

NEW ISSUE—BOOK-ENTRY ONLY

Ratings: Moody's: "Aa3"
Standard & Poor's: "AA-"
(See "RATINGS" herein)

In the opinion of Gilmore & Bell, P.C., Bond Counsel, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), (a) (1) the interest on the Series 2017A Bonds is excludable from gross income for federal income tax purposes, but is an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and (2) the interest on the Series 2017A Bonds is exempt from income taxation by the State of Nebraska and (b) (1) the interest on the Series 2017B Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, (2) the interest on the Series 2017B Bonds is exempt from income taxation by the State of Nebraska and (3) the Series 2017C Bonds have not been designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. The interest on the Series 2017C Bonds is included in gross income for federal income tax purposes and is exempt from Nebraska income taxation. See "TAX MATTERS" in this Official Statement.



AIRPORT AUTHORITY OF THE CITY OF OMAHA

\$49,305,000
Airport Facilities
Revenue Bonds (AMT),
Series 2017A

\$11,225,000
Airport Facilities
Revenue and Refunding Bonds,
Series 2017B

\$9,470,000
Airport Facilities
Revenue Bonds,
Taxable Series 2017C

Dated: Date of Delivery

Due: December 15, as shown on inside cover

The Airport Authority of the City of Omaha (the "Authority") is issuing its (a) Airport Facilities Revenue Bonds (AMT), Series 2017A (the "Series 2017A Bonds"), (b) Airport Facilities Revenue and Refunding Bonds, Series 2017B (the "Series 2017B Bonds"), and (c) Airport Facilities Revenue Bonds, Taxable Series 2017C (the "Series 2017C Bonds" and, together with the Series 2017A Bonds and the Series 2017B Bonds, the "Series 2017 Bonds") as registered bonds without coupons in the denomination of \$5,000 or any integral multiple thereof. When initially issued, the Series 2017 Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Series 2017 Bonds. Purchases of the Series 2017 Bonds will be made in book-entry-only form, in the principal amount of \$5,000 or any integral multiple thereof, through brokers and dealers who are, or who act through, DTC participants. Beneficial owners of the Series 2017 Bonds will not receive physical delivery of bond certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the Series 2017 Bonds. So long as DTC or its nominee is the registered owner of the Series 2017 Bonds, payments of the principal of and interest on the Series 2017 Bonds will be made directly to DTC. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to the beneficial owners is the responsibility of DTC participants. Interest on the Series 2017 Bonds is payable on June 15 and December 15 of each year, beginning June 15, 2017 by check or draft mailed to the registered owners thereof as of the fifteenth day next preceding each such interest payment date. First National Bank of Omaha, Omaha, Nebraska, will act as paying agent and registrar (the "Registrar"). For terms relating to principal and interest payments made to DTC or its nominee or in the event that the use of book-entry form is discontinued, see "DESCRIPTION OF THE SERIES 2017 BONDS—Book-Entry-Only System" herein. Principal and premium, if any, on the Series 2017 Bonds will be payable at the principal office of First National Bank of Omaha, as Paying Agent.

The Series 2017 Bonds are issued for the purposes of (i) paying a portion of the costs of financing the 2017 Project, as described herein, (ii) funding a debt service reserve account for each Series of Series 2017 Bonds, (iii) refunding and defeasing the Authority's outstanding Airport Facilities Revenue Bonds, Series 2010, in the aggregate principal amount of \$7,880,000 and (iv) paying costs of issuance of the Series 2017 Bonds. The Series 2017 Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as more fully described herein under "DESCRIPTION OF THE SERIES 2017 BONDS—Redemption of Series 2017 Bonds."

THE SERIES 2017 BONDS AND ANY BONDS ISSUED ON A PARITY THEREWITH ARE LIMITED OBLIGATIONS OF THE AUTHORITY ARE PAYABLE SOLELY FROM, AND ARE SECURED SOLELY BY, A PLEDGE OF AND LIEN UPON THE AUTHORITY'S NET REVENUES AND CERTAIN FUNDS HELD WITH RESPECT TO THE SERIES 2017 BONDS, AS MORE FULLY DESCRIBED HEREIN. THE AUTHORITY HAS NO TAXING POWER. NEITHER THE CITY OF OMAHA NOR THE STATE OF NEBRASKA SHALL BE LIABLE FOR THE SERIES 2017 BONDS.

An investment in the Series 2017 Bonds involves risk. See "BONDHOLDERS' RISKS" herein.

MATURITY SCHEDULE – See Inside Cover

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Series 2017 Bonds are offered subject to prior sale, when, as and if issued by the Authority and accepted by the Underwriter, subject to the approval of their validity and enforceability by Gilmore & Bell, P.C., Bond Counsel. Certain legal matters will be passed upon for the Authority by McGrath North Mullin & Kratz, PC LLO and for the Underwriter by its counsel, Kutak Rock LLP. D.A. Davidson & Co. has served as Municipal Advisor to the Authority. It is expected that the Series 2017 Bonds in definitive form will be available for delivery through the DTC book-entry system on or about February 22, 2017.

PiperJaffray & Co.

This Official Statement is dated February 9, 2017

MATURITY SCHEDULE

\$49,305,000

Airport Facilities Revenue Bonds (AMT), Series 2017A

Maturity (December 15)	Principal Amount	Interest Rate	Yield	CUSIP*	Maturity (December 15)	Principal Amount	Interest Rate	Yield	CUSIP*
2017	\$1,450,000	2.000%	1.050%	681725 JF5	2027	\$2,430,000	5.000%	2.980% [†]	681725 JR9
2018	1,595,000	4.000	1.230	681725 JG3	2028	2,550,000	5.000	3.110 [†]	681725 JS7
2019	1,660,000	4.000	1.430	681725 JH1	2029	2,675,000	5.000	3.170 [†]	681725 JT5
2020	1,725,000	5.000	1.640	681725 JJ7	2030	2,810,000	5.000	3.210 [†]	681725 JU2
2021	1,810,000	5.000	1.870	681725 JK4	2031	2,950,000	5.000	3.280 [†]	681725 JV0
2022	1,905,000	5.000	2.100	681725 JL2	2032	3,100,000	5.000	3.360 [†]	681725 JW8
2023	2,000,000	5.000	2.330	681725 JM0	2033	3,255,000	5.000	3.420 [†]	681725 JX6
2024	2,100,000	5.000	2.520	681725 JN8	2034	3,415,000	5.000	3.480 [†]	681725 JY4
2025	2,205,000	5.000	2.710	681725 JP3	2035	3,590,000	5.000	3.530 [†]	681725 JZ1
2026	2,315,000	5.000	2.870	681725 JQ1	2036	3,765,000	5.000	3.570 [†]	681725 KA4

[†]Yield to first optional call date of December 15, 2026.

\$11,225,000

Airport Facilities Revenue and Refunding Bonds, Series 2017B

Maturity (December 15)	Principal Amount	Interest Rate	Yield	CUSIP*	Maturity (December 15)	Principal Amount	Interest Rate	Yield	CUSIP*
2017	\$345,000	2.000%	0.960%	681725 KB2	2024	\$495,000	5.000%	2.320%	681725 KJ5
2018	385,000	3.000	1.170	681725 KC0	2025	520,000	3.000	2.500	681725 KK2
2019	395,000	4.000	1.360	681725 KD8	2026	535,000	3.000	2.650	681725 KL0
2020	410,000	4.000	1.530	681725 KE6	2027	550,000	5.000	2.760 [†]	681725 KM8
2021	430,000	5.000	1.740	681725 KF3	2028	575,000	5.000	2.870 [†]	681725 KN6
2022	445,000	5.000	1.950	681725 KG1	2029	605,000	5.000	2.950 [†]	681725 KP1
2023	470,000	5.000	2.120	681725 KH9	2030	640,000	5.000	2.990 [†]	681725 KQ9

\$1,365,000 – 4.000% Term Bonds due December 15, 2032, Yield: 3.400%[†], CUSIP: 681725 KS5

\$3,060,000 – 3.625% Term Bonds due December 15, 2036, Yield: 3.700%, CUSIP: 681725 KW6

[†]Yield to first optional call date of December 15, 2026.

\$9,470,000

Airport Facilities Revenue Bonds, Taxable Series 2017C

Maturity (December 15)	Principal Amount	Interest Rate	Yield	CUSIP*	Maturity (December 15)	Principal Amount	Interest Rate	Yield	CUSIP*
2017	\$325,000	1.285%	1.285%	681725 KX4	2022	\$395,000	2.630%	2.630%	681725 LC9
2018	365,000	1.543	1.543	681725 KY2	2023	405,000	2.937	2.937	681725 LD7
2019	370,000	1.773	1.773	681725 KZ9	2024	420,000	3.097	3.097	681725 LE5
2020	380,000	2.114	2.114	681725 LA3	2025	430,000	3.334	3.334	681725 LF2
2021	385,000	2.460	2.460	681725 LB1	2026	445,000	3.484	3.484	681725 LG0

\$2,500,000 – 4.064% Term Bonds due December 15, 2031, Yield: 4.064%, CUSIP: 681725 LH8

\$3,050,000 – 4.204% Term Bonds due December 15, 2036, Yield: 4.204%, CUSIP: 681725 LJ4

* CUSIP data herein is provided by the CUSIP Global Services, which is managed on behalf of the American Bankers Association by S&P Global Market Intelligence, a part of S&P Global Inc. CUSIP data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service. CUSIP numbers are provided for convenience of reference only. The CUSIP numbers have been assigned by an organization not affiliated with the Authority and are included for the convenience of the holders of the Series 2017 Bonds. None of the Authority, the Underwriter, the Municipal Advisor or the Registrar is responsible for the selection or use of the CUSIP numbers, and no representation is made as to their correctness on the Series 2017 Bonds or as indicated above.

AIRPORT AUTHORITY OF THE CITY OF OMAHA

BOARD OF DIRECTORS

P.J. Morgan, Chair

Bennett A. Ginsberg, Vice Chair

Eric L. Butler, Secretary/Treasurer

Howard Kooper, Member

John F. Lund, Member

EXECUTIVE STAFF

Steve A. Coufal, Executive Director

David L. Roth, Deputy Executive Director

Stanley R. Kathol, Director—Finance and Administration

Timothy A. Schmitt, Director—Operations

Daniel B. Owens, Director—Planning & Engineering Services

COUNSEL

McGrath North Mullin & Kratz, PC LLO, Authority Counsel

Gilmore & Bell, P.C., Bond Counsel

Kutak Rock LLP, Underwriter's Counsel

MUNICIPAL ADVISOR

D.A. Davidson & Co.

AIRPORT CONSULTANT

LeighFisher

UNDERWRITER

Piper Jaffray & Co.

TRUSTEE, PAYING AGENT AND REGISTRAR

First National Bank of Omaha

No dealer, broker or other person has been authorized to give any information or to make any representation other than as contained in this Official Statement in connection with the offering described herein, and, if given or made, such other information or representation must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the Series 2017 Bonds offered hereby, nor shall there be any offer or sale of the Series 2017 Bonds in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. Neither the delivery of this Official Statement nor the sale of any of the Series 2017 Bonds implies that the information herein is correct as of any time subsequent to the date hereof.

The information contained in this Official Statement has been obtained from the Airport Authority of the City of Omaha, Nebraska and other sources believed to be reliable. The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

In connection with this offering, the Underwriter may overallocate or effect transactions that stabilize or maintain the market prices of the Series 2017 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 Underwriter may offer and sell the Series 2017 Bonds to certain dealers and others at yields higher or prices lower than the public offering yields and/or prices stated on the inside cover page of this Official Statement, and such public offering yields and/or prices may be changed from time to time by the Underwriter without notice.

The Series 2017 Bonds have not been registered under the Securities Act of 1933, as amended, in reliance on an exemption contained therein, and have not been registered or qualified under the securities laws of any state. The Resolution has not been qualified under the Trust Indenture Act of 1939, as amended, in reliance on an exemption contained therein. The Series 2017 Bonds have not been recommended by any federal or state securities commission or any regulatory commission. Furthermore, none of the foregoing authorities have confirmed the accuracy or determined the adequacy of this Official Statement. Any representation to the contrary may be a criminal offense.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Official Statement contains “forward-looking statements” within the meaning of federal securities laws. These forward-looking statements include statements about the Authority’s future plans and strategies, and other statements that are not historical in nature. These forward-looking statements are based on the current expectations of management of the Authority. When used in this Official Statement, the words “plan,” “expect,” “estimate,” “budget,” “intend,” “anticipate,” “should,” “will,” and similar expressions are intended to identify forward-looking statements. Forward-looking statements involve future risks and uncertainties that could cause actual results and experience to differ materially from the anticipated results or other expectations expressed in forward-looking statements. These future risks and uncertainties include those discussed in the “**BONDHOLDERS’ RISKS**” section of this Official Statement. The Authority undertakes no obligation to update any forward-looking statements contained in this Official Statement to reflect future events or developments.

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SUMMARY STATEMENT

This Summary Statement is subject in all respects to more complete information contained elsewhere in this Official Statement, including all reports contained herein. Unless otherwise defined below, all capitalized terms used in the Summary Statement shall have the meanings set forth in this Official Statement, including in Appendix E, **“SUMMARY OF CERTAIN PROVISIONS OF THE MASTER RESOLUTION.”**

Purpose of the Series 2017 Bonds

The Authority is issuing (a) \$49,305,000 Airport Facilities Revenue Bonds (AMT), Series 2017A (the **“Series 2017A Bonds”**), (b) \$11,225,000 Airport Facilities Revenue and Refunding Bonds, Series 2017B (the **“Series 2017B Bonds”**), and (c) \$9,470,000 Airport Facilities Revenue Bonds, Taxable Series 2017C (the **“Series 2017C Bonds”**); and together with the Series 2017A Bonds and the Series 2017B Bonds, the **“Series 2017 Bonds”**) to (i) pay a portion of the costs of financing the 2017 Project, as described below, (ii) fund a debt service reserve account for each Series of Series 2017 Bonds, (iii) refund and defease the Authority’s outstanding Airport Facilities Revenue Bonds, Series 2010, in the aggregate principal amount of \$7,880,000 and (iv) pay costs of issuance of the Series 2017 Bonds.

The Airport

The Authority’s Omaha Eppley Airport (the **“Airport”**) is the principal air carrier airport serving Omaha and the regions of eastern Nebraska, western Iowa and southern South Dakota. Most Airport passengers begin or end their air travel in Omaha, rather than connecting for flights to other communities. The economy of the Airport’s air trade area is diversified and growing. The Airport is served by a well-diversified base of airlines and is not overly reliant on the services of any single airline. The Airport has a record of safe, efficient and economical operations and continues to be improved and expanded with a goal of meeting the growing needs of Airport users. The Airport is managed by an experienced executive team. See **“THE AUTHORITY”** and **“THE AIRPORT.”**

The 2017 Project

The Series 2017 Bonds are being issued in part to finance (i) a new, six-story covered parking garage, (ii) a rental car customer service building, (iii) a covered skyway, (iv) roadways and a new exit plaza, (v) upgrades and improvements to existing parking facilities and (vi) demolition work and other related additions, all at the Airport facility ((i) through (vi), collectively, the **“2017 Project”**). See **“PLAN OF FINANCING—The 2017 Project.”**

Security and Sources of Payment for the Series 2017 Bonds

The Series 2017 Bonds are being issued pursuant to a Master Resolution dated as of December 20, 2016 (the **“Master Resolution”**) and a First Series Resolution dated as of December 20, 2016 (the **“First Series Resolution”**) and, together with the Master Resolution, the **“Resolution”**), each adopted by the Board of Directors of the Authority. Pursuant to the Master Resolution, the Authority has pledged the Net Revenues of the Airport System to the payment of the Series 2017 Bonds and any other Bonds. **“Net Revenues”** means Revenues less Operation and Maintenance Expenses. The Authority generates Revenues primarily by assessing fees and charges payable by air carriers, general aviation operators, concessionaires and other users of the Airport System. See **“SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS.”**

Pursuant to the First Series Resolution, the Authority irrevocably committed certain Customer Facility Charges (**“Series 2017 CFC Revenues”**) to be deposited into the Bond Fund to pay a portion of the debt service on the Series 2017 Bonds. See **“SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS—Irrevocable CFC Commitment.”**

The Series 2017 Bonds are further secured by amounts in the respective Accounts established therefor in the Reserve Fund. During the period when any Bonds are Outstanding, each Account in the Reserve Fund shall be maintained at the Reserve Requirement for the applicable Series of Bonds, subject to the applicable limitations imposed by the Internal Revenue Code of 1986, as amended. The Reserve Requirement for a particular Series of Bonds is determined in connection with each Series of Bonds issued under the Resolution, and may be \$0. The

Reserve Requirement for each Series of the Series 2017 Bonds is the maximum annual debt service for the applicable Series of Bonds; provided however, for each of the Series 2017A Bonds and Series 2017B Bonds, the Reserve Requirement may not exceed the lesser of (a) the maximum annual debt service, (b) 125% of average annual debt service or (c) 10% of the principal amount of proceeds. The Reserve Requirement is \$3,958,250.00 for the Series 2017A Bonds, \$839,675.00 for the Series 2017B Bonds, and \$692,669.40 for the Series 2017C Bonds.

The Series 2017 Bonds are limited obligations of the Authority payable solely from Net Revenues of the Airport System and the other funds pledged under the Resolution for the Series 2017 Bonds. The Authority has no taxing power. The Series 2017 Bonds do not constitute general obligations or a debt of the State of Nebraska or of the City of Omaha, and neither the State of Nebraska nor the City of Omaha is liable thereon. No owner of any of the Series 2017 Bonds has the right to compel the exercise of any taxing powers of the State of Nebraska or the City of Omaha to pay the Series 2017 Bonds or interest thereon.

The Series 2017 Bonds are secured pursuant to the Master Resolution as more fully described herein under **“SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS.”** See **“DEBT SERVICE SCHEDULE”** herein.

Rate Maintenance Covenant

Pursuant to the Master Resolution, the Authority has covenanted and agreed that it will take all lawful measures to fix and adjust from time to time the fees and other charges for the use of the Airport System, including services rendered by the Authority, pursuant to airport use agreements or otherwise, calculated to be at least sufficient to produce Net Revenues to provide for the larger of either (i) the amounts needed for making the required deposits in the Fiscal Year to the Principal Accounts, the Interest Accounts, and the Sinking Fund Accounts, the Reserve Fund and the Junior Lien Obligations Fund (if any), or (ii) an amount not less than 125% of the Annual Debt Service with respect to Bonds for such Fiscal Year.

OFFICIAL STATEMENT

AIRPORT AUTHORITY OF THE CITY OF OMAHA

\$49,305,000
Airport Facilities
Revenue Bonds (AMT),
Series 2017A

\$11,225,000
Airport Facilities
Revenue and Refunding Bonds,
Series 2017B

\$9,470,000
Airport Facilities
Revenue Bonds,
Taxable Series 2017C

INTRODUCTION

The purpose of this Official Statement, which includes the cover page, Summary Statement and Appendices, is to furnish information concerning the Airport Authority of the City of Omaha (the “**Authority**”), the governing board of directors of which (the “**Board**”) is a body corporate and politic, constituting a public corporation and an agency of the City of Omaha, Nebraska (the “**City**”), the financing of the hereinafter-defined 2017 Project and certain other information in connection with the issuance of the Authority’s (a) \$49,305,000 Airport Facilities Revenue Bonds (AMT), Series 2017A (the “**Series 2017A Bonds**”), (b) \$11,225,000 Airport Facilities Revenue and Refunding Bonds, Series 2017B (the “**Series 2017B Bonds**”), and (c) \$9,470,000 Airport Facilities Revenue Bonds, Taxable Series 2017C (the “**Series 2017C Bonds**”; and together with the Series 2017A Bonds and the Series 2017B Bonds, the “**Series 2017 Bonds**”).

The proceeds of the Series 2017 Bonds, together with certain investment income and other available funds, will be used for the purposes of providing funds to (i) pay a portion of the costs of financing the 2017 Project, as described herein, (ii) fund a debt service reserve account for each Series of Series 2017 Bonds, (iii) refund and defease the Authority’s outstanding Airport Facilities Revenue Bonds, Series 2010, in the aggregate principal amount of \$7,880,000 (the “**Refunded Bonds**”) and (iv) pay costs of issuance of the Series 2017 Bonds. See “**PLAN OF FINANCING.**”

As of the date of issuance of the Series 2017 Bonds, the Series 2017 Bonds will be the only Bonds Outstanding under and secured by the Resolution. The Series 2017 Bonds, together with any additional Bonds that may be issued pursuant to the hereinafter-defined Master Resolution, are hereinafter collectively referred to as the “**Bonds.**” See “**SOURCES AND USES OF FUNDS**” and “**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS**” herein.

The Series 2017 Bonds and any bonds heretofore and hereafter issued on a parity therewith are limited obligations of the Authority. They are payable solely from, and are solely secured by, a pledge of and lien upon the Net Revenues derived by the Authority from the Airport System, as described herein, and the other funds pledged under the Resolution. The Authority has no taxing power. Neither the City nor the State of Nebraska (the “**State**”) shall be liable for the Series 2017 Bonds.

The Series 2017 Bonds are subject to optional and mandatory sinking fund redemption as more fully described herein. See “**DESCRIPTION OF THE SERIES 2017 BONDS—Redemption of Series 2017 Bonds.**”

Unless otherwise indicated, capitalized terms used in this Official Statement shall have the meanings established in the Master Resolution and the First Series Resolution as hereinafter defined. See “**AUTHORIZATION**” below, and Appendix E, “**SUMMARY OF CERTAIN PROVISIONS OF THE MASTER RESOLUTION.**”

AUTHORIZATION

The Series 2017 Bonds will be issued pursuant to the Cities Airport Authorities Act, Sections 3-501 through 3-514, inclusive, R.R.S. Neb. 2012, as amended, or any substitute or successor statute or statutes (the “**Act**”). The Series 2017 Bonds will be issued and secured pursuant to a resolution approved by the Board on December 20, 2016

(the “**Master Resolution**”), together with a resolution authorizing the issuance of the Series 2017 Bonds approved by the Board on December 20, 2016 (the “**First Series Resolution**”, and together with the Master Resolution, the “**Resolution**”). First National Bank of Omaha, Omaha, Nebraska, has been appointed trustee (the “**Trustee**”) for all Bonds issued under the Resolution, and as registrar (the “**Registrar**”) and paying agent (the “**Paying Agent**”) for the Series 2017 Bonds.

DESCRIPTION OF THE SERIES 2017 BONDS

Principal Amount, Date and Maturities

The Series 2017A Bonds will be issued in the aggregate principal amount of \$49,305,000, will be dated their date of delivery and will bear interest from their date to their respective maturities in the amounts and at the interest rates set forth on the inside cover page of this Official Statement. Interest on the Series 2017A Bonds will be payable semiannually on June 15 and December 15 of each year, commencing June 15, 2017 and principal will be paid each December 15, commencing December 15, 2017.

The Series 2017B Bonds will be issued in the aggregate principal amount of \$11,225,000, will be dated their date of delivery and will bear interest from their date to their respective maturities in the amounts and at the interest rates set forth on the inside cover page of this Official Statement. Interest on the Series 2017B Bonds will be payable semiannually on June 15 and December 15 of each year, commencing June 15, 2017 and principal will be paid each December 15, commencing December 15, 2017.

The Series 2017C Bonds will be issued in the aggregate principal amount of \$9,470,000, will be dated their date of delivery and will bear interest from their date to their respective maturities in the amounts and at the interest rates set forth on the inside cover page of this Official Statement. Interest on the Series 2017C Bonds will be payable semiannually on June 15 and December 15 of each year, commencing June 15, 2017 and principal will be paid each December 15, commencing December 15, 2017.

Form and Denominations; Exchanges and Transfers

The Series 2017 Bonds will be issued as fully registered bonds without coupons in the denominations of any integral multiple of \$5,000.

Book-Entry-Only System

The Series 2017 Bonds initially are being issued solely in book-entry form to be held in the book-entry-only system maintained by The Depository Trust Company (“**DTC**”), New York, New York. So long as such book-entry system is used, only DTC will receive or have the right to receive physical delivery of Bonds and Beneficial Owners (as hereinafter defined) and will not be or be considered to be, and will not have any rights as, owners or holders of the Series 2017 Bonds under the Resolution.

DTC will act as securities depository for the Series 2017 Bonds. The Series 2017 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 Series 2017 Bond certificate will be issued for each maturity of the Series 2017 Bonds, each 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 both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("**DTCC**"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**"). DTC has a rating of AA+ from S&P Global Ratings, a Standard & Poor's Financial Services LLC business. 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 2017 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2017 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2017 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 2017 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2017 Bonds, except in the event that use of the book-entry system for the Series 2017 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2017 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 2017 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2017 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2017 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2017 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2017 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2017 Bond documents. For example, Beneficial Owners of Series 2017 Bonds may wish to ascertain that the nominee holding the Series 2017 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 registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2017 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 Series 2017 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 Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2017 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, principal and interest payments on the Series 2017 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 Authority or the Registrar and Paying Agent, on payable date in accordance with their respective holdings shown on DTC's

records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC, the Authority or the Registrar and Paying Agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Registrar and Paying Agent and the Authority, 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 2017 Bonds at any time by giving reasonable notice to the Registrar and Paying Agent or the Authority. Under such circumstances, in the event that a successor depository is not obtained, Series 2017 Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2017 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 DTC. The Authority and the Underwriter take no responsibility for the accuracy thereof.

Redemption of Series 2017 Bonds

Optional Redemption. The Series 2017 Bonds shall be subject to redemption prior to the maturity thereof at the option of the Authority on and after December 15, 2026, in whole or in part at any time, at the redemption price of 100% of the principal amount to be redeemed, plus accrued interest, if any, to the redemption date.

If less than all of the Series 2017 Bonds of a maturity are to be redeemed at any time, the particular Series 2017 Bonds to be redeemed shall be selected by the Trustee by lot in such manner as the Trustee shall determine, but only in the principal amount of \$5,000 or any integral multiple thereof.

Mandatory Sinking Fund Redemption. The Series 2017B Bonds maturing December 15, 2032 and December 15, 2036 are also subject to mandatory redemption by the Authority, in part, by lot, prior to maturity from Sinking Fund Installments at 100% of the principal amount thereof, together with accrued interest thereon to date of redemption, which Sinking Fund Installments shall be sufficient to redeem on each Payment Date in the years and in such principal amounts as follows:

<u>Date (December 15,)</u>	<u>Principal Amount</u>
2031	\$670,000
2032†	695,000
† Maturity	

<u>Date (December 15,)</u>	<u>Principal Amount</u>
2033	\$725,000
2034	750,000
2035	780,000
2036†	805,000
† Maturity	

The Series 2017C Bonds maturing December 15, 2031 and December 15, 2036 are also subject to mandatory redemption by the Authority, in part, by lot, prior to maturity from Sinking Fund Installments at 100% of the principal amount thereof, together with accrued interest thereon to date of redemption, which Sinking Fund Installments shall be sufficient to redeem on each Payment Date in the years and in such principal amounts as follows:

<u>Date (December 15,)</u>	<u>Principal Amount</u>
2027	\$460,000
2028	480,000
2029	500,000

<u>Date (December 15,)</u>	<u>Principal Amount</u>
2030	\$520,000
2031†	540,000
† Maturity	

<u>Date (December 15,)</u>	<u>Principal Amount</u>
2032	\$560,000
2033	585,000
2034	610,000
2035	635,000
2036†	660,000
† Maturity	

Notice of Redemption. Notice of redemption of the Series 2017 Bonds shall be mailed by first class mail by the Registrar, not less than 30 days prior to the redemption date, to each Owner whose Series 2017 Bonds are called for redemption. Failure of any owner to receive notice or any defect in any such notice shall not affect the sufficiency of the proceedings for redemption. If funds shall not be so available on the redemption date, such Series 2017 Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS

Source of Payment

Pursuant to the Resolution, the Authority irrevocably pledges to the payment of the principal of, interest on, and any premium upon the redemption of, the Series 2017 Bonds, (i) the Net Revenues and (ii) the funds pledged under the Resolution therefor; excluding, however, amounts on deposit in the Revenue Fund, the Operation and Maintenance Fund, the Junior Lien Obligations Fund, the Capital Improvement and General Purpose Fund and the Rebate Fund. The facilities comprising the Airport System have not been mortgaged or pledged to secure payment of the Series 2017 Bonds.

Net Revenues means all Revenues remaining after payment of Operation and Maintenance Expenses. **“Revenues”** means all revenues or income of the Authority from the ownership, use and operation of the Airport System, but excludes (a) interest income on or profits from the investment of moneys in any fund or account to the extent that such income or profit is not transferred to, or retained in, the Revenue Fund or the Bond Fund; (b) interest income on or profits from investment of moneys in any fund or account funded from the proceeds of Special Facility Bonds; (c) amounts received by the Authority from, or in connection with, Special Facilities, unless such funds are treated as Revenues by the Authority; (d) the proceeds of any Passenger Facility Charges, Customer Facility Charges or similar charge levied by, or on behalf of, the Authority, unless such funds are treated as Revenues by the Authority; (e) grants-in-aid, donations, and/or bequests; (f) insurance proceeds which are not deemed to be revenues in accordance with generally accepted accounting principles; (g) the proceeds of any condemnation awards; (h) the proceeds of any sale of land, buildings or equipment; and (i) any other amounts which are not deemed to be revenues in accordance with generally accepted accounting principles or which are restricted as to their use. In addition, any **“Released Revenues”** as such term is described below are also excluded from the definition of Revenues.

The Series 2017 Bonds are limited obligations of the Authority. They are payable solely from Net Revenues of the Airport System and the other funds pledged under the Resolution. The Authority has no taxing power. The Series 2017 Bonds do not constitute general obligations or a debt of the City or of the State, and neither the City nor the State is liable thereon. No owner of any of the Series 2017 Bonds has the right to compel the exercise of any taxing powers of the City or the State to pay the Series 2017 Bonds or interest thereon.

Parity Bonds

The Series 2017 Bonds, together with any additional Bonds which may be issued pursuant to the Master Resolution, are equally and ratably secured pursuant to the Master Resolution.

The Authority may, at any time after the date of issuance of the Series 2017 Bonds, issue additional bonds on a parity with the Series 2017 Bonds, upon compliance with the terms of the Master Resolution. See “**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS—Additional Bonds**” below.

Irrevocable CFC Commitment

Pursuant to a resolution of the Authority adopted February 17, 2015, the Authority instituted a Customer Facility Charge (“**CFC**”) required to be imposed by a rental car company upon any rental car customer arriving at the Airport and renting a vehicle from a rental car company. The \$2.50 per customer per day charge is collected by the rental car companies and remitted monthly to the Authority. The Authority may increase or decrease the CFC upon 60 days’ written notice to each rental car company. The CFCs are to be applied to finance rental car portions of infrastructure improvements which are used solely and exclusively by rental car customers, including parking facilities, roadways and joint use service facilities. From April 2015, the first month the CFCs were instituted at the Airport, through December 2015, the CFCs produced \$2,050,060 in Authority revenues, and are expected to produce approximately \$2,830,000 in 2016. See “**BONDHOLDERS’ RISKS—Availability of CFCs.**”

The Authority has covenanted in the First Series Resolution that it will deposit all of the CFC received from the rental car agencies, if any, to the CFC Fund. The Authority further covenants that it will transfer funds annually, \$2,136,000 in Fiscal Year ending December 31, 2017 and \$2,489,000 beginning with the Fiscal Year ending December 31, 2018 through and including the Fiscal Year ending December 31, 2036 from the CFC Fund to the Bond Fund (the “**Series 2017 CFC Revenues**”). The Series 2017 CFC Revenues shall be deposited into the Bond Fund on such date or dates as shall be determined by the Authority, and the covenant to make such deposit shall apply only with respect to the Series 2017 Bonds during the period described in this paragraph and only so long as any Series 2017 Bonds are Outstanding. Under the Resolution, the Series 2017 CFC Revenues are “**Designated CFC Revenues**” with respect to the Series 2017 Bonds, and accordingly, any Series 2017 CFC Revenues deposited into the Bond Fund are credited against the Authority’s debt service payments with respect to the Series 2017 Bonds. Under the Resolution, unless approved by the Authority, the Series 2017 CFC Revenues may not be applied to offset any required deposits into the Bond Fund required for any other Series of Bonds, other than the Series 2017 Bonds.

Reserve Fund

The First Series Resolution establishes accounts to be held by the Trustee within the Reserve Fund for the benefit and security of each Series of Series 2017 Bonds. The Trustee shall hold such Account and shall deposit therein from the proceeds of the Series of Bonds for which such Account is established or from other funds of the Authority legally available therefore, an amount equal to the Reserve Requirement for such Series of Bonds. During the period in which any Series of Series 2017 Bonds are Outstanding, the amount in the applicable Account in the Reserve Fund must be maintained at the Reserve Requirement, which is \$3,958,250.00 with respect to the Series 2017A Bonds, \$839,675.00 with respect to the Series 2017B Bonds, and \$692.669.40 with respect to the Series 2017C Bonds.

There is no Reserve Requirement established in the Resolution with respect to additional Bonds issued thereunder.

Released Revenues

The Authority is permitted to exclude certain Revenues from the pledge and lien of the Resolution (“**Released Revenues**”) upon providing the following to the Trustee:

- (a) a request of an Authorized Representative describing such Revenues and requesting that such Revenues be excluded from the pledge and lien of this Resolution on Net Revenues;
- (b) either
 - (i) an Airport Management Consultant’s certificate to the effect that, based upon reasonable assumptions, projected Net Revenues after the Revenues covered by the Authorized

Representative's request are excluded, calculated in accordance with the additional Bonds test for each of the three full Fiscal Years following the Fiscal Year in which such certificate is delivered, will not be less than the larger of (A) the amounts needed for making the required deposits to the Principal Accounts, the Interest Accounts, and the Sinking Fund Accounts, the Reserve Fund, and the Junior Lien Obligations Fund or (B) an amount not less than 150% of the average Annual Debt Service for each Fiscal Year during the remaining term of all Bonds that will remain Outstanding after the exclusion of such Revenues (disregarding any Bonds that have been or will be paid or discharged); or

(ii) an independent certified public accountant's certificate to the effect that Net Revenues in the two most recently completed Fiscal Years, after the Revenues covered by the Authorized Representative's request are excluded, were not less than the larger of (A) the amounts needed for making the required deposits to the Principal Accounts, the Interest Accounts, and the Sinking Fund Accounts, the Reserve Fund, and the Junior Lien Obligations Fund or (B) 135% of (1) average Annual Debt Service on all Bonds Outstanding in each such Fiscal Year (disregarding any Bonds that have been paid or discharged), plus (2) average Annual Debt Service with respect to any additional Bonds issued since the completion of such Fiscal Year or proposed to be issued at the time such certificate is delivered;

(c) an Opinion of Bond Counsel to the effect that (i) the conditions set forth in the Resolution to the release of such Revenues have been met and (ii) the exclusion of such Revenues from the pledge and lien of the Resolution will not, in and of itself, cause the interest on any Outstanding Bonds to be included in gross income for purposes of federal income tax;

(d) written confirmation from each of the Rating Agencies to the effect that the exclusion of such Revenues from the pledge and lien of the Resolution will not cause a withdrawal of or reduction in any unenhanced rating then assigned to the Bonds; and

(e) if applicable, evidence that notice of the proposed Released Revenues was given to all current Credit Providers in respect of any Bonds at least 15 days prior to the proposed effective date of the release of such Revenues.

Upon the Trustee's receipt of such documents, the Revenues described in the Authorized Representative's request shall be excluded from the pledge and lien of the Resolution, and the Trustee shall take all reasonable steps requested by the Authorized Representative to evidence or confirm the release of such pledge and lien on the Released Revenues.

Rate Maintenance Covenant

Pursuant to the Master Resolution, the Authority covenants and agrees that it will take all lawful measures to fix and adjust from time to time the fees and other charges for the use of the Airport System, including services rendered by the Authority, pursuant to airport use agreements or otherwise, calculated to be at least sufficient to produce Net Revenues to provide for the larger of either (i) the amounts needed for making the required deposits in the Fiscal Year to the Principal Accounts, the Interest Accounts, and the Sinking Fund Accounts, the Reserve Fund and the Junior Lien Obligations Fund; or (ii) an amount not less than 125% of the Annual Debt Service with respect to Bonds for such Fiscal Year.

The Authority covenants that if, upon the receipt of the audit report for a Fiscal Year, the Net Revenues in such Fiscal Year are less than the amount specified above, the Authority will require the Airport Management Consultant to make recommendations as to the revision of the Authority's schedule of rentals, rates, fees and charges; and upon receiving such recommendations or giving reasonable opportunity for such recommendations to be made, the Authority, on the basis of such recommendations and other available information, will take all lawful measures to revise the schedule of rentals, rates, fees and charges for the use of the Airport System as may be necessary to produce Net Revenues in the amount specified above in the Fiscal Year following the Fiscal Year covered by such audit report.

Application of Revenues

The Master Resolution establishes with the Authority the Revenue Fund into which all Revenues shall be deposited, and into which amounts from any available source may be deposited. The Revenue Fund and the money deposited therein shall be used and applied only as set forth in the Master Resolution. Amounts in the Revenue Fund are not pledged to Owners of Bonds.

In addition to the Revenue Fund, the following Funds and Accounts have been established under the Resolution:

- (a) Operation and Maintenance Fund, to be held by the Authority;
- (b) Bond Fund, to be held by the Trustee, in which there is an Interest Account, a Principal Account and a Sinking Fund Account;
- (c) Reserve Fund, to be held by the Trustee, in which there is established a 2017A Account for the Series 2017A Bonds, a 2017B Account for the Series 2017B Bonds and a 2017C Account for the Series 2017C Bonds;
- (d) CFC Fund, to be held by the Authority;
- (e) Junior Lien Obligations Fund, to be held by the Authority or the Trustee;
- (f) Capital Improvement and General Purpose Fund, to be held by the Authority;
- (g) Rebate Fund, to be held by the Authority; and
- (h) Construction Fund, in which there is established a 2017 Account to be held by the Authority.

The Authority may establish other funds as it shall determine as set forth in a Supplemental Resolution adopted in accordance with the terms of the Resolution.

So long as any Bonds shall remain Outstanding, the Authority will on the first day of each month administer and allocate all of the money then held in the Revenue Fund, to the following Funds in the following order of priority:

Operation and Maintenance Fund. To the Operation and Maintenance Fund, there shall be paid and credited the then-current month's Operation and Maintenance Expenses.

Bond Fund. There shall next be paid and credited monthly to the Interest Account, the Principal Account and the Sinking Fund Account in the Bond Fund, an amount such that if the same amount were deposited on the first day of each month thereafter, the balance on the next succeeding Payment Date (a) of the Interest Account would be sufficient to pay the interest due on the Bonds, (b) the Principal Account would be sufficient to pay the principal amount maturing with respect to the Bonds, and (c) the Sinking Fund Account would be sufficient to pay any Sinking Fund Installment (or any unsatisfied balance thereof) due with respect to the Bonds. Any amounts (x) deposited in the Interest Account as accrued interest or as capitalized interest or (y) constituting Designated CFC Revenues deposited by the Authority into the Bond Fund in accordance with any Series Resolution shall be credited against the Authority's payment obligations as set forth in this subparagraph with respect to a particular Series of Bonds.

Reserve Fund. There shall next be paid and credited to each Account established in the Reserve Fund, all remaining Revenues until the amount on deposit in each Account in the Reserve Fund aggregates the Reserve Requirement for the Series of Bonds for which such Account was established. So long as each Account in the Reserve Fund aggregates the Reserve Requirement with respect to the Series of Bonds for which such Account was established, no further payments into such Account shall be required, but if the Authority is ever required to expend and use a part of the money in any Account for the purpose authorized

under the Resolution and such expenditure reduces the amount below the Reserve Requirement for the Series of Bonds for which such Account was established, the Authority shall resume and continue such monthly payments into the Account until such Account shall again aggregate the Reserve Requirement with respect to the applicable Series of Bonds.

Junior Lien Obligations Fund. There shall next be paid and credited to each Account established in the Junior Lien Obligations Fund the amount, if any, equal to the required deposits pursuant to the Junior Lien Resolutions.

Capital Improvement and General Purpose Fund. All remaining amounts in the Revenue Fund shall be paid and credited to the Capital Improvement and General Purpose Fund.

If at any time the Revenues are insufficient to make any payment to a Fund or Account, the Authority will make good the amount of such deficiency by making additional payments or credits out of the first available Revenues thereafter received from the operation of the Airport System, such payments and credits being made and applied in the order set forth above.

The Reserve Fund

The Trustee is required to establish an Account within the Reserve Fund for each Series of Bonds issued pursuant to the Resolution, to the extent required pursuant to a Series Resolution, which Account shall be for the benefit and security of such Series of Bonds. The Trustee shall hold any such Account and shall deposit therein an amount equal to the Reserve Requirement for such Series of Bonds. The Reserve Requirement for all Bonds must be established in the related Series Resolution, and may be \$0. In addition, while not contemplated by the First Series Resolution, the Master Resolution permits additional Series of Bonds to participate in a Pooled Reserve Account, or the substitution of a Credit Facility for funds on deposit in an Account in the Reserve Fund.

If any withdrawal from any Account in the Reserve Fund is made to make debt service on the applicable Series of Bonds, the amount of such withdrawal must be restored by the Authority in no more than 12 substantially equal, consecutive, monthly installments, commencing with the month in which the withdrawal is made; provided that, if any withdrawal is made and if, prior to the restoration of the amount withdrawn, an additional withdrawal is made, such additional withdrawal shall be restored in equal monthly installments over the remainder of the restoration period for the initial withdrawal.

Money on deposit in any Account in the Reserve Fund shall be applied as follows:

(a) On the date of each required payment from the Bond Fund with respect to a Series of Bonds, money in the Account established in the Reserve Fund with respect to such Series of Bonds shall be applied to cure any deficiency in the Bond Fund with respect thereto.

(b) Any amount in any Account in the Reserve Fund in excess of the Reserve Requirement with respect to the Series of Bonds for which such Account was established shall be transferred to the Bond Fund and credited against the payments of the principal and interest next becoming due on such Series of Bonds.

(c) On the interest Payment Date immediately preceding the final maturity date of a Series of Bonds, money held in the Account established in the Reserve Fund with respect to such Series of Bonds shall be deposited into the Bond Fund and credited against the deposits required to be made into the Bond Fund with respect to such Series of Bonds but only to the extent that, immediately following such crediting and transfer, the amount on deposit in such Account in the Reserve Fund is equal to the lesser of (A) the Reserve Requirement with respect to such Series of Bonds and (B) the amount of principal and interest due in respect of such Series of Bonds on such final maturity date.

The Rebate Fund

Amounts in the Rebate Fund are held in trust to satisfy rebate amounts payable to the United States. Amounts in the Rebate Fund are not pledged to Owners of Bonds.

The Construction Fund

Amounts from the proceeds of Bonds shall be deposited in the Construction Fund and applied to pay Costs of the Airport System as provided in the Resolution. The proceeds of insurance maintained pursuant to the Resolution against physical loss of or damage to any portion of the Airport System, or of contractors' performance bonds with respect thereto, pertaining to the period of construction thereof, must be paid into an Account established in the Construction Fund. To the extent that other money is not available, amounts in the Construction Fund shall be applied to the payment of principal of and interest on Bonds when due. Amounts credited to the Construction Fund which the Authority at any time determines to be in excess of the amounts required for the purposes thereof may be transferred to the Bond Fund. Nothing in the Resolution shall be construed to prevent the Authority from permanently discontinuing the acquisition or construction of any portion of the Airport System, the Costs of which are at the time being paid out of the Construction Fund, if the Authority determines that such discontinuance is necessary or desirable in the conduct of the business of the Authority and not disadvantageous to the Owners of the Bonds.

Junior Lien Obligations; Special Facility Bonds

The Authority may issue Junior Lien Obligations for any lawful purpose of the Authority related to the Airport System, which Junior Lien Obligations shall be payable out of, and may be secured by a security interest in, the Junior Lien Obligations Fund. Any security interest and pledge with respect to Junior Lien Obligations shall be, and shall be expressed to be, subordinated in all respects to the security interest in and pledge created by the Resolution as security for the Bonds. As of the date of issuance of the Series 2017 Bonds, there are no Junior Lien Obligations outstanding.

Except as otherwise expressly set forth in the Resolution, in addition to Bonds issued in accordance with this section and as described below under “**Additional Bonds**,” the Authority may issue (i) Special Facility Bonds, (ii) other bonds, notes or obligations payable from and secured by revenues other than Revenues and Net Revenues and (iii) bonds, notes or other obligations payable from Net Revenues, including revenue anticipation notes, on a basis subordinate to the Bonds.

Capital Improvement and General Purpose Fund

Amounts in the Capital Improvement and General Purpose Fund are available for use by the Authority for any lawful purpose. Amounts in the Capital Improvement and General Purpose Fund are not pledged to Owners of Bonds.

The CFC Fund

The Authority has covenanted in the First Series Resolution to deposit all CFCs, when and if received by the Authority, into the CFC Fund. The CFC Fund is not pledged to the payment of principal of or interest on any Bonds. Except as to the irrevocable commitment described under “**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS—Irrevocable CFC Commitment**,” amounts in the CFC Fund may be expended for any lawful purpose as the Authority may determine.

Investment Income or Loss

Moneys in all Funds and Accounts established under the Resolution shall be invested in Permitted Investments (as such term is defined in Appendix E, “**SUMMARY OF CERTAIN PROVISIONS OF THE MASTER RESOLUTION**”). All investment income or losses on all Funds and Accounts shall be credited to the Fund or Account on which such amount was earned or lost; provided, however, that (i) prior to completion of the related Projects, to the extent not needed to maintain the balance therein equal to the Reserve Requirement for a Series of Bonds, earnings on a pro rata portion of the amount in the applicable Account in the Reserve Fund, if any, shall be

transferred immediately after each Payment Date with respect to the related Series of Bonds to the related Series Account in the Construction Fund, such portion being in relation to the portion of the Projects financed with such Series of Bonds which are not yet completed, and after all such Projects are completed, all such earnings not needed to satisfy the Series Reserve Requirement shall be transferred to the Revenue Fund and applied in accordance with applicable federal tax law, and (ii) earnings on amounts in Accounts in the Bond Fund with respect to a Series of Bonds shall be transferred to the Interest Account with respect to such Series.

Additional Bonds

So long as any Bonds remain Outstanding, the Authority agrees that it will not issue any additional bonds or incur or assume any other debt obligations, including capital leases, payable out of the Revenues or any part thereof which are superior to the Bonds. The Authority covenants and agrees that so long as any of the Bonds remain Outstanding, it will not issue any additional Bonds payable out of the Net Revenues or any part thereof which stand on a parity or equality with the Bond unless the following conditions are met:

(a) The Authority shall not be in default in the payment of principal of or interest on any Bonds at the time Outstanding or in making any payment at the time required to be made into the respective funds and accounts under the Resolution (unless such additional revenue bonds or obligations are being issued to provide funds to cure such default); and

(b) The Authority shall have satisfied one of the following:

(1) An Authorized Representative has delivered to the Trustee a certificate stating that Net Revenues in the completed Fiscal Year immediately preceding the issuance of such additional Bonds were not less than the larger of (A) the amounts needed for making the required deposits to the Principal Accounts, the Interest Accounts, and the Sinking Fund Accounts, the Reserve Fund and the Junior Lien Obligations Fund or (B) 125% of (i) Annual Debt Service on Bonds Outstanding in such immediately preceding Fiscal Year (disregarding any Bonds that have been paid or discharged or will be paid or discharged immediately after the issuance of such additional Bonds proposed to be issued), plus (ii) Maximum Annual Debt Service with respect to such additional Bonds proposed to be issued.

(2) An Airport Management Consultant has provided to the Trustee a certificate stating that, based upon reasonable assumptions, projected Net Revenues will be sufficient to satisfy the Authority's debt service coverage rate covenant (disregarding any Bonds that have been paid or discharged or will be paid or discharged immediately after the issuance of the additional Bonds proposed to be issued) for each of the next three full Fiscal Years following issuance of the additional Bonds, or each full Fiscal Year from issuance of the additional Bonds through two full Fiscal Years following completion of the Projects financed by the additional Bonds proposed to be issued, whichever is later; provided that, if Maximum Annual Debt Service with respect to all Bonds to be Outstanding following the issuance of the proposed additional Bonds in any Fiscal Year is greater than 110% of Annual Debt Service for such Bonds in any of the test years, then the last Fiscal Year of the test must use such Maximum Annual Debt Service; provided further, that if capitalized interest on any Bonds and proposed additional Bonds is to be applied in the last Fiscal Year of the period described in this sentence, the Airport Management Consultant shall extend the test through the first full Fiscal Year for which there is no longer capitalized interest.

(3) With respect to additional Bonds proposed to be issued to refund Outstanding Bonds, either the requirement set forth in (1) or (2) is satisfied, or an Authorized Representative has provided to the Trustee a certificate stating that (A) the aggregate Annual Debt Service in each Fiscal Year with respect to all Bonds outstanding after issuance of such refunding Bonds shall be less than the aggregate Annual Debt Service in each such Fiscal Year through the last Fiscal Year in which Bonds are

Outstanding prior to the issuance of such refunding Bonds and (B) the Maximum Annual Debt Service with respect to all Bonds to be Outstanding after issuance of such refunding Bonds shall not exceed the Maximum Annual Debt Service with respect to all Bonds Outstanding immediately prior to such issuance.

Additional Bonds issued under the conditions set forth in this section shall stand on a parity with the Bonds and shall enjoy complete equality of lien on and claim against the Net Revenues with the Bonds.

PLAN OF FINANCING

General

The Authority is issuing the Series 2017 Bonds to pay the costs of (i) financing the 2017 Project, as described below, (ii) funding a debt service reserve account for each Series of Series 2017 Bonds, (iii) refunding and defeasing the Refunded Bonds and (iv) paying costs of issuance of the Series 2017 Bonds.

The 2017 Project

The Series 2017 Bonds are being issued in part to finance (i) a new, six-story covered parking garage, (ii) a rental car customer service building, (iii) a covered skyway, (iv) roadways and a new exit plaza, (v) upgrades and improvements to existing parking facilities and (vi) demolition work and other related additions, all at the Airport facility ((i) through (vi), collectively, the **“2017 Project”**). Four floors of the new parking garage are expected to be available to the general public and two of the floors are expected to be used for rental car facilities.

The table below demonstrates the estimated parking availability at the Airport before and after the 2017 Project:

	<u>Current</u>	<u>Planned</u>	<u>Difference</u>
Existing garage - long term	3,154	3,154	0
Existing garage - quick park	272	272	0
Existing garage - premier	162	142	-20
New garage - public portion*	0	2,100	2,100
Subtotal garage/public	3,588	5,668	2,080
Existing rental car (in and out)	555	0	-555
New rental car (all in)*	0	900	900
Subtotal garage/rental car	4,143	6,568	2,425
Surface lot	519	0	-519
North long term shuttle	752	952	200
South long term shuttle	3,071	3,071	0
South canopy shuttle	586	586	0
Subtotal surface	4,928	4,609	-319
Subtotal public and rental car	9,071	11,177	2,106
Employee lot	529	529	0
Grand total spaces on Airport	9,600	11,706	2,106

*The new garage is estimated to produce 3,000 new spaces, 2,100 of which will be available for public use and 900 of which will be used solely by the rental car companies.

See **“THE AIRPORT—Terminal Parking Area”** for additional discussion of the Airport’s parking facilities and related accommodations.

The Refunding

A portion of the proceeds will be used to defease the Refunded Bonds, which were issued to finance all or a portion of the costs of (i) the reconstruction of Taxiway A; (ii) the reconstruction of the intersection of Runways 14R/32L and 18/36; (iii) the partial reconstruction of Runway 14R/32L; (iv) funding a debt service reserve fund for the Refunded Bonds and (v) paying costs of issuance of the Refunded Bonds.

On the date of issuance of the Series 2017 Bonds, a portion of the net proceeds thereof will be deposited into an escrow account (the **“Escrow Account”**) to be held under an Escrow Agreement (the **“Escrow Agreement”**) between the Authority and First National Bank of Omaha, as escrow agent (the **“Escrow Agent”**). Such deposit, together with other available funds, will be used to purchase on such date of issuance direct obligations of the United States of America (**“Escrow Securities”**) which will be held in the Escrow Account.

The Escrow Securities will mature on such dates and in such amounts as shall provide funds which, together with other funds in the Escrow Account, will be sufficient to pay when due the principal amount or redemption price of and all interest due on the Refunded Bonds through and including January 1, 2020 and to pay and redeem on the such date all of the then-outstanding Refunded Bonds plus accrued interest to such date.

After the issuance of the Series 2017 Bonds and the deposit of a portion of the proceeds thereof and other moneys with the Escrow Agent pursuant to the Escrow Agreement, the Refunded Bonds will be payable from the maturing principal of the Escrow Securities, together with the earnings thereon and other moneys held for such purpose by the Escrow Agent. Under the Escrow Agreement, the Escrow Securities and the moneys held by the Escrow Agent are irrevocably pledged to the payment of the Refunded Bonds and the interest thereon and may be applied only to such payment, and the Refunded Bonds will no longer be deemed outstanding under the bond resolution pursuant to which they were issued.

Verification of Mathematical Computations

Upon delivery of the Series 2017B Bonds, Chris D. Berens, CPA, P.C., a firm of independent certified public accountants, will deliver to the Underwriter a report for the Series 2017B Bonds verifying the mathematical accuracy of certain computations relating to (a) the adequacy of the maturing principal amount of the securities held in the escrow account, interest earned thereon and certain uninvested cash to pay the principal and redemption price of, and interest on, the Refunded Bonds as such principal and redemption price and interest become due and payable, and (b) the mathematical computations supporting the conclusion that the Series 2017B Bonds are not “arbitrage bonds” under Section 148 of the Code. Such verification of the accuracy of the computations will be based upon information supplied by the Underwriter and on interpretations of the Code provided by Bond Counsel.

SOURCES AND USES OF FUNDS

The estimated application of the Series 2017 Bond proceeds and other available funds of the Authority for the 2017 Project are as follows:

Sources of Funds

Principal amount of Series 2017A Bonds	\$ 49,305,000.00
Principal amount of Series 2017B Bonds	11,225,000.00
Principal amount of Series 2017C Bonds	9,470,000.00
Net Aggregate Issue Premium	7,615,479.85
Reserve fund held for Refunded Bonds	1,026,686.07
Debt Service fund for Refunded Bonds	195,483.75
Authority funds	<u>24,651,000.00</u>

Total Sources of Funds	<u>\$103,488,649.67</u>
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Uses of Funds

Deposit to Escrow Account	\$ 8,400,708.99
Deposit to 2017A Account in the Reserve Fund	3,958,250.00
Deposit to 2017B Account in the Reserve Fund	839,675.00
Deposit to 2017C Account in the Reserve Fund	692,669.40
Deposit to Construction Fund	89,070,839.29
Underwriter's Discount	157,499.99
Costs of Issuance	<u>369,007.00</u>

Total Uses of Funds	<u>\$103,488,649.67</u>
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DEBT SERVICE SCHEDULE

Fiscal Year Ended December 31,	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2017	\$ 2,120,000	\$ 2,585,196.17	\$ 4,705,196.17
2018	2,345,000	3,136,274.00	5,481,274.00
2019	2,425,000	3,055,292.06	5,480,292.06
2020	2,515,000	2,966,531.96	5,481,531.96
2021	2,625,000	2,855,848.76	5,480,848.76
2022	2,745,000	2,734,377.76	5,479,377.76
2023	2,875,000	2,606,489.26	5,481,489.26
2024	3,015,000	2,471,094.40	5,486,094.40
2025	3,155,000	2,328,337.00	5,483,337.00
2026	3,295,000	2,188,150.80	5,483,150.80
2027	3,440,000	2,040,847.00	5,480,847.00
2028	3,605,000	1,873,152.60	5,478,152.60
2029	3,780,000	1,697,395.40	5,477,395.40
2030	3,970,000	1,513,075.40	5,483,075.40
2031	4,160,000	1,319,442.60	5,479,442.60
2032	4,355,000	1,123,197.00	5,478,197.00
2033	4,565,000	916,854.60	5,481,854.60
2034	4,775,000	703,229.96	5,478,229.96
2035	5,005,000	479,648.06	5,484,648.06
2036	<u>5,230,000</u>	<u>245,177.66</u>	<u>5,475,177.66</u>
Total	<u>\$70,000,000</u>	<u>\$38,839,612.45</u>	<u>\$108,839,612.45</u>

THE AUTHORITY

The responsibility for establishing the policies to guide the development, operation and maintenance of the Airport System is vested in the Authority. The Authority, created in 1959, operates under the authority of the Act.

The Authority is governed by a Board of Directors consisting of five members appointed by the Mayor and confirmed by the City Council of the City of Omaha. The members are appointed for five-year terms which are staggered so that one term expires each year.

Authority Board of Directors

<u>Name and Board Position</u>	<u>Age</u>	<u>Occupation</u>	<u>Board Term Expiration Date</u>
P.J. Morgan, Chair	76	Owner, P.J. Morgan Real Estate	May 2017
Bennett A. Ginsberg, Vice Chair	52	President, CBRE/MEGA	March 2018
Eric L. Butler, Secretary/Treasurer	56	Executive Vice President and Chief Administrative Officer, Union Pacific Railroad	March 2019
Howard Kooper, Member	77	Owner, Broadmoor Development	April 2020
John F. Lund, Member	65	CEO, The Lund Company	January 2021

Management

The affairs of the Authority are administered by a professional management staff which consists of an Executive Director, a Deputy Executive Director, a Director—Finance and Administration, a Director—Operations and a Director—Planning and Engineering Services. The names of the individuals currently serving as the Authority's management staff are set forth elsewhere in this Official Statement and in the following biographical summaries:

Steve A. Coufal, Executive Director. Mr. Coufal joined the Authority in March 2003. In December 2003 he was promoted to the Director-Operations position. In March 2009 Mr. Coufal was promoted to

Executive Director following the retirement of the former Executive Director of 23 years. Prior to his arrival, Mr. Coufal was with the City of Omaha Police Department, where he began his career in 1978, rising through the ranks to Deputy Chief of Police-Operations Division. Mr. Coufal graduated from Kearney State College in 1986 with a B.S. in Criminal Justice. In 1997 he received an M.S. in Administration from Central Michigan University. On January 17, 2017, Mr. Coufal announced his retirement, to be effective at the end of June, 2017. Mr. Roth will move into this position.

David L. Roth, Deputy Executive Director. Mr. Roth joined the Authority in September 2003 as the Assistant Director of Planning and Engineering Services and became the Director of Planning and Engineering Services in February 2005. He was promoted to Deputy Executive Director in 2015. Mr. Roth was previously employed at Alvine & Associates from 1999 to 2003, the Trane Company from 1995 to 1999, the United States Army from 1991 to 1995 and as an intern with the Nebraska Department of Roads from 1988 to 1990. Mr. Roth graduated from South Dakota School of Mines & Technology with a B.S. in Electrical Engineering. In 2012, he received an M.B.A. from the University of Nebraska at Omaha. With the announced retirement of Mr. Coufal, Mr. Roth will assume the position of Executive Director at the end of June, 2017. The Deputy Executive Director position, which was created for this transition, will not be filled.

Stanley R. Kathol, Director—Finance and Administration. Mr. Kathol served the Authority as its Manager of Accounting from August 1988 to 1992 and has served as its Director—Finance and Administration since 1992. He was previously employed as a CPA with Touche Ross & Co. (1978-1988). Stan graduated from Creighton University in 1978 with a B.S.B.A. in accounting.

Timothy A. Schmitt, Director—Operations. Mr. Schmitt joined the Authority in May 2001 as an Operations Supervisor and was promoted to Operations Manager in December 2004 and Director—Operations in December 2016. Prior to his arrival, Mr. Schmitt was an Air Traffic Controller in the United States Air Force from 1981 to 2001 at various military installations throughout the country. Mr. Schmitt holds an Associate's Degree in Airway Science from Community College of the Air Force Undergraduate Degree and is pursuing a B.S. in Professional Aeronautics from Embry-Riddle Aeronautical University.

Daniel B. Owens, Director—Planning and Engineering Services. Mr. Owens joined the Authority in August 2014. He was previously employed at Lamp Rynearson & Associates (civil engineering firm for the Authority) from 1995 to 2014. Dan graduated from U.S. Coast Guard Academy with a B.S. in Civil Engineering and a Master's Degree in Civil Engineering from the University of Illinois.

THE AIRPORT

The Airport, also known as Eppley Airfield, is classified by the Federal Aviation Administration (the “FAA”) as a medium hub airport. Located four miles northeast of downtown Omaha, it is the principal air carrier airport serving Omaha and the regions of eastern Nebraska, western Iowa and southern South Dakota. Founded on a 192-acre site in 1925, the Airport now occupies a land area of approximately 2,650 acres.

Terminal/Parking Area

Airport terminal facilities consist of the South Terminal and A Concourse, dedicated in February 1986, an interterminal connector housing concession and office areas, and the remodeled (in 1986) North Terminal and B Concourse. The terminals and concourses essentially mirror one another in their functional layout. Each terminal provides for ticketing, baggage claim and concession operations on the ground level and concession operations and offices on the second level. The concourses provide for airline operations and maintenance space at ground level and boarding through all-weather, covered jetways at the second level. In total, there are 20 gates in the concourses. In addition, there is an apron parking position for commuter aircraft at the ground level Gate 21 located midway between the concourses and 15 apron positions for aircraft on the north and south diversion aprons.

The terminal circulation roadway has three commercial traffic lanes and three passenger traffic lanes. The roadway separates the terminal building from the existing six story parking garage.

The current inventory of parking capacity includes 3,588 spaces in the parking garage, 519 spaces in a surface lot adjacent to the northern portion of the parking garage, 3,071 spaces in the south long-term economy parking lot, 586 spaces in the canopy section of south long-term lot, 752 spaces in the north long-term economy parking lot, 529 spaces in the south employee lot and 555 spaces in the lower portion of the surface lot reserved for the ready-car and return areas for rental car companies. After construction of the new parking garage and rental car facility, an additional total 3,000 (approximate) parking stalls will be available for public parking in the upper four floors of the new garage while the lower two floors will be used for the new ready-car and return areas for the rental car companies. In order to accommodate the new parking garage, the current surface lot and rental car area will be demolished. The North and South Terminals are each connected to the parking garage by a walkway from the second level of the terminal building over the circulation roadway. The Authority provides free shuttle service between the North and South Terminals and the Long- Term North and South Economy Parking Lots, the canopy lot and employee lot. See **“PLAN OF FINANCING—The 2017 Project”** for additional information about the parking facilities and the 2017 Project.

Landing Areas

The runway and taxiway system at Eppley Airfield provides for safe and efficient movement for all types of aircraft. One of the principal air carrier runways (14R-32L) is 9,502 feet long and has up to Category III B instrumentation. It has the capacity to handle most commercial jet aircraft presently in use, including Boeing 747s. The parallel runway (14L-32R) is 8,500 feet and is equipped with up to Category III B instrumentation. The crosswind runway (18-36) is 8,153 feet long and is equipped with up to Category I instrument landing capabilities.

General Aviation Areas

The Authority provides two exclusive areas for general aviation users: Eppley East on the east side of Eppley Airfield and Millard Airport which is located 15 miles southwest of downtown Omaha.

Eppley East is an area segregated from scheduled commercial aircraft operations and dedicated solely to general aviation users. Safety and capacity were the primary objectives of the plan. To these ends, the original general aviation runway (14L-32R) was constructed in 1968 on the far east side of the airfield. This parallel runway has since been replaced by the full commercial runway referred to above under **“Landing Areas.”** The levee was relocated closer to the Missouri River by the Authority in 1975 making an additional 600 acres of land available for airport development of the area. There are two principal fixed base operations (FBOs) serving Eppley East: TAC Air and Signature Flight Support. In addition, Eppley East is used by Suburban Air Freight, a cargo operator, and has seven corporate-owned hangars, 111 T-hangars and two Part 135 operators.

The Authority assumed responsibility for Millard Airport (Millard) in 1971 when the City of Omaha acquired it through annexation. It occupies 163 acres and has been designated by the FAA as a reliever airport to Eppley Airfield. Shortly after taking control, the Authority made substantial improvements to Millard. It widened and refinished the runways and taxiways, installed approved airfield lighting, expanded aircraft ramps and constructed five rows of T-hangars bringing the total to eight. Millard has been developed to capacity. It has over 160 based aircraft, 137 T-hangars with a waiting list for any opening, one full service FBO and one specialized aircraft maintenance operator. Operations are under nonprecision instrument visual flying rules due to its proximity to Offutt Air Force Base.

