OFFICIAL STATEMENT DATED OCTOBER 10, 2019

NEW ISSUE: BOOK ENTRY **RATINGS: "A+" Fitch**
"A1" Moody's
See "RATINGS" herein

Quarles & Brady LLP, Milwaukee, Wisconsin, and Crump Law Firm, LLC, Milwaukee, Wisconsin, Co-Bond Counsel, will deliver legal opinions with respect to the federal income tax exemption applicable to the interest on the 2019 Bonds under existing law substantially in the form of Appendix D hereto. See "TAX EXEMPTION" herein for a more detailed discussion of some of the federal income tax consequences of owning the 2019 Bonds. The interest on the Bonds is not exempt from present Wisconsin income or franchise taxes. The 2019 Bonds will not be designated as "Qualified Tax-Exempt Obligations" under Section 265(b)(3) of the Code.

MILWAUKEE COUNTY, WISCONSIN

Dated: Date of Delivery **Principal Due**: December 1, as shown on the inside cover page

$26,945,000
AIRPORT REVENUE REFUNDING BONDS, SERIES 2019A

The $26,945,000 Airport Revenue Refunding Bonds, Series 2019A (the "2019A Bonds") are being issued by Milwaukee County, Wisconsin (the "County") pursuant to the Constitution and laws of the State of Wisconsin, including Section 66.0621 of the Wisconsin Statutes, and resolutions adopted by the County Board of Supervisors of the County for the public purpose of refinancing certain obligations of the County as further described herein. Interest on the 2019A Bonds is payable semiannually on each June 1 and December 1, commencing on June 1, 2020.

$13,520,000
AIRPORT REVENUE REFUNDING BONDS, SERIES 2019B (AMT)

The $13,520,000 Airport Revenue Refunding Bonds, Series 2019B (AMT) (the "2019B Bonds") are being issued by the County pursuant to the Constitution and laws of the State of Wisconsin, including Section 66.0621 of the Wisconsin Statutes, and resolutions adopted by the County Board of Supervisors of the County for the public purpose of refinancing certain obligations of the County as further described herein. Interest on the 2019B Bonds is payable semiannually on each June 1 and December 1, commencing on June 1, 2020.

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

The 2019A Bonds and the 2019B Bonds will collectively be referred to as the "2019 Bonds." The 2019 Bonds are not subject to call and prior redemption. The 2019 Bonds will not be a general obligation of the County, nor will the County be obligated to levy any taxes in connection with the 2019 Bonds.

The 2019 Bonds will be special, limited obligations of the County, payable solely from net revenues derived from the ownership and operation by the County of Milwaukee Mitchell International Airport and Lawrence J. Timmerman Airport (the "Airport System") on parity with the County's other Airport Revenue Bonds (collectively referred to herein with the 2019 Bonds as the "Outstanding Bonds"), and any additional airport revenue bonds which may hereafter be issued by the County on parity with the Outstanding Bonds (collectively, the "Bonds"), as provided in the General Bond Resolution, as defined herein.

The 2019 Bonds will be issued as registered obligations and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository of the 2019 Bonds. Individual purchases will be made in book-entry form only, in the principal amount of $5,000 and multiples thereof. Principal and interest will be paid to DTC, which will in turn remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the 2019 Bonds as described herein.

The 2019 Bonds are offered when, as and if issued and received by the Underwriter, subject to the approval of certain legal matters relating to issuance of the 2019 Bonds by Quarles & Brady LLP and Crump Law Firm, LLC, Co-Bond Counsel. Certain legal matters will be passed upon for the County by the Milwaukee County Corporation Counsel Office and for the Underwriter by Kaplan Kirsch & Rockwell LLP. It is expected that the 2019 Bonds in book-entry form will be available for delivery through DTC, on or about October 30, 2019.

(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.)

BofA Merrill Lynch

MATURITY AND PRICING SCHEDULE, AND CUSIP† NUMBERS

MILWAUKEE COUNTY, WISCONSIN

$26,945,000
AIRPORT REVENUE REFUNDING BONDS, SERIES 2019A

Maturity (December 1)	Principal Amount	Interest Rate	Yield	CUSIP†
2020	$2,250,000	5.000%	1.190%	602248KX3
2021	2,245,000	5.000%	1.180%	602248KY1
2022	2,245,000	5.000%	1.180%	602248KZ8
2023	2,245,000	5.000%	1.190%	602248LA2
2024	2,245,000	5.000%	1.210%	602248LB0
2025	2,245,000	5.000%	1.270%	602248LC8
2026	2,245,000	5.000%	1.360%	602248LD6
2027	2,245,000	5.000%	1.440%	602248LE4
2028	2,245,000	5.000%	1.500%	602248LF1
2029	2,245,000	5.000%	1.590%	602248LG9
2030	2,245,000	5.000%	1.750%	602248LH7
2031	2,245,000	5.000%	1.850%	602248LJ3

$13,520,000
AIRPORT REVENUE REFUNDING BONDS, SERIES 2019B (AMT)

Maturity (December 1)	Principal Amount	Interest Rate	Yield	CUSIP†
2020	$3,380,000	5.000%	1.340%	602248LK0
2021	3,380,000	5.000%	1.340%	602248LL8
2022	3,380,000	5.000%	1.390%	602248LM6
2023	3,380,000	5.000%	1.430%	602248LN4

This Official Statement is submitted in connection with the sale of securities as referred to herein and may not be reproduced or be used, in whole or in part, for any other purpose. No dealer, broker, sales representative or other person has been authorized by the County, the Co-Financial Advisors or the Underwriter to give any information or make any representations other than as contained in this Official Statement in connection with the offering described herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the County, the Co-Financial Advisors or the Underwriter. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy, nor shall there be any sale of the 2019 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the County and other sources which are believed to be reliable, but it is not to be construed as a representation by the Co-Financial Advisors or the Underwriter. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made thereafter shall, under any circumstances, create any implication that there has been no change in the affairs of the County or in any other information contained herein, since the date hereof (or since the date of any information included herein that is dated other than the date hereof).

This Official Statement is not to be construed as a contract with the purchasers of the 2019 Bonds. Statements contained in this Official Statement involving estimates, forecasts, or matters of opinion, whether or not expressly so described herein, are intended solely as such, and are not to be construed as representations of fact. This Official Statement contains "forward-looking" statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Such statements may involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements to be different from future results, performance and achievements expressed or implied by such forward-looking statements. Investors are cautioned that the actual results could differ materially from those set forth in the forward-looking statements.

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

THE PRICES AND OTHER TERMS RESPECTING THE OFFERING AND SALE OF THE 2019 BONDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER AFTER THE 2019 BONDS ARE RELEASED FOR SALE, AND THE 2019 BONDS MAY BE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING PRICES, INCLUDING SALES TO DEALERS WHO MAY SELL THE 2019 BONDS INTO INVESTMENT ACCOUNTS.

IN MAKING ANY INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN REVIEW OF THE TERMS OF THE 2019 BONDS AND THE OFFERING THEREOF, AND THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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INTRODUCTION TO OFFICIAL STATEMENT

The following information is furnished solely to provide limited introductory information regarding the County's $26,945,000 Airport Revenue Refunding Bonds, Series 2019A (the "2019A Bonds") and $13,520,000 Airport Revenue Refunding Bonds, Series 2019B (the "2019B Bonds") (collectively referred to herein as the "2019 Bonds"), and does not purport to be comprehensive. All such information is qualified in its entirety by reference to the more detailed descriptions appearing in this Official Statement, including the appendices hereto.

Issuer:	Milwaukee County, Wisconsin (the "County").
Dated:	Date of Delivery.
Delivery:	Delivery is expected on or about October 30, 2019.
Security:	The principal and interest on the 2019 Bonds are payable solely from, and are secured equally and ratably by a pledge of the Net Revenues derived from the Airport System. (See "DESCRIPTION OF THE 2019 BONDS – Security Provisions" herein.)
Purpose and Authority:	Proceeds of the 2019 Bonds will be used for the public purpose of refinancing certain obligations of the County as further described herein and to pay the cost of issuing the 2019 Bonds. The 2019 Bonds are being issued by the County, pursuant to provisions of Chapter 66 of the *Wisconsin Statutes* and resolutions adopted by the County Board.
Redemption Provisions:	The 2019 Bonds are not subject to prior redemption.
Principal Payments:	**2019A Bonds:** Annually, December 1, 2020 through 2031. **2019B Bonds:** Annually, December 1, 2020 through 2023.
Interest Payments:	**2019A Bonds:** On each June 1 and December 1, commencing on June 1, 2020. **2019B Bonds:** On each June 1 and December 1, commencing on June 1, 2020.
Tax Status:	**2019A Bonds:** In the opinion of Co-Bond Counsel as more fully described herein, interest on the 2019A Bonds is excludable for federal income tax purposes from the gross income of the owners of the 2019A Bonds, except for interest on any 2019A Bonds held by a "substantial user" of the facilities financed by the 2019A Bonds or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the 2019A Bonds is not an item of tax preference in computing the federal alternative minimum tax for individuals. See "TAX STATUS – 2019A Bonds" herein. **2019B Bonds:** In the opinion of Co-Bond Counsel as more fully described herein, interest on the 2019B Bonds is excludable for federal income tax purposes from the gross income of the owners of the 2019B Bonds, except for interest on any 2019B Bonds held by a "substantial user" of the facilities financed by the 2019B Bonds or a "related person" within the meaning of Section 147(a) of the Code. Interest on the 2019B Bonds is, however, an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. See "TAX STATUS – 2019B Bonds" herein. Interest on the 2019 Bonds is not exempt from present Wisconsin income or franchise taxes.

Professional Consultants:	*Airport Consultants:*	Unison Consulting, Inc. Chicago, Illinois

Trustee: U.S. Bank National Association

Paying Agent/Registrar: Milwaukee County Treasurer's Office.

Record Date: The 15th day of the month preceding each payment date.

Legal Matters: Legal matters incident to the authorization and issuance of the 2019 Bonds are subject to the opinions of Quarles & Brady LLP, Milwaukee, Wisconsin and Crump Law Firm, LLC, Milwaukee, Wisconsin, Co-Bond Counsel, as to validity and federal tax exemption. The opinions will be substantially in the form set forth in Appendix D attached hereto. Crump Law Firm, LLC has not participated in the preparation of this Official Statement, except for information under the headings "DESCRIPTION OF THE 2019 BONDS" and "TAX STATUS". Quarles & Brady LLP has been retained by the County to serve as disclosure counsel to the County with respect to the 2019 Bonds.

Book-Entry-Only: The 2019 Bonds will be issued as book-entry-only securities through The Depository Trust Company.

No Litigation: There is currently no litigation pending or, to the best of certain County officials' knowledge, threatened, which questions the validity of the 2019 Bonds or of any proceedings of the County taken with respect to the issuance or sale thereof.

Questions regarding the 2019 Bonds or the Official Statement can be directed to Pamela Bryant, Capital Finance Manager, Milwaukee County Comptroller's Office, 901 North Ninth Street, Room 301, Milwaukee, Wisconsin 53233, (414/278-4396) or PFM Financial Advisors, LLC, 115 South 84th Street, Suite 315, Milwaukee, Wisconsin 53214, (414/771-2700).

INTRODUCTION

This Official Statement is furnished to provide information regarding the 2019 Bonds. The 2019 Bonds are issued pursuant to the Constitution and laws of the State of Wisconsin, including Section 66.0621 of the Wisconsin Statutes, and resolutions adopted by the County Board of Supervisors of the County.

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

The Airport, a medium hub airport, is Wisconsin's largest and busiest airport located on approximately 2,386 acres approximately six miles south of downtown Milwaukee. The airfield at the Airport contains two air carrier runways and three other runways. The terminal complex consists of a main terminal building and two concourses with 37 gates. The Airport also contains a six-level parking structure for automobile parking and rental car operations. See "THE AIRPORT SYSTEM" for a description of the Airport System's facilities, governance and operating results.

Origin and Destination ("O&D") passengers – those persons beginning or ending their journey at the Airport – now account for over 98.8 percent of total Airport enplanements. According to preliminary data from the FAA Air Carrier Activity Information System ("ACAIS"), the Airport ranked 52nd among U.S. commercial service airports based on calendar year ("CY") 2018 revenue enplanements.

The Airport is served by each of the industry's four major domestic airlines, which accounted for 88.4 percent of enplanements in 2018. Including affiliates, Southwest Airlines ("Southwest") accounted for 42.2 percent; Delta Air Lines ("Delta"), 25.2 percent; American Airlines ("American"), 12.2 percent; and United Air Lines ("United"), 8.8 percent of enplaned passengers in 2018. Frontier, Air Canada, Alaska Airlines ("Alaska"), and other smaller airlines accounted for the remaining 11.6 percent. Low cost carriers ("LCCs") including Southwest and Frontier (now an ultra-low cost carrier or "ULCC") accounted for nearly 50 percent of enplanements. See "INVESTMENT CONSIDERATIONS – Growth of Low Cost Carriers."

The County has entered into substantially similar airline-airport use and lease agreements (the "AULA") with seven signatory airlines (the "Signatory Airlines") as of July 2016, providing the terms and conditions upon which the Signatory Airlines use the Airport. The County executed an amendment with each Signatory Airline to extend the term of the AULA for an additional five years ending December 31, 2020 (the "Amended AULA"). The Amended AULA retains most of the provisions of the AULA, which went into effect on October 1, 2010, including the cost center residual rate methodology. The Signatory Airlines are Alaska, American, Air Canada, Delta, Frontier, Southwest and United. See "AIRLINE-AIRPORT USE AND LEASE AGREEMENT" herein, for a more detailed description of the AULA.

Unison Consulting, Inc., the Airport System's airport consultant ("Unison" or the "Airport Consultant") has prepared a letter report summarizing certain information relating to the Airport's financial operations and projecting debt service coverage through 2024, which appears as APPENDIX A hereto.

The 2019A Bonds are being issued to refund all of the outstanding, callable maturities of the County's Airport Revenue Bonds, Series 2009A, dated December 21, 2009 (the "2009A Bonds") and Airport Revenue Bonds, Series 2010A, dated October 14, 2010 (the "2010A Bonds"), which were issued to finance various improvements to the Airport System. The refunded maturities of the 2009A Bonds and the 2010A Bonds are described further in "PLAN OF FINANCE" herein.

The 2019B Bonds are being issued to refund all of the outstanding, callable maturities of the County's Airport Revenue Refunding Bonds, Series 2010B, dated October 14, 2010 (the "2010B Bonds" and, with the 2009A Bonds and the 2010A Bonds, the "Refunded Bonds"), which were issued to refinance improvements to the Airport System as described in "PLAN OF FINANCE" herein.

The 2019 Bonds are being issued pursuant to the General Bond Resolution adopted by the County Board of Supervisors on June 22, 2000, which established an airport revenue bond program (as amended from time to time, the "General Bond Resolution"), and a supplemental resolution adopted by the County Board of Supervisors on April 25, 2019 (the "2019 Supplemental Resolution" and together with the General Bond Resolution, the "Bond Resolutions").

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

DESCRIPTION OF THE 2019 BONDS

General

The 2019 Bonds shall be dated the date of delivery, and shall bear interest at the rates and shall mature on the dates as set forth on the inside cover page of this Official Statement. Interest on the 2019 Bonds is to be computed on the basis of a 360-day year of twelve 30-day months. The payment of interest on the 2019 Bonds shall be made on June 1, 2020 and on each December 1 and June 1 thereafter until maturity (each an "Interest Payment Date"). Interest payments shall be made by check or draft of the U.S. Bank National Association, as trustee under the Bond Resolutions (the "Trustee") in lawful money of the United States of America to the owners listed on the bond register as of the close of business on the fifteenth day of the calendar month next preceding each such Interest Payment Date. The principal of the 2019 Bonds shall be made in lawful money of the United States of America only upon presentation at the principal corporate trust office of the Trustee, except when held by the Depository Trust Company ("DTC") as described below.

The 2019 Bonds will be issued as fully registered bonds without coupons in denominations of $5,000 and any multiple thereof, and, when issued, will be registered in the name of Cede & Co., as nominee of DTC, New York, New York. DTC will act as securities depository of the 2019 Bonds. Individual purchases will be made in book-entry form only, in the principal amount of $5,000 and multiples thereof. Purchasers will not receive certificates representing their interest in the 2019 Bonds purchased. Principal and interest will be paid to DTC, which will in turn remit such principal and interest payments to its participants, for subsequent disbursement to the beneficial owners of the 2019 Bonds. (See APPENDIX G - "BOOK-ENTRY-ONLY SYSTEM" herein.) So long as Cede & Co. is the registered owner of the 2019 Bonds as nominee, references herein to the bondholders, owners or registered owners of the 2019 Bonds shall mean Cede & Co., as nominee of DTC and shall not mean the beneficial owners of the 2019 Bonds.

Transfer, Registration and Exchange of 2019 Bonds

If the 2019 Bonds are no longer held in book-entry-only form, the 2019 Bonds will be transferable at the designated corporate trust office of the Trustee by the registered owner in person, or by the owner's attorney duly authorized in writing, upon surrender of the 2019 Bonds together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or its duly authorized attorney, and thereupon the County shall issue in the name of the transferee a new registered 2019 Bond of the same aggregate principal amount and interest rate and maturity as the surrendered Obligation. The 2019 Bonds may also be exchanged, alone or with other 2019 Bonds of the same interest rate and maturity, at the principal office of the Trustee, for a new 2019 Bond of the same aggregate principal amount, interest rate and maturity, without transfer to a new registered owner in authorized denominations.

Transfers, registrations and exchanges of the 2019 Bonds shall be without expense to the owner, except that any taxes or other governmental charges required to be paid with respect to the same shall be paid by the owner requesting the transfer, registration or exchange as a condition precedent to the exercise of the privilege; and no transfers, registrations and exchanges shall be required to be made during the 15 days next preceding an interest payment date for the 2019 Bonds, nor during the 45 days next preceding the date fixed for redemption of the 2019 Bonds.

SECURITY FOR THE 2019 BONDS

Pledge of Net Revenues

The 2019 Bonds are special obligations of the County, and are being issued on parity with the County's currently outstanding airport revenue bonds issued pursuant to the General Bond Resolution (collectively, with the 2019 Bonds, the "Outstanding Bonds") listed below and any additional airport revenue bonds which may hereafter be issued by the County pursuant to the General Bond Resolution (with the Outstanding Bonds, the "Bonds"), as provided in the General Bond Resolution:

- Airport Revenue Bonds, Series 2009A (the "2009A Bonds") *;
- Airport Revenue Bonds, Series 2010A (the "2010A Bonds") *;
- Airport Revenue Refunding Bonds, Series 2010B (the "2010B Bonds") *;
- Airport Revenue Bonds, Series 2013A (the "2013A Bonds");
- Airport Revenue Refunding Bonds, Series 2013B (the "2013B Bonds");
- Airport Revenue Refunding Bonds, Series 2014A (the "2014A Bonds");
- Airport Revenue Refunding Bonds, Series 2016A (the "2016A Bonds").

* Denotes Outstanding Bonds being refunded by the 2019 Bonds.

The principal of and premium, if any, and interest on the 2019 Bonds are payable solely from, and are secured equally and ratably by, a pledge of the Net Revenues derived from the Airport System. Under the 2019 Supplemental Resolution, Passenger Facility Charge revenues ("PFC Revenues") are included in the Revenues pledged to the payment of the principal of and interest on the 2019A Bonds to the extent that the projects financed by the Series 2009A Bonds and Series 2010A Bonds were approved for funding with PFC Revenues. In accordance with the related Bond Resolutions, such PFC Revenues will be deposited in the Special Redemption Fund. It is currently expected that approximately 43.3 percent of the principal of and interest on the 2019A Bonds, and none of the principal and interest on the 2019B Bonds, will be eligible for funding by PFC Revenues. Therefore, PFC Revenues will be pledged to pay portions of the debt service of the 2019A Bonds. See "SOURCES OF REVENUES OF THE AIRPORT SYSTEM – Passenger Facility Charges" for information regarding PFC Revenues.

Revenues of the Airport System

The "Net Revenues" of the Airport System that are pledged to the payment of the 2019 Bonds under the General Resolution are defined for any period as the aggregate of Revenues for such period, after deducting the aggregate of the Operation and Maintenance Expenses for such period. The "Revenues" of the Airport System are defined under the General Resolution to include all moneys received from any source by the Airport System or the County with respect to the Airport System, including without limitation all rates, fees, charges, rents and other income derived from the ownership or operation of the Airport System. Revenues shall not include PFC Revenues, except to the extent that PFC Revenues are specifically designated as included in Revenues by a Supplemental Resolution. In addition to PFCs, unless otherwise provided by a Supplemental Resolution, Revenues also do not include (a) the proceeds of 2019 Bonds or other borrowings, (b) the proceeds of grants or gifts for limited purposes or the proceeds of the disposition of property financed with such gifts or grants, (c) condemnation or insurance proceeds, except for business interruption insurance, (d) income and revenue from properties and facilities not included in the Airport System and (e) Special Facility Revenues (see "Issuance of Subordinate Securities and Special Facility Bonds"). "Operation and Maintenance Expenses" of the Airport System are defined to include the reasonable and necessary expenses (under generally accepted accounting principles) of administering, operating, maintaining, and repairing the Airport System, but exclude the costs of capital improvements to the Airport System, reserves, payment of the 2019 Bonds or other indebtedness, allowances for depreciation and capital replacements, and operation and maintenance expenses pertaining to any Special Facilities. See "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL BOND RESOLUTION – Definitions of Certain Terms."

Rate Covenant

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

The General Bond Resolution contains a covenant (the "Rate Covenant") requiring the County to establish and collect such rates, rentals, fees and charges sufficient so that in each fiscal year the Net Revenues, together with Other Available Funds (defined as the amount of unencumbered funds on deposit or anticipated to be on deposit on the first day of the fiscal year in the Coverage Fund and the Surplus Fund in an amount up to 25 percent of debt service in the fiscal year), will be at least equal to 125 percent of debt service on all Bonds then Outstanding, including, without duplication, any repayment or other obligations incurred by the County in respect of draws or other payments or disbursements made under a credit facility, but only if such obligations have a lien on revenues on the same priority as the lien of the Outstanding Bonds. PFC Revenues are treated as Revenues under the Rate Covenant only to the extent they are specifically designated as Revenues in the respective Supplemental Resolutions authorizing the bonds. PFC Revenues are not included in the revenues pledged to the 2010B Bonds, 2013B Bonds and 2019B Bonds, but are included in the revenues pledged to the 2009A Bonds, 2010A Bonds, 2013A Bonds, 2014A Bonds, 2016A Bonds, and the 2019A Bonds as described under "SECURITY FOR THE BONDS - Revenues of the Airport System" above and "SOURCES OF REVENUES OF THE AIRPORT SYSTEM – Passenger Facility Charges."

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

Reserve Account

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

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

The Reserve Account is funded fully with cash on the date of this Official Statement and will continue to be so upon the issuance of the 2019 Bonds.

Flow of Funds

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

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MILWAUKEE COUNTY AIRPORT SYSTEM
FLOW OF FUNDS PER GENERAL RESOLUTION

Revenues

REVENUE FUND
Transfer ALL PFC Revenue to PFC Revenue Account

PFC REVENUE ACCOUNT
Transfer PFC-Eligible Revenues

OPERATION AND MAINTENANCE FUND
Pay all current O&M Expenses

SPECIAL REDEMPTION FUND
(Includes: Interest and Principal Account; Reserve Account; and Capitalized Interest Account)
Pay debt service requirements on Bonds and fund any deficiencies in Reserve Account

GENERAL OBLIGATION BOND FUND
Pay debt service on general obligation bonds issued for airport purposes (none outstanding or contemplated)

O&M RESERVE FUND
Maintain reserve equal to one-sixth (1/6) of estimated annual O&M Expenses

COVERAGE FUND
Maintain an amount equal to 25% of annual debt service

CAPITAL IMPROVEMENT RESERVE FUND
To fund capital improvements in accordance with the Amended AULA and to pay debt service on subordinate debt

SURPLUS FUND
1.) Fund requirement as set forth in the Amended AULA
2.) Fund Airport Development Fund Depreciation Account – requirement as set forth in the Amended AULA

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

Additional Bonds

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

(1) (a) A certificate of the County that to the best of the knowledge and belief of the authorized officer executing the certificate, no event of default exists and, (b) a certificate of the Trustee that there is no event of default of which it has actual knowledge;

(2) A certificate of the County, executed on its behalf by an authorized officer, setting forth (a) the Net Revenues for the last audited fiscal year and (b) the maximum debt service (including, without duplication, related Credit Facility Obligations) on all Bonds then Outstanding and the Additional Bonds to be issued in any fiscal year; and demonstrating that such Net Revenues, together with Other Available Funds, equal an amount not less than 125 percent of such debt service (including, without duplication, related Credit Facility Obligations); or, alternatively, a certificate prepared and signed by an Airport Consultant, setting forth for each of the three fiscal years commencing with the fiscal year following that in which the projects financed by such Additional Bonds are estimated to be completed, the projected Net Revenues, the projected Other Available Funds, and the maximum debt service on all Bonds then Outstanding and the Additional Bonds to be issued in any fiscal year; and demonstrating that for each such fiscal year the projected Net Revenues, together with the projected Other Available Funds, will be in an amount not less than 125 percent of such debt service (including, without duplication, related Credit Facility Obligations);

(3) A certified copy of the 2019 Supplemental Resolution providing for the issuance of the Additional Bonds; and

(4) An opinion of bond counsel that the conditions precedent to the issuance of the Additional Bonds have been satisfied.

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

Refunding Bonds. The certificates required by subparagraph (2) above shall not be required in connection with the issuance of Additional Bonds to refund Bonds, provided that the average annual debt service on the refunding bonds shall not be greater than the average annual debt service on the Bonds being refunded, but such certificates shall be required in the case of Additional Bonds issued to refund obligations other than Bonds (including the issuance of Additional Bonds to retire notes issued in anticipation of Bonds) as if the Additional Bonds were being issued for the projects financed by the Refunded Bonds. The 2019 Bonds are being issued to refund the Refunded Bonds.

Issuance of Subordinate Securities and Special Facility Bonds

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

PLAN OF FINANCE

Authorization and Purpose

The County Board of Supervisors adopted the 2019 Supplemental Resolution authorizing the issuance of the 2019 Bonds on April 25, 2019. The 2019 Bonds are being issued on parity with the other Outstanding Bonds. Pursuant to the 2019 Supplemental Resolution, the County Board of Supervisors delegated to the Comptroller of the County the authority to accept on behalf of the County a proposal for the purchase of the 2019 Bonds so long as the proposal satisfies the terms and conditions of the 2019 Supplemental Resolution.

The proceeds of the 2019 Bonds along with funds of the County will be used to refund the Refunded Bonds of the County as presented at the call dates below, and to pay the cost of issuing the Bonds.

Refunded Bonds – Series 2019A

Dated	Issue	Refunded Maturities*	Amount Refunded	Call Date
12/21/2009	Airport Revenue Bonds, Series 2009A (Non-AMT)	2020-2032	$ 9,055,000	12/01/2019
10/14/2010	Airport Revenue Bonds, Series 2010A (Non-AMT)	2020-2034	$ 26,075,000	12/01/2019

Refunded Bonds – Series 2019B

Dated	Issue	Refunded Maturities*	Amount Refunded	Call Date
10/14/2010	Airport Revenue Refunding Bonds, Series 2010B (AMT)	2020-2023	$15,500,000	12/01/2019

* The December 1, 2019 Maturities of the Refunded Bonds will be paid from the County's funds as due at their scheduled maturity date

The Refunded Bonds were issued to finance or partially finance: replacement of terminal HVAC, runway safety area improvements, installation of the 6th floor membrane on parking structure, remodeling of Concourse D Hammerhead

Restroom, reorientation of the terminal South Escalators, construction of a snow equipment storage building, construction of an inline baggage security structure, renovation of Gate D-52, parking structure relighting, and the refunding of the County's Airport Revenue Bonds, Series 2000A.

SOURCES AND USES OF FUNDS

The proceeds of the 2019 Bonds, together with other available funds of the County, will be applied as follows.

Sources and Uses

Sources:	Series 2019A	Series 2019B	Total
Par Amount	$26,945,000	$13,520,000	$40,465,000
Original Issue Premium	5,803,956	1,231,030	7,034,986
Funds on Hand	971,449	--	971,449
Funds on Hand- 12/1/2019 Payment	2,618,087	4,421,875	7,039,962
Release from Debt Service Reserve Fund	1,725,034	909,746	2,634,780
Estimated Interest Earnings	41,100	18,500	59,600
Total Sources of Funds	$38,104,626	$20,101,151	$58,205,777
Uses:			
Refunding Escrow Deposit	$37,748,087	$19,921,875	$57,669,962
Cost of Issuance/Underwriter's Discount	355,027	176,447	531,474
Additional Proceeds	1,512	2,829	4,341
Total Uses of Funds	$38,104,626	$20,101,151	$58,205,777

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THE COUNTY

General

The County is located in southeastern Wisconsin on the Lake Michigan shoreline. The County covers an area of approximately 242 square miles and consists of 10 cities and 9 villages. The City of Milwaukee, which is the County seat, contains approximately 63 percent of the County's population and 44 percent of its taxable property value. The County serves as the population, economic and financial center of the state.

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

Government and Administration

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

County Officials

(Year first sworn into office follows name)

County Executive:	Chris Abele (2011)
County Clerk:	George L. Christenson (2017)
Register of Deeds:	Israel Ramón (2019)
Treasurer:	David Cullen (2014)
Clerk of Circuit Court:	John Barrett (1999)
Sheriff:	Earnell Lucas (2019)
District Attorney:	John T. Chisholm (2007)
County Comptroller:	Scott B. Manske (2012)

Board of Supervisors

Theodore Lipscomb, Sr. - Chairman (2008)
Marcelia Nicholson - 1st Vice Chairperson (2016)
Sequanna Taylor- 2nd Vice Chairperson (2016)

Deanna Alexander (2012)
Eddie Cullen (2015)
Marina Dimitrijevic (2004)
Jason Haas (2011)
Willie Johnson, Jr. (2000)
Patti Logsdon (2018)
Felesia A. Martin (2018)
Supreme Moore Omokunde (2015)
Sylvia Ortiz-Valez (2018)
Steven Shea (2018)
James J. Schmitt (1998)
Dan Sebring (2016)
Anthony Staskunas (2013)
Sheldon Wasserman (2016)
John F. Weishan, Jr. (2000)

County Executive's Office

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

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

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

- Zoological Gardens
- Aging
- Veterans Service Office
- Medical Examiner
- Emergency Management
- Government Affairs
- Child Support Services
- UW Extension
- House of Corrections

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

Legislative

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

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

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

- Finance and Audit
- Personnel
- Health and Human Needs
- Intergovernmental Relations
- Committee of the Whole
- Transportation, Public Works and Transit
- Economic and Community Development
- Judiciary, Safety and General Services
- Parks, Energy and Environment

County Employee Pension Benefits

The Employees' Retirement System of the County of Milwaukee (the "ERS") was established in 1938 and is a single-employer defined benefit pension plan. The ERS was substantially noncontributory until 2011. In that year, employees were required under 2011 Wisconsin Act 10 ("Act 10") to begin contributing half of the Actuarial Required Contribution ("ARC") to the ERS. Public safety employees are specifically exempted from this requirement under Act 10, but similar employee pension contributions have been negotiated with public safety worker unions. As of December 31, 2018, there were 12,910 participants with vested benefits in ERS of which 8,037 are receiving benefits. The most recent valuation of the ERS dated December 31, 2018 indicates a 70.60 percent funded status. This funded ratio is based on a Plan Fiduciary Net Position of $1,618,219,370 and a Total Pension Liability of $2,293,063,354.

The County established the OBRA 1990 Retirement System of the County of Milwaukee ("OBRA") to cover seasonal and certain temporary employees who are not enrolled in the Retirement System. As of December 31, 2018, there were 5,370 participants with vested benefits in OBRA of which 5248 are receiving benefits. The most recent valuation of the OBRA dated December 31, 2018 indicates a 44.70 percent funded status. This funded ratio is based on a Plan Fiduciary Net Position of $2,943,461 and a Total Pension Liability of $6,582,278.

The Airport contributed a total of $3,837,752 in 2018 to the County for its active and retired employees' pensions, compared to $5,729,676 in 2017. With respect to costs related to active employees, pension costs are allocated based upon a percentage of active employees' pensionable wages (which excludes overtime and sick leave payouts). Beginning in 2018, with respect to retired employees, pension costs are allocated based on the 25-year historical number of full time equivalents ("FTE") by department and adjusting for the likelihood that those FTEs are currently receiving pension benefits. Prior to 2018, a three-year average of active pensionable wages were charged to the Airport.

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

County Employee Other Post-Employment Benefits ("OPEB")

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

The Airport contributed $3,178,277 in 2018 to the County for OPEB liability and retiree healthcare costs, compared to $4,835,369 in 2017. For active employees, the Airport's allocation is based on the number of FTE positions in the Airport for each pay period. Beginning in 2018, expenses related to retiree health care are allocated based on the 25-year historical number of FTEs by department and adjusting for the likelihood that those FTEs are currently receiving retiree healthcare benefits. Prior to 2018, the allocation for retirees was based upon the three-year average of active FTE employees for the Airport compared to the total FTEs of the County.

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

An actuarial valuation report was prepared as of January 1, 2018 for the County, based on GASB 75. The County's liability for OPEB for all funds, excluding the Milwaukee County Transit System, was estimated at $1.346 billion, based on a 3.2 percent discount rate. The discount rate for an unfunded plan is based on a 20-year municipal bond yield, as required by GASB #75.

The OPEB expense for the year ended December 31, 2018 for the County was $50.1 million, which included service cost of $7.4 million and interest cost on the OPEB liability of $42.7 million. Offsetting the increases to the liability for OPEB expense was a deferral of the difference between expected and actual experience of $1.0 million and benefit payments made by the County of $61.7 million. The OPEB expense was exceeded by these offsets thus decreasing the OPEB liability by ($12.6) million for 2018.

While the County has made progress in recent years by reducing costs in the area of employee and retiree health care and the rollback of 2001 pension enhancements, employee compensation and fringe benefits continue to be a cost pressure in 2019 and beyond. Resolving the County's projected structural imbalance will require it to review its current expenditure commitments, revenue streams and the cost pressures outlined above. The County will then need to decide whether it will reduce expenditure commitments to accommodate the projected costs of health benefits, pension contributions and OPEB or seek and establish new revenue sources. This will require the County to reevaluate its core functions, and the funding assumptions used to support them.

THE AIRPORT SYSTEM

General

The County owns and operates Milwaukee Mitchell International Airport (the "Airport") and Lawrence J. Timmerman Airport ("Timmerman Airport"), which together comprise the "Airport System." The Airport is the major air carrier airport in Wisconsin, serving a primary air service area of approximately 2.3 million people and a total catchment area of approximately 7 million people.

The County began operating its first airport in 1919. In 1927, the Airport opened the County's first terminal and Northwest Airlines began offering flights from Milwaukee to Chicago and Minneapolis. A two-story terminal building was constructed in 1940, and a new two-level terminal with 23 gates was added in 1955. In 1985, a greatly expanded terminal complex with larger concession, ticketing, and baggage claim areas was built. In 1990, 16 additional gates were added to Concourse D. In 2007, the Airport completed several terminal concourse improvement projects, which included the addition of 8 new gates to Concourse C. A 4,440-space parking garage was completed in 1980, which has been expanded to total approximately 8,621 spaces currently.

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

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

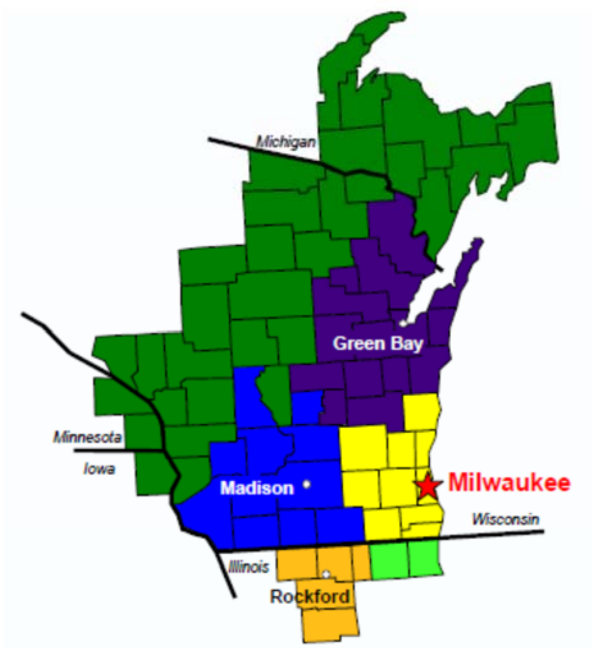
Included within APPENDIX B to this Official Statement is the Statement of Revenues, Expenses and Changes in Net Assets and Balance Sheet of the Airport System excerpted from the County's audited basic financial statements audited by Baker Tilly Virchow Krause, LLP for the years ended December 31, 2014 through 2018. The accounts of the Airport System are not separately audited.

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

Airport Service Area

The Airport's primary service area has a population of approximately 2.3 million and includes the Milwaukee-Waukesha-West Allis Metropolitan Statistical Area (Milwaukee MSA), which includes the counties of Milwaukee, Ozaukee, Washington, and Waukesha, and the Racine Metropolitan Statistical Area, which includes Racine County.[1] The Airport's catchment area covers the southeastern region of Wisconsin and Northern Illinois, with a total population of over seven million persons.

MKE's Catchment Area



LEGEND

Area	2018 Population (in millions)
Milwaukee DMA counties	2.33
Madison DMA counties	1.02
Green Bay-Appleton DMA counties	1.14
Rockford DMA counties	0.47
Lake & McHenry counties	1.01
Other counties	1.18
Total	**7.15**

Public transportation in the Airport catchment area includes bus service to all major cities and train service between Chicago and Milwaukee. See APPENDIX A "REVIEW OF THE AIRPORT CONSULTANT" for a description of the local Milwaukee economy.

Presence of Other Airports

The Airport is the major commercial airport in Wisconsin. Located 72 miles from Chicago O'Hare International Airport and 95 miles from Chicago Midway Airport, the Airport's strategic location makes it an accessible alternative airport for Northern Illinois residents. The Airport is also able to capture traffic from markets served by the small local airports, primarily because the Airport offers lower fares and more flights.

Other airports within 125 miles of the Airport include Austin-Straubel International Airport in Green Bay (124 miles north of the Airport), Appleton International Airport (113 miles north of the Airport), Chicago/Rockford International Airport (99 miles southwest of the Airport) and Dane County Regional Airport in Madison (84 miles west of the Airport). The table on the following page includes a comparison of these surrounding airports.

[1] Office of Management and Budget (OMB) MSA definition.

MILWAUKEE MITCHELL INTERNATIONAL AIRPORT
LOCAL AREA COMMERCIAL SERVICE AIRPORTS

Location				CY 2018 Enplanements			Drive To GMIA	
City	State	Airport	Hub[2]	Rank[3]	Enplanements	YOY Change	Miles	Hours
Chicago	IL	Chicago O'Hare International	L	3	39,874,879	3.3%	72	1.2
Chicago	IL	Chicago Midway International	L	27	10,685,565	-2.1%	95	1.6
Milwaukee	**WI**	**Milwaukee Mitchell International**	**M**	**52**	**3,548,817**	2.8%	-	-
Madison	WI	Dane County Regional-Truax Field	S	93	1,043,483	10.6%	84	1.3
Appleton	WI	Appleton International	N	156	348,167	23.7%	113	1.8
Green Bay	WI	Austin Straubel International	N	162	315,119	11.0%	124	2.0
Rockford	IL	Chicago/Rockford International	N	228	106,710	-5.5%	99	1.5

Sources: Federal Airport Administration and Google Maps for airport enplanements except MKE.

Airport records for MKE CY2018 Enplanements

Airport System Management

An Airport Director manages the Airport System. The County Executive appoints the Airport Director. The Airport Director oversees 282 full-time equivalent employees. Key members of the Airport System Management include the Airport Director; Director of Finance and Administration; Director of Operations and Maintenance; and Airport Engineer. Biographical data concerning the Airport Director and other key officials of the Airport System are set forth below.

Airport Director. Brian Dranzik, C.M.**,** was appointed Airport Director in 2017 by County Executive Chris Abele. Mr. Dranzik formerly held the position of Deputy Director of Transportation and then Director of Transportation for Milwaukee County where he oversaw the divisions of Highway, Transit, Fleet, Administration, and the Airport from 2008 to 2017. Mr. Dranzik had worked closely on several airport-related issues prior to his appointment in 2017 including serving as Interim Airport Director in 2015. He earned his Certified Membership to the American Association of Airport Executives in 2019. Mr. Dranzik holds a Masters of Urban Planning degree from the University of Wisconsin-Milwaukee and has been working in transportation for 20 years.

Director, Finance and Administration. James Martin was appointed Director for Finance and Administration in 2018. Mr. Martin formerly served as the Deputy Director of Transportation for Milwaukee County where he was responsible for financial oversight of multiple divisions. Mr. Martin holds a Master of Public Policy in Finance and Organizational Management from the University of Chicago and has been a practicing financial professional for 15 years.

Director, Operations and Maintenance. Doug Rutledge, was appointed Director of Operations and Maintenance in 2019. This position has oversight responsibilities for the daily operations and maintenance at the Airport through the Operations, Fire, Public Safety and Security, Environmental and Maintenance sections. Prior to working at the Airport, Mr. Rutledge held several leadership positions within the airlines industry during the past 28 years, most recently as the Station Manager for Southwest Airlines at the Airport. Mr. Rutledge also worked as a commercial airline pilot. He earned his Aviation undergraduate degree from The Ohio State University – Columbus, Ohio in 1990, specializing in pilot flight operations.

[2] FAA classifications

[3] National rank by number of enplaned passengers in 2018

Director, Business and Commercial Development. Matthew Hoffman, A.A.E., was appointed Director for Business and Commercial Development in 2018. Mr. Hoffman previously held positions at multiple airports including the Portland International, Gerald R. Ford International, and Abraham Lincoln Airports. He earned the status of Accredited Airport Executive by the American Association of Airport Executives in 2002 and has more than 23 years' experience working in aviation/airports. Mr. Hoffman is also a commercial pilot, turbojet flight engineer and earned a bachelor's degree in aviation business administration from Embry-Riddle Aeronautical University.

Airport Engineer. Jim Zsebe was appointed Airport Engineer in 2015. Mr. Zsebe served Milwaukee County as a Civil Engineer in the airport engineering group for the previous 17 years. Mr. Zsebe holds a BS degree in Civil Engineering from Marquette University. He has been a practicing engineer for over 29 years.

Facilities and Services

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

RUNWAY DESCRIPTIONS

	Runway 1L-19R	Runway 7R-25L	Runway 1R-19L	Runway 7L-25R	Runway 13-31
Length (ft)	9,990	8,300	4,183	4,800	5,535
Width (ft)	200	150	150	100	150
Instrumentation	CAT III (1L) CAT I (19R)	CAT I (7R) Localizer (25L)	RNAV / GPS	RNAV / GPS	RNAV / GPS
Pavement Material	Concrete	Concrete	Concrete / Asphalt	Asphalt	Concrete / Asphalt

Runways 1L-19R and 7R-25L accommodate all air carrier operations, while Runways 1R-19L and 7L-25R serve smaller aircraft and general aviation propeller aircraft. Runway 13-31 is available for smaller jet aircraft, general aviation aircraft, and occasional commercial operations under specific wind conditions. The taxiway system provides access between all runway ends. In addition, Runways 1L-19R and 7R-25L are serviced by partial parallel taxiways and the other runways are served by either crossing runways or taxiways. All of the taxiways are 75 feet wide, except one, which is 50 feet wide. The terminal apron area surrounds all three concourses and totals approximately 70 acres.

Terminal Facilities. The Airport's main terminal complex contains approximately 810,000 square feet and is currently comprised of a central terminal building and two passenger concourses with 37 gates and corresponding hold-room areas. Bridge structures connect the main level of the central terminal building to the concourses. A third concourse, Concourse E, is currently out of service and is expected to be reconstructed to accommodate both international and domestic operations. The central terminal building consists of four levels. The basement level contains the inbound baggage delivery system, mechanical and utility equipment rooms, concession and Airport storage rooms, and a tornado shelter. The ground or lower level contains ticketing operations, airline offices, outbound baggage and support systems, baggage claim, and baggage service offices. The second level contains concessions, the hold-room areas located in the concourses, administrative offices, a first aid center, and an aviation museum. The Airport operations offices and the control center room are located on the mezzanine level. Located west of Concourse C is a separate 15,100 square-foot International Arrivals Terminal.

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

Public Parking. The Airport has more than 12,000 public parking spaces, consisting of approximately 8,621 spaces in the parking garage (short-term and long-term) and approximately 3,650 surface spaces. Of the spaces in the surface lots, 528 spaces are located in a lot near the terminal complex with the remainder located in remote lots served by parking shuttle buses. On December 19, 2018 Airport System management implemented the Smart Park parking program which offers a reservation system, loyalty programs and valet parking.

AMTRAK Station. An Amtrak station, which opened in January 2005, is located on the western edge of the Airport along the Canadian Pacific Railway lines. The station serves rail passengers using the Airport for travel, along with rail-only passengers using Amtrak's Hiawatha Service that provides seven daily round trips between Milwaukee and Chicago. The County and the Airport provide a free shuttle bus connection between the Airport and the Amtrak station, which includes a vehicle parking facility.

Other Facilities. Other facilities located at the Airport include rental car, general aviation, air cargo, and aviation support facilities. The Airport has eight on-Airport rental car companies that lease rental car parking spaces in the parking garage. General aviation facilities include corporate hangars, a maintenance building and office buildings. Air cargo facilities include a building and apron facilities. Aviation support facilities include an aircraft rescue and fire fighting ("ARFF") facility, a hydrant fuel service system and underground storage tanks, and an air traffic control tower. Air Wisconsin, SkyWest, and Cessna Citation Corporation each lease a hangar at the Airport as a maintenance facility. In addition, there are two fixed based operators including Signature Flight Support and AvFlight and multiple corporate aircraft hangars. Also located within the Airport's boundaries is the MKE Regional Business Park, which is land that was previously used as an Air Force Reserve Station, which closed in February 2008. The site contains approximately 175,000 square feet of building space, which can accommodate a wide range of uses.

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AIRLINE-AIRPORT USE AND LEASE AGREEMENT

The County and each Signatory Airline executed an amendment to extend the AULA for an additional five years ending December 31, 2020. The County expects to negotiate another Airport Use and Lease Agreement with the Signatory Airlines prior to the expiration of the Amended AULA, although there can be no assurance that such an agreement will be executed. The Amended AULA retains most of the provisions of the AULA, which went into effect on October 1, 2010, including the cost center residual rate methodology. The most noteworthy changes to the Amended AULA are listed below:

- Provides for a pre-approved five-year Capital Improvement Program for 2016-2020 ("5-Year CIP 2016-2020").

- Provides for the transfer of up to $4 million from the Airport Development Fund Account ("ADFA") to the ADF Depreciation Account. (Expenditures from the ADF Depreciation Account are subject to airline rates, fees and charges.)

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

Term

- October 1, 2010 to December 31, 2020 (as amended).

A residual rate methodology with deposits to the Surplus Fund.

- Airport System Management deposits an amount equivalent to 10 percent of Airport concession revenues into the ADFA.
    - o Monies in the ADFA can be used for capital improvements or any lawful Airport System purpose, subject to certain limitations.
    - o Projects funded with the ADFA will not be depreciated or amortized and will not affect airline rates and charges.
- Airport System Management can transfer up to $4 million over the term of the Amended AULA from the ADFA to the ADF Depreciation Account, in addition to the $4 million previously authorized under the AULA.
    - o Monies in the ADF Depreciation Account can be used for capital improvements or any lawful Airport System purpose, subject to certain limitations.
    - o Projects funded from the ADF Depreciation Account will be depreciated or amortized and such depreciation or amortization will be included in airline rates and charges.

Five-Year Capital Improvement Plan

- The 5-Year CIP 2016-2020 approved by the Signatory Airlines in accordance with the Amended AULA originally totaled approximately $147.8 million.

- The 5-Year 2016-2020 was revised and reduced internally by the County from a total of approximately $147.8 million to $143.7 million. The reduced budget is the result of several projects being eliminated or deferred, while other projects were updated or reprioritized. The revised 5-Year CIP 2016-2020 consists of $36.8 million for Airfield projects, $81.6 million for Terminal projects and the balance totaling $25.3 million for various other Airport projects. The primary funding consists of $30.5 million from the ADFA, $30.3 million in total Airport Improvement Program ("AIP") grants (entitlement, discretionary, noise and general aviation), $31.8 million Pay As You Go ("PAYGO") PFCs, $33.2 million in PFC-backed bonds, $0.7 million in Additional Bonds, $7.3 million in State Grants, $6.4 million in Capital Improvement Reserve Fund ("CIRF") expenditures, and the remaining $3.5 million from various other funding sources. A summary of key projects and related funding sources for the balance of the 5-Year CIP 2016-2020 for years 2019 and

2020 and proposed 5-Year CIP 2021-2025, is further detailed in Table 9 of "REVIEW OF THE AIRPORT CONSULTANT" attached as APPENDIX A hereto.

- The Airport can add or modify projects without Majority-In-Interest ("MII") approval provided that the Net (Airline) Financing Requirement Cap on the 5-Year CIP 2016-2020 is not exceeded.
- The airline MII process will continue to apply to additional capital projects not covered above.

Other

- Established the MKE Regional Business Park as a new cost center with the total net requirement allocated to the Airfield cost center.
- Signatory Airlines report passengers of their affiliates (code share partners & subsidiaries, parent companies or contract airlines) combined with their own passengers and pay their affiliates' landing fees and rents.
- Non-Signatory Airlines pay 125 percent of the rates paid by Signatory Airlines.
- There are two differential Terminal Rental rate classifications replacing 12 prior classifications. Public-Access Airline Space is at the base rate and Non-Public Access Space is at 75 percent of the base rate.
- All airline gates are preferential use with a utilization standard for each gate and also new entrant and expanding carrier accommodation language. Reassignment of gates by the Airport is allowed if the utilization standard has not been met over a 12-month look back period should such gate be required by another airline.

Airline Rates and Charges

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

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

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

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

Airline Airport Affairs Committee

The Amended AULA provides for an Airline Airport Affairs Committee ("AAAC") composed of one representative per Signatory Airline who is authorized to represent and vote on items subject to AAAC review, approval, or concurrence. Each Signatory Airline advises the County's Airport Director of the name of the principal representative and not more than two alternate representatives to the AAAC.

Under the Amended AULA, the Signatory Airlines consented to the 5-Year CIP 2016-2020 as a condition of entering into the Amended AULA. If additional projects are proposed to be added to the 5-Year CIP 2016-2020 that would exceed the negotiated cap amount that the Signatory Airlines and the County have agreed to in the Amended AULA for the years 2016 through 2020, then the projects must be submitted to the AAAC for approval. Under the Amended AULA, projects having an impact on Airport rates and charges must be approved by 51 percent of the Signatory Airlines that collectively pay more than 51 percent of associated cost center expenses during the most recent six-month period. For example, terminal and apron projects would require approval by Signatory Airlines paying 51 percent of terminal rents. Likewise, airfield projects that impact Airport rates and charges require approval by Signatory Airlines that pay 51 percent of landing fees. For a more complete discussion of the AAAC, see APPENDIX F herein. Upon expiration of the Amended AULA, the County expects to negotiate a new agreement with the Signatory Airlines that, similar to the Amended AULA, provides pre-approval for a five-year capital improvement program and includes a residual rate methodology. However, there can be no assurance that the County will be successful in negotiating such an agreement or that the approved capital improvement program will be the same as proposed by Airport management.

AIRPORT SYSTEM REVENUES

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

Under the 2019 Supplemental Resolutions, PFC Revenues are pledged to the payment of the 2019A Bonds to the extent that the projects originally financed by the 2009A Bonds and 2010A Bonds were PFC-eligible. Approximately 43.3 percent of the principal of and interest on the 2019A Bonds may be funded with PFC Revenues. No debt service on the 2019B Bonds is expected to be paid from PFCs. Other Supplemental Resolutions authorizing the issuance of other series of Outstanding Bonds have also pledged PFC Revenues to the payment of such series of Outstanding Bonds to the extent that the projects financed and or refinanced by such series of Outstanding Bonds could be funded with PFC Revenues.

The Revenues of the Airport System are derived from rentals, fees and charges paid by users of the Airport System. In the Amended AULA, the Signatory Airlines have agreed to pay for their usage of the Airport based on a series of formulae designed to allow the County to recover its costs of providing facilities and services for the Airport System.

The costs are apportioned among the Signatory Airlines based on usage. See "AIRPORT SYSTEM REVENUES" and APPENDIX F for a more detailed description of the AULA, and the cost recovery formulae.

The County has approval to include in the rates charged to the Signatory Airlines any amounts necessary to pay the principal of and interest on the 2019 Bonds as a Debt Service Expense under the Amended AULA.

Airfield Revenues

Airfield Revenues consist of landing fees from Signatory Airlines and non-Signatory Airlines, revenues from general aviation operations, and air cargo rentals. Total Airfield revenues decreased from approximately $24.3 million in 2014 to approximately $23.0 million in 2018. Total Airfield revenues are projected to increase to approximately $31.0 million in 2024, as described in the following paragraphs.

a. Landing Fee Revenues. Landing Fee revenues consist of fees collected from Signatory Airlines and non-Signatory Airlines based on the landed weight of each carrier's aircraft landed at the Airport. The airlines pay fees established to recover the Airfield net deficit, which equals total Airfield expenses minus non-airline Airfield revenues, non-Signatory Airline landing fee revenues, general aviation revenues, and net revenues from the MKE Business Park. Landing Fee Revenues decreased by an average of 3.3 percent per year from 2014 to 2018. The main driver of the decrease in Landing Fee Revenues was the increase in revenue credits, as further detailed below.

b. General Aviation and Other Revenues. General Aviation and Other Revenues include the following line items:

   - Hangar Rentals – rents collected for land occupied by corporate hangars and fees collected for County owned T-Hangars. Hangar Rentals increased by an average of 11.59 percent per year from approximately $569,000 in 2014 to $882,000 in 2018. In 2019, the Hangar Rental revenues decreased to $480,000.

   - Fuel and Oil Charges – a per-gallon fuel flowage fee is assessed to general aviation fuel purchases in lieu of landing fees. Fuel and Oil Revenue increased by an average of 7.5 percent per year from approximately $190,000 in 2014 to $253,000 in 2018. In 2016, a new fixed based operator ("FBO") commenced operations at Timmerman Airport. The new FBO has been able to increase the general aviation traffic at Timmerman Airport. In addition, the Airport added a second FBO which increased general aviation activity at the Airport as well.

   - Fixed Base Operator Revenues – rents collected from FBOs for land, apron, hangars, and other buildings. FBO revenues increased by an average of 3.2 percent per year from approximately $427,000 in 2014 to $485,000 in 2018.

   - Other Revenues – includes all miscellaneous revenues paid that are credited to the Airfield, including but not limited to landing fees collected by FBOs, other rental income, interest on investments, other federal grants, reimbursements, and fleet maintenance fees. Other Revenues increased by an average of 14.9 percent per year from approximately $1.3 million in 2014 to $2.2 million in 2018. In March 2018, the Airport began receiving 75 percent of landing fees collected by FBOs. In 2018, the FBO landing fees received by the County were approximately $344,000.

c. Air Cargo Rentals. Air Cargo Rental revenues are generated from the following three sources: (1) building rent received for space rented in the air cargo building owned by the County, (2) air cargo ramp rent, and (3) ground rent received from a private developer who owns an air cargo building and leases building space to various tenants. Air Cargo Rentals increased by an average of 1.1 percent per year from approximately $553,000 in 2014 to $578,000 in 2018.

Terminal Revenues

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

a. *Signatory Airline Space Rental*. Signatory Airline space rental revenue consists of rents collected from Signatory Airlines for space occupied in the Airport Terminal. The Signatory Airlines pay fees established to recover the Terminal net deficit, which equals total Terminal expenses minus non-airline revenues such as Terminal concessions revenues, rental car revenues, and public parking revenues. Signatory Airline space rental revenues decreased by an average of 26.0 percent per year from approximately $8.1 million in 2014 to $2.2 million in 2018. This decrease in rentals paid by the Signatory Airlines was primarily due to increased credits to the Terminal cost center from concession revenues. Most of the increase in such credits was driven by parking revenues and various other Terminal revenues, including interest on investments.

b. *Other Charges and Fees*. This category includes other tenant revenue from passenger service fees (a $7.50 per-passenger fee collected from airlines for international flights processed through the International Arrivals Building). Other Charges and Fees decreased by an average of 1.1 percent per year from approximately $311,000 in 2014 to $297,000 in 2018.

c. *Concessions*. Concession revenues consist of fees collected from Airport concession operators. The major categories of concession revenues are: Public Parking Concessions, Car Rental, Ground Transportation Fees, Gifts and Novelties, Food and Beverage and Other.

