New Issue	RATINGS:	Series 2020 Bonds	Insured Series 2020A Bonds Only
Book-Entry Only	Moody's:	A2	A2
	S&P:	A-	AA
	Fitch:	A	-

See "RATINGS" herein

*In the opinion of Kutak Rock LLP, the Hardwick Law Firm, LLC, and Martha E. Schach, Attorney at Law, LLC, Co-Bond Counsel to the Issuer, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Series 2020A Bonds and Series 2020B Bonds is excluded from gross income for federal income tax purposes, except for interest on any Series 2020A Bond for any period during which such Series 2020A Bond is held by a "substantial user" of the facilities financed by the Series 2020A Bonds, or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended. Co-Bond Counsel is further of the opinion that (a) interest on the Series 2020A Bonds constitutes an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and (b) interest on the Series 2020B Bonds is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the Series 2020C Bonds is included in gross income for federal income tax purposes. Co-Bond Counsel is further of the opinion that interest on the Series 2020 Bonds is exempt from income taxation imposed by the State of Missouri. See "**TAX MATTERS**" herein.*

THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF KANSAS CITY, MISSOURI

$504,705,000 Airport Special Obligation Bonds (Kansas City International Airport Terminal Modernization Project) Series 2020A (AMT)

$57,155,000 Airport Special Obligation Bonds (Kansas City International Airport Terminal Modernization Project) Series 2020B (Non-AMT)

$70,380,000 Taxable Airport Special Obligation Refunding Bonds (Kansas City International Airport Project) Series 2020C

Dated: Date of Delivery **Due:** As shown on inside cover pages

The Airport Special Obligation Bonds (Kansas City International Airport Terminal Modernization Project), Series 2020A (AMT), in the principal amount of $504,705,000 (the "**Series 2020A Bonds**"), the Airport Special Obligation Bonds (Kansas City International Airport Terminal Modernization Project), Series 2020B (Non-AMT), in the principal amount of $57,155,000 (the "**Series 2020B Bonds**") and the Taxable Airport Special Obligation Refunding Bonds (Kansas City International Airport Project), Series 2020C, in the principal amount of $70,380,000 (the "**Series 2020C Bonds**" and, together with the Series 2020A Bonds and the Series 2020B Bonds, the "**Series 2020 Bonds**") are being issued by The Industrial Development Authority of the City of Kansas City, Missouri (the "**Issuer**") pursuant to a Trust Indenture dated as of June 1, 2019, as supplemented by the First Supplemental Trust Indenture dated as of October 1, 2020 (as supplemented, the "**Indenture**"), each by and between the Issuer and BOKF, N.A., as trustee (the "**Trustee**").

The Series 2020 Bonds are special, limited obligations of the Issuer, payable solely from (i) the proceeds of the Series 2020 Bonds, (ii) payments to be made by the City of Kansas City, Missouri (the "**City**") to the Issuer under the Financing Agreement dated as of June 1, 2019, as supplemented by the First Supplemental Financing Agreement dated as of October 1, 2020 (as supplemented, the "**Financing Agreement**"), each among the Issuer, the City and the Trustee, and (iii) other amounts pledged under the Indenture. Pursuant to the Financing Agreement, in consideration of the Issuer (a) making the proceeds of the Series 2020A Bonds and the Series 2020B Bonds available to the City to finance a portion of the costs of its Terminal Modernization Project at Kansas City International Airport and (b) making the proceeds of the Series 2020C Bonds available to the City to refund its General Improvement Airport Refunding Revenue Bonds, Series 2013A (AMT) (the "**Series 2013A Bonds**"), the City has agreed to pay to the Issuer, subject to appropriation of the City Council of the City, Debt Service Payments that will be sufficient to provide for the payment of all principal of and interest on the Series 2020 Bonds when due and payable, and Additional Payments. The City has deemed its obligation to make Debt Service Payments and Additional Payments to be the incurrence of a Senior Appropriation Obligation pursuant to Ordinance No. 190026, passed by the City Council of the City on March 21, 2019 (as amended and supplemented from time to time, the "**Master Bond Ordinance**"), as amended by Ordinance No. 200706, passed by the City Council of the City on September 17, 2020 (the "**First Amendment to Master Bond Ordinance**") and as supplemented by Committee Substitute for Ordinance No. 200703, passed by the City Council of the City on September 17, 2020 (the "**Series 2020 Supplemental Ordinance**"). See "**SERIES 2020 SENIOR APPROPRIATION OBLIGATION AND MASTER BOND ORDINANCE**" herein. The City has designated such Senior Appropriation Obligation as "City of Kansas City, Missouri Airport Revenue Senior Appropriation Obligation Series 2020 (the "**Series 2020 Senior Appropriation Obligation**"). Amounts due on the Series 2020 Senior Appropriation Obligation (and therefore the related Debt Service Payments and Additional Payments due under the Financing Agreement) in any Fiscal Year will be paid solely from Net Revenues and/or other funds appropriated by the City Council of the City for the purpose of making such payments which are due and owing in such Fiscal Year. Net Revenues consist of all income, receipts, earnings and revenues received by or accrued to the City from the operation and ownership of Kansas City International Airport, and the other airports owned and operated by the City, after the payment of all Operation and Maintenance Expenses of such airports. The City's payment obligations under the Financing Agreement will be on parity with the City's pledge of Net Revenues to its Senior Appropriation Obligations incurred with respect to the Issuer's Series 2019A Bonds, Series 2019B Bonds and Series 2019C Bonds, which are currently outstanding in the aggregate amount of $984,745,000. Capitalized terms used on this cover page and not otherwise defined have the meanings set forth herein.

Proceeds of the Series 2020A Bonds and Series 2020B Bonds will be used to: (i) pay a portion of the costs of the Terminal Modernization Project at Kansas City International Airport, (ii) fund a deposit to the Debt Service Reserve Fund established under the Indenture, (iii) fund a deposit to the Capitalized Interest Fund established under the Indenture, and (iv) pay a portion of the costs of issuing the Series 2020 Bonds. Proceeds of the Series 2020C Bonds and other available funds will be used to: (i) refund the Series 2013A Bonds, (ii) fund a deposit to the Debt Service Reserve Fund established under the Indenture, and (iii) pay a portion of the costs of issuing the Series 2020 Bonds. See "**PLAN OF FINANCE**" herein.

The Series 2020 Bonds are issuable only as fully registered bonds in book-entry form in denominations of $5,000 or any integral multiple thereof and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("**DTC**"). DTC will act as securities depository for the Series 2020 Bonds. See "**THE SERIES 2020 BONDS – Book-Entry System**" herein.

Principal of the Series 2020 Bonds will be paid on the dates and in the years in which they mature as set forth on the inside cover page hereof. Interest on the Series 2020 Bonds will accrue from the date of issuance and be payable semi-annually on each March 1 and September 1, commencing March 1, 2021. Principal of and interest on the Series 2020 Bonds will be paid from moneys made available therefor as described herein by the Issuer to the Trustee. So long as DTC or Cede & Co. is the Bondowner, such payments will be made directly to such Bondowner. DTC is expected, in turn, to remit such principal and interest to the DTC Participants for subsequent disbursement to the Beneficial Owners. The Series 2020 Bonds are subject to mandatory sinking fund redemption prior to maturity as described herein. See "**THE SERIES 2020 BONDS – Redemption Provisions**" herein.

The scheduled payment of principal of and interest with respect to the Series 2020A Bonds maturing on March 1, 2050 (with a yield of 3.060%) and March 1, 2057 (the "**Insured Series 2020A Bonds**") will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Insured Series 2020A Bonds by Assured Guaranty Municipal Corp. ("**AGM**" or the "**Series 2020 Insurer**"). See "**BOND INSURANCE**" and **Appendix G** herein.

ASSURED GUARANTY® MUNICIPAL

This cover page is not intended to be a summary of the terms of, or security for, the Series 2020 Bonds. Investors are advised to read this Official Statement in its entirety to obtain information essential to make an informed investment decision, giving particular attention to the matters discussed under "**CERTAIN INVESTMENT CONSIDERATIONS.**"

The Series 2020 Bonds are offered when, as and if issued by the Issuer, subject to the approval of legality by Kutak Rock LLP, Kansas City, Missouri, the Hardwick Law Firm, LLC, Kansas City, Missouri, and Martha E. Schach, Attorney at Law, LLC, Leawood, Kansas, Co-Bond Counsel to the Issuer. Certain legal matters will be passed upon for the Issuer by the Office of the City Attorney, Counsel to the Issuer, for the City by the Office of the City Attorney, and for the Underwriters by Bryan Cave Leighton Paisner LLP, Kansas City, Missouri, Clayborn & Associates, LLC, Kansas City, Missouri, and Bushyhead, LLC, Lee's Summit, Missouri, Co-Underwriters Counsel. Certain disclosure matters will be passed upon for the Issuer by its Co-Disclosure Counsel, Lewis Rice LLC, Kansas City, Missouri, Fields & Brown, LLC, Kansas City, Missouri, and Martha E. Schach, Attorney at Law, LLC, Leawood, Kansas. It is expected that the Series 2020 Bonds will be available for delivery at DTC in New York, New York on or about October 29, 2020.

Morgan Stanley

Backstrom McCarley Berry & Co., LLC **J.P. Morgan** **Ramirez & Co., Inc.**

Raymond James **Stifel** **Valdés & Moreno, Inc**

The date of this Official Statement is October 14, 2020.

THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF KANSAS CITY, MISSOURI

$504,705,000
Airport Special Obligation Bonds
(Kansas City International Airport Terminal Modernization Project)
Series 2020A (AMT)

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

Base CUSIP Number 48504N*

Maturity Date (March 1)	Principal Amount	Interest Rate (%)	Price (%)	Yield (%)	CUSIP Number*
2025	$ 5,790,000	5.000	117.220	0.940	BQ1
2026	6,080,000	5.000	119.593	1.200	BR9
2027	4,065,000	5.000	121.965	1.370	BS7
2028	3,350,000	5.000	123.764	1.560	BT5
2029	3,375,000	5.000	125.024	1.760	BU2
2030	3,540,000	5.000	126.215	1.920	BV0
2031	3,720,000	5.000	124.761**	2.070	BW8
2032	3,900,000	5.000	123.518**	2.200	BX6
2033	4,100,000	5.000	122.289**	2.330	BY4
2034	4,305,000	4.000	110.664**	2.700	BZ1
2035	4,475,000	4.000	109.798**	2.800	CA5
2036	11,925,000	4.000	109.368**	2.850	CB3
2037	12,405,000	4.000	109.025**	2.890	CC1
2038	12,900,000	4.000	108.683**	2.930	CD9
2039	13,415,000	4.000	108.343**	2.970	CE7
2040	13,950,000	4.000	108.004**	3.010	CF4

$78,585,000 4.000% Series 2020A Term Bond due March 1, 2045
Price 106.577%**, Yield 3.180%, CUSIP Number: CG2*

$57,000,000 4.000% Series 2020A Term Bond due March 1, 2050
Price 106.161%**, Yield 3.230%, CUSIP Number: CM9*

$38,610,000 4.000% Series 2020A Term Bond due March 1, 2050***
Price 107.582%**, Yield 3.060%, CUSIP Number: CH0*

$19,215,000 3.375% Series 2020A Term Bond due March 1, 2057***
Price 97.840%, Yield 3.480%, CUSIP Number: CJ6*

$100,000,000 4.000% Series 2020A Term Bond due March 1, 2057***
Price 106.161%**, Yield 3.230%, CUSIP Number: CK3*

$100,000,000 5.000% Series 2020A Term Bond due March 1, 2057***
Price 115.915%**, Yield 3.030%, CUSIP Number: CL1*

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** Priced to call on March 1, 2030.

*** Insured Bond

$57,155,000
Airport Special Obligation Bonds
(Kansas City International Airport Terminal Modernization Project)
Series 2020B (Non-AMT)

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

Base CUSIP Number 48504N*

Maturity Date (March 1)	Principal Amount	Interest Rate (%)	Price (%)	Yield (%)	CUSIP Number*
2025	$ 4,550,000	5.000	118.532	0.660	CN7
2026	4,780,000	5.000	121.149	0.930	CP2
2027	5,015,000	5.000	123.676	1.120	CQ0
2029	5,265,000	5.000	127.246	1.510	CR8
2030	5,530,000	5.000	128.681	1.670	CS6
2031	5,805,000	5.000	127.195**	1.820	CT4
2032	6,100,000	5.000	125.922**	1.950	CU1
2033	6,400,000	5.000	124.665**	2.080	CV9
2034	6,720,000	4.000	113.312**	2.400	CW7
2035	6,990,000	4.000	112.421**	2.500	CX5

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** Priced to call on March 1, 2030.

$70,380,000
Taxable Airport Special Obligation Refunding Bonds
(Kansas City International Airport Project)
Series 2020C

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

Base CUSIP Number 48504N*

Maturity Date (March 1)	Principal Amount	Interest Rate (%)	Price (%)	Yield (%)	CUSIP Number*
2022	$ 11,830,000	0.889	100.000	0.889	CY3
2023	11,935,000	1.075	100.000	1.075	CZ0
2024	12,065,000	1.302	100.000	1.302	DA4
2025	12,220,000	1.402	100.000	1.402	DB2
2026	12,390,000	1.751	100.000	1.751	DC0
2027	4,925,000	1.851	100.000	1.851	DD8
2028	5,015,000	2.169	100.000	2.169	DE6

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The following drawing shows a view of the currently planned new terminal at the Kansas City International Airport. The actual appearance may differ from the drawing below following completion of construction.

REGARDING USE OF THIS OFFICIAL STATEMENT

No dealer, broker, salesman or other person has been authorized by the Issuer or the City or by any person to give any information or to make any representations with respect to the Series 2020 Bonds offered hereby, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any offer, solicitation or sale of the Series 2020 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not so expressly described herein, are intended solely as such and are not to be construed as representations of fact.

The information set forth herein has been obtained from the Issuer, the City and other sources which are believed to be reliable. The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as a part of, their responsibilities under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information. 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 hereunder shall, under any circumstances, create any implication that there has been no change in the information presented herein since the date hereof.

AGM makes no representation regarding the Series 2020 Bonds or the advisability of investing in the Series 2020 Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for, the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "**BOND INSURANCE**" and the specimen municipal bond insurance policy attached hereto as **Appendix G**.

IN CONNECTION WITH THE OFFERING, THE UNDERWRITERS MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2020 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE SERIES 2020 BONDS HAVE NOT BEEN REGISTERED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE INDENTURE, THE BOND ORDINANCE OR THE FINANCING AGREEMENT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED. THE SERIES 2020 BONDS ARE BEING OFFERED IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE CITY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE SERIES 2020 BONDS 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 DOCUMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

References to website addresses presented herein are for informational purposes only. Unless otherwise specified, such websites and information or links contained thereon are not incorporated into, and are not a part of, this Official Statement for purposes of Rule 15c2-12 of the United States Securities and Exchange Commission.

An electronic copy of this Official Statement is available upon request by contacting ImageMaster Customer Service at 734.821.2525 or sending a request to orders@imagemaster.com. Information in this Official Statement can be relied upon only if downloaded in its entirety in original, electronic format, or if obtained in original, bound format.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "anticipate," "project," "budget," "believe," "may," "will," "would," "should," "could" or other similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INCLUDED IN SUCH RISKS AND UNCERTAINTIES ARE (i) THOSE RELATING TO THE POSSIBLE INVALIDITY OR INACCURACY OF THE UNDERLYING ASSUMPTIONS AND ESTIMATES, (ii) POSSIBLE CHANGES OR DEVELOPMENTS IN SOCIAL, ECONOMIC, BUSINESS, INDUSTRY AND MARKET CIRCUMSTANCES, (iii) CHANGES IN APPLICABLE LAWS OR REGULATIONS, AND (iv) CONDITIONS AND ACTIONS TAKEN OR OMITTED TO BE TAKEN BY THIRD PARTIES, INCLUDING CUSTOMERS, SUPPLIERS, BUSINESS PARTNERS AND COMPETITORS, AND LEGISLATIVE, JUDICIAL AND OTHER GOVERNMENTAL AUTHORITIES AND OFFICIALS. ASSUMPTIONS RELATED TO THE FOREGOING INVOLVE JUDGMENTS WITH RESPECT TO, AMONG OTHER THINGS, FUTURE ECONOMIC, COMPETITIVE, AND MARKET CONDITIONS AND FUTURE BUSINESS DECISIONS, ALL OF WHICH ARE DIFFICULT OR IMPOSSIBLE TO PREDICT ACCURATELY. FOR THESE REASONS, THERE CAN BE NO ASSURANCE THAT THE FORWARD-LOOKING STATEMENTS INCLUDED IN THIS OFFICIAL STATEMENT WILL PROVE TO BE ACCURATE. PROSPECTIVE INVESTORS SHOULD EXPECT THERE TO BE DIFFERENCES IN RESULTS, AND THOSE DIFFERENCES MAY BE MATERIAL.

THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE
CITY OF KANSAS CITY, MISSOURI

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BOKF, N.A.
Kansas City, Missouri

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OFFICIAL STATEMENT

THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF KANSAS CITY, MISSOURI

\$504,705,000 **Airport Special Obligation Bonds** **(Kansas City International Airport Terminal Modernization Project)** **Series 2020A (AMT)**	**\$57,155,000** **Airport Special Obligation Bonds** **(Kansas City International Airport Terminal Modernization Project)** **Series 2020B (Non-AMT)**	**\$70,380,000** **Taxable Airport Special Obligation Refunding Bonds** **(Kansas City International Airport Project)** **Series 2020C**

INTRODUCTORY STATEMENT

*This introduction is only a brief description and summary of certain information contained in this Official Statement and is qualified in its entirety by reference to the more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. The order and placement of materials in this Official Statement, including the appendices, are not to be deemed to be a determination of relevance, materiality or relative importance, and this Official Statement, including the cover page and the appendices, must be considered in its entirety. A comprehensive review should be made of the entire Official Statement. All capitalized terms used in this Official Statement that are not otherwise defined herein will have the meanings ascribed to them in Appendix D**: DEFINITIONS AND SUMMARY OF CERTAIN FINANCING DOCUMENTS**.*

Purpose of the Official Statement

The purpose of this Official Statement is to furnish information relating to (1) The Industrial Development Authority of the City of Kansas City, Missouri (the "**Issuer**"), (2) the Issuer's Airport Special Obligation Bonds (Kansas City International Airport Terminal Modernization Project), Series 2020A (AMT), to be issued in the principal amount of \$504,705,000 (the "**Series 2020A Bonds**"), its Airport Special Obligation Bonds (Kansas City International Airport Terminal Modernization Project), Series 2020B (Non-AMT), to be issued in the principal amount of \$57,155,000 (the "**Series 2020B Bonds**") and its Taxable Airport Special Obligation Refunding Bonds (Kansas City International Airport Project), Series 2020C, to be issued in the principal amount of \$70,380,000 (the "**Series 2020C Bonds**" and, together with the Series 2020A Bonds and the Series 2020B Bonds, the "**Series 2020 Bonds**"), (3) the security and sources of payment for the Series 2020 Bonds, (4) the Kansas City International Airport ("**MCI**" or the "**Airport**") terminal modernization project (the "**Terminal Modernization Project**"), a portion of which will be financed with a portion of the proceeds of the Series 2020A Bonds and the Series 2020B Bonds, (5) the City of Kansas City, Missouri (the "**City**"), and (6) the City's Airport System (defined herein). See the captions **"THE ISSUER," "THE SERIES 2020 BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS," "FINANCING AGREEMENT," "SERIES 2020 SENIOR APPROPRIATION OBLIGATION AND MASTER BOND ORDINANCE," "THE TERMINAL MODERNIZATION PROJECT," "THE CITY"** and **"THE AIRPORT SYSTEM"** and *Appendix C**: REPORT OF THE AIRPORT CONSULTANT***.

Changes since the Date of the Preliminary Official Statement

This Official Statement includes certain information that was not available for inclusion in the Preliminary Official Statement dated October 7, 2020, including the final sources and uses of the Series 2020 Bond proceeds and the principal amounts, maturity dates, interest rates, yields and other terms of the Series 2020 Bonds. The City, on behalf of the Issuer, has obtained a Municipal Bond Insurance Policy (the "**Series 2020A Insurance Policy**") with respect to certain of the Series 2020A Bonds designated as such on the inside cover page hereof from Assured Guaranty Municipal Corp. ("**AGM**" or the "**Series 2020 Insurer**"). Information about the Series 2020A Insurance Policy and the Series 2020 Insurer can be found under the caption "**BOND INSURANCE**". The City, on behalf of the Issuer, has also determined to fund a portion of the Debt Service

Reserve Fund with a Municipal Bond Debt Service Reserve Insurance Policy (the "**Series 2020 Reserve Policy**") issued by the Series 2020 Insurer. Information about the Debt Service Reserve Fund has been added throughout this Official Statement, particularly in the section entitled "**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS – Debt Service Reserve Fund**." The premiums for the Series 2020A Insurance Policy and the Series 2020 Reserve Policy will be paid from Series 2020 Bond proceeds. See caption "**PLAN OF FINANCE – Sources and Uses of Funds**".

The Issuer

The Issuer is a public corporation created and existing under and by virtue of the Industrial Development Corporations Act, Chapter 349 of the Revised Statutes of Missouri, as amended (the "**Act**"). See the caption "**THE ISSUER**".

The City and the Airport System

The City is a constitutional charter city and political subdivision of the State of Missouri (the "**State**"). See the caption "**THE CITY**".

The City owns and operates a revenue-producing airport system, consisting of MCI and the Charles B. Wheeler Downtown Airport ("**MKC**"). MCI and MKC, together with any other airport hereafter owned and operated by the City and designated as an "airport", are collectively referred to as the "**Airports**" herein. All operations of the Airports, including all of their revenue-producing functions, facilities and properties, whether or not directly related to the air transportation of people and goods, are referred to as the "**Airport System**."

MCI, the City's primary commercial airport facility, which is also sometimes referred to as "KCI", is located within the City approximately 18 miles north of the downtown Kansas City area in Platte County, Missouri. MCI is a medium-hub airport, as defined by the Federal Aviation Administration (the "**FAA**"), predominantly an origination and destination facility, with approximately 94% of passengers starting or ending their travel at MCI. MCI had 5,171,808 enplaned passengers in Fiscal Year 2020[1] making it the 41st busiest airport in terms of enplaned passengers in the United States according to statistics published by the United States Department of Transportation. See the caption **"THE AIRPORT SYSTEM"** for additional information relating to MCI and the Airport System. See also the caption "**IMPACT OF COVID-19 PANDEMIC ON THE AIRPORT"** for a discussion of the effect the COVID-19 pandemic is having on MCI's passenger levels.

The Terminal Modernization Project

MCI first opened to the public in 1972 and was designed at the time as a futuristic aviation hub, with approximately 45 gates arranged around three separate circular terminals (Terminals A, B and C) to provide easy-in, easy-out convenience for passengers arriving by car. In the 48 years since opening, consolidations in the airline industry, increased security concerns, and changes in passenger travel habits have significantly decreased the functionality of MCI with its multiple security checkpoints, minimal facilities and amenities past security checkpoints and crowded gate areas. Following an extensive period of studying various improvement alternatives, the decision was made by the City to close and demolish Terminal A and replace it with a new terminal, while keeping Terminals B and C operational during construction. After the new terminal is operational, Terminals B and C will close. The City anticipates Terminals B and C will eventually be demolished.

The Terminal Modernization Project consists of (i) the demolition of the existing Terminal A and Terminal A parking garage at MCI (each of which has already occurred), (ii) environmental mitigation (if required) and site preparation, (iii) development, design and construction of an approximately 1,093,500 square-foot terminal facility at MCI, including all related support functions (the "**Facility**"), (iv) construction of a multi-level public parking structure with approximately 6,200 parking spaces, (v) construction of access roads to the

[1] The City's Fiscal Year commences on May 1 and ends on April 30.

new Facility, and (vi) airside improvements. See the caption "**THE TERMINAL MODERNIZATION PROJECT.**"

A portion of the costs of the Terminal Modernization Project is being financed with a portion of the proceeds from (i) the March 2019 sale of the Issuer's Airport Special Obligation Bonds (Kansas City International Airport Terminal Modernization Project), Series 2019A (AMT), which as of the date hereof were outstanding in the aggregate principal amount of $98,460,000 (the "**Series 2019A Bonds**"), and (ii) the June 2019 sale of the Issuer's Airport Special Obligation Bonds (Kansas City International Airport Terminal Modernization Project), Series 2019B (AMT), which as of the date hereof were outstanding in the aggregate principal amount of $824,765,000 (the "**Series 2019B Bonds**") and the Issuer's Airport Special Obligation Bonds (Kansas City International Airport Terminal Modernization Project), Series 2019C (Non-AMT), which as of the date hereof were outstanding in the aggregate principal amount of $61,520,000 (the "**Series 2019C Bonds**" and, together with the Series 2019B Bonds, the "**Series 2019 Bonds**"). The City anticipates that the portion of the proceeds of the Series 2019A Bonds and Series 2019 Bonds deposited in the applicable project accounts created in connection with the issuance of the Series 2019A Bonds and the Series 2019 Bonds, the portion of the proceeds of the Series 2020A Bonds and Series 2020B Bonds deposited in the applicable project accounts created under the First Supplemental Trust Indenture dated as of October 1, 2020 (the "**First Supplemental Indenture**") by and between the Issuer and BOKF, N.A., as trustee (the "**Trustee**") which amends and supplements the Trust Indenture dated as of June 1, 2019 between the Issuer and the Trustee (the "**Original Indenture**" and with the First Supplemental Indenture, the "**Indenture**") will be sufficient to complete the Terminal Modernization Project. None of the proceeds from the sale of the Series 2020C Bonds will be used to pay for Terminal Modernization Project costs.

Edgemoor Infrastructure & Real Estate II LLC is serving as the developer for the Terminal Modernization Project (the "**Developer**" or "**Edgemoor**"). Edgemoor is a vertically integrated developer and asset manager of public buildings and large-scale transportation infrastructure projects in the United States. Edgemoor is a wholly owned subsidiary of Clark Construction Group, LLC, which is one of the members of the Clark/Weitz/Clarkson joint venture which is acting as the design-builder for the Terminal Modernization Project. Pursuant to the KCI Airport Terminal Modernization Project Development Agreement dated February 28, 2019 (with all exhibits, schedules and appendices thereto, the "**Development Agreement**"), the Developer and the City have agreed to a preliminary guaranteed maximum price for the Terminal Modernization Project of $1,362,667,841 and a preliminary project delivery date of early 2023. Construction commenced in 2019 and the demolition of Terminal A and the accompanying parking structure, as well as terminal foundation construction has already been completed. The Developer reports that the Terminal Modernization Project is on schedule for completion and opening to flight service during the first quarter of 2023. See the captions "**THE TERMINAL MODERNIZATION PROJECT – The Developer**" and "**– The Development Agreement.**"

Master Bond Ordinance

The City Council of the City (the "**City Council**") passed Ordinance No. 190026 on March 21, 2019, captioned "GENERAL AIRPORT REVENUE BONDS AND OBLIGATIONS SUPPLEMENTAL, AMENDED AND RESTATED MASTER BOND ORDINANCE OF THE CITY OF KANSAS CITY, MISSOURI" (as amended and supplemented from time to time, including by the hereinafter defined First Amendment to Master Bond Ordinance, the "**Master Bond Ordinance**"), authorizing the issuance and incurrence of General Airport Revenue Bonds and Obligations (as defined therein). The Master Bond Ordinance was subsequently amended by the City Council pursuant to Ordinance No. 200706 passed on September 17, 2020 (the "**First Amendment to Master Bond Ordinance**") to permit the designation by the City of bonds and obligations which would otherwise constitute Senior Bonds as Senior Appropriation Obligations, and thereby permit the refunding of the City's outstanding General Improvement Airport Refunding Revenue Bonds, Series 2013A (AMT) (the "**Series 2013A Bonds**") by the Issuer with proceeds of the Series 2020C Bonds. The Master Bond Ordinance prescribes the terms, provisions and conditions for the issuance and incurrence of bonds and obligations of the City, and authorizes certain actions and documents and prescribing other matters relating thereto. The Master Bond Ordinance amended, restated and supplemented a prior master bond ordinance of the City to add provisions specifically addressing appropriation obligations of the City to finance improvements to the Airport System. Under the Missouri Constitution, there must be voter authorization for the issuance of general airport revenue bonds secured by an ongoing pledge of airport revenues. The City did not seek voter authorization for the bonds that will finance the Terminal Modernization Project. In the absence of voter authorization, debt service on any bonds issued or obligations incurred to finance the Terminal Modernization Project must be paid from an annual appropriation of Net Revenues, as defined and described herein. In addition, because the City has chosen to have the City's Series 2013A Bonds refunded with proceeds of the Series 2020C Bonds of the Issuer, debt service on the Series 2020C Bonds must be paid from an annual appropriation of Net Revenues.

The Master Bond Ordinance as amended, restated and supplemented includes defined terms relating to Appropriation Obligations of the City, includes covenants whereby the City agrees, subject to annual appropriation, to meet the same debt service coverage requirements for Senior Appropriation Obligations as for Senior Bonds, if any, and includes provisions to make it clear that the terms and conditions under which the City operates its Airport System are the same for all of its Obligations, whether Appropriation Obligations or Bonds. The Master Bond Ordinance also makes it clear that these requirements, terms and conditions are the same if a conduit issuer issues the bonds to finance an airport project or to refund Senior Bonds and the City incurs an Appropriation Obligation to make payments to the conduit issuer to pay debt service on the conduit bonds. The Master Bond Ordinance provides that the City will pass a Supplemental Ordinance to provide for the issuance or incurrence of an Obligation, whether a Bond or an Appropriation Obligation, and provides for the payment priority of Bonds and Appropriation Obligations upon compliance with the terms of the Master Bond Ordinance and applicable Supplemental Ordinance. The Master Bond Ordinance and Supplemental Ordinances thereto are referred to collectively as the "**Bond Ordinance**." As set forth in the Master Bond Ordinance, as supplemented by Committee Substitute for Ordinance No. 200703, passed by the City Council on September 17, 2020 (the "**Series 2020 Supplemental Ordinance**"), the City incurred a Senior Appropriation Obligation under the Master Bond Ordinance relating to the Series 2020 Bonds. See the caption "**– Security and Sources of Payment**" and "**– Series 2020 Senior Appropriation Obligation**" below, and the caption "**SERIES 2020 SENIOR APPROPRIATION OBLIGATION AND MASTER BOND ORDINANCE.**"

Plan of Finance

The proceeds of the Series 2020A Bonds and Series 2020B Bonds will be used to (i) finance a portion of the costs of the Terminal Modernization Project, (ii) fund a deposit to the Debt Service Reserve Fund, (iii) fund a deposit to the Capitalized Interest Fund, and (iv) pay a portion of the costs of issuing the Series 2020 Bonds. The proceeds of the Series 2020C Bonds will be used to (i) refund the outstanding Series 2013A Bonds to generate debt service savings, (ii) fund a deposit to the Debt Service Reserve Fund, and (iii) pay a portion of the costs of issuing the Series 2020 Bonds. <u>Following the refunding of the Series 2013A Bonds, there will be no Senior Bonds issued or outstanding under the Master Bond Ordinance</u>. A portion of the costs of the Terminal Modernization Project is being financed with the proceeds from the sale of the Issuer's Series 2019A Bonds and Series 2019 Bonds. In connection with the issuance of the Series 2019A Bonds, the City agreed to make debt service payments and additional payments to the Issuer, subject to appropriation by the City Council, and the incurrence by the City of its obligation to make such payments was deemed by the City to be the incurrence of a Senior Appropriation Obligation pursuant to the Master Bond Ordinance and Committee Substitute for Ordinance No. 190128 (the "**Series 2019A Supplemental Ordinance**"), and the City designated such Senior Appropriation Obligation as "City of Kansas City, Missouri Airport Revenue Senior Appropriation Obligation Series 2019A" (the "**Series 2019A Senior Appropriation Obligation**") pursuant to the Master Bond Ordinance and the Series 2019A Supplemental Ordinance. In connection with the issuance of the Series 2019 Bonds, the City agreed to make debt service payments and additional payments to the Issuer, subject to appropriation by the City Council, and the incurrence by the City of its obligation to make such payments was deemed by the City to be the incurrence of a Senior Appropriation Obligation pursuant to the Master Bond Ordinance and Committee Substitute for Ordinance No. 190027 (the "**Series 2019 Supplemental Ordinance**"), and the City designated such Senior Appropriation Obligation as "City of Kansas City, Missouri Airport Revenue Senior Appropriation Obligation Series 2019" (the "**Series 2019 Senior Appropriation Obligation**") pursuant to the Master Bond Ordinance and the Series 2019 Supplemental Ordinance. See the captions "**PLAN OF FINANCE**", "**THE**

TERMINAL MODERNIZATION PROJECT" and "**CERTAIN INVESTMENT CONSIDERATIONS – Risk of Nonappropriation**" and *Appendix C: **REPORT OF THE AIRPORT CONSULTANT***.

Security and Sources of Payment

The Series 2020 Bonds are being issued pursuant to the Act and the Indenture. The Issuer, the City and the Trustee have entered into the Financing Agreement dated as of June 1, 2019 (the "**Original Financing Agreement**") and the First Supplemental Financing Agreement dated as of October 1, 2020 (the "**First Supplemental Financing Agreement**" and, together with the Original Financing Agreement, the "**Financing Agreement**"). Pursuant to the Financing Agreement, in consideration of the Issuer making the proceeds of the Series 2020 Bonds available to the City for the purposes described under the caption "**—Plan of Finance**" above, the City has agreed to make Debt Service Payments and Additional Payments to the Issuer, subject to appropriation by the City Council. The incurrence by the City of its obligation to make Debt Service Payments and Additional Payments as described in the Financing Agreement has been deemed by the City to be the incurrence of a Senior Appropriation Obligation pursuant to the Master Bond Ordinance and the Series 2020 Supplemental Ordinance, and the City has designated such Senior Appropriation Obligation as "City of Kansas City, Missouri Airport Revenue Senior Appropriation Obligation Series 2020" (the "**Series 2020 Senior Appropriation Obligation**") pursuant to the Master Bond Ordinance and the Series 2020 Supplemental Ordinance.

The Series 2020 Bonds are secured by and payable from the "Trust Estate" which consists of (i) the Series 2020 Senior Appropriation Obligation, (ii) the Debt Service Payments and Additional Payments to be made by the City pursuant to the terms of the Financing Agreement, (iii) the Financing Agreement, and (iv) certain other amounts and funds and accounts from time to time held by the Trustee under the Indenture. The Series 2020 Bonds are issued on parity with the Series 2019 Bonds under the Indenture and the Trust Estate also includes the Series 2019 Senior Appropriation Obligation.

The payments due under the Series 2020 Senior Appropriation Obligation (and therefore the related Debt Service Payments and Additional Payments due under the Financing Agreement) in any Fiscal Year will be paid solely from Net Revenues and/or other funds appropriated by the City Council for the purpose of making such payments which are due and owing in such Fiscal Year. Provided the City Council appropriates Net Revenues and any other amounts, the Debt Service Payments to be paid by the City will be made at such times and in such amounts sufficient to pay the principal of and interest on the Series 2020 Bonds when due, after taking into account any amounts on deposit in the Debt Service Fund and the Capitalized Interest Fund.

Net Revenues consist of all income, receipts, earnings and revenues received by or accrued to the City from the operation and ownership of the Airport System after the payment of all Operation and Maintenance Expenses of the Airport System. See the caption **"SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS - General"** and the diagram showing payments to be made on the Series 2020 Appropriation Obligation and the Series 2020 Bonds.

The Series 2020 Bonds and the interest thereon are special, limited obligations of the Issuer payable (except to the extent paid out of Series 2020 Bond proceeds or the income from the temporary investment thereof) solely out of the Debt Service Payments and other payments derived by the Issuer under the Financing Agreement (except for fees and expenses payable to the Issuer), and are secured by a transfer, pledge and assignment of and a grant of a security interest in the Trust Estate to the Trustee and in favor of the owners of the Series 2020 Bonds, as provided in the Indenture. Additional Payments are payable to the Issuer in accordance with the Financing Agreement to the extent funds are available from the City. The taxing power of the City is not pledged to the payment of the Series 2020 Bonds or the interest thereon. The Issuer has no taxing power. See the caption **"SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS"**, including the subcaption "**Additional Bonds**" therein.

Provided that certain requirements of the Indenture are met, the Issuer may issue one or more series of additional bonds ("**Additional Bonds**") which may be secured in the same manner as, and rank on a parity with, the Series 2020 Bonds, for any purpose authorized under the Act. The Indenture prohibits the Issuer from issuing Additional Bonds that are superior to the Series 2020 Bonds. See the caption **"SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS – Additional Bonds"**. See also the caption "**THE TERMINAL MODERNIZATION PROJECT**" and *Appendix C: **REPORT OF THE AIRPORT CONSULTANT*** for a description of the funding plan for the Terminal Modernization Project which includes the future issuance of Additional Bonds to finance additional components of the project.

Series 2020 Senior Appropriation Obligation

Pursuant to the Bond Ordinance, the City will incur the Series 2020 Senior Appropriation Obligation on the date of delivery of the Series 2020 Bonds. As noted above, the payments due under the Series 2020 Senior Appropriation Obligation in any Fiscal Year (and the related Debt Service Payments and Additional Payments due under the Financing Agreement) will be paid solely from Net Revenues and/or other funds appropriated by the City Council for the purpose of making such payments which are due and owing in such Fiscal Year. Provided the Senior Lien Requirements (as defined under the caption "**SERIES 2020 SENIOR APPROPRIATION OBLIGATION AND MASTER BOND ORDINANCE—Pledge of Net Revenues**") are met, the City's payment obligations under the Series 2020 Senior Appropriation Obligation and the Financing Agreement will be on parity with the City's pledge of Net Revenues to (i) its Series 2019A Senior Appropriation Obligation, (ii) its Series 2019 Senior Appropriation Obligation and (iii) any future issues of Senior Obligations (defined herein). The Senior Lien Requirements do not apply to any additional Senior Bonds issued under the Master Bond Ordinance.

Upon satisfaction of certain conditions set forth in the Master Bond Ordinance, the City may issue additional Senior Bonds and/or Senior Appropriation Obligations (together "**Senior Obligations**") under the Master Bond Ordinance. The Master Bond Ordinance prohibits the City from issuing additional bonds or other obligations with a lien or security interest granted in Net Revenues which is senior to Senior Obligations (including the Series 2020 Senior Appropriation Obligation). Issuance of Senior Bonds requires voter authorization; provided, however, the City currently has voter authorization to issue Senior Bonds in an amount up to $240,415,895. The Aviation Department (defined below) does not anticipate any additional bonds, including any Senior Bonds, will be issued to fund its current capital improvement program. See the captions "**SERIES 2020 SENIOR APPROPRIATION OBLIGATION AND MASTER BOND ORDINANCE—Additional Obligations**" and "**CERTAIN INVESTMENT CONSIDERATIONS – Risk of Nonappropriation.**"

Airline Use and Lease Agreements

A significant portion of revenues generated by the Airport System is derived from airline users under use and lease agreements with airlines servicing MCI. In connection with the Terminal Modernization Project, certain airlines have entered into a Post-DBO Agreement (defined herein) setting forth the method for calculation rentals, fees and charges at the Airport. Under the Post-DBO Agreements, Signatory Airlines (defined herein) have agreed, among other things, to pay fees in amounts sufficient to (1) pay debt service payments on all outstanding obligations issued or incurred for the Airport System (including the Series 2020 Bonds), (2) pay Airport System operation and maintenance expenses, and (3) provide for 125% coverage under the rate covenant established under the Master Bond Ordinance. The Post-DBO Agreement will go into effect upon completion of the Terminal Modernization Program and will be in effect through April 30, 2028. The Pre-DBO Agreements (defined herein) with certain airlines, as amended provide that if occupancy of the new terminal Facility occurs later than 12 months before the end of the capitalized interest period for the bonds issued to finance the Terminal Modernization Project, the amount of debt service required to be deposited into the applicable debt service funds will be funded by either (a) a surcharge on the terminal rental rate, (b) issuance of additional bonds to finance capitalized interest, and/or (c) uncommitted terminal modernization project contingencies as determined by a majority-in-interest of the airlines that are parties to the Pre-DBO Agreements. See the caption "**THE AIRPORT SYSTEM – Airline Use and Lease Agreements.**"

Report of the Airport Consultant

Included as Appendix C to this Official Statement is the Report of the Airport Consultant dated October 5, 2020 (the "**Report of the Airport Consultant**") prepared by LeighFisher, Inc. (the "**Airport Consultant**") in connection with the issuance of the Series 2020 Bonds. References made herein to the Report of the Airport Consultant are made to the entire report which should be read in its entirety. Given the unprecedented nature of, and continuing uncertainty regarding, the COVID-19 pandemic and its impact on the aviation industry and worldwide economies, the report does not include a forecast of aviation activity, revenues, expenses, airline cost per enplaned passenger, or debt service coverage. Rather, the report presents two hypothetical scenarios of enplaned passengers showing recovery to Fiscal Year 2019 activity levels at the Airport over a period ranging from Fiscal Year 2025 to Fiscal Year 2027 based upon a range of traffic recovery projections developed by Fitch Ratings, Moody's Investors Service, and S&P Global Ratings. These are indicative of possible paths for traffic recovery. Key Airport financial metrics such as debt service coverage and airline cost per enplaned passenger were extrapolated from the indicative traffic recovery scenarios and are presented as a range based upon a number of assumptions and estimates which are subject to uncertainties, many of which are beyond the control of the City or the Airport System. See the captions "**CERTAIN INVESTMENT CONSIDERATIONS – General – Forward-Looking Statements**." and "**IMPACT OF COVID-19 PANDEMIC ON THE AIRPORT**".

The Report of the Airport Consultant includes, among other things, descriptions and/or analysis of the following: the impact of the COVID-19 pandemic on aviation activity and revenues for the Airport; airline traffic and economic role of MCI; the economic basis for airline traffic; passenger traffic and airline service trends; certain key factors which may affect future airline traffic; hypothetical airline traffic recovery scenarios based on alternative recovery trajectories from the pandemic; MCI's facilities; the Terminal Modernization Project; projections of debt service coverage through Fiscal Year 2027; and a description of the assumptions upon which such projections were based.

According to the Airport Consultant, the COVID-19 pandemic has had and will continue to have material adverse effects on passenger traffic and Airport operations and financial performance for the foreseeable future. The hypothetical financial projections in the Report of the Airport Consultant are based on information and assumptions that were provided by or reviewed with and agreed to by Airport System management. The projections reflect the Airport System management's expected course of action during the projection period through Fiscal Year 2027 and, in the Airport System management's judgment, present fairly the expected financial results of the Airport associated with the respective hypothetical levels of aviation activity during the projection period. Those key factors and assumptions that are significant to the projections are set forth in the Report of the Airport Consultant, which should be read in its entirety. No assurances can be given that the hypothetical projections discussed in the Report of the Airport Consultant will be achieved or that the assumptions upon which the projections are based will be realized. See *Appendix C*: ***REPORT OF THE AIRPORT CONSULTANT***.

Financial Statements

Audited financial statements (the "**Financial Statements**") of the Kansas City Airports Fund (the "**Kansas City Airports Fund**") are included in the Comprehensive Annual Financial Report for Years Ended April 30, 2019 and 2020 of the Kansas City Aviation Department (the "**Aviation Department**"), which is included in *Appendix A* to this Official Statement. The Financial Statements have been audited by Allen, Gibbs & Houlik, L.C., Wichita, Kansas, certified public accountants, to the extent and for the periods indicated in their report which is also included in *Appendix A*.

Investment Considerations

Payment of the principal of and interest on the Series 2020 Bonds is dependent on revenues to be derived by the City from the operation of the Airport System and appropriated by the City in any Fiscal Year to make Debt Service Payments on the Series 2020 Senior Appropriation Obligation. Certain risks inherent in the production of such revenues are discussed herein. The Series 2020 Bonds may not be suitable for all investors. Prospective purchasers of the Series 2020 Bonds should give careful consideration to the information set out in this Official Statement, including, but not limited to, the matters discussed or referred to under **"CERTAIN INVESTMENT CONSIDERATIONS."**

Summary of the Financing Documents

For a summary of certain provisions of the Indenture, the Financing Agreement and the Bond Ordinance, see *Appendix D* ***- DEFINITIONS AND SUMMARY OF CERTAIN FINANCING DOCUMENTS.*** Such summary and definitions do not purport to be comprehensive or definitive. All references herein to the Indenture, the Financing Agreement and the Bond Ordinance are qualified in their entirety by reference to such documents.

Miscellaneous

This Official Statement contains brief descriptions of, among other things, the Indenture, the Financing Agreement, the Bond Ordinance, the Series 2020 Bonds, the Series 2020 Senior Appropriation Obligation, the City, the Issuer, the Airport System, the Terminal Modernization Project, the Development Agreement, the Post-DBO Agreements, the Continuing Disclosure Undertaking (in the form attached as *Appendix E*), and the Airport's capital improvement programs. Such descriptions do not purport to be comprehensive or definitive. All references in this Official Statement to any documents are qualified in their entirety by reference to such documents, and references to the Series 2020 Bonds are qualified in their entirety by reference to the form of the Series 2020 Bonds included in the Indenture. Upon the issuance of the Series 2020 Bonds, the Master Bond Ordinance, the Series 2020 Supplemental Ordinance, the Indenture, the Financing Agreement and the Continuing Disclosure Undertaking will be available for inspection at the office of the Executive Director of the Issuer.

The information in this Official Statement is subject to change without notice, and neither the delivery of this Official Statement nor any sale made pursuant hereto shall under any circumstances, create an implication that there has been no change in the affairs of the City or the Airport System since the date hereof. This Official Statement is not to be construed as a contract or agreement between the City, the Issuer or the Underwriters and purchasers or owners of any of the Series 2020 Bonds.

PLAN OF FINANCE

Plan of Finance

The proceeds of the Series 2020A Bonds and the Series 2020B Bonds will be used to (i) pay a portion of the costs of the Terminal Modernization Project, (ii) fund a deposit to the Debt Service Reserve Fund, (iii) fund a deposit to the Capitalized Interest Fund, and (iv) pay a portion of the costs of issuing the Series 2020 Bonds. The proceeds of the Series 2020C Bonds will be used to (i) refund the Series 2013A Bonds then outstanding (the "**Defeased Bonds**"), (ii) fund a deposit to the Debt Service Reserve Fund, and (iii) pay a portion of the costs of issuing the Series 2020 Bonds. Upon delivery of the Series 2020 Bonds, the amount of outstanding Airport special obligation bonds issued by the Issuer will be $1,616,985,000, and there will be no outstanding Airport revenue bonds of the City.

A portion of the proceeds of the Series 2020C Bonds will be deposited in the Series 2013A Refunding Fund under the Indenture. Immediately following issuance of the Series 2020C Bonds, all amounts on deposit in the Series 2013A Refunding Fund, along with other amounts held by the trustee for the Series 2013A Bonds, will be transferred to UMB Bank, N.A., as escrow agent (the "**Escrow Agent**") under the Escrow Deposit Agreement dated as of October 1, 2020 among the Issuer, the City and the Escrow Agent (the "**Escrow Agreement**"). The amount transferred will be applied to the payment and redemption of the Defeased Bonds on September 1, 2021 in accordance with the Escrow Agreement. A verification report to be issued by Causey Demgen & Moore P.C. upon the issuance of the Series 2020 Bonds will demonstrate that the cash held under the Escrow Agreement, together with the maturing principal of securities held under the Escrow Agreement, will be sufficient to pay all principal of and interest on the Defeased Bonds on their scheduled maturity dates or September 1, 2021.

See the caption "**THE TERMINAL MODERNIZATION PROJECT**" and *Appendix C**: REPORT OF THE AIRPORT CONSULTANT*** for additional information regarding the projects being financed with a portion of the proceeds of the Series 2020A Bonds and Series 2020B Bonds.

Sources and Uses of Funds

The following is a summary of the estimated sources of Series 2020 Bond proceeds and the uses of such funds in connection with the plan of financing for the Series 2020 Bonds.

	Series 2020A Bonds	Series 2020B Bonds	Series 2020C Bonds	Total
Sources of Funds:				
Principal Amount	$504,705,000.00	$57,155,000.00	$70,380,000.00	$632,240,000.00
Net Original Issue Premium	48,160,775.90	12,563,306.85	-	60,724,082.75
	$552,865,775.90	$69,718,306.85	$70,380,000.00	$692,964,082.75
Debt Service Reserve Contribution	-	-	$13,822,838.24	$ 13,822,838.24
Debt Service Fund Contribution	-	-	1,644,931.86	1,644,931.86
			$15,467,770.10	$ 15,467,770.10
Total Sources of Funds	$552,865,775.90	$69,718,306.85	$85,847,770.10	$708,431,852.85
Uses of Funds:				
Deposit to Project Fund	$471,567,975.57	$60,000,000.00	-	$531,567,975.57
Deposit to Series 2013A Refunding Fund	-	-	$80,942,816.05	80,942,816.05
Deposit to Debt Service Reserve Fund	22,952,838.87	2,894,433.21	4,238,786.37	30,086,058.45
Deposit to Capitalized Interest Fund [1]	50,162,866.30	6,363,298.06	-	56,526,164.36
Costs of Issuance[2]	8,182,095.16	460,575.58	666,167.68	9,308,838.42
Total Uses of Funds	$552,865,775.90	$69,718,306.85	$85,847,770.10	$708,431,852.85

[1.] Interest on the Series 2020A Bonds and Series 2020B Bonds is capitalized through March 1, 2023.

[2] Includes underwriters' discount, payment of Series 2020A Insurance Policy and Series 2020 Reserve Policy premiums and Rebate Fund deposits.

THE SERIES 2020 BONDS

General Description

The Series 2020 Bonds will be dated their delivery date and will be issued in book-entry form with a single global bond certificate for each maturity of each Series. Interest on the Series 2020 Bonds will be payable on March 1, 2021, and semiannually thereafter each March 1 and September 1, to the owners of record on the close of business on the fifteenth calendar day (whether or not a business day) of the calendar month next preceding the applicable interest payment date. Principal of and interest on the Series 2020 Bonds will be paid as described under the caption "**Book-Entry System**" below. Series 2020 Bonds will mature in the amounts and on the dates shown on the inside cover pages of this Official Statement.

Redemption Provisions

Optional Redemption of Series 2020A Bonds and Series 2020B Bonds. The Series 2020A Bonds and Series 2020B Bonds maturing in the year 2031 and thereafter are subject to redemption and payment prior to maturity, at the option of the Issuer, which will be exercised upon written direction from the City, on and after March 1, 2030, in whole or in part at any time, at par, plus accrued interest to the redemption date.

The Issuer will elect to redeem Series 2020 Bonds subject to optional redemption upon receipt of a written direction of the City. In case of any redemption at the election of the Issuer, the Issuer will, at least 45 days prior to the redemption date fixed by the Issuer (unless a shorter notice will be satisfactory to the Trustee) give written notice to the Trustee directing the Trustee to call Series 2020 Bonds for redemption and give notice of redemption and specifying the redemption date, the principal amount and maturities of the Series 2020 Bonds to be called for redemption, the applicable redemption price or prices and the provision or provisions of the Indenture pursuant to which such Series 2020 Bonds are to be called for redemption.

No Optional Redemption of Series 2020C Bonds. The Series 2020C Bonds are not subject to optional redemption.

Mandatory Redemption of Series 2020 Bonds. The Series 2020A Bonds maturing on March 1, 2045 are subject to mandatory sinking fund redemption and payment prior to stated maturity on March 1 in each year, at 100% of the principal amount thereof, plus accrued interest to the redemption date, without premium, in accordance with the mandatory sinking fund schedule determined as set forth below:

2045 Term Bond

Payment Date	Principal Amount
3/1/2041	$14,510,000
3/1/2042	15,090,000
3/1/2043	15,690,000
3/1/2044	16,325,000
3/1/2045*	16,970,000

*Final Maturity

The Series 2020A Bonds maturing on March 1, 2050 are subject to mandatory sinking fund redemption and payment prior to stated maturity on March 1 in each year, at 100% of the principal amount thereof, plus accrued interest to the redemption date, without premium, in accordance with the mandatory sinking fund schedule determined as set forth below:

4.000% 2050 Term Bond (Yield of 3.230%)

Payment Date	Principal Amount
3/1/2046	$10,525,000
3/1/2047	10,945,000
3/1/2048	11,380,000
3/1/2049	11,840,000
3/1/2050*	12,310,000

*Final Maturity

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4.000% 2050 Term Bond (Yield of 3.060%)**

Payment Date	Principal Amount
3/1/2046	$7,130,000
3/1/2047	7,415,000
3/1/2048	7,710,000
3/1/2049	8,015,000
3/1/2050*	8,340,000

*Final Maturity
**Insured Series 2020A Bond

The Series 2020A Bonds maturing on March 1, 2057 are subject to mandatory sinking fund redemption and payment prior to stated maturity on March 1 in each year, at 100% of the principal amount thereof, plus accrued interest to the redemption date, without premium, in accordance with the mandatory sinking fund schedule determined as set forth below:

3.375% 2057 Term Bond**

Payment Date	Principal Amount
3/1/2051	$1,885,000
3/1/2052	1,980,000
3/1/2053	2,055,000
3/1/2054	2,150,000
3/1/2055	3,550,000
3/1/2056	3,715,000
3/1/2057*	3,880,000

*Final Maturity
**Insured Series 2020A Bond

4.000% 2057 Term Bond**

Payment Date	Principal Amount
3/1/2051	$ 9,795,000
3/1/2052	10,220,000
3/1/2053	10,675,000
3/1/2054	11,145,000
3/1/2055	18,565,000
3/1/2056	19,375,000
3/1/2057*	20,225,000

*Final Maturity
**Insured Series 2020A Bond

5.000% 2057 Term Bond**

Payment Date	Principal Amount
3/1/2051	$ 9,795,000
3/1/2052	10,220,000
3/1/2053	10,675,000
3/1/2054	11,145,000
3/1/2055	18,565,000
3/1/2056	19,375,000
3/1/2057*	20,225,000

*Final Maturity
**Insured Series 2020A Bond

The Trustee will make timely selection of such Series 2020 Bonds or portions thereof to be mandatorily redeemed in Authorized Denominations of principal amount in such equitable manner as the Trustee may determine and will give notice thereof without further instructions from the Issuer; provided, however, in the event of any optional redemption of Series 2020 Bonds that results in a redemption of the Series 2020 Bonds subject to mandatory sinking fund redemption, the Trustee will redeem such Series 2020 Bonds pro rata, without preference or priority of any kind. At the option of the Issuer, to be exercised on or before the 45th day next preceding each mandatory redemption date, the Issuer may: (1) deliver Series 2020 Bonds to the Trustee for cancellation in the aggregate principal amount desired; or (2) furnish to the Trustee moneys, together with appropriate instructions, for the purpose of purchasing any Series 2020 Bonds from any Owner thereof in the open market at a price not in excess of 100% of the principal amount thereof, whereupon the Trustee shall use its best efforts to expend such funds for such purposes; or (3) elect to receive a credit in respect to the mandatory redemption obligation under this paragraph for any Series 2020 Bonds which prior to such date have been redeemed (other than through the operation of the requirements of this paragraph) and cancelled by the Trustee and not theretofore applied as a credit against any redemption obligation under this paragraph. Each Series 2020 Bond so delivered or previously purchased or redeemed will be credited at 100% of the principal amount thereof on the obligation to redeem Series 2020 Bonds on the next mandatory redemption date applicable to the Series 2020 Bonds that is at least 45 days after receipt by the Trustee of such instructions from the Issuer, and any excess of such amount shall be credited on future mandatory redemption obligations for the Series 2020 Bonds in chronological order or such other order as the Issuer may designate, and the principal amount of such Series 2020 Bonds to be redeemed on such future mandatory redemption dates by operation of the requirements of this subsection will be reduced accordingly. If the Issuer intends to exercise any option granted by the provisions of clauses (1) or (2) of this paragraph, the Issuer will, on or before the 45th day next preceding the applicable mandatory redemption date, furnish the Trustee a certificate indicating to what extent the provisions of said clauses (1) or (2) are to be complied with in respect to such mandatory redemption payment.

Selection of Series 2020 Bonds to be Redeemed. Series 2020 Bonds may be redeemed only in the principal amount of $5,000 or any integral multiple thereof. If less than all Series 2020A Bonds of any maturity are to be redeemed pursuant to the optional or mandatory sinking fund redemption provisions of the Indenture, or if less than all Series 2020B Bonds of any maturity are to be redeemed pursuant to the optional or mandatory sinking fund redemption provisions of the Indenture, the particular Series 2020A Bonds or Series 2020B Bonds to be redeemed will be selected by the Trustee from the Series 2020A Bonds or Series 2020B Bonds of such maturity which have not previously been called for redemption, in a random by lot selection process or any method the Trustee deems fair and appropriate and which may provide for the selection for redemption of portions equal to $5,000 (or other minimum authorized denomination of the Series 2020 Bonds of such series) of the principal of Series 2020 Bonds of a denomination larger than $5,000 (or such other minimum authorized denomination). The Trustee will promptly notify the Issuer and the City in writing of the Series 2020 Bonds selected for redemption and, in the case of any Series 2020 Bond selected for partial redemption, the principal amount thereof to be redeemed.

Notice of Redemption. Unless waived by any owner of Series 2020 Bonds to be redeemed, official notice of any such redemption will be given by the Trustee on behalf of the Issuer by mailing a copy of an official redemption notice by first class mail, at least 30 days and not more than 60 days prior to the redemption date to each registered owner of the Series 2020 Bonds to be redeemed at the address shown on the bond register. All official notices of redemption shall be dated and will state: (i) the redemption date; (ii) the redemption price; (iii) the principal amount of Series 2020 Bonds of the series to be redeemed and, if less than all Series 2020 Bonds of a maturity of a series are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts, numbers and maturity dates) of the Series 2020 Bonds to be redeemed; (iv) that on the redemption date the redemption price will become due and payable upon each such Series 2020 Bond or portion thereof called for redemption, and that interest thereon will cease to accrue from and after said date; and (v) the place where the Series 2020 Bonds to be redeemed are to be surrendered for payment of the redemption price, which place of payment will be the principal corporate trust office of the Trustee or other Paying Agent.

Any notice of optional redemption of any Series 2020 Bonds may specify that the redemption is contingent upon the deposit of moneys with the Trustee in an amount sufficient to pay the redemption price (which price will include the redemption premium, if any) of all the Series 2020 Bonds or portions of Series 2020 Bonds which are to be redeemed on that date.

For so long as the Securities Depository is effecting book-entry transfers of the Series 2020 Bonds, the Trustee will provide the specified notices to the Securities Depository, and such notices may be by electronic means or overnight delivery service. It is expected that the Securities Depository will, in turn, notify its Participants and that the Participants, in turn, will notify or cause to be notified the Beneficial Owners. Any failure on the part of the Securities Depository or a Participant, or failure on the part of a nominee of a beneficial owner of a Series 2020 Bond (having been mailed notice from the Trustee, the Securities Depository, a Participant or otherwise) to notify the Beneficial Owner of the Series 2020 Bond so affected, will not affect the validity of the redemption of such Series 2020 Bond. Any defect in any notice of redemption will not affect the validity of proceedings for redemption of the Series 2020 Bonds.

Effect of Call for Redemption. Notice of redemption having been given, the Series 2020 Bonds so to be redeemed will, on the redemption date, become due and payable at the redemption price therein specified and from and after such date (unless the Issuer defaults in the payment of the redemption price) such Series 2020 Bonds will cease to bear interest. Upon surrender of any Series 2020 Bond for redemption in accordance with the notice, such Series 2020 Bond will be paid by the Issuer at the redemption price. Installments of interest with a due date on or prior to the redemption date will be payable to the owners of the Series 2020 Bonds registered as such on the relevant Record Dates according to the terms of such Series 2020 Bonds and the provisions of the Indenture.

Registration, Transfer and Exchange of Series 2020 Bonds

The Trustee will keep at its principal corporate trust office a register (referred to herein as the "bond register") in which, subject to such reasonable regulations as it may prescribe, the Trustee will provide for the registration, transfer and exchange of Series 2020 Bonds. Series 2020 Bonds may be transferred or exchanged only upon the bond register maintained by the Trustee. Upon surrender for transfer or exchange of any Series 2020 Bond at the principal corporate trust office of the Trustee, the Issuer will execute, and the Trustee will authenticate and deliver, in the name of the designated transferee or transferees, one or more new Series 2020 Bonds of the same maturity, of any authorized denominations and of a like aggregate principal amount. Every Series 2020 Bond presented or surrendered for transfer or exchange will (if so required by the Issuer or the Trustee, as bond registrar) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Trustee, as bond registrar, duly executed by the owner thereof or such owner's attorney or legal representative duly authorized in writing. All Series 2020 Bonds issued upon any transfer or exchange will be the valid obligations of the Issuer, evidencing the same debt, and entitled to the same security and benefits under the Indenture, as the Series 2020 Bonds surrendered upon such transfer or exchange.

The Trustee will not be required (a) to transfer or exchange any Series 2020 Bond during a period beginning at the opening of business 15 days before the day of the first publication or the mailing (if there is no publication) of a notice of redemption of such Series 2020 Bond and ending at the close of business on the day of such publication or mailing, or (b) to transfer or exchange any Series 2020 Bond so selected for redemption in whole or in part, during a period beginning at the opening of business on any Record Date for such series of Series 2020 Bonds and ending at the close of business on the relevant Interest Payment Date therefor.

The Person in whose name any Series 2020 Bond is registered on the bond register will be deemed and regarded as the absolute owner thereof for all purposes, except as otherwise provided in the Indenture, and payment of or on account of the principal of and premium, if any, and interest on any such Series 2020 Bond will be made only to or upon the order of the registered owner thereof or such owner's legal representative, but such registration may be changed as provided in the Indenture. All such payments will be valid and effectual to satisfy and discharge the liability upon such Series 2020 Bond to the extent of the sum or sums so paid.

Book-Entry System

The Depository Trust Company ("**DTC**"), New York, New York, will act as securities depository (the "**Securities Depository**") for the Series 2020 Bonds. The Series 2020 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 each Series of the Series 2020 Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

Purchases of Series 2020 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2020 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2020 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 2020 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 the Series 2020 Bonds, except in the event that use of the book-entry system for the Series 2020 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2020 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 2020 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2020 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2020 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2020 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Series 2020 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the bond documents. For example, Beneficial Owners of the Series 2020 Bonds may wish to ascertain that the nominee holding the Series 2020 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 Bond Registrar and request that copies of the notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the Series 2020 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2020 Bonds, unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Bond Registrar as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2020 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Series 2020 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 Issuer or the Bond Registrar, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Series 2020 Bonds 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 Bond Registrar, or the Issuer, 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 Issuer or the Bond 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 2020 Bonds at any time by giving reasonable notice to the City or the Bond Registrar. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered to DTC.

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

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS

General

The Series 2020 Bonds and the interest thereon are special, limited obligations of the Issuer payable (except to the extent paid out of Series 2020 Bond proceeds or the income from the temporary investment thereof) solely out of the Debt Service Payments and other payments derived by the Issuer under the Financing Agreement (except for fees and expenses payable to the Issuer), and are secured by a transfer, pledge and assignment of and a grant of a security interest in the Trust Estate to the Trustee and in favor of the owners of the Series 2020 Bonds, as provided in the Indenture. The Series 2020 Bonds and interest thereon will not be deemed to constitute a debt or liability of the State of Missouri or of any political subdivision or body politic thereof, including the City, within the meaning of any state constitutional provision or statutory limitation, and will not constitute a pledge of the full faith and credit of the State of Missouri or of any political subdivision or body politic thereof, including the City, but will be payable solely from the funds provided for in the Financing Agreement and in the Indenture. The issuance of the Series 2020 Bonds will not, directly, indirectly or contingently, obligate the State of Missouri or any political subdivision or body politic thereof, including the City, to levy any form of taxation therefor or to make any appropriation for their payment. The State of Missouri will not in any event be liable for the payment of the principal of or interest on the Series 2020 Bonds or for the performance of any pledge, mortgage, obligation or agreement of any kind whatsoever which may be undertaken by the Issuer. No breach by the Issuer of any such pledge, mortgage, obligation or agreement may impose any liability, pecuniary or otherwise, upon the State of Missouri or any charge upon its general credit or against its taxing power. The Issuer has no power to tax.

The Series 2019 Bonds were the initial bonds issued under the Indenture. As described under the caption "Additional Bonds" below, the Issuer may issue Additional Bonds pursuant to the provisions of the Indenture. The Series 2019 Bonds, the Series 2020 Bonds and any Additional Bonds issued in the future are defined in the Indenture as the "**Bonds**."

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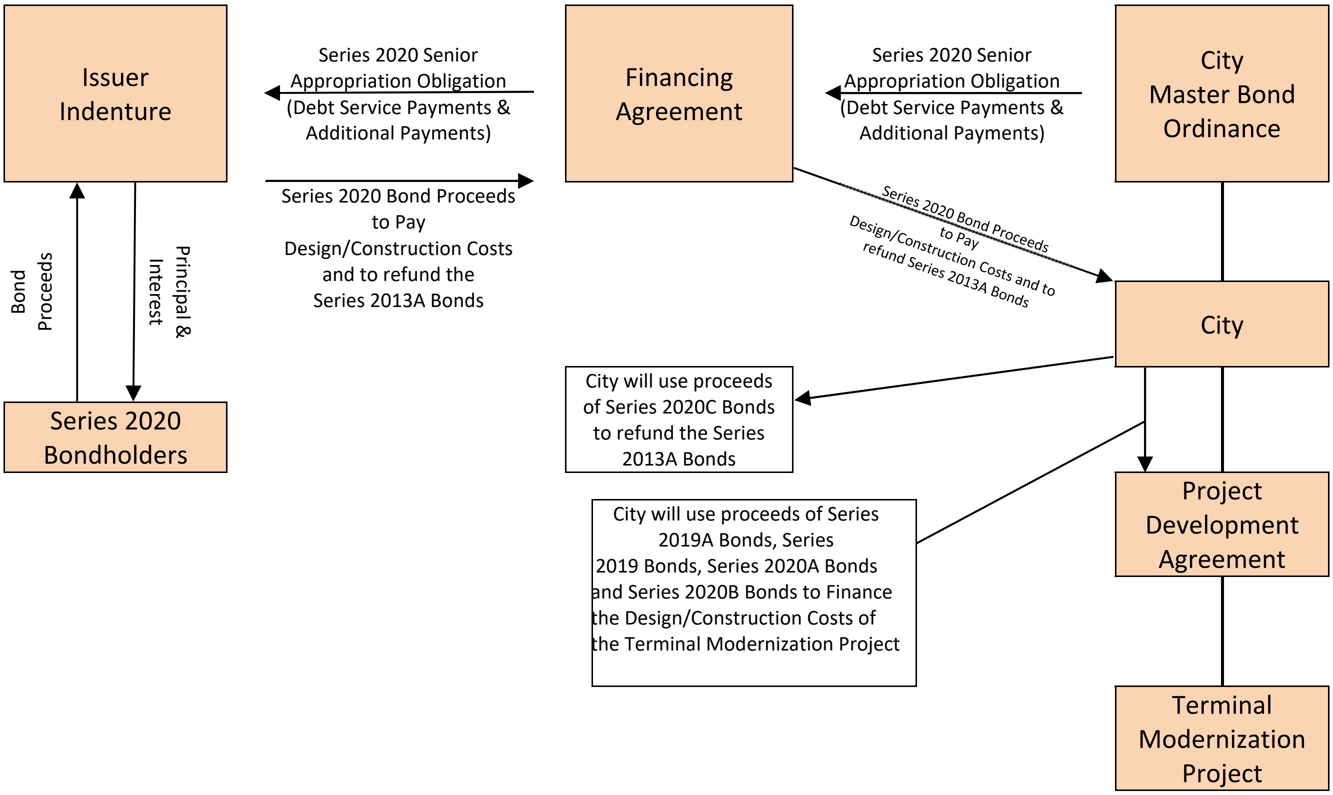
The following diagram illustrates the flow of Series 2020 Bonds proceeds and debt service payments on the Series 2020 Bonds.



Trust Estate

The Series 2019 Bonds, the Series 2020 Bonds and any Additional Bonds issued in the future in accordance with the Indenture are special, limited obligations of the Issuer secured by and payable from the Trust Estate.

The "**Trust Estate**" includes:

(a) all right, title and interest of the Issuer (including, but not limited to, the right to enforce any of the terms thereof) in, to and under (i) the Series 2020 Senior Appropriation Obligation, the Series 2019 Senior Appropriation Obligation and any Additional Appropriation Obligations, (ii) the Debt Service Payments and Additional Payments, (iii) the Financing Agreement, (iv) any Supplemental Financing Agreement, and (v) all financing statements or other instruments or documents evidencing, securing or otherwise relating to the proceeds of the Bonds; and

(b) all other moneys and securities from time to time held by the Trustee under the terms of the Indenture (excluding amounts held in the Rebate Fund), any Debt Service Reserve Fund Surety Policy provided at any time in satisfaction of all or a portion of the Debt Service Reserve Requirement, and all Funds and Accounts established and maintained pursuant to the terms of the Indenture and any Supplemental Indenture (excluding the Rebate Fund), except as otherwise set forth in the Indenture and/or in a Supplemental Indenture; and

(c) any and all other property (real, personal or mixed) of every kind and nature from time to time hereafter, by delivery or by writing of any kind, pledged, assigned or transferred as and for additional security under the Indenture by the Issuer, or by anyone in its behalf or with its written consent, to the Trustee, which is authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Indenture.

To further secure the performance and observance by the Issuer of all the covenants, agreements and conditions contained in the Series 2019A Indenture, and in consideration of the premises, the acceptance by the Series 2019A Trustee of the trusts created by the Series 2019A Indenture, the purchase and acceptance of the Series 2019A Bonds by the owners thereof, the Issuer also transferred in trust, pledged and assigned to the Trustee (on behalf of the Series 2019A Trustee and the owners of the Series 2019A Bonds) and granted a lien on and security interest to the Trustee (on behalf of the Series 2019A Trustee and the owners of the Series 2019A Bonds) in the Debt Service Reserve Fund, all moneys and securities from time to time held by the Trustee in the Debt Service Reserve Fund and any Debt Service Reserve Fund Surety Policy provided at any time in satisfaction of all or a portion of the Debt Service Reserve Requirement (collectively such property referred to herein as the "**Series 2019A Trust Estate**").

The Trustee will hold in trust and administer the Trust Estate and the Series 2019A Trust Estate upon the terms and conditions set forth in the Indenture for the equal and pro rata benefit and security of each and every owner of Bonds and the Series 2019A Bonds (only with respect to the Debt Service Reserve Fund), without preference, priority or distinction as to participation in the lien, benefit and protection of the Indenture of one Bond or Series 2019A Bonds (only with respect to the Debt Service Reserve Fund) over or from the others, except as otherwise expressly provided in the Indenture.

Debt Service Reserve Fund

A Debt Service Reserve Fund is established under the Indenture, and will be further funded on the delivery date of the Series 2020 Bonds at the amount of the incremental increase in the Debt Service Reserve Requirement attributable to the Series 2020 Bonds, which is equal to $46,286,243.76 with: (a) a portion of the proceeds of the Series 2020 Bonds in an amount equal to $30,086,058.44, and (b) the Series 2020 Reserve Policy issued by the Series 2020 Insurer in the amount of $16,200,185.32, which added together with the proceeds in (a) shall equal the incremental increase in the Debt Service Reserve Requirement at the time of issuance of the Series 2020 Bonds. The Debt Service Reserve Requirement is equal to the lesser of (i) maximum annual debt service on the Series 2020 Bonds, the Series 2019 Bonds, the Series 2019A Bonds and any Additional Bonds as specified in any Supplemental Indenture as participating in the Debt Service Reserve Fund (the "**Debt Service Reserve Fund Participating Bonds**"), (ii) 125% of average annual debt service on the Debt Service Reserve Fund Participating Bonds, and (iii) 10% of the stated principal amount of the Debt Service Reserve Fund Participating Bonds. A portion of the Debt Service Reserve Requirement in the amount of $49,072,687.50 is funded by a reserve policy issued by Assured Guaranty Municipal Corp. entered into in connection with the issuance of the Series 2019B Bonds and the Series 2019C Bonds.

The Issuer shall repay, from Additional Payments to be made by the City pursuant to the terms of the Financing Agreement, any draws under the Series 2020 Reserve Policy and pay all related reasonable expenses incurred by AGM or the applicable insurer and shall pay interest thereon (collectively, the "**Series 2020 Reserve Policy Costs**"). All cash and investments in the Debt Service Reserve Fund established for the Debt Service Reserve Fund Participating Bonds shall be transferred to the applicable account within the Debt Service Fund for payment of debt service on Debt Service Reserve Fund Participating Bonds before any drawing may be made on the Series 2020 Reserve Policy or any other Debt Service Reserve Fund surety policy credited to the Debt Service Reserve Fund in lieu of cash (a "**Credit Facility**"). Payment of any Series 2020 Reserve Policy Costs shall be made prior to replenishment of any such cash amounts. Draws on all Credit Facilities (including the Series 2020 Reserve Policy) on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Debt Service Reserve Fund. Payment of Series 2020 Reserve Policy Costs and reimbursement of amounts with respect to other Credit Facilities shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Debt Service Reserve Fund. "Available coverage" means the coverage then available for disbursement pursuant to the terms of the applicable alternative Credit Facility without regard to the legal or financial ability or willingness of the provider of such facility to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

Moneys in the Debt Service Reserve Fund will be disbursed and expended by the Trustee solely for the payment of the principal of and interest on the Debt Service Reserve Fund Participating Bonds (including the Series 2020 Bonds) if sufficient moneys therefor are not available in the Debt Service Fund, the Capitalized Interest Fund, the Series 2019A Debt Service Fund and/or the Series 2019A Capitalized Interest Fund, as applicable. The Trustee will transfer moneys from the Debt Service Reserve Fund to (i) the Debt Service Fund, in the event the balance of moneys in the Debt Service Fund and the Capitalized Interest Fund (with respect to interest only) is insufficient to pay principal of or interest on the Bonds designated as Debt Service Reserve Fund Participating Bonds when due and payable, in an amount sufficient to make up such deficiency, and/or (ii) upon a written request from the Series 2019A Trustee, to the Series 2019A Trustee for deposit to the Series 2019A Debt Service Fund, in the event the balance of moneys in the Series 2019A Debt Service Fund and the Series 2019A Capitalized Interest Fund (with respect to interest only) is insufficient to pay principal of or interest on the Series 2019A Bonds when due and payable, in an amount sufficient to make up such deficiency. The Trustee may use moneys in the Debt Service Reserve Fund for such purposes whether or not the amount in the Debt Service Reserve Fund at that time equals the Debt Service Reserve Requirement. Such moneys will be used first to make up any deficiency in the payment of interest and then principal. If the amount available in the Debt Service Reserve Fund is not sufficient to pay in full all deficient interest on the Debt Service Reserve Fund Participating Bonds then due, amounts in the Debt Service Reserve Fund will be used to pay interest pro rata among the Series of Debt Service Reserve Fund Participating Bonds according to the amount of interest then due; and if the amount available in the Debt Service Reserve Fund is not sufficient to pay in full all deficient principal of the Debt Service Reserve Fund Participating Bonds then due, amounts in the Debt Service Reserve Fund will be used to pay principal pro rata among the Series of Debt Service Reserve Fund Participating Bonds according to the amount of principal then due.

One or more additional Debt Service Reserve Fund Surety Policies may be used in lieu of or as partial substitution for cash in the Debt Service Reserve Fund. In the case of the utilization of any Debt Service Reserve Fund Surety Policies, any moneys remaining in the Debt Service Reserve Fund in excess of the Debt Service Reserve Requirement will be transferred to the Debt Service Fund and the Series 2019A Debt Service Fund for deposit in the Accounts therein, if any, on a pro rata basis to the principal amounts of the Outstanding Debt Service Reserve Fund Participating Bonds. While the Debt Service Reserve Fund contains both cash and a Debt Service Reserve Fund Surety Policy (including, but not limited to, the Series 2020 Reserve Policy), then upon an application of amounts in the Debt Service Reserve Fund to pay the principal of and interest on the Debt Service Reserve Fund Participating Bonds, such cash will be drawn down completely before any demand is made on the Debt Service Reserve Fund Surety Policy(ies). Any replenishment of moneys in the Debt Service Reserve Fund shall be applied to replenish any cash on deposit in the Debt Service Reserve Fund, if any.

At the time of issuance of any Series of Additional Bonds, the Issuer may provide pursuant to a Supplemental Indenture that a deposit to the Debt Service Reserve Fund will not be required and that such Series of Additional Bonds will not be secured by the Debt Service Reserve Fund.

Additional Bonds

Additional Bonds may be issued under and equally and ratably secured by the Indenture on a parity (except as otherwise provided in the Indenture) with the Series 2019 Bonds, the Series 2020 Bonds and any other Additional Bonds at any time and from time to time, upon compliance with the conditions set forth in the Indenture and described below and in the Financing Agreement, for any purpose authorized under the Act.

Before any Additional Bonds are issued, the Issuer will adopt a resolution (a) authorizing the issuance of such Additional Bonds, fixing the principal amount thereof and describing the purpose or purposes for which such Additional Bonds are being issued, (b) authorizing the Issuer to enter into a Supplemental Indenture for the purpose of issuing such Additional Bonds and establishing the terms and provisions of such Series of Bonds and the form of the Bonds of such Series, (c) authorizing the Issuer to enter into a Supplemental Financing Agreement with the City to provide for payments at least sufficient to pay the principal of, redemption premium, if any, and interest on the Bonds then to be Outstanding (including the Additional Bonds to be issued) as the same become due, and to extend the term of the Financing Agreement if the maturity of any of the Additional Bonds would otherwise occur after the expiration of the term of the Financing Agreement, and (d) providing for such other matters as are appropriate because of the issuance of the Additional Bonds, which matters, in the judgment of the Issuer, are not prejudicial to the Issuer or the owners of the Bonds previously issued.

Such Additional Bonds will have the same general title as the Series 2019 Bonds, except for an identifying Series letter or date, and will be dated, will mature on such dates, will be numbered, will bear interest at such rates not exceeding the maximum rate then permitted by law, will be payable at such times, and will be redeemable at such times and prices (subject to the provisions of the Indenture), all as provided by the Supplemental Indenture authorizing the issuance of such Additional Bonds. Except as to any difference in the date, the maturities, the rates of interest or the provisions for redemption, such Additional Bonds will be on a parity with and will be entitled to the same benefit and security of the Indenture as the Series 2019 Bonds, the Series 2020 Bonds and any other Additional Bonds, and except that the Issuer may issue Additional Bonds that are not entitled to the benefit and security of the Debt Service Reserve Fund or any comparable reserve fund. If such Additional Bonds are secured by the Debt Service Reserve Fund, such Fund will be fully funded to the Debt Service Reserve Requirement at the time of issuance of such Additional Bonds from the proceeds of the sale of such Additional Bonds or other available moneys. Except as described above, the Issuer will not otherwise issue any obligations on a parity with the Bonds, but the Issuer may issue other obligations specifically subordinate and junior to the Bonds.

*See Appendix D**: DEFINITIONS AND SUMMARY OF CERTAIN FINANCING DOCUMENTS; SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Authorization of Additional Bonds*** and the caption "**SERIES 2020 SENIOR APPROPRIATION OBLIGATION AND MASTER BOND ORDINANCE—Additional Obligations**" below for additional information on and the conditions required to be met in order for the Issuer to issue Additional Bonds and the City to incur Additional Appropriation Obligations**.**

Events of Default and Remedies; No Acceleration

Events of Default under the Indenture and the related remedies are described in *Appendix D**: DEFINITIONS AND SUMMARY OF CERTAIN FINANCING DOCUMENTS; SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Events of Default and — Remedies***. The occurrence of an Event of Default under the Indenture does not grant any right to accelerate payment of the Bonds (including the Series 2020 Bonds) to either the Trustee or the Bondholders.

FINANCING AGREEMENT

General

The Issuer, the City and the Trustee have entered into the Financing Agreement, pursuant to which the Issuer is making the proceeds of the Series 2020 Bonds available to the City for the purpose of financing a portion of the costs of the Terminal Modernization Project, refund the Series 2013A Bonds and other purposes set forth therein. As described below, the Financing Agreement sets forth obligations and covenants of the Issuer and the City, including, among others, the Issuer's agreement to issue the Series 2020 Bonds and the City's agreement to incur the Series 2020 Senior Appropriation Obligation and to make the Debt Service Payments and Additional Payments to the Issuer.

Incurrence of Series 2020 Senior Appropriation Obligation

In consideration of the Issuer making the proceeds of the Series 2020 Bonds available to the City for the purposes set forth in the Financing Agreement, pursuant to the provisions of the Financing Agreement, the City will make Debt Service Payments and Additional Payments (subject to appropriation by the City Council and such other limitations as set forth in the Financing Agreement and the Bond Ordinance) to the Trustee, on behalf of the Issuer and other applicable Persons, in sufficient amounts to pay the principal of and interest on the Series 2020 Bonds and such other amounts due and payable by the City as described in the Financing Agreement.

In the Series 2020 Supplemental Ordinance, the City deemed its obligation to make Debt Service Payments and Additional Payments as described in the Financing Agreement to be the incurrence of a Senior Appropriation Obligation pursuant to the Master Bond Ordinance and the Series 2020 Supplemental Ordinance, which has been designated as the Series 2020 Senior Appropriation Obligation. Payment of the Series 2020 Senior Appropriation Obligation will be made by the City in accordance with the provisions of the Master Bond Ordinance and the Series 2020 Supplemental Ordinance relating to Senior Appropriation Obligations. See the caption "**SERIES 2020 SENIOR APPROPRIATION OBLIGATION AND MASTER BOND ORDINANCE.**"

Debt Service Payments

The City will pay on the dates and by the times set forth below, subject to appropriation by the City Council and other limitations set forth in the Financing Agreement and the Bond Ordinance, amounts sufficient to provide for payment of the principal of and interest on the Series 2020 Bonds, after taking into account amounts then on deposit in the Debt Service Fund and the Capitalized Interest Fund and available to pay principal of and interest on the Series 2020 Bonds (such net amounts being referred to as the "**Debt Service Payments**"). All Debt Service Payments will be payable solely from Net Revenues and such other sources as set forth in the Bond Ordinance. The Debt Service Payments will be paid by the City directly to the Trustee, on behalf of the Issuer, in immediately available funds, for deposit to the applicable Debt Service Accounts of the Debt Service Fund.

(a) *Debt Service Fund--Interest*: On or before 11:00 a.m., on the third Business Day before each Interest Payment Date or any other date that any payment of interest is required to be made in respect of the Series 2020 Bonds pursuant to the Indenture, the City will pay an amount which, together with any other moneys available for such purpose in the Debt Service Fund and/or the Capitalized Interest Fund, is not less than the interest to become due on the Series 2020 Bonds on such Interest Payment Date or other date that interest is due.

(b) *Debt Service Fund--Principal*: On or before 11:00 a.m., on the third Business Day before each principal payment date on the Series 2020 Bonds (whether at maturity or upon mandatory sinking fund redemption), the City will pay an amount which, together with any other moneys available for such purpose in the Debt Service Fund, is not less than the principal due on the Series 2020 Bonds on the next principal payment date by maturity or mandatory sinking fund redemption.

Subject to appropriation by the City Council and other limitations set forth in the Financing Agreement and the Bond Ordinance, if the City fails to make any Debt Service Payments, such Debt Service Payments will continue as an obligation of the City until the amount in default has been fully paid, and the City agrees to pay the same with interest thereon from the date when such Debt Service Payment was due until paid in full, at the applicable rates of interest on the Series 2020 Bonds.

Additional Payments

The Issuer will, but only to the extent funds are available to the Issuer therefor, and the City will, subject to appropriation by the City Council and such other limitations set forth in the Financing Agreement, pay certain amounts ("**Additional Payments**") to the Persons specified under the Financing Agreement as described in *Appendix D**: DEFINITIONS AND SUMMARY OF CERTAIN FINANCING DOCUMENTS; SUMMARY OF CERTAIN PROVISIONS OF THE FINANCING AGREEMENT—Additional Payments.***

Debt Service Payments and Additional Payments Subject to Appropriation

All Debt Service Payments and Additional Payments due and owing by the City in any Fiscal Year will be paid solely from Net Revenues and/or other funds appropriated by the City Council for the purpose of making such payments which are due and owing in such Fiscal Year. Notwithstanding anything in the Financing Agreement or the Bond Ordinance to the contrary, if the City Council fails to appropriate Net Revenues and/or other funds to pay Debt Service Payments and Additional Payments due and owing by the City in a Fiscal Year (the "**Non-Appropriated Payments**"), there is no contractual obligation of the City to pay such Non-Appropriated Payments that exists or may be enforced; such contractual payment obligation will arise only if and when any such amounts have been appropriated by the City Council. Accordingly, neither the Issuer, the Trustee or the owners of the Series 2020 Bonds will have any right or remedy to enforce payment of any Non-Appropriated Payments, and nothing in the Financing Agreement or the Bond Ordinance will be construed as providing the Issuer, the Trustee or the owners of the Series 2020 Bonds, directly or indirectly, with any such right or remedy; no such right or remedy will arise unless and until such time as any such amounts have been appropriated by the City Council.

Covenant to Request Appropriations

Pursuant to the Financing Agreement, the City has covenanted and agreed that the City Manager or other officer of the City at any time charged with the responsibility of formulating budget proposals will include in the budget proposal for each Fiscal Year submitted to the City Council an appropriation of moneys sufficient to make all Debt Service Payments and Additional Payments required for such Fiscal Year; it being the intention of the City that the decision to appropriate or not to appropriate will be made solely by the City Council and not by any other official of the City. The City intends, subject to the provisions above respecting the failure of the City Council to budget or appropriate moneys sufficient to make Debt Service Payments and Additional Payments, to pay all Debt Service Payments and Additional Payments. The City reasonably believes that legally available funds in an amount sufficient to make all Debt Service Payments and Additional Payments due during each Fiscal Year can be obtained. The City further intends to do all things lawfully within its power to obtain and maintain funds from which Debt Service Payments and Additional Payments may be made, including making provision for such payments to the extent necessary in each proposed annual budget submitted for approval in accordance with applicable procedures of the City. Notwithstanding the foregoing, the decision to budget and appropriate funds is to be made in accordance with the City's normal procedures for such decisions. See the caption "**THE CITY – Budget Process**" for a description of the City's budgeting process.

Notice of Annual Appropriations and Compliance with Master Bond Ordinance Rate Covenant

Pursuant to the Financing Agreement, the City has covenanted and agreed, commencing on the first day of the first Fiscal Year during which Debt Service Payments will be due and payable by the City, to deliver written notice to the Trustee no later than the first day of each applicable Fiscal Year stating whether or not the City Council has appropriated moneys sufficient to pay the Debt Service Payments and reasonably estimated Additional Payments to become due during such Fiscal Year. If the City Council has made the appropriation of moneys sufficient to pay the Debt Service Payments and the reasonably estimated Additional Payments to become due during such Fiscal Year, the failure of the City to deliver the foregoing notice on or before the first day of its Fiscal Year will not constitute an Event of Nonappropriation and, on failure to receive such notice by the first day of the Fiscal Year, the Trustee will make independent inquiry of the City of the fact of whether or not such appropriation has been made.

Along with the required written notice described above, an Authorized City Compliance Certificate Representative will provide a written certificate (which may be based upon a certificate of a Consultant) to the Trustee no later than the first day of each applicable Fiscal Year to the effect that either:

(i) the City has approved a budget which complies, and the City expects to comply, with paragraphs (a), (b)(i) and (b)(ii) of the Rate Covenant as described under the caption "**SERIES 2020**

SENIOR APPROPRIATION OBLIGATION AND MASTER BOND ORDINANCE—Rate Covenant" during such Fiscal Year; or

(ii) the City has approved a budget which complies, and the City expects to comply, with paragraphs (a) and (b)(i) of the Rate Covenant but does not expect to comply with paragraph (b)(ii) of the Rate Covenant, both as described under the caption "**SERIES 2020 SENIOR APPROPRIATION OBLIGATION AND MASTER BOND ORDINANCE—Rate Covenant**" during such Fiscal Year; or

(iii) the City does not expect to comply with paragraphs (b)(i) or (b)(ii) of the Rate Covenant as described under the caption "**SERIES 2020 SENIOR APPROPRIATION OBLIGATION AND MASTER BOND ORDINANCE—Rate Covenant**," during such Fiscal Year.

Payments to Constitute Current Expenses of the City

Pursuant to the Financing Agreement, the Issuer and the Trustee have acknowledged and agreed that the Debt Service Payments and Additional Payments will constitute currently budgeted expenditures of the City payable solely from amounts available under the Master Bond Ordinance, and will not in any way be construed or interpreted as creating a liability or a general obligation or debt of the City in contravention of any applicable constitutional or statutory limitation or requirements concerning the creation of indebtedness by the City, nor will anything contained in the Financing Agreement constitute a pledge of the general credit, tax revenues, funds or moneys of the City. The City's obligations to pay Debt Service Payments and Additional Payments under the Financing Agreement will be from year to year only, and will not constitute a mandatory payment obligation of the City in any ensuing Fiscal Year beyond the then current Fiscal Year. Neither the Financing Agreement nor the issuance of the Series 2020 Bonds or the incurrence of the Series 2020 Senior Appropriation Obligation will directly or indirectly obligate the City to levy or pledge any form of taxation or make any appropriation or make any payments beyond those appropriated for the City's then current Fiscal Year, but in each Fiscal Year the Debt Service Payments and Additional Payments will be payable solely from the amounts budgeted or appropriated therefor out of the Net Revenues provided for such year and such other amounts set forth under the Master Bond Ordinance; provided, however, that nothing in the Financing Agreement will be construed to limit the rights of the Bondowners or the Trustee to receive any amounts which may be realized from the Trust Estate pursuant to the Indenture.

Limited Obligations

The obligations of the City and Issuer are limited obligations; provided, however that certain obligations of the City under the Financing Agreement will be subject to annual appropriation as set forth in the Financing Agreement.

Payments by City Without Abatement or Set-Off

Subject to annual appropriation provisions set forth in the Financing Agreement, the City has covenanted and agreed with and for the express benefit of the Issuer and the Bondowners that all Debt Service Payments and Additional Payments under the Financing Agreement will be made by the City on or before the date and time the same become due, and the City will perform all of its obligations, covenants and agreements under the Financing Agreement (including the obligation to make Debt Service Payments and Additional Payments) without notice or demand, and without abatement, deduction, set-off, counterclaim, recoupment or defense or any right of termination or cancellation arising from any circumstance whatsoever, whether now existing or hereafter arising, and irrespective of whether any portion of the Terminal Modernization Project will have been completed.

Events of Default and Remedies

Events of Default under the Financing Agreement and the related remedies are described in *Appendix D**:** **DEFINITIONS AND SUMMARY OF CERTAIN FINANCING DOCUMENTS; SUMMARY OF CERTAIN PROVISIONS OF THE FINANCING AGREEMENT—Events of Default Defined and— Remedies on an Event of Default.***

SERIES 2020 SENIOR APPROPRIATION OBLIGATION AND MASTER BOND ORDINANCE

General

*Capitalized terms used under this caption "SERIES 2020 SENIOR APPROPRIATION OBLIGATION AND MASTER BOND ORDINANCE" and not otherwise defined under this caption shall have the meanings set forth in the Master Bond Ordinance. See Appendix D**:** **DEFINITIONS AND SUMMARY OF CERTAIN FINANCING DOCUMENTS; SUMMARY OF CERTAIN PROVISIONS OF THE MASTER BOND ORDINANCE—Definitions**.*

The Master Bond Ordinance provides that the City may issue or incur taxable or tax-exempt Obligations from time to time for any purpose for which the City, at the time of such issuance or incurrence, may incur debt. The City previously incurred its Series 2019A Senior Appropriation Obligation under the Master Bond Ordinance relating to the Series 2019A Bonds, which as of the date hereof were outstanding in the aggregate principal amount of $98,460,000. The City also previously incurred its Series 2019 Senior Appropriation Obligation under the Master Bond Ordinance relating to the Series 2019 Bonds, which as of the date hereof were outstanding in the aggregate principal amount of $886,285,000. In consideration of the Issuer making the proceeds of the Series 2020 Bonds available to the City for the purposes of financing a portion of the costs of the Terminal Modernization Project and refunding the Series 2013A Bonds, the City has deemed the City's agreement to make Debt Service Payments and Additional Payments pursuant to the provisions of the Financing Agreement to be a Senior Appropriation Obligation under the Bond Ordinance and will incur the Series 2020 Senior Appropriation Obligation when the Series 2020 Bonds are issued. The Series 2020 Senior Appropriation Obligation is part of the Trust Estate under the Indenture and, pursuant to the provisions of the Indenture, it, along with the Debt Service Payments and the Additional Payments, has been pledged as security for the Series 2020 Bonds. See the caption "**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS.**"

The Master Bond Ordinance further provides that the City may issue or incur Obligations, including Senior Obligations, Subordinate Obligations and Junior Obligations. "**Senior Obligations**" means Senior Bonds (including the Series 2013A Bonds that are to be refunded with a portion of the proceeds from the Series 2020C Bonds; provided, however, <u>following the refunding of the Series 2013A Bonds, there will be no Senior Bonds issued or outstanding under the Master Bond Ordinance)</u> and Senior Appropriation Obligations (including the Series 2019A Senior Appropriation Obligation, the Series 2019 Senior Appropriation Obligation and the Series 2020 Senior Appropriation Obligation). "**Subordinate Obligations**" means Subordinate Bonds and Subordinate Appropriation Obligations. At the date of issuance of the Series 2020 Bonds, and giving effect to the refunding of the Series 2013A Bonds, the only Obligations issued or incurred under the Master Bond Ordinance will be the Series 2019A Senior Appropriation Obligation, the Series 2019 Senior Appropriation Obligation and the Series 2020 Senior Appropriation Obligation. There are currently no Subordinate or Junior Obligations issued or incurred under the Master Bond Ordinance. See the caption "**Additional Obligations**" below.

The Senior Obligations (including the Series 2020 Senior Appropriation Obligation) authorized and issued or incurred under the provisions of the Master Bond Ordinance are secured by a pledge of, if applicable, and lien on and security interest in Net Revenues and certain Funds, Accounts, assets, rights, property, interests and security described under the Master Bond Ordinance and under any Supplemental Ordinance and Issuing Instrument; provided, however, Senior Appropriation Obligations (including the Series 2020 Senior Appropriation Obligation) authorized and issued or incurred under the provisions of the Master Bond Ordinance are only secured by a lien on and security interest in Net Revenues during a Fiscal Year if the Senior Lien

Requirements have been satisfied. See the captions "**Pledge of Net Revenues**" and "**Annual Appropriation Regarding Senior Appropriation Obligation**" below.

THE SERIES 2020 SENIOR APPROPRIATION OBLIGATION WILL NOT BE OR CONSTITUTE A GENERAL OBLIGATION OF THE CITY, NOR WILL IT CONSTITUTE AN INDEBTEDNESS OF THE CITY WITHIN THE MEANING OF ANY CONSTITUTIONAL, STATUTORY OR CHARTER PROVISION, LIMITATION OR RESTRICTION.

Pledge of Net Revenues

Pursuant to the Master Bond Ordinance, Senior Obligations issued or incurred under the provisions of the Master Bond Ordinance are secured by a pledge of, if applicable, and lien on and security interest in, Net Revenues from the operation of and ownership of the Airport System; provided, however, Senior Appropriation Obligations (including the Series 2019A Senior Appropriation Obligation, the Series 2019 Senior Appropriation Obligation and the Series 2020 Senior Appropriation Obligation) authorized and issued or incurred under the provisions of the Master Bond Ordinance will only be secured by a lien on and security interest in Net Revenues during a Fiscal Year if the Senior Lien Requirements have been satisfied.

"**Senior Lien Requirements**" means, for purposes of determining whether Senior Appropriation Obligations (including the Series 2019A Senior Appropriation Obligation, the Series 2019 Senior Appropriation Obligation and the Series 2020 Senior Appropriation Obligation) will have a prior and senior lien on Net Revenues (on parity with Senior Bonds, if any) for a Fiscal Year, on or before the first day of such Fiscal Year, the following requirements are satisfied: (a) the City Council has appropriated a sufficient amount of Net Revenues and/or other funds to make all of the payments due and payable on such Senior Appropriation Obligations during such Fiscal Year, and (b) an Authorized City Compliance Certificate Representative has provided a written certificate to the Paying Agent to the effect that the City has approved a budget which complies, and that the City expects to comply, with the Rate Covenant during such Fiscal Year.[2] See the caption "**Rate Covenant**" below. <u>Accordingly, for any Fiscal Year in which both Senior Bonds, if any and Senior Appropriation Obligations (currently only the Series 2019A Senior Appropriation Obligation, the Series 2019 Senior Appropriation Obligation and the Series 2020 Senior Appropriation Obligation) are outstanding, the Senior Bonds, if any, will have a prior and senior lien to the Senior Appropriation Obligations on Net Revenues in any such Fiscal Year in which the City fails to satisfy the Senior Lien Requirements</u>. Following the refunding of the Series 2013A Bonds, there will be no Senior Bonds currently issued or outstanding under the Master Bond Ordinance.

Except for the Series 2019A Senior Appropriation Obligation, the Series 2019 Senior Appropriation Obligation and the Series 2013A Bonds (which will be refunded with a portion of the proceeds of the Series 2020C Bonds), there is currently no charge or lien on or any security interest in the Revenues, the Net Revenues or any of the other security which is pledged pursuant to the Master Bond Ordinance. Pursuant to the provisions of the Master Bond Ordinance, the City has covenanted that until all Obligations authorized and issued under the provisions of the Master Bond Ordinance and the interest thereon has been paid or are deemed to have been paid, the City will not, except as otherwise provided in the Master Bond Ordinance, grant any prior or parity pledge of, if applicable, or any security interest in the Net Revenues or any other security which is pledged to the payment of the Obligations pursuant to the Master Bond Ordinance, or create or permit to be created any charge or lien thereon or any security interest therein ranking prior to or on a parity with the charge or lien of the Obligations from time to time Outstanding under the Master Bond Ordinance. The City may, as provided in and as limited by the Master Bond Ordinance, grant a lien on or security interest in the Net Revenues or any of

[2] As a practical matter, because the Paying Agent for the current Senior Appropriation Obligations under the Bond Ordinance is the City Director of Finance, who is responsible as such Paying Agent for transmitting the required Debt Service Payments and Additional Payments pursuant to the Financing Agreement and the Series 2019A Financing Agreement, the only such certificates that the City will provide relating to the current Senior Appropriation Obligations will be the certificate provided to the Trustee as required by the Financing Agreement and the certificate provided to the Series 2019A Trustee as required by the Series 2019A Financing Agreement. See the caption "**FINANCING AGREEMENT - Notice of Annual Appropriations and Compliance with Master Bond Ordinance Rate Covenant**" above for a description of such certificate.

the other security which is pledged, if applicable, to the payment of Obligations to secure Junior Obligations. See the caption "**Flow of Funds"** below.

The following terms are as defined in the Master Bond Ordinance for use in determining Net Revenues:

"**Net Revenues**" means, for a given period, the Revenues for such period, less the Operation and Maintenance Expenses for such period.

"**Revenues**" means, except to the extent specifically excluded herefrom, all income, receipts, earnings and revenues received by or accrued to the City from the operation and ownership of the Airport System, including, but not limited to, (a) rates, tolls, fees, rentals, charges and other payments made to or owed to the City for the use or availability of the Airport System, and (b) amounts received or owed from the sale or provision of supplies, materials, goods and services provided by or made available by the City, including rental or business interruption insurance proceeds, received by, held by, accrued to or entitled to be received by the City or any successor thereto from the possession, management, charge, superintendence and control of the Airport System and its related facilities or activities and undertakings related thereto or from any other facilities wherever located with respect to which the City receives payments which are attributable to the Airport System or activities or undertakings related thereto. Additionally, "Revenues" also include amounts received from tenants representing the principal portion of payments received pursuant to certain self-liquidating lease agreements, all income, receipts and earnings (except any earnings allowed to be pledged by the terms of a Supplemental Ordinance to fund any Project Fund as provided below) from the investment of amounts held in the Kansas City Airports Fund, any Project Fund, any Debt Service Fund (except Capitalized Interest on deposit therein), the Reserve Fund, any Series Debt Service Reserve Fund, and such additional revenues, if any, as are designated as "Revenues" under the terms of any Supplemental Ordinance. Revenues also include any transfers from the Rate Stabilization Account to the Kansas City Airports Fund as described in paragraph (vii) of the subsection captioned "**Extension and Bond Retirement Account**" below. The following, including any investment earnings thereon, are specifically excluded from Revenues: (i) any amounts received by the City from the imposition of ad valorem taxes, (ii) gifts, grants and other income (including any investment earnings thereon) otherwise included in this definition of "Revenues" which are restricted by their terms to purposes inconsistent with the payment of debt service on the Obligations, (iii) Net Proceeds and other insurance proceeds, to the extent the use of such Net Proceeds or other proceeds is restricted by the terms of the policy under which they are paid to a use inconsistent with the payment of debt service on the Obligations (except to the extent Net Proceeds are utilized to pay Operation and Maintenance Expenses), and (iv) Special Facilities Revenue (to the extent there is no excess Special Facilities Revenue). In addition, the following, including any investment earnings thereon, are specifically excluded from "Revenues," unless designated as "Revenues" under the terms of a Supplemental Ordinance: (a) any Swap Termination Payments paid to the City pursuant to a Qualified Swap, (b) Facilities Construction Credits, (c) Passenger Facility Charges, (d) Customer Facility Charges, (e) Federal Direct Payments, (f) Released Revenues, (g) subject to (ii) in the previous sentence, grants and other charges authorized on or after the date of the Original Master Bond Ordinance by federal and/or State laws or regulations to be assessed to fund specific programs at the Airport System, (h) investment income derived from any moneys or securities which may be placed in escrow or trust to defease Obligations, (i) any arbitrage earnings which are required to be paid to the U.S. Government pursuant to Section 148 of the Code and amounts held in a Rebate Fund and (j) Capitalized Interest. Further, interest earnings or other investment earnings on any Project Fund established by any Supplemental Ordinance are specifically excluded from "Revenues," unless otherwise provided for in such Supplemental Ordinance.

For purposes of testing compliance with the Rate Covenant and the tests for the issuance of Additional Obligations described under the caption "**Additional Obligations**" below, Revenues will be calculated based upon Generally Accepted Accounting Principles, as modified from time to time, except that such calculation will include and exclude those items specifically included or excluded above or in the definition of Aggregate Annual Debt Service. Inasmuch as Revenues include any transfers from the

Rate Stabilization Account to the Kansas City Airports Fund as described in paragraph (vii) of the subsection captioned "**Extension and Bond Retirement Account**" below, for purposes of meeting any of the tests prescribed by the Master Bond Ordinance or any Supplemental Ordinance, any transfers from the Rate Stabilization Account to the Kansas City Airports Fund will be deemed to be "Revenues."

Under the Master Bond Ordinance, the term "Revenues" excludes Passenger Facility Charges ("**PFCs**"), Customer Facility Charges ("**CFCs**") and certain other revenues, except to the extent PFCs, CFCs or other revenues are specifically designated as "Revenues" in a Supplemental Ordinance. However, pursuant to the provisions of the Master Bond Ordinance, if PFCs, CFCs, Federal Direct Payments, state and/or federal grants or other moneys not included in Revenues have been irrevocably committed or are held by the City and are to be set aside exclusively to be used to pay principal of and/or interest on specified Obligations, then such principal and/or interest may be excluded from the calculation of Aggregate Annual Debt Service and/or Annual Debt Service on the Obligations, thus decreasing Aggregate Annual Debt Service and/or Annual Debt Service on the Obligations, and increasing debt service coverage for purposes of the Rate Covenant and the Additional Obligations tests under the Master Bond Ordinance. See *Appendix D* ***– DEFINITIONS AND SUMMARY OF CERTAIN FINANCING DOCUMENTS – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER BOND ORDINANCE – Definitions*** **– paragraph (k) of the definition of "Aggregate Annual Debt Service**." As described below under the caption "**Passenger Facility Charges Not Designated as Revenues**," the City has not designated PFCs as Revenues; however, the City has allowed for the holding of PFCs to be set aside exclusively to pay principal of and/or interest on the PFC Eligible Portion of the Series 2019A Senior Appropriation Obligation, the Series 2019 Senior Appropriation Obligation and the Series 2020 Senior Appropriation Obligation. The City has designated certain CFCs as Revenues as described below under the caption "**Certain Customer Facility Charges Designated as Revenues**."

"**Operation and Maintenance Expenses**" means reasonable and necessary costs paid or incurred by the City for maintaining and operating the Airport System, determined in accordance with Generally Accepted Accounting Principles, including all reasonable expenses of management and repair and all other expenses necessary to maintain and preserve the Airport System in good repair and working order, and including all administrative costs of the City that are charged directly or apportioned to the operation of the Airport System, such as salaries and wages of employees, overhead, taxes (if any) and insurance premiums, assessments for public improvements and including all other reasonable and necessary costs of the City or charges required to be paid by the City in order to comply with the terms of the Master Bond Ordinance; but excluding in all cases payments in lieu of taxes to be paid by the Airport System to the City, depreciation, replacement and obsolescence charges or reserves therefor, any principal or interest payment in respect of capital leases or indebtedness including the Obligations, any costs of issuance relating to any capital leases or indebtedness including the Obligations, amortization or intangibles, any non-cash pension obligations or OPEB Obligations, any Swap Termination Payments and any Operation and Maintenance Expenses payable from moneys other than Revenues.

"**Subordinate Lien Requirements**" means for purposes of determining whether Subordinate Appropriation Obligations will have a junior and subordinate lien on Net Revenues (on parity with the Subordinate Bonds) for a Fiscal Year, on or before the first day of a Fiscal Year, the following requirements are satisfied: (a) the City Council has appropriated a sufficient amount of Net Revenues and/or other funds to make all of the payments due and payable on such Subordinate Appropriation Obligations during such Fiscal Year, (b) provided there are Senior Appropriation Obligations Outstanding, the Senior Lien Requirements have been satisfied, and (c) an Authorized City Compliance Certificate Representative has provided a written certificate to the Paying Agent to the effect that the City has approved a budget which complies, and that the City expects to comply, with the Rate Covenant provisions set forth in paragraphs (a) and (b)(ii) of the definition of "Rate Covenant" during such Fiscal Year. Compliance with the Subordinate Lien Requirements is evidenced by the delivery of the certificates required by the Master Bond Ordinance.

Annual Appropriation Regarding Senior Appropriation Obligations

Pursuant to the provisions of the Master Bond Ordinance and the Financing Agreement, the City has covenanted that for each Fiscal Year in which a Senior Appropriation Obligation is Outstanding (including the Series 2020 Senior Appropriation Obligation), the City Manager or other officer of the City at any time charged with the responsibility of formulating budget proposals will include in the budget proposal for such Fiscal Year submitted to the City Council an appropriation of moneys sufficient to make all payments of principal of and interest and such other payment obligations, if any, on the Senior Appropriation Obligations required for such Fiscal Year; it being the intention of the City that the decision to appropriate or not to appropriate will be made solely by the City Council and not by any other official of the City. The City intends, subject to the provisions above respecting the failure of the City to budget or appropriate moneys sufficient to make payments on the Senior Appropriation Obligations, to pay all principal of and interest and such other payment obligations, if any, on the Senior Appropriation Obligations. The City has represented in the Financing Agreement that it reasonably believes that legally available funds in an amount sufficient to make all payments of principal of and interest and such other payment obligations, if any, on the Senior Appropriation Obligations due during each Fiscal Year can be obtained. The City further intends to do all things lawfully within its power to obtain and maintain funds from which payments of principal of and interest and such other payment obligations, if any, on the Senior Appropriation Obligations may be made, including making provision for such debt service and other payments to the extent necessary in each proposed annual budget submitted for approval in accordance with applicable procedures of the City. Notwithstanding the foregoing, the decision to budget and appropriate funds is to be made in accordance with the City's normal procedures for such decisions. See the caption "**THE CITY – Budget Process**" for a description of the City's budgeting process.

Flow of Funds

The Master Bond Ordinance requires that, as long as there are any Outstanding Obligations issued or incurred under the Master Bond Ordinance, all Revenues must be deposited in the Kansas City Airports Fund and must be set aside for the payment of the following amounts or deposited or transferred to the following funds and accounts in the order listed:

(a) *Operation and Maintenance Expenses*. The City will pay all Operation and Maintenance Expenses (including amounts reasonably required to be set aside in contingency reserves for Operation and Maintenance Expenses, the payment of which is not then immediately required) as they become due and payable.

(b) *Operation and Maintenance Reserve Account*. After paying or making provisions for the payment, each month, of the reasonable and proper expenses of operating and maintaining the Airport System as provided in paragraph (a) above, the City will pay into the Operation and Maintenance Reserve Account the amount required to cause the amount on deposit in the Operation and Maintenance Reserve Account to equal the Operation and Maintenance Reserve Requirement, provided that the City may in its discretion provide for the monthly deposit of equal fractional parts of the applicable amount over a period of not to exceed twelve months. Amounts in the Operation and Maintenance Reserve Account will be expended and used for the purpose of paying Operation and Maintenance Expenses to the extent not paid pursuant to paragraph (a) above. The "**Operation and Maintenance Reserve Requirement**" is an amount equal to not less than two months of the amount included in the then current Annual Budget for Operation and Maintenance Expenses in Airline Cost Centers (as defined by the Aviation Department from time to time), or such greater percentage of such amount for a Fiscal Year as has been established by the City as the Operation and Maintenance Reserve Requirement with respect to such Fiscal Year.

(c) *Senior Obligations - Debt Service Funds; Other Amounts Due on Senior Obligations*. The City will next pay and credit monthly a sufficient amount of Revenues, without priority and on an equal basis, except as to timing of payment, to the respective Debt Service Funds in the amounts, at the times and in the manner provided in the Master Bond Ordinance to provide for the payment of the principal of and interest to become due on the Outstanding Senior Obligations (including the Series 2020 Senior Appropriation Obligation) and for the payment of amounts, other than principal and interest, if any, due on the Outstanding Senior Obligations, and to make any Regularly Scheduled Swap Payments under a Qualified Swap that are on a parity with the obligation of the City to make payments on the related Series of Senior Obligations as provided in the Master Bond Ordinance and the applicable Supplemental Ordinance.

Notwithstanding anything to the contrary set forth in the prior paragraph, no amounts will be paid or credited pursuant to this paragraph (c) during a Fiscal Year from the Kansas City Airports Fund to any Debt Service Funds established with respect to Senior Appropriation Obligations (including the Series 2020 Senior Appropriation Obligation) unless the Senior Lien Requirements have been satisfied for such Fiscal Year.

(d) *Senior Obligations - Reserve Fund and Series Debt Service Reserve Funds*. The City will next pay and credit monthly a sufficient amount of Revenues, without priority and on an equal basis, except as to timing of payment, to the Reserve Fund and the Senior Debt Service Reserve Funds, if any, at the times and in such amounts as specified in the Master Bond Ordinance and any Supplemental Ordinance to be used in the manner provided in the Master Bond Ordinance and any Supplemental Ordinance.

Notwithstanding anything to the contrary set forth in the prior paragraph, no amounts will be paid or credited pursuant to this paragraph (d) during a Fiscal Year from the Kansas City Airports Fund to any Senior Debt Service Reserve Funds established with respect to Senior Appropriation Obligations unless the Senior Lien Requirements have been satisfied for such Fiscal Year.

(e) *Senior Appropriation Obligations Not Meeting Clause (b) of Senior Lien Requirements - Debt Service Funds; Other Amounts Due on Senior Appropriation Obligations*. If the requirement set forth in clause (a) of the definition of Senior Lien Requirements has been satisfied, but the requirement set forth in clause (b) of the definition of Senior Lien Requirements has not been satisfied, the City will next pay and credit monthly a sufficient amount of Revenues, without priority and on an equal basis, except as to timing of payment, to the respective Debt Service Funds in the amounts, at the times and in the manner provided in the Master Bond Ordinance to provide for the payment of the principal of and interest to become due on the Outstanding Senior Appropriation Obligations (including the Series 2020 Senior Appropriation Obligation) and for the payment of amounts, other than principal and interest, if any, due on the Outstanding Senior Appropriation Obligations (including the Series 2020 Senior Appropriation Obligation), and to make any Regularly Scheduled Swap Payments under a Qualified Swap that are on a parity with the obligation of the City to make payments on the related Series of Senior Appropriation Obligations as provided in the Master Bond Ordinance and the applicable Supplemental Ordinance. See the caption "**Pledge of Net Revenues**" above.

(f) *Senior Appropriation Obligations Not Meeting Clause (b) of Senior Lien Requirements - Series Debt Service Reserve Funds*. If the requirement set forth in clause (a) of the definition of Senior Lien Requirements has been satisfied, but the requirement set forth in clause (b) of the definition of Senior Lien Requirements has not been satisfied, the City will next pay and credit monthly a sufficient amount of Revenues, without priority and on an equal basis, except as to timing of payment, to the Senior Debt Service Reserve Funds, if any, established for the Senior Appropriation Obligations at the times and in such amounts as specified in the Master Bond Ordinance and any Supplemental Ordinance to be used in the manner provided in the Master Bond Ordinance and any Supplemental Ordinance. No Senior Debt Service Reserve Fund has been or will be established for the Series 2019A Senior Appropriation Obligation, the Series 2019 Senior Appropriation Obligation or the Series 2020 Senior Appropriation Obligation.

(g) *Subordinate Obligations - Debt Service Funds; Other Amounts Due on Subordinate Obligations*. The City will next pay and credit monthly a sufficient amount of Revenues, without priority and on an equal basis, except as to timing of payment, to the respective Debt Service Funds in the amounts, at the times and in the manner provided in the Master Bond Ordinance to provide for the payment of the principal of and interest to become due on the Outstanding Subordinate Obligations and for the payment of amounts, other than principal and interest, if any, due on the Outstanding Subordinate Obligations, and to make any Regularly Scheduled Swap Payments under a Qualified Swap that are on a parity with the obligation of the City to make payments on the related Series of Subordinate Obligations as provided in the Master Bond Ordinance and the applicable Supplemental Ordinance.

Notwithstanding anything to the contrary set forth in the prior paragraph, no amounts will be paid or credited pursuant to this paragraph (g) during a Fiscal Year from the Kansas City Airports Fund to any Debt Service Funds established with respect to Subordinate Appropriation Obligations unless the Subordinate Lien Requirements have been satisfied for such Fiscal Year.

(h) *Subordinate Obligations – Subordinate Debt Service Reserve Funds*. The City will next pay and credit monthly a sufficient amount of Revenues, without priority and on an equal basis, except as to timing of payment, to the Subordinate Debt Service Reserve Funds, if any, at the times and in such amounts as specified in the Master Bond Ordinance and any Supplemental Ordinance to be used in the manner provided in the Master Bond Ordinance and any Supplemental Ordinance.

Notwithstanding anything to the contrary set forth in the prior paragraph, no amounts will be paid or credited pursuant to this paragraph (h) during a Fiscal Year from the Kansas City Airports Fund to any Subordinate Debt Service Reserve Funds established with respect to Subordinate Appropriation Obligations unless the Subordinate Lien Requirements have been satisfied for such Fiscal Year.

(i) *Subordinate Appropriation Obligations Not Meeting Clause (b) of Subordinate Lien Requirements - Debt Service Funds; Other Amounts Due on Subordinate Appropriation Obligations*. If the requirement set forth in clause (a) of the definition of Subordinate Lien Requirements has been satisfied, but the requirement set forth in clause (b) of the definition of Subordinate Lien Requirements has not been satisfied, the City will next pay and credit monthly a sufficient amount of Revenues, without priority and on an equal basis, except as to timing of payment, to the respective Debt Service Funds in the amounts, at the times and in the manner provided in the Master Bond Ordinance to provide for the payment of the principal of and interest to become due on the Outstanding Subordinate Appropriation Obligations and for the payment of amounts, other than principal and interest, if any, due on the Outstanding Subordinate Appropriation Obligations, and to make any Regularly Scheduled Swap Payments under a Qualified Swap that are on a parity with the obligation of the City to make payments on the related Series of Subordinate Appropriation Obligations as provided in the Master Bond Ordinance and the applicable Supplemental Ordinance.

(j) *Subordinate Appropriation Obligations Not Meeting Clause (b) of Subordinate Lien Requirements - Subordinate Debt Service Reserve Funds*. If the requirement set forth in clause (a) of the definition of Subordinate Lien Requirements has been satisfied, but the requirement set forth in clause (b) of the definition of Subordinate Lien Requirements has not been satisfied, the City will next pay and credit monthly a sufficient amount of Revenues, without priority and on an equal basis, except as to timing of payment, to the Subordinate Debt Service Reserve Funds, if any, established for the Subordinate Appropriation Obligations at the times and in such amounts as specified in the Master Bond Ordinance and any Supplemental Ordinance to be used in the manner provided in the Master Bond Ordinance and any Supplemental Ordinance.

(k) *Junior Obligation Debt Service*. The City will next pay and credit monthly a sufficient amount of Revenues, without priority and on an equal basis, except as to timing of payment, to any debt service fund(s) established with respect to Junior Obligations, in the amounts, at the times and in the manner provided in the applicable subordinate ordinance or other agreement passed or entered into, respectively, with respect to such Junior Obligations to provide for the payment of the principal of and interest to become due on the Junior Obligations and for the payment of amounts, other than principal and interest, if any, due on the Junior Obligations, but only to the extent (except as otherwise provided herein) a specific pledge of Net Revenues has been made in writing to the payment of debt service on such indebtedness.

(l) *Junior Obligation Debt Service Reserve Funds*. The City will next pay and credit monthly a sufficient amount of Revenues, without priority and on an equal basis, except as to timing of payment, to any debt service reserve fund established with respect to Junior Obligations, if any, at the times and in such amounts as specified in the applicable subordinate ordinance or other agreement passed or entered into, respectively, with respect to such Junior Obligations, but only to the extent a specific pledge of Net Revenues has been made in writing to the payment of any such debt service reserve requirement on such indebtedness.

(m) *Maintenance and Replacement Account*. When and after the City will have made all payments and credits described above, the City will pay into the Maintenance and Replacement Account an amount during each Fiscal Year required to cause the amount on deposit therein to equal the amount specified by the City in its Annual Budget for such Fiscal Year to be on deposit in such Maintenance and Replacement Account, provided that the City may in its discretion provide for the monthly deposit of equal fractional parts of the applicable amount over a period of not to exceed twelve months, and provided further that no amounts are required to be deposited into the Maintenance and Replacement Account during any period for which the City has made a determination that deposits into the Maintenance and Replacement Account are not in the best interests of the City. Amounts in the Maintenance and Replacement Account will be expended and used for the purpose of paying the cost of renewals, replacements, extensions, betterments and improvements to the Airport System, and will also be used to pay the cost of unusual or extraordinary maintenance or repairs of the Airport System, and may also be used for the payment of Operation and Maintenance Expenses to the extent not paid pursuant to paragraphs (a) and (b) above and for any other lawful purpose of the Airport System.

(n) *Coverage Deposit Account*. The City will next pay and credit into the Coverage Deposit Account such amount, if any, of the Rate Reserve Amount as the City deems necessary and appropriate. Nothing contained in the Master Bond Ordinance will require the City to retain such amount in the Coverage Deposit Account. Any amount released from the Coverage Deposit Account will be deposited into the Kansas City Airports Fund.

(o) *Extension and Bond Retirement Account.* When and after the City will have made all payments and credits from the Kansas City Airports Fund required at the time to be made under the provisions of paragraphs (a) – (n) above, and any required deposits to a Rebate Fund, all remaining monies in the Kansas City Airports Fund, and any other monies of the Airport System eligible for deposit into the Extension and Bond Retirement Account, will be paid and credited monthly to the Extension and Bond Retirement Account. See the caption "**Extension and Bond Retirement Account**" below.

Federal aviation law provides that, 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. Accordingly, the City anticipates that no moneys in the Kansas City Airports Fund will be diverted or applied to the general governmental or municipal functions of the City.

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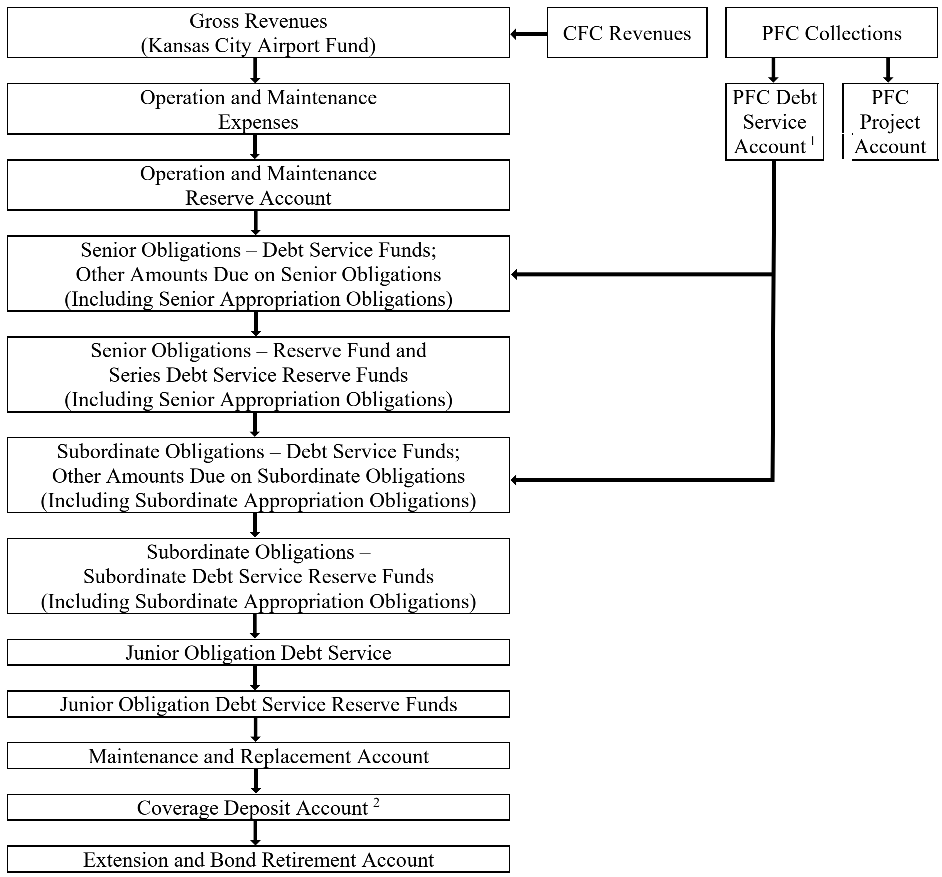
The following diagrams present a summary of the application of Revenues to various funds and accounts as governed by the provisions of the Master Bond Ordinance and generally described above. The following diagram depicts the flow of funds under the Master Bond Ordinance in a Fiscal Year when the Senior Lien Requirements and Subordinate Lien Requirements, if any, are met.

FLOW OF FUNDS UNDER MASTER BOND ORDINANCE
WHEN SENIOR/SUBORDINATE LIEN REQUIREMENTS MET



[1] Only PFC revenues eligible to pay debt service pursuant to certain additional supplemental ordinances.
[2] An amount not to exceed 25% of the annual debt service as defined by the Rate Reserve Amount.

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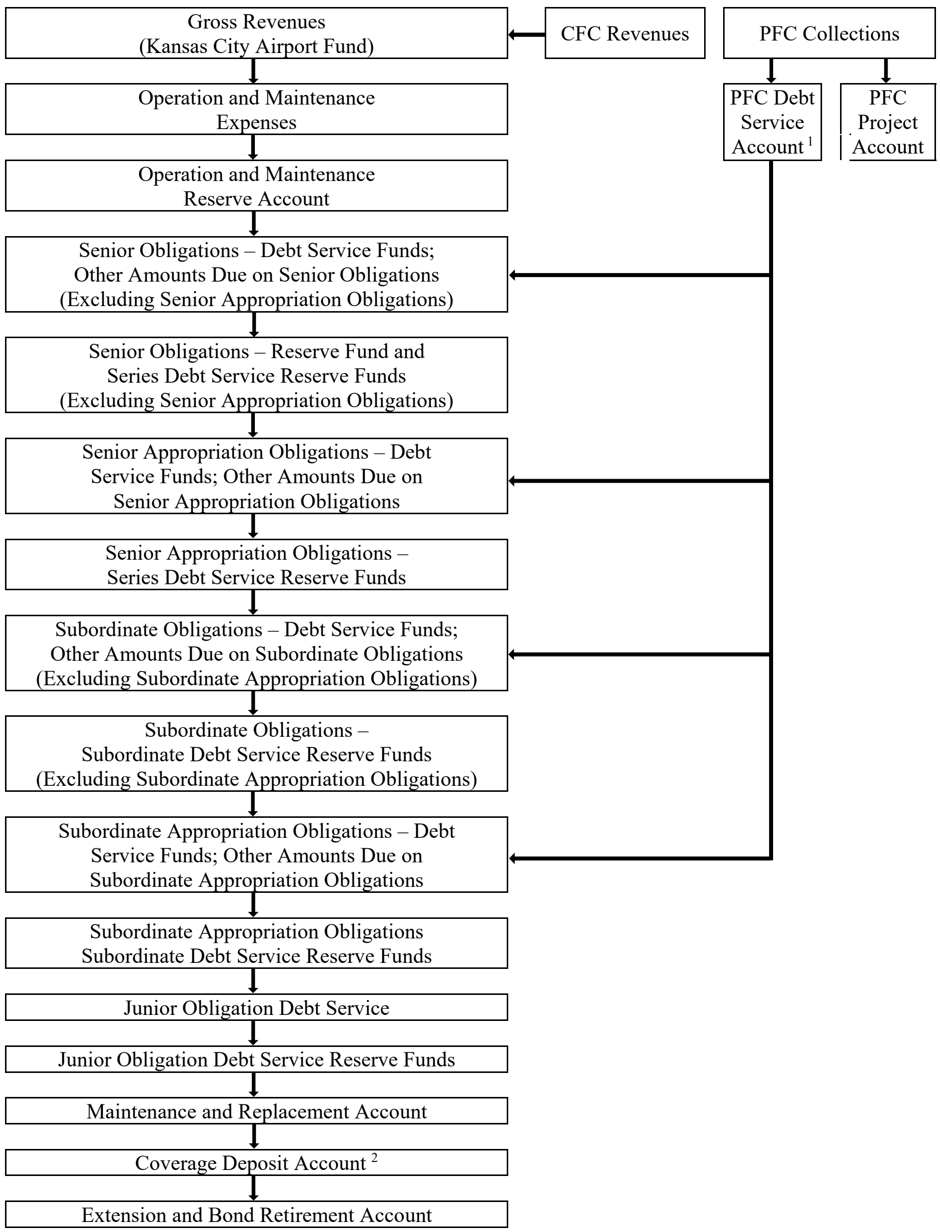
Based on the residual nature of the Post-DBO Agreements with the Signatory Airlines and the funding of the Coverage Deposit Account in an amount equal to meet the Rate Covenant under the Master Bond Ordinance, the Report of the Airport Consultant attached as *Appendix C* assumes that the Senior Lien Requirements will be met in every Fiscal Year of the projection period, as noted therein. Accordingly, such Report of the Airport Consultant only includes the above diagram showing the flow of funds when the Senior Lien Requirements are met. The diagram below sets forth, for informational purposes, the flow of funds should the Senior Lien Requirements and Subordinate Lien Requirements, if any, not be met in a Fiscal Year.

**FLOW OF FUNDS UNDER MASTER BOND ORDINANCE
WHEN SENIOR/SUBORDINATE LIEN REQUIREMENTS NOT MET**



[1] Only PFC revenues eligible to pay debt service pursuant to certain additional supplemental ordinances.
[2] An amount not to exceed 25% of the annual debt service as defined by the Rate Reserve Amount.

Funding of and Withdrawals From Debt Service Funds

Except as otherwise provided in a Supplemental Ordinance, the City will deposit moneys into a Debt Service Fund for a Series of Obligations as follows: so long as any of the Obligations are Outstanding, the City will not later than the twentieth day of each calendar month, transfer from the Kansas City Airports Fund to the Debt Service Fund established in respect of each Series of Outstanding Obligations: (i) sums in equal fractional parts for each one-half year so that at least the full amount required to pay the interest on Obligations of that Series, as it becomes due, will be set aside in that Debt Service Fund by not later than the twentieth day of the month prior to the date each installment of interest becomes due, (ii) sums in equal fractional parts for each year so that at least the full amount required to pay, as it becomes due at maturity, the Principal Amount of Obligations of that Series, will be set aside in that Debt Service Fund by not later than the twentieth day of the month prior to the date such principal amount becomes due and (iii) sums in equal fractional parts for each year so that at least the full amount required to pay, as it becomes due, the sinking installment payment, if any, due with respect to Term Bonds of such Series will be set aside in that Debt Service Fund by not later than the twentieth day of the month prior to the date such sinking installment payment becomes due. No such transfer need be made in respect of any Series of Obligations prior to the actual delivery of that Series of Obligations to the Bondholders thereof; provided, however, that subsequent to the issuance of such Series of Obligations, there will be transferred and paid from the Kansas City Airports Fund to the Debt Service Fund established for that Series of Obligations, equal monthly sums at least sufficient together with other transfers required to be made, commencing not later than the twentieth day of the calendar month immediately succeeding the issuance of such Series of Obligations, so that interest due on such Series of Obligations on the first interest payment date to occur after the issuance of such Series of Obligations will be fully funded at least one Business Day prior to the date the first installment of interest is due on such Series of Obligations, and, if the first principal payment or sinking fund installment of such Series of Obligations is due less than twelve months after the issuance of such Series of Obligations, there will be transferred and paid from the Kansas City Airports Fund to the Debt Service Fund established for that Series of Obligations, equal monthly sums at least sufficient together with other transfers required to be made, commencing not later than the twentieth day of the calendar month immediately succeeding the issuance of such Series of Obligations, so that principal or sinking fund installments of such Series of Obligations due on the first principal payment date to occur after the issuance of such Series of Obligations will be fully funded at least one Business Day prior to the date the first principal payment or sinking fund installment is due on such Series of Obligations.

Except as otherwise provided in a Supplemental Ordinance, in the case of Variable Rate Indebtedness or other indebtedness which does not bear interest at a fixed rate, the City will transfer from the Kansas City Airports Fund to the Debt Service Fund for such Obligations an amount equal to the interest due on such Obligations not later than one Business Day prior to the date such interest is due, and in the case of Obligations that are the subject of a Qualified Swap, the City will transfer from the Kansas City Airports Fund to the Debt Service Fund for such Obligations an amount equal to the Regularly Scheduled Swap Payment due on such Obligations not later than one Business Day prior to the date such payment is due. Notwithstanding any of the foregoing provisions of this paragraph, no amount need be transferred from the Kansas City Airports Fund or otherwise deposited into any Debt Service Fund for any Series of Obligations for the payment of principal or interest, respectively, if the amount already on deposit therein and available for such purpose is sufficient to pay in full the amount of principal and/or interest, respectively, coming due on such Obligations on the next succeeding Payment Date. In addition, the City will transfer from the Kansas City Airports Fund to each Debt Service Fund established with respect to each Series of Outstanding Obligations, (i) not later than the twentieth day of each month in which fees, if any, of the Bond Registrar and Paying Agent are scheduled to become due, such amounts as may be required to pay such fees of the Bond Registrar and the Paying Agent, and (ii) not later than the twentieth day of each month in which amounts, other than the amounts otherwise described in this paragraph, due on the Outstanding Obligations, are scheduled to become due and payable.

All amounts paid and credited to a Debt Service Fund as provided in the Master Bond Ordinance and in a Supplemental Ordinance will be expended and used by the City for the sole purpose of paying the interest on and principal of the respective Series of Obligations as and when the same become due, Regularly Scheduled

Swap Payments, the fees of the Bond Registrar and the Paying Agent for acting as Bond Registrar and Paying Agent, if any, and such other amounts as provided in the Master Bond Ordinance.

If at any time the moneys in the Kansas City Airports Fund are insufficient to make in full the payments and credits at the time required to be made by the City to the Debt Service Funds established to pay the then Outstanding Obligations, the available moneys in the Kansas City Airports Fund will be allocated between such Debt Service Funds (without regard to any amounts which may be available in the Reserve Fund or any Series Debt Service Reserve Fund) as follows:

First, to the payment of past due interest on Senior Obligations of any Series, in the order in which such interest came due, provided that no payment of past due interest on Senior Appropriation Obligations will be made unless the Senior Lien Requirements have been satisfied at the time such past due interest was originally scheduled to be paid;

Second, to the payment of past due principal of Senior Obligations of any Series, in the order in which such principal came due, provided that no payment of past due principal of Senior Appropriation Obligations will be made unless the Senior Lien Requirements have been satisfied at the time such past due principal was originally scheduled to be paid;

Third, to the payment of interest then due and payable on the Senior Obligations of each Series due on such Payment Date and, if the amount available will not be sufficient to pay in full all interest on the Senior Obligations then due, then pro rata among the Series according to the amount of interest then due, provided that no payment of interest then due and payable on Senior Appropriation Obligations will be made unless the Senior Lien Requirements have been satisfied;

Fourth, to the payment of principal of the Senior Obligations then due and, if the amount available will not be sufficient to pay in full all principal of the Senior Obligations then due, then pro rata among the Series according to the principal of the Senior Obligations then due, provided that no payment of principal of the Senior Appropriation Obligations then due will be made unless the Senior Lien Requirements have been satisfied;

Fifth, this paragraph Fifth will apply to Senior Appropriation Obligations in the event clause (a) of the definition of Senior Lien Requirements has been satisfied, but clause (b) of the definition of Senior Lien Requirements has not been satisfied, each in connection with the applicable Fiscal Years. After the application of available moneys pursuant to paragraph Fourth above, any remaining available moneys will be applied to the payment of past due interest on Senior Appropriation Obligations of any Series, in the order in which such interest came due;

Sixth, this paragraph Sixth will apply to Senior Appropriation Obligations in the event clause (a) of the definition of Senior Lien Requirements has been satisfied, but clause (b) of the definition of Senior Lien Requirements has not been satisfied, each in connection with the applicable Fiscal Years. After the application of available moneys pursuant to paragraph Fifth above, any remaining available moneys will be applied to the payment of past due principal of Senior Appropriation Obligations of any Series, in the order in which such principal came due;

Seventh, this paragraph Seventh will apply to Senior Appropriation Obligations in the event clause (a) of the definition of Senior Lien Requirements has been satisfied, but clause (b) of the definition of Senior Lien Requirements has not been satisfied, each in connection with the applicable Fiscal Years. After the application of available moneys pursuant to paragraph Sixth above, any remaining available moneys will be applied to the payment of interest then due and payable on the Senior Appropriation Obligations of each Series due on such Payment Date and, if the amount available will not be sufficient to pay in full all interest on the Senior Appropriation Obligations then due, then pro rata among the Series according to the amount of interest then due;

Eighth, this paragraph Eighth will apply to Senior Appropriation Obligations in the event clause (a) of the definition of Senior Lien Requirements has been satisfied, but clause (b) of the definition of Senior Lien Requirements has not been satisfied, each in connection with the applicable Fiscal Years. After the application of available moneys pursuant to paragraph Seventh above, any remaining available moneys will be applied to the payment of principal of the Senior Appropriation Obligations then due and, if the amount available will not be sufficient to pay in full all principal of the Senior Appropriation Obligations then due, then pro rata among the Series according to the principal of the Senior Appropriation Obligations then due;

Ninth, to the payment of past due interest on Subordinate Obligations of any Series, in the order in which such interest came due, provided that no payment of past due interest on Subordinate Appropriation Obligations will be made unless the Subordinate Lien Requirements have been satisfied at the time such past due interest was originally scheduled to be paid;

Tenth, to the payment of past due principal of Subordinate Obligations of any Series, in the order in which such principal came due, provided that no payment of past due principal of Subordinate Appropriation Obligations will be made unless the Subordinate Lien Requirements have been satisfied at the time such past due principal was originally scheduled to be paid;

Eleventh, to the payment of interest then due and payable on the Subordinate Obligations of each Series due on such Payment Date and, if the amount available will not be sufficient to pay in full all interest on the Subordinate Obligations then due, then pro rata among the Series according to the amount of interest then due, provided that no payment of interest then due and payable on Subordinate Appropriation Obligations will be made unless the Subordinate Lien Requirements have been satisfied;

Twelfth, to the payment of principal of the Subordinate Obligations then due and, if the amount available will not be sufficient to pay in full all principal of the Subordinate Obligations then due, then pro rata among the Series according to the principal of the Subordinate Obligations then due, provided that no payment of principal of the Subordinate Appropriation Obligations then due will be made unless the Subordinate Lien Requirements have been satisfied;

Thirteenth, this paragraph Thirteenth will apply to Subordinate Appropriation Obligations in the event clause (a) of the definition of Subordinate Lien Requirements has been satisfied, but clauses (b) and (c) of the definition of Subordinate Lien Requirements have not been satisfied, each in connection with the applicable Fiscal Years. After the application of available moneys pursuant to paragraph Twelfth above, any remaining available moneys will be applied to the payment of past due interest on Subordinate Appropriation Obligations of any Series, in the order in which such interest came due;

Fourteenth, this paragraph Fourteenth will apply to Subordinate Appropriation Obligations in the event clause (a) of the definition of Subordinate Lien Requirements has been satisfied, but clauses (b) and (c) of the definition of Subordinate Lien Requirements have not been satisfied, each in connection with the applicable Fiscal Years. After the application of available moneys pursuant to paragraph Thirteenth above, any remaining available moneys will be applied to the payment of past due principal of Subordinate Appropriation Obligations of any Series, in the order in which such principal came due;

Fifteenth, this paragraph Fifteenth will apply to Subordinate Appropriation Obligations in the event clause (a) of the definition of Subordinate Lien Requirements has been satisfied, but clauses (b) and (c) of the definition of Subordinate Lien Requirements have not been satisfied, each in connection with the applicable Fiscal Years. After the application of available moneys pursuant to paragraph Fourteenth above, any remaining available moneys will be applied to the payment of interest then due and payable on the Subordinate Appropriation Obligations of each Series due on such Payment Date and, if the amount available will not be sufficient to pay in full all interest on the Subordinate

Appropriation Obligations then due, then pro rata among the Series according to the amount of interest then due; and

Sixteenth, this paragraph Sixteenth will apply to Subordinate Appropriation Obligations in the event clause (a) of the definition of Subordinate Lien Requirements has been satisfied, but clauses (b) and (c) of the definition of Subordinate Lien Requirements have not been satisfied, each in connection with the applicable Fiscal Years. After the application of available moneys pursuant to paragraph Fifteenth above, any remaining available moneys will be applied to the payment of principal of the Subordinate Appropriation Obligations then due and, if the amount available will not be sufficient to pay in full all principal of the Subordinate Appropriation Obligations then due, then pro rata among the Series according to the principal of the Subordinate Appropriation Obligations then due.

Extension and Bond Retirement Account

Except as provided in the Master Bond Ordinance, monies in the Extension and Bond Retirement Account will be used for any lawful purpose of the Airport System, including but not limited to the following purposes or any of them (the listing of the following purposes is not intended to establish a priority of one listed purpose over another, nor to establish a priority of a listed purpose over a purpose which is not listed below):

(i) Paying the Operation and Maintenance Expenses of, and the cost of repairs to, the Airport System to the extent that such payments are necessary after the application of moneys held in the Kansas City Airports Fund and available for said purposes under the provisions of paragraphs (a), (b) and (m) under the caption "**Flow of Funds**" above.

(ii) Anticipating payments into or increasing the amounts in the Operation and Maintenance Reserve Account, the Debt Service Funds, the Reserve Fund, the Series Debt Service Reserve Funds or the Maintenance and Replacement Account, or any of them, or making any deposit of the Rate Reserve Amount into the Coverage Deposit Account, or establishing or increasing the amount of any principal and interest account or bond reserve account created or established by the City for the payment of the Obligations or other indebtedness of the City relating to the Airport System in conformity with the provisions thereof.

(iii) Paying the cost of enlarging, extending or improving the general facilities of the Airports or any of them, including the acquisition of additional land, buildings, equipment and facilities, whether by construction, purchase or otherwise, including acquisition by operation of law from other governmental agencies and the assumption of the obligations thereof.

(iv) Calling for redemption and payment or purchasing prior to maturity the Obligations or other indebtedness of the City relating to the Airport System, and paying costs incident to such purchase or redemption, in conformity with the provisions thereof.

(v) Anticipating payments into or establishing or increasing the amount of any principal and interest account or debt service reserve fund created or established by the City for the payment of any Junior Obligations, or calling for redemption and payment or purchasing prior to maturity any Junior Obligations, and paying costs incident to such purchase or redemption, in conformity with the provisions thereof.

(vi) The City has the right, but not the obligation, to use any available moneys in the Extension and Bond Retirement Account for the purpose of paying the interest on and principal of any Special Facility Obligations at the time outstanding if no other moneys are available to pay such interest or principal.

(vii) The City may transfer any available moneys from the Extension and Bond Retirement Account to the Rate Stabilization Account therein. Moneys in the Rate Stabilization Account may be used for any purposes described under this caption. Moneys in the Rate Stabilization Account may also be transferred to the Kansas City Airports Fund to be applied in the order listed as set forth in paragraphs (a) through (n) under the caption "**Flow of Funds**" above. As indicated in the definition of "Revenues," Revenues include any amounts transferred from the Rate Stabilization Account to the Kansas City Airports Fund.

Rate Covenant

The City has covenanted in the Master Bond Ordinance that, while any Obligations remain Outstanding, it will:

(a) establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the Airport System and for services rendered in connection therewith, so that Net Revenues in each Fiscal Year will be at least equal to the sum of (i) the Annual Debt Service, and such other amounts due, on any Outstanding Senior Obligations required to be funded by the City in such Fiscal Year as required by the Master Bond Ordinance, any Supplemental Ordinance or any Issuing Instrument with respect to the Outstanding Senior Obligations; (ii) the required deposits to the Reserve Fund or any Senior Debt Service Reserve Fund which may be established by a Supplemental Ordinance, and the required deposits to a debt service reserve fund relating to a Senior Obligation which is held by an entity other than the City, as established or authorized by a Supplemental Ordinance or Issuing Instrument, to the extent not paid pursuant to clause (i) above; (iii) the Annual Debt Service, and such other amounts due, on any Outstanding Subordinate Obligations required to be funded by the City in such Fiscal Year as required by the Master Bond Ordinance, any Supplemental Ordinance or any Issuing Instrument with respect to the Outstanding Subordinate Obligations; (iv) the required deposits to any Subordinate Debt Service Reserve Fund which may be established by a Supplemental Ordinance, and the required deposits to a debt service reserve fund relating to a Subordinate Obligation which is held by an entity other than the City, as established or authorized by a Supplemental Ordinance or Issuing Instrument, to the extent not paid pursuant to clause (iii) above; (v) the reimbursement or repayment of other amounts owed to any Credit Provider or Liquidity Provider as required by a Supplemental Ordinance; (vi) the interest on and principal of any indebtedness required to be funded during such Fiscal Year other than for Outstanding Obligations, including Junior Obligations; and (vii) payments of any reserve requirement for debt service for any indebtedness other than Outstanding Obligations, including Junior Obligations.

(b) establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the Airport System and for services rendered in connection therewith, so that during each Fiscal Year:

(i) the Net Revenues, together with any Transfer (described below), will be equal to at least 125% of Annual Debt Service on the Outstanding Senior Obligations in such Fiscal Year (for purposes of the immediately preceding clause, the amount of any Transfer taken into account shall not exceed 25% of the Annual Debt Service on the Outstanding Senior Obligations in such Fiscal Year); and

(ii) the Subordinate Net Revenues, together with any Transfer, will be equal to at least 110% of Annual Debt Service on the Outstanding Subordinate Obligations in such Fiscal Year (for purposes of the immediately preceding clause, the amount of any Transfer taken into account shall not exceed 10% of the Annual Debt Service on the Outstanding Subordinate Obligations in such Fiscal Year).

Under the Master Bond Ordinance, a "**Transfer**" is defined to mean, for any Fiscal Year, the amount on deposit in the Coverage Deposit Account on the first day of such Fiscal Year and the amount of unencumbered funds on deposit or anticipated to be on deposit, as the case may be, in the Kansas City Airports Fund (other than the amounts on deposit in the Coverage Deposit Account) on the first day of such Fiscal Year, including any

Fiscal Year in which a Series of Obligations is issued or incurred (after all deposits and payments required by clauses (a) through (m) described under the caption "**Flow of Funds**" above).

If Net Revenues, together with any Transfer (as applied in accordance with clauses (b)(i) and (ii) above), in any Fiscal Year are less than the amount specified in paragraphs (a) or (b) above, the City will retain and direct a Consultant to make recommendations as to the revision of the operations of the Airport System and its schedule of rentals, rates, tolls, fees and charges for the use of the Airport System and for services rendered by the City in connection with the Airport System, and after receiving such recommendations or giving reasonable opportunity for such recommendations to be made, the City will take all lawful measures to revise the schedule of rentals, rates, tolls, fees and charges as may be necessary to produce Net Revenues in the amount specified in paragraphs (a) or (b) above in the next succeeding Fiscal Year.

If Net Revenues for any Fiscal Year are less than the amount specified in paragraphs (a) or (b) above, but the City promptly has taken prior to or during the next succeeding Fiscal Year all lawful measures to revise the schedule of rentals, rates, tolls, fees and charges as required by the prior paragraph, such deficiency in Net Revenues will not constitute an Event of Default under the provisions of the Master Bond Ordinance. Nevertheless, if after taking such measures to revise the schedule of rentals, rates, tolls, fees and charges, Net Revenues in the next succeeding Fiscal Year (as evidenced by the Financial Statements for such Fiscal Year) are less than the amount specified in paragraphs (a) or (b) above, such deficiency in Net Revenues will constitute an Event of Default under the provisions of the Master Bond Ordinance.

Pursuant to the provisions of the Master Bond Ordinance, in determining compliance with the Rate Covenant, the City may exclude from its calculation of Aggregate Annual Debt Service and/or Annual Debt Service (i) the payment of debt service or portions thereof on Obligations whose debt service is payable from amounts not included in Revenues (including, but not limited to Passenger Facility Charges and Customer Facility Charges) which are held by the City and set aside exclusively for the payment of debt service on such Obligations, and (ii) amounts not included in Revenues that have been used to pay, or have been irrevocably deposited with and are held by the City to pay, Capitalized Interest which has been set aside exclusively to be used to pay principal and/or interest on specified Obligations. The exclusion of such debt service could result in higher debt service coverage ratios. See the captions "**Passenger Facility Charges Not Designated as Revenues**" and "**Certain Customer Facility Charges Designated as Revenues**" below.

Certain Customer Facility Charges Designated as Revenues

Under the Master Bond Ordinance, CFCs are excluded from "Revenues" unless they are specifically designated as "Revenues" in a Supplemental Ordinance.

Pursuant to the Series 2019 Supplemental Ordinance and the Series 2020 Supplemental Ordinance, the City designated CFCs received in each of the Fiscal Years ending in 2019 through 2021 as Revenues of the Airport System for purposes of the Master Bond Ordinance. In addition, CFCs received in each Fiscal Year after the Fiscal Year ending in 2021 are designated as Revenues of the Airport System for purposes of the Master Bond Ordinance until such time as the Director of the Aviation Department gives written notice to the Director of Finance that, as of a specified future Fiscal Year, such CFCs are no longer to continue to be designated as Revenues for purposes of the Master Bond Ordinance, accompanied by a certificate of the Director of the Aviation Department to the effect that the City will be in compliance with the rate covenants set out in the Master Bond Ordinance after CFCs are no longer designated as Revenues. All of such CFCs so designated as Revenues are referred to as "**Designated Customer Facility Charges**." To the extent provided in the Series 2019 Supplemental Ordinance and the Series 2020 Supplemental Ordinance, Designated Customer Facility Charges are included in "Revenues" and are pledged as security for the Senior Obligations (including the Series 2019A Senior Appropriation Obligation, the Series 2019 Senior Appropriation Obligation, and the Series 2020 Senior Appropriation Obligation). The City will provide notice under its Continuing Disclosure Undertaking in the event that CFCs received after the Fiscal Year ending in 2021 are no longer designated as Revenues. See the caption "**THE AIRPORT SYSTEM—Customer Facility Charge Program**" for more information about the City's CFC program.

Passenger Facility Charges Not Designated as Revenues

Under the Master Bond Ordinance, the term "Revenues" excludes PFCs, except to the extent PFCs are specifically designated as "Revenues" in a Supplemental Ordinance. However, pursuant to the provisions of the Master Bond Ordinance, if PFCs not included in Revenues have been irrevocably committed or are held by the City and are to be set aside exclusively to be used to pay principal of and/or interest on specified Obligations, then such principal and/or interest may be excluded from the calculation of Aggregate Annual Debt Service and/or Annual Debt Service on the Obligations, thus decreasing Aggregate Annual Debt Service and/or Annual Debt Service on the Obligations, and increasing debt service coverage for purposes of the Rate Covenant and the Additional Obligations tests under the Master Bond Ordinance. See paragraph (k) of the definition of "Aggregate Annual Debt Service" in *Appendix D* **- "*DEFINITIONS AND SUMMARY OF CERTAIN FINANCING DOCUMENTS—SUMMARY OF CERTAIN PROVISIONS OF THE MASTER BOND ORDINANCE—Definitions*."**

As of the date of issuance of the Series 2020 Bonds, the City will not have designated PFCs as "Revenues." However, the City may transfer PFCs from the PFC Debt Service Account within the PFC Revenue Fund to the Series 2019A Debt Service Fund, and/or the Series 2019 Debt Service Fund, and/or the Series 2020 Debt Service Fund to be used to pay principal of and interest on the PFC Eligible Portion of the Series 2019A Senior Appropriation Obligation, the Series 2019 Senior Appropriation Obligation and the Series 2020 Senior Appropriation Obligation in an amount not exceeding the PFC Debt Service Portion of the Series 2019A Senior Appropriation Obligation, the Series 2019 Senior Appropriation Obligation and the Series 2020 Senior Appropriation Obligation; provided, however, the City is under no obligation to transfer any PFCs into the Series 2019A Debt Service Fund, the Series 2019 Debt Service Fund or the Series 2020 Debt Service Fund, other than PFCs which have been irrevocably committed to the payment of principal of and/or interest on the Series 2019A Senior Appropriation Obligation, the Series 2019 Senior Appropriation Obligation and the Series 2020 Senior Appropriation Obligation as described below, and no assurance can be given that any such transfer will be authorized in the future.

Any PFCs deposited into the Series 2019A Debt Service Fund, the Series 2019 Debt Service Fund or the Series 2020 Debt Service Fund will be deemed to be held by the City and set aside exclusively to be used to pay principal of and/or interest on the PFC Eligible Portion of the Series 2019A Senior Appropriation Obligation, the Series 2019 Senior Appropriation Obligation and the Series 2020 Senior Appropriation Obligation, respectively, within the meaning of subsection (k) of the definition of Aggregate Annual Debt Service, and accordingly, the principal of and/or interest on such portion of the Series 2019A Senior Appropriation Obligation, the Series 2019 Senior Appropriation Obligation and the Series 2020 Senior Appropriation Obligation to be paid from such PFCs shall be disregarded and not included in calculating Aggregate Annual Debt Service and/or Annual Debt Service with respect to the Series 2019A Senior Appropriation Obligation, the Series 2019 Senior Appropriation Obligation and the Series 2020 Senior Appropriation Obligation. Further, any PFCs which the City irrevocably commits to the payment of the principal of and/or interest on the PFC Eligible Portion of the Series 2019A Senior Appropriation Obligation, the Series 2019 Senior Appropriation Obligation or the Series 2020 Senior Appropriation Obligation, through resolution or ordinance of the City Council or other official action of the City, shall be so disregarded as provided in said subsection (k) of such definition. The City expects to use PFCs to pay a portion of the principal of and interest on the Series 2019A Senior Appropriation Obligation, the Series 2019 Senior Appropriation Obligation and the Series 2020 Senior Appropriation Obligation.

Additional Obligations

Senior Lien Obligations Prohibited. The City has covenanted and agreed in the Master Bond Ordinance that so long as any Obligations are Outstanding under the Master Bond Ordinance, it will not issue any additional bonds or other obligations with a lien on or security interest granted in Net Revenues which is senior to the Senior Obligations.

Additional Senior Obligations. The City has covenanted and agreed in the Master Bond Ordinance that so long as any Obligations are Outstanding under the Master Bond Ordinance, it will not issue any additional Senior Obligations or other obligations which stand on a parity or equality with the Senior Obligations (including the Series 2020 Senior Appropriation Obligation) except in accordance with the following conditions and provisions:

(a) A Supplemental Ordinance has been passed authorizing the issuance of such Senior Obligations;

(b) With respect to Senior Bonds, the required voter approval for the issuance of such Senior Bonds has been obtained;

(c) If applicable, with respect to Senior Appropriation Obligations, the Senior Lien Requirements will be satisfied for the Fiscal Year within which such Senior Appropriation Obligations will be issued;

(d) There is no default by the City in the payment of any sums required at the time to be paid by the City under the provisions of the Master Bond Ordinance described above under the caption "**Flow of Funds**";

(e) An Authorized City Representative has executed a certificate to the effect that: (i) (a) none of the Events of Default set forth in the Master Bond Ordinance have occurred and remain uncured or (b) that upon issuance of such Series of Senior Obligations, all Events of Default set forth in the Master Bond Ordinance that have occurred and are continuing, will be cured, and (ii) that no event or condition has occurred and continues which, with the passage of time or giving of notice or both, would constitute an Event of Default under the Master Bond Ordinance;

(f) The City has received an opinion of Bond Counsel, dated as of the date of issuance of the Senior Obligations, to the effect that the Supplemental Ordinance authorizing the issuance of Senior Obligations has been duly passed by the City;

(g) If applicable, the City will deliver written instructions to authenticate the Senior Obligations and, upon receipt of the purchase price, to deliver the Senior Obligations to or upon the order of the purchasers named in such instructions; and

(h) The tests for issuance of Senior Obligations as described under the caption "***Additional Senior Obligations Test***" below are satisfied.

Additional Senior Obligations Test. As a condition to the issuance of any Series of Senior Obligations, the City must receive:

(a) a certificate, dated as of a date between the date of pricing of the Senior Obligations being issued and the date of delivery of such Senior Obligations (both dates inclusive), prepared by an Authorized City Representative showing the Net Revenues for the last audited Fiscal Year or for any 12 consecutive months out of the most recent 18 consecutive months immediately preceding the date of issuance of the proposed Series of Senior Obligations, together with any Transfer, were at least equal to 125% of average Aggregate Annual Debt Service with respect to all the Outstanding Senior Obligations and the proposed Series of Senior Obligations, calculated as if the proposed Series of Senior Obligations was then Outstanding; or

(b) both of the following certificates, each dated as of a date between the date of pricing of the Senior Obligations being issued and the date of delivery of such Senior Obligations (both dates inclusive):

(i) a certificate prepared by either an Authorized City Representative or a Consultant showing that the Net Revenues for the last audited Fiscal Year or for any 12 consecutive months out of the most recent 18 consecutive months immediately preceding the date of issuance of the proposed Series of Senior Obligations, together with any Transfer, were at least equal to 125% of the Aggregate Annual Debt Service due and payable with respect to all Outstanding Senior Obligations (not including the proposed Series of Senior Obligations) for such Fiscal Year or other applicable period; and

(ii) a certificate prepared by a Consultant showing that the estimated Net Revenues for each of three consecutive Fiscal Years beginning with the first Fiscal Year in which Annual Debt Service is due on or with respect to the Series of Senior Obligations proposed to be issued, and for the payment of all of which provision has not been made as indicated in the report of such Consultant from the proceeds of such Series of Senior Obligations and/or from interest that has been capitalized from the proceeds of previously issued Senior Obligations, together with any Transfer, will be at least equal to 125% of Aggregate Annual Debt Service for each such Fiscal Year with respect to all the Outstanding Senior Obligations (calculated as if the proposed Series of Senior Obligations was then Outstanding);

For purposes of paragraphs (a) and (b) above, the amount of any Transfer taken into account cannot exceed 25% of the Aggregate Annual Debt Service on the Outstanding Senior Obligations and the proposed Series of Senior Obligations.

For purposes of paragraph (b)(ii) above, in estimating Net Revenues, the Consultant may take into account (1) Revenues from Projects or Airport Facilities reasonably expected to become available during the period for which the estimates are provided, (2) any increase in fees, rates, charges, rentals or other sources of Revenues which have been approved by the City and will be in effect during the period for which the estimates are provided, (3) any other increases in Revenues which the Consultant believes to be a reasonable assumption for such period. With respect to Operation and Maintenance Expenses, the Consultant will use such assumptions as the Consultant believes to be reasonable, taking into account: (i) historical Operation and Maintenance Expenses, (ii) Operation and Maintenance Expenses associated with the Projects and any other new Airport Facilities, and (iii) such other factors, including inflation and changing operations or policies of the City, as the Consultant believes to be appropriate. The Consultant will include in the certificate or in a separate accompanying report a description of the assumptions used and the calculations made in determining the estimated Net Revenues and will also set forth the calculations of Aggregate Annual Debt Service, which calculations may be based upon information provided by another Consultant. Additionally, for purposes of paragraph b(ii) above, the Consultant will assume that the Senior Lien Requirements will be met for each Fiscal Year included in its certificate.

For purposes of preparing the certificate or certificates described above, the Consultant or Consultants or the Authorized City Representative may rely upon financial statements prepared by the City which have not been subject to audit by an independent certified public accountant if audited financial statements for the Fiscal Year or period are not available; provided, however, that an Authorized City Representative will certify as to their accuracy and that such financial statements were prepared substantially in accordance with Generally Accepted Accounting Principles, subject to year-end and other applicable adjustments.

For purposes of paragraphs (a) and (b) above, average Aggregate Annual Debt Service on the Outstanding Senior Obligations and the proposed Series of Senior Obligations will be calculated as provided in paragraph (l) of the definition of Aggregate Annual Debt Service in *Appendix D* - "***DEFINITIONS AND SUMMARY OF CERTAIN FINANCING DOCUMENTS—SUMMARY OF CERTAIN PROVISIONS OF THE MASTER BOND ORDINANCE—Definitions.***"

(c) Neither of the certificates described under paragraph (a) or (b) above will be required:

(i) if the Senior Obligations being issued are for the purpose of refunding then Outstanding Senior Obligations and (a) an Authorized City Representative executes a certificate showing that Aggregate Annual Debt Service for each Fiscal Year after the issuance of such Refunding Senior Obligations will not exceed the Aggregate Annual Debt Service for such Fiscal Year prior to the issuance of such Refunding Senior Obligations, or (b) the City obtains a report from an Independent certified public accountant or financial or municipal advisor demonstrating that the refunding will reduce the total debt service payments on all Outstanding Senior Obligations on a present value basis;

(ii) if the Senior Obligations being issued constitute Notes and an Authorized City Representative executes, instead, a certificate showing that the principal amount of the proposed Notes being issued, together with the principal amount of any Notes then Outstanding, does not exceed 10% of the Net Revenues for any 12 consecutive months out of the most recent 24 months immediately preceding the issuance of the proposed Notes, accompanied by a certificate of an Authorized City Representative setting forth calculations showing that for each of the Fiscal Years during which the Notes will be Outstanding, and taking into account the debt service becoming due on such Notes, the City will be in compliance with paragraphs (a) and (b)(i) described under the caption "**Rate Covenant**"; or

(iii) if the Senior Obligations being issued are to pay costs of completing a Project for which Senior Obligations have previously been issued and the principal amount of such Senior Obligations being issued for completion purposes does not exceed an amount equal to 15% of the principal amount of the Senior Obligations originally issued for such Project and reasonably allocable to the Project to be completed as shown in a written certificate of an Authorized City Representative and there is delivered to the City (1) a Consultant's certificate stating that the nature and purpose of such Project has not materially changed and (2) a certificate of an Authorized City Representative to the effect that (x) all of the proceeds (including investment earnings on amounts in the Project Fund allocable to such Project) of the original Senior Obligations issued to finance such Project have been or will be used to pay Costs of the Project and (y) the then estimated Costs of the Project exceed the sum of the Costs of the Project already paid plus moneys available in the Project Fund established for the Project (including unspent proceeds of Senior Obligations previously issued for such purpose) and (z) the proceeds to be received from the issuance of such Senior Obligations plus moneys available in the Project Fund established for the Project (including unspent proceeds of the Senior Obligations previously issued for such purpose) will be sufficient to pay the remaining estimated Costs of the Project.

Additional Subordinate Obligations. The City has covenanted and agreed in the Master Bond Ordinance that so long as any Obligations are Outstanding under the Master Bond Ordinance, it will not issue any additional Subordinate Obligations or other obligations which stand on a parity or equality with the Subordinate Obligations except in accordance with the following conditions and provisions:

(a) A Supplemental Ordinance has been passed authorizing the issuance of such Subordinate Obligations;

(b) With respect to Subordinate Bonds, the required voter approval for the issuance of such Subordinate Bonds has been obtained;

(c) If applicable, with respect to Subordinate Appropriation Obligations, the Subordinate Lien Requirements will be satisfied for the Fiscal Year within which such Subordinate Appropriation Obligations will be issued;

(d) There is no default by the City in the payment of any sums required at the time to be paid by the City under the provisions of the Master Bond Ordinance described above under the caption "**Flow of Funds**";

(e) An Authorized City Representative has executed a certificate to the effect that: (i) none of the Events of Default set forth in the Master Bond Ordinance have occurred and remain uncured or (ii) that upon issuance of such Series of Subordinate Obligations, all Events of Default set forth in the Master Bond Ordinance that have occurred and are continuing, will be cured;

(f) The City has received an opinion of Bond Counsel, dated as of the date of issuance of the Subordinate Obligations, to the effect that the Supplemental Ordinance authorizing the issuance of Subordinate Obligations has been duly passed by the City;

(g) If applicable, the City will deliver written instructions to authenticate the Subordinate Obligations and, upon receipt of the purchase price, to deliver the Subordinate Obligations to or upon the order of the purchasers named in such instructions; and

(h) The tests for issuance of Subordinate Obligations as described in *Appendix D* – "***DEFINITIONS AND SUMMARY OF CERTAIN FINANCING DOCUMENTS—SUMMARY OF CERTAIN PROVISIONS OF THE MASTER BOND ORDINANCE—Definitions— Additional Subordinate Obligations Test***" are satisfied.

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BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Series 2020 Bonds, Assured Guaranty Municipal Corp. ("**AGM**") will issue its Municipal Bond Insurance Policy (the "**Series 2020A Insurance Policy**") for the Series 2020A Bonds maturing on March 1, 2050 (with a yield of 3.060%) and on March 1, 2057 (the "**Insured Series 2020A Bonds**"). The Series 2020A Insurance Policy guarantees the scheduled payment of principal of and interest on the Insured Series 2020A Bonds when due as set forth in the form of the Series 2020A Insurance Policy included as **Appendix G** to this Official Statement.

The Series 2020A Insurance Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Assured Guaranty Municipal Corp.

General. AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("**AGL**"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and international public finance (including infrastructure) and structured finance markets and, as of October 1, 2019, asset management services. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("**S&P**"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("**KBRA**") and "A2" (stable outlook) by Moody's Investors Service, Inc. ("**Moody's**"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings. On July 16, 2020, S&P announced it had affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On December 19, 2019, KBRA announced it had affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On August 13, 2019, Moody's announced it had affirmed AGM's insurance financial strength rating of "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2019.

Capitalization of AGM. At June 30, 2020:

- The policyholders' surplus of AGM was approximately $2,667 million.

- The contingency reserves of AGM and its indirect subsidiary Municipal Assurance Corp. ("**MAC**") (as described below) were approximately $1,018 million. Such amount includes 100% of AGM's contingency reserve and 60.7% of MAC's contingency reserve.

- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately $2,048 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiaries Assured Guaranty (Europe) plc ("**AGE UK**") and Assured Guaranty (Europe) SA ("**AGE SA**"), and (iii) 60.7% of the net unearned premium reserve of MAC.

The policyholders' surplus of AGM and the contingency reserves, net unearned premium reserves and deferred ceding commission income of AGM and MAC were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGE UK and AGE SA were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference. Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "**SEC**") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2019 (filed by AGL with the SEC on February 28, 2020);

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2020 (filed by AGL with the SEC on May 8, 2020); and

(iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2020 (filed by AGL with the SEC on August 7, 2020).

All information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Series 2020 Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "**BOND INSURANCE – Assured Guaranty Municipal Corp.**" or included in a document incorporated by reference herein (collectively, the "**AGM Information**") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters. AGM makes no representation regarding the Series 2020 Bonds or the advisability of investing in the Series 2020 Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "**BOND INSURANCE**".

DEBT SERVICE REQUIREMENTS

The following table shows the annual debt service requirements for the Series 2020 Senior Appropriation Obligation (which debt service requirements are equal to the debt service requirements on the Series 2020 Bonds) and for the Series 2019A Senior Appropriation Obligation and the Series 2019 Senior Appropriation Obligation (which debt service requirements are equal to the debt service requirements on the Series 2019A Bonds and the Series 2019 Bonds).

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Fiscal Year Ending April 30	Series 2020 Senior Appropriation Obligation / Series 2020 Bonds Principal	Interest	Total	Series 2019A Senior Appropriation Obligation / Series 2019A Bonds / Series 2019 Senior Appropriation Obligation / Series 2019 Bonds	Total Debt Service
2021	-	$ 8,521,945*	$ 8,521,945	$ 49,237,250*	$ 57,759,195
2022	$ 11,830,000	25,146,723*	36,976,723	49,237,250*	86,213,973
2023	11,935,000	25,041,554*	36,976,554	49,237,250*	86,213,804
2024	12,065,000	24,913,253	36,978,253	49,237,250	86,215,503
2025	22,560,000	24,756,167	47,316,167	49,237,250	96,553,417
2026	23,250,000	24,067,842	47,317,842	49,237,250	96,555,092
2027	14,005,000	23,307,893	37,312,893	59,237,250	96,550,143
2028	8,365,000	22,762,732	31,127,732	65,427,250	96,554,982
2029	8,640,000	22,486,456	31,126,456	65,427,750	96,554,206
2030	9,070,000	22,054,456	31,124,456	65,426,500	96,550,956
2031	9,525,000	21,600,956	31,125,956	65,426,500	96,552,456
2032	10,000,000	21,124,706	31,124,706	65,425,500	96,550,206
2033	10,500,000	20,624,706	31,124,706	65,426,250	96,550,956
2034	11,025,000	20,099,706	31,124,706	65,426,250	96,550,956
2035	11,465,000	19,658,706	31,123,706	65,428,000	96,551,706
2036	11,925,000	19,200,106	31,125,106	65,428,750	96,553,856
2037	12,405,000	18,723,106	31,128,106	65,425,750	96,553,856
2038	12,900,000	18,226,906	31,126,906	65,426,250	96,553,156
2039	13,415,000	17,710,906	31,125,906	65,427,000	96,552,906
2040	13,950,000	17,174,306	31,124,306	65,429,750	96,554,056
2041	14,510,000	16,616,306	31,126,306	65,426,000	96,552,306
2042	15,090,000	16,035,906	31,125,906	65,427,500	96,553,406
2043	15,690,000	15,432,306	31,122,306	65,430,250	96,552,556
2044	16,325,000	14,804,706	31,129,706	65,425,250	96,554,956
2045	16,970,000	14,151,706	31,121,706	65,428,750	96,550,456
2046	17,655,000	13,472,906	31,127,906	65,426,000	96,553,906
2047	18,360,000	12,766,706	31,126,706	65,427,750	96,554,456
2048	19,090,000	12,032,306	31,122,306	65,429,000	96,551,306
2049	19,855,000	11,268,706	31,123,706	65,429,750	96,553,456
2050	20,650,000	10,474,506	31,124,506	65,429,750	96,554,256
2051	21,475,000	9,648,506	31,123,506	65,428,500	96,552,006
2052	22,420,000	8,703,338	31,123,338	65,430,250	96,553,588
2053	23,405,000	7,716,713	31,121,713	65,428,750	96,550,463
2054	24,440,000	6,686,606	31,126,606	65,427,750	96,554,356
2055	40,680,000	5,610,994	46,290,994	65,425,500	111,716,494
2056	42,465,000	3,820,331	46,285,331	-	46,285,331
2057	44,330,000	1,951,200	46,281,200	-	46,281,200
Total**	**$632,240,000**	**$598,396,884**	**$1,230,636,884**	**$2,186,633,000**	**$3,417,269,884**

* All or a portion of the payment to be made by application of capitalized interest account funds.

** Totals may not foot due to rounding.

THE AIRPORT SYSTEM

General

The City owns and operates MCI and MKC, both of which are located within the city limits of Kansas City, Missouri. MCI is the principal airport serving the Kansas City air service area. MKC functions as one of the area's principal general aviation airports. MCI is located 18 miles north of the downtown Kansas City area in Platte County, Missouri, and occupies approximately 10,573 acres, making it one of the largest commercial airports in the United States by acreage. It is located adjacent to Interstates 29 and 435, providing convenient access to the metropolitan area. The land surrounding MCI is zoned to maintain a compatible relationship between the airport and surrounding communities.

The general facilities at MCI consist of two north/south runways, one 10,801 feet long and the other 9,500 feet long, and an east/west runway 9,500 feet long. The Airport currently operates out of two terminals with approximately 700,000 square feet of space. In January, 2014, the passenger airlines were consolidated into two terminals (Terminals B & C) and the third terminal (Terminal A) was de-activated to improve efficiencies at the Airport. Construction of the new terminal facility on the site of the former Terminal A has begun as described further herein. Additionally, facilities at MCI include a large aircraft maintenance facility, numerous support buildings such as equipment storage, cargo, post office, rental cars facilities, hotel and a general aviation terminal, and multi-level parking garages and surface parking lots providing a total of approximately 23,000 automobile parking spaces.

MKC opened in 1927 and served as the City's air carrier airport until 1972 when MCI opened. MKC is located adjacent to the downtown area on approximately 601 acres. The Missouri River forms three of its boundaries, with the other being U.S. Highway 169. MKC is a primary reliever airport for MCI, serving the general aviation community with its two runways, one approximately 6,827 feet long and oriented in a north/south direction and the other approximately 5,050 feet long and oriented in a northeast/southwest direction. There are two fixed-base operators at MKC providing hangar, tie-down, maintenance, training and fueling services. An aviation museum named after TWA and an historic aircraft restoration project also operate at MKC.

Service Area

The City is the central city of a 14-county Metropolitan Statistical Area (**"MSA"**), which includes Bates, Caldwell, Cass, Clay, Clinton, Jackson, Lafayette, Platte and Ray counties in Missouri and Johnson, Leavenworth, Linn, Miami and Wyandotte counties in Kansas. The City's Department of City Planning and Development estimates that the City's 2020 population is 499,059 and that the population of the Kansas City MSA is 2,167,894.

The Airport System primarily serves the population within and beyond the MSA (known as the Kansas City Combined Statistical Area or "**CSA**") and includes Andrew, Buchanan and DeKalb counties in Missouri and Atchison, Doniphan, Douglas and Franklin counties in Kansas. In total an estimated 2,501,151 residents live within the CSA and no other commercial service airport overlaps the primary CSA. The nearest medium-hub airport, in Omaha, Nebraska, is located approximately 170 miles north of the City. St. Louis Lambert International Airport in St. Louis, Missouri (also a medium-hub airport) is located approximately 260 miles east of the City. Small hub airports, located in Des Moines, Iowa and Wichita, Kansas, are each located over 180 miles from the City. The population of the MSA comprises approximately 87% of the CSA's population.

Aviation Department Management

Brief resumes of the Aviation Department's senior management appear below:

Patrick Klein, Director of Aviation. Patrick Klein became Director of Aviation for the Aviation Department June 1, 2016. In this role, Mr. Klein oversees all aspects of the management, development, operation and maintenance of Kansas City International Airport and Charles B. Wheeler Downtown Airport. Mr. Klein is responsible for approximately 500 employees and annual revenue of over $150 million. Mr. Klein has worked for the City of Kansas City, Missouri for over 20 years, serving in a variety of management roles. Since 2013, Mr. Klein has worked with groups which have been studying future options for MCI terminal modernization, including the Mayor's Airport Terminal Advisory Group and the Airport Leadership Committee. Mr. Klein continues to work with our partners to bring the Terminal Modernization Project to the Kansas City region on time and on budget. Mr. Klein earned his bachelor's degree from Kansas State University and a Master of Public Administration degree from the University of Oklahoma.

Ian Redhead, C.M., Deputy Director – Operations and Maintenance. Ian Redhead has been the Deputy Director over Operations and Maintenance at the Aviation Department for over 11 years. Serving as the Primary Assistant to the Director of Aviation, Mr. Redhead oversees all operational and maintenance divisions at the Airport. Mr. Redhead has more than 30 years of experience in the aviation industry, having held senior positions at other airports prior to working at MCI. Mr. Redhead also served as Vice President of airport services and facilities for Airports Council International's North America region. Mr. Redhead holds a Bachelor of Science in computer science with a concentration in aviation management from Embry Riddle Aeronautical University.

John Green, CPA, Deputy Director – Chief Financial Officer. John Green has been the Deputy Director – Chief Financial Officer for the Aviation Department since 2011. He is responsible for oversight of the Department's Finance, Accounting, and Purchasing functions. Mr. Green has over 29 years of financial management experience and holds both a Bachelor of Business Administration and Master of Business Administration degree from Florida Atlantic University.

David Graham Long, AAE, Deputy Director – Properties and Commercial Development. David Graham Long has been with the Aviation Department since 1995. As Deputy Director over Properties and Commercial Development, he is responsible for the development and improvement of all airport revenue bases which includes the active recruitment and evaluation of new revenue sources and the maintenance and monitoring of all current revenue agreements. Mr. Long holds a Master's degree in Business, is an Accredited Member of the American Association of Airport Executives and is a licensed pilot.

