

In the opinion of Co-Bond Counsel, under current law and subject to the conditions and limitations described under the caption "TAX MATTERS" herein, (a) interest on the Series 2019A Bonds and Series 2019C Bonds (i) will not be included in gross income for federal income tax purposes and (ii) will not be an item of tax preference for purposes of the federal alternative minimum income tax; (b) interest on the Series 2019B Bonds and Series 2019D Bonds, (i) will not be included in gross income for federal income tax purposes except when held by a "substantial user" of the Airport facilities or a "related person" within the meaning of Section 147(a) of the Code and (ii) will be an item of tax preference for purposes of the federal alternative minimum income tax; and (c) interest on the Series 2019 Bonds will be exempt from income taxation by the State of Georgia. A holder may be subject to other federal tax consequences as described under the caption "TAX MATTERS" herein. See the proposed form of the approving opinion of Co-Bond Counsel in Appendix F hereto.



CITY OF ATLANTA



\$47,150,000
AIRPORT GENERAL REVENUE BONDS,
SERIES 2019A (NON-AMT)

\$185,670,000
AIRPORT PASSENGER FACILITY CHARGE AND
SUBORDINATE LIEN GENERAL REVENUE BONDS,
SERIES 2019C (NON-AMT)

\$254,215,000
AIRPORT GENERAL REVENUE BONDS,
SERIES 2019B (AMT)

\$220,105,000
AIRPORT PASSENGER FACILITY CHARGE AND
SUBORDINATE LIEN GENERAL REVENUE BONDS,
SERIES 2019D (AMT)

Dated: Date of Delivery

Due: July 1, as shown on the inside front cover

This Official Statement relates to the issuance by the City of Atlanta (the "City") of \$47,150,000 in aggregate principal amount of its Airport General Revenue Bonds, Series 2019A (Non-AMT) (the "Series 2019A Bonds"), \$254,215,000 in aggregate principal amount of its Airport General Revenue Bonds, Series 2019B (AMT) (the "Series 2019B Bonds"), \$185,670,000 in aggregate principal amount of its Airport Passenger Facility Charge and Subordinate Lien General Revenue Bonds, Series 2019C (Non-AMT) (the "Series 2019C Bonds") and \$220,105,000 in aggregate principal amount of its Airport Passenger Facility Charge and Subordinate Lien General Revenue Bonds, Series 2019D (AMT) (the "Series 2019D Bonds"). The Series 2019A Bonds together with the Series 2019B Bonds are hereinafter referred to as the "Series 2019 General Revenue Bonds." The Series 2019C Bonds together with the Series 2019D Bonds are hereinafter referred to as the "Series 2019 Hybrid PFC Bonds." The Series 2019 General Revenue Bonds and the Series 2019 Hybrid PFC Bonds are collectively hereinafter referred to as the "Series 2019 Bonds." All capitalized terms used and not otherwise defined herein shall have the meanings assigned thereto in "APPENDIX C - DEFINITIONS OF CERTAIN TERMS" attached hereto.

The City has authorized the issuance of the Series 2019 Bonds pursuant to the Restated and Amended Master Bond Ordinance adopted by the City Council of the City (the "City Council") on March 20, 2000, as previously amended and supplemented (the "Master Bond Ordinance"), particularly as supplemented by that certain Twenty-Fourth Supplemental Bond Ordinance adopted by the City Council on July 1, 2019 and signed by the Mayor on July 3, 2019, as supplemented by that certain Series 2019 Supplemental Bond Resolution adopted by the City Council and signed by the Mayor on August 28, 2019 (together, the "Twenty-Fourth Supplemental Bond Ordinance"). The Master Bond Ordinance and the Twenty-Fourth Supplemental Bond Ordinance are hereinafter referred to as the "Bond Ordinance."

Pursuant to the Eighteenth Supplemental Bond Ordinance and the Twenty-Fifth Supplemental Bond Ordinance, the City approved amendments to the Master Bond Ordinance which will not become effective and incorporated into the Master Bond Ordinance until the City receives the requisite consent (collectively, the "Consent Amendments"). For a summary of the Consent Amendments, see "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS - Proposed Amendments to the Master Bond Ordinance" herein. By purchasing the Series 2019 Bonds, the purchasers shall be deemed to have consented to the Consent Amendments within their respective class within each Series of Bonds related to an affected category of Revenues. See "APPENDIX D - SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE" attached hereto.

The Series 2019 Bonds are being issued for the purpose of providing funds to, among other things: (a) finance or refinance the costs of the planning, engineering, design, acquisition and construction of all or a portion of the 2019 Project (as defined herein), which constitutes a portion of the Capital Plan to 2023 (as defined herein); (b) pay capitalized interest during construction on a portion of the Series 2019 Bonds; (c) fund a deposit to the Debt Service Reserve Account to meet the Debt Service Requirement related to the Series 2019 Bonds; and (d) pay certain costs of issuance with respect to the Series 2019 Bonds, all as further described under "PLAN OF FINANCE" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

In addition to the Series 2019 Bonds, the City has approved a financing plan for the Hartsfield-Jackson Atlanta International Airport (the "Airport") which contemplates the issuance of the following debt obligations: (a) the City's Airport General Revenue Refunding Bonds, Series 2019E (Non-AMT) and Airport Passenger Facility Charge and Subordinate Lien Airport General Revenue Refunding Bonds, Series 2019F (Non-AMT) in an aggregate principal amount of \$292,860,000, the proceeds of which will be used primarily to refund all or a portion of the outstanding Series 2010A General Revenue Bonds and the Series 2010B Hybrid PFC Bonds (both as defined herein); and (b) the implementation of a new commercial paper program payable on a third lien basis from Pledged Revenues and a second lien basis from PFC Revenues (as applicable), in the aggregate principal amount of not to exceed \$950,000,000, supported by irrevocable, direct pay letters of credit issued by Bank of America, N.A., JPMorgan Chase Bank, National Association and PNC Bank, National Association to facilitate anticipated capital project procurement and encumbrances and provide interim financing for a portion of the Capital Plan to 2023. See "OUTSTANDING AIRPORT OBLIGATIONS - Senior Lien General Revenue Bonds - Proposed Issuance of Additional Senior Lien Bonds," "Hybrid PFC Bonds - Proposed Issuance of Additional Hybrid PFC Bonds" and "Commercial Paper Notes" and "CAPITAL PLAN TO 2023" herein and "APPENDIX A - REPORT OF THE AIRPORT CONSULTANT - Capital Plan to 2023" attached hereto.

The Series 2019 Bonds are being issued as fully registered bonds, without coupons, in denominations of \$5,000 or any integral multiple thereof and initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Purchases of beneficial ownership interests in the Series 2019 Bonds will be made in book-entry form only and purchasers will not receive physical delivery of bond certificates representing the beneficial ownership interests in the Series 2019 Bonds so purchased. Payments of principal of, premium, if any, and interest on, any Series 2019 Bond will be made to Cede & Co., as nominee for DTC as registered owner of the Series 2019 Bonds, by U.S. Bank National Association, as bond registrar and paying agent, to be subsequently disbursed to the Beneficial Owners (as defined herein) of the Series 2019 Bonds. See "BOOK-ENTRY ONLY SYSTEM" herein.

Interest on the Series 2019 Bonds is payable semiannually on January 1 and July 1 of each year, commencing January 1, 2020. The Series 2019 Bonds will bear interest at the rates and will be payable as to principal in the amounts and on the dates set forth on the inside front cover of this Official Statement. See "DESCRIPTION OF THE SERIES 2019 BONDS - General" herein.

Certain of the Series 2019 Bonds may be subject to redemption prior to maturity as more fully described under the caption "DESCRIPTION OF THE SERIES 2019 BONDS - Redemption Provisions" herein.

The Series 2019 General Revenue Bonds are limited obligations of the City payable from and secured by a pledge of and senior lien on Pledged Revenues on a parity with the Outstanding Senior Lien General Revenue Bonds (as defined herein) and any other Additional Bonds issued on a parity with such Outstanding Senior Lien General Revenue Bonds under the Bond Ordinance. **The Series 2019 General Revenue Bonds will not be secured by PFC Revenues, Special Purpose Revenues or Released Revenues, any of which may be pledged to secure other bonds and obligations under the Bond Ordinance.** See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS - Series 2019 General Revenue Bonds; Pledge of Pledged Revenues" herein and "APPENDIX D - SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE" attached hereto.

The Series 2019 Hybrid PFC Bonds are limited obligations of the City payable from and secured by: (a) a pledge of and senior lien on the portion of Revenues of the Airport constituting PFC Revenues on a parity with the Outstanding Hybrid PFC Bonds (as defined herein) and any other Additional Bonds issued on a parity with such Outstanding Hybrid PFC Bonds under the Bond Ordinance; and (b) a pledge of and lien on Pledged Revenues, on a parity with the Outstanding Hybrid PFC Bonds, junior and subordinate in right of payment to the pledge of and lien on Pledged Revenues securing: (i) the Outstanding Senior Lien General Revenue Bonds and (ii) any other Additional Bonds issued on a parity with such Outstanding Senior Lien General Revenue Bonds under the Bond Ordinance. **The Series 2019 Hybrid PFC Bonds will not be secured by Special Purpose Revenues or Released Revenues, any of which may be pledged to secure other bonds and obligations under the Bond Ordinance.** See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS - Series 2019 Hybrid PFC Bonds; Pledge of PFC Revenues and Subordinate Pledge of Pledged Revenues" herein and "APPENDIX D - SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE" attached hereto.

THE SERIES 2019 BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OF THE CITY WITHIN THE MEANING OF ANY CONSTITUTIONAL LIMITATION ON DEBT NOR CONSTITUTE A PLEDGE OF THE FAITH AND CREDIT OF THE CITY. THE SERIES 2019 BONDS SHALL NOT BE PAYABLE FROM OR BE A CHARGE UPON ANY FUNDS OTHER THAN THE REVENUES AND AMOUNTS PLEDGED TO THE PAYMENT THEREOF, NOR SHALL THE CITY BE SUBJECT TO ANY PECUNIARY LIABILITY THEREON. NO OWNER OR OWNERS OF THE SERIES 2019 BONDS SHALL EVER HAVE THE RIGHT TO COMPEL ANY EXERCISE OF THE TAXING POWER OF THE CITY TO PAY THE SERIES 2019 BONDS OR THE INTEREST THEREON, NOR TO ENFORCE PAYMENT OF THE SERIES 2019 BONDS AGAINST ANY PROPERTY OF THE CITY; NOR SHALL THE SERIES 2019 BONDS CONSTITUTE A CHARGE, LIEN, OR ENCUMBRANCE, LEGAL OR EQUITABLE, UPON ANY PROPERTY OF THE CITY, EXCEPT FOR THE AMOUNTS PLEDGED TO THE PAYMENT OF THE SERIES 2019 BONDS AND ANY OTHER FUNDS PLEDGED TO SECURE THE PAYMENT OF THE SERIES 2019 BONDS IN THE MANNER SET FORTH IN THE TWENTY-FOURTH SUPPLEMENTAL BOND ORDINANCE.

This cover page contains certain limited information for quick reference only. It is not, and is not intended to be, a summary of the matters relating to the Series 2019 Bonds. Potential investors should read the entire Official Statement (including the inside cover page and all appendices attached hereto) to obtain information essential to the making of an informed investment decision.

The Series 2019 Bonds are being offered when, as, and if issued by the City and received by the Underwriters subject to prior sale and to withdrawal or modification of the offer without notice, and subject to the approving opinion of Hunton Andrews Kurth LLP and The Kendall Law Firm, both of Atlanta, Georgia, in their capacity as Co-Bond Counsel. Certain legal matters in connection with the Series 2019 Bonds will be passed upon for the City by the City's Department of Law. Greenberg Traurig, LLP and Riddle & Schwartz, LLC, both of Atlanta, Georgia, have served as Co-Disclosure Counsel in connection with the Series 2019 Bonds. Certain legal matters in connection with the Series 2019 Bonds will be passed upon for the Underwriters by Hardwick Law Firm, LLC, New York, New York and Haley Law Firm, LLC, Atlanta, Georgia, Co-Underwriters' Counsel. Frasca & Associates, LLC, Atlanta, Georgia, is serving as Financial Advisor to the City. The Series 2019 Bonds are expected to be delivered through the book-entry system of DTC on or about September 10, 2019.

BoFA Merrill Lynch

PNC Capital Markets LLC

Ramirez & Co., Inc.

Mesirow Financial, Inc.

Rice Financial Products Company

Security Capital

UBS

**MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES,
PRICES, YIELDS AND INITIAL CUSIP NUMBERS[†]**

**\$47,150,000
CITY OF ATLANTA
AIRPORT GENERAL REVENUE BONDS,
SERIES 2019A (NON-AMT)**

\$23,250,000 Serial Bonds

| Maturity (July 1) | Principal Amount | Interest Rate | Price | Yield | Initial CUSIP No.[†] |
|------------------------------|-----------------------------|--------------------------|----------------------|--------------|--|
| 2021 | \$ 765,000 | 5.000% | 107.093 | 1.030% | 04780MUE7 |
| 2022 | 800,000 | 5.000 | 110.871 | 1.060 | 04780MUF4 |
| 2023 | 835,000 | 5.000 | 114.585 | 1.080 | 04780MUG2 |
| 2024 | 880,000 | 5.000 | 118.111 | 1.120 | 04780MUH0 |
| 2025 | 925,000 | 5.000 | 121.444 | 1.170 | 04780MUJ6 |
| 2026 | 975,000 | 5.000 | 124.621 | 1.220 | 04780MUK3 |
| 2027 | 1,025,000 | 5.000 | 127.471 | 1.290 | 04780MUL1 |
| 2028 | 1,070,000 | 5.000 | 130.021 | 1.370 | 04780MUM9 |
| 2029 | 1,130,000 | 5.000 | 132.560 | 1.430 | 04780MUN7 |
| 2030 | 1,180,000 | 5.000 | 131.597 ^C | 1.520 | 04780MUP2 |
| 2031 | 1,245,000 | 5.000 | 131.065 ^C | 1.570 | 04780MUQ0 |
| 2032 | 1,300,000 | 5.000 | 130.536 ^C | 1.620 | 04780MUR8 |
| 2033 | 1,370,000 | 5.000 | 130.009 ^C | 1.670 | 04780MUS6 |
| 2034 | 1,435,000 | 5.000 | 129.485 ^C | 1.720 | 04780MUT4 |
| 2035 | 1,505,000 | 5.000 | 129.067 ^C | 1.760 | 04780MUU1 |
| 2036 | 1,580,000 | 5.000 | 128.651 ^C | 1.800 | 04780MUV9 |
| 2037 | 1,660,000 | 5.000 | 128.237 ^C | 1.840 | 04780MUW7 |
| 2038 | 1,740,000 | 5.000 | 127.824 ^C | 1.880 | 04780MUX5 |
| 2039 | 1,830,000 | 5.000 | 127.413 ^C | 1.920 | 04780MUY3 |

\$10,620,000 5.000% Term Bond, Due July 1, 2044, Yield 2.060%,
Price 125.986^C, Initial CUSIP No. 04780MUZ0[†]

\$13,280,000 4.000% Term Bond, Due July 1, 2049, Yield 2.390%,
Price 114.000^C, Initial CUSIP No. 04780MVA4[†]

[†] Initial CUSIP® numbers have been assigned to the Series 2019 Bonds by an organization not affiliated with the City or the Financial Advisor (as defined herein) and are included for the convenience of the owners of the Series 2019 Bonds only at the time of original issuance of the Series 2019 Bonds. CUSIP® is a registered trademark of the American Bankers Association. Neither the City, the Financial Advisor nor the Underwriters (as defined herein) or their agents or counsel is responsible for the selection, use or accuracy of the CUSIP® numbers nor is any representation made as to their correctness with respect to the Series 2019 Bonds as included herein or at any time in the future. The CUSIP® number for a specific maturity is subject to being changed after the issuance of the Series 2019 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2019 Bonds.

^C Priced to the call date of July 1, 2029 at par.

**MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES,
PRICES, YIELDS AND INITIAL CUSIP NUMBERS[†]**

\$254,215,000

**CITY OF ATLANTA
AIRPORT GENERAL REVENUE BONDS,
SERIES 2019B (AMT)**

\$128,615,000 Serial Bonds

| Maturity (July 1) | Principal Amount | Interest Rate | Price | Yield | Initial CUSIP No.[†] |
|------------------------------|-----------------------------|--------------------------|----------------------|--------------|--|
| 2021 | \$4,270,000 | 5.000% | 106.906 | 1.130% | 04780MVB2 |
| 2022 | 4,485,000 | 5.000 | 110.490 | 1.190 | 04780MVC0 |
| 2023 | 4,715,000 | 5.000 | 114.062 | 1.210 | 04780MVD8 |
| 2024 | 4,950,000 | 5.000 | 117.394 | 1.260 | 04780MVE6 |
| 2025 | 5,195,000 | 5.000 | 120.570 | 1.310 | 04780MVF3 |
| 2026 | 5,455,000 | 5.000 | 123.591 | 1.360 | 04780MVG1 |
| 2027 | 5,725,000 | 5.000 | 126.032 | 1.460 | 04780MVH9 |
| 2028 | 6,010,000 | 5.000 | 128.395 | 1.540 | 04780MVJ5 |
| 2029 | 6,310,000 | 5.000 | 130.430 | 1.630 | 04780MVK2 |
| 2030 | 6,630,000 | 5.000 | 129.485 ^C | 1.720 | 04780MVL0 |
| 2031 | 6,955,000 | 5.000 | 128.651 ^C | 1.800 | 04780MVM8 |
| 2032 | 7,310,000 | 5.000 | 128.134 ^C | 1.850 | 04780MVN6 |
| 2033 | 7,675,000 | 4.000 | 116.760 ^C | 2.100 | 04780MVP1 |
| 2034 | 7,980,000 | 4.000 | 116.278 ^C | 2.150 | 04780MVQ9 |
| 2035 | 8,300,000 | 4.000 | 115.895 ^C | 2.190 | 04780MVR7 |
| 2036 | 8,630,000 | 4.000 | 115.513 ^C | 2.230 | 04780MVS5 |
| 2037 | 8,980,000 | 4.000 | 115.132 ^C | 2.270 | 04780MVT3 |
| 2038 | 9,335,000 | 4.000 | 114.753 ^C | 2.310 | 04780MVU0 |
| 2039 | 9,705,000 | 4.000 | 114.376 ^C | 2.350 | 04780MVV8 |

\$55,800,000 5.000% Term Bond, Due July 1, 2044, Yield 2.290%,
Price 123.682^C, Initial CUSIP No. 04780MVW6[†]

\$69,800,000 4.000% Term Bond, Due July 1, 2049, Yield 2.540%,
Price 112.602^C, Initial CUSIP No. 04780MVX4[†]

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^C Priced to the call date of July 1, 2029 at par.

**MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES,
PRICES, YIELDS AND INITIAL CUSIP NUMBERS[†]**

\$185,670,000

**CITY OF ATLANTA
AIRPORT PASSENGER FACILITY CHARGE
AND SUBORDINATE LIEN
GENERAL REVENUE BONDS,
SERIES 2019C (NON-AMT)**

| Maturity (July 1) | Principal Amount | Interest Rate | Price | Yield | Initial CUSIP No.[†] |
|------------------------------|-----------------------------|--------------------------|----------------------|--------------|--|
| 2035 | \$27,295,000 | 5.000% | 129.067 ^C | 1.760% | 04780TDB7 |
| 2036 | 28,660,000 | 5.000 | 128.651 ^C | 1.800 | 04780TDC5 |
| 2037 | 30,095,000 | 5.000 | 128.237 ^C | 1.840 | 04780TDD3 |
| 2038 | 31,600,000 | 5.000 | 127.824 ^C | 1.880 | 04780TDE1 |
| 2039 | 33,180,000 | 5.000 | 127.413 ^C | 1.920 | 04780TDF8 |
| 2040 | 34,840,000 | 5.000 | 127.003 ^C | 1.960 | 04780TDG6 |

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^C Priced to the call date of July 1, 2029 at par.

**MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES,
PRICES, YIELDS AND INITIAL CUSIP NUMBERS[†]**

**\$220,105,000
CITY OF ATLANTA
AIRPORT PASSENGER FACILITY CHARGE
AND SUBORDINATE LIEN
GENERAL REVENUE BONDS,
SERIES 2019D (AMT)**

| Maturity (July 1) | Principal Amount | Interest Rate | Price | Yield | Initial CUSIP No.[†] |
|------------------------------|-----------------------------|--------------------------|----------------------|--------------|--|
| 2034 | \$20,740,000 | 4.000% | 116.278 ^C | 2.150% | 04780TDH4 |
| 2035 | 30,060,000 | 4.000 | 115.895 ^C | 2.190 | 04780TDJ0 |
| 2036 | 31,260,000 | 4.000 | 115.513 ^C | 2.230 | 04780TDK7 |
| 2037 | 32,510,000 | 4.000 | 115.132 ^C | 2.270 | 04780TDL5 |
| 2038 | 33,810,000 | 4.000 | 114.753 ^C | 2.310 | 04780TDM3 |
| 2039 | 35,160,000 | 4.000 | 114.376 ^C | 2.350 | 04780TDN1 |
| 2040 | 36,565,000 | 4.000 | 114.000 ^C | 2.390 | 04780TDP6 |

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^C Priced to the call date of July 1, 2029 at par.

**CITY OF ATLANTA
ELECTED OFFICIALS**

Mayor

Keisha Lance Bottoms

City Council

Felicia A. Moore, *President*

| | |
|--|--|
| Carla Smith, <i>District 1</i> | Dustin Hillis, <i>District 9</i> |
| Amir Farokhi, <i>District 2</i> | Andrea L. Boone, <i>District 10</i> |
| Antonio Brown, <i>District 3</i> | Marci Collier Overstreet, <i>District 11</i> |
| Cleta Winslow, <i>District 4</i> | Joyce M. Sheperd, <i>District 12</i> |
| Natalyn Mosby Archibong, <i>District 5</i> | Michael Julian Bond, <i>Post 1, At-Large</i> |
| Jennifer N. Ide, <i>District 6</i> | Matt Westmoreland, <i>Post 2, At-Large</i> |
| Howard Shook, <i>District 7</i> | Andre Dickens, <i>Post 3, At-Large</i> |
| J.P. Matzigkeit, <i>District 8</i> | |

Finance/Executive Committee of the City Council

| | |
|----------------------------|-------------------|
| Howard Shook, <i>Chair</i> | Jennifer N. Ide |
| Natalyn Mosby Archibong | J.P. Matzigkeit |
| Andrea L. Boone | Matt Westmoreland |
| Andre Dickens | |

Transportation Committee of the City Council

Andre Dickens, *Chair*
Jennifer N. Ide
Joyce M. Sheperd
Amir Farokhi
Marci Collier Overstreet
Carla Smith
Matt Westmoreland

APPOINTED OFFICIALS

| | |
|--|--|
| Roosevelt Council, Jr., <i>Chief Financial Officer</i> | Nina R. Hickson, <i>Esquire, City Attorney</i> |
| Joshua Williams, <i>Chief Operating Officer</i> | Carmen Chubb, <i>Chief of Staff</i> |
| John Selden, <i>Airport General Manager</i> | |

CONSULTANTS TO THE CITY

Airport Consultant

LeighFisher
Burlingame, California

Co-Bond Counsel

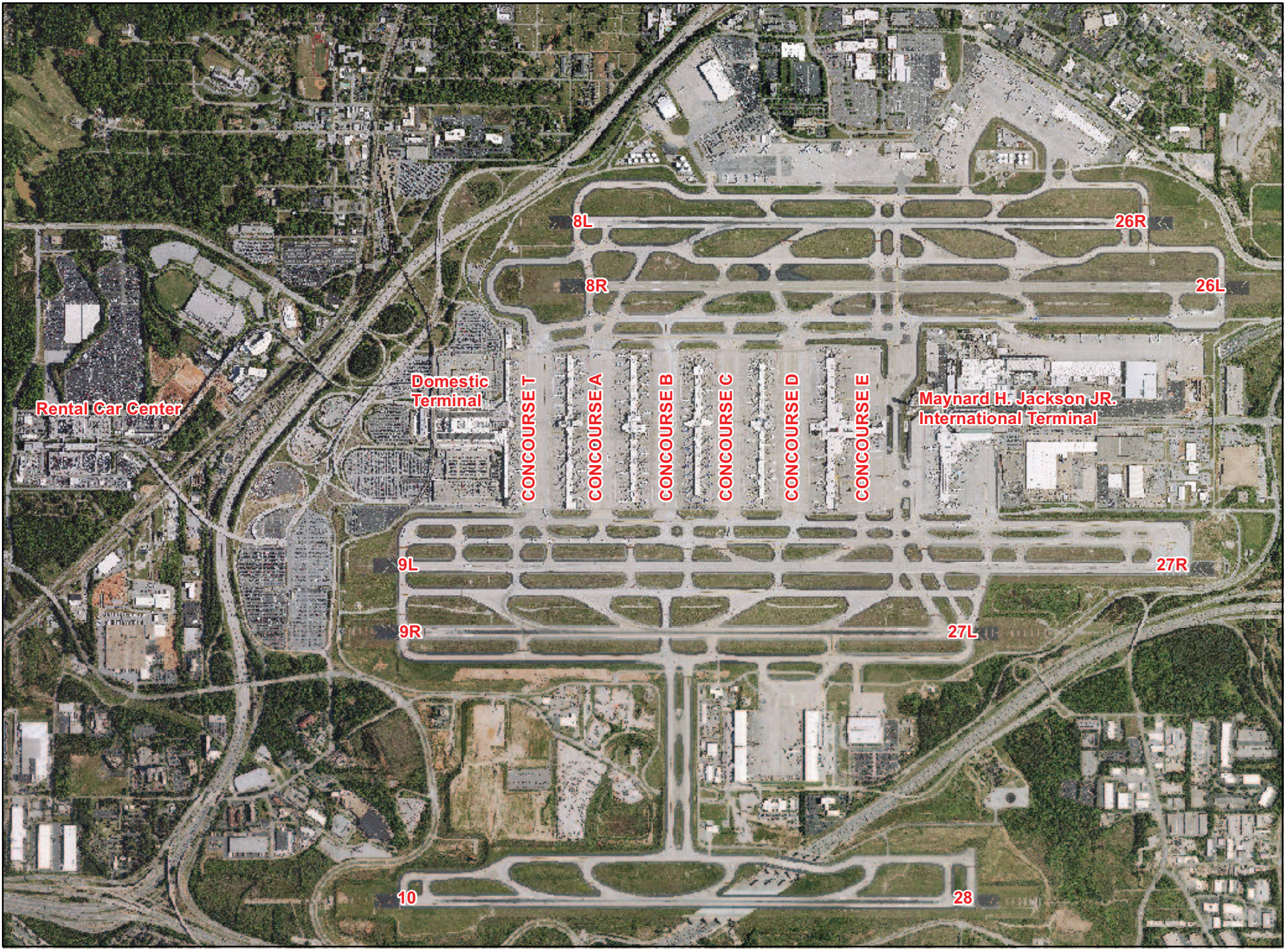
| | |
|--|--|
| Hunton Andrews Kurth LLP Atlanta, Georgia | The Kendall Law Firm Atlanta, Georgia |
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Co-Disclosure Counsel

| | |
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| Greenberg Traurig, LLP Atlanta, Georgia | Riddle & Schwartz, LLC Atlanta, Georgia |
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Financial Advisor

Frasca & Associates, LLC
Atlanta, Georgia



Rental Car Center

Domestic Terminal

Maynard H. Jackson JR. International Terminal

CONCOURSE T

CONCOURSE A

CONCOURSE B

CONCOURSE C

CONCOURSE D

CONCOURSE E

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THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE A CONTRACT BETWEEN THE CITY OR THE UNDERWRITERS AND ANY ONE OR MORE OWNERS OF THE SERIES 2019 BONDS, NOR DOES IT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY THE SERIES 2019 BONDS IN ANY JURISDICTION TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH AN OFFER IN SUCH JURISDICTION.

NO DEALER, SALESMAN OR ANY OTHER PERSON HAS BEEN AUTHORIZED BY THE CITY TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS, OTHER THAN THOSE CONTAINED IN THIS OFFICIAL STATEMENT, IN CONNECTION WITH THE OFFERING OF THE SERIES 2019 BONDS, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE CITY OR ANY OTHER PERSON. THE INFORMATION AND EXPRESSIONS OF OPINION IN THIS OFFICIAL STATEMENT ARE SUBJECT TO CHANGE WITHOUT NOTICE, AND THIS OFFICIAL STATEMENT SPEAKS ONLY AS OF ITS DATE. NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE HEREUNDER WILL, UNDER ANY CIRCUMSTANCES, CREATE THE IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE MATTERS DESCRIBED HEREIN SINCE THE DATE HEREOF. EXCEPT AS OTHERWISE INDICATED, THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT, INCLUDING IN THE APPENDICES ATTACHED HERETO, HAS BEEN OBTAINED FROM REPRESENTATIVES OF THE CITY, THE AIRPORT CONSULTANT, THE UNDERWRITERS AND FROM PUBLIC DOCUMENTS, RECORDS AND OTHER SOURCES CONSIDERED TO BE RELIABLE.

THE UNDERWRITERS HAVE PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT: THE UNDERWRITERS HAVE REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, THEIR RESPECTIVE RESPONSIBILITIES UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITERS DO NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2019 BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN MARKET PRICES OF THE SERIES 2019 BONDS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE SERIES 2019 BONDS HAVE NOT BEEN REGISTERED WITH THE SEC UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE BOND ORDINANCE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE SERIES 2019 BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF THE SECURITIES LAWS OF THE STATES, IF ANY, IN WHICH THE SERIES 2019 BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN CERTAIN OTHER

STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE SERIES 2019 BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

In making an investment decision, investors must rely on their own examination of the City, the Department of Aviation, and the Airport, and the terms of the offering, including the merits and risks involved. The Series 2019 Bonds have not been recommended by any federal or state securities commission or regulatory authority. Any representation to the contrary may be a criminal offense.

The order and placement of information in this Official Statement, including the appendices attached hereto, are not an indication of relevance, materiality or relative importance, and this Official Statement, including the appendices attached hereto, should be read in its entirety. The captions and headings in this Official Statement are for convenience only and in no way define, limit or describe the scope or intent, or affect the meaning or construction, of any provision or section in this Official Statement.

THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS IN EITHER BOUND OR PRINTED FORMAT ("ORIGINAL BOUND FORMAT") OR IN ELECTRONIC FORMAT ON THE FOLLOWING WEBSITE: WWW.MUNIOS.COM. THIS OFFICIAL STATEMENT MAY BE RELIED ON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT, OR IF IT IS PRINTED IN ITS ENTIRETY DIRECTLY FROM SUCH WEBSITE.

References to website addresses presented herein, including the City's website or any other website containing information about the City, are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for any purpose including for purposes of Rule 15c2-12.

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OFFICIAL STATEMENT

relating to

CITY OF ATLANTA

\$47,150,000
AIRPORT GENERAL REVENUE BONDS,
SERIES 2019A (NON-AMT)

\$185,670,000
AIRPORT PASSENGER FACILITY
CHARGE AND SUBORDINATE LIEN
GENERAL REVENUE BONDS,
SERIES 2019C (NON-AMT)

\$254,215,000
AIRPORT GENERAL REVENUE BONDS,
SERIES 2019B (AMT)

\$220,105,000
AIRPORT PASSENGER FACILITY
CHARGE AND SUBORDINATE LIEN
GENERAL REVENUE BONDS,
SERIES 2019D (AMT)

INTRODUCTION

General

The purpose of this Official Statement, which includes the cover page and the appendices attached hereto, is to provide certain information concerning the issuance and sale by the City of Atlanta (the "City") of \$47,150,000 in aggregate principal amount of its Airport General Revenue Bonds, Series 2019A (Non-AMT) (the "Series 2019A Bonds"), \$254,215,000 in aggregate principal amount of its Airport General Revenue Bonds, Series 2019B (AMT) (the "Series 2019B Bonds"), \$185,670,000 in aggregate principal amount of its Airport Passenger Facility Charge and Subordinate Lien General Revenue Bonds, Series 2019C (Non-AMT) (the "Series 2019C Bonds") and \$220,105,000 in aggregate principal amount of its Airport Passenger Facility Charge and Subordinate Lien General Revenue Bonds, Series 2019D (AMT) (the "Series 2019D Bonds"). The Series 2019A Bonds together with the Series 2019B Bonds are hereinafter referred to as the "Series 2019 General Revenue Bonds." The Series 2019C Bonds together with the Series 2019D Bonds are hereinafter referred to as the "Series 2019 Hybrid PFC Bonds." The Series 2019 General Revenue Bonds and the Series 2019 Hybrid PFC Bonds are collectively hereinafter referred to as the "Series 2019 Bonds." All capitalized terms used and not otherwise defined herein shall have the meanings assigned thereto in "APPENDIX C - DEFINITIONS OF CERTAIN TERMS" attached hereto.

This Introduction is not a summary of this Official Statement and is intended only for quick reference. It is only a brief description of and guide to, and is qualified in its entirety by reference to, the more complete and detailed information contained in the entire Official Statement, including the inside cover page and the appendices attached hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement and of the documents summarized or described herein if necessary. The offering of the Series 2019 Bonds to potential investors is made only by means of the entire Official Statement, including the appendices attached hereto. No person is authorized to detach this Introduction from this

Official Statement or to otherwise use it without the entire Official Statement including the appendices attached hereto.

Authorization for the Series 2019 Bonds

The Series 2019 Bonds are being issued pursuant to: (a) the Constitution and laws of the State of Georgia (the "State"), including specifically, but without limitation, Article 3 of Chapter 82 of Title 36 of the Official Code of Georgia Annotated, as amended, known as the "Revenue Bond Law"; (b) the Charter of the City of Atlanta, as amended (the "Charter"); and (c) that certain Restated and Amended Master Bond Ordinance adopted by the City Council of the City (the "City Council") on March 20, 2000, as previously amended and supplemented (the "Master Bond Ordinance"), particularly as supplemented by that certain Twenty-Fourth Supplemental Bond Ordinance adopted by the City Council on July 1, 2019 and signed by the Mayor on July 3, 2019, as supplemented by that certain Series 2019 Supplemental Bond Resolution adopted by the City Council and signed by the Mayor on August 28, 2019 (together, the "Twenty-Fourth Supplemental Bond Ordinance"). The Master Bond Ordinance and the Twenty-Fourth Supplemental Bond Ordinance are hereinafter referred to as the "Bond Ordinance."

The Airport and Airport Facilities

The Hartsfield-Jackson Atlanta International Airport (the "Airport") is located in Clayton and Fulton counties, about 10 miles south of downtown Atlanta and is owned by the City and operated by the City's Department of Aviation (the "Department of Aviation"). The Airport is classified as a large hub by the Federal Aviation Administration (the "FAA"), is the principal commercial service airport serving the State and the southeastern United States. The Airport serves as a primary transfer point in the national air transportation system, and among the airlines serving the Airport (the "Airlines"), is the largest hub for Delta Air Lines, Inc. ("Delta"). According to data from Airports Council International ("ACI"), in 2018 the Airport was the busiest passenger airport in the world with approximately 107.4 million passengers (enplaned plus deplaned). The Airport has five parallel runways in an east-west configuration. The central passenger terminal complex of the Airport (the "CPTC") was opened in 1980 and originally consisted of a landside building (now the domestic terminal) and Concourses T-North, A, B, C, and D. The CPTC has been expanded with the addition of the international landside terminal and Concourses T-South, E, and F to encompass approximately 6.7 million square feet. A 7,400-foot-long underground transportation mall accommodates an automated guideway transit system ("AGTS"), known as the Plane Train, and pedestrian walkways that connect all terminal buildings and concourses. The AGTS typically operates with 260-person-capacity, four-car trains at approximately two-minute intervals. For additional information concerning the Airport and the facilities at the Airport, see "THE AIRPORT - Airport Facilities" herein. For additional information concerning the Airport's role in the Delta system see "THE AIRPORT - Airport's Role - *Airport's Role in Delta's System*" herein.

Purpose of the Series 2019 Bonds

The Series 2019 Bonds are being issued for the purpose of providing funds to, among other things: (a) finance or refinance the costs of the planning, engineering, design, acquisition and construction of all or a portion of the 2019 Project (as defined herein), which constitutes a portion

of the Capital Plan to 2023 (as defined herein); (b) pay capitalized interest during construction on a portion of the Series 2019 Bonds; (c) fund a deposit to the Debt Service Reserve Account to meet the Debt Service Reserve Requirement related to the Series 2019 Bonds; and (d) pay certain costs of issuance with respect to the Series 2019 Bonds, all as further described under "PLAN OF FINANCE" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

In addition to the Series 2019 Bonds, the City has approved a financing plan for the Airport which contemplates the issuance of the following debt obligations: (a) the City's (i) Airport General Revenue Refunding Bonds, Series 2019E (Non-AMT) in an aggregate principal amount of \$131,160,000* (the "Series 2019E General Revenue Refunding Bonds"), the proceeds of which will be used primarily to refund all or a portion of the outstanding principal amount of the City's Airport General Revenue Bonds, Series 2010A (the "Series 2010A General Revenue Bonds") and (ii) Airport Passenger Facility Charge and Subordinate Lien Airport General Revenue Refunding Bonds, Series 2019F (Non-AMT) in an aggregate principal amount of \$161,700,000* (the "Series 2019F Hybrid PFC Refunding Bonds"), the proceeds of which will be used primarily to refund all or a portion of the outstanding principal amount of the City's Airport Passenger Facility Charge and Subordinate Lien General Revenue Bonds, Series 2010B (the "Series 2010B Hybrid PFC Bonds"); and (b) the implementation of a new commercial paper program payable on a third lien basis from Pledged Revenues and a second lien basis from PFC Revenues (as applicable), in the amount of not to exceed \$950,000,000, supported by irrevocable, direct pay letters of credit issued by Bank of America, N.A, JPMorgan Chase Bank, National Association and PNC Bank, National Association to facilitate anticipated capital project procurement and encumbrances and provide interim financing for a portion of the Capital Plan to 2023. See "OUTSTANDING AIRPORT OBLIGATIONS - Senior Lien General Revenue Bonds - *Proposed Issuance of Additional Senior Lien Bonds*," " - Hybrid PFC Bonds - *Proposed Issuance of Additional Hybrid PFC Bonds*," and " - Commercial Paper Notes," and "CAPITAL PLAN TO 2023" herein and "APPENDIX A - REPORT OF THE AIRPORT CONSULTANT - CAPITAL IMPROVEMENT PLAN - Capital Plan to 2023" attached hereto.

Description of the Series 2019 Bonds

The Series 2019 Bonds are being issued as fully registered bonds, without coupons, in denominations of \$5,000 or any integral multiple thereof and initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Purchases of beneficial ownership interests in the Series 2019 Bonds will be made in book-entry form only and purchasers will not receive physical delivery of bond certificates representing the beneficial ownership interests in the Series 2019 Bonds so purchased. Payments of principal of, premium, if any, and interest on, any Series 2019 Bond will be made to Cede & Co., as nominee for DTC as registered owner of the Series 2019 Bonds, by U.S. Bank National Association, as bond registrar and paying agent, to be subsequently disbursed to the Beneficial Owners (as defined herein) of the Series 2019 Bonds. See "DESCRIPTION OF THE SERIES 2019 BONDS - General" and "BOOK-ENTRY ONLY SYSTEM" herein.

Interest on the Series 2019 Bonds is payable semiannually on January 1 and July 1 of each year, commencing January 1, 2020. The Series 2019 Bonds will bear interest at the rates and will

* Preliminary; subject to change.

be payable as to principal in the amounts and on the dates set forth on the inside front cover of this Official Statement. See "DESCRIPTION OF THE SERIES 2019 BONDS - General" herein.

Certain of the Series 2019 Bonds may be subject to redemption prior to maturity as more fully described under the caption "DESCRIPTION OF THE SERIES 2019 BONDS - Redemption Provisions" herein.

Security and Sources of Payment for the Series 2019 Bonds

The Series 2019 General Revenue Bonds are limited obligations of the City payable from and secured by a pledge of and senior lien on Pledged Revenues on a parity with the Outstanding Senior Lien General Revenue Bonds (as defined herein) and any other Additional Bonds issued on a parity with such Outstanding Senior Lien General Revenue Bonds under the Bond Ordinance. **The Series 2019 General Revenue Bonds will not be secured by PFC Revenues, Special Purpose Revenues or Released Revenues, any of which may be pledged to secure other bonds and obligations under the Bond Ordinance.** The Outstanding Senior Lien General Revenue Bonds and the Series 2019 General Revenue Bonds are sometimes collectively referred to as the "Senior Lien General Revenue Bonds." See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS - Series 2019 General Revenue Bonds; Pledge of Pledged Revenues" herein and "APPENDIX D - SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE" attached hereto.

The Series 2019 Hybrid PFC Bonds are limited obligations of the City payable from and secured by: (a) a pledge of and senior lien on the portion of Revenues of the Airport constituting PFC Revenues on a parity with the Outstanding Hybrid PFC Bonds (as defined herein) and any other Additional Bonds issued on a parity with such Outstanding Hybrid PFC Bonds under the Bond Ordinance; and (b) a pledge of and lien on Pledged Revenues, on a parity with the Outstanding Hybrid PFC Bonds, junior and subordinate in right of payment to the pledge of and lien on Pledged Revenues securing: (i) the Outstanding Senior Lien General Revenue Bonds and (ii) any other Additional Bonds issued on a parity with such Outstanding Senior Lien General Revenue Bonds under the Bond Ordinance. **The Series 2019 Hybrid PFC Bonds will not be secured by Special Purpose Revenues or Released Revenues, any of which may be pledged to secure other bonds and obligations under the Bond Ordinance.** See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS - Series 2019 Hybrid PFC Bonds; Pledge of PFC Revenues and Subordinate Pledge of Pledged Revenues" herein and "APPENDIX D - SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE" attached hereto.

THE SERIES 2019 BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OF THE CITY WITHIN THE MEANING OF ANY CONSTITUTIONAL LIMITATION ON DEBT NOR CONSTITUTE A PLEDGE OF THE FAITH AND CREDIT OF THE CITY. THE SERIES 2019 BONDS SHALL NOT BE PAYABLE FROM OR BE A CHARGE UPON ANY FUNDS OTHER THAN THE REVENUES AND AMOUNTS PLEDGED TO THE PAYMENT THEREOF, NOR SHALL THE CITY BE SUBJECT TO ANY PECUNIARY LIABILITY THEREON. NO OWNER OR OWNERS OF THE SERIES 2019 BONDS SHALL EVER HAVE THE RIGHT TO COMPEL ANY EXERCISE OF THE TAXING POWER OF THE CITY TO PAY THE SERIES 2019 BONDS OR THE

INTEREST THEREON, NOR TO ENFORCE PAYMENT OF THE SERIES 2019 BONDS AGAINST ANY PROPERTY OF THE CITY; NOR SHALL THE SERIES 2019 BONDS CONSTITUTE A CHARGE, LIEN, OR ENCUMBRANCE, LEGAL OR EQUITABLE, UPON ANY PROPERTY OF THE CITY, EXCEPT FOR THE AMOUNTS PLEDGED TO THE PAYMENT OF THE SERIES 2019 BONDS AND ANY OTHER FUNDS PLEDGED TO SECURE THE PAYMENT OF THE SERIES 2019 BONDS IN THE MANNER SET FORTH IN THE TWENTY-FOURTH SUPPLEMENTAL BOND ORDINANCE.

Pursuant to the Eighteenth Supplemental Bond Ordinance and the Twenty-Fifth Supplemental Bond Ordinance, the City approved amendments to the Master Bond Ordinance which will not become effective and incorporated into the Master Bond Ordinance until the City receives the requisite consent (collectively, the "Consent Amendments"). For a summary of the Consent Amendments, see "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS - Proposed Amendments to the Master Bond Ordinance" herein. By purchasing the Series 2019 Bonds, the purchasers shall be deemed to have consented to the Consent Amendments within their respective class within each Series of Bonds related to an affected category of Revenues. See "APPENDIX D - SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE" attached hereto.

The City and Airport Service Region

The City is the seat of government for the State and Fulton County. The City currently has a land area of approximately 133.2 square miles, approximately 90% of which is located in Fulton County and approximately 10% of which is located in DeKalb County.

The primary service region of the Airport is the 8,376-square-mile, 29-county Atlanta Sandy Springs-Marietta Metropolitan Statistical Area (the "Atlanta MSA") with a total 2018 population of approximately 5,950,000 according to the U.S. Department of Commerce, Bureau of the Census ("Bureau of the Census"), accounting for more than half of the State's population. Of the 366 Metropolitan Statistical Areas designated by the Bureau of the Census, the Atlanta MSA was the nation's ninth largest Metropolitan Statistical Area.

Approximately 64% of the Atlanta MSA population resides in a 1,200-square-mile area in the central counties of Clayton, Cobb, DeKalb, Fulton, and Gwinnett, a decrease from 68% in 2000. The 2018 population of the City, in DeKalb and Fulton counties, was 498,000, about 8% of the Atlanta MSA total. For the entire period 2000 to 2018, the increase in the population of the Atlanta MSA was the third largest among all MSAs. The Airport's secondary service region is defined by the location of (and airline service provided at) the nearest airports. The secondary region includes the remainder of the State, as well as parts of Alabama, Tennessee, North Carolina, and South Carolina.

For a description of certain demographics and economic trends in the Atlanta MSA, see "THE AIRPORT - Airport Service Region" herein.

Airport Use and Lease Agreement

The Airport is served by a mix of 19 domestic and international passenger carriers, all of whom are operating under an Airport Use and Lease Agreement (the "Signatory Airlines") and

which collectively account for substantially all the landed weight and passengers at the Airport. In April 2016, the City and the Signatory Airlines agreed to the provisions of a new form of airline agreement (the "Airport Use and Lease Agreement") which established new procedures for calculating rentals, fees, and charges for the use and occupancy of facilities defining the two Airline cost centers, the Airfield Cost Center and the Terminal Cost Center (as those terms are defined in the Airport Use and Lease Agreement). Under the provisions of the Airport Use and Lease Agreement that became effective October 1, 2017 (during Fiscal Year 2018), Airline rentals, fees, and charges are to be calculated to allow the City to recover operating and maintenance expenses and debt service plus coverage on General Revenue Bonds allocable to the Airfield Cost Center or the Terminal Cost Center. Coverage on debt service for General Revenue Bonds outstanding at July 1, 2016 is at 20%, as they may be refunded (as well as the portion of the Series 2019 General Revenue Bonds, the proceeds of which are to be used to fund the costs of the terminal modernization program and any subsequent refunding of General Revenue Bonds which were outstanding as of July 1, 2016). Coverage on debt service for the remaining portions of the Series 2019 General Revenue Bonds and future General Revenue Bonds, including the Proposed 2020-2022 Bonds (as defined herein), is at 30%. Such coverage requirements do not apply to the Hybrid PFC Bonds. For more information related to the Airport's coverage calculations, see "SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT USE AND LEASE AGREEMENT AND THE RATE MAKING METHODOLOGY - Transition to Airport Use and Lease Agreement" herein.

Under the provisions of the Airline Use and Lease Agreement, the City and the Signatory Airlines have agreed to the scope, costs, and funding of preapproved capital improvements whose costs are to be allocated to the Airfield Cost Center or the Terminal Cost Center and recovered through Airline rentals, fees, and charges. The Airline Use and Lease Agreement also defines procedures under which a majority-in-interest ("MII") of Signatory Airlines may approve additional capital improvements whose costs are to be allocated to the Airfield Cost Center or the Terminal Cost Center. For Airfield projects, MII is generally defined as Airlines accounting for 87% of landed weight, and for Terminal projects, MII is generally defined as Airlines accounting for 87% of enplaned passengers. Under the terms of the Airline Use and Lease Agreement, a capital improvement project subject to MII consideration is deemed to be approved unless disapproved by MII Eligible Signatory Airlines (as defined in the Airport Use and Lease Agreement). Substantially all projects to be funded with the proceeds of the Series 2019 General Revenue Bonds whose costs are to be paid through Airline rentals, fees, and charges have been approved by the Signatory Airlines either through preapproval under the Airline Use and Lease Agreement, through separate MII approvals, or as Exempt Projects (as defined in the Airline Use and Lease Agreement). None of the debt service requirements of the Series 2019 Hybrid PFC Bonds are to be included in the calculation of Airline rentals, fees, and charges.

The Airline Use and Lease Agreement provides for the credit of certain terminal concession revenues and certain per-passenger amounts to reduce required terminal rentals, provided that the City may reduce such credits as required to ensure that Net Revenues are adequate to provide at least 150% coverage on debt service on General Revenue Bonds.

See "SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT USE AND LEASE AGREEMENT AND THE RATE MAKING METHODOLOGY - Rates and Charges" and " - Revenue Sharing" and "CAPITAL PLAN TO 2023" herein and "APPENDIX E - SUMMARY

OF CERTAIN PROVISIONS OF THE PRINCIPAL AIRPORT LEASES AND AGREEMENTS" attached hereto.

Capital Plan to 2023

In May 2015, the City published a master plan to guide the long-term development of the Airport (the "Master Plan"). In May 2016, the City and the Signatory Airlines, as part of the Airport Use and Lease Agreement, mutually agreed to a \$6.16 billion (in July 2014 dollars) 20-year plan of capital improvements consisting of a list of capital projects which list includes certain projects from the Master Plan (the "Approved Projects"), and an agreed-upon funding plan for the Approved Projects. The City has developed an approximately \$4.14 billion capital improvement plan at the Airport which the City expects to fund through approximately Fiscal Year 2022 and complete through approximately Fiscal Year 2023 (the "Capital Plan to 2023"). The Capital Plan to 2023 includes some but not all of the Approved Projects, projects subsequently agreed to by the City and the Signatory Airlines through the MII process, and Exempt Projects (as defined in the Airport Use and Lease Agreement). Only projects in the Capital Plan to 2023 are considered in the Report of the Airport Consultant. See "CAPITAL PLAN TO 2023" and "CERTAIN FACTORS AFFECTING THE AIR TRANSPORTATION INDUSTRY AND OTHER CONSIDERATIONS - Capacity of the Airport" herein and "APPENDIX A - REPORT OF THE AIRPORT CONSULTANT" attached hereto.

Report of the Airport Consultant

LeighFisher (the "Airport Consultant") has prepared its report dated August 12, 2019 (the "Report of the Airport Consultant") in connection with the issuance of the Series 2019 Bonds, which report is attached hereto as "APPENDIX A - REPORT OF THE AIRPORT CONSULTANT." The Report of the Airport Consultant provides, among other things, a summary of the funding plan for the Capital Plan to 2023, analyses of historical airline service and passenger traffic, analyses of historical Airport revenues and expenses, and financial forecasts demonstrating the sufficiency of Net General Revenues and PFC Revenues, as applicable, to pay the Debt Service Requirements of the Outstanding Senior Lien General Revenue Bonds, the Outstanding Hybrid PFC Bonds, the Series 2019 Bonds and the Proposed 2020-2022 Bonds, while meeting the debt service coverage requirements of the rate covenant under the Bond Ordinance. For additional information on historical and forecast Revenues of the Airport, see "REPORT OF THE AIRPORT CONSULTANT AND RATE COVENANT FORECAST" herein and "APPENDIX A - REPORT OF THE AIRPORT CONSULTANT" attached hereto.

Continuing Disclosure

In order to assist the Underwriters (as defined herein) in complying with paragraph(b)(5) of Rule 15c2-12 of the Securities and Exchange Commission (the "SEC") promulgated pursuant to the Securities Exchange Act of 1934 (the "Exchange Act"), as in effect on the date hereof (the "Rule"), simultaneously with the issuance of the Series 2019 Bonds, the City, as an "obligated person" under the Rule, will enter into a Continuing Disclosure Agreement (the "Continuing Disclosure Agreement") with Digital Assurance Certification, LLC ("DAC"), as initial disclosure dissemination agent, under which the City will undertake to provide continuing disclosure with respect to the Series 2019 Bonds and the Airport for the benefit of the holders of the Series 2019

Bonds. See "CONTINUING DISCLOSURE" herein and "APPENDIX G - FORM OF CONTINUING DISCLOSURE AGREEMENT" attached hereto.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change. This Official Statement and the appendices attached hereto contain brief descriptions of, among other matters, the City, the Airport, the Series 2019 Bonds, the security and sources of payment for the Series 2019 Bonds, the Bond Ordinance, the Continuing Disclosure Agreement, the Report of the Airport Consultant, and the Airport Use and Lease Agreement. Such descriptions and information do not purport to be comprehensive or definitive. The summaries of various constitutional provisions, statutes, the Bond Ordinance, the Report of the Airport Consultant, the Airport Use and Lease Agreement, the Continuing Disclosure Agreement and other documents are intended as summaries only and are qualified in their entirety by reference to such documents, and references herein to the Series 2019 Bonds are qualified in their entirety to the forms thereof included in the Bond Ordinance. Copies of the Bond Ordinance, the Report of the Airport Consultant, the Airport Use and Lease Agreement, the Continuing Disclosure Agreement and other relevant documents and information are available, upon written request and payment of a charge for copying, mailing and handling, from Chief Financial Officer, Department of Finance, 68 Mitchell Street, S.W., Suite 1100, South Tower, Atlanta, Georgia 30303, telephone (404) 330-6453.

PLAN OF FINANCE

The Series 2019 Bonds are being issued for the purpose of providing funds to, among other things: (a) finance or refinance the costs of the planning, engineering, design, acquisition and construction of all or a portion of the 2019 Project; (b) pay capitalized interest during construction on a portion of the Series 2019 Bonds; (c) fund a deposit to the Debt Service Reserve Account to meet the Debt Service Reserve Requirement related to the Series 2019 Bonds; and (d) pay certain costs of issuance with respect to the Series 2019 Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The "2019 Project" is comprised of certain projects from the Capital Plan to 2023, including but not limited to the:

(a) *Airfield Renewal and Replacement*. Various projects will be undertaken to renew and replace runway, taxiway, and apron pavement and shoulders; nonlicensed vehicle roads; lighting cables; and other airfield facilities.

(b) *ARFF Station #40*. Aircraft Rescue and Fire-fighting ("ARFF") station #40 will be demolished and replaced to meet current needs and standards.

(c) *Terminal Modernization Program*. The domestic terminal and Concourses T through C are being renovated and upgraded to provide the aesthetics and amenities expected of a major international airport and provide a uniform enhanced passenger experience throughout the terminal complex.

(i) Airside Modernization. Airside components of the program include replacing holdroom windows and ceilings, replacing exterior facades, and renovating the AGTS pedestrian tunnel.

(ii) Landside Modernization. Landside components of the program include renovating curbside facades, vestibules, and doors; renovating the check-in and baggage claim lobbies; and installing larger clerestory windows. Tubular steel canopies spanning the 150-foot width of the North and South Terminal curbside roadways and extending the full 900-foot length of the terminal have been constructed. Four new pedestrian bridges from the parking garages to the terminal building, with elevators and escalators providing access between the bridges and the terminal check-in lobbies will reduce the need for pedestrian crossings of the curbside roadways and increase roadway capacity.

(d) Concourse T-North Extension. Concourse T will be extended to the north to provide five additional Airplane Design Group (ADG) III gates and approximately 100,000 square feet of new concourse space at the boarding and apron levels. New bypass taxiways, taxilanes, and aprons will provide aircraft access to the gates. The concourse extension requires the demolition and replacement of ARFF station #32, a Delta ground support equipment (GSE) maintenance building, and a Georgia Power electrical substation, also the realignment of North Terminal Parkway, the reconfiguration of the north parking exit plaza, and the loss of Economy parking spaces. As part of the project, the holdrooms for the existing nine gates at Concourse T-North will be renovated and upgraded to the standards being implemented at the other domestic concourses under the terminal modernization program.

(e) Concourses C and D Upgrades. Gates at Concourses C-South and D-South have been reconfigured for the current mix of aircraft using the concourses and the concourse interiors have been upgraded and renovated.

(f) Fire Life Safety Compliance. A program of upgrades will bring all public-accessible areas of the terminal complex into compliance with State of Georgia fire-life-safety code requirements. Facilities and systems to be upgraded or replaced include exit doors and stairs, fire proofing, sprinklers, alarms, and smoke detection and control.

(g) Terminal Renewal and Replacement. Terminal renewal and replacement projects include replacement of aircraft parking aprons, installation of underground grease interceptors, improvements at the immigration level at Concourse E, and installation of equipment for handling oversized baggage.

(h) Concourse B SkyClub. A new Delta SkyClub lounge has been constructed at Concourse B.

See "CAPITAL PLAN TO 2023" and "SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT USE AND LEASE AGREEMENT AND THE RATE MAKING METHODOLOGY - Approved Projects" herein and "APPENDIX A - REPORT OF THE AIRPORT CONSULTANT - AIRPORT FACILITIES AND CAPITAL PLAN - Capital Improvement Plan" attached hereto.

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds of the Series 2019 Bonds are expected to be applied as follows:

| Sources of Funds | Series 2019 General Revenue Bonds | | Series 2019 Hybrid PFC Bonds | | Total |
|---|--|---------------------------|-------------------------------------|---------------------------|-------------------------|
| | Series 2019A Bonds | Series 2019B Bonds | Series 2019C Bonds | Series 2019D Bonds | |
| Par Amount | \$47,150,000.00 | \$254,215,000.00 | \$185,670,000.00 | \$220,105,000.00 | \$707,140,000.00 |
| Bond Premium | 10,785,925.15 | 47,151,382.25 | 51,939,002.00 | 33,084,562.10 | 142,960,871.50 |
| Total Sources of Funds | \$57,935,925.15 | \$301,366,382.25 | \$237,609,002.00 | \$253,189,562.10 | \$850,100,871.50 |
| Uses of Funds | | | | | |
| Deposit to Project Account | \$54,120,377.00 | \$287,091,403.86 | \$227,604,960.00 | \$242,446,802.00 | \$811,263,542.86 |
| Deposit to Debt Service Reserve Subaccounts | 2,198,003.62 | 11,433,396.38 | 8,756,750.04 | 9,330,949.96 | 31,719,100.00 |
| Deposit to Capitalized Interest Account | 1,300,766.25 | 1,174,686.25 | - | - | 2,475,452.50 |
| Costs of Issuance ⁽¹⁾ | 316,778.28 | 1,666,895.76 | 1,247,291.96 | 1,411,810.14 | 4,642,776.14 |
| Total Uses of Funds | \$57,935,925.15 | \$301,366,382.25 | \$237,609,002.00 | \$253,189,562.10 | \$850,100,871.50 |

⁽¹⁾ Includes, among other things, underwriters' discount, legal, financial, advisory and other consultant fees, initial fees of the Bond Registrar and Paying Agent, rating agency fees, printing costs, validation court costs, and other miscellaneous fees and costs with respect to the Series 2019 Bonds.

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DESCRIPTION OF THE SERIES 2019 BONDS

General

The Series 2019 Bonds will be dated the date of their issuance and delivery and will bear interest from the dated date thereof at the rates set forth on the inside cover of this Official Statement, payable semiannually on January 1 and July 1, commencing on January 1, 2020.

The Series 2019 Bonds are being issued as fully registered bonds, without coupons, in denominations of \$5,000 or any integral multiple thereof and initially will be registered in the name of Cede & Co., as nominee of DTC. Purchases of beneficial ownership interests in the Series 2019 Bonds will be made in book-entry form only and purchasers will not receive physical delivery of bond certificates representing the beneficial ownership interests in the Series 2019 Bonds so purchased. Payments of principal of, premium, if any, and interest on, any Series 2019 Bond will be made to Cede & Co., as nominee for DTC as registered owner of the Series 2019 Bonds, by U.S. Bank National Association, as bond registrar and paying agent, to be subsequently disbursed to the Beneficial Owners of the Series 2019 Bonds. If the book-entry system is discontinued, the Series 2019 Bonds will be delivered as described in the Twenty-Fourth Supplemental Bond Ordinance and Beneficial Owners will become the registered owners of the Series 2019 Bonds. See "BOOK-ENTRY ONLY SYSTEM" herein. If the book-entry system is discontinued, the Series 2019 Bonds will be delivered as described in the Twenty-Fourth Supplemental Bond Ordinance and Beneficial Owners will become the registered owners of the Series 2019 Bonds.

Redemption Provisions

Optional Redemption. The Series 2019 Bonds maturing on or before July 1, 2029 may not be called for optional redemption prior to maturity. The Series 2019 Bonds maturing on or after July 1, 2030 are subject to optional redemption prior to maturity at the option of the City on or after July 1, 2029, in whole or in part at any time in the manner and subject to the provisions of the Bond Ordinance, at a redemption price equal to the principal amount thereof, together with accrued interest to the redemption date and without premium.

Mandatory Redemption. The Series 2019A Bonds maturing on July 1, 2044 are subject to mandatory redemption prior to maturity by application of payments from the Sinking Fund, in accordance with the Bond Ordinance, at a redemption price equal to the principal amounts of the Series 2019A Bonds set forth below plus the interest due and accrued thereon on the redemption date, on the dates set forth below:

| July 1 of the Year | Principal Amount |
|-------------------------------|-----------------------------|
| 2040 | \$1,925,000 |
| 2041 | 2,020,000 |
| 2042 | 2,115,000 |
| 2043 | 2,225,000 |
| 2044* | 2,335,000 |

* Final Maturity.

The Series 2019A Bonds maturing on July 1, 2049 are subject to mandatory redemption prior to maturity by application of payments from the Sinking Fund, in accordance with the Bond Ordinance, at a redemption price equal to the principal amounts of the Series 2019A Bonds set forth below plus the interest due and accrued thereon on the redemption date, on the dates set forth below:

| July 1 of the Year | Principal Amount |
|-------------------------------|-----------------------------|
| 2045 | \$2,450,000 |
| 2046 | 2,555,000 |
| 2047 | 2,650,000 |
| 2048 | 2,755,000 |
| 2049* | 2,870,000 |

* Final Maturity.

The Series 2019B Bonds maturing on July 1, 2044 are subject to mandatory redemption prior to maturity by application of payments from the Sinking Fund, in accordance with the Bond Ordinance, at a redemption price equal to the principal amounts of the Series 2019B Bonds set forth below plus the interest due and accrued thereon on the redemption date, on the dates set forth below:

| July 1 of the Year | Principal Amount |
|-------------------------------|-----------------------------|
| 2040 | \$10,100,000 |
| 2041 | 10,600,000 |
| 2042 | 11,135,000 |
| 2043 | 11,690,000 |
| 2044* | 12,275,000 |

* Final Maturity.

The Series 2019B Bonds maturing on July 1, 2049 are subject to mandatory redemption prior to maturity by application of payments from the Sinking Fund, in accordance with the Bond Ordinance, at a redemption price equal to the principal amounts of the Series 2019B Bonds set forth below plus the interest due and accrued thereon on the redemption date, on the dates set forth below:

| July 1 of the Year | Principal Amount |
|-------------------------------|-----------------------------|
| 2045 | \$12,890,000 |
| 2046 | 13,400,000 |
| 2047 | 13,940,000 |
| 2048 | 14,495,000 |
| 2049* | 15,075,000 |

* Final Maturity.

Notice of Redemption

Notice of redemption, unless waived, is to be given by first class mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the registered owner of each Series 2019 Bond to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar. While the Series 2019 Bonds are held in a book-entry only system of registration, notice of redemption will be sent to Cede & Co. See "BOOK-ENTRY ONLY SYSTEM" herein. All such Series 2019 Bonds called for redemption and for the retirement of which funds are duly provided shall, on the redemption date designated in such notice, become and be due and payable at the redemption price provided for redemption of such Series 2019 Bonds on such date, and interest on the Series 2019 Bonds or portions of Series 2019 Bonds so called for redemption shall cease to accrue, such Series 2019 Bonds or portions of Series 2019 Bonds shall cease to be entitled to any lien, benefit, or security under the Bond Ordinance, and the owners of such Series 2019 Bonds or portions of Series 2019 Bonds shall have no rights in respect thereof except to receive payment of the redemption price. The Bond Ordinance permits optional redemptions as described in the Bond Ordinance to be conditioned on the occurrence of particular events and, if a redemption is so conditioned, the notice thereof will specify the terms of such conditional redemption. Any defect in any notice of redemption shall not affect the validity of proceedings for the redemption of any Series 2019 Bonds.

In connection with any notice of redemption provided in accordance with the Bond Ordinance, notice of such redemption shall also be sent by the Paying Agent by first class mail, overnight delivery service or other secure overnight means, postage prepaid, to any Rating Agency then rating the Series 2019 Bonds, the securities depository, any relevant remarketing agent or broker-dealers, and to at least two of the Information Services that disseminate securities redemption notices, in each case not later than the mailing of notice required herein.

Registration Provisions; Transfer and Exchange

The City has established a book-entry system of registration for the Series 2019 Bonds. Except as specifically provided otherwise in the Bond Ordinance, an agent will hold the Series 2019 Bonds on behalf of the Beneficial Owners. By acceptance of a confirmation of purchase, delivery, or transfer, the Beneficial Owners shall be deemed to have agreed to such arrangement. While the Series 2019 Bonds are in the book-entry system of registration, the Bond Ordinance provides special provisions relating to the Series 2019 Bonds that override certain other provisions of the Bond Ordinance. See "BOOK-ENTRY ONLY SYSTEM" herein.

The City shall cause the Bond Register for the registration and for the transfer of the Series 2019 Bonds as provided in the Bond Ordinance to be kept by the Bond Registrar. The Series 2019 Bonds shall be registered as to principal and interest on the Bond Register upon presentation thereof to the Bond Registrar which shall make notation of such registration thereon; provided that the City reserves the right to issue coupon Series 2019 Bonds payable to bearer whenever to do so would not result in any adverse federal tax consequences. The Series 2019 Bonds may be transferred by surrender for transfer at the principal corporate trust office of the Bond Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or the registered owner's attorney duly authorized in writing. The City shall cause to be executed

and the Bond Registrar shall authenticate and deliver in the name of the transferee or transferees a new Series 2019 Bond or Series 2019 Bonds of the same series, maturity, interest rate, aggregate principal amount, and tenor, of any authorized denomination or denominations, and bearing numbers not then outstanding.

If not held through a book-entry system, the Series 2019 Bonds may be exchanged at the principal corporate trust office of the Bond Registrar for a like aggregate principal amount of the same series of Series 2019 Bonds of other authorized denominations of the same series, maturity, and interest rate, and bearing numbers not then outstanding. The City shall cause to be executed and the Bond Registrar shall authenticate and deliver Series 2019 Bonds of the same series which the Bondholder making the exchange is entitled to receive.

The Bond Registrar shall not be required to transfer or exchange any Series 2019 Bond after notice calling such Series 2019 Bond for redemption has been given or during the period of 15 days (whether or not a business day for the Bond Registrar, but excluding the date of giving such notice of redemption and including such 15th day) immediately preceding the giving of such notice of redemption.

In any exchange or registration of transfer of any Series 2019 Bond, the owner of the Series 2019 Bond shall not be required to pay any charge or fee; provided, however, if and to whatever extent any tax or governmental charge is at any time imposed on any such exchange or transfer, the City or the Bond Registrar may require payment of a sum sufficient for such tax or charge. All Series 2019 Bonds surrendered for exchange or transfer of registration shall be cancelled and destroyed by the Bond Registrar in accordance with the Bond Ordinance.

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry system has been obtained from DTC and neither the City nor the Underwriters make any representation or warranty or take any responsibility for the accuracy or completeness of such information.

DTC will act as securities depository for the Series 2019 Bonds. The Series 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 Series 2019 Bond certificate will be issued for each maturity of each series of the Series 2019 Bonds as set forth on the inside front cover of this Official Statement, each in the aggregate principal amount of such maturity and will be deposited with DTC. If, however, the aggregate principal amount of any maturity of Series 2019 Bonds exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such series of the Series 2019 Bonds.

DTC 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 Exchange Act. DTC holds and provides asset servicing for U.S. and non-U.S. equity issues,

corporate and municipal debt issues, and money market instruments that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants" and, together with the Direct Participants, the "Participants"). The DTC Rules applicable to its Participants are on file with the SEC. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2019 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2019 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2019 Bond ("Beneficial Owner") is in turn to be recorded on the 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 Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2019 Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2019 Bonds, except in the event that use of the book-entry system for the Series 2019 Bonds is discontinued.

To facilitate subsequent transfers, all Series 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 the Series 2019 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2019 Bonds are credited, which may or may not be the Beneficial Owners. The 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 may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2019 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond Ordinance. For example, Beneficial Owners may wish to ascertain that the nominee holding the Series 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 Bond Registrar and request that copies of the notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the Series 2019 Bonds within a series or maturity of a series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such series or maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2019 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2019 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, if any, and interest payments on the Series 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 City or the Paying Agent on the payment 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, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest on the Series 2019 Bonds, as applicable, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, 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 Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2019 Bonds at any time by giving reasonable notice to the City or Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2019 Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2019 Bond certificates will be printed and delivered to DTC.

Neither the City nor any Fiduciary shall have any responsibility or obligation to the DTC participants, beneficial owners or other nominees of such beneficial owners for (a) sending transaction statements; (b) maintaining, supervising or reviewing, or the accuracy of, any records maintained by DTC or any DTC participant, indirect participant or other nominees of such beneficial owners; (c) payment or the timeliness of payment by DTC to any DTC participant, indirect participant or by any DTC participant, indirect participant or other nominees of beneficial owners to any beneficial owner of any amount due in respect of the principal or the redemption price of or interest on Series 2019 Bonds; (d) delivery or timely delivery by DTC to any DTC participant or indirect participant, or by any DTC participant, indirect participant or other nominees

of beneficial owners to any beneficial owners of any notice (including notice of redemption) or other communication which is required or permitted under the terms of the Master Bond Ordinance, as supplemented herein to be given to holders of Series 2019 Bonds; (d) the selection of the beneficial owners to receive payment in the event of any partial redemption of Series 2019 Bonds; or (e) any action taken by DTC or its nominee as the holder of the Series 2019 Bonds.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS

Series 2019 General Revenue Bonds; Pledge of Pledged Revenues

The Series 2019 General Revenue Bonds are being issued as General Revenue Bonds under the Master Bond Ordinance and are payable from and secured on a parity with the Outstanding Senior Lien General Revenue Bonds by a Senior Lien on Pledged Revenues (as defined below).

The Bond Ordinance defines "Pledged Revenues" to mean all Revenues and all moneys paid or required to be paid into, and all moneys and securities on deposit from time to time in, the funds and accounts specified in the Bond Ordinance, but excluding (a) amounts in the Revenue Fund required to be used to pay Operating Expenses and (b) any amounts required in the Bond Ordinance to be set aside pending, or used for rebate to the United States government pursuant to Section 148(f) of the Code, including, but not limited to, amounts in the Rebate Account. Pursuant to the Bond Ordinance, all Pledged Revenues are pledged to the prompt payment of the principal of, premium, if any, and interest on the Bonds, obligations treated as Senior Lien Bonds or Subordinate Lien Bonds pursuant to the Bond Ordinance and the City's obligations under the Contracts; provided, however, General Revenues shall secure only (a) General Revenue Bonds, (b) Subordinate Lien Bonds which have a lien on General Revenues, (c) Hybrid Bonds which have a lien on General Revenues, and (d) any Contracts with respect to such Bonds; and PFC Revenues shall secure only (a) PFC Revenue Bonds, (b) Subordinate Lien Bonds which have a lien on PFC Revenues, (c) Hybrid Bonds which have a lien on PFC Revenues, and (d) any Contracts with respect to such Bonds.

The Bond Ordinance defines "General Revenues" to mean all Revenues of the Airport other than PFC Revenues, Special Purpose Revenues and Released Revenues. "Revenues" are defined in the Bond Ordinance as (a) all revenues, income, receipts and money derived from the ownership and operation of the Airport, including without limitation all rentals, charges, landing fees, use charges and concession revenue received by or on behalf of the City, income received from, and gained from, securities and other investments and amounts earned on amounts deposited in funds and accounts under the Bond Ordinance or otherwise maintained with respect to the Airport, and (b) all gifts, grants, reimbursements or payments received from governmental units or public agencies for the benefit of the Airport which are (y) not restricted by law or the payor to application for a particular purpose other than payment of certain Bonds or Contracts and (z) otherwise lawfully available for payment of Bonds or Contracts. The term "Revenues" does not include proceeds of insurance so long as such proceeds are to be paid to a party separate from the City in respect of a liability or are to be used to repair or replace portions of the Airport. General Revenues are primarily derived from fees and rentals paid pursuant to leases and agreements between the Airlines or concessionaires and the City. See "INFORMATION CONCERNING GENERAL REVENUES AND PFC REVENUES," "THE AIRPORT" and "AIRPORT FINANCIAL

INFORMATION - Analysis of Airport Operations" herein, and "APPENDIX A - REPORT OF THE AIRPORT CONSULTANT" and "APPENDIX E - SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL AIRPORT LEASES AND AGREEMENTS" attached hereto. For a description of the application of General Revenues as required by the Bond Ordinance, see "APPENDIX D - SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE" attached hereto.

Under the Bond Ordinance, all Revenues except PFC Revenues, Special Purpose Revenues, and Released Revenues are to be deposited into the Revenue Fund and allocated to the appropriate accounts therein including the General Revenue Account. Amounts deposited into the General Revenue Account are applied or deposited into the funds, accounts, and subaccounts established under the Bond Ordinance and applied by the City from time to time to the following purposes and, prior to the occurrence and continuation of an Event of Default, in the order of priority determined by the City in its sole discretion, and used as follows:

Operating Expenses. Pay all expenses reasonably incurred in operating, maintaining, and repairing Airport facilities.

Sinking Fund. Make payments into the Interest and Principal Subaccounts of the Payments Account to meet all Debt Service Requirements of General Revenue Bonds.

Debt Service Reserve Account. Make any payments into the Debt Service Reserve Subaccounts needed to meet the Debt Service Reserve Requirement for Bonds which have a Debt Service Reserve Requirement.

Rebate Account. Make any payments due to the U.S. government as arbitrage rebate payments.

Renewal and Extension Fund. Amounts remaining after all other funding requirements of the Bond Ordinance have been met are retained for other Airport purposes, including, funding capital improvements to the Airport, funding operating and other reserve accounts and redeeming or purchasing Bonds prior to their maturities.

General Revenue Enhancement Subaccount. Amounts may also be transferred from the Renewal and Extension Fund to the General Revenue Enhancement Subaccount. Any amounts on deposit in the General Revenue Enhancement Subaccount are accounted for as General Revenues in computing the coverage of Debt Service Requirements of General Revenue Bonds by Net Revenues.

For additional information on the flow of funds relating to General Revenues, see "APPENDIX D - SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE" attached hereto.

See "INFORMATION CONCERNING GENERAL REVENUES AND PFC REVENUES - Certain Agreements Affecting General Revenues" herein. For a summary of the key provisions of the Airport Use and Lease Agreement, see "SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT USE AND LEASE AGREEMENT AND THE RATE MAKING METHODOLOGY" herein and "APPENDIX A - REPORT OF THE AIRPORT

CONSULTANT" and "APPENDIX E - SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL AIRPORT LEASES AND AGREEMENTS" attached hereto.

The Series 2019 General Revenue Bonds will not be secured by PFC Revenues, Special Purpose Revenues or Released Revenues, any of which may be pledged to secure other bonds and obligations under the Bond Ordinance. The Bond Ordinance provides that, under certain circumstances, additional separable categories or portions of General Revenues (such as the herein described CFC Revenues) may be withdrawn from General Revenues and thereafter be treated as Released Revenues for all purposes, including ceasing to secure the Series 2019 General Revenue Bonds. In addition, the Bond Ordinance permits, under certain circumstances, the issuance of Additional Bonds secured on a parity with the Series 2019 General Revenue Bonds as to the lien on General Revenues. See "APPENDIX D - SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE" herein.

Series 2019 Hybrid PFC Bonds; Pledge of PFC Revenues and Subordinate Pledge of Pledged Revenues

The Series 2019 Hybrid PFC Bonds are being issued as Hybrid PFC Bonds under the Master Bond Ordinance and are payable from and secured on a parity with the Outstanding Hybrid PFC Bonds by a Senior Lien on the portion of Revenues of the Airport constituting PFC Revenues, and by a Subordinate Lien on Pledged Revenues.

The Bond Ordinance defines "PFC Revenues" to mean all income and revenues received by or required to be remitted to the City from the Passenger Facility Charges imposed by the City pursuant to the PFC Enabling Acts, the PFC Regulations and ordinance of the City adopted on February 26, 1997, including any interest earned after such charges have been remitted to the City as provided in the PFC Regulations, all of which may be pledged pursuant to the PFC Enabling Acts and PFC Regulations. The term "PFC Revenues" also includes any interest or other gain in any of the accounts or subaccounts created in the Bond Ordinance or in any Supplemental Ordinance resulting from any investments and reinvestments of PFC Revenues.

Under the Bond Ordinance, all PFC Revenues are deposited into the PFC Revenue Fund and used to pay the approved costs of PFC Facilities, either directly or as debt service on PFC Revenue Bonds. Pursuant to the Bond Ordinance, amounts remaining in the PFC Revenue Fund after the payment of project costs (together with any amounts in the PFC Revenue Bond Account of the Sinking Fund) must, at all times, be sufficient to cover debt service payments to be made on all PFC Revenue Bonds during the succeeding year. Amounts in the PFC Revenue Fund may also be transferred to the PFC Revenue Enhancement Account. Any amounts on deposit in the PFC Revenue Enhancement Account are accounted for as PFC Revenues in computing the coverage of Debt Service Requirements of PFC Revenue Bonds by PFC Revenues. For additional information on the flow of funds relating to PFC Revenues, see "APPENDIX D - SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE" attached hereto.

As to the pledge of Pledged Revenues, the Series 2019 Hybrid PFC Bonds will be subordinate in right of payment to the Outstanding Senior Lien General Revenue Bonds, including the Series 2019 General Revenue Bonds.

Additional Bonds secured by a Senior Lien on PFC Revenues, on a parity with the Hybrid PFC Bonds, including the Series 2019 Hybrid PFC Bonds, may be issued under the Bond Ordinance, but only if such Additional Bonds are issued as Hybrid PFC Bonds having a Senior Lien on PFC Revenues and a Subordinate Lien on Pledged Revenues. Under the Bond Ordinance, the City may also issue Additional Bonds secured only by a Subordinate Lien on Pledged Revenues on a parity with the Subordinate Lien on Pledged Revenues securing the Outstanding Hybrid PFC Bonds.

For additional information, see "INFORMATION CONCERNING GENERAL REVENUES AND PFC REVENUES" and "AIRPORT FINANCIAL INFORMATION - Analysis of Airport Operations" herein and "APPENDIX E - SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL AIRPORT LEASES AND AGREEMENTS" attached hereto. For a detailed description of the application of General Revenues and PFC Revenues as required by the Bond Ordinance, see "APPENDIX D - SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE" attached hereto.

The Series 2019 Hybrid PFC Bonds will not be secured by Special Purpose Revenues or Released Revenues, which may be pledged to secure other bonds and obligations under the Bond Ordinance. The Bond Ordinance provides that, under certain circumstances, additional separate categories or portions of PFC Revenues as well as General Revenues may be withdrawn from PFC Revenues and/or General Revenues (such as the herein described CFC Revenues) and thereafter be treated as Released Revenues for all purposes, including ceasing to secure the Series 2019 Hybrid PFC Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS - Additional Bonds" herein and "APPENDIX D - SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE - Released Revenues" attached hereto.

Provisions Applicable to Hybrid PFC Bonds

The Bond Ordinance provides that, in determining the Debt Service Requirement on Hybrid PFC Bonds with a Senior Lien on PFC Revenues and a Subordinate Lien on Pledged Revenues, such as the Series 2019 Hybrid PFC Bonds, (a) if the debt service on such Hybrid PFC Bonds for the relevant period was paid from, or for future periods is expected to be paid from, General Revenues, such debt service will be taken into account in determining the Debt Service Requirement for General Revenue Bonds only and will not be taken into account in determining the Debt Service Requirement for Hybrid PFC Bonds, notwithstanding the lien of such Hybrid PFC Bonds on PFC Revenues; and (b) if the debt service on such Hybrid PFC Bonds for the relevant period was paid from, or for future periods is expected to be paid from, PFC Revenues (for this purpose, including amounts in the PFC Revenue Enhancement Subaccount), such debt service will be taken into account in determining the Debt Service Requirement for PFC Revenue Bonds only and will not be taken into account in determining the debt service requirement of General Revenue Bonds, notwithstanding the lien of such Hybrid PFC Bonds on Pledged Revenues. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS - Rate Covenant" herein.

Debt Service Reserve Account

Series 2019 General Revenue Bonds. A separate subaccount has been established in the Debt Service Reserve Account for each series of the Series 2019 General Revenue Bonds and the other Outstanding Senior Lien General Revenue Bonds. Pursuant to certain amendments to the Bond Ordinance contained in the Thirteenth Supplemental Bond Ordinance adopted by the City Council of the City on July 6, 2009 and approved by the Mayor on July 7, 2009 (the "Thirteenth Supplemental Bond Ordinance") which became effective on July 21, 2011, the Debt Service Reserve Requirement for the Outstanding Senior Lien General Revenue Bonds and for any series of Bonds issued pursuant to the Bond Ordinance as Additional Bonds with a Senior Lien on General Revenues, will be the aggregate sum, determined for all Outstanding Bonds with the same lien status and priority, equal to the Maximum Annual Debt Service Requirement with the calculation being made as if all of the Outstanding Bonds which have a Debt Service Reserve Requirement were a single series for purposes of the definitions of Debt Service Reserve Requirement and Maximum Annual Debt Service Requirement. **The subaccounts in the Debt Service Reserve Account securing the Outstanding Senior Lien General Revenue Bonds will not secure the Outstanding Hybrid PFC Bonds or any Bonds secured by Special Purpose Revenues or Released Revenues.**

As of August 1, 2019, approximately \$165,858,218.76 was on deposit in the Debt Service Reserve Account with respect to the Outstanding Senior Lien General Revenue Bonds, which amount equals or exceeds the Debt Service Reserve Requirement for the Outstanding Senior Lien General Revenue Bonds. Upon the issuance and delivery of the Series 2019 General Revenue Bonds, it is expected that approximately \$179,489,618.76 (comprised of \$165,858,218.76 already on deposit in the Debt Service Reserve Account and \$13,631,400.00 from the proceeds of the Series 2019 General Revenue Bonds) will be deposited to the Series 2019A Subaccount and Series 2019B Subaccounts of the Debt Service Reserve Account, in the amounts of \$2,198,003.62 and \$11,433,396.38 respectively, which aggregate amount equals or exceeds the Debt Service Reserve Requirement for the Outstanding Senior Lien General Revenue Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" herein.

Series 2019 Hybrid PFC Bonds. A separate subaccount has been established in the Debt Service Reserve Account for each series of the Series 2019 Hybrid PFC Bonds and the other Outstanding Hybrid PFC Bonds. Pursuant to the Thirteenth Supplemental Bond Ordinance, the Debt Service Reserve Requirement for the Outstanding Hybrid PFC Bonds and for any series of Bonds issued pursuant to the Bond Ordinance as Additional Bonds with a Senior Lien on PFC Revenues, will be the aggregate sum, determined for all Outstanding Bonds with the same lien status and priority, equal to the Maximum Annual Debt Service Requirement with the calculation being made as if all of the Outstanding Bonds which have a Debt Service Reserve Requirement were a single series for purposes of the definitions of Debt Service Reserve Requirement and Maximum Annual Debt Service Requirement. **The subaccounts in the Debt Service Reserve Account securing the Outstanding Hybrid PFC Bonds will not secure the Outstanding Senior Lien General Revenue Bonds or any Bonds secured by Special Purpose Revenues or Released Revenues.**

As of August 1, 2019, approximately \$75,856,790.00 was on deposit in the Debt Service Reserve Account with respect to the Outstanding Hybrid PFC Bonds, which amount equals or

exceeds the Debt Service Reserve Requirement for the Outstanding Hybrid PFC Bonds. Upon the issuance and delivery of the Series 2019 Hybrid PFC Bonds, it is expected that approximately \$93,944,490.00 (comprised of \$75,856,790.00 already on deposit in the Debt Service Reserve Account with respect to the Outstanding Hybrid PFC Bonds and \$18,087,700.00 from the proceeds of the Series 2019 Hybrid PFC Bonds) will be deposited to the Series 2019C Subaccount and Series 2019D Subaccount of the Debt Service Reserve Account, in the amounts of \$8,756,750.04 and \$9,330,949.96 respectively, which aggregate amount equals or exceeds the Debt Service Reserve Requirement for the Outstanding Hybrid PFC Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" herein.

Administration of the Debt Service Reserve Account and the Debt Service Reserve Requirement. After the issuance of any Additional Bonds, any increases in the Debt Service Reserve Requirement resulting from the issuance of Additional Bonds secured by an existing subaccount of the Debt Service Reserve Account will be accumulated, to the extent not covered by deposits from proceeds of Bonds or funds on hand, over a period not exceeding 61 months from date of delivery of such Additional Bonds in monthly deposits, none of which is less than 1/60 of the amount to be accumulated. The amounts on deposit in each subaccount of the Debt Service Reserve Account must be maintained at an amount equal to the Debt Service Reserve Requirement for the related Bonds (or such lesser amount that is required to be accumulated in such subaccount of the Debt Service Reserve Account in connection with the periodic accumulation to the Debt Service Reserve Requirement after the issuance of Additional Bonds or upon the failure of the City to provide a substitute Reserve Account Credit Facility in certain events).

The City may elect to satisfy the Debt Service Reserve Requirement for any category of Bonds in whole or in part by means of a Reserve Account Credit Facility, subject to restrictions provided in the Bond Ordinance. Any such Reserve Account Credit Facility must be pledged to the benefit of the owners of all of the Bonds of that category so secured. The City reserves the right, if it deems it necessary in order to acquire such a Reserve Account Credit Facility, to amend the Bond Ordinance without the consent of any of the owners of the affected Bonds in order to grant to the Reserve Account Credit Facility Provider such additional rights as it may demand, provided that such amendment shall not, in the written opinion of Bond Counsel filed with the City, impair or reduce the security granted to all or any of the owners of such Bonds or any of them.

The General Revenue Bond Subaccount in the Debt Service Reserve Account is a separate common reserve account for General Revenue Bonds, including the Outstanding Senior Lien General Revenue Bonds and the Series 2019 General Revenue Bonds. The PFC Revenue Bond Subaccount in the Debt Service Reserve Account is a separate common reserve account for Hybrid PFC Bonds, including the Outstanding Hybrid PFC Bonds and the Series 2019 Hybrid PFC Bonds.

Amounts on deposit in the various subaccounts in the Debt Service Reserve Account relating to the Senior Lien General Revenue Bonds secure only such Bonds (including the Series 2019 General Revenue Bonds and the other Outstanding Senior Lien General Revenue Bonds) but such funds do not secure the Hybrid PFC Bonds, including the Series 2019 Hybrid PFC Bonds and the Outstanding PFC Revenue Hybrid Bonds. Similarly, amounts on deposit in the various subaccounts in the Debt Service Reserve Account relating to the Hybrid PFC Bonds secure only such Bonds (including the Series 2019 Hybrid PFC Bonds and the Outstanding Hybrid PFC

Bonds), but such funds do not secure the Senior Lien General Revenue Bonds, including the Series 2019 General Revenue Bonds.

For additional details concerning the use of Reserve Account Credit Facilities to satisfy the applicable Debt Service Reserve Requirement, see "AIRPORT FINANCIAL INFORMATION - Principal and Interest Requirements" herein and "APPENDIX D - SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE" attached hereto.

Rate Covenant

The City has covenanted and agreed that at all times while any Bonds are outstanding and unpaid to prescribe, fix, maintain, and collect rates, fees, and other charges for the services and facilities of the Airport to: (a) provide for 100% of the Operating Expenses of the Airport and for the accumulation in the Revenue Fund of a reasonable reserve therefor, and (b) produce Net Revenues in each Fiscal Year which will: (i) equal, for General Revenues, at least 120% (and 110% without regard to amounts in the General Revenue Enhancement Subaccount) of the Debt Service Requirement on all related Bonds then Outstanding (including the Series 2019 General Revenue Bonds and the other Outstanding Senior Lien General Revenue Bonds) for the Sinking Fund Year ending on the next January 1 and at least 100% of the Debt Service Requirement on all other Bonds payable from related Revenues then Outstanding for the year of computation, (ii) enable the City to make all required payments, if any, into the Debt Service Reserve Account and the Rebate Account and on Contracts or Other Airport Obligation, (iii) enable the City to accumulate an amount to be held in the Renewal and Extension Fund, which in the judgment of the City is adequate to meet the costs of major renewals, replacements, repairs, additions, betterments and improvements to the Airport, necessary to keep the same in good operating condition, or is required by any governmental agency having jurisdiction over the Airport, and (iv) remedy all deficiencies in required payments into any of the funds and accounts mentioned in the Bond Ordinance from prior Fiscal Years. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS - Proposed Amendments to the Master Bond Ordinance" herein.

The City has covenanted and agreed at all times while any Bonds are outstanding and unpaid to prescribe, fix, maintain, and collect PFC Revenues which will equal at least 100%, without regard to amounts in the PFC Revenue Enhancement Subaccount, of the Debt Service Requirement of all related Bonds then Outstanding (including the Series 2019 Hybrid PFC Bonds and the other Outstanding Hybrid PFC Bonds) for the Sinking Fund Year ending on the next January 1, and at least 100% of the Debt Service Requirement on all other Bonds payable from related Revenues then Outstanding for the year of computation. The City's ability to prescribe, fix, maintain and collect certain rates, fees and other charges may be limited by various contractual obligations to third parties, as well as FAA limitations on the PFC rate to be imposed at the Airport. See "INFORMATION CONCERNING GENERAL REVENUES AND PFC REVENUES - Passenger Facility Charges - PFC Revenues" and "CERTAIN FACTORS AFFECTING THE AIR TRANSPORTATION INDUSTRY AND OTHER CONSIDERATIONS - Passenger Facility Charges" herein and "APPENDIX E - SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL AIRPORT LEASES AND AGREEMENTS" attached hereto. See also, "REPORT OF THE AIRPORT CONSULTANT AND RATE COVENANT FORECAST" herein and "APPENDIX A - REPORT OF THE AIRPORT

CONSULTANT" attached hereto for a presentation of financial forecasts demonstrating that the debt service coverage requirements of the rate covenant under the Bond Ordinance are exceeded.

In addition, the City has also covenanted and agreed in the Bond Ordinance to have on deposit in an Operating and Maintenance Reserve Account established within the Renewal and Extension Fund, as of the first day of each Fiscal Year, one quarter of the budgeted Operating Expenses for such Fiscal Year, as determined upon the adoption of the Annual Budget for the Airport. To the extent amounts on deposit in the Operating and Maintenance Reserve Account are in excess of the required reserve amount set forth in the immediately preceding sentence, the City may transfer such excess to the Renewal and Extension Fund. In the event of any withdrawal from the Operating and Maintenance Reserve Account, other than a withdrawal of excess funds as described above, the City shall deposit monthly into the Operating and Maintenance Reserve Account an amount equal to one-twelfth of the aggregate amount of such withdrawal until the balance in the Operating and Maintenance Reserve Account is at least equal to the required reserve amount.

Additional Bonds

The City has the right, subject to certain conditions imposed by the Bond Ordinance, to issue Additional Bonds secured on a parity with the Senior Lien General Revenue Bonds, including the Series 2019 General Revenue Bonds and the other Outstanding Senior Lien General Revenue Bonds, if and to the extent such Additional Bonds will have met the requirements and conditions for the issuance of any such Additional Bonds set forth in the Bond Ordinance. The issuance by the City of any such Additional Bonds secured by a Senior Lien on General Revenues may dilute the security for the Series 2019 General Revenue Bonds and the Outstanding Senior Lien General Revenue Bonds. For a description of the requirements and conditions for the issuance of any such Additional Bonds, see "APPENDIX D - SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE" attached hereto.

The City also has the right, subject to certain conditions imposed by the Bond Ordinance, to issue Additional Bonds secured on a parity with the Hybrid PFC Bonds, including the Series 2019 Hybrid PFC Bonds and the other Outstanding Hybrid PFC Bonds, if and to the extent such Additional Bonds will have met the requirements and conditions for the issuance of any such Additional Bonds set forth in the Bond Ordinance. The issuance by the City of any such Additional Bonds secured by a Senior Lien on PFC Revenues and a Subordinate Lien on General Revenues may dilute the security for the Series 2019 Hybrid PFC Bonds and the Outstanding Hybrid PFC Bonds. For a description of the requirements and conditions for the issuance of additional Hybrid PFC Bonds, see "APPENDIX D - SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE" attached hereto.

In addition, the Bond Ordinance permits the issuance of Special Purpose Airport Revenue Bonds to finance Special Purpose Facilities. As of the date of this Official Statement, there were no Special Purpose Airport Revenue Bonds of the City outstanding. The Bond Ordinance also permits the City, upon meeting certain conditions, to create a separable category or portion of revenues, income, receipts and money relating to a definable service, facility or program of the Airport, and for such category of revenues to be withdrawn from General Revenues or PFC Revenues and thereafter treated as Released Revenues for all purposes including the security for

Released Revenue Bonds. To date, the City has created a separate category of Released Revenues for the revenues generated by the customer facility charge, currently in the amount of \$5.00 per day, on each rental car transaction-day, as charged and collected by the rental car companies and remitted to the City (the "CFC Revenues") pursuant to an ordinance adopted by the City effective October 1, 2005. The City has pledged the CFC Revenues to secure its payment obligations in respect of an Installment Purchase Agreement, dated June 1, 2006, which payments are being used to pay the principal of, premium (if any) and interest on \$152,835,000 in outstanding City of College Park (Georgia) Taxable Revenue Bonds (Hartsfield-Jackson Atlanta International Airport Consolidated Rental Car Facility Project), Series 2006A and City of College Park (Georgia) Revenue Bonds (Hartsfield-Jackson Atlanta International Airport Automated People Mover System Maintenance Facility Project), Series 2006B for the purpose of funding a portion of the costs of construction of the consolidated rental car facility and automated people mover system maintenance facility at the Airport (the "Rental Car Center"). For a more detailed summary of certain provisions of the Bond Ordinance relating to Special Purpose Revenues and Released Revenues, see "APPENDIX D - SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE" attached hereto.

The City does not presently anticipate issuing any Additional Bonds backed by Special Purpose Revenues or Released Revenues.

Remedies

The Twenty-Fourth Supplemental Bond Ordinance constitutes a contract between the City and the owners from time to time of the Series 2019 Bonds, and the pledge, covenants, and agreements of the City set forth in the Twenty-Fourth Supplemental Bond Ordinance are for the equal benefit, protection, and security of the owners of the Series 2019 Bonds with respect to Pledged Revenues and PFC Revenues, as applicable.

