Memo

To: City of St. Louis Airport Working Group

From: Squire Patton Boggs (US) LLP
Siebert Cisneros Shank & Co. L.L.C.
PFM Financial Advisors LLC

Date: December 18, 2018

Subject: St. Louis Lambert International Airport – Overview of Existing Airport Bonds

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This memorandum provides (i) a comparison of the outstanding debt of the St. Louis Lambert International Airport (the "Airport") and the debt of nearby medium hub airports, (ii) an overview of the Airport's outstanding bonds and their call provisions and (iii) a description of the defeasance requirements for the Airport's outstanding bonds.

DEBT COMPARISON TO NEARBY MEDIUM HUB AIRPORTS

The outstanding Airport debt totals $594,475,000 (the "Airport Bonds"). The aggregate annual debt service for the outstanding Airport Bonds is summarized below:

a. Ranged from $74-$78 million in fiscal years 2012-2017.

b. Expected to range from $62-$68 million in fiscal years 2018-2022 taking into account the expected bond issuance in fiscal year 2019. For details about the Airport's current existing debt service, please refer to Exhibit B on page 8.

A comparison of the Airport's outstanding debt and the debt of medium hub airports within 500 miles of St. Louis is set forth below:

Airport	Outstanding Debt[1]	2017 Enplaned Passengers	As of Date
Lambert St. Louis International Airport	$594,475,000	7,187,000	August 1, 2018
Cincinnati/Northern Kentucky International Airport	$44,600,000	3,926,158	December 31, 2017
Nashville International Airport	$302,295,000	6,790,000	June 30, 2017
Kansas City International Airport	$147,100,000	5,624,895	April 30, 2018
Indianapolis Airport Authority	$934,000,000	4,387,532	December 31, 2017
John Glenn Columbus International Airport	$80,983,107	3,784,507	December 31, 2017
General Mitchell International Airport (Milwaukee)	$171,900,000	3,452,544	December 31, 2017
Omaha Eppley Airfield	$67,880,000	2,303,223	December 31, 2017

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[1] Source: Recent audited financial statements or offering documents available on www.emma.msrb.org.

Airport	Outstanding Debt[1]	2017 Enplaned Passengers	As of Date
Cleveland Hopkins International Airport	$634,955,000	4,562,740	October 4, 2018

DEFEASANCE OF AIRPORT BONDS

As previously described in our August 22, 2018 Memorandum regarding our Master Indenture Review, to effectuate the proposed lease of the Airport, the City will need to pay in full any currently callable Airport Bonds and defease the Airport Bonds that are non-callable or that will not be callable prior to the proposed lease of the Airport. An overview of the outstanding Airport Bonds, including their call provisions, is attached as Exhibit A. Since all of the Airport Bonds that will be outstanding as of December 2019 are not callable or will not be callable prior to the proposed lease of the Airport, the only option the City has is to defease the outstanding Airport Bonds.

Based on our review of the Amended and Restated Indenture of Trust, dated as of July 1, 2009, between the City and UMB Bank, N.A., as trustee (the "Master Indenture"), and the Supplemental Indentures of Trust pursuant to which the outstanding Airport Bonds were issued, there appear to be no material obstacles to the City defeasing the Airport Bonds. A summary of the steps required to defease the Airport Bonds is set forth below.

MASTER INDENTURE DEFEASANCE REQUIREMENTS

The City can defease its non-callable Airport Bonds, as well as Airport Bonds that may not be called prior to the proposed lease of the Airport, by depositing with the Trustee funds sufficient to make payments on those Airport Bonds until their call dates or final maturity. Once such deposit is made with the Trustee, the Bondholders' rights and lien on all Net Revenues will terminate, and the Airport Bonds will be deemed no longer outstanding under the Master Indenture.

