

OFFICIAL STATEMENT DATED SEPTEMBER 10, 2024

NEW ISSUE: BOOK ENTRY

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

In the opinion of Quarles & Brady LLP, Milwaukee, Wisconsin and Emile Banks & Associates LLC, Milwaukee, Wisconsin, Co-Bond Counsel, assuming continued compliance with the requirements of the Internal Revenue Code of 1986, as amended (the “Code”), under existing law the interest on the Series 2024A Bonds is excluded for federal income tax purposes from the gross income of the owners of the Series 2024A Bonds, except for interest on any Series 2024A Bonds held by a “substantial user” of the facilities financed by the Series 2024A Bonds or a “related person” within the meaning of Section 147(a) of the Code. Interest on the Series 2024A 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 computing the federal alternative minimum tax imposed on Applicable Corporations (as defined in Section 59(k) of the Code). See “TAX EXEMPTION” herein for a more detailed discussion of some of the federal income tax consequences of owning the Series 2024A Bonds. The interest on the Series 2024A Bonds is not exempt from present Wisconsin income or franchise taxes.



MILWAUKEE COUNTY, WISCONSIN

Dated: Date of Delivery

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

\$6,615,000

AIRPORT REVENUE BONDS, SERIES 2024A (AMT)

The \$6,615,000 Airport Revenue Bonds, Series 2024A (AMT) (the “Series 2024A 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 financing various improvements at General Mitchell International Airport as further described herein, and to pay the cost of issuing the Series 2024A Bonds. Interest on the Series 2024A Bonds is payable semiannually on June 1 and December 1, commencing on June 1, 2025. The Series 2024A Bonds maturing on or after December 1, 2035 are subject to optional redemption on any date on and after December 1, 2034.

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

The Series 2024A 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 2024A Bonds.

The Series 2024A 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 2024A 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 2024A 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 2024A 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 2024A Bonds as described herein.

The Series 2024A 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 2024A 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 Butler Snow LLP. It is expected that the Series 2024A Bonds in book-entry form will be available for delivery through DTC on or about October 2, 2024.

(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.)

RAYMOND JAMES®

MATURITY AND PRICING SCHEDULE, AND CUSIP[†] NUMBERS

MILWAUKEE COUNTY, WISCONSIN

\$6,615,000

AIRPORT REVENUE BONDS, SERIES 2024A (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>
2025	\$ 355,000	5.00%	3.24%	MK9
2026	450,000	5.00%	3.22%	ML7
2027	450,000	5.00%	3.27%	MM5
2028	450,000	5.00%	3.29%	MN3
2029	450,000	5.00%	3.33%	MP8
2030	450,000	5.00%	3.40%	MQ6
2031	450,000	5.00%	3.50%	MR4
2032	445,000	5.00%	3.61%	MS2
2033	445,000	5.00%	3.70%	MT0
2034	445,000	5.00%	3.79%	MU7
2035	445,000	5.00%	3.86%	MV5
2036	445,000	5.00%	3.91%	MW3
2037	445,000	5.00%	3.94%	MX1
2038	445,000	5.00%	3.97%	MY9
2039	445,000	5.00%	4.03%	MZ6

[†] 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 2024A 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 2024A 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 2024A 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 2024A BONDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER AFTER THE SERIES 2024A BONDS ARE RELEASED FOR SALE, AND THE SERIES 2024A BONDS MAY BE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING PRICES, INCLUDING SALES TO DEALERS WHO MAY SELL THE SERIES 2024A BONDS INTO INVESTMENT ACCOUNTS.

IN MAKING ANY INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN REVIEW OF THE TERMS OF THE SERIES 2024A 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 \$6,615,000 Airport Revenue Bonds, Series 2024A (the "Series 2024A 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 2, 2024.
Security:	The principal and interest on the Series 2024A 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 2024A BONDS – Security Provisions" herein.)
Purpose and Authority:	<p>Proceeds of the Series 2024A Bonds will be used for the public purpose of financing various improvements at General Mitchell International Airport as further described herein, and to pay the cost of issuing the Series 2024A Bonds.</p> <p>The Series 2024A 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:	The Series 2024A Bonds maturing on and after December 1, 2035 are subject to optional redemption on any date on and after December 1, 2034.
Principal Payments:	Annually, December 1, 2025 through 2039.
Interest Payments:	On each June 1 and December 1, commencing on June 1, 2025.
Tax Status:	<p>In the opinion of Co-Bond Counsel as more fully described herein, interest on the Series 2024A Bonds is excludable for federal income tax purposes from the gross income of the owners of the Series 2024A Bonds, except for interest on any Series 2024A Bonds held by a "substantial user" of the facilities financed by the Series 2024A Bonds or a "related person" within the meaning of Section 147(a) of the Code. Interest on the Series 2024A 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). See "TAX EXEMPTION" herein.</p> <p>Interest on the Series 2024A Bonds is not exempt from present Wisconsin income or franchise taxes.</p>
Professional Consultants:	<i>Airport Consultants:</i> Unison Consulting, Inc. Chicago, Illinois
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 2024A 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 2024A BONDS” and “TAX EXEMPTION”. Quarles & Brady LLP has been retained by the County to serve as disclosure counsel to the County with respect to the Series 2024A Bonds. Certain legal matters will be passed upon for the County by the Milwaukee County Corporation Counsel Office and for the Underwriter by Butler Snow LLP.

Book-Entry-Only:

The Series 2024A 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 2024A Bonds or of any proceedings of the County taken with respect to the issuance or sale thereof.

Questions regarding the Series 2024A 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 2024A Bonds. The Series 2024A 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 2024A 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 21, 2024 (the “2024A Supplemental Resolution” and together with the General Bond Resolution, the “Bond Resolutions”).

The Series 2024A Bonds are being issued to finance various improvements at General Mitchell International Airport, as described further 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 currently contains two air carrier runways and three other runways¹. The terminal complex consists of a main terminal building and three concourses with 45 gates with a total of 33 gates currently in use. 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 – account for over 99% of total Airport enplanements in calendar year (“CY”) 2023. According to preliminary data from the FAA Air Carrier Activity Information System (“ACAIS”), the Airport ranked 58th among U.S. commercial service airports based on CY 2023 revenue enplanements.

The Airport is served by each of the industry’s four major domestic airlines, which accounted for 86.7% of enplanements in CY 2023. Including affiliates, Southwest Airlines (“Southwest”) accounted for 37.2%; Delta Air Lines (“Delta”), 24.9%; American Airlines (“American”), 13.7%; and United Air Lines (“United”), 10.9% of enplaned passengers in CY 2023. Frontier, Spirit, JetBlue, Alaska, and other smaller airlines accounted for the remaining 13.3%. Low-cost carriers (“LCCs”) including Southwest, Frontier, JetBlue, Spirit, and Sun Country accounted for just under 48% of enplanements in CY 2023. See “INVESTMENT CONSIDERATIONS – Growth of Low-Cost Carriers.”

The County has executed substantially similar airline-airport use and lease agreements (the “AULA”) with nine 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, United, FedEx and UPS. 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. 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 Airport Use and Lease Agreement (the “Amended AULA”) became effective January 1, 2024, for five years, expiring on December 31, 2028. 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. The signatories to the Amended AULA are Alaska, American, Delta, Frontier, Southwest, Spirit, United, FedEx and UPS. As of June 2024, Air Canada had not signed the Amended AULA, and is therefore on a month-to-month tenancy. JetBlue changed its status to non-signatory as the Airport began the Amended AULA term of CYs 2024-2028. See

¹ Two of these runways are scheduled to be decommissioned and then subsequently removed, with estimated completion in 2025. These runways handle less than one percent of the Airport’s traffic.

“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 2029, 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 2024A BONDS

General

The Series 2024A 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 2024A 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 2024A Bonds shall be made on June 1, 2025 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 Trust Company 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 2024A 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 2024A 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 2024A 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 2024A 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 2024A Bonds. (See APPENDIX G - “BOOK-ENTRY-ONLY SYSTEM” herein.) So long as Cede & Co. is the registered owner of the Series 2024A Bonds as nominee, references herein to the bondholders, owners or registered owners of the Series 2024A Bonds shall mean Cede & Co., as nominee of DTC and shall not mean the beneficial owners of the Series 2024A Bonds.

Transfer, Registration and Exchange of Series 2024A Bonds

If the Series 2024A Bonds are no longer held in book-entry-only form, the Series 2024A 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 2024A 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 2024A Bond of the same aggregate principal amount and interest rate and maturity as the surrendered Obligation. The Series 2024A Bonds may also be exchanged, alone or with other Series 2024A Bonds of the same interest rate and maturity, at the principal office of the Trustee, for a new Series 2024A 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 2024A 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 2024A Bonds, nor during the 45 days next preceding the date fixed for redemption of the Series 2024A Bonds.

SECURITY FOR THE SERIES 2024A BONDS

Pledge of Net Revenues

The Series 2024A 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 2024A 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 Refunding Bonds, Series 2016A (AMT) (the "Series 2016A Bonds");
- Airport Revenue Refunding Bonds, Series 2019A (the "Series 2019A Bonds");
- Airport Revenue Refunding Bonds, Series 2023A (AMT) (the "Series 2023A Bonds");
- Airport Revenue Refunding Bonds, Series 2023B (AMT) (the "Series 2023B Bonds")

The principal of and premium, if any, and interest on the Series 2024A 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 2024A 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 2024A Bonds to the extent that the projects financed by the Series 2024A Bonds are 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 24.0% of the principal of and interest on the Series 2024A 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 2024A Bonds. See "AIRPORT SYSTEM REVENUES – PFC Pledged Revenues" and "AIRPORT SYSTEM INDEBTEDNESS – Airport Revenue Debt by Payment Source" 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 2024A 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 2024A 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 2024A 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 included in the revenues pledged to the Series 2016A Bonds, Series 2019A Bonds, Series 2023A Bonds, Series 2023B Bonds, and the Series 2024A Bonds as described under “SECURITY FOR THE BONDS - Revenues of the Airport System” above and “AIRPORT SYSTEM REVENUES – PFC Pledged Revenues.”

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.

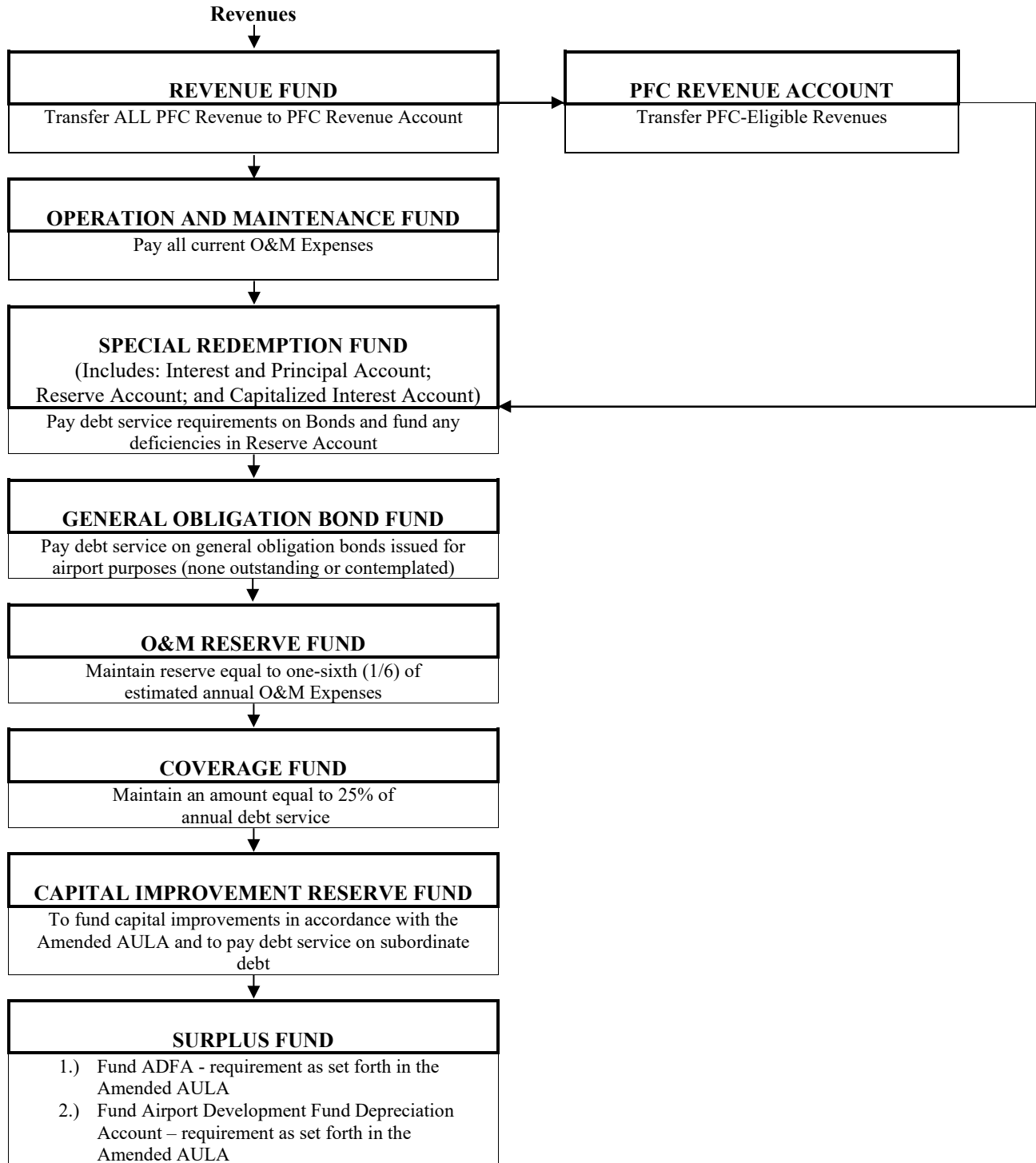
The Reserve Account is funded fully with cash on the date of this Official Statement and will continue to be so upon the issuance of the Series 2024A Bonds. The Reserve Requirement balance is expected to be \$9,547,590.50 upon the closing of the Bonds.

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 BOND 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 2024A 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 Refunded Bonds, 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.

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 2024A Supplemental Resolution authorizing the issuance of the Series 2024A Bonds on March 21, 2024. The Series 2024A Bonds are being issued on parity with the other Outstanding Bonds. Pursuant to the 2024A 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 2024A Bonds so long as the proposal satisfies the terms and conditions of the 2024A Supplemental Resolution.

The proceeds of the Series 2024A Bonds will be used to finance various improvements at General Mitchell International Airport as described below, and to pay the cost of issuing the Series 2024A Bonds.

- 1. MKE Rehabilitate Taxiway A3 south of Runway 7R (Construction)-** The rehabilitation of the Taxiway includes concrete joint and pavement replacement in addition to the replacement of signs and lights. In addition, the intersection with Taxiway Y will be modified to meet the current FAA specifications.

This pavement supports access to the Ground Runup Enclosure and tenants along Taxiway Y and is in need of rehabilitation. The most recent Pavement Condition Index (PCI) score published in 2023 was 50 (poor) and 72 (satisfactory). This project has an estimated substantial completion date of November 2024.

- 2. MKE Taxiway H Rehabilitation (Construction) -** This project is for the construction phase of the rehabilitation of Taxiway H between Taxiway F and Taxiway J. The work includes asphalt pavement mill and overlay and associated lighting and signs.

This pavement supports access to the Northeast quadrant of the airport and Runway 7L-25R. The most recent PCI score published in 2020 was 50 (poor). This project was substantially completed as of November 2023.

- 3. MKE Rehabilitate Taxiway C (North of West Ramp) (Construction) -** This project is for the construction phase of the rehabilitation of Taxiway C north of the West Ramp. In the asphalt sections the work includes mill and overlay. In the concrete sections, the work includes rehabilitation such as joint replacement and panel replacements. The work also includes new base-mounted edge lights, conduit, cabling and guidance

signs, new markings and thermoplastic hold lights and surface signs, and minor turf restoration. The most recent PCI score published in 2020 was 63 (satisfactory). This project was substantially completed as of November 2023.

4. **MKE Concourse D Roof Replacement (Design & Construction)** - This project consists of the partial replacement of the roof on Concourse D. The existing roof consists of multiple systems including mechanically attached thermoplastic polyolefin (TPO), ballasted with a durable synthetic rubber roofing membrane, and built-up roofing. The scope of the project includes the removal of existing roof material and installation of new roof material, drainage and flashings.

Most of the existing roofing systems on Concourse D were installed in 1990-1991 and numerous leaks have been noted in the last few years. These roof areas were inspected in 2017 and 2021. The inspection reports recommend replacement of these roofing areas. This project has an estimated substantial completion date of November 2024.

5. **MKE Passenger Loading Bridge Replacement (Equipment)** - This project is for the design and construction phase of the replacement of three passenger loading bridges on the D concourse at MKE. The jet bridges will be replaced with equipment of similar size and function. The existing bridges are past their useful life. This is the first phase of a multiple-phase project with an estimated substantial completion date of November 2024.

6. **MKE Passenger Loading Bridge Replacement (Design)** - This project is for the design of the next 4 phases of a passenger loading bridge replacement program. The jet bridges will be located throughout the airport and will be replaced with equipment of similar size and function. The existing bridges are past their useful life. This project has an estimated substantial completion date of July 2025.

7. **MKE Gate C12 Fuel Pit (Construction)** - This project is for the construction of a new fueling pit at gate C12 at MKE. This project includes tapping into the existing fuel system with a new pipe and fuel pit and the associated concrete work.

The current pit location does not work with the current aircraft mix that uses that gate, resulting in a need to truck fuel into that gate. The new fuel pit will allow aircraft to fuel directly from the fuel piping system. This project has an estimated substantial completion date of November 2024.

SOURCES AND USES OF FUNDS

The proceeds of the Series 2024A Bonds will be applied as follows.

Sources and Uses

<u>Estimated Sources:</u>	<u>Series 2024A Bonds</u>
Par Amount	\$ 6,615,000.00
Original Issue Premium	522,534.10
Release from Debt Service Reserve Fund	<u>364,146.82</u>
Total Sources of Funds	<u>\$ 7,501,680.92</u>
<u>Estimated Uses:</u>	
Project Fund Deposit	\$ 7,355,675.00
Costs of Issuance/Underwriter’s Discount	142,750.69
Additional Proceeds	<u>3,255.23</u>
Total Uses of Funds	<u>\$ 7,501,680.92</u>

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:	Liz Sumner (2024)

Board of Supervisors

Marcelia Nicholson - Chairwoman (2016)
Steven Shea - 1st Vice Chairperson (2018)
Priscilla E. Coggs-Jones - 2nd Vice Chairperson (2021)

Deanna Alexander (2022)	Juan Miguel Martinez (2022)
Justin Bielinski (2024)	Anne O'Connor (2024)
Sky Z. Capriolo (2024)	Shawn Rolland (2020)
Jack Eckblad (2024)	Sequanna Taylor (2016)
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
- 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 regularly to transact official business, and its committees also meet regularly 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, 2023, there were 12,466 participants with vested benefits in MCERS of which 7,753 are receiving benefits. The most recent valuation of the MCERS dated December 31, 2023 indicates a 70.0% funded status. This funded ratio is based on a Plan Fiduciary Net Position of \$1,706,593,809 and a Total Pension Liability of \$2,435,954,223.

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, 2023, there were 5,594 participants with vested benefits in OBRA of which 5,190 are receiving benefits. The most recent valuation of the OBRA dated December 31, 2023 indicates a 86.1% funded status. This funded ratio is based on a Plan Fiduciary Net Position of \$4,634,523 and a Total Pension Liability of \$5,380,116

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.

2023 Wisconsin Act 12 ("Act 12") was enacted on June 20, 2023. Act 12 contained 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. Act 12 provided the County with the option to increase its sales tax collection rate by 0.4%, from 0.5% to 0.9%, which the County adopted with sales tax collections beginning in January 1, 2024. The sales tax proceeds are only available to fund both the unfunded pension liability and Pension Obligation Bonds ("POBs") until the ERS is fully funded or thirty years, whichever is earlier.

Tax levy dollars that were previously spent on the unfunded pension liability are now available to support County services and to offset a structural deficit that is projected in future years. 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 resulted 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 historically had little to no unfunded liability.

Airport Pension Contributions and Liabilities

The Airport contributed a total of \$3,107,427 in 2023 to the County for its active and retired employees' pensions, compared to \$3,248,680 in 2022. These amounts make up a portion of the County's total contribution. The County contributed a total of \$62,113,812 in 2022 and \$60,964,137 in 2023. The most recently available net pension liability attributable to the Airport is as of December 31, 2022 and assumes a discount rate of 7.50%. The total net pension liability of the County was \$620,013,161 in 2023. Of this amount, the Airport's net pension liability was \$24,151,928. The increase in the net pension liability in 2023 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 2023 and 2022:

	2023	2022
MCERS' net pension liability	620,013,161	330,849,565
Airport MCERS' net pension liability	24,151,928	7,885,191
ERS' County contribution	60,964,137	62,113,812
Airport contribution	3,107,427	3,248,680

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.

County's Five-Year Outlook

Beginning in 2024, a 0.4% sales tax for the County and newly authorized annual increases to state shared revenue have been established. However, the county's structural deficit persists, driven by expenditure growth that outpaces revenue growth.

From 2025 to 2029, the average, annual cost-to-continue is projected to be \$13.8 million. This is a significant reduction from the average, annual cost-to-continue estimated in the 2024 to 2028 forecast of \$21.9 million, which included significant cost increases due to anticipated pension cost increases and the transit fiscal cliff, both of which have been somewhat mitigated in this forecast. While one-time revenues or expenditure abatements are used to mitigate budgetary deficits and negatively impact the subsequent year, for 2024, the County reaped the one-time benefit of the additional 0.4% sales tax, and judiciously preserved some of the benefit by budgeting for expenditures that were considered "one-time" and could be used to offset the 2025 structural deficit. In the 2024 budget, the county utilized such one-time expenditures of approximately \$26.4 million, which positively impacted the 2025 structural deficit roughly by the same amount and offset other one-time revenues of \$11.8 million. If the County were to resolve the 2025 structural deficit with long-term solutions, it could expect a 2026 structural deficit of roughly \$14.5 million, barring any unforeseen issues or significant changes to the assumptions within this forecast. Any use of one-time revenues or expenditure abatements in the 2025 budget will worsen the structural deficit in future years.

Structural Deficit and Cost-to-Continue				
2025 - 2029				
Year	Expenditure	Revenue	Structural Deficit	Cost-to-Continue*
2024	\$ 1,243,604,017	\$ 1,270,034,002	\$ -	
2025	\$ 1,280,888,707	\$ 1,269,365,502	\$ (11,523,205)	\$ (11,523,205)
2026	\$ 1,317,217,072	\$ 1,291,170,725	\$ (26,046,347)	\$ (14,523,141)
2027	\$ 1,335,920,686	\$ 1,292,643,427	\$ (43,277,260)	\$ (17,230,913)
2028	\$ 1,363,721,150	\$ 1,306,273,040	\$ (57,448,110)	\$ (14,170,851)
2029	\$ 1,400,690,978	\$ 1,331,756,373	\$ (68,934,605)	\$ (11,486,495)
			Average Cost-to-Continue:	\$ (13,786,921)

*Cost-to-continue assumes that the prior year gap was eliminated with long-term solutions.

Heavily restrictive state-imposed levy limits and limited increases in state and federal reimbursement for mandated services provide little ability to raise meaningful and sustainable revenue. This revenue problem, coupled with the pressures of maintaining a robust workforce and the fiscal cliff in transit operations continue to jeopardize the programs and services that our community relies on.

Other important notes about the Five Year Outlook are included below:

- *One-time property tax levy investments of \$26.4 million in the 2024 capital budget reduces the projected structural deficit for the 2025 operating budget from \$37.9 million to \$11.5 million.* With the commencement of the additional 0.4% sales tax on January 1, 2024, it would have been reasonable to assume that county policymakers were going to enjoy a reprieve from the difficult budget decisions that have plagued the county for at least two decades. Getting from a structural deficit of \$37.9 million to \$11.5 million or even to a positive position for 2025 is not necessarily out of reach and will largely be determinant on how policymakers reallocate various “one-time” expenditures in the 2024 budget. As suggested above, this forecast assumes that \$26.4 million of property tax levy investments in the capital budget are reallocated to fund general operating expenditures given that this property tax levy commitment deviates dramatically from previous budgets and is generally unsustainable in the long run. Furthermore, various operating expenditures possibly considered “one-time” in the 2024 budget would also need to be reallocated to ongoing operating expenditures to further reduce the 2025 structural deficit down to \$0. This could potentially mean the defunding of items within the Department of Health and Human Services such as housing fiscal agents, case management, and vouchers, senior home repair, or birth-to-three and aging services. Other areas with significant potential “one-time” expenditures that could be defunded include various appropriations for Park enhancements, traffic and water safety, and aquatic implementation as well as funding for the mental health court in Pre-trial Services. This forecast makes no attempt to distinguish which of these appropriations could be or will be reduced to offset the 2025 structural deficit of \$11.5 million.
- *Prior forecasts predicted that by 2025 the Department of Transportation (“DOT”) – Transit Division would require an additional \$25.1 million in tax levy to support operations. This “fiscal cliff” was largely mitigated by an unprecedented tax levy increase of \$17.8 million in 2024 but will still require an additional \$17.5 million in property tax levy support by 2029.* Based on most recent projections, the DOT – Transit Division will extend its remaining allocation of federal stimulus funding through 2026 and increase its share of federal Section 5307 used in the operating budget to absorb cost increases over the next two years. By 2027, the estimated gap between operating expenditures and revenues hits \$12.6 million, growing to \$17.5 million by 2029, and will likely fall to the property tax unless new or increased revenue sources are secured.
- *The additional 0.4% sales tax provides \$88.8 million in revenue in 2025, enough revenue to offset the \$58.6 million unfunded actuarial accrued liability (“UAAL”) cost and \$30.1 million of the \$37.3 million POB payment.* With the approval of the additional 0.4% sales tax allowed under Act 12 came several changes to various aspects of the Employees’ Retirement System (“ERS”), including a maximum amortization period of 30 years and an annual investment return assumption that is the same as or less than the annual investment return assumption used by the Wisconsin Retirement System (“WRS”). These changes result in an estimated UAAL payment of \$58.6 million for 2025. Further, Act 12, and subsequently 2023 Wisconsin Act 40 (“Act 40”), provide that after first making the payment towards the UAAL, any additional 0.4% sales tax revenue can be used for payments towards the County’s POBs, or for additional payments towards to the UAAL, or for payments towards the employer contribution to the ERS. This forecast assumes that the additional 0.4% sales tax funds the full UAAL payment of \$58.6 million and then funds \$30.1 million of the \$37.3 million POB payment. It is worth noting that County policymakers could choose to reallocate roughly \$24.2 million in additional 0.4% sales tax to the ERS normal cost payment for 2025 which would have the effect of “freeing up” tax levy for other purposes. While this reallocation would be acceptable under Wisconsin Statutes, it is not assumed within this forecast as this action would deviate from the practice established in the 2024 budget and would alone result in a 2025 property tax levy increase of \$24.2 million to fund the POB debt service.
- *The impact of inflation on wages and benefits is finally emerging in the forecast period, particularly as the County continues to reduce its staffing vacancy and turnover.* Two of the largest categories of expenditures within the County, wage-related items (\$284.5 million) and health, pension, and other benefits (\$222.5 million) are projected to rise more significantly than previously projected. Salaries took an unexpected, significant jump as actual salary and overtime costs rose 11.7% and 13.3%, respectively, in 2023. This increase, coupled with a lower vacancy and turnover rates and annual 2.0% increases, is projected to result in an additional \$11.5 million in salary-related expenditures in 2025. An anticipated decrease in the vacancy and turnover rate corresponds with cost increases related to healthcare and other benefits. Increases due to higher participation in the healthcare plan as well as medical inflation result in additional costs of \$12.1 million in 2025.

- *Historic property tax reductions in 2024 will be negated by significant property tax increases in the future to fund debt service for the County's Center for Forensic Science and Protective Medicine and the Milwaukee Public Museum.* The County makes its best effort to maintain a relatively flat debt service payment over time, but it is now forecasted that in 2026 a property tax levy increase of \$17.2 million will be required largely to pay the anticipated debt service on previously approved projects, including funding for the Center for Forensic Science and Protective Medicine and Milwaukee Public Museum. Moving into 2029, another property tax levy spike of \$12.7 million is estimated due to forecasted increases in the debt service payment. These potential spikes in property tax levy should be a key element in future bonding decisions if county policymakers wish to limit the impact on property taxpayers over the forecast period.

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, 2023 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 \$847,117, based on a 4.31% 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 income for the year ended December 31, 2023 for the County was \$50.2 million, which included service cost of \$4.3 million, interest cost on the OPEB liability of \$24.6 million, and amortization of experience and assumption changes of (\$79.1) million. The OPEB liability decreased by (\$264.8) million for 2023. The change in liability consisted of increases from OPEB service and interest costs of \$28.9 million. Offsetting these increases were changes of assumptions of (\$244.4) million and employer contributions of (\$49.3) million.

Airport OPEB Contributions and Liabilities

The Airport contributed \$1,798,000 in 2023 to the County for OPEB liability and retiree healthcare costs, compared \$2,113,000 in 2022. The total net OPEB liability of the County was \$847,117,000 in 2023. Of this amount, the Airports' net OPEB liability was \$31,136,000.

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.

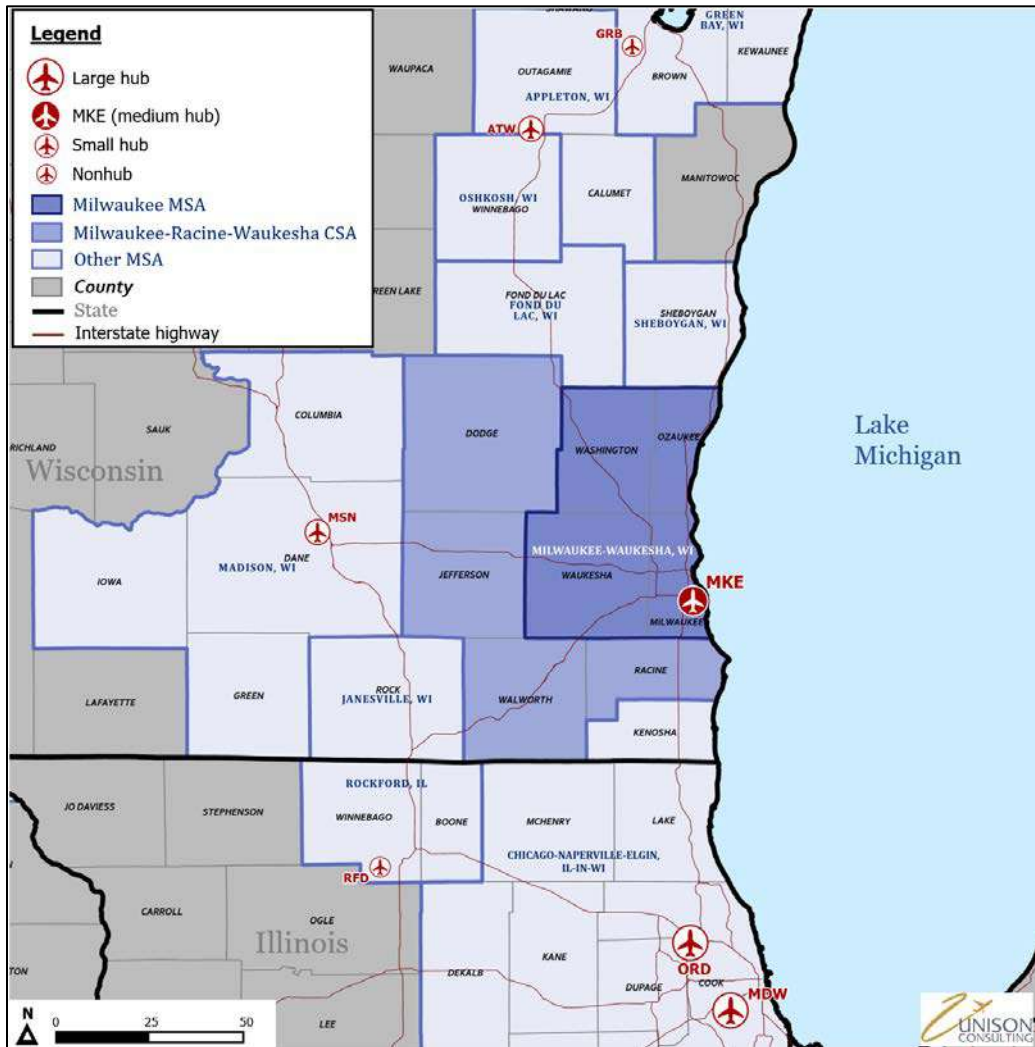
Included within APPENDIX B to this Official Statement is the Statement of Revenues, Expenses and Changes in Net Assets and Balance Sheet of the Airport System excerpted from the County's audited basic financial statements audited by Baker Tilly US LLP for the years ended December 31, 2019 through 2023. 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 1.6 million and includes the Milwaukee-Waukesha Metropolitan Statistical Area (Milwaukee MSA), which includes the counties of Milwaukee, Ozaukee, Washington, and Waukesha.

The Airport's Service 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 73 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 (127 miles north of the Airport), Appleton International Airport (113 miles north of the Airport), Chicago/Rockford International Airport (99 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				Enplanements (000s)			Pct. Change: 2023 vs.		Distance from MKE	
Airport Name	State	Code	FAA Hub	2023	2022	2019	2022	2019	Miles	Time
Milwaukee Mitchell	WI	MKE	Medium	2,936	2,671	3,374	9.9%	-13.0%	0	0
Chicago O'Hare	IL	ORD	Large	35,843	33,120	40,871	8.2%	-12.3%	73	1h 12m
Dane County Regional	WI	MSN	Small	1,038	916	1,162	13.3%	-10.7%	83	1h 30m
Chicago Rockford	IL	RFD	Nonhub	120	122	117	-0.9%	3.2%	99	1h 39m
Chicago Midway	IL	MDW	Large	10,659	9,650	10,082	10.5%	5.7%	98	1h 41m
Appleton	WI	ATW	Small	475	416	387	14.0%	22.8%	113	1h 55m
Austin Straubel	WI	GRB	Nonhub	330	301	347	9.7%	-4.8%	127	1h 58m

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

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 Administration, the Director of Finance, the Director of Operations and Maintenance, and the Director of Business and Commercial Development. Currently, the Director of Finance position is in active recruitment.

Airport Director. Brian Dranzik, A.A.E., was appointed 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 the 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 worked in transportation for over 20 years.

Director, Administration. James Martin, C.M. was appointed Director of Administration on August 5, 2024. Previously, Mr. Martin served as the Director of Finance and Administration since 2018. Mr. Martin's former finance duties will be managed by the finance staff until a replacement Director of Finance is hired. Mr. Martin formerly served as the Deputy Director of Transportation for the 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 19 years.

Director, Operations and Maintenance. Spencer Langhart, C.M., was appointed Director of Operations and Maintenance in 2024. Mr. Langhart previously held an airport position with the Dane County Regional Airport in Madison, Wisconsin. He earned his Certified Membership to the American Association of Airport Executives in 2022 and has 11 years of aviation and airport experience. Mr. Langhart holds a bachelor's degree in aviation administration from Western Michigan University.

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 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 27 years of experience in aviation/airports. Mr. Hoffman is also a commercial pilot and turbojet flight engineer. He 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	4,182	4,797	5,537
Width (ft)	200	150	150	100	150
Instrumentation	-1L CAT III -19R CAT I	-7R CAT I -25L Localizer & GPS	-1R GPS -19L GPS	-7L GPS -25R GPS	-13 GPS -31 GPS
Pavement Material	Concrete & Asphalt	Concrete & Asphalt	Concrete & Asphalt	Concrete & Asphalt	Concrete & Asphalt

Runways 1L-19R and 7R-25L accommodate all air carrier operations, while Runways 1R-19L and 7L-25R serve general aviation propeller, piston, and turboprop aircraft. Runway 13-31 is available for some air carrier operations, 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 noted in the recent Airport Master Plan updated approved in 2022, Runway 1R-19L and Runway 13-31 are scheduled to be decommissioned and then subsequently removed. This process is currently in the environmental review phase, with an estimated completion time of this phase in the beginning of 2025. 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 45 gates with 33 currently in use, 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, Airport storage rooms, concession 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 on the mezzanine level. Located west of Concourse C is a separate 20,830 square-foot International Arrivals Terminal (“IAT”). The current IAT will be replaced by a redeveloped Concourse E, which is currently closed but pending redevelopment. Work on Concourse E is scheduled to begin in CY2025. Once Concourse E is redeveloped into the new IAT, there are no plans for the existing IAT space.

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.

Public Parking. The Airport 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, approximately 528 are located 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 station also serves as a stop on the new Amtrak Borealis line which was launched in 2024, which offers daily roundtrip service between Chicago and St. Paul Minnesota. The County and the Airport also provide a free shuttle bus connection between the Airport and the Amtrak station, including a vehicle parking facility.

Other Facilities. Other facilities located at the Airport include car rental, general aviation, air cargo, and aviation support facilities. The Airport has four on-Airport car rental companies that lease rental car parking space, customer counter space and office space in the parking garage for eight rental car brands. General aviation facilities include aircraft storage hangars, aircraft maintenance hangars, and private passenger terminal buildings. Air cargo facilities include building and apron facilities. Aviation support facilities include an aircraft rescue and fire-fighting facility, a hydrant fuel service system and above-ground and underground storage tanks, a ground runup enclosure, ground service equipment maintenance facilities, and an air traffic control tower. Air Wisconsin, Air Cargo Carriers, SkyWest, and Freight Runners have maintenance facilities on the Airport. Also located within the Airport’s perimeter fence is the MKE Regional Business Park. The site contains approximately 83,000 square feet of leased building space, which is mainly occupied by Freight Runners, an air cargo and passenger charter operator, where its headquarters and aircraft maintenance facility is located. The Airport is transitioning the MKE Regional Business Park from its aging facilities to its highest and best use, air cargo and maintenance facilities, based on the recent Master Plan Update approved in 2022. The signing of the ground lease for an approximately 337,000 square foot air cargo facility is imminent, with demolition starting in fall 2024, vertical construction scheduled in May 2025, and substantial completion expected in second quarter of 2026.

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 regularly to transact official business, and its committees meet regularly 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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AMENDED AIRLINE-AIRPORT USE AND LEASE AGREEMENT

The Amended AULA specifies the terms and conditions of the Signatory Airlines' use of the Airport facilities and their operations at the Airport. The primary airline rates charged by the County for the use of the Airport are landing fees, terminal rents, flexible response security charges, and apron fees. The revenues generated by these fees are used to finance the activities of the Airport, including operating and maintaining the terminal complex and the airfield and apron facilities. The major provisions of the Amended AULA are:

Term

- January 1, 2024, to December 31, 2028

A residual rate methodology with deposits to the Airport Development Fund Account (ADFA)

- An amount equal to 10 percent of Airport concession and parking revenues is deposited into the ADFA annually, provided that the balance does not exceed \$20 million.
 - 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 Airport Development Fund – Depreciation (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 approved by the airlines in accordance with the Amended AULA.
- The total project costs for the 5-year CIP are \$169.8 million².
- 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 Amended 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.

² Total 5-year CIP totaling \$264.1 million includes \$113.5 million of carryover projects approved prior to the Amended AULA and revised estimate of Amended AULA projects totaling \$150.5 million.

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 rented 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 2024A Supplemental Resolution, PFC Revenues are pledged to the payment of the Series 2024A Bonds to the extent that any of the Series 2024A Projects are eligible for PFC funding. Approximately 24.0% of the principal of and interest on the Series 2024A 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 2024A 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 increased from approximately \$19.3 million in 2022 to approximately \$24.6 million in 2023. Total Airfield revenues are estimated to increase to \$27.7 million in 2024 and are projected to increase to approximately \$35.5 million in 2029, 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 Requirement, 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 at a compound annual growth rate (“CAGR”) of 1.6% per year from 2019 to 2023. The main driver of the decrease in Landing Fee Revenues was a decline in air service and Airport management’s goal to reduce costs due to the pandemic. Further, the landing fees were impacted by the receipts of Federal Relief Funds used to further reduce landing fees.
- 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 increased from approximately \$777,000 in 2019 to \$928,000 in 2023.
 - **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 at a CAGR of 8.2% per year from approximately \$228,000 in 2019 to \$312,000 in 2023.

- Fixed Base Operator Revenues – rents collected from FBOs for land, apron, hangars, and other buildings. FBO revenues increased at a CAGR of 6.9% per year from approximately \$492,000 in 2019 to \$642,000 in 2023. There is one Fixed Based Operator (“FBO”) located at Timmerman Airport. There are three FBOs located at Milwaukee Mitchell International Airport with the third having opened for business in 2023.
 - 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 at a CAGR of 5.2% per year from approximately \$2.9 million in 2019 to \$2.3 million in 2023.
- 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 at a CAGR of 3.7% per year from approximately \$529,000 in 2019 to \$611,000 in 2023.

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 Requirement, 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 decreased at a CAGR of 47.6% per year from approximately \$4.4 million in 2019 to \$0.3 million in 2023. The increases in 2020 and 2021 were due to reduction in the concession and parking credits applied to offset the Terminal Requirement due to the reduced revenues caused by the pandemic. However, in 2022 and 2023, the Space Rental revenue decreased 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.
- 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 at a CAGR of 21.1% per year from approximately \$273,000 in 2019 to \$587,000 in 2023. The increase in these fees was caused by the airlines’ increased usage of the County owned gates.
- c. *Concessions.* Concession revenues consist of fees collected from Airport concession operators. The major categories of concession revenues are: Car Rental, Gifts and Novelty, Food and Beverage, Public Parking, Transportation Network Companies and Other.
- Public Parking revenues decreased at a CAGR of 0.2% per year from \$28.8 million in 2019 to \$28.6 million in 2023. Projections for 2024 anticipate a parking rate increase of \$2.00 per day and a \$1 parking rate increase in 2025 and then increasing by projected enplanements thereafter.
 - Car Rental revenues increased at a CAGR of 1.7% per year from approximately \$11.2 million to \$12.0 million from 2019 to 2023. 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 increased from approximately \$1.9 million in 2019 to \$2.3 million in 2023.

- Food and Beverage revenues decreased at a CAGR of 6.2% per year from 2019 to 2023, from approximately \$3.8 million to \$2.9 million. The County receives the greater of a percentage of the revenues collected from these in-Terminal concessions and a MAG.
- Transportation Network Companies (“TNCs”) 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 \$820,000 in 2023. For 2025, a drop off fee of \$3 per ride is anticipated for TNCs utilizing MKE.

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 \$1.9 million in 2019 to approximately \$1.7 million in 2023.

Lease Expiration Dates and MAG - MKE International Airport					
Concession	Description	Lease Executed	Lease Expiration	Options	MAG (adjustment)
SSP America, Inc.	Food & Beverage	11/01/2008	10/31/2031	None	85% of previous year rental
Host International, Inc.	Food & Beverage	11/01/2008	10/31/2029	None	85% of previous year rental
Taste Inc. dba Vino Volo	Food & Beverage	04/01/2022	08/31/2031	3, 1-year mutual options	85% of previous year rental
Paradies - Mark II, LLC	News & Gift	09/01/2019	8/31/2029	3, 1-year mutual options	85% of previous year rental
Lamar Advertising	Advertising	03/01/2022	02/28/2027	1, 5-year County option	85% of previous year rental
Avis/Budget Group – brands: <i>Avis, Budget</i>	Rental Car	07/01/2024	12/31/2029	1, 5-year County option	85% of previous year rental
Enterprise Holdings – brands: <i>Enterprise, National, Alamo</i>	Rental Car	07/01/2024	12/31/2029	1, 5-year County option	85% of previous year rental
Hertz Global Holdings – brands: <i>Hertz, Dollar</i>	Rental Car	07/01/2024	12/31/2029	1, 5-year County option	85% of previous year rental
SixT – brand: <i>SixT</i>	Rental Car	07/01/2024	12/31/2029	1, 5-year County option	85% of previous year rental
SP Plus Corporation	Parking Operator	06/01/2024	12/31/2029	2, 1-year County option	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 increased from approximately \$954,000 in 2019 to approximately \$1.2 million in 2023. These revenues are projected to increase to \$1.7 million in 2029. 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 \$2.4 million in 2019 and \$2.5 million in 2023. As a part of the Amended

AULA for 2024 through 2028, the Flexible Response Security cost center will be eliminated. 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 decreased from approximately \$522,000 in 2019 to \$395,000 in 2023.

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”), adopted in 2000, 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 (\$406.1 million) extends through February 1, 2028. The Airport is currently preparing a new application PFC 21 that seeks approval for additional PFC eligible projects included in the 5-year CIP.

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 2024A Supplemental Resolution, PFC Revenues are pledged to the payment of the Series 2024A Bonds to the extent that the projects being financed by the Series 2024A Bonds are PFC-eligible. PFCs are currently being used to pay debt service on PFC-approved projects financed with the Series 2016A Bonds, Series 2019A Bonds, Series 2023A Bonds, and Series 2023B 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, \$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 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.

In 2023, the Airport applied approximately \$10.9 million of Federal Relief Funds to airline costs and \$532,000 to concessionaires. In 2024, the Airport used approximately \$8.9 million to reduce airline fees and \$63,000 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 2019 through 2023. Total Revenues increased from \$95.0 million to \$100.9 million from 2019 to 2023, which corresponds to a CAGR of 1.5%.

**MILWAUKEE COUNTY AIRPORT SYSTEM
AIRPORT REVENUE
FOR FISCAL YEARS 2019-2023**

Airport Revenues	Actual					CAGR 2019-2023
	2019	2020	2021	2022	2023	
Airfield						
Landing Fees						
Signatory Landing Fees	\$ 19,794,027	\$ 13,749,580	\$ 16,805,044	\$ 14,597,437	\$ 19,050,876	-1.0%
Non-Signatory Landing Fees	1,275,203	909,983	1,000,002	612,703	670,104	-14.9%
Total Landing Fees	\$ 21,069,229	\$ 14,659,563	\$ 17,805,046	\$ 15,210,140	\$ 19,720,980	-1.6%
General Aviation and Other						
Hangar Rentals	776,812	813,804	826,949	882,393	927,633	4.5%
Fuel and Oil Charges	227,536	189,393	285,593	316,079	311,625	8.2%
Fixed Based Operator	491,524	557,394	597,877	615,406	642,426	6.9%
Other	2,904,680	1,335,518	1,865,771	1,723,744	2,344,978	-5.2%
Total GA and Other	\$ 4,400,552	\$ 2,896,110	\$ 3,576,190	\$ 3,537,622	\$ 4,226,662	-1.0%
Air Cargo Rentals	528,588	550,539	544,643	598,214	611,115	3.7%
Total Airfield Revenues	\$ 25,998,369	\$ 18,106,212	\$ 21,925,879	\$ 19,345,976	\$ 24,558,757	-1.4%
Terminal						
Signatory Airlines						
Space Rentals	4,397,746	8,635,771	11,491,760	5,440,323	331,917	-47.6%
Other Charges and Fees	272,850	487,841	860,920	1,479,359	587,285	21.1%
Total Signatory Airlines	\$ 4,670,596	\$ 9,123,612	\$ 12,352,680	\$ 6,919,682	\$ 919,202	-33.4%
Concessions						
Car Rental	11,220,595	6,323,086	9,063,767	11,057,681	12,024,156	1.7%
Gifts & Novelty	1,890,429	1,082,742	1,678,401	1,391,493	2,328,772	5.4%
Food & Beverage	3,811,901	3,612,088	1,571,337	1,802,883	2,946,604	-6.2%
TNC	878,016	296,385	460,842	671,073	819,807	-1.7%
Other	1,876,108	933,967	1,095,962	1,489,132	1,718,642	-2.2%
Total Concessions	\$ 19,677,049	\$ 12,248,268	\$ 13,870,310	\$ 16,412,262	\$ 19,837,982	0.2%
Public Parking	28,783,304	11,143,718	18,467,093	25,577,201	28,553,441	-0.2%
Other Terminal Revenues	2,591,221	1,891,950	2,140,336	1,693,276	2,674,557	0.8%
Total Terminal Revenues	\$ 55,722,170	\$ 34,407,548	\$ 46,830,419	\$ 50,602,421	\$ 51,985,182	-1.7%
Apron						
Signatory Apron Fees	954,233	1,210,177	1,089,515	971,801	1,205,625	6.0%
Other Apron Fees	423,321	213,262	192,864	416,487	155,045	-22.2%
Total Apron Revenues	\$ 1,377,554	\$ 1,423,439	\$ 1,282,379	\$ 1,388,288	\$ 1,360,670	-0.3%
Other						
Flexible Response Security	2,399,431	951,542	2,307,575	2,175,805	2,468,336	0.7%
MKE Business Park	521,816	745,637	546,881	543,925	394,558	-6.8%
Total Other Revenues	\$ 2,921,246	\$ 1,697,179	\$ 2,854,456	\$ 2,719,730	\$ 2,862,894	-0.5%
PFC Pledged Revenues	8,954,916	8,415,328	8,321,360	8,357,832	8,245,162	-2.3%
Federal Relief Funds	-	22,494,687	1,663,926	11,816,269	14,942,221	N/A
Federal Relief Funds- Concessior	-	-	-	2,128,720	532,377	N/A
PFC Reimb of ADF	-	-	-	-	311,667	N/A
PFC for Admin Expenses	-	-	-	-	47,684	N/A
PFC Interest Applied	-	-	-	-	101,963	N/A
Deferred Federal Relief Funds	-	(1,663,926)	-	-	(4,000,000)	N/A
Overcollected Airline Revenue	-	-	3,431,982	3,191,286	-	N/A
TOTAL AIRPORT REVENUES	\$ 94,974,255	\$ 84,880,467	\$ 86,310,401	\$ 99,550,521	\$ 100,948,577	1.5%

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 2024A 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, Central Service Allocation, and Other); Commodities; Major Maintenance; and Other.

Salaries and Fringe Benefits

This expense category is related to the compensation of personnel. During the historical period 2019 to 2023, Salaries and Fringe Benefits increased from approximately \$24.9 million to approximately \$25.9 million, or by at a CAGR of 1.0%. Salaries and Fringe Benefits decreased from \$24.9 million in 2019 to \$23.4 million in 2020 when traffic fell to its lowest level during the pandemic, before increasing gradually to \$25.9 million in 2023. Salaries and Fringe Benefits are estimated to decrease to \$24.5 million in 2024 due to a decline in fringe benefits resulting from the implementation of a state enacted additional sales tax that provided shared revenue to the County.

Contractual Services

Contractual Services is the largest group of O&M Expense for the Airport System. 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 including but not limited to the parking management, housekeeping service, security fees, bank service fees, legal fees and any other fees incurred from professional service contracts.
- Other Contractual Services – expenses for waste removal, software licensing, and other miscellaneous expenses related to contractual services.

Contractual Services increased at a CAGR of 5.0% per year from 2019 to 2023, from approximately \$21.4 million to \$25.9 million.

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 \$11.0 million in 2019 to \$16.9 million in 2023, or at a CAGR of 11.3% during this period.

Commodities

Commodities include building, plumbing, roadway, snow removal chemicals, 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 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 fluctuated between \$3.2 million in 2021 to \$4.0 million in 2023 due to the recovery of activity at the Airport and weather-related impacts.

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 decreased from \$612,000 in 2019 to \$55,000 in 2022 primarily due to management deferring certain large maintenance projects to mitigate the pandemic impacts. Major Maintenance expenses increased to approximately \$875,000 in 2023 due to large maintenance projects being initiated coupled with 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 Amended AULA.

Other

Other expenses include interest and penalties, bad debt expense, and other miscellaneous charges. These expenses increased from \$769,000 in 2019 to \$2.7 million in 2020 due to an increase in bad debt expenses that were caused by the COVID-19 Pandemic. These expenses fluctuated in subsequent years to \$793,000 in 2023. This category also contains year end accounting related entries that can create variances from budget to actual results.

The following table presents Operation and Maintenance Expenses for fiscal years 2019 through 2023. Total O&M Expenses were approximately \$63.7 million in 2019 and grew at a CAGR of 4.0% per year to \$74.4 million in 2023.

**MILWAUKEE COUNTY AIRPORT SYSTEM
TOTAL AIRPORT SYSTEM O&M EXPENSES
FOR FISCAL YEARS 2019-2023**

Airport Expenses	Actual					CAGR 2019-2023
	2019	2020	2021	2022	2023	
BY EXPENSE CATEGORY						
Salaries	\$ 13,964,176	\$ 12,926,787	\$ 13,159,847	\$ 13,344,543	\$ 15,085,504	1.9%
Fringe Benefits	10,926,139	10,465,427	10,337,703	10,725,522	10,784,007	-0.3%
Salaries and Fringe Benefits	\$ 24,890,315	\$ 23,392,214	\$ 23,497,550	\$ 24,070,065	\$ 25,869,511	1.0%
Contractual Services						
Utilities	\$ 5,208,584	\$ 4,771,438	\$ 5,252,325	\$ 5,673,687	\$ 5,662,523	2.1%
Repairs/Maintenance	3,782,036	3,201,695	4,010,122	4,389,002	4,985,631	7.2%
Prof. Services/Admin	10,833,611	8,210,079	8,998,337	10,193,384	13,580,269	5.8%
Other	1,541,914	1,116,393	1,285,941	1,447,652	1,717,141	2.7%
Subtotal	\$ 21,366,145	\$ 17,299,605	\$ 19,546,725	\$ 21,703,725	\$ 25,945,564	5.0%
Intra-County Services						
Sheriff	\$ 7,627,756	\$ 7,569,086	\$ 7,925,839	\$ 7,960,278	\$ 8,651,864	3.2%
Fleet Maintenance	(33,255)	2,619,234	2,228,790	2,849,718	3,568,608	N/A
Prof. Service	785,454	589,669	631,718	788,922	686,682	-3.3%
Insurance	287,583	467,671	1,117,177	1,450,969	1,466,780	50.3%
Other	2,351,966	2,481,162	2,451,631	2,156,712	2,533,497	1.9%
Subtotal	\$ 11,019,504	\$ 13,726,822	\$ 14,355,155	\$ 15,206,599	\$ 16,907,430	11.3%
Commodities	\$ 5,016,596	\$ 2,350,378	\$ 3,196,708	\$ 4,422,861	\$ 4,035,709	-5.3%
Major Maintenance	\$ 612,269	\$ 192,762	\$ 161,498	\$ 55,000	\$ 874,814	9.3%
Other	\$ 769,232	\$ 2,705,254	\$ 140,469	\$ 61,212	\$ 792,835	0.8%
Total O & M Expenses	\$ 63,674,062	\$ 59,667,034	\$ 60,898,105	\$ 65,519,462	\$ 74,425,864	4.0%

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 3.0 million in 2023. However, the Airport has yet to return to pre-pandemic passenger traffic level, with its 2023 enplanement total having reached about 87% of its 2019 level. As shown in Table 18 of “FINANCIAL FEASIBILITY REPORT” attached as Appendix A, calendar year 2019 enplanements of 3.45 million are projected to be reached in calendar year 2025.