If the City were to default on the Series 2019 Bonds, the realization of value from the pledge of the Pledged Revenues and PFC Revenues, as applicable, to secure the payment of the Series 2019 Bonds would depend upon the exercise of various remedies specified by the Bond Ordinance and Georgia law. These remedies may require judicial actions, which are often subject to discretion and delay and which may be difficult to pursue. The enforceability of rights or remedies with respect to the Series 2019 Bonds may be limited by state and federal laws, rulings, and decisions affecting remedies and by bankruptcy, insolvency, or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

Recent Amendments to the Master Bond Ordinance Governing the Transfer, Ownership, Management, Operation or Control of the Airport

Pursuant to the Twenty-First Supplemental Bond Ordinance, the City adopted the following amendments, which were deemed to become effective on September 13, 2018, to Section 604 of the Master Bond Ordinance governing the transfer, ownership, management, operation or control of the Airport, and such amendments:

(a) Section 604 of the Master Bond Ordinance is amended by adding a second sentence to the first paragraph of such section which provides as follows:

"The City is further prohibited from, directly or indirectly, transferring the ownership, management, operation or control of the Airport, except in the instance of a change in the City's form of government which is subject to the assent of a majority of qualified voters."

(b) Section 604 of the Master Bond Ordinance is further amended by replacing the fourth paragraph in its entirety as follows:

"The City reserves the right to transfer the Airport as a whole to any political subdivision or authority or agency of one or more political subdivisions of the State provided (i) such entity has provided evidence reasonably satisfactory to the City that the successor entity has comparable airport operations and management experience both in size and scope as the Airport and (ii) such entity has been formed under the authority of a duly adopted and ratified local government reorganization act which consolidates the governmental and corporate powers of the City with a county as provided in Article IX, Section III, Paragraph II of the 1983 Constitution of the State of Georgia, as the same may be hereafter amended. Such consolidated government may assume or be delegated the legal authority to own and operate the Airport, or any portion thereof, on behalf of the public, provided that it undertakes in writing, filed with the Attesting Officer, the City's obligations under the Bond Ordinance, and there shall be first filed with the Attesting Officer: (i) an opinion of Bond Counsel to the effect that such sale will not adversely affect the extent to which interest on any Tax-Exempt Bonds is excluded from gross income for federal income tax purposes; and (ii) an opinion of an Airport Consultant expressing the view that such transfer will not result in any diminution of Net Revenues to the extent that in any future Fiscal Year the Net Revenues will be less than 120% of the average annual Debt Service Requirement on all Senior Lien Bonds to be Outstanding after such transfer with a lien on any category of Revenues, in the then current and each succeeding Fiscal Year. In reaching this conclusion, the Airport Consultant shall take into consideration such factors as the Airport Consultant may deem significant, including any rate revision to be imposed by the transferee political subdivision, authority, or agency."

See "APPENDIX D - SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE" attached hereto.

Proposed Amendments to the Master Bond Ordinance

Underwriter Consent to Amendments. Pursuant to the Eighteenth Supplemental Bond Ordinance, the City adopted the following proposed amendment to the Master Bond Ordinance governing consents to amendments thereto (the "Underwriter Consent Amendment"):

"At the time of the issuance of Bonds under the Bond Ordinance, a broker or dealer acting as an underwriter may be deemed to be a bondholder prior to their redelivery of bonds to the purchasers thereof, as permitted by MSRB Rule G-11."

The Underwriter Consent Amendment will be effective upon the consent of not less than a majority (in aggregate principal amount) of Outstanding Bonds of each class of senior and subordinate bonds (voting separately by class) of each series of Bonds. By purchasing Series 2019 Bonds, the purchasers shall be deemed to have consented to such amendment within their respective class within each Series of Bonds related to an affected category of Revenues. When and after such amendment becomes effective, which may be during the life of the Series 2019 Bonds, amendments may be made to the Bond Ordinance through such a mechanism. See "APPENDIX D - SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE" attached hereto.

Change to Definition of Sinking Fund Year. Contemporaneously with the adoption of the Twenty-Fourth Supplemental Bond Ordinance, the City adopted that certain Twenty-Fifth Supplemental Bond Ordinance ("Twenty-Fifth Supplemental Bond Ordinance") pursuant to which the City adopted the following proposed amendment to the Master Bond Ordinance for the purpose of modifying the definition of Sinking Fund Year (the "Sinking Fund Year Amendment") as follows:

"Section 101 of the Master Bond Ordinance is hereby amended by striking in its entirety the definition of "Sinking Fund Year" and replacing it with the following:

"Sinking Fund Year" means the twelve-month period ending on July 1 of each year. "

The Sinking Fund Year Amendment will become effective as to a particular class of Bonds Outstanding upon the City's receipt of the consent to the Sinking Fund Year Amendment of either (a) Rating Agencies (in the form of written rating confirmations) for Outstanding Bonds which are assigned a rating and which are not secured by a Credit Facility and from Credit Issuers for such class of Bonds Outstanding which are secured by a Credit Facility or (b) the Bondholders of more than 50 percent of the principal amount of such class of Bonds Outstanding, in addition to Credit Issuers as required. By purchasing Series 2019 Bonds, the purchasers shall be deemed to have consented to such amendment within their respective class within each Series of Bonds related to an affected category of Revenues.

Limited Obligations

THE SERIES 2019 BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OF THE CITY WITHIN THE MEANING OF ANY CONSTITUTIONAL LIMITATION ON DEBT NOR CONSTITUTE A PLEDGE OF THE FAITH AND CREDIT OF THE CITY. THE SERIES 2019 BONDS SHALL NOT BE PAYABLE FROM OR BE A CHARGE UPON ANY FUNDS OTHER THAN THE REVENUES AND AMOUNTS PLEDGED TO THE PAYMENT THEREOF, NOR SHALL THE CITY BE SUBJECT TO ANY PECUNIARY LIABILITY THEREON. NO OWNER OR OWNERS OF THE SERIES 2019 BONDS SHALL EVER HAVE THE RIGHT TO COMPEL ANY EXERCISE OF THE TAXING POWER OF THE CITY TO PAY THE SERIES 2019 BONDS OR THE INTEREST THEREON, NOR TO ENFORCE PAYMENT OF THE SERIES 2019 BONDS AGAINST ANY PROPERTY OF THE CITY; NOR SHALL THE SERIES 2019 BONDS CONSTITUTE A CHARGE, LIEN, OR ENCUMBRANCE, LEGAL OR EQUITABLE, UPON ANY PROPERTY OF THE CITY, EXCEPT FOR THE AMOUNTS PLEDGED TO

THE PAYMENT OF THE SERIES 2019 BONDS AND ANY OTHER FUNDS PLEDGED TO SECURE THE PAYMENT OF THE SERIES 2019 BONDS IN THE MANNER SET FORTH IN THE TWENTY-FOURTH SUPPLEMENTAL BOND ORDINANCE.

THE CITY

City Administration and Officials

Under the Charter, all legislative powers of the City are vested in the City Council and all executive and administrative powers of the City are vested in the Mayor.

The City Council consists of 15 members who serve four-year terms of office. The City is divided into 12 City Council districts. Twelve members of the City Council are elected by district, and three members of the City Council are elected at-large. The three at-large members of the City Council are required to reside, respectively, in District No. 1, 2, 3 or 4; District No. 5, 6, 7 or 8; and District No. 9, 10, 11 or 12.

The Charter establishes the office of the President of the City Council. The President of the City Council is elected from the City at large for a term of four years. The President of the City Council presides at meetings, but is not a member of the City Council, and votes only in the case of a tie vote of the City Council. Under the Charter, the President of the City Council exercises all powers and discharges all duties of the Mayor in the case of a vacancy in the Office of the Mayor or during the disability of the Mayor. Under the Charter, the Mayor is elected from the City at large for a term of four years. The Charter does not allow any Mayor who has been elected for two consecutive terms to be eligible to be elected for the next succeeding term. The Mayor is the chief executive officer of the City and has the power to direct and supervise the administration of all departments of the City. The Charter grants the Mayor the power to veto any ordinance or resolution adopted by the City Council, which veto may be overridden only upon the vote of two thirds of the total membership of the City Council. The Charter also grants the Mayor the power to veto any item or items of any ordinance or resolution making appropriations, which veto may be overridden only upon the vote of two thirds of the total membership of the City Council. The current fiscal year of the City is the 12-month period beginning on July 1 and ending on June 30 (the "Fiscal Year").

Pension and OPEB Matters

The City is required to have actuarial estimates produced for its pension and other post-employment benefits ("OPEB") liabilities. Actuarial estimates are "forward-looking" information that reflect the judgment of the fiduciaries of the pension plans and are based upon a variety of assumptions, one or more of which may prove to be inaccurate or be changed in the future, and will change with the future experience of the pension plans. For a summary of the City's pension and OPEB information based on the most recent pension plan and OPEB valuations and the most recent audited basic financial statements of the Department of Aviation, see "APPENDIX B - DEPARTMENT OF AVIATION FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2018 AND JUNE 30, 2017" and "APPENDIX H - CITY'S PENSION AND OTHER POST-EMPLOYMENT BENEFITS LIABILITIES" attached hereto.

THE DEPARTMENT OF AVIATION

The Department of Aviation is a self-supporting enterprise fund of the City under the direction of the Airport General Manager with a staff of approximately 1,310, including 620 public safety (fire, police, and security) employees. The Department of Aviation is responsible for: (a) managing, operating and developing the Airport and any other airfields that the City may control in the future; (b) negotiating leases, agreements and contracts; (c) computing and supervising the collection of revenues generated by the Airport; and (d) coordinating aviation activities with the FAA. The FAA has regulatory authority over certain equipment, air traffic control and operating standards at the Airport. Airport police and fire protection are provided by the City through the Atlanta Police Department and the Atlanta Fire Department, respectively.

The City's Department of Finance oversees the issuance of revenue bonds for the Airport and performs certain accounting, budgeting, bond financing, treasury and related functions involving the Airport. The seven-member City Council Transportation Committee makes policy and legislative recommendations to the full City Council regarding Airport operations.

The following are brief resumes of certain appointed officials and key personnel of the City involved in the administration and operation of the Airport:

Joshua Williams serves as the City's Chief Operating Officer. Mr. Williams directly manages and oversees all City operating departments and related agencies including Aviation, Police, Fire, Corrections, Parks, Recreation and Cultural Affairs, Planning and Community Development, Public Works, Watershed Management, Human Resources, Procurement, Information Technology, Sustainability and Enterprise Assets. Previously, Mr. Williams served four years as Chief Operations Officer for DeKalb County Schools, a district with nearly 14,000 employees, a \$150 million general operating budget and a \$1.2 billion capital improvement program. He joined the school system in 2008 and held previous positions including Executive Director of Facilities Management and Director of Facility Planning and Construction. Mr. Williams began his career in the private sector construction industry.

Roosevelt Council, Jr. serves as the City's Chief Financial Officer. Previously, Mr. Council served as the City's Airport General Manager. In that role, Mr. Council oversaw Airport operations as well as a multibillion-dollar capital improvement program. Prior to January 2017, he was the Airport Deputy General Manager and Chief Financial Officer. In that role, he directed all accounting, budgeting, financial analysis and forecasting, procurement and treasury operations at the Airport. Mr. Council has more than 25 years of experience as a financial professional in public accounting, communications, transportation logistics and the public sector. He joined the City in 2009 as Budget and Fiscal Policy Chief and later served as Deputy Chief Financial Officer.

Prior to joining the Airport team, he served as interim CFO for the City under the leadership of then-Mayor Kasim Reed. Before his employment with the City, Mr. Council was CFO of the Georgia Technology Authority, where he was responsible for general accounting, budget, cost accounting, financial reporting, payroll and strategic planning.

Mr. Council serves on the Board of Advisers for the Metro Atlanta Chamber and the board of directors for the Atlanta Convention and Visitors Bureau and Atlanta Technical College. He also is a member of 100 Black Men of Atlanta, Inc.

Mr. Council is a graduate of Memphis State University, the Harvard University Executive Leadership Program and the Georgia Leadership Council. Mr. Council also achieved International Airport Professional status, the highest designation bestowed upon an airport executive after completion of a rigorous program developed by Airports Council International and the International Civil Aviation Organization.

Tina Wilson serves as the City's Deputy Chief Financial Officer. Ms. Wilson has more than 23 years of experience in accounting, business and finance. Her experience includes strategic finance and business planning, audit and internal control, accounting, budgeting and forecasting, information systems and financial modeling, for small, mid-sized, and Fortune 500 corporations. Prior to joining the City as Deputy Chief Financial Officer, she spent 12 years at Hartsfield-Jackson Atlanta International Airport focusing on the two major, multi-year, multi-billion-dollar capital improvement programs, most recently as the Director of Capital Finance. Ms. Wilson earned a Bachelor of Business Administration (Accounting) degree from Mercer University, a Master of Business Administration (Finance) degree from Georgia State University and holds an active Certified Public Accountant (CPA) license in the state of Georgia.

John Gaffney serves as the City's Deputy Chief Financial Officer. Mr. Gaffney has more than 25 years of experience in banking, finance and accounting roles. His experience base includes strategic planning, mergers and acquisitions, business development, financial reporting, budgeting, and accounting across small, midsized, Fortune 50 corporations and large government. Prior to joining the City, Mr. Gaffney worked with BellSouth Corporation in Atlanta where he held roles of progressive responsibility ranging from Accountant to Director of Finance. He has been with the City since 2010 when he was recruited to help with a turn-around of the City's Finance Department practices and policies and procedures. Mr. Gaffney has served the City as the Director of Financial Reporting, Controller, Interim Chief Financial Officer, and in his current role as Deputy Chief Financial Officer. Mr. Gaffney earned a Bachelor of Science in Business Administration (Finance) degree from Auburn University and holds an active Certified Public Accountant (CPA) license in the state of Georgia.

Nina R. Hickson, Esquire, serves as the City's City Attorney. Previously, Ms. Hickson served as Vice President and General Counsel of Atlanta BeltLine Inc. (ABI) where she was responsible for all legal matters including general corporate transactions, corporate governance, compliance and risk management and a wide variety of real estate-related matters including transactional work and negotiations. Prior to serving as Vice President and General Counsel of ABI, Ms. Hickson served as the Ethics Officer for the City. In that role, Ms. Hickson was responsible for educating all City officials and employees of the requirements for conducting City business in compliance with the City's Code of Ethics. Ms. Hickson also oversaw the City's financial disclosure process and prosecuted violations of the Ethics Code. Immediately prior to serving as the City's Ethics Officer, Ms. Hickson served as Interim City Manager for the City of East Point where she had been the City Attorney for six years. Prior to assuming the role of City Attorney for the City of East Point, Ms. Hickson held prominent legal positions within the Atlanta Judicial Circuit and the Fulton County Justice System. Before these appointments, Ms. Hickson

practiced law for 15 years in a variety of capacities including Assistant United States Attorney for the Northern District of Georgia, General Counsel for the Atlanta Housing Authority, General Counsel and Vice President for Atlanta Life Insurance Company, and Vice President and Associate General Counsel to Primerica Financial Services, a subsidiary of the Citigroup Corporation.

Ms. Hickson's extensive community involvements have included membership on various boards and civic organizations in metropolitan Atlanta and her commitment to community service has resulted in her receiving numerous awards and recognition. Ms. Hickson received her Bachelor of Arts degree, magna cum laude, in Journalism from Howard University in Washington, D.C. and her Doctor of Law degree from Emory University of Atlanta.

John Selden, serves as the City's Airport General Manager. Mr. Selden has served in such capacity since October 2018. He has more than 30 years of aviation experience and was a military and commercial pilot before his career in airport management. Mr. Selden excels in all facets of aviation, including operational budgeting, customer service, labor relations, aircraft maintenance and operations, facilities management and improvement programs. Mr. Selden oversees Airport operations as well as a multibillion-dollar capital improvement program that will pave the way for growth over the next 20 years. In addition to completing this expansive program, his priorities include fortifying the Airport's security platform and enhancing the customer experience at the Airport. He is a graduate of the Naval War College and the U.S. Naval Academy. He is a retired Navy commander who served at the Pentagon in addition to having served in Desert Storm. He ended his tour of duty as deputy commander of the Naval Station Roosevelt Roads in Puerto Rico. After leaving active service, Mr. Selden flew commercially for six years. His first airport management role was at Republic Airport in New York, the state's third busiest airport, serving as Assistant Airport Manager. He joined John F. Kennedy International Airport in 2008 and eventually served as Deputy General Manager in 2014, overseeing customer service, rail access, security, maintenance, finance, commercial development and physical infrastructure.

Michael L. Smith, serves as the City's Airport Senior Deputy General Manager. He oversees commercial operations, marketing, policy and communications, public affairs, and legislative initiatives. Mr. Smith has nearly two decades of municipal government experience, having served 17 years with the City as a Senior Assistant City Attorney. During that time, he practiced all aspects of local government law, including litigation, contracts, property use and development, business and employment issues. He also served as the City's lead counsel representing the Department of Aviation, negotiating agreements related to the Airlines and other Airport tenants. He played a key role in preparing intergovernmental agreements with surrounding jurisdictions to implement Airport projects such as the fifth runway. Before joining the Airport team, Mr. Smith was a private practice attorney specializing in local government law, airport and aviation matters. He served as county attorney in Clayton County and also held positions with Delta. Mr. Smith earned a political science degree from Duke University and a law degree from North Carolina Central University.

Balram Bheodari, serves as the City's Airport Deputy General Manager. He has 30 years of aviation industry experience and oversees public safety and security; operations, maintenance and transportation; planning and development; and sustainability, asset management and facilities. Mr. Bheodari rejoined the Airport's leadership team in August 2016 after a stint as the Chief Operating Officer ("COO") for the Houston Airport System ("HAS"). As the COO, he led strategic

and business plan development, business process re-engineering, technologically complex project implementation, infrastructure programs and airport operations. Previous to that, Mr. Bheodari served as the General Manager of George Bush Intercontinental Airport ("IAH"). He was responsible for the daily operations of Houston's largest airport, with more than 41 million annual passengers, nearly 10 million of whom were international passengers, and more than 1,350 daily flight operations. As General Manager of IAH, he was in charge of the development and implementation of the airport's policies, procedures and cost-effective workforce planning. In addition, he coordinated the preparation, implementation and execution of IAH's budget.

Before joining HAS, he served more than three years as the Airport's Deputy General Manager. During that time, he managed an annual operating budget of more than \$170 million and an annual capital budget of more than \$300 million. Before becoming Deputy General Manager, Mr. Bheodari served as Interim Assistant General Manager for Operations, Maintenance and Security ("OMS"), which later was reorganized into two divisions. The OMS division comprised Airside Operations, Landside Operations, Airport Maintenance, Security, Ground Transportation, Airport Police, Airport Fire, Automated People Mover Systems and the Airport Centralized Command and Control Center, or C4.

In November 2009, Mr. Bheodari spearheaded the activation of the Airport's consolidated Rental Car Center and the SkyTrain. In May 2012, he led the opening of the 1.2-million-square-foot Maynard H. Jackson Jr. International Terminal, which accommodates more than 12 million international travelers each year. In 2008, Mr. Bheodari received the American Association of Airport Executives' Accredited Airport Executive designation, which fewer than 10 percent of airport executives nationally have earned. In 2011, he earned the International Airport Professional accreditation from the Airports Council International and the International Civil Aviation Organization.

Mr. Bheodari graduated from Troy University with a Bachelor of Science in aviation management. He also completed the Emory University Executive Education Management Development Program. He retired from the Army with 22 years of active military service in the aviation branch as an instrument-rated rotary wing pilot.

Greg Richardson, serves as the City's Airport Deputy General Manager and Chief Financial Officer. He is a certified public accountant and oversees the finance, information technology and strategy development for the Airport. Mr. Richardson began working for the Airport in April 2011 after serving as the controller for the City from 2009 to 2011. He was named Assistant General Manager for Finance and Accounting in July of 2013 and subsequently earned his current role in October of 2018. Mr. Richardson has worked in accounting and finance for over 30 years. Before joining the City, he was the business segment controller for Norcross-based CheckFree Corp., and the Chief Accounting Officer for Hobbs Group, LLC. Mr. Richardson started his career with RTM Restaurant Group in 1987 as a staff accountant and ultimately worked his way up to controller. He is a graduate of Florida State University with a Bachelor of Science in accounting, and in 2016 he earned his designation as an International Airport Professional. He serves on the Advisory Board of the Georgia Haitian-American Chamber of Commerce and is a board member of the Greater North Fulton Chamber of Commerce.

Dr. Nissalke is currently serving as the City's Airport Assistant General Manager - Planning and Development. In this role, he oversees implementation of ATLNNext, Hartsfield-Jackson Atlanta International Airport's capital development program. He has worked for the Department of Aviation for 24 years. Dr. Nissalke is also responsible for the preparation of NEPA documents, overseeing the airport's environmental compliance programs, handling all federal grants, and overseeing all environmental planning. Additionally, he is responsible for all airport planning and recently led the completion of the Airport's master plan. Prior to joining the Department of Aviation, he worked at a regional airport planning and design firm. In 1989, Tom completed his undergraduate degree in civil engineering from the University of Utah. After moving to Atlanta, he attended the Georgia Institute of Technology and earned his MSCE in 1991 and Ph.D. in civil engineering in 1994.

Bryan Benefiel serves as the City's Airport Assistant General Manager of Finance and Accounting. Mr. Benefiel has more than 20 years of experience in finance and accounting roles. His experience includes strategic planning, financial planning and analysis, financial reporting, budgeting, capital finance and business process improvement. He developed experience across multiple industries including government, service, non-profit, and public accounting. Prior to joining the Airport, Mr. Benefiel served as Director of General Accounting for the City's Finance Department. In this role he was a key player in the financial and business process improvements improving the City's financial strength. Prior to joining the City, Mr. Benefiel served as the Director of Accounting for the American Cancer Society. Mr. Benefiel has served at the Airport since 2012 and with the City since 2009. Mr. Benefiel earned a Bachelor of Science in Accounting degree from the University of Central Oklahoma. Mr. Benefiel has earned several financial and airport certifications. He is a Certified Public Accountant, Certified Management Accountant, and Certified Financial Manager. In the airport industry he is a Certified Member of the American Association of Airport Executives and earned the International Airport Professional designation, a professional designation of Airports Council International and the International Civil Aviation Organization.

THE AIRPORT

General

The Airport is owned by the City and operated by the Department of Aviation. It is classified as a large hub by the FAA, is the principal air carrier airport serving the State and the southeastern United States and serves as a primary transfer point in the national air transportation system. The Airport is the busiest passenger airport in the world. The combination of the Airport's geographic location, the facilities provided at the Airport, and Delta's strategy of concentrating much of its service through the Airport has resulted in the Airport becoming the busiest and most important airline hub in the nation. In calendar year 2018, the Airport was ranked as the busiest airport in the U.S. with 53.7 million enplaned passengers.

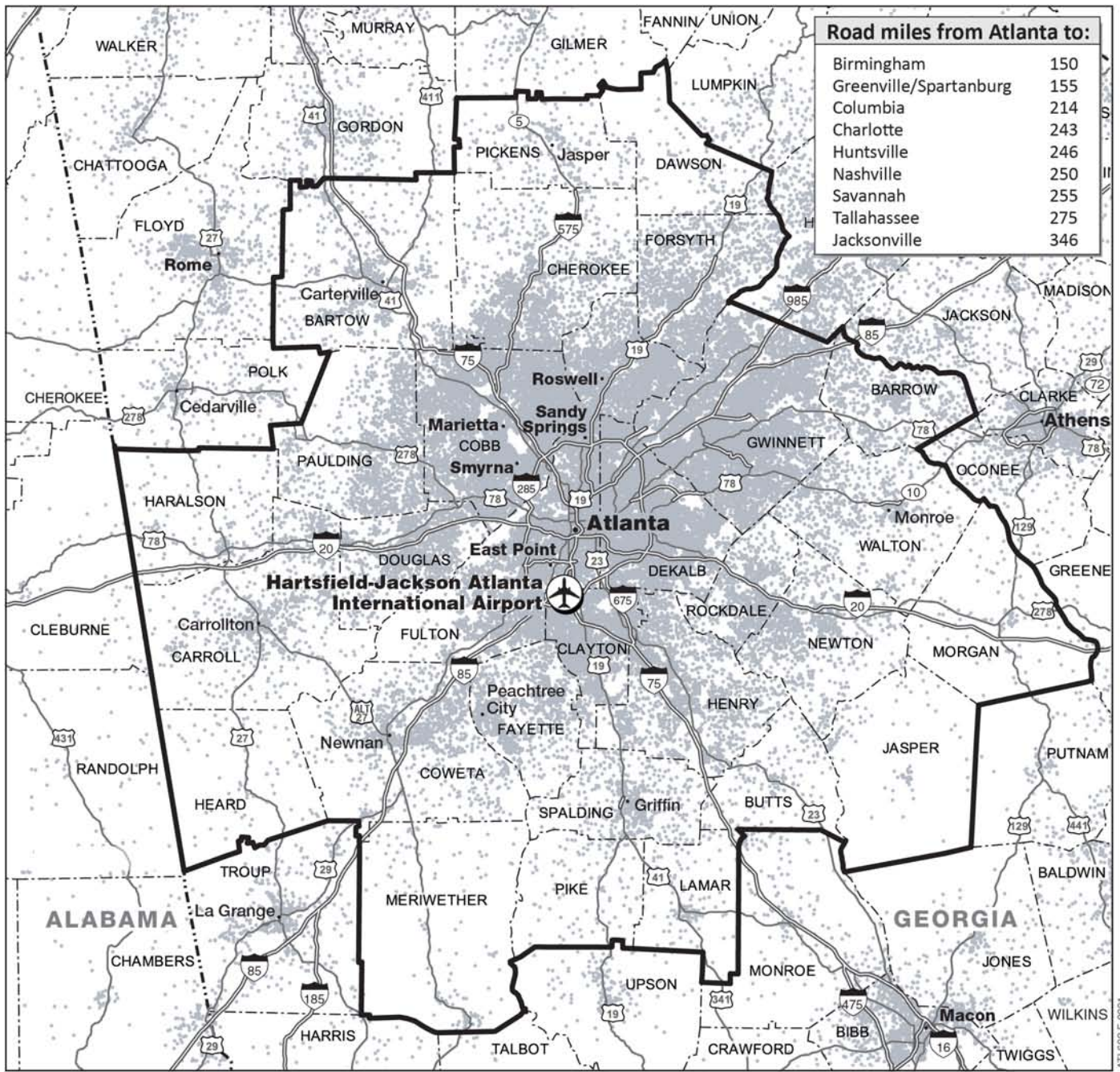
Airport Service Region

The Airport's primary service region is the 8,376-square-mile, 29 county Atlanta MSA shown on the map on the following page. According to the Bureau of the Census, the 2018

population of the Atlanta MSA is 5,950,000, accounting for more than half of the State's population and ranking as the ninth largest Metropolitan Statistical Area in the nation. Approximately 64% of the Atlanta MSA population resides in a 1,200-square-mile area in the central counties of Clayton, Cobb, DeKalb, Fulton, and Gwinnett. The 2018 population of the City, in DeKalb and Fulton counties, was 498,000, about 8% of the Atlanta MSA total.

The Airport's secondary service region is defined by the location of (and airline service provided at) the nearest airports. The secondary region includes the remainder of the State, as well as parts of Alabama, Tennessee, North Carolina, and South Carolina.

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LEGEND

- Passenger air carrier airport
- Atlanta-Sandy Springs-Marietta Metropolitan Statistical Area
- Population density: 1 dot equals 100 people
- State boundary
- County boundary

Source: U.S. Census Bureau, 2010 Census data.

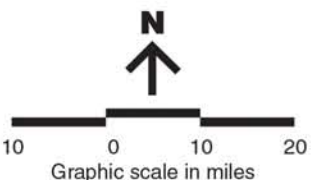


Figure 2
AIRPORT SERVICE REGION
 Hartsfield-Jackson Atlanta International Airport

Airport Facilities

The Airport is located in Clayton and Fulton counties, Georgia, about 10 road miles south of downtown Atlanta. The Airport occupies approximately 4,750 acres and is surrounded by the cities of College Park, East Point, and Hapeville to the west and north and by the City and unincorporated areas of Clayton County to the east and south. Access to the Airport is provided via interstate highways I-85, I-285, and I-75, which bound the Airport site to the west, south, and east, respectively.

Airfield. The Airport has five parallel east-west runways, two immediately north of the passenger terminal complex (Runway 8L-26R, 9,000 feet long, and Runway 8R-26L, 10,000 feet long), two immediately south of the terminal complex (Runway 9L-27R, 12,390 feet long, and Runway 9R-27L, 9,000 feet long), and a fifth (Runway 10-28, 9,000 feet long) separated from Runway 9R-27L by 4,200 feet to the south. Of the two pairs of parallel runways immediately north and south of the terminal complex, the outboard runways (Runways 8L-26R and 9R-27L, separated by 6,450 feet) are used primarily for aircraft landings. The inboard runways (Runways 8R-26L and 9L-27R, separated by 4,400 feet) are used primarily for aircraft takeoffs. Runway 10-28, opened in 2006, is used primarily for aircraft landings. All runways are equipped with instrument landing systems, lighting systems, and other air navigation aids, permitting the Airport to operate in virtually all weather conditions. The separation between the runways permits the simultaneous use of three runways for aircraft landings in poor visibility.

Domestic Passenger Terminal. Opened in 1980, the CPTC originally consisted of a landside building (now the domestic terminal) and Concourses T-North, A, B, C, and D. The CPTC has been expanded with the addition of the international landside terminal and Concourses T-South, E and F to encompass approximately 6.7 million square feet.

A 7,400-foot-long underground transportation mall accommodates an AGTS, known as the Plane Train, and pedestrian walkways that connect all terminal buildings and concourses. The AGTS typically operates with 260-person-capacity, four-car trains at approximately two-minute intervals. The midfield location of the CPTC provides for the optimal movement of aircraft between the terminal gates and the runways and has been the model for the design of many other major world airports.

The domestic landside terminal building contains approximately 1.3 million square feet of space housing passenger and baggage check-in, security screening, baggage claim, ground transportation, concessions, airline operations, Airport administration, and other services and functions. The building is generally symmetrical along its east-west axis, with Delta occupying the south side of the building (the South Terminal) and the other domestic airlines occupying the north side (the North Terminal). Check-in, security screening, and other enplaning passenger functions are accommodated at the east end of the building; baggage claim and other deplaning passenger functions are accommodated at the west end.

A 250,000-square-foot, three-story atrium in the center of the building, opened in 1995, provides a large open space for waiting, circulation, concessions, and other passenger services. Upper levels of the atrium accommodate Airport administrative offices and a USO center. North

and South Terminal Parkways provide vehicle access to 750-footlong curbsides at the North and South Terminals.

The five domestic concourses together provide approximately 2.2 million square feet of space, are separated from one another by approximately 1,000 feet, and provide 152 aircraft parking positions (gates) equipped with loading bridges and configured for the current mix of aircraft operating at the Airport. The concourses provide passenger holdrooms, concessions, baggage handling facilities, airline operations space, and other services and functions.

Domestic gates are preferentially leased to Airlines. One gate on Concourse D is managed for the City on a common-use basis by TBI Airport Management, Inc. ("TBI").

International Passenger Terminal. The international terminal complex comprising Concourse E, Concourse F, and the Maynard H. Jackson Jr. International Terminal ("MHJIT") provides approximately 3.0 million square feet of terminal space and 40 loading bridge-equipped gates, most capable of accommodating arrivals and departures by widebody aircraft in domestic or international service. TBI manages the international terminal for the City. Concourse E, opened in 1994 with 24 gates and expanded in 2001 with four additional gates, provides approximately 1.8 million square feet of space. Concourse F, opened in 2012, provides approximately 1.1 million square feet of space and 12 gates. An additional gate at Concourse E, not equipped with a loading bridge, is used by buses serving remote aircraft parking positions. All gates at Concourses E and F are operated on a common-use basis. Delta has priority use rights to all 28 gates at Concourse E and six gates at Concourse F. These 34 gates are used primarily by Delta and its SkyTeam alliance partners. The remaining six gates at Concourse F are used primarily by foreign flag airlines not in the SkyTeam alliance.

A 220,000-square-foot federal inspection services ("FIS") facility at Concourse E provides the capacity for U.S. Customs and Border Protection ("CBP") to process approximately 3,600 arriving international passengers per hour through immigration and customs inspections. A second, 150,000-square-foot, FIS facility at Concourse F provides the capacity for CBP to process approximately 2,400 arriving international passengers per hour.

The MHJIT landside terminal building, opened in 2012, provides approximately 0.3 million square feet of space on five levels and accommodates ground transportation facilities, two-level curbside roadways, international passenger check-in facilities, and baggage claim facilities for precleared passengers (i.e., those arriving from Canada and other countries where they clear CBP inspections at their departure airport). Arriving international passengers proceed directly to ground transportation after clearing CBP inspections without having to recheck their baggage for reclaim, as was the case before MHJIT opened. Access to the terminal is from the east, via a second Airport entrance roadway. Shuttle buses transport passengers between the domestic and international terminal buildings.

Use of Gates. The Airport's gates are intensively used, with an average gate use of 6.5 departures per day on the 152 gates on the five domestic concourses. The gate use rate is among the highest of any large airport in the nation. During early morning, late afternoon, and evening periods, most domestic gates are routinely occupied.

International flights are concentrated during two periods of the day, approximately two hours in the morning, mainly to Caribbean and Latin American destinations, and approximately four hours in the evening, mainly to European destinations. Between approximately 8:30 a.m. and 9:30 a.m. and 4:00 p.m. and 7:00 p.m., most of the 40 gates at the two international concourses are routinely occupied.

Under the Airport Use and Lease Agreement, the Signatory Airlines have preferential-use or priority-use rights. The Airlines are required to accommodate the flights of another Airline if such flights cannot be accommodated at that other Airline's gates or at the City's common-use gates.

Ground Transportation. Ground access to the domestic terminal is provided from the west on I-85 via Terminal Parkway and Camp Creek Parkway and from the south on I-285 via Riverdale Road. Access to the international terminal and airline support, cargo, and other Airport facilities is provided from the east on I-75 via Maynard H. Jackson Jr. Boulevard. Loop Road, a divided four-lane roadway, provides circulation around the Airport perimeter. A system of nonlicensed vehicle roadways provides access and circulation within the secure air operations area.

The City provides approximately 30,500 public parking spaces on-Airport in multistory garages adjacent to the domestic and international landside buildings and in surface lots and a garage served by shuttle buses. Private operators on Camp Creek Parkway and at other off-Airport sites provide approximately 13,000 additional public parking spaces. The City provides approximately 500 parking spaces on-Airport for employees. Delta and other tenants provide approximately 14,000 additional employee spaces, mostly off-Airport.

All companies providing rental car services at the Airport do so from the Rental Car Center west of I-85, which opened in 2009. The Rental Car Center occupies an approximately 70-acre site and provides approximately 8,700 spaces for ready and return car parking and associated service, maintenance, and storage facilities for up to 3,900 vehicles. The Rental Car Center is connected to the domestic terminal by an automated people-mover system known as the SkyTrain. The SkyTrain also serves the Georgia International Convention Center and the Gateway Center office and hotel complex via an intermediate station. The SkyTrain operates with 100-passenger trains at headways of approximately two minutes during peak hours.

Other commercial ground transportation services include off-Airport parking shuttles, hotel and motel shuttles, taxicabs, ride-hailing services, limousines, intercity buses, and door-to-door shuttle vans. Commercial vehicles pick up passengers at a dedicated ground transportation center at the west end of the landside building. A staging area for taxicabs is provided west of the domestic terminal. Areas for pickups by ride-hailing services are provided in surface parking lots north and south of the domestic terminal.

The Metropolitan Atlanta Rapid Transit Authority ("MARTA") provides rail transit service to the Airport. The Airport station, which is inside the domestic terminal building at the west end, opened in 1988 and is the terminus of MARTA's Red and Yellow lines.

Air Cargo. Air cargo transported by the passenger and all-cargo airlines serving the Airport is processed through 11 buildings totaling approximately 1.5 million square feet. Associated apron

space provides parking positions for 28 widebody aircraft. A 490,000-square-foot complex of buildings is located north of the airfield and a 360,000-square-foot complex of buildings is located to the south, between Runways 9R-27L and 10-28. Delta operates cargo buildings occupying 525,000 square feet in the approximately 110-acre area east of the CPTC and south of Maynard H. Jackson Jr. Boulevard, referred to as the central terminal support area ("CTSA"). The U.S. Postal Service operates a 120,000-square-foot regional distribution center at the eastern boundary of the Airport. A 40,000-square-foot perishables facility is adjacent to the north cargo complex.

Airline Support. The City leases Airport land and buildings to airlines and others for activities supporting airline operations. Delta's corporate headquarters, training, and operations facilities are located on approximately 85 acres at the north side of the Airport. Delta's principal operations and maintenance base, the Delta Technical Operations Center, occupies approximately 175 acres east of the CPTC and north of Maynard H. Jackson Jr. Boulevard. Flight kitchens, aircraft maintenance hangars, maintenance and storage facilities for ground support equipment ("GSE"), fuel storage tanks, and various other facilities supporting the operations of Delta and other airlines are also located on the Airport, many in the CTSA. Three fuel farms, one of which is operated by Delta, provide storage tanks for approximately 32 million gallons of jet fuel. Several companies provide into-plane fueling, ground handling, and other airline support services. Fixed base operator services supporting airline, corporate, and general aviation aircraft operations are provided by Signature Flight Support on the north side of the airfield.

Airport Utilities, Support, and Other Facilities. Extensive utility systems provide water supply, storm and sanitary sewer, electrical power, communications, and natural gas services at the Airport. ARFF services are provided from five fire stations. The Airport also accommodates airfield maintenance buildings, a FAA airport traffic control tower, air navigation aids and guidance systems, and various other support facilities. Hotels, an office building, and other non-aviation facilities are accommodated on the north side of the Airport on land not required for aviation uses. No military aviation activities are based at the Airport.

For additional information regarding the facilities at the Airport, see "APPENDIX A - REPORT OF THE AIRPORT CONSULTANT - AIRPORT FACILITIES AND CAPITAL PLAN - Airport Facilities" attached hereto.

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Airlines Serving the Airport

The Airport is served by all of the mainline U.S. airlines. The following table presents the airlines providing service at the Airport as scheduled during Fiscal Year 2018.

**Airlines Serving the Airport
(As Scheduled during Fiscal Year 2018)**

| <u>Mainline Airlines</u> | <u>Regional Airlines</u> | <u>Foreign-Flag Airlines</u> | <u>All-Cargo Airlines⁽⁶⁾</u> |
|--------------------------------------|---------------------------------------|---|---|
| Alaska Airlines ⁽¹⁾ | Boutique Air ⁽¹⁾ | Aeromexico ⁽¹⁾⁽³⁾⁽⁵⁾ | ABX ⁽¹⁾ |
| American Airlines ⁽¹⁾ | Envoy Air ⁽⁷⁾ | Air Canada ⁽¹⁾ | AirBridgeCargo Airlines ⁽¹⁾ |
| Delta Air Lines ⁽¹⁾⁽²⁾⁽³⁾ | Endeavor Air ⁽²⁾⁽⁴⁾ | Air France ⁽¹⁾⁽³⁾⁽⁵⁾ | Asiana Cargo ⁽¹⁾ |
| Frontier Airlines ⁽¹⁾ | ExpressJet Airlines ⁽²⁾⁽⁴⁾ | British Airways ⁽¹⁾ | CAL Cargo Airlines ⁽¹⁾ |
| JetBlue Airways ⁽¹⁾ | Republic Airlines ⁽⁷⁾ | KLM Royal Dutch Airlines ⁽¹⁾⁽³⁾⁽⁵⁾ | Cargolux Airlines ⁽¹⁾ |
| Southwest Airlines ⁽¹⁾⁽²⁾ | SkyWest Airlines ⁽⁴⁾ | Korean Air ⁽¹⁾⁽³⁾ | Cathay Pacific Airways ⁽¹⁾ |
| Spirit Airlines ⁽¹⁾ | | Lufthansa German Airlines ⁽¹⁾ | China Airlines ⁽¹⁾ |
| United Airlines ⁽¹⁾ | | Qatar Airways ⁽¹⁾ | China Cargo Airlines ⁽¹⁾ |
| | | Turkish Airlines ⁽¹⁾ | DHL Worldwide Express |
| | | Virgin Atlantic Airways ⁽¹⁾⁽⁵⁾ | EVA Airways ⁽¹⁾ |
| | | | FedEx ⁽¹⁾ |
| | | | Korean Air Cargo ⁽¹⁾ |
| | | | Lufthansa Cargo ⁽¹⁾ |
| | | | Polar Air Cargo |
| | | | Qatar Airways ⁽¹⁾ |
| | | | Singapore Cargo |
| | | | Turkish Airlines Cargo ⁽¹⁾ |
| | | | UPS Air Cargo ⁽¹⁾ |
| | | | Virgin Atlantic Airways ⁽¹⁾ |

⁽¹⁾ The passenger and cargo airlines noted above are signatory airlines under the Airport Use and Lease Agreement.

⁽²⁾ U.S. flag airlines providing international service.

⁽³⁾ Members of SkyTeam alliance.

⁽⁴⁾ Airlines operating as an affiliate of Delta Airlines.

⁽⁵⁾ Operates with Delta Airlines under a joint venture agreement.

⁽⁶⁾ Airlines listed operated regular all-cargo service at the Airport. Other cargo airlines not listed in this table operated ad hoc charter service at the Airport. Certain mainline and foreign-flag airlines also operated cargo services.

⁽⁷⁾ Airline operating as an affiliate of American Airlines.

Source: City of Atlanta, Department of Aviation.

For additional information regarding the airlines serving the Airport, see "APPENDIX A - REPORT OF THE AIRPORT CONSULTANT - HISTORICAL AIRLINE SERVICE" attached hereto.

Domestic Airline Service. As scheduled for 2019, 1,141 average daily departures were provided to 139 domestic destinations, including all major U.S. metropolitan regions and cities. With the start of service by JetBlue in April 2017, all mainline U.S. airlines now serve the Airport. In 2019, Delta mainline accounted for 70.5% of departing seats (versus 48.2% in 2008), Delta Connection for 7.7% (versus 24.0%), Southwest Airlines ("Southwest") for 10.3% (versus 21.4%), and other airlines for 11.5% (versus 6.4%). Of the 139 destinations served nonstop from the Airport, 101 (73%) were served by only one airline (nearly all Delta), 20 (14%) were served by

two airlines (generally Delta and Southwest), and 18 (13%) were served by three or more airlines (generally Delta, Southwest, and one or more others). Most of the largest destinations are served by two or more airlines.

International Airline Service. The average number of scheduled international departing seats at the Airport increased 76% between July 2000 and July 2019 as the number of destinations served nonstop increased from 40 to 79. The increase is evidence of both the demand for international airline travel to and from the Atlanta MSA and an increase in connecting service. As of July 2019, 14 airlines (Delta, Frontier, Southwest and 11 foreign-flag airlines) serving the Airport provided an average of 23,675 daily departing seats on 123 daily departures to 79 international destination airports. Delta and its joint venture partners (Aeromexico, Air France, KLM, Korean Air, Virgin Atlantic, and WestJet (pending regulatory approval)) provided service to all 79 destinations except Doha (served by Qatar) and Istanbul (served by Turkish). In July 2019, airline service to Europe accounted for 32% of seat capacity, followed by the Caribbean (23%), Mexico and Central America (21%), Canada (8%), South America (7%), Asia (5%), the Middle East (2%), and Africa (2%).

Airport's Role

Airport's Role as a Connecting Hub. The combination of the Airport's geographic location, the facilities provided at the Airport, and Delta's strategy of concentrating much of its service through the Airport has resulted in the Airport becoming the busiest and most important airline hub in the nation. The number of seats scheduled by Delta from the Airport in July 2019 was 32% higher than the number scheduled by American from Dallas/Fort Worth, the second busiest single-airline hub airport.

For additional information regarding the Airport's role as a connecting hub, see "APPENDIX A - REPORT OF THE AIRPORT CONSULTANT - AIRLINE TRAFFIC ANALYSIS - AIRPORT ROLE - Airport's Role as a Connecting Hub" attached hereto.

Airport's Role in Delta's System. In September 2005, Delta filed for bankruptcy protection. As part of its restructuring in bankruptcy, in 2006 and 2007, the airline reduced the size of its mainline aircraft fleet and redeployed aircraft from domestic to international operations. The airline also reached an agreement with its pilots that provided for compensation and work rule concessions and averted a strike. In April 2007, Delta emerged from bankruptcy protection. In April 2008, Delta and Northwest announced a merger that was completed in December 2009 with FAA's approval of a single operating certificate allowing operations to be fully integrated under the Delta name.

In 2008 and 2009, high fuel prices, the global economic recession, and decreased passenger demand caused Delta, like most airlines, to reduce and rationalize capacity at its hub airports. Between 2008 and 2012, Delta added service at the Airport and New York LaGuardia, while reducing service at Salt Lake City and the former Northwest hubs at Minneapolis-Saint Paul, Detroit, and Memphis. The Cincinnati hub, Delta's second busiest before the merger, was effectively closed in 2012. Between 2012 and 2019, Delta continued to increase service at Atlanta and added service at Seattle, Los Angeles, New York Kennedy, and Boston while closing the

Memphis hub. In July 2019, 21.7% of Delta's system-wide seats was scheduled on flights to or from the Airport, an increase from 19.1% in July 2008.

The Airport is, by far, Delta's busiest hub. The number of average daily departing seats scheduled from the Airport by Delta in July 2019 (143,434 seats) was close to the combined number of scheduled seats from the airline's next four largest hubs at Minneapolis-Saint Paul, Detroit, New York Kennedy, and Salt Lake City (160,823 seats).

In addition, the Airport is also Delta's primary international connecting gateway airport. The average number of daily departing international seats as scheduled from the Airport in July 2019 by Delta (19,157) was about 56% more than the number scheduled from New York Kennedy (12,311) and 3.5 times the number scheduled from Detroit (5,524).

Delta files annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and certain other reports and information with the SEC. Copies of the reports and other information filed with the SEC can be obtained in electronic form on the SEC website at <http://www.sec.gov/edgar.shtml>. In addition, copies of SEC records can be obtained using the following methods to contact the Office of Investor Education and Advocacy: (a) submit the online form on the SEC website, (b) send an email to publicinfo@sec.gov, (c) send a fax to (202) 772-9295, or (d) submit a written request to U.S. Securities and Exchange Commission, Office of Investor Education and Advocacy, 100 F Street N.E., Washington, D.C. 20549-0213.

For additional information regarding the Airport's role in Delta's System, see "APPENDIX A - REPORT OF THE AIRPORT CONSULTANT - AIRLINE TRAFFIC ANALYSIS - AIRPORT ROLE - Airport's Role in Delta's System" attached hereto.

Airport's Role in Southwest's System. In May 2011, Southwest closed on its acquisition of AirTran Airways, Inc. ("AirTran"). The combined airline adopted Southwest's branding and service policies and was issued a single operating certificate by the FAA in March 2012. Full integration of Southwest and AirTran operations under the Southwest name was completed in December 2014. Immediately before the merger, the Airport was, by far, the most important airport in AirTran's system (even though the airline had reduced service between 2008 and 2010), and would have been the fourth busiest in a combined Southwest-AirTran system. At the same time, the Airport was the largest U.S. market not served by Southwest.

Following the merger, Southwest began or increased service from the Airport to other major Southwest airports such as Austin, Baltimore/Washington, Chicago Midway, Denver, Houston Hobby, Las Vegas, and Phoenix Sky Harbor, while discontinuing service to mainly smaller cities formerly served by AirTran. Between July 2012 and July 2015, Southwest reduced its number of departing seats from the Airport by 32%.

In cutting back service at the Airport, Southwest also reduced its emphasis on connecting service through the Airport, scheduling flights and setting fares to favor originating passengers. As a result, connecting passenger numbers were greatly reduced. Between Fiscal Year 2010 and Fiscal Year 2018, the number of connecting passengers on Southwest-AirTran decreased by 2.9 million (-1.2%). Over the eight years, originating passengers actually increased, by 0.7 million (+26.4%) and the share of Southwest-AirTran enplaned passengers originating their journeys in

Atlanta increased from 35.3% to 63.6%. In January 2015, Southwest relinquished its ten gates at Concourse D and consolidated its operations at 18 gates at Concourse C.

As of July 2019, Southwest provided service to all of the top origin-and-destination markets from Atlanta in competition with Delta, but did not provide service to many medium-sized markets formerly served by AirTran and now served only by Delta.

AirTran operated a fleet of B-737 and B-717 aircraft. Following the merger, Southwest retired the B-717 aircraft (and leased them to Delta). As of December 2018, Southwest operated a fleet of 699 B-737 aircraft with an average capacity of 151 seats per aircraft.

Southwest has the largest fleet of B-737 MAX aircraft of any airline, and its flight operations are being affected by the grounding of the aircraft over concerns about the malfunctioning of the aircraft's flight control system. At the Airport, before the grounding in March 2019, operations by B-737 MAX aircraft accounted for 3.1% of Southwest's seat capacity, and it is likely that some part of the 5.4% reduction in scheduled seat capacity between July 2018 and July 2019 is attributable to the grounding. Deliveries of new B-737 MAX aircraft have been halted until the aircraft is cleared to fly. The delay in aircraft delivery is negatively affecting airline fleet renewal and expansion plans, particularly those of Southwest.

Southwest files annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and certain other reports and information with the SEC. Copies of the reports and other information filed with the SEC can be obtained in electronic form on the SEC website at <http://www.sec.gov/edgar.shtml>. In addition, copies of SEC records can be obtained using the following methods to contact the Office of Investor Education and Advocacy: (a) submit the online form on the SEC website, (b) send an email to publicinfo@sec.gov, (c) send a fax to (202) 772-9295, or (d) submit a written request to U.S. Securities and Exchange Commission, Office of Investor Education and Advocacy, 100 F Street N.E., Washington, D.C. 20549-0213.

For additional information regarding the Airport's role in Southwest's system, see "APPENDIX A - REPORT OF THE AIRPORT CONSULTANT - AIRLINE TRAFFIC ANALYSIS - AIRPORT ROLE - Airport's Role in Southwest's System" attached hereto.

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Historical Enplaned Passengers

The following table presents the number of enplaned passengers at the Airport for Fiscal Years 2014 through Fiscal Year 2018 and the first nine months of Fiscal Years 2018 and 2019.

Historical Enplaned Passengers⁽¹⁾

| Fiscal Year | Domestic | Percent Annual Change | International | Percent Annual Change | Total | Percent Annual Change |
|---|-----------------|------------------------------|----------------------|------------------------------|--------------|------------------------------|
| 2014 | 42,077,139 | -1.1% | 5,241,616 | 5.7% | 47,318,755 | -0.4% |
| 2015 | 43,630,709 | 3.7 | 5,425,607 | 3.5 | 49,056,316 | 3.7 |
| 2016 | 46,091,894 | 5.6 | 5,715,478 | 5.3 | 51,807,372 | 5.6 |
| 2017 | 46,226,593 | 0.3 | 5,871,147 | 2.7 | 52,097,740 | 0.6 |
| 2018 | 46,424,605 | 0.4 | 6,137,591 | 4.5 | 52,562,196 | 0.9 |
| First Nine Months of Fiscal Year | | | | | | |
| 2018 | 34,026,370 | -0.7% | 4,445,821 | 4.9% | 38,472,191 | -0.1% |
| 2019 | 35,423,220 | 4.1% | 4,555,911 | 2.5% | 39,979,131 | 3.9% |

⁽¹⁾ Totals may not add due to rounding.

Source: City of Atlanta, Department of Aviation.

For additional information regarding enplaned passengers at the Airport, see "APPENDIX A - REPORT OF THE AIRPORT CONSULTANT - ECONOMIC BASIS FOR AIRLINE TRAFFIC DEMAND - Historical Airline Traffic - Enplaned Passengers" attached hereto.

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Airline Competition and Shares of Passengers

The following table presents the distribution of enplaned passengers at the Airport by airline for Fiscal Years 2014 through Fiscal Year 2018.

Historical Enplaned Passengers by Airline

| | Fiscal Year | | | | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 |
| Domestic | | | | | |
| Delta and affiliates | 29,960,075 | 32,525,732 | 33,841,647 | 33,622,154 | 33,768,375 |
| Delta | 320,369 | 221,979 | 164,847 | 229,486 | 1,190,076 |
| Endeavor (formerly Pinnacle) | 3,815,707 | 2,992,624 | 2,945,433 | 2,507,917 | 1,042,593 |
| ExpressJet | 33,101 | 82,339 | 199,782 | 315,242 | 800,799 |
| SkyWest | 727 | - | 97 | 45 | 48 |
| GoJet | - | - | - | 140 | - |
| Republic | - | - | - | - | - |
| Compass | 14,483 | - | - | - | - |
| Shuttle America | 3,232 | - | - | - | - |
| Subtotal Delta | 34,147,694 | 35,822,674 | 37,151,806 | 36,674,984 | 36,801,891 |
| Southwest ⁽¹⁾ | 5,350,342 | 4,787,598 | 4,822,488 | 5,089,590 | 5,083,091 |
| Other U.S.-flag airlines | | | | | |
| American ⁽²⁾⁽³⁾ | 1,529,050 | 1,464,480 | 1,606,762 | 1,793,965 | 1,594,493 |
| United ⁽²⁾ | 553,992 | 707,931 | 901,550 | 1,000,306 | 1,016,049 |
| Spirit | 260,716 | 385,580 | 838,231 | 920,159 | 1,024,584 |
| Frontier ⁽²⁾ | 100,783 | 379,076 | 664,909 | 568,136 | 513,020 |
| JetBlue | - | - | - | 55,070 | 277,907 |
| Alaska | 105,914 | 71,575 | 105,028 | 119,195 | 107,959 |
| Other | 28,648 | 11,795 | 1,120 | 5,188 | 5,611 |
| Subtotal other U.S.-flag airlines | 2,579,103 | 3,020,437 | 4,117,600 | 4,462,019 | 4,539,623 |
| Total Domestic | 42,077,139 | 43,630,709 | 46,091,894 | 46,226,593 | 46,424,605 |
| International | | | | | |
| Delta and affiliates | | | | | |
| Delta | 4,034,304 | 4,238,852 | 4,433,642 | 4,513,574 | 4,874,414 |
| ExpressJet | 314,900 | 319,245 | 264,031 | 238,912 | 112,906 |
| Endeavor | 773 | 17,787 | 20,770 | 28,328 | 64,239 |
| Compass | 69 | - | - | - | - |
| SkyWest | - | 70 | - | - | - |
| Subtotal Delta | 4,350,046 | 4,575,954 | 4,718,443 | 4,780,814 | 5,051,559 |
| Southwest ⁽²⁾ | 236,390 | 119,092 | 92,389 | 94,285 | 93,565 |
| Foreign-flag airlines | 654,335 | 730,561 | 891,918 | 996,048 | 992,467 |
| Other U.S.-flag airlines | 845 | - | 12,728 | - | - |
| Total International | 5,241,616 | 5,425,607 | 5,715,478 | 5,871,147 | 6,137,591 |
| Total | 47,318,755 | 49,056,316 | 51,807,372 | 52,097,740 | 52,562,196 |

⁽¹⁾ Effective May 2, 2011, AirTran began operating as a wholly-owned subsidiary of Southwest. AirTran and Southwest received a single operating certificate from the FAA in March 2012 and fully integrated operations in December 2014. Data includes AirTran.

⁽²⁾ Includes regional affiliates.

⁽³⁾ Effective December 2013, American Airlines and US Airways merged to form American Airline Group. The last US Airways flight was on October 17, 2015. Data includes US Airways.

Source: City of Atlanta, Department of Aviation.

For additional information regarding distribution of enplaned passengers at the Airport by airline, see "APPENDIX A - REPORT OF THE AIRPORT CONSULTANT - ECONOMIC

BASIS FOR AIRLINE TRAFFIC DEMAND - Historical Airline Traffic - Airline Competition and Shares of Passengers" attached hereto.

The following table presents historical market share at the Airport by airline for Fiscal Years 2014 through Fiscal Year 2018.

Historical Market Share by Airline

| | Fiscal Year | | | | |
|--|---------------|---------------|---------------|---------------|---------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 |
| Domestic | | | | | |
| Delta and affiliates | | | | | |
| Delta | 63.3% | 66.3% | 65.3% | 64.5% | 64.2% |
| Endeavor (formerly Pinnacle) | 0.7 | 0.5 | 0.3 | 0.4 | 2.3 |
| ExpressJet | 8.1 | 6.1 | 5.7 | 4.8 | 2.0 |
| SkyWest | 0.1 | 0.2 | 0.4 | 0.6 | 1.5 |
| GoJet | - | - | - | - | - |
| Republic | - | - | - | - | - |
| Compass | - | - | - | - | - |
| Shuttle America | - | - | - | - | - |
| Subtotal Delta | 72.2% | 73.0% | 71.7% | 70.4% | 70.0% |
| Southwest ⁽¹⁾ | 11.3% | 9.8% | 9.3% | 9.8% | 9.7% |
| Other U.S.-flag airlines | | | | | |
| American ⁽²⁾⁽³⁾ | 3.2 | 3.0 | 3.1 | 3.4 | 3.0 |
| United ⁽²⁾ | 1.2 | 1.4 | 1.7 | 1.9 | 1.9 |
| Spirit | 0.6 | 0.8 | 1.6 | 1.8 | 1.9 |
| Frontier ⁽²⁾ | 0.2 | 0.8 | 1.3 | 1.1 | 1.0 |
| JetBlue | - | - | - | 0.1 | 0.5 |
| Alaska | 0.2 | 0.1 | 0.2 | 0.2 | 0.2 |
| Other | 0.1 | - | - | - | - |
| Subtotal other U.S.-flag airlines | 5.5% | 6.2% | 7.9% | 8.6% | 8.6% |
| Total Domestic | 88.9% | 88.9% | 89.0% | 88.7% | 88.3% |
| International | | | | | |
| Delta and affiliates | | | | | |
| Delta | 8.5% | 8.6% | 8.6% | 8.7% | 9.3% |
| ExpressJet | 0.7 | 0.7 | 0.5 | 0.5 | 0.2 |
| Endeavor (formerly Pinnacle) | - | - | - | 0.1 | 0.1 |
| Compass | - | - | - | - | - |
| SkyWest | - | - | - | - | - |
| Subtotal Delta | 9.2% | 9.3% | 9.1% | 9.2% | 9.6% |
| Southwest ⁽¹⁾ | 0.5 | 0.2 | 0.2 | 0.2 | 0.2 |
| Foreign-flag airlines | 1.4 | 1.5 | 1.7 | 1.9 | 1.9 |
| Other U.S.-flag airlines | - | - | - | - | - |
| Total International | 11.1% | 11.1% | 11.0% | 11.3% | 11.7% |
| Total | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

⁽¹⁾ Effective May 2, 2011, AirTran began operating as a wholly-owned subsidiary of Southwest. AirTran and Southwest received a single operating certificate from the FAA in March 2012 and fully integrated operations in December 2014. Data includes AirTran.

⁽²⁾ Includes regional affiliates.

⁽³⁾ Effective December 2013, American Airlines and US Airways merged to form American Airline Group. The last US Airways flight was on October 17, 2015. Data includes US Airways.

Source: City of Atlanta, Department of Aviation.

For additional information regarding historical market share at the Airport by airline, see "APPENDIX A - REPORT OF THE AIRPORT CONSULTANT - ECONOMIC BASIS FOR

AIRLINE TRAFFIC DEMAND - Historical Airline Traffic - Airline Competition and Shares of Passengers" attached hereto.

Historical Aircraft Operations. The following table presents historical data on aircraft operations (landings and takeoffs) for Fiscal Years 2014 through 2018.

Historical Aircraft Operations

| Fiscal Year⁽²⁾ | Air Carrier | Air Taxi/ Commuter | General Aviation | Military | Total Operations | Annual Change |
|----------------------------------|--------------------|-------------------------------|-------------------------|-----------------|-------------------------|----------------------|
| 2014 | 719,974 | 160,437 | 7,373 | 230 | 888,014 | -3.3% |
| 2015 | 758,440 | 103,858 | 7,555 | 528 | 870,381 | -2.0 |
| 2016 | 798,398 | 91,128 | 7,612 | 345 | 897,483 | 3.1 |
| 2017 | 787,507 | 93,542 | 7,978 | 178 | 889,205 | -0.9 |
| 2018 | 792,651 | 84,492 | 7,462 | 166 | 884,771 | -0.5 |

(1) Totals may not add due to rounding.

(2) The information presented in this table is for the 12-month periods ended June 30 which coincide with the City's Fiscal Year.

Source: City of Atlanta, Department of Aviation.

For additional information concerning aircraft operations, see "APPENDIX A - REPORT OF THE AIRPORT CONSULTANT - ECONOMIC BASIS FOR AIRLINE TRAFFIC DEMAND - Aircraft Operations" attached hereto.

Historical Air Cargo Activity. According to data compiled by Airports Council International-North America, in 2017 (the latest year for which data are available), the Airport ranked as the 12th busiest cargo airport in the United States, measured in terms of total cargo weight enplaned and deplaned. As the Atlanta economy strengthened between Fiscal Years 2014 and Fiscal Year 2018, cargo tonnage at the Airport increased 27%, with international cargo benefitting from the addition of freighter service by AirBridgeCargo, CAL Cargo, China Cargo Airlines, Qatar Airways, and Turkish Airlines. In Fiscal Year 2018, international cargo tonnage accounted for 59% of the total and domestic for 41%. In Fiscal Year 2018, cargo carried by Delta (in the bellies of passenger aircraft) accounted for 37% of all cargo tonnage at the Airport, followed by FedEx, 27%, and UPS Cargo, 13%.

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The following tables present historical air cargo tonnage at the Airport for Fiscal Years 2014 through 2018.

Historical Air Cargo and Mail⁽¹⁾⁽²⁾
(amounts in metric tons)

| Fiscal Year | Cargo | Mail | Total | Percent Annual Change |
|--------------------|--------------|-------------|--------------|------------------------------|
| 2014 | 552,045 | 49,396 | 601,441 | -5.6% |
| 2015 | 576,326 | 48,001 | 624,327 | 3.8 |
| 2016 | 584,903 | 41,179 | 626,082 | 0.3 |
| 2017 | 631,730 | 41,480 | 673,210 | 7.5 |
| 2018 | 663,859 | 40,717 | 704,576 | 4.7 |

⁽¹⁾ Totals may not add due to rounding.

⁽²⁾ Including deplaned and enplaned amounts on all cargo and passenger airline aircraft.

Source: City of Atlanta, Department of Aviation.

See "APPENDIX A - REPORT OF THE AIRPORT CONSULTANT - ECONOMIC BASIS FOR AIRLINE TRAFFIC DEMAND - Air Cargo" attached hereto.

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Historical Air Cargo (Enplaned and Deplaned) by Airline⁽¹⁾⁽²⁾
(amounts in metric tons)

| | Fiscal Year | | | | |
|----------------------------|----------------|----------------|----------------|----------------|----------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 |
| Domestic | | | | | |
| FedEx | 88,429 | 87,451 | 93,627 | 108,605 | 109,859 |
| Delta | 67,252 | 62,273 | 57,894 | 55,191 | 54,410 |
| UPS | 47,392 | 50,774 | 51,810 | 54,857 | 51,852 |
| ABX | 5,793 | 7,352 | 12,611 | 20,545 | 19,859 |
| Southwest | 3,068 | 8,326 | 7,810 | 7,184 | 7,437 |
| Other | 12,560 | 11,025 | 4,491 | 3,517 | 7,656 |
| Total Domestic | 224,494 | 227,201 | 228,243 | 249,899 | 251,073 |
| International | | | | | |
| Delta | 109,050 | 105,661 | 91,523 | 84,917 | 99,118 |
| Lufthansa | 25,522 | 24,450 | 23,257 | 25,073 | 32,599 |
| Qatar Airways | 8,586 | 16,556 | 23,213 | 32,250 | 30,126 |
| Cathay Pacific | 19,314 | 25,520 | 18,018 | 22,246 | 28,432 |
| Korean | 30,793 | 33,729 | 28,510 | 28,148 | 26,134 |
| China Airlines | 24,976 | 25,478 | 24,309 | 26,063 | 25,738 |
| Cargolux | 19,653 | 19,126 | 18,775 | 20,837 | 24,290 |
| EVA Airways | 26,968 | 26,953 | 24,566 | 24,340 | 22,341 |
| CAL Cargo | | | 6,983 | 9,692 | 15,216 |
| China Cargo Airlines | | | 7,649 | 12,268 | 14,435 |
| Air France | 13,402 | 11,875 | 12,597 | 14,230 | 12,407 |
| Asiana | 13,835 | 14,551 | 11,908 | 13,302 | 12,360 |
| British Airways | 18,194 | 6,646 | 7,798 | 10,656 | 11,661 |
| AirBridgeCargo | | | 4,702 | 9,182 | 11,117 |
| KLM Royal Dutch Airlines | 7,105 | 8,322 | 8,552 | 9,155 | 11,065 |
| Turkish Airlines | | | 3,806 | 9,211 | 10,852 |
| Virgin Atlantic Airways | | 7,064 | 13,468 | 13,260 | 9,298 |
| Emirates Sky Cargo | 1,974 | 14,429 | 19,333 | 4,302 | 240 |
| Other | 8,179 | 8,765 | 7,693 | 12,700 | 15,357 |
| Total International | 327,551 | 349,125 | 356,660 | 381,832 | 412,786 |
| Total | 552,045 | 576,326 | 584,903 | 631,731 | 663,859 |

⁽¹⁾ Totals may not add due to rounding.

⁽²⁾ Air cargo only (excluding mail).

Source: City of Atlanta, Department of Aviation.

See "APPENDIX A - REPORT OF THE AIRPORT CONSULTANT - ECONOMIC BASIS FOR AIRLINE TRAFFIC DEMAND - Air Cargo" attached hereto.

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Historical Landed Weight. The following table presents historical aircraft landed weight for Fiscal Years 2014 through 2018.

Historical Aircraft Landed Weight⁽¹⁾
(amounts in thousands of pounds)

| Fiscal Year | Signatory Airlines | Non-Signatory Airlines | Total | Percent Annual Change |
|------------------------|-------------------------------|-----------------------------------|--------------|--------------------------------------|
| 2014 | 57,157,000 | 166,000 | 57,323,000 | -1.6% |
| 2015 | 58,201,000 | 179,000 | 58,380,000 | 1.8 |
| 2016 | 59,951,000 | 133,000 | 60,084,000 | 2.9 |
| 2017 | 59,848,000 | 166,000 | 60,014,000 | -0.1 |
| 2018 | 59,992,000 | 149,000 | 60,141,000 | 0.2 |

⁽¹⁾ Totals may not add due to rounding.

Source: City of Atlanta, Department of Aviation.

Insurance

The City maintains various insurance policies, including, but not limited to airport liability, property liability, airport site pollution liability, foreign and domestic travel, crime, excess workers' compensation, OCIP and construction program, and vendors and contractors.

Airport Liability. The City purchases Airport Owners and Operators Liability Insurance providing third party liability coverage for bodily injury and property damage arising from aviation operations at the Airport. Such policy renews annually on September 1st and provides up to \$500 million in coverage limits with a deductible of \$25,000/occurrence, not to exceed \$500,000 annual aggregate. War and Allied Perils is included in the program with a limit of \$100 million.

Property Liability. The property of the Department of Aviation is insured under a separate policy covering only assets belonging to the Department of Aviation. Such policy renews annually on November 1st. The program covers real and personal property, boiler and machinery, flood, business interruption and related loss prevention services. Limits and deductibles vary, but the most the policy will pay is \$1 billion with most policy deductibles of \$250,000 per occurrence and one times average daily value for time element claims. Windstorm and flood coverage is provided with a limit of \$100 million. Terrorism coverage is included in the program with a limit of \$1 billion. Airport property currently has a replacement value in excess of \$3.7 billion.

The City purchases a separate Fine Arts policy for its art collection with a total insured value of approximately \$18 million. The rate has remained steady over the past five years, but the premium has increased due to the expansion of the collection.

Airport Site Pollution Liability. The Airport purchases liability coverage for pollution claims. A new carrier was selected in 2018 for a three-year term of September 27, 2018 through September 27, 2021. The policy provides \$10 million per occurrence with a \$25 million aggregate and a \$250,000 deductible. The premium for such policy has decreased 55.75% over the last 12 years.

Foreign and Domestic Travel. Effective May 3, 2011, the City purchased both a foreign and domestic travel policy designed to enhance existing benefits as well as to fill gaps that arise as a result of travel outside of Atlanta. Coverage includes workers compensation, general liability, hired auto, limited City and personal property, and traveler's assistance service benefits.

Crime. The City purchases a crime policy which provides coverage for the dishonest acts of employees. The total limit is \$1.0 million with a deductible of \$150,000 per occurrence.

Excess Workers' Compensation. As required by the State of Georgia Workers' Compensation Code, the City began purchasing excess workers' compensation coverage on March 1, 2011. Such policy has a retention of \$5 million per claim.

OCIP and Construction Program. The City maintains an Owner Controlled Insurance Program (OCIP) for its capital improvement plan. Any construction project identified as an OCIP project is covered. Every contractor at every level must enroll in the program, unless otherwise excluded from coverage. The coverage provided under OCIP includes workers compensation, general liability, and an excess policy for automobile coverage. In addition, the City maintains a policy for Owner's Protective Professional Indemnity (OPPI) which provides coverage for professional liability related to professional services provided by engineers and architects. The Current OPPI policy runs through March 1, 2022. Finally, as a part of its comprehensive construction protection, the City has a policy for Builder's Risk. The Builder's Risk has a policy limit of \$250 million per project. The City maintains Contractor's Pollution Liability for a term that runs from July 1, 2017 through July 1, 2022.

Vendors and Contractors. Vendors and contractors who wish to conduct business with the City are required to have minimal levels of coverage for general liability, automobile, and workers compensation. If the contract has unique characteristics, the City may place additional requirements.

Prior to the expiration of all policies, the City evaluates coverage and premium costs before determining whether to renew or replace the existing coverage. There is no guarantee that the same insurance coverages or policy limits will be available or obtained by the City in the future. The brokers and the staff at the City worked hard and diligently to ensure that the City obtains the best rates, terms and coverage as possible. The City has maintained a long standing relationship with its aviation general liability carrier and its OCIP carrier and will leverage that relationship to the advantage of the City.

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OUTSTANDING AIRPORT OBLIGATIONS

Senior Lien General Revenue Bonds

Outstanding Senior Lien General Revenue Bonds. Upon the issuance and delivery of the Series 2019 General Revenue Bonds and prior to the issuance and delivery of the Series 2019E General Revenue Refunding Bonds, the following will be the Senior Lien Bonds Outstanding under the Bond Ordinance, all of which are limited obligations of the City payable from and secured by a pledge of and senior lien on Pledged Revenues (the "Outstanding Senior Lien General Revenue Bonds"):

| Outstanding Senior Lien General Revenue Bonds | Original Aggregate Principal Amount | Outstanding Principal Amount |
|--|--|---|
| Airport General Revenue Bonds, Series 2010A ⁽¹⁾ | \$ 177,990,000 | \$ 155,760,000 |
| Airport General Revenue Refunding Bonds, Series 2010C (the "Series 2010C Bonds") | 524,045,000 | 363,585,000 |
| Airport General Revenue Refunding Bonds, Series 2011A (Non-AMT) (the "Series 2011A Bonds") | 224,195,000 | 77,780,000 |
| Airport General Revenue Refunding Bonds, Series 2011B (AMT) (the "Series 2011B Bonds") | 216,195,000 | 169,000,000 |
| Airport General Revenue Bonds, Series 2012A (Non-AMT) (the "Series 2012A Bonds") | 63,695,000 | 57,585,000 |
| Airport General Revenue Bonds, Series 2012B (Non-AMT) (the "Series 2012B Bonds") | 184,660,000 | 168,500,000 |
| Airport General Revenue Bonds, Series 2012C (AMT) (the "Series 2012C Bonds") | 225,740,000 | 205,480,000 |
| Airport General Revenue Refunding Bonds, Series 2014B (Non-AMT) (the "Series 2014B Bonds") | 141,005,000 | 130,205,000 |
| Airport General Revenue Refunding Bonds, Series 2014C (AMT) (the "Series 2014C Bonds") | 181,875,000 | 102,595,000 |
| Airport General Revenue Bonds, Series 2019A (Non-AMT) | 47,150,000 | 47,150,000 |
| Airport General Revenue Bonds, Series 2019B (AMT) | 254,215,000 | 254,215,000 |
| | \$2,240,765,000 | \$1,731,855,000 |

⁽¹⁾ A portion of the proceeds of the Series 2019E General Revenue Refunding Bonds, if and when issued, will be used primarily to refund all or a portion of the outstanding Series 2010A General Revenue Bonds.

Source: City of Atlanta, Department of Aviation.

Proposed Issuance of Additional Senior Lien Bonds. In addition to the Series 2019E General Revenue Refunding Bonds, based on current conditions, the City currently contemplates the issuance of Additional Bonds in the aggregate principal amount of approximately \$1,570,000,000* through approximately Fiscal Year 2022 (collectively, the "Proposed 2020-2022 Bonds"), for the purpose of, among other things, financing or refinancing certain costs of the Capital Plan to 2023 and repaying all or a portion of the then outstanding 2019 Commercial Paper Notes (as defined herein) pursuant to the Twenty-Fifth Supplemental Bond Ordinance. The City may alter the timing and amount of the Proposed 2020-2022 Bonds based on subsequent events and changes in conditions at the Airport or in the Capital Plan to 2023. See "APPENDIX A - REPORT OF THE AIRPORT CONSULTANT" attached hereto.

In addition, the City may issue Additional Bonds issued on a parity with the Outstanding Senior Lien General Revenue Bonds and the Series 2019 General Revenues Bonds in connection with financing or refinancing opportunities that: (a) lower costs of borrowing and/or maximize savings in accordance with long term planning objectives, and/or (b) provide funding for projects approved by the City Council.

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* Preliminary; subject to change.

Hybrid PFC Bonds

Outstanding Hybrid PFC Bonds. Upon the issuance and delivery of the Series 2019 Hybrid PFC Bonds and prior to the issuance and delivery of the Series 2019F Hybrid PFC Refunding Bonds, the following will be the Hybrid PFC Bonds Outstanding under the Bond Ordinance, all of which are limited obligations of the City payable from and secured by: (a) a pledge of and senior lien on the portion of Revenues of the Airport constituting PFC Revenues; and (b) a pledge of and lien on Pledged Revenues junior and subordinate in right of payment to the pledge of and lien on Pledged Revenues securing the Outstanding Senior Lien General Revenue Bonds (the "Outstanding Hybrid PFC Bonds"):

| Outstanding Hybrid PFC Bonds | Original Aggregate Principal Amount | Outstanding Principal Amount |
|--|--|---|
| Airport Passenger Facility Charge and Subordinate Lien General Revenue Bonds, Series 2010B ⁽¹⁾ | \$409,810,000 | \$211,330,000 |
| Airport Passenger Facility Charge and Subordinate Lien General Revenue Refunding Bonds, Series 2014A (Non-AMT) (the "Series 2014A Hybrid PFC Bonds") | 523,605,000 | 523,605,000 |
| Airport Passenger Facility Charge and Subordinate Lien General Revenue Bonds, Series 2019C (Non-AMT) | 185,670,000 | 185,670,000 |
| Airport Passenger Facility Charge and Subordinate Lien General Revenue Bonds, Series 2019D (AMT) | 220,105,000 | 220,105,000 |
| | \$1,339,190,000 | \$1,140,710,000 |

⁽¹⁾ A portion of the proceeds of the Series 2019F Hybrid PFC Refunding Bonds, if and when issued, will be used primarily to refund all or a portion of the outstanding Series 2010B Hybrid PFC Bonds.

Source: City of Atlanta, Department of Aviation.

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Proposed Issuance of Additional Hybrid PFC Bonds. Other than the contemplated issuance of the Series 2019F Hybrid PFC Refunding Bonds, the City does not presently anticipate issuing any additional Hybrid PFC Bonds. However, the City may issue additional Hybrid PFC Bonds issued on a parity with the Outstanding Hybrid PFC Bonds and the Series 2019 Hybrid PFC Bonds in connection with financing or refinancing opportunities that: (a) lower costs of borrowing and/or maximize savings in accordance with long term planning objectives, and/or (b) provide funding for projects approved by the City Council.

Commercial Paper Notes

Pursuant to the Twenty-Fifth Supplemental Bond Ordinance, the City authorized, among other things, (a) the issuance of Third Lien Airport General Revenue Commercial Paper Notes and Second Lien Airport Passenger Facility Charge and Third Lien Airport General Revenue Commercial Paper Notes, in one or more Programs and one or more Series, in a maximum aggregate principal amount of not to exceed \$2,000,000,000 outstanding at any time to facilitate anticipated capital project procurement and encumbrances and provide short-term interim financing or refinancing for a portion of the costs of the planning, engineering, design, acquisition and construction of portions of the Capital Plan to 2023; and (b) the issuance of the Series J Notes, the Series K Notes, and the Series L Notes (all as defined herein) in an aggregate principal amount of not to exceed \$950,000,000 outstanding at any time (the "2019 Commercial Paper Notes"), as the initial program under the Twenty-Fifth Supplemental Bond Ordinance for the purpose of, among other things, providing short-term, interim financing or refinancing for a portion of the costs of the planning, engineering, design, acquisition and construction of portions of the Capital Plan to 2023.

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Outstanding Third Lien GARB Notes. The following are the Third Lien GARB Notes Outstanding under the Bond Ordinance, all of which are limited obligations of the City payable from and secured by a pledge of and lien on Pledged Revenues junior and subordinate in right of payment to the pledge of and lien on Pledged Revenues securing the Outstanding Senior Lien General Revenue Bonds and the Outstanding Hybrid PFC Bonds (the "Outstanding Third Lien GARB Notes"):

| Outstanding Third Lien GARB Notes⁽¹⁾ | Original Aggregate Principal Amount | Outstanding Principal Amount |
|--|--|---|
| Third Lien Airport General Revenue Commercial Paper Notes, Series J-1 (Non-AMT) (the "Series J-1 Notes") | \$ 46,009,000 | \$ 46,009,000 |
| Third Lien Airport General Revenue Commercial Paper Notes, Series J-2 (AMT) (the "Series J-2 Notes") | 110,408,000 | 110,408,000 |
| Third Lien Airport General Revenue Commercial Paper Notes, Series K-1 (Non-AMT) (the "Series K-1 Notes") | 128,383,000 | 128,383,000 |
| Third Lien Airport General Revenue Commercial Paper Notes, Series K-2 (AMT) (the "Series K-2 Notes") | 104,408,000 | 104,408,000 |
| Third Lien Airport General Revenue Commercial Paper Notes, Series L-1 (Non-AMT) (the "Series L-1 Notes") | 1,285,000 | 1,285,000 |
| Third Lien Airport General Revenue Commercial Paper Notes, Series L-2 (AMT) (the "Series L-2 Notes") | 4,335,000 | 4,335,000 |
| | \$394,828,000 | \$394,828,000 |

⁽¹⁾ The City intends to use a portion of the proceeds of the Series 2019 General Revenue Bonds to refund a portion of the Outstanding Third Lien GARB Notes (along with interim funding programs replaced by the Outstanding Third Lien GARB Notes) which have provided interim funding for certain of the projects included in the Capital Plan to 2023.

Source: City of Atlanta, Department of Aviation.

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Outstanding Modified Hybrid PFC Notes. The following are the Modified Hybrid PFC Notes Outstanding under the Bond Ordinance, all of which are limited obligations of the City payable from and secured by: (a) a pledge of and lien on PFC Revenues junior and subordinate in right of payment to the pledge of and lien on PFC Revenues securing the Outstanding Hybrid PFC Bonds; and (b) a pledge of and lien on Pledged Revenues junior and subordinate in right of payment to the pledge of and lien on Pledged Revenues securing the Outstanding Senior Lien General Revenue Bonds and the Outstanding Hybrid PFC Bonds (the "Outstanding Modified Hybrid PFC Notes"):

| Outstanding Modified Hybrid PFC Notes⁽¹⁾ | Original Aggregate Principal Amount | Outstanding Principal Amount |
|---|--|---|
| Second Lien Airport Passenger Facility Charge and Third Lien Airport General Revenue Commercial Paper Notes, Series J-3 (Non-AMT), (the "Series J-3 Notes") | \$ 21,145,000 | \$ 21,145,000 |
| Second Lien Airport Passenger Facility Charge and Third Lien Airport General Revenue Commercial Paper Notes, Series J-4 (AMT) (the "Series J-4 Notes") | 47,249,000 | 47,249,000 |
| Second Lien Airport Passenger Facility Charge and Third Lien Airport General Revenue Commercial Paper Notes, Series K-3 (Non-AMT), (the "Series K-3 Notes") | 18,361,000 | 18,361,000 |
| Second Lien Airport Passenger Facility Charge and Third Lien Airport General Revenue Commercial Paper Notes, Series K-4 (AMT) (the "Series K-4 Notes") | 40,427,000 | 40,427,000 |
| Second Lien Airport Passenger Facility Charge and Third Lien Airport General Revenue Commercial Paper Notes, Series L-3 (Non-AMT), (the "Series L-3 Notes") | 1,126,000 | 1,126,000 |
| Second Lien Airport Passenger Facility Charge and Third Lien Airport General Revenue Commercial Paper Notes, Series L-4 (AMT) (the "Series L-4 Notes") | 3,303,000 | 3,303,000 |
| | <u>\$131,611,000</u> | <u>\$131,611,000</u> |

⁽¹⁾ The City intends to use a portion of the proceeds of the Series 2019 Hybrid PFC Bonds to refund a portion of the Outstanding Modified Hybrid PFC Notes (along with interim funding programs replaced by Outstanding Modified Hybrid PFC Notes) which have provided interim funding for certain of the projects included in the Capital Plan to 2023.

Source: City of Atlanta, Department of Aviation.

The Series J-1 Notes, the Series J-2 Notes, the Series J-3 Notes, and the Series J-4 Notes are collectively hereinafter referred to as the "Series J Notes." The Series K-1 Notes, the Series K-2 Notes, the Series K-3 Notes, and the Series K-4 Notes are collectively hereinafter referred to as the "Series K Notes." The Series L-1 Notes, the Series L-2 Notes, the Series L-3 Notes, and the Series L-4 Notes are collectively hereinafter referred to as the "Series L Notes."

Outstanding Other Airport Obligations

Pursuant to the Bond Ordinance, the Other Airport Obligations do not have a lien on any category of Revenues of the Airport. As of August 1, 2019, there were no Other Airport Obligations currently outstanding under the Bond Ordinance. The City does not presently anticipate issuing any Other Airport Obligations.

Hedge Agreements and Subordinate Hedge Agreements

As of August 1, 2019, there were no outstanding Hedge Agreements or Subordinate Hedge Agreements under the Bond Ordinance. The City does not presently anticipate entering into any Hedge Agreements or Subordinate Hedge Agreements. For additional information regarding Hedge Agreements and Subordinate Hedge Agreements, see "APPENDIX D - SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE" attached hereto.

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PRINCIPAL AND INTEREST REQUIREMENTS

Outstanding Senior Lien General Revenue Bonds

The following table presents the estimated annual debt service obligations of the City on the Outstanding Senior Lien General Revenue Bonds, the Series 2019A Bonds, the Series 2019B Bonds, and the total Outstanding Senior Lien General Revenue Bonds upon the issuance of the Series 2019 General Revenue Bonds.

| Fiscal Year Ending June 30 | Outstanding Senior Lien General Revenue Bonds ⁽¹⁾⁽²⁾ | Series 2019A Bonds | | | Series 2019B Bonds | | | Total Outstanding Senior Lien General Revenue Bonds Debt Service ⁽¹⁾⁽²⁾ |
|----------------------------------|---|-----------------------------|----------------------------|---|-----------------------------|----------------------------|---|--|
| | | Principal ⁽¹⁾⁽²⁾ | Interest ⁽¹⁾⁽²⁾ | Total Debt Service ⁽¹⁾⁽²⁾ | Principal ⁽¹⁾⁽²⁾ | Interest ⁽¹⁾⁽²⁾ | Total Debt Service ⁽¹⁾⁽²⁾ | |
| 2020 | \$ 163,450,581 | | \$ 1,798,299 | \$ 1,798,299 | | \$ 9,220,416 | \$ 9,220,416 | \$ 174,469,296 |
| 2021 | 163,435,881 | \$ 765,000 | 2,224,700 | 2,989,700 | \$ 4,270,000 | 11,406,700 | 15,676,700 | 182,102,281 |
| 2022 | 134,477,931 | 800,000 | 2,186,450 | 2,986,450 | 4,485,000 | 11,193,200 | 15,678,200 | 153,142,581 |
| 2023 | 134,443,550 | 835,000 | 2,146,450 | 2,981,450 | 4,715,000 | 10,968,950 | 15,683,950 | 153,108,950 |
| 2024 | 134,391,163 | 880,000 | 2,104,700 | 2,984,700 | 4,950,000 | 10,733,200 | 15,683,200 | 153,059,063 |
| 2025 | 134,346,319 | 925,000 | 2,060,700 | 2,985,700 | 5,195,000 | 10,485,700 | 15,680,700 | 153,012,719 |
| 2026 | 134,298,969 | 975,000 | 2,014,450 | 2,989,450 | 5,455,000 | 10,225,950 | 15,680,950 | 152,969,369 |
| 2027 | 134,242,044 | 1,025,000 | 1,965,700 | 2,990,700 | 5,725,000 | 9,953,200 | 15,678,200 | 152,910,944 |
| 2028 | 134,187,669 | 1,070,000 | 1,914,450 | 2,984,450 | 6,010,000 | 9,666,950 | 15,676,950 | 152,849,069 |
| 2029 | 134,119,831 | 1,130,000 | 1,860,950 | 2,990,950 | 6,310,000 | 9,366,450 | 15,676,450 | 152,787,231 |
| 2030 | 130,745,781 | 1,180,000 | 1,804,450 | 2,984,450 | 6,630,000 | 9,050,950 | 15,680,950 | 149,411,181 |
| 2031 | 62,208,475 | 1,245,000 | 1,745,450 | 2,990,450 | 6,955,000 | 8,719,450 | 15,674,450 | 80,873,375 |
| 2032 | 62,180,722 | 1,300,000 | 1,683,200 | 2,983,200 | 7,310,000 | 8,371,700 | 15,681,700 | 80,845,622 |
| 2033 | 62,159,672 | 1,370,000 | 1,618,200 | 2,988,200 | 7,675,000 | 8,006,200 | 15,681,200 | 80,829,072 |
| 2034 | 43,502,450 | 1,435,000 | 1,549,700 | 2,984,700 | 7,980,000 | 7,699,200 | 15,679,200 | 62,166,350 |
| 2035 | 43,500,072 | 1,505,000 | 1,477,950 | 2,982,950 | 8,300,000 | 7,380,000 | 15,680,000 | 62,163,022 |
| 2036 | 43,493,200 | 1,580,000 | 1,402,700 | 2,982,700 | 8,630,000 | 7,048,000 | 15,678,000 | 62,153,900 |
| 2037 | 43,495,150 | 1,660,000 | 1,323,700 | 2,983,700 | 8,980,000 | 6,702,800 | 15,682,800 | 62,161,650 |
| 2038 | 43,494,375 | 1,740,000 | 1,240,700 | 2,980,700 | 9,335,000 | 6,343,600 | 15,678,600 | 62,153,675 |
| 2039 | 43,491,375 | 1,830,000 | 1,153,700 | 2,983,700 | 9,705,000 | 5,970,200 | 15,675,200 | 62,150,275 |
| 2040 | 43,499,250 | 1,925,000 | 1,062,200 | 2,987,200 | 10,100,000 | 5,582,000 | 15,682,000 | 62,168,450 |
| 2041 | 31,534,875 | 2,020,000 | 965,950 | 2,985,950 | 10,600,000 | 5,077,000 | 15,677,000 | 50,197,825 |
| 2042 | 31,534,125 | 2,115,000 | 864,950 | 2,979,950 | 11,135,000 | 4,547,000 | 15,682,000 | 50,196,075 |
| 2043 | | 2,225,000 | 759,200 | 2,984,200 | 11,690,000 | 3,990,250 | 15,680,250 | 18,664,450 |
| 2044 | | 2,335,000 | 647,950 | 2,982,950 | 12,275,000 | 3,405,750 | 15,680,750 | 18,663,700 |
| 2045 | | 2,450,000 | 531,200 | 2,981,200 | 12,890,000 | 2,792,000 | 15,682,000 | 18,663,200 |
| 2046 | | 2,555,000 | 433,200 | 2,988,200 | 13,400,000 | 2,276,400 | 15,676,400 | 18,664,600 |
| 2047 | | 2,650,000 | 331,000 | 2,981,000 | 13,940,000 | 1,740,400 | 15,680,400 | 18,661,400 |
| 2048 | | 2,755,000 | 225,000 | 2,980,000 | 14,495,000 | 1,182,800 | 15,677,800 | 18,657,800 |
| 2049 | | 2,870,000 | 114,800 | 2,984,800 | 15,075,000 | 603,000 | 15,678,000 | 18,662,800 |
| Total | \$2,086,233,460 | \$47,150,000 | \$41,212,049 | \$88,362,049 | \$254,215,000 | \$209,709,416 | \$463,924,416 | \$2,638,519,925 |

⁽¹⁾ Amounts are rounded to the nearest dollar.

⁽²⁾ Includes payments due on July 1 of each subsequent Fiscal Year.

Source: Frasca & Associates, LLC.

Outstanding Hybrid PFC Bonds

The following table presents the estimated annual debt service obligations of the City on the Outstanding Hybrid PFC Bonds, the Series 2019C Bonds, the Series 2019D Bonds, and the total Outstanding Hybrid PFC Bonds upon the issuance of the Series 2019 Hybrid PFC Bonds.

| Fiscal Year ending June 30 | Outstanding Hybrid PFC Bonds Debt Service ⁽¹⁾⁽²⁾ | Series 2019C Bonds | | | Series 2019D Bonds | | | Total Hybrid PFC Bonds Debt Service ⁽¹⁾⁽²⁾ |
|-------------------------------|---|-----------------------------|----------------------------|--------------------------------|-----------------------------|----------------------------|--------------------------------|---|
| | | Principal ⁽¹⁾⁽²⁾ | Interest ⁽¹⁾⁽²⁾ | Debt Service ⁽¹⁾⁽²⁾ | Principal ⁽¹⁾⁽²⁾ | Interest ⁽¹⁾⁽²⁾ | Debt Service ⁽¹⁾⁽²⁾ | |
| 2020 | \$ 69,914,228 | | \$ 7,504,163 | \$ 7,504,163 | | \$ 7,116,728 | \$ 7,116,728 | \$ 84,535,118 |
| 2021 | 69,915,509 | | 9,283,500 | 9,283,500 | | 8,804,200 | 8,804,200 | 88,003,209 |
| 2022 | 69,916,290 | | 9,283,500 | 9,283,500 | | 8,804,200 | 8,804,200 | 88,003,990 |
| 2023 | 69,915,540 | | 9,283,500 | 9,283,500 | | 8,804,200 | 8,804,200 | 88,003,240 |
| 2024 | 69,339,540 | | 9,283,500 | 9,283,500 | | 8,804,200 | 8,804,200 | 87,427,240 |
| 2025 | 69,343,790 | | 9,283,500 | 9,283,500 | | 8,804,200 | 8,804,200 | 87,431,490 |
| 2026 | 69,339,040 | | 9,283,500 | 9,283,500 | | 8,804,200 | 8,804,200 | 87,426,740 |
| 2027 | 74,487,790 | | 9,283,500 | 9,283,500 | | 8,804,200 | 8,804,200 | 92,575,490 |
| 2028 | 74,453,165 | | 9,283,500 | 9,283,500 | | 8,804,200 | 8,804,200 | 92,540,865 |
| 2029 | 73,864,040 | | 9,283,500 | 9,283,500 | | 8,804,200 | 8,804,200 | 91,951,740 |
| 2030 | 70,879,665 | | 9,283,500 | 9,283,500 | | 8,804,200 | 8,804,200 | 88,967,365 |
| 2031 | 70,799,165 | | 9,283,500 | 9,283,500 | | 8,804,200 | 8,804,200 | 88,886,865 |
| 2032 | 70,723,690 | | 9,283,500 | 9,283,500 | | 8,804,200 | 8,804,200 | 88,811,390 |
| 2033 | 71,970,170 | | 9,283,500 | 9,283,500 | | 8,804,200 | 8,804,200 | 90,057,870 |
| 2034 | 35,782,750 | | 9,283,500 | 9,283,500 | \$ 20,740,000 | 8,804,200 | 29,544,200 | 74,610,450 |
| 2035 | | \$ 27,295,000 | 9,283,500 | 36,578,500 | 30,060,000 | 7,974,600 | 38,034,600 | 74,613,100 |
| 2036 | | 28,660,000 | 7,918,750 | 36,578,750 | 31,260,000 | 6,772,200 | 38,032,200 | 74,610,950 |
| 2037 | | 30,095,000 | 6,485,750 | 36,580,750 | 32,510,000 | 5,521,800 | 38,031,800 | 74,612,550 |
| 2038 | | 31,600,000 | 4,981,000 | 36,581,000 | 33,810,000 | 4,221,400 | 38,031,400 | 74,612,400 |
| 2039 | | 33,180,000 | 3,401,000 | 36,581,000 | 35,160,000 | 2,869,000 | 38,029,000 | 74,610,000 |
| 2040 | | 34,840,000 | 1,742,000 | 36,582,000 | 36,565,000 | 1,462,600 | 38,027,600 | 74,609,600 |
| 2041 | | | | | | | | |
| 2042 | | | | | | | | |
| 2043 | | | | | | | | |
| 2044 | | | | | | | | |
| 2045 | | | | | | | | |
| 2046 | | | | | | | | |
| 2047 | | | | | | | | |
| 2048 | | | | | | | | |
| 2049 | | | | | | | | |
| Total | \$1,030,644,371 | \$185,670,000 | \$171,285,163 | \$356,955,163 | \$220,105,000 | \$159,197,128 | \$379,302,128 | \$1,766,901,662 |

⁽¹⁾ Amounts are rounded to the nearest dollar.

⁽²⁾ Includes payments due on July 1 of each subsequent Fiscal Year.

Source: Frasca & Associates, LLC.

INFORMATION CONCERNING GENERAL REVENUES AND PFC REVENUES

Certain Agreements Affecting General Revenues

For the Fiscal Years for which information on revenues derived from airline sources is provided herein, specifically through September 30, 2017, General Revenues were determined in accordance with the formulas and procedures set forth in the various prior agreements between the City and the Airlines signatory to such agreements, as previously amended and extended (the "Prior Airline Agreements"), certain outside concession agreements related to the provision of rental car and parking services, certain concession agreements with concessionaires for operation of concessions within the CPTC, an agreement with TBI to manage and operate certain international and domestic common use passenger terminal facilities, lease agreements for the central terminal support area to provide facilities for aircraft maintenance, air cargo, in-flight food and beverage catering facilities and similar support functions, certain other agreements relating to cargo and maintenance facilities at the Airport, and other agreements relating to the commercial activities at the Airport. For a summary of the revenues derived from airline and non-airline sources under the Prior Airline Agreements, see "AIRPORT FINANCIAL INFORMATION - Historical Revenues and Expenses" herein.