If installments for payment or redemption of Airport Bonds are set aside and held in trust by the Paying Agents at the maturity or redemption date, those Airport Bonds are deemed to have been paid and defeased under the Master Indenture.[2]

For Airport Bonds to be deemed to be paid prior to their maturity or redemption date:

(1) the City must give to the Trustee irrevocable instructions to mail a notice of redemption on said date;

(2) a deposit must be made with the Trustee of moneys in an amount which is sufficient, or Government Securities, which together with their earnings will provide money sufficient, to pay debt service on the Bonds on and prior to their redemption date or maturity date, and all fees and expenses of the Trustee and Paying Agents; and

(3) in the event Bonds are not by their terms subject to redemption within the next 60 days, the City must give the Trustee irrevocable instructions to mail, as soon as practicable, to the Owners of such Bonds notice that the deposit has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with Section 1301 of the Master Indenture and stating such maturity or redemption date upon which moneys are

[2] See Section 1301.A of the Master Indenture.

to be available for the payment of the principal or Redemption Price, if applicable, on such Bonds.[3]

The Supplemental Indentures of Trust pursuant to which the City issued the 2005 Bonds,[4] 2012 Bonds,[5] and 2015 Bonds[6] do not have any additional requirements for defeasance. Additional defeasance requirements for each of the other outstanding series of Airport Bonds are described below.

2007A BONDS

To defease the 2007A Bonds, in addition to the Master Indenture requirements, the City must deliver the following documents to the bond insurer, Financial Security Assurance Inc. (the "2007A Bond Insurer"), not less than five business days prior to the funding of the escrow:[7]

(1) a report of an independent firm of nationally recognized certified public accountants or such other accountant or independent verification firm as shall be reasonably acceptable to the 2007A Bond Insurer verifying the sufficiency of the escrow established to pay the 2007A Bonds in full on the maturity or redemption date; the report should be addressed to the City, the Trustee and the 2007A Bond Insurer;
(2) an escrow deposit agreement;
(3) an opinion of nationally recognized bond counsel to the effect that the 2007A Bonds are no longer "Outstanding" under the Indenture, addressed to the City, the Trustee and the 2007A Bond Insurer; and
(4) a certificate of discharge of the Trustee with respect to the 2007A Bonds.[8]

The report, the escrow deposit agreement and the defeasance opinion must be acceptable in form and substance to the 2007A Bond Insurer.

2009A-1 BONDS

As the 2009A-1 Bonds are attributable to PFC-Eligible Projects and Debt Service, to redeem or defease the 2009A-1 Bonds, in addition to the Master Indenture requirements, the City must provide the Trustee with a certificate which reflects the reduction in PFC-Eligible Debt Service as a result of the redemption or the defeasance.[9]

2017A, 2017B, 2017C AND 2017D BONDS

As the 2017A Bonds and the 2017B Bonds are attributable to PFC-Eligible Projects and Debt Service, to defease the 2017A Bonds and the 2017B Bonds, the City must provide the Trustee

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[3] See Section 1301.B of the Master Indenture.

[4] See Thirteenth Supplemental Indenture of Trust dated as of June 1, 2005. Even though the 2005 Bonds are insured, MBIA, the bond insurer for the 2005 Bonds, does not have any additional requirements for defeasance.

[5] See Eighteenth Supplemental Indenture of Trust dated as of June 1, 2012.

[6] See Twentieth Supplemental Indenture of Trust dated as of June 1, 2015.

[7] See Fourteenth Supplemental Indenture of Trust dated as of January 1, 2007.

[8] See Section 7.01(g) of the Fourteenth Supplemental Indenture of Trust.

[9] See Section 5.02 of the Sixteenth Supplemental Indenture of Trust dated as of July 1, 2009. The 2009A-1 Bonds are callable on July 1, 2019.

with a certificate which reflects the reduction in PFC-Eligible Debt Service as a result of the defeasance.[10]

In addition to the Master Indenture requirements, only the following, or any combination thereof, can be used to defease the 2017A Bonds, the 2017B Bonds, the 2017C Bonds and the 2017D Bonds (the “2017 Bonds”) unless the bond insurer, Assured Guaranty Municipal Corp. (the “2017 Bond Insurer”) approves otherwise:

(1) cash,
(2) non-callable direct obligations of the United States of America ("Treasuries"),
(3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, and
(4) subject to the prior written consent of the 2017 Bond Insurer, securities eligible for "AAA" defeasance under then existing criteria of S&P.[11]