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The Airport serves primarily O&D traffic, which accounted for more than 99% of total passengers in 2023. 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 for over 99% of total passengers in 2023.

**O&D AND CONNECTING ENPLANEMENTS
2009-2023**

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
2023	2,999,761	99.6%	10,940	0.4%	3,010,701
Compound Annual Growth Rate					
2009-2023	-0.4%	-	-26.3%	-	-2.0%

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
2009-2023**

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
2023	2,983,597	99.1%	27,104	0.9%	3,010,701
Compound Annual Growth Rate					
2009-2023	-2.0%	-	-2.2%	-	-2.0%

AIRLINE SERVICE PROVIDERS

The Airport is served by each of the industry’s four major domestic airlines. Mainline airlines accounted for 86.7% of enplanements in 2023. Including affiliates, Southwest accounted for 37.2%; Delta, 24.9%; American, 13.7%; and United, 10.9%. Frontier, Spirit, and other smaller airlines accounted for the remaining 13.3%. LCCs including Southwest, Frontier (“ULCC”), JetBlue, Sun Country, and Spirit (“ULCC”) accounted for just under 48% of enplanements. Additional details are found on the table “AIRLINE ENPLANEMENTS AND MARKET SHARES, 2019 – 2023,” located on page 41.

The table below shows the air service trends from 2019 through 2024 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, Delta, and Frontier’s declines from 2019 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 all three measures from 2019 through the advance schedules of 2024. However, Southwest suffered the second largest drop in both seats and departures in 2020, with average daily departures decreasing by 10 (a 31.5% drop), and average daily seats decreasing by 1,557 (a 31.2% drop). However, whereas every other airline began recovering the next year, both measures for Southwest continued to decrease through 2021 and 2022, finally turning upward in 2023. MKE’s second largest carrier, Delta, experienced the largest declines in average daily seats and departures in 2020, dropping by 1,659 seats (down 53.1%) and by 12 departures (down 46.6%). Unlike Southwest, recovery began immediately the next year, though has yet to return to 2019 levels as of 2023—Delta’s average daily seats in 2023 have reached 2,437, and their average daily departures have reached 20. These measures are expected to continue rising in 2024’s advance schedules, up to daily averages of 2,663 seats and 22 departures.

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
2019-2024**

Scheduled Service at MKE						
Airline	2019	2020	2021	2022	2023	2024
Southwest						
Number of Nonstop Destinations	23	20	20	18	16	18
Average Daily Departures	33	23	22	21	24	27
Average Daily Seats	4,996	3,440	3,306	3,262	3,853	4,213
Delta						
Number of Nonstop Destinations	9	8	6	7	7	7
Average Daily Departures	25	13	16	20	20	22
Average Daily Seats	3,127	1,468	1,876	2,236	2,437	2,663
American						
Number of Nonstop Destinations	5	6	6	6	7	8
Average Daily Departures	17	12	14	12	12	16
Average Daily Seats	1,440	970	1,224	1,241	1,347	1,610
United						
Number of Nonstop Destinations	16	14	12	6	4	5
Average Daily Departures	16	8	12	13	14	15
Average Daily Seats	1,032	502	761	919	1,079	1,128
Frontier						
Number of Nonstop Destinations	9	6	5	5	4	6
Average Daily Departures	4	2	2	2	2	2
Average Daily Seats	722	416	486	316	385	369
Spirit						
Number of Nonstop Destinations	0	0	8	9	3	4
Average Daily Departures	0	0	2	3	2	2
Average Daily Seats	0	0	307	587	390	326
Other						
Number of Nonstop Destinations	10	2	8	11	13	11
Average Daily Departures	3	1	1	3	3	4
Average Daily Seats	337	147	168	445	546	612
All Airlines						
Number of Nonstop Destinations	45	37	45	42	43	39
Average Daily Departures	98	60	70	75	78	87
Average Daily Seats	11,654	6,942	8,130	9,007	10,036	10,921

Source: OAG Schedules Analyzer, last accessed on May 23, 2024. Advance schedules for 2024 beyond the access date are subject to change.

Note: Nonstop destinations for United from the years 2021 through 2024 are instead sourced from the Airport.

Note: 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.

**AIRLINE ENPLANEMENTS AND MARKET SHARES
2019-2023**

Annual Enplanements by Airline (1000s)						CAGR
Airline	2019	2020	2021	2022	2023	2019-2023
American	434	217	358	386	413	-1.2%
Delta	901	262	493	672	751	-4.5%
Frontier	223	92	124	87	99	-18.3%
Southwest	1,443	577	926	991	1,121	-6.1%
Spirit			81	165	115	
United	316	116	220	276	330	1.0%
Other	133	46	58	145	182	8.2%
Total	3,450	1,310	2,260	2,721	3,011	-3.3%
AGR	-2.8%	-62.0%	72.5%	20.4%	10.7%	

Annual Enplanement Shares by Airline					
Airline	2019	2020	2021	2022	2023
American	12.6%	16.5%	15.8%	14.2%	13.7%
Delta	26.1%	20.0%	21.8%	24.7%	24.9%
Frontier	6.5%	7.0%	5.5%	3.2%	3.3%
Southwest	41.8%	44.0%	41.0%	36.4%	37.2%
Spirit			3.6%	6.1%	3.8%
United	9.2%	8.9%	9.8%	10.1%	10.9%
Other	3.9%	3.5%	2.5%	5.3%	6.1%
Total	100%	100%	100%	100%	100%

Source: Airport records.

The table below lists the Airport's top 25 O&D metro markets in 2023, all of them in the United States. These 25 airports account for 77.0% of the Airport's O&D passenger traffic. The top three markets are Orlando (Frontier, Southwest, Spirit, and Sun Country), New York City Metropolitan Area (Delta, JetBlue, and United), and Las Vegas (Frontier, Southwest, Spirit, and Sun Country). In June 2024, all but Los Angeles, San Francisco, and Austin have scheduled nonstop service from the Airport. Beginning March 6, 2025, the Airport will be offering nonstop service to Austin.

**MILWAUKEE MITCHELL INTERNATIONAL AIRPORT
TOP 25 O&D MARKETS BY SHARE OF O&D PASSENGERS
2023**

Rank	Metro Market	Airports	Share of	
			O&D PAX	O&D
1	Orlando, FL	MCO	455,900	8.4%
2	New York City, NY (Metropolitan Area)	EWR, JFK, LGA	354,840	6.5%
3	Las Vegas, NV	LAS	300,690	5.5%
4	Denver, CO	DEN	298,930	5.5%
5	Phoenix, AZ	PHX	279,380	5.1%
6	Washington, DC (Metropolitan Area)	BWI, DCA, IAD	264,660	4.9%
7	Atlanta, GA (Metropolitan Area)	ATL	219,700	4.0%
8	Dallas/Fort Worth, TX	DFW, DAL	211,220	3.9%
9	Boston, MA (Metropolitan Area)	BOS, PVD	187,840	3.4%
10	Los Angeles, CA (Metropolitan Area)	LAX, SNA, BUR, LGB, ONT	163,080	3.0%
11	Tampa, FL (Metropolitan Area)	TPA	157,550	2.9%
12	Fort Myers, FL	RSW	156,300	2.9%
13	Houston, TX	IAH, HOU	135,720	2.5%
14	Miami, FL (Metropolitan Area)	MIA, FLL	132,830	2.4%
15	Nashville, TN	BNA	122,370	2.2%
16	Seattle, WA	SEA	119,720	2.2%
17	Minneapolis/St. Paul, MN	MSP	97,540	1.8%
18	Charlotte, NC	CLT	96,120	1.8%
19	San Francisco, CA (Metropolitan Area)	SFO, OAK, SJC	87,010	1.6%
20	San Diego, CA	SAN	70,520	1.3%
21	Philadelphia, PA	PHL	67,930	1.2%
22	Detroit, MI	DTW	61,620	1.1%
23	Austin, TX	AUS	53,870	1.0%
24	St. Louis, MO	STL	51,780	1.0%
25	Salt Lake City, UT	SLC	47,470	0.9%
Top 25 O&D Metro Markets			4,194,590	77.0%
Other			1,252,390	23.0%
Total O&D			5,446,980	100.0%

Source: U.S. Bureau of Transportation Statistics DB1B, last accessed on May 24, 2024

CAPITAL IMPROVEMENT PROJECTS

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 \$246.1 million, of which \$169.8 million³ was approved following the execution of the Amended AULA. The remainder of the projects are carryovers from previous approvals that are being completed during the period. The following is a summary of projects contained in specific cost centers. Airfield (\$63.8 million) for taxiway and runway rehabilitation projects and removal of two underutilized runways, Equipment (\$19.2 million) comprised of snow removal equipment and aircraft rescue and firefighting equipment, Terminal (\$149.3 million) for the redevelopment of Concourse E, replacement of several passenger loading bridges, concourse roof replacement, and ticketing lobby remodeling, Parking Projects (\$20.9 million) and Other Projects (\$10.9 million) consisting of construction to the MKE South Maintenance facility and improvements to Lawrence J. Timmerman airport facilities. The 5-Year CIP CY2024-2028 was approved by the signatory airlines following the execution of the Amended AULA for an extended term beginning January 1, 2024 through December 31, 2028.

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 2024A 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%	\$ 28,285,000
10/30/2019	Airport Revenue Ref., Series 2019A	26,945,000	12/01/2031	5.00%	17,960,000
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%	<u>10,135,000</u>
	Subtotal - Existing Debt				<u>\$ 83,625,000</u>
10/02/2024	Airport Revenue, Series 2024A (AMT)	\$ 6,615,000	12/01/2039	5.00%	\$ 6,615,000
	TOTAL				<u>\$ 90,240,000</u>

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 2024A 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 2024A Bonds.

³ The current estimated costs of the Amended AULA projects total \$150.5 million

AIRPORT REVENUE DEBT BY PAYMENT SOURCE

GARB Issue	Airfield	Terminal	Apron	PFC	Total
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 2023A	0.7%	77.4%	--	21.9%	100.0%
Airport Revenue Ref., Series 2023B	--	4.8%	--	95.2%	100.0%
Airport Revenue, Series 2024A	0.0%	69.6%	6.3%	24.1%	100.0%

Airport Revenue Debt Service

The following table provides general airport revenue bond debt service as of the issuance of the Series 2024A Bonds.

AIRPORT REVENUE DEBT SERVICE

<u>Year</u>	<u>Currently Outstanding</u>		<u>Series 2024A Bonds</u>		<u>Total D.S.</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2024	\$ 9,000,000	\$ 2,090,625	\$ --	\$ --	\$ 11,090,625
2025	9,145,000	3,731,250	355,000	384,956	13,616,206
2026	9,315,000	3,274,000	450,000	313,000	13,352,000
2027	9,480,000	2,808,250	450,000	290,500	13,028,750
2028	9,660,000	2,334,250	450,000	268,000	12,712,250
2029	9,850,000	1,851,250	450,000	245,500	12,396,750
2030	8,355,000	1,358,750	450,000	223,000	10,386,750
2031	6,385,000	941,000	450,000	200,500	7,976,500
2032	2,710,000	621,750	445,000	178,000	3,954,750
2033	1,945,000	486,250	445,000	155,750	3,032,000
2034	1,945,000	389,000	445,000	133,500	2,912,500
2035	1,945,000	291,750	445,000	111,250	2,793,000
2036	1,945,000	194,500	445,000	89,000	2,673,500
2037	1,945,000	97,250	445,000	66,750	2,554,000
2038	--	--	445,000	44,500	489,500
2039	--	--	<u>445,000</u>	<u>22,250</u>	<u>467,250</u>
Total	<u>\$ 83,625,000</u>	<u>\$ 20,469,875</u>	<u>\$ 6,615,000</u>	<u>\$ 2,726,456</u>	<u>\$ 113,436,331</u>

Future Financings

The County anticipates issuing airport revenue bonds for airport projects every year from 2025-2029. See APPENDIX A “FINANCIAL FEASIBILITY REPORT.”

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 2024A 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 from 3.0 million in 2023 to 3.8 million in 2029 or 3.8% annually over the time period.
- The base forecast has been developed using actual airline enplanements through March 2024, and scheduled airline service through November 2024.
- Total Airport System Revenues, using the base enplanement forecast, are projected to increase from approximately \$105.2 million in 2024 to approximately \$123.0 million in 2029.
- The airline cost per enplaned passenger, under the base enplanement forecast, is projected to increase between \$6.73 in 2024 and \$9.49 by 2029, with the projected increase in debt service charges arising from anticipated future bond financings.
- Annual net discretionary cash flow is projected to range between approximately \$5.7 million and \$6.7 million during the years 2024 - 2029.

Debt service coverage for the base enplanement forecast is projected to range from 1.85 to 2.19 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 – 2029
BASE CASE PROJECTIONS**

Debt Service Coverage	Actual	Estimate	Budget	Projected			
	2023	2024	2025	2026	2027	2028	2029
AIRPORT SYSTEM REVENUES							
Total Revenues	\$100,948,577	\$105,192,854	\$110,273,246	\$112,295,205	\$116,493,474	\$120,215,616	\$122,947,908
O&M Expenses	74,425,864	80,052,054	83,857,249	85,782,496	88,287,155	90,919,678	93,010,831
Net Revenues	\$26,522,713	\$25,140,800	\$26,415,997	\$26,512,710	\$28,206,319	\$29,295,938	\$29,937,078
COVERAGE CALCULATION							
Net Revenues	\$26,522,713	\$25,140,800	\$26,415,702	\$26,588,565	\$28,279,920	\$29,367,287	\$30,001,166
Add Other Available Funds: ¹							
Series 2013A Bonds - PFC	175,635	-	-	-	-	-	-
Series 2013A Bonds - Rate Based	625,759	-	-	-	-	-	-
Series 2013B Bonds	-	-	-	-	-	-	-
Series 2014A Bonds - PFC	538,229	-	-	-	-	-	-
Series 2014A Bonds - Rate Based	27,284	-	-	-	-	-	-
Series 2016A Bonds - PFC	1,020,691	1,035,227	1,032,770	1,034,370	1,034,027	1,034,027	1,035,399
Series 2016A Bonds - Rate Based	95,722	97,085	96,855	97,005	96,973	96,973	97,101
Series 2019A Bonds - PFC	301,245	294,164	283,659	273,153	262,647	252,141	241,635
Series 2019A Bonds - Rate Based	503,418	491,586	474,029	456,472	438,916	421,359	403,802
Series 2019B Bonds - Rate Based	885,719	-	-	-	-	-	-
Series 2023A Bonds - PFC	-	193,297	176,138	170,795	165,179	159,851	154,523
Series 2023A Bonds - Rate Based	-	688,688	627,550	608,517	588,508	569,524	550,540
Series 2023B Bonds - PFC	-	541,783	502,586	482,480	462,374	442,268	420,973
Series 2023B Bonds - Rate Based	-	27,464	25,477	24,458	23,438	22,419	21,340
Series 2024A Bonds - PFC	-	-	44,582	45,971	44,615	43,260	41,904
Series 2024A Bonds - Rate Based	-	-	140,407	144,779	140,510	136,241	131,971
Future Series 2025 Bonds - PFC	-	-	-	259,149	259,149	259,149	259,149
Future Series 2025 Bonds - Rate Based	-	-	-	227,138	227,138	227,138	227,138
Future Series 2026 Bonds - PFC	-	-	-	-	290,855	290,855	290,855
Future Series 2026 Bonds - Rate Based	-	-	-	-	252,468	252,468	252,468
Future Series 2027 Bonds - PFC	-	-	-	-	-	44,044	44,044
Future Series 2027 Bonds - Rate Based	-	-	-	-	-	231,112	231,112
Future Series 2028 Bonds - Rate Based	-	-	-	-	-	-	285,065
Net Revenues plus Other Available Funds	\$30,696,415	\$28,510,094	\$29,820,049	\$30,336,996	\$32,493,115	\$33,778,766	\$34,626,095
Debt Service:							
Series 2013A Bonds - PFC	702,540	-	-	-	-	-	-
Series 2013A Bonds - Rate Based	2,503,037	-	-	-	-	-	-
Series 2014A Bonds - PFC	2,152,918	-	-	-	-	-	-
Series 2014A Bonds - Rate Based	109,135	-	-	-	-	-	-
Series 2016A Bonds - PFC	4,082,763	4,140,909	4,131,081	4,137,480	4,136,109	4,136,109	4,141,595
Series 2016A Bonds - Rate Based	382,888	388,341	387,419	388,020	387,891	387,891	388,405
Series 2019A Bonds - PFC	1,204,979	1,176,658	1,134,634	1,092,611	1,050,587	1,008,564	966,540
Series 2019A Bonds - Rate Based	2,013,670	1,966,342	1,896,116	1,825,889	1,755,663	1,685,436	1,615,210
Series 2019B Bonds - Rate Based	3,542,877	-	-	-	-	-	-
Series 2023A Bonds - PFC	-	773,189	704,550	683,182	660,718	639,404	618,091
Series 2023A Bonds - Rate Based	-	2,754,750	2,510,200	2,434,068	2,354,032	2,278,096	2,202,159
Series 2023B Bonds - PFC	-	2,167,130	2,010,343	1,929,920	1,849,496	1,769,073	1,683,891
Series 2023B Bonds - Rate Based	-	109,855	101,907	97,830	93,754	89,677	85,359
Series 2024 Bonds - PFC	-	-	178,329	183,883	178,461	173,038	167,616
Series 2024 Bonds - Rate Based	-	-	561,627	579,117	562,040	544,962	527,885
Future Series 2025 Bonds - PFC	-	-	-	1,036,594	1,036,594	1,036,594	1,036,594
Future Series 2025 Bonds - Rate Based	-	-	-	908,551	908,551	908,551	908,551
Future Series 2026 Bonds - PFC	-	-	-	-	1,163,420	1,163,420	1,163,420
Future Series 2026 Bonds - Rate Based	-	-	-	-	1,009,871	1,009,871	1,009,871
Future Series 2027 Bonds - PFC	-	-	-	-	-	176,178	176,178
Future Series 2027 Bonds - Rate Based	-	-	-	-	-	924,447	924,447
Future Series 2028 Bonds - Rate Based	-	-	-	-	-	-	1,140,258
Total GARB Debt Service	16,694,806	13,477,175	13,616,206	15,297,145	17,147,186	17,931,310	18,756,068
Debt Service Coverage	1.84	2.12	2.19	1.98	1.89	1.88	1.85

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 – 2029
BASE CASE PROJECTIONS**

Year	Landing Fees ¹	Terminal Rents & Charges	Apron Fees	Total Airline Payments	Enplaned Passengers	Cost Per Enplaned Passenger
2023 Actual	\$16,859,272	\$919,202	\$1,360,670	\$21,291,203	3,010,701	\$7.07
2024 Estimate	\$20,202,514	\$339,647	\$1,455,810	\$21,997,971	3,266,720	\$6.73
2025 Budget	\$26,165,810	\$3,370,440	\$1,679,440	\$31,215,691	3,449,024	\$9.05
2026 Proj.	\$26,314,060	\$3,886,647	\$1,693,102	\$31,893,809	3,516,142	\$9.07
2027 Proj.	\$26,464,042	\$4,900,249	\$1,740,663	\$33,104,954	3,595,620	\$9.21
2028 Proj.	\$27,283,459	\$6,047,294	\$1,789,226	\$35,119,979	3,683,080	\$9.54
2029 Proj.	\$27,927,820	\$5,994,437	\$1,825,733	\$35,747,989	3,768,302	\$9.49

Source: Milwaukee County records and Unison Consulting, Inc.

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

The above table presents actual, estimated, and projected airline cost per enplanement (“CPE”) for the years 2023 – 2029. 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 2028 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 CPEs 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 2024A Bonds. This section is not meant to be a comprehensive or definitive discussion of the risks associated with an investment in the Series 2024A 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 2024A 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 2024A 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, (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. 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, which impact customer confidence, public health, international travel policies, and airport/airline staff well-being. The COVID-19 pandemic exemplifies this risk, initially causing a dramatic downturn before travel gradually recovered with widespread vaccination and the lifting of travel restrictions. Continued vigilance and health safety practices are essential to minimize future impacts.

Global health authorities are turning their attention to Mpox (formerly known as monkeypox), another infectious disease that poses a significant threat to public health. Several countries, including the United States, have begun Mpox screening protocols at major international airports to prevent the spread of the virus across borders.⁴

Economic Conditions

The aviation industry is pro-cyclical, with traffic rising during economic expansions and falling during economic recessions. Economic downturns can be triggered by various factors—for example, the recent COVID-19 pandemic and the extreme mitigation measures. While the pandemic is now over, the U.S. economy faces risks from escalating conflicts in Europe and the Middle East, high interest rates and financial stress, high public and private debt levels, and stubborn inflation remaining above the Fed’s 2 percent target.

The U.S. economy faces headwinds from long-term demographic shifts, including population aging and falling birth rates, which are slowing population growth. An aging population raises government expenditures on social programs and, along with falling birth rates, limits the growth of the labor force needed to support the economy and pay for these social programs. In addition, a declining population can slow growth in air travel and overall consumer demand, which drives two-thirds of the economy.

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-19 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

⁴ “Mpox Screening Introduced at Airports Worldwide Amid Rising Concerns Over Global Health Security,” Travel and Tour World, August 23, 2024, <https://www.travelandtourworld.com/news/article/mpox-screening-introduced-at-airports-worldwide-amid-rising-concerns-over-global-health-security/>.

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

High market concentration can lead to market power abuse and excessive fare increases. Higher fares reduce passenger demand, especially for discretionary travel or shorter trips with ground transportation alternatives. However, at MKE, Southwest Airlines' market share has decreased below 40 percent, with increases in Delta and United's market shares and Spirit's entry, alleviating concerns about airline market concentration.

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. 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. In March 2024, JetBlue announced it would abandon its acquisition of Spirit Airlines after the United States Department of Justice through the U.S District Court for the District of Massachusetts blocked the transaction citing that it violated “the core principle of antitrust: to protect the United States’ markets – and its market participants – from anticompetitive harm.”⁵

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

Major crises can trigger lasting structural shifts in aviation demand and supply. For example, the 2001 terrorist attacks led to stricter airport security measures requiring passengers to arrive much earlier for departing flights, reducing travel time advantages for short-haul flights. The COVID-19 pandemic may have similar long-term consequences. Demand-side changes include altered travel preferences due to safety concerns or a shift towards virtual meetings. Supply-side changes might involve airlines maintaining streamlined operations due to labor and fleet constraints. One favorable trend is the adoption of no-touch technologies, which speed up passenger processing and stimulate traffic growth.

Labor Supply Constraints

The COVID-19 pandemic led to airline employee layoffs and early retirements, creating workforce shortages that limit airline capacity and potentially hinder air traffic growth. Aircraft manufacturers like Airbus and Boeing also face a similar workforce shortage. Amid a tight labor market, competition between companies to attract and retain skilled personnel has intensified and threatens industry growth.

Airlines face a declining pilot population, intensified by the early retirement of approximately 5,000 experienced pilots during the pandemic. Several factors contribute to the pilot shortage. First, many pilots historically gained their training via military service. However, the use of drones and reductions in military staff have limited that pathway. Second, 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. Third, pilot training is expensive, and the working conditions and initial pay for new pilots are discouraging.

Aircraft engineers are also in short supply. The COVID-19 pandemic also caused many engineers to retire or find work in other sectors. About a third are approaching retirement, and there are not nearly enough new workers to replace them, an issue exacerbated by a 2- to 3-year pause in the training of new aircraft engineers during the pandemic.

⁵ Source: <https://www.justice.gov/opa/pr/justice-department-statements-jetblue-terminating-acquisition-spirit-airlines>

Geopolitical Conflicts and the Threat of Terrorism

Geopolitical conflicts and terrorism disrupt air travel. The terrorist attacks of September 11, 2001, serve as a constant reminder of the severe threat to the aviation industry. Travel advisories and heightened security measures can deter passengers due to longer screening times and increased anxiety.

More recently, the Russian invasion of Ukraine (since February 24, 2022) and the Israel-Hamas war (since October 7, 2023) led to airspace closures, increased costs, and longer flight times. Responding to Russia's invasion of Ukraine, the United States, Canada, and the European Union have closed their airspace to Russian aircraft. In retaliation, Russia has limited its airspace to many foreign-flag carriers. As a result, airlines have had to change flight routes, significantly increasing flight times for global travel. The Israel-Hamas war caused the immediate cancellation and suspension of flights to Tel Aviv by three U.S. major airlines (American, Delta, and United). Additionally, overall air travel demand dropped for destinations near the warzone, such as Egypt, Morocco, Tunisia, and Saudi Arabia.

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, 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. Both Frontier and Spirit have a 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 2024A 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 2024A Bonds may be required to return to the airline as preferential transfers any money that was used to make payments on the Series 2024A 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 2024A 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 2024A 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 2024A 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.

The Airport is one of several airports across the nation taking legal action against this mandate. MKE and its peers believe this mandate should be administered by the TSA given they are the agency tasked with the screening of individuals into the sterile area of airports and administering other screening checks per the Airport Security Program. This lawsuit is currently pending a decision by the courts.

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. 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 2024, which was signed into law on May 16, 2024 and authorizes its operations and programs and provides funding through September 30, 2028. In the future, 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, proposals to reduce or eliminate AIP funding have been made and 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 Amended AULA between the Airport and the Signatory Airlines provides 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 Amended AULA are consistent with the FAA regulations and the County's grant assurances, to the extent the same are applicable. The Amended 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 Amended 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 Airport'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 2024A 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.^{6,7}

Airports are nationally understood to be locations for 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.

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 Greenhouse gas (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,

⁶ https://www.faa.gov/airports/airport_safety/aircraft_rescue_fire_fighting/f3_transition*

⁷ 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.

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 2024A 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 2024A 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 2024A 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 2024A 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 2024A Bonds. Prospective purchasers of the Series 2024A 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 2024A 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 2024A Bonds could be modified in bankruptcy proceedings. Such modifications could be adverse to holders of the Series 2024A Bonds, and there could ultimately be no assurance that holders of the Series 2024A Bonds would be paid in full or in part on the Series 2024A Bonds. Further, under such circumstances, there could be no assurance that the Series 2024A Bonds would not be treated as general, unsecured debt by a bankruptcy court, meaning that claims of holders of the Series 2024A 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 2024A 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 2024A 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 86.7% of 2023 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 2024A 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 2024A 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, Butler Snow LLP.

Quarles & Brady LLP has been retained by the County to serve as Disclosure Counsel to the County with respect to the Series 2024A 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 2024A 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 2024A 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 2024A Bonds under existing law substantially in the following forms:

“The interest on the Series 2024A Bonds is excludable for federal income tax purposes from the gross income of the owners of the Series 2024A Bonds, except for interest on any Series 2024A Bonds held by a “substantial user” of the facilities financed by the Series 2024A 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 2024A 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). The Code contains requirements that must be satisfied subsequent to the issuance of the Series 2024A Bonds in order for interest on the Series 2024A 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 2024A 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 2024A Bonds.

In addition, prospective purchasers of the Series 2024A Bonds should be aware that ownership of the Series 2024A 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 2024A Bonds should consult their tax advisors as to collateral federal income tax consequences.

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 2024A 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 2024A Bonds may be enacted. Prospective purchasers of the Series 2024A 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.

The interest on the Series 2024A Bonds is not exempt from present Wisconsin income or franchise taxes.

Not Bank Qualified Obligations

The Series 2024A 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 2024A Bonds is less than the principal amount payable at maturity, such Series 2024A 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 2024A Bonds is more than the principal amount payable at maturity, such Series 2024A 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 2024A Bonds are being purchased by Raymond James (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 2024A Bonds is \$7,097,426.91 representing the par amount plus net original issue premium of \$522,534.10 and less an Underwriter’s discount of \$40,107.19. The Series 2024A 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 2024A 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 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 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.

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 2024A 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 2024A 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 2024A Bonds have been assigned municipal bond ratings of “A1” by Moody’s Investors Service, Inc. (“Moody’s”), and “A+” by Fitch Ratings (“Fitch”).

The ratings do not constitute a recommendation by the rating agencies to buy, sell or hold the Series 2024A 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 2024A Bonds.

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APPENDIX A

FINANCIAL FEASIBILITY REPORT

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Milwaukee County Airport System

Airport Revenue Bonds, Series 2024

FINANCIAL FEASIBILITY REPORT

September 10, 2024



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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 Bonds, Series 2024A (AMT) (the Series 2024A Bonds). The Series 2024A Bonds are being issued at a par value totaling \$6.6 million. The Series 2024A Bonds are being issued pursuant to the 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), as amended and supplemented, including the Supplemental Resolution adopted on March 21, 2024 (the 2024 Supplemental Resolution). The General Resolution and the 2024 Supplemental Resolution are collectively referred to as the Bond Resolutions.

The Report addresses the use of proceeds of the Series 2024A Bonds, along with available cash, which will be used to (1) fund a portion of the Series 2024A Bond Projects (Series 2024A Projects), (2) fund the debt service reserve accounts and (3) to pay for certain costs of issuance related to the issuance of the Series 2024A Bonds. The Series 2024A 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).
- **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 CYs2024-2029, 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 Amended Airport Use and Lease Agreement for CYs 2024-2028 (Amended AULA). It presents the Airport System's historical revenues and expenses for CYs2019-2023, the budget for CY2024, and projections of Revenues, Operation and Maintenance Expenses (O&M), Debt Service, Net Revenues, and Debt Service Coverage for CYs2025-2029. The financial projections and sensitivity analysis use the forecasts of enplanements and landed weight developed in Section 3. CYs2024-2029 follow the terms of the Amended AULA, which became effective January 1, 2024, and expires December 31, 2028, and assumes similar AULA terms will continue in CY2029 under a new or amended agreement.

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 2023, the Airport had service from nine signatory passenger carriers – Air Canada, Alaska, American, Delta, Frontier, JetBlue, Southwest, Spirit, and United. As of June 2024, Air Canada had not signed the Amended AULA, and is therefore on a month-to-month tenancy. JetBlue changed its status to non-signatory as the Airport began the Amended AULA term of CYs2024-2028. In addition, there are three all-cargo carriers: two signatories (FedEx and UPS) and one non-signatory (DHL). In 2023, the Airport accommodated approximately 3 million enplanements, an increase of approximately 10.7 percent from 2022, 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 preliminary ranking in the United States by total passengers is 58th based on CY2023 data in the FAA’s Airport Activity Information System. The FAA classifies the Airport as a medium hub, 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 part of 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 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 the early 2000s, the Airport completed several terminal improvement projects, including Concourses C, D, and E improvements. In 2017, following the approval of the 2018 Budget, the initial funding for the redevelopment of Concourse E into a new International Arrivals

¹ U.S. Bureau of the Census.

² FAA Air Carrier Activity Information System (ACAIS) preliminary CY2023 as of June 2024.

³ In February 2019, the Airport was renamed “Milwaukee Mitchell International Airport” for marketing purposes to better highlight the Airport’s location. The legal name of the airport remains General Mitchell International Airport.

Terminal (IAT) was identified. The new IAT will 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 with a two-year construction timeframe. In addition to terminal improvements, the parking garage was expanded from its original 4,440 spaces to approximately 8,155 spaces in 2002.

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 45 gates and corresponding hold-room areas. Currently, 33 gates are in use, with 2 vacant gates in Concourse D and 10 unused gates in Concourse E. 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, Airport storage rooms, concessions 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 on the mezzanine level. Located west of Concourse C is the current 20,830 square-foot IAT. The current IAT will be replaced by the redeveloped Concourse E, which is currently closed. Work on Concourse E is scheduled to begin in CY2025 and be redeveloped into the new IAT. Following the completion of this project, there are no plans for the current IAT space.

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).

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	4,182	4,797	5,537
Width (ft)	200	150	150	100	150
Instrumentation	-1L CAT III -19R CAT I	-7R CAT I -25L Localizer & GPS	-1R GPS -19L GPS	-7L GPS -25R GPS	-13 GPS -31 GPS
Pavement Material	Concrete & Asphalt	Concrete & Asphalt	Concrete & Asphalt	Concrete & Asphalt	Concrete & Asphalt

Runways 1L-19R and 7R-25L accommodate all air carrier operations, while Runways 1R-19L and 7L-25R serve general aviation propeller, piston, and turboprop aircraft. In addition, Runway 13-31 is available for some air carrier operations, 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 and then subsequently removed. This process is currently in the environmental review phase, with an estimated completion time of this phase in the beginning of 2025. These runways handle less than one percent 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 are located near the terminal complex, with the remainder 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. The station also serves as a stop on the new Amtrak Borealis line, which offers daily roundtrip service between Chicago and St. Paul, Minnesota. In addition, the County and the Airport also provide a free shuttle bus connection between the Airport and the Amtrak station, including a vehicle parking lot.

Other Facilities

Other facilities located at the Airport include car rental, general aviation, air cargo, and aviation support facilities. The Airport has four on-Airport car rental companies that lease car rental parking space, customer counter space and office space in the parking garage. General aviation facilities include aircraft storage hangars, a maintenance hangar, and private passenger terminal buildings. Air cargo facilities include building and apron facilities. Aviation support facilities include an aircraft rescue and fire-fighting (ARFF) facility, a hydrant fuel service system and above-ground and underground storage tanks, a ground runup enclosure, ground service equipment maintenance facilities, and an air traffic control tower. Air Wisconsin, Air Cargo Carriers, SkyWest, and Freight Runners have maintenance facilities at the Airport. Also located within the Airport's perimeter fence is the MKE Regional Business Park. The site contains approximately 83,000 square feet of leased building space, which is mainly occupied by Freight Runners, an air cargo and passenger charter operator, where its headquarters and aircraft maintenance facility are located. The Airport is transitioning the MKE Regional Business Park from aging facilities to its highest and best use, air cargo and aircraft maintenance facilities, based on the recent Master Plan Update approved in 2022. The signing of the ground lease for an approximately 337,000 square-foot air cargo facility is imminent, with demolition starting in fall 2024, vertical construction scheduled in May 2025, and substantial completion expected in the second quarter of 2026.

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 2023 was 937,259.⁴ 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 County Executive was re-elected in April 2024. The most recent election for the Board was also in April 2024, which resulted in the election of four new Supervisors.

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 Committee on Transportation and Transit.

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 help him carry out the responsibilities of his position. 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 Airport Director in 2017 by the Milwaukee County Executive. Mr. Dranzik formerly held the position of Deputy Director of Transportation and then Director of

⁴ Source: https://doa.wi.gov/DIR/Final_Ests_Co_2023.

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

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 worked in transportation for over 20 years.

Director, Administration

James Martin, C.M., formerly the Director of Finance and Administration since 2018, started a new role as Director of Administration, effective August 5, 2024. Prior to joining the Airport, Mr. Martin was Deputy Director of Transportation for Milwaukee County responsible for financial oversight of multiple divisions. Mr. Martin's former finance duties will be managed by the finance staff until a replacement Director of Finance is hired.

Director, Operations and Maintenance

Spencer Langhart, C.M., was appointed Director of Operations and Maintenance in 2024. Mr. Langhart previously held an airport position with the Dane County Regional Airport in Madison, Wisconsin. He earned his Certified Membership to the American Association of Airport Executives in 2022 and has 11 years of aviation and airport experience. Mr. Langhart holds a bachelor's degree in aviation administration from Western Michigan University.

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 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 27 years of experience in aviation/airports. Mr. Hoffman is also a commercial pilot and turbojet flight engineer. He earned a bachelor's degree in aviation business administration from Embry-Riddle Aeronautical University.

1.4 | The Airport System 5-Year Capital Improvement Program

This section provides an overview of the Airport System's 5-Year CIP and summarizes the key funding sources anticipated to be used. It concludes with a discussion of the specific projects to be funded with a portion of the Series 2024A Bond proceeds. Table 2 provides a summary of the various projects that comprise the 5-Year CIP and were approved by the signatory airlines. The total 5-Year CIP is \$264.1 million, of which \$150.5 million was approved following the execution of the Amended AULA. The balance of the projects are carryovers from previous approvals that are being completed during the period.

The following is a brief discussion of the projects contained in the specific cost centers summarized on Table 2.

Table 2 | 5-Year CIP CY2024-2028 (in Thousands)

Project Name	Estimated Project Cost					
	(CY2024 - CY2028)	2024	2025	2026	2027	2028
Airfield Projects:						
MKE North Airfield Taxiway Geometry Improvements (Remove 13/31 and Remove Taxiway G and U) (Design & Construction)	\$16,438	\$ -	\$1,776	\$14,662	\$ -	\$ -
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 (Design & Construction)	10,459	-	1,047	9,412	-	-
MKE South Ramp Taxiway Strengthening (Construction)	10,000	10,000	-	-	-	-
MKE Remove Runway 1R/19L (North of Taxiway W) (Design & Construction)	8,787	-	1,013	7,775	-	-
MKE Rehabilitate Bullseye (Design & Construction)	4,616	758	3,858	-	-	-
MKE Fuel Farm Roadway Reconstruct (Design & Construction)	2,741	-	-	320	-	2,420
MKE North Apron Rehab (Design & Construction)	2,389	392	1,997	-	-	-
MKE Rehabilitate Taxiway A3 south of Runway 7R (Design & Construction)	1,968	1,968	-	-	-	-
MKE Remove Taxiway A1 between Taxiways A and B (Design & Construction)	1,587	1,587	-	-	-	-
MKE Rehabilitate Taxiway F (Between Runway 19R and Taxiway H) (Design & Construction)	1,101	181	920	-	-	-
MKE Master Drainage and Stormwater Study	1,048	1,048	-	-	-	-
Other Airfield Projects	2,663	2,663	-	-	-	-
Airfield Total	\$63,796	\$18,597	\$10,611	\$32,169	\$ -	\$2,420

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

Equipment Projects:						
MKE Snow Removal Equipment Replacement (Equipment)	\$12,022	\$6,534	\$4,215	\$1,273	\$ -	\$ -
MKE ARFF Vehicle Replacement (Equipment)	4,050	-	3,050	1,000	-	-
MKE Vehicle/Equipment Replacement (Equipment)	1,600	-	1,600	-	-	-
GMIA SRE Equipment Replacement 2019 (Equipment)	1,520	1,520	-	-	-	-
Equipment Total	\$19,192	\$8,054	\$8,865	\$2,273	\$ -	\$ -
Terminal Projects:						
MKE Concourse E Redevelopment (Design & Construction)	\$89,777	\$1,683	\$88,095	\$ -	\$ -	\$ -
MKE Passenger Loading Bridge Replacement (Equipment)	31,897	4,297	10,902	5,402	5,565	5,731
MKE Concourse D Roof Replacement (Design & Construction)	8,645	8,645	-	-	-	-
MKE Ticketing Remodel (Design & Construction)	5,131	-	5,131	-	-	-
MKE Baggage Handling Control System Replacement (Design & Construction)	4,400	-	440	3,960	-	-
MKE Concourse D Floor Replacement (High Traffic Areas) (Design & Construction)	3,521	-	-	-	352	3,169
Airport Paging System Replacement (Equipment)	1,765	-	869	896	-	-
Other Terminal Projects	4,184	1,433	445	897	406	1,003
Terminal Total	\$149,321	\$16,058	\$105,882	\$11,155	\$6,322	\$9,903

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

Project Name	Estimated Project Cost					
	(CY2024 - CY2028)	2024	2025	2026	2027	2028
Parking Projects:						
MKE Parking Structure Traffic Bearing Membranes (1977, 1989, and 2002 Sections) (Design & Construction)	\$7,084	\$1,544	\$1,385	\$1,385	\$1,385	\$1,385
MKE Saver Lot A Parking Rehab (Design & Construction)	3,468	-	694	-	2,775	-
MKE Car Rental Lobby and Bathrooms Renovations (Design & Construction)	2,170	-	327	1,843	-	-
MKE Parking Structure Expansion Joint Replacement (Design & Construction)	1,647	744	903	-	-	-
MKE Employee Parking Lot Replacement (Design & Construction)	1,508	-	-	302	-	1,206
MKE Surface Lot Rehab (Design & Construction)	1,782	-	-	356	-	1,425
MKE Parking Structure Switch Gear (Construction)	1,122	1,122	-	-	-	-
Other Parking Projects	2,084	1,861	223	-	-	-
Parking Total	\$20,865	\$5,271	\$3,532	\$3,886	\$4,160	\$4,017
Other Projects:						
MKE Combined South Maintenance Facility AHU Replacement (Construction)	\$5,520	\$ -	\$301	\$ -	\$5,219	\$ -
Lawrence J. Timmerman (MWC) Projects	3,498	921	2,387	-	-	189
Building Projects	1,358	1,231	-	-	-	127
MKE Gate C12 Fuel Pit (Design & Construction)	517	517	-	-	-	-
Other Total	\$10,892	\$2,669	\$2,688	\$ -	\$5,219	\$316
Grand Total 5 Year CIP FY 2024-2028	\$264,066	\$50,648	\$131,578	\$49,483	\$15,701	\$16,656

Airfield Projects

This category totals \$63.8 million and includes taxiway, runway, and rehabilitation projects. In addition, there are two runway removals, 13/31 and 1R/19L, which are underutilized, and their removal is consistent with the Airport's Master Plan update approved in 2022. These removals also include associated taxiway removals and reconfiguration.

Equipment Projects

This category totals \$19.2 million and primarily consists of the replacement of various snow equipment and ARFF equipment.

Terminal Projects

This category contains various terminal improvement projects anticipated for the period, totaling \$149.3 million. The primary terminal project is the \$89.8 million redevelopment of Concourse E into a new IAT, scheduled for completion in 2026. The remaining projects include the replacement of passenger loading bridges, the design and replacement of Concourse D's roof, and ticketing area remodeling.

Parking Projects

This category totals \$20.9 million and consists of various improvements scheduled for the parking facilities. The key projects focus on infrastructure repairs for the parking structure and the rehabilitation and resurfacing of various parking lots.

Other Projects

Totaling \$10.9 million, this category primarily consists of the construction of the MKE South Maintenance facility and various projects related to Lawrence J. Timmerman airport facilities.

1.5 | Funding Sources for the 5-Year CIP

Table 3 summarizes the funding plan anticipated for funding the 5-Year CIP. The key funding sources expected are listed and briefly discussed below:

- Capital Improvement Reserve Account (CIRA)
- Surplus Funds
 - Airport Development Funds Account – (ADFA)
 - Airport Development Funds-Depreciation - (ADF-D)
- Airport Improvement Program (AIP) – Entitlement
- Bipartisan Infrastructure Program – Entitlement (AIG) and Discretionary (ATP)
- Passenger Facility Charges (PFCs)
- General Airport Revenue Bonds (GARBs)
- State Grants
- Other Funding

Table 3 | 5-Year CIP Funding Plan

Project Name	Estimated Project Funding	CIRA	Surplus Fund	AIP Entitlement	BIL		CARES	PFC PAYGO	PFC Bond	GARB	State	Other ¹
					AIG	ATP						
Airfield Projects:												
MKE North Airfield Taxiway Geometry Improvements (Remove 13/31 and Remove Taxiway G and U) (Design & Construction)	\$16,438	\$-	\$-	\$4,307	\$8,021	\$-	\$-	\$2,055	\$-	\$-	\$2,055	\$-
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 (Design & Construction) - A1	10,459	-	-	-	7,844	-	-	131	1,176	-	1,307	-
MKE South Ramp Taxiway Strengthening (Construction)	10,000	-	-	-	7,500	-	-	-	-	-	1,250	1,250
MKE Remove Runway 1R/19L (North of Taxiway W) (Design & Construction)	8,787	-	-	-	6,590	-	-	1,098	-	-	1,098	-
MKE Rehabilitate Bullseye (Design & Construction) - A1	4,616	-	-	-	3,462	-	-	95	482	-	577	-
MKE Fuel Farm Roadway Reconstruct (Design & Construction)	2,741	-	-	-	-	-	-	-	-	2,741	-	-
MKE North Apron Rehab (Design & Construction) - A1	2,389	-	-	-	1,792	-	-	49	250	-	299	-
MKE Rehabilitate Taxiway A3 south of Runway 7R (Design & Construction)	1,968	-	3	1,369	107	-	-	18	226	-	246	-
MKE Remove Taxiway A1 between Taxiways A and B (Design & Construction)	1,587	-	-	1,116	74	-	-	198	-	-	198	-
MKE Rehabilitate Taxiway F (Between Runway 19R and Taxiway H) (Design & Construction) - A1	1,101	-	-	-	826	-	-	23	115	-	138	-
MKE Master Drainage and Stormwater Study	1,048	-	-	-	786	-	-	131	-	-	131	-
Other Airfield Projects	2,663	-	363	938	747	-	-	287	46	-	281	3
Airfield Total	\$63,796	\$-	\$365	\$7,730	\$37,749	\$-	\$-	\$4,084	\$2,295	\$2,741	\$7,580	\$1,253

¹ Represents AIP Discretionary Grants, Customer Facility Charge (CFC), Airport Improvement Grant (AIG) Competitive, AIG General Aviation (GA), Airport Development Fund -Depreciation (ADF-D), Federal Bipartisan Infrastructure Law (BIL) Competitive Tower, and Private Funding

Table 3 (Continued) | 5-Year CIP Funding Plan (in Thousands)

Project Name	Estimated		Surplus Fund	AIP Entitlement	BIL		CARES	PFC PAYGO	PFC Bond	GARB	State	Other ¹
	Project Funding	CIRA			AIG	ATP						
Equipment Projects:												
MKE Snow Removal Equipment Replacement (Equipment) - A1	\$12,022	\$-	\$-	\$-	\$-	\$-	\$6,534	\$5,488	\$-	\$-	\$-	\$-
MKE ARFF Vehicle Replacement (Equipment) - A2	4,050	-	-	-	-	-	-	4,050	-	-	-	-
MKE Vehicle/Equipment Replacement (Equipment)	1,600	-	1,600	-	-	-	-	-	-	-	-	-
GMIA SRE Equipment Replacement 2019 (Equipment)	1,520	-	-	-	-	-	-	1,520	-	-	-	-
Equipment Total	\$19,192	\$-	\$1,600	\$-	\$-	\$-	\$6,534	\$11,058	\$-	\$-	\$-	\$-
Terminal Projects:												
MKE Concourse E Redevelopment (Design & Construction)	\$89,777	\$-	\$21,656	\$-	\$4,563	\$20,000	\$-	\$20,000	\$23,558	\$-	\$-	\$-
MKE Passenger Loading Bridge Replacement (Equipment)	31,897	-	-	-	-	-	-	-	-	31,897	-	-
MKE Concourse D Roof Replacement (Design & Construction)	8,645	-	1,890	-	-	4,891	-	-	1,253	-	611	-
MKE Ticketing Remodel (Design & Construction)	5,131	-	2,708	-	-	-	-	2,423	-	-	-	-
MKE Baggage Handling Control System Replacement (Design & Construction)	4,400	-	-	-	-	-	-	-	-	4,400	-	-
MKE Concourse D Floor Replacement (High Traffic Areas) (Design & Construction)	3,521	-	3,521	-	-	-	-	-	-	-	-	-
Airport Paging System Replacement (Equipment)	1,765	-	1,765	-	-	-	-	-	-	-	-	-
Other Terminal Projects	4,184	1,130	2,229	-	-	-	-	-	-	824	-	-
Terminal Total	\$149,321	\$1,130	\$33,770	\$-	\$4,563	\$24,891	\$-	\$22,423	\$24,811	\$37,121	\$611	\$-

¹ Represents AIP Discretionary Grants, CFC, AIG Competitive, AIG GA, ADF-D, Federal BIL Competitive Tower, and Private Funding

Table 3 (Continued) | 5-Year CIP Funding Plan (in Thousands)

Project Name	Estimated Project Funding	CIRA	Surplus Fund	AIP Entitlement	BIL		CARES	PFC PAYGO	PFC Bond	GARB	State	Other ¹
					AIG	ATP						
Parking Projects:												
MKE Parking Structure Traffic Bearing Membranes (1977, 1989, and 2002 Sections) (Design & Construction)	\$7,084	\$2,702	\$2,438	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$1,944
MKE Saver Lot A Parking Rehab (Design & Construction)	3,468	-	-	-	-	-	-	-	-	3,468	-	-
MKE Car Rental Lobby and Bathrooms Renovations (Design & Construction)	2,170	-	-	-	-	-	-	-	-	-	-	2,170
MKE Parking Structure Expansion Joint Replacement (Design & Construction)	1,647	1,449	-	-	-	-	-	-	-	-	-	198
MKE Employee Parking Lot Replacement (Design & Construction)	1,508	-	-	-	-	-	-	-	-	1,508	-	-
MKE Surface Lot Rehab (Design & Construction)	1,782	-	-	-	-	-	-	-	-	1,782	-	-
MKE Parking Structure Switch Gear (Construction)	1,122	56	-	-	-	-	-	-	-	-	-	1,066
Other Parking	2,084	820	732	-	-	-	-	-	-	-	-	531
Parking Total	\$20,865	\$5,028	\$3,170	\$ -	\$ -	\$ -	\$ -	\$ -	\$0	\$6,758	\$ -	\$5,909
Other Projects:												
MKE Combined South Maintenance Facility AHU Replacement (Construction)	\$5,520	\$ -	\$5,520	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lawrence J. Timmerman (MWC) Projects Building Projects	3,498	962	600	176	-	-	-	-	-	-	88	1,671
MKE Gate C12 Fuel Pit (Design & Construction)	517	-	53	-	-	-	-	-	-	464	-	-
Other Total	\$10,892	\$1,499	\$6,994	\$176	\$ -	\$ -	\$ -	\$ -	\$ -	\$464	\$88	\$1,671
Grand Total 5 Year CIP FY 2024-2028	\$264,066	\$7,657	\$45,899	\$7,906	\$42,312	\$24,891	\$6,534	\$37,565	\$27,106	\$47,084	\$8,280	\$8,832

¹ Represents AIP Discretionary Grants, CFC, AIG Competitive, AIG GA, ADF-D, Federal BIL Competitive Tower, and Private Funding

Capital Improvement Reserve Account

The CIRA represents an amount equal to the depreciation payments received pursuant to the Amended AULA, less other deposits, if required, as further defined in the Bond Resolutions. Moneys in this fund can be used for Airport System capital projects or to pay debt service on subordinate airport obligations. The current funding plan anticipates using approximately \$7.7 million of CIRA funding.

Surplus Fund

The Surplus Fund consists of moneys that are unused after all funding requirements have been satisfied as further depicted in Table 35 in Section 4 of this Report. The Surplus Fund is comprised of the ADFA, ADF-D, and available money from other Airport sources. The current plan anticipates using \$46.0 million from the ADFA account and the balance from the ADF Depreciation Account. The Surplus Fund periodically is used to pre-fund PFC eligible projects that are pending approval from the FAA.

Airport Improvement Program Entitlement Grants

The AIP-Entitlement was established by the Airport and Airway Improvement Act of 1982. This Act authorized funding from the AIP for airport development and planning and noise compatibility planning programs. An AIP grant is awarded to airports in two ways: (1) Entitlement grants, which are awarded annually based on a formula applied to the most recent calendar year enplanements reduced by 50 percent if the Airport collects a \$3.00 PFC or 75 percent if the Airport collects a \$4.50 PFC; (2) Discretionary grants, which are awarded on a competitive basis for capital projects that enhance safety, security and noise compatibility. While doing so, the Airport must preserve the existing infrastructure, meet critical expansion needs, and attain compatibility with neighboring communities. The current funding plan anticipates using entitlement funds totaling \$7.9 million.

Bipartisan Infrastructure Law

On November 15, 2021, the Infrastructure Investment and Jobs Act, Pub. L. 117-58 (also referred to as the Bipartisan Infrastructure Law, or BIL) was signed into law. The BIL includes two new grant programs for airports: (1) the Airport Infrastructure Grant program (AIG); and (2) the Airport Terminal Program (ATP). The AIG is a formula driven program based on an airport's enplaned passenger count. The ATP is a competitive or discretionary program. AIG funds can be used for any capital development that is eligible to receive AIP grants. ATP eligibility is limited to passenger terminal development as defined in the AIP statute plus certain rail access projects eligible for passenger facility charge funding. Each program has a local matching requirement, i.e., the Airport must use its own funds to pay a portion of project costs. The total amount of BIL grants estimated to be available to finance a portion of the 5-Year CIP CY2024-2028 is approximately \$42.3 million for AIG Grants and \$24.9 million in ATP Funding, resulting in a total of \$67.1 million.

Coronavirus Aid, Relief, and Economic Security (CARES) Act

The Coronavirus Aid, Relief, and Economic Security (CARES) Act (H.R. 748, Public Law 116-136), signed into law on March 27, 2020, includes \$10 billion in funds to be awarded as economic relief to eligible U.S. airports affected by the prevention of, preparation for, and response to the COVID-19 pandemic. The funding plan assumes approximately \$6.5 million will fund a portion of the 5-Year CIP.

Passenger Facility Charges

Section 40117 of Title 49 of the United States Code allows public agencies controlling commercial service airports (those with regularly scheduled service and enplaning 2,500 or more passengers annually) to charge enplaning passengers using the airport a \$1, \$2, \$3, \$4 or \$4.50 charge, referred to as a PFC. The Airport's current collection rate is \$4.50 and has approved collection authority totaling \$406.1 million, which is scheduled to expire February 1, 2028.⁶

The purpose of the charge is to provide additional capital funding for the expansion of the national airport system. The proceeds generated from PFCs are to be used to finance eligible airport-related projects that preserve or enhance safety, capacity, or security of the national air transportation system, reduce noise from an airport that is part of such system, or furnish opportunities for enhanced competition between or among air carriers.

The PFC proceeds and the interest earned thereon (collectively referred to as PFC Revenues) may be used in two ways: (1) to pay direct costs of FAA-approved projects (referred to as "pay-as-you-go" ("PAYGO") revenues) and (2) to pay debt service on bonds issued for approved PFC projects (referred to as "leveraging" the PFC Revenue stream). A portion of the 5-Year CIP CYs2024-2028 contains eligible PFC projects that are planned to be funded on a PAYGO and leverage basis.

The 5-Year CIP anticipates the use of approximately \$64.7 million of PFC Revenues consisting of \$37.6 million of PFC PAYGO funding and \$27.1 million of PFC Bonds, which a portion will be funded from the Series 2024A Bond with the remainder for future bond proceeds that are pending approval on future PFC applications. Airport System Management will obtain the approvals required to use the PFC Revenues as indicated above.

Table 4 summarizes the sources and uses of PFC funds for the current forecast period ending in 2029. Total sources for the period 2024 to 2029 are projected to be approximately \$128.6 million, which consists of a beginning balance of \$45.2 million, net PFC Revenues totaling \$83.4 million.

Total uses for the period 2024-2029 are estimated to be approximately \$107.6 million, which includes approximately \$40.3 million for PFC PAYGO projects, approximately \$55.6 million for PFC debt service, including coverage and the balance consists of ADF transfer and administrative costs.

⁶ The Airport is currently preparing a new application PFC 21 that seeks approval for additional PFC eligible projects included in the 5-year CIP, including Concourse E redevelopment into the new IAT.