Effective October 1, 2017, Airline rentals, fees, and charges were calculated in accordance with the procedures established under the Airport Use and Lease Agreement for calculating rentals, fees, and charges for the use and occupancy of facilities defining the two Airline cost centers, the Airfield Cost Center and the Terminal Cost Center. The Signatory Airlines collectively account for substantially all the landed weight and passengers at the Airport. See "SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT USE AND LEASE AGREEMENT AND THE RATE MAKING METHODOLOGY - Rates and Charges" and " - Revenue Sharing" herein.

General Revenues

Through Fiscal Year 2018, General Revenues were derived primarily from landing fees, terminal rentals and charges and reimbursed operating expenses paid by the Airlines, parking fees and rental car concession revenues, inside concession revenues and land and buildings rentals calculated pursuant to the Prior Airline Agreements, and the current Airline Use and Lease Agreement which became effective for rates and charges purposes on October 1, 2017. For Fiscal Year 2018, General Revenues of \$549,120,000 (including investment income) were distributed by major category as follows:

Airline Revenues. Airline revenues were comprised of landing fees, terminal rentals (net of credits) and reimbursed expenses paid to the City. In Fiscal Year 2018, Airline payments to the City per enplaned passenger averaged \$2.61. Additionally, the Airlines paid an estimated \$0.54 per enplaned passenger to TBI, the third-party manager of the domestic and international common use facilities, and an estimated \$1.76 per enplaned passenger to the Atlanta Airlines Terminal Corporation ("AATC"), for a combined all-in payment of \$258,277,000 (average Airline payment of \$4.91 per enplaned passenger).

Landing Fees. Under the terms of the Airline Use and Lease Agreement, Airlines pay landing fees which are calculated to recover all of the Debt Service and associated Coverage

Requirements allocable to the Airfield Cost Center; the Amortization allocable to Airfield capital improvement projects funded from the Renewal and Extension Fund, if any; and the Direct Operating Expenses (as such terms are defined in the Airline Use and Lease Agreement) allocable to the Airfield Cost Center. In Fiscal Year 2018, landing fees constituted 6.3% (\$34,414,000) of total General Revenues collected, approximately 99% of which was paid at the Signatory Airline rate under the Airline Use and Lease Agreement (October 1, 2017 through June 30, 2018) and Prior Airline Agreements (July 1, 2017 through September 30, 2017).

Terminal Rentals. Under the terms of the Airline Use and Lease Agreement, the Signatory Airlines paid terminal facilities rentals calculated to recover all of the Debt Service and associated Coverage Requirements allocable to the Terminal Cost Center, the Amortization allocable to the Terminal capital improvement projects funded from the Renewal and Extension Fund, if any; and the Direct Operating Expenses allocable to the Terminal Cost Center, along with certain Prior Tenant Specific Finish Costs. In Fiscal Year 2018, terminal rentals, including equivalent common-use charges (net of inside concession credits) totaled \$104,893,000 and constituted 19.1% of total General Revenues collected. Terminal rentals for Fiscal Year 2018 represent a combination of rates calculated under the Airline Use and Lease Agreement (October 1, 2017 through June 30, 2018) and Prior Airline Agreements (July 1, 2017 through September 30, 2017).

Reimbursed Expenses. Under the Airline Use and Lease Agreement all reimbursed expenses are captured in the Airfield Cost Center and Terminal Cost Center and recovered from the Airlines through landing fees or terminal rentals. Under the Prior Airline Agreements, which were effective from July 1, 2017 through September 30, 2017, each Airline was responsible for certain charges associated with its leased premises and allocated Joint Leased Premises (as defined in the Prior Airline Agreements), as determined by joint lease formulas which allocated shared costs among signatory airlines under the Prior Airline Agreements. In addition to terminal rentals, fees, and charges paid to the City, the Airlines reimbursed the City for a portion of the costs incurred from maintaining certain police and fire services, 60% of AGTS operation and maintenance expenses and certain other maintenance costs associated with the operations and maintenance of the CPTC. In Fiscal Year 2018, reimbursed expenses constituted 2.00% (\$10,809,000) of total General Revenues collected.

Non-Airline Revenues. For Fiscal Year 2018, non-airline revenues were distributed as follows as a percentage of total General Revenues: inside concession revenues 21.1% (\$115,989,000), parking and ground transportation revenues 36.3% (\$199,571,000), other revenues (including accrual to cash basis adjustments) 12.4% (\$68,133,000), and investment income 2.8% (\$15,311,000). An evolving component of the ground transportation revenue is associated with Transportation Network Companies (rideshare companies). The City collects a single fee from these companies of \$3.85 for each pick-up at the Airport, which equates to revenues in Fiscal Year 2018 of \$8,151,000. See "APPENDIX A - REPORT OF THE AIRPORT CONSULTANT - FINANCIAL ANALYSIS - Parking and Ground Transportation revenues - Other Ground Transportation" attached hereto.

The Airline Use and Lease Agreement provides for an annual credit against Signatory Airline Terminal Rentals (as defined in the Airline Use and Lease Agreement). Such Airline credits are calculated as a percentage of Total Inside Concession Revenues (as defined in the Airline Use and Lease Agreement) received by the City from food, beverage, retail, and other

terminal concessions and services, and an enplaned passenger credit. Under the Airline Use and Lease Agreement (effective from October 1, 2017 through June 30, 2018), the portion of the Airline credit attributed to Inside Concession Revenues (as defined in the Airline Use and Lease Agreement) was calculated using 70%, and the enplaned passenger component of the Airline credit was calculated at \$.60 per enplaned passenger. Under Prior Airline Agreements (July 1, 2017 through September 30, 2017) such Airline credits were calculated as a percentage (50%) of total inside concessions after adjustments to account for certain AGTS costs and for certain capital and operating and maintenance expenses associated with concession space. In Fiscal Year 2018, the Airline credits totaled \$108,255,000.

Passenger Facility Charges - PFC Revenues

Under the Aviation Safety and Capacity Expansion Act of 1990, Pub. L. 101-508, Title IX, Subtitle B, §§9110 and 9111, as amended from time to time (the "PFC Act"), the FAA may authorize public agencies controlling certain commercial service airports such as the Airport to impose a passenger facility charge of \$1.00, \$2.00, \$3.00, \$4.00 or \$4.50 on each eligible passenger enplaned at such airport, subject to certain limitations. Public agencies wishing to impose and use these PFCs must apply to the FAA for such authority and meet certain requirements indicated in the legislation and regulations issued by the FAA. Regardless of the number of PFC applications which have been approved by the FAA, an airport can only collect a maximum of \$4.50 from each eligible enplaning passenger per flight segment (up to four flight segments per round-trip). PFC applications are approved by the FAA to fund specific projects in specific total amounts that may be collected up until a certain deadline. PFC Revenues serve as an important source of funding for the Capital Plan to 2023 and to make debt service payments on the Outstanding Hybrid PFC Bonds.

The purpose of the PFC program created pursuant to the PFC Act is to provide funding for improvements to the national airport system. The proceeds from PFCs must be used to finance eligible airport-related projects that (a) preserve or enhance safety, capacity or security of the national air transportation system, (b) reduce noise from an airport that is part of such system, or (c) furnish opportunities for enhanced competition between or among air carriers. "Eligible airport-related projects" include airport development or planning, terminal development, airport noise compatibility measures and planning and construction of gates and related areas (other than restaurants, rental car facilities, automobile parking or other concessions) for the movement of passengers and baggage.

The FAA Reauthorization Act of 2018 (H.R. 302, Pub. L. 115-254) (Reauthorization) (the "FAA Reauthorization Act") was signed on October 5, 2018. The FAA Reauthorization Act amends 49 U.S.C. §40117 (b)(4), among other provisions, by removing the Airport Improvement Program ("AIP") funds reasonability determination and the significant contribution requirement, which includes PFC 72-19 changes to the PFC levels above \$3.00. In light of such legislation, FAA personnel should no longer apply these requirements in reviewing PFC applications.

As of June 30, 2019, the aggregate amount of PFC Revenues that the City was authorized by the FAA to collect was \$6,012,626,559, all of which is approved for use. The City began collecting PFC Revenues in 1997 and, based on the Airport's most recent quarterly PFC Revenues report through June 2019, the City had collected PFC Revenues totaling \$3,774,933,880 (including

interest earnings), of which \$3,037,772,014 has been expended, \$1,840,023,403 for project costs on a "pay-as-you-go" basis and \$1,197,748,611 for principal, interest and other financing expenses. In June 2019, the City received approval from the FAA to amend PFC Application #18 (the "Amendment") to increase the amount of PFC collections, which allowed the City to utilize PFC funds to issue PFC bonds related to three PFC projects. These projects are the Domestic Terminal Building Renovations, Concourse T-North Extension and Automated People Mover System Expansion. The Amendment also included additional cost related to the Reconstruction of City North Taxi Lane and Common Use Ramp. The total Amendment amount increase approved for imposition/use authority was \$722,370,690. The City is in the process of submitting a new PFC application for an additional \$128,000,000 of project costs to be funded on a pay as-you-go basis for the Ramp 34 South Deicing Facility project. Pursuant to authority granted by the FAA under approved PFC applications, the Outstanding Hybrid PFC Bonds are payable from and secured by a Senior Lien on PFC Revenues. The Outstanding Hybrid PFC Bonds and the Series 2019 PFC Revenue Hybrid Bonds are also secured by a Subordinate Lien on Pledged Revenues. The amount of PFC Revenues collected will vary depending on the actual number of qualified passengers. See "CERTAIN FACTORS AFFECTING THE AIR TRANSPORTATION INDUSTRY AND OTHER CONSIDERATIONS - FAA Reauthorization and Federal Funding" herein.

SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT USE AND LEASE AGREEMENT AND THE RATE MAKING METHODOLOGY

The following provides a brief summary of certain provisions of the Airport Use and Lease Agreement. Such information and summary do not purport to be complete and are qualified in their entirety by express reference to the Airport Use and Lease Agreement, a copy of which is available from the City. Unless expressly defined herein, capitalized terms used in this section entitled "SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT USE AND LEASE AGREEMENT AND THE RATE MAKING METHODOLOGY" shall have the meanings assigned to such terms in the Airport Use and Lease Agreement, a copy of which is available from the City.

Transition to Airport Use and Lease Agreement

Prior to October 1, 2017, the City established rates and charges for the use and occupancy of Airfield and Terminal facilities at the Airport pursuant to the Prior Airline Agreements. In April 2016, the City and the Signatory Airlines agreed to the provisions of the Airport Use and Lease Agreement which established new procedures for calculating rentals, fees, and charges for the use and occupancy of facilities defining the two Airline cost centers, the Airfield Cost Center and the Terminal Cost Center. Under the provisions of the Airport Use and Lease Agreement that became effective on October 1, 2017 (during Fiscal Year 2018), Airline rentals, fees, and charges are to be calculated to allow the City to recover operating and maintenance expenses and debt service plus coverage on General Revenue Bonds allocable to the Airfield Cost Center or the Terminal Cost Center. Coverage on debt service for General Revenue Bonds outstanding at July 1, 2016 is at 20%, as they may be refunded (as well as the portion of the Series 2019 General Revenue Bonds, the proceeds of which are to be used to fund the costs of the terminal modernization program and any subsequent refunding of General Revenue Bonds which were outstanding as of July 1, 2016).

Coverage on debt service for the remaining portions of the Series 2019 General Revenue Bonds and future General Revenue Bonds, including the Proposed 2020-2022 Bonds, is at 30%. Such coverage requirements do not apply to the Hybrid PFC Bonds.

The Airport Use and Lease Agreement departs from the Prior Airline Agreements in both form and, in some important respects, substance. Rather than having separate agreements governing use of the Airfield and the CTPC, the Airport Use and Lease Agreement is now an integrated agreement covering both. The Airport Use and Lease Agreement contains thoroughly revised, industry standard, contemporary contractual provisions. All Signatory Airlines that are Passenger Carriers have executed substantially the same form of the Airport Use and Lease Agreement with the primary difference between individual agreements being the term of the particular Airport Use and Lease Agreement, as described below. Signatory Airlines that are Cargo Carriers have executed a similar form of agreement, but the agreement for Cargo Carriers is conditioned so that only the provisions affecting Cargo Carriers (e.g., the provisions pertaining to the Airfield as well as the general legal requirements such as insurance, indemnification and environmental responsibilities) apply.

Under the provisions of the Airline Use and Lease Agreement, the City and the Signatory Airlines have agreed to the scope, costs, and funding of preapproved capital improvements whose costs are to be allocated to the Airfield Cost Center or Terminal Cost Center and recovered through Airline rentals, fees, and charges. The Airline Use and Lease Agreement also defines procedures under which MII Eligible Signatory Airlines may approve additional capital improvements whose costs are to be allocated to the Airfield Cost Center or the Terminal Cost Center. For Airfield projects, MII is generally defined as Airlines accounting for 87% of landed weight, and for Terminal projects, MII is generally defined as Airlines accounting for 87% of enplaned passengers. Under the terms of the Airline Use and Lease Agreement, a capital improvement project subject to MII consideration is deemed to be approved unless disapproved by MII Eligible Signatory Airlines. Substantially all projects to be funded with the proceeds of the Series 2019 General Revenue Bonds whose costs are to be paid through Airline rentals, fees, and charges have been approved by the Signatory Airlines either through preapproval under the Airline Use and Lease Agreement, through separate MII approvals, or as Exempt Projects. None of the debt service requirements of the Series 2019 Hybrid PFC Bonds are to be included in the calculation of Airline rentals, fees, and charges.

Under the Airline Use and Lease Agreement, the City has agreed to provide the Signatory Airlines with an inside concession credit and a per passenger credit to reduce Airline payments during the transition from the generally lower payments required under the Prior Airline Agreements, provided that the City may reduce such credits as required to ensure that Net Revenues are adequate to provide at least 150% coverage on debt service on General Revenue Bonds.

The procedures for the annual adjustment of Airline rentals, fees, and charges established by the Airline Use and Lease Agreement are intended to ensure continued compliance with the rate covenant under the Bond Ordinance and generate Net Revenues adequate to fund ongoing facility renewal, replacement, upgrade, and other capital needs.

Provisions of the Airport Use and Lease Agreement governing the pre-approval of certain future capital projects included within the Approved Projects and other provisions governing capital improvement projects took effect retroactively on July 1, 2016. The remaining provisions of the Airport Use and Lease Agreement, including those governing the calculation of Airline rentals, fees, and charges, took effect on October 1, 2017. As of such date, the Prior Airline Agreements were terminated and deemed to be of no further force and effect, except with respect to certain payment obligations, prior approvals for certain capital projects, and certain other obligations intended to survive termination pursuant to the terms of such agreements, which survived until such obligations were satisfied.

See "CAPITAL PLAN TO 2023" herein and "APPENDIX E - SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL AIRPORT LEASES AND AGREEMENTS" attached hereto.

Term of Airport Use and Lease Agreement

Under the Airport Use and Lease Agreement an "MII Eligible Signatory Airline" is any Airline which makes a 20-year commitment to the City which can be extended for ten years by mutual consent of the City and such MII Eligible Signatory Airline. For Air Carriers that do not make a 20-year commitment to the City but wish to become Signatory Airlines, the Airport Use and Lease Agreement provides an optional five-year term. Air Carriers signing on for five years enjoy the same rights and obligations as MII Eligible Signatory Airlines, with the exception of MII review rights. See "APPENDIX E - SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL AIRPORT LEASES AND AGREEMENTS" attached hereto. Air Carriers that do not execute the Airport Use and Lease Agreement are deemed non-Signatory Airlines and must sign an Operating Agreement. Non-Signatory Airlines do not participate in revenue sharing. See "SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT USE AND LEASE AGREEMENT AND THE RATE MAKING METHODOLOGY - Revenue Sharing" herein.

Leased Premises and Use Rights

The City assigns space to each Signatory Airline through the issuance of a Premises Notice, the form of which is attached to the Airport Use and Lease Agreement. Space in the Premises Notice is assigned on an Exclusive Use basis (e.g. office space and passenger clubs) and a Preferential Use basis (e.g. Gates). The City retains exclusive control of Common Use Premises in the CPTC, except that the Airport Use and Lease Agreement provides for the assignment of Priority Use rights on some Common Use Gates in the International Terminal in order to foster efficient hub operations. The Airport Use and Lease Agreement provides that the City, upon completion of the Concourse T-North Expansion Project but in no event later than December 31, 2021, will have a minimum of three Common Use Gates in the Domestic Terminal with "reasonable available capacity" (as defined in the Airport Use and Lease Agreement) throughout the term of the particular Airport Use and Lease Agreement in order to allow new entry and growth of incumbent Air Carriers ("City Common Use Gate Requirement").

The Airport Use and Lease Agreement provides the City with enhanced tools to minimize under-utilization of Gates within the CPTC. Preferential Use Gate rights have been redefined to be consistent with current industry norms that protect the Signatory Airlines' flight schedules, but

give the City enhanced power to accommodate the needs of other carriers when a Signatory Airline has a Preferential Use Gate that is not being fully used. The City also has the right to "recapture" under-utilized Preferential Use Gates and assign them to other Air Carriers and to rescind Priority Use Rights granted on Common Use Gates if certain minimum utilization standards are not met.

The Airport Use and Lease Agreement provides for the continued operation and maintenance of certain domestic facilities in the CPTC by AATC, a corporation established by the Air Carriers operating at the Airport for that purpose, or another third-party service provider. The Airport Use and Lease Agreement also provides for the City to continue to use a third-party manager to operate and maintain most common-use terminal facilities, and operate and maintain the International Terminal.

Rates and Charges

The Airport Use and Lease Agreement prescribes simplified cost recovery rate-setting methods that the City will use to calculate both Landing Fees and Terminal Rentals each year. See "INFORMATION CONCERNING GENERAL REVENUES AND PFC REVENUES - General Revenues" herein.

Landing Fees. There is a single Landing Fee rate to be paid by all Signatory Airlines for each Fiscal Year. The Landing Fees will be calculated to fully recover all of the Debt Service and associated Coverage Requirements allocable to the Airfield Cost Center; the Amortization allocable to Airfield capital improvement projects funded from the Renewal and Extension Fund, if any; and the Direct Operating Expenses allocable to the Airfield Cost Center. The Landing Fee rate is expressed in dollars and cents per thousand pounds of FAA certified maximum gross landed weight for each aircraft scheduled to land at the Airport. The Landing Fee rate to be charged to non-Signatory Airlines will be at least 5% higher than the Signatory Airlines' Landing Fee rate.

Terminal Rentals. The Terminal Rental rates will be calculated to recover all of the Debt Service and associated Coverage Requirements allocable to the Terminal Cost Center; the Amortization allocable to Terminal capital improvement projects funded from the Renewal and Extension Fund, if any; and the Direct Operating Expenses allocable to the Terminal Cost Center, along with certain specified Prior Tenant Finish Costs. AATC Charges and Common Use Facility Manager Costs are billed separately to the Air Carriers that use the CPTC. The Terminal Rental rates are expressed in dollars and cents per square foot of Exclusive Use and Preferential Use Space assigned to each Signatory Airline, with different rates for four distinct types of Rented Space to reflect their differing utility. The charges for the use of Domestic Common Use Facilities and International Terminal Common Use Charges (as described in Section 8.05 of the Airport Use and Lease Agreement) are based upon the levels of activity of the Air Carriers using these facilities.

Revenue Sharing

The Airport Use and Lease Agreement provides for four types of revenue sharing credits to be distributed among the Signatory Airlines on the basis of each Signatory Airline's relative share of Enplaned Passengers.

- The City will share 70% of its Inside Concession Revenue in Fiscal Years 2018-2021 and 50% of its Inside Concession Revenue for the remainder of the

Term, as it may be extended. The inside concession credit is calculated as a percentage of revenues derived from food, beverage, retail, and other inside terminal concessions.

- The City will also provide a "Per-Passenger Credit" of \$0.60 in Fiscal Years 2018-2021 and \$0.40 in Fiscal Years 2022-2027, with no further Per Passenger Credits during the Term of the particular Airport Use and Lease Agreement or if such term is extended.
- The Inside Concession Revenue Credit and the Per-Passenger Credits cannot exceed 100% of the City's total Inside Concession Revenue in any Fiscal Year. These credits may be reduced by the City if annual General Revenue Bond debt service coverage would otherwise be less than 1.50x for any Fiscal Year.
- In Fiscal Years 2028 and later, the City will share with the Signatory Airlines 50% of the balance in the Renewal and Extension Fund in excess of \$150 million (after taking account of certain Core Airport Operations Projects).
- In Fiscal Years 2028 and later, the City will also share 100% of the unencumbered balance in the Renewal and Extension Subaccount, if any, that exceeds \$400 million.

Total Inside Concession Credits and per passenger credits of all four types cannot exceed the sum of all Inside Concession Revenue for any given Fiscal Year. The credits may also be reduced so as to ensure that Net Revenues are at least 150% of debt service on General Revenue Bonds. The City also reimburses the Signatory Airlines for a portion of operation and maintenance expenses attributable to inside concession facilities for which the City retains revenues.

Approved Projects

By signing the Airport Use and Lease Agreement, the City and the Signatory Airlines mutually agreed to the Approved Projects which include \$6.16 billion (in July 2014 dollars) of capital improvement projects through Fiscal Year 2035 and includes the following improvements:

- \$1.28 billion in pre-approved airfield improvements funded, in whole or in part, by the Airlines:
 - New sixth runway; and
 - Airfield upgrades, renewal and replacement.
- \$3.01 billion in pre-approved terminal improvements funded, in whole or in part, by the Airlines, including:
 - New Concourse G;
 - T-North Expansion;
 - International Terminal improvements;
 - Terminal Modernization Program;
 - Automated Guideway Transit System (Plane Train); and

- CPTC upgrades, renewal and replacement.
- \$1.87 billion in City-funded landside improvements exempt from Airline review including parking garages and air cargo projects.

The Airport Use and Lease Agreement categorically exempts certain future projects from Airline review, including:

- City-funded projects not in an Airline rate base;
- Projects, not in excess of \$5 million each, totaling up to \$15 million per year (increasing to \$20 million per year in 2025);
- Mandated or emergency projects; and
- Projects required to meet the City Common Use Gate Requirement.

MII approval is required for Airline-funded projects that are not pre-approved or exempt. Absent MII approval, when required, the City cannot proceed with a newly proposed project.

Projects that meet the exempt status stated above or have received MII approval since execution of the Airport Use and Lease Agreement (or for which MII approval is in process and expected) include:

- Construction of south aircraft deicing facility;
- Replacement of AGTS cars and other systems;
- Installation of emergency power generators;
- Completion of various fire-life-safety projects; and
- Construction of an Airport landside fire station.

Signatory Airlines' Other Right of Termination

A Signatory Airline may terminate its agreement with the City upon thirty days written notice to City if the Signatory Airline is permanently deprived, for any reason beyond its control, of the rights, certificates, or authorizations necessary under applicable law to operate its air transportation business at the Airport.

AIRPORT FINANCIAL INFORMATION

The following is a presentation of historical revenues and expenses of the Department of Aviation on a cash basis (converted from accrual to cash basis) for the last five Fiscal Years. The cash basis statement of debt service coverage for the Outstanding Senior Lien General Revenue Bonds and the Outstanding Hybrid PFC Bonds for Fiscal Years 2014 through 2018 is presented under the caption "Historical Debt Service Coverage" below. The historical Airline landing fees, terminal rentals, and other charges paid by the passenger airlines serving the Airport and the total of all such Airline payments per enplaned passenger for Fiscal Years 2014 through Fiscal Year 2018 is presented under the caption "Historical Airline Payments" below. The revenues and expenses of the Department of Aviation for Fiscal Year 2017, Fiscal Year 2018, and the unaudited nine-month period ended March 31, 2019, respectively, are presented under the caption "Analysis of Airport Operations" below. All of the foregoing cash basis information should be read in

conjunction with the accrual basis financial statements of the Department of Aviation. See "APPENDIX B - DEPARTMENT OF AVIATION FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2018 AND JUNE 30, 2017" attached hereto.

Historical Revenues and Expenses

Operating Revenues and Expenses (Cash Basis). Operating revenues of the Airport are generally categorized as Airline revenues or non-airline revenues. Airline revenues consist of payments received from Airlines for landing fees, terminal rentals, reimbursed expenses and other service related revenues. Non-airline revenues are derived from terminal concessions (which include passenger terminal retail, food and beverage sales and services), automobile parking, car rentals, ground transportation, building rentals, ground rentals and certain other revenues. Expenses are comprised of salaries and wages, repairs and maintenance, utility costs, materials and supplies, professional services and other operating costs, and are presented in the following table within their functional activities.

The following table reflects a summary of the operating revenues and expenses of the Department of Aviation on a cash basis (converted from accrual to cash basis) for the last five Fiscal Years. The revenue and expenses are presented by income and cost centers and reflect the Department of Aviation's unaudited accrual basis of maintaining its books during each such Fiscal Year and a post-audit single-line conversion to cash basis at the end of each such Fiscal Year. The conversion amounts are consistent with the requirements of the Master Bond Ordinance for the respective Fiscal Years. Because the audited financial statements of the Department of Aviation are presented on an accrual basis in compliance with GAAP where revenues are recognized when earned and expenses recognized when incurred, the terms and amounts in the following cash basis presentation may not agree with certain portions of the audited financial statements of the Department of Aviation.

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Historical Revenue and Expenses
Cash Basis: Conversion from Accrual to Cash Basis⁽¹⁾⁽²⁾⁽³⁾
Fiscal Years Ended June 30
(Unaudited)
(amounts in thousands)

(continued on next page)

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|--|-----------|-----------|-----------|-----------|------------|
| Landing Fees | | | | | |
| Signatory | \$ 46,745 | \$ 31,893 | \$ 17,034 | \$ 16,971 | \$ 34,138 |
| Nonsignatory and Other | 339 | 273 | 212 | 249 | 276 |
| Total Landing Fees | \$ 47,084 | \$ 32,166 | \$ 17,246 | \$ 17,220 | \$ 34,414 |
| CPTC Rentals | | | | | |
| Central Terminal Building and Apron | \$ 64,128 | \$ 64,227 | \$ 64,172 | \$ 64,414 | \$ 180,304 |
| Central Terminal Tenant Finishes | 81,610 | 79,403 | 78,846 | 84,132 | 32,844 |
| Airline Credits ⁽⁴⁾ | (49,728) | (54,060) | (58,920) | (61,167) | (108,255) |
| Total CPTC Rentals | \$ 96,010 | \$ 89,570 | \$ 84,098 | \$ 87,379 | \$ 104,893 |
| CPTC Cost Recoveries | | | | | |
| Operations Charge | \$ 14,631 | \$ 18,564 | \$ 17,376 | \$ 18,600 | \$ 6,067 |
| Automated Guideway Transit System | 17,560 | 13,715 | 15,239 | 15,075 | 4,097 |
| MHJIT O&M | 3,690 | 747 | 748 | 3,501 | 540 |
| Insurance Premium Reimbursement | 977 | 2,066 | 2,859 | 714 | 105 |
| Total CPTC Cost Recoveries | \$ 36,858 | \$ 35,092 | \$ 36,222 | \$ 37,890 | \$ 10,809 |
| Concession Revenues | | | | | |
| Terminal Concessions | \$ 97,874 | \$101,753 | \$110,787 | \$113,874 | \$115,989 |
| Communication Services and Other | 3,375 | 1,152 | 1,515 | 1,348 | 1,325 |
| Parking | 118,462 | 124,047 | 132,090 | 131,895 | 147,609 |
| Car Rentals | 32,380 | 36,347 | 38,812 | 40,359 | 42,010 |
| Ground Transportation | 1,957 | 2,286 | 2,445 | 5,723 | 9,952 |
| Total Concession Revenues | \$254,048 | \$265,585 | \$285,649 | \$293,199 | \$316,885 |
| Other Revenues | | | | | |
| Landside rentals | \$ 11,844 | \$ 12,030 | \$ 11,884 | \$ 9,236 | \$ 8,475 |
| Airside Rentals | 28,748 | 28,783 | 28,127 | 30,267 | 31,478 |
| Other Income | 9,794 | 6,382 | 9,375 | 7,363 | 5,158 |
| Total Other Revenues | \$ 50,386 | \$ 47,195 | \$ 49,386 | \$ 46,866 | \$ 45,111 |
| Non-Airline Cost Recoveries | | | | | |
| Sky Train and Rental Car Center | \$ 6,582 | \$ 6,985 | \$ 7,120 | \$ 7,905 | \$ 7,382 |
| Rental Car Center O&M | 5,284 | 6,429 | 7,091 | 7,496 | 5,983 |
| Total Non-Airline Cost Recoveries | \$ 11,866 | \$ 13,414 | \$ 14,211 | \$ 15,401 | \$ 13,365 |
| Revenues | \$496,252 | \$483,022 | \$486,812 | \$497,955 | \$525,477 |
| Accrual to Cash Basis Adjustment | 3,002 | 15,558 | (4,165) | (16) | 8,332 |
| Total Operating Revenues (Cash Basis) | \$499,254 | \$498,580 | \$482,647 | \$497,939 | \$533,809 |

⁽¹⁾ Totals may not add due to rounding.

⁽²⁾ As reported in the financial records of the City. For purposes of the calculation of the debt service coverage, the above presentation includes investment earnings on the Operating Fund and the Renewal and Extension Fund only. Earnings exclude unrealized gains.

⁽³⁾ Certain amounts previously reported may have been reclassified in order to be consistent with the current year presentation.

⁽⁴⁾ During Fiscal Years 2014 through 2017, this line item was entitled "Concession Credits" because the only credits under the Prior Airline Agreements related to the concession programs. In Fiscal Year 2018, this line item was changed to "Airline Credits" to reflect that there is more than one type of credit under the Airport Use and Lease Agreement.

Source: City of Atlanta, Department of Aviation.

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Historical Revenue and Expenses
Cash Basis: Conversion from Accrual to Cash Basis⁽¹⁾⁽²⁾
Fiscal Years Ended June 30
(amounts in thousands)

(continued from previous page)

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|--|------------------|------------------|------------------|------------------|------------------|
| Expenses | | | | | |
| Administration | \$ 55,809 | \$ 54,404 | \$ 60,606 | \$ 62,536 | \$ 70,724 |
| Operations & Security | 22,222 | 25,612 | 31,749 | 33,751 | 31,366 |
| AGTS Maintenance | 17,825 | 20,688 | 20,597 | 20,864 | 22,002 |
| Building Maintenance | 5,766 | 6,667 | 7,638 | 7,763 | 6,321 |
| Rental Car Center Operations | 5,013 | 5,218 | 5,456 | 5,567 | 5,589 |
| SkyTrain | 5,425 | 6,378 | 7,228 | 6,455 | 6,902 |
| Parking Operations | 32,198 | 31,553 | 31,048 | 33,345 | 33,554 |
| Airfield Maintenance | 17,940 | 17,693 | 19,828 | 19,596 | 17,502 |
| Fire Services | 24,996 | 22,956 | 23,325 | 25,554 | 27,258 |
| Police Services | 16,613 | 16,669 | 13,938 | 18,479 | 18,654 |
| Other City Departments | 7,410 | 10,474 | 11,002 | 14,982 | 13,738 |
| Nondepartmental | 20,322 | 13,704 | 12,622 | 19,516 | 17,028 |
| Planning & Development | 28,178 | 36,463 | 45,572 | 43,852 | 32,868 |
| Expenses | \$259,717 | \$268,479 | \$290,609 | \$312,260 | \$303,506 |
| Accrual to Cash Basis Adjustment | (7,263) | (6,827) | (4,605) | (4,283) | (21,784) |
| Total Operating Expenses (Cash Basis)⁽³⁾ | \$252,454 | \$261,652 | \$286,004 | \$307,977 | \$281,722 |
| Adjustment: Major Maintenance Expenditures (Planning and Development)⁽⁴⁾ | \$ 28,178 | \$ 36,463 | \$ 45,572 | \$ 43,852 | \$ 32,868 |
| Net Operating Revenues (Cash Basis) | \$274,978 | \$273,391 | \$242,215 | \$233,814 | \$284,955 |
| Investment Income⁽⁵⁾ | \$ 10,637 | \$ 14,372 | \$ 17,145 | \$ 14,787 | \$ 15,311 |
| Net Revenues | \$285,615 | \$287,763 | \$259,360 | \$248,601 | \$300,266 |

⁽¹⁾ Totals may not add due to rounding.

⁽²⁾ Certain amounts previously reported may have been reclassified in order to be consistent with the current year presentation.

⁽³⁾ Includes amounts from construction in progress reconciliation as reported by the Department of Aviation.

⁽⁴⁾ Adjustment for major maintenance expenditures reflects modifications presented in Material Event Notice dated November 21, 2014.

⁽⁵⁾ As reported in the financial records of the City. The above presentation includes investment earnings on the Operating Fund and the Renewal and Extension Fund only. Earnings exclude unrealized gains.

Source: City of Atlanta, Department of Aviation.

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Historical Debt Service Coverage

Outstanding Senior Lien General Revenue Bonds. The following table presents, on a cash basis of accounting, the historical debt service coverage for the Outstanding Senior Lien General Revenue Bonds for Fiscal Years 2014 through 2018. The table sets forth for the Fiscal Years indicated: (a) total Revenues, (b) total Operating Expenses, (c) adjustment for major maintenance expenses, (d) Net Revenues available for debt service, (e) Debt Service Requirements on General Revenue Bonds, (f) the debt service on General Revenue Bonds paid from PFC Revenues, (g) the debt service on General Revenue Bonds paid from Net Revenues, and (h) the debt service coverage on General Revenue Bonds paid from Net Revenues, each computed as required under the Bond Ordinance.

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**Historical Debt Service Coverage
General Revenue Bonds Cash Basis⁽¹⁾
Fiscal Years Ended June 30
(Amounts in thousands)**

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|--|------------------|------------------|------------------|------------------|------------------|
| Revenues: | | | | | |
| Operating Revenues - Receipts from Customers and Tenants | \$499,254 | \$498,580 | \$482,647 | \$497,939 | \$533,809 |
| Investment Income ⁽²⁾ | 10,637 | 14,372 | 17,145 | 14,787 | 15,311 |
| Total Revenues | \$509,891 | \$512,952 | \$499,792 | \$512,726 | \$549,120 |
| Operating Expenses: | | | | | |
| Payments to Suppliers for Goods and Services | \$168,740 | \$175,378 | \$194,491 | \$213,715 | \$184,925 |
| Payments to or on behalf of Employees | 83,714 | 86,274 | 91,513 | 94,262 | 96,797 |
| Total Operating Expenses | \$252,454 | \$261,652 | \$286,004 | \$307,977 | \$281,722 |
| Adjustment: Major Maintenance Expenditures - Planning and Development⁽³⁾ | | | | | |
| | \$ 28,178 | \$ 36,463 | \$ 45,572 | \$ 43,852 | \$ 32,868 |
| Net Revenues | \$285,615 | \$287,763 | \$259,360 | \$248,601 | \$300,266 |
| General Revenue Bond Debt Service Requirements | | | | | |
| | \$158,935 | \$153,298 | \$168,552 | \$167,951 | \$167,964 |
| General Revenue Bond Debt Service paid from PFC Revenues⁽⁴⁾ | | | | | |
| | - | - | 42,675 | 28,318 | 25,310 |
| General Revenue Bond Debt Service paid from Net Revenues | | | | | |
| | \$158,935 | \$153,298 | \$125,877 | \$139,633 | \$142,654 |
| Debt Service Coverage on General Revenue Bonds paid from Net Revenues | | | | | |
| | 1.80 | 1.88 | 2.06 | 1.78 | 2.10 |

⁽¹⁾ The information presented in this table is included as part of the unaudited statistical section in the Department of Aviation's Comprehensive Annual Financial Report for the Fiscal Years Ended June 30, 2018 and 2017 (the "2018 CAFR") available through EMMA.

⁽²⁾ As reported in the financial records of the Department of Aviation. For purposes of the calculation of the debt service coverage, the above presentation includes investment earnings on the Operating Fund and the Renewal and Extension Fund only. Earnings exclude unrealized gains and losses.

⁽³⁾ Adjustment for major maintenance expenditures reflects modification presented in Material Event Notice dated November 21, 2014.

⁽⁴⁾ In Fiscal Years 2016 through 2018, PFC funds were applied to pay debt service on General Revenue Bonds for related debt on the 5th runway.

Source: City of Atlanta, Department of Aviation.

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Outstanding Hybrid PFC Bonds. The following table depicts the historical debt service coverage, presented on a cash basis of accounting, for the Outstanding Hybrid PFC Bonds for Fiscal Years 2014 through 2018, calculated pursuant to the requirements of the Master Bond Ordinance. The table sets forth for the Fiscal Years indicated (a) the PFC Revenues, (b) the Debt Service Requirements for Outstanding Hybrid PFC Bonds, (c) the Outstanding Hybrid PFC Bond debt service paid from General Revenues, (d) the Outstanding Hybrid PFC Bond debt service paid from PFC Revenues, and (e) the debt service coverage on Outstanding Hybrid PFC Bonds paid from PFC Revenues, each computed as required under the Bond Ordinance.

**Historical Debt Service Coverage
Outstanding Hybrid PFC Bonds Cash Basis
Fiscal Years Ended June 30
(Amounts in thousands)**

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|--|-------------|-------------|-------------|-------------|-------------|
| PFC Collections | \$182,046 | \$185,667 | \$199,949 | \$198,112 | \$202,508 |
| Investment Earnings ⁽¹⁾⁽²⁾ | 3,901 | 5,162 | 10,429 | 17,459 | 14,033 |
| PFC Revenues | \$185,947 | \$190,829 | \$210,378 | \$215,571 | \$216,541 |
| Debt Service Requirements for Outstanding Hybrid PFC Bonds ⁽²⁾ | \$ 70,508 | \$ 69,916 | \$ 69,917 | \$ 69,915 | \$ 69,916 |
| Outstanding Hybrid PFC Bond Debt Service paid from General Revenues | - | - | - | - | - |
| Outstanding Hybrid PFC Bond Debt Service paid from PFC Revenues | \$ 70,508 | \$ 69,916 | \$ 69,917 | \$ 69,915 | \$ 69,916 |
| Debt Service Coverage on Outstanding Hybrid PFC Bonds paid from PFC Revenues | 2.64 | 2.73 | 3.01 | 3.08 | 3.10 |

⁽¹⁾ Fiscal Years 2014 through 2018 are reported earnings from the Department of Aviation audited financial statements. Earnings exclude unrealized gains and losses.

⁽²⁾ Calculated per the requirements of the Bond Ordinance.

Source: City of Atlanta, Department of Aviation.

The Airport has consistently generated positive cash flow in excess of debt service coverage requirements in respect of the Outstanding Senior Lien General Revenue Bonds and the Outstanding Hybrid PFC Bonds during the five Fiscal Years ended June 30, 2018.

Historical Airline Payments

The following table presents historical Airline landing fees, terminal rentals, and other charges paid by the passenger airlines serving the Airport and summarizes the total of all such Airline payments per enplaned passenger for Fiscal Years 2014 through 2018. For information concerning forecast Airline landing fees, terminal rentals, and other charges paid by the passenger airlines serving the Airport, see "INFORMATION CONCERNING GENERAL REVENUES AND PFC REVENUES - General Revenues" herein.

**Historical Airline Payments per Enplaned Passenger Paid to the City
Accrual Basis, Unaudited⁽¹⁾
Fiscal Years Ended June 30
(Dollars and passengers in thousands except per passenger rates)**

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|-------------|-------------|-------------|-------------|-------------|
| Landing fees | \$ 47,084 | \$ 32,166 | \$ 17,246 | \$ 17,220 | \$ 34,414 |
| Less: Landing fees paid by all-cargo and non-Signatory Airlines | (1,777) | (1,045) | (1,241) | (873) | (2,001) |
| Subtotal | \$ 45,307 | \$ 31,121 | \$ 16,005 | \$ 16,347 | \$ 32,413 |
| CPTC rentals | \$145,738 | \$143,630 | \$143,018 | \$148,546 | \$213,148 |
| Less: Airline credits ⁽¹⁾ | (49,728) | (54,060) | (58,920) | (61,167) | (108,255) |
| Less: Non-aeronautical CPTC rentals ⁽²⁾ | (19,213) | (15,610) | (13,235) | (11,249) | (10,798) |
| Subtotal | \$ 76,797 | \$ 73,960 | \$ 70,863 | \$ 76,130 | \$ 94,095 |
| CPTC cost recoveries | \$ 36,858 | \$ 35,092 | \$ 36,222 | \$ 37,890 | \$ 10,809 |
| Total | \$158,962 | \$140,173 | \$123,090 | \$130,367 | \$137,317 |
| Enplaned passengers | 47,319 | 49,056 | 51,807 | 52,098 | 52,562 |
| Airline payments per enplaned passenger | \$3.36 | \$2.86 | \$2.38 | \$2.50 | \$2.61 |

⁽¹⁾ Certain amounts previously reported have been reclassified in order to be consistent with the current year presentation.

⁽²⁾ In Fiscal Year 2014, the Airport modified its interpretation of Airline payments per enplaned passenger to exclude revenue generated from fuel farm activity.

⁽³⁾ During Fiscal Years 2014 through 2017, this line item was entitled "Concession Credits" because the only credits under the Prior Airline Agreements related to the concession program. In Fiscal Year 2018, this line item was changed to "Airline Credits" to reflect that there is more than one type of credit under the Airport Use and Lease Agreement.

Source: City of Atlanta, Department of Aviation.

In addition to the above payments, each Airline is responsible for maintaining its exclusive leased premises and for paying the pro-rata share of the costs of maintaining circulation and support space, as defined in the Airline Use and Lease Agreement or joint leased premises as defined in prior airline agreements. The CPTC is operated and maintained on behalf of the contracting airlines by AATC, a corporation established by the Airlines for that purpose. CPTC operating and maintenance expenses incurred by AATC are paid directly by the Airlines and are not recorded as expenses by the Department of Aviation.

The City contracts management, operation and maintenance of most common-use terminal facilities at the Airport to TBI. The City recovers TBI equivalent terminal rentals and operations charges according to CPTC lease methodologies. TBI also pays all other operating and maintenance expenses associated with the common-use facilities. TBI recovers all such terminal rentals, operations charges and expenses, plus a management fee, from the Airlines through per passenger use charges, which are set quarterly. The operating and maintenance expenses incurred by TBI, and its management fee, are not recorded as expenses by the Department of Aviation.

In Fiscal Year 2017, Airline payments per enplaned passenger to the City averaged \$2.50, Airline payments per enplaned passenger to TBI averaged \$0.54 and Airline payments per enplaned passenger to AATC averaged \$1.72, for a combined average Airline payment per enplaned passenger of \$4.76 in Fiscal Year 2017.

In Fiscal Year 2018, Airline payments per enplaned passenger to the City averaged \$2.61, Airline payments per enplaned passenger to TBI averaged \$0.54 and Airline payments per

enplaned passenger to AATC averaged \$1.76, for a combined average Airline payment per enplaned passenger of \$4.91 in Fiscal Year 2018.

Analysis of Airport Operations

The following represents management of the Department of Aviation's discussion and analysis of results of operations at the Airport. The discussion presented below references financial information presented in the table entitled "Historical Revenue and Expenses" under "AIRPORT FINANCIAL INFORMATION - Historical Revenues and Expenses" herein. For a detailed discussion of the Department of Aviation's financial performance in Fiscal Year 2018, see "Management's Discussion and Analysis" in the 2018 CAFR available through EMMA.

Operating Results for Fiscal Year 2018 versus Fiscal Year 2017 (Unaudited Cash Basis Converted from Accrual to Cash Basis). For Fiscal Year 2018, the Department of Aviation reported operating revenue of \$533.8 million compared to \$497.9 million for Fiscal Year 2017. The increase of \$35.9 million is primarily attributable an increase in parking revenue resulting from a parking rate increase that took effect in early Fiscal Year 2018, increases in other concessions revenues due to higher percentage rents, related to increases in advertising and food and beverage locations, and increases in Transportation Network Companies (Lyft and Uber) revenue resulting from a full year of operating revenue in Fiscal Year 2018 compared to Fiscal Year 2017 growth in activity.

Total operating expenses for Fiscal Year 2018 and Fiscal Year 2017 equaled \$281.7 million and \$308.0 million, respectively. The \$26.3 million decrease in operating expenses relates to decreases in planning and development, and the accrual to cash basis adjustment.

Net operating revenue for Fiscal Year 2018 and Fiscal Year 2017 totaled \$285.0 million and \$233.8 million, respectively, an \$18.6 million increase over this time frame.

In addition to the Fiscal Year operating results, the Department of Aviation continues to report considerable cash reserves. As of June 30, 2018, the Department of Aviation held net unrestricted cash balances of \$776.7 million as compared to \$789.4 million as of June 30, 2017.

Operating Results for Fiscal Year 2017 versus Fiscal Year 2016 (Unaudited Cash Basis Converted from Accrual to Cash Basis). For Fiscal Year 2017, the Department of Aviation reported operating revenue of \$497.9 million compared to \$482.6 million for Fiscal Year 2016. The increase of \$15.3 million is primarily attributable to increases in concessions revenues due to higher percentage rents, increase in advertising revenue, new concessions locations, and Transportation Network Companies (Lyft and Uber) starting operations at the Airport in January 2017, and increases in CPTC rentals due to increases in tenant finish revenues.

Total operating expenses for Fiscal Year 2017 and Fiscal Year 2016 equaled \$308.0 million and \$286.0 million, respectively. The \$22.0 million increase in operating expenses relates to general increases in safety and security, parking operations, and general administrative costs.

Net operating revenue for Fiscal Year 2017 and Fiscal Year 2016 totaled \$233.8 million and \$242.2 million, respectively, an \$8.4 million decrease over this time frame.

Unaudited Nine-Month Period Ended March 31, 2019. The Department of Aviation's total operating revenue for the nine-month period ended March 31, 2019 increased by \$28.7 million or 7.3% compared to the nine-month period ended March 31, 2018. The increase is primarily due to increased cost recovery in the Airfield and Terminal Cost Centers, with a reduction in reimbursed expenses (this item is now captured in Landing Fees and Terminal Rentals as part of costs allocated to the respective cost center) under the new Airport Use and Lease Agreement. Passenger growth and demand have helped drive increases in concessions revenues, and non-airline recoveries have increased due to reimbursements for additional project work related to the SkyTrain.

| | March Year to Date Fiscal Year 2019 | March Year to Date Fiscal Year 2018 | % Change |
|-----------------------------------|--|--|-----------------|
| Operating revenue (in thousands): | | | |
| Landing fees | \$ 39,449 | \$ 26,305 | 50.0% |
| Terminal rentals | 85,778 | 72,364 | 18.5 |
| Reimbursed expenses | 1,426 | 10,317 | -86.2 |
| Non-Airline revenues | 297,460 | 286,388 | 3.9 |
| Total operating revenues | <u>\$424,113</u> | <u>\$395,374</u> | <u>7.3</u> |

The Department of Aviation's total operating expenses increased by \$18.7 million or 9.5% for the nine-month period ended March 31, 2019 compared to the nine-month period ended March 31, 2018. Passenger growth and demand plus additional emphasis on security and customer service are driving increases in airport operations, maintenance, ground transportation and public safety expenses.

| | March Year to Date Fiscal Year 2019 | March Year to Date Fiscal Year 2018 | % Change |
|--------------------------|--|--|-----------------|
| Expenses (in thousands): | | | |
| Total operating expenses | \$216,586 | \$197,857 | 9.5% |

CAPITAL PLAN TO 2023

As part of the Airport Use and Lease Agreement, the City and the Signatory Airlines, agreed upon the Approved Projects, which constitute a \$6.16 billion (in July 2014 dollars) capital improvement plan through Fiscal Year 2035, as well as a funding plan for the Approved Projects. For a description of the projects included in the Approved Projects, see "SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT USE AND LEASE AGREEMENT AND THE RATE MAKING METHODOLOGY - Approved Projects" and APPENDIX A - REPORT OF THE AIRPORT CONSULTANT" attached hereto.

The Capital Plan to 2023 is an approximately \$4.14 billion capital improvement plan which includes some but not all of the Approved Projects, as well as projects subsequently agreed to by the City and the Signatory Airlines through separate MII approvals, and Exempt Projects which

the City intends to fund with a combination of the proceeds of Bonds, federal grants-in-aid, revenues derived from PFC Revenues, CFC Revenues, commercial paper notes, and other Airport funds. Only projects in the Capital Plan to 2023 are considered in the Report of the Airport Consultant, some of which have been completed, some are under construction, and others have not yet been started. For a description of the projects which comprise the 2019 Project, see "PLAN OF FINANCE" herein. For a description of the projects included in the Capital Plan to 2023, the estimated costs and sources of funding of such projects, see "APPENDIX A - REPORT OF THE AIRPORT CONSULTANT" attached hereto. See also "CERTAIN FACTORS AFFECTING THE AIR TRANSPORTATION INDUSTRY AND OTHER CONSIDERATIONS - Capacity of the Airport" herein.

REPORT OF THE AIRPORT CONSULTANT AND RATE COVENANT FORECAST

In connection with the proposed issuance of the Series 2019 Bonds, the City retained LeighFisher (the "Airport Consultant") to prepare the Report of the Airport Consultant attached hereto as APPENDIX A. The Report of the Airport Consultant provides, among other things, a summary of the funding plan for the Capital Plan to 2023, analyses of historical airline service and passenger traffic, analyses of historical Airport revenues and expenses, and financial forecasts demonstrating the sufficiency of Net General Revenues and PFC Revenues, as applicable, to pay the Debt Service Requirements of the Outstanding Senior Lien General Revenue Bonds, the Outstanding Hybrid PFC Bonds, the Series 2019 Bonds, and the Proposed 2020-2022 Bonds, while meeting the debt service coverage requirements of the rate covenant under the Bond Ordinance. The forecasts through Fiscal Year 2024 (the "Forecast Period") are based upon assumptions and estimates concerning future events and circumstances, as set forth in the Report of the Airport Consultant, which the City and the Department of Aviation believe to be reasonable. The Report of the Airport Consultant is included in reliance upon the knowledge and experience of the Airport Consultant as airport consultants. The Report of the Airport Consultant should be read in its entirety for an understanding of the assumptions and rationale underlying the financial forecasts. See "APPENDIX A - REPORT OF THE AIRPORT CONSULTANT - Background, Assumptions, and Rationale for the Financial Forecasts" attached hereto.

The following table, which has been extracted from the Report of the Airport Consultant, presents the forecast financial results of the Airport through the Forecast Period. The forecast indicates compliance with the rate covenant under the Bond Ordinance for each Fiscal Year of the Forecast Period.

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This table is based on information from the sources indicated and assumptions provided by or reviewed with and approved by, Airport management, as described in the accompanying text. Inevitably, some assumptions used to develop the projections will not be realized and unanticipated events and circumstances may occur. Therefore, there will be differences between the projected and actual results, and those differences may be material.

**Application of PFC Revenues and Debt Service Coverage
Hartsfield-Jackson Atlanta International Airport
For Fiscal Years ending June 30
(dollars and passengers in thousands)**

[continued on next page]

| | Historical ⁽¹⁾ | | | | Forecast | | | | | |
|--|---------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | Fiscal Year 2015 | Fiscal Year 2016 | Fiscal Year 2017 | Fiscal Year 2018 | Fiscal Year 2019 | Fiscal Year 2020 | Fiscal Year 2021 | Fiscal Year 2022 | Fiscal Year 2023 | Fiscal Year 2024 |
| Calculation of PFC Revenues | | | | | | | | | | |
| Enplaned passengers | 49,056 | 51,807 | 52,098 | 52,562 | 54,500 | 55,100 | 55,700 | 56,300 | 56,900 | 57,500 |
| Percent PFC-eligible | 87.0% | 88.4% | 87.2% | 87.7% | 87.5% | 87.5% | 87.5% | 87.5% | 87.5% | 87.5% |
| Net PFC collection per eligible passenger ⁽²⁾ | \$4.39 | \$4.39 | \$4.39 | \$4.39 | \$4.39 | \$4.39 | \$4.39 | \$4.39 | \$4.39 | \$4.39 |
| PFC collections | \$187,308 | \$201,146 | \$199,431 | \$202,455 | \$209,348 | \$211,653 | \$213,958 | \$216,262 | \$218,567 | \$220,872 |
| Investment earnings ⁽³⁾ | 5,178 | 10,429 | 17,459 | 14,037 | 11,810 | 8,800 | 7,160 | 6,890 | 8,190 | 10,310 |
| Total PFC Revenues | \$192,486 | \$211,575 | \$216,890 | \$216,492 | \$221,158 | \$220,453 | \$221,118 | \$223,152 | \$226,757 | \$231,182 |
| Annual change | 4.5% | 9.9% | 2.5% | -0.2% | 2.2% | -0.3% | 0.3% | 0.9% | 1.6% | 2.0% |
| Pay-as-you-go expenditures | | | | | | | | | | |
| Airfield | \$ 51,828 | \$ 24,832 | \$ 75,536 | \$ 43,155 | \$ 95,429 | \$165,657 | \$ 75,675 | \$ 33,572 | \$ 646 | - |
| Domestic Terminal | 8,524 | 15,731 | 31,667 | 66,049 | 84,644 | 39,568 | - | - | - | - |
| International Terminal | 1,291 | 7,239 | - | - | - | - | 1,728 | 1,779 | - | - |
| AGTS | - | 9,837 | 10,000 | 11,963 | - | 31,827 | 84,735 | 75,319 | 34,677 | - |
| Cargo | - | - | - | - | - | 18,566 | 19,131 | - | - | - |
| City Nonrevenue | 13,286 | 17,162 | 6,909 | - | - | - | - | - | - | - |
| | \$ 74,929 | \$ 74,801 | \$124,112 | \$121,167 | \$180,074 | \$255,618 | \$181,269 | \$110,670 | \$ 35,323 | - |
| Financing costs | - | - | - | - | - | - | - | - | - | - |
| General Revenue Bond debt service | - | 42,675 | 28,318 | 25,310 | 27,870 | 26,925 | 28,852 | 33,316 | 33,303 | \$ 33,290 |
| Adjustments ⁽⁴⁾ | (1,499) | 10,271 | (34,295) | (8,897) | - | - | - | - | - | - |
| PFC Revenue Hybrid Bond debt service | | | | | | | | | | |
| Airfield | \$ 9,042 | \$ 9,042 | \$ 9,042 | \$ 9,042 | \$ 9,042 | \$ 9,042 | \$ 9,042 | \$ 9,042 | \$ 9,042 | \$ 18,074 |
| Domestic Terminal | - | - | - | - | - | 18,567 | 22,969 | 22,969 | 22,969 | 22,969 |
| International Terminal | 49,680 | 49,681 | 49,679 | 49,680 | 49,682 | 49,679 | 49,680 | 49,680 | 49,680 | 41,344 |
| Rental Car Center | 6,015 | 6,015 | 6,015 | 6,015 | 6,015 | 6,015 | 6,015 | 6,015 | 6,015 | 6,015 |
| City Nonrevenue | 5,179 | 5,179 | 5,179 | 5,179 | 5,179 | 5,179 | 5,179 | 5,179 | 5,179 | 3,907 |
| Subtotal debt service | \$ 69,916 | \$ 69,917 | \$ 69,915 | \$ 69,616 | \$ 69,918 | \$ 88,481 | \$ 92,885 | \$ 92,886 | \$ 92,885 | \$ 92,309 |
| Less: Amount paid from General Revenues | - | - | - | - | - | - | - | - | - | - |
| Debt service paid from PFC Revenues | \$ 69,916 | \$ 69,917 | \$ 69,915 | \$69,916 | \$ 69,918 | \$ 88,481 | \$ 92,885 | \$92,886 | \$ 92,885 | \$ 92,309 |
| Total expenditures | \$143,347 | \$197,664 | \$188,050 | \$207,496 | \$277,861 | \$371,024 | \$303,006 | \$236,871 | \$161,511 | \$125,599 |
| Net PFC Revenues over (under) expenditures | \$ 49,139 | \$ 13,911 | \$ 28,840 | \$ 8,996 | (\$ 56,703) | (\$150,571) | (\$ 81,888) | (\$ 13,719) | \$ 65,246 | \$105,583 |
| PFC Revenue Fund ending balance | \$595,610 | \$609,520 | \$638,360 | \$647,356 | \$590,653 | \$440,082 | \$358,194 | \$344,475 | \$409,722 | \$515,304 |
| Coverage of PFC Revenue Hybrid Bond debt service by PFC Revenues | 275% | 303% | 310% | 310% | 316% | 249% | 238% | 240% | 244% | 250% |

**Application of PFC Revenues and Debt Service Coverage
Hartsfield-Jackson Atlanta International Airport
For Fiscal Years ending June 30
(dollars and passengers in thousands)**

[continued from previous page]

| | Historical ⁽¹⁾ | | | | Forecast | | | | | |
|---|---------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | Fiscal Year 2015 | Fiscal Year 2016 | Fiscal Year 2017 | Fiscal Year 2018 | Fiscal Year 2019 | Fiscal Year 2020 | Fiscal Year 2021 | Fiscal Year 2022 | Fiscal Year 2023 | Fiscal Year 2024 |
| Percentage Distribution of PFC Hybrid Revenue Bond debt service | | | | | | | | | | |
| Airfield | 12.9% | 12.9% | 12.9% | 12.9% | 12.9% | 10.2% | 9.7% | 9.7% | 9.7% | 19.6% |
| Domestic Terminal | - | - | - | - | - | 21.0 | 24.7 | 24.7 | 24.7 | 24.9 |
| International Terminal | 71.1 | 71.1 | 71.1 | 71.1 | 71.1 | 56.1 | 53.5 | 53.5 | 53.5 | 44.8 |
| Rental Car Center | 8.6 | 9.6 | 8.6 | 8.6 | 8.6 | 6.8 | 6.5 | 6.5 | 6.5 | 6.5 |
| City Nonrevenue | 7.4 | 7.4 | 7.4 | 7.4 | 7.4 | 5.9 | 5.6 | 5.6 | 5.6 | 4.2 |
| | <u>16.0%</u> | <u>16.0%</u> | <u>16.0%</u> | <u>16.0%</u> | <u>16.0%</u> | <u>12.7%</u> | <u>12.1%</u> | <u>12.1%</u> | <u>12.1%</u> | <u>10.7%</u> |
| Total | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| PFC Bond debt service paid from PFC Revenues | \$69,616 | \$ 69,917 | \$ 69,915 | \$ 69,916 | \$ 69,918 | \$ 88,481 | \$ 92,885 | \$ 92,886 | \$ 92,885 | \$ 92,309 |
| Plus: General Revenue Bond debt service and financing costs paid from PFC Revenues | - | 42,675 | 28,318 | 25,310 | 27,870 | 26,925 | 28,852 | 33,316 | 33,303 | 33,290 |
| Subtotal | <u>\$69,916</u> | <u>\$112,592</u> | <u>\$ 98,233</u> | <u>\$ 95,226</u> | <u>\$ 97,788</u> | <u>\$115,406</u> | <u>\$121,737</u> | <u>\$126,201</u> | <u>\$126,188</u> | <u>\$125,599</u> |
| Coverage of PFC Revenue Hybrid and General Revenue Bond debt service by PFC Revenues | 275% | 188% | 221% | 227% | 226% | 191% | 182% | 177% | 180% | 184% |

⁽¹⁾ Source: City of Atlanta, Department of Aviation, PFC Revenue Fund reports.
⁽²⁾ PFC of \$4.50 net of airline collection fee of \$0.11.
⁽³⁾ Assuming forecast investment earnings rate of 1.0% per year.
⁽⁴⁾ Accounting and other adjustments to reconcile calculated and recorded PFC Fund ending balances.

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This table is based on information from the sources indicated and assumptions provided by or reviewed with and approved by, Airport management, as described in the accompanying text. Inevitably, some assumptions used to develop the projections will not be realized and unanticipated events and circumstances may occur. Therefore, there will be differences between the projected and actual results, and those differences may be material.

**Application of General Revenues and Debt Service Coverage
Hartsfield-Jackson Atlanta International Airport
For Fiscal Years ending June 30
(dollars and passengers in thousands)**

| | | Historical ⁽¹⁾ | | | | Forecast | | | | | |
|---|---------|---------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | | Fiscal Year 2015 | Fiscal Year 2016 | Fiscal Year 2017 | Fiscal Year 2018 | Fiscal Year 2019 | Fiscal Year 2020 | Fiscal Year 2021 | Fiscal Year 2022 | Fiscal Year 2023 | Fiscal Year 2024 |
| General Revenues ⁽²⁾ | | \$512,952 | \$499,792 | \$512,726 | \$549,120 | \$584,506 | \$601,079 | \$665,522 | \$696,974 | \$772,813 | \$797,490 |
| Operating Expenses ⁽³⁾ | | 225,189 | 240,432 | 264,125 | 248,854 | 311,003 | 342,337 | 356,039 | 370,256 | 385,005 | 400,307 |
| Net Revenues | [A] | \$287,763 | \$259,360 | \$248,600 | \$300,266 | \$273,503 | \$258,742 | \$309,482 | \$326,718 | \$387,808 | \$397,183 |
| General Revenue Bond Debt Service Requirements ⁽⁴⁾ | [B] | \$153,298 | \$125,877 | \$139,633 | \$142,654 | \$140,579 | \$147,079 | \$189,306 | \$185,016 | \$218,518 | \$232,211 |
| PFC Revenue Hybrid Bond Debt Service Requirements paid from General Revenues ⁽⁴⁾ | [C] | - | - | - | - | - | - | -- | - | - | - |
| Total Debt Service Requirements paid from General Revenues | [D=B+C] | \$153,298 | \$125,877 | \$139,633 | \$142,654 | \$140,579 | \$147,079 | \$189,306 | \$185,016 | \$218,518 | \$232,211 |
| Deposit to Renewal and Extension Fund | [A-D] | \$134,466 | \$133,483 | \$108,968 | \$157,611 | \$132,924 | \$111,663 | \$120,176 | \$141,702 | \$169,289 | \$164,972 |
| General Revenue Bond debt service coverage | [A/B] | 188% | 206% | 178% | 210% | 195% | 176% | 163% | 177% | 177% | 171% |
| Coverage of all Debt Service Requirements paid from General Revenues | [A/D] | 188% | 206% | 178% | 210% | 195% | 176% | 163% | 177% | 177% | 171% |

⁽¹⁾ Source: City of Atlanta, Airport Revenue Fund reports.

⁽²⁾ See "APPENDIX A - REPORT OF THE AIRPORT CONSULTANT - EXHIBIT E" attached hereto.

⁽³⁾ See "APPENDIX A - REPORT OF THE AIRPORT CONSULTANT - EXHIBIT D" attached hereto. Expenses include major maintenance expenditures made from the Renewal and Extension Fund.

⁽⁴⁾ See "APPENDIX A - REPORT OF THE AIRPORT CONSULTANT - EXHIBIT C" attached hereto. Amounts are net of payments made or to be made from capitalized interest and PFC Revenues. See "APPENDIX A - REPORT OF THE AIRPORT CONSULTANT - EXHIBIT F" attached hereto for payments from PFC Revenues.

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The Airport Consultant developed forecasts of airline traffic at the Airport through the Forecast Period taking into account analyses of the economic basis for airline traffic at the Airport, trends in historical airline traffic, and key factors that will affect future airline traffic, all as discussed in the Report of the Airport Consultant. In developing the forecasts, the Airport Consultant assumed that airline service at the Airport will not be constrained by the availability of aviation fuel, limitations in the capacity of the air traffic control system or the Airport, charges for the use of aviation facilities, or government policies or actions that restrict growth. The Airport Consultant also reviewed forecasts for the Airport prepared by the FAA. Notably, the Report of the Airport Consultant incorporates certain key assumptions including, but not limited to: (a) the U.S. economy will experience sustained growth in GDP averaging between 2.0% and 2.5% per year; (b) the economy of the Airport service region will grow at a similar rate to that of the United States as a whole; (c) a generally stable international political environment and safety and security precautions will ensure airline traveler confidence in aviation without imposing unreasonable inconveniences; (d) there will be no major disruption of airline service or airline travel behavior as a result of international hostilities, terrorist acts or threats, or government policies restricting or deterring air travel; (e) the Airlines serving the Airport will be financially viable and provide the seat capacity required to accommodate passenger demand; (f) competition among the airlines serving major markets from the Airport will ensure the availability of competitive airfares; and (g) the Airport will continue to be the principal connecting hub and U.S. international gateway in the Delta system. See "APPENDIX A - REPORT OF THE AIRPORT CONSULTANT - BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS" attached hereto.

The Report of the Airport Consultant has been included herein in reliance upon the knowledge and experience of the Airport Consultant as airport consultants.

CERTAIN FACTORS AFFECTING THE AIR TRANSPORTATION INDUSTRY AND OTHER CONSIDERATIONS

General

The information in this section describes certain factors affecting the air transportation industry and other considerations which may impact the payment of or security for the Series 2019 Bonds and any other Bonds outstanding under the Bond Ordinance. The following discussion is not meant to be an exhaustive list of the factors affecting the air transportation industry and other considerations which may impact the payment of or security for the Series 2019 Bonds and does not necessarily reflect the relative importance of the various factors and considerations. In addition, there can be no assurance that other factors or considerations not discussed herein will not become relevant or material in the future. Investors are advised to consider the following factors along with all other information described in this Official Statement or incorporated by reference herein when evaluating the Series 2019 Bonds.

Historical Socioeconomic Indicators

In general, the population and economy of an airport service region are the primary determinants of originating passenger numbers at an airport serving that region. Connecting

passenger numbers are primarily determined by airline decisions to provide connecting service at an airport. Annual changes in originating passenger numbers for the Airport and the United States generally correlate with changes in population, nonagricultural employment and per capita income. For a description of the economic basis for originating passenger traffic at the Airport in terms of historical socioeconomic trends and the employment profile of the Atlanta MSA, which includes historical data on population, nonagricultural employment, per capita income, and per capita gross domestic product for the Atlanta MSA and the United States, see "APPENDIX A - REPORT OF THE AIRPORT CONSULTANT - ECONOMIC BASIS FOR AIRLINE TRAFFIC DEMAND" attached hereto.

Outlook for the U.S. and Atlanta MSA Economy

Real (inflation-adjusted) gross domestic product (GDP) for the United States grew 2.6% in 2015, 1.6% in 2016, 2.2% in 2017, and 2.9% in 2018. The Congressional Budget Office forecasts real GDP growth of 2.7% in 2019, 1.9% in 2020, and an average of 1.7% per year thereafter.

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

The economic outlook for the Atlanta MSA generally depends on the same factors as those for the nation. In the Atlanta MSA, the potential for increased economic activity is seen by economists as particularly high in trade, transportation, education, health care, and other services. Despite concerns about the ability of the region to manage growth, it is expected that the Atlanta MSA economy will continue to grow steadily.

National real GDP is forecast by the Georgia State University Economic Forecasting Center to increase 2.6% in 2019, 1.9% in 2020, and 1.9% in 2021, rates similar to those forecast by the Congressional Budget Office. National nonagricultural employment is forecast by the Center to increase an average of 1.2% per year between 2018 and 2021. Nonagricultural employment in the Atlanta MSA is forecast by the Center to increase an average of 1.6% per year between 2018 and 2021.

See "APPENDIX A - REPORT OF THE AIRPORT CONSULTANT - ECONOMIC BASIS FOR AIRLINE TRAFFIC DEMAND - Economic Outlook" attached hereto.

Economic, Political, and Security Conditions

Historically, airline passenger traffic nationwide has correlated closely with the state of the U.S. economy and levels of real disposable income. Recessions in the U.S. economy in 2001 and 2008-2009 and associated high unemployment reduced discretionary income and resulted in reduced airline travel. See "APPENDIX A - REPORT OF THE AIRPORT CONSULTANT - ECONOMIC BASIS FOR AIRLINE TRAFFIC DEMAND - Key Factors Affecting Future Airline Traffic - Economic, Political, and Security Conditions" attached hereto. Future increases in domestic passenger traffic at the Airport will depend on national economic growth.

With the globalization of business and the increased importance of international trade and tourism, international economics, trade balances, currency exchange rates, government policies, and geopolitical relationships all influence passenger traffic at major U.S. airports.

Concerns about hostilities, terrorist attacks, other perceived security and public health risks, and associated travel restrictions also affect travel demand to and from particular international destinations. Beginning in March 2017, the Trump administration issued various orders seeking to restrict travel to the United States from certain countries, mainly in the Middle East and Africa. Following court challenges, in June 2018, the U.S. Supreme Court upheld the administration's most recent travel restrictions. As the restrictions are implemented, increased scrutiny by U.S. Customs and Border Protection may prevent or discourage some airline travel.

Future increases in international passenger traffic at the Airport will partly depend on global economic growth, a stable and secure travel environment, and government policies that do not unreasonably restrict or deter travel.

Financial Health of the Airline Industry

The number of passengers at the Airport will depend partly on the profitability of the U.S. airline industry and the associated ability of the industry and individual airlines to make the necessary investments to provide service. See "APPENDIX A - REPORT OF THE AIRPORT CONSULTANT - ECONOMIC BASIS FOR AIRLINE TRAFFIC DEMAND - Key Factors Affecting Future Airline Traffic - Financial Health of the Airline Industry" attached hereto.

As a result of the 2001 economic recession, the disruption of the airline industry that followed the September 2001 attacks, increased fuel and other operating costs, and price competition, the industry experienced financial losses in 2001 through 2006. To mitigate those losses, all of the major airlines reduced their route networks and flight schedules and reached agreements with their employees, lessors, vendors, and creditors to cut costs. Between 2002 and 2005, Delta, Northwest, United, and US Airways all filed for bankruptcy protection and restructured their operations.

In 2007, the U.S. passenger airline industry was profitable, but in 2008, as oil and aviation fuel prices increased to unprecedented levels and the U.S. economy contracted, the industry experienced a profitability crisis. In 2008 and 2009, the U.S. passenger airline industry recorded net losses of approximately \$26 billion. The industry responded by, among other actions, grounding less fuel-efficient aircraft, eliminating unprofitable routes and hubs, reducing seat capacity, and increasing airfares. Between 2007 and 2009, the U.S. passenger airlines collectively reduced domestic available seat-mile capacity by approximately 10%.

From 2010 to 2013, the U.S. passenger airlines recorded net income of approximately \$18 billion, notwithstanding sustained high fuel prices, by controlling capacity and nonfuel expenses, increasing airfares, achieving high load factors, and increasing ancillary revenues. Between 2009 and 2013, the airlines collectively increased domestic seat-mile capacity by an average of 1.0% per year. American filed for bankruptcy protection in 2011.

In 2014, the U.S. passenger airline industry reported net income of \$9 billion, assisted by reduced fuel prices. In 2015, the industry achieved record net income of \$26 billion as fuel prices

decreased further, demand remained strong, and capacity control allowed average fares and ancillary charges to remain high. Strong industry profitability continued in 2016 through 2018.

Recent agreements between the major airlines and their unionized employees have resulted in increased labor costs. According to Airlines for America, a trade organization representing the industry, U.S. airlines increased wages and benefits per full-time employee by 28% between 2013 and 2018. Contributing to the increased costs is a shortage of qualified airline pilots resulting from retirements and changed FAA qualification standards and duty and rest rules. The pilot shortage has required the airlines to increase salaries and improve benefits to attract and retain qualified pilots.

Sustained industry profitability will depend on, among other factors, economic growth to support airline travel demand, continued capacity control to enable increased airfares, and stable fuel prices and labor costs.

Consolidation of the U.S. airline industry has resulted from the acquisition of Trans World by American (2001), the merger of US Airways and America West (2005), the merger of Delta and Northwest (2009), the merger of United and Continental (2010), the acquisition of AirTran by Southwest (2011), the merger of American and US Airways (2013), and the acquisition of Virgin America by Alaska (2016).

Such consolidation has resulted in four airlines (American, Delta, Southwest, and United) and their regional affiliates now accounting for approximately 86% of domestic seat-mile capacity. The consolidation has contributed to recent airline industry profitability. However, any resumption of financial losses could cause one or more U.S. airlines to seek bankruptcy protection or liquidate. The liquidation of any of the large network airlines could drastically affect airline service at certain connecting hub airports and change airline travel patterns nationwide.

Airline Service and Routes

The Airport accommodates travel demand to and from the Atlanta region and serves as a connecting hub. The number of origin and destination passengers at the Airport depends primarily on the intrinsic attractiveness of the Atlanta region as a business and leisure destination, the propensity of its residents to travel, and the airfares and service provided at the Airport and at other competing airports. The number of connecting passengers, on the other hand, depends entirely on the airline fares and service provided at the Airport.

The large network airlines have developed hub-and-spoke systems that allow them to offer high-frequency service to many destinations. Because most connecting passengers have a choice of airlines and intermediate airports, connecting traffic at an airport depends primarily on the route networks and flight schedules of the airlines serving that airport and competing hub airports. Since 2003, as the U.S. airline industry has consolidated, airline service has been reduced at many former connecting hub airports, including those serving St. Louis (American, 2003-2005), Dallas-Fort Worth (Delta, 2005), Pittsburgh (US Airways, 2006-2008), Las Vegas (US Airways, 2007-2010), Cincinnati (Delta, 2009-2012), Memphis (Delta, 2011-2013), and Cleveland (United, 2014).

The Airport serves as Delta's principal connecting hub as well as a secondary connecting airport for Southwest. As a result, much of the connecting passenger traffic at the Airport results

from the route networks and flight schedules of Delta and, to a lesser extent, Southwest, rather than the economy of the Atlanta region. If Delta were to reduce connecting service at the Airport, such service would not necessarily be replaced by other airlines, although reductions in service by any airline would create business opportunities for others. Hypothetical reductions in passenger traffic as a result of reduced connecting airline service at the Airport are discussed in "APPENDIX A - REPORT OF THE AIRPORT CONSULTANT - ECONOMIC BASIS FOR AIRLINE TRAFFIC DEMAND - Forecast Assumptions - Stress Test Passenger Forecast."

Airline Competition and Airfares

Airline fares have an important effect on passenger demand, particularly for short trips for which automobile and other surface travel modes are potential alternatives, and for price-sensitive "discretionary" travel. The price elasticity of demand for airline travel increases in weak economic conditions when the disposable income of potential airline travelers is reduced. Airfares are influenced by airline capacity and yield management; passenger demand; airline market presence; labor, fuel, and other airline operating costs; taxes, fees, and other charges assessed by governmental and airport agencies; and competitive factors. Future passenger numbers, both nationwide and at the Airport, will depend partly on the level of airfares.

Overcapacity in the industry, the ability of consumers to compare airfares and book flights easily via the Internet, and the 2001 recession combined to reduce the average yield between 2000 and 2004. The average yield then increased between 2004 and 2008 before again decreasing during the 2008-2009 recession. The average yield then increased between 2009 and 2014 as airline travel demand strengthened, the airlines collectively reduced available seat capacity, and the airlines were able to sustain airfare increases. Between 2014 and 2016, the average yield decreased and since 2016 has been fairly stable.

Beginning in 2006, charges were introduced by most airlines for optional services such as checked baggage, preferred seating, in-flight meals, and entertainment, thereby increasing the effective price of airline travel more than yield figures indicate. See "APPENDIX A - REPORT OF THE AIRPORT CONSULTANT - ECONOMIC BASIS FOR AIRLINE TRAFFIC DEMAND - Key Factors Affecting Future Airline Traffic - Airline Competition and Airfares" attached hereto.

Availability and Price of Aviation Fuel

The price of aviation fuel is a critical and uncertain factor affecting airline operating economics. See "APPENDIX A - REPORT OF THE AIRPORT CONSULTANT - ECONOMIC BASIS FOR AIRLINE TRAFFIC DEMAND - Key Factors Affecting Future Airline Traffic - Availability and Price of Aviation Fuel" attached hereto.

Between 2011 and 2014, aviation fuel prices were relatively stable, partly because of increased oil supply from U.S. domestic production made possible by the hydraulic fracturing of oil-bearing shale deposits and other advances in extraction technologies. As of mid-2014, average fuel prices were approximately three times those at the end of 2003 and accounted for between 30% and 40% of expenses for most airlines.

Beginning in mid-2014, an imbalance between worldwide demand and supply resulted in a precipitous decline in the price of oil and aviation fuel through the end of 2015. Fuel prices have since increased, but the average price of aviation fuel at the end of 2018 was still approximately 30% below the price at mid-2014. Lower fuel prices have a positive effect on airline profitability as well as far-reaching implications for the global economy.

Airline industry analysts hold differing views on how oil and aviation fuel prices may change in the near term, although, absent unforeseen disruptions, prices are expected to remain stable. There is widespread agreement that fuel prices are likely to increase over the long term as global energy demand increases in the face of finite oil supplies that are becoming more expensive to extract. Some economists predict that the development of renewable sources of energy, pressures to combat global climate change, the widespread use of electric cars, and other trends will eventually result in a decline in the demand for oil and associated downward pressure on fuel prices.

Aviation fuel prices will continue to affect airfares, passenger numbers, airline profitability, and the ability of airlines to provide service. Airline operating economics will also be affected as regulatory costs are imposed on the airline industry as part of efforts to reduce aircraft emissions contributing to climate change.

Aviation Safety and Security Concerns

Concerns about the safety of airline travel and the effectiveness of security precautions influence passenger travel behavior and airline travel demand. Anxieties about the safety of flying and the inconveniences and delays associated with security screening procedures lead to both the avoidance of travel and the switching from air to surface modes of transportation for short trips.

Safety concerns in the aftermath of the September 2001 attacks were largely responsible for the steep decline in airline travel nationwide in 2002. Since 2001, government agencies, airlines, and airport operators have upgraded security measures to guard against changing threats and maintain confidence in the safety of airline travel. These measures include strengthened aircraft cockpit doors, changed flight crew procedures, increased presence of armed federal air marshals, federalization of airport security functions under the Transportation Security Administration ("TSA"), more effective dissemination of information about threats, more intensive screening of passengers and baggage, and deployment of new screening technologies. The TSA has introduced "pre-check" service to expedite the screening of passengers who have submitted to background checks.

Following the fatal crashes of B-737 MAX aircraft that are suspected to have been caused by the malfunction of the aircraft's automated flight control system, all B-737 MAX aircraft were grounded in March 2019. Among North American airlines, Air Canada, American, Southwest, United, and WestJet are being affected. Delta does not operate B-737 MAX aircraft. At the time of the grounding, B-737 MAX aircraft accounted for approximately 1.5% of U.S. airline seat capacity and 0.3% of seat capacity at the Airport. The grounding has not caused significant numbers of flight cancellations at the Airport. The grounding may last several more months while the flight control system software is updated and approved by the FAA and international regulators and pilot training is completed. Deliveries of new MAX aircraft have been halted until the aircraft

is cleared to fly. The delay in aircraft deliveries is negatively affecting airline fleet renewal and expansion plans, particularly those of Southwest.

Historically, airline travel demand has recovered after temporary decreases stemming from terrorist attacks or threats, hijackings, aircraft crashes, and other aviation safety concerns. Provided that precautions by government agencies, airlines, and airport operators serve to maintain confidence in the safety of commercial aviation without imposing unacceptable inconveniences for airline travelers, future demand for airline travel will depend primarily on economic, not safety or security, factors.

Capacity of the National Air Traffic Control System

Demands on the national air traffic control system have, in the past, caused delays and operational restrictions affecting airline schedules and passenger traffic. The FAA is gradually implementing its Next Generation Air Transportation System (NextGen) air traffic management programs to modernize and automate the guidance and communications equipment of the air traffic control system and enhance the use of airspace and runways through improved air navigation aids and procedures. Since 2007, airline traffic delays have decreased because of reduced numbers of aircraft operations (down approximately 15% between 2007 and 2018) but, as airline travel increases in the future, flight delays and restrictions can be expected.

Capacity of the Airport

In addition to any future constraints that may be imposed by the capacity of the national air traffic control and national airport systems, future growth in airline traffic at the Airport will depend on the capacity of the Airport itself.

Completion of the fifth runway at the Airport in 2006 greatly increased the capacity of the airfield to accommodate aircraft arrivals and departures, particularly in poor visibility. Operation of the fifth runway permits the simultaneous use of three runways for aircraft arrivals in all weather conditions. In a report on the capacity needs of the national airspace system released by the FAA in May 2007, the Airport was characterized as not needing additional capacity until after 2025. The airfield, terminal, and other facilities included in the City's capital improvement plan for the Airport are intended to ensure that Airport capacity will be available to accommodate forecast passenger demand.

Effect of Bankruptcy on Airport Use and Lease Agreement

If a Signatory Airline files for protection under chapter 11 of the U.S. Bankruptcy Code, such airline or its bankruptcy trustee must determine whether to assume or reject its agreements with the City (a) with respect to the Airport Use and Lease Agreement and other unexpired leases of nonresidential real property, by the earlier of (i) 120 days of the bankruptcy filing, provided that the Bankruptcy Court may extend such time by 90 additional days, or (ii) the date of entry of a Bankruptcy Court order confirming a plan of reorganization, and (b) with respect to other unexpired leases and executory contracts, prior to or at the confirmation of a plan of reorganization unless the Bankruptcy Court shortens the time.

If a Signatory Airline files for protection under chapter 7 of the U.S. Bankruptcy Code, a bankruptcy trustee must determine whether to assume or reject the Signatory Airline's agreements with the City (a) with respect to the Airport Use and Lease Agreement and other unexpired leases of nonresidential real property, within 120 days of the bankruptcy filing, provided that the Bankruptcy Court may extend such time by 90 additional days, and (b) with respect to other unexpired leases and executory contracts, within 60 days of the bankruptcy filing, provided that the Bankruptcy Court may extend such time.

In the event of assumption, the Signatory Airline would be required to cure any prior defaults and to provide adequate assurance of future performance under the applicable Airport Use and Lease Agreement or other agreements. Moreover, the Signatory Airline may seek to assign the Airport Use and Lease Agreement or other agreement during the bankruptcy case. In such instance, the Signatory Airline must still effectuate a cure of any prior default and the buyer must provide adequate assurance of future performance under the applicable Airport Use and Lease Agreement or other agreements. Moreover, the sale would be subject to U.S. Bankruptcy Court approval, as well as applicable regulations.

Rejection of an Airport Use and Lease Agreement or other agreement or executory contract would give rise to an unsecured claim of the City for damages, the amount of which in the case of an Airport Use and Lease Agreement or other unexpired leases of nonresidential real property is limited by the U.S. Bankruptcy Code generally to the amounts accrued but unpaid prior to bankruptcy plus rent reserved under the agreement, without acceleration, for the greater of one year, or 15 percent, not to exceed three years, of the remaining term. However, the amount ultimately received in the event of a rejection of an Airport Use and Lease Agreement or other agreement could be considerably less than the maximum amounts allowed under the U.S. Bankruptcy Code. There is no assurance that the remaining Signatory Airlines would be financially able to absorb the additional costs resulting from the bankruptcy of any other Signatory Airline.

Additionally, during the pendency of a bankruptcy proceeding, a debtor Signatory Airline may not, absent a court order, make any payments to the City on account of goods and services provided prior to the bankruptcy. Thus, the City's stream of payments from a debtor airline would be interrupted to the extent of pre-petition goods and services, including accrued rent and landing fees. Although there can be no guarantee as to what an airline entity in bankruptcy will or will not do, it is expected that the impact of any such interruption on the Airport, while adverse, would be of a relatively short duration.

Finally, if a Signatory Airline files for bankruptcy relief in a foreign Country, an authorized representative of the Signatory Airline may look to have the U.S. Bankruptcy Court recognize the foreign insolvency proceeding pursuant to chapter 15 of the U.S. Bankruptcy Code. In such event, the authorized representative may look to extend certain protections of the U.S. Bankruptcy Code to Signatory Airline assets located in the U.S., including its agreements with the City. Moreover, disposition of the Signatory Airline's assets may be subject to another Country's bankruptcy laws.

Availability of Various Sources of Funding

The City is implementing a 20-year plan of capital improvements at the Airport being funded by a combination of the proceeds of Bonds, federal grants-in-aid, PFC Revenues, CFC Revenues, commercial paper notes, and other Airport funds. Capital improvements that the City expects to implement through approximately 2023, referred to herein as Capital Plan to 2023, their estimated costs, and the funding plan are more fully described under "CAPITAL PLAN TO 2023" herein and "APPENDIX A - REPORT OF THE AIRPORT CONSULTANT" attached hereto. No assurance can be given that these sources of funding will actually be available in the amounts or on the schedule assumed.

To the extent that any portion of the funding assumed in the funding plan is not available as anticipated and/or the City is not able to access the capital markets as currently contemplated, the City may be required to downsize the Capital Plan to 2023. In addition, the City may be required to seek the approval of the Signatory Airlines before it may issue additional indebtedness to pay certain costs associated with the Capital Plan to 2023 in order for the debt service on such indebtedness to be included in the calculation of Airline rates and charges. There is no assurance that the City will be able to obtain such approval as and to the extent required at such time. As an alternative to issuing additional debt, the Capital Plan to 2023 may be downsized.

Costs of Capital Improvement Program and Schedule

The estimated costs of, and the projected schedule for, the Capital Plan to 2023 are subject to a number of uncertainties. The ability of the City to complete the Capital Plan to 2023 may be adversely affected by various factors including, without limitation: design and engineering errors, changes to the scope of the elements of the Capital Plan to 2023, delays in contract awards, material and/or labor shortages, unforeseen site conditions, adverse weather conditions, contractor defaults, labor disputes, unanticipated levels of inflation, litigation, delays in permitting, and environmental issues. No assurance can be given that the Capital Plan to 2023 will not cost more than is currently estimated. Any schedule delays or cost increases could result in the need to issue additional indebtedness and may result in increased costs per enplaned passenger to the Airlines utilizing the Airport.

Construction of large projects at airports also involve the risk of disruption of ongoing operations and a resultant reluctance on the part of passengers and airlines to use the Airport. The City has taken steps to minimize the impact of construction at the Airport and does not believe that air traffic will be reduced.

Passenger Facility Charges

The City's authority to impose and use PFCs is subject to certain terms and conditions provided in the PFC Act, Part 158 of the Federal Aviation Regulations (14 CFR Part 158), as amended from time to time, and any other regulation issued with respect to the PFC Act (collectively, the "PFC Regulations") and each PFC authority. If the City fails to comply with these requirements, the FAA may take action to terminate or to reduce the City's authority to impose or to use PFCs. Some of the events that could cause the City to violate these provisions are not within the City's control. In addition, failure to comply with the provisions of the Airport

Noise and Capacity Act of 1990, Pub. L. 101-508, Title IX, Subtitle D, §§ 9301 to 9309, as amended from time to time, may lead to termination of the City's authority to impose PFCs. There is no assurance that the PFC Act will not be repealed or amended or that the PFC Regulations or any PFC Authority will not be amended in a manner that would adversely affect the City's ability to collect and use PFC Revenues. The City is currently in compliance with all applicable provisions of the PFC Act and the PFC Regulations, in all material respects. See "INFORMATION CONCERNING GENERAL REVENUES AND PFC REVENUES - Passenger Facility Charges - PFC Revenues" herein.

FAA Reauthorization and Federal Funding

In October 2018, the most recent authorization and funding for the FAA was approved under the FAA Reauthorization Act, which reauthorized the FAA for five years through 2023, at a cost of \$97 billion and represents the longest funding authorization period for FAA programs since 1982.

The AIP, which provides grants to airports for airport safety, capacity, security and environmental projects is funded at \$3.35 billion in mandatory funding for all five years, which continues AIP funding at the same level since 2012, when Congress last passed a FAA reauthorization. Although the passenger facility charge cap of \$4.50 per flight segment was not increased, the FAA Reauthorization Act included provisions to increase the flexibility of funds raised and reduce delays related to project approval. 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 City is unable to predict the level of AIP funding at this time. If there is a reduction in the amount of AIP grants awarded to the City for the Airport, it could: (a) increase by a corresponding amount the capital expenditures that the City would need to fund from other sources (including General Revenues, PFC Revenues, and proceeds of Senior Lien General Revenue Bonds, Hybrid PFC Bonds, Third Lien Airport General Revenue Commercial Paper Notes, and Second Lien Airport Passenger Facility Charge and Third Lien Airport General Revenue Commercial Paper Notes), (b) extend the timing to complete certain projects, or (c) reduce the scope of individual proposed projects or the overall program, or a combination of the foregoing.

Over the years, the authorization and funding for the FAA and various components of its operations have not been consistently approved on a long-term basis. In the past, Congress has enacted continuing resolutions which provided temporary funding for the FAA and its programs and the FAA endured a brief shutdown when a lapse in continuing authority terminated funding for non-essential operations. Failure of Congress to approve legislation reauthorizing the operating authority of the FAA, or adverse changes in the conditions placed on such authority, may have an adverse impact on Airport operations. There can be no assurance that Congress will enact and the President will sign a new comprehensive, long-term FAA reauthorization act when the FAA Reauthorization Act expires. Failure to adopt such legislation could have a material, adverse impact on U.S. aeronautical operations and the Airport, generally, as well as on the AIP grant program and other sources of federal funds.

Regulations and Restrictions Affecting the Airport

The operations of the Airport are affected by various contractual, statutory and regulatory restrictions and limitations, including, without limitation, the provisions of the Airport Use and Lease Agreements, the PFC Act and other extensive federal legislation and regulations applicable to all airports in the United States. The Airport is also required to implement enhanced security measures mandated by the FAA, the TSA and the Department of Homeland Security ("DHS").

It is not possible to predict whether future restrictions or limitations on Airport operations will be imposed, whether future legislation or regulations will affect anticipated federal funding or PFC collections for capital projects for the Airport, whether additional requirements will be funded by the federal government or require funding by the Airport or whether such restrictions or legislation or regulations would adversely affect Pledged Revenues or PFC Revenues.

Cyber Security

In the last few years, many city governments reported customer or data breaches and other fraudulent activities/attacks, which have heightened awareness of data security. The 2018 ransomware attack against the City, and the resulting impacts on the City's operations, were the catalyst that saw the implementation of an enhanced cyber security program at the City that continues to evolve to meet changing needs and threats relating to unauthorized access to data or breaches of confidential information due to criminal conduct, attacks by hackers, employee or insider malfeasance, or human error. Additionally, to enhance the City's security posture, the City works with a range of state and federal law enforcement agencies, including the DHS and the FBI.

The City operates in the local government arena which makes the City a target of cyber-attacks. Additionally, outside parties may attempt to fraudulently induce the City's employees, customers, business partners, service providers and other users of its services to disclose information in order to gain access to sensitive data and the City's systems. The City has devoted, and continues to devote, significant resources to security measures, processes and technologies to protect and secure the City's networks and systems.

However, the techniques used to obtain unauthorized access to, or to disable or degrade, electronic networks, computers, systems and solutions are rapidly evolving and have become increasingly complex and sophisticated. Such incidents are likely to continue and the City is unable to predict the direct or indirect impact of these future attacks and activities on the City.

Availability of Airline Financial and Operating Data

Certain of the Airlines or their parent corporations, including Delta and Southwest, are subject to the information reporting requirements of the Exchange Act, and as such are required to file periodic reports, including financial and operational data electronically, with the SEC through its Electronic Data Gathering, Analysis, and Retrieval (EDGAR) system. All such reports and statements may be accessed through EDGAR via the SEC's website at <http://www.sec.gov> and are typically available at the websites of the individual airlines. In addition, each domestic airline is required to file periodic reports of financial and operating statistics with the U.S. Department of Transportation. These reports are available at the Department of Transportation, Bureau of Transportation Statistics website at <https://www.bts.dot.gov/>.

None of the City, including the Department of Aviation, or the Underwriters undertake any responsibility for and make no representations as to the accuracy or completeness of the content of information available from the SEC or the U.S. Department of Transportation as discussed in the preceding paragraph, including updates of such information or links to other Internet sites accessed through the SEC's or the U.S. Department of Transportation's web sites.

LITIGATION AND OTHER MATTERS

Litigation

The City, like other similar bodies, is subject to a variety of suits and proceedings arising in the ordinary conduct of its affairs. The City, after reviewing the current status of all pending and threatened litigation with the City's Department of Law, believes that, while the outcome of litigation cannot be predicted, the final settlement of all lawsuits which have been filed and of any actions or claims pending or, to the knowledge of the City, threatened against the City or its officials in such capacity are adequately covered by insurance or sovereign immunity or will not have a material adverse effect upon the financial position or results of operations of the Airport.

There is no litigation now pending or, to the knowledge of the City, threatened against the City which restrains or enjoins the issuance or delivery of the Series 2019 Bonds or the use of the proceeds of the Series 2019 Bonds or which questions or contests the validity of the Series 2019 Bonds or the proceedings and authority under which they are to be issued, executed and delivered. Neither the creation, organization, nor existence of the City, nor the title of the present members or other officials of the City to their respective offices, is being currently contested or questioned to the knowledge of the City.

Pending Legislation

During the 2019 regular session of the General Assembly of Georgia (the "General Assembly"), Senate Bill 131 and House Bill 447 (together, the "Airport Takeover Bills") were introduced by the respective chambers. The Airport Takeover Bills sought to vest operations or operational oversight of the Airport in a newly-created state authority. The Airport Takeover Bills failed to receive the requisite approval to become law during the 2019 regular session. However, the General Assembly operates on a biennial legislative session, so even though the Airport Takeover Bills failed to advance during the 2019 regular session, one or both may be debated, amended, and voted on once the General Assembly reconvenes in January 2020. The City is prepared to defend its role as owner and operator of the Airport. For information regarding recent amendments to the Master Bond Ordinance governing the transfer, ownership, management, operation or control of the Airport, see "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS - Recent Amendments to the Master Bond Ordinance Governing the Transfer, Ownership, Management, Operation or Control of the Airport" herein.

FAA Matters

The following is a brief summary of two notices recently received by the City from the FAA regarding a Part 16 administrative proceedings involving (a) a Director's Determination in a Part 16 administrative proceeding concerning a complaint brought by a concessionaire at the

Airport; and (b) the potential unlawful diversion of airport revenues relating to certain legal fees paid by the City, potential improper withholding of airport records and documents affecting the Airport and potential violation of Grant Assurance provisions.

The City disagrees with many of the factual findings in the initial review and is currently evaluating all of its legal and administrative options as to both matters but has not made a decision on what avenues of appeal, if any, it will pursue. The City has and will continue to comply with all Airport Concessions Disadvantaged Business Enterprise program and FAA requirements. Neither AIP nor PFC funding is in jeopardy during the pendency of the Part 16 proceeding. Even if the City were to lose its appeals (or elect not to appeal), the FAA will provide the City an opportunity to submit a "corrective action plan" to address any deficiencies in administration of its DBE program. That plan will set forth how the City will correct any deficiencies that the FAA has found; if the City complies with the plan, it will have resolved any potential grant assurance concerns. The FAA will not consider any revocation of the City's eligibility to receive federal grants without further hearings and unless the City declines to enter into a corrective action plan. The City expects to take all reasonable steps to maintain its eligibility for federal grants.

VALIDATION

The City received an order and final judgment by the Superior Court of Fulton County, Georgia on July 23, 2019, confirming and validating the Series 2019 Bonds and the security therefor. Under State law, the judgment of validation is final and conclusive with respect to the validity of the Series 2019 Bonds and the security therefor and is not subject to collateral attack from other parties.