Cargo Area

In accordance with the Airport Layout Plan (ALP), the northwest area of Eppley Airfield has been designated for the development of cargo-handling facilities. About 80 acres of land have been allocated of which over one-half have been developed.

Service Territory

Eppley Airfield is the principal air carrier airport for Omaha (including the eight-county Omaha MSA comprised of Cass, Douglas, Sarpy, Saunders and Washington Counties in Nebraska and Harrison, Mills, and Pottawattamie Counties in Iowa) and the regions of eastern Nebraska, western Iowa and southern South Dakota. Eppley Airfield’s service area extends to all of Nebraska and Iowa, eastern South Dakota, southern Minnesota and

northern Missouri. The closest airports are in Lincoln, Nebraska, 55 miles southwest of Omaha; Sioux City, Iowa, 90 miles north; Des Moines, Iowa, 135 miles east, Sioux Falls, South Dakota, 170 miles north and Kansas City, Missouri 170 miles south.

For most potential air travelers, there will be service through Eppley Airfield of equal or better quality (schedule frequency, aircraft equipment, nonstop destinations) and of equal or lesser fares than the service and fares available in Lincoln, Sioux City, Des Moines and Sioux Falls. Residents of the Omaha MSA are expected to continue to use Eppley Airfield as their “airport of choice” rather than less accessible airports.

See Appendix B for certain general information about the City and the Omaha Metropolitan Statistical Area.

Service Trends

Omaha is served by 7 airline groups, two major cargo airlines and four regional cargo airlines. Eppley Airfield has averaged 68 passenger airline departures per day in 2016, a level of activity the Authority expects to continue. Airline consolidation has been common in recent years. Larger, more fuel efficient aircraft with fewer operations continues to be the trend over the past several years. The average seats per aircraft in 2016 is 109 compared to 91 in 2011. Recent consolidations include Delta/Northwest in 2009, United/Continental in 2010, Southwest/AirTran in 2011, American/US Airways in 2013 and most recently, Alaska/Virgin America merged in 2016. Certain airports have seen drastic declines in air service as they no longer serve as a hub for a consolidated airline. Omaha has been largely unaffected by this trend as nearly 100% of the traffic is origin and destination. Along with the consolidation of larger carriers, ultra-low cost carriers have initiated service at Eppley Airfield. Airlines such as Spirit, Allegiant and Frontier generally offer base airfares well below those of legacy carriers while charging separately for certain services that are included within the ticket price of legacy carriers. Most legacy carriers now charge separately for checked baggage. Of the ultra-low cost carriers, Frontier and Allegiant provide service to Omaha with each carrier holding less than 2% market share. Southwest is currently the largest airline (34.1% of passenger volume), serving several of Omaha’s major markets. In 2016, Southwest served 1,482,048 passengers at Eppley Airfield.

Airlines Serving the Airport

Major and National

Passenger Airlines

Alaska

Allegiant

American

Delta

Frontier

Southwest

United

Regional Passenger Airlines

Compass (Delta Connection)

Endeavor (Delta Connection)

Envoy (American Eagle)

ExpressJet (Delta Connection/United Express)

GoJet (Delta Connection/United Express)

MESA (American Eagle/United Express)

PSA (American Eagle)

Republic (American Eagle/United Express)

Shuttle America (Delta Connection/United Express)

SkyWest (Delta Connection/

United Express/Alaska Airlines/American Eagle)

Trans States (United Express)

Major and National

Cargo Airlines

FedEx

UPS

Regional

Cargo Airlines

AirNet

Ameriflight

Baron Aviation

Suburban Air Freight

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Air Traffic Statistics

	Year Ended December 31,				% Incr. (Decr.)
	2016	Share %	2015	Share %	
PASSENGERS					
Enplaned	2,171,520		2,083,896		4.2%
Deplaned	2,177,966		2,085,571		4.4%
Total	4,349,486		4,169,467		4.3%
CARGO/MAIL (LBS)					
Enplaned	72,308,420		61,396,969		17.8%
Deplaned	69,794,745		59,081,353		18.1%
Total	142,103,165		120,478,322		17.9%
AIRCRAFT OPERATIONS					
General Aviation	23,619		25,221		-6.4%
Air Carrier	45,976		42,744		7.6%
Air Taxi	22,042		23,344		-5.6%
Military	4,620		4,235		9.1%
Total	96,257		95,544		0.7%
TOTAL PASSENGERS					
ALASKA (1)	53,602	1.2%	-	0.0%	0.0%
SkyWest	54,758	1.3%	47,227	1.1%	15.9%
Alaska sub total	108,360	2.5%	47,227	1.1%	129.4%
ALLEGiant (2)	65,566	1.5%	38,243	0.9%	71.4%
AMERICAN (3)	375,992	8.6%	461,308	11.1%	-18.5%
Envoy	250,712	5.8%	95,187	2.3%	163.4%
ExpressJet (4)	34	0.0%	-	0.0%	0.0%
Mesa	50,242	1.2%	90,337	2.2%	-44.4%
PSA	94,490	2.2%	65,972	1.6%	43.2%
Republic	43,162	1.0%	100,645	2.4%	-57.1%
SkyWest (4)	2,901	0.1%	3,472	0.1%	-16.4%
American sub total	817,533	18.8%	816,921	19.6%	0.1%
DELTA	606,924	14.0%	568,697	13.6%	6.7%
Compass	40,011	0.9%	74,381	1.8%	-46.2%
Endeavor Air	65,964	1.5%	76,357	1.8%	-13.6%
ExpressJet	116,154	2.7%	123,650	3.0%	-6.1%
GoJet (4)	257	0.0%	9,350	0.2%	-97.3%
Shuttle America	36,402	0.8%	35,312	0.8%	3.1%
SkyWest	117,853	2.7%	125,665	3.0%	-6.2%
Delta sub total	983,565	22.6%	1,013,412	24.3%	-2.9%
FRONTIER	95,925	2.2%	77,166	1.9%	24.3%
SOUTHWEST	1,482,048	34.1%	1,408,998	33.8%	5.2%
UNITED	443,511	10.2%	294,851	7.1%	50.4%
ExpressJet	134,522	3.1%	178,940	4.3%	-24.8%
GoJet	84,829	2.0%	80,954	1.9%	4.8%
Mesa (4)	26,869	0.6%	-	0.0%	0.0%
Republic	28,809	0.7%	46,773	1.1%	-38.4%
Shuttle America	13,618	0.3%	54,402	1.3%	-75.0%
SkyWest	48,226	1.1%	96,726	2.3%	-50.1%
Trans States (4)	8,383	0.2%	8,538	0.2%	-1.8%
United sub total	788,767	18.1%	761,184	18.3%	3.6%
CHARTERS	7,722	0.2%	6,316	0.2%	22.3%
Total	4,349,486	100.0%	4,169,467	100.0%	4.3%

- (1) Commenced mainline service on 6/5/16
- (2) Allegiant commenced service on 3/5/15
- (3) US Airways merged with American in October 2015
- (4) Provides irregular origin/departure service

Southwest was the largest carrier with 34.1% of the total passengers for the year ended December 31, 2016. Delta's combined market share was 22.6% in 2016, inclusive of their regional airline partners. American Airlines had a combined market share, including regional carriers, of 18.8%. United had an 18.1% market share, including its use of regional carriers. The next three airline groups (Alaska, Allegiant, and Frontier), had a combined market share of less than 7%. The Authority believes that its operations and revenues are not materially exposed to the possible cessation of service to Omaha by one or two major airlines due to merger, bankruptcy or other business reasons. See "MANAGEMENT'S DISCUSSION".

The top 10 origin and destination markets to and from Omaha for the twelve months ended June 30, 2016 were as follows: Chicago, Denver, Phoenix, Los Angeles, Washington, D.C., Dallas, Las Vegas, New York, Orlando, and San Francisco. Of these top 10 markets, all were served nonstop by two or more airlines, with the exception of Los Angeles (American only), Las Vegas (Southwest only), and San Francisco (United only).

Airline Rates and Charges

The Authority employs the compensatory system of rates and charges in its contracts with airlines. There are no majority-in-interest clauses in the Authority's airline lease agreements (each, an "Airline Lease Agreement"). The airline rates and charges are established annually by an Authority Board of Directors Resolution. The term of each Airline Lease Agreement is one year, renewing each January 1. There are no long-term Airline Lease Agreements.

The schedule of rates since 2013 is presented below for landing fees (per thousand pound units of certificated aircraft landed weight) and annual average terminal rent (per square foot).

<u>Year</u>	<u>Landing Fees</u>	<u>Average Terminal Rental Rates</u>
2013	\$2.534	\$71.58
2014	2.736	72.83
2015	2.927	74.36
2016	3.064	74.37
2017	2.975	76.53

Landing area net expenses have steadily increased since 2013, primarily as a result of depreciation expenses related to new airfield assets. These expense increases coupled with decreases in landed weight have led to increases in the landing fee rate since 2013. However, in 2017, budgeted landed weights are expected to increase 6.2%. The terminal rental rate experienced gradual increases from 2013 – 2017. The majority of the costs associated with the 1986 terminal expansion were fully depreciated as of 2015. The decrease in terminal depreciation mostly offset increases in operating expenses, leading to a nominal \$.01 increase in the average terminal rental rate from 2015 to 2016. Trended inflationary increases have caused the budgeted 2017 increase.

Landed Weights

<u>Year</u>	<u>Scheduled Airlines Landed Weight (in thousands of pounds)</u>	<u>% Increase (Decrease)</u>
2012	2,733,945	-
2013	2,676,905	-2.1%
2014	2,692,858	0.6%
2015	2,644,763	-1.8%
2016	2,880,412	8.9%

Landed Weights by Scheduled Airline

<u>Airline</u>	<u>2015 Total Weight (in thousands of pounds)</u>	<u>2016 Total Weight</u>	<u>Difference</u>
Carriers			
American	463,519	502,293	8.4%
Delta	599,683	598,520	-0.2%
Frontier	41,318	46,461	12.4%
Southwest	737,424	805,606	9.2%
Alaska	24,502	63,599	159.6%
Allegiant	19,447	32,664	68.0%
United	423,410	461,894	9.1%
Total	2,309,302	2,511,037	8.7%
Cargo			
Federal Express	201,707	220,719	9.4%
UPS	133,754	148,655	11.1%
Total	335,460	369,375	10.1%
Grand Total	2,644,763	2,880,412	8.9%

Airline Cost Per Enplaned Passenger

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016[†]</u>
Air Carrier (Non-Cargo) Costs					
Terminal Rent	\$ 6,418,988	\$ 6,345,071	\$ 6,589,781	\$ 6,869,208	\$ 7,121,111
Landing Fees	5,672,840	5,857,564	6,396,309	6,775,654	7,554,387
Apron Fees	136,801	143,669	123,989	122,365	166,918
Total	12,228,629	12,346,304	13,110,079	13,767,227	14,842,416
Cost % Change	-	1.00%	6.19%	5.01%	7.81%
Enplaned Passengers	2,061,032	2,019,304	2,058,584	2,083,896	2,171,520
Cost Per Enplaned Passenger	\$ 5.93	\$ 6.11	\$ 6.37	\$ 6.61	\$ 6.84

[†] Estimated based on 2016 costs through November 30 and annualized and actual 2016 passengers.

Concession Agreements

Parking. The Authority has an agreement, expiring May 31, 2019, with ABM Parking Services to operate public auto parking facilities on the Airport. Under the agreement, ABM pays the greater of a sliding percentage of gross receipts or a minimum annual fee of \$8,500,000.

Rental Cars. The Authority has entered into nonexclusive one-year agreements with Avis, Budget, Dollar, Enterprise, Hertz, Alamo/National, Thrifty and Payless to provide rental cars to the public at Eppley Airfield. Each rental car company pays the greater of 10% of gross receipts or a minimum annual fee of \$120,000. In addition, each company pays rent for its counter and ready car space. All of these one-year agreements expire on April 30, 2017 and will be extended until new agreements are in place. Commitment letters were signed by each of the rental car companies to continue operations at the Airport at the end of the construction period for the new parking and rental car facility. The Authority will commence the negotiation of new agreements with the rental car companies during the construction period of the 2017 Project with terms of likely 5 years.

Food and Beverage. The Authority has contracted with Rigel Airport Services, LLC to provide the majority of the terminal restaurant and lounge services for the period ending October 31, 2021. The agreement provides for

payment of a variable percentage of gross receipts depending upon the type of item with a current minimum annual guarantee of \$756,575.

News, Gifts and Books. The Authority has an agreement with Hudson News to operate four news and gift shops in the terminal, as well as one Hudson Booksellers bookstore and art gallery. The current agreement expires December 31, 2024. The agreement provides for payment of a variable percentage of gross receipts depending upon the type of item with a minimum annual guarantee of \$750,000.

Advertising. The Authority has an agreement with Clear Channel to operate the terminal advertising concession for the period ending March 31, 2017. The agreement calls for payment of 48% of gross receipts with a current minimum annual payment of \$325,031 adjusted annually to 85% of the prior year actual gross receipts.

Other Terminal Concessions. In addition, the Authority has entered into concession agreements with various concessionaires, including, among others, a bank, a snack shop, Omaha Steaks and a telephone concessionaire. Most of the terminal concessions are located on the terminal side of the passenger security checkpoints leading to the A and B Concourses, although a variety of food, beverage, news and gift concessions are available in the A and B Concourses beyond the passenger security checkpoints. Hybrid free / paid WiFi is available to the public in the terminal.

Insurance

The Authority maintains property and casualty, liability, rental value insurance, worker's compensation insurance and other insurance coverages consistent with airport operators' industry standards. The Authority does maintain war liability and property terrorism coverage. Aon Risk Services Inc. represents the Authority in the insurance marketplace.

Airport Security

At Eppley Airfield, the Transportation Security Administration (the "TSA") is responsible for the security screening of passengers and baggage, while the Authority through its Airport Police is responsible for airport perimeter security in compliance with TSA and FAA regulations as well as general security. Eppley Airfield's A Concourse and B Concourse are served by four checkpoint lanes each. The Authority, in cooperation with the TSA, has undertaken to minimize passenger inconvenience through the screening process, while maintaining the required levels of security. See "**MANAGEMENT'S DISCUSSION.**"

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SUMMARY OF FINANCIAL OPERATIONS AND DEBT SERVICE COVERAGE RATIOS¹

	Audited			
	2012	2013	2014	2015
Airline Revenue				
Landing & Airport Fees	\$ 6,836,665	\$ 7,109,381	\$ 7,711,190	\$ 7,776,748
Terminal Rent	6,418,988	6,345,071	6,589,781	6,869,208
Airline Revenue	13,255,653	13,454,452	14,300,971	14,645,956
Nonairline Revenue				
Auto Parking	13,659,103	13,854,440	15,098,508	16,278,165
Rental Cars	4,671,746	4,614,361	4,855,713	4,735,197
Other Terminal Revenue	2,824,799	2,887,384	3,090,856	3,330,479
General Aviation & Fuel Fees	1,555,671	1,580,371	1,603,508	1,605,102
Millard Airport	383,705	380,489	338,062	379,131
Other Revenue	1,523,065	1,401,789	1,294,846	1,634,162
Total	24,618,089	24,718,834	26,281,493	27,962,236
Operating Revenue	37,873,742	38,173,286	40,582,464	42,608,192
Interest Income	181,964	279,722	367,278	341,013
AVAILABLE REVENUES	38,055,706	38,453,008	40,949,742	42,949,205
Operating Expenses				
Salaries, Wages & Benefits	14,145,993	13,890,332	14,464,045	14,794,565
Utilities & Communications	1,336,898	1,467,879	1,518,038	1,629,494
Supplies & Materials	1,239,696	1,223,449	1,262,766	1,170,358
Contractual Services	2,048,350	1,983,571	2,039,301	2,705,450
Other Expenses	845,616	1,501,355	1,131,012	1,101,491
TOTAL OPERATING EXPENSES	19,616,553	20,066,586	20,415,162	21,401,358
NET AVAILABLE REVENUES	18,439,153	18,386,422	20,534,580	21,547,847
Historical Debt Service	2,851,814	2,854,914	1,175,214	1,175,089
Historical Debt Service Coverage [†]	6.47	6.44	17.47	18.34
Historical Pro Forma				
Debt Service Coverage ^{† ‡}	6.13	6.12	6.83	7.17

[†]Unaudited.

[‡] Calculated using the average annual debt service of \$5,493,097 on the Series 2017 Bonds, net of anticipated Designated CFC Revenues for years 2018 through 2036 of \$2,489,000 that are excluded from definition of “Annual Debt Service” pursuant to the Resolution.

¹ See Appendix A-2 for the Unaudited Authority Summary Statements of Income and Expenses for the 11 Months Ended November 30, 2016 and 2015.

MANAGEMENT'S DISCUSSION

See Appendix A-1 for a more detailed Management's Discussion and Analysis as presented in the 2015 and 2014 Audited Financial Statements and Appendix A-2 for the Unaudited Authority Summary Statements of Income and Expenses for the 11 Months Ended November 30, 2016 and 2015.

The Authority receives 41% of its operating revenues from aeronautical sources at the Airport and 59% from non-aeronautical sources (2015). A substantial portion of the non-aeronautical sources revenues is derived from concessionaires that serve passengers at the Airport, including parking, rental car, food and beverage, and general merchandise.

Passenger demand at the Airport is significantly affected by growth in the population and economy of the Airport's service area; national economic and political conditions; circumstances affecting aviation safety and security; the availability and price of aviation fuel; capacity of the national air transportation system; airfares and air service at the Airport relative to regional airports; and other factors. See **"BONDHOLDERS' RISKS—Factors Affecting the Airline Industry."**

The ability of the Authority to derive revenues from the operations of the Airport depends in part on the financial health of the airline industry. Since the economic recession that began in 2008, airlines have reduced the number of operations and have phased out smaller regional jets in favor of more fuel efficient, larger aircraft to improve margins as oil prices reached record highs and unemployment was on the rise, reducing the purchasing power of consumers. The change in business practice greatly reduced service to small and medium hub airports. As the economy has improved with oil prices dropping, unemployment levels lowering and the stock market increasing to record highs, the airlines have cautiously added service, selectively choosing markets to expand their operations. See **"BONDHOLDERS' RISKS—Factors Affecting the Airline Industry."**

The Omaha area continues to grow as evidenced by Aksarben Village, Midtown Crossing and Nebraska Crossing Outlet Mall developments. Omaha's current 3.2% unemployment rate (Bureau of Labor Statistics, October 2016) remains well below the U.S. national average. Eppley Airfield is the principal air carrier airport serving Omaha and the regions of eastern Nebraska, western Iowa and southern South Dakota. Eppley Airfield's service area extends to all of Nebraska and Iowa, eastern South Dakota, southern Minnesota and northern Missouri, due to Interstate 80 and Interstate 29 surface access and the increased demand for low air fares. See Appendix B, **"REPORT OF THE AIRPORT CONSULTANT."**

The Authority has entered into substantially similar agreements with all of the airlines operating at Eppley Airfield. The one-year agreements govern the use and occupancy of the Airport and provide for the calculation of airline charges, including landing fees, apron fees, and terminal rentals, using a compensatory methodology consistent with federal law and regulation. The Authority calculates and adjusts airline charges on an annual basis or, under certain circumstances, more frequently. The airline charges are calculated based on the allocation of certain expenses of the Authority to airline-supported cost centers. (All Airport facilities from which airlines operate are owned by the Authority.) The charges paid by airlines recover the airlines' pro rata share of the Authority's costs in these airline-supported cost centers. While landing fees increase to compensate for any reductions in aircraft landed weight, terminal rental rates do not increase to compensate for reductions in space under lease (i.e., vacancy). The revenues derived from airline charges in combination with revenues derived from non-airline sources must be sufficient to meet all annual financial obligations. Airlines have no obligation to pay higher charges to insure that the Net Revenues will be sufficient to satisfy the rate maintenance covenant under the Resolution. See **"BONDHOLDERS' RISKS—Ability to Meet Rate Covenant."**

Calendar year 2007 was the Authority's peak year to date for passenger volume, which was 4,421,274 up 4.5% from 2006. Passenger volume has seen consecutive year increases of 1.9% and 1.2% in 2014 and 2015, respectively, following decreases in all but one year since 2007's peak. For 2016, passenger volume was slightly under the 2008 level, the second highest year on record for the Airport. Passenger volume in 2016 was up 4.3% compared to 2015. See **"THE AIRPORT—Air Traffic Statistics"** for the Authority's passenger volume history as of December 31, 2016 and 2015.

Notwithstanding the financial condition of the airline industry during the slow economic recovery, the impact on the financial results of the Authority was minimal. A few scheduled airlines gave back to the Authority control of some of their leased terminal space in an effort to reduce their costs, primarily as a result of the aforementioned airline mergers. The Authority was able to absorb this small percentage of terminal space lost rental revenue. As the economy has recovered, the Authority has added two new carriers – Alaska Airlines in 2013 and Allegiant Air in 2015. The addition of these new carriers along with expanded service by Southwest and other legacy carriers has helped to grow passenger volume and closely correlated concessionaire revenues.

Eppley Airfield is currently served by 18 jet passenger carriers (7 branded carrier groups). With Omaha's relatively stable economy and passenger market, and its strong regional airport status due to the reduction of air service to other smaller cities in the region, should one or more current airlines liquidate, the Authority believes that one or more of the current carriers serving Eppley Airfield would add additional flights to replace those of the liquidated carriers. Recently, American Airlines commenced non-stop service to Los Angeles. Southwest commenced service to Washington D.C. and will begin service to Houston in March 2017. Alaska Airlines added non-stop service to Portland and up-gauged to mainline aircraft on its non-stop service to Seattle. Additionally, United began service to San Francisco during 2016. Management projects, as of the date of this Official Statement, that Authority airline revenues will continue to be stable over the next few years. See **“SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS.”**

The Authority undertook a major expansion of facilities at Eppley Airfield in 1984. As a result of this expansion project and significant subsequent improvements, the Authority's gross investment in property, plant and equipment increased from \$66,363,985 on December 31, 1983 to \$567,727,323 on December 31, 2015. The 1984 expansion was financed in part by the sale of \$61,000,000 of airport facilities revenue bonds (since repaid or refunded), resulting in increases in interest expense, depreciation and amortization. No construction projects since the 1984 facilities expansion has required bond financing with the exception of a smaller \$10 million dollar issue in 2010 to reimburse the Authority for its 25% share of federally funded airfield runway and taxiway projects.

In 2011, 2012, 2013, 2014 and 2015, net income (excluding grant revenues), as determined in accordance with generally accepted accounting principles (**“GAAP”**), was (\$3,352,367), \$2,206,711, (\$1,878,900), \$225,383 and \$2,126,306, respectively. After adding back grant-funded asset depreciation, the increases in equity (excluding grant revenue) for 2011, 2012, 2013, 2014 and 2015 were \$6,228,479, \$6,744,952, \$7,159,570, \$7,441,847 and \$8,033,745, respectively. The Authority produced positive cash flows (which ultimately were transferred into the Authority's capital improvement / project fund or revenue account) during this entire period, following the payment of operating expenses (exclusive of depreciation, amortization, grant revenue and customer facility charges which began in May 2015) as follows: \$10,054,866 for 2011, \$15,566,003 in 2012, \$15,246,296 in 2013, \$19,318,941 in 2014 and \$20,384,863 in 2015. See **“SUMMARY OF FINANCIAL OPERATIONS AND DEBT SERVICE COVERAGE RATIOS”** herein for a schedule of the Authority's historical debt service coverage.

Approximately every seven to ten years the Authority updates its Master Plan, which includes forecasted statistical information, an inventory of current resources and a future resource needs assessment. The most recent Master Plan was conducted in 2013. A number of baseline projects from the report have already started or have been finished, including enabling projects for the 2017 Project. Two cell phone lots, south long-term parking lot expansion, parking garage available space counting system (APGS) and south long-term parking canopies have already been placed into service. The 2013 Master Plan also determined that there will be need for a new central utility plant and north concourse once total passengers reach a level of 4,750,000. Based upon a 2.0% annual growth factor, total passengers would reach that level at 2021. These capital improvements are demand driven (as described in the table below, the **“Demand Driven Improvements”**) and are not subject to a particular time schedule. The 2013 Master Plan report also addressed short-term and intermediate-term capital improvements, all of which would be funded through Authority cash flow reserves, future bond proceeds, passenger facility charges, customer facility charges or available FAA Airport Improvement Program funds. Management's current estimation of major projects (beyond the 2017 Project) over the next twenty years, subject to demand and other economic factors is as follows:

EPPLEY AIRFIELD FUTURE CAPITAL IMPROVEMENT COST ESTIMATES

<u>Project Name</u>	<u>Total Cost</u>	<u>Funding Assumptions</u>		
		<u>Federal Funds⁽¹⁾</u>	<u>PFC Funds⁽²⁾</u>	<u>Authority Funds⁽³⁾</u>
5-Year Capital Improvement Plan (CIP)				
Reconstruct Terminal Apron, Phase III**	\$ 16,933,000	\$ 12,700,000	\$ -	\$ 4,233,000
Reconstruct Portion of Cargo Apron A**	7,600,000	5,700,000	-	1,900,000
Preliminary Design (CUP, North C/C, South C/C)*	10,000,000	-	7,500,000	2,500,000
Existing Parking Garage Renovations*	13,222,000	-	-	13,222,000
5-Year CIP Project Total	\$ 47,755,000	\$ 18,400,000	\$ 7,500,000	\$ 21,855,000
Demand Driven Improvements				
CUP/North Concourse Expansion, Phase 1*	\$ 103,971,000	\$ -	\$ 53,971,000	\$ 50,000,000
Reconstruct Taxiway A - South*	20,980,000	15,735,000	-	5,245,000
Construct Deicing Pad*	22,073,000	7,358,000	7,358,000	7,357,000
Demand Driven Project Total	\$ 147,024,000	\$ 23,093,000	\$ 61,329,000	\$ 62,602,000
Total	\$ 194,779,000	\$ 41,493,000	\$ 68,829,000	\$ 84,457,000
Long Term (beyond 2021)				
Field Maintenance Building Expansion*	\$ 11,146,000			
Terminal Expansion/Renovation*	321,262,000			
Runway 14R End Reconstruction*	17,484,000			
General Aviation Apron Reconstruction*	28,411,000			
Long Term Project Total	\$ 378,303,000			

* Projects listed and estimated costs are based on 2013 dollars from Master Plan with 3% per year inflation to 2016.

** Projects approved by FAA to proceed.

⁽¹⁾ Assumes Federal AIP project funding will continue into the future on a substantially consistent basis.

⁽²⁾ The Authority has not yet implemented a PFC authorizing resolution. This schedule assumes that a PFC will be enacted in the future at levels currently authorized by Congress.

⁽³⁾ Presently expected to be paid with cash and not financed using additional Bonds.

Source: Omaha Airport Authority.

The Authority has not yet made any substantial expenditure with respect to these listed projects. See “SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS.”

INFORMATION CONCERNING THE AIRLINE INDUSTRY AND THE AIRLINES

General

For discussion on key factors affecting the level of aviation activity and the airline industry, see Appendix B, “REPORT OF THE AIRPORT CONSULTANT—AIRLINE TRAFFIC ANALYSIS—KEY FACTORS AFFECTING FUTURE AIRLINE TRAFFIC” and “BONDHOLDERS’ RISKS.”

Airline Information

Certain of the airlines or their parent corporations are subject to the information reporting requirements of the Exchange Act, and as such are required to file periodic reports, including financial and operational data, with the SEC. All such reports and statements may be inspected in the Public Reference Room of the SEC which can be located by calling the SEC at 1-800-SEC-0330. The SEC maintains a website at <http://www.sec.gov> containing reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. Nothing filed with or furnished to the SEC contained on its website or linked thereto is incorporated by reference

to this Official Statement. In addition, each domestic airline is required to file periodic reports of financial and operating statistics with the U.S. Department of Transportation (“DOT”). These reports may be inspected at the following location: Department of Transportation, Research and Special Programs Administration, Office of Airlines Statistics at Room 4125, 400 7th Street, SW, Washington, DC 20590, and copies of the reports may be obtained from the DOT at prescribed rates.

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

Neither the Authority nor the Underwriter undertakes any responsibility for nor makes any representations as to the accuracy or completeness of the content of information appearing on the SEC’s website as described above, including, but not limited to, updates of such information or links to other internet sites accessed through the SEC’s website. Neither the Authority nor the Underwriter makes any representation whatsoever with respect to the continued viability of any of the airlines serving the Airport.

BONDHOLDERS’ RISKS

An investment in the Series 2017 Bonds involves risk. Accordingly, the Series 2017 Bonds may not be suitable for all investors. Prospective purchasers of the Series 2017 Bonds should carefully consider the information provided in this Official Statement, including all appendices hereto and the following information, before making an investment decision. The factors set forth below, among others, may negatively impact the Authority, its operations or financial condition, or its ability to pay debt service on the Series 2017 Bonds.

The Series 2017 Bonds are Limited Obligations

The Series 2017 Bonds are limited obligations of the Authority payable solely from and secured solely by a pledge of the Net Revenues and the other funds pledged therefor, as described under “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS.” The Series 2017 Bonds are not general obligations of the Authority. The Authority has no taxing power. Neither the taxing power of the City, State nor any political subdivision of the State is pledged to pay principal of and interest on the Series 2017 Bonds. None of the Authority’s properties are subject to any mortgage or lien for the benefit of Owners of the Series 2017 Bonds.

Factors Affecting the Airline Industry

General. Key factors that affect airline traffic at the Airport and the financial condition of the airlines, and, therefore, the amount of Net Revenues available for payment of the Series 2017 Bonds, include: local, regional, national and international economic and political conditions; international hostilities; world health concerns; aviation security concerns; airline service and routes; airline airfares and competition; airline industry economics, including labor relations and costs; availability and price of aviation fuel (including the ability of airlines to hedge fuel costs); regional, national and international environmental regulations; airline consolidation and mergers; capacity of the national air traffic control and airport systems; capacity of the Airport and competition from other airports for connecting traffic; and business travel substitutes, including teleconferencing, videoconferencing and web-casting.

The airline industry is highly cyclical and is characterized by intense competition, high operating and capital costs and varying demand. Passenger and cargo volumes are highly sensitive to general and localized economic trends, and passenger traffic varies substantially with seasonal travel patterns. The profitability of the airline industry can fluctuate dramatically from quarter to quarter and from year to year, even in the absence of catastrophic events such as the terrorist attacks of September 11, 2001 and the economic recession that occurred between 2008 and 2009. Other business decisions by airlines, such as the reduction, or elimination, of service to unprofitable markets, increasing the use of smaller, regional jets and changing hubbing strategies have also affected air traffic at the Airport and could have a more pronounced effect in the future.

In addition to revenues received from the airlines, the Authority derives a substantial portion of its revenues from concessionaires including parking operations, food and beverage concessions, retail concessions, car rental companies, and others. Declines in passenger traffic at the Airport may adversely affect the commercial operations of many of these concessionaires. While the Authority's agreements with concessionaires require the concessionaires to pay a minimum annual guarantee, severe financial difficulties could lead to a failure by a concessionaire to make the required payments or could lead to the cessation of operations of such concessionaire.

Many of these factors are outside the Authority's control. Changes in demand, decreases in aviation activity and their potential effect on enplaned passenger traffic at the Airport may result in reduced Revenues and CFCs. Following are just a few of the factors affecting the airline industry including, regional and national economic conditions, threats of terrorism, costs of aviation fuel, and airline concentration. See also "**—Aviation Security Concerns**" below for additional discussion on the costs of security.

Economic Conditions. Historically, the financial performance of the air transportation industry has correlated with the state of the national and global economies. See Appendix B, "**REPORT OF THE AIRPORT CONSULTANT—AIRLINE TRAFFIC ANALYSIS—KEY FACTORS AFFECTING FUTURE AIRLINE TRAFFIC.**"

Threats of Terrorism. Recent and ongoing terrorist attacks and threats of terrorism have had, and may continue to have, a negative impact on air travel. According to news reports, terrorist attacks over the last year in Nice, Munich, Paris, Brussels and Istanbul, among other cities, have had a negative impact on tourists traveling to, and throughout, Europe and, thereby, a negative effect on airline revenues. The Authority cannot predict the likelihood of future incidents similar to the terrorist attacks of September 11, 2001 or the recent terrorist attacks in Nice, Munich, Paris, Brussels and Istanbul, the likelihood of future air transportation disruptions or the impact on the Airport or the airlines operating at the Airport from such incidents or disruptions.

Cost of Aviation Fuel. Airline earnings are significantly affected by changes in the price of aviation fuel. According to Airlines for America, fuel, along with labor costs, is one of the largest cost components of airline operations, and continues to be an important and uncertain determinate of an air carrier's operating economics. There has been no shortage of aviation fuel since the "fuel crisis" of 1974, but any increase in fuel prices causes an increase in airline operating costs. Fuel prices continue to be susceptible to, among other factors, political unrest in various parts of the world (particularly in the oil-producing nations in the Middle East and North Africa), Organization of Petroleum Exporting Countries policy, the growth of economies around the world, the levels of inventory carried by industries, the amounts of reserves maintained by governments, disruptions to production and refining facilities and weather. According to Airlines for America, for the third quarter of 2016, jet fuel accounted for approximately 16.0% of the airline industry's operating expenses. The price of aviation fuel rose to an all-time high of approximately \$3.75 per gallon in July 2008. According to the U.S. Bureau of Transportation Statistics, the price of aviation fuel averaged approximately \$1.40 per gallon for the first six months of 2016. Significant and prolonged increases in the cost of aviation fuel are likely to have an adverse impact on air transportation industry profitability and hamper the recovery plans and cost-cutting efforts of certain airlines.

Airline Concentration; Effect of Airline Industry Consolidation. The airline industry continues to evolve as a result of competition and changing demand patterns and it is possible the airlines serving the Airport could consolidate operations through acquisition, merger, alliances and code share sales strategies. Examples of airline mergers occurring over the last several years include: (a) in 2008, Delta acquired Northwest and its affiliated Air Carriers, Mesaba, Pinnacle (now known as Endeavor) and Compass; (b) on October 1, 2010, United Airlines and Continental Airlines merged and United Airlines and Continental Airlines began operating as a single airline (under the United brand) in March 2012; (c) on May 2, 2011, Southwest acquired AirTran, and Southwest and AirTran began operating as a single airline (under the Southwest brand) in March 2012; (d) on December 9, 2013, AMR Corporation, along with its subsidiaries American Airlines and American Eagle, merged with US Airways Group, Inc., and American and US Airways began operating as a single airline (under the American brand) in October 2015 and (e) on April 1, 2016, Alaska Air Group, Inc. parent company of Alaska Airlines entered into an agreement to acquire Virgin America Inc. To date none of these mergers have had any material impact on airline service or enplanements at the Airport. While these prior mergers have not had any material impact on airline service or enplanements at the Airport or on Revenues, future mergers or alliances among airlines operating at the Airport may result in fewer flights or decreases in gate utilization by one or more airlines.

Such decreases could result in reduced Revenues, reduced CFC collections and/or increased costs for the other airlines serving the Airport.

Effect of Airline Bankruptcies

General. Since December 2000, numerous airlines have filed for bankruptcy protection including, among others, Delta, US Airways (which filed for protection twice), UAL Corporation, the parent of United, AMR Corporation, the parent of American Airlines and American Eagle and Frontier. Each of these airlines has emerged from bankruptcy and continue to operate at the Airport. Republic Airlines filed for bankruptcy protection on February 25, 2016, but continues to operate at the Airport while it reorganizes under bankruptcy protection.

Assumption or Rejection of Agreements. An airline that has executed an Airline Lease Agreement and seeks protection under the U.S. bankruptcy laws must assume or reject (a) its Airline Lease Agreement within 120 days after the bankruptcy filing, or the date of the entry of an order confirming a Chapter 11 Plan, or such other applicable period as provided in the United States Bankruptcy Code.

In the event of assumption and/or assignment of any agreement to a third party, the airline would be required to cure any pre- and post-petition monetary defaults and provide adequate assurance of future performance under the applicable Airline Lease Agreement or other agreements.

Rejection of an Airline Lease Agreement or other agreement or executory contract will give rise to an unsecured claim of the Authority for damages, the amount of which in the case of an Airline Lease Agreement or other agreement is limited by the United States Bankruptcy Code generally to the amounts unpaid prior to bankruptcy plus the greater of (i) one year of rent or (ii) 15% of the total remaining lease payments, not to exceed three years. However, the amount ultimately received in the event of a rejection of an Airline Lease Agreement or other agreement could be considerably less than the maximum amounts allowed under the United States Bankruptcy Code. Certain amounts unpaid as a result of a rejection of an Airline Lease Agreement or other agreement in connection with an airline in bankruptcy, such as airfield, terminal, concourse and ramp costs would be passed on to the remaining airlines under their respective Airline Lease Agreements, thereby increasing such airlines' cost per enplanement, although there can be no assurance that such other airlines would be financially able to absorb the additional costs. In addition, payments made by an airline in bankruptcy (or by its surety) within 90 days of filing a bankruptcy case could be deemed to be an "avoidable preference" under the United States Bankruptcy Code and thus subject to recapture by the debtor or its trustee in bankruptcy, in particular if the debtor posts collateral with its surety. In general, risks associated with bankruptcy include risks of substantial delay in payment or of non-payment and the risk that the Authority may not be able to enforce any of its remedies under the agreements with a bankrupt airline.

Delta, US Airways, United, American, and Frontier were each operating at the Airport under an Airline Lease Agreement at the time of their respective filings for bankruptcy protection. Each signed a new Airline Lease Agreement when it emerged from bankruptcy protection. Republic is still in bankruptcy proceedings.

With respect to an airline in bankruptcy proceedings in a foreign country, the Authority is unable to predict what types of orders and/or relief could be issued by foreign bankruptcy tribunals, or the extent to which any such orders would be enforceable in the United States.

Pre-Petition Obligations. During the pendency of a bankruptcy proceeding, a debtor airline may not, absent a court order, make any payments to the Authority on account of goods and services provided prior to the bankruptcy. Thus, the Authority's stream of payments from a debtor airline would be interrupted to the extent of pre-petition goods and services, including accrued rent and landing fees. All of the pre-petition obligations of Delta, US Airways, United, American, and Frontier were paid in full. Republic did not owe the Authority any amounts at the time of filing.

Aviation Security Concerns

Concerns about the safety of airline travel and the effectiveness of security precautions, particularly in the context of international hostilities (such as those that have occurred and continue to occur in the Middle East), terrorist attacks (see "**Factors Affecting the Airline Industry—Threats of Terrorism**" above), increased threat levels

declared by the Department of Homeland Security and world health concerns such as the Severe Acute Respiratory Syndrome (“SARS”) outbreak in 2003, the H1N1 influenza (“swine flu”) outbreak in 2009 and 2010 and the Zika virus outbreak that began in South America in 2015 and spread to certain parts of southern Florida, may influence passenger travel behavior and air travel demand. Travel behavior may be affected by anxieties about the safety of flying and by the inconveniences and delays associated with more stringent security screening procedures, both of which may give rise to the avoidance of air travel generally and the switching from air to surface travel modes.

The Authority cannot predict whether the Airport will be a target of terrorism in the future. Additionally, the Authority cannot predict the effect of any future government-required security measures on passenger activity at the Airport.

Regulations and Restrictions Affecting the Airport

The operations of the Airport are affected by a variety of contractual, statutory and regulatory restrictions and limitations including, without limitation, the provisions of the Airline Lease Agreements, and extensive federal legislation and regulations applicable to all airports in the United States. In the aftermath of the terrorist attacks of September 11, 2001, the Airport also has been required to implement enhanced security measures mandated by the FAA, the Department of Homeland Security and Airport management.

It is not possible to predict whether future restrictions or limitations on Airport operations will be imposed, whether future legislation or regulations will affect anticipated federal funding for capital projects for the Airport, whether additional requirements will be funded by the federal government or require funding by the Authority, or whether such restrictions or legislation or regulations would adversely affect Revenues. See “—**Aviation Security Concerns.**”

Ability to Meet Rate Covenant

As discussed in “**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS—Rate Maintenance Covenant**” the Authority has covenanted in the Master Resolution to fix and adjust from time to time the fees and other charges for the use of the Airport System, including services rendered by the Authority, pursuant to airport use agreements or otherwise, so that during each Fiscal Year the rate covenant set forth in the Master Resolution is met. In addition to Net Revenues, the Authority has irrevocably committed certain CFCs to pay the debt service on the Series 2017 Bonds. See “—**Availability of CFCs**” below. If CFCs have been irrevocably committed or are otherwise used to pay principal of and/or interest on specified Bonds, such as the Series 2017 Bonds, the principal and/or interest on such Bonds is excluded from the calculation of Annual Debt Service; thus decreasing the Annual Debt Service and increasing debt service coverage for purposes of the rate covenant under the Master Resolution. See “**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS—Irrevocable CFC Commitment.**”

If Net Revenues were to fall below the levels necessary to meet the rate covenants, the Resolution provide for procedures under which the Authority would retain and direct the Airport Management Consultant to make recommendations as to the revision of the Authority’s schedule of rentals, rates, fees and charges; and upon receiving such recommendations or giving reasonable opportunity for such recommendations to be made, the Authority, on the basis of such recommendations and other available information, will take all lawful measures to revise the schedule of rentals, rates, fees and charges for the use of the Airport System as may be necessary to meet the rate covenant. Increasing the schedule of rentals, rates, fees and charges for the use of the Airport System and for services rendered by the Authority in connection with the Airport System is subject to contractual, statutory and regulatory restrictions (see “—**Regulations and Restrictions Affecting the Airport**” above). Implementation of an increase in the schedule of rentals, rates, fees and charges for the use of the Airport could have a detrimental impact on the operation of the Airport by making the cost of operating at the Airport unattractive to airlines, concessionaires and others in comparison to other airports, or by reducing the operating efficiency of the Airport. The Airline Lease Agreements do not address the rate covenant under the Master Resolution.

Availability of CFCs

In addition to the use of Net Revenues, the Authority expects to apply approximately \$2,136,000 of CFCs in Fiscal Year 2017 and \$2,489,000 in each Fiscal Year between Fiscal Years 2018 and 2036, respectively, to pay a portion of the debt service on the Series 2017 Bonds. See **“SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS—Irrevocable CFC Commitment”** and **“BONDHOLDERS’ RISKS—Ability to Meet Rate Covenant”** above.

The amount of CFCs received by the Authority in future years will vary based upon the actual number of Airport customers who rent vehicles from the rental car companies. No assurance can be given that any level of rental car customers will be realized. Any of the factors described under **“BONDHOLDERS’ RISKS —Factors Affecting the Airline Industry”** or **“—Aviation Security Concerns”** could decrease the number of rental car customers arriving from the Airport and accordingly, the number of customers who rent cars from the rental car companies and availability of CFCs for debt service on the Series 2017 Bonds. A shortfall in CFCs may cause the Authority to increase rates and charges at the Airport to meet the debt service requirements on the Bonds that the Authority otherwise planned to pay from CFCs. While the Authority may by resolution increase the CFC beyond its current rate at any time upon 60 days’ notice to the rental car companies, excessive CFC rates could deter Airport customers from renting cars at the Airport facility in favor of off-Airport rental facilities.

Federal Funding; Impact of Federal Sequestration

On February 6, 2012, Congress passed a four-year reauthorization bill for the FAA, the “FAA Modernization and Reform Act of 2012” (the **“2012 FAA Reauthorization”**) which was signed into law on February 14, 2012 by the President. The 2012 FAA Reauthorization had an original expiration date of September 30, 2015. This was the first long-term FAA authorization since the last such authorization expired in 2007. Between 2007 and the 2012 reauthorization, there were 23 short-term extensions of the FAA’s authority and a two-week partial shutdown of the FAA in the summer of 2011. Similarly, the 2012 FAA Reauthorization has been extended three times, most recently on July 15, 2016, and now expires on September 30, 2017. The Airport and Airway Improvement Act of 1982, as amended, created the Airport Improvement Program (**“AIP”**), which is administered by the FAA. The AIP provides federal capital grants to support airport infrastructure, including entitlement grants (determined by formulas based on passenger, cargo, and general aviation activity levels) and discretionary grants (allocated on the basis of specific set-asides and the national priority ranking system). There can be no assurance that the FAA will receive spending authority beyond the September 30, 2017 extension. In addition, the AIP could be affected by the automatic across-the-board spending cuts, known as sequestration, described in more detail below. The Authority is unable to predict the level of available AIP funding it may receive. If there is a reduction in the amount of AIP grants awarded to the Authority for the Airport, such reduction could (i) increase by a corresponding amount the capital expenditures that the Authority would need to fund from other sources (including operating revenues or Additional Bonds), (ii) result in decreases to planned capital projects or (iii) extend the timing for completion of certain projects.

Federal funding received by the Authority and aviation operations could be adversely affected by the implementation of sequestration – a unique budgetary feature first introduced in the Budget Control Act of 2011, which, among other things, reduced spending for most federal programs.

Sequestration could also adversely affect FAA and Transportation and Safety Administration (**“TSA”**) budgets, operations and the availability of certain federal grant funds typically received annually by the Authority which may cause the FAA or TSA to implement furloughs of its employees and hiring freezes, including air traffic controllers, and result in flight delays and flight cancellations, implement hiring freezes.

Between 2011 and 2015, the Authority received, on average, approximately \$15,221,275 of grants per year from the FAA and the TSA. The Authority is unable to predict future sequestration funding cuts or furloughs or the impact of such actions on the Airport’s airline traffic, grant receipts and Revenues. The Authority intends to take any commercially reasonable measures necessary to continue smooth operation of the Airport.

Summary Financial Information

Certain historical financial information of the Authority is summarized in this Official Statement. There can be no assurance that the financial results achieved by the Authority in the future will be similar to historical results contained therein. Such future results will vary from historical results, and actual variations may be material. Therefore, the historical operating results of the Authority contained in this Official Statement cannot be viewed as a representation that the Authority will be able to generate sufficient revenues in the future to make timely payment of principal of, redemption premium, if any, and interest on its debt obligations, including the Series 2017 Bonds.

Unaudited Financial Information

Certain operating results of the Authority for the 11-month period ended November 30, 2016 and 2015 are included as part of Appendix A-2 to this Official Statement. Such results are not necessarily representative of any other 11-month period of the Authority and cannot be viewed as a representation that the Authority will be able to generate sufficient revenues in the future to make timely payment of principal of, redemption premium, if any, and interest on its debt obligations, including the Series 2017 Bonds.

Potential Limitation of Tax Exemption of Interest on Series 2017A Bonds or Series 2017B Bonds

From time to time, the President of the United States, the United States Congress and/or state legislatures have proposed and could propose in the future, legislation that, if enacted, could cause interest on the Series 2017A Bonds or Series 2017B Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. Clarifications of the Internal Revenue Code of 1986, as amended, or court decisions may also cause interest on the Series 2017A Bonds or the Series 2017B Bonds to be subject, directly or indirectly, to federal income taxation. The introduction or enactment of any such legislative proposals or any clarification of the Internal Revenue Code of 1986, as amended, or court decisions may also affect the market price for, or marketability of, the Series 2017A Bonds or the Series 2017B Bonds. Prospective purchasers of the Series 2017A Bonds or the Series 2017B Bonds should consult their own tax advisors regarding any such pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

No Acceleration

Events of Default under the Resolution and related remedies are described herein under Appendix E, **“SUMMARY OF CERTAIN PROVISIONS OF THE MASTER RESOLUTION—Defaults and Remedies.”** The occurrence of an Event of Default does not grant any right to accelerate payment of the Series 2017 Bonds. Since Net Revenues are Revenues net of Operation and Maintenance Expenses, and the Authority is not subject to involuntary bankruptcy proceedings, the Authority may be able to continue indefinitely collecting Revenues and applying them to the operation of the Airport even if an Event of Default has occurred and no payments are being made on the Series 2017 Bonds. See Appendix E, **“SUMMARY OF CERTAIN PROVISIONS OF THE MASTER RESOLUTION—No Acceleration; No Cross Defaults.”**

Assumptions in the Report of the Airport Consultant

The Report of the Airport Consultant incorporates numerous assumptions as to the utilization of the Airport and other matters and states that any forecast is subject to uncertainties. The Report of the Airport Consultant should be read in its entirety regarding all of the assumptions used to prepare the forecasts made therein. No assurances can be given that the assumptions contained in the Report of the Airport Consultant will occur. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, the actual results achieved during the forecast period will vary, and the variations may be material. Additionally, the Report of the Airport Consultant does not reflect the final terms of the Series 2017 Bonds. See **“REPORT OF THE AIRPORT CONSULTANT”** and Appendix B, **“REPORT OF THE AIRPORT CONSULTANT.”** For a discussion of the key factors affecting future airline traffic at the Airport as discussed in the Report of the Airport Consultant see Appendix B, **“REPORT OF THE AIRPORT CONSULTANT—AIRLINE TRAFFIC ANALYSIS—KEY FACTORS AFFECTING FUTURE AIRLINE TRAFFIC.”**

LITIGATION

There is no action, suit at law or at equity, proceeding, inquiry or investigation pending or, to the best of the knowledge of the Authority, threatened, against the Authority in any court, administrative agency or other public body, in any way affecting the legal existence of the Authority or the title of the officers of the Authority to their respective offices, or seeking to restrain or enjoin the issuance, sale or delivery of the Series 2017 Bonds, or in any material way adversely affecting the collection of revenues or assets of the Authority pledged or to be pledged under the Resolution, the validity or enforceability of the Series 2017 Bonds, the Resolution or the power or authority of the Authority with respect thereto.

CONTINUING DISCLOSURE

The Authority will agree in an undertaking (the **“Undertaking”**) for the benefit of the holders of the Series 2017 Bonds to provide certain financial information and operating data to the Municipal Securities Rulemaking Board (**“MSRB”**) annually and to provide notice to the MSRB of certain events, pursuant to the requirements of Rule 15c2-12 (**“Rule”**) under the Securities Exchange Act of 1934, as amended. See Appendix C, **“FORM OF CONTINUING DISCLOSURE UNDERTAKING.”**

A failure by the Authority to comply with the Undertaking will not constitute an event of default with respect to the Series 2017 Bonds, although any holder would have any available remedy at law or in equity, including seeking specific performance by court order, to cause the Authority to comply with its obligations under the Undertaking. Any such failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Series 2017 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series 2017 Bonds and their market price.

The Authority believes it complied in all material respects with its prior undertakings under the Rule in the past five years.

UNDERWRITING

Pursuant to a Bond Purchase Agreement (the **“Agreement”**) by and between the Authority and Piper Jaffray & Co., as representative of the other underwriters, if any (the **“Underwriter”**), the Series 2017A Bonds are being purchased by the Underwriter at an aggregate purchase price of \$55,914,407.41 (representing the aggregate principal amount of the Series 2017A Bonds plus aggregate original issue premium of \$6,720,343.65 and less Underwriter’s discount of \$110,936.24); the Series 2017B Bonds are being purchased by the Underwriter at an aggregate purchase price of \$12,094,879.95 (representing the aggregate principal amount of the Series 2017B Bonds plus net aggregate original issue premium of \$895,136.20 and less Underwriter’s discount of \$25,256.25); and the Series 2017C Bonds are being purchased by the Underwriter at an aggregate purchase price of \$9,448,692.50 (representing the aggregate principal amount of the Series 2017C Bonds less Underwriter’s discount of \$21,307.50).

The Agreement provides that the Underwriter will purchase all of the Series 2017 Bonds if any are purchased. The obligation of the Underwriter to accept delivery of the Series 2017 Bonds is subject to various conditions contained in the Agreement, including the absence of pending or threatened litigation questioning the validity of the Series 2017 Bonds or any proceedings in connection with the issuance thereof and the absence of material adverse changes in the financial or business condition of the Authority.

The Underwriter reserves the right to join with dealers and other underwriters in offering the Series 2017 Bonds to the public.

While the Underwriter expects, insofar as possible, to maintain a secondary market for the Series 2017 Bonds, no assurance can be given concerning the future maintenance of such a market by the Underwriter or others,

and prospective purchasers of the Series 2017 Bonds should therefore be prepared to hold their Series 2017 Bonds to their maturity.

The Underwriter is not acting as a financial advisor to the Authority in connection with the offer and sale of the Series 2017 Bonds.

TAX MATTERS

Series 2017A Bonds

The following is a summary of the material federal and State of Nebraska income tax consequences of holding and disposing of the Series 2017A Bonds. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the Series 2017A Bonds as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State of Nebraska, does not discuss the consequences to an owner under any state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the Series 2017A Bonds in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the Series 2017A Bonds.

Opinion of Bond Counsel

In the opinion of Gilmore & Bell, P.C., Bond Counsel, under the law existing as of the issue date of the Series 2017A Bonds:

Federal and Nebraska Tax Exemption. The interest on the Series 2017A Bonds is excludable from gross income for federal income tax purposes except for any period during which a Series 2017A Bond is held by a “substantial user” of the facilities financed by the Series 2017A Bond or a “related person” within the meaning of Section 147(a) of the Code and is exempt from income taxation by the State of Nebraska.

Alternative Minimum Tax. Interest on the Series 2017A Bonds is an item of tax preference for purposes of computing the federal alternative minimum tax imposed on individuals and corporations and is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations.

Bond counsel’s opinions are provided as of the date of the original issue of the Series 2017A Bonds, subject to the condition that the Authority comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2017A Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Authority has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Series 2017A Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2017A Bonds. Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Series 2017A Bonds, but has reviewed the discussion under the heading “**TAX MATTERS.**”

Other Tax Consequences

Original Issue Premium. If a Series 2017A Bond is issued at a price that exceeds the stated redemption price at maturity of the Series 2017A Bond, the excess of the purchase price over the stated redemption price at maturity constitutes “premium” on that Series 2017A Bond. Under Section 171 of the Code, the purchaser of that Series 2017A Bond must amortize the premium over the term of the Series 2017A Bond using constant yield principles, based on the purchaser’s yield to maturity. As premium is amortized, the owner’s basis in the Series 2017A Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly

allocable to the owner. This will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the Series 2017A Bond prior to its maturity. Even though the owner's basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of bond premium.

Sale, Exchange or Retirement of Series 2017A Bonds. Upon the sale, exchange or retirement (including redemption) of a Series 2017A Bond, an owner of the Series 2017A Bonds generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property received on the sale, exchange or retirement of the Series 2017A Bond (other than in respect of accrued and unpaid interest) and such owner's adjusted tax basis in the Series 2017A Bond. To the extent a Series 2017A Bond is held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Series 2017A Bond has been held for more than 12 months at the time of sale, exchange or retirement.

Reporting Requirements. In general, information reporting requirements will apply to certain payments of principal, interest and premium paid on the Series 2017A Bonds, and to the proceeds paid on the sale of the Series 2017A Bonds, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner's federal income tax liability.

Collateral Federal Income Tax Consequences. Prospective purchasers of the Series 2017A Bonds should be aware that ownership of the Series 2017A Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Series 2017A Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of Series 2017A Bonds should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the Series 2017A Bonds, including the possible application of state, local, foreign and other tax laws.

Series 2017B Bonds

The following is a summary of the material federal and State of Nebraska income tax consequences of holding and disposing of the Series 2017B Bonds. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the Series 2017B Bonds as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State of Nebraska, does not discuss the consequences to an owner under any state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the Series 2017B Bonds in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the Series 2017B Bonds.

Opinion of Bond Counsel

In the opinion of Gilmore & Bell, P.C., Bond Counsel, under the law existing as of the issue date of the Series 2017B Bonds:

Federal and Nebraska Tax Exemption. The interest on the Series 2017B Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes and is exempt from income taxation by the State of Nebraska.

Alternative Minimum Tax. Interest on the Series 2017B Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax imposed on individuals and corporations, but is taken into account

in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations.

Bank Qualification – Series 2017B Bonds. The Series 2017B Bonds have not been designated as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code.

Bond counsel’s opinions are provided as of the date of the original issue of the Series 2017B Bonds, subject to the condition that the Authority comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2017B Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Authority has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Series 2017B Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2017B Bonds. Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Series 2017B Bonds but has reviewed the discussion under the heading “**TAX MATTERS.**”

Other Tax Consequences

Original Issue Discount. For federal income tax purposes, original issue discount (“OID”) is the excess of the stated redemption price at maturity of a Series 2017B Bond over its issue price. The issue price of a Series 2017B Bond is the first price at which a substantial amount of the Series 2017B Bonds of that maturity have been sold (ignoring sales to bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers). Under Section 1288 of the Code, OID on tax-exempt bonds accrues on a compound basis. The amount of OID that accrues to an owner of a Series 2017B Bond during any accrual period generally equals (1) the issue price of that Series 2017B Bond, plus the amount of OID accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that Series 2017B Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (3) any interest payable on that Series 2017B Bond during that accrual period. The amount of OID accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner’s tax basis in that Series 2017B Bond. Prospective investors should consult their own tax advisors concerning the calculation and accrual of OID.

Original Issue Premium. If a Series 2017B Bond is issued at a price that exceeds the stated redemption price at maturity of the Series 2017B Bond, the excess of the purchase price over the stated redemption price at maturity constitutes “premium” on that Series 2017B Bond. Under Section 171 of the Code, the purchaser of that Series 2017B Bond must amortize the premium over the term of the Series 2017B Bond using constant yield principles, based on the purchaser’s yield to maturity. As premium is amortized, the owner’s basis in the Series 2017B Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner. This will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the Series 2017B Bond prior to its maturity. Even though the owner’s basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of bond premium.

Sale, Exchange or Retirement of Series 2017B Bonds. Upon the sale, exchange or retirement (including redemption) of a Series 2017B Bond, an owner of the Series 2017B Bond generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property received on the sale, exchange or retirement of the Series 2017B Bond (other than in respect of accrued and unpaid interest) and such owner’s adjusted tax basis in the Series 2017B Bond. To the extent a Series 2017B Bond is held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Series 2017B Bond has been held for more than 12 months at the time of sale, exchange or retirement.

Reporting Requirements. In general, information reporting requirements will apply to certain payments of principal, interest and premium paid on the Series 2017B Bonds, and to the proceeds paid on the sale of the Series 2017B Bonds, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner’s federal income tax liability.

Collateral Federal Income Tax Consequences. Prospective purchasers of the Series 2017B Bonds should be aware that ownership of the Series 2017B Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with “excess net passive income,” foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Series 2017B Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of Series 2017B Bonds should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the Series 2017B Bonds, including the possible application of state, local, foreign and other tax laws.

Series 2017C Bonds

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, OWNERS OF THE SERIES 2017C BONDS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES IN THIS OFFICIAL STATEMENT RELATING TO THE SERIES 2017C BONDS IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY OWNERS OF THE SERIES 2017C BONDS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THOSE OWNERS UNDER THE INTERNAL REVENUE CODE; (B) THE DISCUSSION OF FEDERAL TAX ISSUES IN THIS OFFICIAL STATEMENT RELATING TO THE SERIES 2017C BONDS WAS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING OF THOSE BONDS; AND (C) OWNERS OF THE SERIES 2017C BONDS SHOULD SEEK ADVICE FROM AN INDEPENDENT TAX ADVISOR BASED ON THEIR PARTICULAR CIRCUMSTANCES.

The following is a summary of the material federal and State of Nebraska income tax consequences of holding and disposing of the Series 2017C Bonds. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the Series 2017C Bonds as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State of Nebraska, does not discuss the consequences to an owner under any state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the Series 2017C Bonds in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the Series 2017C Bonds.

Tax Status of the Series 2017C Bonds – Federal and State of Nebraska

No Federal Tax Exemption. The interest on the Bonds is included in gross income for federal income tax purposes, in accordance with an owner’s normal method of accounting.

Nebraska Tax Exemption. In the opinion of Bond Counsel, under the law existing as of the issue date of the Series 2017C Bonds, the interest on the Series 2017C Bonds is exempt from income taxation by the State of Nebraska.

No Opinions. Bond Counsel is expressing no opinion regarding federal, state or local tax consequences arising with respect to the Series 2017C Bonds, except as expressly provided herein. Purchasers of the Series 2017C Bonds should consult their tax advisors as to the applicability of these tax consequences and other income tax consequences of the purchase, ownership and disposition of the Series 2017C Bonds, including the possible application of state, local, foreign and other tax laws.

Other Tax Consequences

Sale, Exchange or Retirement of Series 2017C Bonds. Upon the sale, exchange or retirement (including redemption) of a Series 2017C Bond, an owner of the Series 2017C Bond generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property received on the

sale, exchange or retirement of the Series 2017C Bond (other than in respect of accrued and unpaid interest) and such owner's adjusted tax basis in the Series 2017C Bond. To the extent a Series 2017C Bond is held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Series 2017C Bond has been held for more than 12 months at the time of sale, exchange or retirement.

Reporting Requirements. In general, information reporting requirements will apply to certain payments of principal, interest and premium paid on the Series 2017C Bonds, and to the proceeds paid on the sale of the Series 2017C Bonds, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner's federal income tax liability.

Collateral Federal Income Tax Consequences. Prospective purchasers of the Series 2017C Bonds should be aware that ownership of the Series 2017C Bonds may result in collateral federal income tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of Series 2017C Bonds should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the Series 2017C Bonds, including the possible application of state, local, foreign and other tax laws.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the validity and enforceability of the Series 2017 Bonds, including their authorization, issuance and sale by the Authority, are subject to the approval of Gilmore & Bell, P.C., bond counsel to the Authority. The proposed form of such opinion is included in this Official Statement as Appendix D. Certain legal matters will be passed upon for the Authority by McGrath North Mullin & Kratz, PC LLO. Certain matters will be passed upon for the Underwriter by Kutak Rock LLP.

RATINGS

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("**S&P**"), and Moody's Investors Service ("**Moody's**") have assigned ratings of "AA-" and "Aa3", respectively, to the Series 2017 Bonds. Such ratings reflect only the views of such organizations and any explanation of the meaning and significance of such ratings, including the methodology used and any outlook thereon, should be obtained from the rating agency furnishing the same, at the following addresses: S&P Global Ratings, 55 Water Street, New York, New York 10041; and Moody's Investors Service, 7 World Trade Center, 250 Greenwich Street, 23rd Floor, New York, New York 10007.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. The respective ratings are not a recommendation to buy, sell or hold the Series 2017 Bonds. There can be no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2017 Bonds.

INDEPENDENT AUDITORS

The financial statements and supplementary information of the Authority as of December 31, 2015 and 2014 and for the years then ended included as Appendix A-1 to this Official Statement have been audited by KPMG LLP, independent accountants, as stated in its report appearing therein.

Neither the Authority's independent auditors, nor any other independent accountants, have compiled, examined or performed any procedures with respect to the interim financial statements included as Appendix A-2 to this Official Statement, nor have they expressed any opinion or any other form of assurance on such statements, and

they assume no responsibility for, the interim financial statements included as Appendix A–2 to this Official Statement.

REPORT OF THE AIRPORT CONSULTANT

The Authority has retained LeighFisher (the “**Airport Consultant**”), which is recognized as an expert in its field, to prepare a report in connection with the Series 2017 Bonds. The Report of the Airport Consultant is included as Appendix B hereto, with the Airport Consultant’s consent. The information regarding the analyses and conclusions contained in the Report of the Airport Consultant is included in the Official Statement in reliance upon the expertise of the Airport Consultant. The Report of the Airport Consultant should be read in its entirety for an understanding of the assumptions and rationale underlying the financial forecasts contained therein and the key factors impacting such forecasts.

The financial forecasts in the Report of the Airport Consultant are based on certain information and assumptions that were provided by, or reviewed and agreed to by, the Authority’s management. In the opinion of the Airport Consultant, these assumptions provide a reasonable basis for the forecasts.

The Report of the Airport Consultant should be read in its entirety regarding all of the assumptions used to prepare the forecasts made therein. No assurance can be given that these or any of the other assumptions contained in the Report of the Airport Consultant will occur. As noted in the Report of the Airport Consultant, any forecast is subject to uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecast and actual results, and those differences may be material. See also “**SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS,**” and “**BONDHOLDERS’ RISKS—Assumptions in the Report of the Airport Consultant.**”

MUNICIPAL ADVISOR

D.A. Davidson & Co. serves as municipal advisor to the Authority. The municipal advisor will not be a manager or a member of any purchasing group for the purchase and sale of the Series 2017 Bonds.

MISCELLANEOUS

This Official Statement has been authorized by the Authority.

So far as any statements made in this Official Statement involve matters of opinion, forecasts or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact.

The Appendices are integral parts of this Official Statement and must be read together with all other parts of this Official Statement.

