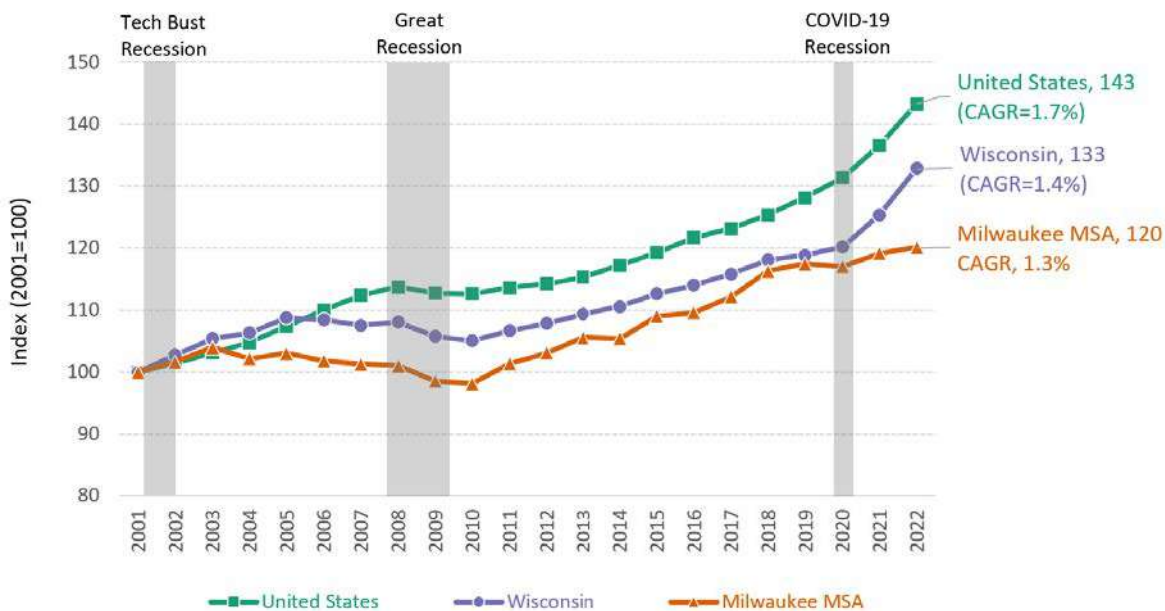
Labor market trends evolve with business cycles and reflect the state of the economy. They correlate positively with trends in income and travel. Strong business and employment growth and low unemployment stimulate leisure and business travel demand.

Business Establishments

A growing number of business establishments indicate a healthy business climate, a high level of entrepreneurship, and a favorable start-up environment. New business formation creates jobs and promotes overall economic growth.

From 2001 to 2022, the number of establishments in the Milwaukee MSA increased by 20 percent, equivalent to a 1.3 percent CAGR. However, this expansion falls short of Wisconsin's 33 percent growth (1.4 percent CAGR) and the nation's 43 percent growth (1.7 percent CAGR). From 2003 to 2010, the Milwaukee MSA experienced a decline in business establishments, but since 2010, there has been a positive upswing with a CAGR of 1.7 percent, extending up to 2022. Although the MSA trails behind Wisconsin and the nation in long-term growth, the upward trend since 2010 presents an encouraging outlook for the Milwaukee MSA.²⁶

Figure 13 | Business Establishment Index (2001=100), 2001-2022



Sources: U.S. Bureau of Labor Statistics and Unison Consulting, Inc.
Gray areas indicate economic recession periods. 2022 data are through Q3.

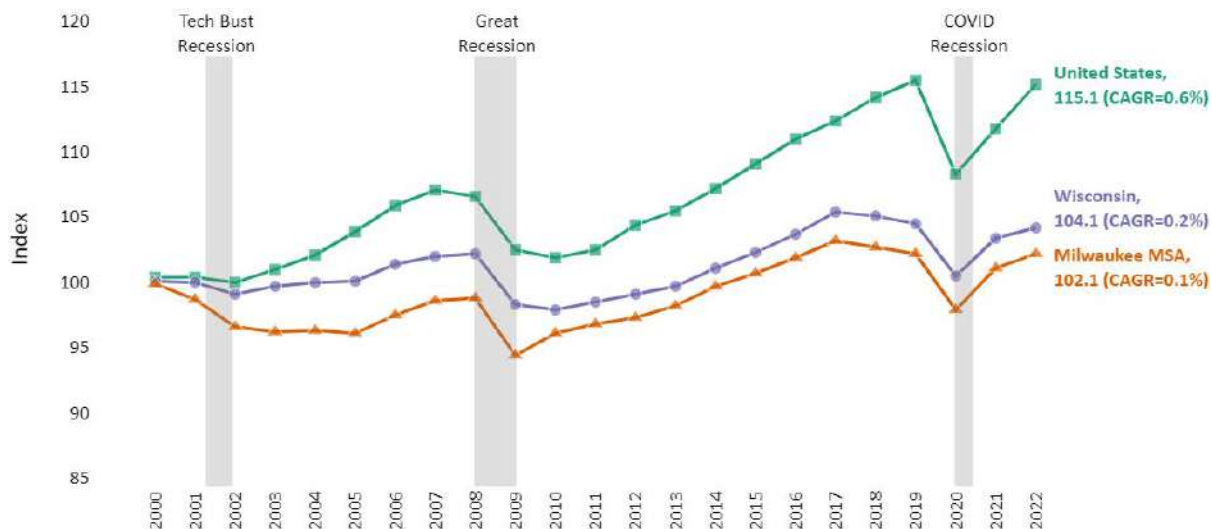
²⁶ See M. Gousha and J. Johnson, "The worst didn't come to pass for Milwaukee's economy during the pandemic. The recovery remains a work in progress," *The Milwaukee Journal Sentinel*, June 30, 2022, <https://www.jsonline.com/story/news/solutions/2022/06/30/milwaukes-economy-took-hit-during-pandemic-recovery-has-been-slow/7683317001/>.

Employment

Between 2000 and 2022, nonfarm employment in the Milwaukee MSA exhibited a modest 2 percent overall increase, corresponding to a 0.1 percent CAGR (Figure 14). This growth rate lags significantly behind the U.S. overall growth of 15 percent (0.6 percent CAGR) and slightly trails Wisconsin's 4 percent overall growth (0.2 percent CAGR).

During the 2008-2009 Great Recession, employment declined sharply across the United States, including Wisconsin and the Milwaukee MSA. However, from 2010 to 2017, there was steady employment growth in the Milwaukee MSA (1.0 percent CAGR), Wisconsin (1.1 percent CAGR), and the entire nation (1.4 percent CAGR). While employment continued to rise nationally until 2019, the Milwaukee MSA and Wisconsin experienced a downturn in 2018. In 2020, the pandemic-induced recession led to a nationwide decline of 6 percent in employment, with the Milwaukee MSA and Wisconsin seeing a 4 percent drop. Since then, employment has made a significant recovery, although it has not yet reached the peak level of 2017.

Figure 14 | Employment Index (2000=100), 2000-2022

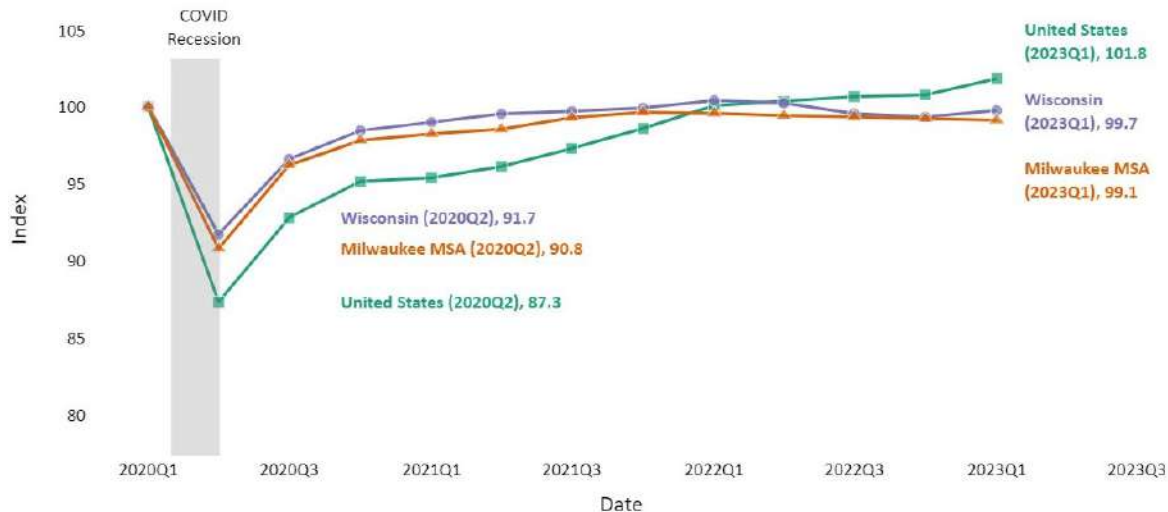


Sources: U.S. Bureau of Labor Statistics and Unison Consulting, Inc.
Gray areas indicate economic recession periods.

Figure 15 shows quarterly employment trends from the first quarter of 2020 through the first quarter of 2023. The quarterly data reveals that employment decreased drastically from the first to the second quarter in 2020—by 13 percent in the United States, 9 percent in the Milwaukee MSA, and 8 percent in Wisconsin. By the first quarter of 2023, employment had recovered entirely to the pre-pandemic level nationally and reached 99 percent of pre-pandemic levels in Wisconsin and the Milwaukee MSA. However, between late 2021 and early 2023, employment stagnated in Wisconsin and declined slightly in the MSA. Overall, the trends demonstrate resilience from the COVID-19 recession. However, the declining trends in the Milwaukee MSA after 2017 and in 2023 raise

concerns. The Wisconsin Department of Revenue anticipates nonfarm employment growth in the Milwaukee MSA to remain sluggish over the next few years.²⁷

Figure 15 | Quarterly Employment Recovery from the COVID-19 Recession (Index, 2020 Q1=100), 2020 Q1-2023 Q1



Sources: U.S. Bureau of Labor Statistics and Unison Consulting, Inc.
Gray areas indicate economic recession periods.

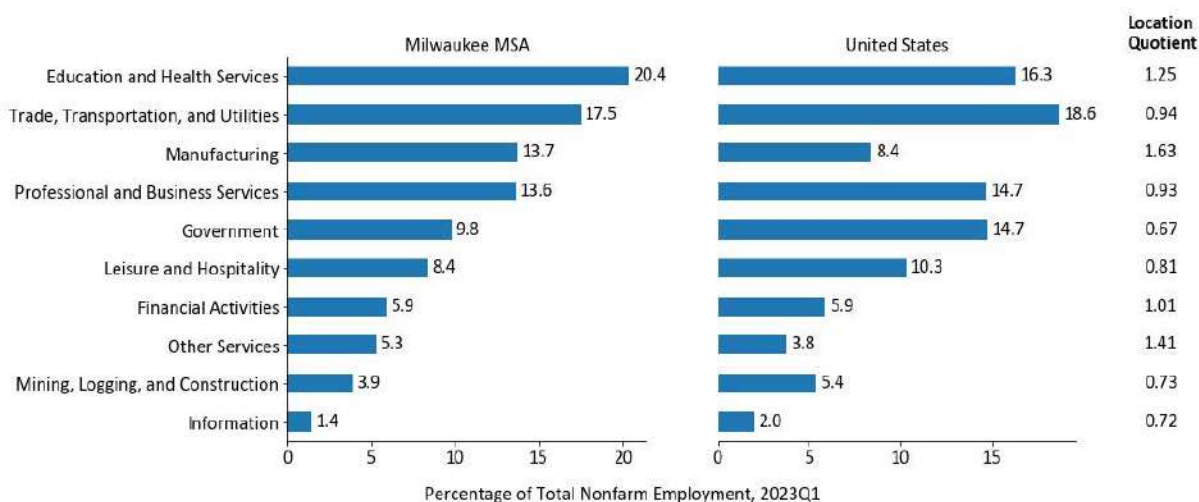
Nonfarm Employment by Industry

A diversified economy is vital for robust economic growth and withstanding shocks. On the other hand, heavy specialization in a few industries—especially those that are pro-cyclical, such as construction, mining, and manufacturing—increases the exposure of the local economy to business cycle fluctuations and downturns in particular industries. Moreover, since regions tend to specialize in certain economic activities owing to natural resources, geographic attributes, labor supply, business climate, and other factors, they tend to be more concentrated in specific industries than the national economy.

Figure 16 shows the percentage distribution of employment across various nonfarm industry sectors in the Milwaukee MSA and the United States in 2023. It also offers an additional metric, the “location quotient” (LQ), which indicates the degree by which the Milwaukee MSA is more specialized than the U.S. economy in a particular industry sector. LQ represents the ratio of an industry sector’s share of the MSA’s nonfarm employment to its share of total U.S. nonfarm employment. An LQ above one indicates that the industry contributes a greater share of employment in the MSA, indicating the MSA’s specialization in that industry. Conversely, an LQ below one indicates that the industry has a smaller regional presence.

²⁷ Wisconsin Department of Revenue, *Wisconsin MSA Outlook*, September 2022, <https://www.revenue.wi.gov/DORReports/2022-09-wi-msa-outlook.pdf>.

Figure 16 | Shares of Nonfarm Employment and Location Quotients – Selected Nonfarm Sectors,²⁸ 2023



Sources: U.S. Bureau of Labor Statistics and Unison Consulting, Inc.

The largest industry sector in the Milwaukee MSA, with 20 percent of nonfarm employment, is education and health services.²⁹ The second and third largest industry sectors are trade transportation and utilities,³⁰ with 17 percent of employment, and professional and business services,³¹ with 14 percent of employment.

Based on the location quotient, the economy of the Milwaukee MSA shows greater specialization in four industry sectors:

- Manufacturing with an LQ of 1.63.
- Other Services³² with an LQ of 1.41.
- Education and health services with an LQ of 1.25.
- Financial activities³³ with an LQ of 1.01.

The Milwaukee MSA remains highly specialized in manufacturing, keeping with the region's industrial tradition. Meanwhile, the Milwaukee MSA shows an LQ of just 0.67 for government, 0.72

²⁸ See U.S. Census, "North American Industry Classification System," <https://www.census.gov/naics/?58967?yearbck=2022> for full information on the composition of industry sectors. Descriptions listed here are abbreviated.

²⁹ Education and health services provide, among other things: (1) instruction and training, such as at schools and universities, and (2) health care, social, assistance and medical care for individuals.

³⁰ Trade transportation and utilities include retail, wholesale, transportation, and warehousing activities.

³¹ Professional and Business Services includes legal representation, accounting, architecture, and engineering.

³² Other services include general repair for equipment and machinery, personal care, and other activities.

³³ Financial activities include banking, insurance, and investments.

for the information sector, 0.73 for mining, logging, and construction, and 0.81 for leisure and hospitality, indicating a smaller presence of these industries in the Milwaukee MSA than in the nation.

Figure 17 shows annual trends in employment in selected nonfarm sectors from 2000 through 2022. The effects of the Great Recession (2008-2009) and the COVID-19 recession (2020) are evident, especially in pro-cyclical sectors such as construction; manufacturing; leisure and hospitality; trade, transportation, and utilities; and professional and business services. These industries suffered declines in employment in the last two recessions.

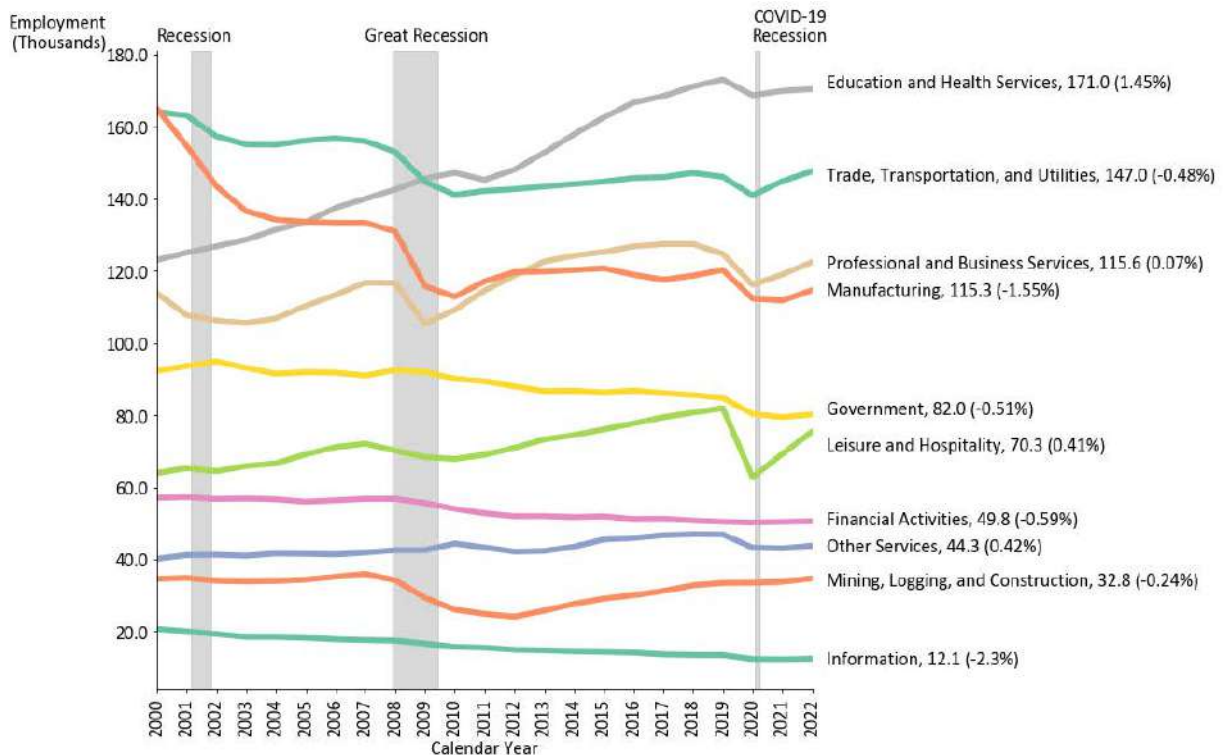
Over the entire period, education and health services saw significant employment gains, increasing at a 1.5 percent CAGR. Other services grew at 0.42 percent CAGR, and leisure and hospitality³⁴ at 0.41 percent CAGR. The slowest-growing industry sectors included information (-2.3 percent CAGR) and manufacturing (-1.6 percent CAGR). The decline in manufacturing jobs in the Milwaukee MSA between 2000 and 2023 mirrors losses at the national level (-1.3 percent CAGR) and reflects a broad national industrial restructuring from goods-producing to service industries. Manufacturing employment has stabilized since 2010.

Most sectors in the Milwaukee MSA suffered significant employment losses during the pandemic. The largest decline was in leisure and hospitality—employment fell by 23 percent between 2019 and 2020. This trend was common nationally, as stay-at-home orders and public reluctance to travel disproportionately impacted leisure and tourism.

The Milwaukee MSA's employment recovery from the COVID-19 recession has been slow, however progress continues. As Q1 2023, only the trade, transportation and utilities and mining, logging and construction sectors exceeded Q1 2019 employment levels. However, financial activities and education and health services had both reached 99 percent of Q1 2019 levels, and all other sectors—except for information (89 percent)—have reached at least 90 percent of pre-pandemic employment levels in the MSA.

³⁴ Leisure and hospitality include activities such as accommodations, food service, and recreation.

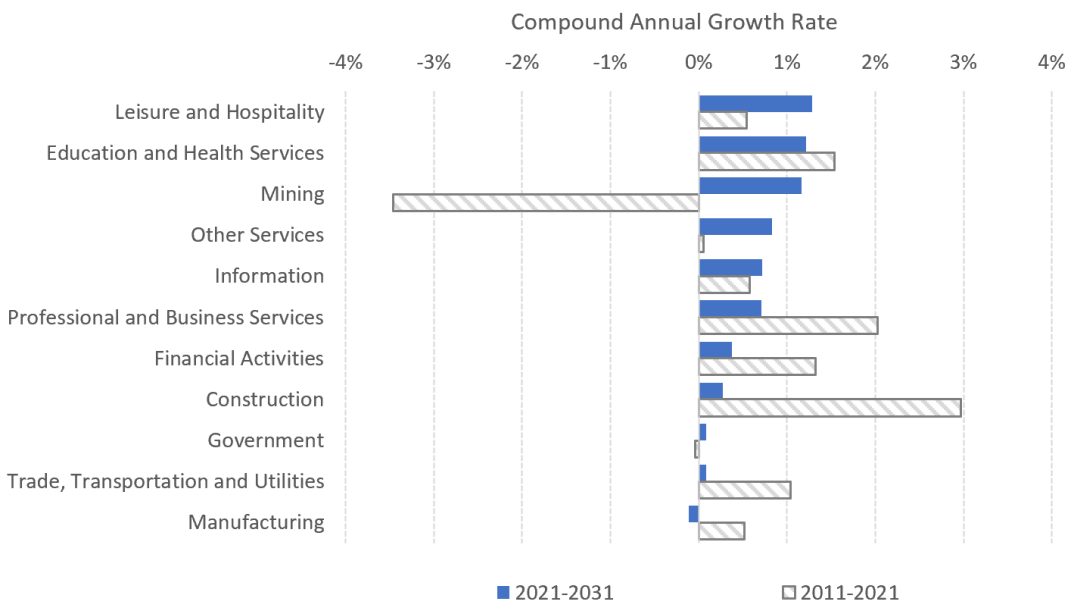
Figure 17 | Employment by Selected Industry, 2000-2022



Sources: U.S. Bureau of Labor Statistics and Unison Consulting, Inc.
Gray areas indicate economic recession periods.

Looking to the future, employment in the Milwaukee MSA has a mixed outlook. Figure 18 shows national historical employment growth by sector from 2011-2021 and forecast growth from 2021-2031. Important industries in the Milwaukee MSA—such as education and health care, as well as professional and business services—are poised for solid growth in the coming decades. In addition, continued growth in leisure and hospitality employment will diversify the local economy. On the other hand, manufacturing employment is expected to remain sluggish.

Figure 18 | Historical and Forecast Growth Rates by Industry Sector, 2011-2021 and 2021-2031



Sources: U.S. Bureau of Labor Statistics and Unison Consulting, Inc.

Leading Employers

The Milwaukee MSA has a range of large public and private employers who, along with the many small enterprises in the area, form the backbone of the region's economy. In addition, a solid corporate and business presence generates business demand for air travel. Table 5 shows a selection of leading employers in the Milwaukee MSA.

Aurora Health Care, Froedtert Health, Ascension Wisconsin, and ProHealth are among the major companies in the Milwaukee MSA in health-related industries. A.O. Smith, Rexnord, Harley Davidson, and Milwaukee Tool are key firms in manufacturing. Various other financial services, distribution, and retail companies are scattered across the Milwaukee MSA. Several companies, including Generac, Rockwell Automation, and WEC Energy, among others, are on the list of Fortune 1,000 companies.

Table 5 | Leading Employers in the Milwaukee MSA

Organization	Products/Services/Sector	Estimated Employment
Federal / State / Local Government	Government	82,400
Aurora Health Care	Health care system	32,000
Froedtert Health	Health care services	14,000
A.O. Smith*	Electrical motors, water heaters and boilers	13,700
Ascension Wisconsin	Health care system	10,750
Generac*	Backup power generators	9,248
Kroger Co./Roundy's	Food distributor & retailer	8,300
Quad/Graphics*	Commercial printing and print management	7,500
REV Group*	Specialty vehicles	6,800
Rexnord*	Industrial equipment and components	6,570
Medical College of Wisconsin	Medical school	6,225
Kohl's*	Department stores	6,200
GE Healthcare	Medical imaging & information systems	6,000
Northwestern Mutual*	Life insurance & investment services	6,000
ProHealth Care Inc.	Health care system	4,800
Goodwill Industries	Training, employment and supportive services	4,700
Baird	Financial Services	4,500
Children's Hospital of Wisconsin	Pediatric health care services	4,500
Rockwell Automation*	Industrial controls and software	4,000
WEC Energy*	Electric & natural gas utility	3,300
Harley-Davidson*	Motorcycles and accessories	2,320
Milwaukee Tool	Manufacturer of heavy-duty power tools	2,300
Johnson Control	Global leader in building technologies and solutions	1,900
Fiserv*	Financial transaction and information management tools	900
ManpowerGroup	Contract employment	750

Sources: Choose Milwaukee, Fortune, Metropolitan Milwaukee Association of Commerce, company websites, and Unison Consulting, Inc.

*Fortune 1,000 companies based in the Milwaukee MSA. Employment values are estimates and from various years. Local employment is used when available. List is not exhaustive.

Commuting

In 2020, about 79 percent of those employed in the Milwaukee MSA also lived there, and approximately 67 percent of all workers lived in Milwaukee or Waukesha counties. Among those residing in the Milwaukee MSA, only about 12 percent commute outside the region. Overall, the Milwaukee MSA has a 78,000 net job inflow.

2.4.3 | Unemployment

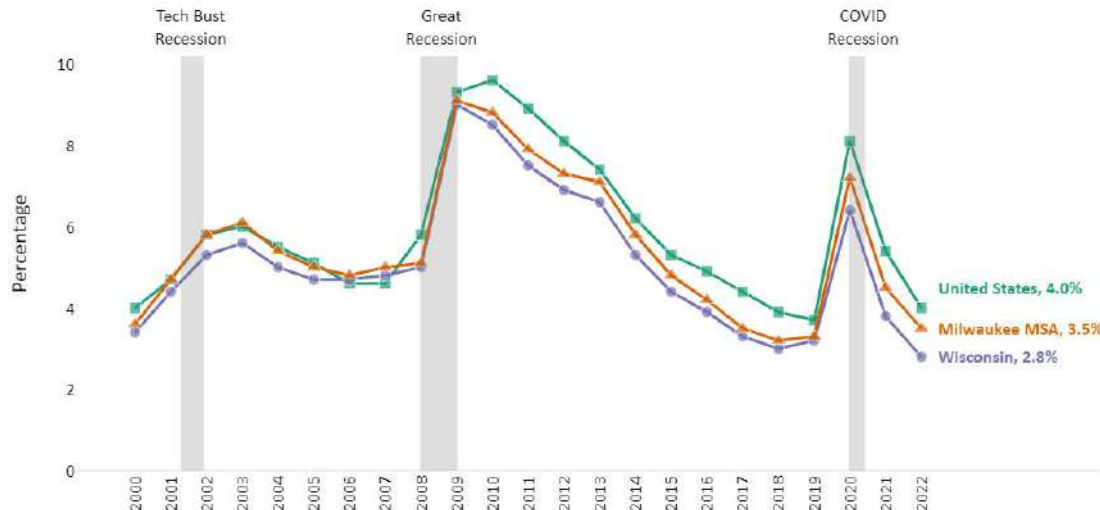
The unemployment rate represents the share of unemployed members of the labor force (those 16 years and older who are either employed or unemployed and actively looking for work). It provides a measure of unmet demand for jobs. Elevated levels of unemployment suggest reduced incomes

and limited discretionary spending, which, in turn, affects travel. Like employment, the unemployment rate exhibits fluctuations in accordance with business cycles. (Figure 19).

During the Great Recession, the annual unemployment rate experienced a notable increase, reaching 9.6 percent at the national level, 9 percent in Wisconsin, and 9.1 percent in the Milwaukee MSA. Subsequently, as the economy recovered, the unemployment rate declined, reaching 3.7 percent nationally, 3.2 percent in Wisconsin, and 3.3 percent in the Milwaukee MSA by 2019, indicating a state of “full employment.”³⁵

In 2020, amid the business lockdowns during the pandemic, unemployment again spiked—to an annual average of 8.1 percent in the United States, 6.4 percent in Wisconsin, and 7.2 percent in the Milwaukee MSA. By 2022, there was an improvement, with national unemployment at 4.0 percent and even lower rates in Wisconsin (2.8 percent) and the Milwaukee MSA (3.5 percent).

Figure 19 | Annual Unemployment Rate, 2000-2022

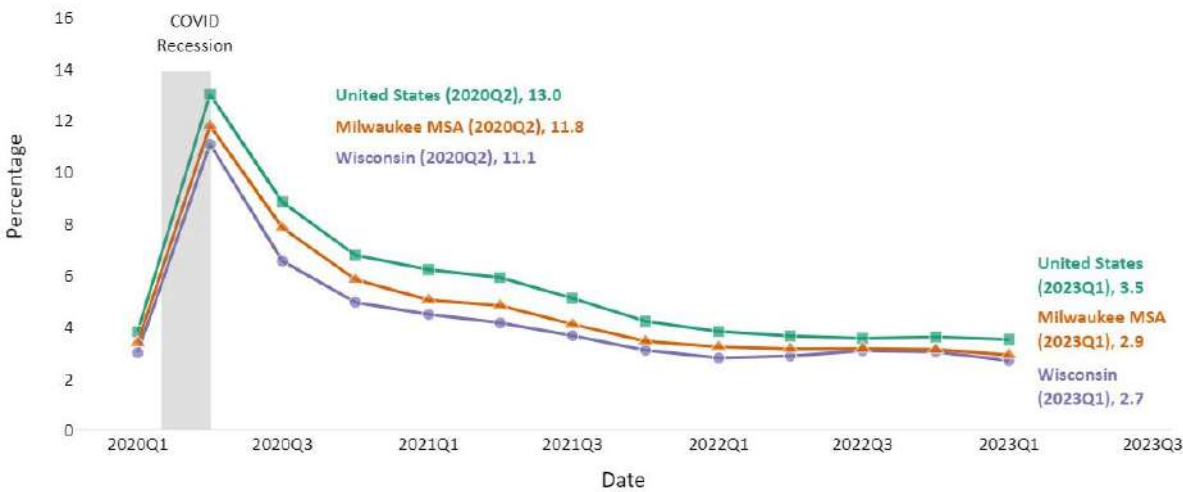


Sources: U.S. Bureau of Labor Statistics and Unison Consulting, Inc.
Gray areas indicate economic recession periods.

More detailed quarterly unemployment data through Q1 2023 paints a brighter picture of economic recovery (Figure 20). Unemployment rates have consistently dropped since 2020, and as of the first quarter of 2023, were 3.5 percent nationally, 2.9 percent in the Milwaukee MSA, and 2.7 percent in Wisconsin—all below Q1 2020 levels.

³⁵ Full employment generally is implied when unemployment rates are between 4.1 and 4.7 percent. More accurately, full employment is conceptual and refers to a state where “...the unemployment rate equals the nonaccelerating inflation rate of unemployment, no cyclical unemployment exists, and GDP is at its potential.” Sources: (1) C. Cook, “Full Employment,” Bloomberg, 2016. (2) Bureau of Labor Statistics, “Full Employment: an assumption within BLS projections,” 2017.

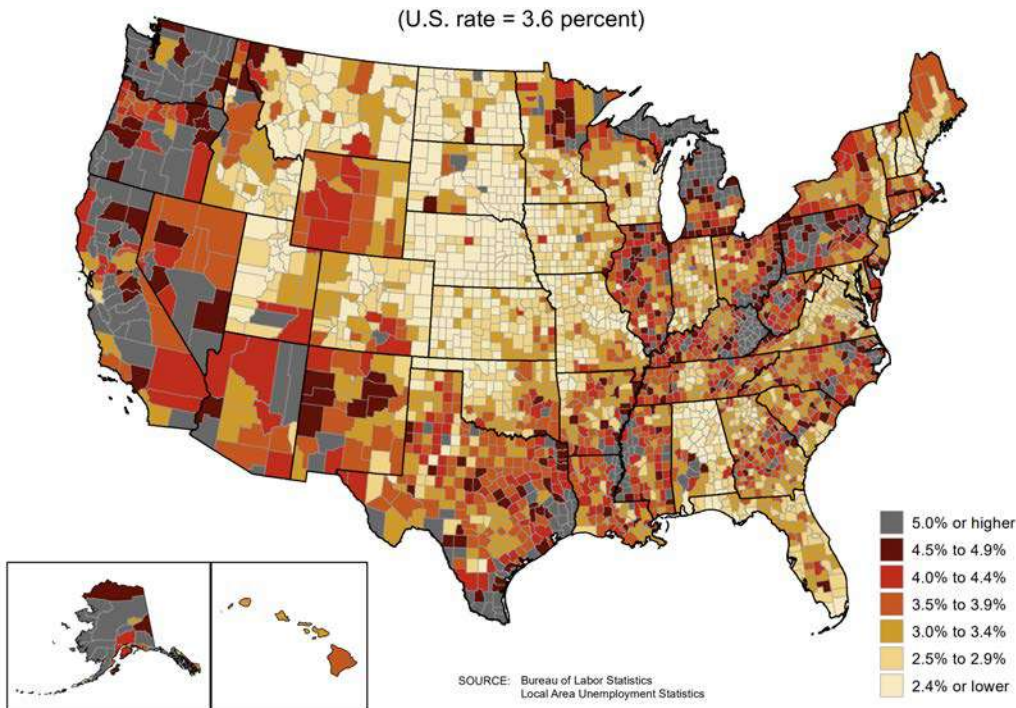
Figure 20 | Quarterly Unemployment Rate, Q1 2020 - Q1 2023



Sources: U.S. Bureau of Labor Statistics and Unison Consulting, Inc.
Gray areas indicate economic recession periods.

For broader context, Figure 21 shows the 12-month average unemployment rate through May 2023 by county in the United States. It shows that the low unemployment in the counties of the Milwaukee MSA compares favorably to many regions when viewed nationally. In addition, unemployment rates throughout southern Wisconsin are lower than in neighboring Illinois.

Figure 21 | Unemployment Rate by County, 12-Month Average through May 2023



Sources: U.S. Bureau of Labor Statistics and Unison Consulting, Inc.

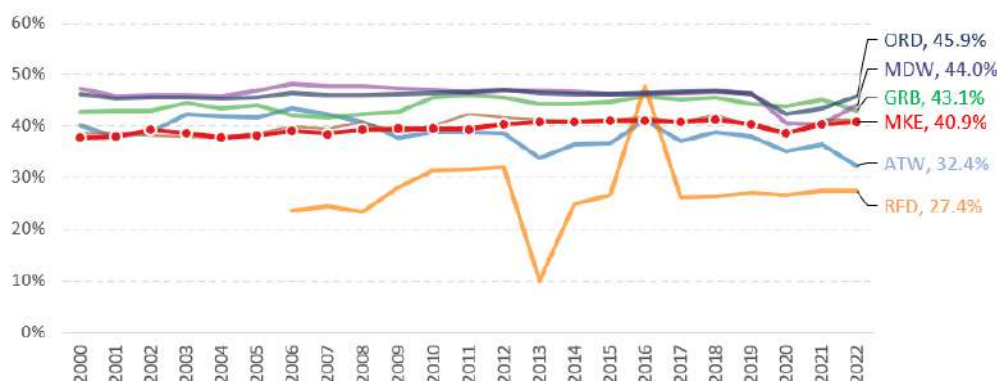
The strong rebound in employment led to a sharp decline in the unemployment rate in the Milwaukee MSA, indicating a resilient local economy. However, the low unemployment rate is also partly due to a decrease in labor force participation, a nationwide trend that has led to fewer workers being classified as unemployed in official calculations.

National and regional unemployment is expected to rise in 2023 and 2024 due to two factors. The labor force will increase as people exhaust their pandemic savings and rejoin the labor force. Meanwhile, tight monetary policy to combat inflation will slow the economy and employment growth, increasing unemployment.

2.4.4 | Tourism

Tourism is considered a “basic” economic activity and a key driver of economic growth. It brings “new” money to a region from visitor spending on food, lodging, recreation, and other services local businesses provide.³⁶ Airports play a crucial role in the tourism economy of a region as they serve as a primary entry point for out-of-town visitors. According to U.S. Department of Transportation data, approximately 41 percent of enplanements at MKE in 2022 are visitors—who begin their trip itineraries at other airports (Figure 22). The remaining 59 percent have MKE as their point of origin and are presumed to be local residents.

Figure 22 | Estimated Percentage of Non-Local Enplanements, 1993-2022

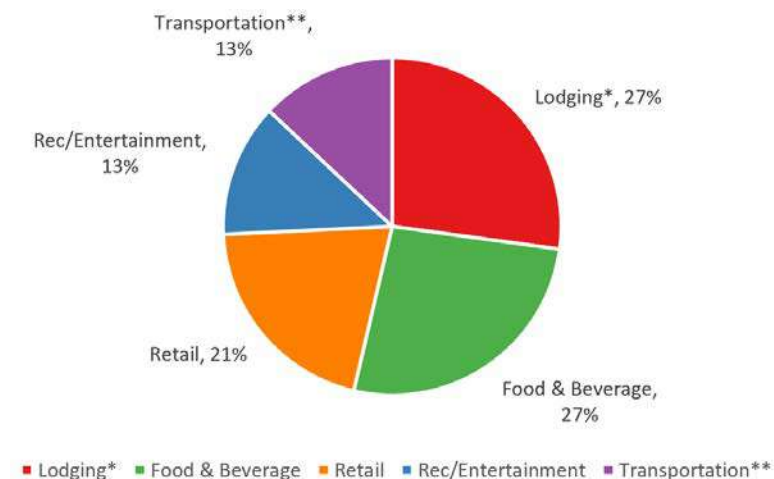


Sources: U.S. Department of Transportation and Unison Consulting, Inc.

Visitors play a significant role in the economies of Wisconsin and the Milwaukee MSA. In 2021, tourism generated nearly \$13 billion in spending, contributed \$1.4 billion in state and local taxes, and supported 169,000 jobs statewide. The overall economic impact statewide amounted to nearly \$21 billion. Figure 23 illustrates the distribution of visitor spending, with lodging representing 27 percent, retail accounting for 21 percent, and transportation, encompassing all modes, comprising 13 percent.

³⁶ In regional economic development theory, “basic” industries are those that generate revenue from customers from outside the region, thus bringing “new money” into the region.

Figure 23 | Visitor Spending in Wisconsin by Category, 2021

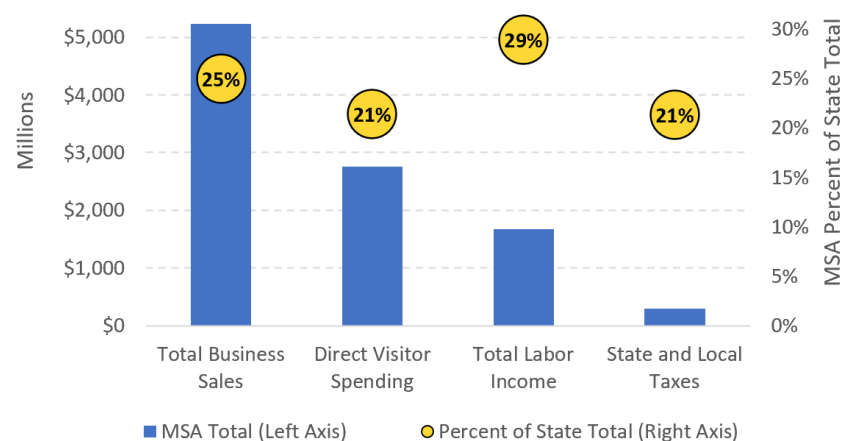


Sources: Travel Wisconsin and Unison Consulting, Inc.

* Includes second home spending. ** Includes air and ground transportation.

Figure 24 shows the impact of visitor spending on the Milwaukee MSA and the contribution to total state visitor activity. The MSA's visitors generated over \$5 billion in business sales, comprising about 25 percent of the state total. The Milwaukee MSA's portion of the state total for direct spending, labor income, and state and local taxes attributed to visitors is similarly high. VISIT Milwaukee is actively working to enhance and extend awareness about the region and its attractiveness to visitors.³⁷

Figure 24 | Impact of Visitor Spending in the Milwaukee MSA and Percent of State Total, 2021



Sources: Travel Wisconsin and Unison Consulting, Inc.

³⁷ Visit Milwaukee, "VISIT Milwaukee Announces Exciting 2022 Initiatives At 55th Anniversary Annual Meeting," <https://urbanmilwaukee.com/pressrelease/visit-milwaukee-announces-exciting-2022-initiatives-at-55th-anniversary-annual-meeting/>.

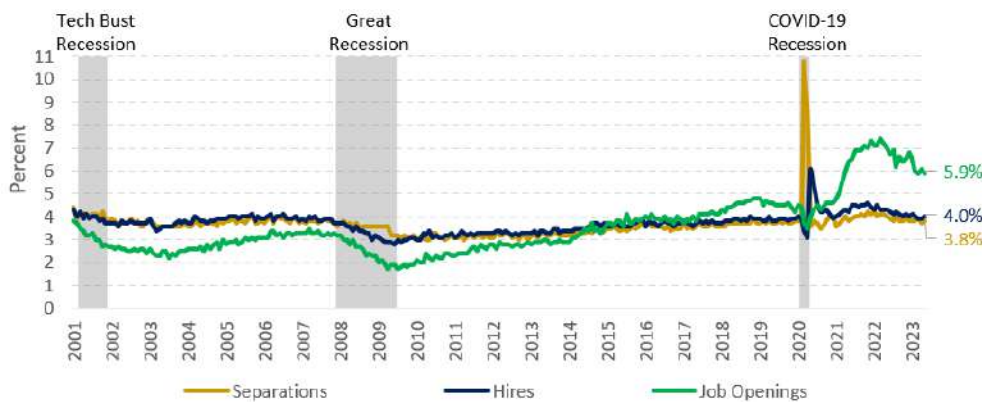
2.5 | Macroeconomic Indicators

The economic conditions in the United States directly impact regional economies and the demand for air transportation. However, the current trends in key macroeconomic indicators provide a mixed outlook for future conditions.

2.5.1 | Employment

The labor market has been robust in the aftermath of the COVID-19 recession. However, recent efforts by the Federal Reserve to slow inflation appear to have cooled hiring (Figure 25). During 2021 and early 2022, while hires and separations remained relatively flat, job openings rose rapidly, suggesting a shortage of workers to fill available positions. However, data from late 2022 and early 2023 show that job openings, while still high, are decreasing, indicating a cooling labor market.

Figure 25 | Job Openings, Separations, and Hires, Monthly, 2001-May 2023



Sources: U.S. Bureau of Labor Statistics and Unison Consulting, Inc.

Gray areas indicate economic recession periods.

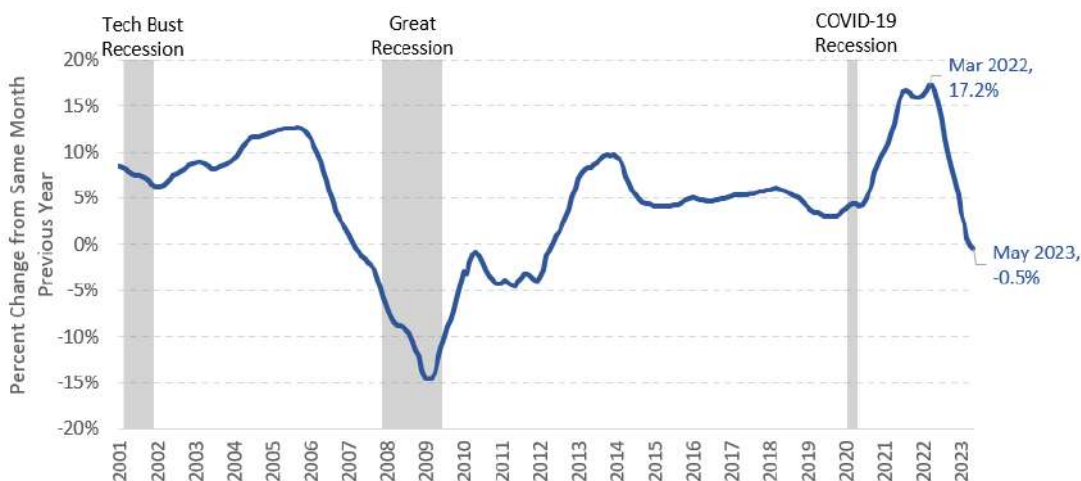
Separations and hires rates are expressed as a percentage of total employment. Job openings are expressed as a percentage of total employment plus openings.

2.5.2 | Housing

Housing represents a significant part of many individuals' net worth and monthly expenses. A robust housing market indicates a thriving economy, promotes consumer spending, and facilitates labor mobility. However, housing prices, which experienced a 40 percent increase between January 2020 and March 2022, have declined (Figure 26). The combination of high prices and rising interest rates has resulted in slower demand. According to Moody's Analytics, there will be a projected 5-10 percent decrease in home prices by early 2025. Prolonged declines in home prices can have a domino effect on consumer wealth, confidence, spending, and overall consumption patterns.³⁸

³⁸ P. Carlsson-Szlezak and P. Swartz. "How much damage will the housing market do to the economy?" *Fortune*, August 9, 2022.

Figure 26 | S&P/ Case-Shiller National Home Price Index, Monthly, January 2001-May 2023



Sources: S&P Dow Jones and Unison Consulting, Inc.
Gray areas indicate economic recession periods.

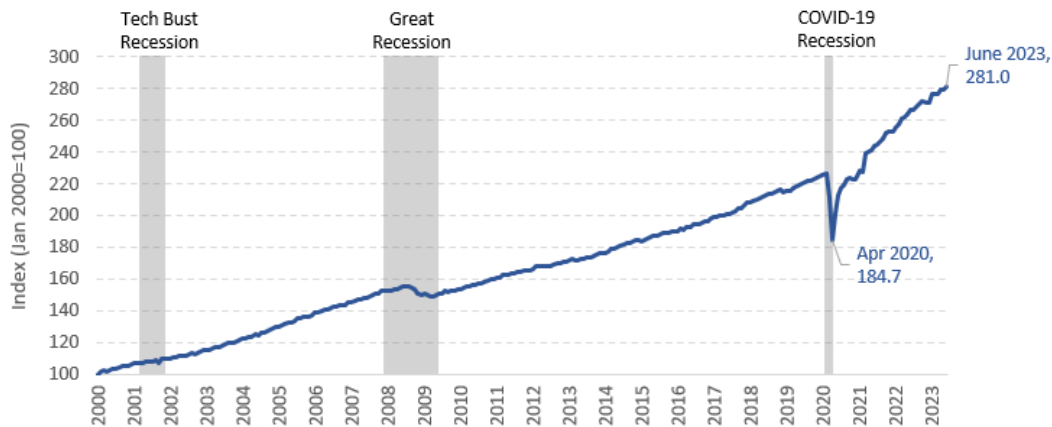
2.5.3 | Consumer Spending

Personal consumption expenditures (PCE), contributing around 66 percent to the US GDP, have steadily increased over time, with only temporary declines during the Great Recession and the COVID-19 pandemic. During the Great Recession, consumer spending decreased 4.0 percent over eight months from late 2008 to early 2009. From January 2009 to January 2020, consumer spending rose by 50 percent, indicating a compound annual growth rate (CAGR) of 3.7 percent. During the pandemic, consumer spending dropped by 18 percent over the two months from February to April 2020. However, it rebounded 52 percent by June 2023, surpassing the pre-pandemic peak by 24 percent. Recent increases in consumer spending have been attributed to higher employee compensation.³⁹

More broadly, consumer spending has been boosted by significant amounts of excess savings and increases in household wealth from earlier gains in stock and housing prices during the pandemic. Nevertheless, the impact of high inflation is becoming apparent as spending surpasses incomes and people start drawing down savings.

³⁹ U.S. Bureau of Economic Analysis, *Personal Income and Outlays*, February 2023.

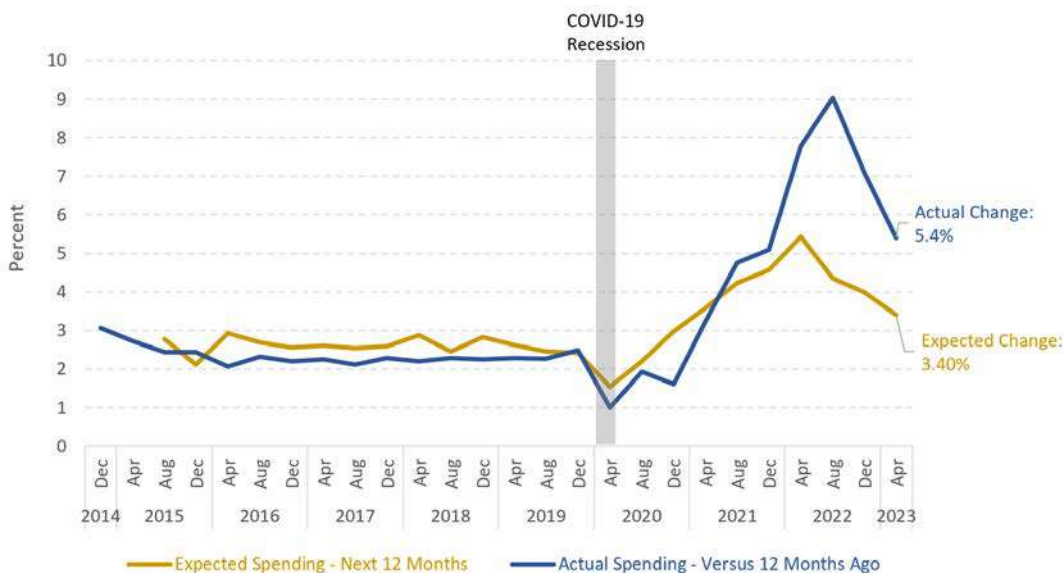
Figure 27 | Personal Consumption Expenditures Index, Monthly, January 2000-June 2023



Sources: U.S. Bureau of Economic Analysis and Unison Consulting, Inc.
Gray areas indicate economic recession periods.

Robust consumer spending, which aided the U.S. economy's rebound from the 2020 recession, is losing strength. Figure 28 shows consumer spending changes in the prior 12 months, and projected spending levels for the upcoming 12 months have historically aligned since 2012. However, in late 2020 and 2021, they started to diverge. This discrepancy arose due to the improved consumer outlook fostered by the supplementary income provided by the U.S. government during the pandemic. However, by early 2022, consumers began to anticipate a decline in spending as government income support ended and inflation rose. The extent to which these consumer expectations are borne out will become apparent later in 2023 and 2024.

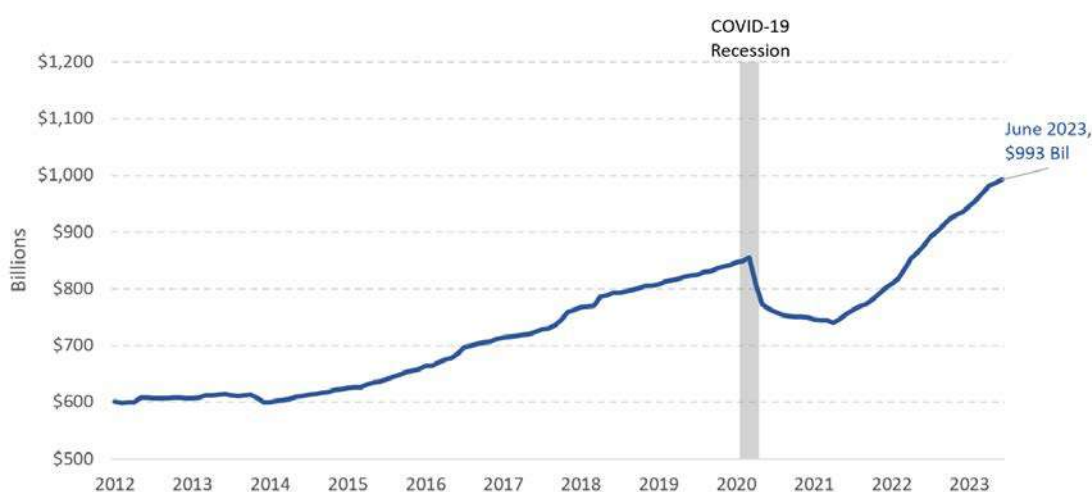
Figure 28 | Actual and Expected Consumer Spending: 12-months ago, Next 12 Months, 2014-April 2023



Sources: Federal Reserve Bank of New York and Unison Consulting, Inc.
Gray areas indicate economic recession periods.

In part, borrowing has supported consumer spending, as evident from the significant growth in consumer loan balances, including credit card debt (Figure 29). From January 2012 to 2020, consumer loan balances rose by 42 percent, with a Compound Annual Growth Rate (CAGR) of 4.5 percent. However, government stimulus programs during the pandemic reversed this trend, resulting in a 14 percent decrease in consumer revolving loan balances between March 2020 and April 2021. Since then, from April 2021 to June 2023, consumer loan balances have surged by 34 percent. The total amount owed by consumers is swiftly approaching \$1 trillion. The combination of high inflation and rising interest rates will continue to put pressure on consumer spending and the ability of consumers to manage substantial debt levels.

Figure 29 | Consumer Loans: Credit Cards and Other Revolving Plans (Commercial Banks), \$ Billions, Monthly, January 2012-June 2023



Source: U.S. Board of Governors of the Federal Reserve System and Unison Consulting, Inc.
Gray areas indicate economic recession periods.

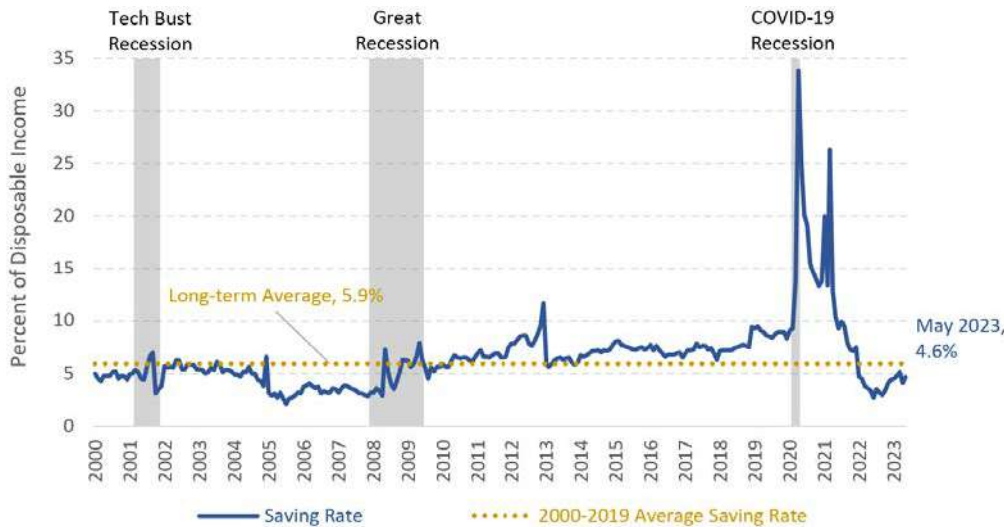
The personal saving rate soared during the pandemic. Social distancing curtailed household spending, and income transfers from COVID-19 relief packages⁴⁰ boosted household incomes, resulting in trillions of dollars of accumulated savings. Figure 30 shows monthly personal savings as a percentage of disposable income from January 2000 to May 2023. The long-term average before the pandemic (2000-2019) was 5.9 percent. In 2020 and 2021, the personal saving rate reached levels above 30 percent, and households are estimated to have amassed a peak of more than \$2.7 trillion in excess savings through the end of 2021.

Trillions of dollars in accrued savings provided consumers a cushion to sustain spending, including travel, amid price increases in 2021 and 2022. However, the personal saving rate fell below its long-term average to a low of 2.7 percent in June 2022, and has remained low in 2023. The savings

⁴⁰ COVID-19 relief packages were provided under the CARES Act in March 2020, the Consolidated Appropriations Act in December 2020, and the American Rescue Plan in March 2021.

cushion has been shrinking as consumers use more and add less to their savings to sustain growth in spending. Estimates by Federal Reserve economists indicate that excess pandemic savings have already been depleted or will be by the end of 2023.^{41, 42} The exhaustion of accumulated pandemic savings removes some support for continued high levels of consumer spending.

Figure 30 | Personal Saving, Monthly, January 2000- May 2023



Sources: U.S. Bureau of Economic Analysis and Unison Consulting, Inc.
Gray areas indicate economic recession periods.

2.5.4 | Inflation

Strong consumer demand and supply constraints have created an inflationary environment. While inflation stayed around 2 percent between 2010 and 2020, in 2022, it rose to levels not seen since the early 1980s (Figure 31). The headline inflation rate, measured by the All-Items Consumer Price Index (CPI), reached 9.1 percent in June 2022. Core inflation, which excludes highly price-volatile items like food and energy, reached 6.6 percent in September 2022. To slow inflation, the Federal Open Market Committee (FOMC) raised interest rates in 2022 and 2023. Between March 2022 and July 2023, the FOMC increased the Fed Funds rate eleven times—by 525 basis points (5.25 percent), increasing the cost of capital for individuals and corporations. Inflation began to ease in early 2023 but remains above the FOMC's long-term goal of 2 percent. Core inflation has not fallen

⁴¹ F. de Soyres, D. Moore, and J. Ortiz, "Accumulated Savings During the Pandemic: An International Comparison with Historical Perspective," FEDS Notes, Board of Governors of the Federal Reserve System, June 23, 2023. <https://www.federalreserve.gov/econres/notes/feds-notes/accumulated-savings-during-the-pandemic-an-international-comparison-with-historical-perspective-20230623.html>.

⁴² A. Aladangady, D. Cho, L. Feiveson, and E. Pinto, "The Rise and Fall of Pandemic Excess Savings," FRBSF Economic Letter, Federal Reserve Bank of San Francisco, May 8, 2023.

as much as the headline rate, straining household finances. High inflation reduces the purchasing power of consumers and erodes the impact of wage growth.⁴³

Figure 31 | Consumer Price Index, Monthly, January 2000-June 2023



Sources: U.S. Bureau of Labor Statistics and Unison Consulting, Inc.
Gray areas indicate economic recession periods.

2.5.5 | Consumer Sentiment

Based on a survey by the University of Michigan, consumer sentiment remains low in historical terms —another indicator of caution regarding near-term economic conditions (Figure 32). During 2022, the index, which measures consumer confidence in the economy and suggests future demand behavior and business activity, fell to levels below those observed during the Great Recession.⁴⁴ Consumers grew more concerned about high inflation and more uncertain about the near-term economic outlook. More recently, however, since the third quarter of 2022, consumer sentiment has markedly increased, suggesting growing optimism about future economic growth.