TAX MATTERS

Opinion of Co-Bond Counsel - Series 2019 Bonds

In the opinion of Co-Bond Counsel, under current law, (a) interest on Series 2019A Bonds and Series 2019C Bonds (i) will not be included in gross income for federal income tax purposes and (ii) will not be an item of tax preference for purposes of the federal alternative minimum income tax; (b) interest on Series 2019B Bonds and Series 2019D Bonds (i) will not be included in gross income for federal income tax purposes, except when held by a "substantial user" of the Airport facilities or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) will be an item of tax preference for purposes of the federal alternative minimum income tax; and (c) interest on the Series 2019 Bonds will be exempt from income taxation by the State of Georgia.

Co-Bond Counsel's opinion with respect to the Series 2019 Bonds will be given in reliance on certifications by representatives of the City and other parties as to certain facts relevant to both the opinion and requirements of the Code, and is subject to the condition that there is compliance subsequent to the issuance of the Series 2019 Bonds with all requirements of the Code that must be satisfied in order for interest thereon to remain excludable from gross income for federal income tax purposes. The City has covenanted to comply with provisions of the Code regarding, among other matters, the use, expenditure, and investment of the proceeds of the Series 2019 Bonds and

the timely payment to the United States of any arbitrage rebate amounts with respect to the Series 2019 Bonds. Failure by the City to comply with such covenants could cause interest on the Series 2019 Bonds, to be included in gross income for federal income tax purposes retroactively to their date of issue.

Co-Bond Counsel's opinion represents a legal judgment based in part upon the representations and covenants referenced therein and a review of current law, but is not a guarantee of result or binding on the Internal Revenue Service (the "IRS") or the courts. Co-Bond Counsel assumes no duty to update or supplement the opinion to reflect any facts or circumstances that may thereafter come to Co-Bond Counsel's attention or to reflect any changes in law or the interpretation thereof that may thereafter occur or become effective.

Customary practice in the giving of legal opinions includes not detailing in the opinion all the assumptions, exclusions, conditions and limitations that are a part of the conclusions therein. See *Statement on the Role of Customary Practice in the Preparation and Understanding of Third-Party Legal Opinions* in *The Business Lawyer*, Volume 63, Page 1277 (2008) and *Legal Opinion Principles* in *The Business Lawyer*, Volume 53, Page 831 (1998). Purchasers of Series 2019 Bonds should seek advice or counsel concerning such matters as they deem prudent in connection with their purchase of Series 2019 Bonds, including with respect to the Co-Bond Counsel opinion.

No other opinion is expressed by Co-Bond Counsel regarding the tax consequences of the ownership of or receipt or accrual of interest on the Series 2019 Bonds.

Other Tax Matters

In addition to the matters addressed above, prospective purchasers of the Series 2019 Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers, including without limitation, financial institutions, property and casualty insurance companies, S corporations, foreign corporations subject to the branch profits tax, corporations subject to the environmental tax, recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Series 2019 Bonds should consult their tax advisors as to the applicability and impact of such consequences.

Current and future legislative proposals, if enacted into law, may cause interest on the Series 2019 Bonds to be subject, directly or indirectly, to federal income taxation by, for example, changing the current exclusion or deduction rules to limit the aggregate amount of interest on state and local government bonds that may be treated as tax exempt by certain individuals.

The IRS has a program to audit state and local government obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Series 2019 Bonds, under current IRS procedures, the IRS will treat the City as the taxpayer and the owners of the Series 2019 Bonds will have only limited rights, if any, to participate.

There are many events which could affect the value and liquidity or marketability of the Series 2019 Bonds after their issuance, including but not limited to public knowledge of an audit of the Series 2019 Bonds by the IRS, a general change in interest rates for comparable securities, a change in federal or state income tax rates, federal or state legislative or regulatory proposals affecting state and local government securities, and changes in judicial interpretation of existing law. In addition, certain tax considerations relevant to owners of Series 2019 Bonds who purchase Series 2019 Bonds after their issuance may be different from those relevant to purchasers upon issuance. Neither the opinion of Co-Bond Counsel nor this Official Statement purport to address the likelihood or effect of any such potential events or such other tax considerations and purchasers of the Series 2019 Bonds should consult their own tax advisors with respect to such matters.

Each prospective purchaser of the Series 2019 Bonds should consult his or her own tax advisor as to the status of interest on the Series 2019 Bonds under the tax laws of any state other than Georgia.

CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with paragraph (b)(5) of the Rule, simultaneously with the issuance of the Series 2019 Bonds, the City will enter into the Continuing Disclosure Agreement for the benefit of the holders of the Series 2019 Bonds, substantially in the form attached hereto as "APPENDIX G - FORM OF CONTINUING DISCLOSURE AGREEMENT." The City, as an "obligated person" under the Rule, will undertake in the Continuing Disclosure Agreement to provide: (a) certain financial information and operating data relating to the Airport and the Series 2019 Bonds in each year (the "Annual Report"); and (b) notice of the occurrence of certain enumerated events (each a "Listed Event Notice"). The Annual Report and each Listed Event Notice, if applicable, will be filed by DAC, on behalf of the City, on EMMA, a service of the Municipal Securities Rulemaking Board. The specific nature and timing of filing the Annual Report and each Listed Event Notice, and other details of the City's undertakings are more fully described in "APPENDIX G - FORM OF CONTINUING DISCLOSURE AGREEMENT" attached hereto.

The following disclosure is being provided by the City for the sole purpose of assisting the Underwriters in complying with the Rule: The City previously entered into continuing disclosure undertakings, as an "obligated person" under the Rule (the "Undertakings"). In the previous five year period beginning on July 10, 2014 and ending on July 10, 2019 (the "Compliance Period"), the City has, on several instances during the Compliance Period, failed to comply with certain provisions of the Undertakings, including: (a) failing to timely file certain annual financial information and/or operating data; (b) failing to provide certain required annual financial information and/or operating data in its annual filings; and (c) failing to file or timely file certain notices.

LEGAL MATTERS

Certain legal matters incident to the authorization, issuance, validity, sale and delivery of the Series 2019 Bonds are subject to the approving opinion of Hunton Andrews Kurth LLP and The Kendall Law Firm, both of Atlanta, Georgia, in their capacity as Co-Bond Counsel whose

approving opinion (in substantially the form attached hereto as "APPENDIX F - FORM OF OPINION OF CO-BOND COUNSEL") will be delivered concurrently with the issuance of the Series 2019 Bonds.

The legal opinion will speak only as of its date and subsequent distribution of it by recirculation of this Official Statement or otherwise will not create any implication that subsequent to the date of the legal opinion Co-Bond Counsel has affirmed its opinion.

The proposed text of the legal opinion of Co-Bond Counsel is attached hereto as "APPENDIX F - FORM OF OPINION OF CO-BOND COUNSEL." The actual legal opinion to be delivered may vary from the text of APPENDIX F, if necessary, to reflect facts and law on the date of delivery of the respective Series 2019 Bonds.

Certain legal matters in connection with the Series 2019 Bonds will be passed upon for the City by its Department of Law. Greenberg Traurig, LLP and Riddle & Schwartz, LLC, both of Atlanta, Georgia, have served as Co-Disclosure Counsel in connection with the Series 2019 Bonds. Certain legal matters will be passed upon for the Underwriters by Hardwick Law Firm, LLC, New York, New York and Haley Law Firm, LLC, Atlanta, Georgia, as Co-Underwriters' Counsel.

The legal opinions to be delivered concurrently with the delivery of the Series 2019 Bonds express the professional judgment of the attorneys rendering the opinions regarding the legal issues expressly addressed therein. By rendering a legal opinion, the attorneys providing such opinion do not become insurers or guarantors of the result indicated by that expression of professional judgment, of the transaction on which the opinion is rendered, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

FINANCIAL STATEMENTS

The financial statements of the Department of Aviation as of and for the Fiscal Years ended June 30, 2018 and 2017 have been audited by KPMG LLP, independent auditors (the "Auditors"). The report of the Auditor, together with the financial statements, and notes to the financial statements for Fiscal Year ended June 30, 2018 are attached hereto as "APPENDIX B - DEPARTMENT OF AVIATION FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2018 AND JUNE 30, 2017." The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not been engaged to perform and has not performed any procedures relating to this Official Statement. See "APPENDIX B - DEPARTMENT OF AVIATION FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2018 AND JUNE 30, 2017" attached hereto.

FINANCIAL ADVISOR

Frasca & Associates, LLC, Atlanta, Georgia, is serving as financial advisor to the City (the "Financial Advisor") in connection with the issuance of the Series 2019 Bonds. The Financial Advisor assisted in matters related to the planning, structuring and issuance of the Series 2019

Bonds and provided other advice. The Financial Advisor did not engage in any underwriting activities with respect to the issuance and sale of the Series 2019 Bonds.

RATINGS

S&P Global Ratings ("S&P"), Moody's Investors Service, Inc. ("Moody's") and Fitch Inc. ("Fitch," and together with S&P and Moody's, the "Rating Agencies") have assigned underlying ratings of "AA-", "Aa3," and "AA-," respectively, to the Series 2019 General Revenue Bonds.

S&P, Moody's and Fitch have assigned underlying ratings of "AA-", "Aa3," and "AA-," respectively, to the Series 2019 Hybrid PFC Bonds.

The ratings, including any related outlook with respect to potential changes in such ratings, reflect only the respective views of the Rating Agencies, and an explanation of the significance of such ratings may be obtained from the Rating Agencies furnishing the ratings. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies, and assumptions of its own. There is no assurance that such ratings will remain unchanged for any given period of time or that they will not be revised downward or withdrawn entirely by the rating agency furnishing the same, if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings or other actions by the Rating Agencies or either of them, may have an adverse effect on the liquidity and/or market price of the affected Series 2019 Bonds. The City has not undertaken any responsibility to oppose any such revision, suspension or withdrawal.

UNDERWRITING

BofA Securities, Inc. (the "BofA Securities"), on behalf of itself and the other underwriters listed on the front cover page of this Official Statement (collectively, the "Underwriters") have agreed jointly and severally, pursuant to a Bond Purchase Agreement between BofA Securities and the City (the "Bond Purchase Agreement") to purchase the Series 2019 Bonds at a price equal to \$847,365,429.17 (representing the principal amount of the Series 2019 Bonds of \$707,140,000.00 less the Underwriter's discount in the amount of \$2,735,442.33, plus bond premium of \$142,960,871.50). The Bond Purchase Agreement provides that the obligations of the Underwriters to accept delivery of the Series 2019 Bonds are subject to various conditions of the Bond Purchase Agreement, but the Underwriters will be obligated to purchase all of the Series 2019 Bonds, if any are purchased. The Underwriters reserve the right to join with dealers and other underwriters in offering the Series 2019 Bonds to the public.

The prices and other terms with respect to the offering and sale of the Series 2019 Bonds may be changed from time to time by the Underwriters after such Series 2019 Bonds are released for sale, and the Series 2019 Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers whom may sell the Series 2019 Bonds into investment accounts.

The Underwriters have provided the following information for inclusion in this Official Statement:

Certain of the Underwriters have entered into distribution agreements with other broker-dealers (that have not been designated by the City as underwriters with respect to the Series 2019 Bonds) for the distribution of the Series 2019 Bonds at the original issue prices set forth on the inside front cover page hereof. Such agreements generally provide that the Underwriters will share a portion of its underwriting compensation or selling concession with such broker-dealers.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Under certain circumstances, the Underwriters and their affiliates may have certain creditor and/or other rights against the City and its affiliates in connection with such activities. In the various course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the City (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the City. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

DISCLOSURE OF MULTIPLE ROLES

The City intends to use a portion of the proceeds from the issuance of the Series 2019 Bonds to repay all or a portion of the outstanding Series J Notes, Series K Notes, and Series L Notes.

BofA Securities and PNC Capital Markets LLC ("PNC Capital") are each acting as an underwriter in connection with the offering of the Series 2019 Bonds and as the dealer in connection with the offering of the Series J Notes and the Series K Notes, respectively, and their respective parent company or affiliates, as appropriate (collectively, the "Affiliates") also serve as the letter of credit providers for the Series J Notes and the Series K Notes, respectively. Each of the Affiliates, as applicable, may receive a portion of the proceeds from the issuance of the Series 2019 Bonds in connection with the repayment by the City of the outstanding amounts under the Series J Notes and the Series K Notes, respectively.

Conflicts of interest could arise by reason of the different capacities in which BofA Securities and PNC Capital act in connection with the Series 2019 Bonds and repayment of the Series J Notes and the Series K Notes.

FORWARD-LOOKING STATEMENTS

Any statements made in this Official Statement, including in the appendices attached hereto, involving estimates, forecasts or matters of opinion, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates, forecasts or matters of opinion will be realized.

Use of the words "shall" or "will" in this Official Statement or in summaries of documents to describe future events or continuing obligations is not intended as a representation that such event or obligation will occur but only that the document contemplates or requires such event to occur or obligation to be fulfilled.

The statements contained in this Official Statement, including in the appendices attached hereto, that are not purely historical, are "forward-looking statements." Such statements generally are identifiable by the terminology used, such as "plan," "expect," "intend," "anticipate," "project," "forecast," "estimate," "budget" or other similar words. Such forward looking statements include but are not limited to certain statements contained in the information set forth under "PRINCIPAL AND INTEREST REQUIREMENTS," "CAPITAL PLAN TO 2023," "REPORT OF THE AIRPORT CONSULTANT AND RATE COVENANT FORECAST," and "LEGAL MATTERS" herein and in "APPENDIX A - REPORT OF THE AIRPORT CONSULTANT" attached hereto. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included or incorporated by reference in this Official Statement are based on information available on the date hereof and the City assumes no obligation to update any such forward-looking statements. It is important to note that the actual results could differ materially from those in such forward-looking statements.

The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the City. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement, including in the appendices attached hereto, will prove to be accurate.

MISCELLANEOUS

The references, excerpts and summaries of all documents referred to herein do not purport to be complete statements of the provisions of such documents and reference is directed to all such documents for full and complete statements of all matters of fact relating to the Series 2019 Bonds, the security for and the source for repayment for the Series 2019 Bonds and the rights and

obligations of the holders of the Series 2019 Bonds. Copies of such documents may be obtained as specified under "INTRODUCTION - Other Information" herein.

The appendices attached hereto, are integral parts of this Official Statement and should be read together with all other part of this Official Statement.

Any statements made in this Official Statement involving matters of opinion or of estimates or forecasts, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates or forecasts will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holders of the Series 2019 Bonds.

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CERTIFICATION

The execution and delivery of this Official Statement, and its distribution and use by the Underwriters in connection with the original public offering, sale and distribution of the Series 2019 Bonds by the Underwriters, have been duly authorized and approved by the City.

CITY OF ATLANTA

By: /s/ Keisha Lance Bottoms
Keisha Lance Bottoms, Mayor

By: /s/ Roosevelt Council, Jr.
Roosevelt Council, Jr., Chief Financial Officer

By: /s/ John Selden
John Selden, Airport General Manager

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APPENDIX A
REPORT OF THE AIRPORT CONSULTANT

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Appendix A

REPORT OF THE AIRPORT CONSULTANT

on the proposed issuance of

CITY OF ATLANTA

AIRPORT GENERAL REVENUE BONDS
Series 2019A (Non-AMT) and Series 2019B (AMT)

and

AIRPORT PASSENGER FACILITY CHARGE AND
SUBORDINATE LIEN GENERAL REVENUE BONDS
Series 2019C (Non-AMT) and Series 2019D (AMT)

Prepared for

City of Atlanta, Georgia

Prepared by

LeighFisher
Burlingame, California

August 14, 2019

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August 14, 2019

Mr. Roosevelt Council, Jr.
Chief Financial Officer

Mr. John Selden
Aviation General Manager

City of Atlanta
Hartsfield-Jackson Atlanta International Airport
Atlanta, Georgia

Re: **Report of the Airport Consultant,
City of Atlanta Airport Revenue Bonds**

Dear Mr. Council and Mr. Selden:

We are pleased to submit this Report of the Airport Consultant in connection with the proposed issuance by the City of Atlanta (the City) of various series of Airport Revenue Bonds (Bonds) to fund certain costs of capital improvements at Hartsfield-Jackson Atlanta International Airport (the Airport), as follows:

- Approximately \$320 million principal amount of Airport General Revenue Bonds, Series 2019A (Non-AMT) and Series 2019B (AMT) (together the 2019AB Bonds).
- Approximately \$460 million principal amount of Airport Passenger Facility Charge and Subordinate Lien General Revenue Bonds, Series 2019C (Non-AMT) and Series 2019D (AMT) (together the 2019CD PFC Bonds).

This letter and the accompanying attachment and exhibits constitute our report. The report takes into account the proposed 2019AB Bonds, the proposed 2019CD PFC Bonds, and additional General Revenue Bonds that the City plans to issue to fund certain costs of capital improvements through approximately 2022 in the principal amount of approximately \$1,570 million (collectively, the planned 2020-2022 Bonds).

The City also plans to issue refunding Bonds during the forecast period to achieve debt service savings. However, no such issuances or savings were assumed for this report.

Mr. Roosevelt Council, Jr. and Mr. John Selden
August 14, 2019

Capital Plan to 2023

The City is implementing a 20-year plan of capital improvements at the Airport being funded by a combination of the proceeds of Bonds, federal grants-in-aid, revenues derived from a passenger facility charge paid by airline passengers (PFC Revenues), revenues derived from a customer facility charge paid by Airport rental car customers (CFC Revenues), commercial paper notes, and other Airport funds.

Capital improvements that the City expects to implement through approximately 2023, referred to in the report as the Capital Plan to 2023, their estimated costs, and the funding plan are described in the attachment and summarized in Exhibit A at the end of the report.

Bond Ordinance

The City issues Bonds under the terms of the restated and amended master ordinance authorizing the issuance of City of Atlanta Airport Revenue Bonds adopted in March 2000 and supplemental bond ordinances. The Twenty-Fourth Supplemental Bond Ordinance adopted in July 2019 provides for the issuance of the proposed 2019AB Bonds and 2019CD PFC Bonds. The City’s master bond ordinance and all supplemental bond ordinances are collectively referred to in this report as the Bond Ordinance. Except as otherwise defined, capitalized terms in the report are used as defined in the Bond Ordinance or the Airline Agreement (discussed later).

Rate Covenant

In Section 601 of the Bond Ordinance, the City undertakes to prescribe and collect rates, fees, and charges for the Airport services and facilities furnished by the City so as to ensure that, in each Fiscal Year, Net General Revenues will be sufficient to enable the City to:

- (1) Meet at least 120% of the Debt Service Requirements of all outstanding General Revenue Bonds (110% without regard to amounts in the General Revenue Enhancement Subaccount)
- (2) Meet at least 100% of the Debt Service Requirements of any other outstanding Bonds payable from General Revenues
- (3) Make any required payments to the Debt Service Reserve Account and the Rebate Account
- (4) Meet any Other Airport Obligations or other contractual obligations
- (5) Accumulate an amount in the Renewal and Extension Fund adequate to meet the costs of major renewals, replacements, and improvements to the Airport

Mr. Roosevelt Council, Jr. and Mr. John Selden
August 14, 2019

- (6) Remedy any deficiencies in any of the funds and accounts established by the Bond Ordinance from prior Fiscal Years

Such provisions of Section 601 of the Bond Ordinance concerning General Revenues are referred to collectively as the Rate Covenant. The City's Fiscal Year (FY) is the 12 months ending June 30.

The proposed 2019AB Bonds are to be secured by a senior lien on General Revenues on a parity with outstanding General Revenue Bonds. The proposed 2019CD PFC Bonds are to be secured by a senior lien on PFC Revenues on a parity with outstanding PFC Revenue Bonds and a lien on General Revenues subordinate to that of outstanding General Revenue Bonds. (Such Bonds are referred to as PFC Revenue Hybrid Bonds or simply PFC Revenue Bonds.) As of July 1, 2019, approximately \$1,430 million principal amount of General Revenue Bonds was outstanding and approximately \$735 million principal amount of PFC Revenue Bonds was outstanding.

CFC Revenues are to be used to pay the Debt Service Requirements of outstanding and any future Bonds secured by CFC Revenues. Under the Bond Ordinance, CFC Revenues are defined as Released Revenues and are excluded from General Revenues.

In the remainder of this report, the term Revenues is sometimes used to mean General Revenues and the term Net Revenues is used to mean Net General Revenues, i.e., General Revenues less Operating Expenses. Under the Bond Ordinance, Operating Expenses include all necessary expenses of operating and maintaining Airport facilities, including facilities constructed with the proceeds of General Revenue Bonds and PFC Revenue Bonds.

Airline Agreement

Most of the passenger and cargo airlines serving the Airport operate under the terms of Airport Use and Lease Agreements, referred to in this report collectively as the Airline Agreement, by which the airlines pay rentals, fees, and charges to allow the City to recover operating and maintenance expenses and debt service plus coverage on General Revenue Bonds allocable to airline costs centers (Airfield and Terminal). Coverage is calculated at 20% for Bonds outstanding at the effective date of the new Airline Agreement (as well as certain of the proposed 2019AB Bonds) and at 30% for future Bonds. The Airline Agreement, which was entered into effective July 2016 (with provisions governing rentals, fees, and charges effective October 2017), extends to June 2036. In FY 2018, airlines signatory to the Airline Agreement, referred to as the Signatory Airlines, collectively accounted for over 99% of enplaned passengers and landed weight at the Airport.

Mr. Roosevelt Council, Jr. and Mr. John Selden
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Under the provisions of the Airline Agreement, the City and the Signatory Airlines have agreed to the scope, costs, and funding of preapproved capital improvements whose costs are to be allocated to the Airfield or Terminal cost centers and recovered through airline rentals, fees, and charges. The Airline Agreement also defines procedures under which a majority-in-interest (MII) of Signatory Airlines may approve additional capital improvements whose costs are to be allocated to the Airfield or Terminal cost centers. For Airfield projects, MII is generally defined as airlines accounting for 87% of landed weight, and for Terminal projects, MII is generally defined as airlines accounting for 87% of enplaned passengers. A capital improvement project subject to MII consideration is deemed to be approved unless an MII of eligible Signatory Airlines disapproves.

Substantially all projects to be funded with the proceeds of the proposed 2019AB Bonds whose costs are to be paid through airline rentals, fees, and charges have been approved by the Signatory Airlines either through preapproval under the Airline Agreement or through separate MII approvals. None of the debt service requirements of the proposed 2019CD PFC Bonds are to be included in the calculation of airline rentals, fees, and charges.

Scope of Report

This report was prepared to evaluate the ability of the City to generate sufficient Revenues and PFC Revenues from operation of the Airport to pay Operating Expenses and the Debt Service Requirements of outstanding Bonds, the proposed 2019AB Bonds, the proposed 2019CD PFC Bonds, and the planned 2020-2022 Bonds while meeting the debt service coverage requirements of the Rate Covenant. The report covers a forecast period through FY 2024.

In preparing the report, we analyzed:

- Future airline traffic demand at the Airport, giving consideration to the demographic and economic characteristics of the region served, historical trends in airline traffic, the role of the Airport as the principal connecting hub for Delta Air Lines and a key airport for Southwest Airlines, the outlook for airline service, and other key factors that will affect future traffic
- Estimated sources and uses of funds for the Capital Plan to 2023 and associated annual Debt Service Requirements of General Revenue Bonds and PFC Revenue Bonds
- Historical and forecast PFC Revenues and the use of certain PFC Revenues to pay the annual Debt Service Requirements of PFC Revenue Bonds

Mr. Roosevelt Council, Jr. and Mr. John Selden
August 14, 2019

- Historical relationships among revenues, expenses, and airline traffic at the Airport
- The facilities to be provided by projects in the Capital Plan to 2023
- Other operational considerations affecting Airport revenues and expenses
- The City's policies and contractual agreements relating to the use and occupancy of airfield, terminal, and other Airport facilities, including the calculation of airline rentals, fees, and charges under the Airline Agreement
- The City's policies and contractual agreements relating to the operation of other Airport services and concessions, including public parking, rental car concessions, and terminal concessions

We also identified key factors upon which the future financial results of the Airport may depend and formulated assumptions about those factors. On the basis of those assumptions, we assembled the financial forecasts presented in the exhibits at the end of the report. Estimates of project costs, financing assumptions, and debt service requirements were provided by the sources noted in the exhibits.

Any CFC Revenues available after the payment of the Debt Service Requirements of Bonds secured by CFC Revenues may be used to pay certain other costs associated with construction and operation of the consolidated rental car center and the automated people-mover that connects the rental car center with the domestic passenger terminal. In this report, rental car operations were considered insofar as they may affect the Net Revenues of the Airport, but the adequacy of CFC Revenues to meet the Debt Service Requirements of Bonds secured by CFC Revenues or to pay other costs was not analyzed.

Forecast Debt Service Coverage

As shown in Exhibit G at the end of the report and in the following tabulation, the General Revenues of the Airport are forecast to be sufficient to pay Operating Expenses and to meet the other funding requirements of the Bond Ordinance, including the annual Debt Service Requirements of outstanding General Revenue Bonds, the proposed 2019AB Bonds, and the planned 2020-2022 Bonds. None of the Debt Service Requirements of PFC Revenue Hybrid Bonds are forecast to be paid from General Revenues.

Mr. Roosevelt Council, Jr. and Mr. John Selden
 August 14, 2019

| Fiscal Year | (in thousands) | | |
|-------------|----------------------|--|-----------------------------|
| | Net General Revenues | General Revenue Bond Debt Service Requirements | Debt service coverage ratio |
| | [A] | [B] | [A/B] |
| 2019 | \$273,503 | \$140,579 | 195% |
| 2020 | 258,742 | 147,079 | 176 |
| 2021 | 309,482 | 189,306 | 163 |
| 2022 | 326,718 | 185,016 | 177 |
| 2023 | 387,808 | 218,518 | 177 |
| 2024 | 397,183 | 232,211 | 171 |

The debt service coverage ratio for General Revenue Bonds, without considering any amounts in the General Revenue Enhancement Subaccount, is forecast to exceed the 120% requirement of the Rate Covenant in each year through FY 2024.

Exhibit F at the end of the report and the following tabulation show the forecast debt service coverage ratio for outstanding PFC Revenue Hybrid Bonds and the proposed 2019CD PFC Bonds without considering any amounts in the PFC Revenue Enhancement Account.

| Fiscal Year | (in thousands) | | |
|-------------|----------------|---|-----------------------------|
| | PFC Revenues | Bond Debt Service Requirements to be paid from PFC Revenues | Debt service coverage ratio |
| | [A] | [B] | [A/B] |
| 2019 | \$221,158 | \$69,918 | 316% |
| 2020 | 220,453 | 88,481 | 249 |
| 2021 | 221,118 | 92,885 | 238 |
| 2022 | 223,152 | 92,886 | 240 |
| 2023 | 226,757 | 92,885 | 244 |
| 2024 | 231,182 | 92,309 | 250 |

Mr. Roosevelt Council, Jr. and Mr. John Selden
August 14, 2019

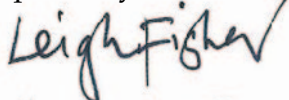
The forecasts presented in the report are based on information and assumptions that were provided by or reviewed with and agreed to by Airport management. The forecasts reflect Airport management’s expected course of action during the forecast period and, in Airport management’s judgment, present fairly the expected financial results of the Airport. Those key factors and assumptions that are significant to the forecasts are set forth in the attachment, “Background, Assumptions, and Rationale for the Financial Forecasts.” The attachment should be read in its entirety for an understanding of the forecasts and the underlying assumptions.

In our opinion, the underlying assumptions provide a reasonable basis for the forecasts. However, any forecast is subject to uncertainties. Inevitably, some assumptions will not be realized and unanticipated events and circumstances may occur. Therefore, there will be differences between the forecast and actual results, and those differences may be material. Neither LeighFisher nor any person acting on our behalf makes any warranty, express or implied, with respect to the information, assumptions, forecasts, opinions, or conclusions disclosed in the report. We have no responsibility to update the report to reflect events and circumstances occurring after the date of the report.

* * * * *

We appreciate the opportunity to serve as the City’s Airport Consultant on the proposed financing.

Respectfully submitted,



LEIGHFISHER

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Attachment

BACKGROUND, ASSUMPTIONS, AND RATIONALE
FOR THE FINANCIAL FORECASTS

REPORT OF THE AIRPORT CONSULTANT

on the proposed issuance of

CITY OF ATLANTA

AIRPORT GENERAL REVENUE BONDS
Series 2019A (Non-AMT) and Series 2019B (AMT)

and

AIRPORT PASSENGER FACILITY CHARGE AND
SUBORDINATE LIEN GENERAL REVENUE BONDS
Series 2019C (Non-AMT) and Series 2019D (AMT)

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AIRPORT FACILITIES AND CAPITAL PLAN

AIRPORT FACILITIES

Hartsfield-Jackson Atlanta International Airport is located in Clayton and Fulton counties, Georgia, about 10 road miles south of downtown Atlanta. The Airport occupies approximately 4,750 acres and is surrounded by the cities of College Park, East Point, and Hapeville to the west and north and by the City of Atlanta and unincorporated areas of Clayton County to the east and south. Access to the Airport is provided via interstate highways I-85, I-285, and I-75, which bound the Airport site to the west, south, and east, respectively.

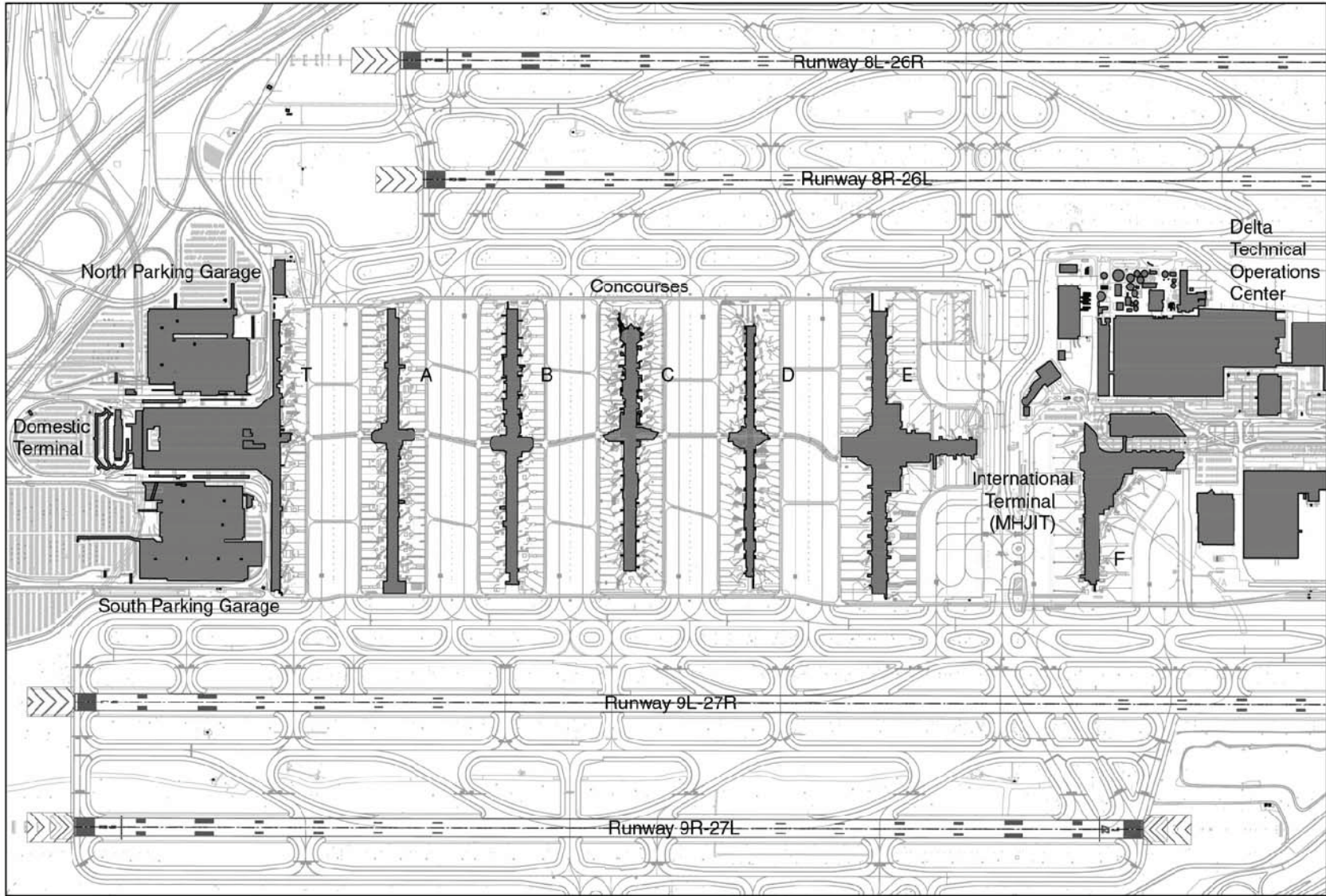
Airfield

The Airport has five parallel east-west runways, two immediately north of the passenger terminal complex (Runway 8L-26R, 9,000 feet long, and Runway 8R-26L, 10,000 feet long), two immediately south of the terminal complex (Runway 9L-27R, 12,390 feet long, and Runway 9R-27L, 9,000 feet long), and a fifth (Runway 10-28, 9,000 feet long) separated from Runway 9R-27L by 4,200 feet to the south. Of the two pairs of parallel runways immediately north and south of the terminal complex, the outboard runways (Runways 8L-26R and 9R-27L, separated by 6,450 feet) are used primarily for aircraft landings. The inboard runways (Runways 8R-26L and 9L-27R, separated by 4,400 feet) are used primarily for aircraft takeoffs. Runway 10-28, opened in 2006, is used primarily for aircraft landings. All runways are equipped with instrument landing systems, lighting systems, and other air navigation aids, permitting the Airport to operate in virtually all weather conditions. The separation between the runways permits the simultaneous use of three runways for aircraft landings in poor visibility.

Domestic Passenger Terminal

Figure 1 shows the layout of the central passenger terminal complex (CPTC). Opened in 1980, the CPTC originally consisted of a landside building (now the domestic terminal) and Concourses T-North, A, B, C, and D. The CPTC has been expanded with the addition of the international landside terminal and Concourses T-South, E, and F to encompass approximately 6.7 million square feet.

A 7,400-foot-long underground transportation mall accommodates an automated guideway transit system (AGTS), known as the Plane Train, and pedestrian walkways that connect all terminal buildings and concourses. The AGTS typically operates with 260-person-capacity, four-car trains at approximately two-minute intervals. The midfield location of the CPTC provides for the optimal movement of aircraft between the terminal gates and the runways and has been the model for the design of many other major world airports.



Source: City of Atlanta, Department of Aviation, September 2012; Ricondo & Associates Inc., June 2018.



Figure 1
CENTRAL PASSENGER TERMINAL COMPLEX
Hartford-Jackson Atlanta International Airport

The domestic landside terminal building contains approximately 1.3 million square feet of space housing passenger and baggage check-in, security screening, baggage claim, ground transportation, concessions, airline operations, Airport administration, and other services and functions. The building is generally symmetrical along its east-west axis, with Delta Air Lines occupying the south side of the building (the South Terminal) and the other domestic airlines occupying the north side (the North Terminal). Check-in, security screening, and other enplaning passenger functions are accommodated at the east end of the building; baggage claim and other deplaning passenger functions are accommodated at the west end.

A 250,000-square-foot, three-story atrium in the center of the building, opened in 1995, provides a large open space for waiting, circulation, concessions, and other passenger services. Upper levels of the atrium accommodate Airport administrative offices and a USO center. North and South Terminal Parkways provide vehicle access to 750-foot-long curbsides at the North and South Terminals.

The five domestic concourses together provide approximately 2.2 million square feet of space, are separated from one another by approximately 1,000 feet, and provide 152 aircraft parking positions (gates) equipped with loading bridges and configured for the current mix of aircraft operating at the Airport. The concourses provide passenger holdrooms, concessions, baggage handling facilities, airline operations space, and other services and functions.

Domestic gates are preferentially leased to airlines as shown in Table 1. One gate on Concourse D is managed for the City on a common-use basis by TBI Airport Management (TBI).

International Passenger Terminal

The international terminal complex comprising Concourse E, Concourse F, and the Maynard H. Jackson Jr. International Terminal (MHJIT) provides approximately 3.0 million square feet of terminal space and 40 loading bridge-equipped gates, most capable of accommodating arrivals and departures by widebody aircraft in domestic or international service. TBI manages the international terminal for the City.

Concourse E, opened in 1994 with 24 gates and expanded in 2001 with 4 additional gates, provides approximately 1.8 million square feet of space. Concourse F, opened in 2012, provides approximately 1.1 million square feet of space and 12 gates. An additional gate at Concourse E, not equipped with a loading bridge, is used by buses serving remote aircraft parking positions. All gates at Concourses E and F are operated on a common-use basis. Delta has priority use rights to all 28 gates at Concourse E and 6 gates at Concourse F. These 34 gates are used primarily by Delta and its SkyTeam alliance partners. The remaining 6 gates at Concourse F are used primarily by foreign flag airlines not in the SkyTeam alliance.

A 220,000-square-foot federal inspection services (FIS) facility at Concourse E provides the capacity for U.S. Customs and Border Protection (CBP) to process approximately

3,600 arriving international passengers per hour through immigration and customs inspections. A second, 150,000-square-foot, FIS facility at Concourse F provides the capacity for CBP to process approximately 2,400 arriving international passengers per hour.

The MHJIT landside terminal building, opened in 2012, provides approximately 0.3 million square feet of space on five levels and accommodates ground transportation facilities, two-level curbside roadways, international passenger check-in facilities, and baggage claim facilities for precleared passengers, i.e., those arriving from Canada and other countries where they clear CBP inspections at their departure airport. Arriving international passengers proceed directly to ground transportation after clearing CBP inspections without having to recheck their baggage for reclaim, as was the case before MHJIT opened. Access to the terminal is from the east, via a second Airport entrance roadway. Shuttle buses transport passengers between the domestic and international terminal buildings.

Use of Gates

Table 1 summarizes the distribution of gates by concourse and airline and shows gate use in terms of the average daily number of departures and departing seats per gate in the first quarter of 2019. The Airport's gates are intensively used, with an average gate use of 6.5 departures per day on the 152 gates on the five domestic concourses. This gate use rate is among the highest of any large airport in the nation. During early morning, late afternoon, and evening periods, most domestic gates are routinely occupied.

International flights are concentrated during two periods of the day, approximately two hours in the morning, mainly to Caribbean and Latin American destinations, and approximately four hours in the evening, mainly to European destinations. Between approximately 8:30 a.m. and 9:30 a.m. and 4:00 p.m. and 7:00 p.m., most of the 40 gates at the two international concourses are routinely occupied.

Under the Airline Agreement, the Signatory Airlines have preferential-use or priority-use rights to the numbers of gates shown in Table 1. A Signatory Airline is required to accommodate the flights of another airline if such flights cannot be accommodated at that other airline's gates or at the City's common-use gates.

Table 1
DISTRIBUTION OF GATES AND USE BY AIRLINE
Hartsfield-Jackson Atlanta International Airport
January-March 2019

| | Number of gates | | | | | | | Average daily departures | | Average daily departing seats | | |
|----------------------------------|-----------------|----|----|----|----------|-----------|-----------|--------------------------|------------|-------------------------------|---------------|----------|
| | Concourse | | | | | | | Total | Number | Per gate | Number | Per gate |
| | T | A | B | C | D | E | F | | | | | |
| Preferentially leased (a) | | | | | | | | | | | | |
| Delta Air Lines | 8 | 29 | 32 | 16 | 32 | -- | -- | 117 | 767 | 6.6 | 104,133 | 890 |
| Southwest Airlines | -- | -- | -- | 18 | -- | -- | -- | 18 | 113 | 6.3 | 16,561 | 920 |
| American Airlines | 4 | -- | -- | -- | 3 | -- | -- | 7 | 45 | 6.4 | 5,525 | 789 |
| United Airlines | 5 | -- | -- | -- | -- | -- | -- | 5 | 26 | 5.2 | 2,549 | 510 |
| Frontier Airlines | -- | -- | -- | -- | 2 | -- | -- | 2 | 8 | 4.2 | 1,620 | 810 |
| Spirit Airlines | -- | -- | -- | -- | <u>2</u> | -- | -- | <u>2</u> | <u>20</u> | 10.0 | <u>3,425</u> | 1,713 |
| Subtotal leased gates | 17 | 29 | 32 | 34 | 39 | -- | -- | 151 | 979 | 6.5 | 133,813 | 886 |
| Common use | | | | | | | | | | | | |
| Domestic (b) | -- | -- | -- | -- | 1 | -- | -- | 1 | 6 | 6.1 | 899 | 899 |
| International | | | | | | | | | | | | |
| Delta priority use (c) | -- | -- | -- | -- | -- | 28 | 6 | 34 | 133 | 3.9 | 23,725 | 698 |
| Other (d) | -- | -- | -- | -- | -- | <u>1</u> | <u>6</u> | <u>7</u> | <u>28</u> | 4.0 | <u>4,932</u> | 705 |
| Subtotal common use gates | -- | -- | -- | -- | <u>1</u> | <u>29</u> | <u>12</u> | <u>42</u> | <u>167</u> | 4.0 | <u>29,556</u> | 704 |
| Airport total | 17 | 29 | 32 | 34 | 40 | 29 | 12 | 193 | 1,148 | 5.9 | 163,556 | 847 |

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

- (a) Gates used for domestic and some international departures by leasing airlines and their regional affiliates.
- (b) Gate used primarily by Alaska and JetBlue and occasionally by Spirit and Frontier. JetBlue also operates from Delta's priority use gates at Concourse E.
- (c) Gates used primarily by Delta and joint venture partner airlines for international and some domestic departures.
- (d) Gates used primarily by foreign flag airlines. The gate at Concourse E is not equipped with a loading bridge and is used for buses serving remote aircraft parking positions.

Sources: Average daily departures and seats: Aerobahn SMS (surface management system) data, accessed April 2019.

Number of gates by airline and concourse: City of Atlanta, Department of Aviation records.

Ground Transportation

Ground access to the domestic terminal is provided from the west on I-85 via Terminal Parkway and Camp Creek Parkway and from the south on I-285 via Riverdale Road. Access to the international terminal and airline support, cargo, and other Airport facilities is provided from the east on I-75 via Maynard H. Jackson Jr. Boulevard. Loop Road, a divided four-lane roadway, provides circulation around the Airport perimeter. A system of nonlicensed vehicle roadways provides access and circulation within the secure air operations area.

The City provides approximately 30,500 public parking spaces on-Airport in multistory garages adjacent to the domestic and international landside buildings and in surface lots and a garage served by shuttle buses. Private operators on Camp Creek Parkway and at other off-Airport sites provide approximately 13,000 additional public parking spaces. The City provides approximately 500 parking spaces on Airport for employees. Delta and other tenants provide approximately 14,000 additional employee spaces, mostly off Airport.

All companies providing rental car services at the Airport do so from a consolidated rental car center, west of I-85, which opened in 2009. The rental car center occupies an approximately 70-acre site and provides approximately 8,700 spaces for ready and return car parking and associated service, maintenance, and storage facilities for up to 3,900 vehicles. The rental car center is connected to the domestic terminal by an automated people-mover system known as the SkyTrain. The SkyTrain also serves the Georgia International Convention Center and the Gateway Center office and hotel complex via an intermediate station. The SkyTrain operates with 100-passenger trains at headways of approximately two minutes during peak hours.

Other commercial ground transportation services include off-Airport parking shuttles, hotel and motel shuttles, taxicabs, ride-hailing services, limousines, intercity buses, and door-to-door shuttle vans. Commercial vehicles pick up passengers at a dedicated ground transportation center at the west end of the landside building. A staging area for taxicabs is provided west of the domestic terminal. Areas for pickups by ride-hailing services are provided in surface parking lots north and south of the domestic terminal.

The Metropolitan Atlanta Rapid Transit Authority (MARTA) provides rail transit service to the Airport from the other 37 stations on its 48-route-mile system. The Airport station, which is inside the domestic terminal building at the west end, opened in 1988 and is the terminus of MARTA's Red and Yellow lines. The travel time from the Airport to downtown Atlanta is about 16 minutes and the interval between trains is about 12 minutes on weekdays.

Air Cargo

Air cargo transported by the passenger and all-cargo airlines serving the Airport is processed through 11 buildings totaling approximately 1.5 million square feet. Associated apron space provides parking positions for 28 widebody aircraft. A 490,000-square-foot complex of buildings is located north of the airfield and a 360,000-square-foot complex of buildings is located to the south, between Runways 9R-27L and 10-28. Delta operates cargo buildings occupying 525,000 square feet in the approximately 110-acre area east of the CPTC and south of Maynard H. Jackson Jr. Boulevard, referred to as the central terminal support area (CTSA). The U.S. Postal Service operates a 120,000-square-foot regional distribution center at the eastern boundary of the Airport. A 40,000-square-foot perishables facility is adjacent to the north cargo complex.

Airline Support

The City leases Airport land and buildings to airlines and others for activities supporting airline operations. Delta's corporate headquarters, training, and operations facilities are located on approximately 85 acres at the north side of the Airport. Delta's principal operations and maintenance base, the Delta Technical Operations Center, occupies approximately 175 acres east of the CPTC and north of Maynard H. Jackson Jr. Boulevard. Flight kitchens, aircraft maintenance hangars, maintenance and storage facilities for ground support equipment (GSE), fuel storage tanks, and various other facilities supporting the operations of Delta and other airlines are also located on the Airport, many in the CTSA. Three fuel farms, one of which is operated by Delta, provide storage tanks for approximately 32 million gallons of jet fuel. Several companies provide into-plane fueling, ground handling, and other airline support services. Fixed base operator services supporting airline, corporate, and general aviation aircraft operations are provided by Signature Flight Support on the north side of the airfield.

Airport Utilities, Support, and Other Facilities

Extensive utility systems provide water supply, storm and sanitary sewer, electrical power, communications, and natural gas services at the Airport. Aircraft rescue and fire-fighting (ARFF) services are provided from five fire stations. The Airport also accommodates airfield maintenance buildings, a Federal Aviation Administration (FAA) Airport traffic control tower, air navigation aids and guidance systems, and various other support facilities. Hotels, an office building, and other non-aviation facilities are accommodated on the north side of the Airport on land not required for aviation uses. No military aviation activities are based at the Airport.

CAPITAL IMPROVEMENT PLAN

Capital Plan to 2023

In May 2015, the City published a master plan to guide the long-term development of the Airport. In May 2016, as part of the Airline Agreement, the City and the Signatory Airlines adopted a 20-year plan of capital improvements, consistent with the master plan, and an agreed-upon funding plan. Only projects in the 20-year plan that the City expects to fund through approximately FY 2022 and complete through approximately FY 2023, referred to collectively as the Capital Plan to 2023, are discussed in this report. The City publicizes Airport capital improvements generally as ATLNext.

The projects in the Capital Plan to 2023 are summarized in the following sections. Some of the projects have been completed, some are under construction, and some have not yet been started. The estimated costs and sources of funding for the projects are summarized in Exhibit A.*

*All financial exhibits are presented at the end of the report.

Airfield

Runway 9L End-Around Taxiway. A taxiway will be constructed around the west end of Runway 9L-27R to permit aircraft landing to the west on Runways 9R-27L and 10-28 to taxi to the terminal complex without needing to cross Runway 9L-27L, thereby increasing runway departure capacity. The taxiway construction will result in the loss of Park-Ride spaces.

South Deicing Complex. An aircraft parking apron will be constructed at the south side of the airfield and facilities installed to provide additional capacity for the deicing of aircraft before takeoff. The complex will allow the simultaneous deicing of five Airplane Design Group (ADG) V widebody aircraft and provide facilities and utilities for the storage, dispensing, collection, and treatment of deicing fluids.

Airfield Safety Areas. Various projects will be implemented to upgrade airfield safety, including grading nonstandard runway and navigational safety areas, modifying airfield signage, removing obstacles, improving perimeter security fencing, and upgrading airfield facilities to comply with FAA standards and requirements.

Airfield Renewal and Replacement. Various projects will be undertaken to repair and replace runway, taxiway, and apron pavement and shoulders; nonlicensed vehicle roads; lighting cables; and other airfield facilities.

ARFF Stations. ARFF station #40 will be demolished and replaced and ARFF station #33 will be renovated to meet current needs and standards.

Terminal

Terminal Modernization Program. The domestic terminal and Concourses T through C are being renovated and upgraded to provide the aesthetics and amenities expected of a major international airport and provide a uniform enhanced passenger experience throughout the terminal complex.

Airside components of the program include replacing holdroom windows and ceilings, replacing exterior facades, and renovating the AGTS pedestrian tunnel. Landside components include renovating curbside facades, vestibules, and doors; renovating the check-in and baggage claim lobbies; and installing larger clerestory windows. Tubular steel canopies spanning the 150-foot width of the North and South Terminal curbside roadways and extending the full 900-foot length of the terminal have been constructed. Four new pedestrian bridges from the parking garages to the terminal building, with elevators and escalators providing access between the bridges and the terminal check-in lobbies will reduce the need for pedestrian crossings of the curbside roadways and increase roadway capacity.

AGTS Turnback Relocation. The AGTS turnback tracks located beneath the domestic terminal building will be relocated by approximately 600 feet to the west to permit reduced train headways and increased capacity. To realize the additional

capacity, an additional 14 cars will be acquired and modifications made to the train control and power supply systems.

Concourse T-North Extension. Concourse T is being extended to the north to provide five additional ADG III gates and approximately 100,000 square feet of new concourse space at the boarding and apron levels. New bypass taxiways, taxilanes, and aprons will provide aircraft access to the gates. The concourse extension requires the demolition and replacement of ARFF station #32, a Delta GSE maintenance building, and a Georgia Power electrical substation, also the realignment of North Terminal Parkway, the reconfiguration of the north parking exit plaza, and the loss of Economy parking spaces. As part of the project, the holdrooms for the existing nine gates at Concourse T-North will be renovated and upgraded to the standards being implemented at the other domestic concourses under the terminal modernization program.

Concourse E Apron Reconfiguration. Loading bridges and apron facilities at Concourse E will be reconfigured to accommodate expected changes in the mix of aircraft using the concourse.

Concourses C and D Upgrades. Gates at Concourses C-South and D-South have been reconfigured for the current mix of aircraft using the concourses and the concourse interiors have been upgraded and renovated.

Emergency Power Generators. Up to 20 diesel-powered generators will be installed at all the concourses to provide full backup electrical power in the event of a main power outage.

Utility Plant and HVAC Replacement. The central utility plants and HVAC systems serving the domestic terminal and Concourses T and E will be replaced and upgraded.

Fire Life Safety Compliance. A program of upgrades will bring all public-accessible areas of the terminal complex into compliance with State of Georgia fire-life-safety code requirements. Facilities and systems to be upgraded or replaced include exit doors and stairs, fire proofing, sprinklers, alarms, and smoke detection and control.

Terminal Renewal and Replacement. Terminal renewal and replacement projects include replacement of aircraft parking aprons, replacement of AGTS control switches, upgrading of emergency response and life safety systems, upgrades to WiFi systems, upgrading of power monitoring systems, and replacement of signage.

Concourse D Modernization. Holdrooms at the 40 gates and other facilities at the boarding level of Concourse D, most dating from 1980, will be renovated and upgraded to the standards being implemented at the other domestic concourses under the terminal modernization program.

International Arrivals Upgrades. Improvements to facilities for the processing of arriving international passengers include automated passport control and common use systems.

Loading Bridge Replacement. All passenger loading bridges at the five domestic concourses are being replaced or refurbished and associated electrical power and preconditioned air systems upgraded.

South Security Checkpoint Expansion. The passenger security screening checkpoint at the domestic South Terminal will be expanded from four to nine lanes to provide needed additional capacity. The project will require the relocation of Delta offices and other facilities and involve the construction of an additional escalator and elevator to the Concourse T AGTS station.

Other Security Screening Projects. Other upgrades to security screening capabilities include a new consolidated facility for employee screening, replacement of explosives detection equipment, and installation of security screening smart lanes.

MARTA Station Renovation. The MARTA station at the domestic terminal will be upgraded and renovated.

Airline-Specific Projects. Projects for Delta include new SkyClub lounges at Concourses B and D. Projects for American and United are part of the extension of Concourse T-North.

Landside

Airport Roadway Reconstruction. Sections of Loop Road and other roadways will be reconstructed.

West Parking Garage. A six-level parking garage providing approximately 5,790 spaces is being constructed west of the domestic terminal. The garage will be directly accessible from the domestic terminal via the SkyTrain, with an elevated pedestrian walkway providing access from the garage to the SkyTrain station at the Gateway Center. The garage will provide parking capacity to offset losses of spaces from airfield and terminal development.

North and South Garage Life Extension. The north and south parking garage structures at the domestic terminal will be renovated to extend their useful lives. Additional escalators and elevators will be installed and wayfinding signage updated to facilitate access to the new pedestrian bridges being constructed over the curbside roadways as part of the landside terminal modernization program.

South Park-Ride Lot. A Park-Ride lot to provide approximately 1,530 spaces is being constructed at a 20-acre site south of the Airport off Sullivan Road. The lot will provide parking capacity to offset losses of Park-Ride spaces from the construction of the Runway 9L end-around taxiway and other airfield and terminal development.

Other Parking Projects. Other projects include resurfacing of parking lots and installation of electric vehicle charging stations.

Commercial Vehicle Hold Lot. A hold lot and service building for taxis and other commercial vehicles has been constructed at a six-acre site formerly occupied by rental car facilities west of the domestic terminal.

West Curbsides and Plaza. Other ground transportation projects include the relocation, reconfiguration, and expansion of the commercial vehicle curbsides at the west end of the domestic terminal; creating a landscaped open public space at a plaza between the terminal and the SkyTrain station; replacing cladding and glazing at the west wall of the terminal; providing new areas for ride-hailing services; and upgrading ground transportation center offices.

Rental Car Center Renewal. Various projects to renew and replace garage drainage, pedestrian bridges, roadways, and roadway bridges.

South Cargo Site Preparation. Sites between Runways 9R-27L and 10-28 are being graded and aircraft aprons constructed to serve planned future air cargo Buildings 2A and 2B.

Sheraton Hotel Demolition. A Sheraton hotel and conference center facilities west of the airport, now vacant, will be demolished to provide future runway approach protection.

Other Buildings. The Airport's centralized command and control center (C4) building will be expanded and renovated and various other buildings renewed and replaced.

Landside Fire Station. A new fire station adjacent to the domestic terminal complex will be constructed to allow more rapid response to fire or medical emergencies.

Other Airport Support. Other projects include upgrades to Airport administrative offices and environmental and sustainability initiatives.

Aircraft Noise Mitigation. As part of the City's ongoing noise mitigation program, apartments and other noise-sensitive properties near the Airport are being acoustically insulated to make them compatible with aircraft noise.

Infrastructure Renewal. Facility assessments and various projects will be undertaken to renew and replace drainage, sewerage, information technology, and other infrastructure.

ECONOMIC BASIS FOR AIRLINE TRAFFIC DEMAND

AIRPORT SERVICE REGION

The Airport's primary service region is the 8,376-square-mile, 29-county Atlanta-Sandy Springs-Marietta Metropolitan Statistical Area (Atlanta MSA) shown on Figure 2. According to the Bureau of the Census, the 2018 population of the Atlanta MSA was 5,950,000, accounting for 57% of the State of Georgia's population and ranking the Atlanta MSA as the ninth largest in the nation. Approximately 64% of the Atlanta MSA population resided in the 1,200-square-mile area comprising the central counties of Clayton, Cobb, DeKalb, Fulton, and Gwinnett, a decrease from 68% in 2000. The 2018 population of the City of Atlanta, in DeKalb and Fulton counties, was 498,000, about 8% of the Atlanta MSA total.

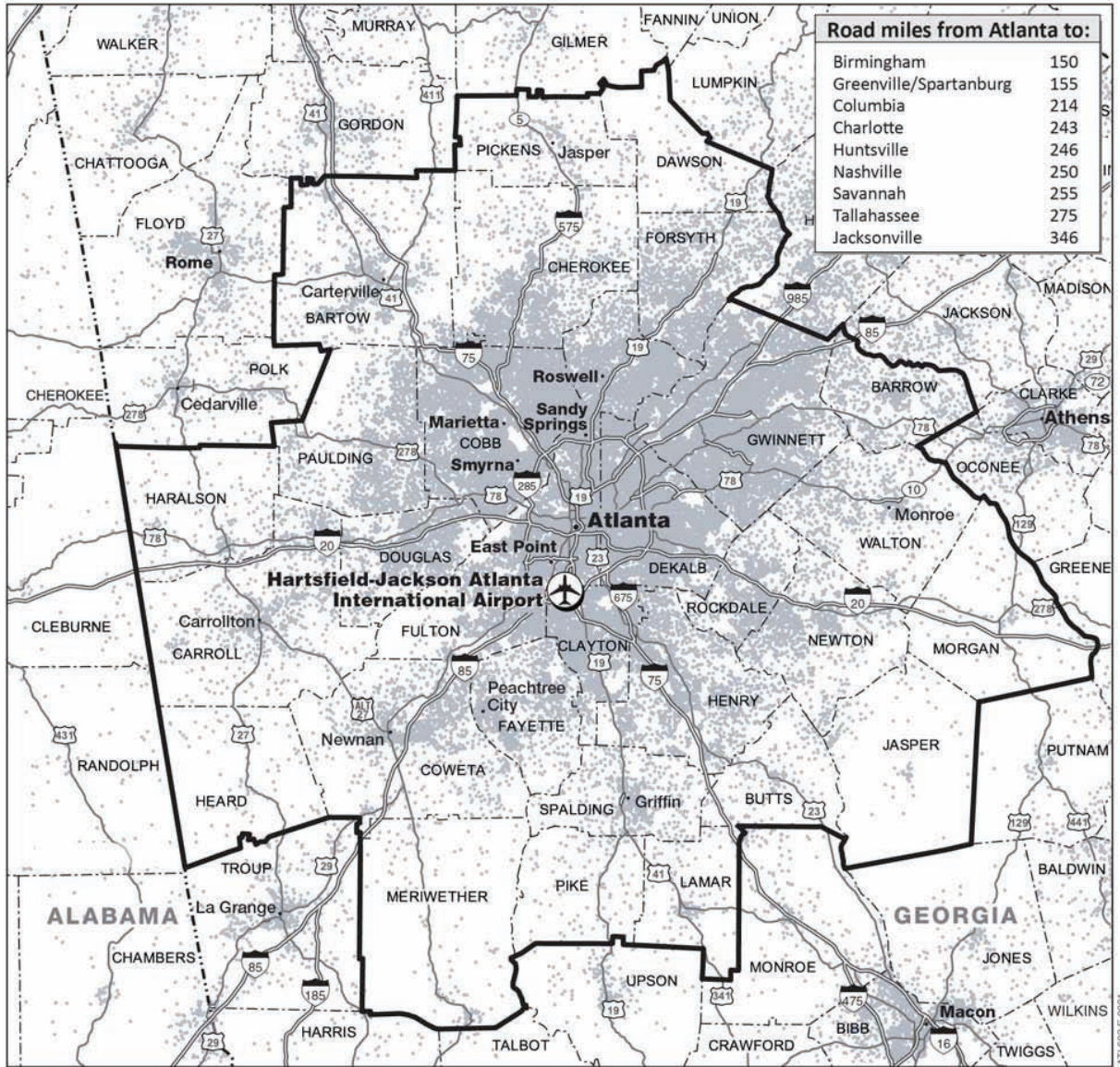
The Airport's secondary service region is defined by the location of (and airline service provided at) the nearest airports. This secondary region includes the remainder of the State of Georgia, as well as parts of Alabama, Tennessee, North Carolina, and South Carolina. As shown on Figure 2, the nearest commercial service airport with more than one million annual enplaned passengers is that serving Birmingham, Alabama, located 150 road miles from Atlanta. Birmingham is classified as a small air traffic hub by the FAA. The nearest airports classified as large or medium air traffic hubs are Charlotte, North Carolina; Nashville, Tennessee; and Jacksonville, Florida, between 240 and 350 road miles from Atlanta.

HISTORICAL SOCIOECONOMIC INDICATORS

In general, the population and economy of an airport service region are the primary determinants of originating passenger numbers at an airport serving that region. Connecting passenger numbers are primarily determined by airline decisions to provide connecting service at an airport. The following sections describe the economic basis for originating passenger traffic at the Airport in terms of historical socioeconomic trends and the employment profile of the Atlanta MSA. Table 2 presents historical data on population, nonagricultural employment, per capita income, and per capita gross domestic product for the Atlanta MSA and the United States. Table 3 presents changes in population in the largest MSAs.

Population

Between 2000 and 2007, the population of the Atlanta MSA increased an average of 2.4% per year, compared with 0.9% per year for the nation as a whole. Much of the population growth resulted from in-migration attracted by employment opportunities and relatively low housing costs. Population growth in the Atlanta MSA then slowed as the economic recession reduced in-migration. Since 2010, the population of the Atlanta MSA has increased an average of 1.4% per year, compared with 0.7% for the nation as a whole. For the entire period 2000 to 2018, the increase in the population of the Atlanta MSA was the third largest among all MSAs, after Dallas-Fort Worth-Arlington and Houston-The Woodlands-Sugar Land.



LEGEND

- Passenger air carrier airport
- Atlanta-Sandy Springs-Marietta Metropolitan Statistical Area
- Population density: 1 dot equals 100 people
- State boundary
- County boundary

Source: U.S. Census Bureau, 2010 Census data.

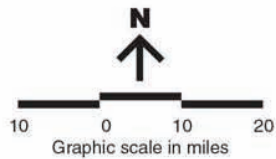


Figure 2
AIRPORT SERVICE REGION
 Hartsfield-Jackson Atlanta International Airport

Table 2
HISTORICAL SOCIOECONOMIC DATA
 Calendar years

| | Population (thousands) | | Nonagricultural employment (thousands) | | Per capita personal income (2018 dollars) | | Per capita gross domestic product (a) | |
|-----------|--|------------------|--|------------------|---|------------------|--|------------------|
| | Atlanta MSA | United States | Atlanta MSA | United States | Atlanta MSA | United States | Atlanta MSA | United States |
| 2000 | 4,293 | 282,162 | 2,299 | 132,024 | \$49,392 | \$44,705 | \$69,000 | \$52,985 |
| 2001 | 4,402 | 284,969 | 2,310 | 132,087 | 49,403 | 44,789 | 68,282 | 52,651 |
| 2002 | 4,489 | 287,625 | 2,268 | 130,649 | 48,720 | 44,432 | 66,747 | 53,073 |
| 2003 | 4,573 | 290,108 | 2,245 | 130,347 | 48,238 | 44,600 | 65,608 | 53,901 |
| 2004 | 4,660 | 292,805 | 2,275 | 131,787 | 48,834 | 45,530 | 65,245 | 55,449 |
| 2005 | 4,771 | 295,517 | 2,345 | 134,051 | 49,350 | 46,093 | 65,433 | 56,721 |
| 2006 | 4,932 | 298,380 | 2,411 | 136,453 | 49,961 | 47,474 | 64,500 | 57,668 |
| 2007 | 5,066 | 301,231 | 2,460 | 137,999 | 49,445 | 48,254 | 64,361 | 58,103 |
| 2008 | 5,170 | 304,094 | 2,433 | 137,241 | 46,282 | 47,706 | 60,178 | 56,428 |
| 2009 | 5,241 | 306,772 | 2,297 | 131,313 | 44,524 | 45,980 | 57,627 | 55,129 |
| 2010 | 5,303 | 309,326 | 2,276 | 130,362 | 44,197 | 46,692 | 59,138 | 55,813 |
| 2011 | 5,366 | 311,580 | 2,312 | 131,932 | 45,649 | 47,707 | 58,389 | 55,686 |
| 2012 | 5,445 | 313,874 | 2,354 | 134,175 | 45,332 | 48,778 | 58,550 | 56,439 |
| 2013 | 5,511 | 316,058 | 2,414 | 136,381 | 44,884 | 48,345 | 60,190 | 57,245 |
| 2014 | 5,595 | 318,386 | 2,503 | 138,958 | 47,092 | 49,917 | 61,903 | 58,374 |
| 2015 | 5,688 | 320,743 | 2,582 | 141,843 | 49,205 | 51,897 | 64,741 | 60,180 |
| 2016 | 5,790 | 323,071 | 2,665 | 144,352 | 50,136 | 52,190 | 66,820 | 60,582 |
| 2017 | 5,874 | 325,147 | 2,728 | 146,624 | 50,870 | 52,995 | 67,236 | 61,392 |
| 2018 | 5,950 | 327,167 | 2,786 | 149,074 | n.a | 53,712 | n.a. | 62,641 |
| | Average annual percent increase (decrease) | | | | | | | |
| 2000-2007 | 2.4% | 0.9% | 1.0% | 0.6% | 0.0% | 1.1% | (1.0%) | 1.3% |
| 2007-2010 | 1.5 | 0.9 | (2.6) | (1.9) | (3.7) | (1.1) | (2.8) | (1.3) |
| 2010-2018 | 1.4 | 0.7 | 2.6 | 1.7 | 2.0 (b) | 1.8 | 1.9 (b) | 1.5 |

n.a. = not available.

MSA = Metropolitan Statistical Area comprising the 29 counties shown on Figure 2 for all years.

Notes: Population numbers are estimated as of July 1 each year.

Calculated percentages may not match those shown because of rounding.

Per capita gross domestic product number for Atlanta MSA for 2000 is estimated.

(a) Per capita gross domestic product in 2018 dollars.

(b) Percent increase for 2010-2017.

Sources: Population: U.S. Department of Commerce, Bureau of the Census website, www.census.gov, accessed May 2019.

Income and GDP: U.S. Department of Commerce, Bureau of Economic Analysis website, www.bea.gov, accessed May 2019.

Employment: U.S. Department of Labor, Bureau of Labor Statistics website, www.bls.gov, accessed May 2019.

Table 3
POPULATION IN MOST POPULOUS U.S. METROPOLITAN STATISTICAL AREAS
 Calendar years

| Metropolitan Statistical Area | Population (thousands) | | | 2000-2018 | |
|---------------------------------------|------------------------|--------------|--------------|------------------------|--------------------------------|
| | 2000 | 2008 | 2018 | Increase (decrease) | Percent increase (decrease) |
| New York-Newark-Jersey City | 18,353 | 18,969 | 19,979 | 1,626 | 8.9% |
| Los Angeles-Long Beach-Anaheim | 12,401 | 12,768 | 13,291 | 890 | 7.2 |
| Chicago-Naperville-Elgin | 9,118 | 9,516 | 9,499 | 381 | 4.2 |
| Dallas-Fort Worth-Arlington | 5,196 | 6,301 | 7,540 | 2,343 | 45.1 |
| Houston-The Woodlands-Sugar Land | 4,718 | 5,727 | 6,997 | 2,280 | 48.3 |
| Washington-Arlington-Alexandria | 4,822 | 5,378 | 6,250 | 1,428 | 29.6 |
| Miami-Fort Lauderdale-West Palm Beach | 5,027 | 5,502 | 6,199 | 1,172 | 23.3 |
| Philadelphia-Camden-Wilmington | 5,693 | 5,940 | 6,096 | 403 | 7.1 |
| Atlanta-Sandy Springs-Roswell | 4,282 | 5,386 | 5,950 | 1,668 | 39.0 |
| Boston-Cambridge-Newton | 4,402 | 4,545 | 4,875 | 473 | 10.8 |
| Phoenix-Mesa-Scottsdale | 3,279 | 4,287 | 4,858 | 1,579 | 48.2 |
| San Francisco-Oakland-Hayward | 4,137 | 4,260 | 4,729 | 592 | 14.3 |
| Riverside-San Bernardino-Ontario | 3,278 | 4,093 | 4,622 | 1,344 | 41.0 |
| Detroit-Warren-Dearborn | 4,458 | 4,424 | 4,326 | (131) | (2.9) |
| Seattle-Tacoma-Bellevue | 3,052 | 3,357 | 3,939 | 887 | 29.1 |
| Minneapolis-St. Paul-Bloomington | 2,982 | 3,238 | 3,629 | 648 | 21.7 |
| San Diego-Carlsbad | 2,825 | 3,019 | 3,343 | 518 | 18.3 |
| Tampa-St. Petersburg-Clearwater | 2,404 | 2,730 | 3,143 | 738 | 30.7 |
| Denver-Aurora-Lakewood | 2,194 | 2,500 | 2,932 | 739 | 33.7 |
| St. Louis | 2,702 | 2,819 | 2,805 | 104 | 3.8 |

Notes: Population numbers are estimates as of July 1 of each year. Calculated percentages may not match those shown because of rounding.

Source: U.S. Department of Commerce, Bureau of the Census website, www.census.gov, accessed May 2019.

Nonagricultural Employment

Between 2000 and 2007, Atlanta MSA nonagricultural employment increased at an average annual rate of 1.0% compared with a 0.6% average annual increase for the nation as a whole. However, during the 2008-2009 recession, Atlanta MSA employment decreased more (-7.5%) than nationwide (-5.5%). As the Atlanta economy recovered from the recession, between 2010 and 2018, Atlanta MSA employment increased at an average of 2.6% per year, compared with an average increase of 1.7% per year for the nation as a whole.

Unemployment Rates

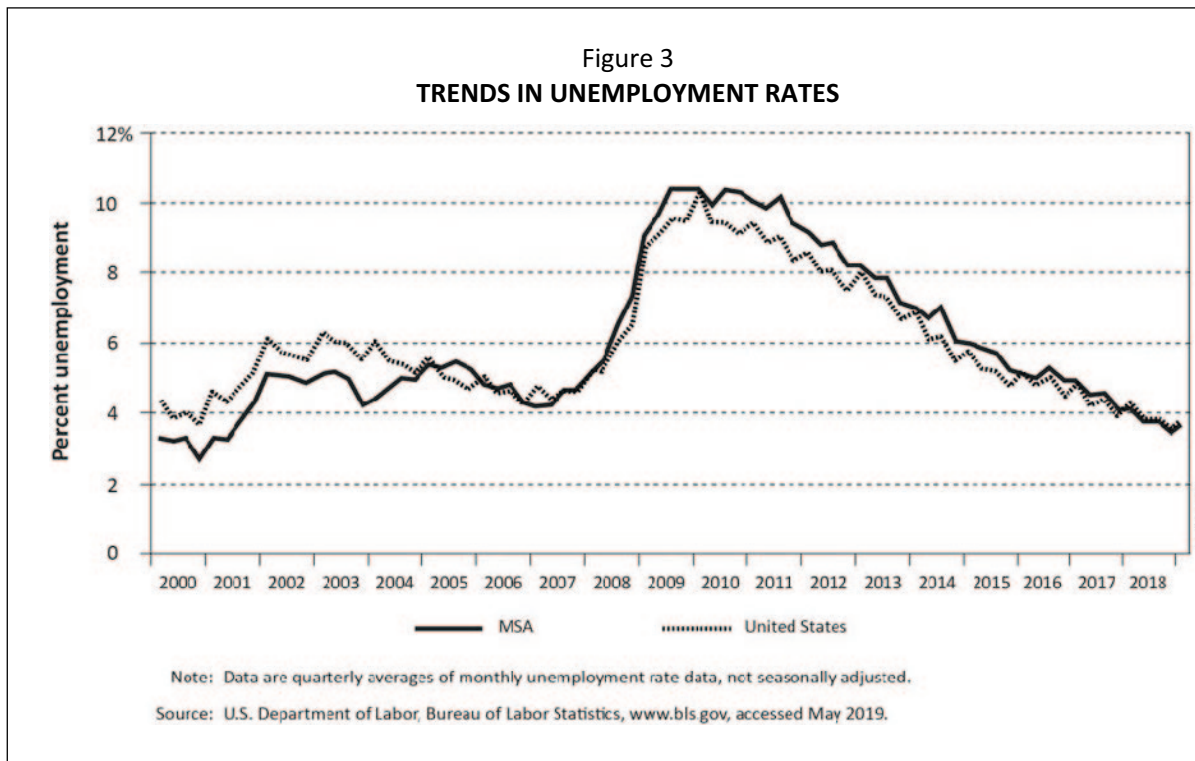
As shown on Figure 3, the unemployment rate for the Atlanta MSA was generally lower than that for the United States as a whole from 2000 through 2005, but exceeded the national rate from the beginning of the 2008-2009 recession until 2018. In the first quarter of 2019, the unemployment rate for the Atlanta MSA averaged 3.9%, slightly lower than the national rate of 4.1%.

Per Capita Income

Per capita income is lower for the Atlanta MSA than for the United States. Strong economic growth in the Atlanta MSA during the 1990s resulted in inflation-adjusted per capita income increasing to 110% of the national average in 2000. However, while per capita income increased for the nation as a whole between 2000 and 2007, it decreased for the Atlanta MSA. The effects of the 2008-2009 recession further reduced Atlanta MSA incomes with the result that, by 2010, per capita income in the MSA was 96% of the national average. In 2017 (the latest year for which data are available), per capita income in the Atlanta MSA was still 96% of the national average.

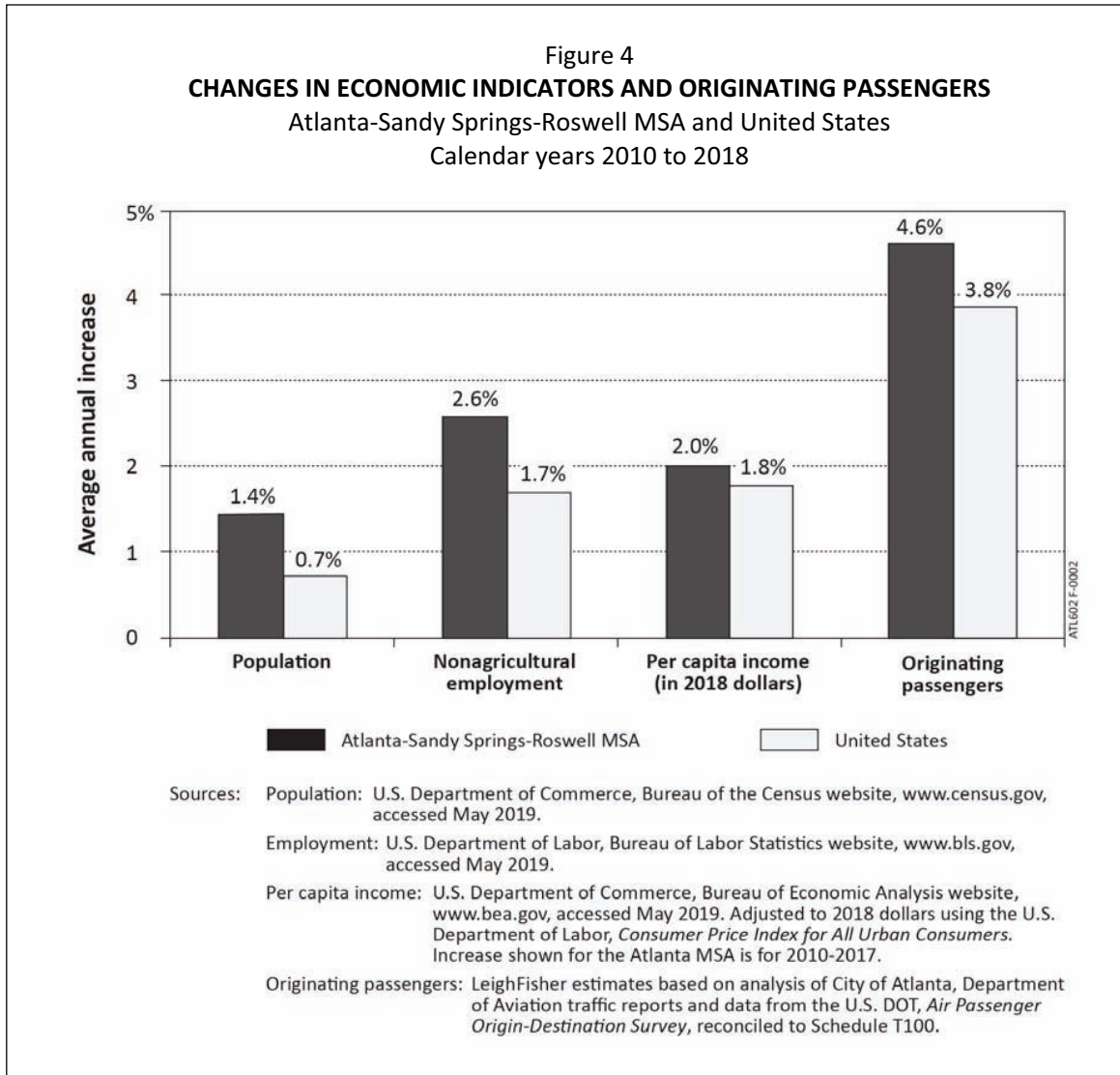
Per Capita Gross Domestic Product

Between 2000 and 2007, per capita GDP for the Atlanta MSA exceeded per capita GDP for the United States by an average of 121%. The severe effects of the 2008-2009 recession on the Atlanta economy caused that margin to be reduced to 108% by 2010. In 2017 (the latest year for which data are available), per capita GDP for the Atlanta MSA was 110% of that for the nation as a whole.



Historical Socioeconomic Indicators and Originating Passengers

Figure 4 presents a comparison of historical average growth rates for population, nonagricultural employment, per capita income, and originating passengers in the Atlanta MSA and the United States between 2010 and 2018. (See later Table 21 for historical data on originating passengers at the Airport.) As shown, annual changes in originating passenger numbers for the Airport and the United States generally correlate with changes in population, nonagricultural employment and per capita income.



ECONOMIC PROFILE BY INDUSTRY SECTOR

Table 4 presents data on the percentage distribution of nonagricultural employment by industry sector in the Atlanta MSA and the nation for 2007 and changes between 2007 (before the 2008-2009 economic recession), 2010 (after the recession), and 2018. The following subsections provide a summary of employment in each industry sector, discussed in descending order of Atlanta MSA employment shares.

Services

As in the United States as a whole, the services sector (professional, business, education, health, leisure, hospitality, and other services combined) accounts for the largest share of nonagricultural employment in the Atlanta MSA. The services sector accounted for higher overall growth than any other industry sector between 2007 and 2018, adding 283,200 jobs in the Atlanta MSA and accounting for nearly all the net increase in MSA employment. The services sector increased its MSA share of nonagricultural employment from 40.4% in 2007 to 45.8% in 2018 (compared with 44.8% for the nation as a whole). The number of services sector jobs lost in the MSA during the recession between 2007 and 2010 (-25,800) were more than recovered in 2011 (+30,300) and MSA employment in the services sector steadily increased between 2010 and 2018 at an average rate of 3.5% per year.

Professional and Business Services. Of the 283,200 services sector jobs added in the Atlanta MSA between 2007 and 2018, 109,000 were in the professional and business services sector. Many of these jobs were in the professional, scientific, and technical services subsector and included jobs in such fields as architecture, engineering, computer science, software development, information technology, biosciences, and health technology that support key goods-producing and service-providing industries. Job losses in the professional and business services subsector between 2007 and 2010 (-25,800) were more than offset by gains between 2010 and 2018 (+134,800).

Education and Health Services. Between 2007 and 2018, the number of Atlanta MSA jobs in the education and health services subsector increased by 109,600. This increase in jobs was higher than in any other sector or subsector, in both absolute and percentage terms, and is attributable mainly to the region's population growth. Notwithstanding the economic recession, 18,700 jobs were added in the education and health services subsector between 2007 and 2010, and a further 90,900 were added between 2010 and 2018.

According to the Metro Atlanta Chamber, approximately 275,000 students are enrolled in approximately 70 universities and colleges in the Atlanta MSA, making the MSA a national center of higher education and research. Major universities in the MSA include Georgia State University, the Georgia Institute of Technology, Kennesaw State University, Emory University, and Clark Atlanta University. Major health care employers in the MSA include WellStar Health System, Children's Healthcare of Atlanta, Northside Hospital, Piedmont Healthcare, Grady Health System and Gwinnett Medical Center.

Table 4
NONAGRICULTURAL EMPLOYMENT BY INDUSTRY SECTOR
 Calendar years

| Industry sector | Share of total 2018 | | Average annual percent increase (decrease) | | | |
|--------------------------------------|---------------------|---------------|--|---------------|-------------|---------------|
| | Atlanta MSA | United States | 2007-2010 | | 2010-2018 | |
| | | | Atlanta MSA | United States | Atlanta MSA | United States |
| Services | | | | | | |
| Professional and business services | 18.8% | 14.1% | (2.1)% | (1.9)% | 3.8% | 2.8% |
| Education and health services | 12.7 | 15.9 | 3.4 | 1.9 | 3.8 | 2.1 |
| Leisure and hospitality | 10.7 | 11.0 | 2.2 | 1.8 | 3.8 | 2.9 |
| Other services | <u>3.6</u> | <u>3.9</u> | <u>0.1</u> | <u>0.5</u> | <u>0.8</u> | <u>1.2</u> |
| Subtotal services | 45.8% | 44.8% | (0.9)% | (0.5)% | 3.5% | 2.4% |
| Trade, transportation, and utilities | 21.6 | 18.6 | (3.1)% | (2.1)% | 2.0% | 1.5% |
| Government | 12.0 | 15.1 | 0.1 | (0.0) | 0.1 | (0.0) |
| Financial activities | 6.3 | 5.7 | 0.2 | 0.4 | 2.0 | 1.4 |
| Manufacturing | 6.2 | 8.5 | (0.3) | (0.5) | 2.2 | 1.2 |
| Mining, logging, and construction | 4.6 | 5.4 | (0.9) | 0.1 | 3.9 | 3.2 |
| Information | <u>3.5</u> | <u>1.9</u> | <u>1.7</u> | <u>(0.5)</u> | <u>3.2</u> | <u>0.5</u> |
| Total | 100.0% | 100.0% | (2.6)% | (1.7)% | 2.6% | 1.7% |
| Total Atlanta MSA employment | 2,786,000 | | | | | |

Note: Percent shares may not add to 100.0% because of rounding.

Source: U.S. Department of Labor, Bureau of Labor Statistics website, www.bls.gov, accessed May 2019.

Leisure and Hospitality Services. Between 2007 and 2018, the number of Atlanta MSA jobs in leisure and hospitality services increased by 63,000, with job losses in the subsector between 2007 and 2010 (-14,100) more than offset by gains between 2010 and 2018 (+77,100).

According to the Atlanta Convention and Visitors Bureau, in 2017 (the latest year for which data are available), the Atlanta MSA had 96,000 hotel rooms and achieved an average hotel room occupancy of 73%. The bureau reported that, in 2017, approximately 53 million people visited Atlanta, generating approximately \$15 billion in economic impact. Much of Atlanta's success in attracting conventions and meetings is attributable to the availability of frequent airline service between the Airport and many destinations.

The Georgia World Congress Center in downtown Atlanta provides 1.4 million square feet of exhibit space, making it one of the top five largest convention centers in the nation. The Georgia International Convention Center, located in the City of College Park immediately west of the Airport, provides 350,000 square feet of space for exhibits and meetings. The Convention Center is served by a SkyTrain station, providing direct

access to and from the domestic terminal. Development at the Gateway Center, adjacent to the Convention Center, includes three hotels and several office and commercial buildings.

Since 2005, tourism in Atlanta has been enhanced by the opening of the Georgia Aquarium and World of Coca-Cola museum, an expansion of the High Museum of Art, and construction of the Atlantic Station retail and mixed-use center. Other tourist attractions include Underground Atlanta, Six Flags over Georgia, the Martin Luther King, Jr. Historic Site, Centennial Park, and CNN studios.

Professional sports franchises in the Atlanta MSA include the Falcons (National Football League), Braves (Major League Baseball), Hawks (National Basketball Association), Dream (Women's National Basketball Association), and Atlanta United F.C. (Major League Soccer).

Trade, Transportation, and Utilities

The trade, transportation, and utilities sector accounts for a larger share of employment in the Atlanta MSA (21.6% in 2018) than in the United States as a whole (18.6% in 2018), reflecting Atlanta's importance as a logistics and distribution center. Trade and transportation are expected to continue to be key contributors to economic development in the Atlanta region. Atlanta is located at the intersection of interstate highways I-20, I-75, I-85, and major railroad lines, which have contributed to the establishment of Atlanta as a motor carrier hub and rail freight center. Atlanta's central location and transportation infrastructure have provided competitive advantages over other metropolitan areas in attracting businesses.

Passenger and cargo airline service at the Airport is central to the economy of the Atlanta region. The Airport is the busiest passenger airport in the world and, as discussed in the later section "Airport's Role as a Connecting Hub," is the principal connecting hub for Delta Air Lines. According to data compiled by the City, the Airport is the largest employment center in the State, providing more than 63,000 airline, ground transportation, concessionaire, security, tenant, City, and other directly generated jobs.

Delta is the largest nongovernmental employer in the State of Georgia, with 34,500 employees in the Atlanta MSA. The scope and frequency of airline service provided by Delta and other airlines between the Airport and all regions of the nation and the world are cited as reasons for the decision of many companies to locate facilities in Atlanta. In addition to Delta, major companies headquartered in the Atlanta MSA are The Home Depot, United Parcel Service, Southern Company, and The Coca-Cola Company.

Between 2007 and 2018, the number of jobs in the trade, transportation, and utilities sector increased by 38,900, with a job loss of 51,300 between 2007 and 2010 (largely attributable to Delta's restructuring following its bankruptcy and merger with

Northwest) offset by a job gain of 90,200 jobs between 2010 and 2018 (largely in trucking, courier services, logistics, and warehousing).

Government

As the capital of the State of Georgia, Atlanta is the center for governmental employment in the State, although the government sector accounts for a smaller share of employment in the Atlanta MSA (12.0%) than for the nation as a whole (15.1%). Between 2007 and 2018, the number of Atlanta MSA jobs in the government sector was essentially unchanged.

Atlanta is the headquarters of several federal agencies, including the sixth district of the Federal Reserve Bank system, FHL Bank Atlanta (a part of the Federal Home Loan Bank System), and the Centers for Disease Control and Prevention.

Financial Activities

Atlanta is a banking and financial center for the Southeast. Financial sector employers include Bank of America, SunTrust Banks, State Farm, and Wells Fargo. Most of the nation's major brokerage firms have a presence in the Atlanta MSA. Between 2007 and 2010, the financial activities sector lost 20,800 jobs as a result of the restructuring of the banking and credit industries. Between 2010 and 2018, employment in the sector increased by 25,400 jobs, resulting in only a small net increase in employment between 2007 and 2018.

Manufacturing

The manufacturing sector's share of employment in the Atlanta MSA has, until recently, declined for many years. In 2018, the manufacturing sector accounted for 6.2% of nonagricultural employment in the Atlanta MSA, compared with 8.5% for the nation as a whole. Products manufactured in the Atlanta MSA include machinery, transportation equipment, paper products, textiles, and processed foods. Large manufacturing employers include Georgia Pacific and Lockheed Martin.

Between 2007 and 2010, the number of Atlanta MSA jobs in the manufacturing sector decreased by 33,000, the second largest decrease in any sector (after construction). The job losses were largely attributable to the closure of plants manufacturing automobiles, textiles, and building materials.

In 2006, the Ford Motor Company closed its assembly plant at a 120-acre site in Hapeville, adjacent to the Airport. Approximately 60 acres of the site was acquired by the City to enhance runway approach protection. In 2015, Porsche Cars North America opened its Porsche Experience Center and headquarters on 27 acres at the site. The center provides a driver development track and a business center with 13,000 square feet of conference and event space.

Manufacturing job losses also occurred with the 2008 closure of the 165-acre General Motors Doraville plant in DeKalb County. Together, the Ford Hapeville and General

Motors Doraville plants employed 5,200 people in 2006. Further manufacturing job losses in the Atlanta MSA occurred at supplier firms.

In 2009, somewhat offsetting jobs lost from the Ford and General Motors plant closures, Kia Motors Corporation opened a \$1 billion factory at a 2,200-acre site in West Point, Georgia, 75 road miles southeast of the Airport. The factory is capable of producing 360,000 automobiles per year at full capacity and provides 2,700 factory jobs as well as jobs at supplier firms in the region.

Between 2010 and 2018, manufacturing employment in the Atlanta increased with the addition of 27,700 jobs, mainly in the food, transportation equipment, and plastics and rubber industries.

Construction

Employment in the mining, logging, and construction sector is disproportionately affected by economic cycles. Between 2007 and 2010, the sector lost 47,900 jobs in the Atlanta MSA, more than any other sector, as the credit crisis depressed construction activity and the issuance of housing permits fell to a record low. As the Atlanta MSA economy recovered following the recession, between 2010 and 2018, construction sector employment increased by 33,900 jobs, for an overall reduction of 14,000 between 2007 and 2018.

Information

Atlanta is home to the national and regional headquarters of information technology, news and entertainment media, communications, nonprofit, and other information companies, such as AT&T Mobility, Comcast, Cox Enterprises, and Turner Broadcasting System. Atlanta is situated along two major fiber-optic corridors, and approximately 30 long-haul cables converge in the region.

Employment in the information sector decreased by 5,600 jobs between 2007 and 2010, but then increased by 22,100 jobs between 2010 and 2018 for a net increase of 16,500 jobs between 2007 and 2018. Most of the net job increase was accounted for by the telecommunication provider and data processing industries.

ECONOMIC OUTLOOK

Outlook for the U.S. Economy

Real (inflation-adjusted) gross domestic product (GDP) for the United States grew 2.6% in 2015, 1.6% in 2016, 2.2% in 2017, and 2.9% in 2018. The Congressional Budget Office forecasts real GDP growth of 2.7% in 2019, 1.9% in 2020, and an average of 1.7% per year thereafter.

Continued U.S. economic growth will depend on, among other factors, stability in financial and credit markets, the value of the U.S. dollar versus other currencies, energy and other commodity prices, and international trading relationships; the ability of the federal government to reduce historically high fiscal deficits; inflation remaining within

the range targeted by the Federal Reserve; and growth in the economies of foreign trading partners.

Outlook for the Atlanta MSA Economy

The economic outlook for the Atlanta MSA generally depends on the same factors as those for the nation. In the Atlanta MSA, the potential for increased economic activity is seen by economists as particularly high in trade, transportation, education, health care, and other services. Despite concerns about the ability of the region to manage growth, it is expected that the Atlanta MSA economy will continue to grow steadily.

Table 5 shows socioeconomic forecasts for the nation and the Atlanta MSA as published in May 2019 by the Georgia State University Economic Forecasting Center.

National real GDP is forecast by the Center to increase 2.6% in 2019, 1.9% in 2020, and 1.9% in 2021, rates similar to those forecast by the Congressional Budget Office. National nonagricultural employment is forecast by the Center to increase an average of 1.2% per year between 2018 and 2021. Nonagricultural employment in the Atlanta MSA is forecast by the Center to increase an average of 1.6% per year between 2018 and 2021.

| | Historical average annual increase 2010-2018 (a) | Forecast annual increase (b) | | |
|----------------------------------|---|------------------------------|-----------|-----------|
| | | 2018-2019 | 2019-2020 | 2020-2021 |
| Real U.S. gross domestic product | 4.0% | 2.6% | 1.9% | 1.9% |
| Nonagricultural employment | | | | |
| United States | 1.7% | 1.6% | 1.1% | 0.9% |
| Atlanta MSA | 2.6 | 2.0 | 1.5 | 1.3 |

Note: See Table 2 for historical data on nonagricultural employment.

(a) Sources: Gross domestic product: U.S. Department of Commerce, Bureau of Economic Analysis website, www.bea.gov, accessed May 2019.
Nonagricultural employment: U.S. Department of Labor, Bureau of Labor Statistics website, www.bls.gov, accessed February 2019.

(b) Georgia State University Economic Forecasting Center, *Forecast of the Nation and Forecast of Georgia and Atlanta*, May 2019.

AIRLINE TRAFFIC ANALYSIS

AIRPORT ROLE

Rankings among U.S. Airports

Table 6 lists the 30 busiest U.S. airports ranked by numbers of enplaned passengers in 2018. The Airport was by far the busiest airport by this measure, with 53.7 million enplaned passengers, 10.9 million (25%) more than the second ranked, Los Angeles International. Over the 10 years 2008-2018, passenger numbers at the Airport increased 19.0%, compared with an increase of 26.5% for the other top 30 airports listed.

Table 7 lists the 30 busiest U.S. airports ranked by estimated numbers of originating passengers in 2018. By this measure, the Airport ranked sixth.

Table 8 lists the 30 busiest U.S. airports ranked by estimated numbers of connecting passengers in 2018. By this measure, the Airport was by far the busiest connecting hub airport in the nation. The Airport's role as a connecting hub for Delta and Southwest is discussed in the following section, "Airport's Role as a Connecting Hub."

Table 9 lists the 30 busiest U.S. airports ranked by estimated numbers of enplaned international passengers in 2018. By this measure, the Airport ranked seventh. Between 2008 and 2018, the number of international passengers at the Airport increased 36.3%, compared with an increase of 21.4% at the other top 30 U.S. international gateway airports.

Table 10 presents international departing seat capacity for the 20 busiest international gateway airports (on all airlines) by world region as scheduled for July 2019.

Table 11 lists the 30 busiest U.S. airports ranked by air cargo tonnage in 2017 (the latest year for which data are available). By this measure, the Airport ranked twelfth.