Jade Liska, PLA, Deputy Director – Planning and Engineering. Jade Liska has worked 15 years for the City and is currently the Deputy Director of Planning and Engineering at MCI and MKC. Prior to joining the Aviation Department, Mr. Liska was the Division Manager of the Citywide Planning Division at the City's Planning and Development Department. Mr. Liska began his career in Wichita, Kansas where he was in the private sector working in multi-disciplinary design firms for 12 years. Mr. Liska is a Professional Landscape Architect in Kansas and Missouri and is a graduate of Iowa State University.

Justin Meyer, Deputy Director – Marketing & Air Service Development. Justin Meyer has been with the Aviation Department since 2014. His responsibilities include marketing, customer service, public relations and air service development. In another role, Mr. Meyer also led the City's air service development efforts from 2006 to 2012. Mr. Meyer has over 20 years of experience in the aviation industry at multiple airlines and airports. Mr. Meyer studied Aviation Management at the Florida Institute of Technology where he received a Bachelor of Business Administration.

Capital Improvement Program

The City, through its Aviation Department, has an ongoing major maintenance and capital improvement program for the Airport System. The capital improvement program is designed to ensure the continued availability of existing facilities and to develop improvements necessary to meet the ongoing air travel demands of the region. Identification of maintenance projects comes from periodic reviews of facilities, field reports and a deferred maintenance schedule. Capital projects are also identified through a review of the ability of specific areas to meet public demand levels for these facilities as well as the airport master planning process for each airport, which typically examines a 20-year planning cycle. Funding for capital improvement projects generally comes from accumulated airport revenues, federal grants and the issuance of general airport revenue bonds.

The estimated costs of the Airport System's capital improvement program anticipated to be funded for the City's Fiscal Years 2021 through 2025 for the Airport System is approximately $217 million and is anticipated to be funded by grants, PFCs, Aviation Department funds, and other funds, which may include Transportation Security Administration ("**TSA**") funds for security-related terminal projects. It is anticipated that approximately $75 million of these improvements will be funded from Revenues. Although the capital improvement plan has a five year horizon, projects are budgeted and approved on a Fiscal Year basis. Funding for the capital improvement program is determined on an annual basis, as capital projects are identified for funding. Capital improvement projects which are funded with PFCs or grants would require funding approval. The City does not plan to issue additional debt to fund this program.

The current major maintenance programs consist of several airfield, building and roadway projects. Typical projects include airfield pavement repair and rehabilitation, terminal structural repairs and parking facility pavement repairs. The Terminal Modernization Project is not part of the capital improvement program.

Passenger Facility Charge Program

PFC Authorization. The Aviation Safety and Capacity Expansion Act of 1990, Pub. L. 101-508, Title IX, Subtitle B, 9110 and 9111, recodified as 49 U.S. 40117, as modified by the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century, Pub. L. 106-181, as amended or replaced from time to time (collectively, the "**PFC Act**"), as implemented by the FAA pursuant to published regulations (the "**PFC Regulations**"), authorized public agencies controlling commercial service airports to charge eligible enplaning passengers at the airport a $1, $2, $3, $4 or $4.50 passenger facility charge ("**Passenger Facility Charge**" or "**PFC**"). Revenues from PFCs ("**PFC Revenues**") may be used to finance eligible, approved airport-related project costs, subject to FAA regulation. Airport-related projects eligible for PFCs are those 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. Eligible airport-related projects also include airport development or planning, terminal development, airport noise compatibility measures and planning and construction of gates and related areas for the movement of passengers and baggage. PFCs are imposed by authorized public agencies and collected by the air carriers serving the airports operated by the public agencies (the "**Collecting Carriers**") and remitted to the public agencies.

PFC Level. Since the City implemented its PFC program in 1995, it has obtained FAA authorizations, pursuant to 12 PFC application approvals, together with amendments thereto, to impose and use approximately $537,867,362 of PFC Revenues for various projects, including the eligible design costs of the Terminal Modernization Project and the PFC Eligible Portion of the Series 2013 Bonds. The City has current FAA approval to impose a PFC of $4.50 per paying enplaned passenger for previously approved projects until approximately December 2022. A subsequent application will be submitted for the eligible construction costs of the Terminal Modernization Project.

PFC Collections and Expenditures at MCI. PFCs are imposed by the City and collected and remitted to the City by the Collecting Carriers serving MCI for eligible enplaned passengers at MCI. The annual amount of PFC Revenues collected by the City depends upon the PFC level, the number of eligible passenger enplanements at MCI, the amount of the airline handling fee, and the timely remittance of PFCs by the Collecting Carriers. See Table 7 under the caption "– **Financial Information**" below for historical PFC Revenues information.

Customer Facility Charge Program

In November 2000, the City instituted a user fee for each rental day that a passenger vehicle is rented from a rental car agency at a facility on MCI or at a facility from which a rental car agency directly or indirectly accesses MCI for the purposes of supplying rental car services to persons using MCI ("**Customer Facility**

Charge" or "**CFC**"). The CFC was imposed for the purpose of paying the costs of acquisition, construction and equipping of a consolidated rental car facility and related maintenance and parking facilities and other facilities or equipment necessary to transport customers between the terminals and the consolidated rental car facility at MCI.

Pursuant to the Series 2019 Supplemental Ordinance, the Series 2019A Supplemental Ordinance and the Series 2020 Supplemental Ordinance, the City designated CFCs received in each of the Fiscal Years ending in 2019 through 2021 as Revenues of the Airport System for purposes of the Master Bond Ordinance. In addition, CFCs received in each Fiscal Year after the Fiscal Year ending in 2021 are designated as Revenues of the Airport System for purposes of the Master Bond Ordinance until such time as the Director of the Aviation Department gives written notice to the Director of Finance that, as of a specified future Fiscal Year, such CFCs are no longer to continue to be designated as Revenues for purposes of the Master Bond Ordinance, accompanied by a certificate of the Director of the Aviation Department to the effect that the City will be in compliance with the rate covenants set out in the Master Bond Ordinance after CFCs are no longer designated as Revenues. To the extent provided in the Series 2019 Supplemental Ordinance and the Series 2020 Supplemental Ordinance, such Designated Customer Facility Charges are included in "Revenues" and are pledged as security for the Senior Obligations (including the Series 2019A Senior Appropriation Obligation, the Series 2019 Senior Appropriation Obligation, and the Series 2020 Senior Appropriation Obligation). The City will provide notice under its Continuing Disclosure Undertaking in the event that CFCs received after the Fiscal Year ending in 2021 are no longer designated as Revenues. At this time, the City has no plans to designate CFCs as Revenues following the Fiscal Year ending in 2021.

See Table 9 under the caption "– **Financial Information**" below for the current CFC charge. See *Appendix D* - **"*DEFINITIONS AND SUMMARY OF CERTAIN FINANCING DOCUMENTS—SUMMARY OF CERTAIN PROVISIONS OF THE MASTER BOND ORDINANCE—Definitions*"** for more information as to the items included in the term "Revenues" with respect to the Series 2020 Bonds. See also the caption "**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS**."

Airline Use and Lease Agreements

In 2009, the City entered into Use and Lease Agreements with certain air carriers relating to the use of MCI, the rental of space, and the establishment of landing fees (the "**Pre-DBO Agreements**"). The Pre-DBO Agreements were amended several times to extend the term, modify the ratemaking, and provide signatory airline pre-approval for capital improvements. Under the Pre-DBO Agreements, the calculation of landing fees and loading bridge fees are based on a cost center residual method that credits to the respective cost center non-airline revenues derived from the use of the airfield and loading bridges, respectively. The residual landing fees include the net cost to operate MKC up to an annual cap of $375,000 adjusted annually for inflation. The calculation of the terminal rental rate and terminal apron rate is based on a compensatory methodology that allocates to the air carriers the cost of the terminal and apron space they use. Master Amendment No. 1, which became effective May 1, 2014, included several refinements to the ratemaking, including (i) the decommissioning of Terminal A (which allowed allocable debt service to be included in the terminal rental rate base for Terminals B and C) and (ii) an annual "**Major Maintenance Surcharge Requirement**" equal to $5.5 million per year for annual capital improvements. The annual Major Maintenance Surcharge Requirement is allocated to certain MCI cost centers based on the percentage allocation of operation and maintenance expenses for such cost centers and recovered through landing fees, terminal rentals, and apron fees. Master Amendments No. 2 and No. 3 extended the term through April 30, 2017 and April 30, 2020, respectively.

Master Amendment No. 4, which was negotiated on a collaborative basis with the air carriers concurrently with the negotiation of new use and lease agreement to take effect as of the date of beneficial occupancy of the new terminal Facility (the "**Post-DBO Agreements"**), further extends the term through completion of the Project (i.e., the date of beneficial occupancy of the new terminal Facility or "**DBO**") and provides for (i) the funding of the deposit to the coverage deposit account, and (ii) the projected increase in the airlines operation and maintenance reserve requirement effective at DBO through airline rates and charges during Fiscal Years 2022 and 2023 to the extent not funded through Airport System cash on hand. In addition, Master

Amendment No. 4 provides that, if DBO occurs later than 12 months before the end of the capitalized interest period for the bonds issued to finance the Terminal Modernization Project, the amount of debt service required to be deposited into the applicable debt service funds will be funded by either (a) a surcharge on the terminal rental rate, (b) issuance of additional bonds to finance capitalized interest, and/or (c) uncommitted Terminal Modernization Project contingencies as determined by a majority-in-interest of the airlines that are parties to the Pre-DBO Agreements. The airlines operation and maintenance reserve requirement will increase when the residual ratemaking of the Post-DBO Agreements take effect to be equal to two months' of annual budgeted operation and maintenance expenses for the total Airport System instead of just certain cost centers as currently provided in the Pre-DBO Agreements. Master Amendment No. 4 also incorporates a Terminal Modernization Project budget of $1.5 billion.

The following air carriers have executed Master Amendment No. 4 and the Post-DBO Agreement: Southwest Airlines, Delta Air Lines, United Airlines, American Airlines, Alaska Airlines, FedEx, and UPS (the "**Signatory Airlines**"). At the time of signing, these air carriers accounted for approximately 94% of the passenger market share and 96% of the cargo market share at MCI. The Post-DBO Agreements will be in effect through April 30, 2028 (Fiscal Year 2028). Air carriers that were signatory to the Pre-DBO Agreement under Master Amendment No. 3, which extends through April 30, 2020, and chose not to sign Master Amendment No. 4 and the Post-DBO Agreements concurrently have elected to be "Non-Signatory Airlines" until DBO and will be subject to non-signatory rates from May 1, 2020 through DBO. Non-signatory rates are equal to 125% of the signatory rates.

Under the Post-DBO Agreements, Signatory Airline rentals, fees, and charges will be calculated to ensure that the Airport System generates sufficient Airport System revenues to operate on a break-even basis after (1) paying debt service on all outstanding obligations issued or incurred for the Airport System, (2) paying operation and maintenance expenses, (3) paying for certain required expensed equipment and capital outlays related to the Airport System, (4) making all deposits required under the Master Bond Ordinance, including the Airlines Operation and Maintenance Reserve Account, (5) providing for 125% coverage under the Rate Covenant established under the Master Bond Ordinance, (6) paying for the estimated amount of defending, settling, or satisfying any threatened litigation, litigation, assessment, judgment, settlement or charge net of estimated insurance proceeds to become payable to City relating directly to the Airport System or its operation net of any revenues received by the City of any judgment or settlement arising as a result of the City's ownership, operation and maintenance of the Airport System payable during said Fiscal Year, and any and all other sums, amounts, charges or requirements of the City required to be recovered, charged, set aside, expensed or accounted for under the Post-DBO Agreement or the Master Bond Ordinance and (7) making a provision for a Maintenance and Replacement Account Deposit and a Management Incentive Fee (as defined below) to be retained by the City for Airport System capital improvements.

The "**Maintenance and Replacement Account Deposit**" is $11 million commencing with the Fiscal Year in which DBO occurs, and increased annually after DBO by the lesser of 5% or the change in the Consumer Price Index. The annual "**Management Incentive Fee**" is equal to 5% of all Airport System Revenue derived by the City during the then-current Fiscal Year from non-airline revenues (generally, all revenues received by the Airport System other than airline revenues). The Management Incentive Fee will be deposited to the Extension and Bond Retirement Account maintained by the City.

Under the Post-DBO Agreements, 90% of all PFC revenues collected in each Fiscal Year is to be applied by the City to offset Debt Service. If the U.S. Congress approves an increase in the PFC level and the City applies for and receives approval from the FAA to increase the PFC level, the incremental increase in PFC revenues attributable to the higher collection level will first be allocated by the City to unfunded Terminal Modernization Project PFC eligibility, unless otherwise agreed upon by City and a majority-in-interest of the Signatory Airlines, and the remaining PFCs will be available for other PFC-approved projects identified by the City. In this context, "majority-in-interest" means Signatory Airlines leasing space within the new terminal Facility representing greater than 67% in number and having paid greater than 50% of the total Signatory Airline terminal rentals.

Both the Pre-DBO Agreements and Post-DBO Agreements provide for the rental of space and the use of certain facilities by the Signatory Airlines, the establishment of cost accounting centers, and the periodic adjustment of the rentals, fees, and charges to be paid by the Signatory Airlines as determined by the costs and expenses associated with certain designated areas of the Airport System. Under the Pre-DBO Agreements, space is rented to the Signatory Airlines on an exclusive use basis subject to accommodation provisions. Under the Post-DBO Agreements, (1) ticket counters, ticket kiosks, airline ticket offices, holdrooms, and new terminal aircraft apron will be leased on a preferential use basis, (2) common use baggage premises (inbound and outbound baggage square footage, excluding certain space used primarily for ingress and egress on a common use basis), and (3) all other space (including bag service offices, operations areas, and club lounges) on an exclusive use basis. The annual common use baggage premises costs will be allocated and charged to each Signatory Airline using this space (i) 85% based upon the percentage share of the number of enplaned passengers of all airlines using the space and (ii) 15% equally among all airlines using the space. All other common use facilities (ticket counters, holdrooms, loading bridges, aircraft aprons, and "remain overnight" positions) may be used by any airline on a common use basis subject to a per-turn fee or other activity basis. Any Signatory Airline that is leasing at least one gate will pay a fee for each gate leased that is calculated for each Fiscal Year in an amount that is equal to the sum of (1) the average square footage of a holdroom in the terminal multiplied by the terminal rental rate, (2) the annual loading bridge fee rate, and (3) the annual terminal apron rate. However, the fee to be paid by a Signatory Airline for the first gate leased will be discounted by 50% (i.e. 50% of the sum of (1), (2) and (3) above) and all other gates leased will be subject to the full fee as set forth above.

Prior to the start of each Fiscal Year, the City will establish rates to be in effect for the subsequent Fiscal Year. After the close of each Fiscal Year, there is an annual settlement, whereby the rates and charges are recalculated using audited financial statements to determine any air carrier under payment or over payment. If at any time during any Fiscal Year, the City's projections based upon its most recently available information with regard to Net Airfield Area Costs or Net Terminal Costs (as described above) actually incurred or realized during the Fiscal Year, together with the most recently available information with respect to landing fees or terminal rentals actually received by the City, indicate that such payments at the then-current rates would result in an overpayment or underpayment of five percent (5%) or more of the amount required to be generated by the City through such fees and charges during the Fiscal Year, then the City may adjust the respective rates for the remaining months of the Fiscal Year to conform to its current projection. The Post-DBO Agreements also (1) grant certain rights and privileges to air carriers (passenger and cargo), (2) provide for the timing and manner of required payments of rates and charges, and (3) set forth other applicable operating conditions and requirements at MCI.

Notwithstanding the expiration of the Pre-DBO Agreements, the Rate Covenant contained in the Master Bond Ordinance will continue to be effective. See *Appendix A* – "***FINANCIAL STATEMENTS FOR THE KANSAS CITY AIRPORTS FUND*"** for more information about the financial results under the Pre-DBO Agreements and the caption **"CERTAIN INVESTMENT CONSIDERATIONS."**

Federal Grants-in-Aid

The Airport and Airway Improvement Act of 1982 created the Airport Improvement Program ("**AIP**"), which is administered by the Federal Aviation Administration ("**FAA**") and funded by the Airport and Airway Trust Fund. This fund is financed by federal aviation user taxes, including passenger ticket taxes, fuel taxes and other fees. Grants are available to airport operators in the form of "entitlement" funds and "discretionary" funds. Entitlement funds are apportioned annually based upon enplaned passengers and landed weight of all-cargo aircraft. Discretionary funds are available at the discretion of the FAA based upon a national priority system. Pursuant to the PFC Act (defined above), an airport's annual federal entitlement grants are reduced by 50% following the imposition of PFCs of up to $3.00 and 75% for PFCs in excess of $3.00.

The City has relied on AIP grants to fund many of its capital improvement projects, including the cost of rehabilitating runways and taxiways, aircraft rescue and firefighting equipment, and costs associated with passenger security. Normally, AIP grants will fund between 75-90% of such capital improvement projects. At April 30, 2020, the City had five AIP Grants open with a total grant value of $47.7 million. If AIP Grants become available to fund the Terminal Modernization Project, the Aviation Department would pursue such grants.

Non-Airline Revenues

Parking Revenues. The Aviation Department historically receives significant revenues from its parking operations. MCI operates two multi-level garage facilities, one for each active terminal (Terminals B & C), a full service valet parking operation, a shared surface parking facility within walking distance of the terminals, three remote economy parking facilities and one remote valet parking facility. All of the parking facilities are contractually operated on a cost reimbursement/management fee basis. The current operating agreement runs through December 31, 2023. Over the five year period from Fiscal Year 2015 through Fiscal Year 2019, parking revenues increased each year from approximately $49.9 million in Fiscal Year 2015 to approximately $57.1 million in Fiscal Year 2019. Parking revenues declined to approximately $49.7 million in Fiscal Year 2020 resulting from reduced airport activity due to the COVID-19 pandemic. See the caption "**IMPACT OF COVID-19 PANDEMIC ON THE AIRPORT**" for a discussion of on-going COVID-19 pandemic effects on parking revenue.

Rental Car Revenues. The Aviation Department has separate concession and facility lease agreements with seven rental car companies. The agreements provide for the Aviation Department to receive 10% of gross revenues under the concession agreement and ground rent under the facility lease agreement. The agreements began in May of 2007 for 10 years and were extended for an additional 10 years through 2027. Over the five year period from Fiscal Year 2015 through Fiscal Year 2019, rental car revenues grew from approximately $11.3 million in Fiscal Year 2015 to approximately $11.9 million in Fiscal Year 2019. Rental car revenues declined to approximately $10.8 million in Fiscal Year 2020 resulting from reduced airport activity due to the COVID-19 pandemic. See the caption "**IMPACT OF COVID-19 PANDEMIC ON THE AIRPORT**" for a discussion of on-going COVID-19 pandemic effects on rental car revenue.

Property Rental Revenue. The Aviation Department receives both aeronautical and non-aeronautical related property rental revenues. Aeronautical related rentals include warehouse and cargo locations with access to the airfield as well as the hangers at the maintenance facility. Non-aeronautical related rental revenue includes all other rental properties such as land leases, building leases and farm leases. In Fiscal Year 2020, the Aviation Department sold the Ambassador Building, a six story office building held as investment property. Property rental revenue declined from approximately $13.4 million in Fiscal Year 2019 to approximately $12.8 million in Fiscal Year 2020 as a result of the sale and the loss of associated lease revenue. In August 2020, UPS announced a 534,000 square foot expansion of its aircraft apron and a renovation of its existing 50,000 square foot sorting facility. The Aviation Department anticipates construction will begin later this year and will be completed in late 2021.

Concession Revenue. The Aviation Department has concession agreements for the provision of food, beverages, gifts, newspapers, periodicals and books as well as other terminal related consumer services. These agreements provide for the Aviation Department to receive a varying percentage of gross revenues depending on the type of sale. The food and beverage concession agreement expires in 2023. A second news, gift and specialty concession agreement expired in December 2019. The Aviation Department renegotiated the second agreement to convert it to a month-to-month agreement until DBO. Over the five year period from Fiscal Year 2015 through Fiscal Year 2019, Aviation Department concession revenue grew from approximately $4.0 million in Fiscal Year 2015 to approximately $5.0 million in Fiscal Year 2019. Although concession revenue has been impacted by reduced airport activity due to the COVID-19 pandemic, concession revenue for Fiscal Year 2020 held relatively stable at $4.98 million. See the caption "**IMPACT OF COVID-19 PANDEMIC ON THE AIRPORT**" for a discussion of on-going COVID-19 pandemic effects on concession revenue.

Other Revenue. The Aviation Department receives additional revenues in the form of pick-up fees from taxi and limousine service companies and transportation network companies ("**TNCs**") such as Uber Technologies, Inc. and Lyft, Inc. for rides originating at MCI. The Aviation Department has closely tracked the use of TNCs by passengers over the past several years, and has concluded that the use of TNCs has not materially adversely affected MCI parking or rental car revenues.

See *Appendix A* – "***FINANCIAL STATEMENTS FOR THE KANSAS CITY AIRPORTS FUND***" to this Official Statement for more information about non-airline revenues.

Airport Activity

The following table sets forth annual MCI passenger enplanements for the prior 10 calendar years.

TABLE 1 – SCHEDULE OF ANNUAL PASSENGER ENPLANEMENTS
CY 2010 – 2019

	Domestic		International [1]		Total Enplanements	
Year	**Actual**	**% of Total**	**Actual**	**% of Total**	**Actual**	**% Change**
2010	4,908,782	99.2%	40,949	0.8%	4,949,731	0.6%
2011	5,044,028	99.1%	43,999	0.9%	5,088,027	2.8%
2012 [2]	4,943,214	99.0%	50,981	1.0%	4,994,195	-1.8%
2013	4,914,321	99.5%	26,720	0.5%	4,941,041	-1.1%
2014	5,057,985	99.4%	28,525	0.6%	5,086,510	2.9%
2015	5,208,249	99.5%	28,558	0.5%	5,236,807	3.0%
2016	5,496,571	99.4%	30,685	0.6%	5,527,256	5.5%
2017	5,717,376	99.4%	33,815	0.6%	5,751,191	4.1%
2018	5,892,621	99.3%	43,024	0.7%	5,935,645	3.2%
2019	5,861,052	99.3%	39,338	0.7%	5,900,390	-0.6%

[1] International enplanements by Air Canada, Frontier, Icelandair and charter airlines.
[2] Starting FY2012 and forward, enplanement calculations include non-revenue passengers.

Source: Kansas City Aviation Department records.

The following table sets forth annual MCI aircraft operations by category for the prior 10 calendar years.

TABLE 2 – SCHEDULE OF MCI AIRCRAFT OPERATIONS
CY 2010 - 2019

Year	**Air Carrier [1]**	**Commuter/ Air Taxi**	**All-Cargo**	**General Aviation [2]**	**Military**	**TOTAL**
2010	106,712	32,526	2,854	5,671	843	148,606
2011	105,042	31,328	2,884	4,239	1,055	144,548
2012	98,382	30,105	2,884	3,946	763	136,080
2013	96,206	25,750	2,908	3,609	770	129,243
2014	101,712	20,254	3,364	3,702	792	129,824
2015	102,157	12,670	3,596	3,457	777	122,657
2016	110,500	8,379	4,838	3,358	607	127,682
2017	109,757	4,797	4,576	3,550	655	123,335
2018	113,197	5,303	4,422	3,609	918	127,449
2019	114,349	4,333	4,118	3,830	883	127,513

[1] Includes aircraft operations by scheduled air carriers and charter operations.
[2] General Aviation includes civil itinerant and local aircraft operations.

Source: Kansas City Aviation Department based on FAA Airport Operations Monthly Summary.

Passenger and cargo service at MCI as of April 2020 was provided by the following airlines:

TABLE 3 – SCHEDULE OF PASSENGER AND CARGO AIRLINES

Major/National Airlines
Alaska Airlines
Allegiant Air
American Airlines
Delta Air Lines
Frontier Airlines
Southwest Airlines
Spirit Airlines
United Airlines

Major/International Airlines
Air Canada/Air Georgian
Vacation Express/Miami Air International

Regional/Commuter Airlines
Envoy Air
ExpressJet*
Horizon Air
Mesa Airlines
PSA Airlines
Republic Airlines
SkyWest Airlines

Cargo Carriers
DHL
FedEx
Southern Air
UPS

* ExpressJet ceased passenger service at MCI following April 2020

Source: Kansas City Aviation Department records

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The following table sets forth MCI commercial airline enplanements and market share for each of the past five calendar years.

TABLE 4 – SCHEDULE OF AIRLINES' MARKET SHARE
CY 2015 – 2019

	Enplanements					Market Share				
Airline	**2015**	**2016**	**2017**	**2018**	**2019**	**2015**	**2016**	**2017**	**2018**	**2019**
Domestic Air Carrier										
Alaska Airlines [1]	66,194	105,415	114,485	142,763	161,424	1.3%	1.9%	2.0%	2.4%	2.7%
Allegiant Air [2]	5,688	47,625	73,142	62,178	39,067	0.1%	0.9%	1.3%	1.0%	0.7%
American Airlines [1]	564,954	918,720	895,555	825,588	864,014	10.8%	16.6%	15.6%	13.9%	14.6%
Delta Airlines [1, 3]	905,937	916,060	930,944	1,016,379	1,083,732	17.3%	16.6%	16.2%	17.1%	18.3%
Frontier Airlines	59,768	118,879	86,459	95,908	68,600	1.1%	2.2%	1.5%	1.6%	1.2%
OneJet Airlines [4]	0	0	0	1,476	0	0.0%	0.0%	0.0%	0.0%	0.0%
Southwest Airlines [1]	2,577,863	2,717,199	2,858,617	2,937,983	2,813,560	49.2%	49.2%	49.7%	49.5%	47.7%
Spirit Airlines	164,206	150,258	203,713	210,601	219,253	3.1%	2.7%	3.5%	3.5%	3.7%
United Airlines [1, 5]	525,726	532,262	570,869	614,703	623,426	10.0%	9.6%	9.9%	10.4%	10.6%
US Airways [6]	352,692	0	0	0	0	6.7%	0.0%	0.0%	0.0%	0.0%
Subtotal - Domestic Air Carrier	**5,223,028**	**5,506,418**	**5,733,784**	**5,907,579**	**5,873,076**	**99.7%**	**99.6%**	**99.7%**	**99.5%**	**99.5%**
International Air Carrier	**12,115**	**19,233**	**15,589**	**23,249**	**21,748**	**0.2%**	**0.3%**	**0.3%**	**0.4%**	**0.4%**
Charter [7]	**1,664**	**1,605**	**1,818**	**4,817**	**5,566**	**0.0%**	**0.0%**	**0.0%**	**0.1%**	**0.1%**
TOTAL - ALL AIRLINES	**5,236,807**	**5,527,256**	**5,751,191**	**5,935,645**	**5,900,390**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

[1] Signatory Airline
[2] Allegiant Air began scheduled service in November 2015.
[3] Includes operations by Atlantic Southeast Airlines (ASA), Chautauqua Airlines, Comair, Shuttle America, Skywest, Northwest, and Pinnacle airlines.
[4] OneJet Airlines began service at MCI in March 2018 and discontinued service later the same calendar year.
[5] Includes enplanements by GoJet Airlines, Mesa Airlines, Shuttle America, SkyWest Airlines, and TransStates Airlines.
[6] Includes enplanements by Air Wisconsin, Mesa Airlines, PSA Airlines, and Republic Airlines. US Airways merged with American Airlines October 2015.
[7] Charter Passenger category includes American Trans Air, Miami Air International, Ryan International, Omni Air, Via Airlines, and Hawaiian Airlines.

Source: Kansas City Aviation Department records.

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The following table sets forth the 20 most popular domestic destinations for MCI enplaned passengers for calendar year 2019:

TABLE 5 – SCHEDULE OF MOST POPULAR DESTINATIONS

Calendar Year 2019

Rank	City	Passengers
1	Denver	562,432
2	Los Angeles	477,766
3	Orlando	397,868
4	Las Vegas	369,998
5	Atlanta	352,942
6	Phoenix	331,610
7	Chicago, Midway	320,642
8	New York, La Guardia	303,447
9	Dallas, Love	277,816
10	Washington DC, National	244,016
11	Chicago, O'Hare	240,107
12	Seattle/Tacoma	233,828
13	San Diego	210,904
14	Detroit	204,266
15	Dallas/Fort Worth	196,094
16	Minneapolis/St. Paul	189,422
17	Fort Lauderdale	184,589
18	Boston	176,882
19	Tampa	174,989
20	Houston, Hobby	167,987
Total, top 20 destinations		5,617,605
Total passengers, all domestic destinations		10,773,742

Note: Each passenger flying round trip is counted twice.
Source: U.S. Department of Transportation, Dynamic Table Report for all Airlines between MCI and all Destinations.

The following table sets forth annual MCI enplaned cargo for the prior 10 calendar years.

TABLE 6 – SCHEDULE OF ENPLANED CARGO
CY 2010 - 2019

	Mail (000 lbs)		Air Freight (000 lbs)		TOTAL CARGO
Year	Weight	% of Total	Weight	% of Total	(000 lbs)
2010	4,054	4.3%	90,624	95.7%	94,678
2011	2,821	3.0%	90,941	97.0%	93,762
2012	2,207	2.4%	91,627	97.6%	93,834
2013	2,519	2.4%	101,999	97.6%	104,518
2014	1,767	1.8%	99,021	98.2%	100,788
2015	3,552	3.6%	96,017	96.4%	99,569
2016	2,732	2.5%	107,305	97.5%	110,037
2017	4,702	4.3%	103,863	95.7%	108,565
2018	3,508	3.2%	107,724	96.8%	111,232
2019	2,775	2.6%	104,925	97.4%	107,700

Source: Kansas City Aviation Department records.

Financial Information

General Information. The Aviation Department maintains its financial records on a fiscal year basis ending April 30 using the accrual method of accounting. The Financial Statements of the Kansas City Airports Fund are included in the Aviation Department's Comprehensive Annual Financial Report for Years Ended April 30, 2020 and 2019 which are included in *Appendix A* to this Official Statement. The Financial Statements have been audited by Allen, Gibbs & Houlik, L.C., Wichita, Kansas, certified public accountants, to the extent and for the periods indicated in their report which is also included in *Appendix A*.

Schedule of Historical Revenues and Expenses. The following table sets forth the historical revenues and expenses of the Kansas City Airports Fund for the Fiscal Years ended April 30, 2016 through 2020 which have been derived from the audited financial statements of the Kansas City Airports Fund.

TABLE 7 – SCHEDULE OF HISTORICAL REVENUES AND EXPENSES

	Fiscal Year Ended April 30,				
	2016	2017	2018	2019	2020
Operating Revenue					
Terminal and Aprons	$ 18,222,720	$ 18,337,878	$ 19,255,527	$ 20,441,775	$ 19,262,301
Airfield	19,019,782	21,092,117	21,789,119	19,285,154	20,855,754
Parking	52,578,719	55,425,436	55,630,039	57,132,558	49,730,965
Rental Car	11,464,301	11,022,127	11,697,520	11,939,351	10,811,914
Concessions	4,304,860	4,485,030	4,687,281	5,046,794	4,983,039
Property Rentals	14,553,590	14,241,144	13,048,179	13,351,915	12,837,032
Other [1]	1,589,224	1,819,298	2,168,112	2,400,449	2,311,950
Total Operating Revenue	$121,733,196	$126,423,030	$128,275,777	$129,597,996	$120,792,955
Non-Operating Revenue					
Earnings on Cash and Investments	$ 1,601,590	$ 1,355,001	$ 646,802	$ 4,794,371	$ 24,344,236
Passenger Facility Charge	20,698,155	21,672,476	22,178,778	22,733,307	18,097,525
Customer Facility Charge	7,012,830	7,008,786	7,059,252	7,068,579	4,397,820
Transportation Facility Charge [2]	5,516,760	5,513,578	5,546,800	5,545,840	5,443,930
Operating/Federal Grant	211,599	222,402	220,963	245,398	213,980
Other Income	657,052	1,191,130	1,072,057	1,859,255	1,116,322
Total Non-Operating Revenue	$ 35,697,986	$ 36,963,373	$ 36,724,652	$ 42,246,750	$ 53,613,813
Capital Contributions [3]	$ 14,055,447	$ 21,260,964	$ 18,835,213	$ 12,010,820	$ 14,709,374
Total Revenue	$171,486,629	$184,647,367	$183,835,642	$183,855,566	$189,116,142
Operating Expenses					
Salaries, Wages and Employee Benefits	$29,511,627	$33,534,185	$35,043,425	$34,554,096	$35,659,843
Contractual Services	43,138,679	42,005,276	41,953,823	47,716,020	44,540,264
Commodities	4,579,143	4,802,425	5,558,691	6,019,973	5,249,658
Total Operating Expenses	$77,229,449	$80,341,886	$82,555,939	$88,290,089	$85,449,765
Non-Cash Expenses					
Depreciation	$52,244,066	$51,356,406	$51,912,774	$49,963,301	$49,908,700
Amortization	27,308	27,308	27,308	6,827	80,487
Total Non-Cash Expenses	$52,271,374	$51,383,714	$51,940,082	$49,970,128	$49,989,187
Non-Operating Expenses					
Interest Expense	$ 7,703,878	$ 6,538,200	$ 4,833,536	$ 4,681,720	$ 3,658,600
Interest Expense Funded by Bond Proceeds[4]	-	-	-	-	37,657,604
Other Expense [5]	5,461,338	6,731,056	8,079,690	6,796,704	8,654,971
Total Non-Operating Expenses	13,165,216	13,269,256	12,913,226	11,478,424	49,971,175
Total Expenses	142,666,039	144,994,856	147,409,247	149,738,641	185,410,127
Change in Net Assets Before Special Items	$ 28,820,590	$ 39,652,511	$ 36,426,395	$ 34,116,925	$ 3,706,015
Special Items					
Loss on write-off of Terminal A assets	-	-	-	-	$43,635,215
Loss of disposal of investment property	-	-	-	-	1,181,965
	-	-	-	-	$44,817,180
Change in Net Assets	$ 28,820,590	$ 39,652,511	$ 36,426,395	$ 34,116,925	$ (41,111,165)

[1] Other Operating Revenue includes $3.00 per pickup for taxis, limos and TNCs.
[2] Transportation Facility Charge (TFC) is a user fee of $2.36 per rental day on each rental of a passenger vehicle by a customer from a rental car agency. These fees are collected and then remitted to MCI RACS, LLC to use in the operation and maintenance of the consolidated rental car facility bus transportation system.
[3] Consists primarily of AIP Grants
[4] Consists of Capitalized Interest on Series 2019A Bonds and Series 2019 Bonds
[5] Non-Operating Other Expense includes payment of the collected TFCs.

Schedule of Historical Debt Service Coverage. The following table sets forth the historical debt service coverage for the City's general airport revenue bonds for each of the Fiscal Years ended April 30, 2016 through 2020.

TABLE 8 – SCHEDULE OF HISTORICAL DEBT SERVICE COVERAGE

	Fiscal Year Ended April 30,				
Revenues: [1]	2016	2017	2018	2019	2020
Airfield	$ 19,019,781	$ 21,092,117	$ 21,789,119	$ 19,285,154	$ 20,855,754
Terminal	22,527,579	22,822,908	23,942,808	25,488,569	24,245,340
Parking	52,578,719	55,425,436	55,630,039	57,132,558	49,730,965
Rental Cars	11,464,301	11,022,127	11,697,520	11,939,351	10,811,914
Aviation Services Area	6,886,829	6,971,830	6,444,205	6,916,828	6,970,406
Other Property Rentals	9,255,984	9,088,611	8,772,086	8,835,536	8,178,576
Operating Grant	211,599	222,402	220,963	245,398	213,981
Customer Facility Charges	7,012,830	7,008,786	7,059,252	7,068,579	4,397,820
Transportation Facility Charge	5,516,760	5,513,578	5,546,800	5,545,840	5,443,930
Interest Earnings	1,208,450	1,031,547	511,442	2,640,403	9,800,147
Total Revenues	**$135,682,833**	**$140,199,344**	**$141,614,234**	**$145,098,216**	**$140,648,833**
Transfer From Coverage Deposit Account	4,491,094	4,491,250	4,492,750	4,491,719	4,492,719
Total Cash Available for Debt Service	**$140,173,927**	**$144,690,594**	**$146,106,984**	**$149,589,935**	**$145,141,552**
O&M Expenses:					
Salaries, Wages & Benefits	$ 29,411,654	$ 33,506,857	$ 35,025,037	$ 34,734,085	$ 35,346,834
Contractual Services and TFC Expense	48,655,439	47,518,854	47,500,623	53,261,859	49,984,194
Commodities	4,579,143	4,802,425	5,558,691	6,019,973	5,249,656
Total O&M Expenses	**$ 82,646,236**	**$ 85,828,137**	**$ 88,084,351**	**$ 94,015,918**	**$ 90,580,684**
Net Revenues Available for Debt Service	**$ 57,527,691**	**$ 58,862,457**	**$ 58,022,633**	**$ 55,574,017**	**$ 54,560,868**
Senior GARB Debt Service:					
Series 2013A Bonds	15,431,500	15,434,250	15,438,875	15,434,375	15,434,625
Series 2013B Bonds	11,773,750	11,772,625	11,775,625	11,772,625	11,777,250
Total Senior GARB Debt Service:	**$ 27,205,250**	**$ 27,206,875**	**$ 27,214,500**	**$ 27,207,000**	**$ 27,211,875**
Less: Principal and interest Serviced from Passenger Facility Charges (2013A)	$ 9,240,875	$ 9,241,875	$ 9,243,500	$ 9,240,125	$ 9,241,000
Aggregate Annual Debt Service	**$ 17,964,375**	**$ 17,965,000**	**$ 17,971,000**	**$ 17,966,875**	**$ 17,970,875**
Senior GARB Coverage	**3.20**	**3.28**	**3.23**	**3.09**	**3.04**
Subordinate GARB Debt Service:					
Series 2005C Subordinate GARBs [2]	5,646,410	5,637,910	5,630,598	-	-
Subtotal	$ 5,646,410	$ 5,637,910	$ 5,630,598	-	-
Total GARB Debt Service	**$ 23,610,785**	**$ 23,602,910**	**$ 23,601,598**	**$ 17,966,875**	**$ 17,970,875**
Total GARB Coverage	**2.44**	**2.49**	**2.46**	**3.04**	**3.04**

[1] Revenues presented in accordance with the methodology set forth in the GARB bond ordinances.
[2] Series 2005C Subordinate GARBs were redeemed on September 1, 2018.

Source: Kansas City Aviation Department Records

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Schedule of Rates and Charges. The following table sets forth a summary of the Aviation Department's actual and budgeted rates and charges at MCI for each of the past five Fiscal Years.

TABLE 9 - SCHEDULE OF RATES AND CHARGES

		Fiscal Year Ended April 30,				
User Fees	Units Charged	2016	2017	2018	2019	2020
Landing fee, signatory [1]	per 1,000 lbs.	$ 2.77	$ 2.79	$ 2.81	$ 2.61	$ 2.66
Terminal aircraft apron [1]	per lineal foot	367.73	399.84	404.39	408.49	382.75
Terminal building [1]	per square foot	55.85	57.07	56.09	60.98	57.20
Passenger boarding bridge [1]	per bridge/month	4,587.00	6,636.00	5,571.00	6,775.00	6,592.50
Passenger facility charge	per enplanement	4.50	4.50	4.50	4.50	4.50
Customer facility fees	per contract day	3.00	3.00	3.00	3.00	1.00
Transportation facility charge	per transaction day	2.36	2.36	2.36	2.36	2.36
Remaining overnight apron fee	per plane/night	169.00	174.00	174.00	179.00	184.00
FIS Custom facility use fee	per passenger	2.50	2.50	2.50	2.50	2.50
Employee parking fee	per month	40.00	40.00	40.00	40.00	40.00
Tenant terminal parking fee	per month	60.00	60.00	60.00	60.00	60.00
Taxicab/limousine fee	per pickup	3.00	3.00	3.00	3.00	3.00
Shuttle fee ($30 min/mo)	per trip	1.50	1.50	1.50	1.50	1.50
Fuel flowage fee	per gallon	0.08	0.08	0.08	0.08	0.08

[1] Rates for FYE21 are projected settlement rates.

Source: Kansas City Aviation Department records.

Schedule of Airline Cost Per Enplaned Passenger. The following table sets forth a summary of the historical costs at MCI per enplaned passenger for commercial airlines for each of the past five Fiscal Years.

TABLE 10 – SCHEDULE OF HISTORICAL AIRLINE COST PER ENPLANED PASSENGER

	Passenger Airline Payments						
Fiscal Year	Landing Fees [1]	Terminal Building Rents	Terminal Apron Fees	Passenger Boarding Bridges	Total	Enplaned Passengers [2]	Cost per Enplaned Passenger
2016	$16,989,128	$14,003,801	$2,496,933	$1,721,986	$35,211,847	5,334,342	$6.60
2017	18,846,768	13,500,318	2,511,881	2,325,679	37,184,646	5,624,895	6.61
2018	19,556,108	14,486,293	2,571,513	2,197,721	38,811,634	5,784,629	6.71
2019	17,262,201	15,500,518	2,612,163	2,329,094	37,703,976	5,951,776	6.33
2020	18,631,653	14,168,585	2,652,412	2,441,304	37,893,954	5,171,808	7.33

[1] Excludes airfield fees paid by cargo carriers.
[2] Enplanements on a Fiscal Year basis; annual enplanements shown on Table 1 are presented on a calendar year basis. Enplanement calculations include non-revenue passengers.

Source: Kansas City Aviation Department records.

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Unrestricted and Restricted Cash and Investments. The following table sets forth the Aviation Department's unrestricted and restricted cash and investments in each of the past five Fiscal Years.

TABLE 11 – SCHEDULE OF UNRESTRICTED AND RESTRICTED CASH AND INVESTMENTS

	Fiscal Years Ended April 30,				
	2016	2017	2018	2019	2020
Unrestricted Cash and Investments	$102,028,896	$106,850,290	$103,219,713	$114,985,192	$ 150,493,368
Restricted Passenger Facility Charge	41,276,198	53,266,518	48,743,839	53,008,699	62,345,199
Restricted Customer Facility Charge	6,462,310	7,795,844	9,098,481	3,399,551	9,049,559
Restricted DEA Forfeited Property	205,706	246,526	269,572	247,602	274,226
Restricted Airlines Operation and Maintenance	11,399,000	11,992,000	12,409,000	12,917,000	12,983,000
Restricted Principal and Interest[1]	17,337,173	17,947,756	18,577,277	15,700,083	153,409,674
Restricted Bond Reserves	23,286,111	23,286,267	23,287,767	23,286,736	34,673,121
Restricted Construction Proceeds	18,010,648	18,040,439	15,833,906	11,666,100	8,117,957
Restricted Trustee Cash for Construction	-	-	-	67,078,776	732,531,080
Restricted Other	3,670,038	3,670,038	1,483,158	-	-
Total Unrestricted and Restricted Cash and Investments[2]	$223,676,080	$243,095,678	$232,922,713	$302,289,739	$1,163,877,184

[1] Includes capitalized interest held by the trustee for the Series 2019A Bonds and Series 2019 Bonds
[2] Totals may not foot due to rounding

Source: Kansas City Aviation Department records.

IMPACT OF COVID-19 PANDEMIC ON THE AIRPORT

On March 11, 2020, the World Health Organization declared COVID-19, a respiratory disease caused by a new form of virus, a pandemic. Since the Executive Proclamation by the President of the United States on January 30, 2020, preventing entry into the United States by certain foreign nationals, there has been a focus on containing the disease by prohibiting non-essential travel and limiting person-to-person contact. Many state and local governments in the United States, including the State, the City, and states and other political subdivisions bordering the State and City, issued "stay at home" or "shelter in place" orders, which severely restricted movement and limited businesses and activities to essential functions. Additionally, a number of nations have effectively closed their borders by restricting entry and exit to only essential travel and/or requiring travelers to self-isolate for up to 14 days, further depressing demand for passenger air travel. The US Department of State and the Centers for Disease Control and Prevention (the "**CDC**"), as well as other governmental authorities, nations and airlines have issued travel restrictions and warnings for countries around the world, especially those in Asia, the Middle East, all of Europe and for certain regions in the United States. All of these restrictions are fluid and have been and will continue to be subject to change.

The City's Mayor issued a series of state of emergency proclamations starting March 12, 2030, with the most recent issued on August 12, 2020. Each of the proclamations authorized the Mayor to issue a series of orders to arrest the contraction and spread of COVID-19. The Mayor issued a "stay at home" order on March 21, 2020, directing that individuals were only allowed to leave their residences or places of rest to perform "Essential Activities," as defined in the order. The order also required all individuals to exercise social distancing requirements at all times and ordered all businesses and other operations in the City (with certain exceptions) to cease all in-person operations. Since then, additional orders have been issued that have gradually rolled back the limits on in-person operations and the stay at home requirements. The current order, requiring, among other things, wearing of masks and social distancing, was issued on July 10, 2020, and is in effect until January 16, 2021. Recently, the Governor of the State and other states' governors and local authorities have begun to slowly reopen their states and jurisdictions.

The COVID-19 pandemic and resulting restrictions have severely disrupted, and continue to disrupt, the economies of the United States and other countries. Increased business failures, worker layoffs, and consumer and business bankruptcies have begun and are expected to increase in the near future.

Airports in the United States have been acutely impacted by the reductions in passenger volumes and flights, as well as by the broader economic effects resulting from efforts to stop the spread of COVID-

19. The pandemic has adversely affected domestic and international travel and travel-related industries. Airlines are reporting unprecedented reductions in passenger volumes and expect these reductions to continue. In response, airlines have reduced flights in an attempt to match capacity to the modified demand for air travel.

Federal Relief Efforts

The United States government, the Federal Reserve Board and foreign governments have taken and are taking legislative and regulatory actions and implementing other measures to mitigate the broad disruptive effects of the COVID-19 pandemic in the United States and global economies. The Coronavirus Aid, Relief, and Economic Security Act (the **"CARES Act"**), H.R. 748, Public Law 116-136, approved by the United States Congress and signed by the President on March 27, 2020, is one of the legislative actions taken to address the crisis created by the COVID-19 pandemic and includes among its relief measures direct aid for airports in the form of grants, as well as direct aid, loans and loan guarantees for passenger and cargo airlines. Additionally, on April 9, 2020, the Federal Reserve Board announced a $500 billion program to provide state and certain local governments with access to short-term debt funding with the Federal Reserve acting as the lender.

Provisions of the CARES Act, which provides $10 billion of grant assistance to U.S. commercial airports, generally include the following: (1) $3.7 billion to be allocated among all U.S. commercial service airports based on number of enplanements in calendar year 2018, (2) $3.7 billion to be allocated among all U.S. commercial service airports based on formulas that consider fiscal year 2018 debt service relative to other airports and cash-to-debt service ratios, (3) $2 billion to be apportioned in accordance with AIP entitlement formulas, subject to CARES Act formula revisions, (4) $500 million to increase the federal share to 100% for grants awarded in Federal fiscal year 2020 under certain grant programs including the AIP, and (5) $100 million reserved for general aviation airports.

In April 2020, the FAA announced that it had allocated approximately $43.3 million of grant assistance under the CARES Act to MCI (the **"CARES Grant"**) and approximately $157,000 to MKC. The Aviation Department can draw on all CARES Grant funds on a reimbursement basis for any purpose for which airport revenues may be lawfully used in accordance with FAA rules and regulations. The Aviation Department has requested reimbursement of approximately $14.2 million in expenses to date, including $5.256 million for September 2020 debt service on the Series 2013A Bonds, and has received such amount. These reimbursements will help strengthen the Aviation Department's liquidity and potentially lower costs to the airlines servicing MCI. The Aviation Department is evaluating how to best utilize the remaining funds from the CARES Grant, and expects to use the CARES Grant to continue to strengthen its liquidity and help withstand decreases in revenues during Fiscal Year 2021 and Fiscal Year 2022 that it anticipates will occur as a result of the ongoing effects of the COVID-19 pandemic. There is no assurance that the CARES Grant will be sufficient to fully compensate the Aviation Department for lost revenue as a result of the COVID-19 pandemic. The Aviation Department treats receipts under the CARES Act as an operating grant.

All sponsors of airports receiving funds under the CARES Act (including the City as sponsor of the Airport) must continue to employ, through December 31, 2020, at least 90% of the number of individuals employed (after making adjustments for retirements or voluntary employee separations) at the sponsored airport as of March 27, 2020. The FAA requires CARES Act grantees to submit quarterly reports of employment levels. The Aviation Department's most recent quarterly report to the FAA stated that, as of June 30, 2020, after permitted adjustments, the City was compliant with this employment requirement.

The Aviation Department continues to evaluate and seek other available sources of State and Federal aid as they become available. Legislation has been introduced in the U.S. Congress, or is under public discussion, that would provide new and/or additional financial relief to individuals, businesses and organizations affected financially by the COVID-19 pandemic and related restrictions on activity, including potential additional relief to airlines and airports. The Aviation Department cannot predict whether additional federal financial support will be made available to airports or airlines in the future, under what conditions, or whether the Aviation Department would accept any such available support.

Airport Usage

As discussed above, domestic air travel throughout the nation has been severely curtailed by the COVID-19 pandemic. MCI, like most other airports around the nation, has experienced a steep decline in passenger volume as a result of the COVID-19 pandemic. For the fiscal year ended April 30, 2020, MCI had 5,171,808 enplaned passengers compared to 5,951,426 for the fiscal year ended April 30, 2019, a reduction of approximately 13%. The reduction was primarily due to the decline in enplaned passengers in March and April 2020.

Enplanement activity declined by 280,425 passengers in March 2020 and by 446,713 passengers in April 2020, representing more than a 95% decline from the same period in 2019. Since April 2020, passenger activity has begun to slowly recover with July's activity representing a 71% decline from July 2019. The following table sets forth the total passenger enplanements at MCI from March through August 2020, compared to March through August 2019.

Schedule of Passenger Enplanements
March – August 2019 and 2020

Month	2019	2020	Difference	Percent Change
March	508,285	227,860	(280,425)	-55.17%
April	467,749	21,036	(446,713)	-95.50%
May	547,593	58,337	(489,256)	-89.35%
June	555,272	121,991	(433,281)	-78.03%
July	567,073	163,656	(403,417)	-71.14%
August	501,699	159,033	(342,666)	-68.30%
Total	**3,147,671**	**751,913**	**(2,395,758)**	**-76.12%**

Financial Position and Liquidity

The Aviation Department believes that the Airport System's financial position going into the COVID-19 pandemic was strong, providing the flexibility to navigate the decline in passenger traffic, which has affected both airline and non-airline revenue. The Airport System's unrestricted cash balance at the close of its fiscal year on April 30, 2020, was $145,506,106, net of a market value adjustment on April 30, 2020 of $4,987,262. As of September 28, 2020, the Airport System's unrestricted cash balance was $140,116,723, which includes CARES Grant reimbursements received by the Aviation Department and represents approximately 598 days cash on hand.

The Airport System will have debt service payments (net of capitalized interest) of approximately $13.9 million in Fiscal Year 2020-21 (including the $5.256 million described above) following the refunding of the Series 2013A Bonds, of which approximately $5.5 million will be paid from general airport revenues. As indicated above, the Aviation Department requested reimbursement from the CARES Grant for this $5.5 million. The remaining $8.4 million of debt service will be paid from accumulated PFC collections. As of July 31, 2020, the Airport System had approximately $65.6 million in accumulated PFC collections available.

Air Service

The Aviation Department is continually monitoring flights scheduled by the airlines at MCI, resulting in ongoing revisions to the number of flights available. There have been significant declines in the number of passenger flights from MCI for August 2020, the most recent month for which flight schedule information is available, compared with August 2019. The average number of daily departures in August 2020 was 86 compared with 160 in August 2019. The number of non-stop destinations served from MCI also declined from 52 in August 2019 to 32 in August 2020. The total of all flights and seats for the August 2019 and August 2020 periods at MCI is reflected in the following table:

Change in Flights and Seats

May - August 2019 Compared to May - August 2020

Month	2019		2020		Percentage Difference	
	Flights	Seats	Flights	Seats	Flights	Seats
May	4,936	641,088	1,424	173,718	- 71.2%	- 72.9%
June	4,875	641,781	1,776	214,454	-63.6%	-66.6%
July	4,999	664,674	2,516	325,981	-49.7%	-51.0%
August	4,970	652,925	2,663	341,261	-46.4%	-47.7%

The reductions in enplanements will have varying impacts on MCI revenues. Airline revenues at MCI are contractual in nature, are tied to operating costs, and are not necessarily impacted in direct relation to the reduction in enplanements. The amount of revenue ultimately collected from the airlines serving MCI may be lower than previous years due to lower terminal and airfield operating costs during the year resulting from reduced activity and, to some extent, CARES Grant reimbursements. Under the Post-DBO Agreements, Signatory Airline rentals, fees and charges will be calculated to ensure that the Airport System generates sufficient revenues to pay certain operating expenses, including debt service. See *Appendix C**:*** ***REPORT OF THE AIRPORT CONSULTANT*** for a detailed description of the airline use and lease agreements.

Airline terminal rental fees and landing fees for the months of April and May 2020 were deferred until June 2020. Substantially all of such deferred rental and landing fees have been paid by the airlines.

Flight operations during the remainder of calendar year 2020 and beyond will depend in significant part on developments related to the COVID-19 pandemic. Airlines at MCI are continually evaluating their flight schedules in an attempt to match seat capacity to passenger demand, resulting in ongoing revisions to flight schedules for fall and winter 2020. The Aviation Department anticipates the reduced level of scheduled airline service will continue and cannot predict the duration. The Aviation Department also cannot predict if there will be a nationwide order to restrict travel between states, which would lead to a cessation of operations at MCI requiring significant cost-cutting measures. There can be no assurances that negative developments relating to the COVID-19 pandemic will not result in declines in capacity, departures, or passenger activity at MCI and result in further material adverse declines in revenues.

Financial Impact on Airlines

The financial strength and stability of the airlines using MCI, together with numerous other factors, influence the level of aviation activity and revenue at MCI. Individual airline decisions regarding level of service also affect enplanements.

Certain airlines (or their respective parent corporations) are subject to the information reporting requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith file reports and other information with the SEC. Certain information, including financial information, concerning such airlines (or their respective parent corporations) is disclosed in reports and statements filed with the SEC. Such reports and statements can be inspected and copies obtained on the SEC website at www.sec.gov/edgar/searchedgar.

The four main airlines servicing MCI are Southwest, Delta, American and United, which account for over 90% of all enplanements at MCI. Each of these airlines announced large losses in the first two quarters of 2020 and have cautioned investors that losses in subsequent quarters are likely. See the caption, "**THE AIRPORT SYSTEM – Airport Activity** – ***Table 4-Schedule of Airlines' Market Share***" for historical information regarding the number of enplanements and market share for each of Southwest, Delta, American and United airlines.

The CARES Act also included approximately $50 billion of assistance for passenger airlines in the United States, including those providing service at MCI. One condition of receipt of that funding included continuing levels of employment through September 30, 2020. Even with this employment requirement, according to the Bureau of Labor Statistics, the number of airline employees dropped from 512,000 in March

2020 to 380,000 in June 2020. Airlines have recently been announcing layoffs starting in October 2020, as well as continuing to offer incentives for retirement and furloughing. In recent weeks, United has announced the proposed layoff of around 36,000 employees, American has announced around 19,000 layoffs and Delta has announced the layoff of approximately 2,000 pilots. Although Southwest has not announced any pending layoffs, approximately 17,000 employees have accepted extended time off and early retirement opportunities. It is unclear what impact the announced layoffs will have on the long-term future of the airlines or the airline industry as a whole. Extensive layoffs by the airlines could lead to direct and indirect impacts on the services provided by them at MCI and Airport System revenues. For a discussion of the impact on the Airport System of airline revenues, see the caption "**CERTAIN INVESTMENT CONSIDERATIONS – Aviation Industry Concerns**".

Prospective purchasers of the Series 2020 Bonds should review the SEC Reports (as defined herein) of the Signatory Airlines. This reference to the Signatory Airlines' SEC Reports is for informational purposes only, and such reports shall not be deemed incorporated herein by reference. Neither the City nor the Aviation Department is obligated to provide such information.

Impact on Revenues From Other Sources

The reductions in enplanements at MCI has had a dramatic impact on revenues associated with the flying public, such as parking revenue, concession revenue and rental car revenue. MCI has taken measures to promote social distancing in public areas for health and safety purposes. These measures include reconfiguring seating areas to assist with social distancing, installing signage to remind individuals to follow social distancing guidelines, and additional sanitation of high-touch areas. The stay at home orders, intended to slow the spread of COVID-19, have allowed only limited service to passengers and employees. Concessionaires have reduced operations at MCI as a result of the COVID-19 pandemic. The following table shows parking, rental car and concessions revenue (unaudited) for the five-month periods ended July 2019 and July 2020.

Non-Airline Revenue (unaudited)*
March – July 2019 and 2020

	March		April		May		June		July	
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Parking	$5,378,288	$2,743,211	$4,580,266	$199,266	$5,001,947	$506,257	$5,196,995	$952,819	$4,857,543	$1,235,657
Difference	$(2,635,077)		$(4,381,000)		$(4,495,690)		$(4,244,176)		$(3,621,886)	
Percent Change	-48.99%		-95.65%		-89.88%		-81.67%		-74.56%	
Rental Car	$887,939	$387,256	$968,944	$99,768	$1,121,389	$210,794	$1,020,828	$361,622	$1,142,453	$521,318
Difference	$(500,683)		$(869,176)		$(910,595)		$(659,206)		$(621,135)	
Percent Change	-56.39%		-89.70%		-81.20%		-64.58%		-54.37%	
Concessions	$535,195	$235,388	$575,574	$19,190	$372,349	$35,308	$490,604	$93,467	$430,478	$127,332
Difference	$(299,807)		$(556,384)		$(337,041)		$(397,137)		$(303,146)	
Percent Change	-56.02%		-96.67%		-90.52%		-80.95%		-70.42%	

* Revenue amounts are taken from Aviation Department internal accounting records and are unaudited.

- Parking revenue has been the Airport System's largest nonairline revenue source and has declined in direct proportion to the reduction in enplanement activity. Revenue in April was down just over 95% compared with April 2019. Parking revenue has begun to recover at a rate similar to enplanements. See the caption "**THE AIRPORT SYSTEM – Non-Airline Revenues – *Parking Revenues***" for additional historical information regarding parking revenues.

- Rental car revenue declined to its lowest point in April 2020, with a reduction of approximately 89.7% and has begun to recover as enplanements improve. Rental car Minimum Annual Guarantees ("**MAGs**") (i.e., a minimum guaranteed amount paid by the rental car companies to the Aviation Department) were contractually abated and will resume once monthly enplanements are at least

80% of the same month the previous year. See the caption "**THE AIRPORT SYSTEM – Non-Airline Revenues – *Rental Car Revenues***" for additional historical information regarding rental car revenues.

- Concession revenue fell to its lowest point in April 2020 and is recovering, however currently at a slower pace than enplanements. MCI terminal concessionaire MAGs have been voluntarily deferred by the Aviation Department until October 31, 2020. See the caption "**THE AIRPORT SYSTEM – Non-Airline Revenues – *Concession Revenues***" for additional historical information regarding concession revenues.

- Property rental revenue will not be impacted by reduced enplanements, but could be impacted by the tenant's willingness or ability to make payments. Collections in many cases are currently in arrears. The Aviation Department expects to adjust its allowance for doubtful accounts to reflect the delay in payments.

As enplanements continue to recover, the Aviation Department anticipates that all non-airline revenues should also continue to recover.

Other Information

On May 22, 2020, the Hertz Corporation (which includes Thrifty Car Rental and Dollar Rent-A-Car, collectively "**Hertz**") filed for Chapter 11 bankruptcy. As of the date of its bankruptcy filing, Hertz owed MCI approximately $237,000. As part of the bankruptcy proceedings, on June 24, 2020, Hertz received final court approval to pay certain pre-petition claims to airport operators, including customer facility charges, customer transportation charges, concession fees, and consolidated rental car facility charges. Certain of these payments are capped per the Bankruptcy Court's order. Trust fund charges (as defined in the order) are specifically not included in the cap. Information regarding the current status of this bankruptcy may be found here: https://restructuring.primeclerk.com/hertz/Home-DocketInfo.

Operational Changes

In response to the COVID-19 pandemic, the Aviation Department has proactively implemented a number of temporary measures intended to mitigate operational and financial impacts to the Airport System and its airport partners.

At MCI, temporary operational changes include requiring anyone entering an airport facility or using airport transportation to wear a mask; placing social distancing reminder signs throughout all facilities; public address announcements reminding passengers about using masks and social distancing; increased cleaning of public restrooms, chairs in public areas and transportation buses; and adjusting customer and facility services to reflect lower demand and modifying terminal seating arrangements where possible to better facilitate the physical distancing recommended by health authorities.

Budget changes include a hiring freeze on non-essential positions; the elimination of all non-essential travel; reduced promotional activities; reduced parking and bussing costs by eliminating some bussing for airport/airline employees; suspension of all non-essential capital equipment purchases; and the deferral of all non-critical capital projects. These budget changes are expected to reduce the overall budget of the Airport by approximately 15%. Overall operating expenses declined dramatically with the onset of the pandemic, falling more than 27% in April 2020 from April 2019 and currently holding at approximately 11% reduction year over year. The following table shows operating expenses (unaudited) for the six-month periods ended August 2019 and August 2020.

Operating Expenses (unaudited)*
March – August 2019 and 2020

Month	2019	2020	Difference	Percent Change
March	$ 7,367,098	$ 7,027,885	$ (339,213)	-4.60%
April	12,534,145	9,108,452	(3,425,693)	-27.33%
May	7,154,217	5,777,899	(1,376,318)	-19.24%
June	6,467,629	5,771,509	(696,120)	-10.76%
July	7,026,133	6,228,096	(798,037)	-11.36%
Total	**$40,549,222**	**$33,913,841**	**$(6,635,381)**	**-16.36%**

*Expense amounts are taken from Aviation Department internal accounting records and are unaudited.

Workforce changes include remote working of non-essential staff; requiring all workers to wear masks; holding virtual meetings; and increased cleaning of all touched public spaces and equipment.

The Aviation Department cannot predict whether these measures will be sufficient to mitigate the negative effects of the COVID-19 pandemic on the operations and financial condition of the Airport System. However, the Aviation Department will continue to assess and implement steps to reduce operating costs and adjust operations to keep MCI safe and efficient in response to the ongoing changes.

Impact of COVID-19 on Construction of the Terminal Modernization Project

To date, the schedule for construction of the Terminal Modernization Project has not been affected by the COVID-19 pandemic. Job site changes implemented by the construction team include additional site cleaning protocols; additional hand washing and sanitation stations; on-site staff monitoring of social distancing; on-site temperature monitoring; mandatory isolation and testing following exposure; mandatory mask use on site and in office areas; remote work protocol for design and office staff when possible; deferral of all non-essential travel; and temporary suspension of employee bussing and closed breakroom areas, with appropriate social distancing measures in place upon resumption of bussing and use of breakroom areas.

Impact of COVID-19 on Future Operations and Revenues

The following information contains "forward-looking statements" as described on page (ii) of this Official Statement. See also the caption "CERTAIN INVESTMENT CONSIDERATIONS – General – *Forward-Looking Statements*." 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.

Prospective investors should assume that the restrictions and limitations related to the COVID-19 pandemic and the current upheaval to the air travel industry and the national and global economies will continue at least over the near term. To the extent that economic recovery and the return to pre-COVID-19 levels of air travel is prolonged, there will continue to be an adverse impact on Airport System revenues. Future outbreaks, pandemics or events outside the Aviation Department's control (including re-imposition of more stringent limitations on economic activity) may further reduce demand for travel, which in turn could cause a decrease in passenger activity at MCI and declines in Airport System revenues.

Projecting the extent and duration of this decline in Airport System revenues is extremely difficult. The Aviation Department cannot predict: (1) the duration or extent of the COVID-19 pandemic or another outbreak or pandemic; (2) the scope or duration of any additional restrictions or warnings related to air travel, gatherings or any other activities, and the duration or extent to which airlines will reduce services at MCI, or whether airlines will cease operations at MCI or shut down in response to such restrictions or warnings; (3) what additional short or long-term effects the restrictions or warnings imposed as a result of the COVID-19 pandemic may have on air travel, including to and from MCI, the retail and services provided by MCI non-airline providers, Airport System costs or revenues; (4) whether and to what extent the COVID-19 pandemic or another outbreak or pandemic may disrupt the local, State, national or global economy, manufacturing or supply chain, or whether any such disruption may adversely impact Airport-related construction, the cost, sources of funds, schedule or implementation of the Airports' capital improvement plan, or other MCI operations; (5) the extent to which the COVID-19 pandemic or another outbreak or pandemic, or the resultant disruption to the local, State, national or global economy, may result in long-term changes in consumer behavior, or may have an impact on the airlines or providers serving MCI, or the airline and travel industry, generally; (6) whether or to what extent additional deferrals, forbearances, adjustments or other changes to the arrangements with MCI tenants and providers may occur; (7) the duration and extent of the material adverse effect on the finances and operations of the Airport System expected to result from the foregoing; (8) the extent to which the COVID-19 pandemic or other outbreak or pandemic may result in staff reduction of TSA, airlines or other partners of the Airport System that would have an impact on passenger security screening as well as baggage, flight or other delays at MCI; (9) the duration and extent of the economic contractions and high unemployment resulting from measures adopted to contain the spread of the virus; or (10) whether any of the foregoing may have a material adverse impact on the finances and operations of the Airport System. See *Appendix C: **REPORT OF THE AIRPORT CONSULTANT***.

THE TERMINAL MODERNIZATION PROJECT

General

Constructed over 48 years ago, MCI commenced operations in late 1972 and was designed as a futuristic aviation hub, with gates arranged around three separate detached semi-circular terminals (designated as Terminals A, B and C) providing an easy-in, easy-out convenience for passengers. Each terminal has its own parking garage, ticketing counters, security checkpoints, baggage handling and baggage claim system, resulting in significant redundancies. Although the existing design provides short distances from parking to gate, a number of factors, including changes in traveler and airline preferences and needs, and heightened security procedures post-September 11, 2001, led to discussions in the late 2000's about modernization of MCI. The existing facilities face a wide variety of challenges to both airside and landside operations, as they have become outdated and inefficient based on current passenger and industry standards and are past their useful life. The existing terminals have multiple security checkpoints, minimal facilities and amenities past security checkpoints, and crowded gate areas.

At the urging of the FAA, in 2012, the Aviation Department undertook a study of the alternatives for the future of MCI. The results of the study released in 2013 indicated that a single terminal design would be the most effective and efficient way to address the existing deficiencies. A 24-person Mayoral-appointed committee spent more than a year reviewing the Aviation Department's proposal, holding public hearings and gathering testimony from citizens, government entities and business entities. Passenger airline activity was consolidated into Terminals B and C in January 2014, and Terminal A was de-activated to improve efficiencies at the Airport. In early 2014, a group of citizens opposing the single terminal concept sent an initiative petition to the City Council asking for a public vote on any major changes at MCI. The City Council subsequently passed an ordinance requiring a public vote before any demolition of existing facilities and construction of new facilities at MCI could be undertaken, no matter the source of funding. The Mayoral-appointed committee released its report in May 2014 recommending moving ahead with the full rebuild proposal for a single terminal.

Following an RFP process, in May 2017, the City Council selected Edgemoor Infrastructure & Real Estate II, LLC, a Maryland limited liability company (**"Edgemoor"** or the **"Developer"**), as the overall design-build developer for the Terminal Modernization Project. On November 7, 2017, voters in the City approved a ballot measure seeking authorization to demolish Terminal A and construct the new Facility and related facilities at MCI with approximately 75% in favor.

The Terminal A site will be the site of the Facility. The independent nature of the three terminals will allow for construction of the Facility and other components of the Terminal Modernization Project while still maintaining existing operations in Terminals B and C.

The Terminal Modernization Project consists generally of the following:

- The new Facility, consisting of an approximately 1,093,500 square foot new terminal capable of providing 39 aircraft gates (with the ability to expand to 42 gates), with secure concourses providing concessions and customer amenities, ticketing lobby, TSA compliant security screening checkpoint, TSA compliant in-line checked baggage inspection system and associated support areas, baggage claim areas, and associated support functions.

- Airline equipment to address air carrier operations in the Facility, including passenger boarding bridges, aircraft support systems (e.g., pre-conditioned air, ground power, potable water, etc.), communications infrastructure, common use communications system for City-controlled gates, information display systems (e.g., flight information display systems, baggage information display systems, etc.), inbound and outbound baggage handling systems, and applicable tenant finishes.

- A new dual level roadway providing separation between arrivals and departures.

- A multi-level public parking structure with approximately 6,200 parking spaces adjacent to the Facility, with covered commercial curb and connected to the landside of the Facility via pedestrian walkways.

- A covered pedestrian walkway from existing Terminal B garage to the Facility.

- Close-in public surface parking with approximately 775 parking spaces within walking distance of the Facility.

- Terminal Aircraft apron and non-movement areas sized to accommodate aircraft fleet, dual taxi lanes as appropriate, to accommodate Boeing 737 and similarly sized aircraft, connections to taxiways, adequate remaining overnight aircraft parking positions, and common use deicing pads and associated collection system.

- Aircraft in-ground hydrant fueling system to service the 39 gates with a connection to the existing aviation fuel farm system, including piping, isolation valves, fuel pits, emergency shut-offs and other current environmental requirements.

- Associated site development, including relocation of pipelines, natural gas lines, communications facilities, and electronic transmission lines; demolition of Terminal A and garage and eventual demolition of existing Terminals B and C.

- Environmental mitigation (if any); site grading and drainage; fencing; construction of access roads and staging areas, among other things.

- A new apron allowing for transit of aircraft to and from each gate. The apron will connect to the taxiway system through three airside entrance points onto the north/south oriented Taxiway "B" and two southern points onto the east/west oriented Taxiway "D".

The Facility's configuration will consist of a head house, with a single pier containing a single-loaded landside concourse and one double-loaded airside concourse reached via an above-ground concourse connector. Domestic and international passengers and bags will be processed in adjacent areas expediting connections. The Facility will be designed so as to meet the standards for LEED Gold certification.

Arrival and departure operations will be split between two levels of the Facility. The upper level of the Facility will contain the departures functions as well as circulation to and from gates. The departure hall is to be designed with capacity to meet a 42 gate demand and includes all ticketing, bag drop functions and circulation. This non-secure area will be connected by an 18-lane security checkpoint and secure corridor to the secure side of the Facility. The secure airside of the Facility is to include passenger circulation and departure lounges. Two large concession nodes are to be located on the secure side, one for each concourse. The four international-capable gates will be located on the southeast side of the Facility.

The ground level of the Facility will be for arrivals, consisting of a baggage claim area with 7 bag claim units (and the capacity to expand to 9) and a greeter area in the center. Processing of international passengers is to occur in the customs and border patrol area on the arrivals level. Other facilities to be on this level include the non-public checked bags inspection and reconciliation areas, inbound/outbound bag makeup, airline support space, concessions support and mechanical functions supporting the Facility.

The existing roadway entrance to the three terminals will serve as the primary entry and exit for the Facility. The existing garage at Terminal B is expected to be used for employee parking.

Demolition of Terminal A began in 2019 and is now complete, and new terminal building foundation construction has also been completed. New terminal building steel and concrete construction has commenced. Elevated roadway and parking structure construction has also begun. Design of the Facility is expected to be finished later this year and the Developer anticipates that approximately 98% of the construction work will be under contract by January 1, 2021. Bids have been received on approximately 90% of the Terminal Modernization Project work. Facility project work contracted to date is at or below budget. The Developer believes the Terminal Modernization Project is on schedule for completion and opening to flight service in the first quarter of 2023.

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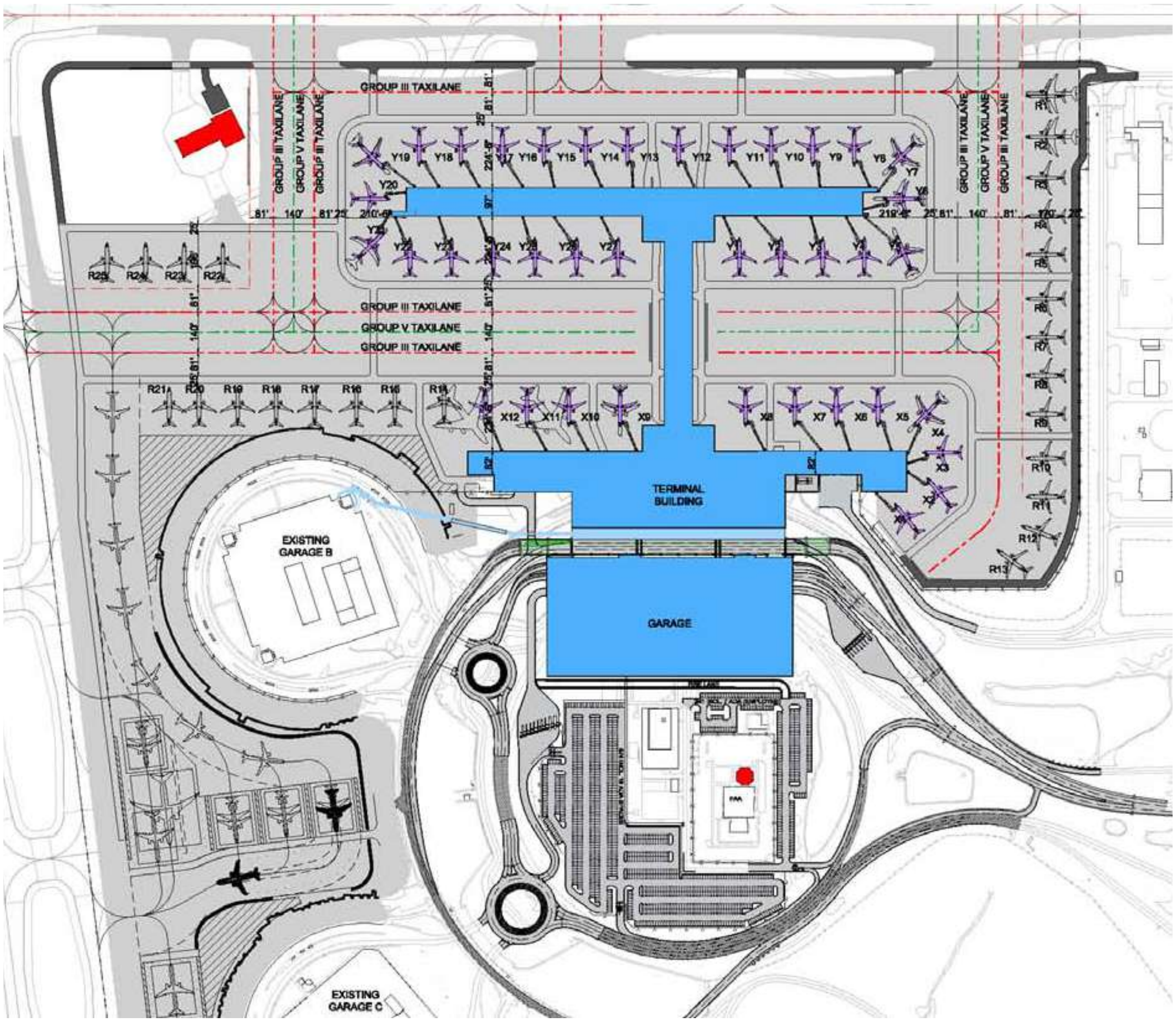
A preliminary site plan showing the location of the Facility is included below.



Terminal Modernization Project Budget

The following table shows the current anticipated Terminal Modernization Project budget.

TERMINAL MODERNIZATION PROJECT
Project Budget and Timeline

Program Funding Sources	**Project Fund Amount**
Series 2019A Bond Proceeds	$ 90,000,000
Series 2019 Bonds Proceeds	878,432,024*
Series 2020 Bonds Proceeds	531,567,976
Total Funding Sources	$1,500,000,000

Description of Work	**Start**	**Finish**	**Duration Months**	**Project Budget**
Demolition	03/25/19	11/01/19	7	$ 6,317,086
Terminal Facilities	06/18/19	03/03/23	45	734,182,549
Baggage Handling System	01/26/21	01/26/23	20	69,555,544
Aircraft Apron	04/15/19	10/04/22	41	89,340,395
Aircraft Overnight Parking	04/15/19	10/04/22	41	19,013,331
Deicing	09/23/19	06/09/21	20	666,616
Fueling Systems	07/20/19	03/17/20	7	8,960,706
Parking Garage	04/28/20	10/12/22	29	188,788,913
Surface Parking	02/25/19	10/24/22	43	15,021,956
Airline Tenant Fit Out	06/01/20	02/22/23	32	17,105,604
Taxilanes	04/15/19	10/04/22	41	51,811,895
Elevated Roadway	02/25/19	10/24/22	43	61,550,481
Airport Roadway Network	02/25/19	10/24/22	43	23,598,196
Sub-total				$1,285,913,281
Developer Project Soft Cost				
Developer Project Soft Cost				$ 48,489,560
Owner Contingency				28,264,000
				$ 76,753,560
Design/Builder Totals				$1,362,666,841
Aviation Department Project Costs				
Passenger Boarding Bridges				$ 41,500,000
Owner's Representative				43,792,000
Utility Fees				17,900,000
Public Art				5,765,022
Other Aviation Department Costs				28,376,137
				$ 137,333,159
Total Project Budget				$1,500,000,000

Note: Developer's soft costs, management costs, insurance, administration and overhead have been allocated to the Developer's Program Budget Elements. Contingencies from earlier versions of the Terminal Modernization Budget were reduced as project design was finalized and as project bids were received.

* Includes projected investment earnings.

Source: Kansas City Aviation Department

The Developer

The City has selected Edgemoor to serve as the developer for the Terminal Modernization Project. Edgemoor is a vertically integrated developer and asset manager of public buildings and large-scale transportation infrastructure projects in the United States. Edgemoor has significant experience in developing public-private partnership projects, including:

- Long Beach Civic Center, Long Beach, CA
- George Mason University, Long and Kimmy Nguyen Engineering Building, Fairfax, VA
- University of Kansas, Central District Development, Lawrence, KS
- Howard County Courthouse, Howard County, MD
- Long Beach Courthouse, Long Beach, CA
- UCSF Sandler, Neurosciences Center, San Francisco, CA
- Route 28 Corridor Improvements, Loudoun and Fairfax Counties, VA

Edgemoor was named the Gold-level Sponsor/Developer of the year in 2019 by P3 Bulletin. This award, which was voted on by industry peers, recognized Edgemoor's success and leadership in public-private partnership development.

Edgemoor is a wholly owned indirect subsidiary of Clark Construction Group, LLC, which is one of the members of the Clark/Weitz/Clarkson joint venture which is acting as the design-builder for the Terminal Modernization Project.

Financial Advisor to the Developer

Project Finance Advisory, Ltd. ("**PFAL**") is acting as the financial advisor to the Developer. PFAL is a financial advisory firm based in San Francisco, California that specializes in implementing innovative financing for large-scale infrastructure projects and advising governments on alternative delivery strategies. PFAL has significant experience in structuring and executing financings for public-private partnership projects, including:

- University of Kansas, Central District Development, Lawrence, Kansas
- Howard County Courthouse, Howard County, Maryland
- Massachusetts Bay Transportation Authority Automated Fare Collection System P3

The Development Agreement

The City and the Developer have entered into a KCI Airport Terminal Modernization Project Development Agreement dated February 28, 2019 (with all exhibits, schedules and appendices thereto, the "**Development Agreement**"), pursuant to which the Developer is responsible for the development, design, and construction of the Terminal Modernization Project. Appendices to the base Development Agreement include the form of Design/Build Agreement, various labor and contracting procedures, forms of performance and payment bonds and insurance requirements.

The term of the Development Agreement commenced on the date of its execution and continues until a certificate of final completion has been issued or deemed issued in accordance with the terms of the Development Agreement. The Developer's obligation to begin construction of the Terminal Modernization Project is contingent upon the satisfaction or waiver of certain conditions precedent set forth in the Development Agreement and the issuance of the Notice to Proceed ("**NTP**") in accordance with the Development Agreement. The issuance of the NTP is conclusive evidence that the City has agreed to proceed with the Terminal Modernization Project in accordance with the Development Agreement. On March 25, 2019, in accordance with the Project Development Agreement, the NTP was issued and is conclusive evidence that the City has agreed to proceed with the Terminal Modernization Project in accordance with the Project Development Agreement. Upon issuance of the NTP, the City delivered possession of the site on which the Terminal Modernization Project will occur (the "**Site**") to the Developer for commencement of construction of the Terminal Modernization Project.

Scope of Work. The scope of work constituting the Terminal Modernization Project contemplated by the Development Agreement is reflected in the plans and criteria (and their subsequent iterations) attached to the Development Agreement. The City, the City's cost consultant, the Developer, and the Design-Builder will collaborate and work in good faith to develop revised design and reference documents and issued for construction documents pertaining to the Terminal Modernization Project. The revised design and reference documents will be completed in accordance with the master schedule included in the Development Agreement; but in any case, a full set of the revised design and reference documents that the Developer and the City agree are adequately complete to procure competitive bids for the major portions of the Terminal Modernization Project will be submitted to a committee comprised of one representative each of the Developer, the City and the Airlines (the "**Project Management Committee**") for approval not later than July 31, 2019. As of the effective date of the Development Agreement, such major portions are contemplated to be: (a) parking garage structure, (b) enclosure, (c) mechanical/electrical/plumbing, (d) baggage handling, and (e) site/civil. The Project Management Committee will guide the overall Terminal Modernization Project development process, and a steering oversight committee, comprised of the Director of the Aviation Department and an Airline representative, will provide direction on threshold issues brought forward by the Project Management Committee. The Developer must concur with all Project Management Committee recommendations on threshold issues before such threshold issue recommendations are submitted to the steering oversight committee for review. Notwithstanding the foregoing, the City will have ultimate and final responsibility for fulfilling its obligations and enforcing its rights under the Development Agreement.

The Developer will retain or cause to be retained only contractors that are qualified, experienced and capable in the performance of the portion of the work assigned. The Developer will assure that each contractor has at the time of execution of its contract, and maintains at all times during performance of the assigned work, all licenses, bonds and insurance required by applicable law. The retention of contractors by the Developer will not relieve the Developer of its responsibilities under the Development Agreement or for the quality of the work or materials or services provided by it, whether directly or indirectly. All individuals performing work will have the skill and experience and all licenses or certifications required to perform the work assigned to them in accordance with the forms of contracts attached to the base Development Agreement. The Developer will pay, or cause to be paid, wages to workers that are consistent with the State's prevailing wage law.

Subject to the terms and conditions set forth in the Development Agreement, the City owns the Terminal Modernization Project for public purposes and the Developer will manage, plan, design, develop, construct, complete and make operational the Terminal Modernization Project in accordance with the Development Agreement. From and after Site delivery, the Developer, except as otherwise specifically provided, will be responsible for meeting, either directly, indirectly or through contractual or other arrangements, any and all requirements of law, including environmental laws. The City will have the right at all times to conduct oversight of the work to the extent the City deems necessary or advisable, in its sole discretion, provided that the City will conduct any such oversight in a manner that does not unreasonably interfere with the work. After delivery of the Site, the Developer will, to the extent permitted by law, indemnify the City and the City's related indemnified parties from and against certain losses set forth in the Development Agreement.

Project Costs. The Developer and the City have agreed to a budget ceiling for the final cost of the Terminal Modernization Project of $1,500,000,000. The budget consist of a maximum amount to be paid by the City to the Developer for the performance of the work set forth in the Development Agreement ($1,362,666,841, which includes an owner contingency of approximately $28.3 million) (the "**GMP**"). The budget ceiling also includes costs that will be paid directly by the Airport of $137,333,159. The GMP is guaranteed by the Developer and is the maximum amount to be paid by the City to the Developer for the performance of the work set forth in the Development Agreement.

Insurance and Bonding. The Developer has procured and will maintain, or has caused to be procured or maintained, an insurance program strictly in accordance with the minimum coverage requirements and terms of coverage set forth in the Development Agreement. All insurance coverage required to be provided by the Developer will apply specifically and exclusively to the Terminal Modernization Project and extend to all aspects of the work, with coverage limits dedicated solely to the Terminal Modernization Project, except with respect to off-site worker's compensation/employer's liability, off-site commercial general liability and excess/umbrella liability, and commercial automobile liability coverages or as otherwise specified in the Development Agreement.

Unless otherwise agreed to by the City, the Developer will obtain, or cause to be obtained, a performance bond representing the total value of the maximum compensation (the "**Compensation Cap**") to be paid to the Developer for construction costs. As additional funding becomes available through future bond sales or other sources, the City will enter into amendments to the Development Agreement that will increase the Compensation Cap to reflect the availability of additional funding. The performance bond will be: (a) in the form set forth in the Development Agreement; (b) issued by a licensed surety or insurance company authorized to issue bonds in the State; (c) approved by the City; and (d) rated in the top two categories by two nationally recognized rating agencies or at least "A-" or better and "Class VIII" or better according to A.M. Best and Company's Financial Strength Rating and Financial Size Category, except as otherwise approved in writing by the City in its reasonable discretion. The surety bond must include a multiple obligee rider, which will name the City as an additional obligee and may also name the Trustee as an additional obligee. The performance bond will be held by the City until a certificate of final completion has been issued by the City in accordance with the terms of the Development Agreement. The Developer has provided, and the City has approved, the initial performance bond.

Unless otherwise agreed to by the City, Developer will obtain, or cause to be obtained, a payment bond representing the value of the Compensation Cap, as may be amended from time to time, to secure the Developer's obligation to pay for labor and materials in connection with the work. The payment bond must be issued in the form set forth in the Development Agreement, and must be issued by a surety or an insurance company authorized to issue bonds in the State that is rated in the top two categories by two of the three nationally recognized rating agencies or at least "A-" or better and "Class VIII" or better according to A.M. Best's Financial Strength Rating and Financial Size Category, except as otherwise approved in writing by the City in its reasonable discretion.

Default and Termination. The Developer default and cure periods are outlined in the Development Agreement. If any Developer Default occurs and has not been cured within the applicable cure period, if any, set out in the Development Agreement, the City may terminate the Development Agreement in accordance with its terms. With respect to a Developer default involving the failure to achieve substantial completion by a date certain, the City will be entitled to recover from the Developer a credit of $35,000 per day for every day substantial completion is delayed beyond such date.

Notwithstanding any other provision of the Development Agreement, upon 30 calendar days' written notice to the Developer, the City may, at its sole and absolute discretion, without cause and without prejudice to any other right or remedy of the City, elect to terminate the Development Agreement. Such a termination for convenience will not relieve the Developer or a surety of its obligation for any claims arising from the work performed prior to such termination; provided, however, that the Developer will be relieved of all obligations and liabilities under the Development Agreement and related agreements. The Developer will, within 30 calendar days after receiving such notice of termination, submit to the City its statement of costs and expenses and will be paid in accordance with the Development Agreement.

The Developer will have the right to terminate the Development Agreement, effective immediately upon 7 days' written notice of termination to the City, only in the event of a City default that remains uncured following notice and expiration of the applicable cure period. In the event of such termination, the City will pay compensation to the Developer in an amount equal to the amount described in the Development Agreement. In the event of a Developer termination for City default, the Developer may, in its sole and absolute discretion, elect to terminate all its obligations and liabilities under related agreements, by separate instrument.

The Architect

Skidmore, Owings & Merrill LLP ("**SOM**" or the "**Architect**") is the architect for the Terminal Modernization Project. The SOM design team will undertake all of the services required to plan, design, document and support the construction of the Terminal Modernization Project. SOM will work with the Developer and the Design-Builder to complete schematic design, design development and construction documents. During the construction the Architect will support the Clark Weitz Clarkson team providing construction administration services as well as participation in the commissioning and testing and follow up activation of the new terminal.

In recent years SOM has completed the planning and design of many airport development programs with new terminals as the center point of those projects. What follows is a representative list of domestic projects on which SOM provided terminal planning, architectural and interior design from concept through construction:

- JFK Terminal 4 & Terminal & Delta Expansion, New York, N.Y.
- San Francisco International Airport, San Francisco, CA
- Logan International Airport, Terminal E, Boston, MA
- Dulles International Airport, Main Terminal Expansion, Washington DC
- Newark International Airport – Terminal C Expansion, Newark N.J.
- Baltimore/Washington International Thurgood Marshall Airport – Terminal BC Connector, Baltimore MD

SOM is also the lead terminal planner, architect and interior designer for the following projects which have recently been completed in the design phases and are now under construction:

- SeaTac International Airport – International Arrivals Facilities, Seattle WA
- Bangalore International Airport, Terminal 2, Bangalore India

The Design-Builder

The design-builder for the Terminal Modernization Project is a joint venture among Clark Construction Group, LLC, a Maryland limited liability company ("**Clark**"), The Weitz Company, LLC, an Iowa limited liability company ("**Weitz**"), and Clarkson Construction Company, a Missouri corporation ("**Clarkson**"), formed specifically for the Terminal Modernization Project, known as "Clark/Weitz/Clarkson" or "CWC" (the "**Design-Builder**" or the "**Joint Venture**"). The Design-Builder is responsible for the design and construction of the Terminal Modernization Project pursuant to a design-build agreement with Edgemoor (the "**Design-Build Agreement**").

Clark, Weitz and Clarkson have entered into a Joint Venture Agreement dated June 14, 2018 (the "**Joint Venture Agreement**"). The Joint Venture Agreement provides that Clark, Weitz and Clarkson will each enter into the Design-Build Agreement, and will each be jointly and severally liable thereunder. Clark is designated as the "sponsor" of the Joint Venture, with general charge of matters pertaining to the performance of the Design-Build Agreement, and is to appoint the individual who will act as "project director". Each member of the Joint Venture agrees to supply and make available such personnel as are reasonably needed to perform the Design-Build Agreement.

The Joint Venture Agreement provides for a management committee that will have the power and authority to supervise, direct, control and carry out the performance of the Design-Build Agreement. The management committee also has the power to determine the capital to be contributed by the three members from time to time. The management committee is comprised of one senior officer from each of Clark, Weitz and Clarkson who will have the power to bind their respective companies, although the member of the management committee designated by Clark has final decision-making authority for matters other than "critical decisions". Critical decisions require unanimous consent of the three members of the management committee, and include, among other things (i) self-performance of any work under the Design-Build Agreement by Clark, Weitz or Clarkson, (ii) amending the Joint Venture Agreement, and (iii) transferring an interest in the Joint Venture or admission of a new Joint Venture member. If the management committee cannot reach unanimous agreement as to a critical decision, then the decision on such matter is to be made by the chief executive officers of the three members of the Joint Venture, provided that if a critical decision is time sensitive, then the decision of the Clark representative on the management committee controls.

In the event of a default on the part of a member of the Joint Venture, the non-defaulting members have the right to carry out and complete the Design-Build Agreement.

In addition to insurance coverages required by the Design-Build Agreement, the Joint Venture will obtain a $100 million umbrella policy specific to the Terminal Modernization Project.

Clark Construction Group. Clark Construction Group was founded more than 100 years ago and is a general contractor that has been the general contractor, both individually and in conjunction with other construction firms, on projects across the United States. With revenue in excess of $5 billion in 2019, Clark is ranked among the country's largest general building and civil construction companies. Clark has built many large-scale public and commercial structures, including office buildings, sports stadiums, convention centers, hospitals and museums. Clark has particular expertise in the construction of airport projects throughout the country, and has delivered more than 42 major airport construction projects at 18 major airports, including the following:

- Tom Bradley International Airport – Terminal Renovation, Apron and Concourse Demolition
- San Antonio International Airport – Terminal B
- Seattle-Tacoma Airport – South Terminal Concourse
- Dulles International Airport – International Arrivals Building
- Mineta San Jose International Airport – North Concourse

Clark is experienced in many aspects of airport construction and renovation, including the construction and renovation of hangars, terminal construction and renovation, control tower construction, runway expansion, construction of airport parking structures and baggage handling systems upgrades.

Weitz Company. The Weitz Company was formed more than 160 years ago, and continues to successfully deliver commercial and institutional construction projects throughout the Midwest and in the Kansas City area, including office buildings, power plants, manufacturing facilities, higher education and aviation. Weitz's clients include the University of Missouri-Kansas City, Fort Leonard Wood, John Knox Village (a senior living facility) and DeVry University.

Clarkson Construction Company. Clarkson Construction Company is a family-owned business headquartered in the City that specializes in site development, paving and transportation related infrastructure. Clarkson participated in the construction of the original airport in the early 1970s, pouring concrete pavement and performing related infrastructure construction services. More recently, Clarkson has participated in the construction of the Kit Bond Bridge over the Missouri River and the reconstruction of the Manchester Bridge on interstate highway 70 in Missouri.

Community Workforce Agreement

The Joint Venture has also entered into a MCI Airport Single Terminal Project Community Workforce Agreement (the "**Community Workforce Agreement**") with certain labor organizations with respect to the Terminal Modernization Project. The Community Workforce Agreement prohibits strikes, work stoppages and other disruptive activities by the unions that are parties to the agreement and provides that any union in violation of the Community Workforce Agreement is liable for damages suffered by the Joint Venture. The Community Workforce Agreement also establishes a MCI Labor Management Committee that has the power to address various labor/management issues that arise during the course of the Terminal Modernization Project.

REPORT OF THE AIRPORT CONSULTANT

The Aviation Department has retained the firm of LeighFisher, Inc. to prepare the Report of the Airport Consultant dated October 5, 2020 (the "**Report of the Airport Consultant**" or the "**Report**") in connection with the issuance of the Series 2020 Bonds. This Report should be read in its entirety for an explanation of the assumptions and methodology used therein.

The Report of the Airport Consultant includes, among other things, descriptions and/or analysis of the following: the impact of the COVID-19 pandemic on aviation activity and revenues for the Airport; airline traffic and economic role of MCI; the economic basis for airline traffic; passenger traffic and airline service trends; certain key factors which may affect future airline traffic; hypothetical airline traffic recovery scenarios based on alternative recovery trajectories from the pandemic; MCI's facilities; the Terminal Modernization Project; projections of debt service coverage through Fiscal Year 2027; and a description of the assumptions upon which such projections were based.

Given the unprecedented nature of, and continuing uncertainty regarding, the COVID-19 pandemic and its impact on the aviation industry and worldwide economies, the Report of the Airport Consultant does not include a specific forecast of aviation activity or of revenues, expenses, airline cost per enplaned passenger, or debt service coverage. Rather, the Report presents two hypothetical projections of enplaned passengers showing recovery to FY 2019 activity levels at the Airport over a period ranging from Fiscal Year 2025 to Fiscal Year 2027 based upon a range of traffic recovery forecasts developed by FitchRatings, Moody's Investors Service, and S&P Global Ratings. Projections of key Airport financial metrics such as debt service coverage and airline cost per enplaned passenger are presented as a range driven by the respective projection of enplaned passengers presented.

In preparation of its Report, the Airport Consultant has made certain assumptions with respect to conditions that may occur and the course of action management expects to take during the projection period. The Airport Consultant has relied upon Aviation Department staff for representations about its plans and expectations and for disclosure of significant information that might affect the realization of projected results under the two traffic recovery scenarios. Aviation Department staff has reviewed these assumptions and concur that they provide a reasonable basis for the purpose of the projections. While the Aviation Department and the Airport Consultant believe these assumptions to be reasonable for the purpose of presenting a range under the projections, they are dependent upon future events, and actual conditions may differ from those assumed in the analysis. To the extent actual future factors differ from those assumed by the Airport Consultant or provided to the Airport Consultant by others, the actual results could vary materially from those projected. The Airport Consultant has no responsibility to update its Report for events and circumstances occurring after the date of its Report. The projections are based on assumptions that may not be realized and actual results may differ materially from the projections.

The Report of the Airport Consultant and the projection of Net Revenues and debt service coverage included therein incorporated assumptions of the debt service on the Series 2020 Bonds based upon information provided by Hilltop Securities and Moody Reid Financial Advisors, financial advisors to the Aviation Department (the "**Co-Financial Advisors**").

The Report of the Airport Consultant should be read in its entirety for an understanding of the Report and its underlying assumptions. As noted in the Report of the Airport Consultant, the uncertainty levels regarding the recovery of traffic to its pre-pandemic levels are extremely high and dependent upon numerous variables, including among other things when, and if, the United States can achieve some degree of control of the virus, the potential for breakthroughs in COVID-19 treatments, the likelihood and timing of successful vaccines that can be deployed on a large scale basis and the willingness of people to get inoculated, the near-term and long-term damage to the economy brought about by the pandemic, the potential for Congress to pass another economic stimulus package, the resilience of the United States airline industry, and the timing for state and international borders to reopen. Assumptions used to prepare the hypothetical scenarios included in the Report may not be realized and unanticipated events and circumstances may occur. Therefore, the actual financial results realized may or may not fall within the range of the projections described and presented in the Report of the Airport Consultant and the variations may be material. The Report is not expected to be updated with final pricing information for the Series 2020 Bonds. See *Appendix C – "**REPORT OF THE AIRPORT CONSULTANT**.*"

THE ISSUER

THE SERIES 2020 BONDS ARE NOT A GENERAL OBLIGATION OF THE ISSUER AND ARE PAYABLE SOLELY FROM THE REVENUES DESCRIBED HEREIN. THE FOLLOWING INFORMATION REGARDING THE ISSUER IS PROVIDED AS GENERAL BACKGROUND INFORMATION ONLY.

Organization and Powers

The Issuer was created on February 14, 1978 as an industrial development corporation in accordance with the Act. The Issuer was organized in order to protect and promote the health, welfare and safety of the citizens of the State, to promote industry and develop trade by inducing manufacturing, industrial and commercial enterprises to locate in and remain in the City, and to stimulate and develop the general economic welfare and prosperity of the citizens of the City, and thereby to further promote, stimulate and develop the economic welfare and prosperity of the State and to achieve greater industrial development in the State. Under the Act, the Issuer is authorized and empowered to issue revenue bonds for the purpose of paying the costs of "projects" (as defined in the Act), such as the Terminal Modernization Project, and to loan the proceeds from the sale of such bonds for such use and secure the payment of such bonds as therein provided.

The Series 2020 Bonds are limited obligations of the Issuer, payable solely from revenues and receipts as more fully described herein. **THE SERIES 2020 BONDS ARE NOT AN INDEBTEDNESS OF THE ISSUER, THE CITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY PROVISION OF THE CONSTITUTION OR LAWS OF THE STATE. THE SERIES 2020 BONDS SHALL NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL, STATUTORY OR CHARTER DEBT LIMITATION OR RESTRICTION AND ARE NOT PAYABLE IN ANY MANNER BY TAXATION. THE ISSUER HAS NO TAXING POWER.**

Membership

The Issuer's powers are vested in seven members who are appointed by the Mayor with the advice and consent of a majority of the City Council. The chief officers of the Issuer are its Chairman of the Board, President and Vice Presidents, Secretary and Treasurer. In addition, the Issuer may appoint such other officers, agents and employees as it may require.

The current members and officers of the Board of Directors of the Issuer are as follows:

Name	Title
Fredrick H. Riesmeyer II	Chairman
Ricardo Lopez	President
Jesse Crupper	Vice President
Aaron Berger	Vice President
Elizabeth Fast	Vice President, Secretary and Treasurer
Jon Otto	Vice President

There is one vacancy on the Issuer's Board of Directors. Heather Brown is the Assistant Secretary to the Board and the Executive Director of the Issuer.

Neither the Issuer nor any official or employee thereof has participated in the preparation of or assumed any responsibility concerning this Official Statement, and all of the information contained herein (except under the captions **"THE ISSUER"** and **"ABSENCE OF LITIGATION – The Issuer"**) has been furnished by others.

EXCEPT FOR INFORMATION CONCERNING THE ISSUER IN THE SECTIONS HEREOF CAPTIONED "THE ISSUER" AND "ABSENCE OF LITIGATION-THE ISSUER," NONE OF THE INFORMATION IN THIS OFFICIAL STATEMENT HAS BEEN SUPPLIED OR VERIFIED BY THE ISSUER AND THE ISSUER MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

Indebtedness of the Issuer

The Issuer has sold and delivered other bonds and notes secured by instruments separate and apart from, and not secured by, the Indenture securing the Series 2020 Bonds. The holders and owners of such bonds and notes have no claim on assets, funds or revenues of the Issuer pledged under the Indenture, and the owners of the Series 2020 Bonds will have no claim on assets, funds or revenues of the Issuer securing other bonds and notes.

With respect to additional indebtedness of the Issuer, the Issuer intends to enter into separate agreements for the purpose of providing financing for other eligible projects and programs. Issues that may be sold by the Issuer in the future for the purpose of providing financing for other eligible projects and programs will be created under separate and distinct indentures or resolutions and secured by instruments, properties and revenues separate from those securing the Series 2020 Bonds.

THE CITY

The City was incorporated on June 3, 1850. The City is the central city of a 14-county Metropolitan Statistical Area, which includes Bates, Caldwell, Cass, Clay, Clinton, Jackson, Lafayette, Platte and Ray counties in Missouri and Johnson, Leavenworth, Linn, Miami and Wyandotte counties in Kansas. The City is situated at the confluence of the Kansas and Missouri rivers on Interstate Highways I-29, I-35, I-49 and I-70. The City's Department of City Planning and Development estimates that the City's 2020 population is 499,059 and that the population of the Kansas City MSA is 2,167,894.

Available Information

Certain additional information regarding the City is also available at the City's Investor Relations website: https://www.kcmo.gov/city-hall/departments/finance/investor-relations. In addition, the City Finance Department's Financial Reporting Section prepares monthly financial statements, which include unaudited financial summaries of the revenue and expenditure activities of the City for each month on a cash basis. The most recent unaudited monthly financial reports are available at https://www.kcmo.gov/city-hall/departments/finance/financial-information-reports-and-policies#Financial Reports.

Budget Process

The City Charter requires that the City Council adopt an annual budget for the City's May 1 through April 30 fiscal year. In fulfilling this requirement, the City's year-round budget and planning process consists of five phases:

Five Year Financial Plan. The City Charter requires the Mayor and Council adopt a five-year financial plan by November 1 of each year. Adoption of the annual budget will include consideration of the five-year financial plan priorities established by the Council by ordinance.

Budget Development. The five year financial plan drives the budget process, ensuring that the priorities established by the Council receive the attention, funding, and systems that make their achievement possible. The City's Finance Department issues budget instructions to City departments, boards, and commissions to be used in estimating revenues and requesting the appropriations necessary to fulfill their needs in the next fiscal year. Departments prepare their budget requests based on estimates of work to be performed and associated cost. The amounts requested must be justified in terms of the results to be achieved.

Budget Review. The Finance Department performs technical and policy reviews of departmental budget requests and forwards recommendations to the City Manager. The Director of Finance and the City Manager confer with departmental staff to formulate a balanced budget.

Budget Consideration and Adoption. The City Manager transmits the budget request to the Mayor and the City Council not later than the second regular meeting in February. The City Council conducts a review of the budget, including hearings with the City Manager and department officers. Upon completion of its review of the budget the City Council holds at least one public hearing and, in any case not later than the first regular meeting in March, places the annual budget ordinance on file in the office of the City Clerk and holds hearings with the public. At the fourth regular meeting in March, the City Council adopts the annual budget ordinance with or without alteration or amendment.

Administration of the Budget. After the budget has been adopted by the City Council, the approved appropriations and revenues are entered into the City's financial accounting system. The Finance Department provides to the City Council, not later than 20 days after the close of each month, a financial report on the financial condition of the City as of the last day of each month. The Finance Department performs a quarterly budget analysis of revenues and appropriations, makes new estimates, and recommends necessary budget adjustments to ensure the City's budget remains in balance. Strict budgetary compliance is maintained through the checks and balances of administrative regulations, Finance Department Manuals of Instruction, and an automated accounting system. The submission of the City's budget is mandated by the City Charter. In the past 20 years, the City Manager has not failed to submit a budget to the City Council in a timely manner.

As of the date hereof, the City has approximately $2.48 billion of appropriation obligations outstanding for various purposes.

Retirement Benefits and Other Post-Employment Benefits

General. The information included in this Section and the materials referenced herein rely on information produced by the pension plans described below and their independent accountants and actuaries. Actuarial assessments are "forward looking" analyses that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may prove to be inaccurate or may be changed in the future and will change with the future experience of the particular pension plan. The City has not independently verified the source information and makes no representations nor expresses any opinion as to the accuracy of the source information.

Substantially all City employees and elected officials of the City, as well as employees of the Police Department, are covered by one of four contributory defined benefit retirement plans: Employees' Retirement System, Firefighters' Pension System, Police Retirement System and Civilian Employees' Retirement System. Information relating to the City's overall pension and other post-employment benefit ("**OPEB**") obligations and the funded status of such obligations is contained in the notes to the City's Comprehensive Annual Financial Report ("**City's CAFR**") for its Fiscal Year ended April 30, 2019, in particular Note 11, Note 12 and Note 13 in the Notes to Basic Financial Statements on pages A-122 to A-167 of the City's CAFR, the Required Supplementary Information on pages A-182 to A-199 of the City's CAFR and Table 7 on pages C-8 through C-11 in the statistical Section of the City's CAFR, available from the City's website at: https://www.kcmo.gov/city-hall/departments/finance/investor-relations.

The four retirement plans adopted the provisions of Governmental Accounting Standards Board Statement No. 67 - Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25 (GASB Statement No. 67) for their stand-alone financial reports for the Fiscal Year ended April 30, 2015. The City adopted the provisions of Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27 (GASB Statement No. 68) for its CAFR for the Fiscal Year ended April 30, 2016. The City adopted the provisions of Governmental Accounting Standards Board Statement No. 82, Pension Issues — an amendment of GASB Statements No. 67, No. 68 and No. 73 for its CAFR for the Fiscal Year ended April 30, 2018. While such information is contained in the City's CAFR, the Series 2020 Bonds and the interest thereon are special, limited obligations of the Issuer payable (except to the extent paid out of Series 2020 Bond proceeds or the income from the temporary investment thereof) solely out of the Debt Service Payments and other payments derived by the Issuer under the Financing Agreement (except for fees and expenses payable to the Issuer), and are secured by a transfer, pledge and assignment of and a grant of a security interest in the Trust Estate to the Trustee and in favor of the owners of the Series 2020 Bonds, as provided in the Indenture. The City's obligation to make Debt Service Payments and other payments under the Financing Agreement are payable solely from the Net Revenues derived by the City from the operation of the Airport System, are subject to appropriation, and are not general obligations of the City, as set forth in this Official Statement under the caption "**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS**."

Although determinations are not made of the actuarial status of the City's pension and OPEB obligations with respect to the various City departments and the enterprise funds they maintain, the City has historically allocated its pension and OPEB obligations, both accrued and current, to the individual departments and enterprise funds. The City does not have a written policy on the method for allocation of pension and OPEB obligations to a particular fund; historically this allocation has been based on the budgetary basis pension expense for the year and the method of allocation could change in the future.

For general information relating to the City's overall pension and OPEB obligations, see *Appendix B* – "***EMPLOYEE RETIREMENT AND PENSION PLANS***" and the Employee Retirement Pension Plan Disclosure (defined below) contained in *Appendix B* and the City's CAFR.

For specific information relating to the Kansas City Airports Fund's allocated share of the City's overall pension and OPEB obligations for the Fiscal Year ended April 30, 2019, see the Financial Statements included in the Kansas City Aviation's Department Comprehensive Annual Report (the "**Aviation Department's CAFR**") available from the Aviation Department's website at: https://www.flykci.com/media/7921/annual-report-cafr-2019.pdf, in particular Note 13 and Note 14 in the Notes to Financial Statements, at pages A-44 through A-52 and the Required Supplementary Information on pages A-57 to A-59. Specific information relating to the Kansas City Airports Fund's allocated share of the City's overall pension and OPEB obligations for the Fiscal Year ended April 30, 2020 can be found in *Appendix A* – "***FINANCIAL STATEMENTS FOR THE KANSAS CITY AIRPORTS FUND***", in particular Note 15 in the Notes to Financial Statements, at pages A-54 through A-56 and the Required Supplementary Information on pages A-62 to A-64.

Historical funding progress for each of the pension systems, including actuarial value of assets and actuarial accrued liabilities, is set forth under "Employee Retirement and Pension Plans" in *Appendix B* (such information, together with Note 11, Note 12 and Note 13 in the Notes to Basic Financial Statements on pages A-122 to A-167 of the City's CAFR, the Required Supplementary Information on pages A-182 to A-199 of the City's CAFR, Table 7 on pages C-8 through C-11 in the statistical Section of the City's CAFR and Note 13 and Note 14, at pages A-44 through A-52 of the Aviation Department's CAFR and the Required Supplementary Information on pages A-57 to A-59 of the Aviation Department's CAFR, are collectively referred to as the "**Employee Retirement and Pension Plan Disclosure**").

The actuarial valuations performed as of April 30, 2019 and May 1, 2019 were used in developing the budget for the year ending April 30, 2021. Actuarial valuations for the plans may be obtained by contacting the boards at the address set forth below.

Plan design changes for the police and police civilian pension plans were approved by the Missouri General Assembly and the Governor in August 2013 and were implemented on September 1, 2013. Plan design changes for the employees' and firefighters' pension plans have been approved by affected labor unions and were approved by the City Council on February 20, 2014. The plan design changes for all four pension plans include a requirement that the City fully fund the Actuarial Required Contribution (changed in Fiscal Year 2015 to Actuarially Determined Contribution ("**ADC**")). Other changes include a Tier 2 benefit plan for new employees and increased contributions from all employees. The Fiscal Year 2020-2021 adopted budget reflects full funding of the City's pension obligation to all four plans.

On February 24, 2017 the Board of the Firefighters' Pension System adopted a policy to change the long-term expected rate of return on plan investments (the "**L-T Return Rate**") from 7.5% to 7.25% effective for the actuarial valuation dated May 1, 2017. This reduction in the L-T Return Rate has been used in determining the City's ADC for the Fiscal Year beginning May 1, 2018. The overall effect of the change in the Firefighters' Pension System L-T Return Rate on the City's ADC is being phased-in over a 5-year period. No changes have been made to the L-T Return Rate of the Employees' Retirement System, the Police Retirement System or the Civilian Employees' Retirement System. The Police Retirement System and Civilian Employees' Retirement System changed the L-T Return Rate, on each plan, from 7.5% to 7.45% as of the April 30, 2019 valuation date. Contingent on approval by the respective Board of Trustees for each plan, the L-T Return Rate will decrease by 0.05% per year until reaching the ultimate rate of 7.25% in 2023. No changes have been made to the L-T Return Rate of the Employees' Retirement System.

Effective May 1, 2018, the City implemented the Governmental Accounting Standards Board Statement No. 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pension. GASB Statement No. 75 replaces GASB Statement No. 45. The primary objective is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. Disclosures are required for a one percent increase/decrease in the discount rate as well a one percent increase/decrease in the healthcare cost trend rate. The disclosure requirement for the City began with the Fiscal Year ended April 30, 2019. For further information on the process used to determine OPEB liability under GASB 75, please refer to Note 12 and Note 18 in the Notes to Basic Financial Statements on pages A-152 and A-177, respectively, in the City's CAFR and the Required Supplemental Information to the Financial Statements in the City's CAFR for the Fiscal Year ended April 30, 2019, and Note 14 and the Required Supplementary Information in the Aviation Department's CAFR.

The retirement plans identified above are administered by third party boards. The boards issue publicly available financial reports that include financial statements and required supplementary information. The auditors of such financial statements have not been asked to perform any additional work or any post audit procedures more recently than the dates of such reports. Actuarial valuations for the plans and the financial reports may be obtained by contacting: Employees' Retirement System or Firefighters' Pension System, The Retirement Division, City Hall 10th Floor, 414 East 12th Street, Kansas City, MO 64106, 816-513-1928 and for the Police Retirement System or Civilian Employees' Retirement System, The Retirement Board of the Police Retirement System of Kansas City, Missouri, 9701 Marion Park Drive, Kansas City, Missouri 64137, 816-482-8138.

Investments. The plans invest in various investment securities. Investment securities are exposed to certain risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statement of plan net assets. Given the volatility of economic conditions, the values of assets reflected in the financial reports could change rapidly, resulting in material future adjustments in investment values that could negatively impact the plans. Each plan has a written and adopted investment policy that speaks to the investment of the plan assets. Such investment policies can be changed at the discretion of the respective board. Current investment policies can be obtained by contacting the applicable board at the respective addresses shown in the immediately preceding paragraph.

The unaudited financial reports presented to the board for the Employees' Retirement System state that the plan's investments, on a cash basis, increased by $93,041,694 or 8.48% from $1,097,018,808 to $1,190,060,502 during the quarter ended July 31, 2020. The unaudited financial reports presented to the board for the Firefighters' Pension System state that the plan's investments, on a cash basis, increased by $36,860,757 or 6.99% from $526,967,795 to $563,828,551 during the fiscal quarter ended July 31, 2020. The unaudited financial reports of the Police Retirement System of the Kansas City, Missouri state that the plan's investments, on an accrual basis, increased by $52,022,916 or 5.95% from $874,434,182 to $926,457,098 during the fiscal quarter ended July 31, 2020. The unaudited financial reports of the Civilian Employees' Retirement System of the Police Department of Kansas City, Missouri state that the plan's investments, on an accrual basis, increased by $9,227,084 or 6.33% from $145,815,629 to $155,042,713 during the quarter ended July 31, 2020.

Incorporation of Certain Documents by Reference

Any statement contained in a document incorporated or deemed to be incorporated by reference herein will be deemed to be modified or superseded for purposes of this Official Statement to the extent that a statement therein or in any other document subsequently filed with the MSRB that also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this Official Statement.

CERTAIN INVESTMENT CONSIDERATIONS

The following is a discussion of certain investment considerations that could affect payments to be made by the City with respect to the Series 2020 Senior Appropriation Obligation and, in turn, the Issuer's ability to make principal and interest payments on the Series 2020 Bonds. Such discussion is not, and is not intended to be, exhaustive and should be read in conjunction with all other parts of this Official Statement and should not be considered as a comprehensive or exhaustive discussion of risks or other considerations which may be relevant to an investment in the Series 2020 Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such considerations. There can be no assurance that other considerations not discussed in this Official Statement will not become material in the future. Prospective purchasers of the Series 2020 Bonds should analyze carefully the information contained in this Official Statement, including the Appendices hereto, and additional information in the Bond Ordinance, the Indenture and the Financing Agreement described herein and summarized in Appendix D. Copies of the Bond Ordinance, the Indenture and the Financing Agreement are available from the office of the Executive Director of the Issuer.

Limited Obligations

The Series 2020 Bonds and the interest thereon are special, limited obligations of the Issuer payable (except to the extent paid out of Series 2020 Bond proceeds or the income from the temporary investment thereof) solely out of the Debt Service Payments and other payments derived by the Issuer under the Financing Agreement (except for fees and expenses payable to the Issuer), and are secured by a transfer, pledge and assignment of and a grant of a security interest in the Trust Estate to the Trustee and in favor of the owners of the Series 2020 Bonds, as provided in the Indenture. Debt Service Payments are payable by the City solely from Net Revenues, subject to annual appropriation, and such other sources as are set forth in the Bond Ordinance. Additional Payments are payable by the Issuer in accordance with the Financing Agreement to the extent funds are available from the City. The taxing power of the City is not pledged to the payment of the Series 2020 Bonds or the interest thereon. The Issuer has no taxing power.

Risk of Nonappropriation

The payment of Debt Service Payments to the Issuer pursuant to the Financing Agreement to be used by the Issuer for the repayment of the Series 2020 Bonds is subject to annual appropriation by the City. Although the City has covenanted under the Financing Agreement that the Director of Finance of the City, or such officer at any time charged with the responsibility of formulating budget proposals for the City, will include in the annual budget proposal submitted to the City Council a request for an appropriation of Net Revenues sufficient to make Debt Service Payments, there can be no assurance that such appropriation will be made by the City Council of the City, and the City Council is not legally obligated to do so. See the captions **"FINANCING AGREEMENT – Debt Service Payments and Additional Payments Subject to Appropriation,"** " **FINANCING AGREEMENT – Covenant to Request Appropriations**," and "**SERIES 2020 SENIOR APPROPRIATION OBLIGATION AND MASTER BOND ORDINANCE – Annual Appropriation Regarding Series 2020 Senior Appropriation Obligation.**"

COVID-19

See the caption "**IMPACT OF COVID-19 PANDEMIC ON THE AIRPORT – Impact of COVID-19 on Future Operations and Revenues**" for risks associated with the Series 2020 Bonds resulting from the COVID-19 pandemic.

City Bankruptcy Risks

The rights of the holders of the Series 2020 Bonds and the enforceability of the City's obligation to make Series 2020 Senior Appropriation Obligation payments sufficient for the Issuer to pay debt service on the Series 2020 Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights under existing law or under laws enacted in the future and may also be subject to the exercise of judicial discretion under certain circumstances. The enforceability of the rights and remedies of the holders of the Series 2020 Bonds and of the obligations of the City under the Bond Ordinance and the Financing Agreement are subject to the United States Bankruptcy Code (the "**Bankruptcy Code**") and to other applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors' rights generally, to equitable principles that may limit the enforcement under Missouri law of certain remedies and to exercise by the United States of America of powers delegated to it by the United States Constitution.

In the unlikely case of severe fiscal distress, the City may file for bankruptcy protection under Chapter 9 of the Bankruptcy Code. Should the City become the debtor in a bankruptcy proceeding, the lien on Net Revenues derived from the operation of the Airport System and pledged (subject to annual appropriation) to the payment of the Series 2020 Senior Appropriation Obligation and received by the City after the commencement of the bankruptcy proceeding would continue so long as the Net Revenues constitute "special revenues" within the meaning of the Bankruptcy Code. "Special revenues" are defined under the Bankruptcy Code to include, among other things, receipts by local governments from the ownership, operation or disposition of projects or systems that are primarily used to provide transportation services. While the Net Revenues appear to satisfy this definition and thus should be "special revenues', no assurance can be given that a court would not hold that Net Revenues are not "special revenues". If the Net Revenues are determined to not be "special revenues", then Net Revenues collected after the commencement of the bankruptcy proceeding will likely not be subject to the lien of the Bond Ordinance. The holders of the Series 2020 Bonds may not be able to assert a claim against any property of the City or the Airports other than Net Revenues, and if these amounts are no longer subject to the lien of the Bond Ordinance, then there may be no amounts from which the holders of the Series 2020 Bonds are entitled to be paid.

The Bankruptcy Code provides that "special revenues" can be applied to necessary operating expenses of the project or system before they are applied to other obligations. This rule applies regardless of the provisions of the transaction documents. Thus, the City may be able to use Net Revenues to pay necessary operating expenses of the Airports, before the remaining Net Revenues are used to satisfy the Series 2020 Senior Appropriation Obligation. It is not clear precisely which expenses would constitute necessary operating expenses.

If the City is a debtor in a bankruptcy proceeding, parties (including the Trustee under the Indenture) may be prohibited from taking any action to collect any amount from the City or to enforce any obligation of the

City, unless the permission of the bankruptcy court is obtained. The Rate Covenant under the Master Bond Ordinance may not be enforceable in bankruptcy by the Trustee or any other party.

Under the Bankruptcy Code, the City may be able to borrow additional money that is secured by a lien on any of its property (including Net Revenues), which lien could have priority over the lien in the Bond Ordinance, as long as the bankruptcy court determines that the rights of the Trustee and the holders of the Series 2020 Bonds will be adequately protected. The City may be able to cause some of the Net Revenues to be released to it, free and clear of the lien of the Bond Ordinance, if the bankruptcy court determines that the rights of the Trustee and the holders of the Series 2020 Bonds will be adequately protected. Under the Bankruptcy Code, the City may be able, without the consent and over the objection of the Trustee and the holders of the Series 2020 Bonds, to modify the principal, priority, interest rate, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Bond Ordinance and the Series 2020 Senior Appropriation Obligation, if the bankruptcy court determines that the modifications are fair and equitable.

Terminal Modernization Project Risks

Risks of Construction. The City has made arrangements that it anticipates will be sufficient to assure completion of the Terminal Modernization Project. No assurance can be given, however, that such arrangements will prove sufficient. The construction of the Terminal Modernization Project is subject to the usual risks associated with construction. Although the City believes that the construction will be completed within budget and on schedule, circumstances or events beyond the control of the City may occur which result in cost overruns and constructions delays. Such circumstances may include, among others, strikes or other labor disputes, shortages in various labor trades, adverse weather conditions, work disruptions due to epidemics or pandemics, fire or other casualty damage, unanticipated environmental problems, material shortages or the financial failure of the general contractor or various subcontractors. If the City were to experience substantial cost overruns or construction delays, such overruns or delays may have an adverse impact on revenues from the operations at the Facility. The Aviation Department and the City have attempted to mitigate the risk of construction cost overruns in part through a guaranteed maximum price form of design-build contract and a payment and performance bond.

The Joint Venture is required to obtain payment and performance bonds securing completion of the construction and the payment of various subcontractors and suppliers providing goods and services with respect to the Terminal Modernization Project. The Development Agreement contains provisions for the payment of liquidated damages in the event of failure to achieve completion of construction on the dates specified in the construction contract. See the caption "**THE TERMINAL MODERNIZATION PROJECT – The Development Agreement.**"

Environmental Risks. No assurance can be given that environmental conditions do not now or will not in the future exist at the Terminal Modernization Project site, which conditions could become the subject of enforcement actions by governmental agencies. Additionally, there can be no assurance that future environmental conditions, if any, would not adversely impact the use of the Facility.

Permits. Various environmental, construction and operational permits and other governmental approvals at the federal, State and local levels are required to be obtained in order to commence certain phases of the Terminal Modernization Project and to open and operate the Facility. Under the Development Agreement, the Developer has undertaken to obtain, or cause to be obtained, the approvals necessary to complete the Terminal Modernization Project. Failure to obtain such approvals, or significant delays in obtaining them, could have a material adverse effect on the cost of the Terminal Modernization Project or delay its completion. Similarly, failure to obtain approvals to open or operate the Facility, or significant delays in obtaining them, could delay the opening or operation of the Facility.

Other Risks. Local media has reported one or more unsuccessful bidders on a subcontract for the Terminal Modernization Project has filed, or intends to file, a complaint with the FAA regarding the outcome of the bidding process. To date, the City has not been formally notified by the unsuccessful bidder(s) or the FAA of such a complaint, nor has the City been provided a copy of the complaint by any party. The City is not able to assess the likelihood of any adverse response by the FAA at this time.

Additionally, while at this time no action has been filed, a lawsuit has been threatened by one of the same unsuccessful bidders. The City is not a party to the subcontract at issue in the dispute, but the unsuccessful bidder has requested numerous documents from the City through the open records process. The City believes there is no meritorious basis for the threatened suit, and it is not a proper party to be included in any such lawsuit.

Aviation Industry Considerations

Information Concerning the Airlines. Certain of the Signatory Airlines (or their respective parent corporations) are subject to the information reporting requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith, file reports and other information with the Securities and Exchange Commission (the "**SEC**"). Certain information, including financial information, concerning such domestic airlines or their respective parent corporations, is disclosed in reports and statements filed with the SEC. Such reports and statements can be inspected at the public reference facilities maintained by the SEC, which can be located by calling the SEC at 1-800-SEC-0330. The SEC maintains a website at http://www.sec.gov containing reports, proxy statements and other information regarding registrants that file electronically with the SEC. In addition, each Signatory Airline is also required to file periodic reports of financial and operating statistics with the U.S. Department of Transportation ("**USDOT**"). Such reports can be inspected at USDOT's Dockets Office, Research and Innovative Technology Administration, Bureau of Transportation Statistics, 1200 New Jersey Avenue, S.E., Room W12-140, Washington, D.C. 20590, and copies of such reports can be obtained from USDOT at prescribed rates. The website for the Bureau of Transportation Statistics is located at http://www.bts.gov.

Neither the City nor the Underwriters undertake any responsibility for, or make any representation as to the accuracy or completeness of, (i) any reports and statements filed with the SEC or USDOT, or (ii) any material contained on the SEC's website as described in the preceding paragraph, including, but not limited to, updated information on the SEC website or links to other Internet sites accessed through the SEC's website. No information on the SEC or USDOT websites is a part of or incorporated into this Official Statement.

This Official Statement does not contain financial information about any airline or about any entity other than the City and the Issuer. As a result, in making an investment decision with respect to the Series 2020 Bonds, a potential purchaser can have no assurance, based upon the information contained herein, that any entity will be capable of meeting its responsibilities or will perform as expected.

General Factors Affecting the Airline Industry. The City's ability to derive Revenues primarily from the operation of MCI, the City's principal airport serving the Kansas City air service area, depends in part upon the financial health of the airline industry. No assurance can be given as to the levels of aviation activity that may be achieved at MCI in future Fiscal Years. Some factors that may materially affect MCI and the airlines include, but are not limited to, growth of population and the economic health of the region and nation, airline service and route networks, national and international economic and political conditions, aviation security concerns and costs, changes in demand for air travel, service and cost competition, mergers, the availability and cost of aviation fuel and other necessary supplies, fixed costs and capital requirements, the cost and availability of financing, the capacity of the national air traffic control system, national and international disasters and hostilities, the cost and availability of employees, labor relations within the airline industry, business travel substitutes (including teleconferencing and videoconferencing), regulation by the federal government, environmental risks and regulations, noise abatement concerns and regulation, ongoing conflicts in the Middle East and elsewhere, the financial health and viability of the airline industry and of individual airlines, bankruptcy and insolvency laws, acts of war, terrorist activity or the threat of terrorist activity, or terrorism and other risks. Many of these factors are outside the City's control. As a result of these and other factors, many airlines have operated at a loss in the past and many have filed for bankruptcy, ceased operations and/or merged with other airlines. In addition, some carriers have taken actions to restructure and reduce costs including reducing their workforce, renegotiating their labor agreements, reducing routes served, consolidating connecting activity and replacing mainline jets with regional jets. Changes in demand, decreases in aviation activity and their potential effects on enplaned passenger traffic at MCI may result in reduced Revenues.

The level of aviation activity at the Airports has a material impact on the amount of Revenues available for deposit to the Kansas City Airports Fund. The amount of moneys to be deposited into the Kansas City Airports Fund in any given month is also dependent upon (1) payment of amounts due from the Signatory Airlines under the Pre-DBO Agreements and the Post-DBO Agreements and (2) the level of concession and non-air carrier revenues, which is dependent upon the level of activity at the Airports. Amounts available for deposit in the Kansas City Airports Fund could be adversely affected by delays or defaults in the payments of rates and charges by the Signatory Airlines and other air carriers at MCI. See the caption "**IMPACT OF COVID-19 PANDEMIC ON THE AIRPORT**" for a discussion of the risks associated with the Series 2020 Bonds resulting from the COVID-19 pandemic.

National and International Economic and Political Conditions. Historically, air carrier passenger traffic nationwide has correlated closely with the state of the United States economy and levels of real disposable income. Many of the airlines serving MCI were impacted by the global economic downturn and recession that occurred between 2008 and 2009, and most major domestic airlines suffered significant financial losses. While the U.S. and global economies generally rebounded from that recession, the airline industry as a whole remains susceptible to general economic and political disruptions. Future financial and operational difficulties encountered by the airlines serving the Airport could have a material adverse effect on operations at, and on the financial condition of, the Airport. Sustained future growth in domestic air carrier passenger traffic is anticipated to depend largely on the ability of the nation to sustain economic growth. See the caption "**IMPACT OF COVID-19 PANDEMIC ON THE AIRPORT**" for a discussion of the risks associated with the Series 2020 Bonds resulting from the COVID-19 pandemic.

As international trade and air travel has increased, international economics, currency exchange rates, trade balances, political relationships, and conflicts within and between foreign countries have become important influences on passenger traffic at major United States airports. Aviation security precautions and safety concerns arising from international political conflicts can also affect air carrier travel demand.

Air Carrier Service and Routes. While passenger demand at an airport depends on the population and the economy of the region served, air carrier service and the number of passengers enplaned also depend on the route networks of the air carriers serving that airport. Domestic air carriers are free to enter or leave individual air traffic markets, and to increase or decrease services at will. Most major air carriers have developed "hub-and-spoke" route networks as a means of increasing their service frequencies, passenger volumes and profitability.

Air Carrier Economics, Competition and Airfares. The ability of the Aviation Department to generate Revenues depends, in part, upon the financial health of the aviation industry. Future passenger numbers, both nationwide and at MCI, will depend, in part, on the level of airfares. Air carrier fares have an important effect on passenger demand, particularly for short trips where automobiles or other travel modes are alternatives, and for price-sensitive "discretionary" travel, such as vacation travel. Airfares are influenced by air carrier operating costs and debt burden, passenger demand, capacity and yield management, market presence and competition. Due to the discretional nature of business and travel spending, airline passenger traffic and revenues are influenced by the state of the national economy, other regional and world economies, business profitability, security concerns and other factors. Significant structural changes to the airline industry have occurred in recent years, including reducing or eliminating service on unprofitable routes, reducing airline work forces, implementing pay cuts, streamlining operations and airline mergers. Airfares have become easier to compare, which has made pricing and marketing among airlines more competitive. The price of fuel has been a significant cost factor for the airline industry and affects airline earnings. Fuel prices are particularly sensitive to worldwide political instability, economic uncertainties and increased demand from developing economies, production disruption, regulations and weather. Changes in the costs of aviation fuel may have an adverse impact on air transportation industry profitability. Decreased passenger service by a specific airline or a decreased demand for air travel more generally could also affect MCI Revenues. See the caption "**IMPACT OF COVID-19**

PANDEMIC ON THE AIRPORT" for a discussion of the risks associated with the Series 2020 Bonds resulting from the COVID-19 pandemic.

Capacity of National Air Traffic Control and Airport Systems. Demands on the nation's air traffic control system continue to cause aircraft delays and restrictions, both on the number of aircraft movements in certain air traffic routes and on the number of landings and takeoffs at certain airports. These restrictions affect air carrier schedules and passenger traffic nationwide. In addition, increasing demands on the national air traffic control and airport systems could cause increased delays and restrictions in the future.

Aviation Security Concerns. 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. Anxieties about the safety of flying and by the inconveniences associated with security screening procedures both lead to the avoidance of travel or the switching from air to surface travel modes for short -haul trips.

Since September 11, 2001, intensified security precautions have been instituted by government agencies, airlines and airport operators. In November 2001, the Aviation and Transportation Security Act ("**ASTSA**") was enacted. Through the ASTSA, the Transportation Security Administration ("**TSA**") was created which established different and improved security processes and procedures. The ATSA mandates certain individual, cargo and baggage screening requirements, security awareness programs for airport personnel and deployment of explosive detection devices. The act also permits the deployment of air marshals on all fights and requires air marshals on all "high-risk" flights. The Federal government controls aviation industry security requirement, which can significantly impact the economics of the industry. Security requirements due to unexpected events could increase costs directly and indirectly to the industry and could have an adverse effect on passenger demand.

The possibility of intensified international hostilities and further terrorist attacks involving or affecting commercial aviation are a continuing concern that may affect future travel behavior and airline passenger demand. Despite this fact, historically, air travel demand has recovered after temporary drops from security-related concerns or events such as terrorist attacks or hijackings. Provided that the intensified security measures that have been and are being implemented in the United States and other countries have and will continue to effectively restore confidence in the safety of commercial aviation, while not imposing unacceptable inconveniences and delays for passengers, it is expected that future demand for airline travel at MCI will depend principally on economic rather than security factors.

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

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

Expiration of Airline Use and Lease Agreements. Airport Revenues are dependent largely on payments by the Signatory Airlines under the terms of the Post-DBO Agreements. The Post-DBO Agreements are scheduled to expire April 30, 2028. No assurance can be given that the Post-DBO Agreements will be extended or that each of the Signatory Airlines will enter into new Airline Use and Lease Agreements upon expiration of the Post-DBO Agreements or, if extended or if new Airline Use and Lease Agreements are entered into, that such agreements will be with the same Signatory Airlines or will have the same terms as the Post-DBO Agreements.

Effect of Bankruptcy of Airlines

General. As a result of the myriad factors affecting the financial health of the aviation industry, many airlines have operated at a loss in the past and many have filed for bankruptcy, ceased operations and/or merged with other airlines. Most of the major U.S. carriers have implemented a variety of cost-cutting measures, including massive layoffs. Growing competition from low-cost, low fare carriers have forced many of the legacy carriers to implement route rationalization, including route transfers to their regional/commuter partners, reduction in service to certain markets, and the elimination of service to markets that are deemed unprofitable. There have also been payroll cuts and deferment in the acquisition of new aircraft equipment. In addition, the legacy carriers have shown increasing flexibility in fare adjustments in the face of discount fares offered by low fare carriers.

Despite these measures, a number of airlines, including American Airlines in November 2011, have been forced to petition for bankruptcy court protection because of unsustainable financial losses. Additional bankruptcies, liquidations or major restructurings of other airlines could result. See the caption "**IMPACT OF COVID-19 PANDEMIC ON THE AIRPORT**" for a discussion of the impact on airlines of the COVID-19 pandemic. It is not possible to predict the effect on MCI of any future bankruptcies, liquidations or major restructurings of any airlines.

Under the Bankruptcy Code, unexpired leases and/or use agreements are "executory contracts" that can be assumed or rejected by the debtor airline (or bankruptcy trustee), within certain statutory time periods. Rejection of a Use Agreement by a debtor airline would give rise to an unsecured claim of the City for damages, the amount of which is limited by the Bankruptcy Code. Additionally, during the pendency of a bankruptcy proceeding, a debtor airline may not, absent a court order, make any payments to the City on account of goods and services provided prior to the bankruptcy filing. Thus, the City's stream of payments from a debtor airline would be interrupted to the extent of unpaid fees for pre-petition goods and services, including accrued rent and landing fees. The City actively monitors payments by the Signatory Airlines and other carriers to minimize any potential losses due to bankruptcy proceedings, aggressively pursues overdue amounts and bankruptcy claims, and includes an allowance for uncollectible debts in its landing fee and terminal rental rates.

The assumption or rejection of an unexpired airline agreement may also have an adverse impact on the subsequent level of utilization of the gates leased under such agreement.

Collection of PFCs. The PFC Act and the PFC Regulations provide certain statutory protections to eligible public agencies imposing PFCs with respect to PFC collections in the event of an airline bankruptcy. It is unclear, however, whether the City would be able to recover the full amount of PFC trust funds collected or accrued with respect to a Collecting Carrier in the event of a liquidation or cessation of business, and whether the City would experience significant delay in connection with such recovery. The PFC Act and PFC Regulations require a Covered Air Carrier to segregate PFC funds in a separate account for the benefit of the eligible public agencies entitled to such funds; however, they do not require a further segregation to the individual eligible public agencies.

The City cannot predict whether a Collecting Carrier would have properly accounted for PFCs owed to the City or whether the bankruptcy estate would have sufficient moneys to pay the City in full for PFCs owed by such carrier. See the caption **"THE AIRPORT SYSTEM – Passenger Facility Charge Program."**

Continued Level of Operation. There is no assurance that MCI, despite a demonstrated level of airline service and operations, will continue to maintain such levels in the future. The continued presence of the airlines serving MCI, and the levels at which that service will be provided, are a function of a variety of factors. Future airline traffic at MCI will be affected by, among other things, the growth in the population and the economy of the primary air service area served by MCI and by national and international economic and political conditions, federal and state regulatory actions, airline service, competition and routes, air fare levels, availability and price of aviation fuel, the capacity of facilities at MCI and the operation and capacity of the air traffic control system. See the caption "**IMPACT OF COVID-19 PANDEMIC ON THE AIRPORT**" for a discussion of the impact on airlines of the COVID-19 pandemic.

Although MCI is primarily an origin and destination airport and is less dependent upon hubbing activity than some other major airports, the financial strength and stability of airlines serving MCI are among the determinants of future airline traffic. Individual airline decisions regarding levels of service at MCI, including hubbing activity and air cargo operations, may affect total enplanements. No assurance can be given as to the levels of aviation activity that will be achieved at MCI or as to the financial stability or profitability of the airline industry or of any airline in particular. The City makes no representations with respect to the continued viability of any of the carriers serving MCI, airline service patterns, or the potential impact on any Revenues. No assurance can be given that airlines serving MCI will not eliminate or reduce service.

Effect of Airline Industry Consolidation. In response to competitive pressures, the U.S. airline industry has consolidated significantly in recent years. In 2008, Northwest and its wholly owned regional airline subsidiaries completed a merger with Delta. The merged airline operates under the Delta name. In October 2010, Continental Airlines, Inc. became a wholly owned subsidiary of United Continental Holdings, Inc. (formerly UAL Corporation, the parent company of United Airlines, Inc.) and shortly thereafter began operating under the United name. In 2011, Southwest Airlines acquired all of the outstanding common stock of AirTran Holdings, Inc., the parent company of AirTran and in 2013, US Airways Group Inc. and American Airlines jointly announced that the board of directors of both companies had approved a definitive merger agreement under which the companies would combine to create a single carrier that would operate under the American Airlines name. The merger was part of American Airlines' plan to emerge from bankruptcy reorganization.

Such consolidation has resulted in four major domestic airlines (American, Delta, Southwest and United) which, with their regional affiliates, now account for approximately 80% of domestic seat-mile capacity. Further airline consolidation remains possible and, depending on which airlines serving MCI, if any, merge or join alliances, the result may be fewer flights or decreases in gate utilization by one or more airlines, which decrease could be significant. Such decreases could result in reduced Revenues, reduced PFC Revenues and increased costs for the airlines serving MCI.

Growth of Low Cost and Ultra-Low Cost Carriers. A low-cost or ultra-low cost carrier (each, respectively, an "**LCC**" or "**ULCC**") is an airline that generally has lower fares for customers and which is able to take advantage of an operating cost structure that is significantly lower than the cost structures of network carriers. These lower costs can include lower labor costs and a streamlined aircraft fleet, among others. Because of these lower cost structures, LCCs and ULCCs can conceivably remain profitable while offering lower fares to the traveling public. Over the last decade, as larger U.S. carriers consolidated and became more focused on capacity discipline, the ticket prices for their flights began to increase. LCCs and ULCCs emerged in markets where passenger levels were significant enough that the LCCs and ULCCs could overcome any barrier to entry. The low-cost structure of the LCCs and ULCCs stimulated traffic and budget conscious travelers to emerge as a formerly underserved segment of the traveling public.

Ultra-low cost carriers such as Allegiant Air, Frontier Airlines, Spirit Airlines and Sun Country Airlines have experienced rapid growth. They currently represent almost seven percent of all US airline departing seats. Such carriers typically focus on generating discretionary travel with low fares and travel packages at smaller or underserved airports. Allegiant Air, Frontier Airlines and Spirit Airlines currently operate at MCI, representing 0.7%, 1.2% and 3.7% of calendar year 2019 enplanements at MCI respectively. The City cannot predict the impact of the growth of ultra-low cost carriers on MCI or its Revenues. Presently, the only LCC operating at MCI is Southwest, representing 47.7% of calendar year 2019 enplanements. There can be no assurance that the LCCs or ULCCs will continue to maintain such levels in the future. The continued presence of the LCCs and

ULCCs serving at MCI, and the levels at which such airlines might provide service at MCI, are a function of a variety of factors, including: airline fares and competition; airline industry economics, including labor costs and the price of aviation fuel; and capacity of MCI. Most of these factors are beyond the control of the City. Accordingly, no assurance can be given as to the levels of aviation activity that the LCCs and ULCCs will provide at MCI.

Public Health Risks. Public health concerns have affected air travel demand from time to time. In 2003, concerns about the spread of severe acute respiratory syndrome led public health agencies to issue advisories against nonessential travel to certain regions of the world. In 2009, concerns about the spread of influenza caused by the H1N1 virus reduced certain international travel. In 2016, the Centers for Disease Control and Prevention issued a travel alert warning pregnant women to avoid travel to areas where the Zika virus was present. More recently, the COVID-19 pandemic has caused significant disruptions to the air travel industry. See the caption "**IMPACT OF COVID-19 PANDEMIC ON THE AIRPORT**" for a discussion of the risks associated with the Series 2020 Bonds resulting from the COVID-19 pandemic. Future wide-spread viruses and contagious diseases could adversely affect the number of passengers using MCI.

Airline Capital Markets Access. Operating an airline requires large capital investments. Accordingly, airlines have historically required access to third party funds to finance significant portions of their capital needs. If the capital markets were to become inaccessible by either domestic or international airlines, it could significantly affect their ability to provide scheduled service to and from MCI or undertake contractual capital commitments.

Federal Law Affecting Airport Rates and Charges. The Federal Aviation Administration Authorization Act of 1994 requires airport fees to be "reasonable" and provides a mechanism by which the Secretary of Transportation can review rates and charges complaints brought by air carriers. The provisions of such Act do not apply to fees imposed pursuant to a written agreement with air carriers using airport facilities. Federal aviation law also provides that, 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. The City is not aware of any formal dispute involving the Airports' existing rates and charges, including the rates and charges for Fiscal Year 2021. The City believes that the rates and charges methodology utilized by the City and the rates and charges imposed by it upon air carriers, foreign air carriers and other aeronautical users are reasonable and consistent with applicable law. However, there can be no assurance that a complaint will not be brought against the City in the near-term with respect to the Fiscal Year 2021 rates and charges, or in the future, challenging such methodology and the rates and charges established by the City and, if a judgment is rendered against the City, there can be no assurances that rates and charges paid by aeronautical users of the Airports will not be reduced.

FAA Reauthorization and Level of Federal Airport Grant Funding. The FAA operates under an authorization-appropriation process created by Congress in which the authorization bill continues the agency's operation, and the appropriation bill provides the funding for the activity under the authorization bill. Most authorization bills are for multiple years while the appropriation bills are done on an annual basis. In some cases, the bills can be combined. The Federal Aviation Administration Modernization and Reform Act of 2012 (as amended, the "**FAA Act**") was signed into law on February 14, 2012 as the permanent legislative solution to the temporary short-term extensions that had been enacted as a funding stop-gap over the previous five years. This \$63.6 billion reauthorization, which ran through September 30, 2015, provided \$13.4 billion in funding for airport improvement projects and \$10.9 billion in funding for the "Next Gen GPS" system to modernize the air traffic control system and accelerate the integration of drones into the domestic airspace.

The FAA Act continued the federal cap on PFCs at \$4.50 and authorized \$3.35 billion per year for the AIP through federal fiscal year 2015. The AIP has continued to operate since October 1, 2015 on two short term authorization extensions: (1) the Airport and Airway Extension Act of 2015, which authorized \$1.675 billion through March 31, 2016 and (2) the Airport and Airway Extension Act of 2016, which authorized \$2.652 billion through July 15, 2016. The FAA Extension, Safety and Security Act of 2016 extended FAA authorization through September 30, 2017 and enabled the FAA to continue to operate at the funding levels current in July 2016. Since October 1, 2017, the FAA has operated under two short-term extensions of the FAA's legislative authority: (1) the Disaster Tax Relief and Airport and Airway Extension Act of 2017, which authorized $1.670 billion through March 31, 2018 and (2) the Consolidated Appropriations Act, which extended the authorization and appropriation through September 30, 2018 and continued the $3.35 billion annual funding.

On October 5, 2018, the Federal Aviation Administration Reauthorization Act of 2018 (H.R. 302, Pub.L. 115-254) (the "**2018 FAA Act**") was signed into law. This Act extends general expenditure authority of and extends aviation taxes funding for the Airport and Airway Trust Fund from September 30, 2018 through September 30, 2023. This act also removes obsolete restrictions on PFCs, improves the aircraft certification process, improves aviation safety and addresses other miscellaneous provisions relating to air travel and the FAA. There can be no assurance that the FAA will continue to receive spending authority, notwithstanding passage of the 2018 FAA Act.

Environmental Regulations. The FAA has jurisdiction over certain environmental matters, including noise reduction. Airport noise is a significant federal and local issue in many places, which may require substantial capital investments by the industry and/or airport operators from time to time to meet applicable standards. The United States Environmental Protection Agency ("**EPA**") is responsible for regulating air quality and water quality. Environmental regulations of general applicability (such as hazardous waste handling and disposition requirements, underground storage tank rules and storm water permitting requirements, among others) which are enforced by the EPA and the Missouri Department of Natural Resources, also apply to the Airports. The potential exists for additional federal and/or state regulation that may require capital expenditures or changes in operations at the Airports.

Climate change concerns have led, and may continue to lead, to new laws and regulations at the federal and state levels. Of particular importance are regulations pertaining to greenhouse gas ("**GHG**") emissions. According to the EPA, aircraft account for 12 percent of all U.S. transportation GHG emissions and 3 percent of total U.S. GHG emissions. While in 2016 the EPA finalized an endangerment finding that GHG emissions from "U.S. covered aircraft" cause or contribute to air pollution, triggering the Clean Air Act Section 231's regulation requirement, aircraft GHG emission standards are not yet proposed and there has been no public EPA action in this area since 2016. Regulations may be implemented in the future. In March 2017, the International Civil Aviation Organization ("**ICAO**"), an agency within the United Nations, adopted 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 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 2019, 193 nations, including the United States, have indicated that they will be participating in the pilot and volunteer phases of CORSIA.

The Aviation Department is unable to predict what additional laws and regulations with respect to these and other environmental issues will be adopted, or what effect such laws or regulations will have on the Airports, airlines operating at MCI, or other tenants at the Airports.

Under the Development Agreement, the Developer is also required to obtain various environmental permits and approvals in connection with the Terminal Modernization Project. These include an air pollution permit, an air quality permit, a storm water pollution protection plan approval, and an FAA environmental assessment. The FAA approved the environmental assessment for the Terminal Modernization Project in February 2019.

Boeing 737 Max-8 and Max-9 Grounding. On March 13, 2019, the FAA ordered the temporary grounding of the Boeing 737 MAX aircraft (the "**737 MAX Grounding**") operated by U.S. airlines or in U.S. territory. Southwest Airlines, MCI's largest carrier, was initially impacted by this order, resulting in flight cancellations in March and April of that year. Southwest Airlines was subsequently able to adjust flight schedules and replace 737 MAX aircraft with other aircraft types. The 737 Max Grounding is not expected to continue to have a material impact on operations at the Airport.

Considerations Regarding Other Sources of Revenue

Passenger Facility Charges. No assurance can be given that PFCs will actually be received in the amount or at the time contemplated by the City. The amount of actual PFC Revenues will vary depending on actual levels of eligible passenger enplanements at MCI. In addition, the FAA may terminate the City's ability to impose PFCs, subject to informal and formal procedural safeguards, if the City's PFC Revenues are not being used for approved projects in accordance with the FAA's approval, the PFC Act or the PFC Regulations, or the City otherwise violates the PFC Act or the PFC Regulations. The City's ability to impose a PFC may also be terminated if the City violates certain provisions of the Airport Noise and Capacity Act of 1990 and its implementing regulations. Furthermore, no assurance can be given that the City's authority to impose a PFC may not be terminated by Congress or the FAA, or that the PFC program may not be modified or restricted by Congress or the FAA so as to reduce PFC Revenues available to the City. See the caption **"THE AIRLINE SYSTEM – Passenger Facility Charge Program"** for more information about the PFC program.

The City has not, in either the Master Bond Ordinance or the Series 2020 Supplemental Ordinance, designated PFCs as "Revenues" with respect to the Series 2020 Senior Appropriation Obligation. The City does, however, anticipate that PFC Revenues will be used to pay a portion of the debt service on the Series 2020 Senior Appropriation Obligation.

Customer Facility Charges. Under the Master Bond Ordinance, CFCs are excluded from "Revenues" unless they are specifically designated as "Revenues" in a Supplemental Ordinance. Pursuant to the Series 2019A Supplemental Ordinance, the Series 2019 Supplemental Ordinance and the Series 2020 Supplemental Ordinance, the City designated certain CFCs as Designated Customer Facility Charges. To the extent provided in the Series 2019A Supplemental Ordinance, the Series 2019 Supplemental Ordinance and the Series 2020 Supplemental Ordinance, Designated Customer Facility Charges are included in "Revenues" and are pledged as security for the Senior Obligations (including the Series 2019A Senior Appropriation Obligation, the Series 2019 Senior Appropriation Obligation and the Series 2020 Senior Appropriation Obligation). The City may decide after its Fiscal Year ending in 2021 it will no longer designate CFCs as "Revenues" under the Master Bond Ordinance. The City will provide notice under its Continuing Disclosure Undertaking in the event that CFCs received after the Fiscal Year ending in 2021 are no longer designated as Revenues. See the captions "**SERIES 2020 SENIOR APPROPRIATION OBLIGATION AND MASTER BOND ORDINANCE – Certain Customer Facility Charges Designated as Revenues**" and "**THE AIRPORT SYSTEM—Customer Facility Charge Program**" for more information about the City's CFC program.

Impact of Sequestration Under the Budget Control Act. Another factor that has affected the airline industry in the past several years is periodic federal budget reductions through implementation of the sequestration provisions of the Budget Control Act of 2011. The sequestration provisions were first triggered in 2013, which resulted in the reduction of the budgets of federal agencies, including the FAA, Customs and Border Patrol Agency ("**CBP**") and the TSA. While reductions have continued in some form in the years since, Congress has acted several times to prevent these similar sequester cuts to discretionary programs. The most recent of these actions was the Bipartisan Budget Act of 2019, which raised the discretionary budget caps for 2020 and 2021 and suspended the debt limit for two years. The discretionary caps are enforceable through across-the-board cuts (sequestration) if Congress enacts appropriations that exceed the caps. Should sequestration be triggered again, it could adversely affect the FAA, CBP and TSA budgets and operations and the availability of certain federal grant funds available to the Airport System. Such budget cuts could also lead to employee furloughs and freezes by the FAA, CBP and TSA, which could impact flights and airport operations.

Technological Innovations in Ground Transportation. One significant source of non-airline revenues is generated from ground transportation activity, including use of on-Airport parking facilities, trip fees paid by taxi, limousine and TNC, and rental car transactions by Airport passengers. While passenger levels are increasing, the relative market share of these sources is shifting. For example, the popularity of TNCs has increased because of the increasing number of cities where TNCs operate, the convenience of requesting a ride through a mobile application, the ability to pay for the service without providing cash or other payment to the hire driver, and competitive pricing. To date, the Aviation Department does not believe the increased use of TNCs has resulted in a material decrease in rental car or parking revenues. New technologies (such as autonomous vehicles and connected vehicles) and innovations in established businesses such as commercial ground transportation and car rental may continue to occur and may result in future changes in Airport passenger choices of ground transportation. This could adversely impact ground transportation-related revenues in ways that are difficult to predict.

General

Forward-Looking Statements. Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended (the "**Securities Act**"). Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "anticipate," "project," "budget," "believe," "may," "will," "would," "should," "could" or other similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INCLUDED IN SUCH RISKS AND UNCERTAINTIES ARE (i) THOSE RELATING TO THE POSSIBLE INVALIDITY OR INACCURACY OF THE UNDERLYING ASSUMPTIONS AND ESTIMATES, (ii) POSSIBLE CHANGES OR DEVELOPMENTS IN SOCIAL, ECONOMIC, BUSINESS, INDUSTRY AND MARKET CIRCUMSTANCES, (iii) CHANGES IN APPLICABLE LAWS OR REGULATIONS, AND (iv) CONDITIONS AND ACTIONS TAKEN OR OMITTED TO BE TAKEN BY THIRD PARTIES, INCLUDING CUSTOMERS, SUPPLIERS, BUSINESS PARTNERS AND COMPETITORS, AND LEGISLATIVE, JUDICIAL AND OTHER GOVERNMENTAL AUTHORITIES AND OFFICIALS. ASSUMPTIONS RELATED TO THE FOREGOING INVOLVE JUDGMENTS WITH RESPECT TO, AMONG OTHER THINGS, FUTURE ECONOMIC, COMPETITIVE, AND MARKET CONDITIONS AND FUTURE BUSINESS DECISIONS, ALL OF WHICH ARE DIFFICULT OR IMPOSSIBLE TO PREDICT ACCURATELY. FOR THESE REASONS, THERE CAN BE NO ASSURANCE THAT THE FORWARD-LOOKING STATEMENTS INCLUDED IN THIS OFFICIAL STATEMENT WILL PROVE TO BE ACCURATE. PROSPECTIVE INVESTORS SHOULD EXPECT THERE TO BE DIFFERENCES IN RESULTS, AND THOSE DIFFERENCES MAY BE MATERIAL.

UNDUE RELIANCE SHOULD NOT BE PLACED ON FORWARD-LOOKING STATEMENTS. ALL FORWARD-LOOKING STATEMENTS INCLUDED IN THIS OFFICIAL STATEMENT ARE BASED ON INFORMATION AVAILABLE TO THE ISSUER ON THE DATE HEREOF, AND NEITHER THE ISSUER NOR THE CITY ASSUMES ANY OBLIGATION TO UPDATE ANY SUCH FORWARD-LOOKING STATEMENTS IF OR WHEN THEIR EXPECTATIONS OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR OR FAIL TO OCCUR, OTHER THAN AS INDICATED UNDER THE CAPTION "CONTINUING DISCLOSURE."

Enforceability of Remedies. The remedies available to the Bondowners upon a default under the Bond Ordinance are in many respects dependent upon judicial action, which is often subject to discretion and delay under existing constitutional and statutory law and judicial decisions, including specifically the Bankruptcy Code. The various legal opinions to be delivered concurrently with delivery of the Series 2020 Bonds will be qualified as to enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally, now or hereafter in effect; to usual equity principles which will limit the specific enforcement under laws of the State as to certain remedies; to the exercise by the United States of America of the powers delegated to it by the United States Constitution; and to the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies, in the interest of serving an important public purpose.

Compliance with Securities Laws. The Series 2020 Bonds may be sold by Bondowners only in compliance with the registration provisions or certain exemptions from the Securities Act and applicable state securities laws (which may be prohibitively expensive if registration is required and may not be possible in any event). In some states, specific conditions must be met or approval of a state securities commissioner is required in order to qualify for an exemption from registration.

Secondary Market. The Underwriters will not be obligated to repurchase any of the Series 2020 Bonds and no representation is made concerning the existence of any secondary market for the Series 2020 Bonds. No assurance can be given that any secondary market will develop following the completion of the offering of the Series 2020 Bonds, and no assurance can be given that the initial offering prices for the Series 2020 Bonds will continue for any period of time.

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

Investors in the Series 2020 Bonds should be aware that any such future legislative actions (including federal tax reform) may retroactively change the treatment of all or a portion of the interest on the Series 2020 Bonds for federal income tax purposes for all or certain taxpayers. In such event, the market value of the Series 2020 Bonds may be adversely affected and the ability of holders to sell their Series 2020 Bonds in the secondary market may be reduced. The Series 2020 Bonds are not subject to special mandatory redemption, and the interest rates on the Series 2020 Bonds are not subject to adjustment in the event of any such change.

Future legislative proposals could prevent investors from realizing the full current benefit of the tax-exemption on interest and may affect the market value of the Series 2020 Bonds. The Issuer cannot predict whether such future legislative proposals will be enacted and, if enacted, how they would impact the excludability of the interest on the Series 2020 Bonds for federal income tax purposes. Prospective purchasers of the Series 2020 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Co-Bond Counsel expresses no opinion.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Series 2020 Bonds are subject to the approving legal opinion of Kutak Rock LLP, Kansas City, Missouri, the Hardwick Law Firm, LLC, Kansas City, Missouri, and Martha E. Schach, Attorney at Law, LLC, Leawood, Kansas, Co-Bond Counsel. The form of such opinion is attached as *Appendix F*. Certain legal matters will be passed upon for the Issuer by the Office of the City Attorney, as counsel to the Issuer; for the City by the Office of the City Attorney; for the Underwriters by Bryan Cave Leighton Paisner LLP, Kansas City, Missouri, Clayborn & Associates, LLC, Kansas City, Missouri, and Bushyhead, LLC, Lee's Summit, Missouri, co-underwriters counsel; for the Issuer by its co-disclosure counsel, Lewis Rice LLC, Kansas City, Missouri, Fields & Brown, LLC, Kansas City, Missouri, and Martha E. Schach, Attorney at Law, LLC, Leawood, Kansas. The various legal opinions to be delivered concurrently with the delivery of the Series 2020 Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or for the future performance of parties to such transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Co-Bond Counsel has not participated in the preparation of this Official Statement, except for the sections of this Official Statement captioned **"THE SERIES 2020 BONDS"** (other than the information under the caption "Book-Entry System"), **"SERIES 2020 SENIOR APPROPRIATION OBLIGATION AND MASTER BOND ORDINANCE," "FINANCING AGREEMENT", "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS"** (other than the outstanding principal amounts of existing obligations, which balances were provided by the City), **"TAX MATTERS,"** *Appendix D* - **"*DEFINITIONS AND SUMMARY OF CERTAIN FINANCING DOCUMENTS*"** and *Appendix F* - **"*FORM OF CO-BOND COUNSEL OPINION.*"** The factual and financial information appearing herein has been supplied or reviewed by certain officials of the City and others as referred to herein and Co-Bond Counsel express no opinion as to the accuracy or sufficiency thereof except for the matters appearing in the sections referred to in this paragraph.

TAX MATTERS

Series 2020A Bonds and Series 2020B Bonds - In General. In the opinion of Kutak Rock LLP, the Hardwick Law Firm, LLC, and Martha E. Schach, Attorney at Law, LLC, Co-Bond Counsel to the Issuer, under existing laws, regulations, rulings and judicial decisions, (i) interest on the Series 2020A Bonds is excluded from gross income for federal income tax purposes, except for interest on any Series 2020A Bond for any period during which such Series 2020A Bond is held by a "substantial user" of the facilities financed by the Series 2020A Bonds or by a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "**Code**") and (ii) interest on the Series 2020B Bonds is excluded from gross income for federal income tax purposes. The opinions described in the preceding sentence assume the accuracy of certain representations and compliance by the Issuer and the City with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Series 2020A Bonds and the Series 2020B Bonds (collectively, the "**Series 2020 Tax-Exempt Bonds**"). Failure to comply with such requirements could cause interest on the Series 2020A Bonds or the Series 2020B Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2020 Tax-Exempt Bonds. The Issuer and the City have covenanted to comply with such requirements.

Co-Bond Counsel is further of the opinion that (i) interest on the Series 2020A Bonds constitutes an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and (ii) interest on the Series 2020B Bonds is not an item of tax preference for purposes of the federal alternative minimum tax.

Co-Bond Counsel is further of the opinion that interest on the Series 2020 Tax-Exempt Bonds is exempt from income taxation imposed by the State of Missouri.

Co-Bond Counsel has expressed no opinion regarding other federal, state or local tax consequences arising with respect to the Series 2020 Tax-Exempt Bonds.

Special Considerations With Respect to the Series 2020 Tax-Exempt Bonds. The accrual or receipt of interest on the Series 2020 Tax-Exempt Bonds may otherwise affect the federal (and in some cases, state and local) income tax liability of the owners of the Series 2020 Tax-Exempt Bonds. The extent of these other tax consequences will depend on such owners' particular tax status and other items of income or deduction. Co-Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Series 2020 Tax-Exempt Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States of America), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Series 2020 Tax-Exempt Bonds.

Backup Withholding. As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax exempt obligations such as the Series 2020 Tax-Exempt Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments made after March 31, 2007, to any bondholder who fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. This reporting requirement does not in and of itself affect or alter the excludability of interest on the Series 2020 Tax-Exempt Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax exempt obligations.

Original Issue Discount. Series 2020 Tax-Exempt Bonds sold at an initial public offering price that is less than the stated amount to be paid at maturity constitute "**Discount Bonds**." The difference between the initial public offering prices, as set forth on the inside front cover page of this Official Statement, of such Discount Bonds and their stated amounts to be paid at maturity, constitutes original issue discount treated as interest which is excluded from gross income for federal income tax purposes, as described above.

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

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

Owners of Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning a Discount Bond.

Original Issue Premium. Series 2020 Tax-Exempt Bonds sold at an initial public offering price that is greater than the stated amount to be paid at maturity constitute "**Premium Bonds**." An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. An initial purchaser of a Premium Bond must amortize any premium over such Premium Bond's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to the call premium). As premium is amortized, the amount of amortization offsets a corresponding amount of interest for the period and the purchaser's basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult with their tax advisors with respect to the determination and treatment of amortizable premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

Series 2020C Bonds - In General. Co-Bond Counsel is also of the opinion that interest on the Series 2020C Bonds is included in gross income for federal income tax purposes.

Co-Bond Counsel is further of the opinion that interest on the Series 2020C Bonds is exempt from income taxation imposed by the State of Missouri.

The following is a summary of certain anticipated federal income tax consequences of the purchase, ownership and disposition of the Series 2020C Bonds under the Code and the Regulations, and the judicial and administrative rulings and court decisions now in effect, all of which are subject to change or possible differing interpretations. The summary does not purport to address all aspects of federal income taxation that may affect particular investors in light of their individual circumstances, nor certain types of investors subject to special treatment under the federal income tax laws.

Potential purchasers of the Series 2020C Bonds should consult their own tax advisors in determining the federal, state or local tax consequences to them of the purchase, holding and disposition of the Series 2020C Bonds.

In general, interest paid on the Series 2020C Bonds, original issue discount, if any, and market discount, if any, will be treated as ordinary income to the owners of the Series 2020C Bonds, and principal payments (excluding the portion of such payments, if any, characterized as original issue discount or accrued market discount) will be treated as a return of capital.

Bond Premium. An investor that acquires a Series 2020C Bond for a cost greater than its remaining stated redemption price at maturity and holds such bond as a capital asset will be considered to have purchased such bond at a premium and, subject to prior election permitted by Section 171(c) of the Code, may generally amortize such premium under the constant yield method. Except as may be provided by regulation, amortized premium will be allocated among, and treated as an offset to, interest payments. The basis reduction requirements of Section 1016(a)(5) of the Code apply to amortizable bond premium that reduces interest payments under Section 171 of the Code. Bond premium is generally amortized over the bond's term using constant yield principles, based on the purchaser's yield to maturity. Investors of any Series 2020C Bond purchased with a bond premium should consult their own tax advisors as to the effect of such bond premium with respect to their own tax situation and as to the treatment of bond premium for state tax purposes.

Market Discount. An investor that acquires a Series 2020C Bond for a price less than the adjusted issue price of such bond (or an investor who purchases a Series 2020C Bond in the initial offering at a price less than the issue price) may be subject to the market discount rules of Sections 1276 through 1278 of the Code. Under these sections and the principles applied by the Regulations, "market discount" means (a) in the case of a Series 2020C Bond originally issued at a discount, the amount by which the issue price of such bond, increased by all accrued original issue discount (as if held since the issue date), exceeds the initial tax basis of the owner therein, less any prior payments that did not constitute payments of qualified stated interest, and (b) in the case of a Series 2020C Bond not originally issued at a discount, the amount by which the stated redemption price of such bond at maturity exceeds the initial tax basis of the owner therein. Under Section 1276 of the Code, the owner of such a Series 2020C Bond will generally be required (i) to allocate each principal payment to accrued market discount not previously included in income and, upon sale or other disposition of the bond, to recognize the gain on such sale or disposition as ordinary income to the extent of such cumulative amount of accrued market discount as of the date of sale or other disposition of such a bond or (ii) to elect to include such market discount in income currently as it accrues on all market discount instruments acquired by such owner on or after the first day of the taxable year to which such election applies.

The Code authorizes the Treasury Department to issue regulations providing for the method for accruing market discount on debt instruments the principal of which is payable in more than one installment. Until such time as regulations are issued by the Treasury Department, certain rules described in the legislative history will apply. Under those rules, market discount will be included in income either (a) on a constant interest basis or (b) in proportion to the accrual of stated interest or, in the case of a Series 2020C Bond with original issue discount, in proportion to the accrual of original issue discount.

An owner of a Series 2020C Bond that acquired such bond at a market discount also may be required to defer, until the maturity date of such bond or its earlier disposition in a taxable transaction, the deduction of a portion of the amount of interest that the owner paid or accrued during the taxable year on indebtedness incurred or maintained to purchase or carry such bond in excess of the aggregate amount of interest (including original issue discount) includable in such owner's gross income for the taxable year with respect to such bond. The amount of such net interest expense deferred in a taxable year may not exceed the amount of market discount accrued on the Series 2020C Bond for the days during the taxable year on which the owner held such bond and, in general, would be deductible when such market discount is includable in income. The amount of any remaining deferred deduction is to be taken into account in the taxable year in which the Series 2020C Bond matures or is disposed of in a taxable transaction. In the case of a disposition in which gain or loss is not recognized in whole or in part, any remaining deferred deduction will be allowed to the extent gain is recognized on the disposition. This deferral rule does not apply if the owner elects to include such market discount in income currently as it accrues on all market discount obligations acquired by such owner in that taxable year or thereafter.

Attention is called to the fact that Treasury regulations implementing the market discount rules have not yet been issued. Therefore, investors should consult their own tax advisors regarding the application of these rules as well as the advisability of making any of the elections with respect thereto.

Unearned Income Medicare Contribution Tax. Pursuant to Section 1411 of the Code, as enacted by the Health Care and Education Reconciliation Act of 2010, an additional tax is imposed on individuals earning certain investment income. Holders of the Series 2020C Bonds should consult their own tax advisors regarding the application of this tax to interest earned on the Series 2020C Bonds and to gain on the sale of a Series 2020C Bond.

Sales or Other Dispositions. If the owner of a Series 2020C Bond sells the bond, such person will recognize gain or loss equal to the difference between the amount realized on such sale and such owner's basis in such bond. Ordinarily, such gain or loss will be treated as a capital gain or loss.

If the terms of a Series 2020C Bond were materially modified, in certain circumstances, a new debt obligation would be deemed created and exchanged for the prior obligation in a taxable transaction. Among the modifications that may be treated as material are those that relate to redemption provisions and, in the case of a nonrecourse obligation, those which involve the substitution of collateral. Each potential owner of a Series 2020C Bond should consult its own tax advisor concerning the circumstances in which such bond would be deemed reissued and the likely effects, if any, of such reissuance.

Defeasance. The legal defeasance of the Series 2020C Bonds may result in a deemed sale or exchange of such bonds under certain circumstances. Owners of such Series 2020C Bonds should consult their tax advisors as to the federal income tax consequences of such a defeasance.

Backup Withholding. An owner of a Series 2020C Bond may be subject to backup withholding at the applicable rate determined by statute with respect to interest paid with respect to the Series 2020C Bonds, if such owner, upon issuance of the Series 2020C Bonds, fails to provide to any person required to collect such information pursuant to Section 6049 of the Code with such owner's taxpayer identification number, furnishes an incorrect taxpayer identification number, fails to report interest, dividends or other "reportable payments" (as defined in the Code) properly, or, under certain circumstances, fails to provide such persons with a certified statement, under penalty of perjury, that such owner is not subject to backup withholding.

Foreign Investors. An owner of a Series 2020C Bond that is not a "United States person" (as defined below) and is not subject to federal income tax as a result of any direct or indirect connection to the United States of America in addition to its ownership of a Series 2020C Bond will generally not be subject to United States income or withholding tax in respect of a payment on a Series 2020C Bond, provided that the owner complies to the extent necessary with certain identification requirements (including delivery of a statement, signed by the owner under penalties of perjury, certifying that such owner is not a United States person and providing the name and address of such owner). For this purpose the term "United States person" means a citizen or resident of the United States of America, a corporation, partnership or other entity created or organized in or under the laws of the United States of America or any political subdivision thereof, or an estate or trust whose income from sources within the United States of America is includable in gross income for United States of America income tax purposes regardless of its connection with the conduct of a trade or business within the United States of America.

Except as explained in the preceding paragraph and subject to the provisions of any applicable tax treaty, a 30% United States withholding tax will apply to interest paid and original issue discount accruing on Series 2020C Bonds owned by foreign investors. In those instances in which payments of interest on the Series 2020C Bonds continue to be subject to withholding, special rules apply with respect to the withholding of tax on payments of interest on, or the sale or exchange of Series 2020C Bonds having original issue discount and held by foreign investors. Potential investors that are foreign persons should consult their own tax advisors regarding the specific tax consequences to them of owning a Series 2020C Bond.

Tax-Exempt Investors. In general, an entity that is exempt from federal income tax under the provisions of Section 501 of the Code is subject to tax on its unrelated business taxable income. An unrelated trade or business is any trade or business that is not substantially related to the purpose that forms the basis for such entity's exemption. However, under the provisions of Section 512 of the Code, interest may be excluded from the calculation of unrelated business taxable income unless the obligation that gave rise to such interest is subject to acquisition indebtedness. Therefore, except to the extent any owner of a Series 2020C Bond incurs acquisition indebtedness with respect to such bond, interest paid or accrued with respect to such owner may be excluded by such tax-exempt owner from the calculation of unrelated business taxable income. Each potential tax-exempt holder of a Series 2020C Bond is urged to consult its own tax advisor regarding the application of these provisions.

ERISA Considerations. The Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), imposes certain requirements on "employee benefit plans" (as defined in Section 3(3) of ERISA) subject to ERISA, including entities such as collective investment funds and separate accounts whose underlying assets include the assets of such plans (collectively, "ERISA Plans") and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including the requirement of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the ERISA Plan. The prudence of any investment by an ERISA Plan in the Series 2020C Bonds must be determined by the responsible fiduciary of the ERISA Plan by taking into account the ERISA Plan's particular circumstances and all of the facts and circumstances of the investment. Government and non-electing church plans are generally not subject to ERISA. However, such plans may be subject to similar or other restrictions under state or local law.

In addition, ERISA and the Code generally prohibit certain transactions between an ERISA Plan or a qualified employee benefit plan under the Code and persons who, with respect to that plan, are fiduciaries or other "parties in interest" within the meaning of ERISA or "disqualified persons" within the meaning of the Code. In the absence of an applicable statutory, class or administrative exemption, transactions between an ERISA Plan and a party in interest with respect to an ERISA Plan, including the acquisition by one from the other of the Series 2020C Bonds could be viewed as violating those prohibitions. In addition, Section 4975 of the Code prohibits transactions between certain tax-favored vehicles such as Individual Retirement Accounts and disqualified persons. Section 503 of the Code includes similar restrictions with respect to governmental and church plans. In this regard, the Issuer or any dealer of the Series 2020C Bonds might be considered or might become a "party in interest" within the meaning of ERISA or a "disqualified person" within the meaning of the Code, with respect to an ERISA Plan or a plan or arrangement subject to Sections 4975 or 503 of the Code. Prohibited transactions within the meaning of ERISA and the Code may arise if the Series 2020C Bonds are acquired by such plans or arrangements with respect to which the Issuer or any dealer is a party in interest or disqualified person.

In all events, fiduciaries of ERISA Plans and plans or arrangements subject to the above sections of the Code, in consultation with their advisors, should carefully consider the impact of ERISA and the Code on an investment in the Series 2020C Bonds. The sale of the Series 2020C Bonds to a plan is in no respect a representation by the Issuer or the Underwriter that such an investment meets the relevant legal requirements with respect to benefit plans generally or any particular plan. Any plan proposing to invest in the Series 2020C Bonds should consult with its counsel to confirm that such investment is permitted under the plan documents and will not result in a non-exempt prohibited transaction and will satisfy the other requirements of ERISA, the Code and other applicable law.

Changes in Federal and State Tax Law. From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading "**TAX MATTERS**" or adversely affect the market value of the Series 2020 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series 2020 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2020 Bonds or the market value thereof would be impacted thereby. Purchasers of the Series 2020 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Co-Bond Counsel are based on existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2020 Bonds, and Co-Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

PROSPECTIVE PURCHASERS OF THE SERIES 2020 BONDS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS PRIOR TO ANY PURCHASE OF THE SERIES 2020 BONDS AS TO THE IMPACT OF THE CODE UPON THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE SERIES 2020 BONDS.

ABSENCE OF LITIGATION

The Issuer

There is no litigation or other proceedings pending or threatened against the Issuer in or before any court or administrative body contesting the due organization and valid existence of the Issuer or the validity, due authorization and execution of the Series 2020 Bonds or any of the Indenture, the Financing Agreement, the Bond Purchase Agreement or the Tax Compliance Agreement, attempting to limit, restrain, enjoin or otherwise restrict or prevent the issuance or delivery of the Series 2020 Senior Appropriation Obligation or the Series 2020 Bonds or the Issuer from functioning and collecting payments under the Financing Agreement or from performing its obligations under the Indenture, the Financing Agreement, the Bond Purchase Agreement or the Tax Compliance Agreement or questioning or affecting the validity of the Series 2020 Bonds or the proceedings or authority under which they are to be issued.

There is no controversy, suit or other proceeding of any kind pending or, to the Issuer's knowledge, threatened wherein or whereby any question is raised or may be raised, questioning, disputing or affecting in any way the right or title of any of the Issuer's officers to their respective offices or the legality of any official act shown to have been done in connection with the execution of the Indenture, the Financing Agreement, or any of the proceedings had in relation to the Indenture and the Financing Agreement.

The City

There is no litigation or other proceedings pending or threatened against the City in or before any court or administrative body contesting the due organization and valid existence of the City or the validity, due authorization and incurrence of the Series 2020 Senior Appropriation Obligation or any of the Master Bond Ordinance, the Series 2020 Supplemental Ordinance, the Financing Agreement, the Bond Purchase Agreement or the Tax Compliance Agreement, attempting to limit, restrain, enjoin or otherwise restrict or prevent the incurrence of the Series 2020 Senior Appropriation Obligation or the City from functioning and collecting payments under the Master Bond Ordinance or from performing its obligations under the Master Bond Ordinance, the Series 2020 Supplemental Ordinance, the Financing Agreement, the Bond Purchase Agreement, the Continuing Disclosure Undertaking or the Tax Compliance Agreement or questioning or affecting the validity of the Series 2020 Senior Appropriation Obligation or the proceedings or authority under which it is to be incurred.

There is no controversy, suit or other proceeding of any kind pending or, to the City's knowledge, threatened wherein or whereby any question is raised or may be raised, questioning, disputing or affecting in any way the right or title of any of the City's officers to their respective offices or the legality of any official act shown to have been done in connection with the execution of the Master Bond Ordinance, the Series 2020 Supplemental Ordinance, the Financing Agreement, the Bond Purchase Agreement, the Continuing Disclosure Undertaking or the Tax Compliance Agreement.

RATINGS

The Series 2020 Bonds have been rated "A2" (stable outlook) by Moody's, 99 Church Street, New York, New York, "A-" (negative outlook) by S&P, 55 Water Street, New York, New York and "A" (negative outlook) by Fitch Ratings ("**Fitch**"), 70 West Madison Street, Chicago, Illinois. The ratings reflect only the opinion of Moody's, S&P or Fitch. Each rating reflects only the view of the organization providing the rating and any desired explanation of the significance of the rating should be obtained from that rating agency.