Furthermore, to defease the 2017 Bonds, the City must deliver the following documents to the 2017 Bond Insurer not less than five business days prior to the funding of the escrow:

(1) a report of an independent firm of nationally recognized certified public accountants as shall be reasonably acceptable to the 2017 Bond Insurer verifying the sufficiency of the escrow established to pay the 2017 Bonds in full on the maturity or redemption date; the report should be addressed to the City, the Trustee and the 2017 Bond Insurer;
(2) an escrow deposit agreement;
(3) an opinion of nationally recognized bond counsel to the effect that the 2017 Bonds are no longer "Outstanding" under the Indenture, addressed to the City, the Trustee and the 2017 Bond Insurer; and
(4) a certificate of discharge of the Trustee with respect to the 2017 Bonds.[12]

The report, the escrow deposit agreement and the defeasance opinion must be acceptable in form and substance to the 2017 Bond Insurer.

Finally, if the City privatizes the Airport in whole or substantially in part, the City must either:

(1) defease or provide for the payment of all of the 2017 Bonds prior to the proposed privatization, or
(2) obtain the prior written consent of the 2017 Bond Insurer regarding the privatization.[13]

[10] See Section 5.02 of the Twenty-First Supplemental Indenture of Trust dated as of June 1, 2017.

[11] See Section 6.09(a) of the Twenty-First Supplemental Indenture of Trust with respect to the 2017A Bonds the 2017B Bonds, and Section 5.09(a) of the Twenty-Second Supplemental Indenture of Trust dated as of June 1, 2017 with respect to the 2017C Bonds and 2017D Bonds.

[12] See Section 6.09(b) of the Twenty-First Supplemental Indenture of Trust and Section 5.09(b) of the Twenty-Second Supplemental Indenture of Trust.

[13] See Section 6.22 of the Twenty-First Supplemental Indenture of Trust and Section 5.22 of the Twenty-Second Supplemental Indenture of Trust.

Exhibit A - Bond Call Provisions

Total Bonds Outstanding as of 8/1/2018:	$594,475,000	**Bonds Maturing Before Q4 2019:**	$36,315,000
Bonds Callable Through 2019:	$97,155,000	**Additional Bonds Expected to be Issued in 2019:**	$28,000,000
Bonds Callable After 2019 & Non-Callable*:	$570,295,000		

*Assumes that the Series 2009A-1 Bonds are refunded by anticipated Series 2019A, that $28 million of new money bonds are issued, and that bonds maturing in 2019 are no longer outstanding.