Table 6
ENPLANED PASSENGERS AT BUSIEST U.S. AIRPORTS
 Calendar years

| 2018 Rank | City (airport) | Enplaned passengers (millions) | | | | | Percent increase (decrease) | | | Increase (decrease) |
|-----------------|-----------------------------|--------------------------------|-------------|-------------|-------------|-------------|-----------------------------|-------------|--------------|----------------------|
| | | 2000 | 2008 | 2012 | 2016 | 2018 | 2008 | 2012 | 2018 | 2012-2018 (millions) |
| 1 | Atlanta | 40.2 | 45.1 | 47.7 | 52.0 | 53.7 | 12.3% | 5.8% | 12.4% | 5.9 |
| 2 | Los Angeles (International) | 32.1 | 28.7 | 31.4 | 39.6 | 42.8 | (10.7) | 9.3 | 36.5 | 11.4 |
| 3 | Chicago (O'Hare) | 33.7 | 33.7 | 32.2 | 37.6 | 39.9 | 0.1 | (4.5) | 24.1 | 7.8 |
| 4 | Dallas/Fort Worth | 28.2 | 27.2 | 28.0 | 31.3 | 32.8 | (3.6) | 3.2 | 17.1 | 4.8 |
| 5 | Denver | 18.3 | 24.3 | 25.8 | 28.3 | 31.4 | 32.5 | 6.3 | 21.6 | 5.6 |
| 6 | New York (Kennedy) | 16.1 | 23.6 | 24.5 | 29.3 | 30.7 | 47.1 | 3.8 | 25.0 | 6.1 |
| 7 | San Francisco | 19.5 | 18.1 | 21.3 | 25.7 | 27.9 | (7.3) | 17.7 | 30.8 | 6.6 |
| 8 | Seattle | 13.8 | 15.8 | 16.1 | 21.9 | 24.0 | 14.3 | 1.8 | 49.3 | 7.9 |
| 9 | Las Vegas | 16.4 | 20.9 | 19.8 | 22.7 | 23.7 | 27.4 | (5.0) | 19.4 | 3.9 |
| 10 | Orlando (International) | 14.7 | 17.3 | 17.2 | 20.3 | 23.2 | 17.6 | (0.8) | 35.3 | 6.1 |
| 11 | Newark | 17.2 | 17.6 | 17.1 | 20.0 | 22.9 | 2.6 | (3.2) | 34.2 | 5.8 |
| 12 | Charlotte | 11.4 | 17.3 | 20.0 | 21.5 | 22.3 | 50.9 | 15.9 | 11.2 | 2.2 |
| 13 | Phoenix (Sky Harbor) | 18.1 | 19.4 | 19.6 | 20.9 | 21.7 | 7.6 | 0.6 | 10.7 | 2.1 |
| 14 | Houston (Bush) | 16.3 | 20.1 | 19.0 | 20.1 | 21.2 | 22.8 | (5.0) | 11.2 | 2.1 |
| 15 | Miami | 16.5 | 16.4 | 19.0 | 20.9 | 21.1 | (0.4) | 15.7 | 11.1 | 2.1 |
| 16 | Boston | 13.6 | 12.8 | 14.3 | 17.8 | 20.1 | (5.9) | 11.5 | 40.3 | 5.8 |
| 17 | Minneapolis-St. Paul | 16.8 | 16.4 | 15.9 | 18.2 | 18.4 | (2.5) | (2.6) | 15.7 | 2.5 |
| 18 | Fort Lauderdale | 7.8 | 11.0 | 11.4 | 14.3 | 17.6 | 41.5 | 3.9 | 54.0 | 6.2 |
| 19 | Detroit | 17.2 | 17.0 | 15.6 | 16.9 | 17.4 | (1.1) | (8.2) | 11.8 | 1.8 |
| 20 | Philadelphia | 12.3 | 15.6 | 14.6 | 14.6 | 15.3 | 27.0 | (6.4) | 4.8 | 0.7 |
| 21 | New York (LaGuardia) | 12.7 | 11.6 | 12.8 | 14.8 | 15.1 | (8.8) | 10.8 | 17.6 | 2.3 |
| 22 | Baltimore | 9.6 | 10.2 | 11.1 | 12.3 | 13.3 | 5.4 | 9.5 | 19.9 | 2.2 |
| 23 | Salt Lake City | 9.5 | 9.9 | 9.6 | 11.1 | 12.2 | 4.0 | (3.4) | 27.6 | 2.6 |
| 24 | San Diego | 7.9 | 9.0 | 8.7 | 10.3 | 12.2 | 14.2 | (3.6) | 40.3 | 3.5 |
| 25 | Washington DC (Dulles) | 9.1 | 11.4 | 10.8 | 10.6 | 11.7 | 25.8 | (5.4) | 7.8 | 0.8 |
| 26 | Washington DC (Reagan) | 7.4 | 8.7 | 9.5 | 11.5 | 11.4 | 17.5 | 8.7 | 20.1 | 1.9 |
| 27 | Chicago (Midway) | 7.1 | 8.0 | 9.4 | 11.0 | 10.7 | 13.1 | 17.6 | 13.2 | 1.2 |
| 28 | Tampa | 8.0 | 8.9 | 8.2 | 9.2 | 10.4 | 11.5 | (7.4) | 26.3 | 2.2 |
| 29 | Portland, Oregon | 6.8 | 7.1 | 7.1 | 9.1 | 9.8 | 4.8 | 0.9 | 37.3 | 2.7 |
| 30 | Honolulu | 10.6 | 9.0 | 9.2 | 9.7 | 9.6 | (14.6) | 2.1 | 4.2 | 0.4 |
| Top 30 airports | | | | | | | 9.2% | 2.9% | 22.2% | |

Notes: Airports shown are the top 30 U.S. airports ranked by number of passengers for 2018. Percentages were calculated using unrounded numbers.

Sources: U.S. DOT, Schedules T100 and 298C T1, except Atlanta, City of Atlanta, Department of Aviation records.

Table 7
ORIGINATING PASSENGERS AT BUSIEST U.S. AIRPORTS
 Calendar years

| 2018 Rank | City (airport) | Originating passengers (millions) | | | | | Percent increase (decrease) | | |
|-----------|-----------------------------|-----------------------------------|-------------|-------------|-------------|-------------|-----------------------------|------------|-------------|
| | | 2000 | 2008 | 2012 | 2016 | 2018 | 2000-2008 | 2008-2012 | 2012-2018 |
| 1 | Los Angeles (International) | 24.0 | 22.6 | 23.9 | 31.4 | 35.1 | (5.7)% | 5.8% | 46.7% |
| 2 | New York (Kennedy) | 12.9 | 18.5 | 19.5 | 23.9 | 26.0 | 43.2 | 5.6 | 33.3 |
| 3 | Chicago (O'Hare) | 16.4 | 16.9 | 16.7 | 20.9 | 23.3 | 2.7 | (1.1) | 39.7 |
| 4 | Orlando (International) | 13.8 | 16.4 | 16.1 | 19.4 | 22.1 | 19.0 | (1.6) | 36.8 |
| 5 | San Francisco | 15.1 | 13.8 | 16.6 | 20.3 | 22.1 | (8.4) | 19.8 | 33.1 |
| 6 | Atlanta | 15.9 | 14.9 | 15.5 | 18.6 | 20.9 | (6.0) | 4.0 | 34.7 |
| 7 | Las Vegas | 14.1 | 17.3 | 16.9 | 19.4 | 20.6 | 22.7 | (2.4) | 21.9 |
| 8 | Denver | 9.8 | 12.8 | 13.9 | 16.7 | 20.3 | 31.1 | 8.0 | 46.3 |
| 9 | Boston | 12.6 | 12.2 | 13.6 | 16.8 | 18.9 | (3.1) | 11.7 | 38.7 |
| 10 | Newark | 13.3 | 13.3 | 12.0 | 15.0 | 18.2 | (0.5) | (9.8) | 52.2 |
| 11 | Seattle | 10.4 | 11.7 | 11.6 | 14.9 | 17.1 | 12.2 | (1.1) | 47.8 |
| 12 | Dallas/Fort Worth | 11.5 | 11.6 | 11.6 | 13.9 | 15.5 | 0.6 | 0.0 | 33.6 |
| 13 | Fort Lauderdale | 7.6 | 10.2 | 10.6 | 12.7 | 14.8 | 35.2 | 3.4 | 39.9 |
| 14 | Phoenix (Sky Harbor) | 11.2 | 11.8 | 11.1 | 13.2 | 14.6 | 5.6 | (5.9) | 31.0 |
| 15 | Miami | 10.0 | 9.4 | 10.8 | 13.5 | 14.1 | (6.6) | 15.4 | 30.6 |
| 16 | New York (LaGuardia) | 11.8 | 10.6 | 11.6 | 13.3 | 13.7 | (10.2) | 9.2 | 18.3 |
| 17 | San Diego | 7.6 | 8.6 | 8.3 | 9.8 | 11.5 | 14.0 | (4.4) | 39.5 |
| 18 | Minneapolis-St. Paul | 8.2 | 8.1 | 8.3 | 10.2 | 11.4 | (0.5) | 2.3 | 37.8 |
| 19 | Houston (Bush) | 6.8 | 8.8 | 8.0 | 9.7 | 10.9 | 30.2 | (8.7) | 35.7 |
| 20 | Philadelphia | 7.8 | 9.5 | 8.5 | 9.9 | 10.6 | 21.9 | (10.5) | 24.4 |
| 21 | Detroit | 8.4 | 8.5 | 7.7 | 9.1 | 10.4 | 0.4 | (9.0) | 35.6 |
| 22 | Washington DC (Reagan) | 6.5 | 7.0 | 7.8 | 9.9 | 10.1 | 7.1 | 11.1 | 29.6 |
| 23 | Tampa | 7.5 | 8.3 | 7.7 | 8.8 | 10.0 | 11.5 | (8.0) | 30.4 |
| 24 | Baltimore | 8.2 | 8.3 | 8.1 | 8.6 | 9.7 | 0.9 | (2.4) | 19.5 |
| 25 | Portland, Oregon | 5.7 | 6.0 | 6.0 | 7.9 | 8.7 | 6.3 | (0.6) | 44.6 |
| 26 | Honolulu | 8.6 | 7.3 | 7.5 | 8.0 | 8.1 | (14.7) | 1.9 | 8.8 |
| 27 | Washington DC (Dulles) | 6.1 | 6.9 | 6.2 | 6.9 | 7.8 | 12.1 | (9.2) | 25.3 |
| 28 | Salt Lake City | 5.0 | 5.4 | 5.1 | 6.4 | 7.6 | 9.2 | (6.4) | 48.9 |
| 29 | Austin | 3.5 | 4.1 | 4.3 | 5.8 | 7.4 | 19.1 | 5.0 | 70.5 |
| 30 | Charlotte | 3.0 | 4.8 | 5.2 | 6.1 | 7.0 | 58.6 | 8.5 | 34.3 |
| | Top 30 airports | | | | | | 7.4% | 1.5% | 35.6% |

Notes: Airports shown are the top 30 U.S. airports ranked by originating passengers for 2018. Percentages were calculated using unrounded numbers. Includes a small number of passengers on foreign-flag airlines making connections between international flights.

Sources: LeighFisher; U.S. DOT, Schedules T100 and 298C T1; U.S. DOT, *Air Passenger Origin-Destination Survey*, reconciled to Schedules T100 and 298C T1.

Table 8
CONNECTING PASSENGERS AT BUSIEST U.S. AIRPORTS
 Calendar years

| 2018 Rank | City (airport) | Connecting passengers (millions) | | | | | Percent increase (decrease) | | |
|-----------|-----------------------------|----------------------------------|-------------|-------------|-------------|-------------|-----------------------------|-------------|-------------|
| | | 2000 | 2008 | 2012 | 2016 | 2018 | 2000-2008 | 2008-2012 | 2012-2018 |
| 1 | Atlanta | 24.3 | 30.2 | 32.2 | 33.5 | 32.8 | 24.2% | 6.8% | 1.8% |
| 2 | Dallas/Fort Worth | 16.7 | 15.6 | 16.4 | 17.4 | 17.3 | (6.5) | 5.5 | 5.4 |
| 3 | Chicago (O'Hare) | 17.2 | 16.8 | 15.5 | 16.7 | 16.6 | (2.4) | (7.9) | 7.3 |
| 4 | Charlotte | 8.4 | 12.5 | 14.8 | 15.4 | 15.3 | 48.2 | 18.8 | 3.2 |
| 5 | Denver | 8.5 | 11.4 | 11.9 | 11.5 | 11.1 | 34.2 | 4.4 | (7.0) |
| 6 | Houston (Bush) | 9.6 | 11.2 | 11.0 | 10.4 | 10.3 | 17.6 | (2.1) | (6.7) |
| 7 | Los Angeles (International) | 8.2 | 6.1 | 7.5 | 8.2 | 7.7 | (25.4) | 22.3 | 3.6 |
| 8 | Phoenix (Sky Harbor) | 6.9 | 7.6 | 8.4 | 7.7 | 7.1 | 10.8 | 10.8 | (16.1) |
| 9 | Detroit | 8.8 | 8.5 | 7.9 | 7.8 | 7.0 | (2.6) | (7.3) | (11.5) |
| 10 | Minneapolis-St. Paul | 8.6 | 8.2 | 7.6 | 8.0 | 7.0 | (4.4) | (7.4) | (8.4) |
| 11 | Miami | 6.4 | 7.0 | 8.2 | 7.3 | 7.0 | 9.2 | 16.1 | (14.7) |
| 12 | Seattle | 3.4 | 4.1 | 4.5 | 6.9 | 6.9 | 20.7 | 10.1 | 53.2 |
| 13 | San Francisco | 4.4 | 4.2 | 4.7 | 5.4 | 5.8 | (3.8) | 11.0 | 22.7 |
| 14 | Philadelphia | 4.5 | 6.1 | 6.1 | 4.6 | 4.7 | 35.9 | (0.0) | (22.4) |
| 15 | New York (Kennedy) | 3.2 | 5.2 | 5.1 | 5.3 | 4.7 | 63.0 | (2.7) | (6.9) |
| 16 | Newark | 3.8 | 4.4 | 5.1 | 5.0 | 4.7 | 13.2 | 16.7 | (8.2) |
| 17 | Salt Lake City | 4.6 | 4.5 | 4.5 | 4.8 | 4.7 | (1.6) | 0.3 | 3.6 |
| 18 | Washington DC (Dulles) | 2.9 | 4.5 | 4.6 | 3.6 | 3.8 | 54.2 | 0.4 | (16.1) |
| 19 | Chicago (Midway) | 1.3 | 2.4 | 3.4 | 4.1 | 3.8 | 84.9 | 44.4 | 9.5 |
| 20 | Baltimore | 1.4 | 1.9 | 3.0 | 3.7 | 3.7 | 31.2 | 62.0 | 21.1 |
| 21 | Las Vegas | 2.3 | 3.6 | 2.9 | 3.3 | 3.1 | 55.9 | (17.5) | 5.0 |
| 22 | Fort Lauderdale | 0.2 | 0.8 | 0.9 | 1.6 | 2.8 | 249.0 | 9.9 | 223.4 |
| 23 | Dallas (Love) | 0.7 | 1.1 | 1.1 | 2.4 | 2.6 | 51.7 | 2.4 | 136.3 |
| 24 | Houston (Hobby) | 1.1 | 1.0 | 1.4 | 2.1 | 2.5 | (8.7) | 47.0 | 72.3 |
| 25 | St. Louis | 9.5 | 1.3 | 1.1 | 1.4 | 1.8 | (86.7) | (13.5) | 69.5 |
| 26 | Honolulu | 2.0 | 1.7 | 1.7 | 1.8 | 1.5 | (14.4) | 2.8 | (15.7) |
| 27 | New York (LaGuardia) | 0.8 | 0.9 | 1.2 | 1.5 | 1.3 | 11.1 | 28.9 | 10.6 |
| 28 | Washington DC (Reagan) | 0.9 | 1.7 | 1.7 | 1.5 | 1.3 | 95.6 | (1.1) | (23.1) |
| 29 | Boston | 1.0 | 0.6 | 0.7 | 1.0 | 1.2 | (39.7) | 6.9 | 73.3 |
| 30 | Portland, Oregon | 1.1 | 1.0 | 1.1 | 1.2 | 1.1 | (2.8) | 9.3 | (1.0) |
| | Top 30 airports | | | | | | 7.8% | 5.5% | 2.4% |

Notes: Airports shown are the top 30 U.S. airports ranked by number of connecting passengers for 2018. Percentages were calculated using unrounded numbers. Includes a small number of passengers on foreign-flag airlines making connections between international flights.

Sources: LeighFisher; U.S. DOT, *Air Passenger Origin-Destination Survey*, reconciled to Schedules T100 and 298C T1.

Table 9
INTERNATIONAL ENPLANED PASSENGERS AT BUSIEST U.S. AIRPORTS
 Calendar years

| 2018 Rank | City (airport) | Enplaned international passengers (millions) | | | | | Percent increase (decrease) | | |
|-----------|-----------------------------|--|-------------|-------------|-------------|-------------|-----------------------------|------------|-------------|
| | | 2000 | 2008 | 2012 | 2016 | 2018 | 2000-2008 | 2008-2012 | 2012-2018 |
| 1 | New York (Kennedy) | 9.02 | 11.06 | 12.45 | 15.76 | 16.64 | 22.6% | 12.6% | 33.6% |
| 2 | Los Angeles (International) | 8.16 | 8.07 | 8.33 | 11.10 | 12.76 | (1.1) | 3.2 | 53.3 |
| 3 | Miami | 7.99 | 8.05 | 9.71 | 10.30 | 10.56 | 0.9 | 20.5 | 8.8 |
| 4 | Newark | 4.40 | 5.47 | 5.58 | 5.96 | 6.96 | 24.2 | 2.1 | 24.8 |
| 5 | San Francisco | 3.95 | 4.16 | 4.56 | 6.02 | 6.85 | 5.2 | 9.6 | 50.4 |
| 6 | Chicago (O'Hare) | 4.96 | 5.50 | 5.15 | 6.00 | 6.78 | 10.9 | (6.5) | 31.7 |
| 7 | Atlanta | 2.92 | 4.58 | 4.90 | 5.72 | 6.24 | 57.0 | 7.1 | 27.3 |
| 8 | Houston (Bush) | 2.67 | 3.88 | 4.27 | 5.28 | 5.27 | 45.5 | 10.0 | 23.4 |
| 9 | Fort Lauderdale | 0.70 | 1.53 | 1.76 | 2.89 | 4.18 | 119.0 | 14.4 | 138.3 |
| 10 | Dallas/Fort Worth | 2.42 | 2.45 | 2.90 | 3.89 | 4.15 | 1.6 | 18.2 | 43.0 |
| 11 | Washington DC (Dulles) | 1.95 | 2.96 | 3.22 | 3.59 | 3.91 | 51.8 | 8.9 | 21.4 |
| 12 | Boston | 2.13 | 1.78 | 2.03 | 3.10 | 3.64 | (16.4) | 13.9 | 79.1 |
| 13 | Orlando (International) | 1.22 | 1.30 | 1.88 | 2.72 | 3.19 | 7.0 | 43.8 | 70.0 |
| 14 | Seattle | 1.11 | 1.42 | 1.55 | 2.34 | 2.64 | 27.6 | 9.3 | 70.4 |
| 15 | Honolulu | 2.49 | 1.72 | 2.21 | 2.55 | 2.33 | (30.9) | 28.2 | 5.7 |
| 16 | Philadelphia | 1.28 | 1.83 | 1.88 | 1.81 | 1.93 | 42.4 | 2.9 | 2.5 |
| 17 | Detroit | 1.92 | 1.90 | 1.57 | 1.64 | 1.87 | (0.8) | (17.5) | 19.0 |
| 18 | Las Vegas | 0.51 | 1.13 | 1.40 | 1.75 | 1.84 | 121.2 | 23.3 | 31.9 |
| 19 | Charlotte | 0.47 | 1.14 | 1.45 | 1.47 | 1.55 | 141.3 | 26.8 | 7.0 |
| 20 | Minneapolis-St. Paul | 1.44 | 1.28 | 1.08 | 1.39 | 1.48 | (11.2) | (15.5) | 36.6 |
| 21 | Denver | 0.63 | 1.10 | 0.87 | 1.13 | 1.47 | 74.0 | (20.8) | 68.8 |
| 22 | New York (LaGuardia) | 0.69 | 0.58 | 0.73 | 1.01 | 1.13 | (15.3) | 24.9 | 55.3 |
| 23 | Phoenix (Sky Harbor) | 0.49 | 0.91 | 1.10 | 1.02 | 1.05 | 85.9 | 20.6 | (4.2) |
| 24 | Baltimore | 0.29 | 0.19 | 0.28 | 0.54 | 0.62 | (36.3) | 50.5 | 119.8 |
| 25 | Houston (Hobby) | 0.00 | 0.00 | 0.00 | 0.40 | 0.52 | n.c. | (0.5) | n.c. |
| 26 | San Diego | 0.15 | 0.11 | 0.26 | 0.38 | 0.52 | n.c. | 133.9 | n.c. |
| 27 | Tampa | 0.20 | 0.19 | 0.24 | 0.41 | 0.49 | (5.1) | 28.4 | 103.1 |
| 28 | Salt Lake City | 0.06 | 0.26 | 0.18 | 0.38 | 0.49 | 337.4 | (29.3) | 165.4 |
| 29 | San Jose | 0.17 | 0.07 | 0.08 | 0.33 | 0.48 | (61.6) | 26.8 | 467.6 |
| 30 | Oakland | 0.07 | 0.08 | 0.07 | 0.19 | 0.47 | n.c. | (7.3) | 561.0 |
| | Top 30 airports | | | | | | 15.9% | 9.3% | 37.1% |

Notes: Airports shown are the top 30 U.S. airports (excluding airports in Puerto Rico, the islands of the Pacific Trust, and the U.S. Virgin Islands) ranked by international enplaned passengers for 2018. Percentages were calculated using unrounded numbers.

n.c. = not calculated.

(a) City of Atlanta, department of Aviation records.

Sources: U.S. DOT, Schedules T100 and 298C T1, except as noted.

Table 10
INTERNATIONAL DEPARTING SEATS BY WORLD REGION DESTINATION
As scheduled for July 2019

| Rank | Gateway (airport) | Average daily departing seats | | | | | | | Total |
|----------|----------------------------|-------------------------------|--------------|---------------|---------------|--------------|---------------------|------------------------|---------------|
| | | Europe | Asia | Latin America | Canada | Caribbean | Africa and Mid-East | Oceania ^(a) | |
| 1 | New York (Kennedy) | 29,296 | 6,949 | 7,710 | 1,193 | 14,328 | 7,355 | -- | 66,832 |
| 2 | Los Angeles | 10,851 | 12,801 | 10,909 | 4,478 | -- | 1,779 | 4,828 | 45,646 |
| 3 | Miami | 6,996 | -- | 17,178 | 1,115 | 12,945 | 790 | -- | 39,023 |
| 4 | Newark | 13,297 | 2,928 | 3,084 | 3,426 | 4,528 | 1,585 | -- | 28,848 |
| 5 | San Francisco | 8,216 | 10,142 | 2,895 | 4,391 | -- | 1,343 | 1,480 | 28,466 |
| 6 | Chicago (O'Hare) | 12,233 | 3,751 | 4,013 | 4,203 | 1,029 | 1,971 | 115 | 27,315 |
| 7 | Atlanta | 7,616 | 1,253 | 6,551 | 1,978 | 5,396 | 880 | -- | 23,675 |
| 8 | Houston (Intercontinental) | 3,059 | 1,125 | 11,718 | 1,869 | 1,679 | 1,304 | 413 | 21,167 |
| 9 | Dallas/Fort Worth | 4,380 | 2,046 | 8,863 | 1,620 | 1,241 | 681 | 406 | 19,236 |
| 10 | Fort Lauderdale-Hollywood | 629 | -- | 5,861 | 1,228 | 9,774 | 146 | -- | 17,639 |
| 11 | Washington, DC (Dulles) | 8,646 | 1,664 | 1,921 | 1,275 | 525 | 2,947 | -- | 16,979 |
| 12 | Orlando (International) | 4,426 | -- | 4,715 | 1,797 | 5,680 | 251 | -- | 16,870 |
| 13 | Boston | 9,244 | 1,159 | 635 | 2,005 | 2,047 | 1,419 | -- | 16,509 |
| 14 | Seattle-Tacoma | 3,176 | 3,492 | 339 | 3,050 | -- | 354 | -- | 10,411 |
| 15 | Philadelphia | 5,312 | -- | 472 | 1,185 | 2,420 | 358 | -- | 9,747 |
| 16 | Honolulu | -- | 6,560 | -- | 298 | -- | -- | 2,336 | 9,193 |
| 17 | Charlotte | 2,648 | -- | 939 | 679 | 3,721 | -- | -- | 7,988 |
| 18 | Detroit | 3,294 | 1,458 | 1,069 | 981 | 54 | 112 | -- | 6,968 |
| 19 | Las Vegas | 1,819 | 328 | 1,539 | 2,548 | -- | 36 | -- | 6,270 |
| 20 | Denver | <u>1,989</u> | <u>219</u> | <u>1,343</u> | <u>2,098</u> | <u>35</u> | <u>--</u> | <u>--</u> | <u>5,684</u> |
| | Top 20 gateways | 137,127 | 55,874 | 91,755 | 41,416 | 65,404 | 23,311 | 9,578 | 424,465 |
| | All other gateways | <u>11,718</u> | <u>1,938</u> | <u>11,004</u> | <u>14,009</u> | <u>4,411</u> | <u>--</u> | <u>--</u> | <u>43,080</u> |
| | Total all U.S. gateways | 148,844 | 57,812 | 102,759 | 55,425 | 69,815 | 23,311 | 9,578 | 467,545 |

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

(a) Australia, New Zealand, and Pacific Ocean Islands.

Source: OAG Aviation Worldwide Ltd, OAG Analyser database, accessed May 2019.

Table 11
AIR CARGO AT BUSIEST U.S. AIRPORTS
 Calendar years

| Rank 2017 | City (airport) | Total cargo (metric tons in thousands) | | | | | Average annual percent increase (decrease) | |
|--------------|----------------------------|--|------------|------------|------------|------------|--|---------------|
| | | 2000 | 2007 | 2012 | 2016 | 2017 | 2000- 2007 | 2007- 2016 |
| 1 | Memphis | 2,489 | 3,840 | 4,016 | 4,322 | 4,337 | 6.4% | 1.3% |
| 2 | Anchorage | 1,804 | 2,826 | 2,450 | 2,543 | 2,713 | 6.6 | (1.2) |
| 3 | Louisville | 1,520 | 2,079 | 2,168 | 2,437 | 2,603 | 4.6 | 1.8 |
| 4 | Los Angeles | 2,039 | 1,884 | 1,772 | 1,993 | 2,158 | (1.1) | 0.6 |
| 5 | Miami | 1,643 | 1,923 | 1,930 | 2,014 | 2,072 | 2.3 | 0.5 |
| 6 | Chicago (O'Hare) | 1,469 | 1,534 | 1,254 | 1,528 | 1,722 | 0.6 | (0.0) |
| 7 | New York (Kennedy) | 1,818 | 1,607 | 1,283 | 1,279 | 1,351 | (1.7) | (2.5) |
| 8 | Indianapolis | 1,165 | 999 | 989 | 1,065 | 1,039 | (2.2) | 0.7 |
| 9 | Cincinnati | 391 | 40 | 539 | 742 | 945 | (27.9) | 38.5 |
| 10 | Dallas/Fort Worth | 905 | 724 | 603 | 753 | 810 | (3.1) | 0.4 |
| 11 | Newark | 1,082 | 964 | 744 | 719 | 800 | (1.6) | (3.2) |
| 12 | Atlanta | 894 | 720 | 646 | 649 | 685 | (3.0) | (1.2) |
| 13 | Ontario, California | 464 | 483 | 413 | 519 | 594 | 0.6 | 0.8 |
| 14 | Oakland | 685 | 648 | 481 | 512 | 567 | (0.8) | (2.6) |
| 15 | San Francisco | 870 | 563 | 381 | 483 | 562 | (6.0) | (1.7) |
| 16 | Honolulu | 441 | 450 | 412 | 461 | 517 | 0.3 | 0.3 |
| 17 | Houston (Intercontinental) | 368 | 409 | 438 | 432 | 451 | 1.5 | 0.6 |
| 18 | Seattle-Tacoma | 457 | 319 | 284 | 366 | 426 | (5.0) | 1.6 |
| 19 | Philadelphia | 559 | 543 | 389 | 404 | 420 | (0.4) | (3.2) |
| 20 | Phoenix (Sky Harbor) | 375 | 252 | 274 | 322 | 340 | (5.5) | 2.8 |
| 21 | Boston | 475 | 299 | 248 | 290 | 321 | (6.4) | (0.3) |
| 22 | Washington, DC (Dulles) | 384 | 359 | 268 | 266 | 299 | (1.0) | (3.3) |
| 23 | Denver | 472 | 267 | 237 | 250 | 265 | (7.8) | (0.7) |
| 24 | Portland, Oregon | 282 | 255 | 199 | 219 | 237 | (1.4) | (1.7) |
| 25 | Minneapolis-St. Paul | 370 | 257 | 199 | 191 | 229 | (5.0) | (3.2) |
| 26 | Orlando (International) | 271 | 183 | 173 | 209 | 220 | (5.5) | 1.5 |
| 27 | Detroit | 298 | 233 | 219 | 206 | 216 | (3.5) | (1.4) |
| 28 | Rockford | 220 | 226 | 127 | 132 | 196 | 0.4 | (5.8) |
| 29 | Charlotte | 185 | 122 | 127 | 154 | 192 | (5.8) | 2.6 |
| 30 | Salt Lake City | 257 | 178 | 167 | 174 | 190 | (5.1) | (0.2) |
| | Top 30 airports | | | | | | 0.3% | 0.2% |

Notes: Airports shown are the 30 busiest U.S. airports measured by total cargo tonnage (enplaned plus deplaned freight and mail) in calendar year 2017.
 Calculated percentages may not match those shown because of rounding.

Source: Airports Council International 2017 North American Airport Traffic Report.

Airport's Role as a Connecting Hub

Table 12 presents data on domestic and international airline service (as measured by average daily numbers of departing seats) at the 30 busiest U.S. airports as scheduled for July 2019. Figure 5 shows the data for the 20 busiest U.S. connecting hub airports (as ranked in Table 8) graphically.

The combination of Atlanta's geographic location, the facilities provided at the Airport, and Delta's strategy of concentrating much of its service through Atlanta has resulted in the Airport becoming the busiest and most important airline hub in the nation. The number of seats scheduled by Delta from the Airport in July 2019 was 32% higher than the number scheduled by American from Dallas/Fort Worth, the second busiest single-airline hub airport.

Figure 5 also illustrates that few competing hub airports are located near Atlanta. Within a 500-mile radius of Atlanta, only Charlotte provides comparable connecting opportunities.

Airport's Role in Delta's System

Table 13 presents data on airline service (average daily scheduled aircraft departures and departing seats in domestic and international service) provided by Delta and its Delta Connection affiliates from selected U.S. airports.* Data are presented for the Airport and other primary airports in the Delta system, ranked by average daily departing seats as scheduled for July 2019. Dallas/Fort Worth and Memphis are also included, as these airports were connecting hubs for Delta until 2005 and 2012, respectively. Figure 6 shows the data for Delta's 10 busiest airports graphically.

In September 2005, Delta filed for bankruptcy protection. As part of its restructuring in bankruptcy, in 2006 and 2007, the airline reduced the size of its mainline aircraft fleet and redeployed aircraft from domestic to international operations. The airline also reached an agreement with its pilots that provided for compensation and work rule concessions and averted a strike. In April 2007, Delta emerged from bankruptcy protection. In April 2008, Delta and Northwest announced a merger that was completed in December 2009 with FAA's approval of a single operating certificate allowing operations to be fully integrated under the Delta name.

*In discussions of historical airline service and passenger traffic by airline in this report, unless otherwise noted, data for merged airlines are accounted for with the surviving airline (i.e., America West Airlines, Trans World Airlines, and US Airways with American; Northwest Airlines with Delta; Continental Airlines with United; Midwest Airlines with Frontier Airlines; and AirTran Airways with Southwest). Also, except as noted otherwise for Delta and Delta Connection, data for affiliated regional airlines are accounted for with data for the mainline airline. Regional airlines operating at the Airport as code-sharing affiliates as of July 2019 were Endeavor Air (Delta Connection), Envoy Air (American Eagle), ExpressJet Airlines (United Express), GoJet (United Express), Mesa Airlines (United Express), PSA Airlines (American Eagle), Republic Airways (American Eagle, Delta Connection, and United Express), and SkyWest Airlines (Delta Connection and United Express).

Table 12
AIRLINE SERVICE AT SELECTED U.S. AIRPORTS
As scheduled for July 2019

| City (airport) | Average daily departing seats | | | Airline | Busiest hubbing airline | |
|-----------------------------|-------------------------------|---------------|----------------|--------------|-------------------------------|--------------------------------|
| | Domestic | International | Total | | Average daily departing seats | Airline share of airport total |
| Atlanta | 158,933 | 23,675 | 182,608 | Delta | 143,434 | 78.5% |
| Los Angeles (International) | 108,306 | 45,646 | 153,951 | American | 28,844 | 18.7 (a) |
| Chicago (O'Hare) | 123,543 | 27,315 | 150,858 | United | 65,870 | 43.7 |
| Dallas/Fort Worth | 110,390 | 19,236 | 129,626 | American | 108,815 | 83.9 |
| Denver | 115,221 | 5,684 | 120,905 | United | 52,977 | 43.8 |
| New York (Kennedy) | 45,276 | 66,832 | 112,108 | Delta | 32,867 | 29.3 |
| San Francisco | 76,084 | 28,466 | 104,550 | United | 46,727 | 44.7 |
| Seattle-Tacoma | 83,884 | 10,411 | 94,295 | Alaska | 43,310 | 45.9 (b) |
| Las Vegas | 76,760 | 6,270 | 83,031 | Southwest | 29,288 | 35.3 |
| Charlotte | 73,844 | 7,988 | 81,832 | American | 73,035 | 89.3 |
| Orlando (International) | 64,635 | 16,870 | 81,505 | Southwest | 18,040 | 22.1 (c) |
| Newark | 52,242 | 28,848 | 81,090 | United | 52,626 | 64.9 |
| Houston (Intercontinental) | 56,594 | 21,167 | 77,761 | United | 58,522 | 75.3 |
| Boston | 58,212 | 16,509 | 74,721 | JetBlue | 19,907 | 26.6 (d) |
| Phoenix (Sky Harbor) | 67,762 | 2,806 | 70,568 | American | 33,402 | 47.3 |
| Miami | 30,346 | 39,023 | 69,370 | American | 47,076 | 67.9 |
| Minneapolis-Saint Paul | 63,644 | 5,401 | 69,046 | Delta | 48,883 | 70.8 |
| Detroit | 57,348 | 6,968 | 64,317 | Delta | 47,271 | 73.5 |
| Philadelphia | 49,800 | 9,747 | 59,546 | American | 40,902 | 68.7 |
| Fort Lauderdale-Hollywood | 39,937 | 17,639 | 57,575 | JetBlue | 14,304 | 24.8 |
| New York (LaGuardia) | 51,331 | 3,994 | 55,325 | Delta | 23,095 | 41.7 |
| Baltimore/Washington | 46,279 | 2,951 | 49,230 | Southwest | 31,841 | 64.7 |
| San Diego | 44,205 | 1,934 | 46,139 | Southwest | 17,686 | 38.3 |
| Washington (Dulles) | 27,810 | 16,979 | 44,789 | United | 28,650 | 64.0 |
| Salt Lake City | 42,295 | 1,950 | 44,245 | Delta | 31,801 | 71.9 |
| Washington (Reagan) | 39,747 | 881 | 40,628 | American | 20,108 | 49.5 |
| Chicago (Midway) | 35,736 | 1,363 | 37,099 | Southwest | 34,678 | 93.5 |
| Honolulu | 27,857 | 9,193 | 37,050 | Hawaiian | 17,457 | 47.1 |
| Portland, Oregon | 35,019 | 1,978 | 36,997 | Alaska | 15,066 | 40.7 |
| Tampa | 31,862 | 2,710 | 34,572 | Southwest | 11,800 | 34.1 |

Notes: Airports shown are the 30 busiest airports as ranked by the number of scheduled departing seats in July 2019. Rows may not add to totals shown because of rounding.

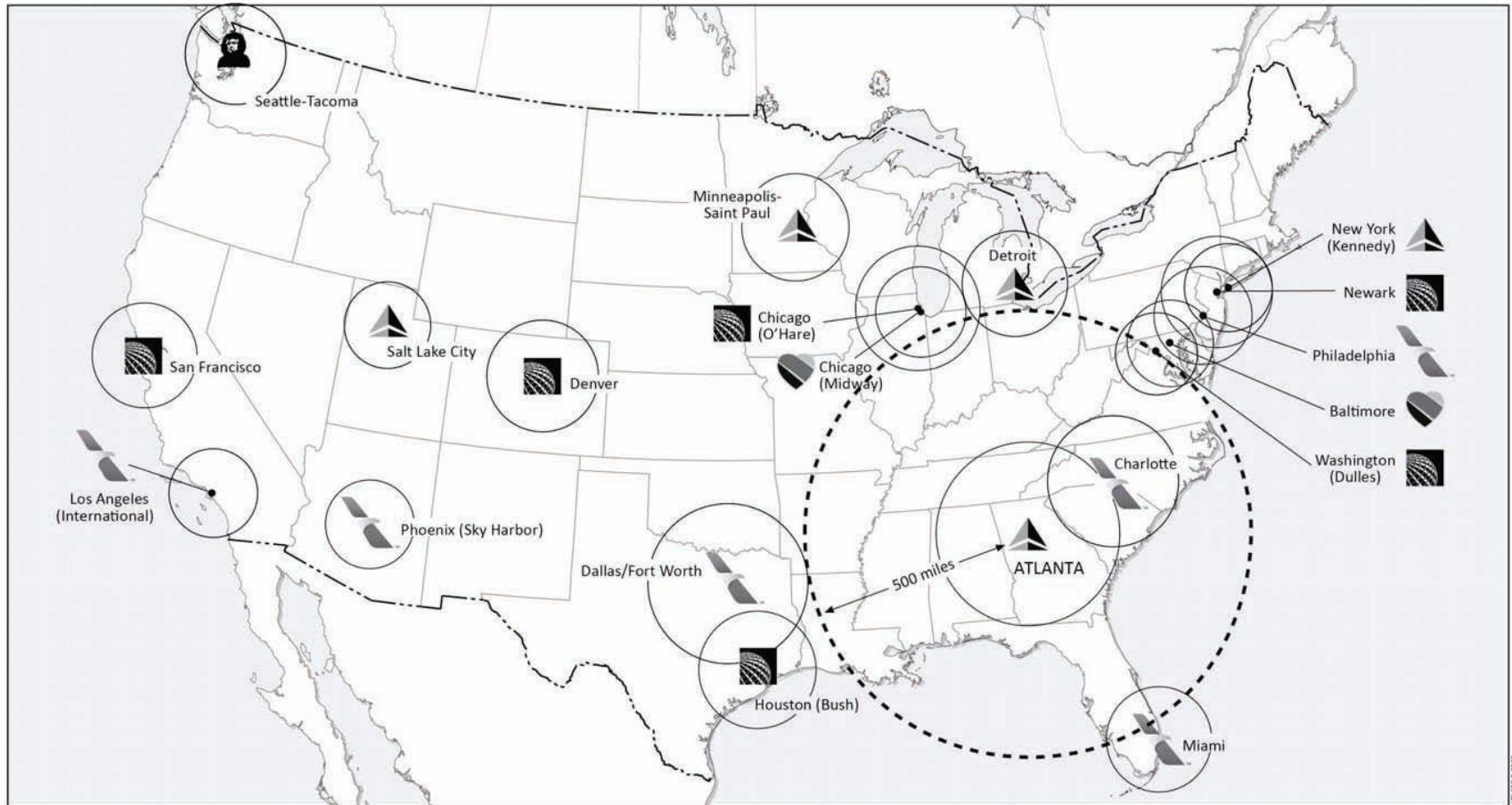
(a) Delta's share of seats was 16.4%.

(b) Delta's share of seats was 25.4%.

(c) Delta's share of seats was 12.2%.

(d) Delta's share of seats was 19.3%.

Source: OAG Aviation Worldwide Ltd, OAG Analyser database, accessed May 2019.



LEGEND







-  Alaska Airlines
-  Delta Air Lines
-  American Airlines
-  Southwest Airlines
-  United Airlines
-  = 50,000 average daily departing seats

Figure 5
SEAT CAPACITY AT BUSIEST CONNECTING HUB AIRPORTS
 As scheduled for July 2019

Note: The area of the circle for each airport is proportional to the number of seats on domestic and international flights of the principal hubbing airline and its regional airline affiliates at that airport as scheduled for July 2019. Airports shown are the 20 busiest U.S. airports as measured by numbers of connecting passengers for calendar year 2018. See Tables 8 and 12.

Source: OAG Aviation Worldwide Ltd, OAG Analyser database, accessed May 2019.

Table 13
DELTA SERVICE AT ITS PRINCIPAL AIRPORTS
 As scheduled for July of years shown

| City (airport) | 2000 | 2004 | 2008 | 2012 | 2016 | 2018 | 2019 | Increase (decrease) | | |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------------|---------------|--------------|
| | | | | | | | | 2000-2008 | 2008-2016 | 2016-2019 |
| Average daily departures | | | | | | | | | | |
| Atlanta | 896 | 984 | 971 | 986 | 985 | 985 | 1,000 | 75 | 14 | 15 |
| Minneapolis-Saint Paul | 549 | 594 | 487 | 452 | 421 | 407 | 413 | (61) | (67) | (8) |
| Detroit | 545 | 590 | 521 | 501 | 421 | 407 | 421 | (24) | (100) | 0 |
| New York (Kennedy) | 114 | 105 | 203 | 178 | 219 | 222 | 229 | 89 | 16 | 10 |
| Salt Lake City | 263 | 325 | 327 | 265 | 250 | 255 | 267 | 64 | (77) | 17 |
| Los Angeles | 75 | 63 | 108 | 101 | 165 | 159 | 157 | 33 | 57 | (8) |
| Seattle-Tacoma | 44 | 37 | 47 | 37 | 146 | 165 | 169 | 3 | 99 | 23 |
| New York (LaGuardia) | 121 | 136 | 133 | 218 | 235 | 233 | 235 | 12 | 102 | (0) |
| Boston | 119 | 115 | 102 | 65 | 74 | 97 | 112 | (18) | (28) | 38 |
| Orlando (International) | 157 | 126 | 69 | 50 | 55 | 56 | 54 | (88) | (14) | (1) |
| Cincinnati | 506 | 603 | 347 | 105 | 66 | 67 | 66 | (159) | (281) | - |
| Dallas/Fort Worth | 213 | 268 | 31 | 39 | 40 | 39 | 40 | (182) | 9 | (0) |
| Memphis | 269 | 236 | 239 | 132 | 19 | 17 | 19 | (30) | (220) | (0) |
| Average daily departing seats | | | | | | | | | | |
| Atlanta | 121,999 | 124,847 | 112,561 | 123,055 | 134,600 | 139,707 | 143,434 | (9,438) | 22,038 | 8,834 |
| Minneapolis-Saint Paul | 62,706 | 62,733 | 52,072 | 46,235 | 48,470 | 47,708 | 48,883 | (10,634) | (3,602) | 413 |
| Detroit | 60,700 | 59,569 | 50,745 | 45,742 | 44,147 | 44,632 | 47,271 | (9,955) | (6,598) | 3,125 |
| New York (Kennedy) | 13,329 | 13,636 | 23,247 | 23,212 | 30,699 | 31,128 | 32,867 | 9,918 | 7,452 | 2,168 |
| Salt Lake City | 28,671 | 25,815 | 27,787 | 25,173 | 28,046 | 30,298 | 31,801 | (884) | 259 | 3,756 |
| Los Angeles | 15,643 | 12,152 | 13,751 | 14,453 | 24,118 | 24,593 | 25,306 | (1,892) | 10,367 | 1,187 |
| Seattle-Tacoma | 8,886 | 7,227 | 8,176 | 7,242 | 19,054 | 22,388 | 23,931 | (710) | 10,878 | 4,878 |
| New York (LaGuardia) | 16,011 | 15,988 | 13,937 | 20,019 | 21,057 | 21,704 | 23,095 | (2,074) | 7,120 | 2,039 |
| Boston | 15,984 | 13,863 | 11,130 | 7,666 | 9,388 | 12,419 | 14,389 | (4,854) | (1,742) | 5,001 |
| Orlando (International) | 17,638 | 13,845 | 9,347 | 8,323 | 9,333 | 10,148 | 9,964 | (8,291) | (15) | 631 |
| Cincinnati | 46,158 | 45,155 | 24,391 | 8,541 | 6,035 | 6,652 | 6,784 | (21,768) | (18,355) | 749 |
| Dallas/Fort Worth | 23,720 | 20,079 | 3,471 | 4,077 | 4,207 | 4,258 | 4,735 | (20,249) | 736 | 528 |
| Memphis | 23,931 | 18,952 | 17,764 | 10,225 | 2,030 | 2,137 | 2,315 | (6,167) | (15,735) | 286 |

Note: Airports shown are the 10 busiest U.S. airports as ranked by departing seats on Delta and its Delta Connection affiliates for July 2019, plus Cincinnati, Dallas/Fort Worth, and Memphis, former hubs for Delta or Northwest. Departures and departing seats on Northwest are included.

Source: OAG Aviation Worldwide Ltd, OAG Analyser database, accessed May 2019.



LEGEND

 Delta Air Lines

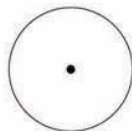
 = 50,000 average daily departing seats

Figure 6
AIRLINE SERVICE AT PRINCIPAL DELTA AIRPORTS
 Scheduled Domestic and International Departing Seats
 As scheduled for July 2019

Note: The area of the circle for each airport is proportional to the number of departing seats on Delta and Delta Connection as scheduled for July 2019. Airports shown are the 10 busiest U.S. airports as measured by seats on Delta and Delta Connection as scheduled for July 2019.

Source: OAG Aviation Worldwide Ltd, OAG Analyser database, accessed May 2019.

In 2008 and 2009, high fuel prices, the global economic recession, and decreased passenger demand caused Delta, like most airlines, to reduce and rationalize capacity at its hub airports. Between 2008 and 2012, Delta added service at Atlanta and New York LaGuardia, while reducing service at Salt Lake City and the former Northwest hubs at Minneapolis-Saint Paul, Detroit, and Memphis. The Cincinnati hub, Delta's second busiest before the merger, was effectively closed in 2012. Between 2012 and 2019, Delta continued to increase service at Atlanta and added service at Seattle, Los Angeles, New York Kennedy, and Boston while closing the Memphis hub. In July 2019, 21.7% of Delta's system-wide seats was scheduled on flights from the Airport, an increase from 19.1% in July 2008.

The Airport is, by far, Delta's busiest hub. As shown in Table 13, the number of average daily departing seats scheduled from the Airport by Delta in July 2019 (143,434 seats) was close to the combined number of scheduled seats from the airline's next four largest hubs at Minneapolis-Saint Paul, Detroit, New York Kennedy, and Salt Lake City (160,823 seats).

The Airport is also Delta's primary international connecting gateway airport. The average number of daily departing international seats as scheduled from the Airport in July 2019 by Delta (19,157) was about 56% more than the number scheduled from New York Kennedy (12,311) and 3.5 times the number scheduled from Detroit (5,524).

Delta Aircraft Fleet. As of December 2018, Delta operated a mainline fleet of 871 passenger aircraft with an average capacity of 178 seats per aircraft. Delta also has capacity purchase agreements with regional airlines to provide Delta Connection service. As of December 2018, 445 aircraft, with an average capacity of 68 seats per aircraft, were operated in Delta Connection service.

The share of Delta scheduled departing seats from the Airport provided by Delta Connection affiliates decreased from 24.2% in July 2008 to 9.0% in July 2019 as Delta replaced small regional jet aircraft with larger regional jet and mainline aircraft.

SkyTeam and Other Commercial Alliances. Delta has enhanced its network and services through alliances, code-sharing and marketing agreements, and joint ventures with other airlines. In June 2000, Delta implemented an agreement with Air France that provided the foundation for the SkyTeam alliance. The alliance has subsequently been enlarged to include 19 airlines. The SkyTeam alliance provides for code-sharing, reciprocal frequent flyer programs, and coordinated cargo operations. As of July 2019, SkyTeam members Aeromexico, Air France, KLM, and Korean Air provided service at the Airport.

In May 2008, the U.S. Department of Transportation (DOT) granted antitrust immunity to Delta, Air France, KLM, and other airlines, permitting them to coordinate transatlantic service, capacity, and airfares. In May 2009, Delta and the Air France-KLM Group entered into a joint venture under which operations are coordinated and revenues and costs shared on most transatlantic routes. Delta has

subsequently entered into joint ventures with Aeromexico, Korean Air, and Virgin Atlantic covering airline service at the Airport. A 2018 agreement between Delta and WestJet creating a U.S.-Canada transborder joint venture is pending regulatory approval by the U.S. DOT. WestJet began Atlanta service in March 2019.

Airport's Role in Southwest's System

In May 2011, Southwest closed on its acquisition of AirTran. The combined airline adopted Southwest's branding and service policies and was issued a single operating certificate by the FAA in March 2012. Full integration of Southwest and AirTran operations under the Southwest name was completed in December 2014.

Table 14 presents data on historical airline service provided by Southwest and AirTran at their principal airports, ranked by daily departing seats as scheduled for July 2019. Immediately before the merger, the Airport was, by far, the most important airport in AirTran's system (even though the airline had reduced service between 2008 and 2010) and would have been the fourth busiest in a combined Southwest-AirTran system. At the same time, Atlanta was by far the largest U.S. market not served by Southwest.

Following the merger, Southwest began or increased service from Atlanta to other major Southwest airports such as Austin, Baltimore/Washington, Chicago Midway, Denver, Houston Hobby, Las Vegas, and Phoenix Sky Harbor, while discontinuing service to mainly smaller cities formerly served by AirTran. Between July 2012 and July 2015, Southwest reduced its number of departing seats from the Airport by 32%.

In cutting back service at the Airport, Southwest also reduced the emphasis on connecting service through Atlanta, scheduling flights and setting fares to favor originating passengers. As a result, connecting passenger numbers were greatly reduced. Between FY 2010 and FY 2018, the number of connecting passengers on Southwest-AirTran decreased by 2.9 million (-61.2%). Over the eight years, originating passengers actually increased, by 0.7 million (+26.4%) and the share of Southwest-AirTran enplaned passengers originating their journeys in Atlanta increased from 35.3% to 63.6%. In January 2015, Southwest relinquished its 10 gates at Concourse D and consolidated its operations at 18 gates at Concourse C.

As shown later in Table 17, as of July 2019, Southwest provided service to all of the top origin-and-destination markets from Atlanta in competition with Delta, but did not provide service to many medium-sized markets formerly served by AirTran and now served only by Delta.

AirTran operated a fleet of B-737 and B-717 aircraft. Following the merger, Southwest retired the B-717 aircraft (and leased them to Delta). As of December 2018, Southwest operated a fleet of 699 B-737 aircraft with an average capacity of 151 seats per aircraft.

Table 14
SOUTHWEST SERVICE AT ITS PRINCIPAL AIRPORTS
 As scheduled for July of years shown

| City (airport) | 2000 | 2004 | 2008 | 2012 | 2016 | 2018 | 2019 | Increase (decrease) | | |
|-------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------------|-----------------|--------------|
| | | | | | | | | 2000-2008 | 2008-2016 | 2016-2019 |
| Average daily departures | | | | | | | | | | |
| Chicago (Midway) | 125 | 141 | 231 | 248 | 256 | 252 | 228 | 106 | 26 | (28) |
| Denver | -- | 3 | 86 | 168 | 193 | 205 | 214 | 86 | 107 | 21 |
| Baltimore/Washington | 102 | 190 | 213 | 240 | 220 | 221 | 210 | 110 | 8 | (10) |
| Las Vegas | 148 | 190 | 246 | 226 | 215 | 209 | 194 | 98 | (31) | (21) |
| Dallas (Love) | 122 | 115 | 130 | 119 | 169 | 174 | 188 | 8 | 40 | 19 |
| Phoenix (Sky Harbor) | 168 | 175 | 193 | 178 | 169 | 170 | 164 | 25 | (24) | (6) |
| Houston (Hobby) | 142 | 137 | 141 | 146 | 153 | 164 | 165 | (1) | 12 | 12 |
| Orlando (International) | 59 | 95 | 167 | 157 | 124 | 126 | 117 | 108 | (43) | (7) |
| Oakland | 105 | 117 | 129 | 103 | 113 | 116 | 117 | 24 | (16) | 4 |
| San Diego | 75 | 79 | 110 | 92 | 98 | 111 | 117 | 35 | (12) | 20 |
| Atlanta | 135 | 184 | 264 | 209 | 120 | 118 | 111 | 129 | (144) | (9) |
| Average daily departing seats | | | | | | | | | | |
| Chicago (Midway) | 16,427 | 19,088 | 31,345 | 34,206 | 38,520 | 38,391 | 34,678 | 14,918 | 7,175 | (3,842) |
| Denver | -- | 408 | 11,719 | 22,995 | 29,149 | 31,592 | 32,643 | 11,719 | 17,430 | 3,494 |
| Baltimore/Washington | 13,930 | 25,132 | 28,234 | 32,500 | 32,783 | 33,811 | 31,841 | 14,304 | 4,549 | (942) |
| Las Vegas | 19,927 | 25,972 | 33,536 | 31,569 | 32,315 | 31,792 | 29,288 | 13,609 | (1,222) | (3,027) |
| Dallas (Love) | 15,789 | 14,541 | 17,566 | 16,281 | 24,272 | 26,064 | 28,229 | 1,777 | 6,706 | 3,957 |
| Phoenix (Sky Harbor) | 22,669 | 23,775 | 26,272 | 24,462 | 25,061 | 25,707 | 24,941 | 3,604 | (1,212) | (120) |
| Houston (Hobby) | 18,598 | 17,971 | 18,981 | 20,011 | 22,404 | 24,749 | 24,814 | 383 | 3,422 | 2,410 |
| Orlando (International) | 7,571 | 12,469 | 22,140 | 20,697 | 18,632 | 19,477 | 18,040 | 14,569 | (3,508) | (592) |
| Oakland | 13,971 | 15,919 | 17,497 | 14,103 | 16,443 | 17,425 | 17,911 | 3,526 | (1,054) | 1,467 |
| San Diego | 10,063 | 10,824 | 14,942 | 12,637 | 14,551 | 16,835 | 17,686 | 4,879 | (391) | 3,135 |
| Atlanta | 14,747 | 21,769 | 32,511 | 25,663 | 17,371 | 17,630 | 16,678 | 17,764 | (15,140) | (692) |

Note: Airports shown are the 10 busiest U.S. airports as ranked by departing seats on Southwest for July 2019, plus Atlanta. Departures and departing seats on AirTran are included.

Source: OAG Aviation Worldwide Ltd, OAG Analyser database, accessed May 2019.

Southwest has the largest fleet of B-737 MAX aircraft of any airline, and its flight operations are being affected by the grounding of the aircraft over concerns about the malfunctioning of the aircraft's flight control system. At the Airport, before the grounding in March 2019, operations by MAX aircraft accounted for 3.1% of Southwest's seat capacity, and it is likely that some part of the 5.4% reduction in scheduled seat capacity between July 2018 and July 2019 is attributable to the grounding. The grounding may last several more months while the flight control system software is updated and approved and pilot training is completed.

HISTORICAL AIRLINE SERVICE

Domestic Airline Service

Table 15 presents historical data on domestic airline service from the Airport, showing average daily enplaned passengers, aircraft departures, and departing seats as scheduled for July, typically a peak travel month. Between 2008 and 2018, daily enplaned passenger numbers increased 11.2%, while aircraft departures decreased 8.6% and the average number of passengers per departure increased from 101.0 to 122.9. Throughout the period, average load factors (numbers of enplaned passengers divided by numbers of departing seats) were close to 90%.

The increased average number of seats per departure, from 111.4 in 2008 to 137.5 in 2018, reflects the phasing out of small regional jet and turboprop aircraft and their replacement with larger regional and narrowbody jet aircraft. Of the 142 domestic destinations with nonstop service from the Airport in 2018, 116 were served with large jet aircraft (for some or all flights) compared with 85 destinations in 2008.

Table 16 presents historical data on domestic passenger airline service from the Airport, by airline, as scheduled for July. In 2019, 1,141 average daily departures were provided to 139 domestic destinations, including all major U.S. metropolitan regions and cities. With the start of service by JetBlue in April 2017, all mainline U.S. airlines now serve the Airport. In 2019, Delta mainline accounted for 70.5% of departing seats (versus 48.2% in 2008), Delta Connection for 7.7% (versus 24.0%), Southwest for 10.3% (versus 21.4%), and other airlines for 11.5% (versus 6.4%).

Figure 7 shows domestic airports with nonstop service from the Airport as scheduled for July 2019. Of the 139 destinations served nonstop from Atlanta, 101 (73%) were served by only one airline (nearly all Delta), 20 (14%) were served by two airlines (generally Delta and Southwest), and 18 (13%) were served by three or more airlines (generally Delta, Southwest, and one or more others).

Table 15
DOMESTIC AIRLINE SERVICE
Hartsfield-Jackson Atlanta International Airport
Average daily as scheduled for July of years shown

| | 2000 | 2004 | 2008 | 2012 | 2016 | 2017 | 2018 | Average annual increase (decrease) | |
|--|---------|---------|---------|---------|---------|---------|---------|------------------------------------|-----------|
| | | | | | | | | 2000-2008 | 2008-2018 |
| Average daily enplaned passengers <i>(a)</i> | 109,581 | 116,970 | 124,103 | 127,133 | 132,417 | 133,395 | 138,045 | 1.6% | 1.1% |
| Percent increase (decrease) | | 6.7% | 6.1% | 2.4% | 4.2% | 0.7% | 3.5% | | |
| Average daily aircraft departures | 1,109 | 1,206 | 1,229 | 1,188 | 1,118 | 1,105 | 1,123 | 1.3% | (0.9)% |
| Percent increase (decrease) | | 8.7% | 1.9% | (3.3)% | (5.9)% | (1.1)% | 1.6% | | |
| Average daily departing seats | 141,945 | 145,106 | 136,903 | 139,993 | 148,993 | 149,380 | 154,375 | (0.5)% | 1.2% |
| Percent increase (decrease) | | 2.2% | (5.7)% | 2.3% | 6.4% | 0.3% | 3.3% | | |
| Average enplaned passengers per departure | 98.8 | 97.0 | 101.0 | 107.0 | 118.5 | 120.7 | 122.9 | 0.3% | 2.0% |
| Percent increase (decrease) | | (1.8)% | 4.1% | 6.0% | 10.7% | 1.9% | 1.9% | | |
| Average seats per departure | 128.0 | 120.3 | 111.4 | 117.8 | 133.3 | 135.1 | 137.5 | (1.7)% | 2.1% |
| Percent increase (decrease) | | (6.0)% | (7.4)% | 5.8% | 13.1% | 1.4% | 1.7% | | |
| Implied load factor | 77.2% | 80.6% | 90.7% | 90.8% | 88.9% | 89.3% | 89.4% | | |
| Destinations served nonstop <i>(b)</i> | | | | | | | | | |
| Large jet <i>(c)</i> | 90 | 86 | 82 | 92 | 110 | 111 | 110 | (8) | 28 |
| Regional jet | 46 | 94 | 111 | 88 | 60 | 64 | 60 | 65 | (51) |
| Jet overall | 111 | 127 | 137 | 132 | 133 | 136 | 134 | 26 | (3) |
| Turboprop | 31 | 20 | 12 | - | 1 | 1 | 2 | (19) | (10) |
| Total destinations served nonstop <i>(a)</i> | 121 | 127 | 139 | 132 | 134 | 137 | 136 | 18 | (3) |

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

(a) City of Atlanta, Department of Aviation records. Includes passengers on non-scheduled (charter) flights.

(b) Some destinations are served by more than one airport and some airports are served by more than one aircraft type. Includes all destinations with an average of four or more flights per week.

(c) Aircraft with more than 100 seats.

Source: OAG Aviation Worldwide Ltd, OAG Analyser database, accessed May 2019, except as noted

Table 16
DOMESTIC AIRLINE SERVICE BY AIRLINE
Hartsfield-Jackson Atlanta International Airport
As scheduled for July of years shown

| | Destinations served nonstop (a) | | | Average daily departing seats | | | Average daily departures | | |
|--------------------------------|------------------------------------|------|------|----------------------------------|---------------|---------------|-----------------------------|------------|------------|
| | 2000 | 2009 | 2019 | 2000 | 2009 | 2019 | 2000 | 2009 | 2019 |
| Delta and affiliates | | | | | | | | | |
| Delta | 81 | 65 | 106 | 101,209 | 65,113 | 112,082 | 613 | 406 | 699 |
| Delta Connection | | | | | | | | | |
| Endeavor (b) | -- | 23 | 39 | -- | 3,378 | 8,330 | -- | 44 | 123 |
| SkyWest | -- | 10 | 22 | -- | 887 | 3,595 | -- | 12 | 72 |
| Republic | -- | -- | 2 | -- | -- | 272 | -- | -- | 4 |
| ExpressJet (c) | 53 | 100 | -- | 11,409 | 25,406 | -- | 235 | 455 | -- |
| Shuttle America | -- | 9 | -- | -- | 1,518 | -- | -- | 20 | -- |
| Comair | -- | 11 | -- | -- | 976 | -- | -- | 15 | -- |
| Mesaba | -- | 5 | -- | -- | 330 | -- | -- | 10 | -- |
| Subtotal, Delta Connection | 53 | 113 | 54 | <u>11,409</u> | <u>32,496</u> | <u>12,197</u> | <u>235</u> | <u>556</u> | <u>199</u> |
| Subtotal, Delta and affiliates | 115 | 138 | 134 | 112,618 | 97,609 | 124,279 | 848 | 962 | 898 |
| Southwest | 27 | 49 | 32 | 14,747 | 28,960 | 16,351 | 135 | 235 | 109 |
| American | 11 | 7 | 9 | 6,972 | 4,653 | 6,137 | 60 | 42 | 48 |
| Spirit | -- | 1 | 19 | -- | 435 | 5,519 | -- | 3 | 30 |
| United | 9 | 6 | 6 | 5,053 | 2,744 | 2,895 | 41 | 33 | 29 |
| Frontier | 1 | 1 | 9 | 241 | 396 | 2,026 | 2 | 3 | 10 |
| JetBlue | -- | -- | 4 | -- | -- | 1,339 | -- | -- | 9 |
| Alaska | -- | -- | 1 | -- | -- | 346 | -- | -- | 2 |
| Boutique Air | -- | -- | 2 | -- | -- | 34 | -- | -- | 4 |
| Midwest | 1 | 1 | -- | 261 | 181 | -- | 2 | 3 | -- |
| Vanguard | 3 | -- | -- | 1,200 | -- | -- | 10 | -- | -- |
| Other | 5 | 3 | 1 | <u>853</u> | <u>223</u> | <u>7</u> | <u>12</u> | <u>27</u> | <u>1</u> |
| Total domestic | 121 | 143 | 139 | 141,945 | 135,201 | 158,933 | 1,109 | 1,308 | 1,141 |

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

(a) Some destinations are served by more than one airport and some airports are served by more than one airline. See Table 17 for multi-airport destinations. All destinations with an average of four or more flights per week are included.

(b) Operated as Pinnacle until August 2013.

(c) Operated as Atlantic Southeast until January 2012.

Source: OAG Aviation Worldwide Ltd, OAG Analyser database, accessed May 2019.



LEGEND

- = Airports with scheduled service by only one airline.
- = Airports with scheduled service by two airlines.
- ▲ = Airports with scheduled service by three or more airlines.

Source: OAG Aviation Worldwide Ltd, OAG Analyser database, accessed May 2019.

Figure 7
DOMESTIC AIRPORTS SERVED NONSTOP
Hartsfield-Jackson Atlanta International Airport
 As scheduled for July 2019

ATL602 F-0005

Table 17
DOMESTIC AIRLINE SERVICE BY DESTINATION
Hartsfield-Jackson Atlanta International Airport
As scheduled for July of years shown

| Rank | Destination <i>Airport</i> | Air miles from Atlanta (<i>b</i>) | FY 2018 | | July 2009 (<i>b</i>) | | July 2019 (<i>b</i>) | | Airlines providing nonstop service (<i>b</i>) | |
|------|-------------------------------|---|---------------------------|---|--------------------------------|---------------------------|--------------------------------|---------------------------|--|----------------|
| | | | Originating passengers | Percent of originating passengers | Average daily departures | Average daily seats | Average daily departures | Average daily seats | July 2009 | July 2019 |
| 1 | New York | | | | | | | | | |
| | LaGuardia | 760 | 894,272 | 4.9% | 24 | 3,598 | 26 | 4,157 | DL, WN | AA, DL, F9, WN |
| | Newark | 744 | 422,337 | 2.3 | 21 | 2,607 | 19 | 2,470 | DL, WN, UA | DL, NK, UA |
| | Kennedy | 758 | 181,282 | 1.0 | 6 | 1,083 | 10 | 1,740 | DL | B6, DL |
| | White Plains | 779 | 65,432 | 0.4 | 8 | 659 | 6 | 525 | DL, WN | DL |
| | Islip | 795 | <u>14,560</u> | 0.1 | -- | -- | <u>1</u> | <u>108</u> | -- | F9 |
| | Subtotal | | 1,577,883 | 8.7% | 59 | 7,947 | 62 | 9,000 | | |
| 2 | Miami | | | | | | | | | |
| | Fort Lauderdale-Hollywood | 582 | 555,928 | 3.1% | 24 | 3,462 | 23 | 4,327 | DL, NK, WN | B6, DL, NK, WN |
| | Miami | 596 | 368,040 | 2.0 | 17 | 2,493 | 20 | 2,896 | AA, DL, WN | AA, DL |
| | Palm Beach | 546 | <u>155,888</u> | 0.9 | <u>10</u> | <u>1,414</u> | <u>12</u> | <u>2,214</u> | DL, WN | DL, WN |
| | Subtotal | | 1,079,856 | 6.0% | 50 | 7,369 | 55 | 9,436 | | |
| 3 | Washington, D.C. | | | | | | | | | |
| | Reagan | 546 | 441,755 | 2.4% | 19 | 2,835 | 19 | 2,997 | DL, WN | AA, DL, WN |
| | Baltimore/Washington | 575 | 445,497 | 2.5 | 17 | 2,463 | 19 | 3,050 | DL, WN | DL, NK, WN |
| | Dulles | 533 | 175,308 | 1.0 | <u>17</u> | <u>1,902</u> | <u>13</u> | <u>1,616</u> | DL, UA, WN | DL, UA, WN |
| | Subtotal | | 1,062,560 | 5.9% | 54 | 7,199 | 51 | 7,662 | | |
| 4 | Chicago | | | | | | | | | |
| | O'Hare | 605 | 562,007 | 3.1% | 23 | 2,568 | 24 | 2,985 | AA, DL, UA | AA, DL, NK, UA |
| | Midway | 590 | <u>335,732</u> | 1.9 | <u>16</u> | <u>1,971</u> | <u>12</u> | <u>1,593</u> | DL, WN | DL, WN |
| | Subtotal | | 897,739 | 4.9% | 39 | 4,539 | 36 | 4,578 | | |
| 5 | Los Angeles | | | | | | | | | |
| | Los Angeles | 1,940 | 643,460 | 3.5% | 16 | 2,885 | 20 | 3,824 | DL, WN | AA, DL, NK, WN |
| | Orange County | 1,913 | 84,217 | 0.5 | 5 | 717 | 4 | 725 | DL | DL |
| | Ontario | 1,894 | 26,185 | 0.1 | 1 | 183 | 2 | 274 | DL | DL |
| | Burbank | 1,941 | 5,701 | 0.0 | -- | -- | 2 | 192 | -- | DL |
| | Long Beach | 1,933 | <u>1,673</u> | 0.0 | -- | -- | -- | -- | -- | -- |
| | Subtotal | | 761,236 | 4.2% | 21 | 3,786 | 27 | 5,015 | | |

Table 17 (page 2 of 3)

DOMESTIC AIRLINE SERVICE BY DESTINATION

Hartsfield-Jackson Atlanta International Airport

As scheduled for July of years shown

| Rank | Destination Airport | Air miles from Atlanta (b) | FY 2018 | | July 2009 (b) | | July 2019 (b) | | Airlines providing nonstop service (b) | |
|------|------------------------|----------------------------------|---------------------------|---|--------------------------------|---------------------------|--------------------------------|---------------------------|---|--------------------|
| | | | Originating passengers | Percent of originating passengers | Average daily departures | Average daily seats | Average daily departures | Average daily seats | July 2009 | July 2019 |
| | | | | | | | | | July 2009 | July 2019 |
| 6 | Dallas | | | | | | | | | |
| | Dallas/Fort Worth | 716 | 467,210 | 2.6% | 27 | 3,788 | 20 | 3,184 | AA, DL, WN | AA, DL, NK |
| | Love Field | 721 | <u>226,231</u> | 1.2 | -- | -- | 9 | <u>1,326</u> | - | DL, WN |
| | Subtotal | | 693,441 | 3.8% | 27 | 3,788 | 29 | 4,510 | | |
| 7 | Boston | | | | | | | | | |
| | Boston | 945 | 594,308 | 3.3% | 18 | 2,574 | 18 | 3,223 | DL, WN | B6, DL, NK, WN |
| | Providence | 902 | 61,185 | 0.3 | 4 | 271 | 3 | 428 | DL | DL |
| | Manchester | 950 | <u>21,352</u> | 0.1 | <u>1</u> | <u>70</u> | <u>1</u> | <u>147</u> | DL | DL |
| | Subtotal | | 676,845 | 3.7% | 23 | 2,915 | 22 | 3,798 | | |
| 8 | Orlando | 403 | 542,752 | 3.0% | 26 | 4,075 | 26 | 4,688 | DL, WN | B6, DL, F9, NK, WN |
| 9 | Houston | | | | | | | | | |
| | Intercontinental | 687 | 255,858 | 1.4% | 17 | 1,629 | 15 | 1,920 | DL, UA | DL, NK, UA |
| | Hobby | 695 | <u>229,903</u> | 1.3 | <u>14</u> | <u>1,261</u> | <u>12</u> | <u>1,547</u> | DL, WN | DL, WN |
| | Subtotal | | 485,761 | 2.7% | 30 | 2,890 | 27 | 3,468 | | |
| 10 | Philadelphia | 666 | 467,266 | 2.6% | 22 | 2,737 | 19 | 2,757 | AA, DL, WN | AA, DL, NK, WN |
| 11 | Denver | 1,195 | 451,808 | 2.5 | 18 | 2,542 | 20 | 3,294 | DL, F9, UA, WN | DL, F9, NK, UA, WN |
| 12 | Las Vegas | 1,742 | 434,559 | 2.4 | 12 | 2,011 | 13 | 2,384 | DL, WN | DL, F9, NK, WN |
| 13 | San Francisco | | | | | | | | | |
| | San Francisco | 2,133 | 284,446 | 1.6% | 12 | 2,037 | 11 | 2,122 | DL, WN | DL, F9, UA |
| | San Jose | 2,109 | 77,595 | 0.4 | 1 | 183 | 3 | 488 | DL | DL |
| | Oakland | 2,130 | <u>66,240</u> | 0.4 | -- | -- | <u>2</u> | <u>297</u> | - | DL, WN |
| | Subtotal | | 428,281 | 2.4% | 13 | 2,220 | 16 | 2,907 | | |
| 14 | Detroit | 595 | 378,929 | 2.1% | 14 | 1,896 | 14 | 2,569 | DL, WN | DL, NK |
| 15 | Tampa | 408 | 367,485 | 2.0 | 20 | 2,991 | 21 | 3,609 | DL, WN | DL, NK, WN |
| 16 | Minneapolis-St. Paul | 906 | 280,614 | 1.5 | 17 | 2,405 | 12 | 2,282 | DL, WN | DL, NK |
| 17 | Phoenix | 1,584 | 252,723 | 1.4 | 11 | 1,784 | 9 | 1,590 | AA, DL, WN | AA, DL, WN |
| 18 | New Orleans | 418 | 239,187 | 1.3 | 14 | 1,726 | 15 | 2,489 | DL, WN | DL, NK, WN |
| 19 | Seattle-Tacoma | 2,175 | 229,122 | 1.3 | 10 | 1,774 | 12 | 2,227 | DL, WN | AS, DL |
| 20 | Austin | 811 | 205,858 | 1.1 | 8 | 763 | 12 | 2,109 | DL | DL, F9, NK, WN |

Table 17 (page 3 of 3)

DOMESTIC AIRLINE SERVICE BY DESTINATION

Hartsfield-Jackson Atlanta International Airport

As scheduled for July of years shown

| Rank | Destination <i>Airport</i> | Air miles from Atlanta (<i>b</i>) | FY 2018 | | July 2009 (<i>b</i>) | | July 2019 (<i>b</i>) | | Airlines providing nonstop service (<i>b</i>) | |
|------|---------------------------------|---|---------------------------|---|--------------------------------|---------------------------|--------------------------------|---------------------------|--|------------|
| | | | Originating passengers | Percent of originating passengers | Average daily departures | Average daily seats | Average daily departures | Average daily seats | July 2009 | July 2019 |
| 21 | Cleveland | 554 | 202,901 | 1.1 | 11 | 617 | 11 | 1,726 | DL, UA | DL, NK, WN |
| 22 | St. Louis | 469 | 193,385 | 1.1 | 17 | 1,520 | 11 | 1,832 | AA, DL, WN | DL, WN |
| 23 | Kansas City | 691 | 192,453 | 1.1 | 14 | 1,701 | 12 | 1,894 | DL, WN | DL, WN |
| 24 | Raleigh-Durham | 360 | <u>188,721</u> | <u>1.0</u> | <u>15</u> | <u>2,147</u> | <u>14</u> | <u>2,323</u> | DL, WN | DL, WN |
| | Top 24 destinations | | 12,291,365 | 67.8% | 544 | 73,345 | 547 | 88,146 | | |
| | Other destinations (<i>c</i>) | | <u>5,849,635</u> | <u>32.2</u> | <u>967</u> | <u>92,021</u> | <u>798</u> | <u>106,243</u> | | |
| | Total all destinations | | 18,141,000 | 100.0% | 1,510 | 165,366 | 1,345 | 194,389 | | |

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

AA=American Airlines, AS=Alaska Airlines, B6=JetBlue Airways, DL=Delta Air Lines, F9=Frontier Airlines, NK=Spirit Airways, UA=United Airlines, WN=Southwest Airlines.

(a) U.S. DOT, Air Passenger Origin-Destination Survey, reconciled to Schedule T100. Originating passengers for the 12 months ended June 30, 2018.

(b) OAG Aviation Worldwide Ltd, OAG Analyser database, accessed May 2019.

(c) Destinations that individually accounted for less than 1.0% of originating passengers.

Table 18
DOMESTIC ORIGINATING PASSENGERS AND AIRLINE YIELDS
Hartsfield-Jackson Atlanta International Airport and United States
For 12 months ended June 30

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Domestic originating passengers (thousands) | | | | | | | | | | | |
| Atlanta | 14,115 | 12,817 | 12,809 | 13,516 | 13,585 | 14,168 | 13,506 | 14,051 | 16,104 | 17,164 | 18,141 |
| Percent increase (decrease) | | (9.2)% | (0.1)% | 5.5% | 0.5% | 4.3% | (4.7)% | 4.0% | 14.6% | 6.6% | 5.7% |
| United States | 473,973 | 427,034 | 423,750 | 433,675 | 437,726 | 438,963 | 444,348 | 464,997 | 500,606 | 525,506 | 552,611 |
| Percent increase (decrease) | | (9.9)% | (0.8)% | 2.3% | 0.9% | 0.3% | 1.2% | 4.6% | 7.7% | 5.0% | 5.2% |
| Average airline yield (cents per revenue-passenger-mile) | | | | | | | | | | | |
| Atlanta | \$0.177 | \$0.166 | \$0.167 | \$0.175 | \$0.189 | \$0.186 | \$0.207 | \$0.204 | \$0.180 | \$0.175 | \$0.176 |
| Percent increase (decrease) | | (6.3)% | 0.8% | 4.5% | 8.1% | (1.6)% | 11.6% | (1.7)% | (11.7)% | (2.8)% | 0.4% |
| United States | \$0.135 | \$0.132 | \$0.130 | \$0.141 | \$0.150 | \$0.150 | \$0.157 | \$0.157 | \$0.148 | \$0.145 | \$0.143 |
| Percent increase (decrease) | | (2.5)% | (1.1)% | 8.1% | 6.6% | 0.4% | 4.4% | 0.3% | (6.2)% | (1.5)% | (1.6)% |
| Average itinerary length (miles) | | | | | | | | | | | |
| Atlanta | 889 | 886 | 894 | 892 | 901 | 902 | 921 | 924 | 913 | 908 | 904 |
| Percent increase (decrease) | | (0.4)% | 0.9% | (0.2)% | 1.0% | 0.1% | 2.1% | 0.3% | (1.2)% | (0.5)% | (0.5)% |
| United States | 1,139 | 1,156 | 1,165 | 1,173 | 1,176 | 1,182 | 1,189 | 1,191 | 1,192 | 1,181 | 1,171 |
| Percent increase (decrease) | | 1.5% | 0.8% | 0.7% | 0.2% | 0.5% | 0.7% | 0.2% | 0.0% | (0.9)% | (0.9)% |

Sources: LeighFisher estimates based on analysis of City of Atlanta, Department of Aviation traffic reports and U.S. DOT, *Air Passenger Origin-Destination Survey*, reconciled to Schedules T100 and 298C T1.

Domestic Airline Service by Destination

Table 17 presents data on airline service from Atlanta to the 24 destinations accounting for 1.0% or more of domestic originating passengers at the Airport in FY 2018. Also shown are the airlines providing nonstop service from the Airport to each destination. The top five destinations – New York, Miami, Washington, D.C., Chicago, and Los Angeles – accounted for 29.7% of domestic originating passengers at the Airport in 2018. In July 2019, Delta and Southwest both provided daily nonstop service from the Airport to 23 of the 24 destinations (all but Seattle-Tacoma, served by Delta and Alaska). Most of the largest destinations are served by two or more airports.

Domestic Originating Passengers and Airline Yields

Table 18 presents a comparison of numbers of originating passengers, average airline yields (average fare for revenue passengers expressed in cents per revenue-passenger-mile), and average itinerary lengths for domestic flights from the Airport and for the United States as a whole in 2008 through 2018. The data illustrate the generally inverse historical relationship between changes in originating passenger numbers and changes in airline yields. Figure 8 shows the data on domestic yields for the Airport and the United States since 2000.

Between 2009, as recovery from the 2008-2009 recession began, and 2014, the average airline yield at the Airport increased 24.7%, more than the increase of 18.9% nationwide. Between 2014 and 2018 yields decreased at both the Airport (by 15.0%) and nationwide (by 8.9%) largely as reduced fuel prices have allowed the airlines to operate profitably at lower airfares. Over the four years, domestic originating passengers at the Airport increased 34.3%, compared with an increase of 24.4% for the nation as a whole.

The average domestic airline yield for the Airport has historically exceeded the national average. The relatively high average domestic yield at the Airport (approximately 26% higher than the national average since 2009) is attributable, in part, to the shorter average itinerary length of domestic airline flights from the Airport (approximately 23% shorter than the national average since 2009) and, in part, to the status of the Airport as a connecting hub, with Delta dominating service in many travel markets.

Figure 9 shows trends in domestic airline yields at the Airport for Delta, Southwest, and other airlines. The figure illustrates how the “yield premium” historically enjoyed by Delta at the Airport has increased since 2009 as Southwest has reduced service relative to that previously provided by AirTran and Delta now provides the only nonstop service to more smaller cities.

The average yields shown in Table 18 and Figures 8 and 9, as reported by the airlines to the U.S. DOT, exclude charges for optional services, such as checked baggage, preferred seating, in-flight meals, entertainment, and ticket changes. Such charges have become widespread in the airline industry since 2006. As a result, the

average yields shown understate the amount actually paid by airline passengers for their travel. Optional service charges that were previously included in the ticket price are not all separately reported to the U.S. DOT. They have been estimated by industry analysts to amount to an effective average surcharge on domestic airfares of approximately 5% of ticket fare revenues, although the percentage varies widely by airline.

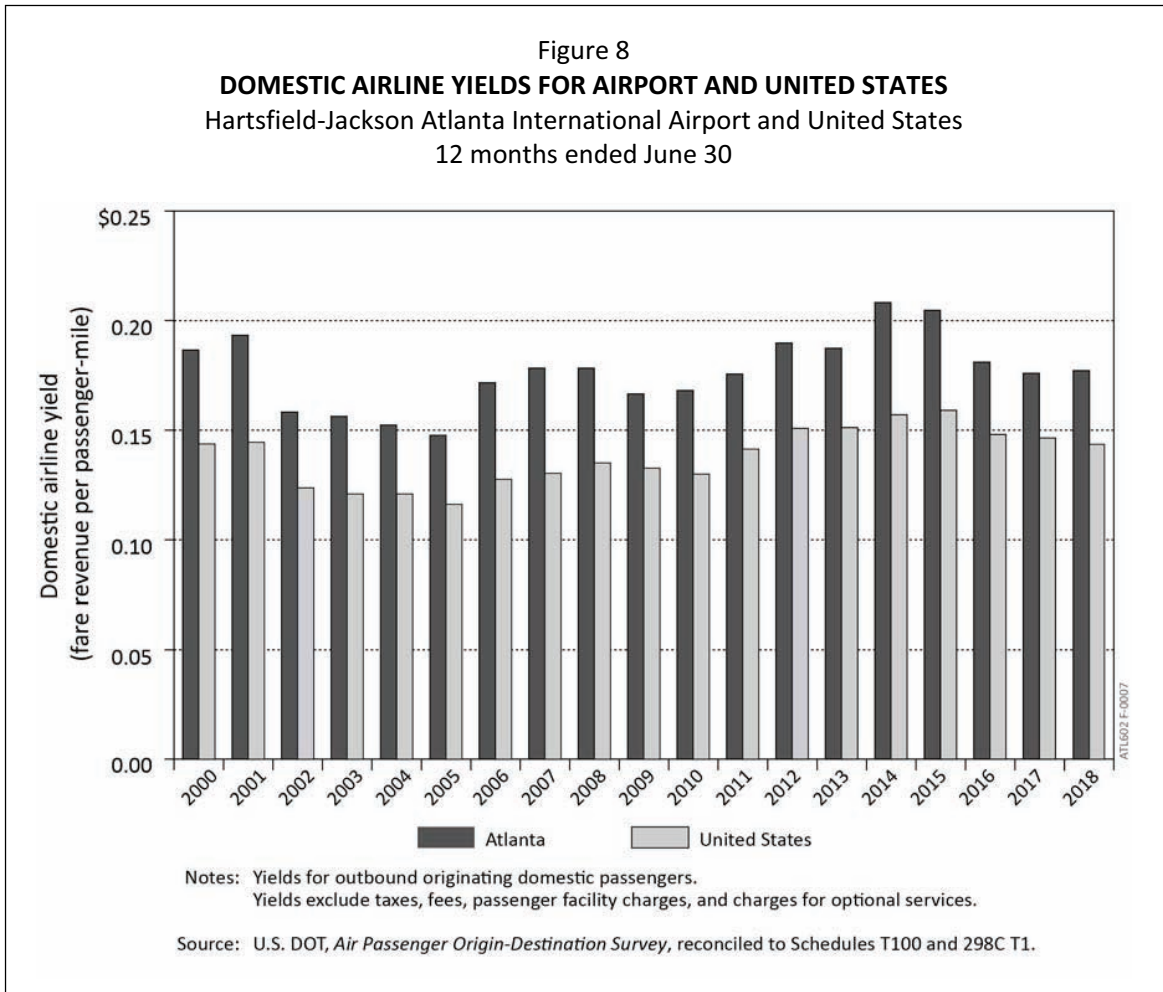
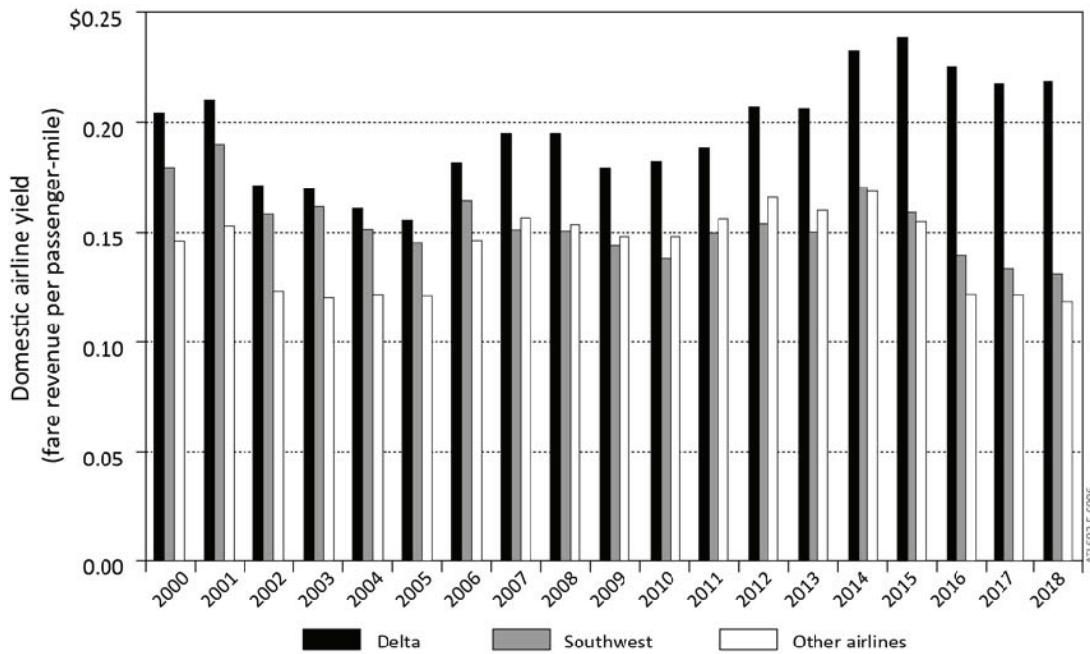


Figure 9
DOMESTIC AIRLINE YIELDS FOR AIRPORT BY AIRLINE
 Hartsfield-Jackson Atlanta International Airport
 12 months ended June 30



Notes: Yields for outbound originating domestic passengers.
 Yields exclude taxes, fees, passenger facility charges, and charges for optional services.
 Source: U.S. DOT, *Air Passenger Origin-Destination Survey*, reconciled to Schedules T100 and 298C T1.

International Airline Service

Table 19 provides historical data on nonstop international airline service at the Airport and illustrates the increase in service since 2000 to all regions of the world by both U.S.-flag airlines (mostly Delta) and foreign-flag airlines.* The average number of scheduled international departing seats at the Airport increased 76% between July 2000 and July 2019 as the number of destinations served nonstop increased from 40 to 79. This increase is evidence of both the demand for international airline travel to and from the Atlanta MSA and an increase in connecting service.

Figure 10 shows international destinations with nonstop service from the Airport as scheduled for July 2019. Table 20 presents detailed data on scheduled passenger airline service from the Airport to international destinations. As of July 2019, 14 airlines (Delta, Frontier, Southwest and 11 foreign-flag airlines) serving the Airport

*In data presented for airline service in this report, Puerto Rico and other U.S. Territories are accounted for as international destinations.

provided an average of 23,675 daily departing seats on 123 daily departures to 79 international destination airports. Delta and its joint venture partners (Aeromexico, Air France, KLM, Korean Air, Virgin Atlantic, and WestJet (pending regulatory approval)) provided service to all 79 destinations except Doha (served by Qatar) and Istanbul (served by Turkish).

In July 2019, airline service to Europe accounted for 32% of seat capacity, followed by the Caribbean (23%), Mexico and Central America (21%), Canada (8%), South America (7%), Asia (5%), the Middle East (2%), and Africa (2%).

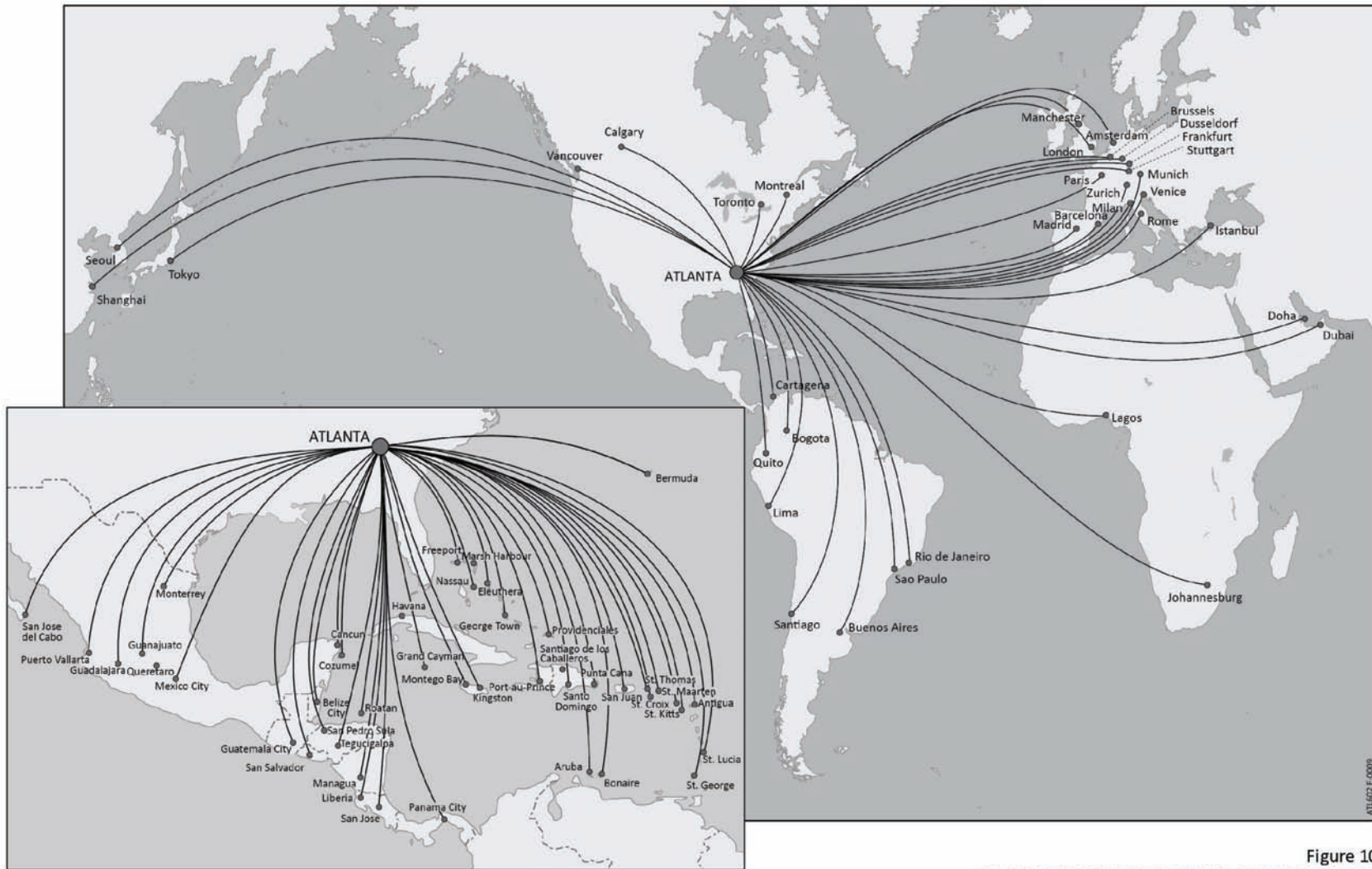
Table 19
INTERNATIONAL AIRLINE SERVICE
Hartsfield-Jackson Atlanta International Airport
As scheduled for July of years shown

| | Number of airports served | | | Number of airlines | | | Average daily departing seats | | |
|------------------------------------|---------------------------|-----------|-----------|--------------------|----------|-----------|-------------------------------|---------------|---------------|
| | 2000 | 2009 | 2019 | 2000 | 2009 | 2019 | 2000 | 2009 | 2019 |
| By airline flag | | | | | | | | | |
| U.S. | 35 | 86 | 73 | 1 | 2 | 3 | 9,382 | 18,543 | 19,578 |
| Foreign | 14 | 6 | 13 | 11 | 6 | 11 | 4,061 | 1,600 | 4,097 |
| By destination world region | | | | | | | | | |
| Europe | 15 | 22 | 16 | 7 | 5 | 6 | 5,911 | 6,802 | 7,616 |
| Mexico and Central America | 9 | 17 | 19 | 2 | 2 | 3 | 2,286 | 2,885 | 4,829 |
| South America | 4 | 12 | 8 | 2 | 1 | 1 | 699 | 2,100 | 1,723 |
| Caribbean | 7 | 22 | 25 | 2 | 2 | 3 | 2,658 | 4,806 | 5,396 |
| Canada | 2 | 4 | 4 | 2 | 2 | 3 | 1,277 | 948 | 1,978 |
| Africa | 2 | 3 | 2 | 1 | 1 | 1 | 343 | 600 | 419 |
| Asia | 1 | 3 | 3 | 1 | 2 | 2 | 269 | 1,277 | 1,253 |
| Middle East and India | -- | 3 | 2 | -- | 1 | 2 | -- | 726 | 460 |
| By aircraft type | | | | | | | | | |
| Large jet (a) | 40 | 82 | 72 | 12 | 7 | 13 | 13,343 | 18,916 | 22,386 |
| Regional jet | <u>1</u> | <u>11</u> | <u>10</u> | <u>1</u> | <u>2</u> | <u>3</u> | <u>100</u> | <u>1,227</u> | <u>1,289</u> |
| Total all destinations | 40 | 86 | 79 | 12 | 8 | 14 | 13,443 | 20,143 | 23,675 |

Note: Some airports are served by more than one airline or aircraft type. All destinations with an average of one or more flights per week are included.

(a) Aircraft with more than 100 seats.

Source: OAG Aviation Worldwide Ltd, OAG Analyser database, accessed May 2019.



Source: OAG Aviation Worldwide Ltd, OAG Analyser database, accessed May 2019.