⁴³ An alternative measure of inflation, the “Personal Consumption Expenditures Price Index,” calculated by the U.S. Bureau of Economic Analysis shows a similar pattern.

⁴⁴ W. Huth et al., “The indexes of consumer sentiment and confidence: Leading or misleading guides to future buyer behavior,” *Journal of Business Research*, March 1994.

Figure 32 | Consumer Sentiment, Monthly, January 2000-July 2023



Sources: University of Michigan Consumer Sentiment Index and Unison Consulting, Inc.
Gray areas indicate economic recession periods.

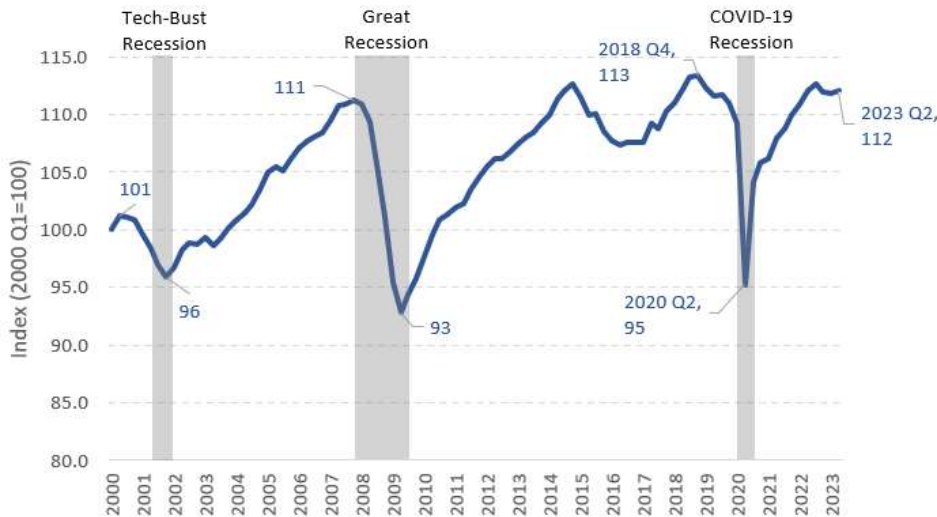
2.5.6 | Industrial Production

Another important economic indicator, industrial production, tracks the output of manufacturing, mining, and utilities (for example, power generation). Industrial production, which tends to move in concert with business cycles, decreased significantly during the recessions in 2001, 2008-2009, and 2020 (Figure 33). Most recently, industrial production dropped about 19 percent from the fourth quarter of 2018 through the second quarter of 2020. By the second quarter of 2022, it had rebounded to fourth-quarter 2019 levels—faster than the seven years it took to recover after the Great Recession. However, in the fourth quarter of 2022, the index fell by 0.6 percent due to slowing demand, rising interest rates, and the dollar’s appreciation, which reduced U.S. exports.^{45, 46} Through the second quarter of 2023, industrial production has stayed flat.

⁴⁵ X. Fontdegloria, “U.S. Industrial Production Declined More Than Expected in December,” *MarketWatch*, January 18 2023, <https://www.marketwatch.com/story/u-s-industrial-production-declined-more-than-expected-in-december-271674052883>.

⁴⁶ Reuters, “U.S. manufacturing output tumbles in December,” <https://www.reuters.com/markets/us/us-manufacturing-output-tumbles-december-2023-01-18/>.

Figure 33 | Industrial Production Index, Quarterly, Q1 2000-Q2 2023



Sources: Board of Governors of the Federal Reserve and Unison Consulting, Inc.
Gray areas indicate economic recession periods.

2.5.7 | Global Supply Chain

The pandemic revealed the vulnerability of the global supply chain as the shutdown of factories, transportation issues, and worker shortages impacted various industries, including manufacturing, construction, retail, and wholesale. This caused supply chain bottlenecks, which limited the availability of raw materials, manufacturing capabilities, and product accessibility, ultimately resulting in price increases.

The Global Supply Chain Pressure Index (GSCPI), calculated by the Federal Reserve Bank of New York, measures strain in the supply chain by combining a variety of transport cost measures with the Purchasing Manager Index (Figure 34). The figure shows the number of standard deviations the index is above or below the average. Positive values indicate that supply chains are under pressure, while negative values indicate that supply chains are running smoothly. The index hovered near zero for most of the past two decades. However, in 2020 the index rose substantially, and after a brief fall, it climbed to even higher levels in December 2021. Since then, the index has again fallen dramatically—a positive indication of the global logistics system adapting to the demands of the post-pandemic era. However, while a smoother-running global logistics sector may help economic growth, risks stemming from materials shortages, geopolitical tensions, and changes in the geography of manufacturing will continue to threaten the stability of the global supply chain.^{47, 48}

⁴⁷ M. Derby, “NY Fed index shows global supply chain pressures eased further in March, *Reuters*, <https://www.reuters.com/markets/ny-fed-index-shows-global-supply-chain-pressure-eased-further-march-2023-04-06/>, April 6, 2023.

⁴⁸ KPMG, The Supply Chain Trends Shaking up 2023,” <https://kpmg.com/xx/en/home/insights/2022/12/the-supply-chain-trends-shaking-up-2023.html>

Figure 34 | Global Supply Chain Pressure Index (Standard deviation from average), Monthly, 2000-June 2023



Sources: Federal Reserve Bank of New York and Unison Consulting, Inc.
Gray areas indicate economic recession periods.

2.6 | Macroeconomic Outlook

The economy has rebounded from the 2020 recession and surpassed pre-recession output levels. However, there are signs that growth may be slowing down.

The government income transfers that supported consumer spending have ended, leading consumers to rely on borrowing. The excess savings accumulated during the pandemic have dwindled, and the personal saving rate has dropped below the long-term average. Consumers feel uncertain about economic conditions and anticipate a decrease in future spending. Inflation has slowed in 2023, but it is still high enough for the Federal Reserve to continue raising interest rates. Even though global supply chain pressures have eased, industrial production has slowed as price increases and interest rate hikes reduced demand. The global economy is also slowing—the International Monetary Fund (IMF) cut 2023 global growth forecasts, citing the effects of inflation, Russia’s invasion of Ukraine, and China’s economic slowdown. As a result, the U.S. dollar continues to strengthen, dampening the demand for U.S. exports.

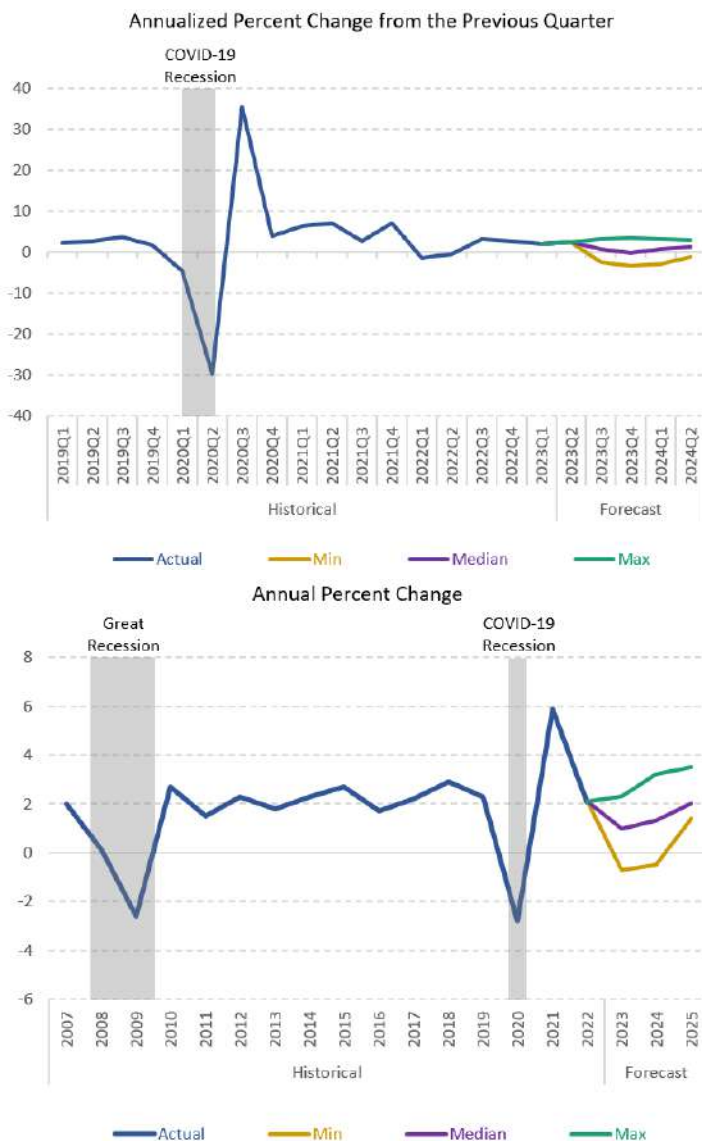
Notwithstanding the uncertainties in the short-term outlook, the U.S. economy has demonstrated its ability to bounce back and return to a growth trajectory.

2.6.1 | Short-Term Outlook

Predictions are cautious about the short-term economic outlook. According to the median estimates from the Wall Street Journal (WSJ) July 2023 Economic Forecasting Survey, U.S. real GDP is forecast to grow 0.8 percent in the third quarter of 2023, -0.35 percent in the fourth quarter of 2023, 0.8 percent in the first quarter of 2024, and 1.2 percent in the second quarter of 2024 (Figure 35). On an annual basis, the median estimate for GDP growth is 1.0 percent in 2023, 1.3 percent in 2024, and 2.0 percent in 2025. However, forecasts vary widely, including negative growth. The median estimate for the probability that the U.S. economy will slide into another recession within 12

months was 54 percent.⁴⁹ The Conference Board predicts GDP contraction in the third and fourth quarters of 2023 and the first quarter of 2024.⁵⁰

Figure 35 | U.S. Real GDP, Quarterly and Annual Change (Historical and Forecast)



Sources: U.S. Bureau of Economic Analysis, Wall Street Journal July 2023 Economic Forecasting Survey, and Unison Consulting, Inc.

Gray areas indicate economic recession periods.

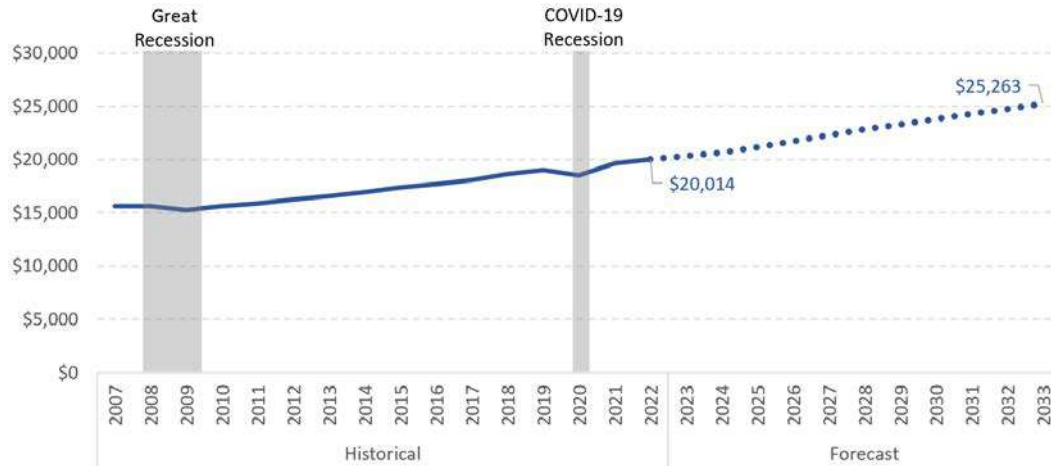
⁴⁹ Based upon the predictions of surveyed economists in July 2023.

⁵⁰ The Conference Board, *The Conference Board Economic Forecast for the US Economy*, July 12, 2023, <https://www.conference-board.org/research/us-forecast>.

2.6.2 | Long-Term Outlook

Despite substantial economic uncertainty in the short- and medium-terms, the U.S. economy will eventually return to a stable growth path, as shown in Figure 36. Moody's Analytics forecasts the U.S. real GDP to grow by 26 percent, at a CAGR of 2.1 percent, from 2022 to 2033.

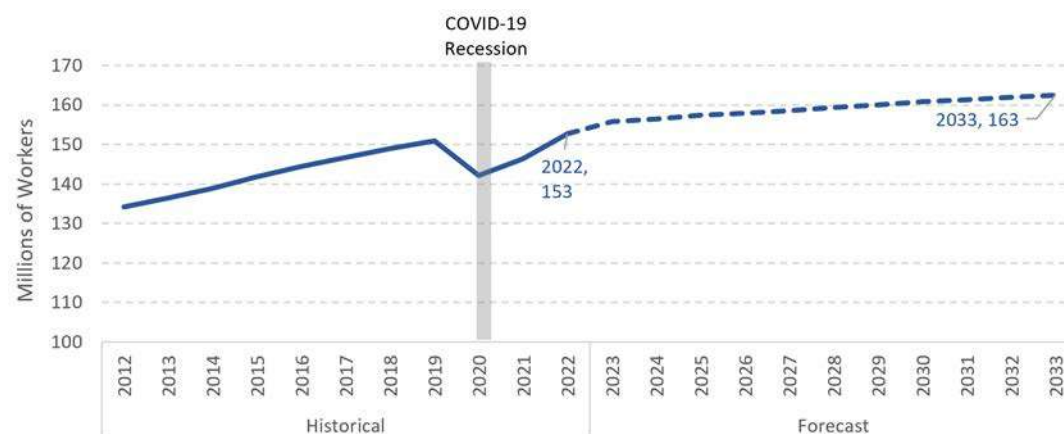
Figure 36 | Long-term Projected U.S. Real Gross Domestic Product (\$ Billions), 2012-2033



Sources: U.S. Bureau of Economic Analysis, Moody's Analytics Baseline Forecast (May 2023), and Unison Consulting, Inc. Gray areas indicate economic recession periods.

After falling by almost 6 percent between 2019 and 2020, non-farm employment exceeded pre-pandemic levels by 2022. According to Moody's Analytics' forecast, the United States will gain about 9.9 million jobs between 2022 and 2033, representing a CAGR of about 0.6 percent (Figure 37).

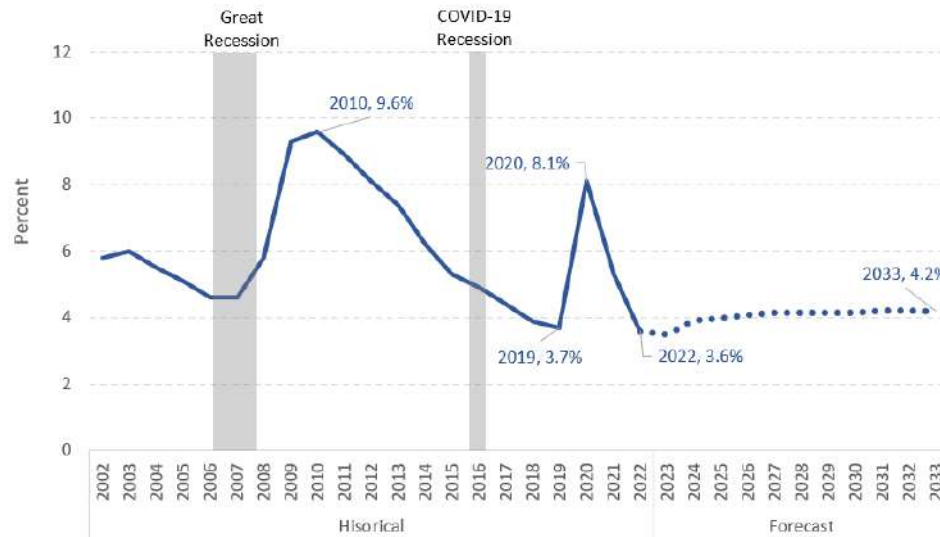
Figure 37 | Historical and Forecast Nonfarm Employment (Millions), 2012-2033



Sources: U.S. Bureau of Economic Analysis, Moody's Analytics Baseline Forecast (May 2023), and Unison Consulting, Inc. Gray areas indicate economic recession periods.

Moody's Analytics projects the U.S. unemployment rate to rise slightly above current levels to 4.2 percent by 2027, remaining nearly constant through 2033 at levels deemed consistent with a full-employment economy. Figure 38 shows forecast annual unemployment rates with historical data from 2002 to provide a long-term perspective.

Figure 38 | Historical and Forecast Unemployment Rate, 2002-2033



Sources: U.S. Bureau of Labor Statistics, Moody's Analytics Baseline Forecast (May 2023), and Unison Consulting, Inc. Gray areas indicate economic recession periods.

2.7 | Summary

The Milwaukee MSA boasts high educational attainment, above-average personal income, relatively affordable living, and low unemployment rates. Key industry sectors in the MSA, including education and health services, professional and business services, and leisure and hospitality, are projected to experience growth in the next decade. However, the MSA faces long-term challenges, such as an aging population and limited population growth due to low in-migration. Furthermore, the Milwaukee MSA is trailing behind the nation regarding GDP growth, business creation, and employment growth. Since 2017, overall employment in the MSA has been declining, with most industry sectors yet to recover to pre-pandemic employment levels.

The situation is mixed regarding macroeconomic trends, particularly in the short term. Supply-chain bottlenecks have eased, leading to more efficient production and distribution. Real GDP declined in the first half of 2022 but has rebounded since. However, forecasts are mixed regarding the near-term probability of the U.S. economy entering another recession within a year. Consumer spending remains strong, and while consumer sentiment remains relatively low due to concerns about inflation and a potential recession, it is increasing. Rising interest rates, due to Fed funds rate hikes aimed at curbing inflation, weaken housing demand and capital investment. However, despite recent layoff announcements in certain sectors, the labor market remains robust. Beyond 2024, the outlook remains positive, although international geopolitical tensions pose an ongoing concern for the global economy.

SECTION 3 | COMMERCIAL AVIATION ACTIVITY

In this section, we review the historical trends in commercial aviation activity at the Airport, explain the development of forecasts, and present the results. The historical trends in aviation activity at the Airport and demographic and economic trends in the previous section provide context for the forecasts. Lastly, we discuss broader factors that bring uncertainty to future traffic.

Throughout the section, the analysis considers the impact of the pandemic. Although the worst of the pandemic has passed, its effects continue to show in recent data and near-term forecasts. Commercial aviation is among the industry sectors that suffered the most severe disruptions due to the pandemic. Global passenger traffic fell to unprecedented low levels. Most U.S. airports, including MKE, faced a severe decline in passenger traffic in April 2020—about 97 percent down from normal levels. Recovery has been well under way throughout the pandemic, with varying progress among U.S. airports. Though COVID-19 has been declared no longer a national public health emergency in the United States as of May 11, 2023, many U.S. airports, including MKE, have yet to return to their pre-pandemic air traffic levels.

3.1 | Operating Airline History

As of 2023, ten passenger and four all-cargo airlines operate at MKE (Table 6). Most of the current air carriers at MKE—Alaska, American, Delta, Frontier, Southwest, Sun Country, and United—have been providing stable service since 2019. The four all-cargo airlines—DHL, FedEx, Freight Runner, and UPS—have also maintained service at MKE since 2019. Out of these fourteen passenger and all-cargo airlines, eleven of them are signatory, while the remaining three—Sun Country, DHL, and Freight Runner—are non-signatory. FedEx and UPS also use additional all-cargo carriers that perform service at MKE under their agreement: CSA for FedEx, and Pro Aire (and Freight Runner) for UPS.

The newest additions to MKE's roster of service providers include the passenger airlines Spirit, which began full service in 2021 (with one recorded departure in 2020), and JetBlue, which started in 2022. However, three airlines ceased service throughout the pandemic and have yet to return to MKE: foreign-flag carrier Volaris and U.S. carriers Contour and Allegiant.⁵¹

⁵¹ Advance departure schedules for 2023 checked via OAG as of April 6 do not show Volaris, Contour, or Allegiant ending or (re)introducing service at MKE in 2023.

Table 6 | History of Air Carriers Serving at MKE, 2019 - March 2023

Carriers Serving MKE						Jan-Mar
Passenger Airline	Agreement Type	2019	2020	2021	2022	YTD 2023
Air Canada ¹	Signatory	•	•		•	•
Alaska Airlines	Signatory	•	•	•	•	•
American Airlines	Signatory	•	•	•	•	•
Delta Air Lines	Signatory	•	•	•	•	•
Frontier Airlines	Signatory	•	•	•	•	•
JetBlue Airways	Signatory				•	•
Southwest Airlines	Signatory	•	•	•	•	•
Spirit Airlines ²	Signatory		•	•	•	•
Sun Country Airlines	Non-Signatory	•	•	•	•	•
United Airlines	Signatory	•	•	•	•	•
Cargo Airline						
DHL	Non-Signatory	•	•	•	•	•
FedEX ³	Signatory	•	•	•	•	•
Freight Runner Exp	Non-Signatory	•	•	•	•	•
UPS ⁴	Signatory	•	•	•	•	•
Former MKE Passenger Service Providers						
Allegiant Air		•		•	•	
Contour Airlines				•	•	
Volaris		•	•	•		

Source: Airport records.

Charters are not included.

Light gray marks indicate less than 10 departures that year.

¹ Air Canada has temporarily suspended air service, but continues to pay rent as a signatory. Air Canada has indicated that it will operate as a non-signatory when it resumes service.

² Spirit Airlines began its service at MKE in November 2020, with one recorded departure that year.

³ FedEx utilizes CSA as an affiliate cargo service provider.

⁴ UPS utilizes Freight Runner Exp and Pro Aire as affiliate cargo service providers.

3.2 | Historical Enplanement Trends

Changes in the U.S. business cycle drive growth trends in passenger traffic: the demand for air travel grows during economic expansion and declines during a recession. Passenger traffic is also affected by significant changes in airline network strategies and one-off events such as the 2001 terrorist attacks, which took place during the 2001 U.S. economic recession, and the COVID-19 pandemic, which caused the 2020 economic recession.

3.2.1 | Significant Developments Affecting the U.S. Airline Industry

The U.S. aviation industry enjoyed several periods of rapid expansion, including the 1980s following the federal deregulation of the industry and the 1990s during a decade-long economic boom. Nevertheless, the long-running U.S. economic expansion ended abruptly with the bursting of

the dot-com bubble in 2001. Since then, additional adverse events have prompted significant structural changes that continue to shape the industry today.

The terrorist attacks on September 11, 2001, caused a significant decline in air travel in the ensuing months. U.S. airlines, especially American Airlines and United Airlines, suffered substantial losses. Airports tightened security. Longer passenger screening times discouraged air travel, particularly to short-haul destinations that could be reached by ground transportation. Airlines lowered airfares to attract passengers. Both leisure and business travelers became increasingly price sensitive, as the internet made it easy to search for and compare airfares.

Meanwhile, airlines faced rising fuel costs. Jet fuel prices quadrupled from 2000 to 2008, remaining at record-high levels through 2014. Amid record fuel prices, the U.S. economy entered the Great Recession from December 2007 to June 2009—the longest U.S. economic recession since the Great Depression. The recession spread globally and weakened domestic and international air travel demand. Because of the significant and negative labor market impacts of the recession, including large declines in household income, the ensuing economic and air traffic recovery was slow.

Mounting financial difficulties resulting from high fuel costs and weak demand during the Great Recession led to airline bankruptcies and mergers, leaving four major airlines—American, Delta, Southwest, and United—controlling 80 percent of the U.S. domestic passenger traffic. Surviving airlines responded with various cost-cutting measures. They retired old aircraft, acquired larger and more fuel-efficient aircraft, and added seats to existing aircraft. They transferred routes between mainline and regional service to match the supply of seats with demand better. They changed their route networks to maximize profits, moving flights from less to more profitable markets. To increase profitability, they not only changed pricing structures to increase revenue, but they also cut flight schedules to increase load factors and improve aircraft utilization—a business strategy that has become known as the U.S. airline industry capacity rationalization, and said cuts fell disproportionately on small and medium hub airports.

Although the U.S. economic recovery from the Great Recession was slow, it spurred the longest U.S. economic expansion on record. As air travel demand returned, the U.S. airline industry began earning profits in 2010 and sustained those profits for more than ten years. In late 2014, jet fuel prices began to fall, allowing airlines to boost profits, renew fleets, and increase flight schedules while maintaining capacity discipline. As the economy continued to expand, nationwide air traffic growth accelerated in the last quarter of the decade, despite adverse shocks to the industry, including the grounding of the Boeing 737 MAX, a recent addition to the commercial passenger aircraft fleet.

In 2020, COVID-19 infections emerged, and the spread of the virus was declared a global pandemic on March 11, 2020. As a result, air travel came to a near halt, and U.S. airport passenger traffic plummeted nearly 97 percent in mid-April 2020. The pandemic significantly impacted air travel, inducing structural changes in the demand for air travel and the supply of airline passenger service that have long-lasting effects on the airline industry.

Unlike the experience following previous shocks, the recovery of business travel from the pandemic has been slower than the recovery of leisure travel for holidays, vacations, and visiting friends and relatives. Factors delaying business travel recovery include:

- The widespread adoption of virtual conferencing.
- The delay in workers' return to offices.
- The possible permanent transition to remote work and hybrid work practices.

Severely depressed by travel restrictions, the recovery of international travel has also been slow. In response to the sharp decrease in air travel demand at the onset of the pandemic, airlines reduced capacity by retiring older aircraft models and postponing the delivery of new ones. They also shrank their workforce by creating voluntary retirement and extended leave incentives. Then, as air travel demand rebounded, airlines began restoring flights. However, as recovery progressed, the constraint shifted to the supply side: fleet constraints, delays in new aircraft deliveries, and labor shortages limited airlines' capacity to meet returning demand.

Unlike the aftermath of the Great Recession, consumers recovered strongly from the deep but brief recession caused by the economic lockdowns and stay-at-home orders during the pandemic. The job market rebounded strongly: Today, unemployment is historically low, and job openings outnumber job-seekers. Households emerged, on average, with relatively healthy finances and the ability to spend on the pent-up demand for travel.

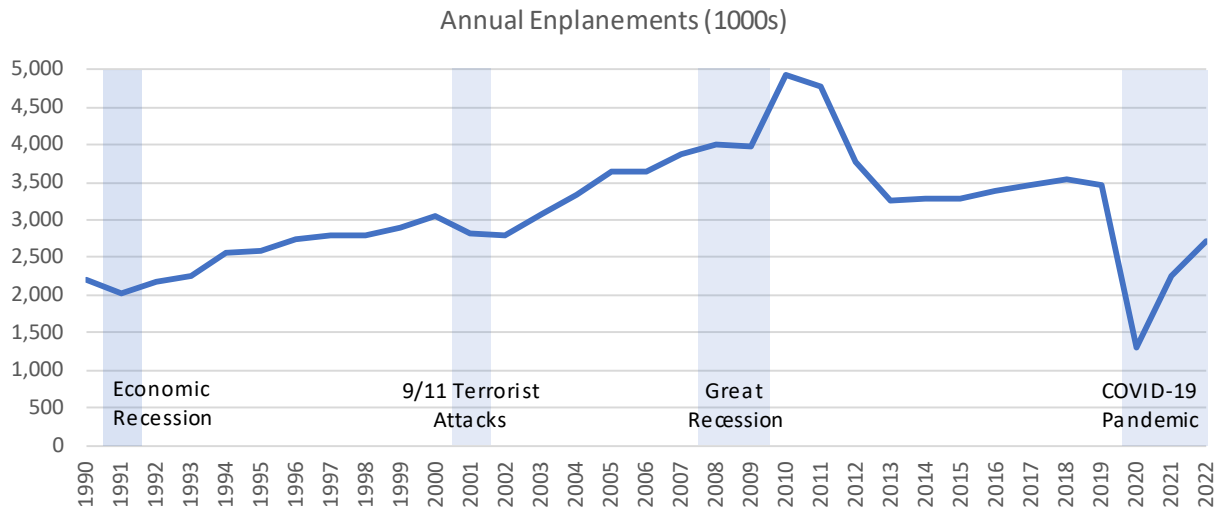
3.2.2 | Historical Long-Term Enplanement Trends at MKE

Figure 39 shows the long-term enplanement history at MKE from 1990 through 2022. MKE experienced reasonably steady growth through the 1990s and 2000s, interrupted only by the economic recession in 1991, the September 11 terrorist attacks in 2001, and the Great Recession in 2008 through 2009. Following an expansion of network hubs by the former Midwest Airlines and AirTran Airways and later an expansion of low-cost carrier (LCC) service by AirTran, Frontier Airlines, and Southwest Airlines, MKE reached its peak air traffic activity shortly after the Great Recession, rising from 2.2 million enplanements in 1990 to 4.9 million enplanements in 2010—a compound annual growth rate (CAGR) of 4.1 percent.

MKE passenger traffic faced a sharp downturn after 2010, falling to 3.3 million enplanements in 2013 (a CAGR of -12.8 percent). One contributing factor was Frontier's financial troubles and subsequent change from hub-and-spoke to point-to-point low-cost carrier service. While Frontier initially benefited from a significant increase in enplanements from 559,148 in 2010 to 1.4 million in 2011 following a merger with Midwest Airlines, Frontier failed to sustain the rise and quickly dropped to 148,448 enplanements in 2013. Alongside Frontier's service cuts was Southwest's buyout of AirTran—Southwest retained service to nearly all of AirTran's large markets but discontinued all commuter connections that did not align with its point-to-point network. As a result, MKE's total enplanements fell below 3.3 million by 2013. Now consisting mainly of O&D traffic, MKE's annual enplanements gradually rose to around 3.5 million during the three years (2017-2019) before the pandemic.

In 2020, lockdown measures and travel restrictions to contain the spread of COVID-19 caused MKE's enplanements to fall 62 percent from 3.5 million enplanements to about 1.3 million enplanements. MKE had not seen that level of air traffic since at least 1990, and 2020 easily marked the largest single-year decline for the Airport. The following years brought progress toward recovery, with annual enplanements reaching 2.7 million in 2022. However, MKE has yet to return to pre-pandemic passenger traffic level.

Figure 39 | MKE Annual Enplanement Trends, 1990-2022



Source: Airport records.

3.2.3 | Comparison with U.S. System Enplanement Trends

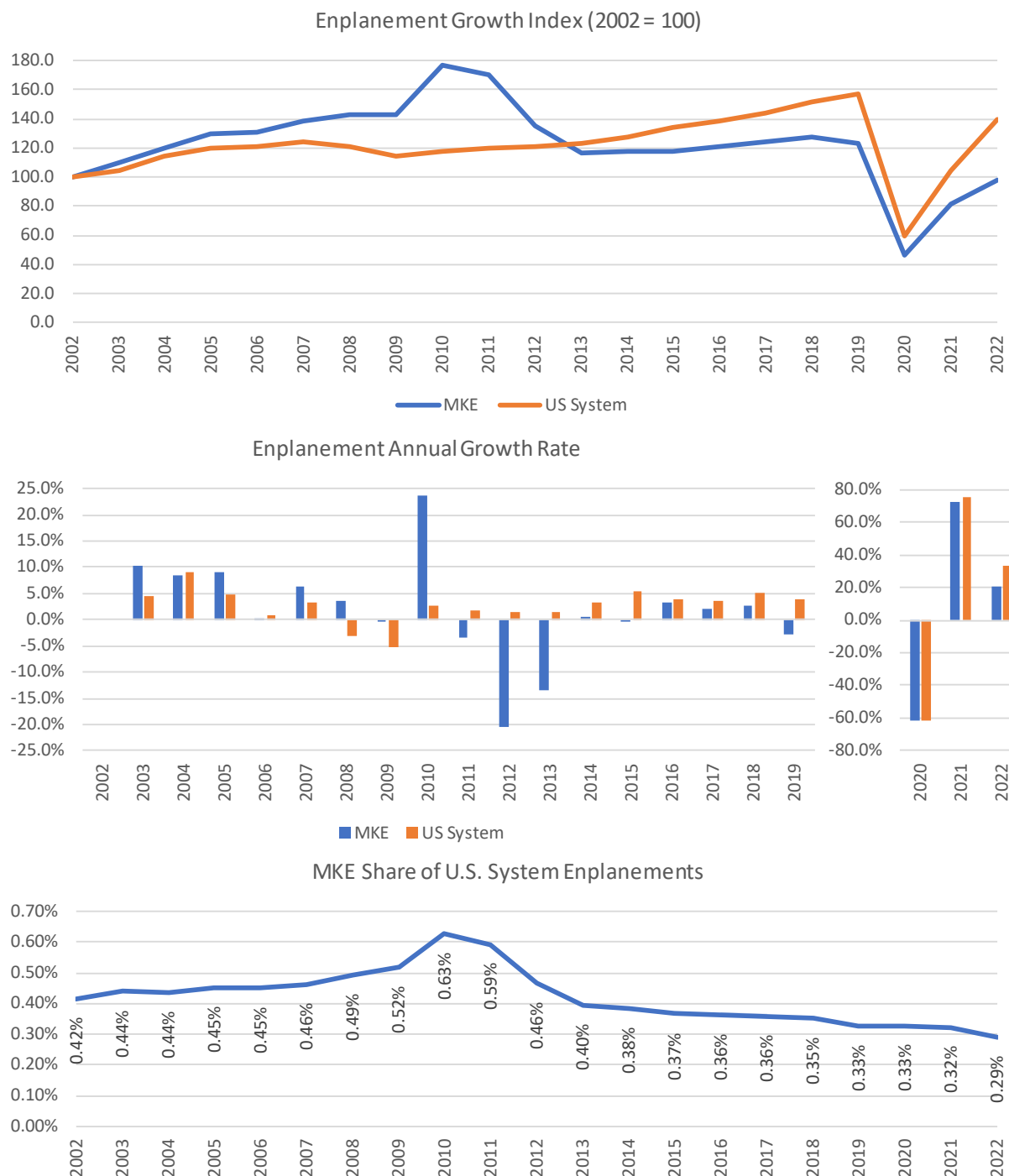
Figure 40 compares the growth trends in aviation activity between MKE and the U.S. system, from 2002 to 2022, while Figure 41 starts the comparison from 2013 onward. MKE's enplanement growth mostly outpaced the national trend during the 2000s, with a sharp 23.7 percent increase in 2010 furthering the Airport's lead (versus a 2.6 percent increase for the U.S. system). However, due to factors explained in the prior subsection, MKE's enplanements declined in the following years, first decreasing 3.4 percent in 2011, then dropping 20.6 percent in 2012 and another 13.6 percent in 2013, bringing its growth rate below the national trend by 2013. Since then, the U.S. system's steady growth kept ahead of MKE, slowly widening the gap through the rest of the 2010s.

At the start of the pandemic in 2020, both the U.S. system and MKE suffered losses (both down 62 percent). However, recovery has been well on its way for both MKE and the U.S. system in 2021 through 2022, though MKE remains behind with a slower recovery rate (a 2020-2022 CAGR of 44.1 percent versus the U.S. system's CAGR of 53.2 percent for the same period).

MKE's share of U.S. enplanements grew through the 2000s when its growth outpaced national trends, starting with a share of 0.42 percent and rising to 0.63 percent in 2010. When MKE's growth trends took a downward turn after 2010, its share shrank accordingly, down to 0.29 percent by 2022.

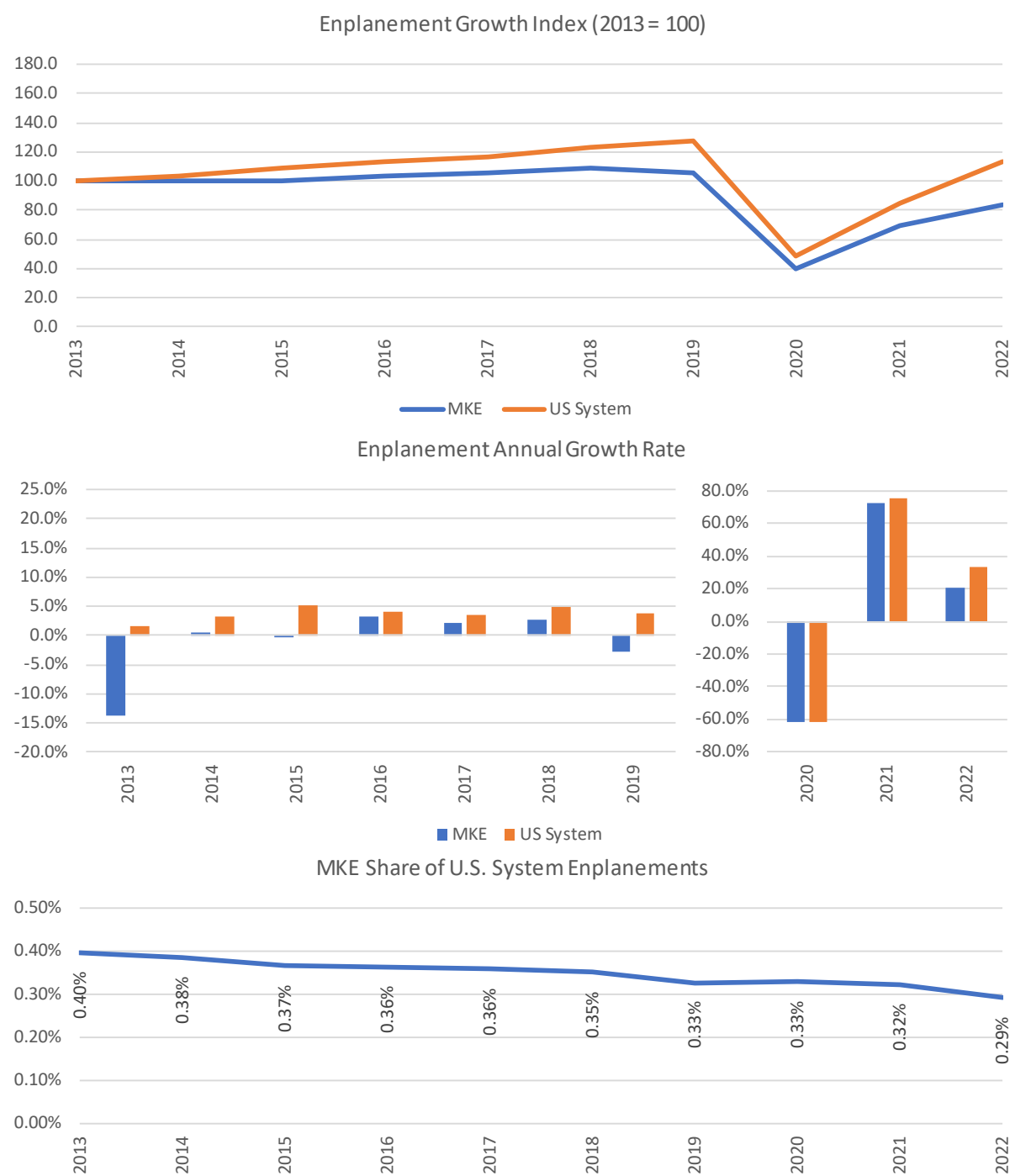
Table 7 shows the underlying data for the comparison and analysis of MKE versus U.S. system enplanements.

Figure 40 | Annual MKE vs. U.S. System Enplanement Trends, 2002-2022



Sources: Airport records for MKE and U.S. Bureau of Transportation Statistics for U.S. System.

Figure 41 | Annual MKE vs. U.S. System Enplanement Trends, 2013-2022



Sources: Airport records for MKE and U.S. Bureau of Transportation Statistics for U.S. System.

Table 7 | Annual MKE and U.S. System Enplanements, 2002-2022

Annual Enplanements					
Year	MKE		US System		MKE Share of U.S
	EP (1000s)	AGR	EP (1000s)	AGR	
2002	2,791		670,604		0.42%
2003	3,074	10.1%	700,864	4.5%	0.44%
2004	3,331	8.4%	763,710	9.0%	0.44%
2005	3,630	9.0%	800,850	4.9%	0.45%
2006	3,642	0.3%	808,103	0.9%	0.45%
2007	3,868	6.2%	835,510	3.4%	0.46%
2008	4,001	3.4%	809,822	-3.1%	0.49%
2009	3,982	-0.5%	767,817	-5.2%	0.52%
2010	4,928	23.7%	787,478	2.6%	0.63%
2011	4,761	-3.4%	802,135	1.9%	0.59%
2012	3,780	-20.6%	813,123	1.4%	0.46%
2013	3,266	-13.6%	825,322	1.5%	0.40%
2014	3,279	0.4%	851,850	3.2%	0.38%
2015	3,277	0.0%	896,632	5.3%	0.37%
2016	3,383	3.2%	931,989	3.9%	0.36%
2017	3,453	2.0%	964,765	3.5%	0.36%
2018	3,549	2.8%	1,013,213	5.0%	0.35%
2019	3,450	-2.8%	1,052,981	3.9%	0.33%
2020	1,310	-62.0%	398,655	-62.1%	0.33%
2021	2,260	72.5%	700,560	75.7%	0.32%
2022	2,721	20.4%	935,445	33.5%	0.29%
Compound Annual Growth Rate					
2002-2010	7.4%		2.0%		
2010-2019	-3.9%		3.8%		
2019-2022	-7.6%		-3.9%		
2010-2022	-4.8%		1.4%		
2002-2022	-0.1%		1.7%		

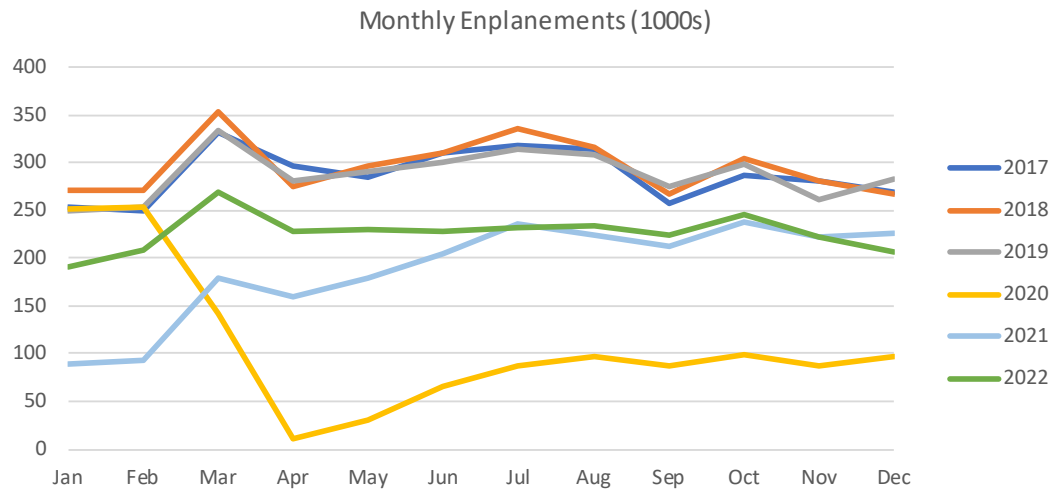
Sources: Airport records for MKE and U.S. Bureau of Transportation Statistics for U.S. System.

3.2.4 | Monthly Enplanement Trends

Figure 42 shows MKE's monthly enplanement levels over the past six years from 2017 through 2022, while Table 8 breaks down each year into its monthly enplanement shares (and dates further back to 2010). Before the pandemic, MKE has had a consistent seasonal pattern each year, with its air traffic peaking in March, decreasing through the rest of the spring, to rise again for a secondary peak in July. MKE's least active months are almost always through the winter, just before abruptly spiking for the March peak.

In 2020, the pandemic disrupted the seasonal pattern, dropping MKE's monthly enplanements through March and April, and keeping them under 100,000 the rest of the year. Recovery gained speed through 2021, then held steady in 2022—somewhat reminiscent of the pre-pandemic pattern—with enplanements still sitting well under pre-pandemic levels.

Figure 42 | MKE Monthly Enplanements



Source: Airport records.

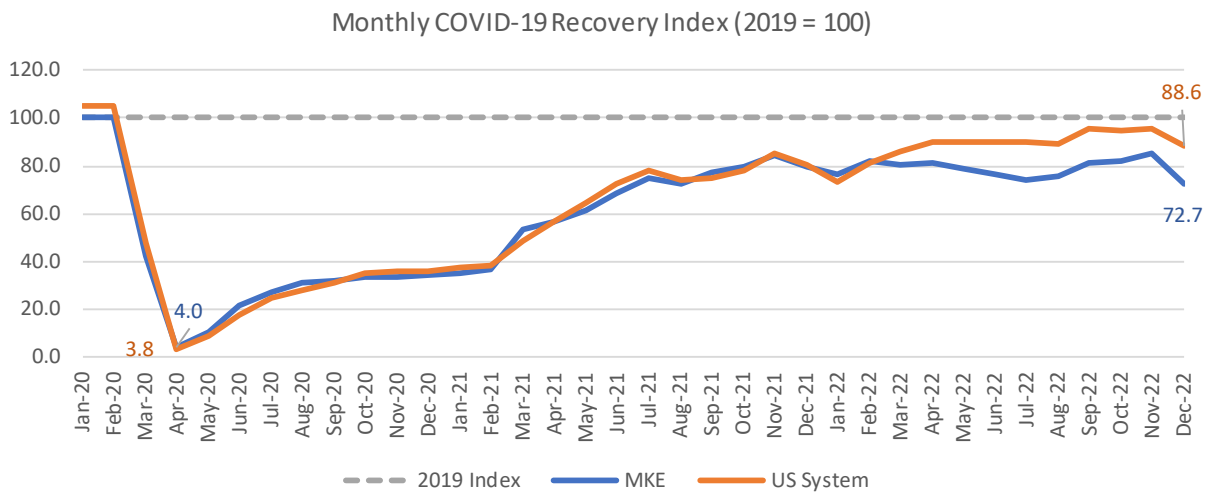
Table 8 | MKE Monthly Enplanement Shares

MKE Monthly Enplanement Shares													
Month	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Jan	7.0%	7.5%	8.1%	7.6%	7.4%	7.3%	7.5%	7.3%	7.7%	7.2%	19.2%	3.9%	7.0%
Feb	6.7%	6.9%	8.0%	7.2%	7.2%	7.1%	7.4%	7.3%	7.6%	7.4%	19.4%	4.2%	7.7%
Mar	9.0%	9.6%	9.9%	9.4%	9.7%	9.7%	9.9%	9.6%	10.0%	9.7%	10.8%	7.9%	9.9%
Apr	8.2%	8.7%	9.0%	7.8%	8.6%	8.5%	7.8%	8.6%	7.7%	8.1%	0.8%	7.1%	8.4%
May	8.4%	9.1%	8.7%	8.6%	8.6%	8.3%	8.3%	8.2%	8.3%	8.4%	2.4%	7.9%	8.4%
Jun	9.3%	9.2%	8.9%	8.8%	8.9%	8.9%	8.9%	9.0%	8.7%	8.7%	5.0%	9.0%	8.4%
Jul	9.5%	9.5%	9.3%	9.0%	9.3%	9.4%	9.2%	9.2%	9.5%	9.1%	6.6%	10.4%	8.5%
Aug	9.6%	9.5%	8.9%	9.1%	9.1%	8.9%	8.7%	9.1%	8.9%	8.9%	7.4%	9.9%	8.6%
Sep	8.1%	7.8%	7.2%	7.8%	7.6%	7.8%	8.1%	7.5%	7.6%	8.0%	6.7%	9.4%	8.2%
Oct	8.6%	8.3%	8.0%	8.8%	8.6%	8.6%	8.7%	8.3%	8.6%	8.6%	7.6%	10.5%	9.0%
Nov	7.9%	7.1%	7.0%	7.7%	7.4%	7.8%	7.9%	8.1%	7.9%	7.6%	6.7%	9.8%	8.2%
Dec	7.9%	6.8%	6.8%	8.2%	7.7%	7.7%	7.6%	7.8%	7.5%	8.2%	7.5%	10.0%	7.6%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
	Third largest share percentage of annual total.						Third smallest share percentage of annual total.						
	Second largest share percentage of annual total.						Second smallest share percentage of annual total.						
	Largest share percentage of annual total.						Smallest share percentage of annual total.						

Source: Airport records.

Figure 43 compares the monthly enplanement recovery trends, indexed to the corresponding month in 2019. Since the initial drop in air traffic through March and April 2020, MKE kept pace with the national recovery rate through February 2022. However, MKE's progress started to diverge after taking a slight downturn through the spring and summer, while the U.S. system recovery continued upward. The Airport's recovery resumed through the fall, but December 2022 brought another decline in enplanements for MKE and the U.S. system. As of December 2022, MKE sits at 72.7 percent of its 2019 pre-pandemic level, while the U.S. system sits at 88.6 percent.

Figure 43 | Monthly MKE vs. U.S. System COVID-19 Recovery Index (2019 = 100)



Sources: Airport records for MKE and U.S. Bureau of Transportation Statistics for U.S. System.

3.3 | Composition of Passenger Traffic

MKE serves primarily O&D traffic, which accounted for more than 99 percent of total passengers in 2022. O&D traffic is a more stable air service market than connecting traffic. It arises from market demand and generally follows growth in both the local and national economies. Unlike connecting traffic, O&D traffic is less vulnerable to changes in individual airlines' network strategies, business models, and financial conditions. Of O&D traffic, residents account for approximately 60 percent, while visitors account for approximately 40 percent, based on the U.S. Department of Transportation's DB1B data.

MKE also serves primarily domestic traffic, which accounted for more than 99 percent of total passengers in 2022.

3.4 | Airline Market Shares

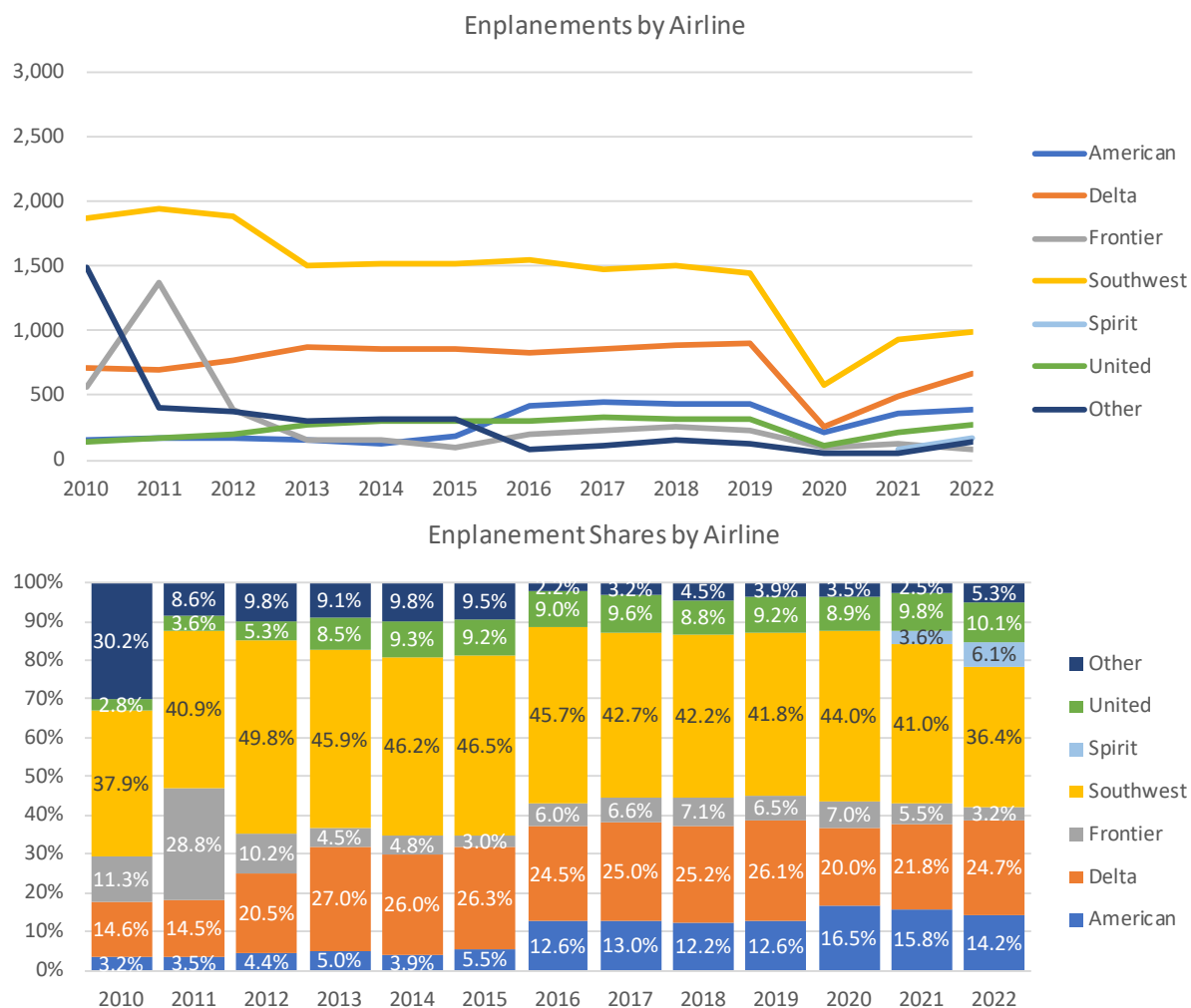
Figure 44 shows the enplanement levels at MKE by airline and breaks down each airline's market shares from 2010 through 2022. The airlines shown make up MKE's six largest service providers—Southwest, Delta, American, United, Spirit, and Frontier—with the rest combined in the "Other" category.

The airline composition at MKE changed significantly at the beginning of the 2010s. The “Other” category made up the second largest share in 2010 due to the now discontinued airline Midwest making up 1.1 million enplanements. Another discontinued airline, AirTran, also made up 1.4 million enplanements that year, but its numbers are rolled into Southwest’s total due to Southwest buying out AirTran. AirTran’s activity gradually switched to the Southwest brand until service under the AirTran brand finally ceased in 2013. Republic Airways Holdings, Inc. acquired Midwest and Frontier in 2009 and merged the two airlines’ operations into Frontier in 2010. Frontier’s share rose to 28.8 percent in 2011 after assimilating Midwest’s traffic. However, Frontier faced continuing financial difficulties and failed to sustain the combined activity level. Frontier’s share promptly shrank to 10.2 percent in 2012 and further to 4.5 percent in 2013. Meanwhile Southwest grew its share to a peak of 49.8 percent in 2012 with the integration of AirTran’s enplanements, but that share dipped to 45.9 percent in 2013 when AirTran ceased service.

Once AirTran was fully integrated into the Southwest brand, the Airport settled into a relatively stable share distribution, with Southwest as the dominant airline with 45.9 percent and Delta as the second largest with 27.0 percent in 2013. From this year on, the changes in the share composition were more gradual. Southwest and Delta remained the two largest airlines, maintaining shares in the 40 percent and 20 percent ranges, respectively, through the rest of the decade. American grew to become the third largest carrier in 2016 and has so far maintained that position.

In 2021, Spirit Airlines entered MKE and became the sixth largest carrier that year with a 3.6 percent share. In 2022, Spirit surpassed Frontier as the fifth largest airline, while Southwest saw a decrease in market share due to the growth of Delta, United, and Spirit. Southwest still holds the top position with a 36.4 percent share, but this is the airlines’ lowest share since completing its acquisition of AirTran in 2013. Delta is in second place with a 27.4 percent share, which has increased since the beginning of the pandemic in 2020. American maintains its position as the third largest carrier with a 14.2 percent share, but has been gradually shrinking since 2020. United is fourth with a 10.1 percent share, followed by Spirit with 6.1 percent, which overtook Frontier with 3.2 percent. The “Other” category of smaller airlines combined make up 5.3 percent of the MKE market as of 2022.

Figure 44 | Enplanement Trends by Airline



Source: Airport records.

Southwest Airlines activity includes AirTran enplanements in its total from 2010 to 2013.

Table 9 | Annual Enplanements by Airline

Annual Enplanements by Airline (1000s)														CAGR		
Airline	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2010-2019	2019-2022	2010-2022
American	159	167	167	162	128	181	425	448	433	434	217	358	386	11.8%	-3.8%	7.7%
Delta	719	692	775	881	853	860	830	862	893	901	262	493	672	2.5%	-9.3%	-0.6%
Frontier	559	1,373	385	148	157	99	202	229	253	223	92	124	87	-9.7%	-27.0%	-14.4%
Southwest	1,867	1,948	1,884	1,501	1,515	1,523	1,545	1,473	1,498	1,443	577	926	991	-2.8%	-11.8%	-5.1%
Spirit												81	165			
United	136	171	200	276	305	301	306	330	311	316	116	220	276	9.8%	-4.5%	6.0%
Other	1,487	410	369	298	322	312	75	111	160	133	46	58	145	-23.5%	2.9%	-17.6%
Total	4,928	4,761	3,780	3,266	3,279	3,277	3,383	3,453	3,549	3,450	1,310	2,260	2,721	-3.9%	-7.6%	-4.8%
AGR		-3.4%	-20.6%	-13.6%	0.4%	0.0%	3.2%	2.0%	2.8%	-2.8%	-62.0%	72.5%	20.4%			

Annual Enplanement Shares by Airline																
Airline	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022			
American	3.2%	3.5%	4.4%	5.0%	3.9%	5.5%	12.6%	13.0%	12.2%	12.6%	16.5%	15.8%	14.2%			
Delta	14.6%	14.5%	20.5%	27.0%	26.0%	26.3%	24.5%	25.0%	25.2%	26.1%	20.0%	21.8%	24.7%			
Frontier	11.3%	28.8%	10.2%	4.5%	4.8%	3.0%	6.0%	6.6%	7.1%	6.5%	7.0%	5.5%	3.2%			
Southwest	37.9%	40.9%	49.8%	45.9%	46.2%	46.5%	45.7%	42.7%	42.2%	41.8%	44.0%	41.0%	36.4%			
Spirit												3.6%	6.1%			
United	2.8%	3.6%	5.3%	8.5%	9.3%	9.2%	9.0%	9.6%	8.8%	9.2%	8.9%	9.8%	10.1%			
Other	30.2%	8.6%	9.8%	9.1%	9.8%	9.5%	2.2%	3.2%	4.5%	3.9%	3.5%	2.5%	5.3%			
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%			

Source: Airport records.

Southwest Airlines activity includes AirTran enplanements in its total from 2010 to 2013.

3.5 | Scheduled Passenger Service

Table 10 and Figure 45 show the scheduled service trends at MKE from 2018 through the advance schedules for 2023, with three different measures: number of nonstop destinations, average daily departures, and average daily seats.