AIRPORT AUTHORITY OF THE CITY OF OMAHA

APPENDIX A-1
INDEPENDENT AUDITORS' REPORT
(FISCAL YEARS 2015 AND 2014)

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AIRPORT AUTHORITY OF THE CITY OF OMAHA

Basic Financial Statements and Supplementary Information
and Uniform Guidance Reports

December 31, 2015 and 2014

(With Independent Auditors' Reports Thereon)

AIRPORT AUTHORITY OF THE CITY OF OMAHA



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Management's Discussion and Analysis

(Unaudited)

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Introduction

The following management discussion and analysis (MD&A) of the Airport Authority of the City of Omaha (the Authority) provides an introduction to the basic financial statements of the Authority for the years ended December 31, 2015 and 2014. The Authority's responsibilities include Eppley Airfield and Millard Airport. The information contained in this MD&A has been prepared by management and should be considered in conjunction with the basic financial statements and the notes thereto, which follow this section.

The notes are essential to a full understanding of the data contained in the basic financial statements. This report also presents certain supplementary information regarding revenues and expenses by cost center and required supplementary information regarding the defined-benefit pension plan and the other postemployment benefit obligation.

The basic financial statements consist of two parts: the financial statements and the notes to financial statements. The three financial statements are the statements of net position; the statements of revenues, expenses, and changes in net position; and the statements of cash flows.

The Authority's financial statements are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB). The Authority is a special-purpose government engaged only in business-type activities. Users of the Authority's facilities provide the revenues to operate, maintain, and acquire necessary services and facilities. The Authority has no taxing authority.

The Authority was created pursuant to Nebraska state statutes. The affairs of the Authority are conducted by a five-member board whose members are appointed by the mayor of the City of Omaha, Nebraska (the City), with the approval of the City Council. The Authority is not included in the City's financial statements because the City is not financially accountable for the Authority.

Airport Activities Highlights

The following is a summary of Eppley Airfield's traffic statistics:

	2015	Percentage change	2014	Percentage change	2013	Percentage change
Passengers	4,169,467	1.2%	4,119,730	1.9%	4,042,333	(2.1)%
Aircraft operations	95,544	(1.9)	97,378	(1.1)	98,425	(5.0)
Cargo and mail weight - lbs	120,327,674	6.3	113,213,531	(5.8)	120,206,399	5.5
Scheduled landed weight - lbs	2,644,763,101	(1.8)	2,692,857,723	0.6	2,676,905,276	(2.1)

These Eppley Airfield statistics have been negatively impacted by the state of the nation's economy since 2008. The entire aviation industry was impacted significantly by the economy. High fuel prices hampered airline success, although 2015 saw lowering prices. Airlines have been strategically managing domestic capacity by withdrawing seats from several markets and retiring old, less fuel efficient aircraft. According to a study by MIT, for the five year period between 2007–2012, medium hub airports saw a 26.2% reduction in aircraft departures and a 21.4% reduction in available seats. Eppley Airfield fared well in comparison with an 18.6% and 14.1% reduction, respectively.

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Airlines have also been going through a several year period of consolidation, negatively impacting the amount of leased terminal space at Eppley Airfield. In 2009, Delta and Northwest merged their operations and terminal space. In 2010, Midwest and Frontier merged their terminal space under a new common airline ownership of Republic, which was subsequently sold to a private equity group in 2013. In early 2012, AirTran merged operations and terminal space into Southwest. In 2012, Continental merged its operations and terminal space into United. Finally, American Airlines and U.S. Airways merged operations and terminal space in 2015.

Despite the previously mentioned capacity reductions and industry consolidations, Omaha has added new carriers and service in 2013-2015. Alaska Airlines entered the Omaha market in late 2013 with new, non-stop service. In early 2015, Allegiant Air commenced service at Eppley Airfield with three non-stop destinations. Also, a number of new non-stop destinations have commenced or been announced by incumbent carriers for 2015 and 2016. As of December 31, 2015, Eppley Airfield is being served by 18 regularly scheduled jet air carriers (comprised of seven airline groups). These airlines provide nonstop service to 20 cities with approximately 70 daily departures.

Airline Rates and Charges

The scheduled air carriers operate on year-to-year operating and lease agreements (in a few cases, on a month-to-month basis). The rates and charges are established annually by the Authority's board resolution. The rates and charges were as follows:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Landing fee per 1,000 pounds	\$ 2.927	2.736	2.534
Apron fee per landing	2.50	2.50	2.50
Terminal finished area per square foot per year	75.27	73.72	72.46
Terminal unfinished area per square foot per year	60.27	59.03	58.02
Loading bridge (wide) unmodified per year	37,700	37,700	37,700
Loading bridge (narrow) unmodified per year	33,700	33,700	33,700
Unleased gate usage charge four hours and less	185	180	175
Unleased gate usage charge over four hours	260	255	245

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Financial Position Summary

The statements of net position present the financial position of the Authority at the end of the year. They include all assets and deferred outflows of resources and liabilities and deferred inflows of resources of the Authority. Net position, the difference between total assets and deferred outflows of resources and liabilities and deferred inflows of resources, is an indication of the current fiscal health of the Authority. A summary of comparison of the Authority's assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position at December 31 is as follows:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Assets:			
Current and other assets	\$ 104,224,247	99,707,042	90,048,848
Property, plant, and equipment, net	<u>274,637,945</u>	<u>262,043,642</u>	<u>250,887,008</u>
Total assets	<u>378,862,192</u>	<u>361,750,684</u>	<u>340,935,856</u>
Deferred Outflow of Resources:			
Pension related deferred outflows	<u>408,307</u>	<u>—</u>	<u>—</u>
Total assets and deferred outflows of resources	<u>\$ 379,270,499</u>	<u>361,750,684</u>	<u>340,935,856</u>
Liabilities:			
Current liabilities	\$ 6,848,973	6,813,124	6,559,020
Net pension liability	5,513,775	5,211,596	—
Other postemployment benefit payable	22,426,721	18,196,209	14,134,879
Long-term debt, excluding current installments	<u>8,797,328</u>	<u>9,649,776</u>	<u>10,483,236</u>
Total liabilities	<u>43,586,797</u>	<u>39,870,705</u>	<u>31,177,135</u>
Deferred Inflow of Resources:			
Pension related deferred inflows	<u>1,155,159</u>	<u>1,366,167</u>	<u>—</u>
Total liabilities and deferred inflow of resources	<u>44,741,956</u>	<u>41,236,872</u>	<u>31,177,135</u>
Net position:			
Net investment in capital assets	262,627,847	248,872,456	236,965,160
Restricted for debt service, net of related accrued interest payable	2,453,446	805,000	3,210,000
Unrestricted	<u>69,447,250</u>	<u>70,836,356</u>	<u>69,583,561</u>
Total net position	<u>334,528,543</u>	<u>320,513,812</u>	<u>309,758,721</u>
Total liabilities and net position	<u>\$ 379,270,499</u>	<u>361,750,684</u>	<u>340,935,856</u>

The Authority's net position was \$334,528,543 and \$320,513,812 at December 31, 2015 and 2014, respectively. As noted in Note 12, the ending December 31, 2013 net position was restated to retroactively report the beginning net position as of January 1, 2014. For both years, the largest portion of the Authority's net position represents its net investment in capital assets. The Authority uses these capital assets to provide services to its passengers,

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visitors, and tenants of Eppley Airfield and Millard Airport; consequently, these assets are not available for future spending. Although the Authority's investment in its capital assets is reported net of related debt, it is noted that the resources required to repay this debt must be provided annually from operations, since the capital assets themselves cannot be used to liquidate liabilities.

Restricted net position reflects cash and investments set aside with the revenue bond trustee for the ensuing January 1st principal and interest payment to bondholders (including the payoff of remaining outstanding Series 2010-1 Airport Revenue Refunding Bonds on January 1, 2014) and to fund the bond covenant required debt service reserve accounts. The remaining unrestricted net position may be used to meet any of the Authority's ongoing obligations.

Summary of Changes in Net Position

The change in net position is an indicator of whether the overall fiscal condition of the Authority has improved or deteriorated during the year. Following is a summary of revenues, expenses, and changes in net position:

	2015	Percentage of operating revenue	2014	Percentage of operating revenue	Percentage increase (decrease)
Operating revenues:					
Landing area	\$ 8,441,261	19.8%	\$ 8,061,910	19.9%	4.7%
General aviation area	1,269,204	3.0	1,262,260	3.1	0.6
Terminal building area	14,934,884	35.0	14,536,350	35.8	2.7
Other facility area	17,583,712	41.3	16,383,882	40.4	7.3
Millard Airport	379,131	0.9	338,062	0.8	12.1
Operating revenues	42,608,192	100.0	40,582,464	100.0	5.0
Operating expenses:					
Operations and maintenance	(16,308,363)	(38.2)	(16,182,818)	(39.9)	0.8
General and administrative	(5,092,995)	(12.0)	(4,232,344)	(10.4)	20.3
Operating expenses	(21,401,358)	(50.2)	(20,415,162)	(50.3)	4.8
Operating income before depreciation and other postemployment benefit expense	21,206,834	49.8	20,167,302	49.7	5.2
Other postemployment benefit expense	(4,230,512)	(9.9)	(4,061,330)	(10.0)	4.2
Depreciation expense	(16,931,565)	(39.7)	(15,866,510)	(39.1)	6.7
Operating income	44,757	0.2	239,462	0.6	(81.3)
Net nonoperating revenues (expenses)	2,081,549	4.9	(14,079)	—	(14,884.8)
Income before grant revenue	2,126,306	5.1	225,383	0.6	843.4
Federal grant revenue	11,888,425	27.9	17,207,330	42.4	(30.9)
Increase in net position	14,014,731	33.0	17,432,713	43.0	(19.6)
Net position – beginning of year	320,513,812	—	303,081,099	—	5.8
Net position – end of year	\$ 334,528,543	—%	\$ 320,513,812	—%	4.4%

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	2014	Percentage of operating revenue	2013	Percentage of operating revenue	Percentage increase (decrease)
Operating revenues:					
Landing area	\$ 8,061,910	19.9%	\$ 7,449,327	19.5%	8.2%
General aviation area	1,262,260	3.1	1,251,724	3.3	0.8
Terminal building area	14,536,350	35.8	13,846,816	36.3	5.0
Other facility area	16,383,882	40.4	15,244,930	39.9	7.5
Millard Airport	338,062	0.8	380,489	1.0	(11.2)
Operating revenues	40,582,464	100.0	38,173,286	100.0	6.3
Operating expenses:					
Operations and maintenance	(16,182,818)	(39.9)	(15,548,650)	(40.7)	4.1
General and administrative	(4,232,344)	(10.4)	(4,517,936)	(11.9)	(6.3)
Operating expenses	(20,415,162)	(50.3)	(20,066,586)	(52.6)	1.7
Operating income before depreciation, other postemployment benefit expense, and net flood expenses	20,167,302	49.7	18,106,700	47.4	11.4
Other postemployment benefit expense	(4,061,330)	(10.0)	(3,897,773)	(10.2)	4.2
Depreciation expense	(15,866,510)	(39.1)	(15,681,905)	(41.1)	1.2
Flood (expenses), net of insurance proceeds	—	—	(270,454)	(0.7)	(100.0)
Operating income (loss)	239,462	0.6	(1,743,432)	(4.6)	(113.7)
Net nonoperating expenses	(14,079)	—	(135,468)	0.4	(89.6)
Income (loss) before grant revenue	225,383	0.6	(1,878,900)	(4.9)	(112.0)
Federal and state grant revenue	17,207,330	42.4	11,934,146	31.3	44.2
Increase in net position	17,432,713	43.0	10,055,246	26.3	73.4
Net position – beginning of year	303,081,099	—	299,703,475	—	1.1
Net position – end of year	\$ 320,513,812	—%	\$ 309,758,721	—%	3.5%

Financial Operations Highlights

Revenues – 2015

The landing area revenue is mostly comprised of landing fees charged to the airlines. The landing fee rate increased from \$2.736 in 2014 to \$2.927 in 2015 (or 7.0%). The scheduled aircraft landed weight decreased by 1.3% in 2015. This explains the 4.7% increase in landing area revenue in 2015.

The 0.6% increase in general aviation revenues in 2015 is primarily attributed to a 1.9% increase in the C.P.I. for ground rent offset by a higher T-hanger vacancy rate in 2015.

Airline and other terminal space rental revenues increased 5.7% in 2015 as compared to 2014 mainly due to the 2.1% increase in the terminal square footage rental rate. The terminal concession revenues were flat in 2015 compared to 2014. News and gift stand, and restaurants and bar concessions increased by 11.0% and 6.0%,

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respectively, while advertising and rental cars decreased 8.9% and 2.5%, respectively. Rental car revenue were down annually. The primary factor contributing to the concession revenue is a 1.2% increase in passenger traffic in 2015 compared to 2014.

The majority of other facilities revenue is for parking operations. The total parking revenue increased by 7.3% in 2015 as a result of an increase in passenger traffic, parking volume, and a \$0.50 daily maximum rate increase in the parking garage and certain surface parking lots.

Revenues – 2014

The landing area revenue is mostly comprised of landing fees charged to the airlines. The landing fee rate increased from \$2.534 in 2013 to \$2.736 in 2014 (or 8.0%). The scheduled aircraft landed weight increased by 0.6% in 2014. This explains the 8.6% increase in scheduled landing fee revenue in 2014.

The 0.8% increase in general aviation revenues in 2014 is primarily attributed to a 1.6% increase in the C.P.I. for ground rent offset by a higher T hanger vacancy rate in 2014.

The terminal concession revenues were up 5.4% in 2014 compared to 2013. Airline and other terminal space rental revenues increased 4.5% in 2014 as compared to 2013 mainly due to the 1.7% increase in the terminal square footage rental rate. Rental cars, news and gift stand, and restaurants and bar concessions increased by 5.2%, 10.8%, and 5.7%, respectively. The primary factor contributing to the concession revenue is a 1.9% increase in passenger traffic in 2014 compared to 2013.

The majority of other facilities revenue is for parking operations. The total parking revenue increased by 9.0% in 2014 as a result of an increase in passenger traffic, parking volume, and a \$0.50 daily maximum rate increase in the parking garage.

Expenses – 2015

Operations and maintenance expenses increased 0.8% in 2015. More utilization of part time workers as well as the vacancy of a couple of key operation positions resulted in a decrease of 0.9% in wages expense. The employee benefits increase was due to pension expense but was partially offset by a 2.0% decrease in medical premiums. Lower gas prices and mild weather also contributed to lower maintenance costs in 2015.

General and administrative expenses increased 20.3% in 2015. Wages increased 11.8% due to the addition of personnel in human resources, airline affairs and accounting, as well as cost-of-living wage increases. Employee benefits increased 17.4% in 2015 due to the aforementioned personnel additions and an increase in pension expense. Professional and other services increased 46.4% due to finance and strategic planning projects that took place in 2015, as well as, placement fees paid for certain new hires. Airline affairs is a newly formed department and recognized a full year's worth of expenses in 2015 compared to 2014.

Depreciation expense increased in 2015, reflecting depreciation of major additions to the airfield during 2015 and 2014.

Other postemployment benefit expense accrual (OPEB) increased by 4.2% due to the actuary's use of revised estimates for interest rates, claims history, and actuarial assumptions.

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Net nonoperating expenses are comprised of interest expense, interest income and rental car Customer Facility Charges (CFCs). Interest expense decreased 5.4% in 2015 due to scheduled paydown of principal balances on January 1, 2014. Interest revenues increased by 7.7% due to a slight increase in average investment interest rates and more funds on deposit. The Authority began collecting CFCs at \$2.50 per rental car transaction day in April 2015 to begin funding the near-future combined new parking garage/rental car facilities.

Expenses – 2014

Operations and maintenance expenses increased 4.0% in 2014. Cost-of-living increases in 2014, the staffing of a couple of key operation positions that were vacant for much of 2013, as well as timing of reimbursements from the TSA for LEO security checkpoint coverage, resulted in an increase of 4.2% in wages expense. Employee benefits increased due primarily to a 7.9% increase in medical premiums offset somewhat by staff reduction through attrition.

General and administrative expenses decreased 6.2% in 2014. Wages increased 10.4% due to the addition of personnel in the planning and engineering department, cost-of-living wage increases, and favorable yields in compensation investment accounts. Employee benefits increased 11.7% in 2014 due to the aforementioned medical premium increase and personnel additions. These general and administrative expenses were offset by a decrease in professional and other services as well as a decrease in other expenses due to a project being written off in 2013.

Depreciation expense increased in 2014, reflecting depreciation of major additions to the airfield during 2014 and 2013.

Other postemployment benefit expense accrual (OPEB) increased by 4.2% due to the actuary's use of revised estimates for interest rates, claims history, and actuarial assumptions.

Net nonoperating expenses are comprised of interest expense and interest income. Interest expense decreased 14.5% in 2014 due to scheduled paydown of principal balances on January 1, 2014. Interest revenues increased by 21.9% due to a slight increase in average investment interest rates and more funds on deposit.

Property, Plant, and Equipment Development and Expansion

The Authority's mission is to provide excellence in customer service, airport facilities, air service, and security. All future facilities' planning moves forward with this mission as its focus. Future facilities related to security issues mandated by the federal government are evolving as the federal government defines and redefines the issues. The Authority is committed to compliance with all federal security regulations, now and in the future.

The Authority's property, plant, and equipment as of December 31, 2015 and 2014 amounted to \$567,727,323 and \$538,310,256, respectively, before accumulated depreciation. This investment in long-term assets includes land, land improvements, airfield improvements, parking facilities, buildings, equipment, Millard Airport (a reliever to Eppley Airfield), and construction in progress. The net increase in the Authority's property, buildings, and equipment, before accumulated depreciation, for 2015 was \$29,417,067, or 5.5%, and for 2014 was \$26,695,560, or 5.2%, largely due to airfield runway, taxiway reconstruction, and building roof replacements. The increases were net of the \$182,230 (2015) and \$221,369 (2014) impairment of assets from the August 18, 2011 hail and wind storms.

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Property, plant, and equipment acquisitions are capitalized at cost and are depreciated (except land and construction in progress) over their useful lives on the straight-line method. Authority acquisitions are funded using a variety of financing techniques, including cash flows from Authority operations, (including a \$2.50 rental car per transaction day CFC which began in April 2015) federal entitlement and discretionary grants (75% of total costs of typical authorized projects (90% for Millard Airport projects) or 100% of American Recovery and Reinvestment Act of 2009–2010 authorized projects), state grants, and airport revenue bond issuance. The Authority is not allowed to levy taxes. The Authority has not chosen to collect a Passenger Facility Charge (PFC), although such an option may be considered in major future acquisitions/projects.

During the past decade, several significant completed projects were closed out from construction in progress and/or directly recorded to their respective property, plant, and equipment accounts. The major projects or acquisitions were/are as follows:

Project	Total cost
Completed:	
North terminal diversion apron – Phase I	\$ 3,200,000
Runway 18/36 overlay/localizer relocation	2,800,000
Millard Airport T-hangar/apron	1,000,000
Improvements to an FBO facility	2,100,000
Runway 18/36 replacement of 1,500 ft.	4,600,000
Replace fire/rescue truck #14	900,000
Expand north diversion apron – Phase II	3,560,000
Replace boarding bridges #13, 14, and 3	1,500,000
Expand parking garage 725 spaces	11,500,000
Renovation of parking garage expansion joints	1,500,000
Replace section of taxiways A and H	18,800,000
Replace runway 14R/32L – South	12,700,000
Replace runway intersection	13,100,000
Replace runway 14R/32L – North	11,500,000
Extend taxiway S – North/Center	8,300,000
Replace fire/rescue truck #12	700,000
Replace East 300 ft. of Millard runway	400,000
Extend taxiway S – South	3,681,000
Replace taxiway L	8,441,000
Replace taxiway E	7,299,000
Replace boarding bridge #17	575,000
Replace runway snow blower	548,000
Replace runway rubber/paint removal truck	600,000
Purchase #1 multi-task snow removal machine	600,000
Master plan review	3,800,000
Replace taxiway C, J, D, E access to ramp	17,915,000

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Project	Total cost
Replace taxiway G	\$ 17,685,000
Replace southern end of runway 18/36	16,200,000
Replace east stormwater pumping station	2,900,000
Millard Airport runway overlay	1,380,000
Replace boarding bridge #16	654,000
Reconstruct terminal ramp – phase I	22,670,000
Construct US Customs General Aviation Facility	1,000,000
New parking garage – design only phase I and II	6,000,000
Purchase #2 multi-task snow removal equipment machine	630,000
Expand north checkpoint exit lane/4th lane	515,000
In process:	
Reconstruct terminal ramp – phase II	17,811,000
Replace fire/rescue truck #11	900,000
South economy parking lot canopies	4,200,000
Expand south economy parking lot	800,000
Parking garage way finding/space count system	1,000,000
Future:	
New parking garage/rental car facilities	89,000,000

Long-Term Debt Administration

The Authority issued airport revenue bonds of \$61,000,000 in 1984 when the terminal building was expanded and renovated, additional parking garages were built, various airfield storm water drainage was constructed, and certain taxiways/runways/aprons were improved. Since that time, the Authority has issued several tax-exempt airport revenue refunding bonds that substantially reduced interest expense. The original 1984 bonds had interest rates as high as 10.75%. The coupon rates on the various remaining bonds outstanding as of December 31, 2015 (Series 2010) currently range from 2.50% to 4.75%. The principal balance of the bonds as of December 31, 2015, before the effects of bond premiums and deferred valuation adjustments for prior refunds, is \$9,555,000, \$825,000 of which was paid on January 1, 2016.

As the Authority is not allowed to levy taxes, it cannot issue any general obligation (GO) bonds. As the Authority has chosen not to collect PFCs to date, it does not have any PFC revenue bonds outstanding. Finally, the Authority has not issued any special-purpose facility bonds.

The Authority has one 0% hangar loan outstanding aggregating \$25,960 at December 31, 2015.

The Authority has the following revenue bond “stable” credit ratings: Standard & Poor’s AA- and Moody’s Aa3. The Authority’s currently outstanding airport revenue refunding bonds were issued with a fully funded debt service reserve fund.

On January 1, 2014, the Authority paid off the then remaining outstanding Series 2010-1 Airport Revenue Refunding Bonds at par due then totaling \$3,210,000. This leaves only the Series 2010 bonds outstanding at December 31, 2015.

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Contact Information

Questions concerning any of the information provided in this financial report or requests for additional information should be addressed to: Omaha Airport Authority, Attention: Stan Kathol, Director of Finance and Administration, 4501 Abbott Drive, Suite 2300, Eppley Airfield, Omaha, NE 68110.



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Independent Auditors' Report

The Board of Directors
Airport Authority of the City of Omaha:

Report on Financial Statements

We have audited the accompanying financial statements of the Airport Authority of the City of Omaha (the Authority), which comprise the statements of net position as of December 31, 2015 and 2014, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Airport Authority of the City of Omaha as of December 31, 2015 and 2014, and the changes in financial position and cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.



Emphasis of Matter

As discussed at note 12 to the financial statements, the Authority adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 1 through 10 and the schedules of the retirement plan and postemployment benefit plan on pages 35 through 38 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, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Schedules of Revenues and Expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedules of Revenues and Expenses are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedules of Revenues and Expenses are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2016, on our consideration of the Authority'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 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 Authority's internal control over financial reporting and compliance.

KPMG LLP

Omaha, Nebraska
April 27, 2016

AIRPORT AUTHORITY OF THE CITY OF OMAHA

Statements of Net Position
December 31, 2015 and 2014



Assets	2015	2014
Current assets:		
Cash and cash equivalents, unrestricted	\$ 15,409,516	11,497,911
Cash and cash equivalents, restricted	2,628,490	990,107
Investments	80,994,943	77,994,355
Receivables, less allowance for doubtful accounts of \$184,121 and \$188,972 in 2015 and 2014, respectively	2,086,345	1,449,688
Other receivables – insurance proceeds	—	221,369
Due from governmental agencies	172,630	4,843,232
Accrued interest receivable	735,248	529,380
Prepaid expenses	1,170,389	1,154,314
Total current assets	<u>103,197,561</u>	<u>98,680,356</u>
Noncurrent assets:		
Restricted assets:		
Bond reserve funds:		
Cash and cash equivalents	1,026,686	1,026,686
Property, plant, and equipment, net	<u>274,637,945</u>	<u>262,043,642</u>
Total noncurrent assets	<u>275,664,631</u>	<u>263,070,328</u>
Total assets	<u>378,862,192</u>	<u>361,750,684</u>
Deferred Outflow of Resources		
Pension related deferred outflows	<u>408,307</u>	<u>—</u>
Total assets and deferred outflows of resources	<u>\$ 379,270,499</u>	<u>361,750,684</u>
Liabilities		
Current liabilities:		
Current installments of long-term debt	\$ 852,449	833,459
Accounts payable and accrued expenses	2,434,474	2,079,921
Due to contractors, including retainage of \$736,943 in 2015 and \$452,307 in 2014	3,387,006	3,714,637
Accrued interest payable	<u>175,044</u>	<u>185,107</u>
Total current liabilities	6,848,973	6,813,124
Noncurrent liabilities:		
Net pension liability	5,513,775	5,211,596
Other postemployment benefit payable	22,426,721	18,196,209
Long-term debt, excluding current installments	<u>8,797,328</u>	<u>9,649,776</u>
Total liabilities	<u>43,586,797</u>	<u>39,870,705</u>
Deferred Inflow of Resources		
Pension related deferred inflows	<u>1,155,159</u>	<u>1,366,167</u>
Total liabilities and deferred inflow of resources	<u>44,741,956</u>	<u>41,236,872</u>
Net Position		
Net position:		
Net investment in capital assets	262,627,847	248,872,456
Restricted for debt service, net of related accrued interest payable	2,453,446	805,000
Unrestricted	<u>69,447,250</u>	<u>70,836,356</u>
Total net position	<u>334,528,543</u>	<u>320,513,812</u>
Total liabilities, deferred inflow of resources, and net position	<u>\$ 379,270,499</u>	<u>361,750,684</u>

See accompanying notes to financial statements.

AIRPORT AUTHORITY OF THE CITY OF OMAHA
Statements of Revenues, Expenses, and Changes in Net Position
Years ended December 31, 2015 and 2014



	<u>2015</u>	<u>2014</u>
Operating revenues:		
Landing area	\$ 8,441,261	8,061,910
General aviation area	1,269,204	1,262,260
Terminal building area	14,934,884	14,536,350
Other facility area	17,583,712	16,383,882
Millard Airport	379,131	338,062
Total operating revenues	<u>42,608,192</u>	<u>40,582,464</u>
Operating expenses:		
Operations and maintenance:		
Wages	7,859,543	7,933,701
Payroll taxes	572,399	575,094
Employee benefits	3,577,161	3,500,721
Supplies and materials	1,064,381	1,176,313
Contractual services	1,419,757	1,160,802
Electricity	1,180,101	1,112,795
Fuel – heating	119,866	184,047
Water and sewer fee	219,987	203,295
Trash disposal	39,713	39,904
Communications	89,451	83,453
Gasoline and oil	123,619	175,649
Other	42,385	37,044
Total operations and maintenance	<u>16,308,363</u>	<u>16,182,818</u>
General and administrative:		
Salaries	1,924,856	1,722,072
Payroll taxes	114,570	97,778
Employee benefits	746,036	634,679
Supplies, materials, and postage	105,977	86,453
Professional services	1,285,693	878,499
Promotion and public relations	111,912	35,912
Travel and transportation	12,774	23,290
Communications	20,089	17,901
Dues and subscriptions	42,765	53,174
Insurance	722,468	666,683
Other, including write-offs	5,855	15,903
Total general and administrative	<u>5,092,995</u>	<u>4,232,344</u>
Total operating expenses, before depreciation expense and other postemployment benefit expense	<u>21,401,358</u>	<u>20,415,162</u>
Operating income before depreciation expense and other postemployment benefit expense	21,206,834	20,167,302
Other postemployment benefit expense	4,230,512	4,061,330
Depreciation expense	<u>16,931,565</u>	<u>15,866,510</u>
Operating income	44,757	239,462
Nonoperating revenues and expenses:		
Interest revenue	367,278	341,013
Interest expense	(335,789)	(355,092)
Customer facility charges (CFCs)	<u>2,050,060</u>	<u>—</u>
Nonoperating revenues (expenses), net	<u>2,081,549</u>	<u>(14,079)</u>
Income before grant revenue	2,126,306	225,383
Federal grant revenue	<u>11,888,425</u>	<u>17,207,330</u>
Increase in net position	14,014,731	17,432,713
Total net position, beginning of year, as restated (note 12)	<u>320,513,812</u>	<u>303,081,099</u>
Total net position, end of year	<u>\$ 334,528,543</u>	<u>320,513,812</u>

See accompanying notes to financial statements.

AIRPORT AUTHORITY OF THE CITY OF OMAHA

Statements of Cash Flows

Years ended December 31, 2015 and 2014



	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Cash received from tenants/customers	\$ 42,404,629	40,399,983
Cash paid to suppliers for goods and services	(6,461,665)	(6,081,432)
Cash paid to employees for salaries, wages, and benefits	(14,918,351)	(14,365,480)
Net cash provided by operating activities	<u>21,024,613</u>	<u>19,953,071</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of property, plant, and equipment	(29,853,498)	(24,534,483)
Principal paid on long-term debt	(819,160)	(3,224,160)
Interest paid on long-term debt	(360,151)	(402,314)
Customer facility charges received	1,838,335	—
Capital grants received	<u>16,559,027</u>	<u>15,351,291</u>
Net cash used in capital and related financing activities	<u>(12,635,447)</u>	<u>(12,809,666)</u>
Cash flows from investing activities:		
Net purchase of investments	(3,000,588)	(4,999,021)
Interest received on investments	<u>161,410</u>	<u>116,832</u>
Net cash used in investing activities	<u>(2,839,178)</u>	<u>(4,882,189)</u>
Net increase in cash and cash equivalents	5,549,988	2,261,216
Cash and cash equivalents, beginning of year	<u>13,514,704</u>	<u>11,253,488</u>
Cash and cash equivalents, end of year	<u><u>\$ 19,064,692</u></u>	<u><u>13,514,704</u></u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 44,757	239,462
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	16,931,565	15,866,510
Change in assets and liabilities resulting from operations:		
Receivables	(203,563)	(182,440)
Prepaid expenses	(16,075)	(135,297)
Accounts payable and accrued expenses	354,553	203,406
Increase (decrease) in net pension liability	302,179	(1,466,067)
Increase (decrease) in deferred inflows/outflows of resources, net	(619,315)	1,366,167
Increase in other postemployment benefit payable	<u>4,230,512</u>	<u>4,061,330</u>
Net cash provided by operating activities	<u><u>\$ 21,024,613</u></u>	<u><u>19,953,071</u></u>

See accompanying notes to financial statements.

AIRPORT AUTHORITY OF THE CITY OF OMAHA

Notes to Financial Statements

December 31, 2015 and 2014



(1) Summary of Significant Accounting Policies

(a) *Authority Operations*

The Airport Authority of the City of Omaha (the Authority) was created pursuant to Nebraska state law. The affairs of the Authority are conducted by a board whose members are appointed by the mayor of the City of Omaha, Nebraska (the City), with the approval of the City Council. The Authority is a special-purpose government engaged only in business-type activities. The majority of the Authority's income is generated from airport user fees, including airline landing fees and terminal rentals, concession fees, and other building rentals. The Authority does not levy or collect property taxes. The Authority is not included in the City's financial statements because the City is not financially accountable for the Authority. The accompanying financial statements are presented on the accrual basis of accounting and the economic resources measurement focus and reflect the assets and liabilities owned by the Authority and the results of the Authority's operations.

Operating revenues, such as rental income, result from exchange transactions associated with the principal activity of the Authority. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as interest, result from nonexchange transactions.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first and then unrestricted resources as they are needed.

(b) *Grants*

The Authority has entered into grant agreements with government agencies on certain construction projects. The Authority recognizes grant revenue as construction progresses on each project and when eligibility requirements are met. The Authority has in process various grants from the U.S. Department of Transportation/Federal Aviation Administration for the funding of Airport Improvement Program.

(c) *Depreciation*

Property, plant, and equipment are stated at historical cost. Depreciation of property, plant, and equipment is provided on all depreciable assets (except land and construction in progress), including those acquired with grants, over the estimated useful lives of the respective assets on the straight-line method.

Land Improvements	20–25 years
Airfield Improvements	15–30 years
Auto Parking Areas	10–30 years
Building	10–30 years
Building Furnishings	5–7 years
Equipment	5–15 years
Millard Airport	5–30 years

AIRPORT AUTHORITY OF THE CITY OF OMAHA

Notes to Financial Statements

December 31, 2015 and 2014



(d) Cash Equivalents

The Authority considers all highly liquid investments with an original average maturity of three months or less from the date of purchase to be cash equivalents.

(e) Investments

Investments, primarily certificates of deposit and U.S. Treasury strips, are carried at amortized cost which approximates market fair value. All investments of the Authority are carried to maturity.

(f) Pensions

In accordance with the Authority's adoption of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, the net pension liability, deferred inflows and outflows of resources and pension expense have been recognized in the financial statements.

The net pension liability is calculated as the difference between the actuarially calculated value of the projected benefit payments attributed to past periods of service and the plan's fiduciary net position. The total pension expense is comprised of the service cost or actuarial present value of projected benefit payments attributed to the valuation year, interest on the total pension liability, plan administrative expenses, current year benefit changes, and other changes in plan fiduciary net position less employee contributions and projected earnings on plan investments. Additionally, the total pension expense includes the annual recognition of outflows and inflows of resources due to pension assets and liabilities.

For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense associated with the Authority's contribution requirements, information about the fiduciary net position of the retirement plan and addition to/deductions from the retirement plans' fiduciary net position have been determined on the same basis as they are reported by the retirement plan. For this purpose, benefit payments are recognized when due and payable in accordance with terms of the plan. The plan's investment is held in a group annuity contract with Mutual of Omaha and is reported at contract value. Contract value represents contributions made under the contract, plus investment income, less funds used to make benefit payments and administration expenses. An adjustment is made to contract value to mark the investment to fair value, or the value at which would have been distributed had the Authority requested a lump sum withdrawal of funds from the Policy as of the last day of the reporting period.

(g) Deferred inflows and outflows of resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. A deferred inflow of resources has a negative impact on net position similar to liabilities but is required to be reported within the statement of net position in a separate section following liabilities and the total may be added to the total for liabilities. A deferred outflows of resources has a positive effect on net position similar to assets but is required to be reported in the statement of net position in a separate section following assets and the total may be added to the total for assets. Deferred outflows/inflows of resources include various pension related amounts (see note 6).

AIRPORT AUTHORITY OF THE CITY OF OMAHA

Notes to Financial Statements

December 31, 2015 and 2014



(h) Tax-Exempt Status

The Authority, a corporate municipality authorized by state statute and activated as a result of passage of a City resolution, is not subject to federal, state, or local income, sales, or property taxes.

(i) Customer Facility Charges (CFCs)

In April 2015, the Authority by resolution began collection of a Customer Facility Charge (CFC) of \$2.50 per rental car transaction day for the purpose of funding the rental car improvements and related debt service portion of a future public and rental car six-story parking garage. The CFC rate can be adjusted by Authority resolution at any time and is recorded as non-operating revenues.

(j) Use of Estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from the estimates and assumptions used in preparing the financial statements.

(2) Cash and Investments

Restricted bond reserve and debt service funds held by the Authority at December 31, 2015 and 2014 include cash and money market account balances (cash and cash equivalents) totaling \$2,026,730 and \$2,016,793, respectively. Also included within current cash and cash equivalents, restricted is \$1,628,446 as of December 31, 2015 for rental car customer facility charges (CFCs). All other unrestricted cash and investments (exclusive of U.S. government securities) held at December 31, 2015 and 2014 include similar items, as well as cash totaling \$14,828,266 and \$10,999,911, respectively, and deferred compensation mutual and stock funds totaling \$581,250 and \$498,000, respectively, which are considered cash equivalents.

Statutes and resolutions adopted by the board of directors authorize the Authority to invest in obligations of the U.S. Treasury, agencies and instrumentalities, and repurchase agreements, and mutual and stock funds within the deferred compensation accounts. The Authority's investments consist of U.S. government securities backed by the full faith and credit of the U.S. government, except for the deferred compensation mutual and stock funds. These securities are held by the Authority's trustee in accordance with the terms of the trust agreement and in the Authority's name. At December 31, 2015 and 2014, management believes the Authority is in compliance with the applicable statutes and resolutions. At December 31, 2015 and 2014, all bank balances were covered by federal depository insurance or pledged collateral.

AIRPORT AUTHORITY OF THE CITY OF OMAHA

Notes to Financial Statements

December 31, 2015 and 2014



Cash and investments at December 31 consist of the following:

		2015			
	<u>Maturities</u>	<u>Original cost</u>	<u>Accrued receivable</u>	<u>Net carrying value</u>	<u>Fair value</u>
Investments:					
U.S. Treasury strips	2/15/16	\$ 4,999,780	57,242	5,057,022	5,058,740
U.S. Treasury strips	4/15/16	9,999,265	97,142	10,096,407	10,095,414
U.S. Treasury strips	5/31/16	4,999,601	5,640	5,005,241	4,998,346
U.S. Treasury strips	8/15/16	8,999,377	77,257	9,076,634	9,065,659
U.S. Treasury strips	11/15/16	11,999,674	5,361	12,005,035	11,980,686
U.S. Treasury strips	2/15/17	5,999,430	51,463	6,050,893	6,033,849
U.S. Treasury strips	5/15/17	4,999,335	55,768	5,055,103	5,047,089
U.S. Treasury strips	5/15/17	11,999,563	6,524	12,006,087	11,971,499
U.S. Treasury strips	8/15/17	6,999,884	80,720	7,080,604	7,066,544
U.S. Treasury strips	9/30/17	4,999,242	32,318	5,031,560	5,015,397
U.S. Treasury strips	11/15/17	4,999,792	58,794	5,058,586	5,042,622
		<u>80,994,943</u>	<u>528,229</u>	<u>81,523,172</u>	<u>81,375,845</u>
Mutual and stock funds (cash and cash equivalents)	N/A	581,250	207,019	788,269	788,269
Government-backed money markets (cash and cash equivalents)	N/A	<u>2,026,730</u>	<u>—</u>	<u>2,026,730</u>	<u>2,026,730</u>
Total investments		83,602,923	735,248	84,338,171	84,190,844
Deposits:					
Cash	N/A	<u>16,456,712</u>	<u>—</u>	<u>16,456,712</u>	<u>16,456,712</u>
Total deposits and investments		<u>\$ 100,059,635</u>	<u>735,248</u>	<u>100,794,883</u>	<u>100,647,556</u>

AIRPORT AUTHORITY OF THE CITY OF OMAHA

Notes to Financial Statements

December 31, 2015 and 2014



		2014			
	<u>Maturities</u>	<u>Original cost</u>	<u>Accrued receivable</u>	<u>Net carrying value</u>	<u>Fair value</u>
Investments:					
U.S. Treasury strips	3/15/15	\$ 4,999,056	17,867	5,016,923	5,018,378
U.S. Treasury strips	5/15/15	9,999,457	30,785	10,030,242	10,033,427
U.S. Treasury strips	11/30/15	7,999,091	41,066	8,040,157	8,028,646
U.S. Treasury strips	11/30/15	7,999,888	19,019	8,018,907	8,028,643
U.S. Treasury strips	2/15/16	4,999,780	33,154	5,032,934	5,037,159
U.S. Treasury strips	4/15/16	9,999,265	53,968	10,053,233	10,053,299
U.S. Treasury strips	8/15/16	8,999,377	35,808	9,035,185	9,019,107
U.S. Treasury strips	2/15/17	5,999,430	14,035	6,013,465	5,991,326
U.S. Treasury strips	5/15/17	4,999,335	20,546	5,019,881	5,001,093
U.S. Treasury strips	8/15/17	6,999,884	22,014	7,021,898	6,992,287
U.S. Treasury strips	11/15/17	4,999,792	10,725	5,010,517	4,982,298
		<u>77,994,355</u>	<u>298,987</u>	<u>78,293,342</u>	<u>78,185,663</u>
Mutual and stock funds (cash and cash equivalents)	N/A	498,000	230,393	728,393	728,393
Government-backed money markets (cash and cash equivalents)	N/A	<u>2,016,793</u>	<u>—</u>	<u>2,016,793</u>	<u>2,016,793</u>
Total investments		80,509,148	529,380	81,038,528	80,930,849
Deposits:					
Cash	N/A	<u>10,999,911</u>	<u>—</u>	<u>10,999,911</u>	<u>10,999,911</u>
Total deposits and investments		<u>\$ 91,509,059</u>	<u>529,380</u>	<u>92,038,439</u>	<u>91,930,760</u>

Interest Rate Risk – The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – The Authority does not have an investment policy that would further limit its investment choices. As of December 31, 2015 and 2014, the Authority’s investments in the mutual and stock funds are not rated, and the U.S. government-backed money markets were rated AAA by Standard & Poor’s and AAA by Moody’s Investors Service.

AIRPORT AUTHORITY OF THE CITY OF OMAHA

Notes to Financial Statements

December 31, 2015 and 2014



(3) Property, Plant, and Equipment

The property, plant, and equipment activity for 2015 and 2014 is summarized as follows:

	Balance December 31, 2014	Additions	Disposals/ retirements and impairment	Balance December 31, 2015
Plant in service:				
Land (nondepreciable)	\$ 10,786,805	—	215 (2)	10,786,590
Land improvements	10,380,044	4,461,299	—	14,841,343
Airfield improvements	321,495,649	21,591,379	—	343,087,028
Auto parking areas	47,176,011	484,639	(224) (2)	47,660,874
Buildings	103,987,040	4,671,701	182,239 (2)	108,476,502
Equipment	22,338,089	1,178,492	108,801	23,407,780
Millard Airport	9,944,696	1,327,289	—	11,271,985
Construction in progress (nondepreciable)	12,201,922	(4,006,701) (1)	—	8,195,221
Total	<u>538,310,256</u>	<u>29,708,098</u>	<u>291,031</u>	<u>567,727,323</u>
Less accumulated depreciation:				
Land improvements	6,421,604	368,454		6,790,058
Airfield improvements	132,246,032	10,360,113	—	142,606,145
Auto parking areas	32,388,949	1,868,416	—	34,257,365
Buildings	85,177,319	2,815,429	—	87,992,748
Equipment	13,211,036	1,197,520	108,801	14,299,755
Millard Airport	6,821,674	321,633	—	7,143,307
Total	<u>276,266,614</u>	<u>16,931,565</u>	<u>108,801</u>	<u>293,089,378</u>
Net	<u>\$ 262,043,642</u>	<u>12,776,533</u>	<u>182,230</u>	<u>274,637,945</u>

(1) Net change for the year of all activity.

(2) Impairment of \$182,230 reflected within these asset groupings. See note 11.

AIRPORT AUTHORITY OF THE CITY OF OMAHA

Notes to Financial Statements

December 31, 2015 and 2014



	Balance December 31, 2013	Additions	Disposals/ retirements and impairment	Balance December 31, 2014
Plant in service:				
Land (nondepreciable)	\$ 10,786,805	—	—	10,786,805
Land improvements	10,354,381	25,663	—	10,380,044
Airfield improvements	305,759,532	15,736,117	—	321,495,649
Auto parking areas	46,958,735	217,276	—	47,176,011
Buildings	99,538,274	4,702,852	254,086 (2)	103,987,040
Equipment	21,776,230	881,858	319,999	22,338,089
Millard Airport	8,386,802	1,568,445	10,551	9,944,696
Construction in progress (nondepreciable)	8,053,937	4,147,985 (1)	—	12,201,922
Total	<u>511,614,696</u>	<u>27,280,196</u>	<u>584,636</u>	<u>538,310,256</u>
Less accumulated depreciation:				
Land improvements	6,232,477	189,127	—	6,421,604
Airfield improvements	122,489,000	9,757,032	—	132,246,032
Auto parking areas	30,627,519	1,761,430	—	32,388,949
Buildings	82,319,629	2,890,407	32,717	85,177,319
Equipment	12,360,192	1,135,160	284,316	13,211,036
Millard Airport	6,698,871	133,354	10,551	6,821,674
Total	<u>260,727,688</u>	<u>15,866,510</u>	<u>327,584</u>	<u>276,266,614</u>
Net	<u>\$ 250,887,008</u>	<u>11,413,686</u>	<u>257,052</u>	<u>262,043,642</u>

(1) Net change for the year of all activity.

(2) Impairment of \$221,369 reflected within these asset groupings. See note 11.

The majority of rental activities, as described in note 5, originate from auto parking areas and buildings, which have a net book value of approximately \$34 million and \$34 million at December 31, 2015 and 2014, respectively. The Authority is continually involved in construction and plant renewal in the normal course of operations, of which a significant portion of airfield improvements are federally funded.

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(4) Long-Term Debt

The long-term debt activity for 2015 and 2014 is summarized as follows:

	Balance December 31, 2014	Additions 2015	Payments/ amortization 2015	Balance December 31, 2015	Current installments December 31, 2015
Series 2010 bonds	\$ 10,360,000	—	805,000	9,555,000	825,000
2010 bond premium	83,115	—	14,299	68,816	13,288
Net	10,443,115	—	819,299	9,623,816	838,288
Hangar loan	40,120	—	14,159	25,961	14,161
Total	<u>\$ 10,483,235</u>	<u>—</u>	<u>833,458</u>	<u>9,649,777</u>	<u>852,449</u>

	Balance December 31, 2013	Additions 2014	Payments/ amortization 2014	Balance December 31, 2014	Current installments December 31, 2014
Series 2010 bonds	\$ 10,360,000	—	—	10,360,000	805,000
2010 bond premium	98,237	—	15,122	83,115	14,299
Net	10,458,237	—	15,122	10,443,115	819,299
Series 2010-1 bonds	3,210,000	—	3,210,000	—	—
Net	3,210,000	—	3,210,000	—	—
Hangar loan	54,280	—	14,160	40,120	14,160
Total	<u>\$ 13,722,517</u>	<u>—</u>	<u>3,239,282</u>	<u>10,483,235</u>	<u>833,459</u>

The Series 2010 Airport Revenue Bonds, 2.50%–4.25% coupon rates, including bond premium of \$68,816, are net of accumulated amortization of \$86,966 in 2015 (bonds yield 2.00%–3.90%). Serial bond payments are due in annual installments on each January 1, increasing from \$825,000 in 2016 to final serial payment of \$2,120,000 in 2024. The bonds maturing on or after January 1, 2020 may be redeemed, in whole or in part on any interest payment date, with the redemption amount being 100%.

Series 2010-1 Airport Revenue Refunding Bonds were paid off on January 1, 2014.

Hangar Loan has an original principal of \$141,691 with no interest charged over the 10-year term of the loan, due in monthly installments of \$1,180 through October 31, 2017.

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The minimum aggregate debt service, prior to the effects of bond premium for succeeding years are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Years:			
2016	\$ 839,161	337,714	1,176,875
2017	861,800	311,526	1,173,326
2018	875,000	282,948	1,157,948
2019	905,000	251,214	1,156,214
2020	940,000	215,445	1,155,445
2021–2025	<u>5,160,000</u>	<u>460,997</u>	<u>5,620,997</u>
Total	<u>\$ 9,580,961</u>	<u>1,859,844</u>	<u>11,440,805</u>

The bond resolutions relating to the Series 2010 Bonds require the Authority to provide net available revenue at an amount not less than 1.25 times the aggregate amount required to be paid into the interest account and the principal account during the then current fiscal year. “Net Available Revenue” means all revenues on and after the retirement date of the Series 1968 Bonds (which has occurred). For the years ended December 31, 2015 and 2014, the ratios were 18.36 and 17.45, respectively.

The bond resolutions also provide for the maintenance of a revenue fund represented by a cash account into which all moneys derived by the Authority from ownership and operation of the airport properties under the control of the Authority are to be deposited. These funds are transferred monthly, in amounts to meet specified requirements, to separate accounts for operations and maintenance, bond redemption and interest, bond reserves, and capital improvements/projects. Management believes the Authority was in compliance with all debt covenants for the years ended December 31, 2015 and 2014.

(5) Rental Income from Operating Leases

Rental income is recognized on a straight-line basis over the lease term. The following is a schedule, by year, of approximate minimum future rental income on noncancelable operating leases as of December 31, 2015:

Years ending December 31:	
2016	\$ 13,922,000
2017	13,143,000
2018	12,875,000
2019	7,352,000
2020	3,478,000
2021–2025	11,193,000
2026–2030	3,816,000
2031–2035	2,731,000
2036–2040	2,594,000
2041–2045	<u>1,931,000</u>
Total	<u>\$ 73,035,000</u>

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The above amounts do not include additional contingent percentage rentals, which amounted to approximately \$12,242,000 and \$11,090,000 in 2015 and 2014, respectively. Total rental income in 2015 and 2014 was approximately \$34,111,000 and \$32,395,000, respectively.

(6) Retirement Plan

(a) *Plan Description*

The Authority sponsors the Airport Authority of Omaha, Nebraska Retirement Plan (the Plan). The Plan is a single-employer, noncontributory, defined benefit pension plan covering substantially all permanent employees and providing for retirement benefits based on a percentage of final average compensation. The plan administrator is the Director of Finance and Administration of the Authority. The Authority desires to approximate its contributed funds with the net pension expense and systematic amortization of the net pension liability determined on an actuarially determined basis. Separate financial statements are not prepared for the Plan.

Plan participants covered by the Plan are summarized below.

	<u>2015</u>	<u>2014</u>
Active vested members	117	123
Inactive vested members	11	10
Total members	<u>128</u>	<u>133</u>

(b) *Administrative Expenses*

Actuarial, investment management, and bank trustee fees and expenses are charged to the Plan as incurred.

(c) *Plan Benefits*

Any employee is eligible to participate in the Plan after completion of one year of service and the attainment of age 21. A participant is eligible to retire the first day of the month coinciding with or next following attainment age of 65 (age 55 for Aircraft Rescue and Fire Fighters (ARFF) members). However, a participant at least age 50 may retire with unreduced benefits on the first day of any month following the date the participant's age plus years of service equals 85. Upon normal retirement, a participant is entitled to 1% of the participant's average compensation plus 0.5% of the participant's final average compensation in excess of \$400 monthly, the sum multiplied by the number of years of service.

Participants are eligible for early retirement the first day of any month prior to normal retirement date, provided the participant has attained age 60 (age 50 for ARFF members) and completed 10 years of service. A participant who retires at the early retirement date will receive benefits equal to the actuarial equivalent of the participant's normal retirement benefit, based on salary and service information as of the actual retirement date.

A participant who retires past the normal retirement date will receive a benefit equal to the participant's accrued benefit based on compensation and service to the participant's actual date of retirement.

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Benefits are paid in the form of a straight line annuity, although optional forms of benefit are available including lump sum distributions or rollovers at the actuarial equivalent of the participant's accrued benefit attributable to employer contributions.

(d) Net Pension Liability

The Authority's net pension liability for the plan as of December 31, 2015 and 2014 was measured as of December 31, 2015 and 2014 and the total pension liability needed to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 and 2014.

Changes in Net Pension Liability:

		Total pension liability	Increase (decrease) Plan fiduciary net position	Net pension liability
		(a)	(b)	(a) - (b)
Balances as of December 31, 2013	\$	19,282,833	12,605,211	6,677,622
Changes for the year:				
Service cost		874,398	—	874,398
Interest on total pension liability		990,597	—	990,597
Effect of plan changes		—	—	—
Effect of economic/demographic gains or losses		(629,252)	—	(629,252)
Effect of assumptions changes or inputs		—	—	—
Benefit payments		(699,119)	(699,119)	—
Employer contributions		—	1,059,282	(1,059,282)
Member contributions		—	—	—
Net investment income		—	1,658,231	(1,658,231)
Administrative expenses		—	(15,744)	15,744
Balances as of December 31, 2014	\$	19,819,457	14,607,861	5,211,596

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December 31, 2015 and 2014



		Total pension liability	Increase (decrease) Plan fiduciary net position	Net pension liability
		(a)	(b)	(a) - (b)
Balances as of December 31, 2014	\$	19,819,457	14,607,861	5,211,596
Changes for the year:				
Service cost		939,863	—	939,863
Interest on total pension liability		972,943	—	972,943
Effect of plan changes		—	—	—
Effect of economic/demographic gains or losses		467,482	—	467,482
Effect of assumptions changes or inputs		—	—	—
Benefit payments		(2,633,033)	(2,633,033)	—
Employer contributions		—	1,430,000	(1,430,000)
Member contributions		—	—	—
Net investment income		—	786,690	(786,690)
Administrative expenses		—	(138,581)	138,581
Balances as of December 31, 2015	\$	<u>19,566,712</u>	<u>14,052,937</u>	<u>5,513,775</u>

Sensitivity Analysis

The following presents the net pension liability of the Authority, calculated using the discount rate of 5.00% at December 31, 2015 and 2014, as well as what the Airport Authority of Omaha's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (4.00%) or one percentage point higher (6.00%) than the current rate.

		2015		
		1% Decrease 4.00%	Current Discount rate 5.00%	1% Increase 6.00%
Net pension liability	\$	8,197,439	5,513,775	3,215,544

		2014		
		1% Decrease 4.00%	Current Discount rate 5.00%	1% Increase 6.00%
Net pension liability	\$	7,849,566	5,211,596	2,821,370

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December 31, 2015 and 2014



The following were the significant actuarial assumptions used in the valuation of the Plan as of December 31, 2015 and 2014:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Valuation date	January 1, 2016	January 1, 2015
Measurement date	December 31, 2015	December 31, 2014
Inflation	2.50%	2.50%
Salary increases including inflation	3.50%	3.50%
Pre-retirement mortality	RP-2000 (generational) Mortality Table for Males and Females	RP-2000 (generational) Mortality Table for Males and Females
Post-retirement mortality	The applicable Mortality Table for Lump Sums as mandated by the IRS	The applicable Mortality Table for Lump Sums as mandated by the IRS
Actuarial cost method	Entry Age Normal	Entry Age Normal

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected real returns and reflecting expected volatility and correlation. The capital market assumptions were determined based on discussions with Airport Authority management.

	<u>Target allocation</u>	<u>Long-term expected real rate of return</u>
United of Omaha Group Annuity Policy GDA-0664	100.00%	2.50%
Portfolio real mean return:		2.50%
Portfolio Assumed inflation rate:		2.50%
Portfolio mean return:		5.00%
Long-term expected rate of return:		5.00%

The discount rate used to measure the total pension liability was 5 percent at December 31, 2015 and 2014. The pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(e) *Pension Expense*

For the fiscal years ended December 31, 2015 and 2014, the Authority recognized pension expense of \$1,112,864 and \$959,422, respectively. Annual pension expense consists of service cost, interest and administrative expenses on the pension liability less employee contributions and projected earnings on pension plan investments. The difference between actual and expected earnings is recorded as a deferred outflow/inflow of resources recognized in pension expense over a five year period. The

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pension expense for the Authority's years ended December 31, 2015 and 2014 are summarized as follows:

	January 1, 2015 to December 31, 2015	January 1, 2014 to December 31, 2014
Service cost	\$ 939,863	874,397
Interest on total pension liability	972,943	990,597
Effect of plan changes	—	—
Administrative expenses	138,581	15,744
Member contributions	—	—
Expected investment return net of investment expenses	(697,262)	(638,766)
Recognition of deferred inflows/outflows of resources:		
Recognition of economic/demographic gains or losses	(19,482)	(78,657)
Recognition of assumption changes or inputs	—	—
Recognition of investment gains or losses	(221,779)	(203,893)
Pension expense	<u>\$ 1,112,864</u>	<u>959,422</u>

(f) *Deferred outflows/inflows of resources related to pension*

In accordance with GASB Statement No. 68, the Authority recognizes differences between actual and expected experience with regard to economic or demographic factors, changes of assumptions about future economic or demographic factors, and the difference between actual and expected investment returns. At December 31, 2015 and 2014, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources as follows:

	December 31, 2015	
	Deferred inflows of resources	Deferred outflows of resources
Differences between expected and actual experience	\$ (471,938)	408,307
Changes of assumptions	—	—
Net difference between projected and actual earnings on pension plan investments	(683,221)	—
Contributions made subsequent to measurement date	—	—
Total	<u>\$ (1,155,159)</u>	<u>408,307</u>

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December 31, 2015 and 2014



	December 31, 2014	
	Deferred inflows of resources	Deferred outflows of resources
Differences between expected and actual experience	\$ (550,595)	—
Changes of assumptions	—	—
Net difference between projected and actual earnings on pension plan investments	(815,572)	—
Contributions made subsequent to measurement date	—	—
Total	\$ (1,366,167)	—

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2016	\$	(241,261)
2017		(241,261)
2018		(241,261)
2019		(37,366)
2020		(19,482)
Thereafter		33,779
	\$	<u>(746,852)</u>

(7) Postretirement Benefits

The Authority has adopted GASB Statement No. 45 (GASB 45), *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension*. This statement requires the accounting for the annual cost of other postemployment benefits and the related outstanding liability using an actuarial approach similar to pensions. The Authority implemented this statement prospectively (zero net obligation at transition).

(a) Plan Description and Funding Policy

The Authority provides postretirement medical and dental benefits in accordance with union contracts and board of directors' resolutions to all full-time employees and their spouses and life insurance benefits to salaried employees who retire from the Authority upon completion of certain years of service or age. As of December 31, 2015, 35 retirees met the eligibility requirements. The Authority pays 100% of the monthly premium amounts for the medical, dental, and life insurance coverage of the eligible retirees and their spouses. Postretirement benefits are funded on a pay-as-you-go basis and amounted to \$432,600 in 2015 and \$390,421 in 2014. Separate financial statements are not prepared for this plan.

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(b) *Annual OPEB Cost and Net OPEB Obligation*

The Authority's other postemployment benefit expense (OPEB) cost is calculated on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Authority's annual OPEB cost of the year, the amount actually contributed to the plan, and changes in the Authority's net OPEB obligation:

	2015	2014
Normal cost	\$ 3,072,334	2,982,849
Amortization of unfunded actuarial accrued liability	1,660,832	1,526,598
Interest on net OPEB obligation	545,886	424,046
Adjustment to annual required contribution	(606,540)	(471,163)
Annual OPEB cost	4,672,512	4,462,330
Contributions made or credited by the Authority	442,000	401,000
Increase in net OPEB obligation	4,230,512	4,061,330
Net OPEB obligation, beginning of year	18,196,209	14,134,879
Net OPEB obligation, end of year	\$ 22,426,721	18,196,209

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the three years ended December 31, 2015 were as follows:

Fiscal year ended	Annual OPEB cost (AOC)	Percentage of AOC contributed	OPEB obligation
December 31, 2015	\$ 4,672,512	9.5%	\$ 22,426,721
December 31, 2014	4,462,330	9.0	18,196,209
December 31, 2013	4,258,773	8.5	14,134,879

(c) *Funded Status and Funding Progress*

As of January 1, 2014, the most recent actuarial valuation date (valuation performed every other year), the Plan was 0.0% funded. The actuarial accrued liability for benefits was \$44.5 million, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$44.5 million. Covered payroll was \$7.6 million for the year ended December 31, 2014, and the ratio of UAAL to the covered payroll was 5.83 times.

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Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the ARC of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information over time relative to the actuarial accrued liabilities for benefits.

(d) *Actuarial Methods and Assumptions*

Projections of benefits for financial reporting are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial calculation reflects a long-term perspective. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2014 actuarial valuation, the unit credit cost method was used. The actuarial assumptions included a 3% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets (of which there are none) and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 6.9% (post 65) initially, reduced by decrements to an ultimate rate of 4.5%. The assumptions also include a dental trend rate of 5.0% initially, reduced by decrements to an ultimate rate of 4.3%. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at January 1, 2014 was 30 years. Payroll growth assumption is 3% per year. Inflation rate assumption is 3.5% per year.

(8) Risk Management

The Authority is subject to various risks of loss related to unemployment compensation, general liability, and property insurance. The Authority has purchased commercially available indemnity insurance to cover these risks. The deductible amounts for this insurance would be immaterial to the Authority. Settled claims have not exceeded coverage in the last three years. The Authority is self-insured for "acts of terrorism." The Authority's cost/risk assessment conclusion led to waiving the terrorism coverage (also see notes 10 and 11).

(9) Contingencies and Commitments

The Authority participates in federal grant programs that are subject to review and audit by the grantor agencies. Entitlement to these resources is generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a federal audit may become a liability of the Authority.

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The Authority is named as a party in legal proceedings that occur in the normal course of operations. It is not possible at the present time to estimate the ultimate outcome or liability. However, it is the Authority's position that any ultimate liability is not expected to have a material adverse effect on the Authority's financial position.

(10) 2011 Missouri River Valley Flooding – FEMA/NEMA Grant Subsequent Event

During 2011-2013, the Authority spent \$21.3 million in flood fighting expenditures. All of the Authority's assets remained protected and in use throughout the flood fighting and air operations were unaffected. The Authority's insurance company settled for \$19.9 million in payments (93% recovery) in 2012. In the meantime, the Federal Emergency Management Association (FEMA) declared this flooding event as a disaster #4013. Certain flood fighting expenditures, net of insurance proceeds, of an estimated \$1,121,735 are awaiting FEMA final project closeout and 75% matching grant funds. In addition, the Nebraska Emergency Management Association (NEMA) is programmed to pay up to 12.5% of eligible expenditures, net of insurance proceeds. On March 7, 2016, the Authority received \$981,518 from FEMA/NEMA representing the award of their matching shares. FEMA is anticipated to issue final project closeout in May 2016. The Authority's net out-of-pocket flood fighting costs after insurance and grants was approximately \$418,000.

(11) 2011 Hail/Wind Storm

In August 2011 the Airport was hit with severe wind and hail resulting in the need to replace nearly all building roofs on the property which took place from 2012 through the spring of 2015. The total damage incurred was valued at approximately \$4.5 million of which \$4.3 million was recovered by insurance. The Authority spent \$3.6 million for the repairs/replacements actually performed. Impairments to the buildings' value and subsequent roof replacements were recorded to the respective accounts.

(12) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27*, was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement

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date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Beginning net position was restated to retroactively report the beginning net pension liability as follows:

Net position December 31, 2013, as previously reported	\$ 309,758,721
Adjustment for pension accounting: Effect of net pension liability	<u>(6,677,622)</u>
Net position December 31, 2013, as restated	\$ <u><u>303,081,099</u></u>

(13) Subsequent Event

The Authority has evaluated subsequent events through April 27, 2016, the date the financial statements were available to be issued and noted no additional items to disclose.

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Required Supplementary Information
Schedules of Changes in the Net Pension Liability and Related Ratios
December 31, 2015
(Unaudited)



Schedule of Changes in Net Pension Liability and Related Ratios (In Thousands)

	Fiscal Year Ending December 31									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Total Pension Liability										
Service cost	\$ 940	874	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest on total pension liability	973	991	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of plan changes	—	—	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of economic/demographic gains or losses	467	(629)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of assumption changes or inputs	—	—	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	(2,633)	(699)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total pension liability	(253)	537	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, beginning	19,819	19,282	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, ending (a)	\$ 19,566	19,819	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary Net Position										
Employer contributions	1,430	1,059	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Member contributions	—	—	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Investment income net of investment expenses	787	1,658	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	(2,633)	(699)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Administrative expenses	(139)	(16)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in plan fiduciary net position	(555)	2,002	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position, beginning	14,607	12,605	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position, ending (b)	\$ 14,052	14,607	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability, ending = (a) – (b)	\$ 5,514	5,212	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position as a percentage of total pension liability	71.82%	73.70%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Covered payroll	\$ 7,379	7,686	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability as a percentage of covered payroll	74.72%	67.80%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

See accompanying independent auditors' report.

AIRPORT AUTHORITY OF THE CITY OF OMAHA

Required Supplementary Information

Schedules of Contributions

December 31, 2015

(Unaudited)

**Schedule of Employer Contributions**

Fiscal Year Ending December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2006	\$586,390	\$586,390	\$0	\$5,670,258	10.34%
2007	595,313	595,313	0	5,702,232	10.44%
2008	658,167	658,167	0	6,352,963	10.36%
2009	677,584	952,584	(275,000)	6,454,269	14.76%
2010	770,297	770,297	0	6,507,760	11.84%
2011	818,386	818,386	0	6,822,687	12.00%
2012	870,279	870,279	0	7,309,674	11.91%
2013	1,007,123	1,007,123	0	7,623,430	13.21%
2014	1,059,282	1,059,282	0	7,686,268	13.78%
2015	1,430,005	1,430,000	0	7,379,160	19.38%

AIRPORT AUTHORITY OF THE CITY OF OMAHA

Required Supplementary Information

Schedules of Contributions

December 31, 2015

(Unaudited)



Notes to Required Supplementary Information for Contributions

Valuation date	January 1, 2016
Measurement date	December 31, 2015
Inflation	2.50%
Salary increases including inflation	3.50%
Pre-Retirement Mortality	RP-2000 (generation) Mortality Table for Males and Females
Post-Retirement Mortality	The Applicable Mortality Table for Lump Sums as mandated by the IRS
Actuarial cost method	Entry Age Normal

See accompanying independent auditors' report.