Figure 10
INTERNATIONAL DESTINATIONS SERVED NONSTOP
Hartsfield-Jackson Atlanta International Airport
As scheduled for May 2019

ATL021 F-0009

Table 20
INTERNATIONAL AIRLINE SERVICE BY DESTINATION
Hartsfield-Jackson Atlanta International Airport
As scheduled for July of years shown

| Destination | Airline | July 2000 Average daily | | July 2009 Average daily | | July 2019 Average daily | |
|-------------------------------|-----------------|----------------------------|------------|----------------------------|-----------|----------------------------|-----------|
| | | Departures | Seats | Departures | Seats | Departures | Seats |
| EUROPE | | | | | | | |
| Amsterdam, The Netherlands | Delta | 1.0 | 269 | 1.0 | 268 | 3.0 | 877 |
| | KLM | 1.0 | 210 | 0.7 | 186 | 1.0 | 397 |
| Athens, Greece | Delta | 0.5 | 148 | 1.0 | 241 | -- | -- |
| Barcelona, Spain | Delta | 1.0 | 195 | 1.0 | 280 | 1.0 | 246 |
| Brussels, Belgium | Delta | 1.0 | 269 | 1.0 | 241 | 1.0 | 226 |
| | Brussels/Sabena | 1.0 | 241 | -- | -- | -- | -- |
| Copenhagen, Denmark | Delta | -- | -- | 1.0 | 267 | -- | -- |
| Dublin, Ireland | Delta | 0.5 | 121 | 1.0 | 277 | 1.0 | 246 |
| Dusseldorf, Germany | Delta | -- | -- | 1.0 | 241 | 1.0 | 246 |
| Frankfurt, Germany | Delta | 2.0 | 497 | 1.0 | 279 | 1.0 | 211 |
| | Lufthansa | 1.0 | 240 | 1.0 | 255 | 1.0 | 255 |
| London, England (Gatwick) | Delta | 3.0 | 745 | 1.0 | 268 | -- | -- |
| | British Airways | 2.0 | 521 | -- | -- | -- | -- |
| London, England (Heathrow) | British Airways | -- | -- | 1.0 | 267 | 1.0 | 225 |
| | Delta | -- | -- | 1.0 | 280 | 2.0 | 527 |
| | Virgin Atlantic | -- | -- | -- | -- | 1.0 | 264 |
| Madrid, Spain | Delta | 1.0 | 195 | 1.0 | 280 | 1.0 | 246 |
| Manchester, England | Delta | 1.0 | 277 | 1.0 | 259 | -- | -- |
| | Virgin Atlantic | -- | -- | -- | -- | 1.0 | 437 |
| Milan, Italy (Malpensa) | Delta | -- | -- | 1.0 | 241 | 1.0 | 246 |
| Moscow, Russia (Sheremetyevo) | Delta | -- | -- | 0.9 | 225 | -- | -- |
| Munich, Germany | Delta | 1.0 | 195 | 1.0 | 280 | 1.0 | 211 |
| Paris, France (DeGaulle) | Delta | 1.0 | 277 | 3.0 | 715 | 2.0 | 576 |
| | Air France | 2.0 | 530 | 1.0 | 250 | 2.0 | 897 |
| Prague, Czech Republic | Delta | -- | -- | 0.6 | 148 | -- | -- |
| Rome, Italy (Fiumicino) | Delta | 1.0 | 195 | 1.0 | 268 | 2.0 | 586 |
| Shannon, Ireland | Delta | 0.5 | 148 | -- | -- | -- | -- |
| Stockholm, Sweden | Delta | -- | -- | 0.7 | 179 | -- | -- |
| Stuttgart, Germany | Delta | 1.0 | 195 | 1.0 | 233 | 1.0 | 246 |
| Venice, Italy | Delta | -- | -- | 0.5 | 132 | 1.0 | 226 |
| Zurich, Switzerland | Delta | 1.0 | 195 | 1.0 | 241 | 1.0 | 226 |
| | Swissair | <u>1.0</u> | <u>248</u> | <u>--</u> | <u>--</u> | <u>--</u> | <u>--</u> |
| Subtotal Europe | | 24.5 | 5,911 | 26.5 | 6,802 | 27.0 | 7,616 |

A-70

Hartsfield-Jackson Atlanta International Airport
As scheduled for July of years shown

| Destination | Airline | July 2000 Average daily | | July 2009 Average daily | | July 2019 Average daily | |
|-------------------------------------|------------|----------------------------|-------|----------------------------|-------|----------------------------|-------|
| | | Departures | Seats | Departures | Seats | Departures | Seats |
| MEXICO AND CENTRAL AMERICA | | | | | | | |
| Belize City, Belize | Delta | -- | -- | 0.6 | 61 | 1.1 | 186 |
| Cancun, Mexico | Aeromexico | 1.0 | 146 | -- | -- | -- | -- |
| | Delta | 1.0 | 180 | 3.8 | 556 | 6.3 | 1,113 |
| | Southwest | -- | -- | 1.1 | 155 | 1.1 | 161 |
| Cozumel, Mexico | Aeromexico | 0.3 | 48 | -- | -- | -- | -- |
| | Delta | -- | -- | 0.5 | 43 | 0.1 | 20 |
| Guadalajara, Mexico | Aeromexico | -- | -- | -- | -- | 0.6 | 64 |
| | Delta | 1.0 | 149 | 1.0 | 82 | 1.0 | 160 |
| Guanajuato, Mexico | Aeromexico | -- | -- | -- | -- | 1.0 | 99 |
| Guatemala City, Guatemala | Delta | 1.0 | 154 | 1.0 | 183 | 2.0 | 398 |
| Liberia, Costa Rica | Delta | -- | -- | 1.3 | 215 | 1.1 | 222 |
| Managua, Nicaragua | Delta | -- | -- | 0.7 | 107 | 0.1 | 20 |
| Mexico City | Aeromexico | 2.0 | 323 | -- | -- | -- | -- |
| | Delta | 3.0 | 540 | 1.7 | 271 | 5.0 | 620 |
| Monterrey, Mexico | Aeromexico | 1.7 | 256 | -- | -- | -- | -- |
| | Delta | -- | -- | 0.7 | 51 | 2.0 | 220 |
| Panama City, Panama | Delta | 1.0 | 154 | 1.0 | 161 | 1.0 | 160 |
| Puerto Vallarta, Mexico | Delta | -- | -- | 0.2 | 26 | 1.1 | 177 |
| Queretaro, Mexico | Aeromexico | -- | -- | -- | -- | 1.0 | 99 |
| Roatan, Honduras | Delta | -- | -- | 0.3 | 37 | 0.1 | 26 |
| San Jose, Costa Rica | Delta | 1.0 | 180 | 2.5 | 401 | 2.1 | 424 |
| San Jose del Cabo, Mexico | Delta | -- | -- | 0.5 | 73 | 1.1 | 183 |
| San Pedro Sula, Honduras | Delta | -- | -- | 1.0 | 155 | 1.0 | 180 |
| San Salvador, El Salvador | Delta | 1.0 | 154 | 1.0 | 183 | 1.0 | 180 |
| Tegucigalpa, Honduras | Delta | -- | -- | 1.0 | 124 | 0.9 | 116 |
| Subtotal Mexico and Central America | | 14.0 | 2,286 | 19.6 | 2,885 | 31.0 | 4,829 |

Table 20 (page 3 of 5)

INTERNATIONAL AIRLINE SERVICE BY DESTINATION
Hartsfield-Jackson Atlanta International Airport
As scheduled for July of years shown

| Destination | Airline | July 2000 Average daily | | July 2009 Average daily | | July 2019 Average daily | |
|-------------------------------------|-------------|----------------------------|------------|----------------------------|------------|----------------------------|------------|
| | | Departures | Seats | Departures | Seats | Departures | Seats |
| SOUTH AMERICA | | | | | | | |
| Bogota, Colombia | Delta | -- | -- | 1.0 | 183 | 1.0 | 199 |
| Buenos Aires, Argentina (Pistarini) | Delta | -- | -- | 1.0 | 233 | 1.0 | 293 |
| | LAPA | 0.4 | 96 | -- | -- | -- | -- |
| Caracas, Venezuela | Delta | 1.0 | 154 | 1.0 | 237 | -- | -- |
| Cartagena, Colombia | Delta | -- | -- | -- | -- | 0.1 | 21 |
| Fortaleza, Brazil | Delta | -- | -- | 0.5 | 79 | -- | -- |
| Guayaquil, Equador | Delta | -- | -- | 0.4 | 67 | -- | -- |
| Lima, Peru | Delta | 1.0 | 180 | 1.0 | 280 | 1.0 | 246 |
| Manaus, Brazil | Delta | -- | -- | 0.6 | 72 | -- | -- |
| Quito, Ecuador | Delta | -- | -- | 0.7 | 121 | 1.0 | 199 |
| Recife, Brazil | Delta | -- | -- | 0.4 | 74 | -- | -- |
| Rio de Janiero, Brazil | Delta | -- | -- | 1.0 | 241 | 1.0 | 246 |
| Santiago, Chile | Delta | -- | -- | 1.0 | 233 | 1.0 | 226 |
| Sao Paulo, Brazil | Delta | <u>1.0</u> | <u>269</u> | <u>1.0</u> | <u>280</u> | <u>1.0</u> | <u>293</u> |
| Subtotal South America | | 3.4 | 699 | 9.5 | 2,100 | 7.1 | 1,723 |
| CARIBBEAN | | | | | | | |
| Antigua, West Indies | Delta | -- | -- | 0.5 | 57 | 0.1 | 21 |
| Aruba | Delta | 1.0 | 154 | 1.7 | 299 | 1.1 | 225 |
| Bermuda | Delta | 2.0 | 375 | 1.0 | 155 | 1.0 | 132 |
| Bridgetown, Barbados | Delta | -- | -- | 0.4 | 61 | -- | -- |
| Bonaire, Netherlands Antilles | Delta | -- | -- | 0.1 | 24 | 0.3 | 49 |
| Curacao, Netherlands Antilles | Delta | -- | -- | 0.1 | 19 | -- | -- |
| Eleuthera, Bahamas | Delta | -- | -- | -- | -- | 0.8 | 58 |
| Freeport, Bahamas | Delta | -- | -- | 0.8 | 64 | 0.3 | 21 |
| George Town, Bahamas | Delta | -- | -- | -- | -- | 1.0 | 80 |
| Grand Cayman, Cayman Islands | Delta | 1.0 | 180 | 1.1 | 160 | 1.1 | 201 |
| Havana, Cuba | Delta | -- | -- | -- | -- | 1.0 | 76 |
| Kingston, Jamaica | Delta | -- | -- | 0.7 | 101 | 1.0 | 160 |
| Marsh Harbour, Bahamas | Delta | -- | -- | -- | -- | 1.1 | 78 |
| Montego Bay, Jamaica | Delta | -- | -- | 3.6 | 631 | 3.3 | 649 |
| | Air Jamaica | 2.9 | 425 | -- | -- | -- | -- |

Table 20 (page 4 of 5)

INTERNATIONAL AIRLINE SERVICE BY DESTINATION

Hartsfield-Jackson Atlanta International Airport

As scheduled for July of years shown

| Destination | Airline | July 2000 Average daily | | July 2009 Average daily | | July 2019 Average daily | |
|--|---------------|----------------------------|-------|----------------------------|------------|----------------------------|------------|
| | | Departures | Seats | Departures | Seats | Departures | Seats |
| CARIBBEAN (continued) | | | | | | | |
| Nassau, Bahamas | Delta | 2.0 | 360 | 3.7 | 480 | 4.2 | 749 |
| Port-au-Prince, Haiti | Delta | -- | -- | -- | -- | 1.0 | 124 |
| Providenciales, Turks and Caicos Islands | Delta | -- | -- | 1.0 | 121 | 1.3 | 191 |
| Puerto Plata, Dominican Republic | Delta | -- | -- | 0.7 | 105 | -- | -- |
| Punta Cana, Dominican Republic | Delta | -- | -- | 1.7 | 282 | 3.2 | 549 |
| | Southwest | -- | -- | -- | -- | 1.1 | 166 |
| San Juan, Puerto Rico | Delta | 4.5 | 984 | 4.8 | 927 | 4.0 | 720 |
| | Frontier | -- | -- | -- | -- | 0.4 | 96 |
| | Southwest | -- | -- | 2.1 | 292 | -- | -- |
| Santiago de los Caballeros, Dominican Republic | Delta | -- | -- | 0.1 | 21 | 0.1 | 21 |
| Santo Domingo, Dominican Republic | Delta | -- | -- | 1.0 | 160 | 1.0 | 180 |
| St. George, Grenada | Delta | -- | -- | -- | -- | 0.1 | 21 |
| St. Kitts, Leeward Islands | Delta | -- | -- | 0.1 | 17 | 0.1 | 21 |
| St. Lucia, West Indies (Hewanorra) | Delta | -- | -- | 1.0 | 168 | 1.1 | 203 |
| St. Maarten, Netherlands Antilles | Delta | -- | -- | 1.1 | 148 | 0.9 | 180 |
| St. Croix, U.S. Virgin Islands | Delta | -- | -- | 0.7 | 60 | 0.1 | 21 |
| St. Thomas, U.S. Virgin Islands | Delta | 1.0 | 180 | 3.0 | 440 | 2.0 | 398 |
| Tobago, Trinidad and Tobago | Delta | -- | -- | <u>0.1</u> | <u>15</u> | -- | -- |
| Subtotal Caribbean | | 14.3 | 2,658 | 31.3 | 4,806 | 32.9 | 5,396 |
| CANADA | | | | | | | |
| Calgary, Canada | WestJet | -- | -- | -- | -- | 1.0 | 154 |
| Halifax, Canada | Delta | -- | -- | 0.1 | 10 | -- | -- |
| Montreal, Canada | Delta | 2.0 | 305 | 4.0 | 278 | 4.7 | 358 |
| Toronto, Canada | Air Canada | 3.7 | 432 | 5.2 | 258 | 4.9 | 370 |
| | Delta | 4.9 | 540 | 5.7 | 325 | 6.2 | 928 |
| Vancouver, Canada | Delta | -- | -- | <u>0.4</u> | <u>77</u> | <u>0.9</u> | <u>168</u> |
| Subtotal Canada | | 10.6 | 1,277 | 15.4 | 948 | 17.7 | 1,978 |
| AFRICA | | | | | | | |
| Cape Town, South Africa | South African | 0.4 | 144 | -- | -- | -- | -- |
| Dakar, Senegal | Delta | -- | -- | 0.5 | 109 | -- | -- |
| Johannesburg, South Africa | Delta | -- | -- | 1.0 | 301 | 1.0 | 291 |
| | South African | 0.6 | 199 | -- | -- | -- | -- |
| Lagos, Nigeria | Delta | -- | -- | <u>0.7</u> | <u>190</u> | <u>0.5</u> | <u>128</u> |
| Subtotal Africa | | 1.0 | 343 | 2.2 | 600 | 1.5 | 419 |

Table 20 (page 5 of 5)

INTERNATIONAL AIRLINE SERVICE BY DESTINATION

Hartsfield-Jackson Atlanta International Airport

As scheduled for July of years shown

| Destination | Airline | July 2000 Average daily | | July 2009 Average daily | | July 2019 Average daily | |
|--------------------------------|------------|----------------------------|------------|----------------------------|------------|----------------------------|------------|
| | | Departures | Seats | Departures | Seats | Departures | Seats |
| ASIA | | | | | | | |
| Seoul, South Korea | Korean Air | -- | -- | 1.0 | 384 | 1.0 | 368 |
| | Delta | -- | -- | 0.6 | 165 | 1.0 | 306 |
| Shanghai, China (Pu Dong) | Delta | -- | -- | 0.5 | 161 | 1.0 | 291 |
| Tokyo, Japan (Narita) | Delta | <u>1.0</u> | <u>269</u> | <u>1.5</u> | <u>567</u> | <u>1.0</u> | <u>288</u> |
| Subtotal Asia | | 1.0 | 269 | 3.7 | 1,277 | 4.0 | 1,253 |
| MIDDLE EAST AND INDIA | | | | | | | |
| Mumbai, India | Delta | -- | -- | 0.6 | 175 | -- | -- |
| Doha, Qatar | Qatar | -- | -- | -- | -- | 1.0 | 283 |
| Dubai, United Arab Emirates | Delta | -- | -- | 1.0 | 282 | -- | -- |
| Istanbul, Turkey | Turkish | -- | -- | -- | -- | 0.7 | 177 |
| Tel Aviv, Israel | Delta | -- | -- | <u>1.0</u> | <u>269</u> | -- | -- |
| Subtotal Middle East and India | | -- | -- | <u>2.6</u> | <u>726</u> | <u>1.7</u> | <u>460</u> |
| Airport total | | 69.0 | 13,443 | 110.7 | 20,143 | 123.1 | 23,675 |

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

All destinations with an average of one or more flights per week are shown.

Source: OAG Aviation Worldwide Ltd, OAG Analyser database, accessed May 2019.

HISTORICAL AIRLINE TRAFFIC

All annual historical and forecast activity data in the remainder of the report are reported for Fiscal Years ended June 30.

Enplaned Passengers

Table 21 presents historical data on originating and connecting passengers at the Airport. Table 22 presents historical data on originating and connecting passengers by airline group (Delta, Southwest, other U.S. airlines, and foreign flag airlines) Table 23 presents historical data on domestic and international enplaned passengers.

Numbers of passengers enplaned at the Airport in FY 2001 and FY 2002 were reduced as a result of the decline in airline travel demand following the September 11, 2001, terrorist attacks and reduced airline service. With the return of passenger confidence in the security of airline travel, the end of the 2001 national economic recession, and the widespread availability of low airfares, traffic gradually increased between FY 2002 and FY 2004, and the Airport's enplaned passenger total in FY 2004 exceeded the FY 2000 total.

Among factors affecting airline service and passenger traffic at the Airport since FY 2004 were Delta's closure of its Dallas/Fort Worth hub (2005), reductions in Delta's service following its bankruptcy filing (2006-2007), Delta's restructuring and merger with Northwest following its emergence from bankruptcy (2008-2009), Delta's closure of its Cincinnati hub (2009-2012), and Southwest's reductions in service following its acquisition of AirTran (2013-2015).

Between FY 2009, after the national economic recession, and FY 2018, the number of enplaned passengers at the Airport increased 17.3% (average 1.8% per year), with most of the increase attributable to originating passengers as the national and Atlanta economies grew, new entrant airlines began service, and airfares were reduced. Between FY 2014 and FY 2018, numbers of originating passengers at the Airport increased 33.5% (average 7.5% per year), while connecting passenger numbers were essentially unchanged.

Between FY 2000 and FY 2009, Delta increased connecting passenger traffic at the Airport as it reduced service at its other connecting hubs, retrenched in Atlanta, and reduced point-to-point service between other airports in its network. Over the period, AirTran (before its acquisition by Southwest) also increased connecting traffic at the Airport. Since FY 2009, Delta's connecting percentage has been between 73% and 76%, while Southwest-AirTran's connecting percentage has gradually decreased from 63% to 36%. In FY 2018, connecting passengers accounted for 62% of passengers enplaned by all airlines at the Airport, a decrease from 68% in FY 2014.

Table 21
HISTORICAL ORIGINATING AND CONNECTING PASSENGERS
Hartsfield-Jackson Atlanta International Airport
Fiscal Years ended June 30

| Fiscal Year | Enplaned passengers | | | Annual percent increase (decrease) | | | Percent originating | Percent connecting |
|-------------|---------------------|------------|------------|------------------------------------|------------|--------|---------------------|--------------------|
| | Originating | Connecting | Total | Originating | Connecting | Total | | |
| 2000 | 15,617,000 | 24,306,685 | 39,923,685 | | | | 39.1% | 60.9% |
| 2001 | 15,503,000 | 24,558,110 | 40,061,110 | (0.7%) | 1.0% | 0.3% | 38.7 | 61.3 |
| 2002 | 13,350,000 | 23,413,021 | 36,763,021 | (13.9%) | (4.7%) | (8.2%) | 36.3 | 63.7 |
| 2003 | 13,337,000 | 25,631,480 | 38,968,480 | (0.1%) | 9.5% | 6.0% | 34.2 | 65.8 |
| 2004 | 13,903,000 | 27,323,263 | 41,226,263 | 4.2% | 6.6% | 5.8% | 33.7 | 66.3 |
| 2005 | 14,736,000 | 28,196,236 | 42,932,236 | 6.0% | 3.2% | 4.1% | 34.3 | 65.7 |
| 2006 | 15,140,000 | 27,135,486 | 42,275,486 | 2.7% | (3.8%) | (1.5%) | 35.8 | 64.2 |
| 2007 | 15,274,000 | 28,018,611 | 43,292,611 | 0.9% | 3.3% | 2.4% | 35.3 | 64.7 |
| 2008 | 15,485,000 | 29,802,174 | 45,287,174 | 1.4% | 6.4% | 4.6% | 34.2 | 65.8 |
| 2009 | 14,133,000 | 30,675,982 | 44,808,982 | (8.7%) | 2.9% | (1.1%) | 31.5 | 68.5 |
| 2010 | 14,183,000 | 31,192,298 | 45,375,298 | 0.4% | 1.7% | 1.3% | 31.3 | 68.7 |
| 2011 | 14,956,000 | 31,235,667 | 46,191,667 | 5.5% | 0.1% | 1.8% | 32.4 | 67.6 |
| 2012 | 15,002,000 | 32,145,315 | 47,147,315 | 0.3% | 2.9% | 2.1% | 31.8 | 68.2 |
| 2013 | 15,668,000 | 31,858,243 | 47,526,243 | 4.4% | (0.9%) | 0.8% | 33.0 | 67.0 |
| 2014 | 15,014,000 | 32,304,755 | 47,318,755 | (4.2%) | 1.4% | (0.4%) | 31.7 | 68.3 |
| 2015 | 15,627,000 | 33,429,316 | 49,056,316 | 4.1% | 3.5% | 3.7% | 31.9 | 68.1 |
| 2016 | 17,835,000 | 33,972,127 | 51,807,127 | 14.1% | 1.6% | 5.6% | 34.4 | 65.6 |
| 2017 | 19,049,000 | 33,048,740 | 52,097,740 | 6.8% | (2.7%) | 0.6% | 36.6 | 63.4 |
| 2018 | 20,044,000 | 32,518,196 | 52,562,196 | 5.2% | (1.6%) | 0.9% | 38.1 | 61.9 |

Sources: Enplaned passengers: City of Atlanta, Department of Aviation records.
Originating passengers: LeighFisher estimates based on U.S. DOT, *Air Passenger Origin-Destination Survey*, reconciled to Schedules T100 and 298C T1.

Table 22
ORIGINATING AND CONNECTING PASSENGERS BY AIRLINE GROUP
Hartsfield-Jackson Atlanta International Airport
Fiscal Years ended June 30

| | 2000 | 2004 | 2008 | 2012 | 2016 | 2017 | 2018 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Originating passengers | | | | | | | |
| Delta | 9,931,000 | 9,361,000 | 9,276,000 | 9,644,000 | 10,298,000 | 10,804,000 | 11,722,000 |
| Southwest | 1,688,000 | 2,064,000 | 3,437,000 | 2,873,000 | 2,996,000 | 3,238,000 | 3,294,000 |
| Other U.S. flags | 3,290,000 | 1,967,000 | 2,309,000 | 2,026,000 | 3,922,000 | 4,268,000 | 4,367,000 |
| Foreign flags | <u>708,000</u> | <u>511,000</u> | <u>463,000</u> | <u>459,000</u> | <u>619,000</u> | <u>739,000</u> | <u>661,000</u> |
| Total | 15,617,000 | 13,903,000 | 15,485,000 | 15,002,000 | 17,835,000 | 19,049,000 | 20,044,000 |
| Connecting passengers | | | | | | | |
| Delta | 22,059,468 | 23,224,240 | 23,736,256 | 27,234,661 | 31,572,249 | 30,651,798 | 30,131,450 |
| Southwest | 1,714,828 | 3,425,057 | 5,199,430 | 4,192,281 | 1,918,632 | 1,945,875 | 1,882,656 |
| Other U.S. flags | 285,240 | 495,449 | 783,028 | 608,926 | 208,328 | 194,019 | 172,425 |
| Foreign flags | <u>247,149</u> | <u>178,517</u> | <u>83,460</u> | <u>109,447</u> | <u>272,918</u> | <u>257,048</u> | <u>331,665</u> |
| Total | 24,306,685 | 27,323,263 | 29,802,174 | 32,145,315 | 33,972,127 | 33,048,740 | 32,518,196 |
| Enplaned passengers | | | | | | | |
| Delta | 31,990,468 | 32,585,240 | 33,012,256 | 36,878,661 | 41,870,249 | 41,455,798 | 41,853,450 |
| Southwest | 3,402,828 | 5,489,057 | 8,636,430 | 7,065,281 | 4,914,632 | 5,183,875 | 5,176,656 |
| Other U.S. flags | 3,575,240 | 2,462,449 | 3,092,028 | 2,634,926 | 4,130,328 | 4,462,019 | 4,539,425 |
| Foreign flags | <u>955,149</u> | <u>689,517</u> | <u>546,460</u> | <u>568,447</u> | <u>891,918</u> | <u>996,048</u> | <u>992,665</u> |
| Total | 39,923,685 | 41,226,263 | 45,287,174 | 47,147,315 | 51,807,127 | 52,097,740 | 52,562,196 |
| Originating share of enplaned passengers | | | | | | | |
| Delta | 31.0% | 28.7% | 28.1% | 26.2% | 24.6% | 26.1% | 28.0% |
| Southwest | 49.6 | 37.6 | 39.8 | 40.7 | 61.0 | 62.5 | 63.6 |
| Other U.S. flags | 92.0 | 79.9 | 74.7 | 76.9 | 95.0 | 95.7 | 96.2 |
| Foreign flags | 74.1 | 74.1 | 84.7 | 80.7 | 69.4 | 74.2 | 66.6 |
| Total | 39.1% | 33.7% | 34.2% | 31.8% | 34.4% | 36.6% | 38.1% |
| Connecting share of enplaned passengers | | | | | | | |
| Delta | 69.0% | 71.3% | 71.9% | 73.8% | 75.4% | 73.9% | 72.0% |
| Southwest | 50.4 | 62.4 | 60.2 | 59.3 | 39.0 | 37.5 | 36.4 |
| Other U.S. flags | 8.0 | 20.1 | 25.3 | 23.1 | 5.0 | 4.3 | 3.8 |
| Foreign flags | 25.9 | 25.9 | 15.3 | 19.3 | 30.6 | 25.8 | 33.4 |
| Total | 60.9% | 66.3% | 65.8% | 68.2% | 65.6% | 63.4% | 61.9% |

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

Sources: City of Atlanta, Department of Aviation records, LeighFisher estimates based on U.S. DOT, Air Passenger Origin-Destination Survey, reconciled to Schedules T100 and 298C T1.

Table 23
HISTORICAL DOMESTIC AND INTERNATIONAL PASSENGERS
Hartsfield-Jackson Atlanta International Airport
Fiscal Years ended June 30

| Fiscal Year | Enplaned passengers | | | Percent international | Annual percent increase (decrease) | | |
|-------------------------|---------------------|---------------|------------|-----------------------|------------------------------------|---------------|-------|
| | Domestic | International | Total | | Domestic | International | Total |
| 2000 | 37,139,424 | 2,784,261 | 39,923,685 | 7.0% | | | |
| 2001 | 37,073,305 | 2,987,805 | 40,061,110 | 7.5 | (0.2)% | 7.3% | 0.3% |
| 2002 | 34,060,326 | 2,702,695 | 36,763,021 | 7.4 | (8.1) | (9.5) | (8.2) |
| 2003 | 36,188,960 | 2,779,520 | 38,968,480 | 7.1 | 6.2 | 2.8 | 6.0 |
| 2004 | 38,266,726 | 2,959,537 | 41,226,263 | 7.2 | 5.7 | 6.5 | 5.8 |
| 2005 | 39,666,840 | 3,265,396 | 42,932,236 | 7.6 | 3.7 | 10.3 | 4.1 |
| 2006 | 38,572,602 | 3,702,884 | 42,275,486 | 8.8 | (2.8) | 13.4 | (1.5) |
| 2007 | 39,022,194 | 4,270,417 | 43,292,611 | 9.9 | 1.2 | 15.3 | 2.4 |
| 2008 | 40,747,762 | 4,539,412 | 45,287,174 | 10.0 | 4.4 | 6.3 | 4.6 |
| 2009 | 40,344,232 | 4,464,750 | 44,808,982 | 10.0 | (1.0) | (1.6) | (1.1) |
| 2010 | 40,953,747 | 4,421,551 | 45,375,298 | 9.7 | 1.5 | (1.0) | 1.3 |
| 2011 | 41,442,852 | 4,748,815 | 46,191,667 | 10.3 | 1.2 | 7.4 | 1.8 |
| 2012 | 42,277,924 | 4,869,391 | 47,147,315 | 10.3 | 2.0 | 2.5 | 2.1 |
| 2013 | 42,565,430 | 4,960,813 | 47,526,243 | 10.4 | 0.7 | 1.9 | 0.8 |
| 2014 | 42,077,139 | 5,241,616 | 47,318,755 | 11.1 | (1.1) | 5.7 | (0.4) |
| 2015 | 43,630,709 | 5,425,607 | 49,056,316 | 11.1 | 3.7 | 3.5 | 3.7 |
| 2016 | 46,091,894 | 5,715,233 | 51,807,127 | 11.0 | 5.6 | 5.3 | 5.6 |
| 2017 | 46,226,593 | 5,871,147 | 52,097,740 | 11.3 | 0.3 | 2.7 | 0.6 |
| 2018 | 46,424,407 | 6,137,789 | 52,562,196 | 11.7 | 0.4 | 4.5 | 0.9 |
| 9 months ended March 31 | | | | | | | |
| 2018 | 34,026,172 | 4,452,323 | 38,478,495 | 11.6% | | | |
| 2019 | 35,423,220 | 4,555,911 | 39,979,131 | 11.4 | 4.1% | 2.3% | 3.9% |

Source: City of Atlanta, Department of Aviation records.

International Passengers

The number of passengers enplaning on international flights at the Airport has increased as Atlanta's standing as an international city has grown and Delta and foreign flag airlines have increased service. Between FY 2009, after the recession, and FY 2018, the number of international passengers increased 37.5% (average of 3.6% per year), compared with an increase in domestic passengers of 15.1% (average of 1.6% per year). In FY 2018, international passengers accounted for 11.7% of all enplaned passengers.

Airline Competition and Shares of Passengers

Tables 24 and 25 present data on the distribution of enplaned passengers at the Airport by airline for selected years between FY 2000 and FY 2018. Table 26 presents

data on the shares of originating passengers by airline group for FY 2018 and shows the distribution of originating passengers between residents and visitors.

As shown in Table 25, the share of passengers enplaned at the Airport on the flights of Delta (domestic and international, mainline and Delta Connection) increased from 72.9% in FY 2008 to 79.6% in FY 2018. Southwest-AirTran accounted for most of this change, as its enplaned passenger share decreased from 19.1% in FY 2008 to 9.9% in FY 2018. The share for airlines other than Delta and Southwest increased from 8.0% in FY 2008 to 10.5% in FY 2018, mainly as a result of new entrant service by U.S. airlines Frontier, JetBlue, and Spirit and foreign-flag airlines Aeromexico, Qatar, Turkish, and Virgin Atlantic.

As shown in Table 22, between FY 2008 and FY 2018, Delta's share of originating passengers decreased from 59.9% to 58.5%, Southwest's share decreased from 22.2% to 16.4%, and the combined share of the other airlines increased from 17.9% to 25.1%. As shown in Table 26, in FY 2018, Atlanta residents accounted for 53.4% of originating passengers and visitors for 46.6%.

AIR CARGO

According to data compiled by Airports Council International-North America, in 2017 (the latest year for which data are available)], the Airport ranked as the 12th busiest cargo airport in the United States, measured in terms of total cargo weight enplaned and deplaned. (See Table 11.) Table 27 presents historical air cargo tonnage at the Airport. Table 28 presents historical air cargo tonnage at the Airport by airline.

Between FY 2000 and FY 2014, cargo tonnage (including mail) at the Airport decreased 37%, with increases in some years more than offset by decreases in the aftermath of the September 2001 attacks, during the 2008-2009 recession, and as a result of the decisions of individual all-cargo operators to decrease service. The overall decrease is consistent with decreases at many other large U.S. airports and is attributable to a number of factors including post-September 2001 security restrictions on the carriage of freight and mail on passenger aircraft and the increased use of time-definite ground transportation modes as the relative operating economics of air and truck transportation has changed.

As the Atlanta economy strengthened between FY 2014 and FY 2018, cargo tonnage at the Airport increased 27%, with international cargo benefitting from the addition of freighter service by AirBridgeCargo, CAL Cargo, China Cargo Airlines, Qatar Airways, and Turkish Airlines. In FY 2018, international cargo tonnage accounted for 59% of the total and domestic for 41%. In FY 2018, cargo carried by Delta (in the bellies of passenger aircraft) accounted for 37% of all cargo tonnage at the Airport, followed by FedEx, 27%, and UPS Cargo, 13%.

Table 24
HISTORICAL ENPLANED PASSENGERS BY AIRLINE
Hartsfield-Jackson Atlanta International Airport
Fiscal Years ended June 30

| | 2000 | 2004 | 2008 | 2012 | 2016 | 2018 |
|-------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Domestic | | | | | | |
| Delta and affiliates | | | | | | |
| Delta (a) | 27,809,706 | 25,860,511 | 21,875,598 | 27,172,710 | 33,841,647 | 33,768,375 |
| ExpressJet (b) | 2,455,220 | 3,169,351 | 5,688,170 | 4,578,759 | 2,945,433 | 1,042,593 |
| Endeavor (c) | -- | -- | 177,682 | 944,936 | 164,847 | 1,190,076 |
| SkyWest | -- | -- | 345,973 | 46,674 | 199,782 | 800,799 |
| GoJet | -- | -- | -- | -- | 97 | 48 |
| Compass | -- | -- | -- | 73,313 | -- | -- |
| Comair | -- | 1,334,246 | 333,650 | 64,606 | -- | -- |
| Shuttle America | -- | -- | 473,384 | 15,271 | -- | -- |
| Freedom | -- | -- | <u>228,105</u> | -- | -- | -- |
| Subtotal Delta | 30,264,926 | 30,364,108 | 29,122,562 | 32,896,269 | 37,151,806 | 36,801,891 |
| Southwest | 3,402,828 | 5,450,383 | 8,631,726 | 6,810,076 | 4,822,488 | 5,083,091 |
| Other airlines | | | | | | |
| American | 1,788,519 | 1,268,414 | 1,603,467 | 1,489,332 | 1,606,762 | 1,594,493 |
| Spirit | -- | -- | 191,367 | 164,704 | 838,231 | 1,024,584 |
| United | 1,378,338 | 988,991 | 950,457 | 717,165 | 901,550 | 1,016,049 |
| Frontier | 101,553 | 122,456 | 222,005 | 124,881 | 664,909 | 513,020 |
| JetBlue | -- | -- | -- | -- | -- | 277,907 |
| Alaska | -- | -- | -- | 56,378 | 105,028 | 107,959 |
| Other | <u>203,260</u> | <u>72,374</u> | <u>26,178</u> | <u>19,119</u> | <u>1,120</u> | <u>5,413</u> |
| Subtotal other airlines | <u>3,471,670</u> | <u>2,452,235</u> | <u>2,993,474</u> | <u>2,571,579</u> | <u>4,117,600</u> | <u>4,539,425</u> |
| Total domestic | 37,139,424 | 38,266,726 | 40,747,762 | 42,277,924 | 46,091,894 | 46,424,407 |
| International | | | | | | |
| Delta and affiliates | | | | | | |
| Delta | 1,725,542 | 2,168,645 | 3,579,664 | 3,718,049 | 4,433,642 | 4,874,414 |
| ExpressJet (b) | -- | 51,712 | 295,628 | 116,934 | 264,031 | 112,906 |
| Endeavor (c) | -- | -- | 3,623 | 138,198 | 20,770 | 64,239 |
| Compass | -- | -- | -- | 9,038 | -- | -- |
| Comair | -- | 775 | -- | 173 | -- | -- |
| SkyWest | -- | -- | <u>10,779</u> | -- | -- | -- |
| Subtotal Delta | 1,725,542 | 2,221,132 | 3,889,694 | 3,982,392 | 4,718,443 | 5,051,559 |
| Southwest | -- | 38,674 | 4,704 | 255,205 | 92,144 | 93,565 |
| Foreign-flag airlines | 955,149 | 689,517 | 546,460 | 568,447 | 891,918 | 992,665 |
| Other | <u>103,570</u> | <u>10,214</u> | <u>98,554</u> | <u>63,347</u> | <u>12,728</u> | -- |
| Total international | <u>2,784,261</u> | <u>2,959,537</u> | <u>4,539,412</u> | <u>4,869,391</u> | <u>5,715,233</u> | <u>6,137,789</u> |
| Total | 39,923,685 | 41,226,263 | 45,287,174 | 47,147,315 | 51,807,127 | 52,562,196 |

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

(a) Includes Song (operated between 2003 and 2005).

(b) Includes Atlantic Southeast (operated between 2000 and 2011).

(c) Includes Pinnacle (operated between 2007 and 2013).

Source: City of Atlanta, Department of Aviation records.

Table 25
HISTORICAL AIRLINE SHARES OF ENPLANED PASSENGERS
Hartsfield-Jackson Atlanta International Airport
Fiscal Years ended June 30

| | 2000 | 2004 | 2008 | 2012 | 2016 | 2018 |
|-------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Domestic | | | | | | |
| Delta and affiliates | | | | | | |
| Delta (a) | 69.7% | 62.7% | 48.3% | 57.6% | 65.3% | 64.2% |
| ExpressJet (b) | 6.1 | 7.7 | 12.6 | 9.7 | 5.7 | 2.0 |
| Endeavor (c) | -- | -- | 0.4 | 2.0 | 0.3 | 2.3 |
| SkyWest | -- | -- | 0.8 | 0.1 | 0.4 | 1.5 |
| GoJet | -- | -- | -- | -- | 0.0 | 0.0 |
| Compass | -- | -- | -- | 0.2 | -- | -- |
| Comair | -- | 3.2 | 0.7 | 0.1 | -- | -- |
| Shuttle America | -- | -- | 1.0 | 0.0 | -- | -- |
| Freedom | -- | -- | 0.5 | -- | -- | -- |
| Subtotal Delta | <u>75.8%</u> | <u>73.7%</u> | <u>64.3%</u> | <u>69.8%</u> | <u>71.7%</u> | <u>70.0%</u> |
| Southwest | 8.5% | 13.2% | 19.1% | 14.4% | 9.3% | 9.7% |
| Other airlines | | | | | | |
| American | 4.5 | 3.1 | 3.5 | 3.2 | 3.1 | 3.0 |
| Spirit | -- | -- | 0.4 | 0.3 | 1.6 | 1.9 |
| United | 3.5 | 2.4 | 2.1 | 1.5 | 1.7 | 1.9 |
| Frontier | 0.3 | 0.3 | 0.5 | 0.3 | 1.3 | 1.0 |
| JetBlue | -- | -- | -- | -- | -- | 0.5 |
| Alaska | -- | -- | -- | 0.1 | 0.2 | 0.2 |
| Other | <u>0.5</u> | <u>0.2</u> | <u>0.1</u> | <u>0.0</u> | <u>0.0</u> | <u>0.0</u> |
| Subtotal other airlines | <u>8.7%</u> | <u>5.9%</u> | <u>6.6%</u> | <u>5.5%</u> | <u>7.9%</u> | <u>8.6%</u> |
| Total domestic | 93.0% | 92.8% | 90.0% | 89.7% | 89.0% | 88.3% |
| International | | | | | | |
| Delta and affiliates | | | | | | |
| Delta | 4.3% | 5.3% | 7.9% | 7.9% | 8.6% | 9.3% |
| ExpressJet (b) | -- | 0.1 | 0.7 | 0.2 | 0.5 | 0.2 |
| Endeavor (c) | -- | -- | 0.0 | 0.3 | 0.0 | 0.1 |
| Compass | -- | -- | -- | 0.0 | -- | -- |
| Comair | -- | 0.0 | -- | 0.0 | -- | -- |
| SkyWest | -- | -- | 0.0 | -- | -- | -- |
| Subtotal Delta | 4.3% | 5.4% | 8.6% | 8.4% | 9.1% | 9.6% |
| Southwest | -- | 0.1% | 0.0% | 0.5% | 0.2% | 0.2% |
| Foreign-flag airlines | 2.4% | 1.7% | 1.2% | 1.2% | 1.7% | 1.9% |
| Other | <u>0.3</u> | <u>0.0</u> | <u>0.2</u> | <u>0.1</u> | <u>0.0</u> | <u>--</u> |
| Total international | <u>7.0%</u> | <u>7.2%</u> | <u>10.0%</u> | <u>10.3%</u> | <u>11.0%</u> | <u>11.7%</u> |
| Total | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

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

(a) Includes Song (operated between 2003 and 2005).

(b) Includes Atlantic Southeast (operated between 2000 and 2011).

(c) Includes Pinnacle (operated between 2007 and 2013).

Source: City of Atlanta, Department of Aviation records.

Table 26
ENPLANED PASSENGERS BY AIRLINE GROUP
Hartsfield-Jackson Atlanta International Airport
Fiscal Year 2018

| | Enplaned passengers (in thousands) | | | | Distribution by sector and type | | | |
|-----------------------------|------------------------------------|-----------------------|-----------------------|-----------------|---------------------------------|-----------------------|-----------------------|-----------------|
| | Delta Air Lines | Southwest Airlines | All other airlines | All airlines | Delta Air Lines | Southwest Airlines | All other airlines | All airlines |
| By sector | | | | | | | | |
| Domestic | 36,802 | 5,083 | 4,539 | 46,424 | 87.9% | 98.2% | 82.1% | 88.3% |
| International | <u>5,052</u> | <u>94</u> | <u>993</u> | <u>6,138</u> | <u>12.1</u> | <u>1.8</u> | <u>17.9</u> | <u>11.7</u> |
| Total | 41,853 | 5,177 | 5,532 | 52,562 | 100.0% | 100.0% | 100.0% | 100.0% |
| By type of passenger | | | | | | | | |
| Originating-resident (a) | 6,961 | 1,585 | 2,155 | 10,701 | 16.6% | 30.6% | 39.0% | 20.4% |
| Originating-visitor (b) | 4,761 | 1,709 | 2,873 | 9,343 | 11.4 | 33.0 | 51.9 | 17.8 |
| Subtotal originating | 11,722 | 3,294 | 5,028 | 20,044 | 28.0% | 63.6% | 90.9% | 38.1% |
| Connecting | <u>30,131</u> | <u>1,883</u> | <u>504</u> | <u>32,518</u> | <u>72.0</u> | <u>36.4</u> | <u>9.1</u> | <u>61.9</u> |
| Total | 41,853 | 5,177 | 5,532 | 52,562 | 100.0% | 100.0% | 100.0% | 100.0% |
| Share of passengers | | | | | | | | |
| Originating | 58.5% | 16.4% | 25.1% | 100.0% | | | | |
| Connecting | 92.7 | 5.8 | 1.6 | 100.0 | | | | |
| Total | 79.6 | 9.8 | 10.5 | 100.0 | | | | |

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

(a) Originating-resident passengers are those whose flight itineraries began at the Airport.

(b) Originating-visitor passengers are those whose flight itineraries began at other airports.

Sources: City of Atlanta, Department of Aviation records, LeighFisher estimates based on U.S. DOT, *Air Passenger Origin-Destination Survey*, reconciled to Schedule T100.

Table 27
HISTORICAL AIR CARGO ACTIVITY
Hartsfield-Jackson Atlanta International Airport
Fiscal Years ended June 30

| Fiscal Year | Air cargo (metric tons) | | | All-cargo aircraft landed weight (a) (1,000-pound units) |
|-------------|-------------------------|---------|---------|---|
| | Freight and express | Mail | Total | |
| 2000 | 650,824 | 225,958 | 876,782 | 2,530,000 |
| 2001 | 623,744 | 202,567 | 826,311 | 2,027,000 |
| 2002 | 603,128 | 103,836 | 706,964 | 1,964,000 |
| 2003 | 658,675 | 90,288 | 748,963 | 2,149,000 |
| 2004 | 743,676 | 110,603 | 854,279 | 2,110,000 |
| 2005 | 733,327 | 80,473 | 813,800 | 2,427,000 |
| 2006 | 737,189 | 19,634 | 756,823 | 2,582,000 |
| 2007 | 726,574 | 4,134 | 730,708 | 2,851,000 |
| 2008 | 703,458 | 5,764 | 709,222 | 2,565,000 |
| 2009 | 565,250 | 6,005 | 571,255 | 2,182,000 |
| 2010 | 609,683 | 12,238 | 621,921 | 2,338,000 |
| 2011 | 649,262 | 19,928 | 669,190 | 2,452,000 |
| 2012 | 621,817 | 31,566 | 653,383 | 2,530,000 |
| 2013 | 592,104 | 44,918 | 637,022 | 2,318,000 |
| 2014 | 552,045 | 49,396 | 601,441 | 2,250,000 |
| 2015 | 576,326 | 48,001 | 624,327 | 2,336,000 |
| 2016 | 584,903 | 41,179 | 626,082 | 2,587,000 |
| 2017 | 631,730 | 41,480 | 673,210 | 2,622,000 |
| 2018 | 663,859 | 40,717 | 704,576 | 2,905,000 |

Source: City of Atlanta, Department of Aviation records.

(a) Landed weight shown for years 2000 through 2008 is for the calendar year.

Table 28
AIR CARGO ENPLANED AND DEPLANED BY AIRLINE
Hartsfield-Jackson Atlanta International Airport
Fiscal Years ended June 30
(in metric tons; mail not included)

| | 2000 | 2004 | 2008 | 2012 | 2016 | 2018 |
|----------------------------------|---------------|---------------|---------------|---------------|--------------|--------------|
| Domestic | | | | | | |
| FedEx | 110,595 | 128,118 | 128,671 | 106,301 | 93,627 | 109,859 |
| Delta | 142,773 | 161,987 | 100,669 | 77,899 | 57,894 | 54,410 |
| UPS | 55,700 | 33,444 | 38,840 | 38,610 | 51,810 | 51,852 |
| ABX Air | 21,583 | 18,518 | 17,869 | 6,424 | 12,611 | 19,859 |
| Southwest | 72 | -- | 393 | 639 | 7,810 | 7,437 |
| Other | <u>60,981</u> | <u>83,021</u> | <u>19,498</u> | <u>12,864</u> | <u>4,491</u> | <u>7,656</u> |
| Total domestic | 391,704 | 425,088 | 305,940 | 243,052 | 228,243 | 251,072 |
| | | | | (6.7%) | 0.5% | 0.5% |
| International | | | | | | |
| Delta | 98,133 | 112,721 | 117,086 | 125,892 | 91,523 | 99,118 |
| Lufthansa | 37,265 | 27,766 | 34,151 | 30,262 | 23,257 | 32,599 |
| Qatar | -- | -- | -- | 5,713 | 23,213 | 30,126 |
| Cathay Pacific | -- | -- | 22,428 | 16,552 | 18,018 | 28,432 |
| Korean Air | 16,322 | 34,789 | 49,205 | 36,512 | 28,510 | 26,134 |
| China Airlines | 7,881 | 18,057 | 21,751 | 23,530 | 24,309 | 25,738 |
| Cargolux | -- | -- | 9,546 | 19,644 | 18,775 | 24,290 |
| EVA Airways | 8,934 | 27,395 | 30,509 | 29,802 | 24,566 | 22,341 |
| CAL Cargo | -- | -- | -- | -- | 6,983 | 15,216 |
| China Cargo Airlines | -- | -- | -- | 14,655 | 7,649 | 14,435 |
| Air France | 16,926 | 18,215 | 15,501 | 12,552 | 12,597 | 12,407 |
| Asiana | -- | -- | -- | 18,824 | 11,908 | 12,360 |
| British Airways | 10,850 | 29,114 | 28,279 | 23,554 | 7,798 | 11,661 |
| AirBridgeCargo | -- | -- | -- | -- | 4,702 | 11,117 |
| KLM | 6,186 | -- | 6,410 | 8,296 | 8,552 | 11,065 |
| Turkish | -- | -- | -- | -- | 3,804 | 10,852 |
| Virgin Atlantic | -- | -- | -- | -- | 13,468 | 9,298 |
| Polar Air Cargo | 1,604 | 10,886 | 16,284 | 4,218 | 5,430 | 6,582 |
| CargoLogicAir | -- | -- | -- | -- | -- | 3,995 |
| Emirates | -- | -- | -- | -- | 19,333 | 240 |
| Other | <u>55,019</u> | <u>39,645</u> | <u>46,368</u> | <u>8,759</u> | <u>2,265</u> | <u>4,780</u> |
| Total international | 259,120 | 318,588 | 397,518 | 378,765 | 356,660 | 412,786 |
| | | 14.4% | 0.5% | (2.6%) | 2.2% | 8.1% |
| Total domestic and international | 650,824 | 743,676 | 703,458 | 621,817 | 584,903 | 663,853 |
| Annual change | | 12.9% | (3.2%) | (4.2%) | 1.5% | 5.1% |

Source: City of Atlanta, Department of Aviation records.

AIRCRAFT OPERATIONS

Table 29 presents historical data on aircraft operations (landings and takeoffs) at the Airport. In FY 2018, air carrier aircraft accounted for 90% of total operations, air taxi and commuter aircraft for 9%, and general aviation aircraft for 1%. Most general aviation operations are by business jet aircraft. Military aircraft account for a negligible percentage of aircraft operations at the Airport.

Table 29
HISTORICAL AIRCRAFT OPERATIONS
Hartsfield-Jackson Atlanta International Airport
Fiscal Years ended June 30

| Fiscal Year | Air carrier | Air taxi/ commuter | General aviation | Military | Total operations |
|--|----------------|-----------------------|---------------------|----------|---------------------|
| 2000 | 686,490 | 206,061 | 27,092 | 3,926 | 923,569 |
| 2001 | 686,852 | 205,966 | 15,766 | 949 | 909,533 |
| 2002 | 648,630 | 211,467 | 16,467 | 1,742 | 878,306 |
| 2003 | 651,505 | 221,916 | 12,216 | 1,286 | 886,923 |
| 2004 | 683,462 | 257,804 | 11,840 | 1,361 | 954,467 |
| 2005 | 706,368 | 261,606 | 11,071 | 1,688 | 980,733 |
| 2006 | 654,463 | 289,955 | 10,054 | 1,987 | 956,459 |
| 2007 | 708,158 | 268,761 | 9,949 | 917 | 987,785 |
| 2008 | 748,467 | 237,631 | 11,972 | 1,058 | 999,128 |
| 2009 | 735,237 | 222,623 | 7,515 | 1,081 | 966,456 |
| 2010 | 717,424 | 237,899 | 7,342 | 1,141 | 963,806 |
| 2011 | 723,801 | 205,655 | 7,128 | 520 | 937,104 |
| 2012 | 739,175 | 184,940 | 7,045 | 394 | 931,554 |
| 2013 | 733,575 | 177,234 | 7,653 | 295 | 918,757 |
| 2014 | 719,974 | 160,437 | 7,373 | 230 | 888,014 |
| 2015 | 758,440 | 103,858 | 7,555 | 528 | 870,381 |
| 2016 | 798,398 | 91,128 | 7,612 | 345 | 897,483 |
| 2017 | 787,507 | 93,542 | 7,978 | 178 | 889,205 |
| 2018 | 791,807 | 84,492 | 7,462 | 166 | 883,927 |
| Average annual percent increase (decrease) | | | | | |
| 2000-2007 | 0.4% | 3.9% | (13.3%) | (18.8%) | 1.0% |
| 2007-2010 | 0.4 | (4.0) | (9.6) | 7.6 | (0.8) |
| 2010-2018 | 1.2 | (12.1) | 0.2 | (21.4) | (1.1) |

Source: City of Atlanta, Department of Aviation records.

Since FY 2010, landed weight per operation has increased as the mix of aircraft in use at the Airport has changed. In FY 2018, over 99% of landed weight was accounted for by airlines signatory to the Airline Agreement.

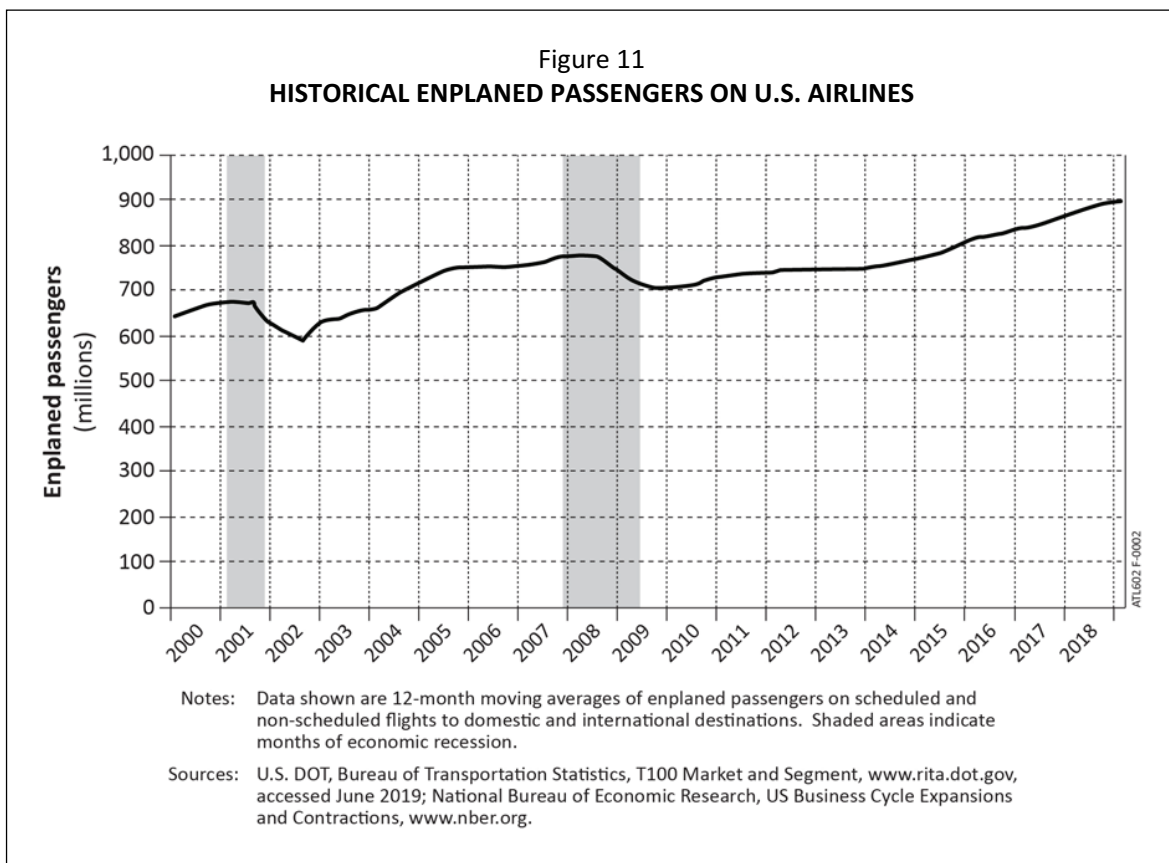
KEY FACTORS AFFECTING FUTURE AIRLINE TRAFFIC

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

- Economic, political, and security conditions
- Financial health of the airline industry
- Airline service and routes
- Airline competition and airfares
- Availability and price of aviation fuel
- Aviation safety and security concerns
- Capacity of the national air traffic control system
- Capacity of the Airport

Economic, Political, and Security Conditions

Historically, airline passenger traffic nationwide has correlated closely with the state of the U.S. economy and levels of real disposable income. As illustrated on Figure 11, recessions in the U.S. economy in 2001 and 2008-2009 and associated high unemployment reduced discretionary income and resulted in reduced airline travel. Future increases in domestic passenger traffic at the Airport will depend on national economic growth.



With the globalization of business and the increased importance of international trade and tourism, international economics, trade balances, currency exchange rates, government policies, and geopolitical relationships all influence passenger traffic at major U.S. airports.

Concerns about hostilities, terrorist attacks, other perceived security and public health risks, and associated travel restrictions also affect travel demand to and from particular international destinations. Beginning in March 2017, the Trump administration issued various orders seeking to restrict travel to the United States from certain countries, mainly in the Middle East and Africa. Following court challenges, in June 2018, the U.S. Supreme Court upheld the administration's most recent travel restrictions. As the restrictions are implemented, increased scrutiny by U.S. Customs and Border Protection may prevent or discourage some airline travel.

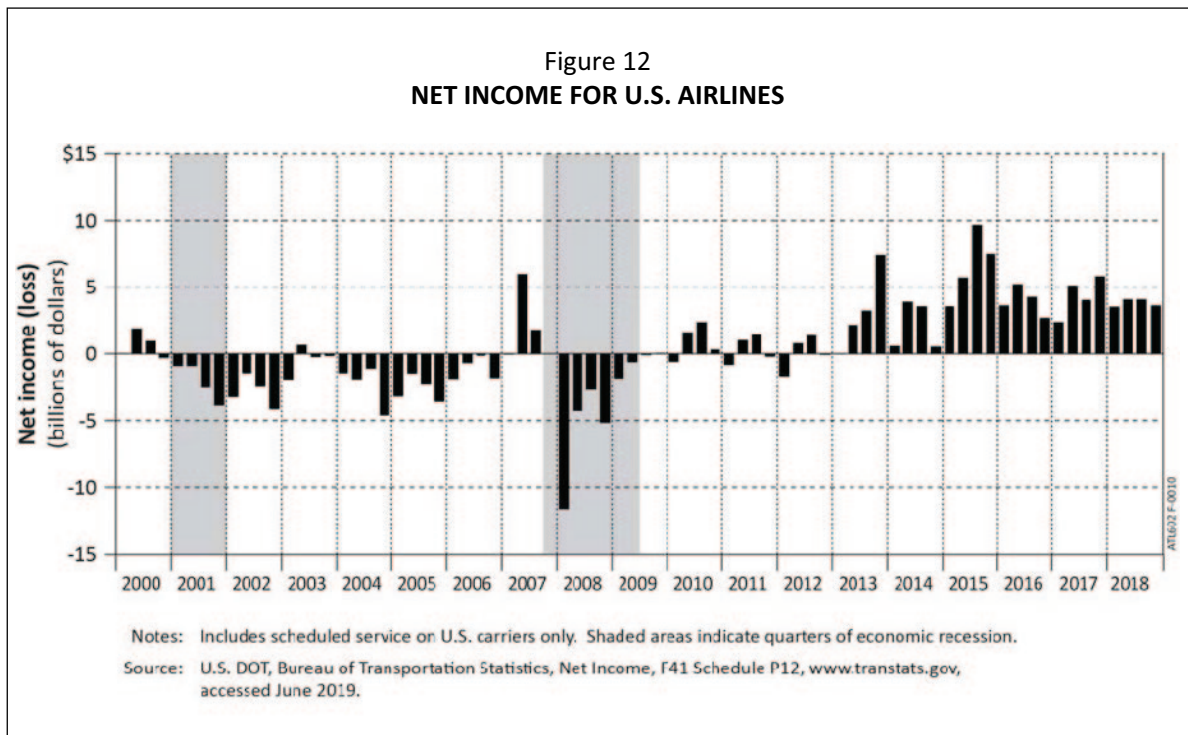
Future increases in international passenger traffic at the Airport will partly depend on global economic growth, a stable and secure travel environment, and government policies that do not unreasonably restrict or deter travel.

Financial Health of the Airline Industry

The number of passengers at the Airport will depend partly on the profitability of the U.S. airline industry and the associated ability of the industry and individual airlines to make the necessary investments to provide service. Figure 12 shows historical net income for U.S. airlines.

As a result of the 2001 economic recession, the disruption of the airline industry that followed the September 2001 attacks, increased fuel and other operating costs, and price competition, the industry experienced financial losses in 2001 through 2006. To mitigate those losses, all of the major airlines reduced their route networks and flight schedules and reached agreements with their employees, lessors, vendors, and creditors to cut costs. Between 2002 and 2005, Delta, Northwest, United, and US Airways all filed for bankruptcy protection and restructured their operations.

In 2007, the U.S. passenger airline industry was profitable, but in 2008, as oil and aviation fuel prices increased to unprecedented levels and the U.S. economy contracted, the industry experienced a profitability crisis. In 2008 and 2009, the U.S. passenger airline industry recorded net losses of approximately \$26 billion. The industry responded by, among other actions, grounding less fuel-efficient aircraft, eliminating unprofitable routes and hubs, reducing seat capacity, and increasing airfares. Between 2007 and 2009, the U.S. passenger airlines collectively reduced domestic available seat-mile capacity by approximately 10%.



From 2010 to 2013, the U.S. passenger airlines recorded net income of approximately \$18 billion, notwithstanding sustained high fuel prices, by controlling capacity and nonfuel expenses, increasing airfares, achieving high load factors, and increasing ancillary revenues. Between 2009 and 2013, the airlines collectively increased domestic seat-mile capacity by an average of 1.0% per year. American filed for bankruptcy protection in 2011.

In 2014, the U.S. passenger airline industry reported net income of \$9 billion, assisted by reduced fuel prices. In 2015, the industry achieved record net income of \$26 billion as fuel prices decreased further, demand remained strong, and capacity control allowed average fares and ancillary charges to remain high. Strong industry profitability continued in 2016 through 2018.

Recent agreements between the major airlines and their unionized employees have resulted in increased labor costs. According to Airlines for America, a trade organization representing the industry, U.S. airlines increased wages and benefits per full-time employee by 28% between 2013 and 2018. Contributing to the increased costs is a shortage of qualified airline pilots resulting from retirements and changed FAA qualification standards and duty and rest rules. The pilot shortage has required the airlines to increase salaries and improve benefits to attract and retain qualified pilots.

Sustained industry profitability will depend on, among other factors, economic growth to support airline travel demand, continued capacity control to enable increased airfares, and stable fuel prices and labor costs.

Consolidation of the U.S. airline industry has resulted from the acquisition of Trans World by American (2001), the merger of US Airways and America West (2005), the merger of Delta and Northwest (2009), the merger of United and Continental (2010), the acquisition of AirTran by Southwest (2011), the merger of American and US Airways (2013), and the acquisition of Virgin America by Alaska (2016).

Such consolidation has resulted in four airlines (American, Delta, Southwest, and United) and their regional affiliates now accounting for approximately 86% of domestic seat-mile capacity. The consolidation has contributed to recent airline industry profitability. However, any resumption of financial losses could cause one or more U.S. airlines to seek bankruptcy protection or liquidate. The liquidation of any of the large network airlines could drastically affect airline service at certain connecting hub airports and change airline travel patterns nationwide.

Airline Service and Routes

The Airport accommodates travel demand to and from the Atlanta region and serves as a connecting hub. The number of origin and destination passengers at the Airport depends primarily on the intrinsic attractiveness of the Atlanta region as a business and leisure destination, the propensity of its residents to travel, and the airfares and service provided at the Airport and at other competing airports. The number of connecting passengers, on the other hand, depends entirely on the airline fares and service provided at the Airport.

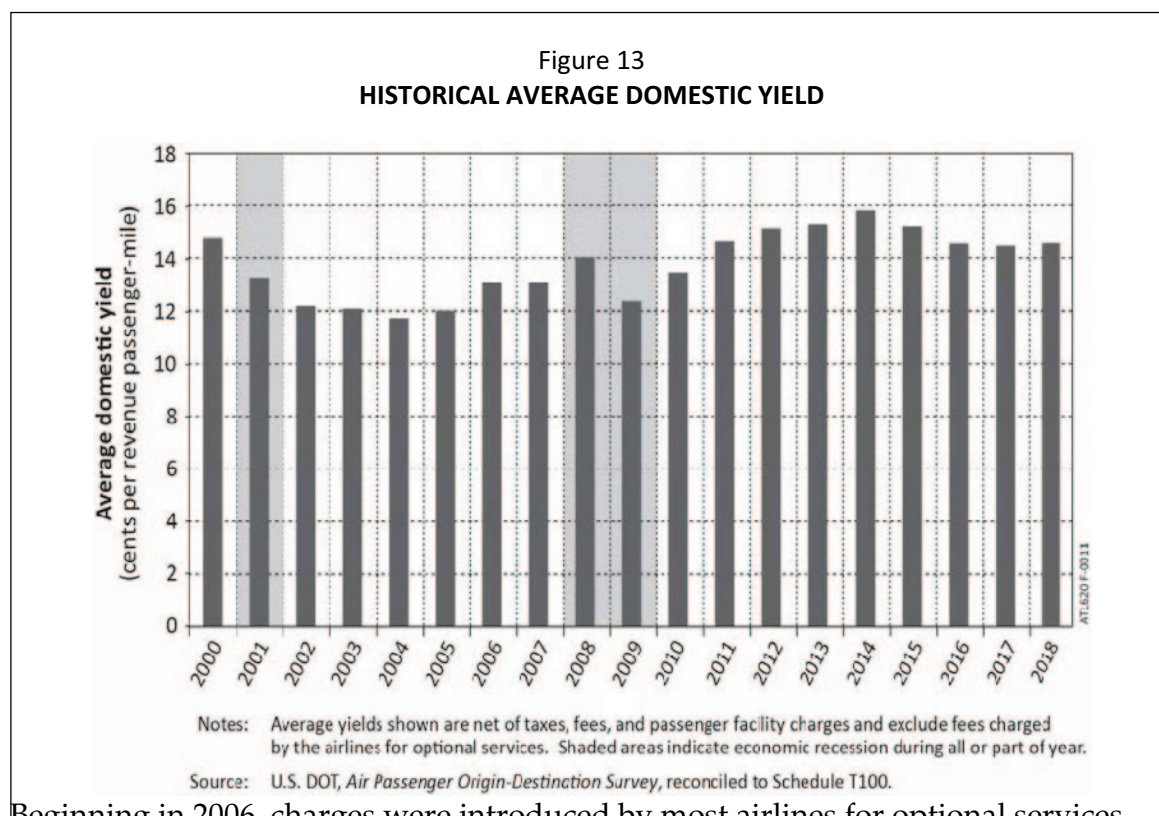
The large network airlines have developed hub-and-spoke systems that allow them to offer high-frequency service to many destinations. Because most connecting passengers have a choice of airlines and intermediate airports, connecting traffic at an airport depends primarily on the route networks and flight schedules of the airlines serving that airport and competing hub airports. Since 2003, as the U.S. airline industry has consolidated, airline service has been reduced at many former connecting hub airports, including those serving St. Louis (American, 2003-2005), Dallas-Fort Worth (Delta, 2005), Pittsburgh (US Airways, 2006-2008), Las Vegas (US Airways, 2007-2010), Cincinnati (Delta, 2009-2012), Memphis (Delta, 2011-2013), and Cleveland (United, 2014).

As discussed in earlier sections, the Airport serves as Delta's principal connecting hub as well as a secondary connecting airport for Southwest. As a result, much of the connecting passenger traffic at the Airport results from the route networks and flight schedules of Delta and, to a lesser extent, Southwest, rather than the economy of the Atlanta region. If Delta were to reduce connecting service at the Airport, such service would not necessarily be replaced by other airlines, although reductions in service by any airline would create business opportunities for others. Hypothetical reductions in passenger traffic as a result of reduced connecting airline service at the Airport are discussed in the later section "Stress Test Forecast."

Airline Competition and Airfares

Airline fares have an important effect on passenger demand, particularly for short trips for which automobile and other surface travel modes are potential alternatives, and for price-sensitive “discretionary” travel. The price elasticity of demand for airline travel increases in weak economic conditions when the disposable income of potential airline travelers is reduced. Airfares are influenced by airline capacity and yield management; passenger demand; airline market presence; labor, fuel, and other airline operating costs; taxes, fees, and other charges assessed by governmental and airport agencies; and competitive factors. Future passenger numbers, both nationwide and at the Airport, will depend partly on the level of airfares.

Figure 13 shows the historical average domestic yield (airfare per passenger-mile) for U.S. airlines. Overcapacity in the industry, the ability of consumers to compare airfares and book flights easily via the Internet, and the 2001 recession combined to reduce the average yield between 2000 and 2004. The average yield then increased between 2004 and 2008 before again decreasing during the 2008-2009 recession. The average yield then increased between 2009 and 2014 as airline travel demand strengthened, the airlines collectively reduced available seat capacity, and the airlines were able to sustain airfare increases. Between 2014 and 2016, the average yield decreased and since 2016 has been fairly stable.

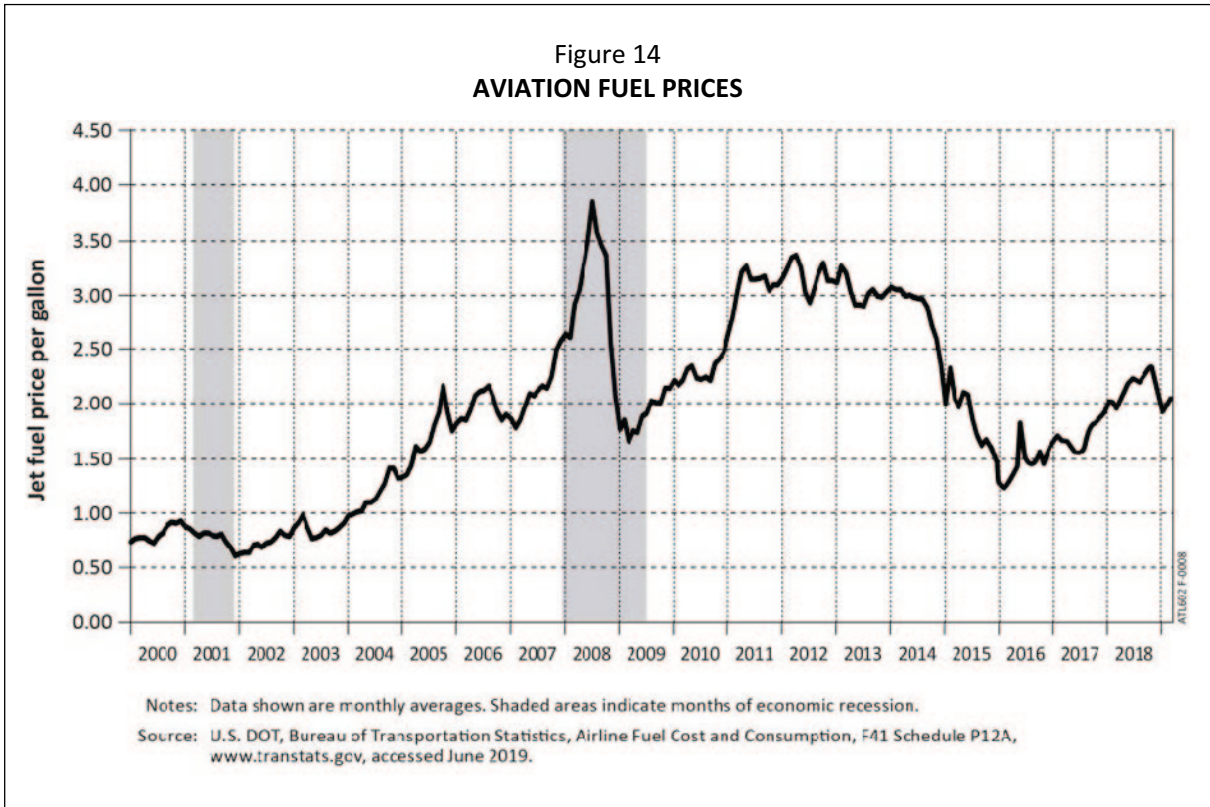


Beginning in 2006, charges were introduced by most airlines for optional services such as checked baggage, preferred seating, in-flight meals, and entertainment,

thereby increasing the effective price of airline travel more than yield figures indicate.

Availability and Price of Aviation Fuel

The price of aviation fuel is a critical and uncertain factor affecting airline operating economics. Figure 14 shows the historical fluctuation in aviation fuel prices caused by the many factors influencing the global demand for and supply of oil.



Between 2011 and 2014, aviation fuel prices were relatively stable, partly because of increased oil supply from U.S. domestic production made possible by the hydraulic fracturing of oil-bearing shale deposits and other advances in extraction technologies. As of mid-2014, average fuel prices were approximately three times those at the end of 2003 and accounted for between 30% and 40% of expenses for most airlines.

Beginning in mid-2014, an imbalance between worldwide demand and supply resulted in a precipitous decline in the price of oil and aviation fuel through the end of 2015. Fuel prices have since increased, but the average price of aviation fuel at the end of 2018 was still approximately 30% below the price at mid-2014. Lower fuel prices have a positive effect on airline profitability as well as far-reaching implications for the global economy.

Airline industry analysts hold differing views on how oil and aviation fuel prices may change in the near term, although, absent unforeseen disruptions, prices are expected to remain stable. There is widespread agreement that fuel prices are likely to increase over the long term as global energy demand increases in the face of finite oil supplies that are becoming more expensive to extract. Some economists predict that the development of renewable sources of energy, pressures to combat global climate change, the widespread use of electric cars, and other trends will eventually result in a decline in the demand for oil and associated downward pressure on fuel prices.

Aviation fuel prices will continue to affect airfares, passenger numbers, airline profitability, and the ability of airlines to provide service. Airline operating economics will also be affected as regulatory costs are imposed on the airline industry as part of efforts to reduce aircraft emissions contributing to climate change.

Aviation Safety and Security Concerns

Concerns about the safety of airline travel and the effectiveness of security precautions influence passenger travel behavior and airline travel demand. Anxieties about the safety of flying and the inconveniences and delays associated with security screening procedures lead to both the avoidance of travel and the switching from air to surface modes of transportation for short trips.

Safety concerns in the aftermath of the September 2001 attacks were largely responsible for the steep decline in airline travel nationwide in 2002. Since 2001, government agencies, airlines, and airport operators have upgraded security measures to guard against changing threats and maintain confidence in the safety of airline travel. These measures include strengthened aircraft cockpit doors, changed flight crew procedures, increased presence of armed federal air marshals, federalization of airport security functions under the Transportation Security Administration (TSA), more effective dissemination of information about threats, more intensive screening of passengers and baggage, and deployment of new screening technologies. The TSA has introduced “pre-check” service to expedite the screening of passengers who have submitted to background checks.

Following the fatal crashes of B-737 MAX aircraft that are suspected to have been caused by the malfunction of the aircraft’s automated flight control system, all B-737 MAX aircraft were grounded in March 2019. Among North American airlines, Air Canada, American, Southwest, United, and WestJet are being affected. Delta does not operate B-737 MAX aircraft. At the time of the grounding, B-737 MAX aircraft accounted for approximately 1.5% of U.S. airline seat capacity and 0.3% of seat capacity at the Airport. The grounding has not caused significant numbers of flight cancellations at the Airport. The grounding may last several more months while the flight control system software is updated and approved by the FAA and international regulators and pilot training is completed. Deliveries of new MAX aircraft have been halted until the aircraft is cleared to fly. The delay in aircraft

deliveries is negatively affecting airline fleet renewal and expansion plans, particularly those of Southwest.

Historically, airline travel demand has recovered after temporary decreases stemming from terrorist attacks or threats, hijackings, aircraft crashes, and other aviation safety concerns. Provided that precautions by government agencies, airlines, and airport operators serve to maintain confidence in the safety of commercial aviation without imposing unacceptable inconveniences for airline travelers, future demand for airline travel will depend primarily on economic, not safety or security, factors.

Capacity of the National Air Traffic Control System

Demands on the national air traffic control system have, in the past, caused delays and operational restrictions affecting airline schedules and passenger traffic. The FAA is gradually implementing its Next Generation Air Transportation System (NextGen) air traffic management programs to modernize and automate the guidance and communications equipment of the air traffic control system and enhance the use of airspace and runways through improved air navigation aids and procedures. Since 2007, airline traffic delays have decreased because of reduced numbers of aircraft operations (down approximately 15% between 2007 and 2018) but, as airline travel increases in the future, flight delays and restrictions can be expected.

Capacity of the Airport

In addition to any future constraints that may be imposed by the capacity of the national air traffic control and national airport systems, future growth in airline traffic at the Airport will depend on the capacity of the Airport itself.

Completion of the fifth runway at the Airport in 2006 greatly increased the capacity of the airfield to accommodate aircraft arrivals and departures, particularly in poor visibility. Operation of the fifth runway permits the simultaneous use of three runways for aircraft arrivals in all weather conditions. In a report on the capacity needs of the national airspace system released by the FAA in May 2007, the Airport was characterized as not needing additional capacity until after 2025. The airfield, terminal, and other facilities included in the City's capital improvement plan for the Airport are intended to ensure that Airport capacity will be available to accommodate forecast passenger demand.

FORECAST ASSUMPTIONS

Forecasts of airline traffic at the Airport through FY 2024 were developed taking into account analyses of the economic basis for airline traffic at the Airport, trends in historical airline traffic, and key factors that will affect future airline traffic, all as discussed in earlier sections. In developing the forecasts, it was assumed that airline service at the Airport will not be constrained by the availability of aviation fuel, limitations in the capacity of the air traffic control system or the Airport, charges for the use of aviation facilities, or government policies or actions that restrict growth. Forecasts for the Airport prepared by the FAA were also reviewed.

Estimates of enplaned passengers for FY 2019 were based on year-to-date actual results and advance airline schedules, with the estimated total of 54.5 million for FY 2019 representing a 3.7% increase over FY 2018. Two passenger forecasts were developed, a base forecast and a stress test forecast. The forecasts are presented graphically on Figure 15.

Base Passenger Forecast

For the base forecast, presented in Table 30, it was assumed that passenger numbers will increase gradually on the basis of assumptions that:

- The U.S. economy will experience sustained growth in GDP averaging between 2.0% and 2.5% per year, a range generally consistent with that projected by the Congressional Budget Office and the Georgia State University Economic Forecasting Center, as described in the earlier section “Economic Outlook.”
- The economy of the Airport service region will grow at a similar rate to that of the United States as a whole.
- A generally stable international political environment and safety and security precautions will ensure airline traveler confidence in aviation without imposing unreasonable inconveniences.
- There will be no major disruption of airline service or airline travel behavior as a result of international hostilities, terrorist acts or threats, or government policies restricting or deterring air travel.
- The airlines serving the Airport will be financially viable and provide the seat capacity required to accommodate passenger demand.
- Competition among the airlines serving major markets from the Airport will ensure the availability of competitive airfares.
- The Airport will continue to be the principal connecting hub and U.S. international gateway in the Delta system.

Domestic passenger numbers are forecast to increase at an average rate of 1.0% per year, while international passenger numbers are forecast to increase at a rate of 1.8% per year. Originating and connecting passenger numbers are forecast to increase at similar rates so that the originating percentage is approximately 39% throughout the forecast period.

Overall, the number of enplaned passengers is forecast to increase from an estimated 54.5 million in 2019 to 57.5 million in 2024, an average annual increase of 1.1%. In its most recent *Terminal Area Forecast* for the Airport (published in January 2019), the FAA forecasts an average annual increase of 2.0% in enplaned passengers over the same period.

Stress Test Passenger Forecast

The stress test forecast was developed to provide the basis for testing the sensitivity of the Airport's financial results to a hypothetical reduction in passenger numbers, such as could occur under conditions of weak economic growth or recession, restricted seat capacity, high airfares, and reduced connecting airline service resulting from changed airline network strategies.

Relative to the base forecast, beginning in FY 2021, originating passenger numbers for the stress test are forecast to be 10% lower and connecting passenger numbers are forecast to be 30% lower, with overall numbers of enplaned passengers approximately 21% lower. The stress test forecasts are shown in Exhibit H-2 at the end of the report.

Landed Weight

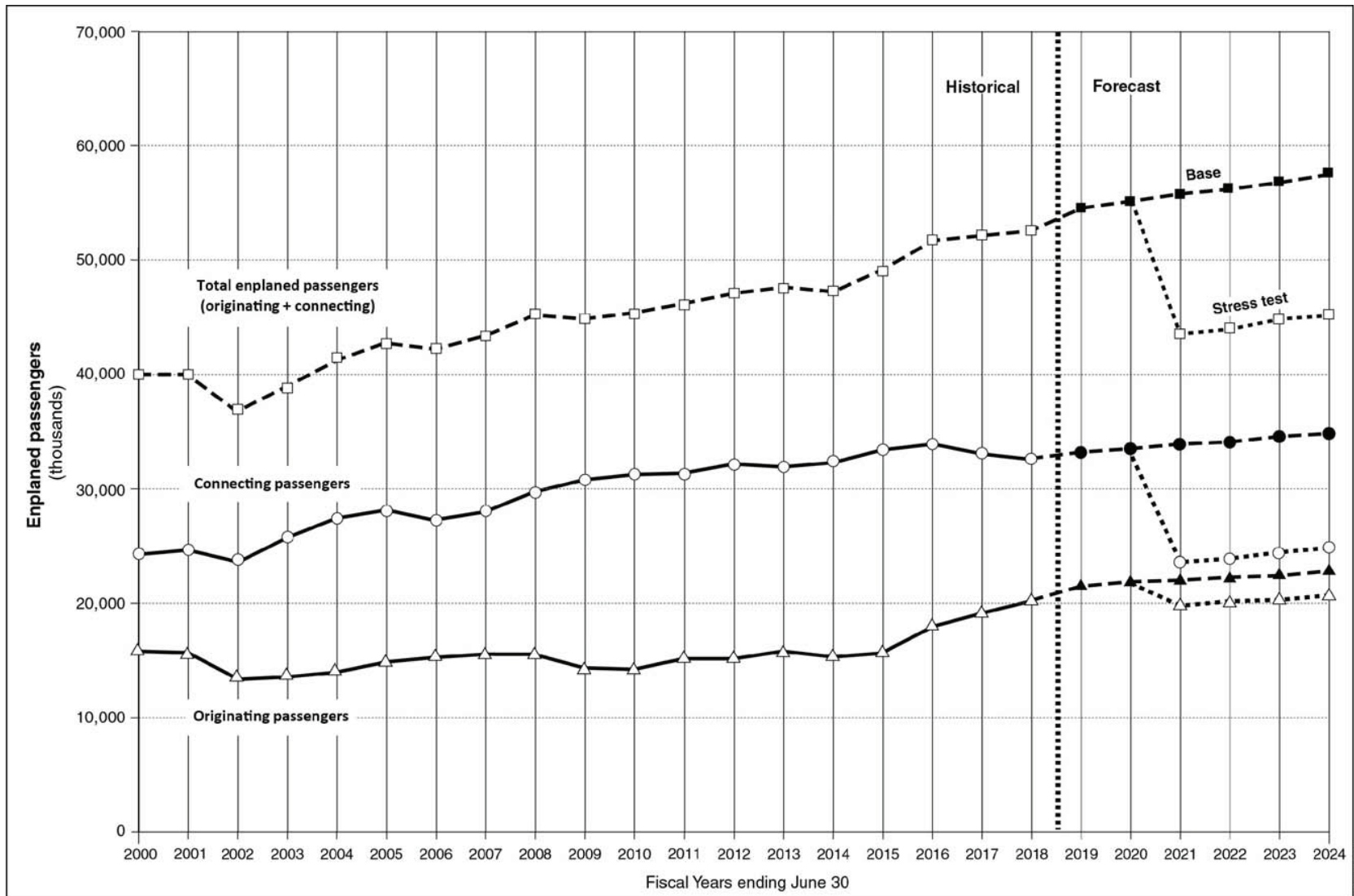
Forecasts of landed weight are shown in Exhibit E-1 at the end of the report. For both the base and stress test forecasts, aircraft landed weight is forecast to increase at approximately the same rate as enplaned passengers.

Table 30
AIRLINE PASSENGER FORECASTS
Hartsfield-Jackson Atlanta International Airport
Fiscal Years ended June 30
(passengers in thousands)

The forecasts presented in this table were prepared using the information and assumptions described in the accompanying text.
Inevitably, some of the assumptions will not be realized and unanticipated events and circumstances may occur.
Therefore, there will be differences between the forecast and actual results, and those differences may be material.

| | Historical (a) | | | | Forecast | | | | | |
|------------------------------------|----------------|--------|--------|--------|----------|--------|--------|--------|--------|--------|
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| Enplaned passengers | | | | | | | | | | |
| Domestic | 43,631 | 46,092 | 46,227 | 46,424 | 48,100 | 48,580 | 49,065 | 49,550 | 50,035 | 50,520 |
| Annual percent change | 3.7% | 5.6% | 0.3% | 0.4% | 3.6% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% |
| International | 5,426 | 5,715 | 5,871 | 6,138 | 6,400 | 6,520 | 6,635 | 6,750 | 6,865 | 6,980 |
| Annual percent change | 3.5% | 5.3% | 2.7% | 4.5% | 4.3% | 1.9% | 1.8% | 1.7% | 1.7% | 1.7% |
| Total enplaned | 49,056 | 51,807 | 52,098 | 52,562 | 54,500 | 55,100 | 55,700 | 56,300 | 56,900 | 57,500 |
| Annual percent change | 3.7% | 5.6% | 0.6% | 0.9% | 3.7% | 1.1% | 1.1% | 1.1% | 1.1% | 1.1% |
| International share of enplaned | 11.1% | 11.0% | 11.3% | 11.7% | 11.7% | 11.8% | 11.9% | 12.0% | 12.1% | 12.1% |
| Originating passengers | | | | | | | | | | |
| Domestic | 14,051 | 16,104 | 17,164 | 18,141 | 19,400 | 19,610 | 19,815 | 20,020 | 20,225 | 20,430 |
| Annual percent change | 4.0% | 14.6% | 6.6% | 5.7% | 6.9% | 1.1% | 1.0% | 1.0% | 1.0% | 1.0% |
| International | 1,576 | 1,731 | 1,885 | 1,898 | 2,000 | 2,040 | 2,085 | 2,130 | 2,175 | 2,220 |
| Annual percent change | 4.5% | 9.8% | 8.9% | 0.7% | 5.4% | 2.0% | 2.2% | 2.2% | 2.1% | 2.1% |
| Total originating enplaned | 15,627 | 17,835 | 19,049 | 20,039 | 21,400 | 21,650 | 21,900 | 22,150 | 22,400 | 22,650 |
| Annual percent change | 4.1% | 14.1% | 6.8% | 5.2% | 6.8% | 1.2% | 1.2% | 1.1% | 1.1% | 1.1% |
| International share of originating | 10.1% | 9.7% | 9.9% | 9.5% | 9.3% | 9.4% | 9.5% | 9.6% | 9.7% | 9.8% |
| Connecting passengers | | | | | | | | | | |
| Domestic | 29,580 | 29,988 | 29,063 | 28,283 | 28,700 | 28,970 | 29,250 | 29,530 | 29,810 | 30,090 |
| Annual percent change | 3.5% | 1.4% | -3.1% | -2.7% | 1.5% | 0.9% | 1.0% | 1.0% | 0.9% | 0.9% |
| International | 3,850 | 3,984 | 3,986 | 4,240 | 4,400 | 4,480 | 4,550 | 4,620 | 4,690 | 4,760 |
| Annual percent change | 3.1% | 3.5% | 0.0% | 6.4% | 3.8% | 1.8% | 1.6% | 1.5% | 1.5% | 1.5% |
| Total connecting enplaned | 33,429 | 33,972 | 33,049 | 32,523 | 33,100 | 33,450 | 33,800 | 34,150 | 34,500 | 34,850 |
| Annual percent change | 3.5% | 1.6% | -2.7% | -1.6% | 1.8% | 1.1% | 1.0% | 1.0% | 1.0% | 1.0% |
| International share of connecting | 11.5% | 11.7% | 12.1% | 13.0% | 13.3% | 13.4% | 13.5% | 13.5% | 13.6% | 13.7% |
| Percent originating | | | | | | | | | | |
| Domestic | 32.2% | 34.9% | 37.1% | 39.1% | 40.3% | 40.4% | 40.4% | 40.4% | 40.4% | 40.4% |
| International | 29.0% | 30.3% | 32.1% | 30.9% | 31.3% | 31.3% | 31.4% | 31.6% | 31.7% | 31.8% |
| Total | 31.9% | 34.4% | 36.6% | 38.1% | 39.3% | 39.3% | 39.3% | 39.3% | 39.4% | 39.4% |

(a) Source for historical data: City of Atlanta, monthly activity reports, and U.S. DOT, *Air Passenger Origin-Destination Survey*, reconciled to Schedules T100 and 298C T-1. Forecast: LeighFisher, June 2019.



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The forecasts presented in this figure were prepared using the information and assumptions described in the accompanying text. Inevitably, some of the assumptions will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecast, and the variations could be material.

Sources: Historical: City of Atlanta, monthly activity reports, U.S. DOT, *Air Passenger Origin-Destination Survey*, reconciled to Schedules T100 and 298C T-1.
 Base forecast and stress test: LeighFisher, June 2019.

Figure 15
AIRLINE PASSENGER FORECASTS
 Hartsfield-Jackson Atlanta International Airport

FINANCIAL ANALYSIS

FRAMEWORK FOR THE AIRPORT'S FINANCIAL OPERATIONS

Hartsfield-Jackson Atlanta International Airport is owned by the City of Atlanta and operated by the City's Department of Aviation as a self-supporting enterprise fund of the City under the direction of the Aviation General Manager with a staff of approximately 1,310, including 620 public safety (fire, police, and security) employees. Certain accounting, budgeting, bond financing, treasury, and related functions are performed by the City's Department of Finance. Airport funds are held in separate City accounts.

Bond Ordinance

The financial operations of the Airport are governed, in large part, by the Bond Ordinance authorizing the issuance of Airport Revenue Bonds, which provides for Bonds to be secured by various categories of Airport Revenues, including General Revenues and PFC Revenues. Capitalized terms in this report are used as defined in the Bond Ordinance or the Airline Agreement.

In Section 601 of the Bond Ordinance, the City undertakes to prescribe and collect rates, fees, and charges for the Airport services and facilities furnished by the City so as to ensure that annual Net General Revenues (General Revenues less Operating Expenses) will be sufficient to enable the City to meet at least 120% of the Debt Service Requirements of all outstanding General Revenue Bonds and make any other payments required under the Bond Ordinance, as summarized in the letter at the beginning of the report. Such provisions of Section 601 concerning General Revenues are referred to collectively as the Rate Covenant.

The Bond Ordinance also prescribes the application of Airport Revenues to the funds and accounts established under the Bond Ordinance, as described in the later sections "Application of General Revenues" and "Application of PFC Revenues," and specifies conditions that must be met for the issuance of additional Bonds.

Airline Agreement

The Airline Agreement establishes procedures for calculating rentals, fees, and charges for the use and occupancy of the facilities defining the two Airline cost centers, Airfield and Terminal.*

Costs allocable to the Airfield and Terminal cost centers define the Airline Rate Base Requirement for such cost centers, to include (1) Operating Expenses, (2) General Revenue Bond Debt Service, (3) coverage on General Revenue Bond Debt Service for prior Bonds (i.e., Bonds outstanding at June 2016, the effective date of the Airline

*The Airline Agreement uses the term Central Passenger Terminal Complex or CPTC to describe the Terminal cost center

Agreement, as they may be refunded) and certain of the proposed 2019AB Bonds and planned 2020-2022 Bonds at 20%, (4) coverage on General Revenue Bond Debt Service for other future Bonds at 30%, and (5) amortization of any capital investments made from the Renewal and Extension Fund. The Airline Rate Base Requirement for the Airfield is recovered through landing fees as described in the later section "Airline Landing Fees" and the Airline Rate Base Requirement for the Terminal is recovered through space rentals as described in the later section "Airline Terminal Rentals."

Costs allocable to the City cost centers, in effect all costs not allocable to the Airfield or Terminal, are paid by the City from parking, rental car, terminal concession, and other nonairline revenues. As described in the later section, "Revenue Sharing," the Airline Agreement provides for the credit of certain terminal concession revenues and certain per-passenger amounts to reduce required terminal rentals, provided that the City may reduce such credits as required to ensure that Net Revenues are adequate to provide at least 150% coverage of General Revenue Bond Debt Service.

The procedures for the annual adjustment of airline rentals, fees, and charges established by the Airline Agreement are intended to ensure continued compliance with the Rate Covenant and generate Net Revenues adequate to fund ongoing facility renewal, replacement, upgrade, and other capital needs.

NON-BOND SOURCES OF FUNDS

Exhibit A presents the expected permanent sources of financing for the Capital Plan to 2023. Certain of the projects were or are being financed by interim funding sources, as described in the later section "Interim Financing." The following sections describe sources of funding other than General Revenue Bonds.

FAA and TSA Grants-in-Aid

The City is eligible to receive FAA grants-in-aid under the Airport Improvement Program for up to 75% of the costs of airfield and other approved projects (80% for aircraft noise compatibility projects). Some of these grants are received as "entitlement" grants, the annual amount of which is calculated on the basis of the number of enplaned passengers and landed weight of all-cargo aircraft at the Airport. Other, "discretionary," grants are awarded on the basis of the FAA's determination of the priorities for projects at the Airport and at other airports nationwide.

In FY 2009 through FY 2018, the City received an average of \$8.5 million per year in entitlement grants and \$18.8 million per year in discretionary grants. In the funding plan shown in Exhibit A, entitlement grants averaging \$8.4 million per year and discretionary grants averaging \$17.5 million per year were assumed in FY 2019 through FY 2023 for airfield and noise mitigation projects.

It was also assumed in the funding plan that the City will receive grant funding from the Transportation Security Administration (TSA) for explosives detection system (EDS) machines as shown in Exhibit A.

PFC Revenues

The City has FAA approval to impose a passenger facility charge per eligible enplaned passenger at the Airport. The PFC was first imposed in 1997, at \$3.00, and increased to \$4.50 in 2001. Through FY 2018, PFC Revenues, including investment earnings, totaled \$3,552 million, of which \$2,877 million had been expended, \$1,776 million for project costs on a “pay-as-you-go” basis and \$1,101 million for principal and interest on Bonds. Principal and interest paid from PFC Revenues through FY 2018 by Bond series are as shown in Table 31.

| Table 31 | |
|---|------------------------|
| DEBT SERVICE PAID FROM PFC REVENUES | |
| Hartsfield-Jackson Atlanta International Airport | |
| Through FY ended June 30, 2018 | |
| Debt service on PFC Revenue Bonds | |
| 2004C PFC Bonds | \$ 143,506,000 |
| 2004DE PFC Bonds | 39,047,000 |
| 2004JK PFC Bonds | 331,806,000 |
| 2010B PFC Bonds | 283,302,000 |
| 2014A PFC Refunding Bonds | 109,883,000 |
| Debt service on General Revenue Bonds | |
| 2000 and 2004 Bonds as refunded by 2010C, 2011AB, and 2014B Bonds (for Runway 10-28) | 95,984,000 |
| 2000AB, 2004AB, and 2004FG Bonds (for interest during construction for MHJIT) | <u>97,234,000</u> |
| | <u>\$1,100,762,000</u> |

Source: City of Atlanta, Department of Aviation records.

Under FAA approvals through April 2019 (PFC applications #1 through #20), the City is authorized to impose a \$4.50 PFC and use up to \$5,290 million of PFC Revenues on approved projects (including amounts already expended). Such projects include property acquisition for and construction of Runway 10-28; the Runway 9L end-around taxiway; other runway, taxiway, and apron reconstruction projects; the MHJIT international terminal and associated roadways; the SkyTrain system and roadways serving the rental car center; other roadway improvements; hold baggage screening and other security improvements; air cargo apron construction; and aircraft noise mitigation.

Exhibit A presents estimated amounts of PFC funding for the Capital Plan to 2023. Exhibit F presents historical and forecast sources and uses of PFC Revenues by year assuming continued imposition of a \$4.50 PFC.

In June 2019, the City received approval from the FAA to amend PFC Application #18 to increase the amount of PFC collections and to use PFC Revenues to pay debt service on the proposed 2019CD PFC Bonds for the terminal modernization program and the Concourse T-North extension project. (Such projects were previously approved for pay-as-you-go PFC funding.)

Renewal and Extension Fund

Amounts accumulated in the Renewal and Extension Fund may be used to pay for capital improvements at the Airport. Renewal and Extension Fund moneys were assumed to be used for projects in the Capital Plan to 2023 as shown in Exhibit A.

Assumed funding from the Renewal and Extension Fund averages \$86.8 million per year in FY 2019 through FY 2023, less than the average annual amounts forecast to be deposited into the fund, as shown in Exhibit G. Excess amounts would be used for other Airport purposes.

Customer Facility Charge Revenues

The City imposes a customer facility charge (CFC) of \$5.00 per transaction-day on rental car customers at the Airport. The CFC has been in effect since October 2005, when the rate was set at \$4.00. Effective January 2009, the CFC rate was increased to \$4.50 and effective July 2010, the rate was increased to \$5.00. CFC Revenues are defined as Released Revenues under the Bond Ordinance and do not secure General Airport Revenue Bonds. (CFC Revenues are in addition to the rental car privilege fees included in General Revenues as shown in Exhibit E).

The City funded \$221.5 million of the costs of the rental car center with the proceeds of Bonds issued by the City of College Park in 2006 (the 2006AB CFC Bonds). The 2006AB CFC Bonds are secured by and payable entirely from CFC Revenues. The adequacy of CFC Revenues to meet the debt service requirements of the 2006AB CFC Bonds was not evaluated in this report.

In 2010, the City provided financing for completion costs of the rental car center with a \$72.0 million loan from the Renewal and Extension Fund that is being repaid from CFC Revenues.

The costs of rental car center projects in the Capital Plan to 2023 were assumed to be paid from CFC Revenues as shown in Exhibit A.

Interim Financing

Exhibit A presents the expected permanent sources of funding for projects in the Capital Plan to 2023. Certain of the projects are being interim financed with the proceeds of commercial paper notes.