Moody's and S&P have also assigned the Insured Series 2020A Bonds ratings of "A2" (stable outlook) and "AA" (stable outlook) respectively, based on the understanding that the Series 2020A Insurance Policy will be issued by AGM concurrently with the issuance of the Insured Series 2020A Bonds. The ratings reflect only the opinion of the organization providing the rating. Each rating reflects only the view of the organization providing the rating and any desired explanation of the significance of the rating should be obtained from that rating agency.

Generally, a rating agency bases its rating on the information and materials furnished to it and on its own investigations, studies and assumptions. There is no assurance that the ratings will continue for any given period of time, or that the ratings will not be revised, suspended or withdrawn if, in the judgment of Moody's, S&P or Fitch, circumstances so warrant. A revision, suspension or withdrawal of a rating (including rating changes related to changes in AGM's rating) may have an adverse effect on the market price of the Series 2020 Bonds.

CO-FINANCIAL ADVISORS

The City has retained the Co-Financial Advisors in connection with the issuance of the Series 2020 Bonds. In assisting in the preparation of this Official Statement, the Co-Financial Advisors have relied upon City officials and other parties who have access to relevant data to provide accurate information for this Official Statement. The Co-Financial Advisors 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 City to compile, review, examine or audit any information in this Official Statement in accordance with accounting or audit standards. The Co-Financial Advisors will not participate in the underwriting of the Series 2020 Bonds. Any fees authorized for payment to the Co-Financial Advisors with respect to the Series 2020 Bonds are contingent upon the issuance and delivery of the Series 2020 Bonds.

UNDERWRITING

The Series 2020 Bonds are being purchased for reoffering by Morgan Stanley & Co. LLC, on behalf of itself and as representative of Backstrom McCarley Berry & Co., LLC, JP Morgan Securities LLC, Raymond James & Associates, Inc., Samual A Ramirez & Co., Inc., Stifel Nicolaus & Company, Incorporated and Valdés & Moreno, Inc. (collectively, the "**Underwriters**"). The Underwriters have agreed to purchase (i) the

Series 2020A Bonds at an aggregate purchase price of $551,570,827.84 (representing the aggregate principal amount of the Series 2020A Bonds, plus net reoffering premium of $48,160,775.90 and less the Underwriters' discount of $1,294,948.06), (ii) the Series 2020B Bonds at an aggregate purchase price of $69,571,661.28 (representing the aggregate principal amount of the Series 2020B Bonds, plus reoffering premium of $12,563,306.85 and less the Underwriters' discount of $146,645.57) and (iii) the Series 2020C Bonds at an aggregate purchase price of $70,199,422.35 (representing the aggregate principal amount of the Series 2020C Bonds, less the Underwriters' discount of $180,577.65) pursuant to a Bond Purchase Agreement among the City, the Issuer and the Underwriters (the "**Bond Purchase Agreement**"). The Bond Purchase Agreement provides that the Underwriters will purchase all of the Series 2020 Bonds if any are purchased.

The information regarding proceeds or yields has been furnished to the Issuer for inclusion in this Official Statement by the Underwriters. Such prices or yields are shown on the cover page of this Official Statement and are based on the information supplied to the Issuer by the Underwriters with respect to the resale price (not including concessions) of the Series 2020 Bonds established on the date hereof. Any other information concerning the terms of reoffering the Series 2020 Bonds, if any, including prices or yields, should be obtained from the Underwriters and not from the Issuer. The Underwriters may offer and sell the Series 2020 Bonds to certain dealers (including dealers depositing the Series 2020 Bonds into investment trusts) and others at prices lower than the initial public offering price or prices set forth in the Official Statement.

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

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

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

Morgan Stanley & Co. LLC, an underwriter of the Series 2020 Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Series 2020 Bonds.

CONTINUING DISCLOSURE

The City will enter into a continuing disclosure undertaking (the "**Continuing Disclosure Undertaking**") with respect to the Series 2020 Bonds whereby the City will covenant for the benefit of the owners of the Series 2020 Bonds to send certain financial information and operating data and notice of certain material events to the Municipal Securities Rulemaking Board, pursuant to the requirements of Section (b)(5) of Securities and Exchange Commission Rule 15c2-12, as amended ("**SEC Rule 15c2-12**"). See *Appendix E –* ***"FORM OF CONTINUING DISCLOSURE UNDERTAKING."*** A failure by the City to comply with the Continuing Disclosure Undertaking will not constitute a default on the Series 2020 Bonds (although owners of the Series 2020 Bonds will have any available remedy at law or in equity). Nevertheless, a failure by the City to provide annual reports must be reported in accordance with the SEC Rule 15c2-12 and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Series 2020 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series 2020 Bonds and their market price.

The City has previously entered into continuing disclosure undertakings under SEC Rule 15c2-12, pursuant to which the City annually files its audited financial statements and certain other information with the MSRB through its Electronic Municipal Market Access system. To the best of its knowledge, the City has never in the last five years failed to comply in any material respect with any prior undertaking with regard to SEC Rule 15c2-12 to provide annual reports or notices of material events.

CERTAIN RELATIONSHIPS

All matters incident to the authorization and issuance of the Series 2020 Bonds are subject to the approval of Kutak Rock LLP, the Hardwick Law Firm, LLC, and Martha E. Schach, Attorney at Law, LLC, Co-Bond Counsel to the Issuer. One or more of such firms also represent the City and certain of the Underwriters from time to time in other transactions. Certain legal matters will be passed upon for the Issuer by the Office of the City Attorney of the City of Kansas City, Missouri. Certain legal matters will be passed upon for the City by the Office of the City Attorney.

Certain disclosure matters will be passed upon for the Issuer by its Co-Disclosure Counsel, Lewis Rice LLC, Fields & Brown, LLC, and Martha E. Schach, Attorney at Law, LLC. One or more of such firms also represent the City and certain of the Underwriters from time to time in matters unrelated to the issuance of the Series 2020 Bonds, but is not representing the City or the Underwriters in connection with this issue.

Bryan Cave Leighton Paisner LLP, Clayborn & Associates, LLC, and Bushyhead, LLC, are serving as Co-Underwriters Counsel in connection with the issuance and sale of the Series 2020 Bonds. One or more of such firms has in the past represented the City in matters unrelated to the issuance of the Series 2020 Bonds, but is not representing the City in connection with this issue.

Mr. Jon Otto, a member of the Issuer’s Board of Directors and a Vice President of the Issuer, is an employee of Bryan Cave Leighton Paisner LLP, one of the Co-Underwriters Counsel in connection with the issuance and sale of the Series 2020 Bonds. Mr. Otto did not participate in any discussions or votes with respect to the issuance of the Series 2020 Bonds since he joined Bryan Cave Leighton Paisner LLP in April 2019.

MISCELLANEOUS

Certification and Other Matters Regarding Official Statement

The information contained in this Official Statement and its Appendices has been compiled from official and other sources deemed to be reliable, and while not guaranteed as to completeness or accuracy, is believed to be correct as of the date of this Official Statement. The presentation of information in this Official Statement is intended to show recent historic information, but is not intended to indicate future or continuing trends in the financial position or other affairs of the City. No representation is made that past experience, as might be shown by such financial or other information, will necessarily continue or be repeated in the future.

Any statements made in the Official Statement involving matters of opinion, estimates or projections, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates or projections will be realized. The descriptions contained in this Official Statement of the Series 2020 Bonds, the Indenture, the Financing Agreement, the Series 2020 Senior Appropriation Obligation and the Bond Ordinance do not purport to be complete and reference is made to such documents for full and complete statements of their respective provisions.

Simultaneous with the delivery of the Series 2020 Bonds, the Director of Finance of the City, acting on behalf of the City, will furnish to the Underwriters a certificate which shall state, among other things, that to the best knowledge and belief of such officer, this Official Statement (and any amendment or supplement hereto) as of the date of sale and as of the date of delivery of the Series 2020 Bonds does not contain any untrue statement of a material fact or omit to state a material fact required to be stated herein or necessary to make the statements herein, in light of the circumstance under which they were made, not misleading in any material respect.

The form of this Official Statement, and its distribution and use by the Underwriters, has been approved by the Issuer. Neither the Issuer nor any of its officers, directors or employees, in either their official or personal capacities has made any warranties, representations or guarantees regarding the financial condition of the Issuer or the Issuer's ability to make payments required of it; and further, neither the Issuer nor its officers, directors or employees assumes any duties, responsibilities or obligations in relation to the issuance of the Series 2020 Bonds other than those either expressly or by fair implication imposed on the Issuer by the Indenture.

This Official Statement is not to be construed as a contract or agreement between the Issuer and purchasers or owners of any of the Series 2020 Bonds.

THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF KANSAS CITY, MISSOURI

By: /s/ Fredrick H. Riesmeyer II
Chairman

CITY OF KANSAS CITY, MISSOURI

By /s/ Tammy F. Queen
Director of Finance

APPENDIX A

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE KANSAS CITY AIRPORTS FUND

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COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Years Ended April 30, 2020 and 2019

BUILD KCI

Kansas City Aviation Department
An Enterprise Fund of the City of Kansas City, Missouri

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the years ended April 30, 2020 and 2019

for the

Kansas City Aviation Department

An Enterprise Fund of the City of Kansas City, Missouri

Prepared by

***John Green*, CPA, Chief Financial Officer**

***Fred J. O'Neill,* Finance & Accounting Manager**

***Danelle J. Harrison*, General Ledger Manager**

Finance and Accounting Staff

Governance

Kansas City (the City) is a constitutionally chartered city and political subdivision of the State of Missouri, incorporated on June 3, 1850. The City is the central city of a fifteen-county Metropolitan Statistical Area (MSA) situated at the confluence of the Kansas and Missouri rivers.

The City is governed by a city council comprising a mayor and twelve other elected members. The city council is elected to four-year terms of which only two terms may be consecutive. The Mayor and six of the council members are elected at large and six council members are elected by the residents of their districts. The City Council is responsible for establishing the City's policy and overseeing the City's affairs.

The Mayor appoints members of the City Council to serve on the City's Airport Committee and the Transportation and Infrastructure Committee. These committees perform in-depth reviews of proposed Aviation Department legislation and objectives. Subsequent to the review of department legislation, the committee will forward a recommendation to the full City Council for approval.

The City Council is also responsible for appointing the City Manager who is responsible for implementing the policies approved by the City Council. The City Manager appoints and has oversight responsibility for the Director of Aviation.

CITY OF KANSAS CITY, MISSOURI

MAYOR – Quinton Lucas

CITY COUNCIL MEMBERS

District Council Members:	Council Members-At-Large:
District 1 – Heather Hall	District 1 – Kevin O'Neill[1]
District 2 – Dan Fowler	District 2 – Teresa Loar [1, 2]
District 3 – Melissa Robinson[1]	District 3 – Brandon Ellington
District 4 – Eric Bunch[1, 3]	District 4 – Katheryn Shields[1]
District 5 – Ryana Parks-Shaw	District 5 – Lee Barnes, Jr.
District 6 – Kevin McManus	District 6 – Andrea Bough

[1]Transportation & Infrastructure Committee Member; [2]Transportation & Infrastructure Committee Chairman; [3]Transportation & Infrastructure Committee Vice Chairman

CITY MANAGER – Earnest Rouse (Acting)

The Director of Aviation (the Director) is responsible for the operation and maintenance of the Department's two airport facilities: the Kansas City International Airport (MCI) and the Charles B. Wheeler Downtown Airport (MKC). The Director is also responsible for department staffing requirements and operates the department via nineteen divisions. Each division manager is responsible for budgeting and overseeing the daily operations of his/her respective division. ✈

DEPARTMENT OF AVIATION

DIRECTOR – Patrick Klein

DEPUTY DIRECTORS

Ian Redhead – Operations and Maintenance
John Green – Chief Financial Officer
Justin B. Meyer – Marketing
David Graham Long – Properties & Commercial Development
Jade Liska – Planning & Engineering

DIVISION MANAGERS

Patrick Klein, Administration	Bob Johnson, Operations
Fred O'Neill, Finance & Accounting	Bill Simpson, Airport Police (acting)
Purchasing & Warehouse (vacant)	Seth Smith, Field Maintenance
David Jacobus, Information Technology	Kenneth Williams, Fleet Maint.
Jade Liska, Planning & Engineering	Cynthia Williams, Facilities-Custodial
Lori Briggs, Employee Mgmt. Services	Henry Linch, Facilities-Structural
Justin Meyer, Marketing	Patrick Egberuare, Bus Operations
David Long, Commercial Development	Sabrina Largen, Environ. Mgmt.
Rahmaan Burns, Safety	Twintenia Strother, Human Relations

Melissa Cooper, Downtown Airport (MKC)

City of Kansas City, Missouri Department of Aviation

Comprehensive Annual Financial Report
Years Ended April 30, 2020 and 2019

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NEW ROADWAY SYSTEM FEATURING ROUNDABOUTS AT KANSAS CITY INTERNATIONAL AIRPORT

The two-way traffic with roundabouts will remain in place until the New Terminal is completed in Spring 2023. Visit the BuildKCI.com website for more detailed information on the vehicular traffic pattern changes. (Photo courtesy of BuildKCI.com website)

INTRODUCTORY SECTION

THIS SECTION CONTAINS THE FOLLOWING SUBSECTIONS:

LETTER OF TRANSMITTAL

PRESENTATION OF COMPREHENSIVE ANNUAL FINANCIAL REPORT BY THE DIRECTOR OF AVIATION

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING PRESENTED BY THE GOVERNMENT FINANCE OFFICERS ASSOCIATION (GFOA)

ORGANIZATIONAL CHART

ORGANIZATION OF THE DEPARTMENT OF AVIATION MANAGEMENT

October 6, 2020

Honorable Mayor and City Council Members,
City of Kansas City, Missouri;
Mr. Earnest Rouse, Acting City Manager,
City of Kansas City, Missouri;
Citizens of Kansas City; and
Fellow Employees:

I HEREBY PRESENT this Comprehensive Annual Financial Report (the Report) of the Department of Aviation (the Department) for the City of Kansas City, Missouri (the City). State law requires that all political subdivisions publish an annual report of financial transactions. This report is published to fulfill that requirement for the fiscal year ended April 30, 2020. The independent accounting firm, Allen, Gibbs & Houlik, L.C., whose report is included, has issued an unmodified (clean) opinion on the Department's financial statements for the year ended April 30, 2020 and 2019. The independent accountants' report is located at the front of the financial section of this report. The independent accounting firm also conducted an audit of compliance as required by Section 14 of the Code of Federal Regulations (CFR) Part 158, Passenger Facility Charges.

This report was prepared by the Finance and Accounting Division of the Department, which is committed to the accurate disclosure of reporting to the City Council and citizens of the City.

The financial statements and statistical information contained herein are representations of the Department's management, which bears the responsibility for the accuracy, completeness, and fairness of this report. To the best of my knowledge, these representations are accurate in all material respects.

Internal Control

The Department's internal control structure is an important and integral part of its entire accounting system. The current structure in place is designed to provide reasonable, but not absolute, assurance that:

1. Assets are safeguarded against loss from unauthorized use or disposition;
2. Transactions are executed in accordance with management's authorization;
3. Financial records are reliable for preparing financial statements and maintaining accountability for assets; and
4. There is compliance with applicable laws and regulations.

The concept of reasonable assurance recognizes that the cost of the control should not exceed the benefits that are likely to be derived, and that the evaluation of costs and benefits requires estimates and judgment by management.

I believe that the Department's internal control framework adequately safeguards assets and provides reasonable assurance and proper recording of financial transactions. I also believe that the data in this Report, as presented, is accurate in all material respects; that it presents fairly the financial position, results of operations and cash flows of the Department, and that all disclosures necessary to enable the reader to gain maximum understanding of the Department's financial affairs have been included herein. The Management Discussion and Analysis (MD&A) beginning on page A-5 is a narrative representation of the past year's financial results and will provide additional insight for the reader.

Profile of the Department of Aviation

The Department of Aviation (the Department) is a department of the City and commenced operations concurrent with the dedication of the Kansas City Municipal Airport, now the Charles B. Wheeler Downtown Airport, on August 17, 1927 by aviation legend, Charles Lindbergh. The Department now oversees operations at the Kansas City International Airport and the Charles B. Wheeler Downtown Airport.

Kansas City International Airport
The Kansas City International Airport (MCI) is located 18 miles north of downtown Kansas City, Missouri, and is comprised of 10,656 acres. MCI officially opened on November 11, 1972 and serves as the primary passenger air carrier airport. MCI has three fully instrumented runways and a full complement of parallel taxiways that are capable of handling any aircraft in service today. In January, 2014, the passenger airlines were consolidated into two terminals and the third terminal was de-activated to improve efficiencies at the airport. To accommodate all passengers, the airport's two operating terminals have a total of over seven hundred thirty-four thousand square feet with 40 boarding gates and 37 passenger-boarding bridges. Each of the two remaining terminals includes a full complement of offices, restrooms, areas for food and beverage concessions, areas for news and gift shops, departure lounges and baggage handling facilities. The airport has 23,328 parking spaces to accommodate vehicles for airport visitors. In March, 2019, demolition began on the vacant terminal to make room for the construction of the new single terminal for MCI. Demolition is now complete and construction has begun. Visit BuildKCI.com for more details.

Charles B. Wheeler Downtown Airport
The Charles B. Wheeler Downtown Airport (MKC) formerly served as the City's air carrier airport prior to MCI's opening in 1972. The airport is conveniently located across the river from the downtown area and is comprised of 601 acres, approximately the same size as when it was dedicated in 1927. The airport currently services the general aviation community as a reliever airport with two fixed base operators along with hangar, tie-down, fueling station, maintenance, and training services. The airport is also home to an aircraft museum named after TWA.

Budgeting

Department management recognizes the importance of proper and accurate budgeting. To this end, the Department annually creates a budget and submits it to the City Council for approval. Department control of the budget is maintained using encumbrances. To assist management with budget monitoring, a report of year-to-date actual vs. budgeted amounts is prepared monthly and distributed to all division managers.

Local Economy

Kansas City, Missouri is the most centrally located principal city in the United States of America. The City's logistically favorable location has allowed the City to flourish by attracting transportation-related industries and companies. Currently there are 14 passenger air carriers, 2 major cargo air carriers, 5 first-class railroads and well over 100 truck-lines serving the City.

Within a three-hour flight, one can be in any one of the 50 major cities in the "lower 48." Not only is the City served by air, but it is served on the ground as well. The City boasts one of the largest railroad hubs in the world and is also the headquarters for Kansas City Southern Railroad. Kansas City's economic diversity is a significant strength and reflective of the U.S. economy as a whole. The City is fast becoming a technology hub making it highly attractive to Millennials as a place to live and pursue a career.

Historically, the City has pursued a policy of annexation, and today is the 23rd largest city in land area in the United States of America with a total area of approximately 319 square miles.

The City has a Metropolitan Statistical Area (MSA) that includes a total of fourteen counties; nine of these counties are located in Missouri and the remaining five are located in Kansas. Those counties located in Missouri include Bates, Caldwell, Cass, Clay, Clinton, Jackson, Lafayette, Platte and Ray and those located in Kansas include Johnson, Leavenworth, Linn, Miami and Wyandotte. In total, this fourteen-county MSA encompasses an area of 7,855 square miles. Within this MSA are three principal cities: Kansas City, Missouri; Overland Park, Kansas and Kansas City, Kansas.

The primary Air Service Area (ASA) serves the population within and beyond the MSA and includes the Buchanan, Missouri and Douglas, Kansas counties. In total, an estimated 2,374,152 residents live within the ASA and no other hub airport overlaps the primary ASA. The nearest medium hub airport, St. Louis, is located 250 miles away. Small hub airports, Des Moines and Wichita, are each located approximately 180 miles away. The population of the MSA comprises 91 percent of the ASA's population and, therefore, all discussion of economic trends will focus on the MSA.

Over the past year there has been a large increase in unemployment rates regionally as well as nationally. The unemployment rates for the MSA, the states of Kansas and Missouri, and the national average are as follows (See COVID-19 disclosure on page A-60):

	FYE20	FYE19	FYE18
Kansas City MSA	11.30%	2.90%	3.30%
State, Missouri	10.20%	3.30%	3.60%
State, Kansas	11.90%	3.50%	3.40%
National	14.70%	3.60%	3.90%

Source: www.bls.gov, seasonally adjusted except Kansas City MSA

Over the past calendar year, the rate of inflation increased to 2.3 percent as compared to the 1.3 percent inflation rate of the previous calendar year.

	CPI-U	Annual Increase
CY2019	238.7	2.3%
CY2018	233.5	1.3%
CY2017	230.5	1.7%

Source: www.bls.gov, not seasonally adjusted, Midwest Region

Long-Term Financial Planning

The Department has two long-term financial goals:

1. *To diversify more revenue away from aviation-related industries.* The majority of the Department's revenue is concentrated on the airline industry. To hedge against any future downturns in the airline industry, the Department has diversified its revenue sources into other industries. An example of this type of diversification includes the development of land for use in the warehousing industry by Trammell Crowe adjacent to the southeast corner of the airfield.

2. *To increase the percentage of fixed revenue.* The Department currently has a far greater percentage of variable revenue than fixed revenue, which is favorable in a positive economic environment and unfavorable in a negative economic environment. To protect against any future declining economic environments, and when it is financially prudent, the Department will pursue fixed versus variable revenue streams to protect itself. An example of a fixed revenue stream includes the revenue generated at the Charles B. Wheeler Downtown Airport T-hangars for personal aircraft storage.

Relevant Financial Policies

Under the terms of the various ordinances enacted for the issuance of revenue bonds, the Aviation Department is required to maintain rates and fees sufficient to pay reasonable and proper operating and maintenance expenses and scheduled debt service requirements.

Grant Management
The Department has relied heavily on Airport Improvement Program (AIP) grants, sponsored by the Department of Transportation, a parent agency of the Federal Aviation Administration, to fund many of its capital improvement projects. This year focused on taxiway rehabilitation and baggage system upgrades at Kansas City International Airport, as well as the purchase of a new ARFF Vehicle for Charles B. Wheeler Downtown Airport. Normally, these grants fund between 75 and 90 percent of the entire project. The Department funds the remaining portion.

Major Initiatives

Terminal Modernization Project at Kansas City International Airport
At just over one million square feet, the Kansas City International Airport Terminal Modernization Project is the largest single infrastructure project in the City's history. It will have a lasting economic impact on the region in the form of new jobs, opportunities for local and small businesses, and a first-class traveler experience for airport users. The facility, which will be built in the footprint of the airport's Terminal A, will open with 39 gates and the ability to expand to 50 gates in the future. The new terminal will also include a 6300-space parking structure, which will be constructed adjacent to the terminal building, a central utility plant, and landside/airside improvements. When complete, the new facility will replace the airport's aging terminals which opened in 1972. The new terminal is expected to open in early 2023.

Demolition of Terminal A, which began in FY19, has been completed and construction has begun. Terminals B & C will continue normal operations during construction. Visit Kansas City Aviation Department's expanded website, BuildKCI.com to track construction progress of the new, single terminal at Kansas City International Airport. The website includes full project information, background and history, plans for the future, news, Frequently Asked Questions (FAQs), and an image gallery which includes time lapse video, progress photos and renderings. Also featured are links to social media profiles and the construction team, a newsletter sign-up option and project statistics.

Strong Interest in KCI Project as City Issues Largest Bond Package in History
On behalf of the City of Kansas City, Missouri, the Kansas City Industrial Development Authority (KCIDA) on June 12, 2019 successfully priced a total of $887.7 million in bonds related to the project to build a single terminal at Kansas City International Airport. The total includes $826.025 million of Series 2019B Special Obligation Bonds (AMT) and $61.675 million of Series 2019C Special Obligation Bonds (NON-AMT) for the Airport Terminal Modernization project through a negotiated sale led by Morgan Stanley & Co. LLC as senior manager. The issuance was authorized by KCIDA resolution and City Ordinance Nos. 190027 and 190028 to appropriate and fund the $875 million project account. The true interest cost on the bonds was 3.884%.

The proceeds of the Series 2019B and 2019C bonds will be used to fund the first phase costs of the City's $1.5 billion Airport Terminal Modernization project. Edgemoor Infrastructure and Real Estate LLC is the developer selected by the City for the terminal modernization project. The bonds are secured by net airport revenues paid to the trustee by the City, subject to City Council appropriation.

The issuance follows the $98.5 million private placement in March 2019 that funded up-front costs associated with the project. The final bond issuance will take place next year. The phased issuance allows the City to save on interest costs associated with financing the project, and will accurately reflect the final borrowing necessary to complete the project.

The bonds are rated "A2" by Moody's Investor's Service, "A" by S&P Global Ratings, and "A" by Fitch Ratings, except for the bonds maturing in 2049 and 2055 which were insured by Assured Guaranty and rated "A2" by Moody's and "AA" by S&P. Morgan Stanley led the underwriting syndicate for the sale, which included Barclays Capital Inc., Bank of America Merrill Lynch, Citigroup Global Markets Inc., George K. Baum & Company, Loop Capital Markets, Siebert Cisneros Shank & Co. LLC, SMBC Nikko Securities America Inc., Valdes and Moreno, and UMB Bank NA.

Southwest Airlines Begins New Nonstop Flights from Kansas City International Airport to Charleston International Airport
Southwest Airlines announced that it is adding new seasonal nonstop service from Kansas City International Airport to Charleston International Airport (CHS) in South Carolina effective June 13, 2020. Also in June, Southwest will increase weekday nonstop service to Baltimore, Chicago-Midway, Denver, St. Louis and San Diego.

Alaska Airlines and Allegiant Swap Gates/Terminals at Kansas City International Airport August 27
Alaska Airlines and Allegiant swapped terminals and gates at Kansas City International Airport overnight on Monday, August 26 and begin operating in their new locations Tuesday, August 27. Alaska will move to Terminal C, Gate 78 and Allegiant will move to Terminal B, Gate 52. The move is to right-size the space and infrastructure allocated to the airlines.

Vacation Express Expands Nonstop International Service from Kansas City International Airport
Vacation Express announced two new sunny destinations in Mexico, Cancun and Puerto Vallarta for seasonal service. The new flights will be part of six-night packages offered by Vacation Express. For travelers who already have a place to stay, air-only is available. Cancun service will run Sundays, February 16 to April 5, 2020 and Saturdays, May 23 to August 1, 2020. Puerto Vallarta service will run Sundays, February 16 to March 15, 2020 and May 24 to August 2, 2020. In addition, Punta Cana service will return to run Fridays, May 22 to July 31, 2020.

Spirit Airlines Adds Nonstop Frequencies between Kansas City International Airport and Orlando
Spirit Airlines announced that the carrier will add nonstop flights between Kansas City International Airport (MCI) and Orlando International Airport (MCO). Starting July 9, Spirit will supplement the current one daily flight with a second flight on Thursdays and Sundays, bringing the service to nine flights per week.

Cell Phone, Taxi, Limo, Shuttle and TNC Lots Relocated/Consolidated at Kansas City International Airport
Effective Monday, February 17, 2020, a new facility was available for "Cell Phone Lot", Transportation Network Company (Lyft, Uber and Z-Trip - when operating as TNC) taxi, limo, shuttle and bus use. The Cell Phone Lot is a parking lot where drivers can wait free of charge for arriving passengers and await a call when the passenger is ready for pick up.

The new facility includes a renovated building that accommodates taxi dispatch and other functions and includes new restrooms for all operators. In addition, there will be individual lots to separate the different types of transportation. Cell Phone and TNC vehicles will park together, on-demand taxis will be together and limos/shuttle and buses will be together. The new parking lots will have five bus parking stalls, 30 limo/van stalls, more than 50 taxi stalls and more than 90 Cell Phone and TNC stalls. These parking lots and facilities are ADA-compliant.

Outreach Events Scheduled for Concessions Program for New Terminal at Kansas City International Airport
The Kansas City Aviation Department asked various business, civic and minority organizations and leaders to participate in public discussions to inform local community businesses of various ways that they can actively participate in the Concessions Program for the New Terminal at Kansas City International Airport, dubbed Build KCI. The overall vision for the Build KCI Concessions Program is to have a program that is customer-centric, provides a sense of place, engages useful technology and integrates a true spirit of Kansas City.

The Aviation Department is striving to achieve the following program goals: opportunities for real local participation through a variety of means; no limits on how local operators participate; competition among locations; reasonable prices; regionally inspired; offer the highest levels of customer service; make use of cutting-edge, useful technology; and be truly unique.

Aviation Department Seeks Local Artists to Collaborate on Design Process for New Single Terminal
The Kansas City Aviation Department (KCAD) and Paslay Management Group (PMG), in coordination with the City of Kansas City, Missouri's One Percent for Art Program, is seeking up to five (5) Kansas City metro-based professional artists (visual and/or performance) to innovatively and thoughtfully collaborate and contribute to the design process for the new single terminal and parking garage at Kansas City International Airport. This is a meaningful opportunity for Kansas City-based artists to participate in a significant design process for a major city project. Up to five (5) Project Advisory Artists will be contracted to participate, and all five Project Advisory Artists will serve on the design planning team with KCAD staff, KCMO City staff and additional sub-consultants.

Awards and Acknowledgements

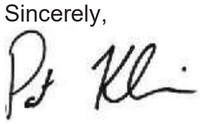
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City's Department of Aviation for its comprehensive annual financial report for the fiscal year ended April 30, 2019. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The production of this report is a cooperative effort of all the divisions within the Aviation Department and, to this end I extend my appreciation to all divisions and their respective employees. I particularly recognize the efforts of the Finance and Accounting Division employees for the preparation of this report and their endeavor to accurately portray the financial operations of this Department.

Lastly, I would like to acknowledge the support of the City of Kansas City, Missouri, its City Council, the members of the Transportation, Infrastructure and Operations Committee, and Mr. Earnest Rouse, Acting City Manager.

Sincerely,



Patrick Klein
Director of Aviation

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Department of Aviation

City of Kansas City, Missouri

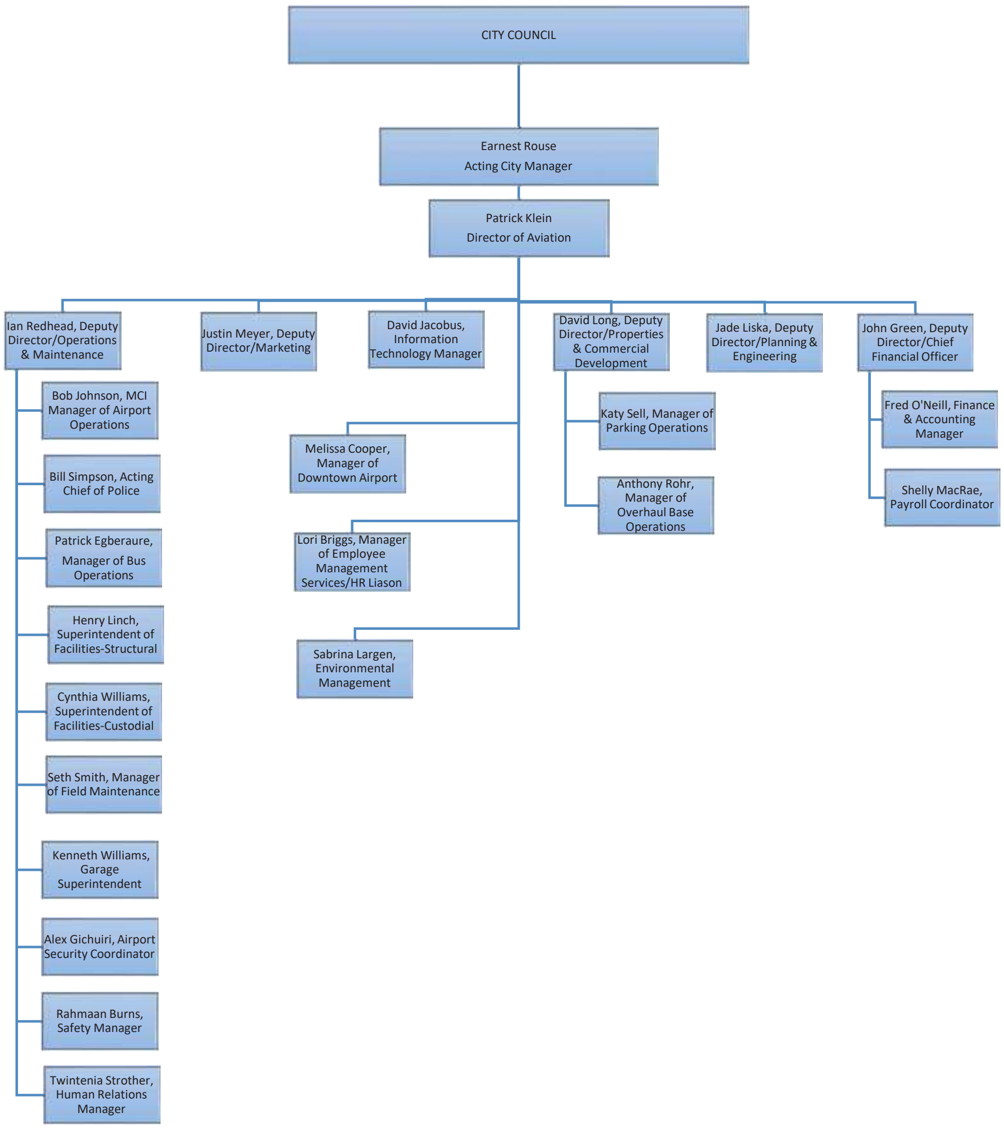
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

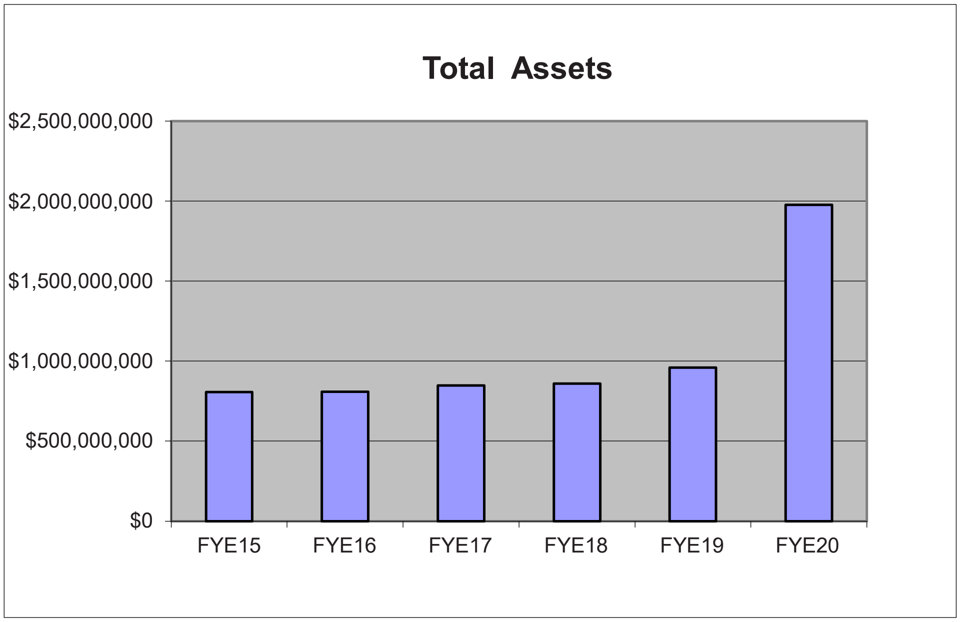
April 30, 2019

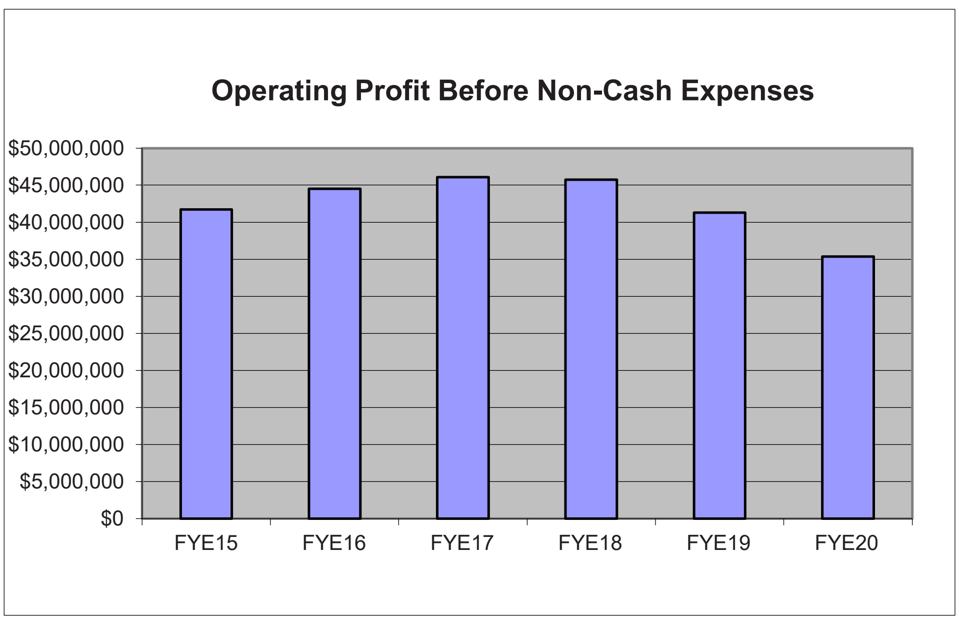
Christopher P. Morrill

Executive Director/CEO

ORGANIZATIONAL CHART




Total Assets
$2,500,000,000
$2,000,000,000
$1,500,000,000
$1,000,000,000
$500,000,000
$0
FYE15
FYE16
FYE17
FYE18
FYE19
FYE20


Operating Profit Before Non-Cash Expenses
$50,000,000
$45,000,000
$40,000,000
$35,000,000
$30,000,000
$25,000,000
$20,000,000
$15,000,000
$10,000,000
$5,000,000
$0
FYE15
FYE16
FYE17
FYE18
FYE19
FYE20

A. Financial Section

THIS SECTION CONTAINS THE FOLLOWING SUBSECTIONS:

Independent Auditor's Report

OPINION LETTER FROM INDEPENDENT AUDITORS REGARDING THE FINANCIAL STATEMENTS CONTAINED IN THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT

Management's Discussion and Analysis

NARRATIVE ANALYSIS FROM MANAGEMENT DISCUSSING THE CURRENT FISCAL YEAR ACTIVITIES AND THE FINANCIAL STATEMENTS INCLUDED IN THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT

Financial Statements

COMPARATIVE FINANCIAL REPORTS FOR THE CURRENT AND PRIOR FISCAL YEARS, INCLUDING THE STATEMENTS OF NET POSITION; STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION AND STATEMENTS OF CASH FLOWS

Notes to Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ADDITIONAL INFORMATION CONCERNING THE DATA REFLECTED IN THE FINANCIAL STATEMENTS

Required Supplementary Information

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the City Council
City of Kansas City, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of the City of Kansas City, Missouri Department of Aviation (Department), an enterprise fund of the City of Kansas City, Missouri (City), as of and for the years ended April 30, 2020 and 2019, and the related notes to financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Department as of April 30, 2020 and 2019, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1, the financial statements of the Department are intended to present the financial position, the changes in financial position, and cash flows of only that portion of the major enterprise fund (Airport Fund) of the City of Kansas City, Missouri that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the financial position of the City of Kansas City, Missouri as of April 30, 2020 and 2019, the changes in its financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 22, the financial statements disclose the recent and on-going impacts of COVID-19 on the Department's operations and implementation of financial and operational measures. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

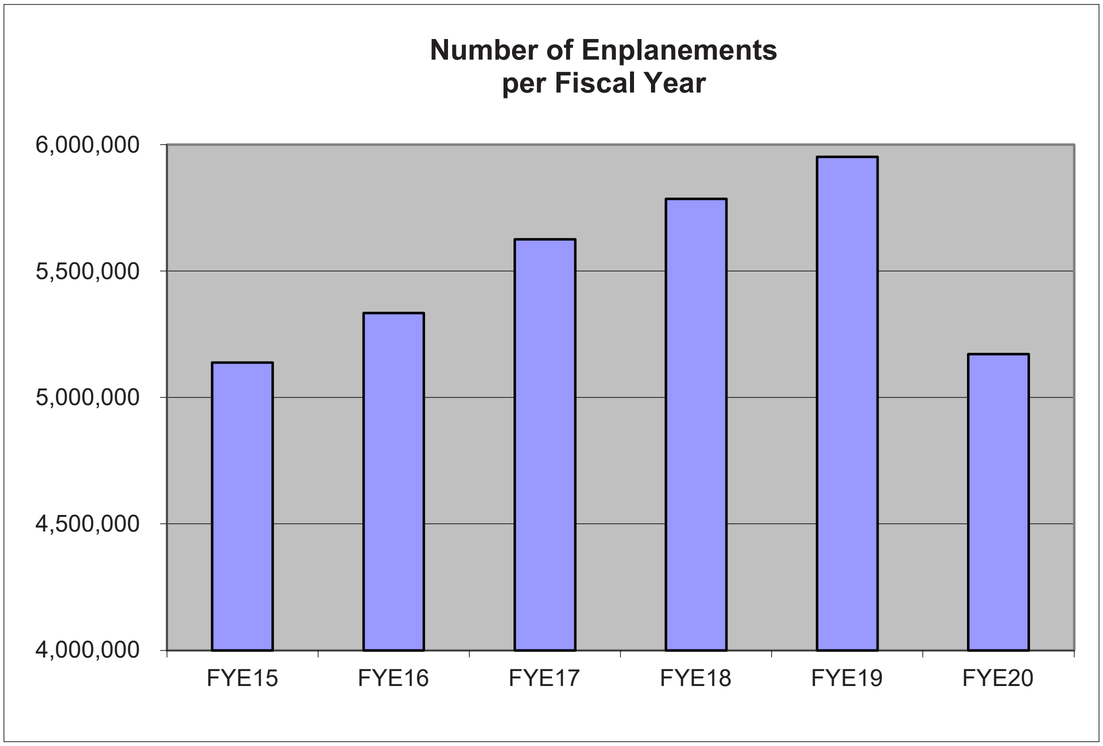
Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Department's basic financial statements. The introductory and statistical sections listed in the table of contents are presented for purpose of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

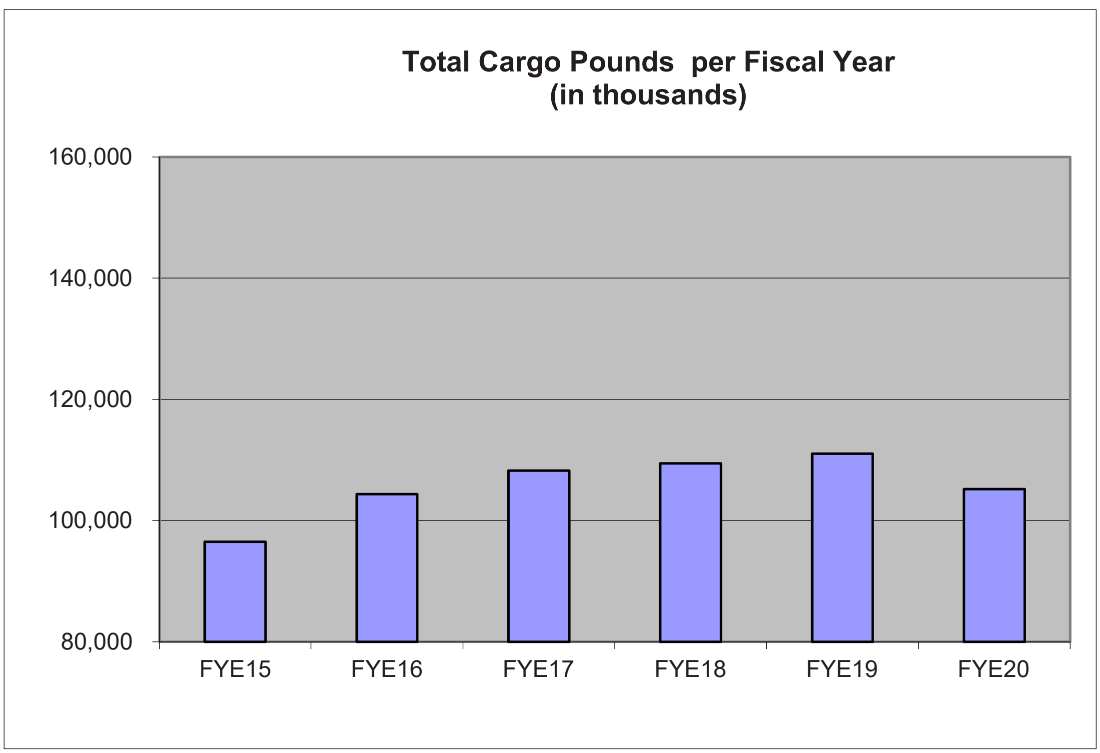
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2020 on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control over financial reporting and compliance.

Allen, Gibbs & Houlik, L.C.
CERTIFIED PUBLIC ACCOUNTANTS

October 6, 2020
Wichita, KS


Number of Enplanements
per Fiscal Year
6,000,000
5,500,000
5,000,000
4,500,000
4,000,000
FYE15
FYE16
FYE17
FYE18
FYE19
FYE20


Total Cargo Pounds per Fiscal Year
(in thousands)
160,000
140,000
120,000
100,000
80,000
FYE15
FYE16
FYE17
FYE18
FYE19
FYE20

This Management's Discussion and Analysis (MD&A) of the City of Kansas City, Missouri Aviation Department (the Department) provides an introduction and overview of the Department's financial statements and activities for the fiscal years ended April 30, 2020 (FYE20) and April 30, 2019 (FYE19). The Kansas City Airports Fund is an enterprise fund of the City of Kansas City, Missouri, (the City) and is supported wholly by airport user charges. No general tax fund revenues are used for the administration, promotion, operation or maintenance of the airports in the system. The Department is charged with the responsibility to operate and maintain the City's two airports: the Kansas City International Airport (MCI) and the Charles B. Wheeler Downtown Airport (MKC).

The information contained herein should be considered in conjunction with the financial statements and notes in order to provide a complete understanding of the financial performance and activities this past year. The City combines the financial operations of the City's two airports into one set of financial statements for the entire Department. Approximations are used throughout this MD&A in describing fluctuations between fiscal years and may not equal actual differences.

AIRPORT ACTIVITIES AND HIGHLIGHTS

The emergence of a highly contagious novel coronavirus, COVID-19, at the end of 2019 has caused the steepest traffic decline in aviation history and continues to present significant challenges to the world economy and airline industry.

In March 2020, the World Health Organization (WHO) declared COVID 19 a global pandemic, prompting governmental actions to slow the spread of the disease, including mandates for businesses to close and for people to remain at home. These mandates have contributed to a major contraction of the global economy and substantial job losses. This severe economic contraction, combined with continuing fears about contagion and the safety of air travel, have resulted in decreased demand for air travel, the grounding of most of the world's airline fleets, and drastic cuts in air service. (See COVID-19 Disclosure on page A-60 for additional details.)

One of the Department's leading activity indicators, passenger enplanements, decreased by 13.1% in FYE20. This decrease is largely attributable to the decrease in economic activity due to the COVID-19 Pandemic. In FYE19, passenger enplanements increased by 2.9%.

The Department's other leading activity indicator, aircraft landed weight, decreased by 9.1% in FYE20. This decrease is primarily due to decreased activity relating to the COVID-19 Pandemic. Landed weight increased 3.1% in FYE19.

To a lesser extent, enplaned cargo is also used as an indicator of the Department's activity. Enplaned cargo decreased by 5.3% in FYE20 after increasing by 1.4% in FYE19.

Activity indicators for the past three fiscal years are as follows:

	April 30,		
	2020	2019	2018
Enplanements	5,171,808	5,951,776	5,784,629
Landed Weight (000 lbs.)	6,721,745	7,391,997	7,171,017
Enplaned Cargo (000 lbs.)	105,172	111,012	109,451

OVERVIEW OF THE FINANCIAL STATEMENTS

The accompanying financial statements are prepared on an accrual basis in accordance with U.S. generally accepted accounting principles, as set forth by the Governmental Accounting Standards Board (GASB). Revenues and expenses are recognized when earned and incurred, not when received or paid. Capital assets, except land and construction in process, are depreciated over their useful lives.

The statements of net position compare the Department's assets and deferred outflows of resources to the Department's liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the Department's financial position.

The statements of revenues, expenses and changes in net position present information showing how the Department's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

The statements of cash flows present the change in the Department's cash and cash equivalents during each fiscal year. This information can assist the user of the report in determining how the Department financed its activities and how it met its cash needs.

The notes to the financial statements provide additional information that is essential to a full understanding of the data in the statements and can be found beginning on page A-23 of this report.

FINANCIAL POSITION AND ASSESSMENT

SUMMARY OF STATEMENTS OF NET POSITION

As noted earlier, net position may serve over time as a useful indicator of the Department's financial position. During FYE20, the Department's net position decreased by approximately $41.1 million with total operating revenue decreasing by approximately $8.8 million and total non-operating revenue increasing by $11.4 million. The reduction in operating revenue was due to reduced activity as a result of the COVID-19 Pandemic. The decrease in net position is also due to the write-off of assets relating to Terminal A that was demolished during fiscal year 2020 to make way for the new single terminal which resulted in a loss of approximately $43.7 million, and to the sale of investment property which resulted in a loss of approximately $1.2 million. During FYE19, the Department's net position increased by approximately $34.1 million with total operating revenue increasing by approximately $1.3 million and total non-operating revenue increasing $5.5 million.

A condensed summary of the Department's net position for the last three fiscal years is presented below (in thousands):

	April 30, 2020	April 30, 2019	April 30, 2018
Assets			
Current and other assets	$ 1,180,830	$ 331,847	$ 268,389
Capital assets, net	786,265	618,806	579,280
Total assets	1,967,095	950,653	847,669
Deferred outflows of resources	7,969	7,714	11,550
Total assets and deferred outflows of resources	$ 1,975,064	$ 958,367	$ 859,219
Liabilities			
Current and other liabilities	$ 74,862	$ 46,766	$ 56,392
Non-current liabilities	1,272,065	242,676	166,181
Total liabilities	1,346,927	289,442	222,573
Deferred inflows of resources	857	534	516
Net position			
Net investment in capital assets	236,055	448,400	414,921
Restricted	272,686	122,561	129,865
Unrestricted	118,539	97,430	91,344
Total net position	627,280	668,391	636,130
Total liabilities, deferred inflows of resources and net position	$ 1,975,064	$ 958,367	$ 859,219

In June 2019, the Department issued senior airport appropriation obligations in the amount of $886.3 million to fund the construction costs of the new terminal modernization project at Kansas City International Airport. The increases to total assets and total liabilities and the decrease in net investments in capital assets are largely a result of the project costs, project proceeds and the associated debt service for these senior appropriation obligations.

In fiscal year 2019, the Department finalized the development agreement for the construction of a new terminal project and issued senior airport appropriation obligations in the amount of $98.4 million to fund the initial costs of the project (See Note 8 for more details).

Net investment in capital assets was approximately 37.6% of the Department's net position at April 30, 2020 and 67.1% at April 30, 2019. This represents the Department's investment in capital assets less the related indebtedness outstanding used to acquire those assets. The Department uses these capital assets to provide services to its customers and consequently these assets are not available for future spending. Although the Department's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since it is unlikely that the capital assets will be liquidated to pay liabilities.

An additional portion of the Department's net position (approximately 43.5% and 18.3% of the Department's total net position at April 30, 2020 and 2019, respectively) represents resources that are subject to external restrictions on how they may be used.

The remaining balance of net position (approximately 18.9% and 14.6% of the Department's net position at April 30, 2020 and 2019, respectively) is considered unrestricted and is available for the ongoing needs of the Department.

Summary of Statements of Revenues, Expenses and Changes in Net Position

A summary of revenues, expenses and changes in net position for the past three fiscal years are as follows (in thousands).

City of Kansas City, Missouri Department of Aviation

Management's Discussion and Analysis

Years Ended April 30, 2020 and 2019

	April 30, 2020	2019	2018
Operating revenue:	$ 120,793	$ 129,598	$ 128,276
Operating expenses:	85,450	88,290	82,556
Operating income before noncash operating expenses	35,343	41,308	45,720
Noncash operating expenses:			
Depreciation/amortization	49,989	49,970	51,940
Operating loss	(14,646)	(8,662)	(6,220)
Nonoperating revenue:			
Earnings on cash/investments	24,344	4,794	647
Passenger facility charge	18,098	22,733	22,179
Customer facility charge	4,398	7,069	7,059
Transportation facility charge	5,444	5,546	5,547
Operating grant revenue	214	245	221
Other	1,116	1,859	1,072
Total nonoperating revenue	53,614	42,246	36,725
Nonoperating expense:			
Interest	41,316	4,682	4,833
Other	8,655	6,796	8,080
Total nonoperating expense	49,971	11,478	12,913
Nonoperating income, net	3,643	30,768	23,812
Income (Loss) before capital contributions and special items	(11,003)	22,106	17,592
Capital contributions	14,709	12,010	18,835
Income before special items	3,706	34,116	36,427
Special items	44,817	-	-
Increase (decrease) in net position	(41,111)	34,116	36,427
Net Position, beginning of the year	668,391	636,130	599,703
Adjustment for change in accounting principle	-	(1,855)	-
Net Position, end of the year	$ 627,280	$ 668,391	$ 636,130

As noted previously, net position decreased in FYE20 by approximately $41.1 million. Operating revenue decreased by approximately $8.8 million while operating expenses, excluding depreciation and amortization, decreased by approximately $2.8 million. A more complete analysis of the Department's operating revenues and expenses is included below. Depreciation and amortization increased only slightly from prior year. The Department's total operating loss increased by $6.0 million, or 69.1% from FYE19.

Non-operating revenue increased by approximately $11.4 million in FYE20. This increase was due in large part to an increase in investment earnings resulting from the increased amount of cash on hand from bond proceeds and changes in the market value of investment securities. Non-operating expenses increased by approximately $38.4 million comprised of a $36.6 million increase in interest expense (please refer to Note 8 for more details), a $2.1 million decrease in legal claims, and a $4.0 million increase in bond issue costs. Capital contributions for the year increased by approximately $2.7 million from FYE19.

In FYE19, net position increased by approximately $34.1 million. Operating revenue increased by approximately $1.3 million while operating expenses, excluding depreciation and amortization, increased by approximately $5.7 million. A more complete analysis of the Department's operating revenues and expenses is included below. Depreciation and amortization increased by $2.0 million from prior year. The Department's total operating loss increased by $2.4 million, or 39.3% from prior year.

FYE19 non-operating revenue increased by approximately $5.5 million from the previous year. Non-operating expenses decreased by approximately $1.4 million comprised of a $0.1 million reduction in interest expense (please refer to Note 8 for more details) offset with a $1.3 million decrease in other non-operating expenses for bad debt expense, settlement of claims, and refund of unexpended tax credit proceeds from Missouri Development Finance Board (MDFB). Capital contributions for the year decreased by approximately $6.8 million from prior year.

SUMMARY OF OPERATING REVENUES

In order to understand the revenues presented in this Report, an overview of the Airline Use and Lease Agreement (Agreement) is required to enhance the readers' knowledge of the information presented.

The current Agreement runs through April 30, 2028. The agreement utilizes the following four airline-specific cost centers: 1) airfield, 2) passenger boarding bridges, 3) terminal aprons and 4) terminal building. Airlines that have executed an agreement with the airport are referred to as signatory airlines. Airlines using the airport without an executed agreement are referred to as non-signatory airlines.

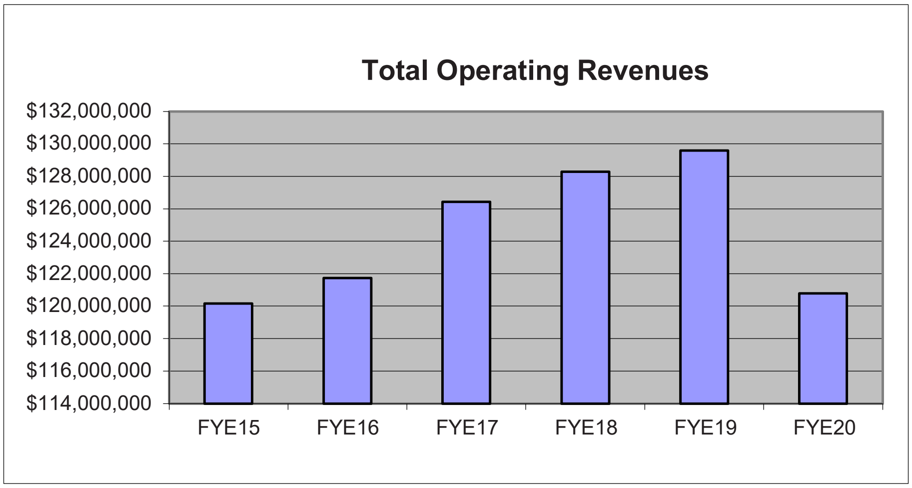
The agreement cost centers are used to identify and reallocate airline-specific expenses related to the leased premises, operations, facilities or functions conducted at the airport by signatory airlines. These cost center expenses are the basis for determining the rate charged to each signatory airline. All non-signatory airlines pay 125 percent of the signatory airline rate. In exchange for this higher rate, non-signatory airlines are not subject to the same terms and conditions as signatory airlines.

There is a maximum of three calculations performed under the terms and conditions of the agreement: 1) budgetary calculation, 2) mid-year budgetary adjustment and 3) settlement. Before the start of every fiscal year, a budget is adopted for the operation of the airport. Based on this adopted budget, rates are calculated for each agreement cost center and used for billing the airlines for their airport operations. As the year progresses, the actual results are monitored and compared to the adopted budget. If there is a significant change in circumstances from the adopted budget, a mid-year budgetary adjustment is performed and the cost center rates are adjusted to reflect the change in circumstances. After the year is completed, a settlement is performed to "true-up" the signatory airline rates to reflect the actual operating costs of each agreement cost center. There is no settlement calculation performed for the non-signatory airlines.

Operating revenues for the past three fiscal years are itemized as follows (in thousands):

	April 30, 2020	April 30, 2019	April 30, 2018
Terminal Fees			
Terminal floor space	$ 14,169	$ 15,501	$ 14,603
Apron	2,652	2,612	2,455
Passenger boarding bridges	2,441	2,329	2,198
Total terminal fees	19,262	20,442	19,256
Airfield Fees			
Landing fees	20,339	18,723	21,236
Fuel flowage fees	517	562	553
Total airfield fees	20,856	19,285	21,789
Parking			
Parking	49,731	57,132	55,630
Total parking fees	49,731	57,132	55,630
Property Rental	12,837	13,352	13,048
Rental Car Fees			
Property rental	710	719	707
Concession	10,102	11,220	10,991
Total rental car fees	10,812	11,939	11,698
Concessions			
Food and beverage	3,053	3,136	2,973
News, gifts and merchandise	1,205	1,131	1,044
Other	725	780	670
In-flight food service	-	-	-
Total concessions fees	4,983	5,047	4,687
Other Operating Revenues	2,312	2,400	2,168
Total operating revenues	$ 120,793	$ 129,597	$ 128,276

Total operating revenues decreased during FYE20 by approximately $8.8 million, or 6.8%. In FYE19, operating revenue increased from the previous year by approximately $1.3 million, or 1.0%.



Revenue from Terminal Fees decreased in FYE20 by $1.2 million. This decrease is due to lower costs allocated to the terminal cost center. In FYE19, revenue from Terminal Fees increased by $1.2 million from prior year.

Revenue from the airfield cost center increased by $1.6 million in FYE20. This increase is due to higher costs associated with the airfield cost center. In FYE19, revenue from the airfield cost center decreased by $2.5 million from prior year.

Parking revenue, which is a key revenue source for Kansas City International Airport, decreased in FYE20 by $7.4 million, or 13.0%, due to a decrease in passenger traffic as a result of the COVID-19 Pandemic. Parking revenue increased in FYE19 by $1.5 million, or 2.7%.

Rental car fees decreased in FYE20 by $1.1 million, or 9.4%, mainly due to a decrease in passenger traffic as a result of the COVID-19 Pandemic. In FYE19 rental car fees increased by $0.2 million, or 2.1%.

Concession fee revenue decreased in FYE20 by $0.1 million, or 1.3%. This decrease is the result of decreased passenger traffic as a result of the COVID-19 Pandemic. In FYE19, concession fee revenue increased by $0.4 million, or 7.7%, from the prior year.

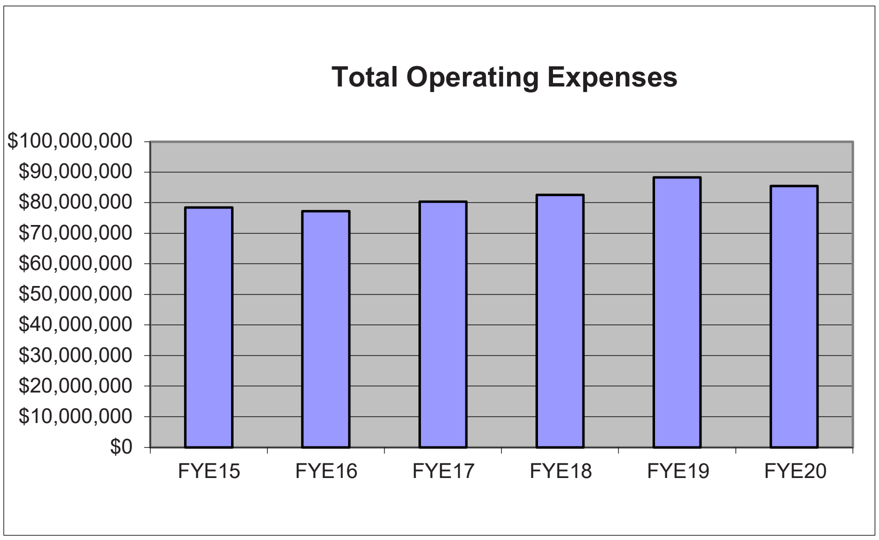
Property rental revenue decreased slightly by $0.5 million, or 3.9%, in FYE20. This decrease is the result of the sale of the Ambassador building and the loss of its tenants' rental revenue. In FYE19, property rental revenue increased slightly by $0.3 million, or 2.3%, from the prior year.

SUMMARY OF OPERATING EXPENSES

Operating expenses in FYE20 decreased approximately $2.8 million, or 3.2%, from the previous year. Most of that decrease occurred late in the year as a result of reduced activity at airport facilities and as employees began working remotely.

Salaries, wages and employee benefits increased slightly by approximately $1.1 million, or 3.2%, comprised of a $0.5 million decrease in wages combined with a $1.6 million increase in costs for medical insurance, pension and other postemployment benefits (OPEB). Contractual services decreased by approximately $3.2 million, or 6.7%. This decrease is due to a decrease in insurance and utility costs, offset by increases in fire services and parking lot operation fees. Commodities expense decreased by approximately $0.7 million, or 12.8%, mainly due to a decrease in vehicle maintenance costs.

In FYE19, operating expenses increased approximately $5.7 million, or 6.9%, from the previous year. Salaries, wages and employee benefits decreased slightly by approximately $0.5 million, or 1.4%, and included a slight increase in wages and medical insurance costs combined with a $0.8 million decrease in costs relating to pension and other postemployment benefits. Contractual services increased from the prior year by approximately $5.8 million, or 13.7%, due to an increase in repairs and maintenance costs, as well as increases in professional services and promotional expenses. Commodities expense increased slightly by approximately $0.5 million, or 8.3%, mainly due to an increase in vehicle maintenance costs.



Operating expenses, excluding depreciation and amortization, for the past three fiscal years are itemized as follows (in thousands):

	April 30,		
	2020	2019	2018
Salaries, wages and benefits	$ 35,660	$ 34,554	$ 35,043
Contractual services	44,540	47,716	41,954
Commodities	5,250	6,020	5,559
Total	$ 85,450	$ 88,290	$ 82,556

AIRLINE RATES AND CHARGES

Airline rates and charges (R&Cs) represent the fees received by the Department from the airlines for their use of the airport's facilities and for the privilege of operating at Kansas City International Airport. The calculation of the R&Cs is based on the provisions of the Airline Use and Lease Agreement (the Agreement). It is important to maintain low airline rates and charges in order to remain cost-competitive.

The Use and Lease Agreement (Agreement) with certain air carriers (signatory carriers) serving Kansas City International Airport (KCI) was set to run through April 30, 2020. However, the agreement was renegotiated and extended for eight more years with language that turns the compensatory rate based agreement into a residual rate based agreement upon completion of the new terminal facility.

R&Cs are determined for each year using budgeted amounts. After six months, the R&Cs may be amended to conform to year-to-date actual. At the end of each fiscal year, settlement R&Cs are calculated based on actual amounts and additional payments may be paid to or received from the signatory airlines.

The rates and charges settlement rates billed to the airlines for the last three fiscal years are as follows:

	April 30,		
	2020(4)	2019(1)	2018(1)
Signatory Landing Fee(2)	\$2.98	\$2.62	\$2.81
Terminal Rental Rate	\$56.92/sf	\$61.16/sf	\$56.09/sf
Terminal Apron Rental	\$412.16/lf	\$410.09/lf	\$404.39/lf
Passenger Boarding Bridge(3)	\$6,709/mo	\$6,810/mo	\$5,571/mo

(1) actual settlement rates
(2) per 1,000 lbs. of aircraft landed weight
(3) per boarding bridge
(4) projected settlement rates

Landing fees and terminal rental rates for non-signatory airlines are assessed at 125 percent of the established rates.

PASSENGER FACILITY CHARGES

Passenger Facility Charges (PFCs) are fees authorized by the Federal Aviation Administration that are charged to enplaning passengers. The fees are used to finance eligible airport-related projects. Kansas City International Airport is currently authorized to collect \$537.9 million with the current fee set at \$4.50 per enplaned passenger. In FYE20, PFC revenue decreased by approximately \$4.6 million, or 20.4%. This decrease was mainly due to a decrease in travelers as a result of the COVID-19 Pandemic travel mandates. In FYE19, PFC revenue increased slightly by approximately \$0.6 million, or 2.5% (Please see Note 10 and the Compliance Section of this report for additional details). Historical PFC revenue on an accrual basis for the last three fiscal years is as follows:

	April 30,		
	2020	2019	2018
Passenger Facility Charge	\$ 18,097,525	\$ 22,733,307	\$ 22,178,778

CUSTOMER FACILITY CHARGES

A Customer Facility Charge (CFC) of \$3.00 per transaction day on rental cars was implemented on January 1, 2001 to fund the debt service associated with the design, engineering and construction of the consolidated rental car facility. The CFC revenue bonds (Series 2005C bonds) were defeased during fiscal year 2019 and effective October 1, 2019, the customer facility charge user fee (CFC) was reduced from $3.00 to $1.00 per rental day imposed on each rental of a passenger vehicle by a customer from a rental car agency since reserves are no longer needed for debt service. New collections will fund a reserve for upkeep and maintenance of the rental car facility.

In FYE20, CFC revenue decreased by 37.8% from prior year. This decrease is partly due to a reduction in the customer facility charge user fee and partly due to a decrease in travelers as a result of the COVID-19 Pandemic travel mandates. In FYE19, CFC revenue remained relatively flat, increasing by only 0.1% from prior year. CFC revenue generally increases or decreases with passenger enplanements. CFC revenue earned for the last three fiscal years is as follows:

	April 30,		
	2020	2019	2018
Customer Facility Charge	$ 4,397,820	$ 7,068,579	$ 7,059,252

CAPITAL CONTRIBUTIONS

Revenue from capital grants during the last three fiscal years is as follows:

				April 30,	
Grant Number	Airport	Project Descrtiption	2020	2019	2018
AIP 3-29-0041-27	MKC	Hotspot Mitigation Adjacent to Taxiway D	313,189	104,324	-
AIP 3-29-0041-28	MKC	ARFF Vehicle Purchase (MKC)	606,391	-	-
AIP 3-29-0040-71	MCI	Rehabilitate Runway 1 / 19R Phase 1	-	-	288,620
AIP 3-29-0040-72	MCI	Rehabilitate Runway 1 / 19R Phase 2	-	9,810	2,230,098
AIP 3-29-0040-74	MCI	Rehabilitate Taxiway B - Phase 1	244,739	116,415	14,889,805
AIP 3-29-0040-75	MCI	Rehabilitate Taxiway B - Phase 2	189,026	9,276,389	1,426,690
AIP 3-29-0040-76	MCI	Reconstruct Taxiway F	12,883,937	2,054,960	-
TSA 70T04019T9CAP1001	MCI	Design of Terminal C-AA Baggage EDS @ KCI	20,544	-	-
TSA 70T04019T9CAP1057	MCI	Construction of Terminal C-AA Baggage EDS @ KCI	451,548	-	-
AIR 166-107C	MKC	Apron and pavement rehabilitation at MKC	-	250,000	-
DE-EE00082621	MCI	Accelerating Alernative Fuel Adoptions in Mid-America	-	198,922	-
			$ 14,709,374	$ 12,010,820	$ 18,835,213

Capital contributions and capital grant revenue increased approximately $2.7 million, or 22.5%, in FYE20 compared to a decrease of approximately $6.8 million, or 36.2%, in FYE19. Capital grants are reimbursement grants and increase or decrease based in part on the amount of eligible grant activity during the year. Capital improvement projects funded by grants in FYE20 included taxiway rehabilitation, baggage system upgrades, and the purchase of a new ARFF Vehicle for Charles B. Wheeler Downtown Airport.

CAPITAL ASSETS

Net capital assets increased in FYE20 by $167.5 million. This increase is comprised of an increase in capital assets of $98.2 million, along with a decrease in depreciation on capital assets of $69.3 million. Capital assets purchased or constructed in FYE20 include taxiway, apron, and runway repairs; Overhaul Base facility upgrades; and capital equipment purchases, including a new ARFF Vehicle for Charles B. Wheeler Downtown Airport.

Net capital assets increased in FYE19 by $39.5 million comprising an $88.5 million increase in capital assets, net of $49.0 million in depreciation on capital assets. Capital assets purchased or constructed in FYE19 include the renovation of the Customs FIS Facility, electrical upgrades and relief well system rehabilitation at Charles B. Wheeler Downtown Airport, taxiway and apron rehabilitation, runway reconstruction, airport facility upgrades, and capital equipment purchases.

DEBT ADMINISTRATION

Total debt outstanding at the conclusion of FYE20 was approximately $1,073.0 million, an $864.1 million increase from the previous year. This increase is comprised of an $886.2 million increase for the issuance of senior appropriation obligations Series 2019B and 2019C, and a decrease of ($22.1) million for the normal payment of debt service obligations during the year.

Total debt outstanding at the conclusion of FYE19 was approximately $229 million, a $61.8 million increase from the previous year. This increase is comprised of a $98.4 million increase for the issuance of senior appropriation obligations Series 2019A, a decrease of ($15.5) million for the defeasance of the subordinate Customer Facility Charge Bonds Series 2005C and a decrease of ($21.1) million for the normal payment of debt service obligations during the year.

The Department had the following additions and deductions from the interest paid on its outstanding bonds for the last three fiscal years.

	2020	2019	2018
Interest paid	5,066,875	6,552,080	8,105,098
Interest funded by bond proceed	34,575,314	-	-
Interest capitalized	-	49,290	(999,973)
Accrued interest	7,609,638	97,042	(207,146)
Amortized loss	168,185	168,185	168,185
Amortized gain	-	(46,475)	(139,424)
Amortized bond discount	-	1,903	7,610
Amortized bond premium	(6,104,326)	(2,142,973)	(2,101,132)
Fiscal agent fees paid	518	2,668	318
Interest expense	$ 41,316,204	$ 4,681,720	$ 4,833,536

REQUEST FOR INFORMATION

This financial report is designed to provide the Department's management, investors, creditors and customers with a general overview of the Kansas City Airports Fund's finances and to demonstrate the Department's accountability for the funds it receives and expends. For additional information about this report, please contact the undersigned at Kansas City International Airport, P.O. Box 20047, Kansas City, Missouri 64195-0047.

This report is respectfully submitted by:

John Green, CPA
Aviation Department
Chief Financial Officer

City of Kansas City, Missouri Department of Aviation

Statements of Net Position

April 30, 2020 and 2019

Assets and Deferred Outflows of Resources

	2020	2019
Current assets		
Unrestricted assets		
Cash and cash equivalents	$ 17,547,249	$ 3,992,228
Investments	10,875,126	12,836,050
Accounts receivable	9,378,148	7,354,721
Allowance for doubtful accounts	(185,505)	(192,617)
Grants receivable	1,053,327	1,500,834
Interest receivable	192,356	506,355
Prepaid insurance and other assets	1,067,492	964,480
Inventories	795,949	837,571
Total unrestricted assets	40,724,142	27,799,622
Restricted assets		
Cash and cash equivalents	12,735,973	4,195,775
Cash with trustee	894,079,443	67,078,776
Investments	8,717,402	13,418,569
Accounts receivable	34,825	3,149,687
Interest receivable	1,295,279	824,825
Total restricted assets	916,862,922	88,667,632
Total current assets	957,587,064	116,467,254
Noncurrent assets		
Investments		
Unrestricted	122,070,993	112,546,856
Restricted	97,850,998	102,611,427
Total investments	219,921,991	215,158,283
Capital assets		
Land	36,319,171	36,319,171
Construction in progress	324,851,436	72,917,823
Buildings, infrastructure and equipment	1,429,514,050	1,583,255,151
	1,790,684,657	1,692,492,145
Accumulated depreciation	(1,004,419,810)	(1,073,685,668)
Total capital assets	786,264,847	618,806,477
Unrestricted accounts receivable		
Unrestricted accounts receivable	653,502	885,413
Allowance for doubtful accounts	(490,126)	(664,060)
Total unrestricted accounts receivable	163,376	221,353
Prepaid bond insurance, net of accumulated amortization	3,157,975	-
Total noncurrent assets	1,009,508,189	834,186,113
Total assets	1,967,095,253	950,653,367
Deferred outflows of resources		
Deferred outflows - pension	6,213,353	6,088,273
Deferred outflows - OPEB	737,160	440,102
Deferred outflows - refundings	1,018,007	1,186,192
Total deferred outflows of resources	7,968,520	7,714,567
Total assets and deferred outflows of resources	$ 1,975,063,773	$ 958,367,934

The accompanying notes are an integral part of this financial statement.

City of Kansas City, Missouri Department of Aviation

Statements of Net Position (Continued)

April 30, 2020 and 2019

Liabilities, Deferred Inflows of Resources and Net Position

	2020	2019
Current liabilities		
Payable from unrestricted assets		
Accounts and retainages payable	$ 9,959,610	$ 8,661,841
Accrued payroll, vacation and sick leave	2,267,529	2,245,644
Security deposits	261,254	298,115
Prepaid lease revenue	1,251,759	2,185,559
Accrued claims liability	532,700	939,263
Total current liabilities payable from unrestricted assets	14,272,852	14,330,422
Payable from restricted assets		
Accounts and retainages payable	40,145,932	8,657,105
Matured bonds and coupons	289,128	289,128
Accrued interest and fiscal agent fees	8,953,957	1,344,319
Bonds payable, current portion	11,200,000	22,145,000
Total current liabilities payable from restricted assets	60,589,017	32,435,552
Total current liabilities	74,861,869	46,765,974
Noncurrent liabilities		
Accrued payroll, vacation and sick leave	2,393,581	2,039,203
Pension liability	25,877,522	23,479,883
Other postemployment benefits obligation	7,888,128	7,278,061
Accrued claims liability	1,605,971	2,989,646
Bonds payable, net of current portion	1,234,299,342	206,889,303
Total noncurrent liabilities	1,272,064,544	242,676,096
Total liabilities	1,346,926,413	289,442,070
Deferred inflows of resources		
Deferred inflows - pension	857,043	534,382
Total deferred inflows of resources	857,043	534,382
Net position		
Net investment in capital assets	236,055,213	448,399,772
Restricted		
Principal and interest	179,128,838	37,642,500
Airline operations and maintenance reserve	12,983,000	12,917,000
Reserve for law enforcement	274,226	247,602
Reserves for construction and debt service	79,512,714	68,074,351
Other restricted net position	787,086	3,679,629
Total restricted net position	272,685,864	122,561,082
Unrestricted	118,539,240	97,430,628
Total net position	627,280,317	668,391,482
Total liabilities, deferred inflows of resources and net position	$ 1,975,063,773	$ 958,367,934

The accompanying notes are an integral part of this financial statement.

City of Kansas City, Missouri Department of Aviation

Statements of Revenues, Expenses and Changes in Net Position

Years Ended April 30, 2020 and 2019

	2020	2019
Operating Revenues		
Terminal and aprons	$ 19,262,300	$ 20,441,775
Airfield	20,855,754	19,285,154
Parking	49,730,966	57,132,558
Rental car	10,811,913	11,939,351
Concessions	4,983,040	5,046,794
Property rental	12,837,032	13,351,915
Other	2,311,950	2,400,449
Total operating revenues	120,792,955	129,597,996
Operating Expenses		
Salaries, wages and employee benefits	35,659,843	34,554,096
Contractual services	44,540,264	47,716,020
Commodities	5,249,658	6,019,973
Total operating expenses before depreciation and amortization	85,449,765	88,290,089
Operating Income Before Noncash Operating Expense	35,343,190	41,307,907
Noncash Operating Expense		
Depreciation	49,908,700	49,963,301
Amortization	80,487	6,827
Total noncash operating expense	49,989,187	49,970,128
Total Operating Loss	(14,645,997)	(8,662,221)
Nonoperating Revenues		
Earnings on cash and investments	24,344,236	4,794,371
Passenger facility charge	18,097,525	22,733,307
Customer facility charge	4,397,820	7,068,579
Transportation facility charge	5,443,930	5,545,840
Operating grant revenue	213,980	245,398
Other	1,116,322	1,859,255
Total nonoperating revenues	53,613,813	42,246,750
Nonoperating Expenses		
Interest	3,658,600	4,681,720
Interest funded by bond proceeds	37,657,604	-
Other	8,654,971	6,796,704
Total nonoperating expenses	49,971,175	11,478,424
Total nonoperating revenues (expenses), net	3,642,638	30,768,326
Income (Loss) Before Capital Contributions and Special Items	(11,003,359)	22,106,105
Capital Contributions	14,709,374	12,010,820
Income Before Special Items	3,706,015	34,116,925
Special Items	44,817,180	-
Change in Net Position	(41,111,165)	34,116,925
Net Position, Beginning of Year	668,391,482	636,129,809
Change in Accounting Principle	-	(1,855,252)
Total Net Position, Beginning of Year Restated	668,391,482	634,274,557
Net Position, End of Year	$ 627,280,317	$ 668,391,482

City of Kansas City, Missouri Department of Aviation

Statements of Cash Flows

April 30, 2020 and 2019

	2020	2019
Operating Activities		
Cash received from providing services	$ 122,736,163	$ 129,774,574
Cash paid to employees	(32,375,350)	(32,267,842)
Cash paid to suppliers	(53,605,456)	(58,250,455)
Cash paid for interfund services	(8,490,050)	(8,229,676)
Net cash provided by operating activities	28,265,307	31,026,601
Noncapital Financing Activities		
Operating grants	213,981	245,398
Transportation facility charges	5,443,930	5,545,840
Payment of transportation facility charges to third party	(5,443,930)	(5,545,840)
Refund unused tax proceeds to MDFB	-	(1,491,915)
Net cash provided by noncapital financing activities	213,981	(1,246,517)
Capital and Related Financing Activities		
Capital contributions	15,156,881	15,314,958
Proceeds from sale of capital assets	7,650	30,100
Purchase of capital assets	(3,464,800)	(7,319,009)
Construction of capital assets	(214,849,501)	(73,136,242)
Principal paid on capital debt	(22,145,000)	(36,635,000)
Interest paid on capital debt	(39,642,188)	(6,536,225)
Bond proceeds received	1,044,714,365	110,970,361
Bond issue costs paid	(8,123,144)	-
Fiscal agent fees	(518)	(829,085)
Community improvement district collections	1,010,740	1,074,288
Passenger facility charges	18,097,525	22,696,988
Customer facility charges	4,397,820	7,068,579
Net cash used in capital and related financing activities	795,159,830	32,699,713
Investing Activities		
Investment purchases	(205,122,115)	(200,421,123)
Investment maturities and sales	192,630,556	199,500,900
Proceeds from sale of investment property	14,389,942	-
Loss on disposal of investment property	(629,395)	-
Interest received on investments	24,187,780	6,887,229
Net cash provided by (used in) investing actitvities	25,456,768	5,967,006
Increase in Cash and Cash Equivalents	849,095,886	68,446,803
Cash and Cash Equivalents, Beginning of Year	75,266,779	6,819,976
Cash and Cash Equivalents, End of Year	$ 924,362,665	$ 75,266,779

The accompanying notes are an integral part of this financial statement.

City of Kansas City, Missouri Department of Aviation

Statements of Cash Flows (Continued)

April 30, 2020 and 2019

	2020	2019
Reconciliation of Cash and Cash Equivalents to the Statements of Net Position		
Cash and cash equivalents		
Unrestricted	$ 17,547,249	$ 3,992,228
Restricted cash with trustee	891,444,110	67,078,776
Restricted	15,371,306	4,195,775
Total cash and cash equivalents	$924,362,665	$75,266,779
Reconciliation of Net Operating Loss to Net Cash Provided by Operating Activities		
Operating loss	$ (14,645,997)	$ (8,662,221)
Depreciation and amortization	49,989,187	49,970,128
Changes in operating assets and liabilities:		
Receivables, net	2,913,873	897,025
Prepaid expenses and other assets	(103,012)	53,822
Inventories (supplies)	41,622	(6,145)
Accounts payable and accrued liabilities	(10,453,959)	(13,544,876)
Accrued payroll, vacation, and sick leave	376,263	218,624
Security deposits	(36,861)	1,465
Pension liability	2,397,639	(1,925,197)
Total other postemployement benefit liability	610,067	260,113
Prepaid lease revenue	(933,800)	(448,583)
Accrued claims liability	(1,790,238)	271,399
Deferred outflows - pension	(125,080)	4,107,820
Deferred outflows - OPEB	(297,058)	(440,102)
Deferred inflows - pension	322,661	64,996
Other assets and liabilities	-	208,333
Net cash provided by operating activities	$ 28,265,307	$31,026,601
Supplemental Cash-Flows Information		
Increase (decrease) in fair value of investments	$ 7,850,710	$ 3,120,269
Accounts payable incurred for purchase of capital assets	44,589,628	12,242,613
Non-cash portion of capital contributions	447,507	3,304,138

The accompanying notes are an integral part of this financial statement.

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

The City of Kansas City, Missouri Department of Aviation's (Department) financial statements consist of the Kansas City Airports Fund (Fund), which is an enterprise fund of and owned by the City of Kansas City, Missouri (City). The Fund is utilized to account for the operations of the City's two airports, the Kansas City International Airport (MCI) and the Charles B. Wheeler Downtown Airport (MKC).

The financial statements present only the Fund and are not intended to present the financial position of the City and the changes in its financial position and cash flows for the years ended, in conformity with U.S. generally accepted accounting principles.

Basis of Accounting and Presentation

The financial statements of the Fund have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets, liabilities and deferred inflows and outflows of resources from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated non-exchange transactions are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions and program-specific government-mandated non-exchange transactions. Government-mandated non-exchange transactions that are not program specific, investment income and interest on capital assets-related debt are included in non-operating revenues and expenses. The Fund first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position is available.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

The Fund's cash and cash equivalents are cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition.

Investments

The Fund's investments are maintained in the City's pooled investments. All investments are reported at fair value. The fair value of marketable securities is based on quotations that are generally obtained from national securities exchanges. Where marketable securities are not listed on an exchange, quotations are obtained from brokerage firms or pricing services.

Accounts Receivable

Accounts receivable balances are reflected as unrestricted and restricted and are recorded at the invoiced amount. The allowance for doubtful accounts is the Fund's best estimate of the probable losses in the existing accounts receivable balance. Restricted accounts receivable consists of Passenger Facility Charges and Customer Facility Charges that are either outstanding or have been accrued as of April 30, 2020 and 2019.

Revenue Recognition

Airfield Fees - Based on the landed weight of the aircraft, airfield fees are principally landing fees generated from scheduled and nonscheduled airlines, including charters. The fee structure is determined annually based on an agreement between the City and signatory airlines, which takes into account the Fund's operating expenses and the total annual landed weight of aircraft. Fuel flowage fees, which are included in airfield fees, comprised 2.5% and 2.9% of the total airfield fees for the years ended April 30, 2020 and 2019, respectively. Airfield fees are recognized as part of operating revenues when the airline-related facilities are utilized.

Rents - Terminal and other space rent, parking, car rental rents and concessions are generated from airlines, parking structures, parking lots, food, rental cars, fixed base operators and other commercial tenants. Leases for the airlines are based on a cost recovery basis. Rental revenue is recognized over the life of the respective leases and concession revenue is recognized partially based on reported concession revenue and partially based on minimum rental guarantee.

Original Bond Issue Discount, Premium and Deferred Refunding Charges

Original bond issue discount and premium are amortized using the straight-line basis over the life of the debt to which it relates. Deferred refunding charges on long-term indebtedness (see *Note 9*) are amortized using the straight-line basis over the life of the refunding debt or the debt refunded, whichever is shorter.

Inventories

Inventories, consisting of machine parts, fuel and supplies are valued at cost.

Capital Assets

Capital assets are stated at cost and include assets funded by operating revenue, bond proceeds, grants and contributions. Normal maintenance and repairs are charged to expense as incurred. Renewals and betterments are capitalized when placed into service and are depreciated over the remaining estimated useful life of the related asset. Costs of projects not yet placed into service are included in construction in process (CIP). CIP also includes demolition costs of Terminal A; CIP projects, once complete, will be transferred into land and building categories.

At the time of retirement or other disposition of properties, the assets and related depreciation accounts are relieved of the amounts included therein and the resulting gain or loss is recognized. The provision for capitalization and depreciation of capital assets is computed using the straight-line method over the following estimated useful lives:

	Useful Life	Capitalization Threshold
Building	25 years	$ 5,000
Building improvements	25 years	25,000
Runway, aprons and roads	15 years	5,000
Equipment	3 - 10 years	5,000

Special items include unusual and infrequent charges associated with the write-off of assets related to Terminal A and the loss on sale of investment property. Such special items possess a high degree of abnormality and are unrelated to the ordinary and typical activities of the Department.

Interest costs incurred that relate to the acquisition or construction of capital assets acquired with debt were capitalized in prior years. The amount of interest capitalized was calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project, with interest earned on invested idle debt proceeds over the same period. Effective with fiscal year ended April 30, 2019, the Fund implemented Government Accounting Standards Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which was implemented prospectively and eliminates the capitalized interest requirement. No interest costs were capitalized for the years ended April 30, 2020 and 2019.

Accounts and Retainages Payable

Accounts payable and retainage balances are reflected as unrestricted and restricted. Restricted accounts and retainages payable consist of invoices and retainage withheld from construction payments that are to be paid from bond proceeds or other restricted assets that were either outstanding or have been accrued as of April 30, 2020 and 2019.

Compensated Absences

Under the terms of the City's personnel policy, City employees are granted vacation and sick leave in varying amounts. Vacation is accumulated at an annual rate of 10 to 20 days, depending on the employee's length of service. Sick leave is accumulated at the rate of 4.4 hours per two-week pay period. The maximum amount of vacation that may be carried forward, which is accrued in the Fund, is two times the amount earned in a year. Sick leave with pay may be accumulated up to a limit of 4,000 hours. Upon separation from service, employees may convert accrued sick leave at the ratio of four hours of sick leave to one hour of vacation leave credit. Retiring employees 55 years or older with at least 25 years of creditable service; employees who are to receive a line-of-duty disability pension; employees who qualify for a City pension and retire with a normal retirement, take early retirement at age 60 or thereafter or die are entitled to sick leave credit at the rate of two hours of sick leave to one hour of vacation leave credit.

For the year ended April 30, 2020, approximately $718,000 of compensated absences were earned by Department employees, with approximately $355,000 of compensated absences utilized or otherwise forfeited. For the year ended April 30, 2019, approximately $851,000 of compensated absences were earned by Department employees, with approximately $582,000 of compensated absences utilized or otherwise forfeited.

Prepaid Revenue

The Fund reports prepaid lease revenue on its statements of net position when revenues have been received but not yet earned. In subsequent periods, when revenue recognition criteria are met, the liability for prepaid lease revenue is removed from the statements of net position and the revenue is recognized.

Pension Plan

For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Employees' Retirement System (Plan) and additions/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employer contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See *Note 13* for the retirement plan description.

Net Position

Net position of the Fund is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Restricted expendable net position is made up of noncapital assets that must be used for a particular purpose, as specified by creditors, grantors or donors external to the Fund, including amounts deposited with trustees as required by bond indentures, reduced by the outstanding balances of any related borrowings. Unrestricted net position is the net position that does not meet the definition of net investment in capital assets or restricted net position.

Operating versus Nonoperating

The Fund distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from the rental of property or utilization of airport facilities and infrastructure.

Nonoperating revenues which are recognized when earned, can be broken down into three main sources:

> *Passenger Facility Charges* - In 1990, Congress approved the Aviation Safety and Capacity Expansion Act, which authorized domestic airports to impose a passenger facility charge (PFC) on enplaning passengers. PFC's may be used for airport projects that meet at least one of the following criteria: preserve or enhance safety, security or capacity of the national air transportation system; reduce noise or mitigate noise impacts resulting from an airport or provide opportunities for enhanced competition between and/or among carriers.

Customer Facility Charges - In January 2001, a customer facility charge user fee of $3.00 per rental day was imposed on each rental of a passenger vehicle by a customer from a rental car agency. These fees are for the purpose of paying a portion of the cost of constructing, equipping, and financing a consolidated rental car facility and for the payment of debt service on revenue bonds issued for this project. The CFC revenue bonds (Series 2005C bonds) were defeased during fiscal year 2019. Effective October 1, 2019, the customer facility charge user fee (CFC) was reduced $3.00 to $1.00 per rental day imposed on each rental of a passenger vehicle by a customer from a rental car agency since reserves are no longer needed for debt service. New collections will fund a reserve for upkeep and maintenance of the rental car facility.

Transportation Facility Charges - In November 2005, a transportation facility charge user fee of $2.36 per rental day was imposed on each rental of a passenger vehicle by a customer from a rental car agency. These fees are collected and then remitted to KCI RACS, LLC to use in the operation and maintenance of the consolidated rental car facility bus transportation system.

Contributed Capital

Contributions of capital assets received from other entities, including those from other City funds, grants and assistance received from other governmental units for the acquisition of capital assets are recorded as capital contributions.

Interfund Payments

Inter-fund payments consist primarily of payments to the City's general fund for administrative, data processing and accounting services, as well as payments for fire operation services. These charges are recorded in the contractual services section of the statements of revenues, expenses and changes in net position. A summary of the administrative service charge, fire protection service charge and ambulance service charge for the previous two fiscal years are as follows:

	Administrative Service Charge	Fire Protection Service Charge	Ambulance Service Charge
April 30, 2020	$ 3,593,806	$ 4,415,910	$ 480,334
April 30, 2019	$ 3,806,798	$ 3,951,066	$ 471,812

New Accounting Pronouncements Not Yet Adopted

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations* (GASB 83). The statement establishes uniform criteria for governments to recognize and measure certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this standard. The provisions of this statement were originally effective for the financial statements for the Department's fiscal year ending April 30, 2020 and now postponed until April 30, 2021 per GASB Statement No. 95.

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities* (GASB 84). The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The provisions of this statement were originally effective for financial statements for the Department's fiscal year ending April 30, 2020 and now postponed until April 30, 2021 per GASB Statement No. 95.

In June 2017, the GASB issued Statement No. 87, *Leases* (GASB 87). GASB 87 establishes a single approach to accounting for and reporting leases by state and local governments based on the principle that leases are financing of the right to use an underlying asset.

The main rules of GASB 87 with respect to government entities that are lessees require that the lessees:

- Recognize the following: (a) a lease liability and (b) an intangible asset representing the lessee's right to use the leased asset; and
- Report in its financial statements: (a) amortization expense for using the lease asset over the shorter of the term of the lease or the useful life of the underlying asset, (b) interest expense on the lease liability, and (c) note disclosures about the lease.

Under GASB 87, government entities that are lessors must:

- Recognize: (a) a lease receivable, and (b) a deferred inflow of resources and continue to report the leased asset in its financial statements; and
- Report in its financial statements: (a) lease revenue, recognized over the term of the lease, corresponding with the reduction of the deferred inflow, (b) interest income on the receivable, and (c) note disclosures about the lease.

GASB 87 provides exceptions from the single-approach for short-term leases, financial purchases, leases of assets that are investments and certain regulated leases. GASB 87 also addresses accounting for lease terminations and modifications, sale-leaseback transactions, non-lease components embedded in lease contracts (such as service agreements), and leases with related parties. The provisions of this statement were originally effective for financial statements for the Department's fiscal year ending April 30, 2021 and now postponed until April 30, 2023 per GASB Statement No. 95.

In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* (GASB 88): GASB 88 specifies disclosures that should be made in the financial statements related to debt. It also provides a definition of debt so that governments know which types of liabilities should be included in those disclosures. If a government has direct borrowings or direct placements, disclosures related to these should be provided separately from disclosures related to other types of debt. The provisions of this statement were originally effective for financial statements for the City's fiscal year ending April 30, 2020 and now postponed until April 30, 2021 per GASB Statement No. 95.

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests* (GASB 90). The primary objective of this statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. GASB 90 defines a majority equity interest and specifies these reporting requirements.

The provisions of this statement were originally effective for financial statements for the City's fiscal year ending April 30, 2020 and now postponed until April 30, 2021 per GASB Statement No. 95.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations* (GASB 91). The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The provisions of this statement were originally effective for financial statements for the City's fiscal year ending April 30, 2022 and now postponed until April 30, 2023 per GASB Statement No. 95.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020* (GASB 92), which enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including: effective date of GASB 87 for interim financial reports; intra-entity transfers between primary governments and component unit pension or OPEB plans; applicability of Statements No. 73 and 74 for reporting assets accumulated for postemployment benefits; applicability of certain requirements of GASB 84 to postemployment benefit arrangements; measurement of asset retirement obligations in government acquisitions; reporting by public entity risk pools for amounts recoverable from reinsurers or excess insurers; reference to nonrecurring fair value measurements in authoritative literature and terminology used related to derivative instruments. Certain provisions of this statement were effective upon issuance and did not impact the Department's financial reporting, other provisions of this statement are were originally effective for financial statements for the Department's fiscal year ending April 30, 2022 and now postponed until April 30, 2023 per GASB Statement No. 95.

In March 2020, the GASB issued Statement No. 93*, Replacement of Interbank Offered Rates* (GASB 93), which provides guidance where some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR) -most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The provisions of this statement were originally effective for financial statements for the Department's fiscal year ending April 30, 2022 and now postponed until April 30, 2023 per GASB Statement No. 95.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (GASB 94), which improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). A PPP is an arrangement in which a government contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset, for a period of time in an exchange or exchange-like transaction. This statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs), which is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The provisions of this statement are effective for financial statements for the Department's fiscal year ending April 30, 2024.

In May 2020, GASB issued statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, (GASB 95). The primary objective of this statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96), which provides new accounting and financial reporting guidance for subscription-based information technology arrangements (SBITAs), which have become increasingly common among state and local governments in recent years. Statement 96 is based on the standards established in Statement 87, *Leases*. The new defines a SBITA as a contract that conveys control of the right to use a SBITA vendor's IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The guidance requires governments with SBITAs to recognize a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability (with an exception for short-term SBITAs, those with a maximum possible term of 12 months) and provides guidance related to outlays other than subscription payments, including implementation costs, and requirements for note disclosures related to a SBITA. The provisions of this statement will be effective for financial statements for the Department's fiscal year ending April 30, 2024.

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* (GASB 97), which provides the following guidance: 1) increases consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; 2) mitigates costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans and employee benefit plans other than pension or OPEB plans as fiduciary component units in fiduciary fund financial statements; and 3) addresses relevance, consistency and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan and for benefit provided through those plans. The first two provisions of this statement are effective immediately. The last provision will be effective for financial statements for the Department's fiscal year ending April 30, 2023.

The Department has not completed its assessment of the impact of the adoption of these statements.

2. Deposits and Investments

Deposits

The City maintains a cash and investment pool that is available for use by all funds. The pool is comprised of demand and time deposits and other investments with maturities of less than five years. The Fund's allocation of this pool was approximately 20.5 percent and 20.0 percent as of April 30, 2020 and 2019, respectively. At April 30, 2020, the carrying amount (book value) of the City's deposits, including the collateralized money market account and three certificates of deposit, was approximately $39,812,499, which was covered by federal depository insurance, Letters of Credit issued directly to the City and held in the City's vault in the Treasury Division, or by collateral held by the City's agents under joint custody agreements in accordance with the City's administrative code. A difference exists between bank and book balances of approximately $17,548,219 due to deposits in transit, checks outstanding and other reconciling items. The Fund's allocation of the City's deposits was $32,918,555 and $8,188,003 at April 30, 2020 and 2019, respectively.

Investments - Pooled and Non-Pooled

The City is empowered by City Charter to invest in the following types of securities:

1. U.S. Treasury Securities (Bills, Notes, Bonds and Strips).

2. U.S. Agency/GSE Securities. The City of Kansas City, Missouri may invest in obligations issued or guaranteed by any agency of the U.S. Government and in obligations issued by any government sponsored enterprise (GSE) which have a liquid market and a readily determinable fair value that are described as follows:

   a. U.S. Government Agency Coupon and Zero Coupon Securities.

   b. U.S. Government Agency Discount Notes.

   c. U.S. Government Agency Callable Securities. Restricted to securities callable at par only.

   d. U.S. Government Agency Step-Up Securities. The coupon rate is fixed for an initial term. At the step-up date, the coupon rate rises to a new, higher fixed interest rate.

   e. U.S. Government Agency Floating Rate Securities. Restricted to coupons with no interim caps that reset at least quarterly and that float off of only one index.

f. U.S. Government Agency/GSE Mortgage Backed Securities (MBS, CMO, Pass-Thru Securities). Restricted to securities with final maturities of five (5) years or less or have the final projected payment no greater than five (5) years when analyzed in a +300 basis-point interest rate environment.

3. Collateralized Time Deposits. (Non-negotiable certificates of deposit.)

4. Repurchase Agreements. The City may invest in contractual agreements between the City and commercial banks or primary government securities dealers. The Securities Industry & Financial Markets Association's (or any successor's thereto) guidelines for the Master Repurchase Agreement will be used and will govern all repurchase agreement transactions. All repurchase agreement transactions will be either physical delivery or tri-party.

5. Bankers' Acceptances. The City may invest in bankers' acceptances issued by domestic commercial banks possessing the highest credit rating issued by S&P Global Ratings (S&P) or Moody's Investors Service, Inc. (Moody's).

6. Commercial Paper. The City may invest in commercial paper issued by domestic corporations, which has received the highest short-term credit rating issued by S&P or Moody's. Eligible paper is further limited to issuing corporations that have total assets in excess of five hundred million dollars ($500,000,000) and are not listed on Credit Watch with negative implications by any of the NRSRO's at the time of purchase.

7. Municipal Securities (State and Local Government Obligations). The City may invest in municipal obligations that are issued in either tax-exempt or taxable form.

   a. Any full faith and credit obligations of the State of Missouri rated at least A or A2 by S&P or Moody's.

   b. Any full faith and credit obligations of any city, county, or school district in the State of Missouri rated at least AA or Aa2 by S&P or Moody's.

   c. Any full faith and credit obligations, revenue bonds, or special obligation bonds of the City of Kansas City, Missouri rated at least A or A2 by S&P or Moody's.

   d. Any full faith and credit obligation of any state or territory of the United States of America rated at least AA or Aa2 by S&P or Moody's.

   e. Any full faith and credit obligations of any city, county, or school district in any state or territory of the United States of America rated AAA or Aaa by S&P or Moody's.

   f. Any revenue bonds issued by the Missouri Department of Transportation rated at least AA or Aa2 by S&P or Moody's.

   g. Any municipal obligation that is pre-refunded or escrowed to maturity as to both principal and interest with escrow securities that are fully guaranteed by the U.S. Government, without regard to rating by S&P or Moody's.

8. With respect to the investment of bond proceeds, money market mutual funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, rated in either of the two highest categories by S&P and Moody's (in either case without regard to any modifier.)

9. Such other investments not described above that are allowed pursuant to Missouri Law and approved in the City Charter.

Interest Rate Risk

Interest rate risk is the risk that the fair value of the City's investments will decrease as a result of an increase in interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits the final maturity on any security owned to a maximum of five years. In addition, the City compares the weighted average maturity of its portfolio to the weighted average maturity of the Blended Bloomberg Barclays U.S. Treasury/Agency 1-3 Year Index, and relative to the index, may decrease the weighted average maturity of the portfolio during periods of rising interest rates or increase it during periods of declining rates.

As of April 30, 2020, the City had the following investments and maturities (amounts are in thousands):

		Investment Maturities (in Years)				
Investment Type	**Fair Value**	**Less Than 1**	**1 - 2**	**2 - 3**	**3 - 5**	**Weighted Average**
Pooled Investments:						
U.S. Treasury Bills	$ 142,985	$ 142,985	$ -	$ -	$ -	0.11
U.S. Treasury Notes/Bonds	211,048	37,210	49,330	57,028	67,480	2.19
Municipal Bonds	52,494	12,768	39,726	-	-	1.29
U.S. Agency Discounts	20,006	20,006	-	-	-	0.13
U.S. Agencies - Noncallable	745,660	111,155	148,882	199,811	285,813	2.42
U.S. Agencies - Callable	104,016	80,092	23,925	-	-	0.62
Total Pooled	1,276,209	404,216	261,863	256,839	353,293	1.90
Non-Pooled Investments:						
U.S. Treasury Bills	27,496	27,496	-	-	-	0.13
U.S. Treasury Notes/Bonds	10,103	7,505	2,597	-	-	0.44
U.S. Agencies - Discounts	30,504	30,504	-	-	-	0.11
U.S. Agencies - Noncallable	92,540	79,205	10,129	1,038	2,168	0.61
Total Non-Pooled	160,643	144,710	12,726	1,038	2,168	0.42
	$ 1,436,852	$ 548,926	$ 274,589	$ 257,877	$ 355,461	1.73

The Fund's allocation of pooled investments as of April 30, 2020 was $239,514,519. The Fund has not allocated any of the non-pooled investments as of April 30, 2020.

As of April 30, 2019, the City had the following investments and maturities (amounts are in thousands):

		Investment Maturities (in Years)				
Investment Type	Fair Value	Less Than 1	1 - 2	2 - 3	3 - 5	Weighted Average
Pooled Investments:						
U.S. Treasury Bills	$ 89,286	$ 89,286	$ -	$ -	$ -	0.33
U.S. Treasury Notes/Bonds	184,619	79,872	16,977	19,946	67,824	2.07
U.S. Agency Discounts	7,499	7,499	-	-	-	0.01
U.S. Agencies - Noncallable	624,693	162,899	114,634	76,638	270,522	2.51
U.S. Agencies - Callable	228,300	66,996	51,118	70,950	39,236	1.87
Total Pooled	1,134,397	406,552	182,729	167,534	377,582	2.12
Non-Pooled Investments:						
U.S. Treasury Notes/Bonds	22,354	14,924	7,430	-	-	0.59
U.S. Agency Discounts	36,747	36,747	-	-	-	0.28
U.S. Agencies - Noncallable	124,429	92,228	32,201	-	-	0.66
U.S. Agencies - Callable	8,357	1,991	2,448	2,934	984	1.59
Total Non-Pooled	191,887	145,890	42,079	2,934	984	0.62
	$ 1,326,284	$ 552,442	$ 224,808	$ 170,468	$ 378,566	1.90

The Fund’s allocation of pooled investments as of April 30, 2019 was $227,002,961. The Fund was not allocated any of the non-pooled investments as of April 30, 2019.

Callable Agency Securities

The City actively monitors its callable bond portfolio with respect to probability of call relative to market rates of interest. As of April 30, 2020, the total fair value of the City's callable bond portfolio (pooled and restricted) is $104,016,285.

Credit Risk

Credit risk is the risk that the issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. While the City does not have a formal policy relating to credit risk, the City’s investment policy requires that all investments be in either: 1) U.S. Treasury Obligations and other such obligations as expressly guaranteed by the U.S. Government; 2) U.S. Government Agency and Government Sponsored Enterprise Obligations; 3) Certain Municipal Obligations with defined minimum ratings; 4) Banker’s Acceptances with the highest credit rating by such rating organization; 5) Certain Commercial Paper Obligations with the highest credit rating by such rating organization; and 6) Repurchase Agreements in either physical delivery or tri-party form.

As of April 30, 2020, the City had the following non-guaranteed investment balances, which are rated by both Moody's and Standard & Poor's (amounts are in thousands):

	Fair Value	Moody's / S&P Ratings
U.S. agency securities	$ 951,306	Aaa / AA+
Municipal obligations	52,494	Aaa / AA+
Total	$ 1,003,800	

As of April 30, 2019, the City had the following non-guaranteed investment balances, which are rated by both Moody's and Standard & Poor's (amounts are in thousands):

	Fair Value	Moody's / S&P Ratings
U.S. agency securities	$ 1,030,025	Aaa / AA+

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its deposits, investments or collateral securities that are in the possession of an outside party (i.e., the City's safekeeping institution).

The City's investment policy requires that all funds on deposit with any financial institution be secured with collateral securities in an amount equal to at least 102 percent of the deposit less any amount insured by the Federal Deposit Insurance Corporation (FDIC), or any other governmental agency performing a similar function. As of April 30, 2020, all deposits were adequately and fully collateralized.

The City's investment policy requires that all investment securities be held in the City's name in the City's safekeeping account at its safekeeping institution, thereby mitigating custodial credit risk. As of April 30, 2020, all investment securities were in the City's name in the City's safekeeping accounts at its safekeeping institutions. In addition, all collateral securities were in the City's joint custody account(s) at the Federal Reserve Bank and were either US Treasury (US Government guaranteed) or US Agency (Aaa/AA+ rated) obligations. In addition, there are three Irrevocable Letters of Credit issued in the City's favor by the Federal Home Loan Bank, two in the amount of $5,000,000 each, and one in the amount of $2,000,000, to secure Certificates of Deposit. The three Letters of Credit expire November 18, 2021, December 16, 2020, and May 29, 2020, respectively, and are safekept in the City's cash vault in the Cash Operations section of the Treasury Division.

Concentration of Credit Risk

At April 30, 2020, more than five percent of the City's investments are in the following U.S. Agency discount notes/securities: Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation and Federal National Mortgage Association. These investments are 25%, 19%, 12% and 12%, respectively, of the City's total investments.

At April 30, 2019, more than five percent of the City's investments were in the following U.S. agency discount note/securities: Federal Farm Credit Bank, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation and Federal National Mortgage Association. These investments were 14%, 31%, 15% and 17%, respectively, of the City's total investments.

In the City's opinion, the debt securities issued by these agencies do not have an explicit government guarantee, but rather an implied guarantee and, therefore, the City does not impose limits as to the concentration of any one agency. However, total agency securities in the portfolio are limited by the investment policy to 80% of the total portfolio value.

Investments - Trustee-Held

In the normal course of business, the City finances various projects by issuing debt in the form of municipal bonds. Cash raised by the issuance of such debt is placed with a trustee bank. All investment activity within such accounts is governed by the City's Investment Policy, except that excess cash is allowed by the bond indentures to be invested in overnight U.S. Government and U.S. Agency money market funds. The Fund's portion of trustee-held cash and investments at April 30, 2020 and 2019, was $891,444,110 and $67,078,776, respectively. These funds are bond proceeds held by trustee to finance a portion of the costs associated with the terminal modernization project at Kansas City International Airport.

Interest Rate Risk - Trustee-Held

Interest rate risk is the risk that the fair value of the City's trustee-held investments will decrease as a result of an increase in interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits the final maturity on any trustee-held security owned to a maximum of five years. In addition, covenants in the bond documents often limit the final maturity of such investments to shorter periods of time. As of April 30, 2020, the City had the following trustee-held investments and maturities (amounts are in thousands):

		Investment Maturities (in Years)				
Investment Type	**Fair Value**	**Less Than 1**	**1 - 2**	**2 - 3**	**3 - 5**	**Weighted Average**
Trustee-Held Investments:						
Money Market Accounts	$ 104,653	$ 104,653	$ -	$ -	$ -	0.00
Repurchase Transactions	667,008	667,008	-	-	-	0.01
U.S. Treasury Notes/Bonds	211,074	83,827	64,532	57,258	5,457	1.39
Total	$ 982,735	$ 855,488	$ 64,532	$ 57,258	$ 5,457	0.30

Credit Risk - Trustee-Held

Credit risk is the risk that the issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. While the City's trustee-held investments do not have a formal policy relating to credit risk, the City's Investment Policy requires that all trustee-held investments be in either: 1) Overnight money market funds (as described above); 2) U.S. Government securities; 3) U.S. Agency Securities; and 4) Repurchase Agreements, in either physical delivery or tri-party form.

Custodial Credit Risk - Trustee-Held

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its deposits, investments or collateral securities that are in the possession of an outside party (i.e., the Trustee bank). As of April 30, 2020, all trustee-held investment securities were in the City's name in the Trustee bank's safekeeping accounts at the Federal Reserve Bank, thereby mitigating custodial credit risk.

Summary

The following is a complete listing of cash and investments held by the Fund at April 30, 2020 and 2019:

	2020	2019
Deposits	$ 924,362,665	$ 75,266,779
Pooled investments	239,514,519	227,022,960
Real estate investments	-	14,389,942
Total	$ 1,163,877,184	$ 316,679,681

The deposits and investments of the Fund at April 30, 2020 and 2019 are reflected in the statements of net position as follows:

	2020	2019
Cash and cash equivalents	$ 17,547,249	$ 3,992,228
Current unrestricted investments	10,875,126	12,836,050
Restricted cash and cash equivalents	12,735,973	4,195,775
Cash with trustee	894,079,443	67,078,776
Current restricted investments	8,717,402	13,418,569
Non-current unrestricted investments	122,070,993	112,546,856
Non-current restricted investments	97,850,998	102,611,427
Total	$ 1,163,877,184	$ 316,679,681

3. Allowance for Doubtful Accounts

Changes in allowance for doubtful accounts for the years ended April 30, 2020 and 2019 are as follows:

	Beginning Balance	Bad Debt Expensed	Write-offs	Ending Balance
April 30, 2020	$ (856,667)	$ 46,177	$ 134,869	$ (675,631)
April 30, 2019	(1,979,572)	(38,294)	1,161,189	(856,677)

The balance in the allowance account reflects probable losses in the respective accounts receivable balances based on an analysis of individual customer accounts.

4. Prepaid Expenses

Changes in prepaid expense for the years ended April 30, 2020 and 2019 are as follows:

	Beginning Balance	Amount Prepaid	Amounts Expensed	Ending Balance
April 30, 2020	$ 964,480	$ 3,574,953	$ (3,471,942)	$ 1,067,492
April 30, 2019	1,018,302	1,498,680	(1,552,502)	964,480

Prepaid expense balances include prepaid insurance premiums less any monthly amortized expense for airport and law enforcement liability insurance, property insurance and prepaid deposits.

5. Capital Assets

Capital assets activity for the year ended April 30, 2020, is as follows:

	2020				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets not being depreciated					
Land	$ 36,319,171	$ -	$ -	$ -	$ 36,319,171
Construction in progress	72,917,823	256,965,784	(283,264)	(4,748,907)	324,851,436
Total	109,236,994	256,965,784	(283,264)	(4,748,907)	361,170,607
Other capital assets					
Buildings	715,199,665	1,497,537	(130,263,773)	(19,098)	586,414,331
Infrastructure	747,917,624	-	(15,844,548)	4,678,005	736,751,081
Equipment	120,137,862	3,374,795	(17,254,019)	90,000	106,348,638
Total	1,583,255,151	4,872,332	(163,362,340)	4,748,907	1,429,514,050
Less accumulated depreciation					
Buildings	432,366,893	22,179,747	(89,400,261)	-	365,146,379
Infrastructure	534,607,130	23,488,338	(12,520,278)	-	545,575,190
Equipment	106,711,645	4,240,615	(17,254,019)	-	93,698,241
Total	1,073,685,668	49,908,700	(119,174,558)	-	1,004,419,810
Other capital assets, net	509,569,483	(45,036,368)	(44,187,782)	4,748,907	425,094,240
Total capital assets	$ 618,806,477	$ 211,929,416	$ (44,471,046)	$ -	$ 786,264,847

Capital assets activity for the year ended April 30, 2019, is as follows:

	2019				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets not being depreciated					
Land	$ 36,319,171	$ -	$ -	$ -	$ 36,319,171
Construction in progress	63,846,599	83,040,821	(870,287)	(73,099,310)	72,917,823
Total	100,165,770	83,040,821	(870,287)	(73,099,310)	109,236,994
Other capital assets					
Buildings	699,190,095	131,436	-	15,878,134	715,199,665
Infrastructure	690,733,738	-	(37,290)	57,221,176	747,917,624
Equipment	113,891,828	7,224,861	(978,827)	-	120,137,862
Total	1,503,815,661	7,356,297	(1,016,117)	73,099,310	1,583,255,151
Less accumulated depreciation					
Buildings	409,338,908	23,027,985	-	-	432,366,893
Infrastructure	512,125,064	22,482,066	-	-	534,607,130
Equipment	103,237,223	4,453,250	(978,828)	-	106,711,645
Total	1,024,701,195	49,963,301	(978,828)	-	1,073,685,668
Other capital assets, net	479,114,466	(42,607,004)	(37,289)	73,099,310	509,569,483
Total capital assets	$ 579,280,236	$ 40,433,817	$ (907,576)	$ -	$ 618,806,477

6. Prepaid Bond Insurance Costs

Insurance costs and associated amortization of these costs at April 30, 2020 and 2019 are as follows:

	Balance at April 30, 2019	Additions/ Amortization	Defeased/ Refunded	Retired	Balance at April 30, 2020
Bond issue costs	$ -	$ 3,238,462	$ -	$ -	$ 3,238,462
Accumulated amortization	-	(80,487)	-	-	(80,487)
Net bond issue costs	$ -	$ 3,157,975	$ -	$ -	$ 3,157,975

	Balance at April 30, 2018	Additions/ Amortization	Defeased/ Refunded	Retired	Balance at April 30, 2019
Bond issue costs	$ 1,348,483	$ -	$ -	$ (1,348,483)	$ -
Accumulated amortization	(1,286,222)	(6,827)	(55,434)	1,348,483	-
Net bond issue costs	$ 62,261	$ (6,827)	$ (55,434)	$ -	$ -

7. Claims Liability

The Fund is exposed to various risks of loss related to torts; theft, damage and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Fund participates in the City's self-insurance programs for workers' compensation and excess liability for auto. The City has purchased insurance to limit the exposure of workers' compensation claims to $1,000,000 per occurrence for all claims occurring prior to fiscal year 1997, $500,000 for all claims originating in fiscal year 1997, $400,000 for all claims originating in fiscal year 1998, $2,000,000 for all claims originating in fiscal years 2003 through 2007, and $1,000,000 for all claims originating thereafter. The City's excess liability policy covers torts, which are not barred by sovereign immunity. The policy has a $2,600,000 retention and a $5,000,000 loss limit. Current sovereign tort immunity statutes and law limit general liability and automobile claims exposure to a maximum of $420,606 per person and $2,804,046 per occurrence. Settled claims have not exceeded the self-insurance retention in any of the past three fiscal years.

The Fund also maintains commercial insurance coverage for those areas not covered by the City's self-insurance programs, such as general liability, property, law enforcement and the Fund's portion of the City-wide auto policy. Settled claims have not exceeded commercial insurance coverage for the past three years.

All funds of the City participate in the program and make payments based on estimates of amounts needed to pay prior and current year claims. The claims liability for the Fund includes an estimate of claims incurred but not reported (IBNR), which was determined based upon historical claims experience.

Activity in the Fund's claims liability for the years ended April 30, 2020, 2019 and 2018 is summarized as follows:

	Beginning Balance	Change in Estimate/ Additions	Deductions	Ending Balance	Current Portion
April 30, 2020	$ 3,928,909	$ (956,744)	$ (833,494)	$ 2,138,671	$ 532,700
April 30, 2019	3,657,510	966,268	(694,869)	3,928,909	939,263
April 30, 2018	3,324,768	906,985	(574,243)	3,657,510	849,307

8. Retainages

It is the policy of the Fund to retain a percentage of construction contracts until a completed project has been accepted. A contractor may request to opt out or withdraw any part, or the whole, of the amount retained for construction contracts upon deposit with, or delivery to, the Fund. The total amount of retainages held by the Fund for the years ended April 30, 2020 and 2019 is $6,974,370 and $1,065,806 respectively.

9. Bonds Outstanding, Restricted Assets and Pledged Revenues

Bonds Outstanding

The following is a summary of bonds outstanding as of April 30, 2020 and 2019:

Series	Type	Coupon Range (%)	Original Issuance	Yield Range (%)	Final Maturity	Balance April 30, 2020	Balance April 30, 2019
2013A	PFC	5.00-5.25	83,060,000	4.00-5.25	September 2025	47,720,000	54,365,000
2013A	GARB	5.00-5.25	61,905,000	4.00-5.25	September 2027	40,550,000	44,560,000
2013B	GARB	5.00-5.00	52,145,000	4.00-5.25	September 2019	-	11,490,000
2019A	SpecOblig	5.00-5.00	98,460,000	4.00-5.25	March 2044	98,460,000	98,460,000
2019B	SpecOblig	5.00-5.00	824,765,000	5.00-5.00	March 2055	824,765,000	-
2019C	SpecOblig	5.00-5.00	61,520,000	5.00-5.00	March 2034	61,520,000	-
						1,073,015,000	208,875,000
			Add:				
			Premiums			172,484,342	20,159,303
			Less:				
			Current portion			(11,200,000)	(22,145,000)
			Non-current portion			$ 1,234,299,342	$ 206,889,303

The bonds currently outstanding were issued to either finance capital improvements or to refund previously outstanding bonds as noted below.

- <u>GARB Bond Series 2013A</u> - issued to refund outstanding GARB Bond Series 2003A, which was issued to finance a portion of the costs of extensive capital improvements to the existing terminal buildings at Kansas City International Airport.

- <u>GARB Bond Series 2013A, PFC portion</u> - issued to refund outstanding PFC Bond Series 2001, which was issued to finance a portion of the design and construction costs of terminal improvements at Kansas City International Airport.

- <u>GARB Bond Series 2013B</u> - issued to refund outstanding GARB Bond Series 2003B, which was issued to finance the costs of the acquisition, construction and equipping of a long-term satellite parking facility at Kansas City International Airport. These bonds were paid in full September 1, 2019.

- <u>Airport Special Obligation Bond Series 2019A</u> - senior appropriation obligation bonds issued through The Industrial Development Authority with proceeds held by trustee to finance a portion of the costs associated with the terminal modernization project at Kansas City International Airport.

- <u>Airport Special Obligation Bond Series 2019B</u> - senior appropriation obligation bonds issued through The Industrial Development Authority with proceeds held by trustee to finance a portion of the costs associated with the terminal modernization project at Kansas City International Airport.

- Airport Special Obligation Bond Series 2019C - senior appropriation obligation bonds issued through The Industrial Development Authority with proceeds held by trustee to finance a portion of the costs associated with the terminal modernization project at Kansas City International Airport.

Changes in bonds payable for the years ended April 30, 2020 and 2019 are as follows:

	Balance at April 30, 2019	Additions	Reductions	Balance at April 30, 2020
Bonds payable	$ 208,875,000	$ 886,285,000	$ (22,145,000)	$ 1,073,015,000
Less				
Unamortized bond discount	-	-	-	-
Add				
Unamortized bond premium	20,159,303	158,429,366	(6,104,327)	172,484,342
Total bonds payable	$ 229,034,303	$ 1,044,714,366	$ (28,249,327)	$ 1,245,499,342

	Balance at April 30, 2018	Additions	Reductions	Balance at April 30, 2019
Bonds payable	$ 147,050,000	$ 98,460,000	$ (36,635,000)	$ 208,875,000
Less				
Unamortized bond discount	(17,759)	-	17,759	-
Add				
Unamortized bond premium	9,791,916	12,510,361	(2,142,974)	20,159,303
Total bonds payable	$ 156,824,157	$ 110,970,361	$ (38,760,215)	$ 229,034,303

The debt service requirements as of April 30, 2020, are as follows:

Year Ending April 30,	Principal	Interest	Total Debt Payment Due
2021	$ 11,200,000	$ 53,470,500	$ 64,670,500
2022	11,775,000	52,896,125	64,671,125
2023	12,380,000	52,292,250	64,672,250
2024	13,015,000	51,657,375	64,672,375
2025	13,700,000	50,972,375	64,672,375
2026-2030	88,815,000	243,762,987	332,577,987
2031-2035	106,755,000	220,377,500	327,132,500
2036-2040	136,255,000	190,882,500	327,137,500
2041-2045	173,900,000	153,237,750	327,137,750
2046-2050	221,950,000	105,192,250	327,142,250
2051-2055	283,270,000	43,870,750	327,140,750
	$ 1,073,015,000	$ 1,218,612,362	$ 2,291,627,362

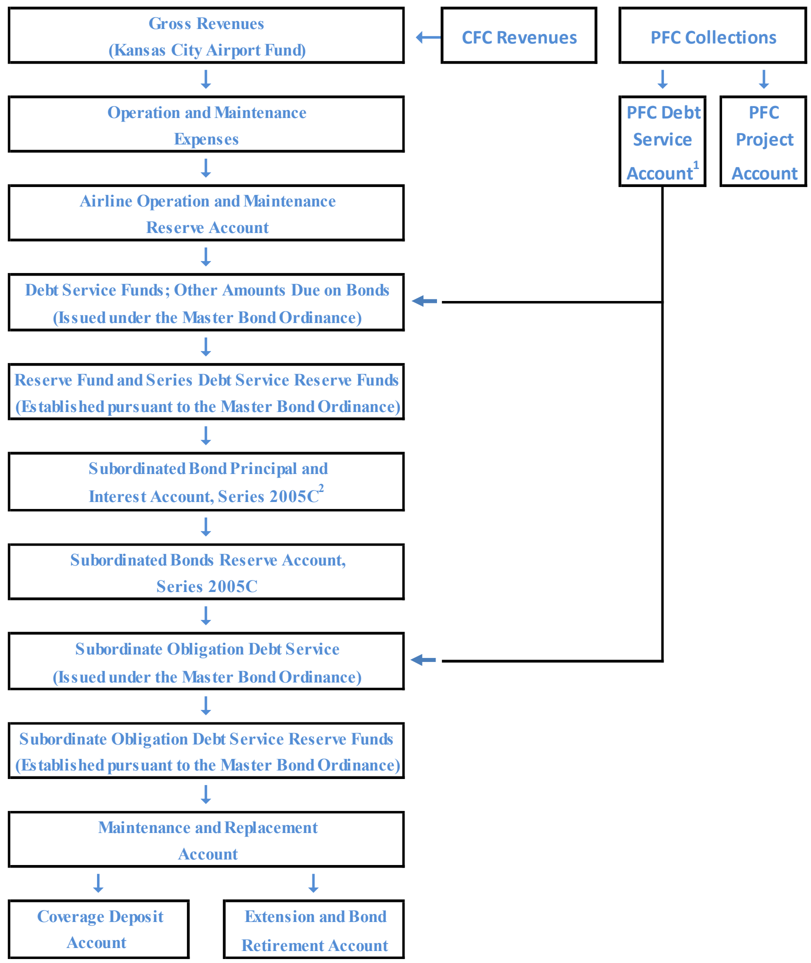
Restricted Assets

Restricted accounts and special reserves as required by bond ordinances are reported on the accompanying statements of net position as restricted net position with the following balances at April 30, 2020 and 2019:

Account	Restricted Assets	Restricted Net Position
Bond Reserve for Senior/Subordinate GARBs and Special Obligation	$ 34,673,121	$ 34,673,121
Airline Operations and Maintenance Reserve	12,983,000	12,983,000
Principal and Interest for Senior/Subordinate GARBs and Special Obligations	153,409,675	144,455,717
Drug Enforcement Agency	274,226	274,226
Construction Funds	8,117,956	8,117,956
Trustee Cash for Construction	732,531,080	-
Passenger Facility Charge	62,345,199	62,345,199
Customer Facility Charge	9,049,559	9,049,559
Other Restricted	1,330,104	787,086
Total at April 30, 2020	$ 1,014,713,920	$ 272,685,864
Total at April 30, 2019	$ 191,279,060	$ 122,561,082

Under the terms of various ordinances enacted at issuance of revenue bonds, the Fund must maintain adequate insurance coverage and adequate rates and fees sufficient to pay reasonable and proper operating and maintenance expenses and scheduled debt service requirements. The ordinances also establish priorities for the allocation of revenues. The following diagram presents a summary of the application of revenues to various funds and accounts as governed by the provisions of the Bond Ordinance.

FLOW OF FUNDS



[1]Only PFC revenues eligible to pay debt service pursuant to certain additional supplemental ordinances.
[2]The 2005C Bonds will have priority payment on any subordinated obligations issued under the Master Bond Ordinance as long as the 2005C Bonds remain outstanding.
[3]An amount not to exceed 25% of the annual debt service as defined by the rate reserve amount.

At April 30, 2020 and 2019, the Fund was in compliance with the provisions of the ordinances relating to the maintenance of restricted accounts, special reserves and coverage requirements. Resources received with restrictions are shown as restricted until the resources are used for the specified purpose.

Pledged Revenues

The $40,550,000 of outstanding Non-PFC Eligible General Airport Revenue Bonds (GARBs) and the interest thereon are payable solely from the net revenues derived from airport operations and have a first lien on these net revenues. The GARBs were issued to fund all or a portion of the costs of constructing and rehabilitating general airport facilities, including but not limited to terminal buildings, ramps, runways, taxiways and parking facilities. The 2020 and 2019 annual principal and interest payments on these bonds were 12.7% and 12.4% of the total revenues, respectively. The outstanding principal and interest requirements through maturity total $49,543,913, and it is anticipated the remaining annual debt service payments will be approximately 4.4% of annual revenues.

The $47,720,000 of outstanding PFC Eligible GARBs and the interest thereon are payable from the net revenues derived from airport operations and from PFC revenues. It is expected that the debt service payments on these bonds will be made from PFC revenues. The Series 2013A PFC Eligible GARBs refunded the Series 2001 PFC Bonds which were issued to fund a portion of the costs of constructing and rehabilitating the airport terminals. The 2020 and 2019 annual principal and interest payments on the PFC Eligible GARBs were 42.3% and 37.1% of the total PFC revenues, respectively. The outstanding principal and interest requirements through maturity total $55,450,450 and it is anticipated the remaining annual debt service payments will be approximately 42.3% of annual PFC revenue.

There is no balance outstanding on the CFC bonds at April 30, 2020. These bonds were defeased July 27, 2018 and the outstanding balance of $15,575,000 and applicable interest thereon were paid in full. The CFC 2005C bonds were issued to fund the costs of constructing a consolidated rental car facility.

Senior Appropriation Obligations

The $98,460,000 of outstanding Airport Special Obligation bonds, Series 2019A, issued by The Industrial Development Authority (Authority) of the City of Kansas City, Missouri for the benefit of the City and the interest thereon are senior appropriation obligations payable from annually appropriated funds. The 2019A Airport Special Obligation bonds, issued by the Authority with proceeds held by the Bond Trustee, were issued to finance a portion of the costs associated with the terminal modernization project. Interest payments through March 1, 2023 on this obligation will be payable from capitalized interest proceeds held by the Trustee. After March 1, 2023, these bonds and the interest thereon will be payable solely from the net revenues derived from airport operations on a parity with the Airport's GARBs in any fiscal year in which the City has appropriated the funds and satisfied the debt service coverage requirements for the payment. The annual principal and interest payments on the Airport Special Obligation bonds for 2019 were zero. The outstanding principal and interest requirements through maturity at April 30, 2020 total $182,930,000.

The $824,765,000 of outstanding Airport Special Obligation bonds, Series 2019B (AMT), issued by The Industrial Development Authority of the City of Kansas City, Missouri for the benefit of the City and the interest thereon are senior appropriation obligations payable from annually appropriated funds. The 2019B Airport Special Obligation bonds, issued by the Authority with proceeds held by the Bond Trustee, were issued to finance a portion of the costs associated with the terminal modernization project. Interest payments through March 1, 2023 on this obligation will be payable from capitalized interest proceeds held by the Trustee. After March 1, 2023, these bonds and the interest thereon will be payable solely from the net revenues derived from airport operations on a parity with the Airport's GARBs in any fiscal year in which the City has appropriated the funds and satisfied the debt service coverage requirements for the payment. The outstanding principal and interest requirements through maturity at April 30, 2020 total $1,909,099,000.

The $61,520,000 of outstanding Airport Special Obligation bonds, Series 2019C (Non-AMT), issued by The Industrial Development Authority of the City of Kansas City, Missouri for the benefit of the City and the interest thereon are senior appropriation obligations payable from annually appropriated funds. The 2019C Airport Special Obligation bonds, issued by the Authority with proceeds held by the Bond Trustee, were issued to finance a portion of the costs associated with the terminal modernization project. Interest payments through March 1, 2023 on this obligation will be payable from capitalized interest proceeds held by the Trustee. After March 1, 2023, these bonds and the interest thereon will be payable solely from the net revenues derived from airport operations on a parity with the Airport's GARBs in any fiscal year in which the City has appropriated the funds and satisfied the debt service coverage requirements for the payment. The outstanding principal and interest requirements through maturity at April 30, 2020 total $94,604,000.

10. Deferred Outflows and Inflows of Resources

A deferred outflow of resources is a consumption of net position by the Fund that is applicable to a future reporting period and a deferred inflow of resources is an acquisition of net position by the Fund that is applicable to a future reporting period. Both deferred inflows and outflows of resources are reported in the statement of net position, but are not recognized in the financial statements as revenues and expenses until the period to which they relate. Deferred outflows of resources of the Fund consist of deferred losses on refunding and the Fund's contributions made to the pension and OPEB plans subsequent to the measurement of the net liabilities. Deferred inflows of resources are comprised of deferred gains on refunding, the difference between the projected and actual earnings on pension and OPEB plan investments, and the change in the Fund's proportion of the pension and OPEB net liabilities. The composition of deferred outflows and inflows are as follows as of April 30:

	April 30, 2020	April 30, 2019
Net difference between projected and actual earnings on pension plan investments	$ 2,127,281	$ 977,857
Changes in assumptions - pension	981,119	2,034,972
Fund's contributions made subsequent to the measurement date of the net pension liability	3,104,953	3,075,444
Changes in assumptions - OPEB	319,353	8,191
Fund's contributions made subsequent to the measurement date of the net OPEB liability	417,807	431,911
Deferred loss on refunding of debt	1,018,007	1,186,192
Total deferred outflows	$ 7,968,520	$ 7,714,567
Net difference between projected and actual earnings on pension plan investments	$ 857,043	$ 534,382
Total deferred inflows	$ 857,043	$ 534,382

11. Legal Debt Margin

The Fund computes its legal debt margin for general obligation bonds ordinary indebtedness and additional indebtedness based on Sections 26(b) to (c) and 26(d) to (e), respectively, of the State Constitution of Missouri. The bonds issued for aviation purposes and subject to these financial statements are not subject to the legal debt margin of those State Constitution sections. Therefore, no legal debt margin computation is made for the bonds issued for aviation purposes.

Voting Authority for Issuance

On August 2, 1988, the City held an election at which the qualified voters of the City approved the City's issuance of up to $330,000,000 principal amount of airport revenue bonds to be payable solely from the revenues derived by the City from the operation of its airports, including all future improvements and extensions thereto, for the purpose of paying the cost of extending and improving the airports owned and operated by the City, including runways, terminal buildings and related facilities. On August 8, 2000, the voters approved an additional $395,000,000 of airport revenue bonds for improvements at the airports. As of April 30, 2015, the City has issued $330,000,000 of general airport revenue bonds payable from the 1988 authorization and $154,584,105 of the 2000 authorization. This exhausts the 1988 authorization and leaves $240,415,895 available from the 2000 authorization. The City intends to issue the balance of the authorization in future financing.

12. Passenger Facility Charges

In 1990, the United States Congress enacted the Aviation Safety and Capacity Expansion Act (ASCEA) of 1990, which allows public agencies controlling commercial service airports to charge eligible enplaning passengers at the airport a $1, $2 or $3 passenger facility charge, or PFC. In 2000, the U.S. Congress passed the Aviation Investment and Reform Act for the 21st Century (AIR-21), which allowed airports to levy a PFC of $4.00 or $4.50 per eligible enplaned passenger.

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

Since the ASCEA authorization, the Fund has submitted a total of eleven applications. As of August 8, 2006, approval was granted to increase the PFC collection rate from $3.00 to $4.50 per eligible enplaning passenger. On January 8, 2020, Application #12 was approved increasing collection authority to $537,867,352, which should run through December 2022.

13. Lease Agreements

Use and Lease Agreements

The Fund's current three-year Use and Lease Agreement (Agreement) with certain air carriers (signatory carriers) serving Kansas City International (KCI) was set to run through

April 30, 2020. However, the agreement was amended for 8 more years with language that turns the compensatory rate based agreement into a residual rate based agreement upon completion of the new terminal facility. Pursuant to the Agreement, signatory air carriers have agreed to a guaranteed minimum amount of rentals and fees based on expected levels of use of airport facilities. Further, the Agreement provides the determination for the landing fees and apron, terminal and passenger boarding bridge rents at KCI along with granting certain rights and privileges to air carriers, both passenger and cargo. The Agreement provides for an annual settlement, post fiscal year-end close, whereby the rates and charges are recalculated using audited financial statements to determine any airline over/under payment. For settlements completed in fiscal years ended April 30, 2020 and 2019, net amounts due (to) from the airlines were $2,141,629 and $1,808,504, respectively.

Operating Leases

Minimum future rentals scheduled to be received on operating leases that have initial or remaining non-cancellable terms in excess of one year for each of the next five years and thereafter at April 30, 2020 are as follows:

Fiscal Year(s)	Minimum Future Rentals
2021	$ 8,687,848
2022	7,428,454
2023	6,781,513
2024	6,701,752
2025	6,718,792
2026-2030	25,201,584
2031-2035	12,251,313
2036-2040	6,411,638
2041-2045	4,500,967
2046-2050	3,671,771
2051-2055	3,383,347
2056-2060	3,496,304
	$ 95,235,283

14. Employees' Retirement Plan

Plan Description

The board of Trustees of the Employees' Retirement System (Board) administers the Employees' Retirement System of the City, a contributory, single-employer defined benefit pension plan.

The Employees' Retirement System (Plan) was established in the code of ordinances under Part I, Chapter II, Article IX, Division 2, Section 2-1172 which states, "All full-time, permanent employees in the classified and unclassified services shall become members of the retirement system as a condition of employment, including, all full-time, permanent former MAST employees who became City employees as of April 25, 2010, and who did not become members of the Firefighters' Pension System. Former MAST employees have the option within 60 days of the passage of this ordinance to elect to become members of this plan in lieu of participation in the defined contribution plan set out in Division 10. Also included in membership are those who have retired in circumstances establishing eligibility for an annuity in this pension system and inactive members on leave of absence."

The Board shall consist of nine members, including the Director of Human Resources and Director of Finance, two shall be active employees and members of the retirement system, one retired member of the system and one member designated by Firefighters IAFF Local 42. The remaining four members are prominent Kansas City business or civic leaders appointed by the Mayor.

The Board is responsible for establishing or amending plan provisions. The Board issues publicly available financial reports that include financial statements and required supplementary information. The financial reports may be obtained by writing to:

The Employees' Retirement System
The Retirement Division
City Hall-10th Floor
414 East 12th Street
Kansas City, Missouri 64106
Phone 816.513.1928

The Employees' Retirement System's financial report can also be found at:
https://www.kcmo.gov/city-hall/departments/human-resources/retirement-information/retirement-reports

Retirement Benefits

Benefit terms for the Plan are established in the City administrative code and can only be amended by the City Council. The Plan provides retirement benefits as well as pre-retirement death benefits as noted below:

Tier I Members

The Plan provides retirement benefits, for those employees hired before April 20, 2014 (Tier I Members). Employees become vested for retirement benefits after five years of service. Members who retire with total age and creditable service equal to 80, or the later of age 60 and 10 years of creditable service, are entitled to an annual pension based on a percentage of final average compensation multiplied by years and months of creditable service. If married, at the time of retirement, the percentages are 2.0% for general employees and 2.2% for elected officials, and if unmarried, at the date of retirement, the percentage is 2.2% up to a maximum of 70% of final average compensation, as defined in the Plan. If the employee has at least 10 years of creditable service, the minimum benefit is $400 per month.

If members terminate prior to retirement and before rendering five years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to City contributions and are refunded their member contributions with interest. Such refunds result in the forfeiture of all other benefits under the Plan. Members terminating prior to retirement with five or more years of service may elect to receive refund of their member contributions with interest as a lump-sum distribution, or they may elect to receive a deferred pension. An automatic annual cost-of-living adjustment of 3%, non-compounded, is provided annually.

Tier II Members

The Plan provides retirement benefits, for those employees hired on or after April 20, 2014 (Tier II Members). Employees become vested for retirement benefits after 10 years of service. Members who retire with total age and creditable service equal to 85, or the later of age 62 and 10 years of creditable service are entitled to an annual pension of 1.75% of final average compensation multiplied by the number of years of creditable service, subject to a maximum limit of 70% of final average compensation, as defined in the Plan. If the employee has at least 10 years of creditable service, the minimum benefit is $400 per month.

If employees terminate prior to retirement and before rendering 10 years of service, they forfeit the right to receive the portion of their accumulated Plan benefits attributable to City contributions and are refunded their member contributions with interest. An annual cost-of-living adjustment, not to exceed 2.5%, non-compounded, per year is provided to pensioners age 62 and older if the prior year funding ratio is equal to or greater than 80% and will be equal to the percentage increase in the prior 12 months of the final national Consumer Price Index.

Death Benefits

If a retired member dies, the following benefits shall be paid:

To the member's spouse until death, a retirement benefit equal to one-half of the member's normal retirement benefit. To the member's designated beneficiary or estate, if there is no surviving spouse, any remaining member contributions and interest. If an active member dies, the member contributions and interest are distributed to the surviving spouse or, if none, to the designated beneficiary. The surviving spouse, however, may elect to receive monthly benefit payments instead of the lump-sum distribution if the member had five or more years of creditable service.

Contributions

Funding is provided by contributions from Plan members, the Fund and earnings on investments. Members contribute 5% of their base salary. The Fund's contribution is set by the City Council in conjunction with its approval of the annual budget, based on the actuarially determined contribution rate set by the Plan's consulting actuary. For the year beginning May 1, 2019, the Fund contributed 15.68% of payroll, which is the actuarially determined Board contribution rate for the prior year. Future City contributions will be determined through the City's budgeting process. The Plan's governing body has the authority to establish and amend the contribution requirements of the City and active employees. The governing body establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Fund is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the year ended April 30, 2020 and 2019, employees contributed $969,935 and $1,018,707, respectively, and the Fund contributed $2,965,522 and $2,898,040, respectively, to the Plan.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At April 30, 2020 and 2019, the Fund reported a liability of $25,877,522 and $23,479,883, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of April 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 30, 2018 rolled forward one year using standard actuarial techniques. The Fund's proportion of the net pension liability was based on the Fund's actual contributions to the pension plan for the year ended April 30, 2019. At April 30, 2020, the Fund's proportion was 11.39 percent, which was consistent with its proportion for the year ended April 30, 2019.

For the years ended April 30, 2020 and 2019, the Fund recognized pension expense of $5,736,862 and $5,157,980, respectively.

At April 30, 2020 and 2019, the Fund reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ 2,127,281	$ -	$ 977,857	$ -
Changes in assumptions	981,119	-	2,034,972	-
Differences between expected and actual experience	-	857,043	-	534,382
Fund's contributions made subsequent to the measurement date of the net pension liability	3,104,953	-	3,075,444	-
Total	$ 6,213,353	$ 857,043	$ 6,088,273	$ 534,382

At April 30, 2020 and 2019, the Fund reported $3,104,953 and $3,075,444, respectively, as deferred outflows of resources resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the next fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources at April 30, 2020, related to pensions will be recognized in pension expense as follows:

2020	$ 2,551,576
2021	(716,562)
2022	(26,349)
2023	442,692
2024	-
Thereafter	-
	$ 2,251,357

Actuarial Assumptions

The City's net pension liability as of April 30, 2020 was measured as of April 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 30, 2018 rolled forward one year using standard actuarial techniques.

The total pension liability in the April 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	3.00%
Salary increases	Ranges from 3.75% to 5.0%
Ad hoc cost of living adjustments	3.0%, simple for Tier I Members
	2.5% for Tier II Members
Investment rate of return	7.50%

Mortality rates were based on the RP-2000 Mortality Tables projected using a modified scale MP-2015 on a generational basis.

The actuarial assumptions used in the April 30, 2018 valuations were based on the results of an actuarial experience study for the period 2010 – 2015 and showed that there were sufficient margins in the rates to provide for potential future improvements in mortality.

The investment return assumption of 7.50% was selected based upon an analysis that included (a) capital market assumptions provided by the investment consultant, (b) the asset allocation of the fund and (c) investment return assumptions of other public retirement systems.

The inflation assumption of 3.0% was selected based upon an analysis that included (a) input from the investment consultant, (b) historical inflation as measured by Consumer Price Index and (c) implied inflation in long-term government bonds.

The long-term wage growth assumption of 5.0% was based upon the inflation assumption of 3.0% plus a real growth wage assumption of 2.0%, which was derived from an analysis of historical increases in Social Security Average earnings.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the future real rates of return by the target asset allocation percentage and by adding expected inflation. Best-estimates arithmetic real rates of return for each major asset class including the plan's target asset allocation as of April 30, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expect Real Rate of Return
Equities		
U.S. Equity	16.25%	5.30%
Emerging Manager of Managers	4.00%	5.30%
Non-U.S. Equity	15.25%	7.70%
Emerging Markets Equity	4.50%	9.25%
Global Equity	5.00%	6.35%
Fixed Income		
Core Fixed Income	20.00%	0.50%
Non-Core Fixed Income	12.00%	3.26%
Real Assets		
Real Estate	7.50%	3.75%
Infrastructure	2.50%	5.75%
Opportunistic	12.00%	4.99%
Cash	1.00%	-0.50%

Discount Rate

The discount rate used to measure the total pension liability was 7.50%, which is the assumed long-term expected rate of return in plan investments. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position will be greater than or equal to the benefit payments projected for each future period. Benefit payments are projected through 2118.

Sensitivity of the Fund's Net Pension Liability to Changes in the Discount Rate

The net pension liability of the City has been calculated using a discount rate of 7.50%. The following presents the net pension liability for the Fund using a discount rate 1% higher and 1% lower than the current rate.

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
2020			
Fund's net pension liability	$ 44,721,689	$ 25,877,552	$10,016,681

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Plan financial report located at http://kcmo.gov/humanresources/retirement-information.

Payable to the Pension Plan

At April 30, 2020 and 2019, the Fund reported a payable of $165,133 and $146,789, respectively, for the outstanding amount of contributions to the pension plan.

15. Postemployment Benefits Other than Pensions

Plan Description

The City sponsors a single-employer, defined benefit healthcare plan that provides healthcare benefits to retirees' and their dependents, including medical and pharmacy coverage.

The City requires the retirees to pay 100 percent of the same medical premium charged to active participants. The rates being paid by retirees for benefits are typically lower than those for individual health insurance policies. The difference between these amounts is the implicit rate subsidy, which is considered other employment benefits (OPEB) under GASB Statement 75. The City's OPEB plan does not issue a separate report.

Retirees and spouses have the same benefits as active employees. Retiree coverage terminates either when the retiree becomes covered under another employer health plan, or when the retiree reaches Medicare eligibility age, which is currently age 65. Spousal coverage is available until the retiree becomes covered under another employer health plan, attains Medicare eligibility age or dies.

Total OPEB Liability

The Fund's total OPEB liability of $7,888,128 and $7,278,061 as of April 30, 2020 and 2019, respectively, was measured as of April 30, 2019 and was determined by an actuarial valuation as of April 30, 2018.

Actuarial Methods and Assumptions

The total OPEB liability in the April 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

Salary Increases	Employees: Service based rates from 3.75% to 5.0%
Discount Rate	3.35% as of measurement date; 3.71% for prior year
Health Care Trend Rates	Initial rate of 7.20% declining to an ultimate rate of 4.25% after 15 years

The discount rate was based on the Fidelity 20-Year Municipal GO AA Index.

Mortality rates were based on the RP-2000 Combined Healthy Non-Annuitant Mortality Table for active members and for the employees. It is multiplied by 0.956 for males and 0.96 for females. The RP 2000 Combined Healthy Annuitant Mortality Table is used for healthy retirees and is set forward one year for firefighters and for employees is multiplied 1.078 for males and 1.065 for females. The RP 2000 Combined Disabled Mortality Table is applied to disabled retirees and employees and is multiplied by 1.3 for males and 1.5 for females. Future mortality improvements were modeled using a modified Scale MP-2015.

The actuarial assumptions used in the April 30, 2018 valuation were based on an experience analysis of the plan's past experience, the actuary's experience with plans of similar size, plan design, and retiree contribution level.

Change in the Total OPEB Liability

The Fund reported changes in the OPEB Liability from the following sources:

Total OPEB Liability	
Net OPEB obligation, beginning of year	$ 7,278,061
Changes for the year:	
Service cost	261,946
Interest	243,719
Changes in assumptions	357,721
Benefit payments, net of contributions	(253,319)
Net changes	610,067
Net OPEB obligation, end of year	$ 7,888,128

Sensitivity of the Fund's Total OPEB Liability to Changes in the Discount Rate

The following presents the Fund's total OPEB liability calculated using the discount rate of 3.35%, as well as what the liability would be using a discount rate that is one percentage point lower (2.35%) and one percentage point higher (4.35%) than the current rate.

	1% Decrease 2.35%	Discount Rate 3.35%	1% Increase 4.35%
Total OPEB Liability	$ 8,332,646	$ 7,888,128	$ 6,245,836

Sensitivity of the Fund's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the Fund's total OPEB liability calculated using the healthcare cost trend rate of 7.20%, as well as what the total OPEB liability would be using a discount rate that is one percentage point lower (6.20% decreasing to 3.25%) and one percentage point higher (8.20% decreasing to 5.25%) than the current rate.

	1% Decrease (6.20% decreasing to 3.25%)	Healthcare Rate (7.20% decreasing to 4.25%)	1% Increase (8.20% decreasing to 5.25%)
Total OPEB Liability	$ 6,406,036	$ 7,888,128	$ 8,167,838

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended April 30, 2020, the Fund recognized OPEB expense of $313,009 and for the year end April 30, 2019 the Fund recognized OPEB income of $179,989.

At April 30, 2020, the Fund reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	$ -	$ -
Changes in assumptions	319,353	-
Differences between expected and actual experience	-	-
Fund's contributions subsequent to measurement date	417,807	-
Total	$ 737,160	$ -

16. Net Position

Net investment in capital assets at April 30, 2020 and 2019 is as follows:

	2020	2019
Capital Assets		
Land	$ 36,319,171	$ 36,319,171
Construction in progress	324,851,436	72,917,823
Buildings	586,414,331	715,199,666
Infrastructure	736,751,081	747,917,623
Equipment	106,348,638	120,137,862
Total capital assets	1,790,684,657	1,692,492,145
Less accumulated depreciation	(1,004,419,810)	(1,073,685,668)
Capital assets, net	786,264,847	618,806,477
Bond issuance costs, net	3,157,975	-
Total capital related assets	789,422,822	618,806,477
Cash with trustee	732,531,080	67,078,775
Deferred loss on bond refunding	1,018,007	1,186,191
Less Related Liabilities		
Capital related liabilities	41,417,354	9,637,368
Current portion, bonds payable	11,200,000	22,145,000
Bonds payable, net of premium and discount	1,234,299,342	206,889,303
Total capital related liabilities	1,286,916,696	238,671,671
Net Investment in Capital Assets	$ 236,055,213	$ 448,399,772

Restricted net position at April 30, 2020 and 2019 is as follows:

	2020	2019
Restricted Assets		
Cash and cash equivalents	$ 12,735,973	$ 4,195,775
Investments	106,568,400	116,029,996
Accounts and interest receivable	34,825	3,149,688
Interest receivable	1,295,279	824,825
Trustee cash	894,079,443	67,078,776
	1,014,713,920	191,279,060
Less Liabilities Payable from Restricted Assets		
Other liabilities payable from restricted assets	543,019	294,883
Accrued interest and fiscal agent fees	8,953,957	1,344,319
Trustee cash for construction and debt service	732,531,080	67,078,776
	742,028,056	68,717,978
Restricted Net Position	$ 272,685,864	$ 122,561,082

17. Disclosures About Fair Value of Assets

The Fund categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of an asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The Fund has the following fair value measurements as of April 30, 2020 and 2019:

- The City holds federal agency securities, U.S. Treasury bills, and U.S. Treasury notes/bonds of approximately $1,436,851,000 and $1,326,283,000, respectively, in its pooled investment account which is valued using quoted prices for similar assets, quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets (Level 2 inputs).

- Real estate held for the production of income with a value of $14,389,942 at April 30, 2019, was valued using third party purchase offers (Level 3 input). This investment property was sold in fiscal year 2020.

18. Commitments and Contingencies

Commitments

At April 30, 2020, the City had made purchase commitments, primarily for construction projects, on behalf of the Fund of approximately $653.9 million. These commitments will be funded by recent bond issues.

Government Grants

The Fund is currently participating in numerous grants from various departments and agencies of the federal and state governments. The expenditures of grant proceeds must be for allowable and eligible purposes. Single audits and audits by the granting department or agency may result in requests for reimbursement of unused grant proceeds or disallowed expenditures. Upon notification of final approval by the granting department or agency, the grants are considered closed.

19. CID Sales Tax

The City has established the Kansas City International Airport Community Improvement District (CID), which encompasses the real property owned by the City, which constitutes Kansas City International Airport. The CID board of directors and the City entered into a Cooperative Agreement as of August 1, 2005, to provide certain services for the CID, and to authorize and collect a one-percent sales and use tax on eligible retail sales transactions occurring within the boundaries of the CID. The unused collections in the Special Facility Fund were transferred to the Fund and the agreement was amended so that subsequent to the defeasance of the Special Facility Revenue Bonds, these collections were deposited in the Fund to continue to be used along with other available resources to complete the rehabilitation projects at the overhaul base.

20. Settlement Receivable

During FY2014, a $2.5 million settlement agreement was reached between Jet Midwest and the Fund relating to the collection of past utility consumption rent for Building #1 and Building #2 at the KCI Overhaul Base. The agreement stipulates a payment plan which includes 3% compound interest over a 120-month period beginning January 1, 2014. The settlement balances have been recorded as part of the unrestricted current and non-current accounts receivable. The settlement receivable balances at April 30, 2020 and 2019 are as follows:

	2020	2019
Current portion	$ 231,912	$ 225,066
Non-current portion	653,502	885,413
Total settlement receivable	$ 885,414	$ 1,110,479

21. Future Terminal Development

In November of 2017, Kansas City, Missouri residents voted in favor of building a new single terminal at Kansas City International Airport. During fiscal year ended April 30, 2019, steps to finalize the construction and development of the new terminal, including obtaining financing, negotiating an updated Airline Use and Lease Agreement, and the negotiation of a final development agreement were completed. During fiscal year 2020, demolition of Terminal A and Terminal A Parking Garage were completed and construction is in process. Updates on the progress of the terminal modernization project can be found at the new website: **www.buildkci.com**.

22. COVID-19

The emergence of a highly contagious novel coronavirus, COVID-19, at the end of 2019 has caused the steepest traffic decline in aviation history and continues to present significant challenges to the world economy and airline industry compared with past public health crises and unexpected major negative events. In March 2020, the World Health Organization (WHO) declared COVID-19 a global pandemic, prompting governmental actions to slow the spread of the disease, including mandates for businesses to close and for people to remain at home. These mandates have contributed to a major contraction of the global economy and substantial job losses. This severe economic contraction, combined with continuing fears about contagion and the safety of air travel, have resulted in the destruction of demand for air travel, the grounding of a significant number of the world's airline fleets, and drastic cuts in air service.

The global economic disruption caused directly and indirectly by the COVID-19 pandemic dwarfs the effects of earlier public health scares and will have far-reaching implications for the global airline industry and airline travel likely extending for several years. Nationally, the Transportation Security Administration (TSA) has reported that the number of passengers screened at all U.S. airports decreased 51.7% in March 2020, 95.3% in April 2020, 90.4% in May 2020, 81.1% in June 2020, and 73.9% in July, relative to the same months in 2019. In comparison, Kansas City International Airport (KCI) has reported that the number of enplaning passengers at the Airport decreased 55% in March 2020, 95.5% in April 2020, 89.3% in May 2020, 78% in June 2020, and 71.1% in July relative to the same months in 2019. This sharp and deep decline in passenger activity is unprecedented. By contrast, the largest monthly decrease in the United States prior to COVID-19 (33.4%) occurred in September 2001 as a result of the terrorist attacks of September 11, 2001. For the nation as a whole, passenger traffic took three years to recover after 9/11 and seven years to recover after the 2008-2009 financial crisis.

While the COVID-19 pandemic is making a significant impact on revenues from (1) enplaned passengers, and (2) parking, rental cars, and terminal concession revenues, which are the largest passenger-related nonairline revenues for the Airport. Operating and maintenance expences have also declined. Airline revenues received by the Fund have not been affected to the same degree due to contractual requirements under the Airline Use and Lease Agreements, which provide for cost recovery terminal rental payments and full cost recovery of airfield costs.

In reaction to the pandemic and the resulting significant decline in passengers and passenger-related revenues, the Fund implemented a number of financial and operational measures, including:

- Reducing O&M expenses
- Deferring and reducing non-critical capital expenditures
- Increasing the cleaning of all touched public spaces, equipment, public restrooms, hold room seating in terminals and transportation buses
- Reducing frequencies of parking and rental car shuttles

- Requiring mask wearing for anyone entering an airport facility or using airport transportation

- Adding physical distancing reminder signs throughout all facilities

- Formulating a preliminary plan to apply CARES grants

- Providing temporary financial relief to tenants, including deferring airline terminal rentals and landing fees for the months of April 2020 and May 2020, until June 2020, contractually abating rental car Minimum Annual Guarantees (MAGs) that will resume once monthly enplanements reach at least 80% of the same month the previous year, and deferring terminal concessionaire MAGs until October 31, 2020

- Revising its plan of finance for the Terminal Modernization Project

- Formulating plans to refund the 2013A Bonds as part of the current financing

Uncertainty levels regarding the recovery of traffic to its pre-pandemic levels are extremely high and dependent upon numerous variables, including among other things, when and if the United States can achieve some degree of control of the virus, the potential for breakthroughs in COVID-19 treatments, the likelihood and timing of successful vaccines that can be deployed on a large scale basis and the willingness for people to get inoculated, the near-term and long-term damage to the economy brought about from the pandemic, the potential for the U.S. Congress to pass another economic stimulus package, the resilience of the U.S. airline industry, duration of lockdowns and travel restrictions, and potential for a structural shift in industry and consumers' behaviors. Because of these uncertainties, the Department cannot estimate the duration or negative effect that the pandemic will have on passenger traffic, airport operations and financial performance.

23. Subsequent Events

Subsequent events have been evaluated through October 6, 2020, the date these financial statements were available to be issued. The City Council authorized a bond issuance by the Kansas City Industrial Development Authority (KCIDA), Resolution and Ordinance Nos. 200706 and 200703, to appropriate and fund $628.7 million of Series 2020 Special Obligation Bonds. These bonds are expected to be issued in fiscal year 2021 and it is anticipated this will be the last phase of bonds that will be issued to fund the Airport Terminal Modernization project.

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Required Supplementary Information

City of Kansas City, Missouri Department of Aviation

Schedule of the Fund's Proportionate Share of the Net Pension Liability
Employees' Retirement System of the City of Kansas City, Missouri

	2020	2019	2018	2017
The Fund's proportion of the net pension liability	11.39%	11.81%	11.47%	11.47%
The Fund's proportionate share of the net pension lability	$ 25,877,522	$ 23,479,883	$ 25,405,080	$ 28,090,030
The Fund's covered payroll	19,825,288	19,247,925	18,839,251	19,138,050
The Fund's proportionate share of the net pension liability as a percentage of its covered payroll	132.31%	118.43%	134.85%	146.78%
Plan fiduciary net position as a percentage of the total pension liability	83.75%	84.80%	83.10%	80.69%

Note to Schedule: This schedule is intended to show a ten-year trend. Additional years will be reported as they become available.

This information is presented as of the measurement date for each fiscal year, which is April 30 of the prior year.

City of Kansas City, Missouri Department of Aviation

Schedule of the Fund Contributions

Employees' Retirement System of the City of Kansas City, Missouri

	2020	2019	2018	2017
Contractually required contribution	$2,943,971	$2,881,547	$2,797,629	$2,642,965
Contributions in relation to the contractually required contribution	2,965,522	2,898,040	2,868,137	2,717,634
Contribution deficiency (excess)	(21,550)	(16,493)	(70,508)	(74,669)
Fund's covered payroll	19,558,388	19,825,288	19,247,925	18,839,251
Contributions as a percentage of covered payroll	15.16%	14.62%	14.90%	14.43%

Note to Schedule: This schedule is intended to show a ten-year trend. Additional years will be reported as they become available.

There were no significant changes to benefit assumptions or actuarial methods. This information is presented for the Fund's fiscal year.

City of Kansas City, Missouri Department of Aviation

Schedule of Changes in Total OPEB Liability and Related Ratios

April 30, 2020 and 2019

	2020	2019
Airport Fund		
Proportion of the collective total OPEB liability	6.22%	6.41%
Proportionate share of the collective total OPEB liability	$ 7,888,128	$ 7,278,061
Covered employee-payroll	15,633,956	15,570,313
Proportionate share of the total OPEB liability as a percentage of covered-employee payroll	50.46%	43.46%

Note to Schedule: Valuation and determination of the actuarial status was not made for individual funds. The above information is for the entire City of Kansas City, Missouri OPEB plan.

TERMINAL A COMING DOWN!

Massive portions of Terminal A were crushed and ground on site into mountains of movable and reusable gravel. The smaller pieces of the former building are being used around the airport property on new roadway projects and as fill on the new terminal site. (Photo courtesy of BuildKCI.com website)

Workers cut approximately 2,700 tons of rebar and steel beams into small pieces for transport to recycling facilities. (Photo courtesy of BuildKCI.com website)

B. Statistical Section

Financial Trend Information

These schedules contain trend information to show how the Department's financial performance has changed over time.

Schedule of Historical Net Position and Cash Flows Information
Schedule of Historical Revenues and Expenses
Schedule of Statements of Cash Flows
Schedule of Unrestricted and Restricted Cash and Investments

Revenue Capacity Information

These schedules contain information to assess the Department's most significant revenue sources.

Schedule of Revenues, Expenses and Changes in Net Position by Facility
Schedule of Grants
Schedule of Highest Paying Customers
Schedule of Most Popular Destinations
Schedule of Non-Stop Destinations
Schedule of Passenger and Cargo Airlines
Schedule of Airline Service

Debt Capacity Information

These schedules present information regarding the Department's current levels of outstanding debt and its ability to issue additional debt in the future. The tables represent continuing disclosure schedules required by bond ordinances.

Schedule of Ratios of Outstanding Debt, Debt Service and Debt Limits
Schedule of Historical GARB Debt Service Coverage
Schedule of Annual Passenger Enplanements
Schedule of Historical Airline Cost Per Enplaned Passenger
Schedule of Monthly Enplanements
Schedule of Changes in Monthly Enplanements
Schedule of Airlines Market Share
Schedule of MCI Aircraft Operations
Schedule of Enplaned Cargo
Schedule of Commercial Aircraft Landed Weight by Airline
Schedule of Commercial Aircraft Landings
Schedule of Annual Parking Revenue by Facility
Schedule of Total Airport System Revenue and Expenses
Schedule of Historical Operating and Maintenance Expenses
Schedule of Historical Revenues

Demographic and Economic Information

These schedules offer demographic and economic indicators to help understand the environment within which the Department's financial activities take place.

Schedule of Population
Schedule of Principal Employers

Operating Information

These schedules contain service and infrastructure information to help understand how the information in the Department's financial report relates to the services the Department provides and the activities performed.

Schedule of Rates and Charges
Schedule of Parking Rates
Schedule of Facility Information
Schedule of Operating Expenditures by Division
Schedule of Full-Time and Equivalent Employees by Division
Schedule of Assets Capitalized
Schedule of Construction in Progress

City of Kansas City, Missouri Department of Aviation

Financial Trend Information

Schedule of Historical Net Position and Cash Flows Information

For the Last Ten Fiscal Years

	FYE 2011	FYE 2012	FYE 2013	FYE 2014
Statement of Net Assets				
Current Assets-Unrestricted [2]	$ 21,943,636	$ 25,166,751	$ 26,307,987	$ 18,277,845
Current Assets-Restricted [2]	19,567,499	24,084,677	23,997,110	19,880,170
Non-Current Investments [2]	140,633,034	132,973,596	134,112,029	141,846,799
Non-Current Accounts Receivable	-	-	-	486,560
Non-Current Capital Assets	1,320,087,974	1,363,252,670	1,382,886,003	1,407,161,785
Non-Current Construction in Progress	8,108,811	9,296,498	19,127,684	23,786,292
Non-Current Accumulated Depreciation	(669,261,115)	(723,150,417)	(777,052,802)	(828,703,047)
Non-Current Bond Issue Costs [1]	2,618,958	2,286,550	1,214,022	171,494
Non-Current Due From Other Funds	8,429,661	6,148,331	4,812,747	4,812,747
Deferred Outflows of Resources [1]	-	-	338,987	2,027,115
Total Assets and Deferred Outflows of Resources	$ 852,128,458	$ 840,058,656	$ 815,743,767	$ 789,747,760
Current Liabilities	$ 11,753,230	$ 12,675,854	$ 12,307,945	$ 11,838,822
Current Liabilities from Restricted Assets	22,529,732	22,523,122	27,718,891	16,700,804
Non-Current Liabilities [2,3]	305,087,711	285,576,331	262,513,857	249,373,899
Total Liabilities	339,370,673	320,775,307	302,540,693	277,913,525
Deferred Inflows of Resources [1]	-	-	-	604,171
Contributed Capital	-	-	-	-
Retained Earnings	-	-	-	-
Invested in Capital Assets, net of related debt	346,051,435	355,499,297	351,099,330	354,363,198
Restricted Net Position	100,868,064	96,775,688	88,903,332	94,379,948
Unrestricted Net Position	65,838,286	67,008,364	73,200,412	62,486,918
Total Net Position	512,757,785	519,283,349	513,203,074	511,230,064
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 852,128,458	$ 840,058,656	$ 815,743,767	$ 789,747,760
Cash Flow Information				
Operating Profit before Depreciation/Amortization	$ 22,095,653	$ 29,218,370	$ 29,201,656	$ 29,938,021
Depreciation and Amortization	53,751,109	55,625,622	54,524,261	52,553,273
Total Operating Profit (Loss)	$ (31,655,456)	$ (26,407,252)	$ (25,322,605)	$ (22,615,252)
Capital Contributions	$ 14,561,083	$ 17,281,424	$ 12,178,668	$ 7,330,949
Capital Acquisitions	32,167,588	44,739,369	32,004,450	28,462,077

[1] With the adoption of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* , some costs associated with the issuance of bonds are now required to be expensed; deferred loss on refunding is recognized as a deferred outflow of resources; and deferred gain on refunding is recognized as a deferred inflow of resources. FYE2013 has bewen reformatted to conform to these new requirements.

[2] The Fund adopted GASB 68, *Accounting and Financial Reporting for Pensions--An Amendment of GASB Statement No. 27* , and GASB 72, *Fair Value Measurement and Application* , in FY2013. Previous years have not been restated.

[3] The Fund adopted GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* , in FY2019. Previous years have not been restated.

City of Kansas City, Missouri Department of Aviation

Financial Trend Information

Schedule of Historical Net Position and Cash Flows Information

For the Last Ten Fiscal Years

FYE 2015	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020
$ 18,267,632	$ 29,023,582	$ 28,800,521	$ 28,349,161	$ 27,799,622	$ 40,724,142
16,522,943	25,531,800	22,844,345	22,036,899	88,667,632	916,862,923
187,545,319	200,494,487	227,279,760	217,439,104	215,158,283	219,921,990
436,648	385,219	620,113	500,472	221,353	163,375
1,437,655,344	1,458,925,154	1,502,828,353	1,540,134,832	1,619,574,322	1,465,833,222
16,235,066	12,629,465	20,714,292	63,846,599	72,917,823	324,851,437
(881,485,890)	(926,391,546)	(973,482,588)	(1,024,701,195)	(1,073,685,668)	(1,004,419,811)
144,185	116,877	89,569	62,261	-	3,157,975
4,451,714	3,012,100	-	-	-	-
1,858,931	4,508,873	17,352,898	11,550,469	7,714,567	7,968,520
$ 801,631,892	$ 808,236,011	$ 847,047,263	$ 859,218,602	$ 958,367,933	$ 1,975,063,773
$ 15,881,176	$ 12,441,482	$ 22,357,044	$ 20,318,840	$ 14,330,422	$ 14,272,852
25,079,800	26,234,906	27,491,190	36,072,673	32,435,552	60,589,017
225,562,397	207,675,696	196,752,239	166,181,419	242,676,096	1,272,064,543
266,523,373	246,352,084	246,600,473	222,572,932	289,442,070	1,346,926,412
464,747	1,833,024	743,376	515,861	534,382	857,043
-	-	-	-	-	-
-	-	-	-	-	-
339,154,572	335,501,347	365,100,575	414,921,063	448,399,772	236,055,214
123,181,835	122,638,384	138,076,842	129,865,118	122,561,082	272,685,864
72,307,365	101,911,172	96,525,997	91,343,628	97,430,628	118,539,240
534,643,772	560,050,903	599,703,414	636,129,809	668,391,483	627,280,318
$ 801,631,892	$ 808,236,011	$ 847,047,263	$ 859,218,602	$ 958,367,935	$ 1,975,063,773
$ 41,729,407	$ 44,503,747	$ 46,081,144	$ 45,719,838	$ 41,307,907	$ 35,343,192
53,134,575	52,271,374	51,383,714	51,940,082	49,970,128	50,321,286
$ (11,405,168)	$ (7,767,627)	$ (5,302,570)	$ (6,220,244)	$ (8,662,221)	$ (14,978,094)
$ 11,606,817	$ 14,388,635	$ 19,211,595	$ 17,135,428	$ 15,314,958	$ 15,156,881
17,811,479	36,006,124	49,350,820	65,915,480	80,455,251	218,314,297

City of Kansas City, Missouri Department of Aviation

Financial Trend Information

Schedule of Historical Revenues and Expenses

For the Last Ten Fiscal Years

	FYE 2011	FYE 2012	FYE 2013	FYE 2014
Operating Revenue				
Terminal and Aprons	$ 11,887,437	$ 12,964,525	$ 11,121,889	$ 11,027,530
Airfield	14,448,246	16,380,975	15,812,257	15,555,215
Parking	43,366,827	46,167,682	47,375,785	48,086,831
Rental Car	9,749,133	10,104,810	9,889,393	10,400,445
Concessions	3,084,094	3,434,142	3,509,905	3,845,650
Property Rentals	12,983,509	11,815,552	12,084,779	14,511,308
Other	1,288,481	1,305,082	1,412,008	1,439,477
Total Operating Revenue	96,807,727	102,172,768	101,206,016	104,866,456
Non-Operating Revenue				
Earnings on Cash and Investments	3,132,695	3,173,787	1,542,208	384,123
Passenger Facility Charge	20,454,358	20,887,024	19,468,915	19,338,417
Customer Facility Charge	5,674,925	6,036,072	6,070,968	6,190,905
Transportation Facility Charge	4,011,223	4,748,178	4,771,188	4,871,428
Operating/Federal Grant	264,630	154,660	627,742	258,543
Other Income	351,300	899,006	1,338,414	914,291
Total Non-Operating Revenue	33,889,131	35,898,727	33,819,435	31,957,707
Capital Contributions	16,647,390	17,074,691	10,032,725	7,402,601
Transfer From Special Facility Fund	19,341,408	-	-	-
Total Revenue	166,685,656	155,146,186	145,058,176	144,226,764
Operating Expenses				
Salaries, Wages and Employee Benefits	29,265,231	29,543,646	29,366,163	30,652,545
Contractual Services	41,001,415	39,130,276	38,045,794	39,330,829
Commodities	4,445,428	4,280,476	4,592,404	4,945,061
Other	-	-	-	-
Total Operating Expenses	74,712,074	72,954,398	72,004,361	74,928,435
Non-Cash Expenses				
Depreciation	53,418,701	55,293,214	54,397,159	52,502,811
Amortization	332,408	332,408	127,101	50,462
Total Non-Cash Expenses	53,751,109	55,625,622	54,524,260	52,553,273
Non-Operating Expenses				
Interest Expense	14,777,031	14,090,771	13,335,509	10,049,772
Interest Expense Funded by Bond Proceeds	-	-	-	-
Other Expense	4,265,050	5,949,831	10,328,895	8,668,294
Total Non-Operating Expenses	19,042,081	20,040,602	23,664,404	18,718,066
Total Expenses	147,505,264	148,620,622	150,193,025	146,199,774
Change in Net Position Before Special Items	19,180,392	6,525,564	(5,134,849)	(1,973,010)
Special Items	-	-	-	-
Change in Net Position	$ 19,180,392	$ 6,525,564	$ (5,134,849)	$ (1,973,010)

[1] With the adoption of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, some costs associated with the issuance of bonds are now required to be expensed; deferred loss on refunding is recognized as a deferred outflow of resources; and deferred gain on refunding is recognized as a deferred inflow of resources. FYE2013 has bewen reformatted to conform to these new requirements.

[2] The Fund adopted GASB 68, *Accounting and Financial Reporting for Pensions--An Amendment of GASB Statement No. 27*, and GASB 72, *Fair Value Measurement and Application,* in FY2013. Previous years have not been restated.

[3] The Fund adopted GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in FY2019. Previous years have not been restated.

[4] The Fund adopted GASB 89, *Accounting for Interest Costs Incurred Before the End of Construction Period,* in FY2019, which eliminated the requirement to capitalize interest costs.