    - Public Parking revenues increased by an average of 2.9 percent per year from $26.4 million in 2014 to $29.6 million in 2018. In 2015, the Airport implemented a parking rate increase of $0.50 per day for Airport parking (and $1.00 per day for nearby Amtrak parking) and an additional increase of $1.00 per day was implemented in 2018. The public parking facilities are managed for the County by a private operator.
    - Car Rental revenues increased by an average of 0.9 percent per year from approximately $10.2 million to $10.5 million from 2014 to 2018. The increases were due to price increases implemented by the rental car companies. The County receives the greater of a percentage of the revenues collected by the rental car companies and a minimum annual guaranty ("MAG").
    - Gifts and Novelties revenues increased from approximately $1.5 million in 2014 to $1.9 million in 2018.
    - Food and Beverage revenues grew by an average of 1.9 percent per year from 2014 to 2018. Those revenues increased from approximately $3.6 million to $3.8 million. The County receives the greater of a percentage of the revenues collected from these in-Terminal concessions and a MAG.
    - Other concession revenues include, but are not limited to, Transportation Network Company ("TNC") pick-up fees, taxi pick-up fees, fees received from the display advertising, automated teller machines, shoe shine stands, rents collected from the County for Airport lands and building space used for highway maintenance and other purposes as well as interest earnings. Other concession revenues increased from approximately $1.8 million in 2014 to approximately $2.7 million in 2018. The increase is driven primarily by the implementation of TNC fees. The County currently charges TNCs a $3 pick-up fee. Airport management is monitoring the impact of TNCs on Airport parking, rental car and taxi revenues. Given the relatively brief period that management has been collecting data on TNC operations, it is difficult to assess whether there is a measurable impact on parking or rental car revenues, but taxi revenues have been adversely affected, with the shortfall being made up by TNC fees.

Lease Expiration Dates and MAG
MKE International Airport

Concession	Description	Lease Executed	Lease Expiration	Options	MAG (adjustment)
SSP America	Food & Beverage	11/1/2008	10/31/2024	none	85% of previous year rental
HMSHost (Host International Inc.)	Food & Beverage	11/1/2008	10/31/2024	none	85% of previous year rental
Paradies - Mark II	News & Gift	3/1/2004	month-to-month	see notes	85% of previous year rental
Interspace (Clear Channel)	Advertising	5/1/2004	1/31/2022	+5 year option	none
Avis/Budget	Rental Car	6/30/2013	6/30/2019	month to month	85% of previous year rental
Dollar/Thrifty	Rental Car	6/30/2013	6/30/2019	month to month	85% of previous year rental
Enterprise	Rental Car	6/30/2013	6/30/2019	month to month	85% of previous year rental
Midwest/Alamo	Rental Car	6/30/2013	6/30/2019	month to month	85% of previous year rental
Hertz	Rental Car	6/30/2013	6/30/2019	month to month	85% of previous year rental
Interflight Parking	Parking Operator	4/1/2017	3/31/2022	+2 year option	

Apron Fees

The Signatory Airlines pay Apron Fees established to recover the Apron net deficit, which equals total Apron expenses minus non-Signatory Airline revenues and adjustments. Total Apron Revenues were approximately $1.3 million in 2014 and grew by an average of 4.0 percent through 2018. The increase was driven by increased apron fees received from non-Signatory Airlines.

Other Revenues

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

- Flexible Response Security Charges revenue represents amounts collected from the airlines for services provided by the County Sheriff's Department at the concourse checkpoints. Flexible Response Security Charges revenue was $2.4 million in 2014 and decreased by an average of 1.9 percent per year to $2.2 million in 2018.
- MKE Regional Business Park revenue is rental income generated from the old military base located on Airport grounds. MKE Regional Business Park revenue decreased from approximately $983,000 in 2014 to $452,000 in 2018, primarily due to SkyWest Airlines relinquishing space in the MKE Business Park in 2018 when SkyWest purchased the hangar described above.
- The County recently initiated a solicitation for proposals for the lease of Hangar 217, located in the MKE Regional Business Park (formerly leased by SkyWest Airlines). The solicitation process is not yet complete; however, a qualified proposal was submitted, and the County issued a notice of intent to award. A long-term triple net lease, of 15 or more years, based on fair market rental rates is anticipated.

PFC Pledged Revenues

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

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

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

The County imposes a PFC of $4.50 on all eligible passengers enplaned at the Airport and its collection authority extends through June 1, 2026. The County submitted amendments to certain of its prior PFC applications to the FAA and received approval on August 15, 2019 for all such submitted PFC amendment applications.

PFCs are not defined as Revenues in the General Bond Resolution unless pledged as Revenues in a Supplemental Resolution adopted by the County. Under the 2019 Supplemental Resolution, PFC Revenues are pledged to the payment of the 2019A Bonds to the extent that the projects originally financed by the 2009A Bonds and 2010A Bonds, were PFC-eligible. PFCs are currently being used to pay debt service on PFC-approved projects financed with the 2013A Bonds, 2014A Bonds and 2016A Bonds and on a PAYGO basis for other FAA-approved projects.

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The following table presents Airport Revenues for fiscal years 2014 through 2018. Total Revenues declined from $89.1 million to $88.4 million from 2014 to 2018, which corresponds to an average annual decline of -0.21 percent.

MILWAUKEE COUNTY AIRPORT SYSTEM
AIRPORT REVENUE
FOR FISCAL YEARS 2014-2018

Airport Revenues	Actual					CAGR
	2014	2015	2016	2017	2018	2014-2018
Airfield						
Landing Fees						
Signatory Landing Fees	$ 20,517,204	$ 19,062,600	$ 17,778,600	$ 20,645,100	$ 17,208,082	-4.30%
Non-Signatory Landing Fees	757,403	1,041,203	1,198,273	1,468,201	1,377,361	16.13%
Total Landing Fees	$ 21,274,608	$ 20,103,803	$ 18,976,873	$ 22,113,301	$ 18,585,444	-3.32%
General Aviation and Other						
Hangar Rentals	568,593	619,870	651,494	628,837	881,614	11.59%
Fuel and Oil Charges	189,771	193,945	204,499	222,615	253,102	7.46%
Fixed Based Operator	426,953	432,567	434,395	447,855	485,294	3.25%
Other	1,291,454	1,195,909	1,804,133	1,772,670	2,254,221	14.94%
Total GA and Other	$ 2,476,771	$ 2,442,291	$ 3,094,520	$ 3,071,976	$ 3,874,230	11.83%
Air Cargo Rentals	553,137	624,700	591,138	541,031	578,246	1.12%
Total Airfield Revenues	**$ 24,304,515**	**$ 23,170,794**	**$ 22,662,531**	**$ 25,726,308**	**$ 23,037,920**	**-1.33%**
Terminal						
Signatory Airlines						
Space Rentals	8,090,316	9,004,877	6,369,781	6,325,101	2,218,150	-27.64%
Other Charges and Fees	311,250	323,753	278,580	377,225	297,308	-1.14%
Total Signatory Airlines	$ 8,401,566	$ 9,328,630	$ 6,648,361	$ 6,702,326	$ 2,515,458	-26.03%
Concessions						
Car Rental	10,167,278	10,507,791	10,807,978	10,996,255	10,545,569	0.92%
Gifts & Novelty	1,459,394	1,585,939	1,693,187	1,759,862	1,865,193	6.33%
Food & Beverage	3,570,098	3,824,535	3,481,015	3,791,619	3,852,234	1.92%
Other	1,811,554	1,115,825	3,171,105	2,555,519	2,745,998	10.96%
Total Concessions	$ 17,008,323	$ 17,034,090	$ 19,153,284	$ 19,103,256	$ 19,008,993	2.82%
Public Parking	26,426,547	27,305,806	27,557,295	27,703,163	29,621,343	2.89%
Other Terminal Revenues	1,436,376	1,490,130	1,910,343	2,220,814	1,520,655	1.44%
Total Terminal Revenues	**$ 53,272,812**	**$ 55,158,656**	**$ 55,269,283**	**$ 55,729,559**	**$ 52,666,449**	**-0.29%**
Apron						
Signatory Apron Fees	1,256,239	1,343,879	1,193,519	1,032,226	1,133,233	-2.54%
Non - Signatory Apron Fees	87,586	71,277	255,380	380,458	439,254	49.65%
Total Apron Revenues	$ 1,343,825	$ 1,415,156	$ 1,448,899	$ 1,412,683	$ 1,572,487	4.01%
Other						
Flexible Response Security	2,429,093	2,088,115	2,037,272	2,117,888	2,249,787	-1.90%
MKE Business Park	982,902	856,545	774,687	973,053	451,828	-17.66%
Total Other Revenues	$ 3,411,995	$ 2,944,660	$ 2,811,959	$ 3,090,941	$ 2,701,615	-5.67%
PFC Pledged Revenues	6,771,979	9,448,597	9,101,676	8,725,083	8,373,857	5.45%
TOTAL AIRPORT REVENUES	**$ 89,105,127**	**$ 92,137,863**	**$ 91,294,347**	**$ 94,684,574**	**$ 88,352,328**	-0.21%

OPERATION AND MAINTENANCE EXPENSES

Airport System Operation and Maintenance Expenses are incurred in the operation and maintenance of the Airport System. As described in "SECURITY FOR THE 2019 BONDS – Flow of Funds" herein, Airport System Revenues are first applied to the Operation and Maintenance Fund for the payment of current Operation and Maintenance Expenses. These expenses are categorized as follows: Salaries and Fringe Benefits; Contractual Services (Utilities, Repairs/Maintenance, Professional Services/Administration and Other); Intra-County Services (Sheriff, Fleet Maintenance, Professional Services, Insurance and Other); Commodities; Major Maintenance; and Other.

Salaries and Fringe Benefits

Salaries and Fringe Benefits are the largest expense for the Airport System. This expense category is related to the compensation of personnel. During the historical period 2014 to 2018, Salaries and Fringe Benefits increased slightly from approximately $24.2 million to approximately $24.6 million, or by an average annual rate of 0.3 percent. Salaries and Fringe Benefits increased in 2016 and 2017 before decreasing back to 2014 levels in 2018. The increase in Fringe Benefits was budgeted in 2019 due to an adjustment to the legacy fringe benefit costs. Salaries and Fringe Benefits are budgeted to remain flat in 2020 and then projected to increase at the rate of inflation to account for cost of living, anticipated wage adjustments and benefit cost increases.

Contractual Services

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

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

Contractual Services decreased by an average of 1.6 percent per year from 2014 to 2018, from approximately $20.5 million to $19.2 million. The majority of the increase in Other Contractual Services expenses was from air service fee incentive waivers provided to airlines. Those increases were offset by decreased Repairs and Maintenance expenses. Repairs and Maintenance expenses were lower due to items reaching the point of replacement and no longer being expensed.

Intra-County Services

Intra-County Services consist of costs charged to the Airport System by other County departments, including Sheriff, Fleet Maintenance, Professional Services, Insurance, and other expenses, with Sheriff expenses representing the largest component of the total. Expenses for Intra-County Services increased from $9.9 million in 2014 to $10.6 million in 2018, or by an average annual rate of 1.8 percent during this period.

Commodities

Commodities include building, plumbing, roadway, and other materials and supplies, including technological supplies. This category often fluctuates as a result of the harshness of winter and the number of snowfalls. Commodities expenses decreased from $4.6 million in 2014 to approximately $4.1 million in 2015 and 2016. Beginning in 2017 the Airport Fleet assumed the responsibility for repair and maintenance of parking vehicles and shuttles; as a result, Commodities expenses increased to approximately $4.4 million in 2017. In 2018, Commodities expenses increased to $5.0 million. Although the 2018 winter was not particularly harsh, the winter was long and there were snow events as late as April.

Major Maintenance

Major Maintenance expenses consist of expenditures for major repairs and maintenance of facilities and equipment, land improvements, and utility relocation. Major Maintenance expenses fluctuated during the historical period, based on the number and type of major maintenance projects conducted. Major Maintenance expenses ranged from a low of approximately $8,000 in 2014 to a high of $745,000 in 2015.

Other

Other Expenses include interest and penalties, bad debt expense, and other miscellaneous charges. In 2014, there was an accounting reversal of expenses accrued in the prior year that did not materialize, resulting in a negative amount of Other Expenses. In the other historical years, Other Expenses ranged from a low of approximately $10,000 in 2016 to a high of $455,000 in 2017. As the historical numbers indicate, expenses in this line item are highly variable and difficult to forecast.

The following table presents Operation and Maintenance Expenses for fiscal years 2014 through 2018. Total O&M Expenses were approximately $58.9 million in 2014 and grew by an average of 0.41 percent per year to $59.8 million in 2018.

MILWAUKEE COUNTY AIRPORT SYSTEM
TOTAL AIRPORT SYSTEM O&M EXPENSES
FOR FISCAL YEARS 2014-2018

Airport Expenses	Actual					CAGR
	2014	2015	2016	2017	2018	2014-2018
BY EXPENSE CATEGORY						
Salaries	$ 13,306,537	$ 12,577,333	$ 13,591,066	$ 13,124,888	$ 13,666,416	0.67%
Fringe Benefits	10,932,856	11,677,794	13,610,806	14,129,201	10,905,686	-0.06%
Salaries and Fringe Benefits	$ 24,239,393	$ 24,255,127	$ 27,201,871	$ 27,254,088	$ 24,572,102	0.34%
Contractual Services						
Utilities	$ 5,783,269	$ 6,081,040	$ 5,036,120	$ 5,589,511	$ 5,737,580	-0.20%
Repairs/Maintenance	4,390,054	4,136,132	2,838,219	3,699,921	2,604,194	-12.24%
Prof. Services/Admin	9,631,192	8,830,818	8,840,460	8,876,816	9,550,984	-0.21%
Other	714,752	1,911,751	2,156,783	1,614,662	1,326,149	16.71%
Subtotal	$ 20,519,268	$ 20,959,741	$ 18,871,581	$ 19,780,910	$ 19,218,907	-1.62%
Intra-County Services						
Sheriff	$ 6,783,842	$ 6,672,651	$ 6,856,608	$ 6,775,729	$ 7,097,040	1.13%
Fleet Maintenance	-	-	-	-	76,380	N/A
Prof. Service	423,250	867,983	1,149,818	804,263	705,075	13.61%
Insurance	529,153	748,472	584,423	386,243	713,670	7.77%
Other	2,183,487	2,347,056	2,536,804	2,460,058	2,043,472	-1.64%
Subtotal	$ 9,919,732	$ 10,636,162	$ 11,127,653	$ 10,426,292	$ 10,635,636	1.76%
Commodities	$ 4,637,643	$ 4,119,673	$ 4,151,367	$ 4,452,520	$ 5,017,435	1.99%
Major Maintenance	$ 7,901	$ 745,250	$ 90,504	$ 600,470	$ 228,764	131.97%
Other	$ (461,432)	$ 102,773	$ 10,195	$ 454,869	$ 157,081	N/A
Total O & M Expenses	**$ 58,862,505**	**$ 60,818,726**	**$ 61,453,172**	**$ 62,969,149**	**$ 59,829,924**	**0.41%**
BY COST CENTER						
Terminal	33,987,582	33,040,237	34,859,766	35,406,289	34,226,482	0.18%
Airfield	19,903,829	22,933,736	21,073,064	22,204,023	20,954,344	1.29%
Apron	1,236,492	1,352,477	1,272,149	1,227,651	1,186,523	-1.03%
Flexible Response Security	2,167,777	2,087,571	2,893,021	2,818,423	2,248,819	0.92%
MKE Regional Business Park	1,566,825	1,404,704	1,355,172	1,312,762	1,213,756	-6.18%
Total O & M Expenses	**$ 58,862,505**	**$ 60,818,726**	**$ 61,453,172**	**$ 62,969,149**	**$ 59,829,924**	**0.41%**

HISTORICAL ENPLANEMENTS

The Airport weathered the challenging business environment of the 2000s better than many airports. The expansion of a network hub by Midwest, the creation of a network hub by AirTran, the entry of Southwest, and the overall expansion of Low Cost Carrier ("LCC") service caused the Airport's passenger traffic to grow significantly above the U.S. system average growth rate. The expansion of hub operations at the Airport caused connecting traffic to soar, rising to a share of nearly 22 percent of passengers enplaned at the Airport when total enplanements were at their peak level in 2010. The intense competition among AirTran (prior to its acquisition by Southwest), Frontier and Southwest lowered airfares at the Airport and attracted additional O&D passengers from the Chicago market. From 2000 to 2010, the Airport's enplanements increased 62.1 percent, while U.S. system enplanements increased only 8.3 percent.

The high growth in enplanements, spurred by hub expansion and intense fare competition among the LCCs, proved unsustainable. In September 2010, struggling to improve its financial results, Frontier began to cut the hub operations it took over from Midwest. In May 2011, Southwest acquired AirTran. Southwest retained service to nearly all of AirTran's large markets, but eliminated all commuter connections because it does not operate a hub and spoke network. Dealing with generally weak travel demand following the Great Recession and high fuel costs, other airlines also reduced flights at the Airport—and at many other small and medium hub airports—as they streamlined system capacities. These developments caused the Airport's enplanements to fall sharply in 2012 and 2013 from the very high levels reached in 2010 and 2011. From 2010 to 2013, the Airport's enplanements decreased 33.7 percent to 3.27 million, bringing enplanements back to the levels experienced prior to the Midwest hub expansion. The decrease in enplanements, however, was largely in connecting traffic, rather than O&D traffic.

Airlines have since begun to restore scheduled capacity at the Airport, and annual enplanements have begun to increase—slowly but steadily. By 2018, annual enplanements had increased 8.6 percent from their lowest level reached in 2013 to 3.55 million. However, year-over-year decreases began in December 2018 and persisted through June 2019. In 2019, enplanements through July indicate a year-over-year decrease of 4.2 percent. The year-over-year decreases in enplanements in May and June are much smaller compared to decreases before April—an indication of an improving trend. The off-trend results in April 2018 and April 2019 are explained by the timing of the Easter break, which occurred in April in 2017, in March in 2018, and then back to April in 2019.

For the January-June 2019 period, Southwest and Frontier posted the largest decreases in enplanements, reflecting decreases in their scheduled seats. Delta and United continued to increase scheduled seats at the Airport and posted increases in enplanements that helped mitigate the overall decrease in enplanements. Scheduled service continuing in July indicates a rebound in scheduled service for the remainder of 2019.

AIRPORT AND U.S. ENPLANEMENTS
2009-2019 YTD (May)

Year	MKE Enplanements[1]	U.S. Enplanements[2]	Milwaukee Market Share
2009	3,981,871	767,816,588	0.52%
2010	4,927,558	787,478,056	0.63%
2011	4,760,952	802,134,793	0.59%
2012	3,780,315	813,123,365	0.46%
2013	3,266,309	825,322,063	0.40%
2014	3,278,820	851,849,812	0.38%
2015	3,277,356	896,631,902	0.37%
2016	3,383,271	931,989,299	0.36%
2017	3,452,544	964,764,945	0.36%
2018	3,548,817	1,013,140,784	0.35%
2018 YTD (May)	1,466,632	401,531,414	0.37%
2019 YTD (May)	1,410,274	417,386,078	0.34%
	Average Annual Growth Rate		
2009-2018	-1.3%	3.1%	-
2018-2019 YTD (May)	-3.8%	3.9%	

[1] Source: Airport records.
[2] Source: US Bureau of Transportation Statistics, U.S. system revenue passenger enplanements. (YTD data for the U.S. only available through May 2019.)

The table below shows that the large majority of the Airport's passengers are bound for U.S. destinations. In 2018 domestic enplanements accounted for 98.4 percent of the annual total. International traffic is very small, but it increased at a notably higher average annual rate than domestic traffic from 2009 through 2018. Year-to-date data through July 2019 indicate that the international traffic share continues to increase in 2019.

DOMESTIC AND INTERNATIONAL ENPLANEMENTS
2009-2019 YTD (JUL)

Year	Domestic		International		Total Enplanements
	Enplanements	Share	Enplanements	Share	
2009	3,944,716	99.1%	37,155	0.9%	3,981,871
2010	4,896,990	99.4%	30,568	0.6%	4,927,558
2011	4,712,624	99.0%	48,328	1.0%	4,760,952
2012	3,737,482	98.9%	42,833	1.1%	3,780,315
2013	3,219,249	98.6%	47,060	1.4%	3,266,309
2014	3,223,691	98.3%	55,129	1.7%	3,278,820
2015	3,220,905	98.3%	56,451	1.7%	3,277,356
2016	3,330,924	98.5%	52,347	1.5%	3,383,271
2017	3,386,317	98.1%	66,227	1.9%	3,452,544
2018	3,491,976	98.4%	56,841	1.6%	3,548,817
2018 YTD (Jul)	2,067,630	97.9%	44,536	2.1%	2,112,166
2019 YTD (Jul)	1,980,313	97.8%	43,977	2.2%	2,024,290
	Average Annual Growth Rate				
2009-2018	-1.3%	-	4.8%	-	-1.3%
2018-2019 YTD (Jul)	-4.2%		-1.3%		-4.2%

Source: Airport records.

Origin and destination traffic, which accounted for 98.8 percent of the Airport's 2018 enplanements, provides a strong and stable market base for air travel demand. Annual connecting enplanements decreased sharply from 2010 to 2013, but total enplaned passengers at the Airport steadily climbed back to roughly 3.51 million in 2018. The following table presents the distribution of enplanements at the Airport between O&D and connecting enplanements:

O&D AND CONNECTING ENPLANEMENTS
2009-2019 YTD (JUL)

Year	O&D		Connecting		Total Enplanements
	Actual	Share	Actual	Share	Actual
2009	3,194,926	80.2%	786,946	19.8%	3,981,871
2010	3,866,789	78.5%	1,060,770	21.5%	4,927,558
2011	3,754,817	78.9%	1,006,136	21.1%	4,760,952
2012	3,281,412	86.8%	498,904	13.2%	3,780,315
2013	3,079,463	94.3%	186,847	5.7%	3,266,309
2014	3,151,574	96.1%	127,246	3.9%	3,278,820
2015	3,157,015	96.3%	120,341	3.7%	3,277,356
2016	3,287,206	97.2%	96,066	2.8%	3,383,271
2017	3,392,771	98.3%	59,773	1.7%	3,452,544
2018	3,507,279	98.8%	41,538	1.2%	3,548,817
2018 YTD (Jul)	2,080,986	98.5%	31,180	1.5%	2,112,166
2019 YTD (Jul)	2,000,892	98.8%	23,398	1.2%	2,024,290
	Average Annual Growth Rate				
2009-2018	1.0%	-	-27.9%	-	-1.3%
2018-2019 YTD (Jul)	-3.8%		-25.0%		-4.2%

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

Source: Airport records.

AIRLINE SERVICE PROVIDERS

The Airport is served by each of the industry's four major domestic airlines. Mainline airlines accounted for 88.4 percent of enplanements in 2018. Including affiliates, Southwest accounted for 42.2 percent; Delta, 25.2 percent; American, 12.2 percent; and United, 8.8 percent. Frontier, Alaska Airlines, and other smaller airlines accounted for the remaining 11.6 percent. LCCs including Southwest and Frontier (a "ULCC") accounted for nearly 50 percent of enplanements. Additional details are found on the table "AIRLINE ENPLANEMENTS AND MARKET SHARES, 2014 – 2018," located on the following page.

In August 2019, Midwest Express, the Airport's former hub carrier, announced it will officially fly again by 2020, operating from the Airport to serve three nonstop destinations: Omaha, Cincinnati, and Grand Rapids. The new Midwest Express service has the potential to replace the minor passenger traffic lost from the departures of OneJet, Allegiant, and Volaris in 2018.

The table below shows the air service trends from 2013 through 2019 for Southwest, Delta and American, currently the three largest passenger carriers at the Airport, and Frontier, the Airport's former hub carrier. The trends reflect continuing decreases in Frontier's service through 2015, following the closing of its hub, and a reversal of that trend beginning in 2016. However, Frontier decreased its scheduled seats at MKE in 2019 by 13 percent over the 2018 schedule. Frontier is launching new and expanded service at other airports and, in the process, it is shifting resources away from certain airports like MKE. The trends also reflect the modest decreases in Southwest and AirTran's combined service following their merger in 2011—the integration of their operations was completed in December 2014. Southwest continued to decrease scheduled flights and seats at the Airport through 2018.

SCHEDULED PASSENGER SERVICE
(Including Affiliates)
2013-2019

Airline and Service Measure	2013	2014	2015	2016	2017	2018	2019*
All Airlines							
Number of Nonstop Destinations	41	39	43	40	45	51	44
Average Daily Departures	115	109	107	108	104	104	99
Average Daily Departure Seats	11,773	11,420	11,449	11,796	11,762	11,907	11,731
Southwest (including AirTran prior to integration)							
Number of Nonstop Destinations	20	20	24	24	23	22	23
Average Daily Departures	44	40	38	38	35	34	33
Average Daily Departure Seats	5,944	5,525	5,602	5,541	5,190	5,104	5,030
Delta							
Number of Nonstop Destinations	10	7	8	8	10	10	9
Average Daily Departures	26	24	24	25	25	26	25
Average Daily Departure Seats	2,944	2,878	2,892	2,963	2,940	3,085	3,126
American (including US Airways prior to integration)							
Number of Nonstop Destinations	5	5	5	5	5	5	5
Average Daily Departures	19	19	19	20	19	18	17
Average Daily Departure Seats	1,278	1,364	1,489	1,473	1,500	1,454	1,471
United (including Continental)							
Number of Nonstop Destinations	21	20	18	19	10	9	6
Average Daily Departures	21	21	20	19	16	17	16
Average Daily Departure Seats	1,090	1,106	1,046	1,041	1,124	995	1,053
Frontier							
Number of Nonstop Destinations	4	4	9	8	9	12	9
Average Daily Departures	3	3	2	4	4	4	4
Average Daily Departure Seats	435	470	299	635	746	824	715

Source: OAG Schedules Analyzer.

* Based on actual service through August 2019 and advanced airline schedules for the remainder of 2019.

AIRLINE ENPLANEMENTS AND MARKET SHARES
2014-2018

	Enplanements					Share of Total Enplanements				
Airline	**2014**	**2015**	**2016**	**2017**	**2018**	**2014**	**2015**	**2016**	**2017**	**2018**
Mainline										
Allegiant [1]				10,691	44,564	0.0%	0.0%	0.0%	0.3%	1.3%
American	89,062	127,376	425,444	219,796	433,469	2.7%	3.9%	12.6%	6.4%	12.2%
Delta	685,138	676,358	829,656	647,866	892,927	20.9%	20.6%	24.5%	18.8%	25.2%
Frontier	156,697	99,290	202,258	229,111	253,177	4.8%	3.0%	6.0%	6.6%	7.1%
Southwest	1,514,527	1,523,497	1,545,222	1,472,695	1,498,379	46.2%	46.5%	45.7%	42.7%	42.2%
Sun Country			3,351	3,787	4,127	0.0%	0.0%	0.1%	0.1%	0.1%
United	4,491	3,262	306,200	329,831	310,621	0.1%	0.1%	9.1%	9.6%	8.8%
US Airways	84,381	70,275				2.6%	2.1%	0.0%	0.0%	0.0%
Subtotal - Domestic Mainline	**2,534,296**	**2,500,058**	**3,312,131**	**2,913,777**	**3,437,264**	**77.3%**	**76.3%**	**97.9%**	**84.4%**	**96.9%**
Air Canada	13,756	13,859	17,293	17,264	18,930	0.4%	0.4%	0.5%	0.5%	0.5%
Aero mexico			12,159			0.0%	0.0%	0.4%	0.0%	0.0%
Norwegian			1,068	32,615		0.0%	0.0%	0.0%	0.9%	0.0%
Sunwing Airlines			11,635			0.0%	0.0%	0.3%	0.0%	0.0%
TUI Airlines					1,539	0.0%	0.0%	0.0%	0.0%	0.0%
Volaris				9,831	7,683	0.0%	0.0%	0.0%	0.3%	0.2%
Subtotal - International Mainline	**13,756**	**13,859**	**42,155**	**59,710**	**28,152**	**0.4%**	**0.4%**	**1.2%**	**1.7%**	**0.8%**
Subtotal - Mainline	**2,548,052**	**2,513,917**	**3,354,286**	**2,973,487**	**3,465,416**	**77.7%**	**76.7%**	**99.1%**	**86.1%**	**97.6%**
Regional/Commuter Carrier										
SkyWest (Alaska)		12,087	24,760	30,680	51,868	0.0%	0.4%	0.7%	0.9%	1.5%
Subtotal-Alaska	**0**	**12,087**	**24,760**	**30,680**	**51,868**	**0.0%**	**0.4%**	**0.7%**	**0.9%**	**1.5%**
American Eagle (American)	33,211	10,061		86,491		1.0%	0.3%	0.0%	2.5%	0.0%
Chautauqua (American)	5,863					0.2%	0.0%	0.0%	0.0%	0.0%
Mesa (American)		13,982		79		0.0%	0.4%	0.0%	0.0%	0.0%
PSA (American)		4,946		62,584		0.0%	0.2%	0.0%	1.8%	0.0%
Republic (American)		26		16,005		0.0%	0.0%	0.0%	0.5%	0.0%
Air Wisconsin (American)		17,584				0.0%	0.5%	0.0%	0.0%	0.0%
Skywest (American)	50,549	73,010		62,739		1.5%	2.2%	0.0%	1.8%	0.0%
Subtotal-American	**89,623**	**119,609**	**0**	**227,898**	**0**	**2.7%**	**3.6%**	**0.0%**	**6.6%**	**0.0%**
Republic (Delta)				23,766		0.0%	0.0%	0.0%	0.7%	0.0%
Chautauqua (Delta)	466					0.0%	0.0%	0.0%	0.0%	0.0%
Compass (Delta)	3,851	4,422				0.1%	0.1%	0.0%	0.0%	0.0%
Endeavor (Delta)				82,152		0.0%	0.0%	0.0%	2.4%	0.0%
Express Jet (Delta)	16,763	16,734		12,117		0.5%	0.5%	0.0%	0.4%	0.0%
Go Jet (Delta)	24,366	14,121		397		0.7%	0.4%	0.0%	0.0%	0.0%
Pinnacle (Delta)	58,504	55,844				1.8%	1.7%	0.0%	0.0%	0.0%
Shuttle America (Delta)	7,395	25,788				0.2%	0.8%	0.0%	0.0%	0.0%
SkyWest (Delta)	56,264	67,156		95,854		1.7%	2.0%	0.0%	2.8%	0.0%
Subtotal-Delta	**167,609**	**184,065**	**0**	**214,286**	**0**	**5.1%**	**5.6%**	**0.0%**	**6.2%**	**0.0%**
ASA (United Express)	85,008	49,835				2.6%	1.5%	0.0%	0.0%	0.0%
Express Jet (United(CO) Express)	3,802	40,840				0.1%	1.2%	0.0%	0.0%	0.0%
SkyWest(United Express)	227,378	198,932				6.9%	6.1%	0.0%	0.0%	0.0%
Subtotal-United Express	**316,187**	**289,607**	**0**	**0**	**0**	**9.6%**	**8.8%**	**0.0%**	**0.0%**	**0.0%**
Air Wisconsin (US Airways Express)	106,972	77,652				3.3%	2.4%	0.0%	0.0%	0.0%
Mesa (US Airways Express)	11,262					0.3%	0.0%	0.0%	0.0%	0.0%
PSA (US Airways Express)	30,440	47,091				0.9%	1.4%	0.0%	0.0%	0.0%
Subtotal-US Airways Express	**148,674**	**124,743**	**0**	**0**	**0**	**4.5%**	**3.8%**	**0.0%**	**0.0%**	**0.0%**
Subtotal - Regional/Commuter	**722,093**	**730,111**	**24,760**	**472,864**	**51,868**	**22.0%**	**22.3%**	**0.7%**	**13.7%**	**1.5%**
Charter										
Freight Runners				490	298	0.0%	0.0%	0.0%	0.0%	0.0%
GAMA Aviation			850		882	0.0%	0.0%	0.0%	0.0%	0.0%
IFL Group				15		0.0%	0.0%	0.0%	0.0%	0.0%
Kalitta Charters			41	34	58	0.0%	0.0%	0.0%	0.0%	0.0%
Miami Air			504	882	623	0.0%	0.0%	0.0%	0.0%	0.0%
OneJet			691	2,035	2,013	0.0%	0.0%	0.0%	0.1%	0.1%
Sterling Aviation (formerly Scott Aviation)				973		0.0%	0.0%	0.0%	0.0%	0.0%
Swift Air [2]				866	27,395	0.0%	0.0%	0.0%	0.0%	0.8%
Xtra Airways (TEM)			2,139	898	264	0.0%	0.0%	0.1%	0.0%	0.0%
Subtotal - Charter	**8,675**	**33,328**	**4,225**	**6,193**	**31,533**	**0.3%**	**1.0%**	**0.1%**	**0.2%**	**0.9%**
TOTAL - ALL AIRLINES	**3,278,820**	**3,277,356**	**3,383,271**	**3,452,544**	**3,548,817**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Source: Airport records, 2014-2018.

Note: American and US Airways reported as single entity beginning 2016.

[1] Allegiant discontinued service as of August 2019.

[2] Swift Air passenger service in 2018 was primarily international passenger traffic.

The table below lists the Airport's top 20 O&D airport markets in 2018, all of them in the United States—domestic traffic accounts for nearly all of the Airport's passenger traffic. These 20 airports account for 63 percent of the Airport's passenger traffic. All of them have nonstop service from the Airport. The top three O&D airport markets are Orlando International Airport (Delta, Frontier, Southwest), Denver International Airport (Frontier, Southwest, United), and Phoenix Sky Harbor International Airport (American, Frontier, Southwest).

MILWAUKEE MITCHELL INTERNATIONAL AIRPORT
TOP 20 O&D MARKETS BY PASSENGER COUNT
2018

	Airport		Share of MKE	Avg. Daily Nonstop Service		Largest
Rank	**Name**	**Code**	**O&D Passengers**	**Departures**	**Seats**	**Nonstop Carrier**
1	Orlando Int'l	MCO	6.7%	3.8	637	Southwest
2	Denver Int'l	DEN	5.5%	6.2	855	Southwest
3	Phoenix Sky Harbor Int'l	PHX	5.3%	4.3	638	Southwest
4	La Guardia (New York)	LGA	4.7%	6.1	586	Delta
5	McCarran Int'l (Las Vegas)	LAS	4.5%	3.2	512	Southwest
6	Hartsfield-Jackson Atlanta Int'l	ATL	4.2%	8.7	1,359	Delta
7	Tampa Int'l	TPA	3.2%	1.6	251	Southwest
8	Southwest Florida Int'l	RSW	2.9%	1.3	231	Southwest
9	Dallas-Fort Worth Int'l	DFW	2.6%	3.6	464	American
10	Ronald Reagan Washington National	DCA	2.6%	1.9	281	Southwest
11	General Edward Lawrence Logan Int'l (Boston)	BOS	2.5%	3.0	332	Southwest
12	Los Angeles Int'l	LAX	2.5%	1.0	143	Southwest
13	Seattle-Tacoma Int'l	SEA	2.4%	2.3	294	Alaska
14	Minneapolis-St. Paul Int'l	MSP	2.4%	5.3	810	Delta
15	Nashville Int'l	BNA	2.3%	1.9	280	Southwest
16	Baltimore/Washington Int'l Thurgood Marshall	BWI	2.1%	2.6	391	Southwest
17	Fort Lauderdale/Hollywood Int'l	FLL	1.8%	0.7	112	Southwest
18	San Diego Int'l	SAN	1.6%	0.3	67	Frontier
19	Cleveland Hopkins Int'l	CLE	1.6%	2.5	293	Southwest
20	Philadelphia Int'l	PHL	1.6%	4.2	261	American
	Top 20 Subtotal		**63.2%**	**64**	**8,795**	
	All Other Airports		**36.8%**	**40**	**3,112**	
	Total MKE		**100.0%**	**104**	**11,907**	

Sources: Calculations using data from the U.S. Department of Transportation 10% Airline Ticket Survey and published airline schedules accessed through OAG Schedules Analyzer. Ranking is based on share of the Airport's O&D passengers. The number of daily nonstop departures equals annual scheduled nonstop departures divided by 365.

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CAPITAL IMPROVEMENT PROJECTS

The term of the Amended AULA ends on December 31, 2020. Airport management is currently developing preferred terms for a new agreement. Lease negotiations with the airlines have not formally begun. The Airport, as part of the upcoming lease negotiations, has developed a proposed 5-Year CIP 2021-2025, which Airport management plans to review with and request pre-approval from the airlines during the airline negotiations for the new AULA.

The proposed 5-Year CIP 2021-2025 totals approximately $186.2 million comprised of: $3.7 million for Land acquisition and Noise projects (2.0%), $87.4 million for Airfield projects (46.9%), $32.1 million for Terminal projects (17.2%), $9.5 million for Landside and Parking projects (5.1%), $36.9 million for Timmerman (19.8%), and the balance totaling $16.7 million for various other Airport projects (9.0%). The primary funding is projected to consist of $97.9 million of Airport Improvement Program grants ("AIP") (entitlement, discretionary and general aviation) (52.6%), $38.4 million in PFC Pay As You Go ("PAYGO") revenues (20.6%), $7.5 million PFC Airport Revenue Bonds (1.0%), $18.6 million in ADFA (10.0%), $14.4 million in State Grants (7.8%), and $8.0 million from the Capital Improvement Reserve Fund ("CIRF") (4.3%), with the balance of $1.4 million from other funding sources (0.8%). A summary of key projects and related funding sources for the balance of the 5-Year CIP 2016-2020 for years 2019 and 2020 and proposed 5-Year CIP 2021-2025, is further detailed in Table 9 of "REVIEW OF THE AIRPORT CONSULTANT" attached as APPENDIX A hereto.

AIRPORT SYSTEM INDEBTEDNESS

Airport Revenue Debt

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

AIRPORT REVENUE DEBT BY ISSUE

Date of Issue	GARB Issue	Amount Issued	Final Maturity	Interest Rates Outstanding	Principal Outstanding
12/21/2009	Airport Revenue, Series 2009A *	$ 12,690,000	12/01/2032	4.00% - 5.125%	$ 560,000
10/14/2010	Airport Revenue, Series 2010A *	31,570,000	12/01/2034	4.00% - 5.00%	1,200,000
10/14/2010	Airport Revenue Ref., Series 2010B *	51,590,000	12/01/2023	4.00% - 5.00%	3,955,000
08/14/2013	Airport Revenue, Series 2013A	47,095,000	12/01/2038	5.00% - 5.25%	38,615,000
08/14/2013	Airport Revenue Ref., Series 2013B	3,330,000	12/01/2022	2.50% - 3.625%	1,400,000
11/06/2014	Airport Revenue Ref., Series 2014A	23,655,000	12/01/2029	5.00%	18,975,000
11/10/2016	Airport Revenue Ref., Series 2016A	46,165,000	12/01/2032	5.00%	41,740,000
	Subtotal - Existing Debt				$ 106,445,000
10/30/2019	Airport Revenue Ref., Series 2019A	$ 26,945,000	12/01/2031	5.00%	$ 26,945,000
10/30/2019	Airport Revenue Ref., Series 2019B	13,520,000	12/01/2023	5.00%	13,520,000
	TOTAL				$ 146,910,000

* Principal Outstanding reflects the refunding of the callable maturities by the 2019 Bonds.

Although the Bonds are payable on a parity basis from all Net Revenues of the Airport System, under the Amended AULA, the County expects to recover debt service on the Outstanding Bonds and the 2019 Bonds by either allocating PFC Revenues to pay principal of and interest on such Bonds or by adding such costs to the rates and charges paid by the Signatory Airlines for use of airfield, terminal or apron facilities, or a combination of the foregoing. The following table shows the County's expected sources of funds to pay principal of and interest on the Outstanding Bonds and the 2019 Bonds.

AIRPORT REVENUE DEBT BY PAYMENT SOURCE

GARB Issue	Airfield	Terminal	Apron	PFC	Total
Airport Revenue, Series 2009A*	--	75.0%	--	25.0%	100.0%
Airport Revenue, Series 2010A*	--	50.7%	--	49.3%	100.0%
Airport Revenue Ref., Series 2010B*	--	100.0%	--	--	100.0%
Airport Revenue, Series 2013A	3.9%	71.6%	--	24.5%	100.0%
Airport Revenue Ref., Series 2013B	--	100.0%	--	--	100.0%
Airport Revenue Ref., Series 2014A	--	9.0%	--	91.0%	100.0%
Airport Revenue, Series 2016A	1.3%	10.5%	0.4%	87.8%	100.0%
Airport Revenue Ref., Series 2019A	--	57.8%	--	42.2%	100.0%
Airport Revenue Ref., Series 2019B	--	100.0%	--	--	100.0%

*Bonds to be refunded by the 2019 Bonds.

Airport Revenue Debt Service

The following table provides general airport revenue bond debt service as of the issuance of the 2019 Bonds.

AIRPORT REVENUE DEBT SERVICE

	Currently Outstanding		2019A Bonds		2019B Bonds		
Year	**Principal***	**Interest***	**Principal**	**Interest**	**Principal**	**Interest**	**Total D.S.***
2019	$ 11,125,000	$ 3,865,463	--	--	--	--	$14,990,463
2020	5,645,000	4,819,625	$2,250,000	$1,463,263	$3,380,000	$734,211	18,292,099
2021	5,895,000	4,544,475	2,245,000	1,234,750	3,380,000	507,000	17,806,225
2022	6,170,000	4,255,331	2,245,000	1,122,500	3,380,000	338,000	17,510,831
2023	6,125,000	3,951,438	2,245,000	1,010,250	3,380,000	169,000	16,880,688
2024	6,445,000	3,641,338	2,245,000	898,000			13,229,338
2025	6,760,000	3,315,025	2,245,000	785,750			13,105,775
2026	7,105,000	2,972,750	2,245,000	673,500			12,996,250
2027	7,465,000	2,613,013	2,245,000	561,250			12,884,263
2028	7,840,000	2,235,038	2,245,000	449,000			12,769,038
2029	8,245,000	1,838,063	2,245,000	336,750			12,664,813
2030	6,370,000	1,420,575	2,245,000	224,500			10,260,075
2031	4,510,000	1,102,075	2,245,000	112,250			7,969,325
2032	3,200,000	870,788					4,070,788
2033	2,565,000	704,700					3,269,700
2034	2,695,000	576,450					3,271,450
2035	2,835,000	434,963					3,269,963
2036	2,985,000	286,125					3,271,125
2037	2,465,000	129,413					2,594,413
Total	$ 106,445,000	$ 43,576,648	$26,945,000	$8,871,763	$13,520,000	$1,748,211	$201,106,622

* Note: Debt outstanding as of the issuance of the 2019 Bonds.

REVIEW OF THE AIRPORT CONSULTANT

The County has retained the Airport Consultant to prepare a financial review (the "Review") of the projected operating revenues, expenses and air traffic activity at the Airport, which is attached hereto as APPENDIX A "REVIEW OF THE AIRPORT CONSULTANT." Additionally, the Review includes historic and projected debt service coverage following the issuance of the 2019 Bonds and the defeasance of the Refunded Bonds. The Review should be read in its entirety for an explanation of the assumptions and projections used therein.

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

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

- The local demographic and economic trends reflect a diverse and growing socio-economic base that will continue to support growth in air travel demand.
- Under the base forecast, the Airport's enplanements are projected to increase annually from 2018 levels during years 2020 – 2024 after a slight decrease in 2019. Enplanements in 2018 were approximately 3.5 million, and are forecast to reach nearly 3.7 million in 2024 under the base forecast, which equals an average annual growth rate of 0.8 percent. Other forecasts included in the Review had average annual rate increases in enplanements that ranged from 1.1 percent (FAA's Terminal Area Forecast) to 2.6 percent FAA's (National Growth Forecast) for the same period.
- The base forecast has been developed using actual airline enplanements through June 2019, and scheduled airline service through December 2019.
- Total Airport System Revenues, using the base enplanement forecast, are projected to increase from approximately $88.4 million in 2018 to approximately $107.0 million in 2024.
- The airline cost per enplaned passenger, under the base enplanement forecast, is projected to fluctuate between $6.02 in 2018 and $7.93 by 2024, an increase primarily due to higher O&M expenses planned during the forecast period. The cost per enplaned passenger is projected to peak at $9.42 in 2020.
- Annual net discretionary cash flow is projected to range between approximately $4.9 million and $5.5 million during the years 2018 - 2024.
- Debt service coverage for the base enplanement forecast is projected to range from 1.73 to 1.86 during the forecast period, which remains above the 1.25 debt service coverage minimum requirement.

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

MILWAUKEE COUNTY AIRPORT SYSTEM
CASH FLOW AND DEBT SERVICE COVERAGE

For Fiscal Years 2018 – 2024
BASE CASE PROJECTIONS

Cash Flow and Debt Service Coverage	Actual 2018	Budget 2019	Budget 2020	Projected 2021	2022	2023	2024
AIRPORT SYSTEM REVENUES							
Total Revenues	$88,352,328	$99,622,403	$101,583,766	$104,526,760	$105,976,382	$108,804,633	$107,036,130
O&M Expenses	59,829,924	70,626,426	73,614,147	74,876,114	76,568,255	78,299,305	80,070,179
Net Revenues	**$28,522,404**	**$28,995,977**	**$27,969,619**	**$29,650,647**	**$29,408,127**	**$30,505,327**	**$26,965,952**
NET DISCRETIONARY CASH FLOW							
Net Revenues	$28,522,404	$28,995,977	$27,969,619	$29,650,647	$29,408,127	$30,505,327	$26,965,952
Less: Debt Service							
Series 2009A Bonds	1,018,081	1,017,831	-	-	-	-	-
Series 2010A Bonds	2,460,594	2,458,344	-	-	-	-	-
Series 2010B Bonds	5,107,500	4,888,750	-	-	-	-	-
Series 2013A Bonds	3,481,138	3,480,638	3,268,188	3,271,688	3,271,688	3,268,188	3,272,338
Series 2013B Bonds	432,113	408,563	389,438	368,788	347,144	-	-
Series 2014A Bonds	2,287,500	2,288,750	2,281,750	2,281,750	2,283,250	2,286,000	2,284,750
Series 2016A Bonds	4,523,000	4,522,000	4,525,250	4,517,250	4,523,250	4,522,250	4,529,250
Series 2019A Bonds [2]	-	-	3,713,263	3,479,750	3,367,500	3,255,250	3,143,000
Series 2019B Bonds [2]	-	-	4,114,211	3,887,000	3,718,000	3,549,000	-
Future Series 2020 Bonds [3]	-	-	-	1,887,130	1,887,130	1,887,130	1,887,130
Future Series 2022 Bonds [3]	-	-	-	-	-	1,608,048	1,608,048
Less: Deposits to Coverage Fund	-	-	-	68,305	-	-	-
Less: Depreciation	4,279,997	5,020,787	4,745,838	4,745,838	4,745,838	4,745,838	4,745,838
Less: Reimbursement of Tax Levy	-	-	-	-	-	-	-
Net Discretionary Cash Flow	**$4,932,482**	**$4,910,315**	**$4,931,682**	**$5,143,148**	**$5,264,327**	**$5,383,624**	**$5,495,598**
COVERAGE CALCULATION							
Net Revenues	$28,522,404	$28,995,977	$27,969,619	$29,650,647	$29,408,127	$30,505,327	$26,965,952
Add Other Available Funds: [1]							
Series 2009 A Bonds	254,520	254,458	-	-	-	-	-
Series 2010A Bonds	615,148	614,586	-	-	-	-	-
Series 2010B Bonds	1,276,875	1,222,188	-	-	-	-	-
Series 2013A Bonds	870,284	870,159	817,047	817,922	817,922	817,047	818,084
Series 2013B Bonds	108,028	102,141	97,359	92,197	86,786	-	-
Series 2014A Bonds	571,875	572,188	570,438	570,438	570,813	571,500	571,188
Series 2016A Bonds	1,130,750	1,130,500	1,131,313	1,129,313	1,130,813	1,130,563	1,132,313
Series 2019A Bonds	-	-	928,316	869,938	841,875	813,813	785,750
Series 2019B Bonds	-	-	1,028,553	971,750	929,500	887,250	-
Future Series 2020 Bonds	-	-	-	471,782	471,782	471,782	471,782
Future Series 2022 Bonds	-	-	-	-	-	402,012	402,012
Net Revenues plus Other Available Funds	$33,349,885	$33,762,195	$32,542,644	$34,573,986	$34,257,618	$35,599,294	$31,147,080
Debt Service:							
Series 2009 A Bonds	1,018,081	1,017,831	-	-	-	-	-
Series 2010A Bonds	2,460,594	2,458,344	-	-	-	-	-
Series 2010B Bonds	5,107,500	4,888,750	-	-	-	-	-
Series 2013A Bonds	3,481,138	3,480,638	3,268,188	3,271,688	3,271,688	3,268,188	3,272,338
Series 2013B Bonds	432,113	408,563	389,438	368,788	347,144	-	-
Series 2014A Bonds	2,287,500	2,288,750	2,281,750	2,281,750	2,283,250	2,286,000	2,284,750
Series 2016A Bonds	4,523,000	4,522,000	4,525,250	4,517,250	4,523,250	4,522,250	4,529,250
Series 2019A Bonds [2]	-	-	3,713,263	3,479,750	3,367,500	3,255,250	3,143,000
Series 2019B Bonds [2]	-	-	4,114,211	3,887,000	3,718,000	3,549,000	-
Future Series 2020 Bonds [3]	-	-	-	1,887,130	1,887,130	1,887,130	1,887,130
Future Series 2022 Bonds [3]	-	-	-	-	-	1,608,048	1,608,048
Total GARB Debt Service	19,309,925	19,064,875	18,292,099	19,693,356	19,397,962	20,375,866	16,724,515
Debt Service Coverage	**1.73**	**1.77**	**1.78**	**1.76**	**1.77**	**1.75**	**1.86**

[1] Reflects the coverage fund.

[2] Source: PFM Financial Advisors LLC. The Series 2019 Refunding Bonds are refunding the Series 2009A, 2010A, and 2010B Bonds. The Series 2019 Refunding Bonds were issued with a 5% coupon rate.

[3] The future bond series 2020 and 2022 are expected to be issued with a 5% coupon and a 20 year term.

MILWAUKEE COUNTY AIRPORT SYSTEM
AIRLINE COST PER ENPLANED PASSENGER
For Years 2018 – 2024
BASE CASE PROJECTIONS

Year	Landing Fees [1]	Terminal Rents & Charges	Apron Fees	Flex Response Security	Total Airline Payments	Enplaned Passengers	Cost Per Enplaned Passenger
2018 Act.	$15,976,582	$2,218,150	$905,188	$2,249,787	$21,349,709	3,548,817	$6.02
2019 Bud.	$20,274,289	$7,882,698	$1,117,522	$2,403,564	$31,678,073	3,518,919	$9.00
2020 Bud.	$21,092,824	$8,596,639	$1,284,574	$2,600,016	$33,574,054	3,563,158	$9.42
2021 Proj.	$21,416,778	$7,303,511	$1,303,524	$2,641,603	$32,665,417	3,576,817	$9.13
2022 Proj.	$21,912,089	$6,808,841	$1,330,660	$2,701,593	$32,753,183	3,632,281	$9.02
2023 Proj.	$22,416,104	$6,092,353	$1,358,398	$2,762,967	$32,629,823	3,684,763	$8.86
2024 Proj.	$22,926,345	$2,437,193	$1,386,814	$2,825,759	$29,576,111	3,730,386	$7.93

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

The above table presents actual and projected airline cost per enplanement ("CPE") for the years 2018 – 2024. The CPE is derived from dividing the costs charged to the airlines for use of the Airport by the actual or estimated enplanements from historic data or the prepared forecast, respectively. The CPE is expected to peak in 2020 primarily due to the increase of O&M expenses and contractual services in 2019 and then begin to decrease due to the reduction in debt service allocated to the terminal beginning in 2022. The Airport's projected CPE for the forecast period are considered reasonable by the Airport Consultant compared with the most recent results contained in the FAA's Operating and Financial Summary Report 127 based on 2018 reported results from reporting airports, which showed airports of comparable size having CPEs ranging from a low of $2.09 to a high of $14.99, with an average cost of $8.78.

INVESTMENT CONSIDERATIONS

This section contains a general overview of certain risk factors which should be considered, in addition to the other matters set forth in this Official Statement, in evaluating an investment in the 2019 Bonds. This section is not meant to be a comprehensive or definitive discussion of the risks associated with an investment in the 2019 Bonds, and the order in which this information is presented does not necessarily reflect the relative importance of various risks. Potential investors in the 2019 Bonds are advised *to consider the following factors, among others, and to review this entire Official Statement to obtain information essential to making of an informed investment decision. Any one or more of the investment considerations discussed below, among others, could adversely affect the financial condition of the Airport System or the County's ability to make scheduled payments on the 2019 Bonds. There can be no assurance that other risks not discussed herein will not become material in the future.*

Use of Financial Assumptions by the County

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

Assumptions in the Review of the Airport Consultant

The Review 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. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, the actual results achieved during the forecast period will vary, and the variations may be material. See APPENDIX A "REVIEW OF THE AIRPORT CONSULTANT."

Forecast Uncertainty and Risk Factors

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

National and Local Economic Conditions

Historically, the financial performance of the air transportation industry has correlated with the state of the national and global economy. Following significant and dramatic changes that occurred in the financial markets in September 2008, the U.S. economy experienced a recession followed by weak economic growth. More recently, the significant improvement in economic conditions in the U.S. has contributed to the rebound in aviation activity levels nationwide. It is not known at this time whether the national unemployment rate or the current rate of national and global economic growth will persist beyond 2019 and what effect, if any, they will have on the air transportation industry.

Financial Condition of the Airline Industry

The number of passengers using the Airport will depend partly on the profitability of the U.S. airline industry and the associated ability of the industry and individual airlines to make the necessary investments to continue providing service. The airline industry has historically been highly cyclical and has been 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. After an exceptional period of volatility in the 2000s, the outlook for U.S. carrier profitability in the near-term is positive, with the U.S. airline industry having posted its eighth consecutive year of profitability in 2018. This comes as U.S. carriers have continued to exercise significant capacity discipline in recent years by eliminating unprofitable routes and redundant services, reducing service at smaller hubs and in less profitable markets, beginning to grow operations strategically, often serving key hubs, and focusing on the use of right-sized aircraft to serve markets. In addition, an increase in fees for ancillary services, such as checked baggage, flight reservation and cancellation, early boarding, seat selection and food service has also helped to increase revenues. After seven years of profitable operations by the major U.S. airlines, there is cautious optimism that the U.S. airline industry has moved to a cycle of sustainable profits, but the profitability of the airline industry, nonetheless, may still 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 of 2008 and 2009.

Further, because of the discretionary nature of business and personal travel spending, airline passenger traffic and revenues are heavily influenced by a variety of factors, including: (i) the strength of the U.S. economy and other regional and world economies, (ii) the cost and availability of labor, fuel, aircraft and insurance, (iii) international trade, (iv) currency values, (v) competitive or partnership considerations, including the effects of airline ticket pricing, (vi) traffic and airport capacity constraints, (vii) governmental regulation, including security regulations and taxes imposed on airlines and passengers, evolving federal restrictions on travel to the United States from certain countries, and maintenance and environmental requirements, (viii) passenger demand for air travel, including the availability of business travel substitutes such as teleconferencing, videoconferencing and web-casting, (ix) strikes and other union activities, (x) disruptions caused by airline accidents, criminal incidents, acts of war or terrorism, outbreaks of disease and weather and natural disasters and (xi) disruptions caused by government policies or actions, such as a federal government shutdown.

Airline Consolidation

In 2005, ten major domestic airlines were flying inside the United States (AirTran, Alaska, American, America West, Continental, Delta, Northwest, Southwest, United and US Airways) and accounted for 87.0% of all available seats. Faced with declining profitability due to the increased cost of aviation fuel, lower fares brought on by the proliferation of low cost carriers (as described below), reduced growth potential in the domestic markets and declining passenger activity based on security concerns, the airlines pursued consolidation. As a result of these consolidations, today there are four major airlines flying inside the United States (American, Delta, Southwest and United) that account for approximately 80% of domestic capacity (available seats). Most recently, in December 2016, Alaska acquired Virgin America, and a single operating certificate was issued in 2018. Such consolidation, combined with a focus on driving profitability via capacity discipline and unbundling of services and resulting increased fee income, has increased airline profitability.

Growth of Low Cost Carriers

Low cost carriers ("*LCCs*") are carriers that take advantage of an operating cost structure that is typically significantly lower than the cost structure of the network carriers and an increased reliance on fee revenues. These advantages can include lower labor costs, greater labor flexibility, a streamlined aircraft fleet (i.e., fewer different types of aircraft in a given airline's fleet) and a generally more efficient operation. These low costs suggest that the LCCs can offer a lower fare structure to the traveling public than network carriers while still maintaining profitability. Further, increased access to major markets for LCCs may moderate average airfare increases that can typically result from airline consolidation. In calendar year 2018, LCCs provided approximately 30% of the airline seat capacity in the U.S. market and nearly 50% of the seat capacity at the Airport.

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

Structural Changes in the Travel Market

Many factors have combined to alter consumer travel patterns. The threat of terrorism against the United States remains high. As a result, the federal government has mandated various security measures that have resulted in new security taxes and fees and longer passenger processing and wait times at airports. Both add to the costs of air travel and make air travel less attractive to consumers relative to ground transportation, especially to short-haul destinations. Additionally, consumers have become more price sensitive. Efforts of airlines to stimulate traffic by heavily discounting fares have changed consumer expectations regarding airfares. Consumers have come to expect low fares. In addition, the availability of fully transparent price information on the internet now allows quick and easy comparison shopping, which has changed consumer purchasing habits. Consumers have shifted from purchasing paper tickets from travel agencies or airline ticketing offices to purchasing electronic tickets over the internet. This has made pricing and marketing even more competitive in the U.S. airline industry. Finally, smaller corporate travel budgets, combined with the higher time costs of travel, have made business customers more amenable to communications substitutes such as teleconferencing and videoconferencing.

Technological Innovations in Ground Transportation

One significant source of non-airline revenues is generated from ground transportation activity, including use of on-Airport parking facilities; trip fees paid by taxis, limousines and Transportation Network Companies ("TNCs") such as Uber Technologies, Inc. and Lyft; and rental car transactions by Airport passengers. While passenger levels are increasing, the relative market share of these sources of revenue is shifting. As one example, the popularity of TNCs has increased because of the increasing number of cities where TNCs operate, the convenience of requesting a ride through a mobile application, the ability to pay for this service without providing cash or other payment to the hired driver, and competitive pricing.