Table 4 | Passenger Facility Charge Sources & Uses (in Thousands)

	Budget		Projected			
	2024	2025	2026	2027	2028	2029
Enplanements	3,262	3,364	3,448	3,562	3,673	3,787
Eligible Enplanements	90% 2,936	3,027	3,103	3,206	3,306	3,409
PFC Collection Fee	\$ 4.39	\$ 4.39	\$ 4.39	\$ 4.39	\$ 4.39	\$ 4.39
Annual PFC Deposit	12,889	13,290	13,621	14,075	14,512	14,964
PFC Fund Beginning Balance	45,204	41,647	26,049	18,233	19,328	23,638
Less: Project Fronting	352	479	-	2,805	-	1,260
Transfer to ADF ¹	(6,253)	-	-	-	-	-
Add: Future PFC Recapture	-	(832)	-	(2,805)	-	(1,260)
PFC Administration Costs	(100)	(100)	(100)	(100)	(100)	(100)
Existing Debt Service	(8,258)	(7,959)	(7,843)	(7,697)	(7,553)	(7,410)
PFC Paygo for CIP ²	(2,189)	(20,298)	(12,273)	(2,805)	-	(2,700)
Series 2024A Debt Service	-	(178)	(184)	(178)	(173)	(168)
Series 2025 Debt Service	-	-	(1,037)	(1,037)	(1,037)	(1,037)
Series 2026 Debt Service	-	-	-	(1,037)	(1,037)	(1,037)
Series 2026 Note Debt Service	-	-	-	(127)	(127)	(127)
Series 2027 Note Debt Service	-	-	-	-	(176)	(176)
PFC Fund Ending Balance	\$41,647	\$26,049	\$18,233	\$19,328	\$23,638	\$25,848

¹ Represents ADF moneys returned that were used to pre-fund PFC eligible projects pending approval of PFC application.

² This line item represents the PAYGO the County anticipates spending each year. The amounts may differ from what is shown in the 5-Year CIP.

General Airport Revenue Bonds (GARBs)

The GARBs (which includes the Series 2024A Bonds and future bonds) are revenue bonds issued by the County that are payable solely from the Net Revenues of the Airport System as further defined in the Bond Resolutions. Currently, it is anticipated to issue a total of \$47.1 million of rate-based bonds, which is in line with the Net Financing Requirement stated in the Amended AULA.⁷ The County can issue additional bonds for additional projects under the Bond Resolutions as long as the proposed bonds meet the Additional Bonds Test, upon filing the following with the Trustee: (1) a certificate of the County executed by an Authorized Officer that to the best of the knowledge and belief of the Authorized Officer no Event of Default exists, of which he has knowledge, (2) a certificate of the County executed by an Authorized Officer that: (a) the Net Revenues for the last audited fiscal year and (b) the maximum debt service (including related credit facility obligations) on all outstanding bonds and the bonds to be issued in any fiscal year, demonstrates that such Net Revenues, together with other available funds, equal an amount not less than 125 percent of such debt service, (3) a certified copy of the Supplemental Resolution providing for the issuance of additional bonds, and (4) an opinion of bond counsel that the conditions precedent to issuance of the additional bonds have been satisfied.

State Funding

The Wisconsin Department of Transportation (WDOT) provides state funding to airports for capital improvement projects. WDOT will provide up to one half of the local share for projects receiving AIP, BIL AIG, and ATP, (BIL ATP subject to certain State of Wisconsin limitations for funding terminal projects) grants. For projects not receiving federal monies, the state of Wisconsin typically pays 80 percent of the cost of airside development and 50 percent of costs associated with landside development projects. Total project costs anticipated to be covered by state funding are approximately \$8.3 million.

Other Funding

The remainder of the funding requirement for the 5-Year CIP CY2024-2028 will be covered by other funds such as Airport Improvement Program Discretionary Grants, Customer Facility Charges, Airport Infrastructure Competitive Grants, Airport Development Fund Discretionary, Federal Bipartisan Infrastructure Law Competitive Tower Funding, and Private Funding. Total other funding of approximately \$8.8 million.

1.6 | Series 2024A Projects Funding Plan

Table 5 shows the funding plan for the Series 2024A Projects, with total costs of approximately \$18.7 million, of which \$7.4 million will be funded from proceeds of the Series 2024A Bonds.

The Series 2024A Bond proceeds are anticipated to fund the Series 2024A Projects described in more detail below.

⁷ The Amended AULA indicates the Net Financing Requirement as \$47.1 million.

Airfield Projects – Funding from Series 2024A Bonds Totaling \$0.5 million

MKE Rehabilitate Taxiway A3 south of Runway 7R (Construction)- The rehabilitation of the Taxiway includes concrete joint and pavement replacement in addition to the replacement of signs and lights. In addition, the intersection with Taxiway Y will be modified to meet the current FAA specifications.

This pavement supports access to the Ground Runup Enclosure (GRE) and tenants along Taxiway Y and is in need of rehabilitation. The most recent Pavement Condition Index (PCI) score published in 2023 was 50 (poor) and 72 (satisfactory). This project has an estimated substantial completion date of November 2024.

MKE Taxiway H Rehabilitation (Construction) - This project is for the construction phase of the rehabilitation of Taxiway H between Taxiway F and Taxiway J. The work includes asphalt pavement mill and overlay and associated lighting and signs.

This pavement supports access to the Northeast quadrant of the airport and Runway 25R. The most recent PCI score published in 2020 was 50 (poor). This project was substantially complete as of November 2023.

MKE Rehabilitate Taxiway C (North of West Ramp) (Construction) - This project is for the construction phase of the rehabilitation of Taxiway C north of the West Ramp. In the asphalt sections the work includes mill and overlay. In the concrete sections, the work includes rehabilitation such as joint replacement and panel replacements. The work also includes new base-mounted edge lights, conduit, cabling and guidance signs, new markings and thermoplastic hold lights and surface signs, and minor turf restoration. The most recent PCI score published in 2020 was 63 (satisfactory). This project was substantially complete as of November 2023.

Terminal Projects – Funding from Series 2024A Bonds Totaling \$6.4 million

MKE Concourse D Roof Replacement (Design & Construction) - This project consists of the partial replacement of the roof on Concourse D. The existing roof consists of multiple systems including mechanically attached thermoplastic polyolefin (TPO), ballasted with a durable synthetic rubber roofing membrane, and built-up roofing. The scope of the project includes the removal of existing roof material and installation of new roof material, drainage and flashings.

Most of the existing roofing systems on Concourse D were installed in 1990-1991 and numerous leaks have been noted in the last few years. These roof areas were inspected in 2017 and 2021. The inspection reports recommend replacement of these roofing areas. This project has an estimated substantial completion date of November 2024.

MKE Passenger Loading Bridge Replacement (Equipment) - This project is for the design and construction phase of the replacement of three passenger loading bridges on the D concourse at MKE. The jet bridges will be replaced with equipment of similar size and function. The existing bridges are past their useful life. This is the first phase of a multiple-phase project with an estimated substantial completion date of November 2024.

MKE Passenger Loading Bridge Replacement (Design) - This project is for the design of the next 4 phases of a passenger loading bridge replacement program. The jet bridges will be located throughout the airport and will be replaced with equipment of similar size and function. The existing bridges are past their useful life. This project has an estimated substantial completion date of July 2025.

Other Projects – Funding from Series 2024A Bonds Totaling \$0.5 million

MKE Gate C12 Fuel Pit (Construction) - This project is for the construction of a new fueling pit at gate C12 at MKE. This project includes tapping into the existing fuel system with a new pipe and fuel pit and the associated concrete work.

The current pit location does not work with the current aircraft mix that uses that gate, resulting in a need to truck fuel into that gate. The new fuel pit will allow aircraft to fuel directly from the fuel piping system. This project has an estimated substantial completion date of November 2024.

Table 5 | Funding Plan for 2024 Projects (in Thousands)

	Total Project	Other Funding			Series 2024 Bonds		
	Cost	ADF	AIP	AIG	State	PFC Bond	GARBS
AIRFIELD PROJECTS:							
MKE Rehabilitate Taxiway A3 south of Runway 7R (Construction)	\$1,804	\$ -	\$1,353	\$ -	\$226	\$226	\$ -
MKE Taxiway H Rehabilitation (Construction)	1,929	26	1,447	-	241	215	-
MKE Rehabilitate Taxiway C (North of West Ramp) (Construction)	407	4	305	-	51	47	-
Total Airfield	\$4,140	\$31	\$3,105	\$ -	\$518	\$487	\$ -
TERMINAL PROJECTS:							
MKE Concourse D Roof Replacement (Design & Construction)	\$9,020	\$1,960	\$ -	\$5,134	\$642	\$1,284	\$ -
MKE Passenger Loading Bridge Replacement (Equipment)	4,297	-	-	-	-	-	4,297
MKE Passenger Loading Bridge Replacement (Design)	824	-	-	-	-	-	824
Total Terminal	\$14,141	\$1,960	\$ -	\$5,134	\$642	\$1,284	\$5,121
OTHER PROJECTS:							
MKE Gate C12 Fuel Pit (Construction)	\$464	\$ -	\$ -	\$ -	\$ -	\$ -	\$464
Total Series 2024A Projects	\$18,746	\$1,991	\$3,105	\$5,134	\$1,159	\$1,771	\$5,585

¹ This project is included in PFC Application #21 and pending approval to impose and use PFC's to pay eligible debt service.

The estimated sources and uses of funds for the Series 2024A Bonds are summarized on Table 6.

Table 6 | Sources and Uses of Series 2024A Bonds

Sources:	Series 2024A (AMT)
Bond Proceeds:	
Par Amount	\$6,615,000
Premium	522,534
	\$7,137,534
Other Sources:	
DSRF Release	364,147
Total Sources	\$7,501,681
Uses:	
Project Fund Deposits:	
Project Fund	\$7,355,675
Delivery Date Expenses:	
Cost of Issuance	102,644
Underwriter's Discount	40,107
	\$142,751
Other Uses of Funds:	
Additional Proceeds	3,255
	\$3,255
Total Uses	\$7,501,681

Source: PFM Financial Advisors LLC.

PFM Financial Advisors LLC provided the debt service schedule for Series 2024A Bonds. The Series 2024A Bonds debt service requirements are based upon a true interest cost of 3.92 percent with a final maturity of December 1, 2039.

SECTION 2 | REGIONAL AND MACRO ECONOMIC ENVIRONMENT

Demographic and economic conditions influence aviation activity at MKE. Favorable conditions stimulate business and leisure travel, while unfavorable conditions can dampen overall demand for air travel. As an origin and destination (O&D) airport, MKE's traffic is driven by macro-level trends that shape overall air travel demand and impact regional trends that determine residents' propensity to fly and the area's appeal as a visitor destination. Regional characteristics, such as population growth, income levels, employment rates, and industry composition, directly impact the demand for air travel originating from or destined for the Milwaukee area.

The COVID-19 pandemic, which lasted from March 11, 2020 to May 5, 2023, had a profound negative impact on daily life and economic activities worldwide. Stay-at-home orders, travel restrictions, and social distancing measures caused unprecedented disruptions and exacerbated economic repercussions. Passenger traffic fell, the aviation industry suffered a severe downturn, and the economy went into a deep recession. However, the strong economic rebound and MKE's recovery demonstrate remarkable resilience.

This section analyzes the demographic and economic trends in MKE's service area, Wisconsin, and the United States, providing an understanding of the factors underlying MKE's traffic trends. It also assesses the regional and national economic outlook and the implications for MKE's traffic growth.

2.1 | Airport Service Area

MKE draws traffic from a broad area delineated by the Milwaukee-Racine-Waukesha, WI, Combined Statistical Area (CSA), which includes the Milwaukee-Waukesha, WI, Metropolitan Statistical Area (Milwaukee MSA) and Dodge, Jefferson, Racine, and Walworth Counties (Figure 1).^{8,9} Our analysis focuses on MKE's primary service area, the Milwaukee MSA, which includes Milwaukee, Ozaukee, Washington, and Waukesha Counties in Wisconsin. The Milwaukee MSA is bordered by the Sheboygan and Fond du Lac MSAs to the north, the Madison MSA to the west, the Janesville and Rockford (IL) MSAs to the southwest, and the Chicago MSA, which includes Kenosha County, WI, to the south.

⁸ The Milwaukee MSA has included Milwaukee, Ozaukee, Washington, and Waukesha Counties since 2003. Prior to 2003, it also included Racine County.

⁹ 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

Table 7 and Figure 2 illustrate the areas accessible within a 60-, 90-, and 120-minute drive from MKE. While no other commercial service airport is within a 60-minute drive, six are within a 70- to 120-minute drive:

- Chicago O’Hare International Airport (ORD) - 1 hour and 12 minutes
- Dane County Regional Airport (MSN) - 1 hour and 30 minutes
- Chicago-Rockford International Airport (RFD) - 1 hour and 39 minutes
- Chicago Midway International Airport (MDW) - 1 hour and 41 minutes
- Appleton International Airport (ATW) - 1 hour and 55 minutes
- Green Bay Austin Straubel International Airport (GRB) - 1 hour and 58 minutes

These airports compete with MKE for passengers, especially those on the fringes of the Milwaukee MSA. The level of competition they pose varies. ORD and MDW are large hub airports with considerably more air service than MKE, a medium hub airport. The other airports are smaller than MKE: ATW and MSN are small hubs, while GRB, and RFD are nonhub airports.¹⁰

By year-end 2023, ATW, MDW, and RFD surpassed their 2019 enplanement levels, and GRB had recovered 95 percent. Meanwhile, MKE, ORD, and MSN lagged, remaining 10-13 percent below 2019 figures. Their slower recovery from the pandemic downturn can be attributed to significant business traffic and, in the case of ORD, significant international traffic. Business and international travel recovered slower than personal and domestic travel.

Table 7 | Commercial Service Airports within Two Driving Hours of MKE

Airport Information				Enplanements (000s)			Pct. Change: 2023 vs.		Distance from MKE	
Airport Name	State	Code	FAA Hub	2023	2022	2019	2022	2019	Miles	Time
Milwaukee Mitchell	WI	MKE	Medium	2,936	2,671	3,374	9.9%	-13.0%	0	0
Chicago O'Hare	IL	ORD	Large	35,843	33,120	40,871	8.2%	-12.3%	73	1h 12m
Dane County Regional	WI	MSN	Small	1,038	916	1,162	13.3%	-10.7%	83	1h 30m
Chicago Rockford	IL	RFD	Nonhub	120	122	117	-0.9%	3.2%	99	1h 39m
Chicago Midway	IL	MDW	Large	10,659	9,650	10,082	10.5%	5.7%	98	1h 41m
Appleton	WI	ATW	Small	475	416	387	14.0%	22.8%	113	1h 55m
Austin Straubel	WI	GRB	Nonhub	330	301	347	9.7%	-4.8%	127	1h 58m

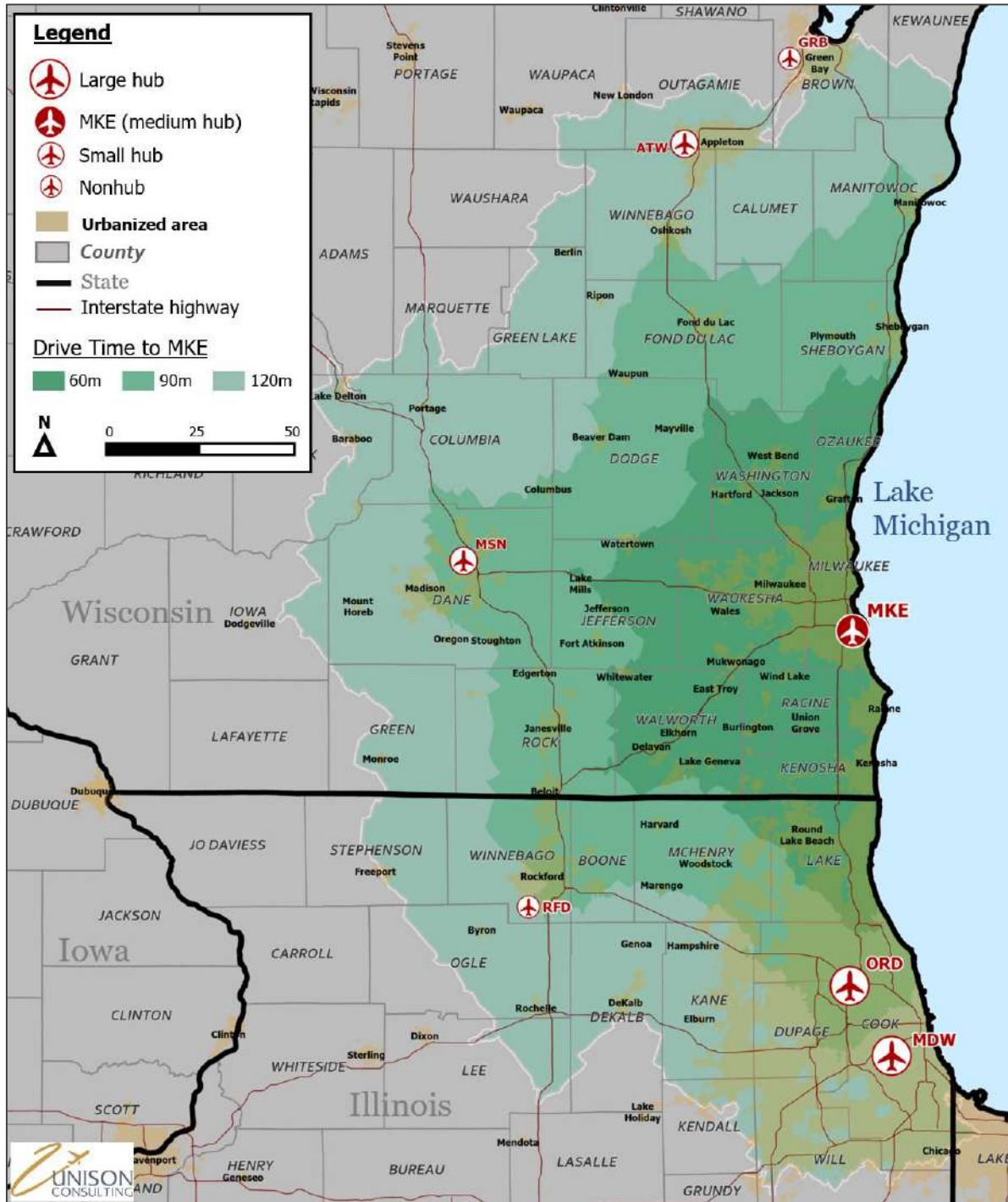
Sources: FAA, Google Maps, and Unison Consulting, Inc.

Driving times vary by day of the week, time of day, and traffic volume.

¹⁰ The FAA classifies airports into hub sizes based on share of annual U.S. total enplanements:

- 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.

Figure 2 | Drive Time to MKE and Competing Airports



Sources: ESRI and Unison Consulting, Inc.
Drive times are in minutes.

2.2 | Demographic Attributes

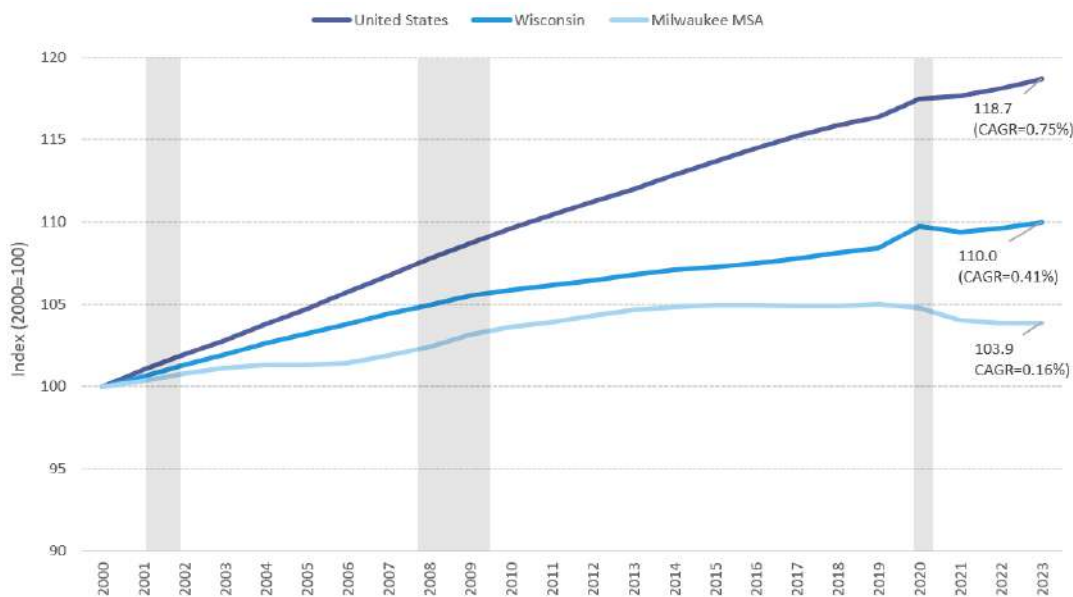
Demographics shape a region's workforce (supply) and consumer spending (demand). Population size, growth, age distribution, immigration, and education levels determine the size, skills, and productivity of the workforce. These factors and income characteristics also influence demand—how much and what consumers buy, including air travel.

2.2.1 | Population

In 2023, the Milwaukee MSA had a population of 1.6 million, making it the 40th largest (out of 387) metropolitan statistical area in the United States. It is similar in size to the Raleigh, NC, and Providence-Warwick, RI-MA MSAs. About 59 percent of the Milwaukee MSA population reside in Milwaukee County, 26 percent in Waukesha County, and the remainder in Washington and Ozaukee Counties.¹¹

The Milwaukee MSA population has been stable, increasing only 3.9 percent at a compound annual growth rate (CAGR) of 0.16 percent from 2000 to 2023, lagging behind both Wisconsin's 10 percent growth and the 18 percent national growth (Figure 3). While there has been some net migration to Wisconsin recently, the Milwaukee MSA has experienced negative migration, leading to slower growth than most U.S. metropolitan areas. The MSA's population has shrunk 1.1 percent since 2019.¹²

Figure 3 | Population Index (2000=100), 2000-2023



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

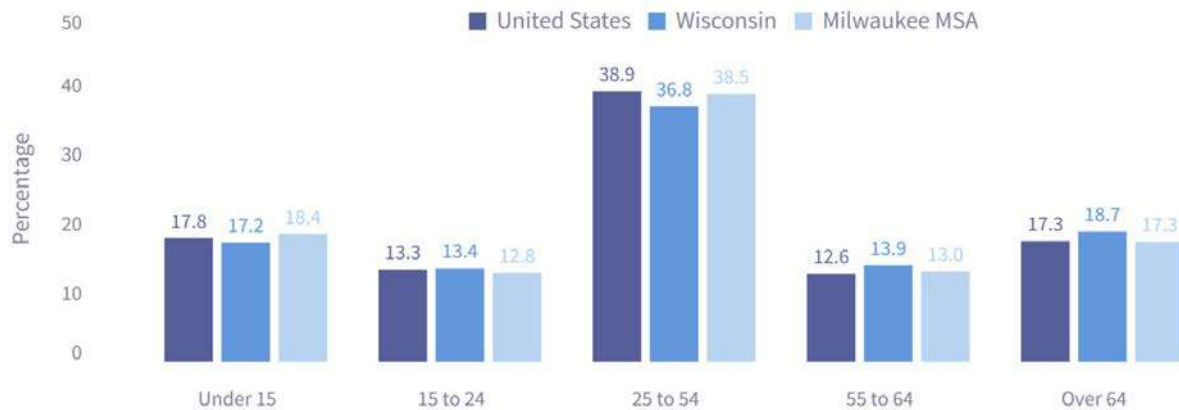
¹¹ U.S. Census Bureau. The percentage shares are based on the 2000-2022 average county populations.

¹² A. Thomas, "Metro Milwaukee population growth ranks in bottom third in 2023," *Milwaukee Business News*, March 14, 2024.

Population Age Structure

The Milwaukee MSA mirrors national and state trends in population age distribution (Figure 4). In 2022, approximately 52 percent of its population was within the prime working age of 25 to 64, similar to the United States (52 percent) and Wisconsin (51 percent). A sizeable working-age population is essential for a robust local economy and a high standard of living.

Figure 4 | Population Age Structure, 2022



Sources: U.S. Census 2022 American Community Survey and Unison Consulting, Inc.

The Milwaukee MSA’s median age (38.8 years) aligns with the U.S. median age (39 years) and is slightly younger than Wisconsin’s (40.4 years). However, all three are experiencing population aging (Figure 5). While the Milwaukee MSA’s median age increase of 1.7 years since 2005 is smaller than the national and state increases (2.6 and 2.5 years), it highlights a key challenge: a maturing population.

A growing working-age population fuels economic growth. As populations age, this growth slows. To counter this trend and maintain economic momentum, labor productivity needs a boost. Upskilling the workforce, raising educational attainment, and embracing technological advancements are crucial strategies.

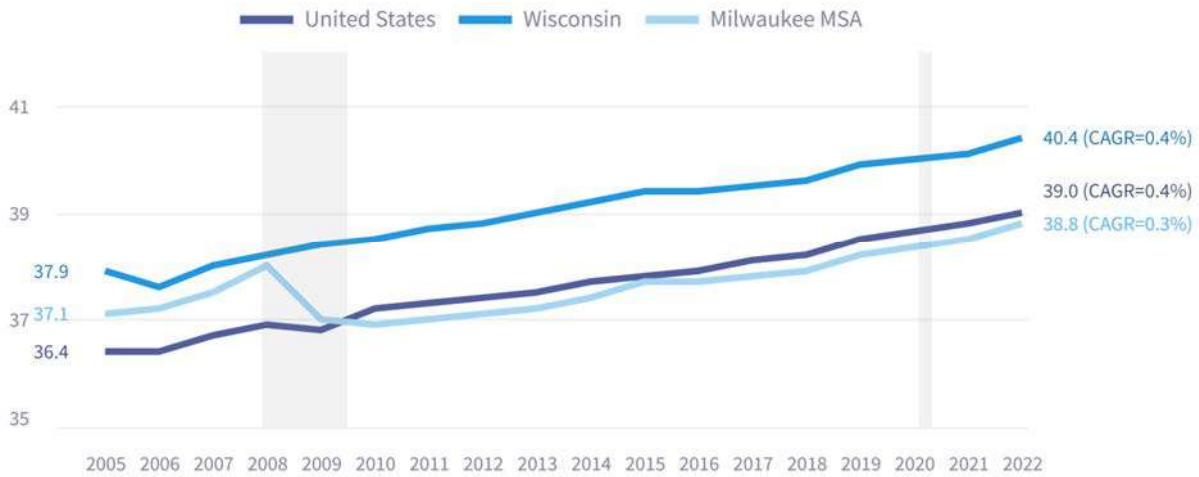
Foreign-Born Population

Amid an aging population and declining birth rates, immigration offers a solution. Immigrants increase the population, expand the labor force, boost productivity, and expand the regional market for goods and services.¹³ They also create demand for air travel, for their trips back to their countries of origin and their families’ and friends’ visits to the United States.

¹³ 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.

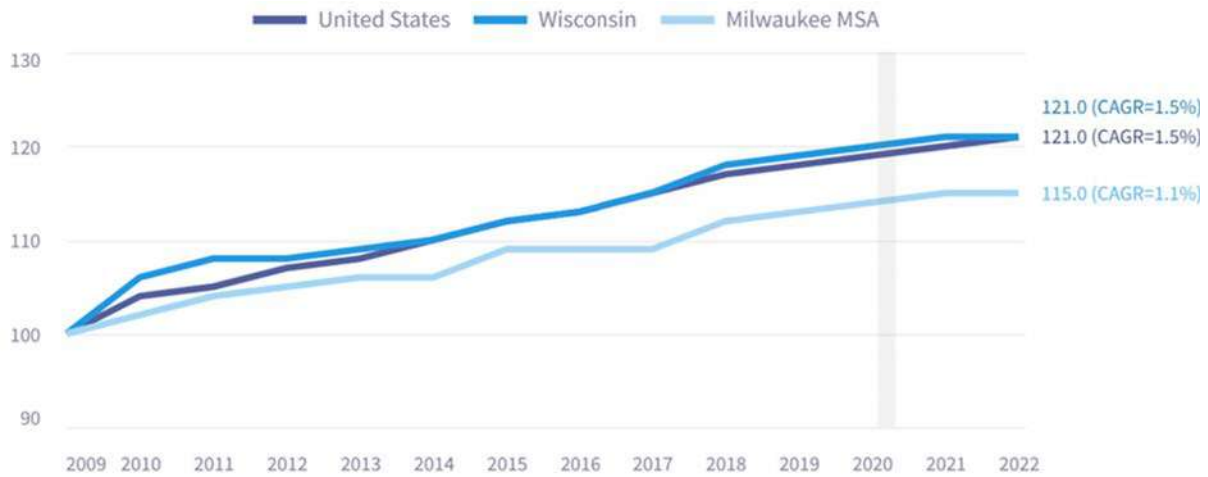
Compared to the national average (13.6 percent), Milwaukee boasts a smaller but growing immigrant population (7.6 percent), slightly above Wisconsin's (5 percent). While the percentage increase in the Milwaukee MSA's immigrant population might seem modest (from 6.6 percent in 2009 to 7.6 percent in 2022), it highlights a positive trend: Milwaukee is gradually becoming more diverse. Notably, the national and state immigrant populations have grown faster (Figure 6).

Figure 5 | Median Age, 2005-2022



Sources: U.S. Census Bureau 2022 American Community Survey and Unison Consulting, Inc.
 Gray areas indicate economic recession periods.

Figure 6 | Foreign Born Residents Index, 2009-2022



Sources: U.S. Census Bureau 2022 American Community Survey and Unison Consulting, Inc.
 Gray areas indicate economic recession periods.

Among the Milwaukee MSA's foreign-born population (Figure 7), 39 percent hail from Latin America, followed by Asia (37 percent) and Europe (16 percent). Compared with the national trend, Milwaukee has more immigrants from Europe and Asia.

Figure 7 | Foreign Born Residents by Region of Origin, 2022



Source: U.S. Census Bureau 2022 American Community Survey and Unison Consulting, Inc.

2.2.2 | Educational Attainment

Education promotes economic growth in several ways:

- Skilled workforce – Education raises workers’ productivity, boosting the value of human capital and overall output.
- Innovation engine - Education fosters innovation and the adoption of new technologies.
- Adaptability - A well-educated workforce can adapt to changing work environments and skill requirements.^{14, 15}

The evidence is clear: (1) Cities with skilled workers thrive. Advancements in technology have amplified the role of education in economic success.¹⁶ Regions that attract and retain educated workers see greater prosperity.¹⁷ (2) Wages and unemployment rates also indicate the value of

¹⁴ E. Hanushek and L. Woessman, “Education and Economic Growth,” *International Encyclopedia of Education* (Oxford: Elsevier, 2010), Vol. 2, pp. 245-252.

¹⁵ D. Claude and L. Charlotte, “Human Capital and Economic Growth,” *Encyclopedia of International Higher Education Systems and Institutions* (Dordrecht: Springer, 2019).

¹⁶ Enrico Moretti, *The New Geography of Jobs* (Boston: Houghton Mifflin Harcourt, 2012).

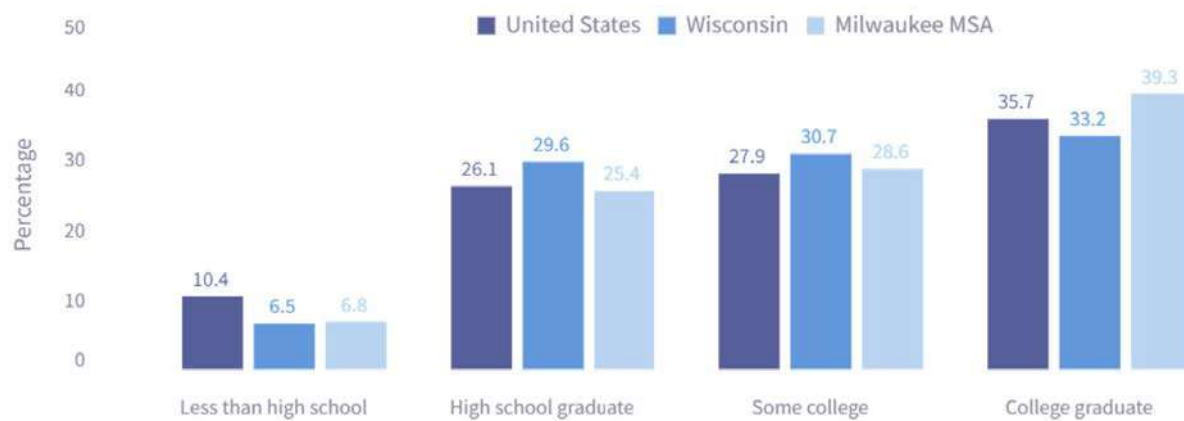
¹⁷ Edward Glaeser, *Triumph of the City* (New York: Penguin Books, 2012).

education. In 2023, college graduates earned significantly more (more than double) and faced lower unemployment (nearly three times lower) than those without a high school diploma.¹⁸

The Milwaukee MSA has higher education levels than both the state and the nation (Figure 8). Over 39 percent of its residents aged 25 and over hold a college degree, exceeding the proportions in Wisconsin (33 percent) and the nation (36 percent).

Education levels are improving in the Milwaukee MSA. Since 2005, the percentage of residents with less than a ninth-grade education has dropped significantly from 11 to 7 percent, while college graduates have increased from 30 percent to 39 percent.¹⁹ Continued progress in educational attainment and workforce skill development is crucial for maintaining and enhancing the economic competitiveness of the Milwaukee MSA.

Figure 8 | Educational Attainment, 2022



Sources: U.S. Census 2022 American Community Survey and Unison Consulting, Inc.

¹⁸ U.S. Bureau of Labor Statistics, “Education pays, 2022,” May 2023, <https://www.bls.gov/careeroutlook/2023/data-on-display/education-pays.htm>.

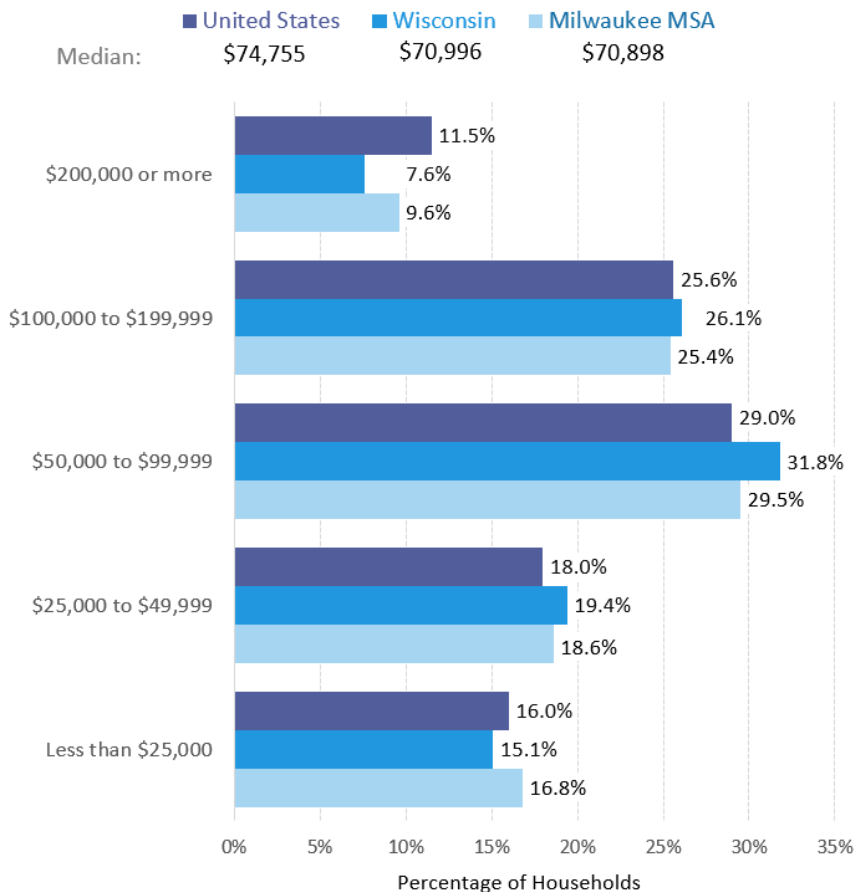
¹⁹ U.S. Census Bureau 2021 and 2010 American Community Survey 5-year Estimates.

2.2.3 | Income

Higher income fuels air travel demand. Studies show a strong correlation with air travel demand—as people earn more, they are more likely to fly. This relationship is called income elasticity, and for air travel, it is often greater than one. Air travel demand increases faster than income.²⁰

The Milwaukee MSA’s median household income is \$70,898, similar to Wisconsin’s (\$70,966) but below the national figure (\$74,755) (Figure 9). The income distribution within the MSA also mirrors national and state trends.

Figure 9 | Household Income Distribution and Median Household Income, 2022

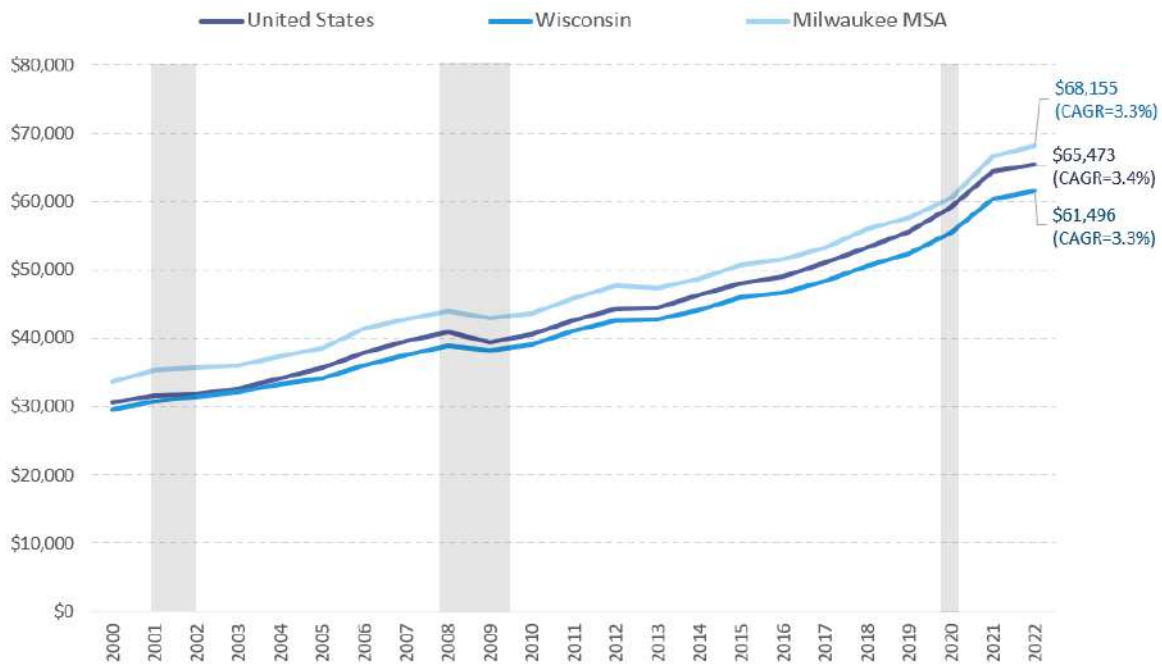


Sources: U.S. Census 2022 American Community Survey and Unison Consulting, Inc.

²⁰ 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.

On a positive note, the Milwaukee MSA has enjoyed steady per capita personal income growth since 2001, experiencing only a slight dip during the 2008-2009 (Great Recession) (Figure 10). As a result, the MSA’s per capita personal income kept pace with both the nation and Wisconsin, averaging a 3.3 percent annual increase over two decades. Moreover, per capita income in the Milwaukee MSA has been consistently above the national and state figures since 2001. In 2022, per capita income in the Milwaukee MSA (\$68,155) was 3.5 percent higher than the U.S. average (\$65,473) and a significant 10.8 percent above the state average (\$61,489).

Figure 10 | Per-Capita Personal Income (Nominal), 2001-2022

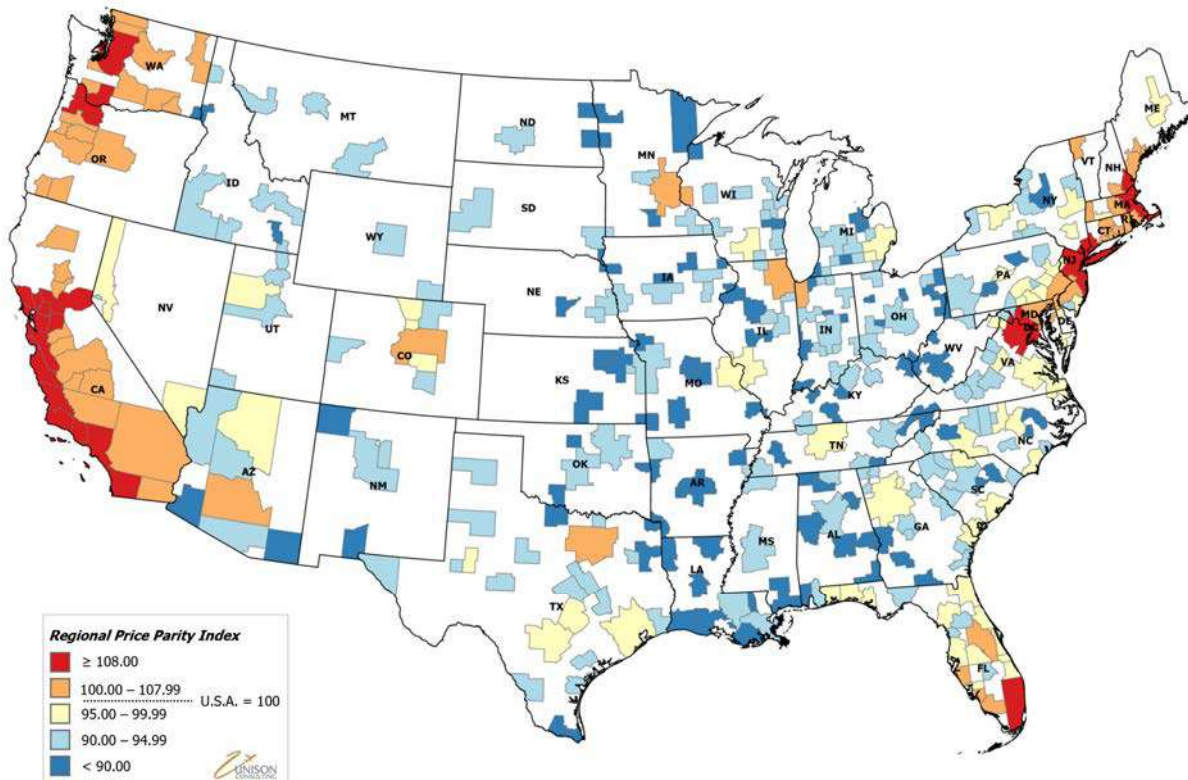


Sources: U.S. Bureau of Economic Analysis and Unison Consulting, Inc.
Gray areas indicate economic recession periods.

Cost of Living

The Milwaukee MSA offers a lower cost of living than the national average, stretching incomes further (Figure 11). Based on the MSA regional price parity index for 2022, prices in the Milwaukee MSA are about 5 percent below the U.S. average and about 11 percent lower than in the nearby Chicago MSA. Other MSAs with comparable living costs include Greeley, CO, and Santa Fe, NM. However, Milwaukee is slightly pricier than other mid-sized northern MSAs like Buffalo, NY; Pittsburgh, PA; Indianapolis, IN; and Cincinnati, OH. All things equal, lower prices leave more discretionary income for travel.

Figure 11 | Regional Price Parity Index (U.S. Average = 100), 2022



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

2.3 | Economic Attributes

A key driver of air travel demand, a region's economic vitality can be gauged by trends in the gross domestic product (GDP), labor market, industry mix, and tourism activity. Regional, national, and even global economic trends all influence air travel demand at an airport.

2.3.1 | Gross Domestic Product

GDP, the total value of goods and services produced in a region, is the most comprehensive economic indicator.²¹ Sustained GDP growth signals economic expansion, typically leading to rising employment, incomes, and air travel. Conversely, declining GDP over two or more consecutive quarters often signals a recession, in which employment, income, and air travel demand fall.²² Over the last two decades, the correlation between U.S. enplanements and real GDP is about 0.7.²³

When COVID-19 struck the United States in the first quarter of 2020, widespread lockdowns and social distancing measures triggered a deep recession. U.S. real GDP plummeted by 5.3 percent and 28 percent in Q1 and Q2 of 2020, respectively (Figure 12), surpassing the severity of the Great Recession by more than three-fold.

Unlike prior recessions caused by market factors such as asset market crashes, oversupply, loss of consumer and business confidence, or tight monetary and fiscal policy, the 2020 recession stemmed from pandemic-induced supply and demand shocks. As restrictions eased, U.S. real GDP rebounded swiftly in the latter half of 2020, rising 34.8 percent in Q3 and 4.2 percent in Q4. Vaccination efforts helped restore consumer and business confidence, accelerating economic recovery. Notably, 2021 saw the highest annual U.S. real GDP growth (5.8 percent) since 1978.

Economic recovery slowed in 2022. U.S. real GDP declined by 2.0 percent in Q1 and 0.6 percent in Q2 due to (1) a surge in COVID-19 infections from the Omicron variant, (2) supply-chain bottlenecks and inventory pressures, and (3) labor market tightness. On the demand side, factors like (1) waning stimulus effects, (2) reduced government spending, (3) interest rate increases to contain inflation, and (4) decreased exports due to the U.S. dollar appreciation contributed to the decline. Despite two consecutive quarters of declining GDP—typically a recession signal—other indicators like nonfarm employment, real consumer spending, industrial production, and real personal income continued to increase. GDP growth rebounded in Q3 and Q4 (by 2.7 percent and 2.6 percent, respectively), resulting in modest annual growth of 1.9 percent.

²¹ In this report, GDP is used to refer to economic output measured at both national and sub-national levels.

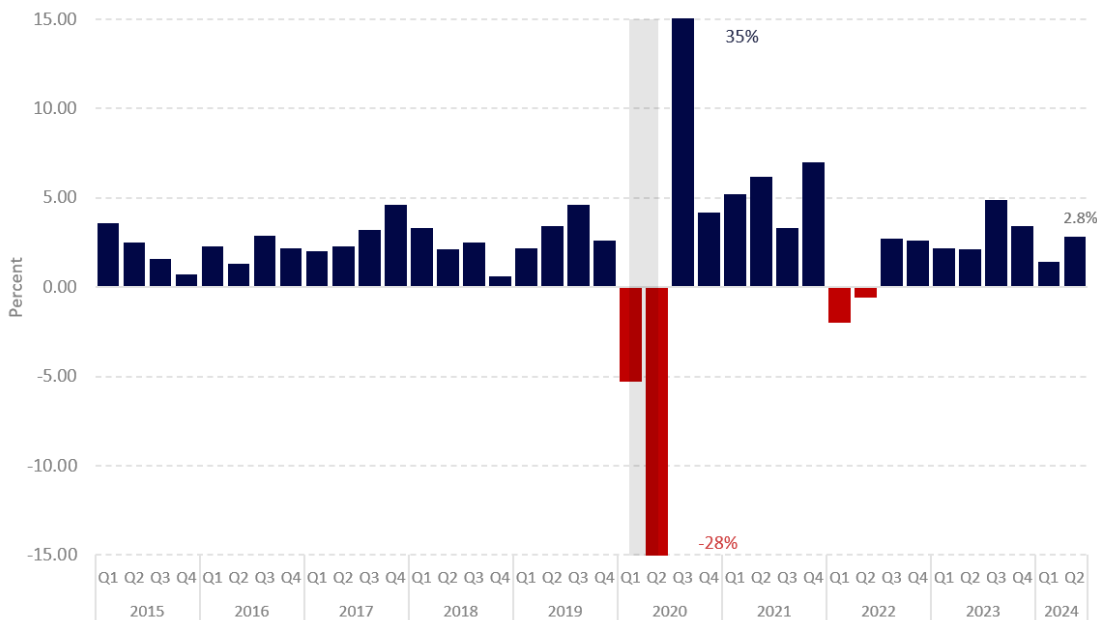
²² Recessions are officially determined by the National Bureau of Economic Research (NBER) Business Cycle Dating Committee.

²³ The correlation coefficient measures the degree to which data series move in tandem with one another. A zero (0) correlation means no association, while a correlation of one (1) indicates a perfect association.

While early 2023 saw slower growth (2.2 percent in Q1 and 2.1 percent in Q2) due to rising interest rates and banking sector concerns,²⁴ strong consumer spending propelled real GDP increases of 4.9 percent and 3.4 percent in Q3 and Q4, respectively. Overall, 2023 ended with 2.5 percent annual growth.

GDP growth in 2024 started slow in Q1 (1.4 percent) but rose in Q2 (2.8 percent). However, most predictions are for slowing growth in upcoming quarters.²⁵ The *Wall Street Journal's* July 2024 Economic Forecasting Survey projects quarterly GDP growth of 1.6 percent in Q3, 1.5 percent in Q4, 1.7 percent in Q1 2025, and 1.9 percent in Q2 2025. Slowing GDP growth could dampen enplanement growth.

Figure 12 | U.S. Real GDP, Quarterly, Annualized Percent Change, Q1 2015 – Q2 2024



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

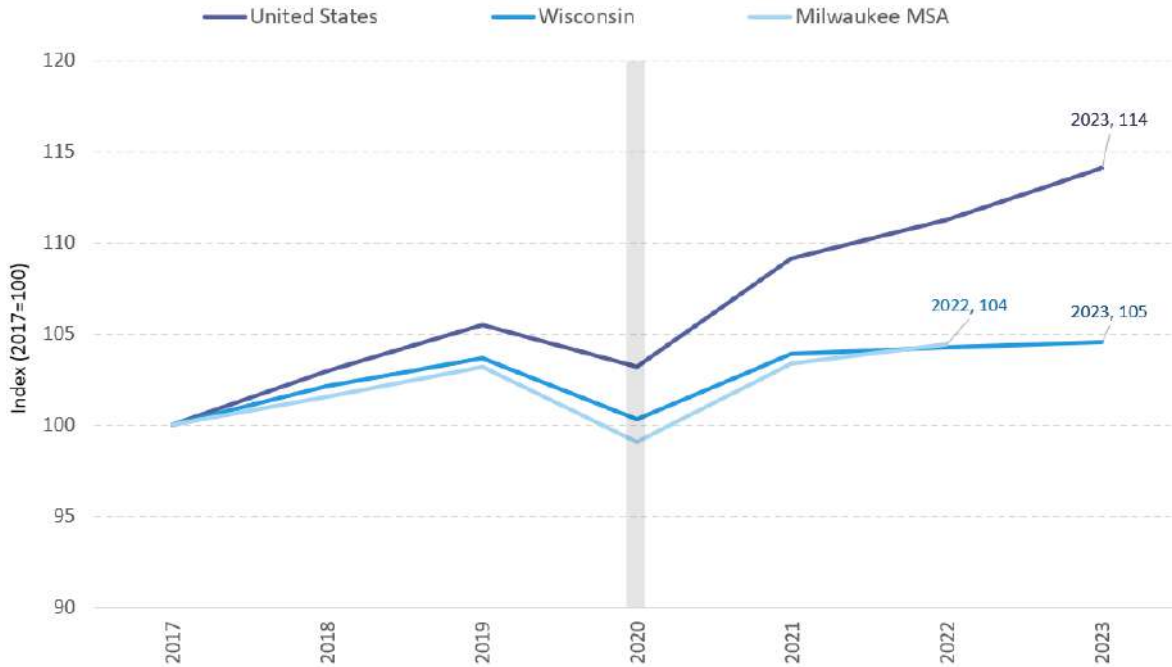
The drop in real GDP in 2020 in Wisconsin and the Milwaukee MSA mirrors national trends, reflecting COVID-19's impact (Figure 13). While both Wisconsin and the Milwaukee MSA surpassed 2019 levels,

²⁴ Bhattarai, A., "U.S. Economy Grew at 1.1 percent in early 2024, Points to 'Significant Slowing'," *The Washington Post*, April 27, 2023.

²⁵ Wells Fargo, "Economic Growth Exceeded Expectation in Q2," <https://wellsfargo.bluematrix.com/links2/html/6adb4983-c8c0-4b39-9e9b-15f354eeb590>, July 25, 2024.

their growth lagged the nation. From 2017 to 2023, U.S. real GDP grew by 14 percent compared with 5 percent in Wisconsin and only 4 percent in the Milwaukee MSA (through 2022).²⁶

Figure 13 | Real GDP Index (2017=100), 2017-2023



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

2.3.2 | Labor Market

Labor market trends evolve with business cycles and reflect economic health. Strong business growth, rising employment, and low unemployment typically stimulate air travel demand.

Business Establishments

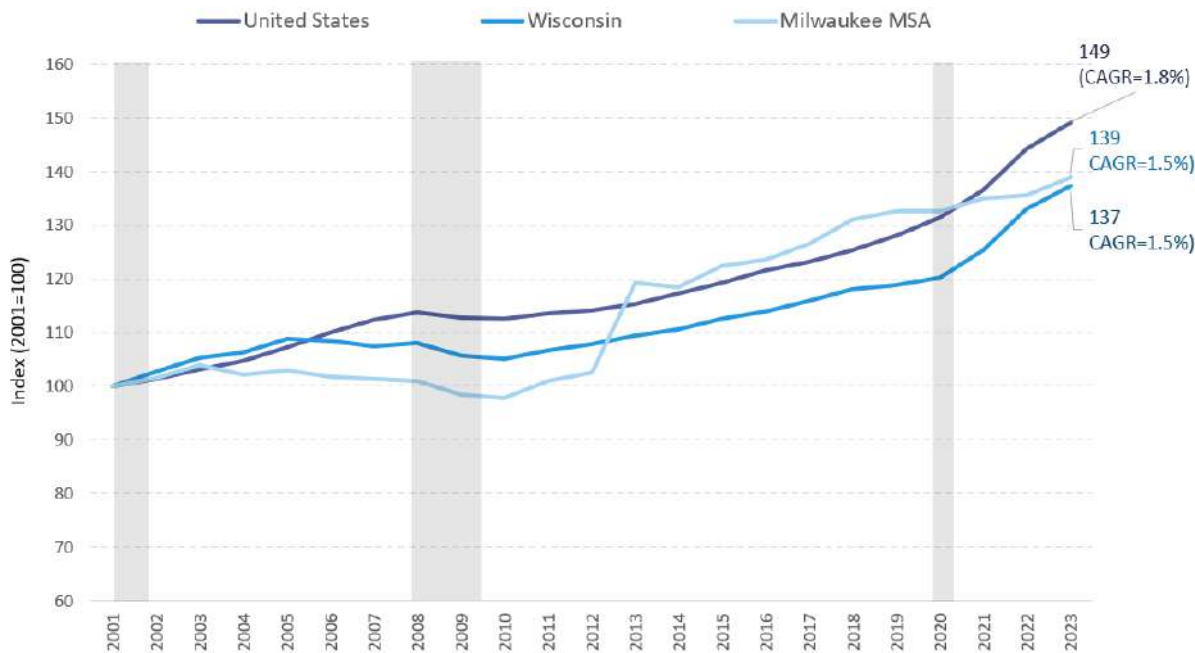
A growing number of business establishments signifies a healthy business environment with a high level of entrepreneurial activity. New business formation creates jobs and promotes overall economic growth.