AIRPORT AUTHORITY OF THE CITY OF OMAHA

Required Supplementary Information

Schedules of Funding Progress

December 31, 2015

(Unaudited)



Other Postemployment Benefit Obligation

Actuarial valuation date	Actuarial value of assets (a)	Actuarial accrued liability (AAL) (b)	Unfunded AAL (a-b)	Funded ratio (a/b)	Annual covered payroll (c)	Unfunded AAL as a percentage of covered payroll ((a-b)/c)
January 1, 2014	\$ —	44,464,033	(44,464,033)	—%	\$ 7,623,430	(583.25)%
January 1, 2011	—	28,315,378	(28,315,378)	—	6,507,760	(435.10)
January 1, 2008	—	13,927,121	(13,927,121)	—	5,702,232	(244.24)

See accompanying independent auditors' report.

AIRPORT AUTHORITY OF THE CITY OF OMAHA

Schedules of Revenues

Years ended December 31, 2015 and 2014



	<u>2015</u>	<u>2014</u>
Operating revenues:		
Landing area:		
Landing fees:		
Scheduled	\$ 7,741,221	7,367,658
Nonscheduled	16,326	15,134
Aviation fuel fees	335,898	341,248
Apron fees	328,615	328,398
Other	19,201	9,472
Total landing area	<u>8,441,261</u>	<u>8,061,910</u>
General aviation area:		
T-hangar rental	94,928	103,075
Other facility rental	383,821	383,821
Ground rental – fixed-base operators, other	790,455	775,364
Total general aviation area	<u>1,269,204</u>	<u>1,262,260</u>
Terminal building area:		
Building rental – airlines and other	7,378,228	6,981,751
Concessions:		
Advertising	384,521	421,982
Rental car	4,735,197	4,855,713
Insurance vending and business services	32,035	30,888
News and gift stand	948,934	855,015
Specialty shops	88,596	98,470
Restaurant and bar	1,218,825	1,149,590
Telephones	47,675	46,962
Other concession revenue	611	704
Utilities and tenant services:		
Security badging and other tenant services	100,262	95,275
Total terminal building area	<u>14,934,884</u>	<u>14,536,350</u>
Total operating revenues, balance carried forward	<u>24,645,349</u>	<u>23,860,520</u>

AIRPORT AUTHORITY OF THE CITY OF OMAHA

Schedules of Revenues

Years ended December 31, 2015 and 2014



	<u>2015</u>	<u>2014</u>
Total operating revenues, brought forward	\$ 24,645,349	23,860,520
Other facility area:		
Building rental	915,766	907,562
Ground rental	389,781	377,737
Auto parking – public and rental cars	16,278,165	15,098,508
Other	—	75
Total other facility area	<u>17,583,712</u>	<u>16,383,882</u>
Millard Airport:		
Aviation fuel fees	8,615	5,562
Ground rental	50,660	35,477
T-hangar rental	266,418	252,689
Building rental	53,438	44,334
Other	—	—
Total Millard Airport	<u>379,131</u>	<u>338,062</u>
Total operating revenues	<u>42,608,192</u>	<u>40,582,464</u>
Customer facility charges	2,050,060	—
Interest revenue	367,278	341,013
Federal and state grant revenue	11,888,425	17,207,330
Total nonoperating revenues	<u>14,305,763</u>	<u>17,548,343</u>
Total revenues	<u>\$ 56,913,955</u>	<u>58,130,807</u>

See accompanying independent auditors' report.

AIRPORT AUTHORITY OF THE CITY OF OMAHA

Schedules of Expenses

Years ended December 31, 2015 and 2014



	<u>2015</u>	<u>2014</u>
Operating expenses:		
Operations and maintenance:		
Landing area:		
Wages	\$ 760,824	712,722
Payroll taxes	53,853	50,397
Employee benefits	505,111	469,390
Supplies and materials	312,308	380,005
Contractual services	342,941	296,145
Electricity	71,812	68,326
Communications	4,114	5,188
Other	21,888	16,217
Total landing area	<u>2,072,851</u>	<u>1,998,390</u>
General aviation area:		
Wages	153,458	147,942
Payroll taxes	10,980	10,606
Employee benefits	80,816	76,279
Supplies and materials	6,436	12,904
Contractual services	6,190	34,696
Electricity	18,289	18,614
Water and sewer fee	2,044	2,236
Communications	1,120	1,044
Total general aviation area	<u>279,333</u>	<u>304,321</u>
Terminal building area:		
Wages	2,077,487	2,201,073
Payroll taxes	150,777	158,739
Employee benefits	1,064,017	1,076,533
Supplies and materials	319,291	360,741
Contractual services	434,231	370,711
Electricity	606,354	588,022
Fuel – heating	72,858	118,955
Water and sewer fee	115,733	105,295
Communications	28,050	33,764
Trash disposal	34,922	22,802
Other	2,207	3,574
Total terminal building area	<u>4,905,927</u>	<u>5,040,209</u>
Total operations and maintenance, balance carried forward	<u>7,258,111</u>	<u>7,342,920</u>

AIRPORT AUTHORITY OF THE CITY OF OMAHA

Schedules of Expenses

Years ended December 31, 2015 and 2014



	<u>2015</u>	<u>2014</u>
Total operations and maintenance, balance brought forward	\$ 7,258,111	7,342,920
Other facility area:		
Wages	157,623	155,930
Payroll taxes	11,648	11,685
Employee benefits	68,249	64,182
Supplies and materials	22,393	19,093
Contractual services	195,175	151,425
Electricity	92,947	90,525
Fuel – heating	9,287	16,934
Water and sewer fee	12,019	12,970
Communications	7,890	7,278
Other	8,888	8,219
Total other facility area	<u>586,119</u>	<u>538,241</u>
Fire – rescue facilities:		
Wages	1,392,748	1,417,372
Payroll taxes	101,948	103,506
Employee benefits	604,190	579,151
Supplies and materials	37,601	54,608
Contractual services	102,505	70,881
Electricity	8,010	8,197
Fuel – heating	5,078	8,874
Water and sewer fee	4,973	4,758
Communications	6,316	7,343
Trash disposal	418	723
Other	810	1,999
Total fire – rescue facilities	<u>2,264,597</u>	<u>2,257,412</u>
Service equipment:		
Wages	644,730	600,441
Payroll taxes	47,128	41,488
Employee benefits	305,337	293,189
Supplies and materials	222,706	224,779
Contractual services	83,550	121,295
Electricity	66,471	64,893
Fuel – heating	17,480	28,870
Gasoline and oil	120,139	171,420
Water and sewer fee	13,269	11,535
Communications	21,067	19,529
Trash disposal	4,107	4,791
Other	3,982	1,315
Total service equipment	<u>1,549,966</u>	<u>1,583,545</u>
Total operations and maintenance, balance carried forward	<u>11,658,793</u>	<u>11,722,118</u>

AIRPORT AUTHORITY OF THE CITY OF OMAHA

Schedules of Expenses

Years ended December 31, 2015 and 2014



	<u>2015</u>	<u>2014</u>
Total operations and maintenance, balance brought forward	\$ 11,658,793	11,722,118
Security:		
Wages	2,468,009	2,477,962
Payroll taxes	181,289	182,671
Employee benefits	852,461	850,745
Supplies and materials	64,760	39,323
Contractual services	107,527	59,712
Communications	12,043	11,902
Total security	<u>3,686,089</u>	<u>3,622,315</u>
Other support facilities area:		
Wages	94,830	100,952
Payroll taxes	6,630	7,131
Employee benefits	68,471	64,330
Supplies and materials	62,880	65,410
Contractual services	83,098	14,591
Electricity	294,867	253,494
Fuel – heating	12,610	7,411
Water and sewer fee	70,244	64,757
Communications	4,639	4,502
Total other support facilities area	<u>698,269</u>	<u>582,578</u>
Millard Airport:		
Wages	109,836	119,306
Payroll taxes	8,151	8,870
Employee benefits	28,509	26,923
Supplies and materials	16,005	19,449
Contractual services	64,542	41,346
Electricity	21,351	20,724
Fuel – heating	2,553	3,002
Water and sewer fee	1,705	1,743
Communications	4,212	3,867
Other	8,348	10,577
Total Millard Airport	<u>265,212</u>	<u>255,807</u>
Total operations and maintenance, balance carried forward	<u>16,308,363</u>	<u>16,182,818</u>

AIRPORT AUTHORITY OF THE CITY OF OMAHA

Schedules of Expenses

Years ended December 31, 2015 and 2014



	<u>2015</u>	<u>2014</u>
Total operations and maintenance, balance brought forward	\$ 16,308,363	16,182,818
General and administrative:		
Salaries	1,924,856	1,722,072
Payroll taxes	114,570	97,778
Employee benefits	746,036	634,679
Supplies, materials, and postage	105,977	86,453
Professional services	1,285,693	878,499
Promotion and public relations	111,912	35,912
Travel and transportation	12,774	23,290
Communications	20,089	17,901
Dues and subscriptions	42,765	53,174
Insurance	722,468	666,683
Other, including write-offs	5,855	15,903
Total general and administrative	<u>5,092,995</u>	<u>4,232,344</u>
Other postemployment benefit expense	4,230,512	4,061,330
Depreciation expense	<u>16,931,565</u>	<u>15,866,510</u>
Total operating expenses	42,563,435	40,343,002
Interest expense	<u>335,789</u>	<u>355,092</u>
Total expenses	<u>\$ 42,899,224</u>	<u>40,698,094</u>

See accompanying independent auditors' report.



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**Independent Auditors' Report on Supplementary Schedule of Expenditures of Federal Awards
Required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative
Requirements, Cost Principles, and Audit Requirements for Federal Awards***

The Board of Directors
Airport Authority of the City of Omaha

We have audited the financial statements of the Airport Authority of the City of Omaha (the Authority) as of and for the year ended December 31, 2015, and have issued our report thereon dated April 27, 2016, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the 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 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 financial statements or to the 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 expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

KPMG LLP

Omaha, Nebraska
April 27, 2016

AIRPORT AUTHORITY OF THE CITY OF OMAHA
 Supplementary Schedule of Expenditures of Federal Awards
 Year ended December 31, 2015



<u>Grant Program Number</u>	<u>CFDA number</u>	<u>Expenditures</u>
U.S. Department of Transportation, Federal Aviation Administration, Airport Improvement Program:		
Direct Programs:		
AIP-3-31-0053-008	20.106	\$ 23,966
AIP-3-31-0053-009	20.106	—
AIP-3-31-0062-57	20.106	—
AIP-3-31-0062-58	20.106	—
AIP-3-31-0062-62	20.106	65,516
AIP-3-31-0062-63	20.106	5,298
AIP-3-31-0062-64	20.106	260
AIP-3-31-0062-65	20.106	—
AIP-3-31-0062-66	20.106	11,628,311
AIP-3-31-0062-67	20.106	434,974
Total CFDA 20.106		<u>12,158,325</u>
Total federal expenditures		<u>\$ 12,158,325</u>

See accompanying independent auditors' report and notes to supplementary schedule of expenditures of federal awards.

AIRPORT AUTHORITY OF THE CITY OF OMAHA
Notes to Supplementary Schedule of Expenditures of Federal Awards
December 31, 2015



(1) General

The reporting entity for the supplementary schedule of expenditures of federal awards (the Schedule) is the same as that disclosed in note 1 to the basic financial statements. The Schedule presents the activity of all federal awards programs of the Airport Authority of the City of Omaha (the Authority) for the year ended December 31, 2015. The Federal Aviation Administration Airport Improvement Program is considered to be a major program.

(2) Basis of Accounting

The Schedule is prepared on the same basis of accounting as the financial statements.

The Authority has entered into grant agreements with government agencies on certain construction projects. The Authority recognizes grant revenue as construction progresses on each project and when eligibility requirements are met. The Authority has in process various grants from the U.S. Department of Transportation/Federal Aviation Administration for the funding of Airport Improvement Program.

(3) Relationship to Federal Financial Reports

The amounts reported in the Schedule are the same as amounts used for federal financial reporting.



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Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Directors
Airport Authority of the City of Omaha:

We have audited, in accordance with the 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, the basic financial statements of the Airport Authority of the City of Omaha (the Authority), which comprise the statement of net position as of December 31, 2015, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the basic financial statements, and have issued our report thereon dated April 27, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the basic financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material



effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Omaha, Nebraska
April 27, 2016



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**Independent Auditors' Report on Compliance for Each Major Federal Program and
Report on Internal Control Over Compliance Required by
Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements,
Cost Principles, and Audit Requirements for Federal Awards***

The Board of Directors
Airport Authority of the City of Omaha

Report on Compliance for Each Major Federal Program

We have audited the Omaha Airport Authority's (the Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2015. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs 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 audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 a major federal program occurred. An audit includes examining, on a test basis, evidence about Example Entity'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 for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.



Report on Internal Control Over Compliance

Management of the Authority 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 Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 Authority'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 a federal 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

KPMG LLP

Omaha, Nebraska
April 27, 2016

AIRPORT AUTHORITY OF THE CITY OF OMAHA

Schedule of Findings and Questioned Costs

Year ended December 31, 2015



I Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: **Unmodified opinion**

Internal control over financial reporting:

- Material weaknesses identified: **No**
- Significant deficiencies identified that are not considered to be material weaknesses: **None reported**

Noncompliance material to financial statements noted: **No**

Federal Awards

Internal control over major programs:

- Material weaknesses identified: **No**
- Significant deficiencies identified that are not considered to be material weaknesses: **None reported**

Type of auditors' report issued on compliance for major programs: **Unmodified opinion**

Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of Uniform Guidance: **No**

Identification of major programs: **CFDA #20.106, U.S. Department of Transportation - Airport Improvement Program**

Dollar threshold used to distinguish between Type A and Type B programs: **\$750,000**

Auditee qualified as low-risk auditee: **Yes**

II Findings Related to the Financial Statements That Are Required to Be Reported in Accordance with Government Auditing Standards

None

III Findings and Questioned Costs Related to Federal Awards

None

APPENDIX A-2

UNAUDITED SUMMARY STATEMENTS OF INCOME AND EXPENSES FOR THE 11 MONTHS ENDED NOVEMBER 30, 2016 AND 2015

	Unaudited	
	11 months ended	
	November 30,	
	<u>2016</u>	<u>2015</u>
<u>Operating income</u>		
Landing area	\$ 8,634,854	\$ 7,736,206
General aviation area	1,165,544	1,163,296
Terminal building area	14,487,424	13,773,241
Other facilities area	17,530,459	16,171,859
Millard Airport	379,905	345,466
Total operating income	42,198,186	39,190,068
<u>Operating expenses</u>		
Operations and maintenance	14,251,697	14,488,517
General and administrative incl. w/o's	5,020,235	4,534,507
Depreciation	15,692,430	15,305,557
Other post employment benefit expense	3,988,880	3,877,969
FEMA/NEMA flood grant -contra expense	(981,518)	0
Total operating expense	37,971,724	38,206,550
Net operating income	4,226,462	983,518
<u>Investment income</u>	549,321	343,612
<u>Interest expense</u>	(286,046)	(307,806)
Net income before CFCs	4,489,737	1,019,324
<u>Customer Facility Charges (CFCs)</u>	2,600,092	1,650,633
<u>Add back depreciation on grant funded assets</u>	7,652,761	7,285,817
Net change in equity/position	\$ 14,742,590	\$ 9,955,774

See "BONDHOLDERS' RISKS—Unaudited Financial Information."

APPENDIX A-2

UNAUDITED SUMMARY OF INCOME AND EXPENDITURES-CASH BASIS FOR THE 11 MONTHS ENDED NOVEMBER 30, 2016 AND 2015

	<u>Unaudited</u> <u>11 months ended</u> <u>November 30,</u>	
	<u>2016</u>	<u>2015</u>
<u>Income:</u>		
Landing area	\$ 8,634,854	\$ 7,736,206
General aviation area	1,165,544	1,163,296
Terminal building area	14,487,424	13,773,241
Other facilities area	17,530,459	16,171,859
Millard Airport	379,905	345,466
Investment income	549,321	343,612
	<hr/>	<hr/>
Total income before CFCs	42,747,507	39,533,680
	<hr/>	<hr/>
<u>Expenditures:</u>		
Operations and maintenance	14,251,697	14,488,517
General and administrative including w/o's	5,020,235	4,534,507
Debt service on outstanding revenue bonds	1,077,394	1,077,164
	<hr/>	<hr/>
Total expenditures before FEMA/NEMA	20,349,326	20,100,188
	<hr/>	<hr/>
Cash basis income before other debt & FEMA/NEMA	22,398,181	19,433,492
	<hr/>	<hr/>
<u>Revenue bond debt service coverage before FEMA/ NEMA</u>	21.79	19.04
	<hr/>	<hr/>
Other debt service	12,980	12,980
	<hr/>	<hr/>
Net cash basis income before CFCs & grant	22,385,201	19,420,512
	<hr/>	<hr/>
Customer Facility Charges (CFCs) revenue	2,600,092	1,650,633
	<hr/>	<hr/>
FEMA/NEMA flood grant – contra expense	981,518	0
	<hr/>	<hr/>
Net cash basis income	\$ 25,966,811	\$ 21,071,145
	<hr/>	<hr/>

See “**BONDHOLDERS’ RISKS—Unaudited Financial Information.**”

APPENDIX A-2

UNAUDITED STATEMENTS OF INCOME FOR THE 11 MONTHS ENDED NOVEMBER 30, 2016 AND 2015

	Unaudited 11 months ended November 30,	
	<u>2016</u>	<u>2015</u>
Operating income		
<u>Landing area:</u>		
Landing fees:		
Scheduled	\$ 7,925,749	\$ 7,092,986
Non-scheduled	24,838	14,545
Aviation fuel fees	302,366	311,458
Apron fees	320,983	299,084
Other income	60,918	18,133
Total landing area	8,634,854	7,736,206
<u>General aviation area:</u>		
T-hangar rental	88,166	86,760
Other facilities rental	351,836	351,835
Ground rental:		
Fixed base operators	385,243	384,810
Non-commercial and other income	340,299	339,891
Total general aviation area	1,165,544	1,163,296
<u>Terminal building area:</u>		
Building rental:		
Airlines	6,527,685	6,307,694
Other	532,968	467,209
Concessions:		
Advertising	362,152	355,909
Rental car	4,597,813	4,361,042
Business center	43,196	28,137
News and gift stand	838,092	885,784
Specialty shops	76,367	82,007
Restaurant and bar	1,344,002	1,148,356
Telephones	48,494	43,474
Other concession income	570	474
Utilities and tenant services:		
Security badging and other tenant services	116,085	93,155
Total terminal building area	14,487,424	13,773,241

See “BONDHOLDERS’ RISKS—Unaudited Financial Information.”

APPENDIX A-2

UNAUDITED STATEMENTS OF INCOME (CONT'D) FOR THE 11 MONTHS ENDED NOVEMBER 30, 2016 AND 2015

	Unaudited 11 months ended November 30,	
	<u>2016</u>	<u>2015</u>
Operating income, con't.		
<u>Other facilities area:</u>		
Building rental	\$ 858,752	\$ 830,682
Ground rental	362,256	356,090
Auto parking	16,309,451	14,985,087
Total other facilities area	17,530,459	16,171,859
<u>Millard Airport:</u>		
Aviation fuel fees	10,082	7,902
Ground rental	50,123	46,109
T-hangar rental	250,585	243,608
F.B.O. hangar	69,115	47,847
Total Millard Airport	379,905	345,466
Total operating income	42,198,186	39,190,068
Non-operating income		
Investment income	549,321	343,612
Customer Facility Charges (CFCs)	2,600,092	1,650,633
Total non-operating income	3,149,413	1,994,245
Total income	\$ 45,347,599	\$ 41,184,313

See “BONDHOLDERS’ RISKS—Unaudited Financial Information.”

APPENDIX A-2

UNAUDITED STATEMENTS OF EXPENSES FOR THE 11 MONTHS ENDED NOVEMBER 30, 2016 AND 2015

	Unaudited	
	11 months ended	
	November 30,	
	<u>2016</u>	<u>2015</u>
Operating expenses		
<u>Operations and maintenance:</u>		
Wages and salaries	\$ 7,250,704	\$ 7,156,610
Payroll taxes	529,969	520,794
Employee benefits	2,666,307	3,196,531
Supplies and materials	1,040,867	961,028
Services and repairs	1,072,188	979,844
Electricity	1,107,504	1,092,148
Fuel	77,772	110,668
Water and sewer	243,012	204,228
Trash disposal	40,375	38,262
Telephone and communications	78,495	80,387
Gas and oil	101,088	109,826
Other operating expenses	43,416	38,191
	<hr/>	<hr/>
Total operations and maintenance	14,251,697	14,488,517
	<hr/>	<hr/>
<u>General and administrative:</u>		
Salaries	2,106,757	1,694,280
Payroll taxes	124,921	101,176
Employee benefits	654,217	653,098
Supplies and materials	98,459	97,623
Professional and other services	1,173,332	1,157,647
Airline affairs	93,008	106,917
Travel and transportation	20,923	10,430
Telephone and communications	15,487	18,322
Dues and publications	47,915	37,445
Insurance	670,484	652,666
Other expenses including writeoffs	14,732	4,903
	<hr/>	<hr/>
Total general and administrative	5,020,235	4,534,507
	<hr/>	<hr/>
<u>Depreciation</u>	15,692,430	15,305,557
	<hr/>	<hr/>
<u>Other post employment benefit expense</u>	3,988,880	3,877,969
	<hr/>	<hr/>
Total operating expenses before flood	38,953,242	38,206,550
	<hr/>	<hr/>
<u>FEMA/NEMA flood grant – contra expense</u>	(981,518)	0
	<hr/>	<hr/>
Total operating expenses	37,971,724	38,206,550
	<hr/>	<hr/>
<u>Interest Expense</u>	286,046	307,806
	<hr/>	<hr/>
Total expenses	\$ 38,257,770	\$ 38,514,356
	<hr/>	<hr/>

See “BONDHOLDERS’ RISKS—Unaudited Financial Information.”

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APPENDIX B

REPORT OF THE AIRPORT CONSULTANT

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Appendix B

REPORT OF THE AIRPORT CONSULTANT

on the proposed issuance of

AIRPORT AUTHORITY OF THE CITY OF OMAHA

AIRPORT FACILITIES REVENUE BONDS, SERIES 2017A, 2017B, AND 2017C

Prepared for

Airport Authority of the City of Omaha
Omaha, Nebraska

Prepared by
Leigh Fisher
Cincinnati, Ohio

January 31, 2017

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January 31, 2017

Mr. P.J. Morgan, Board Chairman
Airport Authority of the City of Omaha
4501 Abbott Drive, Suite 2300
Omaha, Nebraska 68110

**Re: Report of the Airport Consultant, Airport Authority of the City of Omaha,
Airport Facilities Revenue Bonds, Series 2017A, 2017B, and 2017C**

Dear Mr. Morgan:

LeighFisher is pleased to submit this Report of the Airport Consultant in connection with the proposed issuance by the Airport Authority of the City of Omaha (Omaha Airport Authority, OAA, or the Authority) of its Airport Facilities Revenue Bonds, Series 2017A, 2017B, and 2017C. This letter and the accompanying attachment and financial exhibits constitute our Report.

The Authority owns and operates Omaha Eppley Airfield (the Airport, or OMA) and Millard Airport. The Authority proposes to issue Airport Facilities Revenue Bonds (AMT), Series 2017A; Airport Facilities Revenue and Refunding Bonds, Series 2017B; and Airport Facilities Revenue Bonds, Taxable Series 2017C (collectively, the Series 2017 Bonds). The Series 2017 Bonds will be issued for the purposes of:

- Paying a portion of the costs of financing the 2017 Project, as described herein,
- Funding debt service reserve accounts for the Series 2017 Bonds,
- Refunding and defeasing the Authority's outstanding Airport Facilities Revenue Bonds, Series 2010 (the Refunded Bonds), in the aggregate principal amount of \$7,880,000, and
- Paying costs of issuance of the Series 2017 Bonds

Upon delivery of the Series 2017 Bonds, the Authority will enter into an escrow agreement that creates an irrevocable escrow fund which will be applied to the payment of the principal of and interest on the Refunded Bonds on and prior to their respective maturity and redemption dates.

There is no additional bonds test for the Series 2017 Bonds since they include the first series of Bonds being issued under a newly adopted Master Resolution. At this time, the proposed Series 2017 Bonds are the only Bonds the Authority plans to issue during Fiscal Year 2017 through Fiscal Year 2021 (the Forecast Period). The Authority's Fiscal Year (FY) ends on December 31.

THE 2017 PROJECT

The Series 2017 Bonds are being issued in part to finance (i) a new, six-story covered parking garage (for both public parking and rental car operations), (ii) a rental car customer service building, (iii) a covered skyway, (iv) roadways and a new exit plaza, (v) upgrades and improvements to existing parking facilities, and (vi) demolition work and other related additions, all at the Airport.

Mr. P.J. Morgan, Board Chairman
January 31, 2017

After construction of the new parking garage and rental car facility, approximately 3,000 additional parking stalls will be available for public parking in the upper four floors of the new garage, while the lower two floors will be used by the rental car companies as ready-car and return areas.

KEY ASSUMPTIONS UNDERLYING THE FORECASTS

Certain key assumptions relating to the forecasts are summarized here, and described more fully in the accompanying Attachment:

- **Air Traffic.** Total enplaned passengers forecasts average annual growth of 1.1% per year from FY2017 through FY2021, increasing from 2.2 million to 2.3 million.
- **Capital Improvement Program.** The Board's capital improvement plan (the CIP) is not anticipated to require additional Bonds through the Forecast Period.
- **Customer Facility Charge (CFC) Program.** The Authority implemented a \$2.50 CFC in April of 2015. The collection rate is subject to change upon Authority Board resolution. The Authority has collected \$4.7 million in CFCs since inception as of November 2016, and is projected to have \$4.9 million in the CFC fund as of the end of FY 2016. The Authority budgeted \$2.8 million of CFC collections in 2017. As described later in this Report, certain CFC collections will constitute Designated CFC Revenues while the Series 2017 Bonds remain outstanding.
- **Passenger Facility Charge (PFC) Program.** The Authority does not currently charge a PFC. The Authority anticipates implementing a \$3.00 or \$4.50 PFC level in late FY 2017 or early FY 2018 to fund portions of the Capital Improvement Program. PFCs are not expected to be pledged or used for payment of the Series 2017 Bonds.
- **Series 2017 Bonds.** The estimated Annual Debt Service for the Series 2017 Bonds was provided by Piper Jaffray & Co., the Authority's underwriter, assuming a \$70.0 million par, a 2036 maturity, and market rates as of January 26, 2017 plus 50 basis points. For the purposes of this Report, annual debt service related to the Series 2017 Bonds is \$5.0 million in FY2017 and \$5.8 million thereafter. Additional details on the sources and uses of the Series 2017 Bonds can be found in Exhibit B. The plan of finance and estimated Annual Debt Service are preliminary and could change prior to issuing the Series 2017 Bonds.

The section of the Report entitled "Basis for Airline Passenger Demand" describes the airport service region and the demographic and economic profile of the region. "Airline Traffic Analysis" describes the role of the Airport, including airline service, passenger traffic, and top markets; the key factors affecting future airline traffic; and the air traffic forecasts. The section of the Report entitled "Financial Analysis" provides a summary of the legal framework governing the financial operation of the Authority, the Authority's capital improvement program and planned funding sources, debt service requirements, operation and maintenance expenses, and Airport revenues.

Mr. P.J. Morgan, Board Chairman
January 31, 2017

MASTER RESOLUTION AND FIRST SERIES RESOLUTION

The Series 2017 Bonds are being issued pursuant to a Master Resolution and a First Series Resolution (collectively, the Resolution).^{*} This Report relies primarily upon the Resolution as a basis for presentation. Except as otherwise defined herein, capitalized terms in this Report are used as defined in the Resolution. Therefore, references to certain terms such as Operation and Maintenance Expenses and Revenues have meanings that are defined under the Resolution, unless otherwise defined herein. A more detailed description of the Resolution is contained in the Report and Appendix E of the Official Statement. The Resolution should be read in its entirety for an understanding of the defined terms as references in this Report do not purport to be comprehensive.

Pursuant to the Master Resolution, the Authority has pledged the Net Revenues of the Airport System to the payment of the Series 2017 Bonds and any subsequently issued parity bonds, along with other funds as described in the Official Statement and as set forth in the Resolution. Net Revenues means Revenues less Operation and Maintenance Expenses. Pursuant to the First Series Resolution, the Authority irrevocably committed certain Customer Facility Charges to be deposited into the Bond Fund to pay a portion of the debt service on the Series 2017 Bonds.

The Series 2017 Bonds are limited obligations of the Authority payable solely from Net Revenues of the Airport System and the other funds pledged under the Resolution for the Series 2017 Bonds. Designated CFC Revenues will be irrevocably committed while the Series 2017 Bonds remain outstanding.

Rate Covenant Requirement – Section 7.08

In Section 7.08 of the Master Resolution (referred to as “Rents, Fees, and Charges”), OAA “...covenants and agrees that it will take all lawful measures to fix and adjust from time to time the fees and other charges for the use of the Airport System, including services rendered by the Authority, pursuant to airport use agreements or otherwise, calculated to be at least sufficient to produce Net Revenues to provide for the larger of either: (1) The amounts needed for making the required deposits in the Fiscal Year to the Principal Accounts, the Interest Accounts, and the Sinking Fund Accounts, the Reserve Fund and the Junior Lien Obligations Fund; or (2) An amount not less than 125% of the Annual Debt Service with respect to Bonds for such Fiscal Year.”

Additionally “The Authority covenants that if, upon the receipt of the audit report for a Fiscal Year, the Net Revenues in such Fiscal Year are less than the amount specified in subsection (a) of this Section, the Authority will require the Airport Management Consultant to make recommendations as to the revision of the Authority’s schedule of rentals, rates, fees and charges; and upon receiving such recommendations or giving reasonable opportunity for such recommendations to be made, the Authority, on the basis of such recommendations and other available information, will take all lawful measures to revise the schedule of rentals, rates, fees and charges for the use of the Airport System as may be necessary.”

^{*}The Master Resolution and First Series Resolution were approved by the Board on December 20, 2016.

Mr. P.J. Morgan, Board Chairman
January 31, 2017

Application of Revenues and Established Funds

Under the Master Resolution, in Section 5.04, certain funds are established and the application of Revenues received by the Authority is defined using certain priorities. A Revenue fund is established and all Revenues must be promptly deposited by the Authority to the credit of the Revenue Fund.

On the first day of the month The Authority applies the Revenues in the following amounts and order of priority:

1. The then current month's Operation and Maintenance expenses will be deposited into the Operation and Maintenance Fund.
2. Revenues will then be deposited into the Bond Fund, separated into three individual accounts (Principal 2017 Account, Interest 2017 Account, and Sinking Fund) to pay Annual Debt Service. Designated CFC Revenues are deposited into the Bond Fund to reduce the amount of Annual Debt Service paid from Revenues.
3. Revenues will then be deposited into the Reserve Fund, to the extent the amount on deposit is less than the Reserve Requirement, until such time that the amount on deposit meets the Reserve Requirement.
4. Revenues will next be deposited into the Junior Lien Obligations Fund. The Authority has no outstanding Junior Lien Resolutions, no Junior Lien Obligations, and no plan to issue Junior Lien Obligations during the Forecast Period.
5. All remaining amounts in the Revenue Fund will be deposited into the Capital Improvement and General Purpose Fund.

Additionally, in the First Series Resolution the Authority established a CFC Fund and Designated CFC Revenues to offset Annual Debt Service payments.

Designated CFC Revenues. Designated CFC Revenues "means, for any period of time, the amount of Customer Facility Charges specified in any Series Resolution (or other resolution adopted by the Authority) in which the Board irrevocably commits to pay a portion of the Debt Service on a Series of Bonds."

CFC Fund. CFC Fund means the fund by that name set forth in Section 3.08 of the First Series Resolution. "The CFC Fund, to be held by the Authority, into which all CFCs, when and if received by the Authority, shall be deposited. The CFC Fund is not pledged to secure the payment of principal, Accreted Value and Appreciated Value of and premium, if any, and interest on any Bonds. Except as to the irrevocable commitment set forth in Section 3.10 [of the First Series Resolution] amounts in the CFC Fund may be expended for any lawful purpose as the Authority may determine."

Mr. P.J. Morgan, Board Chairman
January 31, 2017

SUMMARY OF FINANCIAL FORECAST AND COMPLIANCE WITH RATE COVENANT REQUIREMENT

Omaha Airport Authority

(Fiscal Years ending December 31; in thousands except coverage ratios, rates, and CPE)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by Authority management as described in the accompanying text. Inevitably some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecast and the variations could be material.

	Forecast				
	2017	2018	2019	2020	2021
<u>Forecast Summary</u>					
Enplaned Passengers	2,200	2,225	2,250	2,275	2,300
% Growth	1.2%	1.1%	1.1%	1.1%	1.1%
Airline Cost per Enplaned Passenger (CPE)	\$ 7.40	\$ 7.41	\$ 7.52	\$ 7.57	\$ 7.75
% Growth	-0.3%	0.1%	1.5%	0.6%	2.4%
Revenues	\$ 47,799	\$ 48,619	\$ 49,458	\$ 51,164	\$ 52,185
% Growth	2.5%	1.7%	1.7%	3.4%	2.0%
Operation and Maintenance Expenses	22,815	23,269	23,712	24,212	24,721
% Growth	8.5%	2.0%	1.9%	2.1%	2.1%
<u>Compliance with Rate Covenant Requirement</u>					
Net Revenues - Master Resolution					
Revenues	\$ 47,799	\$ 48,619	\$ 49,458	\$ 51,164	\$ 52,185
Operation and Maintenance Expenses	(22,815)	(23,269)	(23,712)	(24,212)	(24,721)
Net Revenues [A]	\$ 24,984	\$ 25,351	\$ 25,746	\$ 26,952	\$ 27,464
Annual Debt Service					
Annual Debt Service before Designated CFCs	\$ 6,138	\$ 5,809	\$ 5,803	\$ 5,802	\$ 5,803
Designated CFCs	(2,258)	(2,635)	(2,631)	(2,631)	(2,631)
Annual Debt Service [B]	\$ 3,880	\$ 3,175	\$ 3,172	\$ 3,171	\$ 3,172
Net Revenues after Annual Debt Service Payments	\$ 21,104	\$ 22,176	\$ 22,574	\$ 23,781	\$ 24,292
Rate Covenant Calculation - Master Resolution					
Requirement Section 7.08(ii)					
Net Revenues	[A]	\$ 24,984	\$ 25,351	\$ 25,746	\$ 26,952
Annual Debt Service Times 125%	[E] = [B]*125%	(4,851)	(3,968)	(3,965)	(3,964)
Must Not Be Less Than Zero	= [A] - [E]	\$ 20,134	\$ 21,382	\$ 21,781	\$ 22,988
<u>Pro Forma Coverage on Debt</u>					
Total Available	[A]	\$ 24,984	\$ 25,351	\$ 25,746	\$ 26,952
Annual Debt Service per Master Resolution	[B]	\$ 22,815	\$ 23,269	\$ 23,712	\$ 24,212
Debt Service Coverage	= [A]/[B]	644%	799%	812%	850%

Sources: Omaha Airport Authority and LeighFisher.

Mr. P.J. Morgan, Board Chairman
January 31, 2017

SCOPE OF REPORT

In conducting our study, we reviewed:

- The status and estimated costs of the Authority's CIP, including the 2017 Project and other facilities expected to be provided, the estimated funding sources, and the estimated completion dates of the projects in the CIP.
- The expected sources and uses of funds for the Series 2017 Bonds, and estimated annual debt service requirements for the Series 2017 Bonds, as prepared by the Authority, its municipal advisor (D.A. Davidson & Co.), and its underwriter (Piper Jaffray & Co.).
- The demographic and economic characteristics of the Airport's service region, historical trends in airline traffic, recent airline service developments and airfares, and other key factors that may affect future airline traffic.
- Drafts of the Preliminary Official Statement for the Series 2017 Bonds and information regarding the projects to be financed with proceeds from those bonds.
- The Master Resolution and First Series Resolution.
- The Authority's policies and rate-making methodologies and procedures relating to the calculation of airline terminal rents and landing fees, including the Authority's financial model for calculating airline rates and charges.
- The Authority's existing leases with certain air transportation companies and major tenants for concessions.
- The Authority's procedure for allocating direct and indirect expenses as documented in the Authority's financial model for calculating annual airlines rates and charges.
- The historical correlations between and among operating revenues, operating expenses, and passenger enplanements at the Airport.
- The anticipated correlations between and among future operating revenues, operating expenses, and passenger enplanements at the Airport.
- The Authority's actual operating expenses for FY 2015, unaudited actual through 11 months of FY 2016 as compared to FY 2015, projected results for FY 2016 (calculated by annualizing the 11 months of unaudited expenses), and the budget for operating expenses for FY 2017.
- The Authority's actual operating revenues for FY 2015, unaudited actual through 11 months of FY 2016 as compared to FY 2015, projected results for FY 2016 (calculated by annualizing the 11 months of unaudited revenues), and the budget for revenues for FY 2017.
- The Authority's audited financial statements (the Financial Statements) for FY 2014 and FY 2015.

Mr. P.J. Morgan, Board Chairman
January 31, 2017

ASSUMPTIONS UNDERLYING THE FORECASTS

The forecasts in this Report are based on information and assumptions that were provided by or reviewed with and agreed to by Authority management. The forecasts reflect the Authority's expected course of action during the Forecast Period and, in the Authority's judgment, present fairly the expected financial results of the Authority. Those key factors and assumptions that are significant to the forecasts are set forth in the attachment, "Background, Assumptions, and Rationale for the Financial Forecasts." The attachment should be read in its entirety for an understanding of the forecasts and the underlying assumptions.

In our opinion, the underlying assumptions provide a reasonable basis for the forecasts. However, any forecast is subject to uncertainties. Inevitably, some assumptions will not be realized and unanticipated events and circumstances may occur. Therefore, there will be differences between the forecast and actual results, and those differences may be material. Neither LeighFisher nor any person acting on our behalf makes any warranty, expressed or implied, with respect to the information, assumptions, forecasts, 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 Airport Consultant for the Authority's proposed financing.

Respectfully submitted,


LeighFisher

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Attachment

BACKGROUND, ASSUMPTIONS, AND
RATIONALE FOR THE FINANCIAL FORECASTS

Airport Authority of the City of Omaha

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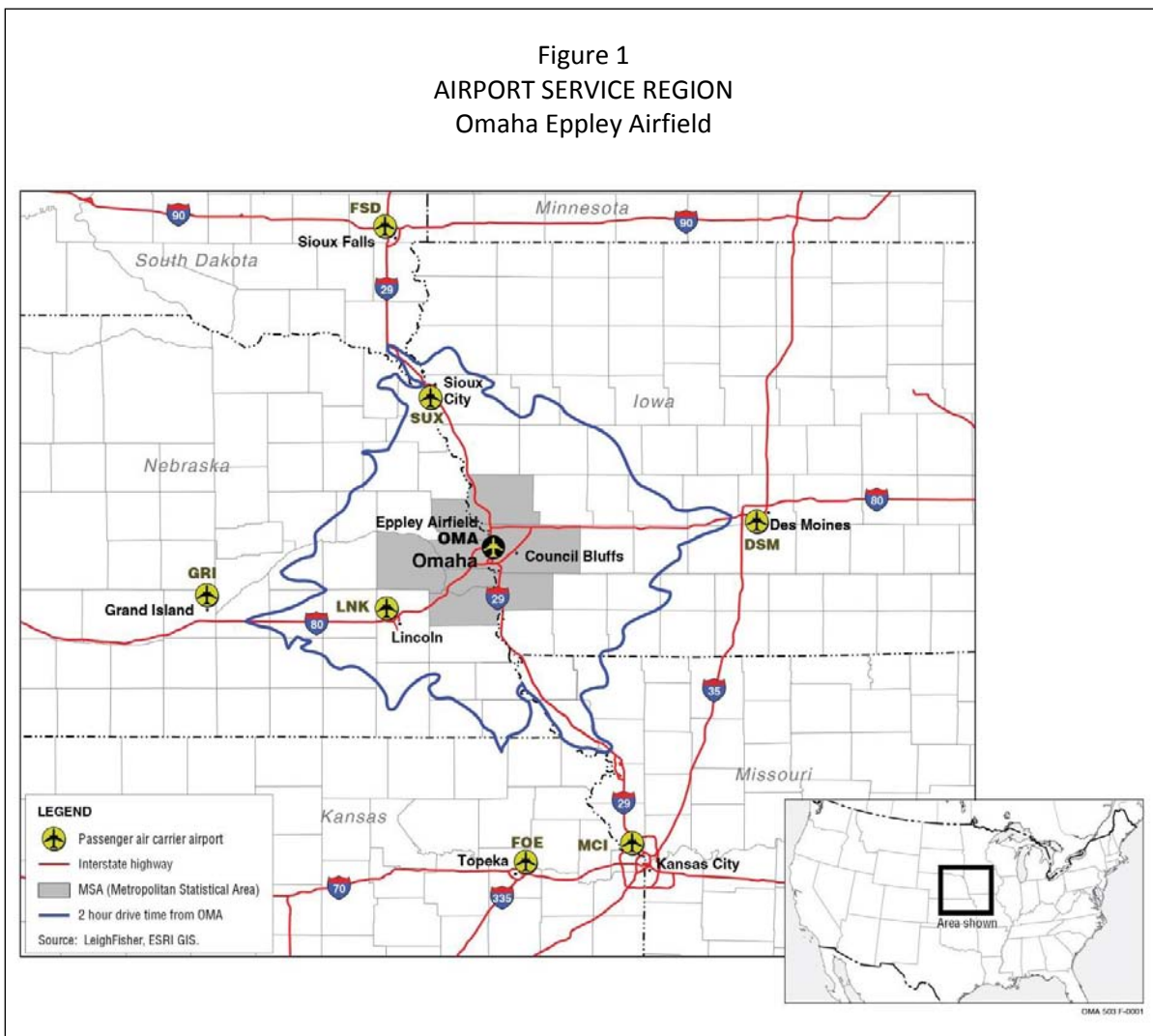
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BASIS FOR AIRLINE PASSENGER DEMAND

AIRPORT SERVICE REGION

The Airport serves the greater Omaha-Council Bluffs area and is located along the border of Nebraska and Iowa. The Airport service region, as defined for purposes of this Report, is the Omaha-Council Bluffs, NE-IA Metropolitan Statistical Area (MSA). The MSA encompasses the Nebraska counties of Cass, Douglas, Sarpy, Saunders, and Washington and the Iowa counties of Harrison, Mills, and Pottawattamie. The MSA contains the cities of Omaha, Nebraska and Council Bluffs, Iowa. Figure 1 shows a map of the Airport service region, including an estimated two-hour drive time boundary from the Airport.

Figure 1
AIRPORT SERVICE REGION
Omaha Eppeley Airfield



DEMOGRAPHIC AND ECONOMIC PROFILE

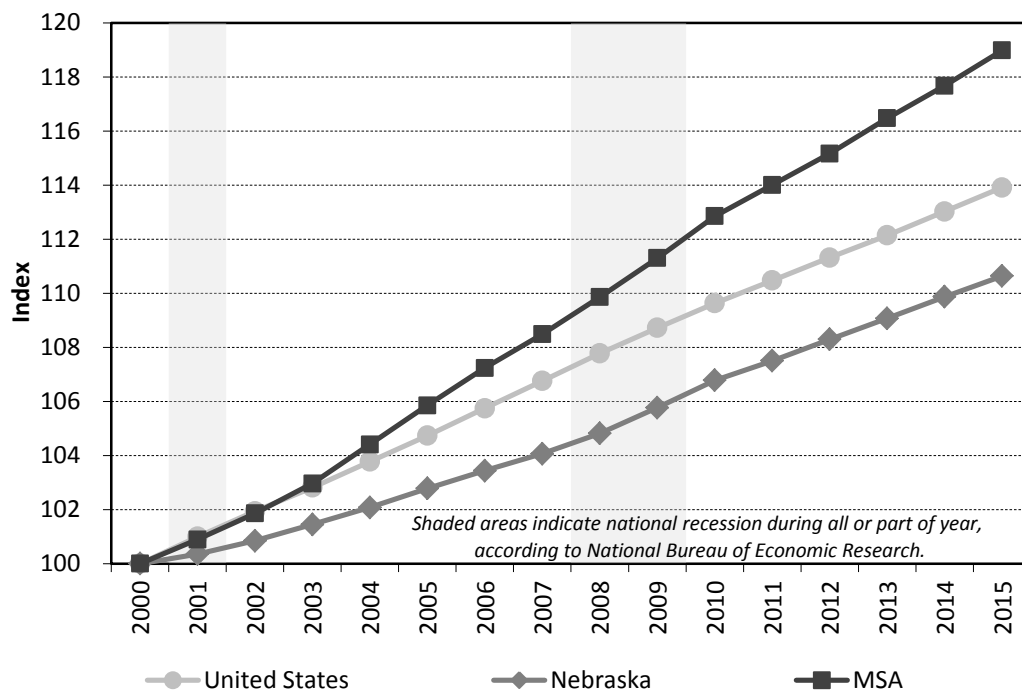
The demographic and economic factors that most strongly influence airline passenger demand at the Airport are the population, employment, and per capita income of the MSA. The MSA's

unemployment rate has historically been lower than the national average. The economy is well-diversified and not overly dependent on a single large employer. Four Fortune 500 companies maintain corporate headquarters in the Omaha area. Finally, tourism and local activities also affect airline travel demand.

Population

Population growth is a key factor influencing the demand for airline travel. Figure 2 shows that between 2000 and 2015, the MSA population increased at a greater rate than that of Nebraska and the nation.

Figure 2
COMPARATIVE INDEX OF POPULATION TRENDS
(Year 2000 = 100)



Population	2000	2010	2015
United States	282,162,411	309,346,863	321,418,820
Nebraska	1,713,820	1,830,025	1,896,190
MSA	769,291	868,170	915,312
Average annual growth rate	2000-2010	2010-2015	2000-2015
United States	0.9%	0.8%	0.9%
Nebraska	0.7	0.7	0.7
MSA	1.2	1.1	1.2

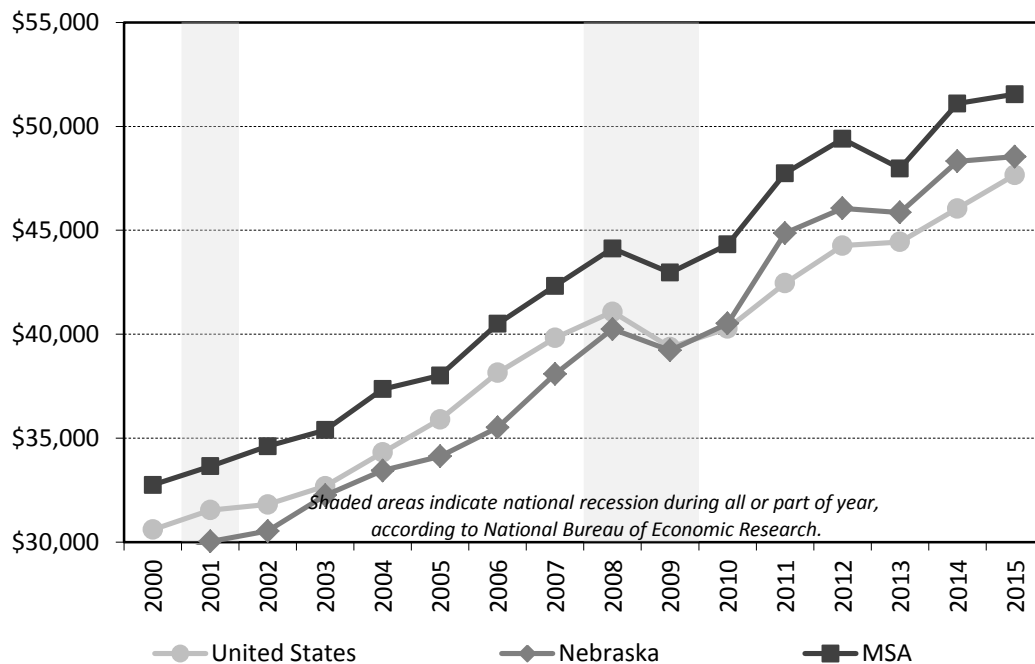
Note: Values represent July 1 population estimates.

Source: U.S. Department of Commerce, Bureau of the Census website, www.census.gov, accessed November 2016.

Per Capita Income

Figure 3 shows that the MSA's per capita personal income in 2015 was higher than both the state average and the national average. The MSA ranked 52nd among the 381 metropolitan statistical areas nationwide in terms of per capita personal income. Per capita personal income growth in the MSA has generally mirrored the pattern of nationwide growth, with the MSA remaining at somewhat higher levels as compared with the state and the U.S. over the past 15 years.

Figure 3
PER CAPITA PERSONAL INCOME



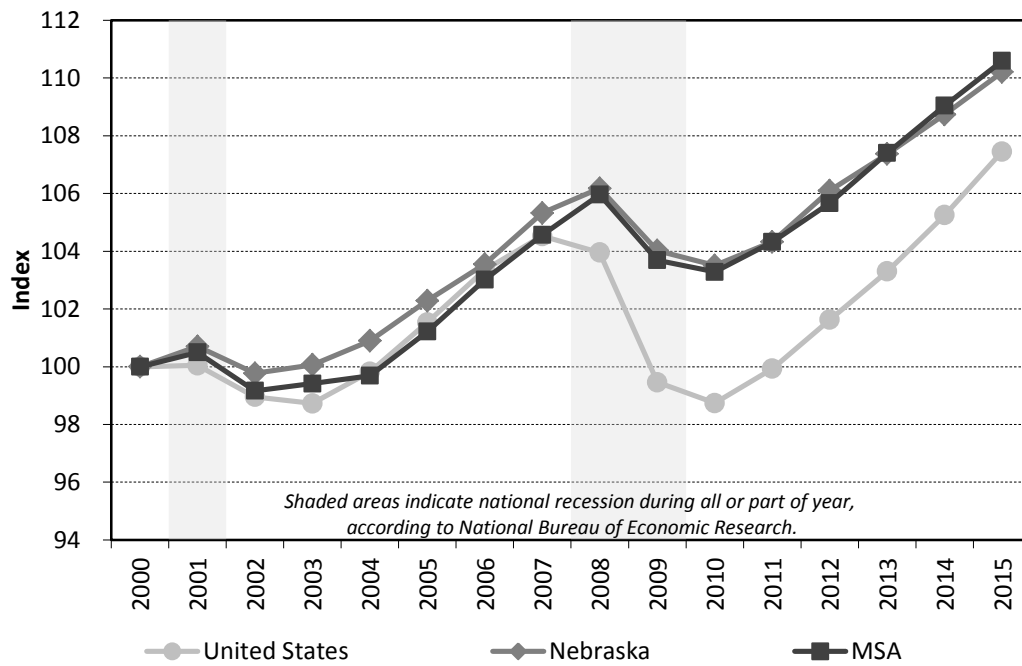
Per Capita Personal Income	2000	2010	2015
United States	\$30,602	\$40,277	\$47,669
Nebraska	28,890	40,518	48,544
MSA	32,749	44,317	51,099
Average annual growth rate	2000-2010	2010-2015	2000-2015
United States	2.8%	3.4%	3.0%
Nebraska	3.4	3.7	3.5
MSA	3.1	2.9	3.2

Source: U.S. Department of Commerce, Bureau of Economic Analysis website, www.bea.gov, accessed November 2016.

Nonagricultural Employment

Figure 4 shows that, from 2000 to 2007, the pattern of employment growth in the MSA generally mirrored statewide and national employment growth. In 2009 and 2010, employment in the MSA and Nebraska declined less than the national average, during and after the economic recession. Since 2010, average annual employment growth in the MSA (1.4%) has been consistent with that of the state (1.3%) and has trailed that of the nation (1.7%).

Figure 4
COMPARATIVE INDEX OF TOTAL NON-AGRICULTURAL EMPLOYMENT
(Year 2000 = 100)

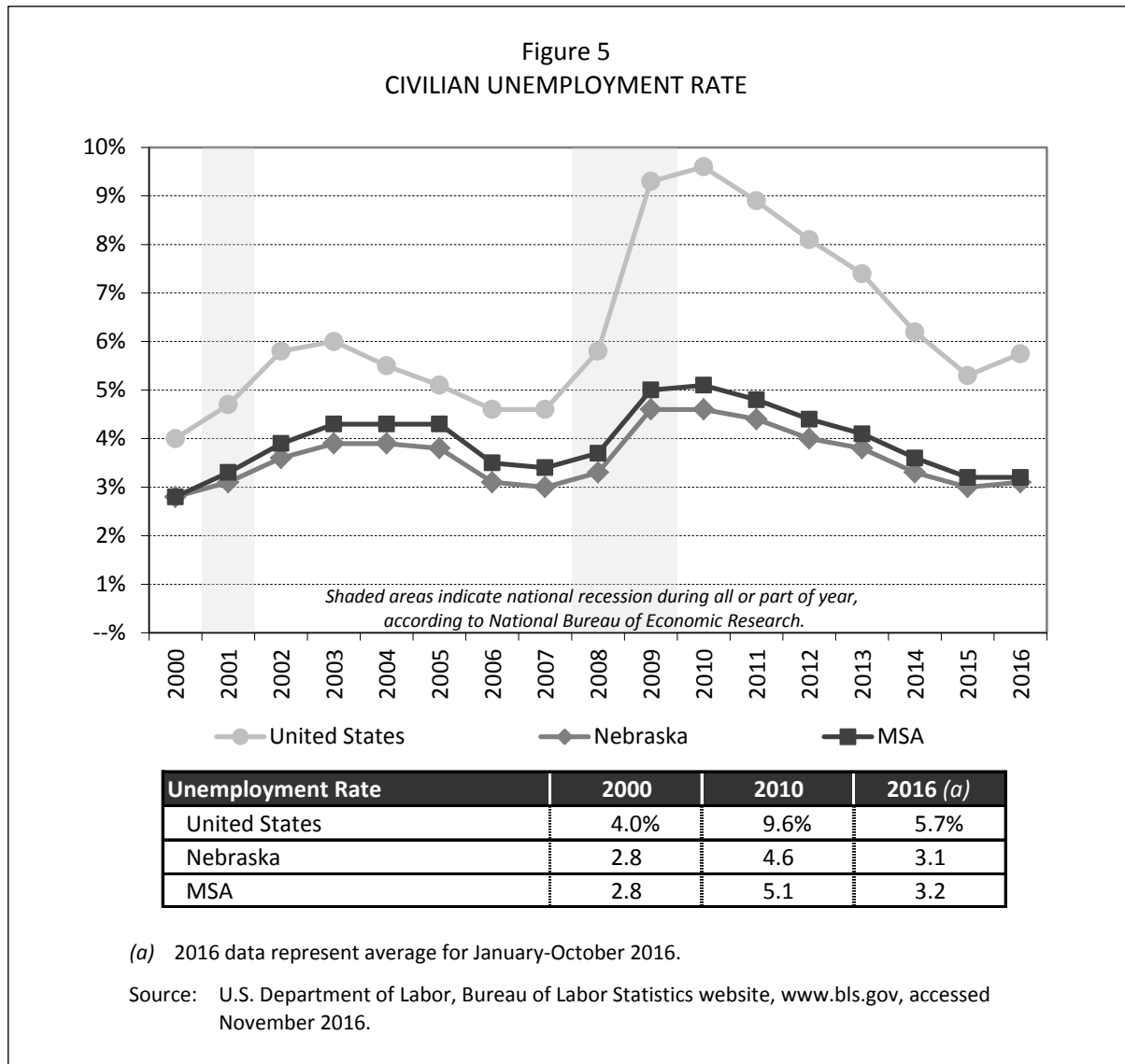


Employment (thousands)	2000	2010	2015
United States	132,024	130,361	141,865
Nebraska	913	945	1,006
MSA	445	459	492
Average annual growth rate	2000-2010	2010-2015	2000-2015
United States	(0.1%)	1.7%	0.5%
Nebraska	0.3	1.3	0.7
MSA	0.3	1.4	0.7

Source: U.S. Department of Labor, Bureau of Labor Statistics website, www.bls.gov, accessed November 2016.

Unemployment Rates

Figure 5 shows that the civilian unemployment rates in the MSA have remained lower than that of the United States. During the first ten months of 2016, unemployment rate in the MSA was 3.2% compared with 3.1% in Nebraska and 5.7% for the nation.



Employment by Industry Sector

Table 1 shows employment by industry sector in the MSA, Nebraska, and the United States. The MSA has a higher percentage of jobs in professional/business services and financial activities than the United States overall, and a lower percentage in government and manufacturing.

Table 1
AVERAGE ANNUAL NONAGRICULTURAL EMPLOYMENT GROWTH, 2005-2015,
AND EMPLOYMENT SHARE BY INDUSTRY, 2015

Industry	Average annual growth rate 2005-2015			2015 Percent of total		
	MSA	Nebraska	United States	MSA	Nebraska	United States
Trade, Transportation, Utilities	(0.2%)	0.3%	0.4%	19.8%	20.5%	19.0%
Education & Health Services	2.3	1.6	2.2	15.6	14.8	15.5
Professional/Business Services	1.8	1.8	1.5	15.0	11.6	13.9
Government	0.9	0.6	0.1	13.4	17.0	15.5
Manufacturing	(0.1)	(0.4)	(1.4)	6.7	9.7	8.7
Leisure & Hospitality	1.3	1.1	1.7	9.8	8.8	10.7
Financial Activities	1.2	1.1	(0.1)	8.6	7.1	5.7
Other Services	1.0	0.8	0.4	3.6	3.7	4.0
Natural Resources, Mining, Construction	(0.0)	0.4	(0.9)	5.2	5.0	5.1
Information	(1.4)	(1.4)	(1.1)	<u>2.3</u>	<u>1.7</u>	<u>1.9</u>
TOTAL	0.9%	0.7%	0.6%	100.0%	100.0%	100.0%

Note: Columns may not add to totals shown because of rounding.

Source: U.S. Department of Labor, Bureau of Labor Statistics, www.bls.gov, accessed December 2016.

Major Employers

Table 2 shows major employers in the Omaha area, categorized by the number of employees. The MSA is headquarters to four Fortune 500 companies: Berkshire Hathaway, Union Pacific, Peter Kiewit Sons, and Mutual of Omaha.

Table 2
MAJOR EMPLOYERS IN THE MSA
(number of Omaha area employees, as of December 2016)

Employment category		
	<u>Company</u>	<u>Type of business</u>
>7,500		
	Offutt Air Force Base	Government
	CHI Health	Health services
5,000-7,499		
	Methodist Health System	Health services
	Nebraska Medicine	Health services
	Omaha Public Schools	Education
2,500-4,999		
	City of Omaha	Government
	Creighton University	Education
	First Data Corp.	Business services
	First National Bank of Nebraska	Financial services
	HyVee Inc.	Retail trade
	Millard Public Schools	Education
	Mutual of Omaha (a)	Financial services
	PayPal Inc.	Financial services
	Union Pacific (a)	Transportation
	University of Nebraska Medical Center	Health services
	University of Nebraska Omaha	Education
	Walmart Stores	Retail trade
	West Corp.	Telecommunications

(a) Ranked in 2016 Fortune 500 list of largest U.S. companies (based upon 2015 revenues).

Source: Greater Omaha Economic Development Partnership, 2016.

Tourism and Local Activities

Located within the MSA are numerous tourist attractions as well as local activities. The NCAA College Baseball World Series is held each year in Omaha. This event attracts sports fans from many regions. In 2015, the event achieved record attendance with 353,378 fans attending over the course of 16 games. The city is also home to a minor league baseball team, the Omaha Storm Chasers. The team is a AAA affiliate of the Kansas City Royals.

Omaha's Henry Doorly Zoo and Aquarium is considered one of the premier zoos in the country. The zoo brought in more than 2,000,000 visitors in 2016, exceeding the previous record of 1,719,925 set in 2012. Researchers from the Bureau of Business Research at the University of Nebraska-Lincoln estimated the economic impact of the zoo at \$163.85 million in 2014.

Finally, there are many cultural activities available in Omaha, including the Bemis Center for Contemporary Art, the Joslyn Art Museum, the Holland Center for the Performing Arts, and the Orpheum Theatre that host both local and national stage productions.

ECONOMIC OUTLOOK

Outlook for the U.S. Economy

The Federal Reserve's Survey of Professional Forecasters is the oldest quarterly survey of macroeconomic forecasts in the United States. The fourth quarter survey, released November 14, 2016, reported that the forecasters predict average annual real GDP growth for the nation of 2.2% in 2017, 2.1% in 2018, and 2.1% in 2019. Unemployment is projected to be 4.7% in 2017, 4.6% in 2018, and 4.7% in 2019.

Continued U.S. economic growth will depend on, among other factors, stable financial and credit markets, a stable value of the U.S. dollar versus other currencies, stable energy and other commodity prices, the ability of the federal government to reduce historically high fiscal deficits, inflation remaining within the range targeted by the Federal Reserve, and growth in the economies of foreign trading partners.

Outlook for the Economy of the Airport Service Region

The economic outlook for the MSA generally depends on the same factors as those for the nation.

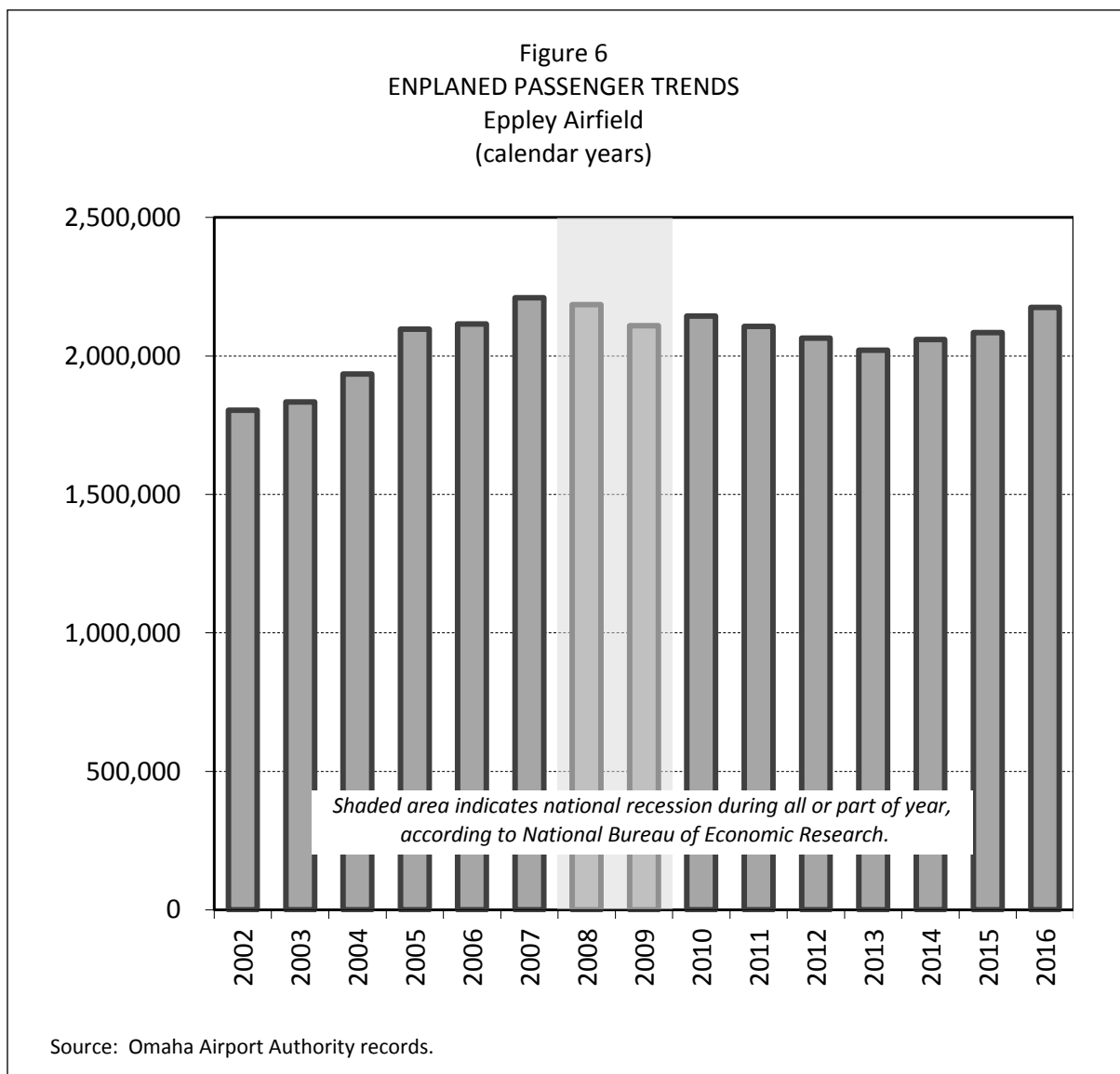
The Federal Reserve Bank of Kansas City, in a quarterly analysis of economic trends released in September 2016, cited a downturn in prices for agricultural commodities as a key factor weighing on Nebraska's economy. While farming accounts for a relatively modest share of the state's personal income, any weakness in the agricultural sector affects other segments of Nebraska's economy, such as farm equipment manufacturing, retail, and banking.