MKE experienced overall decreases in all three measures due largely to Southwest and Frontier's declines from 2018 to 2023, though this was partially mitigated by the entry of Spirit in 2021. Average daily seats decreased from 11,907 in 2018 to 6,942 in 2020, with most of the drop due to the COVID-19 pandemic. MKE's average daily seats recovered to 9,007 in 2022 and posted a marginal increase in 2023, with 9,135 average daily seats scheduled. Average daily departures also decreased from 104 in 2018 to 60 in 2020 before recovering to 75 by 2022; however, 2023 shows a slight downturn to an average daily departure count of 72. The number of nonstop destinations served at MKE followed a similar pattern, decreasing from 52 in 2018 to 37 in 2020, recovering to 45 in 2021, then returning to its decreasing trend down to 38 as of 2023.

As MKE's largest carrier by enplanement share, Southwest also maintained the highest numbers in nonstop destinations, average daily departures, and average daily seats from 2018 through 2023. However, Southwest is also responsible for the Airport's net decreases in all three measures. Southwest's average daily seats dropped from 5,104 in 2018 to 3,174 by 2023, average daily departures decreased from 34 in 2018 to 20 in 2023, and number of nonstop destinations decreased from 22 in 2018 to 16 in 2023.

A common trend among airlines at MKE is the increased seat capacity per aircraft departure in the years following the start of the pandemic, evident in the faster recovery of daily seats relative to daily departures (or, in some cases like Southwest and American, the continued reduction in departures). The Airport's average daily seats per departure across all airlines increased from 116 seats per departure in 2020 to 127 seats per departure in 2023, implying the use of larger aircraft with increased capacity to serve more passengers per flight.

As a group, low-cost carriers Southwest, Frontier, JetBlue, Spirit, and Sun Country accounted for over 48 percent of enplanements at MKE in 2022.

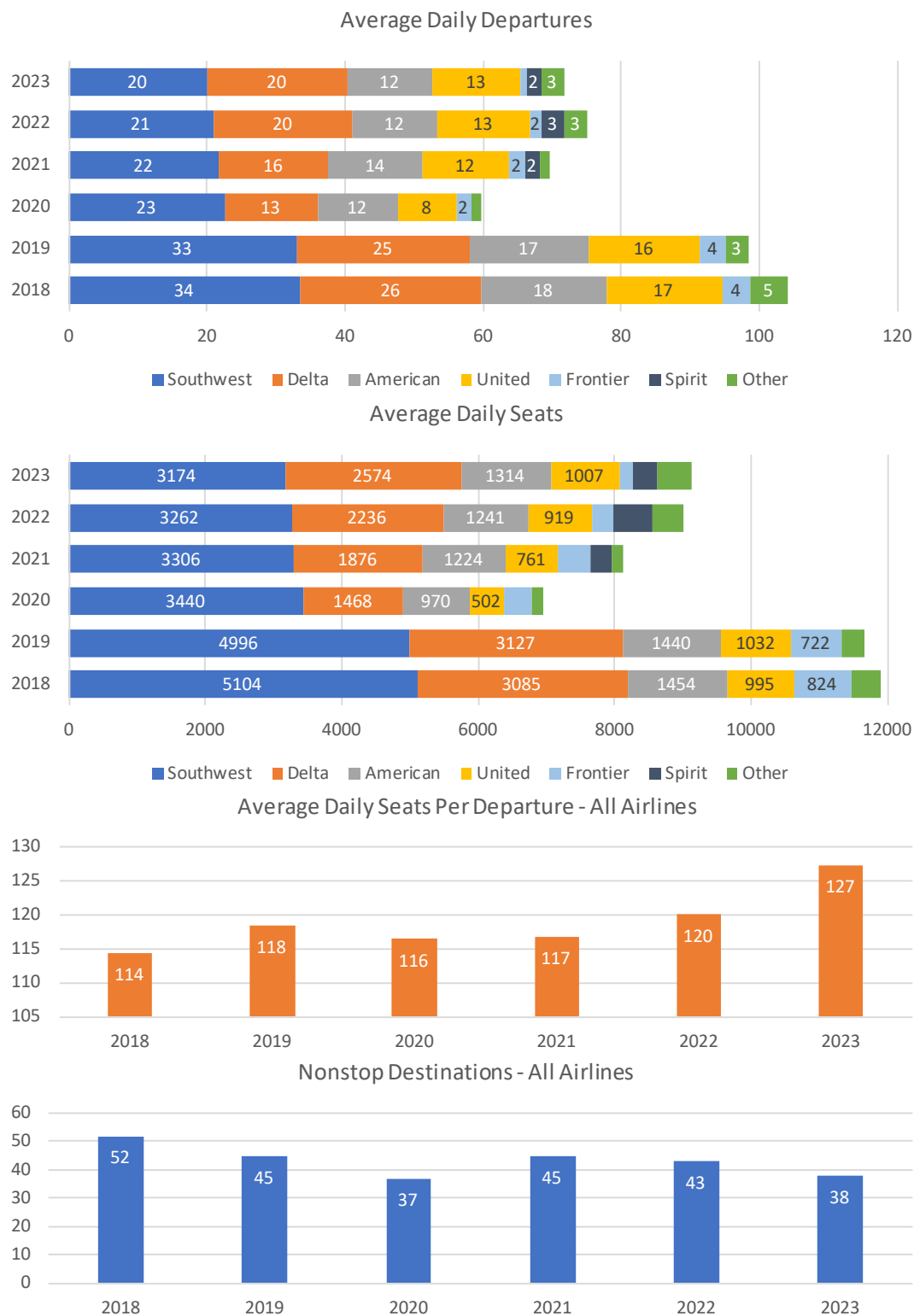
Table 10 | Scheduled Passenger Service at MKE

Scheduled Service at MKE						
Airline	2018	2019	2020	2021	2022	2023
Southwest						
Number of Nonstop Destinations	22	23	20	20	18	16
Average Daily Departures	34	33	23	22	21	20
Average Daily Seats	5,104	4,996	3,440	3,306	3,262	3,174
Delta						
Number of Nonstop Destinations	10	9	8	6	7	7
Average Daily Departures	26	25	13	16	20	20
Average Daily Seats	3,085	3,127	1,468	1,876	2,236	2,574
American						
Number of Nonstop Destinations	5	5	6	6	6	6
Average Daily Departures	18	17	12	14	12	12
Average Daily Seats	1,454	1,440	970	1,224	1,241	1,314
United						
Number of Nonstop Destinations	17	16	14	21	20	12
Average Daily Departures	17	16	8	12	13	13
Average Daily Seats	995	1,032	502	761	919	1,007
Frontier						
Number of Nonstop Destinations	12	9	6	5	5	3
Average Daily Departures	4	4	2	2	2	1
Average Daily Seats	824	722	416	486	316	191
Spirit						
Number of Nonstop Destinations	0	0	1	8	9	3
Average Daily Departures ¹	0	0	0	2	3	2
Average Daily Seats ¹	0	0	0	307	587	357
Other						
Number of Nonstop Destinations	12	10	2	8	11	10
Average Daily Departures	5	3	1	1	3	3
Average Daily Seats	444	337	147	168	445	517
All Airlines						
Number of Nonstop Destinations	52	45	37	45	43	38
Average Daily Departures	104	98	60	70	75	72
Average Daily Seats	11,907	11,654	6,942	8,130	9,007	9,135

Source: OAG Schedules Analyzer, last accessed on April 6, 2023.

¹ Spirit had 1 recorded departure and 62 recorded seats in 2020, both of which result in values that round down to 0 when calculating annual daily averages.

Figure 45 | Scheduled Passenger Service Trends



Source: OAG Schedules Analyzer, last accessed on April 6, 2023.

3.6 | Top Domestic O&D Markets

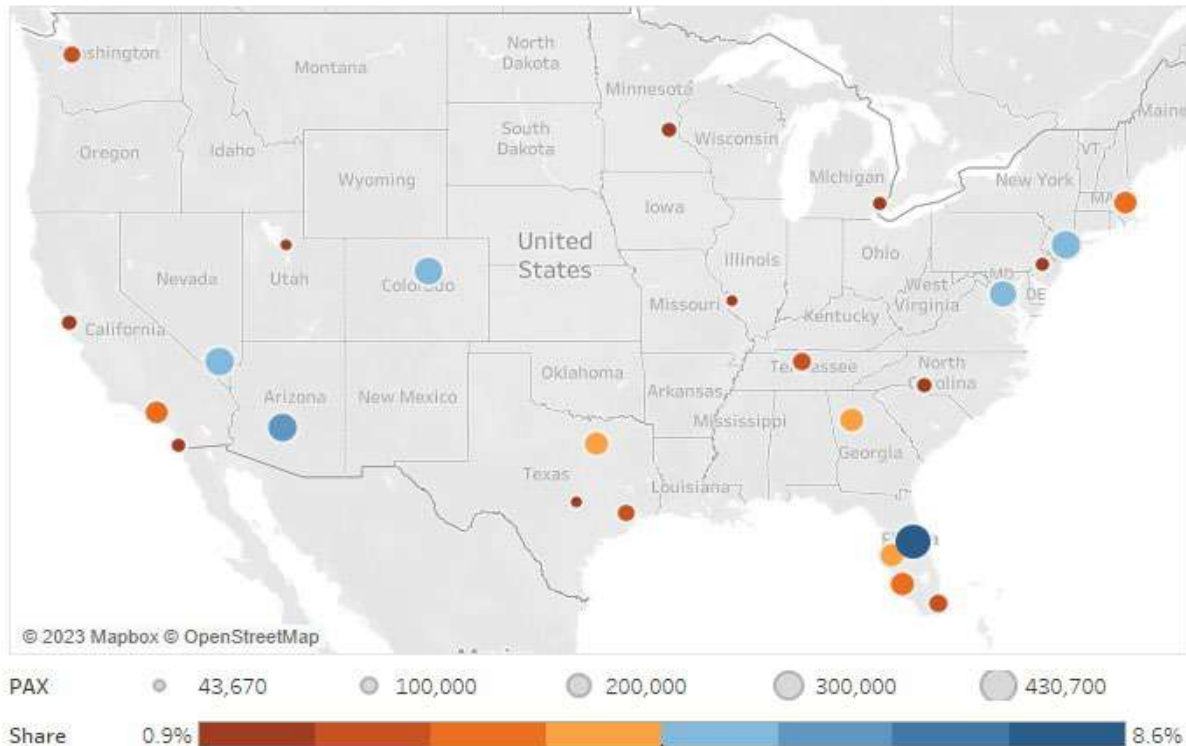
Table 11 and Figure 46 show MKE's top 25 domestic O&D markets in 2022. Altogether, the top 25 markets make up 78.2 percent of O&D enplanements at MKE. Orlando, FL, held the largest O&D market share of 8.6 percent, followed by Phoenix, AZ, with 6.0 percent and the New York metropolitan area with 5.7 percent. In addition to Orlando, three more of MKE's top 25 O&D markets in 2022 are located in Florida: Tampa, Fort Myers, and the Miami metropolitan area. As a result, Florida accounted for 18.7 percent of MKE's O&D market in 2022.

Table 11 | MKE Top 25 O&D Markets, 2022

Rank	Metro Market	Airports	Share of O&D
1	Orlando, FL	MCO	8.6%
2	Phoenix, AZ	PHX	6.0%
3	New York City, NY (Metropolitan Area)	EW, JFK, LGA	5.7%
4	Las Vegas, NV	LAS	5.6%
5	Denver, CO	DEN	5.4%
6	Washington, DC (Metropolitan Area)	BWI, DCA, IAD	4.8%
7	Atlanta, GA (Metropolitan Area)	ATL	4.2%
8	Tampa, FL (Metropolitan Area)	TPA	3.8%
9	Dallas/Fort Worth, TX	DFW, DAL	3.8%
10	Fort Myers, FL	RSW	3.8%
11	Boston, MA (Metropolitan Area)	BOS, PVD	3.5%
12	Los Angeles, CA (Metropolitan Area)	LAX, SNA, BUR, LGB, ONT	3.2%
13	Miami, FL (Metropolitan Area)	MIA, FLL	2.4%
14	Nashville, TN	BNA	2.3%
15	Houston, TX	IAH, HOU	2.0%
16	Seattle, WA	SEA	2.0%
17	Minneapolis/St. Paul, MN	MSP	1.5%
18	Charlotte, NC	CLT	1.5%
19	San Francisco, CA (Metropolitan Area)	SFO, OAK, SJC	1.5%
20	San Diego, CA	SAN	1.3%
21	Philadelphia, PA	PHL	1.3%
22	Detroit, MI	DTW	1.2%
23	Austin, TX	AUS	1.0%
24	St. Louis, MO	STL	0.9%
25	Salt Lake City, UT	SEA	0.9%
Top 25 O&D Metro Markets			78.2%
Other			21.8%
Total O&D			100.0%

Source: U.S. Bureau of Transportation Statistics DB1B, last accessed on July 21, 2023.

Figure 46 | MKE Top 25 O&D Market Map, 2022



Source: U.S. Bureau of Transportation Statistics DB1B, last accessed on July 21, 2023.

Note: Estimates of O&D passengers are based on the DB1B sample.

3.7 | Comparison With Peer Airports

This subsection compares MKE's air traffic and market fare history with six peer airports with the closest enplanement counts to MKE, based on 2019 pre-pandemic rankings. These airports include Kahului (OGG), Jacksonville International (JAX), and Palm Beach International (PBI) as the three closest airports directly above MKE's 2019 enplanement count, as well as Bradley International (BDL), Bob Hope (BUR), and Ontario International (ONT) as the three closest airports directly below MKE's 2019 enplanement count.

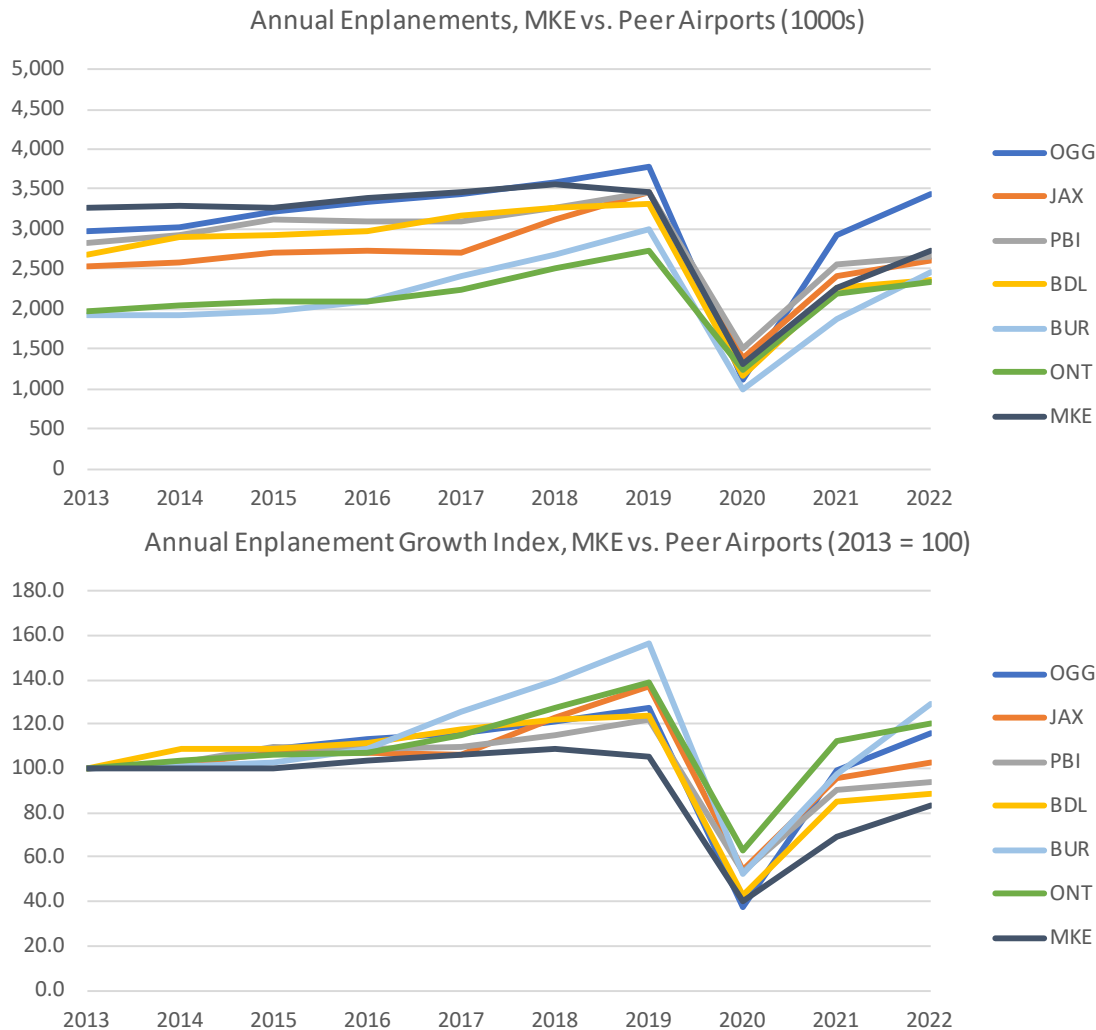
3.7.1 | Enplanement Trends vs. Peer Airports

Figure 47 shows annual enplanements for MKE and its six peer airports from 2013 to 2022 and growth indexed to 2013. MKE started the 2010s with significantly higher enplanements, but following airline mergers and service cuts, MKE's enplanements decreased rapidly before stabilizing in 2013, the starting year for this comparison.

From there, MKE's growth remained relatively slow but still ahead of the sample airports, albeit with a closing gap with airports such as OGG and PBI. MKE maintained its lead until OGG slightly surpassed it in 2018. Soon after, JAX and PBI caught up and passed MKE in 2019, leading to its middle position in the sample that year.

As with the rest of the nation, all seven sample airports experienced a significant drop in 2020 and varying recovery levels by 2022. MKE's recovery placed second highest with 2.7 million enplanements in 2022, following OGG with 3.4 million.

Figure 47 | Annual Enplanement Growth Trends, MKE vs. Airports Closest in 2019 Enplanements



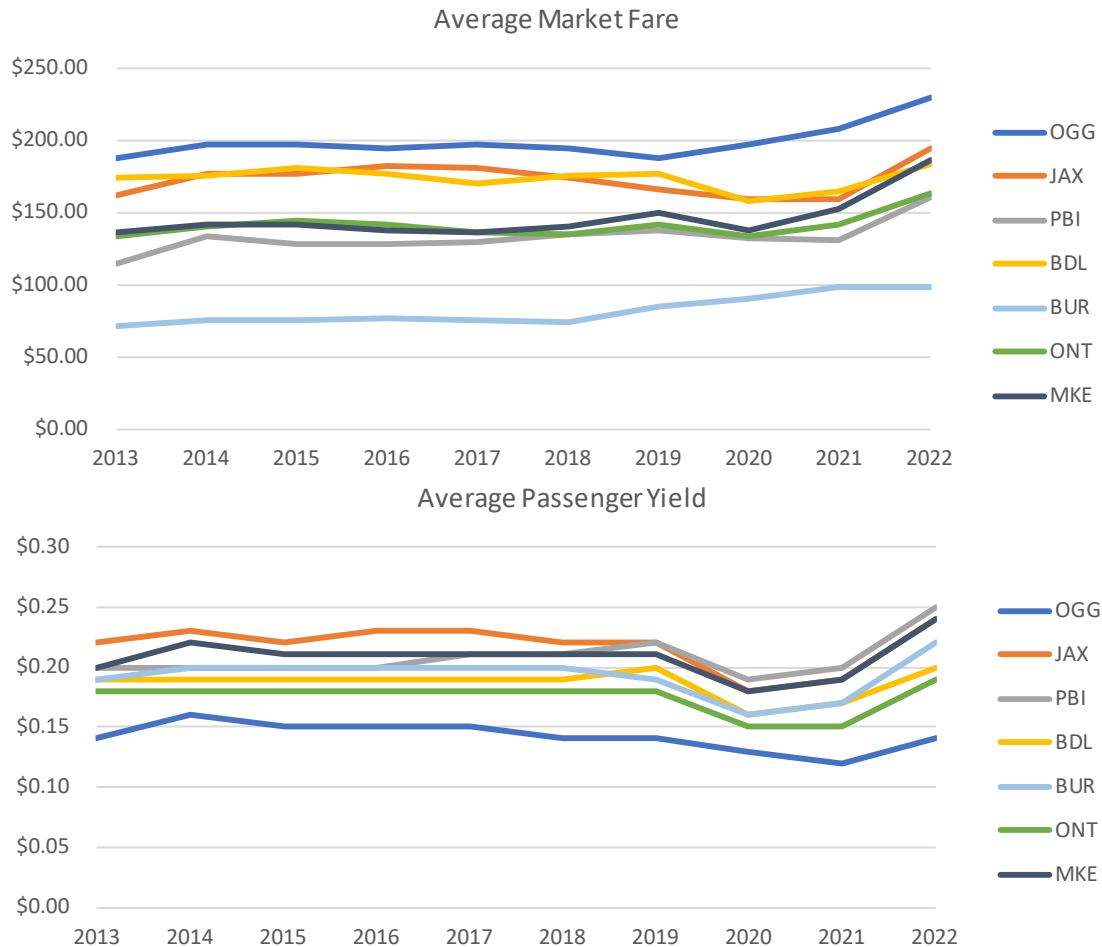
Sources: Airport records for MKE and U.S. Bureau of Transportation Statistics for peer airports.

3.7.2 | Airline Fare and Passenger Yield Trends vs. Peer Airports

Figure 48 shows the annual average market fare and passenger yield levels for MKE and its six peer airports from 2013 to 2022. MKE's average market fare in 2013 was \$136.23, placing in the median among the seven sampled airports. MKE then grew to \$142.22 in 2014, where its average fare stayed relatively stable and near the middle of its peers. After dipping in 2020, MKE's average market experienced faster growth in the following years, reaching \$185.74 as of 2022—the third-highest average market fare among its peer airports. MKE's average yield rose 10 percent from

2013 to 2014, then settled at around \$0.21 until declining in 2020, after which it recovered and rose 26 percent to \$0.24 in 2022, the second highest in the sample.

Figure 48 | Annual Market Fare and Yield, MKE vs. Airports Closest in 2019 Enplanements

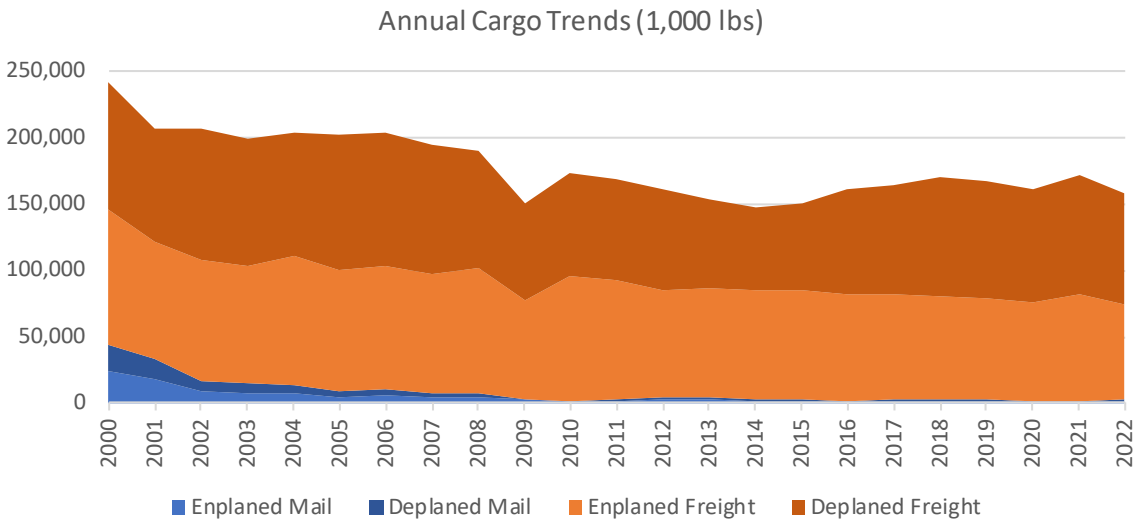


Source: U.S. Bureau of Transportation Statistics DB1B.

3.8 | Air Cargo

As shown in Figure 49, MKE's air cargo activity has slowly and gradually decreased over time from 2000 to 2022, from 241 million enplaned and deplaned pounds in 2000 down to 157 million pounds in 2022 (an overall CAGR of -1.9 percent). Two particularly sharp drops occurred in 2001, which decreased cargo down 14.5 percent, and 2009, which dropped 20.9 percent. 2001's decline did not see any recovery in the following years, and while 2010 partially recouped the 2009 decline, MKE's cargo levels never returned to pre-Great Recession levels. The start of the pandemic in 2020 did significantly impact air cargo, though the following year saw a 6.5 percent bump before returning down in 2022.

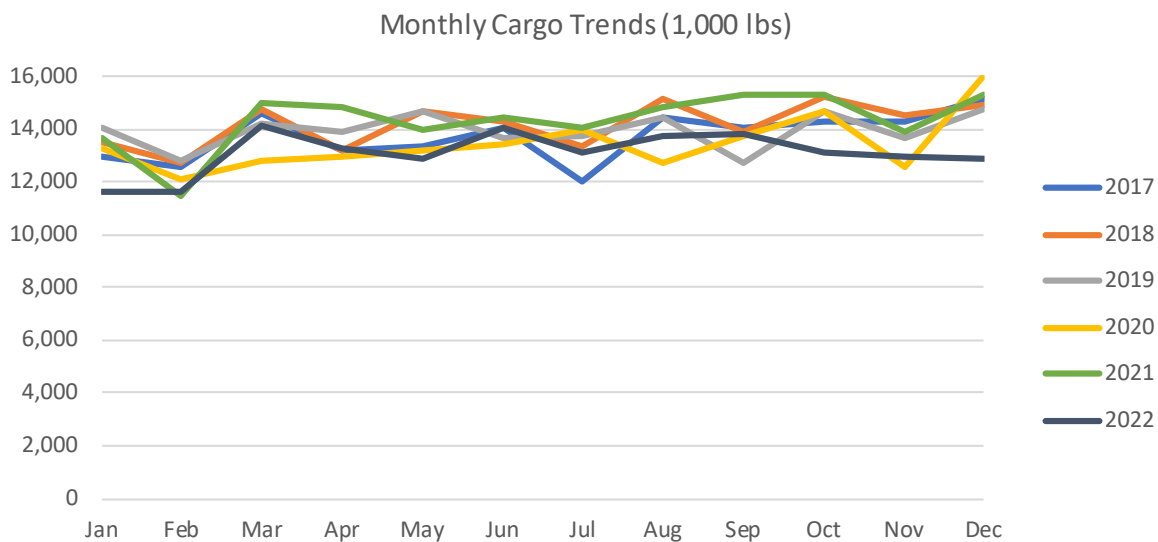
Figure 49 | Annual Air Cargo Trends



Source: Airport records.

Figure 50 shows MKE's monthly air cargo trends for 2017 through 2022. MKE's air cargo activity does not show consistent seasonal variation. December is the most reoccurring peak month, though there are several instances where other months match or surpass it. February is the least active month, except in 2017, when July showed the lowest monthly activity.

Figure 50 | Monthly Air Cargo Trends



Source: Airport records.

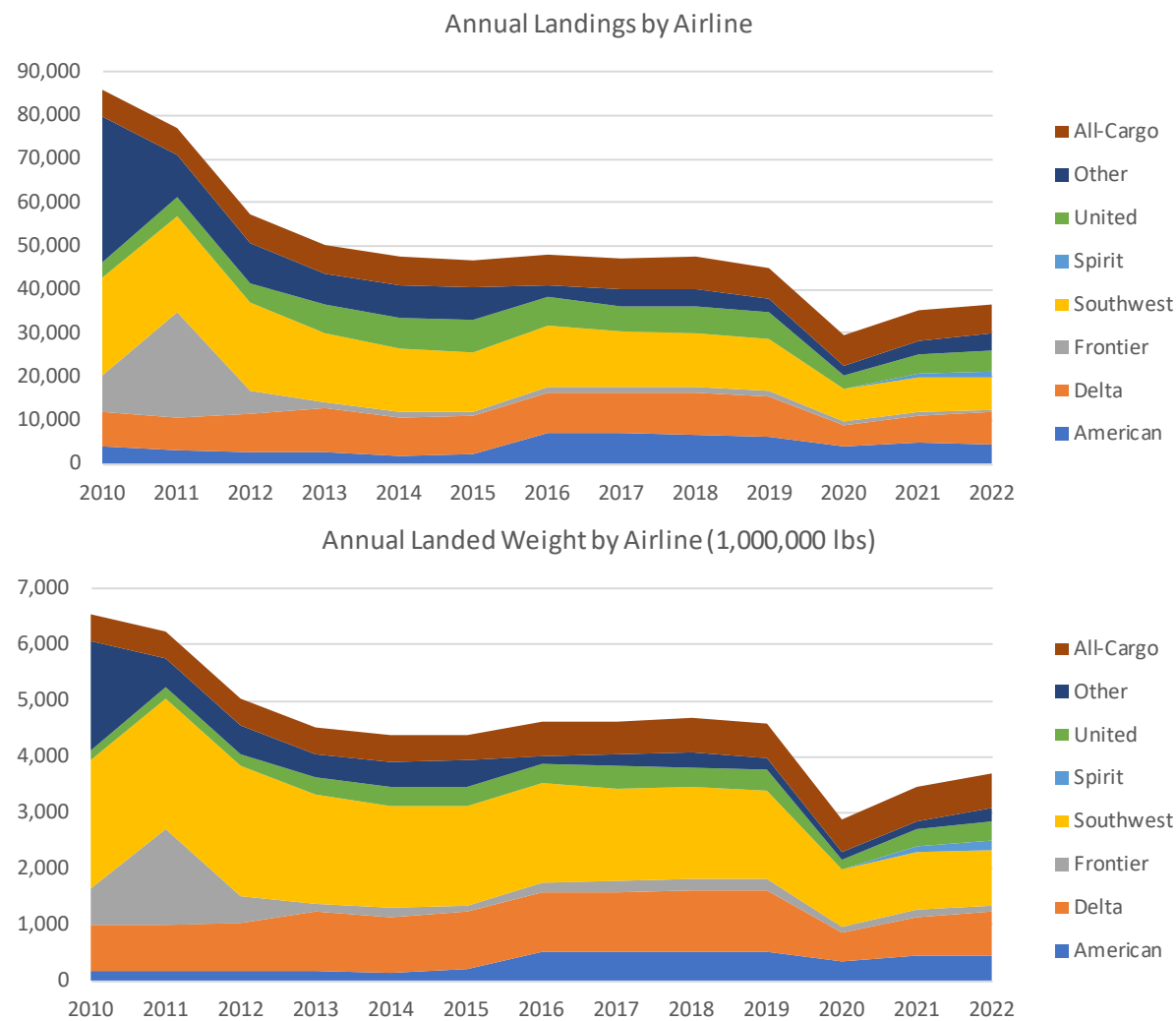
3.9 | Aircraft Landings and Landed Weight

Figure 51 shows the annual trends for MKE's landings and landed weight from 2010 to 2022, broken down by airline, while Table 12 and Table 13 show the underlying data. Both landings and landed weight trends reflect that of enplanements, reducing rapidly through the first half of the decade.

Landings had already declined, from 85,769 in 2010 to 45,132 in 2019, before falling sharply to 29,393 at the start of the pandemic in 2020. And the slow recovery has increased landings to 36,616 as of 2022, leading to an overall CAGR of -6.8 percent from 2010 to 2022. While Southwest has more enplanements than Delta, the two airlines have gradually become closer in the number of landings by 2022 (7,495 landings for Southwest and 7,428 for Delta, with 20.3 percent and 20.5 percent market shares, respectively) because Southwest uses aircraft with higher passenger capacity than Delta. Close behind Southwest and Delta in landing shares are MKE's all-cargo airlines, which collectively operated 6,778 landings in 2022 or 18.5 percent of the market.

Landed weight trends show a similar pattern to landings, declining through the early 2010s, stabilizing through the latter half of the decade, then dropping again due to the pandemic. However, the decline from 6.6 billion pounds in 2010 to 3.7 billion pounds in 2022 (a CAGR of -4.7 percent) was not as proportionally significant as the decline in landings, implying the use of larger, higher-capacity aircraft. Southwest has a significantly greater share of landed weight (27.5 percent) than Delta (21.8 percent), and all-cargo airlines hold the third largest share with 16.1 percent.

Figure 51 | Annual MKE Landings and Landed Weight Trends



Source: Airport records.

Table 12 | Annual Landings by Airline

Annual Landings by Airline														CAGR		
Airline	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2010-2019	2019-2022	2010-2022
American	3,840	2,941	2,839	2,758	1,764	2,180	7,137	7,010	6,531	6,187	4,006	5,030	4,426	5.4%	-10.6%	1.2%
Delta	8,057	7,500	8,526	10,074	8,829	8,835	9,275	9,234	9,706	9,358	4,786	5,996	7,428	1.7%	-7.4%	-0.7%
Frontier	8,373	24,329	5,574	1,118	1,151	754	1,387	1,511	1,544	1,383	755	900	590	-18.1%	-24.7%	-19.8%
Southwest	22,574	22,062	19,923	16,218	14,635	13,916	13,703	12,619	12,242	11,832	7,709	7,903	7,495	-6.9%	-14.1%	-8.8%
Spirit			1		1	1		5			1	712	1,185			
United	3,359	4,177	4,541	6,385	7,162	7,268	6,703	5,904	6,261	6,061	3,213	4,769	5,060	6.8%	-5.8%	3.5%
Other	33,293	9,819	9,443	7,211	7,606	7,730	2,850	3,637	3,967	3,190	2,079	2,835	3,654	-22.9%	4.6%	-16.8%
Subtotal	79,496	70,828	50,847	43,764	41,148	40,684	41,055	39,920	40,251	38,011	22,549	28,145	29,838	-7.9%	-7.8%	-7.8%
All-Cargo	6,273	6,304	6,379	6,508	6,373	5,792	6,871	7,332	7,483	7,121	6,844	7,037	6,778	1.4%	-1.6%	0.6%
Total	85,769	77,132	57,226	50,272	47,521	46,476	47,926	47,252	47,734	45,132	29,393	35,182	36,616	-6.9%	-6.7%	-6.8%
AGR		-10.1%	-25.8%	-12.2%	-5.5%	-2.2%	3.1%	-1.4%	1.0%	-5.5%	-34.9%	19.7%	4.1%			
Annual Landing Shares																
Airline	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022			
American	4.5%	3.8%	5.0%	5.5%	3.7%	4.7%	14.9%	14.8%	13.7%	13.7%	13.6%	14.3%	12.1%			
Delta	9.4%	9.7%	14.9%	20.0%	18.6%	19.0%	19.4%	19.5%	20.3%	20.7%	16.3%	17.0%	20.3%			
Frontier	9.8%	31.5%	9.7%	2.2%	2.4%	1.6%	2.9%	3.2%	3.2%	3.1%	2.6%	2.6%	1.6%			
Southwest	26.3%	28.6%	34.8%	32.3%	30.8%	29.9%	28.6%	26.7%	25.6%	26.2%	26.2%	22.5%	20.5%			
Spirit												2.0%	3.2%			
United	3.9%	5.4%	7.9%	12.7%	15.1%	15.6%	14.0%	12.5%	13.1%	13.4%	10.9%	13.6%	13.8%			
Other	38.8%	12.7%	16.5%	14.3%	16.0%	16.6%	5.9%	7.7%	8.3%	7.1%	7.1%	8.1%	10.0%			
Subtotal	92.7%	91.8%	88.9%	87.1%	86.6%	87.5%	85.7%	84.5%	84.3%	84.2%	76.7%	80.0%	81.5%			
All-Cargo	7.3%	8.2%	11.1%	12.9%	13.4%	12.5%	14.3%	15.5%	15.7%	15.8%	23.3%	20.0%	18.5%			
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%			

Source: Airport records.

Table 13 | Annual Landed Weight by Airline

Annual Landed Weight by Airline (1,000,000 lbs)														CAGR		
Airline	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2010-2019	2019-2022	2010-2022
American	190	186	163	179	150	211	512	530	515	507	341	442	440	11.5%	-4.6%	7.3%
Delta	820	820	871	1,052	998	1,021	1,050	1,032	1,083	1,108	504	687	802	3.4%	-10.2%	-0.2%
Frontier	626	1,689	472	153	159	103	195	220	234	207	110	134	86	-11.6%	-25.3%	-15.2%
Southwest	2,311	2,344	2,319	1,947	1,806	1,773	1,758	1,645	1,624	1,563	1,022	1,047	1,015	-4.2%	-13.4%	-6.6%
Spirit											0	100	174			
United	159	204	224	308	346	346	347	397	359	374	183	288	339	9.9%	-3.2%	6.5%
Other	1,952	509	516	392	434	473	153	203	251	213	120	140	235	-21.8%	3.3%	-16.2%
Subtotal	6,058	5,753	4,565	4,031	3,894	3,927	4,016	4,027	4,064	3,973	2,279	2,839	3,091	-4.6%	-8.0%	-5.5%
All-Cargo	493	485	459	485	496	460	614	612	628	610	601	618	592	2.4%	-1.0%	1.5%
Total	6,551	6,238	5,024	4,517	4,389	4,388	4,630	4,640	4,693	4,583	2,880	3,456	3,683	-3.9%	-7.0%	-4.7%
AGR		-4.8%	-19.5%	-10.1%	-2.8%	0.0%	5.5%	0.2%	1.1%	-2.3%	-37.2%	20.0%	6.6%			

Annual Landed Weight Shares																
Airline	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022			
American	2.9%	3.0%	3.2%	4.0%	3.4%	4.8%	11.1%	11.4%	11.0%	11.1%	11.8%	12.8%	12.0%			
Delta	12.5%	13.2%	17.3%	23.3%	22.7%	23.3%	22.7%	22.2%	23.1%	24.2%	17.5%	19.9%	21.8%			
Frontier	9.5%	27.1%	9.4%	3.4%	3.6%	2.3%	4.2%	4.8%	5.0%	4.5%	3.8%	3.9%	2.3%			
Southwest	35.3%	37.6%	46.2%	43.1%	41.1%	40.4%	38.0%	35.5%	34.6%	34.1%	35.5%	30.3%	27.5%			
Spirit												2.9%	4.7%			
United	2.4%	3.3%	4.5%	6.8%	7.9%	7.9%	7.5%	8.6%	7.6%	8.2%	6.3%	8.3%	9.2%			
Other	29.8%	8.2%	10.3%	8.7%	9.9%	10.8%	3.3%	4.4%	5.3%	4.7%	4.2%	4.0%	6.4%			
Subtotal	92.5%	92.2%	90.9%	89.3%	88.7%	89.5%	86.7%	86.8%	86.6%	86.7%	79.1%	82.1%	83.9%			
All-Cargo	7.5%	7.8%	9.1%	10.7%	11.3%	10.5%	13.3%	13.2%	13.4%	13.3%	20.9%	17.9%	16.1%			
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%			

Source: Airport records.

3.10 | Forecast Commercial Aviation Activity

Our forecast development considers the recent impacts of the pandemic, changes in supply and demand in the aviation industry, changes in the business environment, and the fundamental drivers of passenger traffic growth. To project air traffic during different phases of recovery and growth, we utilize a hybrid modeling framework that combines multiple forecasting methods and data sources.

Recognizing high uncertainty around the pandemic's effects and the aviation industry's long-term outlook, we present two scenarios—"Base" and "Low"—that differ in the pace of air traffic recovery and long-term growth. The Base scenario assumes that recent economic and air traffic growth trends will continue. In contrast, the Low scenario offers a more conservative outlook, accounting for several adverse short-term factors, such as labor and fleet constraints on airline capacity, upward inflationary pressures, and slowing global economic growth.

The two scenarios provide a reasonable range for planning and sensitivity analysis. However, forecasts are inherently uncertain, and many factors can cause actual performance to fall outside the forecast range. In addition, the airline industry and the broader economy face significant structural changes, which elevate various sources of risk and uncertainty. We will discuss these in detail at the end of this section.

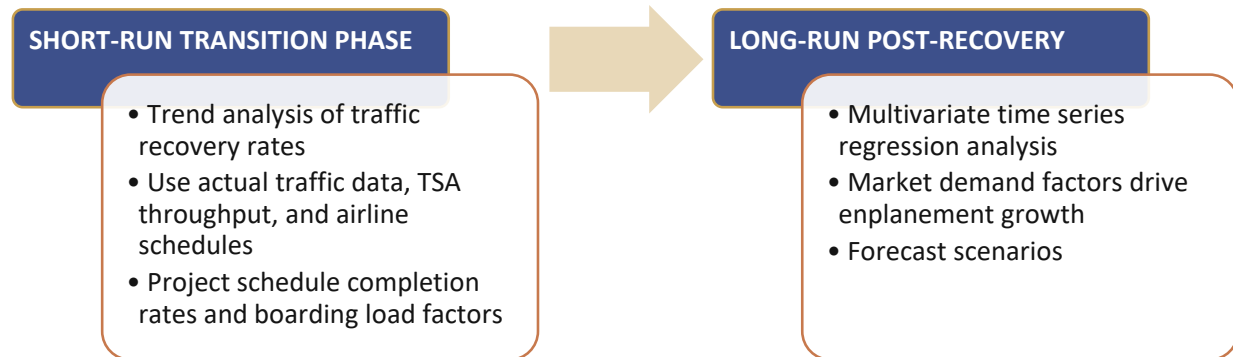
3.10.1 | Forecast Methodology

Our hybrid modeling framework utilizes various forecasting methods and data sources to project air traffic across two phases: recovery in the short term and growth over the long term (Figure 52). For the recovery phase, we analyze short-term air traffic growth trends and produce projections of flights, seats, and enplanements at the airline level based on published airline schedules, schedule completion rates, and boarding load factors. During this phase, we project the monthly ramp-up of enplanements until they stabilize to historical growth patterns and the forecast period enters a long-term growth phase. In this phase, we use multivariate regression analysis to quantify the relationship between passenger demand for air travel and key market drivers and to project annual enplanement growth rates based on projected trends in the key market drivers.

Forecast development by phase considers the factors expected to drive traffic trends across the phases. It tailors different methods, data, and assumptions to better model the effects of those factors on air traffic. For instance, in the short-term phase, we analyze seat availability and capacity constraints in setting assumptions for forecast inputs, such as projections of schedule completion rates and boarding load factors. Then we apply these forecast inputs to advance airline schedules to project monthly enplanement levels.

In the long run, the short-run factors, although still important, will likely play less role in driving passenger traffic trends. Instead, market demand factors, such as income and price, will again become the primary drivers of growth in passenger traffic.

Figure 52 | Hybrid Forecast Development by Phase



Source: Unison Consulting, Inc.

3.10.2 | Short-Term Phase

In this phase, forecast development considers the recent progress in traffic recovery and growth. During forecast development, data on actual airport activity (enplanements, departures, and landed weight) were available through February 2023. In addition, the TSA screening throughput data was available through April 2023, reflecting MKE's near real-time passenger traffic patterns. Advance airline schedules (accessed in April 2023), supplemented with TSA screening throughput data, provide the starting point for projecting monthly flights, seats, and enplanements through October 2023.

To obtain a reliable projection of seat capacity, we apply a completion factor to scheduled seats to anticipate potential cuts in advance schedules. This factor considers the occurrence of flight disruptions due to weather events and equipment maintenance. It also considers current staffing and fleet constraints that cause airlines to adjust their published schedules periodically, depending on the volume of flight bookings and the projected availability of aircraft and crew. We use advance schedules only through October 2023 because schedules farther into the future are subject to more significant, often downward adjustments.

We apply boarding load factors to the seat capacity forecasts to estimate monthly enplanements. Table 14 shows the schedule completion rate assumptions, which start to decline in June and drop to as low as 85 percent in October under the Low scenario.

Table 14 | Projected Schedule Completion Rates and Seats

Month	Seat Completion Rate		Projected Seats	
	Scenario 1	Scenario 2	Scenario 1	Scenario 2
	Base	Low	Base	Low
Mar-23	100.0%	100.0%	305,237	305,237
Apr-23	100.0%	100.0%	288,109	288,109
May-23	100.0%	100.0%	293,504	293,504
Jun-23	98.4%	95.4%	291,163	282,283
Jul-23	98.4%	95.4%	319,311	309,572
Aug-23	91.0%	88.0%	297,294	287,490
Sep-23	89.3%	86.3%	282,198	272,720
Oct-23	88.2%	85.2%	304,938	294,561

Sources: OAG airline schedules and Unison Consulting, Inc.

The BLF assumptions in Table 15 reflect seasonal patterns and an overall improving trend, except for December, when the aviation industry experienced significant winter disruptions. In 2022, MKE's monthly average BLF steadily improved, and its annual average rose to 1.8 percentage points above 2019 levels.

We assume the monthly average BLF will be around or above their 2019 levels for the forecast scenarios. In the Base scenario, we expect to see an improvement in BLF relative to 2022 levels, based on our analysis of TSA throughput-to-seat ratios through April 2022. However, in the Low scenario, we assume that BLF levels will remain mostly similar to 2022. For 2023, we project the average monthly BLF to be around 85 percent in the Base scenario and 82 percent in the Low scenario, compared to 81 percent in 2019.

Table 15 | Actual and Projected Boarding Load Factors (BLF)

2019 and 2022 Boarding Load Factors				2023 Boarding Load Factors ³	
Month	2019	2022	Difference (pp) ²	Scenario 1	Scenario 2
	BLF ¹	BLF		Base	Low
Jan	72.6%	66.4%	-6.1	81.0%	81.0%
Feb	79.7%	78.5%	-1.2	83.4%	83.4%
Mar	84.9%	89.3%	4.4	86.7%	83.3%
Apr	76.0%	81.9%	5.9	82.1%	79.0%
May	81.4%	84.0%	2.7	83.9%	80.9%
Jun	85.0%	87.5%	2.4	87.6%	84.6%
Jul	87.2%	86.8%	-0.5	87.3%	84.3%
Aug	85.4%	88.0%	2.6	88.7%	85.6%
Sep	80.1%	85.6%	5.5	86.2%	83.1%
Oct	82.1%	89.4%	7.3	89.9%	86.9%
Nov	76.7%	82.6%	6.0	82.5%	78.5%
Dec	81.3%	73.9%	-7.4	85.3%	81.8%

Source: Unison Consulting, Inc.

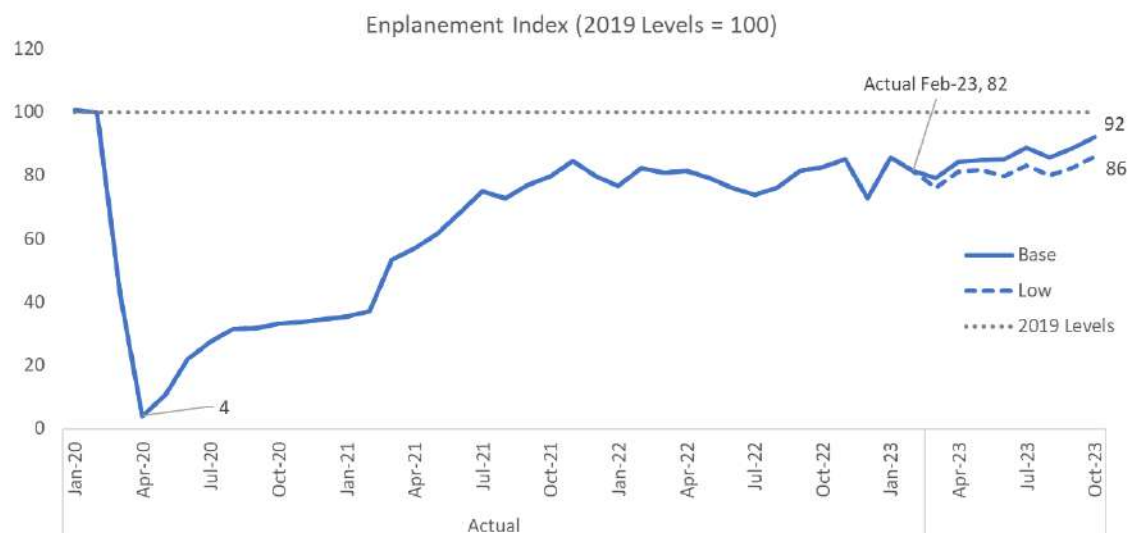
¹ BLF = enplanements/seats.

² Percentage-point (pp) difference between the 2022 and 2019 monthly BLF. Negative values indicate lower 2022 BLF, compared to the 2019 levels.

³ Forecasts begin in March 2023.

Figure 53 shows the projections of monthly enplanements based on our assumptions of advanced schedules and boarding load factors indexed to 2019 levels. Since its nadir in April 2020, monthly enplanements at MKE have gradually recovered toward 2019 pre-pandemic levels. As of February 2023, enplanements were around 82 percent of the 2019 level.

Figure 53 | Monthly Enplanements: Actual and Forecast Indexed to 2019 Level



Source: Unison Consulting, Inc.

We conduct univariate time series analysis to forecast when enplanements will return to 2019 pre-pandemic levels. We evaluate linear and logarithmic functional forms to fit recovery trendlines from April 2020, when passenger traffic reached its lowest level during the pandemic, to October 2023. We also fit a truncated trendline that begins in January 2021 to exclude the break in the recovery trend in the second half of 2020.

The truncated logarithmic function produces a trendline that reflects the shape of recovery at MKE to date. The logarithmic trendline projects an initial acceleration of recovery and eventual tapering, resulting in a longer recovery period than that projected by a linear trendline, which predicts a straight-line trajectory. At MKE, since recovering to around 80 percent of 2019 levels in late 2021, monthly enplanements have mostly remained below 90 percent of 2019 levels.

Extrapolating current trends, we project that MKE's monthly enplanements in the Base scenario will reach around 92 percent of the 2019 level by the end of 2023 and eventually reach 2019 levels by April 2026.⁵²

In the Low scenario, we anticipate an economic downturn in 2024 would disrupt recovery. Therefore, we use a multivariate regression model to project enplanements.

3.10.3 | Long-Term Phase

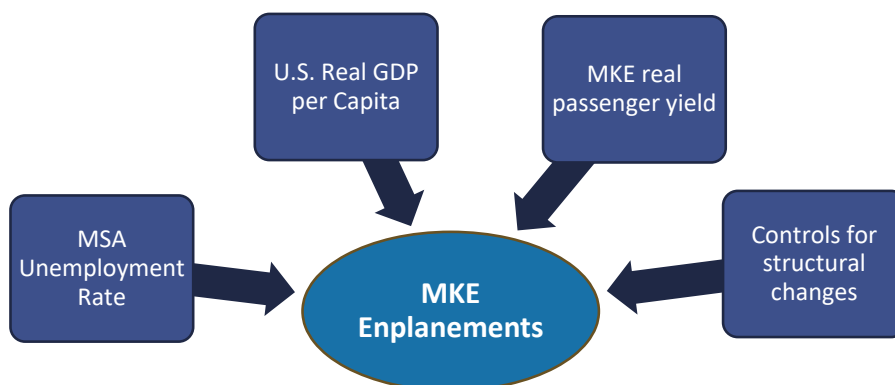
The stabilization of monthly enplanement growth marks the end of the short-term phase and the start of the long-term phase, reflecting a return to historical growth patterns. In the Base scenario, this long-term phase begins after 2026, when enplanements return to 2019 levels. In the Low scenario, the long-term phase begins after 2023 to link projected enplanement growth to higher downside risk to economic growth.

During this phase, the growth in passenger traffic is “demand-driven”—driven by market factors underlying air transportation economics. We assume growth patterns would normalize, the historical relationship between air traffic and economic drivers would again prevail, and airlines would adjust seat capacity to meet increasing air travel demand.

Multivariate time series regression analysis links enplanement growth to changes in key market demand drivers (Figure 54). Regression analysis provides a rigorous and quantitative framework for measuring the contributions of individual demand drivers to enplanement growth while accounting for structural changes at the Airport. Structural changes include the 9/11 terrorist attacks in 2001, the entry of Southwest in 2009 and ensuing expansion, the dehubbing of Frontiers starting in 2010, macroeconomic and local economic trends, historical enplanement trends, and serial correlation often found in time series data.

⁵² Relative to 2019 levels, monthly enplanements are expected to be 96 percent by the end of 2024, 99 percent by the end of 2025, and 101 percent by the end of 2026.

Figure 54 | Key Drivers of Enplanement Growth



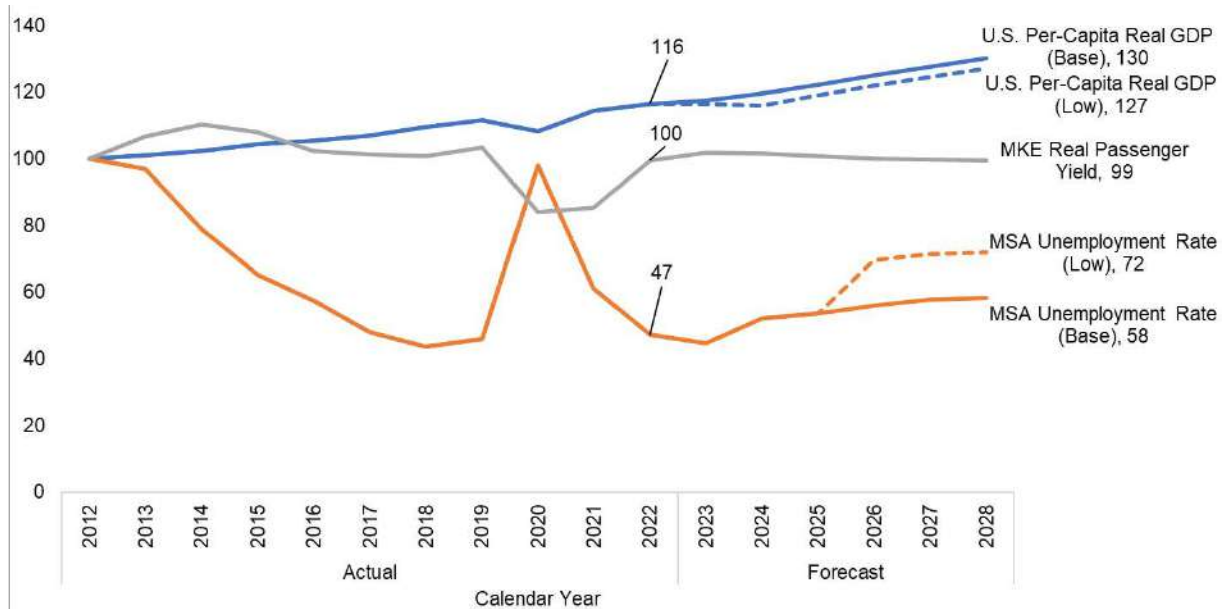
Source: Unison Consulting, Inc.

Forecasting using regression analysis is executed in two steps. In the first step, a regression equation is estimated using historical data on the model variables—in this case, from 1993 through 2019. The regression equation includes “coefficients” that measure the contributions of each driver in predicting annual enplanement at the Airport. The regression estimation method minimizes forecast errors—the difference between the actual and predicted enplanement levels. In the second step, the estimated regression coefficients are combined with projections of market drivers to forecast enplanement growth.

Consumer demand theory, along with our assessment of structural changes at the Airport and the aviation industry, informs the specification of the regression model. Annual enplanements serve as the dependent variable. The key explanatory variables include two economic indicators, U.S. real per-capita GDP and MSA unemployment rate, and a price indicator, MKE’s real passenger yield. In addition, to capture structural changes in MKE’s airline service during the 1993-2019 estimation period, the regression model includes three additional explanatory variables: an indicator for the 9/11 terrorist attacks in 2001, the entry of Southwest in 2009 and ensuing growth in air service with its acquisition of AirTran, and the dehubbing of Frontier Airlines beginning in 2010. Together, these six explanatory variables, discussed in detail below, prove to be strong predictors of MKE’s historical enplanement levels.

Figure 55 presents the historical and forecast trends in the economic and price variables in the Base scenario and Low scenarios. For readability, historical trends in the figure begin in 2012, even though the regression model employs historical data from 1993.

Figure 55 | Key Regression Model Explanatory Variables: Historical and Forecast Trends



Sources: Moody's Analytics, U.S. Department of Transportation, and Federal Aviation Administration.

U.S. Real Per-Capita Gross Domestic Product

Real per-capita GDP in the United States is a comprehensive indicator of national economic conditions and income—factors that drive air travel demand. Holding all other factors constant, real per-capita GDP growth stimulates enplanement growth. Conversely, a decrease in real per-capita GDP reduces personal income, resulting in lower enplanements. The positive and statistically significant regression coefficient on real per-capita U.S. real GDP confirms the direct relationship between U.S. real per-capita GDP and enplanements.

According to the forecasts of Moody's Analytics, U.S. real per-capita GDP in the Base scenario is expected to grow at a CAGR of 1.8 percent from 2022 to 2028. This growth rate is higher than the growth rate of the post-Great Recession expansion, during which U.S. real per-capita GDP grew at a CAGR of 1.6 percent from 2009 to 2019. Relative to the Base scenario, the 2022-2028 CAGR is assumed to be 0.4 percentage points lower in the Low scenario (1.4 percent).

MSA Unemployment Rate

MSA unemployment rate provides another key indicator for economic conditions.⁵³ Falling unemployment rates indicate an expanding economy, while rising unemployment rates indicate a slowing and contracting economy. Passenger traffic tends to track business cycles. A negative and statistically significant negative regression coefficient confirms the negative association between the unemployment rate and MKE's passenger traffic.

In the Base scenario, we expect the MSA unemployment rate to rise gradually from current historic lows. According to the forecast by Moody's Analytics, the MSA unemployment rate will increase from 3.4 percent in 2022 to 4.3 percent in 2028. In the Low scenario, the MSA unemployment rate will be one percentage point higher annually, rising to 5.3 percent in 2028.

Real Passenger Yield at MKE

According to consumer demand theory, the quantity of air travel demand (passenger traffic) is inversely related to the price of air travel. Specifically, holding everything else constant, an increase in price decreases passenger traffic, while a decrease in price increases passenger traffic. Our measure of price is the average real passenger yield, calculated as total airline passenger revenues divided by revenue passenger miles, adjusted for inflation. This measure controls trip distance and serves as a better indicator of the price of air travel than average airfare. Here, economic theory is supported by the data: regression analysis yields a negative and statistically significant regression coefficient on the average real passenger yield at MKE.