From 2001 to 2023, the Milwaukee MSA saw a 39 percent increase (1.5 percent CAGR) in business establishments (Figure 14). This expansion outperforms Wisconsin's 37 percent (1.5 percent CAGR)

²⁶ In 2023 the U.S. Bureau of Economic Analysis began a significant revision of state and MSA GDP data. As of May 2024, only data from 2017-2022 (MSA) and 2023 (state) is available. Earlier years will become available in the future.

but falls short of the nation's 49 percent (1.8 percent CAGR). Notably, the Milwaukee MSA experienced an upswing since 2010 with a 2.7 percent CAGR, an encouraging outlook.

Figure 14 | Business Establishment Index (2001=100), 2001-2023

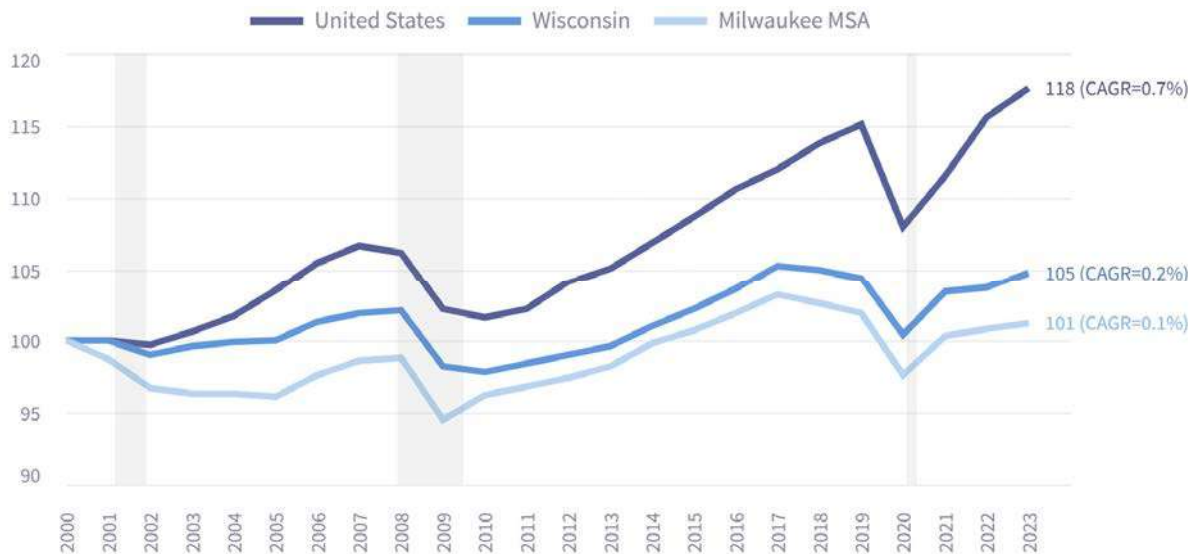


Sources: U.S. Bureau of Labor Statistics and Unison Consulting, Inc.
Gray areas indicate economic recession periods. 2023 data are through Q3.

Employment

Employment growth in the Milwaukee MSA has been modest. Between 2000 and 2023, nonfarm employment rose by only 2 percent (0.1 percent CAGR), significantly lagging behind the United States (18 percent, 0.7 percent CAGR) and trailing Wisconsin (5 percent, 0.2 percent CAGR) (Figure 15). The Great Recession caused employment declines across the United States, Wisconsin, and the Milwaukee MSA. However, a steady recovery followed (2009-2017)—Milwaukee MSA (1.1 percent CAGR), Wisconsin (0.9 percent CAGR), and the nation (1.2 percent CAGR)—before the Milwaukee MSA and Wisconsin took a downturn in 2018. In 2020, the pandemic-induced recession led to national employment losses (6 percent), with the Milwaukee MSA and Wisconsin experiencing a smaller 4 percent drop. By 2023, employment exceeded the 2019 levels by 2.2 percent nationally and 0.3 percent in Wisconsin and was still about 0.68 percent short in the Milwaukee MSA.

Figure 15 | Employment Index (2000=100), 2000-2023



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

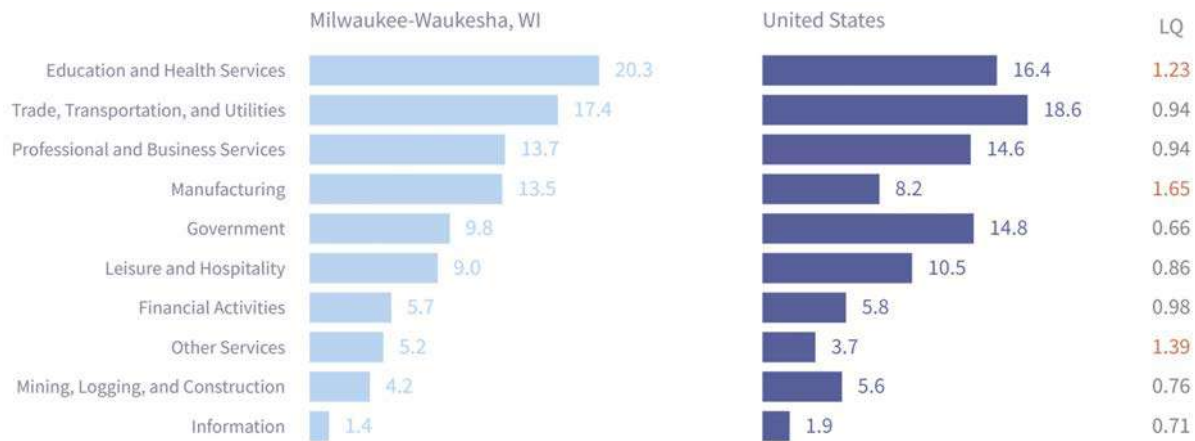
Nonfarm Employment by Industry

A diversified economy is vital for resilience against economic shocks. Conversely, overspecialization in a few industries—particularly pro-cyclical ones like construction, mining, and manufacturing—can heighten vulnerability. Regions often specialize due to various factors—natural resources, geographic attributes, labor supply, and business climate—leading to higher concentrations in specific industries compared to the national average.

Figure 16 shows the percentage distribution of employment across various nonfarm industry sectors in the Milwaukee MSA and the United States in 2023. The MSA's largest industry sector is education and health services (20 percent), followed by trade, transportation & utilities (17 percent), and professional & business services (14 percent).

Figure 16 also presents the location quotient (LQ), which measures an industry's relative concentration within a region. An LQ exceeding 1 indicates specialization. It means that a particular industry's share of total employment is larger in the region than nationwide. The Milwaukee MSA shows the strongest specialization in manufacturing (LQ: 1.65), other services (LQ: 1.39), and education & health services (LQ: 1.23). Conversely, LQ values for government, information, leisure & hospitality are lower than the national average, indicating their smaller presence in the Milwaukee MSA.

Figure 16 | Shares of Nonfarm Employment and Location Quotients – Selected Nonfarm Sectors,²⁷ 2023



Sources: U.S. Bureau of Labor Statistics and Unison Consulting, Inc.
Shares may not sum to 100 due to rounding.

Figure 17 shows annual trends in employment in selected nonfarm sectors from 2000 through 2023. 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 & hospitality, trade, transportation & utilities, and professional & business services. These industries suffered declines in employment during the last two recessions.

Analyzing employment trends across various sectors from 2000 to 2023 reveals gains in education & health services (1.5 percent CAGR), leisure & hospitality²⁸ (0.9 percent CAGR), and other services (0.5 percent CAGR), and declines in information (-2.4 percent CAGR) and manufacturing (-1.5 percent CAGR). The recessions impacted pro-cyclical sectors like construction, manufacturing, and leisure & hospitality more severely. While manufacturing job losses in the Milwaukee MSA (-1.5 percent CAGR) were slightly higher than the national average (-1.2 percent CAGR), manufacturing has stabilized since 2010.

Most sectors in the Milwaukee MSA suffered significant employment losses during the pandemic. Leisure & hospitality suffered the largest decline (-23 percent) from 2019 to 2020 due to stay-at-home orders and people’s reluctance to travel. The decline in leisure & hospitality was widespread.

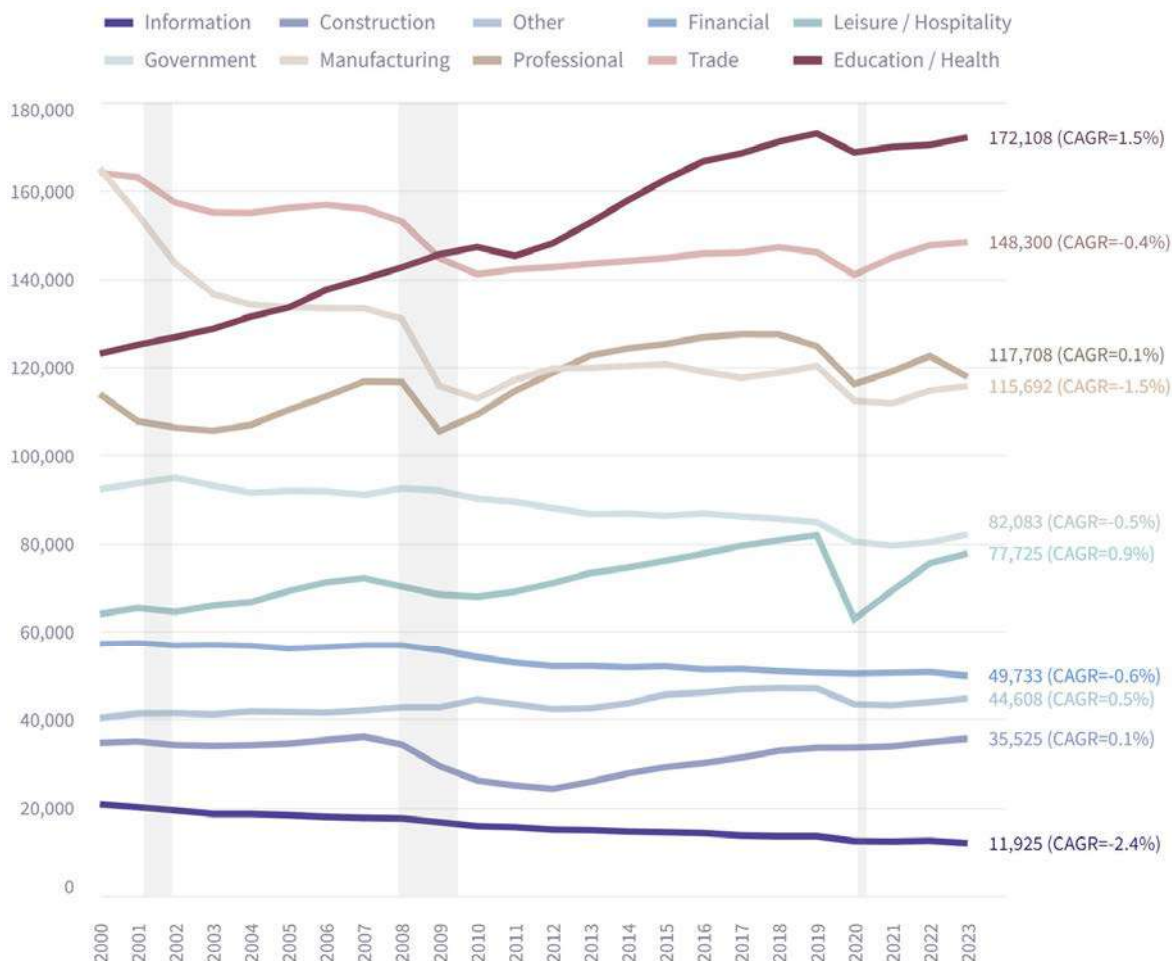
The Milwaukee MSA’s post-pandemic recovery has been slow. By 2023, only trade, transportation & utilities and mining, logging & construction surpassed 2019 employment levels. However, other

²⁷ 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.

²⁸ Leisure and hospitality include activities such as accommodations, food service, and recreation.

sectors are nearing pre-pandemic levels (financial activities and education & health services at 99 percent, all other sectors at least 90 percent, except information at 88 percent).

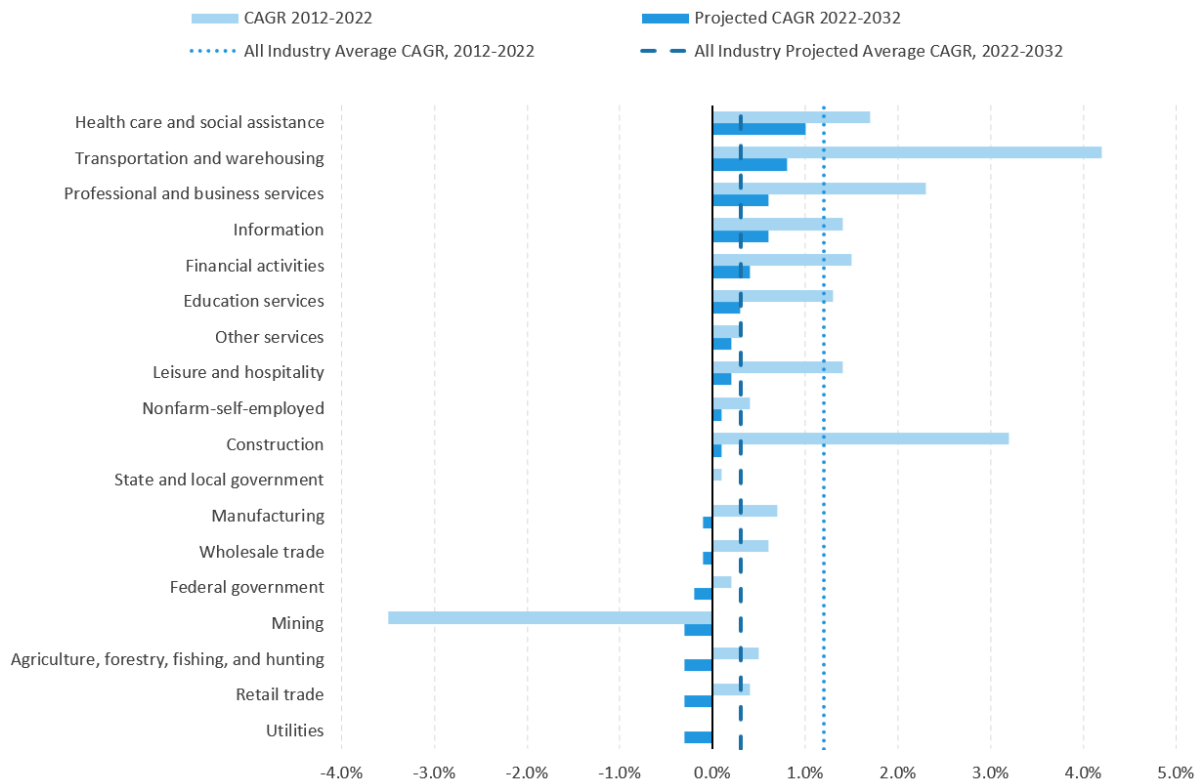
Figure 17 | Employment by Selected Industry, 2000-2023



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

The future employment outlook in the Milwaukee MSA is mixed. Figure 18 shows national historical employment growth by sector from 2012-2022 and forecast growth from 2022-2032. Key sectors like education & health care and professional & business services are poised for solid growth. Continued growth in leisure & hospitality can further diversify the economy. However, manufacturing employment is expected to remain flat.

Figure 18 | Historical and Forecast Growth Rates by Industry Sector, 2012-2022 and 2022-2032



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

Leading Employers

The Milwaukee MSA boasts a diverse employer base. Large public and private institutions, alongside a network of smaller enterprises, form the backbone of the region’s economy and generate business demand for air travel.

Table 8 highlights a selection of leading employers, showcasing the significant presence of healthcare (Advocate Health, Froedtert Health, Ascension Wisconsin, and Children's Wisconsin) and manufacturing (G.E. Healthcare, Generac, Milwaukee Tool, and Harley Davidson). Financial services, distribution, and retail companies are also well-represented within the Milwaukee MSA.

Table 8 | Leading Private Sector Employers in the Milwaukee MSA, 2023

Rank	Company Name	Local Employees	Sector
1	Advocate Health	32,000	Health care
2	Froedtert Health Inc.	14,871	Health care
3	Ascension Wisconsin	10,300	Health care
4	Northwestern Mutual	7,550	Financial services
5	Roundy's Supermarkets Inc.	7,500	Retail grocery
6	Medical College Of Wisconsin	7,343	Education and health care
7	Children's Wisconsin	5,860	Health care
8	Kohl's	5,300	General retail
9	GE Healthcare	5,100	Medical device manufacturing
10	Milwaukee Tool	4,900	Manufacturing
11	Quad	4,800	Marketing services
12	Kwik Trip Inc.	4,142	Retail
13	Uline Inc.	3,954	Industrial packaging
14	Prohealth Care	3,868	Health care
15	Rockwell Automation Inc.	3,290	Industrial automation
16	U.S. Bank NA	3,150	Financial services
17	The Marcus Corp.	3,056	Entertainment
18	Amazon	3,000	E-commerce
19	Wec Energy Group Inc.	3,000	Utility
20	Generac Holdings Inc. (Generac Power Systems)	2,800	Generator and energy storage manufacturing
21	Marquette University	2,737	Higher education
22	FIS	2,700	Financial services
23	Potawami Casino Hotel	2,700	Entertainment
24	Harley-Davidson Inc.	2,280	Vehicle manufacturing
25	Goodwill Industries	2,152	Non-profit development and training

Sources: Milwaukee Business Journal and Unison Consulting Inc.

Commuting

The Milwaukee MSA is a regional employment hub, with an average inflow of about 71,000 workers in 2021. However, compared with other nearby cities, a smaller share (77.6 percent) of the MSA's workforce resides within its borders. This contrasts with 91 percent in the Chicago and Minneapolis MSAs and 88 percent in the St. Louis MSA. Having more workers living outside the MSA suggests that a larger portion of wages earned in the Milwaukee MSA is spent elsewhere.

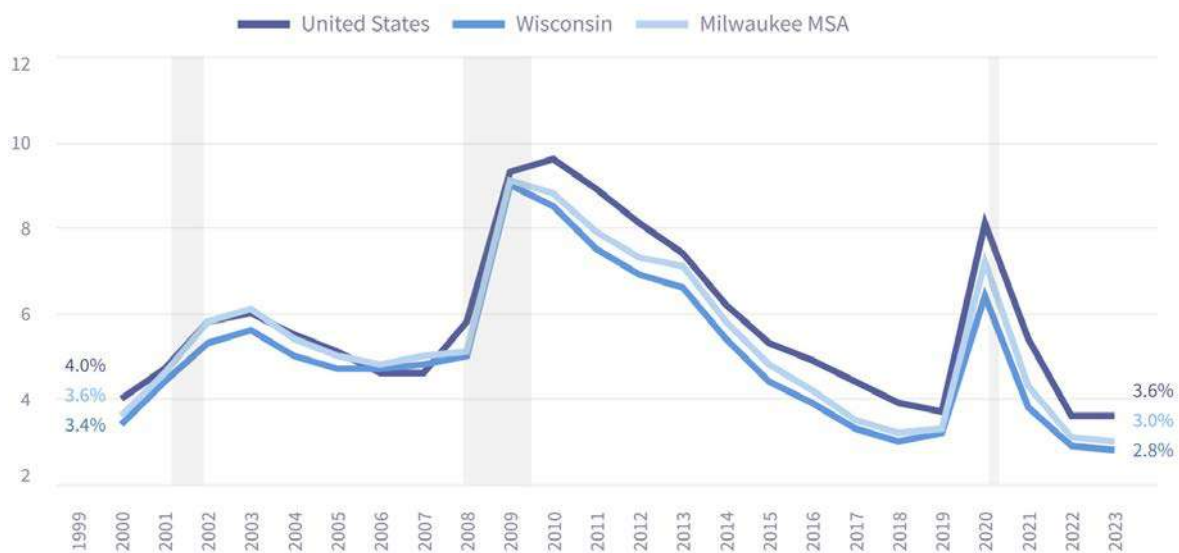
2.3.3 | Unemployment

The unemployment rate, the share of unemployed members of the labor force actively looking for work, reflects unmet demand for jobs. Higher rates indicate reduced incomes and discretionary spending, impacting travel. The unemployment rate fluctuates with business cycles, rising during a recession and falling during an expansion (Figure 19).

During the Great Recession, the unemployment rate soared to 9.6 percent nationally, 9 percent in Wisconsin, and 9.1 percent in the Milwaukee MSA. As the economy recovered, unemployment fell to levels consistent with a state of “full employment,”²⁹ as low as 3.7 percent nationally by 2019. It fell even lower in Wisconsin (3.2 percent) and in the Milwaukee MSA (3.3 percent).

The pandemic reversed this trend. Lockdowns in 2020 caused unemployment spikes: 8.1 percent in the United States, 6.4 percent in Wisconsin, and 7.2 percent in the Milwaukee MSA. However, by 2023, unemployment again fell even lower than 2019 levels (3.6 percent nationally, 2.8 percent in Wisconsin, and 3.0 percent in the Milwaukee MSA).

Figure 19 | Annual Unemployment Rate, 2000-2023



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

²⁹ 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 provides further context. It shows the 12-month average unemployment rate by county as of June 2024. The Milwaukee MSA counties boast low unemployment rates compared to many regions. Southern Wisconsin also enjoys lower unemployment rates than neighboring Illinois.

The employment rebound and sharp decline in unemployment signal a positive economic trajectory. However, national and regional unemployment might experience a modest rise in the coming years due to two factors:

- Labor force expansion - As pandemic savings dwindle, individuals may re-enter the workforce, increasing the labor pool.
- Monetary policy impact - Tight monetary policy to combat inflation will slow economic growth and job creation, potentially leading to higher unemployment.

Moody's Analytics forecasts a potential peak in national and MSA unemployment rates around 4.1 percent in 2025, which is still the lower end of the unemployment rate range in a full-employment economy.

Figure 20 | Unemployment Rate by County, 12-Month Average through June 2024



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

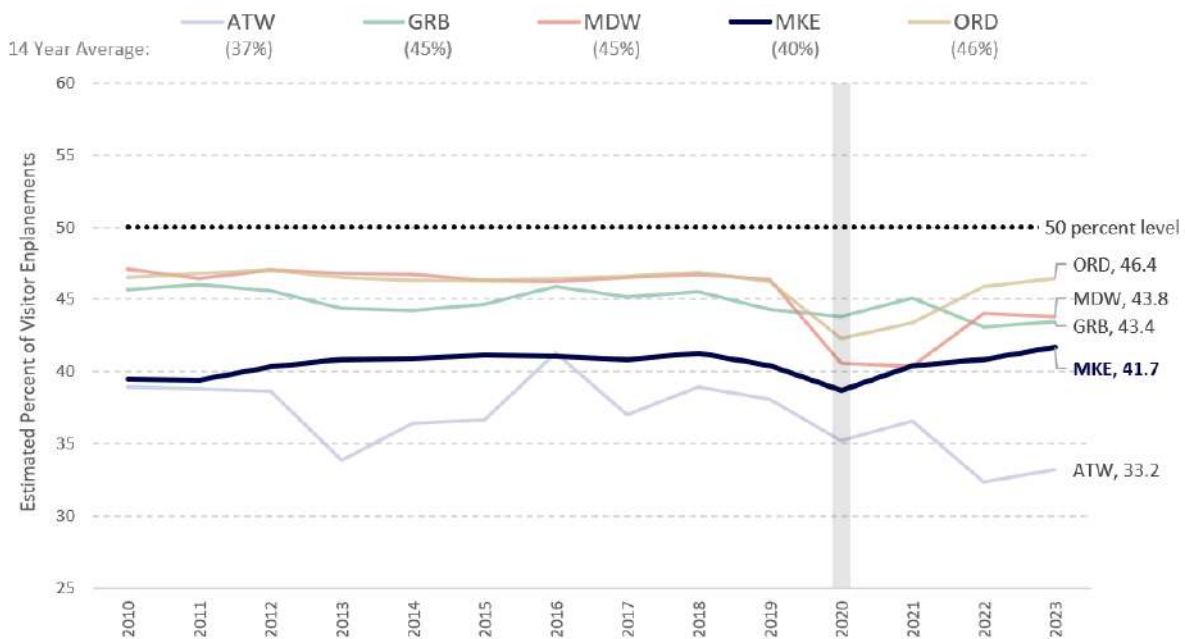
2.3.4 | Tourism

Tourism is a “basic” economic activity that brings “new” money into a region through visitor spending. This spending on food, lodging, recreation, and other local services directly benefits local businesses.³⁰

Both Wisconsin and the Milwaukee MSA rely on tourism. In 2022, Wisconsin saw over 111 million visits, just 1.9 percent below 2019 levels. These visits generated almost \$15 billion in visitor spending, \$1.5 billion in state and local taxes, and \$24 billion in overall economic impact, supporting nearly 175,000 jobs statewide.³¹ In the Milwaukee MSA, visitor spending surpassed \$3.3 billion in 2022, supporting over 43,000 jobs and contributing \$332 million in state and local taxes.³²

According to U.S. Bureau of Transportation Statistics data, 42 percent of MKE’s 2023 enplanements originated from other airports, indicating these passengers were visitors (Figure 21). The remainder of MKE’s enplanements (58 percent) originate from MKE, underscoring the Airport’s importance in providing air transportation access to the local population.

Figure 21 | Estimated Percentage of Non-Local (Visitor) Enplanements, 2010-2023



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

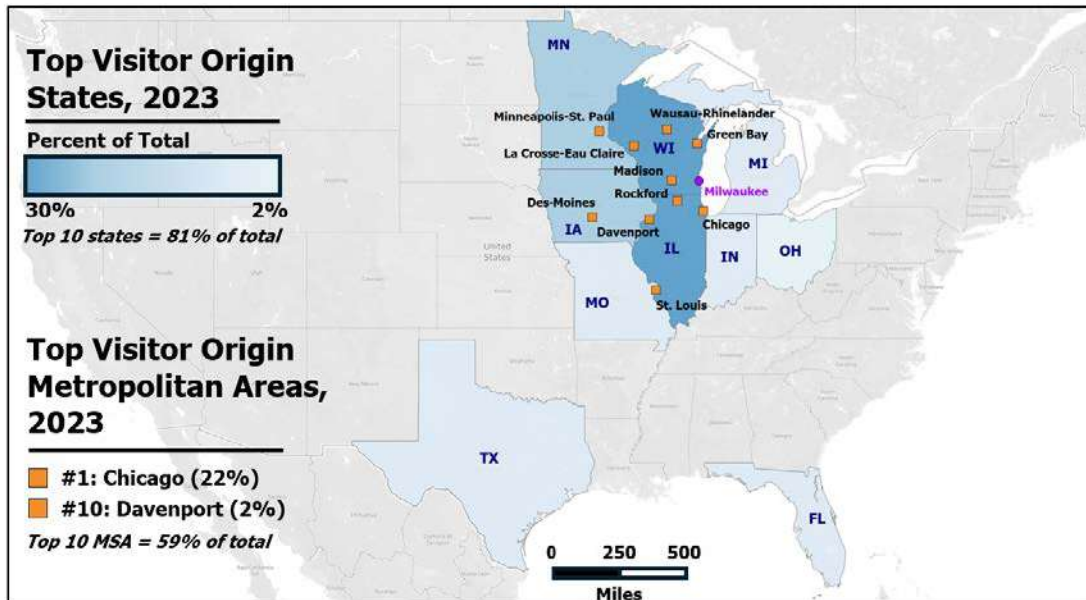
³⁰ In regional economic development theory, “basic” industries are those that generate revenue from customers from outside the region, thus bringing “new money” into the region.

³¹ Wisconsin Department of Tourism, *The Wisconsin Visitor Industry*, May 2023.

³² Visit Milwaukee, Tourism Insights, <https://www.visitmilwaukee.org/tourism-insights/>, June 2023.

Figure 22 reveals that most visitors to the Milwaukee MSA in 2023 originate from neighboring states and MSAs within a day's drive. While this indicates a strong regional draw, it also suggests less reliance on the Airport. However, it also highlights opportunities for expansion into new markets across the country and for MKE to play a more prominent role in attracting visitors. Initiatives like the new Baird Center, alongside other local developments, hold promise for drawing visitors from further distances and increasing the economic impact of tourism.³³

Figure 22 | Origin of Visitors to Milwaukee MSA, 2023



Sources: Visit Milwaukee and Unison Consulting, Inc.

2.4 | Macroeconomic Indicators

National economic conditions drive regional economies and air travel demand. Key macroeconomic indicators paint a mixed outlook.

2.4.1 | Employment

The labor market has shown remarkable resilience in the aftermath of the COVID-19 recession. Job openings surged in 2021 and 2022, with not enough workers to fill available positions. Nationally, the ratio of available jobs to unemployed persons reached a high of 2 (3-month moving average) (Figure 23). Wisconsin experienced a tighter market, with up to 2.8 unemployed workers per job opening in January 2023. Recent data (late 2023 and early 2024) indicate a cooling labor market, with the jobs-to-unemployed ratio decreasing, albeit still at relatively high levels, particularly in Wisconsin. The cooling labor market will help temper inflation.

³³ R. Kirchen, See Baird Center make official debut. Why Summerfest's old CEO Don Smiley gets some credit for the name, Milwaukee Business Journal, May 16, 2024.

Figure 23 | Jobs per Unemployed Person, 3-Month Moving Average, March 2010-June 2024



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

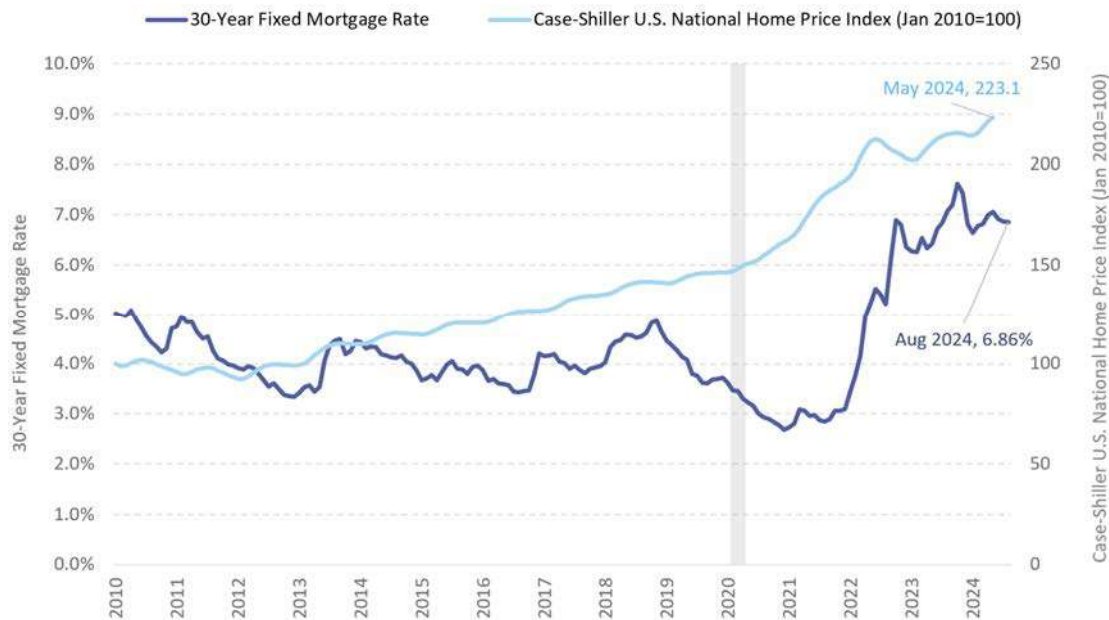
2.4.2 | Housing

A robust housing market indicates a thriving economy. However, it can have a mixed impact on consumer spending and air travel:

- Wealth effect - Rising home prices boost household net worth, potentially leading to increased consumer spending, including air travel.
- Spending squeeze - However, rising housing costs (rent or mortgage payments) can also limit discretionary spending on travel.

Housing prices experienced a significant 45 percent increase from January 2020 to June 2022 (Figure 24). After a brief correction (-5.0 percent) between June 2022 and January 2023, they have since rebounded by 10.5 percent through May 2024 as mortgage rates have stabilized.

Figure 24 | S&P/ Case-Shiller National Home Price Index and 30-Year Fixed Mortgage Rate Monthly, January 2010-May/August 2024



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

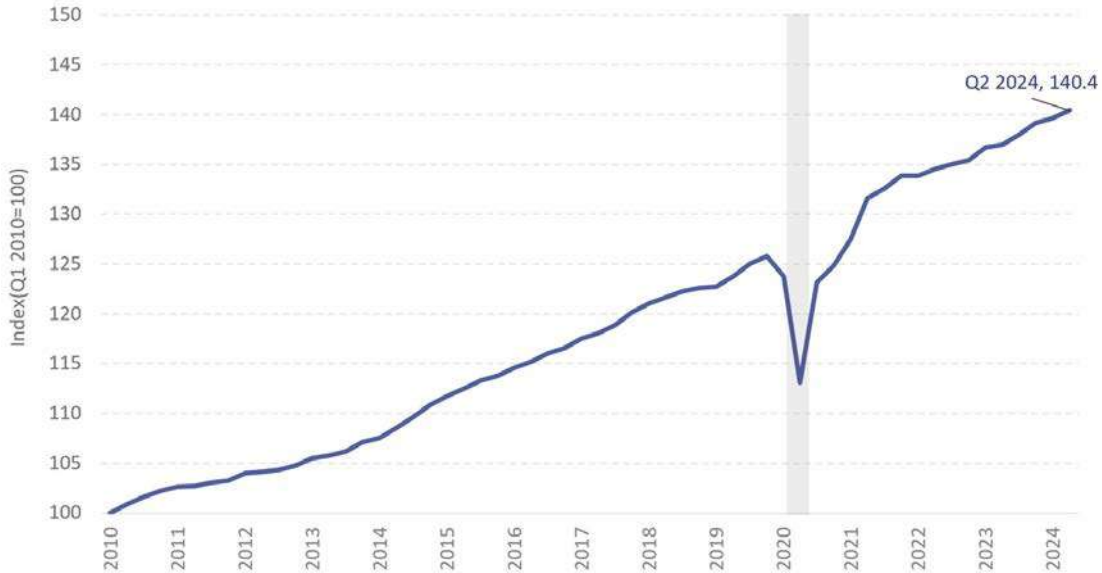
2.4.3 | Consumer Spending

Personal consumption expenditures (PCE), a key driver of the U.S. economy (contributing around 66 percent to GDP), steadily increased over time, with only temporary setbacks during the Great Recession and the COVID-19 pandemic. From Q1 2010 to Q1 2020, real consumer spending rose by 24 percent (2.2 percent CAGR) (Figure 25). The pandemic caused a significant decline (-10.1 percent from Q4 2019 to Q2 2020). However, spending has rebounded sharply, rising 21.7 percent from Q2 2020 to Q2 2024 and exceeding the pre-pandemic peak by 10.4 percent. Recent increases in consumer spending are likely driven by higher employee compensation.³⁴

Consumer spending, which fueled the U.S. economy’s rebound from the 2020 recession, has shown signs of moderation (Figure 26). Prior to the pandemic, actual spending changes typically aligned with projections for the following year. However, this alignment diverged in late 2020 and 2021 due to pandemic stimulus programs boosting consumer optimism. As government support waned and inflation climbed in 2022, consumers began to reduce planned and actual spending. Recent trends (late 2023 and early 2024) suggest a potential stabilization in spending.

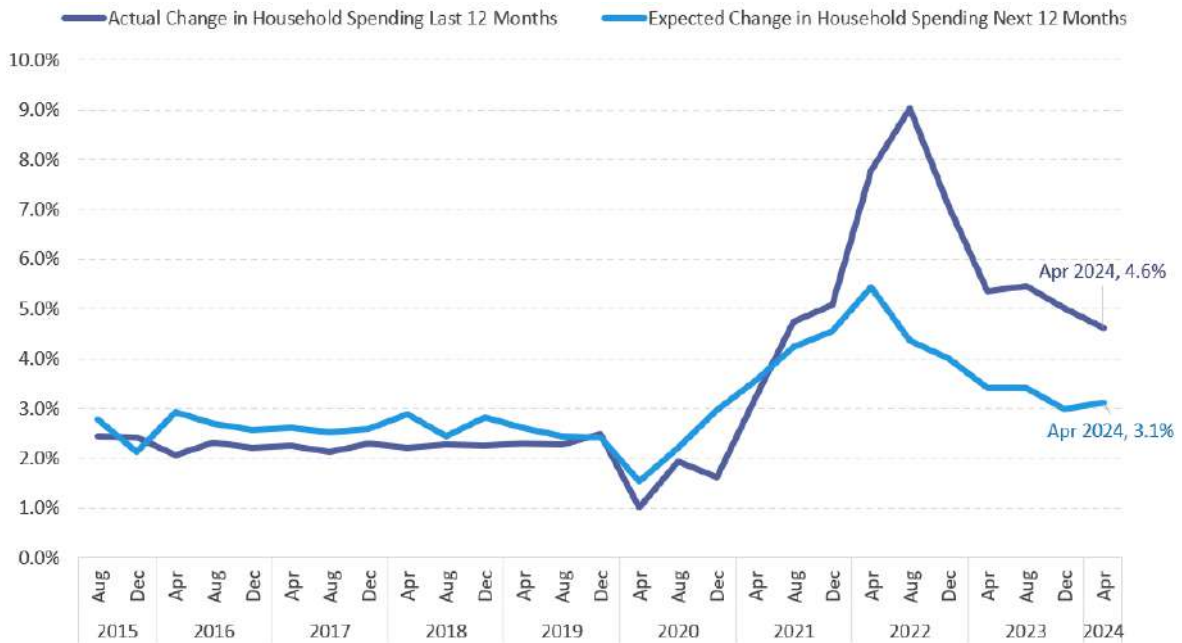
³⁴ U.S. Bureau of Economic Analysis, *Personal Income and Outlays*, February 2023.

Figure 25 | Real Personal Consumption Expenditures Index, Quarterly, Q1 2010-Q2 2024



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

Figure 26 | Actual and Expected Consumer Spending: 12-months ago, Next 12 Months, August 2015-April 2024



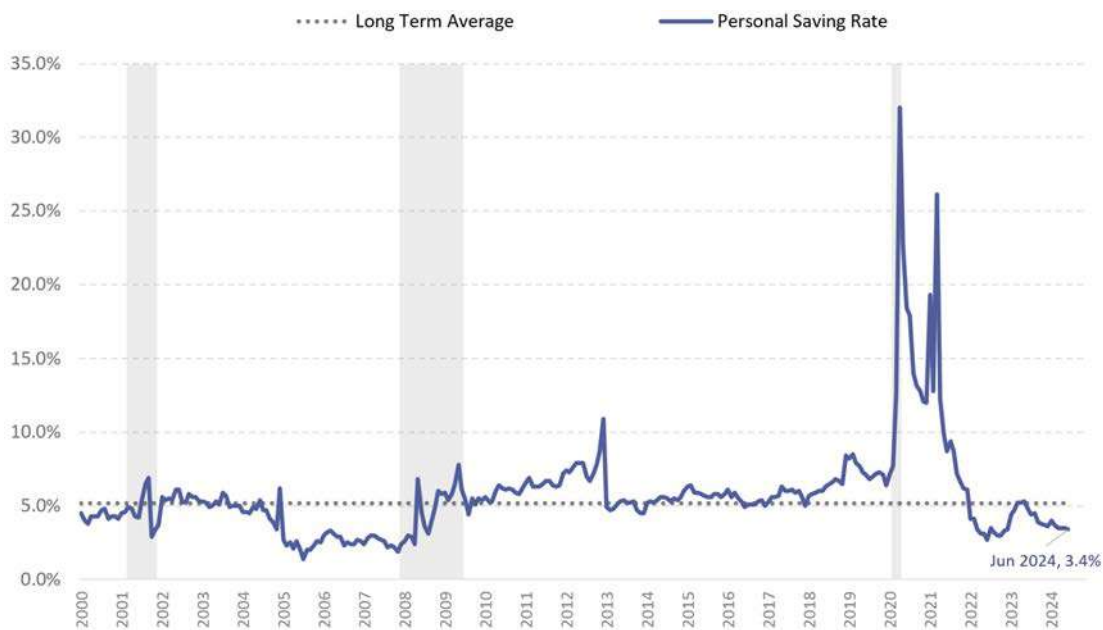
Sources: Federal Reserve Bank of New York and Unison Consulting, Inc.
 Gray areas indicate economic recession periods.

2.4.4 | Personal Saving

Figure 27 illustrates the dramatic shift in personal saving rates during the pandemic. Before the pandemic (2000-2019), personal savings averaged 5.2 percent of disposable income. During the pandemic, social distancing curtailed household spending, while COVID-19 relief packages boosted incomes. The personal saving rate soared above 30 percent, resulting in more than \$2 trillion in accumulated savings by the end of 2021.

However, this savings cushion has rapidly depleted as consumers dipped into their savings to sustain spending. Since early 2022, the personal saving rate has fallen below its long-term average in most months. The Federal Reserve Bank of San Francisco estimated that excess pandemic savings were depleted by March 2024.³⁵

Figure 27 | Personal Saving, Monthly, January 2000-June 2024



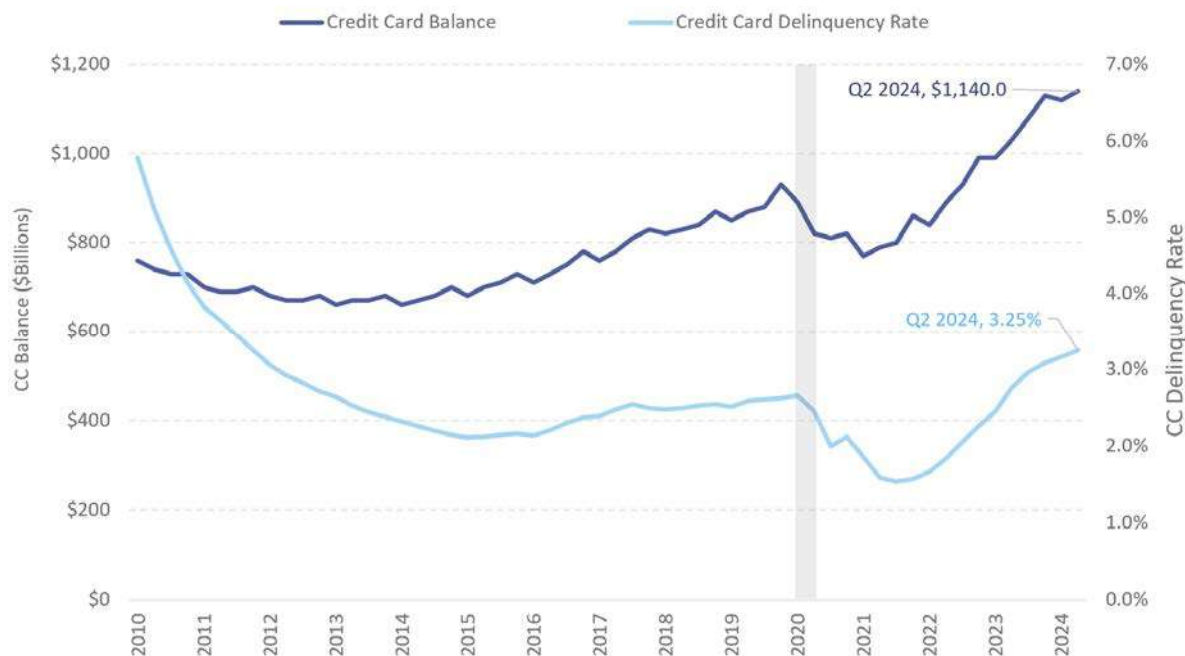
Sources: U.S. Bureau of Economic Analysis and Unison Consulting, Inc.
Gray areas indicate economic recession periods.

Borrowing has supported consumer spending. Consumer credit card balances have increased steadily, with a significant surge since 2022 (Figure 28). In the ten quarters ending Q4 2019, credit card balances increased by 19.2 percent. During the pandemic, decreased spending and government

³⁵ H. Abdelrahman and L. Oliveira. "Pandemic Savings Are Gone: What's Next for U.S. Consumers?", Federal Reserve Bank of San Francisco, <https://www.frbsf.org/research-and-insights/blog/sf-fed-blog/2024/05/03/pandemic-savings-are-gone-whats-next-for-us-consumers/>, May 2024.

relief programs³⁶ led to a decline in credit card balances in 2021. This positive shift has been short-lived; total credit card debt increased 36 percent from Q1 2022 to Q2 2024. Additionally, delinquency rates, which dropped sharply during the pandemic, have risen rapidly and now exceed pre-pandemic levels. This heavy reliance on credit to finance consumer purchases is not sustainable.

Figure 28 | Credit Card Balances and Delinquency Rate, Quarterly, Q1 2010- Q2 2024



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

2.4.5 | Inflation

Strong consumer demand colliding with supply chain disruptions triggered a surge in inflation starting in early 2021 (Figure 29). After hovering around 2 percent for most of the prior decade (2010-2020), inflation reached levels unseen since the early 1980s in 2021 and 2022. The headline inflation rate, measured by the All-Items Consumer Price Index (CPI), peaked at 8.9 percent (year-over-year change) in June 2022. Core inflation, excluding price-volatile items like food and energy, peaked at 6.6 percent (year-over-year change) in September 2022.

To ease spending and lower inflation, the Federal Open Market Committee (FOMC) raised the Fed Funds rate 11 times between March 2022 and July 2024, effectively increasing it by 5.25 percent (Figure 30). These actions have had a demonstrable impact. By July 2024, headline inflation had moderated to an annual rate of 2.9 percent, with core inflation at 3.2 percent. While still above

³⁶ 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.

FOMC’s 2 percent target, the rate of price increases is slowing, offering relief to consumers in the near term.³⁷ The FOMC is expected to lower the Fed Funds rate in the second half 2024 or 2025, with inflation projected to return to 2 percent by 2027.³⁸

While inflation has eased, travel costs remain elevated compared to pre-pandemic levels (Figure 31). Nationwide prices have risen more than 21 percent since January 2020. Although airfares surged between 2022 and early 2023, they have since retreated below pre-pandemic levels. However, other travel expenses continue to climb. Hotel prices have risen 26 percent through July 2024, while rental cars, restaurant meals, and airport parking have seen steeper increases of 41 percent, 28 percent, and 27 percent, respectively. Higher travel costs will likely weigh on future business and leisure travel decisions.

Figure 29 | Consumer Price Index, Monthly, January 2000-July 2024

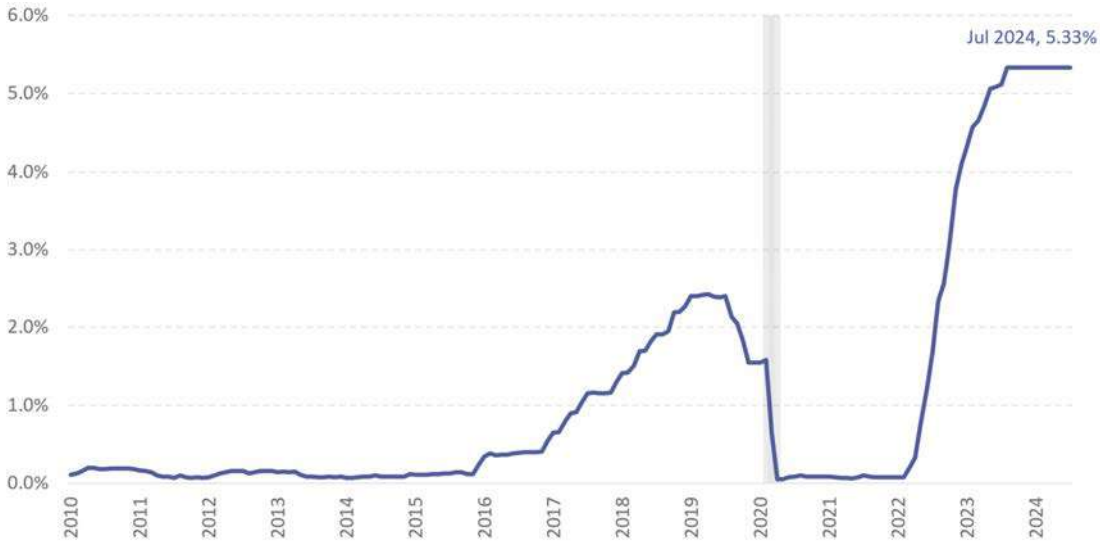


Sources: U.S. Bureau of Labor Statistics and Unison Consulting, Inc.
 Gray areas indicate economic recession periods.

³⁷ The U.S. Bureau of Economic Analysis produces a similar measure of consumer prices – the personal consumption price index. The trends mirror those of the CPI.

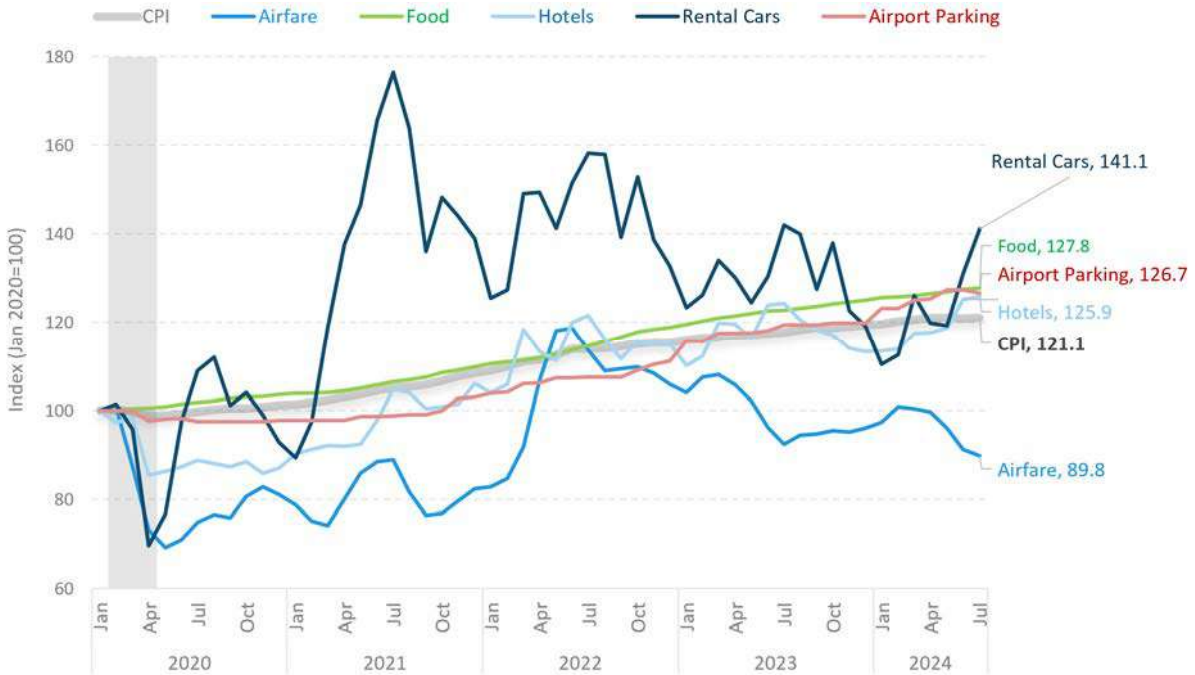
³⁸ Paul Kiernan, “Fed’s Powell Declares ‘Time Has Come’ for Rate Cuts,” *The Wall Street Journal*, August 23, 2024.

Figure 30 | Effective Fed Funds Rate, Jan 2010-July 2024



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

Figure 31 | Price Indices for Selected Travel Products, Jan 2020-July 2024



Sources: U.S. Bureau of Labor Statistics and Unison Consulting, Inc. Airfares and food away from home are consumer price indices. All others are producer price indices. Gray areas indicate economic recession periods.

Consumers have shifted spending from goods to services, including travel.³⁹ Between Q1 2021 and Q1 2024, consumer spending on goods rose by 19 percent, while spending on services surged 30 percent. Spending on some service categories rose even faster: transportation services (+71 percent), food services & accommodations (+57 percent), and recreation (+49 percent).⁴⁰ Despite higher costs, consumers appear to prioritize travel—a positive sign for airports.⁴¹

2.4.6 | Consumer Sentiment

The University of Michigan Consumer Sentiment Index, which measures consumer confidence in the economy and future spending, plummeted in 2022 to levels below those observed during the Great Recession (Figure 32). High inflation and economic uncertainty fueled consumer anxiety. However, consumer sentiment rebounded between Q3 2022 and early 2024, reflecting growing optimism about the economy. However, the index has since dropped four straight months ending in July 2024 due to concerns about the business environment and employment stability. The volatility in the Consumer Sentiment Index suggests lingering uncertainty about the current economic outlook.

Figure 32 | Consumer Sentiment, Monthly, January 2000-July 2024



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

³⁹ Ernst & Young, “When consumers want less but demand more, how will your business grow?” April 2023, https://www.ey.com/en_gl/consumer-products-retail/changing-consumption-will-reshape-business-priorities.

⁴⁰ U.S. Bureau of Labor Statistics.

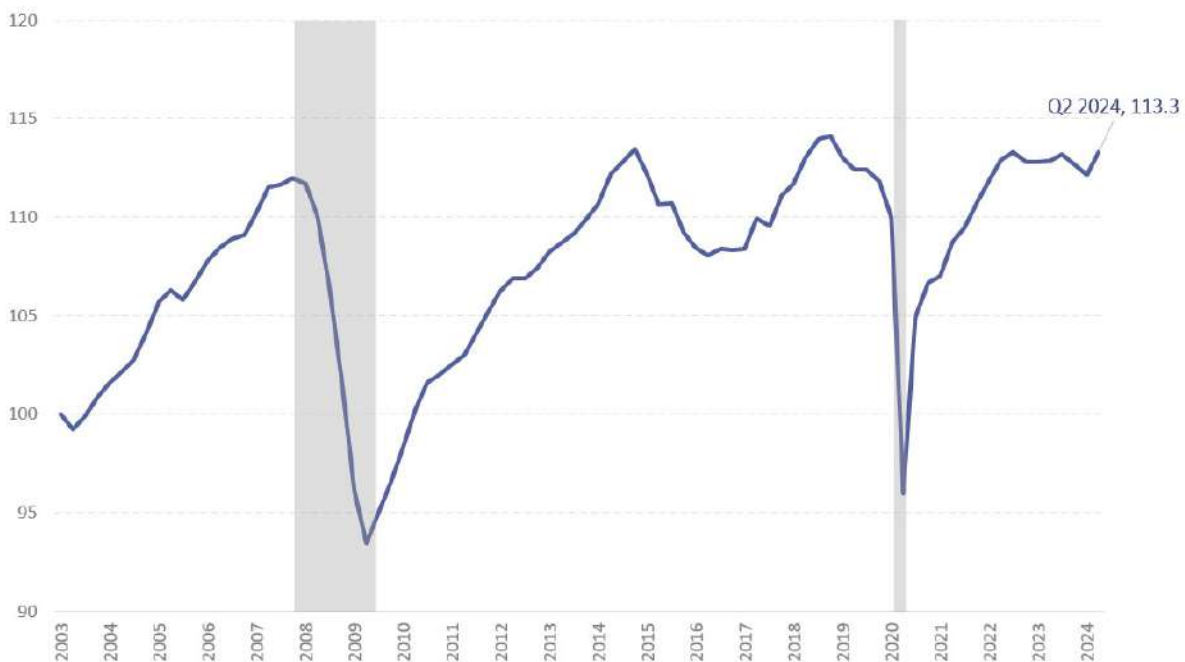
⁴¹ I. Kliger, “2024 Travel Trend: Consumers Plan To Spend More On Travel—Despite Rising Costs,” *Forbes*, October 26, 2023.