City of Kansas City, Missouri Department of Aviation

Financial Trend Information

Schedule of Historical Revenues and Expenses

For the Last Ten Fiscal Years

FYE 2015	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020
$ 18,316,372	$ 18,222,720	$ 18,337,878	$ 19,255,527	$ 20,441,775	$ 19,262,301
19,756,885	19,019,782	21,092,117	21,789,119	19,285,154	20,855,754
49,938,478	52,578,719	55,425,436	55,630,039	57,132,558	49,730,965
11,315,762	11,464,301	11,022,127	11,697,520	11,939,351	10,811,914
4,018,871	4,304,860	4,485,030	4,687,281	5,046,794	4,983,039
14,940,107	14,553,590	14,241,144	13,048,179	13,351,915	12,837,032
1,867,173	1,589,224	1,819,298	2,168,112	2,400,449	2,311,950
120,153,648	121,733,196	126,423,030	128,275,777	129,597,996	120,792,955
2,248,184	1,601,590	1,355,001	646,802	4,794,371	24,344,236
20,191,101	20,698,155	21,672,476	22,178,778	22,733,307	18,097,525
6,704,444	7,012,830	7,008,786	7,059,252	7,068,579	4,397,820
5,274,163	5,516,760	5,513,578	5,546,800	5,545,840	5,443,930
306,075	211,599	222,402	220,963	245,398	213,980
5,277,607	657,052	1,191,130	1,072,057	1,859,255	1,116,322
40,001,574	35,697,986	36,963,373	36,724,652	42,246,750	53,613,813
11,832,670	14,055,447	21,260,964	18,835,213	12,010,820	14,709,374
-	-	-	-	-	-
171,987,892	171,486,629	184,647,367	183,835,642	183,855,566	189,116,142
30,253,844	29,511,627	33,534,185	35,043,425	34,554,096	35,659,843
43,022,772	43,138,679	42,005,276	41,953,823	47,716,020	44,540,264
5,147,628	4,579,143	4,802,425	5,558,691	6,019,973	5,249,658
-	-	-	-	-	-
78,424,244	77,229,449	80,341,886	82,555,939	88,290,089	85,449,765
53,107,267	52,244,066	51,356,406	51,912,774	49,963,301	49,908,700
27,308	27,308	27,308	27,308	6,827	80,487
53,134,575	52,271,374	51,383,714	51,940,082	49,970,128	49,989,187
8,731,546	7,703,878	6,538,200	4,833,536	4,315,993	3,658,600
-	-	-	-	365,727	37,657,604
8,283,822	5,461,338	6,731,056	8,079,690	6,796,704	8,654,971
17,015,368	13,165,216	13,269,256	12,913,226	11,478,424	49,971,175
148,574,187	142,666,039	144,994,856	147,409,247	149,738,641	185,410,127
23,413,706	28,820,590	39,652,511	36,426,395	34,116,925	3,706,015
-	-	-	-	-	44,817,180
$ 23,413,705	$ 28,820,590	$ 39,652,511	$ 36,426,395	$ 34,116,925	$ (41,111,165)

City of Kansas City, Missouri Department of Aviation

Financial Trend Information

Schedule of Statements of Cash Flows

For the Last Ten Fiscal Years

	FYE 2011	FYE 2012	FYE 2013	FYE 2014
Cash Flows from Operating Activities				
Cash received from providing services	$ 97,121,854	$ 104,855,801	$ 100,971,172	$ 101,510,677
Cash paid to employees, including benefits	(27,868,107)	(27,789,096)	(28,739,693)	(29,943,943)
Cash paid to suppliers	(46,394,407)	(43,204,180)	(41,532,637)	(44,338,062)
Cash paid for interfund services	-	-	-	-
Cash provided by Operating Activities	22,859,340	33,862,525	30,698,842	27,228,672
Cash Flows from Non-Capital Financing Activities				
Proceeds from operating grants	264,630	154,660	627,741	258,543
Payments of interfund receivable	-	1,890,042	-	-
Due other government	(10,200,000)	-	2,500,000	1,335,584
Transfer from Special Facility Fund	12,161,337	-	-	-
Transportation facility charges	4,011,223	4,748,178	4,771,188	4,871,428
Payment of transportation facility charges to third party	(4,011,223)	(4,748,178)	(4,771,188)	(4,871,428)
Refund unused tax proceeds to MDFB	-	-	-	-
Cash provided by (used in) Non-Capital Financing Activities	2,225,967	2,044,702	3,127,741	1,594,127
Cash Flows from Capital and Related Financing Activities				
Purchase of capital assets	(4,820,710)	(1,440,130)	(4,672,869)	(5,304,668)
Construction of capital assets	(27,346,878)	(42,806,960)	(27,331,581)	(23,157,409)
Construction contract retainage	1,174,719	(492,279)	-	-
Payments on matured coupons	-	(10,246)	-	-
Proceeds from capital debt received	-	-	-	216,882,288
Bond issue costs paid	-	-	-	-
Capital debt refunded	-	-	-	(210,370,000)
Principal paid on capital debt	(18,645,000)	(19,555,000)	(20,245,000)	(3,910,000)
Interest paid on capital debt	(15,965,087)	(15,010,163)	(14,049,252)	(12,705,250)
Fiscal agent fees	-	-	-	-
Defeasance of bond principal	-	-	-	(26,625,000)
Spec oblig exp for defeasance of bonds	-	-	-	(832,227)
Contribution to related party for construction of capital assets	-	-	(2,849,029)	-
Community improvement district collections	-	412,300	418,500	438,800
Passenger facility charges	20,454,358	20,887,024	19,468,916	19,338,417
Customer facility charges	5,674,925	6,036,072	6,070,968	6,190,905
Proceeds from sales of capital assets	112,385	89,187	23,547	14,125
Capital grants	14,561,083	17,281,424	12,178,668	7,330,949
Cash provided by (used in) Capital and Related Financial Activities	(24,800,205)	(34,608,771)	(30,987,132)	(32,709,070)
Cash Flows from Investing Activities				
Purchase of investments	(135,113,041)	(110,418,540)	(102,447,465)	(100,582,963)
Proceeds from sales and maturities of investments	130,745,094	106,839,942	99,949,106	100,281,367
Proceeds from sale of investment property	-	-	-	-
Gain/Loss on disposal of investment property	-	-	-	-
Interest received	3,159,895	3,693,886	783,064	1,624,614
Loan to general fund	-	-	-	-
Cash provided by Investing Activities	(1,208,052)	115,288	(1,715,295)	1,323,018
Net increase (decrease) in Cash and Cash Equivalents	(922,950)	1,413,744	1,124,156	(2,563,253)
Cash and Cash Equivalents at Beginning of Year	9,128,200	8,205,250	9,618,994	10,743,150
Cash and Cash Equivalents at End of Year	$ 8,205,250	$ 9,618,994	$ 10,743,150	$ 8,179,897
Reconciliation to Statements of Net Position				
Cash and Cash Equivalents				
Unrestricted	$ 3,462,960	$ 4,345,014	$ 5,437,591	$ 3,049,052
Restricted	4,742,290	5,273,980	5,305,559	3,776,465
Cash and Cash Equivalents at End of Year	$ 8,205,250	$ 9,618,994	$ 10,743,150	$ 6,825,517

City of Kansas City, Missouri Department of Aviation

Financial Trend Information

Schedule of Statements of Cash Flows

For the Last Ten Fiscal Years

FYE 2015	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020
$ 118,202,580	$ 121,261,554	$ 124,768,975	$ 124,922,924	$ 129,774,574	$ 122,736,161
(30,238,032)	(30,282,374)	(31,581,793)	(31,874,863)	(32,267,842)	(32,375,349)
(39,602,400)	(44,128,969)	(35,138,121)	(48,063,938)	(58,250,455)	(53,605,455)
(8,865,573)	(7,821,744)	(7,884,135)	(8,279,213)	(8,229,676)	(8,490,050)
39,496,575	39,028,467	50,164,926	36,704,910	31,026,601	28,265,307
306,075	211,599	222,402	220,963	245,398	213,981
-	364,501	1,454,053	3,042,055	-	-
-	-	-	-	-	-
-	-	-	-	-	-
5,274,163	5,516,760	5,513,578	5,546,800	5,545,840	5,443,930
(5,274,163)	(5,516,760)	(5,513,578)	(5,546,800)	(5,545,840)	(5,443,930)
-	-	-	-	(1,491,915)	-
306,075	576,100	1,676,455	3,263,018	(1,246,517)	213,981
(1,313,036)	(4,370,852)	(5,268,050)	(4,049,626)	(7,319,009)	(3,464,795)
(16,498,443)	(31,635,272)	(44,082,770)	(61,865,854)	(73,136,242)	(219,849,502)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	110,970,361	1,044,714,365
-	-	-	-	-	(8,123,144)
-	-	-	-	-	-
(12,405,000)	(22,435,000)	(23,530,000)	(24,740,000)	(21,060,000)	(22,145,000)
(11,198,710)	(10,416,659)	(9,314,784)	(8,105,096)	(6,536,225)	(39,642,190)
(1,570)	(993)	(668)	(318)	(829,085)	(519)
-	-	-	-	(15,575,000)	-
-	-	-	-	-	-
-	-	-	-	-	-
523,199	508,895	630,748	719,190	1,074,288	1,010,740
20,191,101	20,698,155	21,672,476	23,081,114	22,696,988	18,097,525
6,704,444	7,012,830	7,008,786	7,059,252	7,068,579	4,397,820
111,971	25,004	107,230	80,430	30,100	7,650
11,606,817	14,388,635	19,211,595	17,135,428	15,314,958	15,156,881
(2,279,227)	(26,225,257)	(33,565,437)	(50,685,480)	32,699,713	790,159,831
(122,856,447)	(149,531,385)	(185,072,615)	(98,666,369)	(200,421,123)	(205,122,115)
87,603,145	126,537,907	173,137,081	101,870,171	199,500,900	192,630,556
-	-	-	-	-	14,389,941
-	-	-	-	-	(629,395)
1,683,214	1,824,113	2,116,187	2,888,332	6,887,229	24,187,781
-	-	-	-	-	-
(33,570,088)	(21,169,365)	(9,819,347)	6,092,134	5,967,006	25,456,768
3,953,335	(7,790,055)	8,456,597	(4,625,418)	68,446,803	844,095,887
6,825,517	10,778,852	2,988,797	11,445,394	6,819,976	75,266,779
$ 10,778,852	$ 2,988,797	$ 11,445,394	$ 6,819,976	$ 75,266,779	$ 919,362,666
$ 4,545,335	$ 1,384,056	$ 4,907,489	$ 2,655,609	$ 3,992,228	$ 17,547,250
6,233,517	1,604,741	6,537,905	4,164,367	71,274,551	906,815,416
$ 10,778,852	$ 2,988,797	$ 11,445,394	$ 6,819,976	$ 75,266,779	$ 924,362,666

City of Kansas City, Missouri Department of Aviation

Financial Trend Information

Schedule of Unrestricted and Restricted Cash and Investments

For the Last Ten Fiscal Years

	FYE 2011	FYE 2012	FYE 2013	FYE 2014
Unrestricted Cash and Investments	$ 66,785,456	$ 73,957,609	$ 86,645,175	$ 75,944,397
Restricted Passenger Facility Charge	41,549,123	38,710,994	26,074,989	31,582,672
Restricted Customer Facility Charge	4,257,625	4,649,539	4,773,735	4,593,535
Restricted DEA Forfeited Property	59,229	74,195	142,005	138,560
Restricted Richards-Gebaur	1,680,609	15,504	16,664	16,706
Restricted Airlines Operation and Maintenance	11,457,917	10,661,000	10,869,000	10,843,000
Restricted Deferred Maintenance and Replacement	750,000	-	-	-
Restricted Principal and Interest	12,320,864	12,516,495	15,590,251	10,181,189
Restricted Bond Reserves	12,858,000	12,858,000	12,858,000	19,627,624
Restricted Construction Proceeds	4,686,713	7,555,240	9,733,229	10,153,296
Restricted Trustee Cash for Construction	-	-	-	-
Restricted Other	8,469,811	8,469,811	7,063,022	5,925,366
Total Unrestricted and Restricted Cash and Investments	$164,875,347	$169,468,387	$173,766,070	$169,006,345

City of Kansas City, Missouri Department of Aviation

Financial Trend Information

Schedule of Unrestricted and Restricted Cash and Investments

For the Last Ten Fiscal Years

FYE 2015	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020
$ 87,090,823	$ 102,028,896	$ 106,850,290	$ 103,219,713	$ 114,985,192	$ 150,493,368
41,422,621	41,276,198	53,266,518	48,743,839	53,008,699	62,345,199
5,170,056	6,462,310	7,795,844	9,098,481	3,399,551	9,049,559
169,708	205,706	246,526	269,572	247,602	274,226
16,879	-	-	-	-	-
11,502,000	11,399,000	11,992,000	12,409,000	12,917,000	12,983,000
-	-	-	-	-	-
16,778,381	17,337,173	17,947,756	18,577,277	15,700,083	153,409,674
20,972,061	23,286,111	23,286,267	23,287,767	23,286,736	34,673,121
19,592,639	18,010,648	18,040,439	15,833,906	11,666,100	8,117,957
-	-	-	-	67,078,776	732,531,080
5,925,366	3,670,038	3,670,038	1,483,158	-	-
$208,640,534	$ 223,676,080	$ 243,095,678	$ 232,922,713	$ 302,289,739	$1,163,877,184

City of Kansas City, Missouri Department of Aviation

Revenue Capacity Information

Schedule of Revenues, Expenses and Changes in Net Position by Facility

For the Year Ended April 30, 2020

	Kansas City International Airport	Charles B. Wheeler Downtown Airport	Total
Operating Revenue			
Terminal and Aprons	$ 19,262,301	$ -	$ 19,262,301
Airfield	20,364,829	490,925	20,855,754
Parking	49,730,965	-	49,730,965
Rental Car	10,787,470	24,444	10,811,914
Concessions	4,983,039	-	4,983,039
Property Rentals	8,873,618	3,963,414	12,837,032
Other	1,903,214	408,736	2,311,950
Total Operating Revenue	115,905,436	4,887,519	120,792,955
Operating Expenses			
Salaries, Wages and Employee Benefits	33,787,850	1,871,993	35,659,843
Contractual Services	42,093,277	2,446,987	44,540,264
Commodities	4,540,223	709,433	5,249,656
Total Operating Expenses	80,421,350	5,028,413	85,449,763
Total Operating Income before Depreciation and Amortization	35,484,086	(140,894)	35,343,192
Non-Cash Operating Expenses			
Depreciation	49,593,547	315,152	49,908,699
Amortization	80,487	-	80,487
Total Non-Cash Operating Expenses	49,674,034	315,152	49,989,186
Total Operating Income (Loss)	(14,189,948)	(456,046)	(14,645,994)
Non-Operating Revenue			
Earnings on Cash and Investments	24,344,236	-	24,344,236
Passenger Facility Charge	18,097,525	-	18,097,525
Customer Facility Charge	4,397,820	-	4,397,820
Transportation Facility Charge	5,443,930	-	5,443,930
Operating/Federal Grant	209,981	4,000	213,981
Proceeds from CID sales tax	1,010,740	-	1,010,740
Other Non-Operating revenue	105,577	-	105,577
Total Non-Operating Revenue	53,609,809	4,000	53,613,809
Non-Operating Expenses			
Interest Expense	3,658,600	-	3,658,600
Interest Expense Funded by Bond Proceeds	37,657,604	-	37,657,604
Other Expense	8,647,625	7,346	8,654,971
Total Non-Operating Expenses	49,963,829	7,346	49,971,175
Total Non-Operating Revenues, net	3,645,980	(3,346)	3,642,634
Gain (Loss) before Capital Contribution	(10,543,968)	(459,392)	(11,003,360)
Capital Contribution	13,789,796	919,579	14,709,375
Changes in Net Position Before Special Items	$ 3,245,828	$ 460,187	$ 3,706,015
Special Items			
Loss on Write-Off of Terminal A Assets	$ 43,635,215	$ -	$ 43,635,215
Loss on Disposal on Investment Property	1,181,965	-	1,181,965
Changes in Net Position	$ (41,571,352)	$ 460,187	$ (41,111,165)

City of Kansas City, Missouri Department of Aviation

Revenue Capacity Information

Schedule of Grants

For the Year Ended April 30, 2020

Grant Number	Location	Description	Maximum Balance	FYE20 Revenue	Executed	Status
Capital Grant Revenue						
AIP 3-29-0041-27	MKC	Hotspot Mitigation Adjacent to Taxiway D	$ 508,721	$ 313,188	FY19	Open
AIP 3-29-0041-28	MKC	ARFF Vehicle Purchase (MKC)	650,920	606,391	FY19	Open
AIP 3-29-0040-72	MCI	Rehabilitate Runway 1 / 19R Phase 2	20,262,113	-	FY16	Open
AIP 3-29-0040-74	MCI	Rehabilitate Taxiway B - Phase 1	19,037,868	244,739	FY17	Open
AIP 3-29-0040-75	MCI	Rehabilitate Taxiway B - Phase 2	11,303,243	189,026	FY18	Open
AIP 3-29-0040-76	MCI	Reconstruct Taxiway F; Install Taxiway edge lights and guidance signs	16,209,802	12,883,937	FY18	Open
TSA OTA 70T04019T9CAP1	MCI	Design of Terminal C-AA Baggage EDS @ KCI	50,915	20,544	FY20	Open
TSA OTA 70T04019T9CAP1	MCI	Construction of Terminal C-AA Baggage EDS @ KCI	644,706	451,548	FY20	Open
AIR 166-107C	MKC	Apron and pavement rehabilitation at MKC	250,000	-	FY19	Open
DE-EE00082621	MCI	Accelerating Alernative Fuel Adoptions in Mid-America	492,696	-	FY19	Open
		Total Capital Grant Revenue		**$ 14,709,373**		
Operating Grant Revenue						
DTFA0102X02082	MCI	TSA-Explosives Detection K-9 Team Program		182,269		
	MCI	DEA-Task Force Program		17,584		
	MCI	Homeland Security Investigations (HIS)		2,127		
AIR 206-106A-1	MCI	MODOT - ARFF Training Assistance		12,000		
		Total Operating Grant Revenue		**$ 213,980**		

City of Kansas City, Missouri Department of Aviation

Revenue Capacity Information

Schedule of Highest Paying Customers

For the Last Ten Fiscal Years

	FYE 2011		FYE 2012		FYE 2013		FYE 2014		FYE 2015	
	Rank	Amount	Rank	Amount	Rank	Amount	Rank	Amount	Rank	Amount
Southwest Airlines	1	$ 8,408,033	1	$ 9,387,483	1	$ 10,309,695	1	$ 10,525,358	1	$ 13,454,506
American Airlines	2	6,981,072	6	2,421,925	10	2,133,037	8	2,145,696	7	2,637,266
Jet Midwest	-	-	-	-	11	1,693,109	12	1,365,842	4	3,422,367
Hertz Car Rental	-	-	5	2,421,931	6	2,331,191	9	2,040,018	10	2,397,672
Host International, Inc.	5	2,287,999	11	2,023,491	8	2,160,244	4	2,446,492	8	2,589,194
Avis Budget Group	11	1,952,178	10	2,181,467	4	2,806,291	6	2,237,312	9	2,537,056
Vanguard Car Rental	10	1,991,583	9	2,239,967	9	2,139,753	5	2,294,176	6	2,773,392
Delta Air Lines	9	2,087,101	2	5,026,302	2	5,143,024	2	5,050,591	2	6,987,393
Executive Beechcraft	3	4,400,865	-	-	-	-	-	-		-
United Airlines [2]	-	-	8	2,323,265	3	4,147,453	3	3,726,085	3	5,011,162
US Airways	6	2,263,547	0	2,456,482	5	2,438,105	7	2,209,499	5	3,084,630
Continental Airlines	7	2,244,620	7	2,382,753	-	-	-	-		-
Paradies News & Gifts	8	2,092,494	-	-	-	-	-	-		-
Frontier Airlines	15	926,396	3	3,709,301	7	2,323,513	11	1,369,290	14	1,229,828
Port Authority of Kansas City, Missouri	4	2,388,070	-	-	-	-	-	-		0
Signature Flight Support [1]	-	0	12	1,316,190	13	1,283,956	-	-	12	1,333,822
Enterprise Rent A Car	12	1,344,064	13	1,265,939	12	1,303,709	10	1,393,251	11	1,455,303
VML, Inc.	13	1,178,265	14	1,031,289	15	1,058,361	15	984,138		-
DTAG	14	1,005,143	-	-	-	-	13	1,341,712		-
WireCo WorldGroup	-	-	15	1,000,165	14	1,157,239	14	1,331,056	13	1,315,742
Aviation Technical Services	-	-	-	-	-	-	-	-	15	1,218,856
		-								

	FYE 2016		FYE 2017		FYE 2018		FYE 2019		FYE 2020	
	Rank	Amount	Rank	Amount	Rank	Amount	Rank	Amount	Rank	Amount
Southwest Airlines	1	$ 13,842,787	1	$ 15,042,957	1	$ 15,062,231	1	$ 15,295,730	1	$ 14,918,189
American Airlines [3]	4	4,085,813	3	6,551,089	3	6,396,045	3	6,244,700	3	6,586,550
Jet Midwest	5	3,076,588	7	2,415,521	9	2,112,436	9	2,308,628	7	2,550,447
Hertz Car Rental	9	2,382,713	9	2,278,870	8	2,231,410	7	2,393,336	8	2,413,468
Host International, Inc.	7	2,794,501	5	3,070,180	5	3,248,653	5	3,387,523	5	3,337,878
Avis Budget Group	8	2,473,536	8	2,337,253	7	2,352,273	8	2,322,647	10	2,111,463
Vanguard Car Rental	6	2,996,567	6	2,914,547	6	3,188,926	6	3,303,552	6	3,227,848
Delta Air Lines	2	7,027,829	2	7,269,418	2	7,145,557	2	7,621,481	2	7,925,497
United Airlines [2]	3	4,827,004	4	4,968,659	4	4,914,358	4	5,214,330	4	5,382,142
US Airways	10	1,818,792	-	-	-	-	-	-	-	-
Paradies News & Gifts	15	1,071,774	14	1,068,598	-	-	-	-	13	1,353,680
Frontier Airlines	-	-	-	-	-	-	-	-	-	-
Signature Flight Support	-	-	12	1,148,245	12	1,201,789	13	1,311,399	12	1,547,140
Enterprise Rent A Car	11	1,594,318	10	1,605,756	10	1,857,167	10	1,988,578	9	2,140,306
VML, Inc.	14	1,081,295	13	1,074,467	15	1,072,622	12	1,394,073	11	1,621,440
DTAG	-	-	-	-	-	-	-	-	18	1,043,174
WireCo WorldGroup	13	1,158,430	-	-	-	-	-	-	-	-
Aviation Technical Services	12	1,437,344	11	1,299,504	13	1,104,152	11	1,407,755	16	1,052,378
Alaska Airlines	-	-	-	-	-	-	-	-	17	1,049,218
Federal Express	-	-	15	1,059,104	-	-	-	-	20	940,033
Spirit Airlines	-	-	-	-	11	1,273,177	15	1,151,409	15	1,161,573
PRG Parking Mgt d/b/a Parking Spot	-	-	-	-	14	1,089,635	14	1,199,040	14	1,292,848
Raiser, LLC d/b/a Uber	-	-	-	-	-	-	-	-	19	1,019,682

[1] Executive Beechcraft changed its name to Signature Flight Support in FY 2011.

[2] United contains totals from Continental beginning FY2013

[3] American contains totals from US Airways FY2016

City of Kansas City, Missouri Department of Aviation

Revenue Capacity Information

Schedule of Most Popular Destinations

For the Last Ten Calendar Years

Rank	City	CY2010	City	CY2011	City	CY2012	City	CY2013	City	CY2014
1	Denver	418,499	Denver	411,969	Denver	447,579	Denver	468,243	Denver	485,516
2	Chicago, Midway	326,712	Chicago, Midway	326,988	Chicago, Midway	331,560	Chicago, Midway	321,938	Chicago, Midway	334,623
3	Orlando	313,889	Orlando	311,682	Orlando	289,709	Atlanta	280,960	Las Vegas	314,304
4	Las Vegas	303,119	Las Vegas	305,608	Las Vegas	306,558	Las Vegas	278,535	Orlando	303,697
5	Atlanta	273,996	Atlanta	273,361	Atlanta	274,490	Phoenix	273,568	Atlanta	298,955
6	Los Angeles	261,394	Los Angeles	262,041	Los Angeles	249,205	Orlando	261,002	Phoenix	285,314
7	Phoenix	254,727	Phoenix	259,295	Phoenix	264,124	Los Angeles	256,274	Los Angeles	277,183
8	New York, LGA	241,517	New York, LGA	244,359	New York, LGA	205,801	Dallas, Love	230,000	Dallas, Love	246,110
9	Chicago, O'Hare	240,507	Chicago, O'Hare	236,900	Chicago, O'Hare	219,080	Chicago, O'Hare	226,610	Chicago, O'Hare	239,091
10	Dallas, Love	224,405	Dallas, Love	227,619	Dallas, Love	240,565	Washington, DCA	186,913	New York, LGA	205,574
11	Washington, DCA	214,543	Washington, DCA	214,957	Washington, DCA	204,347	New York, LGA	184,091	Dallas/Forth Worth	205,299
12	Dallas/Forth Worth	189,435	Dallas/Forth Worth	187,906	Dallas/Forth Worth	185,549	Dallas/Forth Worth	175,515	Washington, DCA	199,286
13	Baltimore	176,061	Baltimore	173,920	Baltimore	149,948	Minneapolis/St. Paul	169,365	Seattle/Tacoma	178,725
14	Tampa	169,359	Tampa	165,793	Tampa	158,669	Seattle/Tacoma	163,009	Minneapolis/St. Paul	172,594
15	Seattle/Tacoma	166,218	Seattle/Tacoma	164,127	Seattle/Tacoma	166,998	Fort Lauderdale	160,280	Baltimore	159,723
16	San Diego	158,480	San Diego	160,113	San Diego	170,849	San Diego	154,703	Boston	156,536
17	Milwaukee	152,599	Milwaukee	150,098	Boston	135,576	Philadelphia	152,265	San Diego	154,713
18	Fort Lauderdale	139,936	Philadelphia	143,108	Philadelphia	140,529	Baltimore	150,797	Philadelphia	149,894
19	Philadelphia	138,328	Fort Lauderdale	141,823	Fort Lauderdale	157,161	Boston	142,665	Fort Lauderdale	148,807
20	Nashville	137,945	Nashville	135,246	Nashville	138,473	Nashville	140,099	Nashville	144,759
	Total Passengers, all destinations	9,033,011	Total Passengers, all destinations	8,451,492	Total Passengers, all destinations	8,562,161	Total Passengers, all destinations	8,859,503	Total Passengers, all destinations	9,130,799

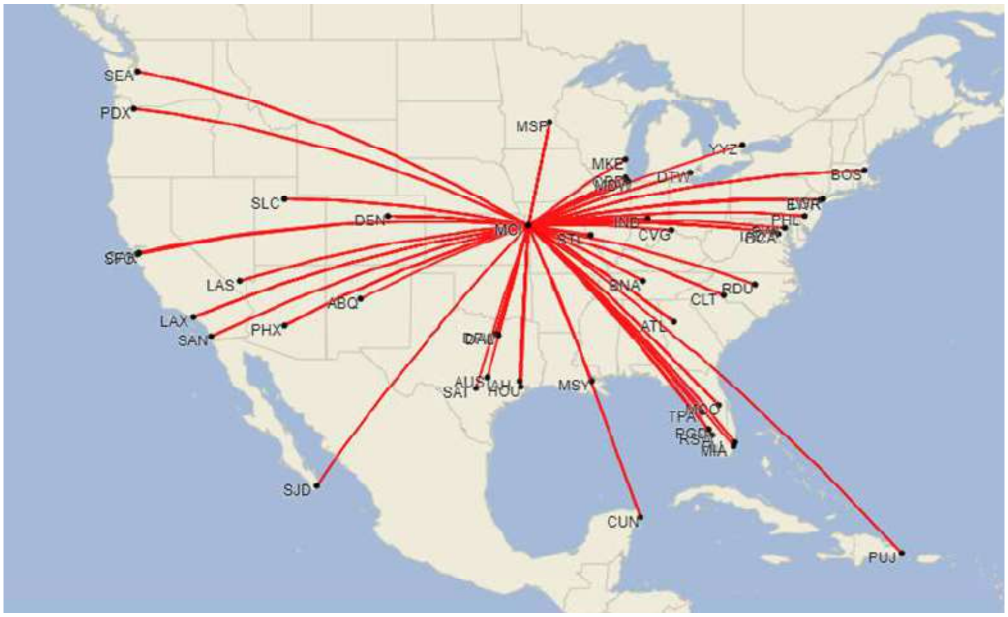
Rank	City	CY2015	City	CY2016	City	CY2017	City	CY2018	City	CY2019
1	Denver	455,644	Denver	456,153	Denver	530,536	Denver	544,776	Denver	562,432
2	Las Vegas	389,877	Los Angeles	426,967	Los Angeles	481,943	Los Angeles	465,379	Los Angeles	477,766
3	Chicago, Midway	345,645	Las Vegas	402,232	Las Vegas	425,877	Las Vegas	385,778	Orlando	397,868
4	Los Angeles	325,032	Orlando	374,776	Orlando	405,721	Orlando	381,659	Las Vegas	369,998
5	Atlanta	318,346	Atlanta	349,816	Atlanta	367,738	Atlanta	366,388	Atlanta	352,942
6	Orlando	303,199	Chicago, Midway	336,650	Chicago, Midway	354,626	Phoenix	345,489	Phoenix	331,610
7	Phoenix	302,146	Phoenix	309,526	Phoenix	321,296	Chicago, Midway	336,515	Chicago, Midway	320,642
8	Dallas, Love	285,024	New York, LGA	293,753	New York, LGA	305,013	New York, LGA	287,231	New York, LGA	303,447
9	New York, LGA	253,905	Washington, DCA	257,568	Dallas, Love	257,568	Dallas, Love	279,028	Dallas, Love	277,816
10	Chicago, O'Hare	243,114	Dallas, Love	249,764	Washington, DCA	249,764	Chicago, O'Hare	245,758	Washington, DCA	244,016
11	Washington, DCA	238,157	Chicago, O'Hare	239,142	Chicago, O'Hare	239,142	Washington, DCA	239,043	Chicago, O'Hare	240,107
12	Dallas/Forth Worth	215,565	Seattle/Tacoma	202,660	Seattle/Tacoma	202,660	Seattle/Tacoma	224,478	Seattle/Tacoma	233,828
13	Seattle/Tacoma	181,512	Dallas/Forth Worth	190,279	Dallas/Forth Worth	190,279	San Diego	211,607	San Diego	210,904
14	Minneapolis/St. Paul	173,800	Detroit	181,479	Detroit	181,479	Detroit	201,618	Detroit	204,266
15	Detroit	169,543	Minneapolis/St. Paul	179,873	Boston	179,873	Boston	199,834	Dallas/Fort Worth	196,094
16	Boston	163,529	Philadelphia	158,072	Minneapolis/St. Paul	158,072	Dallas/Forth Worth	195,382	Minneapolis/St. Paul	189,422
17	Fort Lauderdale	160,065	Nashville	155,266	Philadelphia	155,266	Minneapolis/St. Paul	189,632	Fort Lauderdale	184,589
18	Houston, Hobby	156,358	Boston	154,496	San Diego	154,496	Tampa	185,864	Boston	176,882
19	Baltimore	152,791	San Diego	153,158	Tampa	153,158	Ft. Lauderdale	170,848	Tampa	174,989
20	San Diego	152,221	Houston, Hobby	152,795	Ft. Lauderdale	152,795	Nashville	163,130	Houston, Hobby	167,987
	Total Passengers, all destinations	9,519,022	Total Passengers, all destinations	9,912,998	Total Passengers, all destinations	10,398,528	Total Passengers, all destinations	10,713,130	Total Passengers, all destinations	10,773,742

One pasenger flying roundtrip is counted twice.
Source: U.S. DOT Dynamic Table Report for all Airlines between MCI and all Destinations

City of Kansas City, Missouri Department of Aviation

Revenue Capacity Information

Schedule of Non-Stop Destinations



Non-Stop Passenger Flights from Kansas City International Airport (MCI) (number of daily flights/weekly flights)

Albuquerque, NM, US (1/7)
Atlanta, GA, US (10/67)
Austin, TX, US (1/7)
Baltimore, MD, US (3/18)
Boston, MA, US (2/16)
Charlotte-Douglas, NC, US (4/27)
Chicago-Midway, IL, US (7/49)
Chicago-O'Hare, IL, US (11/75)
Cincinnati, OH/Covington, KY, US (1/8)
Dallas-Love, TX, US (6/41)
Dallas/Fort Worth, TX, US (7/47)
Denver, CO, US (11/77)
Detroit, MI, US (5/32)
Fort Lauderdale, FL, US (1/8)

Fort Myers, FL, US (0/0)
Houston-Hobby, TX, US (3/19)
Houston-Intercontinental, TX, US (4/28)
Indianapolis, IN, US (2/12)
Las Vegas, NV, US (4/28)
Los Angeles, CA, US (5/38)
Miami, FL, US (2/14)
Milwaukee, WI, US (1/7)
Minneapolis/St. Paul, MN, US (6/40)
Nashville, TN, US (3/20)
New Orleans, LA, US (1/8)
New York-La Guardia, NY, US (6/41)
Newark, NJ, US (3/24)
Oakland, CA, US (1/7)

Orlando, FL, US (4/27)
Philadelphia, PA, US (2/16)
Phoenix, AZ, US (6/39)
Portland, OR, US (2/11)
Punta Gorda, FL, US (0/2)
Raleigh/Durham, NC, US (0/2)
Salt Lake City, UT, US (3/20)
San Antonio, TX, US (1/7)
San Diego, CA, US (3/20)
San Francisco, CA, US (1/7)
Seattle, WA, US (3/20)
St. Louis, MO, US (2/14)
Tampa, FL, US (1/7)
Washington-Dulles, VA, US (2/14)

Washington-National, DC, US (4/28)

International Flights

Cancun, MX (1/4)
Puerto Vallarta, MX (0/1)
Punta Cana, DR (0/1)
Toronto, ON, CA (1/7)

144 peak day departures to 47 non-stop destinations

City of Kansas City, Missouri Department of Aviation

Revenue Capacity Information

Schedule of Passenger and Cargo Airlines

Major/National Airlines
Alaska Airlines
Allegiant Air
American Airlines
Delta Air Lines
Frontier Airlines
Southwest Airlines
Spirit Airlines
United Airlines

Major/International Airline
Air Canada/Air Georgian
Vacation Express/Miami Air International

Regional/Commuter Airlines
Envoy Air
ExpressJet
Horizon Air
Mesa Airlines
PSA Airlines
Republic Airlines
SkyWest Airlines

Cargo Carriers
DHL
FedEx
Southern Air
UPS

City of Kansas City, Missouri Department of Aviation

Revenue Capacity Information

Schedule of Airline Service

Carrier	Non-Stop Destination	Number of Average Daily Departures	Number of Weekly Departures
Alaska Airlines	Portland, OR, US	0	3
	Seattle, WA, US	1	8
Allegiant Air	Punta Gorda, FL, US	0	1
	St. Petersburg, FL, US	0	2
American Airlines	Charlotte-Douglas, NC, US	3	19
	Chicago-O'Hare, IL, US	3	22
	Dallas/Fort Worth, TX, US	5	33
	Miami, FL, US	1	7
	Philadelphia, PA, US	1	8
	Phoenix, AZ, US	1	8
	Washington-National, DC, US	1	8
Delta Air Lines	Atlanta, GA, US	3	18
	Boston, MA, US	0	1
	Detroit, MI, US	2	12
	Los Angeles, CA, US	0	1
	Minneapolis/St. Paul, MN, US	3	20
	New York-La Guardia, NY, US	0	1
	Salt Lake City, UT, US	2	14
	Seattle, WA, US	0	1
Frontier Airlines	Denver, CO, US	0	3
Southwest Airlines	Albuquerque, NM, US	1	6
	Atlanta, GA, US	2	13
	Austin, TX, US	1	7
	Baltimore, MD, US	2	12
	Chicago-Midway, IL, US	5	32
	Dallas-Love, TX, US	5	35
	Denver, CO, US	5	34
	Fort Lauderdale, FL, US	2	12
	Fort Myers, FL, US	1	4
	Houston-Hobby, TX, US	2	16
	Indianapolis, IN, US	2	12
	Las Vegas, NV, US	4	28
	Los Angeles, CA, US	3	18
	Milwaukee, WI, US	1	8
	Minneapolis/St. Paul, MN, US	1	9
	Nashville, TN, US	2	17
	New Orleans, LA, US	1	8
	New York-La Guardia, NY, US	1	9
	Oakland, CA, US	1	6
	Orlando, FL, US	2	17
	Pensacola, FL, US	0	0
	Phoenix, AZ, US	5	32
	Portland, OR, US	0	0
	Raleigh/Durham, NC, US	1	6
	San Antonio, TX, US	1	6

City of Kansas City, Missouri Department of Aviation

Revenue Capacity Information

Schedule of Airline Service

Carrier	Non-Stop Destination	Number of Average Daily Departures	Number of Weekly Departures
Southwest Airlines, continued	San Diego, CA, US	1	10
	St. Louis, MO, US	2	15
	Tampa, FL, US	2	11
	Washington-National, DC, US	2	13
Spirit Airlines	Detroit, MI, US	0	2
	Las Vegas, NV, US	0	1
	Los Angeles, CA, US	0	1
	Orlando, FL, US	0	2
United Airlines	Chicago-O'Hare, IL, US	2	16
	Denver, CO, US	2	13
	Houston-Intercontinental, TX, US	3	21
	Newark, NJ, US	0	2
	Washington-Dulles, VA, US	1	7

City of Kansas City, Missouri Department of Aviation

Debt Capacity Information

Schedule of Ratios of Outstanding Debt, Debt Services and Debt Limits

For the Last Ten Fiscal Years

	FYE 2011	FYE 2012	FYE 2013
Outstanding Debt by Type			
General Airport Revenue Bonds (GARBs) Non-PFC eligible [1]	$ 165,720,000	$ 154,590,000	$ 143,145,000
General Airport Revenue Bonds (GARBs) PFC eligible [1]	-	-	-
Subordinate Bonds [2]	44,220,000	40,670,000	36,960,000
Passenger Facility Charge Bonds [1]	103,815,000	98,940,000	93,850,000
Airport Special Obligation Bonds [3, 4]	-	-	-
Add: Unamortized Premiums on Bonds	-	-	1,467,189
Less: Unamortized Discount on Bonds	-	-	(752,427)
Outstanding Debt	313,755,000	294,200,000	274,669,762
Enplaned Passengers	4,945,779	5,198,808	4,878,178
Outstanding Debt per Enplaned Passenger	$ 63.44	$ 56.59	$ 56.31
Debt Service (in thousands)			
Principal	$ 19,555	$ 20,245	$ 25,270
Interest	15,007	14,045	12,950
Total Debt Service	$ 34,562	$ 34,290	$ 38,220
Ratio of Debt Service to Outstanding Debt	11.02%	11.66%	13.91%

[1] Series 2013A&B Bonds refunded previously outstanding GARB bonds and outstanding Series 2001 PFC Bonds.

[2] Series 2005C CFC Subordinate Bonds were defeased and fully retired in FY2019.

[3] Series 2019A Airport Special Obligation Bonds were issued in FY2019.

[4] Series 2019B & 2019C Airport Special Obligation Bonds were issued in FY2020.

City of Kansas City, Missouri Department of Aviation

Debt Capacity Information

Schedule of Ratios of Outstanding Debt, Debt Services and Debt Limits

For the Last Ten Fiscal Years

FYE 2014	FYE 2015	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020
$ 114,020,000	$ 110,880,000	$ 98,150,000	$ 84,815,000	$ 70,790,000	$ 56,050,000	$ 40,550,000
83,060,000	77,860,000	72,420,000	66,700,000	60,685,000	54,365,000	47,720,000
33,080,000	29,015,000	24,750,000	20,275,000	15,575,000	-	-
-	-	-	-	-	-	-
-	-	-	-	-	98,460,000	984,745,000
18,196,441	16,095,309	13,994,178	11,893,046	9,791,914	20,159,303	172,484,341
(48,201)	(40,590)	(32,979)	(25,369)	(17,758)	-	-
248,308,240	233,809,719	209,281,199	183,657,677	156,824,156	229,034,303	1,245,499,341
4,966,220	5,137,881	5,334,342	5,624,895	5,784,629	5,951,776	5,171,808
$ 50.00	$ 45.51	$ 39.23	$ 32.65	$ 27.11	$ 38.48	$ 240.82
$ 12,405	$ 22,435	$ 23,530	$ 24,740	$ 25,995	$ 22,145	$ 11,200
11,199	10,417	9,315	8,106	6,830	9,607	53,471
$ 23,604	$ 32,852	$ 32,845	$ 32,846	$ 32,825	$ 31,752	$ 64,671
9.51%	14.05%	15.69%	17.88%	20.93%	13.86%	5.19%

City of Kansas City, Missouri Department of Aviation

Debt Capacity Information

Schedule of Historical Debt Service Coverage

For the Last Ten Fiscal Years

	FYE11	FYE12	FYE13
Revenues:[1]			
Airfield	$ 14,448,246	$ 16,380,975	$ 15,812,257
Terminal	14,971,531	16,398,667	14,631,794
Parking	43,366,827	46,167,681	47,375,785
Rental Cars	9,749,133	10,104,811	9,889,394
Aviation Services Area	6,076,945	3,918,673	4,670,210
Other Property Rentals	8,195,045	9,201,962	8,826,576
Operating Grant	264,630	154,660	627,742
Customer Facility Charges	5,674,925	6,036,072	6,070,968
Transportation Facility Charge	4,011,223	4,748,178	4,771,188
Interest Earnings	2,103,392	2,260,811	1,278,239
Total Revenues	**108,861,897**	**115,372,490**	**113,954,153**
Transfer From Coverage Deposit Account	-	-	-
Total Cash Available for Debt Service	**108,861,897**	**115,372,490**	**113,954,153**
O&M Expenses:			
Salaries, Wages & Benefits	28,905,636	28,355,253	29,169,011
Contractual Services & TFC Expense	45,012,638	43,878,454	42,816,982
Commodities & Supplies	4,445,428	4,280,475	4,592,404
Total O&M Expenses	**78,363,702**	**76,514,182**	**76,578,397**
Net Revenues Available for Debt Service	**30,498,195**	**38,858,308**	**37,375,756**
General Airport Revenue Bonds (GARBs)			
Senior GARB Debt Service:			
Series 2003A Bonds[7]	5,857,641	5,856,180	5,859,010
Series 2003B Bonds[8]	2,712,013	2,712,013	2,712,013
Series 2004E Bonds[3]	8,621,200	8,619,863	7,209,406
Series 2005H Bonds[4]	-	-	-
Series 2008A Bonds[5]	1,593,500	1,598,800	2,784,400
Series 2013A Bonds[7]	-	-	-
Series 2013B Bonds[8]	-	-	-
Total Senior GARB Debt Service:	**18,784,354**	**18,786,856**	**18,564,829**
Less: Principal and Interest Serviced from Passenger Facility Charges (2013A)[9]	-	-	-
Aggregate Annual Debt Service[10]	**18,784,354**	**18,786,856**	**18,564,829**
Senior GARB Debt Coverage	**1.62**	**2.07**	**2.01**
Subordinate GARB Debt Service:			
Series 2005C Subordinate GARB[6]	5,728,160	5,709,535	5,688,035
Total Subordinate GARB Debt Service:	**5,728,160**	**5,709,535**	**5,688,035**
Total GARB Debt Service	**24,512,514**	**24,496,391**	**24,252,864**
Total GARB Debt Service Coverage	**1.24**	**1.59**	**1.54**
Senior Appropriation Obligations:			
Series 2019A Bonds [11]	-	-	-
Series 2019B Bonds [12]	-	-	-
Series 2019C Bonds [12]	-	-	-
Total Senior Appropriation Obligations:	-	-	-
Total Debt Service	**$ 24,512,514**	**$ 24,496,391**	**$ 24,252,864**
Total Debt Service Coverage	**1.24**	**1.59**	**1.54**

[1] Revenues presented in accordance with the methodology set forth in the bond ordinances.

[3] Series 2004E GARBs were issued in part to refund the Series 1994A GARBs.

[4]

[5] Series 2008A GARBs were issued in part to refund the Series 1997A GARBs.

Series 2005C Subordinate GARBs were issued in part to refund the Series 2000 Subordinate GARBs and were paid in full 7/27/19.

[7]

[8] Series 2013B GARBs were issued in part to refund the Series 2003B GARBs.

[9] Series 2013A, PFC portion GARBs were issued in part to refund the Series 2001 PFC Bonds.

that purpose.

Series 2019A Airport Special Obligation bonds were issued March 29, 2019. No payment was due on these bonds in FY2019.

[12]

City of Kansas City, Missouri Department of Aviation

Debt Capacity Information

Schedule of Historical Debt Service Coverage

For the Last Ten Fiscal Years

FYE14	FYE15	FYE16	FYE17	FYE18	FYE19	FYE20
$ 15,555,215	$ 19,756,885	$ 19,019,781	$ 21,092,117	$ 21,789,119	$ 19,285,154	$ 20,855,754
14,873,181	22,335,243	22,527,579	22,822,908	23,942,808	25,488,569	24,245,340
48,086,831	49,938,478	52,578,719	55,425,436	55,630,039	57,132,558	49,730,965
10,400,445	11,315,762	11,464,301	11,022,127	11,697,520	11,939,351	10,811,914
6,575,308	7,270,646	6,886,829	6,971,830	6,444,205	6,916,828	6,970,406
9,375,477	9,536,635	9,255,984	9,088,611	8,772,086	8,835,536	8,178,576
258,543	306,075	211,599	222,402	220,963	245,398	213,981
6,190,905	6,704,444	7,012,830	7,008,786	7,059,252	7,068,579	4,397,820
4,871,428	5,274,163	5,516,760	5,513,578	5,546,800	5,545,840	5,443,930
274,560	1,725,487	1,208,450	1,031,547	511,442	2,640,403	9,800,147
116,461,893	**134,163,818**	**135,682,832**	**140,199,342**	**141,614,234**	**145,098,216**	**140,648,833**
832,607	2,177,044	4,491,094	4,491,250	4,492,750	4,491,719	4,492,719
117,294,501	**136,340,862**	**140,173,926**	**144,690,592**	**146,106,984**	**149,589,935**	**145,141,552**
30,374,389	30,124,286	29,411,654	33,506,857	35,025,037	34,734,085	35,346,834
44,202,257	48,296,935	48,655,439	47,518,854	47,500,623	53,261,859	49,984,194
4,945,061	5,147,628	4,579,143	4,802,425	5,558,691	6,019,973	5,249,656
79,521,707	**83,568,849**	**82,646,236**	**85,828,136**	**88,084,351**	**94,015,917**	**90,580,684**
37,772,794	**52,772,013**	**57,527,690**	**58,862,456**	**58,022,633**	**55,574,018**	**54,560,868**
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
4,287,035	15,436,300	15,431,500	15,434,250	15,438,875	15,434,375	15,434,625
1,472,751	2,512,750	11,773,750	11,772,625	11,775,625	11,772,625	11,777,250
5,759,786	**17,949,050**	**27,205,250**	**27,206,875**	**27,214,500**	**27,207,000**	**27,211,875**
(2,429,357)	(9,240,845)	(9,240,875)	(9,241,875)	(9,243,500)	(9,240,125)	(9,241,000)
3,330,429	**8,708,205**	**17,964,375**	**17,965,000**	**17,971,000**	**17,966,875**	**17,970,875**
11.34	**6.06**	**3.20**	**3.28**	**3.23**	**3.09**	**3.04**
5,668,285	5,654,660	5,646,410	5,637,910	5,630,598	-	-
5,668,285	**5,654,660**	**5,646,410**	**5,637,910**	**5,630,598**	**-**	**-**
8,998,714	**14,362,865**	**23,610,785**	**23,602,910**	**23,601,598**	**17,966,875**	**17,970,875**
4.20	**3.67**	**2.44**	**2.49**	**2.46**	**3.09**	**3.04**
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	**-**	**-**	**-**	**-**	**-**	**-**
$ 8,998,714	**$ 14,362,865**	**$ 23,610,785**	**$ 23,602,910**	**$ 23,601,598**	**$ 17,966,875**	**$ 17,970,875**
4.20	**3.67**	**2.44**	**2.49**	**2.46**	**3.09**	**3.04**

City of Kansas City, Missouri Department of Aviation

Debt Capacity Information

Schedule of Annual Passenger Enplanements

Calendar Years 2010-2019

	Domestic		International [1]		Total Enplanements	
Year	Actual	% of Total	Actual	% of Total	Actual	% Change
2010	4,908,782	99.2%	40,949	0.8%	4,949,731	0.6%
2011	5,044,028	99.1%	43,999	0.9%	5,088,027	2.8%
2012 [2]	4,943,214	99.0%	50,981	1.0%	4,994,195	-1.8%
2013	4,914,321	99.5%	26,720	0.5%	4,941,041	-1.1%
2014	5,057,985	99.4%	28,525	0.6%	5,086,510	2.9%
2015	5,208,249	99.5%	28,558	0.5%	5,236,807	3.0%
2016	5,496,571	99.4%	30,685	0.6%	5,527,256	5.5%
2017	5,717,376	99.4%	33,815	0.6%	5,751,191	4.1%
2018	5,892,621	99.3%	43,024	0.7%	5,935,645	3.2%
2019	5,861,052	99.3%	39,338	0.7%	5,900,390	-0.6%
Jan-Apr 2012	1,575,132	99.6%	6,638	0.4%	1,581,770	-
Jan-Apr 2013	1,460,432	99.6%	6,509	0.4%	1,466,941	-7.3%
Jan-Apr 2014	1,484,952	99.5%	7,168	0.5%	1,492,120	1.7%
Jan-Apr 2015	1,536,050	99.5%	7,441	0.5%	1,543,491	3.4%
Jan-Apr 2016	1,632,406	99.5%	8,620	0.5%	1,641,026	6.3%
Jan-Apr 2017	1,725,907	99.3%	12,758	0.7%	1,738,665	5.9%
Jan-Apr 2018	1,754,124	99.0%	17,979	1.0%	1,772,103	1.9%
Jan-Apr 2019	1,772,948	99.1%	15,286	0.9%	1,788,234	0.9%
Jan-Apr 2020	1,049,114	99.0%	10,538	1.0%	1,059,652	-40.7%
			Average Annual Growth Rate			
2010-2019	1.99%	-	-0.44%	-	1.97%	-

[1] International enplanements by Air Canada, Air Canada Jazz, Frontier, and charter airlines.

[2] Starting FY2012 and forward, enplanement calculations include non-revenue passengers.

Source: Kansas City Aviation Department records.

City of Kansas City, Missouri Department of Aviation

Debt Capacity Information

Schedule of Historical Airline Cost Per Enplaned Passenger

For the Last Ten Fiscal Years

Fiscal Year	Landing Fees[1]	Terminal Building Rents	Terminal Apron Fees	Passenger Boarding Bridges	Total	Enplaned Passengers [2]	Cost per Enplaned Passenger
2011	$ 13,111,314	$ 9,202,970	$ 1,622,975	$ 1,061,492	$ 24,998,750	4,945,779	$ 5.05
2012	14,950,290	9,309,597	1,785,290	1,869,638	27,914,815	5,198,808	5.37
2013	14,243,037	8,450,472	1,826,567	844,850	25,364,926	4,878,178	5.20
2014	13,870,733	7,397,629	1,849,967	1,779,934	24,898,263	4,966,220	5.01
2015	17,863,360	14,242,753	2,452,290	1,621,329	36,179,732	5,137,881	7.04
2016	16,989,128	14,003,801	2,496,933	1,721,986	35,211,847	5,334,342	6.60
2017	18,846,768	13,500,318	2,511,881	2,325,679	37,184,646	5,624,895	6.61
2018	19,556,108	14,486,293	2,571,513	2,197,721	38,811,634	5,784,629	6.71
2019 [3]	17,262,201	15,500,518	2,612,163	2,329,094	37,703,976	5,951,776	6.33
2020	18,631,653	14,168,585	2,652,412	2,441,304	37,893,954	5,171,808	7.33

[1] Excludes airfield fees paid by cargo carriers.
[2] Enplanements on a fiscal year basis, annual enplanements shown on Table IV-1, which are presented on a calendar year basis.
[3] Reflects Use and Lease Agreement. Amounts provided are preliminary settlements amounts and are subject to change.
Starting FY2013 and forward enplanement calculations include non-revenue passengers.

City of Kansas City, Missouri Department of Aviation

Debt Capacity Information

Schedule of Monthly Enplanements

Calendar Years 2010 – 2019 and January through April of 2020

	Kansas City International Airport				
	Monthly Enplanements				
Month	**2010**	**2011**	**2012 [1]**	**2013**	**2014**
January	344,321	352,322	368,418	347,169	350,578
February	318,086	314,058	353,311	311,403	325,254
March	411,065	417,787	450,933	408,933	416,167
April	401,469	386,822	409,108	399,436	400,121
May	451,185	466,900	459,944	464,990	465,365
June	476,489	491,674	459,051	474,867	478,568
July	483,631	504,185	470,569	476,892	492,056
August	424,756	450,001	420,927	416,517	438,693
September	407,386	424,926	387,461	391,445	418,901
October	442,777	430,055	428,496	437,803	463,157
November	409,360	430,582	398,776	386,996	411,104
December	379,206	418,715	387,201	424,590	426,546
Total	**4,949,731**	**5,088,027**	**4,994,195**	**4,941,041**	**5,086,510**

[1] Starting in FY2012 and forward, enplanement calculations include non-revenue passengers.

[2] The big drop in enplanements in 2020 is due to COVID-19.

Source: Kansas City Aviation Department records.

City of Kansas City, Missouri Department of Aviation

Debt Capacity Information

Schedule of Monthly Enplanements

Calendar Years 2010 – 2019 and January through April of 2020

Kansas City International Airport					
Monthly Enplanements					
2015	2016	2017	2018	2019	2020 [2]
349,938	383,096	391,315	405,749	413,777	405,153
338,233	367,669	383,665	387,295	398,423	404,947
428,994	451,564	499,745	505,022	508,285	228,516
426,326	438,697	463,940	474,037	467,749	21,036
482,667	510,419	530,826	545,178	547,593	
486,329	512,759	535,270	561,454	555,272	
509,178	529,929	549,871	565,519	567,073	
440,165	460,466	494,972	508,959	501,699	
431,378	469,602	458,553	477,339	477,585	
480,843	483,141	502,624	537,476	530,468	
431,995	463,322	478,568	489,306	452,027	
430,761	456,592	461,842	478,311	480,439	
5,236,807	**5,527,256**	**5,751,191**	**5,935,645**	**5,900,390**	**1,059,652**

City of Kansas City, Missouri Department of Aviation

Debt Capacity Information

Schedule of Changes in Monthly Enplanements

Calendar Years 2010 – 2019 and January through April of 2020

	Kansas City International Airport Enplanements									
	Changes in Monthly Enplanements									
Month	**2010-11**	**2011-12** [1]	**2012-13**	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**2019-20** [2]
January	2.3%	4.6%	-5.8%	1.0%	-0.2%	9.5%	2.1%	3.7%	2.0%	-2.1%
February	-1.3%	12.5%	-11.9%	4.4%	4.0%	8.7%	4.4%	0.9%	2.9%	1.6%
March	1.6%	7.9%	-9.3%	1.8%	3.1%	5.3%	10.7%	1.1%	0.6%	-55.0%
April	-3.6%	5.8%	-2.4%	0.2%	6.5%	2.9%	5.8%	2.2%	-1.3%	-95.5%
May	3.5%	-1.5%	1.1%	0.1%	3.7%	5.7%	4.0%	2.7%	0.4%	
June	3.2%	-6.6%	3.4%	0.8%	1.6%	5.4%	4.4%	4.9%	-1.1%	
July	4.2%	-6.7%	1.3%	3.2%	3.5%	4.1%	3.8%	2.8%	0.3%	
August	5.9%	-6.5%	-1.0%	5.3%	0.3%	4.6%	7.5%	2.8%	-1.4%	
September	4.3%	-8.8%	1.0%	7.0%	3.0%	8.9%	-2.4%	4.1%	0.1%	
October	-2.9%	-0.4%	2.2%	5.8%	3.8%	0.5%	4.0%	6.9%	-1.3%	
November	5.2%	-7.4%	-3.0%	6.2%	5.1%	7.3%	3.3%	2.2%	-7.6%	
December	10.4%	-7.5%	-9.7%	0.5%	1.0%	6.0%	1.1%	3.6%	0.4%	
Total	**2.8%**	**-1.8%**	**-1.1%**	**2.9%**	**3.0%**	**5.5%**	**4.1%**	**3.2%**	**-0.6%**	**-82.0%**

[1] Starting in FY2012 and forward, enplanement calculations include non-revenue passengers.

[2] The big drop in enplanements in 2020 is due to COVID-19.

Source: Kansas City Aviation Department records.

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City of Kansas City, Missouri Department of Aviation

Debt Capacity Information

Schedule of Airlines Market Share

Calendar Years 2010 – 2019 and January through April 2020

Airline	Enplanements 2010	2011	2012 [13]	2013	2014
Domestic Air Carrier					
AirTran	109,700	105,826	94,826	149,564	82,535
Alaska Airlines [1]	-	-	40,597	52,123	55,508
Allegiant Air [2]	-	-	-	-	-
American	462,277	462,109	470,125	457,856	465,701
Continental [3]	255,855	240,803	-	-	-
Delta [4]	829,929	888,901	909,211	886,945	896,475
Frontier	326,098	662,912	421,086	212,430	160,422
Great Lakes [5]	12,380	488	-	-	-
Midwest [6]	194,405	-	-	-	-
OneJet Airlines[7]	-	-	-	-	-
Southwest	1,984,482	1,991,860	2,063,124	2,187,479	2,384,954
Spirit[8]	-	-	-	-	63,831
United [9]	428,677	372,343	601,482	581,919	543,346
US Airways [10]	337,886	350,589	381,673	399,674	415,139
Subtotal - Domestic Air Carrier	**4,941,689**	**5,075,831**	**4,982,124**	**4,927,990**	**5,067,911**
Foreign Air Carrier [11]	**7,651**	**10,802**	**10,074**	**8,556**	**12,426**
Charter [12]	**391**	**1,394**	**1,997**	**4,495**	**6,173**
TOTAL - ALL AIRLINES	**4,949,731**	**5,088,027**	**4,994,195**	**4,941,041**	**5,086,510**

[1] Alaska Airlines began service at MCI in March 2012.

[2] Allegiant Air began scheduled service in November 2015.

[3] Includes enplanements by Chautauqua Airlines, and ExpressJet; merged with United in 2012.

[4] Includes operations by Atlantic Southeast Airlines (ASA), Chautauqua Airlines, Comair, Shuttle America, Skywest, Northwest, and Pinnacle airlines.

[5] Great Lakes Airlines began service at MCI in October 2007 and ceased operations in February 2011.

[6] Includes enplanements by Skyway, and Republic Airlines. Midwest Airlines merged their operations with Frontier Airlines in April 2010.

[7] OneJet Airlines began service at MCI in March 2018.

[8] Spirit began service at MCI in August 2014.

[9] Includes enplanements by GoJet Airlines, Mesa Airlines, Shuttle America, SkyWest Airlines, and TransStates Airlines.

[10] Includes enplanements by Air Wisconsin, Mesa Airlines, PSA Airlines, and Republic Airlines. US Airways merged with American Airlines October 2015.

[11] Air Georgian started operations on behave of Air Canada Jazz in May 2014. Icelandair began service in May 2018.

[12] Charter Passenger category includes Miami Air International, Ryan International, Omni Air, Sun Country,Hawaiian Airlines, XTRA Airlines and Atlas Air.

[13] Starting CY2012 and forward enplanement calculations include non-revenue passengers.

[14] The big drop in enplanements in 2020 is due to COVID-19.

Source: Kansas City Aviation Department records.

City of Kansas City, Missouri Department of Aviation

Debt Capacity Information

Schedule of Airlines Market Share

Calendar Years 2010 – 2019 and January through April 2020

Enplanements					
2015	**2016**	**2017**	**2018**	**2019**	**Jan-Apr2020 [14]**
-	-	-	-	-	-
66,194	105,415	114,485	142,763	161,424	22,087
5,688	47,625	73,142	62,178	39,067	5,191
564,954	918,720	895,555	825,588	864,014	168,781
-	-	-	-	-	-
905,937	916,060	930,944	1,016,379	1,083,732	195,157
59,768	118,879	86,459	95,908	68,600	15,116
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	1,476	-	-
2,577,863	2,717,199	2,858,617	2,937,983	2,813,560	503,072
164,206	150,258	203,713	210,601	219,253	38,398
525,726	532,262	570,869	614,703	623,426	108,379
352,692	-	-	-	-	-
5,223,028	**5,506,418**	**5,733,784**	**5,907,579**	**5,873,076**	**1,056,181**
12,115	**19,233**	**15,589**	**23,249**	**21,748**	**2,303**
1,664	**1,605**	**1,818**	**4,817**	**5,566**	**1,268**
5,236,807	**5,527,256**	**5,751,191**	**5,935,645**	**5,900,390**	**1,059,752**

City of Kansas City, Missouri Department of Aviation

Debt Capacity Information

Schedule of Airlines Market Share

Calendar Years 2010 - 2019 and January through April 2020

	Changes in Airline Market Share			
Airline	**2010**	**2011**	**2012**	**2013**
Domestic Air Carrier				
AirTran	2.2%	2.1%	1.9%	3.0%
Alaska Airlines [1]	0.0%	0.0%	0.8%	1.1%
Allegiant Air [2]	0.0%	0.0%	0.0%	0.0%
American	9.3%	9.1%	9.4%	9.3%
Continental [3]	5.2%	4.7%	0.0%	0.0%
Delta [4]	16.8%	17.5%	18.2%	18.0%
Frontier	6.6%	13.0%	8.4%	4.3%
Great Lakes [5]	0.3%	0.0%	0.0%	0.0%
Midwest [6]	3.9%	0.0%	0.0%	0.0%
OneJet Airlines[7]	0.0%	0.0%	0.0%	0.0%
Southwest	40.1%	39.1%	41.3%	44.3%
Spirit[8]	0.0%	0.0%	0.0%	0.0%
United [9]	8.7%	7.3%	12.0%	11.8%
US Airways [10]	6.8%	6.9%	7.6%	8.1%
Subtotal - Domestic Air Carrier	**99.8%**	**99.8%**	**99.8%**	**99.7%**
Foreign Air Carrier [11]	**0.2%**	**0.2%**	**0.2%**	**0.2%**
Charter [12]	**0.0%**	**0.0%**	**0.0%**	**0.1%**
TOTAL - ALL AIRLINES	**100.0%**	**100.0%**	**100.0%**	**100.0%**

[1] Alaska Airlines began service at MCI in March 2012.

[2] Allegiant Air began scheduled service in November 2015.

[3] Includes enplanements by Chautauqua Airlines, and ExpressJet; merged with United in 2012.

[4] Includes operations by Atlantic Southeast Airlines (ASA), Chautauqua Airlines, Comair, Shuttle America, Skywest, Northwest, and Pinnacle airlines.

[5] Great Lakes Airlines began service at MCI in October 2007 and ceased operations in February 2011.

[6] Includes enplanements by Skyway, and Republic Airlines. Midwest Airlines merged their operations with Frontier Airlines in April 2010.

[7] OneJet Airlines began service at MCI in March 2018.

[8] Spirit began service at MCI in August 2014.

[9] Includes enplanements by GoJet Airlines, Mesa Airlines, Shuttle America, SkyWest Airlines, and TransStates Airlines.

Includes enplanements by Air Wisconsin, Mesa Airlines, PSA Airlines, and Republic Airlines. US Airways merged with American Airlines October 2015.

Air Georgian started operations on behave of Air Canada Jazz in May 2014. Icelandair began service in May 2018.

Charter Passenger category includes Miami Air International, Ryan International, Omni Air, Sun Country, Hawaiian Airlines, XTRA Airlines and Atlas Air.

Starting CY2012 and forward enplanement calculations include non-revenue passengers.

[14] The big drop in enplanements in 2020 is due to COVID-19.

Source: Kansas City Aviation Department records.

City of Kansas City, Missouri Department of Aviation

Debt Capacity Information

Schedule of Airlines Market Share

Calendar Years 2010 - 2019 and January through April 2020

Changes in Airline Market Share						
2014	**2015**	**2016**	**2017**	**2018**	**2019**	**Jan-Apr2020** [14]
1.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
1.1%	1.3%	1.9%	2.0%	2.4%	2.7%	2.1%
0.0%	0.1%	0.9%	1.3%	1.0%	0.7%	0.5%
9.2%	10.8%	16.6%	15.6%	13.9%	14.6%	16.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
17.6%	17.3%	16.6%	16.2%	17.1%	18.3%	18.4%
3.2%	1.1%	2.2%	1.5%	1.6%	1.2%	1.4%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
46.9%	49.2%	49.2%	49.7%	49.5%	47.7%	47.5%
1.3%	3.1%	2.7%	3.5%	3.5%	3.7%	3.6%
10.7%	10.0%	9.6%	9.9%	10.4%	10.6%	10.2%
8.2%	6.7%	0.0%	0.0%	0.0%	0.0%	0.0%
99.6%	**99.7%**	**99.6%**	**99.7%**	**99.5%**	**99.5%**	**99.7%**
0.2%	**0.2%**	**0.3%**	**0.3%**	**0.4%**	**0.4%**	**0.2%**
0.1%	**0.0%**	**0.0%**	**0.0%**	**0.1%**	**0.1%**	**0.1%**
100.0%	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

City of Kansas City, Missouri Department of Aviation

Debt Capacity Information

Schedule of MCI Aircraft Operations

Calendar Years 2010 – 2019

Year	Air Carrier [1]	Commuter / Air Taxi	All-Cargo [2]	General Aviation [3]	Military	TOTAL
2010	106,712	32,526	2,854	5,671	843	148,606
2011	105,042	31,328	2,884	4,239	1,055	144,548
2012	98,382	30,105	2,884	3,946	763	136,080
2013	96,206	25,750	2,908	3,609	770	129,243
2014	101,712	20,254	3,364	3,702	792	129,824
2015	102,157	12,670	3,596	3,457	777	122,657
2016	110,500	8,379	4,838	3,358	607	127,682
2017	109,757	4,797	4,576	3,550	655	123,335
2018	113,197	5,303	4,422	3,609	918	127,449
2019	114,349	4,333	4,118	3,830	883	127,513
Average Annual Growth Rate						
2010-2019	0.77%	-20.07%	4.16%	-4.27%	0.52%	-1.69%

[1]Includes aircraft operations by domestic air carriers, Air Canada, and charter operations.

[2]Cargo operations based on Table IV-8b, Commercial Aircraft Landings - Cargo.

[3]General Aviation includes civil itinerant and local aircraft operations.

Source: Kansas City Aviation Department based on FAA Airport Operations Monthly Summary.

City of Kansas City, Missouri Department of Aviation

Debt Capacity Information

Schedule of Enplaned Cargo (pounds in thousands)

Calendar Years 2010 – 2019 and January through April 2020

	Mail (000 lbs)		Air Freight (000 lbs)		
Year	Weight	% of Total	Weight	% of Total	Total Cargo (000 lbs)
2010	4,054	4.3%	90,624	95.7%	94,678
2011	2,821	3.0%	90,941	97.0%	93,762
2012	2,207	2.4%	91,627	97.6%	93,834
2013	2,519	2.4%	101,999	97.6%	104,518
2014	1,767	1.8%	99,021	98.2%	100,788
2015	3,552	3.6%	96,017	96.4%	99,569
2016	2,732	2.5%	107,305	97.5%	110,037
2017	4,702	4.3%	103,863	95.7%	108,565
2018	3,508	3.2%	107,724	96.8%	111,232
2019	2,775	2.6%	104,925	97.4%	107,700
Jan - Apr 2010	1,603	5.3%	28,551	94.7%	30,154
Jan - Apr 2011	1,311	4.3%	29,013	95.7%	30,324
Jan - Apr 2012	836	2.8%	28,764	97.2%	29,600
Jan - Apr 2013	654	2.0%	32,243	98.0%	32,897
Jan - Apr 2014	1,033	3.0%	33,240	97.0%	34,273
Jan - Apr 2015	794	2.5%	30,704	97.5%	31,498
Jan - Apr 2016	649	1.8%	35,658	98.2%	36,307
Jan - Apr 2017	1,431	4.1%	33,074	95.9%	34,505
Jan - Apr 2018	1,270	3.6%	34,121	96.4%	35,391
Jan - Apr 2019	1,213	3.4%	33,958	96.6%	35,171
Jan - Apr 2020	728	2.2%	31,915	97.8%	32,643
		Average Annual Growth Rate			
2010-2019	-4.12%	-	1.64%	-	1.44%

Source: Kansas City Aviation Department records.

City of Kansas City, Missouri Department of Aviation

Debt Capacity Information

Schedule of Commercial Aircraft Landed Weight by Airline (pounds in thousands)

Calendar Years 2010 – 2019 and January through April 2020

Airline	2010	2011	% Change	2012	% Change
Domestic Air Carrier					
AirTran	132,224	129,024	-2.4%	115,504	-10.5%
Alaska Airlines [1]	-	-	0.0%	42,729	100.0%
Allegiant Air [2]	-	-	0.0%	-	0.0%
American	578,878	559,265	-3.4%	508,037	-9.2%
Continental [3]	278,303	278,233	0.0%	82,782	-70.2%
Delta [4]	1,021,228	1,057,106	3.5%	1,097,550	3.8%
Frontier	384,057	765,298	99.3%	460,839	-39.8%
Great Lakes Airlines [5]	41,527	2,163	-94.8%	-	-100.0%
Midwest [6]	289,803	-	-100.0%	-	0.0%
OneJet Airlines [7]	-	-	0.0%	-	0.0%
Southwest	2,568,748	2,560,228	-0.3%	2,602,082	1.6%
Spirit [8]	-	-	0.0%	-	0.0%
United [9]	589,180	441,580	-25.1%	588,058	33.2%
US Airways [10]	433,996	448,282	3.3%	480,453	7.2%
Subtotal - Domestic Air Carrier	**6,317,944**	**6,241,179**	**-1.2%**	**5,978,034**	**-4.2%**
Foreign Carrier					
Air Canada Jazz	15,087	16,779	11.2%	17,061	1.7%
Air Georgian	-	-	0.0%	-	0.0%
Icelandair	-	-	0.0%	-	0.0%
Subtotal - Foreign Carrier [11]	**15,087**	**16,779**	**11.2%**	**17,061**	**1.7%**
Charter [12]	**4,926**	**9,433**	**91.5%**	**8,584**	**-9.0%**
All-Cargo Carrier					
Airborne Express	-	-	0.0%	272	100.0%
Capitol Cargo/BAX Global [13]	44,961	44,642	-0.7%	41,266	-7.6%
DHL Express	2,200	2,475	12.5%	275	-88.9%
Federal Express	246,866	259,764	5.2%	251,099	-3.3%
Southern Air [14]	-	-	0.0%	-	0.0%
UPS	128,283	127,022	-1.0%	127,858	0.7%
Others [15]	2,605	3,340	28.2%	8,707	160.7%
Subtotal - Cargo	**424,915**	**437,243**	**2.9%**	**429,477**	**-1.8%**
TOTAL - ALL AIRLINES	**6,762,872**	**6,704,634**	**-0.9%**	**6,433,156**	**-4.0%**

[1]Alaska Airlines began service at MCI in March 2012.

[2]Allegiant Air began scheduled service in November 2015.

[3]Includes enplanements by Chautauqua Airlines, and ExpressJet; merged with United in 2012.

[4]Includes operations by Atlantic Southeast Airlines (ASA), Chautauqua Airlines, Comair, Shuttle America, Skywest, Northwest, and Pinnacle airlines.

[5]Great Lakes Airlines began service at MCI in October 2007 and ceased operations in February 2011.

[6]Includes operations by Skyway and Republic Airlines. Midwest Airlines merged their operations with Frontier Airlines in April 2010.

[7]OneJet Airlines began service at MCI in March 2018.

[8]Spirit began service at MCI in August 2014.

[9]Includes operations by GoJet Airlines, Mesa Airlines, Shuttle America, SkyWest Airlines, and TransStates Airlines.

[10]Includes operations by Air Wisconsin, Mesa Airlines, PSA Airlines, and Republic Airlines. US Airways is flying under AA brand name since October 2015.

[11]Air Georgian started operatons on behalf of Air Canada Jazz in May 2014. Icelandair began service in May 2018.

[12] Charter Passenger category includes Miami Air International, Ryan International, Omni Air, Sun Country,Hawaiian Airlines, XTRA Airlines and Atlas Air.

[13]Capitol Cargo replaced BAX Global reporting in January 2012.

[14]Southern Air began operations at MCI in July 2014.

[15]Cargo Others include Ameriflight, Inc., Cargo Jet, Kalitta Air, Mountain Air, Skyway Enterprise, UPS Supply Chain Solutions, Air Transport International, Northern Air, CSA Inc, and USA Jet.

Source: Kansas City Aviation Department records.

City of Kansas City, Missouri Department of Aviation

Debt Capacity Information

Schedule of Commercial Aircraft Landed Weight by Airline (pounds in thousands)

Calendar Years 2010 – 2019 and January through April 2020

Airline	2013	% Change	2014	% Change	2015	% Change
Domestic Air Carrier						
AirTran	165,896	43.6%	89,800	-45.9%	-	-100.0%
Alaska Airlines [1]	53,342	24.8%	54,061	1.3%	63,409	17.3%
Allegiant Air [2]	-	0.0%	-	0.0%	6,307	100.0%
American	513,482	1.1%	519,082	1.1%	627,939	21.0%
Continental [3]	-	-100.0%	-	0.0%	-	0.0%
Delta [4]	1,105,657	0.7%	1,071,673	-3.1%	1,058,932	-1.2%
Frontier	232,982	-49.4%	183,447	-21.3%	66,852	-63.6%
Great Lakes Airlines [5]	-	0.0%	-	0.0%	-	0.0%
Midwest [6]	-	0.0%	-	0.0%	-	0.0%
OneJet Airlines[7]	-	0.0%	-	0.0%	-	0.0%
Southwest	2,738,300	5.2%	2,787,190	1.8%	2,833,664	1.7%
Spirit [8]	-	0.0%	97,094	100.0%	214,154	120.6%
United [9]	644,965	9.7%	630,973	-2.2%	581,494	-7.8%
US Airways [10]	490,153	2.0%	509,625	4.0%	422,259	-17.1%
Subtotal - Domestic Air Carrier	**5,944,777**	**-0.6%**	**5,942,945**	**0.0%**	**5,875,010**	**-1.1%**
Foreign Carrier						
Air Canada Jazz	16,497	-3.3%	5,311	-67.8%	-	-100.0%
Air Georgian	-	0.0%	11,233	100.0%	16,497	46.9%
Icelandair	-	0.0%	-	0.0%	-	0.0%
Subtotal - Foreign Carrier [11]	**16,497**	**-3.3%**	**16,544**	**0.3%**	**16,497**	**-0.3%**
Charter [12]	**14,844**	**72.9%**	**1,306**	**-91.2%**	**10,656**	**715.9%**
All-Cargo Carrier						
Airborne Express	57,417	21009.2%	3,095	-94.6%	1,686	-45.5%
Capitol Cargo/BAX Global [13]	-	-100.0%	-	0.0%	-	0.0%
DHL Express	-	-100.0%	-	0.0%	-	0.0%
Federal Express	283,516	12.9%	300,609	6.0%	293,616	-2.3%
Southern Air [14]	-	0.0%	13,068	100.0%	29,365	124.7%
UPS	134,976	5.6%	140,457	4.1%	151,753	8.0%
Others [15]	16,784	92.8%	46,331	176.0%	25,805	-44.3%
Subtotal - Cargo	**492,693**	**14.7%**	**503,560**	**2.2%**	**502,225**	**-0.3%**
TOTAL - ALL AIRLINES	**6,468,811**	**0.6%**	**6,464,355**	**-0.1%**	**6,404,388**	**-0.9%**

[1] Alaska Airlines began service at MCI in March 2012.

[2] Allegiant Air began scheduled service in November 2015.

[3] Includes enplanements by Chautauqua Airlines, and ExpressJet; merged with United in 2012.

[4] Includes operations by Atlantic Southeast Airlines (ASA), Chautauqua Airlines, Comair, Shuttle America, Skywest, Northwest, and Pinnacle airlines.

[5] Great Lakes Airlines began service at MCI in October 2007 and ceased operations in February 2011.

[6] Includes operations by Skyway and Republic Airlines. Midwest Airlines merged their operations with Frontier Airlines in April 2010.

[7] OneJet Airlines began service at MCI in March 2018.

[8] Spirit began service at MCI in August 2014.

[9] Includes operations by GoJet Airlines, Mesa Airlines, Shuttle America, SkyWest Airlines, and TransStates Airlines.

[10] Includes operations by Air Wisconsin, Mesa Airlines, PSA Airlines, and Republic Airlines. US Airways is flying under AA brand name since October 2015.

[11] Air Georgian started operatons on behalf of Air Canada Jazz in May 2014. Icelandair began service in May 2018.

[12] Charter Passenger category includes Miami Air International, Ryan International, Omni Air, Sun Country,Hawaiian Airlines, XTRA Airlines and Atlas Air.

[13] Capitol Cargo replaced BAX Global reporting in January 2012.

[14] Southern Air began operations at MCI in July 2014.

[15] Cargo Others include Ameriflight, Inc., Cargo Jet, Kalitta Air, Mountain Air, Skyway Enterprise, UPS Supply Chain Solutions, Air Transport International, Northern Air, CSA Inc, and USA Jet.

Source: Kansas City Aviation Department records.

City of Kansas City, Missouri Department of Aviation

Debt Capacity Information

Schedule of Commercial Aircraft Landed Weight by Airline (pounds in thousands)

Calendar Years 2010 – 2019 and January through April 2020

Airline	2016	% Change	2017	% Change	2018	% Change
Domestic Air Carrier						
AirTran	-	0.0%	-	0.0%	-	0.0%
Alaska Airlines [1]	112,653	77.7%	128,599	14.2%	164,843	28.2%
Allegiant Air [2]	48,395	667.3%	74,876	54.7%	60,959	-18.6%
American	1,149,557	83.1%	1,056,768	-8.1%	977,864	-7.5%
Continental [3]	-	0.0%	-	0.0%	-	0.0%
Delta [4]	1,087,804	2.7%	1,105,412	1.6%	1,207,220	9.2%
Frontier	114,776	71.7%	81,415	-29.1%	101,826	25.1%
Great Lakes Airlines [5]	-	0.0%	-	0.0%	-	0.0%
Midwest [6]	-	0.0%	-	0.0%	-	0.0%
OneJet Airlines [7]	-	0.0%	-	0.0%	-	0.0%
Southwest	3,071,720	8.4%	3,222,896	4.9%	3,343,809	3.8%
Spirit [8]	163,908	-23.5%	204,131	24.5%	213,194	4.4%
United [9]	621,364	6.9%	674,383	8.5%	725,067	7.5%
US Airways [10]	-	-100.0%	-	0.0%	-	0.0%
Subtotal - Domestic Air Carrier	**6,370,177**	**8.4%**	**6,548,480**	**2.8%**	**6,794,782**	**3.8%**
Foreign Carrier						
Air Canada Jazz	-	0.0%	-	0.0%	-	0.0%
Air Georgian	25,239	53.0%	22,090	-12.5%	22,184	0.4%
Icelandair	-	0.0%	-	0.0%	11,286	100.0%
Subtotal - Foreign Carrier [11]	**25,239**	**53.0%**	**22,090**	**-12.5%**	**33,470**	**51.5%**
Charter [12]	**720**	**-93.2%**	**5,096**	**607.8%**	**6,732**	**32.1%**
All-Cargo Carrier						
Airborne Express	6,017	256.9%	566	-90.6%	592	4.6%
Capitol Cargo/BAX Global [13]	-	0.0%	-	0.0%	-	0.0%
DHL Express	-	0.0%	-	0.0%	-	0.0%
Federal Express	368,625	25.5%	330,350	-10.4%	331,224	0.3%
Southern Air [14]	27,805	-5.3%	32,040	15.2%	11,386	-64.5%
UPS	189,836	25.1%	197,598	4.1%	186,934	-5.4%
Others [15]	30,322	17.5%	9,741	-67.9%	46,913	381.6%
Subtotal - Cargo	**622,605**	**24.0%**	**570,295**	**-8.4%**	**577,049**	**1.2%**
TOTAL - ALL AIRLINES	**7,018,741**	**9.6%**	**7,145,961**	**1.8%**	**7,412,033**	**3.7%**

[1]Alaska Airlines began service at MCI in March 2012.

[2]Allegiant Air began scheduled service in November 2015.

[3]Includes enplanements by Chautauqua Airlines, and ExpressJet; merged with United in 2012.

[4]Includes operations by Atlantic Southeast Airlines (ASA), Chautauqua Airlines, Comair, Shuttle America, Skywest, Northwest, and Pinnacle airlines.

[5]Great Lakes Airlines began service at MCI in October 2007 and ceased operations in February 2011.

[6]Includes operations by Skyway and Republic Airlines. Midwest Airlines merged their operations with Frontier Airlines in April 2010.

[7]OneJet Airlines began service at MCI in March 2018.

[8]Spirit began service at MCI in August 2014.

[9]Includes operations by GoJet Airlines, Mesa Airlines, Shuttle America, SkyWest Airlines, and TransStates Airlines.

[10]Includes operations by Air Wisconsin, Mesa Airlines, PSA Airlines, and Republic Airlines. US Airways is flying under AA brand name since October 2015.

[11]Air Georgian started operatons on behalf of Air Canada Jazz in May 2014. Icelandair began service in May 2018.

[12] Charter Passenger category includes Miami Air International, Ryan International, Omni Air, Sun Country,Hawaiian Airlines, XTRA Airlines and Atlas Air.

[13]Capitol Cargo replaced BAX Global reporting in January 2012.

[14]Southern Air began operations at MCI in July 2014.

[15]Cargo Others include Ameriflight, Inc., Cargo Jet, Kalitta Air, Mountain Air, Skyway Enterprise, UPS Supply Chain Solutions, Air Transport International, Northern Air, CSA Inc, and USA Jet.

Source: Kansas City Aviation Department records.

City of Kansas City, Missouri Department of Aviation

Debt Capacity Information

Schedule of Commercial Aircraft Landed Weight by Airline (pounds in thousands)

Calendar Years 2010 – 2019 and January through April 2020

Airline	2019	% Change	Jan-Apr19	Jan-Apr20 [16]	% Change
Domestic Air Carrier					
AirTran	-	0.0%	-	-	0.0%
Alaska Airlines [1]	172,527	4.7%	49,067	30,833	-37.2%
Allegiant Air [2]	35,829	-41.2%	14,127	5,159	-63.5%
American	995,414	1.8%	301,934	253,298	-16.1%
Continental [3]	-	0.0%	-	-	0.0%
Delta [4]	1,255,140	4.0%	394,907	303,867	-23.1%
Frontier	64,211	-36.9%	15,956	17,014	6.6%
Great Lakes Airlines [5]	-	0.0%	-	-	0.0%
Midwest [6]	-	0.0%	-	-	0.0%
OneJet Airlines [7]	-	0.0%	-	-	0.0%
Southwest	3,116,581	-6.8%	1,018,789	791,280	-22.3%
Spirit [8]	218,735	2.6%	76,665	47,970	-37.4%
United [9]	733,736	1.2%	219,840	166,254	-24.4%
US Airways [10]	-	0.0%	-	-	0.0%
Subtotal - Domestic Air Carrier	**6,592,173**	**-3.0%**	**2,091,285**	**1,615,675**	**-22.7%**
Foreign Carrier					
Air Canada Jazz	1,438	100.0%	-	3,346	100.0%
Air Georgian	15,463	-30.3%	5,405	-	-100.0%
Icelandair	12,672	12.3%	-	-	0.0%
Subtotal - Foreign Carrier [11]	**29,573**	**-11.6%**	**5,405**	**3,346**	**-38.1%**
Charter [12]	**8,775**	**30.3%**	**2,842**	**13,432**	**372.6%**
All-Cargo Carrier					
Airborne Express	272	-54.1%	272	-	-100.0%
Capitol Cargo/BAX Global [13]	-	0.0%	-	-	0.0%
DHL Express	-	0.0%	-	-	0.0%
Federal Express	351,388	6.1%	111,751	104,437	-6.5%
Southern Air [14]	14,964	31.4%	7,298	121	-98.3%
UPS	182,849	-2.2%	55,480	59,676	7.6%
Others [15]	27,121	-42.2%	7,724	-	-100.0%
Subtotal - Cargo	**576,594**	**-0.1%**	**182,525**	**164,234**	**-10.0%**
TOTAL - ALL AIRLINES	**7,207,115**	**-2.8%**	**2,282,057**	**1,796,687**	**-21.3%**

[1] Alaska Airlines began service at MCI in March 2012.

[2] Allegiant Air began scheduled service in November 2015.

[3] Includes enplanements by Chautauqua Airlines, and ExpressJet; merged with United in 2012.

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[7] OneJet Airlines began service at MCI in March 2018.

[8] Spirit began service at MCI in August 2014.

[9] Includes operations by GoJet Airlines, Mesa Airlines, Shuttle America, SkyWest Airlines, and TransStates Airlines.

[10] Includes operations by Air Wisconsin, Mesa Airlines, PSA Airlines, and Republic Airlines. US Airways is flying under AA brand name since October 2015.

[11] Air Georgian started operatons on behalf of Air Canada Jazz in May 2014. Icelandair began service in May 2018.

[12] Charter Passenger category includes Miami Air International, Ryan International, Omni Air, Sun Country,Hawaiian Airlines, XTRA Airlines and Atlas Air.

[13] Capitol Cargo replaced BAX Global reporting in January 2012.

[14] Southern Air began operations at MCI in July 2014.

[15] Cargo Others include Ameriflight, Inc., Cargo Jet, Kalitta Air, Mountain Air, Skyway Enterprise, UPS

[16]

City of Kansas City, Missouri Department of Aviation

Debt Capacity Information

Schedule of Commercial Aircraft Landings

Calendar Years 2010 – 2019 and January through April 2019 and 2020

	Aircraft Landings				
Airline	**2010**	**2011**	**2012**	**2013**	**2014**
Domestic Air Carrier					
AirTran	1,264	1,221	1,103	1,594	863
'Alaska Airlines [1]	-	-	296	365	366
Allegiant Air [2]	-	-	-	-	-
American	5,286	5,099	5,175	5,241	5,298
Continental [3]	6,106	5,893	1,830	-	-
Delta [4]	10,869	11,175	10,928	10,504	9,883
Frontier	3,776	7,692	4,110	1,953	1,408
Great Lakes Airlines [5]	2,477	129	-	-	-
Midwest [6]	3,514	-	-	-	-
OneJet Airlines[7]	-	-	-	-	-
Southwest	21,335	21,216	21,342	22,088	22,204
Spirit [8]	-	-	-	-	698
United [9]	5,976	6,461	10,336	11,611	10,910
US Airways [10]	4,294	4,328	4,579	4,739	4,704
Subtotal - Domestic Air Carrier	**64,897**	**63,214**	**59,699**	**58,095**	**56,334**
Foreign Air Carrier					
Air Canada Jazz	321	357	363	351	113
Air Georgian	-	-	-	-	239
Icelandair	-	-	-	-	-
Subtotal - Foreign Carrier [11]	**321**	**357**	**363**	**351**	**352**
Charter [12]	**35**	**66**	**56**	**6**	**6**
All-Cargo Carrier					
Airborne Express	-	-	1	210	11
Capitol Cargo/BAX Global [13]	271	268	254	-	-
DHL Airways/DHL Express	8	9	1	-	-
Federal Express	812	828	807	808	896
Southern Air [14]	-	-	-	-	108
UPS	286	281	288	298	354
Others [15]	50	56	91	138	313
Subtotal - Cargo	**1,427**	**1,442**	**1,442**	**1,454**	**1,682**
TOTAL - ALL AIRLINES	**66,680**	**65,079**	**61,560**	**59,906**	**58,374**

[1]Alaska Airlines began service at MCI in March 2012.

[2]Allegiant Air began scheduled service in November 2015.

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[5]Great Lakes Airlines began service at MCI in October 2007 and ceased operations in February 2011.

[6]Includes operations by Skyway and Republic Airlines. Midwest Airlines merged their operations with Frontier Airlines in April 2010.

[7]OneJet Airlines began service at MCI in March 2018.

Spirit began service at MCI in August 2014.

Includes operations by GoJet Airlines, Mesa Airlines, Shuttle America, SkyWest Airlines, and TransStates Airlines.

Includes operations by Air Wisconsin, Mesa Airlines, PSA Airlines, and Republic Airlines. US Airways is flying under AA brand name since October 2015.

Air Georgian started operatons on behalf of Air Canada Jazz in May 2014. Icelandair began service in May 2018.

[12] Charter Passenger category includes Miami Air International, Ryan International, Omni Air, Sun Country, Hawaiian Airlines, XTRA Airlines and Atlas Air.

[13]Capitol Cargo replaced BAX Global reporting in January 2012.

Southern Air began operations at MCI in July 2014.

[15]Cargo Others include Ameriflight, Inc., Cargo Jet, Kalitta Air, Mountain Air, Skyway Enterprise, UPS Supply Chain Solutions, Air Transport International, Northern Air, CSA Inc, and USA Jet.

[16] The big drop in landings in 2020 is due to COVID-19.

Source: Kansas City Aviation Department records.

City of Kansas City, Missouri Department of Aviation

Debt Capacity Information

Schedule of Commercial Aircraft Landings

Calendar Years 2010 – 2019 and January through April 2019 and 2020

Aircraft Landings						
2015	**2016**	**2017**	**2018**	**2019**	**Jan-Apr19**	**Jan-Apr20** [16]
-	-	-	-	-	-	-
428	905	1,077	1,561	1,561	431	222
45	344	532	432	253	100	36
5,824	10,789	10,021	8,924	9,186	2,865	2,297
-	-	-	-	-	-	-
9,139	9,238	9,275	10,330	10,744	3,498	2,715
497	800	578	725	437	112	118
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	131	-		-
22,499	24,075	25,097	25,534	23,796	7,761	6,017
1,545	1,146	1,409	1,456	1,510	530	330
8,815	7,561	7,465	8,176	7,929	2,546	1,947
3,812	-	-	-	-	-	-
52,604	**54,858**	**55,454**	**57,269**	**55,416**	**17,843**	**13,682**
-	-	-	-	30	-	70
351	537	470	472	329	115	-
-	-	-	57	64	-	-
351	**537**	**470**	**529**	**423**	**115**	**70**
99	**2**	**30**	**79**	**51**	**16**	**12**
6	22	2	2	1	1	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
862	1,263	1,164	1,094	1,094	376	283
245	229	264	94	123	60	1
398	609	746	628	597	172	175
287	296	112	393	244	86	92
1,798	**2,419**	**2,288**	**2,211**	**2,059**	**695**	**551**
54,852	**57,816**	**58,242**	**60,088**	**57,949**	**18,669**	**14,315**

City of Kansas City, Missouri Department of Aviation

Debt Capacity Information

Schedule of Commercial Aircraft Landings

Calendar Years 2010 – 2019 and January through April 2019 and 2020

	Changes in Aircraft Landings				
Airline	**2009-10**	**2010-11**	**2011-12**	**2012-13**	**2013-14**
Domestic Air Carrier					
AirTran	-20.7%	-3.4%	-9.7%	44.5%	-45.9%
Alaska Airlines [1]	0.0%	100.0%	100.0%	23.3%	0.3%
Allegiant Air [2]	0.0%	0.0%	0.0%	0.0%	0.0%
American	6.6%	-3.5%	1.5%	1.3%	1.1%
Continental [3]	3.2%	-3.5%	-68.9%	-100.0%	0.0%
Delta [4]	-7.0%	2.8%	-2.2%	-3.9%	-5.9%
Frontier	106.5%	103.7%	-46.6%	-52.5%	-27.9%
Great Lakes Airlines [5]	-54.9%	-94.8%	-100.0%	0.0%	0.0%
Midwest [6]	-33.6%	-100.0%	0.0%	0.0%	0.0%
OneJet Airlines[7]	0.0%	0.0%	0.0%	0.0%	0.0%
Southwest	-1.5%	-0.6%	0.6%	3.5%	0.5%
Spirit [8]	0.0%	0.0%	0.0%	0.0%	100.0%
United [9]	9.7%	8.1%	60.0%	12.3%	-6.0%
US Airways [10]	8.4%	0.8%	5.8%	3.5%	-0.7%
Subtotal - Domestic Air Carrier	**-4.3%**	**-2.6%**	**-5.6%**	**-2.7%**	**-3.0%**
Foreign Air Carrier					
Air Canada Jazz	3.2%	11.2%	1.7%	-3.3%	-67.8%
Air Georgian	0.0%	0.0%	0.0%	0.0%	100.0%
Icelandair	0.0%	0.0%	0.0%	0.0%	0.0%
Subtotal - Foreign Carrier [11]	**3.2%**	**11.2%**	**1.7%**	**-3.3%**	**0.3%**
Charter [12]	**74.5%**	**188.6%**	**-15.2%**	**-89.3%**	**0.0%**
All-Cargo Carrier					
Airborne Express	-100.0%	0.0%	100.0%	20900.0%	-94.8%
Capitol Cargo/BAX Global [13]	-13.4%	-1.1%	-5.2%	-100.0%	0.0%
DHL Airways/DHL Express	166.7%	12.5%	-88.9%	-100.0%	0.0%
Federal Express	-3.6%	2.0%	-2.5%	0.1%	10.9%
Southern Air [14]	0.0%	0.0%	0.0%	0.0%	0.0%
UPS	5.5%	-1.7%	2.5%	3.5%	18.8%
Others [15]	284.6%	12.0%	62.5%	51.6%	126.8%
Subtotal - Cargo	**-5.4%**	**1.1%**	**0.0%**	**0.8%**	**15.7%**
TOTAL - ALL AIRLINES	**-5.0%**	**-2.4%**	**-5.4%**	**-2.7%**	**-2.6%**

[1]Alaska Airlines began service at MCI in March 2012.

[2]Allegiant Air began scheduled service in November 2015.

[3]Includes enplanements by Chautauqua Airlines, and ExpressJet; merged with United in 2012.

Includes operations by Atlantic Southeast Airlines (ASA), Chautauqua Airlines, Comair, Shuttle America, Skywest, Northwest, and Pinnacle airlines.

[5]Great Lakes Airlines began service at MCI in October 2007 and ceased operations in February 2011.

Includes operations by Skyway and Republic Airlines. Midwest Airlines merged their operations with Frontier Airlines in April 2010.

[7]OneJet Airlines began service at MCI in March 2018.

[8]Spirit began service at MCI in August 2014.

Includes operations by GoJet Airlines, Mesa Airlines, Shuttle America, SkyWest Airlines, and TransStates Airlines.

Includes operations by Air Wisconsin, Mesa Airlines, PSA Airlines, and Republic Airlines. US Airways is flying under AA brand name since October 2015.

Air Georgian started operatons on behalf of Air Canada Jazz in May 2014. Icelandair began service in May 2018.

Charter Passenger category includes Miami Air International, Ryan International, Omni Air, Sun Country, Hawaiian Airlines, XTRA Airlines and Atlas Air.

[13]Capitol Cargo replaced BAX Global reporting in January 2012.

[14]Southern Air began operations at MCI in July 2014.

Cargo Others include Ameriflight, Inc., Cargo Jet, Kalitta Air, Mountain Air, Skyway Enterprise, UPS Supply Chain Solutions, Air Transport International, Northern Air, CSA Inc, and USA Jet.

[16] The big drop in landings in 2020 is due to COVID-19.

Source: Kansas City Aviation Department records.

City of Kansas City, Missouri Department of Aviation

Debt Capacity Information

Schedule of Commercial Aircraft Landings

Calendar Years 2010 – 2019 and January through April 2019 and 2020

Changes in Aircraft Landings					
2014-15	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**Jan-Apr 20 [16]**
-100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
16.9%	111.4%	19.0%	44.9%	0.0%	-48.5%
100.0%	664.4%	54.7%	-18.8%	-41.4%	-64.0%
9.9%	85.3%	-7.1%	-10.9%	2.9%	-19.8%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
-7.5%	1.1%	0.4%	11.4%	4.0%	-22.4%
-64.7%	61.0%	-27.8%	25.4%	-39.7%	5.4%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
1.3%	7.0%	4.2%	1.7%	-6.8%	-22.5%
121.3%	-25.8%	22.9%	3.3%	3.7%	-37.7%
-19.2%	-14.2%	-1.3%	9.5%	-3.0%	-23.5%
-19.0%	-100.0%	0.0%	0.0%	0.0%	0.0%
-6.6%	**4.3%**	**1.1%**	**3.3%**	**-3.2%**	**-23.3%**
-100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
46.9%	53.0%	-12.5%	0.4%	-30.3%	-100.0%
0.0%	0.0%	0.0%	100.0%	12.3%	0.0%
-0.3%	**53.0%**	**-12.5%**	**12.6%**	**-20.0%**	**-39.1%**
1550.0%	**-98.0%**	**1400.0%**	**163.3%**	**-35.4%**	**-25.0%**
-45.5%	266.7%	-90.9%	0.0%	-50.0%	-100.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
-3.8%	46.5%	-7.8%	-6.0%	0.0%	-24.7%
126.9%	-6.5%	15.3%	-64.4%	30.9%	-98.3%
12.4%	53.0%	22.5%	-15.8%	-4.9%	1.7%
-8.3%	3.1%	-62.2%	250.9%	-37.9%	7.0%
6.9%	**34.5%**	**-5.4%**	**-3.4%**	**-6.9%**	**-20.7%**
-6.0%	**5.4%**	**0.7%**	**3.2%**	**-3.6%**	**-23.3%**

City of Kansas City, Missouri Department of Aviation

Debt Capacity Information

Schedule of Annual Parking Revenue by Facility

For the Last Ten Fiscal Years

	Terminal Garages		Circle E		Economy	
Fiscal Year	Revenue	% of Total	Revenue	% of Total	Revenue	% of Total
FY 2011*	$ 21,356,689	49.2%	$ 4,799,590	11.1%	$ 14,250,010	32.9%
FY 2012*	21,865,158	47.4%	5,131,066	11.1%	14,755,871	32.0%
FY 2013*	22,036,947	46.5%	5,451,113	11.5%	15,343,740	32.4%
FY 2014*	22,208,784	46.2%	5,114,112	10.6%	16,029,274	33.3%
FY 2015*	23,032,114	46.1%	5,085,511	10.2%	16,800,393	33.6%
FY 2016*	24,656,989	46.9%	5,245,226	10.0%	17,619,010	33.5%
FY 2017*	25,928,954	46.8%	5,458,712	9.8%	18,716,175	33.8%
FY 2018*	26,226,453	47.1%	5,620,535	10.1%	18,511,441	33.3%
FY 2019*	27,454,572	48.1%	5,622,448	9.8%	18,626,565	32.6%
FY 2020*	25,168,712	50.6%	3,185,004	6.4%	16,314,687	32.8%

	Average Annual Growth Rate		
2011-2020	1.8%	-4.5%	1.5%

* FYE11 Terminal Garages: A, $7,034,097; B, $9,828,886; C, $4,493,706.

* FYE12 Terminal Garages: A, $3,582,089; B, $12,315,055; C, $5,968,014.

* FYE13 Terminal Garages: A, $3,970,013; B, $13,652,369; C, $4,414,565.

* FYE14 Terminal Garages: A, $5,491,318; B, $11,969,536; C, $4,747,930.

* FYE15 Terminal Garages: B, $16,107,089; C, $6,925,025. Terminal A Garage is closed.

* FYE16 Terminal Garages: B, $17,875,748; C, $6,781,241. Terminal A Garage is closed.

* FYE17 Terminal Garages: B, $18,651,902; C, $7,277,052. Terminal A Garage is closed.

* FYE18 Terminal Garages: B, $19,000,975; C, $7,235,191. Terminal A Garage is closed.

* FYE19 Terminal Garages: B, $19,876,222; C, $7,578,350. Terminal A Garage is closed.

* FYE20 Terminal Garages: B, $17,500,756; C, $7,667,956. Parking revenue is down due to COVID-19.

City of Kansas City, Missouri Department of Aviation

Debt Capacity Information

Schedule of Annual Parking Revenue by Facility

For the Last Ten Fiscal Years

Other		Total	
Other	% of Total	Revenue	% Change
$ 2,960,538	6.8%	$ 43,366,827	8.3%
4,415,587	9.6%	46,167,682	6.5%
4,543,985	9.6%	47,375,785	2.6%
4,734,661	9.8%	48,086,831	1.5%
5,020,460	10.1%	49,938,478	3.9%
5,057,494	9.6%	52,578,719	5.3%
5,321,595	9.6%	55,425,436	5.4%
5,271,611	9.5%	55,630,040	0.4%
5,428,973	9.5%	57,132,558	2.7%
5,062,562	10.2%	49,730,965	-13.0%

Average Annual Growth Rate	
6.1%	1.5%

City of Kansas City, Missouri Department of Aviation

Debt Capacity Information

Schedule of Total Airport System Revenue and Expenses

For the Last Ten Fiscal Years

Airport Revenues/Expenses	2011	2012	2013	2014
Revenues and Expenses per GAAP				
Operating Revenues	$ 100,818,950	$ 106,920,946	$ 105,997,205	$ 109,737,884
Operating Expenses	(132,474,406)	(133,328,198)	(131,444,595)	(132,353,137)
Operating Income (Loss)	(31,655,456)	(26,407,252)	(25,447,390)	(22,615,253)
Other Income (Expense) - Net	50,835,848	32,932,815	20,187,756	20,642,244
Net Income	19,180,392	6,525,563	(5,259,634)	(1,973,009)
Net Revenues Available for GARB Debt Service				
Total Revenues	108,861,897	115,372,489	113,954,153	116,461,892
Transfer From Coverage Deposit Account	-	-	-	832,607
Total Expenses	(78,363,702)	(76,514,182)	(76,578,397)	(79,521,707)
Net Revenues	**30,498,195**	**38,858,307**	**37,375,756**	**37,772,792**
Net Income per GAAP	19,180,392	6,525,563	(5,259,634)	(1,973,009)
Add Back[1]:				
Depreciation Expense	53,418,701	55,293,213	54,397,159	52,502,811
Interest Expense on Bonds	14,777,031	14,090,770	13,335,509	10,049,772
Other Post Employment Benefits [2]	359,595	1,188,393	197,152	278,156
Amortization of Bond Costs	332,408	332,408	271,886	50,463
Transfer From Coverage Deposit Account	-	-	-	832,607
Nonoperating Expense (Other)	253,827	1,201,658	5,557,707	3,796,864
Deduct: [3]				
PFC Revenue	(20,454,358)	(20,887,024)	(19,468,916)	(19,338,417)
Operating Grant Revenue	-	-	-	-
Capital Grant Revenue	(16,647,390)	(17,074,691)	(10,032,725)	(7,402,601)
Transfer from Special Facility Fund	(19,341,408)	-	-	-
Interest Income on PFCs and Bond Accounts[4]	(1,029,302)	(912,977)	(263,969)	(109,563)
Other Adjustments	-	-	-	-
Other Nonoperating Revenue (Incl TFCs)	(351,300)	(899,008)	(1,338,414)	(914,291)
Richards-Gebaur operating Revenues	-	-	-	-
Net Revenues Available for Debt Service	**$ 30,498,196**	**$ 38,858,305**	**$ 37,395,755**	**$ 37,772,792**

[1]Included in expenses presented pursuant to GAAP, but not included in expenses for operating and maintaining the airports pursuant to the bond ordinances.

[2] FY2008 data incorporates a change in reporting methodology.

[3]Included in revenues presented pursuant to GAAP, but not included in revenues available to pay debt service on GARBs pursuant to the bond ordinances.

[4]Interest income on unspent PFC funds and the balances in the accounts established pursuant to the bond ordinances.

City of Kansas City, Missouri Department of Aviation

Debt Capacity Information

Schedule of Total Airport System Revenue and Expenses

For the Last Ten Fiscal Years

2015	2016	2017	2018	2019	2020
$ 125,427,813	$ 127,249,954	$ 131,936,609	$ 128,275,777	$ 129,597,996	$120,792,955
(136,832,981)	(135,681,784)	(137,239,179)	(134,496,021)	(138,260,217)	(85,449,763)
(11,405,168)	(8,431,830)	(5,302,570)	(6,220,244)	(8,662,221)	35,343,192
34,818,877	36,588,219	44,955,082	42,646,639	42,779,146	(31,637,177)
23,413,709	28,156,389	39,652,512	36,426,395	34,116,925	3,706,015
134,163,819	135,682,833	140,199,344	141,614,234	145,092,216	$140,648,833
2,177,044	4,491,094	4,491,250	4,492,750	4,491,719	$4,492,719
(83,568,848)	(82,646,236)	(85,828,137)	(88,084,351)	(94,015,918)	(90,580,684)
52,772,015	**57,527,691**	**58,862,457**	**58,022,633**	**55,568,017**	**54,560,868**
23,413,709	28,156,389	39,652,512	36,426,395	34,116,925	3,706,015
53,107,267	52,908,266	51,356,406	51,912,774	49,963,301	49,908,699
8,731,546	7,703,878	6,538,200	4,833,536	4,681,720	41,316,204
129,558	99,973	27,328	18,388	(179,989)	313,009
27,308	27,308	27,308	27,308	6,827	80,487
2,177,044	4,491,094	4,491,250	4,492,750	4,491,719	4,492,719
3,009,659	(55,422)	1,217,477	8,079,690	6,796,704	8,654,971
(20,191,101)	(20,698,155)	(21,672,476)	(22,178,778)	(22,733,307)	(18,097,525)
-	-	-	-	-	-
(11,832,670)	(14,055,447)	(21,260,964)	(18,835,213)	(12,010,820)	(14,709,374)
-	-	-	-	-	-
(522,696)	(393,140)	(323,453)	(135,360)	(2,153,968)	(14,544,089)
-	-	-	-	-	-
(5,277,608)	(657,053)	(1,191,130)	(6,618,857)	(7,405,095)	(6,560,248)
-	-	-	-	-	-
$ 52,772,016	**$ 57,527,691**	**$ 58,862,458**	**$ 58,022,633**	**$ 55,574,017**	**$ 54,560,868**

City of Kansas City, Missouri Department of Aviation

Debt Capacity Information

Schedule of Historical Operating and Maintenance Expenses

For the Last Ten Fiscal Years

	2011	2012	2013	2014
BY EXPENSE CATEGORY				
Salaries, Wages, & Benefits	$ 28,905,636	$ 28,355,253	$ 29,169,011	$ 30,374,389
Contractual Services & TFC Expense	45,012,638	43,878,454	42,816,982	44,202,257
Utilities	-	-	-	-
Commodities and Supplies	4,445,428	4,280,475	4,592,404	4,945,061
Property and Liability Insurance	-	-	-	-
Total O&M Expenses	$ 78,363,702	$ 76,514,182	$ 76,578,397	$ 79,521,707
BY COST CENTER				
Airline Cost Centers				
Direct				
Runways and Taxiways	$ 12,549,488	$ 12,218,159	$ 12,781,429	$ 12,633,043
Terminal Buildings	23,316,448	21,486,481	21,599,669	20,542,146
Terminal Aprons	1,490,911	1,495,585	1,478,620	1,479,519
Passenger Boarding Bridges	1,086,145	995,620	951,813	1,622,244
Total - Airline Cost Centers	38,442,992	36,195,845	36,811,531	36,276,952
Non-Airline Cost Centers [1]	39,920,710	40,318,337	39,766,866	43,244,755
Total O&M Expenses	$ 78,363,702	$ 76,514,182	$ 76,578,397	$ 79,521,707

[1] O&M Expenses for the following facilities are not charged to the airlines: public parking lots, public parking garage, employee parking facilities, general aviation areas, taxicab shelters, and other miscellaneous non-airline facilities.

[2] The modified Use and Lease Agreement became effective on May 1, 2014 (through April 30, 2020).

City of Kansas City, Missouri Department of Aviation

Debt Capacity Information

Schedule of Historical Operating and Maintenance Expenses

For the Last Ten Fiscal Years

2015 [2]	2016	2017	2018	2019	2020
$ 30,124,286	$ 29,411,654	$ 33,506,857	$ 35,025,037	$ 34,734,085	$ 35,346,834
48,296,935	48,655,439	47,518,854	47,500,623	53,261,859	49,984,194
-	-	-	-	-	-
5,147,628	4,579,143	4,802,425	5,558,691	6,019,973	5,249,656
-	-	-	-	-	-
$ 83,568,849	$ 82,646,236	$ 85,828,136	$ 88,084,351	$ 94,015,918	$ 90,580,684
$ 11,893,000	$ 11,048,990	$ 13,809,000	$ 15,292,000	$ 15,056,000	$15,633,000
17,164,000	17,419,780	20,579,000	22,274,000	24,140,000	22,590,000
1,362,000	1,296,410	1,541,000	1,709,000	1,774,000	1,916,000
1,205,000	1,234,680	1,534,000	1,923,000	2,336	2,319,000
31,624,000	30,999,860	37,463,000	41,198,000	40,972,336	42,458,000
51,944,849	51,646,376	48,365,136	46,886,351	53,043,582	48,122,684
$ 83,568,849	$ 82,646,236	$ 85,828,136	$ 88,084,351	$ 94,015,918	$ 90,580,684

City of Kansas City, Missouri Department of Aviation

Debt Capacity Information

Schedule of Historical Revenues[1]

For the Last Ten Fiscal Years

	Actual				
	2011	2012	2013	2014	2015
Airfield:					
Landing Fees (MCI & MKC)	$ 14,017,042	$ 15,986,343	$ 15,370,047	$ 15,080,351	$ 19,211,748
Fuel Flowage Fees	431,204	394,632	442,210	474,865	545,137
Total Airfield	14,448,246	16,380,975	15,812,257	15,555,216	19,756,885
Terminal:					
Terminal Building Rents:					
Airline Terminal	9,202,970	9,309,597	8,450,472	7,397,629	14,242,753
Other Terminal	1,061,492	1,869,638	844,850	1,779,934	1,621,329
Concessions:					
Food and Beverage	1,774,032	1,992,142	1,972,644	2,214,000	2,372,175
News and Gifts	913,019	926,962	825,272	849,516	889,785
Other Concessions	397,043	515,038	711,989	782,135	756,912
Terminal Apron Area	1,622,975	1,785,290	1,826,567	1,849,967	2,452,290
Total Terminal Revenues	14,971,531	16,398,667	14,631,794	14,873,181	22,335,244
Parking Revenue	43,366,827	46,167,681	47,375,785	48,086,831	49,938,478
Rental Car Revenue	9,749,133	10,104,811	9,889,394	10,400,445	11,315,762
Aviation Services Area	6,076,945	3,918,673	4,670,210	6,575,308	7,270,646
Other Property Revenue	8,195,045	9,201,962	8,826,576	9,375,477	9,536,635
Operating Grant	264,630	154,660	627,742	258,543	306,075
Customer Facility Charge	5,674,925	6,036,072	6,070,968	6,190,905	6,704,444
Transportation Facility Charge	4,011,223	4,748,178	4,771,188	4,871,428	5,274,163
Interest Revenue	2,103,392	2,260,811	1,278,239	274,560	1,725,487
Total Revenues	$ 108,861,897	$ 115,372,490	$ 113,954,153	$ 116,461,894	$ 134,163,819

[1]Revenues presented in accordance with the methodology set forth in the GARB bond ordinances.

City of Kansas City, Missouri Department of Aviation

Debt Capacity Information

Schedule of Historical Revenues[1]

For the Last Ten Fiscal Years

Actual					Percent Change	Average Annual Increase
2016	2017	2018	2019	2020	FY19-20	FY10-20
$ 18,483,090	$ 20,600,772	$ 21,235,851	$ 18,722,645	$20,338,656	8.6%	4.2%
536,691	491,346	553,268	562,509	517,098	-8.1%	2.0%
19,019,781	21,092,118	21,789,119	19,285,154	20,855,754	8.1%	4.2%
14,003,801	13,500,318	14,486,293	15,500,518	$14,168,585	-8.6%	4.9%
1,721,986	2,325,679	21,897,721	2,329,094	2,441,304	4.8%	9.7%
2,556,198	2,815,925	2,972,623	3,135,310	3,053,250	-2.6%	6.2%
1,024,102	1,002,254	1,044,053	1,131,216	1,205,007	6.5%	3.1%
724,559	666,851	670,604	780,268	724,783	-7.1%	6.9%
2,496,933	2,511,881	2,571,513	2,612,163	2,652,412	1.5%	5.6%
22,527,579	22,822,908	23,942,807	25,488,569	24,245,341	-4.9%	5.5%
52,578,719	55,425,436	55,630,039	57,132,558	49,730,965	-13.0%	1.5%
11,464,301	11,022,127	11,697,520	11,939,351	10,811,914	-9.4%	1.2%
6,886,829	6,971,830	6,444,205	6,916,828	6,970,406	0.8%	1.5%
9,255,984	9,088,611	8,772,086	8,835,536	8,178,576	-7.4%	0.0%
211,599	222,402	220,963	245,398	213,981	-12.8%	-2.3%
7,012,830	7,008,786	7,059,252	7,068,579	4,397,820	-37.8%	-2.8%
5,516,760	5,513,578	5,546,800	5,545,840	5,443,930	-1.8%	3.5%
1,208,450	1,031,547	511,442	2,640,403	9,800,147	271.2%	18.6%
$ 135,682,832	$ 140,199,343	$ 141,614,233	$ 145,098,216	$ 140,648,834	-3.1%	2.9%

City of Kansas City, Missouri Department of Aviation

Demographic and Economic Information

Schedule of Population

Kansas City Metropolitan Area and Air Service Area

Metropolitan Statistical Area (MSA):	Square Miles	1980 Population	1990 Population	2000 Population	2010 Population	2019 Population Estimate
Missouri						
Bates	837	15,873	15,025	16,653	17,049	16,138
Caldwell	426	8,660	8,380	8,969	9,424	9,011
Cass	697	51,029	63,808	82,092	99,478	103,832
Clay	397	136,488	153,411	184,006	221,939	249,432
Clinton	419	15,916	16,595	18,979	20,743	20,501
Jackson	604	629,266	633,232	654,880	674,158	706,164
LaFayette	628	29,931	31,107	32,960	33,381	32,432
Platte	420	46,341	57,867	73,781	89,322	105,032
Ray	569	21,378	21,971	23,354	23,494	22,676
Kansas						
Johnson	473	270,269	355,054	451,086	544,179	605,721
Leavenworth	463	54,809	64,371	68,691	76,227	82,554
Linn	594	8,234	8,254	9,570	9,656	9,746
Miami	576	21,618	23,466	28,351	32,787	33,655
Wyandotte	152	172,335	161,993	157,882	157,505	167,635
Total MSA	7,255	1,482,147	1,614,534	1,811,254	2,009,342	2,164,529

Air Service Area (ASA):	Square Miles	1980 Population	1990 Population	2000 Population	2010 Population	2019 Population Estimate
Missouri						
Buchanan	410	87,888	83,083	85,998	89,201	87,364
Kansas						
Douglas	465	67,640	81,798	99,962	110,826	122,259
Total ASA	875	155,528	164,881	185,960	200,027	209,623
Total Area	8,130	1,637,675	1,779,415	1,997,214	2,209,369	2,374,152

Source: www.census.gov
U.S. Census Bureau, 2019 population estimate

City of Kansas City, Missouri Department of Aviation

Demographic and Economic Information

Schedule of Principal Employers

Kansas City Metropolitan Area

Employer	2020 Employees [1]	2020 Percentage of Total Employment
Public School System [3]	42,606	3.87%
State/County/City Government [2]	23,907	2.17%
Federal Government	20,846	1.89%
Cerner Corp.	13,377	1.21%
The University of Kansas Health System	11,592	1.05%
HCA Midwest Health Systems	10,014	0.91%
Saint Luke's Health System	9,790	0.89%
Children's Mercy Hospitals & Clinic	6,945	0.63%
Ford Kansas City Assembly Plant	6,900	0.63%
Hallmark Cards, Inc.	6,400	0.58%
Total employment Kansas City MSA	152,377	13.83%
Non-farm Employment Kansas City MSA 2020	1,101,400 [4]	

Employer	2010 Employees [1]	2010 Percentage of Total Employment
Federal Government	37,070	3.82%
Public School System [3]	29,566	3.05%
State/County/City Government [2]	27,371	2.82%
HCA Midwest Health Systems	8,127	0.84%
Sprint Nextel Corp.	7,300	0.75%
Saint Luke's Health System	6,622	0.68%
McDonald's USA LLC	5,700	0.59%
Cerner Corp	4,980	0.51%
Children's Mercy	4,812	0.50%
Truman Medical Center	4,081	0.42%
Total employment Kansas City MSA	135,629	13.98%
Non-farm Employment Kansas City MSA 2010	969,900	

Sources:

1 Size as determined by full-time equivalents (FTE), not number of employees.

2 The number of local employees for the State/County/City Government is made up of eleven (11) employers.

3 The number of local employees for the public school systems is made up of thirty (30) public school systems and school districts.

4 Data was taken from U.S Bureau of Labor Statistics Non-farm Employment Kansas City MSA - May 2019.

**The information presented in this table speaks only as of the date indicated in the source.

City of Kansas City, Missouri Department of Aviation

Operating Information

Schedule of Rates and Charges

For the Last Ten Fiscal Years

User Fees	Unit Charged	FYE11	FYE12	FYE13	FYE14	FYE15
Landing fee, signatory [(1)]	per 1,000 lbs.	$ 2.17	$ 2.17	$ 2.42	$ 2.28	$ 2.93
Terminal aircraft apron [(1)]	per lineal foot	231.78	225.94	232.45	226.67	427.53
Terminal building [(1)]	per square foot	31.86	30.66	31.62	29.51	56.72
Passenger boarding bridge [(1)]	per bridge/month	4,202.00	2,857.00	2,738.00	4,964.00	5,352.00
Passenger facility charge	per enplanement	4.50	4.50	4.50	4.50	4.50
Customer facility fees	per contract day	3.00	3.00	3.00	3.00	3.00
Transportation facility charge	per transaction day	2.36	2.36	2.36	2.36	2.36
Remaining overnight apron fee	per plane/night	145.00	150.00	159.00	164.00	169.00
FIS Custom facility use fee	per passenger	2.50	2.50	2.50	2.50	2.50
Employee parking fee	per month	40.00	40.00	40.00	40.00	40.00
Tenant terminal parking fee	per month	60.00	60.00	60.00	60.00	60.00
Taxicab/limousine fee	per pickup	3.00	3.00	3.00	3.00	3.00
Shuttle fee ($30 min/mo)	per trip	1.50	1.50	1.50	1.50	1.50
Fuel flowage fee	per gallon	0.080	0.080	0.080	0.080	0.080

User Fees	Unit Charged	FYE16	FYE17	FYE18	FYE19	FYE20
Landing fee, signatory [(1)]	per 1,000 lbs.	$ 2.77	$ 2.79	$ 2.81	$ 2.61	$ 2.66
Terminal aircraft apron [(1)]	per lineal foot	367.73	399.84	404.39	408.49	382.75
Terminal building [(1)]	per square foot	55.85	57.07	56.09	60.98	57.20
Passenger boarding bridge [(1)]	per bridge/month	4,587.00	6,636.00	5,571.00	6,775.00	6,592.50
Passenger facility charge	per enplanement	4.50	4.50	4.50	4.50	4.50
Customer facility fees	per contract day	3.00	3.00	3.00	3.00	1.00
Transportation facility charge	per transaction day	2.36	2.36	2.36	2.36	2.36
Remaining overnight apron fee	per plane/night	169.00	174.00	174.00	179.00	184.00
FIS Custom facility use fee	per passenger	2.50	2.50	2.50	2.50	2.50
Employee parking fee	per month	40.00	40.00	40.00	40.00	40.00
Tenant terminal parking fee	per month	60.00	60.00	60.00	60.00	60.00
Taxicab/limousine fee	per pickup	3.00	3.00	3.00	3.00	3.00
Shuttle fee ($30 min/mo)	per trip	1.50	1.50	1.50	1.50	1.50
Fuel flowage fee	per gallon	0.080	0.080	0.080	0.080	0.080

[(1)] Rates for FYE20 are projected settlement rates.

City of Kansas City, Missouri Department of Aviation

Operating Information

Schedule of Parking Rates

For the Last Ten Fiscal Years

Parking Fees	Time Period	FYE11	FYE12	FYE13	FYE14	FYE15
Terminal parking (Lots A, B, C)	0 - 1/2 hour	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00
	1/2 - 1 hour	3.00	3.00	3.00	3.00	3.00
	1 - 2 hours	6.00	6.00	6.00	6.00	6.00
	2 - 3 hours	8.00	9.00	9.00	9.00	9.00
	3 - 4 hours	10.00	12.00	12.00	12.00	12.00
	4 - 5 hours	12.00	15.00	15.00	15.00	15.00
	5 - 6 hours	15.00	18.00	18.00	18.00	18.00
	6 - 7 hours	18.00	22.00	22.00	22.00	22.00
	7 - 8 hours	20.00	22.00	22.00	22.00	22.00
	8 - 9 hours	20.00	22.00	22.00	22.00	22.00
	daily maximum	20.00	22.00	22.00	22.00	22.00
Circle parking (Lot E)	0 - 1/2 hour	1.00	1.00	1.00	1.00	1.00
	1/2 - 1 hour	3.00	3.00	3.00	3.00	3.00
	1 - 2 hours	6.00	6.00	6.00	6.00	6.00
	2 - 3 hours	9.00	9.00	9.00	9.00	9.00
	3 - 4 hours	12.00	12.00	12.00	12.00	12.00
	4 - 5 hours	13.00	15.00	15.00	15.00	15.00
	daily maximum	13.00	15.00	15.00	15.00	15.00
Economy parking lot	0 - 1/2 hour	Free	Free	Free	Free	Free
	daily maximum	6.00	6.00	7.00	7.00	7.00
Valet parking	0 - 4 hours	-	-	-	-	12.00
	4 - 5 hours	-	-	-	-	15.00
	5 - 6 hours	-	-	-	-	18.00
	6 - 7 hours	-	-	-	-	21.00
	7 - 8 hours	-	-	-	-	24.00
	daily maximum	-	-	-	-	27.00

Parking Fees	Time Period	FYE16	FYE17	FYE18	FYE19	FYE20
Terminal parking (Lots A, B, C)	0 - 1/2 hour	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00
	1/2 - 1 hour	3.00	3.00	3.00	3.00	3.00
	1 - 2 hours	6.00	6.00	6.00	6.00	6.00
	2 - 3 hours	9.00	9.00	9.00	9.00	9.00
	3 - 4 hours	12.00	12.00	12.00	12.00	12.00
	4 - 5 hours	15.00	15.00	15.00	15.00	15.00
	5 - 6 hours	18.00	18.00	18.00	18.00	18.00
	6 - 7 hours	22.00	21.00	21.00	21.00	21.00
	7 - 8 hours	22.00	23.00	23.00	23.00	23.00
	8 - 9 hours	22.00	23.00	23.00	23.00	23.00
	daily maximum	22.00	23.00	23.00	23.00	23.00
Circle parking (Lot E)	0 - 1/2 hour	1.00	1.00	1.00	1.00	1.00
	1/2 - 1 hour	3.00	3.00	3.00	3.00	3.00
	1 - 2 hours	6.00	6.00	6.00	6.00	6.00
	2 - 3 hours	9.00	9.00	9.00	9.00	9.00
	3 - 4 hours	12.00	12.00	12.00	12.00	12.00
	4 - 5 hours	15.00	15.50	15.50	15.50	15.50
	daily maximum	15.00	15.50	15.50	15.50	15.50
Economy parking lot	0 - 1/2 hour	Free	Free	Free	Free	Free
	daily maximum	7.00	7.50	7.50	7.50	7.50
Valet parking	0 - 4 hours	12.00	12.00	12.00	12.00	12.00
	4 - 5 hours	15.00	15.00	15.00	15.00	15.00
	5 - 6 hours	18.00	18.00	18.00	18.00	18.00
	6 - 7 hours	21.00	21.00	21.00	21.00	21.00
	7 - 8 hours	24.00	24.00	24.00	24.00	24.00
	daily maximum	27.00	27.00	27.00	27.00	27.00

City of Kansas City, Missouri Department of Aviation

Operating Information

Schedule of Facility Information

Kansas City International Airport

Runways		**Airport code**	MCI
1L/19R	10,801' x 150'	**Size**	10,680 acres
1R/19L	9,500' x 150'	**Elevation**	1,026.9 feet
9/27	9,500' x 150'	**Terminal Square Feet**	**B** 379,363 sf
			C 354,315 sf

KCI Terminal Information	Terminal A[1]	Terminal B	Terminal C	Totals
Boarding gates	0	19	21	40
Passenger boarding bridges	0	17	20	37
Food and beverage areas	0	16	11	27
News/gift areas	0	8	4	12
Business traveler service areas	0	22	16	38

[1]In January 2014, the passenger airlines were consolidated into two terminals and Terminal A was deactivated.

KCI Parking Information (number of parking spaces)

Curbside Valet[2]	Terminal B	Terminal C	Circle Lot E	Economy Lot A	Economy Lot B	Economy Lot C	Park Air Express	Total public spaces
900	2,006	2,258	833	3,734	5,917	5,612	2,068	23,328

[2]Curbside Valet Parking service commenced operations during fiscal year 2015.

Employee Parking Lot 1,500 spaces

Charles B. Wheeler Downtown Airport

Runways		**Airport code**	MKC
1/19	6,827' x 150'	**Size**	601 acres
3/21	5,050' x 100'	**Elevation**	756.6 feet
		Terminal Square feet	109,789 (this does not include the patio on the south side of the bldg)

Downtown Operations (number of flights) for the last ten calendar years

Calendar Year	Domestic Air Carrier	Commuter Air Taxi	General Aviation	Military	Total
2010	96	18,546	62,793	1,458	82,893
2011	172	17,897	58,242	1,424	77,735
2012	252	15,115	58,348	1,329	75,044
2013	176	14,233	52,806	719	67,934
2014	203	15,231	52,902	1,256	69,592
2015	189	14,684	54,754	1,468	71,095
2016	188	12,376	51,359	1,194	65,117
2017	232	15,163	57,617	983	73,995
2018	191	15,747	54,546	1,111	71,595
2019	214	16,303	61,808	1,197	79,522

City of Kansas City, Missouri Department of Aviation

Operating Information

Schedule of Operating Expenditures by Division

For the Last Ten Fiscal Years

	Salaries, Wages and Employee Benefits									
Division	**FYE11**	**FYE12**	**FYE13**	**FYE14**	**FYE15**	**FYE16**	**FYE17**	**FYE18**	**FYE19**	**FYE20**
Administration	$ 894,050	$ 1,031,918	$ 775,483	$ 964,676	$ 1,012,994	$ 958,360	$ 795,415	$ 971,347	$ 1,137,207	$ 882,458
Accounting & Finance	1,281,860	1,329,867	1,308,851	1,502,246	1,465,777	1,492,066	1,518,182	1,691,292	1,693,800	1,572,193
Information Technology	622,273	730,170	833,842	1,092,259	1,069,555	1,009,002	998,608	1,043,440	1,184,514	1,521,785
Engineering	1,055,511	1,227,472	1,054,289	1,195,903	1,215,358	1,291,642	1,457,898	1,322,136	1,196,185	1,264,347
Human Resources	151,717	127,791	254,593	396,779	328,588	279,732	306,901	387,695	385,924	653,049
Marketing	519,609	537,149	446,394	374,271	411,618	475,186	477,653	570,115	618,626	604,857
Economic Development	771,981	812,895	838,132	929,770	969,800	1,049,263	1,050,187	1,035,318	900,196	1,166,531
Parking Operations	170,498	69,890	89,703	94,630	107,815	105,253	115,903	124,853	133,497	139,448
11500 Parking	-	-	-	-	-	-	-	-	-	-
CBW Downtown Airport	929,672	942,624	1,183,360	1,007,059	1,210,324	1,145,290	1,117,578	1,437,423	1,764,374	1,721,564
Richards-Gebaur	-	-	-	-	-	-	-	-	-	-
Ambassador Building	-	-	-	-	-	-	-	-	-	-
Operations	1,267,595	1,310,266	1,286,483	1,481,547	1,301,001	1,109,994	1,426,781	1,468,238	1,424,613	1,656,454
Airport Police	6,148,122	6,434,830	5,937,764	6,104,786	6,400,242	6,166,795	6,818,224	6,959,876	6,745,269	6,852,805
Field Maintenance	3,923,717	3,941,796	3,977,039	3,834,720	3,634,480	3,970,554	4,464,608	4,347,995	4,367,768	4,540,863
Fleet Maintenance	1,251,838	1,165,757	1,322,850	1,505,010	1,319,708	1,271,168	1,411,005	1,632,281	1,658,469	1,632,479
Facilities Custodial	3,894,465	3,630,417	3,840,677	3,935,335	3,888,265	3,640,716	4,261,216	4,549,492	4,573,066	4,292,720
Facilities Structural	1,838,936	1,787,613	2,010,423	1,924,496	1,836,212	1,927,237	3,123,907	3,275,615	3,072,827	3,059,291
Bus Operations	4,089,278	4,013,210	3,759,947	3,771,971	3,558,136	3,248,866	3,661,172	3,672,522	3,148,694	3,502,233
Parking & Bus	-	-	-	-	-	-	-	-	-	-
Environmental Mgmt.	336,368	331,566	346,422	367,324	359,904	353,676	379,231	396,174	373,208	402,159
Safety	117,739	118,415	99,911	169,763	164,066	16,827	149,716	157,613	175,859	194,607
Art & Aesthetics	-	-	-	-	-	-	-	-	-	-
Youth Program	-	-	-	-	-	-	-	-	-	-
Maintenance Projects	-	-	-	-	-	-	-	-	-	-
Totals	$ 29,265,231	$ 29,543,647	$ 29,366,163	$ 30,652,545	$ 30,253,844	$ 29,511,627	$ 33,534,185	$ 35,043,425	$ 34,554,096	$ 35,659,843

City of Kansas City, Missouri Department of Aviation

Operating Information

Schedule of Operating Expenditures by Division

For the Last Ten Fiscal Years

	Contractual Services									
Division	**FYE11**	**FYE12**	**FYE13**	**FYE14**	**FYE15**	**FYE16**	**FYE17**	**FYE18**	**FYE19**	**FYE20**
Administration	$ 761,042	$ (365,020)	$ 824,159	$ 1,140,611	$ 878,916	$ 447,153	$ 252,324	$ 504,101	$ 549,407	$ 406,410
Accounting & Finance	575,817	578,659	419,395	382,171	386,785	436,654	381,948	354,752	405,636	548,806
Information Technology	1,310,230	1,221,389	1,388,835	1,446,381	1,270,933	1,255,117	1,062,345	1,000,993	1,617,753	1,750,055
Engineering	293,527	285,527	188,477	188,321	215,649	175,654	174,935	182,974	250,535	236,702
Human Resources	108,703	98,326	82,034	78,614	90,506	110,246	118,135	106,075	110,820	84,646
Marketing	951,184	974,321	985,861	1,042,029	1,218,471	1,355,832	1,310,190	1,530,477	2,054,644	2,080,396
Economic Development	1,433,662	878,755	465,371	765,062	1,239,581	1,098,671	1,238,356	1,241,868	1,290,164	1,428,068
Parking Operations	5,415,640	6,083,279	5,943,628	6,225,837	6,871,222	7,263,651	7,501,110	8,363,078	8,691,204	8,920,572
11500 Parking	1,279,262	1,935,938	2,052,109	2,054,557	2,415,118	2,456,428	2,912,315	3,019,449	2,778,200	3,074,577
CBW Downtown Airport	1,228,762	1,810,852	1,152,547	1,066,424	1,142,712	1,144,286	1,470,479	1,559,656	1,499,917	2,446,987
Richards-Gebaur	5,079	3,527	1,923	2,258	1,393	1,200	600	-	-	-
Ambassador Building	923,949	974,650	1,035,244	982,985	1,020,275	1,066,633	1,171,751	1,070,413	1,028,793	647,816
Operations	291,935	3,712,446	3,568,449	3,218,104	5,036,288	4,414,395	4,424,537	4,554,131	4,828,878	5,340,322
Airport Police	5,900,288	2,285,288	2,381,827	2,310,852	2,019,771	2,351,166	2,362,361	1,606,472	3,002,371	2,109,363
Field Maintenance	612,031	511,087	539,168	482,280	742,271	730,996	659,920	637,972	595,722	713,159
Fleet Maintenance	644,065	733,195	606,033	508,924	684,326	655,129	875,480	711,974	856,734	660,746
Facilities Custodial	919,028	836,372	763,319	773,005	698,800	654,637	694,169	647,623	661,707	626,326
Facilities Structural	15,147,773	14,293,908	13,959,985	14,637,187	14,447,280	15,239,182	13,478,634	13,044,919	15,075,973	12,106,956
Bus Operations	872,247	824,868	766,486	939,987	851,614	883,419	856,010	874,504	826,315	776,771
Parking & Bus	-	-	-	-	-	-	-	-	-	-
Environmental Mgmt.	406,262	366,318	289,481	274,039	405,858	365,762	335,172	250,554	659,722	264,658
Safety	118,127	115,420	102,348	115,398	123,341	100,091	128,051	96,000	94,184	119,109
Art & Aesthetics	-	-	-	-	-	-	-	-	-	-
Youth Program	-	-	-	-	-	-	-	-	-	-
Maintenance Projects	1,802,802	971,170	529,115	695,803	1,261,660	932,377	596,454	595,838	837,341	197,819
Totals	$ 41,001,416	$ 39,130,276	$ 38,045,794	$ 39,330,829	$ 43,022,772	$ 43,138,679	$ 42,005,276	$ 41,953,823	$ 47,716,020	$ 44,540,264

City of Kansas City, Missouri Department of Aviation

Operating Information

Schedule of Operating Expenditures by Division

For the Last Ten Fiscal Years

	Commodities									
Division	**FYE11**	**FYE12**	**FYE13**	**FYE14**	**FYE15**	**FYE16**	**FYE17**	**FYE18**	**FYE19**	**FYE20**
Administration	$ 27,704	$ 33,047	$ 24,845	$ 27,529	$ 33,594	$ 23,791	$ 23,679	$ 21,770	$ 16,670	$ 14,869
Accounting & Finance	27,673	252,605	28,967	39,095	32,119	28,113	18,844	18,473	21,234	27,955
Information Technology	187,671	150,894	269,153	227,199	197,132	219,292	126,754	502,195	343,256	136,843
Engineering	9,077	14,406	9,951	9,941	14,381	13,327	9,877	12,022	20,359	13,464
Human Resources	3,482	5,298	5,594	5,901	4,462	7,803	9,238	8,659	12,698	14,154
Marketing	11,290	12,036	14,245	8,566	20,315	54,682	13,057	10,865	11,414	15,473
Economic Development	179,407	156,056	153,901	159,223	159,021	166,875	157,897	208,811	161,379	156,465
Parking Operations	115,074	195,753	131,786	124,727	140,005	90,917	88,175	110,005	150,428	141,786
11500 Parking	130,865	82,547	171,309	170,286	151,080	93,177	82,983	100,764	104,592	81,777
CBW Downtown Airport	656,987	654,322	796,132	762,521	715,017	498,904	546,020	682,096	648,044	709,433
Richards-Gebaur	-	-	-	-	-	-	-	-	-	-
Ambassador Building	45,820	34,735	20,138	116,164	143,030	165,930	60,031	60,685	51,987	37,364
Operations	25,542	37,902	43,506	47,170	42,489	33,363	37,221	41,184	117,538	40,570
Airport Police	289,830	303,984	293,081	280,855	324,630	236,929	264,547	212,352	224,615	319,489
Field Maintenance	1,003,343	768,664	897,670	1,190,137	1,370,373	1,220,954	1,401,358	1,741,480	1,450,870	1,446,484
Fleet Maintenance	1,038,475	892,485	988,016	1,117,508	996,200	974,123	1,011,090	980,030	1,480,019	1,240,611
Facilities Custodial	391,523	385,570	383,171	368,354	401,110	397,029	403,148	368,385	505,674	436,787
Facilities Structural	282,063	277,224	342,074	270,366	385,631	338,911	516,896	461,811	682,675	394,617
Bus Operations	13,429	18,811	15,627	12,259	12,776	12,712	15,108	15,255	9,745	18,924
Parking & Bus	-	-	-	-	-	-	-	-	-	-
Environmental Mgmt.	3,704	2,650	953	3,011	1,681	1,150	737	760	4,626	1,063
Safety	2,468	1,488	2,286	4,248	2,582	1,161	15,765	1,089	2,150	1,528
Art & Aesthetics	-	-	-	-	-	-	-	-	-	-
Youth Program	-	-	-	-	-	-	-	-	-	-
Maintenance Projects	-	-	-	-	-	-	-	-	-	-
Totals	$ 4,445,428	$ 4,280,475	$ 4,592,404	$ 4,945,061	$ 5,147,628	$ 4,579,143	$ 4,802,425	$ 5,558,691	$ 6,019,973	$ 5,249,656

City of Kansas City, Missouri Department of Aviation

Operating Information

Schedule of Operating Expenditures by Division

For the Last Ten Fiscal Years

	Total Operating Expenses									
Division	**FYE11**	**FYE12**	**FYE13**	**FYE14**	**FYE15**	**FYE16**	**FYE17**	**FYE18**	**FYE19**	**FYE20**
Administration	$ 1,682,797	$ 699,944	$ 1,624,487	$ 2,132,815	$ 1,925,505	$ 1,429,304	$ 1,071,418	$ 1,497,218	$ 1,703,284	$ 1,303,737
Accounting & Finance	1,885,350	2,161,131	1,757,214	1,923,512	1,884,680	1,956,833	1,918,974	2,064,517	2,120,670	2,148,954
Information Technology	2,120,175	2,102,453	2,491,830	2,765,839	2,537,620	2,483,411	2,187,707	2,546,628	3,145,523	3,408,683
Engineering	1,358,115	1,527,404	1,252,717	1,394,165	1,445,389	1,480,623	1,642,710	1,517,132	1,467,079	1,514,513
Human Resources	263,902	231,414	342,221	481,294	423,556	397,781	434,274	502,429	509,442	751,849
Marketing	1,482,083	1,523,506	1,446,500	1,424,866	1,650,404	1,885,700	1,800,900	2,111,457	2,684,684	2,700,726
Economic Development	2,385,050	1,847,705	1,457,403	1,854,055	2,368,403	2,314,809	2,446,440	2,485,997	2,351,739	2,751,064
Parking Operations	5,701,212	6,348,923	6,165,117	6,445,195	7,119,042	7,459,821	7,705,188	8,597,936	8,975,129	9,201,806
11500 Parking	1,410,127	2,018,485	2,223,417	2,224,843	2,566,198	2,549,605	2,995,298	3,120,213	2,882,792	3,156,354
CBW Downtown Airport	2,815,421	3,407,797	3,132,040	2,836,005	3,068,053	2,788,480	3,134,077	3,679,175	3,912,335	4,877,984
Richards-Gebaur	5,079	3,527	1,923	2,258	1,393	1,200	600	-	-	-
Ambassador Building	969,768	1,009,385	1,055,383	1,099,149	1,163,305	1,232,563	1,231,782	1,131,098	1,080,780	685,180
Operations	1,585,072	5,060,615	4,898,438	4,746,821	6,379,778	5,557,752	5,888,539	6,063,553	6,371,029	7,037,346
Airport Police	12,338,240	9,024,103	8,612,672	8,696,493	8,744,643	8,754,890	9,445,132	8,778,700	9,972,255	9,281,657
Field Maintenance	5,539,090	5,221,548	5,413,877	5,507,137	5,747,124	5,922,504	6,525,886	6,727,447	6,414,360	6,700,506
Fleet Maintenance	2,934,377	2,791,437	2,916,898	3,131,441	3,000,233	2,900,420	3,297,575	3,324,285	3,995,222	3,533,836
Facilities Custodial	5,205,017	4,852,359	4,987,167	5,076,695	4,988,176	4,692,382	5,358,533	5,565,500	5,740,447	5,355,833
Facilities Structural	17,268,772	16,358,745	16,312,481	16,832,049	16,669,123	17,505,330	17,119,437	16,782,345	18,831,475	15,560,864
Bus Operations	4,974,955	4,856,890	4,542,060	4,724,217	4,422,527	4,144,997	4,532,290	4,562,281	3,984,754	4,297,928
Parking & Bus	-	-	-	-	-	-	-	-	-	-
Environmental Mgmt.	746,333	700,534	636,855	644,375	767,443	720,588	715,140	647,488	1,037,556	667,880
Safety	238,335	235,323	204,545	289,409	289,990	118,079	293,532	254,702	272,193	315,244
Art & Aesthetics	-	-	-	-	-	-	-	-	-	-
Youth Program	-	-	-	-	-	-	-	-	-	-
Maintenance Projects	1,802,802	971,170	529,115	695,803	1,261,660	932,377	596,454	595,838	837,341	197,819
Totals	$ 74,712,075	$ 72,954,398	$ 72,004,361	$ 74,928,435	$ 78,424,243	$ 77,229,449	$ 80,341,886	$ 82,555,939	$ 88,290,089	$ 85,449,763

City of Kansas City, Missouri Department of Aviation

Operating Information

Schedule of Full-Time and Equivalent Employees by Divison

For the Last Ten Fiscal Years

Division	FYE11	FYE12	FYE13	FYE14	FYE15	FYE16	FYE17	FYE18	FYE19	FYE20
Administration	6	6	4	5	5	4	2	4	3	4
Accounting & Finance	19	20	19	20	21	21	20	20	19	17
Information Technology	-	6	9	11	11	11	9	10	13	13
Engineering	12	12	11	12	12	13	11	11	12	10
Human Resources	2	2	5	5	5	4	5	5	5	6
Marketing	6	6	5	4	3	5	5	5	5	5
Economic Development	9	9	9	9	10	9	9	8	8	8
Parking Operations	1	1	1	1	1	1	1	1	1	1
CBW Downtown Airport	13	15	16	15	17	15	15	19	18	19
Operations	14	16	17	16	16	14	17	15	16	15
Airport Police	108	103	89	97	102	102	96	94	98	89
Field Maintenance	59	58	56	50	56	61	59	55	60	56
Fleet Maintenance	17	17	17	18	18	16	17	18	17	16
Facilities Custodial	74	70	67	66	67	69	66	72	71	64
Facilities Structural	26	28	27	27	26	25	29	28	23	27
Central Utilities Plant (622355)	-	-	-	-	-	6	11	12	9	10
Bus Operations (Includes Part-Time)	78	71	58	63	59	59	65	55	49	50
Environmental Management	3	3	3	3	3	3	3	3	3	3
Safety	1	1	1	2	1	1	2	2	2	2
	448	**444**	**414**	**424**	**433**	**439**	**442**	**437**	**432**	**415**

Source: Kansas City Aviation Department records.

City of Kansas City, Missouri Department of Aviation

Operating Information

Schedule of Assets Capitalized

For the Year Ended April 30, 2020

Buildings and building improvements:	
OHB Boiler Condensate Project	$ 107,355
OHB CUP Deluge Replacement	426,245
OHB-N Pump House Engine Replacement	664,798
OHB-Repl Fire Pump1&2-N.Pump H	299,141
MKC Westside Electrical Upgrade	30,193
Renovate Customs FIS Facility	(49,290)
Total buildings and building improvements	**1,478,442**
Infrastructure:	
Canberra Bridge Stabilization	152,064
Park Air Express Pavement	156,818
Rehabilitate Taxiway B	2,926,491
Replace EMAS Blocks CBW	405,980
Runway 1-19 Repairs @ DTA	272,464
Super Hangar Apron Repairs	764,188
Total infrastructure	**4,678,005**
Machinery and equipment:	
Core Network Upgrade, Phase 4	90,000
2018 JOHN DEERE 332G SKID STEE	55,630
2019 FORD F-550 CREW CAB & CHA	14,762
2019 Intl HV513 SFA 4x2 (3)	694,111
2019 JDeere Gator XUV835M Cab	27,583
2020 FORD F-150 CREW CAB 4X4 5 (3)	94,161
2020 FORD F-350 SUPER CAB 4X4 (3)	162,738
2020 Ford Ranger Crew 4x4 (3)	86,961
2020 Intl HV507 SFA 4x2	81,394
25-1704 Rotary Skid-Steer Mowe	11,500
FM2112R Flex-Wing Mower (2)	38,825
Gray Mfg. Vehicle Lift	32,611
Jacobsen HR 600 Kubota 11 Foot	58,865
JACOBSEN HR 600 TRACTOR	58,194
John Deere 6120M Cab Tractor (3)	238,393
JOHN DEERE R20 FLEX WING ROTAR	28,152
JOHNDEERE4066RCOMPACTTRACTOR	43,739
Oshkosh ARFF Striker Vehicle	748,632
Polaris Ranger Crew XP1000	26,448
R20 Flex Wing Rotary Cutter (2)	56,304
Sullair Air Compressor	52,323
Sump Pump--Cargo Glycol System	36,275
Upgrade airfield generator	663,364
VblockServerReplacement-Phase2	90,000
Walk-Behind Carpet Extractot	14,285
Wayne Select Dispenser - 4 Due	49,544
Total machinery and equipment	**3,554,794**
Total assets capitalized	**$ 9,711,241**

City of Kansas City, Missouri Department of Aviation

Operating Information

Schedule of Construction in Progress

For the Year Ended April 30, 2020

Projects	Project Description	FYE19	Additions	Expensed	Adjustments	Capitalized	FYE20
62000000	Aviation Capital Budget Accruals	$ 11,176,807	$ 26,528,451	$ -	$ -	$ (90,000)	$ 37,615,258
62080331	Relief Well System Rehab.	-	210,897	-	-	-	210,897
62100350	Terminal CCTV Camera Install (from 616090)	1,321,784	122,706	-	-	-	1,444,490
62110362	New Terminal Advance Planning	-	19,629	-	(19,629)	-	-
62110365	Taxiway Pavement Rehab	-	114,945	-	-	-	114,945
62110368	Aviation Facility Development	-	20,573	(10,329)	(10,245)	-	(1)
62110381	West Side Electr Rehab (MKC)	-	30,193	-	(30,193)	-	-
62120406	Airfield Pavement Rehab	-	17,623	-	(17,623)	-	-
62140439	Runway 1-19 Repairs @ DTA	-	272,464	-	-	(272,464)	-
62140443	KCAD Facilities Shop Complex	-	270	(270)	-	-	-
62150444	Terminal Finance Plan	-	867,696	-	(1,325,859)	1,325,859	867,696
62150444	Terminal Finance Plan	-	58,704	-	1,325,859	(1,325,859)	58,704
62150445	Terminal Development Planning	-	23,845	-	(448,108)	467,737	43,474
62150445	Terminal Development Planning	-	237,701	-	467,737	(467,737)	237,701
62150448	Decommissioning of the VOR/DME	-	125,000	-	-	-	125,000
62150453	KCI Storm Water Master Plan	1,068,088	306,053	-	-	-	1,374,141
62150455	Rehabilitate Taxiway B	-	2,494,626	-	431,865	(2,926,491)	-
62160465	Redesign Post Gates 1 & 28	397,511	951,126	-	-	-	1,348,637
62160465	Redesign Post Gates 1 & 28	1,300,000	-	-	-	-	1,300,000
62160468	Rehab Landside Pavement	924,496	339,946	-	-	-	1,264,442
62170471	MKC Westside Electrical Upgrade	-	-	-	30,193	(30,193)	-
62170474	Investigate Condition of R00f	343	-	-	-	-	343
62170474	Investigate Condition of Roof	540,457	298,611	-	-	-	839,068
62170476	Renovate Customs FIS Facility	(4,040,182)	-	-	-	4,040,182	-
62170476	Renovate Customs FIS Facility	3,990,892	-	-	-	(3,990,892)	-
62170478	American Airline Terminal Mod	-	-	-	-	-	-
62170479	Rehab Taxiway B Ph 2	-	485,994	-	(485,994)	-	-
62170480	Rehab Bern, Paris, Brasilia	619,834	1,550,237	-	-	-	2,170,071
62170481	Trammell Crow Dev Ph 3	69,958	643,821	-	-	-	713,779
62170481	Trammell Crow Dev Ph 3	1,417,401	-	-	-	-	1,417,401
62170483	Replace Relief Wells Ph 2	1,873,322	-	-	-	-	1,873,322
62170486	Airport Facility Development	248,522	1,112,855	(132,190)	(1,229,187)	-	-
62170487	Super Hangar POD Roof Repair	-	-	-	208,960	-	208,960
62170487	Super Hangar POD Roof Repair	7,041	-	-	10,245	-	17,286
62170487	Super Hangar POD Roof Repair	1,682,682	1,554,850	-	-	-	3,237,532
62170488	Repair Taxiway F	2,461,909	23,309	-	1,241	-	2,486,459
62180493	Canberra Bridge Stabilization	-	152,064	-	-	(152,064)	-
62180496	Removal of Taxiway D	77,333	343,389	-	-	-	420,722
62180496	Removal of Taxiway D	25,778	49,611	-	-	-	75,389
62180497	Consolidated Terminal Project	2,906,935	67,706	-	(2,882,967)	-	91,674
62180497	Consolidated Terminal Project	39,759,618	32,260,382	-	-	-	72,020,000
62180497	Consolidated Terminal Project	-	140,929,916	-	2,886,187	-	143,816,103
62180497	Consolidated Terminal Project	-	3,717,814	-	-	-	3,717,814
62180498	Owners Representative -New KCI	785,000	-	-	(385,000)	-	400,000
62180498	Owners Representative -New KCI	3,354,944	8,545,056	-	-	-	11,900,000
62180498	Owners Representative -New KCI	-	1,259,433	-	385,000	-	1,644,433
62180501	Environmental Report-Gun Range	29,524	72,793	-	-	-	102,317
62180502	Super Hangar Apron Repairs	-	-	-	40,944	(40,944)	-
62180502	Super Hangar Apron Repairs	-	723,244	-	-	(723,244)	-
62180503	Rehab Taxiway F	291,050	14,144,082	-	(23,321)	-	14,411,811
62180503	Rehab Taxiway F	97,017	4,680,324	-	-	-	4,777,341
62180504	Reimbursable Agreement FAA-KCI	371,758	(4,264)	-	(370,962)	-	(3,468)
62180504	Reimbursable Agreement FAA-KCI	-	448,560	-	370,962	-	819,522
62180505	Park Air Express Pavement	-	156,818	-	-	(156,818)	-
62190506	Terminal C AA Baggage EDS	-	2,190,530	-	294,578	-	2,485,108
62190507	Rehab Ottawa ave.	-	-	-	27,775	-	27,775
62190507	Rehab Ottawa ave.	158,001	846,467	-	-	-	1,004,468
62190509	Reconstruct Runway 1L-19R	-	199,584	-	-	-	199,584
62190512	Rehab Economy Lots A & C	-	3,015,786	-	-	-	3,015,786
62190513	Rehab Brasilia & Rome	-	1,533,144	-	-	-	1,533,144
62190514	Replace EMAS Blocks CBW	-	405,980	-	-	(405,980)	-
62190516	Rehab D at KCI	-	205,845	-	21,893	-	227,738
62200519	Emergency Repairs CBW Sink Holes	-	1,437,087	-	147,345	-	1,584,432
62200520	KCPD Hangar 5B Upgrade	-	-	-	284,443	-	284,443
62200521	Fiber Optic Connections	-	117,157	-	-	-	117,157
62200522	Mexico City Ave. Improvement	-	-	-	234,018	-	234,018
62200522	Mexico City Ave. Improvement	-	828,473	-	-	-	828,473
62200524	Brite System Replacement	-	86,205	-	-	-	86,205
62200531	Park Air Parking Lot Expansion	-	-	-	59,843	-	59,843
62TENIMP	Tenant Improvements	-	140,475	(140,475)	-	-	-
	Grand Total	$ 72,917,823	$ 256,965,786	$ (283,264)	$ -	$ (4,748,908)	$ 324,851,437

NEW TERMINAL GOING UP!

Workers pour a concrete column using a concrete bucket, a container with movable gates at the bottom that is attached to a crane to transport concrete material to pour into taller forms that can't be reached by truck. (Photo courtesy of BuildKCI.com website.)

Workers begin pouring the foundation for the New Terminal. (Photo courtesy of BuildKCI.com website.)

The Build KCI team took the new terminal to new heights by installing the first vertical steel beams on Monday, April 6, 2020. (Photo courtesy of BuildKCI.com website.)

Our thanks to the dedicated team of professionals on the job building a new terminal at Kansas City International Airport

C. Compliance Section

This Section Contains the Following schedules:

Independent Auditor's Report

OPINION LETTER FROM INDEPENDENT AUDITOR REGARDING THE PASSENGER FACILITY CHARGE (PFC) PROGRAM REPORT CONTAINED IN THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT

Schedule of PFC Funds Collected and Expended

SCHEDULE SHOWING PASSENGER FACILITY CHARGE (PFC) FUNDS COLLECTED AND EXPENDED FOR THE CURRENT FISCAL YEAR

Notes to Schedule of PFC Funds Collected and Expended

NARRATIVE EXPLANATION REGARDING ITEMS IN THE PASSENGER FACILITY CHARGE (PFC) REPORT

AGH CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE PASSENGER FACILITY CHARGE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF PASSENGER FACILITY CHARGES REVENUES AND EXPENDITURES

The Honorable Mayor and
Members of the City Council
City of Kansas City, Missouri

Report on Compliance

We have audited the City of Kansas City, Missouri Department of Aviation (Department), an enterprise fund of the City of Kansas City, Missouri (City), compliance with the types of compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies* (Guide) issued by the Federal Aviation Administration, that could have a direct and material effect on its passenger facility charge program for the year ended April 30, 2020.

Management's Responsibility

Management is responsible for compliance with the requirements of laws and regulations applicable to its passenger facility charge program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of the passenger facility charge program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the Department's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with the passenger facility charge program. However, our audit does not provide a legal determination of the Department's compliance.

Opinion on the Passenger Facility Charge Program

In our opinion, the Department complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its passenger facility charge program for the year ended April 30, 2020.

Report on Internal Control over Compliance

Management of the Department is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Department's internal control over compliance with the types of requirements that could have a direct and material effect on the passenger facility charge program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the passenger facility charge program, and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of the passenger facility charge program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Passenger Facility Charges Revenues and Expenditures

We have audited the financial statements of the Department, an enterprise fund of the City, as of and for the year ended April 30, 2020 and have issued our report thereon dated October 6, 2020, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of passenger facility charges revenues and expenditures is presented for purposes of additional analysis as required by the Guide and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of passenger facility charges revenues and expenditures is fairly stated in all material respects in relation to the basic financial statements as a whole.

Allen, Gibbs & Houlik, L.C.
CERTIFIED PUBLIC ACCOUNTANTS

October 6, 2020
Wichita, KS

City of Kansas City, Missouri Department of Aviation

Passenger Facility Charge (PFC) Program

Schedule of PFC Funds Collected and Expended

For the Year Ended April 30, 2020

PFC Project	Description	Approved for	Project Authorized Amount	Cumulative PFC Funds Expended
Project 1.1	Paving of Runway 1R/19L & Connecting Taxiway	Collection and use	$ 8,409,781	$ 8,409,781
Project 1.2	Terminal Improvements- Design Phase	Collection and use	14,355,950	14,355,950
Project 1.3	Taxiway D Rehabilitation	Collection and use	426,763	426,763
Project 1.4	Aircraft Rescue and Firefighting Vehicles	Collection and use	264,944	264,944
Project 1.5	Overlay Runway 1L/19R, Taxway A, A1-A9	Collection and use	9,081,326	9,081,326
Project 1.6	Terminal Apron Rehabilitation, Phase II - VII	Collection and use	14,556,288	14,556,288
Project 1.7	Land Acquisition	Collection and use	10,766,850	10,766,850
Project 1.8	Terminal Apron Lights	Collection and use	630,529	630,529
Project 1.9	Overlay Runway 9/27 & Taxiway C (between C1 - C9)	Collection and use	4,549,975	4,549,975
Project 1.10	Expanded General Aviation Apron	Collection and use	-	-
Project 1.11	Construct Federal Inspection Services Facility	Collection and use	4,099,525	4,099,525
Project 1.12	Taxiway B Rehabilitation	Collection and use	5,753,074	5,753,074
Project 1.13	Terminal Improvements - Construction Phase	Collection and use	190,114,208	190,114,208
Project 2.1	Airfield Storm Drainage - MKC	Collection and use	-	-
Project 2.2	Construction Hold Apron West -Term. B	Collection and use	3,944,000	3,944,000
Project 2.3	Automated Access Control System-New	Collection and use	2,322,855	2,322,855
Project 2.4	Reconstruct Taxiway D { Between C-6 & F}	Collection and use	-	-
Project 2.5	PFC Development & Administration	Collection and use	474,389	474,389
Project 3.1	Terminal Equipment	Collection and use	57,111,513	57,111,513
Project 3.2	Airfield Lighting Generator	Collection and use	512,599	512,599
Project 3.3	Relocate Airfield Generator-MKC	Collection and use	576,509	576,509
Project 3.4	Overlay Runway 1/19-MKC	Collection and use	-	-
Project 4.1	Reconstruct Runway 1/19-MKC	Collection and use	2,809,515	2,809,515
Project 5.1	Two New ARFF Vehicles	Collection and use	345,831	345,831
Project 5.2	Taxiway B & D Extension	Collection and use	2,006,646	2,006,646
Project 5.3	Taxiway M & L Rehabilitation	Collection and use	3,282,304	3,282,304
Project 5.4	Airport Master Plan & Part 150 Update	Collection and use	1,229,570	1,229,570
Project 5.5	New ARFF Facility Construction	Collection and use	1,918,433	1,918,433
Project 5.6	Inline Baggage Screening	Collection and use	5,196,645	5,196,645
Project 5.7	Taxiway D Rehabilitation	Collection and use	1,766,481	1,766,481
Project 5.8	Airfield Lighting Rehabilitation	Collection and use	3,312,875	3,312,875
Project 5.9	Perimeter Fencing Replacement - MKC	Collection and use	349,525	349,525
Project 5.10	Terminal Improvements - Holdrooms	Collection and use	5,869,950	5,869,950
Project 5.11	Upgrade Glycol Collection System	Collection and use	2,983,188	2,983,188
Project 5.12	Airfield Snow Removal Equipment Building	Collection and use	-	-
Project 5.15	Fuel Farm Relocation - MKC	Collection and use	-	-
Project 6.01	Airfield Sand and Deicing Facility	Collection and use	3,966,944	3,966,944
Project 6.02	Terminal chilled water line and cooling tower replacement	Collection and use	5,654,976	5,654,976
Project 6.03	Snow removal equipment/ARFF vehicle maintenance facility	Collection and use	3,363,220	3,363,220
Project 6.04	Airfield pavement rehabilitation	Collection and use	4,426,816	4,426,816
Project 6.05	New snow removal equipment	Collection and use	770,500	770,500
Project 6.07	Runway 1/19 Safety Area Extensions - MKC	Collection and use	1,127,635	1,127,635
Project 6.08	Cargo apron rehabilitation	Collection and use	367,451	367,451
Project 6.09	Airfield Snow Removal Equipment Building	Collection and use	7,739,051	7,739,051
Project 8.01	Airfield Pavement Rehabilitation Phase II	Collection and use	3,622,196	3,622,196
Project 8.02	New Terminal Advance Planning	Collection and use	1,125,000	1,125,000
Project 8.03	MKC Taxiway Rehabilitations	Collection and use	1,250,000	1,250,000
Project 8.04	Reconstruct Airfield Service Roads	Collection and use	1,800,000	1,800,000
Project 8.05	Aircraft Rescue and Firefighting Vehicles	Collection and use	350,538	350,538
Project 8.06	Terminal Access Roads Rehabilitation and Improvements	Collection and use	7,200,000	7,200,000
Project 8.07	New snow Removal Equipment	Collection and use	4,291,940	4,291,940
Project 9.01	Rehabilitate Runway 1R/19L	Collection and use	9,827,878	9,827,878
Project 9.02	Terminal Holdroom Reconfiguration	Collection and use	4,388,734	4,388,734
Project 9.04	Two New Snow Plow Trucks	Collection and use	200,000	200,000
Project 9.06	Westside Taxiway System Rehabilitation	Collection and use	8,510,678	8,510,678
Project 10.01	Taxiway SystemRehabilitation ph 3	Collection and use	17,000,000	17,000,000
Project 10.02	Runway 9/27 Rehabilitaion	Collection and use	1,835,338	1,835,338
Project 10.03	Terminal C Improvements	Collection and use	5,275,000	5,275,000
Project 10.04	Taxiway B Drainage Improvements	Collection and use	871,065	871,065
Project 10.05	Airport Service road Improvement	Collection and use	4,222,553	4,222,553
Project 10.06	Replace And Upgrade Post Gate 11-12	Collection and use	501,633	501,633
Project 11.01	FIS Facility Renovation and Expansion	Collection and use	10,582,683	10,582,683
Project 11.02	Rehabilitate Taxiway C	Collection and use	2,150,000	2,150,000
Project 11.03	Post Gate 28 upgrades	Collection and use	1,300,000	1,300,000
Project 11.04	SMS System at KCI	Collection and use	1,100,000	1,100,000
Project 11.05	Reconstruct Taxiway D @CBW	Collection and use	85,000	85,000
Project 11.06	Runway Protection Zone Obstruction Removal	Collection and use	1,100,000	1,100,000
Project 12.01	Terminal Modernization Program - Design	Collection and use	62,838,482	62,838,482

PFC Revenue Collected	$ 20,599,590	$ 453,272,275
Interest Earned	3,725,603	26,736,454
Total - PFC Revenue	$ 24,325,193	$ 480,008,729
Expenditures on Approved Use PFC Projects	$ 14,817,401	$ 404,699,564

(See Notes to Schedule of PFC Funds Collected and Expended)

City of Kansas City, Missouri Department of Aviation

Passenger Facility Charge (PFC) Program
Notes to Schedule of PFC Funds Collected and Expended
For the Year Ended April 30, 2020

1. General

The Aviation Safety and Capacity Expansion Act of 1990 (Public Law 101-508, Title II, Subtitle B) authorized the local imposition of passenger facility charges (PFCs) and use of PFC revenues on Federal Aviation Administration (FAA) approved projects. On August 8, 2006, the FAA approved a $4.50 PFC collection at Kansas City International Airport (MCI). The total approved amount of net PFC revenue plus interest that MCI is allowed to collect is $537,867,352.

2. Schedule of Passenger Facility Charge Revenues and Expenditures

The accompanying schedule of Passenger Facility Charge Revenues and Expenditures presents the revenues received from PFC and expenditures incurred on approved projects on the cash basis of accounting, wherein revenues are recorded when received and expenses are recorded when paid.

Revenue received and expenditures made on approved projects in the accompanying schedule agree to the PFC quarterly status reports submitted by MCI to the FAA.

3. PFC Bonds

Passenger Facility Charge (PFC) Revenue Bonds were issued on August 1, 2001, by the City of Kansas City, Missouri Aviation Fund in the amount of $140,000,000. These bonds were issued for the purpose of financing the design and construction costs of terminal improvements at the Kansas City International Airport and were backed by the PFCs collected on ticketed passengers that pass through the Airport.

In July 2013, the outstanding PFC Revenue Bonds were refunded by the PFC-Eligible Portion of the 2013A General Airport Revenue Bonds (GARBs). The outstanding PFC-Eligible GARB bonds and the interest thereon are payable from revenues derived from airport operations and from PFC revenues. The outstanding balance of the PFC-Eligible GARB Bonds at April 30, 2020 was $47,720,000.

4. PFC Funds Collected

PFC funds collected during the year ended April 30, 2020 were as follows:

PFC Collections	$ 20,599,590
Interest Earned on PFC collections	3,725,603
Total PFC Revenue in FYE20	$ 24,325,193

Cumulative PFC funds collected through April 30, 2020 were as follows:

Total PFC collections	$ 453,272,275
Total Interest Earned on PFC collections	26,736,454
Total PFC Revenue through April 30, 2020	$ 480,008,729

5. PFC Funds Expended

PFC funds expended during the year ended April 30, 2020 were as follows:

Funds Expended by Quarter	
Second quarter - 2019	$ 620,601
Third quarter - 2019	9,671,189
Fourth quarter - 2019	2,062,006
First quarter - 2020 + April 2020	2,711,246
Less: April 2019	(247,641)
Total PFC Funds Expended	$ 14,817,401

Cumulative PFC funds expended through April 30, 2020 totaled $404,699,564.

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BUILD KCI

City of Kansas City, Missouri Department of Aviation

Passenger Facility Charge (PFC) Program

Summary of Auditor's Results

April 30, 2020

Summary of Auditor's Results

1. Type of report issued on supplementary schedule of passenger facility charges (PFC) revenues and expenditures.	X Unmodified	___ Modified	
2. Type of report on PFC compliance.	X Unmodified	___ Modified	
3. Quarterly revenues and expenditures reconcile with submitted quarterly reports, and reported unliquidated revenue matches actual amounts.	X Yes	___ No	
4. The public agency maintains a separate financial accounting record for each application.	X Yes	___ No	
5. Funds disbursed were for PFC-eligible items as identified in the FAA decision to pay only for the allowable costs of the project.	X Yes	___ No	
6. Monthly carrier receipts were reconciled with quarterly carrier reports.	X Yes	___ No	
7. PFC cash balances were maintained in a separate interest-bearing capital account or commingled only with other interest-bearing airport capital funds.	X Yes	___ No	
8. Serving carriers were notified of PFC program actions/changes approved by the FAA.	X Yes	___ No	
9. Quarterly reports were transmitted (or available via website) to remitting carriers.	X Yes	___ No	
10. Regarding Assurances 5, 6, and 7, the audit identified that portions of PFC-funded facilities were being leased to air carriers under preferential use leases.	X Yes	___ No	
11. The public agency is in compliance with Assurance 8.	X Yes	___ No	
12. Regarding Assurance 9, the audit identified that the public agency has in its records, or access to, the list of current advisory circulars.	X Yes	___ No	
13. Program administration is carried out in accordance with Assurance 10.	X Yes	___ No	
14. For those public agencies with excess revenue, a plan for the use of this revenue has been submitted to the FAA for review and concurrence.	__ Yes	___ No	X N/A

Findings Required to be Reported by the Guide

No matters are reportable.

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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EMPLOYEE RETIREMENT AND PENSION PLANS

Employee Retirement and Firefighters' Pension Plans and the Police & Civilian Employees' Retirement System

The City has two contributory defined benefit pension plans, the Employees' Retirement System and the Firefighters' Pension System (the "**City Pension Plans**"), covering substantially all employees. Contributions to the City Pension Plans are made by the City and covered employees. The contributions are calculated to fund normal cost and amortization of unfunded prior service costs. The City receives annual actuarial reports on the present value of accumulated plan benefits and net assets available for benefits.

Two contributory defined benefit pension plans have been established by the Missouri General Assembly for the employees of the Kansas City, Missouri Police Department: the Police Retirement System of Kansas City, Missouri and the Civilian Employees' Retirement System of the Police Department of Kansas City, Missouri ("**Police Pension Plans**"). The participating employees and the City of Kansas City, Missouri make contributions to the Police Pension Plans. The Board of Trustees contracts for annual actuarial valuations to determine the present value of accumulated plan benefits and net assets available for benefits. The contribution rates are calculated to fund normal costs and to amortize the unfunded actuarial accrued liability.

The four retirement plans adopted the provisions of Governmental Accounting Standards Board Statement No. 67 - *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25* (GASB Statement No. 67) for their stand-alone financial reports beginning with the fiscal year ended April 30, 2015. The City adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* (GASB Statement No. 68) for its Comprehensive Annual Financial Report ("CAFR") for the fiscal year ended April 30, 2016. The City adopted the provisions of Governmental Accounting Standards Board Statement No. 82, Pension Issues an amendment of GASB Statements No. 67, No. 68 and No. 73 for its CAFR for the fiscal year ended April 30, 2018. Extensive financial information about and detailed descriptions of the City Pension Plans and Police Pension Plans, references to financial reports relating to the plans, and information regarding the adoption of GASB Statement No. 67, 68 and Statement 83 by the City may be found in footnote 11, footnote 13 and the required supplementary information section (RSI) of the CAFR for the fiscal year ended April 30, 2019.

The City implemented plan design changes to the City Pension Plans and the Police Pension Plans during Fiscal Year 2014. Prior to Fiscal Year 2014, the City's pension funding policy was to contribute based on a level percentage of payroll. As a result, in some years, the Pension Plans received more than the Annual Required Contribution ("**ARC**") and in other years, the Pension Plans received less than the full amount of the ARC. Plan design changes for the Police Pension Plans were approved by the Missouri General Assembly and the Governor in August 2013 and were implemented on September 1, 2013. Plan design changes for the City Pension Plans were approved by affected labor unions and were approved by the City Council on February 20, 2014. The plan design changes for all four pension plans include a requirement that the City fully fund the ARC (changed in Fiscal Year 2015 to Actuarially Determined Contribution ("**ADC**")). Other changes include a Tier 2 benefit plan for new employees and increased contributions from all employees. Since the City's pension reform measures were implemented late in Fiscal Year 2014, the full amount of the ARC was contributed to the Police Pension Plans beginning September 1, 2013, and to the City Pension Plans beginning with Fiscal Year 2015. State statutes and City ordinances now require the full funding of the ADC on all four plans. For Fiscal Years 2015 through 2019, the full amount of ADC was contributed to all four plans. For Fiscal Year 2020, it is expected that the full amount of the ADC will be contributed to all four plans.

On February 24, 2017 the Board of the Firefighters' Pension System adopted a policy to change the long-term expected rate of return on plan investments ("**L-T Return Rate**") from 7.50% to 7.25% effective for the actuarial valuation dated May 1, 2017. This reduction in the L-T Return Rate will be used in determining the City's ADC for the year beginning on May 1, 2018. The overall effect of the change in the Firefighters' Pension System L-T Return Rate on the City's ADC will be phased-in over a 5-year period. The Police Retirement System and Civilian Employees Retirement System changed the L-T Return Rate, on each plan, from 7.5% to 7.45% as of the April 30, 2019 valuation date. Contingent on approval by the respective Board of Trustees for each plan, the L-T Return Rate will decrease by 0.05% per year until reaching the ultimate rate of 7.25% in 2023. No changes have been made to the L-T Return Rate of the Employees' Retirement System.

The following historical tables provide information regarding the above-referenced pension plans. The last table presented, the Historical Funding Progress-Actuarial Value table, is provided to reflect the basis for the ADC of each of the four retirement plans.

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Historical Valuation Calculation Based on GASB 67 [1]
Pension Systems
(in thousands)

	(a)	(b)	(b-a)	(a/b)	(c)	[(b-a)/c]
Valuation Date	**Plan Fiduciary Net Position**	**Total Pension Liability**	**Net Pension Liability**	**Ratio of Plan Fiduciary Net Position to Total Pension Liability**	**Covered Payroll [3]**	**Employers' Net Pension Liability as a Percentage of Covered Payroll**
		Employees' Retirement System				
4/30/2015	1,085,133	1,191,821	106,688	91 %	167,629	64 %
4/30/2016	1,023,610	1,268,591	244,981	81 %	166,853	147 %
4/30/2017	1,092,299	1,314,447	222,148	83 %	164,248	135 %
4/30/2018 [2]	1,151,661	1,357,513	205,852	85 %	167,811	123 %
4/30/2019 [2]	1,169,272	1,396,171	226,899	84 %	171,688	132 %
		Firefighters' Pension System				
4/30/2015	483,018	604,987	121,970	80 %	59,410	205 %
4/30/2016	462,024	625,656	163,632	74 %	59,294	276 %
4/30/2017	506,698	719,981	213,283	70 %	57,626	370 %
4/30/2018 [2]	540,393	756,872	216,479	71 %	64,492	336 %
4/30/2019 [2]	552,266	787,889	235,623	70 %	66,265	356 %
		Police Retirement System				
4/30/2015	793,880	1,125,374	331,494	71 %	91,750	361 %
4/30/2016	772,791	1,202,620	429,829	64 %	91,952	467 %
4/30/2017	827,347	1,163,351	336,004	71 %	90,571	371 %
4/30/2018 [2]	879,497	1,204,039	324,542	73 %	91,598	354 %
4/30/2019 [2]	891,226	1,255,430	364,204	71 %	94,574	385 %
		Civilian Employees' Retirement System				
4/30/2015	123,941	169,733	45,792	73 %	26,461	173 %
4/30/2016	122,135	180,214	58,079	68 %	25,748	226 %
4/30/2017	132,566	173,716	41,150	76 %	25,061	164 %
4/30/2018 [2]	142,605	179,393	36,788	79 %	25,434	145 %
4/30/2019 [2]	146,188	189,521	43,333	77 %	27,108	160 %

Sources:

- City of Kansas City, Missouri Employees' Retirement System GASB 67 and 68 Report as of April 30, 2019 prepared by Cheiron
- City of Kansas City, Missouri Firefighters' Pension System GASB 67 and 68 Report as of April 30, 2019 prepared by Cheiron
- The Police Retirement System of Kansas City, Missouri GASB No. 67 Report as of April 30, 2019 prepared by Cavanaugh Macdonald Consulting, LLC
- The Civilian Employees' Retirement System of the Police Department of Kansas City, Missouri GASB No. 67 Report as of April 30, 2019 prepared by Cavanaugh Macdonald Consulting, LLC

Note:

1) GASB 67 historical valuation started in Fiscal Year 2015.
2) The City's net pension liability as of April 30, 2019, for financial reporting purposes, was measured as of April 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation prepared as of April 30, 2017, rolled forward one year using standard actuarial techniques for the Civilian Employees Retirement System, rolled forward one year for the Police Retirement System and updated to April 30, 2018 for the Employees Retirement and Firefighters' Pension Systems. Values attributed to April 30, 2019 in this table are stated for informational purposes only.
3) Amounts reported as Covered Payroll are based upon pensionable payroll.

Annual Employer Contribution Status
Pension Systems
(in thousands)

Fiscal Year Ended	(a) Actuarially Determined Contributions [1]	(b) Actual Employer Contribution [2][3]	(a-b) Amount Unfunded / (Overfunded)	Amount Unfunded as a % of Total Primary Govt. Expenses [4]	Amount of Actual Employer Contribution as % of Total Primary Govt. Expenses [4]
Employees' Retirement System					
4/30/2010	29,589	19,186	10,403	0.82%	1.52%
4/30/2011	27,772	18,823	8,949	0.71%	1.49%
4/30/2012	26,327	20,543	5,784	0.45%	1.58%
4/30/2013	27,683	23,744	3,939	0.28%	1.72%
4/30/2014	27,568	25,988	1,580	0.11%	1.88%
4/30/2015	27,568	27,569	(1)	0.00%	1.98%
4/30/2016	24,541	24,578	(37)	0.00%	1.66%
4/30/2017	23,042	23,701	(659)	-0.04%	1.56%
4/30/2018	24,391	24,530	(139)	-0.01%	1.49%
4/30/2019	25,843	26,032	(189)	-0.01%	1.43%
Firefighters' Pension System					
4/30/2010	17,124	10,465	6,659	0.53%	0.83%
4/30/2011	12,828	10,298	2,530	0.20%	0.82%
4/30/2012	14,046	11,604	2,442	0.19%	0.89%
4/30/2013	15,400	13,120	2,280	0.16%	0.95%
4/30/2014	16,182	11,796	4,386	0.32%	0.85%
4/30/2015	16,162	16,259	(97)	-0.01%	1.17%
4/30/2016	16,581	16,632	(51)	0.00%	1.12%
4/30/2017	16,727	16,755	(28)	0.00%	1.11%
4/30/2018	17,316	17,436	(120)	-0.01%	1.06%
4/30/2019	19,748	20,015	(267)	-0.01%	1.10%
Police Retirement System					
4/30/2010	22,154	16,645	5,509	0.44%	1.31%
4/30/2011	32,020	16,532	15,488	1.23%	1.31%
4/30/2012	28,277	16,477	11,800	0.91%	1.27%
4/30/2013	31,653	16,934	14,719	1.06%	1.22%
4/30/2014	35,062	22,242	12,820	0.93%	1.61%
4/30/2015	28,933	28,933	-	0.00%	2.08%
4/30/2016	30,272	30,272	-	0.00%	2.04%
4/30/2017	30,980	30,980	-	0.00%	2.05%
4/30/2018	32,103	32,103	-	0.00%	1.96%
4/30/2019	32,281	32,281	-	0.00%	1.77%
Civilian Employees' Retirement System					
4/30/2010	3,616	3,330	286	0.02%	0.26%
4/30/2011	4,748	3,185	1,563	0.12%	0.25%
4/30/2012	4,361	3,146	1,215	0.09%	0.24%
4/30/2013	4,956	3,283	1,673	0.12%	0.24%
4/30/2014	5,658	4,122	1,536	0.11%	0.30%
4/30/2015	4,931	4,931	-	0.00%	0.35%
4/30/2016	5,048	5,048	-	0.00%	0.34%
4/30/2017	5,063	5,063	-	0.00%	0.33%
4/30/2018	4,994	4,994	-	0.00%	0.30%
4/30/2019	4,779	4,779	-	0.00%	0.26%

Notes:

1) In Fiscal year 2015, GASB 67/68 changed the term Annual Required Contribution (ARC) to Acturially Determined Contribution (ADC).
2) The City does not have any deferred or contingent contributions.
3) The amounts for actuarially determined calculations and actual employer contributions were restated to reflect the data in the required supplementary information in the ten year look back table, as part of the adoption of GASB 68, in the required supplementary information in the City of Kansas City, Missouri Comprehensive Annual Financial Report for FY 2016.
4) The last two columns have been revised to provide historical comparisons of actual employer contributions of each plan to primary government expenditures. Historical data of General Fund expenses can found in the Financial Statements in the City of Kansas City, Missouri Comprehensive Annual Financial Reports.