The Nebraska Department of Economic Development, in a December 2016 press release, predicts moderate economic growth in Nebraska in the first quarter of 2017. A general sense of optimism among state businesses remains tempered by an increasing value of the U.S. dollar, which negatively affects Nebraska businesses that export.

AIRLINE TRAFFIC ANALYSIS

OMA is a medium-hub airport, as defined by the Federal Aviation Administration (FAA), and primarily serves travelers who are residents of, or visitors to, the Omaha region. Southwest had a 34.1% market share at the Airport, as measured by passenger numbers, in 2016. No other airline had a market share greater than 23%, indicating a diversified and competitive air service market at the Airport.

Figure 6 shows that approximately 2.2 million passengers enplaned at OMA in 2016. Between 2002 and 2016, the number of enplaned passengers increased 1.3% per year, on average, equating to a 21% increase over the period. In 2016, nearly all of the passengers originated or terminated their flights at the Airport, while only 0.1% connected from one flight to another.



Airline Service

Table 3 lists the airlines serving the Airport as scheduled for January 2017.

Table 3
AIRLINES SERVING THE AIRPORT
Eppley Airfield
(as of January 2017)

Passenger airlines		All-cargo airlines	
Mainline	Regional affiliates	Mainline	Regional
Alaska	Endeavor (DL)	FedEx	AirNet
Allegiant	Envoy (AA)	UPS	Ameriflight
American	ExpressJet (DL, UA)		Baron Aviation
Delta	GoJet (UA)		Suburban Air Freight
Frontier	Mesa (AA, UA)		
Southwest	PSA (AA)		
United	Republic (AA, UA)		
	Shuttle America (DL)		
	SkyWest (AS, DL, UA)		

Note: Excludes airlines providing charter service.

Source: Omaha Airport Authority records.

Figure 7 shows the 25 Airport destinations with daily nonstop passenger service from the Airport as scheduled for March 2017, as well as 1 destination with seasonal service. Of the 25 destinations with regularly scheduled service in March 2017, 5 are scheduled to be served by two or more airlines and 11 will have low-cost carrier (LCC) (Southwest, Frontier, or Allegiant) service.

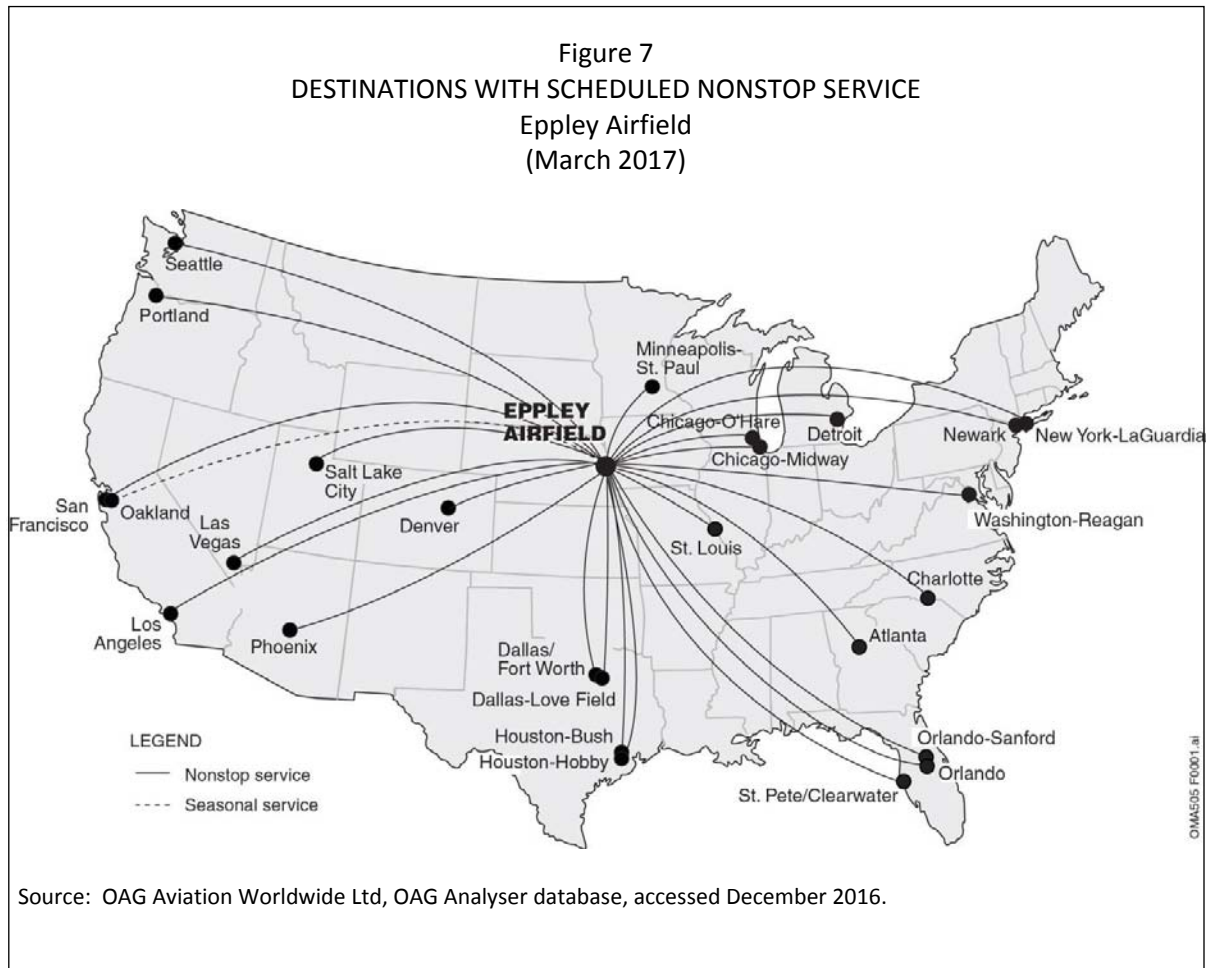


Table 4 details trends in passenger airline service at the Airport over the past 5 years. Although there was a decrease in average daily flights departing the Airport between 2012 and 2016, there were increases in average daily departing seats and the number of destinations served. Between 2016 and 2017, average daily departing flights and seats both increased, as did the number of destinations served nonstop. The number of airlines providing service at the airport remained the same between 2012 and 2017, with new entrant airlines offsetting the effects of airline mergers.

Table 4
PASSENGER AIRLINE SERVICE
Eppley Airfield
(for the month of March for years shown)

	2012	2016	2017
Number of destinations served nonstop	21	22	25
<i>Change</i>		1	3
Number of airlines providing scheduled service	7	7	7
<i>Change</i>		0	0
Average daily departing seats	6,911	7,019	7,965
<i>Percent change</i>		1.6%	13.5%
Average daily departing flights	76	67	72
<i>Percent change</i>		(12.2%)	7.8%

Notes: Excludes seasonal service not occurring during the month of March.

Affiliates are grouped with their mainline partners.

Source: OAG Aviation Worldwide Ltd, OAG Analyser database, accessed December 2016.

Passenger Traffic by Airline

Table 5 presents the airline market shares of enplaned passengers at the Airport from 2012 through 2016. In 2016, Southwest enplaned the largest share of passengers at the Airport (34.1%), followed by Delta (22.6%), American (18.8%), and United (18.1%). No other airline accounted for more than 3% of enplaned passengers at the Airport.

Table 5
AIRLINE SHARES OF ENPLANED PASSENGERS
Eppley Airfield

Airline (a)	Calendar Years				
	2012	2013	2014	2015	2016
Southwest (b)	606,853	627,036	642,540	704,499	741,024
Delta	479,882	457,747	481,731	506,706	491,783
American (c)	395,274	412,381	419,540	408,461	408,767
United (d)	401,465	379,330	378,415	380,592	394,384
Alaska	--	3,324	22,703	23,614	54,180
Frontier	176,171	138,154	112,018	38,583	47,963
Allegiant	--	--	--	19,122	32,783
Charter Airlines	<u>4,029</u>	<u>3,197</u>	<u>2,919</u>	<u>3,158</u>	<u>3,861</u>
Total	2,063,672	2,021,167	2,059,865	2,084,734	2,174,743
Southwest (b)	29.4%	31.0%	31.2%	33.8%	34.1%
Delta	23.3	22.6	23.4	24.3	22.6
American (c)	19.2	20.4	20.4	19.6	18.8
United (d)	19.5	18.8	18.4	18.3	18.1
Alaska	--	0.2	1.1	1.1	2.5
Frontier	8.5	6.8	5.4	1.9	2.2
Allegiant	--	--	--	0.9	1.5
Charter Airlines	<u>0.2</u>	<u>0.2</u>	<u>0.1</u>	<u>0.2</u>	<u>0.2</u>
Total	100.0%	100.0%	100.0%	100.0%	100.0%

(a) Regional code-sharing affiliates are included with their mainline airline partner.

(b) Includes AirTran.

(c) Includes US Airways.

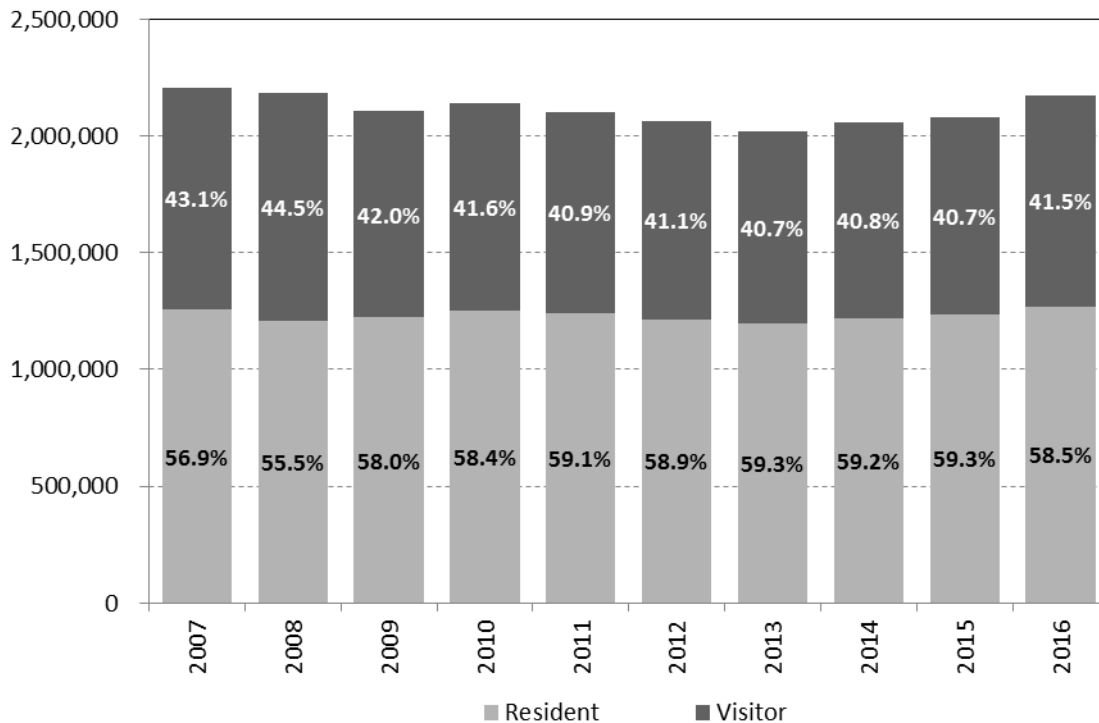
(d) Includes Continental.

Source: Omaha Airport Authority records.

Originating Passenger and Airfare Trends

Figure 8 shows that the relative proportion of area residents to visitors traveling through OMA has remained at about 59% residents/41% visitors since 2009. Between 2007 and 2016, this ratio varied by no more than 4 percentage points.

Figure 8
RESIDENT AND VISITOR PASSENGER TRENDS
Eppley Airfield
(calendar years)



Note: 2016 total represents actual data; resident/visitor split estimated based on 2 quarters of actual data.

Sources: Omaha Airport Authority records; U.S. DOT, *Air Passenger Origin-Destination Survey*, reconciled to Schedule T100; LeighFisher.

Figure 9 shows domestic originating passengers and average domestic airfares at OMA from 2007 to 2016. In general, fare increases dampen passenger traffic while fare decreases tend to stimulate traffic. Since the 2008-2009 economic recession, average airfares at the Airport have increased steadily while the number of originating passengers has decreased. Reduced capacity by the airlines at the Airport over this period led to increased pricing power and the ability to charge higher fares. In the first 6 months of 2016, however, average airfares decreased 3% while the number of originating passengers increased 3%.

The average airfares shown in Figure 9, 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 for recent years. Ancillary charges that were previously included in the ticket price vary by airline and are not all separately reported to the U.S. DOT, but they have been estimated by industry analysts to amount to an effective average surcharge on domestic airfares of approximately

5% of ticket fare revenues. The amount of ancillary charges varies by market and is affected by airline mix and traveler trip purpose (i.e., business vs. leisure).

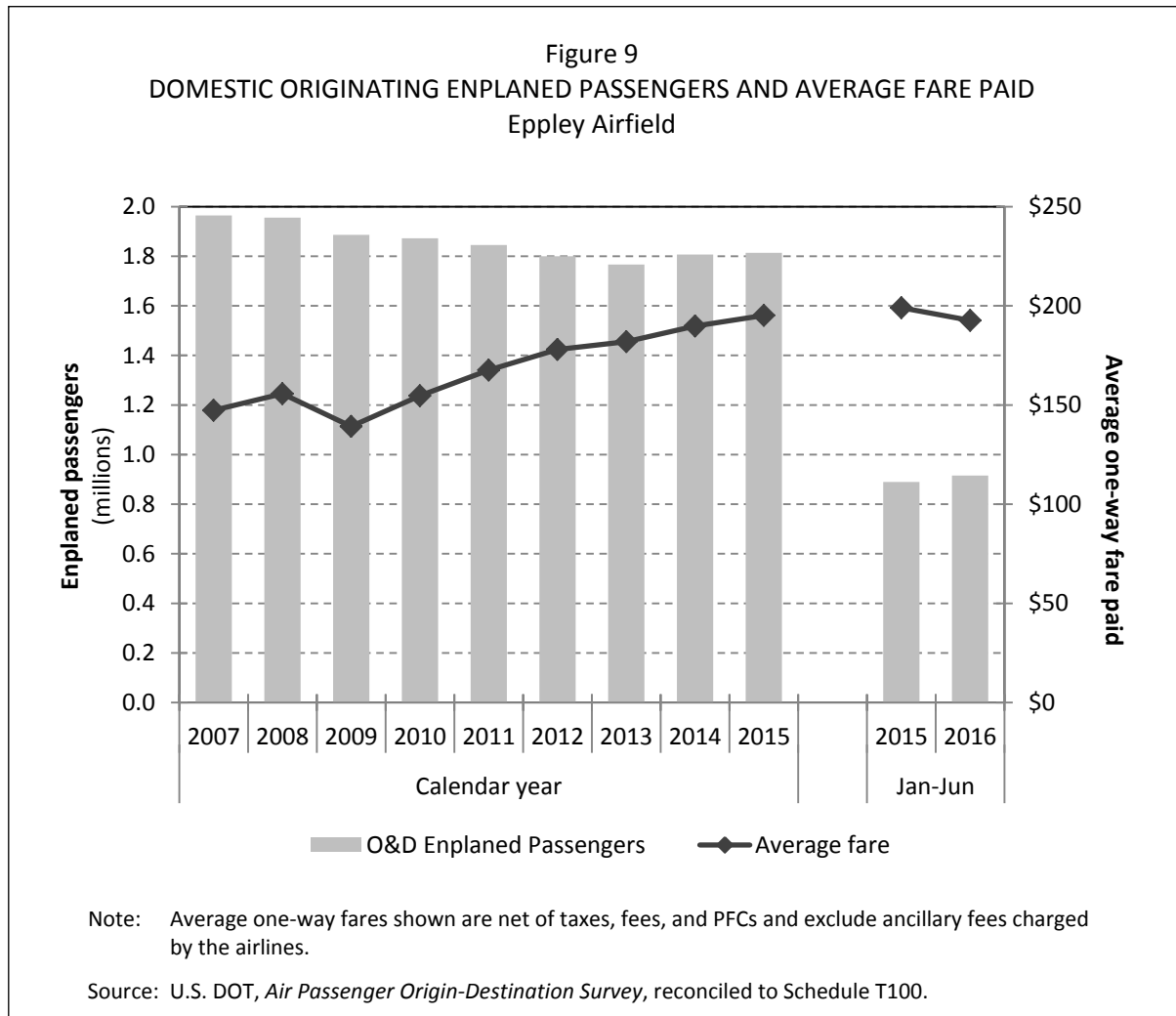


Table 6 presents data on nonstop airline service and passengers from the Airport to the top 15 domestic passenger destinations. As scheduled for March 2017, nonstop service is provided to all of the top 15 domestic destinations; 8 have competing nonstop service by two or more airlines; and 10 destinations are served nonstop by LCCs (Southwest, Frontier, or Allegiant).

During the 12 months ended June 30, 2016, the top 15 destinations accounted for 61% of all domestic originating passengers at the Airport. Growth between 2012 and 2016 was almost entirely attributable to an increase in passenger traffic to these destinations. Passenger traffic displayed markedly different trends by destination, however, with numbers of passengers increasing more than 20% to Dallas/Fort Worth, New York, and Seattle, over the period, while decreasing more than 10% to Denver and St. Louis.

Table 6
PASSENGERS AND SERVICE IN THE TOP 15 DOMESTIC ORIGINATING CITY MARKETS
Eppley Airfield
(for the 12 months ended June for years shown, unless otherwise noted)

Rank	City market	Airports included	Scheduled nonstop service (January 2017) (a)		Average daily enplaned originating passengers			
			Airlines serving	Average daily departing flights	2012	2016	As percent of total 2016	Percent increase (decrease) 2012-2016
1	Chicago	MDW,ORD	AA,UA,WN	14	381	355	7.0%	(6.8%)
2	Denver	DEN	F9,UA,WN	8	355	317	6.3	(10.6)
3	Phoenix	AZA,PHX	AA,WN	6	277	297	5.9	7.3
4	Los Angeles	BUR,LAX,LGB,ONT,SNA	AA	1	244	271	5.4	11.2
5	Washington DC/Baltimore	BWI,DCA,IAD	DL,WN	2	272	253	5.0	(7.0)
6	Dallas/Fort Worth	DAL,DFW	AA,WN	6	169	224	4.4	32.7
7	Las Vegas	LAS	WN	3	245	222	4.4	(9.7)
8	New York	EWJ,JFK,LGA	DL,UA	3	172	214	4.3	24.5
9	Orlando	MCO,SFB	F9,G4,WN	1	182	197	3.9	8.1
10	San Francisco	OAK,SFO,SJC	UA	1	143	155	3.1	8.4
11	Atlanta	ATL	DL	5	110	131	2.6	19.3
12	Seattle	SEA	AS	1	94	118	2.3	25.1
13	St. Louis	STL	WN	3	147	115	2.3	(21.3)
14	Houston	HOU,IAH	UA,WN	4	107	103	2.0	(3.7)
15	Tampa/St. Petersburg	PIE,TPA	G4	<u>0 (b)</u>	<u>85</u>	<u>100</u>	<u>2.0</u>	17.8
Top 20 markets				58	2,983	3,073	61.0%	3.0%
All other markets				<u>14</u>	<u>1,965</u>	<u>1,967</u>	<u>39.0</u>	0.1
All markets				72	4,948	5,040	100.0%	1.9%

Notes: Columns may not add to totals shown because of rounding. Percentages shown were calculated using unrounded numbers.

Carrier legend: AA=American, AS=Alaska, DL=Delta, F9=Frontier, G4=Allegiant, UA=United, WN=Southwest.

Airport legend: MDW=Chicago-Midway, ORD=Chicago-O'Hare, DEN=Denver, AZA=Phoenix Mesa Gateway, PHX=Phoenix Sky Harbor, BUR=Burbank, LAX=Los Angeles, LGB=Long Beach, ONT=Ontario, SNA=Orange County, BWI=Baltimore, DCA=Washington-Reagan, IAD=Washington-Dulles, DAL=Dallas-Love Field, DFW=Dallas/Fort Worth, LAS=Las Vegas, EWR=Newark, JFK=New York-Kennedy, LGA=New York-LaGuardia, MCO=Orlando, SFB=Orlando Sanford, OAK=Oakland, SFO=San Francisco, SJC=San Jose, ATL=Atlanta, SEA=Seattle, STL=St. Louis, HOU=Houston-Hobby, IAH=Houston-Bush, PIE=St. Petersburg, TPA=Tampa, SAN=San Diego, FLL=Fort Lauderdale, MIA=Miami, PBI=West Palm Beach, PDX=Portland, CLT=Charlotte, MSP=Minneapolis-St. Paul.

(a) Excludes seasonal service not occurring during the month of March.

(b) Less than daily service.

Sources: U.S. DOT, *Air Passenger Origin-Destination Survey*, reconciled to Schedule T100; OAG Aviation Worldwide Ltd, OAG Analyser database, accessed December 2016.

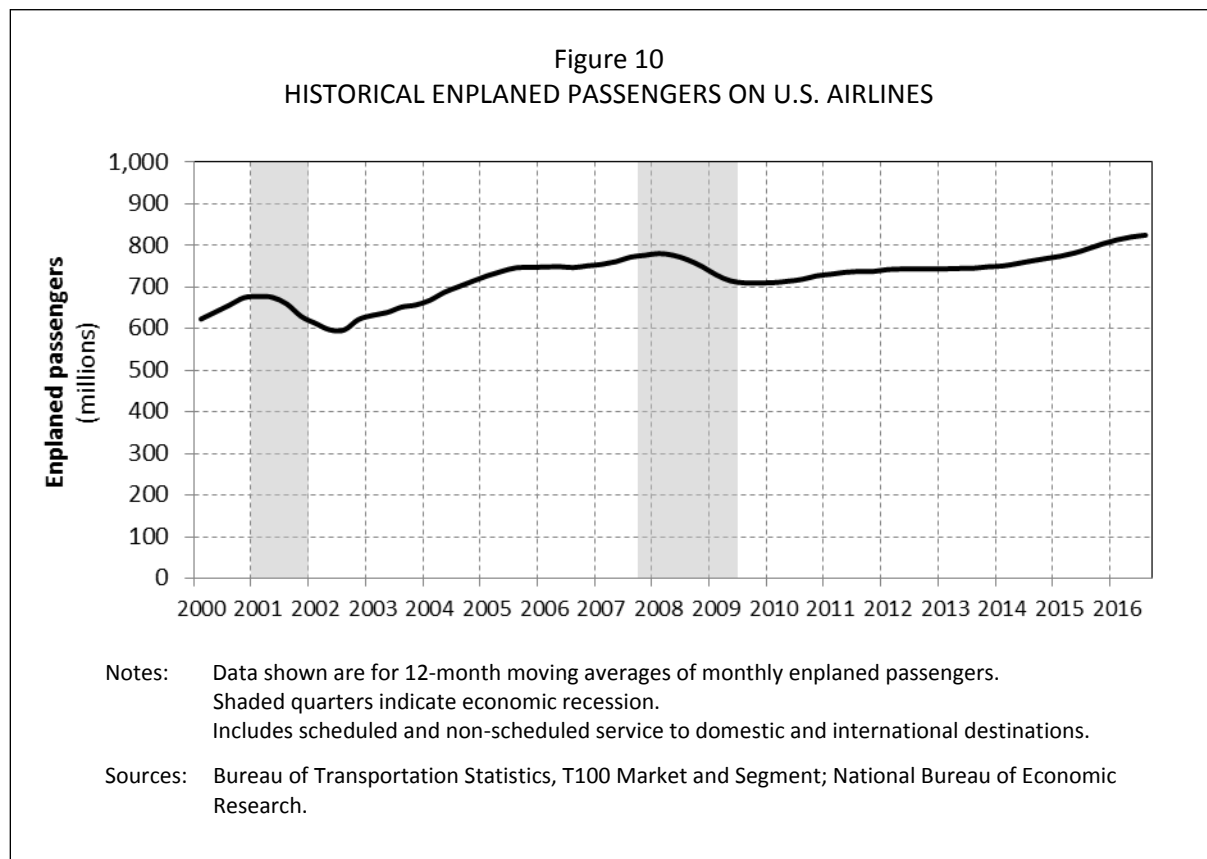
KEY FACTORS AFFECTING FUTURE AIRLINE TRAFFIC

In addition to the demographics and economy of the MSA, as discussed earlier, key factors that will affect future airline traffic at the Airport include:

- National economic conditions
- International economic, political, and security conditions
- Financial health of the airline industry
- 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

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 on Figure 10, recessions in the U.S. economy in 2001 and 2008-2009 and associated high unemployment reduced discretionary income and coincided with reduced airline travel in those years. Sustained future increases in passenger traffic at the Airport will depend on national economic growth.

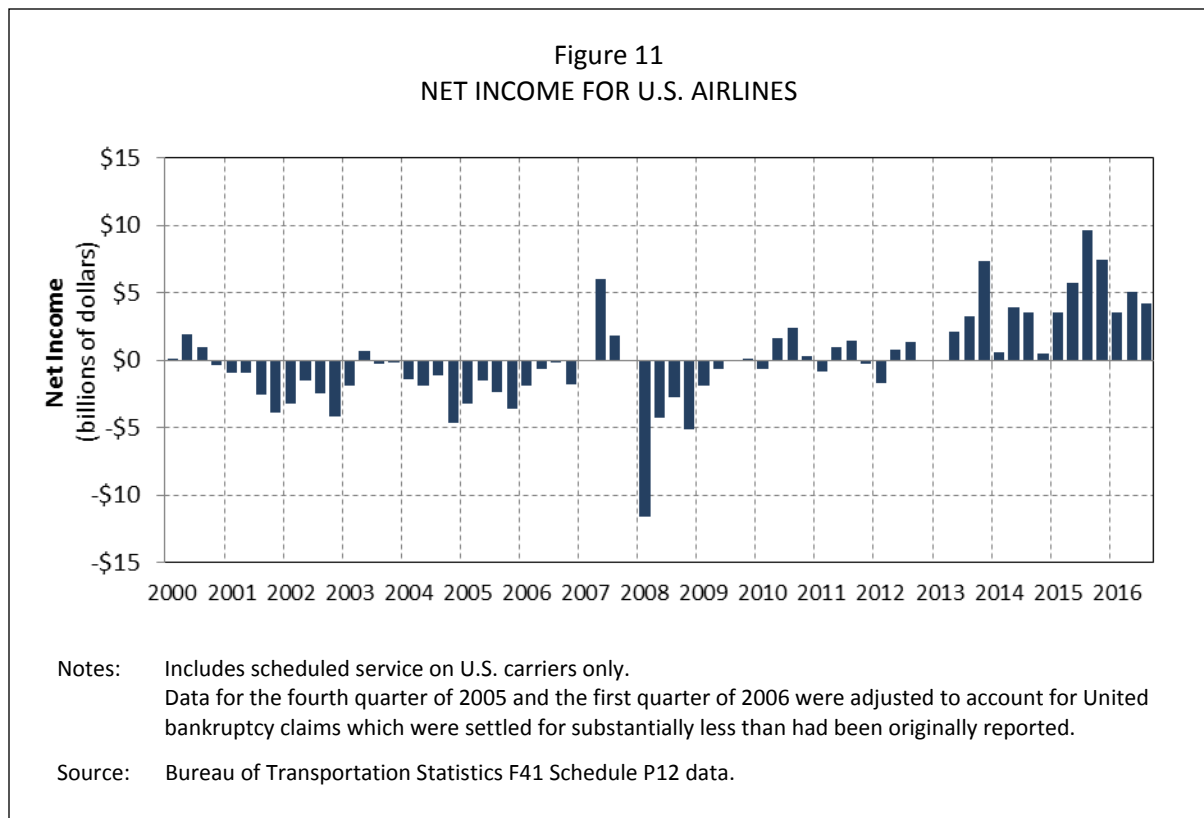


International Economic, Political, and Security Conditions

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. Sustained future increases in passenger traffic at the Airport will depend on global economic growth as well as stable and secure international conditions.

Financial Health of the Airline Industry

The number of passengers at 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 11 shows historical net income for U.S. airlines.



In 2007, the U.S. passenger airline industry as a whole was profitable, recording net income of approximately \$7 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, among other actions, grounding less fuel-efficient aircraft, eliminating unprofitable routes and hubs, reducing seat capacity, and increasing fares. Between 2007 and 2009, the U.S. passenger airlines collectively reduced domestic capacity (as measured by available seat-miles) by approximately 10%.

From 2010 to 2013, the U.S. passenger airline industry as a whole recorded net income of approximately \$18 billion, notwithstanding 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 1.0% per year. American filed for bankruptcy protection in 2011. In 2014, the U.S. passenger airline industry reported net income of \$9 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 then achieved record net income of \$26 billion as fuel prices decreased further, demand remained strong, and capacity control allowed average fares and ancillary charges to remain high. Strong industry profitability continued in the first three quarters of 2016.

Sustained industry profitability will depend on, among other factors, economic growth to support airline travel demand, continued capacity control to enable increased airfares, and stable fuel prices. Consolidation of the U.S. airline industry has resulted from the acquisition of Trans World by American (2001), the merger of US Airways and America West (2005), the merger of Delta and Northwest (2009), the merger of United and Continental (2010), the acquisition of AirTran by Southwest (2011), the merger of American and US Airways (2013), and the acquisition of Virgin America by Alaska Airlines (2016).

Such consolidation has resulted in four airlines (American, Delta, Southwest, and United) and their regional affiliates now accounting for approximately 80% of domestic seat-mile capacity. The consolidation 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.

Airline Service and Routes

The Airport serves as a gateway to the Omaha MSA. The number of origin and destination passengers at the 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 and service provided at the Airport and at other competing airports. Although passenger demand at an airport depends primarily on the population and economy of the region served, airline service and the numbers of passengers enplaned also depend on the route networks of the airlines serving that airport.

The large airlines have developed hub-and-spoke systems that allow them to offer high-frequency service to many destinations. 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 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). The Airport serves almost exclusively originating passengers and is not dependent on connecting passengers.

Airline Competition and Airfares

Airline fares have an important effect on passenger demand, particularly for relatively short trips for which automobile and other surface 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.

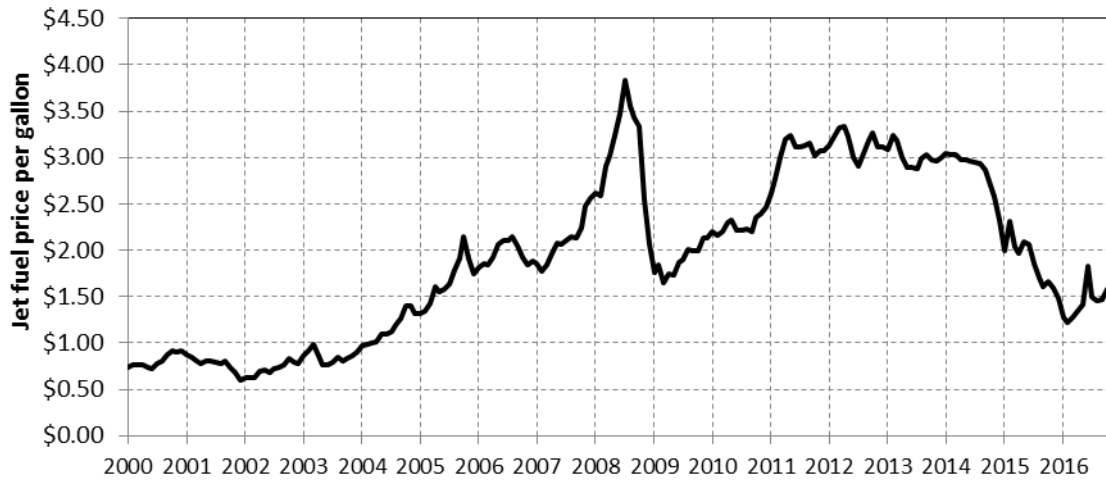
Overcapacity in the industry, the ability of consumers to compare airfares and book flights easily via the Internet, and other competitive factors combined to reduce airfares between 2000 and 2005. During that period, the average domestic yield for U.S.-flag airlines decreased from 16.1 cents to 13.8 cents per passenger-mile. In 2006 through 2008, as airlines reduced capacity and were able to sustain fare increases, the average domestic yield increased to 15.9 cents per passenger-mile. In 2009, yields again decreased, but, beginning in 2010, as airline travel demand increased and seat capacity was restricted, yields increased to 17.7 cents per passenger-mile by 2015. 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.

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 12 shows the historical fluctuation in aviation fuel prices since 2000. Beginning in 2003, aviation fuel prices increased as a result of the invasion and occupation of Iraq; political unrest in other oil-producing countries; the growing economies of China, India, and other developing countries; and other factors influencing the demand for and supply of oil. By mid-2008, average fuel prices were three times higher than they were in mid-2004 and represented the largest airline operating expense, accounting for between 30% and 40% of expenses for most airlines. Fuel prices decreased sharply in the second half of 2008 as demand for oil declined worldwide, but then increased as demand increased.

Between early 2011 and mid-2014, aviation fuel prices were relatively stable, partly as a result of increased oil supply from U.S. domestic production. As of mid-2014, average fuel prices were approximately three times those prevailing at the end of 2003. Beginning in mid-2014, an imbalance between worldwide supply and demand resulted in a precipitous decline in the price of oil and aviation fuel. Decreased demand from China and other developing countries, combined with a continued surplus in the worldwide supply (and the potential for further surpluses from Iran as trade sanctions are lifted) resulted in further reductions in fuel prices in 2015. As shown on Figure 12, the average price of aviation fuel at the end of 2016 was approximately 50% of the price at mid-2014. The reduction in fuel prices is having a positive effect on airline profitability as well as far-reaching implications for the global economy.

Figure 12
HISTORICAL MONTHLY JET FUEL PRICES FOR U.S. AIRLINES



Source: Bureau of Transportation Statistics F41 Schedule P12 data.

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 low for some time. 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.

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.

Safety concerns in the aftermath of the September 2001 terrorist 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.

Concerns about the safety of air travel were heightened in 2016 by gun and bomb attacks at Brussels Airport (in March) and Istanbul Ataturk Airport (in June).

Historically, airline travel demand has recovered after temporary decreases stemming from terrorist attacks or threats, hijackings, aircraft crashes, and other 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 Transportation 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 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 can 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 and national airport systems, future growth in airline traffic at OMA will depend on the capacity of the Airport itself. The airline traffic forecast that follows is conditioned on the assumption that, during the Forecast Period, neither available airfield or terminal capacity, nor demand management initiatives by regulatory agencies or the Authority itself, will constrain traffic growth at the Airport.

AIRLINE TRAFFIC FORECAST

The forecast of airline traffic at the Airport through 2022 was developed on the basis of the economic outlook for the MSA, trends in historical airline traffic, and key factors likely to affect future traffic, all as discussed earlier in this report. The forecast for the Airport included in the FAA's *Terminal Area Forecast* (TAF), issued in January 2017, was also reviewed.

In developing the forecast in this report, it was assumed that, over the long term, airline traffic at the Airport will increase as a function of growth in the economy of the MSA and continued airline service. It was assumed that airline service at the Airport will not be constrained by the availability of aviation fuel, the capacity of the air traffic control system or the Airport, charges for the use of aviation facilities, or government policies or actions that restrict growth.

The traffic forecast for the Airport was developed on the basis of the assumptions that:

1. The U.S. economy will experience sustained growth in GDP averaging between 2.0% and 2.5% per year, an average rate of GDP growth generally consistent with that projected by the Federal Reserve's Survey of Professional Forecasters, as described in the earlier section "Economic Outlook."
2. The economy of the MSA will grow at approximately the same rate as the U.S. economy as a whole.
3. Airlines will continue to adjust service to meet travel demand at the Airport and competition among airlines will ensure competitive airfares for flights from the Airport.
4. A generally stable and secure international political environment and safety and security precautions will ensure airline traveler confidence in aviation without imposing unreasonable inconveniences.
5. There will be no major disruption of airline service or changes to airline travel patterns as a result of international hostilities, terrorist acts or threats, or other security or public health concerns.

Enplaned Passenger Forecast

The number of enplaned passengers at the Airport in 2016 was approximately 2.17 million, up 4.3% from the number enplaned in 2015.

Between 2016 and 2021, the number of enplaned passengers at the Airport is forecast to increase an average of 1.1% per year, lower than the average rate for the Airport forecast by the FAA in the Terminal Area Forecast (TAF). A higher rate of growth is not unusual in passenger forecasts related to facility planning, such as the TAF, compared with forecasts such as the one presented herein, which was developed for financial planning purposes.

The number of enplaned passengers at the Airport is forecast to be 2.3 million in 2021, a cumulative increase of 5.8% over the 2016 number. Resident and visitor passengers are forecast to account for the same shares of enplaned passengers in 2021 (approximately 58% and 42%, respectively) that they did in 2016. Table 7 presents historical and forecast enplaned passengers at the Airport by resident, visitor, and connecting subcomponents. Figure 13 displays the passenger forecast graphically.

Table 7
ENPLANED PASSENGER FORECAST
Eppley Airfield
(calendar years)

This forecast was prepared on the basis of the information and assumptions given in the text. The achievement of any forecast is dependent upon the occurrence of future events which cannot be assured. Therefore, the actual results may vary from the forecast, and the variance could be material.

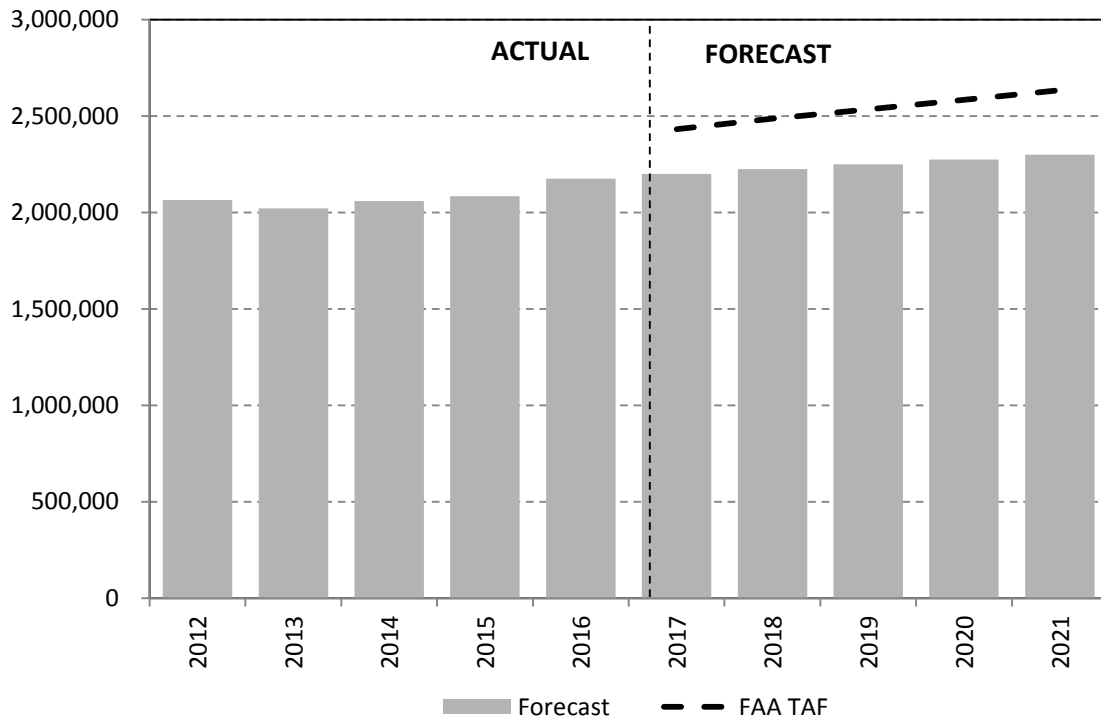
Year	Originating			Connecting	Total
	Resident	Visitor	Total		
2012	1,214,469	846,728	2,061,197	2,475	2,063,672
2013	1,197,837	820,775	2,018,612	2,555	2,021,167
2014	1,218,624	838,861	2,057,485	2,380	2,059,865
2015A	1,235,187	847,178	2,082,366	2,368	2,084,734
2016E/A	1,270,456E	901,987E	2,172,443E	2,300E	2,174,743A
2017F	1,285,600	912,075	2,197,675	2,325	2,200,000
2018	1,300,300	922,350	2,222,650	2,350	2,225,000
2019	1,314,900	932,725	2,247,625	2,375	2,250,000
2020	1,329,500	943,100	2,272,600	2,400	2,275,000
2021	1,344,100	953,475	2,297,575	2,425	2,300,000
Average annual increase (decrease)					
2012-2015	0.6%	0.0%	0.3%	(1.5%)	0.3%
2015-2016	2.9	6.5	4.3	(2.9)	4.3
2016-2021	1.1	1.1	1.1	1.1	1.1

Notes: A=Actual; E=Estimated; F=Forecast. Resident/visitor split estimated based on 2 quarters of actual data for 2016.

Sources: Actual: Omaha Airport Authority records; U.S. DOT, *Air Passenger Origin-Destination Survey*, reconciled to Schedule T100.
Forecast: LeighFisher, January 2017.

Figure 13
ENPLANED PASSENGER FORECAST
Eppley Airfield
(calendar years)

This forecast was prepared on the basis of the information and assumptions given in the text. The achievement of any forecast is dependent upon the occurrence of future events which cannot be assured. Therefore, the actual results may vary from the forecast, and the variance could be material.



Source: Actual: Omaha Airport Authority records.

Forecast: LeighFisher, January 2017; FAA TAF, issued January 2017.

FINANCIAL ANALYSIS

SUMMARY OF MASTER RESOLUTION AND FIRST SERIES RESOLUTION

The Master Resolution and First Series Resolution (collectively, the Resolution) were adopted by the Authority on December 20, 2016. The prior resolution under which the Refunded Bonds were issued (the 1984 Resolution) will no longer be in effect once the Refunded Bonds are defeased. The Resolution will govern the Series 2017 Bonds and any future issuances (none are planned during the Forecast Period).

Under the Master Resolution, Section 2.01 Authorization of Bonds, Bonds may be issued from time to time upon approval by resolution of the Board, pursuant to a Series Resolution and subject to the covenants, provisions and conditions therein and herein contained.

The Resolution should be read in its entirety for an understanding of defined terms such as Revenues, Operation and Maintenance Expenses, Net Revenues, Debt Service, and Annual Debt Service. Certain defined terms used in the Resolution are summarized below, but references in this Report are not, and do not purport to be, comprehensive.

The financial forecasts referenced herein incorporate the terms of the Resolution. Additionally, the historical results included in the accompanying exhibits have been reclassified to conform with the Resolution.

Revenues, Operation and Maintenance Expenses, and Net Revenues

Revenues. Revenues include all Authority income with the exception of certain amounts which are not considered revenues per generally accepted accounting principles or which are restricted in their use. Revenues exclude any revenue related to federal grants, CFCs, and PFCs, unless the Authority determines otherwise.

Operation and Maintenance Expenses. Operation and Maintenance Expenses include all Authority expenses as defined using generally accepted accounting principles, however there are certain exclusions for non-cash expenses such as depreciation and post-employment benefits (OPEB) that are “not expended in the Fiscal Year in question.”

Net Revenues. Net Revenues are defined as “Revenues less Operation and Maintenance Expenses.”

Debt Service and Annual Debt Service

Debt Service. Debt Service is generally defined as the sum of interest and principal payments due over a given period for a certain bond series, as described in more detail in the Resolution.

Annual Debt Service. Annual Debt Service is generally defined as the sum of the Debt Service associated with all outstanding Bonds in a given year. Debt Service paid using Designated CFC Revenues is excluded from Annual Debt Service.

Rate Covenant Requirement – Section 7.08

In Section 7.08 of the Master Resolution (referred to as Rents, Fees, and Charges), “the Authority covenants and agrees that it will take all lawful measures to fix and adjust from time to time the fees and other charges for the use of the Airport System, including services rendered by the Authority, pursuant to airport use agreements or otherwise, calculated to be at least sufficient to produce Net Revenues to provide for the larger of either: (1) The amounts needed for making the required deposits in the Fiscal Year to the Principal Accounts, the Interest Accounts, and the Sinking Fund Accounts, the Reserve Fund and the Junior Lien Obligations Fund; or (2) An amount not less than 125% of the Annual Debt Service with respect to Bonds for such Fiscal Year.”

Additionally “The Authority covenants that if, upon the receipt of the audit report for a Fiscal Year, the Net Revenues in such Fiscal Year are less than the amount specified in subsection (a) of this Section, the Authority will require the Airport Management Consultant to make recommendations as to the revision of the Authority’s schedule of rentals, rates, fees and charges; and upon receiving such recommendations or giving reasonable opportunity for such recommendations to be made, the Authority, on the basis of such recommendations and other available information, will take all lawful measures to revise the schedule of rentals, rates, fees and charges for the use of the Airport System as may be necessary.”

Conditions for Issuing Additional Bonds – Section 7.09

Section 7.09 of the Master Resolution provides general guidelines for the issuance of additional Bonds. Among other provisions, one the following conditions must be met:

(A) An Authorized Representative has delivered to the Trustee a certificate stating that Net Revenues in the completed Fiscal Year immediately preceding the issuance of such additional Bonds were not less than the larger of (1) the amounts needed for making the required deposits to the Principal Accounts, the Interest Accounts, and the Sinking Fund Accounts, the Reserve Fund and the Junior Lien Obligations Fund or (2) 125% of (a) Annual Debt Service on Bonds Outstanding in such immediately preceding Fiscal Year (disregarding any Bonds that have been paid or discharged or will be paid or discharged immediately after the issuance of such additional Bonds proposed to be issued), plus (b) Maximum Annual Debt Service with respect to such additional Bonds proposed to be issued.

(B) An Airport Management Consultant has provided to the Trustee a certificate stating that, based upon reasonable assumptions, projected Net Revenues will be sufficient to satisfy the rate covenant set forth in Section 7.08(a) (disregarding any Bonds that have been paid or discharged or will be paid or discharged immediately after the issuance of the additional Bonds proposed to be issued) for each of the next three full Fiscal Years following issuance of the additional Bonds, or each full Fiscal Year from issuance of the additional Bonds through two full Fiscal Years following completion of the Projects financed by the additional Bonds proposed to be issued, whichever is later; provided that, if Maximum Annual Debt Service with respect to all Bonds to be Outstanding following the issuance of the proposed additional Bonds in any Fiscal Year is greater than 110% of Annual Debt Service for such Bonds in any of the test years, then the last Fiscal Year of the test must use such Maximum Annual Debt Service; provided further, that if capitalized interest on any Bonds and proposed additional Bonds is to be applied

in the last Fiscal Year of the period described in this sentence, the Airport Management Consultant shall extend the test through the first full Fiscal Year for which there is no longer capitalized interest.

(C) With respect to additional Bonds proposed to be issued to refund Outstanding Bonds, either the requirement set forth in (A) or (B) is satisfied, or an Authorized Representative has provided to the Trustee a certificate stating that (i) the aggregate Annual Debt Service in each Fiscal Year with respect to all Bonds outstanding after issuance of such refunding Bonds shall be less than the aggregate Annual Debt Service in each such Fiscal Year through the last Fiscal Year in which Bonds are Outstanding prior to the issuance of such refunding Bonds and (ii) the Maximum Annual Debt Service with respect to all Bonds to be Outstanding after issuance of such refunding Bonds shall not exceed the Maximum Annual Debt Service with respect to all Bonds Outstanding immediately prior to such issuance.

Application of Revenues and Established Funds

Under the Master Resolution, in Section 5.04, certain funds are established and the application of Revenues received by the Authority is defined using certain priorities. A Revenue fund is established and all Revenues must be promptly deposited by the Authority to the credit of the Revenue Fund.

On the first day of the month The Authority applies the Revenues in the following amounts and order of priority:

1. The then current month's Operation and Maintenance expenses will be deposited into the Operation and Maintenance Fund.
2. Revenues will then be deposited into the Bond Fund, separated into three individual accounts (Principal 2017 Account, Interest 2017 Account, and Sinking Fund) to pay Annual Debt Service. Designated CFC Revenues are deposited into the Bond Fund to reduce the amount of Annual Debt Service paid from Revenues.
3. Revenues will then be deposited into the Reserve Fund, to the extent the amount on deposit is less than the Reserve Requirement, until such time that the amount on deposit meets the Reserve Requirement.
4. Revenues will next be deposited into the Junior Lien Obligations Fund. The Authority has no outstanding Junior Lien Resolutions, no Junior Lien Obligations, and no plan to issue Junior Lien Obligations during the Forecast Period.
5. All remaining amounts in the Revenue Fund will be deposited into the Capital Improvement and General Purpose Fund.

Additionally, in the First Series Resolution the Authority established a CFC Fund and Designated CFC Revenues to offset Annual Debt Service payments.

Designated CFC Revenues. Designated CFC Revenues "means, for any period of time, the amount of Customer Facility Charges specified in any Series Resolution (or other

resolution adopted by the Authority) in which the Board irrevocably commits to pay a portion of the Debt Service on a Series of Bonds.”

CFC Fund. CFC Fund means the fund by that name set forth in Section 3.08 of the First Series Resolution. “The CFC Fund, to be held by the Authority, into which all CFCs, when and if received by the Authority, shall be deposited. The CFC Fund is not pledged to secure the payment of principal, Accreted Value and Appreciated Value of and premium, if any, and interest on any Bonds. Except as to the irrevocable commitment set forth in Section 3.10 [of the First Series Resolution] amounts in the CFC Fund may be expended for any lawful purpose as the Authority may determine.”

CAPITAL IMPROVEMENT PROGRAM AND PLANNED FUNDING

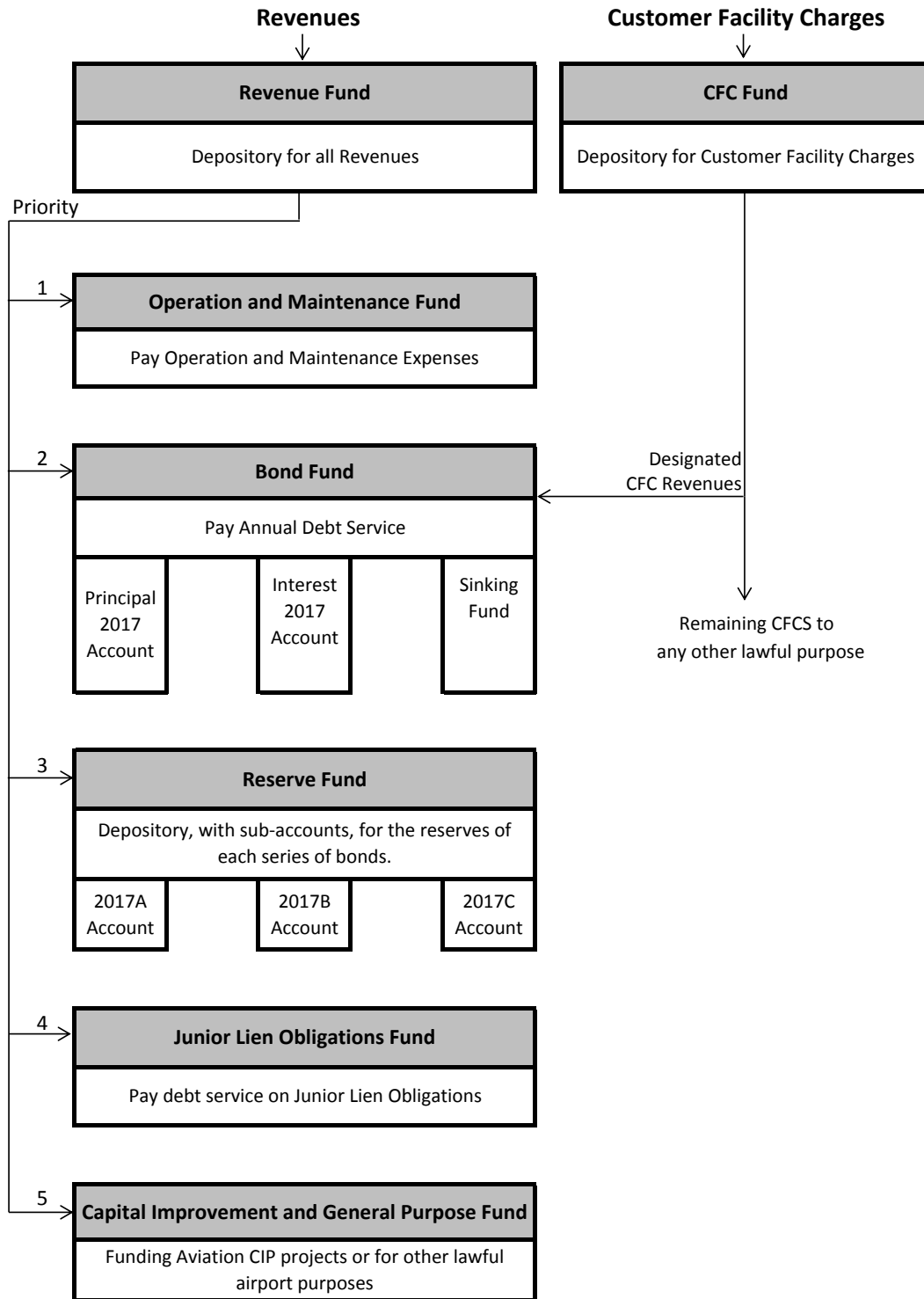
The Authority’s current capital improvement program (CIP) covers the Forecast Period of FY 2017 through FY 2021 and includes \$89 million of costs to support a new north parking garage and enabling projects, as well as \$48 million of costs related to additional projects such as apron reconstructions, preliminary design for a Central Utility Plant (CUP) and terminal expansion, and renovations to the existing parking garage. The anticipated funding sources for the CIP include the Series 2017 Bonds, federal grants, CFCs, PFC pay-as-you-go funding, and internal Authority funds. Although a PFC is not currently being collected as of the date of this Report, the Authority plans to implement a \$3.00 or \$4.50 PFC level in late FY 2017 or early FY 2018. Such plans have not been considered or approved by the Authority Board as of the date of this Report.

The Series 2017 Bonds are being issued in part to finance (i) a new, six-story covered parking garage, (ii) a rental car customer service building, (iii) a covered skyway, (iv) roadways and a new exit plaza, (v) upgrades and improvements to existing parking facilities and (vi) demolition work and other related additions, all at the Airport facility. The construction of a new parking garage and rental car facilities is planned as a 2017-2019 project given that the high demand for the existing facility has caused a decrease in overall customer experience and increased frequency of garage closures. The design for the new garage is complete, and the Authority plans to begin construction of the new garage in May 2017.

After construction of the new parking garage and rental car facility, an additional total 3,000 (approximate) parking stalls will be available for public parking in the upper four floors of the new garage while the lower two floors will be used for the new ready-car and return areas for the rental car companies.

The Authority’s CIP and planned funding are outlined in detail in Exhibits A-1, A-2, and A-3. It should be noted that Exhibits A-2 and A-3 include a group of demand-driven projects and future projects in addition to the five-year CIP projects. The demand-driven projects, such as the CUP / North Concourse Expansion, will be undertaken once the total passenger levels at the Airport reach 4.75 million passengers. Given that these passenger levels are not anticipated during the Forecast Period, the costs for these demand-driven projects are not included within the Forecast Period for the purposes of this Report. The future projects, such as the terminal expansion/renovation, are planned to occur beyond the Forecast Period.

Figure 14
APPLICATION OF REVENUES
MASTER RESOLUTION AND FIRST SERIES RESOLUTION
Omaha Airport Authority



Note: No Junior Lien Obligations currently exist for the Authority.

DEBT SERVICE REQUIREMENTS

The estimated Annual Debt Service for the Series 2017 Bonds was provided by Piper Jaffray & Co., the Authority's underwriter, assuming a \$70.0 million par, a 2036 maturity, and market rates as of January 26, 2017 plus 50 basis points. For the purposes of this Report, annual debt service related to the Series 2017 Bonds is \$5.0 million in FY2017 and \$5.8 million thereafter. Additional details on the sources and uses of the Series 2017 Bonds can be found in Exhibit B. The plan of finance and estimated Annual Debt Service are preliminary and could change prior to issuing the Series 2017 Bonds.

Exhibit C presents the historical and forecast Annual Debt Service all Authority debt, including the proposed Series 2017 Bonds.

The portion of Annual Debt Service for the Series 2017 Bonds to be paid with Designated CFC Revenues is calculated based on the percentage of 2017 Project costs allocable to rental car related improvements and is expected to be approximately \$2.3 million in 2017 and \$2.6 million thereafter, through the life of the Series 2017 Bonds. A small portion of the Series 2017 Bonds (related to the Series 2010 refunding) is allocated to airline cost centers. The remainder of the Series 2017 Bonds are not allocated to airline cost centers, given that the debt is associated with the construction of the new parking garage, unrelated to the airfield or terminal cost centers.

In addition to the outstanding and proposed bonds, the Authority's remaining debt service requirement is associated with a hangar loan, which is budgeted to be fully paid off in 2017 and is not payable on a parity with the Series 2017 Bonds.

OPERATION AND MAINTENANCE EXPENSES

Exhibit E presents historical, estimated, and forecast Operation and Maintenance Expenses. Historical Operation and Maintenance Expenses are as reflected in the Authority's audited financial statements. FY 2016 O&M expenses are projected based on 11 months of actual expenses, and FY 2017 O&M expenses are estimated based on the budget.

Components of operating expense include: (1) salaries, wages and benefits, (2) utilities, (3) contractual services, (4) supplies, materials, and repairs, and (5) other expenses. The largest segment of O&M expenses is Authority staff salaries, wages, and benefits, which represent approximately 70% of the Authority's 2017 operating budget. This proportion has remained relatively stable for several years.

Forecast Operation and Maintenance Expenses are based on assumed increases in the unit costs of labor, services, utilities, and supplies as a result of price inflation. In particular, it was assumed that:

- The general rate of increase for Operation and Maintenance Expenses will be based on an inflation factor of 2.0% per year (which reflects recent inflation levels).
- Personnel costs will increase an average of approximately 3% per year to reflect increases in staffing levels, salary levels, and changes in benefit costs during the Forecast Period.
- The 2017 Project includes both parking and rental car portions. The parking portion is paid for by OAA and is not anticipated to result in additional costs. For the rental car portion, a \$213,000 increase in rental car-related operational expenses are anticipated in

2018 due to the construction of the customer service building. Further increases of 2.0% per year are assumed for the \$213,000 expense, reflecting recent inflation levels.

Operation and Maintenance Expenses, excluding OPEB and depreciation, are forecast to increase from \$21.4 million in FY 2015 to \$24.7 million in FY 2021, which is an average annual growth rate of 2.4%. OPEB is not a component of Operation and Maintenance Expenses as defined in the Resolution.

REVENUES

Exhibit F presents historical, estimated, and forecast Revenues. Historical Revenues are based on the Authority's audited financial statements. Revenues for FY 2016 are projected based on 11 months of actual data, while revenues for FY 2017 are estimates based on the budget. The assumptions underlying the increases in Airline Revenues and nonairline revenues are described in the following sections.

Airline Revenues

Airline revenues are approximately 35% of total Revenues. The Authority defines ten cost centers to be used in accounting for revenues and expenses and for calculating certain rents, fees, and charges. Costs allocated to these cost centers include the following, hereinafter referred to as recoverable costs:

- Direct and indirect Operation and Maintenance Expenses
- Direct and indirect insurance expense
- Direct and indirect local (non- grant-funded) depreciation
- Direct and indirect interest expense for debt service

The rate-setting procedures are based on the recovery of the costs allocated to certain of these cost centers.

Prior to the beginning of each Fiscal Year, the Authority calculates rents, fees, and charges for the upcoming Fiscal Year based on the annual operating budget, capital expenditure information, estimates of activity, and other relevant information. If, during the course of any Fiscal Year, the Authority believes that significant variances exist in amounts used to calculate rents, fees, and charges for the current Fiscal Year, the Authority may adjust the rents, fees, and charges to reflect revised estimated amounts. For example, the Authority has historically made mid-year adjustments to landing fees in past years, though no mid-year adjustments have been made to terminal rent.

The calculation of Airline revenues is described in the following paragraphs.

Terminal Rentals

Terminal building rental rate per square foot is calculated by dividing the net terminal building cost by total revenue-producing area. The net terminal building cost is calculated as recoverable costs, less certain revenues: boarding bridge reimbursement and depreciation removal related to certain Authority-funded tenant improvements.

Landing Fees

The landing fee rate per 1,000 pounds of aircraft weight is calculated by dividing the net airfield cost by total anticipated landed weight. The net airfield cost is calculated as recoverable airfield costs, less certain revenues including apron fees and diversion ramp use, as well as charter landing fees.

Nonscheduled aircraft arrivals are charged a rate which is 1.15 times the scheduled landing fee.

Apron Fees

The annual fee for use of apron space at the Airport was \$2.50 per turn for passenger airlines in 2016. It is conservatively assumed that the \$2.50 fee is maintained throughout the Forecast Period. Cargo carrier and diversion remote aircraft parking charges are also assessed.

Other Airline Fees and Charges

The Authority charges certain other fees and charges for airline use of the Airport. These fees include a joint use fee, boarding bridge fee, and per turn fees for carriers which elect to be charged per turn rather than leasing a gate.

The cost of the joint use space (baggage claim) in the terminal is allocated among the passenger airlines. For high volume carriers, 10% of the joint use requirement is allocated equally and 90% of the cost is allocated based on enplanements. Low volume carriers (below 4.5% of the market) are allocated joint use fees based entirely on the proportion of each carrier's enplanements.

Revenue is also collected from airlines for the annual rental of boarding bridges. The annual rental for the use of a boarding bridge ranges from approximately \$34,000 to \$42,000 for 2017.

The per turn fee is calculated as a markup of the average signatory fees per turn. The current per turn fee for aircraft greater than or equal to 125 seats is \$540 per turn for 2017.

Nonairline Revenues

Major sources of nonairline revenues include general aviation revenues, terminal building concessions, non-terminal building and land rentals, automobile parking concession, rental car concessions, revenues from Millard Airport (the Authority's general aviation airport), and other revenues noted below. Forecasts of nonairline revenues are based on allowances for inflation, forecast increases in enplaned passengers, and other factors. In particular, it was assumed that:

- Concession revenues will increase at the rate of increase in enplaned passengers and in the value of sales which were generally assumed to grow with inflation.
- Automobile parking revenues will increase at the rate of increase in enplaned passengers. Additional increases in parking revenue are assumed based on planned increases in parking rates.
- Non-terminal building and land rentals will have periodic rent adjustments that result in an average increase of 2% per year over the Forecast Period.

Automobile Parking Revenues

Automobile parking is the largest source of nonairline revenue for the Authority. In FY 2015, Authority revenue associated with automobile parking was \$16.3 million, equal to approximately 38% of total operating income (58% of nonairline revenues).

ABM Parking Services (ABM) operates the public parking facilities at the Airport under a parking concessions agreement which most recently became effective on June 1, 2014 and expires on May 31, 2019. It was assumed in the analysis that, whether the Authority extends the agreement with ABM or enters into a new agreement, any such agreement in place through the Forecast Period will have terms that are no less beneficial to the Authority as those of the existing agreement.

Pursuant to the agreement with ABM, ABM is responsible for operating the existing facilities and collecting parking fees established by the Authority. ABM remits a tiered percentage of parking revenues to the Authority. Parking rates at the Airport as of February 1, 2017 are shown in Table 8.