2.4.7 | Industrial Production

Industrial production, an important economic indicator tracking the output of manufacturing, mining, and utilities, tends to move in concert with business cycles (Figure 33). It declined significantly during the recessions of 2001, 2008-2009, and 2020. Most recently, industrial production plunged 19 percent between Q4 2018 and Q2 2020. However, the rebound was faster than after the Great Recession, with industrial production recovering to Q4 2019 levels by Q2 2022—a stark contrast to the seven-year recovery period following the previous downturn.

However, since mid-2022, the index has been largely flat due to slowing demand, rising interest rates, and a strong dollar hindering exports.^{42, 43}

Figure 33 | Industrial Production Index, Quarterly, Q1 2000-Q2 2024



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

⁴² 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>.

⁴³ Reuters, “U.S. manufacturing output tumbles in December,” <https://www.reuters.com/markets/us/us-manufacturing-output-tumbles-december-2023-01-18/>.

2.4.8 | Global Supply Chain

The COVID-19 pandemic exposed vulnerabilities in the global supply chain. Factory shutdowns worldwide, transportation bottlenecks, and worker shortages disrupted production and distribution across numerous industries.⁴⁴ Manufacturing, construction, retail & wholesale trade were among the hardest-hit sectors.⁴⁵ Supply chain bottlenecks restricted the availability of raw materials, manufacturing capabilities, and product accessibility—eventually contributing to widespread price increases.

The Global Supply Chain Pressure Index (GSCPI), calculated by the Federal Reserve Bank of New York, gauges strain in the supply chain strain by combining shipping cost measures with the Purchasing Managers' Index (Figure 34). Higher values signal stress, while lower values indicate a smooth system. The GSCPI hovered near zero for most of the past two decades, indicating normalcy. However, it spiked above 3 in 2020 and climbed above 4 in December 2021 due to pandemic disruptions. Between late 2021 and May 2023, the GSCPI fell sharply to -1.6. Since then, it has again risen toward the historical average. Overall, the improving trends suggest that the global logistics system has adapted to the post-pandemic environment. However, global supply chains remain vulnerable to geopolitical conflicts, labor shortages, and cyber threats.^{46, 47}

⁴⁴ P. Goodman, "How the Supply Chain Broke, and Why It Won't Be Fixed Anytime Soon," *The New York Times*, October 31, 2021.

⁴⁵ S. Helper and E. Soltas, "Why the Pandemic Has Disrupted Supply Chains," The White House Council of Economic Advisers Written Materials Blog, June 17, 2021, <https://www.whitehouse.gov/cea/written-materials/2021/06/17/why-the-pandemic-has-disrupted-supply-chains/>.

⁴⁶ D. Demblowski, "Supply Chains in 2024—Improved, but Still Vulnerable," *Bloomberg Law*, <https://news.bloomberglaw.com/bloomberg-law-analysis/analysis-supply-chains-in-2024-improved-but-still-vulnerable>, November 5, 2023.

⁴⁷ J.P. Morgan, "What are the impacts of the Red Sea shipping crisis?", <https://www.jpmorgan.com/insights/global-research/supply-chain/red-sea-shipping>, February 8, 2024.

Figure 34 | Global Supply Chain Pressure Index (Standard deviation from average), Monthly, January 2010-July 2024



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

2.5 | Economic Outlook

The U.S. economic growth trajectory is moderating, with forecasts clustering around 1.8-2.0 percent real GDP growth through 2026 (Figure 35). Despite the slowdown, underlying strengths remain. The cooling labor market remains strong with high jobs-to-unemployed ratio and low unemployment rate. Consumer spending continues to show resilience. Global supply chain pressures have eased, alleviating pandemic-related constraints on production and spending.

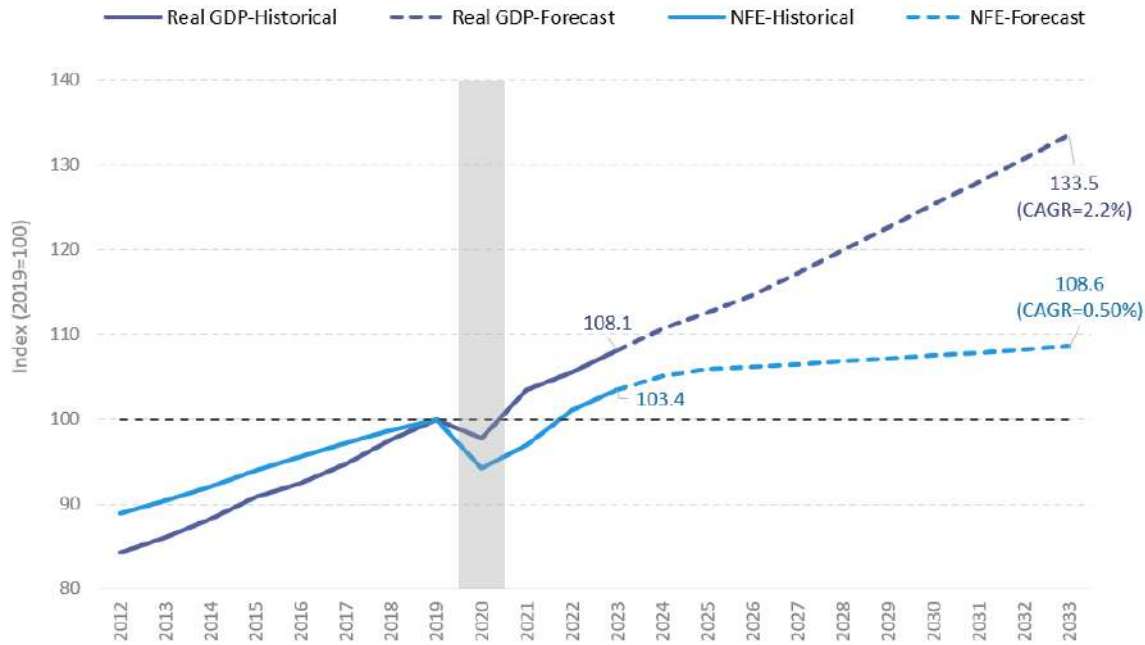
Figure 35 | U.S. Real GDP, Quarterly and Annual Change (Historical and Forecast)



Sources: Unison Consulting, Inc., and *The Wall Street Journal* July 2024 Economic Forecasting Survey.
Gray areas indicate economic recession periods.

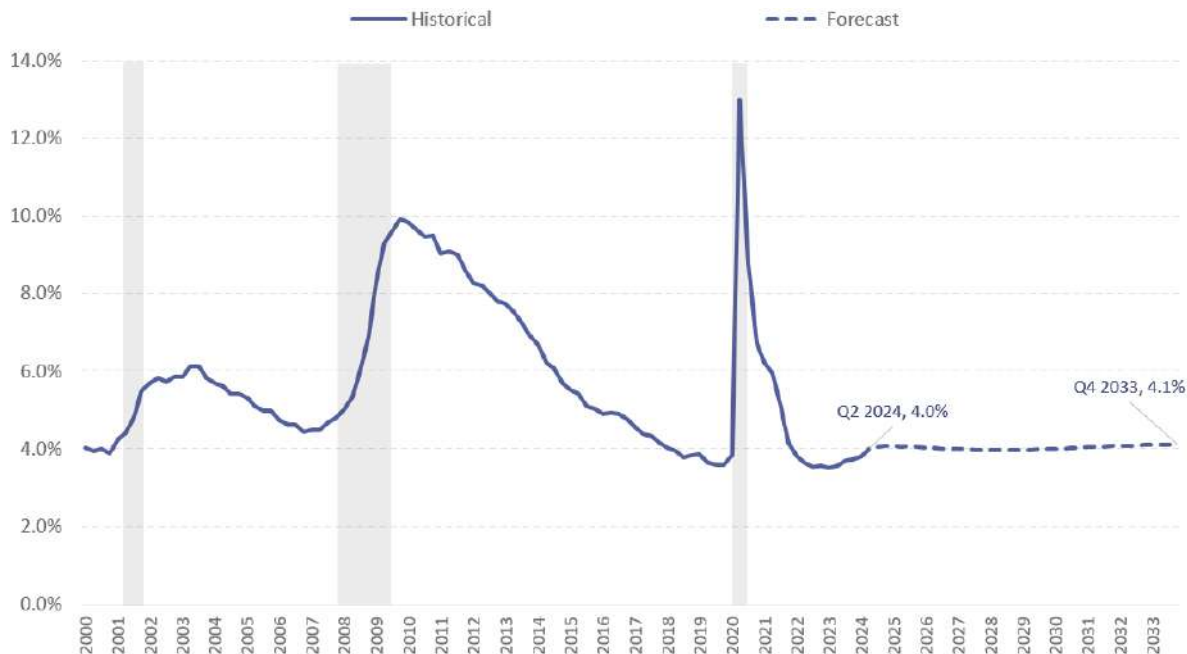
History has demonstrated the U.S. economy's resilience from shocks. Moody's Analytics projects a return to steady growth for the U.S. economy, with real GDP averaging 2.2 percent from 2023 to 2033 (Figure 36). This growth is expected to translate into robust non-farm employment gains, with Moody's Analytics forecasting an additional 7.8 million jobs by 2033 (0.5 percent CAGR). The unemployment rate is projected to remain near full employment levels, rising slightly to 4.1 percent nationally and 4.3 percent in the Milwaukee MSA by 2033 (Figure 37).

Figure 36 | Historical and Long-Term Projected U.S. Real Gross Domestic Product and Nonfarm Employment (NFE) Index (2019=100), Annual, 2012-2033



Sources: U.S. Bureau of Economic Analysis, Moody's Analytics Baseline Forecast (July 2024), and Unison Consulting, Inc. Gray areas indicate economic recession periods.

Figure 37 | Historical and Forecast U.S. Unemployment Rate, Quarterly, Q1 2000-Q4 2033



Sources: U.S. Bureau of Labor Statistics, Moody’s Analytics Baseline Forecast (May 2024), and Unison Consulting, Inc. Gray areas indicate economic recession periods.

2.6 | Summary

The Milwaukee MSA boasts several economic strengths, including high educational attainment, growing per capita personal income, affordable living costs, and low unemployment. Key industry sectors like education & health services, transportation, and professional & business services are poised for growth. Overall, the Milwaukee MSA has largely recovered from the COVID-19 recession.

However, the MSA faces long-term challenges. Population stagnation, low in-migration, and a heavy reliance on the stagnant manufacturing sector could hinder future growth. Additionally, the leisure and hospitality sector, crucial for airport activity, has a lower concentration in the MSA than the national average.

Broader macroeconomic trends are generally favorable. Inflation has significantly moderated, offering relief to consumers. The cooling job market remains strong with high jobs-to-unemployed ratio and low unemployment. Strains on the supply chain have eased. Real GDP is projected to continue expanding, with employment growing and the unemployment rate remaining at full-employment range. However, international geopolitical tensions continue to pose a risk to the global economic outlook.

SECTION 3 | COMMERCIAL AVIATION ACTIVITY

This section delves into the historical trends and presents forecasts of commercial aviation activity at the Airport. The analysis contextualizes historical and forecast aviation activity within the broader economic and aviation industry landscapes. Lastly, we acknowledge the uncertainties introduced by external factors.

Commercial aviation activity at MKE consists primarily of passenger traffic. Trends reflect broader economic cycles and industry disruptions. Economic expansions typically fuel demand, while recessions cause downturns. Significant events like the 9/11 terrorist attacks and the COVID-19 pandemic have a further impact, as do substantial changes in airline strategies, mergers, and network consolidation.

While the pandemic's peak disruptions are behind us, recent data and near-term forecasts still reflect its effects. Commercial aviation was one of the hardest-hit industries, with global passenger traffic plummeting to record lows. Like most U.S. airports, MKE experienced a drastic decline in passenger traffic in April 2020, dropping roughly 97 percent from normal levels. Recovery has progressed throughout the pandemic, although performance varies across U.S. airports. Despite the end of the national public health emergency on May 11, 2023, MKE and many other airports have yet to restore pre-pandemic traffic levels.

3.1 | Significant Developments Shaping the U.S. Airline Industry

The U.S. airline industry has undergone significant transformation since 1980, with each decade bringing a unique set of developments shaping the industry. The Airline Deregulation Act of 1978 removed government control over fares, routes, and the market entry of new airlines, leading to increased competition, lower fares, greater route flexibility, and hub-and-spoke networks. Amid a wave of consolidation, air service supply and demand expanded rapidly in the 1980s and the 1990s with:

- the emergence of low-cost carriers (LCCs)
- technological advancements (fuel-efficient aircraft and improved navigation systems)
- the rise of the internet and online booking systems
- the formation of global airline alliances
- the U.S. 1990s economic boom

The 2000s brought a series of disruptions: the 2001 U.S. economic recession, the 9/11 terrorist attacks, skyrocketing fuel costs, and the Great Recession. The 2001 recession was brief, and its effects were mild. However, terrorist attacks on September 11, 2001, caused a steep decline in air travel. Tightened security discouraged short-haul trips, and airlines lowered airfares to stimulate demand. Meanwhile, the internet made it easy to compare airfares and made passengers more price-sensitive.

Jet fuel prices quadrupled from 2000 to 2008 and stayed elevated through 2014. Amid record fuel prices, the U.S. economy entered the Great Recession (December 2007-June 2009). Air travel demand fell, exacerbating airlines' financial difficulties. Several major airlines filed for bankruptcy protection

and entered into mergers. Consolidation continued into the 2010s, leaving four major airlines—American, Delta, Southwest, and United—controlling 80 percent of the U.S. domestic passenger traffic.

Airlines implemented cost-cutting measures. They renewed their fleets with larger, more fuel-efficient aircraft. They optimized their networks to increase revenues, shifting mainline and regional service routes to match seat capacity with demand and moving flights from less to more profitable markets. They changed pricing structures and created new revenue sources. They cut flight schedules, added seats on aircraft, and increased load factors to improve aircraft utilization. This capacity rationalization strategy disproportionately impacted smaller airports.

The 2010s saw the slowest recovery for the U.S. economy and air travel demand but also the longest expansion on record. Jet fuel prices began to fall in late 2014. U.S. airlines sustained profits, renewed fleets, and increased flight schedules while maintaining capacity discipline. Air traffic growth accelerated in the last quarter of the decade despite the grounding of the Boeing 737 MAX, a recent addition to the commercial passenger aircraft fleet.

COVID-19 was declared a global pandemic on March 11, 2020, and brought air travel to a near halt, with U.S. passenger traffic plummeting by nearly 97 percent in mid-April 2020. The pandemic induced structural changes in the demand for air travel and the supply of airline passenger service. The recovery has been uneven—personal and domestic travel rebounded faster than business and international travel. The lag in business travel recovery is attributed to the widespread adoption of virtual conferencing, delayed return to offices, and shifts to remote and hybrid work practices, while international travel recovery was delayed by travel restrictions.

Airlines responded by reducing capacity. They retired older aircraft and postponed the delivery of new ones. They offered voluntary retirement and extended leave incentives to shrink their workforce. These actions later created fleet and labor shortages that constrained airlines' ability to restore capacity as demand rebounded.

The WHO declared COVID-19 no longer global pandemic as of May 5, 2023—six days later, on May 11, 2023, the U.S. Department of Health and Human Services declared an end to the United States's national public health emergency. Unlike the aftermath of the Great Recession, consumer spending remained strong through the pandemic-induced recession. The job market rebounded, with unemployment falling to historic lows and job openings outnumbering job-seekers. Households emerged with relatively healthy finances and the ability to spend on the pent-up demand for travel.

3.2 | Operating Airline History

As of December 2023, the Airport has service from nine signatory passenger carriers: Air Canada, Alaska, American, Delta, Frontier, JetBlue, Southwest, Spirit and United. For 2024, Air Canada did not resign, and JetBlue changed their status to non-signatory as the Airport began the Amended AULA term of 2024-2028. In addition, there are three all-cargo carriers—two signatories (FedEx and UPS) and one non-signatory (DHL).

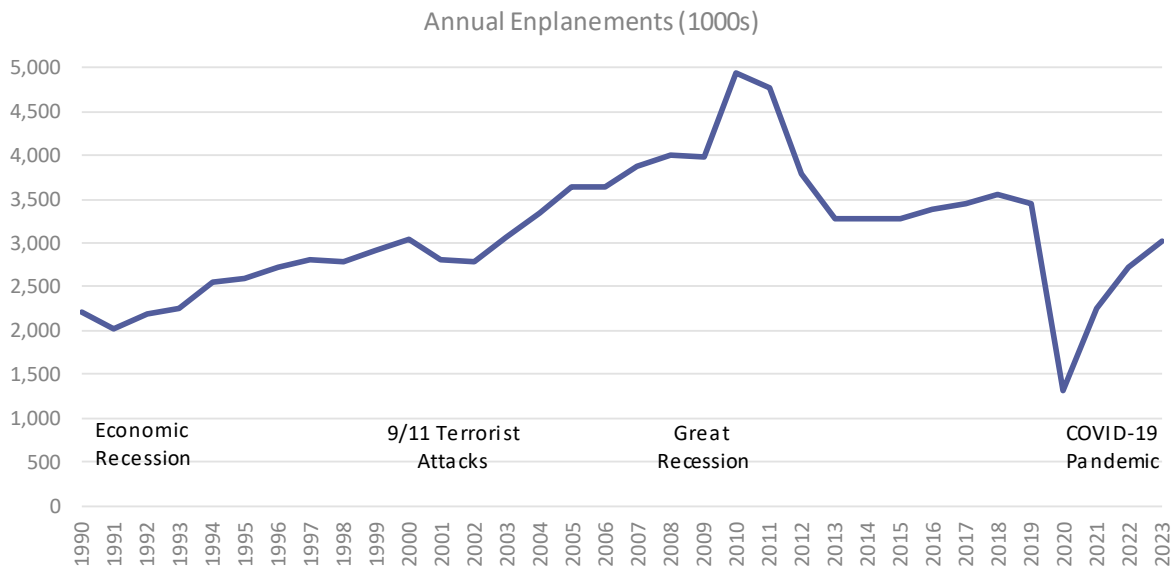
3.3 | Historical Enplanement Trends

Figure 38 shows the long-term enplanement history at MKE from 1990 through 2023. 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 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 to about 1.3 million. 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 3.0 million in 2023. However, MKE has yet to return to pre-pandemic passenger traffic level, with its 2023 enplanement total having reached about 87 percent of its 2019 level.

Figure 38 | MKE Annual Enplanement Trends, 1990-2023



Source: Airport records.

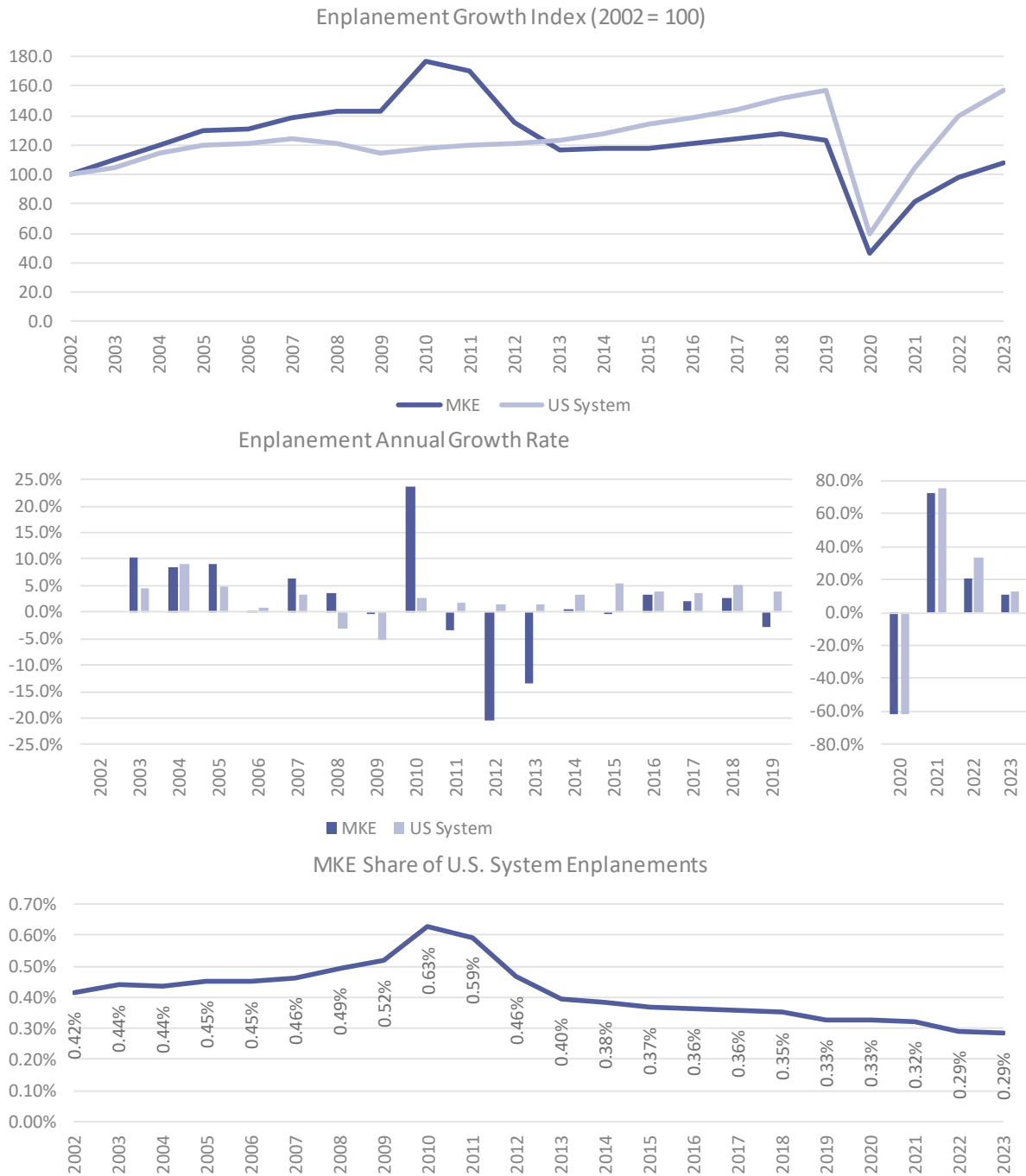
3.3.1 | Comparison with U.S. System Enplanement Trends

Figure 39 compares the growth trends in aviation activity between MKE and the U.S. system, from 2002 to 2023. Figure 40 shows a version of the enplanement growth chart indexed to 2013 instead of 2002—after the large decrease from Frontier’s service cuts and Southwest discontinuing AirTran’s commuter connections. 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 2023, though MKE remains behind with a slower recovery rate (a 2020-2023 CAGR of 32.0 percent versus the U.S. system’s CAGR of 38.2 percent for the same period).

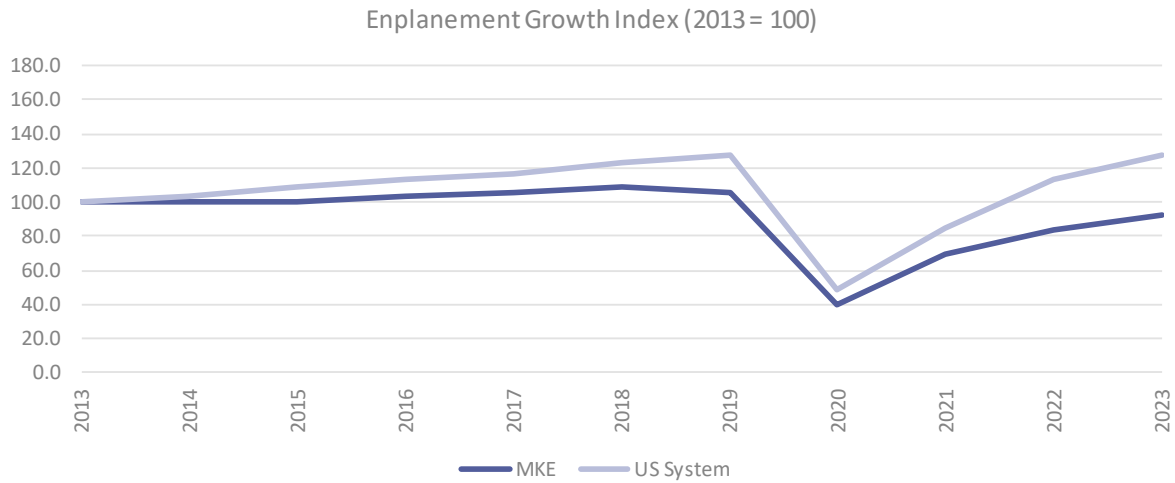
MKE’s share of U.S. enplanements grew through the 2000s when its growth outpaced national trends, starting with a share of 0.42 percent and rising to 0.63 percent in 2010. When MKE’s growth trends took a downward turn after 2010, its share shrank accordingly, down to 0.29 percent by 2022, where it has remained through 2023.

Figure 39 | Annual MKE vs. U.S. System Enplanement Trends, 2002-2023



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

Figure 40 | Annual MKE vs. U.S. System Enplanement Growth Index, 2013-2023



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

Table 9 shows the underlying data for the comparison of MKE versus U.S. system enplanements. The first six months of 2024 show a 10.6 percent increase over the same period in 2023.

Table 9 | Annual MKE and U.S. System Enplanements, 2002 – June 2024

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%	937,367	33.8%	0.29%
2023	3,011	10.7%	1,053,208	12.4%	0.29%
YTD 2023	1,419		507,540		0.28%
YTD 2024	1,569	10.6%	536,611	5.7%	0.29%
Compound Annual Growth Rate					
2002-2010	7.4%		2.0%		
2010-2019	-3.9%		3.8%		
2019-2023	-3.3%		0.0%		
2010-2023	-3.7%		2.3%		
2002-2023	0.4%		2.2%		

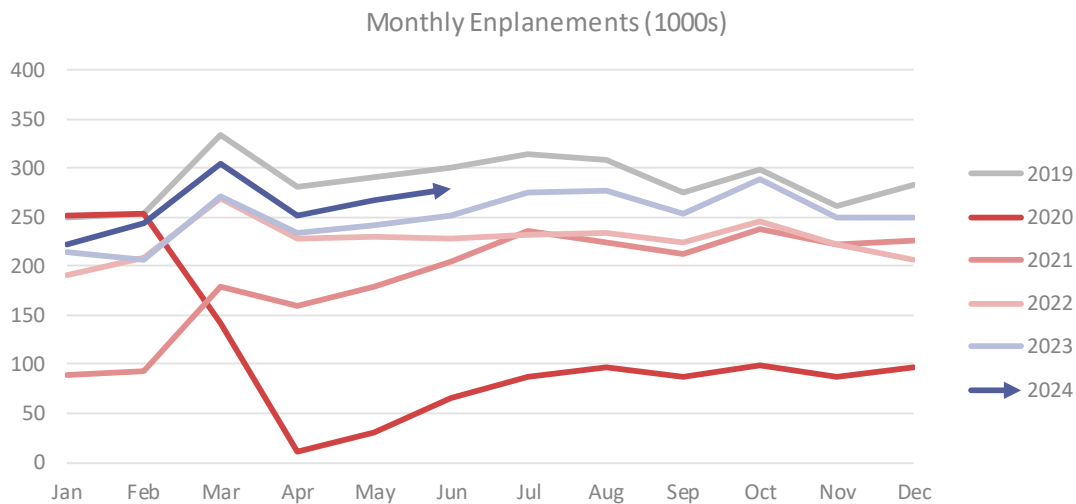
Sources: Airport records for MKE and U.S. Bureau of Transportation Statistics for U.S. System. May and June 2024 enplanements for the U.S. system are estimated because U.S. system data are available only up to April 2024. YTD = January through June.

3.3.2 | Monthly Enplanement Trends

Figure 41 shows MKE’s monthly enplanement levels over the past six years from 2019 through March 2024, while Table 10 breaks down each year up to 2023 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, and rising 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 with a trend somewhat reminiscent of the pre-pandemic pattern. Growth slowed but still continued through 2023, and increased further through the first half of 2024, albeit still not completely caught up to 2019 levels.

Figure 41 | MKE Monthly Enplanements



Source: Airport records.

Table 10 | MKE Monthly Enplanement Shares

MKE Monthly Enplanement Shares														
Month	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
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%	7.1%
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%	6.9%
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%	9.0%
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%	7.8%
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%	8.0%
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%	8.3%
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%	9.1%
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%	9.2%
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%	8.4%
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%	9.6%
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%	8.3%
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%	8.3%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Third largest share percentage of annual total.

 Second largest share percentage of annual total.

 Largest share percentage of annual total.

Third smallest share percentage of annual total.

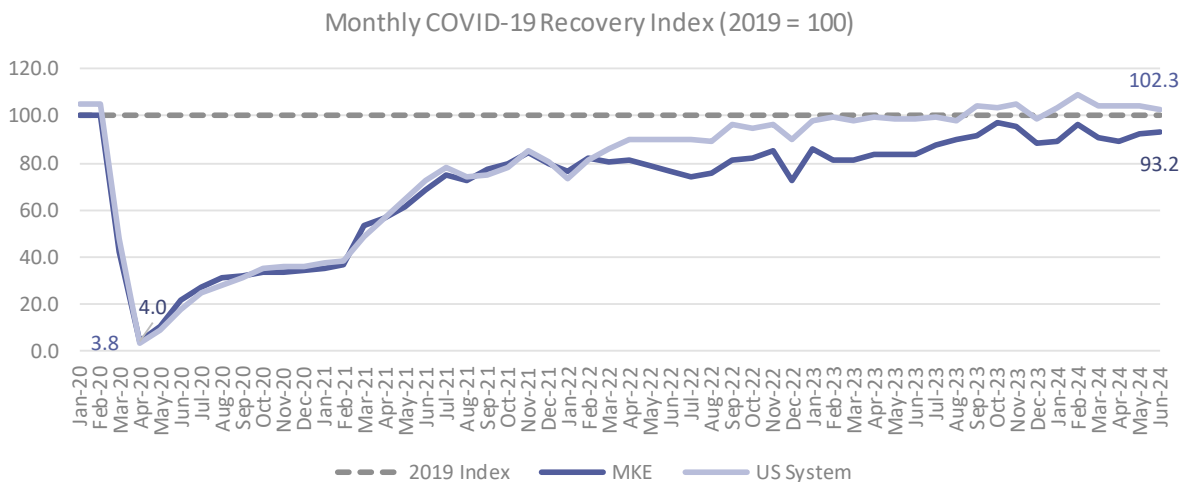
 Second smallest share percentage of annual total.

 Smallest share percentage of annual total.

Source: Airport records.

Figure 42 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 of 2022, while the U.S. system recovery continued upward. Since then, MKE’s recovery has lagged with a roughly similar-sized gap behind the U.S. system. As of June 2024, MKE sits at 93.2 percent of its 2019 pre-pandemic level, while the U.S. system sits at 102.3 percent.

Figure 42 | 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 the U.S. System.

3.3.3 | Composition of Passenger Traffic

MKE serves primarily O&D traffic, which accounted for nearly all total passengers in recent years. 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 2023.

3.4 | Airline Market Shares

Figure 43 shows the enplanement levels at MKE by airline and breaks down each airline’s market shares from 2010 through 2023. 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.

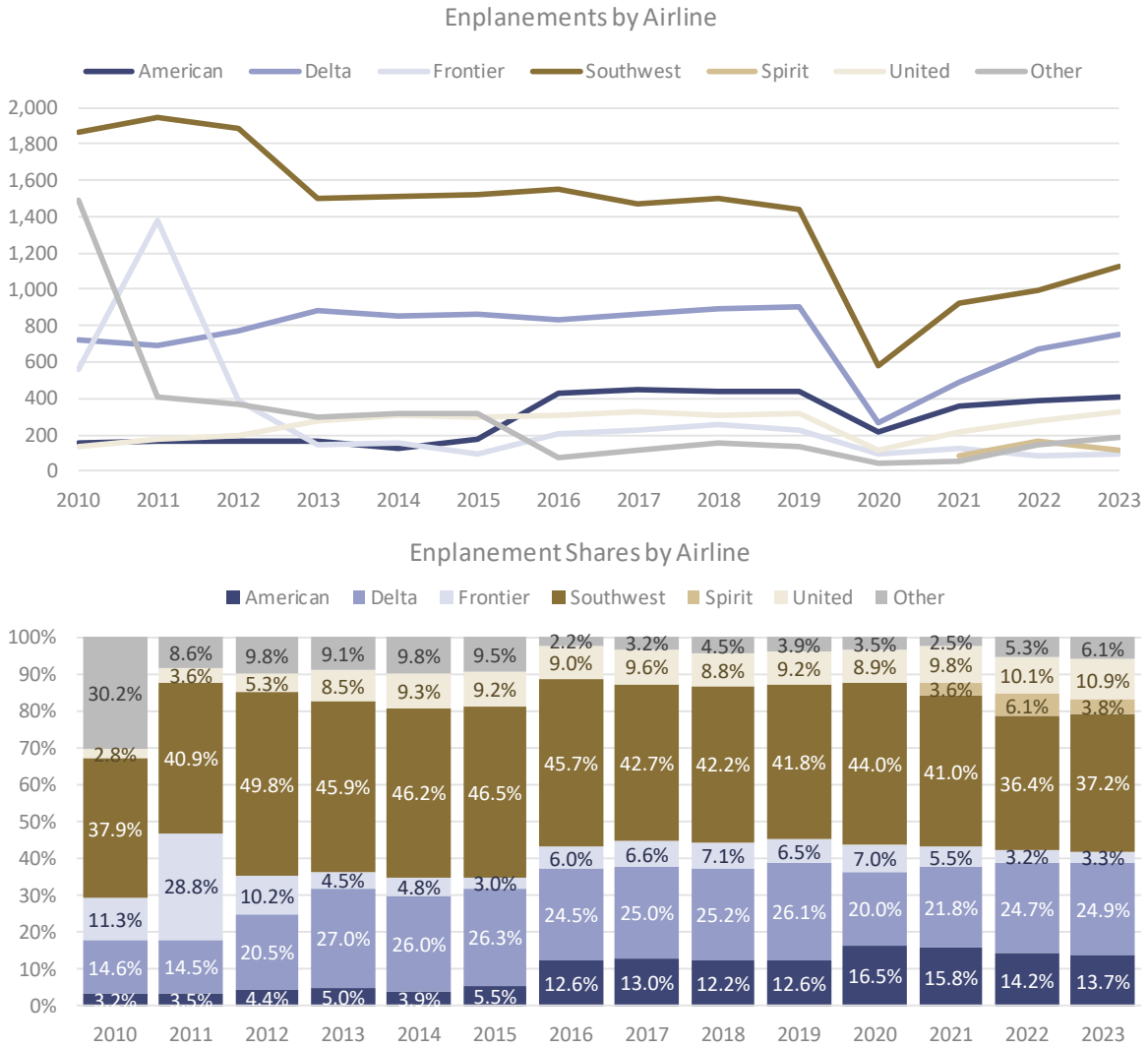
The airline composition at MKE changed significantly at the beginning of the 2010s. The “Other” category made up the second largest share in 2010 due to the now discontinued airline Midwest making up 1.1 million enplanements. Another discontinued airline, AirTran, also made up 1.4 million enplanements that year, but for the purposes of this report, 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, then proceeded to surpass Frontier as the fifth largest airline in 2022. As of 2023, Southwest still holds the top position with a 37.2 percent share, though it’s now recovering from the airlines’ lowest share in 2022 since completing its acquisition of AirTran. Delta is in second place with a 24.9 percent share in 2023, which has increased since the beginning of the pandemic in 2020. American maintains its position as the third largest carrier with a 13.7 percent share but has been gradually shrinking since 2020. United is fourth with a 10.9 percent share, followed by Spirit with 3.8 percent, and then Frontier with 3.3 percent. The “Other” category of smaller airlines combined make up 6.1 percent of the MKE market as of 2023. As a group, low-cost carriers Southwest, Frontier, JetBlue, Spirit, and Sun Country accounted for just under 48 percent of enplanements at MKE in 2023.

The first half of 2024 enplanements show the largest year-over-year increase in the “Other” category of airlines compared to the same period of the previous year—proportionally, the “Other” category grew 28.3 percent, or roughly 28,000 enplanements. In terms of enplanement count, however, Southwest is the largest contributor. Though Southwest only grew 14.1 percent proportionally, that still equates to an increase of approximately 75,000 enplanements in its 2024 year-to-date total.

Figure 43 | Enplanement Trends by Airline



Source: Airport records.

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

Table 11 | Annual Enplanements by Airline

Annual Enplanements by Airline (1000s)														Jan-Jun YTD		CAGR			
Airline	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2023	2024	2010-2019	2019-2023	2010-2023
American	159	167	167	162	128	181	425	448	433	434	217	358	386	413	191	230	11.8%	-1.2%	7.6%
Delta	719	692	775	881	853	860	830	862	893	901	262	493	672	751	351	371	2.5%	-4.5%	0.3%
Frontier	559	1,373	385	148	157	99	202	229	253	223	92	124	87	99	48	47	-9.7%	-18.3%	-12.5%
Southwest	1,867	1,948	1,884	1,501	1,515	1,523	1,545	1,473	1,498	1,443	577	926	991	1,121	529	604	-2.8%	-6.1%	-3.8%
Spirit												81	165	115	65	52			
United	136	171	200	276	305	301	306	330	311	316	116	220	276	330	143	148	9.8%	1.0%	7.0%
Other	1,487	410	369	298	322	312	75	111	160	133	46	58	145	182	92	118	-23.5%	8.2%	-14.9%
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	3,011	1,419	1,569	-3.9%	-3.3%	-3.7%
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%	10.7%		10.6%			

Annual Enplanement Shares by Airline														Jan-Jun YTD		
Airline	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2023	2024
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%	13.7%	13.4%	14.7%
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%	24.9%	24.8%	23.6%
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%	3.3%	3.4%	3.0%
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%	37.2%	37.3%	38.5%
Spirit												3.6%	6.1%	3.8%	4.6%	3.3%
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%	10.9%	10.1%	9.4%
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%	6.1%	6.5%	7.5%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: Airport records.

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

3.5 | Scheduled Passenger Service

Table 12 and Figure 44 show the scheduled service trends at MKE from 2019 through the advance schedules for 2024, 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, Delta, and Frontier's declines from 2019 to 2023, though this was partially mitigated by the Airport's post-pandemic recovery and the entry of Spirit in 2021. Average daily seats decreased from 11,654 in 2019 to 6,942 in 2020 due to the COVID-19 pandemic. MKE's average daily seats have since been gradually recovering each year after, ending 2023 with 10,036 daily seats, and 2024 projecting a further increase to 10,921. Average daily departures also decreased from 98 in 2019 to 60 in 2020 before recovering to 78 by 2023; advance schedules project another increase, up to an average of 87 daily departures for 2024. The number of nonstop destinations served at MKE shows a different pattern, decreasing from 45 in 2019 to 37 in 2020, recovering back to 45 in 2021, and then returning to a gradual trend downward to 39 as of 2023.

As MKE's largest carrier by enplanement share, Southwest also maintained the highest numbers in all three measures from 2019 through the advance schedules of 2024. However, Southwest suffered the second largest drop in both seats and departures in 2020, with average daily departures decreasing by 10 (a 31.5 percent drop), and average daily seats decreasing by 1,557 (a 31.2 percent drop). However, whereas every other airline began recovering the next year, both measures for Southwest continued to decrease through 2021 and 2022, finally turning upward in 2023. Southwest's average daily seats experienced an overall reduction from 4,996 in 2019 to 3,853 by 2023, average daily departures decreased from 33 in 2019 to 24 in 2023, and number of nonstop destinations decreased from 23 in 2019 to 16 in 2023. All three of Southwest's measures are expected to continue increasing in 2024's advance schedules, up to 18 nonstop destinations, an average of 27 daily departures, and an average of 4,213 daily seats.

MKE's second largest carrier, Delta, experienced the largest declines in average daily seats and departures in 2020, dropping by 1,659 seats (down 53.1 percent) and by 12 departures (down 46.6 percent). Unlike Southwest, recovery began immediately the next year, though has yet to return to 2019 levels as of 2023—Delta's average daily seats in 2023 have reached 2,437, and their average daily departures have reached 20. These measures are expected to continue rising in 2024's advance schedules, up to daily averages of 2,663 seats and 22 departures.

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 129 seats per departure in 2023, implying the use of larger aircraft with increased capacity to serve more passengers per flight. This is projected to slightly decrease to 126 seats per departure in 2024's advance schedules.

Table 12 | Scheduled Passenger Service at MKE

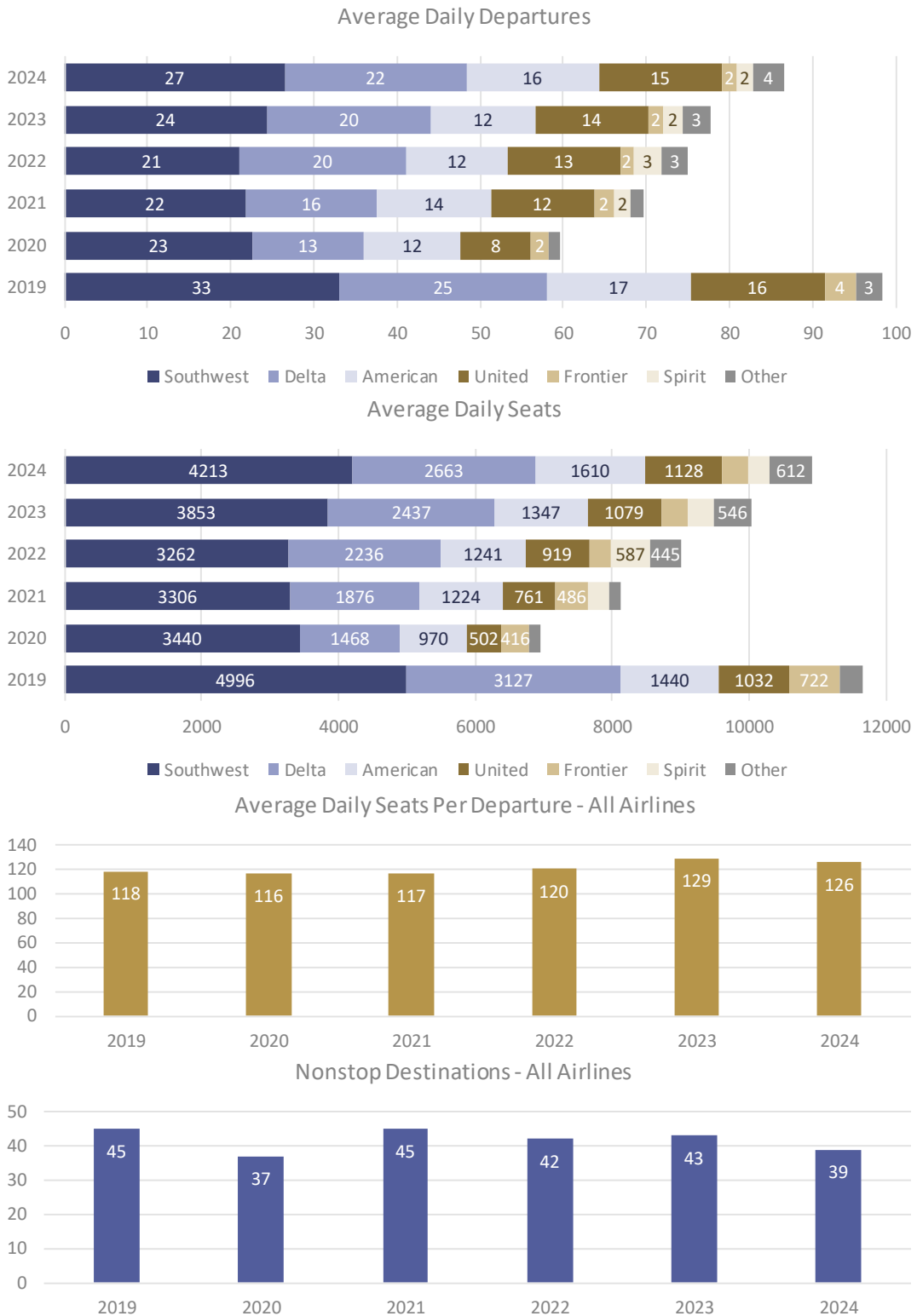
Scheduled Service at MKE						
Airline	2019	2020	2021	2022	2023	2024
Southwest						
Number of Nonstop Destinations	23	20	20	18	16	18
Average Daily Departures	33	23	22	21	24	27
Average Daily Seats	4,996	3,440	3,306	3,262	3,853	4,213
Delta						
Number of Nonstop Destinations	9	8	6	7	7	7
Average Daily Departures	25	13	16	20	20	22
Average Daily Seats	3,127	1,468	1,876	2,236	2,437	2,663
American						
Number of Nonstop Destinations	5	6	6	6	7	8
Average Daily Departures	17	12	14	12	12	16
Average Daily Seats	1,440	970	1,224	1,241	1,347	1,610
United						
Number of Nonstop Destinations	16	14	12	6	4	5
Average Daily Departures	16	8	12	13	14	15
Average Daily Seats	1,032	502	761	919	1,079	1,128
Frontier						
Number of Nonstop Destinations	9	6	5	5	4	6
Average Daily Departures	4	2	2	2	2	2
Average Daily Seats	722	416	486	316	385	369
Spirit						
Number of Nonstop Destinations	0	0	8	9	3	4
Average Daily Departures	0	0	2	3	2	2
Average Daily Seats	0	0	307	587	390	326
Other						
Number of Nonstop Destinations	10	2	8	11	13	11
Average Daily Departures	3	1	1	3	3	4
Average Daily Seats	337	147	168	445	546	612
All Airlines						
Number of Nonstop Destinations	45	37	45	42	43	39
Average Daily Departures	98	60	70	75	78	87
Average Daily Seats	11,654	6,942	8,130	9,007	10,036	10,921

Source: OAG Schedules Analyzer, last accessed on May 23, 2024. Advance schedules for 2024 beyond the access date are subject to change.

Note: Nonstop destinations for United from the years 2021 through 2024 are instead sourced from the Airport.

Note: 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 44 | Scheduled Passenger Service Trends



Source: OAG Schedules Analyzer, last accessed on May 23, 2024; and the Airport for United's 2021-2024 destinations.

3.6 | Top Domestic O&D Markets

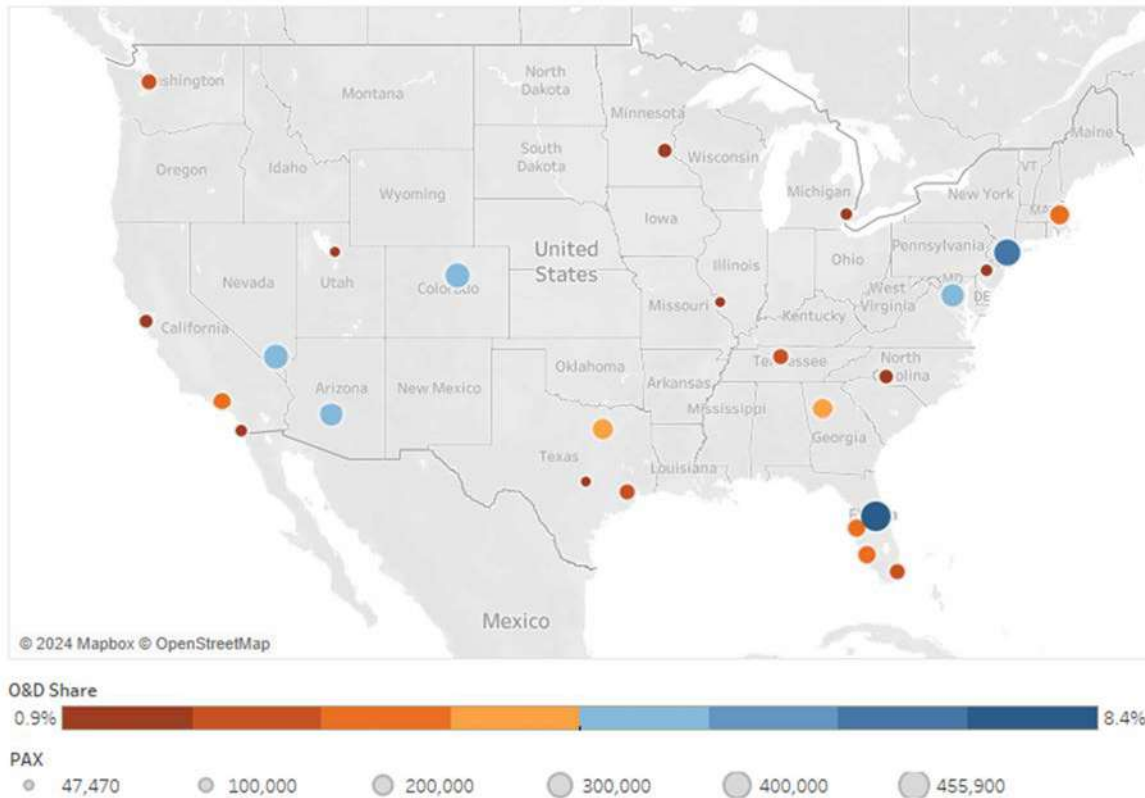
Table 13 and Figure 45 show MKE's top 25 domestic O&D markets in 2023. Altogether, the top 25 markets make up 77.0 percent of O&D enplanements at MKE. Orlando, FL, held the largest O&D market share of 8.4 percent, followed by the New York City metropolitan area with 6.5 percent and Las Vegas, NV with 5.5 percent. In addition to Orlando, three more of MKE's top 25 O&D markets in 2023 are located in Florida: Tampa, Fort Myers, and the Miami metropolitan area. As a result, Florida accounted for 16.6 percent of MKE's O&D market in 2023.

Table 13 | MKE Top 25 O&D Markets, 2023

Rank	Metro Market	Airports	Share of	
			O&D PAX	O&D
1	Orlando, FL	MCO	455,900	8.4%
2	New York City, NY (Metropolitan Area)	EWR, JFK, LGA	354,840	6.5%
3	Las Vegas, NV	LAS	300,690	5.5%
4	Denver, CO	DEN	298,930	5.5%
5	Phoenix, AZ	PHX	279,380	5.1%
6	Washington, DC (Metropolitan Area)	BWI, DCA, IAD	264,660	4.9%
7	Atlanta, GA (Metropolitan Area)	ATL	219,700	4.0%
8	Dallas/Fort Worth, TX	DFW, DAL	211,220	3.9%
9	Boston, MA (Metropolitan Area)	BOS, PVD	187,840	3.4%
10	Los Angeles, CA (Metropolitan Area)	LAX, SNA, BUR, LGB, ONT	163,080	3.0%
11	Tampa, FL (Metropolitan Area)	TPA	157,550	2.9%
12	Fort Myers, FL	RSW	156,300	2.9%
13	Houston, TX	IAH, HOU	135,720	2.5%
14	Miami, FL (Metropolitan Area)	MIA, FLL	132,830	2.4%
15	Nashville, TN	BNA	122,370	2.2%
16	Seattle, WA	SEA	119,720	2.2%
17	Minneapolis/St. Paul, MN	MSP	97,540	1.8%
18	Charlotte, NC	CLT	96,120	1.8%
19	San Francisco, CA (Metropolitan Area)	SFO, OAK, SJC	87,010	1.6%
20	San Diego, CA	SAN	70,520	1.3%
21	Philadelphia, PA	PHL	67,930	1.2%
22	Detroit, MI	DTW	61,620	1.1%
23	Austin, TX	AUS	53,870	1.0%
24	St. Louis, MO	STL	51,780	1.0%
25	Salt Lake City, UT	SLC	47,470	0.9%
Top 25 O&D Metro Markets			4,194,590	77.0%
Other			1,252,390	23.0%
Total O&D			5,446,980	100.0%

Source: U.S. Bureau of Transportation Statistics DB1B, last accessed on May 24, 2024.

Figure 45 | MKE Top 25 O&D Market Map, 2023



Source: U.S. Bureau of Transportation Statistics DB1B, last accessed on May 24, 2024.

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), Hollywood Burbank (BUR), and Ontario International (ONT) as the three closest airports directly below MKE’s 2019 enplanement count.

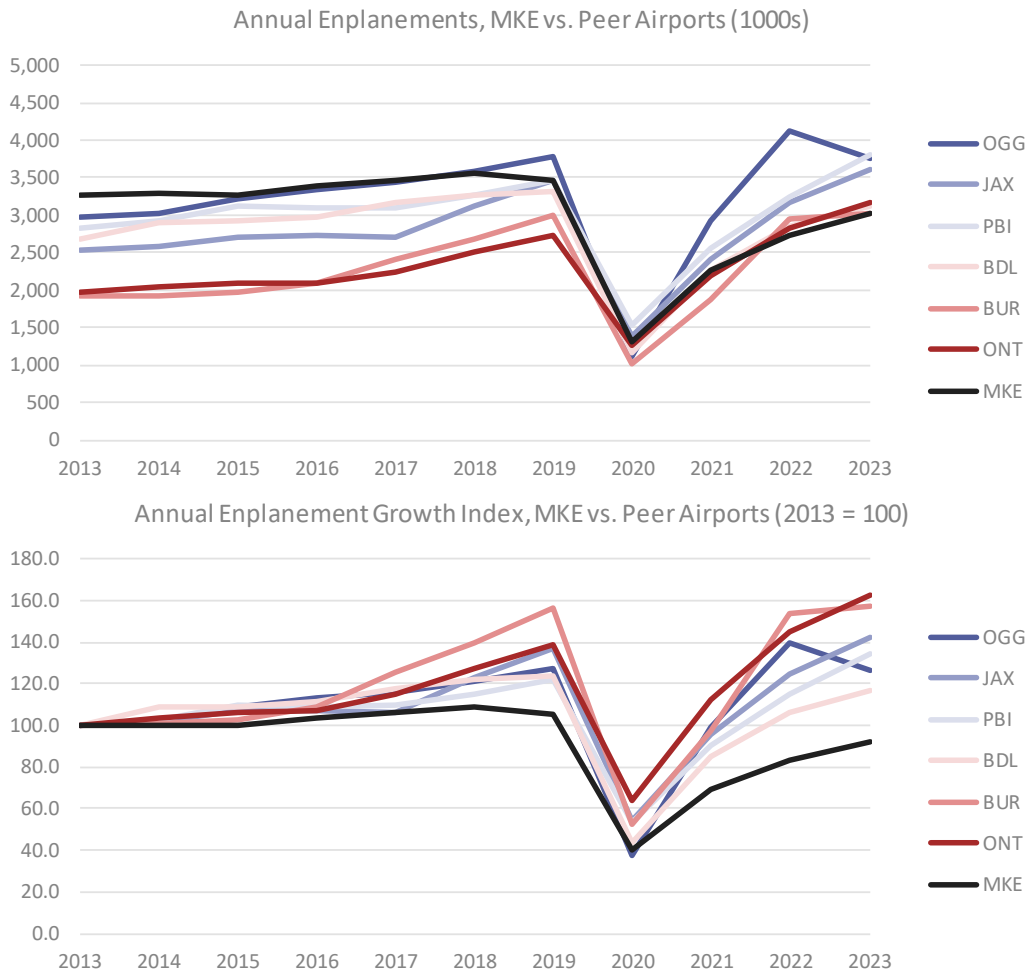
3.7.1 | Enplanement Trends vs. Peer Airports

Figure 46 shows annual enplanements for MKE and its six peer airports from 2013 to 2023 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 2023. MKE’s recovery placed lowest among the sampled airports alongside BUR, both with 3.0 million enplanements in 2023. PBI holds the highest enplanement level in 2023 with 3.8 million, having surpassed OGG after that airport experienced a decline from 4.1 million in 2022 down to 3.7 million.