Sources:

-Required Supplementary Information in the City of Kansas City, Missouri Comprehensive Annual Financial Report for FY 2016, 2017, 2018, and 2019.
-Fiscal Years 2010-2015: Financial Statements in the City of Kansas City, Missouri Comprehensive Annual Financial Reports.

Historical Funding Progress - Actuarial Value
Pension Systems
(in thousands)

	(a)	(b)	(b-a)	(a/b)	(c)	[(b-a)/c]
Actuarial Valuation Date	**Actuarial Value of Assets**	**Actuarial Accrued Liability (AAL)**	**Unfunded AAL (UAAL)**	**Funded Ratio**	**Covered Payroll**	**UAAL as a Percentage of Covered Payroll**
		Employees' Retirement System				
5/1/2010	749,552	994,768	245,216	75 %	153,948	159%
5/1/2011	806,792	1,010,996	204,204	80 %	163,114	125%
5/1/2012	847,090	1,070,752	223,662	79 %	161,134	139%
5/1/2013	900,062	1,115,165	215,103	81 %	166,878	129%
5/1/2014	962,152	1,149,884	187,732	84 %	167,629	112%
5/1/2015	1,026,046	1,185,744	159,698	87 %	166,853	96%
5/1/2016	1,055,814	1,268,159	212,345	83 %	164,248	129%
5/1/2017	1,095,866	1,312,155	216,289	84 %	167,811	129%
5/1/2018 (1)	1,140,816	1,351,563	210,747	84 %	171,688	123%
5/1/2019 (1)	1,179,563	1,380,803	201,240	85 %	171,476	117%
		Firefighters' Pension System				
5/1/2010	435,428	516,600	81,172	84 %	51,934	156%
5/1/2011	432,541	528,481	95,940	82 %	51,983	185%
5/1/2012	420,337	535,215	114,878	79 %	60,063	191%
5/1/2013	418,712	547,788	129,076	76 %	58,356	221%
5/1/2014	452,378	583,168	130,790	78 %	59,410	220%
5/1/2015	476,356	603,418	127,062	79 %	59,295	214%
5/1/2016	488,879	624,244	135,365	78 %	57,625	235%
5/1/2017	512,041	726,538	214,497	70 %	64,492	333%
5/1/2018 (1)	535,935	756,951	221,016	71 %	66,265	334%
5/1/2019 (1)	556,898	791,841	234,943	70 %	68,247	344%
		Police Retirement System				
4/30/2010	722,464	915,463	192,999	79 %	90,475	213%
4/30/2011	715,764	940,609	224,845	76 %	88,445	254%
4/30/2012	734,376	972,128	237,752	76 %	87,881	271%
4/30/2013	749,617	964,302	214,685	78 %	90,708	237%
4/30/2014	773,338	1,006,243	232,905	77 %	96,150	242%
4/30/2015	803,673	1,037,257	233,584	77 %	97,103	241%
4/30/2016	821,895	1,076,824	254,929	76 %	96,005	266%
4/30/2017	853,286	1,118,948	265,662	76 %	93,411	284%
4/30/2018 (1)	886,676	1,161,789	275,113	76 %	95,742	287%
4/30/2019 (1)	913,895	1,211,216	297,321	75 %	97,675	304%
		Civilian Employees' Retirement System				
4/30/2010	100,516	131,223	30,707	77 %	26,136	117%
4/30/2011	102,523	137,040	34,517	75 %	25,239	137%
4/30/2012	108,018	142,908	34,890	76 %	25,255	138%
4/30/2013	113,171	148,663	35,492	76 %	26,461	134%
4/30/2014	119,076	155,264	36,188	77 %	27,077	134%
4/30/2015	126,030	160,471	34,441	79 %	27,887	124%
4/30/2016	130,605	165,082	34,477	79 %	27,165	127%
4/30/2017	137,234	171,188	33,954	80 %	25,618	133%
4/30/2018 (1)	144,207	177,117	32,910	81 %	27,256	121%
4/30/2019 (1)	150,113	188,505	38,392	80 %	28,823	133%

Sources:

- City of Kansas City, Missouri Employees' Retirement System Actuarial Valuation Report as of May 1, 2019 prepared by Cheiron
- City of Kansas City, Missouri Firefighters' Pension System Actuarial Valuation Report as of May 1, 2019 prepared by Cheiron
- Police Retirement System of Kansas City, Missouri Actuarial Valuation Report as of April 30, 2019 prepared by Cavanaugh Macdonald Consulting, LLC
- Civilian Employees' Retirement System of the Police Department of Kansas City, Missouri Actuarial Valuation Report as of April 30, 2019 prepared by Cavanaugh Macdonald Consulting, LLC
- Fiscal Year 2010-2014 Comprehensive Annual Financial Reports

Note:

1) The City's actuarially determined contributions for the fiscal year ending April 30, 2020 are based upon actuarial data measured as of April 30, 2018 for the Police and Civilian Employees' Retirement System plans and actuarial date measured as of May 1, 2018 for the Employees' Retirement and Firefighters' Pension System plans respectively. Actuarial data attributed to April 30, 2019 for the Police and Civilian Employees' Retirement System plans and May 1, 2019 for the Employees' Retirement and Firefighters' Pension System plans will be used as a basis for determining the actuarial determined contributions for each plan for the fiscal year ending April 30, 2021.

In June 2004, the Governmental Accounting Standards Board ("**GASB**") issued Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions **("OPEB")**. The disclosure requirement for the City began with the fiscal year ending April 30, 2008.

Effective May 1, 2018, the City implemented the Governmental Accounting Standards Board Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension.* GASB Statement No. 75 replaces GASB Statement No. 45. The primary objective is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. Disclosures are required for a one percent increase/decrease in the discount rate as well a one percent increase/decrease in the healthcare cost trend rate. The disclosure requirement for the City began with the fiscal year ending April 30, 2019. For further information on the process used to determine OPEB liability under GASB 75, please refer to Footnote 12, Footnote 18 and the Required Supplemental Information in the the Comprehensive Annual Financial Report ("**CAFR**") for the City of Kansas City, Missouri for the fiscal year ending April 30, 2019.

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The following table displays the prior information from the City's four most recent OPEB actuarial reports that were prepared in accordance with GASB 45. These are being provided for historical purposes only:

OTHER POST EMPLOYMENT BENEFITS (OPEB)
(Amount Expressed in Thousands)

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL) Entry Age	(b)-(a) Unfunded AAL (UAAL)	(a)/(b) Funded Ratio	(c) Covered Payroll	[(b)-(a)]/(c) UAAL as Percentage of Covered Payroll
City of Kansas City – Employee/Firefighter Other Post-Employment Benefits						
4/30/2010[(1)]	-	76,574	76,574	-	205,882	37.19%
4/30/2012	-	105,013	105,013	-	221,197	47.47%
4/30/2014	-	97,828	97,828	-	227,039	43.09%
4/30/2016	-	89,146	89,146	-	226,100	39.40%
City of Kansas City – Police/Civilian Other Post-Employment Benefits						
4/30/2010	-	54,184	54,184	-	116,611	46.47%
4/30/2012	-	55,129	55,129	-	113,136	48.73%
4/30/2014	-	46,301	46,301	-	114,100	40.58%
4/30/2016	-	41,222	41,222	-	118,768	34.71%

(1) The April 30, 2010 actuarial valuation included the following changes in assumptions:

A. Medicare eligibility: In the prior valuations, it was assumed that 25% of firefighter retirees hired before 1987 would not be eligible for Medicare. It was determined that this assumption was not holding true for the current retirees (all were Medicare eligible). For the 2010 valuation, all retirees are assumed to be eligible for Medicare at attainment of age 65.

B. Participation and election assumptions: In the prior valuations, it was assumed that 90% of eligible retirees would elect coverage at retirement and that 100% of those electing would elect 2-person coverage. This was determined to be overly conservative for an access only plan (a plan where the retiree pays the full blended premium), and was not being observed in the actual retiree elections. For the 2010 valuation, 50% participation was assumed with 85% of males participating electing 2-person coverage and 55% of females participating electing 2-person coverage.

Total OPEB Liability Under GASB 75

The following table displays specific information related to the total OPEB liability under GASB 75 for Employees/Firefighters and Kansas City Police Department ("KCPD")/ Kansas City Police Department Civilians ("KCPD Civilians") and reported in the CAFR for the fiscal year ending April 30, 2019. Beginning balances for the fiscal year 2019 were restated due to the implementation of GASB 75. Footnote 18 of the CAFR provides the total restatement.

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As of Date	Service Cost	Interest on the total OPEB Liability	Changes of Benefit Terms	Variance of the total OPEB liability	Changes of assumptions	Benefit payments	Net change in total OPEB liability	Total OPEB liability-beginning	Total OPEB liability-ending (1)(2)	Covered-employee payroll	Total OPEB liability as a percentage of covered-employee payroll
						Employees/Firefighters					
4/30/2019	4,058,358	3,777,849	-	-	146,222	(3,925,445)	4,056,984	101,488,627	105,545,611	242,850,028	43.46%
						KCPD/KCPD Civilians					
4/30/2019	2,529,442	1,725,564	-	-	61,468	(957,672)	3,358,802	45,600,239	48,959,041	120,518,136	40.62%

Notes:

(1) The Employees/Firefighters total OPEB liability as of April 30, 2019, for financial reporting purposes, was measured by an actuarial valuation as of April 30, 2018 and rolled forward one year.

(2) The Police/Civilian total OPEB liability as of April 30, 2019, for financial reporting purposes, was measured by an actuarial valuation as of April 30, 2018 and rolled forward one year.

Source:

City of Kansas City, Missouri Comprehensive Annual Financial Report for the Fiscal Year ended April 30, 2019.

Interest-Rate and Healthcare Cost Sensitivity of Total OPEB Liability Under GASB 75

The following tables represent the sensitivity of total OPEB liability to changes in the discount rate and changes in the healthcare cost trend rate for Employees/Firefighters and KCPD/KCPD Civilians:

		Interest-Rate Sensitivity			Healthcare Cost Trend Rates		
	Date	1% Decrease 2.71%	Discount Rate 3.71%	1% Increase 4.71%	1% Decrease (6.2% decreasing to 3.25%)	Healthcare Rate (7.2% decreasing to 4.25%)	1% Increase (8.2% decreasing to 5.25%)
Employees/Firefighters	4/30/2019	$122,037,783	$105,545,611	$92,245,093	$95,176,976	$105,545,611	$118,815,783

		1% Decrease 2.71%	Discount Rate 3.71%	1% Increase 4.71%	1% Decrease (6.1% decreasing to 3.25%)	Healthcare Rate (7.1% decreasing to 4.25%)	1% Increase (8.1% decreasing to 5.25%)
KCPD/KCPD Civilians	4/30/2019	$55,708,582	$48,959,041	$43,319,952	$42,142,683	$48,959,041	$57,426,000

Source:

City of Kansas City, Missouri Comprehensive Annual Financial Report for the Fiscal Year ended April 30, 2019.

APPENDIX C

REPORT OF THE AIRPORT CONSULTANT

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REPORT OF THE AIRPORT CONSULTANT

on the proposed issuance of

CITY OF KANSAS CITY, MISSOURI

AIRPORT SPECIAL OBLIGATION BONDS
Series 2020A (AMT), Series 2020B (Non-AMT), and Series 2020C (Taxable Refunding)

of The Industrial Development Authority of the City of Kansas City, Missouri

Prepared for

City of Kansas City, Missouri

Prepared by

LeighFisher
San Francisco, California

October 5, 2020

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Leigh|Fisher

October 5, 2020

Mr. Patrick Klein
Director of Aviation
Aviation Department
City of Kansas City, Mo.
601 Brasilia Avenue
Kansas City, MO 64153

Re: Report of the Airport Consultant, City of Kansas City, Airport Special Obligation Bonds (Kansas City International Airport Terminal Modernization Project), Series 2020A (AMT), Series 2020B (Non-AMT), and Series 2020C (Taxable Refunding) of The Industrial Development Authority of the City of Kansas City, Missouri

Dear Mr. Klein:

We are pleased to submit this Report of the Airport Consultant on certain aspects of the proposed issuance of the Airport Special Obligation Bonds (Kansas City International Airport Terminal Modernization Project), Series 2020A (AMT) and Series 2020B (Non-AMT), (collectively, the "2020A/B Bonds"), and Series 2020C (Taxable Refunding), (the "2020C Bonds"), collectively, the "2020 Bonds" of The Industrial Development Authority of the City of Kansas City, Missouri (the "Issuer"), for the benefit of the City of Kansas City (the "City"), to fund a portion of the costs of the Terminal Modernization Project (the "Project" or "TMP") at Kansas City International Airport ("MCI" or the "Airport") and to refund the outstanding Series 2013A Bonds for debt service savings. This letter and the accompanying attachment and exhibits constitute our report.

The 2020 Bonds are payable solely from (1) the proceeds of the 2020 Bonds, (2) payments to be made by the City to the Issuer under the Financing Agreement between the Issuer, the City, and the Trustee dated as of June 1, 2019, as supplemented by the First Supplemental Financing Agreement dated as of November 1, 2020 (collectively, the "Financing Agreement"), and (3) other amounts pledged under the Indenture. Under the Financing Agreement, the City has agreed to pay to the Issuer, subject to appropriation of the City Council of the City, Debt Service Payments that will be sufficient to provide for the annual payment of all principal of and interest on the 2020 Bonds when due and payable.

The City has deemed its obligation to make Debt Service Payments to be the incurrence of a Senior Appropriation Obligation pursuant to Ordinance No. 190026, passed by the City Council of the City on March 21, 2019 (as amended from time to time as amended by Ordinance No. 200706 passed by the City Council of the City on September 27, 2020, and as supplemented by Committee Substitute for Ordinance No. 200703 passed by the City Council of the City on September 27, 2020 (collectively the "Master Bond Ordinance" or "MBO"). The MBO sets forth the terms and provisions for issuing or incurring revenue bonds, revenue refunding bonds, and other obligations, including, but not limited to, Appropriation Obligations (as defined therein), for the purpose of financing additions, extensions, and improvements to the City's Airport System, among other things.

The Bonds are being issued by The Industrial Development Authority of the City of Kansas City, Missouri (the "IDA") pursuant to the Trust Indenture dated as of June 1, 2019 as supplemented by the First Supplemental Trust Indenture dated as of November 1, 2020 (collectively the "Indenture"), by and between the IDA, which will act as the conduit issuer for this transaction, and BOKF, N.A., as trustee (the "Trustee").

Unless otherwise defined herein, all capitalized terms in this report are used as defined in the Master Bond Ordinance, the Indenture, the Financing Agreement, the Airline Use and Lease Agreement, or the preliminary official statement related to the 2020 Bonds. The City's Fiscal Year ends April 30.

The 2019 Bonds are secured by and payable from the "Trust Estate" established under the Indenture, which consists of, among other things, all right, title, and interest of the IDA in, to, and under (1) the Senior Appropriation Obligation, (2) the Debt Service Payments and Additional Payments to be made by the City, (3) the Financing Agreement, and (4) all other amounts and funds and accounts (other than the Rebate Fund) from time to time held by the Trustee.

The payments due under the Senior Appropriation Obligation in any Fiscal Year will be paid solely from Net Revenues and/or other funds appropriated by the City for the purpose of making such payments in the Fiscal Year. In any Fiscal Year that the Senior Lien Requirements are met, the City's payment obligations under the Senior Appropriation Obligation and the Financing Agreement will be on parity with the City's pledge of Net Revenues to its General Improvement Airport Revenue Bonds, which upon the issuance of the 2020 Bonds none will be outstanding under the Bond Ordinance.

The Master Bond Ordinance and the Supplemental Ordinances relating to the City's Bonds and Appropriation Obligations (collectively, "Obligations") are referred to as the "Bond Ordinance." Senior Bonds issued by the City under the Bond Ordinance, which will be defeased upon or shortly after the issuance of the 2020 Bonds, are secured by a pledge of and first lien on Net Revenues of the Airport System. Senior Appropriation Obligations incurred by the City under the Bond Ordinance are secured by a lien on Net Revenues of the Airport System in any year in which the Senior Lien Requirements are met, and the City's payment obligations thereunder will be on a parity with Senior Bonds.

The net proceeds of the 2020 Bonds, and certain investment earnings thereon, will be used to (1) pay a portion of the costs of the TMP (as described below), (2) fund a deposit to the Debt Service Reserve Fund, (3) fund a deposit to the Capitalized Interest Fund, (4) refund the Series 2013A Bonds, and (5) pay the costs of issuing the 2020 Bonds. Other than the TMP, the City has no plans to issue debt to finance the CIP.

COVID-19

The emergence of a highly contagious novel coronavirus, COVID-19, at the end of 2019 has caused the steepest traffic decline in aviation history and continues to present significant challenges to the world economy and airline industry compared with past public health crises and unexpected major negative events. In March 2020, the World Health Organization (WHO) declared COVID 19 a global pandemic, prompting governmental actions to slow the spread of the disease, including mandates for businesses to close and for people to remain at home. These mandates have contributed to a major contraction of the global economy and substantial job losses. This severe economic contraction, combined with continuing fears about contagion and the safety of air travel, have resulted in the destruction of demand for air travel, the grounding of a significant number of the world's airline fleets, and drastic cuts in air service.

According to the National Safety Council, COVID-19 has become the third leading cause of death in the U.S. after heart disease and cancer. Worldwide cases of COVID-19 leveled off in April after physical distancing measures were put in place. However, as countries began to reopen in May and June, a resurgence of the virus led to an increasing number of new cases of COVID-19 and associated deaths, particularly in the United States. The virus also began to resurface with mini-outbreaks even in countries with the most previous success in containing it (such as South Korea, Australia, and Japan). Demand may remain suppressed until a widely accepted COVID treatment or vaccine is available.

The global economic disruption caused directly and indirectly by the COVID 19 pandemic dwarfs the effects of earlier public health scares and will have far-reaching implications for the global airline industry and airline travel likely extending for several years. Nationally, the Transportation Security Administration (TSA) has reported that the number of passengers screened at all U.S. airports decreased 51.7% in March 2020, 95.3% in April 2020, 90.4% in May 2020, 81.1% in June 2020, 73.9% in July, 71.0% in August, and 67.7% percent in September relative to the same months in 2019. This sharp and deep decline in passenger activity is unprecedented. By contrast, the largest monthly decrease in the United States prior to COVID-19 (33.4%) occurred in September 2001 as a result of the terrorist attacks of September 11, 2001. For the nation as a whole, passenger traffic took three years to recover after 9/11 and seven years to recover after the 2008-2009 financial crisis.

In reaction to the pandemic, the U.S. Congress signed into law the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) on March 27, 2020, which included measures to provide economic relief to both U.S. airports and airlines. The City was awarded a $43,276,969 grant under CARES for reimbursement of operating expenses, debt service, and/or capital expenditures for the Airport, which must be used within four years. As described in the attachment, the City is evaluating how to best utilize CARES Act grants to strengthen its liquidity and help withstand decreases in revenues during FY 2021 and FY 2022 that it anticipates will occur as a result of the ongoing effects of the COVID-19 pandemic. Airport operators using CARES Act grants must comply with certain obligations, including, but not limited to, employing at least 90% of their full-time staff as of March 27, 2020 through December 31, 2020. Although the U.S. airport and airline industries have asked Congress for more financial aid, none has been passed as of the date of this report.

The table on the next page shows the impact of COVID-19 on (1) enplaned passengers, (2) parking, rental cars, and terminal concession revenues, which are the largest passenger-related nonairline revenues for the Airport, and (3) O&M Expenses since March 2020 as compared to the same months in 2019, based on unaudited results. Airline revenues received by the City have not been affected to the same degree due to contractual requirements under the Airline Use and Lease Agreements (described below), which provide for cost recovery terminal rental payments and full cost recovery of airfield costs.

CHANGE IN SELECT NONAIRLINE REVENUES, O&M EXPENSES, AND ENPLANED PASSENGERS
Between 2019 and 2020 (as Compared to the Same Month of Prior Year)
Kansas City International Airport

	March	April	May	June	July	March - July
Passengers / Dollars						
Enplaned Passengers	(279,769)	(446,713)	(489,256)	(433,281)	(403,387)	(2,052,406)
Automobile Parking Revenues	$ (2,635,077)	$ (4,381,000)	$ (4,495,690)	$ (4,244,176)	$ (3,621,886)	$ (19,377,829)
Rental Car Concession Revenues	(500,683)	(869,176)	(910,595)	(659,206)	(621,135)	(3,560,795)
Terminal Concession Revenues	(299,807)	(556,384)	(337,041)	(397,137)	(303,146)	(1,893,515)
O&M Expenses	(339,213)	(3,425,693)	(1,376,318)	(696,120)	(798,037)	(6,635,381)
Percent Change						
Enplaned Passengers	-55.0%	-95.5%	-89.3%	-78.0%	-71.1%	-77.6%
Automobile Parking Revenues	-49.0%	-95.6%	-89.9%	-81.7%	-74.6%	-77.5%
Rental Car Concession Revenues	-56.4%	-89.7%	-81.2%	-64.6%	-54.4%	-69.3%
Terminal Concession Revenues	-56.0%	-96.7%	-90.5%	-80.9%	-70.4%	-78.8%
O&M Expenses	-4.6%	-27.3%	-19.2%	-10.8%	-11.4%	-16.4%

Source: Kansas City Aviation Department, unaudited.

In reaction to the pandemic and the resulting significant decline in passengers and passenger-related revenues, the City implemented a number of financial and operational measures, including:

1. Reducing O&M Expenses
2. Deferring and reducing non-critical capital expenditures
3. Increasing the cleaning of all touched public spaces, equipment, public restrooms, holdroom seating in terminals and transportation buses
4. Reducing frequencies of parking and rental car shuttles
5. Requiring mask wearing for anyone entering an airport facility or using airport transportation
6. Adding physical distancing reminder signs throughout all facilities
7. Formulating a preliminary plan to apply CARES grants
8. Providing temporary financial relief to tenants, including deferring airline terminal rentals and landing fees for the months of April 2020 and May 2020, until June 2020, most of which amounts were subsequently repaid, contractually abating rental car Minimum Annual Guarantees (MAGs) that will resume once monthly enplanements reach at least 80% of the same month the previous year, and deferring terminal concessionaire MAGs until October 31, 2020
9. Revising its plan of finance for the TMP, including advancing the issuance of the last bond issuance and eliminating the use of pay-as-you-go PFCs
10. Formulating plans to refund the 2013A Bonds as part of the current financing

The budget changes are expected to reduce the overall FY 2021 budget of the Airport (operating and capital) by approximately 15%.

Under the Master Bond Ordinance, any CARES Act grants used to reimburse O&M Expenses can be included in the definition of Revenues. In addition, any Debt Service paid using CARES Act grants, can be excluded from the definition of Aggregate Annual Debt Service. The City currently expects to use CARES Act grants for both purposes in FY 2021 as included in the projections presented later.

The pandemic has not had an impact on the cost of the TMP or its schedule. The new terminal is still expected to open in March 2023.

Given the unprecedented nature of, and continuing uncertainty regarding, the COVID-19 pandemic and its impact on the aviation industry and worldwide economies, the report does not include a forecast of aviation activity, revenues, expenses, airline cost per enplaned passenger, or debt service coverage. Rather, the report presents two hypothetical scenarios of enplaned passengers showing recovery to FY 2019 activity levels at the Airport over a period ranging from FY 2025 to FY 2027 based upon an ensemble of traffic recovery projections developed by Fitch Ratings, Moody's Investors Service, and S&P Global Ratings. These are indicative of possible paths for traffic recovery. Key Airport financial metrics such as debt service coverage and airline cost per enplaned passenger were extrapolated from the indicative traffic recovery scenarios and are presented as a range.

Uncertainty levels regarding the recovery of traffic to its pre-pandemic levels are extremely high and dependent upon numerous variables, including among other things, when and if the United States can achieve some degree of control of the virus, the potential for breakthroughs in COVID-19 treatments, the likelihood and timing of successful vaccines that can be deployed on a large scale basis and the willingness for people to get inoculated, the near-term and long-term damage to the economy brought about from the pandemic, the potential for the U.S. Congress to pass another economic stimulus package, the resilience of the U.S. airline industry, duration of lockdowns and travel restrictions, and potential for a structural shift in industry and consumers' behaviors. The COVID-19 pandemic has had and likely will continue to have material adverse effects on passenger traffic and Airport operations and financial performance.

Airport System

The City owns and operates Kansas City International Airport and the Charles B. Wheeler Downtown Airport ("MKC") both of which are located within the city limits of Kansas City, Missouri. MCI is the principal airport serving the Kansas City air service area. The Airport is the second busiest commercial service airport, in terms of enplaned passengers, in the Central United States behind St. Louis Lambert International Airport. MKC functions as one of the area's principal general aviation airports.

The Airport ranked 41st among U.S. airports in terms of total enplaned passengers in 2019 based on Federal Aviation Administration ("FAA") information and ranked 48th in North America based on the number of passengers during 2018 according to Airports Council International-North America.

Terminal Modernization Project

The TMP is a program to replace the existing passenger terminals at MCI with a new terminal and associated facilities that was developed on a collaborative basis with the airlines from 2014 through 2019. It consists generally of the following:

1. *Site Development* – clearing and grading of the current Terminal A site, construction of access roadways, and installation of utilities to accommodate the new terminal complex as well as demolition of Terminals A, B, and C and a new central utility plant providing chilled water and electrical service to the new terminal; relocation of pipelines, natural gas lines, communications facilities, and electronic transmission lines; demolition of Terminal A; environmental mitigation (if any); site grading and drainage; fencing; construction access roads and staging areas. In addition, provided sufficient funds are available, the project will also pay for demolition of Terminals B and C, and if not, such costs will be borne by the airlines through rates and charges during the term of the Post-DBO Agreements (as defined below).

2. *Terminal Roadways* – modification of the existing airport roadway network to provide access to the new terminal, parking garage, surface parking, and related airport facilities; construction of an elevated roadway to provide vehicular access to the terminal departures curb; and construction of an at-grade roadway to provide vehicular access to the lower level arrivals curb.

3. *Terminal Building* – landside and airside buildings comprising between 1.0 and 1.1 million square feet connected by an above-ground walkway with moving walkways. The building is designed to accommodate 39 Aircraft Design Group III aircraft along with curbside, ticketing lobby, TSA passenger security screening checkpoint, TSA in-line Checked Baggage Inspection System, baggage claim areas, US Customs & Border Protection facilities (Federal Inspection Services), concessions, and associated public areas and support functions.

4. *Airline Equipment* – equipment to address air carrier operations in the terminal, including passenger boarding bridges, aircraft support systems, communications infrastructure, common use communications system for City-controlled gates, information display systems, inbound and outbound baggage handling systems, virtual ramp control, and applicable tenant finishes.

5. *Terminal Apron, Taxilanes, Aircraft Parking, Deicing, and Hydrant Fueling* – aircraft apron and non-movement areas sized to accommodate aircraft fleet, dual taxilanes, connections to Taxiway "B" and Taxiway "D," 25 remain overnight aircraft parking positions and 15 deicing positions in proximity to the terminal, and in-ground hydrant fueling system to service the 39 gates with a connection to the existing aviation fuel farm system.

6. *Parking Facilities* –multi-level public parking structure with approximately 6,200 parking spaces connected to the terminal headhouse via roadway crosswalks. The arrivals level of the garage includes a covered commercial curb for hotel, parking, and rental car shuttles as well as connection capabilities to public transportation. Close-in public surface parking with approximately 880 parking spaces located within walking distance of the terminal.

The new terminal complex is being constructed on the site of old Terminal A. The independent nature of the three terminals has allowed for construction of the new terminal and other components of the TMP while still maintaining existing operations in Terminals B and C during construction.

Construction commenced in March 2019 and the expected date of beneficial occupancy ("DBO") of the new terminal is March 2023. Terminal construction documents are forecast to be 100% complete as of September 24, 2020. Once the new terminal is operational, Terminals B and C will close.

The City entered into a development agreement dated February 28, 2019 (the "Project Development Agreement") with Edgemoor Infrastructure & Real Estate II LLC (the "Developer") under which the Developer is responsible for the development, design, and construction of the TMP. The design-builder for the TMP is a joint venture among Clark Construction Group, LLC, a Maryland limited liability company ("Clark"), The Weitz Company, LLC, an Iowa limited liability company ("Weitz"), and Clarkson Construction Company, a Missouri corporation ("Clarkson"), formed specifically for the TMP, known as "Clark/Weitz/Clarkson" or "CWC" (the "Design-Builder"). The Design-Builder is responsible for the design and construction of the TMP pursuant to a design-build agreement with Edgemoor (the "Design-Build Agreement"). Appendices to the base Project Development Agreement include the form of Design/Build Agreement, various labor and contracting procedures, forms of performance and payment bonds and insurance requirements. The term of the Project Development Agreement expires when a certificate of final completion has been issued.

TMP Plan of Finance

Exhibit A-1 shows the estimated costs for the TMP. According to the Developer and the City, the estimated cost to complete the TMP is $1.5 billion. The budget consists of a Developer Guaranteed Maximum Price ("GMP") of $1,362,667,841, which includes an owner contingency of approximately $28.3 million. The $1.5B also includes, along with costs that will be paid directly by the Airport of $137,332,159. The final GMP is guaranteed by the Developer and is the maximum amount to be paid by the City to the Developer for the performance of the work set forth in the Development Agreement, subject to revision as set forth in the Development Agreement. The City retained the Paslay Management Group (PMG) as its owner's representative for the project. The cost estimates, which were provided by the Developer and the City's consultants, includes all hard costs, soft costs, contingencies, and pricing allowances.

Exhibit B-1 shows the estimated sources and uses of funds for the TMP as provided by Hilltop Securities ("Hilltop"), the independent registered municipal advisor to the City (the municipal advisor). As shown, the City plans to finance the TMP with the proceeds of the Series 2019A/B/C Bonds issued by the IDA in 2019 as described below and the proceeds of the 2020A/B Bonds. Exhibit B-1 also shows the estimated sources and uses of funds regarding the 2020C Bonds to refund the 2013A Bonds.

Hilltop assumed the 2020A/B Bonds will fund $575 million in project costs and have a 37-year term with interest capitalized through March 1, 2023, interest only payments through FY 2025, principal amortized over FY 2026 through FY 2057, and an estimated all-in interest cost of 4.054%, which represents market rates plus a spread of 50 basis points as of September 1, 2020. Hilltop assumed the 2020C Bonds would have an 8-year term with principal amortized over FY 2021 through FY 2028, and an estimated all-in interest cost of 2.325%, which represents market rates plus a spread of 50 basis points as of September 1, 2020.

The City's payment obligations under the Senior Appropriation Obligations relating to the 2019 Bonds and 2020A/B/C Bonds of the IDA will be supported in part by Passenger Facility Charge (PFC) revenues. The City received approval to fund $38.4 million in design costs for the TMP plus $24 million in financing expenses in January 2020 and intends to apply for approval to use PFCs for PFC-eligible TMP construction costs in late spring 2021. The City has prior approval to use PFCs for the 2020C Bonds (the refunded Series 2013A Bonds).

Estimated Debt Service requirements for the 2019 Bonds and 2020 Bonds were provided by Hilltop and are presented in Exhibit C.

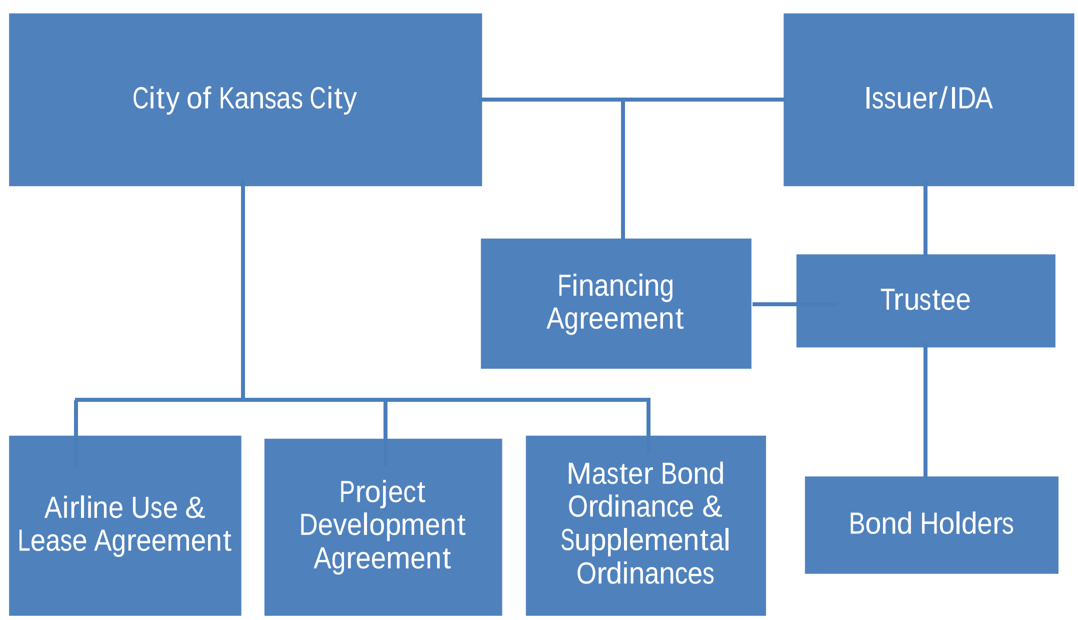
No other debt is contemplated to be incurred by the City nor bonds issued by the IDA for the Airport System during the projection period.

TMP Transaction Contractual Structure

The 2020 Bonds will be issued pursuant to the Indenture between the IDA, which is acting as the conduit issuer for the financing of the TMP, and the Trustee. The City will borrow the proceeds of the 2020 Bonds from the IDA pursuant to the Financing Agreement. The 2020 Bonds Project funds will be held and administered pursuant to the Indenture. The Indenture and Financing Agreement set forth obligations and covenants of the IDA and the City, including, among others, the IDA's agreement to issue the 2020 Bonds and the City's agreement to incur the 2020 Senior Appropriation Obligation and to make the Debt Service Payments and Additional Payments.

The figure below presents the contractual structure of the transaction. The 2019 Bonds and 2020 Bonds will be payable, in part, from and secured under the Indenture and the Financing Agreement by Net Revenues of the Airport System. The Airline Use and Lease Agreement provides that Signatory Airline payments will pay the costs to operate the Airport System, including the payment of annual debt service net of credits from non-airline revenues.

CONTRACTUAL STRUCTURE
Kansas City Airport System



Financing Agreement

Under the Financing Agreement, the City has covenanted and agreed to include in the annual budget proposal for each Fiscal Year submitted to the City Council an appropriation of moneys sufficient to make all Debt Service Payments and Additional Payments required for such Fiscal Year.

Master Bond Ordinance

The Master Bond Ordinance provides the conditions and associated covenants for the issuance of (1) Senior Obligations, consisting of Senior Bonds and Senior Appropriation Bonds, (2) Subordinate Obligations, and (3) Junior Obligations.

Revenues are generally defined as all income and revenues received by the City from the operation of the Airport System. Revenues exclude Passenger Facility Charges ("PFCs"), Customer Facility Charges ("CFCs"), Federal Direct Payments, and certain other revenues, except to the extent PFCs, CFCs, Federal Direct Payments, or other revenues are specifically designated by the City as Revenues in a Supplemental Ordinance. However, if PFCs, CFCs, Federal Direct Payments (including CARES Act grants used to pay debt service), or other moneys not included in Revenues have been irrevocably committed or are held by the City and are to be set aside exclusively to be used to pay principal of and/or interest on specified Obligations, then such principal and/or interest may be excluded from the calculation of Aggregate Annual Debt Service and/or Annual Debt Service on the Obligations, thus decreasing Aggregate Annual Debt Service and/or Annual Debt Service on the Obligations for purposes of the Rate Covenant and the Additional Obligations tests under the Master Bond Ordinance. Although the City has not designated PFCs as Revenues, it has allowed for the holding of PFCs to be set aside exclusively to pay principal of and/or interest on the PFC Eligible Portion of the 2019 Bonds and 2020 Bonds.

Operation and Maintenance Expenses ("O&M Expenses") consist of the City's expenses to operate, maintain, and preserve the Airport System in good repair and working order, including all administrative costs of the City that are charged directly or apportioned to the operation of the Airport System, but do not include payments in lieu of taxes to be paid by the Airport System to the City; depreciation; amortization or intangibles; replacement and obsolescence charges or reserves; principal, interest, or costs of issuance for capital leases or indebtedness; non-cash pension obligations or OPEB Obligations; Swap Termination Payments; or Operation and Maintenance Expenses payable from moneys other than Revenues.

In Section 6.03 of the Master Bond Ordinance (the "Rate Covenant"), the City covenants that it will establish, fix, prescribe, and collect fees and other charges for the use of the Airport so as to produce Net Revenues in an amount at least equal to:

1. The sum of amounts required to be deposited to cover all debt and debt reserve payments for all liens (senior, subordinate, and junior) and

2. Including any Transfer* an amount at least equal to (a) 1.25 times the Annual Debt Service on Outstanding Senior Obligations for each Fiscal Year and (b) 110% of Annual Debt Service on the Outstanding Subordinate Obligations in such Fiscal Year.

---

*"Transfer" in the Master Bond Ordinance means for any Fiscal Year, the lesser of (a) the amount on deposit in the Coverage Deposit Account on the first day of such Fiscal Year and the amount of unencumbered funds on

For purposes of determining the amount of Annual Debt Service to be used to determine compliance with the Rate Covenant, Annual Debt Service is defined in the Master Bond Ordinance to exclude the payment of principal of and interest on indebtedness for which funds are or are reasonably expected to be available for and which are irrevocably committed to make such payments, including any such funds constituting capitalized interest.

Under Section 5.02 of the MBO (referred to in this Report as the "Additional Bonds Test"), certain conditions must be met before Senior Obligations may be issued for the purpose of financing, acquiring, constructing, improving, or completing additional projects, or for the purpose of refunding or paying any outstanding obligation of the City with a lien on or security interest granted in Net Revenues equal to the Senior Obligations. This includes meeting the tests for issuance of Senior Obligations as set forth in Section 5.04. These conditions require, among other things, that estimates of Net Revenues, together with any Transfer, shall equal at least 125% of Aggregate Annual Debt Service on (1) Outstanding Obligations, and (2) the Additional Obligations. The estimates of Net Revenues must satisfy these obligations for each of the three Fiscal Years following the Fiscal Year during which no interest on the proposed Priority Senior Obligations is expected to be paid from the proceeds. The Transfer taken into account cannot exceed 25% of the Aggregate Annual Debt Service on the Outstanding Senior Obligations and the proposed Series of Senior Obligations. With respect to the Additional Bonds Test, Aggregate Annual Debt Service is computed based on the average Aggregate Annual Debt Service on any Outstanding Obligations, proposed Series of Obligations, or other obligations of the City for the Airport System calculated by dividing such amount by the number of years remaining until the last of such Obligations, proposed Series of Obligations, or other obligations matures.

As of September 2020, the 2013A Bonds and 2019 Bonds are the only Outstanding Senior Obligations. Principal outstanding on the 2013A Bonds totaled $77,070,000 following the September 1, 2020 principal payment and on the 2019Bonds totaled $984,745,000. Following the refunding of the Series 2013A Bonds, there will be no Senior Bonds currently issued or incurred under the Master Bond Ordinance. There are no Outstanding Subordinate Obligations.

PFC Program

The City has received approval from the FAA to collect and use PFCs under 12 applications for a total of $ 537,867,362 in collection authority, including $38.4 million for design of the TMP along with $24.4 million for financing expenses. Through April 30, 2020, total PFC revenues received by the City, including investment earnings, totaled $445.6 million, of which $404.7 million had been expended on approved project costs. The City is currently authorized to impose a PFC of $4.50 per enplaned passenger at the Airport.

The City plans on developing an application for approval to impose and use PFCs at the $4.50 level to fund eligible portions of the construction costs of the TMP in late spring 2021. The City expects to receive approval to use PFCs on a fully leveraged basis to pay for a portion of allocable debt service

deposit or anticipated to be on deposit, as the case may be, in the Kansas City Airports Fund (other than the amounts on deposit in the Coverage Deposit Account) on the first day of such Fiscal Year (after all deposits and payments of funds in the Kansas City Airports Fund required by the MBO through and including the Maintenance and Replacement Account as shown in Figure 21), or (b) 25% of Aggregate Annual Debt Service on Senior Obligations payable in such Fiscal Year.

from PFC revenues. The financial projections presented in this report reflect this expected PFC-use approval.

The City plans to continue to set aside portions of the debt service for the 2020C Bonds (the refunded Series 2013A Bonds) to be payable from PFC revenues thereby permitting PFC revenues to be used to offset debt service while these bonds remain outstanding through FY 2028.

Airline Use and Lease Agreements

In 2009, the City entered into Use and Lease Agreements relating to the use of MCI, the rental of space, and the establishment of landing fees (the "Pre-DBO Agreements"). The Pre-DBO Agreements have been amended several times to extend the term, modify the ratemaking, and provide Signatory Airline pre-approval for capital improvements. The following airlines are currently signatory to these agreements: Alaska Airlines, American Airlines, Delta Air Lines, Southwest Airlines, United Airlines, FedEx, and UPS.

The Pre-DBO Agreements extend through completion of the TMP (i.e., the date of beneficial occupancy or "DBO") and provide for the calculation of landing fees and loading bridge fees for the Airport based on a cost center residual method that credits to the respective cost center non-airline revenues derived from the use of the airfield and loading bridges, respectively. The calculation of the terminal rental rate and terminal apron rate for the Airport is based on a compensatory methodology that allocates to the airlines the cost of the terminal and apron space they use. This agreement also provides for (1) the funding of the deposit to the Coverage Deposit Account and (2) the projected increase in the Airlines Operation and Maintenance Reserve Requirement effective at DBO through airline rates and charges during Fiscal Years 2022 and 2023 to the extent not funded through Airport cash on hand. The Signatory Airlines also provided Majority-In-Interest ("MII") approval of the capital improvements related to the $ 1.5 billion TMP and all of the capital projects in the CIP through FY 2023.

The following airlines are signatory to the existing Pre-DBO Agreements and the Post-DBO Agreements: Alaska Airlines, American Airlines, Delta Air Lines, Southwest Airlines, United Air Lines, FedEx, and UPS. These airlines accounted for approximately 94% of the passenger market share at the Airport in FY 2020 and 98% of the landed weight. The Post-DBO Agreements extend through April 30, 2028 (FY 2028). Non-signatory rates are equal to 125% of the signatory rates.

Under the Post-DBO Agreements, Signatory Airline rentals, fees, and charges will be calculated to ensure that the Airport System generates sufficient Airport System Revenues to operate on a break-even basis under the residual ratemaking methodology after paying all Costs of the Airport System (as defined in the attachment to this report) plus produce annual discretionary funding for Airport System capital improvements or other lawful purposes from (1) a required deposit to the Maintenance and Replacement Account and (2) a Management Incentive Fee. The annual required deposit into the Maintenance and Replacement Account is $11 million commencing with the Fiscal Year in which DBO occurs and increased annually after DBO by the lesser of 5% or the change in the Consumer Price Index. The annual Management Incentive Fee is equal to 5% of all Airport System Revenue derived by the City during the then-current Fiscal Year from Non-Airline Revenues. Non-Airline Revenues are generally all Revenues less airline fees and charges, interest earnings on the Extension and Bond Retirement Account, and the proceeds of any taxes collected at the Airport or the Airport's share of any tax revenues received from the Development District within the Community Improvement District as designated by City ordinance. Through the residual ratemaking, the

Management Incentive Fee will flow through to the Extension and Bond Retirement Account maintained by the City. Under the Post-DBO Agreements, 90% of all PFC revenues collected in each Fiscal Year (the "Maximum Required PFC Level") are to be applied by the City to offset Debt Service.

Both the Pre-DBO Agreements and Post-DBO Agreements provide for the rental of space and the use of certain facilities by the Signatory Airlines, the establishment of cost accounting centers, and the periodic adjustment of the rentals, fees, and charges to be paid by the Signatory Airlines as determined by the costs and expenses associated with the Airfield Area, Downtown Airport (MKC), Terminal Area, Terminal Apron Area, Loading Bridges, and Nonairline Area (each as defined in the use agreements).

Prior to the start of each Fiscal Year, the City establishes rates to be in effect for the subsequent Fiscal Year. After the close of each Fiscal Year, there is an annual settlement, whereby the rates and charges are recalculated using audited financial statements to determine any airline under/over payment. If at any time during any Fiscal Year, the City's projections based upon its most recently available information with regard to Net Airfield Area Costs or Net Terminal Costs (as described above) actually incurred or realized during the Fiscal Year, together with the most recently available information with respect to landing fees or terminal rentals actually received by the City, indicate that such payments at the then-current rates would result in an overpayment or underpayment of five percent (5%) or more of the amount required to be generated by the City through such fees and charges during the Fiscal Year, then the City may adjust the respective rates for the remaining months of the Fiscal Year to conform to its current projection.

Scope of Report

The report was prepared to illustrate potential projected financial results under alternative hypothetical traffic recovery scenarios for the period FY 2021 through FY 2027, taking into account outstanding Senior Appropriation Obligations and the proposed 2020 Bonds. In conducting our study, we analyzed:

§ Monthly trends in passenger traffic at MCI in the post-COVID-19 period and industry analyst scenarios regarding the length, depth, and shape of a recovery in the economy and aviation industry.

§ The status of, estimated costs, and proposed funding plan for the 2021 - 2025 CIP, including the TMP and the other capital improvements expected to be completed by FY 2025.

§ Debt Service requirements and cost center allocations on the currently outstanding Senior Obligations and Senior Appropriation Obligations.

§ Estimated sources and uses of funds and associated annual Debt Service requirements of the 2020 Bonds as provided by Hilltop.

§ Historical and estimated future PFC revenues for pay-as-you-go expenditures and for the payment of debt service, including associated current and expected future allocations by an Authorized Officer of the City to the financing of PFC projects.

§ A $4.50 PFC collection level has been assumed for the projection period with the expectation that the City would receive approval from the FAA after submitting a new PFC application for construction costs associated with the TMP late spring 2021.

- The City's intent to submit a new PFC application to impose and use PFCs for the non-AIP portion of the cost to rehabilitate Runway 1L-19R later this year.
- The City's intended use of PFC revenues during the projection period, including the payment of Debt Service and pay-as-you-go project expenditures.
- Historical relationships among revenues, expenses, and airline traffic for the Airport.
- The facilities expected to be provided, as included in the 2021 - 2025 CIP, and other operational considerations affecting Airport revenues and expenses, including estimates of future O&M Expenses as provided by the City for the TMP and the recent sale of the Ambassador Building as described later.
- Audited financial results for the Airport System for FY 2018 and FY 2019 and unaudited results for FY 2020.
- The FY 2021 budget for the Airport System and associated airline rates and charges.
- The City's intended reductions in O&M Expenses, and other operational adjustments, for FY 2021 and FY 2022 as a result of COVID-19.
- The City's intended application of CARES Act grants, including use in FY 2021 to offset a portion of debt service.
- The ratemaking procedures under the Pre-DBO Agreements and Post-DBO Agreements.
- The City's ground transportation policy and fee structure.
- Other contractual agreements relating to the use and lease of the Airport such as the operation of public automobile parking and other concession and service privileges (including rental car operations), and the leasing of buildings and grounds.

We have relied upon the City and its construction consultants for estimates of project costs and construction schedules for the TMP and other projects in the 2021 - 2025 CIP, and the City's independent registered municipal advisor (Hilltop) for the plan of debt finance and estimated debt service requirements for the proposed 2020 Bonds for financial modeling purposes.

We also identified key factors upon which the future financial results of the Airport System may depend and, with City management, formulated assumptions about those factors. On the basis of those assumptions, we assembled the hypothetical financial projections presented in the accompanying exhibits provided at the end of this report.

DBO of the TMP is currently anticipated to occur in March 2023. For purposes of the financial projections it was assumed that DBO would commence on May 1, 2023, for a full year of operation during FY 2024.

Projected Key Financial Metrics

The table on the next page presents a summary of historical and projected Net Revenues, Transfers, Debt Service, PFC revenues and CARES Act grants expected to be applied to pay Debt Service, Aggregate Annual Debt Service, Debt Service Coverage under Section 6.03 of the MBO, enplaned passengers, total airline payments, and airline cost per enplaned passenger ("CPE") under each of the slower and faster traffic recovery scenarios for FY 2019 through FY 2027 for information purposes. As shown, Net Revenues together with Transfers, are projected to be at least 125% of the Aggregate Annual Debt Service on Senior Appropriation Obligations net of offsetting PFC revenues indicating compliance with the Rate Covenant of the Master Bond Ordinance during the projection period under both hypothetical traffic recovery scenarios. The CPE at the Airport is projected to be substantially higher during the projection period than in previous years reflecting the significant decrease in enplaned passengers and associated passenger-related revenues resulting from the impact of COVID-19. It is expected that the CPE will also be much higher in the near-term at most other airports in the nation for the same reason.

SUMMARY OF KEY FINANCIAL METRICS
Kansas City Airport System
(in thousands, except coverage)
(for the 12 months ending April 30)

Fiscal Year	Net Revenues	Plus Transfer	Net Revenues Available for Debt Service	Debt Service[1]	Less PFC Revenues	Less CARES Act Grants[2]	Aggregate Annual Debt Service	Debt Service Coverage Section 6.03	Enplaned Passengers	Passenger Airline Payments	Cost per Enplaned Passenger
	A	B	A + B = C	D	E		D - E = F	= C / F			
Slower Traffic Recovery											
2019*	$ 56,186	$ 4,492	$ 60,677	$ 31,430	$ 9,240	$ -	$ 22,190	2.73	5,952	$ 38,220	$6.42
2020*	50,243	4,493	54,736	27,212	9,241	-	17,971	3.05	5,202	37,599	$7.23
2021	9,299	-	9,299	13,925	8,433	5,492	-	n.a.	1,885	33,248	$17.64
2022	27,744	1,328	29,073	13,239	7,926	-	5,313	5.47	3,670	47,395	$12.91
2023	51,621	1,328	52,950	13,237	7,924	-	5,314	9.96	4,742	62,626	$13.21
2024	94,762	18,194	112,956	90,345	17,567	-	72,778	1.55	5,119	96,918	$18.93
2025	100,941	19,726	120,667	97,696	18,793	-	78,903	1.53	5,476	100,119	$18.28
2026	101,019	19,538	120,556	97,696	19,545	-	78,151	1.54	5,695	99,091	$17.40
2027	101,967	19,671	121,638	99,012	20,327	-	78,685	1.55	5,922	98,809	$16.68
Faster Traffic Recovery											
2019*	$ 56,186	$ 4,492	$ 60,677	$ 31,430	$ 9,240	$ -	$ 22,190	2.73	5,952	$ 38,220	$6.42
2020*	50,243	4,493	54,736	27,212	9,241	-	17,971	3.05	5,202	37,599	$7.23
2021	8,681	-	8,681	13,925	8,433	5,492	-	n.a.	2,480	33,874	$13.66
2022	36,321	1,328	37,649	13,239	7,926	-	5,313	7.09	4,365	47,717	$10.93
2023	58,063	1,328	59,391	13,237	7,924	-	5,314	11.18	5,257	62,754	$11.94
2024	93,425	17,735	111,160	90,345	19,406	-	70,939	1.57	5,654	88,517	$15.66
2025	99,774	19,317	119,092	97,696	20,427	-	77,269	1.54	5,952	92,611	$15.56
2026	99,970	19,164	119,134	97,696	21,040	-	76,656	1.55	6,130	92,191	$15.04
2027	101,045	19,335	120,380	99,012	21,671	-	77,341	1.56	6,314	92,577	$14.66

Source: Debt service: City of Kansas City and Hilltop Securities, Inc.
Net Revenues and coverage: LeighFisher, October 2020.

* Actual data; all other years are based upon hypothetical projections of traffic recovery to FY 2019 levels.

Notes:
1. Includes actual Debt Service on all outstanding bonds and senior appropriation obligations (through Series 2019A), and estimated debt service on the 2019 Bonds and 2020 Bonds (as provided by Hilltop), net of capitalized interest. Debt Service is shown on a cash basis.
2. CARES Act grants used to pay debt service may be excluded from the calculation of Aggregate Annual Debt Service. CARES Act grants used to pay operating expenses are included in Revenues.

The 2020 Bonds are considered Additional Bonds under the Master Bond Ordinance. We will separately provide, by documentation outside of this report, the information needed from the Airport Consultant pursuant to the Master Bond Ordinance, which the City will use to demonstrate compliance with the test for the issuance of Additional Bonds.

As noted earlier, the Master Bond Ordinance permits the addition of Transfers to Net Revenues in computing the debt service coverage requirement for the Rate Covenant. Under the Master Bond Ordinance Transfers are limited to no more than 25% of Aggregate Annual Debt Service payable in the Fiscal Year from amounts on deposit in the Coverage Deposit Account.

Assumptions Underlying the Financial Projections

The hypothetical financial projections in this report are based on information and assumptions that were provided by or reviewed with and agreed to by City management. The projections reflect City Airport management's expected course of action during the projection period through FY 2027 and, in City Airport management's judgment, present fairly the expected financial results of the Airport associated with the respective hypothetical levels of aviation activity during the projection period. Those key factors and assumptions that are significant to the projections are set forth in the attachment, "Background, Assumptions, and Rationale for the Financial Projections." The attachment should be read in its entirety for an understanding of the projections and the underlying assumptions.

In our opinion, the underlying assumptions provide a reasonable basis for the projections. However, the projections are subject to significant uncertainties as noted earlier given the public health pandemic. Inevitably, some assumptions will not be realized and unanticipated events and circumstances may occur. Therefore, there could be significant differences between the projections and actual results, and those differences may be material and adverse. Neither LeighFisher nor any person acting on our behalf makes any warranty, express or implied, with respect to the information, assumptions, projections, opinions, or conclusions disclosed in the report. We have no responsibility to update this report to reflect events and circumstances occurring after the date of the report.

* * * * *

We appreciate the opportunity to serve as the City's Airport Consultant in connection with this proposed financing.

Respectfully submitted,

Leigh Fisher

LEIGHFISHER

Attachment

BACKGROUND, ASSUMPTIONS, AND RATIONALE
FOR THE FINANCIAL PROJECTIONS

REPORT OF THE AIRPORT CONSULTANT

on the proposed issuance of

CITY OF KANSAS CITY, MISSOURI

AIRPORT SPECIAL OBLIGATION BONDS
Series 2019B (AMT) and Series 2019C (Non-AMT)

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INTRODUCTION

This section provides a summary of the existing Airport System facilities, a description of the region served by Kansas City International Airport (MCI or the Airport), and a description of the role of the Airport. The Airport was originally named Mid-Continent International Airport.

AIRPORT SYSTEM FACILITIES

The city of Kansas City (the City) owns and operates two airports: Kansas City International Airport and Kansas City Downtown Airport (MKC). The Kansas City Aviation Department (KCAD), which operates as an Enterprise Fund within the City of Kansas City government, operates both airports.

MCI is located 18 miles north of the downtown Kansas City area in Platte County, Missouri, and occupies approximately 10,573 acres. It is located adjacent to Interstates 29 and 435, providing convenient access to the metropolitan area. The land surrounding MCI is zoned to maintain a compatible relationship between the airport and surrounding communities.

The Airport is one of the largest U.S. commercial passenger airports by acreage. Only Denver International, Dallas/Fort Worth International, Southwest Florida International (Fort Myers), Orlando International, and Dulles International have a greater land envelope.

Airfield

The Airport has three commercial aircraft runways consisting of one east-west runway crosswind and two north-south parallel runways. As shown on Figure 1, the passenger terminal complex is located between the set of parallel runways.

Runway 1L/19R	10,801 feet long, 150 feet wide
Runway 1R/19L	9,500 feet long, 150 feet wide
Runway 9/27	9,500 feet long, 150 feet wide

The separation between the parallel runways permits the capability of conducting dual landings and dual takeoffs in all weather conditions. All three runways can accommodate air carrier aircraft and are equipped with instrument landing systems, lighting systems, and other air navigation aids, permitting the Airport to operate in virtually all weather conditions. In addition, all three runways have precision instrument approach capability and Category II/III instrument landing systems (ILS). The runways are supported by a network of taxiways, aprons, and hold areas.

Existing Terminal Complex

MCI has three semi-circular passenger terminal buildings (Terminals A, B, and C) that were designed in the early 1970s to minimize the walking distance from the curb and close-in parking to the aircraft. Each building is 75 feet wide and approximately 2,300 feet long.

In January 2014, Terminal A was de-activated to reduce O&M Expenses at the Airport. The decision to close Terminal A was an operational decision resulting from the numerous airline mergers and high vacancy within the terminal and would have occurred irrespective of any potential future terminal development.

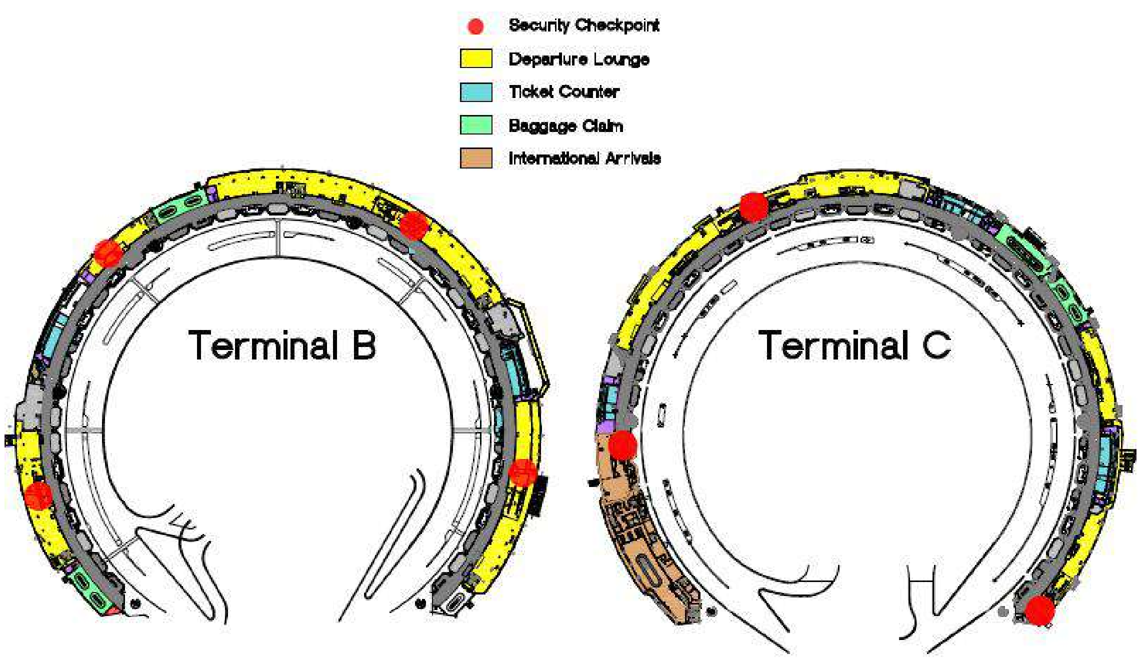
Figure 1
KANSAS CITY INTERNATIONAL AIRPORT LAYOUT

Source: Kansas City Aviation Department.

There are 37 gates in the terminal buildings. The terminals comprise approximately 731,000 square feet of enclosed space on three levels -- apron, passenger service, and mezzanine levels. The mezzanine level exists only in certain segments and is directly above the passenger service level. The apron level provides space for airline operations, mechanical equipment, maintenance shops, storage, and loading docks. The passenger service level contains airline ticketing and check-in areas, passenger and baggage security screening, departure lounges, baggage claim facilities, offices, public circulation and waiting areas, restrooms, news and gift shops, food and beverage outlets, telephones, rental car and hotel courtesy phones, and storage. The mezzanine level contains food and beverage concession areas, restrooms, public circulation areas, stairs, other tenant leased premises, and storage facilities.

Figure 2 shows the layout of Terminals B and C with their unique design. There are four separate passenger security checkpoints in Terminal B and three separate security checkpoints in Terminal C that lead to six separate gate areas. Passengers cannot circulate between these secure gate areas. Although the terminals are 75 feet wide, a security wall splits them in half leaving a narrow corridor beyond security for holdrooms, restrooms, and concessions.

Figure 2
TERMINAL CONFIGURATION - KANSAS CITY INTERNATIONAL AIRPORT



Source: Kansas City Aviation Department.

Ground Access

The Airport is served by a combination of state roads and interstates that allow for convenient access to downtown Kansas City and surrounding areas. The Airport is located close to two major highways: I-29 and I-435. I-435 functions as a ring road for Kansas City and connects with I-35. Another road connected to I-35, I-635, also passes near the Airport. The Airport can be accessed from:

- Downtown Kansas City via the Broadway Bridge to US 169 to I-29 North / US 71 North
- Northwest via I-29.
- Northeast from I-35 then I-435
- South via I-35 then I-435
- East or west on I-70 then via I-435, from either direction

Roadway System and Public Parking Facilities

The terminals are served by a single-level roadway system that provides circulation between the terminals and access to the curbsides. A three-level parking structure serves each of the two semi-circular terminal buildings in operation. Just beyond the terminal areas are two interconnected parking lots, known as Circle Lots, which provide long-term parking in walking distance of the terminal buildings. Long-term parking is also available in three on-Airport Economy Parking Lots and an off-Airport valet parking service (both of which are served by free shuttle buses from the terminals), and an on-site valet parking for Terminal B.

There are 20,360 public parking spaces located on the Airport, including 4,264 garage spaces, 833 close-in surface spaces, and 15,263 Economy Lot parking spaces located at remote lots to the north of the terminal complex as shown in Table 1 and Figure 3. The City also owns and operates Park Air Express with 2,065 spaces, which is located on NW Prairie View Road, and provides indoor/outdoor valet parking, complimentary newspapers, coffee, and bottled water. The City offers a Frequent Parking Program. The garage at de-activated Terminal A is being used to store valet cars temporarily until it is demolished for the new terminal. These spaces are not included in the table below.

Table 1
PUBLIC PARKING SPACES – KANSAS CITY INTERNATIONAL AIRPORT
September 2020

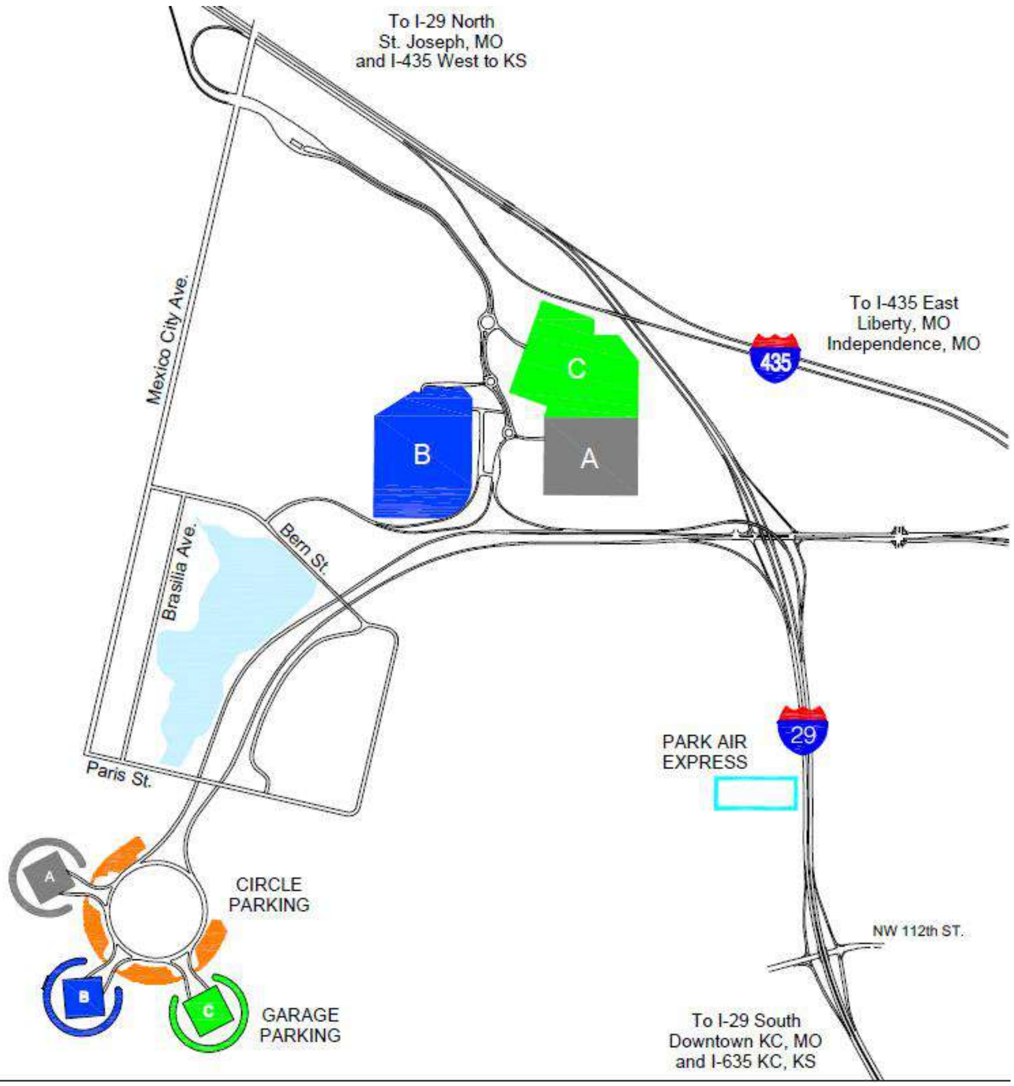
Terminal Garages	
Terminal B	2,006
Terminal C	2,258
Total Garages	4,264
Circle Lots	833
Economy Lots	15,263
Total On-Airport	20,360
Park Air Express	2,065
Total KCAD Spaces	22,425

Source: Kansas City Aviation Department.

Rental Car Facilities

The Airport has a consolidated rental car facility located at 1 Nassau Circle. Each terminal has four rental car shuttle bus stops in the center median curbside. Ten rental car brands maintain facilities in the consolidated rental car facility, and each company has a full-service facility that offers ready car and return spaces, vehicle service, customer service centers, and vehicle storage areas. These companies share a common rental car shuttle bus service, which is funded from rental car customer Transportation Facility Charges. Currently, there are no off-Airport operators providing service to the Airport.

Figure 3
PUBLIC PARKING SPACES - KANSAS CITY INTERNATIONAL AIRPORT



Source: Kansas City Aviation Department.

Other Facilities

Other facilities at MCI include air cargo, general aviation, a major aircraft overhaul facility, and airport support facilities. The air cargo facilities at MCI contain office and warehouse space and are surrounded by 1.2 million square feet of aircraft ramp space. DHL, FedEx, and UPS provide cargo service at the Airport. In August 2020, UPS announced a planned 534,000 square foot aircraft apron expansion and renovation of its existing 50,000 square foot sorting facility.

The general aviation area contains a 6,359 square-foot building with a lounge area, office space for pilots, hangar and a general aviation ramp located just east of Taxiway B. The support facilities at the

Airport include a jet fuel storage/distribution facility; an Aircraft Rescue and Fire Fighting (ARFF) facility; the Lakefront Management Building and the Airport Police building; an in-flight kitchen facility; and other airline-related facilities, which include an office building, and a reservation center. The former TWA aircraft overhaul facility has approximately 1.2 million square feet of building space and 6.9 million square feet of land. There are two tenants in the overhaul facility. The Airport also has commercial development, including the KCI Intermodal BusinessCentre™ that has potential building capacity for 5.4 million square feet for warehouse/distribution, logistics, office/warehouse, flex space/service centers, light manufacturing, and air cargo. The site is managed by Trammel Crow and features with a Foreign Trade Zone/Enhanced Enterprise Zone, interstate highway access and exposure, and airside access. The sixth facility was recently completed to total over million square feet and ground is currently being cleared for buildings 7, 8, and 9, which will all for an increase to approximately 4.1 million square feet in total.

Kansas City Downtown Airport

MKC opened in 1927 and served as the City's air carrier airport until 1972 when MCI opened. MKC is located adjacent to the downtown area on approximately 602 acres. The Missouri River forms three of its four boundaries, with the other being U.S. Highway 169. MKC is a primary reliever airport for MCI, serving the general aviation community with its two runways, one 6,827 feet long and oriented in a north/south direction and the other 5,050 feet long and oriented in a northeast/southwest direction. There are two fixed-base operators at MKC providing hangar, tie-down, maintenance, training and fueling services. Two aviation museums also operate at MKC.

AIRPORT SERVICE REGION

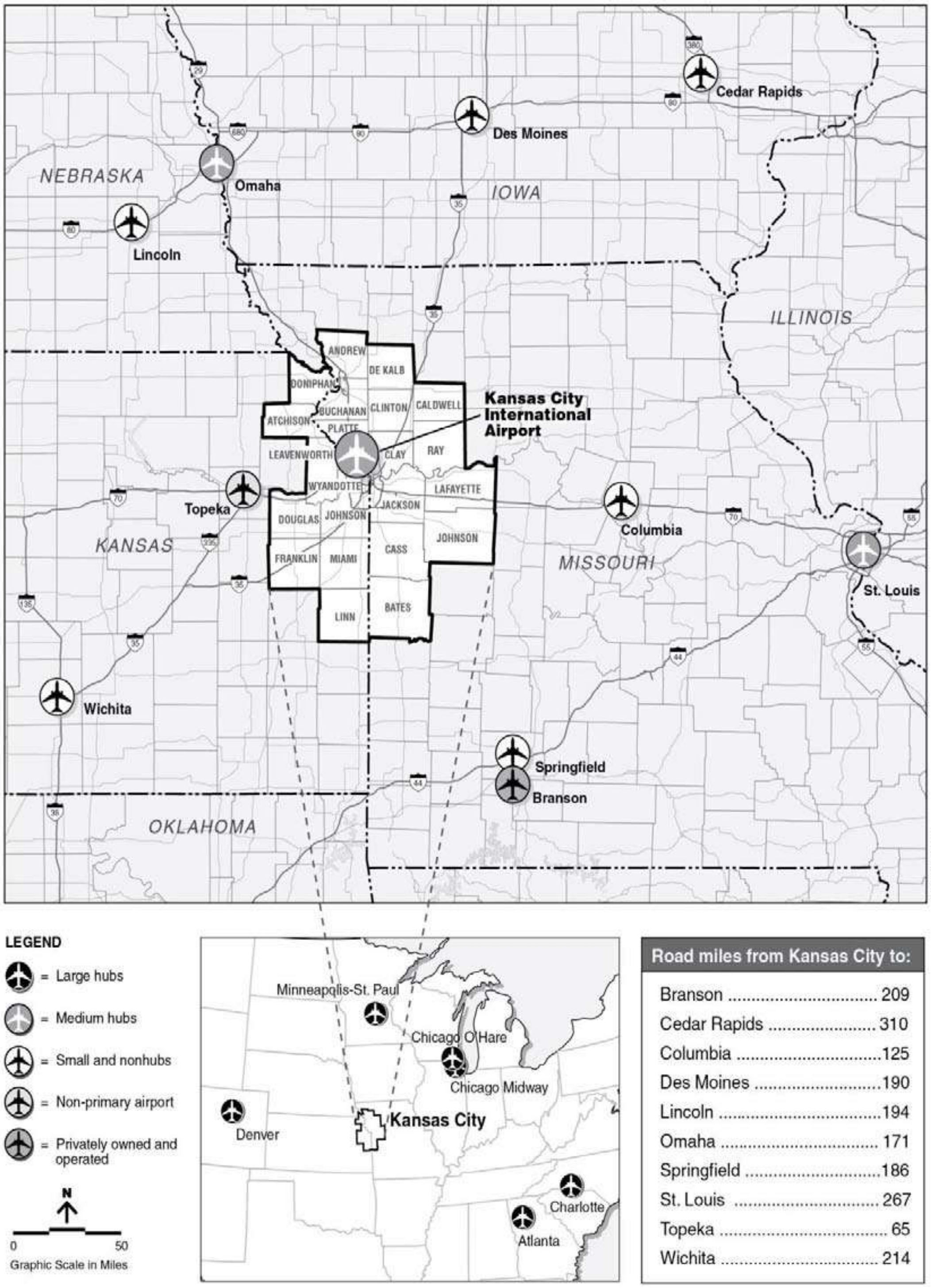
For the purposes of this study, the region served by the Airport consists of the Kansas City Combined Statistical Area (the Kansas City CSA) which includes 22 counties, 9 counties in Kansas and 13 counties in Missouri, as shown on Figure 4. According to the U.S. Department of Commerce, Bureau of the Census, the population of the Kansas City CSA was 2.5 million in 2019, as shown on Table 2. In 2019, the Kansas City CSA accounted for 18% of the total population of the Central United States (14.1 million), defined in this Report as the states of Iowa, Kansas, Missouri, and Nebraska.*

The secondary area served by the Airport, which includes many of the counties surrounding the 22-county primary area, is defined by the location of and driving distance to other air carrier airports, as well as by the availability, price, and quality of airline service at those other airports. Omaha International Airport, a medium-hub airport** with an average of 41 daily departures in July 2020 (compared to 79 daily departures in July 2019), is located approximately 171 road miles northwest of Kansas City. St. Louis International Airport, a medium-hub airport with an average of 159 daily departures in July 2020 (245 in July 2019), is located approximately 267 road miles east of Kansas City. The airports located in Des Moines, Springfield, and Wichita are small-hubs with an average of 29, 18, and 18 daily departures, respectively, in July 2020 (compared to 52, 34, and 33 daily departures, respectively, in July 2019).

*Based on the FAA's definition of the Central Region.

**Airports are classified by the FAA in terms of the percentage of total passenger boardings within the United States in the most current calendar year: large hubs—1% or more; medium hubs—at least 0.25%, but less than 1%; small hubs—at least 0.05%, but less than 0.25%; and nonhubs—more than 10,000 passenger boardings, but less than 0.05%.

Figure 4
AIRPORT SERVICE REGION
Kansas City International Airport



Road miles from Kansas City to:	
Branson	209
Cedar Rapids	310
Columbia	125
Des Moines	190
Lincoln	194
Omaha	171
Springfield	186
St. Louis	267
Topeka	65
Wichita	214

Table 2
POPULATION DISTRIBUTION IN THE KANSAS CITY CSA
2019

State/County	Population	Percent of total
Kansas		
Johnson *(a)*	602,401	24.1%
Wyandotte *(a)*	165,429	6.6
Douglas	122,259	4.9
Leavenworth *(a)*	81,758	3.3
Miami *(a)*	34,237	1.4
Franklin	25,544	1.0
Atchison	16,073	0.6
Linn *(a)*	9,703	0.4
Doniphan	7,600	0.3
Subtotal	1,065,004	42.6%
Missouri		
Jackson	703,011	28.1%
Clay *(a)*	249,948	10.0
Cass *(a)*	105,780	4.2
Platte *(a)*	104,418	4.2
Buchanan	87,364	3.5
Johnson *(a)*	54,062	2.2
Lafayette *(a)*	32,708	1.3
Ray *(a)*	23,018	0.9
Clinton *(a)*	20,387	0.8
Andrew	17,712	0.7
Bates *(a)*	16,172	0.6
DeKalb	12,547	0.5
Caldwell *(a)*	9,020	0.4
Subtotal	1,436,147	57.4%
Total Kansas City CSA	2,501,151	100.0%

Note: CSA = Combined Statistical Area
The 22-county Kansas City CSA includes five Metropolitan Statistical Areas (MSAs): the Kansas City MSA which includes counties in Kansas and Missouri; the Atchison, Lawrence, and Ottawa MSAs in Kansas; and the St. Joseph and Warrensburg MSAs in Missouri.

(a) Included in the Kansas City Metropolitan Statistical Area (MSA).

Source: U.S. Department of Commerce, Bureau of the Census, www.census.gov, accessed July 2020.

In addition to the five airports noted above, there are four other airports in the secondary area that provide limited scheduled passenger service.

- Lincoln Airport, located 194 miles northwest of Kansas City in Nebraska, is a non-hub airport with an average of 3 daily regional jet departures in July 2020 (compared to 10 daily departures in July 2019).

- Columbia Airport, located 125 miles east of Kansas City, is a non-hub airport with an average of 6 daily regional jet departures in July 2020 (10 in July 2019).

- Branson Airport, located 209 miles southeast of Kansas City, is a privately owned and operated airport with an average of less than 1 daily departure in July 2020 (compared to 1 in July 2019).

- Topeka Airport, located 65 miles west of Kansas City, is a non-hub airport with no scheduled passenger airline service.

AIRPORT ROLE

The Airport plays an important role in the national, State, and local air transportation systems, as discussed in the following sections.

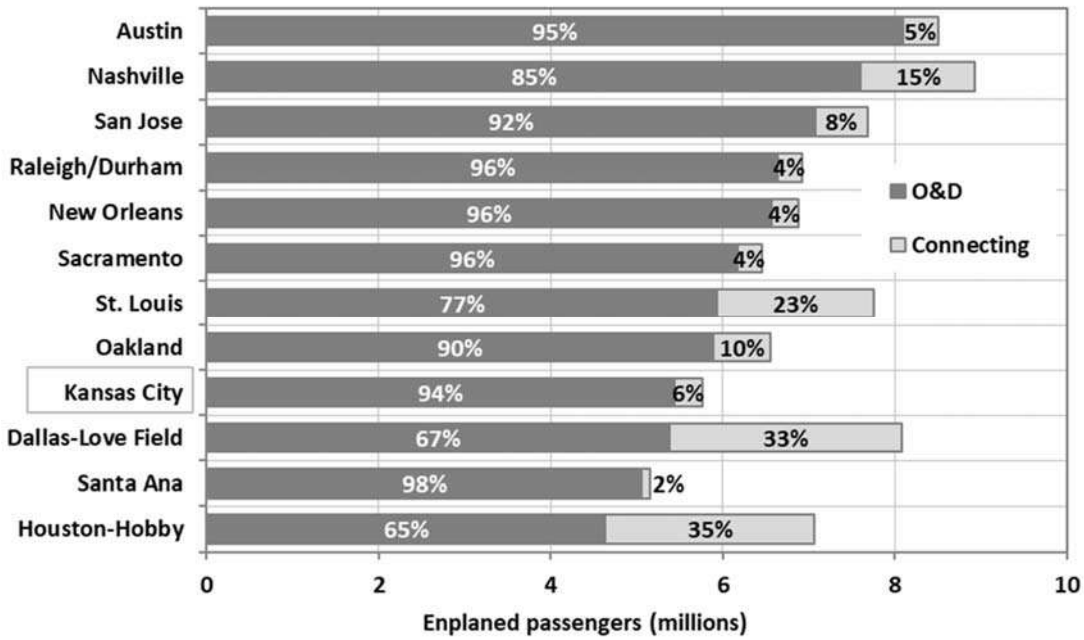
Central U.S. Primary Commercial Service Airport

According to the U.S. Department of Transportation, the Airport is the second busiest commercial service airport, in terms of enplaned passengers, in the Central United States. MCI accounted for 29.7% of enplaned passengers at Central U.S. Airports in FY 2018, behind St. Louis with 38.3%. Between FY 2013 and FY 2018, the number of enplaned passengers at MCI increased an average of 3.5% per year, faster than all airports in the central United States and St Louis (both increasing an average of 3.3% per year).

Medium-Hub Origin-Destination Passenger Airport

MCI was the 41st busiest airport in the United States and the 11th busiest medium-hub airport, in terms of enplaned passengers, with 5.4 million in CY 2019 according to the U.S. Department of Transportation (DOT). As shown on Figure 5, in CY 2019, approximately 94% of passengers at MCI were origin-destination (O&D) passengers (i.e., these O&D passengers did not connect with another flight at the Airport). The lower percentages of O&D passengers at Dallas-Love Field and Houston-Hobby Airport (67% and 65%, respectively) reflects each airport's role as connecting hubs for Southwest Airlines in the State of Texas and as one of Southwest's 10 busiest U.S. airports.

Figure 5
ORIGIN-DESTINATION AND CONNECTING PASSENGERS
AT 10 BUSIEST U.S. MEDIUM-HUB AIRPORTS IN CY 2019
Ranked by the number of origin-destination passengers



Note: O&D = Origin-Destination passengers.
O&D and connecting passengers are estimated based on quarterly data from the U.S. DOT O&D Survey noted below.

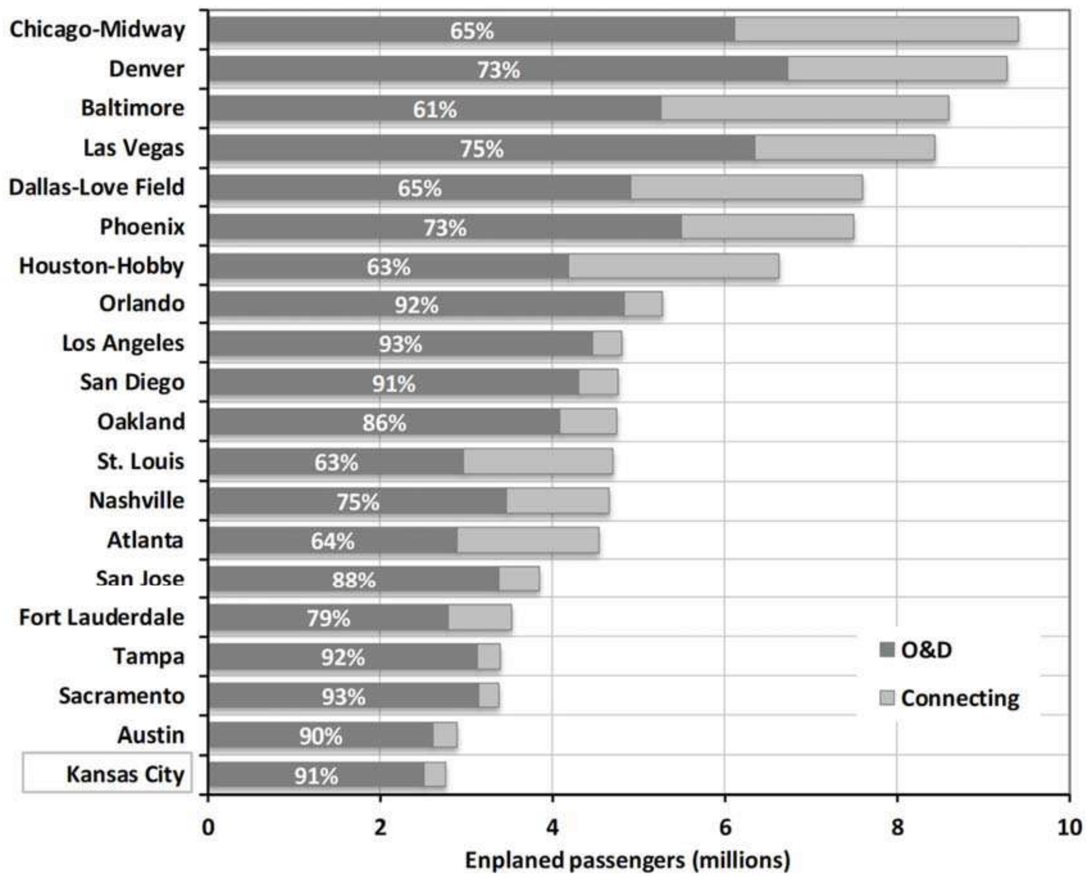
Sources: U.S. Department of Transportation (DOT), *Air Passenger Origin-Destination Survey*, reconciled to Schedule T100; U.S. DOT, Schedule T100, accessed July 2020.

Role of MCI in Southwest System

In CY 2019, MCI was the 20th busiest airport in Southwest's system, in terms of enplaned passengers, according to U.S. DOT data. O&D passengers accounted for 91% of Southwest's enplaned passengers at MCI in CY 2019, while the remaining 9% were connecting passengers. The busiest airports in Southwest's system—Chicago-Midway, Denver, Baltimore, and Las Vegas—accommodated a higher percentage of connecting traffic, as shown on Figure 6.

Southwest principally provides point-to-point service, rather than the "hub-and-spoke" service provided by most major U.S. airlines. However, Southwest flows passengers through many airports on one-stop itineraries, typically referred to as through or onboard passengers, who stay onboard the aircraft at the first stop and are not counted as enplaned or deplaned passengers. Southwest flowed an estimated 111,000 through passengers via MCI in CY 2019, compared with nearly 300,000 in FY 2010. Although through passengers are not counted as enplaned passengers, load factors tend to be lower at airports with considerable numbers of through passengers because a portion of the seats are occupied by onboard passengers and therefore, are not available for local enplaned passengers.

Figure 6
SOUTHWEST AIRLINES' 20 BUSIEST U.S. AIRPORTS IN CY 2019
Ranked by Southwest's enplaned passengers

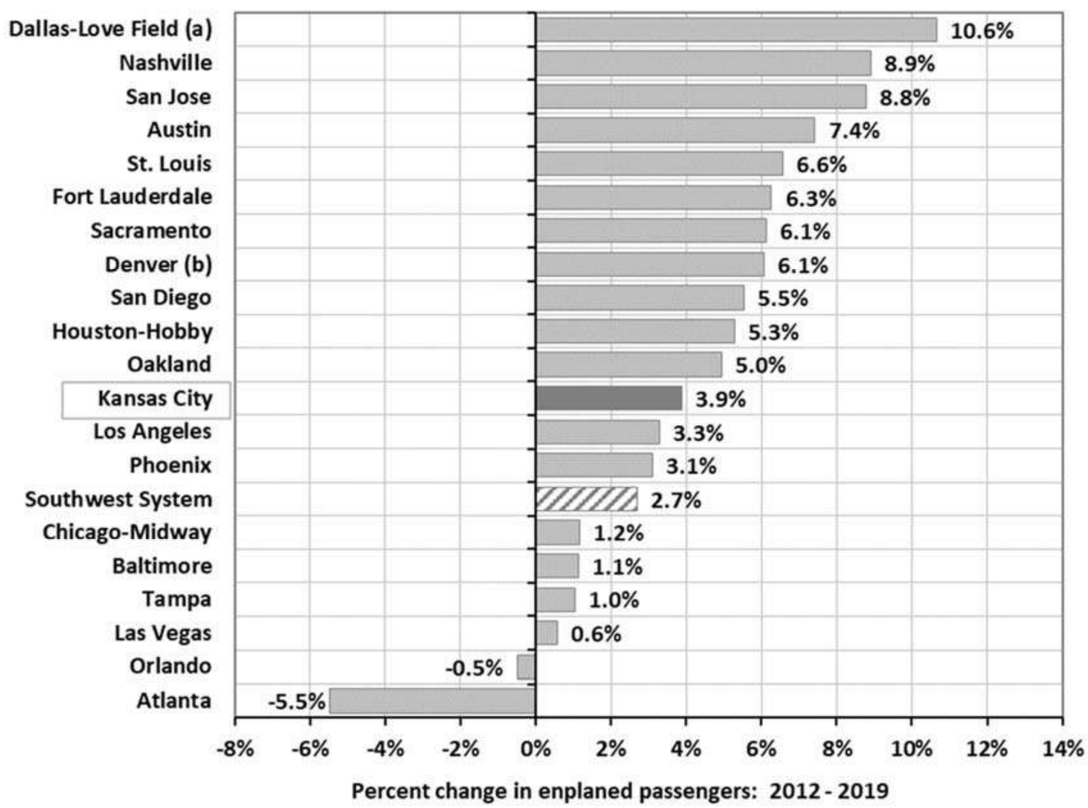


Notes: O&D = Origin-Destination passengers.
The percent of O&D passengers is estimated based on quarterly data from U.S. DOT O&D Survey noted below.
The O&D percentages shown in this figure are for Southwest Airlines only and differ from those shown on Figure 5, which are for the Airport as a whole.

Sources: U.S. Department of Transportation (DOT), *Air Passenger Origin-Destination Survey*, reconciled to Schedule T100; U.S. DOT, Schedule T100, accessed July 2020.

Between CY 2012 and CY 2019, the number of Southwest's enplaned passengers at MCI increased an average of 3.9% per year, greater than the system-wide average increase of 2.7% per year, as shown on Figure 7.

Figure 7
TRENDS IN ENPLANED PASSENGERS AT
SOUTHWEST'S 20 BUSIEST U.S. AIRPORTS: CY 2012 – CY 2019
Ranked by percent change in Southwest's enplaned passengers



(a) Strong passenger traffic growth at Dallas-Love Field reflects the repeal of the Wright Amendment in 2014.
(b) Strong passenger traffic growth at Denver reflects a buildup in Southwest's operations.

Source: U.S. Department of Transportation (DOT), Schedule T100, accessed July 2020.

ECONOMIC BASIS FOR PASSENGER AIRLINE TRAFFIC

This section provides a summary of the economic basis for airline traffic at the Airport, key factors affecting future airline traffic, and projections of enplaned passengers and aircraft landed weight.

ECONOMIC BASIS FOR AIRLINE TRAFFIC

The economy of the Kansas City CSA is an important determinant of long-term passenger demand at the Airport. Generally, regions with large populations, high levels of employment, and high average per capita incomes will generate strong demand for airline travel. The demographics and economy of the region—as measured by changes in population, employment, and per capita income—as well as airline service and airfares—are typically the most important factors affecting origin-destination (O&D) passenger demand. In FY 2019, approximately 94% of the Airport's passengers were O&D passengers; the remaining 7% were connecting passengers.

The following sections present a discussion of the economic basis for airline traffic at the Airport—historical and projected population, employment, and per capita personal income of the Kansas City CSA; industry clusters, and the visitor industry—and a summary of the economic outlook for the United States, the State, and the Kansas City CSA.

The economic projections presented in Table 3 were prepared before the onset of the COVID-19 pandemic and, therefore, do not reflect the near-term impact of the pandemic on the economies of the Kansas City CSA, the state, and the nation. However, the historical and projected socioeconomic data presented in this section are indicative of long-term growth trends in a post-recovery environment.

Population, Nonagricultural Employment, and Per Capita Personal Income

The Kansas City MSA is the second largest metropolitan area in the Central United States, in terms of total population in 2019 (behind the St. Louis MSA) and accounted for 86% of the Kansas City CSA population. Population growth in the Kansas City MSA outpaced growth for the St. Louis MSA and Kansas and Missouri. Table 3 presents comparative historical and projected trends in population, nonagricultural employment, and per capita personal income in the Kansas City CSA, the states of Kansas and Missouri, and the United States in 2000, and from 2010 through 2019. Also presented are projected growth rates for 2027.

Population. As shown in Table 3, from 2000 through 2019, the population of the Kansas City CSA increased an average of 0.9% per year, faster than growth rates for Kansas, Missouri, and the nation. The Mid-America Regional Council (MARC) projects population in the Kansas City CSA to increase an average of 0.5% per year between 2019 and 2027, similar to the growth rates for Kansas, Missouri, and the nation.

Nonagricultural Employment. Following the trends in population, nonagricultural employment in the Kansas City CSA increased an average of 0.6% per year between 2000 and 2019, the same as the national growth rate, and faster than growth rates for Kansas and Missouri, as shown in Table 3. During the period following the 2008-2009 economic recession, nonagricultural employment in the Kansas City CSA increased an average of 1.3% per year between 2010 and 2019, faster than Kansas and Missouri but slightly slower than the nation. MARC projects nonagricultural employment in the Kansas City CSA to increase an average of 0.8% per year from 2019 through 2027, faster than growth rates for Kansas, Missouri, and the nation.

Table 3
HISTORICAL AND PROJECTED SOCIOECONOMIC TRENDS
Kansas City CSA, States of Kansas and Missouri, and United States

	Population (thousands)				Nonagricultural employment (thousands)				Per capita personal income in 2019 dollars			
	Kansas City CSA	State of Kansas	State of Missouri	United States	Kansas City CSA	State of Kansas	State of Missouri	United States	Kansas City CSA	State of Kansas	State of Missouri	United States
Historical												
2000	2,125	2,689	5,597	281,425	1,074	1,347	2,752	132,011	45,772	41,932	41,572	45,515
2010	2,343	2,853	5,989	308,746	1,076	1,331	2,664	130,345	46,623	46,385	43,173	47,539
2011	2,362	2,869	6,010	311,557	1,085	1,340	2,673	131,914	47,457	48,549	43,575	48,576
2012	2,377	2,885	6,024	313,831	1,102	1,358	2,692	134,157	49,082	50,242	44,687	49,668
2013	2,393	2,893	6,041	315,994	1,114	1,373	2,718	136,364	48,916	50,441	44,252	49,231
2014	2,409	2,900	6,056	318,301	1,134	1,392	2,746	138,940	49,632	50,628	45,114	50,833
2015	2,426	2,909	6,072	320,635	1,160	1,401	2,804	141,825	51,649	51,121	46,485	52,847
2016	2,449	2,911	6,087	322,941	1,183	1,405	2,846	144,336	51,579	50,615	47,227	53,143
2017	2,469	2,909	6,107	324,986	1,198	1,404	2,872	146,608	52,103	51,004	47,726	54,141
2018	2,487	2,911	6,122	326,688	1,204	1,416	2,885	148,908	52,905	52,407	48,650	55,514
2019	2,501	2,913	6,137	328,240	1,212	1,423	2,902	150,939	n.a.	53,453	49,589	56,663
Projected *(a)*												
2027	2,600	3,035	6,434	348,422	1,290	1,501	3,042	156,777	58,426	59,511	54,930	62,698
						Percent increase (decrease)						
2013-2014	0.7%	0.3%	0.3%	0.7%	1.8%	1.4%	1.0%	1.9%	1.5%	0.4%	1.9%	3.3%
2014-2015	0.7	0.3	0.3	0.7	2.3	0.7	2.1	2.1	4.1	1.0	3.0	4.0
2015-2016	0.9	0.1	0.3	0.7	2.0	0.3	1.5	1.8	(0.1)	(1.0)	1.6	0.6
2016-2017	0.8	(0.1)	0.3	0.6	1.3	0.0	0.9	1.6	1.0	0.8	1.1	1.9
2017-2018	0.7	0.1	0.2	0.5	0.5	0.8	0.4	1.6	1.5	2.7	1.9	2.5
2018-2019	0.6	0.1	0.3	0.5	0.7	0.5	0.6	1.4	n.a.	2.0	1.9	2.1
						Compound annual percent increase (decrease)						
2000-2010	1.0	0.6	0.7	0.9	0.0	(0.1)	(0.3)	(0.1)	0.2	1.0	0.4	0.4
2010-2019	0.7	0.2	0.3	0.7	1.3	0.7	1.0	1.6	1.6 *(b)*	1.6	1.6	2.0
2000-2019	0.9	0.4	0.5	0.8	0.6	0.3	0.3	0.7	0.8 *(b)*	1.3	0.9	1.2
2019-2027	0.5	0.5	0.6	0.7	0.8	0.7	0.6	0.5	1.1 *(b)*	1.4	1.3	1.3

n.a. = not available.

Notes: The Kansas City Combined Statistical Area (CSA) includes a total of 22 counties, 9 counties in Kansas and 13 counties in Missouri.
Historical employment for the CSA excludes Atchison and Franklin counties in Kansas and Johnson county in Missouri.
Population, employment, and personal income projections are based on growth rates for the MARC's "Kansas City Region", which includes Johnson, Leavenworth, Miami, and Wyandotte counties in Kansas and Cass, Clay, Jackson, and Platte counties in Missouri. The personal income forecasts are unpublished and unofficial.

(a) These projections were prepared before the onset of the COVID-19 pandemic and, therefore, do not reflect the near-term impact of the pandemic on the Kansas City CSA, state, and national economies.

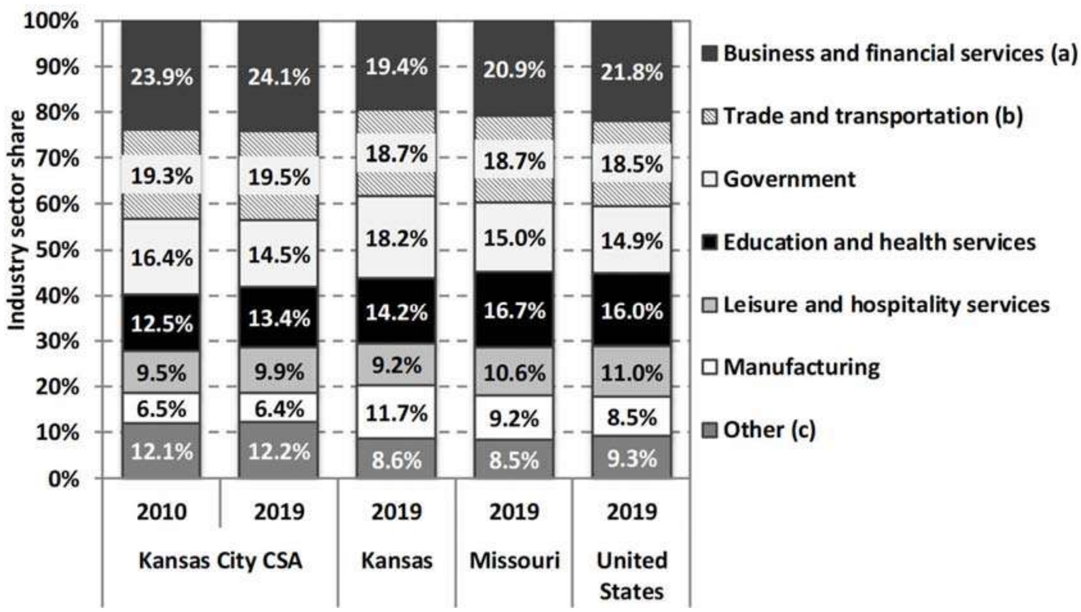
(b) Represents the percent change from 2018.

Sources: Historical—U.S. Department of Commerce, Bureau of the Census, www.census.gov; U.S. Department of Labor, Bureau of Labor Statistics, www.bls.gov; U.S. Department of Commerce, Bureau of Economic Analysis, www.bea.gov, all accessed July 2020. Adjusted to constant 2019 dollars using the U.S. Department of Labor, Consumer Price Index for Urban Consumers (1982-84 = 100), www.bls.gov.
Projected—Mid-America Regional Council (MARC), March 2018 Forecasts, www.marc.org; Woods & Poole Economics Inc., 2018 MSA Profile, Metropolitan Area Projections to 2050, 2018.

Per Capita Personal Income. As shown in Table 3, per capita personal income (in 2019 constant dollars) in the Kansas City CSA increased an average of 0.8% per year between 2000 and 2018 (the most recent data available), with stronger growth between 2010 through 2018, an average of 1.6% per year. In 2018, per capita income in the Kansas City CSA was $52,905, greater than that for Missouri ($48,650) and Kansas ($52,407) but less than that for the Nation ($55,514). MARC projects per capita personal income (in 2019 constant dollars) in the Kansas City CSA to increase an average of 1.1% per year between 2018 through 2027, slower than the nation (1.3%).

Nonagricultural Employment by Industry Sector. Figure 8 shows a comparative distribution of nonagricultural employment by industry sector for the Kansas City CSA in 2000 and in 2019, and for the Kansas, Missouri, and the nation in 2019. The Kansas City CSA's business and financial services sector accounted for the largest share of employment in 2019, with 24.1%. Trade and Transportation accounted for the second largest share of nonagricultural employment in 2019 (19.5%).

Figure 8
COMPARATIVE DISTRIBUTION OF NONAGRICULTURAL EMPLOYMENT



(a) Includes professional and business services, financial activity, and information.
(b) Includes trade, transportation, and public utilities.
(c) Includes manufacturing, mining and construction, and other services.

Source: U.S. Department of Labor, Bureau of Labor Statistics, www.bls.gov, accessed July 2020.

Unemployment Rates. In addition to the employment trends cited above, the unemployment rate is also indicative of the general economic climate. Table 4 shows comparative annual unemployment rates in the Kansas City CSA, the states of Kansas and Missouri, and the nation as a whole for 2000 through 2019. The unemployment rates in the Kansas City CSA, Kansas, and Missouri have generally followed the trends in the nation, with unemployment rates In the Kansas City CSA remaining less that the national rate since 2008. In 2008 through 2010, unemployment rates in the Kansas City CSA, the states of Kansas and Missouri, and the nation increased considerably as a result of the national economic recession. Between 2010 and 2019, Kansas City CSA unemployment rates decreased from 8.6% to 3.2%.

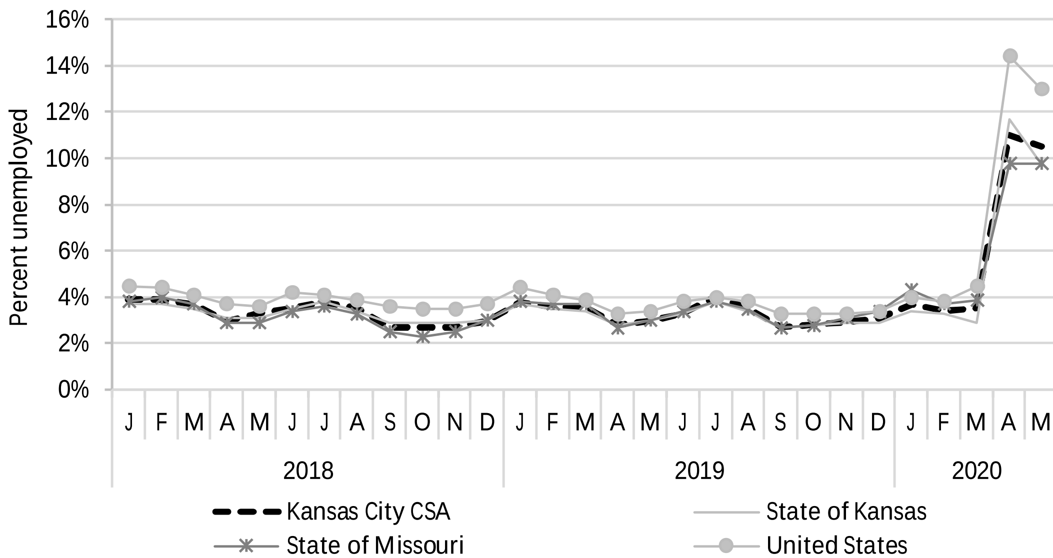
Table 4
COMPARATIVE UNEMPLOYMENT RATES

	Kansas City CSA	State of Kansas	State of Missouri	United States
2000	3.4%	3.6%	3.6%	4.0%
2001	4.4	4.2	4.6	4.7
2002	5.5	5.1	5.4	5.8
2003	5.9	5.5	5.6	6.0
2004	6.0	5.5	5.9	5.5
2005	5.5	5.0	5.4	5.1
2006	4.9	4.4	4.8	4.6
2007	5.0	4.2	5.1	4.6
2008	5.7	4.6	6.1	5.8
2009	8.5	6.9	9.3	9.3
2010	8.6	7.1	9.6	9.6
2011	7.7	6.5	8.5	8.9
2012	6.4	5.7	6.9	8.1
2013	6.2	5.3	6.7	7.4
2014	5.5	4.5	6.1	6.2
2015	4.7	4.2	5.0	5.3
2016	4.3	4.0	4.6	4.9
2017	3.8	3.6	3.7	4.4
2018	3.3	3.3	3.2	3.9
2019	3.2	3.2	3.3	3.7

Note: Unemployment rates are not seasonally adjusted and represent annual averages.
Source: U.S. Department of Labor, Bureau of Labor Statistics, www.bls.gov, accessed July 2020.

Monthly unemployment rates in the Kansas City CSA, the states of Kansas and Missouri, and the United States increased significantly in April 2020 in response to shelter-at-home mandates and the closure of businesses as a result of the COVID-19 pandemic, as shown on Figure 9. In April 2020, the unemployment rate in the Kansas City CSA increased to 11.0% (up from 3.5% in March), lower than the rates for Kansas (11.7%) and the nation (14.4%) but higher than Missouri (9.8%).

Figure 9
MONTHLY UNEMPLOYMENT RATES



Note: Unemployment rates are not seasonally adjusted.

Source: U.S. Department of Labor, Bureau of the Labor Statistics, www.bls.gov, accessed July 2020.

Kansas City CSA Top 20 Employers. Table 5 lists 20 major private-sector employers in the Kansas City CSA (based on the number of Kansas City area employees). The table indicates a diversity of economic activity, as well as a strong presence of health care and financial and professional services employers. Of these 20 employers, 10 are headquartered in the Kansas City CSA and 2 are listed on the Forbes' list of America's Largest Private Companies, ranked based on revenue.

While not shown in Table 5, the Kansas City CSA contains a substantial amount of public sector employment, including the Federal Government (18,700 employees), the Internal Revenue Service (4,600 employees), the City of Kansas City (4,500 employees), and the University of Missouri-Kansas City (3,850 employees). The Kansas City CSA is also home to one Fortune 500 company headquarters in 2020: Cerner Corporation, a health care company.

Table 5
KANSAS CITY CSA MAJOR PRIVATE SECTOR EMPLOYERS

Employer	Product or service	Employees
Cerner Corporation *(a)*	Health care	13,377
HCA Midwest Health System *(a)*	Health care	10,014
Saint Luke's *(a,b)*	Health care	9,790
Children's Mercy Hospitals & Clinics *(a)*	Health care	6,945
Ford Motor Company (c)	Auto manufacturing	6,900
Hallmark Cards, Inc. *(a,d)*	Retail, greeting cards	6,400
Honeywell Federal Manufacturing and Technologies	Manufacturing	4,600
Garmin Ltd.	Technology	4,153
Truman Medical Center, Inc. *(a)*	Health care	3,678
UPS	Package delivery	3,429
Burns & McDonnell *(a)*	Engineering	3,065
United Health Group	Health care	2,500
Black & Veatch *(a,d)*	Engineering	3,029
AdventHealth Shawnee Mission	Health care	2,530
Olathe Health Inc.	Health care	2,500
BNFS Railway Company	Transportation	2,500
Commerce Bank *(a)*	Financial services	2,451
General Motors Fairfax Assembly and Stamping	Auto manufacturing	2,385
UMB Financial Corporation	Financial services	2,001
H&R Block Inc.	Financial services	2,000

Note: Information on The List was obtained through Kansas City Business Journal (KCBJ) research or supplied by individual companies through questionnaires that KCBJ could not independently verify.
Before its merger with T-Mobile on April 1, 2020, Sprint Corporation reported 6,000 employees in 2019 (not included on the 2020 list).

(a) Corporate headquarters located in the Kansas City CSA.
(b) Includes Saint Luke's Hospital of Kansas City, Saint Luke's Health System, and Saint Luke's Northland Hospital.
(c) Production facility for the Ford F-150 and Ford Transit van.
(d) Ranked in Forbes' 2019 list of America's Largest Private Companies.

Source: Kansas City Business Journal, Kansas City's Largest Private-Sector Employers, July 20, 2020, www.bizjournals.com/kansascity; Forbes' 2019 ranking of America's Largest Private Companies (based on revenue), www.forbes.com.

Kansas City Business Development. In FY 2018, the Kansas City Economic Development Corporation (EDC) reported 67 successful retention, expansion and recruitment projects which created 4,700 construction and 3,600 new jobs, retained more than 700 jobs, and resulted in more than $1 billion in investment in the Kansas City MSA. In addition to the TMP, examples of recent projects include:*

- On August 5, 2020, Urban Outfitters' Inc. announced the proposed development of a new 880,000 square foot omni-channel distribution center In Wyandotte County on ancillary land at the Kansas Speedway. Urban Outfitters' is a multinational retail corporation headquartered in Philadelphia and expects to create 2,000 new jobs and invest $350 million in its Wyandotte distribution center. Urban Outfitters' cited "Kansas' central location, transportation infrastructure, and skilled workforce as key factors in choosing Kansas for its distribution operation."**

- In October 2019, the U.S. Department of Agriculture relocated two of its research agencies—the National Institute of Food and Agriculture (NIVFA) and the Economic Research Service (ERS)—from Washington, D.C. to downtown Kansas City. The relocation has the potential to add 500 new jobs in the Kansas City CSA, although many positions remained unfilled at the writing of this report.

- Construction of the Children's Mercy Research Tower is started in 2017 and is expected to be completed in 2020.

- The Loews Kansas City Hotel opened on June 1, 2020 with 800 guestrooms and 60,000 square feet of meeting and event space. The Hotel connects directly to the Kansas City Convention Center via a new connector bridge and is within walking distance of key attractions and destination landmarks.

- In April 2020, the Kansas City Council approved Waddell & Reed's development plan for an 18-story downtown office building. Waddell & Reed, a financial services firm currently headquartered in Overland Park, Kansas, has already started the site work for the new building which is expected to be completed in 2021.

- The construction of a CVS Pharmacy Distribution Center. CVS Pharmacy built a $110 million, 762,000 square-foot distribution center near the Airport, the first CVS distribution center located in Missouri. Construction began in early 2017 and was completed in August 2018. The new distribution center is expected to create more than 360 new jobs, as well as up to 100 additional jobs that will be outsourced to local businesses.

- Continued expansion of the Cerner Innovation Campus. In 2017, Cerner broke ground on two office towers for its Innovations Campus in Kansas City as part of the third and fourth phases of its $4.45 billion, 290-acre campus. Construction is expected to be completed in 2020. The completed campus will house 16,000 company employees.

- The expansion of Garmin's headquarters. Garmin broke ground on a $200 million headquarters expansion that, when complete, may add up to 2,600 jobs. Phase 1, a 747,945-square-foot

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*Kansas City Economic Development Corporation, FY2017 and FY 2018 Annual Report, www.edckc.com.

** State of Kansas, Officer of the Governor, "Governor Laura Kelly Announces URBN Partnership to Create Up to 2,000 Jobs and Approximately $350 Million Kansas Investment", August 5, 2020, www.governor.kansas.gov.

warehouse and manufacturing facility, opened in October 2018. The expansion is expected to be completed in 2022.

- Expansion of the Toma hawk Creek Wastewater Treatment Facility began in 2018 and is expected to be completed in 2022.

- UPS new package-handling facility. In late 2017, UPS opened a new 197,000 square foot package-handling and distribution center in Edgerton, Kansas, employing 2,100 seasonal workers.

- Virgin Mobile's decision to base its headquarters in downtown Kansas City. Virgin Mobile, a subsidiary of Sprint acquired in 2009, focuses on pre-paid phone sales and operates as an independent brand from Sprint.

- AutoAlert's headquarters relocation to Kansas City. AutoAlert, an automotive software communications company, moved its headquarters from California to downtown Kansas City in 2017.

- The expansion of Alpha Energy and Electric's world headquarters. Alpha Energy and Electric, an Engineering, Procurement and Construction Company, began the expansion of its existing Kansas City facility in May 2017.

- VML, Kansas City's largest advertising and digital marketing agencies, announced its merger with Young & Rubicam, to form VMLY&R in September 2018. Approximately 900 employees work at VMLY&R in Kansas City, most of them at its headquarters at MKC.

In addition to the above relocations and expansions, announcements of potential business relocations out of the Kansas City CSA include (at the writing of this Report):

- In February 2018. Procter & Gamble announced it would be closing its KCK plant that employs almost 300 people in late 2020.

- On April 1, 2020, T-Mobile completed their merger with Sprint. Sprint employs approximately 6,000 people in the Sprint World Headquarters in Overland Park which would serve as a second headquarters, while T-Mobile's offices in Bellevue, Washington, would be the headquarters, according to company news releases. Since the merger was completed, T-Mobile has eliminated more than 500 positions at the former Sprint headquarters in Overland Park.**

Kansas City Infrastructure Development. In November 2018, the Missouri Department of Transportation (MODOT) completed a $7 million rehabilitation of the Buck O'Neil Bridge (Highway 169 over the Missouri River). An environmental study of the bridge (opened in 1956) was completed in the last part of 2019 and approved in May 2020. In July 2020, MDOT issued a request for qualifications for design-build proposals to replace the bridge. The replacement bridge is expected to be completed by the

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** The Kansas City Star, "T-Mobile pledged Sprint merger would create jobs. But it's already cut 500 in KC area", July 16, 2020, www.kansascity.com.

end of 2024 for a $247.5 million budget. In December 2018, the Missouri Department of Transportation was awarded a $25 BUILD grant to assist in funding a bridge replacement.*

Industry Clusters

The Kansas City CSA's major industries, in addition to leisure and hospitality, are advanced manufacturing, agtech, energy, financial and professional services, life sciences and healthcare, and logistics, according to the Missouri Partnership.** These industry clusters, or groups of companies that buy or sell to each other in the manufacture of goods for export from the area, are positioned to grow within the Kansas City CSA.

Advanced manufacturing. The Kansas City CSA's advanced manufacturing industry cluster is led by auto manufacturing and aerospace and defense companies, including Ford Motor Company, General Motors, and Honeywell Federal Manufacturing and Technologies. In 2019, approximately 658,000 vehicles were produced at the Ford and General Motors plants in Kansas City. Honeywell manages the Kansas City National Security Campus for the U.S. Department of Energy and specializes in science-based and additive manufacturing. Universities and colleges throughout Missouri offer degrees and certificates in advanced manufacturing engineering and production to support an educated and trained manufacturing work force.

Agtech. Missouri's agriculture industry contributes $33 billion in GDP to Missouri's economy, and generates $88 billion in sales and more than 378,000 jobs, according to the Missouri Partnership. In the Kansas City CSA, agtech, veterinary pharmaceutical, and animal feed companies drive growth, including Bayar Crop Science, Boehringer Igelheim, Purina, and Omnium.

Energy. Missouri is home to leading developers and producers of batteries for the defense, space, automotive, and consumer industries, according to the Missouri Partnership. In the Kansas City CSA, the energy cluster is led by energy storage and energy management companies such as EnerSys, Great Plains Energy, Exide Technologies, and Johnson Controls. The EnerSys facility in Warrensburg, Missouri (Johnson County) is the company's largest facility in the world and manufactures reserve power products for backup power applications, telecommunications systems, and electrical control systems applications used in aircraft, submarines, ships, and tactical vehicles. The Johnson Controls facility in St. Joseph, Missouri (Buchannan County) recently expanded to meet increasing demand for Absorbent Glass Mat batteries used by automakers to improve vehicle fuel efficiency.

*The U.S. Department of Transportation's "Better Utilizing Investments to Leverage Development", or BUILD Transportation Discretionary Grant program, provides a unique opportunity for the DOT to invest in road, rail, transit and port projects that promise to achieve national objectives. www.transportation.gov/BUILDgrants.

**Missouri Partnership is a public-private economic development partnership designed to increase the visibility of Missouri as a globally competitive business location and attract new jobs and investment to the state.

Financial and professional services. The Kansas City CSA is home to the Kansas City Federal Reserve Bank and financial services provided by Commerce Bank, Citibank, UMB Bank, and US Bank. In addition to financial services, growth in the Kansas City CSA's financial and professional services cluster is also driven by insurance, information technology (IT), and construction and engineering companies, including DST Systems, Black & Veatch, Garmin, and Burns & McDonnell.

Life Sciences and Healthcare. The Kansas City CSA's life sciences and healthcare industry cluster is led by health information technology and pharmaceutical companies such as Cerner and Catalent as well as major healthcare providers including HCA Midwest Health System, Saint Luke's, and Children's Mercy Hospitals & Clinics.

Logistics. The central geographical location of the Kansas City CSA allows companies to reach more than 50% of the continental United States within one-day's drive, and most of the rest within two days. Growth in the logistics cluster is supported by regional and State infrastructure including rail, river, road, air, and pipeline. Due to its central location, the Kansas City CSA is home to third party logistics companies such as DHL Supply Chain, and Wagner Logistics; trucking companies such as Jack Cooper Transport and Neovia Logistics; distribution centers for companies such as CVS and Hallmark. In addition, five underground facilities, former limestone mines, are located in the Kansas City CSA and are used, in part, for storage and distribution.

Visitor Industry

The visitor industry is an important driver of the Kansas City CSA economy and passenger traffic at the Airport. Visit KC, an economic development agency dedicated to tourism, estimates that more than 25 million people visited the Kansas City CSA each year, with more than half (about 13 million) making day trips and the remaining visitors staying overnight (12 million). Leisure visitors account for about 85% of all overnight visitors (10 million), business travelers for 12% (more than 1 million), and visitors combining business and leisure during their trip accounted for the remaining 3% (less than 1 million).

The Kansas City Convention Center, also known as Bartle Hall, is located in downtown Kansas City and provides 388,800 square feet of column free exhibit space on one floor. Between 2009 and 2019, the number of convention attendees increased an average of 2.7% per year, as shown on Figure 10. In 2019, Kansas City hosted 344 conventions with 405,562 attendees. The average size of conventions, in terms of attendees per convention, increased from 1,200 in 2016 to 1,900 in 2017 (a 56% increase), reflecting major events such as U.S. Figure Skating Championships, NCAA Volleyball, and NCAA Men's Basketball, each with more than 5,000 attendees. These three events are hosted in different cities each year. In 2019, the number of attendees per convention averaged nearly 1,200, down from the 2017 average of 1,900.

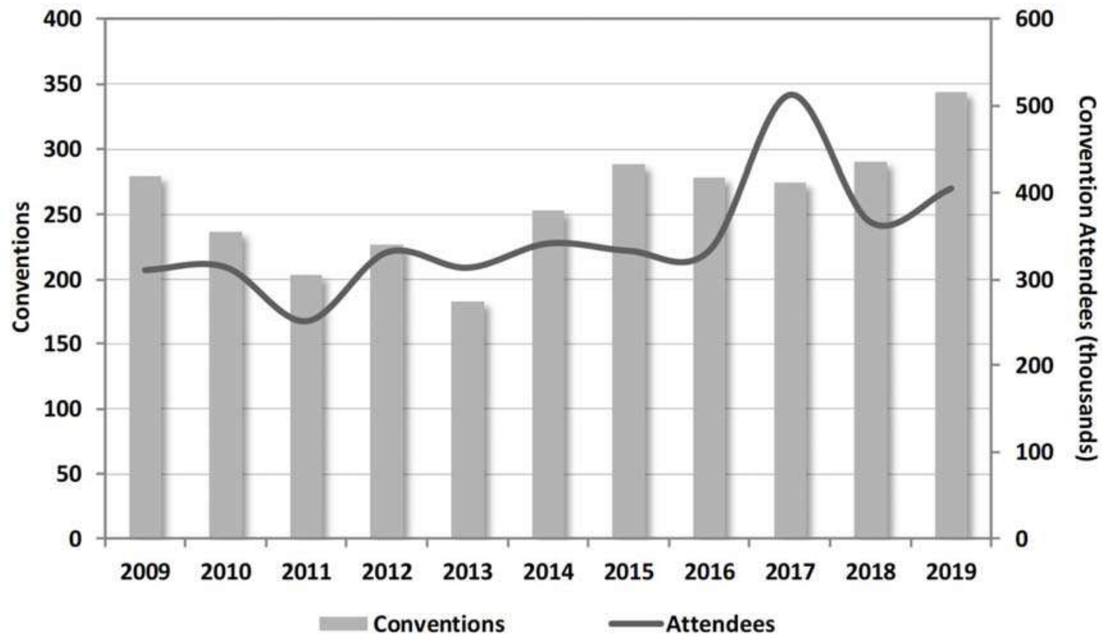
In June 2020, the new Loews Kansas City Hotel opened with 800 guestrooms and 60,000 square feet of meeting and event space. The new hotel is connected to the Convention Center with an elevated walkway and is within walking distance of key attractions and destination landmarks.

As of June 2020, 96 meetings and conventions had been canceled as a result of the COVID-19 pandemic and the related government directives restricting large gatherings, according to Visit KC.* The Cerner

* KCUR, National Public Radio, "Kansas City's Biggest Hotel is the Latest to Lay Off Workers Amid the COVID-19 Pandemic," June 16, 2020, www.kcur.org.

Health Conference, one of Kansas City's largest conventions drawing attendees from throughout the world, is being held virtually to limit exposure to the virus and avoid "taking health care officials away from the frontlines".** It is unclear how long it will take the Kansas City convention business to return but an extended recovery is likely.

Figure 10
TRENDS IN CONVENTIONS AND CONVENTION ATTENDEES
Kansas City Region



Note: Attendance in 2017 reflects major events including U.S. Figure Skating, NCAA Volleyball, and Men's Basketball.

Source: Visit KC, Annual Reports, www.visitkc.com.

** Kansas City Business Journal, "KC's largest Business Conference Will Take This Year's Event Virtual," May 13, 2020, www.bizjournals.com.

Cost of Living

In 2020, Kansas and Missouri had the second and sixth, respectively, lowest cost of living of all states in the United States, according to the Council for Community and Economic Research (C2ER).* Kansas's 2020 cost of living index** was 86.5, compared with 88.3 for the state of Missouri and 95.4 for the Kansas City CSA.

Housing Market

Trends in the housing market in a region generally follow economic cycles and are an indicator of overall economic activity that will, in turn, help to spur air travel demand. Since 2006, home prices in the Kansas City region have gradually increased, as shown on Figure 11. Between June 2007 and June 2020, prices for existing homes and new homes increased at the same rate—an average of 3.0% per year. During the 2008-2009 economic recession, existing home prices in the Kansas City region decreased by no more than approximately 8% at any one time, while new home prices continued to increase.

The supply of existing homes for sale has decreased continually since 2012—an average decrease of 16.6% per year between June 2012 and June 2020, reflecting, in part, existing homes prices nearly half of new home prices. In comparison, the supply of new homes for sale decreased 15.3% per year between June 2012 and June 2013 and remained relatively unchanged through June 2020, averaging about 6,000 units, as shown on Figure 11.

Economic Outlook

Economic projections prepared during the COVID-19 pandemic are subject to an unusually high degree of uncertainty due to the highly contagious nature of the virus. As the Congressional Budget Office (CBO) noted in its July 2020 report:

> "The severity and duration of the pandemic will be affected by how various mitigation measures reduce the spread of the virus and by when vaccines and additional treatments become available—outcomes that remain highly uncertain. Further uncertainty surrounds the effects of the pandemic and social distancing on economic activity and on the pace of economic recovery."*

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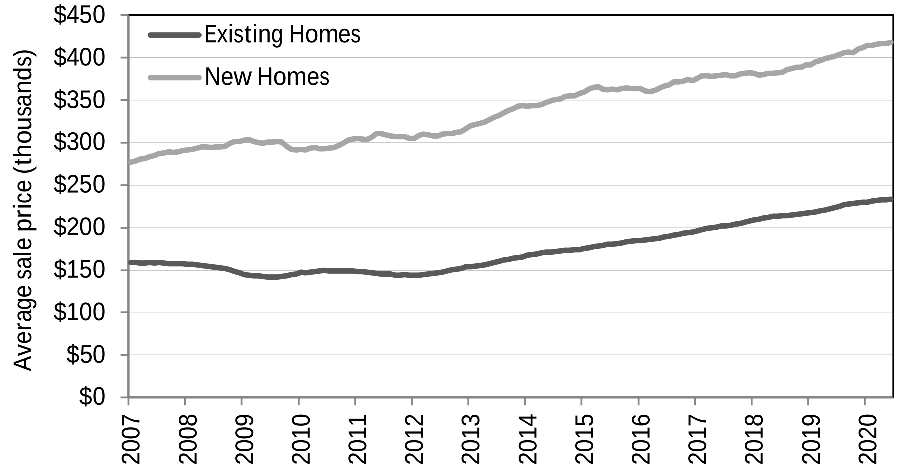
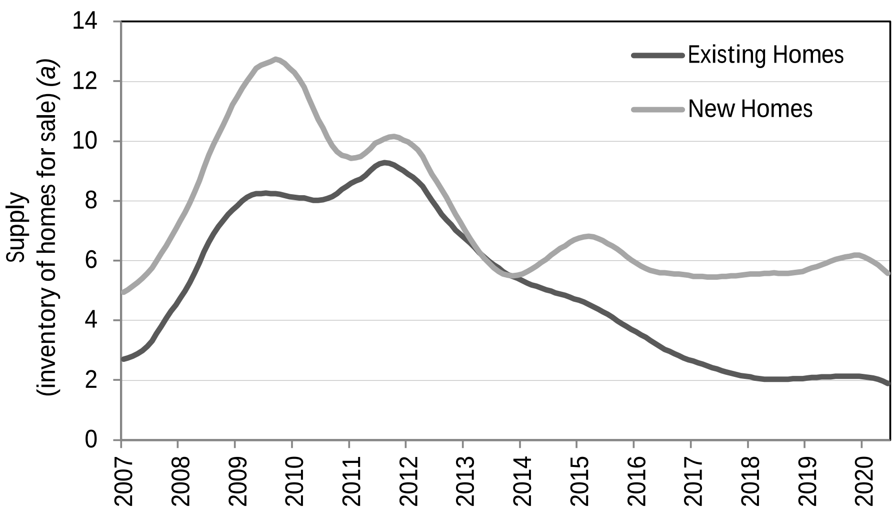
*The Council for Community and Economic Research (C2ER) is a membership organization that promotes excellence in community and economic research by working to improve data availability, enhance data quality, and foster learning about regional economic analytic methods. Data are reported by the Missouri Economic Research and Information Center, www.meric.mo.gov, accessed August 2020.

**A cost of living index measures differences in the price of goods and services by location, and allows for substitutions with other items as prices vary.

* Congressional Budget Office, "An Update to the Economic Outlook: 2020-2030", July 2020, www.cbo.gov.

Figure 11
TRENDS IN HOME PRICES AND SUPPLY
Kansas City Region





Note: The Kansas City region shown here includes the counties in the Kansas City CSA, except for Andrew, Caldwell, DeKalb, and Doniphan counties. Jefferson County, Kansas is also included. Data shown are 12-month moving averages.

(a) Supply is the inventory of homes for sale at the end of a given month, divided by the average monthly closed sales from the last 12 months.

Source: Kansas City Regional Association of Realtors, Monthly Indicator Report, www.kcrar.com, accessed August 2020.

Based on information available as of June 26, 2020, the Congressional Budget Office (CBO) projects U.S. economic growth, as measured by U.S. GDP in constant dollars, to decrease 5.8% in 2020 in response to the COVID-19 pandemic, followed by increases of 4.0% in 2021, 2.9% in 2023, and 2.1% in 2023 and 2024, as shown in Table 6. Recovery scenarios for U.S. GDP prepared by industry analysts such as Fitch Ratings, Moody's Investors Service, and S&P Global Ratings are also shown in Table 6.

Table 6
SUMMARY OF SELECTED AIRLINE INDUSTRY RECOVERY SCENARIOS
OF U.S. GDP GROWTH FROM COVID-19

	Average annual percent change				
Calendar Year	2020	2021	2022	2023	2024
Congressional Budget Office	-5.8%	4.0%	2.9%	2.1%	2.1%
Fitch Ratings					
Coronavirus Base Case	-5.6%	4.0%	2.7%	2.2%	2.2%
Moody's Investor Service					
Scenario 1 (faster recovery)	-5.6%	1.6%	6.6%	4.7%	2.5%
S&P Global Ratings					
Baseline Estimates	-5.0%	5.2%	3.0%	2.8%	n.a.
Downside Estimates	-8.7%	3.7%	5.2%	3.3%	n.a.

n.a. = not available

Note: Percent changes are for inflation adjusted GDP.

Sources: Congressional Budget Office, "An Update to the Economic Outlook: 2020-2030", July 2020, www.cbo.gov. Fitch Ratings, Coronavirus GDP Impact to Persist in Medium Term, June 2020. Moody's Investor Service, Precis U.S. Macro, Volume 25, Number 3, June 2020. S&P Global Ratings, Activity Estimates for U.S. Transportation Infrastructure Show Public Transit and Airports Most Vulnerable to Near-Term Rating pressure, June 4, 2020.

Updated economic projections for the Kansas City CSA that reflect the impact of the COVID-19 pandemic are not available at the writing of this report. In June 2020, the Mid-America Regional Council (MARC) predicted that about one-third of the 123,000 jobs lost in Kansas City due to the COVID-19 pandemic could return by the end of 2020. In a best-case scenario, MARC predicts that the Kansas City economy will return to normal in September 2021, compared with a worst case with a return to normal by September 2024.*

HISTORICAL AIRLINE SERVICE AND TRAFFIC

Airlines serving the Airport; enplaned passenger trends; airline shares of passengers; origin-destination markets; airline service at the Airport; and airline fares are discussed in this section.

* Mid-American Regional Council predicts KC economy Could Regain a Third of Lost Jobs by End of 2020, June 17, 2020, www.kshb.com.

Airlines Serving the Airport

In July 2020, a total of 14 passenger airlines provided scheduled service at the Airport, including 4 U.S. network passenger airlines, 6 regional airlines, and 4 low cost carriers provided scheduled service at the Airport, as shown in Table 7. In addition, FedEx, UPS, and several charter airlines provide all-cargo service.

Table 7
PASSENGER AIRLINES SERVING KANSAS CITY INTERNATIONAL AIRPORT
July 2020

Network carriers	Regional airlines (affiliation)
Alaska Airlines *(a)*	Endeavor Air (Delta)
American Airlines *(b)*	Envoy Air (American)
Delta Air Lines *(c)*	Horizon Air (Alaska)
United Airlines *(d)*	Mesa Airlines (United)
	Republic Airline (American, Delta, United)
Low cost carriers	SkyWest Airlines (American, Delta, United)
Allegiant Air *(e)*	
Frontier Airlines *(f)*	
Southwest Airlines *(g)*	
Spirit Airlines *(h)*	

Note: Advance published airline schedules are generally less subject to change within a three-month look ahead. July represents the peak month for the Airport and therefore typically presents a complete picture in terms of regular and seasonal airline service.
Icelandair, which initiated service at the Airport in May 2018, ceased it's MCI-Reykjavik, Iceland service in September 2019.
Air Canada, which suspended service in March 2020 and is scheduled to resume service at the Airport in September 2020 (according to future published flight schedules as of July 30, 2020).
Compass and Trans States airlines, both owned by Trans States Holdings, discontinued service at the Airport in FY 2020 and ceased operations in April 2020 citing reduced demand related to the COVID-19 pandemic.

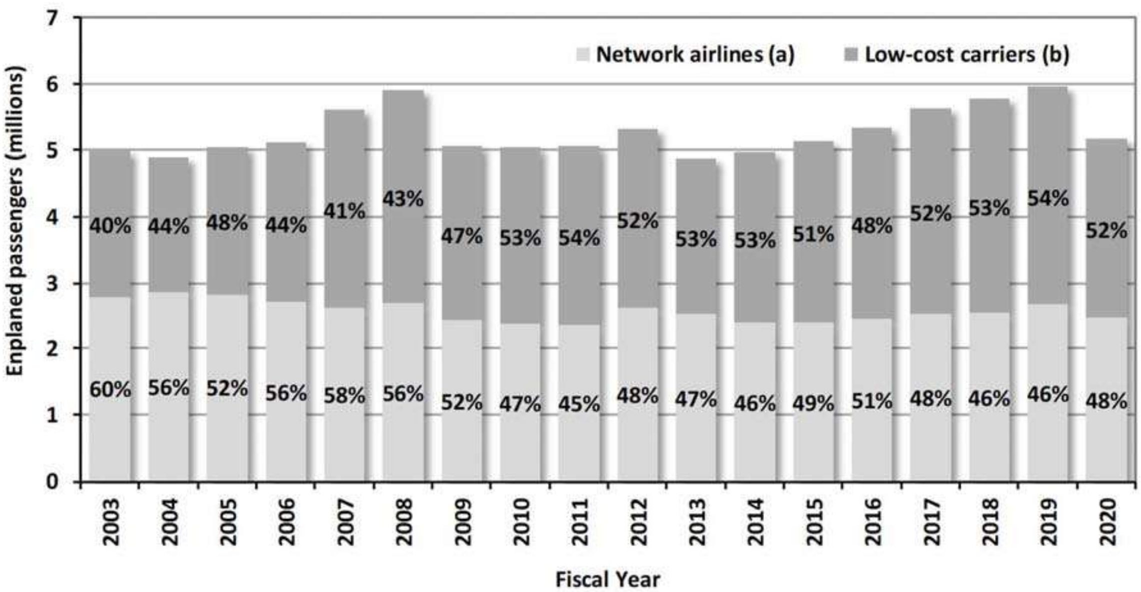
(a) Alaska completed its merger with Virgin America on December 14, 2008, and a single operating certificate was issued on January 11, 2018.
(b) American completed its merger with US Airways on December 9, 2013.
(c) Delta completed its merger with Northwest on October 29, 2008, and a single operating certificate was issued on December 31, 2009.
(d) United completed its merger with Continental on October 1, 2010, and a single operating certificate was issued on November 30, 2011.
(e) Started regular daily service at the Airport in November 2015 (provided seasonal service in January through April 2015).
(f) Frontier was acquired by Indigo Partners LLC in December 2013 and restructured its airfares in 2014 to that of an "ultra" LCC, i.e., a low cost airline with a simplified fare structure and a la carte pricing.
(g) Southwest completed its merger with AirTran on May 2, 2011, and a single operating certificate was issued on March 1, 2012.
(h) Started service in August 2014. Spirit is an "ultra" LCC, i.e., a low cost airline with a simplified fare structure and a la carte pricing.

Source: OAG Aviation Worldwide Ltd., online database, accessed July 2020.

Enplaned Passenger Trends

Since FY 2003, passenger traffic growth at the Airport has varied, as shown on Figure 12 and Table 8, reflecting changes in airline service, the use of the Airport as a connecting hub in airline networks, and changes in the airline industry. For example, the higher number of passengers in FY 2007 and FY 2008 reflects the use of MCI as a connecting hub by Midwest Airlines and the competitive response by the other airlines serving the Airport. The increase in passenger traffic between 2013 and 2019 reflects a number of factors, including the initiation of service by Spirit Airlines in 2014 and Allegiant Air in 2015 and the change to an ultra-LCC business model by Frontier Airlines in 2014.

Figure 12
HISTORICAL ENPLANED PASSENGERS
Kansas City International Airport



2003	AirTran starts service at MCI
2007	MCI is connecting hub for Midwest Airlines
2008-2009	Economic recession, Delta merged with Northwest in 2008, Midwest Airlines acquired by Republic Airlines in 2009
2010-2011	United merged with Continental in 2010, Southwest merged with AirTran in 2011
2012	Data reporting change (data include revenue and non-revenue passengers)
2013	American merged with US Airways in 2013
2014-2015	Spirit Airlines starts service at MCI in 2014, Frontier Airlines becomes ultra-LCC in 2014, Allegiant starts service at MCI in 2015
2020	Global COVID-19 Pandemic begins in March 2020.

Notes: For Fiscal Years ended April 30.
Data for non-revenue passengers were not reported in FY 2000 through FY 2012. Starting in calendar year 2012, total enplaned passengers reported by the airlines to MCI include revenue and non-revenue passengers.

(a) Includes passengers enplaned on charter airlines.
(b) Includes low cost carriers and ultra-low-cost carriers.

Source: Kansas City International Airport records.

Table 8
HISTORICAL ENPLANED PASSENGERS
Kansas City International Airport

Fiscal Year	Enplaned passengers (thousands) Network airline total	Low cost carriers *(a)*	Other airlines *(b)*	Total	Percent increase (decrease)
2003	2,767	2,187	33	4,987	--%
2004	2,842	2,037	27	4,907	(1.6)
2005	2,810	2,198	29	5,037	2.7
2006	2,671	2,418	24	5,112	1.5
2007	2,600	2,988	19	5,607	9.7
2008	2,660	3,224	23	5,906	5.3
2009	2,385	2,639	34	5,059	(14.3)
2010	2,341	2,682	29	5,052	(0.1)
2011	2,331	2,705	25	5,061	0.2
2012	2,591	2,711	21	5,323	5.2
2013	2,484	2,369	26	4,879	(8.3)
2014	2,359	2,580	27	4,966	1.8
2015	2,372	2,753	13	5,138	3.5
2016	2,441	2,881	13	5,334	3.8
2017	2,499	3,101	24	5,625	5.4
2018	2,513	3,250	22	5,785	2.8
2019	2,638	3,287	26	5,952	2.9
2020	2,436	2,711	25	5,172	(13.1)
First 4 months (May-August)					
2020	1,016	1,140	16	2,172	--%
2021	208	295	--	503	(76.8)
	Percent increase (decrease)				
Pre-COVID-19					
2015-2016	2.9%	4.6%	(2.3%)	3.8%	
2016-2017	2.4	7.7	89.6	5.4	
2017-2018	0.5	4.8	(10.4)	2.8	
2018-2019	5.0	1.1	20.3	2.9	
Post-COVID-19					
2019-2020	(7.7)	(17.5)	(4.8)	(13.1)	
2020-2021 *(c)*	(79.6)	(74.1)	(99.8)	(76.8)	
	Pre-COVID-19 compound annual percent increase (decrease)				
2003-2013	(1.1%)	0.8%	(2.5%)	(0.2%)	
2013-2019	1.0	5.6	(0.1)	3.4	
2003-2019	(0.3)	2.6	(1.5)	1.1	

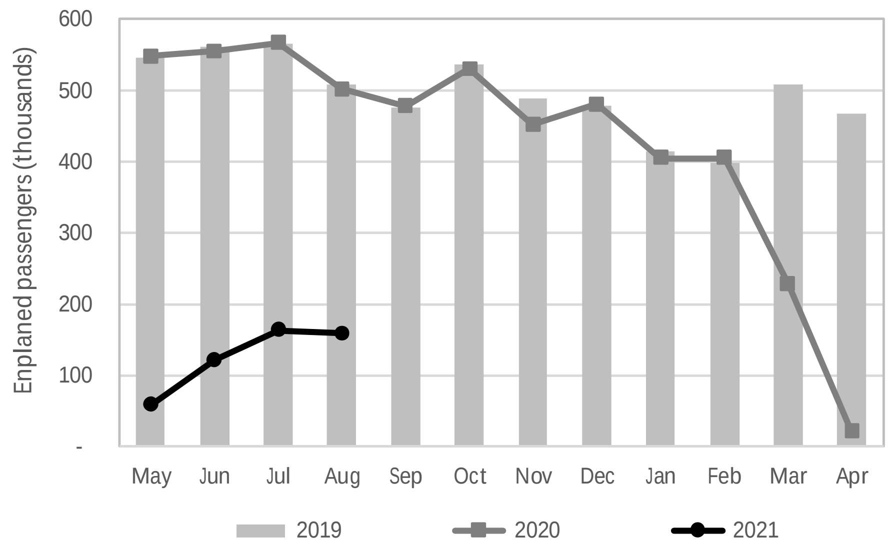
Note: For Fiscal Years ended April 30.
Totals may not add due to rounding. Data for non-revenue passengers were not reported in FY 2003 through FY 2012. Starting in calendar year 2012, total enplaned passengers reported by the airlines to MCI include revenue and non-revenue passengers.

(a) Includes low-cost carriers and ultra-low-cost carriers.
(b) Includes passengers enplaned on charter airlines.
(c) Represents the percent change for the first 4 months (May and August).

Source: Kansas City International Airport records.

In FY 2020, the number of enplaned passengers at the Airport decreased 13.1%, reflecting a 73.2% decrease in March and April 2020 related to the pandemic, as shown on Figure 13. During May through August 2020, passenger traffic at MCI decreased 76.8% compared with FY 2020 levels.

Figure 13
TRENDS IN MONTHLY ENPLANED PASSENGERS
Kansas City International Airport



Note: For Fiscal Years ended April 30.

Source: Kansas City International Airport records.

Enplaned Passenger Trends by Residents, Visitors, and Connecting

Similar to the trend in overall enplaned passengers, area residents and visitors (non-residents) using MCI increased an average of 3.7% and 3.4% per year, respectively, between FY 2013 and FY 2019, following a period of slow passenger traffic growth between FY 2003 and FY 2013, as shown in Table 9. Connecting passengers, which accounted for 6.3% of enplaned passengers at the Airport in FY 2019, increased 0.2% per year, on average, between FY 2013 and FY 2019. Between FY 2019 and FY 2020, area residents and visitors decreased 12.2% and 11.8% respectively, while connecting passengers decreased 21.1%. In FY 2020, connecting passengers accounted for 5.7% of enplaned passengers at the Airport, the lowest share since prior to FY 2000.

Table 9
PASSENGER TRAFFIC TRENDS BY RESIDENTS AND VISITORS
Kansas City International Airport

	Enplaned passengers (thousands)					Percent of total		
	Outbound O&D *(a)*							
Fiscal Year	Kansas City CSA residents	Visitors	Total	Connecting and other *(a)*	Total	Kansas City CSA residents	Visitors	Percent connecting
2003	2,483	1,851	4,333	654	4,987	57.3	42.7	13.1
2004	2,578	1,870	4,449	458	4,907	58.0	42.0	9.3
2005	2,677	1,931	4,608	429	5,037	58.1	41.9	8.5
2006	2,720	2,001	4,721	391	5,112	57.6	42.4	7.6
2007	2,927	2,150	5,077	530	5,607	57.7	42.3	9.4
2008	3,051	2,257	5,308	598	5,906	57.5	42.5	10.1
2009	2,710	1,949	4,659	400	5,059	58.2	41.8	7.9
2010	2,717	1,930	4,647	405	5,052	58.5	41.5	8.0
2011	2,676	1,910	4,586	475	5,061	58.3	41.7	9.4
2012	2,797	1,993	4,790	533	5,323	58.4	41.6	10.0
2013	2,626	1,884	4,510	369	4,879	58.2	41.8	7.6
2014	2,648	1,900	4,548	418	4,966	58.2	41.8	8.4
2015	2,774	1,971	4,745	393	5,138	58.5	41.5	7.6
2016	2,899	2,066	4,965	370	5,334	58.4	41.6	6.9
2017	3,035	2,173	5,208	417	5,625	58.3	41.7	7.4
2018	3,137	2,246	5,382	402	5,785	58.3	41.7	6.9
2019	3,274	2,305	5,578	373	5,952	58.7	41.3	6.3
2020	2,858	2,020	4,879	293	5,172	58.6	41.4	5.7
	Compound annual percent increase (decrease)							
2003-2013	0.6%	0.2%	0.4%	(5.6%)	(0.2%)			
2013-2019	3.7	3.4	3.6	0.2	3.4			
2003-2019	1.7	1.4	1.6	(3.4)	1.1			
2019-2020	(12.7)	(12.3)	(12.5)	(21.5)	(13.1)			

Note: For Fiscal Years ended April 30. Data for non-revenue passengers were not reported in FY 2003 through FY 2012. Starting in calendar year 2012, total enplaned passengers reported by the airlines to MCI include revenue and non-revenue passengers.

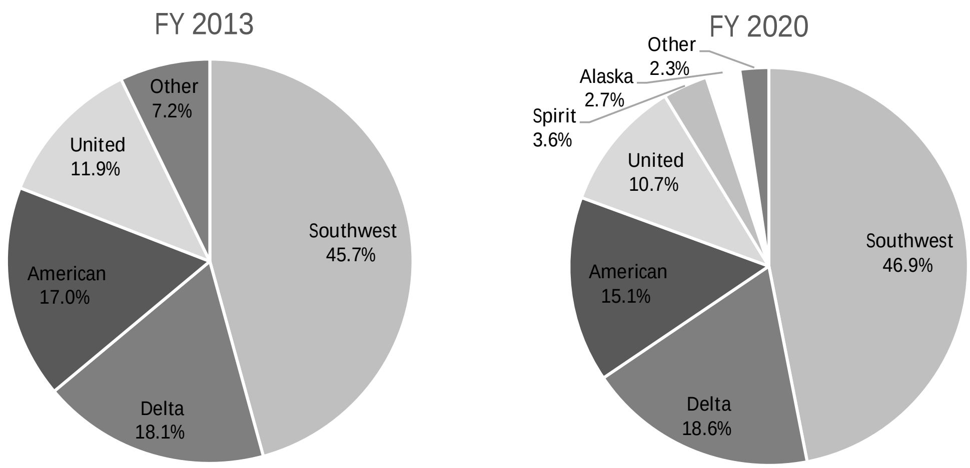
(a) Based on data from U.S. Department of Transportation, *Air Passenger Origin-Destination Survey*, reconciled to Schedules T100 and 298C, and estimates prepared by LeighFisher.

Sources: Kansas City International Airport records, except as noted.

Enplaned Passenger Market Shares

In FY 2020, Southwest accounted for 46.9% of all passengers enplaned at the Airport, more than its FY 2013 share (45.7%), as shown on Figure 14 and in Table 10. Delta accounted for the second largest share in FY 2020 with 18.6%, followed by American with 15.1%, and United with 10.7%.

Figure 14
AIRLINE MARKET SHARES OF ENPLANED PASSENGERS
Kansas City International Airport



Note: For Fiscal Years ended April 30.

Source: Kansas City International Airport records and U.S. Department of Transportation, Schedule T100, accessed May 2018.

Since FY 2010, an expansion of service by Southwest and, to a lesser extent, Delta, as well as the initiation of service by Alaska (March 2012) Spirit (August 2014), and Allegiant (November 2015), have been the primary drivers of increased passenger volumes at the Airport, offsetting decreases by Frontier and United. The reductions by Frontier followed its merger with Midwest in 2010 and Midwest's attempt to form a hub at MCI. In FY 2019, Southwest's share increased to 49.3%, while American's fell to 13.9% and United's share fell to 10.4%, as shown in Table 10.

Table 10
ENPLANED PASSENGERS BY AIRLINE
Kansas City International Airport
Ranked by FY 2020 passengers

Airline	Enplaned passengers			Percent of total		
	FY 2013	FY 2019	FY 2020	FY 2013	FY 2019	FY 2020
Southwest Airlines *(a)*	2,231,969	2,934,746	2,426,392	45.7%	49.3%	46.9%
Delta Air Lines *(b)*	830,913	1,037,881	963,703	17.0	17.4	18.6
American Airlines *(c)*	883,767	827,388	779,589	18.1	13.9	15.1
United Airlines *(d)*	582,189	621,363	552,537	11.9	10.4	10.7
Spirit Airlines	--	217,932	188,501	--	3.7	3.6
Alaska Airlines	47,977	151,623	140,502	1.0	2.5	2.7
Frontier Airlines	288,993	76,545	66,625	5.9	1.3	1.3
Allegiant Airlines	--	58,051	29,118	0.0	1.0	0.6
Air Canada	9,900	14,008	12,415	0.2	0.2	0.2
All Other	3,659	12,239	12,426	0.1	0.2	0.2
Airport Total	4,879,366	5,951,776	5,171,808	100.0%	100.0%	100.0%

Note: For Fiscal Years ended April 30.
Data for non-revenue passengers were not reported in FY 2000 through FY 2012. Starting in calendar year 2012, total enplaned passengers reported by the airlines to MCI include revenue and non-revenue passengers.

(a) Acquired AirTran Airways in 2011.
(b) Merged with Northwest in 2009.
(c) Merged with US Airways in 2013.
(d) Merged with Continental Airlines in 2010.

Sources: Kansas City International Airport records and U.S. Department of Transportation, Schedule T100.

Origin-Destination Markets

Table 11 shows the top 25 domestic destination markets for passengers originating their journeys at the Airport in FY 2020. These 25 markets accounted for 73.2% of the total scheduled airline domestic O&D passengers at the Airport in FY 2020. Chicago, Denver, and Los Angeles are the top three destination markets, with 5.8%, 5.7%, and 5.6%, respectively, of the total domestic O&D passengers at the Airport in FY 2020. Other major destinations include Dallas/Fort Worth, New York, Washington D.C., Orlando, and Las Vegas.

In July 2020, the top 25 domestic destination markets were served with an average of 74 nonstop scheduled departures, down from 141 nonstop departures in July 2019, reflecting the airline service reductions related to the COVID-19 pandemic. Southwest Airlines operated 36 departures to the top 25 destinations in July 2020 (60% of its July 2019 schedule), while the other airlines serving the Airport operated 38 departures (47% of the July 2019 schedule). Six destination markets lost all service at MCI in July 2020, including San Diego, Fort Lauderdale, Boston, Austin, Raleigh/Durham, and Portland (Oregon).

Table 11
DOMESTIC PASSENGER DESTINATION PATTERN AND AIRLINE SERVICE
Kansas City International Airport

Rank	Origin-destination market	Air miles from MCI	Percent of domestic O&D passengers In FY 2020 *(a)*	Average scheduled daily nonstop domestic departures: July 2019 Southwest	July 2019 Other airlines	July 2019 Total	July 2020 Southwest	July 2020 Other airlines	July 2020 Total
1	Chicago (b)	401	5.8%	7	12	19	6	6	12
2	Denver	531	5.7	7	5	12	5	3	8
3	Los Angeles (c)	1,360	5.6	3	3	6	1	1	2
4	Dallas/Fort Worth (d)	460	4.8	6	7	13	4	6	10
5	New York (e)	1,103	4.7	2	8	10	1	--	1
6	Washington D.C. (f)	946	4.7	5	4	9	3	2	5
7	Orlando	1,071	4.1	3	1	4	2	1	3
8	Las Vegas	1,137	3.7	4	1	5	2	1	3
9	Atlanta	691	3.5	3	8	12	1	4	5
10	Phoenix	1,041	3.3	3	2	5	3	2	5
11	San Francisco (g)	1,485	2.7	1	3	4	1	--	1
12	Houston (h)	643	2.7	3	4	6	2	2	4
13	Seattle	1,485	2.4	1	3	4	--	2	2
14	Detroit	626	2.1	--	5	5	--	2	2
15	San Diego	1,330	2.0	1	1	2	--	--	--
16	Minneapolis/St Paul	392	2.0	2	5	7	--	3	3
17	Fort Lauderdale	1,241	1.8	1	--	1	--	--	--
18	Boston	1,252	1.8	0	2	2	--	--	--
19	Tampa	1,046	1.8	2	--	2	1	--	1
20	Nashville	490	1.7	4	--	4	2	--	2

Table 11 *(page 2 of 2)*
DOMESTIC PASSENGER DESTINATION PATTERN AND AIRLINE SERVICE
Kansas City International Airport

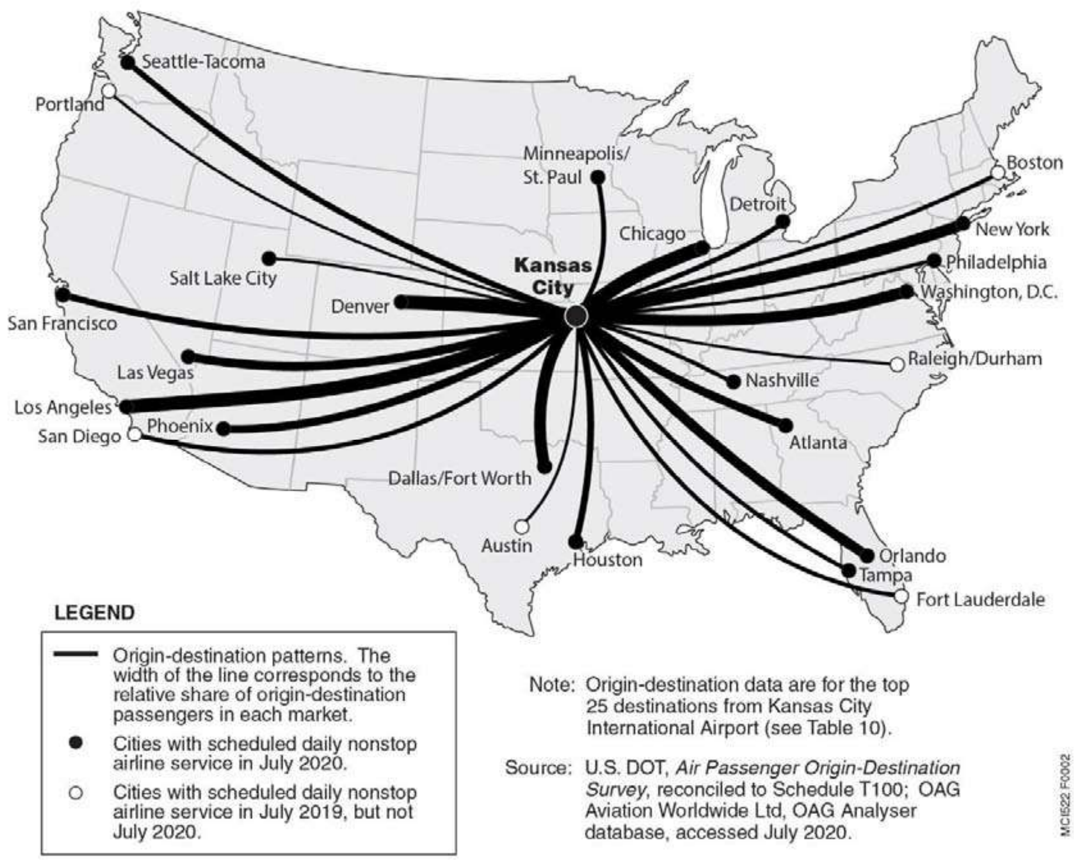
Rank	Origin-destination market	Air miles from MCI	Percent of domestic O&D passengers In FY 2020 *(a)*	Average scheduled daily nonstop domestic departures: July 2019 Southwest	July 2019 Other airlines	July 2019 Total	July 2019 Southwest	July 2019 Other airlines	July 2019 Total
21	Philadelphia	1,034	1.5	--	3	3	--	2	2
22	Austin	643	1.2	1	--	1	--	--	--
23	Salt Lake City	917	1.2	--	3	3	--	2	2
24	Raleigh/Durham	904	1.2	1	--	1	--	--	--
25	Portland	1,477	1.2	1	1	2	--	--	--
	Total—top 25 markets		73.2%	60	81	141	36	38	74
	All other markets		26.8%	10	10	21	3	4	7
	Total—all markets		100.0%	70	91	161	39	42	81

(a) Fiscal Years ended April 30 are represented by the 12 months ended March 31; O&D data are only available on a quarterly basis.
(b) Chicago O'Hare and Midway International airports.
(c) Los Angeles International, Hollywood-Burbank, Ontario International, John Wayne (Orange County), and Long Beach airports.
(d) Dallas-Fort Worth International Airport and Love Field.
(e) Newark Liberty International, LaGuardia, and John F. Kennedy International airports.
(f) Reagan Washington National, Baltimore/Washington International Thurgood Marshall, and Washington Dulles International airports.
(g) San Francisco, Oakland, and Mineta San Jose International airports.
(h) Bush Intercontinental Airport /Houston and William P. Hobby airports.

Sources: Originating percentage: U.S. Department of Transportation, *Air Passenger Origin-Destination Survey*, reconciled to Schedule T100, online database, accessed July 2020.
Departures: OAG Aviation Worldwide Ltd., OAG Analyser database, accessed July 2020.

As shown in Table 11 and on Figure 15, 19 of the top 25 domestic destinations were served nonstop from the Airport in July 2020, compared with nonstop service to each of the 25 destinations in July 2019. Southwest provided nonstop service to 14 of the top 25 destinations and a total of 36 nonstop domestic departures (49% of total) at the Airport in July 2020.

Figure 15
DOMESTIC PASSENGER DESTINATION PATTERN AND AIRLINE SERVICE
Kansas City International Airport



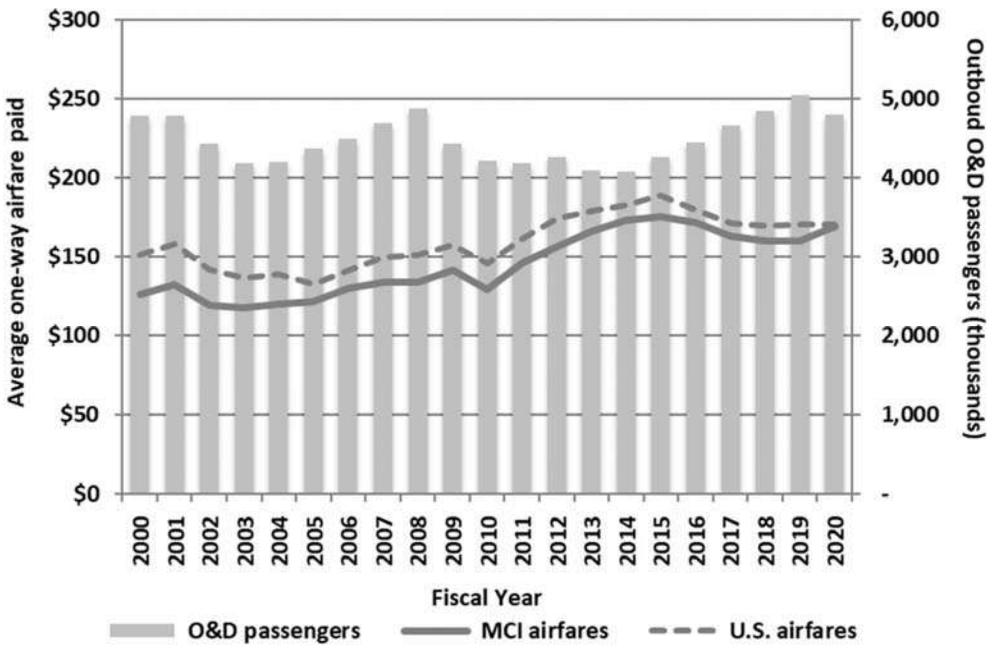
Note: Origin-destination data are for the top 25 destinations from Kansas City International Airport (see Table 10).

Source: U.S. DOT, *Air Passenger Origin-Destination Survey*, reconciled to Schedule T100; OAG Aviation Worldwide Ltd, OAG Analyser database, accessed July 2020.

Airline Airfares

Figure 16 provides a comparison of changes in numbers of domestic O&D passengers and average domestic one-way airfares paid at the Airport and in the nation as a whole in FY 2000 through FY 2020. Between FY 2000 and FY 2008, there was little net change in domestic O&D passengers at the Airport and domestic airfares at MCI and all U.S. airports. Domestic O&D passengers at the Airport decreased between FY 2008 and FY 2011, reflecting the effects of the national economic recession, while domestic airfares at MCI and all U.S. airports varied from year to year. Between FY 2011 and FY 2019, the number of domestic O&D passengers at the Airport increased, with the strongest growth in FY 2015 through FY 2019, reflecting the addition of new LCC service by Spirit, Allegiant, and Frontier. MCI average airfares decreased in FY 2016 through FY 2019 as new LCC service put downward pressure on overall airfares, consistent with the trends in average airfares at U.S. airports. In FY 2020, airfares at the Airport increased 6.1%, compared with an average increase in national airfare of 4.4%.

Figure 16
TRENDS IN DOMESTIC O&D PASSENGERS AND AIRFARES
Kansas City International Airport



Notes: Fiscal Years ended April 30 are represented by the 12 months ended March 31; O&D data are only available on a quarterly basis.
Average one-way fares shown are net of all taxes, fees, and PFCs, and exclude ancillary fees charged by airlines.
Data exclude the domestic portion of international journeys, international passengers enplaned at the Airport, and charter airline passengers who are not captured in U.S. DOT data.

Source: U.S. Department of Transportation, *Air Passenger Origin-Destination Survey*, reconciled to Schedule T100, accessed July 2020.

As shown on Table 8, O&D passengers accounted for approximately 94% of total passengers at the Airport in FY 2020. The number of O&D passengers includes the "pure" domestic passengers shown on Figure 15 who start and end their journeys within the United States, an estimated 400,000 passengers who boarded domestic flights at the Airport to international destinations via other U.S. gateways, passengers who boarded international flights at the Airport, and charter airline passengers who are not captured in U.S. DOT data.

The average airfares shown in Figure 15, as reported by the airlines to the U.S. DOT, exclude ancillary charges, such as those for checked baggage, preferred seating, in-flight meals, entertainment, and ticket changes that have become widespread in the airline industry since 2006. As a result, the average airfares shown understate the amount actually paid by airline passengers for their travel, particularly in later years. Ancillary charges that were previously included in the ticket price are not all separately reported to the U.S. DOT. They have been estimated by industry analysts to amount to an effective average surcharge on domestic airfares of approximately 5% of ticket fare revenues, although the percentage varies widely by airline and airport.

Airline Service

In July 2020, MCI provided a total of 81 domestic scheduled average daily nonstop departures, compared with 159 domestic departures in July 2019. Due to restrictions on U.S. travel to foreign countries, international airline service has been cancelled at many U.S. airports, including MCI. As of July 28, 2020, 9 countries were open to travel by U.S. citizens and another 23 countries were open with restrictions such as providing negative COVID-19 test results, mandatory 14-day quarantine, or self-isolation for 14 days.* In July 2019, MCI provided nonstop international service to 3 destinations—Cancun, Mexico; Reykjavik, Iceland; and Toronto, Canada.

Air Cargo

Since 2000, the cargo industry nationwide and at MCI has experienced significant changes related to a number of factors, including air cargo security regulations by the FAA and Transportation Security Administration (TSA), consolidation in the air cargo industry, an increasing trend in the volume of cargo transported by truck, and the national and global economic recessions. Between FY 2004 and FY 2010, total air cargo at the Airport decreased an average of 7.2% per year. As shown in Table 12, total air cargo at MCI increased an average of 1.9% per year between FY 2010 and FY 2019, with considerable year-to-year variation. In FY 2020, total air cargo at MCI decreased 5.3%, with passenger airlines accounting for 8.5% of total air cargo at the Airport, while cargo airlines accounted for 91.5%.

As noted earlier, in August 2020 UPS announced a 534,000 square foot expansion of its aircraft apron that will permit the carrier to simultaneously park five widebody cargo jets along with a complete renovation of its existing 50,000 square foot sorting facility. New state-of-the-art sorting equipment will increase package handling capacity from 1,500 to 5,000 packages per hour. Construction is scheduled to begin later this year with completion in late 2021.

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* CNN Travel, "The Handful of Countries Still Welcoming U.S. Tourists", July 27, 2020. www.cnn.com/travel. Countries open to U.S. citizens include Albania, Dominican Republic, Kosovo, Maldives, Mexico, North Macedonia, Serbia, Tunisia, and Turkey.

Table 12
ENPLANED AIR CARGO
Kansas City International Airport

Fiscal Year	Mail	Air freight	Total air cargo
	In thousands of pounds		
2004	36,074	110,988	147,062
2005	34,382	118,689	153,071
2006	33,165	117,063	150,228
2007	26,654	122,585	149,239
2008	8,557	135,503	144,060
2009	6,695	106,667	113,362
2010	5,149	88,529	93,678
2011	3,762	91,086	94,848
2012	2,346	90,692	93,038
2013	2,025	95,106	97,131
2014	2,898	102,996	105,894
2015	1,528	96,485	98,013
2016	3,407	100,971	104,378
2017	3,514	104,615	108,129
2018	4,541	105,016	109,557
2019	3,451	107,561	111,012
2020	2,290	102,882	105,172
First 4 months (May-August)			
2020	615	37,247	37,863
2021	320	34,049	34,369
	Percent increase (decrease)		
2015-2016	123.0	4.6	6.5
2016-2017	3.1	3.6	3.6
2017-2018	29.2	0.4	1.3
2018-2019	(24.0)	2.4	1.3
2019-2020	(33.6)	(4.3)	(5.3)
2020-2021 *(a)*	(47.9)	(8.6)	(9.2)
	Compound annual percent increase (decrease)		
Pre-COVID-19			
2004-2010	(27.7%)	(3.7%)	(7.2%)
2010-2019	(4.3)	2.2	1.9
2004-2019	(14.5)	(0.2)	(1.9)
Post-COVID-19			
2019-2020	(33.6)	(4.3)	(5.3)

Note: For Fiscal Years ended April 30.
2007 data incorporates a change in reporting methodology between mail and air freight weights.

(a) Represents the percent increase for the first 4 months (May and August).

Source: Kansas City International Airport records.

KEY FACTORS AFFECTING FUTURE AIRLINE TRAFFIC

In addition to the economy and demographics of the Airport service region, discussed earlier, key factors that will affect future airline traffic at the Airport include:

- Public health and the COVID-19 pandemic
- National economic conditions
- International economic and political conditions
- Financial health of the airline industry
- Airline consolidation and alliances
- Airline service and routes
- Airline competition and airfares
- Availability and price of aviation fuel
- Aviation safety and security concerns
- Capacity of the national air traffic control system
- Capacity of the Airport

Public Health and the COVID-19 Pandemic

Since 2002, public health concerns and associated restrictions on travel have from time to time reduced airline travel demand to and from various parts of the world. Examples are SARS in 2002-2003, H1N1 in 2009, MERS in 2013, Ebola in 2014-2016, and Zika in 2016-2017. In all these historical examples, reductions in airline travel were geographically localized and fairly short-lived, with travel soon recovering to pre-health-scare trends.

The emergence of a highly contagious novel coronavirus, COVID-19, at the end of 2019 continues to present significant challenges to the world economy and airline industry compared with past public health crises. COVID-19 emerged first in Wuhan, China and soon spread to most parts of the world. In March 2020, the World Health Organization (WHO) declared COVID-19 a global pandemic, prompting governmental actions to slow the spread of the disease, including mandates for businesses to close and for people to remain at home. These mandates have contributed to a collapse of the global economy and staggering job losses. This economic catastrophe, combined with continuing fears about contagion, have resulted in the destruction of demand for air travel, the grounding of a significant number of the world's airline fleets, and drastic cuts in air service.

As of September 2020, nearly 30.0 million cases of COVID-19 have been reported, including 5.7 million in the United States, according to official WHO counts. More than 900,000 deaths have been reported, including nearly 200,000 in the United States. The coronavirus has been detected in more than 200 countries, with epicenters of the virus including Wuhan, China, Iran, northern Italy, Spain, and New York. Worldwide cases leveled off in April after social distancing measures were put in place but as countries began to reopen in May and June, a resurgence of the virus led to an increasing number of new cases of COVID-19, particularly in the United States. On average, the United States accounted for about 20% of all new cases reported worldwide as of August 2020.*

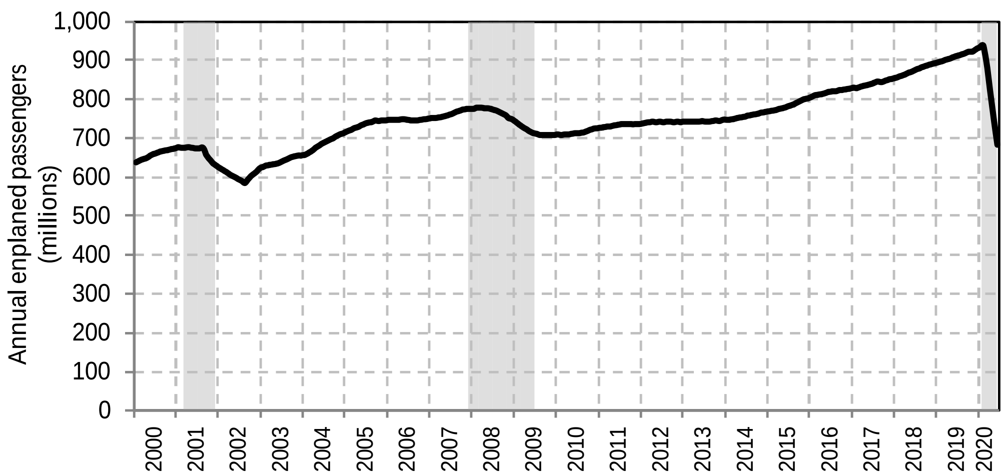
The global economic disruption caused directly and indirectly by the COVID-19 pandemic dwarfs the effects of earlier public health scares and will have far-reaching implications for the global airline industry and airline travel likely extending for several years.

The current COVID-19 pandemic has had and likely will continue to have material adverse effects on passenger traffic and Airport operations and financial performance. The ability of governments and public health authorities to contain the spread of the disease, eventually eliminate it, and reverse the associated economic destruction will dominate all other factors affecting future airline travel.

National Economic Conditions

Historically, airline passenger traffic nationwide has correlated closely with the state of the U.S. economy and levels of real disposable income. As illustrated in Figure 17, recessions in the U.S. economy in 2001 and 2008-2009 and associated high unemployment reduced discretionary income and contributed to reduced airline travel demand in those years.

Figure 17
HISTORICAL ENPLANED PASSENGERS ON U.S. AIRLINES



Notes: Data shown are 12-month moving averages of enplaned passengers on scheduled and non-scheduled flights to domestic and international destinations.
Shaded areas indicate months of economic recession.

Sources: U.S. Department of Transportation, Bureau of Transportation Statistics, T-100 Market and Segment, www.rita.dot.gov, accessed September 2020.
National Bureau of Economic Research, US Business Cycle Expansions and Contractions, www.nber.org.

* World Health Organization, Coronavirus Disease (COVID-10) Dashboard, www.covid19.who.int, accessed August 2020.

The emergence of COVID-19 has had a measurable impact on passenger traffic at U.S. airports as a whole and at MCI. During the first 6 months of 2020 (January-June), the number of enplaned passengers decreased 54% and 57%, respectively, at U.S. airports and at MCI, as shown in Table 13.

Sustained future increases in passenger traffic at the Airport will depend on national economic growth.

Table 13
MONTHLY TRENDS IN ENPLANED PASSENGERS
U.S. Airports and Kansas City International Airport

	U.S. Airports (in millions)			Kansas City International Airport		
Month	2019	2020	Percent change 2019-2020	2019	2020	Percent change 2019-2020
January	67,270	71,165	5.8%	413,777	405,153	-2.1%
February	63,814	68,210	6.9%	398,423	404,947	1.6%
March	80,501	39,331	-51.1%	508,285	228,516	-55.0%
April	76,720	3,079	-96.0%	467,749	21,036	-95.5%
May	81,627	8,543	-89.5%	547,593	58,337	-89.3%
June	84,145	16,661	-80.2%	555,272	121,991	-78.0%
July		n.a.		567,073	163,686	-71.1%
August		n.a.		501,699	159,033	-68.3%
First 6 months January-June	454,077	206,989	-54.4%	2,891,099	1,239,980	-57.1%

Note: Data for U.S. Airports in July and August 2020 are not available.

Sources: Kansas City International Airport records and U.S. Department of Transportation, Bureau of Transportation Statistics, T-100 Market and Segment, www.rita.dot.gov, accessed September 2020.

International Economic and Political Conditions

With the globalization of business and the increased importance of international trade and tourism, international economics, trade balances, currency exchange rates, and political relationships all influence passenger traffic at major U.S. airports. Concerns about hostilities and other perceived security and public health risks also affect travel demand to particular international destinations.

In recent years, a combination of factors has affected international economic and political conditions:

- In June 2018, the Supreme Court upheld an indefinite ban on travel from seven countries (Iran, Libya, North Korea, Somalia, Syria, Venezuela, and Yemen). It is important to note that the travel ban primarily affects travel to the United States from countries in the Middle East and Africa which together account for less than 3% of all international travelers to the United States.

- On January 15, 2020, the United States and China signed a Phase One trade agreement that requires structural reforms and other changes to China's economic and trade regime in the areas of intellectual property, technology transfer, agriculture, financial services, and currency and foreign exchange. The signing of Phase One agreement signified the rollback of the tariffs imposed by the United States and China since March 2018.

- On July 1, 2020, the United States-Mexico-Canada Agreement (USMCA) went into effect, replacing the North American Free Trade Agreement (NAFTA). It is unclear what impacts, if any, these changes in U.S. trade policy will have on economic growth, passenger traffic growth at MCI, and the cost to construct the TMP at the writing of this Report.

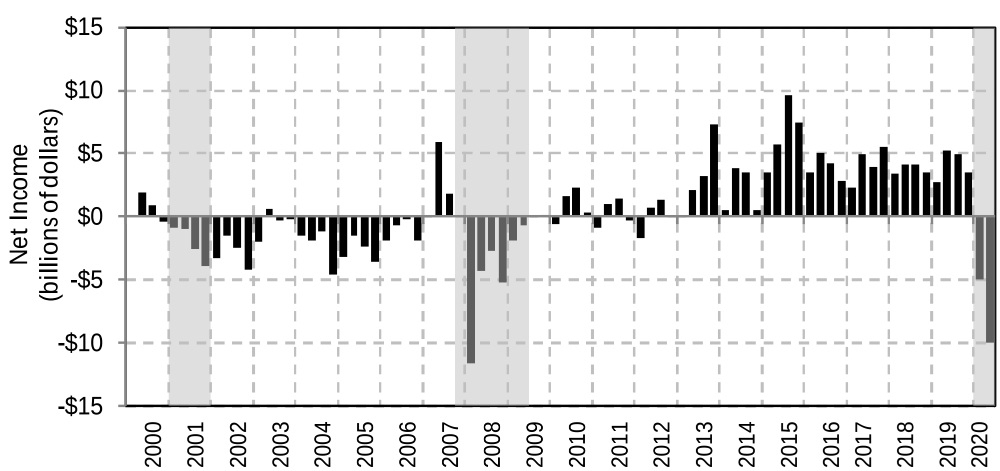
- As of July 28, 2020, air travel by U.S. citizens to certain foreign destinations was restricted because of the COVID-19 pandemic. A total of 32 countries are open to travel by U.S. citizens, including 9 countries with no restrictions and another 23 countries with restrictions such as providing negative COVID-19 test results, mandatory 14-day quarantine, or self-isolation for 14 days.*

Sustained future increases in passenger traffic at the Airport will depend on global economic growth, stable and secure international conditions, and government policies that do not unreasonably restrict international travel.

Financial Health of the Airline Industry

The number of passengers using the Airport will depend partly on the profitability of the U.S. airline industry and the associated ability of the industry and individual airlines to make the necessary investments to provide service. Figure 18 shows historical net income for U.S. airlines in the first quarter of 2000 through the second quarter of 2020.

Figure 18
QUARTERLY NET INCOME FOR U.S. AIRLINES



Notes: Includes scheduled service on U.S. carriers only.
Shaded areas indicate quarters of economic recession.
Data for the fourth quarter of 2005 and the first quarter of 2006 were adjusted to account for United bankruptcy claims which were settled for substantially less than had been originally reported.

Source: U.S. Department of Transportation, Bureau of Transportation Statistics, Net Income, F41 Schedule P12, www.transtats.gov, accessed September 2020.

* U.S. Department of State, Bureau of Consular Affairs, www.travel.state.gov, accessed August 2020.