Under the provisions of the Twenty-Fifth Supplemental Bond Ordinance adopted in July 2019, the City is authorized to issue up to \$2.0 billion of commercial paper notes secured by General Revenues or PFC Revenues subordinate to the liens securing General Revenue Bonds and PFC Revenue Bonds. Such authorization allows the City to encumber funds to enter into contracts for capital projects up to the \$2.0 billion amount.

The City is further authorized to issue up to \$950 million of 2019 Series J, K, and L commercial paper notes (J/K/L Notes) secured by irrevocable letters of credit issued by Bank of America, PNC Bank, and JPMorgan Chase Bank.

The J/K/L Notes refunded prior notes issued to fund various projects in the Capital Plan to 2023 including airfield renewal and replacement, the terminal modernization program, elements of the Concourse T-North extension, loading bridge replacement, the Delta SkyClub at Concourse B, and the ATL West parking garage.

As of August 14, 2019, \$526 million of J/K/L Notes was outstanding. Of such outstanding notes, the City now intends to redeem \$197 million with proceeds of the proposed 2019AB Bonds and \$135 million with proceeds of the proposed 2019CD PFC Bonds.

The City expects that it will continue to interim finance capital projects with the issuance of additional J/K/L Notes that will be redeemed from time to time by the issuance of General Revenue Bonds or PFC Revenue Bonds.

AIRPORT REVENUE BONDS

As of July 1, 2019, the outstanding principal amounts of Airport Revenue Bonds, all issued under the terms of the Bond Ordinance, were as shown in Table 32.

| Table 32 OUTSTANDING AIRPORT REVENUE BONDS Hartsfield-Jackson Atlanta International Airport As of July 1, 2019 | |
|---|-----------------------|
| Airport General Revenue Bonds, Series 2010A issued in November 2010 to finance certain costs of the international terminal (the 2010A Bonds) | \$ 155,760,000 |
| Airport General Revenue Refunding Bonds, Series 2010C issued in December 2010 to refund the outstanding variable-rate 2003RF-BC Bonds (the 2010C Refunding Bonds) | 363,585,000 |
| Airport General Revenue Refunding Bonds, Series 2011A and 2011B issued in July 2011 to refund the outstanding 2000ABC Bonds (collectively, the 2011AB Refunding Bonds) | 246,780,000 |
| Airport General Revenue Bonds, Series 2012A, 2012B, and 2012C issued in April 2012 to finance terminal improvements (collectively, the 2012ABC Bonds) | 431,565,000 |
| Airport General Revenue Refunding Bonds, Series 2014A, 2014B, and 2014C issued in March 2014 to refund the outstanding 2003RF-D and 2004ABC Bonds (collectively, the 2014ABC Refunding Bonds) | <u>232,800,000</u> |
| Subtotal, General Revenue Bonds | \$1,430,490,000 |
| Airport Passenger Facility Charge Revenue and Subordinate Lien General Revenue Bonds, Series 2010B issued in November 2010 to finance the international terminal (the 2010B PFC Bonds) | \$ 211,330,000 |
| Airport Passenger Facility Charge and Subordinate Lien General Revenue Refunding Bonds, Series 2014A issued in March 2014 to refund the outstanding 2004C and 2004J PFC Bonds (the 2014A PFC Bonds) | <u>523,605,000</u> |
| Subtotal, PFC Revenue Bonds | <u>\$ 734,935,000</u> |
| Total, all outstanding Bonds | \$2,165,425,000 |

Exhibit B presents the estimated sources and uses of funds for the proposed 2019AB Bonds, 2019CD PFC Bonds, and planned 2020-2022 Bonds, as provided by Frasca & Associates, LLC, the City's independent registered municipal advisor.

Only the proceeds from the sale of the proposed and planned Bonds were assumed as sources of funds for the Capital Plan to 2023. Investment earnings on amounts in the Construction Funds and Capitalized Interest Accounts during construction were not taken into account.

The assumed uses of Bond funds are to: (1) pay project costs (deposits to the Construction Funds, reimbursements to the Renewal and Extension Fund, and redemption of outstanding commercial paper notes); (2) make a deposit to the Capitalized Interest Accounts to pay interest during construction; (3) make deposits

to the Debt Service Reserve Account to meet Debt Service Reserve Requirements; and (4) pay underwriters' discount, financing, legal, bond insurance, and other issuance costs.

All outstanding PFC Revenue Bonds were issued as Hybrid Bonds secured by a senior lien on PFC Revenues and a subordinate lien on General Revenues. As shown in Exhibits C and F, all debt service on PFC Revenue Bonds is forecast to be paid from PFC Revenues. Annual PFC Revenues not used to pay Bond debt service would be used for pay-as-you-go project costs. No additional PFC Revenue Bonds after the proposed 2019CD PFC Bonds were assumed to be issued to fund the Capital Plan to 2023.

DEBT SERVICE REQUIREMENTS

Exhibit C presents historical and forecast Bond Debt Service Requirements. The amounts shown for each Fiscal Year are those to be accumulated for deposit into the Sinking Fund during such Fiscal Year to pay debt service due on January 1 and the immediately following July 1.

Beginning in FY 2016, the City has used PFC Revenues to pay the debt service requirements of General Revenue Bonds issued to fund Runway 10-28. It was assumed for the forecasts that the City will continue such payments in the amounts shown. All debt service amounts shown in Exhibit C are net of payments from capitalized interest and PFC Revenues.

OPERATING EXPENSES

Exhibit D presents historical and forecast Operating Expenses. Historical data are from the annual reports of the Airport Revenue Fund as reconciled to the City's audited financial statements. Data for FY 2019 and FY 2020 are as budgeted. Operating Expenses exclude most terminal operating and maintenance expenses, which are paid directly to the terminal operator by the airlines, as discussed in the later section "Terminal Operation and Maintenance Expenses."

Operating Expenses were forecast, using budgeted FY 2020 expenses as the base, taking into account assumed increases in unit costs as a result of inflation, forecast numbers of enplaned passengers, planned facility development, and other assumptions about Airport operations. In particular, the following assumptions were adopted for the forecast period:

1. The unit costs of salaries, wages, fringe benefits, materials, services, and supplies will increase an average of 3.0% per year to account for inflation.
2. In addition to inflation-related increases, the costs of operating, maintaining, and administering airfield, terminal building, and other facilities for which the Department of Aviation is responsible will increase as a function of the forecast increases in passenger numbers as presented in Table 30.

3. Airport facilities to be developed in the Capital Plan to 2023 will not materially affect operating and maintenance expenses.

In its financial statements, the City records as operating expenses certain expenses associated with the planning, management, and administration of capital projects and other major maintenance expenditures that are paid from the Renewal and Extension Fund. In calculating Net Revenues for purposes of debt service coverage under the Bond Ordinance, such major maintenance expenditures are excluded. Exhibit D presents Operating Expenses both before and after major maintenance expenditures.

Operating and maintenance expenses for the SkyTrain serving the rental car center and the Gateway Center are shown in Exhibit D with the Operating Expenses of the Airport. Such SkyTrain expenses were assumed to be paid entirely from CFC Revenues and City of College Park contributions, as shown in Exhibit E. Operating expenses for the rental car center itself were assumed to be paid by the rental car center tenants, as shown in Exhibit D.

GENERAL REVENUES

Exhibit E presents historical and forecast General Revenues. Historical data are from the annual reports of the Airport Revenue Fund as reconciled to the City's audited financial statements. Data for FY 2019 are as estimated taking into account year-to-date actual and budgeted amounts. The distribution of Revenues by major category in FY 2018 was as shown in Table 33.

| | Revenues | Share |
|-----------------------------------|----------------------|--------------|
| Airline revenues | | |
| Landing fees | \$ 34,414,000 | 6.3% |
| Terminal rentals (net of credits) | 95,363,000 | 17.4 |
| Reimbursed expenses | <u>10,808,000</u> | <u>1.9</u> |
| Subtotal airline revenues | \$140,585,000 | 25.6% |
| Inside concession revenues | \$117,270,000 | 21.4% |
| Parking and ground transportation | 199,570,000 | 36.3 |
| Other | <u>91,695,000</u> | <u>16.7</u> |
| Subtotal nonairline revenues | <u>\$408,535,000</u> | <u>74.4%</u> |
| Total | \$549,120,000 | 100.0% |

Individual components of Revenues shown in Exhibit E were forecast by taking into account historical results through FY 2018, estimated amounts for FY 2019, allowances for price inflation at 3.0% per year, planned facility development, and

the provisions of the Airline Agreement and various other leases and agreements between the City and Airport users and tenants.

Revenues from sources related to passenger numbers, such as concession and parking revenues, were forecast to change as a function of the forecasts shown in Table 30. The specific assumptions underlying individual components of Revenues are set forth in the following sections.

AIRLINE REVENUES

Airline rentals, fees, and charges as calculated in accordance with the terms of the Airline Agreement are summarized in the following sections.

Airline Rate Base Requirements

The Airline Rate Base Requirements for the Airline cost centers (Airfield and Terminal) for each Fiscal Year comprise (1) allocated Operating Expenses, (2) allocated Debt Service on General Revenue Bonds, (3) coverage on General Revenue Bond Debt Service, and (4) amortization of any capital investments made from the Renewal and Extension Fund.

Direct Operating Expenses (as incurred for the operation and maintenance of the Airport, including security, police, and fire services) are allocated to the Airline and City cost centers according to percentages reflecting the functions of each Airport operating department. Indirect Operating Expenses (for administration and overhead functions) are allocated 100% to the City cost centers. Allocations by cost center are shown in Exhibit D. (For information, Exhibit D presents Operating Expenses by sub-cost center within the Terminal (Domestic Terminal, International Terminal, and AGTS), although such sub-allocations are not taken into account in the calculation of Terminal rentals.)

Allocation percentages as agreed to by the City and the Signatory Airlines are shown for FY 2019. The allocation percentages, which are based on budgeted amounts for FY 2018, are subject to periodic review and adjustment to reflect changes in Airport operations. For purposes of this report, the FY 2019 percentages are assumed for all forecast years.

Debt Service on General Revenue Bonds is generally allocated to the Airline and City cost centers according to the costs of the projects funded with each series of Bonds, as summarized in Exhibit C.

Coverage of Debt Service on General Revenue Bonds is to be calculated at 20% for prior Bonds (i.e., Bonds outstanding at June 2016, as they may be refunded) and the portions of the proposed 2019AB Bonds to be issued to pay the costs of the terminal modernization program. Coverage is to be calculated at 30% for the remaining portions of the 2019AB Bonds and planned 2020-2022 Bonds and any other future Bonds.

Amortization of any future investments from the Renewal and Extension Fund is to be calculated in accordance with terms to be agreed upon by the City and the Signatory Airlines.

Landing Fees

The landing fee rate (assessed per 1,000 pounds of maximum certificated gross aircraft landed weight) is calculated to fully recover Airfield costs by dividing the Airline Rate Base Requirement for the Airfield, less landing fees collected from nonsignatory airlines, by Signatory Airline landed weight.

The landing fee rate, as calculated using budgeted data, becomes effective as of the beginning of each Fiscal Year. The rate is subject to a mid-year adjustment if actual costs and landed weight vary materially from the budgeted amounts. Following the close of the Fiscal Year, the Landing Fee requirement is recalculated using actual costs and landed weight and a true-up credit or debit is issued to the Signatory Airlines.

Landing Fees shown in Exhibit E for forecast years are as calculated using the methodology just described. Landing Fees for historical years are as calculated according to the provisions of the prior Airport use agreement, as discussed in the later section "Airline Revenues under Prior Agreements."

Terminal Rentals

Terminal rentals (assessed per square foot) are calculated to fully recover Terminal costs by dividing the Airline Rate Base Requirement for the Terminal by rented space. Different rental rates are calculated by category of space (holdroom, other upper level enclosed, lower level enclosed, and unenclosed) and equalized across all space in the domestic and international terminals.

As with the landing fees, terminal rentals are calculated using budgeted data, become effective as of the beginning of each Fiscal Year, are subject to a mid-year adjustment if actual costs and rented space vary materially from the budgeted amounts, and are subject to a year-end true-up.

Charges for the use of the international terminal, which is operated as a common use facility, are assessed, per passenger, separately for the various categories of arriving and departing passengers using the terminal (international, domestic, and precleared). These charges are derived from the calculated equalized Airport-wide terminal rental rates according to the space occupied by the various facilities used by arriving and departing passengers (check-in counters, departure concourses, CBP inspection facilities, and baggage claim facilities).

Charges for the use of common-use facilities in the domestic terminal are similarly calculated using the equalized Airport-wide terminal rental rates for the facilities and passengers accommodated (at gates, check-in counters, and baggage claim).

For purposes of the Exhibit E presentation, terminal rentals paid by nonairline tenants, are accounted for as airline revenues.

Terminal rentals shown in Exhibit E for forecast years are as calculated using the methodology just described. Terminal rentals for historical years (through September 2017) are as calculated according to the provisions of the prior CPTC lease, under which the airlines paid a combination of terminal space rentals and expense reimbursements, as discussed in the later section "Airline Revenues under Prior Agreements."

Revenue Sharing

Under the Airline Agreement, to reduce required airline payments during a transition from the generally lower payments required under the prior airline agreements, the City credits the Signatory Airlines with an inside concession credit and a per passenger credit.

The inside concession credit is calculated as a percentage of revenues derived from food, beverage, retail, and other inside terminal concessions. The rate is 70% in each year through FY 2021 and 50% in each year thereafter. (Under the prior CPTC leases, a 50% credit of inside concession revenues was provided.)

The per passenger credit is to be calculated at \$0.60 per enplaned passenger in each year through FY 2021, calculated at \$0.40 per enplaned passenger in FY 2022 through FY 2027, and terminated thereafter.

Such inside concession credits and per passenger credits are subject to the limitation that they will not in aggregate exceed 100% of inside concession revenues. The credits may also be reduced so as to ensure that Net Revenues are at least 150% of Debt Service on General Revenue Bonds.

The City also reimburses the Signatory Airlines for certain O&M expenses attributable to inside concession facilities for which the City retains revenues.

Airline Revenues under Prior Agreements

Historical airline revenues shown in Exhibits E and E-1 (through September 2017) are as calculated under the provisions of the prior airline agreements.

Landing Fees. Under the terms of the prior Airport use agreements, the airlines paid landing fees as the sum of a basic landing fee and landing fees for successive airfield improvement programs (AIP). The basic landing fee was assessed at a rate of \$0.16 per 1,000 pounds of landed weight and did not allow for the full recovery of direct airfield operating and maintenance expenses. AIP landing fees were assessed to recover annual debt service plus 20% coverage on General Revenue Bonds issued for specific airfield improvement programs and did provide for the full recovery of airfield capital investments.

Terminal Rentals. Under the terms of the prior CPTC leases, the airlines paid terminal rentals to allow the recovery of the amortized capital costs, plus 20% coverage, of facilities financed with General Revenue Bonds. Generally, 100% of the capital costs of terminal facilities and 50% of the capital costs of the AGTS were recovered. Amortization was calculated from cost factors for specific facilities on the assumption of level principal plus interest payments over the term of the Bonds used to finance each facility.

The airlines paid rentals for their exclusive and preferential leased premises and their pro rata shares of rentals for joint leased premises comprising all public space (corridors, restrooms, and vertical circulation) and inside concession space. The share of joint leased premises rentals paid by each airline was calculated according to a series of joint lease formulas that took into account the square footage of premises leased and the numbers of passengers enplaned, as applicable for the rental, charge, or credit in question. Different rental rates are charged for each concourse and tenant facility.

Inside Concession Credits. The CPTC leases provided for an annual credit against terminal rentals calculated as 50% of inside terminal concession revenues after adjustments to account for certain AGTS and concession space costs.

Reimbursed Expenses. The airlines paid operations charges to reimburse the City for expenses related to AGTS operation and maintenance (60% of direct operating and maintenance expenses), fire and police protection services, security checkpoint services, insurance premiums for coverage provided by the City, and designated expenses for the international terminal.

Common-Use Terminal Management Expenses

The City contracts the management and operation of the international terminal and other common-use terminal facilities at the Airport to TBI. TBI recovers amounts equivalent to terminal rentals as calculated under the Airline Agreement, plus a management fee, from the airlines through per-passenger use charges, which are set quarterly. Amounts attributable to debt service costs are remitted to the City and included with Revenues in Exhibit E. Amounts attributable to operating and maintenance expenses are not included with Revenues in Exhibit E, but are shown separately in Exhibit E-1 as payments to the common-use terminal manager in the calculation of all-in airline payments per enplaned passenger. TBI's management fee is recorded with Operating Expenses in Exhibit D and with Revenues in Exhibit E.

Terminal Operation and Maintenance Expenses

Operation and maintenance of the terminal complex is performed by the Atlanta Airlines Terminal Company (AATC), a consortium formed by the Signatory Airlines for such purpose. In addition to the terminal rentals, fees, and charges they pay to the City, the airlines make payments to AATC for operating and maintenance expenses. Such payments are not recorded as Operating Expenses in Exhibit D or as

Revenues in Exhibit E, but are shown separately in Exhibit E-1 as payments to the terminal operator in the calculation of all-in airline payments per enplaned passenger.

Airline Payments per Enplaned Passenger

Exhibit E-1 presents the calculation of airline landing fees, terminal rentals, and other charges paid by the passenger airlines serving the Airport and summarizes the total of all such airline payments per enplaned passenger. In FY 2018, airline payments to the City were \$137,316,000 (average of \$2.61 per enplaned passenger). In addition, the airlines paid \$29,483,000 through TBI and \$92,500,000 through AATC, for a combined all-in payment of \$259,299,000 (average of \$4.93 per enplaned passenger).

Fuel System Fees

The City owns and operates two of the three fuel farms at the Airport, and Delta owns and operates the third. Only operating and maintenance expenses for the City's fuel farms are recorded as Operating Expenses in Exhibit D. Related revenues, as calculated to recover allocated expenses, are shown as fuel flowage fees in Exhibit E and totaled \$9,530,000 in FY 2018.

INSIDE CONCESSION REVENUES

Facilities for concessions and passenger services are provided throughout the passenger terminal complex in approximately 337,000 square feet of space accommodating approximately 265 concession and service outlets (not counting small kiosks and vending machines). Under most of the agreements covering inside terminal concessions and services, the City receives revenues calculated as the greater of a percentage of gross revenues or a minimum annual guarantee (MAG). Under most of the agreements, the City receives the percentage fee. Exceptions now paying the MAG amount include the duty free, advertising, and currency exchange concessions.

In FY 2018, revenues received by the City (before distribution of the inside concession credit to the airlines) from concessions and services in the passenger terminal complex were as shown in Table 34. Such revenues in FY 2018 were equivalent to 20.4% of the \$573.7 million in gross revenues generated from all inside terminal concessions and services.

Table 34
TERMINAL CONCESSION REVENUES
Hartsfield-Jackson Atlanta International Airport
Fiscal Year ended June 30, 2018

| | Inside concession revenues | Percent of total |
|--------------------------------|-------------------------------|---------------------|
| Food and beverage | \$52,625,000 | 44.9% |
| Retail merchandise | 24,705,000 | 21.1 |
| Duty free | 15,000,000 | 12.8 |
| Advertising | 12,958,000 | 11.0 |
| Other concessions and services | <u>12,004,000</u> | <u>10.2</u> |
| Total | \$117,292,000 | 100.0% |

Food and Beverage

Approximately 130 food and beverage outlets encompassing approximately 185,000 square feet are operated in the terminal complex, most by prime concessionaire joint ventures of national and local companies, among them Concessions International, Delaware North, HMS Host, Hojeij Branded Foods, and Jackamont Hospitality. Many individual food and beverage outlets are operated under subcontract, often by disadvantaged business enterprises. In FY 2018, gross revenues for food and beverage concessions totaled \$346.0 million, equivalent to \$6.58 per enplaned passenger.

Under the food and beverage concession agreements, most of which extend to April 2022, the City receives from the prime concessionaires percentage fees, mostly between 14% and 16%, against MAG amounts calculated as the greater of the proposal amount or 85% of the prior year's percentage rent. In FY 2018, the City received \$52,625,000 in food and beverage revenues, equivalent to 15.2% of gross revenues. Food and beverage revenues were forecast to increase with numbers of enplaned passengers and price inflation assuming an average percentage fee of 15.2%.

Retail Merchandise

Approximately 105 news, gift, and other retail merchandise concession outlets encompassing approximately 97,000 square feet are operated in the terminal complex, most by prime concessionaire joint ventures involving Airport Retail Management, Hudson Group, and Paradies Lagardere. Many individual outlets are operated under subcontracts, often by disadvantaged business enterprises. In FY 2018, gross revenues for retail merchandise concessions totaled \$155.4 million, equivalent to \$2.96 per enplaned passenger.

In 2008, the City entered into retail concession agreements for the landside terminal building and domestic concourses (each for seven years with three-year renewals at

the City's option) with four prime concessionaire joint ventures. With exercise of the renewals, the term of the agreements extended to September 2018. The City expects to award successor agreements (again for seven years with three-year renewal options) during 2019. Pending such awards, month-to-month holdover extensions of the current agreements are in effect.

Two prime retail concessionaire agreements for the international terminal and Concourses E and F that (with the exercise of three-year renewal options) will extend to April 2022.

Under the terms of the retail concession agreements, the City receives percentage fees, mostly calculated at between 14% and 19%, against MAG amounts calculated as the greater of the proposal amount or 85% of the prior year's percentage rent. In FY 2018, the City received \$24,705,000 in retail rental revenues, equivalent to 15.9% of gross revenues. Retail merchandise revenues were forecast to increase with numbers of enplaned passengers and price inflation, assuming an average percentage fee of 15.9%.

Duty Free

Duty free shops are operated on Concourse E (9,500 square feet) and Concourse F (11,500 square feet) by the Dutyfree Americas Peachtree joint venture under an agreement that (with the exercise of a three-year renewal option) will extend to April 2022. In FY 2018, gross revenues for the duty free concession totaled \$28.6 million, equivalent to \$4.66 per international enplaned passenger.

Under the agreement, the City receives rentals calculated as 35% of gross revenues against a MAG amount of the greater of \$10,500,000 or 85% of the prior year's percentage fee. In FY 2018, the City received the MAG amount then in effect, \$15,000,000, equivalent to 52.4% of gross revenues.

Duty free revenues were forecast to increase with numbers of international enplaned passengers and price inflation, assuming the greater of 35% of gross revenues or the MAG amount.

Advertising

Advertising displays are provided throughout the terminal complex by Clear Channel under a concession agreement that extends to December 2025. The agreement provides for the payment to the City of the greater of 65% of gross advertising revenues or a MAG of \$12,600,000. Advertising revenues were forecast with numbers of enplaned passengers and inflation or as the MAG amount.

Other Concessions and Services

Other concessions and passenger services from which the City derives revenues are provided from approximately 30 outlets and include spa and personal services, sleeping rooms, currency exchange, baggage carts, the CLEAR registered traveler

security program, travel business services, automated teller machines, shoe shines, and Georgia Lottery outlets. The City also operates a 7,300-square-foot airline passenger lounge in the international terminal on a common-use basis through a third-party concessionaire.

In FY 2018, revenues received by the City under agreements for these various concessions and services totaled \$12,004,000, equivalent to \$0.23 per enplaned passenger. Such revenues were forecast to increase with numbers of enplaned passengers and inflation.

The concession agreement for currency exchange, which (with the exercise of a three-year renewal option) will extend to August 2022, provides for percentage fees of 9.0% for foreign currency exchange and 45.0% for other services.

The City has agreements with cellular telephone and wireless Internet providers that provide for the payment of fees for the use of City cellular and WiFi infrastructure. Such WiFi fees were \$1,280,000 in FY 2018 and were forecast to increase with numbers of enplaned passengers and inflation. The City provides free wireless Internet access in the terminal complex.

PARKING AND GROUND TRANSPORTATION REVENUES

Public Parking

At the domestic terminal, the City provides public parking spaces in garages adjacent to the terminal building (Hourly and Daily parking), in Economy lots within walking distance of the terminal building, and in remote Park-Ride lots served by shuttle buses. Spaces are also provided in the garages for Gold Reserve parking accessible only to patrons holding City-issued transponders.

At the international terminal, public parking spaces are provided in a garage adjacent to the terminal (Hourly and Gold Reserve parking) and in a remote garage served by shuttle buses (Park-Ride parking).

The numbers of spaces and parking rates for each facility as of June 2019 were as shown in Table 35.

Parking rates were last increased in August 2017. Hourly garage rates were increased as follows: \$3 per hour for the first two hours (increase from \$2), \$4 per hour for the next four hours (increase from \$3), and \$36 per day (increase from \$32 per day for first day and \$36 per day for additional days). Daily garage rates were increased from \$16 to \$19 per day. Economy lot rates were increased from \$12 to \$14 per day. Park-Ride lot rates were increased from \$9 to \$10 per day.

Table 35
PUBLIC PARKING FACILITIES AND RATES
Hartsfield-Jackson Atlanta International Airport
June 2019

| | Spaces | Parking rates |
|------------------------|--------------|---|
| Domestic Terminal | | |
| Terminal garages | | |
| Hourly parking | 1,977 | \$3 per hour for first 2 hours \$4 per hour for next 4 hours \$36 per day |
| Daily parking | 10,296 | \$3 per hour, \$19 per day |
| Gold Reserve spaces | 943 | \$3 per hour \$34 per day (by debit card) |
| Economy lots | 5,978 | \$3 per hour, \$14 per day |
| Park-Ride lots | 7,524 | \$3 per hour, \$10 per day |
| | <hr/> 26,718 | |
| International Terminal | | |
| Terminal garage | | |
| Hourly parking | 1,011 | \$3 per hour for first 2 hours \$4 per hour for next 4 hours \$36 per day |
| Gold Reserve spaces | 211 | \$3 per hour \$34 maximum per day (by debit card) |
| Park-Ride garage | 2,585 | \$3 per hour, \$14 per day |
| Subtotal International | <hr/> 3,807 | |
| Total | <hr/> 30,525 | |

Before August 2017, parking rates were last increased in July 2010, when Daily garage rates were increased from \$14 to \$16 per day and Economy lot rates were increased from \$10 to \$12 per day. Park-Ride lot rates were last increased in October 2000, from \$6 to \$9 per day.

Private operators that provide shuttle bus service to and from the Airport provide approximately 13,000 parking spaces off-Airport. Off-Airport parking rates are competitive with those charged at the City's Economy and Park-Ride lots.

On-Airport parking facilities and the shuttle buses that run between the parking lots and the terminals are operated for the City by ABM-Lanier-Hunt under a management agreement that became effective in May 2017. The agreement has a term of three years (with provision for a two-year extension). Under the management agreement, all parking operating costs are reimbursed to the parking

operator, which receives a fixed management fee, adjusted annually for inflation. Shuttle buses that run between the domestic and international terminals are operated under a separate management agreement with A-National Limousine (dba Airport Shuttle Group).

Since FY 2015, numbers of parking transactions have decreased relative to numbers of originating passengers. Between FY 2015 and FY 2018, the number of short-stay (Hourly) parking transactions increased 2.8%, while the number of originating passengers increased 28.2%, resulting in a 19.8% three-year decrease in the propensity to park as measured by parking transactions per originating passenger. Between FY 2015 and FY 2018, the number of long-stay (all other than Hourly) parking transactions increased 4.0%, resulting in an 18.9% decrease in the propensity to park as measured by parking transactions per originating passenger. Year-to-date data show the trend of decreased propensity to park continued in FY 2019.

The decreased propensity to park is the result of changed airport access travel choices attributable to a combination of changes in the relative cost and convenience of competing travel modes, limitations on the capacity of on-Airport facilities, and competition from off-Airport operators. Short-stay parking transactions have also been reduced as mobile phones make arranging curbside pick-up easier.

A cause of the decrease in the propensity to park is the increase in the number of trips by ride-hailing services such as Uber and Lyft (also referred to as transportation network companies or TNCs) as discussed in the later section "Other Ground Transportation."

Public parking represents the largest single source of nonairline revenues to City. In FY 2018, gross parking revenues totaled \$147,609,000, equivalent to \$7.37 per originating passenger. Operating expenses and management fees totaled \$31,914,000, yielding net revenues of \$115,695,000.

Parking revenues were forecast assuming that:

Parking spaces will be added as follows:

Park-Ride lot off Sullivan Road (1,530 spaces, mid-FY 2020)

ATL West parking garage served from the Gateway Center SkyTrain station (5,790 spaces, FY 2021)

Parking spaces will be lost to allow Airport development as follows:

West Economy lot for hotel construction (1,050 spaces, mid-FY 2020)

Park-Ride Lot A for construction of Runway 9L end-around taxiway (3,730 spaces, FY 2022)

Park-Ride Lot C for lot reconstruction (temporary loss of 950 spaces, FY 2021)

The planned eventual demolition and reconstruction of the parking garages at the domestic terminal will not occur until after the forecast period.

Increases in parking demand with increased numbers of originating passengers will be more than offset by further decreases in the propensity to park as changes in technology and economics make travel modes other than driving more convenient and attractive. In combination with parking capacity constraints, this reduced propensity to park will result in a net decrease in numbers of parking transactions.

Parking rates will not be increased during the forecast period.

Rental Cars

All rental car companies at the Airport operate under agreements to occupy and operate from premises at the consolidated rental car center. Such agreements provide for the payment of privilege fees calculated as 10% of gross receipts (subject to minimum guaranteed amounts).

During FY 2018, 11 rental car companies provided services at the Airport. Their shares of gross revenues in FY 2018 were as shown in Table 36.

| | | |
|--------------------|------------------|------------|
| Alamo/National (a) | \$115,327,000 | 28.2% |
| Hertz (b) | 80,527,000 | 19.7 |
| Avis (c) | 70,354,000 | 17.2 |
| Enterprise (a) | 59,139,000 | 14.4 |
| Dollar (b) | 16,757,000 | 4.1 |
| Budget (c) | 16,538,000 | 4.0 |
| Sixt | 15,188,000 | 3.7 |
| Thrifty (b) | 15,144,000 | 3.7 |
| Advantage | 8,626,000 | 2.1 |
| Payless (c) | 5,282,000 | 1.3 |
| EZ | 5,159,000 | 1.3 |
| Airport | <u>1,584,000</u> | <u>0.4</u> |
| Total | \$409,625,000 | 100.0% |

(a) Subsidiary of Enterprise Holdings, Inc.
 (b) Subsidiary of Hertz Global Holdings, Inc.
 (c) Subsidiary of Avis Budget Group.

In FY 2018, rental car privilege fees received by the City totaled \$42,010,000, equivalent to \$2.10 per originating passenger and 10.3% of gross revenues.

As with parking, since FY 2015, the number of rental car transactions has decreased relative to the number of originating passengers as airport access travel choices have changed. Between FY 2015 and FY 2018, the propensity to rent, as measured by the number of rental car transactions per originating passenger, decreased 13.4%. Year-to-date data show the trend of decreased propensity to rent continued in FY 2019. Rental car revenues were forecast to increase with increases in originating passenger numbers, assuming some further decreases in the propensity to rent, and with price inflation.

The operating and maintenance expenses of the rental car center and the SkyTrain are included in Operating Expenses, as shown in Exhibit D.

As discussed in the earlier section “Customer Facility Charge Revenues,” revenues are derived by the City from the imposition of a customer facility charge paid by all rental car customers at the Airport. It was assumed that the operating expenses of the SkyTrain system will be fully paid from CFC Revenues and contributions from the City of College Park, as shown in Exhibit E. It was assumed that the operating and maintenance expenses of the rental car center itself will be paid by the rental car companies, also as shown in Exhibit E.

Other Ground Transportation

The City derives revenues from taxicab, limousine, hotel and motel shuttle, off-Airport parking shuttle, and other commercial ground transportation services, mostly assessed as per trip charges. Effective January 2017, the City began collecting a fee of \$3.85 per pick-up from the transportation network companies operating at the Airport.

In FY 2018, commercial ground transportation revenues totaled \$9,951,000, equivalent to \$0.50 per originating passenger. Of the FY 2018 total, \$8,151,000 was paid by TNCs.

Airport pick-ups by TNCs have increased rapidly since reporting began in January 2017, averaging 7,690 trips per day in January-June 2019, a 67% increase from the average of 4,600 trips per day in January-June 2017. The increased use of TNCs for airport access has most obviously been at the expense of taxicabs – taxicab trips in January-June 2019 averaged 1,510 per day, a decrease from 1,920 trips per day in January-June 2017 – but has also contributed to decreased use of other access modes.

Commercial ground transportation revenues were forecast to change with forecast numbers of originating passengers, assuming some further increase in the share of trips accounted for by TNCs, but no increase in per trip fees.

OTHER REVENUES

Land and Building Rentals

The City derives revenues from the lease of approximately 900 acres of Airport land. Such leased land includes that occupied by Delta's corporate headquarters, Delta's Technical Operations Center, cargo and other facilities in the CTSA, and nonaeronautical tenants. In FY 2018, land rental revenues totaled \$19,244,000.

Most Airport land leases provide for a standard lease rate of \$1.13 per square foot per year, subject to a 3.0% annual increase and an adjustment to a fair market rental rate every five years. Certain leases, for land acquired in the 1970s, provide for rental rates of \$0.06 per square foot per year, increasing to the standard rate upon expiration of the leases. The remaining land leases provide for fixed rental rates throughout their terms.

Building rentals, which totaled \$15,972,000 in FY 2018, consist of rentals for the fixed base operator's facilities and for cargo buildings in the north and south cargo complexes and the CTSA. Such building rentals have historically been based on the recovery of capital costs without provision for escalation. As leases expire, the City seeks to adjust building rentals to fair market rates.

Also included with land and building rentals are aircraft parking and other fees for use of the south cargo complex. In FY 2018, such fees totaled \$4,738,000.

It was assumed that land and building rentals will increase in accordance with the provisions of the various leases and agreements.

Miscellaneous Revenues and Investment Income

Miscellaneous revenues, derived from various sales and recoveries of expenses, totaled \$5,203,000 in FY 2018. Such revenues were forecast to increase with inflation.

Investment income accounted for as Revenues in Exhibit E is derived from the investment of Department of Aviation operating funds and available balances in the Renewal and Extension Fund. In FY 2018, such investment income was \$10,506,000 and is forecast to remain at approximately the FY 2018 amount. As noted in the earlier section "Customer Facility Charge Revenues," a \$72.0 million loan was made from the Renewal and Extension Fund to fund completion costs of the rental car center. The loan is currently being amortized through 2030 at an interest rate of 7.0%, and it was assumed for this report that level annual payments of principal and interest of \$7,960,000 will continue. Interest on the loan is included in investment income in Exhibit A (\$4,805,000 in FY 2018 reducing to \$3,126,000 in FY 2024).

APPLICATION OF GENERAL REVENUES

Exhibit G presents the historical and forecast application of General Revenues.

Under the Bond Ordinance, all Airport Revenues except PFC Revenues and Released Revenues are to be deposited into the Revenue Fund and allocated to the appropriate accounts therein, including the General Revenue Account. Amounts deposited into the General Revenue Account are to be applied or deposited into the funds, accounts, and subaccounts established under the Bond Ordinance, as follows:

Operating Expenses. Pay all expenses reasonably incurred to operate, maintain, and repair Airport facilities, including any facilities financed with PFC Revenue Bonds.

Sinking Fund. Make payments into the Interest and Principal Subaccounts of the Payments Account to meet all Debt Service Requirements of General Revenue Bonds.

Debt Service Reserve Account. Make any payments needed to meet the Debt Service Reserve Requirements of outstanding General Revenue Bonds. (No such payments were forecast to be required.)

Rebate Account. Make any payments due the U.S. government as arbitrage rebate payments. (No such payments were forecast to be required.)

Renewal and Extension Fund. Amounts remaining after all other funding requirements of the Bond Ordinance have been met are retained for other Airport purposes, including:

- Funding Airport capital improvements
- Funding operating and other reserve accounts
- Redeeming or purchasing Bonds prior to their maturities

General Revenue Enhancement Subaccount. Amounts may also be transferred from the Renewal and Extension Fund to the General Revenue Enhancement Subaccount. Any amounts on deposit in this subaccount are accounted for as General Revenues in computing the coverage by Net Revenues of Debt Service Requirements for General Revenue Bonds. (No such transfers to the subaccount were assumed.)

APPLICATION OF PFC REVENUES

Exhibit F presents the historical and forecast application of PFC Revenues.

PFC Revenue Fund. Under the Bond Ordinance, all PFC Revenues are deposited into the PFC Revenue Fund and used to pay the approved costs of PFC Facilities, either to pay project costs directly or to pay debt service on PFC Revenue Bonds. Under the Bond Ordinance, amounts remaining in the PFC Revenue Fund

after the payment of project costs (together with any amounts in the PFC Revenue Bond Account of the Sinking Fund) must, at all times, be sufficient to cover all PFC Revenue Bond debt service payments to be made during the succeeding year.

PFC Revenue Enhancement Account. Amounts in the PFC Revenue Fund may also be transferred to the PFC Revenue Enhancement Account. Any amounts on deposit in this account are accounted for as PFC Revenues in computing the coverage by PFC Revenues of Debt Service Requirements for PFC Revenue Bonds. (No such deposits to the account were assumed.)

DEBT SERVICE COVERAGE

General Revenue Bonds

Exhibit G presents the calculation of debt service coverage for General Revenue Bonds. The calculation is shown for Net Revenues calculated before major maintenance expenditures made from the Renewal and Extension Fund, per the Bond Ordinance. Debt service coverage (Net Revenues divided by the Debt Service Requirements of all outstanding and future General Revenue Bonds) is forecast to exceed the 120% requirement of the Rate Covenant.

General Revenues not required for the payment of Operating Expenses and debt service on General Revenue Bonds (i.e., amounts otherwise available for deposit to the Renewal and Extension Fund) are to be available for the payment of debt service on PFC Revenue Hybrid Bonds. (No such payments are forecast to be required.)

PFC Revenue Bonds

Exhibit F presents the calculation of forecast debt service coverage for PFC Revenue Bonds.

STRESS TEST FINANCIAL PROJECTIONS

Exhibit H-1 summarizes the forecast financial results through FY 2024 as presented in Exhibits A through G and discussed in the preceding sections. Revenues and expenses were forecast assuming the base forecast of enplaned passengers presented in Table 30 in the earlier section "Forecast Assumptions."

Exhibit H-2 summarizes projected financial results associated with the stress test forecast of enplaned passengers discussed in the earlier section "Stress Test Forecast" and shown in Figure 15.

For the stress test financial projections, the Capital Plan to 2023 shown in Exhibit A was assumed to be implemented to the same schedule assumed for the base forecast, notwithstanding the reduced passenger traffic, and to be financed with the same sources of Bond proceeds and other funds.

The assumptions underlying the stress test financial projections are the same as those for the base financial forecasts, except (1) revenues related to passenger

numbers, such as PFC Revenues, terminal concession revenues, parking revenues, and rental car revenues, are projected to be lower; (2) terminal rental revenues are projected to be higher mainly because of reduced inside concession and per passenger credits; and (3) certain operating and maintenance expenses are projected to be lower to reflect the lower passenger numbers.

Under the stress test, General Revenue Bond debt service coverage ratios are projected to exceed the 120% requirement of the Rate Covenant, reduced annual PFC Revenues and balances in the PFC Revenue Fund are projected to be available for investment in future projects, and required airline payments per passenger are projected to increase relative to those for the base forecast.

Exhibit A

CAPITAL PLAN TO 2023

Hartsfield-Jackson Atlanta International Airport
For Fiscal Years ending June 30
(dollars in thousands)

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| Capital Plan to 2023 | Project costs (a) | AIP and TSA grants | | CFC, tenant, other funds | Renewal and Extension Fund | PFC Revenues pay-as-you-go | PFC Bonds 2019CD Bonds | General Revenue Bonds | | | | |
|-------------------------------------|-------------------|--------------------|---------------|--------------------------|----------------------------|----------------------------|------------------------|-----------------------|------------|------------|------------|------------|
| | | Entitlement | Discretionary | | | | | 2019AB Bonds | 2020 Bonds | 2021 Bonds | 2022 Bonds | |
| Airfield | | | | | | | | | | | | |
| Runway 9L end-around taxiway | \$ 69,191 | \$ - | \$ 37,454 | \$ - | \$ - | \$ 13,912 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 17,825 |
| South deicing complex | 147,800 | - | - | - | - | 133,020 | - | - | 14,780 | - | - | - |
| Airfield safety areas | 71,633 | 27,020 | - | - | - | 27,564 | - | - | 12,861 | 1,997 | - | 2,191 |
| Runway 9L pavement replacement | 32,374 | 16,789 | - | - | - | 15,585 | - | - | - | - | - | - |
| Apron-taxiway pavement replacement | 183,087 | - | 16,504 | - | - | 156,533 | - | - | - | 5,548 | - | 4,502 |
| Roadway replacement | 25,877 | - | - | - | - | 25,877 | - | - | - | - | - | - |
| Lighting-electrical replacement | 24,673 | - | - | - | 1,988 | 22,685 | - | - | - | - | - | - |
| Other airfield renewal 2016-2017 | 61,084 | - | - | - | 42,424 | 10,702 | - | 7,958 | - | - | - | - |
| Other airfield renewal 2018-2020 | 91,589 | - | 1,004 | - | 23,042 | 45,112 | - | 22,431 | - | - | - | - |
| Other airfield renewal 2021-2023 | 22,349 | - | - | - | 5,712 | - | - | - | - | 8,195 | - | 8,441 |
| ARFF Station #40 replacement | 22,561 | - | - | - | - | 3,507 | - | 19,054 | - | - | - | - |
| ARFF Station #33 renovation | 5,464 | - | - | - | - | - | - | - | 5,464 | - | - | - |
| Subtotal Airfield | \$ 757,682 | \$ 43,810 | \$ 54,962 | \$ - | \$ 73,166 | \$ 454,496 | \$ - | \$ 49,443 | \$ 33,105 | \$ 15,741 | \$ - | \$ 32,960 |
| Terminal | | | | | | | | | | | | |
| Terminal airside modernization | \$ 210,998 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 210,998 | \$ - | \$ - | \$ - | \$ - |
| Terminal landside modernization | 402,438 | - | - | - | - | - | 259,809 | - | 142,629 | - | - | - |
| AGTS turnback relocation | 301,082 | - | - | - | - | 199,599 | - | - | - | - | - | 101,484 |
| Concourse T-North extension | 371,469 | - | - | - | - | - | 210,240 | - | - | - | 161,229 | - |
| Concourse E apron reconfiguration | 11,091 | - | - | - | - | - | - | - | 11,091 | - | - | - |
| Concourses C and D gate upgrades | 6,200 | - | - | - | - | - | - | 6,200 | - | - | - | - |
| Emergency power generators | 142,055 | - | - | 142,055 | - | - | - | - | - | - | - | - |
| Utility plant and HVAC replacement | 215,608 | - | - | - | - | 3,507 | - | - | 19,873 | 24,153 | - | 168,076 |
| Fire life safety compliance | 111,759 | - | - | - | - | - | - | 23,561 | 21,953 | 46,112 | - | 20,133 |
| Terminal renewal 2018-2019 | 115,162 | - | - | - | 30,999 | 14,218 | - | 22,498 | 32,853 | 14,594 | - | - |
| Terminal renewal 2020-2021 | 161,945 | - | - | - | 26,803 | 15,082 | - | - | 11,330 | 82,402 | - | 26,328 |
| Terminal renewal 2022-2023 | 74,977 | - | - | - | 28,907 | - | - | - | - | 8,321 | - | 37,749 |
| Concourse D modernization | 72,713 | - | - | - | - | - | - | - | - | 72,713 | - | - |
| International arrivals upgrades | 9,184 | - | - | - | 3,879 | - | - | - | 5,305 | - | - | - |
| Loading bridge replacement | 201,806 | - | - | - | - | 201,806 | - | - | - | - | - | - |
| South security checkpoint expansion | 53,045 | - | - | - | - | - | - | - | 53,045 | - | - | - |
| Employee security screening | 26,211 | - | - | - | 2,600 | - | - | - | 2,486 | - | - | 21,125 |
| Explosive detection machines | 74,020 | - | 56,934 | - | 13,478 | - | - | - | - | 3,608 | - | - |
| Security screening smart lanes | 13,691 | - | - | - | 13,691 | - | - | - | - | - | - | - |
| MARTA station renovation | 13,999 | - | - | 13,999 | - | - | - | - | - | - | - | - |
| Airline-specific projects | 29,965 | - | - | - | - | - | - | 23,465 | - | 6,500 | - | - |
| Subtotal Terminal | \$ 2,619,418 | \$ - | \$ 56,934 | \$ 156,053 | \$ 120,356 | \$ 434,211 | \$ 470,049 | \$ 286,722 | \$ 300,565 | \$ 419,633 | \$ - | \$ 374,894 |

CAPITAL PLAN

Hartsfield-Jackson Atlanta International Airport
 For Fiscal Years ending June 30
 (dollars in thousands)

| Capital Plan to 2023 | Project costs (a) | AIP and TSA grants | | CFC, tenant, other funds | Renewal and Extension Fund | PFC Revenues pay-as-you-go | PFC Bonds 2019CD Bonds | General Revenue Bonds | | | | |
|---------------------------------------|-------------------|--------------------|---------------|--------------------------|----------------------------|----------------------------|------------------------|-----------------------|------------|------------|------------|------|
| | | Entitlement | Discretionary | | | | | 2019AB Bonds | 2020 Bonds | 2021 Bonds | 2022 Bonds | |
| Landside | | | | | | | | | | | | |
| Airport roadway reconstruction | \$ 2,122 | \$ - | \$ - | \$ - | \$ 2,122 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| West parking garage | 228,246 | - | - | - | - | - | - | - | 228,246 | - | - | - |
| North and South Garage life extension | 67,550 | - | - | - | 67,550 | - | - | - | - | - | - | - |
| South Park-Ride lot | 26,004 | - | - | - | 26,004 | - | - | - | - | - | - | - |
| Other parking projects | 42,949 | - | - | - | 42,949 | - | - | - | - | - | - | - |
| Commercial vehicle hold lot | 42,932 | - | - | - | 42,932 | - | - | - | - | - | - | - |
| West curbsides and plaza | 59,952 | - | - | - | 59,952 | - | - | - | - | - | - | - |
| Rental car center renewal | 5,282 | - | - | 5,282 | - | - | - | - | - | - | - | - |
| South cargo site preparation | 113,447 | - | - | 60,600 | 15,150 | 37,697 | - | - | - | - | - | - |
| Sheraton Hotel demolition | 30,872 | - | - | - | 30,872 | - | - | - | - | - | - | - |
| Other buildings | 14,974 | - | - | - | 14,974 | - | - | - | - | - | - | - |
| Landside fire station | 21,266 | - | - | - | 21,266 | - | - | - | - | - | - | - |
| Airport support facilities | 7,083 | - | - | - | 7,083 | - | - | - | - | - | - | - |
| Aircraft noise mitigation | 57,553 | - | 46,042 | - | - | 11,511 | - | - | - | - | - | - |
| Infrastructure renewal | 43,376 | - | - | - | 43,376 | - | - | - | - | - | - | - |
| Subtotal Landside | \$ 763,610 | \$ - | \$ 46,042 | \$ 65,882 | \$ 374,232 | \$ 49,208 | \$ - | \$ - | \$ 228,246 | \$ - | \$ - | \$ - |
| Total Capital Plan | \$ 4,140,710 | \$ 43,810 | \$ 157,939 | \$ 221,935 | \$ 567,754 | \$ 937,915 | \$ 470,049 | \$ 336,165 | \$ 561,916 | \$ 435,374 | \$ 407,854 | \$ - |

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(a) Costs escalated from 2018 dollar estimates to year of expenditure at 3.0% per year.
 Source: City of Atlanta, Department of Aviation.

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Exhibit B

SOURCES AND USES OF BOND FUNDS
Hartsfield-Jackson Atlanta International Airport
(dollars in thousands)

| | General Revenue Bonds | | | | | PFC Hybrid | Total |
|---|-----------------------|------------|------------|------------|--------------|--------------|--------------|
| | 2019AB Bonds | 2020 Bonds | 2021 Bonds | 2022 Bonds | Subtotal | 2019CD Bonds | Bonds |
| Sources of Bond Funds | | | | | | | |
| Bond proceeds | | | | | | | |
| Principal amount of Bonds | \$ 319,805 | \$ 619,850 | \$ 490,510 | \$ 460,295 | \$ 1,890,460 | \$ 459,385 | \$ 2,349,845 |
| Original issue premium (discount) | 47,486 | - | - | - | 47,486 | 72,619 | 120,105 |
| Net proceeds | \$ 367,291 | \$ 619,850 | \$ 490,510 | \$ 460,295 | \$ 1,937,946 | \$ 532,004 | \$ 2,469,950 |
| Uses of Bond Funds | | | | | | | |
| Project costs | \$ 336,165 | \$ 561,916 | \$ 435,374 | \$ 407,854 | \$ 1,741,309 | \$ 470,049 | \$ 2,211,358 |
| Capitalized Interest Account | 3,525 | 5,085 | 9,522 | 9,458 | 27,590 | - | 27,590 |
| Debt Service Reserve (DSR) requirement | | | | | | | |
| DSR Account deposit | \$ 21,183 | \$ 40,431 | \$ 35,788 | \$ 33,745 | \$ 131,147 | \$ 52,764 | \$ 183,911 |
| Bond insurance premium | - | - | - | - | - | - | - |
| Subtotal DSR requirement | \$21,183 | \$40,431 | \$35,788 | \$33,745 | \$ 131,147 | \$ 52,764 | \$ 183,911 |
| Other issuance costs | 6,418 | 12,418 | 9,826 | 9,238 | 37,900 | 9,191 | 47,091 |
| Total uses of Bond funds | \$367,291 | \$619,850 | \$490,510 | \$460,295 | \$ 1,937,946 | \$ 532,004 | \$ 2,469,950 |
| Key financing assumptions | | | | | | | |
| Bond interest rate | 3.99% | 5.00% | 6.00% | 6.00% | | 3.93% | |
| Issuance date (beginning of FY) | 2020 | 2021 | 2022 | 2023 | | 2020 | |
| Capitalized interest period (years) | 0.3 | 0.2 | 0.3 | 0.3 | | - | |
| Interest-only period thereafter (years) | - | - | - | - | | 14 | |
| Principal amortization period (years) | 29 | 30 | 30 | 30 | | 7 | |

Source: Frasca & Associates, LLC, August 1, 2019, using assumptions noted.

Exhibit C

DEBT SERVICE REQUIREMENTS
Hartsfield-Jackson Atlanta International Airport
For Fiscal Years ending June 30
(dollars in thousands)

| | Historical | | | | Forecast | | | | | |
|---|---------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 |
| General Revenue Bonds | | | | | | | | | | |
| Bonds for Pre-2000 Projects | | | | | | | | | | |
| 2011A Refunding Bonds (2000A RF) | \$ 27,063 | \$ 31,429 | \$ 31,227 | \$ 31,635 | \$ 45,168 | \$ 40,178 | \$ 38,202 | \$ - | \$ - | \$ - |
| 2011B Refunding Bonds (2000C) | 1,360 | 1,100 | 75 | 75 | 75 | 2,038 | - | - | - | - |
| 2014C Refunding Bonds (2003RF-D) | 13,062 | 13,043 | 13,030 | 13,069 | - | - | - | - | - | - |
| Subtotal | [A] \$ 41,485 | \$ 45,572 | \$ 44,332 | \$ 44,779 | \$ 45,243 | \$ 42,216 | \$ 38,202 | \$ - | \$ - | \$ - |
| Bonds for 2000-2015 Capital Plan | | | | | | | | | | |
| 2004F Bonds | \$ 5,587 | \$ 4,194 | \$ 4,274 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 2010A Bonds | 11,963 | 11,961 | 11,960 | 11,960 | 11,959 | 11,957 | 11,963 | 11,960 | 11,962 | 11,962 |
| 2010C Refunding Bonds | 44,104 | 12,264 | 22,613 | 25,416 | 22,876 | 22,876 | 22,877 | 22,877 | 22,876 | 22,878 |
| 2011A Refunding Bonds (2000A NM) | 5,285 | (818) | 533 | 317 | 343 | 345 | 1,365 | - | - | - |
| 2011B Refunding Bonds (2000B) | 9,466 | 2,769 | 5,576 | 5,572 | 5,573 | 4,554 | 5,610 | 11,787 | 11,775 | 11,761 |
| 2012A Bonds | 2,060 | 4,181 | 4,187 | 4,181 | 4,183 | 4,184 | 4,188 | 4,184 | 4,189 | 4,184 |
| 2012B Bonds | 7,315 | 12,326 | 12,328 | 12,331 | 12,325 | 12,330 | 12,330 | 12,329 | 12,327 | 12,328 |
| 2012C Bonds | 6,833 | 15,028 | 15,026 | 15,028 | 15,030 | 15,029 | 15,028 | 15,025 | 15,029 | 15,028 |
| 2014B Refunding Bonds (2004B) | 2,773 | 2,773 | 2,773 | 2,773 | 2,773 | 2,773 | 2,773 | 2,773 | 2,773 | 2,773 |
| 2014B Refunding Bonds (2004G) | 4,274 | 3,478 | 3,894 | 8,166 | 8,157 | 8,149 | 8,146 | 8,136 | 8,129 | 8,121 |
| 2014C Refunding Bonds (2004A) | 12,154 | 12,150 | 12,138 | 12,131 | 12,119 | 12,114 | 12,102 | 12,091 | 12,081 | 12,065 |
| Subtotal | [B] \$ 111,812 | \$ 80,305 | \$ 95,301 | \$ 97,875 | \$ 95,336 | \$ 94,310 | \$ 96,382 | \$ 101,162 | \$ 101,141 | \$ 101,101 |
| Subtotal outstanding Bonds | [C= A+B] \$ 153,298 | \$ 125,877 | \$ 139,633 | \$ 142,654 | \$ 140,579 | \$ 136,526 | \$ 134,583 | \$ 101,162 | \$ 101,141 | \$ 101,101 |
| Bonds for 2016-2035 Capital Plan | | | | | | | | | | |
| Proposed 2019AB Bonds | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 10,553 | \$ 19,223 | \$ 21,166 | \$ 21,171 | \$ 21,173 |
| Planned 2020 Bonds | - | - | - | - | - | - | 35,500 | 38,584 | 40,428 | 40,422 |
| Planned 2021 Bonds | - | - | - | - | - | - | - | 24,104 | 35,784 | 35,783 |
| Planned 2022 Bonds | - | - | - | - | - | - | - | - | 19,994 | 33,733 |
| Subtotal | [D] \$ - | \$ - | \$ - | \$ - | \$ - | \$ 10,553 | \$ 54,723 | \$ 83,854 | \$ 117,377 | \$ 131,110 |
| Total General Revenue Bonds | [E=C+D] \$ 153,298 | \$ 125,877 | \$ 139,633 | \$ 142,654 | \$ 140,579 | \$ 147,079 | \$ 189,306 | \$ 185,016 | \$ 218,518 | \$ 232,211 |
| PFC Revenue Hybrid Bonds | | | | | | | | | | |
| Bonds for 2000-2015 Capital Plan | | | | | | | | | | |
| 2010B Bonds | \$ 44,125 | \$ 44,126 | \$ 44,124 | \$ 44,125 | \$ 44,127 | \$ 44,123 | \$ 44,124 | \$ 44,125 | \$ 44,125 | \$ 29,016 |
| 2014A PFC Refunding Bonds (2004C) | 13,943 | 13,943 | 13,943 | 13,943 | 13,943 | 13,943 | 13,943 | 13,943 | 13,943 | 28,475 |
| 2014A PFC Refunding Bonds (2004J) | 11,849 | 11,849 | 11,849 | 11,849 | 11,849 | 11,849 | 11,849 | 11,849 | 11,849 | 11,849 |
| Subtotal | [F] \$ 69,916 | \$ 69,917 | \$ 69,915 | \$ 69,916 | \$ 69,918 | \$ 69,914 | \$ 69,916 | \$ 69,916 | \$ 69,916 | \$ 69,340 |

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DEBT SERVICE REQUIREMENTS
 Hartsfield-Jackson Atlanta International Airport
 For Fiscal Years ending June 30
 (dollars in thousands)

| | Historical | | | | Forecast | | | | | |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 |
| PFC Revenue Hybrid Bonds | | | | | | | | | | |
| Bonds for 2016-2035 Capital Plan | | | | | | | | | | |
| Proposed 2019CD PFC Bonds | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 18,567 | \$ 22,969 | \$ 22,969 | \$ 22,969 | \$ 22,969 |
| Total PFC Revenue Hybrid Bonds [H=F+G] | \$ 69,916 | \$ 69,917 | \$ 69,915 | \$ 69,916 | \$ 69,918 | \$ 88,481 | \$ 92,885 | \$ 92,886 | \$ 92,885 | \$ 92,309 |
| Less: Amount paid from PFC Revenues | (69,916) | (69,917) | (69,915) | (69,916) | (69,918) | (88,481) | (92,885) | (92,886) | (92,885) | (92,309) |
| PFC Revenue Hybrid Bond debt service paid from General Revenues [I] | - | - | - | - | - | - | - | - | - | - |
| Total debt service paid from General Reven [E+I] | \$ 153,298 | \$ 125,877 | \$ 139,633 | \$ 142,654 | \$ 140,579 | \$ 147,079 | \$ 189,306 | \$ 185,016 | \$ 218,518 | \$ 232,211 |
| Total General Revenue Bond and PFC Revenue Hybrid Bond Debt Service Requirements [E+H] | \$ 223,214 | \$ 195,794 | \$ 209,548 | \$ 212,570 | \$ 210,498 | \$ 235,560 | \$ 282,191 | \$ 277,901 | \$ 311,403 | \$ 324,520 |
| Cost Center allocation of debt service paid from General Revenues | | | | | | | | | | |
| Airfield | \$ 27,616 | \$ 4,119 | \$ 5,149 | \$ 7,957 | \$ 5,315 | \$ 6,610 | \$ 9,951 | \$ 9,671 | \$ 11,818 | \$ 12,926 |
| Domestic Terminal | 45,468 | 39,452 | 47,404 | 47,347 | 42,133 | 49,303 | 70,265 | 89,814 | 102,512 | 104,600 |
| International Terminal | 64,817 | 68,878 | 71,946 | 72,198 | 77,904 | 75,637 | 76,846 | 53,655 | 64,575 | 70,823 |
| AGTS | 6,410 | 4,032 | 5,680 | 5,656 | 5,657 | 5,548 | 7,466 | 9,211 | 16,017 | 20,267 |
| Tenant-specific | 2,446 | 2,575 | 2,667 | 2,677 | 1,600 | 2,275 | 2,824 | 2,669 | 2,844 | 2,844 |
| Subtotal Airline cost centers | \$ 146,756 | \$ 119,056 | \$ 132,846 | \$ 135,834 | \$ 132,610 | \$ 139,372 | \$ 167,352 | \$ 165,021 | \$ 197,765 | \$ 211,460 |
| Parking | 3,160 | 3,160 | 3,160 | 3,160 | 3,159 | 3,159 | 17,580 | 18,832 | 19,582 | 19,579 |
| Cargo | 2,416 | 2,765 | 2,661 | 2,695 | 3,846 | 3,588 | 3,247 | - | - | - |
| Subtotal City cost centers | \$ 6,541 | \$ 6,821 | \$ 6,786 | \$ 6,820 | \$ 7,970 | \$ 7,707 | \$ 21,954 | \$ 19,995 | \$ 20,753 | \$ 20,751 |
| Total | \$ 153,298 | \$ 125,877 | \$ 139,633 | \$ 142,654 | \$ 140,579 | \$ 147,079 | \$ 189,306 | \$ 185,016 | \$ 218,518 | \$ 232,211 |
| Percentage distribution | | | | | | | | | | |
| Airfield | 18.0% | 3.3% | 3.7% | 5.6% | 3.8% | 4.5% | 5.3% | 5.2% | 5.4% | 5.6% |
| Domestic Terminal | 29.7% | 31.3% | 33.9% | 33.2% | 30.0% | 33.5% | 37.1% | 48.5% | 46.9% | 45.0% |
| International Terminal | 42.3% | 54.7% | 51.5% | 50.6% | 55.4% | 51.4% | 40.6% | 29.0% | 29.6% | 30.5% |
| AGTS | 4.2% | 3.2% | 4.1% | 4.0% | 4.0% | 3.8% | 3.9% | 5.0% | 7.3% | 8.7% |
| Tenant-specific | 1.6% | 2.0% | 1.9% | 1.9% | 1.1% | 1.5% | 1.5% | 1.4% | 1.3% | 1.2% |
| Subtotal Airline cost centers | 95.7% | 94.6% | 95.1% | 95.2% | 94.3% | 94.8% | 88.4% | 89.2% | 90.5% | 91.1% |
| Parking | 2.1% | 2.5% | 2.3% | 2.2% | 2.2% | 2.1% | 9.3% | 10.2% | 9.0% | 8.4% |
| Cargo | 1.6% | 2.2% | 1.9% | 1.9% | 2.7% | 2.4% | 1.7% | 0.0% | 0.0% | 0.0% |
| City Nonrevenue | 0.6% | 0.7% | 0.6% | 0.6% | 0.6% | 0.6% | 0.6% | 0.6% | 0.5% | 0.5% |
| Subtotal City cost centers | 4.3% | 5.4% | 4.9% | 4.8% | 5.7% | 5.2% | 11.6% | 10.8% | 9.5% | 8.9% |
| Total | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

Note: General Revenue Bond amounts are net of payments made or to be made from capitalized interest and PFC Revenues. See Exhibit F for payments from PFC Revenues.
 Source for outstanding Bonds: City of Atlanta, Department of Finance.
 Source for proposed and planned Bonds: Frasca & Associates, LLC, August 1, 2019, using assumptions noted in Exhibit B.

Exhibit D

OPERATING EXPENSES

Hartsfield-Jackson Atlanta International Airport
 For Fiscal Years ending June 30
 (dollars in thousands)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by, Airport management, as described in the accompanying text. Inevitably, some assumptions used to develop the projections will not be realized and unanticipated events and circumstances may occur. Therefore, there will be differences between the projected and actual results, and those differences may be material.

| | Historical (a) | | | | Forecast | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 |
| Expenses by type | | | | | | | | | | |
| Personnel | \$ 89,438 | \$ 88,774 | \$ 94,338 | \$ 96,466 | \$ 102,238 | \$ 113,381 | \$ 118,059 | \$ 122,917 | \$ 127,960 | \$ 133,195 |
| Contract services | 53,820 | 64,465 | 73,109 | 84,807 | 108,589 | 119,650 | 124,586 | 129,711 | 135,031 | 140,554 |
| Utilities | 6,243 | 6,229 | 6,079 | 6,279 | 6,988 | 6,176 | 6,432 | 6,697 | 6,973 | 7,259 |
| Internal services | 18,856 | 18,217 | 18,491 | 21,096 | 22,896 | 23,076 | 24,028 | 25,017 | 26,043 | 27,108 |
| Materials and supplies | 4,537 | 4,212 | 6,786 | 6,179 | 6,418 | 7,972 | 8,303 | 8,647 | 9,004 | 9,374 |
| Rental car center (b) | 11,676 | 12,821 | 13,442 | 13,437 | 14,051 | 14,874 | 15,490 | 16,130 | 16,794 | 17,483 |
| Parking operations | 30,117 | 29,119 | 31,742 | 31,914 | 32,054 | 37,927 | 39,065 | 40,237 | 41,444 | 42,688 |
| Other | 17,329 | 21,199 | 24,418 | 14,155 | 17,770 | 19,283 | 20,078 | 20,903 | 21,760 | 22,649 |
| Total | \$ 232,016 | \$ 245,037 | \$ 268,406 | \$ 274,333 | \$ 311,004 | \$ 342,340 | \$ 356,042 | \$ 370,259 | \$ 385,008 | \$ 400,310 |
| Expenses by department | | | | | | | | | | |
| Administration | \$ 34,832 | \$ 39,882 | \$ 44,661 | \$ 49,718 | \$ 63,626 | \$ 68,502 | \$ 71,325 | \$ 74,256 | \$ 77,299 | \$ 80,457 |
| Operations | 13,116 | 14,360 | 14,894 | 18,212 | 17,213 | 21,630 | 22,522 | 23,448 | 24,408 | 25,406 |
| Security | 13,878 | 18,720 | 19,317 | 21,807 | 34,992 | 34,996 | 36,438 | 37,935 | 39,490 | 41,103 |
| AGTS maintenance | 19,895 | 20,378 | 20,822 | 22,035 | 22,022 | 22,151 | 23,064 | 24,012 | 24,996 | 26,017 |
| Building maintenance | 6,667 | 7,622 | 7,779 | 6,347 | 9,509 | 9,000 | 9,371 | 9,756 | 10,156 | 10,571 |
| Rental car center (b) | 11,676 | 12,821 | 13,442 | 13,437 | 14,051 | 14,874 | 15,490 | 16,130 | 16,794 | 17,483 |
| Parking operations | 30,117 | 29,119 | 31,742 | 31,914 | 32,054 | 37,927 | 39,065 | 40,237 | 41,444 | 42,688 |
| Ground transportation operations | 6,484 | 6,808 | 7,900 | 10,942 | 12,289 | 17,342 | 18,060 | 18,806 | 19,580 | 20,384 |
| Airfield maintenance | 17,426 | 19,126 | 20,412 | 17,941 | 19,092 | 22,360 | 23,293 | 24,261 | 25,268 | 26,313 |
| Fire services | 24,416 | 23,751 | 25,286 | 27,234 | 29,570 | 29,874 | 31,105 | 32,383 | 33,710 | 35,088 |
| Police services | 16,518 | 14,634 | 18,527 | 17,009 | 20,514 | 23,299 | 24,259 | 25,256 | 26,291 | 27,365 |
| Fuel farm operations | 7,947 | 5,651 | 6,956 | 5,556 | 6,742 | 7,614 | 7,927 | 8,253 | 8,591 | 8,942 |
| Liability-property insurance | 3,478 | 3,287 | 3,270 | 3,070 | 3,604 | 4,552 | 4,740 | 4,935 | 5,137 | 5,347 |
| Other City departments | 8,443 | 10,689 | 12,151 | 14,076 | 14,378 | 14,633 | 15,237 | 15,863 | 16,513 | 17,188 |
| Nondepartmental | 17,124 | 18,188 | 21,249 | 15,033 | 11,346 | 13,584 | 14,144 | 14,725 | 15,329 | 15,955 |
| Subtotal before major maintenance | \$ 232,016 | \$ 245,037 | \$ 268,408 | \$ 274,333 | \$ 311,003 | \$ 342,337 | \$ 356,039 | \$ 370,256 | \$ 385,005 | \$ 400,307 |
| Major maintenance expenditures (c) | 36,463 | 45,572 | 43,852 | 32,868 | 35,102 | 36,553 | 38,060 | 39,624 | 41,248 | 42,933 |
| Subtotal before adjustments | \$ 268,479 | \$ 290,609 | \$ 312,260 | \$ 307,201 | \$ 346,105 | \$ 378,891 | \$ 394,099 | \$ 409,880 | \$ 426,253 | \$ 443,240 |
| Accrual-to-cash-basis adjustment | (6,827) | (4,605) | (4,283) | (25,479) | - | - | - | - | - | - |
| Operating expenses (per financial statements) | \$ 261,652 | \$ 286,004 | \$ 307,977 | \$ 281,722 | \$ 346,105 | \$ 378,891 | \$ 394,099 | \$ 409,880 | \$ 426,253 | \$ 443,240 |
| Less: Major maintenance expenditures (c) | (36,463) | (45,572) | (43,852) | (32,868) | (35,102) | (36,553) | (38,060) | (39,624) | (41,248) | (42,933) |
| Operating Expenses (before major maintenance expenditures) | \$ 225,189 | \$ 240,432 | \$ 264,125 | \$ 248,854 | \$ 311,003 | \$ 342,337 | \$ 356,039 | \$ 370,256 | \$ 385,005 | \$ 400,307 |
| Annual percent change | 0.4% | 6.8% | 9.9% | -5.8% | 25.0% | 10.1% | 4.0% | 4.0% | 4.0% | 4.0% |

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OPERATING EXPENSES

Hartsfield-Jackson Atlanta International Airport
 For Fiscal Years ending June 30
 (dollars in thousands)

| | Historical (a) | | | | Forecast | | | | | |
|--|----------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 |
| Expenses by cost center | | | | | | | | | | |
| Airfield | \$ 31,042 | \$ 33,682 | \$ 35,829 | \$ 35,312 | \$ 40,149 | \$ 44,336 | \$ 46,173 | \$ 48,082 | \$ 50,064 | \$ 52,121 |
| Domestic Terminal | 31,051 | 32,886 | 36,102 | 36,947 | 46,909 | 50,342 | 52,417 | 54,571 | 56,808 | 59,130 |
| International Terminal | 10,447 | 11,053 | 12,125 | 12,401 | 15,737 | 16,908 | 17,605 | 18,328 | 19,079 | 19,859 |
| AGTS | 20,055 | 20,529 | 20,973 | 22,176 | 22,188 | 22,360 | 23,282 | 24,239 | 25,232 | 26,263 |
| Subtotal Airline cost centers | \$ 92,595 | \$ 98,150 | \$ 105,029 | \$ 106,837 | \$ 124,983 | \$ 133,946 | \$ 139,477 | \$ 145,220 | \$ 151,183 | \$ 157,373 |
| Parking | \$ 33,471 | \$ 32,435 | \$ 35,386 | \$ 35,698 | \$ 36,547 | \$ 42,642 | \$ 43,974 | \$ 45,348 | \$ 46,764 | \$ 48,225 |
| Ground Transportation | 8,186 | 8,505 | 9,721 | 12,855 | 14,542 | 19,700 | 20,516 | 21,363 | 22,242 | 23,154 |
| Rental Car Center | 13,956 | 15,078 | 15,938 | 16,004 | 17,145 | 18,161 | 18,912 | 19,693 | 20,503 | 21,344 |
| Cargo | 4,050 | 4,339 | 4,747 | 4,974 | 5,873 | 7,282 | 7,582 | 7,894 | 8,217 | 8,553 |
| Fuel Farm | 10,106 | 7,851 | 9,285 | 8,084 | 9,701 | 10,596 | 11,033 | 11,486 | 11,957 | 12,446 |
| Other City Revenue | 4,686 | 5,158 | 5,135 | 5,299 | 7,086 | 6,183 | 6,438 | 6,703 | 6,977 | 7,262 |
| City Nonrevenue | 64,965 | 73,521 | 83,167 | 84,581 | 95,127 | 103,830 | 108,110 | 112,553 | 117,165 | 121,952 |
| Subtotal City cost centers | \$ 139,421 | \$ 146,887 | \$ 163,380 | \$ 167,496 | \$ 186,021 | \$ 208,394 | \$ 216,565 | \$ 225,038 | \$ 233,825 | \$ 242,937 |
| Total | \$ 232,016 | \$ 245,037 | \$ 268,408 | \$ 274,333 | \$ 311,004 | \$ 342,340 | \$ 356,042 | \$ 370,259 | \$ 385,008 | \$ 400,310 |
| Distribution of expenses by cost center | | | | | | | | | | |
| Airfield | 13.4% | 13.7% | 13.3% | 12.9% | 12.9% | 13.0% | 13.0% | 13.0% | 13.0% | 13.0% |
| Domestic Terminal | 13.4% | 13.4% | 13.5% | 13.5% | 15.1% | 14.7% | 14.7% | 14.7% | 14.8% | 14.8% |
| International Terminal | 4.5% | 4.5% | 4.5% | 4.5% | 5.1% | 4.9% | 4.9% | 5.0% | 5.0% | 5.0% |
| AGTS | 8.6% | 8.4% | 7.8% | 8.1% | 7.1% | 6.5% | 6.5% | 6.5% | 6.6% | 6.6% |
| Subtotal Airline cost centers | 39.9% | 40.1% | 39.1% | 38.9% | 40.2% | 39.1% | 39.2% | 39.2% | 39.3% | 39.3% |
| Parking | 14.4% | 13.2% | 13.2% | 13.0% | 11.8% | 12.5% | 12.4% | 12.2% | 12.1% | 12.0% |
| Ground Transportation | 3.5% | 3.5% | 3.6% | 4.7% | 4.7% | 5.8% | 5.8% | 5.8% | 5.8% | 5.8% |
| Rental Car Center | 6.0% | 6.2% | 5.9% | 5.8% | 5.5% | 5.3% | 5.3% | 5.3% | 5.3% | 5.3% |
| Cargo | 1.7% | 1.8% | 1.8% | 1.8% | 1.9% | 2.1% | 2.1% | 2.1% | 2.1% | 2.1% |
| Fuel Farm | 4.4% | 3.2% | 3.5% | 2.9% | 3.1% | 3.1% | 3.1% | 3.1% | 3.1% | 3.1% |
| Other City Revenue | 2.0% | 2.1% | 1.9% | 1.9% | 2.3% | 1.8% | 1.8% | 1.8% | 1.8% | 1.8% |
| City Nonrevenue | 28.0% | 30.0% | 31.0% | 30.8% | 30.6% | 30.3% | 30.4% | 30.4% | 30.4% | 30.5% |
| Subtotal City cost centers | 60.1% | 59.9% | 60.9% | 61.1% | 59.8% | 60.9% | 60.8% | 60.8% | 60.7% | 60.7% |
| Total | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

(a) Source: City of Atlanta, Airport Revenue Fund reports.

(b) Expenses for rental car center and SkyTrain. See Exhibit E for offsetting revenues.

(c) Certain major maintenance expenditures paid from the Renewal and Extension Fund, which are recorded by the City as operating expenses in its financial statements.

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Exhibit E

GENERAL REVENUES

Hartsfield-Jackson Atlanta International Airport

For Fiscal Years ending June 30

(dollars and passengers in thousands except per passenger rates)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by, Airport management, as described in the accompanying text. Inevitably, some assumptions used to develop the projections will not be realized and unanticipated events and circumstances may occur. Therefore, there will be differences between the projected and actual results, and those differences may be material.

| | Historical (a) | | | | Forecast | | | | | |
|---------------------------------------|----------------|-------------|-------------|--------------|--------------|--------------|--------------|-------------|-------------|--------------|
| | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 |
| Landing fees | | | | | | | | | | |
| Signatory Airlines | \$ 31,893 | \$ 17,034 | \$ 16,971 | \$ 34,081 | \$ 46,907 | \$ 52,782 | \$ 61,043 | \$ 60,646 | \$ 68,373 | \$ 71,951 |
| Nonsignatory airlines | 273 | 212 | 249 | 332 | 191 | 213 | 243 | 239 | 267 | 278 |
| Subtotal | \$ 32,166 | \$ 17,246 | \$ 17,220 | \$ 34,414 | \$ 47,098 | \$ 52,995 | \$ 61,286 | \$ 60,885 | \$ 68,639 | \$ 72,228 |
| Annual percent change | -31.7% | -46.4% | -0.1% | 99.8% | 36.9% | 12.5% | 15.6% | -0.7% | 12.7% | 5.2% |
| Terminal rentals and charges | | | | | | | | | | |
| Per CPTC leases | | | | | | | | | | |
| Terminal building | \$ 59,994 | \$ 59,957 | \$ 60,197 | \$ 15,755 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Tenant facilities | 70,396 | 67,847 | 75,198 | 18,082 | - | - | - | - | - | - |
| Aircraft apron | 4,233 | 4,214 | 4,217 | 1,100 | - | - | - | - | - | - |
| Subtotal | \$ 134,624 | \$ 132,018 | \$ 139,612 | \$ 34,936 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Per Airline Agreement | | | | | | | | | | |
| Domestic Terminal | \$ - | \$ - | \$ - | \$ 69,792 | \$ 99,857 | \$ 114,398 | \$ 147,236 | \$ 168,508 | \$ 192,530 | \$ 193,353 |
| International Terminal | - | - | - | 72,098 | 109,596 | 108,070 | 110,944 | 84,208 | 111,087 | 120,349 |
| AGTS | - | - | - | 21,559 | 29,704 | 29,746 | 33,139 | 36,314 | 46,155 | 52,380 |
| Tenant-specific | - | - | - | 5,232 | 10,950 | 11,833 | 12,552 | 12,416 | 12,644 | 12,435 |
| Subtotal | \$ - | \$ - | \$ - | \$ 168,681 | \$ 250,107 | \$ 264,046 | \$ 303,871 | \$ 301,447 | \$ 362,416 | \$ 378,517 |
| Less: Inside concession credit | (54,060) | (58,920) | (61,167) | (81,730) | (85,145) | (86,120) | (89,494) | (66,590) | (69,358) | (72,233) |
| Less: Per passenger revenue credit | - | - | - | (22,447) | (32,700) | (33,060) | (33,420) | (22,520) | (22,760) | (23,000) |
| Less: AATC expense reimbursement (b) | - | - | - | (4,078) | (6,162) | (6,346) | (6,537) | (6,733) | (6,935) | (7,143) |
| Subtotal credits and reimbursement | \$ (54,060) | \$ (58,920) | \$ (61,167) | \$ (108,255) | \$ (124,006) | \$ (125,526) | \$ (129,451) | \$ (95,843) | \$ (99,053) | \$ (102,375) |
| Subtotal terminal rentals and charges | \$ 80,563 | \$ 73,099 | \$ 78,445 | \$ 95,363 | \$ 126,101 | \$ 138,520 | \$ 174,421 | \$ 205,604 | \$ 263,363 | \$ 276,142 |
| Annual percent change | -5.4% | -9.3% | 7.3% | 21.6% | 32.2% | 9.8% | 25.9% | 17.9% | 28.1% | 4.9% |
| Reimbursed operating expenses | | | | | | | | | | |
| AGTS maintenance | \$ 13,715 | \$ 15,239 | \$ 15,075 | \$ 4,097 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Fire services | 9,180 | 8,660 | 8,785 | 2,804 | - | - | - | - | - | - |
| Police services | 5,607 | 5,605 | 5,001 | 1,708 | - | - | - | - | - | - |
| Security checkpoints | 3,777 | 3,110 | 4,814 | 1,554 | - | - | - | - | - | - |
| Insurance premiums | 747 | 748 | 714 | 105 | - | - | - | - | - | - |
| International terminal | 671 | 1,390 | 2,028 | (798) | - | - | - | - | - | - |
| Common-use terminal manager (c) | 1,395 | 1,469 | 1,472 | 1,339 | - | - | - | - | - | - |
| Subtotal | \$ 35,092 | \$ 36,222 | \$ 37,890 | \$ 10,809 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Annual percent change | -4.8% | 3.2% | 4.6% | -71.5% | -100.0% | n.a. | n.a. | n.a. | n.a. | n.a. |
| Subtotal airline revenues (d) | \$ 147,821 | \$ 126,566 | \$ 133,555 | \$ 140,585 | \$ 173,199 | \$ 191,515 | \$ 235,707 | \$ 266,489 | \$ 332,002 | \$ 348,370 |
| Annual percent change | -12.6% | -14.4% | 5.5% | 5.3% | 23.2% | 10.6% | 23.1% | 13.1% | 24.6% | 4.9% |

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GENERAL REVENUES

Hartsfield-Jackson Atlanta International Airport
 For Fiscal Years ending June 30
 (dollars and passengers in thousands)

| | Historical (a) | | | | Forecast | | | | | |
|--|----------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 |
| Inside concessions | | | | | | | | | | |
| Food and beverage | \$ 45,600 | \$ 50,153 | \$ 52,261 | \$ 52,625 | \$ 54,670 | \$ 56,930 | \$ 59,276 | \$ 61,712 | \$ 64,241 | \$ 66,866 |
| Retail merchandise | 23,527 | 24,580 | 24,307 | 24,705 | 26,160 | 27,241 | 28,364 | 29,530 | 30,740 | 31,996 |
| Duty free | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 11,251 | 11,770 | 12,309 | 12,871 | 13,455 |
| Advertising | 8,072 | 9,808 | 11,412 | 12,958 | 12,600 | 13,121 | 13,662 | 14,223 | 14,806 | 15,411 |
| Services | 11,356 | 11,908 | 12,255 | 12,004 | 11,858 | 14,172 | 14,776 | 15,405 | 16,058 | 16,738 |
| Adjustment (e) | (716) | 853 | (79) | (22) | - | - | - | - | - | - |
| Subtotal | [A] \$ 102,839 | \$ 112,302 | \$ 115,154 | \$ 117,270 | \$ 120,288 | \$ 122,715 | \$ 127,848 | \$ 133,179 | \$ 138,716 | \$ 144,465 |
| Annual percent change | 1.6% | 9.2% | 2.5% | 1.8% | 2.6% | 2.0% | 4.2% | 4.2% | 4.2% | 4.1% |
| Enplaned passengers | [B] 49,056 | 51,807 | 52,098 | 52,562 | 54,500 | 55,100 | 55,700 | 56,300 | 56,900 | 57,500 |
| Revenue per enplaned passenger | [A/B] \$2.10 | \$2.17 | \$2.21 | \$2.23 | \$2.21 | \$2.23 | \$2.30 | \$2.37 | \$2.44 | \$2.51 |
| Parking and ground transportation | | | | | | | | | | |
| Public parking | \$ 124,047 | \$ 132,090 | \$ 131,895 | \$ 147,609 | \$ 148,780 | \$ 144,768 | \$ 156,637 | \$ 148,019 | \$ 150,466 | \$ 150,626 |
| Rental car privilege fees | 36,347 | 38,812 | 40,359 | 42,010 | 42,850 | 43,738 | 44,639 | 45,552 | 46,480 | 47,420 |
| Other ground transportation | 2,287 | 2,446 | 5,724 | 9,951 | 11,840 | 12,858 | 14,011 | 15,315 | 15,481 | 15,647 |
| Subtotal | [C] \$ 162,681 | \$ 173,347 | \$ 177,979 | \$ 199,570 | \$ 203,470 | \$ 201,363 | \$ 215,287 | \$ 208,886 | \$ 212,426 | \$ 213,693 |
| Annual percent change | 6.5% | 6.6% | 2.7% | 12.1% | 2.0% | -1.0% | 6.9% | -3.0% | 1.7% | 0.6% |
| Originating passengers | [D] 15,627 | 17,835 | 19,049 | 20,039 | 21,400 | 21,640 | 21,880 | 22,120 | 22,360 | 22,600 |
| Revenue per originating passenger | [C/D] \$10.41 | \$9.72 | \$9.34 | \$9.96 | \$9.51 | \$9.31 | \$9.84 | \$9.44 | \$9.50 | \$9.46 |
| Other | | | | | | | | | | |
| Land and building rentals | \$ 40,813 | \$ 40,011 | \$ 39,503 | \$ 39,953 | \$ 41,078 | \$ 37,016 | \$ 37,023 | \$ 37,545 | \$ 37,541 | \$ 37,548 |
| Fuel flowage fees | 9,006 | 11,000 | 8,934 | 9,530 | 10,000 | 10,300 | 10,609 | 10,927 | 11,255 | 11,593 |
| Rental car center reimbursements (f) | 13,413 | 14,212 | 15,401 | 13,364 | 14,051 | 14,874 | 15,490 | 16,130 | 16,794 | 17,483 |
| Miscellaneous revenues | 6,448 | 9,375 | 7,430 | 5,203 | 7,286 | 7,339 | 7,394 | 7,450 | 7,508 | 7,568 |
| Subtotal | \$ 69,681 | \$ 74,597 | \$ 71,268 | \$ 68,051 | \$ 72,416 | \$ 69,529 | \$ 70,517 | \$ 72,053 | \$ 73,099 | \$ 74,192 |
| Subtotal nonairline revenues | \$ 335,201 | \$ 360,246 | \$ 364,401 | \$ 384,891 | \$ 396,174 | \$ 393,608 | \$ 413,652 | \$ 414,118 | \$ 424,241 | \$ 432,350 |
| Annual percent change | 2.5% | 7.5% | 1.2% | 5.6% | 2.9% | -0.6% | 5.1% | 0.1% | 2.4% | 1.9% |
| Subtotal operating revenues | \$ 483,022 | \$ 486,812 | \$ 497,955 | \$ 525,475 | \$ 569,373 | \$ 585,122 | \$ 649,359 | \$ 680,607 | \$ 756,243 | \$ 780,720 |
| Investment income | 14,372 | 17,144 | 14,787 | 15,311 | 15,133 | 15,957 | 16,162 | 16,367 | 16,569 | 16,770 |
| Subtotal revenues before adjustments | \$ 497,394 | \$ 503,957 | \$ 512,742 | \$ 540,786 | \$ 584,506 | \$ 601,079 | \$ 665,522 | \$ 696,974 | \$ 772,813 | \$ 797,490 |
| Accrual-to-cash-basis adjustment | 15,558 | (4,165) | (16) | 8,333 | - | - | - | - | - | - |
| Total General Revenues | \$ 512,952 | \$ 499,792 | \$ 512,726 | \$ 549,120 | \$ 584,506 | \$ 601,079 | \$ 665,522 | \$ 696,974 | \$ 772,813 | \$ 797,490 |

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- (a) Source: City of Atlanta, Airport Revenue Fund reports.
- (b) Reimbursement of AATC O&M expenses attributable to inside concession facilities for which the City retains revenues.
- (c) Management fee for common-use terminal manager. Related expenses are included with operations and security in Exhibit D.
- (d) Includes nonairline terminal rentals.
- (e) Adjustment to reconcile historical concession revenues as reported in detailed concession reports and in Airport Revenue Fund reports.
- (f) Payments made from CFC Revenues, by rental car center tenants, and by the City of College Park. See Exhibit D for related expenses.

Exhibit E-1

CALCULATION OF AIRLINE PAYMENTS
Hartsfield-Jackson Atlanta International Airport
For Fiscal Years ending June 30

(dollars and passengers in thousands except per passenger and landing fee rates)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by, Airport management, as described in the accompanying text. Inevitably, some assumptions used to develop the projections will not be realized and unanticipated events and circumstances may occur. Therefore, there will be differences between the projected and actual results, and those differences may be material.

| | Historical (a) | | | | Forecast | | | | | |
|---|----------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 |
| Landing fees | | | | | | | | | | |
| Per Airport use agreements | | | | | | | | | | |
| Basic landing fees | \$ 10,875 | \$ 10,273 | \$ 10,096 | \$ 2,400 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| AIP landing fees | 21,018 | 6,761 | 6,875 | 1,669 | - | - | - | - | - | - |
| Nonsignatory airline and other fees | 273 | 212 | 249 | 57 | - | - | - | - | - | - |
| Subtotal | \$ 32,166 | \$ 17,246 | \$ 17,220 | \$ 4,125 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Per Airline Agreement | | | | | | | | | | |
| Signatory Airlines | \$ - | \$ - | \$ - | \$ 30,012 | \$ 46,907 | \$ 52,782 | \$ 61,043 | \$ 60,646 | \$ 68,373 | \$ 71,951 |
| Nonsignatory airlines | - | - | - | 276 | 191 | 213 | 243 | 239 | 267 | 278 |
| Subtotal | \$ - | \$ - | \$ - | \$ 30,288 | \$ 47,098 | \$ 52,995 | \$ 61,286 | \$ 60,885 | \$ 68,639 | \$ 72,228 |
| Total | [A] \$ 32,166 | \$ 17,246 | \$ 17,220 | \$ 34,414 | \$ 47,098 | \$ 52,995 | \$ 61,286 | \$ 60,885 | \$ 68,639 | \$ 72,228 |
| Landed weight (millions of pounds) | [B] 58,380 | 60,084 | 60,014 | 60,141 | 62,445 | 63,155 | 63,872 | 64,591 | 65,311 | 66,032 |
| Effective rate per 1,000 pounds | [A/B] \$0.55 | \$0.29 | \$0.29 | \$0.57 | \$0.75 | \$0.84 | \$0.96 | \$0.94 | \$1.05 | \$1.09 |
| Terminal rentals and payments | | | | | | | | | | |
| Per CPTC leases | | | | | | | | | | |
| Terminal rentals and charges (b) | \$ 134,624 | \$ 132,018 | \$ 139,612 | \$ 34,936 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Reimbursed expenses | 35,092 | 36,222 | 37,890 | 10,809 | - | - | - | - | - | - |
| Subtotal | \$ 169,716 | \$ 168,240 | \$ 177,502 | \$ 45,745 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Per Airline Agreement | | | | | | | | | | |
| Domestic Terminal | \$ - | \$ - | \$ - | \$ 69,792 | \$ 99,857 | \$ 114,398 | \$ 147,236 | \$ 168,508 | \$ 192,530 | \$ 193,353 |
| International Terminal | - | - | - | 72,098 | 109,596 | 108,070 | 110,944 | 84,208 | 111,087 | 120,349 |
| AGTS | - | - | - | 21,559 | 29,704 | 29,746 | 33,139 | 36,314 | 46,155 | 52,380 |
| Tenant-specific | - | - | - | 5,232 | 10,950 | 11,833 | 12,552 | 12,416 | 12,644 | 12,435 |
| Subtotal | \$ - | \$ - | \$ - | \$ 168,681 | \$ 250,107 | \$ 264,046 | \$ 303,871 | \$ 301,447 | \$ 362,416 | \$ 378,517 |
| Total | \$ 169,716 | \$ 168,240 | \$ 177,502 | \$ 214,426 | \$ 250,107 | \$ 264,046 | \$ 303,871 | \$ 301,447 | \$ 362,416 | \$ 378,517 |
| Total landing fees and terminal rentals | \$ 201,882 | \$ 185,486 | \$ 194,722 | \$ 248,840 | \$ 297,206 | \$ 317,041 | \$ 365,157 | \$ 362,331 | \$ 431,055 | \$ 450,745 |
| Less: Cargo airline landing fees | (1,045) | (1,241) | (873) | (2,001) | (2,339) | (2,653) | (3,094) | (3,099) | (3,523) | (3,740) |
| Less: Nonairline terminal rentals | (2,162) | (2,235) | (2,315) | (1,267) | (5,581) | (5,904) | (6,826) | (6,769) | (8,181) | (8,558) |
| Less: Inside concession credit | (54,060) | (58,920) | (61,167) | (81,730) | (85,145) | (86,120) | (89,494) | (66,590) | (69,358) | (72,233) |
| Less: Per passenger revenue credit | - | - | - | (22,447) | (32,700) | (33,060) | (33,420) | (22,520) | (22,760) | (23,000) |
| Less: AATC expense reimbursement (c) | - | - | - | (4,078) | (6,162) | (6,346) | (6,537) | (6,733) | (6,935) | (7,143) |
| Net passenger airline payments | \$ 144,614 | \$ 123,090 | \$ 130,366 | \$ 137,316 | \$ 165,280 | \$ 182,958 | \$ 225,788 | \$ 256,620 | \$ 320,298 | \$ 336,072 |

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CALCULATION OF AIRLINE PAYMENTS

Hartsfield-Jackson Atlanta International Airport

For Fiscal Years ending June 30

(dollars and passengers in thousands)

| | Historical (a) | | | | Forecast | | | | | |
|--|----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 |
| Net passenger airline payments | \$ 144,614 | \$ 123,090 | \$ 130,366 | \$ 137,316 | \$ 165,280 | \$ 182,958 | \$ 225,788 | \$ 256,620 | \$ 320,298 | \$ 336,072 |
| Enplaned passengers | 49,056 | 51,807 | 52,098 | 52,562 | 54,500 | 55,100 | 55,700 | 56,300 | 56,900 | 57,500 |
| Airline payments to City per enplaned passenger | \$2.95 | \$2.38 | \$2.50 | \$2.61 | \$3.03 | \$3.32 | \$4.05 | \$4.56 | \$5.63 | \$5.84 |
| Discounted to 2018 dollars at 3.0% per year | \$3.22 | \$2.52 | \$2.58 | \$2.61 | \$2.94 | \$3.13 | \$3.71 | \$4.05 | \$4.86 | \$4.89 |
| All-in passenger airline payments | | | | | | | | | | |
| Payments to City (d) | \$ 144,614 | \$ 123,090 | \$ 130,366 | \$ 137,316 | \$ 165,280 | \$ 182,958 | \$ 225,788 | \$ 256,620 | \$ 320,298 | \$ 336,072 |
| Payments to common-use terminal manager (e) | 24,469 | 24,076 | 26,604 | 29,483 | 32,542 | 34,040 | 35,599 | 37,220 | 38,906 | 40,661 |
| Payments to terminal operator (f) | 80,170 | 82,874 | 89,771 | 92,500 | 95,300 | 99,600 | 103,844 | 108,254 | 112,834 | 117,592 |
| Total passenger airline payments | \$ 249,253 | \$ 230,041 | \$ 246,740 | \$ 259,299 | \$ 293,122 | \$ 316,598 | \$ 365,230 | \$ 402,094 | \$ 472,039 | \$ 494,325 |
| Enplaned passengers | 49,056 | 51,807 | 52,098 | 52,562 | 54,500 | 55,100 | 55,700 | 56,300 | 56,900 | 57,500 |
| All-in airline payments per enplaned passenger | \$5.08 | \$4.44 | \$4.74 | \$4.93 | \$5.38 | \$5.75 | \$6.56 | \$7.14 | \$8.30 | \$8.60 |
| Discounted to 2018 dollars at 3.0% per year | \$5.55 | \$4.71 | \$4.88 | \$4.93 | \$5.22 | \$5.42 | \$6.00 | \$6.35 | \$7.16 | \$7.20 |
| Memo: Payments to TBI and AATC per passenger | \$2.13 | \$2.06 | \$2.23 | \$2.32 | \$2.35 | \$2.43 | \$2.50 | \$2.58 | \$2.67 | \$2.75 |

(a) Source: City of Atlanta, Airport Revenue Fund reports.

(b) Rentals and fees for domestic and international terminal buildings, tenant facilities, AGTS, and aircraft parking aprons. See Exhibit E.

(c) Reimbursement of AATC O&M expenses attributable to inside concession facilities for which the City retains revenues.

(d) Includes management fee for common-use terminal manager.

(e) Payments to common-use terminal manager except management fee.

(f) Payments to AATC terminal operations and maintenance consortium.