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

Effect of Bankruptcy of Air Carriers

Since 2001, several airlines with operations at the Airport have filed for and have subsequently emerged from bankruptcy protection, including United, Continental, Delta, Northwest, US Airways and, most recently, American Airlines in 2011. Other airlines, generally smaller carriers, have liquidated and ceased service. Additional bankruptcies, liquidations or major restructurings of other airlines could occur. The Authority's stream of payments from a debtor airline could be interrupted to the extent of unpaid fees for pre-petition goods and services, including accrued rent and landing fees. Under the U.S. Bankruptcy Code, a debtor airline that is a lessee under an unexpired lease with the County of non-residential real property, such as a lease of Terminal space or a hangar, is required within certain statutory time periods to assume or reject such lease. Rejection of a lease or other agreement or executory contract would give rise to an unsecured claim of the County for damages, the amount of which in the case of a lease or other agreement is limited by the U.S. Bankruptcy Code. The amount ultimately received in the event of a rejection of a lease or other agreement could be considerably less than the maximum amounts allowed under the U.S. Bankruptcy Code. Additionally, during the pendency of a bankruptcy proceeding, a debtor airline may not, absent a court order, make any payments to the County on account of goods and services provided prior to the bankruptcy. Whether or not an airline agreement is assumed or rejected by a debtor airline in a bankruptcy proceeding, it is not possible to predict the subsequent level of utilization of the gates leased under such agreement.

It is not possible to predict the impact on the County of any future bankruptcies, liquidations or major restructurings of other airlines.

Airline Economics, Competition, and Airfares

Airfares have an important effect on passenger demand, particularly for relatively short trips where the automobile or other travel modes are alternatives and for price-sensitive "discretionary" travel, such as vacation travel. Airfares are influenced by airline operating costs and debt burden, passenger demand, capacity and yield management, market presence and competition. Future passenger numbers, both nationwide and at the Airport, will depend, in part, on the level of airfares.

Price of Jet Fuel

The financial health of the airline industry is affected by the price of jet fuel. The average price of jet fuel was $1.89 in 2009 and $2.15 in 2018, but the intervening years saw record prices including three years above $3.00 per gallon. In late 2014, jet fuel prices began falling along with world oil prices, returning to mid-2000s' levels. Although fuel prices have since risen, they remain well below the record-high levels reached in the second half of the 2000s and in the early 2010s.

U.S. AVERAGE JET FUEL PRICE AND THE U.S. CONSUMER PRICE INDEX
2009-2018

Year	U.S. Jet Fuel Price (Dollars per gallon)	U.S. CPI (1982-84=100)
2009	$1.90	214.5
2010	$2.27	218.1
2011	$3.06	224.9
2012	$3.18	229.6
2013	$3.05	233.0
2014	$2.87	236.7
2015	$1.82	237.0
2016	$1.46	240.0
2017	$1.70	245.1
2018	$2.15	251.1
	Percent Change	
2009-2018	1.3%	1.7%

Sources: Bureau of Transportation Statistics F41 Schedule
P12A as of August 2, 2019 and U.S. Bureau of Labor Statistics.

U.S AIRLINE FUEL EXPENSE AND TOTAL OPERATING EXPENSE
2009 - 2018

Year	Fuel Expense (Millions)	Total Operating Expense (Millions)	Fuel Expense Share
2009	$27,419	$122,433	22%
2010	$32,314	$130,350	25%
2011	$42,712	$147,779	29%
2012	$43,987	$150,337	29%
2013	$41,663	$150,287	28%
2014	$42,473	$154,676	27%
2015	$26,174	$140,881	19%
2016	$21,672	$143,033	15%
2017	$25,268	$153,929	16%
2018	$33,620	$169,828	20%
	Percent Change		
2009-2018	2.3%	3.7%	

Sources: Bureau of Transportation Statistics F41 Schedule
Retrieved from A4A.

Aviation Security, Health and Safety Concerns

Concerns about the safety of airline travel and the effectiveness of security precautions, particularly in the context of potential international hostilities and terrorist attacks, may influence passenger travel behavior and air travel demand. 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.

Security concerns in the aftermath of the terrorist attacks on September 11, 2001 were largely responsible for the steep decline in airline travel nationwide in 2002. Since 2001, government agencies, airlines, and airport operators have upgraded security measures to guard against future terrorist incidents and maintain confidence in the safety of airline travel. These measures include strengthened aircraft cockpit doors, changed flight crew procedures, increased presence of armed sky marshals, federalization of airport security functions under the TSA, more effective dissemination of information about threats, more intensive screening of passengers, baggage and cargo, and deployment of new screening technologies. The airlines and the federal government were primarily responsible for, and bore most of the capital costs associated with, implementing the new security measures. No assurance can be given that these precautions will be successful. Also, the possibility of intensified international hostilities and further terrorist attacks involving or affecting commercial aviation are a continuing concern that may affect future travel behavior and airline passenger demand.

Public health and safety concerns have also affected air travel demand from time to time. In 2003, concerns about the spread of severe acute respiratory syndrome (SARS) led public health agencies to issue advisories against nonessential travel to certain regions of the world. In 2009, while the United States Centers for Disease Control and Prevention ("*CDC*") and the World Health Organization ("*WHO*") did not recommend that people avoid domestic or international travel, concerns about the spread of influenza caused by the H1N1 virus reduced international air travel, particularly to and from Mexico and Asia. In 2014, an outbreak of Ebola in West Africa and the discovery of a patient and health care workers infected with Ebola in the United States raised concerns about the spread of communicable disease through air travel. More recently, in January 2016, the CDC issued a travel alert warning pregnant women to avoid travel to areas where the Zika virus, which has been linked to a type of birth defect called microcephaly, is spreading, a list that currently includes over 90 countries and territories, primarily in Africa, Asia, the Caribbean, Central America, South America and certain Pacific Islands, but also including certain portions of the United States.

Following the fatal crashes of two Boeing 737 MAX aircraft that are suspected to have been caused by the malfunction of the aircraft's automated flight control system, all Boeing 737 MAX aircraft were grounded in March 2019. Among North American airlines, Air Canada, American, Southwest and United are being affected. Southwest, which operates only Boeing 737 aircraft, has been especially hard hit by the grounding of the 737 MAX fleet and has had to restructure a number of routes. At the time of the grounding, Boeing 737 MAX aircraft accounted for approximately 1.5% of U.S. airline seat capacity. As of the date of the Review, there is no indication as to when the grounding might be lifted. The FAA has not set a timetable for the re-certification of the aircraft for operation.

FAA Reauthorization and Federal Funding

On October 3, 2018 Congress passed and subsequently on October 5, 2018 the President signed the FAA Reauthorization Act of 2018. The FAA Reauthorization Act is a five-year act set to expire at the end of the federal fiscal year for 2023. The 2018 FAA reauthorization retained the federal cap on PFCs at $4.50 and eliminated the significant contribution test previously required for airports to impose PFCs at the $4.00 and $4.50 collection levels. For AIP funding, the 2018 FAA reauthorization appropriated $3.35 billion per year through fiscal year 2023, which remains unchanged from 2012 reauthorization levels and is $150 million per year less than the funding level in reauthorization preceding 2012. The AIP provides federal capital grants to support airport infrastructure through 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). The County is unable to predict the level of AIP funding that it will receive over the 2019-2024 period at this time. If there is a reduction in the amount of AIP grants awarded to the County for the Airport, it could: (1) increase by a corresponding amount the capital expenditures that the County would need to fund from other sources (including operating revenues, and Bond proceeds), (2) extend the timing to complete certain projects, or (3) reduce the scope of individual proposed projects or the overall program, or both.

PFC Revenues and Other Sources of Funding

The plan of finance for the County's 2021-2025 CIP for the Airport System assumes that PFC revenues, federal grants and other sources of funding will be received in certain amounts and at certain times to pay certain project costs. See "AIRLINE-AIRPORT USE AND LEASE AGREEMENT – Five-Year Capital Improvement Plan" above. No assurance can be given that these sources of funding actually will be available in the amounts or on the schedule assumed.

The amount of PFC revenue collected by airlines for the Airport in past years has varied, and in future years will vary, based upon the actual number of passenger enplanements at the Airport. No assurance can be given that any level of enplanements will be realized. This adverse impact of decreased enplanements could be direct or indirect. For example, PFC shortfalls could result in increases in terminal rentals or landing fees at the Airport, thereby negatively impacting the airlines' desire to operate at the Airport. Furthermore, under the terms of the PFC Act, the FAA may terminate the County's authority to impose a PFC if the County's PFC revenues are not being used for approved projects in accordance with the FAA's approval, the PFC Act or the regulations promulgated thereunder, or if the County otherwise violates the PFC Act or regulations. The FAA may also terminate the County's authority to impose a PFC for a violation by the County of the Airport Noise and Capacity Act. The PFC termination provisions contained in the regulations provide both informal and formal procedural safeguards. The FAA's PFC regulations require Collecting Carriers (as defined in the PFC Act) to account for PFC collections separately, and indicate that such funds are to be regarded as trust funds held by the Collecting Carriers for the beneficial interest of the public agency imposing the PFC. In early cases in which PFCs were at issue, certain bankruptcy court decisions indicated that PFCs may not be treated as trust funds and that airports are not entitled to any priority over other creditors of the Collecting Carrier as to such funds. In the more recent cases, such as the American Airlines bankruptcy, however, the bankruptcy court has recognized the airports' interests in PFCs and taken steps to segregate PFCs from airline revenues. Where an air carrier files for bankruptcy protection and liquidates, however, such as the Direct Air bankruptcy, PFC revenues may not be recoverable if they have been expended by the carrier before such filing. A portion of the principal of and interest on the 2019A Bonds and certain other Outstanding Bonds is expected to be paid from PFC Revenues.

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

Cybersecurity

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

Cybersecurity incidents could result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the Airport's Systems Technology for the purposes of misappropriating assets or information or causing operational disruption or damage. To mitigate the risk of business operations impact and/or damage by cybersecurity incidents or cyber-attacks, the County invests in multiple forms of cybersecurity and operational safeguards.

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

The airlines serving the Airport and other Airport tenants, as well as the FAA and TSA, also face cybersecurity threats that could affect their operations or finances.

Environmental Regulations

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

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

Climate Change

Numerous scientific studies on global climate change show that, among other effects on the global ecosystem, sea levels will rise, extreme temperatures will become more common and extreme weather events will become more frequent as a result of increasing global temperatures attributable to atmospheric pollution.

The Fourth National Climate Assessment, published by the U.S. Global Change Research Program in November 2018 ("*NCA4*"), finds that more frequent and intense extreme weather and climate-related events, as well as changes in average climate conditions, are expected to continue to damage infrastructure, ecosystems and social systems over the next 25 to 100 years. NCA4 states that rising temperatures, sea level rise, and changes in extreme events are expected to increasingly disrupt and damage critical infrastructure and property and regional economies and industries that depend on natural resources and favorable climate conditions. Disruptions could include more frequent and longer-lasting power outages, fuel shortages and service disruptions. NCA4 states that expected increases in the severity and frequency of heavy precipitation events will affect inland infrastructure, including access to roads, the viability of bridges and the safety of pipelines.

Potential Limitation of Tax Exemption of Interest on the 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 2019 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners of the 2019 Bonds from realizing the full current benefit of the tax status of such interest. Clarifications of the Internal Revenue Code of 1986, as amended (the "Code"), or court decisions may also cause interest on the 2019 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation. The introduction or enactment of any such legislative proposals or any clarification of the Code, or court decisions may also affect the market price for, or marketability of, the 2019 Bonds. Prospective purchasers of the 2019 Bonds should consult their own tax advisors regarding any such pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Forward-Looking Statements

This Official Statement and APPENDIX A "REVIEW OF THE AIRPORT CONSULTANT," contain statements relating to future results that are "forward looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "forecast," "projection," "intend," "expect," and similar expressions identify forward looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward looking statements. Among the factors that may cause projected revenues and expenditures to be materially different from those anticipated are an inability to incur debt at assumed rates, construction delays, increases in construction costs, general economic downturns, factors affecting the airline industry in general, federal legislation and/or regulations, and regulatory and other restrictions, including but not limited to those that may affect the ability to undertake the timing or the costs of certain projects.

Municipal Bankruptcy

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

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

Nevertheless, there can be no assurance (a) that State law will not change in the future, while the 2019 Bonds are outstanding, in a way that would allow the County to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code; or (b) even absent such a change in State law, that an executive order or other executive action could not effectively authorize the County to file for relief under Chapter 9. If, in the future, the County were to file a bankruptcy case under Chapter 9, the relevant bankruptcy court would need to consider whether the County could properly do so, which would involve questions regarding State law authority as well as other questions such as whether the County is a municipality for bankruptcy purposes. If the relevant bankruptcy court concluded that the County could properly file a bankruptcy case, and that determination was not reversed, vacated, or otherwise substantially altered on appeal, then the rights of holders of the 2019 Bonds could be modified in bankruptcy proceedings. Such modifications could be adverse to holders of the 2019 Bonds, and there could ultimately be no assurance that holders of the 2019 Bonds would be paid in full or in part on the 2019 Bonds. Further, under such circumstances, there could be no assurance that the 2019 Bonds would not be treated as general, unsecured debt by a bankruptcy court, meaning that claims of holders of the 2019 Bonds could be viewed as having no priority (a) over claims of other creditors of the County; (b) to any particular assets of the County, or (c) to revenues otherwise designated for payment to holders of the 2019 Bonds.

Moreover, if the County were determined not to be a "municipality" for the purposes of the Bankruptcy Code, no representations can be made regarding whether it would still be eligible for voluntary or involuntary relief under Chapters of the Bankruptcy Code other than Chapter 9 or under similar federal or state law or equitable proceeding regarding insolvency or providing for protection from creditors. In any such case, there can be no assurance that the consequences described above for the holders of the 2019 Bonds would not occur.

General

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

Performance of Major Airlines at the Airport

The performance of major airlines operating at the Airport can affect future passenger traffic. The four largest airlines accounted for approximately 88.4 percent of 2018 enplanements. The future operational and financial performances of these airlines will likely influence air traffic activity at the Airport.

Airline Information

Southwest, Delta, American, and United, the airlines with the highest market shares at the Airport, along with certain other major and national airlines serving the Airport or their respective parent corporations are subject to the periodic reporting requirements of the Exchange Act and, in accordance therewith, file reports and other information with the Securities and Exchange Commission. Certain information, including financial information, as of particular dates concerning such airlines or their respective parent corporations is disclosed in certain reports and statements filed with the Commission. Such reports and statements can be inspected in the Public Reference Room of the Commission at

450 Fifth St., N.W., Washington, D.C. 20549, and at the Commission's regional offices at 500 West Madison Street, Suite 1400, Chicago, Illinois 60661; and copies of such reports and statements can be obtained from the Public Reference Section of the Commission, 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. Additional information with respect to the filings of the airlines may be retrieved at the SEC.gov site using the SEC's EDGAR database. In addition, each airline is required to file periodic reports of financial and operating statistics with the Department of Transportation. Such reports can be inspected at the following location: Office of Aviation Information Management, Data Requirements and Public Reports Division, Research and Special Programs Administration, Department of Transportation, 400 7th Street, S.W., Washington, D.C. 20590.

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

LITIGATION

As certified by certain authorized officials of the County, there is no litigation of any nature, either pending or, to the best of such officials' knowledge, threatened, which would affect the issuance and delivery of the 2019 Bonds or the setting and collection of rates, fees and charges necessary to pay the principal and interest thereon, and neither the corporate existence nor the boundaries of the County nor the title of its present officers to their respective offices is being contested.

There are lawsuits pending before the Federal District Court, the Seventh Circuit Court, the federal court of appeals and state courts of Wisconsin involving the County, as a body corporate, or naming officers of the County as defendants. Based upon past experience, the County does not believe that such litigation will result in a final judgment against the County or its employees that would materially affect the County's financial position; however, as with all litigation, it is difficult to predict exposure to liability until a case is prepared for trial.

CERTAIN LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the 2019 Bonds are subject to the approving legal opinion of Quarles & Brady LLP, Milwaukee, Wisconsin, and Crump Law Firm, LLC, Milwaukee, Wisconsin, Co-Bond Counsel (the "Co-Bond Counsel"), who have been retained by, and act as, Co-Bond Counsel to the County. Certain legal matters in connection therewith will be passed upon for the County by the Milwaukee County Corporation Counsel and for the Underwriter by its counsel, Kaplan Kirsch & Rockwell LLP.

Quarles & Brady LLP has been retained by the County to serve as Disclosure Counsel to the County with respect to the 2019 Bonds. Although, as Disclosure Counsel to the County, Quarles & Brady LLP has assisted the County with certain disclosure matters, Quarles & Brady LLP has not undertaken to independently verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the 2019 Bonds and assumes no responsibility whatsoever nor shall have any liability to any other party for the statements or information contained or incorporated by reference in this Official Statement. Further, Quarles & Brady LLP makes no representation as to the suitability of the 2019 Bonds for any investor.

TAX EXEMPTION

Quarles & Brady LLP, Milwaukee, Wisconsin, and Crump Law Firm, LLC, Milwaukee, Wisconsin, Co-Bond Counsel, will deliver legal opinions with respect to the federal income tax exemption applicable to the interest on the 2019 Bonds under existing law substantially in the following forms:

The interest on the 2019 Bonds is not exempt from present Wisconsin income or franchise taxes.

In addition, prospective purchasers of the 2019 Bonds should be aware that ownership of the 2019 Bonds may result in collateral federal income tax consequences to certain taxpayers. Co-Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the 2019 Bonds should consult their tax advisors as to collateral federal income tax consequences.

Tax-Exemption – Series 2019A

> "The interest on the 2019A Bonds is excludable for federal income tax purposes from the gross income of the owners of the 2019A Bonds, except for interest on any 2019A Bonds held by a "substantial user" of the facilities financed by the 2019A Bonds or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"). The interest on the 2019A Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. The Code contains requirements that must be satisfied subsequent to the issuance of the 2019A Bonds in order for interest on the 2019A Bonds to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the 2019A Bonds to be included in gross income retroactively to the date of issuance of the 2019A Bonds. The County has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the County comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the 2019A Bonds."

Tax-Exemption – Series 2019B

> "The interest on the 2019B Bonds is excludable for federal income tax purposes from the gross income of the owners of the 2019B Bonds, except for interest on any 2019B Bonds held by a "substantial user" of the facilities financed by the 2019B Bonds or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"). The interest on the 2019B Bonds is, however, an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. The Code contains requirements that must be satisfied subsequent to the issuance of the 2019B Bonds in order for interest on the 2019B Bonds to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the 2019B Bonds. The County has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the County comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the 2019B Bonds."

From time to time legislation is proposed, and there are or may be legislative proposals pending in the Congress of the United States that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the 2019 Bonds. It cannot be predicted whether, or in what form, any proposal that could alter one or more of the federal tax matters referred to above or adversely affect the market value of the 2019 Bonds may be enacted. Prospective purchasers of the 2019 Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Co-Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

Not Bank Qualified Obligations

The 2019 Bonds will not be designated "Qualified Tax-Exempt Obligations" for purposes of Section 265(b)(3) of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

Bond Premium

To the extent that the initial offering price of certain of the 2019 Bonds is more than the principal amount payable at maturity, such 2019 Bonds ("Premium Bonds") will be considered to have bond premium.

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

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

UNDERWRITING

The 2019 Bonds are being purchased by BofA Securities, Inc. (the "Underwriter") subject to certain terms and conditions set forth in the Bond Purchase Agreement between the County and the Underwriter, including the approval of certain legal matters by Co-Bond Counsel and the existence of no material adverse change in the condition of the Airport System's finances from that set forth in this Official Statement.

The purchase price payable by the Underwriter for the 2019A Bonds is $32,663,934.45 representing the par amount plus original issue premium of $5,803,956.45 and less an Underwriter's discount of $85,022. The 2019A Bonds are offered for sale to the public at the prices producing the yields set forth on the inside cover page of this Official Statement. The 2019A Bonds may be offered and sold to certain dealers at prices lower than such public offering prices, and the Underwriter may change such offering prices, from time to time.

The purchase price payable by the Underwriter for the 2019B Bonds is $14,710,028.27 representing the par amount plus original issue premium of $1,231,029.80 and less an Underwriter's discount of $41,001.53. The 2019B Bonds are offered for sale to the public at the prices producing the yields set forth on the inside cover page of this Official Statement. The 2019B Bonds may be offered and sold to certain dealers at prices lower than such public offering prices, and the Underwriter may change such offering prices, from time to time.

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

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

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

CO-FINANCIAL ADVISORS

The County has retained PFM Financial Advisors, LLC, Milwaukee, Wisconsin, and Independent Public Advisors, LLC, Johnston, Iowa, as Co-Financial Advisors (the "Co-Financial Advisors") with respect to the issuance of the 2019 Bonds. The Co-Financial Advisors have relied upon governmental officials and other sources to provide assistance to the County. The Co-Financial Advisors have reviewed this Official Statement but have not been engaged, nor have they undertaken, to independently verify the accuracy of such information. The Co-Financial Advisors are not public accounting firms and have not been engaged by the County to compile, review, examine or audit any information in this Official Statement in accordance with accounting standards. Both PFM Financial Advisors, LLC and Independent Public Advisors, LLC are registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board as a municipal advisor. The Co-Financial Advisors will not participate in the underwriting of the 2019 Bonds.

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

RATINGS

The 2019 Bonds have been assigned the municipal bond ratings of "A+" by Fitch Ratings ("Fitch"), and "A1" by Moody's Investors Service, Inc. ("Moody's"). The rating outlooks for the Bonds from Fitch and Moody's are both "stable".

The ratings do not constitute a recommendation by the rating agencies to buy, sell or hold the 2019 Bonds. A further explanation of the significance of the ratings must be obtained from the rating agencies. The ratings are subject to revision or withdrawal at any time by the respective rating agency, and there is no assurance that a rating will continue for any period of time or that it will not be revised or withdrawn. Any downward revision or withdrawal of a rating may have an adverse effect on the market price of the 2019 Bonds.

AVAILABILITY AND INCORPORATION BY REFERENCE OF DOCUMENTS AND FINANCIAL INFORMATION

On August 14, 2019, the County filed with the Municipal Securities Rulemaking Board ("MSRB"), the Comprehensive Annual Financial Report of the County for the year ended December 31, 2018 (the "County CAFR"). There is hereby included in this Official Statement by this reference the information contained in the County CAFR with respect to the Airport System, which information should be read in its entirety in conjunction with this Official Statement.

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

CONTINUING DISCLOSURE

In order to assist the Underwriter in complying with SEC Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission, pursuant to the Securities Exchange Act of 1934, as amended, as authorized by the 2019 Supplemental Resolution, the County will enter into Continuing Disclosure Certificates (the "Continuing Disclosure Certificates") for the benefit of the owners of the 2019 Bonds to provide certain financial information and operating data relating to the County to the MSRB through the Electronic Municipal Market Access system ("EMMA"), and to provide notices to EMMA of the occurrence of certain events enumerated in the Rule. The terms and conditions of the Continuing Disclosure Certificates, as well as the information to be contained in the annual report or the notices of material events, are set forth in the Continuing Disclosure Certificates to be executed and delivered by the County at the time the 2019 Bonds are delivered. The Continuing Disclosure Certificates will be in substantially the forms attached hereto as Appendix C.

Prior to 2008, certain general obligation (base CUSIP 602245) and airport revenue (base CUSIP 602248) issues of the County were issued contemporaneously with a municipal bond insurance policy for the benefit of the owners of such Bonds. At the time of the issuance of the respective debt issues, the insurance company's rating was higher than the underlying rating of the County's credit. Subsequently, all of the companies that provided insurance policies on the County's obligations received downgrades by the three major rating agencies to the point where none of the insurance companies had a rating higher than that of the County. This caused the County's underlying credit rating to be the prevailing credit rating and not that of the insurer with respect to the insured obligations of the County. Because neither the rating agencies nor the bond insurers notified the County of the respective insurer rating downgrades, the County did not file material events notices on EMMA at the time of the rating changes.

The County filed a notice for the insurer downgrades with the MSRB on September 30, 2014. The County filed this notice as a technical clarification and has not made a determination that the rating changes described above were material.

Except to the extent the preceding is deemed to be material, in the previous five years the County has not failed to comply in all material respects with any previous continuing disclosure undertakings under the Rule.

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

A failure by the County to comply with the Continuing Disclosure Certificates will not constitute an event of default on the 2019 Bonds or under the Bond Resolutions (although owners of the 2019 Bonds will have the right to obtain specific performance under the Continuing Disclosure Certificates). Nevertheless, such a failure must be reported in accordance with the Rule.

CERTIFICATION

As of the date of the settlement of the 2019 Bonds, the Underwriter will be furnished with a certificate signed by the Comptroller, or his designee. The certificate will state that, as of the date of this Official Statement, this Official Statement did not and does not, as of the date of the certificate, contain any untrue statement of material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

* * * * *

MILWAUKEE COUNTY, WISCONSIN

By: _/s/ Scott B. Manske___________
Title: Milwaukee County Comptroller

APPENDIX A

REVIEW OF THE AIRPORT CONSULTANT

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UNISON CONSULTING
Enabling the Complex Business of Airports

Chicago, Illinois
Orange County, California
St. Louis, Missouri

409 W. Huron, Suite 400
Chicago, IL 60654
p. (312) 988-3360
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APPENDIX A
AIRPORT CONSULTANT LETTER

October 10, 2019

Mr. Scott Manske
Comptroller
Milwaukee County Courthouse
901 North 9th Street, Room 301
Milwaukee, WI 53233

Re: ***Review of the projected operating revenues, expenses and air traffic activity — Milwaukee County Airport Revenue Refunding Bonds, Series 2019***

Dear Mr. Manske:

Unison Consulting, Inc. performed a financial review for the issuance of the Milwaukee County (the "County") Airport Revenue Refunding Bonds, Series 2019A (Non-AMT) (the "Series 2019A Refunding Bonds"), in the aggregate par amount of approximately $26.9 million and Airport Revenue Refunding Bonds, Series 2019B (AMT) (the "Series 2019B Refunding Bonds"), in the aggregate par amount of approximately $13.5 million (collectively, the "Series 2019 Refunding Bonds"). The Series 2019 Refunding Bonds are being issued pursuant to a General Bond Resolution adopted by the County Board of Supervisors (the Board) on June 22, 2000, which established the airport revenue bond program (the "General Resolution") and a supplemental resolution adopted on April 25, 2019 (the "2019 Supplemental Resolutions" and together with the General Resolution, the "Bond Resolutions"). The proceeds of the Series 2019 Refunding Bonds, along with cash available, will be used to refund the outstanding Airport Revenue Bonds Series 2009A, dated December 21, 2009, Airport Revenue Bonds, Series 2010A, dated October 14, 2010 and Airport Revenue Refunding Bonds, Series 2010B, dated October 14, 2010 (collectively the "Refunded Obligations"). The remaining proceeds will be used to pay issuance expenses associated with the Series 2019 Refunding Bonds, as further detailed in the 2019 Supplemental Resolutions.

The Series 2019 Refunding Bonds are special obligations of the County, payable solely from the Net Revenues of the Milwaukee County Airport System (the "Airport System"), and amounts on deposit in certain funds and accounts established under the Bond Resolutions. The 2019 Supplemental Resolutions include pledged Passenger Facility Charge ("PFC") Revenues as Airport System Revenues to the extent that any of the Refunded Bonds were eligible for PFC funding.

The Milwaukee Mitchell International Airport ("MKE" or the "Airport") and Lawrence J. Timmerman Airport (the "Timmerman Airport") comprise the Airport System, which is owned by the County and governed by the County Executive and the Board. MKE is the major commercial airport in Wisconsin. It is located 72 miles from Chicago O'Hare International Airport and 95 miles from Chicago Midway Airport, and is accessible to Northern Illinois residents.

The level of passenger traffic at an airport is directly related to the local and national economies. As the economy grows, incomes increase, and unemployment declines, the demand for air travel typically increases — although the converse is also true. The Airport Consultant Letter (the “Letter”) describes relevant socioeconomic trends in the Airport’s economic base, which is the Milwaukee-Waukesha-West Allis, WI, Metropolitan Statistical Area (“Milwaukee MSA”), and in Wisconsin generally and the nation. In summary, the Milwaukee and Wisconsin economies are growing, but more slowly than the U.S. economy.

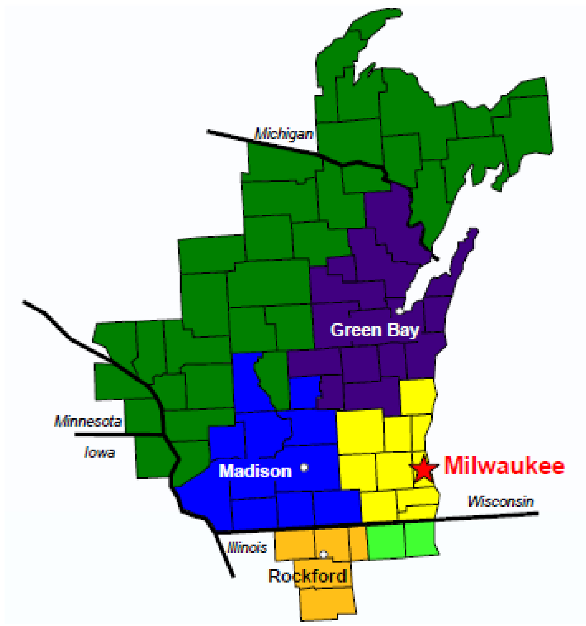
Additionally, this Letter reviews the current state of the U.S. aviation industry, which is enjoying an unprecedented period of profitability and growth. It also examines how MKE’s key air traffic measures have performed over the long term and in recent years, relative to national trends and trends at MKE’s peer airports. Despite a difficult economic environment in the 2000s, MKE enjoyed rapid growth — first with the hub expansion of Midwest Airlines (“Midwest”), which later merged into Frontier Airlines (“Frontier”), then with entry of Southwest Airlines (“Southwest”) and the start of hub operations by AirTran Airways (“AirTran”). At the turn of the decade, Frontier, facing financial troubles and ownership change, discontinued the connecting hub established by Midwest. Southwest acquired AirTran and also discontinued AirTran’s hub operations, because they did not fit Southwest’s business model. While these developments caused MKE’s traffic to fall back to pre-hub levels, they left MKE with a stronger market base of predominantly origin and destination (“O&D”) traffic—passengers who begin or end their flights at an airport. The U.S. airline industry capacity rationalization following the last recession stalled traffic recovery at MKE. The Airport began to see gradual increases in total nonstop destinations and scheduled seats in 2015, and enjoyed slow but steady growth in enplanements from 2015 to 2018.

The Letter concludes with Unison’s forecast for commercial aviation activity at MKE, a review of the Airport’s financial results including: a summary of the Airport’s total capital program comprised of the balance of the pre-approved five-year capital improvement plan (5-Year CIP 2016-2020) and the proposed five-year capital improvement plan (5-Year CIP 2021-2025), financial trends based on 2018 Actual, 2019 Adopted Budget, 2020 Requested Budget and financial projections for the period 2021-2024. Also, included is a summary of cost per enplanement (“CPE”) and calculation of the rate covenant for the period 2019–2024 based on Unison’s financial projection and the assumptions further discussed in this Letter. The financial projections are intended to provide context for the Airport’s financial plan and to assist the County in meeting the requirements of the Bond Resolutions. The actual results, however, could deviate from the projections due to unforeseen events and circumstances and the deviations could be material. To gain an understanding of the projections and the underlying assumptions this financial review should be considered in its entirety.

Economic Base

MKE’s broad catchment area covers the southeastern region of Wisconsin and Northern Illinois, with a total population of approximately seven million (Figure 1). Its primary service area, where it draws the large majority of traffic, is the Milwaukee MSA, which includes the counties of Milwaukee (including The City of West Allis), Ozaukee, Washington, and Waukesha. MKE also draws many passengers from the Racine MSA.

Figure 1: MKE's Broad Catchment Area



LEGEND

	Area	2018 Population (in millions)
(yellow)	Milwaukee DMA counties	2.33
(blue)	Madison DMA counties	1.02
(purple)	Green Bay-Appleton DMA counties	1.14
(orange)	Rockford DMA counties	0.47
(light green)	Lake & McHenry counties	1.01
(dark green)	Other counties	1.18
	Total	**7.15**

The map uses Designated Market Area (DMA) delineations, different from MSA delineations. A DMA is a geographic area that represents specific television markets as defined by the Nielsen Company. MSAs are delineated by the Office of Management and Budget (OMB) based on economic ties. DMAs are more commonly used than MSAs for geotargeting ad campaigns.

Source: Airport records and U.S. Bureau of the Census.

Local and national economic conditions influence the demand for air travel in the airport service area. Like the rest of the country, the Milwaukee MSA economy suffered a major setback from the 2008-2009 Great Recession—the deepest and longest U.S. economic recession since the 1930s. Recovery was slow. The levels of economic output, measured by gross domestic product ("GDP"), and per capita personal income returned to pre-recession peak in 2011 in the Milwaukee MSA the state of Wisconsin, and the entire nation. Employment returned to its pre-recession peak in 2016 in the Milwaukee MSA, in 2015 in the entire state of Wisconsin, and in 2014 in the entire nation.

Milwaukee and the entire state of Wisconsin received a disproportionate share of stimulus funds released under the Federal American Recovery and Reinvestment Act of 2009. The stimulus funds tempered the Milwaukee MSA's and Wisconsin's employment losses from the recession. The end of the stimulus, along with state and federal budget cutbacks, contributed to slow the pace of employment recovery.[1]

[1] University of Wisconsin Milwaukee, *Gauging Employment Growth in Wisconsin: State-By-State Comparisons, September 2002-2013*, March 2014.

Like other older metropolitan areas in the country, Milwaukee had developed into a manufacturing center—the "machine shop of the world."[2] Well-known for beer brewing, the Milwaukee region also manufactured other consumer products, electrical equipment and other heavy machinery.[3] Through decades of economic transformation, the Milwaukee regional economy has successfully diversified. Today the Milwaukee MSA also boasts large concentrations in these service industry sectors: *finance, insurance, real estate, rental, and leasing*; *professional and business services*; *trade*; *and educational services, health care and social assistance*.[4]

Launched in 2005, the Milwaukee 7 was formed to create a regional, cooperative economic development platform for the seven counties in southeastern Wisconsin, which include the Milwaukee MSA's four counties of Milwaukee, Ozaukee, Washington, and Waukesha, and the three neighboring counties of Kenosha, Racine, and Walworth. To drive economic growth and transformation in the seven-county region, the Milwaukee 7 set out to execute development strategies promoting niche industries such as: *energy, power & controls*, *water technology*, and *food & beverage production*, although their economic policies are designed to benefit almost any industry.[5]

The following sections discuss trends in key economic indicators in the Milwaukee MSA, Wisconsin and the United States. While the Milwaukee MSA continues to grow at a slower pace than the nation, all economic indicators show positive momentum. In a recent Brookings' study of older industrial metropolitan areas, Milwaukee was ranked among "emerging" older areas that are "bouncing back strongly from a difficult 2000s decade."[6]

Gross Domestic Product

As shown in Figure 2, the Milwaukee MSA economy has grown over the long term despite recessions. Measured by real GDP, an inflation-adjusted measure of the value of economic output, the Milwaukee MSA economy grew 18 percent during 2001 to 2017, at an average rate of 1 percent annually. This pace of growth, however, lagged behind Wisconsin's pace (1.3 percent annually) and the nation's pace (1.9 percent annually). The Milwaukee MSA's share of Wisconsin's GDP decreased slightly from 33 percent prior to 2015 to 31 percent in 2017.

The business cycle changes in the Milwaukee MSA and Wisconsin follows national trends. The Milwaukee MSA and Wisconsin economies contracted along with the national economy during the Great Recession in 2008 and 2009, and expanded after the recession ended. In 2015, however, the economic expansion in the Milwaukee MSA was set back by reductions in output in these industry

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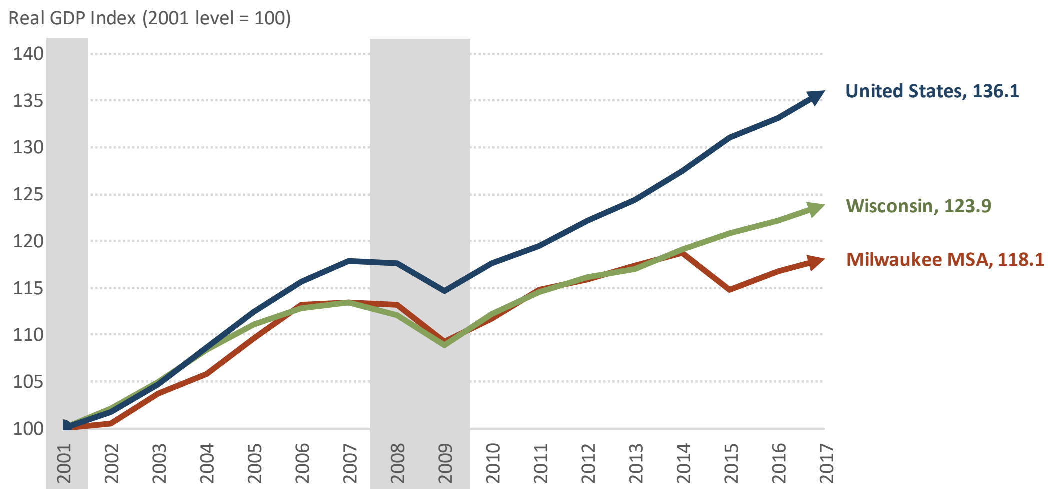
[2] Milwaukee 7, *Milwaukee 7 Framework for Economic Growth, A Metropolitan Business Plan to Advance Economic Opportunities in the Seven Counties of Southeast Wisconsin*, January 2014, page 1.
[3] *Ibid.*
[4] Based on an analysis of economic data from the U.S. Bureau of Economic Analysis and the U.S. Bureau of Labor Statistics.
[5] Milwaukee 7, *Milwaukee 7 Framework for Economic Growth, A Metropolitan Business Plan to Advance Economic Opportunities in the Seven Counties of Southeast Wisconsin*, January 2014, page 3.
[6] Alan Berube and Celile Murray, Renewing America's Economic Promise Through Older Industrial Cities," *Metropolitan Policy Program at Brookings*, Washington, DC., April 2018, pages 19-20.

sectors: *finance, insurance, real estate, rental, and leasing; manufacturing;* and *government*, which contribute significant shares to the Milwaukee MSA GDP. Growth in these industry sectors has since rebounded.

Figure 2: Growth in Real Gross Domestic Product



	Compound Annual Growth Rate		
	Milwaukee MSA	Wisconsin	United States
2001-2010	1.2%	1.3%	1.8%
2010-2017	0.8%	1.4%	2.1%
2001-2017	1.0%	1.3%	1.9%

Shaded periods indicate U.S. recessions.
Source: U.S. Bureau of Economic Analysis; MSA-level data for 2018 are not yet available.

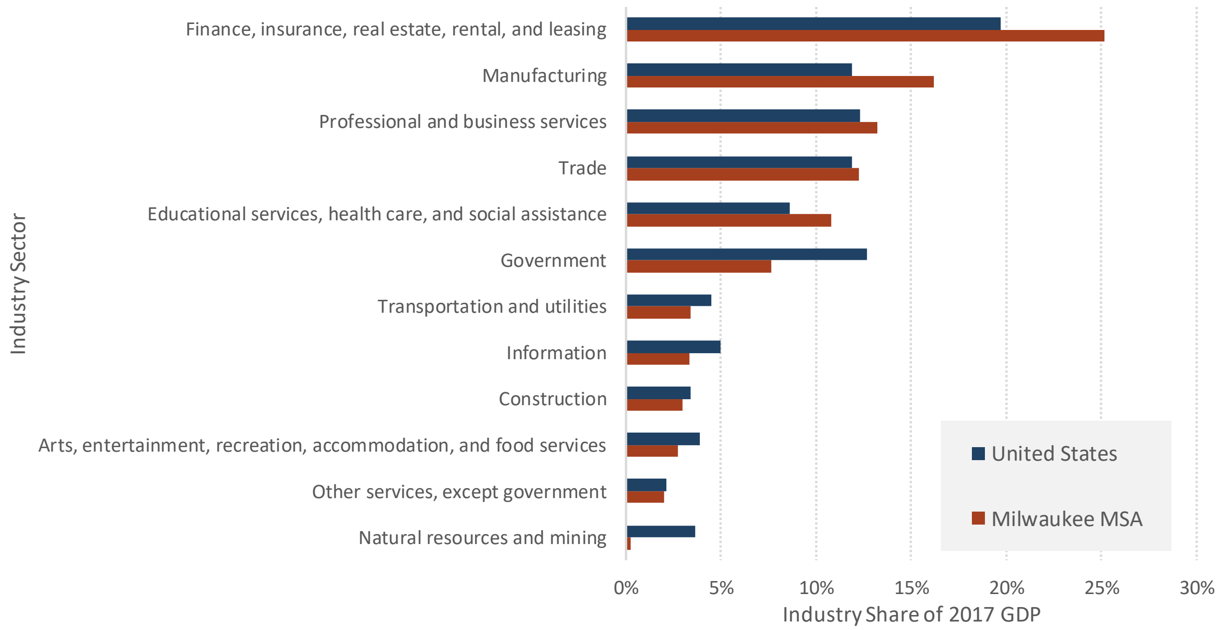
Long-term GDP growth in the Milwaukee MSA has been driven by five private service-providing industries: (1) i*nformation,* (2) *finance, insurance, real estate, rental, and leasing,* (3) *professional and business services*, (4) *educational services, health care and social assistance,* and (5) *trade* (Figure 3)*.* Leading growth in these five-private service-providing industries shows continued diversification of the Milwaukee MSA economy.

Figure 3: GDP Growth by Industry, 2001 to 2017

Source: U.S. Bureau of Economic Analysis; MSA-level data for 2018 are not yet available.

The industries with the largest contributions to the Milwaukee MSA GDP in 2017 are: (1) *finance, insurance, real estate, rental, and leasing,* (2) *manufacturing* (3) *professional and business services*, (4) *trade*, *and* (5) *educational services, health care and social assistance* (Figure 4).

Figure 4: Percentage Contribution to GDP by Industry, 2017



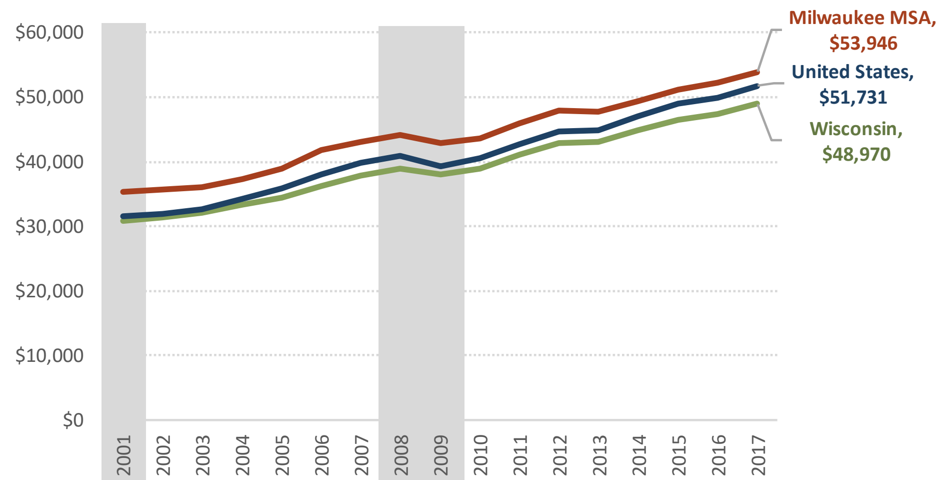
Source: U.S. Bureau of Economic Analysis; MSA-level data for 2018 are not yet available.

Per Capita Personal Income

Because of higher-paying jobs in *industrial equipment manufacturing*, *finance and insurance*, *professional and business services*, and *education and health services*, the industry sectors that have a large presence in the Milwaukee MSA, per capita personal income is higher in the Milwaukee MSA than in Wisconsin and the nation (Figure 5). Among all 383 U.S. MSAs, Milwaukee has the 56th highest per capita personal income based on 2017 data. With an above-U.S. average per capita personal income, the Milwaukee MSA enjoys below-U.S. average cost of living, based on a 2017 Regional Price Parity ("RPP") index of 95.5 and a first quarter 2019 Cost of Living Index ("COLI") of 94.8—the U.S. average is 100 for both indices. In income growth, however, the Milwaukee MSA lags behind Wisconsin and the nation (Figure 6).[7] The Milwaukee MSA's above-U.S. average per capita personal income contributes to a strong market base for air travel, but the slower pace of income growth suggests slower growth in the locally generated segment of air travel demand, all other things equal.

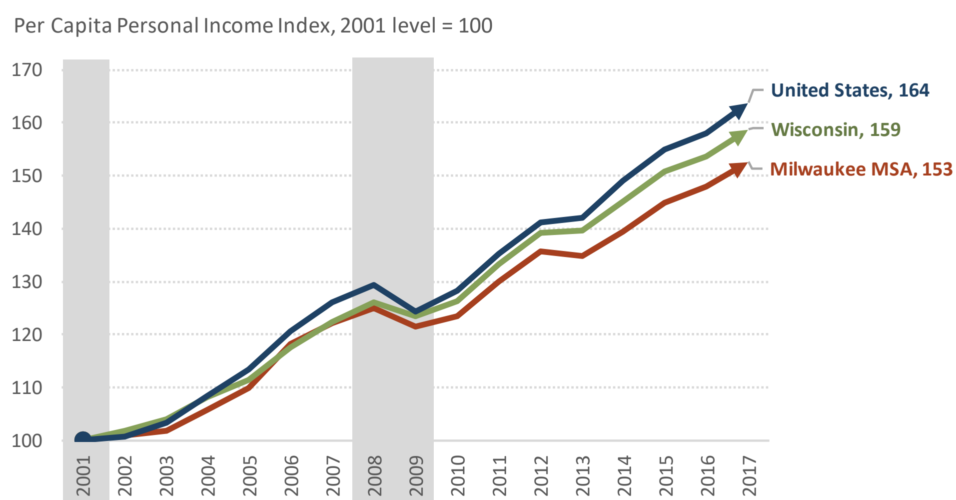
[7] Sources: U.S. Bureau of Economic Analysis for per capita personal income and RPPI and The Council for Community and Economic Research for COLI.

Figure 5: Per Capita Personal Income (Current Dollars)



Shaded periods indicate U.S. recessions.
Source: U.S. Bureau of Economic Analysis; MSA-level data for 2018 are not yet available.

Figure 6: Per Capita Personal Income Growth



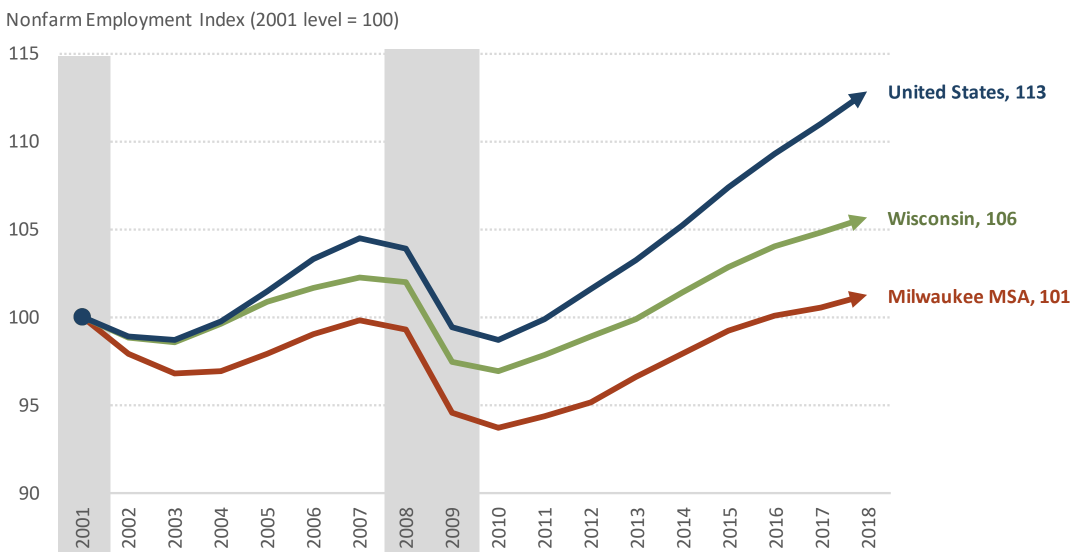
Compound Annual Growth Rate	Milwaukee MSA	Wisconsin	United States
2001-2010	2.4%	2.6%	2.8%
2010-2017	3.1%	3.3%	3.5%
2001-2017	2.7%	2.9%	3.1%

Shaded periods indicate U.S. recessions.
Source: U.S. Bureau of Economic Analysis; MSA-level data for 2018 are not yet available.

Labor Market Indicators

The labor market trends in the Milwaukee MSA and the state of Wisconsin follow national business cycles. In the Milwaukee MSA, employment has been growing steadily since 2010, surpassing the pre-recession peak level beginning in 2016. From 2001 to 2018, however, nonfarm employment in the Milwaukee MSA grew only 1 percent, lagging behind Wisconsin's 6 percent growth and the nation's 13 percent growth. In each of the last two recessions, employment levels fell deeper, employment losses persisted longer, and recovery progressed slower in the Milwaukee MSA than in the entire state and the nation (Figure 7).

Figure 7: Nonfarm Employment Growth

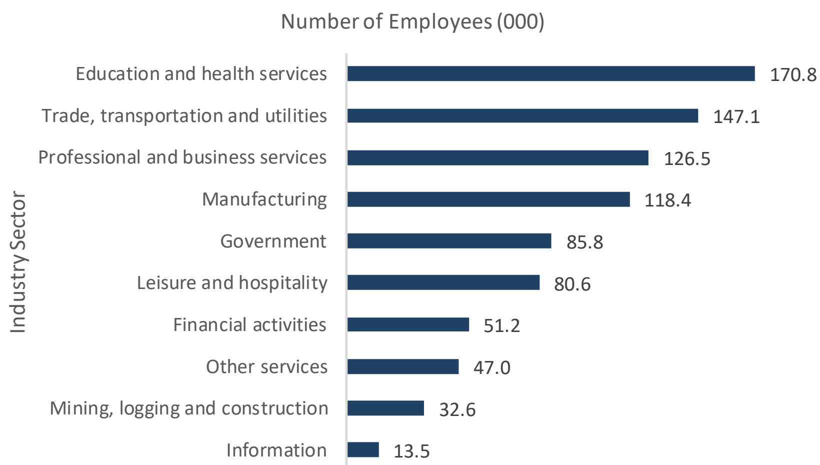


	Compound Annual Growth Rate		
	Milwaukee MSA	Wisconsin	United States
2001-2010	-0.7%	-0.3%	-0.1%
2010-2018	1.6%	1.1%	1.7%
2001-2018	0.1%	0.3%	0.7%

Shaded periods indicate U.S. recessions.
Source: U.S. Bureau of Labor Statistics.

Figure 8 shows the number of employees by industry sector, excluding agriculture. *Education and health services* has the highest number of employees, followed by *trade, transportation and utilities*, and *professional and business services*.

Figure 8: Milwaukee MSA Nonfarm Employment by Industry Sector, 2018

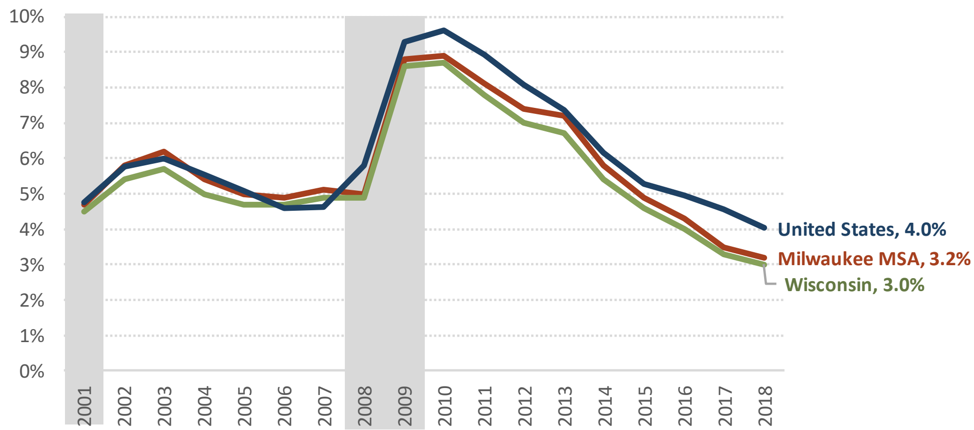


Source: U.S. Bureau of Labor Statistics.

After rising to record high levels during the last recession, unemployment rates have now fallen to record low levels nationwide—a sign of strength in the job market and the broad economy (Figure 9). Based on trends in its unemployment rate, the Milwaukee MSA performed better than the entire country. Its unemployment rate did not rise as high as the U.S. unemployment rate; it stayed below the U.S. unemployment rate in most years. In 2018, the Milwaukee MSA's unemployment rate averaged 3.2 percent, lower than the U.S. unemployment rate of 4 percent.

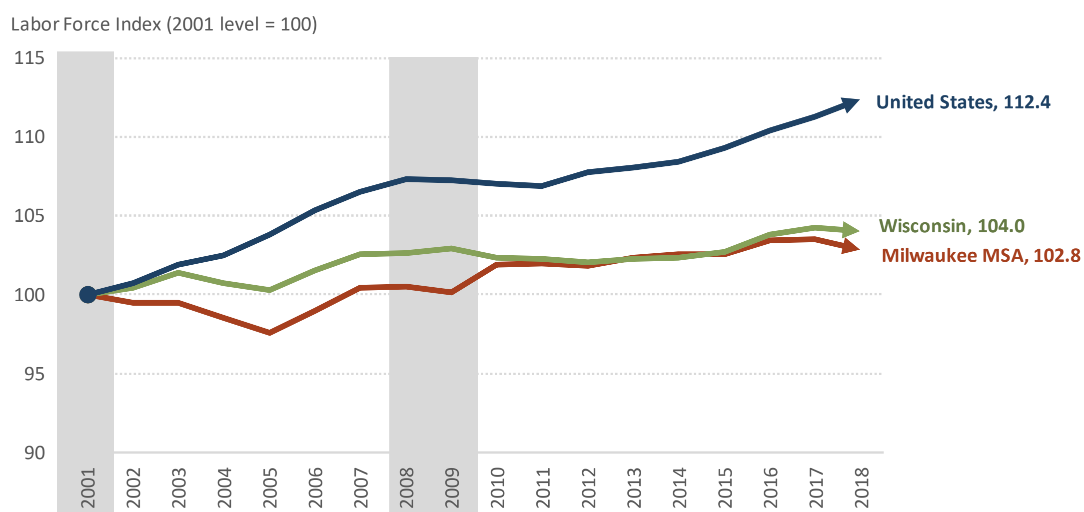
While hiring has been on the rise, the low unemployment rate in the Milwaukee MSA is also the product of a slow-growing labor force. In the early 2000s, the Milwaukee MSA suffered job losses, mainly in its sizable manufacturing sector. Many workers left the labor force, resulting in a 2.4 percent decrease in the labor force from 2001 to 2005 (Figure 10). The Milwaukee MSA labor force recovered in 2006-2007, but its growth was stalled by the recession in 2008-2009. When the recession ended, growth resumed at a slow pace. By 2018, the Milwaukee MSA labor force had increased to 2.8 percent above its 2001 level, compared with 12.4 percent for the United States. Slow growth in the labor force has kept the unemployment rate in the Milwaukee MSA below the U.S. average, and also contributed to the slower pace of economic growth in the Milwaukee MSA.

Figure 9: Unemployment Rate



Shaded periods indicate U.S. recessions.
Source: U.S. Bureau of Labor Statistics.

Figure 10: Labor Force Growth



	Compound Annual Growth Rate		
	Milwaukee MSA	Wisconsin	United States
2001-2010	0.2%	0.3%	0.8%
2010-2018	0.1%	0.2%	0.6%
2001-2018	0.2%	0.2%	0.7%

Shaded periods indicate U.S. recessions.
Source: U.S. Bureau of Labor Statistics.

Table 1 lists the largest private sector employers in the Milwaukee MSA and nearby areas, and Table 2 lists the Fortune 1000 headquarters.

Table 1: Major Private Sector Employers in the Milwaukee MSA

Company	City	Employment	Business Description
Aurora Health Care	Milwaukee	25,900	Health care system
Ascension Wisconsin	Glendale	15,500	Health care system
Froedtert Health	Wauwatosa	10,900	Health care services
Kroger Co./Roundy's	Menomonee Falls	8,300	Food distributor & retailer
Kohl’s Corp.	Menomonee Falls	7,800	Department stores
Quad/Graphics Inc.	Sussex	7,500	Commercial printer
GE Healthcare	Waukesha	6,000	Medical imaging & information systems
Northwestern Mutual	Milwaukee	5,600	Life & disability insurance & annuities
Medical College of Wisconsin	Wauwatosa	5,300	Medical school
Children’s Hospital & Health System	Wauwatosa	5,000	Pediatric health care services
ProHealth Care Inc.	Waukesha	4,800	Health care system
WEC Energy Group	Milwaukee	4,300	Electric & natural gas utility
Goodwill Industries of SE Wisconsin	Greendale	4,100	Training, packaging & assembly services
AT&T Wisconsin	Milwaukee	3,500	Telecommunication services
US Bank	Milwaukee	3,500	Bank holding company
BMO Harris Bank	Milwaukee	3,400	Bank holding company
Marcus Corp.	Milwaukee	3,200	Operator of hotels and movie theaters
Fidelity National Information Services (FIS)	Milwaukee	3,000	Financial data & processing systems
Johnson Controls	Glendale	3,000	Control systems, batteries & auto interiors
Rockwell Automation	Milwaukee	2,900	Industrial automation products & systems
Marquette University	Milwaukee	2,800	University
Harley-Davidson Inc.	Milwaukee	2,700	Motorcycles & accessories

Source: 2017 Metropolitan Milwaukee Association of Commerce (MMAC) Business Resource Guide & MMAC estimates.