As a result of the 2001 economic recession, the disruption of the airline industry that followed the September 2001 attacks, increased fuel and other operating costs, and price competition, the industry experienced huge financial losses. From 2001 through 2006, the major U.S. passenger airlines collectively recorded net losses of approximately $46 billion. To mitigate those losses, all of the major network airlines restructured their route networks and flight schedules and reached agreements with their employees, lessors, vendors, and creditors to cut costs, either under Chapter 11 bankruptcy protection or the possibility of such. Between 2002 and 2005, Delta Air Lines, Northwest Airlines, United Airlines, and US Airways filed for bankruptcy protection and restructured their operations.

In 2007, the U.S. passenger airline industry as a whole was profitable, recording net income of approximately $8 billion, but in 2008, as oil and aviation fuel prices increased to unprecedented levels, the industry experienced a profitability crisis. In 2008 and 2009, the U.S. passenger airline industry recorded net losses of approximately $26 billion. The industry responded by grounding less fuel-efficient aircraft, eliminating unprofitable routes and hubs, reducing seat capacity, and increasing airfares. Between 2007 and 2009, U.S. passenger airlines collectively reduced domestic capacity (as measured by available seat-miles) by approximately 10%.

In 2010 through 2013, the U.S. passenger airline industry as a whole recorded net income of approximately $15 billion, in spite of sustained high fuel prices, by controlling capacity and nonfuel expenses, increasing airfares, recording high load factors, and increasing ancillary revenues. Between 2009 and 2013, the airlines collectively increased domestic seat-mile capacity by an average of just 1.0% per year. In 2014, the U.S. passenger airline industry reported net income of $8 billion, assisted by reduced fuel prices in the second half of the year (as discussed in the later section, "Availability and Price of Aviation Fuel"). In 2015, the industry achieved record net income of $26 billion as fuel prices decreased further, demand remained strong, and capacity control allowed average fares to remain high. Strong industry profitability continued in 2016 through 2019. U.S, passenger airline profits decreased $5 billion during the first quarter of 2020 and $10 billion during the second quarter in response to the initial reduction in demand related to the COVID-19 pandemic.

Recent agreements between the major airlines and their unionized employees have resulted in increased labor costs. According to Airlines for America, U.S. airlines increased wages and benefits per full-time employee by 34% between 2013 and 2019. Contributing to the increased costs, a shortage of qualified airline pilots resulting from retirements and changed FAA qualification standards and duty and rest rules has required the airlines to increase salaries and improve benefits to attract and retain pilots. According to individual airline Security and Exchange Commission (SEC) filings, more than 80,000 airline employees may face furloughs in October 2020, particularly if funding under the CARES Act is not renewed.

Consolidation has resulted in four airlines (American, Delta, Southwest, and United) accounting for approximately 80% of domestic seat-mile capacity and is expected by airline industry analysts to contribute to industry profitability. However, any resumption of financial losses could cause U.S. airlines to seek bankruptcy protection or liquidate. The liquidation of any of the large network airlines would drastically affect airline service at certain connecting hub airports, present business opportunities for the remaining airlines, and change airline travel patterns nationwide. The COVID-19 pandemic has forced 5 U.S. airlines to cease operations due to reduced demand and 13 foreign-flag airlines to restructure or cease operations as of August 2020.* As a primarily O&D airport, it is expected that in the unlikely event any of the large network carriers liquidated, the air service provided by such airline at MCI would be eventually replaced by another airline.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act, signed into law on March 27, 2020, provided for $50 billion in aid for passenger airlines, including $25 billion for the Payroll Support Program (PSP) and $25 billion in loans. Under the PSP, direct grants account for 70% of an airline's total support payment, with the remaining 30% made in the form of a loan. PSP funding ends on September 30, 2020. Passenger airlines were also eligible to apply for $25 billion in loans under the CARES Act. As of August 2020, 10 U.S. airlines have signed letters of intent for potential loans under the CARES Act, including Alaska, American, Delta, Frontier, Hawaiian, JetBlue. Sky West, Southwest, Spirit, and United airlines.** U.S. passenger airlines have also offered voluntary separation programs and extended non-paid leave to maintain an appropriately sized workforce in response to the decreased demand for air travel related to the pandemic. Such programs provide employees with the opportunity to voluntarily end their employment in exchange for severance, healthcare coverage, and travel privileges and to voluntarily take extended emergency time off.

Airline Consolidation and Alliances

In response to competitive pressures, the U.S. airline industry has consolidated. Among the significant mergers and combinations were:

- In April 2001, American completed an acquisition of failing Trans World Airlines
- In September 2005, US Airways and America West Airlines merged
- In October 2009, Republic Airways Holdings completed purchases of Frontier and Midwest airlines

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* Airlines for America, www.airlines.org, accessed August 2020. Defunct U.S. airlines: Compass Airlines, ExpressJet, Miami Air International, RavnAir Group, and Trans States Airlines. Defunct/restructured foreign-flag airlines: Aeromexico, Air Mauritius, Alitalia, Avianca, Comair (South Africa), Flybe, German Airways, Germanwings, LATAM, South African, Thai Airways, TAME, and Virgin Australia.

** National Law Review, "Passenger Airlines and U.S. Treasury Department Reach Agreement on CARES Act Payroll Support Program," April 17, 2020, www.natlawreview.com. "In accordance with the CARES Act, all aid recipients must use the payroll support payments exclusively to cover the cost of payroll and benefits. Each passenger airline must comply with the required terms and conditions of the CARES Act, such as (1) refraining from imposing involuntary furloughs on US-based employees or reducing employee pay or benefits through September 30; (2) maintaining certain limitations on executive compensation through March 24, 2022; (3) suspending the payment of dividends or other distributions and cease stock buybacks through September 30, 2021; and (4) continuation of service as is reasonable and practicable under Department of Transportation regulations."

- In December 2009, Delta and Northwest merged
- In October 2010, United and Continental completed a merger
- In May 2011, Southwest completed its acquisition of AirTran, and integrated operations in 2014
- In December 2013, American and US Airways completed their merger and have maintained all hubs in the combined system
- In December 2016, Alaska Air Group, parent of Alaska Airlines, completed its acquisition of Virgin America Airlines and fully integrated operations by June 2019.
- In 2019, Delta consolidated its regional airline operations among three airlines—Endeavor Air (Delta's wholly-owned subsidiary), Republic Airways, and Skywest Airlines—and ended its contract with Trans States Holdings (the parent company of GoJet and Compass Airlines).
- In 2020, United consolidated its Embraer 145 aircraft flights to one regional airline—CommutAir—and ended its partnership with ExpressJet. This change followed United's decision to end its partnership with Trans States Airlines in 2019 to operate the Embraer 145.
- In February 2020, Alaska and American Airlines announced an alliance to increase connectivity and choice for west coast passengers, including the membership of Alaska in the oneworld alliance and the launch of American's first international service from Seattle to Bangalore, India in October 2020 and to London Heathrow in March 2021.*
- In July 2020, American announced a strategic partnership with JetBlue to increase connectivity for travelers in the Northeast and to accelerate each airline's recovery as the travel industry to new trends as a result of the pandemic.**

Alliances, joint ventures, 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. Joint ventures involve even closer cooperation and the sharing of costs and revenues on designated routes. Most of the largest U.S. airlines are members of such alliances with foreign-flag airlines.

The mergers of the major airlines since the mid-2000s provided an opportunity to consolidate the operations of the remaining airlines into two of the three unit-terminals at MCI and thereby open up the former Terminal A site to construct the new terminal.

Airline Service and Routes

Most large airports serve as gateways to their communities and as connecting points. The number of origin and destination passengers at an airport depends on the intrinsic attractiveness of the region as a business and leisure destination, the propensity of its residents to travel, and the airline fares

* Alaska Airlines, American Airlines Announce New West Coast International Alliance: Alaska's West Coast Network to Connect with American's Long-Haul Flying to Create More Choice for Passengers, February 12, 2020, www.newsroom.alaskaair.com.
** JetBlue and American Airlines Announce Strategic Partnership to Create More Competitive Options and Choice for Customers in the Northeast, July 16, 2020, www.news.aa.com.

and service provided. The number of connecting passengers, on the other hand, depends entirely on the airline service provided. As discussed in the earlier section, “Enplaned Passengers,” approximately 93% of passengers at the Airport are originating their journeys rather than connecting between flights.

The network airlines have developed hub-and-spoke systems that allow them to offer high-frequency service in many city-pair markets. Because most connecting passengers have a choice of airlines and intermediate airports, connecting traffic at an airport depends on the route networks and flight schedules of the airlines serving that airport and competing hub airports. Since 2003, as the U.S. airline industry has consolidated, airline service has been or is being drastically reduced at many former connecting hub airports, including those serving St. Louis (American 2003-2005), Dallas-Fort Worth (Delta 2005), Pittsburgh (US Airways 2006-2008), Las Vegas (US Airways 2007-2010), Cincinnati (Delta 2009-2011), Memphis (Delta 2011-2013), and Cleveland (United 2014). In the past, MCI served as a connecting hub for several airlines, including TWA from 1976 – 1979, Eastern Airlines from 1984 – 1986, Braniff Airways from 1986 – 1988, USAir from 1990 – 1992, Vanguard Airlines from 1994 – 2000, and Midwest Airlines and Frontier Airlines from FY 2004 and FY 2010. The discontinuation of these hubs resulted in the loss of connecting enplaning passengers as well as O&D passengers after the shutdown of the Vanguard and Midwest hubs because these airlines offered low fares that stimulated originating demand. Because the Airport does not currently serve as a significant connecting hub for any airline, this would not be a significant risk factor; however, as discussed below, Southwest Airlines is expecting to do more connecting of passengers at MCI once the new terminal opens.

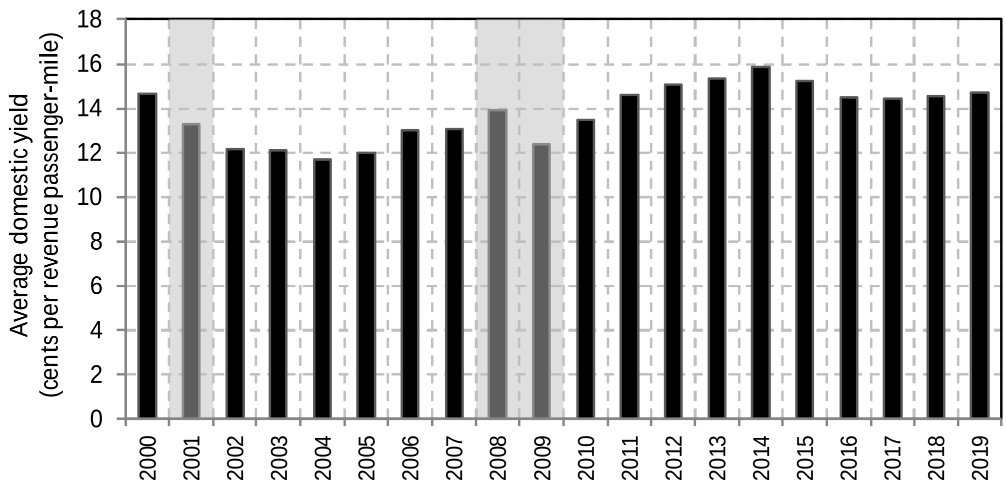
Airline Competition and Airfares

Airline fares have an important effect on passenger demand, particularly for relatively short trips for which the automobile and other travel modes are potential alternatives, and for price-sensitive “discretionary” travel. The price elasticity of demand for airline travel increases in weak economic conditions when the disposable income of potential airline travelers is reduced. Airfares are influenced by airline capacity and yield management; passenger demand; airline market presence; labor, fuel, and other airline operating costs; taxes, fees, and other charges assessed by governmental and airport agencies; and competitive factors. Future passenger numbers, both nationwide and at the Airport, will depend, in part, on the level of airfares.

Figure 19 shows the historical average domestic yield (airfare per passenger-mile) for U.S. airlines. Overcapacity in the industry, the ability of consumers to compare airfares and book flights easily via the Internet, and other competitive factors combined to reduce airfares between 2000 and 2004. The average yield then increased between 2004 and 2008 before again decreasing during the 2008-2009 recession. The average yield then increased between 2009 and 2014 as airline travel demand strengthened and the airlines collectively reduced available seat capacity and were able to sustain airfare increases. Between 2014 and 2016, the average yield decreased but, since 2016, average yield has been fairly stable.

Beginning in 2006, ancillary charges have been introduced by most airlines for services such as checked baggage, preferred seating, in-flight meals, and entertainment; thereby increasing the effective price of airline travel more than these yield figures indicate.

Figure 19
HISTORICAL DOMESTIC YIELD FOR U.S. AIRLINES



Notes: Average yields are net of taxes, fees, and passenger facility charges and exclude fees charged by the airlines for optional services.
Shaded areas indicate economic recession during all or part of year.

Source: U.S. Department of Transportation, *Air Passenger Origin-Destination Survey*, reconciled to Schedule T100, accessed August 2020.

As noted earlier, with the initiation of service by Spirit Airlines in 2014, Allegiant Air in 2015, and the change to an ultra-LCC business model by Frontier Airlines in 2014, O&D traffic increased as average fares declined.

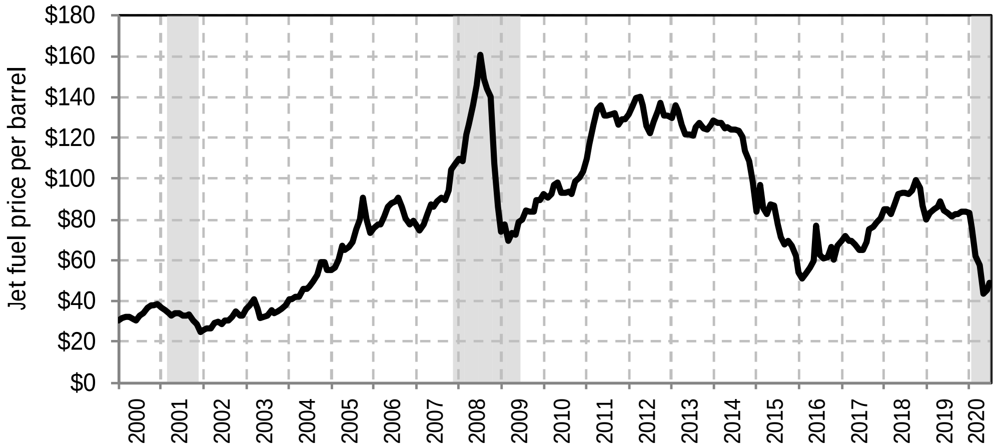
Availability and Price of Aviation Fuel

The price of aviation fuel is a critical and uncertain factor affecting airline operating economics. Fuel prices are particularly sensitive to worldwide political instability and economic uncertainty. Figure 21 shows the historical fluctuation in fuel prices since 2000.

Between early 2011 and mid-2014, fuel prices were relatively stable, partly as a result of increased supply from U.S. domestic production made possible by the hydraulic fracturing of oil-bearing shale deposits and other advances in extraction technologies. As of mid-2014, average aviation fuel prices were approximately three times the prices at the end of 2003 and accounted for between 30% and 40% of expenses for most airlines.

Beginning in mid-2014, an imbalance between worldwide supply and demand resulted in a precipitous decline in the price of oil and aviation fuel through the end of 2015. Fuel prices have since increased, but the average price of aviation fuel in April 2019 (the most recent data available) was still approximately 30% below the price at mid-2014. Lower fuel prices have a positive effect on airline profitability as well as far-reaching implications for the global economy.

Figure 20
HISTORICAL AVIATION FUEL PRICES



Notes: Data shown are monthly averages and were converted from gallons to barrels.
Shaded areas indicate months of economic recession.

Source: U.S. Department of Transportation, Bureau of Transportation Statistics, Airline Fuel Cost and Consumption, F41 Schedule P12A, www.transtats.gov, accessed September 2020.

Airline industry analysts hold differing views on how oil and aviation fuel prices may change in the near term, although, absent unforeseen disruptions, prices are expected to remain relatively low. However, there is widespread agreement that fuel prices are likely to increase over the long term as global energy demand increases in the face of finite oil supplies that are becoming more expensive to extract. Some economists predict that the development of renewable sources of energy, pressures to combat global climate change, the widespread use of electric cars, and other trends will eventually result in a decline in the demand for oil and resulting downward pressure on fuel prices in the long term.

Aviation fuel prices will continue to affect airfares, passenger numbers, airline profitability, and the ability of airlines to provide service. Airline operating economics will also be affected as regulatory costs are imposed on the airline industry as part of efforts to reduce aircraft emissions contributing to global climate change.

Aviation Safety and Security Concerns

Concerns about the safety of airline travel and the effectiveness of security precautions influence passenger travel behavior and airline travel demand. Anxieties about the safety of flying and the inconveniences and delays associated with security screening procedures lead to both the avoidance of travel and the switching from air to surface modes of transportation for short trips. Public health and safety concerns have also affected airline travel demand to particular regions of the world from time to time.

Safety concerns in the aftermath of the September 2001 attacks were largely responsible for the steep decline in airline travel nationwide in 2002. Since 2001, government agencies, airlines, and airport operators have upgraded security measures to guard against changing threats and maintain confidence in the safety of airline travel. These measures include strengthened aircraft cockpit doors, changed flight crew procedures, increased presence of armed sky marshals, federalization of airport security functions under the Transportation Security Administration (TSA), more effective dissemination of information about threats, more intensive screening of passengers and baggage, and deployment of new screening technologies. The TSA has introduced "pre-check" service to expedite the screening of passengers who have submitted to background checks.

The existing MCI terminals were designed and built prior to the need to screen passengers and baggage. Although the terminals have been reconfigured and retrofitted to comply with all security mandates over the years, they do not function as efficiently and conveniently as newer terminals. For example, seven security checkpoints are needed to screen passengers and there is not enough room to offer TSA pre-Check at every security checkpoint. This is one of the reasons why the new terminal is expected to provide a more efficient and comfortable experience for passengers and for the screening and handling of baggage.

In March 2019, , the U.S. administration as well as airlines and governments around the world grounded the Boeing 737 MAX passenger airliner after two fatal crashes of the aircraft. On August 3, 2020, the FAA issued a notice of proposed rulemaking (NPRM) for a Boeing 737 MAX airworthiness directive (AD) mandating a number of design changes and crew procedures to mitigate certain safety issues and providing for a 45-day public comment period.*

Historically, airline travel demand has recovered after temporary decreases stemming from terrorist attacks or threats, hijackings, aircraft crashes, and public health and safety concerns. Provided that precautions by government agencies, airlines, and airport operators serve to maintain confidence in the safety of commercial aviation without imposing unacceptable inconveniences for airline travelers, it can be expected that future demand for airline travel at the Airport will depend primarily on economic, not safety or security, factors.

Capacity of the National Air Traffic Control System

Demands on the national air traffic control system have, in the past, caused delays and operational restrictions affecting airline schedules and passenger traffic. The FAA is gradually implementing its Next Generation Air Transport System (NextGen) air traffic management programs to modernize and automate the guidance and communications equipment of the air traffic control system and enhance the use of airspace and runways through improved air navigation aids and procedures. Since 2007, airline traffic delays nationwide have decreased as a result of reduced numbers of aircraft operations (down approximately 20% between 2007 and 2015), but, as airline travel increases in the future, flight delays and restrictions may be expected.

Capacity of the Airport

In addition to any future constraints that may be imposed by the capacity of the national air traffic control system, future growth in airline traffic at the Airport will depend on the provision of capacity to accommodate aircraft flights and passengers. The projection is conditioned on the assumption that, during the projection period, neither available airfield or terminal capacity, nor demand management initiatives, will constrain traffic growth at the Airport. Furthermore, it is assumed that the projected increases in enplaned passengers can be accommodated by existing and planned

* Federal Aviation Administration, "Boeing 717 MAX AD NPRM Now Available for Early Public Review", August 3, 2020, www.faa.gov.

terminal capacity in conjunction with the capital improvements planned through the end of the projection period.

ENPLANED PASSENGER SCENARIOS

Two scenarios of projected enplaned passengers at MCI were developed to provide a range of potential traffic levels given rapidly changing industry conditions and alternative assumptions for the length, depth, and shape of a recovery in the economy and aviation industry.

- A faster recovery scenario reflects a return to FY 2019 pre-COVID-19 passenger traffic levels by FY 2025 followed by a long-term growth rate averaging 3.0% per year beginning in Fiscal Year 2026
- A slower recovery scenario reflects a slower return to FY 2019 passenger levels in FY 2027

The development of faster and slower growth scenarios was informed by guidance from industry analysts, including Fitch Ratings, Moody's Investor Service, and S&P Global Ratings, as summarized in Table 14.

Table 14
SUMMARY OF SELECTED AIRLINE INDUSTRY RECOVERY SCENARIOS
OF AIRLINE PASSENGER TRAFFIC FROM COVID-19

	Percent change in passengers relative to 2019 (pre-COVID-19)				
Calendar Year	2020	2021	2022	2023	2024
Fitch Ratings					
Coronavirus Base Case	-50%	-15%	-5%	0%	2%
Coronavirus Downside	-60%	-20%	-5%	0%	2%
Coronavirus Severe Downside	-60%	-20%	16%	-12%	0%
Moody's Investor Service					
Scenario 1 (faster recovery)	-65%	-35%	-15%	-5%	n.a.
Scenario 2 (slower recovery)	-75%	-55%	-25%	-15%	n.a.
S&P Global Ratings					
Baseline Estimates	-50%	-25%	-15%	-5%	n.a.
Downside Estimates	-60%	-45%	-20%	-10%	n.a.

n.a. = not available

Sources: Fitch Ratings, Coronavirus Stress Test: U.S. Regional Airports, June 17, 2020. Moody's Investor Service, Airline Sector Unlikely to Recover before 2023, Faces Deep Structural Change, June 4, 2020. S&P Global Ratings, Activity Estimates for U.S. Transportation Infrastructure Show Public Transit and Airports Most Vulnerable to Near-Term Rating pressure, June 4, 2020.

Underlying Assumptions

During the COVID-19 recovery period, it was assumed that:

- A vaccine and/or effective treatment regimen for COVID-19 will be developed and available for U.S. distribution.
- Protective measures such as social distancing, use of face masks, and shelter-in-place will remain in effect as needed to limit the further spread of COVID-19.

- Airlines will continue to promote policies to maximize safety and public health. thereby increasing consumer confidence.
- Restrictions on air travel by U.S. citizens to foreign destinations will gradually be removed.
- The U.S. economy will gradually recover as outlined in Table 6 in "Economic Outlook".

In the long-term, after FY 2019 passenger traffic levels are reached and effective preventative measures for COVID-19 are in place, it was assumed that:

- *The economy of the Kansas City CSA will increase at a rate comparable to or greater than that of the State and nation as a whole.
- The U.S. economy will experience sustained GDP growth averaging approximately 2.0% per year, as noted in the previous section "Economic Outlook".
- The Kansas City CSA's economy will continue to be more diversified, including the continued development of advanced manufacturing, agtech, energy, financial and professional services, life sciences and healthcare, and logistics, as noted in the previous section "Industry Clusters".
- Hotel infrastructure development will be sufficient to accommodate the growth in visitors and convention attendees to the Kansas City CSA.
- The Airport will continue to be primarily an origin-destination airport with gradual growth in the percentage of passengers connecting at the Airport due to its central geographical location.
- Commercial passenger airline service provided at airports in the region surrounding the Airport will increase at rates similar to or less than MCI and will not change significantly from the existing service profile.
- Southwest Airlines will continue to develop the Airport as one of its 20 busiest airports and will gradually increase the number of destinations served and the frequency of flights from the Airport.
- The airlines serving the Airport will continue to be diverse, including low cost carriers, network airlines, and foreign-flag carriers, and provide sufficient capacity to support passenger traffic growth at the Airport.
- There will be no major disruption of airline service or airline travel behavior as a result of airline bankruptcies or liquidations, international hostilities, terrorist acts or threats, or public health crises.
- Aviation fuel prices will remain at historically low levels in 2020 and 2021, averaging less than $50 per barrel reflecting reduced energy demand related to the COVID-19 pandemic, according to the U.S. Energy Information Administration's August 2020 forecast.* From FY 2021 through FY 2027, aviation fuel prices will increase at moderate rates but remain below

*In its August 2020 *Short-Term Energy Outlook*, the U.S. Energy Information Administration projected crude oil prices, in terms of West Texas Intermediate oil, to average $39 per barrel in 2020 and $46 dollars per barrel in 2021, down from $57 per barrel in 2019.

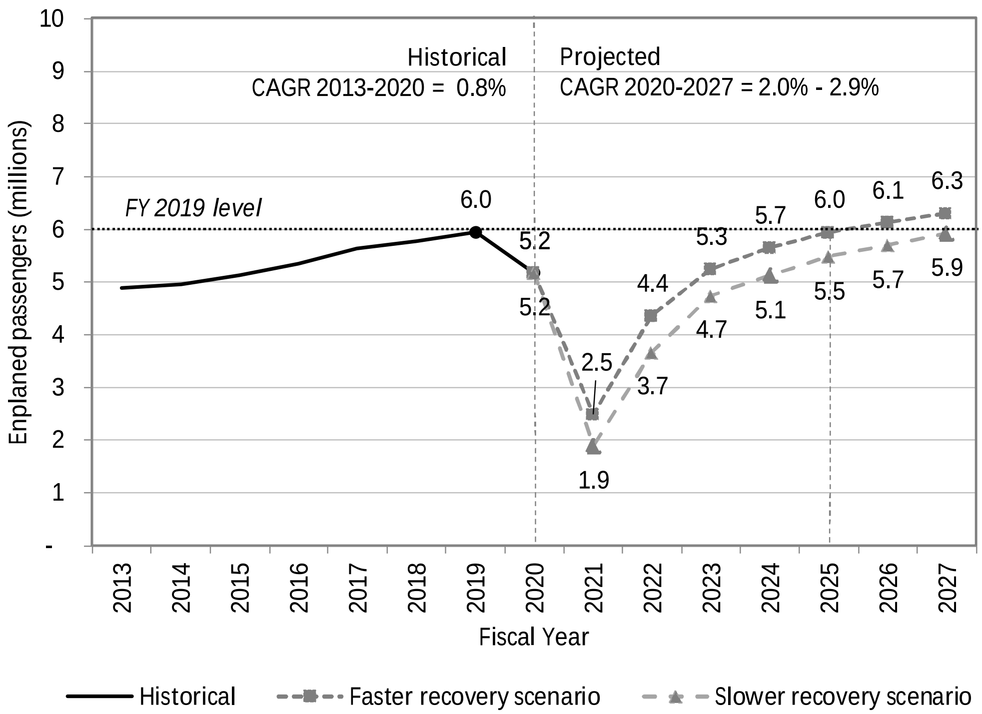
the record prices reached in mid-2008, reflecting reduced consumption levels, technological advances, and the availability of previously unexplored resources.

Enplaned Passengers

From FY 2020 through FY 2027, the number of passengers enplaned at the Airport is projected to increase an average of 2.0% to 2.9% per year, as shown in Table 15. In FY 2027, the number of enplaned passengers at the Airport is projected to total 5.9 million to 6.3 million, as shown on Figure 20.

In its most recent *Terminal Area Forecast* for the Airport (published March 2020), the FAA forecasts an average annual increase of 1.8% in the number of enplaned passengers between 2020 and 2027. The FAA forecasts do not reflect the impact of the COVID-19 pandemic on passenger traffic.

Figure 21
ENPLANED PASSENGER SCENARIOS
Kansas City International Airport



Note: For Fiscal Years ending April 30.
CAGR = Compound annual growth rate
These projections were prepared on the basis of the information and assumptions given in the text. The achievement of any projection is dependent upon the occurrence of future events which cannot be assured. Therefore, the actual results may vary from the projected and the variance could be material.

Sources: Historical—Kansas City International Airport records.
Scenarios—LeighFisher, August 2020.

Passenger Airline Service

The projections of passenger airline aircraft seats and departures are based on the enplaned passenger projections and assumptions regarding average aircraft size and enplaned passenger load factor, as shown on Table 15. Load factors averaged 78.9% in FY 2019 for all passenger traffic at MCI and decreased to 73.4% in FY 2020 as a result of reduced demand caused by the pandemic, and are projected to increase gradually to 78.0% in FY 2027. MCI load factors are lower than the national average of 84.9% for domestic traffic as reported by the FAA, reflecting the market share of Southwest Airlines (46.9% in FY 2020) and Southwest's practice of flowing passengers through MCI (i.e., through or onboard passengers) which limits the number of available seats at the Airport and puts downward pressure on local load factors.*

Seats per departure averaged 130.0 in FY 2019 and FY 2020 for all passenger traffic at MCI and are expected to decrease to 121.2 in FY 2021 based on advance airline schedules, reflecting the substitution of regional jets for narrowbody aircraft by network airlines during the pandemic. Seats per departure are projected to increase slowly to 130.9 in FY 2027. Passenger airline aircraft departures projections are calculated by dividing the enplaned passenger projections by the estimated number of passengers enplaned per departure. In FY 2020, the number of passengers enplaned per departure for the Airport as a whole is estimated to average 95.4 and is derived by multiplying the load factor by the average seats per departure (e.g., 73.4% x 130.0 = 95.4).

Landed Weight

From FY 2020 through FY 2027, total aircraft landed weight at the Airport for passenger and cargo airlines is projected to increase an average of 1.7% to 2.7% per year to 7.6 million to 8.1 million 1,000-pound units in FY 2027.

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*U.S. Department of Transportation, Federal Aviation Administration, *FAA Aerospace Forecast, Fiscal Years 2020-2040*, March 2020, www.faa.gov. Data are for U.S. mainline and regional air carriers.

Table 15
AIRLINE TRAFFIC SCENARIOS
Kansas City International Airport

	Actual		Projected							CAGR
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2020-FY 2027
Enplaned passengers (thousands)										
Faster recovery scenario	5,952	5,172	2,480	4,365	5,257	5,654	5,952	6,130	6,314	2.9%
Slower recovery scenario	5,952	5,172	1,885	3,670	4,742	5,119	5,476	5,695	5,922	2.0%
Annual percent increase										
Faster recovery scenario		-13.1%	-52.0%	76.0%	20.5%	7.5%	5.3%	3.0%	3.0%	
Slower recovery scenario		-13.1%	-63.6%	94.7%	29.2%	7.9%	7.0%	4.0%	4.0%	
O&D and connecting enplaned passengers (thousands)										
Faster recovery scenario	5,578	4,879	2,356	4,146	4,995	5,258	5,535	5,701	5,872	2.7%
Slower recovery scenario	5,578	4,879	1,790	3,487	4,505	4,760	5,092	5,296	5,508	1.7%
Connecting										
Faster recovery scenario	373	293	124	218	263	396	417	429	442	6.0%
Slower recovery scenario	373	293	94	184	237	358	383	399	415	5.1%
Percent O&D	93.7%	94.3%	95.0%	95.0%	95.0%	93.0%	93.0%	93.0%	93.0%	
Percent connecting	6.3%	5.7%	5.0%	5.0%	5.0%	7.0%	7.0%	7.0%	7.0%	
Passenger airline service										
Load factor	78.9%	73.4%	53.3%	74.3%	75.1%	75.4%	76.9%	77.5%	78.0%	0.9%
Average seats per departure	130.0	130.0	121.2	122.8	126.6	130.9	130.7	130.8	130.9	0.1%
Landed weight (1,000-pound units)										
Faster recovery scenario										
Passenger airlines	6,811	6,152	4,313	5,787	6,663	6,879	7,100	7,251	7,405	2.7%
All-cargo airlines	591	581	595	605	629	660	673	687	701	2.7%
Total	7,402	6,733	4,908	6,392	7,292	7,540	7,773	7,937	8,106	2.7%
Slower recovery scenario										
Passenger airlines	6,811	6,152	3,278	4,866	6,009	6,228	6,532	6,735	6,946	1.7%
All-cargo airlines	591	581	595	593	599	605	611	617	623	1.0%
Total	7,402	6,733	3,873	5,459	6,608	6,832	7,143	7,352	7,569	1.7%
Annual percent increase										
Faster recovery scenario		-9.0%	-27.1%	30.2%	14.1%	3.4%	3.1%	2.1%	2.1%	
Slower recovery scenario		-9.0%	-42.5%	41.0%	21.0%	3.4%	4.5%	2.9%	2.9%	

Note For Fiscal Years ending April 30. Totals may not add due to rounding. CAGR = Compound annual growth rate. Date of beneficial occupancy is 2024.
The projections presented in this table were prepared using the information and assumptions given in the accompanying text. Inevitably, some of the assumptions used to develop the projections will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the projected and actual results, and those differences may be material.

Sources: Historical: Kansas City International Airport records.
Projection: LeighFisher, August 2020. See text for basis of traffic recovery scenarios.

FINANCIAL ANALYSIS

This section provides a summary of the financial framework for the Airport System and assumptions used to develop projections of financial results under the "slower traffic recovery" scenario described in the previous section. The financial exhibits reflect the slower traffic recovery scenario. The primary differences under the faster recovery scenario are (1) for the pre-DBO period with compensatory ratemaking, projected nonairline revenues and debt service coverage would be higher while projected airline cost per enplaned passenger (CPE) would be lower and (2) for the post-DBO period with Airport System residual airline ratemaking, the projected CPE would be lower. Under the slower recovery scenario, more CARES Act grants are assumed to be applied to pay O&M Expenses in FY 2021.

FRAMEWORK FOR FINANCIAL OPERATIONS

The City owns MCI and MKC, which are operated as a revenue-producing enterprise fund by the Kansas City Aviation Department ("KCAD" or "Aviation Department"). MCI and MKC are collectively defined as the "Airport System" under the Master Bond Ordinance.

The City is governed by the City Council, which determines City policy and oversees City affairs. City Council is composed of the Mayor and 12 other elected members. The Mayor and six of the Council Members are elected at large and six Council Members are elected by the residents of their districts. All are elected to four-year terms, which begin at the same time, and the Council members may serve two consecutive terms. The City Council appoints the City Manager, who is responsible for carrying out the policies determined by the Council. City Manager appoints and has oversight responsibility for the Director of Aviation.

Each year, all City departments, including the Aviation Department, are required to prepare their budget requests for the subsequent fiscal year. The Budget Office then reviews all departmental budget requests and makes recommendations to the City Manager. The City Manager and the budget staff confer with departmental officials to determine the appropriate budget levels, after which the City Manager submits his recommendations to the Mayor and City Council. There is a specified period of time established for the Mayor and the City Council to consider the proposed budget, make any changes, and adopt the budget in accordance with the City Charter. The City Charter requires a balanced budget to be adopted by the City Council no later than its fourth meeting in March. The department heads, including the Director of Aviation, submit quarterly reports to the City Council to compare budgeted and actual results.

The Mayor appoints five members of the City Council to serve on the Transportation and Infrastructure Committee. These committees perform in-depth reviews of proposed Aviation Department legislation and objectives. As a sub-group of the full City Council, the Transportation and Infrastructure Committee performs in-depth reviews of proposed Aviation Department legislation, including ordinances related to capital projects. The Committee performs such reviews by receiving briefings from Aviation Department staff and hearing testimony by staff and the public at Committee meetings. After the Committee completes its deliberation, legislative items are forwarded with a recommendation regarding passage to the full City Council for a vote.

The Director of Aviation is responsible for the operation and maintenance of the Department's two airport facilities: MCI and MKC as well as is responsible for department staffing requirements. The Aviation Department has approximately 500 employees, led by the Director of Aviation, 5 deputy directors, and 19 division managers. Each division manager is responsible for budgeting and overseeing the daily operations of his/her respective division.

Unless otherwise defined herein, all capitalized terms in this report are used as defined in the Master Bond Ordinance, the Indenture, the Financing Agreement, the Airline Use and Lease Agreement, or the preliminary official statement related to the 2020 Bonds.

Series 2020 Senior Appropriation Obligations and Master Bond Ordinance

The 2020 Bonds are being issued pursuant to the Bond Ordinance, Indenture, and Financing Agreement each as amended and described in the letter to this report and in more detail in the preliminary official statement.

The Master Bond Ordinance provides the conditions and associated covenants for the issuance of (1) Senior Obligations, consisting of Senior Bonds and Senior Appropriation Bonds, (2) Subordinate Obligations, and (3) Junior Obligations which are secured by Revenues.

Revenues are generally defined as all income and revenues received by the City from the operation of the Airport System. Revenues exclude Passenger Facility Charges ("PFCs"), Customer Facility Charges ("CFCs"), Federal Direct Payments, and certain other revenues, except to the extent PFCs, CFCs, Federal Direct Payments, or other revenues are specifically designated by the City as Revenues in a Supplemental Ordinance. However, if PFCs, CFCs, Federal Direct Payments (including CARES Act grants used to pay debt service), or other moneys not included in Revenues have been irrevocably committed or are held by the City and are to be set aside exclusively to be used to pay principal of and/or interest on specified Obligations, then such principal and/or interest may be excluded from the calculation of Aggregate Annual Debt Service and/or Annual Debt Service on the Obligations, thus decreasing Aggregate Annual Debt Service and/or Annual Debt Service on the Obligations for purposes of the Rate Covenant and the Additional Obligations tests under the Master Bond Ordinance. Although the City has not designated PFCs as Revenues, it has allowed for the holding of PFCs to be set aside exclusively to pay principal of and/or interest on the PFC Eligible Portion of the 2019 Bonds and 2020 Bonds.

Operation and Maintenance Expenses ("O&M Expenses") consist of the City's expenses to operate, maintain, and preserve the Airport System in good repair and working order, including all administrative costs of the City that are charged directly or apportioned to the operation of the Airport System, but do not include payments in lieu of taxes to be paid by the Airport System to the City; depreciation; amortization or intangibles; replacement and obsolescence charges or reserves; principal, interest, or costs of issuance for capital leases or indebtedness; non-cash pension obligations or OPEB Obligations; Swap Termination Payments; or Operation and Maintenance Expenses payable from moneys other than Revenues.

Rate Covenant. In Section 6.03 of the Master Bond Ordinance (the "Rate Covenant"), the City covenants that it will establish, fix, prescribe, and collect fees and other charges for the use of the Airport so as to produce Net Revenues in an amount at least equal to:

1. The sum of amounts required to be deposited to cover all debt and debt reserve payments for all liens (senior, subordinate, and junior) and

2. Including any Transfer* an amount at least equal to (a) 1.25 times the Annual Debt Service on Outstanding Senior Obligations for each Fiscal Year and (b) 110% of Annual Debt Service on the Outstanding Subordinate Obligations in such Fiscal Year.

For purposes of determining the amount of Annual Debt Service to be used to determine compliance with the Rate Covenant, Annual Debt Service is defined in the Master Bond Ordinance to exclude the payment of principal of and interest on indebtedness for which funds are or are reasonably expected to be available for and which are irrevocably committed to make such payments, including any such funds constituting capitalized interest.

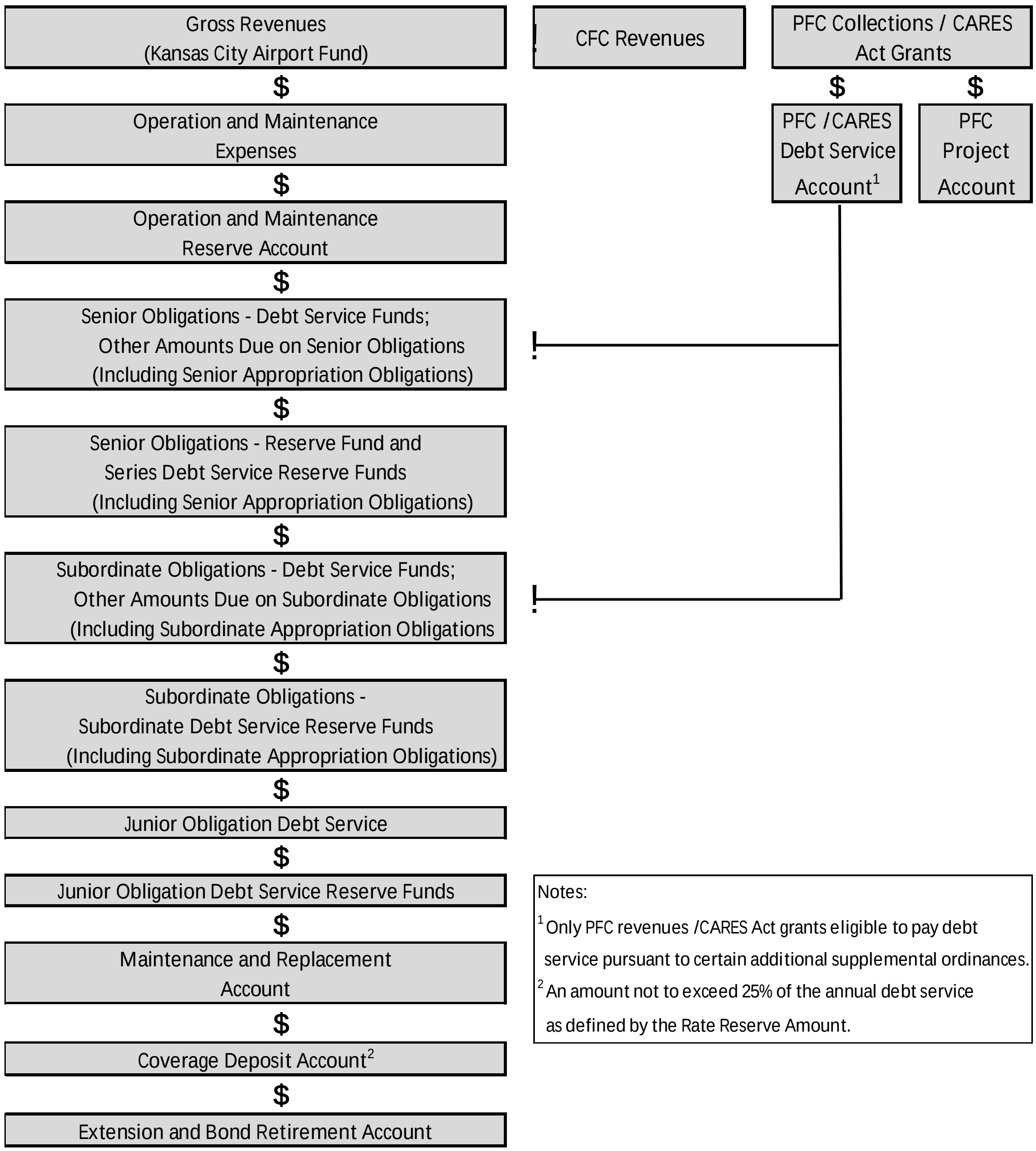
Additional Bonds Test. Under Section 5.02 of the MBO (referred to in this Report as the "Additional Bonds Test"), certain conditions must be met before Senior Obligations may be issued for the purpose of financing, acquiring, constructing, improving, or completing additional projects, or for the purpose of refunding or paying any outstanding obligation of the City with a lien on or security interest granted in Net Revenues equal to the Senior Obligations. This includes meeting the tests for issuance of Senior Obligations as set forth in Section 5.04. These conditions require, among other things, that estimates of Net Revenues, together with any Transfer, shall equal at least 125% of Aggregate Annual Debt Service on (1) Outstanding Obligations, and (2) the Additional Obligations. The estimates of Net Revenues must satisfy these obligations for each of the three Fiscal Years following the Fiscal Year during which no interest on the proposed Senior Obligations is expected to be paid from the proceeds. The Transfer taken into account cannot exceed 25% of the Aggregate Annual Debt Service on the Outstanding Senior Obligations and the proposed Series of Senior Obligations. With respect to the Additional Bonds Test, Aggregate Annual Debt Service is computed based on the average Aggregate Annual Debt Service on any Outstanding Obligations, proposed Series of Obligations, or other obligations of the City for the Airport System calculated by dividing such amount by the number of years remaining until the last of such Obligations, proposed Series of Obligations, or other obligations matures.

Flow of Funds. In Section 4.04 of the Master Bond Ordinance, the City covenants that all Revenues will be deposited into the Kansas City Airports Fund and then deposited into the various funds and accounts and in order of priority as illustrated in Figure 22 assuming the proposed requirements are met. Based on the residual nature of the Post-DBO Agreements and the funding of the Coverage Deposit Account in an amount equal to meet the Rate Covenant under the Master Bond Ordinance, it was assumed that the proposed requirements would be met in every Fiscal Year of the projection period. The Preliminary Official Statement provides a summary of the flow of funds in the unlikely event the proposed requirements are not met.

*"Transfer" in the Master Bond Ordinance means for any Fiscal Year, the lesser of (a) the amount on deposit in the Coverage Deposit Account on the first day of such Fiscal Year and the amount of unencumbered funds on deposit or anticipated to be on deposit, as the case may be, in the Kansas City Airports Fund (other than the amounts on deposit in the Coverage Deposit Account) on the first day of such Fiscal Year (after all deposits and payments of funds in the Kansas City Airports Fund required by the MBO through and including the Maintenance and Replacement Account as shown in Figure 21), or (b) 25% of Aggregate Annual Debt Service on Senior Obligations payable in such Fiscal Year.

Figure 22
FLOW OF FUNDS UNDER THE MASTER BOND ORDINANCE
Kansas City Aviation Department

FLOW OF FUNDS UNDER MASTER BOND ORDINANCE
WHEN SENIOR/SUBORDINATE LIEN REQUIREMENTS MET



Source: Master Bond Ordinance.

Currently, the 2013A Bonds are the only outstanding Senior Bonds and the 2019A/B/C Bonds are the only Senior Appropriation Obligations. The 2020C Bonds will refund the 2013A Bonds as Senior Appropriation Bonds. There are no Outstanding Subordinate Obligations.

Passenger Facility Charge Program

PFCs are fees imposed on enplaned passengers by airport sponsors to generate revenues for eligible airport projects that increase capacity, enhance competition among and between air carriers, enhance safety or security, or mitigate noise impacts. PFCs were authorized by Title 49 U.S.C. §40117. Airport sponsors are authorized to collect PFCs in the amount up to $4.50 per enplaning passenger.

As shown on Table 16, the City has received approval from the FAA to collect and use PFCs under 12 applications for a total of $538 million in collection authority. Through April 30, 2020, PFC Revenues received by the City, including investment earnings, totaled $480 million, of which $405 million had been expended on approved project costs.

Table 16
APPROVED PASSENGER FACILITY CHARGES
Kansas City International Airport
Through April 30, 2020

Application	PFC Level	Collection Authority	Use Authority	Collections	Disbursements[1]
19-12-C-00-MCI (open)	$4.50	$ 62,838,482	$ 62,838,482	$ 4,979,849	$ -
19-11-C-00-MCI (open)	$4.50	16,317,683	16,317,683	16,317,683	10,553,123
17-10-C-00-MCI (open)	$4.50	29,705,589	29,705,589	29,705,589	12,589,239
15-09-C-00-MCI (open)	$4.50	69,983,557	69,983,557	69,983,557	69,613,417
05-05-C-04-MCI (open)	$4.50	31,070,963	31,070,963	31,070,963	31,069,961
00-03-C-04-MCI (open)	$3.00	58,200,621	58,200,621	58,200,621	54,065,034
99-02-C-05-MCI (open)	$4.50	6,741,254	6,741,254	6,741,254	6,741,244
95-01-C-08-MCI (open)	$4.50	263,009,213	263,009,213	263,009,213	220,067,549
Total		**$ 537,867,362**	**$ 537,867,362**	**$ 480,008,729**	**$ 404,699,566**

1. Expenditures for each application may commence upon notification of the approval of the application. For reporting purposes, PFC collections are reported as applied to each application in order of the applications until the collection authority amount has been met for each application. As a result of this reporting method, there are allowable expenditures reported for applications that may not show collections directly assigned to them.

Source: Kansas City Aviation Department.

The City plans on developing an application for approval to impose and use PFCs at the $4.50 level to fund eligible portions of the construction costs of the TMP in late spring 2021. The City expects to receive approval to use PFCs on a fully leveraged basis to a portion of allocable debt service from PFC revenues. The financial projections presented in this report reflect this expected PFC-use approval.

The City plans to continue to set aside portions of the debt service for the 2020C Bonds (the refunded Series 2013A Bonds) to be payable from PFC revenues thereby permitting PFC revenues to be used to offset debt service while these bonds remain outstanding through FY 2028.

Airline Use and Lease Agreements

The City has negotiated Airline Use and Lease Agreements for two discrete time periods: pre- DBO and post-DBO.

Pre-DBO Agreements. In 2009, the City entered into Use and Lease Agreements relating to the use of MCI, the rental of space, and the establishment of landing fees (the "Pre-DBO Agreements"). The Pre-DBO Agreements have been amended several times to extend the term, modify the ratemaking, and provide Signatory Airline pre-approval for capital improvements. The following airlines are currently signatory to these agreements: Alaska Airlines, American Airlines, Delta Air Lines, Southwest Airlines, United Airlines, FedEx, and UPS.

Under the Pre-DBO Agreements, the calculation of landing fees and loading bridge fees for the Airport are based on a cost center residual method that credits to the respective cost center non-airline revenues derived from the use of the airfield and loading bridges, respectively. The residual landing fees also include the net cost to operate MKC up to an annual cap of $375,000 adjusted annually for inflation. The calculation of the terminal rental rate and terminal apron rate for the Airport is based on a compensatory methodology that allocates to the airlines the cost of the terminal and apron space they use.

Master Amendment #1, which became effective May 1, 2014, included several refinements to the ratemaking, including (1) the decommissioning of Terminal A (which allowed allocable debt service to be included in the terminal rental rate base for Terminals B and C) and (2) an annual "Major Maintenance Surcharge Requirement" equal to $5.5 million per year for annual capital improvements. The annual Major Maintenance Surcharge Requirement is allocated to the Airfield Area, Terminal Area, and Terminal Apron Area cost centers based on the percentage allocation of O&M Expenses for such cost centers and recovered through landing fees, terminal rentals, and apron fees.

Master Amendments #2 and #3 extended the term and updated certain other provisions.

Master Amendment #4, which was negotiated concurrently with the negotiation of a new airline agreement to take effect as of the date of beneficial occupancy (the "Post-DBO Agreements), further extends the term through completion of the TMP (i.e., the date of beneficial occupancy or "DBO") and provides for (1) the funding of the deposit to the Coverage Deposit Account and (2) the projected increase in the Airlines Operation and Maintenance Reserve Requirement effective at DBO through airline rates and charges during Fiscal Years 2022 and 2023 to the extent not funded through Airport cash on hand. The Airlines Operation and Maintenance Reserve Requirement will increase when the residual ratemaking of the Post-DBO Agreements take effect to be equal two months' of annual budgeted O&M Expenses for the total Airport System instead of just the Airfield and Terminal cost centers while the Pre-DBO Agreements are in effect. Under Master Amendment #4, the Signatory Airlines also provided Majority-In-Interest ("MII") approval of the capital improvements related to the TMP and a process for making any adjustments to the $1.5 billion estimated cost and all of the capital projects in the 2019 – 2023 CIP at the time of the amendment.

Airlines that were signatory to the Pre-DBO Agreement under Master Amendment #3, which extends through April 30, 2020, and chose not to sign Master Amendment #4 and the Post-DBO Agreement concurrently have elected to be Non-Signatory Airlines until DBO and will be subject to non-signatory rates from May 1, 2020 through DBO of the new terminal. Non-signatory rates are equal to 125% of the signatory rates.

Post-DBO Agreements. Under the Post-DBO Agreements, the Signatory Airlines provided Majority-In-Interest ("MII") approval of the capital improvements related to the TMP and a process for making any adjustments to the $1.5 billion estimated cost. Signatory Airline rentals, fees, and charges will be calculated to ensure that the Airport System generates sufficient Airport System Revenues to operate on a break-even basis under the residual ratemaking methodology after paying all Costs of the Airport System (as defined below) plus produce annual discretionary funding for Airport System capital improvements or other lawful purposes from (1) a required deposit to the Maintenance and Replacement Account and (2) a Management Incentive Fee. The annual required deposit into the Maintenance and Replacement Account is $11 million commencing with the Fiscal Year in which DBO occurs and increased annually after DBO by the lesser of 5% or the change in the Consumer Price Index. The annual Management Incentive Fee is equal to 5% of all Airport System Revenue derived by the City during the then-current Fiscal Year from Non-Airline Revenues. Non-Airline Revenues are generally all Revenues less airline fees and charges, interest earnings on the Extension and Bond Retirement Account, and the proceeds of any taxes collected at the Airport or the Airport's share of any tax revenues received from the Development District within the Community Improvement District as designated by City ordinance. Through residual ratemaking the Management Incentive Fee will flow through to the Extension and Bond Retirement Account maintained by the City.

Rate Base Costs. Costs are defined to include:

1. Operation and Maintenance Expenses.

2. Deposit to the Airlines Operation and Maintenance Reserve Requirement after giving effect to amounts on deposit in the Airlines Operation and Maintenance Reserve Account.

3. Aggregate Annual Debt Service, which is net of irrevocably committed PFC revenues.

4. Debt Service Coverage Requirement, if any, after giving effect to amounts on deposit in a Coverage Deposit Account. The Debt Service Coverage Requirement is the amount necessary to produce or maintain an amount in the Coverage Deposit Account pursuant to the Master Bond Ordinance.

5. Expensed Equipment and Capital Outlays. Equipment and Capital Outlays are individual equipment purchases and capital outlays to maintain or rehabilitate the Airport with a net cost to the City not in excess of $600,000 net of grants-in-aid and/or PFC revenues (as adjusted annually by the change in the CPI) and can be expensed in the Fiscal Year acquired or expended.

6. Capital Projects to be expensed as provided in the agreement. Capital Projects are any expenditure made to acquire, purchase or construct a single capital item or project for the purpose(s) of improving, developing, preserving, or enhancing the Airport and having a net cost to City in excess of $600,000 (as adjusted annually by the change in the CPI) and a useful life in excess of one year.

7. Fund Deposit Requirements. Fund Deposit Requirements are amounts necessary to deposit to accounts established in the Master Bond Ordinance to satisfy all requirements set forth in the Master Bond Ordinance

8. The estimated amount of defending, settling, or satisfying any threatened litigation, litigation, assessment, judgment, settlement or charge net of estimated insurance proceeds to become payable to City relating directly to the Airport System or its operation net of any revenues

received by the City of any judgment or settlement arising as a result of the City's ownership, operation and maintenance of the Airport System payable during said Fiscal Year

9. Any and all other sums, amounts, charges or requirements of the City required to be recovered, charged, set aside, expensed or accounted for under the Post-DBO Agreement or the Master Bond Ordinance.

Under the Post-DBO Agreements, 90% of all PFC revenues collected in each Fiscal Year (the "Maximum Required PFC Level") is to be applied by the City to offset Debt Service. In the event U.S. Congress approves an increase in the PFC level and the City applies for and receives approval from the FAA to increase the PFC level, the incremental increase in PFC revenues attributable to the higher collection level will first be allocated by the City to unfunded TMP PFC eligibility, unless otherwise agreed upon by City and a Majority-In-Interest ("MII") of the Signatory Airlines , and the remaining PFCs will be available for other PFC-approved projects identified by the City. In this context, MII means Signatory Airlines leasing space within the Terminal representing greater than 67% in number and having paid greater than 50% of the total Signatory Airline Terminal rentals.

Basis of Use. Both the Pre-DBO Agreements and Post-DBO Agreements provide for the rental of space and the use of certain facilities by the Signatory Airlines, the establishment of cost accounting centers, and the periodic adjustment of the rentals, fees, and charges to be paid by the Signatory Airlines as determined by the costs and expenses associated with the Airfield Area, Downtown Airport (MKC), Terminal Area, Terminal Apron Area, Loading Bridges, and Nonairline Area (each as defined in the use agreements). In the Pre-DBO Agreements space is rented to the Signatory Airlines on an exclusive use basis subject to accommodation provisions.

Under the Post-DBO Agreements, (1) ticket counters, ticket kiosks, airline ticket offices, holdrooms, and Terminal aircraft apron will be leased on a preferential use basis, (2) Common Use Baggage Premises (consisting of inbound and outbound baggage square footage, excluding tug drive space used primarily for ingress and egress) on a common use basis, and (3) all other space (including bag service offices, operations areas, and club lounges) on an exclusive use basis. All other common use facilities (ticket counters, holdrooms, loading bridges, aircraft aprons, and remain overnight ("RON") positions) may be used by any airline on a common use basis subject to a per-turn fee or other activity basis.

Cost Centers. The City has established Cost Centers to track revenues and expenses that are used in the calculation of airline rates and charges. The City accounts for all operating revenues, and for direct operating expenses, on the basis of these Cost Centers. In addition, the City incurs certain indirect expenses, which are allocated to the Cost Centers based on the estimated usage by cost center. The following direct cost centers are used in the calculation of airline rates and charges:

- Airfield – those portions of the Airport, excluding the Terminal Apron, providing for the landing, taking off, and taxiing of aircraft, including without limitation, approach and turning zones, runway protection zones, safety areas, infield areas, landing and navigational aids, service roads, fencing, buffer areas, non-terminal deicing facilities, deicing reclamation facilities, fuel farm, clear zones, avigation or other easements, access roadways, perimeter roads, runways, a fully integrated taxiway system, runway and taxiway lights, and other appurtenances related to the aeronautical use of the Airport, including any property purchased for noise mitigation purposes, as may be designated from time to time by the City in its reasonable discretion.

- Terminal Apron –those areas of the Airport surrounding the Terminal that are designated for the parking, including overnight parking and remote parking, of passenger aircraft, support vehicles and equipment, the loading and unloading of passenger aircraft, and taxi lanes for aircraft circulation, terminal deicing facilities, and fuel hydrant and delivery systems.
- Terminal – all passenger terminal buildings, including all landside and airside passenger terminal facilities, and, to the degree appropriate, access roadways, tunnels, sidewalks and people mover systems used to access the terminal, which will include the newly-constructed facilities resulting from the Terminal Modernization Program upon completion.
- Loading Bridges – the terminal loading bridges, including pre-conditioned air, ground power/400Hz, potable water, fire bottles, and related equipment used to transport passengers between the Terminal and an aircraft and other devices, if any, to assist with passenger boarding onto and deplaning from aircraft.
- Non-Airline Area – those areas of the Airport not in the Airfield Area, Terminal Area, Terminal Apron Area, Downtown Airport or Loading Bridge Cost Centers.
- Downtown Airport – means the Kansas City Charles B. Wheeler Downtown Airport, which is the general aviation reliever airport.

Annual True-up and Mid-Year Adjustment. Prior to the start of each Fiscal Year, the City establishes rates to be in effect for the subsequent Fiscal Year. After the close of each Fiscal Year, there is an annual settlement, whereby the rates and charges are recalculated using audited financial statements to determine any airline under/over payment. If at any time during any Fiscal Year, the City's projections based upon its most recently available information with regard to Net Airfield Area Costs or Net Terminal Costs (as described above) actually incurred or realized during the Fiscal Year, together with the most recently available information with respect to landing fees or terminal rentals actually received by the City, indicate that such payments at the then-current rates would result in an overpayment or underpayment of five percent (5%) or more of the amount required to be generated by the City through such fees and charges during the Fiscal Year, then the City may adjust the respective rates for the remaining months of the Fiscal Year to conform to its current projection. The Post-DBO Agreements also (1) grant certain rights and privileges to air carriers (passenger and cargo), (2) provide for the timing and manner of required payments of rates and charges, and (3) set forth other applicable operating conditions and requirements at the Airport.

Signatory Airlines. The following airlines have executed Master Amendment #4 and the Post-DBO Agreements: Alaska Airlines, American Airlines, Delta Air Lines, Southwest Airlines, United Air Lines, FedEx, and UPS. These airlines accounted for approximately 94% of the passenger market share at the Airport in FY 2020 and 98% of the landed weight. The Post-DBO Agreements extend through April 30, 2028 (FY 2028).

TERMINAL MODERNIZATION PROJECT

As illustrated on Figure 23, the TMP is a program to replace the existing passenger terminals at MCI with a new terminal and associated facilities that was developed on a collaborative basis with the airlines from 2014 - 2019. It consists generally of the following:

1. *Site Development* – clearing and grading of the current Terminal A site, construction of access roadways, and installation of utilities to accommodate the new terminal complex as well as demolition of Terminals A, B, and C and a new central utility plant providing chilled water and electrical service to the new terminal; relocation of pipelines, natural gas lines, communications facilities, and electronic transmission lines; demolition of Terminal A;

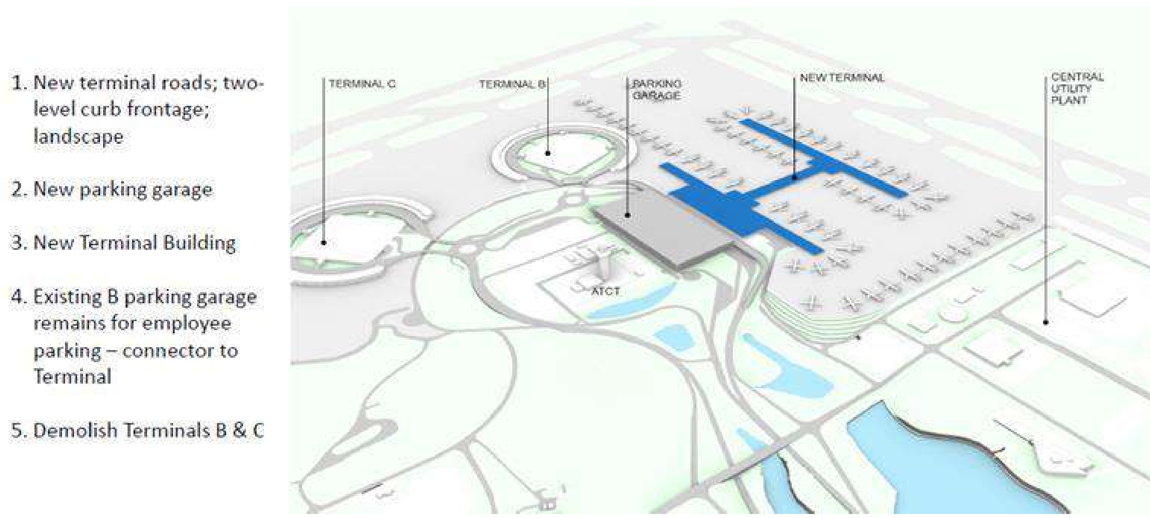
environmental mitigation (if any); site grading and drainage; fencing; construction access roads and staging areas. In addition, provided sufficient funds are available, the project will also pay for demolition of Terminals B and C, and if not, such costs will be borne by the airlines through rates and charges during the term of the Post-DBO Agreements.

2. *Terminal Roadways* – modification of the existing airport roadway network to provide access to the new terminal, parking garage, surface parking, and related airport facilities; construction of an elevated roadway to provide vehicular access to the terminal departures curb; and construction of an at-grade roadway to provide vehicular access to the lower level arrivals curb.
3. *Terminal Building* – landside and airside buildings comprising between 1.0 and 1.1 million square feet connected by an above-ground walkway with moving walkways. The building is designed to accommodate 39 Aircraft Design Group III aircraft along with curbside, ticketing lobby, TSA passenger security screening checkpoint, TSA in-line Checked Baggage Inspection System, baggage claim areas, US Customs & Border Protection facilities (Federal Inspection Services), concessions, and associated public areas and support functions.
4. *Airline Equipment* – equipment to address air carrier operations in the terminal, including passenger boarding bridges, aircraft support systems, communications infrastructure, common use communications system for City-controlled gates, information display systems, inbound and outbound baggage handling systems, virtual ramp control, and applicable tenant finishes.
5. *Terminal Apron, Taxilanes, Aircraft Parking, Deicing, and Hydrant Fueling* – aircraft apron and non-movement areas sized to accommodate aircraft fleet, dual taxilanes, connections to Taxiway "B" and Taxiway "D," 25 remain overnight aircraft parking positions and 15 deicing positions in proximity to the terminal, and in-ground hydrant fueling system to service the 39 gates with a connection to the existing aviation fuel farm system.
6. *Parking Facilities* –multi-level public parking structure with approximately 6,200 parking spaces connected to the terminal headhouse via roadway crosswalks. The arrivals level of the garage includes a covered commercial curb for hotel, parking, and rental car shuttles as well as connection capabilities to public transportation. Close-in public surface parking with approximately 880 parking spaces within walking distance of the terminal.

The new terminal complex is being constructed on the site of old Terminal A. The independent nature of the three terminals has allowed for construction of the new terminal and other components of the TMP while still maintaining existing operations in Terminals B and C during construction.

Construction commenced in March 2019 and the expected date of beneficial occupancy ("DBO") of the new terminal is March 2023. Terminal construction documents are forecast to be 100% complete as of September 24, 2020. Once the new terminal is operational, Terminals B and C will close.

Figure 23
TERMINAL MODERNIZATION PROJECT SITE DIAGRAM
Kansas City International Airport
(May 2019)



Source: Edgemoor Infrastructure & Real Estate II LLC.

Project Development Agreement

The City entered into a development agreement dated February 28, 2019 (the "Project Development Agreement") with Edgemoor Infrastructure & Real Estate II LLC (the "Developer") whereby the Developer is responsible for the development, design, and construction of the TMP. The design-builder for the TMP is a joint venture among Clark Construction Group, LLC, a Maryland limited liability company ("Clark"), The Weitz Company, LLC, an Iowa limited liability company ("Weitz"), and Clarkson Construction Company, a Missouri corporation ("Clarkson"), formed specifically for the TMP, known as "Clark/Weitz/Clarkson" or "CWC" (the "Design-Builder"). The Design-Builder is responsible for the design and construction of the TMP pursuant to a design-build agreement with Edgemoor (the "Design-Build Agreement"). The Project Development Agreement also provides for various labor and contracting procedures, forms of performance, and payment bonds and insurance requirements.

Project Term. The term of the Project Development Agreement expires when a certificate of final completion has been issued. The Developer's obligation to begin construction of the TMP is contingent upon the satisfaction or waiver of certain conditions precedent set forth in the Project Development Agreement and the issuance of the. On March 25, 2019, in accordance with the Project Development Agreement, the City issued a Notice to Proceed ("NTP") with the TMP in accordance with the Project Development Agreement.

As set forth in the Project Development Agreement the City, the City's cost consultant, the Developer, and the Design-Builder have been collaborating and working in good faith to develop revised design and reference documents and issued for construction documents pertaining to the TMP. The revised design and reference documents have been completed in accordance with the master schedule included in the Project Development Agreement.

Project Governance. The Project Management Committee has been guiding the overall TMP development process, and a Steering Oversight Committee, comprised of the Director of the Aviation Department and an Airline representative, has been providing direction on threshold issues brought forward by the Project Management Committee. The Developer must concur with all Project Management Committee recommendations on threshold issues before such threshold issue recommendations are submitted to the Steering Oversight Committee for review. The City has ultimate and final responsibility for fulfilling its obligations and enforcing its rights under the Project Development Agreement.

The Developer will retain or cause to be retained only contractors that are qualified, experienced, and capable in the performance of the portion of the work assigned. The Developer will assure that each contractor has at the time of execution of its contract and maintains at all times during performance of the assigned work, all licenses, bonds and insurance required by applicable law. The retention of contractors by the Developer will not relieve the Developer of its responsibilities under the Project Development Agreement or for the quality of the work or materials or services provided by it, whether directly or indirectly. All individuals performing work will have the skill and experience and all licenses or certifications required to perform the work assigned to them in accordance with the forms of contracts attached to the base Project Development Agreement. The Developer will pay, or cause to be paid, wages to workers that are consistent with the State's prevailing wage law.

Subject to the terms and conditions set forth in the Project Development Agreement, the City owns the TMP for public purposes and the Developer will manage, plan, design, develop, construct, complete, and make operational the TMP in accordance with the Project Development Agreement. From and after Site delivery, the Developer has exclusive control over the development of the TMP, except as set forth in the Project Development Agreement and is responsible, except as otherwise specifically provided, for meeting, either directly, indirectly or through contractual or other arrangements, any and all requirements of law, including environmental laws. The City will have the right at all times to conduct oversight of the work to the extent the City deems necessary or advisable, in its sole discretion, provided that the City will conduct any such oversight in a manner that does not unreasonably interfere with the work. The Developer will, to the extent permitted by law, indemnify the City and the City's related indemnified parties from and against certain losses set forth in the Project Development Agreement.

Project Costs. The Developer and the City have agreed to a budget ceiling for the final cost of the TMP of $1,362,667,841 which includes an owner contingency of approximately $28.3 million. The $1.5B also includes, along with costs that will be paid directly by the Airport of $137,332,159. The final Guaranteed Maximum Price ("GMP") is guaranteed by the Developer and is the maximum amount to be paid by the City to the Developer for the performance of the work set forth in the Development Agreement, subject to revision as set forth in the Development Agreement.

AIRPORT CAPITAL IMPROVEMENT PROGRAM

In addition to the TMP, the Aviation Department maintains an ongoing major maintenance and capital improvement program ("CIP") for the Airport System as shown on Exhibit A-2. The program is designed to ensure the continued availability of existing facilities and to develop improvements necessary to meet the ongoing air travel demands of the region. Identification of maintenance projects comes from periodic reviews of facilities, field reports and a deferred maintenance schedule. Capital projects are also identified through a review of the ability of specific areas to meet public demand levels for these facilities as well as the airport master planning process for each airport, which typically examines a 20-year planning cycle.

Funding for capital improvement projects generally comes from accumulated airport revenues, federal grants, PFCs, and the issuance of general airport revenue bonds. The estimated costs of the CIP anticipated to be funded for the City's Fiscal Years 2021 through 2025 for the Airport System is approximately $217 million (excluding the TMP) and is anticipated to be funded by AIP grants, pay-as-you-go PFCs, rental car Customer Facility Charges, and Aviation Department funds. It is anticipated that approximately $75 million of these improvements will be funded from Revenues. Although the CIP has a five-year horizon, projects are budgeted and approved on a Fiscal Year basis. Funding for the CIP is determined on an annual basis, as capital projects are identified for funding. The City does not plan to issue additional debt to fund this program.

The FY 2021 – 2025 CIP represents, to the City's best knowledge and belief at this time, all of the significant capital improvements expected to be undertaken through FY 2025. The City reassesses its capital needs at least annually and will modify the FY 2021 – 2025 CIP as necessary to accommodate demand-driven traffic activity, security needs, and other factors, which could result in increases or decreases to the FY 2021 – 2025 CIP or extend or accelerate the timing to complete certain projects. The City plans to continually evaluate construction on such future projects based on demand, cost, and funding, as well as other factors.

TMP PLAN OF FINANCE

Exhibit A-1 shows the estimated costs for the TMP. According to the Developer and the City, the estimated cost to complete the TMP is $1.5 billion. The budget consists of a Developer Guaranteed Maximum Price ("GMP") of $1,362,667,841, which includes an owner contingency of approximately $28.3 million. The $1.5B also includes, along with costs that will be paid directly by the Airport of $137,332,159. The final GMP is guaranteed by the Developer and is the maximum amount to be paid by the City to the Developer for the performance of the work set forth in the Development Agreement, subject to revision as set forth in the Development Agreement. The City retained the Paslay Management Group (PMG) as its owner's representative for the project. The cost estimates, which were provided by the Developer and the City's consultants, includes all hard costs, soft costs, contingencies, and pricing allowances.

Exhibit B-1 shows the estimated sources and uses of funds for the TMP as provided by Hilltop Securities ("Hilltop"), the independent registered municipal advisor to the City (the municipal advisor). As shown, the City plans to finance the TMP with the proceeds of the Series 2019A/B/C Bonds issued by the IDA in 2019 as described below and the proceeds of the 2020A/B Bonds. Exhibit B-1 also shows the estimated sources and uses of funds regarding the 2020C Bonds to refund the 2013A Bonds.

Hilltop assumed the 2020A/B Bonds will fund $575 million in project costs and have a 37-year term with interest capitalized through March 1, 2023, interest only payments through FY 2025, principal amortized over FY 2026 through FY 2057, and an estimated all-in interest cost of 4.054%, which represents market rates plus a spread of 50 basis points as of September 1, 2020. Hilltop assumed the 2020C Bonds would have an 8-year term with principal amortized over FY 2021 through FY 2028, and an estimated all-in interest cost of 2.325%, which represents market rates plus a spread of 50 basis points as of September 1, 2020.

The City's payment obligations under the Senior Appropriation Obligations relating to the 2019 Bonds and 2020A/B/C Bonds of the IDA will be supported in part by Passenger Facility Charge (PFC) revenues. The City received approval to fund $38.4 million in design costs for the TMP plus $24 million in financing expenses in January 2020 and intends to apply for approval to use PFCs for PFC-eligible

TMP construction costs in last spring 2021. The City has prior approval to use PFCs for the 2020C Bonds (the refunded Series 2013A Bonds).

Estimated Debt Service requirements for the 2019 Bonds and 2020 Bonds were provided by Hilltop and are presented in Exhibit C.

No other debt is contemplated to be incurred by the City nor bonds issued by the IDA for the Airport System during the projection period.

PASSENGER FACILITY CHARGES

Exhibit B-2 presents historical and projected PFC collections (under the slower traffic recovery scenario), interest earnings, and the application of PFCs to pay debt service and pay-as-you-go project costs. It was assumed that the City's existing $4.50 per enplaned passenger PFC level would remain constant (at the $4.50 level) throughout the projection period (through FY 2027).

The PFC eligibility for the TMP exceeds the financing capacity during the projection period. Under the Post-DBO Agreements, the City has agreed to apply 90% of all PFC revenues collected in each Fiscal Year (the "Maximum Required PFC Level") to offset Debt Service. The financial projections presented in this report reflect this expected PFC-use approval in the expected new application.

Existing PFC-use approval is also reflected in Exhibit B-2, including the authorization to use PFC revenues to pay a portion of the debt service attributable to the 2013A Bonds being refunded with the 2020C Bonds and pay for approved pay-as-you-go PFC expenditures from prior applications.

DEBT SERVICE

Exhibit C shows historical, estimated, and projected Debt Service on the City's Outstanding Senior Obligations (including the 2019 Bonds but excluding the 2013A Bonds that are being refunded with the 2020C Bonds) and the proposed 2020 Bonds on both a deposit basis and cash basis. The deposit basis reflects monthly payments the City is required to make to the Trustee (which is collected through rates and charges in the respective Fiscal Year), while debt service expressed on a cash basis reflects the actual payment of principal and interest to the bondholders (which is used for purposes of calculating debt service coverage). Debt service is net of capitalized interest. Exhibit C also shows the historical debt service on the expired Subordinated Obligations.

As noted earlier, any Debt Service paid using PFCs and/or CARES Act grants, can be excluded from the definition of Aggregate Annual Debt Service for purposes of the Rate Covenant. As shown in Exhibit C, the City has allowed for the holding of $5.5 million of CARES Act grants in FY 2021 and for a certain amount of PFCs to be set aside exclusively to pay principal of and/or interest on the PFC Eligible Portion of the 2019 Bonds and 2020 Bonds.

OPERATION AND MAINTENANCE EXPENSES

Exhibit D presents historical and projected Operation and Maintenance Expenses (O&M Expenses) of the Airport System for direct and indirect expenses and by cost center for FY 2019 through FY 2027. Historical O&M Expenses were obtained from the City's records. The FY 2020 figures are based on unaudited results. O&M Expenses for FY 2021 are based on the City's budget with an incremental reduction for COVID-19 related impacts. Regarding historical O&M Expenses, certain expenses are included in O&M expenses for rate-setting that are not considered O&M Expenses under the Master Bond Ordinance. In addition, certain O&M Expenses under the Ordinance are classified under equipment and capital outlays for rate-setting. Therefore, the numbers will vary slightly.

As noted earlier, CARES Act grants used to reimburse O&M Expenses can be included in the definition of Revenues. The City currently expects to use CARES Act grants to pay for $12 million in O&M Expenses in the Non-Airline Cost Center in FY 2021 under the slower traffic recovery scenario or $4 million if traffic recovers in line with the faster recovery scenario. No decision has been made on future uses of remaining CARES Act grants at this time other than the $5.5 million for debt service in FY 2021 noted above. The City is evaluating how to best utilize the remaining CARES Act grants to continue to strengthen its liquidity and help withstand decreases in revenues during FY 2021 and FY 2022 that it anticipates will occur as a result of the ongoing effects of the COVID-19 pandemic.

Individual components of O&M Expenses were projected taking into account the FY 2021 budget as adjusted for COVID-19 impacts; assumed increases in the unit costs of labor, services, utilities, and supplies as a result of price inflation; and anticipated incremental O&M Expense savings and additional costs associated with the TMP starting in FY 2024 as provided by the City. Such incremental amounts in O&M Expenses are shown as "Incremental O&M Expense" on Exhibit D and include:

- An increase in terminal operating expenses to account for a larger amount of space to maintain, but at a lower cost per square foot due to a newer, more efficient facility. It was assumed the new terminal would comprise 1.03 million square feet based upon preliminary space takeoffs, which are subject to change.
- A decrease in loading bridge operating and maintenance costs for new bridges and increase in the number of bridges to maintain from 29 to 39.
- A reduction in valet parking costs due to a more efficient operation.
- A reduction in parking cashier costs due to consolidated exits compared to the disparate number of parking facilities today.
- A reduction in employee parking shuttle bus costs reflecting the use of the Terminal B garage for employee parking.

The unit costs of salaries, wages, fringe benefits, materials, supplies, and services were assumed to increase an average of 2.5% per year from the FY 2021 budget.

REVENUES

Exhibit E presents historical and projected Revenues by type of revenue for FY 2019 through FY 2027 under the slower traffic recovery scenario. Historical Revenues were obtained from the Authority's records and reconciled to the audited financial statements with the exception of FY 2020 which is unaudited.

Individual components of Revenues were projected taking into account actual financial results for FY 2019 and FY 2020, the FY 2021 budget, allowances for inflation as appropriate, and the provisions of leases and agreements between the City and the various tenants and users of the Airports. Revenues from sources related to passengers, such as concession revenues, are projected to increase as a function of projected passenger traffic as described in the "Projected Airline Traffic" section of this report and other factors described below. The assumptions underlying the increases in individual components of Revenues are described in the following sections.

Table 17 presents a summary of Revenues by source for FY 2019 and FY 2020.

Table 17
OPERATING REVENUES BY SOURCE
Kansas City International Airport
(in thousands)

	2019	2020	2020 Percent of Total: Operating Revenues	2020 Percent of Total: Total Revenues
Airline Revenues	$ 39,757	$ 39,301	32.3%	28.9%
Non-Airline Revenues				
Terminal Concessions	$ 4,628	$ 4,574	3.8%	3.4%
Nonairline Terminal Rentals	602	668	0.5%	0.5%
Hotel	418	409	0.3%	0.3%
Public Parking	57,133	49,731	40.9%	36.6%
Rental Cars	11,913	11,007	9.1%	8.1%
Transportation Network Compani	1,213	1,280	1.1%	0.9%
Other Facility Rentals				
Aviation Services Area	3,721	3,712	3.1%	2.7%
Aviation Purposes	4,411	4,539	3.7%	3.3%
Nonaviation Purposes	3,604	3,861	3.2%	2.8%
Ambassdor Building	1,612	726	0.6%	0.5%
Other Revenues	1,112	857	0.7%	0.6%
Subtotal Non-Airline Revenues	$ 90,367	$ 81,364	66.9%	59.9%
Downtown Airport Revenues	1,005	950	0.8%	0.7%
Total Operating Revenues	$ 131,128	$ 121,614	100.0%	89.6%
Non-Operating Revenues				
Operating Grants	$ 245	$ 214		0.2%
Customer Facility Charges	7,069	4,398		3.2%
Transportation Facility Charges	5,546	5,444		4.0%
Proceeds from CID Sales Tax	1,074	1,011		0.7%
Interest Earnings	4,794	3,076		2.3%
	$ 18,728	$ 14,143		10.4%
Total Revenues	$ 149,857	$ 135,757		100.0%

Source: Kansas City Department of Aviation. FY 2020 results are unaudited.

Airline Revenues

In FY 2020, airline revenues represented 32.3% of operating revenues and 28.9% of Revenues of the Airport System. As noted earlier, airlines that were signatory to the Pre-DBO Agreement under Master Amendment #3, which extends through April 30, 2020, and chose not to sign Master Amendment #4 and the Post-DBO Agreement concurrently have elected to be Non-Signatory Airlines until DBO and will be subject to non-signatory rates from May 1, 2020 through DBO of the new terminal. Non-signatory rates are equal to 125% of the signatory rates.

Landing Fees. The City calculates landing fee rates according to a cost center residual methodology to recover all Airfield Area Costs net of Airfield Area revenues generated from users other than Signatory Airline landing fees.

As shown in Exhibit E-1, the Airfield Area Cost consists of allocable direct and indirect O&M Expenses, Debt Service (net of Available PFC Revenues), Expensed Equipment & Capital Outlays, and the O&M Reserve Requirement. Prior to DBO, the Airfield Area Cost also includes allocable amortization charges and the net cost to operate MKC up to an annual cap of $375,000 (as adjusted annually for inflation). Post-DBO the Airfield Area Cost also includes the allocable portions of the Maintenance and Replacement Account Requirement and Management Incentive Fee. The Airfield Area Cost is then credited with other revenues assigned to Airfield Area (including Non-signatory Airline Landing Fees) to yield the Net Airfield Area Cost. The Net Airfield Area Cost is divided by the landed weight of the Signatory Airlines to determine Signatory Airline Landing Fee Rate per 1,000-pound unit. The non-signatory rate is equal to the signatory rate times 125%.

Terminal Rentals. Terminal rental rates for pre-DBO and post-DBO differ materially. Under the Pre-DBO Agreement, the Terminal Buildings Rental Rate is established under a compensatory ratemaking methodology where rental rates are calculated to recover the average cost of each square foot of Usable Space in the Terminal Buildings Cost Center.

As shown in Exhibit E-2, for the pre-DBO period, the Terminal Area Cost is computed by summing the following Costs allocable to the Terminal: direct and indirect O&M Expenses, Debt Service (net of Available PFC Revenues), Expensed Equipment & Capital Outlays, the O&M Reserve Requirement, and amortization. This amount is divided by Usable Space to yield the Terminal Rental Rate (per square foot per year). To this amount is added a Terminal Rate Surcharge to recover the costs allocable to the Terminal for baggage handling expenses/baggage claim maintenance, funding of rolling Debt Service Coverage, funding of the O&M Reserve Surcharge Requirement, and funding of the Annual Major Maintenance Surcharge Requirement. This surcharge amount is divided by Signatory Airline rented space to yield the Terminal Rate Surcharge (per square foot per year). The Terminal Rate Surcharge is added to the Terminal Rental Rate to yield the effective rental rate per square foot of leased space.

As shown in Exhibit E-2, under the Post-DBO Agreement, the Terminal Rental Rate is established under a residual methodology to (1) recover all Costs of the Terminal Area, Terminal Apron, Loading Bridges, and Non-Airline Areas net of revenues generated from users in such cost centers other than Signatory Airline terminal rentals and revenues attributable to interest earned on Extension and Bond Retirement Account and amounts received from the Airport's share of the CID sales tax (as deposited into the Development Subaccount) and (2) pay the allocable share of the Maintenance and Replacement Account Requirement and Management Incentive Fee. This Net Terminal Area Cost is divided by Signatory Airline Rented Space to yield the Terminal Rental Rate (per square foot per year).

During the Pre-DBO period, Signatory Airlines pay for their designated exclusive and preferential use areas based on the amount of space leased and the Terminal Buildings Rental Rate. All terminal space other than Exclusive or Preferential Use Premises that is not assigned for exclusive or preferential use is available on a common use basis and charged to the airlines on a per turn fee basis.

At DBO all baggage handling space will be common use. The annual Common Use Baggage Premises Costs equal the product of the amount of inbound and outbound baggage square footage (excluding tug drive space used primarily for ingress and egress) and the terminal building rental rate per square foot. This amount will be allocated and charged to each airline using this space (1) 85% based upon the percentage share of the number of enplaned passengers of all airlines using the space and (2) 15% equally among all airlines using the space.

Any Signatory Airline that is leasing at least one gate will pay a fee for each gate leased that is calculated for each Fiscal Year in an amount that is equal to the sum of (1) the average square footage of a holdroom in the terminal multiplied by the terminal rental rate, (2) the annual loading bridge fee rate, and (3) the annual terminal apron rate. However, the fee to be paid by a Signatory Airline for the first gate leased will be discounted by 50% (i.e. 50% of the sum of (1), (2) and (3) above) and all other gates leased will be subject to the full fee as set forth above.

Table 18 shows the number of aircraft gates assigned to the Signatory Airlines at the Airport as of May 2019 under the existing Pre-DBO Agreement and the Post-DBO Agreement. As shown, 28 gates are currently leased by the Signatory Airlines on a preferential use basis and one gate is available to be used on a common use, per-turn fee basis. Neither Frontier nor Spirit have signed the Post-DBO Agreement or the 4th Master Amendment. Therefore, as of April 30, 2020, 26 gates are be leased on a preferential use basis until DBO when 28 gates will be leased and 11 will be available on a common use basis. It was assumed that the number of gates leased to the airlines would not change during the projection period except as noted above.

Table 18
NUMBER OF AIRCRAFT GATES BY AIRLINE
Kansas City International Airport
(as of September 2020)

Leased Preferential Use Gates	Current	Post-DBO
American Airlines	6	6
Alaska Airlines	1	1
Delta Air Lines	5	6
Frontier	1	--
Southwest Airlines	9	10
Spirit Airlines	1	--
United Airlines	5	5
Total Preferential Use Gates	28	28
City Gates (Common Use)	1	11
Total	29	39

Source: Kansas City Aviation Department.

Common Use Fees. Airlines that use space in the Terminal that has not been leased to them for use on an exclusive or preferential use basis are charged a per turn fee. Per turn fees are based upon rent associated with an average ticket counter, holdroom, bag makeup, and bag claim area and assuming two turns per gate per day through DBO. Upon DBO associated rent will be charged based upon four turns per gate per day, excluding baggage space, which will be charged separately. Common use facility fees are projected to increase based upon terminal rental rates and Non-Signatory Airline activity.

Terminal Apron Fees. As shown in Exhibit E-3, the Terminal Apron Cost consists of allocable direct and indirect O&M Expenses, Debt Service (net of Available PFC Revenues), O&M Reserve Requirement, amortization (pre-DBO only), and Expensed Equipment & Capital Outlays. Prior to DBO an Annual Major Maintenance Surcharge Requirement is added. After DBO tug space is added. The Terminal Apron Rate is computed by dividing this amount by the rented apron lineal feet prior to DBO and the number of rented Holdrooms/Gates after DBO.

Loading Bridge Fee. As shown in Exhibit E-4, the Loading Bridge Fee is computed by summing allocable direct and indirect O&M Expenses, Debt Service (net of Available PFC Revenues), O&M Reserve Requirement, amortization (pre-DBO only), and Expensed Equipment & Capital Outlays and dividing by the number of rented Holdrooms/Gates.

Airline Payments per Enplaned Passenger. Exhibit E-5 presents historical and projected airline payments per enplaned passenger from FY 2019 through FY 2027.

Non-Airline Revenues

The principal sources of non-airline revenues include public parking revenues, rental car revenues, transportation network companies or TNCs, terminal concession revenues, non-airline terminal space rents, other facility rentals, interest income, Downtown Airport rentals and fees, and miscellaneous other revenues. Projections of non-airline revenues are based on the provisions of existing agreements and allowances for inflation, projected increases in enplaned passengers, and other factors.

Parking Revenues. Public parking is the highest source of revenue at the Airport, accounting for $55.6 million in FY 2018, equal to approximately 44% of operating revenues and 39% of Revenues.

There are 20,360 public parking spaces located on the Airport, including 4,264 garage spaces, 833 close-in surface spaces, and 15,263 Economy Lot parking spaces located at remote lots to the north of the terminal complex as shown earlier in Table 1 and Figure 3. KCAD also owns and operates Park Air Express with 2,065 spaces, which is located on NW Prairie View Road, and provides indoor/outdoor valet parking, complimentary newspapers, coffee, and bottled water. The City offers a Frequent Parking Program. Terminal B offers a valet parking options and valet cars are stored in a remote lot off of Paris Street.

Currently, one off-Airport private parking facility serves Airport passengers with approximately 3,600 additional automobile parking spaces.

The public parking facilities at the Airport are operated for the City on a cost reimbursement and management fee basis with SP Plus Corporation. Under the agreement, the City receives all revenues and pays most of the costs to operate and maintain the facilities plus a management fee to SP Plus Corporation. All other operational costs are included in the management fee. The budget for operating expenses is subject to review by the City, which can adjust staffing levels and related costs in response to parking demand and level of service standards. SP Plus Corporation has been operating under a management agreement with the City since December 1, 2011. The Parking Lot Management Contract expires December 31, 2023. Parking rates have not changed since May 2016, but planned price adjustments have been factored into the financial projections in FY 2021 and FY 2024 (at DBO).

Regarding market adoption of Transportation Network Companies (TNCs) and associated reductions to parking demand in developing the demand and revenue projections, it was assumed that 25% of all new TNC trips are diverted from Airport parking demand, including 13% from close-in parking facilities in FY 2021 and FY 2022. This is in line with LeighFisher's experience at other comparable airports where impacts of TNCs were studied.

Annual parking transactions by facility were derived and revenues projected based upon the expected rates to be in place. The off-Airport operator pays the City 10% of gross revenue. The Aviation Department expects to revise parking rates as follows:

Parking Facility	FY 2021	FY 2024
Curbside Valet	$27.00	tbd
Terminal B	23.00	25.00
Terminal C	23.00	25.00
Circle	15.50	16.50
Economy Less	7.50	8.00
Park Air Express	9.00	10.00

Parking revenues were projected as a function of the projected increase in O&D passengers and TNC adaption at using a 25% diversion rate.

The City believes that with the planned opening of the approximately 6,200 space TMP garage in FY 2024, along with almost 900 adjacent walkable surface stalls, it will have adequate capacity to serve projected demand through the projection period and that off-airport competition and TNCs will not adversely affect parking revenues.

Rental Cars. Rental car revenues historically have been the third largest source of Revenues after parking revenues and airline rates and charges, accounting for $11.0 million in FY 2020, equal to approximately 9% of total operating revenues and 8% of Revenues (excluding CFCs).

As noted earlier, the Aviation Department has separate concession and facility lease agreements with seven rental car companies. The agreements provide for the Aviation Department to receive 10% of gross revenues under the concession agreement and ground rent under the facility lease agreement. The agreements became effective in May 2007 with a 10-year term and were extended for an additional 10 years through 2027.

Rental car transaction days have been relatively flat since the introduction of TNCs at the Airport in 2015 even as passengers have increased. However, the revenue per transaction increased on a year over year basis in FY 2018 and FY 2019 and declined slightly in FY 2020. It was assumed rental car transactions and concession revenues would change in proportion to O&D passengers after some modest additional dilution due to TNCs in FY 2021.

The rental car companies also collected and remitted CFCs to the City to service the debt on the 2005C Bonds, which has been defeased. The CFC revenues funded components of the consolidated rental car facility at the Airport. In addition, the rental car companies collect and remit to the City a Transportation Facility Charge (TFC) for the operating costs of the shuttle buses between the terminals and the consolidated rental car facility. The TFC is a direct pass-through charge and does not impact Net Revenues.

The Aviation Department plans to monitor all modes of ground transportation to assess the potential impacts from TNCs, however, at this time, the Aviation Department cannot predict what impact, adverse or otherwise, those operations will have on other ground transportation services, parking, and rental car operations at the Airport.

Transportation Network Companies. As noted earlier, TNCs started serving the Airport in July 2015 and increased at a rapid rate during the initial years of operation as experienced at other

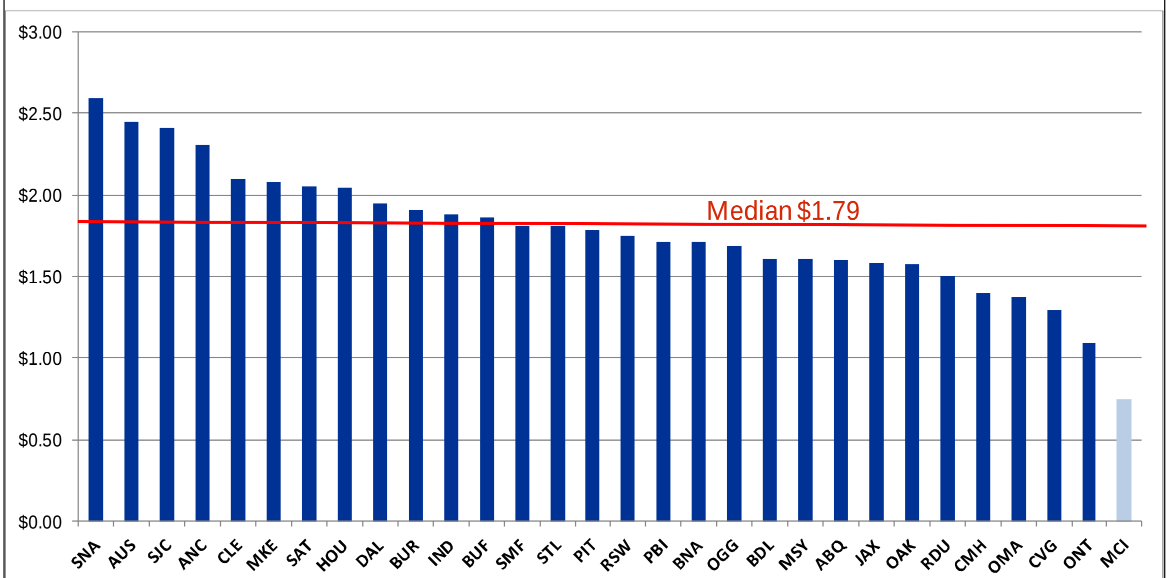
U.S. airports. In mid-2017 the City entered into Transportation Network Company Permit and Operating Agreements with Lyft and Uber. The term of these agreements is for one year, but they automatically renew for additional terms of one year each, unless the City or the company sends a written notice of termination to the other party at least 30 days prior to the end of the then current term. The Aviation Department currently charges TNCs $3.00 for pickups only. TNCs revenues totaled $1.3 million in FY 2020.

Although the ultimate impact is unknown at this time, it is expected that the TNCs will have a modest negative impact on public parking and rental car revenues as described above. TNC revenues are projected to increase with passengers after adjustments for trip diversions from public parking and rental cars.

Terminal Concessions. Terminal concession revenues are the fourth largest source of Revenues after parking revenues, airline rates and charges, and rental car revenues accounting for $4.6 million in FY 2020, equal to approximately 3.8% of total operating revenues and 3.4% of Revenues.

The sources of terminal concession revenues are food and beverage, news and gift, and other service concessions. The terminal concession program at the Airport is one of the lowest performers in the nation and lowest among its peers (medium hub airports) as illustrated by Figure 24. This is due to the configuration of the existing terminals and the associated lack of space where passengers and visitors are likely to want to buy. In particular, there is a material deficiency in space for concessions after security.

Figure 24
TERMINAL CONCESSION REVENUES PER ENPLANED PASSENGER – FY 2018
Medium Hub U.S. Airports



* Data for CLE, CMH, CVG, IND, MKE, MSY, OMA, PIT are for the 12 months ending December 31, 2017.
Note: Excludes SJU since it is an outlier at $5.38.
Source: FAA Form 127 for Fiscal Year 2018 (except as noted above), accessed April 27, 2019.

The concession agreements provide for the Aviation Department to receive varying percentages of gross revenues depending on the type of sale. HMSHost has the non-exclusive right to operate food and beverage facilities under a concession agreement that expires in 2023, with an earlier buyout option by the Aviation Department if the new terminal opens prior to the expiration of the Agreement. The news, gift, and specialty concession agreement with Paradises expires in December 2019. The Aviation Department intends to renegotiate the Paradises agreement to either convert to a month-to-month agreement or to extend the term until the new terminal opens.

The Aviation Department is programming a robust concession program in the new terminal that will include more space, which will be more strategically positioned relative to passenger flows and waiting areas. The new terminal will provide nearly 98,000 square feet of concession space.

The revenues from terminal concessions are projected on the basis of recent trends in revenues per enplaned passenger, projected increases in passengers, allowances for inflation, and the terms of the various agreements until DBO. At DBO it is assumed that the terminal concession revenue per enplaned passenger would increase to $1.81 in FY 2024. This roughly equal to the median for medium hubs in FY 2018 of $1.79.

Property Rental Revenue. The Aviation Department has pursued aviation and commercial development on the Airport in light of the amount of land available and existing facilities available for rent. Aeronautical and non-aeronautical related property rental revenues consist primarily of revenues from various land and building rentals in these areas. Aeronautical related rentals include warehouse and cargo locations with access to the airfield as well as the hangers at the maintenance facility. Non-aeronautical related rental revenue includes all other rental properties such as land leases, building leases, farm leases, and office building leases. Property rental revenues in FY 2021reflect the sale of the Ambassador Building and the addition of a new cargo facility.

The Aviation Department also receives revenues from the on-Airport Marriott Hotel, which are projected to increase with inflation from the actual FY 2020 revenues.

Other Revenue. Other Airport revenues include fees from taxi and limousine service companies, hotel courtesy vehicles, and other service charges.

Downtown Airport Revenue. Revenues from Downtown Airport include landing fees, fuel flowage fees, rental car concession revenues, and property rentals.

Interest Income. Interest income is a function of interest rates and available balances in operating funds and accounts in the Kansas City Airports Fund, including the Debt Service Funds, Debt Service Reserve Accounts, Operation and Maintenance Reserve Account, Maintenance and Replacement Account, Coverage Deposit Account, and Extension and Bond Retirement Account. Interest income does not include interest earnings on construction funds. The projection assumes that interest rates on all funds will average 1.75% in FY 2021, 1.5% in FY 2022, 1.15% in FY 2023, and 1.0% from FY 2024 through FY 2027, and that balances would increase in the Debt Service and the Debt Service Reserve Funds (reflecting the Outstanding Bonds, the 2019 Bonds, and Future Bonds) and the Operation and Maintenance Reserve Account (reflecting increases in Operation and Maintenance Expenses). Interest income totaled $3.0 million in FY 2020.

APPLICATION OF REVENUES

Exhibit F presents the historical (FY 2019 and FY 2020) and projected (FY 2021 through FY 2027) application of Revenues as required under the Senior Bond Resolution. Under the Bond Ordinance, at the end of each Fiscal Year, after all deposits that are required to be made to pay Operation and

Maintenance Expenses, Debt Service, Operation and Maintenance Reserve Account, Maintenance and Replacement Account, and Coverage Deposit Account have been made, remaining moneys not required to make up any deficiencies are to be transferred to the Extension and Bond Retirement Account.

DEBT SERVICE COVERAGE

As shown in Exhibit G, Net Revenues, together with Transfers, are projected to be at least 125% of the average Aggregate Annual Debt Service on the Outstanding Senior Obligations and the proposed 2020 Bonds (net of offsetting PFC revenues). As noted earlier, the Master Bond Ordinance permits the addition of Transfers to Net Revenues in computing the debt service coverage requirement for both the Rate Covenant and the Additional Bonds Test. With respect to the Rate Covenant, under the Master Bond Ordinance Transfers are limited to no more than 25% of Aggregate Annual Debt Service payable in the Fiscal Year from amounts on deposit in the Coverage Deposit Account.

Exhibit A-1

Terminal Modernization Project Costs
Kansas City International Airport

Description of Work		Project Budget
Demolition	$	6,317,086
Terminal Facilities		734,182,549
Baggage Handling System		69,555,544
Aircraft Apron		89,340,395
Aircraft Overnight Parking		19,013,331
Deicing		666,616
Fueling Systems		8,960,706
Parking Garage		188,788,913
Surface Parking		15,021,965
Airline Tenant Fit Out		17,105,604
Taxilanes		51,811,895
Elevated Roadway		61,550,481
Airport Roadway Network		23,598,196
Sub-total	$	1,285,913,281
Developer Project Soft Cost		
Developer Project Soft Cost		48,489,560
Owner Contingency		28,265,000
Sub-total	$	76,754,560
Design / Builder Totals	$	1,362,667,841
KCAD Costs		
Passenger Boarding Bridges	$	41,500,000
Owner's Representative		43,792,000
Utility Fees		17,900,000
Public Art		5,765,022
Other KCAD Costs		28,375,137
	$	137,332,159
Total Project Budget	**$**	**1,500,000,000**

Source: Edgemoor and Kansas City Aviation Department, October 2020.

Exhibit A-2

FY 2021-2025 Capital Improvement Program
Kansas City Aviation System

Fiscal Year	Project Name	AIP	Airport Funds	PFC Pay-As-You-Go	Customer Facility Charges	Total
2021	MCI					
	Runway 1L/19R Rehab - Ph I	$ 17,000,000	$ -	$ 17,000,000	$ -	$ 34,000,000
	Airport Roadway Rehabilitation	-	-	-	-	-
	Building Maintanence	-	1,000,000	-	-	1,000,000
	Public Works Paving	-	750,000	-	-	750,000
	Public Parking Rehabilitation - Design	-	500,000	-	-	500,000
	Terminal Maint	-	500,000	-	-	500,000
	New Firewall installation	-	550,000	-	-	550,000
	Outer Building Terminal Switches	-	650,000	-	-	650,000
	Recabling LFMB and Police Bldg	-	400,000	-	-	400,000
	IDMS	-	500,000	-	-	500,000
	Virtual Desktops	-	750,000	-	-	750,000
	Rental Car Faciltiy Roadway Imp	-	-	-	3,000,000	3,000,000
	Tower Lot Rehab - Design	500,000	-	-	-	500,000
						-
	MCI Subtotal	$ 17,500,000	$ 5,600,000	$ 17,000,000	$ 3,000,000	$ 43,100,000
	MKC					
	AOA Fence Replacement	-	400,000	-	-	400,000
	Sinkhole Mitigation	-	1,500,000	-	-	1,500,000
	Electrical Distribution	-	750,000	-	-	750,000
	Relief Well Rehab ph 4	-	2,000,000	-	-	2,000,000
	Buck O'Neill Bridge Interchange	-	4,000,000	-	-	4,000,000
	MKC Subtotal	$ -	$ 8,650,000	$ -	$ -	$ 8,650,000
	Maintenance Facility					
	OHB Building Maint - Roof and Boilers	-	1,500,000	-	-	1,500,000
	Maintenance Facility Subtotal	$ -	$ 1,500,000	$ -	$ -	$ 1,500,000
	2021 Total	$ 17,500,000	$ 15,750,000	$ 17,000,000	$ 3,000,000	$ 53,250,000
2022	MCI					
	Runway 1L/19R Rehab ph 2	$ 17,000,000	$ -	$ 17,000,000	$ -	$ 34,000,000
	Snow Melters	-	2,400,000	-	-	2,400,000
	Airport Roadway Rehabilitation	-	2,000,000	-	-	2,000,000
	Building Maintanence	-	2,000,000	-	-	2,000,000
	Public Parking Rehabilitation	-	3,000,000	-	-	3,000,000
	Terminal Maint	-	3,000,000	-	-	3,000,000
						-
	MCI Subtotal	$ 17,000,000	$ 12,400,000	$ 17,000,000	$ -	$ 46,400,000
	MKC					
	Taxiway Lima Construction	9,000,000	-	1,000,000		10,000,000
	Landside Improvements		5,000,000			5,000,000
	MKC Subtotal	$ 9,000,000	$ 5,000,000	$ 1,000,000	$ -	$ 15,000,000
	Maintenance Facility	-	-	-	-	-
	2022 Total	$ 26,000,000	$ 17,400,000	$ 18,000,000	$ -	$ 61,400,000

Exhibit A-2

FY 2021-2025 Capital Improvement Program
Kansas City Aviation System

Fiscal Year	Project Name	AIP	Airport Funds	PFC Pay-As-You-Go	Customer Facility Charges	Total
2023	MCI					
	Airfield Rehab	$ 15,000,000	$ -	$ 5,000,000	$ -	$ 20,000,000
	Airport Roadway Rehabilitation	-	2,000,000	-	-	2,000,000
	Building Maintanence	-	2,000,000	-	-	2,000,000
	Public Parking Rehabilitation	-	3,000,000	-	-	3,000,000
	Terminal Maint	-	3,000,000	-	-	3,000,000
	MCI Subtotal	$ 15,000,000	$ 10,000,000	$ 5,000,000	$ -	$ 30,000,000
	MKC					
	Airfield Maintenance	-	1,000,000	-	-	1,000,000
	Landside Improvements	-	1,000,000	-	-	1,000,000
	Relief Well Rehab	-	2,000,000	-	-	2,000,000
	MKC Subtotal	$ -	$ 4,000,000	$ -	$ -	$ 4,000,000
	Maintenance Facility	-	-	-	-	-
	2023 Total	$ 15,000,000	$ 14,000,000	$ 5,000,000	$ -	$ 34,000,000
2024	MCI					
	Airfield Rehab	$ 15,000,000	$ -	$ 5,000,000	$ -	$ 20,000,000
	Airport Roadway Rehabilitation	-	2,000,000	-	-	2,000,000
	Building Maintanence	-	2,000,000	-	-	2,000,000
	Public Parking Rehabilitation	-	3,000,000	-	-	3,000,000
	Terminal Maint	-	3,000,000	-	-	3,000,000
	MCI Subtotal	$ 15,000,000	$ 10,000,000	$ 5,000,000	$ -	$ 30,000,000
	MKC					
	Airfield Maintenance	-	1,000,000	-	-	1,000,000
	Landside Improvements	-	1,000,000	-	-	1,000,000
	Relief Well Rehab	-	2,000,000	-	-	2,000,000
	MKC Subtotal	$ -	$ 4,000,000	$ -	$ -	$ 4,000,000
	Maintenance Facility	-	-	-	-	-
	2024 Total	$ 15,000,000	$ 14,000,000	$ 5,000,000	$ -	$ 34,000,000
2025	MCI					
	Airfield Rehab	$ 15,000,000	$ -	$ 5,000,000	$ -	$ 20,000,000
	Airport Roadway Rehabilitation	-	2,000,000	-	-	2,000,000
	Building Maintanence	-	2,000,000	-	-	2,000,000
	Public Parking Rehabilitation	-	3,000,000	-	-	3,000,000
	Terminal Maint	-	3,000,000	-	-	3,000,000
	MCI Subtotal	$ 15,000,000	$ 10,000,000	$ 5,000,000	$ -	$ 30,000,000
	MKC					
	Airfield Maintenance	-	1,000,000	-	-	1,000,000
	Landside Improvements	-	1,000,000	-	-	1,000,000
	Relief Well Rehab	-	2,000,000	-	-	2,000,000
	MKC Subtotal	$ -	$ 4,000,000	$ -	$ -	$ 4,000,000
	Maintenance Facility	-	-	-	-	-
	2025 Total	$ 15,000,000	$ 14,000,000	$ 5,000,000	$ -	$ 34,000,000
	Years 2021 to 2025					
	Total MCI	$ 79,500,000	$ 48,000,000	$ 49,000,000	$ 3,000,000	$ 179,500,000
	Total MKC	9,000,000	25,650,000	1,000,000	-	35,650,000
	Total Maintenance Facility	-	1,500,000	-	-	1,500,000
	Grand Total	$ 88,500,000	$ 75,150,000	$ 50,000,000	$ 3,000,000	$ 216,650,000

Source: Kansas City Aviation Department, October 2020.

Exhibit B-1

Sources and Uses of Bond Funds
Kansas City International Airport
(for the 12 months ending April 30; numbers in thousands except rates)

	TMP Special Obligation Bonds				Special Obligation Refunding	
	2019A	2019B/C	2020A/B	Total	2020C	Total
Sources of Funds						
Bond Proceeds	$ 98,460	$ 886,285	$ 557,395	$ 1,542,140	$ 71,330	$ 1,613,470
Premium	12,510	158,429	83,254	254,193	-	254,193
Interest Income [1]		-	-		15,331	15,331
Construction Fund	-			-		-
Debt Service Reserve	-	18,130	-	18,130	-	18,130
Capitalized Interest Account	-	-	-	-	-	-
Escrow Fund	-	3,341	-	3,341	-	3,341
PFC Pay-As-You-Go	-	-	-	-	72	72
AIP Grants	-	-	-	-	-	-
Total Sources of Funds	$ 110,970	$ 1,066,186	$ 640,649	$ 1,817,805	$ 86,734	$ 1,904,538
Uses of Funds						
Construction Fund	$ 90,000	$ 878,432	$ 531,568	$ 1,500,000	$ -	$ 1,500,000
Escrow Fund	-	-	-	-	81,023	81,023
Capitalized Interest Fund [2]	20,130	162,978	64,875	247,982	-	247,982
Bond Reserve Account	-	16,358	41,126	57,483	5,263	62,746
Insurance Premium/Surety Premium	-	3,238	-	3,238	-	3,238
Cost of Issuance	841	2,839	1,676	5,355	251	5,607
Underwriter's Discount	-	2,341	1,405	3,745	196	3,941
Total Uses of Funds	$ 110,970	$ 1,066,186	$ 640,649	$ 1,817,805	$ 86,734	$ 1,904,538

1. Estimated.
2. Assuming interest is capitalized through March 1, 2023.

Source: Hilltop Securities, October 2020; preliminary and subject to change.

Exhibit B-2

Passenger Facility Charges
Kansas City International Airport
(for the 12 months ending April 30; numbers in thousands except rates)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by Aviation Department management, as described in the accompanying text. Inevitably, some assumptions used to develop the projections will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those projected, and the variations could be material.

	Actual 2019	Actual 2020	Estimate 2021	Projected 2022	2023	DBO 2024	2025	2026	2027
PFC Collections									
Enplaned Passengers	5,952	5,202	1,885	3,670	4,742	5,119	5,476	5,695	5,922
Percent of PFC Eligible Passengers	86.9%	90.2%	70.0%	86.9%	86.9%	86.9%	86.9%	86.9%	86.9%
PFC Eligible Enplaned Passengers	5,170	4,692	1,319	3,188	4,119	4,446	4,757	4,947	5,145
Net PFC Level	4.39	4.39	4.39	4.39	4.39	4.39	4.39	4.39	4.39
PFC Collections (not including interest income)	$ 22,697	$ 20,600	$ 5,792	$ 13,996	$ 18,082	$ 19,519	$ 20,881	$ 21,716	$ 22,585
PFC Cashflow									
PFC Fund - Beginning Balance	$ 53,463	$ 59,900	$ 67,389	$ 40,638	$ 21,368	$ 19,003	$ 16,323	$ 13,785	$ 16,330
Deposits:									
PFC Collections	$ 22,697	$ 20,600	$ 5,792	$ 13,996	$ 18,082	$ 19,519	$ 20,881	$ 21,716	$ 22,585
Interest Earnings	4,034	1,707	640	410	227	368	374	373	398
Total Annual PFC Revenues	$ 26,731	$ 22,307	$ 6,432	$ 14,406	$ 18,309	$ 19,888	$ 21,255	$ 22,089	$ 22,983
Annual Use of PFC Revenues									
Pay-as-you-go under Existing Approvals	$ 11,054	$ 5,576	$ 7,750	$ 7,750	$ 7,750	$ -	$ -	$ -	$ -
Debt Service 2013/2020C Bonds Pre-DBO[1]	9,240	9,241	8,433	7,926	7,924	-	-	-	-
Future Applications									
Pay-as-you-go FY 2021-2025 CIP Projects			17,000	18,000	5,000	5,000	5,000	-	-
Pay-as-you-go New Terminal	-	-	-	-	-	-	-	-	-
PFC for TMP Debt Service[1]	-	-	-	-	-	17,567	18,793	19,545	20,327
Total Annual Use of PFC Revenues	$ 20,294	$ 14,817	$ 33,183	$ 33,676	$ 20,674	$ 22,567	$ 23,793	$ 19,545	$ 20,327
Less: Debt Service Reserve Applied to Final Payment									
PFC Fund Ending Balance	$ 59,900	$ 67,389	$ 40,638	$ 21,368	$ 19,003	$ 16,323	$ 13,785	$ 16,330	$ 18,986

1. Under the Post-DBO Agreements, the City committed to applying 90% of annual PFC Revenues to pay debt service on both the 2013 Bonds and TMP bonds.
Sources: Hilltop Securities for debt service; Kansas City Aviation Department for historical and LeighFisher for all other, October 2020.

Exhibit C

Annual Debt Service Requirements
Kansas City International Airport
(for the 12 months ending April 30; numbers in thousands except rates)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by Aviation Department management, as described in the accompanying text. Inevitably, some assumptions used to develop the projections will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those projected, and the variations could be material.

	Actual 2019	Actual 2020	Estimate 2021	Projected 2022	2023	DBO 2024	2025	2026	2027
DEPOSIT BASIS BY SERIES[1]									
Senior Obligations									
Series 2013A Bonds / 2020C Bonds[2]	$ 15,434	$ 15,435	$ 13,925	$ 13,239	$ 13,237	$ 13,238	$ 13,234	$ 11,915	$ 5,310
Series 2013B Bonds	11,773	6,805	-	-	-	-	-	-	-
Series 2019A Bonds	-	-	-	-	547	4,376	4,923	4,923	5,558
Series 2019B Bonds	-	-	-	-	6,873	41,238	41,238	41,832	45,194
Series 2019C Bonds	-	-	-	-	513	3,076	3,076	4,149	9,517
Series 2020A/B Bonds	-	-	-	-	4,645	29,096	35,224	35,096	33,434
Subtotal Senior Obligation - Deposit Basis	$ 27,207	$ 22,240	$ 13,925	$ 13,239	$ 25,815	$ 91,023	$ 97,696	$ 97,915	$ 99,013
Subordinate Lien									
Series 2005C Bonds (CFC)	4,223	-	-	-	-	-	-	-	-
Total Debt Service - Deposit Basis	$ 31,430	$ 22,240	$ 13,925	$ 13,239	$ 25,815	$ 91,023	$ 97,696	$ 97,915	$ 99,013
ALLOCATION BY COST CENTER - DEPOSIT BASIS									
Airfield Area	$ -	$ -	$ -	$ -	$ 527	$ 3,262	$ 3,542	$ 3,606	$ 3,929
Terminal Aprons	-	-	-	-	1,582	9,785	10,625	10,818	11,787
Terminal Buildings	15,434	15,435	13,925	13,239	21,446	64,002	68,355	68,040	66,462
Loading Bridges	-	-	-	-	-	-	-	-	-
Downtown Airport	-	-	-	-	-	-	-	-	-
Nonairline	15,996	6,805	-	-	2,260	13,975	15,174	15,451	16,835
Total Debt Service by Cost Center	$ 31,430	$ 22,240	$ 13,925	$ 13,239	$ 25,815	$ 91,023	$ 97,696	$ 97,915	$ 99,013
CASH BASIS BY SERIES[1]									
Senior Obligations									
Series 2013A Bonds / 2020C Bonds2	$ 15,434	$ 15,435	$ 13,925	$ 13,239	$ 13,237	$ 13,238	$ 13,234	$ 13,237	$ 5,309
Series 2013B Bonds	11,773	11,777	-	-	-	-	-	-	
Series 2019A Bonds	-	-	-	-	-	4,923	4,923	4,923	4,923
2019B Bonds	-	-	-	-	-	41,238	41,238	41,238	44,798
2019C Bonds					-	3,076	3,076	3,076	9,516
Series 2020A/B Bonds	-	-	-	-	-	27,870	35,225	35,222	34,466
Subtotal Senior Obligation - Cash Basis	$ 27,207	$ 27,212	$ 13,925	$ 13,239	$ 13,237	$ 90,345	$ 97,696	$ 97,696	$ 99,012
Less: CARES Grants Committed to Pay Debt Service	-	-	(5,492)	-	-	-	-	-	-
Less: PFC Revenues Committed to Pay Debt Service	(9,240)	(9,241)	(8,433)	(7,926)	(7,924)	(17,567)	(18,793)	(19,545)	(20,327)
Aggregate Annual Debt Service	$ 17,967	$ 17,971	$ (0)	$ 5,313	$ 5,314	$ 72,778	$ 78,903	$ 78,151	$ 78,685
Subordinate Obligations									
Series 2005C Bonds (CFC)	$ 4,223	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Debt Service - Cash Basis	$ 31,430	$ 27,212	$ 13,925	$ 13,239	$ 13,237	$ 90,345	$ 97,696	$ 97,696	$ 99,012

1. Debt service expressed on a deposit basis reflects monthly payments the City is required to make to the Trustee, while debt service expressed on a cash basis reflects the actual payment of principal and interest to the bondholders. Debt service is net of capitalized interest.
2. The Series 2013 Bonds convert to Senior Appropriation Obligations when refunded with the Series 2020C Bonds.

Sources: Kansas City Aviation Department and Hilltop Securities, October 2020.

Exhibit D

Operation and Maintenance Expenses
Kansas City International Airport
(for the 12 months ending April 30; numbers in thousands except rates)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by Aviation Department management, as described in the accompanying text. Inevitably, some assumptions used to develop the projections will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those projected, and the variations could be material.

	Actual 2019	Actual 2020	Estimate 2021	Projected 2022	2023	DBO 2024	2025	2026	2027
BY EXPENSE CATEGORY									
Wages & Benefits	$ 33,368	$ 34,373	$ 33,779	$ 34,624	$ 35,490	$ 36,377	$ 37,286	$ 38,218	$ 39,174
Contractual Services	38,898	38,563	39,156	40,135	41,138	42,166	43,221	44,301	45,409
Commodities	5,703	5,056	6,039	6,190	6,345	6,504	6,666	6,833	7,004
Subtotal	$ 77,968	$ 77,991	$ 78,974	$ 80,949	$ 82,973	$ 85,047	$ 87,173	$ 89,352	$ 91,586
Direct Reimbursement	15,703	7,523	10,428	12,331	13,564	14,045	14,608	15,050	15,505
Subtotal	$ 93,671	$ 85,514	$ 89,402	$ 93,279	$ 96,537	$ 99,092	$ 101,781	$ 104,402	$ 107,091
Percent Change Base O&M Expenses	5.3%	-8.7%	4.5%	4.3%	3.5%	2.6%	2.7%	2.6%	2.6%
Incremental O&M Expense (COVID-19/TMP)	-	-	(4,739)	(1,647)	-	(437)	(448)	(459)	(471)
O&M Expenses	$ 93,671	$ 85,514	$ 84,663	$ 91,633	$ 96,537	$ 98,655	$ 101,333	$ 103,942	$ 106,620
Percent Change	5.3%	-8.7%	-1.0%	8.2%	5.4%	2.2%	2.7%	2.6%	2.6%
BY COST CENTER									
Airfield Area	$ 15,126	$ 15,633	$ 15,373	$ 16,152	$ 16,810	$ 17,251	$ 17,682	$ 18,124	$ 18,577
Terminal Aprons	1,782	1,916	1,780	1,825	1,870	1,919	1,967	2,016	2,067
Terminal Buildings	24,251	22,590	21,795	22,910	23,850	28,374	29,083	29,810	30,555
Loading Bridges	2,346	2,319	2,292	2,349	2,408	1,780	1,824	1,870	1,917
Downtown Airport	4,884	6,057	4,748	5,020	5,244	5,381	5,516	5,653	5,795
Nonairline	45,281	37,000	38,676	43,378	46,355	43,950	45,261	46,468	47,709
Total Direct and Indirect Expenses	$ 93,671	$ 85,514	$ 84,663	$ 91,633	$ 96,537	$ 98,655	$ 101,333	$ 103,942	$ 106,620
O&M Reserve by Cost Center									
Airfield	$ 116	$ 1	$ 33	$ 67	$ 68	$ 55	$ 71	$ 73	$ 75
Apron	14	0	4	7	8	6	8	8	8
Terminal	186	2	47	94	97	78	101	104	106
Loading bridge	18	0	5	10	10	8	10	10	11
Total Direct and Indirect Expenses	$ 334	$ 3	$ 89	$ 178	$ 182	$ 148	$ 191	$ 195	$ 200

Sources: Kansas City Aviation Department and LeighFisher, October 2020.

Exhibit E

Revenues
Kansas City International Airport
(for the 12 months ending April 30; numbers in thousands except rates)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by Aviation Department management, as described in the accompanying text. Inevitably, some assumptions used to develop the projections will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those projected, and the variations could be material.

	Actual 2019	Actual 2020	Estimate 2021	Projected 2022	2023	DBO 2024	2025	2026	2027
Airline Rentals, Fees, and Charges									
Signatory Landing Fees									
Passenger Airlines	$ 17,581	$ 18,128	$ 15,791	$ 17,774	$ 19,125	$ 26,942	$ 27,897	$ 28,625	$ 29,591
Cargo Carriers	1,427	1,604	2,803	2,159	1,957	2,793	2,812	2,854	2,918
Terminal Apron Rent	1,747	1,780	1,655	2,607	2,649	6,835	7,317	7,415	8,018
Terminal Building Rent	14,661	13,614	11,338	22,098	35,976	55,573	57,083	55,115	53,085
Loading Bridge Fees	2,370	2,335	2,312	2,378	2,442	1,788	1,834	1,880	1,927
Subtotal	$ 37,786	$ 37,461	$ 33,899	$ 47,016	$ 62,149	$ 93,930	$ 96,944	$ 95,890	$ 95,540
Non-Signatory Airline Landing Fees	341	246	1,074	1,209	1,301	1,833	1,898	1,948	2,013
Nonsignatory Cargo Landing Fee	109	98	269	207	188	268	270	274	280
Non-Signatory Airline Facility Fees	648	643	320	544	323	2,201	2,290	2,255	2,267
RON Fees	873	852	758	786	809	1,746	1,799	1,853	1,908
Total Airline Revenues	$ 39,757	$ 39,301	$ 36,321	$ 49,762	$ 64,770	$ 99,978	$ 103,201	$ 102,219	$ 102,008
Nonairline Revenues									
Terminal Concessions	$ 4,628	$ 4,574	$ 1,726	$ 3,387	$ 4,426	$ 9,271	$ 10,057	$ 10,610	$ 11,193
Nonairline Terminal Rentals	602	668	675	682	688	-	-	-	-
Hotel	418	409	419	429	440	451	462	474	486
Public Parking	57,133	49,731	18,206	34,508	44,032	48,286	51,629	53,685	55,824
Rental Cars	11,913	11,007	4,122	7,525	9,659	10,280	11,070	11,608	12,172
Transportation Network Companies	1,213	1,280	467	956	1,283	1,355	1,450	1,508	1,568
Fuel Flowage	336	234	236	239	241	243	246	248	251
Other Facility Rentals									
Aviation Services Area	3,721	3,712	3,655	3,692	3,728	3,766	3,803	3,841	3,880
Aviation Purposes	4,411	4,539	4,234	4,277	4,319	4,363	4,406	4,450	4,495
New Cargo Facility	-	-	1,023	1,827	1,845	1,864	1,883	1,901	1,920
Nonaviation Purposes	3,604	3,861	3,390	3,424	3,458	3,493	3,528	3,563	3,599
Ambassador Building	1,612	726	-	-	-	-	-	-	-
Other Revenues	776	624	687	694	701	708	715	722	729
Total Nonairline Revenues	$ 90,367	$ 81,364	$ 38,840	$ 61,638	$ 74,822	$ 84,080	$ 89,249	$ 92,612	$ 96,117
Downtown Airport Revenues									
Runways and Airfield	$ 563	$ 517	$ 517	$ 517	$ 517	$ 517	$ 517	$ 517	$ 517
Fuel Sales	412	409	413	417	421	425	430	434	438
Rental Cars	27	24	24	24	24	24	24	24	24
Property Rentals	4	-	-	-	-	-	-	-	-
Total Downtown Airport Revenues	$ 1,005	$ 950	$ 954	$ 958	$ 963	$ 967	$ 971	$ 975	$ 980
Operating Revenues	$131,128	$121,614	$ 76,115	$112,358	$140,555	$185,025	$ 193,421	$ 195,806	$ 199,105
Non-Operating Revenues									
Operating Grants	245	214	214	214	214	214	214	214	214
CARES Grants for Debt Service Offset	-	-	12,000	-	-	-	-	-	-
Customer Facility Charges	7,069	4,398	-	-	-	-	-	-	-
Transportation Facility Charges	5,546	5,444	1,780	3,466	4,478	4,733	5,063	5,265	5,476
Proceeds from CID Sales Tax	1,074	1,011	1,061	1,114	1,170	1,229	1,290	1,354	1,422
Interest Earnings	4,794	3,076	2,792	2,224	1,740	2,216	2,286	2,321	2,369
Revenues	$149,857	$135,757	$ 93,962	$119,377	$148,158	$193,417	$ 202,274	$ 204,961	$ 208,587

Sources: Kansas City Aviation Department and LeighFisher, October 2020.

Exhibit E-1

Landing Fee Rate
Kansas City International Airport
(for the 12 months ending April 30; numbers in thousands except rates)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by Aviation Department management, as described in the accompanying text. Inevitably, some assumptions used to develop the projections will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those projected, and the variations could be material.

	Actual 2019	Actual 2020	Estimate 2021	Projected 2022	2023	DBO 2024	2025	2026	2027
AIRFIELD AREA COST									
O&M Expenses	$ 15,126	$ 15,633	$ 15,373	$ 16,152	$ 16,810	$ 17,251	$ 17,682	$ 18,124	$ 18,577
Debt Service	-	-	-	-	527	3,262	3,542	3,606	3,929
Less: 2023 Debt Service Funded through Terminal Rate Surcharge					(527)				
Debt Service Coverage	-	-	-	429	429	-	-	-	-
Less: PFCs Allocable to Debt Service	-	-	-	-	-	(737)	(788)	(820)	(852)
Amortization Charges	1,788	1,733	1,181	1,322	1,614	-	-	-	-
Expensed Equipment & Capital Outlays	230	342	875	897	920	943	966	990	1,015
Maintenance and Replacement Deposit Requirement	-	-	-	-	-	5,500	5,638	5,778	5,923
Management Incentive Fee	-	-	-	-	-	1,063	1,128	1,170	1,214
Maximum Expense of Downtown Airport	384	394	404	414	424	4,742	4,885	5,027	5,172
Annual Major Maintenance Surcharge Requirement	2,021	2,142	2,171	2,173	2,174	-	-	-	-
Funding of O&M Reserve Surcharge Requirement	-	-	-	-	242	-	-	-	-
O&M Reserve Deposit Requirement	116	1	33	67	68	55	71	73	75
Airfield Area Cost	$ 19,666	$ 20,244	$ 20,037	$ 21,454	$ 22,681	$ 32,079	$ 33,123	$ 33,949	$ 35,053
General Aviation Fuel Flowage Fees	(208)	(168)	(100)	(105)	(110)	(116)	(122)	(128)	(134)
Non-Signatory Airline Landing Fees	(450)	(344)	(1,343)	(1,416)	(1,489)	(2,101)	(2,168)	(2,221)	(2,293)
Net Airfield Area Cost	$ 19,008	$ 19,732	$ 18,594	$ 19,933	$ 21,082	$ 29,862	$ 30,834	$ 31,600	$ 32,626
Signatory Airline Landing Weight (1,000 pound units)	7,263	6,629	3,661	5,176	6,282	6,518	6,819	7,025	7,237
Signatory Airline Landing Fee Rate per 1,000-pound unit	**$ 2.62**	**$ 2.98**	**$ 5.08**	**$ 3.85**	**$ 3.36**	**$ 4.58**	**$ 4.52**	**$ 4.50**	**$ 4.51**
Non-Signatory Rate per 1,000 pound unit	**$ 3.27**	**$ 3.72**	**$ 6.35**	**$ 4.81**	**$ 4.19**	**$ 5.70**	**$ 5.63**	**$ 5.60**	**$ 5.62**
Signatory Landing Fee Revenues									
Passenger	$ 17,581	$ 18,128	$ 15,791	$ 17,774	$ 19,125	$ 26,942	$ 27,897	$ 28,625	$ 29,591
Cargo	1,427	1,604	2,803	2,159	1,957	2,793	2,812	2,854	2,918
Non-Signatory Landing Fee Revenues									
Passenger	307	232	1,074	1,209	1,301	1,833	1,898	1,948	2,013
Cargo	111	154	269	207	188	268	270	274	280

Sources: Kansas City Aviation Department and LeighFisher, October 2020.

Exhibit E-2

Terminal Building Rental Rate
Kansas City International Airport
(for the 12 months ending April 30; numbers in thousands except rates)

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	Actual 2019	Actual 2020	Estimate 2021	Projected 2022	2023	DBO 2024	2025	2026	2027
TERMINAL AREA COST									
O&M Expenses									
Terminal	$ 24,251	$ 22,590	$ 21,795	$ 22,910	$ 23,850	$ 28,374	$ 29,083	$ 29,810	$ 30,555
Less: Airline Specific Expenses									
Baggage handling expenses/maintenance	(1,371)	(895)	(900)	(923)	(946)	-	-	-	-
Utilities allocated to airline-specific facilities	(574)	(567)	(581)	(596)	(611)	-	-	-	-
Terminal Apron	-	-	-	-	-	1,919	1,967	2,016	2,067
Loading Bridges	-	-	-	-	-	1,780	1,824	1,870	1,917
Non-Airline	-	-	-	-	-	43,950	45,261	46,468	47,709
Debt Service	15,434	15,435	13,925	13,239	21,446	87,762	94,154	94,309	95,084
Less: 2023 Debt Service Funded through Terminal Rate Surcharge					(7,851)				
Less: CARES Funded Debt Service	-	-	(5,492)	-	-				
Less: PFC Funded Debt Service	(9,240)	(9,241)	(8,433)	(7,926)	(7,924)	(16,831)	(18,005)	(18,725)	(19,474)
Debt Service Coverage (see Terminal Rate Surcharge for Pre-DBO)	-	-	-	-	-	-	-	-	-
Amortization of Charges	1,520	1,710	1,653	1,976	2,377	-	-	-	-
Expensed Equipment & Capital Outlays	449	310	440	451	463	3,077	3,154	3,233	3,314
Maintenance and Replacement Deposit Requirement	-	-	-	-	-	5,500	5,638	5,778	5,923
Management Incentive Fee	-	-	-	-	-	3,189	3,383	3,510	3,641
Interest in Extension and Bond Retirement Account	-	-	-	-	-	1,306	1,310	1,342	1,379
Development Subaccount	-	-	-	-	-	145	152	160	168
O&M Reserve Deposit Requirement	186	2	47	94	97	200	259	265	272
Terminal Area Cost	$ 30,656	$ 29,343	$ 22,454	$ 29,226	$ 30,901	$ 160,371	$ 168,180	$ 170,036	$ 172,554
Less:									
Terminal Apron Fees	-	-	-	-	-	(6,835)	(7,317)	(7,415)	(8,018)
Loading Bridge Fees	-	-	-	-	-	(1,788)	(1,834)	(1,880)	(1,927)
Signatory Airline RON, FIS, and Facility Fees						(1,746)	(1,799)	(1,853)	(1,908)
Non-Signatory Airline RON, FIS, and Facility Fees						(2,201)	(2,290)	(2,255)	(2,267)
Non-Airline Revenues Allocable to Terminal	-	-	-	-	-	(92,228)	(97,857)	(101,518)	(105,348)
Net Terminal Area Cost	-	-	-	-	-	55,573	57,083	55,115	53,085
Usable Space (square feet)	731	731	731	731	731	n.a	n.a	n.a	n.a
Airline Rented Space (square feet)									
Signatory Airline Exclusive/Preferential Use Space	234	234	219	219	219	160	160	160	160
Non-Signatory Airline Exclusive/Preferential Use Space @125%	6	5	21	21	21	16	16	16	16
Common Use Baggage Premises	n.a	n.a	n.a	n.a	n.a	120	120	120	120
Airline Rented Space (weighted average for Non-Signatory Airlines)	240	240	240	240	240	295	295	295	295
Terminal Rental Rate (per square foot per year) Pre-DBO	$ 41.95	$ 40.15	$ 30.73	$ 39.99	$ 42.28				
Terminal Rental Rate (per square foot per year) Post-DBO						$ 188.09	$ 193.20	$ 186.53	$ 179.66
Terminal Rate Surcharge									
Baggage handling expenses/baggage claim maintenance	$ 1,371	$ 895	$ 900	$ 923	$ 946	n.a	n.a	n.a	n.a
Av Air Pro Reimbursement Agreement	-	-	-	-	-	n.a	n.a	n.a	n.a
Funding of TMP Rolling Coverage		-	-	8,523	9,811	n.a	n.a	n.a	n.a
Funding of Pre-DBO Debt Service					12,031				
Funding of O&M Reserve Surcharge Requirement	-	-	-	-	-	n.a	n.a	n.a	n.a
Annual Major Maintenance Surcharge Requirement	3,241	3,095	3,078	3,082	3,084	n.a	n.a	n.a	n.a
	$ 4,611	$ 3,991	$ 3,978	$ 12,527	$ 25,871	n.a	n.a	n.a	n.a
Airline Rented Space	240	240	240	240	240				
Terminal Rate Surcharge	$ 19.21	$ 16.64	$ 16.57	$ 52.19	$ 107.79	n.a	n.a	n.a	n.a
Effective rental rate per square foot of leased space	**$ 61.16**	**$ 56.79**	**$ 47.30**	**$ 92.19**	**$ 150.08**	**$ 188.09**	**$ 193.20**	**$ 186.53**	**$ 179.66**
Airline Rented Space	240	240	240	240	240	295	295	295	295
Airline Terminal Building Rentals	$ 14,661	$ 13,614	$ 11,338	$ 22,098	$ 35,976	$ 55,573	$ 57,083	$ 55,115	$ 53,085

Sources: Kansas City Aviation Department and LeighFisher, October 2020.

Exhibit E-3

Terminal Apron Rate
Kansas City International Airport
(for the 12 months ending April 30; numbers in thousands except rates)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by Aviation Department management, as described in the accompanying text. Inevitably, some assumptions used to develop the projections will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those projected, and the variations could be material.

	Actual 2019	Actual 2020	Estimate 2021	Projected 2022	2023	DBO 2024	2025	2026	2027
TERMINAL APRON COST									
O&M Expenses	$ 1,782	$ 1,916	$ 1,780	$ 1,825	$ 1,870	$ 1,919	$ 1,967	$ 2,016	$ 2,067
Debt Service	-	-	-	-	1,582	9,785	10,625	10,818	11,787
Less: 2023 Debt Service Funded through Terminal Rate Surcharge					(1,582)				
Debt Service Coverage			-	1,288	1,288	-	-	-	-
Less:PFCs Allocable to Debt Service						(2,210)	(2,364)	(2,459)	(2,557)
Amortization Charges	318	199	143	155	166	-	-	-	-
Expensed Equipment & Capital Outlays	15	26	54	55	56	58	59	61	62
O&M Reserve Deposit Requirement	14	0	4	7	8	6	8	8	8
Terminal Apron Area Cost	$ 2,130	$ 2,141	$ 1,980	$ 3,330	$ 3,388	$ 9,558	$ 10,295	$ 10,445	$ 11,368
Rentable Terminal Apron Lineal Feet	6.0	6.0	6.0	6.0	6.0	-	-	-	-
Number of Holdrooms/Gates						39	39	39	39
Base Terminal Apron Rate (per lienal foot or gate)	$ 354.18	$ 356.07	$ 329.29	$ 553.83	$ 563.47	$ 245.09	$ 263.98	$ 267.82	$ 291.48
Annual Major Maintenance Surcharge Requirement	$ 238	$ 263	$ 251	$ 245	$ 242	$ -	$ -	$ -	$ -
Total Surcharge	$ 238	$ 263	$ 251	$ 245	$ 242	$ -	$ -	$ -	$ -
Rented Lineal Feet	4.3	4.3	4.3	4.3	4.3	-	-	-	-
Supplemental Terminal Apron Rate per Lineal Foot	$ 55.91	$ 61.61	$ 58.96	$ 57.57	$ 56.61	$ -	$ -	$ -	$ -
Tug Drive Space						44.8	44.8	44.8	44.8
Rate per square foot						$ 20.00	$ 20.00	$ 20.00	$ 20.00
						$ 895	$ 895	$ 895	$ 895
Number of Holdrooms/Gates						39	39	39	39
Rate per Gate for Tug Drive Space						$ 23.0	$ 23.0	$ 23.0	$ 23.0
Total Terminal Apron Rate	$ 410.09	$ 417.68	$ 388.25	$ 611.40	$ 620.08	$ 268.04	$ 286.93	$ 290.77	$ 314.44
Rented Lineal Feet	4.3	4.3	4.3	4.3	4.3				
Rented Holdrooms/Gates						25.5	25.5	25.5	25.5
Terminal Apron Revenues	$ 1,747	$ 1,780	$ 1,655	$ 2,607	$ 2,649	$ 6,835	$ 7,317	$ 7,415	$ 8,018

Sources: Kansas City Aviation Department and LeighFisher, October 2020.

Exhibit E-4

Loading Bridge Fee
Kansas City International Airport
(for the 12 months ending April 30; numbers in thousands except rates)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by Aviation Department management, as described in the accompanying text. Inevitably, some assumptions used to develop the projections will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those projected, and the variations could be material.

	Actual 2019	Actual 2020	Estimate 2021	Projected 2022	2023	DBO 2024	2025	2026	2027
LOADING BRIDGE OPERATING FEE									
Allocable Portion of Loading Bridge Costs									
O&M Expenses	$ 2,346	$ 2,319	$ 2,292	$ 2,349	$ 2,408	$ 1,780	$ 1,824	$ 1,870	$ 1,917
Debt Service	-	-	-	-	-	-	-	-	-
Debt Service Coverage						-	-	-	-
Amortization	6	16	16	20	25	-	-	-	-
Expensed Equipment & Capital Outlays	-	-	-	-	-	-	-	-	-
O&M Reserve Deposit Requirement	18	0	5	10	10	8	10	10	11
Subtotal / Loading Bridge Fees	$ 2,370	$ 2,335	$ 2,312	$ 2,378	$ 2,442	$ 1,788	$ 1,834	$ 1,880	$ 1,927
Rented Loading Bridges / Holdrooms/Gates	29.0	29.0	29.0	29.0	28.0	25.5	25.5	25.5	25.5
Loading Bridge Fee	$ 81.73	$ 80.51	$ 79.72	$ 82.01	$ 87.22	$ 70.10	$ 71.94	$ 73.74	$ 75.58

Sources: Kansas City Aviation Department and LeighFisher, October 2020.

Exhibit E-5

Airline Cost per Enplaned Passenger
Kansas City International Airport
(for the 12 months ending April 30; numbers in thousands except rates)

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	Actual 2019	Actual 2020	Estimate 2021	Projected 2022	2023	DBO 2024	2025	2026	2027
Airline Rentals, Fees, and Charges									
Passenger Airline Landing Fees	$ 17,921	$ 18,374	$ 16,865	$ 18,983	$ 20,426	$ 28,775	$ 29,795	$ 30,573	$ 31,604
Terminal Apron Rent	1,747	1,780	1,655	2,607	2,649	6,835	7,317	7,415	8,018
Terminal Building Rent	14,661	13,614	11,338	22,098	35,976	55,573	57,083	55,115	53,085
RON Fees	873	852	758	786	809	1,746	1,799	1,853	1,908
Loading Bridge Fees	2,370	2,335	2,312	2,378	2,442	1,788	1,834	1,880	1,927
Non-Signatory Airline Facility Fees	648	643	320	544	323	2,201	2,290	2,255	2,267
Total Airline Revenues	38,220	37,599	33,248	47,395	62,626	96,918	100,119	99,091	98,809
Enplaned Passengers	5,952	5,202	1,885	3,670	4,742	5,119	5,476	5,695	5,922
Airline Cost per Enplaned Passenger	$ 6.42	$ 7.23	$ 17.64	$ 12.91	$ 13.21	$ 18.93	$ 18.28	$ 17.40	$ 16.68
	-								

Sources: Kansas City Aviation Department and LeighFisher, October 2020.

Exhibit F

Application of Revenues Under the Master Bond Ordinance
Kansas City International Airport
(for the 12 months ending April 30; numbers in thousands except rates)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by Aviation Department management, as described in the accompanying text. Inevitably, some assumptions used to develop the projections will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those projected, and the variations could be material.

	Actual 2019	Actual 2020	Estimate 2021	Projected 2022	2023	DBO 2024	2025	2026	2027
REVENUES									
Airline Revenues	$ 39,757	$ 39,301	$ 36,321	$ 49,762	$ 64,770	$ 99,978	$ 103,201	$ 102,219	$ 102,008
Nonairline Revenues	90,367	81,364	38,840	61,638	74,822	84,080	89,249	92,612	96,117
Downtown Airport	1,005	950	954	958	963	967	971	975	980
Non-Operating Revenues	18,728	14,143	17,847	7,019	7,603	8,391	8,853	9,155	9,481
Revenues	$ 149,857	$ 135,757	$ 93,962	$ 119,377	$ 148,158	$ 193,417	$ 202,274	$ 204,961	$ 208,587
APPLICATION OF REVENUES									
O&M Expenses	$ 93,671	$ 85,514	$ 84,663	$ 91,633	$ 96,537	$ 98,655	$ 101,333	$ 103,942	$ 106,620
Senior Lien Debt Service (non-PFC)	27,207	22,240	13,925	13,239	25,815	91,023	97,696	97,915	99,013
Less: PFC Revenues for Debt Service	(9,240)	(9,241)	(8,433)	(7,926)	(7,924)	(17,567)	(18,793)	(19,545)	(20,327)
Less: CARES Grants for Debt Service	-	-	(5,492)	-	-	-	-	-	-
Senior Lien Reserve Accounts	-	-	-	-	-	-	-	-	-
O&M Reserve Requirement	334	3	89	178	182	2,630	352	361	370
Subordinate Lien Debt Service	4,223	-	-	-	-	-	-	-	-
Maintenance and Replacement Account	-	-	-	-	-	11,000	11,275	11,557	11,846
Coverage Deposit Account	-	-	-	10,240	10,240	-	-	-	-
Extension and Bond Retirement Account									
Capital Outlays	2,680	2,455	4,021	4,122	4,225	4,330	4,438	4,549	4,663
Cash Fund O&M Reserve					-	(2,358)	-	-	-
Major Maintenance Requirement (Surcharge)	5,500	5,500	5,500	5,500	5,500	-	-	-	-
Development Subaccount		-	-	-	-	145	152	160	168
Interest Earnings in Extension & Bond Retirement Act		-	-	-	-	1,304	1,308	1,340	1,377
Remaining Funds / Management Incentive Fee at DBO	25,481	29,287	(311)	2,392	13,583	4,254	4,513	4,681	4,857
Total Application of Revenues	$ 149,857	$ 135,757	$ 93,962	$ 119,377	$ 148,158	$ 193,417	$ 202,274	$ 204,961	$ 208,587

1. The Aviation Department plans on using its own cash to fund the O&M Reserve in FY 2024.

Sources: Kansas City Aviation Department and LeighFisher, October 2020.

Exhibit G

Debt Service Coverage
Kansas City International Airport
(for the 12 months ending April 30; numbers in thousands except rates)

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	Actual 2019	Actual 2020	Estimate 2021	Projected 2022	2023	DBO 2024	2025	2026	2027
Revenues	$ 149,857	$ 135,757	$ 93,962	$ 119,377	$ 148,158	$ 193,417	$ 202,274	$ 204,961	$ 208,587
Less: O&M Expenses	(93,671)	(85,514)	(84,663)	(91,633)	(96,537)	(98,655)	(101,333)	(103,942)	(106,620)
Net Revenues	$ 56,186	$ 50,243	$ 9,299	$ 27,744	$ 51,621	$ 94,762	$ 100,941	$ 101,019	$ 101,967
Transfers (= 25% GARB Debt Service Net of PFC Offset)	4,492	4,493	-	1,328	1,328	18,194	19,726	19,538	19,671
Adjusted Net Revenues	$ 60,677	$ 54,736	$ 9,299	$ 29,073	$ 52,950	$ 112,956	$ 120,667	$ 120,556	$ 121,638
CARES Grants Committed to Pay Debt Service	-	-	5,492	-	-	-	-	-	-
PFC Revenues Committed to Pay Debt Service	9,240	9,241	8,433	7,926	7,924	17,567	18,793	19,545	20,327
Net Revenues Including PFC Revenues, but Not Transfer	65,426	59,484	23,224	35,670	59,545	112,329	119,734	120,563	122,293
Senior Obligation Debt Service - Cash Basis									
Senior Obligations	$ 27,207	$ 27,212	$ 13,925	$ 13,239	$ 13,237	$ 90,345	$ 97,696	$ 97,696	$ 99,012
CARES Grants Committed to Pay Debt Service	-	-	(5,492)	-	-	-	-	-	-
PFC Revenues for Debt Service	$ (9,240)	$ (9,241)	$ (8,433)	$ (7,926)	$ (7,924)	$ (17,567)	$ (18,793)	$ (19,545)	$ (20,327)
Aggregate Annual Debt Service (Senior Obligations)	$ 17,967	$ 17,971	$ -	$ 5,313	$ 5,314	$ 72,778	$ 78,903	$ 78,151	$ 78,685
Subordinate Obligation Debt Service	4,223	-	-	-	-	-	-	-	-
Total Debt Service per Ordinance	$ 22,190	$ 17,971	$ -	$ 5,313	$ 5,314	$ 72,778	$ 78,903	$ 78,151	$ 78,685
Total Debt Service Without PFC Offset	31,430	27,212	13,925	13,239	13,237	90,345	97,696	97,696	99,012
Debt Service Coverage									
Section 6.03 of the Master Bond Ordinance / Rate Covenant (with Transfer)									
Senior Obligations	338%	305%	n.a.	547%	996%	155%	153%	154%	155%
Subordinate Obligations	273%	305%	n.a.	547%	996%	155%	153%	154%	155%
Debt Service Coverage with PFCs (not offset) excluding Transfer									
Senior Obligations	240%	219%	167%	269%	450%	124%	123%	123%	124%
Subordinate Obligations	208%	219%	167%	269%	450%	124%	123%	123%	124%

Sources: Kansas City Aviation Department and LeighFisher, October 2020.

APPENDIX D

DEFINITIONS AND SUMMARY OF CERTAIN FINANCING DOCUMENTS

The following are summaries of certain provisions of the Indenture, the Financing Agreement, the Master Bond Ordinance and the Series 2020 Supplemental Ordinance, including certain defined terms used therein and in this Official Statement. Other summaries of certain provisions of such Indenture, Financing Agreement, Master Bond Ordinance and Series 2020 Supplemental Ordinance, and certain defined terms used therein, are included elsewhere in this Official Statement. The summaries do not purport to be complete, and reference is made to the Indenture, the Financing Agreement, the Master Bond Ordinance and the Series 2020 Supplemental Ordinance, respectively, for a complete recital of their terms, as well as a complete recital of the defined terms used therein.

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a summary of certain definitions and provisions contained in the Indenture. The following is not a comprehensive description, however, and is qualified in its entirety by reference to the Indenture for a complete recital of the terms thereof.

Definitions

"**Account**" shall mean any account established pursuant to the Indenture.

"**Act**" shall mean Sections 349.010 et seq. of the Revised Statutes of Missouri, as amended.

"**Additional Appropriation Obligations**" shall have the meaning set forth in the Financing Agreement.

"**Additional Bonds**" shall mean any additional bonds issued by the Issuer pursuant to the Indenture that stand on a parity and equality under the Indenture with the Series 2019 Bonds, the Series 2020 Bonds and any other Additional Bonds.

"**AMT Project**" shall mean any undertaking, facility or item which is acquired, constructed, reconstructed, improved, expanded or otherwise financed with proceeds of the Series 2019B Bonds and the Series 2020A Bonds (or other Series of Bonds designated as AMT Bonds in a Supplemental Indenture) and which project satisfies the requirements of Section 142 of the Code and of the Tax Compliance Agreement for an AMT Project.

"**Bond Counsel**" shall mean collectively Kutak Rock LLP, the Hardwick Law Firm, LLC and Martha E. Schach, Attorney at Law, LLC, as co-bond counsel, or any other attorney at law or firm of attorneys selected by the City and reasonably acceptable to the Trustee and the Issuer of nationally recognized standing in matters pertaining to the validity of and 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.

"**Bond Resolution**" shall mean the Resolution of the Issuer adopted on September 30, 2020, authorizing, among other things, the issuance of the Series 2020 Bonds and the execution and delivery of the First Supplemental Indenture and the First Supplemental Financing Agreement.

"**Bondowner**," "**bondowner**," "**owner**," "**Bondholder**" or "**holder**" shall mean, as of any time, the registered owner of any Bond as shown in the register kept by the Trustee as bond registrar.

"**Bonds**" shall mean, collectively, the Series 2019 Bonds, the Series 2020 Bonds and any Additional Bonds issued, authenticated and delivered under and pursuant to the Indenture.

"**Book-Entry System**" shall mean the book-entry system maintained by the Securities Depository described in the Indenture.

"**Capitalized Interest Fund**" shall mean the Fund by that name created by the Indenture, with a Series 2020A Capitalized Interest Account and a Series 2020B Capitalized Interest Account therein.

"**Cede & Co.**" shall mean Cede & Co., the nominee of the Securities Depository, and any successor nominee of the Securities Depository with respect to the Bonds.

"**Completion Certificate**" shall mean the completion certificate required under the Indenture and the Financing Agreement to be executed by an Authorized City Representative with respect to the completion of the Terminal Modernization Project or any portion thereof.

"**Consultant**" shall mean any Independent consultant, consulting firm, engineer, architect, engineering firm, architectural firm, accountant or accounting firm, financial or municipal advisory or investment banking firm, or other expert recognized to be well-qualified for work of the character required and retained by the City to perform acts and carry out the duties provided for such consultant in the Indenture, the Financing Agreement or the Master Bond Ordinance.

“**Continuing Disclosure Undertaking**” with respect to the Series 2020 Bonds shall mean the City’s Continuing Disclosure Undertaking relating to the Series 2020 Bonds.

“**Costs**” or “**Costs of the Project**” shall mean all costs of planning, developing, financing, constructing, installing, equipping, furnishing, improving, acquiring, enlarging and/or renovating the Terminal Modernization Project and placing the same in service and shall include, but not be limited to the following: (a) costs of real or personal property, rights, franchises, easements and other interests in property, real or personal, and the cost of demolishing or removing structures and site preparation, infrastructure development, and landscaping and acquisition of land to which structures may be removed; (b) the costs of materials and supplies, machinery, equipment, vehicles, rolling stock, furnishings, improvements and enhancements; (c) labor and related costs and the costs of services provided, including costs of consultants, advisors, architects, engineers, accountants, planners, attorneys, financial and feasibility consultants, in each case, whether an employee of the City, a Consultant or another Person; (d) capitalized interest; (e) costs of the City properly allocated to the Terminal Modernization Project and with respect to costs of its employees or other labor costs, including the cost of medical, pension, retirement and other benefits as well as salary and wages and the allocable costs of administrative, supervisory and managerial personnel and the properly allocable cost of benefits provided for such personnel; (f) Costs of Issuance and other financing expenses, including costs related to issuance of and securing of Bonds and costs of Credit Facilities; and (g) such other costs and expenses that can be capitalized under generally accepted accounting principles in effect at the time the cost is incurred by the City.

“**Costs of Issuance**” shall mean issuance costs with respect to the Bonds, including, but not limited to, the following: underwriters spread, discount or fees; Credit Provider fees and Debt Service Reserve Fund Surety Policy fees; counsel fees (including Bond Counsel, underwriters counsel, disclosure counsel, the Issuer’s counsel, the City’s counsel, as well as any other specialized counsel fees incurred in connection with the financing); financial or municipal advisor fees of any financial or municipal advisor to the Issuer and/or the City incurred in connection with the issuance of the Bonds; Consultant fees; rating agency fees; Trustee, escrow agent, verification agent and paying agent fees; accountant fees and other expenses related to issuance of the Bonds; printing costs (for the Bonds and of the preliminary and final official statement relating to the Bonds); and fees and expenses of the Issuer and the City incurred in connection with the issuance of the Bonds.

“**Costs of Issuance Fund**” shall mean the Fund by that name created by the Indenture, with a Series 2020A Costs of Issuance Account, a Series 2020B Costs of Issuance Account and a Series 2020C Costs of Issuance Account therein.

“**Credit Facility**” shall mean a policy of municipal bond insurance, a letter of credit, surety bond, line of credit, guarantee, standby purchase agreement, any reserve fund surety policy (other than the Debt Service Reserve Fund Surety Policy), or other financial instrument which obligates a third party to make payment of or provide funds to the Trustee for the payment of the principal of and/or interest on Bonds or which is available to provide funds with which to purchase Bonds, whether such obligation is to pay in the first instance and seek reimbursement or to pay only if the Issuer or City fails to do so.

“**Credit Provider**” shall mean the party obligated to make payment of principal of and interest on the Bonds or purchase Bonds under a Credit Facility.

“**Debt Service Fund**” shall mean the Fund by that name created by the Indenture, with a Series 2020A Debt Service Account, a Series 2020B Debt Service Account and a Series 2020C Debt Service Account therein.

“**Debt Service Payments**” shall have the meaning set forth in the Financing Agreement.

“**Debt Service Reserve Fund**” shall mean the Fund by that name created by the Indenture and that is required to be funded for the purpose of providing additional security for the Debt Service Reserve Fund Participating Bonds.

“**Debt Service Reserve Fund Participating Bonds**” shall mean the Series 2019 Bonds, the Series 2020 Bonds, any Additional Bonds as specified in any Supplemental Indenture as participating in the Debt Service Reserve Fund, and the Series 2019A Bonds.

“**Debt Service Reserve Fund Surety Policy**” shall mean an insurance policy or surety bond, or a letter of credit, or any similar Credit Facility deposited with the Trustee for the credit of the Debt Service Reserve Fund in lieu of or partial substitution for cash or securities on deposit therein. The entity providing such Debt Service Reserve Fund Surety Policy shall be rated, at the time such instrument is provided, in one of the two highest Rating Categories by a Nationally Recognized Rating Agency.

“**Debt Service Reserve Requirement**” shall mean the lesser of (i) maximum annual debt service on the Debt Service Reserve Fund Participating Bonds, (ii) 125% of average annual debt service on the Debt Service Reserve Fund Participating Bonds, and (iii) 10% of the stated principal amount of the Debt Service Reserve Fund Participating Bonds. The incremental increase in the Debt Service Reserve Requirement attributable to the Series 2020 Bonds is equal to $46,286,243.76 (of which $30,086,058.45 is funded from Series 2020 Bond proceeds ($22,952,838.87 from Series 2020A

Bond proceeds, $2,894,433.21 from Series 2020B Bond proceeds and $4,238,786.37 from Series 2020C Bond proceeds), and of which $16,200,185.32 is funded from the Series 2020 Reserve Policy.

"**Defeasance Obligations**" shall mean:

(a) Government Obligations which are not subject to redemption prior to maturity; or

(b) obligations of any state or political subdivision of any state, which obligations have been advance refunded, the interest on which is excluded from gross income for federal income tax purposes, and which meet the following conditions:

(i) the obligations (A) are not subject to redemption prior to maturity or (B) the trustee for such obligations has been given irrevocable instructions concerning their calling and redemption and the issuer of such obligations has covenanted not to redeem such obligations other than as set forth in such instructions;

(ii) the obligations are secured by cash or noncallable Government Obligations that may be applied only to payment of principal of, premium, if any, and interest payments on such obligations;

(iii) the sufficiency of such cash and noncallable Government Obligations to pay in full all principal of, interest, and premium, if any, on such obligations has been verified by the report of an independent certified public accountant (a "Verification") and no substitution of Government Obligations shall be permitted except with cash or other Government Obligations and upon delivery of a new Verification;

(iv) such cash and Government Obligations serving as security for the obligations are held in an irrevocable escrow by an escrow agent or a trustee in trust for the owners of such obligations;

(v) the Trustee has received an Opinion of Counsel that such cash and Government Obligations are not available to satisfy any other claims other than the payment of such obligations, including those against the trustee or escrow agent; and

(vi) the obligations are rated in the highest rating category by a nationally recognized securities rating service.

"**DTC**" shall mean The Depository Trust Company or the successor to its powers and authority.

"**Electronic Means**" shall mean the following communication methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee or another method or system specified by the Trustee as available for use in connection with its services under the Indenture.

"**Event of Default**" or "**event of default**" shall mean any occurrence or event specified in the Indenture.

"Escrow Agent" means UMB Bank, N.A., as Escrow Agent under the Escrow Agreement.

"**Escrow Agreement**" means the Escrow Deposit Agreement dated as of October 1, 2020, between the Issuer and the Escrow Agent.

"**Escrow Fund**" means the Escrow Fund established in the custody of the Escrow Agent pursuant to the Escrow Agreement.

"**Financing Agreement**" shall mean the Original Financing Agreement as supplemented by the First Supplemental Financing Agreement, as from time to time may be further amended by Supplemental Financing Agreements in accordance with the provisions thereof.

"**First Supplemental Financing Agreement**" means the First Supplemental Financing Agreement dated as of October 1, 2020, among the Issuer, the City and the Trustee.

"**First Supplemental Indenture**" means the First Supplemental Trust Indenture dated as of October 1, 2020, between the Issuer and the Trustee.

"**Fitch**" shall mean Fitch, Inc. and its successors and its assigns, and, if Fitch shall for any reason no longer perform the functions of a Nationally Recognized Rating Agency, "Fitch" shall be deemed to refer to any Nationally Recognized Rating Agency designated by the City.

"**Fund**" shall mean any fund established pursuant to the Indenture.

"**Government Obligations**" shall mean the following:

(a) bonds, notes, certificates of indebtedness, treasury bills or other securities constituting direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed by, the United States of America; and

(b) evidences of direct ownership of a proportionate or individual interest in future interest or principal payments on specified direct obligations of, or obligations the payment of the principal of and interest on which are unconditionally guaranteed by, the United States of America, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian in form and substance satisfactory to the Trustee.

"**Indenture**" shall mean the Original Indenture as supplemented by the First Supplemental Indenture, as from time to time may be further amended by Supplemental Indentures in accordance with the provisions thereof.

"**Insured Series 2019B Bonds**" means the Series 2019B Term Bonds maturing on March 1 of the years 2049 and 2055.

"**Insured Series 2020A Bonds**" means the Series 2020A Term Bonds maturing on March 1, 2050 (with a yield of 3.060%) and March 1, 2057.

"**Interest Payment Date**" with respect to the Series 2020 Bonds shall mean each March 1 and September 1, beginning on March 1, 2021.

"**Issuer**" shall mean The Industrial Development Authority of the City of Kansas City, Missouri, and its successors and assigns.

"**Issuer Representative**" shall mean the Chairman, President, any Vice President or Secretary or each alternate designated to act for the Issuer by written certificate furnished to the Trustee, containing the specimen signature of such person and signed on behalf of the Issuer by the Chairman, President or any Vice President or Secretary of the Issuer.

"**Master Bond Ordinance**" shall mean Ordinance No. 190026 of the City, passed March 21, 2019, as amended by Ordinance No. 200706 of the City, passed September 17, 2020, together with all amendments thereto.

"**Moody's**" shall mean Moody's Investors Service, Inc. and its successors and its assigns, and, if Moody's shall for any reason no longer perform the functions of a Nationally Recognized Rating Agency, "Moody's" shall be deemed to refer to any other Nationally Recognized Rating Agency designated by the City.

"**Nationally Recognized Rating Agency**" shall mean a nationally recognized statistical rating organization designated as such by the United States Securities and Exchange Commission.

"**Non-AMT Project**" shall mean any undertaking, facility or item which is acquired, constructed, reconstructed, improved, expanded or otherwise financed with proceeds of the Series 2019C Bonds and/or the Series 2020B Bonds (or other Series of Bonds as designated as Non-AMT or AMT Bonds in a Supplemental Indenture) and which project satisfies the requirements of Section 141 of the Code and of the Tax Compliance Agreement for a Non-AMT Project.

"**Opinion of Bond Counsel**" shall mean, with respect to any action relating to the Bonds, the occurrence of which requires such an opinion, a written legal opinion of Bond Counsel addressed to the Trustee, the Issuer and the City to the effect that such action is permitted under the Indenture and will not impair the exclusion of interest on any tax-exempt Bonds from gross income for purposes of federal income taxation or the exemption of interest on any tax-exempt Bonds from personal income taxation under the laws of the State (subject to customary exceptions).

"**Opinion of Counsel**" shall mean a written opinion of any legal counsel acceptable to the Issuer and the Trustee and, to the extent the City is asked to take action in reliance thereon, the City, who may be an employee of or counsel to the Issuer, the City or the Trustee.

"**Original Financing Agreement**" shall mean the Financing Agreement dated as of June 1, 2019, by and among the Issuer, the City and the Trustee.

"**Original Indenture**" shall mean the Trust Indenture, dated as of June 1, 2019, between the Issuer and the Trustee.

"**Outstanding**" when used with respect to Bonds shall mean all Bonds which have been authenticated and delivered under the Indenture, except:

(a) Bonds cancelled or purchased by the Trustee for cancellation or delivered to or acquired by the Trustee for cancellation and, in all cases, with the intent to extinguish the debt represented thereby;

(b) Bonds deemed to be paid in accordance with the Indenture;

(c) Bonds in lieu of which other Bonds have been authenticated under the Indenture;

(d) Bonds that have become due (at maturity or on redemption, acceleration or otherwise) and for the payment of which sufficient moneys, including interest accrued to the due date, are held by the Trustee or a Paying Agent; and

(e) Bonds which, under the terms of the Supplemental Indenture pursuant to which they were issued, are deemed to be no longer Outstanding.

"**Participant**" shall mean, with respect to DTC or another Securities Depository, a member of or participant in DTC or such other Securities Depository, respectively.

"**Paying Agent" or "Paying Agents**" shall mean the Trustee and any other commercial bank or trust institution organized under the laws of any state of the United States of America or any national banking association designated pursuant to the Indenture or any Supplemental Indenture as paying agent for the Bonds at which the principal of, redemption premium, if any, and interest on such Bonds shall be payable.

"**Payment Date**" shall mean, with respect to any Bonds, each date on which interest is due and payable thereon and each date on which principal is due and payable thereon whether by maturity or redemption thereof.

"**Permitted Investments**" shall mean any of the following securities, if and to the extent the same are at the time legal for investment of the City's moneys held in the funds and accounts referred to in the Indenture:

(a) United States Treasury Securities (Bills, Notes, Bonds and Strips).

(b) United States Agency/GSE Securities. The City may invest in obligations issued or guaranteed by any agency of the United States Government and in obligations issued by any government sponsored enterprise (GSE) which have a liquid market and a readily determinable market value that are described as follows:

i. U.S. Government Agency Coupon and Zero Coupon Securities.

ii. U.S. Government Agency Discount Notes.

iii. U.S. Government Agency Callable Securities. Restricted to securities callable at par only.

iv. U.S. Government Agency Step-Up Securities. The coupon rate is fixed for an initial term. At the step-up date, the coupon rate rises to a new, higher fixed interest rate.

v. U.S. Government Agency Floating Rate Securities. Restricted to coupon with no interim caps that reset at least quarterly and that float off of only one index.

vi. U.S. Government Agency/GSE Mortgage Backed Securities (MBS, CMO, Pass-Thru Securities). Restricted to securities with final maturities of five (5) years or less or have the final projected payment no greater than five (5) years when analyzed in a +300 basis point interest rate environment.

(c) Repurchase Agreements. The City may invest in contractual agreements between the City and commercial banks or primary government securities dealers. The Bond Securities Industry & Financial Markets Association's (or any successor's) guidelines for the Master Repurchase Agreement will be used and will govern all repurchase agreement transactions. All repurchase agreement transactions will be either physical delivery or tri-party.

(d) Bankers' Acceptances. The City may invest in bankers' acceptances issued by domestic commercial banks possessing the highest rating issued by Moody's or S&P.

(e) Commercial Paper. The City may invest in commercial paper issued by domestic corporations, which has received the highest short-term credit rating issued by Moody's or S&P. Eligible paper is further limited to issuing corporations that have total assets in excess of five hundred million dollars ($500,000,000) and are not listed on Credit Watch with negative implications by any nationally recognized rating agency at the time of purchase.

(f) Municipal Securities (State and Local Government Obligations). The City may invest in municipal obligations that are issued in either tax-exempt or taxable form.

i. Any full faith and credit obligations of the State of Missouri rated at least A or A2 by S&P or Moody's.

ii. Any full faith and credit obligations of any city, county or school district in the state of Missouri rated at least AA or Aa2 by S&P or Moody's.

iii. Any full faith and credit obligations or revenue bonds of the City of Kansas City, Missouri rated at least A or A2 by S&P or Moody's.

iv. Any full faith and credit obligation of any state or territory of the United States of America rated at least AA or Aa2 by S&P or Moody's.

v. Any full faith and credit obligations of any city, county or school district in any state or territory of the United States of America rated AAA or Aaa by S&P or Moody's.

vi. Any revenue bonds issued by the Missouri Department of Transportation rated at least AA or Aa2 by S&P or Moody's.

vii. Any municipal obligation that is pre-refunded or escrowed to maturity as to both principal and interest with escrow securities that are fully guaranteed by the United States Government, without regard to rating by S&P or Moody's.

(g) Money market mutual funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, rated in either of the two highest categories by Moody's and S&P (in either case without regard to any modifier).

(h) Such other investments allowed pursuant to the City's investment policy, as amended from time to time.

(i) Such other investments not described above that are allowed pursuant to Missouri law and approved in the Charter.

References to particular ratings and rating agency categories in this definition are applicable only at the time of purchase of the Permitted Investment.

"**Person**" shall mean any natural person, firm, association, corporation, partnership, joint stock company, a joint venture, trust, unincorporated organization or firm, or a government or any agency or political subdivision thereof or other public body.

"**Project Fund**" shall mean the Fund by that name created by the Indenture, with a Series 2020A Project Account and a Series 2020B Project Account therein.

"**Rating Agency**" and "**Rating Agencies**" shall mean Fitch, Moody's or S&P, or any other Nationally Recognized Rating Agency.

"**Rating Category**" and "**Rating Categories**" shall mean (i) with respect to any long-term rating category, all ratings designated by a particular letter or combination of letters, without regard to any numerical modifier, plus or minus sign or other modifier, and (ii) with respect to any short-term or commercial paper rating category, all ratings designated by a particular letter or combination of letters and taking into account any numerical modifier, but not any plus or minus sign or other modifier.

"**Rebate Fund**" shall mean the Fund by that name created by the Indenture.

"**Record Date**" shall mean the 15th day (whether or not a Business Day) of the calendar month next preceding the month in which an interest payment on any Bond is to be made.

"**Refunded Series 2013A Bonds**" means the City's outstanding General Improvement Airport Refunding Revenue Bonds, Series 2013A (AMT) to be refunded with proceeds of the Series 2020C Bonds.

"**Securities Depository**" shall mean, initially, The Depository Trust Company, New York, New York, and its successors and assigns.

"**Serial Bonds**" shall mean Bonds for which no sinking installment payments are provided.

"**Series**" shall mean any series of Bonds issued and secured under the Indenture.

"**Series 2019 Bonds**" means, collectively, the Airport Special Obligation Bonds (Kansas City International Airport Terminal Modernization Project) Series 2019B (AMT) and the Airport Special Obligation Bonds (Kansas City International Airport Terminal Modernization Project) Series 2019C (Non-AMT).

"**Series 2019 Insurer**" means Assured Guaranty Municipal Corp., a New York stock insurance company, or any successor thereto or assignee thereof. With respect to the Series 2019B Insurance Policy, the Series 2019 Insurer shall constitute a Credit Provider for all purposes of the Indenture.

"**Series 2019 Reserve Insurance Agreement**" means the Insurance Agreement dated June 27, 2019, between the Issuer and the Series 2019 Insurer.

"**Series 2019 Reserve Policy**" means the debt service reserve insurance policy issued by the Series 2019 Insurer and deposited in the Debt Service Reserve Fund. The Series 2019 Reserve Policy shall constitute a Debt Service Reserve Fund Surety Policy for all purposes of the Indenture.

"**Series 2019 Senior Appropriation Obligation**" means a Senior Appropriation Obligation incurred under the Master Bond Ordinance and the Series 2019 Supplemental Ordinance and designated as "City of Kansas City, Missouri Senior Airport Revenue Appropriation Obligation Series 2019."

"**Series 2019 Supplemental Ordinance**" means Committee Substitute for Ordinance No. 190027, which, among other things, sets forth the terms of the Series 2019A Senior Appropriation Obligation.

"**Series 2019A Bonds**" means the Airport Special Obligation Bonds (Kansas City International Airport Terminal Modernization Project) Series 2019A (AMT) issued under the Series 2019A Indenture in the original aggregate principal amount of $98,460,000.

"**Series 2019A Financing Agreement"** means the Series 2019A Financing Agreement, dated as of March 1, 2019, among the Issuer, the City and the Trustee.

"**Series 2019A Indenture"** means the Series 2019A Trust Indenture, dated as of March 1, 2019, between the Issuer and the Trustee, together with all Supplemental Indentures, if any, pursuant to which the Series 2019A Bonds were issued.

"**Series 2019A Senior Appropriation Obligation**" means a Senior Appropriation Obligation incurred under the Master Bond Ordinance and the Series 2019A Supplemental Ordinance and designated as "City of Kansas City, Missouri Senior Airport Revenue Appropriation Obligation Series 2019A."

"**Series 2019A Supplemental Ordinance**" means Committee Substitute for Ordinance No. 190128, which, among other things, sets forth the terms of the Series 2019A Senior Appropriation Obligation.

"**Series 2019A Trustee**" shall mean BOKF, N.A., a national banking association and its successors and assigns.

"**Series 2019A Trust Estate**" shall mean the Series 2019A Trust Estate described in the Granting Clauses of the Indenture.

"**Series 2019B Bonds**" shall mean the Issuer's Airport Special Obligation Bonds (Kansas City International Airport Terminal Modernization Project), Series 2019B (AMT) issued pursuant to the Indenture in the original aggregate principal amount of $824,765,000.

"**Series 2019B Insurance Policy**" means the insurance policy issued by the Series 2019 Insurer guaranteeing the scheduled payment of principal of and interest on the Insured Series 2019B Bonds when due. The Series 2019B Insurance Policy shall constitute a Credit Facility for all purposes of the Indenture.

"**Series 2019C Bonds**" shall mean the Issuer's Airport Special Obligation Bonds (Kansas City International Airport Terminal Modernization Project), Series 2019C (Non-AMT) issued pursuant to the Indenture in the original aggregate principal amount of $61,250,000.

"**Series 2020 Bond Issuance Date**" shall mean October 29, 2020.

"**Series 2020 Bonds**" means, collectively, the Airport Special Obligation Bonds (Kansas City International Airport Terminal Modernization Project) Series 2020A (AMT), the Airport Special Obligation Bonds (Kansas City International Airport Terminal Modernization Project) Series 2020B (Non-AMT), the Taxable Airport Special Obligation Refunding Bonds (Kansas City International Airport Project) Series 2020C and/or such other series designations as shall be provided in the Indenture.

"**Series 2020 Insurer**" means Assured Guaranty Municipal Corp., a New York stock insurance company, or any successor thereto or assignee thereof. With respect to the Series 2020A Insurance Policy, the Series 2020 Insurer shall constitute a Credit Provider for all purposes of the Indenture.

"**Series 2020 Purchase Contract**" shall mean the Bond Purchase Agreement entered into by and between the Issuer and the Underwriter, and approved by the City, with respect to the Series 2020 Bonds.

"**Series 2020 Reserve Insurance Agreement**" means the Insurance Agreement dated October 29,2020, between the Issuer and the Series 2020 Insurer.

"**Series 2020 Reserve Policy**" means the debt service reserve insurance policy issued by the Series 2020 Insurer and deposited in the Debt Service Reserve Fund. The Series 2020 Reserve Policy shall constitute a Debt Service Reserve Fund Surety Policy for all purposes of the Indenture.

"**Series 2020 Senior Appropriation Obligation**" means a Senior Appropriation Obligation incurred under the Master Bond Ordinance and the Series 2020 Supplemental Ordinance and designated as "City of Kansas City, Missouri Senior Airport Revenue Appropriation Obligation Series 2020."

"**Series 2020 Supplemental Ordinance**" shall mean Committee Substitute for Ordinance No. 200703 of the City, which, among other things, sets forth the terms of the Series 2020 Senior Appropriation Obligation.

"**Series 2020A Bonds**" shall mean the Issuer's Airport Special Obligation Bonds (Kansas City International Airport Terminal Modernization Project), Series 2020A (AMT) issued pursuant to the Indenture in the original aggregate principal amount of $504,705,000.

"**Series 2020A Capitalized Interest Account**" shall mean the Account by that name created within the Capitalized Interest Fund pursuant to the Indenture.

"**Series 2020A Costs of Issuance Account**" shall mean the Account by that name created within the Costs of Issuance Fund pursuant to the Indenture.

"**Series 2020A Debt Service Account**" shall mean the Account by that name created within the Debt Service Fund pursuant to the Indenture.

"**Series 2020A Insurance Policy**" means the insurance policy issued by the Series 2020 Insurer guaranteeing the scheduled payment of principal of and interest on the Insured Series 2020A Bonds when due. The Series 2020A Insurance Policy shall constitute a Credit Facility for all purposes of the Indenture.

"**Series 2020A Project Account**" shall mean the Account by that name created within the Project Fund pursuant to the Indenture.

"**Series 2020B Bonds**" shall mean the Issuer's Airport Special Obligation Bonds (Kansas City International Airport Terminal Modernization Project), Series 2020B (Non-AMT) issued pursuant to the Indenture in the original aggregate principal amount of $57,155,000.

"**Series 2020B Capitalized Interest Account**" shall mean the Account by that name created within the Capitalized Interest Fund pursuant to the Indenture.

"**Series 2020B Costs of Issuance Account**" shall mean the Account by that name created within the Costs of Issuance Fund pursuant to the Indenture.

"**Series 2020B Debt Service Account**" shall mean the Account by that name created within the Debt Service Fund pursuant to the Indenture.

"**Series 2020B Project Account**" shall mean the account by that name created within the Project Fund pursuant to the Indenture.

"**Series 2020C Bonds**" shall mean the Issuer's Taxable Airport Special Obligation Refunding Bonds (Kansas City International Airport Project), Series 2020C issued pursuant to the Indenture in the original aggregate principal amount of $70,380,000.

"**Series 2020C Costs of Issuance Account**" shall mean the Account by that name created within the Costs of Issuance Fund pursuant to the Indenture.

"**Series 2020C Debt Service Account**" shall mean the Account by that name created within the Debt Service Fund pursuant to the Indenture.

"**S&P**" shall mean S&P Global Ratings, its successors and assigns, and, if S&P shall for any reason no longer perform the functions of a Nationally Recognized Rating Agency, "S&P" shall be deemed to refer to any other Nationally Recognized Rating Agency designated by the City.

"**Supplemental Indenture**" shall mean any indenture supplemental or amendatory to the Indenture entered into by the Issuer and the Trustee.