Bonds	Dated Date	Final Maturity	Par Amount	Outstanding Amount as of 8/1/2018	Outstanding Amount as of 12/1/2019	When callable	Callable Portion	Non-Callable Portion	Insured Amount	Insurer
Callable Through 2019										
Revenue Bonds, Series 2009A-1	7/14/2009	7/1/2034	$107,240,000	$97,155,000	$0	Bonds maturing July 1, 2024, 2029 and 2034 can be optionally redeemed on or after July 1, 2019 at 100% of par	$93,435,000	$3,720,000	$0	N/A
Subtotal			**$107,240,000**	**$97,155,000**	$0		**$93,435,000**	**$3,720,000**	**$0**	
Callable After 2019										
Revenue Refunding Bonds, Series 2012 (AMT)	6/28/2012	7/1/2032	$31,395,000	$22,140,000	$21,050,000	Bonds maturing on or after July 1, 2023 can be optionally redeemed on or after July 1, 2022 at 100% of par	$17,535,000	$4,605,000	$0	N/A
Revenue Refunding Bonds, Series 2017A (non-AMT)	6/28/2017	7/1/2032	$125,410,000	$125,410,000	$125,410,000	Bonds maturing on or after July 1, 2028 can be optionally redeemed on or after July 1, 2027 at 100% of par	$11,980,000	$113,430,000	$125,410,000	Assured
Revenue Refunding Bonds, Series 2017C (non-AMT)	6/28/2017	7/1/2047	$31,700,000	$31,700,000	$31,700,000	Bonds maturing on or after July 1, 2028 can be optionally redeemed on or after July 1, 2027 at 100% of par	$31,700,000	$0	$31,700,000	Assured
Revenue Refunding Bonds, Series 2017D (AMT)	6/28/2017	7/1/2037	$26,605,000	$26,605,000	$26,605,000	Bonds maturing on or after July 1, 2028 can be optionally redeemed on or after July 1, 2027 at 100% of par	$26,605,000	$0	$26,605,000	Assured
Subtotal			**$215,110,000**	**$205,855,000**	**$204,765,000**		**$87,820,000**	**$118,035,000**	**$183,715,000**	
Non-callable										
Revenue Refunding Bonds, Series 2005 (non-AMT)	7/7/2005	7/1/2031	$263,695,000	$167,700,000	$145,995,000	Not subject to redemption prior to maturity	$0	$167,700,000	$167,700,000	MBIA
Revenue Refunding Bonds, Series 2007A (non-AMT)	1/23/2007	7/1/2032	$231,275,000	$34,105,000	$34,105,000	Not subject to redemption prior to maturity	$0	$34,105,000	$34,105,000	FSA
Revenue Refunding Bonds, Series 2015 (non-AMT)	6/25/2015	7/1/2023	$17,310,000	$17,310,000	$17,310,000	Not subject to redemption prior to maturity	$0	$17,310,000	$0	N/A
Revenue Refunding Bonds, Series 2017B (AMT)	6/28/2017	7/1/2027	$74,715,000	$72,350,000	$62,550,000	Not subject to redemption prior to maturity	$0	$72,350,000	$72,350,000	Assured

Bonds	Dated Date	Final Maturity	Par Amount	Outstanding Amount as of 8/1/2018	Outstanding Amount as of 12/1/2019	When callable	Callable Portion	Non-Callable Portion	Insured Amount	Insurer
Subtotal			**$618,455,000**	**$291,465,000**	**$259,960,000**		**$0**	**$291,465,000**	**$274,155,000**	
Grand Total			**$940,805,000**	**$594,475,000**	**$464,725,000**		**$181,255,000**	**$413,220,000**	**$457,870,000**	
Expected Issuances*										
Revenue Refunding Bonds, Series 2019A	4/3/2019	4/3/2019	$77,570,000	$0	$77,570,000	TBD	TBD	TBD	$0	N/A
Revenue Bonds, Series 2019B	4/3/2019	4/3/2019	$28,000,000	$0	$28,000,000	TBD	TBD	TBD	$0	N/A
Subtotal			**$105,570,000**	**$0**	**$105,570,000**		**TBD**	**TBD**	**TBD**	
Pro Forma Grand Total			**$939,135,000**	**$497,320,000**	**$570,295,000**		**$181,255,000**	**$413,220,000**	**$457,870,000**	