Table 2: Fortune 1000 Headquarters in the Milwaukee MSA

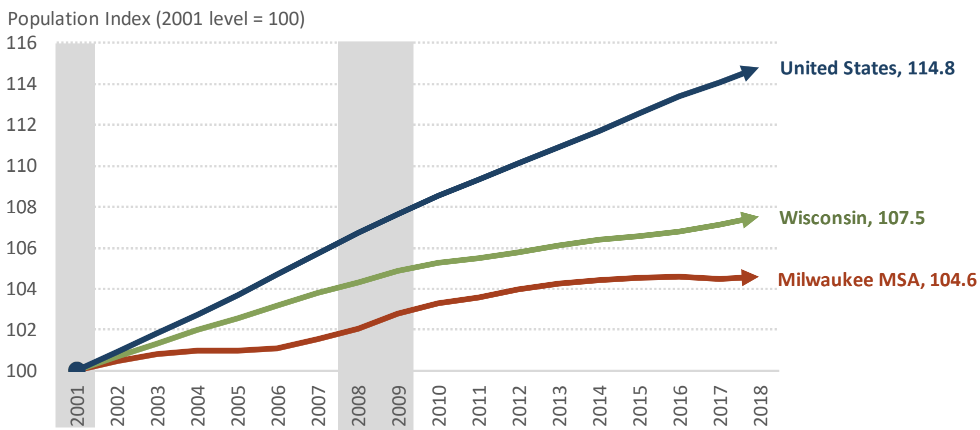
Rank	Company	City	Revenue	Business Description
111	Northwestern Mutual Life Insurance Co.	Milwaukee	$29.1 billion	Life & disability insurance & annuities
141	ManpowerGroup	Milwaukee	$22.0 billion	Temporary employment services
156	Kohl’s Corp.	Menomonee Falls	$20.2 billion	Department stores
398	WEC Energy Group	Milwaukee	$7.7 billion	Electric & natural gas utility
452	Rockwell Automation Inc.	Milwaukee	$6.7 billion	Industrial automation
488	Fiserv Inc.	Brookfield	$5.8 billion	Financial services technology
492	Harley-Davidson Inc.	Milwaukee	$5.7 billion	Motorcycles & accessories
608	Quad/Graphics Inc.	Sussex	$4.2 billion	Commercial printer
731	A.O. Smith Corp.	Milwaukee	$3.2 billion	Water heating equipment
822	Gardner Denver Holdings Inc.*	Milwaukee	$2.7 billion	Industrial manufacturing
883	REV Group Inc.	Milwaukee	$2.4 billion	Specialty vehicle manufacturing
970	Rexnord Corp.	Milwaukee	$2.1 billion	Power transmission equipment
979	Generac Holdings Inc.	Waukesha	$2.0 billion	Power generation products

* Gardner Denver Holdings Inc. agreed to merge with Ingersoll Rand’s Industrial Segment on April 30, 2019, and will move its headquarters to North Carolina as part of the merger.
Source: Fortune Magazine 2019 Fortune 1000 Companies.

Population

Population has been growing more slowly in the Milwaukee MSA than in the rest of the country (Figure 11). The annual population growth rate from 2001 to 2018 in the Milwaukee MSA was only 0.3 percent, less than one-half of the U.S. population growth rate of 0.8 percent. The weak labor market and net out-migration in the Milwaukee MSA in the early 2000s and the first half of the 2010s contributed to the slow population growth in the Milwaukee MSA.

Figure 11: Population Growth



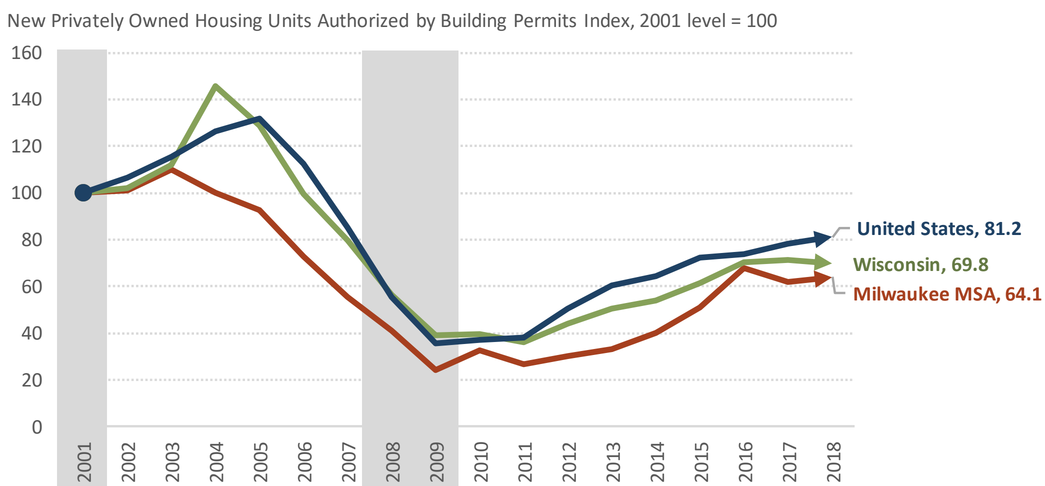
	Compound Annual Growth Rate		
	Milwaukee MSA	Wisconsin	United States
2001-2010	0.4%	0.6%	0.9%
2010-2018	0.2%	0.3%	0.7%
2001-2018	0.3%	0.4%	0.8%

Shaded periods indicate U.S. recessions.
Source: U.S. Bureau of Census.

Housing Market

The housing market crash was one of the causes of the 2008-2009 recession. After the recession ended, continued weakness in the housing market inhibited economic recovery. In 2012, the housing market began to recover in many parts of the country, including the Milwaukee MSA. Figure 12 shows that the number of new privately-owned housing units authorized by building permits has increased since 2012 in the Milwaukee MSA and Wisconsin, and since 2010 in the United States. The trends in the last two years, however, indicate slowing—more so in the Milwaukee MSA. Overall the housing market recovery in the Milwaukee MSA has been lagging national trends.

Figure 12: New Privately Owned Housing Units Authorized by Building Permits



	Compound Annual Growth Rate		
	Milwaukee MSA	Wisconsin	United States
2001-2010	-11.6%	-9.8%	-10.5%
2010-2018	8.7%	7.3%	10.3%
2001-2018	-2.6%	-2.1%	-1.2%

Shaded periods indicate U.S. recessions.
Source: U.S. Census Bureau, Building Permits Survey.

Outlook for the Milwaukee MSA Economy

The Milwaukee MSA economy began 2019 with strong positive momentum, with major developments totaling $5 billion including the new Fiserv Forum sports arena, hotels, a streetcar, and office and residential buildings.[8] In 2019, several other projects are underway in downtown Milwaukee: the redevelopment of the former Grand Avenue Mall into The Avenue, the redevelopment of the Warner Grand Theater complex into The Symphony Center, the construction of the BMO Tower, and the redevelopment of the Harbor District.[9] Other major construction projects in the County include the expansion of the Children's Hospital of Wisconsin in Wauwatosa, a major Amazon distribution facility in Oak Creek and a 19-story hotel addition to the Potawatomi Hotel and Casino.

With major developments in Milwaukee driving growth in Wisconsin's economy, researchers at the University of Wisconsin-Madison Center of Research on the Wisconsin Economy predicts Wisconsin's real GDP to grow 2.4 percent in 2019, with personal income increasing about 2.7

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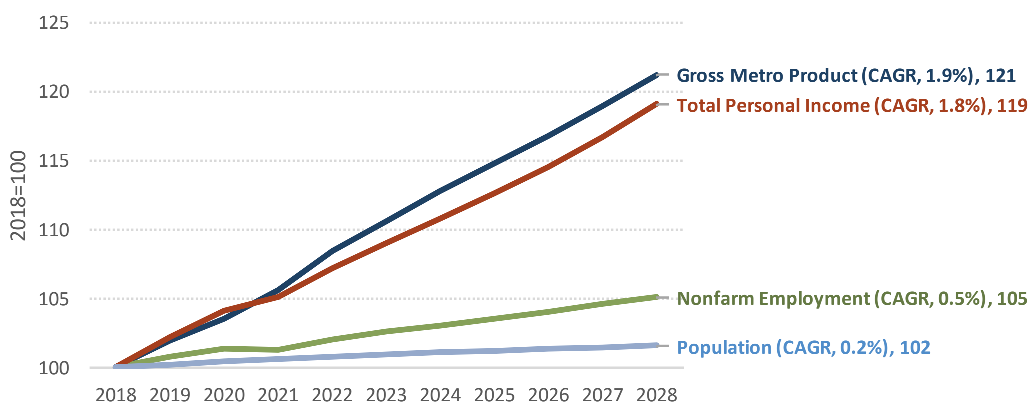
[8] Kate Cripe, "Major Investments Pump New Life Into Milwaukee's Convention District," *Meetings Today*, https://www.meetingstoday.com, accessed on July 5, 2019.
[9] Joy Powers, "5 Developments Coming to Downtown Milwaukee," *WUWM 89.7*, https://www.wuwm.com, January 3, 2019.

percent.[10] Wisconsin's manufacturing sector is also expected to get a boost from Foxconn Technology Group's new plant being built in Mount Pleasant, located just 30 miles south of Milwaukee. The Foxconn plant is anticipated to generate positive economic impact on other parts of Wisconsin, including locating the firm's U.S. headquarters in Milwaukee and partnering with other Wisconsin businesses and the state's universities and trade schools.[11]

Having made progress toward a more balanced economy, the Milwaukee MSA economy has become more closely linked to the national economy. The Milwaukee MSA economy faces risks of slowing if the national economy slows because local businesses depend on the national economy for creating demand for their goods and services. The tight labor market also presents a challenge for the Milwaukee MSA economy, especially amid low population growth, an aging workforce, and net outmigration.

Figure 13 shows the latest economic forecast for the Milwaukee MSA from Moody's Analytics, an independent economic research firm. Over the 10-year forecast period, economic output is forecast to grow 21 percent (1.9 percent annually); personal income, 19 percent (1.8 percent annually); nonfarm employment, 5 percent (0.5 percent annually); and population, 2 percent (0.2 percent annually). As shown in Figure 14, the Milwaukee MSA would continue to grow slower than the nation in all four indicators.

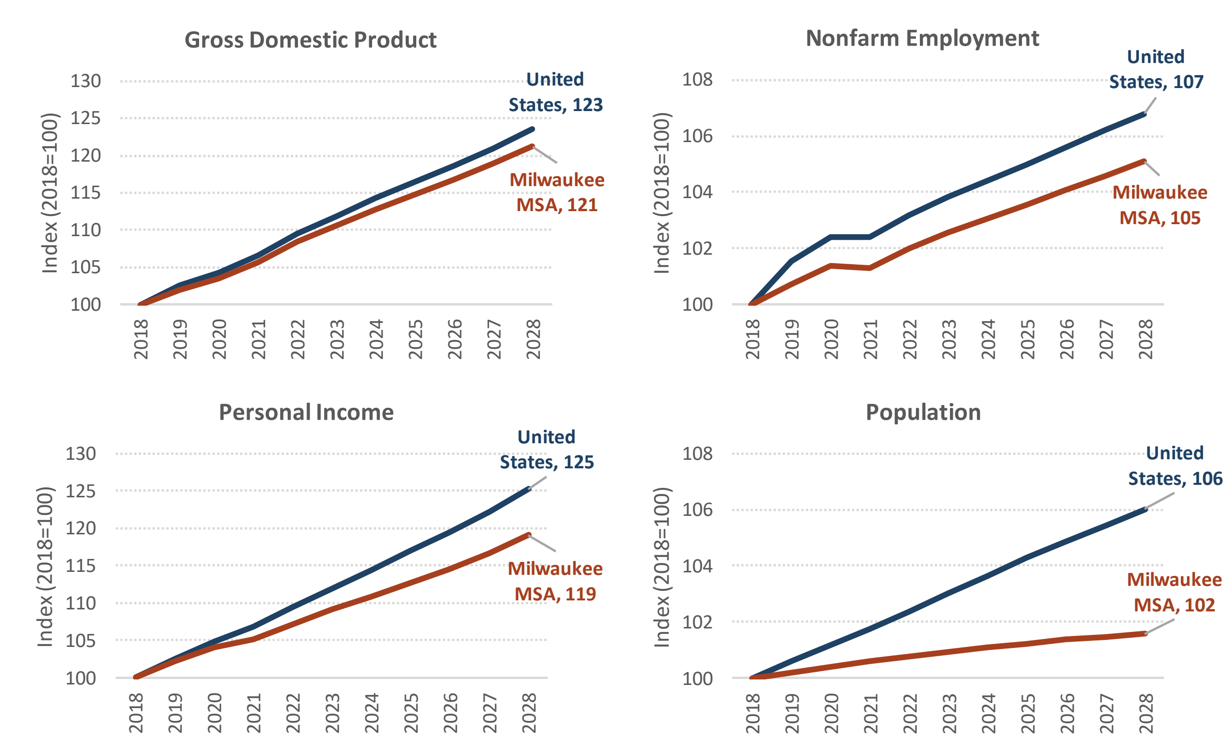
Figure 13: Forecast Growth in Key Socioeconomic Indicators for the Milwaukee MSA



Source: Moody's Analytics, July 2019.

[10] Junjie Guo and Noah Williams, *Forecasting the U.S. and Wisconsin Economies in 2019*, University of Wisconsin-Madison Center for Research On the Wisconsin Economy, January 8, 2019.
[11] Wells Fargo Economics Group, "Michigan vs. Wisconsin: Big Battle in the Big Ten," *Special Commentary*, October 11, 2018.

Figure 14: Comparison of Forecast Growth in Key Socioeconomic Indicators for the Milwaukee MSA and the United States



Source: Moody's Analytics, July 2019.

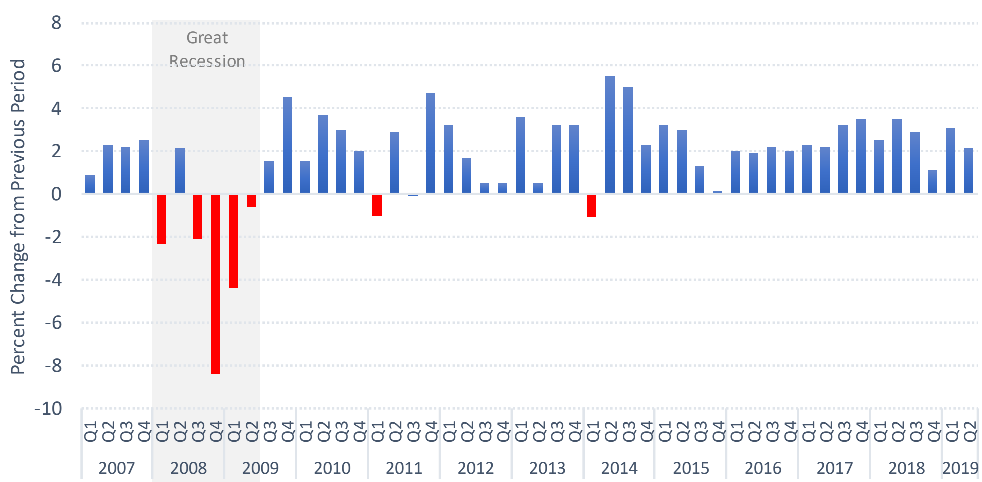
Outlook for the U.S. Economy

The national economy is a major driver of the Milwaukee MSA economy and visitor traffic at MKE. It creates demand for the goods and services produced by the various industries in the Milwaukee MSA, including tourism and air transportation. Continued growth in the U.S. economy is expected to boost growth in the Milwaukee MSA's economy, while a broad economic slowdown or recession is also projected to hamper growth in the Milwaukee MSA's economy.

After years of slow and uneven recovery from the Great Recession, the U.S. economy grew briskly in 2018, boosted by a strong labor market, low unemployment, modest inflation, relatively low levels of consumer debt, strong corporate balance sheets, improving corporate profits, and global economic expansion. The pace of economic growth, however, has begun to slow. The 35-day shutdown of the federal government from December 22, 2018, to January 25, 2019, contributed to the economic slowdown in the first quarter of 2019 by reducing production and weakening consumer and business confidence. The stimulus from the 2018 tax cuts has waned, and persistent uncertainty over the economic and foreign policies of the U.S. administration continues to dampen business investment spending. In particular, U.S. trade protectionist policies have sparked a trade war with China, stoking recession fears and causing turbulence in the financial markets.[12, 13] In various parts of the world, geopolitical tensions are rising, threatening to stall the global economy.[14]

Figure 15 shows annualized seasonally adjusted percent changes in quarterly U.S. real GDP from the first quarter of 2007 to the second quarter of 2019. Since the beginning of the current economic expansion in the third quarter of 2009, quarterly real GDP growth has averaged 2.3 percent—lower than the average growth rates in previous economic expansions. In 2019, the U.S. real GDP has so far grown at annualized rates of 3.1 percent in the first quarter and 2 percent in the second quarter. The slow growth is likely contributing to the longevity of the current economic expansion, now on its 41st quarter.

Figure 15: Percent Change from Previous Period in U.S. Real GDP, 1st Quarter 2007-2nd Quarter 2019



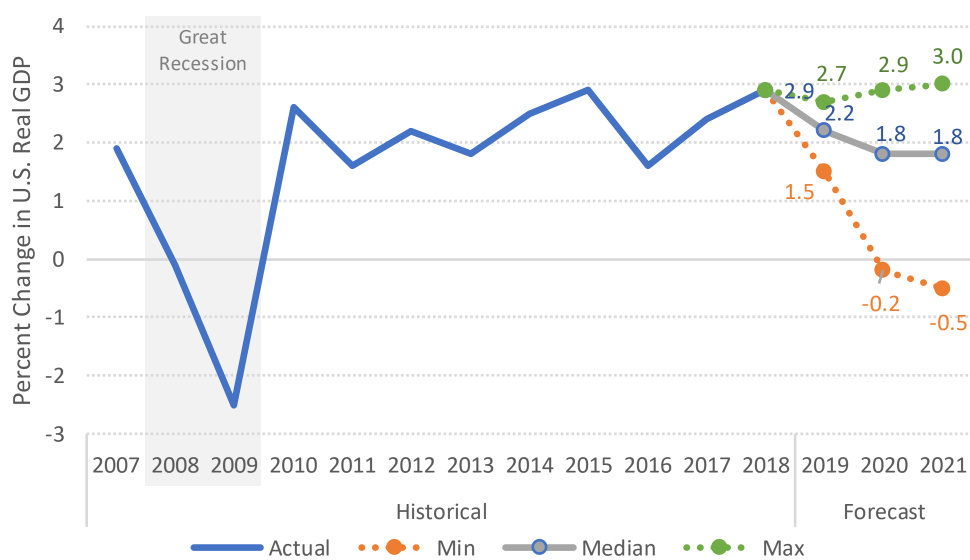
Source: U.S. Bureau of Economic Analysis.

The economic fundamentals remain strong, as hiring continues and the unemployment rate continues to fall. Consumer spending, which accounts for more than two-thirds of U.S. GDP, continues to grow at a healthy pace, and inflation remains low. In July 2019, the U.S. economy surpassed its 1990s' record 10-year expansion. The current economic expansion is expected to continue at least through the remainder of 2019, but the pace of growth is expected to slow. Figure 16 shows the range of economic growth forecasts from the Wall Street Journal ("WSJ") August 2019 Economic Forecasting Survey of more than 60 economists. The survey provides median predictions for U.S. real GDP growth of 2.2 percent in 2019, 1.8 percent in 2020, and 1.8 percent in 2021. Figure

[12] Matt Phillips, "Stock Markets Slide as Bonds Signal Rising Concern About Growth," *The New York Times*, August 14, 2019.
[13] Corrie Driebusch, Britton O'Daly and Paul J. Davies, "U.S. Stocks Drop as Treasurys Flash Warning Signal," *Wall Street Journal*, August 14, 2019.
[14] Neil Irwin, "Global Economic Trouble is Brewing, and the Trade War is Only Part of It," *The New York Times*, August 14, 2019.

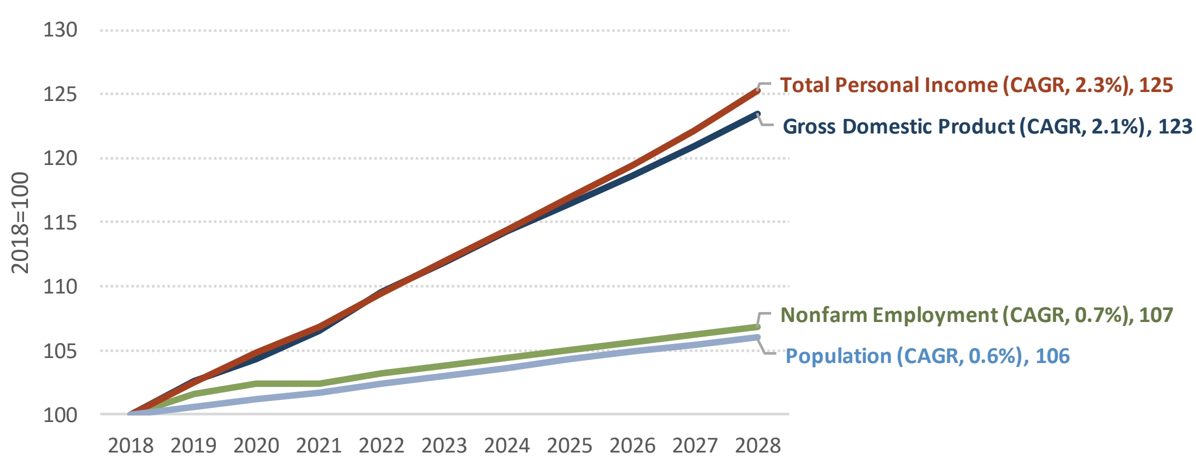
17 shows Moody's Analytics' 10-year forecasts for four key socioeconomic indicators for the United States. Moody's Analytics growth forecasts for U.S. real GDP are above the WSJ survey median for 2019 and 2021 and below the WSJ survey median for 2020. For the 10-year period through 2028, Moody's Analytics forecasts average annual growth rates of 2.1 percent for U.S. real GDP, 2.3 percent for U.S. total personal income, 0.7 percent of U.S. nonfarm employment, and 0.6 percent for U.S. population.

Figure 16: U.S. Economic Growth Forecasts from The Wall Street Journal Economic Forecasting Survey



Sources: U.S. Bureau of Economic Analysis for historical data, and the Wall Street Journal August 2019 Economic Forecasting Survey for forecasts.

Figure 17: Moody's Analytics' Forecasts of Key Socioeconomic Indicators for the United States



Source: Moody's Analytics, July 2019.

An indication of growing recession fears, estimates of the probability of the U.S. economy going into a recession over the next 12 months have been rising in recent months. In the WSJ August 2019 economic forecasting survey, the recession probability estimates ranged from 10 to 65 percent with a median probability estimate of 35 percent, a 5 percentage point increase from the median estimate in the previous month's survey and a marked increase from median estimates of less than 20 percent prior to December 2018. In the WSJ June 2019 survey, economists were asked to predict the start of the next recession. Forty-nine percent predicted 2021, 37 percent predicted 2020, only 5 percent predicted 2019, and the remaining 9 percent predicted after 2021. A number of factors pose risks to the U.S. economy, many of them arising from government economic policy interventions:

- U.S.-China trade war and threat of a currency war
- Overall trade protectionist stance of the current U.S. administration
- Tariff-induced price increases on productive inputs and consumer goods
- Stock market volatility
- Slowing global economy
- Tightening labor market
- Rising U.S. government debt
- U.S. immigration policy issues
- Deep partisan divisions that give rise to political uncertainty and gridlock

Challenges Faced by the U.S. Aviation Industry

Today the U.S. aviation industry is enjoying the benefits of the U.S. economic recovery and long-lasting expansion. Traffic is growing, airlines are earning healthy profits, and airlines are restoring capacity at most airports, including MKE. But the last decade presented the U.S. aviation industry with many challenges, the effects of which still linger today. Within the country, the industry weathered two U.S. economic recessions, terrorist attacks, record increases in fuel prices, and natural disasters. Abroad, disease outbreaks, wars, and civil unrest hampered international travel.

The long-running U.S. economic expansion in the 1990s ended with the 2001 recession that lasted from March through November 2001. While the U.S. economy was in recession, the United States and its aviation industry faced terrorist attacks on September 11, 2001. Air travel demand, already weak from the recession, plummeted. These developments prompted structural changes in travel behavior and airline business practices.

Meanwhile, fuel prices more than quadrupled from 2002 to 2008, and remained near record high levels until mid-2014. In 2008, the U.S. economy entered another recession lasting through June 2009. The Great Recession spread globally and weakened demand for passenger and cargo air services. Mounting financial difficulties in the airline industry led to bankruptcies, business restructuring, and a wave of consolidation that left four major airlines controlling 80 percent of the U.S. domestic passenger traffic.

Airlines responded to rising fuel prices and the declining economy with cuts in domestic seat capacity, increases in load factors, retirement of old aircraft, fleet reconfiguration, route transfers between mainline and regional service, route network changes, pricing changes, and various other measures to cut costs, improve operational efficiency, and increase revenues. In 2010, the U.S. airline industry as a whole began earning profits. In late 2014, jet fuel prices began falling along with world oil prices, returning to mid-2000s' levels. Although fuel prices have since risen, they remain well below the record-high levels reached in the second half of the 2000s and in the early 2010s.

Today relatively low fuel costs and strong demand for air travel continue to boost airline profits. U.S. airlines have been renewing their fleets and increasing flight and seat offerings—this time more cautiously and strategically, making sure that load factors do not fall. Ancillary fees for checked baggage, premium seats, preferential boarding, and on-board food and services have contributed to growth in airline revenues and profits, while adding to the total price consumers pay for air travel. Despite these ancillary charges, the demand for air travel continues to grow, driven by the strength of the U.S. economy.

The industry faced new challenges in 2019. The year began with another federal government shutdown, which began on December 21, 2018, and lasted through January 25—a drag on the U.S. economy and air travel demand. In late January, a severe cold wave hit the Midwestern United States, causing thousands of flight cancellations at airports across the Midwest including MKE. Labor disputes caused disruptions in Southwest Airlines' operations in February and in American Airlines' operations between February and May.

Effective March 13, the Boeing 737 MAX aircraft was grounded three days after the crash of an Ethiopian Airlines' Boeing 737 MAX 8 aircraft. The grounding of the Boeing 737 MAX aircraft has forced airlines that operate the aircraft to cut back on scheduled capacity growth for the remainder of the year, causing decreases in scheduled flights and seats at certain airports including MKE. Three U.S. airlines have Boeing 737 MAX aircraft in their fleets: Southwest has 34 and had expected delivery of another 44 this year, American has 24, and United has 14.[15] At MKE, Southwest is the largest carrier with a 42 percent share of enplanements in 2018, American is the third largest carrier with a 12 percent share, and United is the fourth largest carrier with a 9 percent share. As of the date of this Letter, there is no indication as to when the grounding might be lifted. The Federal

[15] Amie Tsang, "Southwest Airlines to Leave Newark Airport as Toll of 737 Max Grounding Grows," *The New York Times*, July 25, 2019.

Aviation Administration ("FAA") has not set a timetable for the re-certification of the aircraft for operation.[16]

Historical Aviation Activity

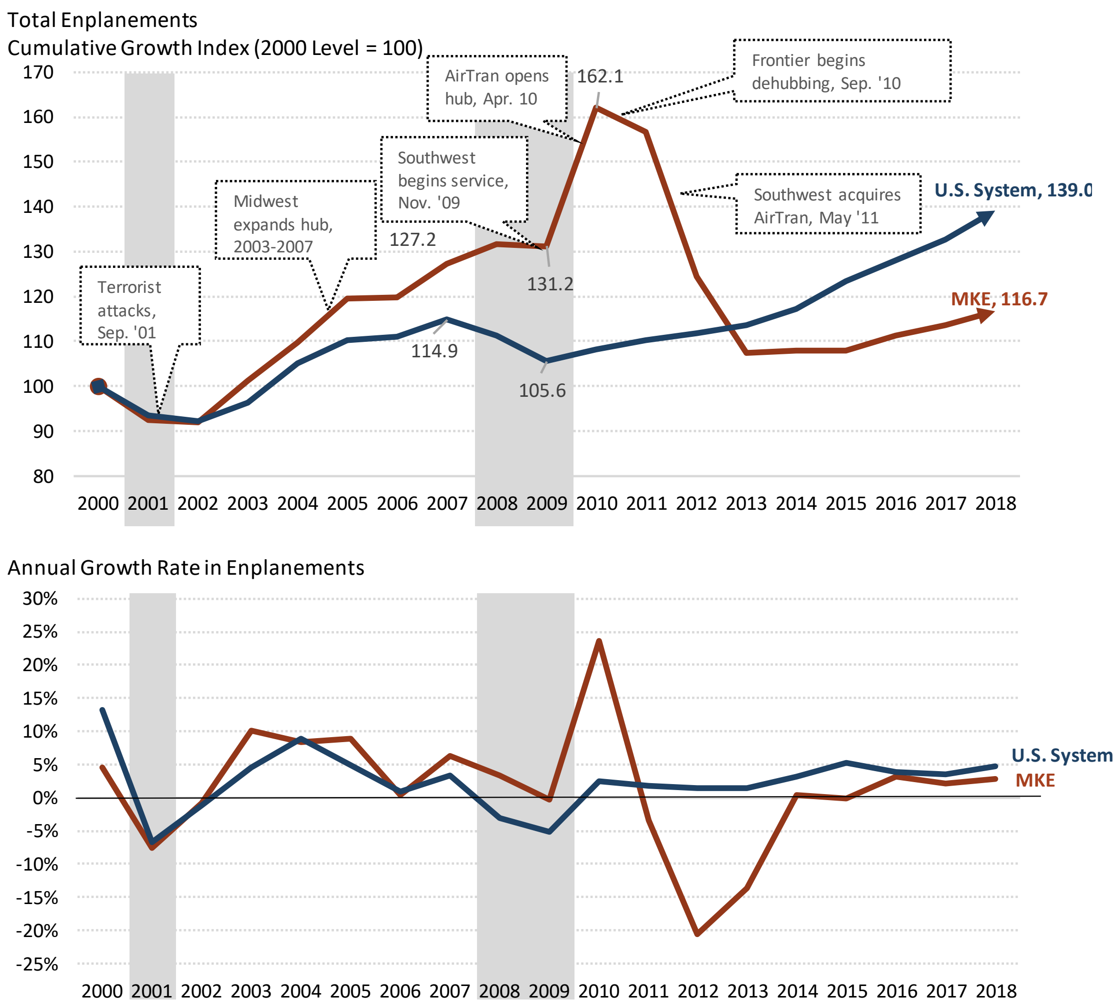
MKE weathered the challenging business environment of the 2000s better than most airports (Figure 18). The expansion of a network hub by Midwest, the creation of a network hub by AirTran, the entry of Southwest, and the overall expansion of Low Cost Carrier ("LCC") service caused MKE's passenger traffic to grow significantly above the U.S. system average growth rate. Connecting traffic soared, taking a share of nearly 22 percent when total enplanements were at their peak level in 2010. O&D traffic also grew, as intense competition among AirTran (prior to its acquisition by Southwest), Frontier and Southwest lowered airfares at MKE and attracted O&D passengers from the Chicago market. From 2000 to 2010, MKE's enplanements increased 62.1 percent, while U.S. system enplanements increased only 8.3 percent.

The high growth in enplanements, spurred by hub expansion and intense fare competition among the LCCs, proved unsustainable. In September 2010, struggling to improve its financial results, Frontier began to cut the hub operations it took over from Midwest.[17] In May 2011, Southwest acquired AirTran. Southwest retained service to nearly all of AirTran's large markets, but eliminated all commuter connections because it does not operate a hub and spoke network. Dealing with generally weak travel demand following the Great Recession and high fuel costs, other airlines also reduced flights at MKE—and at many other small and medium hub airports—as they streamlined system capacities. These developments caused MKE's enplanements to fall sharply in 2012 and 2013 from the very high levels reached in 2010 and 2011. From 2010 to 2013, MKE's enplanements decreased 33.7 percent to 3.27 million, bringing enplanements back to the levels reached prior to the Midwest hub expansion. The decrease in MKE enplanements, however, was largely in connecting traffic, rather than O&D traffic.

[16] Andy Pasztor, Alison Sider and Andrew Tangel, "Boeing 737 MAX Grounding Could Stretch Into 2020," *Wall Street Journal*, July 14, 2019.

[17] Republic Airways Holdings, Inc. acquired both Frontier and Midwest in 2009, and merged them into a single airline, Frontier, in 2010. In October 2013, Frontier was sold to Indigo Partners.

Figure 18: MKE and U.S. System Passenger Traffic Growth Trends



Shaded periods indicate U.S. recessions.
Sources: Airport records for MKE enplanements and U.S. Bureau of Transportation Statistics for U.S. system. enplanements. U.S. system enplanements include scheduled revenue passenger enplanements by U.S. and foreign-flag carriers at all U.S. airports.

In 2015, airlines began to increase scheduled service at MKE, and enplanements began to increase—slowly but steadily. By 2018, annual enplanements had increased to 3.55 million, 8.6 percent above their lowest level reached in 2013.

MKE enjoyed strong enplanement growth throughout most of 2018 (Figure 19). Growth decelerated in November 2018. Year-over-year decreases began in December 2018 and persisted through June 2019. In 2019, enplanements through June indicate a year-over-year decrease of 3.8 percent. The year-over-year decreases in enplanements in May and June are much smaller compared to decreases before April—an indication of an improving trend. The off-trend results in

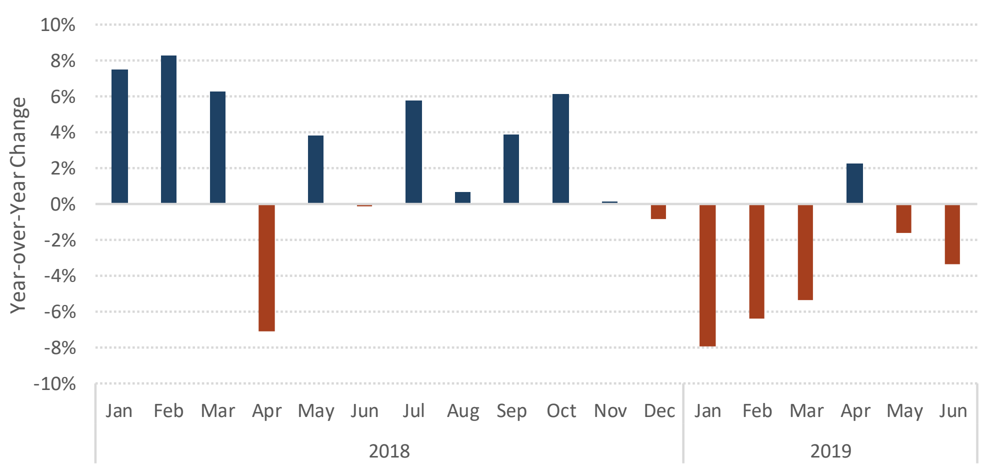
April 2018 and April 2019 are explained by the timing of the Easter break, which occurred in April in 2017, in March in 2018, and then back to April in 2019.

One-off events such as the 35-day federal government shutdown, the severe cold wave, and labor tensions that caused operational disruptions at Southwest Airlines and American Airlines likely contributed to the year-over-year decreases in enplanements in December 2018 and the early part of 2019. But during this period, MKE also recorded year-over-year decreases in scheduled seats, as shown later. The grounding of the Boeing 737 MAX aircraft likely contributed to decreases in scheduled seats after March, specifically by Southwest Airlines and American Airlines, the two U.S. airlines with the largest number of 737 Max aircraft in their fleets.

Figure 20 shows the year-over-year changes in enplanements by airline for the January-June period. Southwest and Frontier posted the largest decreases in enplanements. These two airlines are also largely responsible for the year-over-year decreases in scheduled seats at MKE. Delta, Alaska, and United posted year-over-year increases in enplanements that helped mitigate decreases posted by the other airlines.

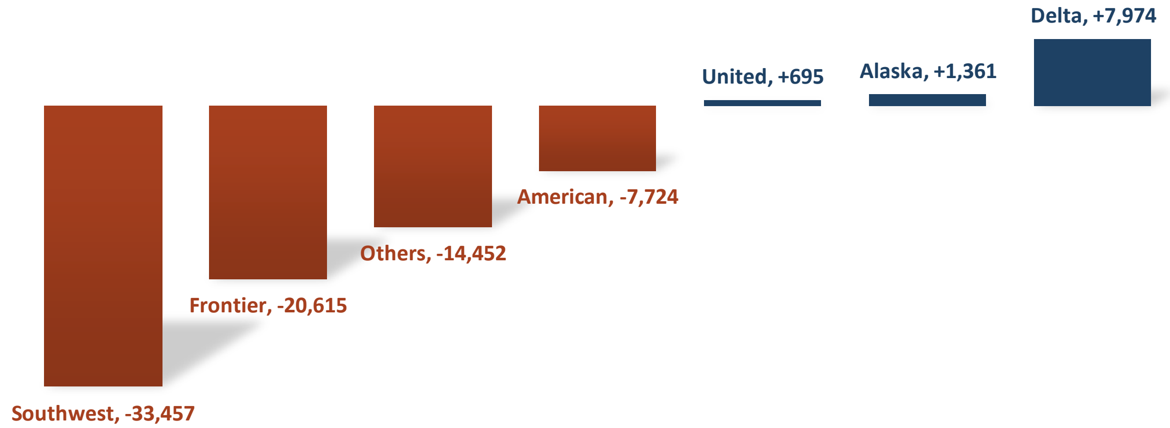
MKE has experienced some cancellations of Southwest flights following the grounding of the Boeing 737 MAX aircraft. Airport management does not view these flight cancellations as permanent schedule reductions and remains optimistic that Southwest's schedules and enplanements at MKE will rebound once the 737 MAX aircraft are returned to service.

Figure 19: MKE Monthly Enplanement Trends



Source: Airport records.

Figure 20: Year-Over-Year Change in Enplanements, January-June 2019

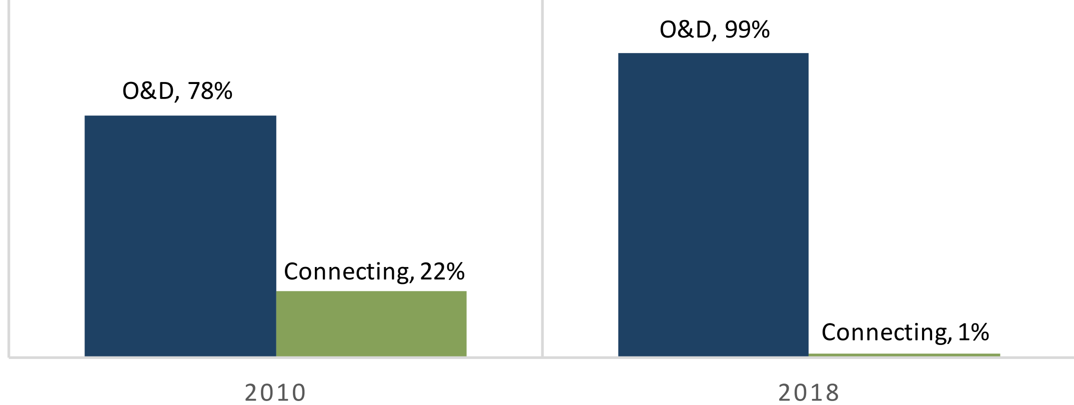


Source: Airport records.

O&D and Connecting Traffic

The closing of the Frontier and AirTran connecting hubs eliminated nearly all connecting traffic, leaving MKE with largely O&D traffic—a more stable traffic base (Figure 21). The O&D traffic share increased from its lowest level of 78 percent in 2010 to 99 percent in 2019, making MKE less vulnerable to sharp declines in traffic caused by changes in individual airlines' financial conditions, business models and network strategies. O&D traffic arises from market demand and generally follows growth trends in both the local economy and the national economy.

Figure 21: MKE O&D and Connecting Traffic Shares, 2010 and 2018



Source: Airport records.

Top O&D Markets

Table 3 lists MKE's top 20 O&D airport markets in 2018, all of them in the United States—domestic traffic accounts for nearly all of MKE's passenger traffic. These 20 airports account for 63 percent of MKE's passenger traffic. All of them have nonstop service from MKE. The top three O&D airport markets are Orlando International Airport, Denver International Airport, and Phoenix Sky Harbor International Airport.

Table 3: MKE's Top O&D Markets in 2018

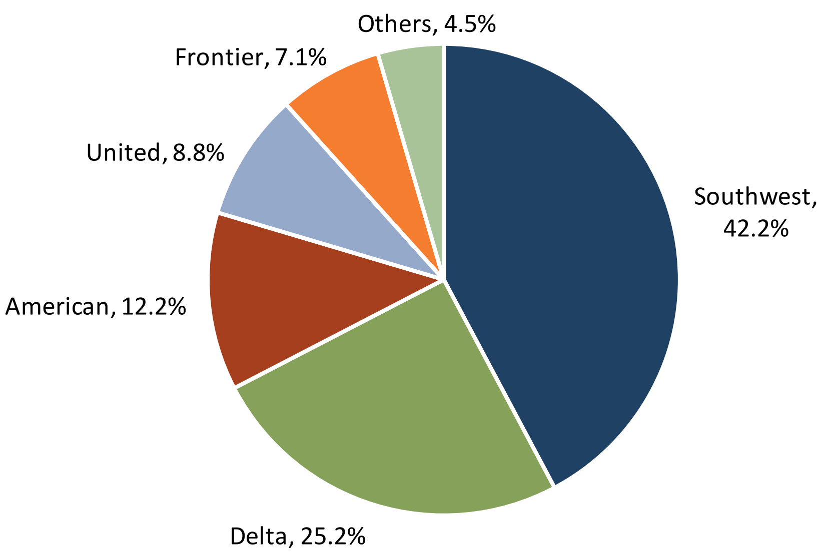
	Airport		Share of MKE	Avg. Daily Nonstop Service		Largest
Rank	**Name**	**Code**	**O&D Passengers**	**Departures**	**Seats**	**Nonstop Carrier**
1	Orlando Int'l	MCO	6.7%	3.8	637	Southwest
2	Denver Int'l	DEN	5.5%	6.2	855	Southwest
3	Phoenix Sky Harbor Int'l	PHX	5.3%	4.3	638	Southwest
4	La Guardia (New York)	LGA	4.7%	6.1	586	Delta
5	McCarran Int'l (Las Vegas)	LAS	4.5%	3.2	512	Southwest
6	Hartsfield-Jackson Atlanta Int'l	ATL	4.2%	8.7	1,359	Delta
7	Tampa Int'l	TPA	3.2%	1.6	251	Southwest
8	Southwest Florida Int'l	RSW	2.9%	1.3	231	Southwest
9	Dallas-Fort Worth Int'l	DFW	2.6%	3.6	464	American
10	Ronald Reagan Washington National	DCA	2.6%	1.9	281	Southwest
11	General Edward Lawrence Logan Int'l (Boston)	BOS	2.5%	3.0	332	Southwest
12	Los Angeles Int'l	LAX	2.5%	1.0	143	Southwest
13	Seattle-Tacoma Int'l	SEA	2.4%	2.3	294	Alaska
14	Minneapolis-St. Paul Int'l	MSP	2.4%	5.3	810	Delta
15	Nashville Int'l	BNA	2.3%	1.9	280	Southwest
16	Baltimore/Washington Int'l Thurgood Marshall	BWI	2.1%	2.6	391	Southwest
17	Fort Lauderdale/Hollywood Int'l	FLL	1.8%	0.7	112	Southwest
18	San Diego Int'l	SAN	1.6%	0.3	67	Frontier
19	Cleveland Hopkins Int'l	CLE	1.6%	2.5	293	Southwest
20	Philadelphia Int'l	PHL	1.6%	4.2	261	American
	Top 20 Subtotal		**63.2%**	**64**	**8,795**	
	All Other Airports		**36.8%**	**40**	**3,112**	
	Total MKE		**100.0%**	**104**	**11,907**	

Sources: Unison's calculations using data from the U.S. Department of Transportation 10% Airline Ticket Survey and published airline schedules accessed through OAG Schedules Analyzer. Ranking is based on share of MKE O&D passengers. The number of daily nonstop departures equals annual scheduled nonstop departures divided by 365.

Airline Base

MKE has a broad base of airlines, with the four major U.S. airlines accounting for 88 percent of enplanements in 2018 (Figure 22). Southwest accounted for 42.2 percent; Delta, 25.2 percent; American, 12.2 percent; and United, 8.8 percent. Frontier accounted for 7.1 percent of enplanements in 2018, while Alaska Airlines and other smaller airlines accounted for the remaining 4.5 percent. LCCs including Southwest, Frontier, Allegiant, and Sun Country accounted for 51 percent of enplanements in 2018.

Figure 22: Airline Shares of MKE Enplanements in 2018



Source: Airport records.

Since 2018, two airlines have ended scheduled service from MKE: OneJet, which operated its last flight from MKE in June 2018, and Allegiant, which operated its last flight from MKE in August 2019. OneJet went bankrupt and ceased all operations. Allegiant ended service at MKE to move its airplanes and crew to markets where it faces less competition and potentially higher margins. These two airlines accounted for very small shares of MKE's total enplanements: OneJet, 0.1 percent; and Allegiant, 1.3 percent in 2018.

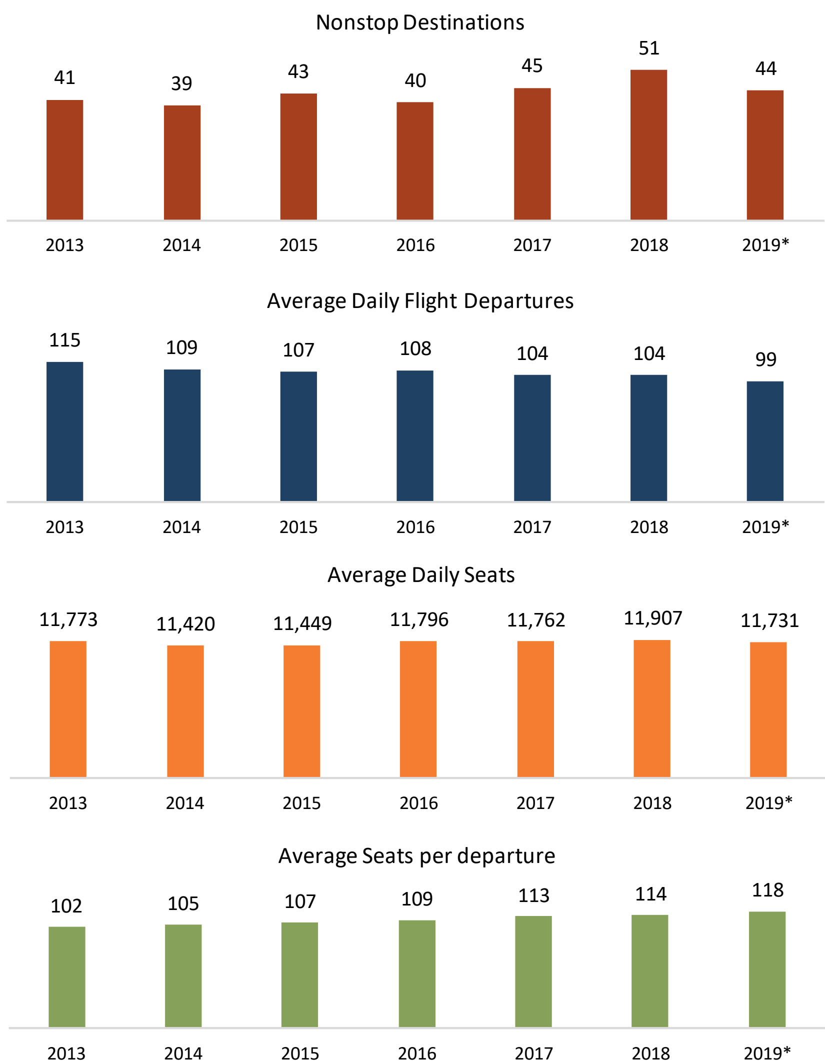
In August 2019, Midwest Express, MKE's former hub carrier, announced it will officially fly again by 2020, operating from MKE to serve three nonstop destinations: Omaha, Cincinnati, and Grand Rapids.[18] The new Midwest Express service has the potential to replace the passenger traffic lost from the departure of OneJet and Allegiant.

[18] Joe Petri, "Midwest Express Announces Its First Destinations," *Aviation Pros*, August 28, 2019.

Scheduled Airline Service

Figure 23 shows the annual trends in scheduled airline service at MKE from 2013 to 2019. Airline service measures for 2019 reflect actual schedules through August and advanced schedules through December. After reaching record high levels in 2010, scheduled capacity—nonstop destinations, flight frequencies and seats—began to decrease in 2011, due largely to the closing of Frontier's hub and AirTran's hub and the system-wide capacity cuts implemented by airlines following the Great Recession.

Figure 23: Trends in Scheduled Passenger Service at MKE - All Airlines, CY2013-2019



Source: Unison's calculations using data from published airline schedules accessed through OAG Schedules Analyzer. The average numbers of daily departures and seats are calculated by dividing scheduled departures and seats for the entire year by 365 days.
* Based on actual schedules through August and advanced schedules through December.

Over the period from 2013 to 2019, the number of nonstop destinations served from MKE reached the highest level at 51 in 2018. The number decreased to 44 in 2019. Many of the destinations dropped in 2019 received very little seasonal service to begin with. Two were destinations served only by OneJet, which ceased all operations in 2018 due to bankruptcy, and three were destinations served by United Airlines with only one or two flights for the entire year in 2018. Table 4 lists the nonstop airport destinations served from MKE and the total scheduled seats to each destination in 2017, 2018 and 2019. Blue cells flag new destinations served, while red cells flag destinations dropped during the year in 2018 and 2019.

Of the seven new nonstop destinations in 2018, one, Houston's William P. Hobby Airport (HOU), continues to be served in 2019 by Southwest Airlines. The 2019 schedules show an increase in scheduled seats from MKE to HOU.

While scheduled flight departures show a clearly decreasing trend from 2013 to 2019, scheduled seats have been fairly steady by comparison, showing relatively small adjustments, up and down, from year to year. Scheduled seats also reached their highest level in 2018 over the sample period, and show less than a 2 percent decrease from 2018 to 2019.

The average number of seats per flight departure increased steadily, from 102 in 2013 to 118 in 2019. The trends indicate that airlines cut schedules by dropping destinations and operating fewer flights using aircraft with more seating capacity.

Low-cost carriers—Southwest, Frontier, and Mexican carrier Volaris—account for a combined share of 49 percent of scheduled seats at MKE in 2019.

Table 4: MKE Nonstop Airport Destinations and Scheduled Seats

Airport Code	2017	2018	2019
ATL	527,769	495,937	500,210
AUS	0	17,100	0
AZA	2,028	5,628	3,363
BFI	0	179	0
BIF	0	332	0
BNA	16,302	102,037	101,868
BOS	120,903	121,268	93,237
BWI	133,521	142,864	146,509
CLE	43,757	106,863	81,992
CLT	118,116	123,841	126,310
CMH	532	1,330	0
CPS	345	0	0
CUN	7,462	3,017	5,026
CVG	15,120	14,802	648
DAL	54,979	9,470	53,385
DCA	98,098	102,475	101,867
DEN	336,966	311,991	329,822
DFW	180,214	169,429	184,619
DTW	212,490	205,170	221,371
EWR	57,964	64,995	73,424
FLL	35,940	40,965	29,081
GDL	13,604	11,277	7,697
HOU	0	46,757	56,003
IAD	166	179	537
IAH	33,320	46,450	56,515
JAX	0	2,700	0
LAS	229,985	186,729	180,484
LAX	53,869	52,053	52,946
LGA	241,976	213,743	207,306
MCI	93,807	88,608	91,334
MCO	258,474	232,613	228,463
MIA	16,172	17,626	166
MKC	0	166	0
MSP	364,293	295,658	292,434
OMA	532	882	0
ORD	277,178	245,166	236,115
PDX	6,232	5,548	0
PGD	4,248	12,744	5,310
PHL	86,350	95,083	80,272
PHX	243,844	232,951	237,676
PIE	4,071	16,650	6,627
PIT	3,096	1,666	332
RDU	0	17,100	8,328
RSW	68,267	84,361	90,543
SAN	37,445	24,417	7,303
SEA	65,759	107,345	94,006
SFB	2,490	12,562	7,212
SFO	36,095	9,209	9,808
SLC	608	27,316	36,072
SNA	0	0	166
STL	60,219	96,410	99,176
TPA	98,762	91,559	106,197
YYZ	29,616	30,800	30,300
Grand Total	**4,292,984**	**4,346,071**	**4,282,060**
# of airports with seats>0	**45**	**51**	**44**

New destination (blue)
Dropped destination (red)

Source: OAG Schedules Analyzer, published airline schedules posted on August 12, 2019. The list excludes one airport that was served with only 50 seats for the entire year in 2018.

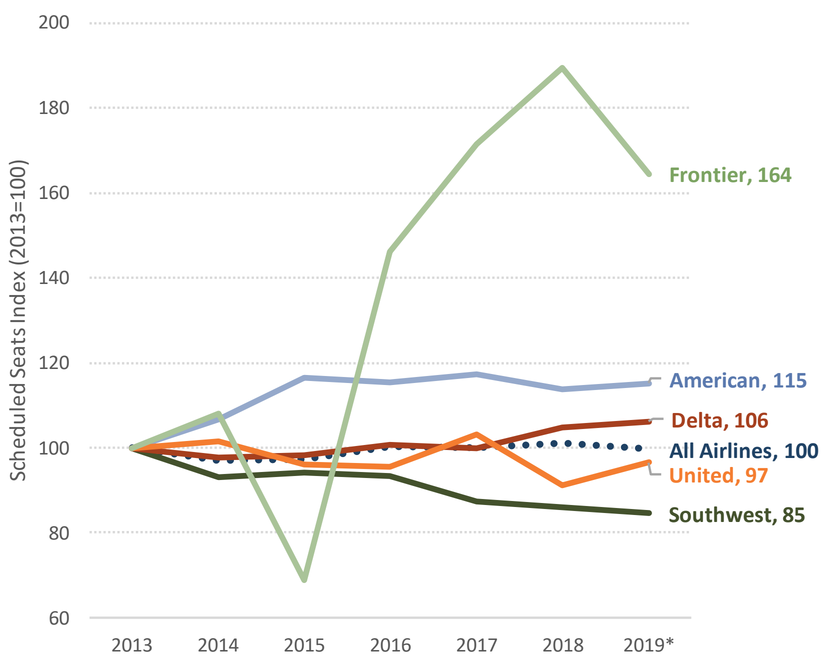
Table 5 shows the air service trends from 2013 through 2019 for all airlines and for five individual airlines (Southwest, Delta, American, United, and Frontier). These five airlines are MKE's top carriers by share of 2018 enplanements, as shown on Figure 22. Figure 24 shows the growth trends in scheduled seats—the most important measure of air service capacity—at MKE for each of the five airlines. Figure 24 also shows the growth trend in total scheduled seats (all airlines) at MKE as reference. Total scheduled seats stayed flat between 2013 and 2019.

Table 5: Scheduled Passenger Service at MKE - All Airlines and Southwest, Delta, American, United, and Frontier Airlines, CY2013-2019

Airline and Service Measure	2013	2014	2015	2016	2017	2018	2019*
All Airlines							
Number of Nonstop Destinations	41	39	43	40	45	51	44
Average Daily Departures	115	109	107	108	104	104	99
Average Daily Departure Seats	11,773	11,420	11,449	11,796	11,762	11,907	11,731
Southwest (including AirTran prior to integration)							
Number of Nonstop Destinations	20	20	24	24	23	22	23
Average Daily Departures	44	40	38	38	35	34	33
Average Daily Departure Seats	5,944	5,525	5,602	5,541	5,190	5,104	5,030
Delta							
Number of Nonstop Destinations	10	7	8	8	10	10	9
Average Daily Departures	26	24	24	25	25	26	25
Average Daily Departure Seats	2,944	2,878	2,892	2,963	2,940	3,085	3,126
American (including US Airways prior to integration)							
Number of Nonstop Destinations	5	5	5	5	5	5	5
Average Daily Departures	19	19	19	20	19	18	17
Average Daily Departure Seats	1,278	1,364	1,489	1,473	1,500	1,454	1,471
United (including Continental)							
Number of Nonstop Destinations	21	20	18	19	10	9	6
Average Daily Departures	21	21	20	19	16	17	16
Average Daily Departure Seats	1,090	1,106	1,046	1,041	1,124	995	1,053
Frontier							
Number of Nonstop Destinations	4	4	9	8	9	12	9
Average Daily Departures	3	3	2	4	4	4	4
Average Daily Departure Seats	435	470	299	635	746	824	715

Source: Unison's calculations using data from published airline schedules accessed through OAG Schedules Analyzer. The average numbers of daily departures and seats are calculated by dividing scheduled departures and seats for the entire year by 365 days. All figures are calculated for the calendar year.
* Based on actual schedules through August and advanced schedules through December.

Figure 24: Cumulative Growth in Scheduled Seats at MKE from 2013



Source: Unison's calculations using published airline schedules accessed through OAG Schedules Analyzer.
* Based on actual schedules through August and advanced schedules through December.

Frontier, American, and Delta show overall increases in scheduled seats at MKE from 2013 through 2019, with Frontier posting the largest proportional increase (+64 percent). Frontier, however, decreased its scheduled seats at MKE in 2019 by 13 percent over the 2018 schedule, amid a 15 percent increase in its total scheduled seats systemwide. Frontier is launching new and expanded service at other airports and, in the process, it is shifting resources away from certain airports like MKE. In the case of American and Delta, the expansion in their scheduled seat capacity at MKE is modest relative to their overall system capacity growth in the U.S. market. In 2019, American's scheduled seats at MKE show a year-over-year increase of 1.1 percent, compared with a 5.1 percent increase in American's domestic seats nationwide. Delta's scheduled seats at MKE show a year-over-year increase of 1.3 percent, compared with a 4.3 percent increase in Delta's domestic seats nationwide.