Figure 46 | Annual Enplanement Growth Trends, MKE vs. Airports Closest in 2019 Enplanements



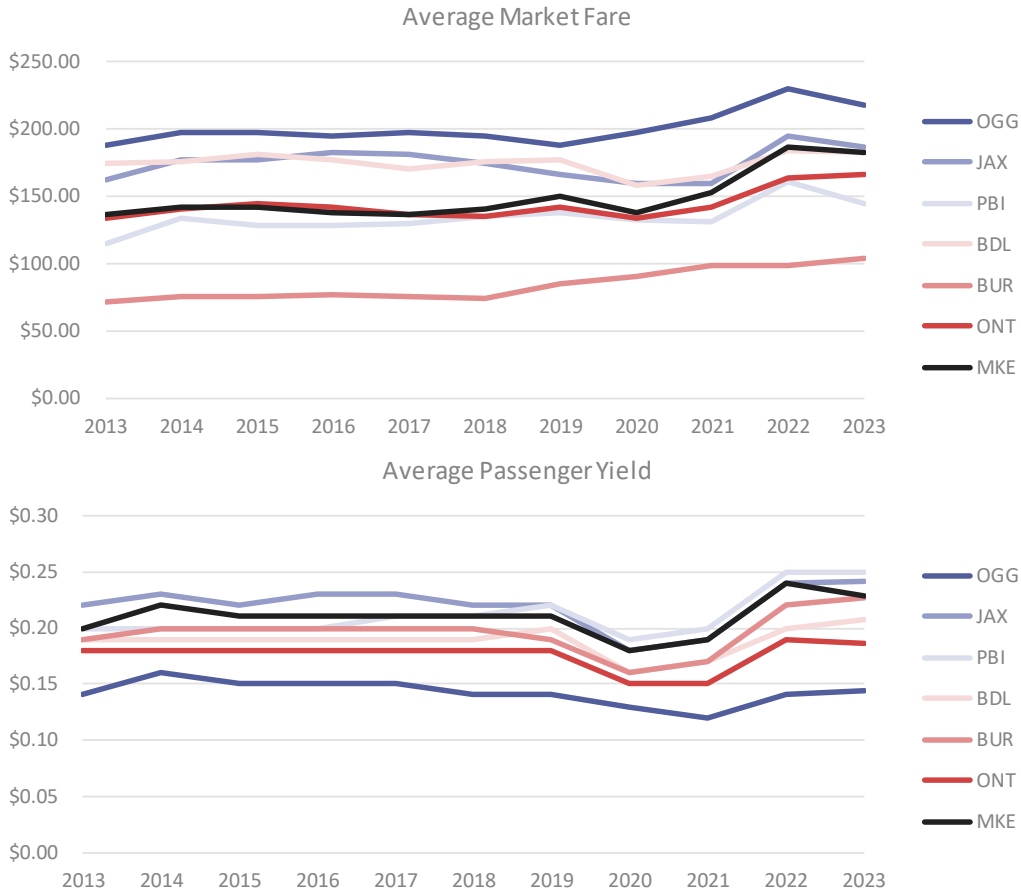
Sources: Airport records for MKE and U.S. Bureau of Transportation Statistics for peer airports.

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

Figure 47 shows the annual average market fare and passenger yield levels for MKE and its six peer airports from 2013 to 2023. MKE’s average market fare in 2013 was \$136.23, placing in the median among the seven sampled airports. MKE’s average market fare then rose to \$142.22 in 2014, where it stayed relatively stable and near the middle of its peers. After dipping in 2020, MKE’s average market fare rose faster in the following years, reaching \$183.22 in 2022 before plateauing to \$182.30 in 2023—the fourth-highest average market fare and median 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. As of 2023, however, MKE’s average yield took a slight downturn to \$0.23, matching BUR as the third highest average yield in the sample.

Figure 47 | Annual Market Fare and Yield, MKE vs. Airports Closest in 2019 Enplanements

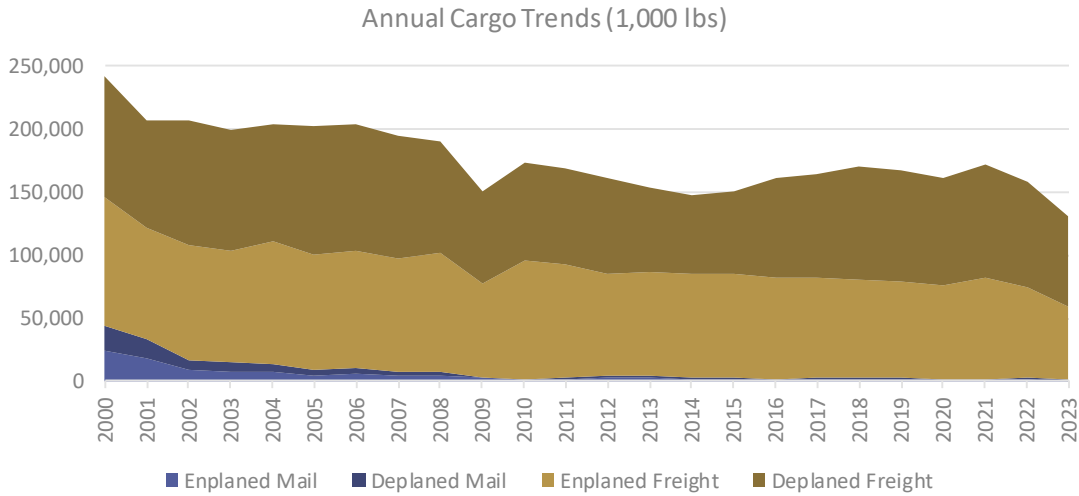


Source: U.S. Bureau of Transportation Statistics DB1B.

3.8 | Air Cargo

As shown in Figure 48, MKE’s air cargo activity has slowly decreased from 2000 to 2023, from 241 million enplaned and deplaned pounds in 2000 down to 130 million pounds in 2023 (an overall CAGR of -2.6 percent). Two particularly sharp drops occurred in 2001 (down 14.5 percent) and 2009 (down 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 not significantly impact air cargo, though the following year saw a 6.5 percent bump before returning to a downward trend over the next two years. In particular, 2023 brought another substantial decline in cargo, from 157 million pounds in 2022 down 17.1 percent to 130 million pounds.

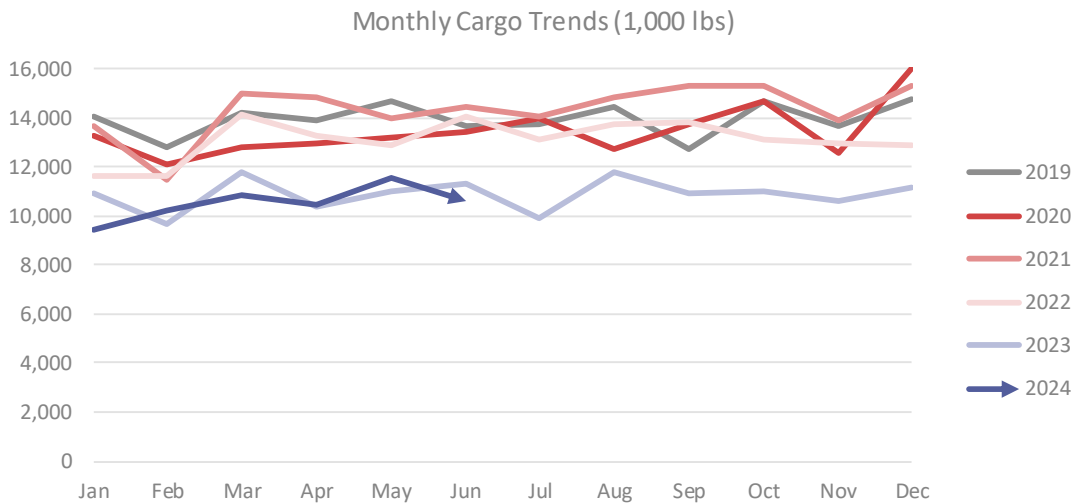
Figure 48 | Annual Air Cargo Trends



Source: Airport records.

Figure 49 shows MKE’s monthly air cargo trends for 2019 through 2024. 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. Cargo has been slowly declining after 2021, with 2023’s cargo levels having a substantial gap below prior years for all 12 months. Cargo levels appear to be on par with 2023 levels through the first half of 2024, remaining at a level below 2022 and prior.

Figure 49 | Monthly Air Cargo Trends



Source: Airport records.

3.9 | Aircraft Landings and Landed Weight

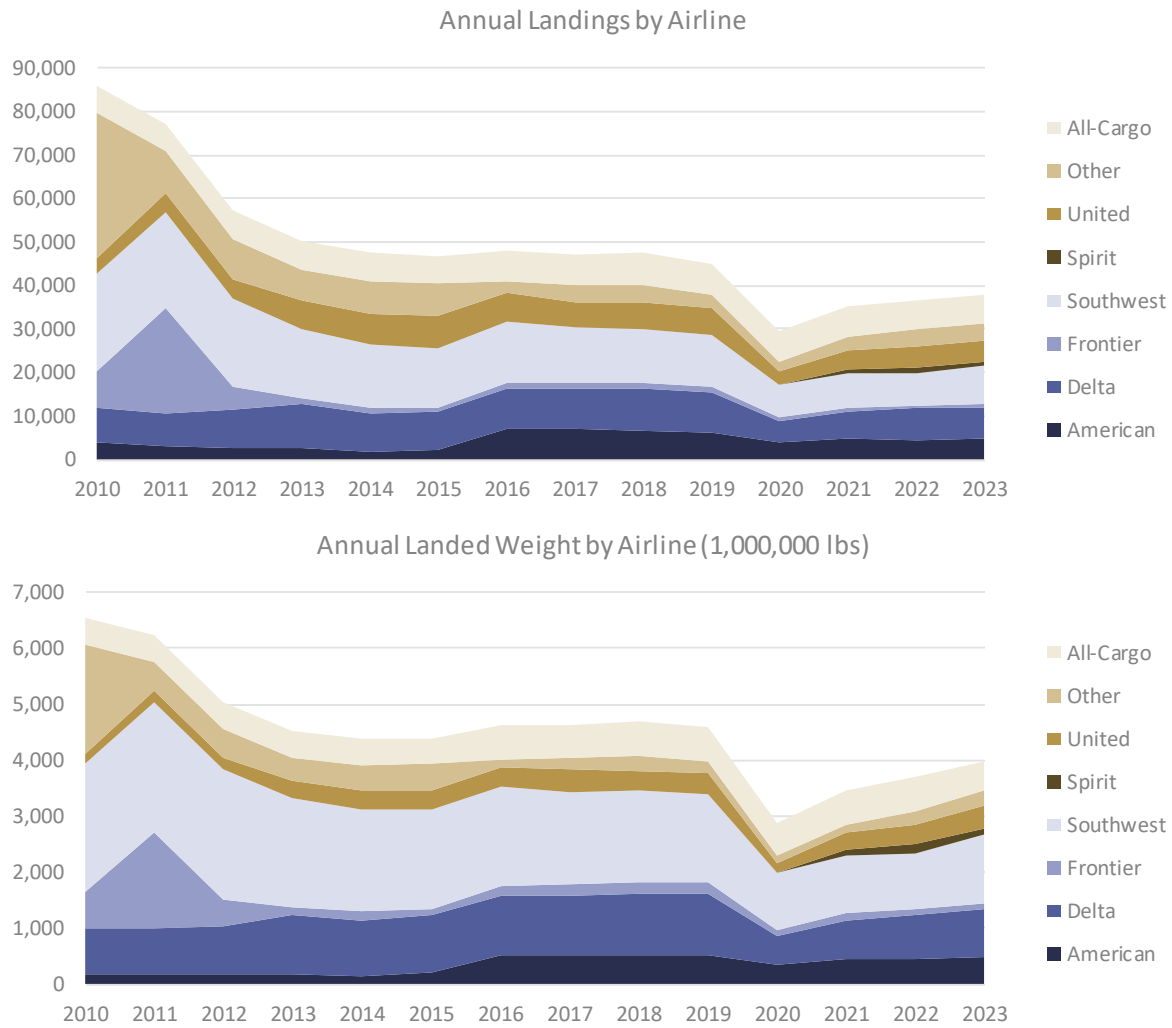
Figure 50 shows the annual trends for MKE's landings and landed weight from 2010 to 2023, broken down by airline, while Table 14 and Table 15 show the underlying data. Both landings and landed weight trends reflect those of enplanements, reducing rapidly through the first half of the decade.

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. Slow recovery has increased landings to 37,721 as of 2023, leading to an overall CAGR of -6.1 percent from 2010 to 2023. While Southwest has more enplanements than Delta, the two airlines gradually became closer in the number of landings in 2022 (7,495 landings for Southwest and 7,428 for Delta, with 20.3 percent and 20.5 percent market shares, respectively), likely due to Southwest using aircraft with higher passenger capacity than Delta. That said, Southwest restored its lead in this as of 2023, with 8,862 landings (a 23.5 percent market share) over Delta's slight decline down to 7,372 (a 19.5 percent market share). Next behind Southwest and Delta in landing shares are MKE's all-cargo airlines, which collectively operated 6,408 landings in 2023 or 17.0 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 4.0 billion pounds in 2023 (a CAGR of -3.7 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 (30.8 percent) than Delta (21.8 percent), and all-cargo airlines hold the third largest share with 13.2 percent.

Landings and landed weight shares through the first half of 2024 show an increase in share size for Southwest, American, Frontier, and the "Other" airline category; meanwhile Delta, Spirit, United, and all-cargo carriers have decreased in share size.

Figure 50 | Annual MKE Landings and Landed Weight Trends



Source: Airport records.

Note: Southwest Airlines activity includes AirTran landings and landed weight in its total from 2010 to 2013.

Table 14 | Annual Landings by Airline

Annual Landings by Airline															Jan-Jun YTD		CAGR		
Airline	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2023	2024	2010-2019	2019-2023	2010-2023
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	4,678	2,111	2,800	5.4%	-6.8%	1.5%
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	7,372	3,502	3,727	1.7%	-5.8%	-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	679	304	375	-18.1%	-16.3%	-17.6%
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	8,862	4,084	4,956	-6.9%	-7.0%	-6.9%
Spirit			1		1	1		5			1	712	1,185	793	450	384			
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	5,014	2,412	2,397	6.8%	-4.6%	3.1%
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	3,915	1,945	2,149	-22.9%	5.3%	-15.2%
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	31,313	14,808	16,788	-7.9%	-4.7%	-6.9%
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	6,408	3,230	2,858	1.4%	-2.6%	0.2%
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	37,721	18,038	19,646	-6.9%	-4.4%	-6.1%
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%	3.0%		8.9%			

Annual Landing Shares															Jan-Jun YTD	
Airline	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2023	2024
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%	12.4%	11.7%	14.3%
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%	19.5%	19.4%	19.0%
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%	1.8%	1.7%	1.9%
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%	23.5%	22.6%	25.2%
Spirit												2.0%	3.2%	2.1%	2.5%	2.0%
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%	13.3%	13.4%	12.2%
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%	10.4%	10.8%	10.9%
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%	83.0%	82.1%	85.5%
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%	17.0%	17.9%	14.5%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: Airport records.

Note: Southwest Airlines activity includes AirTran landings in its total from 2010 to 2013.

Table 15 | Annual Landed Weight by Airline

Annual Landed Weight by Airline (1,000,000 lbs)															Jan-Jun YTD		CAGR		
Airline	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2023	2024	2010-2019	2019-2023	2010-2023
American	190	186	163	179	150	211	512	530	515	507	341	442	440	475	214	270	11.5%	-1.6%	7.3%
Delta	820	820	871	1,052	998	1,021	1,050	1,032	1,083	1,108	504	687	802	869	410	438	3.4%	-5.9%	0.4%
Frontier	626	1,689	472	153	159	103	195	220	234	207	110	134	86	104	46	57	-11.6%	-15.9%	-12.9%
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	1,228	563	686	-4.2%	-5.9%	-4.7%
Spirit												100	174	115	65	55			
United	159	204	224	308	346	346	347	397	359	374	183	288	339	399	171	182	9.9%	1.6%	7.3%
Other	1,952	509	516	392	434	473	153	203	251	213	120	140	235	272	137	171	-21.8%	6.3%	-14.1%
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	3,463	1,607	1,860	-4.6%	-3.4%	-4.2%
All-Cargo	493	485	459	485	496	460	614	612	628	610	601	618	592	526	264	260	2.4%	-3.6%	0.5%
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	3,989	1,871	2,119	-3.9%	-3.4%	-3.7%
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%	8.3%		13.3%			

Annual Landed Weight Shares															Jan-Jun YTD	
Airline	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2023	2024
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%	11.9%	11.4%	12.7%
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%	21.8%	21.9%	20.7%
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%	2.6%	2.5%	2.7%
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%	30.8%	30.1%	32.4%
Spirit												2.9%	4.7%	2.9%	3.5%	2.6%
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%	10.0%	9.2%	8.6%
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%	6.8%	7.3%	8.1%
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%	86.8%	85.9%	87.8%
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%	13.2%	14.1%	12.2%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: Airport records.

Note: Southwest Airlines activity includes AirTran landed weight in its total from 2010 to 2013.

3.10 | Forecast Commercial Aviation Activity

Our forecast development considers shifts in supply and demand within 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 employ a hybrid modeling framework that combines multiple forecasting methods and data sources.

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. The Low scenario takes a more cautious short-term outlook, considering labor and fleet constraints on airline capacity, inflation, and slowing global economic growth.

The two scenarios provide a reasonable range for planning and sensitivity analysis. However, forecasts involve inherent uncertainty. Many factors, including structural changes in the airline industry and the broader economy, can cause actual traffic to deviate. We will discuss these factors at the end of this section.

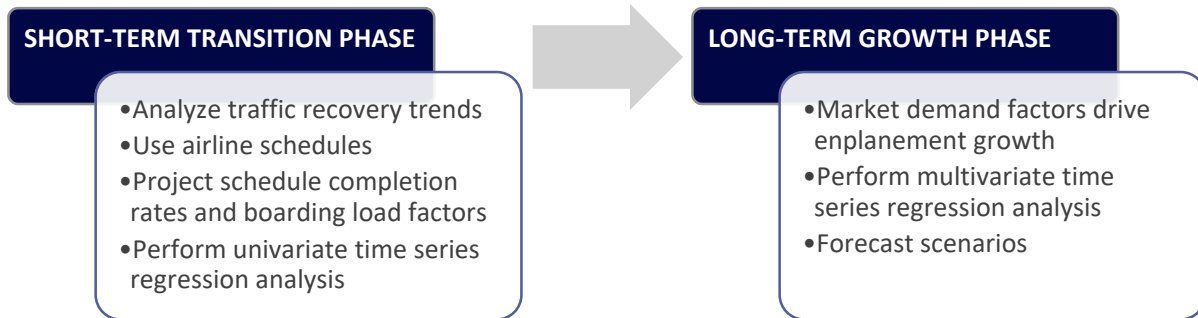
3.10.1 | Forecast Methodology

Our hybrid modeling framework uses various forecasting methods and data sources to project air traffic in two distinct phases (Figure 51):

- Short-term recovery - We analyze recovery trends and project flights, seats, and enplanements at the airline level based on advance airline schedules, schedule completion rates, and boarding load factors. This process produces near-term projections (through November 2024), beyond which we use univariate time series analysis to project the monthly ramp-up of enplanements to the pre-pandemic level when growth stabilizes.
- Long-term growth - Once growth stabilizes, we switch to multivariate regression analysis to quantify the contribution of key market drivers (income and price) to air travel demand. We then forecast annual enplanement growth based on the projected trends in these drivers.

Breaking the forecast period into phases allows us to apply the most relevant methods, data, and assumptions to capture the factors driving air traffic trends in each phase. For instance, airline schedules and operational factors provide a good basis for short-term forecasting. However, market factors, such as income and price, primarily drive long-term passenger traffic growth, which in turn drives aircraft operations and landed weight.

Figure 51 | 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 based on actual airport activity (enplanements, departures, and landed weight) through March 2024, TSA screening throughput through mid-May 2024, and advance airline schedules (accessed in May 2024).

Advance airline schedules provide the starting point for projecting seats and enplanements only through November 2024. Beyond that, advance schedules become less reliable due to significant, often downward adjustments. To account for potential schedule adjustments, we apply a completion factor to scheduled seats. This considers weather and aircraft maintenance disruptions, as well as periodic schedule adjustments anticipating flight bookings and availability of aircraft and crew. Table 16 shows the projected schedule completion rates decreasing from 100 percent to 98 percent in the Base scenario and 96 percent under the Low scenario by November 2024. These assumptions reflect improving trends since the pandemic.

Table 16 | Projected Schedule Completion Rates and Seats

	Seat Completion Rate		Projected Seats	
	Base	Low	Base	Low
Apr-24	100.0%	100.0%	328,195	328,195
May-24	100.0%	100.0%	329,986	329,986
Jun-24	100.0%	100.0%	337,262	337,262
Jul-24	100.0%	100.0%	357,771	357,771
Aug-24	99.4%	97.4%	354,186	347,061
Sep-24	99.4%	97.4%	338,005	331,205
Oct-24	98.9%	96.9%	352,195	345,071
Nov-24	98.0%	96.0%	314,410	307,994

Source: OAG Schedules Analyzer and Unison Consulting, Inc.

We apply boarding load factors (BLFs) to projected seats to estimate monthly enplanements. The BLF assumptions in Table 17 reflect seasonal patterns and overall improvement since the pandemic. In 2023, the Airport’s monthly BLF averaged 82.2 percent, around 1.2 percentage points higher than the 2019 level (81.0 percent). Although the Airport’s monthly BLF started 2024 lower than 2023 levels, they remain above 2019 levels. BLF projections for the remainder of 2024 consider continued improvement in the Base scenario and slight decline in the Low scenario. From April to December 2024, we project BLFs to average 81.9 percent in the Base scenario and 80.2 percent in the Low scenario, compared to 81.5 percent in 2023 and 81.7 percent in 2019 over the same period.

Table 17 | Actual and Projected Boarding Load Factors (BLFs)

Month	2019 and 2023 Boarding Load Factors			2024 Boarding Load Factors ³	
	2019 BLF ¹	2023 BLF	Difference (pp) ²	Base	Low
Jan	72.6%	81.0%	8.5	73.0%	73.0%
Feb	79.7%	83.4%	3.6	82.1%	82.1%
Mar	84.9%	88.7%	3.8	83.1%	83.1%
Apr	76.0%	80.4%	4.4	80.2%	78.2%
May	81.4%	82.3%	1.0	82.4%	80.4%
Jun	85.0%	85.9%	0.9	86.2%	84.1%
Jul	87.2%	84.3%	-2.9	84.4%	82.4%
Aug	85.4%	83.2%	-2.2	83.4%	81.4%
Sep	80.1%	78.7%	-1.4	79.3%	77.3%
Oct	82.1%	82.9%	0.8	83.4%	81.4%
Nov	76.7%	79.5%	2.9	80.6%	78.6%
Dec	81.3%	76.5%	-4.8	77.3%	77.3%

Source: Unison Consulting, Inc.

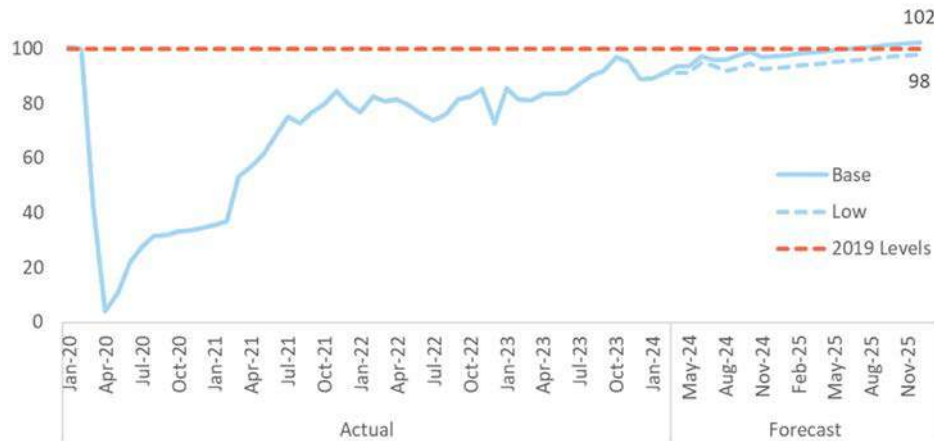
¹ BLF = enplanements/seats.

² Percentage-point (pp) difference between the 2023 and 2019 monthly BLF. Negative values indicate lower 2023 BLF, compared to the 2019 levels.

³ Forecasts begin in April 2024.

Monthly enplanements (indexed to 2019 in Figure 52) show steady recovery toward pre-pandemic levels. Since their April 2020 pandemic low, enplanements reached around 91 percent of the 2019 level by March 2024.

Figure 52 | Monthly Enplanements: Actual and Forecast Indexed to 2019 Level



Source: Unison Consulting, Inc.

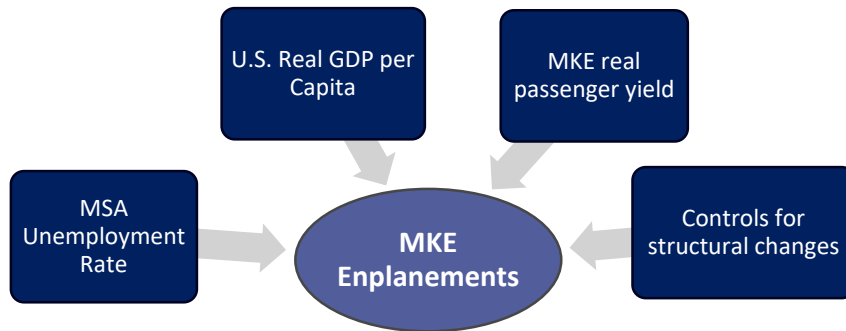
To predict monthly enplanements through December 2025, we analyzed recovery trends from the April 2020 pandemic low to November 2024. We compared linear and logarithmic trendlines, including one starting later in mid-2021.

The logarithmic model best reflects the Airport’s recovery trends. It projects an initial acceleration followed by a gradual slowdown, reaching full recovery later than a linear model (straight-line trajectory). Consistent with this trend, enplanements surpassed 80 percent of the 2019 level in late 2021, then gradually reached around 90 percent in late 2023. They are projected to reach around 102 percent and 98 percent of the 2019 level in the Base and Low scenarios, respectively, by the end of 2025.

3.10.3 | Long-Term Phase

Full recovery marks the transition to long-term growth driven by market forces (demand-driven). We anticipate a return to historical patterns where economic factors drive passenger traffic, and airlines adjust seat capacity to meet increasing demand. Multivariate time series regression analysis provides a rigorous quantitative framework for measuring the contributions of market drivers (price and income indicators) to enplanement growth (Figure 53).

Figure 53 | Key Drivers of Enplanement Growth



Source: Unison Consulting, Inc.

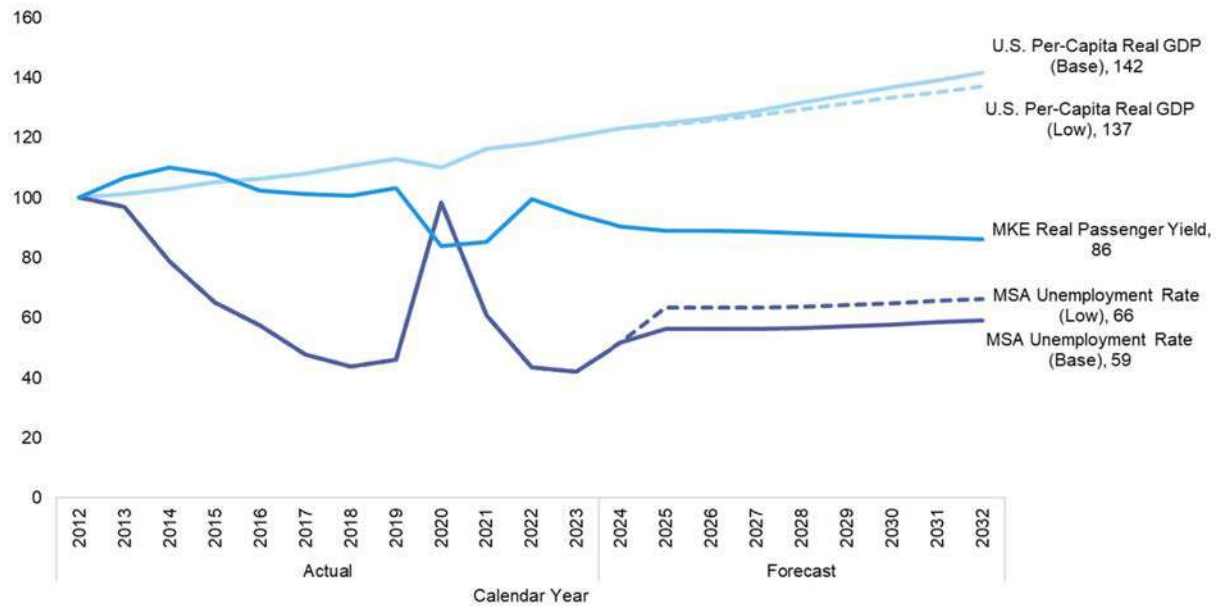
Forecasting using regression analysis involves two steps:

1. Model estimation – We estimate the regression equation using historical data (1993-2023). The regression equation includes “coefficients” that measure the effect of each driver on enplanements.
2. Forecast development – We combine the regression coefficient estimates with projections of market drivers to forecast enplanement growth.

The regression estimation method minimizes forecast errors—the difference between the actual and predicted enplanement levels.

Consumer demand theory informs the specification of the regression model with enplanements as the dependent variable. Key explanatory variables include economic indicators (U.S. real per-capita GDP and MSA unemployment rate) and a price indicator (MKE’s real passenger yield). Figure 54 presents the historical and forecast trends for these variables.

Figure 54 | 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 is a comprehensive indicator of national economic conditions and income levels, both of which drive air travel demand. Holding other factors constant, increases in real per-capita GDP stimulate enplanements, while decreases lower enplanements. The positive and statistically significant regression coefficient on real per-capita U.S. real GDP confirms this direct relationship.

The Base scenario uses Moody’s Analytics’ forecast for U.S. real per-capita GDP indicating a CAGR of 1.8 percent from 2023 to 2029, higher than the growth rate during the post-Great Recession expansion (2009-2019 CAGR of 1.6 percent). The Low scenario assumes a slower CAGR of 1.4 percent for the forecast period.

MSA Unemployment Rate

MSA unemployment rate reflects local economic health. Lower unemployment suggests a growing economy, potentially leading to higher passenger traffic. The negative and statistically significant regression coefficient confirms the inverse relationship.

The Base scenario uses Moody’s Analytics’ forecast for MSA unemployment, which rises gradually from current historic lows, 3.1 percent in 2023, to 4.2 percent in 2029. The Low scenario projects the MSA unemployment rate to be around 0.4 percentage point higher annually, reaching 4.7 percent in 2029.

Real Passenger Yield at MKE

Consumer theory suggests a negative relationship between airfare and passenger traffic. Holding all 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 is a better indicator of the price of air travel than average airfare. Regression analysis supports theory, showing a negative and statistically significant regression coefficient for real passenger yield.

Before the pandemic, MKE's real passenger yield was relatively stable, ranging between \$0.19 and \$0.20 since 2012. During the pandemic, airlines significantly reduced airfares to stimulate travel, lowering yields to around \$0.16 in 2020 and 2021. As traffic rebounded, airlines raised airfares. Real passenger yield rose to \$0.19 in 2022 before falling to \$0.18 in 2023. We expect the Airport's real passenger yield to continue falling to \$0.16 by 2029 (a CAGR of -1.2 percent).

Structural Changes

The regression model accounts for structural changes due to historical events:

- The 9/11 terrorist attacks in 2001, significantly disrupting U.S. aviation.
- Southwest's entry in 2009 and expansion with its acquisition of AirTran, leading to significant growth in MKE enplanements.
- Frontier's dehubbing beginning in 2010, leading to a slowdown in air traffic activity at the Airport.
- The COVID-19 pandemic in 2020-2022, causing an unprecedented drop in passenger traffic.

The regression model also included an autoregressive term to control for serial correlation. Together, these explanatory variables prove to be strong predictors of changes in MKE's enplanement levels.

3.10.4 | Forecast Results

Figure 55 presents the forecast results and compares the enplanement forecasts with the 2023 FAA Terminal Area Forecasts (TAF) published in January 2024. Table 18 to Table 25 present the forecast details, summarized below.

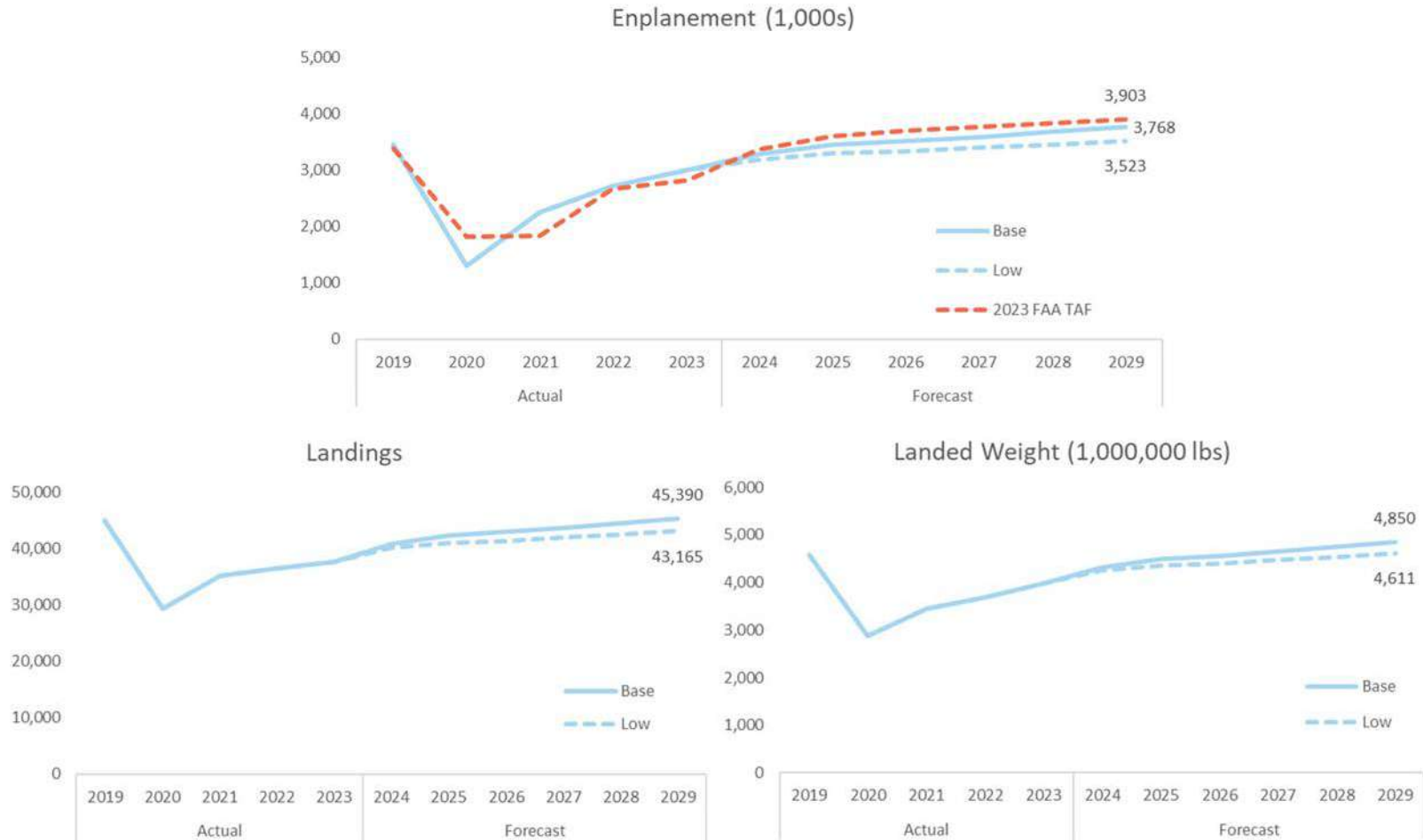
- Scenario 1 (Base) – Annual enplanements are projected to reach 3.3 million in 2024, growing year over year by 9.0 percent. They approach 2019 levels by the end of 2025 and reach around 3.8 million by 2029 (a 2023-2029 CAGR of 3.8 percent).
- Scenario 2 (Low) – Annual enplanements are projected to grow 6.1 percent to 3.2 million in 2024. Beyond 2024, enplanements grow at 2.0 percent annually, reaching 2019 levels by the end of 2028. The 2023-2029 CAGR is around 2.7 percent, 1.1 percentage points below the Base scenario.

- 2023 FAA TAF, January 2024 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 Base scenario, except for 2024. At the end of the forecast period, annual enplanements reach around 3.9 million, 3.6 percent above the Base scenario and 10.8 percent above the Low scenario.

We project seats and aircraft departures (landings) for 2025-2029 from forecast annual enplanements, average seats per departure, 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 45,400 in the Base scenario (a 2023-2029 CAGR of 3.1 percent) and 43,200 in the Low scenario (a 2023-2029 CAGR of 2.3 percent).

We project landed weight for 2025-2029 from forecast aircraft landings. Generally, landed weight increases faster than landings due to upgauging (the use of larger aircraft with more seats). By the end of the forecast period, landed weight reaches 4.9 billion pounds in the Base scenario (a 2023-2029 CAGR of 3.3 percent) and 4.6 billion pounds in the Low scenario (a 2023-2029 CAGR of 2.4 percent).

Figure 55 | Forecast Commercial Aviation Activity at MKE



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

Table 18 | Forecast Enplanements – Scenario 1 (Base) at MKE

Calendar Year	Actual					Forecast						CAGR	
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2023-2029	2019-2029
Enplanements (1,000s)													
Alaska	51	19	40	53	58	73	76	78	80	82	83	6.2%	5.0%
American	434	217	358	386	413	490	515	525	537	550	563	5.3%	2.6%
Delta	901	262	493	672	751	824	866	883	903	925	946	3.9%	0.5%
Frontier	223	92	124	87	99	90	95	96	99	101	103	0.7%	-7.4%
Southwest	1,443	577	926	991	1,121	1,219	1,281	1,306	1,335	1,368	1,399	3.8%	-0.3%
Spirit	0	0	81	165	115	102	108	110	112	115	118	0.4%	
United	316	116	220	276	330	342	360	367	375	384	393	3.0%	2.2%
Signatory	3,387	1,286	2,202	2,683	2,959	3,141	3,301	3,365	3,441	3,525	3,606	3.4%	0.6%
Non-Signatory Scheduled	31	3	49	17	27	117	123	126	129	132	135	30.6%	15.8%
Non-signatory Non-scheduled	32	21	8	21	24	24	25	25	26	27	27	1.8%	-1.6%
Total Passenger	3,450	1,310	2,260	2,721	3,011	3,282	3,449	3,516	3,596	3,683	3,768	3.8%	0.9%
Annual percent change		-62.0%	72.5%	20.4%	10.7%	9.0%	5.1%	1.9%	2.3%	2.4%	2.3%		
Enplanement Shares													
Alaska	1.5%	1.5%	1.8%	1.9%	1.9%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%		
American	12.6%	16.5%	15.8%	14.2%	13.7%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%		
Delta	26.1%	20.0%	21.8%	24.7%	24.9%	25.1%	25.1%	25.1%	25.1%	25.1%	25.1%		
Frontier	6.5%	7.0%	5.5%	3.2%	3.3%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%		
Southwest	41.8%	44.0%	41.0%	36.4%	37.2%	37.1%	37.1%	37.1%	37.1%	37.1%	37.1%		
Spirit	0.0%	0.0%	3.6%	6.1%	3.8%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%		
United	9.2%	8.9%	9.8%	10.1%	10.9%	10.4%	10.4%	10.4%	10.4%	10.4%	10.4%		
Signatory	98.2%	98.2%	97.5%	98.6%	98.3%	95.7%	95.7%	95.7%	95.7%	95.7%	95.7%		
Non-Signatory Scheduled	0.9%	0.2%	2.2%	0.6%	0.9%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%		
Non-signatory Non-scheduled	0.9%	1.6%	0.4%	0.8%	0.8%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%		
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%		

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

Note: The table includes air traffic statistics for individual signatory air carriers, based on their status as of 2024. Due to changes in signatory status over time, the individual statistics may not sum up to the signatory subtotal prior to 2024.

Table 19 | Forecast Seats and Aircraft Departures – Scenario 1 (Base) at MKE

Calendar Year	Actual					Forecast						CAGR	
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2023-2029	2019-2029
Seats (1,000s)													
Alaska	62	47	50	64	68	85	89	91	93	95	97	6.2%	4.6%
American	526	354	447	453	492	588	618	630	644	660	675	5.4%	2.5%
Delta	1,141	536	685	816	889	978	1,028	1,048	1,071	1,097	1,123	4.0%	-0.2%
Frontier	263	152	177	115	140	136	133	136	139	142	146	0.6%	-5.8%
Southwest	1,824	1,256	1,207	1,191	1,406	1,556	1,601	1,632	1,669	1,709	1,749	3.7%	-0.4%
Spirit	0	0	112	214	142	129	136	139	142	145	149	0.7%	
United	377	183	278	336	394	411	432	441	451	462	472	3.1%	2.3%
Signatory	4,223	2,534	2,906	3,271	3,634	3,884	4,038	4,116	4,209	4,311	4,411	3.3%	0.4%
Non-Signatory Scheduled	32	0	64	17	29	152	159	162	166	170	174	34.6%	18.5%
Total Passenger	4,255	2,534	2,970	3,288	3,663	4,036	4,197	4,278	4,375	4,481	4,585	3.8%	0.7%
Aircraft Departures (Landings)													
Alaska	365	335	341	359	390	480	503	512	523	534	545	5.8%	4.1%
American	6,187	4,006	5,030	4,426	4,678	5,809	6,092	6,202	6,332	6,468	6,601	5.9%	0.6%
Delta	9,358	4,786	5,996	7,428	7,372	8,293	8,696	8,854	9,040	9,234	9,424	4.2%	0.1%
Frontier	1,383	755	900	590	679	664	651	663	677	691	705	0.6%	-6.5%
Southwest	11,832	7,709	7,903	7,495	8,862	9,803	10,065	10,248	10,463	10,688	10,907	3.5%	-0.8%
Spirit	0	1	712	1,185	793	703	737	750	766	782	798	0.1%	
United	6,061	3,213	4,769	5,060	5,014	5,293	5,550	5,651	5,770	5,894	6,015	3.1%	-0.1%
Signatory	35,759	20,901	25,310	27,099	28,516	31,046	32,295	32,880	33,571	34,292	34,996	3.5%	-0.2%
Non-Signatory Scheduled	284	56	588	173	226	1,029	1,070	1,090	1,113	1,137	1,160	31.3%	15.1%
Non-signatory Non-scheduled	2,191	1,796	2,323	2,665	2,634	2,636	2,765	2,818	2,880	2,949	3,015	2.3%	3.2%
Total Passengers	38,234	22,753	28,221	29,937	31,376	34,710	36,130	36,788	37,564	38,377	39,171	3.8%	0.2%
Signatory Cargo	3,209	2,849	5,055	4,402	4,285	4,105	4,162	4,144	4,149	4,148	4,148	-0.5%	2.6%
Non-Signatory Cargo	3,689	3,791	1,906	2,277	2,060	2,076	2,068	2,072	2,070	2,071	2,070	0.1%	-5.6%
Total Cargo	6,898	6,640	6,961	6,679	6,345	6,180	6,230	6,216	6,219	6,219	6,219	-0.3%	-1.0%
Total	45,132	29,393	35,182	36,616	37,721	40,890	42,360	43,004	43,783	44,596	45,390	3.1%	0.1%

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

Note: The table includes air traffic statistics for individual signatory air carriers, based on their status as of 2024. Due to changes in signatory status over time, the individual statistics may not sum up to the signatory subtotal prior to 2024.

Table 20 | Forecast Enplanements per Departure, Seats per Departure, and Boarding Load Factors – Scenario 1 (Base) at MKE

Calendar Year	Actual					Forecast					
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Enplanements per Departure											
Alaska	141	58	118	148	149	152	152	152	152	153	153
American	70	54	71	87	88	84	85	85	85	85	85
Delta	96	55	82	90	102	99	100	100	100	100	100
Frontier	161	122	137	147	146	136	145	146	146	146	147
Southwest	122	75	117	132	127	124	127	127	128	128	128
Spirit	0	0	114	139	145	146	146	146	147	147	147
United	52	36	46	54	66	65	65	65	65	65	65
Signatory	95	62	87	99	104	101	102	102	103	103	103
Non-Signatory Scheduled	109	48	84	101	120	114	115	115	116	116	116
Non-signatory Non-scheduled	15	12	4	8	9	9	9	9	9	9	9
Total Passenger	90	58	80	91	96	95	95	96	96	96	96
Seats per Departure											
Alaska	170	141	146	177	174	177	177	177	178	178	179
American	85	88	89	102	105	101	101	102	102	102	102
Delta	122	112	114	110	121	118	118	118	119	119	119
Frontier	190	201	197	196	207	204	205	205	205	206	206
Southwest	154	163	153	159	159	159	159	159	160	160	160
Spirit	0	0	157	181	179	184	185	185	185	186	186
United	62	57	58	66	79	78	78	78	78	78	79
Signatory	118	121	115	121	127	125	125	125	125	126	126
Non-Signatory Scheduled	112	0	109	98	129	147	149	149	149	150	150
Total Passenger	111	111	105	110	117	116	116	116	116	117	117
Boarding Load Factors											
Alaska	83.0%	41.3%	81.0%	83.3%	86.0%	85.7%	85.7%	85.7%	85.7%	85.7%	85.7%
American	82.5%	61.2%	80.0%	85.2%	83.9%	83.3%	83.4%	83.4%	83.4%	83.4%	83.4%
Delta	78.9%	48.9%	72.0%	82.3%	84.4%	84.3%	84.3%	84.3%	84.3%	84.3%	84.3%
Frontier	84.6%	60.6%	69.6%	75.2%	70.5%	66.4%	71.0%	71.0%	71.0%	71.0%	71.0%
Southwest	79.1%	45.9%	76.8%	83.2%	79.7%	78.3%	80.0%	80.0%	80.0%	80.0%	80.0%
Spirit	0.0%	0.0%	72.7%	76.9%	80.9%	79.2%	79.2%	79.2%	79.2%	79.2%	79.2%
United	84.0%	63.5%	79.3%	82.1%	83.7%	83.2%	83.2%	83.2%	83.3%	83.3%	83.3%
Signatory	80.2%	50.7%	75.8%	82.0%	81.4%	80.9%	81.7%	81.8%	81.8%	81.8%	81.8%
Non-Signatory Scheduled	97.4%	0.0%	77.2%	103.1%	92.9%	77.5%	77.5%	77.5%	77.5%	77.5%	77.5%
Total Passenger	81.1%	51.7%	76.1%	82.8%	82.2%	81.3%	82.2%	82.2%	82.2%	82.2%	82.2%

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

Note: The table includes air traffic statistics for individual signatory air carriers, based on their status as of 2024. Due to changes in signatory status over time, the individual statistics may not sum up to the signatory subtotal prior to 2024.

Table 21 | Forecast Landed Weight and Average Weight per Landing – Scenario 1 (Base) at MKE

Calendar Year	Actual					Forecast						CAGR	
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2023-2029	2019-2029
Landed Weight (1,000,000 lbs)													
Alaska	55	42	44	54	58	71	75	76	78	80	81	5.9%	3.9%
American	507	341	442	440	475	575	604	616	630	645	660	5.6%	2.7%
Delta	1,108	504	687	802	869	966	1,015	1,035	1,059	1,084	1,109	4.1%	0.0%
Frontier	207	110	134	86	104	100	98	100	103	105	108	0.6%	-6.3%
Southwest	1,563	1,022	1,047	1,015	1,228	1,360	1,399	1,426	1,459	1,494	1,529	3.7%	-0.2%
Spirit	0	0	100	174	115	102	107	110	112	115	117	0.3%	
United	374	183	288	339	399	411	432	441	451	462	472	2.9%	2.4%
Signatory	3,842	2,205	2,699	2,978	3,341	3,586	3,732	3,804	3,890	3,984	4,076	3.4%	0.6%
Non-Signatory Scheduled	40	8	64	25	33	138	144	147	150	154	157	29.7%	14.7%
Non-signatory Non-scheduled	93	69	81	92	92	96	101	103	105	107	110	3.0%	1.7%
Total Passenger	3,975	2,283	2,844	3,095	3,466	3,821	3,976	4,054	4,145	4,246	4,344	3.8%	0.9%
Signatory Cargo	503	499	529	500	445	413	432	426	428	427	427	-0.7%	-1.6%
Non-Signatory Cargo	105	98	84	88	78	79	79	79	79	79	79	0.2%	-2.7%
Total Cargo	608	597	613	588	523	492	511	505	507	506	506	-0.5%	-1.8%
Total	4,583	2,880	3,456	3,683	3,989	4,312	4,488	4,558	4,652	4,752	4,850	3.3%	0.6%
Average Weight per Landing (1,000 lbs.)													
Alaska	151.8	125.0	127.8	149.8	148.2	147.8	148.1	148.3	148.5	148.9	149.3		
American	81.9	85.1	87.9	99.4	101.6	99.0	99.2	99.3	99.5	99.7	100.0		
Delta	118.4	105.2	114.5	108.0	117.9	116.5	116.8	116.9	117.1	117.4	117.7		
Frontier	149.5	145.5	149.3	145.9	152.4	151.0	151.3	151.5	151.7	152.2	152.5		
Southwest	132.1	132.5	132.5	135.4	138.6	138.7	139.0	139.2	139.4	139.8	140.1		
Spirit	0.0	19.5	140.5	146.9	145.3	145.5	145.8	146.0	146.2	146.6	147.0		
United	61.7	56.9	60.4	67.0	79.5	77.7	77.9	78.0	78.1	78.3	78.5		
Signatory	107.4	105.5	106.6	109.9	117.2	115.5	115.6	115.7	115.9	116.2	116.5		
Non-Signatory Scheduled	140.8	141.1	109.1	142.8	146.0	134.3	134.5	134.7	134.9	135.3	135.6		
Non-signatory Non-scheduled	42.4	38.6	34.8	34.6	34.9	36.5	36.5	36.5	36.5	36.5	36.4		
Total Passenger	104.0	100.3	100.8	103.4	110.5	110.1	110.1	110.2	110.3	110.6	110.9		
Signatory Cargo	156.9	175.2	104.6	113.6	103.8	100.5	103.8	102.7	103.1	103.0	103.0		
Non-Signatory Cargo	28.3	25.9	44.1	38.5	38.0	38.1	38.3	38.2	38.2	38.2	38.2		
Total Cargo	88.1	90.0	88.0	88.0	82.4	79.5	82.0	81.2	81.5	81.4	81.4		
Total	101.5	98.0	98.2	100.6	105.7	105.5	105.9	106.0	106.2	106.6	106.9		

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

Note: The table includes air traffic statistics for individual signatory air carriers, based on their status as of 2024. Due to changes in signatory status over time, the individual statistics may not sum up to the signatory subtotal prior to 2024.

Table 22 | Forecast Enplanements – Scenario 2 (Low) at MKE

Calendar Year	Actual					Forecast						CAGR	
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2023-2029	2019-2029
Enplanements (1,000s)													
Alaska	51	19	40	53	58	71	73	74	75	77	78	5.0%	4.2%
American	434	217	358	386	413	477	493	499	508	517	526	4.1%	2.0%
Delta	901	262	493	672	751	801	827	838	852	868	883	2.8%	-0.2%
Frontier	223	92	124	87	99	88	91	92	93	95	97	-0.4%	-8.0%
Southwest	1,443	577	926	991	1,121	1,187	1,225	1,242	1,263	1,286	1,309	2.6%	-1.0%
Spirit	0	0	81	165	115	100	103	105	106	108	110	-0.7%	
United	316	116	220	276	330	333	343	348	354	361	367	1.8%	1.5%
Signatory	3,387	1,286	2,202	2,683	2,959	3,056	3,156	3,198	3,252	3,312	3,371	2.2%	0.0%
Non-Signatory Scheduled	31	3	49	17	27	115	119	120	122	124	127	29.3%	15.1%
Non-signatory Non-scheduled	32	21	8	21	24	24	24	25	25	25	26	1.0%	-2.0%
Total Passenger	3,450	1,310	2,260	2,721	3,011	3,194	3,299	3,343	3,399	3,462	3,523	2.7%	0.2%
Annual percent change		-62.0%	72.5%	20.4%	10.7%	6.1%	3.3%	1.3%	1.7%	1.9%	1.8%		
Enplanement Shares													
Alaska	1.5%	1.5%	1.8%	1.9%	1.9%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%		
American	12.6%	16.5%	15.8%	14.2%	13.7%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%		
Delta	26.1%	20.0%	21.8%	24.7%	24.9%	25.1%	25.1%	25.1%	25.1%	25.1%	25.1%		
Frontier	6.5%	7.0%	5.5%	3.2%	3.3%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%		
Southwest	41.8%	44.0%	41.0%	36.4%	37.2%	37.1%	37.1%	37.1%	37.1%	37.1%	37.1%		
Spirit	0.0%	0.0%	3.6%	6.1%	3.8%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%		
United	9.2%	8.9%	9.8%	10.1%	10.9%	10.4%	10.4%	10.4%	10.4%	10.4%	10.4%		
Signatory	98.2%	98.2%	97.5%	98.6%	98.3%	95.7%	95.7%	95.7%	95.7%	95.7%	95.7%		
Non-Signatory Scheduled	0.9%	0.2%	2.2%	0.6%	0.9%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%		
Non-signatory Non-scheduled	0.9%	1.6%	0.4%	0.8%	0.8%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%		
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%		

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

Note: The table includes air traffic statistics for individual signatory air carriers, based on their status as of 2024. Due to changes in signatory status over time, the individual statistics may not sum up to the signatory subtotal prior to 2024.