Since 2012, except for a few years, MKE's real passenger yield had been relatively stable before the pandemic, ranging between \$0.18 and \$0.19. The pandemic disrupted this stability, as airlines significantly reduced airfares to raise passenger traffic, falling to around \$0.15 in 2020 and 2021. We assume the Airport's real passenger yield would increase in the near term before falling to and stabilizing at \$0.18, yielding a 2022-2028 CAGR of -0.02 percent.

Structural Changes

Three additional explanatory variables are included in the regression model to capture structural changes at the Airport during the estimation period. The first variable controls for the 9/11 terrorist attacks, which significantly disrupted U.S. aviation. The second variable controls for the entry of Southwest Airlines in 2009, which led to significant growth at the Airport. The third variable controls for the dehubbing of Frontier Airlines, which led to a slowdown in air traffic activity at the Airport. Additional autoregressive and moving average terms are included in the regression model to control for serial correlation.

3.10.4 | Forecast Results

Figure 56 presents the forecast results and compares the enplanement forecasts with the 2022 FAA Terminal Area Forecasts (TAF) published in February 2023. Table 3 to Table 10 present the forecast details, summarized below.

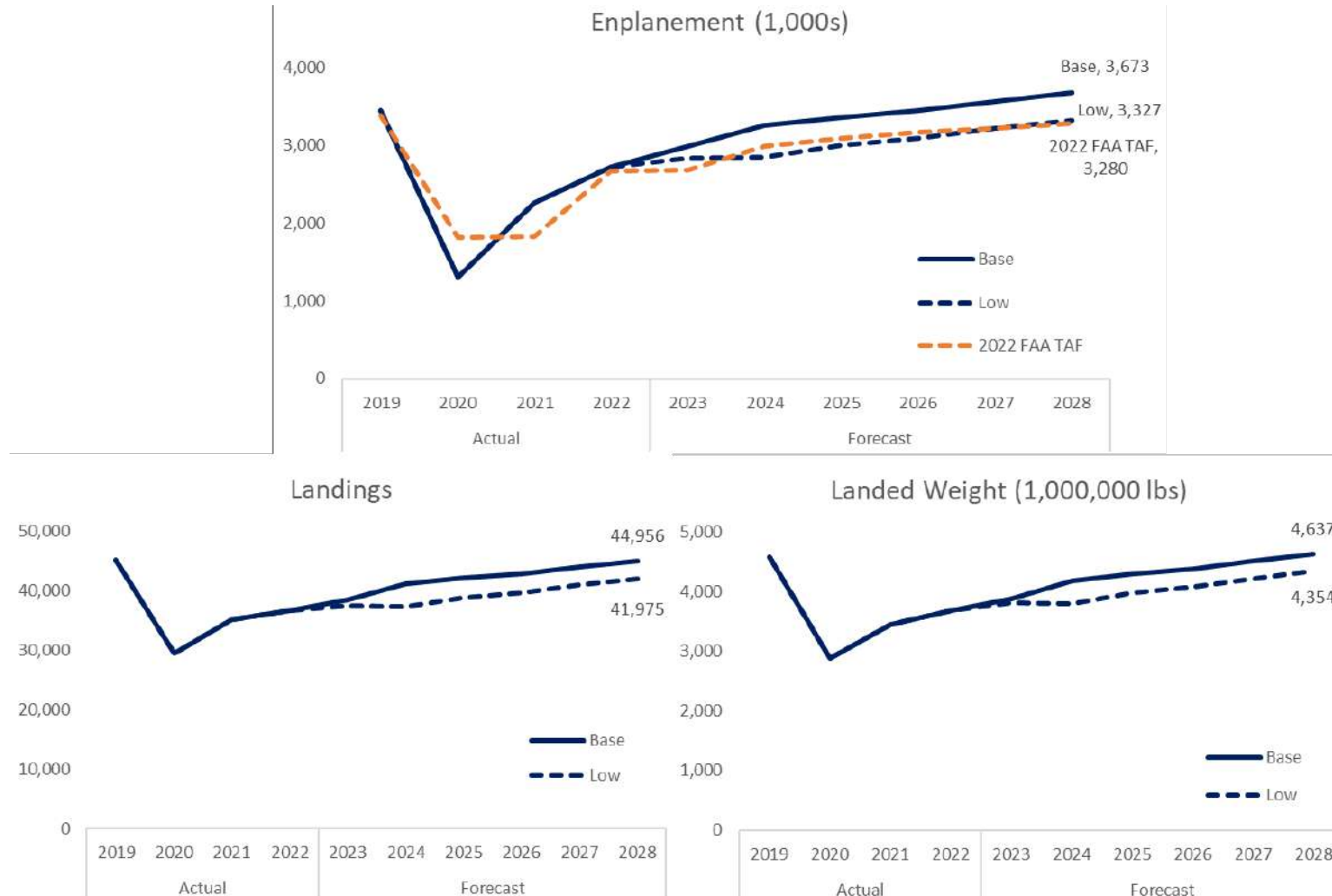
- Scenario 1 (Base) – In 2023, enplanements reach 3.0 million, growing by 9.8 percent. Beyond 2023, enplanement growth remains strong at 9.3 percent in 2024 before moderating to around 3 percent annually. Annual enplanements approach 2019 levels by the end of 2026 and exceed them in 2027. In 2028, annual enplanements reach around 3.7 million, yielding a 2022-2028 CAGR of 5.1 percent.
- Scenario 2 (Low) – In 2023, enplanements grow 4.4 percent to 2.8 million. However, an economic downturn, among other factors, slows enplanement growth in 2024 to around 0.2 percent. Beyond 2024, annual enplanements recover slowly. In 2028, they reach around 3.3 million and yield a 2022-2028 CAGR of 3.4 percent.

- 2022 FAA TAF, February 2023 Publication – The TAF is on a federal fiscal year basis, ending on September 30. Compared to this study’s forecasts, the TAF projects a similar growth path to the Low scenario. At the end of the forecast period, MKE’s annual enplanements reach around 3.3 million, or 1 percent below the Low scenario and 12 percent below the Base scenario.

We project seats and aircraft departures (landings) for 2024-2028 from forecast annual enplanements, average seats per departure projections, and boarding load factors. Generally, flight departures grow slower than enplanements due to increases in average seats per departure and boarding load factors over time. By the end of the forecast period, annual aircraft departures reach 44,956 operations in the Base scenario (2022-2028 CAGR=3.5 percent) in the Base scenario and 41,975 operations in the Low scenario (2022-2028 CAGR=2.3 percent).

We project landed weight for 2024-2028 from forecast aircraft landings. Generally, landed weight increases faster than landings because of projected increases in average seats per landing, which raise the average weight per landing. By the end of the forecast period, landed weight reach 4.637 billion pounds in the Base scenario (2022-2028 CAGR=3.9 percent) and 4.354 billion pounds in the Low scenario (2022-2028 CAGR=2.8 percent).

Figure 56 | Forecast Commercial Aviation Activity at MKE



Sources: Airport records, OAG airline seats, and forecasts by Unison Consulting, Inc.

Table 16 | Annual Forecast Enplanements - Scenario 1 (Base)

Calendar Year	Actual				Forecast						CAGR	
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2022-2028	2019-2028
Enplanements (1,000s)												
American	434	217	358	386	397	434	447	459	474	489	4.0%	1.3%
Delta	901	262	493	672	765	835	861	883	912	941	5.8%	0.5%
Frontier	223	92	124	87	97	106	109	112	115	119	5.4%	-6.7%
Southwest	1,443	577	926	991	1,139	1,244	1,283	1,314	1,358	1,400	5.9%	-0.3%
Spirit	0	0	81	165	114	124	128	131	136	140	-2.7%	
United	316	116	220	276	309	337	348	356	368	380	5.5%	2.0%
Others and Charters	133	46	58	145	167	182	188	193	199	205	6.0%	4.9%
Signatory	3,387	1,286	2,202	2,683	2,944	3,215	3,315	3,397	3,511	3,620	5.1%	0.7%
Non-Signatory Scheduled	31	3	49	17	17	18	19	19	20	20	2.7%	-4.6%
Non-signatory Non-scheduled	32	21	8	21	27	29	30	31	32	33	8.1%	0.4%
Total Passenger	3,450	1,310	2,260	2,721	2,988	3,262	3,364	3,448	3,562	3,673	5.1%	0.7%
Annual percent change		-62.0%	72.5%	20.4%	9.8%	9.2%	3.1%	2.5%	3.3%	3.1%		
Enplanement Shares												
American	12.6%	16.5%	15.8%	14.2%	13.3%	13.3%	13.3%	13.3%	13.3%	13.3%		
Delta	26.1%	20.0%	21.8%	24.7%	25.6%	25.6%	25.6%	25.6%	25.6%	25.6%		
Frontier	6.5%	7.0%	5.5%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%		
Southwest	41.8%	44.0%	41.0%	36.4%	38.1%	38.1%	38.1%	38.1%	38.1%	38.1%		
Spirit	0.0%	0.0%	3.6%	6.1%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%		
United	9.2%	8.9%	9.8%	10.1%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%		
Others and Charters	3.9%	3.5%	2.5%	5.3%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%		
Signatory	98.2%	98.2%	97.5%	98.6%	98.5%	98.5%	98.5%	98.5%	98.5%	98.5%		
Non-Signatory Scheduled	0.9%	0.2%	2.2%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%		
Non-signatory Non-scheduled	0.9%	1.6%	0.4%	0.8%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%		
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%		

Sources: Airport records, OAG airline seats, and forecasts by Unison Consulting, Inc.

Table 17 | Annual Forecast Seats and Aircraft Departures – Scenario 1 (Base)

Calendar Year	Actual				Forecast						CAGR	
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2022-2028	2019-2028
Seats (1,000s)												
American	526	354	447	453	454	495	511	524	541	558	3.5%	0.7%
Delta	1,141	536	685	816	891	973	1,003	1,028	1,062	1,095	5.0%	-0.5%
Frontier	263	152	177	115	128	139	143	147	152	156	5.2%	-5.6%
Southwest	1,824	1,256	1,207	1,191	1,335	1,457	1,503	1,540	1,591	1,641	5.5%	-1.2%
Spirit	0	0	112	214	141	154	158	163	168	173	-3.5%	
United	377	183	278	336	363	396	409	419	433	446	4.9%	1.9%
Others and Charters	124	54	64	162	184	197	201	203	209	216	4.9%	6.3%
Signatory	4,223	2,534	2,906	3,271	3,476	3,792	3,906	4,001	4,134	4,263	4.5%	0.1%
Non-Signatory Scheduled	32	0	64	17	19	20	21	22	22	23	5.3%	-3.5%
Total Passenger	4,255	2,534	2,970	3,288	3,495	3,812	3,927	4,023	4,157	4,286	4.5%	0.1%
Aircraft Departures (Landings)												
American	6,187	4,006	5,030	4,426	4,060	4,415	4,536	4,632	4,769	4,900	1.7%	-2.6%
Delta	9,358	4,786	5,996	7,428	8,328	9,058	9,305	9,502	9,784	10,052	5.2%	0.8%
Frontier	1,383	755	900	590	641	694	712	729	750	771	4.6%	-6.3%
Southwest	11,832	7,709	7,903	7,495	8,263	8,987	9,232	9,428	9,707	9,973	4.9%	-1.9%
Spirit	0	1	712	1,185	754	817	839	858	883	908	-4.3%	
United	6,061	3,213	4,769	5,060	5,355	5,824	5,983	6,110	6,291	6,463	4.2%	0.7%
Others and Charters	3,413	2,283	2,911	3,753	4,370	4,736	4,853	4,946	5,102	5,254	5.8%	4.9%
Signatory	35,759	20,901	25,310	27,099	28,494	30,960	31,782	32,438	33,398	34,316	4.0%	-0.5%
Non-Signatory Scheduled	284	56	588	173	127	138	142	145	149	153	-2.0%	-6.6%
Non-signatory Non-scheduled	2,191	1,796	2,323	2,665	3,151	3,434	3,537	3,623	3,740	3,853	6.3%	6.5%
Total Passengers	38,234	22,753	28,221	29,937	31,772	34,532	35,460	36,205	37,287	38,322	4.2%	0.0%
Signatory Cargo	3,209	2,849	5,055	4,402	4,453	4,428	4,441	4,434	4,437	4,436	0.1%	3.7%
Non-Signatory Cargo	3,689	3,791	1,906	2,277	2,156	2,217	2,186	2,202	2,194	2,198	-0.6%	-5.6%
Total Cargo	6,898	6,640	6,961	6,679	6,610	6,644	6,627	6,636	6,631	6,633	-0.1%	-0.4%
Total	45,132	29,393	35,182	36,616	38,382	41,176	42,087	42,841	43,918	44,956	3.5%	0.0%

Sources: Airport records, OAG airline seats, and forecasts by Unison Consulting, Inc.
OAG schedules do not report seat data for charters.

Table 18 | Forecast Enplanement per Departure, Seats per Departure, and Boarding Load Factors - Scenario 1 (Base)

Calendar Year	Actual				Forecast					
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Enplanements per Departure										
American	70	54	71	87	98	98	99	99	99	100
Delta	96	55	82	90	92	92	93	93	93	94
Frontier	161	122	137	147	151	152	153	153	154	154
Southwest	122	75	117	132	138	138	139	139	140	140
Spirit	0	0	114	139	151	152	153	153	153	154
United	52	36	46	54	58	58	58	58	59	59
Others and Charters	39	20	20	39	38	38	39	39	39	39
Signatory	95	62	87	99	103	104	104	105	105	105
Non-Signatory Scheduled	109	48	84	101	131	131	132	132	133	133
Non-signatory Non-scheduled	15	12	4	8	9	9	9	9	9	9
Total Passenger	90	58	80	91	94	94	95	95	96	96
Seats per Departure										
American	85	88	89	102	112	112	113	113	113	114
Delta	122	112	114	110	107	107	108	108	109	109
Frontier	190	201	197	196	199	200	201	201	202	203
Southwest	154	163	153	159	162	162	163	163	164	165
Spirit	0	0	157	181	187	188	189	190	190	191
United	62	57	58	66	68	68	68	69	69	69
Others and Charters	36	23	22	43	42	42	41	41	41	41
Signatory	118	121	115	121	122	122	123	123	124	124
Non-Signatory Scheduled	112	0	109	98	148	148	149	149	150	150
Total Passenger	111	111	105	110	110	110	111	111	111	112
Boarding Load Factors										
American	82.5%	61.2%	80.0%	85.2%	87.6%	87.6%	87.6%	87.6%	87.6%	87.6%
Delta	78.9%	48.9%	72.0%	82.3%	85.9%	85.9%	85.9%	85.9%	85.9%	85.9%
Frontier	84.6%	60.6%	69.6%	75.2%	75.7%	76.0%	76.1%	76.0%	76.0%	76.0%
Southwest	79.1%	45.9%	76.8%	83.2%	85.4%	85.4%	85.4%	85.4%	85.4%	85.4%
Spirit	0.0%	0.0%	72.7%	76.9%	80.4%	80.7%	80.8%	80.6%	80.7%	80.6%
United	84.0%	63.5%	79.3%	82.1%	85.1%	85.1%	85.1%	85.1%	85.1%	85.1%
Others and Charters	107.0%	85.8%	90.0%	89.2%	90.9%	92.3%	93.7%	95.0%	95.0%	95.0%
Signatory	80.2%	50.7%	75.8%	82.0%	84.7%	84.8%	84.9%	84.9%	84.9%	84.9%
Non-Signatory Scheduled	97.4%	0.0%	77.2%	103.1%	88.6%	88.6%	88.6%	88.6%	88.6%	88.6%
Total Passenger	81.1%	51.7%	76.1%	82.8%	85.5%	85.6%	85.7%	85.7%	85.7%	85.7%

Sources: Airport records, OAG airline seats, and forecasts by Unison Consulting, Inc.
OAG schedules do not report seat data for charters.

Table 19 | Annual Forecast Landed Weight and Average Weight per Landing - Scenario 1 (Base)

Calendar Year	Actual				Forecast						CAGR	
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2022-2028	2019-2028
Landed Weight (1,000,000 lbs)												
American	507	341	442	440	438	478	493	505	522	538	3.4%	0.7%
Delta	1,108	504	687	802	907	991	1,022	1,047	1,082	1,115	5.7%	0.1%
Frontier	207	110	134	86	94	103	106	108	112	116	5.0%	-6.3%
Southwest	1,563	1,022	1,047	1,015	1,132	1,237	1,275	1,307	1,350	1,392	5.4%	-1.3%
Spirit	0	0	100	174	113	123	126	130	134	138	-3.8%	
United	374	183	288	339	353	385	397	407	420	433	4.2%	1.7%
Others and Charters	215	124	145	239	269	290	297	301	311	321	5.0%	4.5%
Signatory	3,842	2,205	2,699	2,978	3,180	3,468	3,573	3,660	3,782	3,900	4.6%	0.2%
Non-Signatory Scheduled	40	8	64	25	19	20	21	21	22	23	-1.3%	-6.0%
Non-signatory Non-scheduled	93	69	81	92	107	117	121	124	128	131	6.1%	3.9%
Total Passenger	3,975	2,283	2,844	3,095	3,306	3,606	3,715	3,805	3,931	4,054	4.6%	0.2%
Signatory Cargo	503	499	529	500	507	502	505	503	504	504	0.1%	0.0%
Non-Signatory Cargo	105	98	84	88	77	80	78	79	79	79	-1.7%	-3.1%
Total Cargo	608	597	613	588	584	582	583	583	583	583	-0.1%	-0.5%
Total	4,583	2,880	3,456	3,683	3,890	4,188	4,298	4,388	4,514	4,637	3.9%	0.1%
Average Weight per Landing (1,000 lbs.)												
American	81.9	85.1	87.9	99.4	107.8	108.2	108.6	109.0	109.4	109.8		
Delta	118.4	105.2	114.5	108.0	108.9	109.4	109.8	110.2	110.6	111.0		
Frontier	149.5	145.5	149.3	145.9	147.0	147.6	148.2	148.7	149.2	149.8		
Southwest	132.1	132.5	132.5	135.4	137.1	137.6	138.1	138.6	139.1	139.6		
Spirit	0.0	19.5	140.5	146.9	149.3	149.9	150.5	151.0	151.6	152.1		
United	61.7	56.9	60.4	67.0	65.8	66.1	66.4	66.6	66.8	67.1		
Others and Charters	63.1	54.3	49.8	63.7	61.5	61.3	61.1	60.9	61.0	61.1		
Signatory	107.4	105.5	106.6	109.9	111.6	112.0	112.4	112.8	113.2	113.6		
Non-Signatory Scheduled	140.8	141.1	109.1	142.8	146.3	146.9	147.4	148.0	148.5	149.0		
Non-signatory Non-scheduled	42.4	38.6	34.8	34.6	34.1	34.1	34.1	34.1	34.1	34.1		
Total Passenger	104.0	100.3	100.8	103.4	104.0	104.4	104.8	105.1	105.4	105.8		
Signatory Cargo	156.9	175.2	104.6	113.6	113.9	113.4	113.6	113.5	113.6	113.6		
Non-Signatory Cargo	28.3	25.9	44.1	38.5	35.7	36.0	35.9	36.0	35.9	35.9		
Total Cargo	88.1	90.0	88.0	88.0	88.4	87.6	88.0	87.8	87.9	87.8		
Total	101.5	98.0	98.2	100.6	101.3	101.7	102.1	102.4	102.8	103.1		

Sources: Airport records, OAG airline seats, and forecasts by Unison Consulting, Inc.

Table 20 | Annual Forecast Enplanements - Scenario 2 (Low)

Calendar Year	Actual				Forecast						CAGR	
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2022-2028	2019-2028
Enplanements (1,000s)												
American	434	217	358	386	379	379	400	412	429	444	2.3%	0.3%
Delta	901	262	493	672	727	728	768	791	823	852	4.0%	-0.6%
Frontier	223	92	124	87	92	92	97	100	104	108	3.7%	-7.7%
Southwest	1,443	577	926	991	1,084	1,085	1,144	1,178	1,226	1,269	4.2%	-1.4%
Spirit	0	0	81	165	108	109	114	118	123	127	-4.3%	
United	316	116	220	276	294	294	310	319	332	344	3.8%	0.9%
Others and Charters	133	46	58	145	157	157	166	171	178	184	4.0%	3.7%
Signatory	3,387	1,286	2,202	2,683	2,800	2,805	2,957	3,046	3,169	3,280	3.4%	-0.4%
Non-Signatory Scheduled	31	3	49	17	16	16	17	17	18	19	1.0%	-5.6%
Non-signatory Non-scheduled	32	21	8	21	24	24	26	27	28	29	5.6%	-1.2%
Total Passenger	3,450	1,310	2,260	2,721	2,841	2,845	2,999	3,089	3,214	3,327	3.4%	-0.4%
Annual percent change		-62.0%	72.5%	20.4%	4.4%	0.2%	5.4%	3.0%	4.0%	3.5%		
Enplanement Shares												
American	12.6%	16.5%	15.8%	14.2%	13.3%	13.3%	13.3%	13.3%	13.3%	13.3%		
Delta	26.1%	20.0%	21.8%	24.7%	25.6%	25.6%	25.6%	25.6%	25.6%	25.6%		
Frontier	6.5%	7.0%	5.5%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%		
Southwest	41.8%	44.0%	41.0%	36.4%	38.1%	38.1%	38.1%	38.1%	38.1%	38.1%		
Spirit	0.0%	0.0%	3.6%	6.1%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%		
United	9.2%	8.9%	9.8%	10.1%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%		
Others and Charters	3.9%	3.5%	2.5%	5.3%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%		
Signatory	98.2%	98.2%	97.5%	98.6%	98.6%	98.6%	98.6%	98.6%	98.6%	98.6%		
Non-Signatory Scheduled	0.9%	0.2%	2.2%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%		
Non-signatory Non-scheduled	0.9%	1.6%	0.4%	0.8%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%		
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%		

Sources: Airport records, OAG airline seats, and forecasts by Unison Consulting, Inc.

Table 21 | Annual Forecast Seats and Aircraft Departures – Scenario 2 (Low)

Calendar Year	Actual				Forecast						CAGR	
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2022-2028	2019-2028
Seats (1,000s)												
American	526	354	447	453	446	447	471	486	505	523	2.4%	0.0%
Delta	1,141	536	685	816	875	873	919	948	986	1,022	3.8%	-1.2%
Frontier	263	152	177	115	126	125	132	136	142	147	4.1%	-6.3%
Southwest	1,824	1,256	1,207	1,191	1,312	1,309	1,378	1,422	1,479	1,532	4.3%	-1.9%
Spirit	0	0	112	214	139	139	146	151	157	163	-4.5%	
United	377	183	278	336	356	356	374	386	402	416	3.7%	1.1%
Others and Charters	124	54	64	162	180	178	184	187	192	199	3.4%	5.4%
Signatory	4,223	2,534	2,906	3,271	3,416	3,408	3,586	3,696	3,842	3,980	3.3%	-0.7%
Non-Signatory Scheduled	32	0	64	17	18	18	19	20	21	22	4.2%	-4.3%
Total Passenger	4,255	2,534	2,970	3,288	3,435	3,426	3,605	3,716	3,863	4,002	3.3%	-0.7%
Aircraft Departures (Landings)												
American	6,187	4,006	5,030	4,426	3,990	3,980	4,181	4,297	4,454	4,597	0.6%	-3.2%
Delta	9,358	4,786	5,996	7,428	8,177	8,128	8,525	8,763	9,083	9,376	4.0%	0.0%
Frontier	1,383	755	900	590	631	627	657	676	701	723	3.5%	-7.0%
Southwest	11,832	7,709	7,903	7,495	8,124	8,075	8,470	8,706	9,024	9,315	3.7%	-2.6%
Spirit	0	1	712	1,185	744	740	776	797	827	853	-5.3%	
United	6,061	3,213	4,769	5,060	5,256	5,224	5,479	5,632	5,838	6,026	3.0%	-0.1%
Others and Charters	3,413	2,283	2,911	3,753	3,912	3,892	4,071	4,166	4,306	4,450	2.9%	3.0%
Signatory	35,759	20,901	25,310	27,099	27,996	27,820	29,167	29,958	31,034	32,034	2.8%	-1.2%
Non-Signatory Scheduled	284	56	588	173	125	124	131	134	139	143	-3.1%	-7.3%
Non-signatory Non-scheduled	2,191	1,796	2,323	2,665	2,714	2,720	2,861	2,944	3,060	3,164	2.9%	4.2%
Total Passengers	38,234	22,753	28,221	29,937	30,835	30,664	32,159	33,037	34,232	35,341	2.8%	-0.9%
Signatory Cargo	3,209	2,849	5,055	4,402	4,453	4,428	4,441	4,434	4,437	4,436	0.1%	3.7%
Non-Signatory Cargo	3,689	3,791	1,906	2,277	2,156	2,217	2,186	2,202	2,194	2,198	-0.6%	-5.6%
Total Cargo	6,898	6,640	6,961	6,679	6,610	6,644	6,627	6,636	6,631	6,633	-0.1%	-0.4%
Total	45,132	29,393	35,182	36,616	37,444	37,309	38,786	39,673	40,864	41,975	2.3%	-0.8%

Sources: Airport records, OAG airline seats, and forecasts by Unison Consulting, Inc.
OAG schedules do not report seat data for charters.

Table 22 | Forecast Enplanement per Departure, Seats per Departure, and Boarding Load Factors - Scenario 2 (Low)

Calendar Year	Actual				Forecast					
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Enplanements per Departure										
American	70	54	71	87	95	95	96	96	96	97
Delta	96	55	82	90	89	90	90	90	91	91
Frontier	161	122	137	147	146	147	148	148	149	149
Southwest	122	75	117	132	133	134	135	135	136	136
Spirit	0	0	114	139	146	147	148	148	148	149
United	52	36	46	54	56	56	57	57	57	57
Others and Charters	39	20	20	39	40	40	41	41	41	41
Signatory	95	62	87	99	100	101	101	102	102	102
Non-Signatory Scheduled	109	48	84	101	127	127	128	128	129	129
Non-signatory Non-scheduled	15	12	4	8	9	9	9	9	9	9
Total Passenger	90	58	80	91	92	93	93	94	94	94
Seats per Departure										
American	85	88	89	102	112	112	113	113	113	114
Delta	122	112	114	110	107	107	108	108	109	109
Frontier	190	201	197	196	199	200	201	201	202	203
Southwest	154	163	153	159	162	162	163	163	164	165
Spirit	0	0	157	181	187	188	189	189	190	191
United	62	57	58	66	68	68	68	69	69	69
Others and Charters	36	23	22	43	46	46	45	45	45	45
Signatory	118	121	115	121	122	122	123	123	124	124
Non-Signatory Scheduled	112	0	109	98	148	148	149	149	150	150
Total Passenger	111	111	105	110	111	112	112	112	113	113
Boarding Load Factors										
American	82.5%	61.2%	80.0%	85.2%	84.9%	84.9%	84.9%	84.8%	84.8%	84.8%
Delta	78.9%	48.9%	72.0%	82.3%	83.1%	83.4%	83.5%	83.4%	83.4%	83.4%
Frontier	84.6%	60.6%	69.6%	75.2%	73.3%	73.6%	73.7%	73.6%	73.6%	73.5%
Southwest	79.1%	45.9%	76.8%	83.2%	82.6%	82.9%	83.0%	82.9%	82.9%	82.8%
Spirit	0.0%	0.0%	72.7%	76.9%	77.8%	78.1%	78.2%	78.1%	78.1%	78.1%
United	84.0%	63.5%	79.3%	82.1%	82.4%	82.7%	82.8%	82.7%	82.7%	82.6%
Others and Charters	107.0%	85.8%	90.0%	89.2%	87.0%	88.6%	90.0%	91.3%	92.6%	92.5%
Signatory	80.2%	50.7%	75.8%	82.0%	82.0%	82.3%	82.5%	82.4%	82.5%	82.4%
Non-Signatory Scheduled	97.4%	0.0%	77.2%	103.1%	86.0%	86.0%	86.0%	86.0%	86.0%	86.0%
Total Passenger	81.1%	51.7%	76.1%	82.8%	82.7%	83.0%	83.2%	83.1%	83.2%	83.1%

Sources: Airport records, OAG airline seats, and forecasts by Unison Consulting, Inc.
OAG schedules do not report seat data for charters.

Table 23 | Annual Forecast Landed Weight and Average Weight per Landing - Scenario 2 (Low)

Calendar Year	Actual				Forecast						CAGR	
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2022-2028	2019-2028
Landed Weight (1,000,000 lbs)												
American	507	341	442	440	430	431	454	468	487	505	2.3%	0.0%
Delta	1,108	504	687	802	891	889	936	965	1,004	1,040	4.4%	-0.7%
Frontier	207	110	134	86	93	93	97	101	105	108	3.9%	-6.9%
Southwest	1,563	1,022	1,047	1,015	1,113	1,111	1,170	1,207	1,255	1,300	4.2%	-2.0%
Spirit	0	0	100	174	111	111	117	120	125	130	-4.8%	
United	374	183	288	339	346	345	364	375	390	404	3.0%	0.9%
Others and Charters	215	124	145	239	252	250	260	266	274	283	2.9%	3.1%
Signatory	3,842	2,205	2,699	2,978	3,124	3,117	3,280	3,381	3,514	3,641	3.4%	-0.6%
Non-Signatory Scheduled	40	8	64	25	18	18	19	20	21	21	-2.4%	-6.7%
Non-signatory Non-scheduled	93	69	81	92	94	94	99	102	106	109	2.9%	1.8%
Total Passenger	3,975	2,283	2,844	3,095	3,236	3,229	3,398	3,502	3,641	3,771	3.3%	-0.6%
Signatory Cargo	503	499	529	500	507	502	505	503	504	504	0.1%	0.0%
Non-Signatory Cargo	105	98	84	88	77	80	78	79	79	79	-1.7%	-3.1%
Total Cargo	608	597	613	588	584	582	583	583	583	583	-0.1%	-0.5%
Total	4,583	2,880	3,456	3,683	3,820	3,811	3,981	4,085	4,223	4,354	2.8%	-0.6%
Average Weight per Landing (1,000 lbs.)												
American	81.9	85.1	87.9	99.4	107.8	108.2	108.6	109.0	109.4	109.8		
Delta	118.4	105.2	114.5	108.0	108.9	109.4	109.8	110.2	110.6	111.0		
Frontier	149.5	145.5	149.3	145.9	147.0	147.6	148.2	148.7	149.2	149.8		
Southwest	132.1	132.5	132.5	135.4	137.1	137.6	138.1	138.6	139.1	139.6		
Spirit	0.0	19.5	140.5	146.9	149.3	149.9	150.5	151.0	151.5	152.1		
United	61.7	56.9	60.4	67.0	65.8	66.1	66.4	66.6	66.8	67.1		
Others and Charters	63.1	54.3	49.8	63.7	64.4	64.2	64.0	63.8	63.6	63.7		
Signatory	107.4	105.5	106.6	109.9	111.6	112.0	112.5	112.9	113.2	113.7		
Non-Signatory Scheduled	140.8	141.1	109.1	142.8	146.3	146.9	147.4	148.0	148.5	149.0		
Non-signatory Non-scheduled	42.4	38.6	34.8	34.6	34.5	34.5	34.5	34.5	34.5	34.5		
Total Passenger	104.0	100.3	100.8	103.4	105.0	105.3	105.7	106.0	106.4	106.7		
Signatory Cargo	156.9	175.2	104.6	113.6	113.9	113.4	113.6	113.5	113.6	113.6		
Non-Signatory Cargo	28.3	25.9	44.1	38.5	35.7	36.0	35.9	36.0	35.9	35.9		
Total Cargo	88.1	90.0	88.0	88.0	88.4	87.6	88.0	87.8	87.9	87.8		
Total	101.5	98.0	98.2	100.6	102.0	102.2	102.6	103.0	103.4	103.7		

Sources: Airport records, OAG airline seats, and forecasts by Unison Consulting, Inc.

3.11 | Sources of Forecast Risk and Uncertainty

The forecasts use available information during the study, measurable factors that drive air traffic, and assumptions about their future trends. Actual results could differ materially from the forecasts if any assumptions do not hold or unexpected events cause traffic to decrease or increase significantly. The Airport operates in a dynamic business environment where various factors are at play. Many of these factors, often intertwined, are subject to volatility and uncertainty, introducing risk—both downside and upside—to forecast activity levels.

3.11.1 | Disease Outbreaks

Passenger air travel demand is sensitive to disease outbreaks. Disease outbreaks pose an unpredictable danger in various ways, such as customer confidence, health and safety, international travel policies, and the well-being and availability of sufficient staffing and labor.

In 2020, COVID-19 became a significant threat to the entire aviation industry. Widespread vaccination helped contain the spread of the disease, restoring people's confidence in the public health and safety of air travel, and increasing people's comfort level with crowded spaces. It aided the recovery of air travel and the overall U.S. economy. Current infection levels sit among the lowest numbers throughout the pandemic history. The WHO ended COVID-19's global emergency status as of May 5, 2023, and soon after, on May 11, 2023, the United States also ended its federal COVID-19 public health emergency. That said, continued awareness of COVID-19 and proper health safety practices remain essential to minimize serious illness, hospitalizations, and fatalities while maintaining public confidence.

3.11.2 | Economic Conditions

The aviation industry is pro-cyclical: traffic grows during economic expansion as consumer and business incomes rise, increasing overall demand, including for air travel. Conversely, traffic declines during an economic recession, as consumer and business incomes fall, causing demand to fall.

Various factors can cause an economic recession. In 2020, the pandemic and the extreme mitigation measures triggered a global economic downturn. The U.S. economy recovered to its pre-pandemic output level in the second quarter of 2021 and has continued to grow, though at a slower pace. While the pandemic has eased, the U.S. economy faces other economic risks. Inflationary pressures and supply constraints remain the most pressing concerns in the short term. Other economic risks stem from international trade tensions, continuing geopolitical tensions, weakness in portions of the global economy, financial market volatility, and the high level of U.S. government and private debt.

The growth of the U.S. economy faces several headwinds resulting from unfavorable, long-term demographic shifts, including population aging and declining population growth. An aging population will raise government expenditures on social programs and exert upward budgetary pressure on the U.S. government. This pressure will add to high U.S. government debt levels, which increased during the pandemic with federal programs aimed at alleviating the impacts of the pandemic on individuals and businesses. In addition, a dwindling population base could gradually reduce the overall demand for consumer goods, including the demand for air travel.

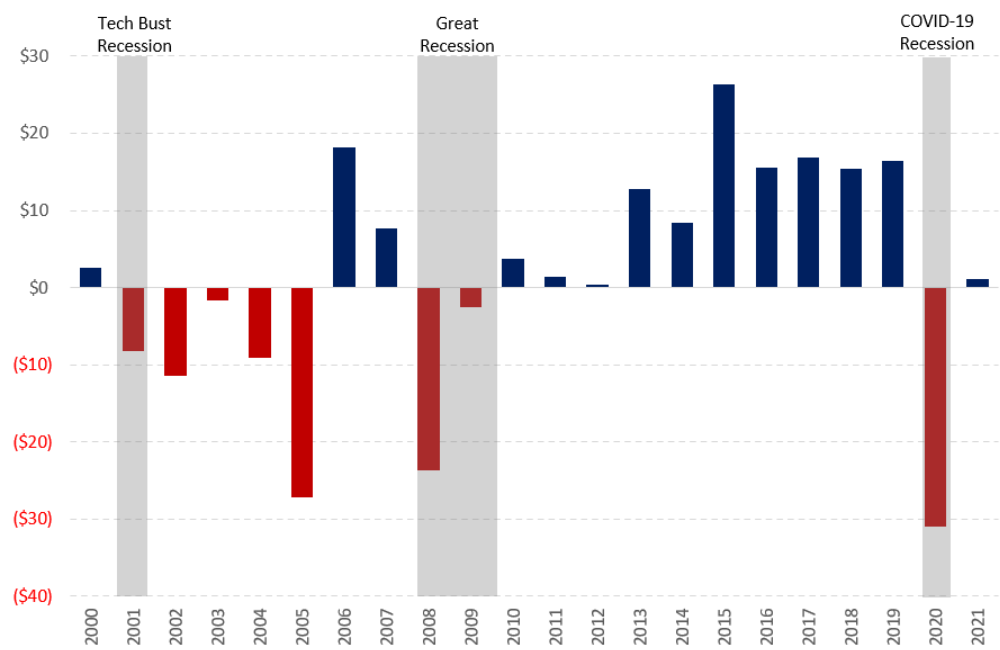
3.11.3 | U.S. Airline Industry Volatility

The U.S. airline industry is highly volatile. It is vulnerable to many exogenous factors, such as economic downturns, sharp increases in oil prices, adverse weather, disease outbreaks, travel restrictions, terrorism threats, and geopolitical tensions. Volatility shows in the U.S. airline industry's financial results.

Over the two decades before the pandemic, the U.S. scheduled passenger airline industry incurred annual net losses in 7 years, netting a profit of \$61.2 billion over the 20 years from 2000 through 2019. Figure 57 shows the annual net income of U.S. scheduled airlines from 2000 to 2021. After persistent losses during most of the 2000s, the U.S. scheduled passenger airline industry realized net profits almost yearly during the 2010s. The industry thrived amid the long economic expansion during the 2010s and the sharp decrease in fuel prices. The industry also reaped benefits from several business improvements made during the 2008-2009 Great Recession, including cost-cutting and productivity-enhancement measures. The improved financial performance enabled U.S. airlines to renew their fleets, increase scheduled flights and seats, and reduce capacity constraints.

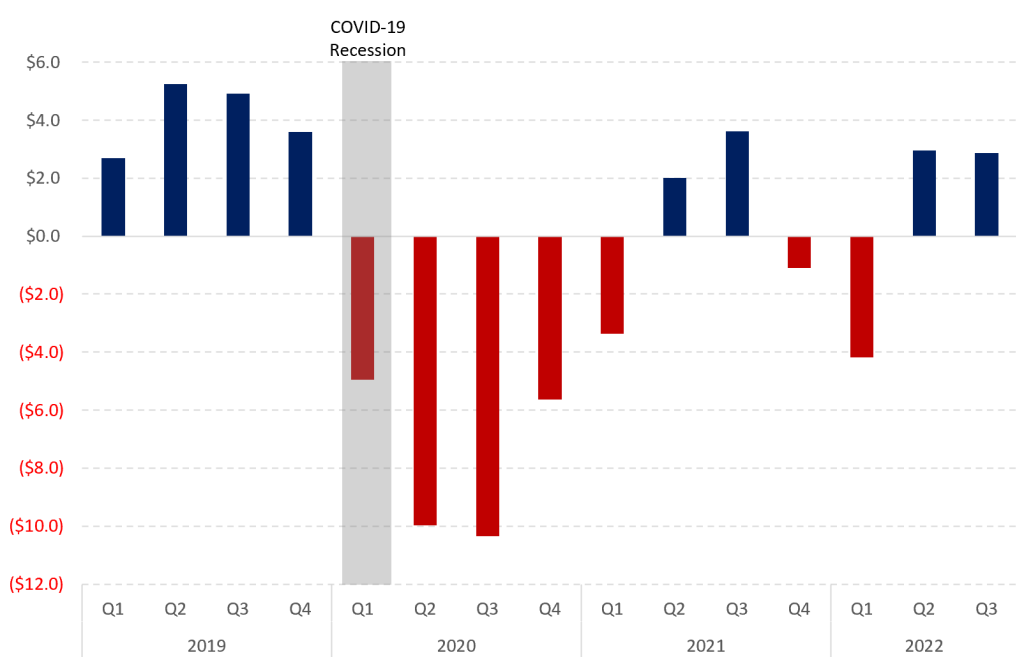
In 2020, the U.S. scheduled passenger airline industry outlook took a dramatic downturn with the spread of COVID-19. Figure 58 shows the net income quarterly from 2019. As air travel slowed dramatically in the first half of 2020, U.S. scheduled passenger airlines incurred an annual net loss of more than \$35 billion, the largest annual loss since 1977. However, in 2021, as air travel resumed, the industry began to recuperate some losses incurred in the previous year, operating a \$1.2 billion profit. To alleviate the negative financial impact of the pandemic on U.S. airlines' finances, the U.S. federal government provided financial relief to the U.S. airlines in three federal aid packages: The Coronavirus Aid, Relief, and Economic Security Act (CARES Act); the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA); and the American Rescue Plan Act of 2021 (ARPA).

Figure 57 | Annual Net Income (\$ Billions), U.S. Scheduled Airlines, 2000-2021



Sources: U.S. Bureau of Transportation Statistics (Form 41 Schedule P-1.2) and Unison Consulting, Inc.
Gray areas indicate economic recessions.

Figure 58 | Quarterly Net Income (\$ Billions), U.S. Scheduled Airlines, Q1 2019-Q3 2022



Sources: U.S. Bureau of Transportation Statistics (Form 41 Schedule P-1.2) and Unison Consulting, Inc.
Gray areas indicate economic recessions.

3.11.4 | Volatility Of Oil Prices and Implications for Aviation Fuel Cost

Volatility in oil prices directly affects aviation fuel costs, a significant component of airlines' operating costs (the correlation between prices is 0.95).⁵⁴ Increases in the price of oil, therefore, translate directly into higher airline fuel costs. Crude oil prices are presented in Figure 59, and the price of aviation fuel in Figure 60. In the 2000s, record oil price increases raised fuel costs, pressured airlines' finances, and contributed to extensive net losses industry-wide. However, oil prices fell steeply by 2015, contributing to sustained profitability in the U.S. airline industry in the 2010s.

In 2020, the global economic recession and the oil supply glut kept oil prices low. As a result, airlines enjoyed low fuel prices, providing some cost relief during the pandemic. In 2021, the global economic recovery began to push oil prices up. Oil prices rose to \$115 per barrel in June 2022, exacerbated by the Russia-Ukraine conflict. By December, prices had fallen to \$75 per barrel and are currently forecast to decline to under \$70 per barrel through 2024. Nevertheless, oil prices will continue to respond to changing global economic conditions, geopolitical factors, and the unpredictability of actions taken by the Organization of the Petroleum Exporting Countries (OPEC).

Figure 59 | Crude Oil Price, West Texas Intermediate, \$/Barrel, January 2000-December 2022 (Forecast to December 2024)



Sources: U.S. Energy Administration and Unison Consulting, Inc.
Gray areas indicate economic recessions.

⁵⁴ Based on data from the U.S. Energy Administration and U.S. Bureau of Transportation Statistics and calculations by Unison Consulting, Inc.

Figure 60 | Aviation Fuel, Price per Gallon, Monthly, 2000-2022



Sources: U.S. Bureau of Transportation Statistics; Unison Consulting, Inc.
Gray areas indicate economic recessions.

3.11.5 | Airline Market Concentration

Airline market concentration is a source of risk because it could lead to the abuse of market power or excessive price increases. However, monopoly market power is less of a concern at MKE with the decrease in Southwest Airlines' market share below 40 percent. Part of this decline was contributed by increases in Delta and United's market shares and Spirit's entry.

3.11.6 | Airline Economics, Competition, and Airfares

Airfares influence passenger demand, particularly for relatively short trips where the automobile (or occasional bus or train) is a viable alternative and for price-sensitive "discretionary" vacation travel. Airfares are affected by airline operating costs and debt burden, passenger demand, capacity and yield management, market presence, and competition.

The aviation activity forecasts for the Airport assume that, over the long term, annual increases in airfares do not exceed inflation. If they do, the increases in airfares will dampen forecast traffic growth.

3.11.7 | Airline Mergers

Over the long run, the airline industry has been consolidating in response to competition, cost, and regulatory pressure. Airline mergers affect service and traffic at airports when they consolidate facilities, optimize route networks, and route connecting traffic through other hubs. The impact on affected airports usually happens within a few years—sometimes immediately—following a merger. It can be significant or trivial, depending on whether the merging airlines have a large market share at an airport and whether they carry significant connecting traffic.

There is a potential merger on the horizon with JetBlue seeking to purchase Spirit for \$3.8 billion, even terminating its alliance with American to protect the deal. If completed, JetBlue's merger deal with Spirit would be the biggest in the U.S. airline industry since American merged with U.S. Airways in 2013. However, JetBlue accounted for less than 2 percent of MKE's total enplanements in 2022 and serves different markets from Spirit at MKE. Neither carries connecting traffic through the Airport.

From MKE, JetBlue has nonstop flights to Boston and New York, and Spirit has nonstop flights to Las Vegas, Orlando, and Fort Myers. These markets are in MKE's top 11 O&D markets. If JetBlue were to discontinue service from MKE to these markets, other airlines will likely provide replacement service.

3.11.8 | Structural Changes in Demand and Supply

Historically, major crises have prompted lasting structural changes on the aviation industry's demand and supply sides. For example, the 2001 terrorist attacks prompted more stringent airport security measures requiring passengers to arrive much earlier for departing flights, reducing the time advantage of air travel over ground transportation for short-haul flights. Likewise, the COVID-19 pandemic spurred changes in passenger travel and airline service, which could become permanent.

On the demand side, the pandemic has prompted changes in consumer behavior, social interactions, and ways of conducting business that would permanently alter travel propensities and preferences. Public health and safety concerns may influence customers to consider ground transportation for longer distances previously traveled by air. For vacation travel, consumers adapted to the COVID-19 environment by favoring less crowded and outdoor-oriented destinations. The accelerated adoption of technology for virtual meetings and conferences could result in a permanent downshift in business travel demand.

On the supply side, U.S. airlines have taken steps to become smaller—accelerating the retirement of old aircraft, deferring new aircraft orders, and cutting workforces during the worst period of the pandemic. However, the streamlined fleet and workforce have constrained U.S. airlines in restoring adequate capacity to accommodate the strong rebound in air travel demand. Moreover, U.S. airlines could take years to resolve these capacity constraints amid supply chain problems in aircraft manufacturing, a pilot shortage, and tight labor supply.

One favorable trend is the accelerated adoption of no-touch technologies by airlines, airports, and the TSA. These new technologies help allay public health and safety concerns and speed up

passenger processing. By saving passengers time and reducing uncertainty, these technologies could help restore the competitiveness of air travel against ground transportation and stimulate traffic recovery and growth.

3.11.9 | Labor Supply Constraints

The COVID-19 pandemic and resulting recession led to employee layoffs across many airlines, and companies went into 2021 with a significantly smaller workforce than they had before the pandemic. In addition, the demand for leisure travel accelerated in the first half of 2021, requiring airlines to adjust their workforce to meet demand. However, inadequate staffing could limit airline capacity and slow air traffic growth. Amid a tight labor market, competition between companies to attract and retain skilled personnel has intensified and threatens to impact industry growth.

A long-running constraint that airlines face is the declining pilot population. Several factors contribute to the pilot shortage. First, approximately 5,000 experienced pilots accepted early retirement in response to airlines' efforts to cut staff during the pandemic. Second, many pilots historically gained their training via military service. However, the use of drones and reductions in military staff has limited that pathway. Third, the aviation industry is heavily gender-biased (women comprise only about 5 percent of the global pilot workforce). This failure to diversify severely reduces the size of the pilot labor force. Fourth, the working conditions and initial pay for new pilots are discouraging. The substantial investments in time, money, and experience required to become a pilot can be a disincentive to joining the industry.

3.11.10 | Geopolitical Conflicts and the Threat of Terrorism

Geopolitical conflicts and acts of terrorism disrupt air transportation. The terrorist attacks of September 11, 2001, serve as a constant reminder of the serious threat to the aviation industry. Travel threats and warnings elevate airport security measures, resulting in more meticulous passenger screening, longer waits at security screening lines, and increased passenger anxiety—all discouraging air travel.

The Russian invasion of Ukraine is the latest example of a geopolitical conflict affecting air transportation. The United States, Canada, and the European Union have closed their airspace to Russian aircraft. In retaliation, Russia has limited its airspace to the airlines of many countries. These constraints have significantly impacted flight routes and flight times for global travel.

SECTION 4 | FINANCIAL ANALYSIS

This section presents a review of the framework for the financial operation of the Airport System, an assessment of its recent financial performance, and an analysis of the impact of the proposed Series 2023 Bonds on the Airport System's cash flow, airline rates and charges, and debt service coverage. This section includes projections of the Airport System Revenues, O&M Expenses, and Debt Service Requirements based on the relevant provisions of the 2024 AULA and the base enplanement forecasts developed in Section 3.

The Amended AULA became effective January 1, 2022, for two years, expiring on December 31, 2023. The County and the Airlines are currently negotiating 2024 AULA, which will become effective on January 1, 2024. The financial projections in this section assume that the negotiations will conclude before December 31, 2023.

4.1 | Financial Framework

4.1.1 | The Resolution and the Application of Revenues

The Series 2023 Bonds are being issued by the County pursuant to the General Bond Resolution adopted by the Board on June 22, 2000, which established the airport revenue bond program, and the 2023 Supplemental Resolution together with other prior supplemental resolutions to establish the Bond Resolutions. Proceeds of the Series 2023 Bonds will be used to refund all of the outstanding Refunded Bonds.

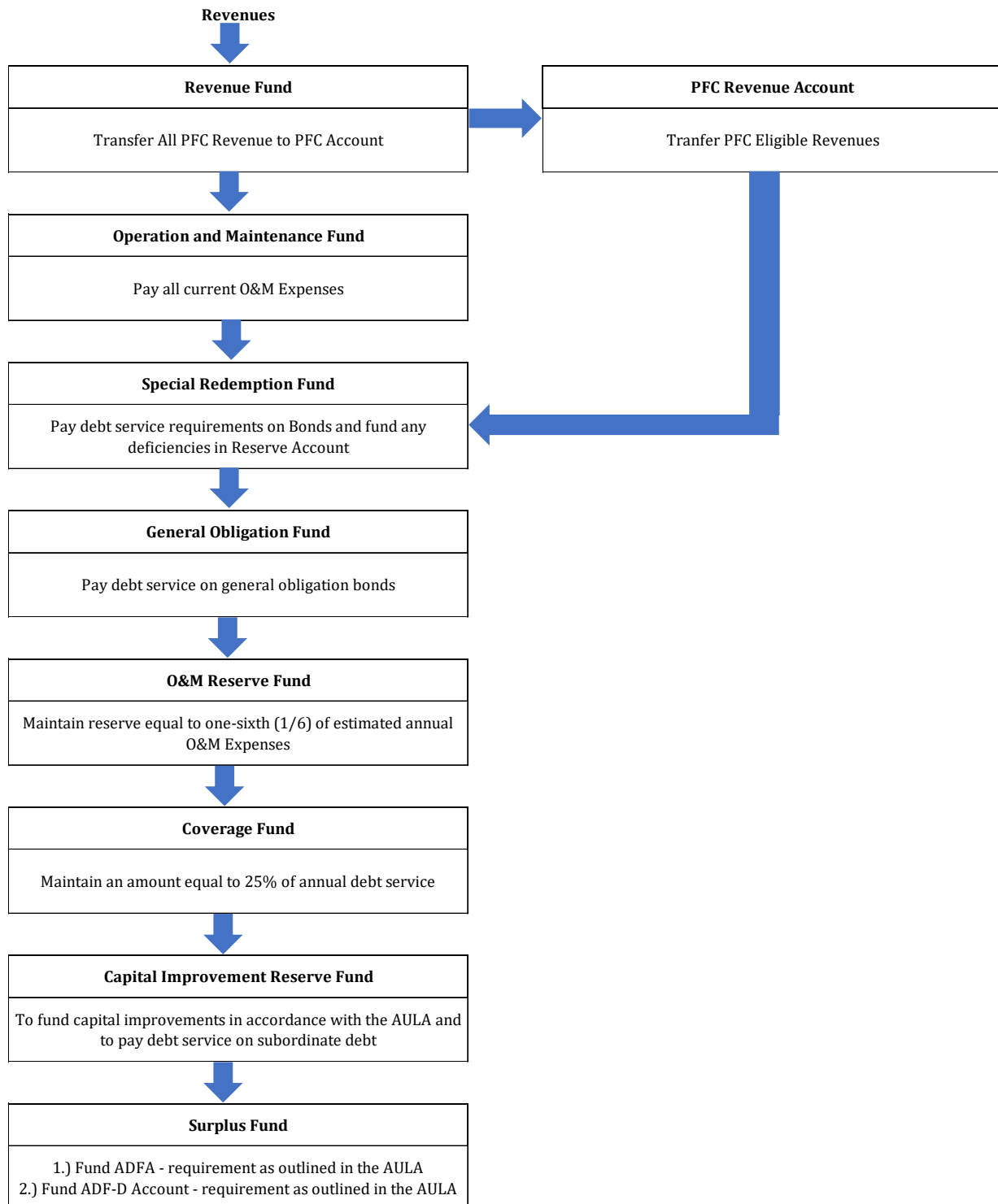
The Series 2023 Bonds are special obligations of the County payable solely from the Net Revenues of the Airport System and amounts on deposit in certain funds and accounts established under the Bond Resolutions. The 2023 Supplemental Resolution includes pledged PFC Revenues as Airport System Revenues to the extent that any of the Refunded Bonds are eligible for PFC funding.

Figure 61 illustrates the Flow of Funds and the priority in using amounts in the Revenue Fund. Within the Revenue Fund, the County has established the PFC Revenue Account in which all PFC Revenues shall be deposited. Monies accumulated in the PFC Revenue Account shall be applied: first, to the Special Redemption Fund to pay debt service for all PFC-eligible projects and second, to pay costs associated with other PFC-approved projects. All other monies in the Revenue Fund shall be applied in the following order of priority:

1. Operation and Maintenance Fund: to pay all O&M expenses.
2. Special Redemption Fund: deposit to the Interest and Principal Account to pay the interest on and principal and redemption price of the bonds and to deposit to the Reserve Account, if necessary, to satisfy any deficiency in the Reserve Account.
3. General Obligation Bond Fund: to pay debt service on General Obligation bonds or promissory notes for the County issued for Airport System purposes. The County's current policy is not to issue any General Obligation debt for the Airport System. There is currently no outstanding General Obligation debt outstanding for Airport System.

4. Operation and Maintenance Reserve Fund: to maintain a balance equal to one-sixth (1/6) of the estimated annual O&M expenses.
5. Coverage Fund: to be funded in an amount equal to 25 percent of the annual debt service on all outstanding bonds.
6. Capital Improvement Reserve Fund: deposit funds to be used for capital improvements in accordance with the Airline Use and Lease Agreement and to pay debt service on any subordinate debt.
7. Surplus Fund: any amounts remaining after application to the priority uses specified above. Amounts deposited in the Surplus Fund must first be used to fund the Airport Development Fund Account (ADFA) up to an amount equal to 10 percent of airport concession revenues, including parking, provided that the balance does not exceed \$15 million. Amounts on deposit in the ADFA can be used at the discretion of the Airport Director in conformance with the County budget procedures and authorization. Funds in the ADFA can also be used by the Airport Director to deposit up to \$4 million into the Airport Development Fund Depreciation Account (ADF-D), which is a segregated account with the Surplus Fund. These accounts will be used to finance (a) future Capital Improvements or Major Maintenance Projects or (b) for any other Airport System purpose, subject to certain limitations. Funds from the ADFA or ADF-D do not require Airline approval for funding capital projects.

Figure 61 | Flow of Funds



Source: The General Resolution.

4.1.2 | Airport Accounting

The County operates the Airport as an Enterprise Fund following generally accepted accounting principles (GAAP) for governmental entities. The County prepares its financial statements based on its fiscal year, which corresponds with the calendar year (January 1- December 31). Following the end of each fiscal year, the County's financial statements are audited by independent certified public accountants to determine compliance with GAAP and the requirements of various state and federal agencies from which the County has received grants-in-aid.

The Airport's 2022 audited financial statements (the most recent year for which audited financial statements are available) show that, as of December 31, 2022, the Airport had total assets and deferred cash outflows of approximately \$491.6 million, total liabilities of approximately \$220.5 million, and net assets of approximately \$271.1 million.

4.1.3 | Airline-Airport Use and Lease Agreement

The AULA establishes rentals, fees, and charges payable by all Signatory Airlines. The current Amended AULA between the County and Signatory Airlines became effective on January 1, 2011, with an initial term ending on December 31, 2016, and an option to extend for an additional five years. The parties extended the Amended AULA to December 31, 2020, and began negotiating a new AULA in 2020. However, due to COVID-19, the County and Signatory Airlines agreed to end negotiations and extend the Amended AULA for an additional year through December 31, 2021. In 2021, through an amendment, the County and the Signatory Airlines extended the Amended AULA for another two years to December 21, 2023. The County and the Signatory Airlines are negotiating the 2024 AULA, which is expected to have similar provisions to the Amended AULA except for cost centers discussed below. If a signatory airline holds over after the expiration of the current AULA the tenancy becomes month to month and unless agreed to by the Airport Director, the airline is deemed a Holdover Airline and pays 150 percent of the rents and fees.

The financial projections presented in this section are based on the 2024 AULA. The Airlines have communicated their intent to execute the 2024 AULA before the Amended AULA expires on December 31, 2023. The major provisions are:

- Term
 - January 1, 2024, to December 31, 2028
 - Option to extend to December 31, 2033, upon mutual agreement that includes a new five-year capital improvement plan (CIP) and Net Financing Requirement Cap
- A residual rate methodology with deposits to the ADFA
 - An amount equal to 10 percent of Airport concession and parking revenues is deposited into the ADFA annually.
 - Monies can be used for capital improvements or any lawful Airport System purpose, subject to certain limitations.
 - Projects funded with monies from the ADFA will not be depreciated or amortized and will not affect airline rates and charges.