Automobile parking revenues are forecast to increase from \$16.3 million in FY 2015 to \$21.4 million in FY 2021. This is an average annual growth rate of 4.7% over the six-year period. The 2017 budget reflects an assumed 1.0% increase in parking activity compared to 2016 amounts, as well as rate increases to take effect on January 1st and February 1st of 2017. The following daily maximum parking rate increases are now in effect: \$1.00 increase in long-term garage parking, \$1.50 increase in premier parking, and \$1.50 increase in quick park. Although the surface lot is planned to be demolished in May 2017, no associated net change in revenue is anticipated as a result, given that parkers would relocate to either the garage or one of the long-term lots.

The forecast assumes that the Authority will increase parking rates by \$1 every three years. Increases during the Forecast Period are reflected in 2020 and are anticipated to generate approximately \$1 million of additional annual revenue.

It is assumed that parking rate increases will not result in any decrease in demand for public parking, as the Authority is regularly operating at capacity in certain of its facilities during peak days each week throughout certain portions of the year.

Table 8
OMA PARKING RATES AS OF FEBRUARY 1, 2017
Omaha Airport Authority

North Long Term Economy Parking	
Daily Rate	\$7.00
South Long Term Economy Parking	
Daily Rate	\$6.00
South Canopy Parking	
Daily Rate	\$10.50
Long-Term Garage	
First Hour	\$1.00 each 15 minutes
Each Additional 20 minutes or portion thereof	\$1.50
Daily Maximum	\$16.00
Quick-Park Garage	
First Hour	\$1.00 each 15 minutes
Each Additional 20 minutes or portion thereof	\$1.50
Daily Maximum	\$26.00
Subsequent Days	\$26.00 / day flat
Premier Garage	
Daily Rate	\$23.50
Surface - North Side of Garage (demolished 5/17)	
Daily Rate	\$10.00

Source: Omaha Airport Authority.

Rental Car Revenues

Eight rental car companies, encompassing nine brands have on-Airport concession agreements and have terms through September 30, 2017 (with automatic one-year extensions through new parking garage construction):

- Avis
- Enterprise
- Alamo/National
- Hertz
- Budget
- Dollar
- Thrifty
- Payless

As a concession fee, the Authority receives 10% of gross receipts from the rental cars. The Authority receives terminal counter rent from the rental cars, as established by the concessions agreements, in the amount of \$29 per square foot for the exclusive use of space. In addition, the Authority receives ready/return parking space rent. Revenues from these fees are included in Concession Revenue on Exhibit F.

Revenues from rental car concessions are forecast to increase from \$4.7 million in FY 2015 to \$5.3 million in FY 2021. The increase is based on a combination of passenger growth and inflation throughout the Forecast Period. In addition, a further increase in revenue is assumed in 2018 and beyond to offset the increase in rental car-related operational expenses associated with the new rental car facilities, as described in the “Operation and Maintenance Expenses” section of this Report.

The Authority currently levies a CFC of \$2.50 per rental car transaction day, which is collected and remitted to the Authority by the on-Airport rental car companies. The forecast of CFCs are shown on Exhibit D2. The Authority has established the rate of \$2.50, which is subject to change by Authority Board resolution at any time. CFCs may be used to recover costs related to the rental car facility, including Operation and Maintenance Expenses, heavy maintenance, and debt service related to facility construction and improvements, as established by Authority resolution. The forecast assumes no increase in the CFC rate over the duration of the Forecast Period. CFC revenues are forecast to increase from \$2.8 million in FY 2016 to \$2.9 million in FY 2021, an average annual growth rate of 0.6% over the five-year period.

Restaurant, Bar, News, and Gift Shop Revenues

The Authority has entered into agreements for retail and food and beverage concessions with various firms. The following tenants serve as the primary concessionaires at the Airport:

- Hudson Group HG Retail, LLC
- Rigel Airport Services LLC
- Kracky McGee’s (GPMM, Inc.)
- Simply Scrumptious (GPMM, Inc.)
- Omaha Steaks

Restaurant and bar revenues are forecast to increase from \$1.2 million in FY 2015 to \$1.5 million in FY 2021. This is an average annual growth rate of 3.5% over the 6-year period. News and gift shop revenues are forecast to increase from \$949,000 in FY 2015 to \$996,000 in FY 2021. This is an average annual growth rate of 0.8% over the six-year period.

Other Concession Revenues

Other concession revenues include banking, shoe shining, luggage carts, advertising, business services, specialty shops, telephones, and other miscellaneous revenues. The revenues from these concessions are forecast to increase from \$553,000 in FY 2015 to \$629,000 in 2021. This is an average annual growth rate of 2.2% over the six-year period.

Other Nonairline Revenues

Other nonairline revenues consist principally of general aviation fees, building and ground rentals (other than terminal rentals included in Airline Revenues), and security badging and tenant services.

Other nonairline revenues are forecast to increase from \$3.0 million in FY 2015 to \$3.4 million in FY 2021. This is an average annual growth rate of 1.8% over the six-year period.

Millard Airport

Rentals, fees, and other charges at Millard Airport totaled \$379,000 in FY 2015. Millard Airport revenues are forecast to be \$438,000 in FY 2021. Activity at the Millard Airport represented 0.9% of total Revenues in FY 2015.

Non-Operating Revenue

The primary non-operating revenue source is investment income. Interest income is generated on the Authority's cash and cash equivalent balances. Investment income for FY 2017 is budgeted to be \$540,000, which is a \$59,000 (9.9%) decrease from FY 2016 projected investment income. This is attributable to an anticipated lower investment balance in the Capital Improvement Fund in FY 2017 due to the planned parking garage and rental car project down payment. Investment income is anticipated to remain relatively stable throughout the remainder of the Forecast Period and is considered a source of available Revenues.

APPLICATION OF REVENUES AND COMPLIANCE WITH RATE COVENANT REQUIREMENT

Exhibit G presents the forecast Application of Revenues and compliance with the Rate Covenant Requirement.

Exhibit A-1
2017 Project Costs and Cost Allocation
Omaha Airport Authority
(in thousands)

	Project Costs and Allocation of Costs (a)				
	Costs	Rental Car Allocation (%)	(total)	Parking Allocation (%)	(total)
Garage					
Garage (6 floors)	\$ 46,240	35.4%	\$ 16,385	64.6%	\$ 29,855
Customer Service Building	5,430	90.0%	4,887	10.0%	543
Skyway, Service Roadways, and North Parking Lot Pavement	3,900	39.3%	1,532	60.7%	2,368
Exit Plaza	2,500	0.0%	-	100.0%	2,500
Building Demo. and Utilities	<u>8,400</u>	39.3%	<u>3,299</u>	60.7%	<u>5,101</u>
Garage Total	\$ 66,470	39.3%	\$ 26,102	60.7%	\$ 40,368
Additional Projects					
Escalation / Contingency	\$ 1,994	39.3%	\$ 783	60.7%	\$ 1,211
Parking Equipment, APGS, South Lot Canopies (18/20th) OAA Portion, and Cell Phone Lots	7,540	0.0%	-	100.0%	7,540
South Lot Canopies (2/20th), Temporary Relocation Rental Car, and RAC South Lot Addition	5,231	100.0%	5,231	0.0%	-
Professional Services Est.	<u>7,824</u>	39.5%	<u>3,093</u>	60.5%	<u>4,731</u>
Project Total	\$ 89,059		\$ 35,209		\$ 53,850

Note: (a) Cost estimates and allocations are preliminary.

Source: Project cost and allocation of costs provided by the Authority and Walker Parking Consultants.

Exhibit A-2
Other Capital Program Project Costs and Funding
Omaha Airport Authority
(for Fiscal Years ending December 31; in thousands)

	Total	Funding Assumptions		
	Cost	Federal Funds (a)	PFC Funds (b)	Authority Funds (c)
5-Year CIP				
Reconstruct Terminal Apron, Phase III (d)	\$ 16,933	\$ 12,700	\$ -	\$ 4,233
Reconstruct Portion of Cargo Apron A (d)	7,600	5,700	-	1,900
Preliminary Design (CUP, North C/C, South C/C) (e)	10,000	-	7,500	2,500
Existing Parking Garage Renovations (e)	13,222	-	-	13,222
5-Year CIP Project Total	\$ 47,755	\$ 18,400	\$ 7,500	\$ 21,855
Demand Driven				
CUP/North Concourse Expansion, Phase 1 (e)	\$ 103,971	\$ -	\$ 53,971	\$ 50,000
Reconstruct Taxiway A - South (e)	20,980	15,735	-	5,245
Construct Deicing Pad (e)	22,073	7,358	7,358	7,357
Demand Driven Project Total	\$ 147,024	\$ 23,093	\$ 61,329	\$ 62,602
Total	\$ 194,779	\$ 41,493	\$ 68,829	\$ 84,457
Long Term (beyond 2021)				
Field Maintenance Building Expansion (e)	\$ 11,146			
Terminal Expansion/Renovation (e)	321,262			
Runway 14R End Reconstruction (e)	17,484			
General Aviation Apron Reconstruction (e)	28,411			
Long Term Project Total	\$ 378,303			

Notes: The Authority has not yet made any substantial expenditure with respect to these listed projects.

(a) Assumes Federal AIP project funding will continue into the future on a substantially consistent basis.

(b) The Authority has not yet implemented a PFC authorizing resolution. This schedule assumes that a PFC will be enacted in the future at levels currently authorized by Congress.

(c) Presently expected to be paid with cash and not financed using additional Bonds.

(d) Projects approved by FAA to proceed.

(e) Projects listed and estimated costs are based on 2013 dollars from Master Plan with 3% per year inflation to 2016.

Source: Omaha Airport Authority.

Exhibit A-3
Other Capital Program Project Costs, Funding, and Annual Cash Flow
Omaha Airport Authority
(for Fiscal Years ending December 31; in thousands)

	Total Cost	Costs by Year					
		2017	2018	2019	2020	2021	Future
5-Year CIP							
Reconstruct Terminal Apron, Phase III	\$ 16,933	\$ 16,933	\$ -	\$ -	\$ -	\$ -	\$ -
Reconstruct Portion of Cargo Apron A	7,600	7,600	-	-	-	-	-
Preliminary Design (CUP, North C/C, South C/C)	10,000	-	10,000	-	-	-	-
Existing Parking Garage Renovations	13,222	-	-	13,222	-	-	-
5-Year CIP Project Total	\$ 47,755	\$ 24,533	\$ 10,000	\$ 13,222	\$ -	\$ -	\$ -
Demand Driven							
CUP/North Concourse Expansion, Phase 1	\$ 103,971	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 103,971
Reconstruct Taxiway A - South	20,980	-	-	-	-	-	20,980
Construct Deicing Pad	22,073	-	-	-	-	-	22,073
Demand Driven Project Total	\$ 147,024	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 147,024
Total	\$ 194,779	\$ 24,533	\$ 10,000	\$ 13,222	\$ -	\$ -	\$ 147,024
Total by Funding Source							
Federal Funds							
5-Year CIP	\$ 18,400	\$ 18,400	\$ -	\$ -	\$ -	\$ -	\$ -
Demand Driven	23,093	-	-	-	-	-	23,093
Federal Funds Total	\$ 41,493	\$ 18,400	\$ -	\$ -	\$ -	\$ -	\$ 23,093
PFC Funds							
5-Year CIP	\$ 7,500	\$ -	\$ 7,500	\$ -	\$ -	\$ -	\$ -
Demand Driven	61,329	-	-	-	-	-	61,329
PFC Funds Total	\$ 68,829	\$ -	\$ 7,500	\$ -	\$ -	\$ -	\$ 61,329
OAA Funds							
5-Year CIP	\$ 21,855	\$ 6,133	\$ 2,500	\$ 13,222	\$ -	\$ -	\$ -
Demand Driven	62,602	-	-	-	-	-	62,602
OAA Funds Total	\$ 84,457	\$ 6,133	\$ 2,500	\$ 13,222	\$ -	\$ -	\$ 62,602
Total	\$ 194,779	\$ 24,533	\$ 10,000	\$ 13,222	\$ -	\$ -	\$ 147,024

Source: Omaha Airport Authority.

Exhibit B
Sources and Uses of Funds - Series 2017 Bonds
Omaha Airport Authority
(in thousands)

Sources of Funds

Par Amount of Bonds	\$	70,000
Bond Premium		7,098
2010 DSRF		1,027
Equity		25,606

Total Sources of Funds	\$	103,730
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Use of Funds

Project Costs	\$	89,059
Defeasance of 2010 Bonds		8,390
Debt Service Reserve Fund		5,810
Cost of Issuance		305
Underwriter's Discount		166

Total Uses of Funds	\$	103,730
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Note: Sources and uses of funds are preliminary and could change prior to issuing the Series 2017 Bonds.

Sources: Omaha Airport Authority and Piper Jaffray & Co.

Exhibit C
Annual Debt Service
Omaha Airport Authority
(for Fiscal Years ending December 31; in thousands)

	Actual 2015	Projected 2016	Forecast 2017	2018	2019	2020	2021
Series 2010 (a)	\$ 1,161	\$ 1,162	\$ 1,161	\$ -	\$ -	\$ -	\$ -
Series 2017 Bonds (b)							
Series 2017A (Tax-Exempt AMT)			\$ 3,637	\$ 4,242	\$ 4,238	\$ 4,239	\$ 4,240
Series 2017B (Tax-Exempt Govt)			783	915	915	916	916
Series 2017C (Taxable)			557	652	650	647	648
Series 2017 Bonds Total			\$ 4,978	\$ 5,809	\$ 5,803	\$ 5,802	\$ 5,803

Notes: (a) Series 2010 payment in year 2017 is estimated based on original payment due prior to defeasance. Actual 2017 payment for Series 2010 Bonds is anticipated to be lower than the amount shown.

(b) Annual debt service for the Series 2017 Bonds is preliminary and could change prior to issuing the Series 2017 Bonds.

Source: Omaha Airport Authority.

Exhibit D-1
Passenger Facility Charge (PFC) Forecast
Omaha Airport Authority
(for Fiscal Years ending December 31; in thousands except rates)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by Authority management as described in the accompanying text. Inevitably some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecast and the variations could be material.

	Actual 2015	Projected 2016	Forecast 2017	2018	2019	2020	2021
PFC Net Charge per Eligible Enplaned Passenger							
Gross PFC Charge				\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50
Less: Airline Collection Fee				(0.11)	(0.11)	(0.11)	(0.11)
PFC Net Charge per Eligible Enplaned Passenger				\$ 4.39	\$ 4.39	\$ 4.39	\$ 4.39
PFC Eligible Enplaned Passengers							
Enplaned passengers				2,225	2,250	2,275	2,300
Eligibility %				92.0%	92.0%	92.0%	92.0%
PFC Eligible Enplaned Passengers				2,047	2,070	2,093	2,116
PFC Collections (excluding interest)				\$ 8,986	\$ 9,087	\$ 9,188	\$ 9,289
PFC Fund Balance							
Starting Balance				\$ -	\$ 1,486	\$ 10,574	\$ 19,762
PFC Collections				8,986	9,087	9,188	9,289
PFC Pay Go				(7,500)	-	-	-
PFC Debt Service				-	-	-	-
Ending Balance				\$ 1,486	\$ 10,574	\$ 19,762	\$ 29,051

Notes. The Authority does not yet impose a PFC at the Airport but anticipates implementing a \$3.00 or \$4.50 PFC level in late FY 2017 or early FY 2018. The Authority Board has not yet considered or approved implementing a PFC as of the date of this Report. PFCs are not expected to be available or used for debt service on the Series 2017 Bonds.

PFC Eligibility percentage assumption is based on peer airports' current rate of collection.

Sources: Omaha Airport Authority for anticipated collection level and start date, and LeighFisher for forecast.

Exhibit D-2
Historical and Forecast Customer Facility Charge (CFC) Receipts
Omaha Airport Authority
(for Fiscal Years ending December 31; in thousands except rates)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by Authority management as described in the accompanying text. Inevitably some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecast and the variations could be material.

	Actual 2015	Projected 2016	Forecast 2017	2018	2019	2020	2021
Enplaned Passengers							
Enplaned passengers	2,085	2,175	2,200	2,225	2,250	2,275	2,300
Visitor %	40.7%	41.5%	41.5%	41.5%	41.5%	41.5%	41.5%
Visitor Enplaned Passengers	848	903	913	923	934	944	954
Transaction Days (a)	820	1,135	1,117	1,129	1,142	1,155	1,167
CFC Level (\$ / Transaction Day) (b)	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50
CFC Collections	\$ 2,050	\$ 2,836	\$ 2,792	\$ 2,823	\$ 2,855	\$ 2,886	\$ 2,918
CFC Fund Balance							
Starting Balance	\$ -	\$ 2,050	\$ 4,887	\$ 2,420	\$ 2,609	\$ 2,832	\$ 3,088
CFC Collections	2,050	2,836	2,792	2,823	2,855	2,886	2,918
CFC Pay Go	-	-	(3,000)	-	-	-	-
CFC Debt Service	-	-	(2,258)	(2,635)	(2,631)	(2,631)	(2,631)
Ending Balance	\$ 2,050	\$ 4,887	\$ 2,420	\$ 2,609	\$ 2,832	\$ 3,088	\$ 3,374

Notes: (a) The CFC was implemented in April of 2015; therefore, the CFC transactions and collections for 2015 represent a partial year of activity.

(b) The CFC rate of collection may change by Board Resolution at any time.

Sources: Omaha Airport Authority for actuals, LeighFisher for forecast.

Exhibit E
Operation and Maintenance Expenses
Omaha Airport Authority
(for Fiscal Years ending December 31; in thousands)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by Authority management as described in the accompanying text. Inevitably some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecast and the variations could be material.

	Actual 2015	Projected 2016	Budget 2017	Forecast 2018	2019	2020	2021
Operation & Maintenance (O&M) Payroll							
Wages and salaries	\$ 7,860	\$ 7,910	\$ 8,388	\$ 8,501	\$ 8,671	\$ 8,844	\$ 9,021
Payroll taxes	572	578	609	617	630	643	655
Employee benefits (a)	<u>3,577</u>	<u>2,909</u>	<u>3,534</u>	<u>3,712.83</u>	<u>3,788</u>	<u>3,865</u>	<u>3,943</u>
O&M Payroll	\$ 12,009	\$ 11,397	\$ 12,532	\$ 12,831	\$ 13,089	\$ 13,351	\$ 13,619
Other O&M							
Supplies and materials	\$ 1,064	\$ 1,135	\$ 1,266	\$ 1,291	\$ 1,317	\$ 1,343	\$ 1,370
Services and repairs	1,420	1,170	1,426	1,455	1,484	1,513	1,544
Electricity	1,180	1,208	1,200	1,224	1,248	1,273	1,299
Fuel	120	85	155	158	161	164	168
Water and sewer	220	265	234	239	243	248	253
Trash disposal	40	44	43	44	45	45	46
Telephone and communications	89	86	85	87	88	90	92
Gas and oil	124	110	138	141	144	147	150
Other expenses	<u>42</u>	<u>47</u>	<u>45</u>	<u>46</u>	<u>47</u>	<u>48</u>	<u>49</u>
Other O&M	\$ 4,299	\$ 4,151	\$ 4,591	\$ 4,683	\$ 4,777	\$ 4,872	\$ 4,970
General & Administrative (G&A)							
Salaries	\$ 1,925	\$ 2,298	\$ 2,430	\$ 2,265	\$ 2,288	\$ 2,357	\$ 2,428
Payroll taxes	115	136	140	131	132	136	140
Employee benefits/1	746	714	953	934	952	972	991
Supplies and materials	106	107	132	135	137	140	143
Professional and contracted services	1,286	1,280	1,153	1,176	1,200	1,224	1,248
Promotions and public relations	112	101	98	99	101	103	106
Travel and transportation	13	23	29	30	30	31	31
Telephone and communications	20	17	20	20	21	21	22
Dues and publications	43	52	53	54	55	56	57
Other expenses and bad debts w/o's	<u>6</u>	<u>16</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>11</u>	<u>11</u>
G&A	\$ 4,371	\$ 4,745	\$ 5,018	\$ 4,854	\$ 4,928	\$ 5,051	\$ 5,177
Insurance	\$ 722	\$ 731	\$ 674	\$ 688	\$ 702	\$ 716	\$ 730
Incremental O&M for Rental Car Areas	\$ -	\$ -	\$ -	\$ 213	\$ 217	\$ 221	\$ 226
Total Operation and Maintenance Expenses (Resolution)	\$ 21,401	\$ 21,024	\$ 22,815	\$ 23,269	\$ 23,712	\$ 24,212	\$ 24,721
Reconciliation to Audited Financial Statements							
Total Operation and Maintenance Expenses (Resolution)	\$ 21,401	\$ 21,024	\$ 22,815	\$ 23,269	\$ 23,712	\$ 24,212	\$ 24,721
OPEB Expense	4,231	4,352	3,404	3,472	3,541	3,612	3,684
FEMA/NEMA flood grant	<u>-</u>	<u>(982)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Maintenance and Operation Expenses (GAAP)	\$ 25,632	\$ 24,394	\$ 26,219	\$ 26,740	\$ 27,254	\$ 27,824	\$ 28,405

Note: (a) Does not include accrued Other Post Employment Benefit Expense (OPEB).

Sources: Omaha Airport Authority and LeighFisher.

Exhibit F
Revenues
Omaha Airport Authority
(for Fiscal Years ending December 31; in thousands)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by Authority management as described in the accompanying text. Inevitably some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecast and the variations could be material.

	Actual 2015	Projected 2016	Budget 2017	Forecast 2018	2019	2020	2021
Landing Area:							
Landing Fees:							
Scheduled	\$ 7,741	\$ 8,646	\$ 8,516	\$ 8,609	\$ 8,883	\$ 8,990	\$ 9,442
Non-scheduled	16	27	27	27	28	28	29
Aviation fuel fees	336	330	335	339	343	346	350
Apron fees	329	350	354	356	359	361	364
Other revenue	<u>19</u>	<u>66</u>	<u>12</u>	<u>12</u>	<u>12</u>	<u>12</u>	<u>13</u>
Total landing area	\$ 8,441	\$ 9,420	\$ 9,244	\$ 9,344	\$ 9,625	\$ 9,738	\$ 10,198
General Aviation Area:							
T-hangar rental	\$ 95	\$ 96	\$ 97	\$ 98	\$ 100	\$ 102	\$ 103
Other facilities rental	384	384	392	398	404	410	417
Ground rental FBOs and other	<u>790</u>	<u>792</u>	<u>800</u>	<u>813</u>	<u>825</u>	<u>838</u>	<u>851</u>
Total general aviation area	\$ 1,269	\$ 1,272	\$ 1,289	\$ 1,309	\$ 1,329	\$ 1,350	\$ 1,371
Terminal Building Area:							
Building rental:							
Airlines							
Terminal rent - leased area	\$ 4,320	\$ 4,492	\$ 4,675	4736.488	\$ 4,846	\$ 4,980	\$ 5,074
Shared space	1,671	1,656	1,696	1,743	1,783	1,832	1,867
Bundled per turn fees	-	269	311	313	318	323	335
Boarding bridge fees	<u>878</u>	<u>704</u>	<u>705</u>	<u>704</u>	<u>704</u>	<u>704</u>	<u>704</u>
Total airlines building rental	\$ 6,869	\$ 7,121	\$ 7,386	\$ 7,497	\$ 7,652	\$ 7,839	\$ 7,981
Other rental	509	581	579	588	597	607	616
Concessions:							
Advertising	385	395	407	413	420	426	433
Rental car	4,735	5,016	5,018	5,096	5,176	5,257	5,338
Business services	32	47	45	46	46	47	48
News & gift shop	949	914	936	951	966	981	996
Specialty shops	89	83	85	86	87	89	90
Restaurant & bar	1,219	1,466	1,410	1,433	1,455	1,478	1,500
Telephones	48	53	53	54	55	56	57
Other miscellaneous	1	1	1	1	1	1	1
Security badging & tenant services	<u>100</u>	<u>127</u>	<u>114</u>	<u>114</u>	<u>114</u>	<u>114</u>	<u>114</u>
Total terminal building area	\$ 14,935	\$ 15,804	\$ 16,035	\$ 16,280	\$ 16,570	\$ 16,894	\$ 17,174

Exhibit F (page 2 of 2)
Revenues
Omaha Airport Authority
 (for Fiscal Years ending December 31; in thousands)

	Actual 2015	Projected 2016	Budget 2017	Forecast 2018	2019	2020	2021
Other Facilities Area:							
Building rental	\$ 916	\$ 937	\$ 994	\$ 1,014	\$ 1,035	\$ 1,055	\$ 1,076
Ground rental	390	395	415	423	431	440	449
Auto parking	16,278	17,792	18,845	19,059	19,274	20,488	20,713
Other revenue	-	-	-	-	-	-	-
Total other facilities area	\$ 17,584	\$ 19,124	\$ 20,254	\$ 20,497	\$ 20,740	\$ 21,983	\$ 22,238
Millard Airport:							
Aviation fuel fees	\$ 9	\$ 11	\$ 11	\$ 11	\$ 11	\$ 11	\$ 11
Ground rental	51	55	55	55	55	55	55
T-hangar rental	266	273	280	280	280	280	280
FBO hangars	53	75	91	91	91	91	91
Other revenue	-	-	-	-	-	-	-
Total Millard Airport	\$ 379	\$ 414	\$ 438	\$ 438	\$ 438	\$ 438	\$ 438
Reimbursement of Incremental O&M for Rental Car Areas							
	\$ -	\$ -	\$ -	\$ 213	\$ 217	\$ 221	\$ 226
Total operating income	\$ 42,608	\$ 46,034	\$ 47,259	\$ 48,079	\$ 48,918	\$ 50,623	\$ 51,645
Non-Operating Income:							
Investment income	\$ 367	\$ 599	\$ 540	\$ 540	\$ 540	\$ 540	\$ 540
Total Revenues	\$ 42,975	\$ 46,634	\$ 47,799	\$ 48,619	\$ 49,458	\$ 51,164	\$ 52,185

Sources: Omaha Airport Authority and LeighFisher.

Exhibit G
Application of Revenues and Compliance with Rate Covenant Requirement
Omaha Airport Authority
(for Fiscal Years ending December 31; in thousands except rates)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by Authority management as described in the accompanying text. Inevitably some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecast and the variations could be material.

		Forecast				
		2017	2018	2019	2020	2021
Revenues						
Landing area		\$ 9,244	\$ 9,344	\$ 9,625	\$ 9,738	\$ 10,198
General aviation		1,289	1,309	1,329	1,350	1,371
Terminal building		16,035	16,280	16,570	16,894	17,174
Other facilities		20,254	20,497	20,740	21,983	22,238
Millard Airport		438	438	438	438	438
Reimbursement of Incremental O&M for Rental Car Areas		-	213	217	221	226
Investment income		540	540	540	540	540
Total Revenues Available		\$ 47,799	\$ 48,619	\$ 49,458	\$ 51,164	\$ 52,185
Application of Revenues						
Deposit to Operations and Maintenance Fund		\$ 22,815	\$ 23,269	\$ 23,712	\$ 24,212	\$ 24,721
Bond Fund						
Annual Debt Service before Designated CFCs		6,138	5,809	5,803	5,802	5,803
Less: Designated CFCs		(2,258)	(2,635)	(2,631)	(2,631)	(2,631)
Reserve Fund		-	-	-	-	-
Junior Lien Obligations Fund		-	-	-	-	-
Capital Improvement and General Purpose Fund		21,104	22,176	22,574	23,781	24,292
Total Application of Revenues		\$ 47,799	\$ 48,619	\$ 49,458	\$ 51,164	\$ 52,185
Net Revenues - Master Resolution						
Revenues		\$ 47,799	\$ 48,619	\$ 49,458	\$ 51,164	\$ 52,185
Operation and Maintenance Expenses		(22,815)	(23,269)	(23,712)	(24,212)	(24,721)
Net Revenues	[A]	\$ 24,984	\$ 25,351	\$ 25,746	\$ 26,952	\$ 27,464
Annual Debt Service						
Annual Debt Service before Designated CFCs		\$ 6,138	\$ 5,809	\$ 5,803	\$ 5,802	\$ 5,803
Designated CFCs		(2,258)	(2,635)	(2,631)	(2,631)	(2,631)
Annual Debt Service	[B]	\$ 3,880	\$ 3,175	\$ 3,172	\$ 3,171	\$ 3,172
Net Revenues after Annual Debt Service Payments		\$ 21,104	\$ 22,176	\$ 22,574	\$ 23,781	\$ 24,292
Rate Covenant Calculation - Master Resolution						
Requirement Section 7.08(ii)						
Net Revenues	[A]	\$ 24,984	\$ 25,351	\$ 25,746	\$ 26,952	\$ 27,464
Annual Debt Service Times 125%	[E] = [B]*125%	(4,851)	(3,968)	(3,965)	(3,964)	(3,965)
Must Not Be Less Than Zero	=[A]-[E]	\$ 20,134	\$ 21,382	\$ 21,781	\$ 22,988	\$ 23,499
Pro Forma Coverage on Debt						
Total Available	[A]	\$ 24,984	\$ 25,351	\$ 25,746	\$ 26,952	\$ 27,464
Annual Debt Service per Master Resolution	[B]	\$ 3,880	\$ 3,175	\$ 3,172	\$ 3,171	\$ 3,172
Debt Service Coverage	=[A]/[B]	644%	799%	812%	850%	866%

Sources: Omaha Airport Authority and LeighFisher.

APPENDIX C

FORM OF CONTINUING DISCLOSURE UNDERTAKING

This **CONTINUING DISCLOSURE UNDERTAKING** dated as of February 22, 2017 (this “**Continuing Disclosure Undertaking**”), is executed and delivered by the Airport Authority of the City of Omaha (the “**Issuer**”).

RECITALS

A. This Continuing Disclosure Undertaking is executed and delivered by the Issuer in connection with the issuance by the Issuer of \$49,305,000 Airport Facilities Revenue Bonds (AMT), Series 2017A (the “**Series 2017A Bonds**”), \$11,225,000 Airport Facilities Revenue and Refunding Bonds, Series 2017B (the “**Series 2017B Bonds**”), and \$9,470,000 Airport Facilities Revenue Bonds, Taxable Series 2017C (the “**Series 2017C Bonds**” and, together with the Series 2017A Bonds and the Series 2017B Bonds, the “**Series 2017 Bonds**”), pursuant to a Master Resolution of the governing body of the Issuer dated as of December 20, 2016 together with a First Series Resolution (collectively, the “**Resolution**”).

B. The Issuer is entering into this Continuing Disclosure Undertaking for the benefit of the Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule. The Issuer is the only “**obligated person**” with responsibility for continuing disclosure pursuant to the Rule and hereunder.

Pursuant to the requirements of the Rule, the Issuer covenants and agrees as follows:

Section 1. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Continuing Disclosure Undertaking unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“**Annual Report**” means any Annual Report provided by the Issuer pursuant to, and as described in, **Section 2** of this Continuing Disclosure Undertaking.

“**Beneficial Owner**” means any registered owner of any Bonds and 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.

“**EMMA**” means the Electronic Municipal Market Access system for municipal securities disclosures established and maintained by the MSRB, which can be accessed at www.emma.msrb.org.

“**Material Events**” means any of the events listed in **Section 3** of this Continuing Disclosure Undertaking.

“**MSRB**” means the Municipal Securities Rulemaking Board, or any successor repository designated as such by the Securities and Exchange Commission in accordance with the Rule.

“**Participating Underwriter**” means any of the original underwriter(s) of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“**Rule**” means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

Section 2. Provision of Annual Reports.

- (a) The Issuer shall not later than **180** days after the end of the Issuer's fiscal year, commencing with the year ending December 31, 2016, file with the MSRB, through EMMA, the following financial information and operating data (the "**Annual Report**"):
- (1) The annual financial statements of the Issuer for the prior fiscal year, prepared in accordance with accounting principles generally accepted in the United States for governmental units as prescribed by the Governmental Accounting Standards Board, which financial statements shall have been audited by such auditor as shall be then required or permitted by the laws of the State of Nebraska.
 - (2) Updated financial information and operating data of the Issuer of the type contained in the final Official Statement as described in **Exhibit A**, in substantially the same format contained in the final Official Statement.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the Issuer is an "**obligated person**" (as defined by the Rule), which have been provided to the MSRB and are available through EMMA. If the document included by reference is a final official statement, it must be available from the MSRB on EMMA. The Issuer shall clearly identify each such other document so included by reference.

In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in this Section. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Material Event under **Section 3**.

- (b) In addition to the foregoing requirements of this Section, the Issuer agrees to provide copies of the most recent Annual Report to any requesting Beneficial Owner or prospective Beneficial Owner, but only after the same has been provided to the MSRB.

Section 3. Reporting of Material Events. Not later than **10** business days after the occurrence of any of the following events, the Issuer shall give, or cause to be given to the MSRB, through EMMA, notice of the occurrence of any of the following events with respect to the Bonds ("**Material Events**"):

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to rights of bondholders, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Issuer;

- (13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; or
- (14) appointment of a successor or additional trustee or the change of name of the trustee, if material.

If the Issuer has not submitted the Annual Report to the MSRB by the date required in **Section 2(a)**, the Issuer shall send a notice to the MSRB of the failure of the Issuer to file on a timely basis the Annual Report, which notice shall be given by the Issuer in accordance with this **Section 3**.

All documents provided to the MSRB pursuant to this Continuing Disclosure Undertaking shall be accompanied by identifying information as prescribed by the MSRB.

Section 4. Termination of Reporting Obligation. The Issuer's obligations under this Continuing Disclosure Undertaking shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If the Issuer's obligations under this Continuing Disclosure Undertaking are assumed in full by some other entity, such person shall be responsible for compliance with this Continuing Disclosure Undertaking in the same manner as if it were the Issuer, and the Issuer shall have no further responsibility hereunder. If such assumption occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such assumption in the same manner as for a Material Event under **Section 3**.

Section 5. Dissemination Agents. The Issuer may, from time to time, engage a Dissemination Agent to assist it in carrying out its obligations under this Continuing Disclosure Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. Any such Dissemination Agent shall not be responsible in any manner for the content of any notice or report (including without limitation the Annual Report) prepared by the Issuer pursuant to this Continuing Disclosure Undertaking.

Section 6. Amendment; Waiver. Notwithstanding any other provision of this Continuing Disclosure Undertaking, the Issuer may amend this Continuing Disclosure Undertaking and any provision of this Continuing Disclosure Undertaking may be waived, provided that Bond Counsel or other counsel experienced in federal securities law matters provides the Issuer with its written opinion that the undertaking of the Issuer contained herein, as so amended or after giving effect to such waiver, is in compliance with the Rule and all current amendments thereto and interpretations thereof that are applicable to this Continuing Disclosure Undertaking.

In the event of any amendment or waiver of a provision of this Continuing Disclosure Undertaking, the Issuer shall describe such amendment or waiver in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, notice of such change shall be given in the same manner as for a Material Event under **Section 3**.

Section 7. Additional Information. Nothing in this Continuing Disclosure Undertaking shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Undertaking or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Continuing Disclosure Undertaking. If the Issuer includes any information in any Annual Report or notice of occurrence of a Material Event in addition to the information specifically required by this Continuing Disclosure Undertaking, the Issuer shall have no obligation under this Continuing Disclosure Undertaking to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

Section 8. Default. If the Issuer fails to comply with any provision of this Continuing Disclosure Undertaking, any Participating Underwriter or any Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Continuing Disclosure Undertaking. A default under this Continuing Disclosure Undertaking shall not be deemed an event of default under the Resolution or the Bonds, and the sole remedy under

this Continuing Disclosure Undertaking in the event of any failure of the Issuer to comply with this Continuing Disclosure Undertaking shall be an action to compel performance.

Section 9. Beneficiaries. This Continuing Disclosure Undertaking shall inure solely to the benefit of the Issuer, the Participating Underwriter, and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 10. Severability. If any provision in this Continuing Disclosure Undertaking, the Resolution or the Bonds shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions of this Continuing Disclosure Undertaking shall not in any way be affected or impaired thereby.

Section 11. Electronic Transactions. The arrangement described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Section 12. Governing Law. This Continuing Disclosure Undertaking shall be governed by and construed in accordance with the laws of the State of Nebraska.

EXHIBIT A TO CONTINUING DISCLOSURE UNDERTAKING

FINANCIAL INFORMATION AND OPERATING DATA TO BE INCLUDED IN ANNUAL REPORT

The following tables contained in the following sections of the final Official Statement:

- SUMMARY OF FINANCIAL OPERATIONS AND DEBT SERVICE COVERAGE RATIOS
- THE AIRPORT—Air Traffic Statistics
- THE AIRPORT—Landed Weights
- THE AIRPORT—Airline Cost Per Enplaned Passenger

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APPENDIX D

FORM OF BOND COUNSEL OPINION

[Letterhead of Bond Counsel]

[Closing Date]

Airport Authority of the City of Omaha
Eppley Airfield
4501 Abbott Drive
Omaha, NE 68110

First National Bank of Omaha, as Trustee
14010 FNB Parkway, Stop 8144
Omaha, NE 68197

Re: Airport Authority of the City of Omaha (Nebraska)
\$49,305,000 Airport Facilities Revenue Bonds (AMT), Series 2017A
\$11,225,000 Airport Facilities Revenue and Refunding Bonds, Series 2017B
\$9,470,000 Airport Facilities Revenue Bonds, Taxable Series 2017C

Ladies and Gentlemen:

We have acted as bond counsel to the Airport Authority of the City of Omaha (the “**Issuer**”), in connection with the issuance of its \$49,305,000 Airport Facilities Revenue Bonds (AMT), Series 2017A (the “**Series 2017A Bonds**”), \$11,225,000 Airport Facilities Revenue and Refunding Bonds, Series 2017B (the “**Series 2017B Bonds**”), and \$9,470,000 Airport Facilities Revenue Bonds, Taxable Series 2017C (the “**Series 2017C Bonds**”); and together with the Series 2017A Bonds and the Series 2017B Bonds, the “**Bonds**”). In this capacity, we have examined the law and the certified proceedings, certifications and other documents that we deem necessary to render this opinion.

The Bonds are issued pursuant to a Master Resolution approved by the governing body of the Issuer on December 20, 2016 together with a First Series Resolution (collectively, the “**Resolution**”). Capitalized terms used and not otherwise defined in this opinion have the meanings assigned to those terms in the Resolution.

Regarding questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify them by independent investigation.

Based on and subject to the foregoing, we are of the opinion, under existing law, as follows:

1. The Issuer is validly existing as a political subdivision of the State of Nebraska (the “**State**”) with the power to adopt the Resolution, perform the agreements on its part contained therein, and issue the Bonds.
2. The Bonds have been duly authorized, executed and delivered by the Issuer and are valid and legally binding limited obligations of the Issuer.
3. The Bonds are payable solely from the net revenues derived by the Issuer from the operation of the Airport System, after providing for the costs of operation and maintenance thereof and the other funds pledged under the Resolution. The Bonds do not constitute general obligations of the Issuer and do not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision, limitation or restriction. The Issuer has no taxing power.

4. The Resolution has been duly adopted by the governing body of the Issuer and constitutes a valid and legally binding obligation of the Issuer enforceable against the Issuer. The Resolution creates a valid lien on the revenues and other funds pledged by the Resolution for the security of the Bonds on a parity with other bonds, if any, issued or to be issued on a parity basis with the Bonds under the Resolution.

5. The interest on the Series 2017A Bonds (i) is excludable from gross income for federal income tax purposes, except for any period during which a Series 2017A Bond is held by a “substantial user” of the facilities financed by the Series 2017A Bonds or a “related person” within the meaning of Section 147(a) of the Code, (ii) is exempt from income taxation by the State, and (iii) is an item of tax preference for purposes of computing the federal alternative minimum tax imposed on individuals and corporations. The opinions set forth in this paragraph are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended (the “Code”) that must be satisfied subsequent to the issuance of the Series 2017A Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with all of these requirements. Failure to comply with certain of these requirements may cause the interest on the Series 2017A Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2017A Bonds.

6. The interest on the Series 2017B Bonds (including any original issue discount properly allocable to an owner thereof) (i) is excludable from gross income for federal income tax purposes, (ii) is exempt from income taxation by the State, and (iii) is not an item of tax preference for purposes of computing the federal alternative minimum tax imposed on individuals and corporations, but is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinions set forth in this paragraph are subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2017B Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with all of these requirements. Failure to comply with certain of these requirements may cause the interest on the Series 2017B Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2017B Bonds. The Series 2017B Bonds have not been designated as “qualified tax-exempt obligations” for purposes of Section 265(b) of the Code.

7. Interest on the Series 2017C Bonds is included in gross income for federal income tax purposes and is exempt from Nebraska income taxation. We express no opinion regarding other tax consequences related to the ownership or disposition of the Series 2017C Bonds.

We express no opinion regarding the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds. Further, we express no opinion regarding the perfection or priority of the lien on revenues or other funds pledged under the Resolution or tax consequences arising with respect to the Bonds other than as expressly set forth in this opinion.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Resolution may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights generally and by equitable principles, whether considered at law or in equity.

This opinion is given as of its date, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may come to our attention or any changes in law that may occur after the date of this opinion.

Investors should seek independent tax advice regarding the Series 2017C Bonds based upon their particular circumstances. The tax discussion above regarding the Series 2017C Bonds was not intended or written to be used and cannot be used, for the purposes of avoiding federal taxpayer penalties. The advice was written to support the promotion or marketing of the Series 2017C Bonds. This notice is intended to comply with the provisions of Section 10.35 of the United States Treasury publication Circular 230.

Very truly yours,

APPENDIX E

SUMMARY OF CERTAIN PROVISIONS OF THE MASTER RESOLUTION

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SUMMARY OF CERTAIN PROVISIONS OF THE MASTER RESOLUTION

The following, in addition to certain information provided elsewhere in this Official Statement, is a summary of certain provisions of the Master Resolution. Certain words and terms used in this summary are defined in the Master Resolution and have the same meanings in this summary, except as defined otherwise in this Official Statement. Some, but not all, of the definitions in the Master Resolution are set forth below. Certain of these definitions have been abbreviated or modified for purposes of this summary.

This summary does not purport to be complete or definitive and reference is made to the Master Resolution for a complete recital of the terms of such documents. During the offering period for the Series 2017 Bonds, copies of the Master Resolution may be obtained from the Authority.

Definitions

Definitions of Words and Terms. Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of the Master Resolution and any Series Resolution or Supplemental Resolution, and any Certificate, opinion, or other document herein mentioned, have the meanings herein specified, to be equally applicable to both the singular and plural forms of any of the terms herein defined. Unless otherwise defined in the Master Resolution, all terms used herein shall have the meanings assigned to such terms in the Act (hereinafter defined).

“Account” means any account or subaccount created in any Fund created under the Master Resolution or under a Supplemental Resolution.

“Accreted Value” means, with respect to any Capital Appreciation Bond, the principal amount thereof plus the interest accrued thereon from the date of original issuance thereof to the Periodic Compounding Date next preceding the date of computation or the date of computation if a Periodic Compounding Date, such interest to accrue at the interest rate per annum of the Capital Appreciation Bonds determined in accordance with such Series Resolution compounded periodically on each Periodic Compounding Date, plus, if such date of computation shall not be a Periodic Compounding Date, a portion of the difference between the Accreted Value as of the immediately preceding Periodic Compounding Date (or the date of original issuance if the date of computation is prior to the first Periodic Compounding Date succeeding the date of original issuance) and the Accreted Value as of the immediately succeeding Periodic Compounding Date, calculated based upon an assumption that, unless otherwise provided in such Series Resolution, Accreted Value accrues in equal daily amounts on the basis of a year consisting of twelve 30-day months.

“Act” means Sections 3-501 to 3-514, inclusive, Reissue Revised Statutes of Nebraska 2012, as amended.

“Airport Management Consultant” means an independent airport management consultant or airport management consulting firm having a wide and favorable reputation for special skill and knowledge in the development, operation financing and management of airports of the approximate size and character as the Airport System, appointed from time to time by the Authority.

“Airport System” means all of the property, real, personal and mixed, airports, and related facilities transferred by the City to the Authority and placed under the management and control of the Authority from time to time, and all lands, easements, rights in lands, rights of way, contract rights, air navigation facilities, airport passenger and freight terminal buildings and other buildings and facilities erected on such lands, including hangars, runways, taxiways, paved areas, access roads, parking lots, airport equipment and any other property, real, personal or mixed, incidental to and included in such property and parts thereof, space and facilities for public recreation, business, trade or other exhibitions, sporting or athletic events, public meetings, conventions and other kinds of assemblages and space and facilities for public and commercial purposes now or hereafter constructed, acquired or made by the Authority.

“Annual Debt Service” means the amount of payments required to be made for principal of and interest on all Bonds, including mandatory sinking fund redemptions to be made by the Authority, and Authority payments pursuant to reimbursement agreements with Credit Providers to reimburse such Credit Providers for debt service

payments made, and to pay credit enhancement or liquidity support fees, in each case to the extent secured by the Master Resolution, scheduled to come due within a specified Fiscal Year, computed as follows:

(a) In determining the amount of principal to be funded in each year, payment shall (unless a different subsection of this definition applies for purposes of determining principal maturities or amortization) be assumed to be made on Outstanding Bonds in accordance with any amortization schedule established by the governing documents setting forth the terms of such Bonds, including, as a principal payment, the Accreted Value of any Capital Appreciation Bonds maturing or scheduled for redemption in such year; and in determining the amount of interest to be funded in each year, interest payable at a fixed rate shall (except to the extent any other subsection of this definition applies) be assumed to be made at such fixed rate and on the required funding dates.

(b) Except for any historical period for which the actual rate or rates are determinable and except as otherwise provided in the Master Resolution, Bonds that bear interest at a variable rate shall be deemed to bear interest at a fixed annual rate equal to (i) the average of the daily rates of such indebtedness during the 365 consecutive days (or any lesser period such indebtedness has been Outstanding) next preceding the date of computation; or (ii) with respect to any Bonds bearing interest at a variable rate which are being issued on the date of computation, the initial rate of such indebtedness upon such issuance.

(c) Any Bonds that bear interest at a variable rate and with respect to which there exists a Hedge Facility that obligates the Authority to pay a fixed interest rate or a different variable interest rate shall (for the period during which such Hedge Facility is reasonably expected to remain in effect) be deemed to bear interest at the effective fixed annual rate or different variable rate thereon as a result of such Hedge Facility. In the case of any Bonds that bear interest at a fixed rate and with respect to which there exists a Hedge Facility that obligates the Authority to pay a floating rate, Annual Debt Service shall (for the period during which such Hedge Facility is reasonably expected to remain in effect) be deemed to include the interest payable on such Bonds, less the fixed amounts received by the Authority under the Hedge Facility, plus the amount of the floating payments (using the convention described in (b) above) to be made by the Authority under the Hedge Facility.

(d) If all or any portion of an Outstanding Series of Bonds constitute Balloon Maturities, Unissued Program Bonds or Short-Term/Demand Obligations, then, for purposes of determining Annual Debt Service, each maturity that constitutes a Balloon Maturity, Unissued Program Bonds or Short-Term/Demand Obligations shall, unless otherwise provided in the Supplemental Resolution pursuant to which such Bonds are authorized or unless provision (e) of this definition then applies to such maturity, be treated as if it were to be amortized over a term of not more than 30 years and with substantially level annual debt service funding payments commencing not later than the year following the year in which such Balloon Maturity, Unissued Program Bonds or Short-Term/Demand Obligations were issued, and extending not later than 30 years from the date such Balloon Maturity, Unissued Program Bonds or Short-Term/Demand Obligations were originally issued; the interest rate used for such computation shall be that rate quoted in The Bond Buyer 25 Revenue Bond 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 designated by an Authorized Representative, taking into consideration whether such Bonds bear interest which is or is not excluded from gross income for federal income tax purposes; with respect to any Series of Bonds only a portion of which constitutes Balloon Maturities, Unissued Program Bonds or Short-Term/Demand Obligations, the remaining portion shall be treated as described in (a) above or such other provision of this definition as shall be applicable, and with respect to that portion of a Series that constitutes Balloon Maturities, all funding requirements of principal and interest becoming due in any year other than the stated maturity of that portion of a Series that constitutes Balloon Maturities shall be treated as described in (a) above or such other provision of this definition as shall be applicable.

(e) Any maturity of Bonds that constitutes a Balloon Maturity as described in provision (d) of this definition and for which the stated maturity date occurs within 12 months from the date such calculation of Annual Debt Service is made, shall be assumed to become due and payable on the stated maturity date, and provision (d) above shall not apply thereto, unless there is delivered to the entity making the calculation of Annual Debt Service a certificate of an Authorized Representative stating (i) that the Authority intends to refinance such maturity, (ii) the probable terms of such refinancing and (iii) that the debt capacity of the Authority is sufficient to successfully complete such refinancing; upon the receipt of such certificate, such Balloon Maturity 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 Annual Debt Service; provided that such assumption shall not result in an interest rate lower than that which would be assumed under provision (d) above and shall be amortized over a term of not more than 30 years from the expected date of refinancing.

(f) In any computation relating to the issuance of additional Bonds required by the Master Resolution and any computation required by the Master Resolution, there shall be excluded from the computation of Annual Debt Service 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 without limitation any such funds in an escrow account or any such funds constituting capitalized interest held in any fund or account created by the Master Resolution.

Provided, however, if Passenger Facility Charges, Customer Facility Charges or federal or state grants or other moneys have been irrevocably committed or are held by the Trustee or another Fiduciary and are to be set aside exclusively to be used to pay principal of and/or interest on specified Bonds, then the principal of and/or interest to be paid from such Passenger Facility Charges, Customer Facility Charges or federal or state grants or other moneys or from earnings thereon shall be disregarded (unless such Passenger Facility Charges or Customer Facility Charges are included in the definition of Revenues) and not included in calculating Annual Debt Service.

“Appreciated Value” means, with respect to any Deferred Income Bond, (a) as of any date of computation prior to the Current Interest Commencement Date with respect to such Deferred Income Bond, an amount equal to the principal amount of such Bond plus the interest accrued on such Bond from the date of original issuance of such Bond to the Periodic Compounding Date next preceding the date of computation or the date of computation if a Periodic Compounding Date, such interest to accrue at the interest rate per annum of the Deferred Income Bonds determined in accordance with the Series Resolution authorizing such Bonds, compounded periodically on each Periodic Compounding Date, plus, if such date of computation shall not be a Periodic Compounding Date, a portion of the difference between the Appreciated Value as of the immediately preceding Periodic Compounding Date (or the date of original issuance if the date of computation is prior to the first Periodic Compounding Date succeeding the date of original issuance) and the Appreciated Value as of the immediately succeeding Periodic Compounding Date, calculated based upon an assumption that, unless otherwise provided in the Series Resolution authorizing such Deferred Income Bonds, Appreciated Value accrues in equal daily amounts on the basis of a year consisting of twelve 30-day months and (2) as of any date of computation on and after the Current Interest Commencement Date, the Appreciated Value on the Current Interest Commencement Date.

“Arbitrage Instructions” means the Arbitrage Instructions included with any Tax Certificate, as the same may be amended or supplemented in accordance with the provisions thereof.

“Authority” means the Airport Authority of the City of Omaha, in the State of Nebraska.

“Authority Treasurer” means the Treasurer of the Board of the Authority.

“Authorized Representative” means the Chair, Vice Chair or Authority Treasurer, any Executive Officer, or such other person as may be designated to act on behalf of the Authority by written certificate furnished to the Trustee containing the specimen signature of such person and signed on behalf of the Authority by the Chair or Vice Chair of the Board.

“Balloon Maturity” or **“Balloon Maturities”** means, with respect to any Series of Bonds 50% or more of the 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 Bonds scheduled to be amortized by prepayment or redemption prior to their stated maturity date. Commercial paper, bond anticipation notes or other Short-Term/Demand Obligations shall not be Balloon Maturities.

“Board” means the Board of Directors of the Authority.

“Bond” or **“Bonds”** means any bonds, notes or other obligations or evidences of indebtedness, as the case may be, authenticated and delivered under and Outstanding pursuant to the Master Resolution. The term “Bond” or

“Bonds” shall include notes, bond anticipation notes, commercial paper and other securities, contracts or obligations incurred through lease, installment purchase or other agreements or certificates of participation therein, in each case to the extent secured by the Master Resolution. The terms “Bond” and “Bonds” shall not include Junior Lien Obligations.

“**Bond Counsel**” means any firm of attorneys specializing in the field of municipal finance law, selected by the Authority.

“**Bond Fund**” means the Bond Fund established with the Authority pursuant to the Master Resolution.

“**Bond Obligation**” means, as of any date of calculation, (a) with respect to any Outstanding Current Interest Bond, the principal amount of such Bond, (b) with respect to any Outstanding Capital Appreciation Bond, the Accreted Value thereof as of the date on which interest on such Capital Appreciation Bond is compounded next preceding such date of calculation (unless such date of calculation is a date on which such interest is compounded, in which case, as of such date), and (c) with respect to any Outstanding Deferred Income Bond, the Appreciated Value thereof as of the date on which interest on such Deferred Income Bond is computed next preceding such date of calculation (unless such date of calculation is a date on which such interest is compounded, in which case as of such date).

“**Bond Register**” means the Bond Register as defined in the Master Resolution.

“**Book-Entry Bond**” means a Bond authorized to be issued to, and, except as provided (a) in the Master Resolution (b) to the extent provided in the Series Resolution authorizing such Bond, restricted to being registered in the name of, a Securities Depository for the participants in such Securities Depository or the beneficial owners of such Bond.

“**Business Day**” means any day other than (a) a Saturday, Sunday, or a day on which banking institutions in the State are authorized or obligated by law or executive order to be closed, (b) for purposes of payments and other actions relating to Bonds for which a Credit Facility is provided, a day upon which commercial banks in the city of Omaha in which is located the office of the provider of the Credit Facility at which demands for payment thereunder are to be presented are authorized or obligated by law or executive order to be closed, and, (c) if specified in a Series Resolution, a day upon which Authority offices are authorized to be closed.

“**Capital Appreciation Bonds**” means any Bonds the interest on which is (a) compounded periodically on dates that are determined in accordance with the Series Resolution authorizing such Capital Appreciation Bonds and (b) payable only at the maturity, earlier redemption or other payment thereof pursuant to the Resolution or the Series Resolution authorizing such Capital Appreciation Bonds.

“**Capital Improvement and General Purpose Fund**” means the Fund by that name established pursuant to the provisions of the Master Resolution

“**Certificate**,” “**Statement**,” “**Request**,” “**Requisition**” and “**Order**” of the Authority means, respectively, a written certificate, statement, request, requisition or order signed by an Authorized Representative.

“**City**” means the City of Omaha, in the State of Nebraska.

“**Code**” means the Internal Revenue Code of 1986, as amended, and the applicable regulations of the United States Treasury proposed or promulgated thereunder.

“**Construction Fund**” means the Construction Fund established with the Authority pursuant to the provisions of the Master Resolution.

“**Costs**” with respect to the Airport System or any part thereof, means the costs, expenses and liabilities paid or incurred or to be paid or incurred by the Authority in connection with the planning, engineering, designing, acquiring, constructing, installing, financing, operating, maintaining, repairing, extending, improving, reconstructing, retiring, decommissioning and disposing thereof and the obtaining of governmental approvals, certificates, permits

and licenses with respect thereto, including, but not limited to, any good faith or other similar payment or deposits required in connection with the acquisition or construction of such part of the Airport System, the cost of acquisition by or for the Authority of real and personal property or any interests therein, costs of physical construction of such part of the Airport System and costs of the Authority incidental to such construction or acquisition, all costs relating to injury and damage claims relating to such part of the Airport System, preliminary investigation and development costs, engineering fees and expenses, contractors' fees and expenses, the costs of labor, materials, equipment and utility services and supplies, legal and financial advisory fees and expenses, capitalized interest and financing costs, including, without limitation, bank commitment and letter of credit fees and bond insurance and indemnity premiums, fees and expenses of the Fiduciaries (if any), administration and general overhead expense and costs of keeping accounts and making reports required by the Master Resolution prior to or in connection with the completion of acquisition or construction of such part of the Airport System, amounts, if any, required by the Master Resolution to be paid into the Bond Fund to provide, among other things, for interest accruing on Bonds or into the Reserve Fund to provide for such reserves, if any, as may be specified in a Series or Supplemental Resolution or to be paid into the Revenue Fund for any of the respective purposes thereof, payments when due (whether at the maturity of principal or the due date of interest or upon redemption) on any indebtedness of the Authority with respect to the Airport System and reserves therefor, and all federal, state and local taxes and payments in lieu of taxes in connection with any part of the Airport System and shall include reimbursements to the Authority for any of the above items theretofore paid by or on behalf of the Authority.

“Credit Facility” means a letter of credit, line of credit, liquidity facility or other credit facility issued by a financial institution or other form of credit enhancement, including, but not limited to, municipal bond insurance and guarantees, delivered to the Paying Agent for all or a portion of a Series of Bonds, which provides for payment, in accordance with the terms of such Credit Facility, of principal, Accreted Value, Appreciated Value, premium and/or interest of all or a portion of a Series of Bonds and/or the purchase price of such Series of Bonds or portion thereof. A Credit Facility may be comprised of one or more credit facilities issued by one or more financial institutions.

“Credit Provider” means, with respect to a Series of Bonds, the provider of a Credit Facility, including municipal bond insurance, letter of credit, or liquidity support, if any, for such Series of Bonds specified in the applicable Supplemental Resolution.

“Current Interest Bonds” means the Bonds of any Series, other than Capital Appreciation Bonds or Deferred Income Bonds, which pay interest at least annually to the Owners thereof excluding the first payment of interest thereon.

“Current Interest Commencement Date” means with respect to any particular Deferred Income Bonds, the date determined in accordance with the Series Resolution authorizing such Deferred Income Bonds (which date must be prior to the maturity date for such Deferred Income Bonds) after which interest accruing on such Deferred Income Bonds shall be payable periodically on dates determined in accordance with such Series Resolution, with the first such payment date being the first such periodic date immediately succeeding such Current Interest Commencement Date.

“Customer Facility Charges” or **“CFCs”** means the charges (including interest earnings thereon) authorized from time to time by the Authority and imposed and collected by a rental car operator upon a rental car customer at or proximate to the Authority's Eppley Airfield facilities, which charges are remitted to the Authority.

“Debt Service” for any period means, as of any date of calculation and with respect to any Series of Bonds, an amount equal to the sum of (a) interest accruing during such period on Bonds of such Series, except to the extent that such interest is to be paid from deposits in the Bond Fund made from the proceeds of Bonds, Junior Lien Obligations or other evidences of indebtedness of the Authority (including amounts, if any, transferred thereto from the Construction Fund) and (b) that portion of each Principal Installment for such Series which would accrue during such period if such Principal Installment were deemed to accrue daily in equal amounts from the next preceding Principal Installment due date for Bonds of such Series (or, if (1) there shall be no such preceding Principal Installment due date or (2) such preceding Principal Installment due date is more than one year prior to the due date of such Principal Installment, then, from a date one year preceding the due date of such Principal Installment or from the date of issuance of the Bonds of such Series, whichever date is later). Such interest and Principal Installments for Bonds of such Series shall be calculated on the assumption that (A) no Bonds (except for Option Bonds actually

tendered for payment prior to the stated maturity thereof) of such Series Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of each Principal Installment on the due date thereof, (B) the principal amount of Option Bonds tendered for payment before the stated maturity thereof shall be deemed to accrue on the date required to be paid pursuant to such tender, and (C) the Reserve Requirement held in an account in the Reserve Fund with respect to a Series of Bonds will be applied to the final maturity of such Series of Bonds.

“Deferred Income Bond” or “Deferred Income Bonds” means any Bond issued under the Resolution as to which interest accruing prior to the Current Interest Commencement Date is (a) compounded periodically on dates determined in accordance with the Series Resolution authorizing such Deferred Income Bonds and (b) payable only at the maturity, earlier redemption or other payment thereof pursuant to the Resolution or the Series Resolution authorizing such Deferred Income Bonds.

“Depreciation” means the depreciation and amortization expenses with respect to the Airport System, classified as such in accordance with generally accepted accounting principles for proprietary governmental operations such as the Airport System.

“Designated CFC Revenues” means, for any period of time, the amount of Customer Facility Charges specified in any Series Resolution (or other resolution adopted by the Authority) in which the Board irrevocably commits to pay a portion of the Debt Service on a Series of Bonds.

“Director of Finance & Administration” means the Director of Finance & Administration or other chief financial officer of the Authority.

“Event of Default” has the meaning given to such term in the Master Resolution.

“Executive Director” means the Executive Director or other chief executive officer of the Authority.

“Executive Officer” means any of the Executive Director or Director of Finance & Administration of the Authority.

“Fiduciary” or “Fiduciaries” means each Registrar and/or Paying Agent appointed pursuant to a Series Resolution and shall include the Trustee.

“Fiscal Year” means the fiscal year of the Authority.

“Fund” means any fund created under the Master Resolution or under a Supplemental Resolution.

“Government Obligations” means (a) United States Obligations (including obligations issued or held in book-entry form), (b) prerefunded municipal obligations meeting the following conditions: (i) the municipal obligations are not subject to redemption prior to maturity, or the trustee has been given irrevocable instructions concerning their calling and redemption and the issuer has covenanted not to redeem such obligations other than as set forth in such instructions; (ii) the municipal obligations are secured by cash and/or United States Obligations, which United States Obligations may be applied only to interest, principal and premium payments of such municipal obligations; (iii) the principal of and interest on the United States Obligations (plus any cash in the escrow fund) are sufficient to meet the liabilities of the municipal obligations; (iv) the United States Obligations serving as security for the municipal obligations are held by an escrow agent or trustee; (v) the United States Obligations are not available to satisfy any other claims, including those against the trustee or escrow agent; and (vi) the municipal obligations are rated in their highest rating category by one or more of the Rating Agencies, but only if such Rating Agencies have been requested by the Authority to maintain a rating on the Bonds, and such Rating Agencies are then maintaining a rating on the Bonds; and (c) any other type of security or obligation which the Rating Agencies then maintaining ratings on the Bonds, to be defeased have determined to be permitted defeasance securities.

“Hedge Facility” means any rate swap transaction, basis swap transaction, cap transaction, floor transaction, collar transaction, or similar transaction, which is intended to convert or limit the interest rate payable with respect to any Bonds, and which (a) is designated in writing to the Trustee by an Authorized Representative as a Hedge Facility

to relate to all or part of one or more Series of Bonds; (b) is with a Qualified Hedge Provider or an entity that has been a Qualified Hedge Provider within the 60 day period preceding the date on which the calculation of Annual Debt Service or Maximum Annual Debt Service is being made; and (c) has a term not greater than the term of the designated Bonds or a specified date for mandatory tender or redemption of such designated Bonds.

“Insurance Consultant” means an individual or firm selected by the Authority qualified to survey risks and to recommend insurance coverage for entities engaged in operations similar to those of the Airport System and having a favorable reputation for skill and experience in making such surveys and recommendations.

“Interest Account” means the Account by that name established in the Bond Fund pursuant to the provisions of the Master Resolution.

“Investment Agreement” means an investment agreement or guaranteed investment contract (a) with or guaranteed by a national or state chartered bank or savings and loan, an insurance company or other financial institution whose unsecured debt is rated in the highest short-term rating category (if the term of the Investment Agreement is less than three years) or in either of the two highest long-term Rating Categories (if the term of the Investment Agreement is three years or longer) by one or more of the Rating Agencies, or (b) which investment agreement or guaranteed investment contract is fully secured by obligations described in items (a) or (b) of the definition of Permitted Investments which are (i) valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to 103% of the principal amount of the investment, together with the interest accrued and unpaid thereon, (ii) held by the Trustee (who will not be the provider of the collateral) or by any Federal Reserve Bank or a depository acceptable to the Trustee, (iii) subject to a perfected first lien on behalf of the Trustee, and (iv) free and clear from all third-party liens.

“Junior Lien Resolution” means the resolution or other documents of the Authority providing for the issuance of and securing Junior Lien Obligations.

“Junior Lien Obligations” means the Authority’s bonds, or other indebtedness or obligations subordinate to the Bonds, complying with the provisions of the Master Resolution but such term shall not include Special Facility Bonds. The term “Junior Lien Obligations” shall include notes, bond anticipation notes, commercial paper and other securities, contracts or obligations incurred through lease, installment purchase or other agreements or certificates of participation therein, in each case to the extent secured by a Junior Lien Resolution.

“Junior Lien Obligations Fund” means the Junior Lien Obligations Fund created pursuant to the Master Resolution for the purpose of providing all deposits and payments required by any Junior Lien Resolution, including reserves for debt service on Junior Lien Obligations.

“Maximum Annual Debt Service” shall mean the maximum Annual Debt Service with respect to any specified indebtedness for any Fiscal Year during the term of such indebtedness.

“Moody’s” means Moody’s Investors Service, a corporation, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority (other than Standard & Poor’s).

“Net Revenues” means Revenues less Operation and Maintenance Expenses.