Table 23 | Forecast Seats and Aircraft Departures – Scenario 2 (Low) at MKE

Calendar Year	Actual					Forecast						CAGR	
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2023-2029	2019-2029
Seats (1,000s)													
Alaska	62	47	50	64	68	84	87	88	89	91	93	5.3%	4.1%
American	526	354	447	453	492	582	601	609	619	631	642	4.5%	2.0%
Delta	1,141	536	685	816	889	967	999	1,012	1,029	1,048	1,066	3.1%	-0.7%
Frontier	263	152	177	115	140	134	130	131	133	136	138	-0.3%	-6.2%
Southwest	1,824	1,256	1,207	1,191	1,406	1,540	1,551	1,572	1,598	1,628	1,656	2.8%	-1.0%
Spirit	0	0	112	214	142	128	132	134	136	139	141	-0.1%	
United	377	183	278	336	394	407	420	426	433	441	449	2.2%	1.8%
Signatory	4,223	2,534	2,906	3,271	3,634	3,842	3,919	3,972	4,038	4,113	4,186	2.4%	-0.1%
Non-Signatory Scheduled	32	0	64	17	29	150	155	157	160	163	166	33.5%	17.9%
Total Passenger	4,255	2,534	2,970	3,288	3,663	3,992	4,075	4,129	4,198	4,276	4,351	2.9%	0.2%
Aircraft Departures (Landings)													
Alaska	365	335	341	359	390	475	489	495	503	511	518	4.9%	3.6%
American	6,187	4,006	5,030	4,426	4,678	5,746	5,922	5,994	6,085	6,181	6,274	5.0%	0.1%
Delta	9,358	4,786	5,996	7,428	7,372	8,200	8,450	8,553	8,683	8,820	8,952	3.3%	-0.4%
Frontier	1,383	755	900	590	679	658	633	640	650	660	670	-0.2%	-7.0%
Southwest	11,832	7,709	7,903	7,495	8,862	9,700	9,751	9,869	10,020	10,178	10,330	2.6%	-1.3%
Spirit	0	1	712	1,185	793	696	717	726	737	748	760	-0.7%	
United	6,061	3,213	4,769	5,060	5,014	5,233	5,393	5,458	5,541	5,629	5,713	2.2%	-0.6%
Signatory	35,759	20,901	25,310	27,099	28,516	30,707	31,356	31,736	32,218	32,727	33,217	2.6%	-0.7%
Non-Signatory Scheduled	284	56	588	173	226	1,020	1,043	1,055	1,071	1,088	1,105	30.3%	14.5%
Non-signatory Non-scheduled	2,191	1,796	2,323	2,665	2,634	2,538	2,619	2,654	2,697	2,746	2,793	1.0%	2.5%
Total Passengers	38,234	22,753	28,221	29,937	31,376	34,265	35,018	35,445	35,987	36,561	37,115	2.8%	-0.3%
Signatory Cargo	3,209	2,849	5,055	4,402	4,285	3,949	4,061	4,019	4,036	4,028	4,032	-1.0%	2.3%
Non-Signatory Cargo	3,689	3,791	1,906	2,277	2,060	1,996	2,028	2,012	2,020	2,016	2,018	-0.3%	-5.9%
Total Cargo	6,898	6,640	6,961	6,679	6,345	5,944	6,089	6,031	6,056	6,044	6,050	-0.8%	-1.3%
Total	45,132	29,393	35,182	36,616	37,721	40,210	41,107	41,475	42,043	42,606	43,165	2.3%	-0.4%

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

Note: The table includes air traffic statistics for individual signatory air carriers, based on their status as of 2024. Due to changes in signatory status over time, the individual statistics may not sum up to the signatory subtotal prior to 2024.

Table 24 | Forecast Enplanements per Departure, Seats per Departure, and Boarding Load Factors – Scenario 2 (Low) at MKE

Calendar Year	Actual					Forecast					
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Enplanements per Departure											
Alaska	141	58	118	148	149	149	149	149	150	150	150
American	70	54	71	87	88	83	83	83	83	84	84
Delta	96	55	82	90	102	98	98	98	98	98	99
Frontier	161	122	137	147	146	134	143	144	144	144	145
Southwest	122	75	117	132	127	122	126	126	126	126	127
Spirit	0	0	114	139	145	144	144	144	144	145	145
United	52	36	46	54	66	64	64	64	64	64	64
Signatory	95	62	87	99	104	100	101	101	101	101	101
Non-Signatory Scheduled	109	48	84	101	120	113	114	114	114	114	115
Non-signatory Non-scheduled	15	12	4	8	9	9	9	9	9	9	9
Total Passenger	90	58	80	91	96	93	94	94	94	95	95
Seats per Departure											
Alaska	170	141	146	177	174	177	177	177	178	178	179
American	85	88	89	102	105	101	101	102	102	102	102
Delta	122	112	114	110	121	118	118	118	118	119	119
Frontier	190	201	197	196	207	204	205	205	205	206	206
Southwest	154	163	153	159	159	159	159	159	160	160	160
Spirit	0	0	157	181	179	184	185	185	185	186	186
United	62	57	58	66	79	78	78	78	78	78	79
Signatory	118	121	115	121	127	125	125	125	125	126	126
Non-Signatory Scheduled	112	0	109	98	129	147	149	149	149	150	150
Total Passenger	111	111	105	110	117	117	116	116	117	117	117
Boarding Load Factors											
Alaska	83.0%	41.3%	81.0%	83.3%	86.0%	84.2%	84.2%	84.2%	84.2%	84.2%	84.2%
American	82.5%	61.2%	80.0%	85.2%	83.9%	82.0%	82.0%	82.0%	82.0%	82.0%	82.0%
Delta	78.9%	48.9%	72.0%	82.3%	84.4%	82.8%	82.8%	82.8%	82.8%	82.9%	82.9%
Frontier	84.6%	60.6%	69.6%	75.2%	70.5%	65.3%	70.0%	70.0%	70.0%	70.0%	70.0%
Southwest	79.1%	45.9%	76.8%	83.2%	79.7%	77.1%	79.0%	79.0%	79.0%	79.0%	79.0%
Spirit	0.0%	0.0%	72.7%	76.9%	80.9%	77.9%	77.9%	77.9%	77.9%	77.9%	77.9%
United	84.0%	63.5%	79.3%	82.1%	83.7%	81.8%	81.8%	81.8%	81.8%	81.8%	81.8%
Signatory	80.2%	50.7%	75.8%	82.0%	81.4%	79.5%	80.5%	80.5%	80.5%	80.5%	80.5%
Non-Signatory Scheduled	97.4%	0.0%	77.2%	103.1%	92.9%	76.4%	76.4%	76.4%	76.4%	76.4%	76.4%
Total Passenger	81.1%	51.7%	76.1%	82.8%	82.2%	80.0%	81.0%	81.0%	81.0%	81.0%	81.0%

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

Note: The table includes air traffic statistics for individual signatory air carriers, based on their status as of 2024. Due to changes in signatory status over time, the individual statistics may not sum up to the signatory subtotal prior to 2024.

Table 25 | Forecast Landed Weight and Average Weight per Landing – Scenario 2 (Low) at MKE

Calendar Year	Actual					Forecast						CAGR	
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2023-2029	2019-2029
Landed Weight (1,000,000 lbs)													
Alaska	55	42	44	54	58	70	72	73	75	76	77	5.0%	3.4%
American	507	341	442	440	475	569	587	595	605	616	627	4.7%	2.2%
Delta	1,108	504	687	802	869	955	987	1,000	1,017	1,036	1,054	3.3%	-0.5%
Frontier	207	110	134	86	104	99	96	97	99	100	102	-0.2%	-6.8%
Southwest	1,563	1,022	1,047	1,015	1,228	1,346	1,356	1,374	1,397	1,423	1,448	2.8%	-0.8%
Spirit	0	0	100	174	115	101	105	106	108	110	112	-0.5%	
United	374	183	288	339	399	407	420	426	433	441	449	2.0%	1.8%
Signatory	3,842	2,205	2,699	2,978	3,341	3,547	3,622	3,671	3,732	3,802	3,868	2.5%	0.1%
Non-Signatory Scheduled	40	8	64	25	33	137	140	142	145	147	150	28.7%	14.1%
Non-signatory Non-scheduled	93	69	81	92	92	93	96	98	99	101	103	1.9%	1.0%
Total Passenger	3,975	2,283	2,844	3,095	3,466	3,778	3,859	3,910	3,976	4,050	4,121	2.9%	0.4%
Signatory Cargo	503	499	529	500	445	397	417	411	413	413	413	-1.2%	-2.0%
Non-Signatory Cargo	105	98	84	88	78	76	78	77	77	77	77	-0.3%	-3.0%
Total Cargo	608	597	613	588	523	473	494	488	490	490	490	-1.1%	-2.1%
Total	4,583	2,880	3,456	3,683	3,989	4,251	4,353	4,399	4,466	4,539	4,611	2.4%	0.1%
Average Weight per Landing (1,000 lbs.)													
Alaska	151.8	125.0	127.8	149.8	148.2	147.8	148.1	148.3	148.5	148.9	149.3		
American	81.9	85.1	87.9	99.4	101.6	99.0	99.2	99.3	99.5	99.7	100.0		
Delta	118.4	105.2	114.5	108.0	117.9	116.5	116.8	116.9	117.1	117.4	117.7		
Frontier	149.5	145.5	149.3	145.9	152.4	151.0	151.3	151.5	151.7	152.1	152.5		
Southwest	132.1	132.5	132.5	135.4	138.6	138.7	139.0	139.2	139.4	139.8	140.1		
Spirit	0.0	19.5	140.5	146.9	145.3	145.5	145.8	146.0	146.2	146.6	147.0		
United	61.7	56.9	60.4	67.0	79.5	77.7	77.9	78.0	78.1	78.3	78.5		
Signatory	107.4	105.5	106.6	109.9	117.2	115.5	115.5	115.7	115.8	116.2	116.5		
Non-Signatory Scheduled	140.8	141.1	109.1	142.8	146.0	134.3	134.5	134.7	134.9	135.3	135.6		
Non-signatory Non-scheduled	42.4	38.6	34.8	34.6	34.9	36.8	36.7	36.7	36.7	36.7	36.7		
Total Passenger	104.0	100.3	100.8	103.4	110.5	110.2	110.2	110.3	110.5	110.8	111.0		
Signatory Cargo	156.9	175.2	104.6	113.6	103.8	100.6	102.6	102.4	102.3	102.4	102.4		
Non-Signatory Cargo	28.3	25.9	44.1	38.5	38.0	38.1	38.3	38.2	38.2	38.2	38.2		
Total Cargo	88.1	90.0	88.0	88.0	82.4	79.6	81.2	81.0	81.0	81.0	81.0		
Total	101.5	98.0	98.2	100.6	105.7	105.7	105.9	106.1	106.2	106.5	106.8		

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

Note: The table includes air traffic statistics for individual signatory air carriers, based on their status as of 2024. Due to changes in signatory status over time, the individual statistics may not sum up to the signatory subtotal prior to 2024.

3.11 | Sources of Forecast Risk and Uncertainty

Forecasts rely on available data, measurable air traffic drivers, and assumptions about future trends. Actual results may deviate significantly from the forecasts if these assumptions do not hold or unexpected events cause significant disruptions. The Airport operates in a dynamic environment with various interconnected factors, many subject to volatility and uncertainty, introducing both downside and upside risks to forecast activity.

3.11.1 | Disease Outbreaks

Passenger air travel demand is sensitive to disease outbreaks, which impact customer confidence, public health, international travel policies, and airport/airline staff well-being. The COVID-19 pandemic exemplifies this risk, initially causing a dramatic downturn before travel gradually recovered with widespread vaccination and the lifting of travel restrictions. Continued vigilance and health safety practices are essential to minimize future impacts.

Global health authorities are turning their attention to Mpox (formerly known as monkeypox), another infectious disease that poses a significant threat to public health. Several countries, including the United States, have begun Mpox screening protocols at major international airports to prevent the spread of the virus across borders.⁴⁸

3.11.2 | Economic Conditions

The aviation industry is pro-cyclical, with traffic rising during economic expansions and falling during economic recessions. Economic downturns can be triggered by various factors—for example, the recent COVID-19 pandemic and the extreme mitigation measures. While the pandemic is now over, the U.S. economy faces risks from escalating conflicts in Europe and the Middle East, high interest rates and financial stress, high public and private debt levels, and stubborn inflation remaining above the Fed’s 2 percent target.

The U.S. economy faces headwinds from long-term demographic shifts, including population aging and falling birth rates, which are slowing population growth. An aging population raises government expenditures on social programs and, along with falling birth rates, limits the growth of the labor force needed to support the economy and pay for these social programs. In addition, a declining population can slow growth in air travel and overall consumer demand, which drives two-thirds of the economy.

3.11.3 | U.S. Airline Industry Volatility

The U.S. airline industry is highly vulnerable to exogenous factors such as economic downturns, oil price fluctuations, adverse weather, disease outbreaks, travel restrictions, terrorism threats, geopolitical tensions, and aircraft groundings (for example, the recent grounding of Boeing 737 MAX 9 models). These factors directly impact airline revenues and profitability. Figure 56 presents

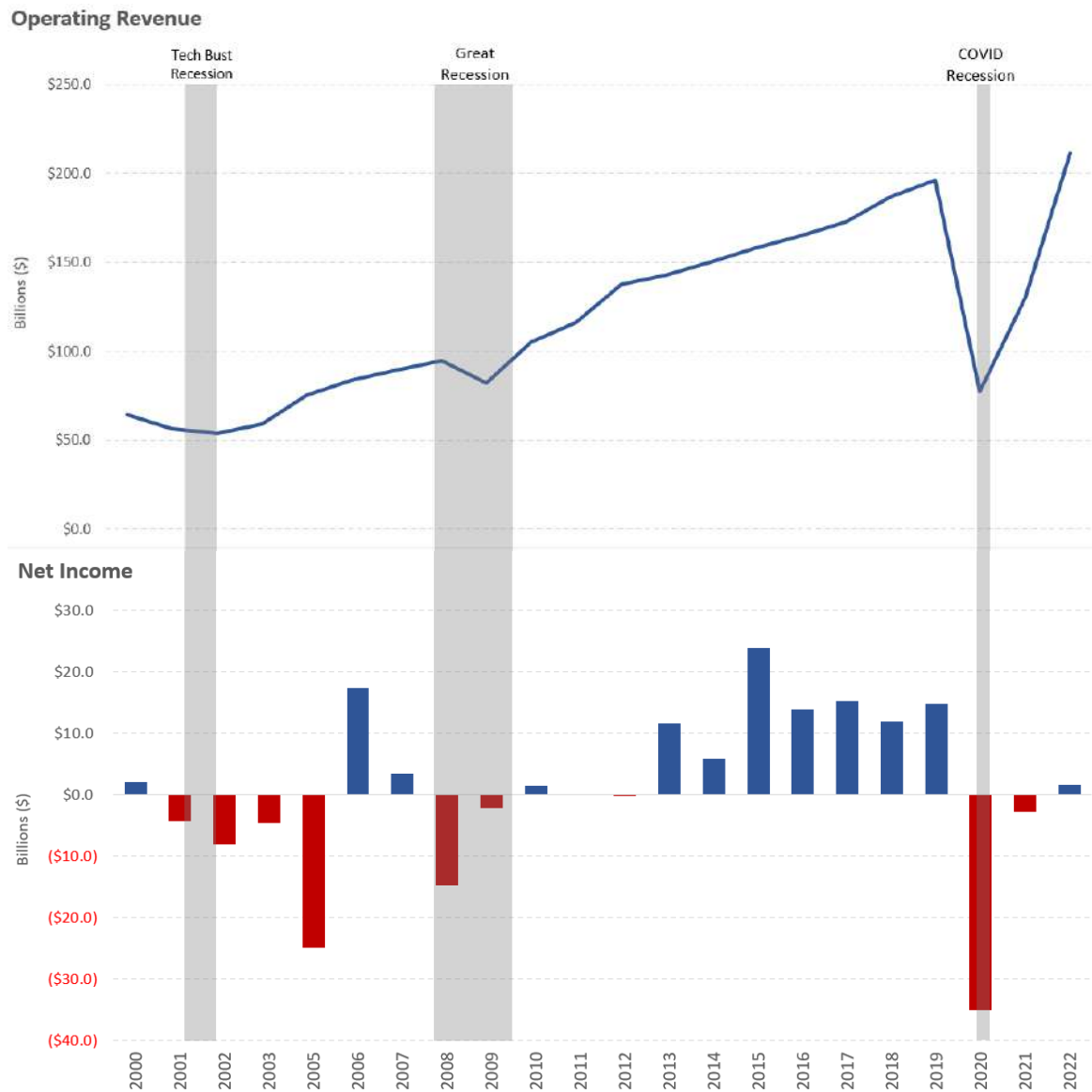
⁴⁸ “Mpox Screening Introduced at Airports Worldwide Amid Rising Concerns Over Global Health Security,” *Travel and Tour World*, August 23, 2024, <https://www.travelandtourtworld.com/news/article/mpox-screening-introduced-at-airports-worldwide-amid-rising-concerns-over-global-health-security/>.

historical data on U.S. scheduled passenger airlines' operating revenue and net income, showcasing industry volatility and the significant financial impact of events like the COVID-19 pandemic. Net results were negative in 10 of the past 23 years.

Between 2000 and 2012, U.S. scheduled airlines posted cumulative net losses of \$40 billion. Lower fuel prices, economic expansion, and high passenger demand led to seven profitable years from 2013 to 2019, resulting in over \$97 billion in cumulative net income. Business improvements, including cost-cutting and productivity-enhancement measures, supported airline profits. The markedly improved financial performance enabled U.S. airlines to renew their fleets and increase scheduled capacity.

During the pandemic, U.S. scheduled passenger airlines incurred a net loss of more than \$35 billion in 2020 alone, the largest annual loss since 1977, and another \$2.8 billion in 2021. 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). In 2022, U.S. passenger airlines turned in \$1.6 billion in net profits.

Figure 56 | U.S. Scheduled Passenger Airlines' Annual Operating Revenue and Net Profit, 2000-2022



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

3.11.4 | Oil Price Volatility and Aviation Fuel Costs

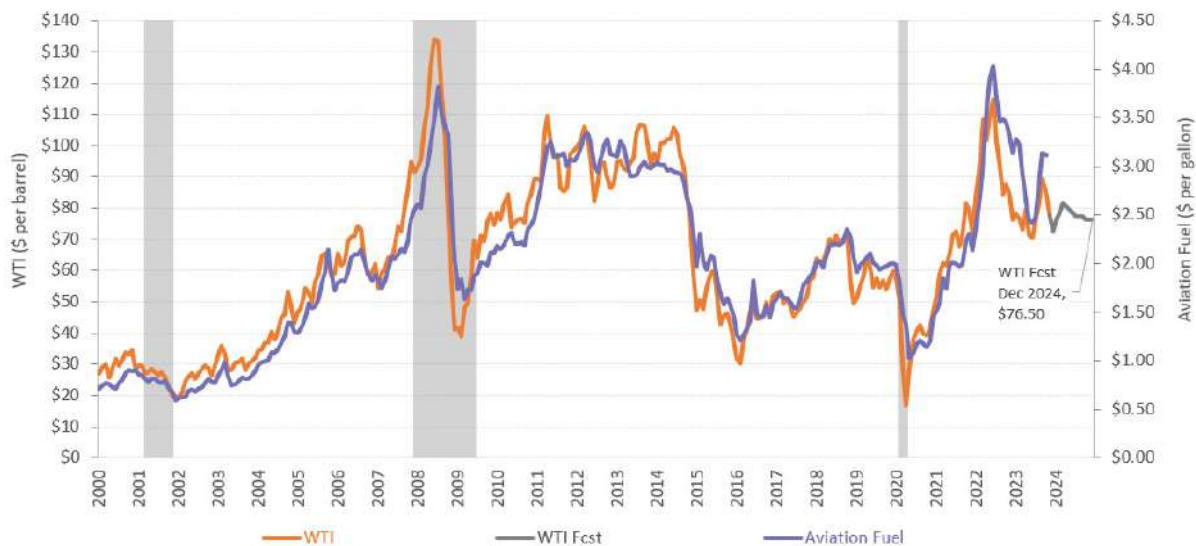
Oil price fluctuations directly affect aviation fuel costs, a significant airline operating expense.⁴⁹ Rising oil prices, as seen in the 2000s, can strain airline finances and contribute to industry losses

⁴⁹ The correlation coefficient between the monthly average prices of West Texas Intermediate (crude oil) and aviation fuel is approximately 0.994.

(Figure 57). Conversely, lower oil prices can boost airline profits, as experienced in the mid-2010s. In 2020, the global economic recession and an oil supply glut led to a temporary drop in oil and fuel prices, which provided airlines some cost relief during the pandemic.

In 2021, increased demand from the global economic recovery and supply disruptions from the Russia-Ukraine conflict began to raise oil prices. Between January 2021 and June 2022, the price of West Texas Intermediate (WTI) crude oil rose from \$52 to \$114 per barrel (121 percent), and the cost of aviation fuel increased from \$1.51 to \$4.04 per gallon (168 percent). As of fall 2023, prices have dropped from those highs (WTI to \$77.69 in November and aviation fuel to \$3.12 in October). The U.S. Energy Information Administration expects the price of WTI to stabilize, trading at \$76.50 in December 2024, acknowledging the ongoing influence of geopolitical factors on oil pricing.

Figure 57 | West Texas Intermediate (WTI) and Aviation Fuel Prices, Monthly, January 2000–November 2023 (WTI Forecast to December 2024)



Sources: U.S. Energy Administration (WTI and WTI forecast), U.S. Bureau of Transportation Statistics (aviation fuel), and Unison Consulting, Inc. Gray areas indicate economic recession periods.

3.11.5 | Airline Market Concentration

High market concentration can lead to market power abuse and excessive fare increases. Higher airfares reduce passenger demand, especially for discretionary travel or shorter trips with ground transportation alternatives. However, at MKE, Southwest Airlines’ market share has decreased below 40 percent, with increases in Delta and United’s market shares and Spirit’s entry, alleviating concerns about airline market concentration.

This report’s aviation activity forecasts for MKE assume that annual airfare increases will not exceed inflation. Otherwise, airfare increases would dampen forecast traffic growth.

3.11.6 | Airline Mergers

Airline mergers can impact service and traffic at airports by consolidating facilities, optimizing routes, and adjusting connecting traffic flows. The impact typically occurs within a few years and depends on the merging airlines' market share and connecting traffic volume at the affected airport.

Recent merger activity involves JetBlue's attempted takeover of Spirit and Alaska's acquisition of Hawaiian Airlines. Blocked by the U.S. Department of Justice (DOJ) in January 2024, JetBlue officially announced the termination of the merger agreement on March 4, 2024. According to DOJ, JetBlue's acquisition of Spirit would have eliminated an ultra-low-cost competitor, resulting in fewer choices and higher fares for travelers.

The DOJ approved Alaska and Hawaiian's merger on March 27, 2024, provided they do not proceed until 90 days after approval.⁵⁰ Alaska and Hawaiian's merger is not expected to affect MKE. Alaska accounts for a minimal share of MKE's enplanements (less than 2 percent in 2023), and Hawaiian does not operate at MKE.

3.11.7 | Structural Changes in Demand and Supply

Major crises can trigger lasting structural shifts in aviation demand and supply. For example, the 2001 terrorist attacks led to stricter airport security measures requiring passengers to arrive much earlier for departing flights, reducing travel time advantages for short-haul flights. The COVID-19 pandemic may have similar long-term consequences. Demand-side changes include altered travel preferences due to safety concerns or a shift towards virtual meetings. Supply-side changes might involve airlines maintaining streamlined operations due to labor and fleet constraints. One favorable trend is the adoption of no-touch technologies, which speed up passenger processing and stimulate traffic growth.

⁵⁰ Rytis Beresnevicius, "Hawaiian & Alaska Airlines Agree With DOJ on Timing of Merger," *Simple Flying*, March 28, 2024, <https://simpleflying.com/hawaiian-alaska-airlines-agree-with-doj-on-timing-of-merger/>

3.11.8 | Labor Supply Constraints

The COVID-19 pandemic led to airline employee layoffs and early retirements, creating workforce shortages that limit airline capacity and potentially hinder air traffic growth. Aircraft manufacturers like Airbus and Boeing also face a similar workforce shortage. Amid a tight labor market, competition between companies to attract and retain skilled personnel has intensified and threatens industry growth.

Airlines face a declining pilot population, intensified by the early retirement of approximately 5,000 experienced pilots during the pandemic. Several factors contribute to the pilot shortage. First, many pilots historically gained their training via military service. However, the use of drones and reductions in military staff have limited that pathway. Second, 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. Third, pilot training is expensive, and the working conditions and initial pay for new pilots are discouraging.

Aircraft engineers are also in short supply. The COVID-19 pandemic also caused many engineers to retire or find work in other sectors. About a third are approaching retirement, and there are not nearly enough new workers to replace them, an issue exacerbated by a 2- to 3-year pause in the training of new aircraft engineers during the pandemic.⁵¹

3.11.9 | Geopolitical Conflicts and the Threat of Terrorism

Geopolitical conflicts and terrorism disrupt air travel. The terrorist attacks of September 11, 2001, serve as a constant reminder of the severe threat to the aviation industry. Travel advisories and heightened security measures can deter passengers due to longer screening times and increased anxiety.

More recently, the Russian invasion of Ukraine (since February 24, 2022) and the Israel-Hamas war (since October 7, 2023) led to airspace closures, increased costs, and longer flight times. Responding to Russia's invasion of Ukraine, the United States, Canada, and the European Union have closed their airspace to Russian aircraft. In retaliation, Russia has limited its airspace to many foreign-flag carriers. As a result, airlines have had to change flight routes, significantly increasing flight times for global travel. The Israel-Hamas war caused the immediate cancellation and suspension of flights to Tel Aviv by three U.S. major airlines (American, Delta, and United).⁵² Additionally, overall air travel demand dropped for destinations near the warzone, such as Egypt, Morocco, Tunisia, and Saudi Arabia.

⁵¹ Sam Sprules, "Opinion: Industry Collaboration Needed To Solve MRO's Workforce Crisis," *Aviation Week Network*, September 13, 2023, <https://aviationweek.com/mro/workforce-training/opinion-industry-collaboration-needed-solve-mros-workforce-crisis>.

⁵² Shannon Thaler, "Airline stocks slump as carriers in US and abroad cancel flights to Tel Aviv," *New York Post*, October 9, 2023, <https://nypost.com/2023/10/09/major-airlines-suspend-flights-as-war-escalates-in-israel/>.

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 2024A 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 Amended AULA and the base enplanement forecasts developed in Section 3.

The Amended AULA became effective January 1, 2024, for five years, expiring on December 31, 2028, and continues to provide similar provisions as the two-year AULA that expired December 31, 2023, except as noted below. The financial projections in this section cover the period CYs2024-2029 and are based on the Amended AULA for the period January 1, 2024, through December 31, 2028, and assumes the provisions of the Amended AULA will carry over to the new or amended AULA beginning in CY2029.

4.1 | Financial Framework

4.1.1 | 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 2023 audited financial statements (the most recent year for which audited financial statements are available) show that, as of December 31, 2023, the Airport had total assets and deferred cash outflows of approximately \$462.6 million, total liabilities of approximately \$161.5 million, and net assets of approximately \$301.1 million.

4.1.2 | Airline-Airport Use and Lease Agreement

The Amended AULA establishes rentals, fees, and charges payable by all Signatory Airlines. The Amended AULA between the County and Signatory Airlines became effective on January 1, 2024, with an initial term ending on December 31, 2028. 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 Amended AULA. The major provisions are:

- Term
 - January 1, 2024, to December 31, 2028
- 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, provided that the balance does not exceed \$20 million.
 - 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 Amended 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 the years 2024-2028.
 - The 5-year CIP was approved by the airlines in accordance with the Amended AULA.
 - The total project costs for the 5-year CIP are \$169.8 million.⁵³
 - 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 Amended AULA.

⁵³ Total 5-year CIP discussed in Section 1, totaling \$264.1 million, includes carryover projects approved prior to the Amended 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.

4.1.3 | 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 Amended AULA, is discussed below.

Landing Fees

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 Amended 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 Amended 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.

4.1.4 | The Bond Resolutions

The Series 2024A Bonds are being issued by the County pursuant to the Bond Resolutions, which established the airport revenue bond program. Proceeds of the Series 2024A Bonds will be used to partially fund the Series 2024A Projects.

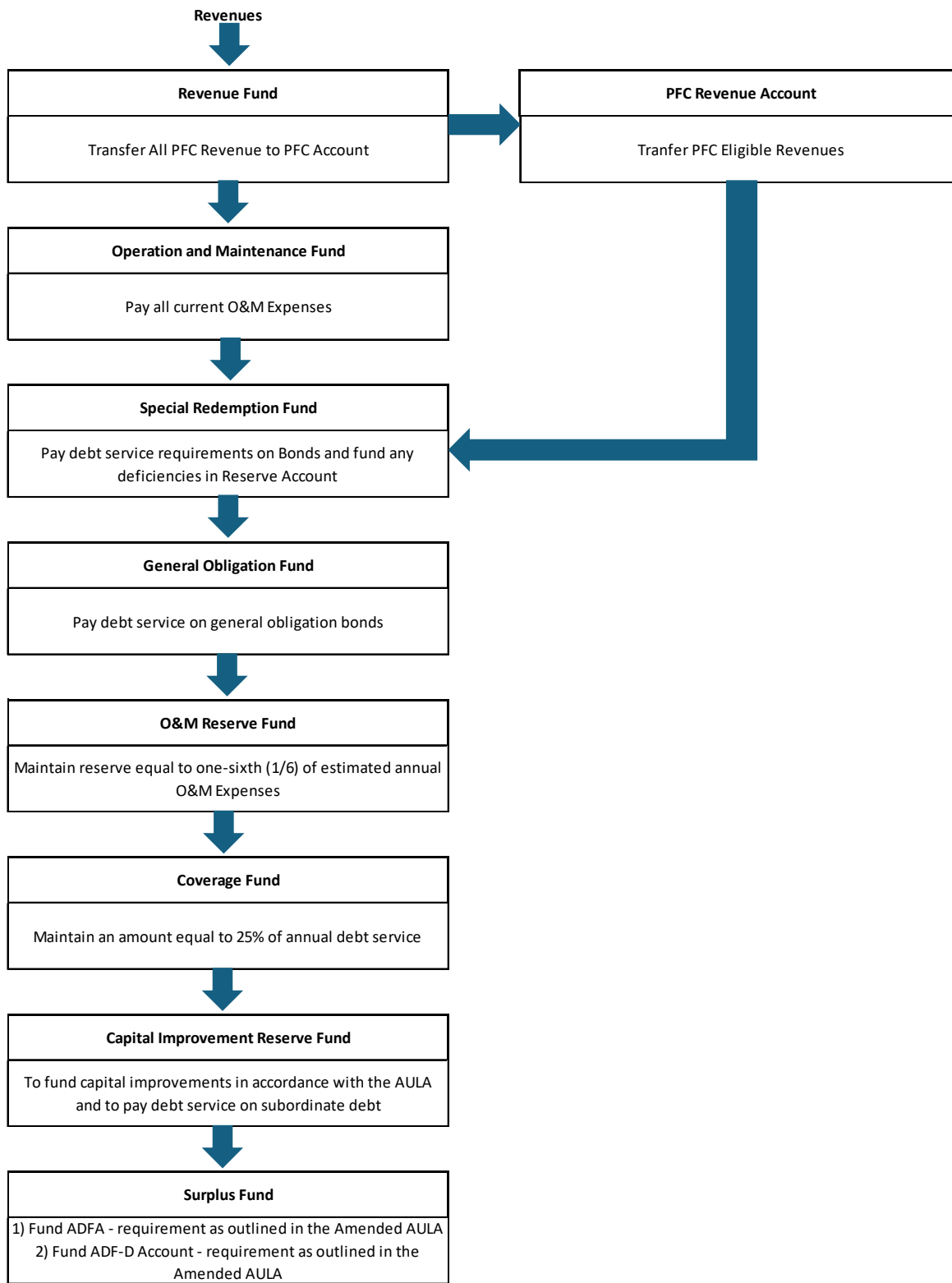
The Series 2024A Bonds are special obligations of the County payable solely from the Net Revenues of the Airport System and amounts on deposit in certain funds and accounts established under the Bond Resolutions. The 2024 Supplemental Resolution includes pledged PFC Revenues as Airport System Revenues to the extent that any of the Series 2024A Projects are eligible for PFC funding.

4.1.5 | Application of Revenues

Figure 58 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 the 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 \$20 million as amended in the Amended AULA. 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 58 | Flow of Funds



Source: The Bond Resolutions and Amended AULA.

4.2 | Debt Service and Plan of Finance

The Series 2024A Bonds are special obligations of the County payable solely from Net Revenues of the Airport System (as defined in the Bond Resolutions) and amounts on deposit in certain funds and accounts established under the Bond Resolutions. The 2024 Supplemental Resolutions include pledged PFC Revenues as Airport System Revenues to the extent that PFCs are applied to pay debt service for any bonds that funded costs approved 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 2023A and 2023B Bonds, and any Additional Bonds that may be issued pursuant to the Bond Resolutions. Table 26 summarizes the projected Debt Service Fund Requirements for the Series 2024A Bonds and future GARB issues assumed.

In 2024, annual debt service is projected to decrease from \$16.7 million in 2023 to \$13.5 million, as a result of the Series 2019B Bonds maturing 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 2025 through 2028, with maturities ranging between 15 to 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 remaining future bonds is 5.0 percent.

Table 26 | Projected Annual Debt Service

DEBT SERVICE	2023	2024	2025	2026	2027	2028	2029
GO BONDS							
Series 2013A Bonds - PFC	\$ 702,540	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Series 2013A Bonds - Rate Based	2,503,037	-	-	-	-	-	-
Series 2013B Bonds	-	-	-	-	-	-	-
Series 2014A Bonds - PFC	2,152,918	-	-	-	-	-	-
Series 2014A Bonds - Rate Based	109,135	-	-	-	-	-	-
Series 2016A Bonds - PFC	4,082,763	\$ 4,140,909	\$ 4,131,081	\$ 4,137,480	\$ 4,136,109	\$ 4,136,109	\$ 4,141,595
Series 2016A Bonds - Rate Based	382,888	388,341	387,419	388,020	387,891	387,891	388,405
Series 2019A Bonds - PFC	1,204,979	1,176,658	1,134,634	1,092,611	1,050,587	1,008,564	966,540
Series 2019A Bonds - Rate Based	2,013,670	1,966,342	1,896,116	1,825,889	1,755,663	1,685,436	1,615,210
Series 2019B Bonds - Rate Based	3,542,877	-	-	-	-	-	-
Series 2023A Bonds - PFC	-	773,189	704,550	683,182	660,718	639,404	618,091
Series 2023A Bonds - Rate Based	-	2,754,750	2,510,200	2,434,068	2,354,032	2,278,096	2,202,159
Series 2023B Bonds - PFC	-	2,167,130	2,010,343	1,929,920	1,849,496	1,769,073	1,683,891
Series 2023B Bonds - Rate Based	-	109,855	101,907	97,830	93,754	89,677	85,359
Series 2024A Bonds - PFC	-	-	178,329	183,883	178,461	173,038	167,616
Series 2024A Bonds - Rate Based	-	-	561,627	579,117	562,040	544,962	527,885
Future Series 2025 Bonds - PFC	-	-	-	1,036,594	1,036,594	1,036,594	1,036,594
Future Series 2025 Bonds - Rate Based	-	-	-	908,551	908,551	908,551	908,551
Future Series 2026 Bonds - PFC	-	-	-	-	1,163,420	1,163,420	1,163,420
Future Series 2026 Bonds - Rate Based	-	-	-	-	1,009,871	1,009,871	1,009,871
Future Series 2027 Bonds - PFC	-	-	-	-	-	176,178	176,178
Future Series 2027 Bonds - Rate Based	-	-	-	-	-	924,447	924,447
Future Series 2028 Bonds - Rate Based	-	-	-	-	-	-	1,140,258
Total Debt Service	\$ 16,694,806	\$ 13,477,175	\$ 13,616,206	\$ 15,297,145	\$ 17,147,186	\$ 17,931,310	\$ 18,756,068
Total Debt Service	\$16,694,806	\$13,477,175	\$13,616,206	\$15,297,145	\$17,147,186	\$17,931,310	\$18,756,068
Pledged PFC Revenue	8,245,162	8,257,886	8,158,937	9,063,670	10,075,385	10,102,380	9,953,924
Net Debt Service ¹	\$ 8,449,644	\$ 5,219,289	\$ 5,457,269	\$ 6,233,475	\$ 7,071,801	\$ 7,828,930	\$ 8,802,144
Cost Center Allocation							
Terminal	\$ 16,014,398	\$ 12,807,876	\$ 12,874,258	\$ 14,573,632	\$ 15,255,238	\$ 15,887,605	\$ 16,513,804
Airfield	658,649	647,231	673,272	653,349	1,823,210	1,976,387	2,176,336
Apron	21,759	22,069	68,676	70,163	68,737	67,319	65,929
Total Debt Service	\$ 16,694,806	\$ 13,477,175	\$ 13,616,206	\$ 15,297,145	\$ 17,147,186	\$ 17,931,310	\$ 18,756,068

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.

4.3 | Airport Operation and Maintenance (O&M) Expenses

Table 27 presents the historical O&M Expenses from CYs 2019 through 2023, the most recent full year for which actual (historical) information is available. Total O&M Expenses increased from approximately \$63.7 million in 2019 to \$74.4 million in 2023, or by an average of 4.0 percent per year.

The largest components of 2023 O&M Expenses were Salaries (20.3 percent), Fringe Benefits (14.5 percent), Professional Services and Administration (18.2 percent), and Sheriff expenses (11.6 percent). Together, these four largest categories accounted for approximately 64.6 percent of total 2023 O&M Expenses. Historical O&M Expense trends are explained in more detail by category below.

Table 28 presents the growth in O&M Expenses from 2023 Actuals through the 2024 Estimate and 2025 Budget,⁵⁴ and financial projections for the period 2026-2029. The projected O&M Expenses are based on the Airport's 2025 proposed budget and escalated by current inflation factors and information from Airport management. With the air traffic recovery at the Airport, total O&M Expenses increased in 2023 to \$74.4 million. The 2024 Estimate for total O&M Expenses are estimated at \$80.1 million, which represents an increase of 7.6 percent when compared to 2023. The 2025 Budget was set at \$83.9 million, which represents a 4.8 percent increase over the 2024 Estimate. The increases reflected during the forecast period result 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 from \$74.4 million in 2023 to \$93.0 million in 2029, rising at a CAGR of 3.8 percent.

Salaries and Fringe Benefits expenses increased, on average, by 1.0 percent per year between 2019 and 2023. They decreased from \$24.9 million in 2019 to \$23.4 million in 2020 when traffic fell to its lowest level during the pandemic, before increasing gradually to \$25.9 million in 2023. Salaries and Fringe Benefits are projected to reach \$30.1 million in 2029, rising at a CAGR of 2.6 percent for the period 2023-2029.

Salaries

Salaries increased from \$14.0 million in 2019 to \$15.1 million in 2023. In 2020, the Airport management froze hiring in response to the pandemic's impact on operations. In 2024, Salaries are estimated to increase to \$15.9 million as Airport management anticipates filling job vacancies, which is projected to continue through the remainder of the forecast period increasing at a CAGR of 4.4 percent to \$19.6 million in 2029.

Fringe Benefits

Fringe Benefits, which include medical insurance, pension costs, and other employee benefits, remained relatively flat during the five-year period 2019 through 2023 averaging approximately \$10.6 million. In 2024, Fringe Benefits are estimated to decrease to \$8.6 million due to the implementation of a state enacted additional sales tax that provided shared revenue to Milwaukee County. Per the parameters of the Wisconsin Act 12, the additional marginal County sales tax revenue must be used toward the funding of pension liabilities. Fringe Benefits are projected to increase proportionately to the increase in Salaries and reach \$10.5 million in 2029.

⁵⁴ CY2024 Estimate is based on six months of actual expenses and six months of estimated expenses. The CY2025 Budget is proposed.

Table 27 | Historical O&M Expenses

Airport Expenses	Actual					CAGR
	2019	2020	2021	2022	2023	2019-2023
BY EXPENSE CATEGORY						
Salaries	\$ 13,964,176	\$ 12,926,787	\$ 13,159,847	\$ 13,344,543	\$ 15,085,504	1.9%
Fringe Benefits	10,926,139	10,465,427	10,337,703	10,725,522	10,784,007	-0.3%
Salaries and Fringe Benefits	\$ 24,890,315	\$ 23,392,214	\$ 23,497,550	\$ 24,070,065	\$ 25,869,511	1.0%
Contractual Services						
Utilities	\$ 5,208,584	\$ 4,771,438	\$ 5,252,325	\$ 5,673,687	\$ 5,662,523	2.1%
Repairs/Maintenance	3,782,036	3,201,695	4,010,122	4,389,002	4,985,631	7.2%
Prof. Services/Admin	10,833,611	8,210,079	8,998,337	10,193,384	13,580,269	5.8%
Other	1,541,914	1,116,393	1,285,941	1,447,652	1,717,141	2.7%
Subtotal	\$ 21,366,145	\$ 17,299,605	\$ 19,546,725	\$ 21,703,725	\$ 25,945,564	5.0%
Intra-County Services						
Sheriff	\$ 7,627,756	\$ 7,569,086	\$ 7,925,839	\$ 7,960,278	\$ 8,651,864	3.2%
Fleet Maintenance	(33,255)	2,619,234	2,228,790	2,849,718	3,568,608	N/A
Prof. Service	785,454	589,669	631,718	788,922	686,682	-3.3%
Insurance	287,583	467,671	1,117,177	1,450,969	1,466,780	50.3%
Other	2,351,966	2,481,162	2,451,631	2,156,712	2,533,497	1.9%
Subtotal	\$ 11,019,504	\$ 13,726,822	\$ 14,355,155	\$ 15,206,599	\$ 16,907,430	11.3%
Commodities	\$ 5,016,596	\$ 2,350,378	\$ 3,196,708	\$ 4,422,861	\$ 4,035,709	-5.3%
Major Maintenance	\$ 612,269	\$ 192,762	\$ 161,498	\$ 55,000	\$ 874,814	9.3%
Other	\$ 769,232	\$ 2,705,254	\$ 140,469	\$ 61,212	\$ 792,835	0.8%
Total O & M Expenses	\$ 63,674,062	\$ 59,667,034	\$ 60,898,105	\$ 65,519,462	\$ 74,425,864	4.0%

Source: Milwaukee County records.

Table 28 | Projected O&M Expenses

Airport Expenses	Actual	Estimate	Budget	Projected				CAGR
	2023	2024	2025	2026	2027	2028	2029	2023 -2029
BY EXPENSE CATEGORY								
Personnel Services								
Salaries	\$ 15,085,504	\$ 15,864,654	\$ 17,519,017	\$ 18,044,588	\$ 18,585,925	\$ 19,143,503	\$ 19,583,803	4.4%
Fringe Benefits	10,784,007	8,623,185	9,443,131	9,644,946	9,941,099	10,289,030	10,525,678	-0.4%
Salaries and Fringe Benefits	\$ 25,869,511	\$ 24,487,839	\$ 26,962,148	\$ 27,689,534	\$ 28,527,024	\$ 29,432,533	\$ 30,109,481	2.6%
Contractual Services								
Utilities	\$ 5,662,523	\$ 6,489,631	\$ 6,084,963	\$ 6,224,917	\$ 6,368,090	\$ 6,514,556	\$ 6,664,391	2.8%
Repairs/Maintenance	4,985,631	5,396,520	5,855,981	5,990,669	6,128,454	6,269,408	6,413,605	4.3%
Prof. Services/Admin	13,580,269	16,541,742	17,406,606	17,806,958	18,216,518	18,635,498	19,064,114	5.8%
Other	1,717,141	2,223,412	2,230,542	2,281,844	2,334,327	2,388,016	2,442,941	6.1%
Subtotal	\$ 25,945,564	\$ 30,651,306	\$ 31,578,092	\$ 32,304,388	\$ 33,047,389	\$ 33,807,479	\$ 34,585,051	4.9%
Intra-County Services								
Sheriff	\$ 8,651,864	\$ 8,500,000	\$ 8,723,186	\$ 8,984,882	\$ 9,254,428	\$ 9,532,061	\$ 9,751,298	2.0%
Fleet Management	3,568,608	3,600,000	3,758,485	4,059,164	4,383,897	4,734,609	4,843,505	5.2%
Prof. Service	686,682	812,658	922,136	943,345	965,042	987,238	1,009,945	6.6%
Insurance	1,466,780	-	-	-	-	-	-	-
Central Services Allocation	-	5,099,123	5,099,123	5,252,097	5,409,660	5,571,949	5,700,104	N/A
Other	2,533,497	940,327	853,821	873,459	893,548	914,100	935,124	-15.3%
Subtotal	\$ 16,907,430	\$ 18,952,108	\$ 19,356,751	\$ 20,112,946	\$ 20,906,575	\$ 21,739,957	\$ 22,239,976	4.7%
Commodities	4,035,709	4,348,880	4,540,869	4,645,309	4,752,151	4,861,451	4,973,264	3.5%
Major Maintenance	874,814	981,086	874,154	894,260	914,828	935,869	957,394	1.5%
Other	792,835	630,836	545,235	136,059	139,188	142,390	145,665	-24.6%
Total O & M Expenses	\$ 74,425,864	\$ 80,052,054	\$ 83,857,249	\$ 85,782,496	\$ 88,287,155	\$ 90,919,678	\$ 93,010,831	3.8%

Sources: Milwaukee County records and Unison Consulting, Inc. For projected inflation: <https://knoema.com/kyaewad/us-inflation-forecast-2022-2023-and-long-term-to-2030-data-and-charts>.

4.3.1 | Contractual Services

Contractual Services include expenses for Utilities, Repair and Maintenance, Professional Services and Administration, and Other Contractual Services. These expenses rose from \$21.4 million in 2019 to \$25.9 million in 2023 at a CAGR of 5.0 percent. However, they fluctuated during the intervening years, dropping to \$17.3 million in 2020 primarily due to management actions to seek cost efficiencies during the pandemic. Contractual Services expenses are budgeted at \$31.6 million in 2025 and are projected to reach \$34.6 million in 2029.

Utilities Expenses

Utilities expenses include payments for electricity, water, natural gas, sewage, telephones, and internet services. Utility expenses decreased from \$5.2 million in 2019 to \$4.8 million 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 \$6.1 million in 2025 due to increased rates. They are projected to increase further to \$6.7 million in 2029 at a CAGR of 2.8 percent.

Repair and Maintenance Expenses

Repair and Maintenance expenses rose from \$3.8 million in 2019 to \$5.0 million in 2023. 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 through 2023.

In 2025, the Repair and Maintenance budget increased to \$5.9 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 employees. Repair and Maintenance expenses are projected to increase further to \$6.4 million in 2029.

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 fluctuated from approximately \$10.8 million in 2019 to \$13.6 million in 2023 at a CAGR of 5.8 percent. They declined to a low of \$8.2 million in 2020 primarily resulting from management actions to seek cost efficiencies during the pandemic. Expenditures gradually increased to \$13.6 million in 2023 with the return of passenger activity and more housekeeping and custodial services being contracted out instead of being provided by Airport staff.

In 2025, the Professional Services and Administration expenses increased to \$17.4 million, primarily due to anticipated increases in the Airport's use of contractual security services and higher parking management expenses resulting from a new airport parking contract. Professional Services and Administration expenses are projected to increase to \$19.1 million in 2029 at a CAGR of 5.8 percent as a result of the higher 2025 budget and annual inflation.

Other Contractual Services

Other Contractual Services include expenses for waste removal, software licensing, and other miscellaneous expenses related to contractual services. These expenses increased from \$1.5 million in 2019 to \$1.7 million in 2023 or an average of 2.7 percent per year.

These expenses were budgeted to increase to \$2.2 million by 2025 because of software licensing, training/travel expenses, and annual inflation. They are projected to continue increasing to \$2.4 million by 2029.

4.3.2 | 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 11.3 percent per year from \$11.0 million in 2019 to \$16.9 million in 2023.

Sheriff Expenses

Sheriff expenses increased from \$7.6 million in 2019 to approximately \$8.7 million in 2023. The increase in Sheriff expenses charged to the Airport from 2022 to 2023 is primarily due to higher wages from the 2021 – 2023 labor contract between Milwaukee County and the Milwaukee County Deputy Sheriff's Association, which was settled through mandatory interest arbitration at the end of 2023. Sheriff expenses are projected to increase to \$9.8 million in 2029.

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. Fleet Maintenance expenses gradually increased in the subsequent years to \$3.6 million in 2023. Fleet Maintenance expenses are budgeted to increase to \$3.8 million in 2025 and projected to increase to \$4.8 million in 2029, at a CAGR of 5.2 percent.

Intra-County Professional Service Expenses

Intra-County Professional Service expenses declined from \$785,000 in 2019 to \$686,000 in 2023 or by an average of -3.3 percent per year. During the period, expenses fluctuated as a result of pandemic impacts and increased engineering services for design of capital projects. Intra-County Professional Service expenses were budgeted to be \$922,000 in 2025 and are projected to grow to \$1 million in 2029.

Insurance Expenses

Insurance expenses increased from approximately \$288,000 in 2019 to \$1.5 million in 2023 due to an increase in the costs of airport liability coverage and auto coverage. Beginning in 2024, Insurance expenses were re-classified into the new Central Service Allocation category and estimated at approximately \$2.0 million.

Central Services Allocation

The Central Service Allocation expenses include the Insurance and Facility Inspection Services expenses that were re-classified into it beginning in 2024, along with indirect costs for various functions such as Civil Service Commission, Human Resources, Payroll, and Information Technology service and systems. In 2025, Central Services Allocation expenses are budgeted at \$5.1 million and are projected to increase with annual inflation to \$5.7 million in 2029.

Other Intra-County Expenses

Other Intra-County expenses remained relatively flat from \$2.4 million in 2019 to \$2.5 million in 2023. Beginning in 2024, Central Service Allocation itself and Facility Inspection Services expenses within Other Intra-County were re-classified into the new Central Service Allocation category, which resulted in a decline in spending in this category. The remaining Other Intra-County expenses are budgeted at \$854,000 in 2025 and are projected to increase to \$935,000 in 2029.

4.3.3 | Commodities

Commodities expenses include building, plumbing, roadway, snow removal chemicals, and other materials and supplies, including technological supplies. Commodities expenses were approximately \$5.0 million in 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 fluctuated between \$3.2 million in 2021 to \$4.0 million in 2023 due to the recovery of activity at the Airport and weather-related impacts. In 2025, Commodities expenses are budgeted at \$4.5 million and are projected to increase to \$5.0 million in 2029.

4.3.4 | Major Maintenance

Major Maintenance expenses decreased from \$612,000 in 2019 to \$55,000 in 2022 primarily due to management deferring certain large maintenance projects to mitigate the pandemic impacts. Major Maintenance expenses increased to approximately \$875,000 in 2023 due to large maintenance projects being initiated coupled with 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 Amended AULA. In 2025, these expenses were budgeted at \$874,000 and are projected to increase to approximately \$1.0 million in 2029.

4.3.5 | Other

Other expenses include interest and penalties, bad debt expense, and other miscellaneous charges. These expenses increased from \$769,000 in 2019 to \$2.7 million in 2020 due to an increase in bad debt expenses caused by the pandemic. These expenses fluctuated in subsequent years to \$793,000 in 2023. Other expenses are budgeted at approximately \$545,000 in 2025 and are projected to decrease to \$146,000 in 2029. This category also contains year-end accounting related entries that can create variances from budget to actual results.

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 2024 Supplemental

Resolution, PFC Revenues are pledged to the payment of the Series 2024A Bonds to the extent that the project costs are PFC-eligible. Therefore, approximately 24.0 percent of the Series 2024A 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 29 presents Actual Airport System Revenues for the years 2019 to 2023. Airport System Revenues decreased from \$95.0 million in 2019 to approximately \$84.9 million in 2020 due to the depression of traffic during the pandemic, before increasing to \$100.9 million in 2023 with the Airport's recovery and the use of Federal Relief Funds. Historical Airport System Revenue trends are explained in more detail by category below.

Table 30 presents the growth in Airport System Revenues from 2023 Actuals through the 2024 Estimate and 2025 Budget, and revenue projections for the period 2026-2029. The 2024 Estimate is based on actual revenues and expenditures thru June, and estimated revenues for the remainder of the year, including adjusting for higher terminal rental fees paid and anticipated through August 2024. The projected revenues were developed based on the 2025 budget, combined with escalation factors and discussions with Airport management. Total Airport System Revenues are projected to increase from 100.9 million in 2023 to \$123.0 million in 2029, at a CAGR of 3.3 percent.

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 decreased from approximately \$26.0 million in 2019 to \$18.1 million in 2020 due to the pandemic-related decrease in Airport activity. Total Airfield revenues fluctuated in subsequent years then increased to \$24.6 million in 2023. They are budgeted to increase to \$34.1 million in 2025 and are projected to increase to approximately \$35.5 million in 2029. 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 decreased from \$21.1 million in 2019 to \$14.7 million in 2020 due to the decline in air service and Airport management's efforts to reduce costs due to the pandemic. Further, the landing fees were impacted by the receipts of Federal Relief Funds used to further reduce landing fees. Landing Fee revenues fluctuated in subsequent years before increasing to \$19.7 million in 2023 primarily due to air service activity, rising O&M expenses and the use of Federal Relief Funds reducing the Airfield Requirement and landing fees.

Landing Fee revenues are projected to increase to \$30.6 million in 2029 due to return of air service and related costs after 2024. Table 31 presents the Landing Fee Rate from 2023 Actuals through the 2025 Budget and projections for the period 2026-2029. The Signatory Landing Fee Rate is projected to increase from \$5.03 per 1,000 pounds of landed weight in 2023 to \$6.20 per 1,000 pounds of landed weight in 2029. According to the AULA, the Non-Signatory carriers pay a landing fee equal to 125 percent of the Signatory Landing Fee. The Non-Signatory Landing Fee Rate is projected to increase to \$7.75 by 2029.

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 fluctuated from \$4.4 million in 2019 to \$4.2 million in 2023, primarily due to the changing demand during the pandemic. General Aviation and Other revenues are budgeted at \$3.9 million in 2025 and projected to increase with inflation to \$4.2 million in 2029.⁵⁵

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 3.7 percent per year from \$529,000 in 2019 to \$611,000 in 2023. These revenues are projected to increase with inflation from \$623,000 budgeted in 2025 to \$682,000 in 2029.

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. Terminal Revenues fluctuated from \$55.7 million in 2019 to \$52.0 million in 2023 primarily due to a decline in O&D enplanements, which affected concessions and through use of a portion of the Federal Relief Funds.