"**Tax Compliance Agreement**" shall mean each of the Tax Compliance Agreement relating to the Series 2019 Bonds, the Tax Compliance Agreement relating to the Series 2020 Bonds and such other tax compliance agreement(s) entered into with respect to Additional Bonds, among the Issuer, the City and the Trustee, as from time to time amended in accordance with the provisions thereof.

"**Term Bonds**" shall mean Bonds of a Series which are payable on or before their specified maturity dates from sinking installment payments for such Series and calculated to retire such Bonds on or before their specified maturity dates.

"**Terminal Modernization Project**" shall mean any and all facilities, improvements and other expenditures related to the improvements to the Airport System, including the construction of a new passenger terminal at Kansas City International Airport, financed or refinanced in whole or in part with proceeds of a Series of Bonds and the Series 2019A Bonds.

"**Transaction Documents**" with respect to the Series 2020 Bonds shall mean the Original Indenture, the First Supplemental Indenture, the Series 2020 Bonds, the Original Financing Agreement, the First Supplemental Financing Agreement, the Series 2020 Purchase Contract, the Tax Compliance Agreement relating to the Series 2020 Bonds, any agreement relating to any bond insurance policy with respect to any Bonds, the Series 2020 Reserve Insurance Agreement and any other agreement relating to any Debt Service Reserve Fund Surety Policy with respect to any Bonds, and any and all future renewals and extensions or restatements of, or amendments or supplements to, any of the foregoing; provided, however, that when the words "Transaction Documents" are used in the context of the authorization, execution, delivery, approval or performance of Transaction Documents by a particular party, the same shall mean only those Transaction Documents that provide for or contemplate authorization, execution, delivery, approval or performance by such party.

"**Trust Estate**" shall mean the Trust Estate described in the Granting Clauses of the Indenture.

"**Trustee**" shall mean BOKF, N.A., a national banking association, and its successors and assigns.

"**Underwriter**" shall mean, with respect to the Series 2020 Bonds, Morgan Stanley & Co. LLC, as representative of the purchasers of the Series 2020 Bonds under the Series 2020 Purchase Contract, and for any Additional Bonds, the purchasers named in the Supplemental Indenture which authorizes the issuance of such Additional Bonds.

"**United States Bankruptcy Code**" shall mean Title 11 U.S.C., Section 101 et seq., as amended or supplemented from time to time, or any successor federal act.

Amendment of References to Series 2019 Bonds and Series 2019 Senior Appropriation Obligation in the Original Indenture

All references to the Series 2019 Bonds as used in the Original Indenture, except where the context clearly suggests otherwise, are amended to mean the Series 2019 Bonds, the Series 2020 Bonds and any Additional Bonds issued under the Indenture. All references to the Series 2019 Senior Appropriation Obligation as used in the Original Financing Agreement, except where the context clearly suggests otherwise, are amended to mean the Series 2019 Senior Appropriation Obligation, the Series 2020 Senior Appropriation Obligation and any other Senior Appropriation Obligation incurred in connection with Additional Bonds issued under the Indenture.

Pledge and Assignment to Trustee

The Issuer is transferring in trust, pledging and assigning to the Trustee and grants a lien on and security interest to the Trustee in, the property constituting the Trust Estate, which consists of:

(a) All right, title and interest of the Issuer (including, but not limited to, the right to enforce any of the terms thereof) in, to and under (A) the Series 2019 Senior Appropriation Obligation, the Series 2020 Senior Appropriation Obligation and any Additional Appropriation Obligations, (B) the Debt Service Payments and Additional Payments, (C) the Financing Agreement, (D) any Supplemental Financing Agreement, and (E) all financing statements or other instruments or documents evidencing, securing or otherwise relating to the proceeds of the Bonds; and

(b) All other moneys and securities from time to time held by the Trustee under the terms of the Indenture (excluding amounts held in the Rebate Fund), any Debt Service Reserve Fund Surety Policy (as defined in the Indenture) provided at any time in satisfaction of all or a portion of the Debt Service Reserve Requirement, and all Funds and Accounts established and maintained pursuant to the terms of the Indenture and any Supplemental Indenture (excluding the Rebate Fund), except as otherwise set forth in the Indenture and/or in a Supplemental Indenture; and

(c) any and all other property (real, personal or mixed) of every kind and nature from time to time hereafter, by delivery or by writing of any kind, pledged, assigned or transferred as and for additional security under the Indenture by the Issuer, or by anyone in its behalf or with its written consent, to the Trustee, which is authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Indenture.

To further secure the performance and observance by the Issuer of all the covenants, agreements and conditions contained in the Series 2019A Indenture, and in consideration of the premises, the acceptance by the Series 2019A Trustee of the trusts created by the Series 2019A Indenture, the purchase and acceptance of the Series 2019A Bonds by the owners thereof, the Issuer transfers in trust, pledges and assigns to the Trustee (on behalf of the Series 2019A Trustee and the owners of the Series 2019A Bonds) and grants a lien on and security interest to the Trustee (on behalf of the Series 2019A

Trustee and the owners of the Series 2019A Bonds) in the Debt Service Reserve Fund, all moneys and securities from time to time held by the Trustee in the Debt Service Reserve Fund and any Debt Service Reserve Fund Surety Policy provided at any time in satisfaction of all or a portion of the Debt Service Reserve Requirement (collectively such property referred to as the "Series 2019A Trust Estate").

Method and Place of Payment

The principal of, redemption premium, if any, and interest on the Bonds shall be payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts.

The principal of and the redemption premium, if any, on all Bonds shall be payable by check or draft at maturity or upon earlier redemption to the Persons in whose names such Bonds are registered on the bond register maintained by the Trustee at the maturity or redemption date thereof, upon the presentation and surrender of such Bonds at the principal corporate trust office of the Trustee or of any Paying Agent named in the Bonds.

The interest payable on each Bond on any Interest Payment Date shall be paid by the Trustee to the registered owner of such Bond as shown on the bond register at the close of business on the Record Date for such interest, (a) by check or draft mailed to such registered owner at such owner's address as it appears on the bond register or at such other address as is furnished to the Trustee in writing by such owner, or (b) at the written request addressed to the Trustee by any owner of Bonds in the aggregate principal amount of at least $1,000,000, by electronic transfer to such owner upon written notice to the Trustee from such owner containing the electronic transfer instructions (which shall be in the continental United States) to which such owner wishes to have such transfer directed and such written notice is given by such owner to the Trustee not less than 15 days prior to the Record Date. Any such written notice for electronic transfer shall be signed by such owner and shall include the name of the bank, its address, its ABA routing number and the name, number and contact name related to such owner's account at such bank to which the payment is to be credited.

Subject to the foregoing provisions of this Section, each Bond delivered under the Indenture upon transfer of or in exchange for or in lieu of any other Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond and each such Bond shall bear interest from such date, that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

Authorization of Additional Bonds

Additional Bonds may be issued under and equally and ratably secured by the Indenture on a parity (except as otherwise provided in the Indenture) with the Series 2019 Bonds, the Series 2020 Bonds and any other Additional Bonds at any time and from time to time, upon compliance with the conditions set forth in the Indenture and in the Financing Agreement, for any purpose authorized under the Act.

Before any Additional Bonds are issued, the Issuer shall adopt a resolution (a) authorizing the issuance of such Additional Bonds, fixing the principal amount thereof and describing the purpose or purposes for which such Additional Bonds are being issued, (b) authorizing the Issuer to enter into a Supplemental Indenture for the purpose of issuing such Additional Bonds and establishing the terms and provisions of such Series of Bonds and the form of the Bonds of such Series, (c) authorizing the Issuer to enter into a Supplemental Financing Agreement with the City to provide for payments at least sufficient to pay the principal of, redemption premium, if any, and interest on the Bonds then to be Outstanding (including the Additional Bonds to be issued) as the same become due, and to extend the term of the Financing Agreement if the maturity of any of the Additional Bonds would otherwise occur after the expiration of the term of the Financing Agreement, and (d) providing for such other matters as are appropriate because of the issuance of the Additional Bonds, which matters, in the judgment of the Issuer, are not prejudicial to the Issuer or the owners of the Bonds previously issued.

Such Additional Bonds shall have the same general title as the Series 2019 Bonds, except for an identifying Series letter or date, and shall be dated, shall mature on such dates, shall be numbered, shall bear interest at such rates not exceeding the maximum rate then permitted by law payable at such times, and shall be redeemable at such times and prices (subject to the provisions of the Indenture), all as provided by the Supplemental Indenture authorizing the issuance of such Additional Bonds. Except as to any difference in the date, the maturities, the rates of interest or the provisions for redemption, such Additional Bonds shall be on a parity with and shall be entitled to the same benefit and security of the Indenture as the Series 2019 Bonds, the Series 2020 Bonds and any other Additional Bonds, and except that the Issuer may issue Additional Bonds that are not entitled to the benefit and security of the Debt Service Reserve Fund or any comparable debt service reserve fund. If such Additional Bonds are secured by the Debt Service Reserve Fund, such Fund shall be fully funded to the Debt Service Reserve Requirement at the time of issuance of such Additional Bonds from the proceeds of the sale of such Additional Bonds or other available moneys.

Such Additional Bonds shall be executed in the manner set forth in the Indenture and shall be deposited with the Trustee for authentication, but prior to or simultaneously with the authentication and delivery of such Additional Bonds by the Trustee, and as a condition precedent thereto, there shall be filed with the Trustee the following:

(a) A copy, certified by the Secretary or Assistant Secretary of the Issuer, of the resolution adopted by the Issuer authorizing the issuance of such Additional Bonds and the execution of the Supplemental Indenture, Supplemental Financing Agreement and supplements to any other Transaction Documents as may be necessary.

(b) A copy, certified by the City Clerk of the City of the ordinances passed by the City Council, including, but not limited to, any supplemental ordinance to the Master Bond Ordinance, authorizing the execution and delivery of the Supplemental Financing Agreement and supplements to any other Transaction Documents, approving the Supplemental Indenture and the issuance and sale of the Additional Bonds and supplementing the Master Bond Ordinance in connection with such Additional Bonds and designating the City's payment obligations pursuant to the Supplemental Financing Agreement relating to the Additional Bonds as a Senior Appropriation Obligation under the Master Bond Ordinance.

(c) A certificate of the City to the effect that (i)(A) none of the events of default set forth in the Master Bond Ordinance or the Financing Agreement have occurred and remain incurred or (B) that upon the incurrence of the new Senior Appropriation Obligation, all events of default thereunder that have occurred and are continuing will be cured, and (ii) that no event or condition has occurred and continues which, with the passage of time or giving of notice, would constitute an event of default thereunder, and (iii) stating the purpose or purposes for which such Additional Bonds are being issued.

(d) A copy of the certificates, reports or opinions of the City and/or a Consultant demonstrating compliance with the applicable tests set forth in the Master Bond Ordinance for the issuance or the incurrence of Senior Obligations.

(e) An original executed counterpart of the Supplemental Indenture, executed by the Issuer and the Trustee, authorizing the issuance of the Additional Bonds being issued, specifying, among other things, the terms thereof, and providing for the disposition of the proceeds of such Additional Bonds and the Supplemental Financing Agreement.

(f) An original executed counterpart of the Supplemental Financing Agreement, executed by the City, the Issuer and the Trustee.

(g) A request and authorization to the Trustee, on behalf of the Issuer, executed by an Issuer Representative, to authenticate the Additional Bonds and deliver said Additional Bonds to the purchasers therein identified upon payment to the Trustee, for the account of the Issuer, of the purchase price thereof. The Trustee shall be entitled to rely conclusively upon such request and authorization as to the names of the purchasers and the amounts of such purchase price.

(h) Deposit of an amount, if any, to the Debt Service Reserve Fund sufficient such that the Debt Service Reserve Fund Requirement will be fully funded upon the issuance of such Additional Bonds.

(i) An Opinion of Bond Counsel to the effect that all requirements for the issuance of such Additional Bonds have been met and the issuance of such Additional Bonds will not result in the interest on any tax-exempt Bonds then Outstanding becoming subject to federal income taxes then in effect.

(j) Any Credit Facility applicable to such Additional Bonds if required by the terms of the Indenture, as amended by the Supplemental Indenture authorizing such Additional Bonds.

(k) Such other certificates, statements, receipts and documents required by any of the Transaction Documents or as Bond Counsel, the Issuer or the Trustee shall reasonably require for the delivery of the Additional Bonds.

When the documents specified above have been filed with the Trustee, and when such Additional Bonds have been executed and authenticated as required by the Indenture, the Trustee shall deliver such Additional Bonds to or upon the order of the purchasers thereof, but only upon payment to the Trustee of the purchase price of such Additional Bonds. The proceeds of the sale of such Additional Bonds, including accrued interest and premium thereon, if any, shall be immediately paid over to the Trustee and shall be deposited and applied by the Trustee as provided in the Indenture and in the Supplemental Indenture authorizing the issuance of such Additional Bonds.

Except as provided in the Indenture, the Issuer will not otherwise issue any obligations on a parity with the Bonds, but the Issuer may issue other obligations specifically subordinate and junior to the Bonds.

Creation of Funds and Accounts

In addition to the Funds and Accounts established in the Original Indenture (which included the Project Fund, the Costs of Issuance Fund, the Debt Service Fund, the Capitalized Interest Fund, the Debt Service Reserve Fund and the Rebate Fund), the following Funds and Accounts in the name of the Issuer are created and established under the Indenture in the custody of the Trustee:

(a) Series 2020A Project Account and Series 2020B Project Account within the Project Fund.

(b) Series 2020A Costs of Issuance Account, Series 2020B Costs of Issuance Account and Series 2020C Costs of Issuance Account within the Costs of Issuance Fund.

(c) Series 2020A Debt Service Account, Series 2020B Debt Service Account and Series 2020C Debt Service Account within the Debt Service Fund.

(d) Series 2020A Capitalized Interest Account and Series 2020B Capitalized Interest Account within the Capitalized Interest Fund.

(e) Series 2013A Refunding Fund.

The Trustee is authorized to establish separate Accounts within such Funds or otherwise segregate moneys within such Funds, on a book-entry basis or in such other manner as the Trustee may deem necessary or convenient, or as the Trustee shall be instructed by the Issuer or the City.

Each Fund, including all Accounts and subaccounts therein, shall be maintained by the Trustee as a separate and distinct trust fund and the moneys therein shall be held, managed, invested, disbursed and administered as provided in the Indenture. All moneys deposited in the Accounts and subaccounts in each of the Funds shall be used solely for the purposes set forth in the Indenture. The Trustee shall keep and maintain adequate records pertaining to each Fund including all Accounts and subaccounts, and all disbursements therefrom.

In addition, the Issuer may, by Supplemental Indenture, create additional Funds and Accounts for such purposes as the Issuer deems appropriate, including separate Funds available only for specified Bonds or Series of Bonds.

In addition, the Escrow Fund is established in the custody of the Escrow Agent pursuant to the Escrow Agreement.

Project Fund

(a) Except as otherwise provided in the Indenture, moneys in the Series 2020A Project Account of the Project Fund shall be used for the purpose of paying costs of the AMT Project and/or the Non-AMT Project, and moneys in the Series 2020B Project Account of the Project Fund shall be used for the purpose of paying costs of the Non-AMT Project.

(b) The Trustee shall disburse moneys on deposit in the applicable Project Account of the Project Fund from time to time, in accordance with the provisions of the Indenture, to pay or as reimbursement for payment made for the applicable Costs of the Project, in each case within one (1) Business Day after receipt by the Trustee of written disbursement requests of the City, complete in all respects and in substantially the form attached to the Indenture, signed by an Issuer Representative and an Authorized City Representative.

(c) Moneys in each such Project Account may also be used for such other purposes as allowed by the Act, the Tax Compliance Agreement and the Indenture, provided that as a condition to the disbursement of funds from either the Series 2020A Project Account or the Series 2020B Project Account for a purpose other than those described in paragraph (a) above, there shall be delivered to the Trustee with the disbursement request an Opinion of Bond Counsel that the purpose for which such funds are to be used is a lawful purpose for which such proceeds may be used under the Act and the Indenture and that such use shall not result in the inclusion of interest on any Bonds in gross income of the recipient thereof for federal income tax purposes (subject to the inclusion of any exception contained in the opinion delivered at the time of the original issuance of such Bonds).

(d) In making payments and disbursements, the Trustee may rely upon the written requests and accompanying certificates and statements. The Trustee is not required to make any independent investigation in connection with the matters set forth in the written requests. The approval of each disbursement request by an Authorized City Representative shall constitute unto the Trustee an irrevocable determination that all conditions precedent to the payment of the specified amounts from the applicable account of the Project Account have been completed.

(e) (i) Any moneys remaining in the Series 2020A Project Account of the Project Fund when that portion of the Terminal Modernization Project to be financed with proceeds of the Series 2020A Bonds is completed as evidenced by the City's approval of a Completion Certificate substantially in the form attached to the Indenture, delivered by the City to the Issuer pursuant to the terms of the Financing Agreement, shall immediately be transferred by the Trustee to the Series 2020A Debt Service Account of the Debt Service Fund, or be used for such other purpose as indicated in the Completion Certificate, subject to the provisions of subsection (iii) below.

(ii) Any moneys remaining in the Series 2020B Project Account of the Project Fund when that portion of the Terminal Modernization Project to be financed with proceeds of the Series 2020B Bonds is completed as evidenced by the City's approval of a Completion Certificate substantially in the form attached to the Indenture, delivered by the City to the Issuer pursuant to the terms of the Financing Agreement, shall immediately be transferred by the Trustee to the Series 2020B Debt Service Account of the Debt Service Fund, or be used for such other purpose as indicated in the Completion Certificate, subject to the provisions of subsection (iii) below.

(iii) As an alternative to transfer of moneys remaining in a Project Account to the applicable Debt Service Account upon delivery of a Completion Certificate, such moneys may be used for any other lawful purpose authorized by the Act and the Indenture as designated in such Completion Certificate provided that the requirements set forth in paragraph (c) above are met.

Debt Service Fund

The Trustee shall deposit and credit to the applicable Accounts of the Debt Service Fund, as and when received, as follows:

(a) All Debt Service Payments made by the City pursuant to the Financing Agreement;

(b) The amount required to be transferred thereto from the Capitalized Interest Fund pursuant to the Indenture;

(c) Any amount required to be transferred from the Debt Service Reserve Fund pursuant to the Indenture;

(d) Any amount required to be transferred from the Project Fund pursuant to the Indenture;

(e) Interest earnings and other income on Permitted Investments required to be deposited in the Debt Service Fund pursuant to the Indenture;

(f) Any amounts required by a Supplemental Indenture authorizing the issuance of Additional Bonds to be deposited in the Debt Service Fund, as specified in such Supplemental Indenture;

(g) All other moneys received by the Trustee under and pursuant to any of the provisions of the Indenture or the Financing Agreement or any other Transaction Document, when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the Debt Service Fund.

The moneys in the Debt Service Fund shall be held in trust and shall be applied solely in accordance with the provisions of the Indenture to pay the principal of and redemption premium, if any, and interest on the Bonds as the same become due and payable. Except as otherwise provided therein, moneys in the Debt Service Fund shall be expended solely as follows: (i) to pay interest on the Bonds as the same becomes due; (ii) to pay principal of the Bonds as the same mature or become due and upon mandatory sinking fund redemption thereof; and (iii) to pay principal of and redemption premium, if any, on the Bonds as the same become due upon redemption (other than mandatory sinking fund redemption) prior to maturity.

The Trustee is authorized and directed to withdraw sufficient funds from each applicable Account of the Debt Service Fund to pay principal of, redemption premium, if any, and interest on the Bonds as the same become due and payable at maturity or upon redemption and to make such funds so withdrawn available to the Trustee and any Paying Agent for the purpose of paying such principal, redemption premium, if any, and interest.

The Trustee, upon the written instructions from the Issuer given pursuant to written direction of the City, shall use excess moneys in the Debt Service Fund to redeem all or part of the Bonds Outstanding and to pay interest to accrue thereon prior to such redemption and redemption premium, if any, on the next succeeding redemption date for which the required redemption notice may be given or on such later redemption date as may be specified by the City, in accordance with the provisions of the Indenture, so long as the City is not in default with respect to any payments under the Financing Agreement and to the extent said moneys are in excess of the amount required for payment of Bonds theretofore matured or called for redemption. The Issuer, at the direction of the City, may cause such excess money in the Debt Service Fund or such part thereof or other moneys of the City, as the City may direct, to be applied by the Trustee on a best efforts basis to the extent practical for the purchase of Bonds in the open market for the purpose of cancellation at prices not exceeding the principal amount thereof plus accrued interest thereon to the date of such purchase.

If the moneys in the Debt Service Fund are insufficient to pay all accrued interest on the Bonds on any Payment Date, then such moneys shall be applied ratably, according to the amounts due on such installment, to the Persons entitled thereto without any discrimination or privilege, and any unpaid portion shall accrue to the next Payment Date, with interest thereon at the rate or rates specified in the Bonds to the extent permitted by law. If the moneys in any of the Accounts or subaccounts of the Debt Service Fund are insufficient to pay the principal of the Bonds on the maturity date thereof, then such moneys shall be applied ratably, according to the amounts of principal due on such date, to the Persons entitled thereto without any discrimination or privilege.

After payment in full of the principal of, redemption premium, if any, and interest on the Bonds (or after provision has been made for the payment thereof as provided in the Indenture), and the fees, charges and expenses of the Trustee, any Paying Agents and the Issuer, and any other amounts required to be paid under the Indenture and the Financing Agreement, all amounts remaining in the Debt Service Fund shall be paid to the City upon the expiration or sooner termination of the Financing Agreement.

Debt Service Reserve Fund

The Trustee shall deposit and credit to the Debt Service Reserve Fund, as and when received, as follows:

(a) The amounts required to be deposited therein pursuant to the Indenture;

(b) Any payments required to be made by the City pursuant to the Financing Agreement, the Series 2019A Financing Agreement and any other financing agreement or other agreement relating to Debt Service Reserve Fund Participating Bonds to make up a deficiency in the Debt Service Reserve Fund;

(c) Interest earnings and other income on Permitted Investments required to be deposited in the Debt Service Reserve Fund pursuant to the Indenture;

(d) Any amounts required by a Supplemental Indenture authorizing the issuance of Additional Bonds designated as Debt Service Reserve Fund Participating Bonds to be deposited in the Debt Service Reserve Fund, as specified in such Supplemental Indenture;

(e) All other moneys received by the Trustee under and pursuant to any of the provisions of the Financing Agreement or any other Transaction Document, when accompanied by written directions from the person depositing such moneys that such moneys are to be paid into the Debt Service Reserve Fund.

Moneys in the Debt Service Reserve Fund shall be disbursed and expended by the Trustee solely for the payment of the principal of and interest on the Debt Service Reserve Fund Participating Bonds if sufficient moneys therefor are not available in the Debt Service Fund, the Capitalized Interest Fund, the Series 2019A Debt Service Fund and/or the Series 2019A Capitalized Interest Fund, as applicable. The Trustee shall transfer moneys from the Debt Service Reserve Fund to (i) the Debt Service Fund, in the event the balance of moneys in the Debt Service Fund and the Capitalized Interest Fund (with respect to interest only) is insufficient to pay principal of or interest on the Bonds designated as Debt Service Reserve Fund Participating Bonds when due and payable, in an amount sufficient to make up such deficiency, and/or (ii) upon a written request from the Series 2019A Trustee, to the Series 2019A Trustee for deposit to the Series 2019A Debt Service Fund, in the event the balance of moneys in the Series 2019A Debt Service Fund and the Series 2019A Capitalized Interest Fund (with respect to interest only) is insufficient to pay principal of or interest on the Series 2019A Bonds when due and payable, in an amount sufficient to make up such deficiency. The Trustee may use moneys in the Debt Service Reserve Fund for such purposes whether or not the amount in the Debt Service Reserve Fund at that time equals the Debt Service Reserve Requirement. Such moneys shall be used first to make up any deficiency in the payment of interest and then principal. If the amount available in the Debt Service Reserve Fund shall not be sufficient to pay in full all deficient interest on the Debt Service Reserve Fund Participating Bonds then due, amounts in the Debt Service Reserve Fund shall be used to pay interest pro rata among the Series of Debt Service Reserve Fund Participating Bonds according to the amount of interest then due; and if the amount available in the Debt Service Reserve Fund shall not be sufficient to pay in full all deficient principal of the Debt Service Reserve Fund Participating Bonds then due, amounts in the Debt Service Reserve Fund shall be used to pay principal pro rata among the Series of Debt Service Reserve Fund Participating Bonds according to the amount of principal then due.

Moneys in the Debt Service Reserve Fund shall also be used to pay the last Debt Service Reserve Fund Participating Bonds becoming due unless such Debt Service Reserve Fund Participating Bonds and all interest thereon be otherwise paid, and thereafter any remaining balance in the Debt Service Reserve Fund shall be paid to the City.

Moneys in the Debt Service Reserve Fund may also be used to pay the last of a Series of Debt Service Reserve Fund Participating Bonds becoming due or to pay a Series of Debt Service Reserve Fund Participating Bonds being called for redemption and payment prior to the maturity thereof; provided that after such transfer of moneys for payment of such Series of Debt Service Reserve Fund Participating Bonds, the value of cash and Permitted Investments on deposit in the

Debt Service Reserve Fund equals or exceeds the Debt Service Reserve Requirement for all remaining Debt Service Reserve Fund Participating Bonds.

The Trustee shall determine the value of cash and Permitted Investments in the Debt Service Reserve Fund each August 15, and at the time of any withdrawal from the Debt Service Reserve Fund and at such other times as the Trustee deems appropriate. If at any time any amount is withdrawn from the Debt Service Reserve Fund for the purposes described above which causes the value of the Debt Service Reserve Fund to be less than the Debt Service Reserve Requirement, the Trustee shall immediately notify the City of such deficiency, and instruct the City to make up such deficiency by making payment of such deficiency in 12 equal monthly installments directly to the Trustee for deposit in the Debt Service Reserve Fund; provided, however, that if the Trustee or the owners of not less than a majority in principal amount of the Debt Service Reserve Fund Participating Bonds then Outstanding shall approve another schedule of periodic payments, the amount of such deficiency shall be paid to the Trustee in accordance with such schedule. If at any time of valuation, the value of cash and Permitted Investments on deposit in the Debt Service Reserve Fund is in excess of the Debt Service Reserve Requirement the amount of such excess shall be transferred, pro rata based on the outstanding principal amount of the Debt Service Reserve Fund Participating Bonds, to the Debt Service Fund and the Series 2019A Debt Service Fund.

Notwithstanding the foregoing, one or more Debt Service Reserve Fund Surety Policies may be used in lieu of or as partial substitution for cash in the Debt Service Reserve Fund. In the case of the utilization of any cash substitute as described in this paragraph, any moneys remaining in the Debt Service Reserve Fund in excess of the Debt Service Reserve Requirement shall be transferred to the Debt Service Fund and the Series 2019A Debt Service Fund for deposit in the Accounts therein, if any, on a pro rata basis to the principal amounts of the Outstanding Debt Service Reserve Fund Participating Bonds.

If the Debt Service Reserve Fund contains both cash and a Debt Service Reserve Fund Surety Policy (including but not limited to the Series 2019 Reserve Policy and the Series 2020 Reserve Policy), then upon an application of amounts in the Debt Service Reserve Fund to pay the principal of and interest on the Debt Service Reserve Fund Participating Bonds, such cash will be drawn down completely before any demand is made on the Debt Service Reserve Fund Surety Policy(ies).

Any replenishment of moneys in the Debt Service Reserve Fund shall be applied first to reimburse any provider of a Debt Service Reserve Fund Surety Policy for any unpaid draws upon such Debt Service Reserve Fund Surety Policy, if any, and second to replenish any cash on deposit in the Debt Service Reserve Fund, if any.

In conjunction with the issuance of the Series 2019 Bonds, the Series 2019 Reserve Policy was issued as a Debt Service Reserve Fund Surety Policy in partial satisfaction of the Debt Service Reserve Requirement at the time of issuance of the Series 2019 Bonds.

In conjunction with the issuance of the Series 2020 Bonds, the Series 2020 Reserve Policy was issued as a Debt Service Reserve Fund Surety Policy in partial satisfaction of the Debt Service Reserve Requirement at the time of issuance of the Series 2020 Bonds.

Notwithstanding the foregoing, at the time of issuance of any Series of Additional Bonds, the Issuer may provide pursuant to a Supplemental Indenture that a deposit to the Debt Service Reserve Fund shall not be required and that such Series of Additional Bonds shall not be secured by the Debt Service Reserve Fund.

Capitalized Interest Fund

Moneys in the applicable account of the Capitalized Interest Fund shall be transferred automatically to the applicable Account of the Debt Service Fund to pay interest on the Series 2019 Bonds, the Series 2020 Bonds and any Additional Bonds during the period of construction of the Terminal Modernization Project. Any moneys remaining on deposit in an Account of the Capitalized Interest Fund after the completion of construction of the applicable portion of the Terminal Modernization Project and receipt by the Trustee of the applicable Completion Certificate described in the Indenture shall be transferred to the applicable Account of the Debt Service Fund. The amounts to be applied to the payment of interest on the Series 2020 Bonds from moneys in the Capitalized Interest Fund are set forth in an exhibit to the First Supplemental Indenture.

Rebate Fund

There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Tax Compliance Agreement. All amounts on deposit at any time in the Rebate Fund shall be held by the Trustee in trust to the extent required to pay rebatable arbitrage to the United States of America or any expenses incurred in connection with the calculation of rebate, and neither the City, the Issuer nor the owner of any Bonds shall have any rights in or claim to such money, except as provided in the Indenture. All amounts held in the Rebate Fund shall be governed by these provisions and by the Tax Compliance Agreement (which is incorporated into the Indenture by reference).

Pursuant to the Tax Compliance Agreement, the Trustee shall remit all required rebate installments and a final rebate payment to the United States. Neither the Trustee nor the Issuer shall have any obligation to pay any amounts required to be rebated pursuant to these provisions and the Tax Compliance Agreement, other than from moneys held in the Rebate Fund created under the Indenture as provided in the Indenture or from other moneys provided to it by the City. Any moneys remaining in the Rebate Fund after redemption and payment of all of the Bonds and payment and satisfaction of any rebatable arbitrage shall be withdrawn and paid to the City.

The obligation to pay arbitrage rebate to the United States and to comply with all other requirements of these provisions and the Tax Compliance Agreement shall survive the defeasance or payment in full of the Bonds until all rebatable arbitrage shall have been paid.

Payments Due on Saturdays, Sundays and Holidays

In any case where the date of maturity of principal of, redemption premium, if any, or interest on the Bonds or the date fixed for redemption of any Bonds shall be a day other than a Business Day, then payment of principal, redemption premium, if any, or interest need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after such date.

Nonpresentment of Bonds

In the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity or otherwise, or at the date fixed for redemption thereof, if funds sufficient to pay such Bond shall have been made available to the Trustee, all liability of the Issuer to the owner thereof for the payment of such Bond, shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such funds in trust in a separate trust account, without liability for interest thereon, for the benefit of the owner of such Bond, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on such person's part under the Indenture or on or with respect to said Bond. If any Bond shall not be presented for payment within four years following the date when such Bond becomes due, whether by maturity or otherwise, the Trustee shall repay to the City the funds theretofore held by it for payment of such Bond without liability for interest thereon, and such Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the City, and the owner thereof shall be entitled to look only to the City for payment, and then only to the extent of the amount so repaid, and the City shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

Records and Reports of Trustee

The Trustee agrees to maintain such records with respect to any and all moneys or investments held by the Trustee pursuant to the provisions of the Indenture as are requested by the Issuer or the City. Until such time as a Completion Certificate has been delivered to the Trustee for each Series of Bonds, the Trustee shall furnish to the Issuer and the City, monthly on the tenth Business Day after the end of each calendar month, a report on the status of each of the Funds and Accounts established under the Indenture which are held by the Trustee, showing the balance in each such Fund or Account as of the first day of the preceding month, the total of deposits to and the total of disbursements from each such Fund or Account, the dates of such deposits and disbursements, and the balance in each such Fund or Account on the last day of the preceding month; thereafter, the Trustee shall furnish such reports on a semi-annual basis on the tenth Business Day after the end of each semi-annual period ending April 30 and October 31. The Trustee shall render an annual accounting for each twelve month period ending April 30 to the Issuer, the City and any bondowner at the expense of such bondowner requesting the same, showing in reasonable detail all financial transactions relating to the Trust Estate during the accounting period, including investment earnings and the balance in any Funds or Accounts created by the Indenture as of the beginning and close of such accounting period. Additionally, the Trustee shall render an annual accounting for each twelve month period ending April 30 to the Issuer, the City and the Series 2019A Trustee and any Series 2019A bondowner at the expense of such Series 2019A Trustee or bondowner requesting the same, showing in reasonable detail all financial transactions relating to the Series 2019A Trust Estate during the accounting period, including investment earnings and the balance in any Funds or Accounts created by the Indenture and included in the Series 2019A Trust Estate as of the beginning and close of such accounting period.

Moneys to be Held in Trust

All moneys deposited with or paid to the Trustee for the funds and accounts held under the Indenture, and all moneys deposited with or paid to any Paying Agent under any provision of the Indenture shall be held by the Trustee or Paying Agent in trust and shall be applied only in accordance with the provisions of the Indenture and the Financing Agreement, and, until used or applied as provided in the Indenture, shall (except for moneys in the Rebate Fund) constitute part of the Trust Estate and the Series 2019A Trust Estate, as applicable, and be subject to the lien, terms and provisions thereof and shall not be commingled with any other funds of the Issuer or the City except as provided in the Indenture thereof for investment purposes. Neither the Trustee nor any Paying Agent shall be under any liability for interest on any moneys received hereunder except to the extent such moneys are invested in Permitted Investments.

Investment of Moneys

Moneys held in each of the Funds and Accounts under the Indenture shall, pursuant to written directions of an Authorized City Representative, be invested and reinvested by the Trustee in accordance with the provisions of the Indenture and the Tax Compliance Agreement in Permitted Investments which mature or are subject to redemption by the owner thereof prior to the date such funds are expected to be needed. Investment of moneys in the Debt Service Reserve Fund shall be restricted to Permitted Investments described in paragraphs (a), (b), (f)(vii) and (g), and to Permitted Investments described in paragraph (c) provided such Permitted Investments are collateralized by Government Obligations and the Trustee holds the collateral, with final maturities not exceeding the final maturity allowable by state law for such investments, currently five (5) years or less. If the City fails to provide written directions concerning investment of moneys held in any Funds and Accounts, the Trustee may invest in such Permitted Investments specified in paragraph (g) of the definition of Permitted Investments, provided they mature or are subject to redemption prior to the date such funds will be needed. The Trustee is specifically authorized to implement its automated cash investment system to invest cash and to charge its normal cash management fees, which may be deducted from earned income on investments. The Trustee may make any investments permitted by the provisions of the Indenture through its own bond department or short-term investment department or that of any affiliate of the Trustee and may pool moneys for investment purposes, except moneys held in any Fund or Account that are required to be yield restricted in accordance with the Tax Compliance Agreement, which shall be invested separately. Any such Permitted Investments shall be held by or under the control of the Trustee and shall be deemed at all times a part of the Fund or Account in which such moneys are originally held. The interest accruing on each Fund or Account and any profit realized from such Permitted Investments (other than any amounts required to be deposited in the Rebate Fund pursuant to the Indenture) shall be credited to such Fund or Account, and any loss resulting from such Permitted Investments shall be charged to such Fund or Account. The Trustee shall sell or present for redemption and reduce to cash a sufficient amount of such Permitted Investments whenever it shall be necessary to provide moneys in any Fund or Account for the purposes of such Fund or Account and the Trustee shall not be liable for any loss resulting from such investments.

Power to Issue Bonds and Execute Indenture

The Issuer covenants that it is duly authorized under the Constitution and laws of the State of Missouri to execute the Indenture, to issue the Bonds and to pledge and assign the Trust Estate and the Series 2019A Trust Estate in the manner and to the extent set forth in the Indenture; that all action on its part for the execution and delivery of the Indenture and the issuance of the Bonds has been duly and effectively taken; and that the Bonds in the hands of the owners thereof are and will be valid and enforceable obligations of the Issuer according to the import thereof, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights to the extent applicable and their enforcement may be subject to the exercise of judicial discretion in appropriate cases.

Limited Obligations

The Bonds and the interest thereon shall be special, limited obligations of the Issuer payable (except to the extent paid out of Bond proceeds or the income from the temporary investment thereof) solely out of the Debt Service Payments and other payments derived by the Issuer under the Financing Agreement (except for fees and expenses payable to the Issuer), and are secured by a transfer, pledge and assignment of and a grant of a security interest in the Trust Estate to the Trustee and in favor of the owners of the Bonds, as provided in the Indenture. The Bonds and interest thereon shall not be deemed to constitute a debt or liability of the State of Missouri or of any political subdivision or body politic thereof, including the City, within the meaning of any state constitutional provision or statutory limitation, including the City, and shall not constitute a pledge of the full faith and credit of the State of Missouri or of any political subdivision or body politic thereof, but shall be payable solely from the funds provided for in the Financing Agreement and in the Indenture. The issuance of the Bonds shall not, directly, indirectly or contingently, obligate the State of Missouri or any political subdivision or body politic thereof, including the City, to levy any form of taxation therefor or to make any appropriation for their payment. The State of Missouri shall not in any event be liable for the payment of the principal of, redemption premium, if any, or interest on the Bonds or for the performance of any pledge, mortgage, obligation or agreement of any kind whatsoever which may be undertaken by the Issuer. No breach by the Issuer of any such pledge, mortgage, obligation or agreement may impose any liability, pecuniary or otherwise, upon the State of Missouri or any charge upon its general credit or against its taxing power. The Issuer has no power to tax.

Payment of Bonds

The Issuer shall duly and punctually pay, but solely from the sources specified in the Indenture, the principal of, redemption premium, if any, and interest on the Bonds in accordance with the terms of the Bonds and the Indenture.

Performance of Covenants

The Issuer shall (to the extent within its control) faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in the Indenture, in the Bonds and in all proceedings pertaining thereto.

Inspection of Books

The Issuer covenants and agrees that all books and documents in its possession relating to the Bonds, the Indenture and the Financing Agreement, and the transactions relating thereto shall at all reasonable times be open to inspection by such accountants or other agencies as the Trustee may from time to time designate. The Trustee covenants and agrees that all books and documents in its possession relating to the Bonds, the Indenture and the Financing Agreement, and the transactions relating thereto, including financial statements of the City, shall be open to inspection by the Issuer during business hours upon reasonable notice.

Enforcement of Rights

The Issuer agrees that the Trustee, as assignee, transferee, pledgee, and owner of a security interest under the Indenture in its name or in the name of the Issuer may enforce all rights of the Issuer and the Trustee and all obligations of the City under and pursuant to the Financing Agreement and any other Transaction Documents for and on behalf of the bondowners, whether or not the Issuer is in default hereunder. The Financing Agreement and all other Transaction Documents shall be delivered to and held by the Trustee.

Amendments to the Financing Agreement

The Financing Agreement may only be supplemented or amended by Supplemental Financing Agreements executed by the Issuer and the City as provided in the Financing Agreement.

Tax Covenants

The Issuer (to the extent within its power or direction) shall not use or permit the use of any proceeds of Bonds (the interest on which is excluded from gross income for federal income tax purposes) or any other funds of the Issuer, directly or indirectly, in any manner, and shall not take or permit to be taken any other action or actions, which would cause the interest on any Bond (the interest on which is excluded from gross income for federal income tax purposes) to be included in gross income for federal income tax purposes.

The Issuer agrees that so long as any of the Bonds remain Outstanding, it will comply with the provisions of the Tax Compliance Agreement applicable to the Issuer.

The Trustee agrees to comply with the provisions of the Tax Compliance Agreement, and upon receipt of the Tax Compliance Agreement and any Opinion of Bond Counsel which sets forth such requirements, to comply with any statute, regulation or ruling that may apply to it as Trustee hereunder and relating to reporting requirements or other requirements necessary to preserve the exclusion from federal gross income of the interest on the Bonds (the interest on which is excluded from gross income for federal income tax purposes). The Trustee from time to time, in its sole discretion, may cause a firm of attorneys, consultants or independent accountants or an investment banking firm to supply the Trustee, on behalf of the Issuer, with such information as the Trustee, on behalf of the Issuer, may request in order to determine in a manner reasonably satisfactory to the Trustee, on behalf of the Issuer, all matters relating to (a) the actuarial yields on the Bonds as the same may relate to any data or conclusions necessary to verify that the Bonds are not "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code, and (b) compliance with rebate requirements of Section 148(f) of the Internal Revenue Code. Payment for fees, charges, costs and expenses incurred in connection with supplying the foregoing information shall be paid by the City as provided in the Financing Agreement and the Tax Compliance Agreement.

The foregoing covenants of the Indenture shall remain in full force and effect notwithstanding the defeasance of the Bonds pursuant to the Indenture or any other provision of the Indenture, until the final maturity date of all Bonds Outstanding and payment thereof.

Continuing Disclosure

Under the Continuing Disclosure Undertaking and the Financing Agreement, the City has undertaken all responsibility for compliance with continuing disclosure requirements, and the Issuer shall have no liability to the owners of the Bonds or any other person with respect to Securities and Exchange Commission Rule 15c2-12. Notwithstanding any other provision of the Indenture, failure of the City to comply with the Continuing Disclosure Undertaking or the Financing Agreement shall not be considered an event of default under the Indenture or the Financing Agreement; however, the Trustee may (and, at the request of the owners of at least 25% aggregate principal amount of Outstanding Series 2020 Bonds, having been indemnified in accordance with the Indenture shall) or any bondowner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under the Continuing Disclosure Undertaking and the Financing Agreement. For purposes of the Indenture, "Beneficial Owner" means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

Events of Default

The term "event of default," wherever used in the Indenture, means any one of the following events (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) default in the payment of any interest on any Bond when such interest becomes due and payable;

(b) default in the payment of the principal of (or premium, if any, on) any Bond when the same becomes due and payable (whether at maturity, upon proceedings for redemption or otherwise);

(c) default in the performance, or breach, of any covenant or agreement of the Issuer in the Indenture (other than a covenant or agreement a default in the performance or breach of which is specifically dealt with elsewhere in the Indenture), and continuance of such default or breach for a period of 60 days after there has been given to the Issuer and the City by the Trustee or to the Issuer, the City and the Trustee by the owners of at least 10% in principal amount of the Bonds Outstanding, a written notice specifying such default or breach and requiring it to be remedied; provided, that if such default cannot be fully remedied within such 60-day period, but can reasonably be expected to be fully remedied, such default shall not constitute an event of default if the Issuer shall immediately upon receipt of such notice commence the curing of such default and shall thereafter prosecute and complete the same with due diligence and dispatch; or

(d) any event of default under the Financing Agreement shall occur and is continuing and has not been waived; or

(e) the occurrence of any other event of default as is provided in a Supplemental Indenture; or

(f) default in the payment of any principal of or interest on any Series 2019A Bond when such principal or interest becomes due and payable.

With regard to any alleged default concerning which notice is given to the City under these provisions, the Issuer grants the City full authority for the account of the Issuer to perform any covenant or obligation, the nonperformance of which is alleged in said notice to constitute a default, in the name and stead of the Issuer, with full power to do any and all things and acts to the same extent that the Issuer could do and perform any such things and acts in order to remedy such default.

No Acceleration

If an event of default has occurred and is continuing, the Trustee shall not, whether in the exercise of its own discretion or upon the request of the Owners of the Bonds then Outstanding, declare the principal of all Bonds then Outstanding and the interest accrued thereon immediately due and payable.

Remedies

Upon the occurrence and continuance of any event of default under the Indenture, unless the same is waived as provided in the Indenture, the Trustee shall have the following rights and remedies, in addition to any other rights and remedies provided under the Indenture or by law:

(a) *Right To Bring Suit, Etc*. The Trustee may pursue any available remedy at law or in equity by suit, action, mandamus or other proceeding to enforce the payment of the principal of, premium, if any, and interest on the Bonds Outstanding, including interest on overdue principal (and premium, if any) and on overdue installments of interest, and any other sums due under the Indenture, to realize on or to foreclose any of its interests or liens under the Indenture or any other Transaction Document, to enforce and compel the performance of the duties and obligations of the Issuer as set forth in the Indenture and to enforce or preserve any other rights or interests of the Trustee under the Indenture with respect to any of the Trust Estate or the Series 2019A Trust Estate or otherwise existing at law or in equity.

(b) *Exercise of Remedies at Direction of Bondowners and Series 2019A Trustee*. If requested in writing to do so by the owners of not less than 25% in principal amount of Bonds Outstanding and if indemnified as provided in the Indenture, the Trustee shall be obligated to exercise such one or more of the rights and remedies conferred by the Indenture as the Trustee shall deem most expedient in the interests of the bondowners. If requested in writing to do so by the Series 2019A Trustee or the owners of not less than 25% in principal amount of the Series 2019A Bonds outstanding, and if indemnified as provided in the Indenture, the Trustee shall be obligated to exercise such one or more of the rights and remedies conferred by the Indenture as the Trustee shall deem most expedient in the interests of the owners of the Series 2019A Bonds.

(c) *Appointment of Receiver*. Upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee, the owners of the Bonds, the Series 2019A Trustee and the owners of the Series 2019A Bonds under the Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate and the Series 2019A Trust Estate, pending such proceedings, with such powers as the court making such appointment shall confer.

(d) *Suits To Protect the Trust Estate and the Series 2019 Trust Estate*. The Trustee shall have power to institute and to maintain such proceedings as it may deem expedient to prevent any impairment of the Trust Estate or the Series 2019A Trust Estate by any acts which may be unlawful or in violation of the Indenture and to protect its interests and the interests of the owners of the Bonds in the Trust Estate and the Series 2019A Trustee and the owners of the Series 2019A Bonds in the Series 2019A Trust Estate, including power to institute and maintain proceedings to restrain the enforcement of or compliance with any governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order would impair the security under the Indenture or be prejudicial to the interests of the owners of the Bonds and the Series 2019A Bonds, the Series 2019A Trustee or the Trustee, or to intervene (subject to the approval of a court of competent jurisdiction) on behalf of the owners of the Bonds and the Series 2019A Bonds and the Series 2019A Trustee in any judicial proceeding to which the Issuer or the City is a party and which in the judgment of the Trustee has a substantial bearing on the interests of the owners of the Bonds and the Series 2019A Bonds and the Series 2019A Trustee.

(e) *Enforcement Without Possession of Bonds*. All rights of action under the Indenture or any of the Bonds may be enforced and prosecuted by the Trustee without the possession of any of the Bonds or the production thereof in any suit or other proceeding relating thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust. Any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and subject to the provisions of the Indenture, be for the equal and ratable benefit of the owners of the Bonds and the Series 2019A Bonds (only with respect to the Debt Service Reserve Fund) in respect of which such judgment has been recovered.

(f) *Restoration of Positions*. If the Trustee, the Series 2019A Trustee or any owner of the Bonds or the Series 2019A Bonds has instituted any proceeding to enforce any right or remedy under the Indenture by suit, foreclosure, the appointment of a receiver, or otherwise, and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee, the Series 2019A Trustee or to such owner of the Bonds or the Series 2019A Bonds, then and in every case the Issuer, the City, the Trustee, the Series 2019A Trustee and the owners of the Bonds or the Series 2019A Bonds shall, subject to any determination in such proceeding, be restored to their former positions and rights under the Indenture, and thereafter all rights and remedies of the Trustee, the Series 2019A Trustee and the owners of the Bonds or the Series 2019A Bonds shall continue as though no such proceeding had been instituted.

Trustee May File Proofs of Claim

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Issuer or any other obligor upon the Bonds or the Series 2019A Bonds or of such other obligor or their creditors, the Trustee (irrespective of whether the principal of the Bonds or the Series 2019A Bonds shall then be due and payable, as therein expressed or by declaration or otherwise, and irrespective of whether the Trustee shall have made any demand on the Issuer for the payment of overdue principal, premium or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise,

(a) to file and prove a claim for the whole amount of principal (and premium, if any) and interest owing and unpaid in respect of the Outstanding Bonds and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the bondowners allowed in such judicial proceeding, and

(b) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same;

(c) and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is authorized by each bondowner to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the bondowners, to pay to the

Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under the Indenture.

Nothing contained in the Indenture shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any owner of the Bonds or the Series 2019A Bonds any plan of reorganization, arrangement, adjustment or composition affecting the Bonds or the Series 2019A Bonds or the rights of any owner thereof, or to authorize the Trustee to vote in respect of the claim of any owner of the Bonds or the Series 2019A Bonds in any such proceeding.

Limitation on Suits by Bondowners

No owner of any Bond or Series 2019A Bond shall have any right to institute any proceeding, judicial or otherwise, under or with respect to the Indenture, or for the appointment of a receiver or trustee or for any other remedy under the Indenture, unless

(a) such owner has previously given written notice to the Trustee of a continuing event of default;

(b) the owners of not less than 25% in principal amount of the Outstanding Bonds and the outstanding Series 2019A Bonds shall have made written request to the Trustee to institute proceedings in respect of such event of default in its own name as Trustee under the Indenture;

(c) such owner or owners have offered to the Trustee indemnity as provided in the Indenture against the costs, expenses and liabilities to be incurred in compliance with such request;

(d) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(e) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the owners of a majority in principal amount of the Outstanding Bonds and the outstanding Series 2019A Bonds;

it being understood and intended that no one or more owners of Bonds or the Series 2019A Bonds shall have any right in any manner whatever by virtue of, or by availing of, any provision of the Indenture to affect, disturb or prejudice the lien of the Indenture or the rights of any other owners of Bonds or the Series 2019A Bonds, or to obtain or to seek to obtain priority or preference over any other owners or to enforce any right under the Indenture, except in the manner therein provided and for the equal and ratable benefit of all Outstanding Bonds and outstanding Series 2019A Bonds.

Notwithstanding the foregoing or any other provision in the Indenture, however, the owner of any Bond shall have the right which is absolute and unconditional to receive payment of the principal of (and premium, if any) and interest on such Bond on the respective stated maturities expressed in such Bond (or, in the case of redemption, on the redemption date) and nothing contained in the Indenture shall affect or impair the right of any owner to institute suit for the enforcement of any such payment.

Control of Proceedings by Bondowners

The owners of a majority in principal amount of the Bonds Outstanding and the Series 2019A Bonds outstanding shall have the right, during the continuance of an event of default, provided indemnity has been provided to the Trustee in accordance with the Indenture:

(a) to require the Trustee to proceed to enforce the Indenture, either by judicial proceedings for the enforcement of the payment of the Bonds and the foreclosure of the Indenture, or otherwise; and

(b) to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under the Indenture; provided that

(i) such direction shall not be in conflict with any rule of law or the Indenture;

(ii) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction;

(iii) the Trustee shall not determine that the action so directed would be unjustly prejudicial to the owners not taking part in such direction; and

(iv) the Trustee has been indemnified as provided in the Indenture.

Application of Moneys Collected

Any moneys collected by the Trustee (after the deductions for payment of costs and expenses of proceedings resulting in the collection of such moneys) together with any other sums then held by the Trustee as part of the Trust Estate, shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if any) or interest, upon presentation of the Bonds and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid (provided, however, that any moneys collected by the Trustee that are part of the Series 2019A Trust Estate shall be transferred to the Series 2019A Trustee for application pursuant to the Series 2019A Indenture):

FIRST: To the payment of all undeducted amounts due the Trustee under the Indenture;

SECOND: To the payment of the whole amount then due and unpaid upon the Outstanding Bonds for principal (and premium, if any) and interest, in respect of which or for the benefit of which such money has been collected, with interest (to the extent that such interest has been collected by the Trustee or a sum sufficient therefor has been so collected and payment thereof is legally enforceable at the respective rate or rates prescribed therefor in the Bonds) on overdue principal (and premium, if any) and on overdue installments of interest; and in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid upon such Bonds, then to the payment of such principal and interest, without any preference or priority, ratably according to the aggregate amount so due; and

THIRD: To the payment of the remainder, if any, to the Issuer or to whosoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

Whenever moneys are to be applied by the Trustee pursuant to these provisions, such moneys shall be applied by it at such times, and from time to time, as the Trustee shall determine, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such moneys, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, in accordance with the Indenture, and shall not be required to make payment to the owner of any unpaid Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Rights and Remedies Cumulative

No right or remedy conferred upon or reserved to the Trustee or to the owners of the Bonds or the Series 2019A Bonds is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given thereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy thereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Delay or Omission Not Waiver

No delay or omission of the Trustee or of any owner of any Bond or Series 2019A Bond to exercise any right or remedy accruing upon an event of default shall impair any such right or remedy or constitute a waiver of any such event of default or an acquiescence therein. Every right and remedy given by the Indenture or by law to the Trustee or to the owners of the Bonds and the Series 2019A Bonds may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by such bondowners, as the case may be.

Waiver of Past Defaults

Before any judgment or decree for payment of money due has been obtained by the Trustee as provided in the Indenture, the owners of a majority in principal amount of the Outstanding Bonds and the outstanding Series 2019A Bonds, by written notice delivered to the Trustee and the Issuer, on behalf of the owners of all the Bonds and the Series 2019A Bonds waive any past default thereunder and its consequences, except a default

(a) in the payment of the principal of (or premium, if any) or interest on any Bond; or

(b) in respect of a covenant or provision which under the Indenture cannot be modified or amended without the consent of the owner of each Outstanding Bond or outstanding Series 2019A Bond affected.

Upon any such waiver, such default shall cease to exist, and any event of default arising therefrom shall be deemed to have been cured, for every purpose of the Indenture; but no such waiver shall extend to or affect any subsequent or other default or impair any right or remedy consequent thereon.

Additional Events of Default and Remedies

So long as any particular Series of Bonds is Outstanding, the remedies as set forth in the Indenture may be supplemented with additional remedies as set forth in the Supplemental Indenture under which such Series of Bonds is issued.

Resignation and Removal of Trustee

(a) The Trustee may resign at any time by giving written notice thereof to the Issuer, the City and each owner of Bonds Outstanding as shown by the bond register required by the Indenture to be kept at the office of the Trustee. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within 90 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(b) If the Trustee has or shall acquire any conflicting interest (as determined by the Trustee), it shall, within 90 days after ascertaining that it has a conflicting interest, or within 30 days after receiving written notice from the Issuer (so long as the Issuer is not in default under the Indenture) or the City (so long as the City is not in default under the Financing Agreement) that it has a conflicting interest, either eliminate such conflicting interest or resign in the manner and with the effect specified in subsection (a).

(c) The Trustee may be removed at any time by an instrument or concurrent instruments in writing delivered to the Issuer and the Trustee signed by the owners of a majority in principal amount of the Outstanding Bonds, or, so long as the City is not in default and no condition that with the giving of notice or passage of time, or both, would constitute a default under the Financing Agreement, by the City. The Issuer, the City, the Series 2019A Trustee or any bondowner may at any time petition any court of competent jurisdiction for the removal for cause of the Trustee.

(d) If at any time:

(i) the Trustee shall fail to comply with subsection (b) after written request therefor by the Issuer or by any bondowner;

(ii) the Trustee shall cease to be eligible under the Indenture and shall fail to resign after written request therefor by the Issuer or by any such bondowner; or

(iii) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation;

then, in any such case, (A) the Issuer may remove the Trustee, or (B) the City, the Series 2019A Trustee or any bondowner may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(e) The Trustee shall give notice at the expense of the City pursuant to the Financing Agreement of each resignation and each removal of the Trustee and each appointment of a successor Trustee by mailing written notice of such event by first-class mail, postage prepaid, to the registered owners of Bonds as their names and addresses appear in the bond register maintained by the Trustee and the Series 2019A Trustee. Each notice shall include the name of the successor Trustee and the address of its principal corporate trust office.

(f) No resignation or removal of the Trustee and no appointment of a successor Trustee shall become effective until the acceptance of appointment by the successor Trustee under the Indenture.

Appointment of Successor Trustee

If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, the Issuer, with the written consent of the City (which consent shall not be unreasonably withheld) (so long as no event of default thereunder or under the Financing Agreement has occurred and is continuing), or the owners of a majority in principal amount of Bonds Outstanding (if an event of default thereunder or under the Financing Agreement has occurred and is continuing), by an instrument or concurrent instruments in writing delivered to the Issuer and the retiring Trustee, shall promptly appoint a successor Trustee. In case all or substantially all of the Trust Estate and the Series 2019A Trust Estate shall be in the possession of a receiver or trustee lawfully appointed, such receiver or trustee, by written instrument, may similarly appoint a temporary successor to fill such vacancy until a new Trustee shall be so appointed by the Issuer or the bondowners. If, within 30 days after such resignation, removal or incapability or the occurrence of such vacancy, a successor Trustee shall be appointed in the manner therein provided, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the retiring Trustee and any temporary successor Trustee appointed by such receiver or trustee. If no successor Trustee shall have been so appointed and accepted appointment in the manner therein provided, any bondowner may petition any court of competent jurisdiction for the appointment of a successor Trustee, until a successor shall have been appointed as above provided. The successor so appointed by such court shall immediately and without further act be superseded by any successor appointed as above provided. Every such successor Trustee appointed pursuant to these provisions shall be a bank or trust company in good standing under the law of the jurisdiction in which it was created and by which it exists, meeting the eligibility requirements of the Indenture.

Acceptance of Appointment by Successor

Every successor Trustee appointed under the Indenture shall execute, acknowledge and deliver to the Issuer and to the retiring Trustee an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the estates, properties, rights, powers, trusts and duties of the retiring Trustee and the duties and obligations of the retiring Trustee shall cease and terminate; but, on request of the Issuer or the successor Trustee, such retiring Trustee shall, upon payment of its charges, fees, costs and expenses, including its agents and counsel, execute and deliver an instrument conveying and transferring to such successor Trustee upon the trusts therein expressed all the estates, properties, rights, powers and trusts of the retiring Trustee, and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee thereunder, subject nevertheless to its lien, if any, provided for in the Indenture. Upon request of any such successor Trustee, the Issuer shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such estates, properties, rights, powers and trusts.

No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under the Indenture.

Supplemental Indentures Without Consent of Bondowners

Without the consent of the owners of any Bonds or the Series 2019A Trustee, the Issuer and the Trustee may from time to time enter into one or more Supplemental Indentures for any of the following purposes:

(a) to more precisely identify the Terminal Modernization Project financed out of the proceeds of the Bonds, or to correct or amplify the description of any property at any time subject to the lien of the Indenture, or better to assure, convey and confirm unto the Trustee any property subject or required to be subjected to the lien of the Indenture, or to subject additional property to the lien of the Indenture;

(b) to add to the conditions, limitations and restrictions on the authorized amount, terms or purposes of issue, authentication and delivery of Bonds or of any Series of Bonds, as set forth in the Indenture, additional conditions, limitations and restrictions thereafter to be observed;

(c) to authorize the issuance of any Series of Additional Bonds and to set forth the terms of such Bonds and the special provisions which shall apply to such Bonds;

(d) to evidence the appointment of a separate trustee or the succession of a new trustee under the Indenture;

(e) to add to the covenants of the Issuer or to the rights, powers and remedies of the Trustee for the benefit of the owners of all Bonds or to surrender any right or power conferred upon the Issuer, provided such supplement or amendment shall not adversely affect the interests of the bondowners;

(f) to cure any ambiguity, to correct or supplement any provision in the Indenture which may be inconsistent with any other provision in the Indenture or to make any other change, with respect to matters or questions arising under the Indenture, which shall not be inconsistent with the provisions of the Indenture, provided such action shall not adversely affect the interests of the owners of the Bonds (in making such determination the Trustee may rely conclusively upon an Opinion of Counsel);

(g) to evidence any change made in the terms of any Series of Bonds if such changes are authorized by the Supplemental Indenture at the time the Series of Bonds is issued and such change is made in accordance with the terms of such Supplemental Indenture;

(h) to modify, eliminate or add to the provisions of the Indenture to such extent as shall be necessary to effect the qualification of the Indenture under the Trust Indenture Act of 1939, as amended, or under any similar federal statute hereafter enacted, or to permit the qualification of the Bonds for sale under the securities laws of the United States or any state of the United States;

(i) to provide for uncertificated Bonds or for the issuance of coupons and bearer Bonds or Bonds registered only as to principal;

(j) to qualify the Bonds or a Series of Bonds for a rating or ratings by one or more of the Rating Agencies;

(k) to accommodate the use of a Credit Facility for specific Bonds or a specific Series of Bonds, provided such supplement or amendment is not materially adverse to the bondowners;

(l) to comply with the requirements of the Code as are necessary, in the opinion of Bond Counsel, to prevent the federal income taxation of the interest on the Bonds; or

(m) to modify, alter, amend or supplement the Indenture or any Supplemental Indenture in any other respect which is not materially adverse to the bondowners.

Supplemental Indentures With Consent of Bondowners

With the consent of the owners of not less than a majority in principal amount of the Bonds then Outstanding affected by such Supplemental Indenture, and if material to the owners of the Series 2019A Bonds, with the consent of the Series 2019A Trustee, the Issuer and the Trustee may enter into one or more Supplemental Indentures for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of modifying in any manner the rights of the owners of the Bonds or the owners of the Series 2019A Bonds under the Indenture; provided, however, that no such Supplemental Indenture shall, without the consent of the owner of each Outstanding Bond affected thereby and/or the Series 2019A Trustee (if such Supplemental Indenture is a modification described in subsection (e) or (f) below);

(a) change the stated maturity of the principal of, or any installment of interest on, any Bond, or reduce the principal amount thereof or the interest thereon or any premium payable upon the redemption thereof, or change any place of payment where, or the coin or currency in which, any Bond, or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the stated maturity thereof (or, in the case of redemption, on or after the redemption date);

(b) reduce the percentage in principal amount of the Outstanding Bonds, the consent of whose owners is required for any such Supplemental Indenture, or the consent of whose owners is required for any waiver provided for in the Indenture of compliance with certain provisions of the Indenture or certain defaults thereunder and their consequences;

(c) modify the obligation of the Issuer to make payment on or provide funds for the payment of any Bond;

(d) modify or alter the provisions of the proviso to the definition of the term “Outstanding”;

(e) modify any of the provisions of this Section or the Waiver of Past Default provisions of the Indenture, except to increase any percentage provided thereby or to provide that certain other provisions of the Indenture cannot be modified or waived without the consent of the owner of each Bond affected thereby or the Series 2019A Trustee; or

(f) permit the creation of any lien ranking prior to or on a parity with the lien of the Indenture with respect to any of the Trust Estate or the Series 2019A Trust Estate or terminate the lien of the Indenture on any property at any time subject thereto or deprive the owner of any Bond or Series 2019A Bonds of the security afforded by the lien of the Indenture.

The Trustee may in its discretion determine whether or not any Bonds or Series 2019A Bonds would be affected by any Supplemental Indenture and any such determination shall be conclusive upon the owners of all Bonds and Series 2019A Bonds, whether theretofore or thereafter authenticated and delivered under the Indenture. The Trustee shall not be liable for any such determination made in good faith.

It shall not be necessary for the required percentage of owners of Bonds under these provisions or the Series 2019A Trustee to approve the particular form of any proposed Supplemental Indenture, but it shall be sufficient if such act shall approve the substance thereof.

For the purposes of the Supplemental Indenture provisions of the Indenture, the purchasers of the Bonds of a Series, whether purchasing as underwriters, for resale or otherwise, upon such purchase, may approve a Supplemental Indenture and may consent to a modification or amendment of the Indenture or any Supplemental Indenture and other modifications permitted by these provisions in the manner provided therein, except that no proof of ownership shall be required, and with the same effect as a consent given by the owner of such Bonds; provided, however, that, if such consent is given by a purchaser who is purchasing as an underwriter or for resale, the nature of the modification or amendment and the provisions for the purchaser consenting thereto shall be described in the official statement, prospectus, offering memorandum or other offering document prepared in connection with the primary offering of the Bonds of such Series by the Issuer.

City Consent to Supplemental Indentures

So long as the City is not in default under the Financing Agreement, a Supplemental Indenture which affects any rights of the City will not become effective unless and until the City consents in writing to the execution and delivery of such Supplemental Indenture; provided that receipt by the Trustee of a Supplemental Financing Agreement executed by the City in connection with the issuance of Additional Bonds shall be deemed to be the consent of the City to the execution of the related Supplemental Indenture.

Opinions of Bond Counsel

Notwithstanding anything to the contrary in the Sections of the Indenture relating to Supplemental Indentures with and without bondowner consent, before the Issuer and the Trustee enter into any Supplemental Indenture pursuant to such Sections, there shall have been delivered to the Trustee an Opinion of Bond Counsel to the effect that such Supplemental Indenture is authorized or permitted by the Indenture, complies with its terms, will, upon the execution and delivery thereof, be valid and binding upon the Issuer in accordance with its terms and will not cause interest on any of the Bonds or the Series 2019A Bonds which is then excluded from gross income of the recipient thereof for federal income tax purposes to be included in gross income for federal income tax purposes.

Effect of Supplemental Indentures

Upon the execution of any Supplemental Indenture, the Indenture shall be modified in accordance therewith and such Supplemental Indenture shall form a part of the Indenture for all purposes; and every owner of Bonds and Series 2019A Bonds theretofore or thereafter authenticated and delivered under the Indenture shall be bound thereby.

Payment, Discharge and Defeasance of Bonds

Bonds will be deemed to be paid and discharged and no longer Outstanding under the Indenture and will cease to be entitled to any lien, benefit or security of the Indenture if the Issuer shall pay or provide for the payment of such Bonds in any one or more of the following ways:

(a) by paying or causing to be paid the principal of (including redemption premium, if any) and interest on such Bonds, as and when the same become due and payable;

(b) by delivering such Bonds to the Trustee for cancellation; or

(c) by depositing in trust with the Trustee or other Paying Agent moneys and Defeasance Obligations in an amount, together with the income or increment to accrue thereon, without consideration of any reinvestment thereof, sufficient to pay or redeem (when redeemable) and discharge the indebtedness on such Bonds at or before their respective maturity or redemption dates (including the payment of the principal of, premium, if any, and interest payable on such Bonds to the maturity or redemption date thereof); provided that, if any such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption is given in accordance with the requirements of the Indenture or provision satisfactory to the Trustee is made for the giving of such notice.

The Bonds may be defeased in advance of their maturity or redemption dates only with cash or Defeasance Obligations pursuant to subsection (c) above, subject to receipt by the Trustee of (i) a verification report in form and substance satisfactory to the Trustee prepared by independent certified public accountants, or other verification agent, satisfactory to the Trustee, and (ii) an Opinion of Bond Counsel addressed and delivered to the Trustee and the Issuer in form and substance satisfactory to the Trustee to the effect that the payment of the principal of and redemption premium, if any, and interest on all of the Bonds then Outstanding and any and all other amounts required to be paid under the provisions of the Indenture has been provided for in the manner set forth in the Indenture and to the effect that so providing for the payment of any Bonds will not cause the interest on the Bonds to be included in gross income for federal income tax purposes, notwithstanding the satisfaction and discharge of the Indenture.

The foregoing notwithstanding, the liability of the Issuer in respect of such Bonds shall continue, but the owners thereof shall thereafter be entitled to payment only out of the moneys and Defeasance Obligations deposited with the Trustee as aforesaid.

Moneys and Defeasance Obligations so deposited with the Trustee shall not be a part of the Trust Estate but shall constitute a separate trust fund for the benefit of the Persons entitled thereto. Such moneys and Defeasance Obligations shall be applied by the Trustee to the payment (either directly or through any Paying Agent, as the Trustee may determine) to the Persons entitled thereto, of the principal (and premium, if any) and interest for whose payment such moneys and Defeasance Obligations have been deposited with the Trustee.

Satisfaction and Discharge of Indenture

The Indenture and the lien, rights and interests created by the Indenture shall cease, terminate and become null and void (except as to any surviving rights pursuant to the Indenture) if the following conditions are met:

(a) the principal of, premium, if any, and interest on all Bonds has been paid or is deemed to be paid and discharged by meeting the conditions of the Indenture relating to payment, discharge and defeasance of Bonds;

(b) all other sums payable under the Indenture with respect to the Bonds are paid or provision satisfactory to the Trustee is made for such payment;

(c) the principal of, premium, if any, and interest on all Series 2019A Bonds has been paid or is deemed to be paid and discharged by meeting the conditions relating to payment, discharge and defeasance of the Series 2019A Bonds of the Series 2019A Indenture;

(d) the Trustee receives an Opinion of Bond Counsel (which may be based upon a ruling or rulings of the Internal Revenue Service) to the effect that so providing for the payment of any Bonds will not cause the interest on the Bonds to be included in gross income for federal income tax purposes, notwithstanding the satisfaction and discharge of the Indenture; and

(e) the Trustee receives an Opinion of Counsel to the effect that all conditions precedent in this Section to the satisfaction and discharge of the Indenture have been complied with.

Thereupon, the Trustee shall execute and deliver to the Issuer a termination statement and such instruments of satisfaction and discharge of the Indenture as may be necessary at the written request of the Issuer, and shall pay, assign, transfer and deliver to the Issuer, or other Persons entitled thereto, all moneys, securities and other property then held by it under the Indenture as a part of the Trust Estate and the Series 2019A Trust Estate, other than moneys or Defeasance Obligations held in trust by the Trustee as therein provided for the payment of the principal of, premium, if any, and interest on the Bonds and the Series 2019A Bonds.

Rights Retained After Discharge

Notwithstanding the satisfaction and discharge of the Indenture, the rights of the Trustee to compensation and reimbursement under the Indenture shall survive, and the Trustee shall retain such rights, powers and duties under the Indenture as may be necessary and convenient for the payment of amounts due or to become due on the Bonds and the registration, transfer and exchange of Bonds as provided therein. Nevertheless, any moneys held by the Trustee or any Paying Agent for the payment of the principal of, redemption premium, if any, or interest on any Bond remaining unclaimed for four years after the principal of all Bonds has become due and payable, whether at maturity or upon proceedings for redemption or by declaration as provided therein, shall then be paid to the City without liability for interest thereon, and the owners of any Bonds not theretofore presented for payment shall thereafter be entitled to look only to the City for payment thereof and all liability of the Trustee or any Paying Agent or the Issuer with respect to such moneys shall thereupon cease.

Credit Providers

If a Credit Facility is provided for a Series of Bonds or for specific Bonds, the Issuer may, in the Supplemental Indenture under which such Bonds are issued, provide any or all of the following rights to the Credit Provider as the Issuer shall deem to be appropriate:

(a) the right to make requests of, direct or consent to the actions of the Trustee or to otherwise direct proceedings all as provided in the Indenture to the same extent and in place of the owners of the Bonds which are secured by the Credit Facility and for such purposes the Credit Provider shall be deemed to be the owner of such Bonds;

(b) the right to act in place of the owners of the Bonds which are secured by the Credit Facility for purposes of removing a Trustee or appointing a Trustee under the Indenture; and

(c) the right to consent to Supplemental Indentures, which would otherwise require the consent of the holders of not less than 51% of the aggregate Principal Amount of the Bonds, to the same extent and in place of the owners of the Bonds which are secured by the Credit Facility and for such purposes the Credit Provider shall be deemed to be the owner of such Bonds, except with respect to any amendments described in (a) through (f) under the caption "Supplemental Indentures with Consent of Bondowners," where consent of the actual bondowners shall still be required.

The rights granted to any such Credit Provider, with respect to the Event of Default and Trustee provisions of the Indenture shall be disregarded and be of no effect if the Credit Provider is in default of its payment obligations under its Credit Facility.

Provisions Relating to the Series 2019 Reserve Policy

Notwithstanding anything to the contrary set forth in the Indenture, the following provisions concerning the Series 2019 Reserve Policy shall govern:

(a) The Issuer shall repay, from Additional Payments to be made by the City pursuant to the terms of the Financing Agreement, any draws under the Series 2019 Reserve Policy and pay all related reasonable expenses incurred by the Series 2019 Insurer and shall pay interest thereon from the date of payment by the Series 2019 Insurer at the Late Payment Rate. As used in this Section, "Late Payment Rate" means the lesser of (x) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then-applicable highest rate of interest on the Debt Service Reserve Fund Participating Bonds and (y) the maximum rate permissible under applicable usury or similar laws (of the State of Missouri) limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such national bank as AGM shall specify. If the interest provisions of this subparagraph (a) shall result in an effective rate of interest which, for any period, exceeds the limit of the usury or any other laws (of the State of Missouri) applicable to the indebtedness created herein, then all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice between or by any party hereto, be applied as additional interest for any later periods of time when amounts are outstanding hereunder to the extent that interest otherwise due hereunder for such periods plus such additional interest would not exceed the limit of the usury or such other laws (of the State of Missouri), and any excess shall be applied upon principal immediately upon receipt of such moneys by the Series 2019 Insurer with the same force and effect as if the Issuer or the City had specifically designated such extra sums to be so applied and the Series 2019 Insurer had agreed to accept such extra payment(s) as additional interest for such later periods. In no event shall any agreed-to or actual exaction as consideration for the indebtedness created herein exceed the limits imposed or provided by the law applicable to this transaction for the use or detention of money or for forbearance in seeking its collection.

Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, "Series 2019 Reserve Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Series 2019 Reserve Policy Costs related to such draw.

Amounts in respect of costs paid to the Series 2019 Insurer shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to the Series 2019 Insurer on account of principal due, the coverage under the Series 2019 Reserve Policy will be increased by a like amount, subject to the terms of the Series 2019 Reserve Policy. The obligation to pay Series 2019 Reserve Policy Costs shall be secured by a valid lien on the Trust Estate pledged as security for the Debt Service Reserve Fund Participating Bonds (subject only to the priority of payment provisions set forth under the Indenture).

All cash and investments in the Debt Service Reserve Fund established for the Debt Service Reserve Fund Participating Bonds shall be transferred to the applicable account within the Debt Service Fund for payment of debt service on Debt Service Reserve Fund Participating Bonds before any drawing may be made on the Series 2019 Reserve Policy or any other Debt Service Reserve Fund Surety Policy credited to the Debt Service Reserve Fund in lieu of cash (herein, a "Credit Facility"). Payment of any Series 2019 Reserve Policy Costs shall be made prior to replenishment of any such cash amounts. Draws on all Credit Facilities (including the Series 2019 Reserve Policy) on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) <u>after</u> applying all available cash and investments in the Debt Service Reserve Fund. Payment of Series 2019 Reserve Policy Costs and reimbursement of amounts with respect to other Credit Facilities shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Debt Service Reserve Fund. For the avoidance of doubt, "available coverage" means the coverage then available for disbursement pursuant to the terms of the applicable alternative Credit Facility without regard to the legal or financial ability or willingness of the provider of such facility to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

(b) If the Issuer and the City shall fail to pay any Series 2019 Reserve Policy Costs in accordance with the requirements of subparagraph (a) hereof, the Series 2019 Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Authorizing Document other than (i) acceleration of the maturity of the Bonds or (ii) remedies which would adversely affect owners of the Bonds.

(c) The Indenture shall not be discharged until all Series 2019 Reserve Policy Costs owing to the Series 2019 Insurer shall have been paid in full. The Issuer's obligation to pay such amounts shall expressly survive payment in full of the Series 2019 Bonds.

(d) The Trustee shall ascertain the necessity for a claim upon the Series 2019 Reserve Policy in accordance with the provisions of subparagraph (a) hereof and provide notice to the Series 2019 Insurer in accordance with the terms of the Series 2019 Reserve Policy at least three Business Days prior to each date upon which interest or principal is due on the Debt Service Reserve Fund Participating Bonds. Where deposits are required to be made by the Issuer with the Trustee to the Debt Service Fund for the Debt Service Reserve Fund Participating Bonds more often than semi-annually, the Trustee shall give notice to the Series 2019 Insurer of any failure of the Issuer to make timely payment in full of such deposits within two Business Days of the date due.

Provisions Relating to the Series 2019B Bond Insurance

Notwithstanding anything to the contrary set forth in the Indenture, the following provisions concerning the Series 2019B Insurance Policy shall govern:

(a) The prior written consent of the Series 2019 Insurer shall be a condition precedent to the deposit of any Debt Service Reserve Fund Surety Policy provided in lieu of a cash deposit into the Debt Service Reserve Fund. Notwithstanding anything to the contrary set forth in the Indenture, amounts on deposit in the Debt Service Reserve Fund shall be applied solely to the payment of debt service due on the Debt Service Reserve Fund Participating Bonds.

(b) The Series 2019 Insurer shall be deemed to be the sole holder of the Insured Series 2019B Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of the Insured Series 2019B Bonds are entitled to take pursuant to the Indenture pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Trustee. In furtherance thereof and as a term of the Indenture and each Insured Series 2019 Bond, each holder of the Insured Series 2019B Bonds appoints the Series 2019 Insurer as its agent and attorney-in-fact with respect to the Insured Series 2019B Bonds and agrees that the Series 2019 Insurer may at any time during the continuation of any proceeding by or against the Issuer or the City under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding") direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a "Claim"), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, each holder of the Insured Series 2019B Bonds delegates and assigns to the Series 2019 Insurer, to the fullest extent permitted by law, the rights of each holder of the Series 2019 Bonds with respect to the Insured Series 2019B Bonds in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding. The Trustee acknowledges such appointment, delegation and assignment by each holder of the Insured Series 2019B Bonds for the Series 2019 Insurer's benefit, and agrees to cooperate with the Series 2019 Insurer in taking any action reasonably necessary or appropriate in connection with such appointment, delegation and assignment. Remedies granted to the Bondowners shall expressly include mandamus.

(c) The maturity of Insured Series 2019B Bonds shall not be accelerated without the consent of the Series 2019 Insurer and in the event the maturity of the Insured Series 2019B Bonds is accelerated, the Series 2019 Insurer may elect, in its sole discretion, to pay accelerated principal, and interest accrued on such principal, to the date of acceleration (to the extent unpaid by the Issuer) and the Trustee shall be required to accept such amounts. Upon payment of such accelerated principal and interest accrued to the acceleration date as provided above, the Series 2019 Insurer's obligations under the Series 2019B Insurance Policy with respect to such Insured Series 2019B Bonds shall be fully discharged.

(d) No grace period for a covenant default shall exceed 30 days or be extended for more than 60 days, without the prior written consent of the Series 2019 Insurer. No grace period shall be permitted for payment defaults.

(e) The Series 2019 Insurer is a third party beneficiary of the Indenture.

(f) Upon the occurrence of an extraordinary optional, special or extraordinary mandatory redemption in part, the selection of Insured Series 2019B Bonds to be redeemed shall be subject to the approval of the Series 2019 Insurer. The exercise of any provision of the Indenture which permits the purchase of Insured Series 2019B Bonds in lieu of redemption shall require the prior written approval of the Series 2019 Insurer if any Insured Series 2019 Bond so purchased is not cancelled upon purchase.

(g) Any amendment, supplement, modification to, or waiver of, the Indenture or any other Transaction Document, including any underlying security agreement (each a "Related Document" for purposes of the Series 2019B Insurance Policy provisions of the Indenture), that requires the consent of Bondowners or adversely affects the rights and interests of the Series 2019 Insurer shall be subject to the prior written consent of the Series 2019 Insurer.

(h) The rights granted to the Series 2019 Insurer under the Indenture or any other Related Document to request, consent to or direct any action are rights granted to the Series 2019 Insurer in consideration of its issuance of the Series 2019B Insurance Policy. Any exercise by the Series 2019 Insurer of such rights is merely an exercise of the Series 2019 Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the holders of the Insured Series 2019B Bonds and such action does not evidence any position of the Series 2019 Insurer, affirmative or negative, as to whether the consent of the holders of the Insured Series 2019B Bonds or any other person is required in addition to the consent of the Series 2019 Insurer.

(i) Only (1) cash, (2) non-callable direct obligations of the United States of America ("Treasuries"), (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (4) subject to the prior written consent of the Series 2019 Insurer, pre-refunded municipal obligations rated "AAA" and "Aaa" by S&P and Moody's, respectively, or (5) subject to the prior written consent of the Series 2019 Insurer, securities eligible for "AAA" defeasance under then existing criteria of S&P or any combination thereof, shall be used to effect defeasance of the Insured Series 2019B Bonds unless the Series 2019 Insurer otherwise approves.

To accomplish defeasance of the Insured Series 2019B Bonds, the Issuer shall cause to be delivered (i) a report of an independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable to the Series 2019 Insurer ("Accountant") verifying the sufficiency of the escrow established to pay the Insured Series 2019B Bonds in full on the maturity or redemption date ("Verification"), (ii) an escrow deposit agreement (which shall be acceptable in form and substance to the Series 2019 Insurer), (iii) an opinion of nationally recognized bond counsel to the effect that the Insured Series 2019B Bonds are no longer "Outstanding" under the Indenture and (iv) a certificate of discharge of the Trustee with respect to the Insured Series 2019B Bonds; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the Issuer, the Trustee and the Series 2019 Insurer. The Series 2019 Insurer shall be provided with final drafts of the above-referenced documentation not less than five Business Days prior to the funding of the escrow.

Insured Series 2019B Bonds shall be deemed "Outstanding" under the Indenture unless and until they are in fact paid and retired or the above criteria are met.

(j) Amounts paid by the Series 2019 Insurer under the Series 2019B Insurance Policy shall not be deemed paid for purposes of the Indenture and the Insured Series 2019B Bonds relating to such payments shall remain Outstanding and continue to be due and owing until paid by the Issuer in accordance with the Indenture. The Indenture shall not be discharged unless all amounts due or to become due to the Series 2019 Insurer have been paid in full or duly provided for.

(k) The Issuer covenants and agrees to take, or cause to be taken, such action (including, as applicable, filing of UCC financing statements and continuations thereof) as is necessary from time to time to preserve the priority of the pledge of the Trust Estate under applicable law.

(l) Claims Upon the Series 2019B Insurance Policy and Payments by and to the Series 2019 Insurer.

If, on the third Business Day prior to the related scheduled interest payment date or principal payment date ("Payment Date") there is not on deposit with the Trustee, after making all transfers and deposits required under the Indenture, moneys sufficient to pay the principal of and interest on the Insured Series 2019B Bonds due on such Payment Date, the Trustee shall give notice to the Series 2019 Insurer and to its designated agent (if any) (the "Insurer's Fiscal Agent") by telephone or telecopy of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the Insured Series 2019B Bonds due on such Payment Date, the Trustee shall make a claim under the Series 2019B Insurance Policy and give notice to the Series 2019 Insurer and the Insurer's Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the Insured Series 2019B Bonds and the amount required to pay principal of the Insured Series 2019B Bonds, confirmed in writing to the Series 2019 Insurer and the Insurer's Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the Series 2019B Insurance Policy.

The Trustee shall designate any portion of payment of principal on Insured Series 2019B Bonds paid by the Series 2019 Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Insured Series 2019B Bonds registered to the then current holder of the Insured Series 2019B Bonds, whether DTC or its nominee or otherwise, and shall issue a replacement Insured Series 2019 Bond to the Series 2019 Insurer, registered in the name of Assured Guaranty Municipal Corp., in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement Insured Series 2019 Bond shall have no effect on the amount of principal or interest payable by the Issuer on any Insured Series 2019 Bond or the subrogation rights of the Series 2019 Insurer.

The Trustee shall keep a complete and accurate record of all funds deposited by the Series 2019 Insurer into the Policy Payments Account (defined below) and the allocation of such funds to payment of interest on and principal of any Insured Series 2019 Bond. The Series 2019 Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

Upon payment of a claim under the Series 2019B Insurance Policy, the Trustee shall establish a separate special purpose trust account for the benefit of holders of the insured Series 2019B Bonds referred to herein as the “Policy Payments Account” and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the Series 2019B Insurance Policy in trust on behalf of holders of the Insured Series 2019B Bonds and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to holders of the Insured Series 2019B Bonds in the same manner as principal and interest payments are to be made with respect to the Insured Series 2019B Bonds under the sections of the Indenture regarding payment of Insured Series 2019B Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything in the Indenture to the contrary, the Issuer agrees to pay, from payments to be made by the City pursuant to the terms of the Financing Agreement, to the Series 2019 Insurer (i) a sum equal to the total of all amounts paid by the Series 2019 Insurer under the Series 2019B Insurance Policy (the “Insurer Advances”); and (ii) interest on such Insurer Advances from the date paid by the Series 2019 Insurer until payment thereof in full, payable to the Series 2019 Insurer at the Late Payment Rate per annum (collectively, the “Insurer Reimbursement Amounts”). “Late Payment Rate” means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in The City of New York, as its prime or base lending rate (any change in such rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Insured Series 2019B Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. The Issuer hereby covenants and agrees that the Insurer Reimbursement Amounts are secured by a lien on and pledge of the Trust Estate and payable from such Trust Estate on a parity with debt service due on the Bonds.

Funds held in the Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee. Any funds remaining in the Policy Payments Account following a Payment Date shall promptly be remitted to the Series 2019 Insurer.

(m) The Series 2019 Insurer shall, to the extent it makes any payment of principal of or interest on the Insured Series 2019B Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Series 2019B Insurance Policy (which subrogation rights shall also include the rights of any such recipients in connection with any Insolvency Proceeding). Each obligation of the Issuer to the Series 2019 Insurer under the Related Documents (as defined in subsection (g) above) shall survive discharge or termination of such Related Documents.

(n) The Issuer shall pay or reimburse, from Additional Payments to be made by the City pursuant to the terms of the Financing Agreement, the Series 2019 Insurer any and all charges, fees, costs and expenses that the Series 2019 Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in any Related Document; (ii) the pursuit of any remedies under the Indenture or any other Related Document or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, the Indenture or any other Related Document whether or not executed or completed, or (iv) any litigation or other dispute in connection with the Indenture or any other Related Document or the transactions contemplated thereby, other than costs resulting from the failure of the Series 2019 Insurer to honor its obligations under the Series 2019B Insurance Policy. The Series 2019 Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Indenture or any other Related Document.

(o) After payment of reasonable expenses of the Trustee, the application of funds realized upon default shall be applied to the payment of expenses of the Issuer or rebate only after the payment of past due and current debt service on the Bonds and amounts required to restore the Debt Service Reserve Fund to the Debt Service Reserve Requirement.

(p) The Series 2019 Insurer shall be entitled to pay principal or interest on the Insured Series 2019B Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer (as such terms are defined in the Series 2019B Insurance Policy) and any amounts due on the Insured Series 2019B Bonds as a result of acceleration of the maturity thereof, whether or not the Series 2019 Insurer has received a Notice of Nonpayment (as such terms are defined in the Series 2019B Insurance Policy) or a claim upon the Series 2019B Insurance Policy.

(q) The notice address of the Series 2019 Insurer is: Assured Guaranty Municipal Corp., 1633 Broadway, New York, New York 10019, Attention: Managing Director – Surveillance, Re: Policy No. 219480-N, for notices relating to the Series 2019B Insurance Policy; or 219480-R, for notices relating to the Series 2019 Reserve Policy, as applicable, Telephone: (212) 974-0100; Telecopier: (212) 339-3556. In each case in which notice or other communication refers to an Event of Default, then a copy of such notice or other communication shall also be sent to the attention of the General Counsel and shall be marked to indicate "URGENT MATERIAL ENCLOSED."

(r) The Series 2019 Insurer shall be provided with the following information by the Issuer or the Trustee, as the case may be:

(i) Notice of any draw upon the Debt Service Reserve Fund within two Business Days after knowledge thereof other than (i) withdrawals of amounts in excess of the Debt Service Reserve Requirement and (ii) withdrawals in connection with a refunding of Debt Service Reserve Fund Participating Bonds;

(ii) Notice of any default known to the Trustee or the Issuer within five Business Days after knowledge thereof;

(iii) Prior notice of the advance refunding or redemption of any of the Insured Series 2019B Bonds, including the principal amount, maturities and CUSIP numbers thereof;

(iv) Notice of the resignation or removal of the Trustee and Bond Registrar and the appointment of, and acceptance of duties by, any successor thereto;

(v) Notice of the commencement of any Insolvency Proceeding (as defined in subsection (b) above);

(vi) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Insured Series 2019B Bonds;

(vii) A full original transcript of all proceedings relating to the execution of any amendment, supplement, or waiver to the Related Documents; and

(viii) All reports, notices and correspondence to be delivered to Bondowners under the terms of the Related Documents.

(s) The Series 2019 Insurer shall have the right to receive such additional information as it may reasonably request.

(t) The Issuer will permit the Series 2019 Insurer to discuss the affairs, finances and accounts of the Issuer or any information the Series 2019 Insurer may reasonably request regarding the security for the Series 2019 Bonds with appropriate officers of the Issuer and will use commercially reasonable efforts to enable the Series 2019 Insurer to have access to the facilities, books and records of the Issuer on any Business Day upon reasonable prior notice.

(u) The Trustee shall notify the Series 2019 Insurer of any known failure of the Issuer to provide notices, certificates and other information under the Related Documents.

(v) Notwithstanding satisfaction of the other conditions to the issuance of Additional Bonds set forth in the Indenture, no such issuance may occur (1) if an Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) exists unless such default shall be cured upon such issuance and (2) unless the Debt Service Reserve Fund is fully funded at the Debt Service Reserve Requirement (including the proposed issue) upon the issuance of such Additional Bonds, in either case unless otherwise permitted by the Series 2019 Insurer.

(w) In determining whether any amendment, consent, waiver or other action to be taken, or any failure to take action, under the Indenture would adversely affect the security for the Bonds or the rights of the Bondholders, the Trustee shall consider the effect of any such amendment, consent, waiver, action or inaction as if there were no Series 2019B Insurance Policy.

(x) No contract shall be entered into or any action taken by which the rights of the Series 2019 Insurer or security for or sources of payment of the Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of the Series 2019 Insurer.

Provisions Relating to the Series 2020 Reserve Policy

Notwithstanding anything to the contrary set forth in the Indenture, the following provisions concerning the Series 2020 Reserve Policy shall govern:

(a) The Issuer shall repay, from Additional Payments to be made by the City pursuant to the terms of the Financing Agreement, any draws under the Series 2020 Reserve Policy and pay all related reasonable expenses incurred by the Series 2020 Insurer and shall pay interest thereon from the date of payment by the Series 2020 Insurer at the Late Payment Rate. As used in this Section, "Late Payment Rate" means the lesser of (x) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank) plus 5%, and (ii) 12% and (y) the maximum rate permissible under applicable usury or similar laws (of the State of Missouri) limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such national bank as AGM shall specify. If the interest provisions of this subparagraph (a) shall result in an effective rate of interest which, for any period, exceeds the limit of the usury or any other laws (of the State of Missouri) applicable to the indebtedness created herein, then all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice between or by any party hereto, be applied as additional interest for any later periods of time when amounts are outstanding hereunder to the extent that interest otherwise due hereunder for such periods plus such additional interest would not exceed the limit of the usury or such other laws (of the State of Missouri), and any excess shall be applied upon principal immediately upon receipt of such moneys by the Series 2020 Insurer with the same force and effect as if the Issuer or the City had specifically designated such extra sums to be so applied and the Series 2020 Insurer had agreed to accept such extra payment(s) as additional interest for such later periods. In no event shall any agreed-to or actual exaction as consideration for the indebtedness created herein exceed the limits imposed or provided by the law applicable to this transaction for the use or detention of money or for forbearance in seeking its collection.

Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, "Series 2020 Reserve Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Series 2020 Reserve Policy Costs related to such draw.

Amounts in respect of costs paid to the Series 2020 Insurer shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to the Series 2020 Insurer on account of principal due, the coverage under the Series 2020 Reserve Policy will be increased by a like amount, subject to the terms of the Series 2020 Reserve Policy. The obligation to pay Series 2020 Reserve Policy Costs shall be secured by a valid lien on the Trust Estate pledged as security for the Debt Service Reserve Fund Participating Bonds (subject only to the priority of payment provisions set forth under the Indenture).

All cash and investments in the Debt Service Reserve Fund established for the Debt Service Reserve Fund Participating Bonds shall be transferred to the applicable account within the Debt Service Fund for payment of debt service on Debt Service Reserve Fund Participating Bonds before any drawing may be made on the Series 2020 Reserve Policy or any other Debt Service Reserve Fund Surety Policy credited to the Debt Service Reserve Fund in lieu of cash (herein, a "Credit Facility"). Payment of any Series 2020 Reserve Policy Costs shall be made prior to replenishment of any such cash amounts. Draws on all Credit Facilities (including the Series 2020 Reserve Policy) on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Debt Service Reserve Fund. Payment of Series 2020 Reserve Policy Costs and reimbursement of amounts with respect to other Credit Facilities shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Debt Service Reserve Fund. For the avoidance of doubt, "available coverage" means the coverage then available for disbursement pursuant to the terms of the applicable alternative Credit Facility without regard to the legal or financial ability or willingness of the provider of such facility to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

(b) If the Issuer and the City shall fail to pay any Series 2020 Reserve Policy Costs in accordance with the requirements of subparagraph (a) hereof, the Series 2020 Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Authorizing Document other than (i) acceleration of the maturity of the Bonds or (ii) remedies which would adversely affect owners of the Bonds.

(c) The Indenture shall not be discharged until all Series 2020 Reserve Policy Costs owing to the Series 2020 Insurer shall have been paid in full. The Issuer's obligation to pay such amounts shall expressly survive payment in full of the Series 2020 Bonds.

(d) The Trustee shall ascertain the necessity for a claim upon the Series 2020 Reserve Policy in accordance with the provisions of subparagraph (a) hereof and provide notice to the Series 2020 Insurer in accordance with the terms of the Series 2020 Reserve Policy at least three Business Days prior to each date upon which interest or principal is due on the Debt Service Reserve Fund Participating Bonds. Where deposits are required to be made by the Issuer with the Trustee to the Debt Service Fund for the Debt Service Reserve Fund Participating Bonds more often than semi-annually, the Trustee shall give notice to the Series 2020 Insurer of any failure of the Issuer to make timely payment in full of such deposits within two Business Days of the date due.

Provisions Relating to the Series 2020A Bond Insurance

Notwithstanding anything to the contrary set forth in the Indenture, the following provisions concerning the Series 2020A Insurance Policy shall govern:

(a) The prior written consent of the Series 2020 Insurer shall be a condition precedent to the deposit of any Debt Service Reserve Fund Surety Policy provided in lieu of a cash deposit into the Debt Service Reserve Fund. Notwithstanding anything to the contrary set forth in the Indenture, amounts on deposit in the Debt Service Reserve Fund shall be applied solely to the payment of debt service due on the Debt Service Reserve Fund Participating Bonds.

(b) The Series 2020 Insurer shall be deemed to be the sole holder of the Insured Series 2020A Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of the Insured Series 2020A Bonds are entitled to take pursuant to the Indenture pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Trustee. In furtherance thereof and as a term of the Indenture and each Insured Series 2020 Bond, each holder of the Insured Series 2020A Bonds appoints the Series 2020 Insurer as its agent and attorney-in-fact with respect to the Insured Series 2020A Bonds and agrees that the Series 2020 Insurer may at any time during the continuation of any proceeding by or against the Issuer or the City under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding") direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a "Claim"), (B) the direction of any appeal of any order relating to any Claim,

(C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, each holder of the Insured Series 2020A Bonds delegates and assigns to the Series 2020 Insurer, to the fullest extent permitted by law, the rights of each holder of the Series 2020 Bonds with respect to the Insured Series 2020A Bonds in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding. The Trustee acknowledges such appointment, delegation and assignment by each holder of the Insured Series 2020A Bonds for the Series 2020 Insurer's benefit, and agrees to cooperate with the Series 2020 Insurer in taking any action reasonably necessary or appropriate in connection with such appointment, delegation and assignment. Remedies granted to the Bondowners shall expressly include mandamus.

(c) The maturity of Insured Series 2020A Bonds shall not be accelerated without the consent of the Series 2020 Insurer and in the event the maturity of the Insured Series 2020A Bonds is accelerated, the Series 2020 Insurer may elect, in its sole discretion, to pay accelerated principal, and interest accrued on such principal, to the date of acceleration (to the extent unpaid by the Issuer) and the Trustee shall be required to accept such amounts. Upon payment of such accelerated principal and interest accrued to the acceleration date as provided above, the Series 2020 Insurer's obligations under the Series 2020A Insurance Policy with respect to such Insured Series 2020A Bonds shall be fully discharged.

(d) No grace period for a covenant default shall exceed 30 days or be extended for more than 60 days, without the prior written consent of the Series 2020 Insurer. No grace period shall be permitted for payment defaults.

(e) The Series 2020 Insurer is a third party beneficiary of the Indenture.

(f) Upon the occurrence of an extraordinary optional, special or extraordinary mandatory redemption in part, the selection of Insured Series 2020A Bonds to be redeemed shall be subject to the approval of the Series 2020 Insurer. The exercise of any provision of the Indenture which permits the purchase of Insured Series 2020A Bonds in lieu of redemption shall require the prior written approval of the Series 2020 Insurer if any Insured Series 2020 Bond so purchased is not cancelled upon purchase.

(g) Any amendment, supplement, modification to, or waiver of, the Indenture or any other Transaction Document, including any underlying security agreement (each a "Related Document" for purposes of the Series 2020A Insurance Policy provisions of the Indenture), that requires the consent of Bondowners or adversely affects the rights and interests of the Series 2020 Insurer shall be subject to the prior written consent of the Series 2020 Insurer.

(h) The rights granted to the Series 2020 Insurer under the Indenture or any other Related Document to request, consent to or direct any action are rights granted to the Series 2020 Insurer in consideration of its issuance of the Series 2020A Insurance Policy. Any exercise by the Series 2020 Insurer of such rights is merely an exercise of the Series 2020 Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the holders of the Insured Series 2020A Bonds and such action does not evidence any position of the Series 2020 Insurer, affirmative or negative, as to whether the consent of the holders of the Insured Series 2020A Bonds or any other person is required in addition to the consent of the Series 2020 Insurer.

(i) Only (1) cash, (2) non-callable direct obligations of the United States of America ("Treasuries"), (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (4) subject to the prior written consent of the Series 2020 Insurer, pre-refunded municipal obligations rated "AAA" and "Aaa" by S&P and Moody's, respectively, or (5) subject to the prior written consent of the Series 2020 Insurer, securities eligible for "AAA" defeasance under then existing criteria of S&P or any combination thereof, shall be used to effect defeasance of the Insured Series 2020A Bonds unless the Series 2020 Insurer otherwise approves.

To accomplish defeasance of the Insured Series 2020A Bonds, the Issuer shall cause to be delivered (i) a report of an independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable to the Series 2020 Insurer ("Accountant") verifying the sufficiency of the escrow established to pay the Insured Series 2020A Bonds in full on the maturity or redemption date ("Verification"), (ii) an escrow deposit agreement (which shall be acceptable in form and substance to the Series 2020 Insurer), (iii) an opinion of nationally recognized bond counsel to the effect that the Insured Series 2020A Bonds are no longer "Outstanding" under the Indenture and (iv) a certificate of discharge of the Trustee with respect to the Insured Series 2020A Bonds; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the Issuer, the Trustee and the Series 2020 Insurer. The Series 2020 Insurer shall be provided with final drafts of the above-referenced documentation not less than five Business Days prior to the funding of the escrow.

Insured Series 2020A Bonds shall be deemed "Outstanding" under the Indenture unless and until they are in fact paid and retired or the above criteria are met.

(j) Amounts paid by the Series 2020 Insurer under the Series 2020A Insurance Policy shall not be deemed paid for purposes of the Indenture and the Insured Series 2020A Bonds relating to such payments shall remain Outstanding and continue to be due and owing until paid by the Issuer in accordance with the Indenture. The Indenture shall not be discharged unless all amounts due or to become due to the Series 2020 Insurer have been paid in full or duly provided for.

(k) The Issuer covenants and agrees to take, or cause to be taken, such action (including, as applicable, filing of UCC financing statements and continuations thereof) as is necessary from time to time to preserve the priority of the pledge of the Trust Estate under applicable law.

(l) Claims Upon the Series 2020A Insurance Policy and Payments by and to the Series 2020 Insurer.

If, on the third Business Day prior to the related scheduled interest payment date or principal payment date ("Payment Date") there is not on deposit with the Trustee, after making all transfers and deposits required under the Indenture, moneys sufficient to pay the principal of and interest on the Insured Series 2020A Bonds due on such Payment Date, the Trustee shall give notice to the Series 2020 Insurer and to its designated agent (if any) (the "Insurer's Fiscal Agent") by telephone or telecopy of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the Insured Series 2020A Bonds due on such Payment Date, the Trustee shall make a claim under the Series 2020A Insurance Policy and give notice to the Series 2020 Insurer and the Insurer's Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the Insured Series 2020A Bonds and the amount required to pay principal of the Insured Series 2020A Bonds, confirmed in writing to the Series 2020 Insurer and the Insurer's Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the Series 2020A Insurance Policy.

The Trustee shall designate any portion of payment of principal on Insured Series 2020A Bonds paid by the Series 2020 Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Insured Series 2020A Bonds registered to the then current holder of the Insured Series 2020A Bonds, whether DTC or its nominee or otherwise, and shall issue a replacement Insured Series 2020 Bond to the Series 2020 Insurer, registered in the name of Assured Guaranty Municipal Corp., in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement Insured Series 2020 Bond shall have no effect on the amount of principal or interest payable by the Issuer on any Insured Series 2020 Bond or the subrogation rights of the Series 2020 Insurer.

The Trustee shall keep a complete and accurate record of all funds deposited by the Series 2020 Insurer into the Policy Payments Account (defined below) and the allocation of such funds to payment of interest on and principal of any Insured Series 2020 Bond. The Series 2020 Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

Upon payment of a claim under the Series 2020A Insurance Policy, the Trustee shall establish a separate special purpose trust account for the benefit of holders of the insured Series 2020A Bonds referred to herein as the "Policy Payments Account" and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the Series 2020A Insurance Policy in trust on behalf of holders of the Insured Series 2020A Bonds and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to holders of the Insured Series 2020A Bonds in the same manner as principal and interest payments are to be made with respect to the Insured Series 2020A Bonds under the sections of the Indenture regarding payment of Insured Series 2020A Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything in the Indenture to the contrary, the Issuer agrees to pay, from payments to be made by the City pursuant to the terms of the Financing Agreement, to the Series 2020 Insurer (i) a sum equal to the total of all amounts paid by the Series 2020 Insurer under the Series 2020A Insurance Policy (the "Insurer Advances"); and (ii) interest on such Insurer Advances from the date paid by the Series 2020 Insurer until payment thereof in full, payable to the Series 2020 Insurer at the Late Payment Rate per annum (collectively, the "Insurer Reimbursement Amounts"). "Late Payment Rate" means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in The City of New York, as its prime or base lending rate (any change in such rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Insured Series 2020A Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. The Issuer hereby covenants and agrees that the Insurer Reimbursement Amounts are secured by a lien on and pledge of the Trust Estate and payable from such Trust Estate on a parity with debt service due on the Bonds.

Funds held in the Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee. Any funds remaining in the Policy Payments Account following a Payment Date shall promptly be remitted to the Series 2020 Insurer.

(m) The Series 2020 Insurer shall, to the extent it makes any payment of principal of or interest on the Insured Series 2020A Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Series 2020A Insurance Policy (which subrogation rights shall also include the rights of any such recipients in connection with any Insolvency Proceeding). Each obligation of the Issuer to the Series 2020 Insurer under the Related Documents (as defined in subsection (g) above) shall survive discharge or termination of such Related Documents.

(n) The Issuer shall pay or reimburse, from Additional Payments to be made by the City pursuant to the terms of the Financing Agreement, the Series 2020 Insurer any and all charges, fees, costs and expenses that the Series 2020 Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in any Related Document; (ii) the pursuit of any remedies under the Indenture or any other Related Document or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, the Indenture or any other Related Document whether or not executed or completed, or (iv) any litigation or other dispute in connection with the Indenture or any other Related Document or the transactions contemplated thereby, other than costs resulting from the failure of the Series 2020 Insurer to honor its obligations under the Series 2020A Insurance Policy. The Series 2020 Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Indenture or any other Related Document.

(o) After payment of reasonable expenses of the Trustee, the application of funds realized upon default shall be applied to the payment of expenses of the Issuer or rebate only after the payment of past due and current debt service on the Bonds and amounts required to restore the Debt Service Reserve Fund to the Debt Service Reserve Requirement.

(p) The Series 2020 Insurer shall be entitled to pay principal or interest on the Insured Series 2020A Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer (as such terms are defined in the Series 2020A Insurance Policy) and any amounts due on the Insured Series 2020A Bonds as a result of acceleration of the maturity thereof, whether or not the Series 2020 Insurer has received a Notice of Nonpayment (as such terms are defined in the Series 2020A Insurance Policy) or a claim upon the Series 2020A Insurance Policy.

(q) The notice address of the Series 2020 Insurer is: Assured Guaranty Municipal Corp., 1633 Broadway, New York, New York 10019, Attention: Managing Director – Surveillance, Re: Policy No. 220642-N, for notices relating to the Series 2020A Insurance Policy; or 220642-R, for notices relating to the Series 2020 Reserve Policy, as applicable, Telephone: (212) 974-0100; Telecopier: (212) 339-3556. In each case in which notice or other communication refers to an Event of Default, then a copy of such notice or other communication shall also be sent to the attention of the General Counsel and shall be marked to indicate "URGENT MATERIAL ENCLOSED."

(r) The Series 2020 Insurer shall be provided with the following information by the Issuer or the Trustee, as the case may be:

(i) Notice of any draw upon the Debt Service Reserve Fund within two Business Days after knowledge thereof other than (i) withdrawals of amounts in excess of the Debt Service Reserve Requirement and (ii) withdrawals in connection with a refunding of Debt Service Reserve Fund Participating Bonds;

(ii) Notice of any default known to the Trustee or the Issuer within five Business Days after knowledge thereof;

(iii) Prior notice of the advance refunding or redemption of any of the Insured Series 2020A Bonds, including the principal amount, maturities and CUSIP numbers thereof;

(iv) Notice of the resignation or removal of the Trustee and Bond Registrar and the appointment of, and acceptance of duties by, any successor thereto;

(v) Notice of the commencement of any Insolvency Proceeding (as defined in subsection (b) above);

(vi) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Insured Series 2020A Bonds;

(vii) A full original transcript of all proceedings relating to the execution of any amendment, supplement, or waiver to the Related Documents; and

(viii) All reports, notices and correspondence to be delivered to Bondowners under the terms of the Related Documents.

(s) The Series 2020 Insurer shall have the right to receive such additional information as it may reasonably request.

(t) The Issuer will permit the Series 2020 Insurer to discuss the affairs, finances and accounts of the Issuer or any information the Series 2020 Insurer may reasonably request regarding the security for the Series 2020 Bonds with appropriate officers of the Issuer and will use commercially reasonable efforts to enable the Series 2020 Insurer to have access to the facilities, books and records of the Issuer on any Business Day upon reasonable prior notice.

(u) The Trustee shall notify the Series 2020 Insurer of any known failure of the Issuer to provide notices, certificates and other information under the Related Documents.

(v) Notwithstanding satisfaction of the other conditions to the issuance of Additional Bonds set forth in the Indenture, no such issuance may occur (1) if an Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) exists unless such default shall be cured upon such issuance and (2) unless the Debt Service Reserve Fund is fully funded at the Debt Service Reserve Requirement (including the proposed issue) upon the issuance of such Additional Bonds, in either case unless otherwise permitted by the Series 2020 Insurer.

(w) In determining whether any amendment, consent, waiver or other action to be taken, or any failure to take action, under the Indenture would adversely affect the security for the Bonds or the rights of the Bondholders, the Trustee shall consider the effect of any such amendment, consent, waiver, action or inaction as if there were no Series 2020A Insurance Policy.

(x) No contract shall be entered into or any action taken by which the rights of the Series 2020 Insurer or security for or sources of payment of the Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of the Series 2020 Insurer.

Limitation on Issuer Obligations

Any other term or provision in the Indenture or in any other Transaction Documents or elsewhere to the contrary notwithstanding:

(a) Any and all obligations (including, without limitation, fees, claims, demands, payments, damages, liabilities, penalties, assessments and the like) of or imposed upon the Issuer or its members, officers, agents, employees, representatives, advisors or assigns, whether under the Indenture or any of the other Transaction Documents or elsewhere and whether arising out of or based upon a claim or claims of tort, contract, misrepresentation, or any other or additional legal theory or theories whatsoever (collectively the "Obligations"), shall in all events be absolutely limited obligations and liabilities, payable solely out of the following, if any, available at the time the Obligation in question is asserted:

(i) Bond proceeds and investments therefrom; and

(ii) Payments derived from the Bonds, the Indenture (including the Trust Estate to the extent provided in the Indenture), the Financing Agreement (except for the fees and expenses of the Issuer and the Issuer's right to indemnification under the Financing Agreement under certain circumstances and as otherwise expressly set forth therein);

(the above provisions (i) and (ii) being collectively referred to as the "exclusive sources of the Obligations").

(b) The Obligations shall not be deemed to constitute a debt or liability of the State of Missouri or of any political subdivision thereof within the meaning of any state constitutional provision or statutory limitation and shall not constitute a pledge of the full faith and credit of the State of Missouri or of any political subdivision thereof, but shall be payable solely from and out of the exclusive sources of the Obligations and shall otherwise impose no liability whatsoever, primary or otherwise, upon the State of Missouri or any political subdivision thereof or any charge upon their general credit or taxing power.

(c) In no event shall any member, officer, agent, employee, representative or advisor of the Issuer, or any successor or assign of any such person or entity, be liable, personally or otherwise, for any Obligation.

(d) In no event shall the Indenture be construed as:

(i) depriving the Issuer of any right or privilege; or

(ii) requiring the Issuer or any member, officer, agent, employee, representative or advisor of the Issuer to take or omit to take, or to permit or suffer the taking of, any action by itself or by anyone else;

which deprivation or requirement would violate or result in the Issuer's being in violation of the Act or any other applicable state or federal law.

Governing Law

The Indenture shall be governed by and construed in accordance with the laws of the State of Missouri.

SUMMARY OF CERTAIN PROVISIONS OF THE FINANCING AGREEMENT

The following is a summary of certain definitions and provisions contained in the Financing Agreement. The following is not a comprehensive description, however, and is qualified in its entirety by reference to the Financing Agreement for a complete recital of the terms thereof.

Definitions

In addition to the terms defined elsewhere in the Financing Agreement and in the Indenture the following terms shall have the meaning set forth as follows:

"**Additional Appropriation Obligations**" means additional Appropriation Obligations issued or incurred pursuant to the Master Bond Ordinance.

"**Additional Payments**" has the meaning set forth in the Financing Agreement.

"**Appropriation Obligations**" has the meaning set forth in the Master Bond Ordinance.

"**Authorized City Compliance Certificate Representative**" has the meaning set forth in the Master Bond Ordinance.

"**Continuing Disclosure Undertaking**" means, relating to the Series 2020 Bonds, the Continuing Disclosure Undertaking entered into by the City with respect to the Series 2020 Bonds, as amended and supplemented from time to time.

"**Debt Service Payments**" has the meaning set forth in the Financing Agreement.

"**Event of Nonappropriation**" means failure of the City Council to budget and appropriate on or before the last day of any Fiscal Year moneys sufficient to pay Debt Service Payments and reasonably estimated Additional Payments to become due during the next Fiscal Year.

"**Net Revenues**" has the meaning set forth in the Master Bond Ordinance.

"**Non-Appropriated Payments**" has the meaning set forth in the Financing Agreement.

"**Supplemental Financing Agreements**" means any financing agreement supplemental or amendatory to the Financing Agreement entered into by the Issuer, the City and the Trustee.

Amendment of References to Series 2019 Bonds, Series 2019 Senior Appropriation Obligation, Series 2019 Insurer, Series 2019 Insurance Policy, Series 2019 Reserve Policy, Series 2019 Reserve Policy Costs and Series 2019 Reserve Insurance Agreement in the Original Financing Agreement

All references to the Series 2019 Bonds as used in the Original Financing Agreement, except where the context clearly suggests otherwise, are amended to mean the Series 2019 Bonds, the Series 2020 Bonds and any Additional Bonds issued under the Indenture. All references to the Series 2019 Senior Appropriation Obligation as used in the Original Financing Agreement, except where the context clearly suggests otherwise, are amended to mean the Series 2019 Senior Appropriation Obligation, the Series 2020 Senior Appropriation Obligation and any other Senior Appropriation Obligation incurred in connection with Additional Bonds issued under the Indenture. All references to the Series 2019 Insurer as used in the Original Financing Agreement, except where the context clearly suggests otherwise, are hereby amended to mean the Series 2019 Insurer and the Series 2020 Insurer. All references to the Series 2019 Insurance Policy as used in the Original Financing Agreement, except where the context clearly suggests otherwise, are hereby amended to mean the Series 2019B Insurance Policy and the Series 2020A Insurance Policy. All references to the Series 2019 Reserve Policy as used in the Original Financing Agreement, except where the context clearly suggests otherwise, are hereby amended to mean the Series 2019 Reserve Policy and the Series 2020 Reserve Policy. All references to the Series 2019 Reserve Policy Costs as used in the Original Financing Agreement, except where the context clearly suggests otherwise, are hereby amended to mean the Series 2019 Reserve Policy Costs and the Series 2020 Reserve Policy Costs. All references to the Series 2019 Reserve Insurance Agreement as used in the Original Financing Agreement, except where the context clearly suggests otherwise, are hereby amended to mean the Series 2019 Reserve Insurance Agreement and the Series 2020 Reserve Insurance Agreement.

Issuance of the Series 2020 Bonds

In order to provide funds (a) to finance the additional Costs of the Terminal Modernization Project, (b) to fund capitalized interest on the Series 2020 Bonds, (c) to fund a deposit to the Debt Service Reserve Fund, (d) to refund the Refunded Series 2013A Bonds, and (e) to pay Costs of Issuance of the Series 2020 Bonds, the Issuer agrees that it will issue, sell and deliver the Series 2020 Bonds to the Underwriter. The proceeds of the sale of the Series 2020 Bonds shall be paid over to the Trustee for the account of the Issuer and shall be administered, disbursed and applied for the payment of the Costs of the Terminal Modernization Project, refunding of the Refunded Series 2013A Bonds and other purposes upon the terms and in the manner as provided in the Indenture and in the Financing Agreement.

Credits on Debt Service Payments

Notwithstanding any provision contained in the Financing Agreement or in the Indenture to the contrary, in addition to any credits resulting from the payment or prepayment of Debt Service Payments from other sources, including the Capitalized Interest Fund:

(a) moneys on deposit in the Debt Service Fund and the Capitalized Interest Fund representing interest shall be credited against the obligation of the City to pay the interest portion of the Debt Service Payments as the same becomes due;

(b) moneys on deposit in the Debt Service Fund representing principal shall be credited against the obligation of the City to pay the principal portion of the Debt Service Payments as the same becomes due in the order of maturity thereof, except that amounts on deposit in the Debt Service Fund representing optional deposits to be used to optionally redeem or purchase the Series 2019 Bonds or Series 2020 Bonds shall be applied to the principal corresponding to the Series 2019 Bonds or Series 2020 Bonds to be redeemed or purchased, from the proceeds of such optional deposit;

(c) the principal amount of any Bonds purchased by the Issuer, Trustee or City and delivered to the Trustee for cancellation in accordance with the Indenture shall be credited against the obligation of the City to pay the principal portion of the Debt Service Payments; and

(d) the investment income accruing to the Debt Service Fund and the amount of any moneys transferred by the Trustee from any other Fund held under the Indenture and deposited in the Debt Service Fund as interest or principal shall be credited against the obligation of the City to pay the Debt Service Payments as the same become due.

Additional Payments

The Issuer shall, but only to the extent funds are available to the Issuer therefor, and the City shall, subject to the limitations of the Financing Agreement, pay the following amounts to the following Persons, all as "Additional Payments" under the Financing Agreement:

(a) to the Trustee, when due, all reasonable fees and charges for its services rendered under the Indenture and the Financing Agreement or otherwise with respect to the Bonds, and all reasonable costs and expenses (including without limitation reasonable fees and charges of any Paying Agent, Registrar, counsel, accountant, engineer or other person) incurred in the performance of the duties of the Trustee under the Indenture or the Financing Agreement or otherwise with respect to the Series 2019 Bonds and the Series 2020 Bonds for which the Trustee and other Persons are entitled to repayment or reimbursement;

(b) to the Trustee, for deposit into the Debt Service Reserve Fund, at the time and in the amount required to be deposited therein pursuant to the provisions of the Indenture;

(c) in the event the City or the Issuer defaults under any of the provisions of the Financing Agreement and the Trustee employs attorneys or incurs other fees, charges and expenses for the collection of required payments or the enforcement of performance or observance of any obligation or agreement on the part of the City contained in the Financing Agreement, to the Person or Persons entitled thereto, the reasonable fees and costs of such attorneys and such other fees, charges and expenses so incurred by the Trustee;

(d) to any Credit Provider, all amounts due and owing to such Credit Provider under the terms of the applicable Credit Facility and the provisions of the Indenture relating thereto, including any and all charges, fees, costs and expenses that the Series 2019 Insurer and Series 2020 Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in the Indenture or the Financing Agreement; (ii) the pursuit of any remedies under the Indenture or the Financing Agreement or otherwise afforded by law or equity; (iii) any amendment, waiver or other action with respect to, or related to, the Indenture or the Financing Agreement whether or not executed or completed, or (iv) any litigation or other dispute in connection with the Indenture or the Financing Agreement or the transactions contemplated thereby, other than costs resulting from the failure of the Series 2019 Insurer to honor its obligations under the Series 2019 Insurance Policy or the Series 2019 Reserve Policy or the failure of the Series 2020 Insurer to honor its obligations under the Series 2020 Insurance Policy or the Series 2020 Reserve Policy, and

(e) to the Person or Persons entitled thereto, any other amounts which the City and the Issuer have agreed to pay under the Financing Agreement or which the City and/or the Issuer are required to pay under the Indenture or the other Issuer Documents, which have been designated in the Indenture or the other Issuer Documents as payable from Additional Payments of the City pursuant to the Financing Agreement or which the City is required to pay under the City Documents, as applicable.

Prepayment

The City may prepay from time to time the Debt Service Payments due and payable under the Financing Agreement in sums sufficient to redeem or to pay or cause to be paid all or part of the Series 2019 Bonds and the Series 2020 Bonds in accordance with the provisions of the Indenture. Upon written notice and direction by an Authorized City Representative to the Issuer to redeem Bonds subject to optional redemption under the Indenture, the Issuer shall forthwith take all steps (other than the payment of the money required for such redemption) necessary under the applicable redemption provisions of the Indenture to effect redemption of all or part of the then Outstanding Bonds, as may be specified by the City, on the date established for such redemption. Whenever any Bonds shall have been called for optional redemption under any provision of the Indenture, the City shall deposit, or cause to be deposited, with the Trustee moneys in such amounts and at such times required to redeem such Bonds, including the principal, redemption premium, if any, and accrued interest thereon to the redemption date. Any such prepayments shall be deposited in the Debt Service Fund or such other escrow or trust accounts as required by the Indenture and applied by the Trustee in accordance with the provisions of the Indenture, the applicable escrow agreement or such other agreement.

Use of Proceeds; Completion of the Terminal Modernization Project

The proceeds of the Series 2019 Bonds and the Series 2020 Bonds deposited into the Accounts of the Project Fund created under the Indenture shall be administered, disbursed and applied for the purposes and in the manner as provided in the Indenture and the Financing Agreement.

The City shall (a) cause the Terminal Modernization Project to be diligently and continuously pursued and to be completed with reasonable dispatch, and (b) provide (from its own funds if required) all moneys necessary to complete the Terminal Modernization Project substantially in accordance with the plans and specifications for the Terminal Modernization Project, subject to appropriation.

Additional Bonds

The City may request the Issuer to issue Additional Bonds to finance Costs of the Terminal Modernization Project not otherwise financed with proceeds of the Series 2019A Bonds, the Series 2019 Bonds, the Series 2020 Bonds and funds of the City, subject to satisfaction of the requirements of the Indenture, and subject to any applicable requirements of the Master Bond Ordinance with respect to the issuance or incurrence of Additional Appropriation Obligations. The City shall include any Series 2019 Reserve Policy Costs and Series 2020 Reserve Policy Costs then due and owing the Series 2019 Insurer and Series 2020 Insurer pursuant to the Indenture or the Financing Agreement in the calculation of the additional bonds test and the rate covenant in the Master Bond Ordinance and the rate covenant under the Financing Agreement.

Delivery of Completion Certificate

The City covenants and agrees to deliver a Completion Certificate to the Issuer and the Trustee in accordance with the Indenture.

Assignment by the Issuer to the Trustee

The Issuer, by means of the Indenture and as security for the payment of the principal of and interest on the Series 2019 Bonds and the Series 2020 Bonds, has assigned, pledged and granted a security interest in all of its rights, title and interests in, to and under the Series 2019 Senior Appropriation Obligation, the Series 2020 Senior Appropriation Obligation, the Debt Service Payments and the Financing Agreement to the Trustee for the benefit of the Owners. The parties thereto acknowledge and agree that the Series 2019 Senior Appropriation Obligation, the Series 2020 Senior Appropriation Obligation, the Debt Service Payments and the Financing Agreement shall constitute a part of the Trust Estate for all purposes under the Indenture.

Restriction on Transfer of Issuer's Interests

The Issuer shall not sell, assign, transfer or convey its interests in the Series 2019 Senior Appropriation Obligation, the Series 2020 Senior Appropriation Obligation, the Debt Service Payments or the Financing Agreement, except pursuant to the Indenture and the Financing Agreement.

Restriction on Transfer of City's Interests

The City will not sell, assign, transfer or convey its interests in the Financing Agreement, except pursuant to the Financing Agreement.

Rate Covenant

The City covenants to fulfill the following requirements:

(a) The City shall while any of the Bonds of the Issuer remain outstanding and the related Appropriation Obligations incurred by the City as an obligation to the Issuer remain Outstanding (but subject to all existing contracts and legal obligations of the City as of the date of passage of the Original Master Bond Ordinance setting forth restrictions relating thereto), establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the Airport System and for services rendered in connection therewith, so that Net Revenues in each Fiscal Year will be at least equal to the sum of the following amounts:

(i) the Annual Debt Service (including the Debt Service Payments and the Additional Payments), and such other amounts due, on any Outstanding Senior Obligations (including the Series 2019 Senior Appropriation Obligation and the Series 2020 Senior Appropriation Obligation) required to be funded by the City in such Fiscal Year as required by the Master Bond Ordinance or any Supplemental Ordinance with respect to the Outstanding Senior Obligations;

(ii) the required deposits to the Debt Service Reserve Fund as described in the Financing Agreement to the extent not paid pursuant to paragraph (i) of this subsection, any other required deposits to a debt service reserve fund relating to a Senior Obligation which is held by an entity other than the City, as established or authorized by a Supplemental Ordinance or Issuing Instrument, to the extent not paid pursuant to paragraph (i) of this subsection, and the required deposits to the Reserve Fund or any Senior Debt Service Reserve Fund which may be established by a Supplemental Ordinance;

(iii) the Annual Debt Service, and such other amounts due, on any Outstanding Subordinate Obligations required to be funded by the City in such Fiscal Year as required by the Master Bond Ordinance or any Supplemental Ordinance or any Issuing Instrument with respect to the Outstanding Subordinate Obligations;

(iv) the required deposits to any Subordinate Debt Service Reserve Fund which may be established by a Supplemental Ordinance;

(v) the reimbursement or repayment of other amounts owed to any Credit Provider or Liquidity Provider as required by a Supplemental Ordinance, and the required deposits to a debt service reserve fund relating to a Subordinate Obligation which is held by an entity other than the City, as established or authorized by a Supplemental Ordinance or Issuing Instrument, to the extent not paid pursuant to paragraph (iii) of this subsection;

(vi) the interest on and principal of any indebtedness required to be funded during such Fiscal Year other than for Outstanding Obligations, including Junior Obligations; and

(vii) payments of any reserve requirement for debt service for any indebtedness other than Outstanding Obligations, including Junior Obligations.

(b) (i) The City will establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the Airport System and for services rendered in connection therewith, so that during each Fiscal Year the Net Revenues, together with any Transfer, will be equal to at least 125% of Annual Debt Service on the Outstanding Senior Obligations (including the Series 2019 Senior Appropriation Obligation and the Series 2020 Senior Appropriation Obligation) in such Fiscal Year. For purposes of this paragraph (b)(i), the amount of any Transfer taken into account shall not exceed 25% of the Annual Debt Service on the Outstanding Senior Obligations in such Fiscal Year; and

(ii) The City will establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the Airport System and for services rendered in connection therewith, so that during each Fiscal Year the Subordinate Net Revenues, together with any Transfer, will be equal to at least 110% of Annual Debt Service on the Outstanding Subordinate Obligations in such Fiscal Year. For purposes of this paragraph (b)(ii), the amount of any Transfer taken into account shall not exceed 10% of the Annual Debt Service on the Outstanding Subordinate Obligations in such Fiscal Year.

(c) If Net Revenues, together with any Transfer (as applied in accordance with paragraph (b)(i) and (ii) above), in any Fiscal Year are less than the amount specified in paragraph (a) or (b) above, the City will retain and direct a Consultant to make recommendations as to the revision of the operations of the Airport System and its schedule of rentals, rates, tolls, fees and charges for the use of the Airport System and for services rendered by the City in connection with the Airport System, and after receiving such recommendations or giving reasonable opportunity for such recommendations to be made the City shall take all lawful measures to revise the schedule of rentals, rates, tolls, fees and charges as may be necessary to produce Net Revenues in the amount specified in paragraph (a) or (b) above in the next succeeding Fiscal Year.

In the event that Net Revenues for any Fiscal Year are less than the amount specified in paragraph (a) or (b) above, but the City promptly has taken prior to or during the next succeeding Fiscal Year all lawful measures to revise the schedule of rentals, rates, tolls, fees and charges as required by this paragraph (c), such deficiency in Net Revenues shall not constitute an Event of Default under the provisions of the Financing Agreement. Nevertheless, if after taking the measures required by this paragraph (c) to revise the schedule of rentals, rates, tolls, fees and charges, Net Revenues in the next succeeding Fiscal Year (as evidenced by the audited financial statements of the City relating to the Airport System for such Fiscal Year) are less than the amount specified in paragraph (a) or (b) above, such deficiency in Net Revenues shall constitute an Event of Default under the provisions of the Financing Agreement.

Performance of Airport System Duties and Obligations by City

The City shall punctually perform all duties and obligations with respect to the Airport System required by the Master Bond Ordinance, by the Charter of the City and by the Constitution and laws of the State, and the City shall perform all contractual obligations undertaken by it under leases and agreements with the United States of America, its agencies, and with persons and corporations, both public and private.

Tax Exemption

The City (to the extent within its power or direction) shall not use or permit the use of any proceeds of Bonds (the interest on which is excluded from gross income for federal income tax purposes) or any other funds of the City, directly or indirectly, in any manner, and shall not take or permit to be taken any other action or actions, which would cause the interest on any Bond (the interest on which is excluded from gross income for federal income tax purposes) to be included in gross income for federal income tax purposes.

The City agrees that so long as any of the Series 2019 Bonds remain Outstanding, it will comply with the provisions of the Series 2019 Tax Compliance Agreement applicable to the City, and that so long as any of the Series 2020 Bonds remain Outstanding, it will comply with the provisions of the Series 2020 Tax Compliance Agreement applicable to the City.

The foregoing covenants shall remain in full force and effect notwithstanding the defeasance of the Bonds pursuant to the Indenture, until the final maturity date of all Bonds Outstanding and payment thereof.

Information and Notices to Series 2019 Insurer and Series 2020 Insurer

(a) The City will permit the Series 2019 Insurer and Series 2020 Insurer to discuss the affairs, finances and accounts of the City or any information the Series 2019 Insurer and Series 2020 Insurer may reasonably request regarding the security for the Series 2019 Bonds with appropriate officers of the City and will use commercially reasonable efforts to enable the Series 2019 Insurer and Series 2020 Insurer to have access to the facilities, books and records of the City relating to the Series 2019 Bonds on any Business Day upon reasonable prior notice.

(b) The City agrees to provide or cause to be provided to the Series 2019 Insurer and Series 2020 Insurer the following information:

(i) To the extent not otherwise furnished to the MSRB's EMMA system, annual audited financial statements within 270 days after the end of the City's fiscal year (together with a certification of the City that it is not aware of any default or event of Default under the Master Bond Ordinance and this Financing Agreement), and upon request, the City's annual budget within 30 days after the approval thereof, together with such other information, data or reports as the Series 2019 Insurer and Series 2020 Insurer shall reasonably request from time to time.

(ii) A copy of the annual notice and certification required to be given to the Trustee pursuant to the provisions of the Financing Agreement described in the Official Statement under the caption "**FINANCING AGREEMENT - Notice of Annual Appropriations and Compliance with Master Bond Ordinance Rate Covenant**."

(iii) A copy of any notice of any Event of Default required to be given to the Trustee pursuant to the Event of Default provisions of the Financing Agreement.

(iv) All information furnished pursuant to the Continuing Disclosure Undertaking shall also be provided to the Series 2019 Insurer and Series 2020 Insurer simultaneously with the furnishing of such information thereunder.

(v) Such other additional information as the Series 2019 Insurer and Series 2020 Insurer may reasonably request.

Events of Default Defined

The term "Event of Default" shall mean any one or more of the following events:

(a) Failure by the City to timely transfer or cause to be transferred Debt Service Payments to the Trustee pursuant to the Financing Agreement.

(b) Failure of the City to make Additional Payments pursuant to the Financing Agreement.

(c) Failure by the Issuer or the City to observe and perform any covenant, condition or agreement on the part of the Issuer or the City, respectively, under the Financing Agreement, the Indenture or any other document (other than the Continuing Disclosure Undertaking referenced in the Financing Agreement) entered into in connection with the issuance of the Series 2019 Bonds and the Series 2020 Bonds, other than as referred to in the preceding subparagraphs (a) and (b), for a period of ninety (90) days after written notice of such default has been given to the City or the Issuer, as the case may be, during which time such default is neither cured by the Issuer or the City, as the case may be, nor waived in writing by the Trustee, provided that, if the failure stated in the notice cannot be corrected within said 90-day period, the Trustee may consent in writing to an extension of such time prior to its expiration if corrective action is instituted by the Issuer or the City, as the case may be, within the 90-day period and diligently pursued to completion and if such consent, in the judgment of the Trustee, does not materially adversely affect the interests of the Owners of the Bonds. (In making such determination, the Trustee may rely conclusively upon an Opinion of Counsel.)

(d) Any representation or warranty by the Issuer or the City in the Financing Agreement or in any certificate or other instrument delivered under or pursuant to the Financing Agreement or the Indenture or in connection with the issuance of the Series 2019 Bonds and the Series 2020 Bonds shall prove to have been false, incorrect, misleading or breached in any material respect on the date when made, unless cured by the Issuer or the City, as the case may be, within thirty (30) days after notice thereof has been given to the Issuer or the City.

(e) An Event of Default under the Series 2019A Financing Agreement, dated as of March 1, 2019, by and between the City, the Issuer and BOKF, N.A., as trustee, shall have occurred and be continuing.

Remedies on an Event of Default

Whenever any Event of Default on the part of the Issuer shall have occurred and be continuing, the Trustee, as the assignee of the Issuer, may take any one or more of the remedial steps set forth in the Indenture, as may be permitted to enforce the performance and observance of any obligation, agreement or covenant of the Issuer under the Financing Agreement.

Whenever any Event of Default on the part of the City shall have occurred and be continuing, the Trustee, as the assignee of the Issuer, may take any one or more of the remedial steps set forth below, as may be permitted to collect the amounts payable by the City pursuant to the Financing Agreement then due and thereafter to become due or to enforce the performance and observance of any obligation, agreement or covenant of the City under the Financing Agreement:

(a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Issuer, and require the City to carry out any agreements with or for the benefit of the Issuer and to perform its duties under any law to which it is subject and the Master Bond Ordinance and the Series 2019 Supplemental Ordinance;

(b) bring suit upon the Series 2019 Senior Appropriation Obligation and the Series 2020 Senior Appropriation Obligation;

(c) commence an action or suit in equity to require the City to account as if it were the trustee of an express trust for the Issuer;

(d) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Issuer; or

(e) by pursuing any other available remedy at law or in equity or by statute.

In the enforcement of the remedies provided therein, the Trustee may treat all expenses of enforcement, including, without limitation, reasonable legal, accounting and advertising fees and expenses, as Additional Payments then due and payable by the City.

Any amount collected pursuant to action taken under the Financing Agreement shall be paid to the Trustee and applied, first, to the payment of any reasonable costs, expenses and fees incurred by the Trustee as a result of taking such action and, next, any balance shall be transferred to the Debt Service Fund and applied in accordance with the Indenture and, then, to satisfy any other Additional Payments then due or to cure any other Event of Default.

Notwithstanding the foregoing, the Trustee shall not be obligated to take any step that in its opinion will or might cause it to expend time or money or otherwise incur liability, unless and until indemnity satisfactory to it has been furnished to the Trustee at no cost or expense to the Trustee.

No Remedy Exclusive

No remedy conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Financing Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon an Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Trustee to exercise any remedy reserved to it in the Financing Agreement, it shall not be necessary to give any notice, other than such notice as may be therein expressly required.

Issuer and City to Give Notice of an Event of Default

The Issuer and the City shall each promptly give to the Trustee written notice of any Event of Default of which the Issuer or the City, as the case may be, shall have actual knowledge or written notice within five Business Days after the Issuer or the City has knowledge thereof, but neither the Issuer nor the City shall be liable for failing to give such notice.

Performance of the Issuer's and the City's Obligations

If the Issuer or the City shall fail to keep or perform any of their obligations as provided in the Financing Agreement, then the Trustee, may (but shall not be obligated so to do) upon the continuance of such failure on the Issuer or the City's part for fifteen (15) days after notice of such failure is given to the Issuer and the City by the Trustee, and without waiving or releasing the Issuer or the City from any obligation under the Financing Agreement, as an additional but not exclusive remedy, make any such payment or perform any such obligation, and all sums so paid by the Trustee and all necessary incidental costs and expenses incurred by the Trustee in performing such obligations shall be deemed to be Additional Payments and shall be paid to the Trustee on demand, with interest at the prime rate of the Trustee, plus 2%.

Remedial Rights Assigned to the Trustee

Upon the execution and delivery of the Indenture, the Issuer will thereby have assigned to the Trustee all rights and remedies conferred upon or reserved to the Issuer by the Financing Agreement. The Trustee shall have the exclusive right to exercise such rights and remedies conferred upon or reserved to the Issuer by the Financing Agreement in the same manner and to the same extent, but under the limitations and conditions imposed in the Indenture and in the Financing Agreement. The Owners of the Bonds and the Series 2019 Insurer and Series 2020 Insurer shall be deemed third party creditor beneficiaries of all representations, warranties, covenants and agreements contained in the Financing Agreement.

Supplemental Financing Agreements without Consent of Owners

Subject to certain provisions of the Financing Agreement, without the consent of the Owners of any Bonds, the Issuer, the Trustee and the City may from time to time enter into one or more Supplemental Financing Agreements, for any of the following purposes:

(a) to more precisely identify any project financed or refinanced out of the proceeds of the Bonds; or

(b) in connection with the issuance of Additional Bonds; or

(c) to add additional revenues or security for the Bonds, or

(d) as may be necessary or required by the provisions of the Financing Agreement and the Indenture; or

(e) to cure any ambiguity, to correct or supplement any provision in the Financing Agreement which may be inconsistent with any other provision therein or to make any other provisions, with respect to matters or questions arising under the Financing Agreement, which shall not be inconsistent with the provisions of the Financing Agreement, provided such action shall not adversely affect the interests of the Owners of the Bonds. In making such determination, the Trustee may rely conclusively upon an Opinion of Counsel.

Supplemental Financing Agreements with Consent of Owners

With the consent of the Owners of not less than a majority in principal amount of the Bonds then Outstanding affected by such Supplemental Financing Agreement, the Issuer, the Trustee and the City may enter into Supplemental Financing Agreements for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Financing Agreement or of modifying in any manner the rights of the Trustee and the Owners of the Bonds under the Financing Agreement; provided, however, that no such Supplemental Financing Agreement shall, without the consent of the Owner of each Outstanding Bond affected thereby and the Series 2019 Insurer and Series 2020 Insurer:

(a) change the obligations of the Issuer or the City under the Debt Service Payments, Credits on Debt Service Payments of Additional Payments Sections or the Events of Default and Remedies Article of the Financing Agreement; or

(b) reduce the percentage in principal amount of the Outstanding Bonds, the consent of whose Owners is required for any such Supplemental Financing Agreement, or the consent of whose Owners is required for any waiver provided for in the Financing Agreement of compliance with certain provisions of the Financing Agreement or certain defaults thereunder and their consequences; or

(c) modify any of the provisions of this Section, except to increase any percentage provided thereby or to provide that certain other provisions of the Financing Agreement cannot be modified or waived without the consent of the Owner of each Bond affected thereby.

The Trustee may in its discretion determine whether or not any Bonds would be affected by any Supplemental Financing Agreement and any such determination shall be conclusive upon the Owners of all Bonds, whether theretofore or thereafter authenticated and delivered under the Indenture. The Trustee shall not be liable for any such determination made in good faith.

It shall not be necessary for the required percentage of Owners of Bonds under this Section to approve the particular form of any proposed Supplemental Financing Agreement, but it shall be sufficient if such act shall approve the substance thereof.

Effect of Supplemental Financing Agreements

Upon the execution of any Supplemental Financing Agreement, the Financing Agreement shall be modified in accordance therewith and such Supplemental Financing Agreement shall form a part of the Financing Agreement for all purposes; and the Issuer, the City, the Trustee and every Owner of Bonds theretofore or thereafter authenticated and delivered under the Indenture shall be bound thereby.

Reference in Bonds to Supplemental Financing Agreements

Bonds authenticated and delivered after the execution of any Supplemental Financing Agreement may, and if required by the Trustee shall, bear a notation in form approved by the Trustee as to any matter provided for in such Supplemental Financing Agreement. If the Issuer shall so determine, new Bonds so modified as to conform, in the opinion of the Trustee and the Issuer, to any such Supplemental Financing Agreement may be prepared and executed by the Issuer and authenticated and delivered by the Trustee in exchange for Outstanding Bonds.

Opinions of Counsel

Prior to entering into any Supplemental Financing Agreement, the Trustee shall receive an Opinion of Counsel to the effect that such Supplemental Financing Agreement complies with the terms of the Financing Agreement and with the Indenture and the Act, and will, upon execution and delivery thereof, be valid and binding upon the Issuer and the City in accordance with its terms.

Term of Financing Agreement

The Financing Agreement shall be effective as of the Effective Date and shall continue in full force and effect until the Bonds are deemed to be paid within the meaning of the Indenture and provision has been made for paying all other sums payable under the Financing Agreement, the Indenture and all other instruments entered into with respect to the Bonds.

Governing Law; Venue

The Financing Agreement shall be governed by and construed in accordance with the laws of the State. The interpretation, construction and performance of the Financing Agreement shall be governed by the laws of the State. Venue for any cause of action arising out of or in connection with the Financing Agreement shall be in Jackson County, Missouri.

SUMMARY OF CERTAIN PROVISIONS OF THE MASTER BOND ORDINANCE

The following is a summary of certain definitions and provisions contained in the Master Bond Ordinance. The following is not a comprehensive description, however, and is qualified in its entirety by reference to the Master Bond Ordinance for a complete recital of the terms thereof.

Definitions

"**Account**" means any account established pursuant to the Master Bond Ordinance or any Supplemental Ordinance.

"**Accreted Value**" means (a) with respect to any Capital Appreciation Obligations, as of any date of calculation, the sum of the amount set forth in a Supplemental Ordinance as the amount representing the initial principal amount of such Capital Appreciation Obligation plus the interest accumulated, compounded and unpaid thereon as of the most recent compounding date, or (b) with respect to any Original Issue Discount Obligations, as of the date of calculation, the amount representing the initial public offering price of such Original Issue Discount Obligation plus the amount of the discounted principal which has accreted since the date of issue; in each case the Accreted Value shall be determined in accordance with the provisions of the Supplemental Ordinance authorizing the issuance of such Capital Appreciation Obligation or Original Issue Discount Obligation. All references in the Master Bond Ordinance to "principal" shall include Accreted Value, as applicable.

"**Additional Appropriation Obligations**" means additional Appropriation Obligations issued or incurred pursuant to the Master Bond Ordinance.

"**Aggregate Annual Debt Service**" means for any Fiscal Year the aggregate amount of Annual Debt Service on any Outstanding Obligations. For purposes of calculating Aggregate Annual Debt Service, the following components of debt service shall be computed as follows:

(a) in determining the amount of principal due in each Fiscal Year, payment shall (unless a different paragraph of this definition applies for purposes of determining principal maturities or amortization) be assumed to be made on Outstanding Obligations in accordance with any amortization schedule established by the governing documents setting forth the terms of such Obligations, including, as a principal payment, the Accreted Value of any Capital Appreciation Obligations or Original Issue Discount Obligations maturing or scheduled for redemption in such Fiscal Year; in determining the amount of interest due in each Fiscal Year, interest payable at a fixed rate shall (except to the extent paragraphs (b), (c) or (d) of this definition applies) be assumed to be made at such fixed rate and on the required funding dates; provided, however, that interest payable on the Obligations shall be excluded to the extent such payments are to be paid from Capitalized Interest for such Fiscal Year;

(b) if all or any portion or portions of an Outstanding Series of Obligations constitute Balloon Indebtedness, then, for purposes of determining Aggregate Annual Debt Service, each maturity which constitutes Balloon Indebtedness shall, unless otherwise provided in the Supplemental Ordinance pursuant to which such Balloon Indebtedness is issued or unless paragraph (c) of this definition then applies to such maturity, be treated as if it were to be amortized over a term of not more than thirty (30) years and with substantially level annual debt service funding payments commencing not later than the Fiscal Year following the Fiscal Year in which such Balloon Indebtedness was issued, and extending not later than thirty (30) years from the date such Balloon Indebtedness was originally issued; the interest rate used for such computation for fixed rate Obligations shall be the applicable fixed rates and for variable rate Obligations it shall be that rate quoted in The Bond Buyer 25 Revenue Bond Index, or such successor or replacement index, for the last week of the month preceding the date of calculation as published by *The Bond Buyer*, or if that index is no longer published, another similar index selected by the City, or if the City fails to select a replacement index, that rate determined by a Consultant to be a reasonable market rate for fixed-rate Obligations of a corresponding term issued under the Master Bond Ordinance on the date of such calculation, with no credit enhancement and taking into consideration whether such Obligations bear interest which is or is not excluded from gross income for federal income tax purposes and which is or is not subject to any alternative minimum tax; with respect to any Series of Obligations only a portion of which constitutes Balloon Indebtedness, the remaining portion shall be treated as described in paragraph (a) of this definition or such other provision of this definition as shall be applicable and, with respect to any Series of Obligations or that portion of a Series thereof which constitutes Balloon Indebtedness, all payments of principal and interest becoming due prior to the Fiscal Year of the stated maturity of the Balloon Indebtedness shall be treated as described in paragraph (a) of this definition or such other provision of this definition as shall be applicable;

(c) any maturity of Obligations which constitutes Balloon Indebtedness as described in paragraph (b) of this definition and for which the stated maturity date occurs within twelve (12) months from the date such calculation of Aggregate Annual Debt Service is made, shall be assumed to become due and payable on the stated maturity date and paragraph (b) of this definition shall not apply thereto unless there is delivered to the entity making the calculation of Aggregate Annual Debt Service a certificate of an Authorized City Representative stating that the City intends to refinance such maturity and stating the probable terms of such refinancing and that the debt capacity of the City is sufficient to successfully complete such refinancing; upon the receipt of such certificate, such Balloon Indebtedness shall be assumed to be refinanced in accordance with the probable terms set out in such certificate and such terms shall be used for purposes of calculating Aggregate Annual Debt Service, provided that such assumption shall not result in an interest rate lower than that which would be assumed under paragraph (b) of this definition and shall be amortized over a term of not more than thirty (30) years from the date of refinancing;

(d) if any Outstanding Obligations or any Obligations which are then proposed to be issued constitute Tender Indebtedness, then, for purposes of determining Aggregate Annual Debt Service, Tender Indebtedness shall be treated as if (i) the principal amount of such Obligations were to be amortized over a term of not more than thirty (30) years commencing in the Fiscal Year in which such Series is first subject to tender and with substantially level Annual Debt Service payments and extending not later than thirty (30) years from the date such Tender Indebtedness was originally issued, provided, however, notwithstanding the previous provisions of this clause (i), any principal amortization schedule set forth in a Supplemental Ordinance (including, but not limited to, any mandatory sinking fund redemption schedule) shall be applied to determine the principal amortization of such Obligations; (ii) the interest rate used for such computation shall be that rate quoted in The Bond Buyer 25 Revenue Bond Index, or such successor or replacement index, for the last week of the month preceding the date of calculation as published by *The Bond Buyer*, or if that index is no longer published, another similar index selected by the City, or if the City fails to select a replacement index, that rate determined by a Consultant to be a reasonable market rate for fixed-rate Obligations of a corresponding term issued under the Master Bond Ordinance on the date of such calculation, with no credit enhancement and taking into consideration whether such Obligations bear interest which is or is not excluded from gross income for federal income tax purposes and which is or is not subject to any alternative minimum tax; and (iii) with respect to all principal and interest payments becoming due prior to the Fiscal Year in which such Tender Indebtedness is first subject to tender, such payments shall be treated as described in paragraph (a) of this definition unless the interest during that period is subject to fluctuation, in which case the interest becoming due prior to such first tender date shall be determined as provided in paragraph (e) or (f) of this definition, as appropriate;

(e) if any Outstanding Obligations constitute Variable Rate Indebtedness, including Obligations described in paragraph (h)(ii) of this definition to the extent it applies (except to the extent paragraph (b) or (c) of this definition relating to Balloon Indebtedness or paragraph (d) of this definition relating to Tender Indebtedness or paragraph (h)(i) of this definition relating to Synthetic Fixed Rate Debt applies), the interest rate used for such computation shall be the highest of (i) the actual rate on the date of calculation, or, if such Obligations constituting Variable Rate Indebtedness are not yet Outstanding, the initial rate, if established and binding, (ii) if the Obligations constituting Variable Rate Indebtedness have been Outstanding for at least twelve months, the average rate over the twelve months immediately preceding the date of calculation, or (iii) (A) if the interest on the Obligations constituting Variable Rate Indebtedness is excluded from the gross income of the holder thereof for federal income tax purposes, the most recently published "The Bond Buyer 25 Revenue Bond Index," published by *The Bond Buyer* (or comparable index if no longer published) plus fifty (50) basis points, or (B) if the interest on the Obligations constituting Variable Rate Indebtedness is includable in the gross income of the holder thereof for federal income tax purposes, the interest rate on direct obligations of the United States with comparable maturities, plus fifty (50) basis points; provided, however, for the purpose of verifying the prior compliance with the rate covenants contained in the Master Bond Ordinance, such Variable Rate Indebtedness shall be deemed to bear interest at the actual rate borne during any prior test period. Notwithstanding anything contained therein to the contrary, for the purposes of setting rates, fees and charges under the Master Bond Ordinance for the then current Fiscal Year, the City may assume an interest rate that is equal to the average rate over the last twelve (12) months plus fifty (50) basis points;

(f) with respect to any Program Obligations, debt service on Program Obligations then Outstanding shall be determined in accordance with such of the foregoing provisions of this definition as shall be applicable;

(g) debt service on Repayment Obligations, to the extent such obligations constitute Obligations under the Master Bond Ordinance, shall be calculated as provided in the Master Bond Ordinance;

(h) (i) for purposes of computing the Aggregate Annual Debt Service of Obligations which constitute Synthetic Fixed Rate Debt, the interest payable thereon shall, if the City elects, be that rate as provided for by the terms of the Swap or the net interest rate payable pursuant to offsetting indices, as applicable; or, if the City fails to elect such rate, then it shall be deemed to be the fixed interest rate quoted in The Bond Buyer 25 Revenue Bond Index (or such successor or replacement index) for the last week of the month preceding the date of calculation as published by *The Bond Buyer*, or if that index is no longer published, another similar index selected by the City or if the City fails to select a replacement index, that rate determined by a Consultant to be a reasonable market rate for fixed-rate Obligations of a corresponding term issued under the Master Bond Ordinance on the date of such calculation, with no credit enhancement and taking into consideration whether such Obligations bear interest which is or is not excluded from gross income for federal income tax purposes and which is or is not subject to any alternative minimum tax; or

> (ii) for purposes of computing the Aggregate Annual Debt Service of Obligations with respect to which a Swap has been entered into whereby the City has agreed to pay the floating variable rate thereunder, no fixed interest rate amounts payable on the Obligations to which such Swap pertains shall be included in the calculation of Aggregate Annual Debt Service, and the interest rate with respect to such Obligations shall be the sum of that rate as determined in accordance with paragraph (e) of this definition relating to Variable Rate Indebtedness plus the difference between the interest rate on the Designated Debt and the rate received from the Swap Provider;

(i) with respect to any Interim Indebtedness, it shall be assumed that the principal amount of the Interim Indebtedness will be continuously refinanced and will remain Outstanding until the first Fiscal Year for which interest on the Interim Indebtedness has not been capitalized or otherwise funded or provided for, at which time (which shall not be beyond the maturity date of the Interim Indebtedness) it shall be assumed (A) that the Outstanding principal amount of the Interim Indebtedness will be refinanced with a Series of additional Obligations that will be amortized over a period not to exceed thirty (30) years in such manner as will cause the maximum Annual Debt Service applicable to such Series in any twelve (12) month period not to exceed 110% of the minimum Annual Debt Service applicable to such Series for any other twelve (12) month period, and (B) that the Series of additional Obligations will bear interest at a fixed interest rate estimated by the City's financial or municipal advisor to be the interest rate such Series of additional Obligations would bear if issued on such terms on the date of such estimate. Notwithstanding anything contained therein to the contrary, for the purposes of setting rates, fees and charges under the Master Bond Ordinance for the then current Fiscal Year, the City may assume an interest rate that is equal to the average rate over the last twelve months plus fifty (50) basis points.

(j) if moneys, Permitted Investments or any other amounts not included in Revenues have been used to pay, or have been irrevocably deposited with and are held by the City to pay, or Capitalized Interest has been set aside exclusively to be used to pay principal and/or interest on specified Obligations, then the principal and/or interest paid or to be paid from such moneys, Permitted Investments, other amounts not included in Revenues or Capitalized Interest or from the earnings thereon shall be disregarded and not included in calculating Aggregate Annual Debt Service and/or Annual Debt Service;

(k) if Passenger Facility Charges, Customer Facility Charges, Federal Direct Payments, state and/or federal grants (including through a Letter of Intent) or other moneys not included in Revenues have been used to pay, or have been irrevocably committed or are held by the City and are to be set aside exclusively to be used to pay, principal of and/or interest on specified Obligations, then the principal and/or interest paid or to be paid from such Passenger Facility Charges, Customer Facility Charges, Federal Direct Payments, state and/or federal grants or other moneys not included in Revenues or from earnings thereon shall be disregarded (unless such Passenger Facility Charges, Customer Facility Charges, Federal Direct Payments, state and/or federal grants or other moneys are included in the definition of Revenues) and not included in calculating Aggregate Annual Debt Service and/or Annual Debt Service; and

(l) average Aggregate Annual Debt Service on any Outstanding Obligations, proposed Series of Obligations or other obligations of the City with respect to the Airport System shall be calculated by dividing the aggregate debt service requirements on such Obligations, proposed Series of Obligations or other obligations, as applicable, by the number of years remaining until the last of such Obligations, proposed Series of Obligations or other obligations, as applicable, matures.

"**Aggregate Annual Debt Service For Reserve Requirement**" means the computation of Aggregate Annual Debt Service with respect to all Outstanding Senior Bonds participating in the Reserve Fund and/or all other Outstanding Obligations participating in a separately established Series Debt Service Reserve Fund, as the case may be, in the then current or any future Fiscal Year with such modifications in the assumptions thereof as is described in this definition. For purposes of determining the Aggregate Annual Debt Service For Reserve Requirement, the annual debt service with respect to any Variable Rate Indebtedness shall, upon the issuance of such Series, be calculated on the basis of the assumptions set forth in paragraph (e) of the definition of Aggregate Annual Debt Service, and the amount so determined shall not require adjustment thereafter except as appropriate to reflect reductions in the outstanding principal amount of such Series. For purposes of the Aggregate Annual Debt Service For Reserve Requirement, the annual debt service requirements assumed at the time of issuance of a Series of Obligations containing Balloon Indebtedness or Tender Indebtedness shall not, with respect to such Series, require subsequent increases.

"**Airport Facilities**" or "**Airport Facility**" means a facility or group of facilities or category of facilities which constitute or are part of the Airport System.

"**Airports**" means the Charles B. Wheeler Downtown Airport located in Clay County, Missouri and Kansas City International Airport located in Platte County, Missouri (or as such Kansas City International Airport may be renamed hereafter in whole or in part), and any other airport hereafter owned and operated by the City and designated as an "Airport" in a Supplemental Ordinance.

"**Airport System**" means the Airports and all operations of the Airports, including all of their revenue-producing functions, facilities and properties, whether or not directly related to the air transportation of people and goods.

"**Annual Budget**" means the annual budget for the Airport System, as amended or supplemented, adopted or in effect for a particular Fiscal Year.

"**Annual Debt Service**" means, with respect to any Obligation, the aggregate amount of principal, interest and such other amounts becoming due and payable during a Fiscal Year, and if a Qualified Swap is in effect for any Obligation, plus the amount payable by the City under the Qualified Swap in accordance with the terms thereof, less any amount to be received by the City from the Qualified Swap Provider pursuant to the Qualified Swap; provided, however, for purposes of determining the amount of Annual Debt Service to be used to determine compliance with the rate covenant set forth in the Master Bond Ordinance, such amount shall be revised to reflect the application of subparagraphs (j) and (k) of the definition of "Aggregate Annual Debt Service."

"**Appropriation Obligation**" means any Senior Appropriation Obligation or Subordinate Appropriation Obligation.

"**Approved PFC Projects**" means any additions, betterments, extensions, other improvements of or related to the Airport System or other costs incurred for any purpose at or related to the Airport System from time to time (whether or not located at the Airports), including, without limitation, the acquisition of land, all of which shall have been authorized by the FAA in a Record of Decision or Final Agency Decision (or comparable decision named in accordance with then current FAA terminology), and shall constitute an "Approved Project," as such term is defined in the PFC Regulations.

"**Authorized City Compliance Certificate Representative**" means the Director of Finance, the City Treasurer or such other officer or employee of the City or other person which other officer, employee or person has been designated by the Director of Finance as an Authorized City Compliance Certificate Representative.

"**Authorized City Representative**" means the City Manager, the Director of Finance, the City Treasurer, the Aviation Department Representative or such other officer or employee of the City or other person which other officer, employee or person has been designated by the City Manager as an Authorized City Representative.

"**Aviation Department Representative**" means the Director of the City's Aviation Department and such other person or persons at the time designated to act on behalf of the City's Aviation Department in matters relating to the Master Bond Ordinance as evidenced by a written certificate containing the specimen signature of such person or persons and signed on behalf of the City's Aviation Department by its Director.

"**Balloon Indebtedness**" means, with respect to any Series of Obligations 25% or more of the initial principal of which matures on the same date or within a Fiscal Year, that portion of such Series which matures on such date or within such Fiscal Year. For purposes of this definition, the principal amount maturing on any date shall be reduced by the amount of such Obligations scheduled to be amortized by prepayment or redemption prior to their stated maturity date.

"**Beneficial Owners**" shall have the meaning set forth in the Master Bond Ordinance.

"**Bond**" or "**Bonds**" means any Senior Bonds or Subordinate Bonds under the Master Bond Ordinance.

"**Bond Counsel**" means a firm or firms of attorneys which are nationally recognized as experts in the area of municipal finance and which are familiar with the transactions contemplated under the Master Bond Ordinance and which are acceptable to the City.

"**Bond Ordinance**" means collectively, the Master Bond Ordinance and any Supplemental Ordinance.

"**Bond Register**" means the books for the registration, transfer and exchange of Obligations maintained by the Bond Registrar.

"**Bond Registrar**" means the bond registrar selected from time to time by the Director of Finance with respect to the Obligations or any Series of Obligations.

"**Bondholder**," "**holder**," "**Owner**," "**owner**" or "**registered owner**" means the person in whose name any Obligation or Obligations are registered on the books maintained by the Bond Registrar and shall include any Credit Provider or Liquidity Provider to which a Repayment Obligation is then owed, to the extent that such Repayment Obligation is deemed to be an Obligation under the provisions of the Master Bond Ordinance.

"**Business Day**" means any day except Saturday, Sunday, a legal holiday or a day on which banking institutions located in the States of Missouri and New York are authorized by law to close, provided that such term may have a different meaning for any specified Series of Obligations if so provided in a Supplemental Ordinance.

"**Capital Appreciation Obligations**" means Obligations all or a portion of the interest on which is compounded and accumulated at the rates and on the dates set forth in a Supplemental Ordinance and is payable only upon redemption or on the maturity date of such Obligations. Obligations which are issued as Capital Appreciation Obligations, but later convert to Obligations on which interest is paid periodically shall be Capital Appreciation Obligations until the conversion date and from and after such conversion date shall no longer be Capital Appreciation Obligations, but shall be treated as having a principal amount equal to their Accreted Value on the conversion date.

"**Capitalized Interest**" means proceeds of Obligations or other monies not included in Net Revenues that are deposited with the City or other entity in a Debt Service Fund as shall be described in a Supplemental Ordinance or an Issuing Instrument upon issuance of Obligations that are to be used to pay interest on Obligations.

"**CFC Ordinance**" means Committee Substitute for Ordinance No. 001518, codified in Chapter 6 of the Code of Ordinances of the City, and as the same may be amended, which authorized the collection of a Customer Facility Charge from customers of automobile rental companies as provided therein, and any other ordinance, resolution or other enactment of the City which authorizes the collection of a Customer Facility Charge.

"**Charter**" means the Charter of the City of Kansas City, Missouri, as may be in effect from time to time.

"**City**" means the City of Kansas City, Missouri, a charter city and municipal corporation organized and existing under the Constitution and laws of the State, and any successor thereto.

"**City Clerk**" means the City Clerk of the City of Kansas City, Missouri.

"**City Council**" means the City Council of the City of Kansas City, Missouri.

"**City Manager**" means the person at a given time who is the City Manager of the City or such other title as the City may from time to time assign for such position and the officer or officers succeeding to such position.

"**City Treasurer**" means the person at a given time who is the City Treasurer of the City or such other title as the City may from time to time assign for such position and the officer or officers succeeding to such position.

"**Code**" means the Internal Revenue Code of 1986, as amended, and the United States Treasury Regulations applicable with respect thereto.

"**Consultant**" means any Independent consultant, consulting firm, engineer, architect, engineering firm, architectural firm, accountant or accounting firm, financial or municipal advisory or investment banking firm, or other expert recognized to be well-qualified for work of the character required and retained by the City to perform acts and carry out the duties provided for such consultant in the Master Bond Ordinance, the Indenture or the Financing Agreement.

"**Continuing Disclosure Undertaking**" shall mean the continuing disclosure undertaking or continuing disclosure agreement relating to a Series of Obligations, as amended from time to time in accordance with its terms.

"**Costs**" or "**Costs of a Project**" means all costs of planning, developing, financing, constructing, installing, equipping, furnishing, improving, acquiring, enlarging and/or renovating a Project and placing the same in service and shall include, but not be limited to the following: (a) costs of real or personal property, rights, franchises, easements and other interests in property, real or personal, and the cost of demolishing or removing structures and site preparation, infrastructure development, and landscaping and acquisition of land to which structures may be removed; (b) the costs of materials and supplies, machinery, equipment, vehicles, rolling stock, furnishings, improvements and enhancements; (c) labor and related costs and the costs of services provided, including costs of consultants, advisors, architects, engineers, accountants, planners, attorneys, financial and feasibility consultants, in each case, whether an employee of the City or a Consultant; (d) costs of the City properly allocated to a Project and with respect to costs of its employees or other labor costs, including the cost of medical, pension, retirement and other benefits as well as salary and wages and the allocable costs of administrative, supervisory and managerial personnel and the properly allocable cost of benefits provided for such personnel; (e) Costs of Issuance and other financing expenses, including costs related to issuance of and securing of Obligations, costs of Credit Facilities, Liquidity Facilities, Capitalized Interest, the Reserve Fund, any Series Debt Service Reserve Fund (other than the Reserve Fund), Paying Agent's fees and expenses; (f) any Swap Termination Payments due in connection with a Series of Obligations or the failure to issue such Series of Obligations, and (g) such other costs and expenses that can be capitalized under Generally Accepted Accounting Principles in effect at the time the cost is incurred by the City.

"**Costs of Issuance**" means issuance costs with respect to the Obligations, including but not limited to the following: underwriters spread, discount or fees; Credit Provider fees, Liquidity Provider fees and Reserve Fund Surety Policy fees; counsel fees (including Bond Counsel, underwriters counsel, disclosure counsel, the City's counsel, as well as any other specialized counsel fees incurred in connection with the borrowing); financial or municipal advisor fees of any financial or municipal advisor to the City incurred in connection with the issuance of the Obligations; Consultant fees; initial remarketing agent fees or auction agent fees; rating agency fees; escrow agent, verification agent and paying agent fees; accountant fees and other expenses related to issuance of the Obligations; printing costs (for the Obligations and of the preliminary and final official statement relating to the Obligations); and fees and expenses of the City incurred in connection with the issuance of the Obligations.

"**Coverage Deposit Account**" means the Coverage Deposit Account established by the City in the Kansas City Airports Fund pursuant to the Master Bond Ordinance into which the Rate Reserve Amount is deposited.

"**Credit Facility**" means a policy of municipal bond insurance, a letter of credit, surety bond, line of credit, guarantee, standby purchase agreement, Reserve Fund Surety Policy or other financial instrument which obligates a Credit Provider to make payment of or provide funds to the City for the payment of the principal of and/or interest on Obligations whether such obligation is to pay in the first instance and seek reimbursement or to pay only if the City fails to do so.

"**Credit Provider**" means the party obligated to make payment of or provide funds to the City for the payment of the principal of and/or interest on Obligations under a Credit Facility.

"**Customer Facility Charges**" or "**CFC**" means all amounts received by the City from the payment of the Customer Facility Charge established by the CFC Ordinance and interest earnings thereon, net of amounts that collecting entities are entitled to retain for collecting, handling, and remitting such CFC revenues (if any).

"**Debt Service Fund**" or "**Debt Service Funds**" means a Debt Service Fund or any of the Debt Service Funds required to be established as provided the Master Bond Ordinance.

"**Designated Debt**" means a specific indebtedness, designated by the City, in which such debt shall be offset with a Swap, such specific indebtedness to include all or any part of a Series of Obligations.

“**Director of Finance**” means the person at a given time who is the Director of Finance of the City or such other title as the City may from time to time assign for such position and the officer or officers succeeding to such position.

“**DTC**” means The Depository Trust Company or the successor to its powers and authority.

“**Event of Default**” means, with respect to any Obligation issued or incurred under the Master Bond Ordinance, any occurrence or event specified in the Master Bond Ordinance.

“**Event of Nonappropriation**” means failure of the City Council to budget and appropriate on or before the last day of any Fiscal Year moneys sufficient to pay Debt Service Payments and reasonably estimated Additional Payments to become due during the next Fiscal Year under the Financing Agreement.

“**Extension and Bond Retirement Account**” means the Extension and Bond Retirement Account ratified and confirmed as provided by the Master Bond Ordinance.

“**FAA**” means the Federal Aviation Administration, or the successor to its powers and authority.

“**Facilities Construction Credit**” and “**Facilities Construction Credits**” means the amounts further described therein resulting from an arrangement embodied in a written agreement of the City and another person or entity pursuant to which the City permits such person or entity to make a payment or payments to the City which is reduced by the amount owed by the City to such person or entity under such agreement, resulting in a net payment to the City by such person or entity. The “Facilities Construction Credit” shall be deemed to be the amount owed by the City under such agreement which is “netted” against the payment of such person or entity to the City. Facilities Construction Credits are sometimes referred to as “rental credits.”

“**Fair Market Value**” means the price at which a willing buyer would purchase an investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Code) and, otherwise, the term “fair market value” means the acquisition price in a bona fide, arm’s length transaction (as referenced above) if (a) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (b) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code or (c) the investment is a United States Treasury Security—State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt.

“**FAST Agent**” means a FAST Agent under the Fast Automated Securities Transfer Program (FAST) of DTC.

“**Federal Direct Payments**” means amounts payable by the federal government to the City, pursuant to Sections 54AA and 6431 of the Code, as may be amended from time to time, in connection with the City’s issuance or incurrence of Obligations, in lieu of any credit otherwise available to the Owners of Obligations.

“**Federal Securities**” means any direct general non-callable obligations of the United States of America, including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America, and Refcorp strips.

“**Final Agency Decision**” means a Final Agency Decision of the FAA relating to an Approved PFC Project(s) as may be issued, modified or amended from time to time.

“**Fiscal Year**” means the 12-month period used by the City for its general accounting purposes, as it may be changed from time to time. The Fiscal Year at the time the Master Bond Ordinance was adopted begins on May 1 and ends on April 30 of the immediately following calendar year.

“**Fitch**” means Fitch Ratings, its successors and assigns, and, if Fitch shall for any reason no longer perform the functions of a nationally recognized statistical rating organization, “Fitch” shall be deemed to refer to any other nationally recognized statistical rating organization designated by the City.

“**Fund**” means any fund established pursuant to the Master Bond Ordinance or any Supplemental Ordinance.

“**Generally Accepted Accounting Principles**” means the accounting principles generally accepted in the United States applied on a consistent basis that are applicable to the circumstances as of the date of determination as set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants applicable to a government-owned airport applying all statements and interpretations issued by the Governmental Accounting Standards Board and, to the extent adopted by the City from time to time: (a) the statements and pronouncements of the Financial Accounting Standards Board; and (b) the statements and pronouncements of such other entity or entities as may be approved by a significant segment of the accounting profession.

"**Implemented**" means, when used with respect to a Program, a Program which has been authorized and the terms thereof approved by an ordinance or resolution of the City Council.

"**Independent**" means, when used with respect to any specified firm or individual, such a firm or individual who (a) does not have any direct financial interest or any material indirect financial interest in the operations of the City, other than the payment to be received under a contract for services to be performed, and (b) is not connected with the City as an official, officer or employee.

"**Interim Indebtedness**" means any Obligation or Obligations (a) for or with respect to which no principal payments are required to be made other than on the maturity date thereof, which date shall be no later than five (5) years from the date of their delivery to their initial purchasers, and (b) which are authorized by a Supplemental Ordinance which declares the City's intent, at the time of issuance, to refund or refinance all or a part of the same prior to or on such maturity date, including commercial paper, notes, and similar obligations.

"**Issuing Instrument**" means, other than a Supplemental Ordinance, an indenture, trust agreement, loan agreement, lease, financing agreement, installment purchase agreement, revolving credit agreement, Credit Facility, Liquidity Facility, Swap or other instrument or agreement pursuant to which a Series of Obligations is issued or incurred; provided that the City shall approve by Supplemental Ordinance the issuance or incurrence of such Series of Obligations pursuant to an Issuing Instrument.

"**Junior Obligation**" means any debt obligation of the City issued or incurred with respect to the Airport System as a taxable or tax-exempt obligation, including, but not limited to, bonds, notes, bond anticipation notes, commercial paper notes and other instruments creating an indebtedness of the City, and obligations incurred through lease or installment purchase agreements or other agreements or certificates of participation therein, and which may be paid from moneys constituting Net Revenues only if all principal, interest and other amounts which have become due and payable on the Senior Obligations and the Subordinate Obligations whether by maturity, redemption, acceleration or agreement of the City have been paid in full and the City is current on all payments, if any, required to be made to replenish the Reserve Fund and any Series Debt Service Reserve Funds. The terms "Senior Obligation" and "Subordinate Obligation" do not include any Junior Obligation, provided, however, the City may henceforth by Supplemental Ordinance elect to have the provisions of the Master Bond Ordinance applicable to the Senior Obligations and the Subordinate Obligations apply to the Junior Obligations issued thereunder, except that such Junior Obligations shall be secured on a junior and subordinate basis to the Senior Obligations and the Subordinate Obligations from the Net Revenues. No bond, note or other instrument of indebtedness shall be deemed to be a "Junior Obligation" for purposes of the Master Bond Ordinance and payable on a junior and subordinate basis from Net Revenues unless specifically designated by the City as a "Junior Obligation" in a Supplemental Ordinance, Issuing Instrument or other written instrument. In connection with any Junior Obligation with respect to which a Swap is in effect or proposes to be in effect, the term "Junior Obligation" includes, collectively, both such Junior Obligation and either such Swap or the obligations of the City under each such Swap, as the context requires. The term "Junior Obligations" also includes a Swap or the obligations of the City under such Swap which has been entered into in connection with a Junior Obligation, as the context requires, although none of the Junior Obligations with respect to which such Swap was entered into remain outstanding. In connection with any Senior Obligations and Subordinate Obligations with respect to which a Qualified Swap is in effect or proposed to be in effect, the term "Junior Obligation" includes any Swap Termination Payment if designated as a Junior Obligation in a Supplemental Ordinance.

"**Kansas City Airports Fund**" means the fund established by Committee Substitute for Ordinance No. 17944 of the City passed on June 16, 1954, and any successor to such fund.

"**Letter of Intent**" means a written commitment to make grant payments to the City (which commitment may be subject to appropriations) from the United States of America or any department or agency thereof, including but not limited to the FAA and the Transportation Security Administration of the United States Department of Homeland Security, or from the State or any department or agency of the State.

"**Letter of Representations**" means the Blanket Issuer Letter of Representations from the City to DTC representing such matters as are necessary to initially qualify the Obligations pursuant to the Master Bond Ordinance.

"**Liquidity Facility**" means a letter of credit, line of credit, standby purchase agreement or other financial instrument, including a Credit Facility, which is available to provide funds with which to purchase Obligations.

"**Liquidity Provider**" means the entity, including a Credit Provider, which is obligated to provide funds to purchase Obligations under the terms of a Liquidity Facility.

"**Mail**" means by first-class United States mail, postage prepaid.

"**Maintenance and Replacement Account**" means the Maintenance and Replacement Account renamed, ratified and confirmed as provided by the Master Bond Ordinance.

"**Master Bond Ordinance**" means Ordinance No. 190026 of the City, passed March 21, 2019, together with all amendments thereto.

"**Maximum Aggregate Annual Debt Service**" means the maximum amount of Aggregate Annual Debt Service with respect to all of the applicable Obligations.

"**Maximum Aggregate Annual Debt Service For Reserve Requirement**" means the computation of Maximum Aggregate Annual Debt Service with respect to all Outstanding Senior Bonds participating in the Reserve Fund or all other Outstanding Obligations participating in a separately established Series Debt Service Reserve Fund, as the case may be, in the then current or any future Fiscal Year, with such modifications in the assumptions thereof as is described in this definition. For purposes of determining the Maximum Aggregate Annual Debt Service For Reserve Requirement the annual debt service with respect to any Variable Rate Indebtedness shall, upon the issuance of such Series, be calculated on the basis of the assumptions set forth in paragraph (e) of the definition of Aggregate Annual Debt Service, and the amount so determined shall not require adjustment thereafter except as appropriate to reflect reductions in the outstanding principal amount of such Series. For purposes of the Maximum Aggregate Annual Debt Service For Reserve Requirement, the annual debt service requirements assumed at the time of issuance of a Series of Obligations containing Balloon Indebtedness or Tender Indebtedness shall not, with respect to such Series, require subsequent increases.

"**Moody's**" shall mean Moody's Investors Service, successors and its assigns, and, if Moody's shall for any reason no longer perform the functions of a nationally recognized statistical rating organization, "Moody's" shall be deemed to refer to any other nationally recognized statistical rating organization designated by the City.

"**Net Proceeds**" means insurance proceeds received as a result of damage to or destruction of the Airport System or any condemnation award or amounts received by the City from the sale of the Airport System under the threat of condemnation less expenses (including attorneys' fees and expenses) incurred in the collection of such proceeds or award.

"**Net Revenues**" means, for any given period, the Revenues for such period, less the Operation and Maintenance Expenses for such period.

"**Non-Appropriated Payments**" has the meaning set forth in the Master Bond Ordinance.

"**Nonqualified Swap**" means any Swap that is not a Qualified Swap.

"**Notes**" means Obligations issued under the provisions of the Master Bond Ordinance which have a maturity of one year or less from their date of original issuance.

"**Obligations**" means any obligation of the City, including Senior Obligations and Subordinate Obligations, issued or incurred pursuant to the Master Bond Ordinance and a Supplemental Ordinance and/or an Issuing Instrument.

"**OPEB Obligations**" means the amount by which the City's actual other post-employment benefits (OPEB) contributions are less than its OPEB cost or expense for any Fiscal Year.

"**Operation and Maintenance Expenses**" means reasonable and necessary costs paid or incurred by the City for maintaining and operating the Airport System, determined in accordance with Generally Accepted Accounting Principles, including all reasonable expenses of management and repair and all other expenses necessary to maintain and preserve the Airport System in good repair and working order, and including all administrative costs of the City that are charged directly or apportioned to the operation of the Airport System, such as salaries and wages of employees, overhead, taxes (if any) and insurance premiums, assessments for public improvements and including all other reasonable and necessary costs of the City or charges required to be paid by the City in order to comply with the terms thereof; but excluding in all cases payments in lieu of taxes to be paid by the Airport System to the City, depreciation, replacement and obsolescence charges or reserves therefor, any principal or interest payment in respect of capital leases or indebtedness including the Obligations, any costs of issuance relating to any capital leases or indebtedness including the Obligations, amortization or intangibles, any non-cash pension obligations or OPEB Obligations, any Swap Termination Payments and any Operation and Maintenance Expenses payable from moneys other than Revenues.

"**Operation and Maintenance Reserve Account**" or "**O&M Reserve Account**" means the Operation and Maintenance Reserve Account or the O&M Reserve Account renamed, ratified and confirmed as provided by the Master Bond Ordinance.

"**Operation and Maintenance Reserve Requirement**" means, as of any date of calculation, an amount equal to not less than one-sixth (1/6) (representing two (2) months) of the amount included in the then current Annual Budget for Operation and Maintenance Expenses in Airline Cost Centers (as defined by the Aviation Department from time to time), or such greater percentage (representing a greater number of months) of such amount for a Fiscal Year as has been established by the City as the Operation and Maintenance Reserve Requirement with respect to such Fiscal Year.