- The County can transfer up to \$4 million over the 5-year term of the AULA from the ADFA to the ADF-D.
 - Monies can be used for capital improvements or any lawful Airport System purpose, subject to certain limitations.
 - Projects funded with monies from the ADF-D will be depreciated and will affect airline rates and charges.
- Preapproved Five-Year Capital Improvement Plan (5-year CIP) for years 2024-2028.
 - The 5-year CIP will be approved by the airlines in accordance with the 2024 AULA.
 - The total project costs for the 5-year CIP will be \$169.8 million.
 - The 5-year CIP project costs to be included in the calculation of airline rates and charges are limited to a Net (Airline) Financing Requirement Cap of \$47.1 million. Airport management would require MII approval from the Airlines to exceed the Net Financing Requirement Cap.
 - The County can add or modify projects without Majority-In-Interest (MII) approval provided that the Net (Airline) Financing Requirement Cap on the total CIP is not exceeded.
 - The airline MII process will continue to apply for additional capital projects that exceed the Net (Airline) Financing Requirement Cap.
- Other
 - The Flexible Response Security cost center will be eliminated.
 - The airlines will not be charged a separate fee for Flexible Response Security.
 - The expenses that were previously allocated to the Flexible Response Security cost center will be included with Security expenses.
 - Security expenses are allocated in accordance with Exhibit M of the new AULA.
 - The total net requirement from the MKE Business Park cost center is allocated to the Airfield cost center.
 - Non-Signatory Airlines pay 125 percent of the rates paid by Signatory Airlines.
 - The Terminal cost center has two differential Terminal Rental Rate classifications:
 - Airline space with public access is set at the base rate.
 - Airline space with no public access is equal to 75 percent of the base rate.

4.1.4 | Airline Rates and Charges

The primary rates charged to the airlines for their use of the Airport facilities are landing fees, terminal rents, and apron fees. The airline rates and charges are calculated using a cost center

residual methodology, whereby the airlines are responsible for paying landing fees, terminal rentals, and apron rentals to recover the annual net requirements in the Airfield, Terminal, and Apron cost centers, respectively. The County uses the revenues generated from these fees to finance the activities of the Airport System, including operating and maintaining the Terminal complex and the airfield and apron facilities.

The methodology for calculating airline rates and charges, as specified in the 2024 AULA, is discussed below.

Landing Fees

The Signatory Airlines are responsible for paying landing fees in an amount necessary to recover the Airfield requirement, equal to the total annual Airfield costs minus a credit for non-signatory and non-airline Airfield revenues. The Airfield costs include:

- O&M expenses
- Depreciation
- Annual debt service (excluding debt service paid with pledged PFCs)
- Required deposits to Debt Service Coverage Fund

The Airfield Requirement is calculated by subtracting from the Airfield costs the following Airfield credits:

- Military landing fee revenue
- General aviation revenues (fuel flowage fees, hangar and land rent, and fixed-based operator rent)
- Air cargo rents (including cargo apron revenue)
- Non-Signatory Airline landing fee revenue
- Other non-airline revenue allocated to the Airfield
- Net revenue (deficit) from the MKE Regional Business Park

The Airfield Requirement is divided by the Signatory Airline landed weight (in thousand-pound units) to determine the Signatory Airline Landing Fee. Non-Signatory Airlines pay 125 percent of the Signatory Airline Landing Fee.

Terminal Rental Rate

Signatory Airlines pay annual Terminal rent in an amount necessary to recover the Terminal requirement, which equals total annual Terminal costs minus a credit for non-signatory and non-airline Terminal revenues. Terminal costs include:

- O&M expenses
- Depreciation

- Annual debt service (excluding debt service paid with pledged PFCs)
- Required deposits to Debt Service Coverage Fund

The Terminal Requirement is calculated by reducing the Terminal costs by 90 percent of the following Terminal concessions and parking revenues, with the remaining 10 percent deposited to the ADFA:

- Restaurant concession fees
- Gifts, souvenirs & novelty fees
- Car rental concession fees
- Public parking fees
- Other concession fees

The Terminal Requirement is further reduced by 100 percent of the following Terminal Credits:

- Non-Signatory Terminal use fees
- County gate use fees
- Other non-airline revenue allocated to the Terminal

The rental rate for Terminal space occupied by Signatory Airlines will be determined by dividing the Terminal requirement by the sum of 100 percent of the airline public square feet rented by Signatory Airlines and 75 percent of the airline non-public square feet rented by Signatory Airlines. The rental rate is further delineated into airline public space and non-airline public space. The airline public space rent is equal to the Terminal rental rate. The airline non-public space rent is equal to 75 percent of the Terminal rental rate.

Apron Fees

Signatory Airlines pay annual Apron fees in an amount necessary to recover the Apron requirement, which is equal to the total annual Apron costs minus a credit for non-signatory and non-airline Apron revenues. Apron costs include:

- O&M expenses
- Depreciation
- Annual debt service (excluding debt service paid with pledged PFCs)
- Required deposits to Debt Service Coverage Fund

The Apron Requirement is calculated by reducing the Apron costs by the following Apron credits:

- Non-Signatory Airline Apron fees
- Non-airline revenue allocated to the Apron

Under the 2024 AULA, Airport System Management can conduct a review at any time during the year to compare the budgeted amounts with actual expenses and revenues. If the review indicates a variance of 10 percent or more, Airport System Management, in conformance with the County budget procedure and authorization, may adjust the rates per Article VI of the 2024 AULA. Any such adjustment will be effective for the balance of the calendar year. Unless extraordinary circumstances warrant additional adjustments, the County shall limit any such rate adjustment to no more than once during each calendar year. The County shall conduct a year-end reconciliation within 30 days after completing its accounting process. Reconciliation involves comparing actual expenses and revenues with amounts collected during the previous year. Any deficiency in the amount collected from Signatory Airlines will be billed to Signatory Airlines. If the amount collected is higher than the requirement, the difference will be remitted to the airlines by check within 60 days following the completion of the year-end settlement calculation.

4.2 | Debt Service and Plan of Finance

The estimated sources and uses of funds for the Series 2023 Bonds are summarized on Table 24.

Table 24 | Sources and Uses of Series 2023 Bonds

Sources and Uses	Series 2023A	Series 2023B	Total Series 2023
Sources			
Par Amount	\$ 27,245,000	\$ 10,135,000	\$ 37,380,000
Premium	1,406,449	370,902	1,777,350
Trustee Funds for 12/1/23 DS Payment	1,880,073	1,592,189	3,472,262
County Funds for 12/1/23 DS Payment	524,020	363,311	887,331
DSRF Release	3,104,749	1,139,047	4,243,796
Total Sources	\$ 34,160,292	\$ 13,600,448	\$ 47,760,740
Uses			
Refunding Escrow Deposits:			
SLGS Purchases	\$ 33,714,177	\$ 13,432,994	\$ 47,147,171
Cost of Issuance	361,898	134,602	496,500
Underwriter's Discount	82,438	30,815	113,253
Additional Proceeds	1,778	2,037	3,816
Total Uses	\$ 34,160,292	\$ 13,600,448	\$ 47,760,740

Source: PFM Financial Advisors LLC.

PFM Financial Advisors LLC provided the debt service schedule for Series 2023 Bonds. The Series 2023A Bonds estimated debt service requirements assume a true interest cost of 4.22 percent with a final maturity of December 1, 2037. The Series 2023B Bonds estimated debt service requirements assume a true interest cost of 3.99 percent with a final maturity of December 1, 2029. All assumptions and estimates are subject to change.

The Series 2023 Bonds are special obligations of the County payable solely from Net Revenues of the Airport System (as defined in the General Resolution) and amounts on deposit in certain funds

and accounts established under the General Resolution. The 2023 Supplemental Resolutions include pledged PFC Revenues as Airport System Revenues to the extent that any of the Refunded Bonds are eligible for PFC funding. This is on parity with the pledge of such Revenues made to secure the Series 2016A Bonds, the Series 2019A Bonds, and the Series 2019B Bonds, and any Additional Bonds that may be issued pursuant to the General Resolution. Table 25 summarizes the projected Debt Service Fund Requirements for the Series 2023 Bonds and a future GARB issue assumed for later in 2024.

In 2024, annual debt service is projected to decrease from \$16.9 million in 2023 to \$16.1 million, as a result of the expiration of the Series 2019B Bonds and the refunding of the Series 2013A Bonds and Series 2014A Bonds by the Series 2023 Bonds. The County plans to issue bonds every year from 2024 through 2028, with maturities of either 10 or 20 years depending on the type of projects to be funded. In each year, except 2027, the County expects to issue GARBs that will be paid with pledged PFC revenues and GARBs that will be paid from airline rates and charges. In 2027, the County expects to issue only GARBs that will be paid from airline rates and charges. The financial analysis assumes that the future bonds to be paid from airline rates and charges will include one year of capitalized interest (CAP-I), and the future bonds to be paid with pledged PFC revenues will not include any CAP-I. The assumed interest rate for the future Series 2024 Bonds is 6.5 percent. The assumed interest rate for the remaining future bonds is 5.5 percent.

4.3 | Airport Operation and Maintenance (O&M) Expenses

Table 26 presents the historical O&M Expenses from CYs 2018 through 2022, the most recent full year for which actual (historical) information is available. Total O&M Expenses increased from approximately \$59.8 million in 2018 to \$65.5 million in 2022, or by an average of 2.3 percent per year.

The largest components of 2022 O&M Expenses were Salaries (20.4 percent), Fringe Benefits (16.4 percent), Professional Services and Administration (15.6 percent), and Sheriff expenses (12.1 percent). Together, these four largest categories accounted for approximately 64.4 percent of total 2022 O&M Expenses. Historical O&M Expense trends are explained in more detail by category below.

Table 27 presents budgeted 2023 O&M Expenses and projected O&M Expenses for 2024 through 2028. In 2020 and 2021, Airport management mitigated the increases in O&M Expenses through selective cost-cutting measures. With the subsequent air traffic recovery at the Airport, total O&M Expenses increased in 2022 to \$65.5 million. Airport management set the 2023 Budget at \$77.5 million, which represents an increase of 18.3 percent when compared to 2022. The increase results from Airport management capturing the impact of inflation in certain categories and a return to pre-pandemic spending levels appropriate to the Airport's post-pandemic operations. O&M Expenses are projected to increase to \$88.8 million in 2028.

4.3.1 | Salaries and Fringe Benefits

Salaries and Fringe Benefits expenses decreased, on average, by 0.5 percent per year between 2018 and 2022. They increased from \$24.6 million in 2018 to \$24.9 million in 2019 and then decreased to \$23.4 million in 2020 when traffic fell to its lowest level during the pandemic. Since then, Salaries and Fringe Benefits increased gradually to \$23.5 million in 2021 and \$24.1 million in 2022. They

are projected to reach 31.4 million in 2028, rising at a compound annual growth rate (CAGR) of 2.8 percent.

Salaries

Salaries decreased from \$13.7 million in 2018 to \$13.3 million in 2022. In 2020, the Airport management froze hiring in response to the pandemic's impact on operations. Consequently, Salaries decreased below to \$13 million. In 2023, Salaries are budgeted to increase to \$15.9 million as the Airport management fills job vacancies, shifts County-filled positions to contractual positions, and implements a County-wide 2 percent wage increase. Hiring challenges prompted the shift to contractual positions. Salaries are projected to increase at a CAGR of 3.2 percent to \$18.6 million in 2028.

Fringe Benefits

Fringe Benefits, which include medical insurance, pension costs, and other employee benefits, decreased from \$10.9 million in 2018 to \$10.3 million in 2021. These expenses started to rise again to \$10.7 million in 2022. In 2023, they are budgeted to increase further to \$11.4 million as vacant positions are filled. Fringe Benefits are projected to reach \$12.8 million in 2028, rising by an average of 2.3 percent annually.

Table 25 | Projected Annual Debt Service

DEBT SERVICE	2023	2024	2025	2026	2027	2028
GO BONDS						
Series 2013A Bonds - PFC	\$ 716,262	\$ -	\$ -	\$ -	\$ -	\$ -
Series 2013A Bonds - Rate Based	2,551,926	-	-	-	-	-
Series 2014A Bonds - PFC	2,175,710	-	-	-	-	-
Series 2014A Bonds - Rate Based	110,290	-	-	-	-	-
Series 2016A Bonds - PFC	4,134,509	4,140,909	4,131,081	4,137,480	4,136,109	4,136,109
Series 2016A Bonds - Rate Based	387,741	388,341	387,419	388,020	387,891	387,891
Series 2019A Bonds - PFC	1,218,681	1,176,658	1,134,634	1,092,611	1,050,587	1,008,564
Series 2019A Bonds - Rate Based	2,036,569	1,966,342	1,896,116	1,825,889	1,755,663	1,685,436
Series 2019B Bonds - Rate Based	3,549,000	-	-	-	-	-
Series 2023A Bonds - PFC	-	796,100	725,427	703,426	680,296	658,351
Series 2023A Bonds - Rate Based	-	2,731,839	2,489,323	2,413,824	2,334,454	2,259,149
Series 2023B Bonds - PFC	-	2,167,130	2,010,343	1,929,920	1,849,496	1,769,073
Series 2023B Bonds - Rate Based	-	109,855	101,907	97,830	93,754	89,677
Future Series 2024 Bonds - PFC	-	2,640,797	2,640,797	2,640,797	2,640,797	2,640,797
Future Series 2024 Bonds - Rate Based	-	-	1,355,503	1,355,503	1,355,503	1,355,503
Future Series 2025 Bonds - PFC	-	-	2,574,378	2,574,378	2,574,378	2,574,378
Future Series 2025 Bonds - Rate Based	-	-	-	584,365	584,365	584,365
Future Series 2026 Bonds - PFC	-	-	-	273,636	273,636	273,636
Future Series 2026 Bonds - Rate Based	-	-	-	-	2,492,927	2,492,927
Future Series 2027 Bonds - Rate Based	-	-	-	-	-	512,459
Future Series 2028 Bonds - PFC	-	-	-	-	-	330,156
Total Debt Service	\$ 16,880,688	\$ 16,117,972	\$ 19,446,928	\$ 20,017,680	\$ 22,209,857	\$ 22,758,472
Total Debt Service	\$16,880,688	\$16,117,972	\$19,446,928	\$20,017,680	\$22,209,857	\$22,758,472
Pledged PFC Revenue	8,245,162	10,921,595	13,216,661	13,352,248	13,205,301	13,391,064
Net Debt Service¹	\$ 8,635,526	\$ 5,196,378	\$ 6,230,268	\$ 6,665,431	\$ 9,004,557	\$ 9,367,407
Cost Center Allocation						
Terminal	\$ 16,192,293	\$ 15,388,903	\$ 18,346,366	\$ 18,664,898	\$ 20,878,640	\$ 21,118,609
Airfield	666,361	707,001	1,045,544	1,297,729	1,276,172	1,584,817
Apron	22,035	22,069	55,019	55,053	55,046	55,046
Total Debt Service	\$ 16,880,688	\$ 16,117,972	\$ 19,446,928	\$ 20,017,680	\$ 22,209,857	\$ 22,758,472

Source: Milwaukee County records and PFM Financial Advisor, LLC.

¹ Net Debt Service is net of PFCs pledged to pay debt service and represents that amount charged to the airline rates and charges.

Table 26 | Historical O&M Expenses

Airport Expenses	Actual					CAGR
	2018	2019	2020	2021	2022	2018-2022
BY EXPENSE CATEGORY						
Salaries	\$ 13,666,416	\$ 13,964,176	\$ 12,926,787	\$ 13,159,847	\$ 13,344,543	-0.6%
Fringe Benefits	10,905,686	10,926,139	10,465,427	10,337,703	10,725,522	-0.4%
Salaries and Fringe Benefits	\$ 24,572,102	\$ 24,890,315	\$ 23,392,214	\$ 23,497,550	\$ 24,070,065	-0.5%
Contractual Services						
Utilities	\$ 5,737,580	\$ 5,208,584	\$ 4,771,438	\$ 5,252,325	\$ 5,673,687	-0.3%
Repairs/Maintenance	2,604,194	3,782,036	3,201,695	4,010,122	4,389,002	13.9%
Prof. Services/Admin	9,550,984	10,833,611	8,210,079	8,998,337	10,193,384	1.6%
Other	1,326,149	1,541,914	1,116,393	1,285,941	1,447,652	2.2%
Subtotal	\$ 19,218,907	\$ 21,366,145	\$ 17,299,605	\$ 19,546,725	\$ 21,703,725	3.1%
Intra-County Services						
Sheriff	\$ 7,097,040	\$ 7,627,756	\$ 7,569,086	\$ 7,925,839	\$ 7,960,278	2.9%
Fleet Maintenance	76,380	(33,255)	2,619,234	2,228,790	2,849,718	147.1%
Prof. Service	705,075	785,454	589,669	631,718	788,922	2.8%
Insurance	713,670	287,583	467,671	1,117,177	1,450,969	19.4%
Other	2,043,472	2,351,966	2,481,162	2,451,631	2,156,712	1.4%
Subtotal	\$ 10,635,636	\$ 11,019,504	\$ 13,726,822	\$ 14,355,155	\$ 15,206,599	9.3%
Commodities	\$ 5,017,435	\$ 5,016,596	\$ 2,350,378	\$ 3,196,708	\$ 4,422,861	-3.1%
Major Maintenance	\$ 228,764	\$ 612,269	\$ 192,762	\$ 161,498	\$ 55,000	-30.0%
Other	\$ 157,081	\$ 769,232	\$ 2,705,254	\$ 140,469	\$ 61,212	-21.0%
Total O & M Expenses	\$ 59,829,924	\$ 63,674,062	\$ 59,667,034	\$ 60,898,105	\$ 65,519,462	2.3%

Source: Milwaukee County records.

Table 27 | Projected O&M Expenses

Airport Expenses	Budget			Projected			CAGR						
	2023	2024	2025	2026	2027	2028	2023 -2028						
BY EXPENSE CATEGORY													
Personnel Services													
Salaries	\$	15,906,265	\$	16,622,047	\$	17,370,039	\$	17,769,550	\$	18,178,250	\$	18,596,349	3.2%
Fringe Benefits		11,444,744		11,719,418		11,988,964		12,264,711		12,546,799		12,835,375	2.3%
Salaries and Fringe Benefits	\$	27,351,009	\$	28,341,465	\$	29,359,004	\$	30,034,261	\$	30,725,049	\$	31,431,725	2.8%
Contractual Services													
Utilities	\$	5,824,100	\$	5,963,878	\$	6,101,048	\$	6,241,372	\$	6,384,923	\$	6,531,776	2.3%
Repairs/Maintenance		5,382,926		5,512,116		5,638,895		5,768,589		5,901,267		6,036,996	2.3%
Prof. Services/Admin		16,188,660		16,577,188		16,958,463		17,348,508		17,747,523		18,155,717	2.3%
Other		1,911,794		1,957,677		2,002,704		2,048,766		2,095,887		2,144,093	2.3%
Subtotal	\$	29,307,480	\$	30,010,860	\$	30,701,109	\$	31,407,235	\$	32,129,601	\$	32,868,582	2.3%
Intra-County Services													
Sheriff	\$	8,093,706	\$	8,457,923	\$	8,838,529	\$	9,041,815	\$	9,249,777	\$	9,462,522	3.2%
Fleet Management		2,375,644		3,100,000		3,171,300		3,244,240		3,318,857		3,395,191	7.4%
Prof. Service		737,252		754,946		772,310		790,073		808,245		826,834	2.3%
Insurance		1,557,126		1,594,497		1,631,170		1,668,687		1,707,067		1,746,330	2.3%
Other		2,405,364		2,463,093		2,519,744		2,577,698		2,636,985		2,697,636	2.3%
Subtotal	\$	15,169,092	\$	16,370,459	\$	16,933,053	\$	17,322,514	\$	17,720,931	\$	18,128,513	3.6%
Commodities		3,959,458		4,054,485		4,147,738		4,243,136		4,340,728		4,440,565	2.3%
Major Maintenance		1,609,500		1,648,128		1,686,035		1,724,814		1,764,484		1,805,068	2.3%
Other		127,500		130,560		133,563		136,635		139,777		142,992	2.3%
Total O & M Expenses ¹	\$	77,524,039	\$	80,555,956	\$	82,960,502	\$	84,868,594	\$	86,820,571	\$	88,817,445	2.8%
BY COST CENTER													
Terminal	\$	44,590,996	\$	48,192,165	\$	49,630,670	\$	50,772,176	\$	51,939,936	\$	53,134,554	3.6%
Airfield		27,195,133		29,253,271		30,126,464		30,819,373		31,528,218		32,253,367	3.5%
Apron		1,446,147		1,502,705		1,547,560		1,583,154		1,619,566		1,656,816	2.8%
Flexible Response Security		2,681,010		-		-		-		-		-	N/A
MKE Business Park		1,610,752		1,607,816		1,655,808		1,693,892		1,732,852		1,772,707	1.9%
Total O & M Expenses	\$	77,524,039	\$	80,555,956	\$	82,960,503	\$	84,868,594	\$	86,820,572	\$	88,817,445	2.8%

Sources: Milwaukee County records and Unison Consulting, Inc. For projected inflation: <https://knoema.com/kyawad/us-inflation-forecast-2022-2023-and-long-term-to-2030-data-and-charts>.

4.3.2 | Contractual Services

Contractual Services include expenses for Utilities, Repair and Maintenance, Professional Services and Administration, and Other Contractual Services. These expenses rose from \$19.2 million in 2018 to \$21.7 million in 2022 at a CAGR of 3.1 percent. However, they fluctuated during the intervening years, dropping to \$17.3 million in 2020.

Utilities Expenses

Utilities expenses include payments for electricity, water, natural gas, sewage, telephones, and internet services. Efficiency measures, including the installation of energy-efficient lighting and automated shutoff fixtures, reduced Utilities expenses from \$5.7 million in 2018 to \$5.2 million in 2019. These expenses decreased further in 2020, the first pandemic year, due to low utilization of Airport facilities. In 2021, they began to rise as the use of the Airport facilities returned to pre-pandemic levels and utility rates increased due to inflation.

Utilities expenses are budgeted to increase to \$5.8 million in 2023 due to increased rates. They are projected to increase further to \$6.5 million in 2028.

Repair and Maintenance Expenses

Repair and Maintenance expenses rose from \$2.6 million in 2018 to \$4.4 million in 2022. However, there was a decrease in 2020 as Airport Management cut costs during the pandemic. In 2021, Repair and Maintenance expenses increased as the Airport completed deferred projects from 2020.

In 2023, the Repair and Maintenance budget increased to \$5.4 million. The increase is due to contractual service providers performing tasks that were previously handled by Airport employees, as the Airport had difficulty hiring and retaining reliable employees. Repair and Maintenance expenses are projected to increase further to \$6.0 million in 2028.

Professional Services and Administration Expenses

Professional Services and Administration expenses include payments for parking management, housekeeping service, security fees, bank service fees, legal fees, and any other fees incurred from professional service contracts. These expenses rose from approximately \$9.6 million in 2018 to \$10.2 million in 2022. They reached a pre-pandemic high of \$10.8 million in 2019 and a pandemic low of \$8.2 million in 2020. They rose again in the past two years with the return of passenger activity and, in 2022, with housekeeping and custodial services being contracted out instead of being provided by Airport staff.

The 2023 budget for Professional Services and Administration expenses increased to \$16.2 million. The budget increase anticipates an increase in the Airport's use of contractual custodial services to ensure well-maintained facilities to meet passenger expectations, which was difficult to achieve with Airport custodial positions historically having a high turnover percentage and vacancy rate. In addition, the 2023 Budget assumes advertising costs and parking management expenses will return to pre-pandemic levels. Professional Services and Administration expenses are projected to increase to \$18.2 million in 2028.

Other Contractual Services

Other Contractual Services include expenses for waste removal, bank fees, advertising fee, and other miscellaneous expenses related to contractual services. These expenses increased from \$1.3 million in 2018 to \$1.4 million in 2022 or an average of 2.2 percent per year. They reached a pre-pandemic high of \$1.5 million in 2019 and a pandemic low of \$1.1 million in 2020.

For 2023, these expenses were budgeted to increase to \$1.9 million because of software licensing and training/travel expenses. They are projected to continue increasing by an average of 2.3 percent to \$2.1 million in 2028.

4.3.3 | Intra-County Services

Expenses for Intra-County Services consist of costs charged to the Airport System by other County departments, including Sheriff, Fleet Maintenance, Professional Services, Insurance, and Other expenses. Intra-County Service expenses increased by an average of 9.3 percent per year from \$10.6 million in 2018 to \$15.2 million in 2022.

Sheriff Expenses

Sheriff expenses increased from \$7.1 million in 2018 to approximately \$8.0 million in 2022. These expenses were budgeted to increase to \$8.1 million in 2023 due to negotiated changes to the Milwaukee County Deputy Sheriff's Association collective bargaining agreement which increased wages. Sheriff expenses are projected to increase by an average of 3.2 percent to \$9.5 million in 2028.

Fleet Maintenance Expenses

Prior to 2020, fleet maintenance services were provided by Airport staff and expenses were minimal. Beginning in 2020, Fleet Maintenance services were provided by the DOT Fleet Management Division, and expenses rose above \$2 million annually, decreasing in 2021 due to staffing challenges. In 2022, Fleet Maintenance expenses increased as expected to \$2.8 million.

In 2023, Fleet Maintenance expenses were budgeted to decrease to \$2.4 million. Although there are Countywide wage increases for Fleet Maintenance, the 2023 Budget is based on the number of staff hours available to perform vehicle and equipment repair. In 2024, Fleet Maintenance expenses are projected to increase to \$3.1 million because the County plans to increase wages in order to retain staff and vehicle parts and equipment costs are increasing because of inflationary and supply pressures. These expenses are projected to increase to \$3.4 million in 2028.

Intra-County Professional Service Expenses

Intra-County Professional Service expenses rose from \$705,000 in 2018 to \$789,000 in 2022 or by an average of 2.8 percent per year, although they dropped below \$600,000 in 2020 due to pandemic impacts. The overall increase from 2018 to 2022 resulted from increased engineering services for design of capital projects. Intra-County Professional Service expenses were budgeted to be \$737,000 in 2023 and are projected to grow by an average of 2.3 percent per year to \$827,000 in 2028.

Insurance Expenses

Insurance expenses decreased from approximately \$714,000 in 2018 to \$288,000 in 2019. However, these expenses increased to approximately \$468,000 in 2020 and continued to increase to \$1.1 million in 2021 and \$1.4 million in 2022 due to an increase in the costs of airport liability coverage and auto coverage. Insurance expenses were budgeted to increase to approximately \$1.6 million in 2023. They are projected to continue increasing to \$1.7 million in 2028.

Other Intra-County Expenses

Other Intra-County expenses increased from \$2.0 million in 2018 to \$2.5 million in 2020 due to an increase in the expenses of the County's central services, which include human resources, comptroller and other similar expenses. These expenses decreased to \$2.4 million in 2021 and \$2.2 million in 2022. They were budgeted to increase to \$2.4 million in 2023 and are projected to increase by an average of 2.3 percent per year to \$2.7 million in 2028.

4.3.4 | Commodities

Commodities expenses include building, plumbing, roadway, and other materials and supplies, including technological supplies. Commodities expenses were approximately \$5.0 million in 2018 and 2019. In 2020, they decreased to approximately \$2.3 million as a result of Airport management's efforts to cut costs amid the reduction in activity during the pandemic. These expenses increased to \$3.2 million in 2021 and \$4.4 million in 2022 with the recovery of activity at the Airport. In addition, Commodities expenses often fluctuate due to weather impacts, increasing during years with long winters that require more deicing chemical usage. Weather-related expenses increased in 2022.

In 2023, Commodities expenses were budgeted at \$4.0 million and are projected to increase to \$4.4 million in 2028.

4.3.5 | Major Maintenance

Major Maintenance expenses decreased from \$229,000 in 2018 to \$55,000 in 2022. These expenses often fluctuate from year to year; they increase when large maintenance projects are initiated. In 2023, these expenses were budgeted to increase to \$1.6 million due to the Airport increasing its capitalization threshold from \$2,500 for general assets and \$1,000 for computing assets to \$50,000 for each to match the AULA. These expenses are projected to increase to \$1.8 million in 2028.

4.3.6 | Other

Other expenses include interest and penalties, bad debt expense, and other miscellaneous charges. These expenses increased from \$157,000 in 2018 to \$769,000 in 2019. In 2020, they jumped to \$2.7 million due to an increase in bad debt expenses caused by the pandemic. These expenses decreased in subsequent years to \$140,000 in 2021 and \$61,000 in 2022. Other expenses were budgeted to increase to approximately \$127,000 in 2023 and are projected to increase to \$143,000 in 2028.

4.4 | Airport System Revenues

Airport System Revenues, as defined in the Bond Resolutions, consist of all monies received by the Airport System from any source, including all rates, fees, charges, rents and other income derived

by the County from the ownership or operation of the Airport System. Under the 2023 Supplemental Resolutions, PFC Revenues are pledged to the payment of the Series 2023A and 2023B Bonds to the extent that the project costs are PFC-eligible. Therefore, approximately 21.9 percent of the Series 2023A Bonds and 95.2 percent of the Series 2023B Bonds debt service may be funded with PFC Revenues. Revenues do not include (a) proceeds of bonds or other borrowings by the County, or interest earned thereon, (b) proceeds of grants and gifts for limited purposes or the proceeds of the disposition of property financed by such grants and gifts, (c) condemnation proceeds or insurance proceeds, except those received from rental or business interruption insurance, (d) all income and revenue collected and received by the County with respect to properties and facilities which are not included in the definition of Airport System, or (e) Special Facility Revenues.

Table 28 presents Actual Airport System Revenues for the years 2018 to 2022. Airport System Revenues increased from \$88.6 million in 2018 to approximately \$95.0 million in 2019. Airport System Revenues decreased to \$84.9 million in 2020 due to the depression of traffic during the pandemic and have increased to \$86.3 million in 2021 and \$99.6 million in 2022 with the Airport's recovery. Historical Airport System Revenue trends are explained in more detail by category below.

Table 29 presents the Estimated 2023 Airport System Revenues and projected Airport System Revenues for the years 2024 to 2028. The 2023 Estimate is equal to the 2023 Budget with the exception of the revenues derived from passenger activity which is based on the activity presented in Section 3. Total Airport System Revenues are estimated to be \$103.6 million in 2023 and are projected to increase to \$122.3 million in 2028.

4.4.1 | Airfield Revenues

Airfield Revenues consist of landing fees from Signatory and Non-Signatory Airlines, revenues from general aviation operations, and air cargo rentals. Total Airfield revenues increased from approximately \$23.0 million in 2018 to \$26.0 million in 2019. They decreased to \$18.1 million in 2020 due to the pandemic-related decrease in Airport activity, increased to \$21.9 million in 2021, and decreased again to \$19.3 million in 2022. Total Airfield revenues are estimated to increase to \$23.7 million in 2023 and are projected to increase to approximately \$34.5 million in 2028. A portion of the projected increase occurs after 2024, when there are no more federal relief funds to reduce the Airfield requirement. The projected changes in the components are discussed in the following paragraphs.

4.4.2 | Landing Fees

Landing Fee revenues consist of fees collected from Signatory and Non-Signatory Airlines based on the landed weight of each carrier's activity at the Airport. As explained previously, the airlines pay fees established to recover the Airfield Requirement, which equals total Airfield expenses minus non-airline revenues. Landing Fee revenues increased from \$18.6 million in 2018 to \$21.1 million in 2019. Landing Fee revenues decreased to \$14.7 million in 2020 due to the application of federal relief funds and Airport management's efforts to reduce costs. Landing Fee revenues increased to \$17.8 million in 2021 before decreasing to \$15.2 million in 2022. The application of additional federal relief funds reduced the airlines' Airfield Requirement and landing fees.

Landing Fee revenues are projected to increase to \$29.9 million in 2028 due to rising O&M expenses and the use of federal relief funds to reduce the Airfield Requirement ending in 2024. Table 30 presents the projected Landing Fee Rate. The Signatory Landing Fee Rate is projected to increase from \$4.99 per 1,000 pounds of landed weight in the 2023 Estimate to \$6.37 per 1,000 pounds of landed weight in 2028. According to the AULA, the Non-Signatory carriers pay a landing fee equal to 125% of the Signatory Landing Fee. The Non-Signatory Landing Fee Rate is projected to increase to \$7.97.

4.4.3 | General Aviation and Other Airfield

General Aviation and Other revenues include rents collected for land occupied by corporate hangars and fees collected for County-owned T-Hangars, fees assessed for general aviation fuel purchases in lieu of landing fees, rents collected from FBOs for land, apron hangars, and other buildings, and miscellaneous other Airfield revenues. These revenues decreased from \$3.9 million in 2018 to \$3.5 million in 2022.

General Aviation and Other revenues are projected to increase with inflation from \$3.4 million in 2023 to \$3.9 million in 2028.⁵⁵

4.4.4 | Air Cargo Rentals

Air Cargo Rental revenues are generated from the following three sources: (1) building rent received for space rented in the air cargo building owned by the Airport, (2) air cargo ramp rent, and (3) ground rent received from a private developer who owns an air cargo building and leases building space to various tenants. Air Cargo Rental revenues increased by an average of 0.9 percent per year from \$578,000 in 2018 to \$598,000 in 2022. These revenues are projected to increase with inflation from \$613,000 in 2023 to \$687,000 in 2028.

4.4.5 | Terminal Revenues

Terminal revenues consist of Terminal rents received from the airlines and non-airline revenues such as terminal concession revenues, rental car revenues, and parking revenues. They decreased from \$52.7 million in 2018 to \$50.6 million in 2022.

Terminal revenues are estimated to be \$52.5 million in 2023. They are projected to increase by an average of 6.4 percent per year to \$72.2 million in 2028.

⁵⁵ <https://knoema.com/kyaewad/us-inflation-forecast-2022-2023-and-long-term-to-2030-data-and-charts>

Table 28 | Historical Airport System Revenues

Airport Revenues	Actual					CAGR
	2018	2019	2020	2021	2022	2018-2022
Airfield						
Landing Fees						
Signatory Landing Fees	\$ 17,208,082	\$ 19,794,027	\$ 13,749,580	\$ 16,805,044	\$ 14,597,437	-4.0%
Non-Signatory Landing Fees	1,377,361	1,275,203	909,983	1,000,002	612,703	-18.3%
Total Landing Fees	\$ 18,585,444	\$ 21,069,229	\$ 14,659,563	\$ 17,805,046	\$ 15,210,140	-4.9%
General Aviation and Other						
Hangar Rentals	881,614	776,812	813,804	826,949	882,393	0.0%
Fuel and Oil Charges	253,102	227,536	189,393	285,593	316,079	5.7%
Fixed Based Operator	485,294	491,524	557,394	597,877	615,406	6.1%
Other	2,254,221	2,904,680	1,335,518	1,865,771	1,723,744	-6.5%
Total GA and Other	\$ 3,874,230	\$ 4,400,552	\$ 2,896,110	\$ 3,576,190	\$ 3,537,622	-2.2%
Air Cargo Rentals	578,246	528,588	550,539	544,643	598,214	0.9%
Total Airfield Revenues	\$ 23,037,920	\$ 25,998,369	\$ 18,106,212	\$ 21,925,879	\$ 19,345,976	-4.3%
Terminal						
Signatory Airlines						
Space Rentals	2,218,150	4,397,746	8,635,771	11,491,760	5,440,323	25.1%
Other Charges and Fees	297,308	272,850	487,841	860,920	1,479,359	49.4%
Total Signatory Airlines	\$ 2,515,458	\$ 4,670,596	\$ 9,123,612	\$ 12,352,680	\$ 6,919,682	28.8%
Concessions						
Car Rental	10,545,569	11,220,595	6,323,086	9,063,767	11,057,681	1.2%
Gifts & Novelty	1,865,193	1,890,429	1,082,742	1,678,401	1,391,493	-7.1%
Food & Beverage	3,852,234	3,811,901	3,612,088	1,571,337	1,802,883	-17.3%
TNC	-	878,016	296,385	460,842	671,073	N/A
Other	2,745,998	1,876,108	933,967	1,095,962	1,489,132	-14.2%
Total Concessions	\$ 19,008,993	\$ 19,677,049	\$ 12,248,268	\$ 13,870,310	\$ 16,412,262	-3.6%
Public Parking	29,621,343	28,783,304	11,143,718	18,467,093	25,577,201	-3.6%
Other Terminal Revenues	1,520,655	2,591,221	1,891,950	2,140,336	1,693,276	2.7%
Total Terminal Revenues	\$ 52,666,448	\$ 55,722,170	\$ 34,407,548	\$ 46,830,419	\$ 50,602,421	-1.0%
Apron						
Signatory Apron Fees	1,133,233	954,233	1,210,177	1,089,515	971,801	-3.8%
Other Apron Fees	439,254	423,321	213,262	192,864	416,487	-1.3%
Total Apron Revenues	\$ 1,572,487	\$ 1,377,554	\$ 1,423,439	\$ 1,282,379	\$ 1,388,288	-3.1%
Other						
Flexible Response Security	2,249,787	2,399,431	951,542	2,307,575	2,175,805	-0.8%
MKE Business Park	451,828	521,816	745,637	546,881	543,925	4.7%
Total Other Revenues	\$ 2,701,615	\$ 2,921,246	\$ 1,697,179	\$ 2,854,456	\$ 2,719,730	0.2%
PFC Pledged Revenues	8,663,479	8,954,916	8,415,328	8,321,360	8,357,832	-0.9%
Federal Relief Funds	-	-	22,494,687	1,663,926	13,944,989	N/A
Deferred CARES Act Funds	-	-	(1,663,926)	-	-	N/A
Overcollected Airline Revenue	-	-	-	3,431,982	3,191,286	N/A
TOTAL AIRPORT REVENUES	\$ 88,641,951	\$ 94,974,255	\$ 84,880,467	\$ 86,310,401	\$ 99,550,521	2.9%

Source: Milwaukee County records.

Table 29 | Projected Airport System Revenues

Airport Revenues	Estimate		Projected				CAGR 2023-2028
	2023	2024	2025	2026	2027	2028	
Airfield							
Landing Fees							
Signatory Landing Fees	\$ 18,390,632	\$ 23,530,886	\$ 26,232,076	\$ 26,820,369	\$ 27,435,431	\$ 28,059,380	8.8%
Non-Signatory Landing Fees	1,266,483	1,609,360	1,768,771	1,804,719	1,828,170	1,857,424	8.0%
Total Landing Fees	\$ 19,657,115	\$ 25,140,246	\$ 28,000,847	\$ 28,625,087	\$ 29,263,601	\$ 29,916,804	8.8%
General Aviation and Other							
Hangar Rentals	796,700	815,821	834,585	853,780	873,417	893,506	2.3%
Fuel and Oil Revenue	319,000	326,656	334,169	341,855	349,718	357,761	2.3%
Fixed Base Operator	634,450	649,677	664,619	679,906	695,543	711,541	2.3%
Other	1,690,276	1,730,843	1,770,652	1,811,377	1,853,039	1,895,659	2.3%
Total GA and Other	\$ 3,440,426	\$ 3,522,996	\$ 3,604,025	\$ 3,686,918	\$ 3,771,717	\$ 3,858,466	2.3%
Air Cargo Rentals	613,000	627,712	642,149	656,919	672,028	687,485	2.3%
Total Airfield Revenues	\$ 23,710,541	\$ 29,290,955	\$ 32,247,022	\$ 32,968,924	\$ 33,707,345	\$ 34,462,755	7.8%
Terminal							
Signatory Airlines							
Space Rentals	\$ 5,021,763	\$ 5,913,381	\$ 9,507,709	\$ 9,889,624	\$ 10,738,768	\$ 10,177,622	15.2%
Other Charges and Fees	374,771	325,985	391,042	403,137	424,950	423,769	2.5%
Total Space Rentals	\$ 5,396,534	\$ 6,239,366	\$ 9,898,751	\$ 10,292,761	\$ 11,163,718	\$ 10,601,391	14.5%
Concessions							
Car Rental	9,507,777	10,631,308	11,214,106	11,757,712	12,428,453	13,109,755	6.6%
Gifts & Novelty	1,866,040	2,086,549	2,200,932	2,307,622	2,439,265	2,572,981	6.6%
Food & Beverage	4,461,108	4,893,480	5,161,736	5,411,952	5,720,687	6,034,284	6.2%
TNC	623,250	804,646	829,673	850,334	878,635	905,962	7.8%
Other Concessions	1,132,470	1,370,175	1,445,286	1,515,347	1,601,792	1,689,599	8.3%
Total Concessions	\$ 17,590,645	\$ 19,786,159	\$ 20,851,733	\$ 21,842,967	\$ 23,068,832	\$ 24,312,581	6.7%
Public Parking	28,350,000	31,483,468	32,462,717	33,271,117	34,378,428	35,447,686	4.6%
Other Terminal Revenues	1,137,165	1,733,915	1,773,795	1,814,592	1,856,328	1,899,023	10.8%
Total Terminal Revenues	\$ 52,474,344	\$ 59,242,907	\$ 64,986,997	\$ 67,221,437	\$ 70,467,306	\$ 72,260,682	6.6%
Apron							
Signatory Apron Fees	\$ 1,238,830	\$ 1,478,290	\$ 1,615,397	\$ 1,649,845	\$ 1,685,044	\$ 1,721,060	6.8%
Other Apron Revenues	52,879	50,643	55,340	56,520	57,726	58,960	2.2%
Total Apron Revenues	\$ 1,291,708	\$ 1,528,933	\$ 1,670,737	\$ 1,706,365	\$ 1,742,770	\$ 1,780,020	6.6%
Other							
Flexible Response Security	\$ 2,167,448	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
MKE Business Park	395,651	405,147	414,465	423,998	433,750	443,726	2.3%
Total Other Revenues	\$ 2,563,099	\$ 405,147	\$ 414,465	\$ 423,998	\$ 433,750	\$ 443,726	-29.6%
PFC Pledged Revenues	8,245,162	10,921,595	13,216,661	13,352,248	13,205,301	13,391,064	10.2%
Federal Relief Funds	14,883,221	5,200,000	-	-	-	-	N/A
Federal Relief Funds - Concessions	480,343	200,000	-	-	-	-	N/A
TOTAL AIRPORT REVENUES	\$ 103,648,419	\$ 106,789,536	\$ 112,535,881	\$ 115,672,972	\$ 119,556,472	\$ 122,338,248	3.4%

Source: Milwaukee County records and Unison Consulting, Inc.

Source: For projected inflation. <https://knoema.com/kyaewad/us-inflation-forecast-2022-2023-and-long-term-to-2030-data-and-charts>

Table 30 | Projected Landing Fees

Landing Fee	Estimate		Projected			
	2023	2024	2025	2026	2027	2028
Airfield Expenses						
O&M Expense	\$ 27,195,133	\$ 29,253,271	\$ 30,126,464	\$ 30,819,373	\$ 31,528,218	\$ 32,253,367
Series 2013A GARB d.s.	21,224	-	-	-	-	-
Series 2016A GARB d.s.	39,657	39,718	39,624	39,686	39,672	39,672
Future Series 2024 GARB d.s.	-	-	69,048	69,048	69,048	69,048
Depreciation	769,495	770,018	770,400	770,781	771,163	771,544
Deposits to Coverage Fund	-	17,262	-	-	-	-
Total Airfield Expense	\$ 28,025,510	\$ 30,080,270	\$ 31,005,536	\$ 31,698,888	\$ 32,408,101	\$ 33,133,632
Less Credits:						
Federal Relief Funds Applied to O&M	\$ 5,220,976	\$ 1,888,340	\$ -	\$ -	\$ -	\$ -
General Aviation Revenues	2,226,682	2,280,122	2,332,565	2,386,214	2,441,097	2,497,242
Air Cargo Rentals including Cargo Apron	613,000	627,712	642,149	656,919	672,028	687,485
Non-Signatory Landing Fees	1,266,483	1,609,360	1,768,771	1,804,719	1,828,170	1,857,424
FBO & Military Landing Fees	559,733	573,167	586,349	599,835	613,632	627,745
Other Non-Airline Revenue	654,011	669,707	685,111	700,868	716,988	733,479
MKE Business Park	(906,008)	(1,099,025)	(1,241,485)	(1,270,036)	(1,299,244)	(1,329,123)
Total Credits	\$ 9,634,877	\$ 6,549,384	\$ 4,773,460	\$ 4,878,519	\$ 4,972,670	\$ 5,074,251
Airfield Requirement	\$ 18,390,632	\$ 23,530,886	\$ 26,232,076	\$ 26,820,369	\$ 27,435,431	\$ 28,059,380
Signatory Landed Weight	3,686,604	3,970,514	4,077,826	4,163,392	4,285,732	4,403,336
Signatory Landing Fee Rate	\$ 4.99	\$ 5.93	\$ 6.43	\$ 6.44	\$ 6.40	\$ 6.37
Pass. Non-Sig. Landed Wt.	126,073	137,386	141,521	144,968	149,666	154,211
Pass. Non-Sig. Landing Fee Rate	\$ 6.24	\$ 7.41	\$ 8.04	\$ 8.05	\$ 8.00	\$ 7.97

Source: Milwaukee County records and Unison Consulting, Inc.

4.4.6 | Space Rentals

Space Rental revenue consists of Signatory Space Rental revenue, Other Charges and Fees, Non-Signatory Terminal Space Rental revenue, and County Gate Use Fees.

Signatory Space Rental revenue comes from rent paid by Signatory Airlines for space in the Airport Terminal. This revenue rose steadily from \$2.2 million in 2018 to \$4.4 million in 2019, \$8.6 million in 2020, and \$11.5 million in 2021. The increases in 2020 and 2021 were caused by lower concession, rental car, and parking revenues, 90 percent of which are credit to the Terminal Requirement. However, in 2022, the revenue decreased to \$5.4 million due to a rise in concession, rental car, and parking revenues, as well as the Airport's increased use of federal relief funds as credit to the Terminal Requirement.

Space Rental revenues are projected to increase from \$5.0 million in 2023 to \$10.2 million in 2028 because, after 2024, federal relief funds will no longer be available to reduce the Terminal Requirement. Space Rental revenues also increase because of increased debt service allocated to the Terminal cost center and increased O&M. Rental charges for Terminal space occupied by the Signatory Airlines are based on Public and Non-Public Airline Space. As shown in Table 31, the Airline Public Space Rental Rate is projected to increase from \$31.92 in 2023 to \$64.69 in 2028 and the Airline Non-Public Rental Rate is projected to increase from \$23.94 in 2023 to \$48.52 in 2028. The Terminal rental rate increases due to increased O&M and debt service and no federal relief funds available after 2024.

4.4.7 | Other Charges and Fees

Other Charges and Fees include passenger service fees (a \$7.50 per-passenger fee collected from airlines for international flights processed through the IAT), Non-Signatory Space Rental revenue, and fees paid for the use of County gates (gates controlled by the County that airlines used on a per use basis). Other Charges and Fees increased from \$297,000 in 2018 to \$1.5 million in 2022 due to the airlines' increased use of the County gates.

Other Charges and Fees are projected to be approximately \$422,000 in 2028. The projections do not include County Gate Use Fees because Airport Management does not budget those revenues. This is a conservative approach as Other Charges and Fees will likely be higher than projected.

Table 31 | Projected Terminal Rental Rate

Terminal Rental Rate	Estimate		Projected			
	2023	2024	2025	2026	2027	2028
Terminal Expenses						
O&M Expense	\$ 44,590,996	\$ 48,192,165	\$ 49,630,670	\$ 50,772,176	\$ 51,939,936	\$ 53,134,554
Series 2013A GARB d.s.	2,530,702	-	-	-	-	-
Series 2013B GARB d.s.	-	-	-	-	-	-
Series 2014A GARB d.s.	110,290	-	-	-	-	-
Series 2016A GARB d.s.	326,049	326,554	325,779	326,284	326,176	326,176
Series 2019A GARB d.s.	2,036,569	1,966,342	1,896,116	1,825,889	1,755,663	1,685,436
Series 2019B GARB d.s.	3,549,000	-	-	-	-	-
Series 2023A GARB d.s.	-	2,731,839	2,489,323	2,413,824	2,334,454	2,259,149
Series 2023B GARB d.s.	-	109,855	101,907	97,830	93,754	89,677
Future Series 2024 GARB d.s.	-	-	1,286,455	1,286,455	1,286,455	1,286,455
Future Series 2025 GARB d.s.	-	-	-	584,365	584,365	584,365
Future Series 2026 GARB d.s.	-	-	-	-	2,492,927	2,492,927
Future Series 2027 GARB d.s.	-	-	-	-	-	512,459
Depreciation	3,777,685	3,778,448	3,779,211	3,779,974	3,780,736	3,781,499
Deposits to Coverage Fund	-	321,614	146,091	623,232	128,115	131,958
Total Terminal Expense	\$ 56,921,291	\$ 57,426,817	\$ 59,655,552	\$ 61,710,028	\$ 64,722,580	\$ 66,284,655
Less Credits:						
Federal Relief Funds Applied to O&M	8,560,669	3,110,872	-	-	-	-
Federal Relief Funds Applied to Concessions	480,343	200,000	-	-	-	-
Other Revenues and Fees	211,328	230,762	237,940	243,865	251,981	259,819
Other Terminal Revenues	1,137,165	1,733,915	1,773,795	1,814,592	1,856,328	1,899,023
Non-Signatory Terminal Space Rent	94,376	95,223	153,102	159,272	172,969	163,951
County Gate Use Fees	69,067	-	-	-	-	-
Concessions						
Car Rental Concessions	8,556,999	9,568,178	10,092,695	10,581,940	11,185,608	11,798,780
Gifts & Novelty	1,679,436	1,877,894	1,980,839	2,076,860	2,195,339	2,315,683
Food & Beverage	4,014,997	4,404,132	4,645,562	4,870,757	5,148,618	5,430,855
Public Parking	25,515,000	28,335,121	29,216,445	29,944,005	30,940,585	31,902,918
Transportation Network Companies	560,925	724,181	746,706	765,301	790,771	815,366
Other Terminal Concession Revenues	1,019,223	1,233,157	1,300,757	1,363,812	1,441,613	1,520,639
Total Credits ¹	51,899,529	51,513,436	50,147,843	51,820,405	53,983,812	56,107,033
Terminal Requirement	\$ 5,021,763	\$ 5,913,381	\$ 9,507,709	\$ 9,889,624	\$ 10,738,768	\$ 10,177,622
Rented Square Feet	157,331	157,331	157,331	157,331	157,331	157,331
Projected Terminal Rental Rate	\$ 31.92	\$ 37.59	\$ 60.43	\$ 62.86	\$ 68.26	\$ 64.69
Airline Public Space	68,288	68,288	68,288	68,288	68,288	68,288
Airline Public Space Rental Rate	\$ 31.92	\$ 37.59	\$ 60.43	\$ 62.86	\$ 68.26	\$ 64.69
Airline Public Space Revenue	\$ 2,179,648	\$ 2,566,646	\$ 4,126,729	\$ 4,292,496	\$ 4,661,058	\$ 4,417,498
Airline Non-Public Space	118,724	118,724	118,724	118,724	118,724	118,724
Airline Non-Public Space Rental Rate	\$ 23.94	\$ 28.19	\$ 45.32	\$ 47.14	\$ 51.19	\$ 48.52
Airline Non-Public Space Revenue	\$ 2,842,115	\$ 3,346,735	\$ 5,380,980	\$ 5,597,128	\$ 6,077,709	\$ 5,760,123
Total Rental Revenue	\$ 5,021,763	\$ 5,913,381	\$ 9,507,709	\$ 9,889,624	\$ 10,738,768	\$ 10,177,622

Source: Milwaukee County records and Unison Consulting, Inc.

¹ Adjusted to reflect the contribution to the ADF.

4.4.8 | Concessions

Concession revenues consist of fees collected from Terminal concession operators including car rental companies, gifts and novelty sales operators, food and beverage operators, transportation network companies (TNCs), and other concession operators. Total concessions revenues fluctuated during the historical period from \$19.0 million in 2018 to \$16.4 million in 2022.

Concession revenues are projected to increase from \$17.6 million in the 2023 Estimate to \$24.3 million in 2028. Concession revenues are projected to increase by an average of 6.7 per year.

Car Rental

Under the Car Rental Concession Agreements, each rental car company operating at the Airport pays to the County the greater of 10% of gross revenues or a MAG. Currently, the following nine rental car brands operate at the Airport: Alamo, Avis, Budget, Dollar, Enterprise, Hertz, National, Thrifty and Turo. Car Rental concession revenues increased from approximately \$10.5 million in 2018 to \$11.2 million in 2019 and then decreased to \$6.3 million in 2020 with the beginning of the COVID-19 pandemic. Car Rental concession revenues increased to \$9.1 million in 2021 and \$11.1 million in 2022 as passenger traffic began to recover, customers began renting vehicles for longer periods (longer contract duration), and the rental car companies implemented price increases. The 2023 Estimate is a conservative estimate based on the 2023 Budget. For subsequent years, Car Rental concession revenues are projected to grow with enplanements and inflation to \$13.1 million in 2028.

Gifts and Novelty

Gifts and Novelty revenues decreased from approximately \$1.9 million in 2018 and 2019 to \$1.1 million in 2020 because of the significant reduction in passenger activity. They increased to \$1.7 million in 2021 as passenger activity began to recover. In 2022, Gifts and Novelty revenues decreased to \$1.4 million because federal relief funds were applied to the concessionaires' revenue requirement. In 2021 and 2022, the Airport provided Minimum Annual Guarantee (MAG) relief to concessionaires and the lost revenue was offset by the use of federal relief funds. In 2023, there will be no MAG relief, and Gifts and Novelty revenues are estimated to increase to \$1.9 million. Gifts and Novelty revenues are projected to grow with enplanements and inflation to \$2.6 million in 2028.

Food and Beverage

Food and Beverage revenues decreased from approximately \$3.8 million in 2018 and 2019 to \$3.6 million in 2020, \$1.7 million in 2021 and \$1.8 million in 2022 because the County provided the concessionaires with MAG relief. The lost revenues were replaced by federal relief funds. In 2023, Food and Beverage revenues are estimated to increase to \$4.5 million as passengers continue to return and concessionaires no longer receive MAG relief. These revenues are projected to increase with enplanement growth plus inflation to \$6.0 million in 2028.

Transportation Network Companies (TNC)

In 2019, the County began collecting a \$3 fee per passenger pick up and generated TNC revenues of \$878,000. TNC revenues fell sharply to \$296,000 when passenger traffic decreased in 2020, then increased to approximately \$461,000 in 2021 and \$671,000 in 2022 as passengers returned. TNC revenues are conservatively estimated at \$623,000 in 2023; they are projected to increase with enplanements to approximately \$906,000 in 2028.

Other Concessions

Other Concession revenues consist of fees received from display advertising, WIFI, limousine and taxi, shoe shine stands, golf driving range, and other miscellaneous concessions. Other Concession revenues decreased sharply from \$2.7 million in 2018 to approximately \$934,000 in 2020 because

of the pandemic-related reduction in passenger activity. As passengers returned, these revenues increased to \$1.1 million in 2021 and \$1.5 million in 2022. They were conservatively estimated at \$1.1 million in 2023 and are projected to increase with enplanements and inflation to \$1.7 million in 2028.

4.4.9 | Public Parking

The Airport currently offers over 11,000 public parking spaces located in various facilities to provide a full range of parking products to Airport passengers. Public Parking revenues decreased from \$29.6 million in 2018 to \$11.1 million in 2020 due to the significant reduction in passengers at the start of the COVID-19 pandemic. As passengers returned, Public Parking revenues increased to \$18.5 million in 2021 and \$25.6 million in 2022.

The daily maximum rates for the public parking facilities are currently set as follows: \$24 for the Hourly Lot, \$14 for the Daily Lot, \$15 for the Surface Lot, \$8 for the Saver Lot, and \$8 for the Rail Lot. In addition, Valet parking is available by reservation on the MKE Smart Park app at \$25 per day. The financial projections assume a \$2 increase in 2024 to the daily maximum rate in each parking facility.

Public Parking revenues are estimated to increase to \$28.4 million in 2023. They are projected to increase with enplanements after 2024, reaching \$35.4 million in 2028.

4.4.10 | Other Terminal Revenues

Miscellaneous revenues paid to the Terminal include other rental income, interest on investments, other federal grants, and reimbursements. These revenues grew from \$1.5 million in 2018 to \$2.6 million in 2019 before falling to \$1.9 million in 2020, \$2.1 million in 2021, and \$1.7 million in 2022. They are conservatively estimated to be \$1.1 million in 2023 and are projected to grow with inflation to \$1.9 million in 2028.

4.4.11 | Apron Revenues

Apron revenues include fees paid by Signatory Airlines for using Apron space. Other Apron revenues come from fees paid by the Non-Signatory Airlines for using Apron space and per-use fees for using Apron space at County-controlled gates. Total Apron revenues decreased by an average of 3.1 percent per year from \$1.6 million in 2018 to \$1.4 million in 2022. They are estimated to be \$1.3 million in 2023, rising to \$1.8 million in 2028.

4.4.12 | Signatory Apron Fees

Signatory Airlines pay Apron Fees to cover the Apron Requirement, which equals total Apron expenses minus Non-Signatory and non-airline revenues. Signatory Apron Fees decreased from \$1.1 million in 2018 to approximately \$972,000 in 2022. However, these revenues are projected to rise to \$1.8 million in 2028, due to an increase in O&M expenses and a decrease in Apron credits once the Federal Relief funds are no longer available after 2024.

To project the Signatory Airlines Apron Fee rate, the annual Apron Requirement is divided by the leased linear footage of Apron space. This assumes that the leased linear footage remains constant

during the projection period. According to Table 32, the Apron Fee Rate is projected to rise from \$473.20 per Apron linear foot in 2023 to \$657.39 in 2028.

Table 32 | Projected Apron Fee Rate

Apron Fee	Estimate		Projected			
	2023	2024	2025	2026	2027	2028
Apron Expenses						
O&M Expense	\$1,446,147	\$1,502,705	\$1,547,560	\$1,583,154	\$1,619,566	\$1,656,816
Series 2016A d.s.	22,035	22,069	22,016	22,050	22,043	22,043
Depreciation	101,161	101,161	101,161	101,161	101,161	101,161
Deposits to Coverage Fund	-	-	-	-	-	-
Total Apron Expense	\$1,569,343	\$1,625,935	\$1,670,737	\$1,706,365	\$1,742,770	\$1,780,020
Less:						
Federal Relief Funds Applied to O&M	\$ 277,634	\$ 97,002	\$ -	\$ -	\$ -	\$ -
Non-Airline Credits	52,879	50,643	55,340	56,520	57,726	58,960
Apron Requirement	\$1,238,830	\$1,478,290	\$1,615,397	\$1,649,845	\$1,685,044	\$1,721,060
Linear Feet	2,618	2,618	2,618	2,618	2,618	2,618
Apron Fee Rate	\$ 473.20	\$ 564.66	\$ 617.03	\$ 630.19	\$ 643.64	\$ 657.39

Source: Milwaukee County records and Unison Consulting, Inc.