Delta has been consistent in growing scheduled seats at MKE, catering to key business markets from Milwaukee. Responding to strong demand from Milwaukee's large businesses, Delta has been upgauging aircraft and adding routes from the Airport.

In contrast, Southwest and United show overall decreases in scheduled seats at MKE, with Southwest posting the larger proportional decrease (-15 percent). United shows a turnaround in 2019. Its scheduled seats at MKE increased 5.8 percent from 2018 to 2019, compared with a systemwide increase in domestic seats of 3.3 percent. United's scheduled seats at MKE for 2019 are still 3 percent less than their level in 2013.

Below we provide a more detailed analysis of the trends in Southwest's scheduled seat capacity at MKE and systemwide. Southwest is MKE's largest carrier. It is also the U.S. carrier with the largest number of Boeing 737 MAX aircraft in its fleet and has the most to lose from the grounding of the aircraft.

Southwest Airlines

While the number of Southwest's nonstop airport destinations from MKE increased from 20 in 2013 to 23 in 2019, its number of scheduled flights and seats decreased steadily. Meanwhile Southwest has been increasing the total number of airports it serves, the total number of flights it operates, and the total number of scheduled seats it offers systemwide. Southwest's capacity growth has not been uniform across all of the airports it serves. From 2014 to 2019, Southwest's total scheduled seats systemwide increased 25 percent, while Southwest's scheduled seats at MKE decreased 9 percent.

The grounding of the Boeing 737 MAX does not appear to have had a significant impact on Southwest's schedules at MKE in 2019. To isolate the effect of the grounding of the Boeing 737 MAX, Table 6 compares Southwest Airlines' scheduled seats at MKE for the months of April through September 2019 before the grounding (using schedules posted as of March 11, 2019) and after the grounding (using schedules posted as of August 12, 2019). Southwest's scheduled seats at MKE for the six-month period decreased 2 percent, less than the 3 percent decrease in Southwest's total scheduled seats systemwide for the same period.

Table 6 also shows that, if the Boeing 737 MAX had not been grounded, Southwest's scheduled seats at MKE for the six-month period from April through September 2019 would have decreased 2.7 percent over the same period in 2018, instead of decreasing 4.7 percent.

Table 6: Comparison of Scheduled Seats by Southwest Airlines Before and After the Boeing 737 MAX Grounding

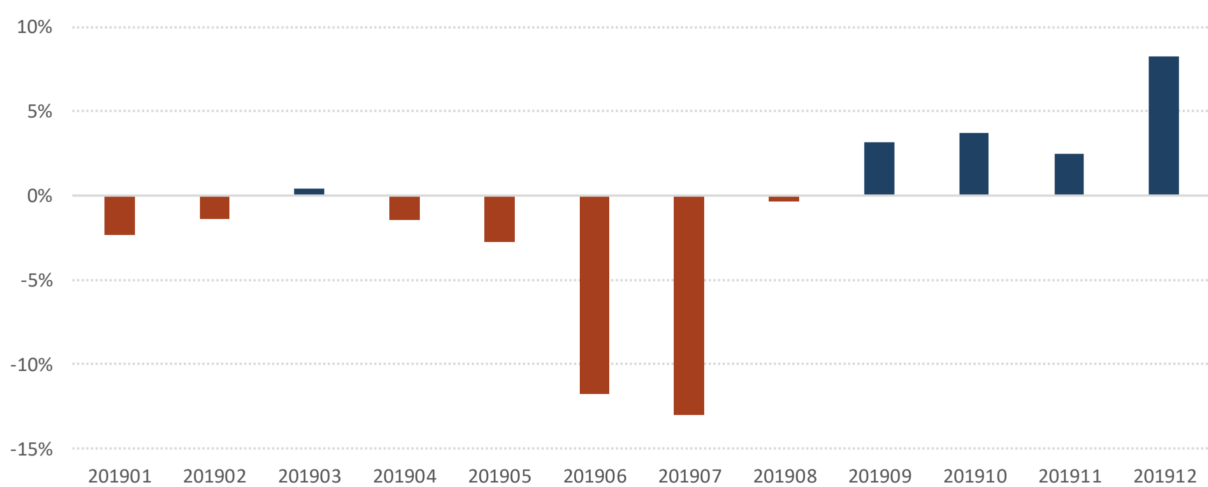
	Apr-2019	May-2019	Jun-2019	Jul-2019	Aug-2019	Sep-2019	Six-Month Period
Scheduled seats departing from MKE							
Based on published schedules after the B737 MAX grounding[1]	158,056	150,913	141,209	146,355	146,964	138,670	**882,167**
Based on published schedules before the B737 MAX grounding[2]	158,993	152,343	146,926	152,902	148,799	140,588	**900,551**
Difference at MKE	**-937**	**-1,430**	**-5,717**	**-6,547**	**-1,835**	**-1,918**	**-18,384**
Percent difference at MKE	**-0.6%**	**-0.9%**	**-3.9%**	**-4.3%**	**-1.2%**	**-1.4%**	**-2.0%**
Compare with cuts in Southwest's total scheduled seats systemwide	**-2.3%**	**-2.3%**	**-3.7%**	**-3.7%**	**-2.8%**	**-3.4%**	**-3.0%**
Year-over-year change in scheduled seats departing from MKE							
Based on published schedules after the B737 MAX grounding[1]	-1.5%	-2.8%	-11.7%	-13.0%	-0.4%	3.2%	-4.7%
Based on published schedules before the B737 MAX grounding[2]	-0.9%	-1.9%	-8.2%	-9.1%	0.9%	4.6%	-2.7%
Percentage point difference	**-0.6%**	**-0.9%**	**-3.6%**	**-3.9%**	**-1.2%**	**-1.4%**	**-2.0%**

[1] Based on schedules posted on August 12, 2019.

[2] Based on schedules posted on March 11, 2019.

Figure 25 shows an improving trend in Southwest's scheduled seats at MKE beginning in September 2019. Based on schedules posted on August 12, 2019, Southwest's scheduled seats at MKE for the months of September through December show significant year-over-year increases.

Figure 25: Year-Over-Year Change in Southwest's Scheduled Seats Departing from MKE in 2019

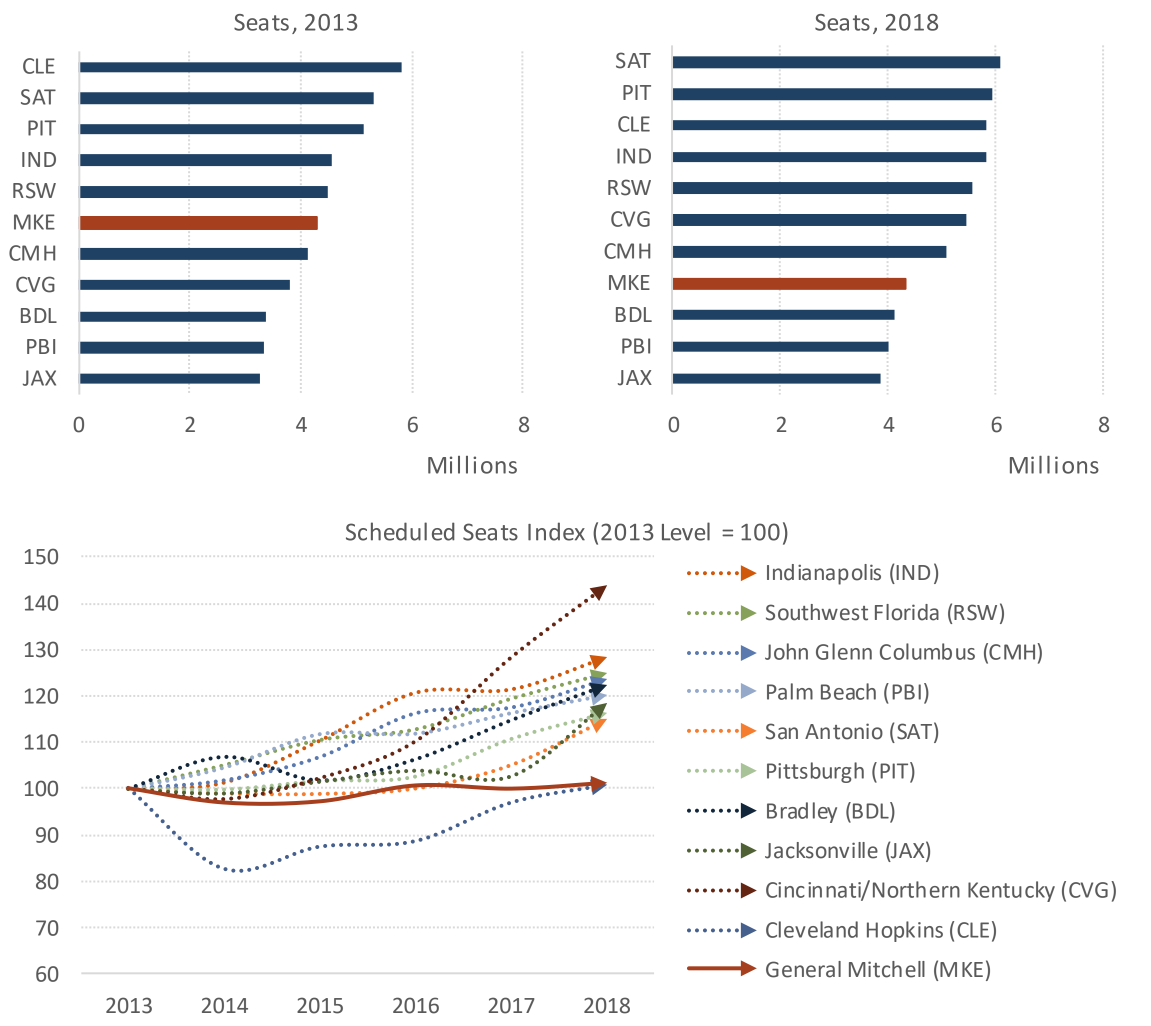


Source: OAG Schedules Analyzer, schedules posted on August 12, 2019.

Comparing Air Service Trends at MKE and Other Airports

Like MKE, many other airports also saw decreases in seat capacity during the first half of this decade. Many of these airports saw seat capacity begin to increase in 2015 as airlines began to gradually increase their system capacities. Compared with airports with similar enplanement levels, MKE saw the slowest growth in scheduled seats (Figure 26).

Figure 26: Scheduled Seats at MKE and Other Medium Hub Airports

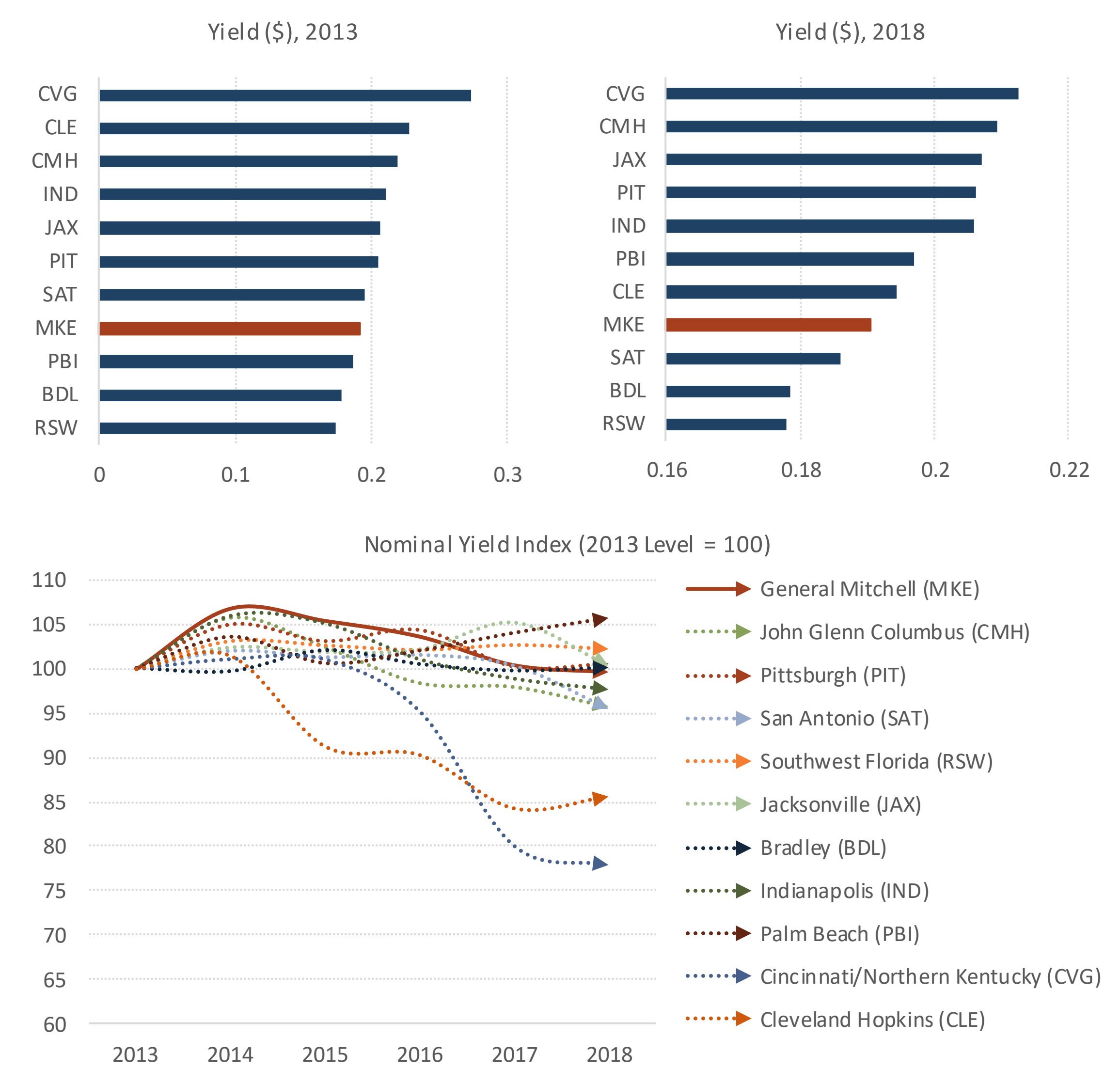


Source: OAG Schedules Analyzer, accessed in July 2019.

Note: The comparison airports were selected based on how close their enplanement levels are to MKE's enplanement level in 2015. Using FAA airport traffic data, we ranked medium hub airports from highest to lowest total enplanements and picked the six airports immediately preceding MKE in ranking and the four airports immediately following MKE. Kahului Airport in Hawaii and Anchorage International Airport in Alaska were the other two airports that immediately followed MKE in ranking, but we did not include them because they serve very different markets.

Price is an important competitive attribute—a lower price attracts more passengers. When comparing the price of airline service across airports, yield, instead of airfare, offers a better measure that controls for trip distance. Yield represents the average fare passengers pay per mile traveled. Figure 27 compares the trends in the average yield at MKE with those at other medium hub airports closest to MKE in enplanement levels. MKE has the fourth-lowest average yield in the sample; it has maintained this ranking since 2013.

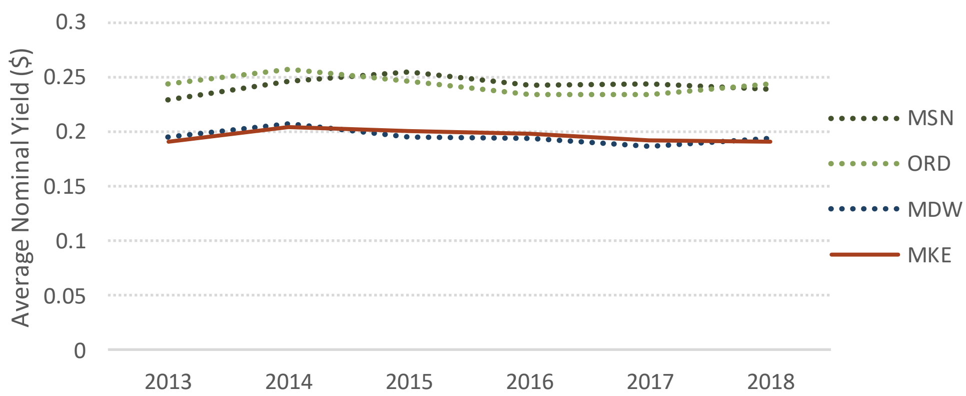
Figure 27: Nominal Yields at MKE and Other Medium Hub Airports



Sources: U.S. Department of Transportation 10% Airline Ticket Survey.
Note: Only outbound O&D passenger itineraries included for yield calculation.
See the note under Figure 26 for the basis for selecting comparison airports.

Residents in Milwaukee and surrounding areas can choose from a number of airports in the region, and price is an important consideration. Figure 28 compares the trends in average yield at MKE with those at nearby airports: Dane County Regional Airport ("MSN"), Chicago Midway International Airport ("MDW"), and Chicago O'Hare International Airport ("ORD"). MKE and MDW had the lowest average yields from 2013 to 2018. Yields have decreased slightly at all four airports since 2014, in part due to the expansion of ULCC service.

Figure 28: Average Nominal Yield at MKE and Nearby Airports



Sources: U.S. Department of Transportation DB1B.

Forecast Commercial Aviation Activity

We developed six-year forecasts for three key measures of commercial aviation activity—enplanements, aircraft landings, and landed weight—to serve as an input to the financial review. The methodology and results are discussed below.

Methodology

Unison's forecasting approach features three analytical techniques: a hybrid model, multivariate time series regression analysis, and Monte Carlo simulation (Figure 29). A hybrid model combines supply- and demand-driven forecasting approaches. The forecast for 2019 considers actual activity through June and scheduled airline service from July through December. Published airline schedules reflect current market demand as they are based on passenger airline bookings. For forecasts beyond 2019, multivariate time series regression analysis links enplanement growth to trends in market demand drivers (Figure 30). Regression analysis provides a systematic framework for measuring the contributions of market demand drivers to the growth in passenger traffic using historical data, and then using the estimated contributions of market drivers (regression coefficients) along with the projected values of market drivers to generate forecasts of enplanements, while controlling for structural changes (Figure 31).

Figure 29: Key Features of the Forecasting Approach

Figure 30: Key Drivers of MKE Enplanement Growth

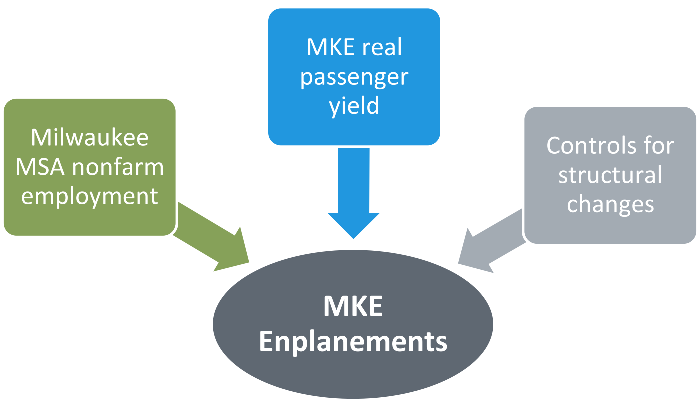
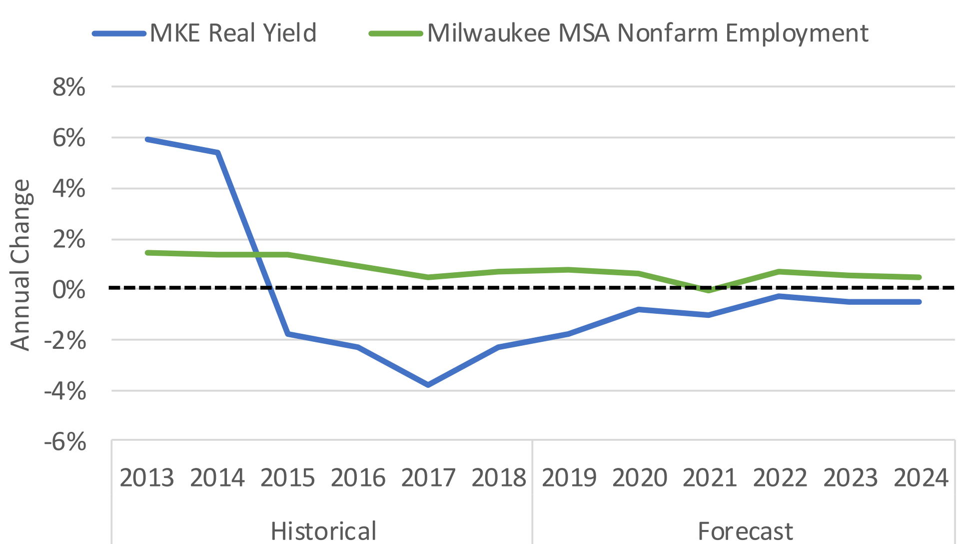


Figure 31: Historical and Forecast Trends in the Key Enplanement Growth Drivers



Sources: U.S. Bureau of Economic Analysis, U.S. Department of Transportation, and Moody's Analytics.

The key explanatory variables for predicting enplanement growth at MKE are as follows:

- Milwaukee MSA nonfarm employment – The MSA's nonfarm employment has grown by an annual average rate of 1 percent since 2013. It is projected to grow at a slower average annual rate of 0.5 percent over the six-year forecast period for the base enplanement forecast. The Milwaukee MSA nonfarm employment proves to be a better predictor of enplanement growth at MKE than a national economic indicator.

- Average real passenger yield – MKE's average real passenger yield—airlines' revenue per passenger mile, adjusted for inflation—began to decrease in 2015 and continued to decrease at an annual average rate of 2.5 percent through 2018. It is projected to continue decreasing through the forecast period by approximately 0.6 percent per year, following forecast industry trends by the FAA.[19]

In addition to these demand drivers, the regression model also includes explanatory variables to account for events that precipitated certain structural changes in the entire industry and in the Airport market: the 2001 terrorist attacks; the entry of Southwest and the expansion of ULCC service at MKE; and the closing of Frontier's and AirTran's hubs at MKE. The regression model also corrects for serial correlation inherent in the time series data used for model estimation. The regression model explains nearly 93 percent of the changes in MKE's historical enplanement levels.

The projected trends in the key demand drivers shown in Figure 31 produce the base forecast enplanements. Recognizing uncertainty around the future values of the key demand drivers, we develop alternative forecast scenarios using a comprehensive, probabilistic approach to forecast risk analysis called Monte Carlo simulation. The traditional approach to risk analysis calls for setting different assumptions—somewhat arbitrarily—regarding the future trends of key explanatory variables to produce other forecast scenarios. Monte Carlo simulation offers a more scientific approach. It uses probability distributions and random sampling techniques to generate ranges of future values for key explanatory variables, produce a range of forecasts, and estimate forecast probabilities.

[19] See FAA Aerospace Forecasts, May 2019.

Forecast Results

Figure 32 shows the annual enplanements forecast resulting from the base regression model assumptions shown in Figure 31, along with select percentile results from the Monte Carlo simulation. The base forecast enplanements fall just above the 25-percentile in 2019 and close to the 50-percentile (median) through the remaining forecast period. Reflecting a slowdown expected in the national and regional economies in 2021, the base forecast enplanement growth rate dips to 0.4 percent in 2021 before rebounding slightly above the median growth rate in the following year.

Figure 33 and Table 7 show the base enplanement forecast with an alternative forecast for MKE based on FAA's forecast national growth rates ("National Growth") and the FAA's Terminal Area Forecast ("TAF") for MKE. The base forecast tracks the TAF more closely than a forecast based on National Growth rates. The TAF is the lowest, largely because it understates actual enplanements in 2018. The TAF is reported on a federal fiscal year basis and includes only scheduled enplanements. Although it was published in February 2019, the TAF was prepared several months before publication using historical data through 2017.

Table 8 presents the forecast enplanements, aircraft landings, and landed weight under the base scenario.

Interpretation of Percentiles

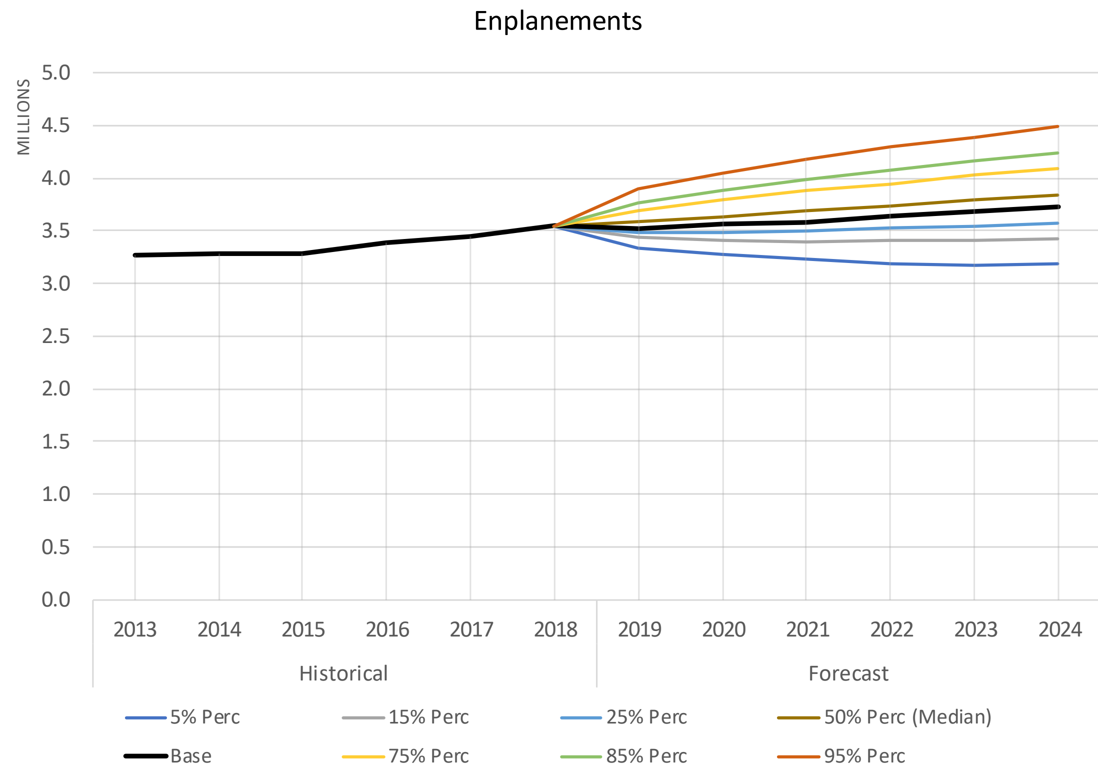
A percentile indicates the value at or below which a given percentage of results fall. For example, if we arrange 100 forecast results for one year from lowest to highest, 25 results (25 percent) will be at or below the 25-percentile, 75 results (75 percent) will be at or below the 75-percentile, and 50 results (50 percent) will be at or below the 50-percentile (also known as the median). A percentile gives the probability that actual outcome will be as forecast or lower.

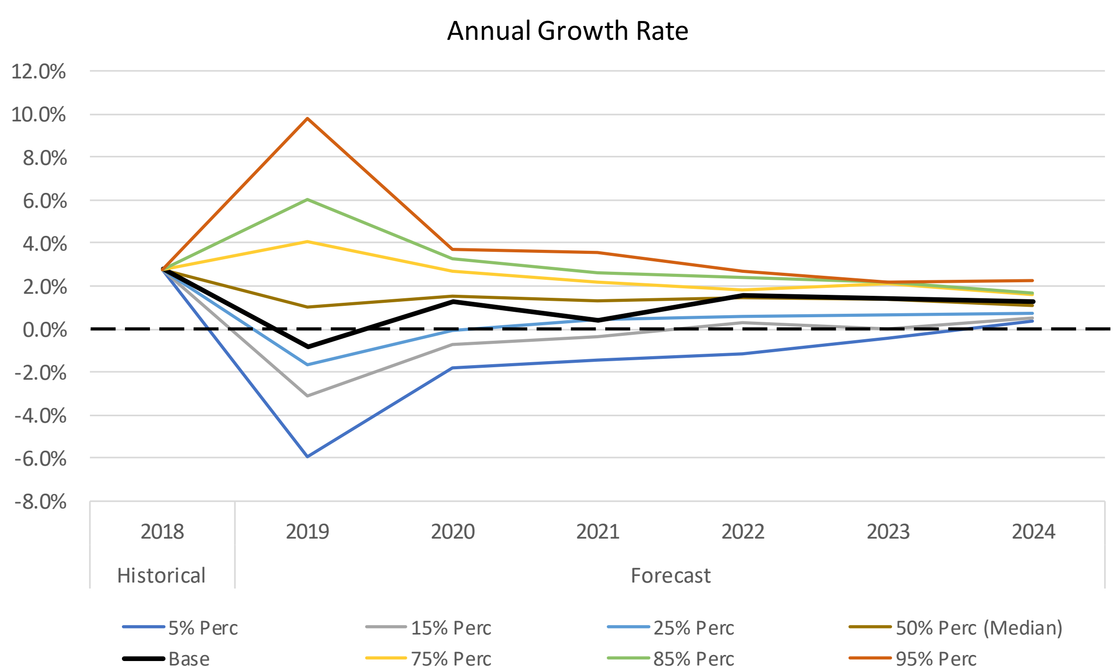
The following examples illustrate how the percentile results can be used to indicate forecast probability:

- The 75-percentile results correspond with a 75 percent probability that actual enplanements will be at or below the forecast and a 25 percent probability that actual enplanements will exceed the forecast.
- The 25-percentile results correspond with a 25 percent probability that actual enplanements will be at or below the forecast and a 75 percent probability that actual enplanements will exceed the forecast.

The range of forecasts bounded by the 25-percentile and the 75-percentile is called the interquartile range, which contains the middle 50 percent of results. The range bounded by the 5-percentile and the 95-percentile contains the middle 90 percent of results.

Figure 32: Base Regression and Selected Monte Carlo Simulation Forecasts of MKE Enplanements





Sources: Airport records and Unison Consulting, Inc.

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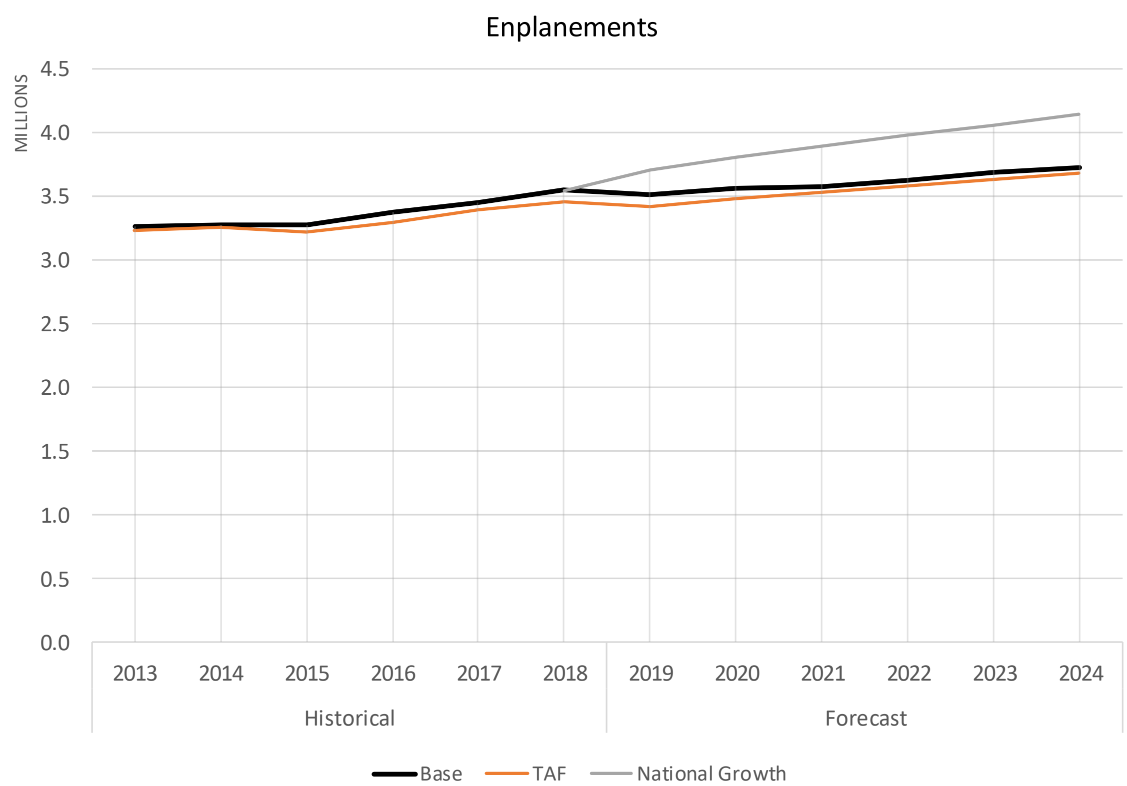
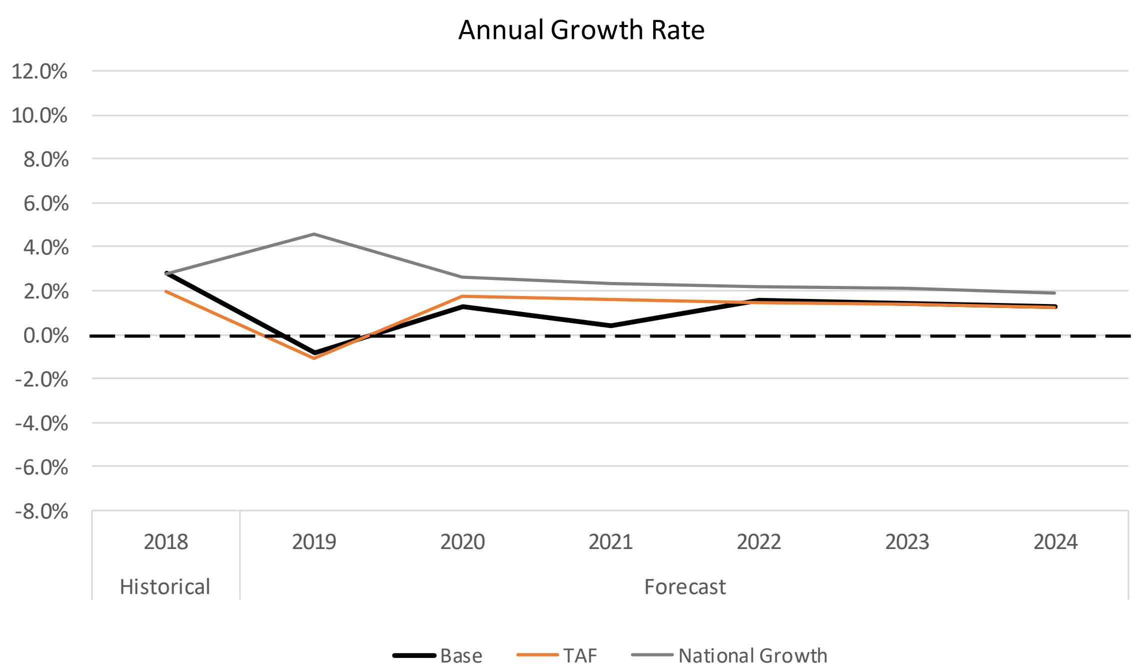
Figure 33: Base Enplanement Forecast Compared with the National Growth and Terminal Area Forecasts





Sources: Airport records, FAA TAF, and Unison Consulting, Inc.

Table 7: MKE Forecast Enplanements - Base Regression, TAF, and National Growth

		Base		TAF		National	
	Year	**EP (000)**	**AGR**	**EP (000)**	**AGR**	**EP (000)**	**AGR**
Historical	2018	3,548,817	2.8%	3,459,174	1.9%	3,548,817	2.8%
Forecast	2019	3,518,919	-0.8%	3,420,855	-1.1%	3,710,241	4.5%
	2020	3,563,158	1.3%	3,481,339	1.8%	3,806,124	2.6%
	2021	3,576,817	0.4%	3,537,171	1.6%	3,895,166	2.3%
	2022	3,632,281	1.6%	3,589,193	1.5%	3,980,911	2.2%
	2023	3,684,763	1.4%	3,639,768	1.4%	4,064,002	2.1%
	2024	3,730,386	1.2%	3,686,013	1.3%	4,141,103	1.9%
		Compound Annual Growth Rate					
	2018-2024	0.8%		1.1%		2.6%	

Sources: Airport records, Unison Consulting, Inc., and Federal Aviation Administration.

Table 8: Base Forecast Commercial Aviation Activity

Activity	Actual	Forecast						Compound Annual
	2018	2019	2020	2021	2022	2023	2024	Growth Rate (2018-2024)
Enplanements (000)	**3,549**	**3,519**	**3,563**	**3,577**	**3,632**	**3,685**	**3,730**	***0.8%***
Annual growth		*-0.8%*	*1.3%*	*0.4%*	*1.6%*	*1.4%*	*1.2%*	
By aircraft category:								
Signatory Passenger	3,459	3,456	3,519	3,532	3,587	3,639	3,684	*1.1%*
Nonsignatory Scheduled Passenger	54	26	7	7	7	7	7	*-29.0%*
Nonsignatory Nonscheduled Passenger	35	37	38	38	38	39	39	*1.9%*
Aircraft landings	**47,916**	**45,855**	**46,316**	**46,225**	**46,621**	**46,985**	**47,277**	***-0.2%***
Annual growth		*-4.3%*	*1.0%*	*-0.2%*	*0.9%*	*0.8%*	*0.6%*	
By air carrier category:								
Signatory Passenger	37,324	35,979	36,538	36,437	36,789	37,113	37,370	*0.0%*
Nonsignatory Scheduled Passenger	987	197	50	50	50	51	51	*-39.0%*
Nonsignatory Nonscheduled Passenger	2,737	2,688	2,737	2,747	2,790	2,830	2,865	*0.8%*
Cargo	6,868	6,991	6,991	6,991	6,991	6,991	6,991	*0.3%*
Landed weight (million pounds)	**4,693**	**4,579**	**4,644**	**4,652**	**4,708**	**4,761**	**4,807**	***0.4%***
Annual growth		*-2.4%*	*1.4%*	*0.2%*	*1.2%*	*1.1%*	*1.0%*	
By air carrier category:								
Signatory Passenger	3,898	3,793	3,877	3,884	3,938	3,989	4,033	*0.6%*
Nonsignatory Scheduled Passenger	62	28	7	7	7	7	7	*-29.8%*
Nonsignatory Nonscheduled Passenger	114	123	125	125	127	129	131	*2.3%*
Cargo	619	636	636	636	636	636	636	*0.5%*

Sources: Airport records, OAG Schedules Analyzer and Unison Consulting, Inc. The forecast for 2019 considers actual activity trends through June and scheduled airline service through December.

Financial Review

The County executed an amendment to extend the terms of the Airport Use and Lease Agreement ("AULA")[20] for an additional five years ending December 31, 2020 ("Amended AULA").[21] The Amended AULA retains most of the provisions of the AULA, including the cost center residual rate methodology. A residual methodology transfers the risk of revenue shortfalls to the signatory airlines, which benefit from the concessions and other non-aeronautical revenues. The most noteworthy changes to the Amended AULA are listed below:

- Provided for a pre-approved Five-Year CIP for 2016-2020 (5-Year CIP 2016-2020) totaling $147.8 million, with a Net Financing Requirement totaling $9.0 million.[22] The 5-Year CIP 2016-2020 was subsequently reduced to $143.7 million reflecting Airport management's decision to defer certain projects.
- Provides for the transfer of $4 million from the Airport Development Fund Account ("ADFA") to the ADF Depreciation Account. (Expenditures from the ADF Depreciation Account are subject to airline rates, fees and charges.)

The Amended AULA terminates on December 31, 2020 and MKE management is currently developing preferred terms for a new agreement. Lease negotiations with the airlines have not formally begun, however; it is assumed that the overall rate methodology in the new agreement will be similar to the Amended AULA.

As part of the upcoming lease negotiations, Airport management has developed a proposed 5-Year CIP 2021-2025, which management plans to review and request pre-approval during airline negotiations for the new AULA. Table 9 shows a summary of key projects and related funding sources for the balance of the of the 5-Year CIP 2016-2020 that remain to be completed and the proposed 5-Year CIP 2021-2025, as further discussed below.

Table 9 provides a summary of project costs totaling $298.7 million, comprised of approximately $112.5 million in funding for the remaining balance of the 5-Year CIP 2016-2020, which was previously approved by the airlines, and funding for the 5-Year CIP 2021-2025 totaling approximately $186.2 million. The funding for the 5-year CIP 2021-2025 is comprised of: $3.6 million for Land acquisition and Noise projects, $87.4 million for Airfield projects, $32.1 million for Terminal projects, $9.5 million for Landside and Parking projects, $36.9 million for Timmerman, and the balance totaling $16.7 million for various other Airport projects. The primary funding is projected to consist of $97.9 million of Airport Improvement Program grants ("AIP") (entitlement, discretionary and general aviation), $38.4 million in Pay As You Go ("PAYGO") PFC revenues, $7.5 million PFC Airport Revenue Bonds, $18.5 million in ADFA, $14.4 million in State Grants, and $8.2 million from the Capital Improvement Reserve Fund ("CIRF"), with the balance of $1.3 million from other funding sources.

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[20] The Airport Use and Lease Agreement that expired December 31, 2015.
[21] The extension was signed by seven Signatory Airlines for the five-year period January 1, 2016 through December 31, 2020.
[22] Net Financing Requirement as defined in the AULA as "the amount of project cost to be funded after deducting federal and state grant proceeds, PFC Revenues, ADFA funds and any other equity funding not recoverable from airline rates and charges."

Table 9: Pre-Approved and Proposed 5-Year-CIP (in 000's)

Project Category	Project Costs - By Category [1]: Balance of 5-Year CIP 2016-2020	5-Year CIP 2021-2025: 2021	2022	2023	2024	2025	5-Year Sub-Total	Grand Total
Land and Noise	$0	$0	$0	$2,300	$0	$1,350	$3,650	$3,650
Key Project(s):								
Part 150 Noise / Aircraft Operational Study	$0	$0	$0	$2,300	$0	$0	$2,300	$2,300
Airfield	$13,061	$22,731	$5,883	$22,236	$16,861	$19,678	$87,390	$100,451
Key Project(s):								
Runway 7R/25L Pavement Rehabilitation	$0	$8,960	$0	$0	$0	$0	$8,960	$8,960
Runway 1L/19R Rehab (South 7R)	$0	$0	$0	$21,736	$0	$0	$21,736	$21,736
Taxiway R (North Seg.)	$0	$5,318	$0	$0	$16,482	$0	$21,800	$21,800
GMIA Taxiway Extension	$1,080	$8,452	$0	$0	$0	$0	$8,452	$9,532
South Apron Pavement Reconstruction	$0	$0	$0	$0	$0	$19,678	$19,678	$19,678
Equipment	$2,110	$3,500	$3,500	$3,500	$0	$0	$10,500	$12,610
Terminal	$79,431	$6,699	$5,630	$10,711	$8,096	$922	$32,058	$111,489
Key Project(s):								
GMIA- E Concourse Rebuild (design) [2]	$4,589	$0	$0	$0	$0	$0	$0	$4,589
GMIA- E Concourse Rebuild (constr. Phase 1) [3]	$23,023	$0	$0	$0	$0	$0	$0	$23,023
GMIA- E Concourse Rebuild (constr. Phase 2) [4]	$27,288	$0	$0	$0	$0	$0	$0	$27,288
Terminal Facility Upgrades	$0	$4,000	$0	$0	$0	$0	$4,000	$4,000
County-based Fuel Infrastructure	$0	$0	$5,000	$0	$0	$0	$5,000	$5,000
Concourse D Moving Walkway replacement	$0	$0	$0	$0	$4,466	$0	$4,466	$4,466
Landside and Parking	$7,160	$1,503	$0	$1,942	$2,647	$3,434	$9,527	$16,687
Lawrence J Timmerman	$2,579	$7,354	$5,296	$23,917	$98	$250	$36,915	$39,493
Key Project(s):								
LJT Runway 15L-33R Extension (Land Acq.)	$0	$5,658	$0	$14,144	$0	$0	$19,802	$19,802
LJT Airfield Pavement Rehab	$11	$912	$0	$9,448	$0	$0	$10,361	$10,372
All Other	$8,168	$2,466	$100	$1,676	$100	$1,843	$6,185	$14,353
Grand Total Projects	**$112,509**	**$44,252**	**$20,409**	**$66,282**	**$27,803**	**$27,478**	**$186,224**	**$298,733**

All figures are preliminary and subject to change. The 5-yr CIP has not yet been discussed with the airlines.

[1] Project costs are shown based on the period appropriated or anticipated to be appropriated.

[2] Funding comprised of all ADFA - $4,589.

[3] Originally included in the Pre-approved CIP (2016-2020), the project was deferred to CY 2021. Funding comprised of; PAYGO PFCs - $1,000, ADFA - $6,023,191 and PFC-Backed Bonds - $16,000,000.

[4] Originally included in the Pre-approved CIP (2016-2020), the project was deferred to CY 2022. Funding comprised of; PAYGO PFCs - $6,000, ADFA - $4,112,809 and PFC-Backed Bonds - $17,175,000.

Funding Sources	Annual Funding - Total Project Category [1]: Balance of 5-Year CIP 2016-2020	5-Year CIP 2021-2025: 2021	2022	2023	2024	2025	5-Year Sub-Total	Grand Total
AIP Entitlements	$0	$0	$0	$0	$0	$0	$0	$0
AIP Discretionary	$0	$0	$0	$1,840	$0	$1,080	$2,920	$2,920
State Grants	$0	$0	$0	$230	$0	$135	$365	$365
PFC - PAYGO	$0	$0	$0	$230	$0	$135	$365	$365
PFC - Backed Bonds	$0	$0	$0	$0	$0	$0	$0	$0
Total Land and Noise	**$0**	**$0**	**$0**	**$2,300**	**$0**	**$1,350**	**$3,650**	**$3,650**
AIP Entitlements	$1,587	$2,272	$2,016	$2,391	$2,016	$2,016	$10,713	$12,300
AIP Discretionary	3,471	$14,776	$2,396	$14,286	$10,629	$12,742	$54,829	$58,300
State Grants	1,201	$2,841	$735	$2,780	$2,108	$2,460	$10,924	$12,125
PFC - PAYGO	5,339	$1,057	$323	$63	$47	$2,460	$3,949	$9,288
PFC - Backed Bonds	0	$1,785	$413	$2,717	$2,060	$0	$6,975	$6,975
ADFA	1,368	$0	$0	$0	$0	$0	$0	$1,368
CIRA	95	$0	$0	$0	$0	$0	$0	$95
Total Airfield	**$13,061**	**$22,731**	**$5,883**	**$22,236**	**$16,861**	**$19,678**	**$87,390**	**$100,451**
PFC - PAYGO	$2,110	$3,500	$3,500	$3,500	$0	$0	$10,500	$12,610
Total Equipment	**$2,110**	**$3,500**	**$3,500**	**$3,500**	**$0**	**$0**	**$10,500**	**$12,610**
PFC - PAYGO	$12,664	$2,400	$5,472	$8,624	$6,615	$0	$23,112	$35,776
PFC - Backed Bonds [2]	$35,769	$0	$0	$0	$574	$0	$574	$36,343
ADFA	$21,448	$4,299	$157	$2,087	$908	$922	$8,373	$29,821
ADFA - Depreciated	$2,827	$0	$0	$0	$0	$0	$0	$2,827
CIRA	$3,515	$0	$0	$0	$0	$0	$0	$3,515
GARBs	3,081	$0	$0	$0	$0	$0	$0	$3,081
CFC	$127	$0	$0	$0	$0	$0	$0	$127
Total Terminal	**$79,431**	**$6,699**	**$5,630**	**$10,711**	**$8,096**	**$922**	**$32,058**	**$111,489**
ADFA	$4,883	$1,323	$0	$842	$2,330	$0	$4,494	$9,377
CIRA	$1,499	$0	$0	$559	$0	$3,142	$3,701	$5,200
CFC	$778	$180	$0	$541	$318	$292	$1,332	$2,109
Total Landside and Parking	**$7,160**	**$1,503**	**$0**	**$1,942**	**$2,647**	**$3,434**	**$9,527**	**$16,687**
State Grant	$228	$581	$1,296	$1,180	$5	$13	$3,073	$3,302
CIRA	$239	$581	$2,277	$1,504	$5	$13	$4,379	$4,618
GA - Entitlement	$2,112	$6,193	$1,723	$21,233	$88	$225	$29,462	$31,574
Total LJT	**$2,579**	**$7,354**	**$5,296**	**$23,917**	**$98**	**$250**	**$36,915**	**$39,493**
AIP Entitlements	$1,998	$0	$0	$0	$0	$0	$0	$1,998
AIP Discretionary	$1,410	$0	$0	$0	$0	$0	$0	$1,410
State Grant	$568	$0	$0	$0	$0	$0	$0	$568
PFC - PAYGO	$200	$100	$100	$100	$100	$100	$500	$700
ADFA	$1,093	$2,366	$0	$1,576	$0	$1,743	$5,685	$6,778
ADFA - Depreciated	$2,900	$0	$0	$0	$0	$0	$0	$2,900
Total Other	**$8,168**	**$2,466**	**$100**	**$1,676**	**$100**	**$1,843**	**$6,185**	**$14,353**
AIP Entitlements	**$3,585**	**$2,272**	**$2,016**	**$2,391**	**$2,016**	**$2,016**	**$10,713**	**$14,298**
AIP Discretionary	**$4,880**	**$14,776**	**$2,396**	**$16,126**	**$10,629**	**$13,822**	**$57,749**	**$62,629**
State Grants	**$1,997**	**$3,422**	**$2,031**	**$4,189**	**$2,113**	**$2,607**	**$14,362**	**$16,359**
PFC - PAYGO	**$20,314**	**$7,057**	**$9,395**	**$12,517**	**$6,763**	**$2,695**	**$38,426**	**$58,739**
PFC - Backed Bonds [3,4]	**$35,769**	**$1,785**	**$413**	**$2,717**	**$2,634**	**$0**	**$7,548**	**$43,318**
ADFA	**$28,792**	**$7,987**	**$157**	**$4,504**	**$3,237**	**$2,666**	**$18,552**	**$47,344**
ADFA - Depreciated	**$5,727**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$5,727**
CIRA	**$5,347**	**$581**	**$2,277**	**$2,063**	**$5**	**$3,155**	**$8,080**	**$13,427**
CFC	**$904**	**$180**	**$0**	**$541**	**$318**	**$292**	**$1,332**	**$2,236**
GARBs [3,5]	**$3,081**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$3,081**
GA Entitlement	**$2,112**	**$6,193**	**$1,723**	**$21,233**	**$88**	**$225**	**$29,462**	**$31,574**
Grand Total Funding	**$112,509**	**$44,252**	**$20,409**	**$66,282**	**$27,803**	**$27,478**	**$186,224**	**$298,733**

[1] Project costs are shown based on the period appropriated or anticipated to be appropriated.

[2] The Pre-approved CIP 2016-2020 amount includes approximately $35.8 million of PFC-Backed Bonds that will be deferred to CY 2021 ($18.6 mil) and CY 2022 ($17.2 mil).

[3] Assumes 20-year Bonds , issued at a 5.0% interest rate.

[4] Funding plan assumes PFC-backed bond financings in CY2020 for approximately $20.4 million, in CY2022 for approximately $20.3 million, and in CY2024 for approximately $2.7 million.

[5] Assumes a GARB financing in CY2020 for approximately $3.1 million, which will be included with the PFC-backed bonds for CY2020.

The Series 2019 Refunding Bonds are special obligations of the County, payable solely from the Net Revenues of Milwaukee County's Airport System, and amounts on deposit in certain funds and accounts established under the Bond Resolutions. At the conclusion of the financial review, Table 13 demonstrates the Airport's ability to meet its financial obligations associated with the issuance of the Series 2019 Refunding Bonds.

Major Assumptions

The financial summaries presented are comprised of the 2018 Actual, 2019 Adopted Budget, 2020 Requested Budget and financial projections for the period 2021-2024. The financial projections incorporate historic trends, information supplied by management and the following major assumptions using the 2020 Requested Budget as the base year.

1. The airline rates and charges impact related to capital projects are limited to the funding plan developed for the balance of the pre-approved 5-Year CIP for 2016-2020 and proposed 5-Year CIP 2021-2025.

2. It is assumed the proposed 5-Year CIP 2021-2025 will be implemented by the County for the forecast period and will receive approval from the signatory airlines.

3. There will be no significant changes in air service offerings by any of the four major airlines: Southwest, Delta, American, and United.

4. The financial projections use the base case air service forecast updated in July 2019 covering actual enplanements through June, and assume no major declines in activity during the forecast period.

5. There will be no disruption or loss of service resulting from a terrorist attack, weather, or any other catastrophic event.

6. The Series 2019 Refunding Bonds refunding all of the outstanding Series 2009A, Series 2010A, and Series 2010B Bonds. Per PFM Financial Advisors LLC, the Series 2019 Refunding Bonds were issued at a 5 percent coupon rate.

7. MKE's financial projections assume 3 bond issues totaling $46.4 million, of which $38.8 million was approved and is part of the balance of the 5-Year CIP 2016-2020. The remainder of the bond issue totaling $7.6 million is included in the 5-Year CIP 2021-2025. The future bond issues are projected to consist of $43.3 million for PFC eligible projects with the balance impacting the airport rates. The bonds are assumed to be 20-year bonds assuming a 5.0% interest rate.

Findings and Conclusions

The following financial tables summarize the financial results based on MKE's latest actuals and Adopted and Requested Budgets and the financial projections developed for the period 2021-2024. In addition, the impact of the financial projections on CPE and annual rate covenant is summarized.

Operating and Maintenance Expenses

Table 10 summarizes the 2018 Actual, 2019 Budget, 2020 Requested Budget, which represents the base year for the purpose of establishing the projection for years 2021-2024. Projected growth rates were established based on the anticipated inflation rate, [23] adjusted to reflect local and historic trends and other events anticipated during the projection period. Listed below are the assumed growth rates for several of the major O&M expense line items.

- **Salaries and Fringe Benefits** are projected to increase by an average of approximately 5.3 percent annually from $24.6 million in 2018 to $31.8 million in 2024, primarily resulting from increases anticipated in 2019. Salaries were budgeted to increase from $13.7 million in 2018 20 $15.7 million in 2019 because of wage adjustments for maintenance workers, the addition of 5 additional staff members, and salary increases for MKE staff. Fringe Benefits were budgeted to increase from $10.9 million in 2018 to $13.5 million in 2019 due to an adjustment to the legacy fringe benefit costs. For the remainder of the forecast period Salaries and Fringe Benefits are projected to increase at the rate of inflation to account for cost of living, anticipated wage adjustments and benefit cost increases.
- **Contractual Services** are projected to grow from approximately $19.2 million in 2018 to $27.0 million in 2024, or by an average of 7.0 percent with the majority of the increase occurring in 2019. The increase in 2019 is primarily due to higher professional services of approximately $3 million resulting from outsourcing of housekeeping services and contracting services to evaluate the Airport's current and future IT system's needs. The other key increase in 2019 related to expenses for the repair and maintenance of computer equipment related to the newly implemented camera system. Contractual Services are budgeted to increase 1.2 percent from $24.3 million in 2019 to $24.5 million in 2020 with the remainder of the forecast period projected to increase by 2.4 percent annually.
- **Intra-County Services** are projected to increase by 8.7 percent per year from $10.6 million in 2018 to $16.1 million in 2024. Fleet Services expenses were previously included in Salaries, but are now a part of the County controlled expenses. In the 2020 Budget, Fleet Services expenses represent approximately 18.3 percent of Intra-County Services expenses.
- **Commodities** expenses are projected to decrease by 2.3 percent from $5.0 million in 2018 to $4.5 million in 2024. Commodities expenses were unusually high in 2018 due to a harsh winter, which required large amounts of de-icing chemicals and salt. Commodities are projected to grow at the rate of inflation from 2020 to 2024.
- **Major Maintenance** expenses are projected to increase by 17.8 percent from approximately $229,000 in 2018 to $520,000 in 2024. Historically, Major Maintenance expenses often fluctuate annually based on varying maintenance needs of the Airport. Therefore, an annual growth rate of 2.0 percent was assumed beginning in 2020 through the remainder of the projection period. This growth rate is slightly below the core inflation rate.
- **Other** expenses remain relatively flat from 2018 to 2024. In 2020, however, the Other expenses increase because of $400,000 of anticipated bond issuance expenses. Those expenses are expected to be a one-time charge and are not reflected in the 2021–2024 expenses.

[23] Source: Fiscal year 2016 Mid-Session Review Budget of the US Government Office of Management and Budget.