*Preliminary; subject to change

Exhibit B - Existing Airport Revenue Bond Debt Service

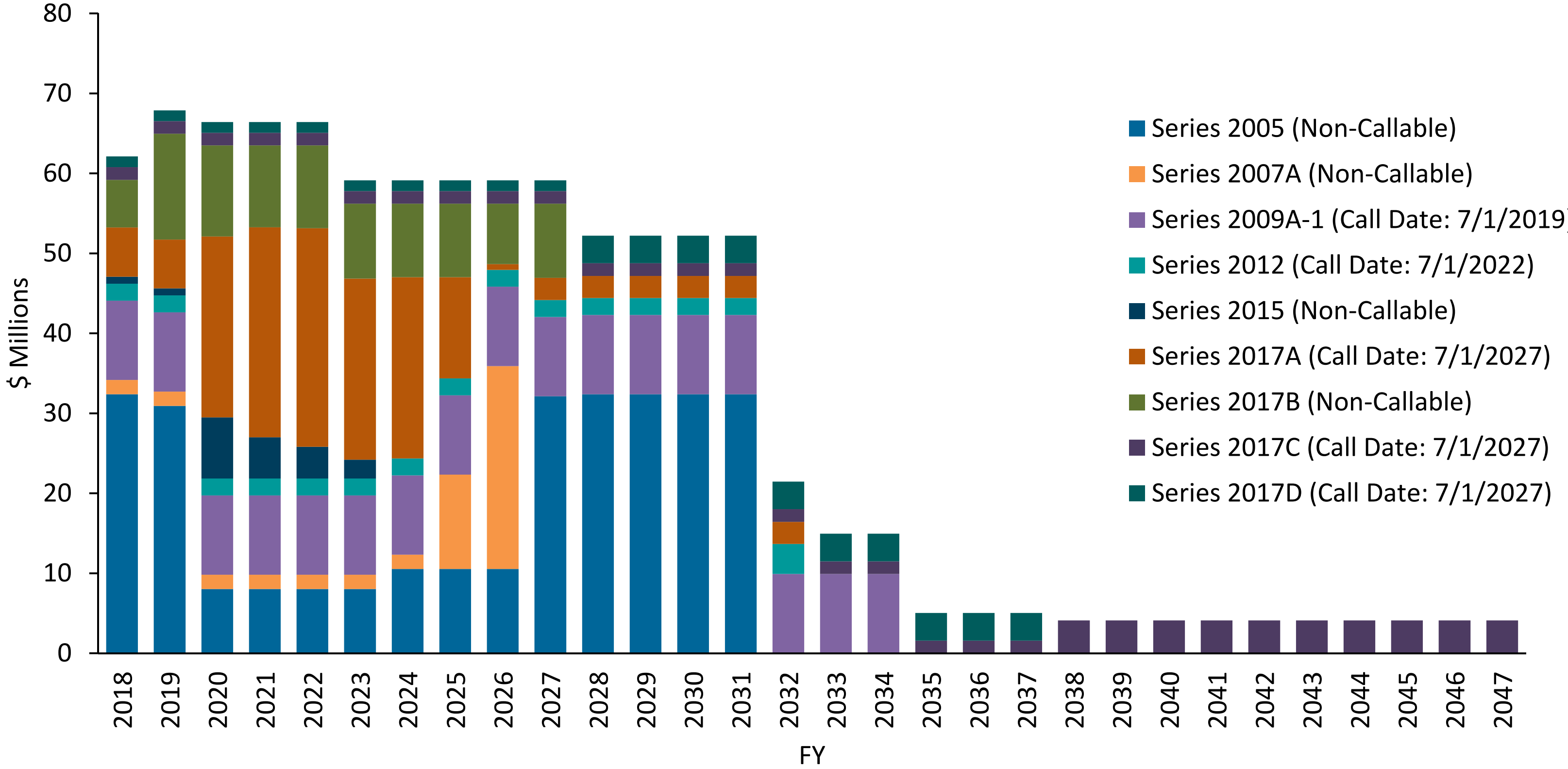

Exhibit B - Existing Airport Revenue Bond Debt Service (cont'd)