“Operation and Maintenance Expenses” means the necessary expenditures for operating and maintaining the Airport System and shall include expenditures generally classified as operating expenses in accordance with generally accepted accounting principles for proprietary governmental operations such as the Airport System. Operation and Maintenance Expenses shall not include (a) the principal of, premium, if any, or interest payable on any Bonds and Junior Lien Obligations; (b) expenses related to pension or other post-employment benefits which are not expended in the Fiscal Year in question; (c) any allowance for Depreciation; (d) any other expense for which (or to the extent to which) the Authority is or will be paid or reimbursed from or through any source that is not included or includable as Revenues; (e) any extraordinary items arising from the early extinguishment of debt; and (f) any expense paid with amounts from the Capital Improvement and General Purpose Fund.

“Operation and Maintenance Fund” means the Operation and Maintenance Fund created pursuant to the Master Resolution.

“Opinion of Bond Counsel” means a written opinion of Bond Counsel.

“Option Bonds” means Bonds which by their terms may or are required to be tendered by and at the option of the Owner thereof for payment by the Authority prior to the stated maturity thereof, or the maturities of which may be extended by and at the option of the Owner thereof.

“Outstanding” means, when used as of any particular time with reference to Bonds, all Bonds theretofore, or thereupon being, authenticated and delivered by the Registrar under the Master Resolution except (a) Bonds theretofore cancelled by the Paying Agent or surrendered to the Paying Agent for cancellation (or in the case of Book-Entry Bonds, to the extent provided in the Master Resolution, portions thereof deemed to have been cancelled); (b) Bonds (or in the case of Book-Entry Bonds, to the extent provided in the Master Resolution, portions thereof with respect to which all liability of the Authority shall have been discharged in accordance with the Master Resolution; (c) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Registrar pursuant to the Master Resolution; and (d) Bonds no longer deemed to be outstanding under the Master Resolution as provided in the Series Resolution pursuant to which such Bonds were issued.

“Owner” or **“Bondholder”** or **“Holder”**, whenever used herein with respect to a Bond, means the Person in whose name such Bond is registered.

“Passenger Facility Charges” means charges collected by the Authority pursuant to the authority granted by the Aviation Safety and Capacity Expansion Act of 1990, the Aviation Investment Reform Act of 2000 and 14 C.F.R. Part 158, as amended from time to time, in respect of any component of the Airport System 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 person or institution, which may include the Authority Treasurer or the Director of Finance & Administration or his designee, or such other agent or official of the Authority as may be designated in a Series Resolution to make payments of the principal or Redemption Price of and interest on the Series of Bonds authorized by such Series Resolution to the registered owners thereof.

“Payment Date” means, with respect to a Series of Bonds, the date upon which any principal, Accreted Value, Appreciated Value or Redemption Price, and interest thereon is payable to the registered owners of such Series of Bonds.

“Periodic Compounding Date” means, with respect to a Capital Appreciation Bond or a Deferred Income Bond, the periodic date determined in accordance with the Series Resolution authorizing such Capital Appreciation Bond or Deferred Income Bond on which interest on such Bond is to be compounded.

“Permitted Investments” means any of the following, if and to the extent the same is at the time legal for the investment of the Authority’s money:

(a) United States Obligations;

(b) Obligations, debentures, notes or other evidences of indebtedness issued or guaranteed by any of the following instrumentalities or agencies of the United States of America: Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Financing Bank; Government National Mortgage Association; Federal National Mortgage Association; Student Loan Marketing Association; Federal Farm Credit Bureau; Farmers Home Administration; Federal Home Loan Mortgage Corporation; and Federal Housing Administration;

(c) Direct and general long-term obligations of any state, which obligations are rated in one of the two highest Rating Categories by one or more of the Rating Agencies;

(d) Direct and general short-term obligations of any state which obligations are rated in the highest Rating Category by one or more of the Rating Agencies;

(e) Interest-bearing demand or time deposits (including certificates of deposit) or interests in money market portfolios issued by state banks or trust companies or national banking associations that are members of the Federal Deposit Insurance Corporation (“FDIC”) or by savings and loan associations that are members of the FDIC, which deposits or interests must either be (1) continuously and fully insured by FDIC and with banks that are rated at least in the highest short-term Rating Category by one or more of the Rating Agencies or is rated in one of the two highest long-term Rating Categories by one or more of the Rating Agencies; or (2) fully secured by obligations described in item (a) or (b) of this definition of Permitted Investments (a) which are valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to the principal amount of the investment, (b) held by the Trustee (who will not be the provider of the collateral) or by any Federal Reserve Bank or a depository acceptable to the Trustee, (c) subject to a perfected first lien in favor of the Trustee, and (d) free and clear from all third-party liens;

(f) Long-term or medium-term corporate debt guaranteed by any corporation that is rated in one of the two highest Rating Categories by one or more of the Rating Agencies;

(g) Repurchase agreements which are (1) entered into with banks or trust companies organized under state law, national banking associations, insurance companies or government bond dealers reporting to, trading with, and recognized as a primary dealer by, the Federal Reserve Bank of New York and which either are members of the Security Investors Protection Corporation or with a dealer or parent holding company that has an investment grade rating from one or more of the Rating Agencies and (2) fully secured by investments specified in items (a) or (b) of this definition of Permitted Investments (a) which are valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at least equal to the amount invested in the repurchase agreements, (b) held by the Trustee (who will not be the provider of the collateral) or by any Federal Reserve Bank or a depository acceptable to the Trustee, (c) subject to a perfected first lien in favor of the Trustee and (d) free and clear from all third-party liens;

(h) Prime commercial paper of a United States corporation, finance company or banking institution rated in the highest short-term Rating Category of one or more of the Rating Agencies;

(i) Shares of a diversified open-end management investment company (as defined in the Investment Company Act of 1940, as amended) or shares in a regulated investment company (as defined in Section 851(a) of the Code) that is (1) a money market fund that has been rated in one of the two highest Rating Categories by one or more of the Rating Agencies or (2) a money market fund or account of the Trustee or any state or federal bank that is rated at least in the highest short-term Rating Category by one or more of the Rating Agencies or is rated in one of the two highest long-term Rating Categories by one or more of the Rating Agencies, or whose one bank holding company parent is rated at least in the highest short-term Rating Category by one or more of the Rating Agencies or is rated in one of the two highest long-term Rating Categories by one or more of the Rating Agencies, or that has a combined capital and surplus of not less than \$50,000,000;

(j) Interest bearing notes issued by a banking institution having a combined capital and surplus of at least \$500,000,000 and whose senior debt is in the highest Rating Category by one or more of the Rating Agencies;

(k) Public housing bonds issued by public agencies which are either unconditionally guaranteed as to principal and interest by the United States of America, or rated in the highest Rating Category by one or more of the Rating Agencies;

(l) Obligations issued or guaranteed by Private Export Funding Corporation, Resolution Funding Corporation and any other instrumentality or agency of the United States of America;

(m) Investment Agreements;

(n) Any debt or fixed income security, the issuer of which is at the time of purchase rated in one of the two highest Rating Categories by one or more of the Rating Agencies;

(o) any other type of investment consistent with Authority policy in which the Authority determines to invest provided that there is delivered to the Trustee a certificate of an Authorized Representative stating that each of the Rating Agencies then maintaining a rating on the Bonds has been informed of the proposal to invest in such investment and each of such Rating Agencies has confirmed that such investment will not adversely affect the rating then assigned by such rating agency to any of the Bonds; and

(p) any other investment which is a permitted investment of the Authority in accordance with the laws of the State.

“Person” means an individual, corporation, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

“Pooled Reserve Account” has the meaning set forth below under **“Required Deposits—Reserve Fund”**.

“Principal Account” means the Account of that name established in the Bond Fund pursuant to the provisions of the Master Resolution.

“Principal Installment” means, as of any date of calculation and with respect to any Series, so long as any Bonds thereof are Outstanding, (a) the principal amount of Bonds (including the principal amount of any Option Bonds tendered for payment prior to the stated maturity thereof) of such Series due (or so tendered for payment) on a certain future date for which no Sinking Fund Installments have been established, or (b) the unsatisfied balance (determined as provided in the Master Resolution) of any Sinking Fund Installments due on a certain future date for Bonds of such Series, plus the amount of the sinking fund redemption premiums, if any, which would be applicable upon redemption of such Bond on such future date in a principal amount equal to such unsatisfied balance of such Sinking Fund Installments, or (c) if such future dates coincide as to different Bonds of such Series, the sum of such principal amount of Bonds and of such unsatisfied balance of Sinking Fund Installments due on such future date plus such applicable redemption premiums, if any.

“Program” means a financing program identified in a Supplemental Resolution, including but not limited to a bond anticipation note or commercial paper program, (a) which is authorized and the terms thereof approved by a resolution adopted by the Authority and the items required under the Master Resolution have been filed with the Trustee, (b) wherein the Authority has authorized the issuance, from time to time, of notes, commercial paper or other indebtedness in an authorized amount, and (c) the authorized amount of which has met the additional Bonds test set forth in the Master Resolution and the Outstanding amount of which may vary from time to time, but not exceed the authorized amount.

“Program Bonds” means Bonds issued and Outstanding pursuant to a Program, other than Unissued Program Bonds.

“Project” means any airport facilities, and all other property, real and personal, of every kind and nature material or pertinent thereto or necessary therefor, located within or without the City or the State, which may be used by or useful to the Authority as part of an airport, as ground facilities for the convenience of handling aviation equipment, passengers or freight or as part of aviation operation, air navigation, or air safety operation.

“Prudent Airport System Management” means any of the practices, methods and acts (including, without limitation, any practices, methods and acts engaged in or approved by a significant portion of the airport industry) which, in the exercise of reasonable judgment, in the light of the facts known at the time the decision was made, could

have been expected to accomplish the desired result at reasonable cost consistent with reliability, safety and expediency. In applying the standard of Prudent Airport System Management to any matter under the Resolution, equitable consideration shall be given to the circumstances, requirements and obligations of the Authority, and there shall be taken into account the fact that the Authority is a political subdivision of the State with prescribed statutory powers, duties and responsibilities. Prudent Airport System Management is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather is a spectrum of possible practices, methods or acts which could have been expected to accomplish the desired result at reasonable cost consistent with reliability, safety and expediency. Prudent Airport System Management includes due regard for manufactures' warranties and the requirements of governmental agencies which have jurisdiction.

"Qualified Hedge Provider" means a financial institution whose senior long-term debt obligations, or whose obligations under any Hedge Facility are (a) guaranteed by a financial institution, or subsidiary of a financial institution, whose senior long-term debt obligations, are rated at least "A1," in the case of Moody's and "A+," in the case of Standard & Poor's, or the equivalent thereto in the case of any successor thereto, or (b) fully secured by obligations described in items (a) or (b) of the definition of Permitted Investments which are (i) valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to 105% (or such lower percentage as shall be acceptable to the Rating Agencies) of the "notional amount" as defined in the Hedge Facility, together with the interest accrued and unpaid thereon, (ii) held by the Trustee (who shall not be the provider of the collateral) or by any Federal Reserve Bank or a depository acceptable to the Trustee, (iii) subject to a perfected first lien on behalf of the Trustee, and (iv) free and clear from all third-party liens.

"Rating Agency" or "Rating Agencies" means Moody's, Standard & Poor's, or any other nationally recognized securities rating agency selected by the Authority.

"Rating Category" or "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 the Rebate Fund established with the Authority pursuant to the provisions of the Master Resolution.

"Redemption Price" means, with respect to any Bond (or portion thereof), the principal amount, Accreted Value or Appreciated Value of such Bond (or portion) plus the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such Bond and the Master Resolution.

"Refunding Bonds" means all Bonds whether issued in one or more Series, authorized pursuant to the Master Resolution, to the extent the proceeds thereof are used or allocated to pay or to provide for the payment of Bonds.

"Registrar" means the person or institution, which may include the Authority Treasurer or the Director of Finance & Administration or his designee, or such other agent or official of the Authority as may be designated in a Series Resolution to maintain on behalf of the Authority books of record in which the registered owners of the Bonds authorized by such Series Resolution and their registered addresses shall be duly recorded.

"Reimbursement Obligations" means all Bonds or other obligations issued pursuant to the Master Resolution, whether issued in one or more Series, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds whether pursuant to the Master Resolution or the Series Resolution authorizing such Reimbursement Obligations.

"Released Revenues" means Revenues of the Authority in respect of which the Trustee has received the following:

(a) a request of an Authorized Representative describing such Revenues and requesting that such Revenues be excluded from the pledge and lien of the Master Resolution on Net Revenues;

(b) either

(i) an Airport Management Consultant's certificate to the effect that, based upon reasonable assumptions, projected Net Revenues after the Revenues covered by the Authorized Representative's request are excluded, calculated in accordance with the additional Bonds test in the Master Resolution for each of the three full Fiscal Years following the Fiscal Year in which such certificate is delivered, will not be less than the larger of (A) the amounts needed for making the required deposits to the Principal Accounts, the Interest Accounts, and the Sinking Fund Accounts, the Reserve Fund, and the Junior Lien Obligations Fund or (B) an amount not less than 150% of the average Annual Debt Service for each Fiscal Year during the remaining term of all Bonds that will remain Outstanding after the exclusion of such Revenues (disregarding any Bonds that have been or will be paid or discharged); or

(ii) an independent certified public accountant's certificate to the effect that Net Revenues in the two most recently completed Fiscal Years, after the Revenues covered by the Authorized Representative's request are excluded, were not less than the larger of (A) the amounts needed for making the required deposits to the Principal Accounts, the Interest Accounts, and the Sinking Fund Accounts, the Reserve Fund, and the Junior Lien Obligations Fund or (B) 135% of (1) average Annual Debt Service on all Bonds Outstanding in each such Fiscal Year (disregarding any Bonds that have been paid or discharged), plus (2) average Annual Debt Service with respect to any additional Bonds issued since the completion of such Fiscal Year or proposed to be issued at the time such certificate is delivered;

(c) an Opinion of Bond Counsel to the effect that (i) the conditions set forth in the Master Resolution to the release of such Revenues have been met and (ii) the exclusion of such Revenues from the pledge and lien of the Master Resolution will not, in and of itself, cause the interest on any Outstanding Bonds to be included in gross income for purposes of federal income tax;

(d) written confirmation from each of the Rating Agencies to the effect that the exclusion of such Revenues from the pledge and lien of the Master Resolution will not cause a withdrawal of or reduction in any unenhanced rating then assigned to the Bonds; and

(e) evidence that notice of the proposed Released Revenues was given to all current Credit Providers in respect of any Bonds at least 15 days prior to the proposed effective date of the release of such Revenues.

Upon the Trustee's receipt of such documents, the Revenues described in the Authorized Representative's request shall be excluded from the pledge and lien of the Master Resolution, and the Trustee shall take all reasonable steps requested by the Authorized Representative to evidence or confirm the release of such pledge and lien on the Released Revenues.

"Reserve Fund" means the Reserve Fund established with the Authority pursuant to the provisions of the Master Resolution, in which there shall be established an Account for each Series of Bonds issued pursuant to the Master Resolution.

"Reserve Requirement" means, with respect to a Series of Bonds, the amount, if any, required to be on deposit in a Series Account in the Reserve Fund specified in the Supplemental Resolution governing the issuance of and securing the related Series of Bonds.

"Resolution" or **"this Resolution"** means the Master Resolution, as amended, modified or supplemented from time to time by any Series Resolution or Supplemental Resolution.

"Revenue Fund" means the Revenue Fund created with the Authority pursuant to the provisions of the Master Resolution, into which all of the Revenues of the Airport System shall be deposited.

"Revenues" means all revenues or income of the Authority derived directly or indirectly from the ownership, use and operation of the Airport System, but excluding (a) interest income on, and any profit realized from, the investment of moneys in any fund or account to the extent that such income or profit is not transferred to,

or retained in, the Revenue Fund or the Bond Fund; (b) interest income on, and any profit realized from, the investment of moneys in any fund or account funded from the proceeds of Special Facility Bonds; (c) amounts received by the Authority from, or in connection with, Special Facilities, unless such funds are treated as Revenues by the Authority; (d) the proceeds of any Passenger Facility Charges, Customer Facility Charges, or similar charge levied by, or on behalf of, the Authority, unless such funds are treated as Revenues by the Authority; (e) grants-in-aid, donations, and/or bequests; (f) insurance proceeds which are not deemed to be revenues in accordance with generally accepted accounting principles; (g) the proceeds of any condemnation awards; (h) the proceeds of any sale of land, buildings or equipment; and (i) any other amounts which are not deemed to be revenues in accordance with generally accepted accounting principles or which are restricted as to their use. Unless otherwise provided in a Supplemental Resolution, there shall also be excluded from the term “Revenues” any Released Revenues in respect of which the Authority has filed with the Trustee the request of Authorized Representative, Airport Management Consultant’s or independent certified public accountant’s certificate, Opinion of Bond Counsel and the other documents contemplated in the definition of the term “Released Revenues.”

“Securities Depository” means, with respect to a Book-Entry Bond, the person, firm, association or corporation specified in the Series Resolution authorizing the Bonds of the Series of which such Book-Entry Bond is a part to serve as the securities depository for such Book-Entry Bond, or its nominee, and its successor or successors and any other person, firm, association or corporation which may at any time be substituted in its place pursuant to the Resolution or such Series Resolution.

“Serial Bonds” means the Bonds, maturing in specified years, for which no Sinking Fund Installments are provided.

“Series,” whenever used herein with respect to Bonds, means all of the Bonds designated as being of the same series, authenticated and delivered in a simultaneous transaction, regardless of variations in maturity, interest rate, redemption and other provisions, and any Bonds thereafter authenticated and delivered upon transfer or exchange or in lieu of or in substitution for (but not to refund) such Bonds as provided in the Master Resolution.

“Series Resolution” means a resolution adopted in compliance with the provision of the Master Resolution providing for the issuance of a series of Bonds.

“Short-Term/Demand Obligations” means each Series of Bonds issued pursuant to the Master Resolution, the payment of principal of which is either (a) payable on demand by or at the option of the Holder at a time sooner than a date on which such principal is deemed to be payable for purposes of computing Annual Debt Service, or (b) scheduled to be payable within one year from the date of issuance and is contemplated to be refinanced for a specified period or term either (i) through the issuance of additional Short-Term/Demand Obligations pursuant to a commercial paper, auction Bond or other similar Program, or (ii) through the issuance of long-term Bonds pursuant to a bond anticipation note or similar Program.

“Sinking Fund Account” means the Account of that name established in the Bond Fund pursuant to the provisions of the Master Resolution.

“Sinking Fund Installment” means an amount so designated which is established pursuant to a Series Resolution authorizing a Series of Bonds and which is required by the Master Resolution to be deposited in the Sinking Fund Account for the payment of Term Bonds of such series and maturity.

“Special Facility” means any facility, improvement, structure, equipment or assets acquired or constructed on any land or in or on any structure or building at the Airport System, the cost of construction and acquisition, of which are paid for (a) by the obligor under a Special Facility Agreement, or (b) from the proceeds of Special Facility Bonds, or (c) both.

“Special Facility Agreement” means an agreement entered into by the Authority and one or more other parties, relating to the design, construction, and/or financing of any facility, improvement, structure, equipment, or assets acquired or constructed on any land or in or on any structure or building at the Airport System, all or a portion of the payments under which (a) are intended to be excluded from Revenues and (b) may be pledged to the payment of revenue bonds, notes, or other obligations of the Authority other than Bonds or Junior Lien Obligations.

“Special Facility Bonds” means any revenue bonds, notes, or other obligations of the Authority other than Bonds or Junior Lien Obligations, issued to finance any facility, improvement, structure, equipment or assets acquired or constructed on any land or in or on any structure or building at the Airport System, the payment of principal of, premium, if any, and interest on which are payable from and secured by the proceeds thereof and rentals, payments, and other charges payable by the obligor under a Special Facility Agreement.

“Standard & Poor’s” means S&P Global Ratings, a corporation, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Standard & Poor’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority (other than Moody’s).

“State” means the State of Nebraska.

“Supplemental Resolution” means a resolution adopted in compliance with the provisions of the Master Resolution amending or supplementing the Master Resolution as originally adopted or as theretofore amended or supplemented by a resolution adopted in compliance with the provisions of the Master Resolution, and, unless the context shall clearly indicate otherwise, shall include Series Resolutions.

“Tax Certificate” means the certificate dated as of the date of issuance, sale and delivery of a Series of Bonds, if any, concerning the requirements of the Code and any applicable regulations with respect to such Series of Bonds.

“Term Bonds” means Bonds payable at or before their specified maturity date or dates from Sinking Fund Installments established for that purpose and calculated to retire such Bonds on or before their specified maturity date or dates.

“Trustee” means First National Bank of Omaha, and any successor to its duties under the Master Resolution.

“Unissued Program Bonds” means the bonds, notes or other indebtedness authorized to be issued pursuant to a Program and secured by a senior lien on Net Revenues, issuable in an amount up to the authorized amount relating to such Program, which have been approved for issuance by the Authority pursuant to a resolution adopted by the Authority and with respect to which Program the items described in the Master Resolution have been filed with the Fiduciaries but which have not yet been authenticated and delivered pursuant to the Program documents.

“United States” means the United States of America.

“United States Obligations” means direct and general obligations of the United States of America, or obligations that are unconditionally guaranteed as to principal and interest by the United States of America, including, with respect only to direct and general obligations and not to guaranteed obligations, evidences of ownership of proportionate interests in future interest and/or principal payments of such obligations, provided that investments in such proportionate interests must be limited to circumstances wherein: (a) a bank or trust company acts as custodian and holds the underlying United States Obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States Obligations; and (c) the underlying United States Obligations are held in a special account separate from the custodian’s general assets and are not available to satisfy any claim of the custodian, any person claiming through the custodian or any person to whom the custodian may be obligated. “United States Obligations” will include any stripped interest or principal portion of United States Treasury securities and any stripped interest portion of Resolution Funding Corporation securities.

“Variable Rate Bonds” means Bonds the interest rate on, or amount of, which is not fixed at the time of incurrence of such Bonds, and has not at some subsequent date been fixed, at a single numerical rate for the entire remaining term of the Bonds.

All references in these definitions to Articles, Sections, and other subdivisions are to the corresponding Articles, Sections or subdivisions of the Master Resolution, and the words herein, hereof, hereunder and other words

of similar import refer to the Master Resolution as a whole and not to any particular Article, Section or subdivision of the Master Resolution. The headings or title of the several articles and sections of the Master Resolution, and any Table of Contents appended to copies of the Master Resolution, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of the Master Resolution.

General

The Master Resolution constitutes an assignment by the Authority to the Trustee, in trust, to secure payment of the Bonds, of the Authority's interest in Net Revenues and sets forth the conditions of such assignments. The Master Resolution also provides for the issuance of the Series 2017 Bonds, defines the terms thereof and determines the duties of the Trustee and the rights of the Bondholders.

Transfer of Bonds. Any Bond may, in accordance with its terms, be transferred, upon the register required to be kept pursuant to the provisions under “**Bond Register,**” by the Person in whose name it is registered, in Person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form approved by the Registrar.

Whenever any Bond or Bonds of a Series shall be surrendered for transfer, the Authority shall execute and the Registrar shall authenticate and deliver a new Bond or Bonds, of the same Series, tenor and maturity and for a like aggregate principal amount; provided that, unless otherwise provided in any Series Resolution, the Registrar is not required to register a transfer of any Bonds within 15 days before the date of selection of Bonds for redemption, or of any Bond or portion of a Bond so selected for redemption. The Registrar may require the Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer.

Exchange of Bonds. Bonds of any Series may be exchanged at the designated office of the Registrar for a like aggregate principal amount of Bonds of other authorized denominations of the same Series, tenor and maturity; provided that, unless otherwise provided in any Series Resolution, the Registrar is not required to exchange Bonds within 15 days before the date of selection of Bonds for redemption, or exchange any Bond or portion of a Bond so selected for redemption. The Registrar shall require the Owner requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange.

Bond Register. The Registrar will keep or cause to be kept at its designated office sufficient books for the registration and transfer of the Bonds of that Series, which shall at all times be open to inspection during normal business hours by the Authority; and, upon presentation for such purpose, the Registrar shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such books, Bonds as provided in the Master Resolution.

Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the Authority at the expense of the Owner of said Bond, shall execute, and the Registrar shall thereupon authenticate and deliver, a new Bond of like tenor and amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Registrar of the Bond so mutilated. Every mutilated Bond so surrendered to the Registrar shall be cancelled by it and destroyed. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Authority and the Registrar, and, if such evidence be satisfactory to both the Registrar and the Authority and indemnity satisfactory to them shall be given, the Authority at the expense of the Owner, shall execute, and the Registrar shall thereupon authenticate and deliver, a new Bond of like tenor and amount in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall have been called for redemption, instead of issuing a substitute Bond, the Registrar may pay the same without surrender thereof upon receipt of the aforementioned indemnity). The Authority may require payment of a sum not exceeding the actual cost of preparing each new Bond issued under “**Bonds Mutilated, Lost, Destroyed or Stolen**” and of the expenses that may be incurred by the Authority and the Registrar in the premises. Any Bond issued under the provisions of “**Bonds Mutilated, Lost, Destroyed or Stolen**” in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute a contractual obligation on the part of the Authority whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be entitled to the benefits of the Master Resolution with all other Bonds secured by the Master Resolution. Neither the Authority, nor any Fiduciary shall be required to treat both the original Bond and any substitute Bond as being Outstanding for the purpose of determining the principal amount of Bonds which may be issued under the Master Resolution or for the purpose of determining any percentage

of Bonds Outstanding under the Master Resolution, but both the original and substitute Bond shall be treated as one and the same.

Series of Bonds; Terms of Series Resolutions. The Authority may from time to time by Series Resolution establish one or more Series of Bonds, and the Authority may issue, and the Registrar may authenticate and deliver to the purchasers thereof, Bonds of any Series so established, in such principal amount as shall be determined by the Authority, but only upon compliance by the Authority with the provisions of the Master Resolution and any additional requirements set forth in said Series Resolution.

A Series Resolution authorizing a Series of Bonds shall specify or provide for the determination of, among other things: (a) the authorized principal amount and distinguishing designation of such series; (b) the general purpose or purposes for which such Series of Bonds is being issued, and the deposit, disbursement and application of the proceeds of the sale of the Bonds of such Series; (c) the date or dates, and the maturity date or dates of the Bonds of such Series, and the principal amount maturing on each maturity date and any Sinking Fund Installment for the Bonds of such Series; (d) the interest rate or rates on the Bonds of such Series (which may be a rate of zero) and the interest Payment Date or dates therefor, and whether such interest rate or rates shall be fixed, variable or a combination of both, and, if Deferred Income Bonds are authorized by such Series Resolution, the Current Interest Commencement Date and, if necessary, the manner of determining such rate or rates; (e) the denominations of, and the manner of dating, numbering, and, if necessary, authenticating, the Bonds of such Series; (f) the Registrar and the Paying Agent(s) for the Bonds of such Series and the duties and obligations thereof; (g) the place or places of payment of the principal, Redemption Price, if any, or purchase price, if any, or the interest on, the Bonds of such Series; (h) the trustee, if any, for the Bonds of such Series, and the duties and obligations thereof; (i) the tender agent or tender agents for the Bonds of such Series, if any, and the duties and obligations thereof; (j) the remarketing agent or remarketing agents for the Bonds of such Series, if any, and the duties and obligations thereof; (k) the form or forms of the Bonds of such Series and any coupons attached thereto, which may include but shall not be limited to, registered form and book-entry form, and the methods, if necessary, for the registration, transfer and exchange of the Bonds of such Series; (l) the terms and conditions, if any, for the redemption of the Bonds of such Series prior to maturity, including the redemption date or dates, the redemption price or prices and other applicable redemption terms; (m) the terms and conditions, if any, for the purchase of the Bonds of such Series upon any optional or mandatory tender for purchase prior to maturity, including the tender date or dates, the purchase date or dates, the purchase price or prices and other applicable terms; (n) the authorization of and any terms and conditions with respect to any Credit Facility, if any, for the Bonds of such Series and the pledge or provision of money, assets or security other than Net Revenues to or for the payment of the Bonds of such Series or any portion thereof; (o) the creation and maintenance of one or more special funds or accounts, if any, to provide for the payment or purchase of the Bonds of such Series and any other special funds or accounts, if any, including, without limitation, a reserve fund or account, for the Bonds of such Series and the application of money therein; and (p) any other provisions deemed necessary or desirable in connection with the Bonds of such Series not inconsistent with the terms of the Master Resolution.

General Provisions for the Issuance of Bonds. The Bonds of each Series shall be executed by the Authority for issuance under the Master Resolution and delivered to the Registrar and thereupon authenticated by the Registrar and delivered to the Authority on its order, but only upon receipt by the Fiduciaries of the following:

(a) A copy of the Master Resolution, including the Series Resolution creating such Series, certified by the Authority;

(b) An Opinion of Bond Counsel to the effect that (1) the Bonds of such Series are valid and binding limited obligations of the Authority enforceable against the Authority in accordance with their terms, and (2) that the Master Resolution, including the Series Resolution creating such Series, is a valid and binding obligation of the Authority enforceable against the Authority in accordance with its terms; provided that such opinions may be qualified to the extent that the enforceability of the Bonds and the Master Resolution, including the Series Resolution creating such Series, may be limited by bankruptcy, insolvency, reorganization or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles;

(c) A written order of the Authority as to the delivery of such Series of Bonds signed by an Authorized Representative;

(d) The amount, if any, required by the Series Resolution to be deposited in the Bond Fund for the payment of interest on the Bonds; and

(e) A Certificate of the Authority stating that (1) no default will be continuing under the Master Resolution after the issuance of such Series of Bonds and (2) the issuance of such Series of Bonds will not cause a default under the Master Resolution.

Issuance of Refunding Bonds. (a) Refunding Bonds may be authorized and issued by the Authority in an aggregate principal amount sufficient (together with any additional funds available or to become available) to provide funds for the payment of any or all of the following:

- (1) The principal or Redemption Price of the Outstanding Bonds to be refunded;
- (2) All expenses incident to the calling, retiring or paying of such Outstanding Bonds and the costs of issuing such Refunding Bonds;
- (3) Interest on all Outstanding Bonds to be refunded to the date such Bonds will be called for redemption or paid at maturity; and
- (4) Interest on the Refunding Bonds from the date thereof to the date of payment or redemption of the Bonds to be refunded.

(b) A Series of Refunding Bonds may be executed by the Authority for issuance under the Master Resolution and delivered to the Registrar and thereupon authenticated by the Registrar and delivered to the Authority or upon its order, but only upon receipt by the Fiduciaries of the documents required under “—**General Provisions for the Issuance of Bonds**” and “—**Senior Lien Bonds; Additional Bonds**” and, if any of the Bonds to be refunded are to be redeemed or prepaid prior to their stated maturity dates, in the case of Bonds, irrevocable instructions from the Authority to give the applicable notice of redemption or a waiver of the notice of redemption signed by the Owners of all or the portion of such Bonds to be redeemed, or proof that such notice has been given by the Authority; provided, however, that no provision of the Master Resolution shall be construed to require the redemption of Bonds prior to their respective maturity dates in connection with the refunding thereof.

Reimbursement Obligations. One or more Series of Reimbursement Obligations may be issued concurrently with the issuance of the Bonds of a Series authorized pursuant to the provisions under “—**General Provisions for the Issuance of Bonds**” or “—**Issuance of Refunding Bonds**” for which a Credit Facility is being provided with respect to such Bonds (or a maturity or maturities thereof) by a Credit Provider. Such Reimbursement Obligations shall be issued for the purpose of evidencing the Authority’s obligation to repay any advances or loans made to, or on behalf of, the Authority in connection with such Credit Facility; provided, however, that the stated maximum principal amount of any such Series of Reimbursement Obligations shall not exceed the aggregate principal amount of the Bonds with respect to which such Credit Facility is being provided, and such number of days’ interest thereon as the Authority shall determine prior to the issuance thereof, but not in excess of 366 days’ interest thereon, computed at the maximum interest rate applicable thereto.

Special Provisions Relating to Capital Appreciation Bonds, Deferred Income Bonds and Reimbursement Obligations. (a) For the purposes of (1) receiving payment of the Redemption Price if a Capital Appreciation Bond is redeemed prior to maturity, or (2) receiving payment of a Capital Appreciation Bond if the principal of all Bonds is declared immediately due and payable following an Event of Default, as provided under “—**No Acceleration; No Cross Defaults**” or (3) computing the principal amount of Bonds held by the Owner of a Capital Appreciation Bond in giving to the Authority or any Fiduciary any notice, consent, request, or demand pursuant to the Master Resolution for any purpose whatsoever, the principal amount of a Capital Appreciation Bond shall be deemed to be its then current Accreted Value.

(b) For the purposes of (1) receiving payment of the Redemption Price if a Deferred Income Bond is redeemed prior to maturity, or (2) computing the principal amount of Bonds held by the Owner of a Deferred Income Bond in giving to the Authority or any Fiduciary any notice, consent, request, or demand pursuant to the Master

Resolution for any purpose whatsoever, the principal amount of a Deferred Income Bond shall be deemed to be its then current Appreciated Value.

(c) Except as otherwise provided in a Series Resolution authorizing a Series of Reimbursement Obligations, for the purposes of (1) receiving payment of a Reimbursement Obligation, whether at maturity, upon redemption or if the principal of all Bonds is declared immediately due and payable following an Event of Default, as provided under “**No Acceleration; No Cross Defaults**” or (2) computing the principal amount of Bonds held by the Owner of a Reimbursement Obligation in giving to the Authority or any Fiduciary any notice, consent, request, or demand pursuant to the Master Resolution for any purpose whatsoever, the principal amount of a Reimbursement Obligation shall be deemed to be the actual principal amount that the Authority shall owe thereon, which shall equal the aggregate of the amounts advanced to, or on behalf of, the Authority in connection with the Bonds of the Series or maturity for which such Reimbursement Obligation has been issued to evidence the Authority’s obligation to repay any advances or loans made in respect of the Credit Facility provided for such Bonds, less any prior repayments thereof.

Security for Bonds, Including Series 2017 Bonds

Pledge Effected by the Master Resolution. (a) The Bonds of each Series are special, limited revenue obligations of the Authority and are secured by a pledge of and shall be a charge upon and shall be payable, as to the principal, Accreted Value and Appreciated Value thereof, interest thereon, and any premiums upon redemption thereof, solely from and secured by a lien upon (1) the Net Revenues and (2) the other funds, assets and security described under the Master Resolution and under the Series Resolution creating such Series. The Authority pledges and places a charge upon all Net Revenues to secure the payment of the principal by the Master Resolution, Accreted Value and Appreciated Value of, premium, if any, and interest on the Bonds in accordance with their respective terms without priority or distinction of one over the other, subject only to the provisions of the Master Resolution, permitting the application thereof for the purposes and on the terms and conditions set forth in the Master Resolution, and the Net Revenues constitute a trust for the security and payment of the interest and any premium on and principal, Accreted Value and Appreciated Value of the Bonds. There are pledged by the Master Resolution to secure the payment of the principal, Accreted Value and Appreciated Value of and premium, if any, and interest on the Bonds in accordance with their terms all amounts (including proceeds of the Bonds) held by the Trustee in the Bond Fund and the Reserve Fund, subject only to the provisions of the Master Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Master Resolution. The pledge of Net Revenues pursuant to the Master Resolution made shall remain in effect until there are no Bonds Outstanding.

(b) In consideration of the acceptance of the Bonds by the Owners thereof from time to time, the Master Resolution shall be deemed to be and shall constitute a contract between the Authority and the Owners from time to time of the Bonds, and the covenants and agreements pursuant to the Master Resolution set forth to be performed by or on behalf of the Authority shall be for the equal and proportionate benefit, security and protection of all Owners of the Bonds, without preference, priority or distinction as to security or otherwise of any Bond over any other Bond by reason of the Series, time of issue, sale or negotiation thereof or for any cause whatsoever, except as expressly provided therein or pursuant to the Master Resolution. Notwithstanding the foregoing, nothing pursuant to the Master Resolution shall prevent additional security being provided to particular Bonds under any Series Resolution.

(c) The Bonds shall be payable, as to principal, Accreted Value and Appreciated Value or Redemption Price thereof, and interest thereon, solely from the Net Revenues and other funds of the Authority as provided in the Master Resolution and neither the State nor any political subdivision (other than the Authority) shall be obligated to pay the principal, Accreted Value and Appreciated Value or Redemption Price thereof or interest thereon and neither the faith and credit nor the taxing power of the State or any political subdivision thereof, is pledged to the payment of the principal, Accreted Value and Appreciated Value or Redemption Price of, or interest on, the Bonds. No Owner or receiver or trustee in connection with the payment of the Bonds shall have any right to compel the State or any political subdivision thereof to exercise its appropriation or taxing powers.

No Pledge of Certain Revenues

There is expressly excluded from any pledge, assignment, lien or security interest created by the Master Resolution any amount on deposit in the Revenue Fund, the Operation and Maintenance Fund, the Junior Lien Obligations Fund, the Capital Improvement and General Purpose Fund, and the Rebate Fund.

Revenues and Funds

Establishment of Funds and Accounts; Application. (a) Pursuant to the Master Resolution, there is established with the Authority the Revenue Fund into which all Revenues shall be deposited, and into which amounts from any available source may be deposited. All Revenues shall be collected on each Business Day of the Authority by or for the account of the Authority and deposited as promptly as practicable after the receipt thereof in the Revenue Fund. Earnings on and the income from the investment of money shall be deposited in such funds as are required under “—**Investment Income or Losses.**” The Revenue Fund and the money deposited therein shall be used and applied only for the uses and purposes in the manner and for the purposes provided in the Master Resolution.

(b) In addition to the Revenue Fund, the following Funds and Accounts are established pursuant to the Master Resolution:

- (1) Operation and Maintenance Fund, to be held by the Authority;
- (2) Bond Fund, to be held by the Trustee, in which pursuant to the Master Resolution there is established an Interest Account, a Principal Account and a Sinking Fund Account;
- (3) Reserve Fund, to be held by the Trustee, in which there shall be established an account for each Series of Bonds issued pursuant to the Resolution, if provided for pursuant to a Series Resolution;
- (4) Junior Lien Obligations Fund, to be held by the Authority, or the Trustee, as set forth in any Junior Lien Resolution, in which there shall be deposited all amounts required by any Junior Lien Resolution, including reserves for debt service on Junior Lien Obligations;
- (5) Capital Improvement and General Purpose Fund, to be held by the Authority;
- (6) Rebate Fund, to be held by the Authority; and
- (7) Construction Fund, in which there shall be established an Account for each Series of Bonds issued pursuant to the Resolution, if provided for pursuant to a Series Resolution, each to be held by the Authority or Trustee as provided pursuant to the applicable Series Resolution.

(c) At any time and from time to time, there may be established such other funds and accounts as the Authority shall determine to be necessary, desirable, advisable or in the best interests of Authority for such purposes as the Authority shall determine. The entity that shall hold any such account or fund, the amounts to be deposited therein, the purposes to which amounts therein are to be applied, and any other matters and things relative to such account or fund which are not contrary to or inconsistent with the Master Resolution as theretofore in effect, shall be set forth in such resolution or Supplemental Resolution or in such other agreement approved by such resolution or Supplemental Resolution establishing such account or fund or any Supplemental Resolution thereafter adopted in connection therewith in accordance with the paragraph under “—**Amendments Permitted.**”

Revenue Fund. The Authority covenants and agrees that from and after the delivery of the initial Series of Bonds issued pursuant to the Master Resolution, and continuing so long as any Bonds remain Outstanding, all of the Revenues shall as and when received be paid and deposited into the Revenue Fund. The Revenues shall be segregated and kept separate and apart from all other money, revenues, funds and accounts of the Authority and shall not be commingled with any other money, revenues, funds and accounts of the Authority. The Revenue Fund shall be administered and applied solely for the purposes and in the manner provided in the Master Resolution. Amounts in the Revenue Fund shall not be pledged to Owners.

Flow of Funds

Application of Money in Funds. Subject to the provisions of “—**Establishment of Funds and Accounts; Application,**” the Authority covenants and agrees that from and after the delivery of the initial Series of Bonds pursuant to the Master Resolution and continuing so long as any Bonds shall remain Outstanding, it will on the first day of each month administer and allocate all of the money then held in the Revenue Fund, to the following Funds in the following order of priority:

(a) **Operation and Maintenance Fund.** To the Operation and Maintenance Fund, there shall be paid and credited the then-current month’s Operation and Maintenance Expenses.

(b) **Bond Fund.** There shall next be paid and credited monthly to the Interest Account, the Principal Account and the Sinking Fund Account in the Bond Fund, an amount such that if the same amount were deposited on the first day of each month thereafter, the balance on the next succeeding Payment Date (1) of the Interest Account would be sufficient to pay the interest due on the Bonds, (2) the Principal Account would be sufficient to pay the principal amount maturing with respect to the Bonds, and (3) the Sinking Fund Account would be sufficient to pay any Sinking Fund Installment (or any unsatisfied balance thereof) due with respect to the Bonds. Any amounts (x) deposited in the Interest Account as accrued interest or as capitalized interest in accordance with a Series Resolution and (y) constituting Designated CFC Revenues deposited by the Authority into the Bond Fund in accordance with any Series Resolution shall be credited against the Authority’s payment obligations as set forth in this subparagraph with respect to a particular Series of Bonds.

(c) **Reserve Fund.** There shall next be paid and credited to each Account established in the Reserve Fund, all remaining Revenues until the amount on deposit in each Account in the Reserve Fund aggregates the Reserve Requirement for the Series of Bonds for which such Account was established, subject to the limitations of in subparagraph (b) under “—**Application of Money in Funds.**” So long as each Account in the Reserve Fund aggregates the Reserve Requirement with respect to the Series of Bonds for which such Account was established, no further payments into said Account shall be required, but if the Authority is ever required to expend and use a part of the money in any Account for the purpose pursuant to the Master Resolution authorized and such expenditure reduces the amount of said Account below the Reserve Requirement for the Series of Bonds for which such Account was established, the Authority shall resume and continue such monthly payments into said Account until such Account shall again aggregate the Reserve Requirement with respect to the Series of Bonds for which such Account was established.

(d) **Junior Lien Obligations Fund.** There shall next be paid and credited to each Account established in the Junior Lien Obligations Fund the amount, if any, equal to the required deposits pursuant to the Junior Lien Resolutions.

(e) **Capital Improvement Fund and General Purpose Fund.** All remaining amounts in the Revenue Fund shall be paid and credited to the Capital Improvement and General Purpose Fund.

If at any time the Revenues are insufficient to make any payment to a Fund or Account pursuant to the paragraph under “—**Application of Money in Funds,**” the Authority will make good the amount of such deficiency by making additional payments or credits out of the first available Revenues thereafter received from the operation of the Airport System, such payments and credits being made and applied in the order specified under “—**Application of Money in Funds.**”

Required Deposits

Bond Fund. (a) The Trustee shall pay to the respective Paying Agents not less than three Business Days before (1) each Payment Date for any of the Bonds (A) from the Interest Account, the amount required to pay the interest then due on the Bonds, (B) from the Principal Account, the amount required to pay any principal then maturing with respect to the Bonds, and (C) from the Sinking Fund Account, the amount required to pay any Sinking Fund Installment (including any unsatisfied balance thereof) the due with respect to the Bonds; and (2) before any redemption date for the Bonds, the amount required for the payment of interest on and the Redemption Price of the Bonds then to be redeemed. Such amounts shall be applied by the Paying Agents on the due dates thereof. The Trustee shall also pay out of the Interest Account the accrued interest included in the purchase price of the Bonds purchased for retirement.

(b) Amounts accumulated in the Sinking Fund Account (together with amounts accumulated in the Interest Account with respect to interest on the Bonds for which such Sinking Fund Installment was established) shall be applied by the Trustee, at the direction of the Authority, to (1) the purchase of Bonds of the Series, maturity and interest rate within each maturity for which such Sinking Fund Installment was established, (2) the redemption at the applicable sinking fund Redemption Price of such Bonds, if then redeemable by their terms, or (3) the purchase of Bonds of the Series, maturity and interest rate within each maturity for which such Sinking Fund Installment was established in an amount not exceeding that necessary to complete the retirement of the unsatisfied balance of such Sinking Fund Installment. All purchases of any Bonds pursuant to subparagraph (b) under “**Bond Fund**” shall be made at prices not exceeding the applicable sinking fund Redemption Price of such Bonds plus accrued interest, and such purchases shall be made at the direction of the Authority. The applicable sinking fund Redemption Price (or principal amount of maturing Bonds) of any Bonds so purchased or redeemed shall be deemed to constitute part of the Sinking Fund Account until such Sinking Fund Installment date, for the purpose of calculating the amount of such Account. At the direction of the Authority, the Registrar shall proceed to call for redemption, by giving notice as provided under “**Notice of Redemption.**” on such due date Bonds of the Series, maturity and interest rate within such maturity for which such Sinking Fund Installment was established (except in the case of Bonds maturing on a Sinking Fund Installment date) in such amount as shall be necessary to complete the retirement of the unsatisfied balance of such Sinking Fund Installment after making allowance for any Bonds purchased or redeemed which the Authority has applied as a credit against such Sinking Fund Installment as provided in subparagraph (e) under “**Bond Fund.**” The Trustee shall pay out of the Sinking Fund Account and the Interest Account to the appropriate Paying Agent(s), on or before such redemption date (or maturity date), the amount required for the redemption of the Bonds so called for redemption (or for the payment of such Bonds then maturing), and such amount shall be applied by such Paying Agent(s) to such redemption (or payment). All expenses in connection with the purchase or redemption of Bonds shall be paid by the Authority from the Operation and Maintenance Fund. Any purchase of Bonds pursuant to subparagraph (b) under “**Bond Fund**” may be made with or without tenders of Bonds and at either public or private sale, in such manner as the Authority may determine.

(c) The amount, if any, deposited in the Bond Fund from the proceeds of each Series of Bonds shall be set aside in the Bond Fund and applied to the payment of interest on Bonds in accordance with the Series Resolution pursuant to which such Series of Bonds were authorized. The amount, if any, deposited in the Bond Fund from the proceeds of Junior Lien Obligations or other evidences of indebtedness of the Authority shall be set aside in the Bond Fund and applied to the payment of interest on Bonds in accordance with the Junior Lien Resolution authorizing such Junior Lien Obligations.

(d) In the event of the refunding or defeasance of any Bonds, the Trustee shall withdraw from the Bond Fund all or any portion of the amounts accumulated therein allocable to such Bonds and deposit such amounts with the Paying Agent(s) to be held for the payment of the principal or Redemption Price, if applicable, and interest on the Bonds being refunded; provided that such withdrawal shall not be made unless immediately thereafter the Bonds being refunded shall be deemed to have been paid as described under “**Deposit of Money or Securities with Fiduciaries.**” In the event of such refunding or defeasance, the Trustee shall, at the direction of the Authority, withdraw from the Bond Fund all or any portion of the amounts accumulated therein allocable to such Bonds and deposit such amounts in any Fund or Account established under the Master Resolution; provided that such withdrawal shall not be made unless the requirements of the first sentence of this paragraph have been satisfied.

(e) If at any time Bonds of any Series or maturity for which Sinking Fund Installments shall have been established are (1) purchased or redeemed other than as described in subparagraph (b) under “**Bond Fund**” or (2) deemed to have been paid as described under “**Deposit of Money or Securities with Fiduciaries**” and, with respect to such Bonds which have been deemed paid, irrevocable instructions have been given to the Paying Agent to redeem or purchase the same on or prior to the due date of the Sinking Fund Installment to be credited in subparagraph (e) under “**Bond Fund.**” the Authority may from time to time or at any time by written notice to the Fiduciaries specify the portion, if any, of such Bonds so purchased, redeemed or deemed to have been paid and not previously applied as a credit against any Sinking Fund Installments which are to be credited against future Sinking Fund Installments. Such notice shall specify the amounts of such Bonds to be applied as a credit against such Sinking Fund Installment or Installments and the particular Sinking Fund Installment or Installments against which such Bonds are to be applied as a credit; provided, however, that none of such Bonds may be applied as a credit against a Sinking Fund Installment to become due less than 45 days after such notice is delivered to the Fiduciaries. Except as otherwise provided under “**Book Entry Bonds**” with respect to Book-Entry Bonds, all such Bonds to be applied as a credit shall be surrendered to the Paying Agent for cancellation on or prior to the due date of the Sinking Fund Installment against which they are being applied as

a credit. The portion of any such Sinking Fund Installment remaining after the deduction of any such amounts credited toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of calculation of Sinking Fund Installments due on a future date.

(f) While there is a Credit Facility in effect with respect to any Series of Bonds, amounts in the related Series Interest, Principal or Sinking Fund Account in the Bond Fund may be used to reimburse the Credit Provider with respect to such Credit Facility for interest, principal or redemption payments, respectively, made to Holders of such Bonds with funds provided by such Credit Provider in accordance with the provisions of the applicable Supplemental Resolution with respect to such Series of Bonds to the extent that such obligations to reimburse the Credit Provider are secured by the Master Resolution.

Reserve Fund. (a) The Trustee shall establish an Account within the Reserve Fund for each Series of Bonds issued pursuant to the Master Resolution, to the extent required pursuant to a Series Resolution, which Account shall be for the benefit and security of such Series of Bonds. The Trustee shall hold any such Account and shall deposit therein from the proceeds of the Series of Bonds for which such Account is established or from other funds of the Authority legally available therefore, an amount equal to the Reserve Requirement for such Series of Bonds. Notwithstanding the foregoing, the Authority may in its discretion, at the time of issuance of any Series of Bonds or at any time thereafter, provide by Supplemental Resolution for the creation of an Account in the Reserve Fund as security for such Series and reserve the right to allow one or more future Series of Bonds to participate in such Account in the Reserve Fund (each, a **"Pooled Reserve Account"**). The Authority shall, by such Supplemental Resolution, provide for the size and manner of funding and replenishing a Pooled Reserve Account and shall establish such other terms with respect thereto that the Authority shall deem to be appropriate.

(b) If any withdrawal from any Account in the Reserve Fund is made for the purpose of subparagraph (c)(1) under **"Reserve Fund,"** the amount of such withdrawal shall be restored by the Authority in no more than 12 substantially equal, consecutive, monthly installments, commencing with the month in which the withdrawal is made; provided that, if any withdrawal is made and if, prior to the restoration of the amount withdrawn, an additional withdrawal is made, such additional withdrawal shall be restored in equal monthly installments over the remainder of the restoration period for the initial withdrawal.

(c) Money on deposit in any Account in the Reserve Fund shall be applied as follows:

(1) On the date of each required payment from the Bond Fund with respect to a Series of Bonds, money in the Account established in the Reserve Fund with respect to such Series of Bonds shall be applied to cure any deficiency in the Bond Fund with respect thereto.

(2) Any amount in any Account in the Reserve Fund in excess of the Reserve Requirement with respect to the Series of Bonds for which such Account was established shall be transferred to the Bond Fund and credited against the payments of the principal and interest next becoming due on such Series of Bonds.

(3) On the interest Payment Date immediately preceding the final maturity date of a Series of Bonds, money held in the Account established in the Reserve Fund with respect to such Series of Bonds shall be deposited into the Bond Fund and credited against the deposits required to be made into the Bond Fund with respect to such Series of Bonds but only to the extent that, immediately following such crediting and transfer, the amount on deposit in such Account in the Reserve Fund is equal to the lesser of (A) the Reserve Requirement with respect to such Series of Bonds and (B) the amount of principal and interest due in respect of such Series of Bonds on such final maturity date.

(d) The Authority shall be permitted to substitute a Credit Facility for funds on deposit in any Account in the Reserve Fund as may be provided in the Series Resolution for a Series of Bonds.

Construction Fund. (a) There shall be paid into the Construction Fund such amounts from the proceeds of a Series of Bonds as may be required by the provisions of the Master Resolution and any Series Resolution. Amounts in the Construction Fund shall be applied to pay the Costs of the Airport System in the manner provided under “**Construction Fund.**”

(b) The proceeds of insurance maintained pursuant to the Master Resolution against physical loss of or damage to any portion of the Airport System, or of contractors’ performance bonds with respect thereto, pertaining to the period of construction thereof, shall, upon receipt by the Authority, be paid into an Account established in the Construction Fund.

(c) The Authority shall make payments from the Construction Fund in the amounts, at the times, in the manner and on the other terms and conditions established by the Authority.

(d) Notwithstanding any of the other provisions under “**Construction Fund,**” to the extent that other money is not available therefor, amounts in the Construction Fund shall be applied to the payment of principal, Accreted Value or Appreciated Value of and interest on Bonds when due.

(e) Amounts credited to the Construction Fund which the Authority at any time determines to be in excess of the amounts required for the purposes thereof may be transferred to the Bond Fund.

(f) Nothing under “**Construction Fund**” shall be construed to prevent the Authority from permanently discontinuing the acquisition or construction of any portion of the Airport System, the Costs of which are at the time being paid out of the Construction Fund, if the Authority determines that such discontinuance is necessary or desirable in the conduct of the business of the Authority and not disadvantageous to the Owners of the Bonds.

Junior Lien Obligations; Special Facility Bonds. The Authority may, at any time, or from time to time, issue Junior Lien Obligations for any lawful purpose of the Authority related to the Airport System, which Junior Lien Obligations shall be payable out of, and may be secured by a security interest in and pledge and assignment of, the Junior Lien Obligations Fund. Any security interest and pledge and assignment with respect to Junior Lien Obligations shall be, and shall be expressed to be, subordinated in all respects to the security interest in and pledge created by the Master Resolution as security for the Bonds.

(b) Except as otherwise expressly set forth in the Master Resolution, in addition to Bonds issued under “**Junior Lien Obligations; Special Facility Bonds**” and under “**Senior Lien Bonds; Additional Bonds,**” the Authority may issue, at any time and from time to time, in one or more series (i) Special Facility Bonds, (ii) other bonds, notes or obligations payable from and secured by revenues other than Revenues and Net Revenues and (iii) bonds, notes or other obligations payable from Net Revenues, including revenue anticipation notes, on a basis subordinate to the Bonds.

Capital Improvement and General Purpose Fund. Amounts in the Capital Improvement and General Purpose Fund shall be available for use by the Authority for any lawful purpose. Amounts in the Capital Improvement and General Purpose Fund shall not be pledged to Owners.

Funding of Other Funds. Except as otherwise provided in the Master Resolution, the Operation and Maintenance Fund, the Capital Improvement and General Purpose Fund, the Bond Fund, including the Accounts therein, and the applicable Series Account in the Debt Service Reserve Fund, if any, shall be funded as provided by Supplemental Resolutions.

Computation and Payment of Rebate Amount

Rebate Fund. (a) There shall be deposited into the Rebate Fund such amounts as are required to be deposited therein pursuant to the Arbitrage Instructions. All money in the Rebate Fund shall be held in trust, to the extent required to satisfy the amount (as described in the Arbitrage Instructions), for payment to the United States, and neither the Authority nor the Registered Owner of any Bond shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund shall be governed by “**Rebate Fund,**” and the Arbitrage Instructions. Amounts in the Rebate Fund shall not be pledged to Owners.

(b) The Authority shall periodically determine the rebatable arbitrage under Section 148(f) of the Code in accordance with the Arbitrage Instructions, and the Authority shall make payments to the United States Government at the times and in the amounts determined under the Arbitrage Instructions. Any funds remaining in the Rebate Fund after redemption and payment of all of the Bonds and the interest thereon, and payment and satisfaction of any rebate amount, or provision made therefor, shall be released to the Authority.

(c) Notwithstanding any other provision of the Master Resolution, including in particular the Article of the Master Resolution entitled “Trustee,” the obligation to pay rebatable arbitrage to the United States and to comply with all other requirements under “—**Rebate Fund**” and the Arbitrage Instructions shall survive the defeasance or payment in full of the Bonds.

Investment of Moneys

Investment of Moneys. (a) Moneys in all Funds and Accounts shall be invested as soon as practicable upon receipt in Permitted Investments as directed in writing by an Authorized Representative, or as selected by the Trustee in the absence of direction by the Authority; provided that (i) the maturity date or the date on which such Permitted Investments may be redeemed at the option of the holder thereof shall coincide as nearly as practicable with (but in no event shall be later than) the date or dates on which moneys in the Funds or Accounts for which the investments were made will be required for the purposes thereof, and (ii) subject to subparagraph (h) under “—**Investment of Moneys**,” in the absence of direction from an Authorized Representative, the Trustee shall select Permitted Investments in accordance with prudent investment standards.

(b) For purposes of subparagraph (a) under “—**Investment of Moneys**,” moneys in the following Funds or Accounts shall be invested in Permitted Investments maturing or redeemable at the option of the holder, including the Trustee, of such Permitted Investments not later than the respective following dates: (i) Principal Account, the last Business Day of the then current Bond Year with respect to each applicable Series of Bonds set forth in the applicable Supplemental Resolution; (ii) Interest Account, the Business Day preceding the next Payment Date with respect to the applicable Series; and (iii) Sinking Fund Account, the Business Day preceding the next date on which Bonds of the applicable Series are to be redeemed.

(c) Investment of amounts in any Fund or Account shall be made in the name of such Fund or Account.

(d) Amounts credited to a Fund or Account may be invested, together with amounts credited to one or more other Funds or Accounts, in the same Permitted Investment; provided, however, that (i) each such investment complies in all respects with the provisions of subparagraph (a) under “—**Investment of Moneys**” as they apply to each Fund or Account for which the joint investment is made, (ii) separate records are maintained for each Fund and Account and such investments are accurately reflected therein and (iii) amounts credited to the Construction Fund may not be invested together with amounts credited to any other Funds or Accounts held by the Authority.

(e) The Trustee may make any investment permitted under “—**Investment of Moneys**” through or with its own commercial banking or investment departments, unless otherwise directed by the Authority.

(f) Except as otherwise specifically provided in the under “—**Investment of Moneys**,” in computing the amount in any Fund or Account, Permitted Investments purchased as an investment of moneys therein shall be valued at the current market value thereof or at the redemption price thereof, if then redeemable at the option of the holder, in either event inclusive of accrued interest.

(g) The holder of an investment shall sell at the market price, or present for redemption, any Permitted Investment whenever it shall be necessary to provide moneys to meet any payment or transfer from the Fund or Account for which such investment was made.

(h) Neither the Trustee nor the Authority shall knowingly use or direct or permit the use of any moneys of the Authority in its possession or control in any manner which would cause any Bond to be an “arbitrage bond” within the meaning ascribed to such term in Section 148 of the Code, or any successor section of the Code.

(i) Any transfer to or deposit in any Fund or Account required by the Master Resolution may be satisfied by transferring or depositing an investment with a market value equal to the required transfer or deposit in lieu of transferring or depositing cash.

(j) Notwithstanding any provision of the Master Resolution, the Authority and the Trustee shall observe their covenants and agreements contained in the Master Resolution, to the extent that and for so long as such covenants and agreements are required by law.

Liability of Trustee for Investments. The Trustee shall not be liable for making any investment authorized by the provisions of this Article in the manner provided in this Article or for any loss resulting from any such investment so made, except for its own negligence, willful misconduct or self-dealing constituting a breach of trust under applicable law.

Investment Income or Losses. (a) Unless otherwise specified in the applicable Supplemental Resolution, all investment income or losses on all Funds and Accounts shall be credited to the Fund or Account on which such amount was earned or lost; provided, however, that (i) prior to completion of the related Projects, to the extent not needed to maintain the balance therein equal to the Reserve Requirement for a Series of Bonds, earnings on a pro rata portion of the amount in the applicable Account in the Reserve Fund, if any, shall be transferred immediately after each Payment Date with respect to the related Series of Bonds to the related Series Account in the Construction Fund, such portion being in relation to the portion of the Projects financed with such Series of Bonds which are not yet completed, and after all such Projects are completed, all such earnings not needed to satisfy the Series Reserve Requirement shall be transferred to the Revenue Fund and applied as may be directed in the Tax Certificate for such Series, and (ii) earnings on amounts in Accounts in the Bond Fund with respect to a Series of Bonds shall be transferred to the Interest Account with respect to such Series. The Authority shall keep records of all such investment income or losses and the applicable Fund or Account which is the source of the income or losses for purposes of determining any rebate amount with respect to each Series.

(b) Investments in the Reserve Fund shall be valued, at current market value as of the first Business Day of each Fiscal Year. Immediately after each such valuation, any excess in each Account in the Reserve Fund shall be transferred to the Series Account in the Construction Fund prior to completion of the related Projects and thereafter to the Revenue Fund and applied as may be directed in the Tax Certificate for such Series.

Additional Bonds

Senior Lien Bonds; Additional Bonds. (a) The Authority covenants and agrees that so long as any of the Bonds remain Outstanding, the Authority will not issue any additional bonds or incur or assume any other debt obligations appearing as liabilities on the balance sheet of the Authority for the payment of money determined in accordance with generally accepted accounting principles including capital leases as defined by generally accepted accounting principles, payable out of the Revenues of the Airport System or any part thereof which are superior to the Bonds.

(b) The Authority covenants and agrees that so long as any of the Bonds remain Outstanding, it will not issue any additional Bonds payable out of the Net Revenues or any part thereof which stand on a parity or equality with the Bond unless the following conditions are met:

(1) The Authority shall not be in default in the payment of principal of or interest on any Bonds at the time Outstanding under the Master Resolution or in making any payment at the time required to be made into the respective funds and accounts created by and referred to in the Master Resolution (unless such additional revenue bonds or obligations are being issued to provide funds to cure such default); and

(2) The Authority shall have satisfied one of the following:

(A) An Authorized Representative has delivered to the Trustee a certificate stating that Net Revenues in the completed Fiscal Year immediately preceding the issuance of such additional Bonds were not less than the larger of (1) the amounts needed for making the required deposits to the Principal Accounts, the Interest Accounts, and the Sinking Fund Accounts, the Reserve Fund and the Junior Lien Obligations Fund or (2) 125% of (a) Annual Debt Service on Bonds Outstanding in such immediately preceding Fiscal Year (disregarding any Bonds that have been paid or discharged or will be paid or discharged immediately after the issuance of such additional Bonds proposed to be issued), plus (b) Maximum Annual Debt Service with respect to such additional Bonds proposed to be issued.

(B) An Airport Management Consultant has provided to the Trustee a certificate stating that, based upon reasonable assumptions, projected Net Revenues will be sufficient to satisfy the rate covenant set forth in subparagraph (a) under “**Rents, Fees and Charges**” (disregarding any Bonds that have been paid or discharged or will be paid or discharged immediately after the issuance of the additional Bonds proposed to be issued) for each of the next three full Fiscal Years following issuance of the additional Bonds, or each full Fiscal Year from issuance of the additional Bonds through two full Fiscal Years following completion of the Projects financed by the additional Bonds proposed to be issued, whichever is later; provided that, if Maximum Annual Debt Service with respect to all Bonds to be Outstanding following the issuance of the proposed additional Bonds in any Fiscal Year is greater than 110% of Annual Debt Service for such Bonds in any of the test years, then the last Fiscal Year of the test must use such Maximum Annual Debt Service; provided further, that if capitalized interest on any Bonds and proposed additional Bonds is to be applied in the last Fiscal Year of the period described in this sentence, the Airport Management Consultant shall extend the test through the first full Fiscal Year for which there is no longer capitalized interest.

(C) With respect to additional Bonds proposed to be issued to refund Outstanding Bonds, either the requirement set forth in (A) or (B) is satisfied, or an Authorized Representative has provided to the Trustee a certificate stating that (i) the aggregate Annual Debt Service in each Fiscal Year with respect to all Bonds outstanding after issuance of such refunding Bonds shall be less than the aggregate Annual Debt Service in each such Fiscal Year through the last Fiscal Year in which Bonds are Outstanding prior to the issuance of such refunding Bonds and (ii) the Maximum Annual Debt Service with respect to all Bonds to be Outstanding after issuance of such refunding Bonds shall not exceed the Maximum Annual Debt Service with respect to all Bonds Outstanding immediately prior to such issuance.

Additional Bonds issued under the conditions set forth under “**Senior Lien Bonds; Additional Bonds**” shall stand on a parity with the Bonds and shall enjoy complete equality of lien on and claim against the Net Revenues with the Bonds, and the Authority may make equal provision for paying said additional Bonds and the interest thereon out of the Revenue Fund.

Rebate Fund. (a) There shall be deposited into the Rebate Fund such amounts as are required to be deposited therein pursuant to the Arbitrage Instructions. All money in the Rebate Fund shall be held in trust, to the extent required to satisfy the amount (as described in the Arbitrage Instructions), for payment to the United States, and neither the Authority nor the Registered Owner of any Bond shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund shall be governed by “**Rebate Fund,**” and the Arbitrage Instructions. Amounts in the Rebate Fund shall not be pledged to Owners.