Table 10: Actual, Budget and Projected Operating and Maintenance Expenses 2018 - 2024

Airport Expenses	Actual 2018	Budget 2019	Budget 2020	Projected 2021	Projected 2022	Projected 2023	Projected 2024	CAGR 2018 -2024
BY EXPENSE CATEGORY								
Personnel Services								
Salaries	$ 13,666,416	$ 15,665,391	$ 15,842,924	$ 16,191,468	$ 16,547,681	$ 16,911,730	$ 17,283,788	4.8%
Fringe Benefits	10,905,686	13,495,723	13,304,536	13,597,236	13,896,375	14,202,095	14,514,541	5.9%
Salaries and Fringe Benefits	$ 24,572,102	$ 29,161,114	$ 29,147,460	$ 29,788,704	$ 30,444,056	$ 31,113,825	$ 31,798,329	5.3%
Contractual Services								
Utilities	$ 5,737,580	$ 5,375,100	$ 5,954,352	$ 6,132,983	$ 6,316,972	$ 6,506,481	$ 6,701,676	3.2%
Repairs/Maintenance	2,604,194	4,637,338	3,573,380	3,680,581	3,790,999	3,904,729	4,021,871	9.1%
Prof. Services/Admin	9,550,984	12,566,828	13,157,935	13,421,094	13,689,516	13,963,306	14,242,572	8.3%
Other	1,326,149	1,701,695	1,854,851	1,895,658	1,937,362	1,979,984	2,023,544	8.8%
Subtotal	$ 19,218,907	$ 24,280,961	$ 24,540,518	$ 25,130,315	$ 25,734,849	$ 26,354,500	$ 26,989,662	7.0%
Intra-County Services								
Sheriff	$ 7,097,040	$ 7,910,890	$ 7,941,316	$ 8,116,025	$ 8,294,578	$ 8,477,058	$ 8,663,553	4.1%
Fleet Management	76,380	-	2,707,217	2,761,361	2,816,589	2,872,920	2,930,379	107.4%
Prof. Service	705,075	848,102	932,598	953,115	974,084	995,514	1,017,415	7.6%
Insurance	713,670	267,413	481,007	491,589	502,404	513,457	524,753	-6.0%
Other	2,043,472	2,706,463	2,746,658	2,807,084	2,868,840	2,931,955	2,996,458	8.0%
Subtotal	$ 10,635,636	$ 11,732,868	$ 14,808,796	$ 15,129,175	$ 15,456,494	$ 15,790,904	$ 16,132,558	8.7%
Commodities	5,017,435	4,703,110	4,099,258	4,189,441	4,281,609	4,375,804	4,472,072	-2.3%
Major Maintenance	228,764	585,000	480,000	489,600	499,392	509,380	519,567	17.8%
Other	157,081	163,373	538,115	148,877	151,855	154,892	157,990	0.1%
Total O & M Expenses	**$ 59,829,924**	**$ 70,626,426**	**$ 73,614,147**	**$ 74,876,113**	**$ 76,568,254**	**$ 78,299,305**	**$ 80,070,178**	**6.0%**
BY COST CENTER								
Terminal	$ 34,226,482	$ 40,531,575	$ 41,410,610	$ 42,120,629	$ 43,077,171	$ 44,055,793	$ 45,057,015	5.7%
Airfield	20,954,344	24,535,232	26,800,096	27,259,605	27,878,660	28,512,004	29,159,974	6.8%
Apron	1,186,523	1,268,507	1,382,969	1,406,681	1,438,626	1,471,309	1,504,746	4.9%
Flexible Response Security	2,248,819	2,644,450	2,597,074	2,641,603	2,701,593	2,762,967	2,825,759	4.7%
MKE Business Park	1,213,756	1,646,663	1,423,397	1,447,595	1,472,204	1,497,231	1,522,684	4.6%
Total O & M Expenses	**$ 59,829,924**	**$ 70,626,426**	**$ 73,614,147**	**$ 74,876,114**	**$ 76,568,255**	**$ 78,299,305**	**$ 80,070,179**	**6.0%**

Revenues

Table 11 summarizes the 2018 Actual, 2019 Budget, and the 2020 Requested Budget, which represents the base year for the financial projections for 2021-2024. The 2020 Requested Budget includes Airport Management's revenue growth initiatives. Listed below are the assumed growth rates and explanations for key assumptions within major revenue categories further discussed below.

- **Total Landing Fees** include Signatory Landing Fees, Signatory Cargo Landing Fees, Non-Signatory Landing Fees, and Non-Signatory Cargo Landing Fees. Due to the residual nature of the AULA, Landing Fees are driven by net Airfield costs divided by activity. The Landing Fee revenues are projected to grow by an average of 7.4 percent per year. Landing Fees increased in the 2019 Budget by 26.7 percent from $18.6 million in 2018 to $23.5 million in the 2019 Budget. The increase in the 2019 Budget is a result of the O&M allocated to the Airfield being budgeted to increase by $2.8 million or 12.9 percent. In addition, in March of 2018, MKE began collecting landing fees from the fixed based operators (FBOs). This additional revenue was not included in the 2019 Budget, therefore, the credit included in the 2019 Budget is lower than in 2018. Finally, the hangar rental revenues decreased from approximately $880,000 in 2018 to $480,000 in 2019 and this reduced the landing fee credit and increased the landing fee revenue.
- **Total Space Rentals** are projected to increase from $2.5 million in 2018 to $8.2 million in the 2019 Budget. This increase is projected to occur because of O&M allocated to the Terminal increasing by $5.5 million or by 15.8 percent. In addition, credits in the 2019 Budget are lower than in 2018 because of a decrease in Other Terminal revenues. Space Rental revenues are projected to increase to $8.8 million in the 2020 Budget before decreasing throughout the rest of the forecast period to $2.7 million in 2024, primarily due to the Series 2019 Refunding Bonds being retired resulting in a reduction in debt service allocated to the Terminal of approximately $3.5 million.
- **Concessions** revenues in total are projected to increase 3.7 percent per year from $19.0 million in 2018 to $22.7 million in 2024. The Car Rental revenue projection results from inflation and O&D enplanement growth. Gifts & Novelty and Food & Beverage revenues are projected to increase at the same rate as total enplanements and inflation. Other Concession revenues include Transportation Network Company ("TNC") revenues, other ground transportation revenues, and miscellaneous terminal concession revenues. TNCs began operating at MKE in March of 2016. MKE received fees of approximately $446,000 in 2017, which was the first full year of TNC operations and $765,000 in 2018. Revenues from TNCs are budgeted at approximately $450,000 in 2019 and budgeted to increase to $700,000 in 2020. Currently, MKE charges TNCs a $3.00 pickup fee and there are no plans to increase this at this time. Other Concession revenues are also grown by the rate of enplanements plus inflation. There are no material changes anticipated to the current concession program during the forecast period.
- **Public Parking** revenues are projected to increase at the rate of O&D enplanements from 2020 to 2024, with no parking rate increases. Parking revenues are projected to increase by approximately 1.7 percent per year from $29.6 million in 2018 to $32.2 million in 2024.

Table 11: Actual, Budget and Projected Airport System Revenue 2018 – 2024

Airport Revenues	Actual	Budget	Budget	Projected				CAGR
	2018	2019	2020	2021	2022	2023	2024	2018-2024
Airfield								
Landing Fees								
Signatory Landing Fees	$ 15,269,812	$ 19,674,289	$ 20,232,490	$ 20,541,756	$ 21,015,510	$ 21,497,716	$ 21,985,985	7.6%
Sig Cargo Landing Fees	1,938,270	2,721,585	2,738,375	2,774,848	2,800,110	2,827,649	2,860,136	8.1%
Non-Signatory Landing Fees	706,770	600,000	860,334	875,022	896,579	918,388	940,360	5.9%
Non-Sig Cargo Landing Fees	670,591	550,000	723,505	733,142	739,816	747,092	755,676	2.4%
Total Landing Fees	$ 18,585,444	$ 23,545,874	$ 24,554,704	$ 24,924,768	$ 25,452,015	$ 25,990,846	$ 26,542,157	7.4%
General Aviation and Other								
Hangar Rentals	881,614	478,500	588,560	601,508	614,742	628,266	642,088	-6.1%
Fuel and Oil Revenue	253,102	221,000	226,000	237,300	249,165	261,623	274,704	1.7%
Fixed Base Operator	485,294	440,000	486,254	496,952	507,885	519,058	530,477	1.8%
Other	2,254,221	1,860,135	2,193,757	2,242,019	2,291,344	2,341,753	2,393,272	1.2%
Total GA and Other	$ 3,874,230	$ 2,999,635	$ 3,494,571	$ 3,577,779	$ 3,663,135	$ 3,750,700	$ 3,840,541	-0.2%
Air Cargo Rentals	578,246	575,000	570,000	582,540	595,356	608,454	621,840	1.5%
Total Airfield Revenues	**$ 23,037,920**	**$ 27,120,508**	**$ 28,619,275**	**$ 29,085,088**	**$ 29,710,505**	**$ 30,349,999**	**$ 31,004,538**	**6.1%**
Terminal								
Signatory Airlines								
Space Rentals	$ 2,218,150	$ 7,882,698	$ 8,596,639	$ 7,303,511	$ 6,808,841	$ 6,092,353	$ 2,437,193	1.9%
Other Charges and Fees	297,308	350,000	255,113	256,091	260,062	263,820	267,086	-2.1%
Total Space Rentals	$ 2,515,458	$ 8,232,698	$ 8,851,752	$ 7,559,602	$ 7,068,904	$ 6,356,175	$ 2,704,282	1.5%
Concessions								
Car Rental	10,545,569	11,000,000	10,800,000	11,821,951	12,269,382	12,720,489	13,161,303	4.5%
Gifts & Novelty	1,865,193	1,750,000	1,900,000	1,857,922	1,928,239	1,999,135	2,068,412	2.1%
Food & Beverage	3,852,234	3,800,000	3,800,000	4,034,344	4,187,034	4,340,978	4,491,410	3.1%
Other Concessions	2,745,998	2,909,500	2,787,379	2,848,701	2,911,373	2,975,423	3,040,882	2.1%
Total Concessions	$ 19,008,993	$ 19,459,500	$ 19,287,379	$ 20,562,918	$ 21,296,027	$ 22,036,024	$ 22,762,007	3.7%
Public Parking	29,621,343	30,000,000	30,000,000	30,868,529	31,347,186	31,800,121	32,193,855	1.7%
Other Terminal Revenues	1,520,655	1,857,540	1,493,951	1,526,818	1,560,408	1,594,737	1,629,821	1.4%
Total Terminal Revenues	**$ 52,666,448**	**$ 59,549,738**	**$ 59,633,082**	**$ 60,517,866**	**$ 61,272,525**	**$ 61,787,057**	**$ 59,289,965**	**2.4%**
Apron								
Signatory Apron Fees	$ 1,133,233	$ 1,117,522	$ 1,284,574	$ 1,303,524	$ 1,330,660	$ 1,358,398	$ 1,386,814	4.1%
Other Apron Revenues	439,254	325,000	215,000	219,730	224,564	229,504	234,554	-11.8%
Total Apron Revenues	$ 1,572,487	$ 1,442,522	$ 1,499,574	$ 1,523,254	$ 1,555,225	$ 1,587,904	$ 1,621,371	0.6%
Other								
Flexible Response Security	$ 2,249,787	$ 2,403,564	$ 2,600,016	$ 2,641,603	$ 2,701,593	$ 2,762,967	$ 2,825,759	4.7%
MKE Business Park	451,828	528,000	815,000	832,930	851,254	869,982	889,122	14.5%
Total Other Revenues	$ 2,701,615	$ 2,931,564	$ 3,415,016	$ 3,474,533	$ 3,552,847	$ 3,632,949	$ 3,714,881	6.6%
PFC Pledged Revenues	8,373,857	8,578,070	8,416,819	9,926,019	9,885,279	11,446,723	11,405,376	6.4%
TOTAL AIRPORT REVENUES	**$ 88,352,328**	**$ 99,622,403**	**$ 101,583,766**	**$ 104,526,760**	**$ 105,976,382**	**$ 108,804,633**	**$ 107,036,130**	**3.9%**

Table 12 summarizes the actual, budgeted and projected CPEs during years 2018 - 2024. In 2019, the CPE is budgeted to increase to $9.00, which is primarily due to the increases in Salary and Fringe and Contractual Services discussed earlier. The CPE is expected to peak in 2020 primarily due to the continued increase in O&M expenses. The CPE is projected to decrease by gradual declines from $9.42 in 2020 to $7.93 in 2024, or by approximately 15.8 percent. This decrease is projected to occur because of reduced Terminal Rents resulting from the Series 2019B Refunding Bonds maturing in 2023 and gradual increase in enplanements during the forecast period. Based on our knowledge of comparable airports and experience in providing financial consulting services to a variety of airports and the results contained in the FAA's Operating and Financial Summary Report 127[24], we believe the projected airline CPEs are reasonable compared with other medium hub airports.

Table 12: Actual, Budget and Projected Airline Cost per Enplaned Passenger 2018 – 2024

Year	Landing Fees [1]	Terminal Rents & Charges	Apron Fees	Flex Response Security	Total Airline Payments	Enplaned Passengers	Cost Per Enplaned Passenger
2018 Act.	$15,976,582	$2,218,150	$905,188	$2,249,787	$21,349,709	3,548,817	$6.02
2019 Bud.	$20,274,289	$7,882,698	$1,117,522	$2,403,564	$31,678,073	3,518,919	$9.00
2020 Bud.	$21,092,824	$8,596,639	$1,284,574	$2,600,016	$33,574,054	3,563,158	$9.42
2021 Proj.	$21,416,778	$7,303,511	$1,303,524	$2,641,603	$32,665,417	3,576,817	$9.13
2022 Proj.	$21,912,089	$6,808,841	$1,330,660	$2,701,593	$32,753,183	3,632,281	$9.02
2023 Proj.	$22,416,104	$6,092,353	$1,358,398	$2,762,967	$32,629,823	3,684,763	$8.86
2024 Proj.	$22,926,345	$2,437,193	$1,386,814	$2,825,759	$29,576,111	3,730,386	$7.93

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

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

As shown on Table 13, Airport System Revenues are expected to be sufficient to pay Operation and Maintenance Expenses and Aggregate Debt Service and continue to meet all of the other funding requirements of the Bond Resolutions after the issuance of the Series 2019 Refunding Bonds and the future bonds during the forecast period.

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[24] FAA's Operating and Financial Summary Report 127 based on 2018 results showed the range of CPEs for medium hub airports between $2.09 and $14.99 with an average cost of $8.78.

Table 13: Actual, Budget and Projected Cash Flow and Debt Service Coverage 2018 – 2024

Cash Flow and Debt Service Coverage	Actual 2018	Budget 2019	Budget 2020	Projected 2021	2022	2023	2024
AIRPORT SYSTEM REVENUES							
Total Revenues	$88,352,328	$99,622,403	$101,583,766	$104,526,760	$105,976,382	$108,804,633	$107,036,130
O&M Expenses	59,829,924	70,626,426	73,614,147	74,876,114	76,568,255	78,299,305	80,070,179
Net Revenues	**$28,522,404**	**$28,995,977**	**$27,969,619**	**$29,650,647**	**$29,408,127**	**$30,505,327**	**$26,965,952**
NET DISCRETIONARY CASH FLOW							
Net Revenues	$28,522,404	$28,995,977	$27,969,619	$29,650,647	$29,408,127	$30,505,327	$26,965,952
Less: Debt Service							
Series 2009A Bonds	1,018,081	1,017,831	-	-	-	-	-
Series 2010A Bonds	2,460,594	2,458,344	-	-	-	-	-
Series 2010B Bonds	5,107,500	4,888,750	-	-	-	-	-
Series 2013A Bonds	3,481,138	3,480,638	3,268,188	3,271,688	3,271,688	3,268,188	3,272,338
Series 2013B Bonds	432,113	408,563	389,438	368,788	347,144	-	-
Series 2014A Bonds	2,287,500	2,288,750	2,281,750	2,281,750	2,283,250	2,286,000	2,284,750
Series 2016A Bonds	4,523,000	4,522,000	4,525,250	4,517,250	4,523,250	4,522,250	4,529,250
Series 2019A Bonds [2]	-	-	3,713,263	3,479,750	3,367,500	3,255,250	3,143,000
Series 2019B Bonds [2]	-	-	4,114,211	3,887,000	3,718,000	3,549,000	-
Future Series 2020 Bonds [3]	-	-	-	1,887,130	1,887,130	1,887,130	1,887,130
Future Series 2022 Bonds [3]	-	-	-	-	-	1,608,048	1,608,048
Less: Deposits to Coverage Fund	-	-	-	68,305	-	-	-
Less: Depreciation	4,279,997	5,020,787	4,745,838	4,745,838	4,745,838	4,745,838	4,745,838
Less: Reimbursement of Tax Levy	-	-	-	-	-	-	-
Net Discretionary Cash Flow	**$4,932,482**	**$4,910,315**	**$4,931,682**	**$5,143,148**	**$5,264,327**	**$5,383,624**	**$5,495,598**
COVERAGE CALCULATION							
Net Revenues	$28,522,404	$28,995,977	$27,969,619	$29,650,647	$29,408,127	$30,505,327	$26,965,952
Add Other Available Funds: [1]							
Series 2009 A Bonds	254,520	254,458	-	-	-	-	-
Series 2010A Bonds	615,148	614,586	-	-	-	-	-
Series 2010B Bonds	1,276,875	1,222,188	-	-	-	-	-
Series 2013A Bonds	870,284	870,159	817,047	817,922	817,922	817,047	818,084
Series 2013B Bonds	108,028	102,141	97,359	92,197	86,786	-	-
Series 2014A Bonds	571,875	572,188	570,438	570,438	570,813	571,500	571,188
Series 2016A Bonds	1,130,750	1,130,500	1,131,313	1,129,313	1,130,813	1,130,563	1,132,313
Series 2019A Bonds	-	-	928,316	869,938	841,875	813,813	785,750
Series 2019B Bonds	-	-	1,028,553	971,750	929,500	887,250	-
Future Series 2020 Bonds	-	-	-	471,782	471,782	471,782	471,782
Future Series 2022 Bonds	-	-	-	-	-	402,012	402,012
Net Revenues plus Other Available Funds	$33,349,885	$33,762,195	$32,542,644	$34,573,986	$34,257,618	$35,599,294	$31,147,080
Debt Service:							
Series 2009 A Bonds	1,018,081	1,017,831	-	-	-	-	-
Series 2010A Bonds	2,460,594	2,458,344	-	-	-	-	-
Series 2010B Bonds	5,107,500	4,888,750	-	-	-	-	-
Series 2013A Bonds	3,481,138	3,480,638	3,268,188	3,271,688	3,271,688	3,268,188	3,272,338
Series 2013B Bonds	432,113	408,563	389,438	368,788	347,144	-	-
Series 2014A Bonds	2,287,500	2,288,750	2,281,750	2,281,750	2,283,250	2,286,000	2,284,750
Series 2016A Bonds	4,523,000	4,522,000	4,525,250	4,517,250	4,523,250	4,522,250	4,529,250
Series 2019A Bonds [2]	-	-	3,713,263	3,479,750	3,367,500	3,255,250	3,143,000
Series 2019B Bonds [2]	-	-	4,114,211	3,887,000	3,718,000	3,549,000	-
Future Series 2020 Bonds [3]	-	-	-	1,887,130	1,887,130	1,887,130	1,887,130
Future Series 2022 Bonds [3]	-	-	-	-	-	1,608,048	1,608,048
Total GARB Debt Service	19,309,925	19,064,875	18,292,099	19,693,356	19,397,962	20,375,866	16,724,515
Debt Service Coverage	**1.73**	**1.77**	**1.78**	**1.76**	**1.77**	**1.75**	**1.86**

[1] Reflects the coverage fund.

[2] Source: PFM Financial Advisors LLC. The Series 2019 Refunding Bonds are refunding the Series 2009A, 2010A, and 2010B Bonds. The Series 2019 Refunding Bonds were issued with a 5% coupon rate.

[3] The future bond series 2020 and 2022 are expected to be issued with a 5% coupon and a 20 year term.

The financial projections presented in this Letter are based on information and assumptions that have been provided by MKE management, or developed by Unison and reviewed with and confirmed by MKE management. Based upon our review, we believe that the information is accurate and the assumptions provide a reasonable basis for the financial projections, including continuing to meet the annual rate covenant of at least 1.25 throughout the forecast period. However, the actual results could deviate from the projections due to unforeseen events and circumstances, and the deviations could be material. To gain an understanding of the projections and the underlying assumptions, this Letter should be considered in its entirety.

We appreciate the opportunity to assist the County on this important financing transaction.

Sincerely,

Unison Consulting, Inc.

APPENDIX B

AIRPORT SYSTEM FINANCIAL INFORMATION

An independent public accounting firm audits the County annually. The County's audited Basic Financial Statements for the fiscal years ended December 31, 2014 through 2018 are included in the County's 2014 through 2018 Comprehensive Annual Financial Reports (CAFR), respectively. This appendix presents financial information of the Airport System, which has been excerpted from the County's CAFR for the fiscal years ended December 31, 2014 through 2018. The Airport System is operated as an enterprise fund of the County. The Airport System's financial statements are prepared on the full accrual basis of accounting.

The Airport System financial information is presented in the 2014 through 2018 CAFRs as a separate column on the proprietary fund statements, which are part of the County's Basic Financial Statements. Copies of the County's CAFRs are available on-line: http://county.milwaukee.gov/ComprehensiveAnnualF12237.htm

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COUNTY OF MILWAUKEE
Balance Sheet - Airport System
For the Years Ended December 31
(In Thousands)

	2014	2015	2016	2017	2018
Assets					
Current Assets:					
Cash and Investments	$ 54,771	$ 52,540	$ 73,585	$ 75,580	$ 79,832
Cash and Investments - Restricted	44,786	32,747	24,007	23,792	23,668
Receivables:					
Accounts (Net of Allowances for Uncollectible Accounts)	4,799	8,432	3,637	4,093	4,012
Due from Other Governments (Grants)	10,299	13,868	5,783	4,319	6,720
Prepaid Items	--	160	137	137	--
Total Current Assets	114,655	107,747	107,149	107,921	114,232
Noncurrent Assets:					
Capital Assets:					
Land and Land Improvements	209,357	223,817	253,486	244,211	256,286
Building and Improvements	334,407	376,504	385,879	391,776	397,256
Furniture, Machinery and Equipment	22,756	27,160	29,707	24,234	26,840
Construction in Progress	62,471	44,915	22,735	29,795	25,493
Total Capital Assets	628,991	672,396	691,807	690,016	705,875
Less: Accumulated Depreciation	(206,025)	(230,907)	(259,138)	(271,753)	(296,272)
Net Capital Assets	422,966	441,489	432,669	418,263	409,603
Total Assets	537,621	549,236	539,818	526,184	523,835
Deferred Outflows of Resources	2	3,736	8,129	7,677	6,822
Total Assets and Deferred Outflows of Resources	$ 537,623	$ 552,972	$ 547,947	$ 533,861	$ 530,657
Liabilities					
Current Liabilities:					
Accounts Payable	$ 2,073	$ 3,997	$ 3,884	$ 4,457	$ 3,993
Accrued Liabilities	1,463	1,593	1,706	1,583	1,545
Accrued Interest Payable	1,058	1,285	985	705	662
Unearned Revenues	9,311	11,108	15,463	11,946	21,146
Due to Other Governments	--	--	60	--	--
Bonds Payable - General Obligation	37	36	36	--	--
Bonds Payable - Revenue Bonds	10,750	10,700	10,460	10,845	11,125
Compensated Absences	1,209	1,147	1,281	1,183	1,229
Capital Leases	132	196	309	299	213
Other Liabilities	129	129	129	89	89
Total Current Liabilities	26,162	30,191	34,313	31,107	40,002
Long-Term Liabilities:					
Bonds Payable - General Obligation	72	36	--	--	--
Bonds Payable - Revenue Bonds	210,286	197,286	184,219	171,730	159,019
Compensated Absences	1,021	921	890	738	626
Other Post Employment Benefits	13,962	14,975	16,317	17,658	49,508
Net Pension Liability	--	15,863	20,968	21,615	18,389
Capital Leases	304	498	626	327	113
Total Long-Term Liabilities	225,645	229,579	223,020	212,068	227,655
Total Liabilities	251,807	259,770	257,333	243,175	267,657
Deferred Inflows of Resources	--	423	188	--	1,709
	--	423	188	--	1,709
Net Position					
Unrestricted	--	(13,064)	(13,088)	(13,938)	(44,096)
Restricted for:					
Debt Service	19,044	17,597	16,758	16,910	17,777
Capital Assets Needs	16,357	19,291	21,713	21,024	20,986
Commitments	4,273	3,471	2,948	3,009	4,226
Net Investment in Capital Assets	246,142	265,484	262,095	263,681	262,398
Total Net Position	285,816	292,779	290,426	290,686	261,291
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 537,623	$ 552,972	$ 547,947	$ 533,861	$ 530,657

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

	2014	2015	2016	2017	2018
Operating Revenues:					
Rentals and Other Service Fees	$ 70,056	$ 72,651	$ 73,348	$ 76,161	$ 65,603
Admissions and Concessions	16,500	17,338	17,867	19,082	18,405
Total Charges for Services	86,556	89,989	91,215	95,243	84,008
Other Revenues	4	6	78	81	128
Total Operating Revenues	86,560	89,995	91,293	95,324	84,136
Operating Expenses:					
Personnel Services	23,804	23,790	27,678	28,225	24,437
Contractual Services	21,034	20,960	18,983	20,030	20,816
Intra-County Services	9,911	10,632	11,131	10,426	10,636
Commodities	4,615	4,120	4,151	4,453	5,017
Depreciation and Amortization	27,534	24,883	28,230	32,470	24,519
Maintenance	2	907	207	818	248
Other	--	1	10	126	101
Total Operating Expenses	86,900	85,293	90,390	96,548	85,774
Operating Income (Loss)	(340)	4,702	903	(1,224)	(1,638)
Nonoperating Revenues (Expenses):					
Intergovernmental Revenues	193	183	253	244	346
Investment Income	729	300	340	362	1,108
Gain (Loss) on Sale of Capital Assets	--	--	--	225	84
Interest Expense	(11,106)	(9,658)	(9,004)	(7,188)	(6,867)
Total Nonoperating Revenues (Expenses)	(10,184)	(9,175)	(8,411)	(6,357)	(5,329)
Income (Loss) Before Contributions and Transfers	(10,524)	(4,473)	(7,508)	(7,581)	(6,967)
Capital Contributions	59,317	26,545	8,158	7,087	6,311
Transfers In	4,643	4,499	5,726	754	1,438
Transfers Out	(2,511)	(6,544)	(8,729)	--	(169)
Changes in Net Position	50,925	20,027	(2,353)	260	613
Net Position - Beginning	234,891	272,752*	292,779	290,426	260,678**
Net Position - Ending	$ 285,816	$ 292,779	$ 290,426	$ 290,686	$ 261,291

* Restated as a result of the implementation of GASB Statement No. 68.
** Restated as a result of the implementation of GASB Statement No. 75.

SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL BOND RESOLUTION

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APPENDIX C
SUMMARY OF CERTAIN PROVISIONS OF GENERAL BOND RESOLUTION, AS AMENDED

The 2019 Bonds are being issued pursuant to the General Bond Resolution adopted by the County Board of Supervisors on June 22, 2000, which established an airport revenue bond program (as amended from time to time, the "General Bond Resolution"). The following is a brief summary of certain provisions of the General Bond Resolution, pursuant to which the Bonds are to be issued. This summary is not intended to be definitive and is qualified in its entirety by express reference to the General Bond Resolution for the complete terms thereof.

Definitions of Certain Terms

"Act" means Section 66.0621 of the Wisconsin Statutes, as amended, recreated or renumbered from time to time.

"Additional Bonds" means Bonds other than the initial Series of Bonds issued under the Resolution.

"Airline Leases" means the Airline Leases between the County and the airlines which use the Airport System, as amended from time to time.

"Airport Consultant" means an individual, firm or corporation in the airport management consulting business, from time to time appointed by the County which has a wide and favorable reputation for special skill and knowledge in methods of the development, operation, management and financing of airports and airport facilities, but which, in the case of an individual, is not a member of the County Board of Supervisors or an officer or employee of the County, and in the case of a firm or corporation, does not have a partner, director, officer or employee who is a member of the County Board of Supervisors or an officer or employee of the County.

"Airport System" means General Mitchell International Airport and Lawrence J. Timmerman Airport, which are now owned and operated by the County, and all properties of every nature in connection with such Airports or any other airport facilities now or hereafter owned by the County, including, without limitation, runways, hangars, loading facilities, repair shops, garages, storage facilities, terminals, retail stores in such terminals, restaurants, parking structures and areas and all other facilities necessary or convenient for the operation of the Airports, together with any improvements and extensions thereto, all real and personal property of every nature comprising part of and used or useful in connection therewith, and all appurtenances, contracts, leases, franchises and other intangibles.

"Authorized Officer" means the Director of the Airport System or any other person designated by the County.

"Bondowner" or "Owner" means any person who shall be the registered owner of any Outstanding Bond or Bonds, except that when Bonds are in book-entry form, it means the beneficial owners of the Bonds.

"Bonds" means the revenue bonds issued from time to time under the Resolution. Such revenue bonds may be issued in the form of Serial Bonds, Term Bonds, capital appreciation bonds, Variable Rate Bonds, bond anticipation notes, and other forms of indebtedness authorized by the Act, if and only to the extent that the County is then authorized to issue such obligations under the Act.

"Capital Improvement Reserve Fund" means the Airport Capital Improvement Reserve Fund created by the Resolution.

"Capitalized Interest Account" means the Capitalized Interest Account created in the Special Redemption Fund by the Resolution.

"Code" means the Internal Revenue Code of 1986, as amended.

"Construction Fund" means the Airport Revenue Bond Construction Fund created by the Resolution.

"Consulting Engineer" means any registered or licensed professional engineer, any firm of such engineers, any licensed professional architect, or any firm of such architects, from time to time appointed and designated by the

County who has a wide and favorable reputation for skill and experience in the field of designing, preparing plans and specifications for, and supervising construction of, airports and airport facilities and who is entitled to practice and is practicing as such under the laws of the State of' Wisconsin; but who, in the case of an individual, is not a member of the County Board of Supervisors or an officer or employee of the County and, in the case of a firm or corporation, does not have a partner, director, officer or employee who is a member of the County Board of Supervisors or an officer or employee of the County.

"County" means Milwaukee County, Wisconsin.

"Coverage Fund" means the Coverage Fund created by the Resolution.

"Credit Facility" means any letter or line of credit, policy of bond insurance, surety bond, guarantee or similar instrument issued by a financial, insurance or other institution and which provides security and/or liquidity in respect of Bonds.

"Credit Facility Obligations" means repayment or other obligations incurred by the County in respect of draws or other payments or disbursements made under a Credit Facility, but only if such obligations have a lien on Revenues with the same priority as the lien thereon of the Bonds.

"Debt Service" means with respect to each Fiscal Year the aggregate of the following amounts to be set aside (or estimated to be required to be set aside) in the Interest and Principal Account in the Fiscal Year:

(a) the amount required to pay the interest coming due and payable on Outstanding Bonds;

(b) the amount required to pay principal coming due and payable on Outstanding Bonds (whether at maturity or by mandatory redemption); and

(c) the amount of redemption premium, if any, payable on Outstanding Bonds required to be redeemed in that Fiscal Year.

"Debt Service" shall not include the following with respect to any Bonds at the time of calculation then Outstanding: (a) debt service paid or to be paid from Bond proceeds or from earnings thereon or from any subsidy from the United States of America for that purpose; or (b) interest and principal on Bonds to the extent such interest or principal is to be paid from (i) amounts previously credited to the Interest and Principal Account, or (ii) any other available amounts irrevocably deposited hereunder for the payment of such interest or principal.

"Event of Default" means an Event of Default as defined in the Resolution.

"Fiscal Year" means the fiscal year of the County with respect to the Airport System as established from time to time. The Fiscal Year is now the twelve-month period ending December 31.

"Fitch" means Fitch Ratings, Inc., or any successor rating agency.

"General Obligation Bond Fund" means the Airport General Obligation Bond Fund created by the Resolution.

"Interest and Principal Account" means the Interest and Principal Account created in the Special Redemption Fund by the Resolution.

"Moody's" means Moody's Investors Service, Inc., or any successor rating agency.

"Net Revenues" means (i) for any period or year which has concluded at the time the calculation is made, the aggregate of the Revenues after deducting for such past period or year the aggregate of the Operation and Maintenance Expenses; and (ii) for any future period or year the aggregate of the Revenues that is estimated for such future period or year, after deducting for such future period or year the aggregate of the estimated Operation and Maintenance Expenses in such future year or period.

"Operation and Maintenance Expenses" means the reasonable and necessary expenses (under generally accepted accounting principles) of administering, operating, maintaining, and repairing the Airport System, and shall include, without limitation, the following items: (a) costs of collecting Revenues and of making any refunds therefrom lawfully due others; (b) engineering, auditing, legal and other overhead expenses directly related to the administration, operation, maintenance, and repair of the Airport System; (c) costs of all or a portion of the salaries, wages and other compensation of officers and employees and payments to pension, retirement, health and hospitalization funds and other insurance, including self-insurance for the foregoing, with respect to officers and employees of the County which are properly allocable to the Airport System; (d) costs of repairs, replacements, renewals and alterations occurring in the usual course of business of the Airport System; (e) taxes, assessments and other governmental charges, or payments in lieu thereof, imposed on the Airport System or any part thereof or on the operation thereof or on the income therefrom or on any privilege in connection with the ownership or operation of the Airport System or otherwise imposed on the Airport System or the operation thereof or income therefrom; (f) costs of utility services with respect to the Airport System; (g) costs and expenses of general administrative overhead of the County allocable to the Airport System; (h) costs of equipment, materials and supplies used in the ordinary course of business, including ordinary and current rentals of equipment or other property allocable to the Airport System; (i) contractual services and professional services for the Airport System, including but not limited to, legal services, accounting services and services of financial consultants and airport consultants; (j) costs of fidelity bonds, or a properly allocable share of the premium of any blanket bond, pertaining to the Airport System or Revenues or any other moneys held hereunder or required hereby to be held or deposited hereunder; (k) costs of carrying out the provisions of the Resolution, including Trustee and Paying Agents' fees and expenses; costs of insurance required hereby, or a properly allocable share of any premium of any blanket policy pertaining to the Airport System or Revenues; and costs of recording, mailing and publication; and (l) all other costs and expenses of administering, operating, maintaining and repairing the Airport System arising in the routine and normal course of business; provided, however, the term "Operation and Maintenance Expenses" shall not include: (1) costs of extensions, enlargements, betterments and improvements to the Airport System or reserves therefor; (2) reserves for operation, maintenance, renewals and repairs occurring in the normal course of business; (3) payment (including redemption) of Bonds or other evidences of indebtedness or interest and premium thereof or reserves therefor; (4) allowances for depreciation and amounts for capital replacements or reserves therefor; and (5) operation and maintenance costs and expenses pertaining to any Special Facilities.

"Operation and Maintenance Reserve Fund" means the Airport Revenue Bond Operation and Maintenance Reserve Fund created by the Resolution.

"Operation and Maintenance Reserve Fund Requirement" means an amount equal to one-sixth (1/6) of the estimated Operation and Maintenance Expenses of the Airport System for that Fiscal Year as set forth in the Airport's annual budget.

"Opinion of Bond Counsel" means a written opinion of an attorney at law or a firm of attorneys acceptable to the County and the Trustee, if any, of nationally recognized standing in matters pertaining to the tax-exempt nature of interest on bonds issued by states and their political subdivisions, duly admitted to the practice of law before the highest court of any state of the United States of America.

"Other Available Funds" means, for any Fiscal Year, the amount of unencumbered funds on deposit or anticipated to be on deposit, as the case may be, on the first day of such Fiscal Year in the Coverage Fund and the Surplus Fund; provided, however, that for purposes of issuing Additional Bonds and demonstrating compliance with the rate covenant described below, the amount of such funds treated as "Other Available Funds" for any Fiscal Year shall not exceed 25% of Debt Service in that Fiscal Year.

"Outstanding" with respect to a Bond has the meaning set forth in the Resolution. The Resolution provides that any Bond shall no longer be deemed to be Outstanding under the Resolution:

(i) when the Bond has been canceled or surrendered for cancellation, or has been purchased by the Trustee from moneys held by it under the Resolution (other than at the option of the owner thereof prior to its maturity); or

(ii) when payment of the principal or the redemption price of the Bond, plus interest on the principal to the due date (whether at maturity or upon redemption or otherwise) or to the date set for payment in the case of an overdue Bond, either (a) has been made or (b) has been provided for by irrevocably setting aside in escrow with the Trustee, if any, or with another suitable bank or trust company for the purpose (1) moneys sufficient to pay the principal or redemption price and interest or (2) Permitted Investments (which for the purposes of this definition shall include only those obligations described in item (1) of the definition of Permitted Investments) maturing as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to pay the principal or redemption price and interest when required, and when all proper fees and expenses of the Trustee and Paying Agents pertaining to the Bond have been paid or provided for to the satisfaction of the Trustee and Paying Agents.

"Passenger Facility Charge" means the charge imposed at the Airport System pursuant to the Aviation Safety and Capacity Expansion Act of 1990, as amended or recreated from time to time, the Federal Aviation Regulations issued pursuant to said Act, as amended from time to time, and the Records of Decision of the Federal Aviation Administration relating to the Passenger Facility Charge, as amended or supplemented from time to time.

"Paying Agent" means the Trustee as to all the Bonds and, as to Bonds of a particular Series, the alternate Paying Agent or Agents (if any) designated for the payment of the principal of, premium, if any, and interest on the Series of Bonds in the Supplemental Resolution providing for their issuance.

"Permitted Investments" means any of the following, if and only to the extent that they are legal for the investment of funds of the County under Section 66.0603(lm) of the Wisconsin Statutes, as amended, recreated or renumbered from time to time:

(1) United States Treasury bills, bonds and notes or securities for which the full faith and credit of the United States are pledged for the payment of principal and interest (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States) and securities which represent an undivided interest in such direct obligations;

(2) Obligations issued by the following United States government agencies which represent the full faith and credit of the United States: the Export-Import Bank, the Farm Credit Financial Assistance Corporation, the Farmers Home Administration, the General Services Administration, the U.S. Maritime Administration, the Small Business Administration, the Government National Mortgage Association, the U.S. Department of Housing and Urban Development (PHAs) and the Federal Housing Administration;

(3) Senior debt obligations rated "Aaa" by Moody's and "AAA" by S&P issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation or senior debt obligations of other government-sponsored agencies, provided that such agencies are approved by each bond insurer then providing insurance for any Series of Bonds;

(4) Any repurchase agreement with any bank or trust company organized under the laws of any state of the United States or any national banking association, including the Trustee, or government bond dealer reporting to, trading with and recognized as a primary dealer by, the Federal Reserve Bank of New York, which agreement is secured at all times by collateral security described in clause (1) or (2) of this definition and in which the Trustee has a perfected security interest, and which collateral (a) is held by the Trustee or a third party agent, (b) is not subject to liens or claims of third parties, (c) has a market value determined as frequently and in an amount sufficient to satisfy the collateralization levels required by each of the Rating Agencies, and (d) is required to be liquidated due to a failure to maintain the requisite collateral level, provided that such repurchase agreement shall be acceptable to each bond insurer then providing insurance for any Series of Bonds;

(5) Bankers' acceptances which are issued by a commercial bank organized under the laws of any state of the United States or a national banking association, including the Trustee, eligible for purchase by the Federal Reserve System, which have a rating on their short term certificates of deposit on the date of purchase of "P-1" by Moody's and "A-1" or "A-1+" by S&P; provided, that such bankers' acceptances may not mature more than two hundred seventy (270) days after the date of purchase; and provided, further, that ratings on a holding company may not be considered the rating of such commercial bank;

(6) Commercial paper of "prime" quality which is rated at the time of purchase in the single highest classification "P-1" by Moody's and "A-1+" by S&P, issued by a corporation that is organized and operating within the United States, that has total assets in excess of $500,000,000 and that has an "A" or equivalent or higher rating for its long term debt as rated by Moody's and S&P at the time of purchase; provided that the commercial paper may not mature more than one hundred eighty (180) days after the date of purchase:

(7) A taxable or tax-exempt government money market portfolio restricted to obligations with maturities of one (1) year or less, and either issued or guaranteed as to payment of principal and interest by the full faith and credit of the United States of America and rated at the time of purchase "AAAm" or "AAAm-G" or better by S&P;

(8) Any investment contract or other security meeting the requirements of Section 66.0603(1m) of the Wisconsin Statutes, as amended, recreated or renumbered from time to time;

(9) Any investment agreement approved in writing by each bond insurer then providing insurance for any Series of Bonds, such investment agreement to be supported by appropriate opinions of counsel; and

(10) Any other investment approved in writing by each bond insurer then providing insurance for any Series of Bonds.

"PFC Revenues" means the proceeds of the Passenger Facility Charge or any analogous charge or fee that may hereafter be levied with respect to the Airport System which are received and retained by the County and any investment earnings thereon.

"Project" means any additions, improvements and extensions to the Airport System, including the acquisition of land, equipment or other property for the Airport System.

"Project Costs" means all costs of carrying out a Project and, without limiting the generality of the foregoing, may include (i) all preliminary expenses; (ii) the cost of acquiring all property, franchises, easements and rights necessary or convenient for the Project; (iii) engineering and legal expenses; (iv) expenses for estimates of costs and revenues, (v) expenses for plans, specifications and surveys; (vi) other expenses incident or necessary to determining the feasibility or practicability of the enterprise; (vii) administrative expenses; (viii) construction costs; (ix) permitting and impact fees; (x) interest on the Bonds issued to finance construction of the Project during the estimated period of construction and for a reasonable period thereafter; and (xi) such other expenses as may be incurred in the financing of the Project or in carrying it out, placing it in operation (including the provision of working capital) and in the performance of things required or permitted by the Act in connection with the Project.

"Regulations" means the regulations of the United States Department of the Treasury issued under the Code, as amended.

"Reserve Account" means the Reserve Account created in the Special Redemption Fund by the Resolution.

"Reserve Requirement" means, as of any date of calculation, an amount equal to the least of (a) maximum annual Debt Service on Outstanding Bonds during the then current or any future Fiscal Year, (b) 125% of the average annual Debt Service on Outstanding Bonds, or (c) 10% of the Principal Amount (as defined below) of all Outstanding Bonds upon original issuance thereof but shall not in any event exceed the maximum amount permitted to be on deposit in the Reserve Account pursuant to the Code and Regulations. For purposes of this paragraph, "Principal Amount" shall mean the stated principal amount of the issue, except that with respect to an issue that has more than a de minimis amount (as defined in Section 1.148-1(b) of the Regulations) of original issue discount or premium, it shall mean the issue price of that issue (net of pre-issuance accrued interest.)

"Resolution" means the General Bond Resolution, as amended or supplemented from time to time by Supplemental Resolutions.

"Revenue Fund" means the Airport Revenue Fund created by the Resolution.

"Revenues" means all moneys received from any source by the Airport System or by the County with respect to the Airport System, including, without limitation, all rates, fees, charges, rents and other income derived from the ownership or operation of the Airport System, including investment earnings on the funds and accounts established in the Resolution to the extent provided therein. Revenues shall not include PFC Revenues, except to the extent PFC Revenues are specifically designated as included in Revenues as provided in the Resolution. Revenues shall also not include any Airport System fund balances on hand as of the date of adoption of the Resolution which represent overrecovery amounts to which the airlines have a claim pursuant to the Airlines Leases. Unless and to the extent otherwise provided by Supplemental Resolution, "Revenues" do not include (a) the proceeds of Bonds or other borrowings by the County, (b) the proceeds of grants and gifts for limited purposes or the proceeds of the disposition of property financed by such grants and gifts, (c) condemnation proceeds or insurance proceeds except insurance proceeds received from rental or business interruption insurance, (d) all income and revenue collected and received with respect to properties and facilities which are not included in the definition of Airport System, (e) Special Facility Revenues, or (f) PFC Revenues.

"S&P" means S&P Global Ratings, a division of S&P Global, or any successor rating agency.

"Serial Bonds" means Bonds other than Term Bonds.

"Series" or "Series of Bonds" or "Bonds of a Series" means a series of Bonds authorized by the Resolution.

"Special Facility" shall mean any facility, structure, equipment or other property, real or personal, which is at the Airport System or a part of any facility or structure at the Airport System and which is designated as a Special Facility pursuant to the Resolution.

"Special Facility Bonds" shall mean any revenue bonds, notes, bond anticipation notes, commercial paper, certificates of participation in a lease agreement or other evidences of indebtedness for borrowed money issued by the County to finance a Special Facility, the principal of, premium, if any, and interest on which are payable from and secured by the Special Facility Revenues derived from such Special Facility, and not from or by Revenues.

"Special Facility Revenues" shall mean the revenues earned from or with respect to a Special Facility and which are designated as such by the County to the extent they are needed to pay debt service on Special Facility Bonds or to meet other requirements of a Special Facility Bond financing, including but not limited to contractual payments to the County under a loan agreement, lease agreement or other written agreement with respect to the Special Facility by and between the County and the person, firm, corporation or other entity, either public or private, as shall operate, occupy or otherwise use the Special Facility. Special Facility Revenues shall not include any ground rentals received by the County with respect to a Special Facility.

"Special Redemption Fund" means the Airport Revenue Bond Special Redemption Fund created by the Resolution.

"Supplemental Resolution" means a resolution adopted by the County under Article 2 providing for the issuance of Bonds, and shall also mean a resolution adopted by the County under Article 9 amending or supplementing the Resolution.

"Surplus Fund" means the Airport Revenue Bond Surplus Fund created by the Resolution.

"Term Bonds" means Bonds which are subject to mandatory sinking fund redemption prior to maturity as specified in the Supplemental Resolution providing for their issuance. A Series of Bonds may include both Serial Bonds and Term Bonds and may include more than one set of Term Bonds, each of which has its own maturity date.

"Trustee" means the Trustee appointed pursuant to the Resolution and its successor or successors.

"Variable Rate Bonds" means Bonds issued under this Resolution, the interest rate on which is not established at a fixed or constant rate to maturity.

Pledge of Revenues

The Bonds are special obligations of the County. The principal of, premium, if any, and interest on the Bonds are payable solely from, and are secured equally and ratably by, a pledge of Net Revenues of the Airport System.

Creation of Funds; Flow of Funds

The Resolution creates the following funds and accounts:

- Revenue Fund
- PFC Revenue Account
- Operation and Maintenance Fund
- Special Redemption Fund
- Interest and Principal Account
- Reserve Account
- Capitalized Interest Account
- General Obligation Bond Fund
- Operation and Maintenance Reserve Fund
- Coverage Fund
- Capital Improvement Reserve Fund
- Surplus Fund

All of the funds, other than the Special Redemption Fund, will be held by the County. The Special Redemption Fund will be held by the Trustee.

Revenue Fund. Upon the issuance of the initial Series of Bonds the County shall deposit all of the Revenues into the Revenue Fund as promptly as practical after receipt (other than the Revenues expressly required or permitted by the Resolution to be credited to or deposited in any other account or fund). Within the Revenue Fund, the County shall create a "PFC Revenue Account" into which the County shall pay all PFC Revenues. However, such PFC Revenues shall be applied to pay debt service on Bonds only to the extent that such PFC Revenues are specifically pledged to payment of Bonds and are allocable to projects financed through the issuance of Bonds. Any remaining PFC Revenues shall be applied to pay the costs of Passenger Facility Charge approved projects in accordance with applicable federal regulations.

The County shall transfer funds from the Revenue Fund into the following funds in the following order of priority, in accordance with the Resolution:

(1) Operation and Maintenance Fund. Revenues shall first be used to pay Operation and Maintenance Expenses. There shall be charged against the Revenue Fund, and credited to the Operation and Maintenance Fund, a sum sufficient to provide for payment of the Operation and Maintenance Expenses of the Airport System as they are incurred.

(2) Special Redemption Fund. There has been created a Special Redemption Fund, which will be held by the Trustee to pay debt service on the Bonds.

(a) Interest and Principal Account. Within the Special Redemption Fund a separate account has been created known as the "Interest and Principal Account," which shall be used to pay the interest on, and principal and redemption price of, the Bonds. No later than the tenth day of each calendar month, there shall be paid from the Revenue Fund into the Interest and Principal Account the amount necessary to pay the interest next coming due on the Outstanding Bonds, less amounts already on deposit therein and available for such purpose, divided by the number of months remaining to such interest payment date, and the amount necessary to pay the principal next coming due on the Outstanding Bonds, whether such principal is being paid at maturity or upon mandatory redemption, less amounts already on deposit therein and available for such purpose, divided by the number of months remaining to such payment date.

(b) Reserve Account. Within the Special Redemption Fund there has also been created a separate account titled the "Reserve Account." The purpose of the Reserve Account is to provide a reserve for the payment of the principal or redemption price of and interest on the Bonds. There shall be deposited from the proceeds of each Series of Bonds into the Reserve Account the amount necessary so that there will be on deposit in the Reserve Account immediately after their issuance an amount equal to the Reserve Requirement. The Reserve Requirement may also be satisfied by crediting to the Reserve Account a surety bond or other credit facility in lieu of the deposit of cash, as discussed in more detail below.

Unless there is adequate provision made through the Airline Leases to permit the County to charge the airlines for principal due on the Bonds as such, the County, as part of the annual budget required pursuant to the Resolution, shall determine whether the depreciation charges to the airlines for that Fiscal Year under the Airline Leases (the "Depreciation Charges") will equal or exceed the principal to come due (whether at maturity or by mandatory redemption) on all Outstanding Bonds in that Fiscal Year (the "Principal"). If Depreciation Charges do not equal or exceed such Principal, the County shall immediately notify the Trustee of the projected shortfall, and the Trustee shall, on the first day of the Fiscal Year, transfer an amount equal to the projected shortfall from the Reserve Account to the Interest and Principal Account to make up the projected shortfall. The resulting deficiency in the Reserve Account shall be replenished from the Revenue Fund within 12 months as provided in the Resolution. The amount necessary to make such replenishment shall be included in the annual budget for that Fiscal Year.

(c) Capitalized Interest Account. Within the Special Redemption Fund there has also been created a separate account titled the "Capitalized Interest Account." Amounts on deposit in the Capitalized Interest Account shall be used to pay capitalized interest on Bonds. Upon the issuance of each Series of Bonds, there shall be deposited into the Capitalized Interest Account the amount of proceeds of the Bonds, if any, designated for that purpose in the Supplemental Resolution authorizing the issuance of such Series of Bonds. Such amounts shall be transferred to the Interest and Principal Account on the first day of the Fiscal Year in which the interest on such Series of Bonds is due.

(3) General Obligation Bond Fund. There has been created a special fund known as the "Airport General Obligation Bond Fund." Moneys in the General Obligation Bond Fund shall be used to pay debt service on general obligation bonds or promissory notes of the County issued for Airport System purposes and to reimburse the County for such debt service payments for which it has not previously been reimbursed. On or before the tenth day of each month but in no event prior to making the required deposit to the Special Redemption Fund, the County shall pay from the Revenue Fund into the General Obligation Bond Fund an amount so that sufficient amounts will be available, together with other available funds, to provide for the timely payment of debt service on all of the County's general obligation bonds or promissory notes heretofore and hereafter issued for Airport System purposes and for the reimbursement of the County for such payments which it has previously made and for which it has not yet been reimbursed.

(4) Operation and Maintenance Reserve Fund. There has been created a special fund known as the "Airport Revenue Bond Operation and Maintenance Reserve Fund." On or before the tenth day of each month but in no event prior to making the required deposit to the Special Redemption Fund, the County shall pay from the Revenue Fund to the Operation and Maintenance Reserve Fund an amount equal to the lesser of (i) one-twelfth of the Operation and Maintenance Reserve Fund Requirement (defined as one-sixth of annual Operation and Maintenance Expenses) or (ii) the amount necessary so that the balance in the fund is not less than the Operation and Maintenance Reserve Fund Requirement.

Moneys in the Operation and Maintenance Reserve Fund may be transferred to the Operation and Maintenance Fund to pay Operation and Maintenance Expenses, or to the Interest and Principal Account to make up any deficiency in the amount needed to pay principal, redemption price or interest on the Bonds.

(5) Coverage Fund. There has been created a special fund known as the "Coverage Fund." The Coverage Fund shall be funded in an amount equal to 25% of the current Debt Service on all Outstanding Bonds for which a deposit in the Coverage Fund is required by the Supplemental Resolution (the "Coverage Fund Requirement"). Upon the issuance of any Series of Bonds or Additional Bonds for which a deposit in the Coverage Fund is required by the Supplemental Resolution, either (a) an amount necessary to satisfy the Coverage Fund Requirement (calculated by taking into account the Debt Service on the Bonds being issued) shall be deposited in the Coverage Fund at the time of the issuance of such Bonds or (b) the County shall covenant, in the Supplemental Resolution authorizing the Bonds, to deposit monthly on the tenth day of each month, commencing with the first month after the issuance of the Bonds and continuing until the Coverage Fund Requirement is on deposit in the Coverage Fund, an amount equal to one-thirty-sixth of the difference between the Coverage Fund Requirement upon the issuance of the Bonds and the amount on deposit in the Coverage Fund on the date of issuance of the Bonds.

Amounts on deposit in the Coverage Fund may be transferred to the Operation and Maintenance Fund to make up any deficiency in that Fund or to the Interest and Principal Account in the event of a deficiency in that Account.

If the amount in the Coverage Fund is less than the Coverage Fund Requirement (or such lesser amount which is required to be on deposit therein as provided in the Resolution on January 1 of any year, the County shall forthwith make up the deficiency from the Revenue Fund by making monthly deposits on or before the tenth day of each month thereafter, but in no event prior to making the required deposits to the funds set forth above, and continuing until the Coverage Fund Requirement is on deposit in the Coverage Fund, in an amount equal to one-twelfth of the deficiency. If the amount in the Coverage Fund is greater than the Coverage Fund Requirement on January 1 of any year, the excess shall be dealt with in the manner provided for earnings from the investment of the Coverage Fund.

If there is adequate provision made through the Airlines Leases to permit the County to charge the airlines an amount so that Net Revenues (without counting Other Available Funds) are sufficient to comply with the rate covenants discussed below, then the Coverage Fund may be dissolved and discontinued and funds therein shall be dealt with in the manner provided for earnings from the investment of the Coverage Fund.

(6) Capital Improvement Reserve Fund. There has been created a special fund known as the "Capital Improvement Reserve Fund. There shall be deposited into the Capital Improvement Reserve Fund an amount equal to the depreciation payments received pursuant to the Airline Leases less the amounts deposited to the Interest and Principal Account of the Special Redemption Fund and the General Obligation Bond Fund representing principal of Bonds or general obligation bonds or promissory notes of the County. In addition, there shall be deposited into the Capital Improvement Reserve Fund from the Revenue Fund, on or before the 10th day of each month, but in no event prior to making the required deposits to the funds set forth above, any amounts required by a resolution authorizing the issuance of subordinate airport revenue obligations. Moneys in the Capital Improvement Reserve Fund shall be used to finance capital projects at the Airport System in accordance with the terms of the Airline Leases or to pay debt service on subordinate airport revenue bonds.

(7) Surplus Fund. There has been created a special fund known as the "Airport Revenue Bond Surplus Fund." Moneys in the Surplus Fund shall first be used when necessary to meet requirements of the Operation and Maintenance Fund, the Special Redemption Fund, including the Reserve Account, the General Obligation Bond Fund, the Operation and Maintenance Reserve Fund, the Coverage Fund and the Capital Improvement Reserve Fund. Any money remaining in the Surplus Fund at the end of any Fiscal Year may be used only as permitted and in the order specified in Section 66.0811(2) of the Wisconsin Statutes and provided further that such money may only be used for Airport System purposes.

Construction Fund. There has also been created a special fund known as the "Construction Fund." Moneys in the Construction Fund shall be applied to the payment of the Project Costs of the respective Projects for which the Bonds are issued, or, to the extent they represent funds borrowed to pay capitalized interest on Bonds, shall be transferred to the Interest and Principal Account on the first day of the Fiscal Year that they will be needed for that purpose.

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

Reserve Account

As discussed above, the Resolution establishes a Reserve Account into which the County must deposit and maintain the Reserve Requirement. The moneys on deposit in the Reserve Account shall be used and applied to pay principal, redemption premium, and interest on the Bonds due and owing when a deficiency exists in the amounts on deposit for such purpose in the Interest and Principal Account of the Special Redemption Fund. Investments in the Reserve Account are valued at the market value thereof unless the Trustee determines that a lower valuation is necessary by reason of uncertainty of payment thereof or anticipated loss on sale prior to maturity.

In lieu of the deposit of moneys in the Reserve Account, or in substitution of moneys previously deposited therein, the County at any time may cause to be so credited a letter or line of credit, policy of bond insurance, surety bond, guarantee or similar instrument issued by a financial, insurance or other institution and which provides security and/or liquidity in respect of Bonds (a "Credit Facility") for the benefit of the Bondholders equal to the difference between the Reserve Requirement and all other amounts then on deposit (or, in the case of substitution of moneys previously on deposit therein, the amount remaining on deposit) in the Reserve Account. Any funds in the Reserve Account that are subsequently replaced by a Credit Facility will be transferred to the Interest and Principal Account or the Construction Fund, as the County directs, provided that the County may transfer such funds to any other fund or account under the Resolution upon receipt of an Opinion of Bond Counsel to the effect that such transfer will not adversely affect the tax-exempt nature of the interest on any Series of Outstanding Bonds. The Credit Facility shall be payable on any date on which moneys will be required to be withdrawn from the Reserve Account and applied to the payment of the principal or redemption price of or interest on any Bonds of such Series when such withdrawals cannot be made by amounts credited to the Reserve Account.

Additional Bonds

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

(1)(a) A certificate of the County that to the best of the knowledge and belief of the Authorized Officer executing the Certificate, no Event of Default exists, and (b) a certificate of the Trustee that there is no Event of Default of which it has actual knowledge;

(2) A certificate of the County, executed on its behalf by an Authorized Officer, setting forth (i) the Net Revenues for the last audited Fiscal Year and (ii) the maximum Debt Service (including, without duplication, related Credit Facility Obligations) on all Outstanding Bonds and the Bonds to be issued in any Fiscal Year; and demonstrating that such Net Revenues, together with Other Available Funds, equal an amount not less than 125% of such Debt Service (including, without duplication, related Credit Facility Obligations); or, alternatively, a certificate

prepared and signed by an Airport Consultant, setting forth for each of the three Fiscal Years commencing with the Fiscal Year following that in which the Projects financed by such Additional Bonds are estimated to be completed, the projected Net Revenues, the projected Other Available Funds, and the maximum Debt Service on all Outstanding Bonds and the Additional Bonds to be issued in any Fiscal Year; and demonstrating that for each such Fiscal Year the projected Net Revenues, together with the projected Other Available Funds, will be in an amount not less than 125% of such Debt Service (including, without duplication, related Credit Facility Obligations);

(3) A certified copy of the Supplemental Resolution providing for the issuance of the Additional Bonds; and

(4) An Opinion of Bond Counsel that the conditions precedent to the issuance of the Additional Bonds have been satisfied.