"**Original Issue Discount Obligations**" means Obligations which are sold at an initial public offering price of less than face value and which are specifically designated as Original Issue Discount Obligations in the Supplemental Ordinance under which such Obligations are issued.

"**Original Master Bond Ordinance**" shall have the meaning set forth in the Recitals to the Master Bond Ordinance.

"**Outstanding**"

(a) when used with respect to Senior Obligations and Subordinate Obligations means all Senior Obligations and Subordinate Obligations which have been authenticated and delivered under the Master Bond Ordinance, except:

(i) Any portion of the Senior Obligations or Subordinate Obligations theretofore fully paid by the Paying Agent to the registered holders or canceled by the Paying Agent or delivered to the Paying Agent for cancellation;

(ii) any portion of the Senior Obligations or Subordinate Obligations that has been defeased by the deposit of funds or qualified securities with the Paying Agent or other qualified party in compliance with the Master Bond Ordinance; and

(iii) Senior Obligations or Subordinate Obligations deemed to be paid in accordance with the Master Bond Ordinance;

(iv) Senior Obligations or Subordinate Obligations in lieu of which other Senior Obligations or Subordinate Obligations, as applicable, have been authenticated and delivered pursuant to the Master Bond Ordinance and any Supplemental Ordinance;

(v) Senior Obligations or Subordinate Obligations that have become due (at maturity or on redemption, acceleration or otherwise) and for the payment of which sufficient moneys, including interest accrued to the due date, are held by the Paying Agent;

(vi) Senior Obligations or Subordinate Obligations which, under the terms of the Supplemental Ordinance pursuant to which they were issued, are deemed to be no longer Outstanding;

(vii) Repayment Obligations deemed to be Senior Obligations or Subordinate Obligations under the Master Bond Ordinance to the extent such Repayment Obligation arose under the terms of a Credit Facility or a Liquidity Facility; and

(viii) for purposes of any consent or other action to be taken by the holders of a specified percentage of Obligations under the Master Bond Ordinance, Senior Obligations and Subordinate Obligations held by or for the account of the City or by any person controlling, controlled by or under common control with the City, unless such Senior Obligations or Subordinate Obligations are pledged to secure a debt to an unrelated party; and

(b) when used with respect to any other Obligations, not included in paragraph (a) above, all such Obligations other than Obligations no longer outstanding under the provisions of the Supplemental Ordinance and/or Issuing Instrument relating to such Obligations.

"**Passenger Facility Charges**" or "**PFCs**" means charges collected by the City pursuant to the authority granted by the PFC Act and 14 CFR Part 158, all as amended from time to time, or any other applicable federal law, and by the Records of Decision or Final Agency Decisions (or comparable decision named in accordance with then current FAA terminology), and interest earnings thereon net of amounts that collecting air carriers are entitled to retain for collecting, handling and remitting such passenger facility charge revenues.

"**Paying Agent**" means the paying agent selected from time to time by the Director of Finance with respect to the Obligations or any Series of Obligations.

"**Payment Date**" means, with respect to any Obligations, each date on which interest is due and payable thereon and each date on which principal is due and payable thereon whether by maturity or redemption thereof and each date on which other amounts are due and payable thereon.

"**Permitted Investments**" means any of the following securities, if and to the extent the same are at the time legal for investment of the City's moneys held in the funds and accounts referred to in the Master Bond Ordinance:

(a) United States Treasury Securities (Bills, Notes, Bonds and Strips).

(b) United States Agency/GSE Securities. The City may invest in obligations issued or guaranteed by any agency of the United States Government and in obligations issued by any government sponsored enterprise (GSE) which have a liquid market and a readily determinable market value that are described as follows:

i. U.S. Government Agency Coupon and Zero Coupon Securities.

ii. U.S. Government Agency Discount Notes.

iii. U.S. Government Agency Callable Securities. Restricted to securities callable at par only.

iv. U.S. Government Agency Step-Up Securities. The coupon rate is fixed for an initial term. At the step-up date, the coupon rate rises to a new, higher fixed interest rate.

v. U.S. Government Agency Floating Rate Securities. Restricted to coupon with no interim caps that reset at least quarterly and that float off of only one index.

vi. U.S. Government Agency/GSE Mortgage Backed Securities (MBS, CMO, Pass-Thru Securities). Restricted to securities with final maturities of five (5) years or less or have the final projected payment no greater than five (5) years when analyzed in a +300 basis point interest rate environment.

(c) Repurchase Agreements. The City may invest in contractual agreements between the City and commercial banks or primary government securities dealers. The Bond Securities Industry & Financial Markets Association's (or any successor's) guidelines for the Master Repurchase Agreement will be used and will govern all repurchase agreement transactions. All repurchase agreement transactions will be either physical delivery or tri-party.

(d) Bankers' Acceptances. The City may invest in bankers' acceptances issued by domestic commercial banks possessing the highest rating issued by Moody's or S&P.

(e) Commercial Paper**.** The City may invest in commercial paper issued by domestic corporations, which has received the highest short-term credit rating issued by Moody's or S&P. Eligible paper is further limited to issuing corporations that have total assets in excess of five hundred million dollars ($500,000,000) and are not listed on Credit Watch with negative implications by any nationally recognized rating agency at the time of purchase.

(f) Municipal Securities (State and Local Government Obligations). The City may invest in municipal obligations that are issued in either tax-exempt or taxable form.

i. Any full faith and credit obligations of the State of Missouri rated at least A or A2 by S&P or Moody's.

ii. Any full faith and credit obligations of any city, county or school district in the state of Missouri rated at least AA or Aa2 by S&P or Moody's.

iii. Any full faith and credit obligations or revenue bonds of the City of Kansas City, Missouri rated at least A or A2 by S&P or Moody's.

iv. Any full faith and credit obligation of any state or territory of the United States of America rated at least AA or Aa2 by S&P or Moody's.

v. Any full faith and credit obligations of any city, county or school district in any state or territory of the United States of America rated AAA or Aaa by S&P or Moody's.

vi. Any revenue bonds issued by the Missouri Department of Transportation rated at least AA or Aa2 by S&P or Moody's.

vii. Any municipal obligation that is pre-refunded or escrowed to maturity as to both principal and interest with escrow securities that are fully guaranteed by the United States Government, without regard to rating by S&P or Moody's.

(g) Money market mutual funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, rated in either of the two highest categories by Moody's and S&P (in either case without regard to any modifier).

(h) Such other investments allowed pursuant to the City's investment policy, as amended from time to time.

(i) Such other investments not described above that are allowed pursuant to Missouri law and approved in the Charter.

References to particular ratings and rating agency categories in this definition are applicable only at the time of purchase of the Permitted Investment.

"**PFC Act**" means the Aviation Safety and Capacity Expansion Act of 1990, Pub. L. 101-508, Title IX, Subtitle B, 9110 and 9111, recodified as 49 U.S. 40117, as modified by the Wendel H. Ford Aviation Investment and Reform Act for the 21st Century, Pub. L. 106-181 ("AIR-21"), as amended or replaced from time to time.

"**PFC Debt Service Account**" means the PFC Debt Service Account created in the PFC Revenue Fund ratified and confirmed pursuant to the Master Bond Ordinance.

"**PFC Regulations**" means Part 158 of the Federal Aviation Regulations (14 CFR Part 158), as amended from time to time, and any other regulation issued with respect to the PFC Act.

"**PFC Project Account**" means the PFC Project Account created in the PFC Revenue Fund ratified and confirmed pursuant to the Master Bond Ordinance.

"**PFC Revenue Fund**" means the PFC Revenue Fund ratified and confirmed pursuant to the Master Bond Ordinance, with a PFC Debt Service Account and a PFC Project Account created therein.

"**Principal Amount**" or "**principal amount**" means, as of any date of calculation, (a) with respect to any Capital Appreciation Obligation, the Accreted Value thereof (the difference between the stated amount to be paid at maturity and the Accreted Value being deemed unearned interest), (b) with respect to any Original Issue Discount Obligation, the Accreted Value thereof, unless the Supplemental Ordinance under which such Obligation was issued shall specify a different amount, in which case, the terms of the Supplemental Ordinance shall control, and (c) with respect to any other Obligations, the principal amount of such Obligation payable at maturity or redemption thereof.

"**Program**" means a financing program identified in a Supplemental Ordinance or an Issuing Instrument, (a) which is authorized and the terms thereof approved by an ordinance passed by the City Council, (b) wherein the City has authorized the issuance, from time to time, of notes, commercial paper or other indebtedness not otherwise defined in the Master Bond Ordinance, and (c) the amount that is issued and Outstanding from time to time has satisfied either the additional obligations test set forth in the Master Bond Ordinance with respect to Senior Obligations or the additional obligations test set forth in the Master Bond Ordinance with respect to Subordinate Obligations.

"**Program Obligations**" means Obligations issued and Outstanding pursuant to a Program.

"**Project**" means any and all facilities, improvements and other expenditures related to the Airport System financed in whole or in part with proceeds of a Series of Obligations.

"**Project Fund**" means any of the Project Funds authorized to be established as provided by the Master Bond Ordinance.

"**Qualified Swap**" means any Swap (a) whose Designated Debt is all or part of a particular Series of Obligations; (b) whose Swap Provider is a Qualified Swap Provider or has been a Qualified Swap Provider within the sixty (60) day period preceding the date on which the calculation of Annual Debt Service or Aggregate Annual Debt Service is being made; (c) which has a term not greater than the term of the Designated Debt or to a specified mandatory tender or redemption of such Designated Debt; and (d) which has been designated in writing by the City as a Qualified Swap with respect to such Obligations under the City's current debt policy as then in effect.

"**Qualified Swap Provider**" means a financial institution which qualifies at the time of entry into a swap transaction as a counterparty under the City's current debt policy as then in effect.

"**Rate Reserve Amount**" means the amount of Transfer taken into account by the City as described in the Master Bond Ordinance which represents Net Revenues in excess of 100% of the Annual Debt Service for any Fiscal Year, to a maximum of (a) 25% of the Annual Debt Service for that Fiscal Year with respect to Senior Obligations, and (b) 10% of the Annual Debt Service for that Fiscal Year with respect to Subordinate Obligations.

"**Rate Stabilization Account**" means the Rate Stabilization Account established in the Extension and Bond Retirement Account as provided by the Master Bond Ordinance.

"**Rating Agency**" and "**Rating Agencies**" means Fitch, Moody's or S&P, or any other nationally recognized statistical rating organization selected by the City, but only if such Rating Agencies have been requested by the City to maintain a rating on the applicable Obligations and such Rating Agencies are then maintaining a rating on such Obligations.

"**Rating Category**" and "**Rating Categories**" means (a) with respect to any long-term rating category, all ratings designated by a particular letter or combination of letters, without regard to any numerical modifier, plus or minus sign or other modifier, and (b) with respect to any short-term or commercial paper rating category, all ratings designated by a particular letter or combination of letters and taking into account any numerical modifier, but not any plus or minus sign or other modifier.

"**Rebate Fund**" means any Fund created by the City pursuant to a Supplemental Ordinance in connection with the issuance of any Series of Obligations for the purpose of complying with the Code and providing for the collection and holding for and payment of amounts to the United States of America.

"**Record Date**" under the Master Bond Ordinance means, if applicable, the record date as specified in the Supplemental Ordinance which provides for the issuance of a Series of Obligations.

"**Record of Decision**" means a Record of Decision of the FAA relating to an Approved PFC Project(s) as may be issued, modified or amended from time to time.

"**Refunding Senior Obligations**" means any Senior Obligations issued pursuant to the Master Bond Ordinance to refund or defease all or a portion of any series of Outstanding Senior Obligations or Outstanding Subordinate Obligations.

"**Refunding Subordinate Obligations**" means any Subordinate Obligations issued pursuant to the Master Bond Ordinance to refund or defease all or a portion of any series of Outstanding Senior Obligations or Outstanding Subordinate Obligations.

"**Regularly Scheduled Swap Payments**" means the regularly scheduled payments under the terms of a Swap which are due absent any termination, default or dispute in connection with such Swap.

"**Released Revenues**" means Revenues in respect of which the following shall have been delivered to the City:

(a) a resolution or ordinance of the City Council describing a specific identifiable portion of Revenues and approving that such Revenues be excluded from the term Revenues;

(b) either (i) a certificate prepared by an Authorized City Representative showing that Net Revenues for each of the two most recently completed Fiscal Years, after the specific identifiable portion of Revenues covered by the City Council's resolution or ordinance described in (a) above are excluded, were at least equal to the greater of (A) the amounts needed for making the required deposits and payments pursuant to the Master Bond Ordinance, or (B) an amount not less than 150% of average Aggregate Annual Debt Service (calculated as provided in paragraph (l) of the definition of Aggregate Annual Debt Service) for each Fiscal Year during the remaining term of all Obligations that will remain Outstanding after the exclusion of such specific identifiable portion of Revenues; or (ii) a certificate prepared by a Consultant showing that the estimated Net Revenues (excluding the specific identifiable portion of Revenues covered in the resolution or ordinance approved by the City Council described in (a) above) for each of the first three complete Fiscal Years immediately following the Fiscal Year in which the resolution or ordinance described in (a) above is adopted by the City Council, will not be less than the greater of (A) the amounts needed for making the required deposits and payments pursuant to the Master Bond Ordinance, or (B) an amount not less than 150% of the average Aggregate Annual Debt Service (calculated as provided in paragraph (l) of the definition of Aggregate Annual Debt Service) for each Fiscal Year during the remaining term of all Obligations that will remain Outstanding after the exclusion of such specific identifiable portion of Revenues;

(c) an opinion of Bond Counsel to the effect that the exclusion of such specific identifiable portion of Revenues from the definition of Revenues and from the pledge and lien of the Master Bond Ordinance will not, in and of itself, cause the interest on any Outstanding Obligations, then excluded from gross income for purposes of federal income tax, to be included in gross income for purposes of federal income tax; and

(d) confirmation from each of the Rating Agencies which have been requested by the City to maintain a rating on the Obligations and are then maintaining a rating on any of the Obligations, to the effect that the exclusion of such specific identifiable portion of Revenues from the pledge and lien of the Master Bond Ordinance will not cause a withdrawal or reduction in any unenhanced rating then assigned to the Obligations.

Upon filing of such documents, the specific identifiable portion of Revenues described in the resolution or ordinance of the City Council shall no longer be included in Revenues and shall be excluded from the pledge and lien of the Master Bond Ordinance, unless otherwise included in Revenues and in the pledge and lien of the Master Bond Ordinance pursuant to a Supplemental Ordinance.

"**Repayment Obligations**" means an obligation arising under a written agreement of the City and a Credit Provider pursuant to which the City agrees to repay or reimburse the Credit Provider for amounts paid by a Credit Provider pursuant to a Credit Facility to be used to pay debt service on any Obligations and all other amounts due and owing to a Credit Provider under a Credit Facility, or an obligation arising under a written agreement of the City and a Liquidity Provider pursuant to which the City agrees to repay or reimburse the Liquidity Provider for amounts paid by the Liquidity Provider pursuant to a Liquidity Facility to be used to pay the purchase price of Obligations and all other amounts due and owing to a Liquidity Provider under a Liquidity Facility.

"**Reserve Fund**" means the Fund created pursuant to the Master Bond Ordinance and that is required to be funded for the purpose of providing additional security for the Outstanding Senior Bonds as specified in any Supplemental Ordinance as participating in the Reserve Fund.

"**Reserve Fund Surety Policy**" means an insurance policy, a surety bond or a letter of credit, held by the City for the credit of the Reserve Fund or a Series Debt Service Reserve Fund created for one or more Series of Outstanding Senior Obligations or one or more Series of Outstanding Subordinate Obligations, as applicable, in lieu of or partial substitution for cash or securities on deposit therein. Except as otherwise provided in a Supplemental Ordinance, the entity providing such Reserve Fund Surety Policy shall be rated, at the time such instrument is provided, in one of the two highest long-term Rating Categories by one or more of the Rating Agencies.

"**Reserve Requirement**" means, for a Series of Senior Bonds participating in the Reserve Fund, except as otherwise provided in a Supplemental Ordinance, the total amount to be on deposit in the Reserve Fund in accordance with the Master Bond Ordinance and/or for which alternative funding is provided in accordance with the Master Bond Ordinance, and means, for a Series of Obligations participating in a separately created Series Debt Service Reserve Fund, except as otherwise provided in a Supplemental Ordinance, the total amount to be on deposit in such Series Debt Service Reserve Fund in accordance with the provisions of the Supplemental Ordinance establishing such Series Debt Service Reserve Fund. Provided, however, unless otherwise provided in a Supplemental Ordinance, the Reserve Requirement shall not exceed an amount, which shall be calculated by the City pursuant to the Master Bond Ordinance, equal to the least of (a) Maximum Aggregate Annual Debt Service For Reserve Requirement for all Series of Senior Bonds participating in the Reserve Fund or for all Series of Obligations participating in a separately created Series Debt Service Reserve Fund created pursuant to a Supplemental Ordinance, as the case may be, (b) ten percent (10%) of the principal amount of the Senior Bonds that have been issued and are participating in the Reserve Fund or the Obligations that have been issued and are participating in a separately created Series Debt Service Reserve Fund created pursuant to a Supplemental Ordinance, as the case may be (provided that if an issue has more than 2% of original issue discount or premium, the issue price of the issue (net of pre-issuance accrued interest) is used to measure the ten percent (10%) limitation in lieu of its stated principal amount) and (c) 125% of the average Aggregate Annual Debt Service For Reserve Requirement for all Series of Senior Bonds participating in the Reserve Fund or for all Series of Obligations participating in a separately created Series Debt Service Reserve Fund created pursuant to a Supplemental Ordinance, as the case may be.

"**Revenues**" means, except to the extent specifically excluded therefrom, all income, receipts, earnings and revenues received by or accrued to the City from the operation and ownership of the Airport System, including, but not limited to, (a) rates, tolls, fees, rentals, charges and other payments made to or owed to the City for the use or availability of the Airport System, and (b) amounts received or owed from the sale or provision of supplies, materials, goods and services provided by or made available by the City, including rental or business interruption insurance proceeds, received by, held by, accrued to or entitled to be received by the City or any successor thereto from the possession, management, charge, superintendence and control of the Airport System and its related facilities or activities and undertakings related thereto or from any other facilities wherever located with respect to which the City receives payments which are attributable to the Airport System or activities or undertakings related thereto. Additionally, "Revenues" shall also include amounts received from tenants representing the principal portion of payments received pursuant to certain self-liquidating lease agreements, all income, receipts and earnings (except any earnings allowed to be pledged by the terms of a Supplemental Ordinance to fund the Project Fund as provided below) from the investment of amounts held in the Kansas City Airports Fund, any Project Fund, any Debt Service Fund (except Capitalized Interest on deposit therein), the Reserve Fund, any Series Debt Service Reserve Fund, and such additional revenues, if any, as are designated as "Revenues" under the terms of any Supplemental Ordinance. Revenues shall also include any transfers from the Rate Stabilization Account to the Kansas City Airports Fund pursuant to the Master Bond Ordinance. The following, including any investment earnings thereon, are specifically excluded from Revenues: (i) any amounts received by the City from the imposition of ad valorem taxes, (ii) gifts, grants and other income (including any investment earnings thereon) otherwise included in this definition of "Revenues" which are restricted by their terms to purposes inconsistent with the payment of debt service on the Obligations, (iii) Net Proceeds and other insurance proceeds, to the extent the use of such Net Proceeds or other proceeds is restricted by the terms of the policy under which they are paid to a use inconsistent with the payment of debt service on the Obligations (except to the extent Net Proceeds are utilized to pay Operation and Maintenance Expenses), and (iv) Special Facilities Revenue (to the extent there is no excess Special Facilities Revenue as described in the Master Bond Ordinance). In addition, the following, including any investment earnings thereon, are specifically excluded from "Revenues," unless designated as "Revenues" under the terms of a Supplemental Ordinance: (A) any Swap Termination Payments paid to the City pursuant to a Qualified Swap, (B) Facilities Construction Credits, (C) Passenger Facility Charges, (D) Customer Facility Charges, (E) Federal Direct Payments, (F) Released Revenues, (G) subject to (ii) in the previous sentence, grants and other charges authorized on or after the date of the Original Master Bond Ordinance by federal and/or State laws or regulations to be assessed to fund specific programs at the Airport System, (H) investment income derived from any moneys or securities which may be placed in escrow or trust to defease Obligations, (I) any arbitrage earnings which are required to be paid to the U.S. Government pursuant to Section 148 of the Code and amounts held in a Rebate Fund and (J) Capitalized Interest. Further, interest earnings or other investment earnings on any Project Fund established by any Supplemental Ordinance are specifically excluded from "Revenues," unless otherwise provided for in such Supplemental Ordinance.

For purposes of testing compliance with the rate covenant described in the Master Bond Ordinance and the tests for the issuance of additional Senior Obligations and additional Subordinate Obligations contained in the Master Bond Ordinance, Revenues will be calculated based upon Generally Accepted Accounting Principles, as modified from time to time, except that such calculation will include and exclude those items specifically included or excluded above or in the definition of Aggregate Annual Debt Service.

Inasmuch as Revenues include any transfers from the Rate Stabilization Account to the Kansas City Airports Fund pursuant to the Master Bond Ordinance as provided above, for purposes of meeting any of the tests prescribed by the Master Bond Ordinance or any Supplemental Ordinance, any transfers from the Rate Stabilization Account to the Kansas City Airports Fund shall be deemed to be "Revenues."

"**S&P**" means S&P Global Ratings, its successors and assigns, and, if S&P shall for any reason no longer perform the functions of a nationally recognized statistical rating organization, "S&P" shall be deemed to refer to any other nationally recognized statistical rating organization designated by the City.

"**Senior Appropriation Obligation**" or "**Senior Appropriation Obligations**" means any debt obligation of the City issued or incurred with respect to the Airport System as a taxable or tax-exempt obligation under and in accordance with the provisions of the Master Bond Ordinance, that either has not received voter approval in accordance with the provisions of Section 27 of Article VI of the Constitution of Missouri or is designated by the City in a Supplemental Ordinance as a Senior Appropriation Obligation, including, but not limited to, bonds, notes, bond anticipation notes, commercial paper notes and other instruments constituting a debt obligation of the City, and obligations incurred through lease or installment purchase agreements or other agreements or certificates of participation therein and Repayment Obligations to the extent provided in the Master Bond Ordinance. Senior Appropriation Obligations shall have a senior and prior lien on Net Revenues, on parity with the Senior Bonds, as set forth in the Master Bond Ordinance, provided, however, such lien on Net Revenues shall only be enforceable during a Fiscal Year that the Senior Lien Requirements have been satisfied. The term "Senior Appropriation Obligation" or "Senior Appropriation Obligations" does not include any Senior Bonds or Subordinate Obligations. No bond, note or other instrument of indebtedness shall be deemed to be a "Senior Appropriation Obligation" for purposes of the Master Bond Ordinance unless specifically designated by the City as a "Senior Appropriation Obligation" in a Supplemental Ordinance or other written instrument. In connection with any Senior Appropriation Obligation with respect to which a Swap is in effect or proposes to be in effect, the term "Senior Appropriation Obligation" includes, collectively, both such Senior Appropriation Obligation and either such Swap or the obligations of the City under each such Swap, as the context requires. The term "Senior Appropriation Obligation" also includes a Swap or the obligations of the City under such Swap which has been entered into in connection with a Senior Appropriation Obligation, as the context requires, although none of the Senior Appropriation Obligations with respect to which such Swap was entered into remain outstanding.

"**Senior Bond**" or "**Senior Bonds**" means any debt obligation of the City issued or incurred with respect to the Airport System as a taxable or tax-exempt obligation under and in accordance with the provisions of the Master Bond Ordinance, that has received voter approval in accordance with the provisions of Section 27 of Article VI of the Constitution of Missouri, including, but not limited to, bonds, notes, bond anticipation notes, commercial paper notes and other instruments creating an indebtedness of the City, and obligations incurred through lease or installment purchase agreements or other agreements or certificates of participation therein and Repayment Obligations to the extent provided in the Master Bond Ordinance. Senior Bonds shall have a senior and prior lien on Net Revenues, on parity with Senior Appropriation Obligations (subject to the limitations set forth therein), as set forth in the Master Bond Ordinance. The term "Senior Bond" or "Senior Bonds" does not include any Senior Appropriation Obligations or Subordinate Obligations. No bond, note or other instrument of indebtedness shall be deemed to be a "Senior Bond" for purposes of the Master Bond Ordinance unless specifically designated by the City as a "Senior Bond" in a Supplemental Ordinance or other written instrument. In connection with any Senior Bond with respect to which a Swap is in effect or proposes to be in effect, the term "Senior Bond" includes, collectively, both such Senior Bond and either such Swap or the obligations of the City under each such Swap, as the context requires. The term "Senior Bond" also includes a Swap or the obligations of the City under such Swap which has been entered into in connection with a Senior Bond, as the context requires, although none of the Senior Bonds with respect to which such Swap was entered into remain outstanding.

"**Senior Debt Service Reserve Fund**" means any Senior Debt Service Reserve Fund (other than the Reserve Fund) established by the City pursuant to a Supplemental Ordinance or an Issuing Instrument in connection with the issuance of any Series of Senior Obligations and that is required to be funded for the purpose of providing additional security for such

Series of Senior Obligations and under certain circumstances to provide additional security for such other designated Series of Senior Obligations issued pursuant to the terms of the Master Bond Ordinance and as specified in any Supplemental Ordinance.

"**Senior Lien Requirements**" means, for purposes of determining whether Senior Appropriation Obligations will have a prior and senior lien on Net Revenues (on parity with the Senior Bonds) for a Fiscal Year, on or before the first (1^{st}) day of a Fiscal Year, the following requirements are satisfied: (a) the City Council has appropriated a sufficient amount of Net Revenues and/or other funds to make all of the payments due and payable on such Senior Appropriation Obligations during such Fiscal Year, and (b) an Authorized City Compliance Certificate Representative has provided a written certificate to the Paying Agent to the effect that the City has approved a budget which complies, and that the City expects to comply, with the rate covenant set forth in the Master Bond Ordinance during such Fiscal Year. Compliance with the Senior Lien Requirements shall be evidenced by the delivery of the certificates described in the Master Bond Ordinance.

"**Senior Obligations**" means, individually, Senior Bonds or Senior Appropriation Obligations, and collectively Senior Bonds and Senior Appropriation Obligations.

"**Series**" or "**series**" means Obligations designated as a separate Series by a Supplemental Ordinance and, with respect to Program Obligations under a Program, means the amount issued for a separate financing purpose, or the amount described in Program documents for such Program Obligations, or the portion thereof otherwise designated as a separate Series.

"**Series Debt Service Reserve Fund**" means a Senior Debt Service Reserve Fund (other than the Reserve Fund) and/or a Subordinate Debt Service Reserve Fund.

"**Significant Portion**" means, for purposes of the Master Bond Ordinance, any facilities of the Airport System or portions thereof which, if such facilities had been sold or disposed of by the City at the beginning of an annual period which includes the month of commencement of the 12-month period ending on the day of such disposition would have resulted in a reduction in Net Revenues for such annual period of more than 5% when the actual Net Revenues for such annual period are decreased by the Revenues directly attributable to such facilities and increased by the expenses of the City directly attributable to such facilities.

"**Special Facilities**" or "**Special Facility**" means a facility or group of facilities or improvements or category of facilities or improvements which are designated as a Special Facility pursuant to the provisions of the Master Bond Ordinance.

"**Special Facilities Revenue**" means the contractual payments and all other revenues (other than ground rentals relating to such Special Facility) derived by or available to the City from a Special Facility which are pledged to secure Special Facility Obligations.

"**Special Facility Obligations**" means bonds or other debt instruments issued pursuant to an ordinance other than the Master Bond Ordinance to finance Special Facilities and which, except as otherwise provided in the Master Bond Ordinance, are not secured by nor payable from a lien on and pledge of the Net Revenues but which are secured by revenues derived from Special Facilities.

"**Specified Project**" means a Project or a group of alternative Projects which are described in a certificate of an Authorized City Representative, which is delivered to the Consultant preparing the certificate described in the Master Bond Ordinance, if applicable, the revenues and expenses of which Project or of the alternative Projects are to be taken into account by such Consultant in preparing such certificate.

"**State**" means the State of Missouri.

"**Subaccount**" means any subaccount established pursuant to the Master Bond Ordinance or any Supplemental Ordinance.

"**Subordinate Appropriation Obligation**" or "**Subordinate Appropriation Obligations**" means any debt obligation of the City issued or incurred with respect to the Airport System as a taxable or tax-exempt obligation under and in accordance with the provisions of the Master Bond Ordinance, that has not received voter approval in accordance with the provisions of Section 27 of Article VI of the Constitution of Missouri, including, but not limited to, bonds, notes, bond anticipation notes, commercial paper notes and other instruments constituting a debt obligation of the City, and obligations incurred through lease or installment purchase agreements or other agreements or certificates of participation therein and Repayment Obligations to the extent provided in the Master Bond Ordinance. Subordinate Appropriation Obligations shall rank junior and subordinate to the Senior Obligations, and on parity with the Subordinate Bonds, with respect to the lien on Net Revenues, as set forth in the Master Bond Ordinance, and may be paid from moneys constituting Net Revenues only if all principal, interest and other amounts which have become due and payable on the Senior Obligations whether by maturity, redemption, acceleration or agreement of the City have been paid in full and the City is current on all payments, if any, required to be made to replenish the Reserve Fund and any Senior Debt Service Reserve Funds. Such junior and subordinate lien on Net Revenues shall only be enforceable during a Fiscal Year that the Subordinate Lien Requirements have been satisfied. The term "Subordinate Appropriation Obligation" or "Subordinate Appropriation Obligations" does not include Senior Obligations or Subordinate Bonds. No bond, note or other instrument of indebtedness shall be deemed to be a "Subordinate Appropriation Obligation" for purposes of the Master Bond Ordinance and payable on a junior and subordinate basis from Net Revenues unless specifically designated by the City as a "Subordinate Appropriation Obligation" in a Supplemental Ordinance or other written instrument. In connection with any Subordinate Appropriation Obligation with respect to which a Swap is in effect or proposes to be in effect, the term "Subordinate Appropriation Obligation" includes, collectively, both such Subordinate Appropriation Obligation and either such Swap or the obligations of the City under each such Swap, as the context requires. The term "Subordinate Appropriation Obligation" also includes a Swap or the obligations of the City under such Swap which has been entered into in connection with a Subordinate Appropriation Obligation, as the context requires, although none of the Subordinate Appropriation Obligations with respect to which such Swap was entered into remain outstanding. In connection with any Obligations with respect to which a Qualified Swap is in effect or proposed to be in effect, the term "Subordinate Obligation" includes any Swap Termination Payment if designated as a Subordinate Obligation in a Supplemental Ordinance.

"**Subordinate Bond**" or "**Subordinate Bonds**" means any debt obligation of the City issued or incurred with respect to the Airport System as a taxable or tax-exempt obligation under and in accordance with the provisions of the Master Bond Ordinance, that has received voter approval in accordance with the provisions of Section 27 of Article VI of the Constitution of Missouri, including, but not limited to, bonds, notes, bond anticipation notes, commercial paper notes and other instruments creating an indebtedness of the City, and obligations incurred through lease or installment purchase agreements or other agreements or certificates of participation therein and Repayment Obligations to the extent provided in the Master Bond Ordinance. Subordinate Bonds shall rank junior and subordinate to the Senior Obligations, and on parity with the Subordinate Appropriation Obligations, with respect to the pledge and lien on Net Revenues (subject to the limitations set forth therein), as set forth in the Master Bond Ordinance, and may be paid from moneys constituting Net Revenues only if all principal, interest and other amounts which have become due and payable on the Senior Obligations whether by maturity, redemption, acceleration or agreement of the City have been paid in full and the City is current on all payments, if any, required to be made to replenish the Reserve Fund and any Senior Debt Service Reserve Funds. The term "Subordinate Bond" or "Subordinate Bonds" does not include Senior Obligations or Subordinate Appropriation Obligations. No bond, note or other instrument of indebtedness shall be deemed to be a "Subordinate Bond" for purposes of the Master Bond Ordinance and payable on a junior and subordinate basis from Net Revenues unless specifically designated by the City as a "Subordinate Bond" in a Supplemental Ordinance or other written instrument. In connection with any Subordinate Bond with respect to which a Swap is in effect or proposes to be in effect, the term "Subordinate Bond" includes, collectively, both such Subordinate Bond and either such Swap or the obligations of the City under each such Swap, as the context requires. The term "Subordinate Bond" also includes a Swap or the obligations of the City under such Swap which has been entered into in connection with a Subordinate Bond, as the context requires, although none of the Subordinate Bonds with respect to which such Swap was entered into remain outstanding. In connection with any Obligations with respect to which a Qualified Swap is in effect or proposed to be in effect, the term "Subordinate Bond" includes any Swap Termination Payment if designated as a Subordinate Obligation in a Supplemental Ordinance.

"**Subordinate Debt Service Reserve Fund**" means any Subordinate Debt Service Reserve Fund established by the City pursuant to a Supplemental Ordinance in connection with the issuance of any Series of Subordinate Obligations and that is required to be funded for the purpose of providing additional security for such Series of Subordinate Obligations and under certain circumstances to provide additional security for such other designated Series of Subordinate Obligations issued pursuant to the terms of the Master Bond Ordinance and as specified in any Supplemental Ordinance.

"**Subordinate Lien Requirements**" means, for purposes of determining whether Subordinate Appropriation Obligations will have a junior and subordinate lien on Net Revenues (on parity with the Subordinate Bonds) for a Fiscal Year, on or before the first (1st) day of a Fiscal Year, the following requirements are satisfied: (a) the City Council has appropriated a sufficient amount of Net Revenues and/or other funds to make all of the payments due and payable on such Subordinate Appropriation Obligations during such Fiscal Year, (b) provided there are Senior Appropriation Obligations Outstanding, the Senior Lien Requirements have been satisfied, and (c) an Authorized City Compliance Certificate Representative has provided a written certificate to the Paying Agent to the effect that the City has approved a budget which complies, and that the City expects to comply, with the rate covenant set forth in the Master Bond Ordinance during such Fiscal Year. Compliance with the Subordinate Lien Requirements shall be evidenced by the delivery of the certificates described in the Master Bond Ordinance.

"**Subordinate Net Revenues**" means, for any given period, the Revenues for such period, less the Operation and Maintenance Expenses for such period, less the Aggregate Annual Debt Service or Annual Debt Service, as applicable, on the Outstanding Senior Obligations for such period, less deposits to the Reserve Fund or any Senior Debt Service Reserve Fund required pursuant to the Master Bond Ordinance for such period.

"**Subordinate Obligations**" means, individually, Subordinate Bonds or Subordinate Appropriation Obligations, and collectively Subordinate Bonds and Subordinate Appropriation Obligations.

"**Supplemental Ordinance**" means any document supplementing or amending the Master Bond Ordinance or providing for the issuance of Obligations and entered into as provided in the Master Bond Ordinance.

"**Swap**" means any financial arrangement between the City and a Swap Provider which provides that (a) each of the parties shall pay to the other an amount or amounts calculated as if such amount were interest accruing during the term of the arrangement at a specified rate (whether fixed or a variable rate or measured against some other rate or index) on a Designated Debt, and payable from time to time or at a designated time or times (whether before, during or after the term of the arrangement); (b) if such amount is to be paid before it is deemed to have accrued, the amount paid shall reflect the present value of such future amount (i.e., an upfront premium), while an amount to be paid after it is deemed to have accrued shall reflect the time value of such funds; and (c) payment dates and calculated accrual rates need not be the same for each payor, but to the extent payment dates coincide, the arrangement may (but need not) provide that one shall pay to the other any net amount due under such arrangement.

"**Swap Provider**" means a party to a Swap with the City.

"**Swap Termination Payment**" means an amount payable by the City or a Qualified Swap Provider, in accordance with a Qualified Swap, to compensate the other party to the Qualified Swap for any losses and costs that such other party may incur as a result of an event of default or the early termination of the obligations, in whole or in part, of the parties under such Qualified Swap.

"**Synthetic Fixed Rate Debt**" means indebtedness issued by the City which: (a) is combined, as Designated Debt, with a Qualified Swap and creates, in the opinion of a Consultant, a substantially fixed-rate maturity or maturities for a term not exceeding such maturity or maturities, or (b) consisting of an arrangement in which two inversely related variable-rate securities are issued in equal principal amounts with interest based on off-setting indices resulting in a combined payment which is economically equivalent to a fixed rate.

"**Tender Indebtedness**" means any Obligations or portions of Obligations a feature of which is an option and/or an obligation on the part of the Bondholders, under the terms of such Obligations, to tender all or a portion of such Obligations to the City, the Paying Agent or other fiduciary or agent or Credit Provider or Liquidity Provider for payment or purchase and requiring that such Obligations or portions of Obligations be purchased if properly presented.

"**Term Bonds**" shall mean Senior Obligations or Subordinate Obligations of a Series which are payable on or before their specified maturity dates from sinking installment payments established pursuant to the Supplemental Ordinance for such Series for that purpose and calculated to retire the Senior Obligations or Subordinate Obligations, as applicable, on or before their specified maturity dates.

"**Transfer**" means for any Fiscal Year the amount on deposit in the Coverage Deposit Account on the first (1st) day of such Fiscal Year and the amount of unencumbered funds on deposit or anticipated to be on deposit, as the case may be, in the Kansas City Airports Fund (other than the amounts on deposit in the Coverage Deposit Account) on the first (1st) day of such Fiscal Year, including any Fiscal Year in which a Series of Obligations is issued (after all deposits and payments required by the Master Bond Ordinance).

"**Variable Rate Indebtedness**" means any Obligation or Obligations the interest rate on which is not, at the time in question, fixed to maturity.

Authorization and Form of Obligations Generally; Special Obligations

Either taxable or tax-exempt Obligations may be issued or incurred by the City under the terms of the Master Bond Ordinance for any purpose for which the City, at the time of such issuance, may incur debt. Except as otherwise provided in the Master Bond Ordinance, Obligations may be issued or incurred under the Master Bond Ordinance only if the Additional Obligation provisions of the Master Bond Ordinance are satisfied.

The Senior Bonds shall be special obligations of the City payable solely from, and secured as to payment of principal and interest by a senior pledge of and lien on, the Net Revenues derived from the operation of the Airport System, and deposited in the Kansas City Airports Fund and not from any other fund or source, and the taxing power of the City is not pledged to the payment of the Senior Bonds either as to principal or interest. The Senior Bonds shall not be or constitute general obligations of the City, nor shall they constitute indebtedness of the City within the meaning of any constitutional, statutory or charter provision, limitation or restriction.

The Senior Appropriation Obligations shall be special obligations of the City payable solely from, and, provided the Senior Lien Requirements are satisfied, secured as to payment of principal, interest and other amounts due and payable with respect to such Senior Appropriation Obligations by a senior lien on, the Net Revenues derived from the operation of the Airport System, and deposited in the Kansas City Airports Fund and not from any other fund or source, and the taxing power of the City is not pledged to the payment of the Senior Appropriation Obligations either as to principal or interest. The Senior Appropriation Obligations shall not be or constitute general obligations of the City, nor shall they constitute indebtedness of the City within the meaning of any constitutional, statutory or charter provision, limitation or restriction. All payments due and owing on the Senior Appropriation Obligations in any Fiscal Year shall be paid solely from Net Revenues and/or other funds appropriated by the City Council for the purpose of making such payments which are due and owing in such Fiscal Year. The issuance of the Senior Appropriation Obligations shall not obligate the City to make any appropriation for their payment.

The Subordinate Bonds shall be special obligations of the City payable solely from, and secured as to payment of principal and interest by a junior and subordinate pledge of and lien on, the Net Revenues derived from the operation of the Airport System, and deposited in the Kansas City Airports Fund and not from any other fund or source, and the taxing power of the City is not pledged to the payment of the Subordinate Bonds either as to principal or interest. The Subordinate Bonds shall not be or constitute general obligations of the City, nor shall they constitute indebtedness of the City within the meaning of any constitutional, statutory or charter provision, limitation or restriction.

The Subordinate Appropriation Obligations shall be special obligations of the City payable solely from, and, provided the Subordinate Lien Requirements are satisfied, secured as to payment of principal, interest and other amounts due and payable with respect to such Subordinate Appropriation Obligations by a junior and subordinate lien on, the Net Revenues derived from the operation of the Airport System, and deposited in the Kansas City Airports Fund and not from any other fund or source, and the taxing power of the City is not pledged to the payment of the Subordinate Appropriation Obligations either as to principal or interest. The Subordinate Appropriation Obligations shall not be or constitute general obligations of the City, nor shall they constitute indebtedness of the City within the meaning of any constitutional, statutory or charter provision, limitation or restriction. All payments due and owing on the Subordinate Appropriation Obligations in any Fiscal Year shall be paid solely from Net Revenues and/or other funds appropriated by the City Council for the purpose of making such payments which are due and owing in such Fiscal Year. The issuance of the Subordinate Appropriation Obligations shall not obligate the City to make any appropriation for their payment.

Pledge and Lien on Net Revenues and Certain Funds and Accounts

Senior Obligations authorized and issued or incurred under the provisions of the Master Bond Ordinance shall be secured by a pledge of, if applicable, and lien on and security interest in Net Revenues and certain Funds, Accounts, assets, rights, property, interests and security described thereunder and under any Supplemental Ordinance and Issuing Instrument; provided, however, Senior Appropriation Obligations authorized and issued or incurred under the provisions of the Master Bond Ordinance shall only be secured by a lien on and security interest in Net Revenues during a Fiscal Year if the Senior Lien Requirements have been satisfied. The City grants, bargains, sells, releases, conveys, assigns, transfers and pledges, if applicable, all Net Revenues and such other Funds, Accounts, assets, rights, property, interest and security described thereunder, under a Supplemental Ordinance or under an Issuing Instrument, and grants a lien on and security interest in all of its right, title and interest, whether now owned or hereafter acquired in, to and under the Net Revenues and such other Funds, Accounts, assets, rights, property, interest and security described under the Master Bond Ordinance, under a Supplemental Ordinance or under an Issuing Instrument to secure the payment of the principal of, premium, if any, and interest and such other payment obligations, if any, on the Senior Obligations in accordance with their respective terms without priority or distinction of one over the other, subject only to the provisions of the Master Bond Ordinance, any Supplemental Ordinance or Issuing Instrument permitting the application thereof for the purposes and on the terms and conditions set forth therein, in any Supplemental Ordinance and in any Issuing Instrument, and the Net Revenues and such other Funds, Accounts, assets, rights, property, interests and security described thereunder and under any Supplemental Ordinance and Issuing Instrument constitute a trust fund for the security and payment of the principal of, premium, if any, and interest and such other payment obligations, if any, on the Senior Obligations.

To provide additional security for the payment of the principal of, premium, if any, and interest and such other payment obligations, if any, on Senior Obligations as the same shall become due and payable, the City pledges and grants a lien upon and a security interest in amounts held for the payment of the Senior Obligations in the Debt Service Funds established with respect to the Senior Obligations pursuant to the Master Bond Ordinance and a Supplemental Ordinance. Notwithstanding the provisions of the previous sentence or any other provision of the Master Bond Ordinance or any Supplemental Ordinance or Issuing Instrument, each Debt Service Fund established for a Series of Senior Obligations shall only be pledged to and secure the Series of Senior Obligations for which such Debt Service Fund was established.

To provide additional security for the payment of the principal of, premium, if any, and interest and such other payment obligations, if any, on Senior Bonds participating in the Reserve Fund, as the same shall become due and payable, the City pledges and grants a lien upon and a security interest in the Reserve Fund and all moneys and securities held from time to time therein and, with respect to any Reserve Fund Surety Policy provided at any time in satisfaction of all or a portion of the Reserve Requirement with respect to the Reserve Fund, all rights, title and interest in such instruments and the proceeds thereof.

Subordinate Obligations authorized and issued or incurred under the provisions of the Master Bond Ordinance shall be secured by a junior and subordinate pledge of, if applicable, and lien on and security interest in Net Revenues, subject to the prior and senior pledge, lien and security interest granted to the Senior Obligations pursuant to the provisions of the Master Bond Ordinance, and certain Funds, Accounts, assets, rights, property, interests and security described thereunder and under any Supplemental Ordinance and Issuing Instrument; provided, however, Subordinate Appropriation Obligations authorized and issued or incurred under the provisions of the Master Bond Ordinance shall only be secured by a junior and subordinate lien on and security interest in Net Revenues during a Fiscal Year if the Subordinate Lien Requirements have been satisfied. The City grants, bargains, sells, releases, conveys, assigns, transfers and pledges, if applicable, all Net Revenues, subject to the prior pledge, lien and security interest granted to Senior Obligations pursuant to the provisions of the Master Bond Ordinance, and such other Funds, Accounts, assets, rights, property, interest and security described thereunder, under a Supplemental Ordinance or under an Issuing Instrument, and pledges, if applicable, and grants a lien on and security interest in all of its right, title and interest, whether now owned or hereafter acquired in, to and under the Net Revenues, subject to the prior pledge, lien and security interest granted to the Senior Obligations pursuant to the provisions of the Master Bond Ordinance, and such other Funds, Accounts, assets, rights, property, interest and security described thereunder, under a Supplemental Ordinance or under an Issuing Instrument to secure the payment of the principal of, premium, if any, and interest and such other payment obligations, if any, on the Subordinate Obligations in accordance with their respective terms without priority or distinction of one over the other, subject only to the provisions of the Master Bond Ordinance, any Supplemental Ordinance or Issuing Instrument permitting the application thereof for the purposes and on the terms and conditions set forth therein, in any Supplemental Ordinance and in any Issuing Instrument, and the Net Revenues and such other Funds, Accounts, assets, rights, property, interests and security described under the Master Bond Ordinance and under any Supplemental Ordinance and Issuing Instrument constitute a trust fund for the security and payment of the principal of, premium, if any, and interest and such other payment obligations, if any, on the Subordinate Obligations.

To provide additional security for the payment of the principal of, premium, if any, and interest and such other payment obligations, if any, on Subordinate Obligations as the same shall become due and payable, the City pledges and grants a lien upon amounts held for the payment of Subordinate Obligations in the Debt Service Funds established with respect to the Subordinate Obligations pursuant to the Master Bond Ordinance and a Supplemental Ordinance. Notwithstanding the provisions of the previous sentence or any other provision of the Master Bond Ordinance or any Supplemental Ordinance or Issuing Instrument, each Debt Service Fund established for a Series of Subordinate Obligations shall only be pledged to and secure the Series of Subordinate Obligations for which such Debt Service Fund was established.

As of the date of passage of the Master Bond Ordinance, except for the pledge of Net Revenues granted to the Series 2013 Bonds (which were outstanding on the date of passage of the Master Bond Ordinance and which will no longer be outstanding upon the issuance of the Series 2020C Bonds), the City has not previously created any charge or lien on or any security interest in the Revenues, the Net Revenues or any of the other security which is pledged pursuant to the Master Bond Ordinance and the City covenants that, until all the Obligations authorized and issued under the provisions of the Master Bond Ordinance and the interest thereon shall have been paid or are deemed to have been paid, it will not, except as otherwise provided under the Master Bond Ordinance, grant any prior or parity pledge of, if applicable, or any security interest in the Net Revenues or any other security which is pledged to the payment of the Obligations pursuant to the Master Bond Ordinance, or create or permit to be created any charge or lien thereon or any security interest therein ranking prior to the charge or lien of the Obligations from time to time Outstanding under the Master Bond Ordinance. The City may, as provided in and as limited by the Master Bond Ordinance, as applicable, grant a lien on or security interest in the Net Revenues or any of the other security which is pledged, if applicable, to the payment of the Obligations to secure Junior Obligations.

Kansas City Airports Fund

So long as any of the Series 2019 Senior Appropriation Obligation, the Series 2019A Senior Appropriation Obligation, the Series 2020 Senior Appropriation Obligation or other Obligations issued or incurred under the Master Bond Ordinance remain Outstanding and unpaid, the City covenants and agrees that all Revenues derived and to be derived by the City from the operation of the Airport System including all Revenues derived by the City from all additions, extensions, enlargements and improvements of the Airport System hereafter made or acquired will be paid and deposited promptly in the Kansas City Airports Fund, and will be segregated and kept separate and apart from the other revenues and funds of the City.

Ratification and Establishment of Funds and Accounts

(a) The establishment of the following accounts in the Department of Finance of the City known respectively as (i) the Airlines Operation and Maintenance Reserve Account or Airlines O&M Reserve Account (formerly the Airlines Operation and Maintenance Account or Airlines O&M Account), which account is renamed and shall be known hereafter as the Operation and Maintenance Reserve Account or the O&M Reserve Account,

(ii) the Extension and Bond Retirement Account and (iii) the Maintenance and Replacement Account, is ratified and confirmed.

(b) The establishment in the Department of Finance of the City by Committee Substitute for Ordinance No. 010984 of a separate fund known as the PFC Revenue Fund is ratified and confirmed, with a PFC Debt Service Account and a PFC Project Account therein.

(c) As provided in the Master Bond Ordinance, the City also creates and/or provides for the creation in the Master Bond Ordinance and a Supplemental Ordinance of the Debt Service Funds, the Reserve Fund, the Series Debt Service Reserve Funds, the Rebate Funds and the Project Funds, as applicable. In addition, the City establishes a Coverage Deposit Account in the Kansas City Airports Fund and a Rate Stabilization Account in the Extension and Bond Retirement Account.

Deficiency of Payments into Funds or Accounts

If at any time the revenues accruing to the Kansas City Airports Fund shall be insufficient to make any payment or credit on the date or dates specified, the City shall make good the amount of such deficiency by making payments or credits out of the first available Revenues thereafter accruing to the Kansas City Airports Fund from the operation of the Airports, such payments and credits being made and applied in the order specified.

Transfer of Funds to Paying Agent and Bond Registrar

Except as otherwise provided in a Supplemental Ordinance, the Director of Finance of the City shall withdraw from the respective Debt Service Fund, sums sufficient to pay both principal of and interest on the Obligations of a given Series as and when the same become due and to pay the charges for services rendered by the respective Bond Registrar and Paying Agent in acting as Bond Registrar and Paying Agent for such Obligations, if any, and shall forward such sums to the Paying Agent in next day funds no later than the Business Day prior to the date when such principal, interest and fees will become due. The amounts necessary to pay the charges of the Bond Registrar and Paying Agent shall be forwarded to the Paying Agent over and above the amount of the principal of and interest on the Obligations.

The amounts held by the Paying Agent for the payment of the interest or principal due on any date with respect to a particular Obligation or Obligations shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Holders of the Obligations entitled thereto.

Any moneys held by the Paying Agent in trust for the payment and discharge of any of the Obligations which remain unclaimed for four years after the date when such Obligations have become due and payable, if such moneys were held by the Paying Agent at such date, or for four (4) years after the date of deposit of such moneys if deposited with the Paying Agent after the said date when such Obligations become due and payable, shall, without further authorization, be repaid by the Paying Agent to the City as its absolute property and free from trust, and the Paying Agent shall thereupon be released and discharged with respect thereto and the Bondholders shall look only to the City for the payment of such Obligations. The City recognizes that while any Obligations are Outstanding in book-entry only form there should be no unclaimed moneys.

Investments

Moneys held in the Funds and Accounts ratified, created or authorized by the Master Bond Ordinance and any Supplemental Ordinance may be invested in Permitted Investments authorized by the current investment policy of the City. Unless otherwise specified in a Supplemental Ordinance, any investment earnings thereon (except the Reserve Fund, any Series Debt Service Reserve Fund and any Rebate Fund) shall be credited to the Kansas City Airports Fund. Investments in the Reserve Fund and in any Series Debt Service Fund shall not have maturities which extend beyond five (5) years. Except as otherwise provided therein, earnings on the Reserve Fund that are withdrawn from the Reserve Fund following a valuation date as described under the caption "Creation, Use and Application of Reserve Fund" in (b)(iv) thereof shall be paid pro rata to the Debt Service Funds for the Bonds participating in the Reserve Fund to be applied as a credit against the City's obligation to make its next interest payments, unless an amount has been withdrawn from the Reserve Fund as a result of a deficiency in the Debt Service Funds and such withdrawal has not been repaid or, as of the most recent valuation of the Reserve Fund as described under such caption, the amount therein was valued at less than the Reserve Requirement with respect to the Bonds participating in the Reserve Fund and the deficiency has not yet been restored, in either of which events the earnings shall be retained in the Reserve Fund until the deficiency therein has been eliminated. Unless otherwise provided in the Master Bond Ordinance or in a Supplemental Ordinance, earnings from the investment of moneys in any Series Debt Service Reserve Fund shall be retained in the Series Debt Service Reserve Fund, at all times the balance is less than the Reserve Requirement therefor; thereafter and at all times the balance of the Series Debt Service Reserve Fund, as applicable, is equal to or greater than the Reserve Requirement, such investment earnings shall be deposited in the Debt Service Funds for the Bonds secured by such Series Debt Service Reserve Fund. Provided, however, that earnings on the Reserve Fund or any Series Debt Service Reserve Fund may be used by the City for any lawful purpose relating to the

Airport System if the City shall obtain an Opinion of Bond Counsel that the use of such amounts shall not result in the inclusion of interest on any Bonds in gross income of the recipient thereof for federal income tax purposes. Earnings from the investment of moneys in any Rebate Fund shall be retained therein until expended as provided in a Supplemental Ordinance.

Moneys in each of such funds shall be accounted for as a separate and special fund apart from all other City funds, provided that investments of moneys therein may be made in a pool of investments together with other moneys of the City so long as sufficient Permitted Investments in such pool, not allocated to other investments of contractually or legally limited duration, are available to meet the requirements of the foregoing provisions.

Additional Subordinate Obligations

The City covenants and agrees that so long as any Obligations remain Outstanding, it will not issue any additional Subordinate Obligations or other obligations which stand on a parity or equality with the Subordinate Obligations except in accordance with the following conditions and provisions:

(a) A Supplemental Ordinance shall have been passed authorizing the issuance of such Subordinate Obligations.

(b) With respect to Subordinate Bonds, the required voter approval for the issuance of such Subordinate Bonds has been obtained.

(c) If applicable, with respect to Subordinate Appropriation Obligations, the Subordinate Lien Requirements shall be satisfied for the Fiscal Year within which such Subordinate Appropriation Obligations will be issued.

(d) There shall be no default by the City in the payment of any sums required at the time to be paid by the City under the provisions of the Master Bond Ordinance.

(e) An Authorized City Representative shall have executed a certificate to the effect that: (i) none of the Events of Default set forth in the Master Bond Ordinance have occurred and remain uncured or (ii) that upon issuance of such Series of Subordinate Obligations, all Events of Default set forth in the Master Bond Ordinance that have occurred and are continuing, shall be cured;

(f) The City shall have received an opinion of Bond Counsel, dated as of the date of issuance of the Subordinate Obligations, to the effect that the Supplemental Ordinance authorizing the issuance of Subordinate Obligations has been duly passed by the City;

(g) If applicable, there shall be written instructions from the City to authenticate the Subordinate Obligations and, upon receipt of the purchase price, to deliver the Subordinate Obligations to or upon the order of the purchasers named in such instructions; and

(h) The tests for issuance of Subordinate Obligations set forth in the Master Bond Ordinance shall have been satisfied.

Tests for Issuance of Subordinate Obligations

Subject to the provisions under paragraphs (c)(i), (ii) or (iii) below, as a condition to the issuance of any Series of Subordinate Obligations, there shall first be delivered to the City either:

(a) a certificate, dated as of a date between the date of pricing of the Subordinate Obligations being issued and the date of delivery of such Subordinate Obligations (both dates inclusive), prepared by an Authorized City Representative showing the Subordinate Net Revenues for the last audited Fiscal Year or for any twelve (12) consecutive months out of the most recent eighteen (18) consecutive months immediately preceding the date of issuance of the proposed Series of Subordinate Obligations, together with any Transfer, were at least equal to 110% of average Aggregate Annual Debt Service with respect to all the Outstanding Subordinate Obligations and the proposed Series of Subordinate Obligations, calculated as if the proposed Series of Subordinate Obligations was then Outstanding; or

(b) both of the following certificates, each dated as of a date between the date of pricing of the Subordinate Obligations being issued and the date of delivery of such Subordinate Obligations (both dates inclusive):

(i) a certificate prepared by either an Authorized City Representative or a Consultant showing that the Subordinate Net Revenues for the last audited Fiscal Year or for any twelve (12) consecutive months out of the most recent eighteen (18) consecutive months immediately preceding the date of issuance of the proposed Series of Subordinate Obligations, together with any Transfer, were at least equal to 110% of the Aggregate Annual Debt Service due and payable with respect to all the Outstanding Subordinate Obligations (not including the proposed Series of Subordinate Obligations) for such Fiscal Year or other applicable period; and

(ii) a certificate prepared by a Consultant showing that the estimated Subordinate Net Revenues for each of three (3) consecutive Fiscal Years beginning with the first Fiscal Year in which Annual Debt Service is due on or with respect to the Series of Subordinate Obligations proposed to be issued, and for the payment of all of which provision has not been made as indicated in the report of such Consultant from the proceeds of such Series of Subordinate Obligations and/or from interest that has been capitalized from the proceeds of previously issued Subordinate Obligations, together with any Transfer, will be at least equal to 110% of Aggregate Annual Debt Service for each such Fiscal Year with respect to all the Outstanding Subordinate Obligations and the proposed Series of Subordinate Obligations (calculated as if the proposed Series of Subordinate Obligations was then Outstanding);

For purposes of paragraphs (a) and (b) above, the amount of any Transfer taken into account cannot exceed 10% of the Aggregate Annual Debt Service on the Outstanding Subordinate Obligations and the proposed Series of Subordinate Obligations.

For purposes of paragraph (b)(ii) above, in estimating Subordinate Net Revenues, the Consultant may take into account (1) Revenues from Projects or Airport Facilities reasonably expected to become available during the period for which the estimates are provided, (2) any increase in fees, rates, charges, rentals or other sources of Revenues which have been approved by the City and will be in effect during the period for which the estimates are provided, (3) any other increases in Revenues which the Consultant believes to be a reasonable assumption for such period. With respect to Operation and Maintenance Expenses, the Consultant shall use such assumptions as the Consultant believes to be reasonable, taking into account: (i) historical Operation and Maintenance Expenses, (ii) Operation and Maintenance Expenses associated with the Projects and any other new Airport Facilities, and (iii) such other factors, including inflation and changing operations or policies of the City, as the Consultant believes to be appropriate. The Consultant shall include in the certificate or in a separate accompanying report a description of the assumptions used and the calculations made in determining the estimated Subordinate Net Revenues and shall also set forth the calculations of Aggregate Annual Debt Service, which calculations may be based upon information provided by another Consultant.

Additionally, for purposes of paragraph (b)(ii) above, the Consultant shall assume that the Senior Lien Requirements and the Subordinate Lien Requirements shall be met for each Fiscal Year included in its certificate.

For purposes of preparing the certificate or certificates described above, the Consultant or Consultants or the Authorized City Representative may rely upon financial statements prepared by the City which have not been subject to audit by an independent certified public accountant if audited financial statements for the Fiscal Year or period are not available; provided, however, that an Authorized City Representative shall certify as to their accuracy and that such financial statements were prepared substantially in accordance with Generally Accepted Accounting Principles, subject to year-end and other applicable adjustments.

For purposes of paragraphs (a) and (b) above, average Aggregate Annual Debt Service on the Outstanding Subordinate Obligations and the proposed Series of Subordinate Obligations shall be calculated as provided in paragraph (l) of the definition of Aggregate Annual Debt Service.

(c) Neither of the certificates described under paragraph (a) or (b) above shall be required:

(i) if the Subordinate Obligations being issued are for the purpose of refunding then Outstanding Subordinate Obligations and (A) an Authorized City Representative executes a certificate showing that Aggregate Annual Debt Service for each Fiscal Year after the issuance of such Refunding Subordinate Obligations will not exceed the Aggregate Annual Debt Service for such Fiscal Year prior to the issuance of such Refunding Subordinate Obligations, or (B) the City obtains a report from an Independent certified public accountant or financial or municipal advisor demonstrating that the refunding will reduce the total debt service payments on all Outstanding Subordinate Obligations on a present value basis;

(ii) if the Subordinate Obligations being issued constitute Notes and an Authorized City Representative executes, instead, a certificate showing that the principal amount of the proposed Notes being issued, together with the principal amount of any Notes then Outstanding, does not exceed 10% of the Subordinate Net Revenues for any twelve (12) consecutive months out of the most recent twenty-four (24) months immediately preceding the issuance of the proposed Notes, accompanied by a certificate of an Authorized City Representative setting forth calculations showing that for each of the

Fiscal Years during which the Notes will be Outstanding, and taking into account the debt service becoming due on such Notes, the City will be in compliance with the Rate Covenant; or

(iii) if the Subordinate Obligations being issued are to pay costs of completing a Project for which Subordinate Obligations have previously been issued and the principal amount of such Subordinate Obligations being issued for completion purposes does not exceed an amount equal to 15% of the principal amount of the Subordinate Obligations originally issued for such Project and reasonably allocable to the Project to be completed as shown in a written certificate of an Authorized City Representative and there is delivered to the City (1) a Consultant's certificate stating that the nature and purpose of such Project has not materially changed and (2) a certificate of an Authorized City Representative to the effect that (x) all of the proceeds (including investment earnings on amounts in the Project Fund allocable to such Project) of the original Subordinate Obligations issued to finance such Project have been or will be used to pay Costs of the Project and (y) the then estimated Costs of the Project exceed the sum of the Costs of the Project already paid plus moneys available in the Project Fund established for the Project (including unspent proceeds of Subordinate Obligations previously issued for such purpose) and (z) the proceeds to be received from the issuance of such Subordinate Obligations plus moneys available in the Project Fund established for the Project (including unspent proceeds of the Subordinate Obligations previously issued for such purpose) will be sufficient to pay the remaining estimated Costs of the Project.

Repayment Obligations Afforded Status of Obligations

(a) Unless otherwise provided in a Supplemental Ordinance, if a Credit Provider or Liquidity Provider makes payment of principal of and/or interest on an Obligation or advances funds to purchase or provide for the purchase of Obligations and is entitled to reimbursement thereof, pursuant to a separate written agreement with the City, but is not reimbursed, the Repayment Obligation under such written agreement may, if so provided in the written agreement, be afforded the status of a Senior Obligation or a Subordinate Obligation issued under the Master Bond Ordinance, and, if afforded such status, the Credit Provider or Liquidity Provider shall be the Bondholder and such Obligation shall be deemed to have been issued at the time of the original Obligation for which the Credit Facility or Liquidity Facility was provided and will not be subject to the provisions of the Master Bond Ordinance, provided that the payment terms of the Obligation held by the Credit Provider or Liquidity Provider shall be as set forth in the written agreement with the Credit Provider or Liquidity Provider or a Supplemental Ordinance or an Issuing Instrument pursuant to which such Obligations are issued. Any amount which comes due on a Repayment Obligation related to Senior Obligations by its terms and which is in excess of the amount treated as principal of and interest on the Senior Obligations shall be payable from Net Revenues on a basis subordinate to the payment and/or funding of the Senior Obligations and any debt service reserve funds established with respect to the Senior Obligations. Any amount which comes due on a Repayment Obligation related to Subordinate Obligations by its terms and which is in excess of the amount treated as principal of and interest on the Subordinate Obligations shall be payable from Net Revenues on a basis subordinate to the payment and/or funding of the Subordinate Obligations and any debt service reserve funds established with respect to the Subordinate Obligations. This provision shall not defeat or alter the rights of subrogation which any Credit Provider or Liquidity Provider may have under law or under the terms of any Supplemental Ordinance. The Paying Agent may conclusively rely on a written certification by the Credit Provider or the Liquidity Provider of the amount of such non-reimbursement and that such Repayment Obligation is to be afforded the status of an Obligation under the Master Bond Ordinance.

(b) In addition to the Repayment Obligations described in paragraph (a) above, any other amounts owed by the City to a Credit Provider or a Liquidity Provider pursuant to the provisions of a written agreement between the City and the Credit Provider or the Liquidity Provider, that are Repayment Obligations under such written agreement, shall, if so provided in the written agreement, be afforded the status of an Obligation issued under the Master Bond Ordinance and, if afforded such status, the Credit Provider or the Liquidity Provider shall be deemed to be the Holder of such Obligation, and such Obligation shall be deemed to have been issued at the time of the original Obligation for which the Credit Facility or Liquidity Facility was provided and will not be subject to the provisions of the Master Bond Ordinance. Such Repayment Obligation will be paid in accordance with the terms of the Supplemental Ordinance pursuant to which the Obligations are issued or the terms of the agreement with the Credit Provider or the Liquidity Provider.

Obligations Under Qualified Swap

(a) The obligation of the City to make Regularly Scheduled Swap Payments under a Qualified Swap with respect to a Series of Obligations may be on a parity with the obligation of the City to make payments with respect to such Series of Obligations, except as otherwise provided therein or in a Supplemental Ordinance. The

City may provide in any Supplemental Ordinance that Regularly Scheduled Swap Payments under a Qualified Swap shall be secured by a pledge of, if applicable, or lien on Net Revenues on a parity with the Senior Obligations or on parity with the Subordinate Obligations, as applicable, regardless of the principal amount, if any, of the Senior Obligations or Subordinate Obligations of such Series related to such Qualified Swap remaining Outstanding.

(b) In the event that a Swap Termination Payment or any other amounts other than as described in paragraph (a) above are due and payable by the City under a Qualified Swap, such Swap Termination Payment and any such other amounts shall, unless otherwise provided in a Supplemental Ordinance, constitute an obligation of the City payable from Net Revenues subordinate to its obligations to pay and/or fund the Senior Obligations and the Subordinate Obligations and any debt service reserve funds established with respect to the Senior Obligations and Subordinate Obligations.

(c) Obligations of the City to make payments, including termination payments, under a Nonqualified Swap shall, unless otherwise provided in a Supplemental Ordinance, constitute an obligation of the City payable from Net Revenues subordinate to its obligations to pay and/or fund the Senior Obligations and the Subordinate Obligations and any debt service reserve funds established with respect to the Senior Obligations and the Subordinate Obligations.

Junior Obligations

The City may, from time to time, incur indebtedness which is subordinate to the Senior Obligations and the Subordinate Obligations and which indebtedness is, in the Master Bond Ordinance, referred to as Junior Obligations. Such indebtedness shall be incurred at such times and upon such terms as the City shall determine, provided that:

(a) any Supplemental Ordinance authorizing the issuance of any Junior Obligations shall specifically state that such lien on or security interest granted in the Net Revenues is junior and subordinate to the lien on and security interest in such Net Revenues and other assets granted to secure the Senior Obligations and the Subordinate Obligations; and

(b) payment of principal of and interest and other amounts due on such Junior Obligations shall be permitted, provided that all deposits and payments required to be made pursuant to the Master Bond Ordinance have been made or satisfied.

Payment of Obligations

The City covenants and agrees that it will duly and punctually pay or cause to be paid from the Net Revenues and the other security set forth in the Master Bond Ordinance and to the extent thereof the principal of, premium, if any, and interest and other amounts due on every Obligation at the place and on the dates and in the manner therein, in the Supplemental Ordinances, in the Issuing Instrument, if any, in the Obligations specified and in a Credit Facility and/or a Liquidity Facility, if any, according to the true intent and meaning thereof, and that it will faithfully do and perform all covenants and agreements therein, in the Obligations and in a Credit Facility and/or a Liquidity Facility, if any, contained, provided that the City's obligation to make payment of the principal of, premium, if any, and interest and other amounts due on the Obligations shall be limited to payment from the Net Revenues derived and to be derived by the City from the operation of the Airport System and accruing to the Kansas City Airports Fund, and nothing in the Obligations or in the Master Bond Ordinance shall be construed to obligate the City to pay the Obligations or the interest thereon except from said Net Revenues and no Bondholder shall have any right to enforce payment from any other funds of the City.

Performance of Duties and Obligations by City

The City will punctually perform all duties and obligations with respect to its Airport System required by the Master Bond Ordinance, by the Charter of the City and by the Constitution and laws of the State of Missouri, and the City will perform all contractual obligations undertaken by it under leases and agreements with the United States of America, its agencies, and with persons and corporations, both public and private.

Notice of Annual Appropriations and Compliance with Rate Covenant

(a) The City intends, on or before the last day of each Fiscal Year, to budget and appropriate, specifically with respect to any Appropriation Obligations moneys sufficient to pay all of the principal of and interest and such other payment obligations, if any, on such Appropriation Obligations coming due in the next succeeding Fiscal Year. The City shall deliver written notice to the Paying Agent for such Appropriation Obligations no later than the first (1st) day of each applicable Fiscal Year stating whether or not the City Council has appropriated moneys sufficient to pay the principal of and interest and such other payment obligations, if any, on the Appropriation Obligations to become due during such Fiscal Year. If the City Council shall have made the appropriation of moneys sufficient to pay the principal of and interest and such other payment obligations, if any, on the Appropriation Obligations to become due during such Fiscal Year, the failure of the City to deliver the foregoing notice on or before the first (1st) day of such Fiscal Year shall not constitute an Event of Nonappropriation and, on failure to receive such notice by the first (1st) day of each applicable Fiscal Year, the Paying Agent shall make independent inquiry of the City of the fact of whether or not such appropriation has been made.

(b) Along with the written notice required to be provided in paragraph (a) above, an Authorized City Compliance Certificate Representative shall provide a written certificate (which may be based upon a certificate of a Consultant) to the Paying Agent for the Appropriation Obligations no later than the first (1st) day of each applicable Fiscal Year to the effect that either:

(i) the City has approved a budget which complies, and the City expects to comply, with paragraphs (a) and (b)(i) and (ii) of the Rate Covenant thereof during such Fiscal Year; or

(ii) the City has approved a budget which complies, and the City expects to comply, with paragraphs (a) and (b)(i) of the Rate Covenant, but does not expect to comply with paragraph (b)(ii) of the Rate Covenant during such Fiscal Year; or

(iii) the City does not expect to comply with paragraphs (b)(i) or (b)(ii) of the Rate Covenant during such Fiscal Year.

Annual Budget Request

For each Fiscal Year in which Appropriation Obligations will be Outstanding, the City Manager or other officer of the City at any time charged with the responsibility of formulating budget proposals shall include in the budget proposal for such Fiscal Year submitted to the City Council an appropriation of moneys sufficient to make all payments of principal of and interest and such other payment obligations, if any, on the Appropriation Obligations required for such Fiscal Year; it being the intention of the City that the decision to appropriate or not to appropriate shall be made solely by the City Council and not by any other official of the City. The City intends, subject to the provisions above respecting the failure of the City to budget or appropriate moneys sufficient to make payments on the Appropriation Obligations, to pay all principal of and interest and such other payment obligations, if any, on the Appropriation Obligations. The City reasonably believes that legally available funds in an amount sufficient to make all payments of principal of and interest and such other payment obligations, if any, on the Appropriation Obligations due during each Fiscal Year can be obtained. The City further intends to do all things lawfully within its power to obtain and maintain funds from which payments of principal of and interest and such other payment obligations, if any, on the Appropriation Obligations may be made, including making provision for such debt service and other payments to the extent necessary in each proposed annual budget submitted for approval in accordance with applicable procedures of the City. Notwithstanding the foregoing, the decision to budget and appropriate funds is to be made in accordance with the City's normal procedures for such decisions.

No Inconsistent Contract Provisions

The City covenants that no contract or contracts will be entered into or any action taken by the City which shall be inconsistent with the provisions of the Master Bond Ordinance. Subject to the Master Bond Ordinance with respect to Appropriation Obligations, the City covenants that it will not take any action which, in the City's judgment at the time of such action, will substantially impair or materially adversely affect the pledge of, if applicable, or lien on Net Revenues or the rights of the holders of the Obligations. Subject to the provisions of the Master Bond Ordinance with respect to Appropriation Obligations, the City shall be unconditionally and irrevocably obligated, so long as any of the Obligations are Outstanding and unpaid, to take all lawful action necessary or required to pay from the Net Revenues, the principal of and interest and other amounts due on the Obligations and to make the other payments provided for therein.

Special Facilities and Special Facility Obligations

The City shall be permitted to designate new or existing Airport Facilities as Special Facilities. The City may, from time to time, and subject to the terms and conditions of the Master Bond Ordinance, (a) designate a separately identifiable existing facility or improvement or planned facility or improvement as a "Special Facility," (b) incur debt primarily for the purpose of acquiring, constructing, renovating or improving or providing financing or refinancing to a third party to acquire, construct, renovate or improve, such facility or improvement, without a pledge of any Net Revenues (except as otherwise provided in clause (c) of the succeeding paragraph), (c) provide that the contractual payments derived from or related to such Special Facility, together with other income and revenues available to the City from such Special Facility to the extent necessary to pay debt service on the Special Facility Obligations, to pay all costs of operating and maintaining such Special Facility not paid for by the operator thereof or by a party other than the City and to make all required sinking fund, reserve or other payments as the same become due, be "Special Facilities Revenue" and not included as Revenues or Net Revenues unless otherwise provided in any Supplemental Ordinance, and (d) provide that the debt so incurred shall be a "Special Facility Obligation." Special Facility Obligations shall not be issued under the Master Bond Ordinance.

Special Facility Obligations shall be payable as to principal, redemption premium, if any, and interest solely from (a) Special Facilities Revenue, which shall include contractual payments derived by the City under and pursuant to a contract (which may be in the form of a lease) relating to a Special Facility by and between the City and another person, firm or corporation, either public or private, as shall undertake the operation of a Special Facility, (b) proceeds of such Special Facility Obligations set aside exclusively to pay debt service on such Special Facility Obligations, if any, and (c) such Net Revenues or other moneys not included in Net Revenues made available by the City through a specific pledge or otherwise and subject to any covenants or other provisions of the Master Bond Ordinance (including, but not limited to, such other ordinances, agreements or indentures of the City) to the payment of the principal of and interest on such Special Facility Obligation in such amounts and at such times as may be agreed to by the City, if any.

To the extent Special Facilities Revenue received by the City during any Fiscal Year shall exceed the amounts required to be paid as described in clause (c) of the first paragraph above for such Fiscal Year, such excess Special Facilities Revenue, to the extent not otherwise encumbered or restricted, may constitute Revenues as determined by the City.

Notwithstanding any other provision above, at such time as the Special Facility Obligations issued for any Special Facility including Special Facility Obligations issued to refinance Special Facility Obligations are fully paid or otherwise discharged, all revenues of the City from such facility shall be included as Revenues.

Operation and Maintenance of Airport System

Subject to the transfer of any Airport Facilities pursuant to the Master Bond Ordinance, the City will at all times maintain its Airport System in good condition and working order, will make all necessary repairs, renewals and replacements therein, and will operate the same in an efficient and economical manner, at reasonable cost and in accordance with sound business principles. The City, in operating and maintaining its Airport System, will comply with all contractual provisions and agreements entered into by it and with all valid rules, regulations, directions or orders of any governmental, executive, administrative or judicial body promulgating the same. Nothing in the Master Bond Ordinance shall limit or restrict the right of the City to execute leases covering parts of the Airports and Airport Facilities, and to require the tenants under said leases to maintain the premises or facilities leased to such tenants.

Kansas City International Airport

Subject to the transfer of any Airport Facilities pursuant to the Master Bond Ordinance, the City will continue to own, maintain and operate Kansas City International Airport (or as such Kansas City International Airport may be renamed hereafter in whole or in part) as a public air terminal for the accommodation of scheduled airlines serving the City and the adjacent area so long as any of the Obligations remain Outstanding.

Insurance; Application of Insurance Proceeds

The City will carry and maintain or cause to be carried and maintained in a responsible insurance company or companies fire insurance with extended coverage on the buildings and other property of an insurable nature constituting the general facilities of the Airports in such amount as is, in the judgment of the City, prudent and reasonable taking into account, but not being controlled by, the amount of insurance or self-insured programs provided by similar airports. In the event of loss or damage, the City will use the proceeds of such insurance to the extent necessary in repairing, reconstructing and replacing the property damaged or destroyed, or, if such reconstruction or replacement be unnecessary, either in whole or in part, then such proceeds not required for said purpose shall be paid into the Kansas City Airports Fund, and used and applied for the purposes of said Fund in the order and in accordance with the provisions of the Master Bond Ordinance. The City, in operating its Airports, will carry and maintain comprehensive liability and property damage insurance in such amounts as would normally be maintained by public bodies engaged in carrying on similar activities. The proceeds derived from any such insurance policies shall be used in paying the claims on account of which such proceeds were received. The cost of all insurance referred to in this paragraph shall be considered an operation and maintenance expense of the Airports. Notwithstanding any provision of this Section to the contrary, the City may meet the insurance requirements set forth in the Master Bond Ordinance through its then existing risk management plan.

Accounts; Financial Reports

The City will operate its Airport System on the basis of the same Fiscal Year on which the City operates and will maintain and keep proper books, records and accounts (separate from all other records and accounts) in which complete and correct entries will be made of all dealings and transactions relating to the Airport System. Such records shall show the revenues received from the Airport System, the application of such revenues, and all financial transactions in connection therewith. The City will provide that an independent certified audit of the City's books and records relating to the Airport System will be made annually by certified public accountants, experienced and qualified in municipal and governmental accounting. The annual financial report for the Airport System shall contain complete statements covering the results of the year's operations and the financial status of all funds and accounts established to handle the revenues of the Airport System, including the Funds and Accounts referred to therein. Said statements shall bear the certificate of the firm of certified public accountants making the annual audit.

If such audit and report shall disclose that proper provision has not been made for all of the requirements contained in the Master Bond Ordinance, the City will proceed promptly to impose such rates, fees and charges for the use of the Airport Facilities as will adequately provide for such requirements.

A copy of each such audit report will be filed in the office of the Director of Aviation and will be open for public inspection, and a copy will be furnished those entities and in such manner as specified in the City's Continuing Disclosure Undertaking as authorized by the Master Bond Ordinance.

The Holder or Holders of not less than ten percent (10%) in aggregate principal amount of the Obligations at the time Outstanding, or their duly authorized representative, shall have the right at all reasonable times to inspect the Airports and the records, accounts and data relating thereto and to make copies of any such records, accounts or data.

Transfer of Airport Facility or Airport Facilities

The City shall not, except as permitted below, transfer, sell or otherwise dispose of an Airport Facility or Airport Facilities. For purposes of this Section, any transfer of an asset over which the City retains substantial control in accordance with the terms of such transfer, shall not, for so long as the City has such control, be deemed a disposition of an Airport Facility or Airport Facilities.

The City may transfer, sell or otherwise dispose of Airport Facilities only if such transfer, sale or disposition complies with one or more of the following provisions:

(a) the property being disposed of is inadequate, obsolete or worn out; or

(b) the property proposed to be disposed of and all other Airport Facilities disposed of during the 12-month period ending on the day of such transfer (but excluding property disposed of under (a) above), will not, in the aggregate, constitute a Significant Portion, the proceeds are deposited into the Kansas City Airports Fund to be used as described below and the City believes that such disposal will not prevent it from fulfilling its obligations under the Master Bond Ordinance; or

(c) the City receives fair market value for the property, the proceeds are deposited in the Kansas City Airports Fund to be used as described below, and prior to the disposition of such property, the City receives a certificate of a Consultant to the effect that notwithstanding such disposition, but taking into account the use of such proceeds in accordance with the expectations of the City as evidenced by a certificate of an Authorized City Representative, the Consultant estimates that the City will be in compliance with paragraphs (a) and (b) of the Rate Covenant during each of the first five (5) Fiscal Years immediately following such disposition.

Subject in all respects to the following paragraph, proceeds of the disposition of assets under paragraph (b) or (c) above shall be deposited into the Kansas City Airports Fund and used to (i) provide additional revenue-producing Airport Facilities, (ii) redeem first, Senior Obligations and secondly, Subordinate Obligations, (iii) create an escrow fund pledged to pay (A) first, specified Senior Obligations and thereby cause such Senior Obligations to be deemed to be paid as provided in the Master Bond Ordinance, and (B) secondly, specified Subordinate Obligations and thereby cause such Subordinate Obligations to be deemed to be paid as provided in the Master Bond Ordinance; or (iv) used for any other permitted Airport purpose.

Airport Facilities which were financed with the proceeds of Obligations the interest on which is then excluded from gross income for federal income tax purposes shall not be disposed of, except under the terms of paragraph (a) above, unless the City has first received a written opinion of Bond Counsel to the effect that such disposition and the application of any disposition proceeds thereof will not cause the interest on such Obligations to become includable in gross income for federal income tax purposes.

No such disposition shall be made which would cause the City to be in default of any other covenant contained in the Master Bond Ordinance.

The City reserves the right to transfer the Airport System as a whole to any political subdivision or authority or agency of one or more political subdivisions of the State to which may be delegated the legal authority to own and operate the Airport System, or any portion thereof, on behalf of the public, and which undertakes in writing, filed with the City, all of the City's obligations under the Master Bond Ordinance, any Supplemental Ordinance relating to any Outstanding Obligations, any ordinance relating to any outstanding Junior Obligations and all resolutions and ordinances supplemental thereto or adopted in connection therewith, provided that there shall be first filed with the City: (a) an opinion of Bond Counsel to the effect that such sale will not adversely affect the extent to which interest on any tax-exempt Obligations is excluded from gross income for federal income tax purposes; and (b) an opinion of a Consultant expressing the view that such transfer will not result in any diminution of Net Revenues to the extent that the transferee political subdivision, authority or agency will fail to be in compliance with paragraphs (a) and (b) of the Rate Covenant following the transfer. In reaching this conclusion, the Consultant shall take into consideration such factors as such Consultant may deem significant, including any rate schedule adopted by the transferee political subdivision, authority or agency.

Nothing contained in the Master Bond Ordinance shall prevent the City from using property that has been part of the Airport Facilities for another lawful governmental purpose of the City, provided that such other use does not violate applicable FAA rules and regulations, and provided further that there is filed with the City an opinion of Bond Counsel to the effect that such other use will not adversely affect the extent to which interest on any tax-exempt Obligations is excluded from gross income for federal income tax purposes. In addition, if such property constitutes a Significant Portion, there shall be filed with the City an opinion of a Consultant expressing the view that such other use will not result in any diminution of Net Revenues to the extent that the City will fail to be in compliance with paragraphs (a) and (b) of the Rate Covenant following such other use being made of the property.

Completion of Specified Project; Substitution of Specified Project

The City will, upon the issuance of a Series of Obligations the proceeds of which are to be used for a Specified Project, proceed with due diligence to construct or acquire such Specified Project; provided, however, that the City may, if the conditions set forth in this Section are met, substitute another Project therefor and shall proceed with due diligence to construct or acquire such substituted Project. The City may determine not to proceed with any of the Specified Projects or may determine to substitute another Project or Projects for a Specified Project if, as a condition to discontinuing the acquisition or construction of a Specified Project or to the substitution of another Project or Projects therefor, the City (a) first, receives a certificate of a Consultant showing that after taking into account the discontinuation of such Specified Project or the substitution of Project or Projects therefor, the test set forth in paragraphs (a) and (b) of the Rate Covenant would, nevertheless, be met and (b) second, if the Specified Project was financed with the proceeds of Obligations the interest on which is then excluded from gross income for federal income tax purposes, causes there to be delivered an opinion of Bond Counsel to the effect that the substitution of one Project for another Project will not cause interest on the Series of Obligations with respect to which the Specified Project was to be financed to be included in gross income of the recipients thereof for federal income tax purposes. If the City determines not to proceed with a Specified Project and fails to receive the Consultant's certificate and to undertake a substitute Project or Projects, then Obligation proceeds which would have been used to acquire or construct such Specified Project shall be used to redeem Obligations, or used as otherwise provided in the Supplemental Ordinance pursuant to which they were issued.

Covenants of City Binding on City and Successors

All covenants, stipulations, obligations and agreements of the City contained in the Master Bond Ordinance shall be deemed to be covenants, stipulations, obligations and agreements of the City to the full extent authorized or permitted by law. If the powers or duties of the City shall hereafter be transferred by amendment of the Charter or a new Charter or any provision of the Constitution or any other law of the State or in any other manner there shall be a successor to the City, and if such transfer shall relate to any matter or thing permitted or required to be done under the Master Bond Ordinance by the City, then the entity that shall succeed to such powers or duties of the City shall act and be obligated in the place and stead of the City as in the Master Bond Ordinance provided, and all such covenants, stipulations, obligations and agreements shall be binding upon the successor or successors thereof from time to time and upon any officer, board, body or City to whom or to which any power or duty affecting such covenants, stipulations, obligations and agreement shall be transferred by or in accordance with law.

Except as otherwise provided in the Master Bond Ordinance, all rights, powers and privileges conferred and duties and liabilities imposed upon the City by the provision of the Master Bond Ordinance shall be exercised or performed by the City or by such officers, board, body or City as may be permitted by law to exercise such powers or to perform such duties.

Obligations Secured by Other Revenues

The City may, from time to time, incur indebtedness payable solely from certain revenues of the Airport System which do not constitute Revenues or Net Revenues at such times and upon such terms and conditions as the City shall determine, provided that such indebtedness shall specifically include a provision that payment of such indebtedness is neither secured by nor payable from Revenues or Net Revenues. The City may also, from time to time, incur indebtedness payable from and secured by both Net Revenues and certain revenues of the Airport System which do not constitute Revenues or Net Revenues at such times and upon such terms and conditions as the City shall determine, provided that the conditions set forth in the Master Bond Ordinance for the issuance of indebtedness payable from and secured by Net Revenues are met. Nothing contained in the Master Bond Ordinance is intended to preclude, or shall preclude, the City from issuing Junior Obligations and incurring indebtedness which is subordinate to the Obligations, as described in the Master Bond Ordinance.

Events of Default

Each of the following events shall constitute and is referred to in the Master Bond Ordinance as an "**Event of Default**":

(a) a failure to pay the principal of or premium, if any, on any of the Obligations when the same shall become due and payable at maturity or upon redemption, provided, however, that a default in the payment of the principal of or premium, if any, on less than all the Outstanding Obligations shall only constitute an Event of Default with respect to the Senior Obligations and/or Subordinate Obligations, as the case may be, with respect to which such default has occurred and shall not constitute an Event of Default with respect to any other Senior Obligations and/or Subordinate Obligations, as the case may be;

(b) a failure to pay any installment of interest on any of the Obligations when such interest shall become due and payable, provided, however, that a default in the payment of the interest on less than all the Outstanding Obligations shall only constitute an Event of Default with respect to the Senior Obligations and/or Subordinate Obligations, as the case may be, with respect to which such default has occurred and shall not constitute an Event of Default with respect to any other Senior Obligations and/or Subordinate Obligations, as the case may be;

(c) except as otherwise provided in a Supplemental Ordinance, a failure to pay the purchase price of any Obligation when such purchase price shall be due and payable upon an optional or mandatory tender date as provided in a Supplemental Ordinance, provided, however, that a default in the payment of the purchase price of less than all the Outstanding Obligations shall only constitute an Event of Default with respect to the Senior Obligations and/or Subordinate Obligations, as the case may be, with respect to which such default has occurred and shall not constitute an Event of Default with respect to any other Senior Obligations and/or Subordinate Obligations, as the case may be;

(d) a failure to pay any other amounts with respect to any Obligation (other than as specified in paragraphs (a), (b) and (c) above) when such amounts shall become due and payable, provided, however, that a default in the payment of such amounts with respect to less than all the Outstanding Obligations shall only constitute an Event of Default with respect to the Senior Obligations and/or Subordinate Obligations, as the case may be, with respect to which such default has occurred and shall not constitute an Event of Default with respect to any other Senior Obligations and/or Subordinate Obligations, as the case may be;

(e) a failure by the City to observe and perform any covenant, condition, agreement or provision (other than as specified in paragraphs (a), (b), (c) and (d) above) that are to be observed or performed by the City and which are contained in the Master Bond Ordinance or a Supplemental Ordinance, which failure, except for a violation under the Rate Covenant which shall be controlled by the provisions set forth therein, shall continue for a period of ninety (90) days after written notice specifying such failure and requiring it to be remedied shall have been given to the City by the owners of not less than, or a Credit Provider or Liquidity Provider securing not less than, 25% in aggregate Principal Amount of the Senior Obligations then Outstanding; provided, however, if the failure stated in such notice can be corrected, but not within such 90-day period, the City shall have 180 days after such written notice to cure such default if corrective action is instituted by the City within such 90-day period and diligently pursued until the failure is corrected; or

(f) the filing by the City of a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, filed with or without the consent of the City, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the City or of the whole or any substantial part of the Airport System; or

(g) the occurrence of any other Event of Default as is provided in a Supplemental Ordinance.

Remedies

(a) *Events of Default with Respect to Senior Obligations*. Upon the occurrence and continuance of any Event of Default with respect to the Senior Obligations, any owner of Senior Obligations then Outstanding affected by the Event of Default or a duly authorized agent for such owner may proceed to protect and enforce its rights and the rights of the owners of Senior Obligations by such of the following remedies as it shall deem most effectual to protect and enforce such rights:

(i) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Bondholders of the Senior Obligations, and require the City to carry out any agreements with or for the benefit of the Bondholders of the Senior Obligations and to perform its or their duties under any law to which it is subject and the Bond Ordinance;

(ii) bring suit upon the Senior Obligations;

(iii) commence an action or suit in equity to require the City to account as if it were the trustee of an express trust for the Bondholders of the Senior Obligations;

(iv) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders of the Senior Obligations; or

(v) by pursuing any other available remedy at law or in equity or by statute.

In the enforcement of any remedy under the Bond Ordinance, owners of Senior Obligations shall be entitled to sue for, enforce payment on, and receive any and all amounts then or during any default becoming, and at any time remaining, due from the City for Principal Amount, redemption premium, interest, or otherwise, under any provision of the Bond Ordinance or of the Senior Obligations, and unpaid, with interest on overdue payments at the rate or rates of interest specified in such Senior Obligations, together with any and all costs and expenses of collection and of all proceedings under the Bond Ordinance and under such Senior Obligations, without prejudice to any other right or remedy of the owners of Senior Obligations, and to recover and enforce a judgment or decree against the City for any portion of such amounts remaining unpaid, with interest, costs, and expenses, and to collect from any moneys available for such purpose, in any manner provided by law, the moneys adjudged or decreed to be payable.

(b) *Events of Default with Respect to Subordinate Obligations*. Upon the occurrence and continuance of any Event of Default with respect to the Subordinate Obligations, any owner of Subordinate Obligations then Outstanding affected by the Event of Default or a duly authorized agent for such owner may proceed to protect and enforce its rights and the rights of the owners of Subordinate Obligations by such of the following remedies as it shall deem most effectual to protect and enforce such rights:

(i) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Bondholders of the Subordinate Obligations, and require the City to carry out any agreements with or for the benefit of the Bondholders of the Subordinate Obligations and to perform its or their duties under any law to which it is subject and the Bond Ordinance;

(ii) bring suit upon the Subordinate Obligations;

(iii) commence an action or suit in equity to require the City to account as if it were the trustee of an express trust for the Bondholders of the Subordinate Obligations;

(iv) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders of the Subordinate Obligations; or

(v) by pursuing any other available remedy at law or in equity or by statute.

In the enforcement of any remedy under the Bond Ordinance, owners of Subordinate Obligations shall be entitled to sue for, enforce payment on, and receive any and all amounts then or during any default becoming, and at any time remaining, due from the City for Principal Amount, redemption premium, interest, or otherwise, under any provision of the Bond Ordinance or of the Subordinate Obligations, and unpaid, with interest on overdue payments at the rate or rates of interest specified in such Subordinate Obligations, together with any and all costs and expenses of collection and of all proceedings under the Bond Ordinance and under such Subordinate Obligations, without prejudice to any other right or remedy of the owners of Subordinate Obligations, and to recover and enforce a judgment or decree against the City for any portion of such amounts remaining unpaid, with interest, costs, and expenses, and to collect from any moneys available for such purpose, in any manner provided by law, the moneys adjudged or decreed to be payable.

Notwithstanding anything to the contrary in this paragraph (b), no owner of Subordinate Obligations or a duly authorized agent for such owner may exercise any remedy on behalf of the owners of the Subordinate Obligations in a manner that materially adversely affects (i) the pledge of and lien on and security interest in, if applicable, Net Revenues and certain Funds, Accounts, assets, rights, property, interests and security described thereunder and under any Supplemental Ordinance and Issuing Instrument granted to the payment of the principal of, premium, if any, and interest and such other payment obligations, if any, on the Senior Obligations, (ii) the collection of the Revenues, (iii) the deposit of Revenues in the Kansas City Airports Fund or (vi) any other rights of the owners of the Senior Obligations.

(c) Except with respect to the rights of a Credit Provider or a Liquidity Provider as provided in a Supplemental Ordinance or a written agreement between the City and a Credit Provider or a Liquidity Provider, in no event, upon the occurrence and continuation of an Event of Default described in the Master Bond Ordinance, shall the Bondholders, a Credit Provider, a Liquidity Provider or any other party have the right to accelerate the payment of principal of and interest on the Senior Obligations Outstanding.

Remedies Cumulative

No remedy conferred upon or reserved to the Bondholders is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Bond Ordinance or now or hereafter existing at law or in equity or by statute.

Waiver of Default

No delay or omission of any Bondholder to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default, or an acquiescence therein, and every power and remedy given by the Bond Ordinance to the Bondholders may be exercised from time to time and as often as may be deemed expedient.

Application of Moneys After Default

If an Event of Default occurs and shall not have been remedied, the City, any Paying Agent, trustee or a receiver appointed for the purpose shall apply all available moneys as follows and in the following order of priority:

(a) *Expenses of Receiver and Paying Agent and Bond Registrar* - to the payment of the reasonable and proper charges, expenses, and liabilities of any trustee, receiver and the Paying Agent and Bond Registrar under the Bond Ordinance;

(b) *Operation and Maintenance Expenses* - to the payment of all reasonable and necessary Operation and Maintenance Expenses;

(c) *Principal Amount or Redemption Price and Interest Relating to Obligations* - to the payment of the interest and Principal Amount or redemption price then due on the Obligations, as follows:

(i) (A) Unless the Principal Amount of all of the Senior Obligations shall have become due and payable as provided for in clause (B) of this subparagraph (i), all such moneys shall be applied as follows:

First: To the payment to the persons entitled thereto of all installments of interest then due on the Senior Obligations, in the order of the maturity of such installments (with interest on defaulted installments of interest at the rate or rates borne by the Senior Obligations with respect to which such interest is due, but only to the extent permitted by law), and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference. If some of the Senior Obligations bear interest payable at different intervals, and if at any time moneys from the Reserve Fund or a Senior Debt Service Reserve Fund must be used to pay any such interest, the moneys in the Reserve Fund or the Senior Debt Service Funds, as the case may be, shall be applied (to the extent necessary) to the payment of all interest becoming due on the dates upon which such interest is payable to and including the next interest payment date. After such date, moneys in the Reserve Fund or a Senior Debt Series Reserve Fund, as the case may be, plus any other moneys available in the Debt Service Funds with respect to the Senior Obligations shall be set aside for the payment of interest on Senior Obligations of each class (a class consisting of all Senior Obligations payable as to interest on the same dates) pro rata among Senior Obligations of the various classes on a daily basis so that there shall accrue to each owner of a Senior Obligation throughout each Fiscal Year the same proportion of the total interest payable to such owner of a Senior Obligation as shall so accrue to every other owner of a Senior Obligation during such Fiscal Year. As to any Capital Appreciation Bond which is a Senior Obligation, such interest shall accrue on the Accreted Value of such Senior Obligation and be set aside on a daily basis until the next compounding date for such Senior Obligations, whereupon it shall be paid to the owner of such Senior Obligation as interest on a defaulted obligation and only the unpaid portion of such interest (if any) shall be treated as Principal Amount of such Senior Obligation. Notwithstanding anything to the contrary in the previous provisions of this paragraph, no payments of interest shall be made on the Senior Appropriation Obligations under this paragraph First unless the Senior Lien Requirements have been satisfied for the applicable Fiscal Years.

Second: To the payment to the persons entitled thereto of the unpaid Principal Amount of any of the Senior Obligations which shall have become due at maturity or upon mandatory redemption prior to maturity (other than Senior Obligations called for redemption for the payment of which moneys are held pursuant to the provisions of the Master Bond Ordinance), in the order of their due dates, with interest upon such Senior Obligations from the respective dates upon which they became due, and, if the amount available shall not be sufficient to pay in full Senior Obligations due on any particular date, together with such interest, then to the payment first of such interest, ratably according to the amount of such interest due on such date, and then to the payment of such Principal Amount, ratably according to the amount of such Principal Amount due on such date, to the persons entitled thereto without any discrimination or preference. If some of the Senior Obligations mature (including mandatory redemption prior to maturity as a maturity) upon different dates, and if at any time moneys from the Reserve Fund or a Senior Debt Service Reserve Fund, as the case may be, must be used to pay any such Principal Amount becoming due, the moneys in the Reserve Fund or a Senior Debt Service Reserve Fund, as the case may be, not required to pay interest under paragraph First above shall be applied (to the extent necessary) to the payment of all Principal Amount becoming due on the dates upon which such Principal Amount is payable to and including the final annual principal maturity date. After such date, moneys in the Reserve Fund or a Senior Debt Service Reserve Fund, as the case may be, not required to pay interest plus any other moneys available in the Debt Service Funds for the Senior Obligations shall be set aside for the payment of Principal Amount of Senior Obligations of each class (a class consisting of all Senior Obligations payable as to Principal Amount on the same date) pro rata among Senior Obligations of the various classes which mature or must be redeemed pursuant to mandatory redemption prior to maturity throughout each Fiscal Year in such proportion of the total Principal Amount payable on each such Senior Obligation as shall be equal among all classes of Senior Obligations maturing or subject to mandatory redemption within such Fiscal Year. The Accreted Value of a Capital Appreciation Bond which is a Senior Obligation (except for interest which shall have been paid under paragraph First above) shall be treated as Principal Amount for purposes of this paragraph Second. Notwithstanding anything to the contrary in the previous provisions of this paragraph, no payments of principal shall be made on the Senior Appropriation Obligations under this paragraph Second unless the Senior Lien Requirements have been satisfied for the applicable Fiscal Years.

Third: To the payment of the redemption premium on and the Principal Amount of any Senior Obligations called for optional redemption pursuant to their terms. Notwithstanding anything to the contrary in the previous provisions of this paragraph, no payments of redemption premium shall be made on the Senior Appropriation Obligations under this paragraph Third unless the Senior Lien Requirements have been satisfied for the applicable Fiscal Years.

(B) If the Principal Amount of all the Senior Obligations shall have become due and payable, all such moneys shall be applied to the payment of the Principal Amount and interest then due and unpaid upon the Senior Obligations, with interest thereon as aforesaid, without preference or priority of Principal Amount over interest or of any installment of interest over any other installment of interest, or of any Senior Obligation over any other Senior Obligation, ratably, according to the amounts due respectively for Principal Amount and interest, to the persons entitled thereto without any discrimination or preference. Notwithstanding anything to the contrary in the previous provisions of this paragraph, no payments of the Principal Amount or interest thereon shall be made on the Senior Appropriation Obligations under this clause (B) unless the Senior Lien Requirements have been satisfied for the applicable Fiscal Years.

(ii) (A) After application of available moneys as provided in subparagraph (i) above, unless the Principal Amount of all of the Senior Appropriation Obligations shall have become due and payable as provided for in clause (B) of this subparagraph (ii), all such available moneys shall be applied as follows:

First: This paragraph First shall apply to Senior Appropriation Obligations in the event clause (a) of the definition of Senior Lien Requirements has been satisfied, but clause (b) of the definition of Senior Lien Requirements has not been satisfied, each in connection with the applicable Fiscal Years. After the application of available moneys pursuant to subparagraph (i) above, unless the Principal Amount of all of the Senior Appropriation Obligations shall have become due and payable as provided for in clause (B) of this subparagraph (ii), any remaining available moneys will be applied to the payment to the persons entitled thereto of all installments of interest then due on the Senior Appropriation Obligations, in the order of the maturity of such installments (with interest on defaulted installments of interest at the rate or rates borne by the Senior Appropriation Obligations with respect to which such interest is due, but only to the extent permitted by law), and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference. If some of the Senior Appropriation Obligations bear interest payable at different intervals, and if at any time moneys from a Senior Debt Service Reserve Fund must be used to pay any such interest, the moneys in the Senior Debt Service Fund shall be applied (to the extent necessary) to the payment of all interest becoming due on the dates upon which such interest is payable to and including the next interest payment date. After such date, moneys in a Senior Debt Series Reserve Fund, plus any other moneys available in the Debt Service Funds with respect to the Senior Appropriation Obligations shall be set aside for the payment of interest on Senior Appropriation Obligations of each class (a class consisting of all Senior Appropriation Obligations payable as to interest on the same dates) pro rata among Senior Appropriation Obligations of the various classes on a daily basis so that there shall accrue to each owner of a Senior Appropriation Obligation throughout each Fiscal Year the same proportion of the total interest payable to such owner of a Senior Appropriation Obligation as shall so accrue to every other owner of a Senior Appropriation Obligation during such Fiscal Year. As to any Capital Appreciation Bond which is a Senior Appropriation Obligation, such interest shall accrue on the Accreted Value of such Senior Appropriation Obligation and be set aside on a daily basis until the next compounding date for such Senior Appropriation Obligations, whereupon it shall be paid to the owner of such Senior Appropriation Obligation as interest on a defaulted obligation and only the unpaid portion of such interest (if any) shall be treated as Principal Amount of such Senior Appropriation Obligation.

Second: This paragraph Second shall apply to Senior Appropriation Obligations in the event clause (a) of the definition of Senior Lien Requirements has been satisfied, but clause (b) of the definition of Senior Lien Requirements has not been satisfied, each in connection with the applicable Fiscal Years. After the application of available moneys pursuant to paragraph First of this subparagraph (ii), unless the Principal Amount of all of the Senior Appropriation Obligations shall have become due and payable as provided for in clause (B) of this subparagraph (ii), any remaining available moneys will be applied to the payment to the persons entitled thereto of the unpaid Principal Amount of any of the Senior Appropriation Obligations which shall have become due at maturity or upon mandatory redemption prior to maturity (other than Senior Appropriation Obligations called for redemption for the payment of which moneys are held pursuant to the provisions of the Master Bond Ordinance), in the order of their due dates, with interest upon such Senior Appropriation Obligations from the respective dates upon which they became due, and, if the amount available shall not be sufficient to pay in full Senior Appropriation Obligations due on any particular date, together with such interest, then to the payment first of such interest, ratably according to the amount of such interest due on such date, and then to the payment of such Principal Amount, ratably according to the amount of such Principal Amount due on such date, to the persons entitled thereto without any discrimination or preference. If some of the Senior Appropriation Obligations mature (including mandatory redemption prior to maturity as a maturity) upon different dates, and if at any time moneys from a Senior Debt Service Reserve Fund must be used to pay any such Principal Amount becoming due, the moneys in a Senior Debt Service Reserve Fund not required to pay interest under paragraph First above shall be applied (to the extent necessary) to the payment of all Principal Amount becoming due on the dates upon which such Principal Amount is payable to and including the final annual principal maturity date. After such date, moneys in a Senior Debt Service Reserve Fund not required to pay interest plus any other moneys available in the Debt Service Funds for the Senior Appropriation Obligations shall be set aside for the payment of Principal Amount of Senior Appropriation Obligations of each class (a class consisting of all Senior Appropriation Obligations payable as to Principal Amount on the same date) pro rata among Senior Appropriation Obligations of the various classes which mature or must be redeemed pursuant to mandatory redemption prior to maturity throughout each Fiscal Year in such proportion of the total Principal Amount payable on each such Senior Appropriation Obligation as shall be equal among all classes of Senior Appropriation Obligations maturing or subject to mandatory redemption within such Fiscal Year. The Accreted Value of a Capital Appreciation Bond which is a Senior Appropriation Obligation (except for interest which shall have been paid under paragraph First above) shall be treated as Principal Amount for purposes of this paragraph Second.

Third: This paragraph Third shall apply to Senior Appropriation Obligations in the event clause (a) of the definition of Senior Lien Requirements has been satisfied, but clause (b) of the definition of Senior Lien Requirements has not been satisfied, each in connection with the applicable Fiscal Years. After the application of available moneys pursuant to paragraphs First and Second of this subparagraph (ii), unless the Principal Amount of all of the Senior Appropriation Obligations shall have become due and payable as provided for in clause (B) of this subparagraph (ii), any remaining available moneys will be applied to the payment of the redemption premium on and the Principal Amount of any Senior Appropriation Obligations called for optional redemption pursuant to their terms.

(B) This clause (B) shall apply to Senior Appropriation Obligations in the event clause (a) of the definition of Senior Lien Requirements has been satisfied, but clause (b) of the definition of Senior Lien Requirements has not been satisfied, each in connection with the applicable Fiscal Years. If the Principal Amount of all the Senior Appropriation Obligations shall have become due and payable, all such moneys shall be applied to the payment of the Principal Amount and interest then due and unpaid upon the Senior Appropriation Obligations, with interest thereon as aforesaid, without preference or priority of Principal Amount over interest or of any installment of interest over any other installment of interest, or of any Senior Appropriation Obligation over any other Senior Appropriation Subordinate Obligation, ratably, according to the amounts due respectively for Principal Amount and interest, to the persons entitled thereto without any discrimination or preference.

(iii) (A) After application of available moneys as provided in subparagraphs (i) and (ii) above, unless the Principal Amount of all of the Subordinate Obligations shall have become due and payable as provided for in clause (B) of this subparagraph (iii), all such available moneys shall be applied as follows:

First: To the payment to the persons entitled thereto of all installments of interest then due on the Subordinate Obligations, in the order of the maturity of such installments (with interest on defaulted installments of interest at the rate or rates borne by the Subordinate Obligations with respect to which such interest is due, but only to the extent permitted by law), and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference. If some of the Subordinate Obligations bear interest payable at different intervals, and if at any time moneys from a Subordinate Debt Service Reserve Fund must be used to pay any such interest, the moneys in such Subordinate Debt Service Fund shall be applied (to the extent necessary) to the payment of all interest becoming due on the dates upon which such interest is payable to and including the next interest payment date. After such date, moneys in a Subordinate Debt Series Reserve Fund plus any other moneys available in the Debt Service Funds with respect to the Subordinate Obligations shall be set aside for the payment of interest on Subordinate Obligations of each class (a class consisting of all Subordinate Obligations payable as to interest on the same dates) pro rata among Subordinate Obligations of the various classes on a daily basis so that there shall accrue to each owner of a Subordinate Obligation throughout each Fiscal Year the same proportion of the total interest payable to such owner of a Subordinate Obligation as shall so accrue to every other owner of a Subordinate Obligation during such Fiscal Year. As to any Capital Appreciation Bond which is a Subordinate Obligation, such interest shall accrue on the Accreted Value of such Subordinate Obligation and be set aside on a daily basis until the next compounding date for such Subordinate Obligations, whereupon it shall be paid to the owner of such Subordinate Obligation as interest on a defaulted obligation and only the unpaid portion of such interest (if any) shall be treated as Principal Amount of such Subordinate Obligation. Notwithstanding anything to the contrary in the previous provisions of this paragraph, no payments of interest shall be made on the Subordinate Appropriation Obligations under this paragraph First unless the Subordinate Lien Requirements have been satisfied for the applicable Fiscal Years.

Second: To the payment to the persons entitled thereto of the unpaid Principal Amount of any of the Subordinate Obligations which shall have become due at maturity or upon mandatory redemption prior to maturity (other than Subordinate Obligations called for redemption for the payment of which moneys are held pursuant to the provisions of the Master Bond Ordinance), in the order of their due dates, with interest upon such Subordinate Obligations from the respective dates upon which they became due, and, if the amount available shall not be sufficient to pay in full Subordinate Obligations due on any particular date, together with such interest, then to the payment first of such interest, ratably according to the amount of such interest due on such date, and then to the payment of such Principal Amount, ratably according to the amount of such Principal Amount due on such date, to the persons entitled thereto without any discrimination or preference. If some of the Subordinate Obligations mature (including mandatory redemption prior to maturity as a maturity) upon different dates, and if at any time moneys from the a Subordinate Debt Service Reserve Fund must be used to pay any such Principal Amount becoming due, the moneys in a Subordinate Debt Service Reserve Fund not required to pay interest under paragraph First above shall be applied (to the extent necessary) to the payment of all Principal Amount becoming due on the dates upon which such Principal Amount is payable to and including the final annual principal maturity date. After such date, moneys in a Subordinate Debt Service Reserve Fund not required to pay interest plus any other moneys available in the Debt Service Funds for the Subordinate Obligations shall be set aside for the payment of Principal Amount of Subordinate Obligations of each class (a class consisting of all Subordinate Obligations payable as to Principal Amount on the same date) pro rata among Subordinate Obligations of the various classes which mature or must be redeemed pursuant to mandatory redemption prior to maturity throughout each Fiscal Year in such proportion of the total Principal Amount payable on each such Subordinate Obligation as shall be equal among all classes of Subordinate Obligations maturing or subject to mandatory redemption within such Fiscal Year. The Accreted Value of a Capital Appreciation Bond which is a Subordinate Obligation (except for interest which shall have been paid under paragraph First above) shall be treated as Principal Amount for purposes of this paragraph Second. Notwithstanding anything to the contrary in the previous provisions of this paragraph, no payments of principal shall be made on the Subordinate Appropriation Obligations under this paragraph Second unless the Subordinate Lien Requirements have been satisfied for the applicable Fiscal Years.

Third: To the payment of the redemption premium on and the Principal Amount of any Subordinate Obligations called for optional redemption pursuant to their terms. Notwithstanding anything to the contrary in the previous provisions of this paragraph, no payments of redemption premium shall be made on the Subordinate Appropriation Obligations under this paragraph Third unless the Subordinate Lien Requirements have been satisfied for the applicable Fiscal Years.

(B) If the Principal Amount of all the Subordinate Obligations shall have become due and payable, all such moneys shall be applied to the payment of the Principal Amount and interest then due and unpaid upon the Subordinate Obligations, with interest thereon as aforesaid, without preference or priority of Principal Amount over interest or of any installment of interest over any other installment of interest, or of any Subordinate Obligation over any other Subordinate Obligation, ratably, according to the amounts due respectively for Principal Amount and interest, to the persons entitled thereto without any discrimination or preference. Notwithstanding anything to the contrary in the previous provisions of this paragraph, no payments of the Principal Amount or interest thereon shall be made on the Subordinate Appropriation Obligations under this clause (B) unless the Subordinate Lien Requirements have been satisfied for the applicable Fiscal Years.

(iv) (A) After application of available moneys as provided in subparagraphs (i), (ii) and (iii) above, unless the Principal Amount of all of the Subordinate Appropriation Obligations shall have become due and payable as provided for in clause (B) of this subparagraph (iv), all such available moneys shall be applied as follows:

First: This paragraph First shall apply to Subordinate Appropriation Obligations in the event clause (a) of the definition of Subordinate Lien Requirements has been satisfied, but clauses (b) and (c) of the definition of Subordinate Lien Requirements have not been satisfied, each in connection with the applicable Fiscal Years. After the application of available moneys pursuant to subparagraphs (i), (ii) and (ii) above, unless the Principal Amount of all of the Subordinate Appropriation Obligations shall have become due and payable as provided for in clause (B) of this subparagraph (iv), any remaining available moneys will be applied to the payment to the persons entitled thereto of all installments of interest then due on the Subordinate Appropriation Obligations, in the order of the maturity of such installments (with interest on defaulted installments of interest at the rate or rates borne by the Subordinate Appropriation Obligations with respect to which such interest is due, but only to the extent permitted by law), and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference. If some of the Subordinate Appropriation Obligations bear interest payable at different intervals, and if at any time moneys from a Subordinate Debt Service Reserve Fund must be used to pay any such interest, the moneys in the Subordinate Debt Service Fund shall be applied (to the extent necessary) to the payment of all interest becoming due on the dates upon which such interest is payable to and including the next interest payment date. After such date, moneys in a Subordinate Debt Series Reserve Fund, plus any other moneys available in the Debt Service Funds with respect to the Subordinate Appropriation Obligations shall be set aside for the payment of interest on Subordinate Appropriation Obligations of each class (a class consisting of all Subordinate Appropriation Obligations payable as to interest on the same dates) pro rata among Subordinate Appropriation Obligations of the various classes on a daily basis so that there shall accrue to each owner of a Subordinate Appropriation Obligation throughout each Fiscal Year the same proportion of the total interest payable to such owner of a Subordinate Appropriation Obligation as shall so accrue to every other owner of a Subordinate Appropriation Obligation during such Fiscal Year. As to any Capital Appreciation Bond which is a Subordinate Appropriation Obligation, such interest shall accrue on the Accreted Value of such Subordinate Appropriation Obligation and be set aside on a daily basis until the next compounding date for such Subordinate Appropriation Obligations, whereupon it shall be paid to the owner of such Subordinate Appropriation Obligation as interest on a defaulted obligation and only the unpaid portion of such interest (if any) shall be treated as Principal Amount of such Subordinate Appropriation Obligation.

Second: This paragraph Second shall apply to Subordinate Appropriation Obligations in the event clause (a) of the definition of Subordinate Lien Requirements has been satisfied, but clauses (b) and (c) of the definition of Subordinate Lien Requirements have not been satisfied, each in connection with the applicable Fiscal Years. After the application of available moneys pursuant to paragraph First of this subparagraph (iv), unless the Principal Amount of all of the Subordinate Appropriation Obligations shall have become due and payable as provided for in clause (B) of this subparagraph (iv), any remaining available moneys will be applied to the payment to the persons entitled thereto of the unpaid Principal Amount of any of the Subordinate Appropriation Obligations which shall have become due at maturity or upon mandatory redemption prior to maturity (other than Subordinate Appropriation Obligations called for redemption for the payment of which moneys are held pursuant to the provisions of the Master Bond Ordinance, in the order of their due dates, with interest upon such Subordinate Appropriation Obligations from the respective dates upon which they became due, and, if the amount available shall not be sufficient to pay in full Subordinate Appropriation Obligations due on any particular date, together with such interest, then to the payment first of such interest, ratably according to the amount of such interest due on such date, and then to the payment of such Principal Amount, ratably according to the amount of such Principal Amount due on such date, to the persons entitled thereto without any discrimination or preference. If some of the Subordinate Appropriation Obligations mature (including mandatory redemption prior to maturity as a maturity) upon different dates, and if at any time moneys from a Subordinate Debt Service Reserve Fund must be used to pay any such Principal Amount becoming due, the moneys in a Subordinate Debt Service Reserve Fund not required to pay interest under paragraph First above shall be applied (to the extent necessary) to the payment of all Principal Amount becoming due on the dates upon which such Principal Amount is payable to and including the final annual principal maturity date. After such date, moneys in a Subordinate Debt Service Reserve Fund not required to pay interest plus any other moneys available in the Debt Service Funds for the Subordinate Appropriation Obligations shall be set aside for the payment of Principal Amount of Subordinate Appropriation Obligations of each class (a class consisting of all Subordinate Appropriation Obligations payable as to Principal Amount on the same date) pro rata among Subordinate Appropriation Obligations of the various classes which mature or must be redeemed pursuant to mandatory redemption prior to maturity throughout each Fiscal Year in such proportion of the total Principal Amount payable on each such Subordinate Appropriation Obligation as shall be equal among all classes of Subordinate Appropriation

Obligations maturing or subject to mandatory redemption within such Fiscal Year. The Accreted Value of a Capital Appreciation Bond which is a Subordinate Appropriation Obligation (except for interest which shall have been paid under paragraph First above) shall be treated as Principal Amount for purposes of this paragraph Second.

Third: This paragraph Third shall apply to Subordinate Appropriation Obligations in the event clause (a) of the definition of Subordinate Lien Requirements has been satisfied, but clauses (b) and (c) of the definition of Subordinate Lien Requirements have not been satisfied, each in connection with the applicable Fiscal Years. After the application of available moneys pursuant to paragraphs First and Second of this subparagraph (iv), unless the Principal Amount of all of the Subordinate Appropriation Obligations shall have become due and payable as provided for in clause (B) of this subparagraph (iv), any remaining available moneys will be applied to the payment of the redemption premium on and the Principal Amount of any Subordinate Appropriation Obligations called for optional redemption pursuant to their terms.

(B) This clause (B) shall apply to Subordinate Appropriation Obligations in the event clause (a) of the definition of Subordinate Lien Requirements has been satisfied, but clauses (b) and (c) of the definition of Subordinate Lien Requirements have not been satisfied, each in connection with the applicable Fiscal Years. If the Principal Amount of all the Subordinate Appropriation Obligations shall have become due and payable, all such moneys shall be applied to the payment of the Principal Amount and interest then due and unpaid upon the Subordinate Appropriation Obligations, with interest thereon as aforesaid, without preference or priority of Principal Amount over interest or of any installment of interest over any other installment of interest, or of any Subordinate Appropriation Obligation over any other Subordinate Appropriation Subordinate Obligation, ratably, according to the amounts due respectively for Principal Amount and interest, to the persons entitled thereto without any discrimination or preference.

Rights of Credit Provider or Liquidity Provider

Except as otherwise provided in a Supplemental Ordinance and/or in a written agreement with a Credit Provider or Liquidity Provider, notwithstanding any other provision of the Bond Ordinance, in the event that the City shall draw under a Credit Facility any amount for the payment of Principal Amount of or interest on any Obligations, then upon such payment the related Credit Provider or Liquidity Provider shall succeed to and become subrogated to the rights of the recipients of such payments and such Principal Amount or interest shall be deemed to continue to be unpaid and Outstanding for all purposes and shall continue to be fully secured by the Bond Ordinance until the Credit Provider or Liquidity Provider, as successor and subrogee, has been paid all amounts owing in respect of such subrogated payments of Principal Amount and interest.

No Impairment of Right To Enforce Payment

Notwithstanding any other provision in the Master Bond Ordinance, the right of any Bondholder to receive payment of the principal of and interest and other amounts due on such Obligation or the purchase price thereof, on or after the respective due dates expressed therein and to the extent of the pledge of, if applicable, and lien on Net Revenues and other security provided for the Obligations, or to institute suit for the enforcement of any such payment on or after such respective date, shall not be impaired or affected without the consent of such Bondholder.

Severability of Remedies

It is the purpose and intention of the Master Bond Ordinance to provide rights and remedies to the Bondholders, which may be lawfully granted under the provisions of the Master Bond Ordinance or any applicable law, but should any right or remedy in the Master Bond Ordinance and therein granted be held to be unlawful, the Bondholders shall be entitled, as above set forth, to every other right and remedy provided in the Bond Ordinance or by applicable law.

Additional Events of Default and Remedies

So long as any particular Series of Obligations is Outstanding, the Events of Default and remedies as set forth in the Master Bond Ordinance may be supplemented with additional Events of Default and remedies as set forth in a Supplemental Ordinance under which such Series of Obligations is issued.

No Obligation to Levy Taxes

Nothing contained in the Master Bond Ordinance or any Supplemental Ordinance shall be construed as imposing on the City any duty or obligation to levy any taxes either to meet any obligation incurred therein or to pay the principal of or interest on the Obligations.

Defeasance

Obligations or portions thereof (such portions to be in integral multiples of the authorized denomination) which have been paid in full or which are deemed to have been paid in full shall no longer be secured by or entitled to the benefits of the Master Bond Ordinance except for the purposes of payment from moneys, or Federal Securities held by a Paying Agent or other bank or trust company located in the State of Missouri and having full trust powers, for such purpose.

An Obligation shall be deemed to be paid within the meaning of the Master Bond Ordinance and for all purposes of the Master Bond Ordinance when payment of the principal, interest and premium or other amounts, if any, either (a) shall have been made or caused to be made in accordance with the terms of the Obligations and the Master Bond Ordinance or (b) shall have been provided for by irrevocably depositing with the Paying Agent or other bank or trust company in trust and setting aside exclusively for such payment, (i) moneys sufficient to make such payment and/or (ii) noncallable Federal Securities maturing as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to make such payment, provided, as to any deposit of such Federal Securities, that the Paying Agent or other bank or trust company shall have received a verification report prepared by independent certified public accountants, or other verification agent, satisfactory to the Paying Agent or other bank or trust company and the City, to the effect that the payment of the principal of and redemption premium, if any, and interest on such Obligations has been provided for in the manner set forth in the Master Bond Ordinance At such times as Obligations shall be deemed to be paid thereunder, such Obligations shall no longer be secured by or entitled to the benefits of the Master Bond Ordinance, except for the purposes of payment from such moneys or Federal Securities.

Any deposit made under clause (b) of the foregoing paragraph shall be deemed a payment of such Obligations. Notice of redemption shall be required at the time of such defeasance or prior to such date as may be required by the Supplemental Ordinance under which such Obligations were issued. The City may at any time, prior to issuing such notice of redemption as may be required by the Supplemental Ordinance under which such Obligations were issued, modify or otherwise change the scheduled date for the redemption or payment of any Obligation deemed to be paid under the terms of the foregoing paragraph in accordance with the terms of the Obligations or the Master Bond Ordinance subject to (A) receipt of an approving opinion of nationally recognized Bond Counsel that such action will not adversely affect the tax-exemption of any Obligation or Obligations then Outstanding and (B) receipt of an approving opinion of a nationally recognized accounting firm that there are sufficient moneys and/or Federal Securities to provide for the payment of such Obligations. Notwithstanding anything in the Master Bond Ordinance to the contrary, monies from the trust or escrow established for the defeasance of Obligations may be withdrawn and delivered to the City so long as the requirements of clauses (A) and (B) above are met prior to or concurrently with any such withdrawal.

In connection with the redemption or defeasance, or partial redemption or defeasance of Obligations, the City may permit, or cause to be assigned to Obligations of a single maturity, multiple CUSIP numbers.

The City may at any time surrender to the Bond Registrar for cancellation by it any Obligations previously authenticated and delivered under the Bond Ordinance which the City may have acquired in any manner whatsoever. All such Obligations, upon such surrender and cancellation, shall be deemed to be paid and retired.

Modification of the Master Bond Ordinance

The Master Bond Ordinance shall not be modified or amended in any respect subsequent to the first delivery of fully executed and authenticated Obligations except as provided in and in accordance with and subject to the provisions of the Master Bond Ordinance.

Supplemental Ordinances Not Requiring Consent of Bondholders

The City may, from time to time and at any time, without the consent of or notice to the Bondholders, pass Supplemental Ordinances supplementing and/or amending the Master Bond Ordinance or any Supplemental Ordinance as follows:

(a) to provide for the issuance of a Series or multiple Series of Obligations and to set forth the terms of such Obligations and the special provisions which shall apply to such Obligations;

(b) to cure any formal defect, omission, inconsistency or ambiguity in, or answer any questions arising under, the Master Bond Ordinance or any Supplemental Ordinance, provided such supplement or amendment is not materially adverse to the Bondholders;

(c) to add to the covenants and agreements of the City in the Master Bond Ordinance or any Supplemental Ordinance other covenants and agreements, or to surrender any right or power reserved or conferred upon the City, provided such supplement or amendment shall not adversely affect the interests of the Bondholders;

(d) to subject to the lien and pledge of the Master Bond Ordinance additional revenues, receipts, properties, or other collateral;

(e) to evidence any change made in the terms of any Series of Obligations if such changes are authorized by the Supplemental Ordinance at the time the Series of Obligations is issued and such change is made in accordance with the terms of such Supplemental Ordinance;

(f) to comply with the requirements of the Trust Indenture Act of 1939, as amended from time to time;

(g) to provide for uncertificated Obligations or for the issuance of coupons and bearer Obligation or Obligations registered only as to principal;

(h) to qualify the Obligations or a Series of Obligations for a rating or ratings from a Rating Agency;

(i) to accommodate the technical, operational and structural features of Obligations which are issued or are proposed to be issued or of a Program which has been authorized or is proposed to be authorized, including, but not limited to, changes needed to accommodate commercial paper, auction bonds, swaps, variable rate or adjustable rate bonds, discounted or compound interest bonds or other forms of indebtedness which the City from time to time deems appropriate to incur;

(j) to accommodate the use of a Credit Facility or Liquidity Facility for specific Obligations or a specific Series of Obligations;

(k) to comply with the requirements of the Code as are necessary, in the opinion of Bond Counsel, to prevent the federal income taxation of the interest on the Obligations, including, without limitation, the segregation of Revenues and Net Revenues into different funds; and

(l) to modify, alter, amend or supplement the Master Bond Ordinance or any Supplemental Ordinance in any other respect which is not materially adverse to the Bondholders.

Before the City shall execute any such Supplemental Ordinance, there shall have been delivered to the City an opinion of Bond Counsel to the effect that such Supplemental Ordinance: (y) is authorized or permitted by the Master Bond Ordinance and any applicable law, complies with their respective terms, will, upon the execution and delivery thereof, be valid and binding upon the City in accordance with its terms and (z) will not cause interest on any of the Obligations which is then excluded from gross income of the recipient thereof for federal income tax purposes to be included in gross income for federal income tax purposes. The opinion of Bond Counsel required pursuant to clause (z) in the preceding sentence shall not be required for a Supplemental Ordinance executed and delivered in accordance with paragraph (a) above.

Supplemental Ordinance Requiring Consent of Bondholders

(a) Except for any Supplemental Ordinance entered into not requiring the consent of Bondholders and any Supplemental Ordinance entered into pursuant to paragraph (b) below, subject to the terms and provisions contained in the Master Bond Ordinance and with respect to Credit Providers as provided in the Master Bond Ordinance and not otherwise, the holders of not less than 51% in aggregate Principal Amount of the Senior Obligations then Outstanding shall have the right from time to time to consent to and approve the execution by the City of any Supplemental Ordinance deemed necessary or desirable by the City for the purposes of modifying, altering, amending, supplementing or rescinding any of the terms or provisions contained in the Master Bond Ordinance or in a Supplemental Ordinance that affect the rights and interests of the Bondholders of the Senior Obligations under the Master Bond Ordinance; provided, however, that, unless approved in writing by the holders of all the Senior Obligations then Outstanding or unless such change affects less than all Series of Senior Obligations and paragraph (b) below is applicable, nothing contained in the Master Bond Ordinance shall permit, or be construed as permitting, (i) a change in the scheduled times, amounts or currency of payment of the principal of or interest on any Outstanding Senior Obligations or (ii) a reduction in the principal amount or redemption price of any Outstanding Senior Obligations or the rate of interest thereon; and provided that nothing contained in the Master Bond Ordinance, including the provisions of paragraph (b) below, shall, unless approved in writing by the holders of all the Senior Obligations then Outstanding, permit or be construed as permitting (iii) the creation of a lien (except as expressly permitted by the Master Bond Ordinance) upon or pledge of, if applicable, the Net Revenues created by the Master Bond Ordinance, ranking prior to or on a parity with the claim created by the Master Bond Ordinance, (iv) except with respect to additional security which may be provided for a particular Series of Senior Obligations, a preference or priority of any Senior Obligation or Senior Obligations over any other Senior Obligation or Senior Obligations with respect to the security granted therefor under the terms of the Master Bond Ordinance, or (v) a reduction in the aggregate Principal Amount of Senior Obligations the consent of the Bondholders of which is required for any such Supplemental Ordinance. Nothing contained in the Master Bond Ordinance, however, shall be construed as making necessary the approval by Bondholders of the execution of any Supplemental Ordinance not requiring consent of Bondholders, including the granting, for the benefit of particular Series of Senior Obligations, security in addition to the pledge of, if applicable, and lien on the Net Revenues.

(b) The City may, from time to time and at any time, execute a Supplemental Ordinance which amends the provisions of an earlier Supplemental Ordinance under which a Series or multiple Series of Senior Obligations were issued. If such Supplemental Ordinance is executed for one of the purposes where consent of Bondholders is not required, no notice to or consent of the Bondholders shall be required. If such Supplemental Ordinance contains provisions which affect the rights and interests of less than all Series of Senior Obligations Outstanding and the consent of Bondholders is not required, then this paragraph (b) rather than paragraph (a) above shall control and, subject to the terms and provisions contained in this paragraph (b) and those relating to Credit Providers in the Master Bond Ordinance and not otherwise, the holders of not less than 51% in aggregate Principal Amount of the Senior Obligations of all Series which are affected by such changes shall have the right from time to time to consent to any Supplemental Ordinance deemed necessary or desirable by the City for the purposes of modifying, altering, amending, supplementing or rescinding any of the terms or provisions contained in such Supplemental Ordinance and affecting only the Senior Obligations of such Series; provided, however, that, unless approved in writing by the holders of all the Senior Obligations of all the affected Series then Outstanding, nothing contained in the Master Bond Ordinance shall permit, or be construed as permitting, (i) a change in the scheduled times, amounts or currency of payment of the principal of or interest on any Outstanding Senior Obligations of such Series or (ii) a reduction in the principal amount or redemption price of any Outstanding Senior Obligations of such Series or the rate of interest thereon. Nothing contained in the Master Bond Ordinance, however, shall be construed as making necessary the approval by Bondholders of the adoption of any Supplemental Ordinance not requiring consent of Bondholders, including the granting, for the benefit of particular Series of Senior Obligations, security in addition to the pledge of, if applicable, and lien on the Net Revenues.

(c) Except for any Supplemental Ordinance entered into where consent of Bondholders is not required and any Supplemental Ordinance entered into pursuant to paragraph (d) below, subject to the terms and provisions contained in the Master Bond Ordinance and those relating to Credit Providers and not otherwise, the holders of not less than 51% in aggregate Principal Amount of the Subordinate Obligations then Outstanding shall have the right from time to time to consent to and approve the execution by the City of any Supplemental Ordinance deemed necessary or desirable by the City for the purposes of modifying, altering, amending, supplementing or rescinding any of the terms or provisions contained in the Master Bond Ordinance or in a Supplemental Ordinance that affect the rights and interests of the holders of the Subordinate Obligations under the Master Bond Ordinance; provided, however, that, unless approved in writing by the holders of all the Subordinate Obligations then Outstanding or unless such change affects less than all Series of Subordinate Obligations and paragraph (d) below is applicable, nothing contained in the Master Bond Ordinance shall permit, or be construed as permitting, (i) a change in the scheduled times, amounts or currency of payment of the principal of or interest on any Outstanding Subordinate Obligations or (ii) a reduction in the principal amount or redemption price of any Outstanding Subordinate Obligations or the rate of interest thereon; and provided that nothing contained in the Master Bond Ordinance, including the provisions of paragraph (d) below, shall, unless approved in writing by the holders of all the Subordinate Obligations then Outstanding, permit or be construed as permitting (iii) the creation of a lien (except as expressly permitted by the Master Bond Ordinance) upon or pledge of, if applicable, the Net Revenues created by the Master Bond Ordinance, ranking prior to or on a parity with the claim created by the Master Bond Ordinance, (iv) except with respect to additional security which may be provided for a particular Series of Subordinate Obligations, a preference or priority of any Subordinate Obligation or Subordinate Obligations over any other Subordinate Obligation or Subordinate Obligations with respect to the security granted therefor under the terms of the Master Bond Ordinance, or (v) a reduction in the aggregate Principal Amount of Subordinate Obligations the consent of the Bondholders of which is required for any such Supplemental Ordinance. Nothing contained in the Master Bond Ordinance, however, shall be construed as making necessary the approval by Bondholders of the execution of any Supplemental Ordinance not requiring consent of Bondholders, including the granting, for the benefit of particular Series of Subordinate Obligations, security in addition to the pledge of, if applicable, and lien on the Net Revenues.

(d) The City may, from time to time and at any time, execute a Supplemental Ordinance which amends the provisions of an earlier Supplemental Ordinance under which a Series or multiple Series of Subordinate Obligations were issued. If such Supplemental Ordinance is executed for one of the purposes where the consent of Bondholders is not required, no notice to or consent of the Bondholders shall be required. If such Supplemental Ordinance contains provisions which affect the rights and interests of less than all Series of Subordinate Obligations Outstanding and the consent of Bondholders is not required, then this paragraph (d) rather than paragraph (c) above shall control and, subject to the terms and provisions contained in this paragraph (d) and those relating to Credit Providers and not otherwise, the holders of not less than 51% in aggregate Principal Amount of the Subordinate Obligations of all Series which are affected by such changes shall have the right from time to time to consent to any Supplemental Ordinance deemed necessary or desirable by the City for the purposes of modifying, altering, amending, supplementing or rescinding any of the terms or provisions contained in such Supplemental Ordinance and affecting only the Subordinate Obligations of such Series; provided, however, that, unless approved in writing by the holders of all the Subordinate Obligations of all the affected Series then Outstanding, nothing contained in the Master Bond Ordinance shall permit, or be construed as permitting, (i) a change in the scheduled times, amounts or currency of payment of the principal of or interest on any Outstanding Subordinate Obligations of such Series or (ii) a reduction in the principal amount or redemption price of any Outstanding Subordinate Obligations of such Series or the rate of interest thereon. Nothing contained in the Master Bond Ordinance, however, shall be construed as making necessary the approval by Bondholders of the adoption of any Supplemental Ordinance not requiring the consent of Bondholders, including the granting, for the benefit of particular Series of Subordinate Obligations, security in addition to the pledge of, if applicable, and lien on the Net Revenues.

(e) If at any time the City shall desire to enter into any Supplemental Ordinance for any of the purposes of this Section, the City shall cause notice of the proposed execution of the Supplemental Ordinance to be given by Mail to all Bondholders or, under paragraphs (b) and (d) above, all Bondholders of the affected Series. Such notice shall briefly set forth the nature of the proposed Supplemental Ordinance and shall state that a copy thereof is on file at the office of the City for inspection by all Bondholders and it shall not be required that the Bondholders approve the final form of such Supplemental Ordinance but it shall be sufficient if such Bondholders approve the substance thereof.

(f) The City may execute and deliver such Supplemental Ordinance in substantially the form described in such notice, but only if there shall have first been delivered to the City (i) the required consents, in writing, of Bondholders and (ii) the opinion of Bond Counsel required by the last paragraph of the provisions of the Master Bond Ordinance under the caption "Supplemental Ordinances Not Requiring Consent of Bondholders."

(g) If Bondholders of not less than the percentage of Obligations required by this Section shall have consented to and approved the execution and delivery thereof as therein provided, no Bondholders shall have any right to object to the adoption of such Supplemental Ordinance, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution and delivery thereof, or to enjoin or restrain the City from executing the same or from taking any action pursuant to the provisions thereof.

(h) Notwithstanding paragraphs (e) through (g) above, the City may, at its discretion, execute and deliver such Supplemental Ordinance which contains such modifications, alterations, amendments or supplements prior to receipt of the required consents in writing, of the Holders; provided, that such Supplemental Ordinance or the applicable provisions of such Supplemental Ordinance subject to the consents of the Holders shall not become effective until such time as there has been delivered to the City (i) the required consents, in writing, of Holders and (ii) the opinion of Bond Counsel required by the last paragraph of the provisions of the Master Bond Ordinance under the caption "Supplemental Ordinances Not Requiring Consent of Bondholders." In the event the City decides to execute and deliver a Supplemental Ordinance in accordance with this paragraph (h), the notice required in paragraph (c) above shall make reference to a final and executed Supplemental Ordinance as opposed to a proposed Supplemental Ordinance.

(i) For the purposes of modifications to the Master Bond Ordinance, the purchasers of the Obligations of a Series, whether purchasing as underwriters, for resale or otherwise, upon such purchase, may approve a Supplemental Ordinance and may consent to a modification or amendment of the Master Bond Ordinance or any Supplemental Ordinance and other modifications permitted without the consent of Bondholders, except that no proof of ownership shall be required, and with the same effect as a consent given by the Holder of such Obligations; provided, however, that, if such consent is given by a purchaser who is purchasing as an underwriter or for resale, the nature of the modification or amendment and the provisions for the purchaser consenting thereto shall be described in the official statement, prospectus, offering memorandum or other offering document prepared in connection with the primary offering of the Obligations of such Series by the City.

Effect of Supplemental Ordinance

Upon passage of any Supplemental Ordinance pursuant to the provisions of the Master Bond Ordinance, the Master Bond Ordinance or the Supplemental Ordinance shall be, and shall be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under the Master Bond Ordinance and the Supplemental Ordinance of the City, the Paying Agent, the Bond Registrar and all Bondholders shall thereafter be determined, exercised and enforced under the Master Bond Ordinance and the Supplemental Ordinance, if applicable, subject in all respects to such modifications and amendments.

No Supplemental Ordinance shall modify the duties, rights or obligations of the Paying Agent or Bond Registrar without the consent of such party thereto.

Supplemental Ordinances To Be Part of The Master Bond Ordinance

Any Supplemental Ordinance entered into accordance with the provisions of the Master Bond Ordinance shall thereafter form a part of the Master Bond Ordinance or the Supplemental Ordinance which they supplement or amend, and all of the terms and conditions contained in any such Supplemental Ordinance as to any provision authorized to be contained therein shall be and shall be deemed to be part of the terms and conditions of the Master Bond Ordinance or the Supplemental Ordinance which they supplement or amend for any and all purposes.

Credit Providers

If a Credit Facility is provided for a Series of Obligations or for specific Obligations, the City may in the Supplemental Ordinance under which such Obligations are issued, provide any or all of the following rights to the Credit Provider as the City shall deem to be appropriate:

(a) the right to make requests of, direct or consent to the actions of the City or to otherwise direct proceedings all as provided in the event of an Event of Default to the same extent and in place of the Owners of the Obligations which are secured by the Credit Facility and for such purposes the Credit Provider shall be deemed to be the Holder of such Obligations; and

(b) the right to consent to Supplemental Ordinances to the same extent and in place of the Holders of the applicable Obligations, which require the consent of the Holders of not less than 51% of the aggregate Principal Amount of the applicable Obligations, entered into pursuant to the provisions of the Master Bond Ordinance captioned "Supplemental Ordinances Requiring Consent of Bondholders," except with respect to any amendments described in paragraphs (a)(i) through (v) and (b)(i) or (ii), (c)(i) through (v) and (d)(i) or (ii) under the provisions of the Master Bond Ordinance captioned "Supplemental Ordinances Not Requiring Consent of Bondholders" above which consent of the actual Holders shall still be required, of the Master Bond Ordinance to the same extent and in place of the Holders of the applicable Obligations which are secured by the Credit Facility and for such purposes the Credit Provider shall be deemed to be the Holder of such Obligations.

The rights granted to any such Credit Provider, with respect to the provisions in the event of an Event of Default shall be disregarded and be of no effect if the Credit Provider is in default of its payment obligations under its Credit Facility.

Payments Due on Saturdays, Sundays, etc.

Whenever a date upon which a payment is to be made under the Bond Ordinance falls on a date which is not a Business Day, such payment may be made on the next succeeding Business Day without interest for the intervening period.

No Personal Liability of City Members and Officials; Limited Liability of City to Bondholders

No covenant or agreement contained in the Obligations or in the Master Bond Ordinance shall be deemed to be the covenant or agreement of any present or future City member, official, officer, agent or employee of the City, in their individual capacity, and neither the members of the City, the officers and employees of the City, nor any person executing the Obligations shall be liable personally on the Obligations or be subject to any personal liability or accountability by reason of the issuance thereof.

Governing Law

The Bond Ordinance shall be governed by and construed and enforced in accordance with the laws of the State and the Charter.

SUMMARY OF CERTAIN PROVISIONS OF THE SERIES 2020 SUPPLEMENTAL ORDINANCE

The following is a summary of certain definitions and provisions contained in the Series 2020 Supplemental Ordinance. The following is not a comprehensive description, however, and is qualified in its entirety by reference to the Series 2020 Supplemental Ordinance for a complete recital of the terms thereof.

Definitions

"**Bond Registrar**" for purposes of the Series 2020 Supplemental Ordinance relating to the Series 2020 Senior Appropriation Obligation, means the Director of Finance of the City, or any other institution appointed by the Director of Finance to act as Bond Registrar for the Series 2020 Senior Appropriation Obligation. Such Bond Registrar shall perform the duties required of the Bond Registrar in the Master Bond Ordinance and the Series 2020 Supplemental Ordinance.

"**Designated Customer Facility Charges**" means Customer Facility Charges which the City has designated as Revenues pursuant to the Series 2020 Supplemental Ordinance.

"**Paying Agent**" for purposes of the Series 2020 Supplemental Ordinance relating to the Series 2020 Senior Appropriation Obligation, means the Director of Finance of the City, or any other institution appointed by the Director of

Finance to act as Paying Agent for the Series 2020 Senior Appropriation Obligation. Such Paying Agent shall perform the duties required of the Paying Agent in the Master Bond Ordinance and the Series 2020 Supplemental Ordinance.

"**PFC Debt Service Portion of the Series 2020 Senior Appropriation Obligation**" means that portion of the Debt Service Payments made under the Financing Agreement that is allocable to the PFC Eligible Portion of the Series 2020 Senior Appropriation Obligation, as determined in each year by the Director of Aviation or other Authorized City Representative.

"**PFC Eligible Portion of the Series 2020 Senior Appropriation Obligation**" means that portion of the proceeds of the Series 2020 Bonds used to finance Approved PFC Projects, fund capitalized interest on a portion of the Series 2020 Bonds allocable to the Approved PFC Projects, fund a portion of the debt service reserve fund for the Series 2020 Bonds allocable to the Approved PFC Projects, and pay a portion of the costs of issuance of the Series 2020 Bonds allocable to the Approved PFC Projects.

"**Series 2020 Debt Service Fund**" means the Debt Service Fund created by the Series 2020 Supplemental Ordinance and into which money is to be deposited to pay the Debt Service Payments and the Additional Payments in accordance with the provisions of the Financing Agreement, as evidenced by the Series 2020 Senior Appropriation Obligation.

"**Series 2020 Senior Appropriation Obligation**" means a Senior Appropriation Obligation incurred under the Master Bond Ordinance and the Series 2020 Supplemental Ordinance and designated as "City of Kansas City, Missouri Senior Airport Revenue Appropriation Obligation Series 2020."

"**Series 2020 Supplemental Ordinance**" means Committee Substitute for Ordinance No. 200703, which, among other things, sets forth the terms of the Series 2020 Senior Appropriation Obligation.

Authorization and Incurrence of the Series 2020 Senior Appropriation Obligation; Principal Amount

The City authorized the incurrence of a Senior Appropriation Obligation to be designated as "City of Kansas City, Missouri Senior Airport Revenue Appropriation Obligation Series 2020" to evidence its obligation to make Debt Service Payments and Additional Payments under the Financing Agreement when executed and delivered, to be incurred in a principal amount not to exceed $710,000,000. The Series 2020 Senior Appropriation Obligation constitutes a "Senior Appropriation Obligation" as defined in the Master Bond Ordinance.

The Series 2020 Senior Appropriation Obligation will be incurred when the Series 2020 Bonds are issued by the Issuer, all conditions for issuance of the Series 2020 Bonds are satisfied, the First Supplemental Financing Agreement is executed and delivered and the City's obligations to make Debt Service Payments and Additional Payments under the Financing Agreement are in force and effect. The Director of Finance is authorized and directed to approve the purchase price for each series of the Series 2020 Bonds, the principal amounts by maturity, the interest rates and the other final terms of the Series 2020 Bonds, including applicable redemption provisions, subject to each of the limitations set forth therein, and to approve the Purchase Contract, all as more fully set forth in the Series 2020 Supplemental Ordinance. The principal amount of the Series 2020 Senior Appropriation Obligation shall be equal to the aggregate principal amount of the Series 2020 Bonds, as set forth in the First Supplemental Financing Agreement. The schedules for the Debt Service Payments for the Series 2020 Senior Appropriation Obligation will be attached to the First Supplemental Financing Agreement.

Series 2020 Senior Appropriation Obligation Incurred Under the Bond Ordinance; Security

The Series 2020 Senior Appropriation Obligation is incurred under and subject to the terms of the Master Bond Ordinance and the Series 2020 Supplemental Ordinance and is secured by and payable from the Net Revenues and other security provided in the Master Bond Ordinance and the Series 2020 Supplemental Ordinance, subject in all respects to the restrictions and requirements set forth therein for security and payment of Appropriation Obligations, and in accordance with the terms of the Master Bond Ordinance and the Series 2020 Supplemental Ordinance.

Designation of Paying Agent and Bond Registrar for Series 2020 Senior Appropriation Obligation

The Director of Finance of the City, or any other institution appointed by the Director of Finance is designated as the City's Paying Agent for the payment of the Debt Service Payments and the Additional Payments and as Bond Registrar for the registration of the Series 2020 Senior Appropriation Obligation.

General Terms of the Series 2020 Senior Appropriation Obligation

The terms of the Series 2020 Senior Appropriation Obligation are as set forth in the Financing Agreement. The amount of the Debt Service Payments evidenced by the Series 2020 Senior Appropriation Obligation and the dates such Debt Service Payments are due and payable by the City shall be determined upon the sale of the Series 2020 Bonds, the execution and approval of the Purchase Contract and the execution and delivery of the First Supplemental Financing

Agreement, including the completion of the schedules for Debt Service Payments that will be attached to the First Supplemental Financing Agreement. The components of the Additional Payments payable by the City shall be as set forth in the First Supplemental Financing Agreement.

Events of Default under Master Bond Ordinance

An Event of Default under the Master Bond Ordinance (as defined therein) with respect to the Series 2020 Senior Appropriation Obligation, if any, shall constitute an Event of Default with respect to the Series 2019 Senior Appropriation Obligation and the Series 2019A Senior Appropriation Obligation, and an Event of Default under the Master Bond Ordinance with respect to the Series 2019 Senior Appropriation Obligation and/or the Series 2019A Senior Appropriation Obligation, if any, shall constitute an Event of Default with respect to the Series 2020 Senior Appropriation Obligation.

Establishment of Funds and Accounts

In addition to the Funds and Accounts established in the Master Bond Ordinance, the City established the following fund and account, and the moneys deposited in such fund and account shall be held in trust for the purposes set forth in the Master Bond Ordinance and the Series 2020 Supplemental Ordinance:

> City of Kansas City, Missouri Senior Airport Revenue Appropriation Obligation Series 2020 Debt Service Fund (the "Series 2020 Debt Service Fund") and therein a Principal and Interest Account (the "Series 2020 Principal and Interest Account").

The City may establish separate accounts and subaccounts in the Series 2020 Debt Service Fund and the Series 2020 Principal and Interest Account for such purposes as the City deems appropriate, including, but not limited to, the payment of Additional Payments.

Series 2020 Debt Service Fund; Passenger Facility Charges

The City shall deposit into the Series 2020 Principal and Interest Account of the Series 2020 Debt Service Fund the amounts provided in the Master Bond Ordinance, the Series 2020 Supplemental Ordinance and the Financing Agreement to be used to pay the Debt Service Payments and the Additional Payments.

The City may transfer Passenger Facility Charges from the PFC Debt Service Account to the Series 2020 Principal and Interest Account be used to pay an amount not exceeding the PFC Debt Service Portion of the Series 2020 Senior Appropriation Obligation. Any Passenger Facility Charges so deposited into the Series 2020 Principal and Interest Account shall be deemed to be held by the City and set aside exclusively to be used to pay the PFC Debt Service Portion of the Series 2020 Senior Appropriation Obligation within the meaning of subsection (k) of the definition of Aggregate Annual Debt Service in the Master Bond Ordinance, and accordingly the PFC Debt Service Portion of the Series 2020 Senior Appropriation Obligation to be paid from such Passenger Facility Charges shall be disregarded and not included in calculating Aggregate Annual Debt Service and/or Annual Debt Service with respect to the Series 2020 Senior Appropriation Obligation as provided therein. Further, any Passenger Facility Charges which the City shall irrevocably commit to the payment of the PFC Debt Service Portion of the Series 2020 Senior Appropriation Obligation, through resolution or ordinance of the City Council or other official action of the City, shall be so disregarded as provided in said subsection (k) of such definition.

No Participation in Reserve Fund or Establishment of a Series Debt Service Reserve Fund

The Series 2020 Senior Appropriation Obligation shall not participate in the Reserve Fund established under the Master Bond Ordinance, and no Series Debt Service Reserve Fund shall be established under the Master Bond Ordinance for the Series 2020 Senior Appropriation Obligation.

Project Fund and Rebate Fund

The Project Fund has been established in the custody of the Trustee pursuant to the Indenture, with accounts for deposit of Series 2020 Bond proceeds to be established therein pursuant to the First Supplemental Indenture. The Rebate Fund has also been established in the custody of the Trustee pursuant to the Indenture. The City shall establish such City funds and accounts as are necessary and appropriate relating to the Series 2020 Senior Appropriation Obligation, the expenditure of Series 2020 Bond proceeds and the payment of rebate, if any, relating to the Series 2020 Bonds.

Sources of Payment of the Series 2020 Senior Appropriation Obligation

The Series 2020 Senior Appropriation Obligation shall be payable solely from, and, provided the Senior Lien Requirements are satisfied, secured as to payment of principal, interest and other amounts due and payable with respect to such Series 2020 Senior Appropriation Obligation by a senior lien on the Net Revenues as provided in the Master Bond Ordinance. Payments due and owing on the Series 2020 Senior Appropriation Obligation in any Fiscal Year shall be paid solely from Net Revenues and/or other funds appropriated by the City Council for the purpose of making such payments which are due and owing in such Fiscal Year. The incurrence of the Series 2020 Senior Appropriation Obligation does not obligate the City to make any appropriation for its payment.

Designation of Certain Customer Facility Charges as Revenues

Pursuant to the definition of "Revenues" in the Master Bond Ordinance, the City designated Customer Facility Charges received in each of the Fiscal Years ending in 2019 through 2021 as Revenues of the Airport System for purposes of the Master Bond Ordinance. In addition, Customer Facility Charges received in each Fiscal Year after the Fiscal Year ending in 2021 are designated as Revenues of the Airport System for purposes of the Master Bond Ordinance until such time as the Director of the City's Aviation Department gives written notice to the Director of Finance that such Customer Facility Charges are no longer to continue to be designated as Revenues for purposes of the Master Bond Ordinance, accompanied by a certificate of the Director of the City's Aviation Department to the effect that the City will be in compliance with Section 6.03(a) and (b) of the Master Bond Ordinance when Customer Facility Charges are no longer designated as Revenues. Satisfaction of the requirements set forth under the definition of "Released Revenues" is not required for Customer Facility Charges received after the Fiscal Year ending in 2021 to no longer continue to be designated as Revenues pursuant to the immediately preceding sentence. The City shall provide notice under the Continuing Disclosure Undertaking in the event that Customer Facility Charges received after the Fiscal Year ending in 2021 are no longer designated as Revenues. All of such Customer Facility Charges so designated as Revenues are referred to as "Designated Customer Facility Charges."

Modification of Master Bond Ordinance and the Series 2020 Supplemental Ordinance

The City may, from time to time and at any time execute and deliver Supplemental Ordinances supplementing and/or amending the Master Bond Ordinance and the Series 2020 Supplemental Ordinance in the manner set forth in the Master Bond Ordinance.

Governing Law

The Series 2020 Supplemental Ordinance and the Series 2020 Senior Appropriation Obligation incurred thereunder shall be governed by and construed and enforced in accordance with the laws of the State and the Charter.

CONTINUING DISCLOSURE UNDERTAKING
OF THE CITY OF KANSAS CITY, MISSOURI

$504,705,000
Airport Special Obligation Bonds
(Kansas City International Airport Terminal Modernization Project)
Series 2020A (AMT)

and

$57,155,000
Airport Special Obligation Bonds
(Kansas City International Airport Terminal Modernization Project)
Series 2020B (Non-AMT)

and
$70,380,000
Taxable Airport Special Obligation Refunding Bonds
(Kansas City International Airport Project)
Series 2020C

of The Industrial Development Authority
of the City of Kansas City, Missouri

This Continuing Disclosure Undertaking (the "**Disclosure Undertaking**") is executed and delivered by the City of Kansas City, Missouri (the "**City**"), as the "Obligated Person," in connection with the issuance by The Industrial Development Authority of the City of Kansas City, Missouri of $504,705,000 principal amount of Airport Special Obligation Bonds (Kansas City International Airport Terminal Modernization Project), Series 2020A (AMT) (the "**Series 2020A Bonds**"), $57,155,000 principal amount of Airport Special Obligation Bonds (Kansas City International Terminal Modernization Airport Project), Series 2020B (Non-AMT) (the "**Series 2020B Bonds**"), and $70,380,000 principal amount of Taxable Airport Special Obligation Refunding Bonds (Kansas City International Airport Project), Series 2020C (the "**Series 2020C Bonds**" and collectively with the Series 2020A and 2020B Bonds, the "**Bonds**"). The Bonds are being issued pursuant to the Trust Indenture dated as of June 1, 2019, as supplemented pursuant to a First Supplemental Trust Indenture, dated as of October 1, 2020 (as supplemented, the "**Indenture**"), each by and between The Industrial Development Authority of Kansas City, Missouri, (the "**Issuer**") and BOKF, N.A., Kansas City, Missouri, as trustee (the "**Trustee**"). The Bonds are special, limited obligations of the Issuer, payable solely from (i) the proceeds of the Bonds, (ii) payments to be made by the City to the Issuer under the Financing Agreement dated as of June 1, 2019, as supplemented by the First Supplemental Financing Agreement dated as of October 1, 2020 (as supplemented, the "**Financing Agreement**"), each among the Issuer, the City and the Trustee, and (iii) other amounts pledged under the Indenture. The City has deemed its obligation to make Debt Service Payments and Additional Payments under the Financing Agreement to be the incurrence of a Senior Appropriation Obligation pursuant to Ordinance No. 190026, passed by the City Council of the City (the "**City Council**") on March 21, 2019, as amended by Ordinance No. 200706, passed by the City Council on September 17, 2020 and as supplemented by Committee Substitute for Ordinance No. 200703, passed by the City Council on September 17, 2020.

Pursuant to the Financing Agreement, the City has pledged to pay amounts sufficient to provide for payment of Debt Service Payments, subject to annual appropriation, to the Trustee for application to the payment of the Bonds.

In order to permit the Underwriters to comply with the provisions of Rule 15c2-12 in connection with the public offering of the Bonds, the City hereby covenants and agrees, for the sole and exclusive benefit of holders and Beneficial Owners of the Bonds, as follows:

Section 1. Definitions. The following terms shall have the meanings ascribed to them below, and capitalized terms used but not defined herein shall have the meanings ascribed to them in the Indenture and/or the Financing Agreement.

"**Annual Information**" shall mean the financial information and operating data specified in **Section 3** hereof.

"**Audited Financial Statements**" shall mean the City of Kansas City, Missouri Department of Aviation Comprehensive Annual Financial Report, including the portions thereof described in **Section 3** of this Disclosure Undertaking.

"**Beneficial Owner**" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as owner of any Bonds for federal income tax purposes.

"**Bonds**" shall mean, collectively, the Issuer's Airport Special Obligation Bonds (Kansas City International Terminal Modernization Airport Project), Series 2020A (AMT), Airport Special Obligation Bonds (Kansas City International Terminal Modernization Airport Project), Series 2020B (Non-AMT) and Taxable Airport Special Obligation Refunding Bonds (Kansas City International Airport Project), Series 2020C.

"**City**" shall mean the City of Kansas City, Missouri, a charter city and municipal corporation organized and existing under the Constitution and laws of the State, and any successor thereto.

"**City Council**" shall mean the City Council of the City of Kansas City, Missouri.

"**EMMA**" means the Electronic Municipal Market Access system for municipal securities disclosures established by the MSRB, which can be accessed at www.emma.msrb.org. All information to be provided to the MSRB pursuant to this Disclosure Undertaking shall be submitted through EMMA in an electronic format and accompanied by identifying information, both as prescribed by the MSRB.

"**Financial Obligation**" means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b) in this definition; provided however, the term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12.

"**GAAP**" shall mean generally accepted accounting principles as prescribed from time to time for governmental units by the Governmental Accounting Standards Board.

"**GAAS**" shall mean generally accepted auditing standards as in effect from time to time in the United States.

"**Issuer**" shall mean The Industrial Development Authority of the City of Kansas City, Missouri, a public corporation duly organized and existing under the laws of the State of Missouri, and any successor thereto.

"**MSRB**" shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended.

"**Obligated Person**" shall mean the person (including an issuer of separate securities) that is committed by contract or other arrangements structured to support payment of all or part of the obligations under the municipal securities.

"**Official Statement**" shall mean the Official Statement dated October 14, 2020 relating to the Bonds.

"**Ordinances**" shall mean, collectively, City Ordinance Nos. 190026, 200706 and 200703, as they may be supplemented or amended from time to time.

"**Rule 15c2-12**" shall mean Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended and as in effect on the date of this Disclosure Undertaking, including any official interpretations thereof issued either before or after the effective date of this Disclosure Undertaking which are applicable to this Disclosure Undertaking.

"**Underwriters**" shall mean Morgan Stanley & Co. LLC, as representative of the underwriters.

Section 2. Obligations to Provide Continuing Disclosure.

(i) Obligations of the City.

(a) The City hereby undertakes, for the benefit of the holders and Beneficial Owners of the Bonds, to provide to the MSRB, no later than 270 days after the end of each Fiscal Year, commencing with the Fiscal Year ending April 30, 2021, the Annual Information relating to such Fiscal Year.

(b) If Audited Financial Statements are to be provided as part of the Annual Information but are not available to be submitted with the rest of the Annual Information on or before the date provided in the immediately preceding subsection, unaudited financial statements shall be submitted and the Audited Financial Statements shall be submitted to the MSRB, if and when they become available.

(c) In a timely manner not in excess of 10 business days after the occurrence of any of the following events, the City shall give, or cause to be given, to the MSRB, notice of the occurrence of any of the following events with respect to the Bonds:

(A) principal and interest payment delinquencies;
(B) non-payment related defaults, if material;
(C) unscheduled draws on debt service reserves reflecting financial difficulties;
(D) unscheduled draws on credit enhancements reflecting financial difficulties;
(E) substitution of credit or liquidity providers, or their failure to perform;
(F) 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 Bonds, or other material events affecting the tax status of the Bonds;
(G) modifications to the rights of holders of the Bonds, if material;
(H) Bond calls, if material, and tender offers;

(I) defeasances;
(J) release, substitution or sale of property securing repayment of the Bonds, if material;
(K) rating changes;
(L) bankruptcy, insolvency, receivership or similar event of the City;
(M) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, 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;
(N) appointment of a successor or additional trustee, or the change of name of the trustee, if material;
(O) incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect Bondholders, if material; and
(P) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

(d) The City shall also provide to the MSRB, as promptly as practicable, notice of any failure of the City to provide the Annual Information on or before the date specified in **Section 2(i)(a)**.

(e) Pursuant to the Financing Agreement, the City acknowledges that the Issuer shall have no responsibility with respect to Rule 15c2-12 and has no liability to any person, including any Owner of the Bonds, with respect to any reports, notices or disclosure thereunder.

(ii) Termination or Modification of Disclosure Obligation. The obligations of the City hereunder may be terminated if the City is no longer an "Obligated Person" with respect to the Bonds within the meaning of Rule 15c2-12. Upon any such termination, the City shall provide written notice thereof to the MSRB.

(iii) Other Information. Nothing herein shall be deemed to prevent the City from disseminating any other information in addition to that required hereby in the manner set forth herein or in any other manner. If the City voluntarily disseminates any such additional information, the City shall have no obligation hereunder to update such information or include it in any future materials disseminated hereunder.

Section 3. Annual Information.

(i) Specified Information. The Annual Information shall consist of (i) financial data consisting of Audited Financial Statements and (ii) the operating information and financial data of the type included in the Official Statement under the heading "THE AIRPORT SYSTEM" limited to the information contained in the following schedules, and expressly subject to **Section 3(iii)** as follows:

(a) SCHEDULE OF ANNUAL PASSENGER ENPLANEMENTS;
(b) SCHEDULE OF MCI AIRCRAFT OPERATIONS;
(c) SCHEDULE OF PASSENGER AND CARGO AIRLINES;
(d) SCHEDULE OF AIRLINES' MARKET SHARE;
(e) SCHEDULE OF MOST POPULAR DESTINATIONS;
(f) SCHEDULE OF ENPLANED CARGO;

(g) SCHEDULE OF HISTORICAL REVENUES AND EXPENSES;
(h) SCHEDULE OF HISTORICAL DEBT SERVICE COVERAGE;
(i) SCHEDULE OF RATES AND CHARGES;
(j) SCHEDULE OF HISTORICAL AIRLINE COST PER ENPLANED PASSENGER; and
(k) SCHEDULE OF UNRESTRICTED AND RESTRICTED CASH AND INVESTMENTS.

(ii) Incorporation by Reference. All or any portion of the Annual Information of the City may be provided by specific incorporation by reference to any other documents which have been filed with the MSRB and/or the Securities and Exchange Commission.

(iii) Informational Categories. The requirements contained in this Disclosure Undertaking under **Section 3(i)** are intended to set forth a general description of the type of financial information and operating data to be provided by the City and such descriptions are not intended to state more than general categories of financial information and operating data; and where the provisions of **Section 3(i)** call for information that no longer can be generated or relates to operations that have been materially changed or discontinued, a statement to that effect shall be provided.

Section 4. Preparation of Financial Statements.

The annual Audited Financial Statements of the City of the Kansas City Airports Fund for each Fiscal Year shall be prepared in accordance with GAAP (unless applicable accounting principles are otherwise disclosed) and audited by an independent accounting firm in accordance with GAAS (but only if Audited Financial Statements are otherwise available for such Fiscal Year). The Audited Financial Statements may be provided by specific incorporation by reference to any other documents which have been filed with the Securities and Exchange Commission and/or the MSRB.

Section 5. Remedies.

If the City should fail to comply with any provision of this Disclosure Undertaking, then any holder or Beneficial Owner of Bonds may enforce, for the equal benefit and protection of all the holders or Beneficial Owners of the Bonds similarly situated, by mandamus or other suit or proceeding at law or in equity, against the City and any of its officers, agents and employees, and may compel the City or any such officers, agents or employees to perform and carry out their duties under this Disclosure Undertaking; provided that the sole and exclusive remedy for breach of this Disclosure Undertaking shall be an action to compel specific performance of the obligations of the City hereunder, and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances; and provided, further, that the rights of any holder or Beneficial Owner to challenge the adequacy of the information provided in accordance with **Sections 2 and 3** hereunder are conditioned upon the provisions of the Ordinances, the Indenture and the Financing Agreement with respect to the enforcement of remedies of holders upon the occurrence of an Event of Default under the Ordinances, the Indenture and the Financing Agreement as though such provisions applied hereunder. Failure of the City to perform its obligations hereunder shall not constitute an Event of Default under the Ordinances, the Indenture or the Financing Agreement.

Section 6. Parties in Interest.

The provisions of this Disclosure Undertaking shall inure solely to the benefit of holders and Beneficial Owners from time to time of the Bonds and shall create no rights in any other person or entity.

Section 7. Amendments.

(i) Without the consent of any of the holders or Beneficial Owners of the Bonds, the City, at any time and from time to time, may enter into amendments or changes to this Disclosure Undertaking for any purpose, if:

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

(b) the undertakings set forth herein, as amended, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of Rule 15c2-12 on the date hereof, after taking into account any amendments to, or interpretation by the staff of the Securities and Exchange Commission of, Rule 15c2-12, as well as any change in circumstances; and

(c) the amendment, in the opinion of nationally recognized bond counsel, does not materially impair the interests of the holders or Beneficial Owners of the Bonds.

(ii) Annual Information for any Fiscal Year containing any amended operating data or financial information for such Fiscal Year shall explain, in narrative form, the reasons for such amendment and the impact of the change in the type of operating data or financial information in the Annual Information being provided for such Fiscal Year. If a change in accounting principles is included in any such amendment, such Annual Information shall present a comparison between the financial statements or information prepared on the basis of the amended accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information. To the extent reasonably feasible such comparison shall also be quantitative. A notice of any such change in accounting principles shall be sent in a timely manner by the City to the MSRB.

Section 8. Termination.

This Disclosure Undertaking shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Bonds shall have been paid in full or the Bonds shall have otherwise been paid or legally defeased pursuant to the Ordinances and/or the Indenture; provided, however, that if Rule 15c2-12 (or successor provision) shall be amended, modified or changed so that all or any part of the information currently required to be provided thereunder shall no longer be required to be provided thereunder, then such information shall no longer be required to be provided hereunder; and provided, further, that if and to the extent Rule 15c2-12 (or successor provision), or any provision thereof, shall be declared by a court of competent and final jurisdiction to be, in whole or in part, invalid, unconstitutional, null and void, or otherwise inapplicable to the Bonds, then the information required to be provided hereunder, insofar as it was required to be provided by a provision of Rule 15c2-12 so declared, shall no longer be required to be provided hereunder. Upon any legal defeasance, the City shall provide notice of such defeasance to the MSRB and such notice shall state whether the Bonds have been defeased to maturity or to redemption and the timing of such maturity or redemption.

Section 9. Notices.

Any notices or communications to the City may be given as follows:

City of Kansas City, Missouri
414 E. 12th Street, 1st Floor
Kansas City, Missouri 64106
Attention: City Treasurer
Telephone: (816) 513-1024
Fax: (816) 513-1020

Section 10. Governing Law.

THIS DISCLOSURE UNDERTAKING SHALL BE GOVERNED BY THE LAWS OF THE STATE OF MISSOURI DETERMINED WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW; PROVIDED, HOWEVER THAT TO THE EXTENT THIS DISCLOSURE UNDERTAKING ADDRESSES MATTERS OF FEDERAL SECURITIES LAWS, INCLUDING RULE I5c2-12, THIS DISCLOSURE UNDERTAKING SHALL BE GOVERNED BY SUCH FEDERAL SECURITIES LAWS AND OFFICIAL INTERPRETATIONS THEREOF.

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IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Continuing Disclosure Undertaking as of the date below.

DATED: ____________________, 2020.

CITY OF KANSAS CITY, MISSOURI

as the Obligated Person

By: ______________________________
Name:[___________]
Title: [____________]

APPENDIX F

FORM OF CO-BOND COUNSEL OPINION

[Closing Date]

The Industrial Development Authority of the City of Kansas City, Missouri
Kansas City, Missouri

BOKF, N.A., as Trustee
Kansas City, Missouri

City of Kansas City, Missouri
Kansas City, Missouri

Morgan Stanley & Co. LLC,
as representative of Underwriters
New York, New York

Re: $504,705,000 Airport Special Obligation Bonds (Kansas City International Airport Terminal Modernization Project) Series 2020A (AMT) (the "Series 2020A Bonds"), $57,155,000 Airport Special Obligation Bonds (Kansas City International Airport Terminal Modernization Project) Series 2020B (Non-AMT) (the "Series 2020B Bonds"), and $70,380,000 Taxable Airport Special Obligation Refunding Bonds (Kansas City International Airport Project) Series 2020C (the "Series 2020C Bonds") of The Industrial Development Authority of the City of Kansas City, Missouri

Ladies and Gentlemen:

We have acted as Co-Bond Counsel to The Industrial Development Authority of the City of Kansas City, Missouri (the "Issuer") in connection with the issuance by the Issuer of the above-captioned Series 2020A Bonds, Series 2020B Bonds and Series 2020C Bonds (collectively, the "Series 2020 Bonds"). The Series 2020 Bonds are issued pursuant to the Constitution and statutes of the State of Missouri (the "State"), including particularly Chapter 349, Revised Statutes of Missouri, as supplemented and amended (the "Act"), and a Trust Indenture dated as of June 1, 2019 (the "Original Indenture"), as supplemented by the First Supplemental Trust Indenture dated as of October 1, 2020 (the "First Supplemental Indenture") (the Original Indenture as supplemented by the First Supplemental Indenture, the "Indenture"), each by and between the Issuer and BOKF, N.A., as Trustee (the "Trustee"). Capitalized terms used but not otherwise defined herein shall have the meanings assigned them in the Indenture.

The proceeds of the Series 2020 Bonds are being made available to the City of Kansas City, Missouri (the "City") pursuant to a Financing Agreement dated as of June 1, 2019 (the "Original Financing Agreement"), as supplemented by the First Supplemental Financing Agreement dated as of October 1, 2020 (the "First Supplemental Financing Agreement") (the Original Financing Agreement as supplemented by the First Supplemental Financing Agreement, the "Financing Agreement"), each among the Issuer, the City and the Trustee. Proceeds of the Series 2020A Bonds and Series 2020B Bonds will be used to provide funds to (i) pay a portion of the costs of certain improvements to the Airport System as provided in the Indenture, including the construction of a new passenger terminal at Kansas City International Airport (the "Terminal Modernization Project"), (ii) fund a deposit to the Debt Service Reserve Fund established under the Indenture, (iii) fund a deposit to the Capitalized Interest Fund established under the Indenture, and (iv) pay a portion of the costs of issuing the Series 2020 Bonds. Proceeds of the Series 2020C Bonds will be used to provide funds to (i) refund the City's outstanding General Improvement Airport Refunding Revenue Bonds, Series 2013A (AMT) (the "Refunded Series 2013A Bonds"), (ii) fund a deposit to the Debt Service Reserve Fund established under the

Indenture, and (iii) pay a portion of the costs of issuing the Series 2020 Bonds. Under the Financing Agreement, the City has agreed to make Debt Service Payments and Additional Payments (as defined in the Financing Agreement), subject to annual appropriation, in sufficient amounts to pay the principal of and interest on the Series 2020 Bonds and such other amounts due and payable by the City as described therein.

Reference is made to: (1) an opinion of even date herewith of Katherine Chandler, Esq., counsel to the Issuer, with respect to, among other matters, (a) the power of the Issuer to enter into and perform its obligations under the First Supplemental Indenture, the First Supplemental Financing Agreement and the Tax Compliance Agreement relating to the Series 2020 Bonds (the "Tax Compliance Agreement") and (b) the due authorization, execution and delivery of the First Supplemental Indenture, the First Supplemental Financing Agreement and the Tax Compliance Agreement by the Issuer and the binding effect and enforceability thereof against the Issuer; and (2) an opinion of even date herewith of the Office of the City Attorney, counsel to the City, with respect to, among other matters, (a) the power of the City to enter into and perform its obligations under the First Supplemental Financing Agreement and the Tax Compliance Agreement and (b) the due authorization, execution and delivery of the First Supplemental Financing Agreement and the Tax Compliance Agreement by the City and the binding effect and enforceability thereof against the City.

In our capacity as Co-Bond Counsel, we have examined such certified proceedings and other documents as we deem necessary to render this opinion, including a certified transcript of the proceedings relating to the authorization and issuance of the Series 2020 Bonds, which transcript includes, among other documents and proceedings, the Original Indenture, the First Supplemental Indenture, the Original Financing Agreement, the First Supplemental Financing Agreement and the Tax Compliance Agreement, and related proceedings, documents and certificates, and also a specimen bond of the issue so authorized. As to questions of fact material to our opinion, we have relied upon representations contained in the Indenture, the Financing Agreement, the Tax Compliance Agreement, the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We have also examined the Constitution and statutes of the State of Missouri, insofar as the same relate to the authorization and issuance of the Series 2020 Bonds and the authorization, execution and delivery of the Indenture.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Issuer is a public corporation organized and validly existing under the Constitution and laws of the State of Missouri.

2. The Series 2020 Bonds are in proper form and have been duly authorized and issued in accordance with the Constitution and statutes of the State of Missouri, including the Act.

3. The Series 2020 Bonds are valid and binding special, limited obligations of the Issuer according to the terms thereof, payable (except to the extent paid out of Bond proceeds or the income from the temporary investment thereof) solely from the Debt Service Payments and other payments derived by the Issuer under the Financing Agreement, and are secured by a transfer, pledge and assignment of and a grant of a security interest in the Trust Estate to the Trustee and in favor of the owners of the Series 2020 Bonds as provided in the Indenture. The Series 2020 Bonds are not a debt or liability of the State of Missouri or of any political subdivision or body politic thereof, including the City, within the meaning of any state constitutional provision or statutory limitation. The Issuer has no taxing power.

4. The First Supplemental Indenture, the First Supplemental Financing Agreement and the Tax Compliance Agreement have been duly authorized, executed and delivered by the Issuer and are valid and legally binding obligations of the Issuer enforceable against the Issuer in accordance with the respective provisions thereof.

5. Under existing laws, regulations, rulings and judicial decisions, (i) interest on the Series 2020A Bonds is excluded from gross income for federal income tax purposes, except for interest on any Series 2020A Bond for any period during which such Series 2020A Bond is held by a "substantial user" of the facilities financed by the Series 2020A Bonds or by a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Series 2020B Bonds is excluded from gross income for federal income tax purposes. The opinions described in the preceding sentence assume the accuracy of certain representations and compliance by the Issuer and the City with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Series 2020A Bonds and the Series 2020B Bonds (collectively, the "Series 2020 Tax-Exempt Bonds"). Failure to comply with such requirements could cause interest on the Series 2020A Bonds or the Series 2020B Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2020 Tax-Exempt Bonds. The Issuer and the City have covenanted to comply with such requirements. We are further of the opinion that (i) interest on the Series 2020A Bonds constitutes an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and (ii) interest on the Series 2020B Bonds is not an item of tax preference for purposes of the federal alternative minimum tax.

6. The interest on the Series 2020C Bonds is included in gross income for federal income tax purposes.

7. The interest on the Series 2020 Bonds is exempt from income taxation imposed by the State of Missouri.

8. We express no opinion regarding other federal, state or local tax consequences arising with respect to the Series 2020 Bonds.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement) and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Official Statement).

The rights of the owners of the Series 2020 Bonds, and the enforceability of the Series 2020 Bonds, the Indenture and the Financing Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and their enforcement may be subject to the exercise of judicial discretion in appropriate cases.

We call to your attention the fact that our legal opinions are an expression of professional judgment and are not a guarantee of a result.

We do not undertake to advise you of matters which may come to our attention subsequent to the date hereof which may affect the legal opinions expressed herein.

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ASSURED GUARANTY MUNICIPAL

MUNICIPAL BOND INSURANCE POLICY

SPECIMEN

ISSUER:	Policy No: -N
BONDS: $ in aggregate principal amount of	Effective Date:
	Premium: $

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

SPECIMEN

ASSURED GUARANTY MUNICIPAL CORP.

By ______________________________
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100

Form 500NY (5/90)

THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF KANSAS CITY, MISSOURI • AIRPORT SPECIAL OBLIGATION BONDS SERIES 2020A AND SERIES 2020B AND REFUNDING SERIES 2020C

Mixed Sources
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