(b) The Authority shall periodically determine the rebatable arbitrage under Section 148(f) of the Code in accordance with the Arbitrage Instructions, and the Authority shall make payments to the United States Government at the times and in the amounts determined under the Arbitrage Instructions. Any funds remaining in the Rebate Fund after redemption and payment of all of the Bonds and the interest thereon, and payment and satisfaction of any rebate amount, or provision made therefor, shall be released to the Authority.

(c) Notwithstanding any other provision of the Master Resolution, including in particular the Article of the Master Resolution entitled “Trustee,” the obligation to pay rebatable arbitrage to the United States and to comply with all other requirements under “—**Rebate Fund**” and the Arbitrage Instructions shall survive the defeasance or payment in full of the Bonds.

General Covenants of the Authority

The Authority covenants and agrees with the Owners as follows:

Payment of Bonds. The Authority shall duly and punctually pay or cause to be paid, but solely from the Net Revenues, the principal, Accreted Value, Appreciated Value or Redemption Price of every Bond and the interest thereon, at the dates and places and in the manner mentioned in the Bonds, according to the true intent and meaning thereof.

Extension of Payment of Bonds. The Authority shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the funding of such Bonds or claims for interest or by any other arrangement and in case the maturity of any of the Bonds or the time for payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default under the Master Resolution, to the benefit of the Master Resolution or to any payment out of the Revenues or funds established by the Master Resolution, including the investments, if any, thereof, pledged under the Master Resolution or the money (except money held in trust for the payment of particular Bonds or claims for interest pursuant to the Master Resolution) held by the Fiduciaries, except subject to the prior payment of the principal, Accreted Value or Appreciated Value of all Bonds Outstanding the maturity of which has not been extended and of such portion of the accrued interest on the Bonds as shall not be represented by such extended claims for interest. Nothing in the Master Resolution shall be deemed to limit the right of the Authority to issue Option Bonds or Refunding Bonds and such issuance shall not be deemed to constitute an extension of maturity of Bonds.

Power to Issue Bonds and Pledge Revenues and Other Funds. The Authority is duly authorized under all applicable laws to create and issue the Bonds and to adopt the Master Resolution and to pledge and grant a security interest in the Net Revenues in the manner and to the extent provided in the Master Resolution. The Net Revenues are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the respective security interests, pledges and assignments created by the Master Resolution, and all corporate or other action on the part of the Authority to that end has been and will be duly and validly taken. The Bonds and the provisions of the Master Resolution are and will be the valid and legally enforceable obligations of the Authority in accordance with their terms and the terms of the Master Resolution, except as the enforcement thereof may be limited by bankruptcy or other similar laws affecting creditors’ rights generally. The Authority shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of and security interest in the Net Revenues and all the rights of the Owners under the Master Resolution against all claims and demands of all persons whomsoever.

Power to Fix and Collect Rents, Fees and Charges. The Authority has, and will have as long as any Bonds are Outstanding, good right and lawful power to establish and collect rents, fees and charges with respect to the use and occupancy of the Airport System. The Authority shall use its best efforts to oppose any change in law or regulation that would materially adversely affect its right or power to establish or collect such rents, fees and charges.

Restrictions on Mortgage or Sale of Airport System. The Authority will not mortgage, pledge or otherwise encumber the Airport System or any part thereof, nor will it sell, lease or otherwise dispose of the Airport System or any material part thereof; provided, however, the Authority may:

(a) sell at fair market value any portion of the Airport System which has been replaced by other similar property of at least equal value, or which ceases to be necessary for the efficient operation of the Airport System, and in the event of sale, the Authority will apply the proceeds to either (1) redemption of Outstanding Bonds in accordance with the provisions governing repayment of Bonds in advance of the maturity thereof, or (2) replacement of the property so disposed of by other property the revenues of which shall be incorporated into the Airport System as provided in the Master Resolution;

(b) cease to operate, abandon or otherwise dispose of any property which has become obsolete, nonproductive or otherwise unusable to the advantage of the Authority;

(c) lease, (1) as lessor, any real or personal property which is unused or unimproved, or which has become obsolete, nonproductive or otherwise unusable to the advantage of the Authority, or which is being acquired as a part of a lease/purchase financing for the acquisition and/or improvement of such property; and/or (2) as lessee, with an option of the Authority to purchase, any real or personal property for the extension and improvement of the Airport System. Property being leased as lessor and/or lessee pursuant to subparagraph (c) under “—**Restrictions on Mortgage or Sale of Airport Systems**” shall not be treated as part of the Airport System for purposes of “—**Restrictions on Mortgage or Sale of Airport Systems**” and may be mortgaged, pledged or otherwise encumbered.

Annual Budget. For each Fiscal Year following delivery of any Bonds under the Master Resolution, the Authority shall prepare and adopt a budget for the Airport System for the next ensuing Fiscal Year. Copies thereof shall be provided to the Airport Management Consultant, if any, and the Authority’s independent accountant.

Management, Operation and Maintenance of the Airport System. (a) The Authority will not take, or allow any person to take, any action which would cause the Administrator of the Federal Aviation Administration, Department of Transportation, or any successor to the powers and authority of such Administrator, to suspend or revoke the Authority’s operating certificates issued under the Federal Aviation Act of 1958, or any successor statute. The Authority will comply with all valid acts, rules, regulations, orders and directives of any governmental, legislative, executive, administrative or judicial body applicable to the Airport System, unless the same shall be contested in good faith, all to the end that the Airport System will remain in operation at all times.

(b) The Authority shall at all times use its best efforts to operate or cause to be operated the Airport System properly and in an efficient and economical manner, consistent with Prudent Airport System Management, and shall use its best efforts to maintain, preserve, reconstruct and keep the same or cause the same to be so maintained, preserved, reconstructed and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition, and shall from time to time make, or use its best efforts to cause to be made, all necessary and proper repairs, replacements and renewals so that at all times the operation of the Airport System may be properly conducted. The Authority shall promptly pay all Operation and Maintenance Expenses and all other costs and expenses payable from the Revenues.

Maintenance of Insurance. The Authority will carry and maintain insurance with respect to the Airport System and its operations against such casualties, contingencies and risks (including but not limited to property and casualty, fire and extended coverage insurance upon all of the properties forming a part of the Airport System insofar as the same are of an insurable nature, public liability, rental value, business interruption or use and occupancy insurance, workers’ compensation and employee dishonesty insurance), such insurance to be of the character and coverage and in such amounts as would normally be carried by other airports operating facilities of comparable size and similarly situated. In the event of loss or damage, the Authority, with reasonable dispatch, will use the proceeds of such insurance in reconstructing and replacing the property damaged or destroyed, or in paying the claims on account of which such proceeds were received, or if such reconstruction or replacement is unnecessary or impracticable, then the Authority will pay and deposit the proceeds of such insurance into the Revenue Fund, subject to the terms under “—**Application of Insurance Proceeds.**” The Authority will annually review the insurance it maintains with respect to the Airport System to determine that it is customary and adequate to protect its property and operations. The Authority may elect to be self-insured for all or any part of the foregoing requirements if (a) the Authority annually obtains a written evaluation with respect to such self-insurance program from an Insurance Consultant, (b) the evaluation is to the effect that the self-insurance program is actuarially sound, (c) unless the evaluation states that such reserves are not necessary, the Authority deposits and maintains adequate reserves for the self-insurance program with a corporate trustee, who may be the Paying Agent, and (d) in the case of workers’ compensation, adequate reserves created by the Authority for such self-insurance program are deposited and maintained in such amount and manner as are acceptable to the State. The Authority shall pay any fees and expenses of such Insurance Consultant in connection therewith. The cost of all insurance obtained pursuant to the requirements under “—**Maintenance of Insurance,**” shall be paid as an Operation and Maintenance Expense out of the Revenues of the Airport System.

Application of Insurance Proceeds. If any useful portion of the Airport System shall be damaged or destroyed, the Authority shall make due proof of loss and shall do all things necessary or desirable to cause the insuring companies to make payment in full directly to the Authority. The proceeds of insurance covering such property, together with any other funds available for such purpose as the Authority in its sole discretion shall determine, shall be used to repair the property damaged or replace the property destroyed; provided, however, if the insurance proceeds and other funds that might be lawfully appropriated therefore are insufficient to repair or replace the damaged property, then such insurance proceeds received for the damaged or destroyed property shall be deposited with the Trustee to the credit of a special insurance account or fund until other funds become available which, together with funds on deposit to the credit of such special insurance account, will be sufficient to make the repairs or replacements to the property damaged or destroyed that resulted in such insurance proceeds or make other improvements to the Airport System.

Accounts and Reports. (a) The Authority shall keep or cause to be kept proper books of record and account (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the Airport System and each fund and account established under the Master Resolution.

(b) Annually, promptly after the end of each Fiscal Year, the Authority will cause an audit to be made of the Airport System for the preceding Fiscal Year by a certified public accountant or firm of certified public accountants to be employed for that purpose and paid from the Revenues. Said annual audit shall cover in reasonable detail the operation of the Airport System during such Fiscal Year.

(c) The Trustee shall advise the Authority promptly after the end of each Fiscal Year of its transactions during such Fiscal Year relating to all balances handled by it under the Master Resolution.

(d) For so long as Rule 15c2-12(b) of the Securities and Exchange Commission (the “**Rule**”) is applicable, the Authority covenants and agrees by the Master Resolution that it will comply with and carry out all of the provisions of each undertaking entered into by it, if any, to satisfy the requirements of the Rule with respect to each Series of Bonds issued pursuant to the Master Resolution. Notwithstanding any other provision of the Master Resolution, failure of the Authority to comply with such undertaking shall not be considered an Event of Default; however, the Owner or Beneficial Owner of any Bond may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Authority to comply with its obligations in subparagraph (d) under “—**Accounts and Reports.**” For purposes of subparagraph (d) under “—**Accounts and Reports,**” “**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.

To Maintain Franchises and Other Rights. The Authority shall obtain, and shall not permit or allow to lapse or to be forfeited, franchises, permits, privileges, easements or other rights necessary or desirable in the operation of the properties of the Airport System so long as the same shall be necessary or desirable for said purposes. The Authority from time to time will take reasonable steps to secure the renewal of all such franchises, permits, privileges, easements and rights at the expiration thereof if the same shall expire prior to the maturity of all Bonds then outstanding. The Authority shall file all statements, maps and other documents regarding its service area and customers as may be required by law to protect and preserve such area.

Consultant. The Authority shall retain and appoint from time to time as required by the Master Resolution an Airport Management Consultant, and will cause such Airport Management Consultant to make an examination of and report on the condition and operation of the Airport System, such report to include recommendations as to any changes in such operations deemed desirable. Each such report shall also make reference to any unusual or extraordinary items.

Covenant Against Competing Facilities. The Authority covenants that it will not construct, operate, or enter into any agreement permitting or facilitating the construction or operation of, any facilities or structures that will compete with the operations of the Airport System in a manner that would materially and adversely affect its ability to comply with the covenant set forth in subparagraph (a) under “—**Rents, Fees and Charges;**” provided, however, that with respect to any airport designated by the Authority to be a part of the Airport System, the ability to

comply with the covenant set forth in subparagraph (a) under “**Rents, Fees and Charges**” shall not be deemed materially and adversely affected for purposes of “**Rents, Fees and Charges**” if the Authority takes all lawful measures necessary to produce Net Revenues sufficient to satisfy the covenant set forth in in subparagraph (a) under “**Rents, Fees and Charges**” with respect to the first full Fiscal Year commencing after the date the Authority first assumes any responsibilities or obligations with respect to operation of such designated airport.

General. (a) The Authority shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Authority under the provisions of the Act and the Master Resolution.

(b) Upon the date of authentication and delivery of any of the Bonds, all conditions, acts and things required by law and the Master Resolution to exist, to have happened and to have been performed precedent to and in the issuance of such Bonds shall exist, have happened and have been performed and the issue of such Bonds, together with all other indebtedness of the Authority, shall comply in all respects with the applicable laws of the State.

Rate Covenant

Rents, Fees and Charges. (a) The Authority covenants and agrees that it will take all lawful measures to fix and adjust from time to time the fees and other charges for the use of the Airport System, including services rendered by the Authority, pursuant to airport use agreements or otherwise, calculated to be at least sufficient to produce Net Revenues to provide for the larger of either:

(i) The amounts needed for making the required deposits in the Fiscal Year to the Principal Accounts, the Interest Accounts, and the Sinking Fund Accounts, the Reserve Fund and the Junior Lien Obligations Fund; or

(ii) An amount not less than 125% of the Annual Debt Service with respect to Bonds for such Fiscal Year.

(b) In any computation required under “**Rents, Fees and Charges**,” there shall be excluded from Net Revenues any capital gain resulting from any sale or revaluation of Permitted Investments. Nothing contained in “**Rents, Fees and Charges**” obligates the Authority to take any action in violation of any applicable requirements imposed by law.

(c) The Authority covenants that if, upon the receipt of the audit report for a Fiscal Year, the Net Revenues in such Fiscal Year are less than the amount specified in subparagraph (a) under “**Rents, Fees and Charges**,” the Authority will require the Airport Management Consultant to make recommendations as to the revision of the Authority’s schedule of rentals, rates, fees and charges; and upon receiving such recommendations or giving reasonable opportunity for such recommendations to be made, the Authority, on the basis of such recommendations and other available information, will take all lawful measures to revise the schedule of rentals, rates, fees and charges for the use of the Airport System as may be necessary to produce Net Revenues in the amount specified in in subparagraph (a) under “**Rents, Fees and Charges**” in the Fiscal Year following the Fiscal Year covered by such audit report.

(d) In the event that Net Revenues for any Fiscal Year are less than the amount specified in in subparagraph (a) under “**Rents, Fees and Charges**,” but the Authority promptly has taken in the next Fiscal Year all available lawful measures to revise the schedule of rentals, rates, fees and charges for the use of the Airport System required by subparagraph (c) under “**Rents, Fees and Charges**,” there shall be no Event of Default under the provisions of in subparagraph (d) under “**Events of Default**” for failure to observe or perform any covenant or agreement contained in “**Rents, Fees and Charges**.” Nevertheless, if after taking the measures required by in subparagraph (c) under “**Rents, Fees and Charges**” to revise the schedule of rentals, rates, fees and charges for use of the Airport System, Net Revenues in the fiscal year during which such adjustments are required to be made (as evidenced by the audit report for such Fiscal Year) are less than the amount specified in subparagraph (a) under “**Rents, Fees and Charges**,” there shall be an Event of Default pursuant to subparagraph (e) under “**Events of Default**.”

Tax Covenants

Payment of Taxes and Charges. The Authority will from time to time duly pay and discharge, or cause to be paid and discharged, all taxes, assessments and other governmental charges or required payments in lieu thereof, lawfully imposed upon the properties of the Authority or upon the rights, revenues, income, receipts, and other money, securities and funds of the Authority when the same shall become due (including all rights, money and other property transferred, assigned or pledged under the Master Resolution), and all lawful claims for labor and material and supplies, except those taxes, assessments, charges or claims which the Authority shall in good faith contest by proper legal proceedings if the Authority shall in all such cases have set aside on its books reserves deemed adequate by the Authority with respect thereto.

Defaults and Remedies

Events of Default. Each of the following is declared an “Event of Default” under the Master Resolution with respect to a Series of Bonds:

(a) if payment by the Authority in respect of any installment of interest on any Bond of such Series shall not be made in full when the same becomes due and payable;

(b) if payment by the Authority in respect of the principal of any Bond of such Series shall not be made in full when the same becomes due and payable, whether at maturity or by proceedings for redemption or otherwise, subject to the provisions under “**—Payment of Redeemed Bonds;**”

(c) if payment of the purchase price of any Bond tendered for optional or mandatory tender for purchase in accordance with the provisions of the Supplemental Resolution providing for the issuance of such Bonds shall not be made in full as and when due;

(d) if the Authority shall fail to observe or perform any covenant or agreement on its part under the Master Resolution, other than the covenant or agreement set forth in subparagraph (a) under “**—Rents, Fees and Charges;**” for a period of 60 days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Authority by the Trustee, or to the Authority and the Trustee by the Holders of at least 25% in aggregate principal amount of Bonds of a Series then Outstanding; provided, however, that if the breach of covenant or agreement is one which cannot be completely remedied within the 60 days after written notice has been given, it shall not be an Event of Default with respect to such Series as long as the Authority has taken active steps within the 60 days after written notice has been given to remedy the failure and is diligently pursuing such remedy;

(e) if the Authority is required pursuant to forth subparagraph (c) under “**—Rents, Fees and Charges**” to take measures to revise the schedule of rentals, rates, fees and changes for the use of the Airport System and Net Revenues in the Fiscal Year in which such adjustments are made are less than the amount specified in forth in subparagraph (a) under “**—Rents, Fees and Charges;**” and

(f) if the Authority shall institute proceedings to be adjudicated a bankrupt or insolvent, or shall consent to the institution of bankruptcy or insolvency proceedings against it, or shall file a petition or answer or consent seeking reorganization or relief under the federal Bankruptcy Code or any other similar applicable federal or state law, or shall consent to the filing of any such petition or to the appointment of a receiver, liquidator, assignee, trustee or sequestrator (or other similar official) of the Authority or of any substantial part of its property, or shall make an assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due.

The provisions of subparagraph (d) and (e) under “**—Events of Default**” are subject to the limitation that if by reason of force majeure the Authority is unable in whole or in part to observe and perform any of its covenants, conditions or agreements under the Master Resolution, the Authority shall not be deemed in default during the continuance of such disability. The term “force majeure” as used in the Master Resolution shall include, without limitation, acts of God, strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States or of the State or any of their departments, agencies, political subdivisions or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquakes; fires; hurricanes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; breakage or accident to machinery,

transmission pipes or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the Authority. The Authority shall, however, remedy with all reasonable dispatch the cause or causes preventing it from carrying out its agreements, provided that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the Authority, and the Authority shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties.

No Acceleration; No Cross Defaults. There shall be no rights of acceleration with respect to the Bonds. An Event of Default with respect to one Series of Bonds shall not cause an Event of Default with respect to any other Series of Bonds unless such event or condition on its own constitutes an Event of Default with respect to such other Series of Bonds pursuant to “—Events of Default.”

Remedies and Enforcement of Remedies. (a) Subject to the provisions of under “—Credit Providers to Control Remedies,” upon the occurrence and continuance of any Event of Default with respect to a Series of Bonds, the Trustee may or, upon the written request of the Owners of not less than 25% in an aggregate principal amount of the Bonds of such Series, together with indemnification of the Trustee to its satisfaction therefor shall, proceed forthwith to protect and enforce its rights and the rights of the Bondholders under the Master Resolution and under the Act and such Bonds by such suits, actions or proceedings, as the Trustee, being advised by counsel, shall deem expedient, including but not limited to:

- (i) Civil action to recover money or damages due and owing;
- (ii) Civil action to enjoin any acts or things, which may be unlawful or in violation of the rights of the Owners of such Bonds; and
- (iii) Enforcement of any other right of such Owner conferred by law, including the Act, or by the Master Resolution, including, without limitation, by suit, action, injunction, mandamus or other proceedings to enforce and compel the performance by the Authority of actions required by the Act or the Master Resolution, including the fixing, changing and collection of fees or other charges.

(b) Subject to the provisions of “—Credit Providers to Control Remedies,” regardless of the happening of an Event of Default, the Trustee, if requested in writing by the Owners of not less than 25% in aggregate principal amount of the Bonds of a Series, shall upon being indemnified to its satisfaction therefor, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient (i) to prevent any impairment of the security under the Master Resolution by any acts or omissions to act which may be unlawful or in violation of the Master Resolution, or (ii) to preserve or protect the interests of the Owners, provided that such request is in accordance with law and the provisions of the Master Resolution and, in the sole judgment of the Trustee, is not unduly prejudicial to the interest of the Holders of Bonds of each Series not making such request.

(c) Notwithstanding anything else in “—No Acceleration; No Cross Defaults,” the remedies provided in the Master Resolution for with respect to reaching Funds or Accounts under the Master Resolution shall be limited to the Funds or Accounts under the Master Resolution pledged to the applicable Series of Bonds with respect to which an Event of Default exists.

Application of Revenues and Other Moneys After Default. During the continuance of an Event of Default with respect to any Series of Bonds, all moneys held and received by the Trustee with respect to such Series of Bonds pursuant to any right given or action taken under the provisions of this Article shall, after payment of the costs and expenses of the proceedings which result in the collection of such moneys and of the fees, expenses and advances incurred or made by the Trustee with respect thereto, be applied according to the accrued debt service deposits or payments with respect to each such Series as follows; provided, however, that any money drawn under a Credit Facility, if any, and amounts held in Accounts in the Bond Fund and the Reserve Fund shall be applied solely to pay interest or principal, as applicable, on the related Series of Bonds:

- (a) Unless the principal of all such Outstanding Bonds shall have become due and payable:

First: To the payment to the persons entitled thereto of all installments of interest then due on such Bonds in the order of maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal amounts of any such Bonds which shall have become due (other than Bonds previously called for redemption for the payment of which moneys are held pursuant to the provisions of the Master Resolution), whether at maturity or by proceedings for redemption or otherwise or upon the tender of any Bond pursuant to the terms of the Supplemental Resolution providing for the issuance of such Bond, in the order of their due dates, and if the amounts available shall not be sufficient to pay in full all the Bonds of such Series due on any date, then to the payment thereof ratably, according to the principal amounts due on such date, to the persons entitled thereto, without any discrimination or preference.

- (b) If the principal of all such Outstanding Bonds shall have become due and payable, to the payment of the principal and interest then due and unpaid upon such Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any such Bond over any other such Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference.

Whenever moneys are to be applied by the Trustee pursuant to the provisions under “**Application of Revenues and Other Moneys After Default,**” such moneys shall be applied by it at such times, and from time to time, as the Trustee shall determine in accordance with the Master Resolution, 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 a 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 principal amounts to be paid on such dates shall cease to accrue if so paid. The Trustee shall give such notice as it may deem appropriate in accordance with the Master Resolution of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Holder of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement of any partial payment or for cancellation if fully paid.

Whenever all installments of interest then due on the Bonds and all unpaid principal amounts of any Bonds that shall have become due have been paid under the provisions under “**Application of Revenues and Other Moneys After Default,**” and all expenses and charges of the Trustee have been paid, and each Credit Provider, if any, has been reimbursed for all amounts drawn under the applicable Credit Facility, if any, and used to pay principal, premium, if any, and interest on the Bonds, the Trustee shall resume making the transfers from the Revenue Fund in the amounts and according to the priority set forth under “**Application of Money In Funds.**” If all Bonds and the interest thereon have been paid in full, together with all expenses and charges of the Trustee and amounts owing to any Credit Provider for draws under its Credit Facility, and no credit enhancement or liquidity support shall be outstanding, any balance remaining shall be paid to such Credit Provider to the extent any other amounts are then owing to such Credit Provider under the applicable reimbursement agreement, then the balance shall be paid by the Trustee, first to the Junior Lien Obligations Fund in the amounts required under “**Application of Money In Funds,**” and any remaining balance shall be paid as otherwise required under “**Application of Money In Funds,**” and if not so required, to the Authority or as a court of competent jurisdiction may direct.

Remedies Not Exclusive. No remedy by the terms of the Master Resolution conferred upon or reserved to the Trustee or the Owners or any Credit Provider is intended to be exclusive of any other remedy but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Master Resolution or existing at law or in equity or by statute, including the Act, on or after the date of the Master Resolution.

Remedies Vested in Trustee. All rights of action (including the right to file proof of claims) under the Master Resolution or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto. Any such suit or proceeding instituted by the Trustee may be brought in its name as the Trustee without the necessity of joining as plaintiffs or defendants any Owners of the

Bonds. Subject to the provisions under “**Application of Revenues and Other Moneys After Default,**” any recovery or judgment shall be for the equal benefit of the Owners of the Outstanding Bonds.

Control of Proceedings. (a) If an Event of Default with respect to a Series of Bonds shall have occurred and be continuing, the Owners of a majority in aggregate principal amount of Bonds of such Series then Outstanding shall have the right, at any time, by any instrument in writing executed and delivered to the Trustee to direct the method and place of conducting any proceeding to be taken with respect to funds or assets solely securing such Series in connection with the enforcement of the terms and conditions of the Master Resolution provided that such direction is in accordance with law and the provisions of the Master Resolution (including indemnity to the Trustee as provided in the Master Resolution) and, in the sole judgment of the Trustee, is not unduly prejudicial to the interest of Owners of each Series of Bonds not joining in such direction and provided further that nothing under “**Control of Proceedings**” shall impair the right of the Trustee in its discretion to take any other action under the Master Resolution which it may deem proper and which is not inconsistent with such direction by Owners.

(b) If an Event of Default with respect to all Series of Bonds shall have occurred and be continuing, the Owners of a majority in aggregate principal amount of all Bonds then outstanding shall have the right, at any time, by any instrument in writing executed and delivered to the Trustee to direct the method and place of conducting any proceeding to be taken with respect to Net Revenues or other assets securing all Bonds in connection with the enforcement of the terms and conditions of the Master Resolution, provided that such direction is in accordance with law and the provisions of the Master Resolution (including indemnity to the Trustee as provided in the Master Resolution) and, in the sole judgment of the Trustee, is not unduly prejudicial to the interest of Owners not joining in such direction and provided further that nothing in “**Control of Proceedings**” shall impair the right of the Trustee in its discretion to take any other action under the Master Resolution which it may deem proper in accordance with the Master Resolution and which is not inconsistent with such direction by Owners.

Individual Bondholder Action Restricted. (a) No Owner of any Bond of a Series shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Master Resolution or for the execution of any trust under the Master Resolution or for any remedy under the Master Resolution unless:

- (i) an Event of Default has occurred with respect to such Series (a) in subparagraph (a), (b), or (c) under “**Events of Default**” of which the Trustee is deemed to have notice, or (b) in subparagraph (d), (e), or (f) under “**Events of Default**” as to which the Trustee has actual knowledge or as to which the Trustee has been notified in writing by the Authority;
- (ii) the Owners of at least 25% in aggregate principal amount of Bonds of such Series then Outstanding shall have made written request to the Trustee to proceed to exercise the powers granted in the Master Resolution or to institute such action, suit or proceeding in its own name;
- (iii) such Owners shall have offered the Trustee indemnity as provided under “**Trustee Not Required to Take Action Unless Indemnified;**”
- (iv) the Trustee shall have failed or refused to exercise the powers granted in the Master Resolution or to institute such action, suit or proceedings in its own name for a period of 60 days after receipt by it of such request and offer of indemnity; and
- (v) during such 60 day period no direction inconsistent with such written request has been delivered to the Trustee by the Owners of a majority in aggregate principal amount of Bonds of such Series then Outstanding in accordance with “**Control of Proceedings.**”

(b) No one or more Owners of Bonds of such Series shall have any right in any manner whatsoever to affect, disturb or prejudice the security of the Master Resolution or to enforce any right under the Master Resolution except in the manner provided in the Master Resolution and for the equal benefit of the Owners of all Bonds of such Series then Outstanding.

(c) Nothing contained in the Master Resolution shall affect or impair, or be construed to affect or impair, the right of the Owner of any Bond of such Series (i) to receive payment of the principal of or interest on such Bond on

or after the due date thereof or (ii) to institute suit for the enforcement of any such payment on or after such due date; provided, however, no Owner of any Bond of such Series may institute or prosecute any such suit or enter judgment therein if, and to the extent that, the institution or prosecution of such suit or the entry of judgment therein would, under applicable law, result in the surrender, impairment, waiver or loss of the lien of the Master Resolution on the moneys, funds and properties pledged under the Master Resolution for the equal and ratable benefit of all Owners of Bonds of such Series.

Termination of Proceedings. In case any proceeding taken by the Trustee on account of an Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or to the Owners, then the Authority, the Trustee and the Owners shall be restored to their former positions and rights under the Master Resolution, and all rights, remedies and powers of the Trustee and the Bondholders shall continue as if no such proceeding had been taken.

Waiver of Event of Default. (a) No delay or omission of the Trustee, of any Owner of the Bonds or, if provided by Supplemental Resolution, any Credit Provider 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. Every power and remedy given by this Article to the Trustee, the Owners of the Bonds and, if provided by Supplemental Resolution, any Credit Provider, respectively, may be exercised from time to time and as often as may be deemed expedient by them.

(b) The Trustee, with the consent of any Credit Provider, if provided by Supplemental Resolution (provided, however, that such Credit Provider's consent may be required only in connection with an Event of Default on a Series of Bonds with respect to which such Credit Provider is providing a Credit Facility), may waive any Event of Default with respect to the Bonds, that in its opinion, shall have been remedied at any time, regardless of whether any suit, action or proceeding has been instituted, before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions of the Master Resolution, or before the completion of the enforcement of any other remedy under the Master Resolution.

(c) Notwithstanding anything contained in the Master Resolution to the contrary, the Trustee, upon the written request of the Credit Provider, if any, if provided by Supplemental Resolution, with respect to an Event of Default which applies only to the related Series of Bonds, (ii) Owners of at least a majority of the aggregate principal amount of Bonds of a Series then Outstanding with respect to any Event of Default which applies only to such Series, with the consent of the applicable Credit Provider, if any, if provided by Supplemental Resolution or (iii) Owners of at least a majority of the aggregate principal amount of Bonds then Outstanding with respect to any Event of Default which applies to all Bonds, shall waive any such Event of Default under the Master Resolution and its consequences; provided, however, that a default in the payment of the principal amount of, premium, if any, or interest on any such Bond, when the same shall become due and payable by the terms thereof or upon call for redemption, may not be waived without the written consent of the Owners of all the Bonds then Outstanding of such Series to which an Event of Default applies and any consent of the applicable Credit Provider, if any, if provided by Supplemental Resolution.

(d) In case of any waiver by the Trustee of an Event of Default under the Master Resolution, the Authority, the Trustee, the Owners and, if provided by Supplemental Resolution, the Credit Provider shall be restored to their former positions and rights under the Master Resolution, respectively, but no such waiver shall extend to any subsequent or other Event of Default or impair any right consequent thereon. The Trustee shall not be responsible to any one for waiving or refraining from waiving any Event of Default in accordance with “— **Waiver of Events of Default.**”

Notice of Default. (a) Promptly, but in any event within 30 days after (i) the occurrence of an Event of Default with respect to a Series of Bonds in subparagraph (a), (b) or (c) under “—**Events of Default,**” of which the Trustee is deemed by the Master Resolution to have notice, or (ii) receipt, in writing or otherwise, by a the Trustee of actual knowledge or notice of an Event of Default with respect to a Series of Bonds in subparagraph (d), (e) or (f) under “—**Events of Default,**” the Trustee shall, unless such Event of Default shall have theretofore been cured, give written notice thereof by first class mail to each Owner of Bonds of such Series then Outstanding, provided that, except in the case of a default in the payment of Principal Installments, Sinking Fund Installments, or the Redemption Price of or interest on any of the Bonds of such Series, the Trustee may withhold such notice to such Owners if, in its sole judgment in accordance with the Master Resolution, it determines that the withholding of such notice is in the best interest of the Owners of such Series of Bonds.

(b) The Trustee shall promptly notify the Authority, the Registrar and any Credit Provider, if provided by Supplemental Resolution, of (i) the occurrence of an Event of Default under in subparagraph (a), (b) or (c) under “**Events of Default,**” and (ii) when the Trustee has received actual knowledge or notice from the Authority, in writing or otherwise, of an Event of Default in subparagraph (d), (e) or (f) under “**Events of Default.**”

Limitations on Remedies. It is the purpose and intention of this Article to provide rights and remedies to the Trustee and Owners which lawfully may be granted under the provisions of the Act, but should any right or remedy granted in the Master Resolution be held to be unlawful, the Trustee and the Owners shall be entitled as above set forth, to every other right and remedy provided in the Master Resolution and by law.

Credit Providers to Control Remedies. While a Credit Facility with respect to a Series of Bonds is in effect, notwithstanding anything else in the Master Resolution to the contrary, a Supplemental Resolution may provide that no right, power or remedy under the Master Resolution with respect to such Series of Bonds may be pursued without the prior written consent of such Credit Provider and a Supplemental Resolution may provide that the Credit Provider shall have the right to direct the Trustee to pursue any right, power or remedy available under the Master Resolution with respect to any assets available under the Master Resolution which secure no Bonds other than the Series of Bonds secured by such Credit Facility, including, without limitation, any right, power or remedy with respect to Net Revenues or other assets securing all Bonds.

Inconsistent or Lack of Directions in Default. Notwithstanding anything else in the Master Resolution to the contrary, if any applicable Credit Providers or Owners of separate Series in Default do not direct remedies or proceedings to be taken pursuant to this “**Defaults and Remedies,**” the Trustee shall take whatever action, if any, pursuant to “**Remedies Vested in Trustee**” it deems to be in the best interest of Owners without regard to the existence of any Credit Facility that may exist with respect to any or all Bonds.

Funds in Event of Default. Upon the occurrence of an Event of Default and at all times thereafter while such default shall continue, the Authority shall immediately deliver to the Trustee and the Trustee shall take possession of the Construction Fund.

The Trustee

Acceptance of Trust; General. By authenticating one or more Bonds, the Trustee shall evidence its acceptance of the powers, duties and obligations of the Trustee only as are specifically set forth in the Master Resolution. The Trustee shall have no duty, responsibility or obligation for the issuance of Bonds or for the validity or exactness of the Master Resolution, or of any other document relating to such issuance. The Trustee shall have no duty, responsibility or obligation for the payment of Bonds except for payment in accordance with the terms and provisions of the Master Resolution from, and to the extent of, funds which are held in trust by the Trustee for the purpose of such payment.

Prior to an Event of Default and after the curing or waiving of all Events of Default which may have occurred, the Trustee shall not be liable except for the performance of such duties as are specifically set forth in the Master Resolution. The Trustee shall have no liability for any act or omission to act under the Master Resolution, or under any other instrument or document executed pursuant to the Master Resolution except for the Trustee’s own negligent action, its own negligent failure to act or its own willful misconduct. The duties and obligations of the Trustee shall be determined solely by the express provisions of the Master Resolution, and no implied powers, duties or obligations of the Trustee shall be read into the Master Resolution.

During an Event of Default, the Trustee shall exercise such of the rights and powers vested in it by the Master Resolution, and shall use the same degree of care and skill in its exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

The Trustee shall not be required to expend or risk its own funds or otherwise incur individual liability in the performance of any of its duties or in the exercise of any of its rights or powers as the Trustee, except as may result from its own negligent action, its own negligent failure to act or its own willful misconduct.

Notwithstanding any other provision of the Master Resolution, the Trustee shall have no liability for any (a) error of judgment made in good faith by a trust officer of the Trustee, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts or (b) action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of not less than a majority in principal amount of Bonds then Outstanding, then existing relating to 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 Master Resolution.

Trustee Not Required to Take Action Unless Indemnified. Except as expressly required in the Master Resolution (including the requirements of the next sentence) the Trustee neither shall be required to institute any suit or action or other proceeding in which it may be a defendant, nor to take any steps to enforce its rights and expose it to liability, nor shall the Trustee be deemed liable for failure to take any such action, unless and until it shall have been indemnified, to its satisfaction, against any and all reasonable costs, expenses, outlays, counsel and other fees, other disbursements including its own reasonable fees and against all liability and damages. The Trustee nevertheless, may begin suit, or appear in and defend suit, or do anything else which in its judgment is proper to be done by it as the Trustee, without prior assurance of indemnity, and in such case the Authority shall reimburse the Trustee for all reasonable costs, expenses, outlays, counsel and other fees, and other reasonable disbursements including its own fees, and for all liability and damages suffered by the Trustee in connection therewith, except for the Trustee's own negligent action, its own negligent failure to act, its own willful misconduct or self-dealing constituting a breach of trust under applicable law. If the Trustee begins, appears in or defends such a suit, the Trustee shall give reasonably prompt notice of such action to the Authority and shall give such notice prior to taking such action if possible. If the Authority shall fail to make reimbursement, the Trustee may reimburse itself for any such costs and expenses in accordance with “—**Application of Revenues and Other Moneys After Default.**”

Employment of Experts. The Trustee is authorized by the Master Resolution to employ as its agents such attorneys at law, and other qualified independent consultants (who are not employees of the Trustee), as it may deem necessary to carry out any of its obligations under the Master Resolution, and shall be reimbursed by the Authority for all reasonable expenses and charges in so doing. The Trustee shall not be responsible for any misconduct or negligence of any such agent appointed with due care by the Trustee.

Enforcement of Performance by Others. It shall not be the duty of the Trustee, except as specifically provided in the Master Resolution, to seek the enforcement of any duties and obligations in the Master Resolution imposed upon the Authority.

Right to Deal in Bonds and Take Other Actions. The Trustee may in good faith buy, sell or hold and deal in any Bonds with like effect as if it were not such Trustee and may commence or join in any action which a Holder is entitled to take with like effect as if the Trustee were not the Trustee. It is understood and agreed that the Trustee engages in a general banking business and no provision of the Master Resolution is to be construed to limit or restrict the right of the Trustee to engage in such business with the Authority or any Holder. So engaging in such business shall not, in and of itself, and so long as the Trustee duly performs all of its duties as required by the Master Resolution, constitute a breach of trust on the part of the Trustee.

Removal and Resignation of Trustee. The Trustee may resign at any time. Written notice of such resignation shall be given to the Authority and such resignation shall take effect upon the appointment and qualification of a successor Trustee. In the event a successor Trustee has not been appointed and qualified within 60 days after the date notice of resignation is given, the Trustee or the Authority may apply to any court of competent jurisdiction for the appointment of a successor Trustee to act until such time as a successor is appointed as provided in this “—**Removal and Resignation of Trustee.**”

In addition, the Trustee may be removed at any time by the Authority, with or without cause, by Supplemental Resolution so long as (a) no Event of Default shall have occurred and be continuing and (b) the Authority determines, in such Supplemental Resolution, that the removal of the Trustee shall not have an adverse effect upon the rights or interests of the Bondholders.

In the event of the resignation or removal of the Trustee or in the event the Trustee is dissolved or otherwise becomes incapable to act as the Trustee, the Authority shall be entitled to appoint a successor Trustee. In such event, the successor Trustee shall cause notice to be mailed to the Holders of all Bonds then outstanding in such manner

deemed appropriate by the Authority. If the Trustee resigns, the resigning Trustee shall pay for such notice. If the Trustee is removed, is dissolved, or otherwise becomes incapable of acting as Trustee, the Authority shall pay for such notice.

Every successor Trustee howsoever appointed under the Master Resolution shall execute, acknowledge and deliver to its predecessor and also to the Authority an instrument in writing, accepting such appointment under the Master Resolution, and thereupon such successor Trustee, without further action, shall become fully vested with all the rights, immunities, powers, trusts, duties and obligations of its predecessor, and such predecessor shall execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts of such predecessor. The predecessor Trustee shall execute any and all documents necessary or appropriate to convey all interest it may have to the successor Trustee. The predecessor Trustee promptly shall deliver all records relating to the trust or copies thereof and communicate all material information it may have obtained concerning the trust to the successor Trustee.

Each successor Trustee, not later than 10 days after its assumption of the duties under the Master Resolution, shall mail a notice of such assumption to each Holder of a registered Bond.

Proof of Claim. The Trustee shall have the right and power to act in its name or in the name and place of the Authority or Holders to make proof of claim in any proceeding, bankruptcy, reorganization or otherwise where proof of claim may be required. Any amount recovered by the Trustee as a result of any such claim, after payment of all fees (including reasonable attorneys' fees), costs, expenses and advances incurred by the Trustee or its agents in pursuing such claim, shall be for the equal benefit of all the Holders of Bonds Outstanding.

Trustee's Fees and Expenses. The Authority agrees by the Master Resolution to pay fees to and expenses of the Trustee for its services under the Master Resolution as agreed to by the Authority and the Trustee pursuant to the terms of a separate agreement. Any provision of the Master Resolution to the contrary notwithstanding, if the Authority fails to make any payment properly due the Trustee for its reasonable fees, costs, expenses and fees of attorneys, certified public accountants, recognized authorities in their field and agents (not employees of the Trustee) incurred in performance of its duties, the Trustee may reimburse itself from any surplus moneys on hand in any Fund or Account held by it, other than any amounts in the Bond Fund.

Reliance Upon Documents. In the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely upon and shall be protected in acting or refraining from acting in reliance upon any document, including but not limited to any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order or other paper or document reasonably believed by it to be genuine and to have been signed or presented by the proper officials of the Authority, the Holders or agents or attorneys of the Holders; provided, in the case of any such document specifically required to be furnished to the Trustee by the Master Resolution, the Trustee shall be under a duty to examine the same to determine whether it conforms to the requirements of the Master Resolution. The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond or other paper or document submitted to the Trustee; provided, however, the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may deem prudent. Whenever in the administration of the Master Resolution, the Trustee shall deem it desirable that a matter be provided or established prior to taking or not taking any action under the Master Resolution, the Trustee (unless other evidence be specifically prescribed in the Master Resolution) may rely upon any document provided for in the Master Resolution.

Except where other evidence is required by the Master Resolution, any request or direction of the Authority mentioned in the Master Resolution shall be sufficiently evidenced by a certified copy of such request executed by an Authorized Representative.

Recitals and Representations. The recitals, statements and representations contained in the Master Resolution or in any Bond shall be taken and construed as made by and on the part of the Authority and not by the Trustee, and the Trustee neither assumes nor shall be under any responsibility for the correctness of the same other than the Trustee's certification of authentication of any Bonds.

The Trustee makes no representation as to, and is not responsible for, the validity or sufficiency of the Master Resolution or, except as required in the Master Resolution, the filing or recording or registering of any document. The Trustee shall be deemed not to have made representations as to the security afforded by or under the Master Resolution or as to the validity or sufficiency of such document. The Trustee shall not be concerned with or accountable to anyone for the use or application of any moneys which shall be released or withdrawn in accordance with the provisions of the Master Resolution. The Trustee shall not be responsible or liable for any loss suffered in connection with the investment of any funds made by it in accordance with the provisions of the Master Resolution. Except with respect to Events of Default described in subparagraph (a) and (b) under “—**Events of Default.**” the Trustee shall have no duty of inquiry with respect to any default which constitutes or with notice or lapse of time or both would constitute an Event of Default without actual knowledge of the Trustee or receipt by the Trustee of written notice of a default which constitutes or with notice or lapse of time or both would constitute an Event of Default from the Authority or any Holder.

Destruction of Bonds. Upon payment of or surrender to the Trustee for cancellation of any Bond, the Trustee shall destroy or register the cancellation of such Bond. At least annually the Trustee shall deliver a certificate of such destruction or cancellation to the Authority. Upon surrender of any Bond to a Paying Agent for payment, such Bond shall be cancelled by the Paying Agent and delivered to the Trustee for destruction or register of cancellation.

Reports. The Trustee monthly shall prepare and submit to the Authority reports covering all moneys received and all payments, expenditures and investments made as the Trustee under the Master Resolution since the last previous such report.

Paying Agent, Authenticating Agent and Registrar. The Authority may appoint a Paying Agent and a Registrar with respect to a Series of Bonds in the Supplemental Resolution pursuant to which such Series is issued. Each Paying Agent and Registrar shall (i) designate to the Trustee its principal office and (ii) signify its acceptance of the duties and obligations imposed upon it under the Master Resolution and under such Supplemental Resolution by written instrument of acceptance delivered to the Authority and the Trustee. The Trustee is, in addition, authorized and directed to enter into an agreement with each Paying Agent as to such Paying Agent’s rights and duties.

Each Paying Agent shall exercise its duties in accordance with the terms of and shall have the protection provided to the Trustee in the Master Resolution.

If any Paying Agent or Registrar shall resign or be removed, the Authority shall designate a successor. If the Authority shall designate a successor, then, upon the Trustee’s receipt of the written designation and the written acceptance of such designated successor, such entity shall thereupon, without further action by the Authority, be appointed as successor Paying Agent and Registrar.

In the event that any Paying Agent or Registrar shall resign or be removed, or be dissolved, or if the property or affairs of any Paying Agent or Registrar shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, and no successor shall have been appointed, the Trustee shall, *ipso facto* be deemed to be any Paying Agent or Registrar, until the appointment of a successor.

Any corporation into which any Paying Agent or Registrar may be merged or converted or with which it may be consolidated, or any corporation resulting from any such merger, consolidation or conversion, or succeeding to the corporate trust business of Paying Agent or Registrar, shall be the successor of the Paying Agent and the Registrar if such successor corporation is otherwise eligible under “—**Paying Agent, Authenticating Agent and Registrar,**” without the execution or filing of any further act on the part of the Trustee or the entity serving as Paying Agent and the Registrar or such successor corporation.

Merger, Conversion, Consolidation or Succession to Business. Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee under the Master Resolution, provided such

corporation shall be otherwise qualified and eligible under this Article, without the execution or filing of any paper or any further act on the part of any of the parties to the Master Resolution.

Supplemental Resolutions

Amendments Permitted.

(a) (1) Unless such modifications or amendments are permitted by “—**Amendments Permitted,**” the Master Resolution and the rights and obligations of the Authority, the Owners and any Fiduciary may only be modified or amended from time to time and at any time by filing with each Fiduciary a Supplemental Resolution adopted by the Authority with the written consent of the Owners of a majority in aggregate amount of the Bond Obligation of the Bonds (or, if such Supplemental Resolution is only applicable to a Series of Bonds, the Bonds of that Series) then Outstanding; provided that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any particular maturity remain outstanding, the consent of the Owners of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Bonds Outstanding under this section.

(2) No such modification or amendment shall (A) extend the fixed maturity of any Bond, or reduce the amount of the Bond Obligation thereof, or extend the time of payment or reduce the amount of any Sinking Fund Installment provided for the payment of any Bond, or reduce the rate of interest thereon, or extend the time of payment of interest thereon, or reduce any premium payable upon the redemption thereof, without the consent of the Owner of each Bond so affected, (B) reduce the aforesaid percentage of the Bond Obligation the consent of the Owners of which is required to effect any such modification or amendment, or permit the creation of any lien on the Net Revenues and other assets pledged under the Master Resolution prior to or on a parity with the lien created by the Master Resolution, or deprive the Owners of the Bonds of the lien created by the Master Resolution on such Net Revenues and other assets (in each case, except as expressly provided in the Master Resolution), without the consent of the Owners of all of the Bonds then Outstanding, or (C) modify any rights or duties of any Fiduciary without its consent.

(3) It shall not be necessary for the consent of the Owners to approve the particular form of any Supplemental Resolution, but it shall be sufficient if such consent shall approve the substance thereof. Promptly after the adoption by the Authority of any Supplemental Resolution pursuant to subparagraph (a) under “—**Amendments Permitted**” the Registrar shall mail a notice provided by the Master Resolution, setting forth in general terms the substance of such Supplemental Resolution to the Owners of the Bonds at the addresses shown on the registration books of the Registrar. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Resolution.

(4) If within one year from the date of the mailing by the Registrar of written notice to the Owners of the Bonds, the Authority shall receive an instrument or instruments executed by the Owners of at least a majority in aggregate amount of the Bond Obligation consenting to and approving such amendment in substantially the form of the copy thereof on file with each Registrar, as the case may be, for the Bonds, the governing body of the Authority may pass the Supplemental Resolution in substantially the same form.

(5) Any consent given by the Owner of a Bond pursuant to the provisions under “—**Amendments Permitted,**” shall be irrevocable for a period of six months from the date for measuring the one year period to obtain consents noted in subparagraph (a)(4) under “—**Amendments Permitted,**” and shall be conclusive and binding upon all future owners of the same Bond during such period. At any time after six months from the date for measuring the one year period to obtain consents noted in subparagraph (a)(4) under “—**Amendments Permitted,**” such consent may be revoked by the Owner who gave such consent, or by a successor in title, by filing written notice thereof with the Registrar, as the case may be, for such Bond and the Authority, but such revocation shall not be effective if the Owners of at least a majority in aggregate amount of the then Outstanding Bond Obligation as determined in accordance with “—**Amendments Permitted,**” have, prior to the attempted revocation, consented to and approved the amendment.

(b) The Master Resolution and the rights and obligations of the Authority, of each Fiduciary and of the Owners may also be modified or amended from time to time at any time by a Series Resolution or a Supplemental

Resolution, which the Authority may adopt without the consent of any Owners but only to the extent permitted by law and only for any one or more of the following purposes:

- (1) to add to the covenants and agreements of the Authority in the Master Resolution thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power in the Master Resolution reserved to or conferred upon the Authority, in each case which shall not materially and adversely affect the interests of the Owners in the determination of the Authority;
- (2) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in the Master Resolution, or in regard to matters or questions arising under the Master Resolution, as the Authority may deem necessary or desirable, and which shall not materially and adversely affect the interests of the Owners in the determination of the Authority;
- (3) to modify, amend or supplement the Master Resolution in such manner as to permit the qualification of the Master Resolution under the Trust Indenture Act of 1939, as amended, or any similar federal statute in effect after the Master Resolution, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which shall not materially and adversely affect the interests of the Owners;
- (4) to provide for the issuance of a Series of Bonds in a Series Resolution with such interest rate, payment, maturity and other terms as the Authority may deem desirable subject to the provisions under “**Series of Bonds; Terms of Series Resolutions,**”
- (5) if the Authority has covenanted in a Series Resolution to maintain the exclusion of interest on a Series of Bonds from gross income for purposes of federal income taxation, to make such provisions as are necessary or appropriate to ensure such exclusion;
- (6) to modify any of the provisions of the Master Resolution in any other respect whatsoever, provided that (A) such modification shall be, and be expressed to be, effective only after all Bonds of each Series Outstanding at the date of the adoption of such Series or Supplemental Resolution shall cease to be Outstanding, and (B) such Series or Supplemental Resolution shall be specifically referred to in the text of all Bonds of any Series authenticated and delivered after the date of the adoption of such Series Resolution and of Bonds issued in exchange therefor or in place thereof;
- (7) to authorize Junior Lien Obligations and, in connection therewith, specify and determine any matters and things relative to such Junior Lien Obligations which are not contrary to or inconsistent with the Master Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first authentication and delivery of such Junior Lien Obligations;
- (8) to authorize the establishment of such funds or accounts as the Authority may determine to be necessary, desirable, advisable or in the best interests of the Authority, and, in connection therewith, to specify and determine the matters and things referred to in subparagraph (c) under “**Establishment of Funds and Accounts; Application,**” or to modify any such matters and things in any other respect whatsoever; or
- (9) for any other purpose which, in the determination of the Authority, does not materially and adversely affect the interests of the Owners of any of the Bonds.

In making any determination that any modification or amendment does not materially and adversely affect the interest of the Owners, the Authority may rely on an opinion of counsel that may be counsel to the Authority or bond counsel.

Effect of Supplemental Resolution. From and after the time any Supplemental Resolution becomes effective pursuant to “**Amendments Permitted,**” the Master Resolution shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Master Resolution of the Authority, each Fiduciary and all owners of Bonds Outstanding shall thereafter be determined, exercised and enforced under the Master Resolution subject in all respects to such modification and amendment, and all the terms and conditions of any such

Supplemental Resolution shall be deemed to be part of the terms and conditions of the Master Resolution for any and all purposes.

Endorsement of Bonds; Preparation of New Bonds. Bonds delivered after any Supplemental Resolution becomes effective pursuant to “—**Amendments Permitted**,” may, and if the Registrar so determines shall, bear a notation by endorsement or otherwise in form approved by the Authority and the Registrar as to any modification or amendment provided for in such Supplemental Resolution, and, in that case, upon demand of the Owner of any Bond Outstanding at the time of such execution and presentation of his Bond for such purpose at the principal corporate trust office of the Registrar or at such additional offices as the Registrar may select and designate for that purpose, a suitable notation shall be made on such Bond. If a Supplemental Resolution shall so provide, new Bonds so modified as to conform, in the opinion of the Authority and the Registrar, to any modification or amendment contained in such Supplemental Resolution, shall be prepared and executed by the Authority and authenticated by such Registrar and upon demand of the Owners of any Bonds then Outstanding shall be exchanged at the principal office of the Registrar without cost to any Owner, for Bonds then Outstanding, upon surrender for cancellation of such Bonds, in equal aggregate principal amounts of the same Series, tenor and maturity.

Amendment of Particular Bonds. The provisions of “—**Amendments Permitted**,” shall not prevent any Owner from accepting any amendment as to the particular Bonds held by him, provided that due notation thereof is made on such Bonds.

Satisfaction and Discharge

Discharge of Resolution. Except as may be provided in any Series Resolution creating a Series of Bonds, Bonds of any Series may be paid by the Authority in any of the following ways:

- (a) by paying or causing to be paid the Bond Obligation of and interest on all Bonds Outstanding of the Series, as and when the same become due and payable;
- (b) by depositing with the Trustee, Paying Agent, an escrow agent or other Fiduciary, in trust, at or before maturity, money or securities in the necessary amount (as provided under “—**Deposit of Money or Securities with Fiduciaries**”) to pay or redeem all Bonds Outstanding of the Series; or
- (c) by delivering to the Trustee, for cancellation by it, all Bonds then Outstanding of the Series.

If the Authority shall pay all Bonds of a Series for which any Bonds are Outstanding and also pay or cause to be paid all other sums payable to any Credit Provider of a Credit Facility under the Master Resolution, then and in that case, at the election of the Authority (evidenced by a Certificate of the Authority, filed with the Trustee, signifying the intention of the Authority to discharge all such indebtedness and the Master Resolution), and notwithstanding that any Bonds shall not have been surrendered for payment, the Master Resolution and the pledge of Net Revenues and other assets made under the Master Resolution and all covenants, agreements and other obligations of the Authority under the Master Resolution shall cease, terminate, become void and be completely discharged and satisfied.

Discharge of Liability on Bonds. Upon the deposit with the Trustee, Paying Agent, an escrow agent or other Fiduciary, in trust, at or before maturity, of money or securities in the necessary amount (as provided under “—**Deposit of Money or Securities with Fiduciaries**”) to pay or redeem any Outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bond), provided that, if such Bond is to be redeemed prior to maturity, irrevocable notice of such redemption shall have been given as provided under “—**Redemption of Bonds**” or provision satisfactory to the Registrar and Paying Agent shall have been made for the giving of such notice, then all liability of the Authority in respect of such Bond shall cease, terminate and be completely discharged; provided that the Owner thereof shall thereafter be entitled to the payment of the principal or Redemption Price of and interest on such Bond, and the Authority shall remain liable for such payment, but only out of such money or securities deposited as aforesaid for their payment, subject, however, to the provisions under “—**Payment of Bonds After Discharge of Resolution**” and the continuing duties of the Fiduciaries under the Master Resolution including, without limitation, the provisions under “—**Transfer of Bonds**” and under “—**Exchange of Bonds**.”

The Authority may at any time surrender to the Paying Agent for cancellation by it any Bonds previously issued and delivered, which the Authority may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

Deposit of Money or Securities with Fiduciaries. (a) Unless otherwise provided in a Series Resolution (and then only with respect to the Bonds of the Series authorized thereby), whenever in the Master Resolution it is provided or permitted that there be deposited with or held in trust by a Fiduciary, an escrow agent or other fiduciary, money or securities in the necessary amount to pay or redeem any Bonds, the money or securities so to be deposited or held may include money or securities held by the Fiduciaries in the funds and accounts established pursuant to the Master Resolution and shall be one or more of the following:

(1) lawful money of the United States in an amount equal to the Bond Obligation of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as provided in under “**—Redemption of Bonds,**” or provision satisfactory to each Fiduciary shall have been made for the giving of such notice, the amount to be deposited or held shall be the Bond Obligation or Redemption Price of such Bonds and all unpaid interest thereon to the redemption date; or

(2) Government Obligations which are non-callable by the issuer, the principal of and interest on which when due will, in the opinion of an independent certified public accountant delivered to the Paying Agent for which payment is being made (upon which opinion the Paying Agent may conclusively rely), provide money sufficient to pay the Bond Obligation or Redemption Price of and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Bonds to be paid or redeemed, as such Bond Obligation or Redemption Price and interest become due; provided that, in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in “**—Redemption of Bonds,**” or provision satisfactory to the Registrar shall have been made for the giving of such notice; provided, in each case, that the Paying Agent shall have been irrevocably instructed (by the terms of the Master Resolution or by Request of the Authority) to apply such money to the payment of such Bond Obligation or Redemption Price and interest with respect to such Bonds.

(b) For purposes of determining whether Variable Rate Bonds shall be deemed to have been paid prior to the maturity or redemption date thereof, as the case may be, by the deposit of money, or Government Obligations and money, if any, in accordance with “**—Deposit of Money or Securities with Fiduciaries**” the interest to come due on such Variable Rate Bonds on or prior to the maturity date or redemption date thereof, as the case may be, shall be calculated at the maximum rate permitted by the terms thereof; provided, however, that if on any date, as a result of such Variable Rate Bonds having borne interest at less than such maximum rate for any period, the total amount of money on deposit with the Paying Agent for the payment of interest on such Variable Rate Bonds is in excess of the total amount which would have been required to be deposited with the Paying Agent on such date in respect of such Variable Rate Bonds in order to satisfy “**—Deposit of Money or Securities with Fiduciaries**” the Paying Agent shall, if requested, by the Authority, pay the amount of such excess to the Authority free and clear of any trust, lien, security interest, pledge or assignment securing the Bonds or otherwise existing under the Master Resolution.

(c) Option Bonds shall be deemed to have been paid in accordance with “**—Deposit of Money or Securities with Fiduciaries**” only if, in addition to satisfying the requirements of subparagraph (a) under “**—Deposit of Money or Securities with Fiduciaries**” there shall have been deposited with the Paying Agent money (including money withdrawn and deposited pursuant to subparagraph (d) under “**—Bond Fund**”) in an amount which shall be sufficient to pay when due the maximum amount of principal and premium, if any, and interest on such Bonds which could become payable to the Owners of such Bonds upon the exercise of any options provided to the Owners of such Bonds; provided, however, that if, at the time a deposit is made with a Fiduciary pursuant to “**—Deposit of Money or Securities with Fiduciaries,**” the options originally exercisable by the Owners of an Option Bond are no longer exercisable, such Bond shall not be considered an Option Bond for purposes of subparagraph (c) under “**—Deposit of Money or Securities with Fiduciaries.**” If any portion of the money deposited with a Fiduciary for the payment of the principal of and premium, if any, and interest on Option Bonds is not required for such purpose the Fiduciary shall, if requested by the Authority, pay the amount of such excess to the Authority free and clear of any trust, lien, security interest, pledge or assignment securing said Bonds or otherwise existing under the Master Resolution.

Payment of Bonds After Discharge of Resolution. Any money held by a Fiduciary, an escrow agent or other fiduciary in trust for the payment of the principal, Accreted Value or Appreciated Value of, premium, if any, or interest on, any Bond and remaining unclaimed for five years after such principal, Accreted Value or Appreciated Value of, premium, if any, or interest on such Bond has become due and payable (whether at maturity or upon call for redemption as provided in the Master Resolution), if such money were so held at such date, or two years after the date of deposit of such money if deposited after said date when such Bond became so due and payable, shall, upon Request of the Authority, be released from the trusts created by the Master Resolution and transferred to the Authority, and all liability of the Fiduciary, an escrow agent or other fiduciary with respect to such money shall thereupon cease; provided, however, that before the release of such trust as aforesaid, the Fiduciary may (at the cost of the Authority) first mail to the Owners of any Bonds remaining unpaid at the addresses shown on the registration books maintained by the Registrar a notice, in such form as may be deemed appropriate by the Fiduciary, with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the Authority of the money held for the payment thereof. All money held by or on behalf of a Fiduciary, an escrow agent or other fiduciary for the payment of the Bond Obligation of or interest or premium on Bonds, whether at redemption or maturity, shall be held in trust for the account of the Owners thereof and the Fiduciary, an escrow agent or other fiduciary shall not be required to pay Owners any interest on, or be liable to the owners or any other Person (other than the Authority) for any interest earned on, money so held. Any interest earned thereon and not needed to pay principal, Accreted Value or Appreciated Value of or interest on the Bonds shall be promptly released to the Authority and shall be promptly deposited into the Revenue Fund.

Non-Presentment of Series 2017 Bonds

Liability of Authority Limited to Net Revenues. Notwithstanding anything in the Master Resolution or in the Bonds contained, the Authority shall not be required to advance any money derived from any source other than the Net Revenues and other money, assets and security pledged under the Master Resolution for any of the purposes in the Master Resolution mentioned, whether for the payment of the principal, Accreted Value, Appreciated Value or Redemption Price of or interest on the Bonds or for any other purpose of the Master Resolution.

The general fund of the Authority is not liable for the payment of any Bonds, any premium thereon upon redemption prior to maturity or their interest, nor is the general credit of the Authority pledged for the payment of any Bonds, any premium thereon upon redemption prior to maturity or their interest. The Owner of any Bond shall not compel forfeiture of any of the Authority's property. The principal, Accreted Value and Appreciated Value of and interest on any Bonds and any premiums payable upon the redemption of any Bonds prior to maturity are not a debt of the Authority nor a legal or equitable pledge, charge, lien or encumbrance upon any of its property or upon any of its income, receipts or revenues, except the Net Revenues and other funds, security or assets which are pledged to the payment of the Bonds, interest thereon and any premiums upon redemption. The Authority has no taxing power.

Evidence of Rights of Owners. Any request, consent or other instrument required or permitted by the Master Resolution to be signed and executed by Owners may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Owners in Person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, or of the holding by any Person of Bonds transferable by delivery, shall be sufficient for any purpose of the Master Resolution and shall be conclusive in favor of any Fiduciary and of the Authority if made in the manner provided under “—Evidence of Rights of Owners.”

The fact and date of the execution by any Person of any such request, consent or other instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the Person signing such request, consent or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer.

The ownership of Bonds shall be proved by the bond registration books held by the Registrar. The Registrar may establish a record date as of which to measure consent of the Owners of a Series of Bonds in order to determine whether the requisite consents are received.

Except as may be provided in the Series Resolution authorizing a Series of Bonds, any request, consent, or other instrument or writing of the owner of any Bond of such Series shall bind every future Owner of the same Bond and the Owner of every Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by any Fiduciary or the Authority in accordance therewith or reliance thereon.

Disqualified Bonds. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under the Master Resolution, Bonds which are owned or held by or for the account of the Authority, or by any other obligor on the Bonds, or by any Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or any other obligor on the Bonds (except for any remarketing or other underwriting agent), shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this “**Disqualified Bonds**” if the pledgee shall establish to the satisfaction of the Registrar the pledgee’s right to vote such Bonds and that the pledgee is not a Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or any other obligor on the Bonds. In case of a dispute as to such right, any decision by the Registrar taken upon the advice of counsel shall be full protection to the Registrar.

Proceedings Constitute Contract. The provisions of the Master Resolution shall constitute a contract between the Authority and the Owners of such Bonds, and the provisions of the Master Resolution and thereof shall be enforceable by any Owner for the equal benefit and protection of all Owners similarly situated by mandamus, accounting, mandatory injunction or any other suit, action or proceeding at law or in equity that is now or may be authorized by the Master Resolution under the laws of the State in any court of competent jurisdiction.

No remedy conferred by the Master Resolution upon any Owner is intended to be exclusive of any other remedy, but each such remedy is cumulative and in addition to every other remedy and may be exercised without exhausting and without regard to any other remedy conferred by any law of the State. No waiver of any default or breach of duty or contract by any Owner shall affect any subsequent default or breach of duty or contract or shall impair any rights or remedies on said subsequent default or breach. No delay or omission of any Owner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed as a waiver of any such default or acquiescence therein. Every substantive right and every remedy conferred upon the Owners may be enforced and exercised as often as may be deemed expedient. In case any suit, action or proceeding to reinforce any right or exercise any remedy shall be brought or taken and the Owner shall prevail, said Owner shall be entitled to receive from the Revenue Fund reimbursement for reasonable costs, expenses, outlays and attorney’s fees and should said suit, action or proceeding be abandoned, or be determined adversely to the Owner then, and in every such case, the Authority and the Owner shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

Waiver of Personal Liability. No member of the Board, officer, agent or employee of the Authority or any Fiduciary shall be individually or personally liable for the payment of the principal, Accreted Value, Appreciated Value or Redemption Price of or interest on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof; but nothing contained in the Master Resolution shall relieve any such member of the Board, officer, agent or employee of the Authority or any Fiduciary from the performance of any official duty provided by law or by the Master Resolution.

Payment and Performance on a Business Day. Except as specifically set forth in a Series Resolution, any payments or transfers which would otherwise become due on any day which is not a Business Day shall become due or shall be made on the next succeeding Business Day and no interest shall accrue for such period.

Governing Law

The Master Resolution shall be construed and governed in accordance with the laws of the State.

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