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

The certificates required by subparagraph (2) above shall not be required in connection with the issuance of Bonds to refund Bonds, provided that the average annual Debt Service on the refunding Bonds shall not be greater than the average annual Debt Service on the Bonds being refunded, but such certificates shall be required in the case of Bonds issued to refund obligations other than Bonds (including the issuance of Bonds to retire notes issued in anticipation of Bonds) as if the Bonds were being issued for the Projects financed by the refunded obligations.

In the Resolution, the County covenants that, until there is adequate provision made through the Airline Leases to permit the County to charge the airlines for principal due on Bonds as such, all Bonds issued under the Resolution will have amortization schedules such that in each Fiscal Year the scheduled depreciation on then existing Airport System facilities plus the scheduled depreciation on any new Airport System Projects then being financed with Bonds will equal or exceed the amount of principal of Bonds falling due in such Fiscal Year.

Issuance of Subordinate Securities and Special Facility Bonds

The Resolution provides that the County may issue subordinate lien securities for the purpose of the Airport System payable from the Revenues deposited in the Capital Improvement Reserve Fund.

The Resolution also includes provisions under which the County may issue Special Facility Bonds for the purpose of constructing a Special Facility at the Airport. A Special Facility is any facility, structure, equipment or other property, real or personal, which is at the Airport System or a part of any facility or structure at the Airport System and which is designated as a Special Facility by Supplemental Resolution. Such Supplemental Resolution shall provide that revenues earned by the County from or with respect to such Special Facility shall constitute Special Facility Revenues and shall not be included as Revenues. Any such Special Facility Bonds are required to be payable solely from Special Facility Revenues and will not be a charge or claim against the Revenue Fund or any other fund or account designated in the Resolution.

No Special Facility Bonds shall be issued by the County unless there shall have been filed with the Trustee a certificate of an Airport Consultant to the effect that:

(i) The estimated Special Facility Revenues with respect to the proposed Special Facility shall be at least sufficient to pay the principal (either at maturity or by mandatory sinking fund redemptions), premium of and interest on such Special Facility Bonds as and when the same shall become due, all costs of operating and maintaining such Special Facility not paid by a party other than the County, and all sinking fund, reserve fund and other payments required with respect to such Special Facility Bonds as and when the same shall become due; and

(ii) The estimated Net Revenues calculated without including the Special Facility Revenues and without including any operation and maintenance expenses of the Special Facility as Operation and Maintenance Expenses will be sufficient so that the County will be in compliance with its rate covenant during each of the five Fiscal Years immediately following the issuance of such Special Facility Bonds.

Covenants of the County

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

In addition, the County is required to establish and collect rates, rentals, fees and charges sufficient so that in each Fiscal Year the aggregate of the Revenues after deducting for such year the aggregate of the Operation and Maintenance Expenses ("Net Revenues"), together with Other Available Funds (defined as the amount of unencumbered funds on deposit on the first day of the fiscal year in the Coverage Fund and the Surplus Fund in an amount up to 25% of Debt Service in the Fiscal Year), will be at least equal to 125% of Debt Service on all Bonds Outstanding including, without duplication, any repayment or other obligations incurred by the County in respect of draws or other payments or disbursements made under a Credit Facility, but only if such obligations have a lien on Revenues on the same priority as the lien thereof. PFC Revenues are treated as Revenues under the rate covenant only to the extent they are actually applied during the Fiscal Year to pay debt service on Bonds issued to finance or refinance Projects to which the PFC Revenues relate.

The failure to comply with the rate covenant, in the immediately preceding paragraph, does not constitute a default by the County under the Resolution if (i) the County promptly (a) causes an Airport Consultant to make a study for the purpose of making recommendations with respect to rates, rentals, fee and charges for the Airport System in order to provide funds for all the payments and other requirements described in the first paragraph above; (b) considers the recommendations of the Airport Consultant; and (c) takes such action as the County, in its discretion, deems necessary to comply with the rate covenant described in the immediately preceding paragraph, and (ii) in the following Fiscal Year, Net Revenues, together with Other Available Funds, are at least sufficient to meet the rate covenant described in the immediately preceding paragraph.

Annual Budget. At least sixty (60) days before the beginning of each Fiscal Year the County shall file a preliminary, annual Airport System operating budget with the Trustee. At least one (1) day before the beginning of each Fiscal Year the County shall adopt the annual Airport System operating budget and shall file a summary of such budget with the Trustee. As soon as such budget is published, but in no event later than February 1 of the year to which it relates, the County shall file a copy of such budget with the Trustee. The County may at any time adopt and file with the Trustee an amended or supplemental operating budget for the Fiscal Year then in progress. The budget shall show projected Operation and Maintenance Expenses, Debt Service and other payments from the Revenue Fund and the Revenues to be available to pay the same. The County shall not incur aggregate Operation and Maintenance Expenses in any Fiscal Year in excess of the aggregate amount shown in the annual budget as amended and supplemented except in case of emergency and shall promptly file a written report of any such excess expenditure with the Trustee.

Operation Maintenance and Improvement of the Airport System. The County will maintain, preserve, keep and operate or cause to be maintained, preserved, kept and operated, the properties constituting the Airport System (including all additions, improvements and betterments thereto and extensions thereof and every part and parcel thereof) in good and efficient repair, working order and operating condition in conformity with standards customarily followed in the aviation industry for airports of like size and character. The County will from time to time make all necessary and proper repairs, renewals, replacements and substitutions to said properties, and construct additions and improvements thereto and extensions and betterments thereof which are economically sound, so that at all times the business carried on in connection therewith shall and can be properly and advantageously conducted in an efficient manner and at reasonable cost.

Insurance. The County shall carry insurance with generally recognized responsible insurers with policies payable to the County against risks, accidents, or casualties at least to the extent that similar insurance is usually carried by airport operators operating properties similar to the Airport System; provided that the County may be self-insured against such risks, accidents or casualties to the extent appropriate to governmental procedure and policy. In the event of loss or damage to property covered by the insurance, the County shall promptly repair, replace or reconstruct the damaged or lost property to the extent necessary for the proper conduct of its operations and shall apply the proceeds of the insurance for that purpose to the extent needed; provided that no such repair, replacement or construction shall be required if the County files a certificate with the Trustee signed by an Authorized Officer to the effect that repair, replacement or reconstruction of the damaged or destroyed property is not in the best interest of the County and that failure to repair, replace or reconstruct the damaged or destroyed property will not cause Revenues in any future Fiscal Year of the County to be less than an amount sufficient to enable the County to comply with all covenants and conditions of this Resolution or impair the security or the payment of the Bonds. If the County elects to undertake the repair, replacement or reconstruction of the damaged or destroyed property and such proceeds of the aforesaid insurance are insufficient for such purpose, the amount of such insufficiency may be satisfied from moneys available within the Surplus Fund for any lawful purpose of the County. Any excess proceeds from property insurance shall be deposited in the Interest and Principal Account or, if the County receives an Opinion of Bond Counsel to the effect that the proposed use of such proceeds will not adversely affect the tax-exempt status of any Outstanding Bonds issued hereunder, in any other fund or account hereunder as directed by the County.

Within sixty (60) days after the close of each Fiscal Year, the County shall file with the Trustee a certificate describing the insurance then in effect.

Not to Encumber or Dispose of the Revenues or Properties of the Airport System. Except as set forth below, the County shall not sell, mortgage, lease or otherwise dispose of or encumber the Revenues or any properties of the Airport System.

(A) The County may sell, lease, or otherwise dispose of any portion of the properties and facilities (real or personal) comprising a part of the Airport System the disposal of which will not impede or prevent the use of the Airport System or its facilities for the conduct of air transportation or air commerce and which in the reasonable judgment of the County has become unserviceable, unsafe or no longer necessary in the operation of the Airport System or which is to be or has been replaced by other property of substantially equal revenue-producing capability and of substantially equal utility for the conduct of air transportation or air commerce. Proceeds of a sale, lease or other disposition pursuant to this paragraph shall be applied as determined by the County; provided, however, that to the extent that the original construction or acquisition of such properties or facilities was financed from moneys derived from grants or passenger facility charges, then such proceeds shall be deposited in a manner consistent with the conditions agreed to by the County with any governmental authority, or imposed on the County by law or any governmental authority, in obtaining such grants or passenger facility charges.

(B) The County may execute leases, licenses, easements and other agreements of or pertaining to properties constituting the Airport System in connection with the operation of the Airport System in the normal and customary course of business thereof, according to the County's policy regarding rates, rentals, fees and charges of the Airport System, which rates, rentals, fees and charges shall be part of Revenues and which properties shall remain part of the Airport System, but any such leasing shall not be inconsistent with the provisions of the Resolution, and no lease shall be entered into by which the security of and payment for the Bonds might be impaired or diminished. The County may enter into leases, licenses, easements and other agreements in connection with Special Facilities pursuant to and in accordance with the provisions of the Resolution.

(C) If any portion of the properties of the Airport System is taken by eminent domain, any moneys received by the County as a result shall be deposited in the Interest and Principal Account, Construction Fund or Capital Improvement Reserve Fund, as the County shall determine.

(D) The County may apply the Revenues as provided in the Resolution, may encumber the Revenues for the benefit of the Bondowners to the extent and in the manner provided in the Resolution and may otherwise encumber the Revenues to the extent and in the manner provided in the Resolution.

Other Leases and Contracts. The County shall perform all contractual obligations undertaken by it under leases or agreements pertaining to or respecting the Airport System and shall enforce its rights thereunder. The County shall not enter into any contract or lease pertaining to the Airport System by which the rights, payment or security of the Bonds might be impaired or diminished.

Books of Account; Annual Audit. The County shall keep proper books and accounts relating to the Airport System and shall cause such books and accounts to be audited annually by a recognized independent firm of certified public accountants, and within two hundred seventy (270) days after the end of each Fiscal Year, the County shall file such audited financial statement with the Trustee. In addition to other matters required by law or sound accounting or auditing practice, the financial statement shall cover the transactions in the funds and accounts held by the Trustee or County under the Resolution. The report of the auditor shall state whether, in the course of examining the books and accounts relating to the Airport System which it would customarily examine in the course of preparing the audited financial statement required by this Section, there has come to the attention of the auditor any default by the County with respect to the Resolution or the Bonds and, if so, the nature of the default.

Payment of Taxes and Other Claims. The County shall make timely payments of all taxes, assessments and other governmental charges lawfully imposed upon the properties constituting the Airport System or upon the Revenues, as well as all lawful claims for labor, materials and supplies which, if not paid, might become a lien or charge upon any part of the Airport System, or upon any of the Revenues, or could impair the security of the Bonds; but the failure to do so will not be considered a violation of this Section so long as the County is in good faith contesting the validity of the tax, assessment, charge or claim.

Government Approval. The County will perform any construction, reconstructions, and restorations of, improvements, betterments and extensions to, and equipping and furnishing of, and will operate and maintain the Airport System at standards required in order that the same may be approved by the proper and competent Federal government authority or authorities for the landing and taking off of aircraft, and as a terminal point of the County for the receipt and dispatch of passengers, property and mail by aircraft.

Compliance With Terms of Grant-in-aid; Application Thereof: The County shall comply with the requirements of the federal government with respect to grants-in-aid accepted by the County.

To Carry Out Projects. The County will proceed with all reasonable dispatch to complete the acquisition, purchase, construction, improvement, betterment, extension, addition, reconstruction, restoration, equipping and furnishing of any properties certain costs of which are to be paid from the proceeds of Bonds or from any other moneys held under the Resolution. Notwithstanding the foregoing, the County may discontinue a Project by written notice to the Trustee, with a certificate of the Airport Consultant stating that, by reason of change in circumstance not reasonably expected at the time of the issuance of the Bonds, completion of the Project (or work) is no longer consistent with custom in the airport industry or is no longer necessary for the proper operation of the Airport System. The moneys for the Project in the Construction Fund not needed to pay Project Costs of the Project (as determined by a certificate of the Airport Consultant) shall be deposited in the Interest and Principal Account and used to pay debt service on Bonds.

Compliance with Applicable Law. The County shall comply with all applicable federal, state and local law in the operation and administration of the Airport System.

Events of Default and Remedies

Events of Default. There shall be an "Event of Default" if any of the following occurs:

(1) If there is a default in the payment of the principal of or redemption premium, if any, on any of the Bonds when due, whether at maturity or by proceedings for redemption or otherwise.

(2) If there is a default in the payment of any interest on any Bond, when due.

(3) If the County defaults in the performance of any other covenant or agreement contained in the Resolution and the default continues for thirty (30) days after written notice to the County by the Trustee, or to the County and the Trustee by the holders of not less than twenty-five per cent (25%) in principal amount of the Outstanding Bonds, provided that if the default is one that can be remedied but cannot be remedied within that thirty day period, the Trustee may grant an extension of the thirty day period if the County institutes corrective action within that thirty day period and diligently pursues that action until the default is remedied.

(4) If an order, judgment or decree is entered by a court of competent jurisdiction (a) appointing a receiver, trustee, or liquidator for the County or the whole or any substantial part of the Airport System, (b) granting relief in involuntary proceedings with respect to the County under the federal Bankruptcy Code, or (c) assuming custody or control of the County or of the whole or any substantial part of the Airport System under the provision of any law for the relief of debtors, and the order, judgment or decree is not set aside or stayed within sixty (60) days from the date of the entry of the order, judgment or decree.

(5) If the County (a) admits in writing its inability to pay its debts generally as they become due, (b) commences voluntary proceedings in bankruptcy or seeking a composition of indebtedness, (c) makes an assignment for the benefit of its creditors, (d) consents to the appointment of a receiver of the whole or any substantial part of the Airport System, or (e) consents to the assumption by any court of competent jurisdiction under any law for the relief of debtors of custody or control of the County or of the whole or any substantial part of the Airport System.

Inspection of Records. If an Event of Default happens and has not been remedied, the books of record and account of the County relating to the Airport System shall at all times be subject to the inspection and use of the Trustee, the Owners of at least five per cent (5%) in principal amount of the Outstanding Bonds and their agents and attorneys.

Payment of Funds to Trustee; Application of Funds. If an Event of Default happens and has not been remedied, the County upon demand of the Trustee shall pay over and transfer to the Trustee (i) all funds and investments then held by the County in the funds and accounts held by it under the Resolution and (ii) as promptly as practicable all other or subsequent Revenues.

After a transfer of a fund or account under this paragraph, the Trustee shall administer the fund or account until all Events of Default have been cured.

If at any time the available funds are insufficient for the payment of the principal or redemption price and interest then due on the Bonds, the following funds and accounts (other than funds held in trust for the payment or redemption of particular Bonds) shall be used in the order named:

Interest and Principal Account
Capitalized Interest Account
Reserve Account
Surplus Fund
Capital Improvement Reserve Fund
Operation and Maintenance Reserve Fund
Coverage Fund
General Obligation Bond Fund
Construction Fund

and the County shall promptly restore from the Revenue Fund any amount taken for this purpose from any fund or account other than the Interest and Principal Account. The moneys shall be applied in the following order of priority:

First, to the payment of all unpaid interest on Bonds then due (including any interest on overdue principal and, to the extent permitted by law, interest on overdue interest at the same rate) in the order in which the same became due, and, if the amount available is sufficient to pay the unpaid interest which became due on any date in part but not in full, then to the payment of that interest ratably; and

Second, to the payment ratably of the unpaid principal or redemption price of Bonds then due.

Whenever moneys are to be so applied, they shall be applied by the Trustee at such times as it shall determine, having due regard to the amount available and the likelihood of additional moneys becoming available. The Trustee shall use an interest payment date as the date of payment unless it deems another date more suitable. On the date fixed for payment interest shall cease to accrue on the amounts of principal and interest to be paid on that date to the extent that the necessary moneys have been made available for payment. The Trustee shall give such notice of the date as it may deem appropriate and shall not be required to make payment to the Owner of any Bond unless the Bond is presented for appropriate endorsement.

Interest on overdue principal and interest (to the extent permitted by law) shall accrue and be payable daily but, for the purpose of applying the order of priority prescribed by this Section (and of calculating interest on interest), it shall be treated as if it became due on the regular interest payment dates.

Suits at Law or in Equity. (A) As provided in the Act, any Owner or Owners of the Bonds and the Trustee shall have the right in addition to all other rights:

(1) By mandamus or other suit, action or proceedings in any court of competent jurisdiction, to enforce their rights against the County, the County Board of Supervisors and any other proper officer, agent or employee of any of them, including the right to require the County, the County Board of Supervisors and any proper officer, agent or employee of any of them, to fix and collect rates, rentals, fees and charges adequate to carry out any agreement made in the Resolution as to rates, rentals, fees and charges, or to carry out the pledge of Revenues made by the Resolution, and to require the County, the County Board of Supervisors and any officer, agent or employee of any of them to carry out any other covenants or agreements made in the Resolution or in the Bonds and to perform their duties under the Act; and

(2) By action or suit in equity, to enjoin any acts or things which may be unlawful or a violation of the rights of the Owner or Owners of the Bonds under the Resolution or any Supplemental Resolution.

(B) As authorized by the Act, the County confers upon the Owners of not less than twenty-five per cent (25%) in principal amount of the Outstanding Bonds and upon the Trustee the right in case of an Event of Default:

(1) By suit, action or proceedings in any court of competent jurisdiction to obtain the appointment of a receiver of the whole or any part or parts of the Airport System. If a receiver is appointed he may enter and take possession of the same, operate and maintain it, and collect and receive all Revenues arising from it in the same manner as the County itself might do and shall deposit the Revenues in a separate account or accounts and apply the same in accordance with the obligations of the County.

(2) By suit, action or proceeding in any court of competent jurisdiction to require the County to account as if it were the trustee of an express trust.

(C) All rights of action under the Resolution may be enforced by the Trustee without the possession of any of the Bonds and without producing them at the trial or other proceedings.

(D) The Owners of not less than a majority in principal amount of the Outstanding Bonds may direct the time, method and place of conducting any remedial proceeding available to the Trustee, provided that the Trustee is provided with adequate security and indemnity and shall have the right to decline to follow the direction (i) if the Trustee is advised by counsel that the action or proceeding may not lawfully be taken or (ii) if the Trustee determines in good faith that the action or proceeding would involve the Trustee in personal liability or that the action or proceeding would be unjustly prejudicial to the owners of Bonds not parties to the direction.

Remedies Not Exclusive. No remedy conferred by the Resolution upon the Trustee or the Owners of the Bonds is intended to be exclusive of any other remedy, but each shall be in addition to every other remedy given under the Resolution or provided at law or in equity or by statute.

Waivers of Default. No delay or omission of the Trustee or of any Owner of Bonds to exercise any right or power arising upon the happening of an Event of Default shall impair any right or power or be construed to be a waiver of the Event of Default.

The Owners of Bonds with an aggregate principal amount in excess of fifty percent (50%) in principal amount of the Outstanding Bonds may on behalf of the Owners of all of the Bonds waive any past default under the Resolution and its consequences, except a default in the payment of the principal or redemption price of and interest on any of the Bonds. No such waiver shall extend to any subsequent or other default.

Notice of Events of Default. Within sixty (60) days after the occurrence of an Event of Default becomes known to the Trustee, the Trustee shall mail notice of the Event of Default to the Bondowners, unless the Event of Default has been cured before the giving of the notice; provided that the Trustee shall give the notice as promptly as the interests of the Bondowners appear to require and shall be protected in withholding notice if the board of directors, the executive committee, or a trust committee of the Trustee determines in good faith that the withholding of the notice is in the interests of the Bondowners.

Amendments and Supplements

Without Consent of Bondowners. The County may from time to time, without the consent of any Bondowner, adopt Supplemental Resolutions, (i) to provide for the issuance of Additional Bonds pursuant to the Resolution; (ii) to make changes in the Resolution which may be required to permit the Resolution to be qualified under the Trust Indenture Act of 1939, as amended; and (iii) for any one or more of the following purposes:

1. To cure or correct any ambiguity, defect or inconsistency in the Resolution;

2. To add additional covenants and agreements of the County for the purpose of further securing the payment of the Bonds;

3. To limit or surrender any right, power or privilege reserved to or conferred upon the County by the Resolution;

4. To confirm any lien or pledge created or intended to be created by the Resolution;

5. To confer upon the Owners of the Bonds additional rights or remedies or to confer upon the Trustee for the benefit of the Owners of the Bonds additional rights, duties, remedies or powers;

6. To make any other change in the Resolution which does not, in the opinion of the Trustee, have a material adverse impact on the interests of the Owners of the Bonds; and

7. To modify the Resolution in any other respect; provided that the modification shall not be effective until after the Outstanding Bonds cease to be Outstanding, or until the Bondowners consent pursuant to the Resolution.

The written concurrence of the Trustee shall be required for any Supplemental Resolution described in (ii) or (iii) above.

With Consent of Bondowners. With the written concurrence of the Trustee and the consent of the Owners of Bonds with an aggregate principal amount in excess of fifty percent (50%) in principal amount of the Outstanding Bonds, the County may from time to time adopt Supplemental Resolutions for the purpose of making other changes in the Resolution; provided, however, that, without the consent of the Owner of each Bond which would be affected, no Supplemental Resolution shall (1) change the maturity date for the payment of the principal of any Bond or the dates for the payment of interest on the Bond or the terms of the redemption of the Bond, or reduce the principal amount of any Bond or the rate of interest on the Bond or the redemption price, (2) reduce the percentage of consents required under this proviso for a Supplemental Resolution, or (3) give to any Bond any preference over any other Bond; and provided further that, without the consent of the Owners of Bonds with an aggregate principal amount in excess of fifty percent (50%) in principal amount of the Outstanding Term Bonds of each Series and maturity which would be affected, no Supplemental Resolution shall (a) change the amount of any sinking fund installments for the retirement of Term Bonds or the due dates of the installments or the terms for the purchase or redemption of Bonds from the installments, or (b) reduce the percentage of consents required under this proviso for a Supplemental Resolution.

It shall not be necessary that the consents of the Owners of the Bonds approve the particular wording of the proposed Supplemental Resolution if the consents approve the substance. After the Owners of the required percentage of Bonds have filed their consents with the Trustee, the Trustee shall mail notice to the Bondowners in the manner provided in the Resolution. No action or proceeding to invalidate the Supplemental Resolution or any of the proceedings for its adoption shall be instituted or maintained unless it is commenced within sixty (60) days after the mailing of the notice. The validity of a Supplemental Resolution shall not be affected by any failure to give notice by mail or by any defect in the mailed notice.

Defeasance

Discharge of Pledge: Bonds No Longer Deemed Outstanding. The obligations of the County under the Resolution and the pledge, covenants and agreements of the County made in the Resolution shall be discharged and satisfied as to any Bond and the Bond shall no longer be deemed to be Outstanding under the Resolution:

(i) when the Bond has been canceled or surrendered for cancellation, or has been purchased by the Trustee from moneys held by it under the Resolution (other than at the option of the Owner prior to the scheduled maturity date); or

(ii) when payment of the principal or the redemption price of the Bond, plus interest on the principal to the due date (whether at maturity or upon redemption or otherwise) or to the date set for payment in the case of an overdue Bond, either (a) has been made or (b) has been provided for by irrevocably setting aside in escrow with the Trustee, if any, or with another suitable bank or trust company for the purpose (1) moneys sufficient to pay the principal or redemption price and interest or (2) Permitted Investments (which for the purposes of this Section shall include only those obligations described in item (1) of the definition thereof) maturing as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to pay the principal or redemption price and interest when required, and when all proper fees and expenses of the Trustee and Paying Agents pertaining to the Bond have been paid or provided for to the satisfaction of the Trustee and Paying Agents.

When a Bond is deemed to be no longer Outstanding under the Resolution pursuant to clause (i) or (ii)(a) above or, if the Bond has become due, pursuant to clause (ii)(b), it shall cease to draw interest. When a Bond is deemed to be no longer Outstanding under the Resolution pursuant to either clause (i) or clause (ii) above, it shall no longer be secured by the Resolution except for the purpose of payment from the moneys or Permitted Investments set aside for its payment pursuant to clause (ii)(b).

Notwithstanding the foregoing, in the case of Bonds which are to be redeemed prior to their stated maturities, no deposit under clause (ii)(b) above shall operate as a discharge and satisfaction until the Bonds have been irrevocably called or designated for redemption and proper notice of the redemption has been given or provision satisfactory to the Trustee has been irrevocably made for giving the notice.

Any moneys deposited with the Trustee as provided in this Section may be invested and reinvested in Permitted Investments of the types described earlier in this Section maturing in the amounts and times as required and any income from the investment not required for the payment of the principal or redemption price and interest on the Bonds shall be paid to the County and credited to the Revenue Fund.

In the event that the Resolution is defeased with respect to Bonds pursuant to this Section, the Trustee shall mail notice of the defeasance to the Owners of those Bonds within ninety (90) days after the defeasance.

Notwithstanding any provision of any other Section of the Resolution, all moneys or Permitted Investments set aside pursuant to this Section for the payment of the principal or redemption price of and interest on Bonds shall be held in trust and used solely for the payment of the particular Bonds with respect to which the moneys or Permitted Investments have been set aside.

The County may at any time surrender to the Trustee for cancellation Bonds which the County has acquired, and the Bonds shall thereupon be deemed paid and no longer Outstanding.

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APPENDIX D

PROPOSED FORMS OF CO-BOND COUNSEL OPINION

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[Form of Bond Counsel Opinion]

October 30, 2019

Re: Milwaukee County, Wisconsin ("Issuer")
$26,945,000 Airport Revenue Refunding Bonds, Series 2019A,
dated October 30, 2019 ("Bonds")

We have acted as bond counsel to the Issuer in connection with the issuance of the Bonds. In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion.

Regarding questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

The Bonds are issued pursuant to Section 66.0621, Wisconsin Statutes, and a resolution adopted by the County Board of Supervisors of the Issuer on June 22, 2000, as amended from time to time (the "General Resolution") and a supplementing resolution adopted by the County Board of Supervisors of the Issuer on April 25, 2019 (the "Supplemental Resolution") (hereinafter the General Resolution and the Supplemental Resolution shall be referred to as the "Resolutions"). Pursuant to the Resolutions, the Bonds are issued on a parity with the Issuer's outstanding Airport Revenue Bonds, Series 2013A, dated August 14, 2013, Airport Revenue Refunding Bonds, Series 2013B, dated August 14, 2013, Airport Revenue Refunding Bonds, Series 2014A, dated November 6, 2014 and Airport Revenue Refunding Bonds, Series 2016A, dated November 10, 2016 (collectively, the "Prior Bonds"). The Issuer covenanted in the Resolutions that net revenues derived from the operation of the Airport System (the "System") of the Issuer (the "Revenues") shall at all times be sufficient to pay the principal of and interest on the Prior Bonds and the Bonds as the same falls due.

The Bonds are numbered R-1 and upward; bear interest at the rates set forth below; and mature on December 1 of each year, in the years and principal amounts as follows:

Year	Principal Amount	Interest Rate
2020	$2,250,000	5.00%
2021	2,245,000	5.00
2022	2,245,000	5.00
2023	2,245,000	5.00
2024	2,245,000	5.00
2025	2,245,000	5.00
2026	2,245,000	5.00
2027	2,245,000	5.00
2028	2,245,000	5.00
2029	2,245,000	5.00
2030	2,245,000	5.00
2031	2,245,000	5.00

The Bonds are not subject to optional redemption.

We further certify that we have examined the form of the Bonds and find the same to be in proper form.

Based upon and subject to the foregoing, it is our opinion under existing law that:

1. The Issuer is duly created and validly existing under the Constitution and laws of the State of Wisconsin with the power to adopt the Resolutions, perform the agreements on its part contained therein and issue the Bonds.

2. The Resolutions have been duly adopted by the Issuer and constitute valid and binding obligations of the Issuer enforceable upon the Issuer.

3. The Bonds have been lawfully authorized and issued by the Issuer pursuant to the laws of the State of Wisconsin now in force and are valid and binding special obligations of the Issuer enforceable upon the Issuer in accordance with their terms, payable solely from the Revenues of the System. The Bonds, together with interest thereon, do not constitute an indebtedness of the Issuer nor a charge against its general credit or taxing power.

4. The interest on the Bonds is excludable for federal income tax purposes from the gross income of the owners of the Bonds, except for interest on any Bonds held by a "substantial user" of the facilities financed by the Bonds or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"). The interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. The Code contains requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The Issuer has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Issuer comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement or any other offering material relating to the Bonds. Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

We express no opinion regarding the creation, perfection or priority of any security interest in the Revenues or other funds created by the Resolutions or on the sufficiency of the Revenues.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and may be subject to the exercise of judicial discretion in accordance with general principles of equity, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

[Form of Bond Counsel Opinion]

October 30, 2019

Re: Milwaukee County, Wisconsin ("Issuer")
$13,520,000 Airport Revenue Refunding Bonds, Series 2019B,
dated October 30, 2019 ("Bonds")

We have acted as bond counsel to the Issuer in connection with the issuance of the Bonds. In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion.

Regarding questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

The Bonds are issued pursuant to Section 66.0621, Wisconsin Statutes, and a resolution adopted by the County Board of Supervisors of the Issuer on June 22, 2000, as amended from time to time (the "General Resolution") and a supplementing resolution adopted by the County Board of Supervisors of the Issuer on April 25, 2019 (the "Supplemental Resolution") (hereinafter the General Resolution and the Supplemental Resolution shall be referred to as the "Resolutions"). Pursuant to the Resolutions, the Bonds are issued on a parity with the Issuer's outstanding Airport Revenue Bonds, Series 2013A, dated August 14, 2013, Airport Revenue Refunding Bonds, Series 2013B, dated August 14, 2013, Airport Revenue Refunding Bonds, Series 2014A, dated November 6, 2014 and Airport Revenue Refunding Bonds, Series 2016A, dated November 10, 2016 (collectively, the "Prior Bonds"). The Issuer covenanted in the Resolutions that net revenues derived from the operation of the Airport System (the "System") of the Issuer (the "Revenues") shall at all times be sufficient to pay the principal of and interest on the Prior Bonds and the Bonds as the same falls due.

The Bonds are numbered R-1 and upward; bear interest at the rates set forth below; and mature on December 1 of each year, in the years and principal amounts as follows:

Year	Principal Amount	Interest Rate
2020	$3,380,000	5.00%
2021	3,380,000	5.00
2022	3,380,000	5.00
2023	3,380,000	5.00

Interest is payable semi-annually on June 1 and December 1 of each year commencing on June 1, 2020.

The Bonds are not subject to optional redemption.

We further certify that we have examined the form of the Bonds and find the same to be in proper form.

Based upon and subject to the foregoing, it is our opinion under existing law that:

1. The Issuer is duly created and validly existing under the Constitution and laws of the State of Wisconsin with the power to adopt the Resolutions, perform the agreements on its part contained therein and issue the Bonds.

2. The Resolutions have been duly adopted by the Issuer and constitute valid and binding obligations of the Issuer enforceable upon the Issuer.

3. The Bonds have been lawfully authorized and issued by the Issuer pursuant to the laws of the State of Wisconsin now in force and are valid and binding special obligations of the Issuer enforceable upon the Issuer in accordance with their terms, payable solely from the Revenues of the System. The Bonds, together with interest thereon, do not constitute an indebtedness of the Issuer nor a charge against its general credit or taxing power.

4. The interest on the Bonds is excludable for federal income tax purposes from the gross income of the owners of the Bonds, except for interest on any Bonds held by a "substantial user" of the facilities financed by the Bonds or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Bonds is, however, an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. The Code contains requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The Issuer has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Issuer comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement or any other offering material relating to the Bonds. Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

We express no opinion regarding the creation, perfection or priority of any security interest in the Revenues or other funds created by the Resolutions or on the sufficiency of the Revenues.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and may be subject to the exercise of judicial discretion in accordance with general principles of equity, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

APPENDIX E

CONTINUING
DISCLOSURE CERTIFICATE

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CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by Milwaukee County, Wisconsin (the "Issuer") in connection with the issuance of $26,945,000 Airport Revenue Refunding Bonds, Series 2019A, dated October 30, 2019 (the "Securities"). The Securities are being issued pursuant to a Resolution adopted by the Governing Body of the Issuer on April 25, 2019 (the "Resolution") and delivered to BofA Securities, Inc. (the "Purchaser") on the date hereof. Pursuant to the Resolution, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. In addition, the Issuer hereby specifically covenants and agrees as follows:

Section 1(a). Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders of the Securities in order to assist the Participating Underwriters within the meaning of the Rule (defined herein) in complying with SEC Rule 15c2-12(b)(5). References in this Disclosure Certificate to holders of the Securities shall include the beneficial owners of the Securities. This Disclosure Certificate constitutes the written Undertaking required by the Rule.

Section 1(b). Filing Requirements. Any filing under this Disclosure Certificate must be made solely by transmitting such filing to the MSRB (defined herein) through the Electronic Municipal Market Access ("EMMA") System at www.emma.msrb.org in the format prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by the identifying information prescribed by the MSRB.

Section 2. Definitions. In addition to the defined terms set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any annual report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Audited Financial Statements" means the Issuer's annual financial statements, which are currently prepared in accordance with generally accepted accounting principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and which the Issuer intends to continue to prepare in substantially the same form.

"Final Official Statement" means the final Official Statement dated October 10, 2019 delivered in connection with the Securities, which is available from the MSRB.

"Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Fiscal Year" means the fiscal year of the Issuer.

"Governing Body" means the County Board of Supervisors of the Issuer or such other body as may hereafter be the chief legislative body of the Issuer.

"Issuer" means Milwaukee County, Wisconsin, which is the obligated person with respect to the Securities.

"Issuer Contact" means the Capital Finance Manager of the Issuer who can be contacted at the Office of the Comptroller, Milwaukee County Courthouse, Room 301, 901 North Ninth Street, Milwaukee, Wisconsin 53233, phone (414) 278-4396, fax (414) 223-1245.

"Listed Event" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board.

"Participating Underwriter" means any of the original underwriter(s) of the Securities (including the Purchaser) required to comply with the Rule in connection with the offering of the Securities.

"Rule" means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and official interpretations thereof.

"SEC" means the Securities and Exchange Commission.

Section 3. Provision of Annual Report and Audited Financial Statements.

(a) The Issuer shall, not later than 270 days after the end of the Fiscal Year, commencing with the year that ends December 31, 2019, provide the MSRB with an Annual Report filed in accordance with Section 1(b) of this Disclosure Certificate and which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report and that, if Audited Financial Statements are not available within 270 days after the end of the Fiscal Year, unaudited financial information will be provided, and Audited Financial Statements will be submitted to the MSRB when and if available.

(b) If the Issuer is unable or fails to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send in a timely manner a notice of that fact to the MSRB in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 4. Content of Annual Report. The Issuer's Annual Report shall contain or incorporate by reference the Audited Financial Statements and updates of the following sections of the Final Official Statement to the extent such financial information and operating data are not included in the Audited Financial Statements:

1. AIRLINE - AIRPORT USE AND LEASE AGREEMENT (excluding Airline Airport Affairs Committee) - pages 20 - 22
2. Table: MILWAUKEE COUNTY AIRPORT SYSTEM REVENUE - page 27
3. Table: MILWAUKEE COUNTY AIRPORT SYSTEM TOTAL AIRPORT SYSTEM O&M EXPENSES - page 29
4. Table: O&D AND CONNECTING ENPLANEMENTS - page 31
5. AIRPORT SYSTEM INDEBTEDNESS - pages 35 - 36
6. Table: MILWAUKEE COUNTY AIRPORT SYSTEM CASH FLOW AND DEBT SERVICE COVERAGE - page 38

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the MSRB's Internet website or filed with the SEC. The Issuer shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Listed Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Securities:

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, if material;

3. Unscheduled draws on debt service reserves reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers, or their failure to perform;

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;

7. Modification to rights of holders of the Securities, if material;

8. Securities calls, if material, and tender offers;

9. Defeasances;

10. Release, substitution or sale of property securing repayment of the Securities, if material;

11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the Issuer;

13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake

such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;

15. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect holders of the Securities, if material; and

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

For the purposes of the event identified in subsection (a)12. above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

(b) When a Listed Event occurs, the Issuer shall, in a timely manner not in excess of ten business days after the occurrence of the Listed Event, file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Securities pursuant to the Resolution.

(c) Unless otherwise required by law, the Issuer shall submit the information in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

<u>Section 6. Termination of Reporting Obligation</u>. The Issuer's obligations under the Resolution and this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all the Securities.

<u>Section 7. Issuer Contact; Agent</u>. Information may be obtained from the Issuer Contact. Additionally, the Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Resolution and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

<u>Section 8. Amendment; Waiver</u>. Notwithstanding any other provision of the Resolution or this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if the following conditions are met:

(a) (i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Issuer, or the type of business conducted; or

(ii) This Disclosure Certificate, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of beneficial owners of the Securities, as determined and certified to the Issuer by an underwriter, financial advisor, bond counsel or trustee.

In the event this Disclosure Certificate is amended for any reason other than to cure any ambiguities, inconsistencies, or typographical errors that may be contained herein, the Issuer agrees the next Annual Report it submits after such amendment shall include an explanation of the reasons for the amendment and the impact of the change, if any, on the type of financial statements or operating data being provided.

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

Section 10. Default. (a) Except as described in the Final Official Statement, in the previous five years, the Issuer has not failed to comply in all material respects with any previous undertakings under the Rule to provide annual reports or notices of material events.

(b) In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any holder of the Securities may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under the Resolution and this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Securities and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriters and holders from time to time of the Securities, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, we have executed this Certificate in our official capacities effective the 30th day of October, 2019.

____
Chairperson of the County Board

____
County Clerk

Approved as to Form:

____
Corporation Counsel

Countersigned:

____
County Executive

____
Comptroller

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by Milwaukee County, Wisconsin (the "Issuer") in connection with the issuance of $13,520,000 Airport Revenue Refunding Bonds, Series 2019B, dated October 30, 2019 (the "Securities"). The Securities are being issued pursuant to a Resolution adopted by the Governing Body of the Issuer on April 25, 2019 (the "Resolution") and delivered to BofA Securities, Inc. (the "Purchaser") on the date hereof. Pursuant to the Resolution, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. In addition, the Issuer hereby specifically covenants and agrees as follows:

Section 1(a). Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders of the Securities in order to assist the Participating Underwriters within the meaning of the Rule (defined herein) in complying with SEC Rule 15c2-12(b)(5). References in this Disclosure Certificate to holders of the Securities shall include the beneficial owners of the Securities. This Disclosure Certificate constitutes the written Undertaking required by the Rule.

Section 1(b). Filing Requirements. Any filing under this Disclosure Certificate must be made solely by transmitting such filing to the MSRB (defined herein) through the Electronic Municipal Market Access ("EMMA") System at www.emma.msrb.org in the format prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by the identifying information prescribed by the MSRB.

Section 2. Definitions. In addition to the defined terms set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any annual report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Audited Financial Statements" means the Issuer's annual financial statements, which are currently prepared in accordance with generally accepted accounting principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and which the Issuer intends to continue to prepare in substantially the same form.

"Final Official Statement" means the final Official Statement dated October 10, 2019 delivered in connection with the Securities, which is available from the MSRB.

"Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Fiscal Year" means the fiscal year of the Issuer.

"Governing Body" means the County Board of Supervisors of the Issuer or such other body as may hereafter be the chief legislative body of the Issuer.

"Issuer" means Milwaukee County, Wisconsin, which is the obligated person with respect to the Securities.

"Issuer Contact" means the Capital Finance Manager of the Issuer who can be contacted at the Office of the Comptroller, Milwaukee County Courthouse, Room 301, 901 North Ninth Street, Milwaukee, Wisconsin 53233, phone (414) 278-4396, fax (414) 223-1245.

"Listed Event" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board.

"Participating Underwriter" means any of the original underwriter(s) of the Securities (including the Purchaser) required to comply with the Rule in connection with the offering of the Securities.

"Rule" means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and official interpretations thereof.

"SEC" means the Securities and Exchange Commission.

Section 3. Provision of Annual Report and Audited Financial Statements.

(a) The Issuer shall, not later than 270 days after the end of the Fiscal Year, commencing with the year that ends December 31, 2019, provide the MSRB with an Annual Report filed in accordance with Section 1(b) of this Disclosure Certificate and which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report and that, if Audited Financial Statements are not available within 270 days after the end of the Fiscal Year, unaudited financial information will be provided, and Audited Financial Statements will be submitted to the MSRB when and if available.

(b) If the Issuer is unable or fails to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send in a timely manner a notice of that fact to the MSRB in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 4. Content of Annual Report. The Issuer's Annual Report shall contain or incorporate by reference the Audited Financial Statements and updates of the following sections of the Final Official Statement to the extent such financial information and operating data are not included in the Audited Financial Statements:

1. AIRLINE - AIRPORT USE AND LEASE AGREEMENT (excluding Airline Airport Affairs Committee) - pages 20 - 22
2. Table: MILWAUKEE COUNTY AIRPORT SYSTEM REVENUE - page 27
3. Table: MILWAUKEE COUNTY AIRPORT SYSTEM TOTAL AIRPORT SYSTEM O&M EXPENSES - page 29
4. Table: O&D AND CONNECTING ENPLANEMENTS - page 31
5. AIRPORT SYSTEM INDEBTEDNESS - pages 35 - 36
6. Table: MILWAUKEE COUNTY AIRPORT SYSTEM CASH FLOW AND DEBT SERVICE COVERAGE - page 38

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the MSRB's Internet website or filed with the SEC. The Issuer shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Listed Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Securities:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;
7. Modification to rights of holders of the Securities, if material;
8. Securities calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Securities, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Issuer;
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake

such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;

15. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect holders of the Securities, if material; and

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

For the purposes of the event identified in subsection (a)12. above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

(b) When a Listed Event occurs, the Issuer shall, in a timely manner not in excess of ten business days after the occurrence of the Listed Event, file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Securities pursuant to the Resolution.

(c) Unless otherwise required by law, the Issuer shall submit the information in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

<u>Section 6. Termination of Reporting Obligation</u>. The Issuer's obligations under the Resolution and this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all the Securities.

<u>Section 7. Issuer Contact; Agent</u>. Information may be obtained from the Issuer Contact. Additionally, the Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Resolution and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

<u>Section 8. Amendment; Waiver</u>. Notwithstanding any other provision of the Resolution or this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if the following conditions are met:

(a) (i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Issuer, or the type of business conducted; or

(ii) This Disclosure Certificate, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of beneficial owners of the Securities, as determined and certified to the Issuer by an underwriter, financial advisor, bond counsel or trustee.

In the event this Disclosure Certificate is amended for any reason other than to cure any ambiguities, inconsistencies, or typographical errors that may be contained herein, the Issuer agrees the next Annual Report it submits after such amendment shall include an explanation of the reasons for the amendment and the impact of the change, if any, on the type of financial statements or operating data being provided.

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

Section 10. Default. (a) Except as described in the Final Official Statement, in the previous five years, the Issuer has not failed to comply in all material respects with any previous undertakings under the Rule to provide annual reports or notices of material events.

(b) In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any holder of the Securities may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under the Resolution and this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Securities and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriters and holders from time to time of the Securities, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, we have executed this Certificate in our official capacities effective the 30th day of October, 2019.

Chairperson of the County Board

County Clerk

Approved as to Form:

Corporation Counsel

Countersigned:

County Executive

Comptroller

APPENDIX F

SUMMARY OF
AIRLINE LEASES

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SUMMARY OF AMENDED AIRLINE LEASES

The following is a summary of certain provisions of the Amended AUA (the "AUA"). The summary is subject in all respects to the detailed and complete provisions of the AUA; copies of the AUA may be inspected at General Mitchell International Airport, 5300 South Howell Avenue, Milwaukee, Wisconsin 53207.

SUMMARY OF THE AUA

DEFINITIONS

When used in this Appendix, such terms shall have the meanings given to them by the language employed in this Appendix defining such terms unless the context clearly indicates otherwise. Capitalized terms not defined in this Appendix, but defined in the Official Statement, shall have the meanings given to them in the Official Statement. The following terms shall have the following meanings in this Appendix:

"Accounting System" means the system for collection, allocation, and reporting of revenues, expenses, and debt service associated with the operation of Airport Cost Centers and the Airport System as a whole, which was established by the County to provide data to support the calculation of airline rates and fees required under the AUA.

"Additional Bonds" shall mean the additional parity revenue Bonds and PFC-Backed Airport Revenue Bonds which the County reserves the right to issue in the future as provided in the Bond Resolution and obligations issued to refund any of the foregoing on a parity with the Bonds.

"ADF Depreciation Account" shall mean that account with such name established in the AUA.

"Affiliate" shall mean any commercial air transportation company designated in writing by each Airline as an affiliate that is operating under the same flight code designator and either (1) is a parent or subsidiary of the Airline or is under the common ownership and control of the Airline or (2) is under contract (*e.g.,* capacity purchase agreement) with the Airline in respect to such operation. Each Affiliate shall execute an operating agreement with the County with terms consistent with the AUA. Each of Affiliate's Originating Passengers, Enplaned Passengers and landed weight shall be counted and recorded jointly with the Airline's and rents and fees shall be at the same rate. The Rents and Landing Fees for the Airline calculated in accordance with the AUA shall include the Originating Passengers and landed weight of each of its Affiliates. Each Airline shall serve as financial guarantor for all rentals and landing fees incurred by the Airline and its Affiliate(s).

"Aircraft Parking Apron" shall mean that part of the Ramp Area contiguous to the arrival and departure gates at the Airport, as shown in the AUA, which is used for the parking of aircraft and support vehicles and the loading and unloading of passengers and cargo.

"*Airline*" shall mean each airline that has signed the AUA.

"*Airline-Airport Affairs Committee*" or "*AAAC*" shall mean a Committee composed of a representative of each Signatory Airline and Signatory Cargo Airline to consult and coordinate with the County in matters related to the planning, promotion, development, operation and financing of the Airport System.

"*Airline Non-Public Space*" shall mean areas available to be rented by one or more airlines on an exclusive, joint use or common use basis that are not accessible to the public or airline passengers without an escort, including concourse lower level offices, concourse upper level offices, ticket counter offices, baggage makeup areas, holdroom stairwells and baggage tug tunnels.

"*Airline Premises*" shall mean Exclusive Use Premises, Preferential Use Premises and Joint Use Premises.

"*Airline Public Space*" shall mean areas available to be rented by one or more Airlines on an exclusive, joint use or common use basis that are accessible to the public or airline passengers without an escort, including ticket counters, e-ticketing machine areas, club rooms, gate holdrooms, baggage service offices and baggage claim areas.

"*Airport*" shall mean General Mitchell International Airport, owned and operated by the County.

"*Airport Concession Revenues*" shall mean all concession revenues earned at the Airport including, but not limited to, the items listed in the AUA and described below in subsection (B) under the caption "LANDING FEE RATES."

"*Airport Development Fund Account*" or "*ADFA*" shall mean that account established in the AUA.

"*Airport System*" shall mean the Airport and the Lawrence J. Timmerman Airport.

"*Airport Terminal Building*" shall mean the main terminal and the International Arrivals Building at the Airport and the appurtenances thereto, including skywalks, as shown in the AUA.

"*AUA*" shall mean each Airline – Airport Use and Lease Agreement between the County and Airline, as the same may be amended or supplemented from time to time.

"*Bond Resolution*" shall mean the General Bond Resolution adopted June 22, 2000, and as further amended and supplemented from time to time, that is the authorizing document for all outstanding revenue Bonds issued to finance facilities at the Airport.

"*Bonds*" shall mean the bonds authorized by the Bond Resolution and issued by the County and all Additional Bonds and other obligations issued as permitted by the Bond Resolution, including Existing Bonds, General Airport Revenue Bonds, PFC-Backed Airport Revenue Bonds and General Obligation Bonds, but does not include Special Facility Revenue Bonds.

"Calendar Year" shall mean the then-current annual accounting period of the County for its general accounting purposes, which is the period of twelve consecutive calendar months ending with the last day of December of any year.

"Capital Improvement" shall mean any improvement or equipment having a useful life of greater than one year and a total cost of at least $200,000, which is amortized or depreciated over its estimated useful life.

"Capital Improvement Reserve Fund" or *"CIRF"* shall mean that fund with such name established in the Bond Resolution and as further described in the AUA.

"Commencement Date" shall mean 12:01 A.M. on January 1, 2016 if the AUA is executed by an Airline within ninety (90) days of January 1, 2016, otherwise the Commencement Date shall be the date on which the AUA is signed.

"Common Use" shall mean the nonexclusive use in common by an Airline and other duly authorized tenants of Airport facilities and appurtenances together with all improvements, equipment, and services which have been or may hereafter be provided for such Common Use.

"Common Use Premises" means the areas leased by the County to an Airline for use by the Airline in common with all other air transportation companies, including without limitation, the inbound baggage conveyors and carrousels and appurtenant equipment, whether or not signatory to the AUA, as shown in the AUA.

"Cost Centers" means the areas (and functional activities associated with such areas) used in accounting for the amortization, the depreciation, the debt service and the Operation and Maintenance Expenses of the Airport for the purposes of calculating rents, fees, and charges, as shown in the AUA and as may hereafter be modified or expanded, and as more particularly described below:

(A) *"Airfield Cost Center"* means areas of the Airport used for the landing, taking-off, taxiing and movement of aircraft, including runways, taxiways, navigational aids, hazard designation and warning devices, the cargo airline aprons, aircraft deicing areas, airfield security roads and fencing, blast fencing, lighting, clear zones and safety areas, aviation easements, including land utilized in connection therewith or acquired for such future purpose or to mitigate aircraft noise, and associated equipment and facilities, the acquisition, construction or installation cost of which is wholly or partially paid by the County. The net requirement of Timmerman Airport will be included in the Airfield Cost Center.

(B) *"Former 440th Military Base"* means the land and improvements conveyed to the County that formerly housed the USAF 440th Airlift Wing. The revenues, expenses and debt service and other fund requirements of the Former 440th Military Base shall be calculated to determine its net income or loss. The entire net income or loss shall be allocated to the Airfield Cost Center.

(C) *"Aircraft Parking Apron Cost Center"* shall mean that portion of the Ramp Area immediately adjacent to the Airport Terminal Building that is used for the parking of aircraft and support vehicles and the loading and unloading of passengers and cargo.

(D) *"Passenger Loading Bridges Cost Center"* means the passenger loading bridges and appurtenant equipment acquired by the County in accordance with the AUA, and available for use at any of the Gates in the Airport Terminal Building.

(E) *"Terminal Cost Center"* means the area comprising the passenger terminal complex including all supporting and connecting structures and facilities and all related appurtenances to said building and concourses, excluding County-owned loading bridges. The Terminal Cost Center includes the revenues and expenses of the International Arrivals Building (IAB). The Terminal Cost Center also includes Airport Concession Revenues, of which ninety percent (90%) of those revenues listed in the AUA and described in subsection (B) under the caption "TERMINAL BUILDING RENTS" is credited to the Terminal Cost Center and ten percent (10%) is credited to the Airport Development Fund Account.

(F) *"Other Cost Centers"* - the County reserves the right under the AUA to establish other subsidiary cost centers.

"Cost of Capital" shall mean five percent (5%) per annum.

"Debt Service Coverage Fund" shall mean the fund by that name established under the Bond Resolution which shall at all times equal 25% of the Debt Service Requirement.

"Debt Service Reserve Fund" shall mean the Reserve Account established within the Airport Revenue Bond Special Redemption Fund under the Bond Resolution which shall at all times equal 100% of the Debt Service Requirement.

"Debt Service Requirement" shall mean the total, as of any particular date of computation for any particular period or year, the (a) scheduled amounts required during such period or year for the payment of principal of and interest on all Bonds, during such period or Calendar Year and (b) other amounts required by the Bond Resolution.

"Director" shall mean the Airport Director or Acting Airport Director as from time-to-time appointed by the County and shall include such person or persons as may from time-to-time be authorized in writing by the County Executive or by the Transportation and Public Works Director of the County to act for him with respect to any or all matters pertaining to the AUA.

"Enplaned Passengers" means all revenue and non-revenue originating, on-line transfer, and off-line transfer passengers boarded at the Airport.

"Exclusive Use Premises" shall mean those premises leased to an Airline for the Airline's sole use and occupancy subject to the rules, regulations, and provisions of any federal, state, county and municipal jurisdiction, as shown in the AUA.

"Existing Bonds" shall mean the General Obligation Bonds, PFC-Backed Airport Revenue Bonds and General Airport Revenue Bonds authorized and issued by the County before the Effective Date of the AUA in whole or in part for Airport System facilities and improvements, and remaining outstanding, are set forth in the AUA.

"Federal Aviation Administration," hereinafter referred to as FAA, shall mean that agency of the United States Government created and established under the Federal Aviation Act of 1958, or its successor, which is vested with the same or similar authority.

"Five Year CIP" means the Five Year Capital Improvement Program for calendar years 2016 to 2020, as described in the AUA.

"General Obligation Bonds" shall mean any General Obligation Bonds and/or bond anticipation notes authorized and issued by the County of Milwaukee for construction of or on the Airport.

"General Airport Revenue Bonds" or *"GARBs"* shall mean any bonds and/or bond anticipation notes secured by general airport revenues authorized and issued by the County of Milwaukee for construction of or on the Airport.

"Joint Use Premises" means the ticket counters, in-line outbound baggage handling system and appurtenant equipment, and baggage make-up areas leased by County for use by one or more airlines.

"Leased Premises" shall mean the Exclusive Use Premises, Preferential Use Premises, Joint Use Premises and Common Use Premises leased to an Airline by the County.

"Major Maintenance Project – Expensed" shall mean any improvement or equipment having a total cost of less than $50,000, which is expensed in one year.

"Major Maintenance Project – Capitalized" shall mean any improvement or equipment having a useful life of greater than one year and a total cost of at least $50,000 but not more than $200,000, funded by the Capital Improvement Reserve Fund, which is amortized or depreciated over five years or those funded by the Airport Development Fund Account, the cost of which is not amortized or depreciated. No MII approval is required in order for the County to proceed with a Major Maintenance Project – Capitalized.

"Majority-In-Interest" or *"MII"* means those Signatory Airlines (and Signatory Cargo Airlines only with respect to projects located in the Airfield Cost Center or the Former 440th Military Base) that: (i) represent no less than 51% in number of the Signatory Airlines (and Signatory Cargo Airlines, for applicable projects), and (ii) paid no less than 51% of the total rents, fees, and charges paid by all Signatory Airlines (and Signatory Cargo Airlines, for applicable

projects) during the immediately preceding Fiscal Year. No airline shall be deemed to be a Signatory Airline or a Signatory Cargo Airline for purposes of this definition if such airline is under an Event of Default pursuant to, and has received notice in accordance with, the AUA.

"Maximum Gross Certificated Landing Weight" means the maximum weight, in one thousand (1,000) pound units, at which each aircraft operated by an Airline is authorized by the Federal Aviation Administration to land, as recited in the Airline's flight manual governing that aircraft.

"Net Financing Requirement" shall mean the amount of project cost remaining to be funded after deducting federal and state grant proceeds, PFC revenues, ADFA funds and any other equity funding not recoverable from airline rates and charges.

"Net Financing Requirement Cap" shall mean one hundred percent (100%) of the Net Financing Requirement as shown in the Five Year CIP in the AUA.

"Non-Signatory Airline" shall mean an airline which is not a party to the AUA.

"Originating Passengers" means all originating revenue passengers boarded at the Airport.

"Operation and Maintenance Expenses" or *"O&M"* shall mean the reasonable, lawful and necessary current expenses of the County, as determined by the County, paid or accrued in administering, operating, maintaining and repairing the Airport System. Without limiting the generality of the foregoing, the term "Operation and Maintenance Expenses" shall include all costs directly related to the Airport System, including, but not limited to: (1) costs of collecting Revenues and of making any refunds therefrom lawfully due others; (2) engineering, auditing, legal and other overhead expenses directly related to its administration, operation, maintenance and repair; (3) costs of all or a portion of the salaries, wages and other compensation of officers and employees and payments to pension, retirement, health and hospitalization funds and other insurance, including self-insurance for the foregoing with respect to officers and employees of the County which are properly allocable to the Airport System; (4) costs of repairs, replacements, renewals and alterations not constituting a Capital Improvement or a Major Maintenance Project – Capitalized, occurring in the usual course of business of the Airport System; (5) taxes, assessments and other governmental charges, or payments in lieu thereof, imposed on the Airport System or any part thereof or on the operation thereof or on the income therefrom or on any privilege in connection with the ownership or operation of the Airport System or otherwise imposed on the Airport System or the operation thereof or income therefrom; (6) costs of utility services with respect to the Airport System; (7) costs and expenses of general administrative overhead of the County allocable to the Airport System; (8) costs of equipment, materials and supplies used in the ordinary course of business not constituting a Capital Improvement or a Major Maintenance Project - Capitalized including ordinary and current rentals of equipment or other property allocable to the Airport System; (9) costs of fidelity bonds, or a properly allocable share of the premium of any blanket bond, pertaining to the Airport System or Revenues or any other moneys held under the Bond Resolution or required by the Bond Resolution to be held or deposited under the Bond Resolution; (10) costs of carrying out the provisions of the Bond Resolution,

including trustee paying agents' fees and expenses; costs of insurance required by the Bond Resolution, or a properly allocable share of any premium of any blanket policy pertaining to the Airport System or Revenues, (11) costs of recording, mailing and publication; and (12) all other costs and expenses of administering, operating, maintaining and repairing the Airport system arising in the routine and normal course of business; *provided, however,* the term "Operation and Maintenance Expenses" shall not include: (a) costs of extensions, enlargements, betterments and improvements to the Airport System or reserves therefor; (b) reserves for operation, maintenance renewals and repairs occurring in the normal course of business; (c) payment (including redemption) of Bonds or other evidences of indebtedness or interest and premium thereof or reserves therefor; (d) allowances for depreciation and amounts for capital replacements or reserves therefor; and (e) operation and maintenance costs and expenses pertaining to any Special Facility.