4.4.13 | Other Apron Fees

Other Apron Fees include Apron fees paid by Non-Signatory airlines and fees paid for the use of Apron space at County-controlled gates. Other Apron Fees decreased from \$439,000 in 2018 to \$213,000 in 2020 due to reduced Non-Signatory activity. These revenues increased to \$416,000 in 2022 as airline activity continued to return. The projected Other Apron Fees are likely conservative because they do not include fees paid for the use of the County gates. Other Apron Revenues are projected to reach approximately \$59,000 in 2028.

4.4.14 | Other Revenues

The Airport generates Other revenues from Security fees paid by the airlines and income from the MKE Business Park. Security fees are charged to all airlines based the number of enplanements, and the fee is determined by the O&M expenses allocated to the Flexible Response Security cost center minus any credits. The Non-Signatory Security fee is 125 percent of the Signatory Security fee. Security fees increased from \$2.2 million in 2018 to \$2.4 million in 2019, but in 2020, due to the significant reduction in enplanements, they decreased to approximately \$952,000. However, in 2022, they increased again to \$2.2 million and are estimated remain at \$2.2 million in 2023.

Under the new AULA, the Flexible Response Security cost center will be eliminated in 2024. The expenses currently allocated to this cost center will be distributed to the Terminal (66.7 percent) and Airfield (33.3 percent) cost centers. The Airport will no longer charge a separate Security fee from 2024.

The Airport generates rental income from the MKE Business Park, a converted military base on Airport grounds. MKE Business Park revenues increased from \$452,000 in 2018 to \$746,000 in 2020, but decreased to approximately \$544,000 in 2022. These revenues are estimated at \$396,000 in 2023 and \$405,000 in 2024. They are projected to increase with inflation to approximately \$440,000.

4.4.15 | Pledged PFC Revenues

In the Supplemental Resolutions for the Series 2013A, 2014A, 2016A, 2019A, 2019B, 2023A, and 2023B Bonds, the PFC Revenues are pledged to the payment of PFC-eligible debt service and the required deposit to the coverage account. Therefore, Total Airport Revenues shown in Table 29 include PFC Revenues in an amount equal to the PFC-eligible portion of debt service on the Series 2013A, Series 2014A, Series 2016A, Series 2019A, Series 2019B, 2023A, and 2023B Bonds and future bonds. The total pledged PFC Revenues are estimated to increase from \$8.2 million in 2023 to \$13.4 million in 2028.

4.4.16 | Federal Relief Funds

Under the CARES Act, the U.S. Treasury established the Coronavirus Relief Fund in March 2020 to provide financial assistance to States and eligible units of local government impacted by the COVID-19 pandemic. As part of this program, around \$10 billion was awarded to U.S. airports. The County received approximately \$29.1 million in grants from the CARES Act Fund.

The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) of 2021 provided supplemental appropriations for COVID-19 relief to the transit industry, including almost \$2 billion awarded to U.S. airports. The Airport received approximately \$8.5 million allocated to pay eligible O&M Expenses and debt service costs (\$7.7 million) and provide relief to the Airport concessionaires (\$0.7 million).

The American Rescue Plan Act (ARPA) passed in March 2021 provided additional COVID-19 relief aid. Around \$6 billion was granted to U.S. airports. The Airport received approximately \$26.7 million, which was earmarked for O&M Expenses and debt service costs (\$23.8 million) and relief to Airport concessionaires (\$2.9 million).

The Airport applied \$20.8 million of federal relief funds to the airline costs in 2020, \$1.7 million in 2021, and \$13.9 million (\$11.8 million to airline costs and \$2.2 million to concessionaires) in 2022. The Airport applied the relief funds to each cost center based on each cost center's percentage of total O&M expenses. In addition, the Airport allocated concession relief funds to concessionaires following the FAA's guidelines.

In 2023, the Airport will apply approximately \$14.9 million to airline costs and \$480,000 to concessionaires. In 2024, the Airport anticipates using \$5.2 million to reduce airline fees and \$200,000 as relief for concessionaires. Finally, the Airport plans to use \$6.5 million of CARES Act funds to purchase Snow Removal Equipment.

4.4.17 | Over collected Airline Revenues

In 2020, Airport management identified a liability account containing \$6.6 million of undistributed over-collections from various airlines that served the Airport from 1980 to 2000. Upon internal

review, Airport management determined these funds should be used as an additional revenue credit to reduce airline rates and charges. Each Airline cost center received credit allocation based on the cost center's percentage share of O&M expenses for 2021 and 2022.

4.5 | Key Financial Indicators

This sub-section discusses the projections of the following key financial indicators: (1) the Airport's ability to satisfy the rate covenants of General Resolution, (2) the annual deposit to the ADF, and (3) the Airline cost per enplaned passenger.

4.5.1 | Debt Service Coverage

To calculate debt service coverage, the sum of Net Revenues and Other Available Funds is divided by the total annual GARB Debt Service. Other Available Funds, as defined in the Bond Resolution, include the unencumbered balances in the Coverage Fund and the Surplus Fund. However, Other Available Funds included in the debt service coverage calculation shall not exceed 25 percent of the current year's Debt Service. Under the Bond Resolution, annual debt service coverage must be at least 1.25.

As shown in Table 33, annual debt service coverage for 2023 through 2028 is projected to exceed the 1.25 minimum requirement throughout the forecast period, ranging from a high of 1.88 in 2024 to a low of 1.75 in 2028. The reduction in coverage is due to increased future debt.

4.5.2 | Deposit to the ADF

The AULA allows the County to deposit 10 percent of the concession and parking revenues into the ADF, as shown in Table 34. Airport management can use monies in the ADF for any lawful Airport purpose. The annual deposit to the ADF is projected to increase from \$4.6 million in 2023 to \$6.0 million in 2028.

4.5.3 | Airline Cost per Enplaned Passenger

As part of the financial feasibility assessment, it is important to consider how the planned capital improvements and related financings affect airline rates and charges. Based on the financial projections discussed earlier, the airline cost per enplanement (CPE), shown in Table 35, increases from \$8.54 in 2023 to \$8.99 in 2024, \$10.61 in 2025, and \$11.26 in 2026, after applying the remaining COVID-19 federal relief funds and with the projected increase in debt service charges arising from anticipated future bond financings. However, the CPE is projected to decrease in 2027 and 2028, to \$11.01 as enplanements continue to increase. The projected CPE during the forecast period is reasonable compared to other medium hub airports that recently completed major capital improvement programs.

4.6 | Sensitivity Analysis

This study includes a sensitivity analysis using the low air traffic forecast scenario in Section 3. Table 36 summarizes the key financial projections under the low traffic scenario compared with the results using the base traffic scenario. The Landing Fee, Terminal Rental Rate, and CPE are all projected to increase under the low scenario. In 2028, the required Landing Fee and Terminal Rental Rate are projected to be higher by \$0.42 and \$27.63, respectively. The 2028 CPE is projected

to be \$2.49 higher. The increase is mainly attributable to lower projected revenues from concessions, car rental, and parking due to lower enplanements.

Debt service coverage is projected to remain well above the 1.25x requirement, although it decreases slightly under the low scenario.

The deposit to the ADF is projected to be lower by an average of \$440,000 per year due to lower revenues from concessions, car rental, and parking.

Table 33 | Debt Service Coverage

Debt Service Coverage	Estimate 2023	2024	2025	Projected 2026	2027	2028
AIRPORT SYSTEM REVENUES						
Total Revenues	\$103,648,419	\$106,789,536	\$112,535,881	\$115,672,972	\$119,556,472	\$122,338,248
O&M Expenses	77,524,039	80,555,956	82,960,503	84,868,594	86,820,572	88,817,445
Net Revenues	\$26,124,380	\$26,233,580	\$29,575,378	\$30,804,378	\$32,735,900	\$33,520,803
NET DISCRETIONARY CASH FLOW						
Add Other Available Funds: ¹						
Series 2013A Bonds - PFC	179,065	-	-	-	-	-
Series 2013A Bonds - Rate Based	637,982	-	-	-	-	-
Series 2014A Bonds - PFC	543,928	-	-	-	-	-
Series 2014A Bonds - Rate Based	27,572	-	-	-	-	-
Series 2016A Bonds - PFC	1,033,627	1,035,227	1,032,770	1,034,370	1,034,027	1,034,027
Series 2016A Bonds - Rate Based	96,935	97,085	96,855	97,005	96,973	96,973
Series 2019A Bonds - PFC	304,670	294,164	283,659	273,153	262,647	252,141
Series 2019A Bonds - Rate Based	509,142	491,586	474,029	456,472	438,916	421,359
Series 2019B Bonds - Rate Based	887,250	-	-	-	-	-
Series 2023A Bonds - PFC	-	199,025	181,357	175,856	170,074	164,588
Series 2023A Bonds - Rate Based	-	682,960	622,331	603,456	583,613	564,787
Series 2023B Bonds - PFC	-	541,783	502,586	482,480	462,374	442,268
Series 2023B Bonds - Rate Based	-	27,464	25,477	24,458	23,438	22,419
Future Series 2024 Bonds - PFC	-	660,199	660,199	660,199	660,199	660,199
Future Series 2024 Bonds - Rate Based	-	-	338,876	338,876	338,876	338,876
Future Series 2025 Bonds - PFC	-	-	643,595	643,595	643,595	643,595
Future Series 2025 Bonds - Rate Based	-	-	-	146,091	146,091	146,091
Future Series 2026 Bonds - PFC	-	-	-	68,409	68,409	68,409
Future Series 2026 Bonds - Rate Based	-	-	-	-	623,232	623,232
Future Series 2027 Bonds - Rate Based	-	-	-	-	-	128,115
Future Series 2028 Bonds - PFC	-	-	-	-	-	82,539
Net Revenues plus Other Available Funds	\$30,344,552	\$30,263,073	\$34,437,110	\$36,452,392	\$38,288,364	\$39,854,015
Debt Service:						
Series 2013A Bonds - PFC	716,262	-	-	-	-	-
Series 2013A Bonds - Rate Based	2,551,926	-	-	-	-	-
Series 2014A Bonds - PFC	2,175,710	-	-	-	-	-
Series 2014A Bonds - Rate Based	110,290	-	-	-	-	-
Series 2016A Bonds - PFC	4,134,509	4,140,909	4,131,081	4,137,480	4,136,109	4,136,109
Series 2016A Bonds - Rate Based	387,741	388,341	387,419	388,020	387,891	387,891
Series 2019A Bonds - PFC	1,218,681	1,176,658	1,134,634	1,092,611	1,050,587	1,008,564
Series 2019A Bonds - Rate Based	2,036,569	1,966,342	1,896,116	1,825,889	1,755,663	1,685,436
Series 2019B Bonds - Rate Based	3,549,000	-	-	-	-	-
Series 2023A Bonds - PFC	-	796,100	725,427	703,426	680,296	658,351
Series 2023A Bonds - Rate Based	-	2,731,839	2,489,323	2,413,824	2,334,454	2,259,149
Series 2023B Bonds - PFC	-	2,167,130	2,010,343	1,929,920	1,849,496	1,769,073
Series 2023B Bonds - Rate Based	-	109,855	101,907	97,830	93,754	89,677
Future Series 2024 Bonds - PFC	-	2,640,797	2,640,797	2,640,797	2,640,797	2,640,797
Future Series 2024 Bonds - Rate Based	-	-	1,355,503	1,355,503	1,355,503	1,355,503
Future Series 2025 Bonds - PFC	-	-	2,574,378	2,574,378	2,574,378	2,574,378
Future Series 2025 Bonds - Rate Based	-	-	-	584,365	584,365	584,365
Future Series 2026 Bonds - PFC	-	-	-	273,636	273,636	273,636
Future Series 2026 Bonds - Rate Based	-	-	-	-	2,492,927	2,492,927
Future Series 2027 Bonds - Rate Based	-	-	-	-	-	512,459
Future Series 2028 Bonds - PFC	-	-	-	-	-	330,156
Total GARB Debt Service	16,880,688	16,117,972	19,446,928	20,017,680	22,209,857	22,758,472
Debt Service Coverage	1.80	1.88	1.77	1.82	1.72	1.75

Source: Milwaukee County records, PFM Financial Advisors LLC., and Unison Consulting, Inc.

¹ Reflects the Coverage Fund.

Table 34 | Deposit to the ADF

DEPOSIT TO ADF	Estimate 2023	2024	2025	Projected 2026	2027	2028
AIRPORT SYSTEM REVENUES						
Total Revenues	\$103,648,419	\$106,789,536	\$112,535,881	\$115,672,972	\$119,556,472	\$122,338,248
O&M Expenses	77,524,039	80,555,956	82,960,503	84,868,594	86,820,572	88,817,445
Net Revenues	\$26,124,380	\$26,233,580	\$29,575,378	\$30,804,378	\$32,735,900	\$33,520,803
NET DISCRETIONARY CASH FLOW						
Net Revenues	\$26,124,380	\$26,233,580	\$29,575,378	\$30,804,378	\$32,735,900	\$33,520,803
Less: Debt Service						
Series 2013A Bonds - PFC	716,262	-	-	-	-	-
Series 2013A Bonds - Rate Based	2,551,926	-	-	-	-	-
Series 2014A Bonds - PFC	2,175,710	-	-	-	-	-
Series 2014A Bonds - Rate Based	110,290	-	-	-	-	-
Series 2016A Bonds - PFC	4,134,509	4,140,909	4,131,081	4,137,480	4,136,109	4,136,109
Series 2016A Bonds - Rate Based	387,741	388,341	387,419	388,020	387,891	387,891
Series 2019A Bonds - PFC	1,218,681	1,176,658	1,134,634	1,092,611	1,050,587	1,008,564
Series 2019A Bonds - Rate Based	2,036,569	1,966,342	1,896,116	1,825,889	1,755,663	1,685,436
Series 2019B Bonds - Rate Based	3,549,000	-	-	-	-	-
Series 2023A Bonds - PFC	-	796,100	725,427	703,426	680,296	658,351
Series 2023A Bonds - Rate Based	-	2,731,839	2,489,323	2,413,824	2,334,454	2,259,149
Series 2023B Bonds - PFC	-	2,167,130	2,010,343	1,929,920	1,849,496	1,769,073
Series 2023B Bonds - Rate Based	-	109,855	101,907	97,830	93,754	89,677
Future Series 2024 Bonds - PFC	-	2,640,797	2,640,797	2,640,797	2,640,797	2,640,797
Future Series 2024 Bonds - Rate Based	-	-	1,355,503	1,355,503	1,355,503	1,355,503
Future Series 2025 Bonds - PFC	-	-	2,574,378	2,574,378	2,574,378	2,574,378
Future Series 2025 Bonds - Rate Based	-	-	-	584,365	584,365	584,365
Future Series 2026 Bonds - PFC	-	-	-	273,636	273,636	273,636
Future Series 2026 Bonds - Rate Based	-	-	-	-	2,492,927	2,492,927
Future Series 2027 Bonds - Rate Based	-	-	-	-	-	512,459
Future Series 2028 Bonds - PFC	-	-	-	-	-	330,156
Less: Deposits to Coverage Fund	-	338,876	146,091	623,232	128,115	131,958
Less: Depreciation	4,649,627	4,649,769	4,650,914	4,652,058	4,653,202	4,654,346
Deposit to ADF	\$4,594,064	\$5,126,963	\$5,331,445	\$5,511,408	\$5,744,726	\$5,976,027
ADF Beginning Balance	\$12,102,805	\$11,948,725	\$9,329,976	\$5,642,066	\$7,069,155	\$9,451,231
Deposit to ADF	4,594,064	5,126,963	5,331,445	5,511,408	5,744,726	5,976,027
Transfer from PFC Fund ¹	3,368,731	3,633,676	3,137,714	-	-	-
ADF Grant Reimbursement ²	-	858,660	-	-	-	-
Less: COVID Grants ³	(58,639)	(17,488)	(57)	-	-	-
Less: CIP Expenditures ⁴	(8,058,237)	(12,220,559)	(12,157,012)	(4,084,320)	(3,362,650)	(3,647,637)
ADF Ending Balance	\$11,948,725	\$9,329,976	\$5,642,066	\$7,069,155	\$9,451,231	\$11,779,621

Source: Milwaukee County records, PFM Financial Advisors LLC., and Unison Consulting, Inc.

¹ Represents a reimbursement to the ADF for PFC eligible project costs that were initially paid from the ADF.

² Represents a reimbursement to the ADF for State grant eligible project costs that were initially paid from the ADF.

³ This is an adjustment to the ADF balance based on the federal relief grants received that were earmarked for concessionaires.

⁴ Includes expenditures for preapproved CIP projects and 5-year CIP projects.

Table 35 | Airline Cost per Enplaned Passenger

Year	Landing Fees ¹	Terminal Rents & Charges	Apron Fees	Flex Response Security	Total Airline Payments	Enplaned Passengers	Cost Per Enplaned Passenger
2023 Est.	\$16,647,341	\$5,396,534	\$1,291,708	\$2,167,448	\$25,503,031	2,987,575	\$8.54
2024 Proj.	\$21,572,443	\$6,239,366	\$1,528,933	\$0	\$29,340,742	3,262,320	\$8.99
2025 Proj.	\$24,123,892	\$9,898,751	\$1,670,737	\$0	\$35,693,380	3,363,790	\$10.61
2026 Proj.	\$26,820,369	\$10,292,761	\$1,706,365	\$0	\$38,819,495	3,447,557	\$11.26
2027 Proj.	\$27,435,431	\$11,163,718	\$1,742,770	\$0	\$40,341,919	3,562,296	\$11.32
2028 Proj.	\$28,059,380	\$10,601,391	\$1,780,020	\$0	\$40,440,792	3,673,093	\$11.01

Source: Milwaukee County records, PFM Financial Advisors LLC., and Unison Consulting, Inc.

¹ Excludes landing fees paid by cargo carriers and military aircraft.

Table 36 | Sensitivity Analysis

	2024	2025	Projected 2026	2027	2028
Base Scenario Forecast					
Landing Fee	\$ 5.93	\$ 6.43	\$ 6.44	\$ 6.40	\$ 6.37
Terminal Rental Rate	\$ 37.59	\$ 60.43	\$ 62.86	\$ 68.26	\$ 64.69
CPE	\$ 8.99	\$ 10.61	\$ 11.26	\$ 11.32	\$ 11.01
Debt Service Coverage	1.88	1.77	1.82	1.72	1.75
Deposit to ADF	\$5,126,963	\$5,331,445	\$5,511,408	\$5,744,726	\$5,976,027
Low Scenario Forecast					
Landing Fee	\$ 6.51	\$ 6.95	\$ 6.92	\$ 6.85	\$ 6.79
Terminal Rental Rate	\$ 48.73	\$ 89.57	\$ 91.53	\$ 96.03	\$ 92.32
CPE	\$ 10.81	\$ 13.34	\$ 14.07	\$ 13.95	\$ 13.50
Debt Service Coverage	1.87	1.74	1.80	1.70	1.73
Deposit to ADF	\$4,931,331	\$4,815,733	\$5,003,903	\$5,252,974	\$5,486,839
Difference					
Landing Fee	\$ 0.59	\$ 0.52	\$ 0.48	\$ 0.44	\$ 0.42
Terminal Rental Rate	\$ 11.14	\$ 29.14	\$ 28.67	\$ 27.78	\$ 27.63
CPE	\$ 1.81	\$ 2.73	\$ 2.81	\$ 2.63	\$ 2.49
Debt Service Coverage	(0.01)	(0.03)	(0.03)	(0.02)	(0.02)
Deposit to ADF	(\$195,631)	(\$515,712)	(\$507,505)	(\$491,752)	(\$489,188)



HEADQUARTERS

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APPENDIX B

AIRPORT SYSTEM FINANCIAL INFORMATION

An independent public accounting firm audits the County annually. The County's audited Basic Financial Statements for the fiscal years ended December 31, 2018 through 2022 are included in the County's 2018 through 2022 Annual Comprehensive Financial Reports (ACFR), respectively. This appendix presents financial information of the Airport System, which has been excerpted from the County's ACFR for the fiscal years ended December 31, 2018 through 2022. The Airport System is operated as an enterprise fund of the County. The Airport System's financial statements are prepared on the full accrual basis of accounting.

The Airport System financial information is presented in the 2018 ACFR as a separate column on the proprietary fund statements, which are part of the County's Basic Financial Statements. Copies of the County's ACFRs are available on-line: <http://county.milwaukee.gov/ComprehensiveAnnualF12237.htm>

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COUNTY OF MILWAUKEE
Balance Sheet - Airport System
For the Years Ended December 31
(In Thousands)

	2018	2019	2020	2021	2022
<u>Assets</u>					
Current Assets:					
Cash and Investments	\$ 79,832	\$ 88,108	\$ 75,966	\$ 47,688	\$ 64,197
Cash and Investments - Restricted	23,668	17,042	17,178	15,560	15,729
Receivables:					
Accounts (Net of Allowances for Uncollectible Accounts)	4,012	5,499	2,638	4,689	14,688
Due from Other Governments (Grants)	6,720	5,970	6,340	16,774	13,888
Prepaid Items	--	--	--	--	--
Total Current Assets	114,232	116,619	102,122 #	84,711 #	108,502
Noncurrent Assets:					
Capital Assets:					
Land and Land Improvements	256,286	259,113	262,820	255,079	262,190
Building and Improvements	397,256	406,026	408,103	407,214	412,544
Machinery, Vehicles and Equipment	26,840	25,220	27,657	31,244	33,808
Construction in Progress	25,493	12,467	23,747	46,373	44,850
Total Capital Assets	705,875	702,826	722,327	739,910	753,392
Less: Accumulated Depreciation	(296,272)	(312,857)	(344,979)	(366,070)	(400,790)
Net Capital Assets	409,603	389,969	377,348	373,840	352,602
Total Assets	523,835	506,588	479,470	458,551	481,166
<u>Deferred Outflows of Resources</u>	6,822	8,893	14,625	12,320	10,405
Total Assets and Deferred Outflows of Resources	\$ 530,657	\$ 515,481	\$ 494,095	\$ 470,871	\$ 491,571
<u>Liabilities</u>					
Current Liabilities:					
Accounts Payable	\$ 3,993	\$ 4,462	\$ 3,289	\$ 3,593	\$ 3,429
Accrued Liabilities	1,545	1,825	1,097	1,075	1,202
Accrued Interest Payable	662	599	524	476	428
Unearned Revenues	21,146	19,330	17,245	4,275	5,882
Due to Other Governments	--	1,236	39	152	109
Bonds Payable - General Obligation	--	--	--	--	--
Bonds Payable - Revenue Bonds	11,125	11,275	11,520	11,795	11,750
Compensated Absences	1,229	1,191	1,291	1,139	1,443
Capital Leases	213	113	--	--	--
Other Liabilities	89	4	9	9	9
Total Current Liabilities	40,002	40,035	35,014	22,514	24,252
Long-Term Liabilities:					
Bonds Payable - General Obligation	--	--	--	--	--
Bonds Payable - Revenue Bonds	159,019	138,752	124,564	110,642	97,033
Compensated Absences	626	571	580	521	603
Other Post Employment Benefits	49,508	45,410	47,875	45,342	40,856
Net Pension Liability	18,389	24,634	21,054	17,381	7,885
Capital Leases	113	--	--	--	--
Total Long-Term Liabilities	227,655	209,367	194,073	173,886	146,377
Total Liabilities	267,657	249,402	229,087	196,400	170,629
<u>Deferred Inflows of Resources</u>	1,709	3,550	10,276	11,840	49,836
	1,709	3,550	10,276	11,840	49,836
<u>Net Position</u>					
Unrestricted	(44,096)	(44,816)	(42,898)	(39,221)	(30,533)
Restricted for:					
Debt Service	17,777	17,711	16,890	17,071	18,042
Capital Assets Needs	20,986	26,145	20,455	16,521	21,131
Commitments	4,226	6,594	1,955	1,917	3,666
Net Investment in Capital Assets	262,398	256,895	258,330	266,343	258,800
Total Net Position	261,291	262,529	254,732	262,631	271,106
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 530,657	\$ 515,481	\$ 494,095	\$ 470,871	\$ 491,571

COUNTY OF MILWAUKEE
Statement of Revenues, Expenses, and Changes in Net Position
Airport System
For the Years Ended December 31
(In Thousands)

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Operating Revenues:					
Rentals and Other Service Fees	\$ 65,603	\$ 75,550	\$ 49,659	\$ 71,940	\$ 64,750
Admissions and Concessions	18,405	19,166	12,181	13,700	16,515
Total Charges for Services	84,008	94,716	61,840	85,640	81,265
Other Revenues	128	41	696	29	58
Total Operating Revenues	84,136	94,757	62,536	85,669	81,323
Operating Expenses:					
Personnel Services	24,437	25,465	21,930	19,820	17,343
Contractual Services	20,816	21,856	17,300	19,547	21,704
Intra-County Services	10,636	11,020	13,727	14,355	15,207
Commodities	5,017	5,017	2,350	3,197	4,423
Depreciation and Amortization	24,519	32,129	32,122	29,713	34,720
Maintenance	248	622	196	161	55
Other	101	147	2,681	99	51
Total Operating Expenses	85,774	96,256	90,306	86,892	93,503
Operating Income (Loss)	<u>(1,638)</u>	<u>(1,499)</u>	<u>(27,770)</u>	<u>(1,223)</u>	<u>(12,180)</u>
Nonoperating Revenues (Expenses):					
Intergovernmental Revenues	346	202	22,739	1,016	14,170
Investment Income	1,108	1,192	986	41	902
Gain (Loss) on Sale of Capital Assets	84	8	16	81	56
Interest Expense	(6,867)	(7,417)	(4,300)	(4,154)	(3,821)
Total Nonoperating Revenues (Expenses)	<u>(5,329)</u>	<u>(6,015)</u>	<u>19,441</u>	<u>(3,016)</u>	<u>11,307</u>
Income (Loss) Before Contributions and Transfers	<u>(6,967)</u>	<u>(7,514)</u>	<u>(8,329)</u>	<u>(4,239)</u>	<u>(873)</u>
Capital Contributions	6,311	4,867	4,576	15,807	6,226
Transfers In	1,438	5,454	6,106	--	6,053
Transfers Out	<u>(169)</u>	<u>(1,569)</u>	<u>(10,150)</u>	<u>(3,669)</u>	<u>(2,931)</u>
Changes in Net Position	613	1,238	(7,797)	7,899	8,475
Net Position - Beginning	<u>260,678*</u>	<u>261,291</u>	<u>262,529</u>	<u>254,732</u>	<u>262,631</u>
Net Position - Ending	<u>\$ 261,291</u>	<u>\$ 262,529</u>	<u>\$ 254,732</u>	<u>\$ 262,631</u>	<u>\$ 271,106</u>

* Restated as a result of the implementation of GASB Statement No. 75.

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL BOND RESOLUTION

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF GENERAL BOND RESOLUTION, AS AMENDED

The 2023 Bonds are being issued pursuant to the General Bond Resolution adopted by the County Board of Supervisors on June 22, 2000, which established an airport revenue bond program (as amended from time to time, the "General Bond Resolution"). The following is a brief summary of certain provisions of the General Bond Resolution, pursuant to which the Bonds are to be issued. This summary is not intended to be definitive and is qualified in its entirety by express reference to the General Bond Resolution for the complete terms thereof.

Definitions of Certain Terms

"Act" means Section 66.0621 of the Wisconsin Statutes, as amended, recreated or renumbered from time to time.

"Additional Bonds" means Bonds other than the initial Series of Bonds issued under the Resolution.

"Airline Leases" means the Airline Leases between the County and the airlines which use the Airport System, as amended from time to time.

"Airport Consultant" means an individual, firm or corporation in the airport management consulting business, from time to time appointed by the County which has a wide and favorable reputation for special skill and knowledge in methods of the development, operation, management and financing of airports and airport facilities, but which, in the case of an individual, is not a member of the County Board of Supervisors or an officer or employee of the County, and in the case of a firm or corporation, does not have a partner, director, officer or employee who is a member of the County Board of Supervisors or an officer or employee of the County.

"Airport System" means General Mitchell International Airport and Lawrence J. Timmerman Airport, which are now owned and operated by the County, and all properties of every nature in connection with such Airports or any other airport facilities now or hereafter owned by the County, including, without limitation, runways, hangars, loading facilities, repair shops, garages, storage facilities, terminals, retail stores in such terminals, restaurants, parking structures and areas and all other facilities necessary or convenient for the operation of the Airports, together with any improvements and extensions thereto, all real and personal property of every nature comprising part of and used or useful in connection therewith, and all appurtenances, contracts, leases, franchises and other intangibles.

"Authorized Officer" means the Director of the Airport System or any other person designated by the County.

"Bondowner" or "Owner" means any person who shall be the registered owner of any Outstanding Bond or Bonds, except that when Bonds are in book-entry form, it means the beneficial owners of the Bonds.

"Bonds" means the revenue bonds issued from time to time under the Resolution. Such revenue bonds may be issued in the form of Serial Bonds, Term Bonds, capital appreciation bonds, Variable Rate Bonds, bond anticipation notes, and other forms of indebtedness authorized by the Act, if and only to the extent that the County is then authorized to issue such obligations under the Act.

"Capital Improvement Reserve Fund" means the Airport Capital Improvement Reserve Fund created by the Resolution.

"Capitalized Interest Account" means the Capitalized Interest Account created in the Special Redemption Fund by the Resolution.

"Code" means the Internal Revenue Code of 1986, as amended.

"Construction Fund" means the Airport Revenue Bond Construction Fund created by the Resolution.

"Consulting Engineer" means any registered or licensed professional engineer, any firm of such engineers, any licensed professional architect, or any firm of such architects, from time to time appointed and designated by the

County who has a wide and favorable reputation for skill and experience in the field of designing, preparing plans and specifications for, and supervising construction of, airports and airport facilities and who is entitled to practice and is practicing as such under the laws of the State of Wisconsin; but who, in the case of an individual, is not a member of the County Board of Supervisors or an officer or employee of the County and, in the case of a firm or corporation, does not have a partner, director, officer or employee who is a member of the County Board of Supervisors or an officer or employee of the County.

"County" means Milwaukee County, Wisconsin.

"Coverage Fund" means the Coverage Fund created by the Resolution.

"Credit Facility" means any letter or line of credit, policy of bond insurance, surety bond, guarantee or similar instrument issued by a financial, insurance or other institution and which provides security and/or liquidity in respect of Bonds.

"Credit Facility Obligations" means repayment or other obligations incurred by the County in respect of draws or other payments or disbursements made under a Credit Facility, but only if such obligations have a lien on Revenues with the same priority as the lien thereon of the Bonds.

"Debt Service" means with respect to each Fiscal Year the aggregate of the following amounts to be set aside (or estimated to be required to be set aside) in the Interest and Principal Account in the Fiscal Year:

- (a) the amount required to pay the interest coming due and payable on Outstanding Bonds;
- (b) the amount required to pay principal coming due and payable on Outstanding Bonds (whether at maturity or by mandatory redemption); and
- (c) the amount of redemption premium, if any, payable on Outstanding Bonds required to be redeemed in that Fiscal Year.

"Debt Service" shall not include the following with respect to any Bonds at the time of calculation then Outstanding: (a) debt service paid or to be paid from Bond proceeds or from earnings thereon or from any subsidy from the United States of America for that purpose; or (b) interest and principal on Bonds to the extent such interest or principal is to be paid from (i) amounts previously credited to the Interest and Principal Account, or (ii) any other available amounts irrevocably deposited hereunder for the payment of such interest or principal.

"Event of Default" means an Event of Default as defined in the Resolution.

"Fiscal Year" means the fiscal year of the County with respect to the Airport System as established from time to time. The Fiscal Year is now the twelve-month period ending December 31.

"Fitch" means Fitch Ratings, Inc., or any successor rating agency.

"General Obligation Bond Fund" means the Airport General Obligation Bond Fund created by the Resolution.

"Interest and Principal Account" means the Interest and Principal Account created in the Special Redemption Fund by the Resolution.

"Moody's" means Moody's Investors Service, Inc., or any successor rating agency.

"Net Revenues" means (i) for any period or year which has concluded at the time the calculation is made, the aggregate of the Revenues after deducting for such past period or year the aggregate of the Operation and Maintenance Expenses; and (ii) for any future period or year the aggregate of the Revenues that is estimated for such future period or year, after deducting for such future period or year the aggregate of the estimated Operation and Maintenance Expenses in such future year or period.

"Operation and Maintenance Expenses" means the reasonable and necessary expenses (under generally accepted accounting principles) of administering, operating, maintaining, and repairing the Airport System, and shall include, without limitation, the following items: (a) costs of collecting Revenues and of making any refunds therefrom lawfully due others; (b) engineering, auditing, legal and other overhead expenses directly related to the administration, operation, maintenance, and repair of the Airport System; (c) costs of all or a portion of the salaries, wages and other compensation of officers and employees and payments to pension, retirement, health and hospitalization funds and other insurance, including self-insurance for the foregoing, with respect to officers and employees of the County which are properly allocable to the Airport System; (d) costs of repairs, replacements, renewals and alterations occurring in the usual course of business of the Airport System; (e) taxes, assessments and other governmental charges, or payments in lieu thereof, imposed on the Airport System or any part thereof or on the operation thereof or on the income therefrom or on any privilege in connection with the ownership or operation of the Airport System or otherwise imposed on the Airport System or the operation thereof or income therefrom; (f) costs of utility services with respect to the Airport System; (g) costs and expenses of general administrative overhead of the County allocable to the Airport System; (h) costs of equipment, materials and supplies used in the ordinary course of business, including ordinary and current rentals of equipment or other property allocable to the Airport System; (i) contractual services and professional services for the Airport System, including but not limited to, legal services, accounting services and services of financial consultants and airport consultants; (j) costs of fidelity bonds, or a properly allocable share of the premium of any blanket bond, pertaining to the Airport System or Revenues or any other moneys held hereunder or required hereby to be held or deposited hereunder; (k) costs of carrying out the provisions of the Resolution, including Trustee and Paying Agents' fees and expenses; costs of insurance required hereby, or a properly allocable share of any premium of any blanket policy pertaining to the Airport System or Revenues; and costs of recording, mailing and publication; and (l) all other costs and expenses of administering, operating, maintaining and repairing the Airport System arising in the routine and normal course of business; provided, however, the term "Operation and Maintenance Expenses" shall not include: (1) costs of extensions, enlargements, betterments and improvements to the Airport System or reserves therefor; (2) reserves for operation, maintenance, renewals and repairs occurring in the normal course of business; (3) payment (including redemption) of Bonds or other evidences of indebtedness or interest and premium thereof or reserves therefor; (4) allowances for depreciation and amounts for capital replacements or reserves therefor; and (5) operation and maintenance costs and expenses pertaining to any Special Facilities.

"Operation and Maintenance Reserve Fund" means the Airport Revenue Bond Operation and Maintenance Reserve Fund created by the Resolution.

"Operation and Maintenance Reserve Fund Requirement" means an amount equal to one-sixth (1/6) of the estimated Operation and Maintenance Expenses of the Airport System for that Fiscal Year as set forth in the Airport's annual budget.

"Opinion of Bond Counsel" means a written opinion of an attorney at law or a firm of attorneys acceptable to the County and the Trustee, if any, of nationally recognized standing in matters pertaining to the tax-exempt nature of interest on bonds issued by states and their political subdivisions, duly admitted to the practice of law before the highest court of any state of the United States of America.

"Other Available Funds" means, for any Fiscal Year, the amount of unencumbered funds on deposit or anticipated to be on deposit, as the case may be, on the first day of such Fiscal Year in the Coverage Fund and the Surplus Fund; provided, however, that for purposes of issuing Additional Bonds and demonstrating compliance with the rate covenant described below, the amount of such funds treated as "Other Available Funds" for any Fiscal Year shall not exceed 25% of Debt Service in that Fiscal Year.

"Outstanding" with respect to a Bond has the meaning set forth in the Resolution. The Resolution provides that any Bond shall no longer be deemed to be Outstanding under the Resolution:

(i) when the Bond has been canceled or surrendered for cancellation, or has been purchased by the Trustee from moneys held by it under the Resolution (other than at the option of the owner thereof prior to its maturity); or

(ii) when payment of the principal or the redemption price of the Bond, plus interest on the principal to the due date (whether at maturity or upon redemption or otherwise) or to the date set for payment in the

case of an overdue Bond, either (a) has been made or (b) has been provided for by irrevocably setting aside in escrow with the Trustee, if any, or with another suitable bank or trust company for the purpose (1) moneys sufficient to pay the principal or redemption price and interest or (2) Permitted Investments (which for the purposes of this definition shall include only those obligations described in item (1) of the definition of Permitted Investments) maturing as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to pay the principal or redemption price and interest when required, and when all proper fees and expenses of the Trustee and Paying Agents pertaining to the Bond have been paid or provided for to the satisfaction of the Trustee and Paying Agents.

"Passenger Facility Charge" means the charge imposed at the Airport System pursuant to the Aviation Safety and Capacity Expansion Act of 1990, as amended or recreated from time to time, the Federal Aviation Regulations issued pursuant to said Act, as amended from time to time, and the Records of Decision of the Federal Aviation Administration relating to the Passenger Facility Charge, as amended or supplemented from time to time.

"Paying Agent" means the Trustee as to all the Bonds and, as to Bonds of a particular Series, the alternate Paying Agent or Agents (if any) designated for the payment of the principal of, premium, if any, and interest on the Series of Bonds in the Supplemental Resolution providing for their issuance.

"Permitted Investments" means any of the following, if and only to the extent that they are legal for the investment of funds of the County under Section 66.0603(lm) of the Wisconsin Statutes, as amended, recreated or renumbered from time to time:

(1) United States Treasury bills, bonds and notes or securities for which the full faith and credit of the United States are pledged for the payment of principal and interest (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States) and securities which represent an undivided interest in such direct obligations;

(2) Obligations issued by the following United States government agencies which represent the full faith and credit of the United States: the Export-Import Bank, the Farm Credit Financial Assistance Corporation, the Farmers Home Administration, the General Services Administration, the U.S. Maritime Administration, the Small Business Administration, the Government National Mortgage Association, the U.S. Department of Housing and Urban Development (PHAs) and the Federal Housing Administration;

(3) Senior debt obligations rated "Aaa" by Moody's and "AAA" by S&P issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation or senior debt obligations of other government-sponsored agencies, provided that such agencies are approved by each bond insurer then providing insurance for any Series of Bonds;

(4) Any repurchase agreement with any bank or trust company organized under the laws of any state of the United States or any national banking association, including the Trustee, or government bond dealer reporting to, trading with and recognized as a primary dealer by, the Federal Reserve Bank of New York, which agreement is secured at all times by collateral security described in clause (1) or (2) of this definition and in which the Trustee has a perfected security interest, and which collateral (a) is held by the Trustee or a third party agent, (b) is not subject to liens or claims of third parties, (c) has a market value determined as frequently and in an amount sufficient to satisfy the collateralization levels required by each of the Rating Agencies, and (d) is required to be liquidated due to a failure to maintain the requisite collateral level, provided that such repurchase agreement shall be acceptable to each bond insurer then providing insurance for any Series of Bonds;

(5) Bankers' acceptances which are issued by a commercial bank organized under the laws of any state of the United States or a national banking association, including the Trustee, eligible for purchase by the Federal Reserve System, which have a rating on their short term certificates of deposit on the date of purchase of "P-1" by Moody's and "A-1" or "A-1+" by S&P; provided, that such bankers' acceptances may not mature more than two hundred seventy (270) days after the date of purchase; and provided, further, that ratings on a holding company may not be considered the rating of such commercial bank;

(6) Commercial paper of "prime" quality which is rated at the time of purchase in the single highest classification "P-1" by Moody's and "A-1+" by S&P, issued by a corporation that is organized and operating within the United States, that has total assets in excess of \$500,000,000 and that has an "A" or equivalent or higher rating for its long term debt as rated by Moody's and S&P at the time of purchase; provided that the commercial paper may not mature more than one hundred eighty (180) days after the date of purchase:

(7) A taxable or tax-exempt government money market portfolio restricted to obligations with maturities of one (1) year or less, and either issued or guaranteed as to payment of principal and interest by the full faith and credit of the United States of America and rated at the time of purchase "AAAm" or "AAAm-G" or better by S&P;

(8) Any investment contract or other security meeting the requirements of Section 66.0603(1m) of the Wisconsin Statutes, as amended, recreated or renumbered from time to time;

(9) Any investment agreement approved in writing by each bond insurer then providing insurance for any Series of Bonds, such investment agreement to be supported by appropriate opinions of counsel; and

(10) Any other investment approved in writing by each bond insurer then providing insurance for any Series of Bonds.

"PFC Act" means the Aviation Safety and Capacity Expansion Act of 1990, as amended or recreated from time to time.

"PFC Approvals" means the Records of Decision of the Federal Aviation Administration relating to the Passenger Facility Charge, as amended or supplemented from time to time.

"PFC Regulations" means the Federal Aviation Regulations issued pursuant to the PFC Act, as amended from time to time.

"PFC Revenues" means the proceeds of the Passenger Facility Charge or any analogous charge or fee that may hereafter be levied with respect to the Airport System which are received and retained by the County and any investment earnings thereon.

"Project" means any additions, improvements and extensions to the Airport System, including the acquisition of land, equipment or other property for the Airport System.

"Project Costs" means all costs of carrying out a Project and, without limiting the generality of the foregoing, may include (i) all preliminary expenses; (ii) the cost of acquiring all property, franchises, easements and rights necessary or convenient for the Project; (iii) engineering and legal expenses; (iv) expenses for estimates of costs and revenues, (v) expenses for plans, specifications and surveys; (vi) other expenses incident or necessary to determining the feasibility or practicability of the enterprise; (vii) administrative expenses; (viii) construction costs; (ix) permitting and impact fees; (x) interest on the Bonds issued to finance construction of the Project during the estimated period of construction and for a reasonable period thereafter; and (xi) such other expenses as may be incurred in the financing of the Project or in carrying it out, placing it in operation (including the provision of working capital) and in the performance of things required or permitted by the Act in connection with the Project.

"Rating Agencies" means Fitch, Moody's and S&P, but, in each instance, only so long as such rating agencies then maintain a rating on the Bonds.

"Regulations" means the regulations of the United States Department of the Treasury issued under the Code, as amended.

"Reserve Account" means the Reserve Account created in the Special Redemption Fund by the Resolution.

"Reserve Requirement" means, as of any date of calculation, an amount equal to the least of (a) maximum annual Debt Service on Outstanding Bonds during the then current or any future Fiscal Year, (b) 125% of the average annual Debt Service on Outstanding Bonds, or (c) 10% of the Principal Amount (as defined below) of all Outstanding Bonds upon original issuance thereof but shall not in any event exceed the maximum amount permitted to be on deposit in the Reserve Account pursuant to the Code and Regulations. For purposes of this paragraph, "Principal Amount" shall mean the stated principal amount of the issue, except that with respect to an issue that has more than a de minimis amount (as defined in Section 1.148-1(b) of the Regulations) of original issue discount or premium, it shall mean the issue price of that issue (net of pre-issuance accrued interest.)

"Resolution" means the General Bond Resolution, as amended or supplemented from time to time by Supplemental Resolutions.

"Revenue Fund" means the Airport Revenue Fund created by the Resolution.

"Revenues" means all moneys received from any source by the Airport System or by the County with respect to the Airport System, including, without limitation, all rates, fees, charges, rents and other income derived from the ownership or operation of the Airport System, including investment earnings on the funds and accounts established in the Resolution to the extent provided therein. Revenues shall not include PFC Revenues, except to the extent PFC Revenues are specifically designated as included in Revenues as provided in the Resolution. Revenues shall also not include any Airport System fund balances on hand as of the date of adoption of the Resolution which represent overrecovery amounts to which the airlines have a claim pursuant to the Airlines Leases. Unless and to the extent otherwise provided by Supplemental Resolution, "Revenues" do not include (a) the proceeds of Bonds or other borrowings by the County, (b) the proceeds of grants and gifts for limited purposes or the proceeds of the disposition of property financed by such grants and gifts, (c) condemnation proceeds or insurance proceeds except insurance proceeds received from rental or business interruption insurance, (d) all income and revenue collected and received with respect to properties and facilities which are not included in the definition of Airport System, (e) Special Facility Revenues, or (f) PFC Revenues.

"S&P" means S&P Global Ratings, a division of S&P Global, or any successor rating agency.

"Serial Bonds" means Bonds other than Term Bonds.

"Series" or "Series of Bonds" or "Bonds of a Series" means a series of Bonds authorized by the Resolution.

"Special Facility" shall mean any facility, structure, equipment or other property, real or personal, which is at the Airport System or a part of any facility or structure at the Airport System and which is designated as a Special Facility pursuant to the Resolution.

"Special Facility Bonds" shall mean any revenue bonds, notes, bond anticipation notes, commercial paper, certificates of participation in a lease agreement or other evidences of indebtedness for borrowed money issued by the County to finance a Special Facility, the principal of, premium, if any, and interest on which are payable from and secured by the Special Facility Revenues derived from such Special Facility, and not from or by Revenues.

"Special Facility Revenues" shall mean the revenues earned from or with respect to a Special Facility and which are designated as such by the County to the extent they are needed to pay debt service on Special Facility Bonds or to meet other requirements of a Special Facility Bond financing, including but not limited to contractual payments to the County under a loan agreement, lease agreement or other written agreement with respect to the Special Facility by and between the County and the person, firm, corporation or other entity, either public or private, as shall operate, occupy or otherwise use the Special Facility. Special Facility Revenues shall not include any ground rentals received by the County with respect to a Special Facility.

"Special Redemption Fund" means the Airport Revenue Bond Special Redemption Fund created by the Resolution.

"Supplemental Resolution" means a resolution adopted by the County under Article 2 providing for the issuance of Bonds, and shall also mean a resolution adopted by the County under Article 9 amending or supplementing the Resolution.

"Surplus Fund" means the Airport Revenue Bond Surplus Fund created by the Resolution.

"Taxable Bonds" means any Bonds or Series of Bonds which are designated as such in the Supplemental Resolution providing for their issuance, the interest on which is not excluded from gross income for federal income tax purposes.

"Term Bonds" means Bonds which are subject to mandatory sinking fund redemption prior to maturity as specified in the Supplemental Resolution providing for their issuance. A Series of Bonds may include both Serial Bonds and Term Bonds and may include more than one set of Term Bonds, each of which has its own maturity date.

"Trustee" means the Trustee appointed pursuant to the Resolution and its successor or successors.

"Variable Rate Bonds" means Bonds issued under this Resolution, the interest rate on which is not established at a fixed or constant rate to maturity.

Pledge of Revenues

The Bonds are special obligations of the County. The principal of, premium, if any, and interest on the Bonds are payable solely from, and are secured equally and ratably by, a pledge of Net Revenues of the Airport System.

Creation of Funds; Flow of Funds

The Resolution creates the following funds and accounts:

- Revenue Fund
- PFC Revenue Account
- Operation and Maintenance Fund
- Special Redemption Fund
- Interest and Principal Account
- Reserve Account
- Capitalized Interest Account
- General Obligation Bond Fund
- Operation and Maintenance Reserve Fund
- Coverage Fund
- Capital Improvement Reserve Fund
- Surplus Fund

All of the funds, other than the Special Redemption Fund, will be held by the County. The Special Redemption Fund will be held by the Trustee.

Revenue Fund. Upon the issuance of the initial Series of Bonds the County shall deposit all of the Revenues into the Revenue Fund as promptly as practical after receipt (other than the Revenues expressly required or permitted by the Resolution to be credited to or deposited in any other account or fund). Within the Revenue Fund, the County shall create a "PFC Revenue Account" into which the County shall pay all PFC Revenues. However, such PFC Revenues shall be applied to pay debt service on Bonds only to the extent that such PFC Revenues are specifically pledged to payment of Bonds and are allocable to projects financed through the issuance of Bonds. Any remaining PFC Revenues shall be applied to pay the costs of Passenger Facility Charge approved projects in accordance with applicable federal regulations.

The County shall transfer funds from the Revenue Fund into the following funds in the following order of priority, in accordance with the Resolution:

(1) Operation and Maintenance Fund. Revenues shall first be used to pay Operation and Maintenance Expenses. There shall be charged against the Revenue Fund, and credited to the Operation and Maintenance Fund, a sum sufficient to provide for payment of the Operation and Maintenance Expenses of the Airport System as they are incurred.

(2) Special Redemption Fund. There has been created a Special Redemption Fund, which will be held by the Trustee to pay debt service on the Bonds.

(a) Interest and Principal Account. Within the Special Redemption Fund a separate account has been created known as the "Interest and Principal Account," which shall be used to pay the interest on, and principal and redemption price of, the Bonds. No later than the tenth day of each calendar month, there shall be paid from the Revenue Fund into the Interest and Principal Account the amount necessary to pay the interest next coming due on the Outstanding Bonds, less amounts already on deposit therein and available for such purpose, divided by the number of months remaining to such interest payment date, and the amount necessary to pay the principal next coming due on the Outstanding Bonds, whether such principal is being paid at maturity or upon mandatory redemption, less amounts already on deposit therein and available for such purpose, divided by the number of months remaining to such payment date.

(b) Reserve Account. Within the Special Redemption Fund there has also been created a separate account titled the "Reserve Account." The purpose of the Reserve Account is to provide a reserve for the payment of the principal or redemption price of and interest on the Bonds. There shall be deposited from the proceeds of each Series of Bonds into the Reserve Account the amount necessary so that there will be on deposit in the Reserve Account immediately after their issuance an amount equal to the Reserve Requirement. The Reserve Requirement may also be satisfied by crediting to the Reserve Account a surety bond or other credit facility in lieu of the deposit of cash, as discussed in more detail below.

Unless there is adequate provision made through the Airline Leases to permit the County to charge the airlines for principal due on the Bonds as such, the County, as part of the annual budget required pursuant to the Resolution, shall determine whether the depreciation charges to the airlines for that Fiscal Year under the Airline Leases (the "Depreciation Charges") will equal or exceed the principal to come due (whether at maturity or by mandatory redemption) on all Outstanding Bonds in that Fiscal Year (the "Principal"). If Depreciation Charges do not equal or exceed such Principal, the County shall immediately notify the Trustee of the projected shortfall, and the Trustee shall, on the first day of the Fiscal Year, transfer an amount equal to the projected shortfall from the Reserve Account to the Interest and Principal Account to make up the projected shortfall. The resulting deficiency in the Reserve Account shall be replenished from the Revenue Fund within 12 months as provided in the Resolution. The amount necessary to make such replenishment shall be included in the annual budget for that Fiscal Year.

(c) Capitalized Interest Account. Within the Special Redemption Fund there has also been created a separate account titled the "Capitalized Interest Account." Amounts on deposit in the Capitalized Interest Account shall be used to pay capitalized interest on Bonds. Upon the issuance of each Series of Bonds, there shall be deposited into the Capitalized Interest Account the amount of proceeds of the Bonds, if any, designated for that purpose in the Supplemental Resolution authorizing the issuance of such Series of Bonds. Such amounts shall be transferred to the Interest and Principal Account on the first day of the Fiscal Year in which the interest on such Series of Bonds is due.

(3) General Obligation Bond Fund. There has been created a special fund known as the "Airport General Obligation Bond Fund." Moneys in the General Obligation Bond Fund shall be used to pay debt service on general obligation bonds or promissory notes of the County issued for Airport System purposes and to reimburse the County for such debt service payments for which it has not previously been reimbursed. On or before the tenth day of each month but in no event prior to making the required deposit to the Special Redemption Fund, the County shall pay from the Revenue Fund into the General Obligation Bond Fund an amount so that sufficient amounts will be available, together with other available funds, to provide for the timely payment of debt service on all of the County's general obligation bonds or promissory notes heretofore and hereafter issued for Airport System purposes and for the

reimbursement of the County for such payments which it has previously made and for which it has not yet been reimbursed.

(4) Operation and Maintenance Reserve Fund. There has been created a special fund known as the "Airport Revenue Bond Operation and Maintenance Reserve Fund." On or before the tenth day of each month but in no event prior to making the required deposit to the Special Redemption Fund, the County shall pay from the Revenue Fund to the Operation and Maintenance Reserve Fund an amount equal to the lesser of (i) one-twelfth of the Operation and Maintenance Reserve Fund Requirement (defined as one-sixth of annual Operation and Maintenance Expenses) or (ii) the amount necessary so that the balance in the fund is not less than the Operation and Maintenance Reserve Fund Requirement.

Moneys in the Operation and Maintenance Reserve Fund may be transferred to the Operation and Maintenance Fund to pay Operation and Maintenance Expenses, or to the Interest and Principal Account to make up any deficiency in the amount needed to pay principal, redemption price or interest on the Bonds.

(5) Coverage Fund. There has been created a special fund known as the "Coverage Fund." The Coverage Fund shall be funded in an amount equal to 25% of the current Debt Service on all Outstanding Bonds for which a deposit in the Coverage Fund is required by the Supplemental Resolution (the "Coverage Fund Requirement"). Upon the issuance of any Series of Bonds or Additional Bonds for which a deposit in the Coverage Fund is required by the Supplemental Resolution, either (a) an amount necessary to satisfy the Coverage Fund Requirement (calculated by taking into account the Debt Service on the Bonds being issued) shall be deposited in the Coverage Fund at the time of the issuance of such Bonds or (b) the County shall covenant, in the Supplemental Resolution authorizing the Bonds, to deposit monthly on the tenth day of each month, commencing with the first month after the issuance of the Bonds and continuing until the Coverage Fund Requirement is on deposit in the Coverage Fund, an amount equal to one-thirty-sixth of the difference between the Coverage Fund Requirement upon the issuance of the Bonds and the amount on deposit in the Coverage Fund on the date of issuance of the Bonds.

Amounts on deposit in the Coverage Fund may be transferred to the Operation and Maintenance Fund to make up any deficiency in that Fund or to the Interest and Principal Account in the event of a deficiency in that Account.

If the amount in the Coverage Fund is less than the Coverage Fund Requirement (or such lesser amount which is required to be on deposit therein as provided in the Resolution on January 1 of any year, the County shall forthwith make up the deficiency from the Revenue Fund by making monthly deposits on or before the tenth day of each month thereafter, but in no event prior to making the required deposits to the funds set forth above, and continuing until the Coverage Fund Requirement is on deposit in the Coverage Fund, in an amount equal to one-twelfth of the deficiency. If the amount in the Coverage Fund is greater than the Coverage Fund Requirement on January 1 of any year, the excess shall be dealt with in the manner provided for earnings from the investment of the Coverage Fund.

If there is adequate provision made through the Airlines Leases to permit the County to charge the airlines an amount so that Net Revenues (without counting Other Available Funds) are sufficient to comply with the rate covenants discussed below, then the Coverage Fund may be dissolved and discontinued and funds therein shall be dealt with in the manner provided for earnings from the investment of the Coverage Fund.

(6) Capital Improvement Reserve Fund. There has been created a special fund known as the "Capital Improvement Reserve Fund. There shall be deposited into the Capital Improvement Reserve Fund an amount equal to the depreciation payments received pursuant to the Airline Leases less the amounts deposited to the Interest and Principal Account of the Special Redemption Fund and the General Obligation Bond Fund representing principal of Bonds or general obligation bonds or promissory notes of the County. In addition, there shall be deposited into the Capital Improvement Reserve Fund from the Revenue Fund, on or before the 10th day of each month, but in no event prior to making the required deposits to the funds set forth above, any amounts required by a resolution authorizing the issuance of subordinate airport revenue obligations. Moneys in the Capital Improvement Reserve Fund shall be used to finance capital projects at the Airport System in accordance with the terms of the Airline Leases or to pay debt service on subordinate airport revenue bonds.

(7) Surplus Fund. There has been created a special fund known as the "Airport Revenue Bond Surplus Fund." Moneys in the Surplus Fund shall first be used when necessary to meet requirements of the Operation and Maintenance Fund, the Special Redemption Fund, including the Reserve Account, the General Obligation Bond Fund, the Operation and Maintenance Reserve Fund, the Coverage Fund and the Capital Improvement Reserve Fund. Any money remaining in the Surplus Fund at the end of any Fiscal Year may be used only as permitted and in the order specified in Section 66.0811(2) of the Wisconsin Statutes and provided further that such money may only be used for Airport System purposes.

Construction Fund. There has also been created a special fund known as the "Construction Fund." Moneys in the Construction Fund shall be applied to the payment of the Project Costs of the respective Projects for which the Bonds are issued, or, to the extent they represent funds borrowed to pay capitalized interest on Bonds, shall be transferred to the Interest and Principal Account on the first day of the Fiscal Year that they will be needed for that purpose.

Investment of Funds. The Resolution provides that, except as otherwise provided therein, all income from the investment of any fund or account established under the Resolution (including net profit from the sale of any investment) shall be retained in that fund or account until such fund or account is fully funded in accordance with the terms of the Resolution, and, thereafter, shall be treated as Revenues and deposited in the Revenue Fund, except that all income from the investment of the Reserve Account, when the Reserve Requirement is on deposit therein shall be transferred to the Interest and Principal Account and used for the purposes thereof. For the period until the date of substantial completion of a Project financed by Bonds (or until the Project is discontinued) income accruing from investment of the proceeds of Bonds issued to finance or refinance the Project which have been deposited in the Capitalized Interest Account, the Construction Fund or the Reserve Account, including income on the income, shall when received be deposited in the Construction Fund, or, if so directed by the County, in the Interest and Principal Account, or as otherwise provided by the Supplemental Resolution under which the Bonds are issued for the Project. Any loss from investment of a fund or account shall be charged to the fund or account but, unless otherwise made up, shall be set off against income from investment of the fund or account which would otherwise be deposited in another fund or account.

Reserve Account

As discussed above, the Resolution establishes a Reserve Account into which the County must deposit and maintain the Reserve Requirement. The moneys on deposit in the Reserve Account shall be used and applied to pay principal, redemption premium, and interest on the Bonds due and owing when a deficiency exists in the amounts on deposit for such purpose in the Interest and Principal Account of the Special Redemption Fund. Investments in the Reserve Account are valued at the market value thereof unless the Trustee determines that a lower valuation is necessary by reason of uncertainty of payment thereof or anticipated loss on sale prior to maturity.