Terminal revenues are estimated to be \$58.5 million in 2024 and budgeted at \$66.1 million in 2025 as a result of terminal rentals, parking, and concession revenues trending higher. They are projected to reach \$74.1 million in 2029, at a CAGR of 6.1 percent for the period 2023-2029.

⁵⁵ <https://knoema.com/kyawad/us-inflation-forecast-2022-2023-and-long-term-to-2030-data-and-charts>

Table 29 | Historical Airport System Revenues

Airport Revenues	Actual					CAGR 2019-2023
	2019	2020	2021	2022	2023	
Airfield						
Landing Fees						
Signatory Landing Fees	\$ 19,794,027	\$ 13,749,580	\$ 16,805,044	\$ 14,597,437	\$ 19,050,876	-1.0%
Non-Signatory Landing Fees	1,275,203	909,983	1,000,002	612,703	670,104	-14.9%
Total Landing Fees	\$ 21,069,229	\$ 14,659,563	\$ 17,805,046	\$ 15,210,140	\$ 19,720,980	-1.6%
General Aviation and Other						
Hangar Rentals	776,812	813,804	826,949	882,393	927,633	4.5%
Fuel and Oil Charges	227,536	189,393	285,593	316,079	311,625	8.2%
Fixed Based Operator	491,524	557,394	597,877	615,406	642,426	6.9%
Other	2,904,680	1,335,518	1,865,771	1,723,744	2,344,978	-5.2%
Total GA and Other	\$ 4,400,552	\$ 2,896,110	\$ 3,576,190	\$ 3,537,622	\$ 4,226,662	-1.0%
Air Cargo Rentals	528,588	550,539	544,643	598,214	611,115	3.7%
Total Airfield Revenues	\$ 25,998,369	\$ 18,106,212	\$ 21,925,879	\$ 19,345,976	\$ 24,558,757	-1.4%
Terminal						
Signatory Airlines						
Space Rentals	4,397,746	8,635,771	11,491,760	5,440,323	331,917	-47.6%
Other Charges and Fees	272,850	487,841	860,920	1,479,359	587,285	21.1%
Total Signatory Airlines	\$ 4,670,596	\$ 9,123,612	\$ 12,352,680	\$ 6,919,682	\$ 919,202	-33.4%
Concessions						
Car Rental	11,220,595	6,323,086	9,063,767	11,057,681	12,024,156	1.7%
Gifts & Novelty	1,890,429	1,082,742	1,678,401	1,391,493	2,328,772	5.4%
Food & Beverage	3,811,901	3,612,088	1,571,337	1,802,883	2,946,604	-6.2%
TNC	878,016	296,385	460,842	671,073	819,807	-1.7%
Other	1,876,108	933,967	1,095,962	1,489,132	1,718,642	-2.2%
Total Concessions	\$ 19,677,049	\$ 12,248,268	\$ 13,870,310	\$ 16,412,262	\$ 19,837,982	0.2%
Public Parking	28,783,304	11,143,718	18,467,093	25,577,201	28,553,441	-0.2%
Other Terminal Revenues	2,591,221	1,891,950	2,140,336	1,693,276	2,674,557	0.8%
Total Terminal Revenues	\$ 55,722,170	\$ 34,407,548	\$ 46,830,419	\$ 50,602,421	\$ 51,985,182	-1.7%
Apron						
Signatory Apron Fees	954,233	1,210,177	1,089,515	971,801	1,205,625	6.0%
Other Apron Fees	423,321	213,262	192,864	416,487	155,045	-22.2%
Total Apron Revenues	\$ 1,377,554	\$ 1,423,439	\$ 1,282,379	\$ 1,388,288	\$ 1,360,670	-0.3%
Other						
Flexible Response Security	2,399,431	951,542	2,307,575	2,175,805	2,468,336	0.7%
MKE Business Park	521,816	745,637	546,881	543,925	394,558	-6.8%
Total Other Revenues	\$ 2,921,246	\$ 1,697,179	\$ 2,854,456	\$ 2,719,730	\$ 2,862,894	-0.5%
PFC Pledged Revenues	8,954,916	8,415,328	8,321,360	8,357,832	8,245,162	-2.3%
Federal Relief Funds	-	22,494,687	1,663,926	11,816,269	14,942,221	N/A
Federal Relief Funds- Concessior	-	-	-	2,128,720	532,377	N/A
PFC Reimb of ADF	-	-	-	-	311,667	N/A
PFC for Admin Expenses	-	-	-	-	47,684	N/A
PFC Interest Applied	-	-	-	-	101,963	N/A
Deferred Federal Relief Funds	-	(1,663,926)	-	-	(4,000,000)	N/A
Overcollected Airline Revenue	-	-	3,431,982	3,191,286	-	N/A
TOTAL AIRPORT REVENUES	\$ 94,974,255	\$ 84,880,467	\$ 86,310,401	\$ 99,550,521	\$ 100,948,577	1.5%

Source: Milwaukee County records.

Table 30 | Projected Airport System Revenues

Airport Revenues	Actual	Estimate	Budget	Projected				CAGR
	2023	2024	2025	2026	2027	2028	2029	2023-2029
Airfield								
Landing Fees								
Signatory Landing Fees	\$ 16,792,269	\$ 18,815,802	\$ 24,182,765	\$ 23,665,651	\$ 23,842,865	\$ 24,642,238	\$ 25,278,554	7.1%
Sig Cargo Landing Fees	2,258,608	2,277,275	2,798,766	2,648,409	2,621,177	2,641,221	2,649,266	2.7%
Non-Signatory Landing Fees	396,604	1,386,712	1,983,045	1,940,430	1,954,399	2,019,453	2,071,087	31.7%
Non-Sig Cargo Landing Fees	273,500	601,036	641,104	615,041	606,178	611,542	613,220	14.4%
Total Landing Fees	\$ 19,720,981	\$ 23,080,824	\$ 29,605,681	\$ 28,869,532	\$ 29,024,619	\$ 29,914,453	\$ 30,612,127	7.6%
General Aviation and Other								
Hangar Rentals	927,633	952,295	932,295	953,738	975,674	998,114	1,021,071	1.6%
Fuel and Oil Revenue	311,625	290,000	315,000	322,245	329,657	337,239	344,995	1.7%
Fixed Base Operator	642,426	666,000	680,000	695,640	711,640	728,007	744,752	2.5%
Other	2,344,978	2,045,387	1,934,576	1,979,071	2,024,589	2,071,155	2,118,791	-1.7%
Total GA and Other	\$ 4,226,662	\$ 3,953,682	\$ 3,861,871	\$ 3,950,694	\$ 4,041,559	\$ 4,134,515	\$ 4,229,609	0.0%
Air Cargo Rentals	611,115	620,000	623,000	637,329	651,988	666,983	682,324	1.9%
Total Airfield Revenues	\$ 24,558,758	\$ 27,654,506	\$ 34,090,551	\$ 33,457,554	\$ 33,718,166	\$ 34,715,952	\$ 35,524,060	6.3%
Terminal								
Signatory Airlines								
Space Rentals	\$ 331,917	\$ (855,437)	\$ 2,890,509	\$ 3,419,606	\$ 4,370,426	\$ 5,446,599	\$ 5,390,717	59.1%
Other Charges and Fees	208,178	245,000	257,580	262,593	268,528	275,060	281,424	5.2%
Non-Signatory Terminal Space Rent	207,916	334,053	180,867	204,448	261,295	325,636	322,295	7.6%
County Gate Use Fees	171,191	616,031	41,484	-	-	-	-	N/A
Total Space Rentals	\$ 919,202	\$ 339,647	\$ 3,370,440	\$ 3,886,647	\$ 4,900,249	\$ 6,047,294	\$ 5,994,437	36.7%
Concessions								
Car Rental	12,024,156	12,479,942	13,659,721	13,165,715	13,447,950	13,738,109	14,372,633	3.0%
Gifts & Novelty	2,328,772	2,500,000	2,300,000	2,616,915	2,669,253	2,722,638	2,849,707	3.4%
Food & Beverage	2,946,604	3,428,830	3,780,569	3,633,062	3,705,723	3,779,838	3,956,247	5.0%
TNC	819,807	900,000	1,686,310	1,672,570	1,689,296	1,706,189	1,745,668	13.4%
Other Concessions	1,718,642	2,165,835	2,290,715	2,288,287	2,343,093	2,399,718	2,511,715	6.5%
Total Concessions	\$ 19,837,982	\$ 21,474,606	\$ 23,717,315	\$ 23,376,550	\$ 23,855,315	\$ 24,346,492	\$ 25,435,970	4.2%
Public Parking	28,553,441	35,146,558	37,650,000	38,382,677	39,250,265	40,204,990	41,135,288	6.3%
Other Terminal Revenues	2,674,557	1,516,103	1,378,108	1,409,804	1,442,229	1,475,401	1,509,335	-9.1%
Total Terminal Revenues	\$ 51,985,182	\$ 58,476,914	\$ 66,115,863	\$ 67,055,677	\$ 69,448,058	\$ 72,074,177	\$ 74,075,030	6.1%
Apron								
Signatory Apron Fees	\$ 1,205,625	\$ 860,777	\$ 1,513,910	\$ 1,532,394	\$ 1,575,441	\$ 1,619,394	\$ 1,652,435	5.4%
Other Apron Revenues	155,045	595,033	165,531	160,708	165,222	169,832	173,297	1.9%
Total Apron Revenues	\$ 1,360,670	\$ 1,455,810	\$ 1,679,440	\$ 1,693,102	\$ 1,740,663	\$ 1,789,226	\$ 1,825,733	5.0%
Other								
Signatory Flexible Response Security	\$ 2,421,370	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Non-Signatory Flexible Response Security	\$ 46,966	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
MKE Business Park	394,558	377,202	177,202	1,025,202	1,511,202	1,533,882	1,569,161	25.9%
Total Other Revenues	\$ 2,862,893	\$ 377,202	\$ 177,202	\$ 1,025,202	\$ 1,511,202	\$ 1,533,882	\$ 1,569,161	-9.5%
PFC Pledged Revenues	8,245,162	8,257,886	8,158,937	9,063,670	10,075,385	10,102,380	9,953,924	3.2%
PFC Reimb of ADF	311,667	-	-	-	-	-	-	N/A
PFC for Admin Expenses	47,684	-	-	-	-	-	-	N/A
PFC Interest Applied	101,963	-	-	-	-	-	-	N/A
Federal Relief Funds	14,942,221	8,907,091	-	-	-	-	-	N/A
Federal Relief Funds - Concessions	532,377	63,444	51,253	-	-	-	-	N/A
Deferred Federal Relief Funds	(4,000,000)	-	-	-	-	-	-	N/A
TOTAL AIRPORT REVENUES	\$ 100,948,577	\$ 105,192,854	\$ 110,273,246	\$ 112,295,205	\$ 116,493,474	\$ 120,215,616	\$ 122,947,908	3.3%

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 31 | Projected Landing Fees

Landing Fee	Actual	Estimate	Budget	Projected			
	2023	2024	2025	2026	2027	2028	2029
Airfield Expenses							
O&M Expense	\$ 26,525,328	\$ 29,330,095	\$ 30,399,671	\$ 31,097,606	\$ 32,005,587	\$ 32,959,921	\$ 33,721,897
Deposits to O&M Reserve Fund		467,461	178,263	116,322	151,330	159,056	126,996
Series 2013A GARB d.s.	20,818						
Series 2016A GARB d.s.	39,161	39,718	39,624	39,686	39,672	39,672	39,725
Series 2023 GARB d.s.	-	22,911	20,877	20,244	19,578	18,947	18,315
Future Series 2026 GARB d.s.		-	-	-	29,490	29,490	29,490
Future Series 2028 GARB d.s.		-	-	-	-	-	222,898
Depreciation	1,390,580	199,274	1,524,823	1,480,028	1,225,738	1,179,243	1,100,000
Deposits to Coverage Fund	-	-	-	7,373	-	55,724	-
Total Airfield Expense	\$ 27,975,886	\$ 30,059,460	\$ 32,163,259	\$ 32,761,258	\$ 33,471,397	\$ 34,442,054	\$ 35,259,321
Less Credits:							
Federal Relief Funds Applied to O&M	\$ 3,899,800	\$ 3,263,449	\$ -	\$ -	\$ -	\$ -	\$ -
General Aviation Revenues	2,470,009	2,397,779	2,505,638	2,563,267	2,622,222	2,682,533	2,744,232
Air Cargo Rentals including Cargo Apron	611,115	620,000	623,000	637,329	651,988	666,983	682,324
Non-Signatory Landing Fees	670,104	1,987,748	2,624,149	2,555,472	2,560,577	2,630,995	2,684,307
FBO & Military Landing Fees	667,381	672,792	672,792	688,266	704,096	720,291	736,857
Other Non-Airline Revenue	1,089,272	883,110	683,441	699,160	715,241	731,691	748,520
MKE Business Park	(482,265)	(858,495)	(1,927,292)	(696,296)	(246,769)	(273,898)	(264,739)
Total Credits	\$ 8,925,417	\$ 8,966,383	\$ 5,181,727	\$ 6,447,198	\$ 7,007,355	\$ 7,158,595	\$ 7,331,501
Airfield Requirement	\$ 19,050,469	\$ 21,093,077	\$ 26,981,531	\$ 26,314,060	\$ 26,464,042	\$ 27,283,459	\$ 27,927,820
Signatory Landed Weight	3,786,148	4,009,881	4,163,569	4,229,767	4,317,541	4,411,434	4,503,646
Signatory Landing Fee Rate	\$ 5.03	\$ 5.26	\$ 6.48	\$ 6.22	\$ 6.13	\$ 6.18	\$ 6.20
Pass. Non-Sig. Landed Wt.	125,333	341,554	244,806	249,526	255,084	261,219	267,187
Pass. Non-Sig. Landing Fee Rate	\$ 6.29	\$ 6.58	\$ 8.10	\$ 7.78	\$ 7.66	\$ 7.73	\$ 7.75

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 fluctuated during the period 2019 to 2023 at a CAGR of -47.6 percent. The higher Signatory Space Rentals during the early period were due to a reduction in the concession and parking credits applied to offset the Terminal Requirement due to the reduced revenues caused by the pandemic. However, in 2022 and 2023, the Space Rental revenue decreased due to the Airport's increased use of Federal Relief Funds as credit to the Terminal Requirement despite an increase in concession, rental car, and parking revenues.

Signatory Space Rental revenues are projected to decline to approximately \$855,000 in the 2024 Estimate. The decline in 2024 is the result of higher non-airline revenues and \$4.0 million of Federal Relief Funds that were deferred from 2023. The negative Signatory Space Rental revenue is primarily due to actual non-airline revenues and Federal Relief Funds exceeding what was budgeted in the 2024 terminal rate. Signatory Space Rental revenues are projected to increase in 2029 to \$5.4 million in 2029.

Rental charges for Terminal space occupied by Signatory Airlines are based on Public and Non-Public Airline Space. As shown in Table 32, the Airline Public Space Rental Rate is projected to increase from \$2.11 in 2023 to \$35.48 in 2029 and the Airline Non-Public Rental Rate is projected to increase from \$1.58 in 2023 to \$26.61 in 2029. The Terminal rental rate is estimated to become negative in 2024 due to the overcollection of terminal fees through August 2024, higher than budgeted parking and concession revenues, and Federal Relief Funds applied.

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 owned gates (gates controlled by the County that airlines use on a per use basis). This source of revenues increased steadily from \$273,000 in 2019 to \$1.5 million in 2022. It is projected that Other Charges and Fees will reach \$281,000 in 2029, which includes an adjustment for when fees exceeded \$1.5 million in 2022 due to unplanned County owned gate usage by a particular airline for an extended portion of the year.

Table 32 | Projected Terminal Rental Rate

Terminal Rental Rate	Actual	Estimate	Budget	Projected			
	2023	2024	2025	2026	2027	2028	2029
Terminal Expenses							
O&M Expense	\$42,564,259	\$ 48,067,499	\$ 50,257,788	\$ 51,411,637	\$ 52,912,744	\$ 54,490,482	\$ 55,750,205
Deposits to O&M Reserve Fund	-	917,207	365,048	192,308	250,184	262,956	209,954
Series 2013A GARB d.s.	2,482,219	-	-	-	-	-	-
Series 2014A GARB d.s.	109,135	-	-	-	-	-	-
Series 2016A GARB d.s.	321,969	326,554	325,779	326,284	326,176	326,176	326,608
Series 2019A GARB d.s.	2,013,670	1,966,342	1,896,116	1,825,889	1,755,663	1,685,436	1,615,210
Series 2019B GARB d.s.	3,542,877	-	-	-	-	-	-
Series 2023A GARB d.s.		2,731,839	2,489,323	2,413,824	2,334,454	2,259,149	2,183,844
Series 2023B GARB d.s.		109,855	101,907	97,830	93,754	89,677	85,359
Series 2024A GARB d.s.		-	514,967	531,004	515,345	499,686	484,028
Future Series 2025 GARB d.s.		-	-	908,551	908,551	908,551	908,551
Future Series 2026 GARB d.s.		-	-	-	980,381	980,381	980,381
Future Series 2027 GARB d.s.		-	-	-	-	924,447	924,447
Future Series 2028 GARB d.s.		-	-	-	-	-	917,360
Depreciation	2,949,904	4,107,235	3,723,578	2,927,332	2,829,138	2,962,748	2,900,000
Deposits to Coverage Fund		-	355,879	245,095	231,112	229,340	131,958
Total Terminal Expense	\$ 53,984,033	\$ 58,226,532	\$ 60,030,384	\$ 60,879,755	\$ 63,137,500	\$ 65,619,029	\$ 67,417,904
Less Credits:							
Federal Relief Funds Applied to O&M	6,257,872	5,348,290	-	-	-	-	-
Federal Relief Funds Applied to Concessions	532,377	63,444	51,253	-	-	-	-
Other Revenues and Fees	208,178	245,000	257,580	262,593	268,528	275,060	281,424
Other Terminal Revenues	2,722,241	1,516,103	1,378,108	1,409,804	1,442,229	1,475,401	1,509,335
Non-Signatory Terminal Space Rent	207,916	334,053	180,867	204,448	261,295	325,636	322,295
County Gate Use Fees	171,191	616,031	41,484	-	-	-	-
Concessions							
Car Rental Concessions	10,821,741	11,231,947	12,293,749	11,849,143	12,103,155	12,364,298	12,935,370
Gifts & Novelty	2,095,895	2,250,000	2,070,000	2,355,223	2,402,328	2,450,375	2,564,736
Food & Beverage	2,651,943	3,085,947	3,402,512	3,269,756	3,335,151	3,401,854	3,560,622
Public Parking	25,698,097	31,631,902	33,885,000	34,544,409	35,325,238	36,184,491	37,021,759
Transportation Network Companies	737,826	810,000	1,517,679	1,505,313	1,520,366	1,535,570	1,571,101
Other Terminal Concession Revenues	1,546,838	1,949,251	2,061,644	2,059,459	2,108,784	2,159,746	2,260,544
Total Credits ¹	53,652,116	59,081,969	57,139,875	57,460,148	58,767,074	60,172,430	62,027,187
Terminal Requirement	\$ 331,917	\$ (855,437)	\$ 2,890,509	\$ 3,419,606	\$ 4,370,426	\$ 5,446,599	\$ 5,390,717
Rented Square Feet	157,331	151,949	151,949	151,949	151,949	151,949	151,949
Projected Terminal Rental Rate	\$ 2.11	\$ (5.63)	\$ 19.02	\$ 22.50	\$ 28.76	\$ 35.84	\$ 35.48
Airline Public Space	68,288	65,395	65,395	65,395	65,395	65,395	65,395
Airline Public Space Rental Rate	\$ 2.11	\$ (5.63)	\$ 19.02	\$ 22.50	\$ 28.76	\$ 35.84	\$ 35.48
Airline Public Space Revenue	\$ 144,065	\$ (368,159)	\$ 1,244,004	\$ 1,471,714	\$ 1,880,924	\$ 2,344,082	\$ 2,320,032
Airline Non-Public Space	118,724	115,405	115,405	115,405	115,405	115,405	115,405
Airline Non-Public Space Rental Rate	\$ 1.58	\$ (4.22)	\$ 14.27	\$ 16.88	\$ 21.57	\$ 26.88	\$ 26.61
Airline Non-Public Space Revenue	\$ 187,851	\$ (487,278)	\$ 1,646,505	\$ 1,947,892	\$ 2,489,502	\$ 3,102,517	\$ 3,070,685
Total Rental Revenue	\$ 331,917	\$ (855,437)	\$ 2,890,509	\$ 3,419,606	\$ 4,370,426	\$ 5,446,599	\$ 5,390,717

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 due to the pandemic from \$19.7 million in 2019 to a low of \$12.2 million in 2020, before returning to the pre-pandemic level of \$19.8 million in 2023. Concession revenues are projected to increase from \$19.8 million in 2023 to \$25.4 million in 2029, at a CAGR of 4.2 percent. The projected growth in Concession revenues is primarily a result of enplanement growth, combined with annual inflation rate assumptions.

Car Rental

Under the Car Rental Concession Agreements, each car rental company operating at the Airport pays to the County the greater of 10 percent of gross revenues or a Minimum Annual Guarantee (MAG). Currently, the following four traditional car rental companies operate eight car rental brands at the Airport: Enterprise Holdings (operating brands Enterprise Rent-A-Car, National Car Rental, and Alamo Rent a Car), Avis Budget Group (operating brands Avis Car Rental and Budget Rent a Car), Hertz Global Holdings (operating brands Hertz and Thrifty Car Rental), and Sixt (operating brand Sixt). Direct peer-to-peer car rental operator Turo also operates at the Airport. Car Rental concession revenues decreased from approximately \$11.2 million in 2019 to \$6.3 million in 2020 with the beginning of the COVID-19 pandemic. Car Rental concession revenues gradually increased to \$12.0 million in 2023 as passenger traffic began to recover, customers began renting vehicles for longer periods (longer contract duration), and the rental car companies implemented price increases. It is expected that revenues in this category will grow to approximately \$14.4 million in 2029.

Gifts and Novelty

Gifts and Novelty revenues decreased from approximately \$1.9 million in 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 MAG relief to concessionaires and the lost revenue was offset by the use of Federal Relief Funds. In 2023, there was no MAG relief, and Gifts and Novelty revenues increased to \$2.3 million. Gifts and Novelty revenues are projected to grow with enplanements and inflation to \$2.8 million in 2029.

Food and Beverage

Food and Beverage revenues decreased from approximately \$3.8 million in 2019 to \$3.6 million in 2020, \$1.7 million in 2021 and \$1.8 million in 2022 due to the decline in O&D enplanements and temporary MAG relief granted by the County. The revenue declines were partially subsidized with Federal Relief Funds. In 2023, Food and Beverage revenues increased to \$2.9 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 \$4.0 million in 2029.

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 gradually increased to approximately \$820,000 in 2023 as passengers returned. TNC revenues are conservatively estimated at \$900,000 in 2024; they are budgeted to increase to approximately 1.7 million in 2025 due to the Airport instituting a \$3 drop off fee starting in 2025. Prior to 2025, the Airport only had a pickup fee of \$3. After 2025, TNC revenues are projected to remain relatively flat at the new pricing level at \$1.7 million in 2029.

Other Concessions

Other Concession revenues consist of fees received from display advertising, WIFI, limousine and taxi, shoeshine stands, golf driving range, and other miscellaneous concessions. These revenues decreased sharply from \$1.9 million in 2019 to approximately \$934,000 in 2020, because of the pandemic-related reduction in passenger activity. As passengers returned, these revenues gradually increased to \$1.7 million in 2023 and are estimated to increase approximately \$2.0 million in 2024 and to \$2.5 million in 2029.

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 \$28.8 million in 2019 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 steadily to \$28.6 million in 2023.

The Airport implemented a \$2 increase to all the parking facilities effective January 1, 2024. The daily maximum rates for the public parking facilities are currently set as follows: \$26 for the Hourly Lot, \$17 for the Daily Lot, \$17 for the Surface Lot, \$10 for the Saver Lot, and \$10 for the Rail Lot. In addition, Valet parking is available by reservation on the MKE Smart Park app at \$27 per day. This rate increase coupled with the higher parking demand resulted in a sharp increase in parking revenues estimated for 2024 totaling \$35.1 million. An additional \$1 rate increase was budgeted for 2025 resulting in an increase to \$37.7 million with the remainder of the forecast period driven by demand driven by increase in enplanements resulting in parking revenues of \$41.1 million by 2029.

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 fluctuated during the historical period at a CAGR of approximately 1 percent, increasing from \$2.6 million in 2019 to \$2.7 million in 2023. They are conservatively budgeted at \$1.4 million in 2025 and are projected to grow with inflation to \$1.5 million in 2029.

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 remained relatively flat from 2019 to

2023, at a CAGR of -0.3 percent. They are budgeted to be \$1.7 million in 2025, rising to \$1.8 million in 2029.

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 increased from approximately \$954,000 in 2019 to approximately \$1.2 million in 2023. These revenues are estimated to decrease to \$861,000 in 2024 due to increased non-airline credits and Federal Relief Funds. Signatory Apron Fees are projected to rise to \$1.7 million in 2029, due to a gradual 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 33, the Apron Fee Rate is projected to rise from \$460.51 per Apron linear foot in 2023 to \$701.08 in 2029.

Table 33 | Projected Apron Fee Rate

Apron Fee	Actual	Estimate	Budget	Projected			
	2023	2024	2025	2026	2027	2028	2029
Apron Expenses							
O&M Expense	\$1,416,384	\$1,468,461	\$1,579,221	\$1,615,478	\$1,662,646	\$1,712,223	\$1,751,806
Deposits to O&M Reserve Fund	\$ -	8,679	18,460	6,043	7,861	8,263	6,597
Series 2016A d.s.	21,759	22,069	22,016	22,050	22,043	22,043	22,072
Series 2024A d.s.		-	46,660	48,113	46,694	45,276	43,857
Depreciation	130,766	119,992	1,418	1,418	1,418	1,422	1,400
Deposits to Coverage Fund	-	-	11,665	-	-	-	-
Total Apron Expense	\$1,568,909	\$1,619,200	\$1,679,440	\$1,693,102	\$1,740,663	\$1,789,226	\$1,825,733
Less:							
Federal Relief Funds Applied to O&M	\$ 208,239	\$ 163,390	\$ -	\$ -	\$ -	\$ -	\$ -
Non-Airline Credits	155,045	595,033	165,531	160,708	165,222	169,832	173,297
Apron Requirement	\$1,205,625	\$ 860,777	\$1,513,910	\$1,532,394	\$1,575,441	\$1,619,394	\$1,652,435
Linear Feet	2,618	2,357	2,357	2,357	2,357	2,357	2,357
Apron Fee Rate	\$ 460.51	\$ 365.20	\$ 642.30	\$ 650.15	\$ 668.41	\$ 687.06	\$ 701.08

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 \$423,000 in 2019 to \$155,000 in 2023 due to reduced Non-Signatory activity. The Other Apron Fees are expected in total to increase to approximately \$174,000 in 2029.

4.4.14 | Other Revenues

The Airport generates Other revenues from income from the MKE Business Park. Until 2024, the Airport received Security fees that were charged to all airlines based on the number of enplanements. The fee was determined by the O&M expenses allocated to the Flexible Response Security cost center minus any credits. The Non-Signatory Security fee was 125 percent of the Signatory Security fee. Flexible Response Security fees increased from \$2.4 million in 2019 to approximately \$2.5 million in 2023.

Under the Amended AULA, the Flexible Response Security cost center was eliminated in 2024. The expenses previously allocated to this cost center are now distributed to the Terminal (66.7 percent) and Airfield (33.3 percent) cost centers.

The Airport generates rental income from the MKE Business Park, a converted military base on Airport grounds. MKE Business Park revenues decreased from approximately \$522,000 in 2019 to \$395,000 in 2023. These revenues are budgeted lower at \$177,000 in 2025. They are projected to increase to approximately \$1.5 million by 2027 due to expected occupancy from construction of a 337,000 square foot cargo facility, then increase with inflation for the remainder of the forecast period to approximately \$1.6 million in 2029.

4.4.15 | Pledged PFC Revenues

In the Supplemental Resolutions for the Series 2013A, 2014A, 2016A, 2019A, 2019B, 2023A, 2023B and 2024A 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 30 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, 2023B and 2024A Bonds and future bonds. The total pledged PFC Revenues are estimated to increase from \$8.2 million in 2023 to \$10.0 million in 2029.

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 applied approximately \$10.9 million of Federal Relief Funds to airline costs and \$532,000 to concessionaires. In 2024, the Airport used approximately \$8.9 million to reduce airline fees and \$63,000 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 Resolutions, 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 Resolutions, annual debt service coverage must be at least 1.25.

As shown in Table 34, annual debt service coverage for 2023 through 2029 is projected to exceed the 1.25 minimum requirement throughout the forecast period, ranging from a high of 2.19 in 2025 to a low of 1.84 in 2023.

The Amended AULA allows the County to deposit 10 percent of the concession and parking revenues into the ADF provided the annual ADF balance does not exceed \$20 million, as shown in Table 35. Airport management can use monies in the ADF for any lawful Airport purpose. The annual deposit to the ADF is projected to increase from approximately \$4.9 in 2023 to \$6.7 million in 2029.

4.5.2 | 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 36, increases from \$7.07 in 2023 to \$9.05 in 2025 due to higher budgeted O&M expenses combined with less

Federal Relief Funds used to offset the Total Requirement. The CPE is projected to increase to \$9.49 in 2029 with the projected increase in debt service charges arising from anticipated future bond financings. The Airport's current and projected CPE was compared with information in the FAA's 2023 Certification Activity Tracking System. The results indicated that the average CPE for medium hub airports was \$10.28. Further, the projected CPE is not expected to exceed average CPE for medium hub airports where an airport has completed its latest capital program.

4.6 | Sensitivity Analysis

This Report includes a sensitivity analysis using the low air traffic forecast scenario in Section 3. Table 37 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 2029, the required Landing Fee and Terminal Rental Rate are projected to be higher by \$0.32 and \$5.84, respectively. The 2029 CPE is projected to be \$0.92 higher. The increase is mainly attributable to lower projected landed weight, coupled with lower revenues from concessions, car rental, and parking.

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 \$60,000 per year due to lower revenues from concessions, car rental, and parking.

Table 34 | Debt Service Coverage

Debt Service Coverage	Actual	Estimate	Budget	Projected			
	2023	2024	2025	2026	2027	2028	2029
AIRPORT SYSTEM REVENUES							
Total Revenues	\$100,948,577	\$105,192,854	\$110,273,246	\$112,295,205	\$116,493,474	\$120,215,616	\$122,947,908
O&M Expenses	74,425,864	80,052,054	83,857,249	85,782,496	88,287,155	90,919,678	93,010,831
Net Revenues	\$26,522,713	\$25,140,800	\$26,415,997	\$26,512,710	\$28,206,319	\$29,295,938	\$29,937,078
COVERAGE CALCULATION							
Net Revenues	\$26,522,713	\$25,140,800	\$26,415,702	\$26,588,565	\$28,279,920	\$29,367,287	\$30,001,166
Add Other Available Funds: ¹							
Series 2013A Bonds - PFC	175,635	-	-	-	-	-	-
Series 2013A Bonds - Rate Based	625,759	-	-	-	-	-	-
Series 2013B Bonds	-	-	-	-	-	-	-
Series 2014A Bonds - PFC	538,229	-	-	-	-	-	-
Series 2014A Bonds - Rate Based	27,284	-	-	-	-	-	-
Series 2016A Bonds - PFC	1,020,691	1,035,227	1,032,770	1,034,370	1,034,027	1,034,027	1,035,399
Series 2016A Bonds - Rate Based	95,722	97,085	96,855	97,005	96,973	96,973	97,101
Series 2019A Bonds - PFC	301,245	294,164	283,659	273,153	262,647	252,141	241,635
Series 2019A Bonds - Rate Based	503,418	491,586	474,029	456,472	438,916	421,359	403,802
Series 2019B Bonds - Rate Based	885,719	-	-	-	-	-	-
Series 2023A Bonds - PFC	-	193,297	176,138	170,795	165,179	159,851	154,523
Series 2023A Bonds - Rate Based	-	688,688	627,550	608,517	588,508	569,524	550,540
Series 2023B Bonds - PFC	-	541,783	502,586	482,480	462,374	442,268	420,973
Series 2023B Bonds - Rate Based	-	27,464	25,477	24,458	23,438	22,419	21,340
Series 2024A Bonds - PFC	-	-	44,582	45,971	44,615	43,260	41,904
Series 2024A Bonds - Rate Based	-	-	140,407	144,779	140,510	136,241	131,971
Future Series 2025 Bonds - PFC	-	-	-	259,149	259,149	259,149	259,149
Future Series 2025 Bonds - Rate Based	-	-	-	227,138	227,138	227,138	227,138
Future Series 2026 Bonds - PFC	-	-	-	-	290,855	290,855	290,855
Future Series 2026 Bonds - Rate Based	-	-	-	-	252,468	252,468	252,468
Future Series 2027 Bonds - PFC	-	-	-	-	-	44,044	44,044
Future Series 2027 Bonds - Rate Based	-	-	-	-	-	231,112	231,112
Future Series 2028 Bonds - Rate Based	-	-	-	-	-	-	285,065
Net Revenues plus Other Available Funds	\$30,696,415	\$28,510,094	\$29,820,049	\$30,336,996	\$32,493,115	\$33,778,766	\$34,626,095
Debt Service:							
Series 2013A Bonds - PFC	702,540	-	-	-	-	-	-
Series 2013A Bonds - Rate Based	2,503,037	-	-	-	-	-	-
Series 2014A Bonds - PFC	2,152,918	-	-	-	-	-	-
Series 2014A Bonds - Rate Based	109,135	-	-	-	-	-	-
Series 2016A Bonds - PFC	4,082,763	4,140,909	4,131,081	4,137,480	4,136,109	4,136,109	4,141,595
Series 2016A Bonds - Rate Based	382,888	388,341	387,419	388,020	387,891	387,891	388,405
Series 2019A Bonds - PFC	1,204,979	1,176,658	1,134,634	1,092,611	1,050,587	1,008,564	966,540
Series 2019A Bonds - Rate Based	2,013,670	1,966,342	1,896,116	1,825,889	1,755,663	1,685,436	1,615,210
Series 2019B Bonds - Rate Based	3,542,877	-	-	-	-	-	-
Series 2023A Bonds - PFC	-	773,189	704,550	683,182	660,718	639,404	618,091
Series 2023A Bonds - Rate Based	-	2,754,750	2,510,200	2,434,068	2,354,032	2,278,096	2,202,159
Series 2023B Bonds - PFC	-	2,167,130	2,010,343	1,929,920	1,849,496	1,769,073	1,683,891
Series 2023B Bonds - Rate Based	-	109,855	101,907	97,830	93,754	89,677	85,359
Series 2024 Bonds - PFC	-	-	178,329	183,883	178,461	173,038	167,616
Series 2024 Bonds - Rate Based	-	-	561,627	579,117	562,040	544,962	527,885
Future Series 2025 Bonds - PFC	-	-	-	1,036,594	1,036,594	1,036,594	1,036,594
Future Series 2025 Bonds - Rate Based	-	-	-	908,551	908,551	908,551	908,551
Future Series 2026 Bonds - PFC	-	-	-	-	1,163,420	1,163,420	1,163,420
Future Series 2026 Bonds - Rate Based	-	-	-	-	1,009,871	1,009,871	1,009,871
Future Series 2027 Bonds - PFC	-	-	-	-	-	176,178	176,178
Future Series 2027 Bonds - Rate Based	-	-	-	-	-	924,447	924,447
Future Series 2028 Bonds - Rate Based	-	-	-	-	-	-	1,140,258
Total GARB Debt Service	16,694,806	13,477,175	13,616,206	15,297,145	17,147,186	17,931,310	18,756,068
Debt Service Coverage	1.84	2.12	2.19	1.98	1.89	1.88	1.85

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

¹ Reflects the Coverage Fund.

Table 35 | Deposit to the ADF

DEPOSIT TO ADF	Actual	Estimate	Budget	Projected			
	2023	2024	2025	2026	2027	2028	2029
AIRPORT SYSTEM REVENUES							
Total Revenues	\$100,948,577	\$105,192,854	\$110,273,246	\$112,295,205	\$116,493,474	\$120,215,616	\$122,947,908
O&M Expenses	74,425,864	80,052,054	83,857,249	85,782,496	88,287,155	90,919,678	93,010,831
Net Revenues	\$26,522,713	\$25,140,800	\$26,415,997	\$26,512,710	\$28,206,319	\$29,295,938	\$29,937,078
NET DISCRETIONARY CASH FLOW							
Net Revenues	\$26,522,713	\$25,140,801	\$26,415,997	\$26,512,710	\$28,206,319	\$29,295,938	\$29,937,078
Less: Debt Service							
Series 2013A Bonds - PFC	702,540	-	-	-	-	-	-
Series 2013A Bonds - Rate Based	2,503,037	-	-	-	-	-	-
Series 2014A Bonds - PFC	2,152,918	-	-	-	-	-	-
Series 2014A Bonds - Rate Based	109,135	-	-	-	-	-	-
Series 2016A Bonds - PFC	4,082,763	4,140,909	4,131,081	4,137,480	4,136,109	4,136,109	4,141,595
Series 2016A Bonds - Rate Based	382,888	388,341	387,419	388,020	387,891	387,891	388,405
Series 2019A Bonds - PFC	1,204,979	1,176,658	1,134,634	1,092,611	1,050,587	1,008,564	966,540
Series 2019A Bonds - Rate Based	2,013,670	1,966,342	1,896,116	1,825,889	1,755,663	1,685,436	1,615,210
Series 2019B Bonds - Rate Based	3,542,877	-	-	-	-	-	-
Series 2023A Bonds - PFC	-	773,189	704,550	683,182	660,718	639,404	618,091
Series 2023A Bonds - Rate Based	-	2,754,750	2,510,200	2,434,068	2,354,032	2,278,096	2,202,159
Series 2023B Bonds - PFC	-	2,167,130	2,010,343	1,929,920	1,849,496	1,769,073	1,683,891
Series 2023B Bonds - Rate Based	-	109,855	101,907	97,830	93,754	89,677	85,359
Series 2024A Bonds - PFC	-	-	178,329	183,883	178,461	173,038	167,616
Series 2024A Bonds - Rate Based	-	-	561,627	579,117	562,040	544,962	527,885
Future Series 2025 Bonds - PFC	-	-	-	1,036,594	1,036,594	1,036,594	1,036,594
Future Series 2025 Bonds - Rate Based	-	-	-	908,551	908,551	908,551	908,551
Future Series 2026 Bonds - PFC	-	-	-	-	1,163,420	1,163,420	1,163,420
Future Series 2026 Bonds - Rate Based	-	-	-	-	1,009,871	1,009,871	1,009,871
Future Series 2027 Bonds - Rate Based	-	-	-	-	-	924,447	924,447
Future Series 2028 Bonds - Rate Based	-	-	-	-	-	-	1,140,258
Less: Deposits to O&M Reserve Fund	-	1,419,723	634,199	320,874	417,443	438,754	348,525
Less: Deposits to Coverage Fund	-	-	367,544	252,468	231,112	285,065	131,958
Less: Depreciation	4,472,825	4,581,786	5,661,316	4,466,300	4,100,020	4,185,662	4,043,400
Less: PFC Reimb of ADF	311,667	-	-	-	-	-	-
Less: PFC Interest Applied	101,963	-	-	-	-	-	-
Deposit to ADF	\$4,941,453	\$5,662,116	\$6,136,731	\$6,175,923	\$6,310,558	\$6,455,148	\$6,657,126
ADF Beginning Balance	\$11,305,851	\$14,037,083	\$15,189,001	\$9,532,973	\$3,029,479	\$2,550,049	\$5,112,630
Deposit to ADF	\$4,941,453	5,662,117	6,136,731	6,175,923	6,310,558	6,455,148	6,657,126
Less: Project Fronting	-	(4,736,001)	(479,428)	(846,899)	(3,981,036)	-	(1,260,111)
Less: Project Fronting Repayment	-	-	(3,355,993)	-	-	(180,008)	(3,023,925)
Transfer from PFC Fund ¹	2,569,617	6,252,686	-	-	-	-	-
Project Fronting Repayment ²	(1,485,122)	95,000	7,644,653	846,899	1,176,455	180,008	3,023,925
Less: COVID Grants ³	(57,390)	(18,793)	-	-	-	-	-
Add: Future PFC Recapture	-	-	831,769	-	2,804,581	-	1,260,111
Less: CIP Expenditures ⁴	(3,237,326)	(6,103,090)	(16,433,761)	(12,679,417)	(6,789,988)	(3,892,567)	(4,675,613)
ADF Ending Balance	\$14,037,083	\$15,189,001	\$9,532,973	\$3,029,479	\$2,550,049	\$5,112,630	\$7,094,143

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 AIP/State grant/PFC 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 36 | Airline Cost per Enplaned Passenger

Year	Landing Fees ¹	Terminal Rents & Charges	Apron Fees	Total Airline Payments	Enplaned Passengers	Cost Per Enplaned Passenger
2023 Actual	\$16,859,272	\$919,202	\$1,360,670	\$21,291,203	3,010,701	\$7.07
2024 Estimate	\$20,202,514	\$339,647	\$1,455,810	\$21,997,971	3,266,720	\$6.73
2025 Budget	\$26,165,810	\$3,370,440	\$1,679,440	\$31,215,691	3,449,024	\$9.05
2026 Proj.	\$26,314,060	\$3,886,647	\$1,693,102	\$31,893,809	3,516,142	\$9.07
2027 Proj.	\$26,464,042	\$4,900,249	\$1,740,663	\$33,104,954	3,595,620	\$9.21
2028 Proj.	\$27,283,459	\$6,047,294	\$1,789,226	\$35,119,979	3,683,080	\$9.54
2029 Proj.	\$27,927,820	\$5,994,437	\$1,825,733	\$35,747,989	3,768,302	\$9.49

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

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

Table 37 | Sensitivity Analysis

	Estimate		Budget		Projected		
	2024	2025	2026	2027	2028	2029	
Base Scenario Forecast							
Landing Fee	\$ 5.26	\$ 6.48	\$ 6.22	\$ 6.13	\$ 6.18	\$ 6.20	
Terminal Rental Rate	\$ (5.63)	\$ 19.02	\$ 22.50	\$ 28.76	\$ 35.84	\$ 35.48	
CPE	\$ 6.73	\$ 9.05	\$ 9.07	\$ 9.21	\$ 9.54	\$ 9.49	
Debt Service Coverage	2.12	2.19	1.98	1.89	1.88	1.85	
Deposit to ADF	\$5,662,116	\$6,136,731	\$6,175,923	\$6,310,558	\$6,455,148	\$6,657,126	
Low Scenario Forecast							
Landing Fee	\$ 5.26	\$ 6.48	\$ 6.45	\$ 6.38	\$ 6.47	\$ 6.52	
Terminal Rental Rate	\$ (5.63)	\$ 19.02	\$ 23.76	\$ 31.27	\$ 39.63	\$ 41.32	
CPE	\$ 6.73	\$ 9.05	\$ 9.60	\$ 9.86	\$ 10.32	\$ 10.41	
Debt Service Coverage	2.12	2.19	1.98	1.89	1.88	1.84	
Deposit to ADF	\$5,662,116	\$6,136,731	\$6,153,606	\$6,266,003	\$6,387,826	\$6,553,152	
Difference							
Landing Fee	\$ -	\$ -	\$ 0.23	\$ 0.25	\$ 0.29	\$ 0.32	
Terminal Rental Rate	\$ -	\$ -	\$ 1.25	\$ 2.51	\$ 3.79	\$ 5.84	
CPE	\$ -	\$ -	\$ 0.53	\$ 0.65	\$ 0.78	\$ 0.92	
Debt Service Coverage	0.00	0.00	(0.00)	(0.00)	(0.00)	(0.01)	
Deposit to ADF	\$0	\$0	(\$22,317)	(\$44,555)	(\$67,322)	(\$103,974)	



Enabling the Complex Business of Airports

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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, 2019 through 2023 are included in the County's 2019 through 2023 Annual Comprehensive Financial Reports (the "County ACFR"), respectively. This appendix presents financial information of the Airport System, which has been excerpted from the County ACFR for the fiscal years ended December 31, 2019 through 2023. 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. Copies of the County 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)

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>Assets</u>					
Current Assets:					
Cash and Investments	\$ 88,108	\$ 75,966	\$ 47,688	\$ 64,197	\$ 65,863
Cash and Investments - Restricted	17,042	17,178	15,560	15,729	11,647
Receivables:					
Accounts (Net of Allowances for Uncollectible Accounts)	5,499	2,638	4,689	14,688	11,931
Due from Other Governments (Grants)	5,970	6,340	16,774	13,888	14,942
Prepaid Items	--	--	--	--	54
Total Current Assets	<u>116,619</u>	<u>102,122 #</u>	<u>84,711 #</u>	<u>108,502 #</u>	<u>104,437</u>
Noncurrent Assets:					
Capital Assets:					
Land and Land Improvements	259,113	262,820	255,079	262,190	292,018
Building and Improvements	406,026	408,103	407,214	412,544	421,573
Machinery, Vehicles and Equipment	25,220	27,657	31,244	33,808	38,837
Construction in Progress	12,467	23,747	46,373	44,850	9,456
Total Capital Assets	<u>702,826</u>	<u>722,327</u>	<u>739,910</u>	<u>753,392</u>	<u>761,884</u>
Less: Accumulated Depreciation	<u>(312,857)</u>	<u>(344,979)</u>	<u>(366,070)</u>	<u>(400,790)</u>	<u>(432,227)</u>
Net Capital Assets	<u>389,969</u>	<u>377,348</u>	<u>373,840</u>	<u>352,602</u>	<u>329,657</u>
Total Assets	<u>506,588</u>	<u>479,470</u>	<u>458,551</u>	<u>481,166</u>	<u>448,349</u>
Deferred Outflows of Resources	<u>8,893</u>	<u>14,625</u>	<u>12,320</u>	<u>10,405</u>	<u>14,265</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 515,481</u>	<u>\$ 494,095</u>	<u>\$ 470,871</u>	<u>\$ 491,571</u>	<u>\$ 462,614</u>
<u>Liabilities</u>					
Current Liabilities:					
Accounts Payable	\$ 4,462	\$ 3,289	\$ 3,593	\$ 3,429	\$ 2,610
Accrued Liabilities	1,825	1,097	1,075	1,202	1,263
Accrued Interest Payable	599	524	476	428	654
Unearned Revenues	19,330	17,245	4,275	5,882	9,719
Due to Other Governments	1,236	39	152	109	142
Bonds Payable - General Obligation	--	--	--	--	--
Bonds Payable - Revenue Bonds	11,275	11,520	11,795	11,750	9,000
Compensated Absences	1,191	1,291	1,139	1,443	1,515
Capital Leases	113	--	--	--	--
Other Liabilities	4	9	9	9	6
Total Current Liabilities	<u>40,035</u>	<u>35,014</u>	<u>22,514</u>	<u>24,252</u>	<u>24,909</u>
Long-Term Liabilities:					
Bonds Payable - General Obligation	--	--	--	--	--
Bonds Payable - Revenue Bonds	138,752	124,564	110,642	97,033	80,740
Compensated Absences	571	580	521	603	553
Other Post Employment Benefits	45,410	47,875	45,342	40,856	31,136
Net Pension Liability	24,634	21,054	17,381	7,885	24,152
Capital Leases	--	--	--	--	--
Total Long-Term Liabilities	<u>209,367</u>	<u>194,073</u>	<u>173,886</u>	<u>146,377</u>	<u>136,581</u>
Total Liabilities	<u>249,402</u>	<u>229,087</u>	<u>196,400</u>	<u>170,629</u>	<u>161,490</u>
Deferred Inflows of Resources	<u>3,550</u>	<u>10,276</u>	<u>11,840</u>	<u>49,836</u>	<u>33,307</u>
	<u>3,550</u>	<u>10,276</u>	<u>11,840</u>	<u>49,836</u>	<u>33,307</u>
<u>Net Position</u>					
Unrestricted	(44,816)	(42,898)	(39,221)	(30,533)	(25,696)
Restricted for:					
Debt Service	17,711	16,890	17,071	18,042	17,810
Capital Assets Needs	26,145	20,455	16,521	21,131	23,238
Commitments	6,594	1,955	1,917	3,666	1,650
Net Investment in Capital Assets	256,895	258,330	266,343	258,800	250,815
Total Net Position	<u>262,529</u>	<u>254,732</u>	<u>262,631</u>	<u>271,106</u>	<u>267,817</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 515,481</u>	<u>\$ 494,095</u>	<u>\$ 470,871</u>	<u>\$ 491,571</u>	<u>\$ 462,614</u>

COUNTY OF MILWAUKEE
Statement of Revenues, Expenses, and Changes in Net Position
Airport System
For the Years Ended December 31
(In Thousands)

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Operating Revenues:					
Rentals and Other Service Fees	\$ 75,550	\$ 49,659	\$ 71,940	\$ 64,750	\$ 67,879
Admissions and Concessions	19,166	12,181	13,700	16,515	19,897
Total Charges for Services	<u>94,716</u>	<u>61,840</u>	<u>85,640</u>	<u>81,265</u>	<u>87,776</u>
Other Revenues	41	696	29	58	247
Total Operating Revenues	<u>94,757</u>	<u>62,536</u>	<u>85,669</u>	<u>81,323</u>	<u>88,023</u>
Operating Expenses:					
Personnel Services	25,465	21,930	19,820	17,343	21,097
Contractual Services	21,856	17,300	19,547	21,704	25,946
Intra-County Services	11,020	13,727	14,355	15,207	16,907
Commodities	5,017	2,350	3,197	4,423	4,030
Depreciation and Amortization	32,129	32,122	29,713	34,720	34,878
Maintenance	622	196	161	55	7,715
Other	147	2,681	99	51	18
Total Operating Expenses	<u>96,256</u>	<u>90,306</u>	<u>86,892</u>	<u>93,503</u>	<u>110,591</u>
Operating Income (Loss)	<u>(1,499)</u>	<u>(27,770)</u>	<u>(1,223)</u>	<u>(12,180)</u>	<u>(22,568)</u>
Nonoperating Revenues (Expenses):					
Intergovernmental Revenues	202	22,739	1,016	14,170	11,719
Investment Income	1,192	986	41	902	2,842
Gain (Loss) on Sale of Capital Assets	8	16	81	56	(74)
Interest Expense	(7,417)	(4,300)	(4,154)	(3,821)	(2,331)
Total Nonoperating Revenues (Expenses)	<u>(6,015)</u>	<u>19,441</u>	<u>(3,016)</u>	<u>11,307</u>	<u>12,156</u>
Income (Loss) Before Contributions and Transfers	<u>(7,514)</u>	<u>(8,329)</u>	<u>(4,239)</u>	<u>(873)</u>	<u>(10,412)</u>
Capital Contributions	4,867	4,576	15,807	6,226	11,918
Transfers In	5,454	6,106	--	6,053	4,096
Transfers Out	<u>(1,569)</u>	<u>(10,150)</u>	<u>(3,669)</u>	<u>(2,931)</u>	<u>(8,891)</u>
Changes in Net Position	1,238	(7,797)	7,899	8,475	(3,289)
Net Position - Beginning	<u>261,291</u>	<u>262,529</u>	<u>254,732</u>	<u>262,631</u>	<u>271,106</u>
Net Position - Ending	<u>\$ 262,529</u>	<u>\$ 254,732</u>	<u>\$ 262,631</u>	<u>\$ 271,106</u>	<u>\$ 267,817</u>

**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 Series 2024A 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 over recovery 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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PROPOSED FORMS OF CO-BOND COUNSEL OPINION

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Form of Co-Bond Counsel Opinion

October 2, 2024

Re: Milwaukee County, Wisconsin ("Issuer")
\$6,615,000 Airport Revenue Bonds, Series 2024A,
dated October 2, 2024 ("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 21, 2024 (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 2023A, dated October 4, 2023 and Airport Revenue Refunding Bonds, Series 2023B, dated October 4, 2023 (collectively, the "Prior 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 and the 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>
2025	\$355,000	5.00%
2026	450,000	5.00
2027	450,000	5.00
2028	450,000	5.00
2029	450,000	5.00
2030	450,000	5.00
2031	450,000	5.00

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2032	445,000	5.00
2033	\$445,000	5.00%
2034	445,000	5.00
2035	445,000	5.00
2036	445,000	5.00
2037	445,000	5.00
2038	445,000	5.00
2039	445,000	5.00

Interest is payable semi-annually on June 1 and December 1 of each year commencing on June 1, 2025.

The Bonds maturing on December 1, 2035 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on December 1, 2034 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). 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.

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**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 \$6,615,000 Airport Revenue Bonds, Series 2024A, dated October 2, 2024 (the "Securities"). The Securities are being issued pursuant to a Resolution adopted by the Governing Body of the Issuer on March 21, 2024, as supplemented by a Certificate of Comptroller of Milwaukee County Approving the Details of Airport Revenue Bonds, Series 2024A (collectively, the "Resolution") and delivered to Raymond James & Associates, 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 10, 2024 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, 2024, 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. AMENDED AIRLINE - AIRPORT USE AND LEASE AGREEMENT (excluding Airline Airport Affairs Committee) - pages 26 - 27
2. Table: MILWAUKEE COUNTY AIRPORT SYSTEM AIRPORT REVENUE - page 33
3. Table: MILWAUKEE COUNTY AIRPORT SYSTEM TOTAL AIRPORT SYSTEM O&M EXPENSES - page 35
4. Table: O&D AND CONNECTING ENPLANEMENTS - page 38
5. AIRPORT SYSTEM INDEBTEDNESS - pages 43 - 44
6. Table: MILWAUKEE COUNTY AIRPORT SYSTEM DEBT SERVICE COVERAGE - page 46

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 2nd day of October, 2024.

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 executed between the County and each Airline on January 1, 2024 and terminating on December 31, 2028. The 2024 AULA has 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. Also see 2024 AULA.

“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 such person 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 \$10,000,000 per occurrence; \$25,000,000 general aggregate or its equivalent in Umbrella or Excess Liability coverage.
 - (A) Premise/Operations \$10,000,000
 - (B) Pollution Liability* \$5,000,000/occurrence/annual aggregate
\$500,000/self-insurance retention
 - (C) Products/Completed Operations \$10,000,000
 - (D) Contractual Liability \$10,000,000
 - (E) Explosion, Collapse. Underground \$10,000,000
 - (F) Fire legal liability \$50,000
- Business Automobile Liability (airside and landside) Combined Single Limit for Bodily Injury and Property Damage of \$5,000,000

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.

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 2024A Bonds. The Series 2024A 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 2024A Bonds, in the aggregate principal amount of the Series 2024A 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 2024A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2024A 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 2024A 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 2024A Bonds, except in the event that use of the book-entry system for the Series 2024A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2024A 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 2024A 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 2024A Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2024A 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 2024A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2024A Bonds, such as redemptions, tenders, defaults, and amendments to the Bond documents. For example, Beneficial Owners of Series 2024A Bonds may wish to ascertain that the nominee holding the Series 2024A 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 2024A 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 2024A 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 2024A 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 2024A 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 2024A 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.