"O&M Reserve Fund" shall mean that fund maintained by the County in an amount at all times equal to two months of Operation and Maintenance Expenses as required by the Bond Resolution.

"PFC" shall mean a passenger facility charge as established by 14 CFR Part 158.

"PFC-Backed Airport Revenue Bonds" shall mean any Bonds and/or any bond anticipation notes secured by general airport revenues and by Passenger Facility Charges authorized and issued by the County for construction of or on the Airport.

"Preferential Use Premises" are those premises shown in each AUA leased to an Airline for its use and occupancy on a basis that gives the Airline priority of use over all other users, subject to the provisions of the AUA and the rules, regulations, and provisions of any federal, state, county and municipal jurisdiction.

"Ramp Area" shall mean the aircraft parking and maneuvering areas in the vicinity of the Airport Terminal Building.

"Revenue Landing" shall mean an aircraft landing at the Airport in conjunction with a flight for which such Airline makes a charge or from which revenue is derived for the transportation by air of persons or property including flights diverted from other airports, but "Revenue Landing" shall not include any landing of an aircraft which, after having taken off from the Airport, and without making a landing at any other airport, returns to land at the Airport because of meteorological conditions, mechanical or operating causes, or any other reason of emergency or precaution.

"Revenues" shall mean all moneys received from any source by the Airport System or by the County with respect to the Airport System, including, without limitation, all rates, fees, charges, rents and other income derived from the ownership or operation of the Airport System, including investment earnings on the funds and accounts established in the Bond Resolution to the extent provided in the Bond Resolution. Revenues shall not include any passenger facility charges described substantially in the manner provided in Section 1113 of the Federal Aviation Act of 1958, as amended, or the rules and regulations promulgated thereby, or any other similar charges that may be imposed pursuant to federal law unless all or a portion of passenger facility charges

are pledged as "Revenues" under the Bond Resolution. Unless and to the extent otherwise provided by supplemental Bond Resolution, "Revenues" do not include (a) the proceeds of Bonds or other borrowings by the County, (b) the proceeds of grants and gifts for limited purposes or the proceeds of the disposition of property financed by such grants and gifts, (c) condemnation proceeds or insurance proceeds except insurance proceeds received from rental or business interruption insurance, (d) all income and revenue collected and received with respect to properties and facilities which are not included in the definition of Airport System, or (e) payments from any Special Facility.

"Rules and Regulations" means any rules, regulations, statutes and ordinances promulgated by federal, state, County or any local government for the orderly use of the Airport System by both the airlines and other tenants and users of the Airport System as the same may be amended, modified, or supplemented from time to time. Copies of the current Rules and Regulations are available upon request to the County.

"Scheduled Air Carrier" shall mean an air transportation company performing or desiring to perform, pursuant to published schedules, commercial air transportation services over specified routes to and from the Airport, and holding any necessary authority to provide such transportation from the appropriate federal or state agencies.

"Signatory Airline" shall mean a Scheduled Air Carrier which has executed the AUA with the County that includes the lease of Exclusive Use Premises and Preferential Use Premises directly from the County.

"Signatory Cargo Airline" shall mean a scheduled cargo carrier which has executed an agreement with the County or from the County's third party developer that includes the lease of cargo building space and preferential cargo ramp space directly from the County for a term comparable to the term of the AUA.

"Special Facility" shall mean any capital improvements or facilities, structures, equipment and other property, real or personal, at the Airport System, which is designated as a "Special Facility" under the Bond Resolution.

"Special Facility Bonds" shall mean any revenue bonds, notes, bond anticipation notes, commercial paper, certificates of participation in a lease agreement or other evidences of indebtedness for borrowed money issued by the County to finance a Special Facility, the principal of, premium, if any, and interest on which are payable from and secured by the Special Facility Revenues derived from such Special Facility, and not from or by Revenues.

"Surplus Fund" shall mean the fund by that name as established under the Bond Resolution.

"Timmerman Airport" shall mean the general aviation reliever airport owned by the County, as shown in the AUA.

"Total Landed Weight" means the sum of the Maximum Gross Certificated Landing Weight for all aircraft arrivals of each Airline over a stated period of time.

TERM

The term of the AUA shall begin on the Commencement Date and shall terminate at midnight on December 31, 2020, unless sooner terminated under the provisions the AUA. .

LEASED PREMISES

The County leases to each Airline, subject to the provisions of the AUA, the Airline Premises set forth in the AUA. Each Airline accepts the Airline Premises in as is condition, with no warranties or representations, expressed or implied, oral or written, made by the County or any of its agents or representatives.

The County, acting by and through the Airport Director, and an Airline may, from time to time by mutual agreement, add to or delete space from Airline Premises, but it is the intent of the County not to delete a significant amount of leased airline space unless another tenant will immediately add substantially all of the space to its premises. Any such addition shall be subject to the rates and charges set forth in the AUA and described below.

The County, acting by and through the Airport Director, shall advise an Airline, in writing, if and when the Airline is found to be operating in space other than the Exclusive Use Premises or Preferential Use Premises and such space is not displayed in the AUA. The Airline shall upon receipt of Airport Director's written Notice promptly (*i.e.*, within seventy-two (72) hours) cease its use of any and all space not leased to the Airline. In the event the Airline does not immediately cease its use of space, the County shall immediately bill the Airline for the Airline's use of the additional space and, at its option, may require the Airline to vacate the space within 30 days or execute an amendment to its lease for such additional space.

All space added to Airline Premises, pursuant to the AUA, will become Airline Premises and will be subject to all the terms, conditions, and other provisions of the AUA and the Airline shall pay to the County all rentals, fees and charges applicable to such additional premises in accordance with the terms of the AUA.

Notwithstanding the above, each Airline executing an AUA recognizes and agrees that from time to time the County's Capital Improvement Program may include Terminal Improvements which may include additions to or major renovations of the Terminal facilities. In order to facilitate the planned capital improvements, each Airline agrees to cooperate with the Airport's plan for the relocation of Airlines, as required. Each Airline further agrees that the County, at its option and upon one hundred and twenty (120) days written notice to the Airline, may recapture the premises leased to the Airline if said premises are required by the County to implement its capital improvement program. In such event, the County agrees to provide the Airline with comparable facilities, which shall be substituted for the Airline Premises in accordance with the AUA. The County further agrees to pay reasonable relocation expenses if and when the Airline is required to relocate.

PREFERENTIAL USE GATES

Gates are leased to an Airline on a preferential-use basis. The Airline shall have a priority in using its Preferential Use Gates as follows:

(A) The Airline's right to its Preferential Use Gates shall be subject to a Gate utilization requirement of three and one-half (3.5) flight departures per day for each Gate assigned to the Airline. For purposes of this Section, flight departures by Affiliates shall be counted towards the Airline's Gate utilization requirement.

(B) The Airline shall have the right to permit the occasional use of any of its Preferential Use Gates by other airlines to accommodate non-routine operational anomalies. Such use shall not be considered a sublease arrangement.

(C) If an Airline fails to meet the Gate utilization requirement set forth in the AUA as described above in subsection (A) as an average for any gate during the preceding twelve-month period, the Airline may be subject to losing its preferential right to one or more Gates. If an Airline is required by the County to relinquish any Gate(s) in accordance with the AUA as described below in subsection (D), such Gate(s) shall be deleted prospectively from the Airline's Airline Premises and the Airline's rent obligation with respect to such Gate(s) shall cease.

(D) If the County requires an Airline to relinquish one or more of its Preferential Use Gates due to a need for the gate(s) as determined by the Airport Director, the Airport Director and the Airline will confer to determine whether Gates should be relinquished, and if so, which Gates should be relinquished. If after 15 days of good faith negotiations no agreement is reached, the Airport Director shall select the Gate(s) to be relinquished. In making such selection, the Airport Director shall take into consideration the best interest of the traveling public and the operations of the Airport.

(E) If there is no Event of Default with respect to an Airline, the County shall pay all reasonable costs associated with the removal or relocation of Airline's equipment, fixtures, furniture, and signage from the relinquished Preferential Use Gate, and shall reimburse the Airline for the undepreciated value of the tenant's improvements that cannot be relocated pursuant to the provisions of this Section; *provided, however,* that in lieu of reimbursing the undepreciated value of the Airline's tenant improvements, the County may replace such tenant improvements with like improvements. If the Airline is under an Event of Default pursuant to, and has received Notice in accordance with, the AUA, the Airline shall remove or relocate its improvements at its sole cost and expense.

(F) If an Airline leases a preferential use gate but does not lease the operations areas below the gate, the Airline will be required to allow access across the Airline's Aircraft Parking Apron to others renting the operations areas below the gate.

Relocation of Leased Premises

In order to optimize use of Airport facilities, the County reserves the right to reassign any or all of an Airline's Airline Premises after Notice, followed by a consultation period of no less than 90 days. In making such determination, the Airport Director shall take into consideration the best interests of the traveling public and the operations of the Airport, and will be guided by all pertinent factors, including the Airline's historical and then-present space utilization, the known planned use for such premises, and the Airline's operational space adjacencies. If any such reassignment occurs, the Airline shall be assigned space reasonably comparable in size, quality, finish, and location. An Airline's costs shall not increase as a result of any relocation unless the Airline requests additional space and/or replacement space in a different Cost Center. An Airline's relocation of any of its Airline Premises resulting from such reassignment shall be at the County's sole expense. An Airline shall be reimbursed for its reasonable out-of-pocket expenses incurred as part of the relocation and for the undepreciated value of its tenant improvements that cannot be relocated; *provided, however,* that in lieu of reimbursing the undepreciated value of Airline's tenant improvements; the County may replace such tenant improvements with like improvements in the new space.

General Commitment

Effective January 1, 2016, and each Calendar Year thereafter during the term of the AUA, rents, fees, and charges shall be calculated based on the principles and procedures set forth in the AUA. The methodology for the calculation of rents, fees, and charges is described in this section.

In addition, for and in consideration of County's ongoing costs and expense in constructing, developing, equipping, operating and maintaining the Airport System, each Airline, notwithstanding any provision contained in the AUA, agrees to pay County rates, fees and charges as will enable the County, after taking into account revenues derived from other users of the Airport System, to pay the principal of and interest on all Outstanding Bonds now or hereafter issued, to meet any debt service coverage requirements related to such Outstanding Bonds and to fund the funds and accounts established with respect to the Outstanding Bonds and, specifically, to make the required deposits in each Fiscal Year into the Operation and Maintenance Fund, the Special Redemption Fund, the General Obligation Bond Fund, the Operation and Maintenance Reserve Fund, the Coverage Fund, and the Capital Improvement Reserve Fund (all as defined and described in the Bond Resolution). Without limiting the generality of the foregoing, it is understood and agreed that in order to facilitate compliance with the terms of the Bond Resolution, the County may, under the AUA, impose and collect rates, rentals, fees and charges sufficient so that in each fiscal year its Net Revenues including Other Available Funds will be at least equal to 125% of Debt Service on all Bonds outstanding including, without duplication, any Credit Facility Obligations (as defined in the Bond Resolution).

During each Calendar Year the County shall allocate to each applicable Cost Center the debt service on outstanding Bonds as shown in the AUA. Also, during each Calendar Year the County shall allocate direct and indirect Operation and Maintenance Expenses to each applicable Cost Center using the methodology described in the AUA.

PAYMENTS BY AIRLINE

Terminal Building Rents and Passenger Loading Bridge Charges. Terminal Building rents for the use of the Leased Premises, including Passenger Loading Bridge Charges shall be due and payable on the first day of each month in advance without invoice from the County.

Landing Fees. Landing fees for the preceding month shall be due and payable 20 days after the date of invoice.

Other Fees. All other rents, fees, and charges required under the AUA shall be due and payable within 20 days of the date of the invoice.

Interest Charges and Late Charges on Overdue Payment.

> (i) *Interest.* Unless waived by the County Board, air carriers and air transportation companies shall be responsible for the payment of interest on amounts not remitted in accordance with the requirements of the AUA. The rate of interest shall be the statutory rate in effect for delinquent county property taxes (presently one (1) percent per month or fraction of a month) as described in s. 74.80(1), Wis. Stats. The obligation or payment and calculation thereof shall commence upon the day following the due dates established in the AUA.
>
> (ii) *Penalty.* In addition to the interest described above, air carriers and air transportation companies shall be responsible for payment of penalty on amounts not remitted in accordance with the terms of the AUA. Said penalty shall be the statutory rate in effect for delinquent county property taxes (presently five-tenths (0.5) percent per month or fraction of a month) as described in section 6.06(1) of the Code and s. 74.80(2), Wis. Stats. The obligation for payment and calculation thereof shall commence upon the day following the due dates established in the AUA.

TERMINAL BUILDING RENTS

Each Airline shall pay the County for the use of its Exclusive Use Premises and Preferential Use Premises a monthly rent equal to the applicable Terminal Rental Rates calculated in accordance with the AUA multiplied by the amount of space in the Airline’s Exclusive Use Premises and Preferential Use Premises set forth in the AUA.

Each Airline shall pay the County for the use of Common Use Premises a monthly rent based on the Terminal Rental Rates calculated in accordance with the AUA as described in this section, as follows:

> (i) Common Use space shall be multiplied by the appropriate annual square foot rate calculated in accordance with the AUA. Twenty percent (20%) of the total monthly amount calculated shall be divided equally among all Signatory Airlines using the Common Use Premises.

(ii) Eighty percent (80%) of the total monthly amount calculated for each category and area shall be prorated among all Signatory Airlines using the Common Use Premises based on the ratio of each such Signatory Airline's Originating Passengers (including their Affiliates) during the calendar month for which such charges are being determined, to the total of all Originating Passengers during said calendar month.

(iii) Non-Signatory Airlines shall pay a fee per Originating Passenger established by County based upon 125% of the estimated total annual cost of the Common Use Premises divided by the estimated total annual Originating Passengers. The estimated Non-Signatory Airline common use charges shall be deducted from the common use requirement for the Signatory Airlines.

Each Airline shall pay the County for the use of Joint Use Premises a monthly rent based on the Terminal Rental Rates calculated in accordance with the AUA, as follows: Airline's monthly share of rent for the Joint Use Premises shall be calculated by the ratio of the number of its ticket counter positions divided by the total number of ticket counter positions serving the Joint Use baggage make-up area.

The rental rates for the Airport Terminal Building shall be calculated as provided in the AUA.

(A) The total costs attributable to the Terminal Cost Center shall be calculated by adding together the following:

(i) direct and indirect Operation and Maintenance Expenses, any required deposits to the O&M Reserve Fund, and Major Maintenance Projects - Expensed allocable to the Terminal Cost Center;

(ii) total debt service charged for Major Maintenance Projects - Capitalized and Capital Improvements financed with Bonds and allocable to the Terminal Cost Center put into service on or before the end of the following Calendar Year;

(iii) depreciation on land improvements, buildings and structures allocable to the Terminal Cost Center;

(iv) amortization of Major Maintenance Projects - Capitalized and Capital Improvements financed with Capital Improvement Reserve Fund funds allocable to the Terminal Cost Center that have been or will be placed in service prior to the end of the following Calendar Year;

(v) any required deposits to the Debt Service Coverage Fund resulting from the issuance of Additional Bonds allocable to the Terminal Cost Center; and

(vi) any replenishment of the Debt Service Reserve Fund, and other reserve or restricted purpose funds allocable to the Terminal Cost Center, as may be required by the Bond Resolution.

(B) The net "Terminal Requirement" shall then be calculated by subtracting from the total costs of the Terminal Cost Center ninety percent (90%) of the income from a number of Airport Concession Revenue accounts including, but not limited to:

(i) Public Parking Fees

(ii) Car rental concession fees (not including Customer Facility Charges)

(iii) Gifts, Souvenirs & Novelty Fees

(iv) Restaurant Concession Fees

(v) Catering Fees

(vi) Displays Concessions Fees

(vii) Public Transportation Concession Fees

(viii) Golf Driving Range Concession Fees

(ix) Bank Commissions

(C) The net "Terminal Requirement" shall then be further calculated by subtracting one hundred percent (100%) of the income from all other terminal cost center revenue accounts not itemized above.

(D) The annual Airport Terminal Building Rental Rates shall then be calculated by dividing the net Terminal Requirement calculated in accordance with the AUA as described above in subsections (A), (B) and (C) by the sum of (a) the total number of square feet rented by the airlines that is Airline Public Space plus (b) seventy-five percent (75%) of the number of square feet rented by the airlines that is Airline Non-Public Space in the Airport Terminal Building. The rental rate for Airline Non-Public Space shall be seventy-five percent (75%) of the rental rate for Airline Public Space. The respective monthly Terminal Rental Rates shall be 1/12 of the annual Terminal Rental Rates.

(E) Notwithstanding the calculation methodology described above, the minimum terminal building rental rate for Airline Public Space established at the beginning of each year during the term of the AUA shall be ten dollars ($10.00) per square foot and for Airline Non-Public Space shall be seven dollars and fifty cents ($7.50) per square foot. Notwithstanding these minimum billing rates, the year-end adjustment and settlement process described below under the caption "ANNUAL READJUSTMENT OF RENTAL FEES AND CHARGES" shall apply to the Terminal Cost Center.

PASSENGER LOADING BRIDGE CHARGES

Each Airline shall pay the County a monthly use fee equal to the applicable fee calculated in accordance with the AUA multiplied by the number of County-owned passenger loading bridges in use by the Airline.

The Passenger Loading Bridge Charge, shall be computed as provided in the AUA and is described as follows:

(A) The total cost of the Passenger Loading Bridges Cost Center shall be calculated by adding together the following:

(i) direct and indirect Operation and Maintenance Expenses, any required deposits to the O&M Reserve Fund, and Major Maintenance Projects - Expensed, if any, allocable to the Passenger Loading Bridges Cost Center;

(ii) amortization of Major Maintenance Projects - Capitalized and Capital Improvements allocable to the Passenger Loading Bridges Cost Center and financed with Airport Capital Improvement Fund funds that have been or will be placed in service prior to the end of the following Calendar Year;

(iii) total debt service charged for Major Maintenance Projects - Capitalized and Capital Improvements allocable to the Loading Bridges and financed with bond proceeds that have been or will be placed into service on or before the end of the following Calendar Year; and

(iv) any replenishment of the Debt Service Reserve Account, and other reserve or restricted purpose funds allocable to Loading Bridge, as may be required by the Bond Resolution.

(B) The annual Passenger Loading Bridge Charge applicable to each County-owned passenger loading bridge shall be calculated by dividing the total cost and charges allocable to the Passenger Loading Bridges Cost Center in accordance with the AUA as described above in subsection (A) by the total number of County-owned passenger loading bridges then assigned for airline use or located at rented County-Controlled gates. The monthly Passenger Loading Bridge Charge shall be 1/12 of the annual Passenger Loading Bridge Charge as calculated above.

LANDING FEE RATES

Each Airline shall pay to the County landing fee charges for Revenue Landings for the preceding month at the rate and in the amount calculated in accordance with the AUA.

The landing fee rate for the use of the Airfield shall be calculated as provided in the AUA and is described as follows:

(A) The total costs of the Airfield Cost Center shall be calculated by adding together the following:

(i) direct and indirect Operation and Maintenance Expenses, any required deposits to the O&M Reserve Fund, and Major Maintenance Projects - Expensed allocable to the Airfield Cost Center;

(ii) total debt service charged for Major Maintenance Projects - Capitalized and Capital Improvements financed with bonds and allocable to the Airfield Cost Center and put into service on or before the end of the following Calendar Year;

(iii) depreciation on land improvements, buildings and structures allocable to the Airfield Cost Center;

(iv) Amortization of Major Maintenance Projects - Capitalized and Capital improvements financed with Airport Capital Improvement Fund funds allocable to the Airfield Cost Center that has been or will be placed in service prior to the end of the following Calendar Year;

(v) any required deposits to the Debt Service Coverage Fund resulting from the issuance of Additional Bonds allocable to the Airfield Cost Center;

(vi) any replenishment of the Debt Service Reserve Fund and other reserve or restricted purpose funds allocable to the Airfield Cost Center, as may be required by the Bond Resolution; and

(vii) any net loss incurred at Timmerman Airport.

(B) The "Airfield Requirement" shall then be calculated by subtracting the following revenue items from the total costs of the Airfield Cost Center:

(i) general aviation revenues including FBO income, rentals of hangars, T-hangars and buildings and land in the Airfield Cost Center, fuel and oil charges, and utility resale and reimbursements;

(ii) air cargo building rentals;

(iii) signatory cargo airline apron fees;

(iv) Non-Signatory Airline landing fees and military use fees, if any;

(v) other non-airline revenues including other rental income, catering fees, interest charges and other miscellaneous revenues;

(vi) the net income of the Former 440th Military Base; and

(vii) any net income incurred at Timmerman Airport.

(C) The Signatory Airline landing fee rate shall be calculated by dividing the Airfield Requirement by the projected aggregate Landed Weight of all Signatory Airlines and cargo airlines for the particular Calendar Year.

APRON USE CHARGE

Each Airline shall pay the County for the use of its Apron area a monthly rent equal to the Rate calculated in accordance with the AUA multiplied by the Airline's total amount of linear feet of apron area in accordance with the AUA.

The rate for the use of the Aircraft Parking Apron shall be calculated as provided in the AUA.

(A) The total costs of the Aircraft Parking Apron Cost Center shall be calculated by adding together the following:

(i) direct and indirect Operation and Maintenance Expenses, any required deposits to the O&M Reserve Fund, and Major Maintenance Projects - Expensed allocable to the Aircraft Parking Apron Cost Center;

(ii) total debt service charged for Major Maintenance Projects - Capitalized and Capital Improvements financed with Bonds and allocable to the Aircraft Parking Apron Cost Center and put into service on or before the end of the following Calendar Year;

(iii) depreciation on land improvements, buildings and structures allocable to the Aircraft Parking Apron Cost Center;

(iv) amortization of Major Maintenance Projects - Capitalized and Capital Improvements financed with Capital Improvement Reserve Fund funds allocable to the Aircraft Parking Apron Cost Center that has been or will be placed in service prior to the end of the following Calendar Year;

(v) any required deposits to the Debt Service Coverage Fund resulting from the issuance of Additional Bonds allocable to the Aircraft Parking Apron Cost Center; and

(vi) any replenishment of the Debt Service Reserve Fund, and other reserve or restricted purpose funds allocable to the Aircraft Parking Apron Cost Center, as may be required by the Bond Resolution.

(B) The net "Apron Requirement" shall be calculated by subtracting the following revenues items from the total Aircraft Parking Apron Cost Center:

(i) Apron parking fees

(ii) Hydrant fueling fees

(C) The Aircraft Parking Apron Rate shall be calculated by dividing the net Apron Requirement of the Aircraft Parking Apron Cost Center by the total leased linear feet of Aircraft Parking Apron as measured twenty (20) feet from the face of the adjoining terminal building or as otherwise agreed upon by an Airline and the County. Each Airline's charge for use of the Aircraft Parking Apron shall be based upon its leased number of linear feet of Aircraft Parking Apron. The monthly Aircraft Parking Apron Fee shall be 1/12 of the annual Aircraft Parking Apron Fee as calculated above.

O&M CHARGES FOR JOINT USE FACILITIES

It is further understood and agreed by and between the parties that in addition to the rentals, fees, and charges described herein, each Airline, together with other Signatory Airlines occupying the Joint Use baggage makeup areas and leased ticket counter areas including all conveyor systems and walkways, will pay actual operating and maintenance costs for the Outbound Baggage Handling System (OBHS) owned and installed by the County in the shared baggage make-up area. Said operating and maintenance costs shall include labor and related overhead charges as are necessary to provide maintenance on the units.

FEES AND CHARGES FOR PARKING OF AIRCRAFT AND USE OF OTHER FACILITIES OF COUNTY

The County may, at the County's option, designate alternate parking areas for an Airline's aircraft other than the Aircraft Parking Apron described above under the caption "APRON USE CHARGE." For the parking of aircraft on such parking areas, an Airline shall pay to the County such amounts as shall be set forth in a fee schedule to be established by the County by ordinance and as same may be amended from time to time. In addition to the rentals, fees, and charges, the Airline will, for the use of other facilities of the County, including the International Arrivals Building, pay such fees or charge as the County shall set forth in the ordinance.

INTERNATIONAL ARRIVALS BUILDING FACILITIES CHARGES

An Airline shall pay charges for use of the International Arrivals Building Facilities at the rates and in the amounts established by the County.

COMMITMENT FOR AIRPORT REVENUES

The County covenants and agrees in the AUA that insofar as legally permitted to do so under federal and state law and the Bond Resolution, all revenues and receipts from rents, fees, charges, or income from any source received or accruing to the Airport System shall be used exclusively by the County for Airport System purposes as contemplated in the AUA.

Rate Adjustment

If, at any time during any Calendar Year, the County projects that the total costs attributable to the Airport Terminal Building, the total costs attributable to the Airfield Cost Center, or the aggregate Landed Weight for all Signatory Airlines, including Affiliates, will vary 10% or more from the estimates used in setting rents, fees, and charges in accordance with the provisions of the AUA, such rates may be adjusted based on the new estimates and in accordance with the principles and procedures set forth in the AUA. Such adjustments shall be made at the County's discretion and the resulting new rates shall be effective for the balance of such Calendar Year. The County shall notify an Airline of a meeting for the purpose of discussing any such rate adjustment, along with a written explanation of the basis for such rate adjustment, 45 days prior to the effective date of the new rates. Unless extraordinary circumstances warrant additional adjustments, the County shall limit any such rate adjustment to no more than once during each Calendar Year.

Annual Readjustment of Rentals Fees and Charges

Following the completion of the County's accounting period 14-3 for each Calendar Year, but no later than 30 days thereafter, the County shall provide each Airline with an accounting of the total costs actually incurred, revenues and other credits actually realized (reconciled to the year-end closeout financial statements of the County), and actual Originating Passengers and total Landed Weight during such Calendar Year with respect to each of the components of the calculation of rents, fees, and charges, and the County shall recalculate the rents, fees, and charges, and provide to the Airline a settlement required for the Calendar Year based on those actual numbers. Following reasonable notification, the County shall convene a meeting with the Signatory Airlines and Signatory Cargo Airlines to discuss the calculation of the year-end settlement and shall give due consideration to the comments and suggestions made by the Signatory Airlines and Signatory Cargo Airlines before finalizing the settlement calculations.

If the Airline's Terminal Building Rents and Aircraft Parking Apron Fees paid during the Calendar Year combined are more than the required amount of Terminal Building Rents and Aircraft Parking Apron Fees as calculated during the year-end rate settlement process, such excess amount shall be transferred to the Operation and Maintenance Fund and will be refunded to the Airline by check written from the Operation and Maintenance Fund as an Operation and Maintenance Expense within 60 days following the completion of the year-end settlement calculation. Similarly, if the Airline's landing fees paid during the Calendar Year are more than the required amount of landing fees as calculated during the year-end rate settlement process, such excess amount shall be transferred to the Operation and Maintenance Fund and will be refunded to the Airline by check written from the Operation and Maintenance Fund as an Operation and Maintenance Expense within 60 days following the completion of the year-end settlement calculation. Each Signatory Airline and Signatory Cargo Airline shall receive a share of the excess amount in proportion to the total amount that they paid in landing fees during that Calendar Year. However, the year-end settlement rate process may be modified at any time in the event that the process is determined to be illegal or, in the opinion of the Airport Director or County bond counsel, that the year-end settlement will result in a higher rate of interest being paid by County on its Bonds.

If the Airline's (i) Terminal Building Rents and Aircraft Parking Apron Fees or (ii) landing fees paid during the Calendar Year are less than the required amount of (i) Terminal Building Rents and Aircraft Parking Apron Fees or (ii) landing fees as calculated during the year-end rate settlement process, such deficiencies will be billed to the Airline.

Other Fees and Charges

Other charges payable by an Airline, in addition to those specified elsewhere in the AUA, shall be as follows:

(A) *Employee Parking Charges*. Should an Airline elect to furnish parking for its employees, such Airline shall pay to the County in advance by the first day of each December charges as are reasonably established by the County for the use of employee parking areas designated in the AUA. The County will refund to an Airline the prorated annual parking charge for parking spaces no longer used by Airline employees.

(B) *Miscellaneous*. Charges for miscellaneous items or activities not specified in the AUA (*e.g.* badges, extraordinary electrical usage, personal property storage, etc.) shall be assessed by the County as reasonably determined by the Airport Director and paid by the Airline.

An Airline shall pay all other charges which are assessed by the County for the use of other Airport facilities or for services that may be provided by the County to the Airline from time to time.

Security Interests

All PFCs collected by an Airline for the benefit of the County that are in the possession or control of the Airline are to be held in trust by the Airline on behalf and for the benefit of the County. To the extent that the Airline holds any property interest in such PFCs, and notwithstanding that the Airline may have commingled such PFCs with other funds, the Airline pledges to the County and grants the County a first priority security interest in such PFCs, and in any and all accounts into which such PFCs are deposited to the extent of the total amount of such PFCs (net of the airline compensation amounts allowable in accordance with 14 C.F.R. §158.53) held in such accounts.

As a guarantee by an Airline for the payment of all rents, fees, and charges, and all PFC remittances due to the County, each Airline pledges to the County and grants the County a security interest in all of its leasehold improvements and fixtures located on or used by Airline at the Airport.

Airline as Guarantor of its Affiliates

Each Airline unconditionally guarantees all rents, landing fees and all PFC remittances of any of its Affiliates accrued during the period of such designation, to the extent that such Affiliate's operations at the Airport were performed for the benefit or in the name of the Airline. Upon receipt of Notice of default by any such Affiliate from the County due to nonpayment of such rents, landing fees or PFC remittances, such Airline shall pay all amounts owed to the County on demand in accordance with the payment provisions of the AUA.

Maintenance and Operation by County

Each Airline will furnish janitorial service to its Exclusive Use Premises, Preferential Use Premises and its preferential Aircraft Parking Apron. Each Airline will maintain its Exclusive Use Premises, Preferential Use Premises and its preferential Aircraft Parking Apron in safe and proper working order as specified in the AUA.

Responsibility for maintenance, cleaning and operation of facilities shall be as set forth in the AUA.

The airlines may, subject to the approval of the Airport Director, establish a consortium which will be responsible for the maintenance and operation of facilities and equipment at the Airport. The Airport Director will also approve the standards to which the facilities and equipment will be maintained.

Rules and Regulations

The County shall have the right to and shall adopt and amend from time to time and enforce reasonable rules and regulations of general application, which each Airline agrees to observe and obey, with respect to each Airline's use of the Airport and its facilities, *provided* that such rules and regulations shall not be inconsistent with safety and with rules, regulations, and orders of the Federal Aviation Administration and other applicable governmental agencies and with the procedures prescribed or approved from time to time by the Federal Aviation Administration or other applicable governmental agencies with respect to the operation of Airline's aircraft.

Damage, Destruction, Abatement

If any part of the Airline Premises, or adjacent facilities directly and substantially affecting the use of the Airline Premises, shall be partially damaged by fire or other casualty, but said circumstances do not render Airline Premises unusable as reasonably determined by the County and the related Airline, the same shall be repaired to usable condition with due diligence by the County as provided in the AUA with no rental abatement whatsoever.

If any part of the Airline Premises, or adjacent facilities directly and substantially affecting the use of the Airline Premises, shall be so extensively damaged by fire or other casualty as to render any portion of said Airline Premises unusable but capable of being repaired, as reasonably determined by the County and the related Airline, the same shall be repaired to usable condition with due diligence by the County as provided in the AUA. In such case, the rent payable under the AUA with respect to the Airline's affected Airline Premises shall be paid up to the time of such damage and shall thereafter be abated equitably in proportion as the part of the area rendered unusable bears to total Airline Premises until such time as such affected Airline Premises shall be restored adequately for the Airline's use. The County shall use its best efforts to provide the Airline with suitable alternate facilities to continue its operation while repairs are being completed, at a rental rate not to exceed that provided in the AUA for the unusable space.

If any part of the Airline Premises, or adjacent facilities directly and substantially affecting the use of the Airline Premises, shall be damaged by fire or other casualty, and is so extensively damaged as to render any portion of said Airline Premises incapable of being repaired as reasonably determined by the County and the related Airline, the County shall notify the Airline within a period of ninety (90) days after the date of such damage of its decision to reconstruct or replace said space, *provided* the County shall be under no obligation to replace or reconstruct such Airline Premises. The rentals payable under the AUA with respect to the affected Airline Premises shall be paid up to the time of such damage and thereafter shall cease until such time as replacement or reconstructed space shall be available for use by Airline.

In the event the County reconstructs or replaces the affected Airline Premises, the County shall use its best efforts to provide the related Airline with suitable alternate facilities to continue its operation while reconstruction or replacement is being completed, at a rental rate not to exceed that provided in the AUA for the damaged space; *provided, however,* if such damaged space shall not have been replaced or reconstructed, or the County is not diligently pursuing such replacement or reconstruction within ninety (90) days after the date of such damage or destruction, the Airline shall have the right, upon giving the County thirty (30) days advance written notice, to cancel that portion of the AUA relating to the affected Airline Premises, but the AUA shall remain in effect with respect to the remainder of said Airline Premises, unless the affected Airline Premises render use of the remaining Airline Premises impracticable, in which case the Airline may terminate the entire AUA upon thirty (30) days written notice.

In the event the County does not reconstruct or replace the affected Airline Premises, the County shall meet and consult with the Airline on ways and means to permanently provide the Airline with adequate replacement space for the affected Airline Premises; *provided however,* the Airline shall have the right, upon giving the County thirty (30) days advance written notice, to cancel that portion of the AUA relating to the affected Airline Premises, but the AUA shall remain in full force and effect with respect to the remainder of said Airline Premises, unless the affected Airline Premises render use of the remaining Airline Premises impracticable, in which case Airline may terminate the entire AUA upon thirty (30) days written notice.

Notwithstanding the provisions of the AUA, in the event that due to the negligence or willful act of an Airline or of its employees (acting within the course or scope of their employment) or agents, any Airline Premises shall be damaged or destroyed by fire, other casualty or otherwise, there shall be no abatement of rent during the restoration or replacement of said Airline Premises and the Airline shall have no option to cancel the AUA under the provisions of the AUA. To the extent that the cost of repairs shall exceed the amount of any insurance proceeds payable to the

County by reason of such damage or destruction, the Airline shall pay the amount of such cost to the County.

The County shall maintain levels of insurance required under the Bond Resolution, *provided, however,* that the County's obligations to reconstruct or replace under the provisions of the AUA shall in any event be limited to restoring the affected Airline Premises to substantially the condition that existed prior to the improvements made by the Airline and shall further be limited to the extent of insurance proceeds available to the County for such reconstruction or replacement. The Airline agrees that if the County elects to reconstruct or replace as provided in the AUA, then the Airline shall proceed with reasonable diligence and at its sole cost and expense to reconstruct and replace its improvements, signs, fixtures, furnishings, equipment and other items provided or installed by the Airline in or about the Airline Premises in a manner and in a condition at least equal to that which existed prior to its damage or destruction.

FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM

The County has developed a Five Year (CY 2016-CY 2020) Capital Improvement Program (*"Five Year CIP"*) for the Airport, which is attached to and incorporated within the AUA. The total projected cost of the Five Year CIP is $147,812,000 and the projected Net Financing Requirement is $9,006,000. The Net Financing Requirement Cap during the term of the AUA is established as one hundred percent (100%) of the projected Net Financing Requirement. The total cost of the Five Year CIP may be revised without MII approval as long as the Net Financing Requirement Cap is not exceeded.

COORDINATION PROCESS

By May 15 of each year and upon request, an Airline shall provide the County with an estimate of the total maximum certificated gross landed weight of all aircraft expected to be landed at the Airport by the Airline and each of its Affiliates during the following Calendar Year. If the Airline has not provided the County with the estimate of total landed weight for the following calendar year by June 1, the County shall provide its own estimate of landed weight by using the total landed weight for the Airline and its Affiliates from the previous Calendar Year and the current year.

By August 1 of each year, the County shall present to the AAAC the Airport's Operation and Maintenance and Capital Improvement budgets and the County's preliminary calculation of rent, fees, and charges for the following Calendar Year.

On or about August 1 of each year, the County shall convene a meeting with the AAAC to review and discuss the County's preliminary calculation of rents, fees, and charges for the following Calendar Year. The County shall give due consideration to the comments and suggestions made by the AAAC representatives pertaining to the Operation and Maintenance and Capital Improvement budgets and the preliminary rents, fees and charges. The County shall prepare a final calculation of rents, fees, and charges for the following Calendar Year, and will make its best efforts to provide a copy to each Airline no later than the last business day of the month preceding the start of the new Calendar Year. Notwithstanding anything else to the contrary, the County's final calculation of rents, fees, and charges shall take effect on the first day of each Calendar Year.

ADDITIONAL APPROVED CAPITAL IMPROVEMENTS

(A) Each Airline recognizes that, from time to time, the County may consider it necessary, prudent, or desirable to undertake Capital Improvements other than those identified in the Five Year CIP (*"Additional Approved Capital Improvements"*).

(B) Contemporaneously with the coordination process set forth in the AUA and described above under the caption "COORDINATION PROCESS," and otherwise at any time during each Calendar Year as needed, the County shall review and discuss all such proposed Additional Approved Capital Improvements with the AAAC. Following such meeting, the relevant Additional Approved Capital Improvements shall be deemed approved.

(C) Notwithstanding the provisions of the AUA as described above in the final paragraph under the caption "FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM" and below under the caption "CAPITAL IMPROVEMENT REVIEW AND APPROVAL PROCESS," the County may undertake Additional Approved Capital Improvements, and recover the Net Requirement attributable to each such Additional Approved Capital Improvement through rents, fees, and charges, if such Additional Approved Capital Improvement is undertaken under certain circumstances described in the AUA without Airline approval.

(D) The County may also proceed with any additional Capital Improvement that does not impact Airline's rates and charges through depreciation or amortization charges.

CAPITAL IMPROVEMENT REVIEW AND APPROVAL PROCESS

If the County plans to initiate a Capital Improvement project that will result in a revised Five Year CIP for which the Net Financing Requirement will exceed the Net Financing Requirement Cap, then the County and the AAAC will follow the following process:

> (A) The Airport Director shall submit a report on the proposed Capital Improvement(s) to the AAAC including for each project an estimate of its construction and operating costs, description of the work proposed, its benefits and funding sources. Subsequent to receipt of said report, the following procedural steps are established:
>
> (B) MII of the Signatory Airlines (including Signatory Cargo Airlines, for projects located in the Airfield Cost Center or the Former 440th Military Base) will either approve, disapprove, or make no comment within thirty (30) days of receipt of the information.
>
> (C) The AAAC may request a meeting with the Airport Director for the purpose of commenting on any proposed Capital Improvement.

(D) Each Capital Improvement referred to in the report shall be deemed approved unless written disapproval is received by the Airport Director within thirty (30) days of AAAC receipt of the report. The AAAC may, notwithstanding any prior written disapproval, rescind such action and approve in writing any Capital Improvement at any of the County's established procedural steps.

(E) The County may resubmit substantially the same Capital Improvement in the second Calendar Year for AAAC action and the aforesaid procedural steps shall again be followed.

(F) The County may proceed with any disapproved Capital Improvement at any time during the first two Calendar Year submissions, *provided, however,* that the cost of said Capital Improvement shall not at any time, directly or indirectly, become part of the calculation of residual rates, fees and charges assessed to the Signatory Airlines. However, if the County makes a Capital Improvement and an Airline subsequently decides to occupy and/or use the Capital Improvement, it shall pay such rentals, fees and charges as shall be set by the County.

(G) After the second calendar year budget submittal, should the County desire to proceed with a Capital Improvement, the aforesaid procedural steps shall again be followed.

(H) The County may proceed with any Capital Improvement during the third calendar year submission without AAAC approval and include its costs in the calculation of the airline rentals, fees and charges.

MAJOR MAINTENANCE PROJECTS — EXPENSED

For the purposes of calculating rents, fees, and charges in accordance with the AUA, the cost of Major Maintenance Projects - Expensed shall be allocated to the applicable Cost Center and expensed in the Calendar Year in which they occur. The County will make its best efforts to disclose all proposed Major Maintenance Projects - Expensed for each Calendar Year as part of the coordination process in accordance with the AUA. Each Airline recognizes, however, that certain unbudgeted Major Maintenance Projects - Expensed may be required to be undertaken during the course of any Calendar Year in order to properly operate, maintain, or repair the Airport facilities. The County reserves the right to undertake such Major Maintenance Projects - Expensed as it deems necessary; *provided, however,* that the County shall not subdivide Capital Improvements into smaller projects solely for the purpose of re-characterizing such Capital Improvements as Major Maintenance Projects - Expensed to avoid a Majority-In-Interest review in accordance with the AUA.

PASSENGER LOADING BRIDGE PROGRAM

Notwithstanding any provision in the AUA, the County may elect during the term of the AUA to: (i) replace any existing County-owned passenger loading bridges, and/or (ii) purchase passenger loading bridges to be installed at Gates lacking such equipment.

Expenditures for Planning and Preliminary Design

Each Airline recognizes in the AUA that, from time to time, the County may engage with outside professionals to provide planning and preliminary design services to define the scope and costs of proposed Capital Improvements. The County reserves the right to undertake such services, and the County reserves the right to include the Net Requirement of such services in the rents, fees, and charges upon completion of such Capital Improvements, or if and when such projects are ultimately cancelled. Net Requirement of planning and preliminary design for projects that proceed to construction shall be amortized over the useful life of the project. Net Requirement of planning and preliminary design of projects that are cancelled shall be amortized over five years. Contemporaneously with the coordination process set forth in the AUA, the County shall review and discuss with the Signatory Airlines any actions proposed to be taken in accordance with the AUA during the upcoming year.

Alterations and Improvements by an Airline

An Airline may construct and install, at the Airline's sole expense, such improvements in its Airline Premises as the Airline deems to be necessary for its operations under the terms and provisions set forth in the AUA. No reduction or abatement of rents, fees, and charges shall be allowed for any interference with the Airline's operations by such construction.

Events of Default and Remedies

Each of the following shall constitute an "Event of Default by Airline":

(A) Any Airline fails to pay rentals, fees and charges when due, and such default continues for a period of fifteen (15) days after receipt by the Airline of written notice thereof.

(B) Any Airline fails after the receipt of written notice from the County to keep, perform or observe any term, covenant or condition of the AUA (other than as described above in subsection (A)) to be kept, performed or observed by the Airline, and such failure continues for thirty (30) days after such receipt or if by its nature such Event of Default cannot be cured within such thirty (30) day period, if the Airline shall not commence to cure or remove such Event of Default within said thirty (30) days and to cure or remove same as promptly as reasonably practicable.

(C) Any Airline shall become insolvent; shall take the benefit of any present or future insolvency statute; shall make a general assignment for the benefit of creditors; shall file a voluntary petition in bankruptcy or a petition or answer seeking a reorganization or the readjustment of its indebtedness under the federal bankruptcy laws or under any other law or statute of the United States or of any state thereof; or shall consent to the appointment of a receiver, trustee, or liquidator of all or substantially all of its property.

(D) An Order for Relief shall be entered at the request of any Airline or any of its creditors under the federal bankruptcy or reorganization laws or under any law or statute of the United States or any state thereof.

(E) A petition under any part of the federal bankruptcy laws or an action under any present or future insolvency law or statute shall be filed against any Airline and shall not be dismissed within sixty (60) days after the filing thereof.

(F) By or pursuant to or under the authority of any legislative act, resolution or rule, or any order or decree of any court or governmental board, or agency, an officer, receiver, trustee, or liquidator shall take possession or control of all or substantially all of the property of any Airline and such possession or control shall continue in effect for a period of fifteen (15) days.

(G) Any Airline shall become a corporation in dissolution or voluntarily or involuntarily forfeit its corporate charter other than through merger with a successor corporation, as set forth in the AUA.

(H) The rights of any Airline under the AUA shall be transferred to, pass to, or devolve upon, by operations of law or otherwise, any other person, firm, corporation, or other entity, as a result of any bankruptcy, insolvency, trusteeship, liquidation, or other proceedings or occurrence described above in subsection (C) through (G), inclusive.

(I) Any Airline shall voluntarily discontinue its operations at the Airport for a period of thirty (30) days unless otherwise agreed to by the County and the Airline.

Upon the occurrence of an Event of Default by any Airline, such Airline shall remain liable to the County for all arrearages of rentals, fees and charges payable under the AUA and for all preceding breaches of any covenant contained in the AUA. The County, in addition to the right of termination and to any other rights or remedies it may have at law or in equity, shall have the right of reentry and may remove all Airline persons and property from the Airline Premises. Upon any such removal, the Airline property may be stored in a public warehouse or elsewhere at the cost of, and for the account of, the Airline. Should the County elect to reenter, as provided in the AUA, or should it take possession pursuant to legal proceedings or pursuant to any notice provided by law, it may, at any time subsequent to an Event of Default by the Airline, terminate the AUA relating to that Airline and relet such Airline Premises and any improvements thereon or any part thereof for such term or terms (which may be for a term extending beyond the term of the AUA) and at such rentals, fees and charges and upon such other terms and conditions as the County in its sole discretion may deem advisable, with the right to make alterations, repairs or improvements on said Airline Premises. No reentry or reletting of the Airline Premises by the County shall be construed as an election on the County's part to forfeit its rights under the AUA and shall not affect the obligations of the Airline for the unexpired term of the AUA. In reletting the Airline Premises, the County shall be obligated to make a good faith effort to obtain terms and conditions no less favorable to itself than those contained in the AUA and otherwise seek to mitigate any damages it may suffer as a result of the Airline's Event of Default.

Even if the County elects to terminate the AUA, the Airline shall remain liable for and promptly pay all rentals, fees and charges accruing under the AUA until expiration of the AUA subject to the provisions of the AUA.

In the event that the County relets, rentals, fees and charges received by the County from such reletting shall be applied: *first,* to the payment of any indebtedness other than rentals, fees and charges due under the AUA from the Airline to the County; *second,* to the payment of any cost of such reletting; *third,* to the payment of rentals, fees and charges due and unpaid under the AUA; and the remaining balance, if any, shall be held by the County and applied in payment of future rentals, fees and charges as the same may become due and payable under the AUA. Should that portion of such rentals, fees and charges received from such reletting which is applied to the payment of rentals, fees and charges under the AUA, be less than the rentals, fees and charges payable during applicable periods by the Airline under the AUA, then the Airline shall pay such deficiency to the County. The Airline shall also pay to the County, as soon as ascertained, any costs and expenses incurred by the County in such reletting not covered by the rentals, fees and charges received from such reletting.

Notwithstanding anything to the contrary in the AUA, if a dispute arises between the County and the Airline with respect to any obligation or alleged obligation of the Airline to pay money, the payment under protest by the Airline of the amount claimed by the County to be due shall not waive any of the Airline's rights, and if any court or other body having jurisdiction determines that all or any part of the protested payment was not due, then the County shall as promptly as reasonably practicable reimburse the Airline any amount determined as not due.

The Airline shall pay to the County all costs, fees, and expenses incurred by the County in the exercise of any remedy upon an Event of Default by the Airline.

To the extent that the County's right to terminate the AUA as a result of an event described in this section is determined to be unenforceable under the Federal Bankruptcy Code, as amended from time to time, or under any other statute, then the Airline and any trustee who may be appointed agree: (i) to perform promptly every obligation of the Airline under the AUA until the AUA is either assumed or rejected under the Federal Bankruptcy Code; (ii) to pay on a current basis all rentals, fees, and charges set forth in the AUA; (iii) to reject or assume the AUA within sixty (60) days of a filing of a petition under the Federal Bankruptcy Code; (iv) to cure or provide adequate assurance of a prompt cure of any default of the Airline under the AUA; and (v) to provide to the County such adequate assurance of future performance under the AUA as may be requested by the County, including a tender of a Performance Guarantee as set forth in the AUA.

Notwithstanding any other legal effect of or remedy for Airline's default or breach under the AUA, any acts of default or breach under the following agreements shall also constitute a default or breach under the AUA. Any agreement related to or involving the following operations and activities at the Airport, regardless of the other parties to such agreement:

(1) The operation and management of the airport/airline hydrant fuel system;

(2) The operation and management of any portion of the Airport Terminal Building by an Airline consortium; or

(3) Any other consortium approved by the Airport Director.

TERMINATION OF LEASE BY AIRLINE

Each of the following events shall constitute an "Event of Default by County":

(A) The County fails after receipt of written notice from an Airline to keep, perform or observe any term, covenant or condition in the AUA contained to be kept, performed, or observed by the County and such failure continues for thirty (30) days or if by its nature such Event of Default cannot be cured within such thirty (30) day period, if the County shall not commence to cure or remove such Event of Default within said thirty (30) days and to cure or remove the same as promptly as reasonably practical.

(B) The permanent closure of the Airport as an air carrier airport by act of any Federal, state or local government agency having competent jurisdiction.

(C) The assumption by the United States Government or any authorized agency of the same (by executive order or otherwise) of the operation, control or use of the Airport and its facilities in such a manner as to substantially restrict Airline from conducting its operations, if such restriction be continued for a period of ninety (90) days or more.

Upon the occurrence of an Event of Default by the County, an Airline shall have the right to suspend or terminate the AUA and all rentals, fees and charges payable by the Airline under the AUA shall abate during a period of suspension or shall terminate, as the case may be. In the event that the Airline's operations at the Airport should be restricted substantially by action of any governmental agency having jurisdiction thereof, then the Airline shall, in addition to the rights of termination granted in the AUA, have the right to a suspension of the AUA, or part thereof, and abatement of a just proportion of the payments to become due under the AUA, from the time of giving written notice of such election until such restrictions shall have been remedied and normal operations restored.

INDEMNITY AND INSURANCE BY AIRLINE

Each Airline covenants and agrees under the AUA to fully indemnify and hold harmless, the County and the elected officials, employees, directors, volunteers and representatives of the County, individually or collectively, from and against any and all costs, claims, liens, damages, losses, expenses, fees, fines, penalties, proceedings, actions demands, causes of actions, liability and suits of any kind and nature, including but not limited to, personal or bodily injury, death and property damage, made upon the County to the extent directly or indirectly arising out of resulting from or related to the Airline's activities in, on or about Airline Premises, or from any operation or activity of the Airline upon the Airport Premises, or in connection with its use of Airline Premises, including any acts or omissions of the Airline, any agent, officer, director, representative, employee, consultant or subcontractor of the Airline, and their respective officers, agents, employees, directors and representatives while in the exercise or performance of the rights or duties under the AUA, all without however, the County waiving any governmental immunity or other rights available to the County under Wisconsin Law and without waiving any defenses of the parties under Wisconsin law. The provisions of this indemnity are solely for the benefit of the parties to the AUA and not intended to create or grant any rights, contractual or otherwise, to any other person or entity. The Airline shall promptly advise the County in writing of any claim or demand against the County or the Airline known to the Airline related to or arising out of the Airline's activities under the AUA and shall see to the investigation and defense of such claim or demand at Airline's cost. The County shall have the right, at its option and at its own expense, to participate in such defense without relieving Airline of any of its obligations described in this paragraph.

Each Airline has agreed to obtain and maintain the following types of insurance under the AUA:

TYPE OF INSURANCE	LIMITS OF LIABILITY
Comprehensive Airline Liability Insurance, Including Premises Liability and Aircraft Liability, in respect of all aircraft owned, used, operated or maintained by Named Insured	$100,000,000 each accident

Commercial General Liability insurance to include coverage for the following:

• General Aggregate	$10,000,000 per occurrence; $25,000,000 general aggregate or its equivalent in Umbrella or Excess Liability coverage.
(A) Premise/Operations	$10,000,000
(B) Pollution Liability*	$5,000,000/occurrence/annual aggregate $500,000/self–insurance retention
(C) Products/Completed Operations	$10,000,000
(D) Contractual Liability	$10,000,000
(E) Explosion, Collapse. Underground	$10,000,000
(F) Fire legal liability	$50,000
• Business Automobile Liability (airside and landside)	Combined Single Limit for Bodily Injury and Property Damage of $5,000,000
• Scheduled Autos	
• Owned/Leased Automobiles	
• Non–owned Automobiles	
• Hired Automobiles	
• Worker's Compensation	Statutory
• Employer's Liability	$1,000,000 / $1,000,000 / $1,000,000
• Property Insurance	Value of Airline Property on premises, to include improvements and betterments.

- If the Airline has been approved as self-funded under Wisconsin Law and complies with the County of Milwaukee Self-Insurance requirements, the County may accept the Airline's certificate of self-funding or self-insurance.

AIRPORT DEVELOPMENT FUND ACCOUNT

The County shall establish an Airport Development Fund Account (the *"ADFA"*) during the term of the AUA, which shall be a special, segregated account maintained in the Surplus Fund, and shall be subject to the terms and provisions of the Bond Resolution. The annual contributions to the ADFA are to be equal to (a) ten percent (10%) of Airport Concession Revenues described in subsection (B) under the caption "TERMINAL BUILDING RENTS" and (b) income received from the investment of monies in the ADFA. Such Fund shall be used by the Airport Director, as appropriations permit, to finance (a) future Capital Improvements or Major Maintenance Projects – Capitalized or portions thereof at the Airport or at Timmerman Airport, or (b) for any other Airport System purpose permitted by, and subject to, the permitted uses of the Surplus Fund under the terms and provisions of the Bond Resolution. The monies on deposit in the ADFA, like other monies on deposit in the Surplus Fund, are subject to the terms and provisions of the Bond Resolution which may require use of such monies in the ADFA to fund deficiencies in the other funds and accounts established and held under the Bond Resolution. The County Accounting System will not include depreciation or amortization in airline rates, fees and charges for those portions of improvements paid for by monies from the Airport Development Fund Account, from federal or state grants or from Passenger Facility Charges specifically provided for that purpose or for the cost of those projects that are paid for by other parties.

The maximum amount that may be held in the Airport Development Fund Account from time to time is $15,000,000; *provided,* that if amounts on deposit in the ADFA are less than $15,000,000 at any time, deposits will continue to be made to the ADFA. If at the end of any Calendar Year the amount of cash in the Airport Development Fund Account exceeds $15,000,000, such excess amount shall be transferred to the Operation and Maintenance Fund and will be refunded by check written from the Operation and Maintenance Fund as an Operation and Maintenance Expense within 60 days following the completion of the year-end settlement calculation. Each Signatory Airline shall receive a share of the excess amount in proportion to the total amount that they paid in Terminal Building Rents during that calendar year.

Notwithstanding anything in the AUA to the contrary, during the term of the amended AUA the County may transfer up to an additional $4,000,000 from the ADFA to the ADF Depreciation Account established pursuant to the AUA.

ADF DEPRECIATION ACCOUNT

The County shall establish an ADF Depreciation Account during the term of the AUA, which shall be a special, segregated account in the Surplus Fund, and shall be subject to the terms and provisions of the Bond Resolution. Such account shall be used by the Airport Director, as appropriations permit, to finance (a) future Capital Improvements or Major Maintenance Projects – Capitalized or portions thereof at the Airport or at Timmerman Airport, or (b) for any other Airport System purpose permitted by, and subject to, the permitted use of the Surplus Fund under the terms and provisions of the Bond Resolution. The monies on deposit in the ADF Depreciation Account, like other monies on deposit in the Surplus Fund, are subject to the terms and provisions of the Bond Resolution which may require use of such monies in the ADF Depreciation Account to fund deficiencies in the other funds and accounts established and held under the Bond

Resolution. Notwithstanding anything in the AUA to the contrary, during the term of the amended AUA the County may expend up to an additional $4,000,000 from the ADF Depreciation Account and include depreciation or amortization in airline rates, fees and charges resulting from these expenditures. The depreciation or amortization charges will be credited to the ADF Depreciation Account.

NON-SIGNATORY RATES

In recognition of the fact that an Airline and other airlines which are signatory to the AUA will be making a long-term commitment to pay rentals, fees, and charges for the use and occupancy of Airport, for the right to use and occupy same, the County recognizes the need, appropriateness, and equity of imposing on non-signatory airlines utilizing said Airport, by ordinance or other appropriate method, rentals, fees and charges for all such services and facilities used that are one hundred twenty-five (125) percent of the rentals, fees, and charges being imposed on Airline and other Signatory Airlines pursuant to the AUA. A Signatory Cargo Airline will be considered a Signatory Airline for the purpose of charging landing fees. The non-signatory rates will be adjusted concurrent with the adjustment of the rates of the Signatory Airlines. However, non-signatory rates may be discontinued at any time in the event that they are determined to be illegal or, in the opinion of the Airport Director or County bond counsel that the existence of non-signatory rates will result in a higher rate of interest being paid by County on Airport bonds.

APPENDIX G

BOOK-ENTRY ONLY SYSTEM

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BOOK-ENTRY-ONLY SYSTEM

The information contained in the following paragraphs of this subsection "Book-Entry-Only System" has been extracted from a document prepared by DTC entitled "SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE." The County makes no representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

DTC, New York, New York, will act as securities depository for the 2019 Bonds. The 2019 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the 2019 Bonds, in the aggregate principal amount of the 2019 Bonds, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has S&P Global Ratings rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of 2019 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2019 Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2019 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2019 Bonds, except in the event that use of the book-entry system for the 2019 Bonds is discontinued.

To facilitate subsequent transfers, all 2019 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2019 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2019 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2019 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2019 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2019 Bonds, such as redemptions, tenders, defaults, and amendments to the Bond documents. For example, Beneficial Owners of 2019 Bonds may wish to ascertain that the nominee holding the 2019 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent/Registrar and request that copies of notices be provided directly to them.

Prepayment notices shall be sent to DTC. If less than all the 2019 Bonds within an issue are being prepaid, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be prepaid.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2019 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2019 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and interest payments on the 2019 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or the Paying Agent/Registrar; disbursement of such payments to Direct Participants will be the responsibility of DTC; and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2019 Bonds at any time by giving reasonable notice to the County or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but neither the County nor the underwriters takes responsibility for the accuracy thereof.