In lieu of the deposit of moneys in the Reserve Account, or in substitution of moneys previously deposited therein, the County at any time may cause to be so credited a letter or line of credit, policy of bond insurance, surety bond, guarantee or similar instrument issued by a financial, insurance or other institution and which provides security and/or liquidity in respect of Bonds (a "Credit Facility") for the benefit of the Bondholders equal to the difference between the Reserve Requirement and all other amounts then on deposit (or, in the case of substitution of moneys previously on deposit therein, the amount remaining on deposit) in the Reserve Account. Any funds in the Reserve Account that are subsequently replaced by a Credit Facility will be transferred to the Interest and Principal Account or the Construction Fund, as the County directs, provided that the County may transfer such funds to any other fund or account under the Resolution upon receipt of an Opinion of Bond Counsel to the effect that such transfer will not adversely affect the tax-exempt nature of the interest on any Series of Outstanding Bonds. The Credit Facility shall be payable on any date on which moneys will be required to be withdrawn from the Reserve Account and applied to the payment of the principal or redemption price of or interest on any Bonds of such Series when such withdrawals cannot be made by amounts credited to the Reserve Account.

Additional Bonds

The Resolution permits the issuance of one or more additional Series of Bonds on a parity with Outstanding Bonds ("Additional Bonds") upon certain conditions. Any such series of Additional Bonds may be issued only upon the filing of the following with the Trustee:

(1)(a) A certificate of the County that to the best of the knowledge and belief of the Authorized Officer executing the Certificate, no Event of Default exists, and (b) a certificate of the Trustee that there is no Event of Default of which it has actual knowledge;

(2) A certificate of the County, executed on its behalf by an Authorized Officer, setting forth (i) the Net Revenues for the last audited Fiscal Year and (ii) the maximum Debt Service (including, without duplication, related Credit Facility Obligations) on all Outstanding Bonds and the Bonds to be issued in any Fiscal Year; and demonstrating that such Net Revenues, together with Other Available Funds, equal an amount not less than 125% of such Debt Service (including, without duplication, related Credit Facility Obligations); or, alternatively, a certificate prepared and signed by an Airport Consultant, setting forth for each of the three Fiscal Years commencing with the Fiscal Year following that in which the Projects financed by such Additional Bonds are estimated to be completed, the projected Net Revenues, the projected Other Available Funds, and the maximum Debt Service on all Outstanding Bonds and the Additional Bonds to be issued in any Fiscal Year; and demonstrating that for each such Fiscal Year the projected Net Revenues, together with the projected Other Available Funds, will be in an amount not less than 125% of such Debt Service (including, without duplication, related Credit Facility Obligations);

(3) A certified copy of the Supplemental Resolution providing for the issuance of the Additional Bonds; and

(4) An Opinion of Bond Counsel that the conditions precedent to the issuance of the Additional Bonds have been satisfied.

The certificates required by subparagraph (2) above shall not be required in connection with the issuance of Additional Bonds to pay costs of completing a Project for which Bonds have been previously issued; provided that the principal amount of such Additional Bonds issued under this paragraph shall not exceed 15% of the original principal amount of the Bonds previously issued for such Project; and provided further that Additional Bonds shall not be issued under this paragraph unless there has been filed with the Trustee a certificate of the Consulting Engineer (i) stating that the Project has not materially changed from its description in the Supplemental Resolution authorizing the Bonds initially issued to pay the Project Costs of the Project, (ii) estimating the revised aggregate Project Costs of the Project, (iii) stating that the revised aggregate Project Costs of such Project cannot be paid in full with moneys available for such Project in the Construction Fund, and (iv) stating that the issuance of the Additional Bonds is necessary to provide funds for the completion of the Project.

The certificates required by subparagraph (2) above shall not be required in connection with the issuance of Bonds to refund Bonds, provided that the average annual Debt Service on the refunding Bonds shall not be greater than the average annual Debt Service on the Bonds being refunded, but such certificates shall be required in the case of Bonds issued to refund obligations other than Bonds (including the issuance of Bonds to retire notes issued in anticipation of Bonds) as if the Bonds were being issued for the Projects financed by the refunded obligations.

In the Resolution, the County covenants that, until there is adequate provision made through the Airline Leases to permit the County to charge the airlines for principal due on Bonds as such, all Bonds issued under the Resolution will have amortization schedules such that in each Fiscal Year the scheduled depreciation on then existing Airport System facilities plus the scheduled depreciation on any new Airport System Projects then being financed with Bonds will equal or exceed the amount of principal of Bonds falling due in such Fiscal Year.

Issuance of Subordinate Securities and Special Facility Bonds

The Resolution provides that the County may issue subordinate lien securities for the purpose of the Airport System payable from the Revenues deposited in the Capital Improvement Reserve Fund.

The Resolution also includes provisions under which the County may issue Special Facility Bonds for the purpose of constructing a Special Facility at the Airport. A Special Facility is any facility, structure, equipment or other property, real or personal, which is at the Airport System or a part of any facility or structure at the Airport System and which is designated as a Special Facility by Supplemental Resolution. Such Supplemental Resolution shall provide that revenues earned by the County from or with respect to such Special Facility shall constitute Special Facility Revenues and shall not be included as Revenues. Any such Special Facility Bonds are required to be payable solely from Special Facility Revenues and will not be a charge or claim against the Revenue Fund or any other fund or account designated in the Resolution.

No Special Facility Bonds shall be issued by the County unless there shall have been filed with the Trustee a certificate of an Airport Consultant to the effect that:

(i) The estimated Special Facility Revenues with respect to the proposed Special Facility shall be at least sufficient to pay the principal (either at maturity or by mandatory sinking fund redemptions), premium of and interest on such Special Facility Bonds as and when the same shall become due, all costs of operating and maintaining such Special Facility not paid by a party other than the County, and all sinking fund, reserve fund and other payments required with respect to such Special Facility Bonds as and when the same shall become due; and

(ii) The estimated Net Revenues calculated without including the Special Facility Revenues and without including any operation and maintenance expenses of the Special Facility as Operation and Maintenance Expenses will be sufficient so that the County will be in compliance with its rate covenant during each of the five Fiscal Years immediately following the issuance of such Special Facility Bonds.

Covenants of the County

Rate Covenant. The County has covenanted in the Resolution to establish and impose a schedule of rates, rentals, fees and charges for the use and services of, and the facilities and commodities furnished by the Airport System, and to revise the same from time to time when necessary, and collect the income, rents, receipts and other moneys derived therefrom, so that in each Fiscal Year the Revenues will be at all times at least sufficient to provide for the payment of all amounts necessary to make the required deposits in such Fiscal Year under the Resolution.

In addition, the County is required to establish and collect rates, rentals, fees and charges sufficient so that in each Fiscal Year the aggregate of the Revenues after deducting for such year the aggregate of the Operation and Maintenance Expenses ("Net Revenues"), together with Other Available Funds (defined as the amount of unencumbered funds on deposit on the first day of the fiscal year in the Coverage Fund and the Surplus Fund in an amount up to 25% of Debt Service in the Fiscal Year), will be at least equal to 125% of Debt Service on all Bonds Outstanding including, without duplication, any repayment or other obligations incurred by the County in respect of draws or other payments or disbursements made under a Credit Facility, but only if such obligations have a lien on Revenues on the same priority as the lien thereof. PFC Revenues are treated as Revenues under the rate covenant only to the extent they are actually applied during the Fiscal Year to pay debt service on Bonds issued to finance or refinance Projects to which the PFC Revenues relate.

The failure to comply with the rate covenant, in the immediately preceding paragraph, does not constitute a default by the County under the Resolution if (i) the County promptly (a) causes an Airport Consultant to make a study for the purpose of making recommendations with respect to rates, rentals, fee and charges for the Airport System in order to provide funds for all the payments and other requirements described in the first paragraph above; (b) considers the recommendations of the Airport Consultant; and (c) takes such action as the County, in its discretion, deems necessary to comply with the rate covenant described in the immediately preceding paragraph, and (ii) in the following Fiscal Year, Net Revenues, together with Other Available Funds, are at least sufficient to meet the rate covenant described in the immediately preceding paragraph.

Annual Budget. At least sixty (60) days before the beginning of each Fiscal Year the County shall file a preliminary, annual Airport System operating budget with the Trustee. At least one (1) day before the beginning of each Fiscal Year the County shall adopt the annual Airport System operating budget and shall file a summary of such budget with the Trustee. As soon as such budget is published, but in no event later than February 1 of the year to which it relates, the County shall file a copy of such budget with the Trustee. The County may at any time adopt and

file with the Trustee an amended or supplemental operating budget for the Fiscal Year then in progress. The budget shall show projected Operation and Maintenance Expenses, Debt Service and other payments from the Revenue Fund and the Revenues to be available to pay the same. The County shall not incur aggregate Operation and Maintenance Expenses in any Fiscal Year in excess of the aggregate amount shown in the annual budget as amended and supplemented except in case of emergency and shall promptly file a written report of any such excess expenditure with the Trustee.

Operation Maintenance and Improvement of the Airport System. The County will maintain, preserve, keep and operate or cause to be maintained, preserved, kept and operated, the properties constituting the Airport System (including all additions, improvements and betterments thereto and extensions thereof and every part and parcel thereof) in good and efficient repair, working order and operating condition in conformity with standards customarily followed in the aviation industry for airports of like size and character. The County will from time to time make all necessary and proper repairs, renewals, replacements and substitutions to said properties, and construct additions and improvements thereto and extensions and betterments thereof which are economically sound, so that at all times the business carried on in connection therewith shall and can be properly and advantageously conducted in an efficient manner and at reasonable cost.

Insurance. The County shall carry insurance with generally recognized responsible insurers with policies payable to the County against risks, accidents, or casualties at least to the extent that similar insurance is usually carried by airport operators operating properties similar to the Airport System; provided that the County may be self-insured against such risks, accidents or casualties to the extent appropriate to governmental procedure and policy. In the event of loss or damage to property covered by the insurance, the County shall promptly repair, replace or reconstruct the damaged or lost property to the extent necessary for the proper conduct of its operations and shall apply the proceeds of the insurance for that purpose to the extent needed; provided that no such repair, replacement or construction shall be required if the County files a certificate with the Trustee signed by an Authorized Officer to the effect that repair, replacement or reconstruction of the damaged or destroyed property is not in the best interest of the County and that failure to repair, replace or reconstruct the damaged or destroyed property will not cause Revenues in any future Fiscal Year of the County to be less than an amount sufficient to enable the County to comply with all covenants and conditions of this Resolution or impair the security or the payment of the Bonds. If the County elects to undertake the repair, replacement or reconstruction of the damaged or destroyed property and such proceeds of the aforesaid insurance are insufficient for such purpose, the amount of such insufficiency may be satisfied from moneys available within the Surplus Fund for any lawful purpose of the County. Any excess proceeds from property insurance shall be deposited in the Interest and Principal Account or, if the County receives an Opinion of Bond Counsel to the effect that the proposed use of such proceeds will not adversely affect the tax-exempt status of any Outstanding Bonds issued hereunder, in any other fund or account hereunder as directed by the County.

Within sixty (60) days after the close of each Fiscal Year, the County shall file with the Trustee a certificate describing the insurance then in effect.

Not to Encumber or Dispose of the Revenues or Properties of the Airport System. Except as set forth below, the County shall not sell, mortgage, lease or otherwise dispose of or encumber the Revenues or any properties of the Airport System.

(A) The County may sell, lease, or otherwise dispose of any portion of the properties and facilities (real or personal) comprising a part of the Airport System the disposal of which will not impede or prevent the use of the Airport System or its facilities for the conduct of air transportation or air commerce and which in the reasonable judgment of the County has become unserviceable, unsafe or no longer necessary in the operation of the Airport System or which is to be or has been replaced by other property of substantially equal revenue-producing capability and of substantially equal utility for the conduct of air transportation or air commerce. Proceeds of a sale, lease or other disposition pursuant to this paragraph shall be applied as determined by the County; provided, however, that to the extent that the original construction or acquisition of such properties or facilities was financed from moneys derived from grants or passenger facility charges, then such proceeds shall be deposited in a manner consistent with the conditions agreed to by the County with any governmental authority, or imposed on the County by law or any governmental authority, in obtaining such grants or passenger facility charges.

(B) The County may execute leases, licenses, easements and other agreements of or pertaining to properties constituting the Airport System in connection with the operation of the Airport System in the normal and customary course of business thereof, according to the County's policy regarding rates, rentals, fees and charges of the Airport System, which rates, rentals, fees and charges shall be part of Revenues and which properties shall remain part of the Airport System, but any such leasing shall not be inconsistent with the provisions of the Resolution, and no lease shall be entered into by which the security of and payment for the Bonds might be impaired or diminished. The County may enter into leases, licenses, easements and other agreements in connection with Special Facilities pursuant to and in accordance with the provisions of the Resolution.

(C) If any portion of the properties of the Airport System is taken by eminent domain, any moneys received by the County as a result shall be deposited in the Interest and Principal Account, Construction Fund or Capital Improvement Reserve Fund, as the County shall determine.

(D) The County may apply the Revenues as provided in the Resolution, may encumber the Revenues for the benefit of the Bondowners to the extent and in the manner provided in the Resolution and may otherwise encumber the Revenues to the extent and in the manner provided in the Resolution.

Other Leases and Contracts. The County shall perform all contractual obligations undertaken by it under leases or agreements pertaining to or respecting the Airport System and shall enforce its rights thereunder. The County shall not enter into any contract or lease pertaining to the Airport System by which the rights, payment or security of the Bonds might be impaired or diminished.

Books of Account; Annual Audit. The County shall keep proper books and accounts relating to the Airport System and shall cause such books and accounts to be audited annually by a recognized independent firm of certified public accountants, and within two hundred seventy (270) days after the end of each Fiscal Year, the County shall file such audited financial statement with the Trustee. In addition to other matters required by law or sound accounting or auditing practice, the financial statement shall cover the transactions in the funds and accounts held by the Trustee or County under the Resolution. The report of the auditor shall state whether, in the course of examining the books and accounts relating to the Airport System which it would customarily examine in the course of preparing the audited financial statement required by this Section, there has come to the attention of the auditor any default by the County with respect to the Resolution or the Bonds and, if so, the nature of the default.

Payment of Taxes and Other Claims. The County shall make timely payments of all taxes, assessments and other governmental charges lawfully imposed upon the properties constituting the Airport System or upon the Revenues, as well as all lawful claims for labor, materials and supplies which, if not paid, might become a lien or charge upon any part of the Airport System, or upon any of the Revenues, or could impair the security of the Bonds; but the failure to do so will not be considered a violation of this Section so long as the County is in good faith contesting the validity of the tax, assessment, charge or claim.

Government Approval. The County will perform any construction, reconstructions, and restorations of, improvements, betterments and extensions to, and equipping and furnishing of, and will operate and maintain the Airport System at standards required in order that the same may be approved by the proper and competent Federal government authority or authorities for the landing and taking off of aircraft, and as a terminal point of the County for the receipt and dispatch of passengers, property and mail by aircraft.

Compliance With Terms of Grant-in-aid; Application Thereof: The County shall comply with the requirements of the federal government with respect to grants-in-aid accepted by the County.

To Carry Out Projects. The County will proceed with all reasonable dispatch to complete the acquisition, purchase, construction, improvement, betterment, extension, addition, reconstruction, restoration, equipping and furnishing of any properties certain costs of which are to be paid from the proceeds of Bonds or from any other moneys held under the Resolution. Notwithstanding the foregoing, the County may discontinue a Project by written notice to the Trustee, with a certificate of the Airport Consultant stating that, by reason of change in circumstance not reasonably expected at the time of the issuance of the Bonds, completion of the Project (or work) is no longer consistent with custom in the airport industry or is no longer necessary for the proper operation of the Airport System. The moneys for the Project in the Construction Fund not needed to pay Project Costs of the Project (as determined by a certificate

of the Airport Consultant) shall be deposited in the Interest and Principal Account and used to pay debt service on Bonds.

Compliance with Applicable Law. The County shall comply with all applicable federal, state and local law in the operation and administration of the Airport System.

Events of Default and Remedies

Events of Default. There shall be an "Event of Default" if any of the following occurs:

(1) If there is a default in the payment of the principal of or redemption premium, if any, on any of the Bonds when due, whether at maturity or by proceedings for redemption or otherwise.

(2) If there is a default in the payment of any interest on any Bond, when due.

(3) If the County defaults in the performance of any other covenant or agreement contained in the Resolution and the default continues for thirty (30) days after written notice to the County by the Trustee, or to the County and the Trustee by the holders of not less than twenty-five per cent (25%) in principal amount of the Outstanding Bonds, provided that if the default is one that can be remedied but cannot be remedied within that thirty day period, the Trustee may grant an extension of the thirty day period if the County institutes corrective action within that thirty day period and diligently pursues that action until the default is remedied.

(4) If an order, judgment or decree is entered by a court of competent jurisdiction (a) appointing a receiver, trustee, or liquidator for the County or the whole or any substantial part of the Airport System, (b) granting relief in involuntary proceedings with respect to the County under the federal Bankruptcy Code, or (c) assuming custody or control of the County or of the whole or any substantial part of the Airport System under the provision of any law for the relief of debtors, and the order, judgment or decree is not set aside or stayed within sixty (60) days from the date of the entry of the order, judgment or decree.

(5) If the County (a) admits in writing its inability to pay its debts generally as they become due, (b) commences voluntary proceedings in bankruptcy or seeking a composition of indebtedness, (c) makes an assignment for the benefit of its creditors, (d) consents to the appointment of a receiver of the whole or any substantial part of the Airport System, or (e) consents to the assumption by any court of competent jurisdiction under any law for the relief of debtors of custody or control of the County or of the whole or any substantial part of the Airport System.

Inspection of Records. If an Event of Default happens and has not been remedied, the books of record and account of the County relating to the Airport System shall at all times be subject to the inspection and use of the Trustee, the Owners of at least five per cent (5%) in principal amount of the Outstanding Bonds and their agents and attorneys.

Payment of Funds to Trustee; Application of Funds. If an Event of Default happens and has not been remedied, the County upon demand of the Trustee shall pay over and transfer to the Trustee (i) all funds and investments then held by the County in the funds and accounts held by it under the Resolution and (ii) as promptly as practicable all other or subsequent Revenues.

After a transfer of a fund or account under this paragraph, the Trustee shall administer the fund or account until all Events of Default have been cured.

If at any time the available funds are insufficient for the payment of the principal or redemption price and interest then due on the Bonds, the following funds and accounts (other than funds held in trust for the payment or redemption of particular Bonds) shall be used in the order named:

Interest and Principal Account
Capitalized Interest Account
Reserve Account

Surplus Fund
Capital Improvement Reserve Fund
Operation and Maintenance Reserve Fund
Coverage Fund
General Obligation Bond Fund
Construction Fund

and the County shall promptly restore from the Revenue Fund any amount taken for this purpose from any fund or account other than the Interest and Principal Account. The moneys shall be applied in the following order of priority:

First, to the payment of all unpaid interest on Bonds then due (including any interest on overdue principal and, to the extent permitted by law, interest on overdue interest at the same rate) in the order in which the same became due, and, if the amount available is sufficient to pay the unpaid interest which became due on any date in part but not in full, then to the payment of that interest ratably; and

Second, to the payment ratably of the unpaid principal or redemption price of Bonds then due.

Whenever moneys are to be so applied, they shall be applied by the Trustee at such times as it shall determine, having due regard to the amount available and the likelihood of additional moneys becoming available. The Trustee shall use an interest payment date as the date of payment unless it deems another date more suitable. On the date fixed for payment interest shall cease to accrue on the amounts of principal and interest to be paid on that date to the extent that the necessary moneys have been made available for payment. The Trustee shall give such notice of the date as it may deem appropriate and shall not be required to make payment to the Owner of any Bond unless the Bond is presented for appropriate endorsement.

Interest on overdue principal and interest (to the extent permitted by law) shall accrue and be payable daily but, for the purpose of applying the order of priority prescribed by this Section (and of calculating interest on interest), it shall be treated as if it became due on the regular interest payment dates.

Suits at Law or in Equity. (A) As provided in the Act, any Owner or Owners of the Bonds and the Trustee shall have the right in addition to all other rights:

(1) By mandamus or other suit, action or proceedings in any court of competent jurisdiction, to enforce their rights against the County, the County Board of Supervisors and any other proper officer, agent or employee of any of them, including the right to require the County, the County Board of Supervisors and any proper officer, agent or employee of any of them, to fix and collect rates, rentals, fees and charges adequate to carry out any agreement made in the Resolution as to rates, rentals, fees and charges, or to carry out the pledge of Revenues made by the Resolution, and to require the County, the County Board of Supervisors and any officer, agent or employee of any of them to carry out any other covenants or agreements made in the Resolution or in the Bonds and to perform their duties under the Act; and

(2) By action or suit in equity, to enjoin any acts or things which may be unlawful or a violation of the rights of the Owner or Owners of the Bonds under the Resolution or any Supplemental Resolution.

(B) As authorized by the Act, the County confers upon the Owners of not less than twenty-five per cent (25%) in principal amount of the Outstanding Bonds and upon the Trustee the right in case of an Event of Default:

(1) By suit, action or proceedings in any court of competent jurisdiction to obtain the appointment of a receiver of the whole or any part or parts of the Airport System. If a receiver is appointed he may enter and take possession of the same, operate and maintain it, and collect and receive all Revenues arising from it in the same manner as the County itself might do and shall deposit the Revenues in a separate account or accounts and apply the same in accordance with the obligations of the County.

(2) By suit, action or proceeding in any court of competent jurisdiction to require the County to account as if it were the trustee of an express trust.

(C) All rights of action under the Resolution may be enforced by the Trustee without the possession of any of the Bonds and without producing them at the trial or other proceedings.

(D) The Owners of not less than a majority in principal amount of the Outstanding Bonds may direct the time, method and place of conducting any remedial proceeding available to the Trustee, provided that the Trustee is provided with adequate security and indemnity and shall have the right to decline to follow the direction (i) if the Trustee is advised by counsel that the action or proceeding may not lawfully be taken or (ii) if the Trustee determines in good faith that the action or proceeding would involve the Trustee in personal liability or that the action or proceeding would be unjustly prejudicial to the owners of Bonds not parties to the direction.

Remedies Not Exclusive. No remedy conferred by the Resolution upon the Trustee or the Owners of the Bonds is intended to be exclusive of any other remedy, but each shall be in addition to every other remedy given under the Resolution or provided at law or in equity or by statute.

Waivers of Default. No delay or omission of the Trustee or of any Owner of Bonds to exercise any right or power arising upon the happening of an Event of Default shall impair any right or power or be construed to be a waiver of the Event of Default.

The Owners of Bonds with an aggregate principal amount in excess of fifty percent (50%) in principal amount of the Outstanding Bonds may on behalf of the Owners of all of the Bonds waive any past default under the Resolution and its consequences, except a default in the payment of the principal or redemption price of and interest on any of the Bonds. No such waiver shall extend to any subsequent or other default.

Notice of Events of Default. Within sixty (60) days after the occurrence of an Event of Default becomes known to the Trustee, the Trustee shall mail notice of the Event of Default to the Bondowners, unless the Event of Default has been cured before the giving of the notice; provided that the Trustee shall give the notice as promptly as the interests of the Bondowners appear to require and shall be protected in withholding notice if the board of directors, the executive committee, or a trust committee of the Trustee determines in good faith that the withholding of the notice is in the interests of the Bondowners.

Amendments and Supplements

Without Consent of Bondowners. The County may from time to time, without the consent of any Bondowner, adopt Supplemental Resolutions, (i) to provide for the issuance of Additional Bonds pursuant to the Resolution; (ii) to make changes in the Resolution which may be required to permit the Resolution to be qualified under the Trust Indenture Act of 1939, as amended; and (iii) for any one or more of the following purposes:

1. To cure or correct any ambiguity, defect or inconsistency in the Resolution;
2. To add additional covenants and agreements of the County for the purpose of further securing the payment of the Bonds;
3. To limit or surrender any right, power or privilege reserved to or conferred upon the County by the Resolution;
4. To confirm any lien or pledge created or intended to be created by the Resolution;
5. To confer upon the Owners of the Bonds additional rights or remedies or to confer upon the Trustee for the benefit of the Owners of the Bonds additional rights, duties, remedies or powers;
6. To make any other change in the Resolution which does not, in the opinion of the Trustee, have a material adverse impact on the interests of the Owners of the Bonds; and

7. To modify the Resolution in any other respect; provided that the modification shall not be effective until after the Outstanding Bonds cease to be Outstanding, or until the Bondowners consent pursuant to the Resolution.

The written concurrence of the Trustee shall be required for any Supplemental Resolution described in (ii) or (iii) above.

With Consent of Bondowners. With the written concurrence of the Trustee and the consent of the Owners of Bonds with an aggregate principal amount in excess of fifty percent (50%) in principal amount of the Outstanding Bonds, the County may from time to time adopt Supplemental Resolutions for the purpose of making other changes in the Resolution; provided, however, that, without the consent of the Owner of each Bond which would be affected, no Supplemental Resolution shall (1) change the maturity date for the payment of the principal of any Bond or the dates for the payment of interest on the Bond or the terms of the redemption of the Bond, or reduce the principal amount of any Bond or the rate of interest on the Bond or the redemption price, (2) reduce the percentage of consents required under this proviso for a Supplemental Resolution, or (3) give to any Bond any preference over any other Bond; and provided further that, without the consent of the Owners of Bonds with an aggregate principal amount in excess of fifty percent (50%) in principal amount of the Outstanding Term Bonds of each Series and maturity which would be affected, no Supplemental Resolution shall (a) change the amount of any sinking fund installments for the retirement of Term Bonds or the due dates of the installments or the terms for the purchase or redemption of Bonds from the installments, or (b) reduce the percentage of consents required under this proviso for a Supplemental Resolution.

It shall not be necessary that the consents of the Owners of the Bonds approve the particular wording of the proposed Supplemental Resolution if the consents approve the substance. After the Owners of the required percentage of Bonds have filed their consents with the Trustee, the Trustee shall mail notice to the Bondowners in the manner provided in the Resolution. No action or proceeding to invalidate the Supplemental Resolution or any of the proceedings for its adoption shall be instituted or maintained unless it is commenced within sixty (60) days after the mailing of the notice. The validity of a Supplemental Resolution shall not be affected by any failure to give notice by mail or by any defect in the mailed notice.

Defeasance

Discharge of Pledge: Bonds No Longer Deemed Outstanding. The obligations of the County under the Resolution and the pledge, covenants and agreements of the County made in the Resolution shall be discharged and satisfied as to any Bond and the Bond shall no longer be deemed to be Outstanding under the Resolution:

(i) when the Bond has been canceled or surrendered for cancellation, or has been purchased by the Trustee from moneys held by it under the Resolution (other than at the option of the Owner prior to the scheduled maturity date); or

(ii) when payment of the principal or the redemption price of the Bond, plus interest on the principal to the due date (whether at maturity or upon redemption or otherwise) or to the date set for payment in the case of an overdue Bond, either (a) has been made or (b) has been provided for by irrevocably setting aside in escrow with the Trustee, if any, or with another suitable bank or trust company for the purpose (1) moneys sufficient to pay the principal or redemption price and interest or (2) Permitted Investments (which for the purposes of this Section shall include only those obligations described in item (1) of the definition thereof) maturing as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to pay the principal or redemption price and interest when required, and when all proper fees and expenses of the Trustee and Paying Agents pertaining to the Bond have been paid or provided for to the satisfaction of the Trustee and Paying Agents.

When a Bond is deemed to be no longer Outstanding under the Resolution pursuant to clause (i) or (ii)(a) above or, if the Bond has become due, pursuant to clause (ii)(b), it shall cease to draw interest. When a Bond is deemed to be no longer Outstanding under the Resolution pursuant to either clause (i) or clause (ii) above, it shall no longer be secured by the Resolution except for the purpose of payment from the moneys or Permitted Investments set aside for its payment pursuant to clause (ii)(b).

Notwithstanding the foregoing, in the case of Bonds which are to be redeemed prior to their stated maturities, no deposit under clause (ii)(b) above shall operate as a discharge and satisfaction until the Bonds have been irrevocably called or designated for redemption and proper notice of the redemption has been given or provision satisfactory to the Trustee has been irrevocably made for giving the notice.

Any moneys deposited with the Trustee as provided in this Section may be invested and reinvested in Permitted Investments of the types described earlier in this Section maturing in the amounts and times as required and any income from the investment not required for the payment of the principal or redemption price and interest on the Bonds shall be paid to the County and credited to the Revenue Fund.

In the event that the Resolution is defeased with respect to Bonds pursuant to this Section, the Trustee shall mail notice of the defeasance to the Owners of those Bonds within ninety (90) days after the defeasance.

Notwithstanding any provision of any other Section of the Resolution, all moneys or Permitted Investments set aside pursuant to this Section for the payment of the principal or redemption price of and interest on Bonds shall be held in trust and used solely for the payment of the particular Bonds with respect to which the moneys or Permitted Investments have been set aside.

The County may at any time surrender to the Trustee for cancellation Bonds which the County has acquired, and the Bonds shall thereupon be deemed paid and no longer Outstanding.

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APPENDIX D

PROPOSED FORMS OF CO-BOND COUNSEL OPINION

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[Form of Co-Bond Counsel Opinion]

October 4, 2023

Re: Milwaukee County, Wisconsin ("Issuer")
\$27,245,000 Airport Revenue Refunding Bonds, Series 2023A,
dated October 4, 2023 ("Bonds")

We have acted as bond counsel to the Issuer in connection with the issuance of the Bonds. In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion.

Regarding questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

The Bonds are issued pursuant to Section 66.0621, Wisconsin Statutes, and a resolution adopted by the County Board of Supervisors of the Issuer on June 22, 2000, as amended from time to time (the "General Resolution") and a supplementing resolution adopted by the County Board of Supervisors of the Issuer on March 23, 2023 (the "Supplemental Resolution") (hereinafter the General Resolution and the Supplemental Resolution shall be referred to as the "Resolutions"). Pursuant to the Resolutions, the Bonds are issued on a parity with the Issuer's outstanding Airport Revenue Refunding Bonds, Series 2016A, dated November 10, 2016, Airport Revenue Refunding Bonds, Series 2019A, dated October 30, 2019, Airport Revenue Refunding Bonds, Series 2019B, dated October 30, 2019 (collectively, the "Prior Bonds") and the Airport Revenue Refunding Bonds, Series 2023B, dated October 4, 2023 (the "Series 2023B Bonds"). The Issuer covenanted in the Resolutions that net revenues derived from the operation of the Airport System (the "System") of the Issuer (the "Revenues") shall at all times be sufficient to pay the principal of and interest on the Prior Bonds, the Bonds and the Series 2023B Bonds as the same falls due.

The Bonds are numbered R-1 and upward; bear interest at the rates set forth below; and mature on December 1 of each year, in the years and principal amounts as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2024	\$1,950,000	5.00%
2025	1,950,000	5.00
2026	1,950,000	5.00
2027	1,945,000	5.00
2028	1,945,000	5.00
2029	1,945,000	5.00
2030	1,945,000	5.00
2031	1,945,000	5.00

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2032	\$1,945,000	5.00%
2033	1,945,000	5.00
2034	1,945,000	5.00
2035	1,945,000	5.00
2036	1,945,000	5.00
2037	1,945,000	5.00

Interest is payable semi-annually on June 1 and December 1 of each year commencing on June 1, 2024.

The Bonds maturing on December 1, 2034 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on December 1, 2033 or on any date thereafter. Said Bonds are redeemable as a whole or in part, and if in part, from maturities selected by the Issuer, and within each maturity by lot, at the principal amount thereof, plus accrued interest to the date of redemption.

We further certify that we have examined the form of the Bonds and find the same to be in proper form.

Based upon and subject to the foregoing, it is our opinion under existing law that:

1. The Issuer is duly created and validly existing under the Constitution and laws of the State of Wisconsin with the power to adopt the Resolutions, perform the agreements on its part contained therein and issue the Bonds.
2. The Resolutions have been duly adopted by the Issuer and constitute valid and binding obligations of the Issuer enforceable upon the Issuer.
3. The Bonds have been lawfully authorized and issued by the Issuer pursuant to the laws of the State of Wisconsin now in force and are valid and binding special obligations of the Issuer enforceable upon the Issuer in accordance with their terms, payable solely from the Revenues of the System. The Bonds, together with interest thereon, do not constitute an indebtedness of the Issuer nor a charge against its general credit or taxing power.
4. The interest on the Bonds is excluded for federal income tax purposes from the gross income of the owners of the Bonds, except for interest on any Bonds held by a "substantial user" of the facilities financed by the Bonds or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Bonds is, however, an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and is taken into account in determining "adjusted financial statement income" for purposes of computing the federal alternative minimum tax imposed on Applicable Corporations (as defined by Section 59(k) of the Code) for taxable years beginning after December 31, 2022. The Code contains requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The Issuer has agreed to comply with all of those requirements. The opinion set forth in

the first sentence of this paragraph is subject to the condition that the Issuer comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement or any other offering material relating to the Bonds. Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

We express no opinion regarding the creation, perfection or priority of any security interest in the Revenues or other funds created by the Resolutions or on the sufficiency of the Revenues.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and may be subject to the exercise of judicial discretion in accordance with general principles of equity, whether considered at law or in equity.

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

[Form of Co-Bond Counsel Opinion]

October 4, 2023

Re: Milwaukee County, Wisconsin ("Issuer")
\$10,135,000 Airport Revenue Refunding Bonds, Series 2023B,
dated October 4, 2023 ("Bonds")

We have acted as bond counsel to the Issuer in connection with the issuance of the Bonds. In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion.

Regarding questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

The Bonds are issued pursuant to Section 66.0621, Wisconsin Statutes, and a resolution adopted by the County Board of Supervisors of the Issuer on June 22, 2000, as amended from time to time (the "General Resolution") and a supplementing resolution adopted by the County Board of Supervisors of the Issuer on March 23, 2023 (the "Supplemental Resolution") (hereinafter the General Resolution and the Supplemental Resolution shall be referred to as the "Resolutions"). Pursuant to the Resolutions, the Bonds are issued on a parity with the Issuer's outstanding Airport Revenue Refunding Bonds, Series 2016A, dated November 10, 2016, Airport Revenue Refunding Bonds, Series 2019A, dated October 30, 2019, Airport Revenue Refunding Bonds, Series 2019B, dated October 30, 2019 (collectively, the "Prior Bonds") and the Airport Revenue Refunding Bonds, Series 2023A, dated October 4, 2023 (the "Series 2023A Bonds"). The Issuer covenanted in the Resolutions that net revenues derived from the operation of the Airport System (the "System") of the Issuer (the "Revenues") shall at all times be sufficient to pay the principal of and interest on the Prior Bonds, the Bonds and the Series 2023A Bonds as the same falls due.

The Bonds are numbered R-1 and upward; bear interest at the rates set forth below; and mature on December 1 of each year, in the years and principal amounts as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2024	\$1,690,000	5.00%
2025	1,690,000	5.00
2026	1,690,000	5.00
2027	1,690,000	5.00
2028	1,690,000	5.00
2029	1,685,000	5.00

Interest is payable semi-annually on June 1 and December 1 of each year commencing on June 1, 2024.

The Bonds are not subject to optional redemption.

We further certify that we have examined the form of the Bonds and find the same to be in proper form.

Based upon and subject to the foregoing, it is our opinion under existing law that:

1. The Issuer is duly created and validly existing under the Constitution and laws of the State of Wisconsin with the power to adopt the Resolutions, perform the agreements on its part contained therein and issue the Bonds.
2. The Resolutions have been duly adopted by the Issuer and constitute valid and binding obligations of the Issuer enforceable upon the Issuer.
3. The Bonds have been lawfully authorized and issued by the Issuer pursuant to the laws of the State of Wisconsin now in force and are valid and binding special obligations of the Issuer enforceable upon the Issuer in accordance with their terms, payable solely from the Revenues of the System. The Bonds, together with interest thereon, do not constitute an indebtedness of the Issuer nor a charge against its general credit or taxing power.
4. The interest on the Bonds is excluded for federal income tax purposes from the gross income of the owners of the Bonds, except for interest on any Bonds held by a "substantial user" of the facilities financed by the Bonds or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Bonds is, however, an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and is taken into account in determining "adjusted financial statement income" for purposes of computing the federal alternative minimum tax imposed on Applicable Corporations (as defined by Section 59(k) of the Code) for taxable years beginning after December 31, 2022. The Code contains requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The Issuer has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Issuer comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement or any other offering material relating to the Bonds. Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

We express no opinion regarding the creation, perfection or priority of any security interest in the Revenues or other funds created by the Resolutions or on the sufficiency of the Revenues.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and may be subject to the exercise of judicial discretion in accordance with general principles of equity, whether considered at law or in equity.

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

APPENDIX E

**CONTINUING
DISCLOSURE CERTIFICATE**

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CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by Milwaukee County, Wisconsin (the "Issuer") in connection with the issuance of \$27,245,000 Airport Revenue Refunding Bonds, Series 2023A, dated October 4, 2023 and \$10,135,000 Airport Revenue Refunding Bonds, Series 2023B, dated October 4, 2023 (collectively, the "Securities"). The Securities are being issued pursuant to a Resolution adopted by the Governing Body of the Issuer on March 23, 2023, as supplemented by a Certificate of Comptroller of Milwaukee County Approving the Details of Airport Revenue Refunding Bonds (collectively, the "Resolution") and delivered to Citigroup Global Markets Inc. (the "Purchaser") on the date hereof. Pursuant to the Resolution, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. In addition, the Issuer hereby specifically covenants and agrees as follows:

Section 1(a). Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders of the Securities in order to assist the Participating Underwriters within the meaning of the Rule (defined herein) in complying with SEC Rule 15c2-12(b)(5). References in this Disclosure Certificate to holders of the Securities shall include the beneficial owners of the Securities. This Disclosure Certificate constitutes the written Undertaking required by the Rule.

Section 1(b). Filing Requirements. Any filing under this Disclosure Certificate must be made solely by transmitting such filing to the MSRB (defined herein) through the Electronic Municipal Market Access ("EMMA") System at www.emma.msrb.org in the format prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by the identifying information prescribed by the MSRB.

Section 2. Definitions. In addition to the defined terms set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any annual report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Audited Financial Statements" means the Issuer's annual financial statements, which are currently prepared in accordance with generally accepted accounting principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and which the Issuer intends to continue to prepare in substantially the same form.

"Final Official Statement" means the final Official Statement dated September 12, 2023 delivered in connection with the Securities, which is available from the MSRB.

"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" means the fiscal year of the Issuer.

"Governing Body" means the County Board of Supervisors of the Issuer or such other body as may hereafter be the chief legislative body of the Issuer.

"Issuer" means Milwaukee County, Wisconsin, which is the obligated person with respect to the Securities.

"Issuer Contact" means the Capital Finance Manager of the Issuer who can be contacted at the Office of the Comptroller, Milwaukee County Courthouse, Room 301, 901 North Ninth Street, Milwaukee, Wisconsin 53233, phone (414) 278-4396, fax (414) 223-1245.

"Listed Event" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board.

"Participating Underwriter" means any of the original underwriter(s) of the Securities (including the Purchaser) required to comply with the Rule in connection with the offering of the Securities.

"Rule" means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and official interpretations thereof.

"SEC" means the Securities and Exchange Commission.

Section 3. Provision of Annual Report and Audited Financial Statements.

(a) The Issuer shall, not later than 270 days after the end of the Fiscal Year, commencing with the year that ends December 31, 2023, provide the MSRB with an Annual Report filed in accordance with Section 1(b) of this Disclosure Certificate and which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report and that, if Audited Financial Statements are not available within 270 days after the end of the Fiscal Year, unaudited financial information will be provided, and Audited Financial Statements will be submitted to the MSRB when and if available.

(b) If the Issuer is unable or fails to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send in a timely manner a notice of that fact to the MSRB in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 4. Content of Annual Report. The Issuer's Annual Report shall contain or incorporate by reference the Audited Financial Statements and updates of the following sections of the Final Official Statement to the extent such financial information and operating data are not included in the Audited Financial Statements:

1. AIRLINE - AIRPORT USE AND LEASE AGREEMENT (excluding Airline Airport Affairs Committee) - pages 25 - 26
2. Table: MILWAUKEE COUNTY AIRPORT SYSTEM REVENUE - page 32
3. Table: MILWAUKEE COUNTY AIRPORT SYSTEM TOTAL AIRPORT SYSTEM O&M EXPENSES - page 34
4. Table: O&D AND CONNECTING ENPLANEMENTS - page 36
5. AIRPORT SYSTEM INDEBTEDNESS - pages 41 - 42
6. Table: MILWAUKEE COUNTY AIRPORT SYSTEM CASH FLOW AND DEBT SERVICE COVERAGE - page 44

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the MSRB's Internet website or filed with the SEC. The Issuer shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Listed Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Securities:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;
7. Modification to rights of holders of the Securities, if material;
8. Securities calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Securities, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Issuer;
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. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect holders of the Securities, 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 Issuer, any of which reflect financial difficulties.

For the purposes of the event identified in subsection (a)12. above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer 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 Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

(b) When a Listed Event occurs, the Issuer shall, in a timely manner not in excess of ten business days after the occurrence of the Listed Event, file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Listed Events described in subsections (a) (8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Securities pursuant to the Resolution.

(c) Unless otherwise required by law, the Issuer shall submit the information in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under the Resolution and this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all the Securities.

Section 7. Issuer Contact; Agent. Information may be obtained from the Issuer Contact. Additionally, the Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Resolution and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of the Resolution or this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if the following conditions are met:

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

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

(b) The amendment or waiver does not materially impair the interests of beneficial owners of the Securities, as determined and certified to the Issuer by an underwriter, financial advisor, bond counsel or trustee.

In the event this Disclosure Certificate is amended for any reason other than to cure any ambiguities, inconsistencies, or typographical errors that may be contained herein, the Issuer agrees the next Annual Report it submits after such amendment shall include an explanation of the reasons for the amendment and the impact of the change, if any, on the type of financial statements or operating data being provided.

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

Section 10. Default. (a) Except as described in the Final Official Statement, in the previous five years, the Issuer has not failed to comply in all material respects with any previous undertakings under the Rule to provide annual reports or notices of material events.

(b) In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any holder of the Securities may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under the Resolution and this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Securities and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriters and holders from time to time of the Securities, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, we have executed this Certificate in our official capacities effective the 4th day of October, 2023.

Chairperson of the County Board

County Clerk

Approved as to Form:

Countersigned:

Corporation Counsel

County Executive

Comptroller

APPENDIX F

SUMMARY OF AIRLINE LEASES

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SUMMARY OF AMENDED AIRLINE LEASES

The following is a summary of certain provisions of the Amended AULA (the “AULA”). The summary is subject in all respects to the detailed and complete provisions of the AULA; copies of the AULA may be inspected at General Mitchell International Airport, 5300 South Howell Avenue, Milwaukee, Wisconsin 53207. Except as expressly stated herein, this summary does not include the proposed changes to the 2024 AULA (as defined herein). See “AIRLINE-AIRPORT USE AND LEASE AGREEMENT” in the Official Statement for further discussion regarding changes to the 2024 AULA.

SUMMARY OF THE AULA

DEFINITIONS

When used in this Appendix, such terms shall have the meanings given to them by the language employed in this Appendix defining such terms unless the context clearly indicates otherwise. Capitalized terms not defined in this Appendix, but defined in the Official Statement, shall have the meanings given to them in the Official Statement. The following terms shall have the following meanings in this Appendix:

“*2024 AULA*” shall mean the new amended AULA which is expected to be executed between the County and each Airline on or about January 1, 2024 and to terminate on December 31, 2028. It is expected that the 2024 AULA will contain substantially similar terms as those contained in the Amended AULA.

“*Accounting System*” means the system for collection, allocation, and reporting of revenues, expenses, and debt service associated with the operation of Airport Cost Centers and the Airport System as a whole, which was established by the County to provide data to support the calculation of airline rates and fees required under the AULA.

“*Additional Bonds*” shall mean the additional parity revenue Bonds and PFC-Backed Airport Revenue Bonds which the County reserves the right to issue in the future as provided in the Bond Resolution and obligations issued to refund any of the foregoing on a parity with the Bonds.

“*ADF Depreciation Account*” shall mean that account with such name established in the AULA.

“*Affiliate*” shall mean any commercial air transportation company designated in writing by each Airline as an affiliate that is operating under the same flight code designator and either (1) is a parent or subsidiary of the Airline or is under the common ownership and control of the Airline or (2) is under contract (*e.g.*, capacity purchase agreement) with the Airline in respect to such operation. Each Affiliate shall execute an operating agreement with the County with terms consistent with the AULA. Each of Affiliate’s Originating Passengers, Enplaned Passengers and landed weight shall be counted and recorded jointly with the Airline’s and rents and fees shall be

at the same rate. The Rents and Landing Fees for the Airline calculated in accordance with the AULA shall include the Originating Passengers and landed weight of each of its Affiliates. Each Airline shall serve as financial guarantor for all rentals and landing fees incurred by the Airline and its Affiliate(s).

“Aircraft Parking Apron” shall mean that part of the Ramp Area contiguous to the arrival and departure gates at the Airport, as shown in the AULA, which is used for the parking of aircraft and support vehicles and the loading and unloading of passengers and cargo.

“Airline” shall mean each airline that has signed the AULA.

“Airline-Airport Affairs Committee” or *“AAAC”* shall mean a Committee composed of a representative of each Signatory Airline and Signatory Cargo Airline to consult and coordinate with the County in matters related to the planning, promotion, development, operation and financing of the Airport System.

“Airline Non-Public Space” shall mean areas available to be rented by one or more airlines on an exclusive, joint use or common use basis that are not accessible to the public or airline passengers without an escort, including concourse lower level offices, concourse upper level offices, ticket counter offices, baggage makeup areas, holdroom stairwells and baggage tug tunnels.

“Airline Premises” shall mean Exclusive Use Premises, Preferential Use Premises and Joint Use Premises.

“Airline Public Space” shall mean areas available to be rented by one or more Airlines on an exclusive, joint use or common use basis that are accessible to the public or airline passengers without an escort, including ticket counters, e-ticketing machine areas, club rooms, gate holdrooms, baggage service offices and baggage claim areas.

“Airport” shall mean General Mitchell International Airport, owned and operated by the County.

“Airport Concession Revenues” shall mean all concession revenues earned at the Airport including, but not limited to, the items listed in the AULA and described below in subsection (B) under the caption “TERMINAL RENTAL RATES.”

“Airport Development Fund Account” or *“ADFA”* shall mean that account established in the AULA.

“Airport System” shall mean the Airport and the Lawrence J. Timmerman Airport.

“Airport Terminal Building” shall mean the main terminal and the International Arrivals Building at the Airport and the appurtenances thereto, including skywalks, as shown in the AULA.

“Amended AULA” shall mean the AULA and all executed amendments effective through December 31, 2023.

“AULA” shall mean each Airline – Airport Use and Lease Agreement between the County and Airline, as the same may be amended or supplemented from time to time.

“Bond Resolution” shall mean the General Bond Resolution adopted June 22, 2000, and as further amended and supplemented from time to time, that is the authorizing document for all outstanding revenue Bonds issued to finance facilities at the Airport.

“Bonds” shall mean the bonds authorized by the Bond Resolution and issued by the County and all Additional Bonds and other obligations issued as permitted by the Bond Resolution, including Existing Bonds, General Airport Revenue Bonds, PFC-Backed Airport Revenue Bonds and General Obligation Bonds, but does not include Special Facility Revenue Bonds.

“Calendar Year” shall mean the then-current annual accounting period of the County for its general accounting purposes, which is the period of twelve consecutive calendar months ending with the last day of December of any year.

“Capital Improvement” shall mean any improvement or equipment having a useful life of greater than one year and a total cost of at least \$200,000, which is amortized or depreciated over its estimated useful life.

“Capital Improvement Reserve Fund” or *“CIRF”* shall mean that fund with such name established in the Bond Resolution and as further described in the AUA.

“Commencement Date” shall mean 12:01 A.M. on January 1, 2024 if the 2024 AULA is executed by an Airline within ninety (90) days of January 1, 2024, otherwise the Commencement Date shall be the date on which the 2024 AULA is signed.

“Common Use” shall mean the nonexclusive use in common by an Airline and other duly authorized tenants of Airport facilities and appurtenances together with all improvements, equipment, and services which have been or may hereafter be provided for such Common Use.

“Common Use Premises” means the areas leased by the County to an Airline for use by the Airline in common with all other air transportation companies, including without limitation, the tug tunnel and its associated circulation space, the inbound baggage carousels, the inbound baggage system and a small amount of general storage space whether or not signatory to the AULA, as shown in the AULA.

“Cost Centers” means the areas (and functional activities associated with such areas) used in accounting for the amortization, the depreciation, the debt service and the Operation and Maintenance Expenses of the Airport for the purposes of calculating rents, fees, and charges, as

shown in the AULA and as may hereafter be modified or expanded, and as more particularly described below:

(A) *“Airfield Cost Center”* means areas of the Airport used for the landing, taking-off, taxiing and movement of aircraft, including runways, taxiways, navigational aids, hazard designation and warning devices, the cargo airline aprons, aircraft deicing areas, airfield security roads and fencing, blast fencing, lighting, clear zones and safety areas, aviation easements, including land utilized in connection therewith or acquired for such future purpose or to mitigate aircraft noise, and associated equipment and facilities, the acquisition, construction or installation cost of which is wholly or partially paid by the County. The net requirement of Timmerman Airport will be included in the Airfield Cost Center.

(B) *“Former 440th Military Base”* means the land and improvements conveyed to the County that formerly housed the USAF 440th Airlift Wing. The revenues, expenses and debt service and other fund requirements of the Former 440th Military Base shall be calculated to determine its net income or loss. The entire net income or loss shall be allocated to the Airfield Cost Center.

(C) *“Aircraft Parking Apron Cost Center”* shall mean that portion of the Ramp Area immediately adjacent to the Airport Terminal Building that is used for the parking of aircraft and support vehicles and the loading and unloading of passengers and cargo.

(D) *“Passenger Loading Bridges Cost Center”* means the passenger loading bridges and appurtenant equipment acquired by the County in accordance with the AULA, and available for use at any of the Gates in the Airport Terminal Building.

(E) *“Terminal Cost Center”* means the area comprising the passenger terminal complex including all supporting and connecting structures and facilities and all related appurtenances to said building and concourses, excluding County-owned loading bridges. The Terminal Cost Center includes the revenues and expenses of the International Arrivals Building (IAB). The Terminal Cost Center also includes Airport Concession Revenues, of which ninety percent (90%) of those revenues listed in the AULA and described in subsection (B) under the caption “TERMINAL BUILDING RENTS” is credited to the Terminal Cost Center and ten percent (10%) is credited to the Airport Development Fund Account.

(F) *“Other Cost Centers”* - the County reserves the right under the AULA to establish other subsidiary cost centers.

“Cost of Capital” shall mean five percent (5%) per annum.

“Debt Service Coverage Fund” shall mean the fund by that name established under the Bond Resolution which shall at all times equal 25% of the Debt Service Requirement.

“Debt Service Reserve Fund” shall mean the Reserve Account established within the Airport Revenue Bond Special Redemption Fund under the Bond Resolution which shall at all times equal 100% of the Debt Service Requirement.

“Debt Service Requirement” shall mean the total, as of any particular date of computation for any particular period or year, the (a) scheduled amounts required during such period or year for the payment of principal of and interest on all Bonds, during such period or Calendar Year and (b) other amounts required by the Bond Resolution.

“Director” shall mean the Airport Director or Acting Airport Director as from time-to-time appointed by the County and shall include such person or persons as may from time-to-time be authorized in writing by the County Executive or by the Transportation and Public Works Director of the Milwaukee County Department of Transportation to act for him with respect to any or all matters pertaining to the AULA.

“Enplaned Passengers” means all revenue and non-revenue originating, on-line transfer, and off-line transfer passengers boarded at the Airport.

“Exclusive Use Premises” shall mean those premises leased to an Airline for the Airline’s sole use and occupancy subject to the rules, regulations, and provisions of any federal, state, county and municipal jurisdiction, as shown in the AULA.

“Existing Bonds” shall mean the General Obligation Bonds, PFC-Backed Airport Revenue Bonds and General Airport Revenue Bonds authorized and issued by the County before the Effective Date of the AULA in whole or in part for Airport System facilities and improvements, and remaining outstanding, are set forth in the AULA.

“Federal Aviation Administration,” hereinafter referred to as FAA, shall mean that agency of the United States Government created and established under the Federal Aviation Act of 1958, or its successor, which is vested with the same or similar authority.

“Five Year CIP” means the Five Year Capital Improvement Program for calendar years 2016 to 2020, as described in the AULA.

“General Obligation Bonds” shall mean any General Obligation Bonds and/or bond anticipation notes authorized and issued by the County of Milwaukee for construction of or on the Airport.

“General Airport Revenue Bonds” or *“GARBs”* shall mean any bonds and/or bond anticipation notes secured by general airport revenues authorized and issued by the County of Milwaukee for construction of or on the Airport.

“Joint Use Premises” means the ticket counters, baggage makeup area and EDS area, which is leased by County for use by one or more airlines.

“Leased Premises” shall mean the Exclusive Use Premises, Preferential Use Premises, Joint Use Premises and Common Use Premises leased to an Airline by the County.

“Major Maintenance Project – Capitalized” shall mean any improvement or equipment having a useful life of greater than one year and a total cost of at least \$50,000 but not more than \$200,000, funded by the Capital Improvement Reserve Fund, which is amortized or depreciated over five years or those funded by the Airport Development Fund Account, the cost of which is not amortized or depreciated. No MII approval is required in order for the County to proceed with a Major Maintenance Project – Capitalized.

“Major Maintenance Project – Expensed” shall mean any improvement or equipment having a total cost of less than \$50,000, which is expensed in one year.

“Majority-In-Interest” or *“MII”* means those Signatory Airlines (and Signatory Cargo Airlines only with respect to projects located in the Airfield Cost Center or the Former 440th Military Base) that: (i) represent no less than 51% in number of the Signatory Airlines (and Signatory Cargo Airlines, for applicable projects), and (ii) paid no less than 51% of the total rents, fees, and charges paid by all Signatory Airlines (and Signatory Cargo Airlines, for applicable projects) during the immediately preceding Fiscal Year. No airline shall be deemed to be a Signatory Airline or a Signatory Cargo Airline for purposes of this definition if such airline is under an Event of Default pursuant to, and has received notice in accordance with, the AULA.

“Maximum Gross Certificated Landing Weight” means the maximum weight, in one thousand (1,000) pound units, at which each aircraft operated by an Airline is authorized by the Federal Aviation Administration to land, as recited in the Airline’s flight manual governing that aircraft.

“Net Financing Requirement” shall mean the amount of project cost remaining to be funded after deducting federal and state grant proceeds, PFC revenues, ADFA funds and any other equity funding not recoverable from airline rates and charges.

“Net Financing Requirement Cap” shall mean one hundred percent (100%) of the Net Financing Requirement of the Net Financing Requirement as shown in the New Five Year CIP in the 2024 AULA.

“Non-Signatory Airline” shall mean an airline which is not a party to the AULA.

“New Five Year CIP” means the Five Year Capital Improvement Program for calendar years 2024 to 2028 that is the subject of the 2024 AULA.

“Originating Passengers” means all originating revenue passengers boarded at the Airport.

“Operation and Maintenance Expenses” or *“O&M”* shall mean the reasonable, lawful and necessary current expenses of the County, as determined by the County, paid or accrued in administering, operating, maintaining and repairing the Airport System. Without limiting the

generality of the foregoing, the term “Operation and Maintenance Expenses” shall include all costs directly related to the Airport System, including, but not limited to: (1) costs of collecting Revenues and of making any refunds therefrom lawfully due others; (2) engineering, auditing, legal and other overhead expenses directly related to its administration, operation, maintenance and repair; (3) costs of all or a portion of the salaries, wages and other compensation of officers and employees and payments to pension, retirement, health and hospitalization funds and other insurance, including self-insurance for the foregoing with respect to officers and employees of the County which are properly allocable to the Airport System; (4) costs of repairs, replacements, renewals and alterations not constituting a Capital Improvement or a Major Maintenance Project – Capitalized, occurring in the usual course of business of the Airport System; (5) taxes, assessments and other governmental charges, or payments in lieu thereof, imposed on the Airport System or any part thereof or on the operation thereof or on the income therefrom or on any privilege in connection with the ownership or operation of the Airport System or otherwise imposed on the Airport System or the operation thereof or income therefrom; (6) costs of utility services with respect to the Airport System; (7) costs and expenses of general administrative overhead of the County allocable to the Airport System; (8) costs of equipment, materials and supplies used in the ordinary course of business not constituting a Capital Improvement or a Major Maintenance Project - Capitalized including ordinary and current rentals of equipment or other property allocable to the Airport System; (9) costs of fidelity bonds, or a properly allocable share of the premium of any blanket bond, pertaining to the Airport System or Revenues or any other moneys held under the Bond Resolution or required by the Bond Resolution to be held or deposited under the Bond Resolution; (10) costs of carrying out the provisions of the Bond Resolution, including trustee paying agents’ fees and expenses; costs of insurance required by the Bond Resolution, or a properly allocable share of any premium of any blanket policy pertaining to the Airport System or Revenues, (11) costs of recording, mailing and publication; and (12) all other costs and expenses of administering, operating, maintaining and repairing the Airport system arising in the routine and normal course of business; *provided, however*, the term “Operation and Maintenance Expenses” shall not include: (a) costs of extensions, enlargements, betterments and improvements to the Airport System or reserves therefor; (b) reserves for operation, maintenance renewals and repairs occurring in the normal course of business; (c) payment (including redemption) of Bonds or other evidences of indebtedness or interest and premium thereof or reserves therefor; (d) allowances for depreciation and amounts for capital replacements or reserves therefor; and (e) operation and maintenance costs and expenses pertaining to any Special Facility.

“*O&M Reserve Fund*” shall mean that fund maintained by the County in an amount at all times equal to two months of Operation and Maintenance Expenses as required by the Bond Resolution.