Series	Series 2005	Series 2007A	Series 2009A-1	Series 2012	Series 2015	Series 2017A	Series 2017B	Series 2017C	Series 2017D	Total
Dated Date	**July 7, 2005**	**January 23, 2007**	**July 14, 2009**	**June 28, 2012**	**June 25, 2015**	**June 28, 2017**	**June 28, 2017**	**June 28, 2017**	**June 28, 2017**	
Call Date	**Non-callable**	**Non-callable**	**7/1/19 @ 100**	**7/1/22 @ 100**	**Non-callable**	**7/1/27 @ 100**	**Non-callable**	**7/1/27 @ 100**	**7/1/27 @ 100**	
FY	**P&I**	**P&I**	**P&I**	**P&I**	**P&I**	**P&I**	**P&I**	**P&I**	**P&I**	
2018	$32,386,025.00	$1,790,512.50	$9,913,962.52	$2,119,012.50	$865,500.00	$6,156,379.17	$5,948,919.17	$1,598,208.33	$1,341,335.42	$62,119,854.61
2019	30,928,500.00	1,790,512.50	9,908,956.26	2,117,012.50	865,500.00	6,105,500.00	13,236,050.00	1,585,000.00	1,330,250.00	67,867,281.26
2020	8,029,725.00	1,790,512.50	9,910,756.26	2,124,312.50	7,640,500.00	22,605,500.00	11,389,050.00	1,585,000.00	1,330,250.00	66,405,606.26
2021	8,029,725.00	1,790,512.50	9,909,125.00	2,122,587.50	5,151,750.00	26,255,500.00	10,235,250.00	1,585,000.00	1,330,250.00	66,409,700.00
2022	8,029,725.00	1,790,512.50	9,912,793.76	2,119,337.50	3,965,500.00	27,330,000.00	10,344,000.00	1,585,000.00	1,330,250.00	66,407,118.76
2023	8,029,725.00	1,790,512.50	9,910,537.50	2,118,337.50	2,352,000.00	22,643,750.00	9,363,500.00	1,585,000.00	1,330,250.00	59,123,612.50
2024	10,544,725.00	1,790,512.50	9,911,743.76	2,119,337.50	-	22,654,500.00	9,187,000.00	1,585,000.00	1,330,250.00	59,123,068.76
2025	10,546,400.00	11,790,512.50	9,910,187.52	2,122,087.50	-	12,651,250.00	9,185,750.00	1,585,000.00	1,330,250.00	59,121,437.52
2026	10,540,375.00	25,370,512.50	9,913,312.52	2,115,487.50	-	702,250.00	7,560,500.00	1,585,000.00	1,330,250.00	59,117,687.52
2027	32,136,650.00	-	9,910,500.02	2,122,237.50	-	2,767,250.00	9,271,500.00	1,585,000.00	1,330,250.00	59,123,387.52
2028	32,376,675.00	-	9,910,812.52	2,121,575.00	-	2,769,000.00	-	1,585,000.00	3,445,250.00	52,208,312.52
2029	32,374,250.00	-	9,912,687.52	2,121,075.00	-	2,765,500.00	-	1,585,000.00	3,444,500.00	52,203,012.52
2030	32,377,900.00	-	9,909,562.52	2,119,250.00	-	2,766,750.00	-	1,585,000.00	3,448,500.00	52,206,962.52
2031	32,377,950.00	-	9,913,225.00	2,121,250.00	-	2,767,250.00	-	1,585,000.00	3,446,750.00	52,211,425.00
2032	-	-	9,910,088.00	3,753,750.00	-	2,766,750.00	-	1,585,000.00	3,444,250.00	21,459,838.00
2033	-	-	9,913,493.76	-	-	-	-	1,585,000.00	3,445,750.00	14,944,243.76
2034	-	-	9,910,793.76	-	-	-	-	1,585,000.00	3,445,750.00	14,941,543.76
2035	-	-	-	-	-	-	-	1,585,000.00	3,444,000.00	5,029,000.00
2036	-	-	-	-	-	-	-	1,585,000.00	3,445,250.00	5,030,250.00
2037	-	-	-	-	-	-	-	1,585,000.00	3,444,000.00	5,029,000.00
2038	-	-	-	-	-	-	-	4,105,000.00	-	4,105,000.00
2039	-	-	-	-	-	-	-	4,104,000.00	-	4,104,000.00
2040	-	-	-	-	-	-	-	4,106,750.00	-	4,106,750.00
2041	-	-	-	-	-	-	-	4,107,750.00	-	4,107,750.00
2042	-	-	-	-	-	-	-	4,106,750.00	-	4,106,750.00
2043	-	-	-	-	-	-	-	4,103,500.00	-	4,103,500.00
2044	-	-	-	-	-	-	-	4,102,750.00	-	4,102,750.00
2045	-	-	-	-	-	-	-	4,104,000.00	-	4,104,000.00
2046	-	-	-	-	-	-	-	4,106,750.00	-	4,106,750.00
2047	-	-	-	-	-	-	-	4,105,500.00	-	4,105,500.00
Total	$288,708,350.00	$49,694,612.50	$168,492,538.20	$33,436,650.00	$20,840,750.00	$163,707,129.17	$95,721,519.17	$72,765,958.33	$47,767,585.42	$941,135,092.79