“*PFC*” shall mean a passenger facility charge as established by 14 CFR Part 158.

“*PFC-Backed Airport Revenue Bonds*” shall mean any Bonds and/or any bond anticipation notes secured by general airport revenues and by Passenger Facility Charges authorized and issued by the County for construction of or on the Airport.

“*Preferential Use Premises*” are those premises shown in each AULA leased to an Airline for its use and occupancy on a basis that gives the Airline priority of use over all other users,

subject to the provisions of the AULA and the rules, regulations, and provisions of any federal, state, county and municipal jurisdiction.

“Ramp Area” shall mean the aircraft parking and maneuvering areas in the vicinity of the Airport Terminal Building.

“Revenue Landing” shall mean an aircraft landing at the Airport in conjunction with a flight for which such Airline makes a charge or from which revenue is derived for the transportation by air of persons or property including flights diverted from other airports, but *“Revenue Landing”* shall not include any landing of an aircraft which, after having taken off from the Airport, and without making a landing at any other airport, returns to land at the Airport because of meteorological conditions, mechanical or operating causes, or any other reason of emergency or precaution.

“Revenues” shall mean all moneys received from any source by the Airport System or by the County with respect to the Airport System, including, without limitation, all rates, fees, charges, rents and other income derived from the ownership or operation of the Airport System, including investment earnings on the funds and accounts established in the Bond Resolution to the extent provided in the Bond Resolution. Revenues shall not include any passenger facility charges described substantially in the manner provided in Section 1113 of the Federal Aviation Act of 1958, as amended, or the rules and regulations promulgated thereby, or any other similar charges that may be imposed pursuant to federal law unless all or a portion of passenger facility charges are pledged as *“Revenues”* under the Bond Resolution. Unless and to the extent otherwise provided by supplemental Bond Resolution, *“Revenues”* do not include (a) the proceeds of Bonds or other borrowings by the County, (b) the proceeds of grants and gifts for limited purposes or the proceeds of the disposition of property financed by such grants and gifts, (c) condemnation proceeds or insurance proceeds except insurance proceeds received from rental or business interruption insurance, (d) all income and revenue collected and received with respect to properties and facilities which are not included in the definition of Airport System, or (e) payments from any Special Facility.

“Rules and Regulations” means any rules, regulations, statutes and ordinances promulgated by federal, state, County or any local government for the orderly use of the Airport System by both the airlines and other tenants and users of the Airport System as the same may be amended, modified, or supplemented from time to time. Copies of the current Rules and Regulations are available upon request to the County.

“Scheduled Air Carrier” shall mean an air transportation company performing or desiring to perform, pursuant to published schedules, commercial air transportation services over specified routes to and from the Airport, and holding any necessary authority to provide such transportation from the appropriate federal or state agencies.

“Signatory Airline” shall mean a Scheduled Air Carrier which has executed the AULA with the County that includes the lease of Exclusive Use Premises and Preferential Use Premises directly from the County.

“Signatory Cargo Airline” shall mean a scheduled cargo carrier which has executed an agreement with the County or from the County’s third party developer that includes the lease of cargo building space and preferential cargo ramp space directly from the County for a term comparable to the term of the AULA.

“Special Facility” shall mean any capital improvements or facilities, structures, equipment and other property, real or personal, at the Airport System, which is designated as a “Special Facility” under the Bond Resolution.

“Special Facility Bonds” shall mean any revenue bonds, notes, bond anticipation notes, commercial paper, certificates of participation in a lease agreement or other evidences of indebtedness for borrowed money issued by the County to finance a Special Facility, the principal of, premium, if any, and interest on which are payable from and secured by the Special Facility Revenues derived from such Special Facility, and not from or by Revenues.

“Surplus Fund” shall mean the fund by that name as established under the Bond Resolution.

“Timmerman Airport” shall mean the general aviation reliever airport owned by the County, as shown in the AULA.

“Total Landed Weight” means the sum of the Maximum Gross Certificated Landing Weight for all aircraft arrivals of each Airline over a stated period of time.

TERM

The term of the 2024 AULA shall begin on the Commencement Date and shall terminate at midnight on December 31, 2028, unless sooner terminated under the provisions the AULA.

LEASED PREMISES

The County leases to each Airline, subject to the provisions of the AULA, the Airline Premises set forth in the AULA. Each Airline accepts the Airline Premises in as is condition, with no warranties or representations, expressed or implied, oral or written, made by the County or any of its agents or representatives.

The County, acting by and through the Airport Director, and an Airline may, from time to time by mutual agreement, add to or delete space from Airline Premises, but it is the intent of the County not to delete a significant amount of leased airline space unless another tenant will immediately add substantially all of the space to its premises. Any such addition shall be subject to the rates and charges set forth in the AULA and described below.

The County, acting by and through the Airport Director, shall advise an Airline, in writing, if and when the Airline is found to be operating in space other than the Exclusive Use Premises or Preferential Use Premises and such space is not displayed in the AULA. The Airline shall upon receipt of Airport Director’s written Notice promptly (*i.e.*, within seventy-two (72) hours) cease

its use of any and all space not leased to the Airline. In the event the Airline does not immediately cease its use of space, the County shall immediately bill the Airline for the Airline's use of the additional space and, at its option, may require the Airline to vacate the space within 30 days or execute an amendment to its lease for such additional space.

All space added to Airline Premises, pursuant to the AULA, will become Airline Premises and will be subject to all the terms, conditions, and other provisions of the AULA and the Airline shall pay to the County all rentals, fees and charges applicable to such additional premises in accordance with the terms of the AULA.

Notwithstanding the above, each Airline executing an AULA recognizes and agrees that from time to time the County's Capital Improvement Program may include Terminal Improvements which may include additions to or major renovations of the Terminal facilities. In order to facilitate the planned capital improvements, each Airline agrees to cooperate with the Airport's plan for the relocation of Airlines, as required. Each Airline further agrees that the County, at its option and upon one hundred and twenty (120) days written notice to the Airline, may recapture the premises leased to the Airline if said premises are required by the County to implement its capital improvement program. In such event, the County agrees to provide the Airline with comparable facilities, which shall be substituted for the Airline Premises in accordance with the AULA. The County further agrees to pay reasonable relocation expenses if and when the Airline is required to relocate.

PREFERENTIAL USE GATES

Gates are leased to an Airline on a preferential-use basis. The Airline shall have a priority in using its Preferential Use Gates as follows:

(A) The Airline's right to its Preferential Use Gates shall be subject to a Gate utilization requirement of three and one-half (3.5) flight departures per day for each Gate assigned to the Airline. For purposes of this Section, flight departures by Affiliates shall be counted towards the Airline's Gate utilization requirement.

(B) The Airline shall have the right to permit the occasional use of any of its Preferential Use Gates by other airlines to accommodate non-routine operational anomalies. Such use shall not be considered a sublease arrangement.

(C) If an Airline fails to meet the Gate utilization requirement set forth in the AULA as described above in subsection (A) as an average for any gate during the preceding twelve-month period, the Airline may be subject to losing its preferential right to one or more Gates. If an Airline is required by the County to relinquish any Gate(s) in accordance with the AULA as described below in subsection (D), such Gate(s) shall be deleted prospectively from the Airline's Airline Premises and the Airline's rent obligation with respect to such Gate(s) shall cease.

(D) If the County requires an Airline to relinquish one or more of its Preferential Use Gates due to a need for the gate(s) as determined by the Airport Director, the Airport

Director and the Airline will confer to determine whether Gates should be relinquished, and if so, which Gates should be relinquished. If after 15 days of good faith negotiations no agreement is reached, the Airport Director shall select the Gate(s) to be relinquished. In making such selection, the Airport Director shall take into consideration the best interest of the traveling public and the operations of the Airport.

(E) If there is no Event of Default with respect to an Airline, the County shall pay all reasonable costs associated with the removal or relocation of Airline's equipment, fixtures, furniture, and signage from the relinquished Preferential Use Gate, and shall reimburse the Airline for the undepreciated value of the tenant's improvements that cannot be relocated pursuant to the provisions of this Section; *provided, however*, that in lieu of reimbursing the undepreciated value of the Airline's tenant improvements, the County may replace such tenant improvements with like improvements. If the Airline is under an Event of Default pursuant to, and has received Notice in accordance with, the AULA, the Airline shall remove or relocate its improvements at its sole cost and expense.

(F) If an Airline leases a preferential use gate but does not lease the operations areas below the gate, the Airline will be required to allow access across the Airline's Aircraft Parking Apron to others renting the operations areas below the gate.

RELOCATION OF LEASED PREMISES

In order to optimize use of Airport facilities, the County reserves the right to reassign any or all of an Airline's Airline Premises after Notice, followed by a consultation period of no less than 90 days. In making such determination, the Airport Director shall take into consideration the best interests of the traveling public and the operations of the Airport, and will be guided by all pertinent factors, including the Airline's historical and then-present space utilization, the known planned use for such premises, and the Airline's operational space adjacencies. If any such reassignment occurs, the Airline shall be assigned space reasonably comparable in size, quality, finish, and location. An Airline's costs shall not increase as a result of any relocation unless the Airline requests additional space and/or replacement space in a different Cost Center. An Airline's relocation of any of its Airline Premises resulting from such reassignment shall be at the County's sole expense. An Airline shall be reimbursed for its reasonable out-of-pocket expenses incurred as part of the relocation and for the undepreciated value of its tenant improvements that cannot be relocated; *provided, however*, that in lieu of reimbursing the undepreciated value of Airline's tenant improvements; the County may replace such tenant improvements with like improvements in the new space.

GENERAL COMMITMENT

Effective January 1, 2016, and each Calendar Year thereafter during the term of the AULA, rents, fees, and charges shall be calculated based on the principles and procedures set forth in the AULA. The methodology for the calculation of rents, fees, and charges is described in this section.

In addition, for and in consideration of County's ongoing costs and expense in constructing, developing, equipping, operating and maintaining the Airport System, each Airline,

notwithstanding any provision contained in the AULA, agrees to pay County rates, fees and charges as will enable the County, after taking into account revenues derived from other users of the Airport System, to pay the principal of and interest on all Outstanding Bonds now or hereafter issued, to meet any debt service coverage requirements related to such Outstanding Bonds and to fund the funds and accounts established with respect to the Outstanding Bonds and, specifically, to make the required deposits in each Fiscal Year into the Operation and Maintenance Fund, the Special Redemption Fund, the General Obligation Bond Fund, the Operation and Maintenance Reserve Fund, the Coverage Fund, and the Capital Improvement Reserve Fund (all as defined and described in the Bond Resolution). Without limiting the generality of the foregoing, it is understood and agreed that in order to facilitate compliance with the terms of the Bond Resolution, the County may, under the AULA, impose and collect rates, rentals, fees and charges sufficient so that in each fiscal year its Net Revenues including Other Available Funds will be at least equal to 125% of Debt Service on all Bonds outstanding including, without duplication, any Credit Facility Obligations (as defined in the Bond Resolution).

During each Calendar Year the County shall allocate to each applicable Cost Center the debt service on outstanding Bonds as shown in the AULA. Also, during each Calendar Year the County shall allocate direct and indirect Operation and Maintenance Expenses to each applicable Cost Center using the methodology described in the AULA.

PAYMENTS BY AIRLINE

Terminal Building Rents and Passenger Loading Bridge Charges. Terminal Building rents for the use of the Leased Premises, including Passenger Loading Bridge Charges shall be due and payable on the first day of each month in advance without invoice from the County.

Landing Fees. Landing fees for the preceding month shall be due and payable 20 days after the date of invoice.

Other Fees. All other rents, fees, and charges required under the AULA shall be due and payable within 20 days of the date of the invoice.

Interest Charges and Late Charges on Overdue Payment.

(i) *Interest.* Unless waived by the County Board, air carriers and air transportation companies shall be responsible for the payment of interest on amounts not remitted in accordance with the requirements of the AULA. The rate of interest shall be the statutory rate in effect for delinquent county property taxes (presently one (1) percent per month or fraction of a month) as described in s. 74.80(1), Wis. Stats. The obligation or payment and calculation thereof shall commence upon the day following the due dates established in the AULA.

(ii) *Penalty.* In addition to the interest described above, air carriers and air transportation companies shall be responsible for payment of penalty on amounts not remitted in accordance with the terms of the AULA. Said penalty shall be the statutory rate in effect for delinquent county property taxes (presently five-tenths (0.5) percent per

month or fraction of a month) as described in section 6.06(1) of the Code and s. 74.80(2), Wis. Stats. The obligation for payment and calculation thereof shall commence upon the day following the due dates established in the AULA.

TERMINAL BUILDING RENTS

Each Airline shall pay the County for the use of its Exclusive Use Premises and Preferential Use Premises a monthly rent equal to the applicable Terminal Rental Rates calculated in accordance with the AULA multiplied by the amount of space in the Airline's Exclusive Use Premises and Preferential Use Premises set forth in the AULA.

Each Airline shall pay the County for the use of Common Use Premises a monthly rent based on the Terminal Rental Rates calculated in accordance with the AULA as described in this section, as follows:

(i) Common Use space shall be multiplied by the appropriate annual square foot rate calculated in accordance with the AULA. Twenty percent (20%) of the total monthly amount calculated shall be divided equally among all Signatory Airlines using the Common Use Premises.

(ii) Eighty percent (80%) of the total monthly amount calculated for each category and area shall be prorated among all Signatory Airlines using the Common Use Premises based on the ratio of each such Signatory Airline's Originating Passengers (including their Affiliates) during the calendar month for which such charges are being determined, to the total of all Originating Passengers during said calendar month.

(iii) Non-Signatory Airlines shall pay a fee per Originating Passenger established by County based upon 125% of the estimated total annual cost of the Common Use Premises divided by the estimated total annual Originating Passengers. The estimated Non-Signatory Airline common use charges shall be deducted from the common use requirement for the Signatory Airlines.

Each Airline shall pay the County for the use of Joint Use Premises a monthly rent based on the Terminal Rental Rates calculated in accordance with the AULA, as follows: Airline's monthly share of rent for the Joint Use Premises shall be calculated by the ratio of the number of its ticket counter positions divided by the total number of ticket counter positions serving the Joint Use baggage make-up area.

The rental rates for the Airport Terminal Building shall be calculated as provided in the AULA.

(A) The total costs attributable to the Terminal Cost Center shall be calculated by adding together the following:

(i) direct and indirect Operation and Maintenance Expenses, any required deposits to the O&M Reserve Fund, and Major Maintenance Projects - Expensed allocable to the Terminal Cost Center;

(ii) total debt service charged for Major Maintenance Projects - Capitalized and Capital Improvements financed with Bonds and allocable to the Terminal Cost Center put into service on or before the end of the following Calendar Year;

(iii) depreciation on land improvements, buildings and structures allocable to the Terminal Cost Center;

(iv) amortization of Major Maintenance Projects - Capitalized and Capital Improvements financed with Capital Improvement Reserve Fund funds allocable to the Terminal Cost Center that have been or will be placed in service prior to the end of the following Calendar Year;

(v) any required deposits to the Debt Service Coverage Fund resulting from the issuance of Additional Bonds allocable to the Terminal Cost Center; and

(vi) any replenishment of the Debt Service Reserve Fund, and other reserve or restricted purpose funds allocable to the Terminal Cost Center, as may be required by the Bond Resolution.

(B) The net "Terminal Requirement" shall then be calculated by subtracting from the total costs of the Terminal Cost Center ninety percent (90%) of the income from a number of Airport Concession Revenue accounts including, but not limited to:

(i) Public Parking Fees

(ii) Car rental concession fees (not including Customer Facility Charges)

(iii) Gifts, Souvenirs & Novelty Fees

(iv) Restaurant Concession Fees

(v) Catering Fees

(vi) Displays Concessions Fees

(vii) Public Transportation Concession Fees

(viii) Golf Driving Range Concession Fees

(ix) Bank Commissions

(C) The net “Terminal Requirement” shall then be further calculated by subtracting one hundred percent (100%) of the income from all other terminal cost center revenue accounts not itemized above.

(D) The annual Airport Terminal Building Rental Rates shall then be calculated by dividing the net Terminal Requirement calculated in accordance with the AULA as described above in subsections (A), (B) and (C) by the sum of (a) the total number of square feet rented by the airlines that is Airline Public Space plus (b) seventy-five percent (75%) of the number of square feet rented by the airlines that is Airline Non-Public Space in the Airport Terminal Building. The rental rate for Airline Non-Public Space shall be seventy-five percent (75%) of the rental rate for Airline Public Space. The respective monthly Terminal Rental Rates shall be 1/12 of the annual Terminal Rental Rates.

(E) Notwithstanding the calculation methodology described above, the minimum terminal building rental rate for Airline Public Space established at the beginning of each year during the term of the AULA shall be ten dollars (\$10.00) per square foot and for Airline Non-Public Space shall be seven dollars and fifty cents (\$7.50) per square foot. Notwithstanding these minimum billing rates, the year-end adjustment and settlement process described below under the caption “ANNUAL READJUSTMENT OF RENTAL FEES AND CHARGES” shall apply to the Terminal Cost Center.

PASSENGER LOADING BRIDGE CHARGES

Each Airline shall pay the County a monthly use fee equal to the applicable fee calculated in accordance with the AULA multiplied by the number of County-owned passenger loading bridges in use by the Airline.

The Passenger Loading Bridge Charge, shall be computed as provided in the AULA and is described as follows:

(A) The total cost of the Passenger Loading Bridges Cost Center shall be calculated by adding together the following:

(i) direct and indirect Operation and Maintenance Expenses, any required deposits to the O&M Reserve Fund, and Major Maintenance Projects - Expensed, if any, allocable to the Passenger Loading Bridges Cost Center;

(ii) amortization of Major Maintenance Projects - Capitalized and Capital Improvements allocable to the Passenger Loading Bridges Cost Center and financed with Airport Capital Improvement Fund funds that have been or will be placed in service prior to the end of the following Calendar Year;

(iii) total debt service charged for Major Maintenance Projects - Capitalized and Capital Improvements allocable to the Loading Bridges and financed with bond proceeds that have been or will be placed into service on or before the end of the following Calendar Year; and

(iv) any replenishment of the Debt Service Reserve Account, and other reserve or restricted purpose funds allocable to Loading Bridge, as may be required by the Bond Resolution.

(B) The annual Passenger Loading Bridge Charge applicable to each County-owned passenger loading bridge shall be calculated by dividing the total cost and charges allocable to the Passenger Loading Bridges Cost Center in accordance with the AULA as described above in subsection (A) by the total number of County-owned passenger loading bridges then assigned for airline use or located at rented County-Controlled gates. The monthly Passenger Loading Bridge Charge shall be 1/12 of the annual Passenger Loading Bridge Charge as calculated above.

LANDING FEE RATES

Each Airline shall pay to the County landing fee charges for Revenue Landings for the preceding month at the rate and in the amount calculated in accordance with the AULA.

The landing fee rate for the use of the Airfield shall be calculated as provided in the AULA and is described as follows:

(A) The total costs of the Airfield Cost Center shall be calculated by adding together the following:

(i) direct and indirect Operation and Maintenance Expenses, any required deposits to the O&M Reserve Fund, and Major Maintenance Projects - Expensed allocable to the Airfield Cost Center;

(ii) total debt service charged for Major Maintenance Projects - Capitalized and Capital Improvements financed with bonds and allocable to the Airfield Cost Center and put into service on or before the end of the following Calendar Year;

(iii) depreciation on land improvements, buildings and structures allocable to the Airfield Cost Center;

(iv) Amortization of Major Maintenance Projects - Capitalized and Capital improvements financed with Airport Capital Improvement Fund funds allocable to the Airfield Cost Center that has been or will be placed in service prior to the end of the following Calendar Year;

(v) any required deposits to the Debt Service Coverage Fund resulting from the issuance of Additional Bonds allocable to the Airfield Cost Center;

(vi) any replenishment of the Debt Service Reserve Fund and other reserve or restricted purpose funds allocable to the Airfield Cost Center, as may be required by the Bond Resolution; and

(vii) any net loss incurred at Timmerman Airport.

(B) The “Airfield Requirement” shall then be calculated by subtracting the following revenue items from the total costs of the Airfield Cost Center:

(i) general aviation revenues including FBO income, rentals of hangars, T-hangars and buildings and land in the Airfield Cost Center, fuel and oil charges, and utility resale and reimbursements;

(ii) air cargo building rentals;

(iii) signatory cargo airline apron fees;

(iv) Non-Signatory Airline landing fees and military use fees, if any;

(v) other non-airline revenues including other rental income, catering fees, interest charges and other miscellaneous revenues;

(vi) the net income of the Former 440th Military Base; and

(vii) any net income incurred at Timmerman Airport.

(C) The Signatory Airline landing fee rate shall be calculated by dividing the Airfield Requirement by the projected aggregate Landed Weight of all Signatory Airlines and cargo airlines for the particular Calendar Year.

APRON USE CHARGE

Each Airline shall pay the County for the use of its Apron area a monthly rent equal to the Rate calculated in accordance with the AULA multiplied by the Airline’s total amount of linear feet of apron area in accordance with the AULA.

The rate for the use of the Aircraft Parking Apron shall be calculated as provided in the AULA.

(A) The total costs of the Aircraft Parking Apron Cost Center shall be calculated by adding together the following:

(i) direct and indirect Operation and Maintenance Expenses, any required deposits to the O&M Reserve Fund, and Major Maintenance Projects - Expensed allocable to the Aircraft Parking Apron Cost Center;

(ii) total debt service charged for Major Maintenance Projects - Capitalized and Capital Improvements financed with Bonds and allocable to the Aircraft Parking Apron Cost Center and put into service on or before the end of the following Calendar Year;

(iii) depreciation on land improvements, buildings and structures allocable to the Aircraft Parking Apron Cost Center;

(iv) amortization of Major Maintenance Projects - Capitalized and Capital Improvements financed with Capital Improvement Reserve Fund funds allocable to the Aircraft Parking Apron Cost Center that has been or will be placed in service prior to the end of the following Calendar Year;

(v) any required deposits to the Debt Service Coverage Fund resulting from the issuance of Additional Bonds allocable to the Aircraft Parking Apron Cost Center; and

(vi) any replenishment of the Debt Service Reserve Fund, and other reserve or restricted purpose funds allocable to the Aircraft Parking Apron Cost Center, as may be required by the Bond Resolution.

(B) The net "Apron Requirement" shall be calculated by subtracting the following revenues items from the total Aircraft Parking Apron Cost Center:

(i) Apron parking fees

(ii) Hydrant fueling fees

(C) The Aircraft Parking Apron Rate shall be calculated by dividing the net Apron Requirement of the Aircraft Parking Apron Cost Center by the total leased linear feet of Aircraft Parking Apron as measured twenty (20) feet from the face of the adjoining terminal building or as otherwise agreed upon by an Airline and the County. Each Airline's charge for use of the Aircraft Parking Apron shall be based upon its leased number of linear feet of Aircraft Parking Apron. The monthly Aircraft Parking Apron Fee shall be 1/12 of the annual Aircraft Parking Apron Fee as calculated above.

O&M CHARGES FOR JOINT USE FACILITIES

It is further understood and agreed by and between the parties that in addition to the rentals, fees, and charges described herein, each Airline, together with other Signatory Airlines occupying the Joint Use baggage makeup areas and leased ticket counter areas including all conveyor systems and walkways, will pay actual operating and maintenance costs for the Outbound Baggage Handling System (OBHS) owned and installed by the County in the shared baggage make-up area. Said operating and maintenance costs shall include labor and related overhead charges as are necessary to provide maintenance on the units.

FEES AND CHARGES FOR PARKING OF AIRCRAFT AND USE OF OTHER FACILITIES OF COUNTY

The County may, at the County's option, designate alternate parking areas for an Airline's aircraft other than the Aircraft Parking Apron described above under the caption "APRON USE CHARGE." For the parking of aircraft on such parking areas, an Airline shall pay to the County such amounts as shall be set forth in a fee schedule to be established by the County by ordinance and as same may be amended from time to time. In addition to the rentals, fees, and charges, the Airline will, for the use of other facilities of the County, including the International Arrivals Building, pay such fees or charge as the County shall set forth in the ordinance.

INTERNATIONAL ARRIVALS BUILDING FACILITIES CHARGES

An Airline shall pay charges for use of the International Arrivals Building Facilities at the rates and in the amounts established by the County.

COMMITMENT FOR AIRPORT REVENUES

The County covenants and agrees in the AULA that insofar as legally permitted to do so under federal and state law and the Bond Resolution, all revenues and receipts from rents, fees, charges, or income from any source received or accruing to the Airport System shall be used exclusively by the County for Airport System purposes as contemplated in the AULA.

RATE ADJUSTMENT

If, at any time during any Calendar Year, the County projects that the total costs attributable to the Airport Terminal Building, the total costs attributable to the Airfield Cost Center, or the aggregate Landed Weight for all Signatory Airlines, including Affiliates, will vary 10% or more from the estimates used in setting rents, fees, and charges in accordance with the provisions of the AULA, such rates may be adjusted based on the new estimates and in accordance with the principles and procedures set forth in the AULA. Such adjustments shall be made at the County's discretion and the resulting new rates shall be effective for the balance of such Calendar Year. The County shall notify an Airline of a meeting for the purpose of discussing any such rate adjustment, along with a written explanation of the basis for such rate adjustment, 45 days prior to the effective date of the new rates. Unless extraordinary circumstances warrant additional adjustments, the County shall limit any such rate adjustment to no more than once during each Calendar Year.

ANNUAL READJUSTMENT OF RENTALS FEES AND CHARGES

Following the completion of the County's accounting period 14-3 for each Calendar Year, but no later than 30 days thereafter, the County shall provide each Airline with an accounting of the total costs actually incurred, revenues and other credits actually realized (reconciled to the year-end closeout financial statements of the County), and actual Originating Passengers and total Landed Weight during such Calendar Year with respect to each of the components of the calculation of rents, fees, and charges, and the County shall recalculate the rents, fees, and charges, and provide to the Airline a settlement required for the Calendar Year based on those actual numbers. Following reasonable notification, the County shall convene a meeting with the Signatory Airlines and Signatory Cargo Airlines to discuss the calculation of the year-end settlement and shall give due consideration to the comments and suggestions made by the Signatory Airlines and Signatory Cargo Airlines before finalizing the settlement calculations.

If the Airline's Terminal Building Rents and Aircraft Parking Apron Fees paid during the Calendar Year combined are more than the required amount of Terminal Building Rents and Aircraft Parking Apron Fees as calculated during the year-end rate settlement process, such excess amount shall be transferred to the Operation and Maintenance Fund and will be refunded to the Airline by check written from the Operation and Maintenance Fund as an Operation and Maintenance Expense within 60 days following the completion of the year-end settlement calculation. Similarly, if the Airline's landing fees paid during the Calendar Year are more than the required amount of landing fees as calculated during the year-end rate settlement process, such excess amount shall be transferred to the Operation and Maintenance Fund and will be refunded to the Airline by check written from the Operation and Maintenance Fund as an Operation and Maintenance Expense within 60 days following the completion of the year-end settlement calculation. Each Signatory Airline and Signatory Cargo Airline shall receive a share of the excess amount in proportion to the total amount that they paid in landing fees during that Calendar Year. However, the year-end settlement rate process may be modified at any time in the event that the process is determined to be illegal or, in the opinion of the Airport Director or County bond counsel, that the year-end settlement will result in a higher rate of interest being paid by County on its Bonds.

If the Airline's (i) Terminal Building Rents and Aircraft Parking Apron Fees or (ii) landing fees paid during the Calendar Year are less than the required amount of (i) Terminal Building Rents and Aircraft Parking Apron Fees or (ii) landing fees as calculated during the year-end rate settlement process, such deficiencies will be billed to the Airline.

OTHER FEES AND CHARGES

Other charges payable by an Airline, in addition to those specified elsewhere in the AULA, shall be as follows:

- (A) *Employee Parking Charges.* Should an Airline elect to furnish parking for its employees, such Airline shall pay to the County in advance by the first day of each December charges as are reasonably established by the County for the use of employee

parking areas designated in the AULA. The County will refund to an Airline the prorated annual parking charge for parking spaces no longer used by Airline employees.

(B) *Miscellaneous.* Charges for miscellaneous items or activities not specified in the AULA (e.g. badges, extraordinary electrical usage, personal property storage, etc.) shall be assessed by the County as reasonably determined by the Airport Director and paid by the Airline.

An Airline shall pay all other charges which are assessed by the County for the use of other Airport facilities or for services that may be provided by the County to the Airline from time to time.

SECURITY INTERESTS

All PFCs collected by an Airline for the benefit of the County that are in the possession or control of the Airline are to be held in trust by the Airline on behalf and for the benefit of the County. To the extent that the Airline holds any property interest in such PFCs, and notwithstanding that the Airline may have commingled such PFCs with other funds, the Airline pledges to the County and grants the County a first priority security interest in such PFCs, and in any and all accounts into which such PFCs are deposited to the extent of the total amount of such PFCs (net of the airline compensation amounts allowable in accordance with 14 C.F.R. §158.53) held in such accounts.

As a guarantee by an Airline for the payment of all rents, fees, and charges, and all PFC remittances due to the County, each Airline pledges to the County and grants the County a security interest in all of its leasehold improvements and fixtures located on or used by Airline at the Airport.

AIRLINE AS GUARANTOR OF ITS AFFILIATES

Each Airline unconditionally guarantees all rents, landing fees and all PFC remittances of any of its Affiliates accrued during the period of such designation, to the extent that such Affiliate's operations at the Airport were performed for the benefit or in the name of the Airline. Upon receipt of Notice of default by any such Affiliate from the County due to nonpayment of such rents, landing fees or PFC remittances, such Airline shall pay all amounts owed to the County on demand in accordance with the payment provisions of the AULA.

MAINTENANCE AND OPERATION BY COUNTY

Each Airline will furnish janitorial service to its Exclusive Use Premises, Preferential Use Premises and its preferential Aircraft Parking Apron. Each Airline will maintain its Exclusive Use Premises, Preferential Use Premises and its preferential Aircraft Parking Apron in safe and proper working order as specified in the AULA.

Responsibility for maintenance, cleaning and operation of facilities shall be as set forth in the AULA.

The airlines may, subject to the approval of the Airport Director, establish a consortium which will be responsible for the maintenance and operation of facilities and equipment at the Airport. The Airport Director will also approve the standards to which the facilities and equipment will be maintained.

RULES AND REGULATIONS

The County shall have the right to and shall adopt and amend from time to time and enforce reasonable rules and regulations of general application, which each Airline agrees to observe and obey, with respect to each Airline's use of the Airport and its facilities, *provided* that such rules and regulations shall not be inconsistent with safety and with rules, regulations, and orders of the Federal Aviation Administration and other applicable governmental agencies and with the procedures prescribed or approved from time to time by the Federal Aviation Administration or other applicable governmental agencies with respect to the operation of Airline's aircraft.

DAMAGE, DESTRUCTION, ABATEMENT

If any part of the Airline Premises, or adjacent facilities directly and substantially affecting the use of the Airline Premises, shall be partially damaged by fire or other casualty, but said circumstances do not render Airline Premises unusable as reasonably determined by the County and the related Airline, the same shall be repaired to usable condition with due diligence by the County as provided in the AULA with no rental abatement whatsoever.

If any part of the Airline Premises, or adjacent facilities directly and substantially affecting the use of the Airline Premises, shall be so extensively damaged by fire or other casualty as to render any portion of said Airline Premises unusable but capable of being repaired, as reasonably determined by the County and the related Airline, the same shall be repaired to usable condition with due diligence by the County as provided in the AULA. In such case, the rent payable under the AULA with respect to the Airline's affected Airline Premises shall be paid up to the time of such damage and shall thereafter be abated equitably in proportion as the part of the area rendered unusable bears to total Airline Premises until such time as such affected Airline Premises shall be restored adequately for the Airline's use. The County shall use its best efforts to provide the Airline with suitable alternate facilities to continue its operation while repairs are being completed, at a rental rate not to exceed that provided in the AULA for the unusable space.

If any part of the Airline Premises, or adjacent facilities directly and substantially affecting the use of the Airline Premises, shall be damaged by fire or other casualty, and is so extensively damaged as to render any portion of said Airline Premises incapable of being repaired as reasonably determined by the County and the related Airline, the County shall notify the Airline within a period of ninety (90) days after the date of such damage of its decision to reconstruct or replace said space, *provided* the County shall be under no obligation to replace or reconstruct such Airline Premises. The rentals payable under the AULA with respect to the affected Airline

Premises shall be paid up to the time of such damage and thereafter shall cease until such time as replacement or reconstructed space shall be available for use by Airline.

In the event the County reconstructs or replaces the affected Airline Premises, the County shall use its best efforts to provide the related Airline with suitable alternate facilities to continue its operation while reconstruction or replacement is being completed, at a rental rate not to exceed that provided in the AULA for the damaged space; *provided, however*, if such damaged space shall not have been replaced or reconstructed, or the County is not diligently pursuing such replacement or reconstruction within ninety (90) days after the date of such damage or destruction, the Airline shall have the right, upon giving the County thirty (30) days advance written notice, to cancel that portion of the AULA relating to the affected Airline Premises, but the AULA shall remain in effect with respect to the remainder of said Airline Premises, unless the affected Airline Premises render use of the remaining Airline Premises impracticable, in which case the Airline may terminate the entire AULA upon thirty (30) days written notice.

In the event the County does not reconstruct or replace the affected Airline Premises, the County shall meet and consult with the Airline on ways and means to permanently provide the Airline with adequate replacement space for the affected Airline Premises; *provided however*, the Airline shall have the right, upon giving the County thirty (30) days advance written notice, to cancel that portion of the AULA relating to the affected Airline Premises, but the AULA shall remain in full force and effect with respect to the remainder of said Airline Premises, unless the affected Airline Premises render use of the remaining Airline Premises impracticable, in which case Airline may terminate the entire AULA upon thirty (30) days written notice.

Notwithstanding the provisions of the AULA, in the event that due to the negligence or willful act of an Airline or of its employees (acting within the course or scope of their employment) or agents, any Airline Premises shall be damaged or destroyed by fire, other casualty or otherwise, there shall be no abatement of rent during the restoration or replacement of said Airline Premises and the Airline shall have no option to cancel the AULA under the provisions of the AULA. To the extent that the cost of repairs shall exceed the amount of any insurance proceeds payable to the County by reason of such damage or destruction, the Airline shall pay the amount of such cost to the County.

The County shall maintain levels of insurance required under the Bond Resolution, *provided, however*, that the County's obligations to reconstruct or replace under the provisions of the AULA shall in any event be limited to restoring the affected Airline Premises to substantially the condition that existed prior to the improvements made by the Airline and shall further be limited to the extent of insurance proceeds available to the County for such reconstruction or replacement. The Airline agrees that if the County elects to reconstruct or replace as provided in the AULA, then the Airline shall proceed with reasonable diligence and at its sole cost and expense to reconstruct and replace its improvements, signs, fixtures, furnishings, equipment and other items provided or installed by the Airline in or about the Airline Premises in a manner and in a condition at least equal to that which existed prior to its damage or destruction.

FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM

The County has developed a New Five Year (CY 2024-CY 2028) Capital Improvement Program (“*New Five Year CIP*”) for the Airport, which is attached to and is expected to be incorporated within the 2024 AULA. The total projected cost of the New Five Year CIP is \$169,846,597 and the projected Net Financing Requirement is \$47,138,631. The Net Financing Requirement Cap during the term of the AULA is established as one hundred percent (100%) of the projected Net Financing Requirement. The total cost of the New Five Year CIP may be revised without MII approval as long as the Net Financing Requirement Cap is not exceeded.

COORDINATION PROCESS

By May 15 of each year and upon request, an Airline shall provide the County with an estimate of the total maximum certificated gross landed weight of all aircraft expected to be landed at the Airport by the Airline and each of its Affiliates during the following Calendar Year. If the Airline has not provided the County with the estimate of total landed weight for the following calendar year by June 1, the County shall provide its own estimate of landed weight by using the total landed weight for the Airline and its Affiliates from the previous Calendar Year and the current year.

By August 1 of each year, the County shall present to the AAAC the Airport’s Operation and Maintenance and Capital Improvement budgets and the County’s preliminary calculation of rent, fees, and charges for the following Calendar Year.

On or about August 1 of each year, the County shall convene a meeting with the AAAC to review and discuss the County’s preliminary calculation of rents, fees, and charges for the following Calendar Year. The County shall give due consideration to the comments and suggestions made by the AAAC representatives pertaining to the Operation and Maintenance and Capital Improvement budgets and the preliminary rents, fees and charges. The County shall prepare a final calculation of rents, fees, and charges for the following Calendar Year, and will make its best efforts to provide a copy to each Airline no later than the last business day of the month preceding the start of the new Calendar Year. Notwithstanding anything else to the contrary, the County’s final calculation of rents, fees, and charges shall take effect on the first day of each Calendar Year.

ADDITIONAL APPROVED CAPITAL IMPROVEMENTS

(A) Each Airline recognizes that, from time to time, the County may consider it necessary, prudent, or desirable to undertake Capital Improvements other than those identified in the Five Year CIP (“*Additional Approved Capital Improvements*”).

(B) Contemporaneously with the coordination process set forth in the AULA and described above under the caption “COORDINATION PROCESS,” and otherwise at any time during each Calendar Year as needed, the County shall review and discuss all such proposed Additional Approved Capital Improvements with the AAAC. Following such meeting, the relevant Additional Approved Capital Improvements shall be deemed approved.

(C) Notwithstanding the provisions of the AULA as described above in the final paragraph under the caption “FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM” and below under the caption “CAPITAL IMPROVEMENT REVIEW AND APPROVAL PROCESS,” the County may undertake Additional Approved Capital Improvements, and recover the Net Requirement attributable to each such Additional Approved Capital Improvement through rents, fees, and charges, if such Additional Approved Capital Improvement is undertaken under certain circumstances described in the AULA without Airline approval.

(D) The County may also proceed with any additional Capital Improvement that does not impact Airline’s rates and charges through depreciation or amortization charges.

CAPITAL IMPROVEMENT REVIEW AND APPROVAL PROCESS

If the County plans to initiate a Capital Improvement project that will result in a revised Five Year CIP for which the Net Financing Requirement will exceed the Net Financing Requirement Cap, then the County and the AAAC will follow the following process:

(A) The Airport Director shall submit a report on the proposed Capital Improvement(s) to the AAAC including for each project an estimate of its construction and operating costs, description of the work proposed, its benefits and funding sources. Subsequent to receipt of said report, the following procedural steps are established:

(B) MII of the Signatory Airlines (including Signatory Cargo Airlines, for projects located in the Airfield Cost Center or the Former 440th Military Base) will either approve, disapprove, or make no comment within thirty (30) days of receipt of the information.

(C) The AAAC may request a meeting with the Airport Director for the purpose of commenting on any proposed Capital Improvement.

(D) Each Capital Improvement referred to in the report shall be deemed approved unless written disapproval is received by the Airport Director within thirty (30) days of AAAC receipt of the report. The AAAC may, notwithstanding any prior written disapproval, rescind such action and approve in writing any Capital Improvement at any of the County’s established procedural steps.

(E) The County may resubmit substantially the same Capital Improvement in the second Calendar Year for AAAC action and the aforesaid procedural steps shall again be followed.

(F) The County may proceed with any disapproved Capital Improvement at any time during the first two Calendar Year submissions, *provided, however*, that the cost of said Capital Improvement shall not at any time, directly or indirectly, become part of the calculation of residual rates, fees and charges assessed to the Signatory Airlines. However, if the County makes a Capital Improvement and an Airline subsequently decides to occupy

and/or use the Capital Improvement, it shall pay such rentals, fees and charges as shall be set by the County.

(G) After the second calendar year budget submittal, should the County desire to proceed with a Capital Improvement, the aforesaid procedural steps shall again be followed.

(H) The County may proceed with any Capital Improvement during the third calendar year submission without AAAC approval and include its costs in the calculation of the airline rentals, fees and charges.

MAJOR MAINTENANCE PROJECTS — EXPENSED

For the purposes of calculating rents, fees, and charges in accordance with the AULA, the cost of Major Maintenance Projects - Expensed shall be allocated to the applicable Cost Center and expensed in the Calendar Year in which they occur. The County will make its best efforts to disclose all proposed Major Maintenance Projects - Expensed for each Calendar Year as part of the coordination process in accordance with the AULA. Each Airline recognizes, however, that certain unbudgeted Major Maintenance Projects - Expensed may be required to be undertaken during the course of any Calendar Year in order to properly operate, maintain, or repair the Airport facilities. The County reserves the right to undertake such Major Maintenance Projects - Expensed as it deems necessary; *provided, however*, that the County shall not subdivide Capital Improvements into smaller projects solely for the purpose of re-characterizing such Capital Improvements as Major Maintenance Projects - Expensed to avoid a Majority-In-Interest review in accordance with the AULA.

PASSENGER LOADING BRIDGE PROGRAM

Notwithstanding any provision in the AULA, the County may elect during the term of the AULA to: (i) replace any existing County-owned passenger loading bridges, and/or (ii) purchase passenger loading bridges to be installed at Gates lacking such equipment.

EXPENDITURES FOR PLANNING AND PRELIMINARY DESIGN

Each Airline recognizes in the AULA that, from time to time, the County may engage with outside professionals to provide planning and preliminary design services to define the scope and costs of proposed Capital Improvements. The County reserves the right to undertake such services, and the County reserves the right to include the Net Requirement of such services in the rents, fees, and charges upon completion of such Capital Improvements, or if and when such projects are ultimately cancelled. Net Requirement of planning and preliminary design for projects that proceed to construction shall be amortized over the useful life of the project. Net Requirement of planning and preliminary design of projects that are cancelled shall be amortized over five years. Contemporaneously with the coordination process set forth in the AULA, the County shall review and discuss with the Signatory Airlines any actions proposed to be taken in accordance with the AULA during the upcoming year.

ALTERATIONS AND IMPROVEMENTS BY AN AIRLINE

An Airline may construct and install, at the Airline's sole expense, such improvements in its Airline Premises as the Airline deems to be necessary for its operations under the terms and provisions set forth in the AULA. No reduction or abatement of rents, fees, and charges shall be allowed for any interference with the Airline's operations by such construction.

EVENTS OF DEFAULT AND REMEDIES

Each of the following shall constitute an "Event of Default by Airline":

(A) Any Airline fails to pay rentals, fees and charges when due, and such default continues for a period of fifteen (15) days after receipt by the Airline of written notice thereof.

(B) Any Airline fails after the receipt of written notice from the County to keep, perform or observe any term, covenant or condition of the AULA (other than as described above in subsection (A)) to be kept, performed or observed by the Airline, and such failure continues for thirty (30) days after such receipt or if by its nature such Event of Default cannot be cured within such thirty (30) day period, if the Airline shall not commence to cure or remove such Event of Default within said thirty (30) days and to cure or remove same as promptly as reasonably practicable.

(C) Any Airline shall become insolvent; shall take the benefit of any present or future insolvency statute; shall make a general assignment for the benefit of creditors; shall file a voluntary petition in bankruptcy or a petition or answer seeking a reorganization or the readjustment of its indebtedness under the federal bankruptcy laws or under any other law or statute of the United States or of any state thereof; or shall consent to the appointment of a receiver, trustee, or liquidator of all or substantially all of its property.

(D) An Order for Relief shall be entered at the request of any Airline or any of its creditors under the federal bankruptcy or reorganization laws or under any law or statute of the United States or any state thereof.

(E) A petition under any part of the federal bankruptcy laws or an action under any present or future insolvency law or statute shall be filed against any Airline and shall not be dismissed within sixty (60) days after the filing thereof.

(F) By or pursuant to or under the authority of any legislative act, resolution or rule, or any order or decree of any court or governmental board, or agency, an officer, receiver, trustee, or liquidator shall take possession or control of all or substantially all of the property of any Airline and such possession or control shall continue in effect for a period of fifteen (15) days.

(G) Any Airline shall become a corporation in dissolution or voluntarily or involuntarily forfeit its corporate charter other than through merger with a successor corporation, as set forth in the AULA.

(H) The rights of any Airline under the AULA shall be transferred to, pass to, or devolve upon, by operations of law or otherwise, any other person, firm, corporation, or other entity, as a result of any bankruptcy, insolvency, trusteeship, liquidation, or other proceedings or occurrence described above in subsection (C) through (G), inclusive.

(I) Any Airline shall voluntarily discontinue its operations at the Airport for a period of thirty (30) days unless otherwise agreed to by the County and the Airline.

Upon the occurrence of an Event of Default by any Airline, such Airline shall remain liable to the County for all arrearages of rentals, fees and charges payable under the AULA and for all preceding breaches of any covenant contained in the AULA. The County, in addition to the right of termination and to any other rights or remedies it may have at law or in equity, shall have the right of reentry and may remove all Airline persons and property from the Airline Premises. Upon any such removal, the Airline property may be stored in a public warehouse or elsewhere at the cost of, and for the account of, the Airline. Should the County elect to reenter, as provided in the AULA, or should it take possession pursuant to legal proceedings or pursuant to any notice provided by law, it may, at any time subsequent to an Event of Default by the Airline, terminate the AULA relating to that Airline and relet such Airline Premises and any improvements thereon or any part thereof for such term or terms (which may be for a term extending beyond the term of the AULA) and at such rentals, fees and charges and upon such other terms and conditions as the County in its sole discretion may deem advisable, with the right to make alterations, repairs or improvements on said Airline Premises. No reentry or reletting of the Airline Premises by the County shall be construed as an election on the County's part to forfeit its rights under the AULA and shall not affect the obligations of the Airline for the unexpired term of the AULA. In reletting the Airline Premises, the County shall be obligated to make a good faith effort to obtain terms and conditions no less favorable to itself than those contained in the AULA and otherwise seek to mitigate any damages it may suffer as a result of the Airline's Event of Default.

Even if the County elects to terminate the AULA, the Airline shall remain liable for and promptly pay all rentals, fees and charges accruing under the AULA until expiration of the AULA subject to the provisions of the AULA.

In the event that the County relets, rentals, fees and charges received by the County from such reletting shall be applied: *first*, to the payment of any indebtedness other than rentals, fees and charges due under the AULA from the Airline to the County; *second*, to the payment of any cost of such reletting; *third*, to the payment of rentals, fees and charges due and unpaid under the AULA; and the remaining balance, if any, shall be held by the County and applied in payment of future rentals, fees and charges as the same may become due and payable under the AULA. Should that portion of such rentals, fees and charges received from such reletting which is applied to the payment of rentals, fees and charges under the AULA, be less than the rentals, fees and charges payable during applicable periods by the Airline under the AULA, then the Airline shall pay such deficiency to the County. The Airline shall also pay to the County, as soon as ascertained, any

costs and expenses incurred by the County in such reletting not covered by the rentals, fees and charges received from such reletting.

Notwithstanding anything to the contrary in the AULA, if a dispute arises between the County and the Airline with respect to any obligation or alleged obligation of the Airline to pay money, the payment under protest by the Airline of the amount claimed by the County to be due shall not waive any of the Airline's rights, and if any court or other body having jurisdiction determines that all or any part of the protested payment was not due, then the County shall as promptly as reasonably practicable reimburse the Airline any amount determined as not due.

The Airline shall pay to the County all costs, fees, and expenses incurred by the County in the exercise of any remedy upon an Event of Default by the Airline.

To the extent that the County's right to terminate the AULA as a result of an event described in this section is determined to be unenforceable under the Federal Bankruptcy Code, as amended from time to time, or under any other statute, then the Airline and any trustee who may be appointed agree: (i) to perform promptly every obligation of the Airline under the AULA until the AULA is either assumed or rejected under the Federal Bankruptcy Code; (ii) to pay on a current basis all rentals, fees, and charges set forth in the AULA; (iii) to reject or assume the AULA within sixty (60) days of a filing of a petition under the Federal Bankruptcy Code; (iv) to cure or provide adequate assurance of a prompt cure of any default of the Airline under the AULA; and (v) to provide to the County such adequate assurance of future performance under the AULA as may be requested by the County, including a tender of a Performance Guarantee as set forth in the AULA.

Notwithstanding any other legal effect of or remedy for Airline's default or breach under the AULA, any acts of default or breach under the following agreements shall also constitute a default or breach under the AULA. Any agreement related to or involving the following operations and activities at the Airport, regardless of the other parties to such agreement:

- (1) The operation and management of the airport/airline hydrant fuel system;
- (2) The operation and management of any portion of the Airport Terminal Building by an Airline consortium; or
- (3) Any other consortium approved by the Airport Director.

TERMINATION OF LEASE BY AIRLINE

Each of the following events shall constitute an “Event of Default by County”:

(A) The County fails after receipt of written notice from an Airline to keep, perform or observe any term, covenant or condition in the AULA contained to be kept, performed, or observed by the County and such failure continues for thirty (30) days or if by its nature such Event of Default cannot be cured within such thirty (30) day period, if the County shall not commence to cure or remove such Event of Default within said thirty (30) days and to cure or remove the same as promptly as reasonably practical.

(B) The permanent closure of the Airport as an air carrier airport by act of any Federal, state or local government agency having competent jurisdiction.

(C) The assumption by the United States Government or any authorized agency of the same (by executive order or otherwise) of the operation, control or use of the Airport and its facilities in such a manner as to substantially restrict Airline from conducting its operations, if such restriction be continued for a period of ninety (90) days or more.

Upon the occurrence of an Event of Default by the County, an Airline shall have the right to suspend or terminate the AULA and all rentals, fees and charges payable by the Airline under the AULA shall abate during a period of suspension or shall terminate, as the case may be. In the event that the Airline’s operations at the Airport should be restricted substantially by action of any governmental agency having jurisdiction thereof, then the Airline shall, in addition to the rights of termination granted in the AULA, have the right to a suspension of the AULA, or part thereof, and abatement of a just proportion of the payments to become due under the AULA, from the time of giving written notice of such election until such restrictions shall have been remedied and normal operations restored.

INDEMNITY AND INSURANCE BY AIRLINE

Each Airline covenants and agrees under the AULA to fully indemnify and hold harmless, the County and the elected officials, employees, directors, volunteers and representatives of the County, individually or collectively, from and against any and all costs, claims, liens, damages, losses, expenses, fees, fines, penalties, proceedings, actions demands, causes of actions, liability and suits of any kind and nature, including but not limited to, personal or bodily injury, death and property damage, made upon the County to the extent directly or indirectly arising out of resulting from or related to the Airline’s activities in, on or about Airline Premises, or from any operation or activity of the Airline upon the Airport Premises, or in connection with its use of Airline Premises, including any acts or omissions of the Airline, any agent, officer, director, representative, employee, consultant or subcontractor of the Airline, and their respective officers, agents, employees, directors and representatives while in the exercise or performance of the rights or duties under the AULA, all without however, the County waiving any governmental immunity or other rights available to the County under Wisconsin Law and without waiving any defenses of the parties under Wisconsin law. The provisions of this indemnity are solely for the benefit of the parties to the AULA and not intended to create or grant any rights, contractual or otherwise, to any

other person or entity. The Airline shall promptly advise the County in writing of any claim or demand against the County or the Airline known to the Airline related to or arising out of the Airline’s activities under the AULA and shall see to the investigation and defense of such claim or demand at Airline’s cost. The County shall have the right, at its option and at its own expense, to participate in such defense without relieving Airline of any of its obligations described in this paragraph.

Each Airline has agreed to obtain and maintain the following types of insurance under the AULA:

TYPE OF INSURANCE	LIMITS OF LIABILITY
Comprehensive Airline Liability Insurance, Including Premises Liability and Aircraft Liability, in respect of all aircraft owned, used, operated or maintained by Named Insured	\$100,000,000 each accident

Commercial General Liability insurance to include coverage for the following:

- General Aggregate
 - (A) Premise/Operations \$10,000,000
 - (B) Pollution Liability* \$25,000,000 general aggregate or its equivalent in Umbrella or Excess Liability coverage.
 - (C) Products/Completed Operations \$10,000,000
 - (D) Contractual Liability \$10,000,000
 - (E) Explosion, Collapse. Underground \$10,000,000
 - (F) Fire legal liability \$10,000,000
- Business Automobile Liability (airside and landside) \$50,000
- Scheduled Autos Combined Single Limit for Bodily Injury and Property Damage of \$5,000,000
- Owned/Leased Automobiles
- Non-owned Automobiles
- Hired Automobiles
- Worker’s Compensation Statutory
- Employer’s Liability \$1,000,000 / \$1,000,000 / \$1,000,000
- Property Insurance Value of Airline Property on premises, to include improvements and betterments.
- If the Airline has been approved as self-funded under Wisconsin Law and complies with the County of Milwaukee Self-Insurance requirements, the County may accept the Airline’s certificate of self-funding or self-insurance.

AIRPORT DEVELOPMENT FUND ACCOUNT

The County shall establish an Airport Development Fund Account (the “ADFA”) during the term of the AULA, which shall be a special, segregated account maintained in the Surplus Fund, and shall be subject to the terms and provisions of the Bond Resolution. The annual

contributions to the ADFA are to be equal to (a) ten percent (10%) of Airport Concession Revenues described in subsection (B) under the caption "TERMINAL BUILDING RENTS" and (b) income received from the investment of monies in the ADFA. Such Fund shall be used by the Airport Director, as appropriations permit, to finance (a) future Capital Improvements or Major Maintenance Projects – Capitalized or portions thereof at the Airport or at Timmerman Airport, or (b) for any other Airport System purpose permitted by, and subject to, the permitted uses of the Surplus Fund under the terms and provisions of the Bond Resolution. The monies on deposit in the ADFA, like other monies on deposit in the Surplus Fund, are subject to the terms and provisions of the Bond Resolution which may require use of such monies in the ADFA to fund deficiencies in the other funds and accounts established and held under the Bond Resolution. The County Accounting System will not include depreciation or amortization in airline rates, fees and charges for those portions of improvements paid for by monies from the Airport Development Fund Account, from federal or state grants or from Passenger Facility Charges specifically provided for that purpose or for the cost of those projects that are paid for by other parties.

The maximum amount that may be held in the Airport Development Fund Account from time to time is \$20,000,000; *provided*, that if amounts on deposit in the ADFA are less than \$20,000,000 at any time, deposits will continue to be made to the ADFA. If at the end of any Calendar Year the amount of cash in the Airport Development Fund Account exceeds \$20,000,000, such excess amount shall be transferred to the Operation and Maintenance Fund and will be refunded by check written from the Operation and Maintenance Fund as an Operation and Maintenance Expense within 60 days following the completion of the year-end settlement calculation. Each Signatory Airline shall receive a share of the excess amount in proportion to the total amount that they paid in Terminal Building Rents during that calendar year.

Notwithstanding anything in the AULA to the contrary, during the term of the Amended AULA AULA the County may transfer up to an additional \$4,000,000 from the ADFA to the ADF Depreciation Account established pursuant to the AULA.

ADF DEPRECIATION ACCOUNT

The County shall establish an ADF Depreciation Account during the term of the AULA, which shall be a special, segregated account in the Surplus Fund, and shall be subject to the terms and provisions of the Bond Resolution. Such account shall be used by the Airport Director, as appropriations permit, to finance (a) future Capital Improvements or Major Maintenance Projects – Capitalized or portions thereof at the Airport or at Timmerman Airport, or (b) for any other Airport System purpose permitted by, and subject to, the permitted use of the Surplus Fund under the terms and provisions of the Bond Resolution. The monies on deposit in the ADF Depreciation Account, like other monies on deposit in the Surplus Fund, are subject to the terms and provisions of the Bond Resolution which may require use of such monies in the ADF Depreciation Account to fund deficiencies in the other funds and accounts established and held under the Bond Resolution. Notwithstanding anything in the AULA to the contrary, during the term of the Amended AULA the County may expend up to an additional \$4,000,000 from the ADF Depreciation Account and include depreciation or amortization in airline rates, fees and charges resulting from these expenditures. The depreciation or amortization charges will be credited to the ADF Depreciation Account.

NON-SIGNATORY RATES

In recognition of the fact that an Airline and other airlines which are signatory to the AULA will be making a long-term commitment to pay rentals, fees, and charges for the use and occupancy of Airport, for the right to use and occupy same, the County recognizes the need, appropriateness, and equity of imposing on non-signatory airlines utilizing said Airport, by ordinance or other appropriate method, rentals, fees and charges for all such services and facilities used that are one hundred twenty-five (125) percent of the rentals, fees, and charges being imposed on Airline and other Signatory Airlines pursuant to the AULA. A Signatory Cargo Airline will be considered a Signatory Airline for the purpose of charging landing fees. The non-signatory rates will be adjusted concurrent with the adjustment of the rates of the Signatory Airlines. However, non-signatory rates may be discontinued at any time in the event that they are determined to be illegal or, in the opinion of the Airport Director or County bond counsel that the existence of non-signatory rates will result in a higher rate of interest being paid by County on Airport bonds.

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APPENDIX G

BOOK-ENTRY ONLY SYSTEM

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BOOK-ENTRY-ONLY SYSTEM

The information contained in the following paragraphs of this subsection “Book-Entry-Only System” has been extracted from a document prepared by DTC entitled “SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE.” The County makes no representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

DTC, New York, New York, will act as securities depository for the Series 2023 Bonds. The Series 2023 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 certificate will be issued for each maturity of the Series 2023 Bonds, in the aggregate principal amount of the Series 2023 Bonds, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 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. DTC 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 Global Ratings 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 2023 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2023 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2023 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 2023 Bonds, except in the event that use of the book-entry system for the Series 2023 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2023 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 2023 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 2023 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2023 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Beneficial Owners of Series 2023 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2023 Bonds, such as redemptions, tenders, defaults, and amendments to the Bond documents. For example, Beneficial Owners of Series 2023 Bonds may wish to ascertain that the nominee holding the Series 2023 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent/Registrar and request that copies of notices be provided directly to them.

Prepayment notices shall be sent to DTC. If less than all the Series 2023 Bonds within an issue are being prepaid, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be prepaid.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2023 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County 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 2023 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and interest payments on the Series 2023 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 County or the Paying Agent/Registrar, 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 Paying Agent/Registrar, or the County, 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 County or the Paying Agent/Registrar; disbursement of such payments to Direct Participants will be the responsibility of DTC; and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2023 Bonds at any time by giving reasonable notice to the County or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but neither the County nor the underwriters takes responsibility for the accuracy thereof.