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Exhibit F

APPLICATION OF PFC REVENUES AND DEBT SERVICE COVERAGE

Hartsfield-Jackson Atlanta International Airport

For Fiscal Years ending June 30

(dollars and passengers in thousands)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by, Airport management, as described in the accompanying text. Inevitably, some assumptions used to develop the projections will not be realized and unanticipated events and circumstances may occur. Therefore, there will be differences between the projected and actual results, and those differences may be material.

| | Historical (a) | | | | Forecast | | | | | |
|--|----------------|------------|------------|------------|-------------|--------------|-------------|-------------|------------|------------|
| | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 |
| Calculation of PFC Revenues | | | | | | | | | | |
| Enplaned passengers | 49,056 | 51,807 | 52,098 | 52,562 | 54,500 | 55,100 | 55,700 | 56,300 | 56,900 | 57,500 |
| Percent PFC-eligible | 87.0% | 88.4% | 87.2% | 87.7% | 87.5% | 87.5% | 87.5% | 87.5% | 87.5% | 87.5% |
| Net PFC collection per eligible passenger (b) | \$4.39 | \$4.39 | \$4.39 | \$4.39 | \$4.39 | \$4.39 | \$4.39 | \$4.39 | \$4.39 | \$4.39 |
| PFC collections | \$ 187,308 | \$ 201,146 | \$ 199,431 | \$ 202,455 | \$ 209,348 | \$ 211,653 | \$ 213,958 | \$ 216,262 | \$ 218,567 | \$ 220,872 |
| Investment earnings (c) | 5,178 | 10,429 | 17,459 | 14,037 | 11,810 | 8,800 | 7,160 | 6,890 | 8,190 | 10,310 |
| Total PFC Revenues | \$ 192,486 | \$ 211,575 | \$ 216,890 | \$ 216,492 | \$ 221,158 | \$ 220,453 | \$ 221,118 | \$ 223,152 | \$ 226,757 | \$ 231,182 |
| Annual change | 4.5% | 9.9% | 2.5% | -0.2% | 2.2% | -0.3% | 0.3% | 0.9% | 1.6% | 2.0% |
| Pay-as-you-go expenditures | | | | | | | | | | |
| Airfield | \$ 51,828 | \$ 24,832 | \$ 75,536 | \$ 43,155 | \$ 95,429 | \$ 165,657 | \$ 75,675 | \$ 33,572 | \$ 646 | \$ - |
| Domestic Terminal | 8,524 | 15,731 | 31,667 | 66,049 | 84,644 | 39,568 | - | - | - | - |
| International Terminal | 1,291 | 7,239 | - | - | - | - | 1,728 | 1,779 | - | - |
| AGTS | - | 9,837 | 10,000 | 11,963 | - | 31,827 | 84,735 | 75,319 | 34,677 | - |
| Cargo | - | - | - | - | - | 18,566 | 19,131 | - | - | - |
| City Nonrevenue | 13,286 | 17,162 | 6,909 | - | - | - | - | - | - | - |
| | \$ 74,929 | \$ 74,801 | \$ 124,112 | \$ 121,167 | \$ 180,074 | \$ 255,618 | \$ 181,269 | \$ 110,670 | \$ 35,323 | \$ - |
| Financing costs | - | - | - | - | - | - | - | - | - | - |
| General Revenue Bond debt service | - | 42,675 | 28,318 | 25,310 | 27,870 | 26,925 | 28,852 | 33,316 | 33,303 | 33,290 |
| Adjustments (d) | (1,499) | 10,271 | (34,295) | (8,897) | - | - | - | - | - | - |
| PFC Revenue Hybrid Bond debt service | | | | | | | | | | |
| Airfield | \$ 9,042 | \$ 9,042 | \$ 9,042 | \$ 9,042 | \$ 9,042 | \$ 9,042 | \$ 9,042 | \$ 9,042 | \$ 9,042 | \$ 18,074 |
| Domestic Terminal | - | - | - | - | - | 18,567 | 22,969 | 22,969 | 22,969 | 22,969 |
| International Terminal | 49,680 | 49,681 | 49,679 | 49,680 | 49,682 | 49,679 | 49,680 | 49,680 | 49,680 | 41,344 |
| Rental Car Center | 6,015 | 6,015 | 6,015 | 6,015 | 6,015 | 6,015 | 6,015 | 6,015 | 6,015 | 6,015 |
| City Nonrevenue | 5,179 | 5,179 | 5,179 | 5,179 | 5,179 | 5,179 | 5,179 | 5,179 | 5,179 | 3,907 |
| Subtotal debt service | \$ 69,916 | \$ 69,917 | \$ 69,915 | \$ 69,916 | \$ 69,918 | \$ 88,481 | \$ 92,885 | \$ 92,886 | \$ 92,885 | \$ 92,309 |
| Less: Amount paid from General Revenues | - | - | - | - | - | - | - | - | - | - |
| Debt service paid from PFC Revenues | \$ 69,916 | \$ 69,917 | \$ 69,915 | \$ 69,916 | \$ 69,918 | \$ 88,481 | \$ 92,885 | \$ 92,886 | \$ 92,885 | \$ 92,309 |
| Total expenditures | \$ 143,347 | \$ 197,664 | \$ 188,050 | \$ 207,496 | \$ 277,861 | \$ 371,024 | \$ 303,006 | \$ 236,871 | \$ 161,511 | \$ 125,599 |
| Net PFC Revenues over (under) expenditures | \$ 49,139 | \$ 13,911 | \$ 28,840 | \$ 8,996 | \$ (56,703) | \$ (150,571) | \$ (81,888) | \$ (13,719) | \$ 65,246 | \$ 105,583 |
| PFC Revenue Fund ending balance | \$ 595,610 | \$ 609,520 | \$ 638,360 | \$ 647,356 | \$ 590,653 | \$ 440,082 | \$ 358,194 | \$ 344,475 | \$ 409,722 | \$ 515,304 |
| Coverage of PFC Revenue Hybrid Bond debt service by PFC Revenues | 275% | 303% | 310% | 310% | 316% | 249% | 238% | 240% | 244% | 250% |

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APPLICATION OF PFC REVENUES AND DEBT SERVICE COVERAGE

Hartsfield-Jackson Atlanta International Airport

For Fiscal Years ending June 30

(dollars in thousands)

| | Historical | | | | Forecast | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 |
| Percentage distribution of PFC Hybrid Revenue Bond debt service | | | | | | | | | | |
| Airfield | 12.9% | 12.9% | 12.9% | 12.9% | 12.9% | 10.2% | 9.7% | 9.7% | 9.7% | 19.6% |
| Domestic Terminal | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 21.0% | 24.7% | 24.7% | 24.7% | 24.9% |
| International Terminal | 71.1% | 71.1% | 71.1% | 71.1% | 71.1% | 56.1% | 53.5% | 53.5% | 53.5% | 44.8% |
| Rental Car Center | 8.6% | 8.6% | 8.6% | 8.6% | 8.6% | 6.8% | 6.5% | 6.5% | 6.5% | 6.5% |
| City Nonrevenue | 7.4% | 7.4% | 7.4% | 7.4% | 7.4% | 5.9% | 5.6% | 5.6% | 5.6% | 4.2% |
| | <u>16.0%</u> | <u>16.0%</u> | <u>16.0%</u> | <u>16.0%</u> | <u>16.0%</u> | <u>12.7%</u> | <u>12.1%</u> | <u>12.1%</u> | <u>12.1%</u> | <u>10.7%</u> |
| Total | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| PFC Bond debt service paid from PFC Revenues | \$ 69,916 | \$ 69,917 | \$ 69,915 | \$ 69,916 | \$ 69,918 | \$ 88,481 | \$ 92,885 | \$ 92,886 | \$ 92,885 | \$ 92,309 |
| Plus: General Revenue Bond debt service and financing costs paid from PFC Revenues | - | 42,675 | 28,318 | 25,310 | 27,870 | 26,925 | 28,852 | 33,316 | 33,303 | 33,290 |
| Subtotal | \$ 69,916 | \$ 112,592 | \$ 98,233 | \$ 95,226 | \$ 97,788 | \$ 115,406 | \$ 121,737 | \$ 126,201 | \$ 126,188 | \$ 125,599 |
| Coverage of PFC Revenue Hybrid and General Revenue Bond debt service by PFC Revenues | | | | | | | | | | |
| | 275% | 188% | 221% | 227% | 226% | 191% | 182% | 177% | 180% | 184% |

- (a) Source: City of Atlanta, Department of Aviation, PFC Revenue Fund reports.
- (b) PFC of \$4.50 net of airline collection fee of \$0.11.
- (c) Assuming forecast investment earnings rate of 2.0% per year.
- (d) Accounting and other adjustments to reconcile calculated and recorded PFC Fund ending balances.

Exhibit G

APPLICATION OF GENERAL REVENUES AND DEBT SERVICE COVERAGE

Hartsfield-Jackson Atlanta International Airport

For Fiscal Years ending June 30

(dollars in thousands)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by, Airport management, as described in the accompanying text. Inevitably, some assumptions used to develop the projections will not be realized and unanticipated events and circumstances may occur. Therefore, there will be differences between the projected and actual results, and those differences may be material.

| | | Historical (a) | | | | Forecast | | | | | |
|--|--------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 |
| General Revenues (b) | | \$ 512,952 | \$ 499,792 | \$ 512,726 | \$ 549,120 | \$ 584,506 | \$ 601,079 | \$ 665,522 | \$ 696,974 | \$ 772,813 | \$ 797,490 |
| Operating Expenses (c) | | 225,189 | 240,432 | 264,125 | 248,854 | 311,003 | 342,337 | 356,039 | 370,256 | 385,005 | 400,307 |
| Net Revenues | [A] | \$ 287,763 | \$ 259,360 | \$ 248,600 | \$ 300,266 | \$ 273,503 | \$ 258,742 | \$ 309,482 | \$ 326,718 | \$ 387,808 | \$ 397,183 |
| General Revenue Bond Debt Service Requirements (d) | [B] | \$ 153,298 | \$ 125,877 | \$ 139,633 | \$ 142,654 | \$ 140,579 | \$ 147,079 | \$ 189,306 | \$ 185,016 | \$ 218,518 | \$ 232,211 |
| PFC Revenue Hybrid Bond Debt Service Requirements paid from General Revenues (d) | [C] | - | - | - | - | - | - | - | - | - | - |
| Total Debt Service Requirements paid from General Revenues | [D=B+C] | \$ 153,298 | \$ 125,877 | \$ 139,633 | \$ 142,654 | \$ 140,579 | \$ 147,079 | \$ 189,306 | \$ 185,016 | \$ 218,518 | \$ 232,211 |
| Deposit to Renewal and Extension Fund | [A-D] | \$ 134,466 | \$ 133,483 | \$ 108,968 | \$ 157,611 | \$ 132,924 | \$ 111,663 | \$ 120,176 | \$ 141,702 | \$ 169,289 | \$ 164,972 |
| General Revenue Bond debt service coverage | [A/B] | 188% | 206% | 178% | 210% | 195% | 176% | 163% | 177% | 177% | 171% |
| Coverage of all Debt Service Requirements paid from General Revenues | [A/D] | 188% | 206% | 178% | 210% | 195% | 176% | 163% | 177% | 177% | 171% |

(a) Source: City of Atlanta, Airport Revenue Fund reports.

(b) See Exhibit E.

(c) See Exhibit D. Expenses exclude major maintenance expenditures made from the Renewal and Extension Fund.

(d) See Exhibit C. Amounts are net of payments made or to be made from capitalized interest and PFC Revenues. See Exhibit F for payments from PFC Revenues.

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Exhibit H-1

SUMMARY OF PROJECTED FINANCIAL RESULTS: BASE PASSENGER FORECAST 1.1%

Hartsfield-Jackson Atlanta International Airport

For Fiscal Years ending June 30

(dollars and passengers in thousands)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by, Airport management, as described in the accompanying text. Inevitably, some assumptions used to develop the projections will not be realized and unanticipated events and circumstances may occur. Therefore, there will be differences between the projected and actual results, and those differences may be material.

| Base Passenger Forecast 1.1% | | Historical | | | | Projected | | | | | |
|---|------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 |
| General Revenue Bond Debt Service Requirements | [A] | \$ 153,298 | \$ 125,877 | \$ 139,633 | \$ 142,654 | \$ 140,579 | \$ 147,079 | \$ 189,306 | \$ 185,016 | \$ 218,518 | \$ 232,211 |
| PFC Revenue Hybrid Bonds Debt Service Requirements paid from General Revenues | [B] | - | - | - | - | - | - | - | - | - | - |
| Operating Expenses | [C] | 225,189 | 240,432 | 264,125 | 248,854 | 311,003 | 342,337 | 356,039 | 370,256 | 385,005 | 400,307 |
| Total requirements | [D] | \$ 378,487 | \$ 366,309 | \$ 403,758 | \$ 391,508 | \$ 451,582 | \$ 489,416 | \$ 545,346 | \$ 555,272 | \$ 603,523 | \$ 632,518 |
| Passenger airline landing fees | [E] | \$ 31,121 | \$ 16,005 | \$ 16,347 | \$ 32,412 | \$ 44,760 | \$ 50,342 | \$ 58,192 | \$ 57,786 | \$ 65,116 | \$ 68,489 |
| Passenger airline terminal payments | [F] | 113,493 | 107,086 | 114,020 | 104,904 | 120,520 | 132,616 | 167,595 | 198,835 | 255,182 | 267,583 |
| Nonairline terminal rentals | | 2,162 | 2,235 | 2,315 | 1,267 | 5,581 | 5,904 | 6,826 | 6,769 | 8,181 | 8,558 |
| Cargo airline landing fees | [G] | 1,045 | 1,241 | 873 | 2,001 | 2,339 | 2,653 | 3,094 | 3,099 | 3,523 | 3,740 |
| Inside concession revenues | | 102,839 | 112,302 | 115,154 | 117,270 | 120,288 | 122,715 | 127,848 | 133,179 | 138,716 | 144,465 |
| Parking and ground transportation revenues | | 162,681 | 173,347 | 177,979 | 199,570 | 203,470 | 201,363 | 215,287 | 208,886 | 212,426 | 213,693 |
| Other revenues | | 69,681 | 74,597 | 71,268 | 68,051 | 72,416 | 69,529 | 70,517 | 72,053 | 73,099 | 74,192 |
| Investment income | | 14,372 | 17,144 | 14,787 | 15,311 | 15,133 | 15,957 | 16,162 | 16,367 | 16,569 | 16,770 |
| Accrual-to-cash and reconciliation adjustments | | 15,558 | (4,165) | (16) | 8,333 | - | - | - | - | - | - |
| General Revenues | [H] | \$ 512,952 | \$ 499,792 | \$ 512,726 | \$ 549,120 | \$ 584,506 | \$ 601,079 | \$ 665,522 | \$ 696,974 | \$ 772,813 | \$ 797,490 |
| Net Revenues | [I=H-C] | \$ 287,763 | \$ 259,360 | \$ 248,600 | \$ 300,266 | \$ 273,503 | \$ 258,742 | \$ 309,482 | \$ 326,718 | \$ 387,808 | \$ 397,183 |
| Enplaned passengers | [J] | 49,056 | 51,807 | 52,098 | 52,562 | 54,500 | 55,100 | 55,700 | 56,300 | 56,900 | 57,500 |
| Originating passengers | | 15,627 | 17,835 | 19,049 | 20,039 | 21,400 | 21,640 | 21,880 | 22,120 | 22,360 | 22,600 |
| Landed weight (millions of pounds) | [K] | 58,380 | 60,084 | 60,014 | 60,141 | 62,445 | 63,155 | 63,872 | 64,591 | 65,311 | 66,032 |
| Airline payments to City per enplaned passenger | [(E+F)/J] | \$2.95 | \$2.38 | \$2.50 | \$2.61 | \$3.03 | \$3.32 | \$4.05 | \$4.56 | \$5.63 | \$5.84 |
| Application to Renewal and Extension Fund | [I-A] | \$ 134,466 | \$ 133,483 | \$ 108,968 | \$ 157,611 | \$ 132,924 | \$ 111,663 | \$ 120,176 | \$ 141,702 | \$ 169,289 | \$ 164,972 |
| General Revenue Bond debt service coverage | [I/A] | 188% | 206% | 178% | 210% | 195% | 176% | 163% | 177% | 177% | 171% |
| Coverage on all Debt Service Requirements paid from General Revenues | [I/(A+B)] | 188% | 206% | 178% | 210% | 195% | 176% | 163% | 177% | 177% | 171% |
| PFC Revenues | [L] | \$ 192,486 | \$ 211,575 | \$ 216,890 | \$ 216,492 | \$ 221,158 | \$ 220,453 | \$ 221,118 | \$ 223,152 | \$ 226,757 | \$ 231,182 |
| PFC Revenue Hybrid Bond Debt Service Requirements paid from PFC Revenues | [M] | \$ 69,916 | \$ 69,917 | \$ 69,915 | \$ 69,916 | \$ 69,918 | \$ 88,481 | \$ 92,885 | \$ 92,886 | \$ 92,885 | \$ 92,309 |
| Percent of PFC Revenue Hybrid Bond Debt Service Requirements paid from PFC Revenues | | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| PFC Revenue Hybrid Bond debt service coverage | [L/M] | 275% | 303% | 310% | 310% | 316% | 249% | 238% | 240% | 244% | 250% |
| PFC Revenue Fund ending balance | | \$ 595,610 | \$ 609,520 | \$ 638,360 | \$ 647,356 | \$ 590,653 | \$ 440,082 | \$ 358,194 | \$ 344,475 | \$ 409,722 | \$ 515,304 |

Sources: See preceding exhibits and accompanying text.

Exhibit H-2

SUMMARY OF PROJECTED FINANCIAL RESULTS: STRESS TEST PASSENGER FORECAST

Hartsfield-Jackson Atlanta International Airport

For Fiscal Years ending June 30

(dollars and passengers in thousands)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by, Airport management, as described in the accompanying text. Inevitably, some assumptions used to develop the projections will not be realized and unanticipated events and circumstances may occur. Therefore, there will be differences between the projected and actual results, and those differences may be material.

| Stress Test Passenger Forecast | | Historical | | | | Projected | | | | | |
|---|------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 |
| General Revenue Bond Debt Service Requirements | [A] | \$ 153,298 | \$ 125,877 | \$ 139,633 | \$ 142,654 | \$ 140,579 | \$ 147,079 | \$ 189,306 | \$ 185,016 | \$ 218,518 | \$ 232,211 |
| PFC Revenue Hybrid Bonds Debt Service Requirements paid from General Revenues | [B] | - | - | - | - | - | - | - | - | - | - |
| Operating Expenses | [C] | 225,189 | 240,432 | 264,125 | 248,854 | 311,003 | 342,337 | 321,418 | 335,039 | 349,188 | 363,885 |
| Total requirements | [D] | \$ 378,487 | \$ 366,309 | \$ 403,758 | \$ 391,508 | \$ 451,582 | \$ 489,416 | \$ 510,724 | \$ 520,054 | \$ 567,706 | \$ 596,096 |
| Passenger airline landing fees | [E] | \$ 31,121 | \$ 16,005 | \$ 16,347 | \$ 32,412 | \$ 44,760 | \$ 50,342 | \$ 52,488 | \$ 52,010 | \$ 59,162 | \$ 62,410 |
| Passenger airline terminal payments | [F] | 113,493 | 107,086 | 114,020 | 104,904 | 120,520 | 132,616 | 181,764 | 206,287 | 263,662 | 276,831 |
| Nonairline terminal rentals | | 2,162 | 2,235 | 2,315 | 1,267 | 5,581 | 5,904 | 6,575 | 6,514 | 7,922 | 8,295 |
| Cargo airline landing fees | [G] | 1,045 | 1,241 | 873 | 2,001 | 2,339 | 2,653 | 3,575 | 3,563 | 4,077 | 4,327 |
| Inside concession revenues | | 102,839 | 112,302 | 115,154 | 117,270 | 120,288 | 122,715 | 103,070 | 106,627 | 109,746 | 113,592 |
| Parking and ground transportation revenues | | 162,681 | 173,347 | 177,979 | 199,570 | 203,470 | 201,363 | 193,758 | 188,224 | 191,640 | 193,005 |
| Other revenues | | 69,681 | 74,597 | 71,268 | 68,051 | 72,416 | 69,529 | 69,657 | 71,176 | 72,205 | 73,281 |
| Investment income | | 14,372 | 17,144 | 14,787 | 15,311 | 15,133 | 15,957 | 14,982 | 15,166 | 15,349 | 15,528 |
| Accrual-to-cash and reconciliation adjustments | | 15,558 | (4,165) | (16) | 8,333 | - | - | - | - | - | - |
| General Revenues | [H] | \$ 512,952 | \$ 499,792 | \$ 512,726 | \$ 549,120 | \$ 584,506 | \$ 601,079 | \$ 625,869 | \$ 649,568 | \$ 723,761 | \$ 747,270 |
| Net Revenues | [I=H-C] | \$ 287,763 | \$ 259,360 | \$ 248,600 | \$ 300,266 | \$ 273,503 | \$ 258,742 | \$ 304,452 | \$ 314,530 | \$ 374,573 | \$ 383,385 |
| Enplaned passengers | [J] | 49,056 | 51,807 | 52,098 | 52,562 | 54,500 | 55,100 | 43,366 | 43,966 | 44,566 | 45,166 |
| Originating passengers | | 15,627 | 17,835 | 19,049 | 20,039 | 21,400 | 21,640 | 19,692 | 19,932 | 20,172 | 20,412 |
| Landed weight (millions of pounds) | [K] | 58,380 | 60,084 | 60,014 | 60,141 | 62,445 | 63,155 | 50,563 | 51,282 | 52,002 | 52,723 |
| Airline payments to City per enplaned passenger | [(E+F)/J] | \$2.95 | \$2.38 | \$2.50 | \$2.61 | \$3.03 | \$3.32 | \$5.40 | \$5.87 | \$7.24 | \$7.51 |
| Application to Renewal and Extension Fund | [I-A] | \$ 134,466 | \$ 133,483 | \$ 108,968 | \$ 157,611 | \$ 132,924 | \$ 111,663 | \$ 115,145 | \$ 129,514 | \$ 156,055 | \$ 151,174 |
| General Revenue Bond debt service coverage | [I/A] | 188% | 206% | 178% | 210% | 195% | 176% | 161% | 170% | 171% | 165% |
| Coverage on all Debt Service Requirements paid from General Revenues | [I/(A+B)] | 188% | 206% | 178% | 210% | 195% | 176% | 161% | 170% | 171% | 165% |
| PFC Revenues | [L] | \$ 192,486 | \$ 211,575 | \$ 216,890 | \$ 216,492 | \$ 221,158 | \$ 220,453 | \$ 172,780 | \$ 173,824 | \$ 176,419 | \$ 179,814 |
| PFC Revenue Hybrid Bond Debt Service Requirements paid from PFC Revenues | [M] | \$ 69,916 | \$ 69,917 | \$ 69,915 | \$ 69,916 | \$ 69,918 | \$ 88,481 | \$ 92,885 | \$ 92,886 | \$ 92,885 | \$ 92,309 |
| Percent of PFC Revenue Hybrid Bond Debt Service Requirements paid from PFC Revenues | | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| PFC Revenue Hybrid Bond debt service coverage | [L/M] | 275% | 303% | 310% | 310% | 316% | 249% | 186% | 187% | 190% | 195% |
| PFC Revenue Fund ending balance | | \$ 595,610 | \$ 609,520 | \$ 638,360 | \$ 647,356 | \$ 590,653 | \$ 440,082 | \$ 309,856 | \$ 246,809 | \$ 261,718 | \$ 315,933 |

Sources: See preceding exhibits and accompanying text.

APPENDIX B

**DEPARTMENT OF AVIATION FINANCIAL STATEMENTS AS OF AND FOR THE
YEARS ENDED JUNE 30, 2018 AND JUNE 30, 2017**

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KPMG LLP
Suite 2000
303 Peachtree Street, N.E.
Atlanta, GA 30308-3210

Independent Auditors' Report

Honorable Mayor and Members of the City
Council City of Atlanta, Georgia:

Report on the Financial Statements

We have audited the accompanying financial statements of the Department of Aviation (the Department) of the City of Atlanta, Georgia (the City), a major enterprise fund of the City, as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Department of Aviation as of June 30, 2018 and 2017, and the changes in its financial position, and its cash flows thereof for the years then ended in accordance with U.S. generally accepted accounting principles.



Emphasis of Matter

As discussed in note 1(a), the financial statements of the Department of Aviation are intended to present the financial position, the changes in financial position and, where applicable, cash flows of only that portion of the business type activities of the City that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the financial position of the City as of June 30, 2018 and 2017, the changes in financial position or, where applicable, its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

As discussed in note 1(t) to the basic financial statements, in 2018, the Airport adopted Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis, schedules of funding progress for OPEB, proportionate share of net pension liability, and proportionate share of net OPEB liability, that U.S. generally accepted accounting principles require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2018 on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Department's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control over financial reporting and compliance.

KPMG LLP

Atlanta, Georgia
December 26, 2018

BASIC FINANCIAL STATEMENTS

These basic financial statements summarize the financial position and operating results of the Department of Aviation.

**CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION**

Statements of Net Position

June 30, 2018 and 2017

(In thousands)

| Assets | 2018 | 2017 |
|---|--------------|-------------|
| Current assets: | | |
| Cash and cash equivalents | \$ 49 | 106 |
| Restricted cash and cash equivalents | 352,008 | 252,990 |
| Equity in cash management pool | 776,658 | 789,280 |
| Accounts receivable, net of allowance for doubtful accounts of \$4,429 in 2018 and \$3,519 in 2017 | 6,419 | 4,106 |
| Restricted other assets | 70,503 | 46,676 |
| Prepaid expenses | 778 | 885 |
| Materials and supplies | 10,761 | 9,421 |
| Total current assets | 1,217,176 | 1,103,464 |
| Noncurrent assets: | | |
| Restricted cash and cash equivalents | 75,988 | 275,062 |
| Restricted investments | 971,537 | 888,869 |
| Due from other governments | 10,640 | 10,640 |
| Capital assets: | | |
| Land | 584,230 | 584,230 |
| Land purchased for noise abatement | 277,776 | 277,776 |
| Runways, taxiways, and other land improvements | 3,375,136 | 3,284,183 |
| Terminal, maintenance buildings, and other structures | 4,070,225 | 3,987,396 |
| Other property and equipment | 457,229 | 416,130 |
| Construction in process | 715,799 | 536,374 |
| Less accumulated depreciation | (3,228,089) | (2,981,809) |
| Total capital assets, net | 6,252,306 | 6,104,280 |
| Total noncurrent assets | 7,310,471 | 7,278,851 |
| Total assets | 8,527,647 | 8,382,315 |
| Deferred outflows of resources: | | |
| Pension and other postemployment benefit related deferred outflows | 26,269 | 38,981 |
| Accumulated deferred amount of debt refundings | 46,570 | 53,130 |
| Total assets and deferred outflows of resources | \$ 8,600,486 | 8,474,426 |

(Continued)

**CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION**

Statements of Net Position

June 30, 2018 and 2017

(In thousands)

| Liabilities and Net Position | 2018 | 2017 |
|---|--------------|-------------|
| Current liabilities: | | |
| Accounts payable | \$ 49,019 | 24,950 |
| Accrued expenses | 30,274 | 15,915 |
| Current maturities of long-term debt | 93,145 | 88,180 |
| Accrued interest payable | 39,068 | 40,979 |
| Current portion of other postemployment benefit liability | 6,300 | — |
| Current portion of other liabilities | 703 | 341 |
| Current liabilities | 218,509 | 170,365 |
| Current liabilities payable from restricted assets: | | |
| Current maturities of long-term debt | 41,565 | 39,495 |
| Current portion of capital lease obligation | 802 | — |
| Accrued interest payable | 23,693 | 24,710 |
| Accounts payable | 39,740 | 81,959 |
| Contract retention | 11,646 | 6,682 |
| Commercial paper notes | 305,114 | 146,926 |
| Current liabilities payable from restricted assets | 422,560 | 299,772 |
| Total current liabilities | 641,069 | 470,137 |
| Long-term liabilities: | | |
| Long-term debt, less current maturities | 2,730,673 | 2,880,309 |
| Capital lease obligation, less current portion | 8,498 | — |
| Contract retention | 6,274 | 7,375 |
| Accrued workers' compensation | 3,463 | 2,095 |
| Net pension liability | 161,589 | 180,223 |
| Other postemployment benefit liability | 128,490 | 64,160 |
| Total long-term liabilities | 3,038,987 | 3,134,162 |
| Total liabilities | 3,680,056 | 3,604,299 |
| Deferred inflows of resources: | | |
| Pension and other postemployment benefit related deferred inflows | 33,342 | 14,282 |
| Total liabilities and deferred inflows of resources | \$ 3,713,398 | 3,618,581 |
| Net position: | | |
| Net investment in capital assets | \$ 3,420,727 | 3,318,001 |
| Restricted for: | | |
| Capital projects | 675,680 | 652,115 |
| Debt service | 418,808 | 417,463 |
| Unrestricted | 371,873 | 468,266 |
| Total net position | \$ 4,887,088 | 4,855,845 |

See accompanying notes to financial statements.

**CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION**

Statements of Revenue, Expenses, and Changes in Net Position

Years Ended June 30, 2018 and 2017

(In thousands)

| | 2018 | 2017 |
|--|--------------|-------------|
| Operating revenue: | | |
| Parking, car rental, and other concessions | \$ 316,885 | 293,199 |
| Terminal, maintenance buildings, and other rentals | 144,846 | 126,882 |
| Landing fees | 34,414 | 17,220 |
| Other | 29,332 | 60,654 |
| Total operating revenue | 525,477 | 497,955 |
| Operating expenses: | | |
| Salaries and employee benefits | 95,745 | 103,048 |
| Repairs, maintenance, and other contractual services | 147,218 | 139,360 |
| General services | 21,655 | 18,222 |
| Utilities | 9,584 | 9,025 |
| Materials and supplies | 6,313 | 6,521 |
| Other | 22,991 | 36,084 |
| Depreciation and amortization expenses | 253,554 | 229,983 |
| Total operating expenses | 557,060 | 542,243 |
| Operating loss | (31,583) | (44,288) |
| Nonoperative revenue (expenses): | | |
| Investment income, net | 10,062 | 4,347 |
| Passenger facility charges | 202,963 | 199,431 |
| Customer facility charges, net | 30,342 | 29,019 |
| Interest on long-term debt | (110,382) | (123,710) |
| Other revenue (expenses), net | 4,698 | (7,074) |
| Nonoperating revenue, net | 137,683 | 102,013 |
| Income before contributions and transfers | 106,100 | 57,725 |
| Capital contributions | 14,515 | 11,521 |
| Transfers (out) to the City | (2,743) | (5,228) |
| Change in net position | 117,872 | 64,018 |
| Net position, beginning of the year, as restated | 4,769,216 | 4,791,827 |
| Net position, end of the year | \$ 4,887,088 | 4,855,845 |

See accompanying notes to financial statements.

**CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION**

Statements of Cash Flows

Years Ended June 30, 2018 and 2017

(In thousands)

| | 2018 | 2017 |
|---|-------------|-------------|
| Cash flows from operating activities: | | |
| Receipts from customers and tenants | \$ 533,809 | 497,939 |
| Payments to suppliers for goods and services | (184,925) | (213,715) |
| Payments to employees for services | (96,797) | (94,262) |
| Net cash provided by operating activities | 252,087 | 189,962 |
| Cash flows from investing activities: | | |
| Interest and dividends on investments | 17,534 | 22,528 |
| Purchases of restricted investments | (2,111,606) | (1,256,811) |
| Sales and redemptions of restricted investments | 2,027,691 | 1,152,704 |
| Change in pooled investment fund | 6,397 | 45,767 |
| Net cash used in investing activities | (59,984) | (35,812) |
| Cash flows from capital and related financing activities: | | |
| Capital grants | 15,002 | 12,459 |
| Principal repayments of long-term debt | (127,675) | (121,480) |
| Proceeds from bond anticipation and commercial paper note issuances | 158,188 | 126,926 |
| Acquisition, construction, and improvement of capital assets | (433,607) | (363,470) |
| Passenger and customer facility charges | 208,992 | 221,016 |
| Contract retention withheld | 3,863 | 9,248 |
| Interest and other fees paid on bonds | (116,979) | (147,070) |
| Net cash used in capital and related financing activities | (292,216) | (262,371) |
| Decrease in cash and cash equivalents | (100,113) | (108,221) |
| Cash and cash equivalents: | | |
| Beginning of year | 528,158 | 636,379 |
| End of year | \$ 428,045 | 528,158 |

(Continued)

**CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION**

Statements of Cash Flows

Years Ended June 30, 2018 and 2017

(In thousands)

| | 2018 | 2017 |
|---|-------------|-------------|
| Reconciliation of operating loss to net cash provided by operating activities | | |
| Operating loss | \$ (31,583) | (44,288) |
| Adjustments to reconcile operating loss to net cash provided by operating activities: | | |
| Depreciation and amortization | 253,554 | 229,983 |
| Changes in assets and liabilities: | | |
| Accounts receivable, net of allowances | (2,313) | (406) |
| Prepaid expenses | 107 | 184 |
| Materials and supplies | (1,340) | (1,690) |
| Accounts payable and accrued expenses | 36,523 | (74) |
| Net pension liability and related deferred items | (2,325) | 2,558 |
| Other postemployment benefit liability and related deferred items | (536) | 3,695 |
| Net cash provided by operating activities | \$ 252,087 | 189,962 |
| Schedule of noncash capital and related financing activity: | | |
| Acquisition of capital assets with accounts payable | 39,740 | 81,959 |
| Amortization of bond discount and premium, net | 14,926 | 16,097 |

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies
2. Deposits and Investments
3. Accounts Receivable
4. Restricted Assets
5. Capital Assets
6. Short-Term and Long-Term Obligations
7. Leased Facilities
8. Pension and Other Employee Benefit Plans
9. Risk Management
10. Commitments and Contingencies
11. Subsequent Events

ATL | Comprehensive
Annual Financial Report

**CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION**

Notes to Financial Statements

June 30, 2018 and 2017

(1) Summary of Significant Accounting Policies

(a) Reporting Entity

The Department of Aviation (the Department) of the City of Atlanta, Georgia (the City) operates Hartsfield-Jackson Atlanta International Airport (the Airport). The accompanying financial statements include only the financial activities of the Department. The Department is an integral part of the City’s financial reporting entity, and its results are included in the Comprehensive Annual Financial Report (CAFR) of the City as a major enterprise fund. The latest available City CAFR is as of and for the year ended June 30, 2018; that CAFR should be read in conjunction with these financial statements.

The accounting policies of the Department conform to accounting principles generally accepted in the United States of America as applied to governmental units. The Department’s most significant accounting policies are summarized below.

(b) Basis of Accounting

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and contract revenues, which are received or receivable from external sources, are recognized as revenues to the extent of related expenses or satisfaction of eligibility requirements.

(c) Cash Equivalents

The Department considers all highly liquid securities with an original maturity of three months or less to be cash equivalents. At June 30, 2018 and 2017, cash and cash equivalents included the following (in thousands):

| | 2018 | 2017 |
|--|-------------|-------------|
| Unrestricted cash and cash equivalents | \$ 49 | 106 |
| Restricted cash and cash equivalents | 427,996 | 528,052 |
| Total cash and cash equivalents | \$ 428,045 | 528,158 |

(d) Investments

Investments are reported at fair value and include any accrued interest. The City maintains a cash management pool in which the Department participates. Investment income of this pooled fund is allocated to each participating fund based on that fund’s recorded equity in the pooled fund. Construction, sinking, and special charges funds of the Department are held as restricted assets and are not included in this pooled fund.

(e) Materials and Supplies

Materials and supplies are stated at the lower of average cost or market.

**CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION**

Notes to Financial Statements

June 30, 2018 and 2017

(f) Restricted Assets

Restricted assets represent the current and noncurrent amounts, classified based on maturity, that are required to be maintained pursuant to City ordinances relating to bonded indebtedness (construction, renewal and extension, passenger facility charges, customer facility charges, and sinking funds) – (note 4), and funds received for specific purposes pursuant to U.S. government grants (related primarily to noise abatement programs and funding of debt service).

(g) Capital Assets

Capital assets, which include runways, taxiways, terminals, maintenance buildings, other land improvements, and property and equipment, are generally defined as assets with an individual cost in excess of \$5,000 and a useful life in excess of one year. Such assets are recorded at historical cost at the time of acquisition or at acquisition value if donated. Major outlays for capital assets and improvements and all expenses incurred in support of construction are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Depreciation of capital assets is provided on the straight-line method over the following estimated useful lives:

| Classification | Range of lives |
|---|-----------------------|
| Runways, taxiways, and other land improvements | 15-35 years |
| Terminal, maintenance buildings, and other structures | 15-35 years |
| Other property and equipment | 2-20 years |

The Department purchases certain residential parcels of land that are considered to be within the area designated as “noise-impacted” surrounding the Airport. The costs of acquisition and relocation of residents in this area are eligible under the Federal Aviation Administration (FAA) Noise Abatement Grant Program for reimbursement. The FAA funds approximately 75% to 80% of these costs, and the Department funds the remaining amount.

The FAA retains a continuing interest in the properties equal to its original funding percentage and restricts the use of such properties to purposes, which are compatible with the noise levels associated with the operation of the Airport. All costs associated with acquiring these parcels of land are recorded under the caption “Land purchased for noise abatement” on the Department’s Statements of Net Position.

(h) Capitalization of Interest Costs

Net interest costs incurred during the construction of runways, taxiways, and other land improvements and terminals, maintenance buildings, and other structures are capitalized as part of the historical costs of acquiring these assets. The interest earned on investments acquired with proceeds from tax-exempt borrowing (where such borrowings are restricted to the acquisition of assets) is offset against the related interest costs in determining either the amount of interest to be capitalized or limitations on the amount of interest costs to be capitalized. Net interest costs

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION

Notes to Financial Statements

June 30, 2018 and 2017

capitalized for the years ended June 30, 2018 and 2017 totaled approximately \$16.8 million and \$4.9 million, respectively.

(i) *Compensated Absences*

Department employees can accrue a maximum of 25 to 45 days of annual leave, depending upon their length of service. Vested or accumulated vacation leave, including related benefits, is recorded as an expense and liability as the benefits accrue to employees.

Employees can accrue unlimited amounts of sick leave. Sick leave can be taken only due to personal illness or, in certain cases, illness of family members. Sick leave is not intended to be paid out except under special circumstances where the City Council has given approval and the necessary funds are available. Consequently, the Department does not record an accrued liability for the accumulated sick leave.

(j) *Bond Discounts and Premiums*

Bond discounts and premiums are deferred and amortized over the term of the bonds. Bond discounts and premiums are presented as a reduction or addition to the face amount of bonds payable.

(k) *Net Pension Liability*

For purposes of measuring net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the City of Atlanta Pension Plans (Pension Plans), and additions to/deductions from the Pension Plans' fiduciary net position have been determined on the same basis as they are reported by the Pension Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

(l) *Net Other Postemployment Liability*

For purposes of measuring net other postemployment liability (OPEB), deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

(m) *Deferred Inflows and Outflows*

Deferred inflows of resources are an acquisition of net assets by the Department that is applicable to a future reporting period and include pension and other postemployment benefit related deferred inflows. The pension and other postemployment benefit related deferred inflows at June 30, 2018 and 2017 were \$33.3 million and \$14.3 million, respectively.

Deferred outflows of resources are the consumption of net assets by the Department that are applicable to a future reporting period and include the unamortized amounts for losses on the refunding of bond debt, pension, and other postemployment benefit related deferred outflows. Total accumulated deferred amount of debt refunding at June 30, 2018 and 2017 was \$46.6 million and

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION

Notes to Financial Statements

June 30, 2018 and 2017

\$53.1 million, respectively. Total pension and other postemployment benefit related deferred outflows at June 30, 2018 and 2017 were \$26.3 million and \$39.0 million, respectively.

(n) Capital Grants

Grants received for the acquisition or construction of capital assets are recorded as nonoperating revenues (capital contributions) when earned. Grants are earned when costs relating to such capital assets, which are reimbursable under the terms of the grants, have been incurred. During the years ended June 30, 2018 and 2017, the Department recorded \$14.5 million and \$11.5 million, respectively, in capital contributions consisting of federal grants in aid of construction and funding of debt service, which are reimbursable.

(o) Transfers

The Department transfers funds to the City to cover its pro-rata share of costs when certain projects are implemented by the City in which the Department is a direct beneficiary. During the year ended June 30, 2018, \$2.7 million in transfers were recorded, while \$5.2 million were recorded during fiscal year 2017. The transfer that occurred during fiscal year 2018 was related to the Department's portion of the City's Oracle ERP software upgrade and ethics e-filing software costs.

(p) Net Position

Net position is classified and displayed in three components, as applicable:

Net investment in capital assets – Consists of capital assets including capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is excluded from the calculation of invested in capital assets, net of related debt.

Restricted – Consists of assets with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. When an expense is incurred for purposes for which there are both restricted and unrestricted assets available, it is the Department's policy to apply those expenses to restricted assets, to the extent such are available, and then to unrestricted assets.

Unrestricted – All other assets that constitute the components of net position that do not meet the definition of "restricted" or "net investment in capital assets."

(q) Classification of Revenue and Expenses

Operating revenue and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Department. Operating revenue is principally derived from agreements relating to the use of Airport facilities. Landing fees are determined on the basis of the gross weight of aircraft landing at the Airport. Revenue from "terminal, maintenance buildings, and other rentals" is derived from the leasing of various Airport facilities to air carriers and other tenants. Concession

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION

Notes to Financial Statements

June 30, 2018 and 2017

revenue is earned through various agreements providing for the operation of concessions at the Airport, such as parking lots, car rental agencies, newsstands, restaurants, etc. Nonoperating revenue and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from nonexchange transactions or ancillary activities.

Passenger Facility Charges

On February 26, 1997, in accordance with Section 158.29 of the Federal Aviation Regulations (Title-14, Code of Federal Regulations, Part 158), the FAA approved the City's application to impose a Passenger Facility Charge (PFC) at the Airport and to use PFC revenue either now or in the future. Between July 1997 and March 2001, the PFC was \$3.00; effective April 2001, the PFC was increased to \$4.50. The Department recorded \$203.0 million and \$199.4 million in passenger facility charges for the years ended June 30, 2018 and 2017, respectively.

Customer Facility Charges

The Installment Purchase Agreement entered into by the City with the City of College Park for the purchase of a Rental Car Center (RCC) on June 1, 2006 obligates the City to make debt service payments through 2031, totaling \$443.1 million, on the Series 2006A and Series 2006B Bonds issued by the City of College Park. In relation to the agreement, the City adopted an ordinance effective October 1, 2005, imposing a Customer Facility Charge (CFC) at the Airport to fund the purchase. The CFC of \$5.00 is a charge on each Airport car rental transaction day applicable to both On-Airport Operators and Off-Airport Operators. The Department recorded \$40.0 million and \$40.4 million in customer facility charges for the years ended June 30, 2018 and 2017, respectively. Operating expenses during fiscal years 2018 and 2017 of approximately \$9.7 million and \$11.4 million, respectively, are netted against the CFC revenue and result in net CFC income of \$30.3 million for 2018 and \$29.0 million for 2017.

(r) Economic Concentration

Delta Air Lines and the Airport-owned parking facilities accounted for approximately 12.4% and 28.1% of total operating revenue, respectively, for the year ended June 30, 2018. Delta Air Lines and the Airport-owned parking facilities accounted for approximately 9.7% and 26.5% of total operating revenue, respectively, for the year ended June 30, 2017.

(s) General Services Costs

The Department is one of a number of departments and/or funds maintained by the City. A portion of general services costs (such as procurement, accounting, budgeting, and personnel administration) are allocated to the Department for services provided by other City departments and/or funds. Such costs are allocated to the Department based on a methodology employed by an independent study. Of the Department's recorded \$21.7 million and \$18.2 million in general services costs for the years ended June 30, 2018 and 2017, respectively, the allocated expense amount for the year ended June 30, 2018 was \$11.2 million, compared to \$8.2 million for the year ended June 30, 2017.

**CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION**

Notes to Financial Statements

June 30, 2018 and 2017

(t) *New Accounting Standards*

During fiscal year 2018, the Department adopted GASB Statement No. 75, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This statement establishes financial reporting standards for Other Postemployment Benefit Plans (OPEB) that are administered through trusts or equivalent arrangements which involve contributions from employers and nonemployer contributing entities to the OPEB plan.

Although the Department's Statement of Net Position, Statement of Revenue, Expenses and Changes in Net Position, and the Statement of Cash Flows present comparative results, the Department elected to implement GASB 75 on June 30, 2017, because it was not practical to implement at the beginning of fiscal year 2017 due to lack of available information to prepare comparative financial statements related to the implementation. The following schedule summarizes the impact on beginning net position (in thousands):

| Net Position | 2018 |
|---|--------------|
| Beginning of year, as previously reported | \$ 4,855,845 |
| Effect of adoption of GASB 75 | (86,629) |
| Beginning of year, as restated | \$ 4,769,216 |

(u) *Recently Issued Accounting Standards*

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This statement is effective for fiscal years beginning after December 15, 2019.

The impact of this pronouncement on the Department's financial statements is currently being evaluated and has not yet been fully determined.

(v) *Use of Estimates*

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts and disclosures. Actual results could differ significantly from those estimates.

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(2) Deposits and Investments

Cash and cash equivalents and investments as of June 30, 2018 and 2017 are classified in the accompanying financial statements as follows (in thousands):

| | 2018 | 2017 |
|--------------------------------|--------------|-------------|
| Unrestricted | | |
| Cash and cash equivalents | \$ 49 | 106 |
| Equity in cash management pool | 776,658 | 789,280 |
| Restricted | | |
| Cash and cash equivalents | 427,996 | 528,052 |
| Investments | 971,537 | 888,869 |
| Total deposits and investments | \$ 2,176,240 | 2,206,307 |

(a) Pooled Cash Held in City Treasury

The City maintains a cash pool that is available for use by all funds. The Department’s investment in this pool is displayed in the accompanying financial statements as “Equity in cash management pool”.

As of June 30, 2018 and 2017, the Department had approximately \$776.7 million and \$789.3 million, respectively, within the City’s cash management pool. At June 30, 2018 and 2017, the composition of the equity in cash management pool portfolio consisted mainly of investments in Georgia Local Government Investment Pool (Georgia Fund 1), Federal Home Loan Mortgage Corporation (FHLMC), Federal National Mortgage Association (FNMA), United States Treasuries, Municipal Securities, and Negotiated Investment Deposit Agreements.

(b) Investments Authorized by the Georgia State Code Section 36-83-4 and the City of Atlanta Investment Policy

The City has adopted an investment policy (the Policy) to minimize the inherent risks associated with deposits and investments. The primary objective of the Policy is to invest funds to provide for the maximum safety of principal.

Identified below are the investment types that are authorized for the City by the Policy. The Policy also identifies certain provisions of the Official Code of Georgia (OCGA) that address interest rate risk, credit risk, and concentration of credit risk. The Policy governs all governmental and business-type activities for the City, but does not govern the City of Atlanta Pension Plans.

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The City's investments are limited to U.S. government guaranteed securities and U.S. government agency securities, which are limited to issues of the Federal Farm Credit Bank (FFCB), Federal Home Loan Bank System (FHLBS), Federal Home Loan Mortgage Corporation (FHLMC), and Federal National Mortgage Association (FNMA). Under the Policy, the City restricts investments in eligible obligations to discount notes and callable or noncallable fixed-rate securities with a fixed principal repayment amount.

The City may invest in fully collateralized repurchase agreements provided the City has on file a signed Master Repurchase Agreement, approved by the City Attorney, detailing eligible collateral, collateralization ratios, standards for collateral custody and control, collateral valuation, and conditions for agreement termination. It also requires the securities being purchased by the City to be assigned to the City, be held in the City's name, and be deposited at the time the investment is made with the City or with a third party selected and approved by the City; and is placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the state of Georgia, and is rated no less than A or its equivalent by two nationally recognized rating services.

Under the Policy, the City's investment portfolio, in aggregate, is to be diversified to limit its exposure to interest rate, credit, and concentration risks by observing the above limitations.

(c) *Investment in Local Government Investment Pool*

The Department is a voluntary participant in Georgia Fund 1 that is managed by the State of Georgia's Office of Treasury and Fiscal Services. As of June 30, 2018 and 2017, the Department's cash equivalent deposits in the Georgia Fund 1 are approximately \$34.0 million and \$23.1 million, respectively. The total amount recorded by all public agencies in Georgia Fund 1 at June 30, 2018 and 2017, was approximately \$14.5 billion and \$12.0 billion, respectively.

(d) *Fair Value Measurement*

GASB No. 72, *Fair Value Measurement and Application*, enhances comparability of governmental financial statements by requiring fair value measurement for certain assets and liabilities using a consistent definition and accepted valuation techniques. The standard establishes a hierarchy of inputs used to measure fair value that prioritizes the inputs into three categories – Level 1, Level 2, and Level 3 inputs – considering the relative reliability of the inputs. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted (unadjusted) prices in active markets for identical financial assets or liabilities that the Department has the ability to access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the financial asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the financial asset or liability.

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The level in the fair value hierarchy within which a fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment risk.

The following tables present the financial assets carried at fair value by level within the valuation hierarchy, as well as, the assets measured at the net asset value (NAV) per share (or its equivalent) as of June 30, 2018 and 2017, (in thousands):

| | 2018 | | | |
|---------------------------------------|-------------------|----------------|----------------|--------------------|
| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
| Debt securities: | | | | |
| U.S. treasury securities | \$ 360,511 | — | — | 360,511 |
| U.S. agency securities | — | 229,245 | — | 229,245 |
| State and municipal bonds | — | 78,594 | — | 78,594 |
| Total debt securities | <u>360,511</u> | <u>307,839</u> | <u>—</u> | <u>668,350</u> |
| Other securities: | | | | |
| Repurchase Agreements (Repos) | — | 303,187 | — | 303,187 |
| Total other securities | <u>—</u> | <u>303,187</u> | <u>—</u> | <u>303,187</u> |
| Total investments by fair value level | <u>\$ 360,511</u> | <u>611,026</u> | <u>—</u> | <u>971,537</u> |
| Investments measured at NAV: | | | | |
| Equity in cash management pool | | | | \$ 776,658 |
| Total investments measured at the NAV | | | | <u>776,658</u> |
| Total investments | | | | <u>\$1,748,195</u> |

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| | 2017 | | | |
|---------------------------------------|------------|---------|---------|-------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Debt securities: | | | | |
| U.S. treasury securities | \$ 201,796 | — | — | 201,796 |
| U.S. agency securities | — | 231,204 | — | 231,204 |
| State and municipal bonds | — | 151,192 | — | 151,192 |
| Total debt securities | 201,796 | 382,396 | — | 584,192 |
| Other securities | | | | |
| Repurchase Agreements (Repos) | — | 304,677 | — | 304,677 |
| Total other securities | — | 304,677 | — | 304,677 |
| Total investments by fair value level | \$ 201,796 | 687,073 | — | 888,869 |
| Investments measured at NAV: | | | | |
| Equity in cash management pool | | | | \$ 789,280 |
| Total investments measured at the NAV | | | | 789,280 |
| Total investments | | | | \$1,678,149 |

Debt securities classified in Level 1 are valued using prices quoted in active markets for those securities. The debt and other securities classified in Level 2 are valued using the following approaches:

- Debt securities are subject to pricing by an alternative pricing source due to lack of information by the primary vendor.
- Repurchase agreements (repos) were valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices for identical securities in markets that are not active.

There are no investments classified in Level 3.

The equity in cash management pool represents the Department's participation in the City's internal cash pool which is measured at the net asset value (NAV) per share.

(e) Investment Risk Disclosures

Interest Rate Risk

Interest rate risk is the risk that changes in market rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. Additionally, the fair values of the investments may be highly sensitive to interest rate fluctuations. By policy, the City establishes maximum maturity dates by investment type in order to limit interest rate risk. The City manages its exposure to interest rate risk by purchasing a combination of shorter-term and longer-term investments, and by timing cash

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flows from maturities so that a portion is maturing, or coming close to maturing, evenly over time as necessary to provide the cash flow and liquidity needs for operations.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City's investment policy does not specify a minimum bond rating for investments.

As of June 30, 2018, the Department had the following investments with the corresponding credit ratings and maturities (in thousands):

| Type of investment | Credit rating | Maturity | | | | | Carrying value |
|--------------------------------|---------------|-------------------|----------------|---------------|----------------|---------------|------------------|
| | | Under 30 Days | 31-180 Days | 181-365 Days | 1-5 Years | Over 5 years | |
| State and municipal bonds | Aaa-Baa2 | \$ — | 26,048 | 7,444 | 35,762 | 9,340 | 78,594 |
| U.S. agency securities | Aaa/ AA+ | — | — | 14,903 | 214,342 | — | 229,245 |
| US treasury securities | Exempt | 39,605 | 285,069 | 35,837 | — | — | 360,511 |
| Equity in cash management pool | N/A | 776,658 | — | — | — | — | 776,658 |
| Repurchase Agreements (Repos) | * | — | 280,397 | — | — | 22,790 | 303,187 |
| Grand total | | <u>\$ 816,263</u> | <u>591,514</u> | <u>58,184</u> | <u>250,104</u> | <u>32,130</u> | <u>1,748,195</u> |

*All Repurchase Agreements (Repos) are fully collateralized by U.S. Government Obligations or Agency securities.

As of June 30, 2017, the Department had the following investments with the corresponding credit ratings and maturities (in thousands):

| Type of investment | Credit rating | Maturity | | | | | Carrying value |
|--------------------------------|---------------|-------------------|----------------|---------------|----------------|---------------|------------------|
| | | Under 30 Days | 31-180 Days | 181-365 Days | 1-5 Years | Over 5 years | |
| State and municipal bonds | Aaa-Baa2 | \$ 76,855 | — | 15,140 | 34,500 | 24,697 | 151,192 |
| U.S. agency securities | Aaa/ AA+ | — | — | — | 231,204 | — | 231,204 |
| US treasury securities | Exempt | — | 176,445 | 25,351 | — | — | 201,796 |
| Equity in cash management pool | N/A | 789,280 | — | — | — | — | 789,280 |
| Repurchase Agreements (Repos) | * | 3,640 | — | — | 278,247 | 22,790 | 304,677 |
| Grand total | | <u>\$ 869,775</u> | <u>176,445</u> | <u>40,491</u> | <u>543,951</u> | <u>47,487</u> | <u>1,678,149</u> |

*All Repurchase Agreements (Repos) are fully collateralized by U.S. Government Obligations or Agency securities.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The City requires that all uninsured collected balances plus accrued interest in depository accounts be collateralized and that the market value of collateralized pledged securities must be at least 110% of the deposit balances, and 102% for

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repurchase agreements. As of June 30, 2018 and 2017, the City's collateralization for pledged securities at Wells Fargo was 110% in deposit accounts.

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. There was no counterparty risk to the City as of June 30, 2018 and 2017.

Concentration Credit Risk

The City's investment policy contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the OCGA. At June 30, 2018 and 2017, there were no investments in any one issuer, related to the Department, that were over 5% (excluding U.S. government securities) of total investments.

Foreign Currency Risk

Foreign currency risk is the risk that changes in currency exchange rates could adversely affect an investment's or deposit's fair value. The City is not exposed to this risk and its investment policy does not provide for investments in foreign currency denominated securities.

(3) Accounts Receivable

Net accounts receivable as of June 30, 2018 and 2017 are due from airport tenants, concessionaires, and other customers. There are no material receivables expected to take longer than one year to collect.

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(4) Restricted Assets

Restricted assets at June 30, 2018 and 2017 are summarized as follows (in thousands):

| | 2018 | 2017 |
|---------------------------------|--------------|-------------|
| Renewal and Extension Fund: | | |
| Cash and cash equivalents | \$ 21,600 | 15,652 |
| Other assets | 2,997 | 3,483 |
| Investments | 769 | — |
| Passenger Facility Charge Fund: | | |
| Cash and cash equivalents | 34,245 | 16,657 |
| Other assets | 64,032 | 38,872 |
| Investments | 554,196 | 584,191 |
| Customer Facility Charge Fund: | | |
| Cash and cash equivalents | 42,139 | 34,812 |
| Other assets | 3,294 | 4,142 |
| Construction Fund: | | |
| Cash and cash equivalents | 47,378 | 66,258 |
| Other assets | 180 | 179 |
| Investments | 280,397 | 281,888 |
| Sinking Funds: | | |
| Cash and cash equivalents | 282,634 | 394,673 |
| Investments | 136,175 | 22,790 |
| Total | \$ 1,470,036 | 1,463,597 |

The following table is a summary of carrying amount of restricted assets as shown on the accompanying statements of net position at June 30, 2018 and 2017 (in thousands):

| | 2018 | 2017 |
|---------------------------|--------------|-------------|
| Cash and cash equivalents | \$ 427,996 | 528,052 |
| Other assets | 70,503 | 46,676 |
| Investments | 971,537 | 888,869 |
| Total | \$ 1,470,036 | 1,463,597 |

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(5) Capital Assets

Summaries of capital asset activity and changes in accumulated depreciation for the years ended June 30, 2018 and 2017 are as follows (in thousands):

| | Balance at June 30, 2017 | Additions | Deletions and retirements | Transfers to additions | Balance at June 30, 2018 |
|---|---|------------------|--|-----------------------------------|---|
| Capital assets not being depreciated: | | | | | |
| Land | \$ 862,006 | — | — | — | 862,006 |
| Construction in progress | 536,374 | 389,650 | — | (210,225) | 715,799 |
| Total capital assets not being depreciated | 1,398,380 | 389,650 | — | (210,225) | 1,577,805 |
| Capital assets being depreciated: | | | | | |
| Runways, taxiways, and other land improvements | 3,284,183 | — | — | 90,953 | 3,375,136 |
| Terminal, maintenance buildings, and other structures | 3,987,396 | 1,139 | (4) | 81,694 | 4,070,225 |
| Other property and equipment | 416,130 | 10,872 | (7,351) | 37,578 | 457,229 |
| Total capital assets being depreciated | 7,687,709 | 12,011 | (7,355) | 210,225 | 7,902,590 |
| Less accumulated depreciation for: | | | | | |
| Runways, taxiways, and other land improvements | (1,464,320) | (98,234) | — | — | (1,562,554) |
| Terminal, maintenance buildings, and other structures | (1,341,571) | (118,865) | 3 | — | (1,460,433) |
| Other property and equipment | (175,918) | (36,455) | 7,271 | — | (205,102) |
| Total accumulated depreciation | (2,981,809) | (253,554) | 7,274 | — | (3,228,089) |
| Net capital assets | <u>\$ 6,104,280</u> | <u>148,107</u> | <u>(81)</u> | <u>—</u> | <u>6,252,306</u> |

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| | Balance at June 30, 2016 | Additions | Deletions and retirements | Transfers to additions | Balance at June 30, 2017 |
|--|--------------------------------|-----------|---------------------------------|---------------------------|--------------------------------|
| Capital assets not being depreciated | | | | | |
| Land | \$ 862,006 | — | — | — | 862,006 |
| Construction in progress | 330,578 | 391,726 | — | (185,930) | 536,374 |
| Total capital assets not being depreciated | 1,192,584 | 391,726 | — | (185,930) | 1,398,380 |
| Capital assets being depreciated: | | | | | |
| Runways, taxiways, and other land improvements | 3,276,386 | — | (97) | 7,894 | 3,284,183 |
| Terminal, maintenance buildings, and other structures | 3,911,973 | — | (6) | 75,429 | 3,987,396 |
| Other property and equipment | 316,711 | 9,665 | (12,853) | 102,607 | 416,130 |
| Total capital assets being depreciated | 7,505,070 | 9,665 | (12,956) | 185,930 | 7,687,709 |
| Less accumulated depreciation for: | | | | | |
| Runways, taxiways, and other land improvements | (1,377,444) | (86,946) | 70 | — | (1,464,320) |
| Terminal, maintenance buildings, and other structures | (1,227,196) | (114,377) | 2 | — | (1,341,571) |
| Other property and equipment | (160,040) | (28,660) | 12,782 | — | (175,918) |
| Total accumulated depreciation | (2,764,680) | (229,983) | 12,854 | — | (2,981,809) |
| Net capital assets | \$ 5,932,974 | 171,408 | (102) | — | 6,104,280 |

(6) Short-Term and Long-Term Obligations

The City has issued various bonds to finance its extensive airport capital improvement projects. The net revenues, as defined in the 2000 Airport Master Bond Ordinance as supplemented and amended, generated by operating activities are pledged as security for the bonds. Interest is payable semi-annually in January and July.

The City has issued commercial paper, classified as short-term debt, and bond anticipation notes, classified as long-term debt, to provide interim financing for long-term projects that will ultimately be funded with bonds, PFC debt, or City dollars through its renewal and extension fund.

The City has entered into a lease-purchase agreement with NORESKO-SG, LLC for the acquisition, installation, and lease purchase financing of certain equipment and property. This lease agreement is classified as a capital lease obligation.

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Long-term debt at June 30, 2018 and 2017 consists of the following (in thousands):

| | 2018 | 2017 |
|--|-------------|-------------|
| General Revenue Bonds: | | |
| Airport General Revenue Bonds, Series 2010A, combination serial at 2.00% – 5.00% and term, at 4.625% – 5.00% through 2040 | \$ 159,875 | 163,810 |
| Airport General Revenue and Refunding Bonds, Series 2010C, combination serial at 2.0% – 5.875% and term, at 5.25% – 6.00% through 2030 | 387,095 | 409,470 |
| Airport General Revenue and Refunding Bonds, Series 2011A at 3.00% – 5.00% due serially through 2021 | 118,730 | 144,435 |
| Airport General Revenue and Refunding Bonds, Series 2011B at 3.00% – 5.00% due serially through 2030 | 171,335 | 173,555 |
| Airport General Revenue Refunding Bonds, Series 2012A, combination serial at 2.00% – 5.00% and term, at 4.00% – 5.00% through 2042 | 58,970 | 60,305 |
| Airport General Revenue Refunding Bonds, Series 2012B, combination serial at 3.00% – 5.00% and term, at 5.00% through 2042 | 172,305 | 175,930 |
| Airport General Revenue Refunding Bonds, Series 2012C, combination serial at 4.00% – 5.00% and term, at 5.00% through 2042 | 210,170 | 214,630 |
| Airport General Revenue and Refunding Bonds, Series 2014B at 3.00% – 5.00% due serially through 2033 | 135,645 | 140,830 |
| Airport General Revenue and Refunding Bonds Series 2014C at 2.00% – 5.00% due serially through 2030 | 109,510 | 128,850 |
| Total general revenue bonds | 1,523,635 | 1,611,815 |
| Passenger Facility Charge (PFC) Subordinate Revenue Bonds: | | |
| PFC and Subordinate Lien General Revenue Bonds, Series 2010B, at 2.00% – 5.00%, due serially through 2026 | \$ 244,075 | 275,220 |
| PFC and Subordinate Lien General Revenue Refunding Bonds, Series 2014A, at 4.00% – 5.00%, due serially through 2034 | 523,605 | 523,605 |
| Total PFC and subordinate revenue bonds | 767,680 | 798,825 |

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| | 2018 | 2017 |
|--|--------------|-------------|
| Customer Facility Charge (CFC) Bonds: | | |
| City of College Park Taxable Revenue Bonds, (Hartsfield-Jackson Atlanta International Airport Consolidated Rental Car Facility Project, Rental Car Facility Project), Series 2006A at 5.758% – 5.965% (Conduit Debt) | \$ 147,330 | 154,870 |
| City of College Park Revenue Bonds, (Hartsfield-Jackson Atlanta International Airport Automated People Mover System Maintenance Facility Project), Series 2006B at 4.00% – 4.50% (Conduit Debt) | 14,325 | 15,135 |
| Total Customer Facilities Charge (CFC) Bonds | 161,655 | 170,005 |
| Total bonds | 2,452,970 | 2,580,645 |
| Bond anticipation notes | 300,000 | 300,000 |
| Total long-term debt | 2,752,970 | 2,880,645 |
| Unaccreted bond discounts | (123) | (139) |
| Unamortized bond premiums | 112,536 | 127,478 |
| Less current maturities | (134,710) | (127,675) |
| Total long-term debt | \$ 2,730,673 | 2,880,309 |

Changes in long-term debt are as follows (in thousands):

| | Balance at June 30, 2017 | Additions | Retirements | Balance at June 30, 2018 | Due within one year |
|---|---|------------------|--------------------|---|--------------------------------|
| Revenue, PFC, and CFC Bonds | \$ 2,880,645 | — | (127,675) | 2,752,970 | 134,710 |
| Plus issuance discount and premium, net | 127,339 | — | (14,926) | 112,413 | — |
| Total bonded debt | \$ 3,007,984 | — | (142,601) | 2,865,383 | 134,710 |
| | | | | | |
| | Balance at June 30, 2016 | Additions | Retirements | Balance at June 30, 2017 | Due within one year |
| Revenue, PFC, and CFC Bonds | \$ 3,002,125 | — | (121,480) | 2,880,645 | 127,675 |
| Plus issuance discount and premium, net | 143,436 | — | (16,097) | 127,339 | — |
| Total bonded debt | \$ 3,145,561 | — | (137,577) | 3,007,984 | 127,675 |

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On June 21, 2006, the City of College Park, Georgia issued \$211.9 million in Taxable Revenue Bonds (Hartsfield-Jackson Atlanta International Airport Consolidated Rental Car Facility Project), Series 2006A for the purpose of acquiring, constructing, and installing a consolidated rental car facility. In addition, College Park issued \$22.0 million in Revenue Bonds (Hartsfield-Jackson Atlanta International Airport Automated People Mover System Maintenance Facility Project), Series 2006B for the purpose of acquiring, constructing, and installing a maintenance facility for an automated people mover. The City (the Purchaser) pursuant to the terms of an Installment Purchase Agreement dated June 1, 2006 (the Agreement) with the City of College Park (the Issuer) obligates the Purchaser to make installment payments to the Issuer to cover the principal, premium and interest of the Series 2006A/B Bonds. The City has adopted an Ordinance imposing a customer facility charge (CFC) effective October 1, 2005. The CFC revenues have been pledged to secure the payments due under the Agreement. At June 30, 2018 and 2017, the balance of outstanding conduit debt totaled \$161.7 million and \$170.0 million, respectively.

On March 20, 2016, the Department of Aviation issued an aggregate combined \$300 million of Bond Anticipation Notes (2016 Series A&B) which mature on March 20, 2019. These notes were issued for the purpose of financing on an interim basis, in whole or in part, the costs of the planning, engineering, design, acquisition and construction of certain improvements to Hartsfield-Jackson Atlanta International Airport. According to the note agreement, the City will refund or refinance and pay the principal of and interest on the Series 2016 Notes with proceeds of long-term fixed rate take-out bonds issued in an amount not to exceed \$350 million, maturing not later than January 1, 2050 with a not to exceed interest rate of 9.0% per annum, and a maximum principal and interest due in any year of \$40 million. The Department signed a new agreement that extended the maturity date to January 1, 2020 (see Note 11). These notes have been classified as long-term debt.

The annual debt service requirements (excluding bond anticipation notes) at June 30, 2018 are as follows (in thousands):

| Year: | <u>Principal</u> | <u>Interest</u> | <u>Total debt service</u> |
|-----------|---------------------|------------------|---------------------------|
| 2019 | \$ 134,710 | 124,996 | 259,706 |
| 2020 | 136,490 | 118,244 | 254,734 |
| 2021 | 143,485 | 111,386 | 254,871 |
| 2022 | 121,110 | 104,172 | 225,282 |
| 2023 | 127,550 | 97,844 | 225,394 |
| 2024-2028 | 753,590 | 382,599 | 1,136,189 |
| 2029-2033 | 701,835 | 178,206 | 880,041 |
| 2034-2038 | 197,085 | 61,100 | 258,185 |
| 2039-2043 | 137,115 | 16,373 | 153,488 |
| Total | <u>\$ 2,452,970</u> | <u>1,194,920</u> | <u>3,647,890</u> |

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On August 17, 2015, the City issued an aggregate combined \$450 million of Commercial Paper Notes (2015 Series D & E). These notes were issued to finance, on an interim basis, a portion of the costs of the planning, engineering, design, acquisition and construction of certain improvements at Hartsfield-Jackson Atlanta International Airport and to refund in whole or in part the principal of and interest on any Series D or Series E Notes. The Series D-1 Notes, the Series D-2 Notes, the Series E-1 Notes and the Series E-2 Notes are referred to as the “Third Lien GARB Notes.” The Series D-3 Notes, the Series D-4 Notes, the Series E-3 Notes and the Series E-4 Notes are referred to as the “Modified Hybrid PFC Notes.” The Third Lien GARB Notes are limited obligations of the City payable from and secured by a pledge of and third lien on general revenues. The Modified Hybrid PFC Notes are limited obligations of the City payable from and secured by a pledge of and second lien on PFC revenues and third lien on general revenues. The Series D Notes and the Series E Notes do not constitute a debt of the City, or a pledge of the faith and credit of the taxing power of the City. The Series D and the Series E Notes are not payable from any funds other than the revenues pledged for that purpose.

On December 22, 2016, the City issued an aggregate combined \$225 million of Commercial Paper Notes (2016 Series F & G). These notes were issued to finance, on an interim basis, a portion of the costs of the planning, engineering, design, acquisition and construction of certain improvements at Hartsfield-Jackson Atlanta International Airport and to refund in whole or in part the principal of and interest on any Series F or Series G Notes. The Series F-1 Notes, Series F-2 Notes, Series G-1 Notes and Series G-2 Notes are referred to as the “Third Lien GARB Notes.” The Series F-3 Notes, Series F-4 Notes, Series G-3 Notes and Series G-4 Notes are referred to as the “Modified Hybrid PFC Notes.” The Third Lien GARB Notes are limited obligations of the City payable from and secured by a pledge of and third lien on general revenues. The Modified Hybrid PFC Notes are limited obligations of the City payable from and secured by a second lien on PFC revenues and a third lien on general revenues. The Series F and the Series G notes do not constitute a debt of the City, or pledge of the faith and credit of the taxing power of the City. The Series F and the Series G Notes are not payable from any funds other than the revenues pledged for this purpose.

Changes in commercial paper notes are as follows (in thousands):

| | Balance at June 30, 2017 | Additions | Retirements | Balance at June 30, 2018 | Due within one year |
|------------------------|---|------------------|--------------------|---|--------------------------------|
| Commercial paper notes | \$ 146,926 | 158,188 | — | 305,114 | 305,114 |
| Total notes | <u>\$ 146,926</u> | <u>158,188</u> | <u>—</u> | <u>305,114</u> | <u>305,114</u> |

| | Balance at June 30, 2016 | Additions | Retirements | Balance at June 30, 2017 | Due within one year |
|------------------------|---|------------------|--------------------|---|--------------------------------|
| Commercial paper notes | \$ 20,000 | 126,926 | — | 146,926 | 146,926 |
| Total notes | <u>\$ 20,000</u> | <u>126,926</u> | <u>—</u> | <u>146,926</u> | <u>146,926</u> |

All of the bond ordinances require the maintenance of sinking funds to provide for debt service on the related bonds. The Airport Master Bond Ordinance also requires the Department to maintain a ratio of Net Airport Revenue to Aggregate Debt Service, as defined, of at least 120%.

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On October 27, 2017, the Department entered into a lease-purchase agreement with NORESKO-SG, LLC, for the acquisition, installation, and lease purchase financing of certain equipment and other property. This lease agreement is classified as a capital lease obligation for accounting purposes.

The annual lease obligation requirements as of June 30, 2018 are as follows (in thousands):

| | | Principal | Interest | Total debt service |
|-------|-----------|------------------|-----------------|---------------------------|
| Year: | | | | |
| | 2019 | \$ 802 | 328 | 1,130 |
| | 2020 | 429 | 200 | 629 |
| | 2021 | 458 | 190 | 648 |
| | 2022 | 488 | 179 | 667 |
| | 2023 | 520 | 168 | 688 |
| | 2024-2028 | 3,110 | 640 | 3,750 |
| | 2029-2033 | 3,493 | 228 | 3,721 |
| | Total | \$ 9,300 | 1,933 | 11,233 |

(7) Leased Facilities

The Department leases terminal space, aircraft maintenance and overhaul facilities, cargo facilities, hangars, and other structures to air carriers and other tenants at the Airport under various operating leases, a majority of which terminate no later than 2035. The total cost of the facilities described above that are substantially leased to various tenants is \$5.5 billion with a carrying value of \$3.2 billion. Depreciation expense for fiscal years 2018 and 2017 on the facilities was \$162.9 million and \$151.0 million, respectively.

Certain of the leases provide for fixed and variable rental payments, and all are generally designed to allow the Department to meet its debt service requirements and recover certain operating and maintenance costs. Rental receipts related to the terminal are based on the cost of the facilities. In addition, certain of the agreements under which the Department receives revenue from the operation of concessions at the Airport provide for the payment of a fee based on the greater of an aggregated percentage of gross receipts or a guaranteed minimum.

During the first quarter of fiscal year 2018 (through September 30, 2017), most of the airlines serving the Airport paid rentals, fees, and charges under provisions of agreements relating their use and occupancy of the Central Passenger Terminal Complex (CPTC Leases). Under the CPTC Leases, the airlines paid terminal rentals and charges to allow the City to recover a portion of operating and maintenance expenses, debt service, and 20% coverage on Bonds issued to finance airline approved CPTC projects. Airline terminal rentals and charges were offset by a credit of a share of terminal concession revenues.

During the last three quarters of fiscal year 2018 (effective October 1, 2017), the airlines paid rentals, fees, and charges under the provisions of a new Airport Use and Lease Agreement that has been executed by all major signatory carriers operating at the airport.

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The Airport Use and Lease Agreement provides for the payment of rentals, fees, and charges for airline use and occupancy airfield and terminal facilities to allow the City to recover all operating and maintenance expenses, Bond debt service, and coverage on Bond debt service allocable to the airfield and terminal cost centers. Coverage is to be calculated at 20% for outstanding Bonds and Bonds to be issued for the Terminal Modernization Project. Coverage is to be calculated at 30% for other future Bonds. Required terminal rentals, fees, and charges are offset by a credit of a share of terminal concessions revenues and a per passenger credit.

The agreement covering the operation of the parking facilities does not provide for a minimum fee and is therefore not included in the following table. Revenue from this source, which is solely a function of parking receipts was \$147.6 million and \$131.9 million for the years ended June 30, 2018 and 2017, respectively.

At June 30, 2018, minimum future rentals and fees to be received under noncancelable leases or concession agreements for each fiscal year are as follows (in thousands):

| | | |
|-----------|-----------|------------------|
| 2019 | \$ | 431,883 |
| 2020 | | 422,851 |
| 2021 | | 429,590 |
| 2022 | | 436,463 |
| 2023 | | 443,474 |
| 2024-2028 | | 2,327,539 |
| 2029-2033 | | 2,525,077 |
| 2033-2036 | | 1,618,331 |
| | <u>\$</u> | <u>8,635,208</u> |

(8) Pension and Other Employee Benefit Plans

Pension Plans

The City maintains the following separately administered pension plans:

| Plan type | Plan name |
|--|--|
| Agent multiple-employer, defined benefit | The General Employees' Pension Plan |
| Single employer, defined benefit | Firefighters' Pension Plan |
| Single employer, defined benefit | Police Officers' Pension Plan |
| Single employer, defined contribution | General Employees' Defined Contribution Plan |

The employees of the Department are covered by either one of the pension plans or the defined contribution plan (collectively, the Plans). The Plans do not provide for measurements of assets and pension benefit obligations for individual units of the City. Such information for the City as a whole is presented in the City's Comprehensive Annual Financial Report.

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The funding methods and determination of benefits payable were established by the legislative acts creating such plans, as amended, and in general, provide that the funds are to be accumulated from employee contributions, City contributions, and income from the investment of accumulated funds. The plans are administered by separate boards of trustees that include an appointee of the Mayor, the City's Chief Financial Officer, a member of City Council, and members elected from active and retired employees of the respective plans.

Prior to July 1, 2001, all permanent employees of the Department were eligible to participate in the General Employees' Pension Plan. Effective July 1, 2001, all new, permanent employees of the Department, excluding sworn personnel of the Police and Fire Departments, are only eligible to participate in the Defined Contribution Plan. Effective December 5, 2002 persons employed prior to July 1, 2001 were given the option of transferring to the Defined Contribution Plan. As of December 31, 2002, employees previously participating in the General Employees' Defined Benefit Plan no longer have the option of transferring to the new Defined Contribution Plan. Sworn personnel of the Police and Fire Departments are eligible to participate in the Police Officers' and Firefighters' plans, respectively.

Effective September 1, 2005, classified employees and certain nonclassified employees pay grade 18 or its equivalent and below enrolled in the Defined Contribution Plan had a one-time option of transferring to the General Employee's Pension Plan. Classified employees and certain nonclassified employees pay grade 18 or its equivalent and below not covered by either the Police Officers' or Firefighters' Pension Plans, and hired after September 1, 2005, are required to become members of the General Employee's Pension Plan.

A stand-alone audited financial report is issued for the three defined benefit plans and can be obtained at the following address:

City of Atlanta
68 Mitchell Street, S.W.
Suite 1600
Atlanta, Georgia 30335

Separate financial statements have not been prepared for the Defined Contribution Plan.

The pension disclosures that follow include all disclosures for GASB 68 using the latest valuation reports available (July 1, 2016 for 2018 and July 1, 2015 for 2017). The measurement date for the three defined benefit plans is June 30, 2017. The Department is presenting net pension liability as of June 30, 2017 for fiscal year 2018 financial statements and as of June 30, 2016 for the fiscal year 2017 financial statements.

General Employees' Pension Plan

Plan Description

The General Employees' Pension Plan (GEPP) is an agent multiple-employer defined benefit plan and was established by a 1924 Act of the State of Georgia Legislature to provide retirement benefits for full-time permanent employees of the City, excluding sworn personnel of the Police and Fire Departments, and the employees of the Atlanta Board of Education (the School System) who are not covered under the Teachers Retirement System of Georgia. Until 1983, the Georgia Legislature established all requirements

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and policies of the Plan. By a constitutional amendment, effective July 1983, control over all aspects of the Plan transferred to the City under the principle of Home Rule. The types of benefits offered by the Plan are retirement, disability, and pre-retirement death benefits. Classified employees and certain nonclassified employees pay grade 18 and below not covered by either the Firefighters' or Police Officers' Pension Plans and hired after September 1, 2005 are required to become members of the GEPP.

(a) Administration of the GEPP

The GEPP is administered as an agent multiple-employer defined benefit pension plan by the Board of Trustees (the Board). Board membership includes the Mayor or her designee, the City's Chief Financial Officer, a member of the City Council, two active City employee representatives, one retired City representative, one active School System representative, and one retired School System representative. All modifications to the Plan must be supported by actuarial analysis and receive the recommendations of the City Attorney, the Chief Financial Officer, and the Board. Each pension law modification must be adopted by at least two-thirds vote of the City Council and be approved by the Mayor.

(b) Contribution Requirements for GEPP

Under the Georgia Legislature principle of Home Rule and the Atlanta Code of Ordinances, Section 6, the Board has the authority to administer the Plan including establishing and amending contribution requirements. The funding methods and determination of benefits payable were established by the Atlanta Code of Ordinances, Part 1, Section 6 legislative acts creating the Plan, as amended, and in general, provide that funds are to be accumulated from employee contributions, City contributions, and income from the investment of accumulated funds.

Employees hired on or after September 1, 2011 who are below pay grade 19 or its equivalent are required to participate in a hybrid defined benefit plan with a mandatory defined contribution component. The defined benefit portion of this plan includes a 1% multiplier, which includes a mandatory employee contribution of 3.75% of salary which is matched 100% by the City. Additionally, these employees may voluntarily contribute up to an additional 4.25% of salary, which is also matched 100% by the City. Employees vest in the amount of the City's contributions at a rate of 20% per year and become fully vested in the City's contributions after five years of participation.

Beginning on November 1, 2011, employees participating in the GEPP and hired before September 1, 2011, or after January 1, 1984, had an increase of 5% in their mandatory contributions into the Plan fund in which they participate. The contribution is such that the new contribution is 12% of salary (without a designated beneficiary) or 13% of salary (with a designated beneficiary).

Beginning in fiscal year 2012, there is a cap on the maximum amount of the City's contribution to the GEPP measured as a percentage of payroll. The City's annual contribution to the Plan may not exceed 35% of payroll of the participants in the City's three defined benefit plans, which include General Employees', Firefighters' and Police Officers' Pension Plans. In the event that this 35% cap is reached, the City will fund any overage for the first 12-month period from its reserves. During that period, the City's management must agree on an alternative method to reduce the overage. If no alternative is reached, beginning in the second 12-month period, the City and the participants will equally split the cost of the coverage, subject only to a provision that employee contributions

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may not increase more than 5%. Contribution requirements may be amended by the Board under the authority of the City ordinance, but the employer contribution requirement is subject to state minimums. During the year ended June 30, 2018, the City contributions were \$51.9 million.

The following table provides the Department's contributions used in the determination of the Department's proportional share of collective pension amounts reported (dollars in thousands).

| Plan | Proportionate share of contributions | Allocation percentage of proportionate share of collective pension amount |
|--------------------|---|--|
| General employees: | | |
| 2017 | \$ 6,232 | 11.49% |
| 2018 | 6,184 | 11.49 |

(c) Description of GEPP Benefit Terms

In June 2011, the City Council approved changes for the City's General Employees' defined benefit plan, effective on September 1, 2011 for new hires, and November 1, 2011 for existing employees.

Prior to the change approved in June 2011, the GEPP provided monthly retirement benefits that initially represent 3% for each year of credited service times the participants' final average three-year earnings (limited to 80% of the average). Retirement benefits were adjusted annually based on the change in the consumer price index, limited to 3% per year. Upon the death of a vested participant who has beneficiary coverage, his or her eligible beneficiary(ies) would be entitled to three fourths of the amount the deceased participant was receiving or would have been entitled to receive.

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The retirement age increased to age 62 for participants in the GEPP. Early Retirement Age is changed from any age (as long as vested) with penalty to age 52 for hires after September 1, 2011. Upon retirement, these participants will receive an annually calculated cost of living increase to their pension benefit that may not exceed 1% and is based upon the consumer price index. Sick and vacation leave are no longer applied to retirement benefits for employees hired after September 1, 2011. Below are the terms the Plan has established to receive benefits:

Normal Pension

Hired before July 1, 2010:

Age 65 or Age 60 after completing five years of service

Monthly benefit is 2.5% of average monthly salary for each year of credited service.

Hired between July 1, 2010 and October 31, 2011:

Age 65 or Age 60 after completing 10 years of service

Monthly benefit is 2.0% of average monthly salary for each year of credited service.

Hired after October 31, 2011:

Age 65 or Age 62 after completing 15 years of service

Monthly benefit is 1.0% of average monthly salary for each year of credited service.

This amount cannot be less than \$12 per month for each year of service, capped at 80% of average monthly salary.

The average monthly salary for employees hired before November 1, 2011, is the average of the highest consecutive 36 months of salary. For those employees hired after October 31, 2011, the average monthly salary is the average of the highest consecutive 120 months of salary.

Early Pension

Hired before July 1, 2010:

Five years of credited service

Hired between July 1, 2010 and October 31, 2011:

Ten years of credited service

Hired after October 31, 2011:

Age 52 and 15 years credited service

The monthly benefit for employees hired before November 1, 2011 is reduced by one half of 1% per month for the first 60 months and by one quarter of 1% per month for the remaining months by which age at retirement is less than 60. More favorable early retirement adjustments may apply to participants in prior plans. Unreduced early retirement is available with 30 years of credited service. For employees hired after October 31, 2011, the monthly benefit amount is reduced by one half of 1% per month before age 62.

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Disability

Service requirement:

Five years of credited service for non job-related disability. None for job related disability.

Normal pension based on service accrued and final average salary at disability, payable immediately; cannot be less than 50% of average monthly salary. This amount is payable until attainment of normal retirement age at which time the benefit is recalculated to include years while disabled as years of service.

Firefighters' and Police Officers' Plan

Plan Description

City of Atlanta, Georgia Firefighters' (FPP) and Police Officers' (PPP) Pension Plans are single-employer defined benefit plans and were established by a 1924 Act of the State of Georgia Legislature to provide retirement benefits for full-time sworn firefighters and police officers of the City of Atlanta Fire Rescue Department and the Police Department. Until 1983, the Georgia Legislature established all requirements and policies of the FPP and PPP. By a constitutional amendment, effective July 1983, control over all aspects was transferred to the City under the principle of Home Rule. The types of benefits offered are retirement, disability, and pre-retirement death benefits. Participants should refer to the Atlanta, Georgia, Code of Ordinances, Section 6 (Plan agreement) for more complete information. Under the principle of Home Rule and the Atlanta Code of Ordinances, Section 6, the Board has the authority to establish and amend benefit terms and contributions.

(d) Administration of the FPP and PPP

The FPP and PPP are administered as a single-employer defined-benefit plan by separate Board of Trustees of the City of Atlanta, Georgia Firefighters' Pension Board and Police Officers' Pension Board (the Board) with each Board including an appointee of The Mayor or her designee, the City's Chief Financial Officer, a member of City Council, two active employee representatives and one retired employee representative. All modifications to the plan must be supported by actuarial analysis input and receive the recommendations of the City Attorney, the Chief Financial Officer, and the pertinent Board of Trustees. Each pension law modification must be adopted by at least two thirds vote of the City Council and be approved by the Mayor.

(e) Contribution Requirements for FPP and PPP

Under the Georgia Legislature principle of Home Rule and the Atlanta Code of Ordinances, Section 6, the Board has the authority to administer the FPP and PPP including establishing and amending contribution requirements. The funding methods and determination of benefits payable were established by the Atlanta Code of Ordinances, Section 6 legislative acts creating the Plans, as amended, and in general, provide that funds are to be accumulated from employee contributions, City contributions, and income from the investment of accumulated funds.

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Sworn personnel employed by the Fire Department and Police Department are required to contribute to the Plans. Employees must contribute either 8% of base pay, if hired after August 31, 2011, 12% of base pay if hired before September 1, 2011 without an eligible beneficiary, or 13% of base pay if hired before September 1, 2011 with an eligible beneficiary. Contribution requirements may be amended by the Board under the authority of the City ordinance, but the employer contribution requirement is subject to state minimums.

On November 1, 2011, the sworn personnel of the Fire Department and Police Department participating in the FPP or PPP and hired before September 1, 2011, or after January 1, 1984, had an increase of 5% in their mandatory contributions into the Plans. The contribution is such that the new contribution is 12% of salary (without a designated beneficiary) or 13% of salary (with a designated beneficiary). Beginning in fiscal year 2012, there is a cap on the maximum amount of the City's contribution to the defined benefit pension funds measured as a percentage of payroll. The City's annual contribution to the funds may not exceed 35% of payroll of the participants in the three Plans in aggregate. In the event that this 35% cap is reached, the City will fund any overage for the first 12 month period from its reserves. If an overage exists during the 12 month period in which the City will fund the overage from the reserve, the City's Management must agree on an alternative method to reduce the overage. If no alternative is reached, beginning in the second 12 month period, the City and the participants will equally split the cost of the overage, subject only to a provision that employee contributions may not increase more than 5%. During the year ended June 30, 2018, the City contributions were \$51.9 million.

Employees hired on or after September 1, 2011 who are sworn members of the Fire Department and Police Department are required to participate in a hybrid defined benefit plan with a mandatory defined contribution component. The defined benefit portion of this plan will include a 1% multiplier. The retirement age increased to age 57 for participants in the Plans. Early Retirement Age is changed from any age (as long as vested) with penalty to age 52 for hires after September 1, 2011. Upon retirement, these participants will receive an annually calculated cost of living increase to their pension benefit that may not exceed 1% and is based upon the Consumer Price Index. Sick and vacation leave are no longer applied to retirement benefits for hires after September 1, 2011.

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The following table provides the Department's contributions used in the determination of the Department's proportional share of collective pension amounts reported (dollars in thousands).

| Plan | Proportionate share of contributions | Allocation percentage of proportionate share of collective pension amount |
|-----------------|--|---|
| Firefighters | | |
| 2017 | \$ 3,998 | 24.30% |
| 2018 | 4,117 | 23.00 |
| Police officers | | |
| 2017 | \$ 1,984 | 7.80% |
| 2018 | 2,199 | 8.00 |

(f) Description of the Benefit Terms for FPP and PPP

In June 2011, the City Council approved changes to the benefits for the City's FPP and PPP, effective on September 1, 2011 for new hires, and November 1, 2011 for existing employees. Currently sworn personnel employed by the Fire Department and Police Department are required to contribute to the Plans.

Prior to the change approved in June 2011, the FPP and PPP provided monthly retirement benefits that initially represent 3% for each year of credited service times the participants' final average three-year earnings (limited to 80% of the average). Retirement benefits were adjusted annually based on the change in the consumer price index, limited to 3% per year. Upon the death of a vested participant who has beneficiary coverage, his or her eligible beneficiary(ies) would be entitled to three fourths of the amount the deceased participant was receiving or would have been entitled to receive. Below are the terms the FPP and PPP has established to receive benefits:

Normal retirement age:

- Age 65 with at least five years of service
- Age 57 with at least 15 years of service
- Age 55 with at least 15 years of service (hired before September 1, 2011)
- Age 55 with at least 10 years of service (hired before July 1, 2010)
- Any age with at least 30 years of service

For early retirement there is an adjustment of the retirement benefit being reduced by 0.5% for each month by which the participant's early retirement age precedes normal retirement age (for employees hired after August 31, 2011). The retirement benefit is reduced by 0.5% for each of the first 60 months and by 0.25% for each additional month by which the participant's early retirement age precedes the normal retirement age (for employees hired before September 1, 2011).

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Early retirement age:

Age 47 with at least 15 years of service (hired after August 31, 2011)

Any age with at least 15 years of service (hired during the period July 1, 2010 through August 31, 2011)

Any age with at least 10 years of service (hired before July 1, 2010)

For participants who incur a catastrophic injury in the line of duty, the basic pension formula is 100% of the top salary for the grade and position occupied by the participant at the time of disability.

For a service-connected disability for participants hired before 1986, the basic pension formula is the greater of 70% of the top salary for the employee's grade and position occupied by the participant at the time of disability or basic pension formula, offset by worker's compensation payments such that the combination of payments does not exceed 100% of the participant's salary at the time of disability.

For participants hired on or after January 1, 1986, the basic pension formula is the greater of 50% of average monthly earnings at the time of disability or basic pension formula, offset by worker's compensation payments such that the combination of payments does not exceed 75% of the participant's salary at the time of disability (payable until the earlier of recovery from disability or Normal Retirement Age).

Pre-retirement death benefit:

75% of the basic pension formula (payable to the eligible beneficiary upon death not in the line-of-duty)

100% of base pay offset by worker's comp or other payments (payable to the eligible beneficiary for first two years after death in the line-of-duty)

75% of the larger of the basic pension formula or 70% of top salary for the employee's grade (payable to the eligible beneficiary beginning two years after death in the line-of-duty)

75% of the basic pension formula (payable to the eligible beneficiary beginning two years after death in the line-of-duty if the employee was covered by the 1986 amendment)

The Plans' Investments

The investments for the Plans are made within the Public Retirement Systems Investment Authority Law of the Georgia Code (O.C.G.A. 47-20-80). The board has been granted the authority by City Ordinance to establish and amend the Plan's investment policy. The Board is responsible for making all decisions with regard to the administration of the Plans, including the management of Plan assets, establishing the investment policy and carrying out the policy on behalf of the Plans.

The Plans' investments are managed by various investment managers under contract with the Board who have discretionary authority over the assets managed by them and within the Plan's investment guidelines as established by the Board. The investments are held in trust by the Plans' custodian in the Plans' name. These assets are held exclusively for the purpose of providing benefits to members of the Plans and their beneficiaries.

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State of Georgia Code and City statutes authorize the Plans to invest in U.S. government obligations, U.S. government agency obligations, State of Georgia obligations, obligations of a corporation of the U.S. government, the Georgia Fund 1 (a government investment pool maintained by the State of Georgia), and alternative investments. The Plans invest in repurchase agreements only when they are collateralized by U.S. government or agency obligations. The Plans are also authorized to invest in collateralized mortgage obligations (CMOs) to maximize yields. These securities are based on cash flows from interest payments on underlying mortgages. CMOs are sensitive to prepayment by mortgagees, which may result from a decline in interest rates. For example, if interest rates decline and mortgagees refinance their mortgages, thereby prepaying the mortgages underlying these securities, the cash flows from interest payments are reduced and the value of these securities declines. Likewise, if mortgagees pay on mortgages longer than anticipated, the cash flows are greater and the return on the initial investment would be higher than anticipated.

In the development of the current asset allocation plan, the Board reviews the long-term performance and risk characteristics of various asset classes, balancing the risks and rewards of market behavior, and reviewing state legislation regarding investments options. The following asset classes are included in the Plans' investment objectives: Domestic Equities, International Equities, Domestic Fixed Income, International Fixed Income, and Alternative Investments.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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Estimates of real rates of return for each major asset class included in the Plan's target asset allocation as of June 30, 2018 and 2017 are summarized in the following tables:

| General employees' | | |
|---------------------------|-------------------|--|
| Asset class | Target allocation | Long-term expected real rate of return |
| Domestic equity | 50% | 6.70% |
| International equity | 20 | 8.10 |
| Fixed income | 25 | 2.10 |
| Alternative investments | 5 | 6.20 |
| | 100% | |

| Firefighters' and police officers' | | |
|---|-------------------|--|
| Asset class | Target allocation | Long-term expected real rate of return |
| Broad equity market | 7% | 6.01% |
| Domestic large-cap equity | 30 | 6.91 |
| Domestic mid-cap equity | 15 | 8.91 |
| Domestic small-cap equity | 9 | 5.01 |
| International equity | 9 | 3.31 |
| Fixed income | 24 | 0.81 |
| Alternative investments | 5 | 7.51 |
| Cash Equivalents | 1 | 0.81 |
| | 100% | |

For the years ended June 30, 2018 and 2017, the annual money-weighted rate of return for General Employees', Firefighters' and Police Officers' Pension Plan investments, net of pension plan investment expense, was 10.27%, 9.85%, and 10.0% and 13.32%, 13.15%, and 14.19%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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Net Pension Liability

The total net pension liability as of June 30, 2018 and 2017 was measured as of June 30, 2017 and 2016, respectively. The measurement was based on the July 1, 2016 actuarial valuation rolled forward to June 30, 2017 and the July 1, 2015 actuarial valuation rolled forward to June 30, 2016, respectively, using standard roll-forward techniques. The net pension liability at June 30, 2018 and 2017 is as follows (dollars in thousands):

| | 2018 | | |
|--|---------------------------|----------------------|-------------------------|
| | General employees' | Firefighters' | Police officers' |
| Total pension liability | \$ 1,941,752 | 897,095 | 1,394,135 |
| Plan fiduciary net position | 1,229,420 | 669,508 | 1,051,671 |
| Net pension liability | \$ 712,332 | 227,587 | 342,464 |
| Plan fiduciary net position as a percentage of the total pension liability | 63.31% | 74.63% | 75.44% |
| | 2017 | | |
| | General employees' | Firefighters' | Police officers' |
| Total pension liability | \$ 1,915,577 | 861,493 | 1,317,840 |
| Plan fiduciary net position | 1,122,786 | 612,637 | 950,415 |
| Net pension liability | \$ 792,791 | 248,856 | 367,425 |
| Plan fiduciary net position as a percentage of the total pension liability | 58.61% | 71.11% | 72.12% |

The net pension liability of the General Employees', Firefighters' and Police Officers' Plans is allocated among the general government, the Department of Aviation, the Department of Watershed Management and Other Non-major Enterprise Funds.

**CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION**

Notes to Financial Statements

June 30, 2018 and 2017

The Department's proportionate share of the net pension liability at June 30, 2017 and 2018 is as follows (dollars in thousands):

| Plan | Department's proportion of the net pension liability | Department's proportionate share of the net pension liability |
|--------------------|---|--|
| General employees' | | |
| 2017 | 11.49% | \$ 91,092 |
| 2018 | 11.49 | 81,847 |
| Firefighters' | | |
| 2017 | 24.30% | \$ 60,472 |
| 2018 | 23.00 | 52,345 |
| Police officers' | | |
| 2017 | 7.80% | \$ 28,659 |
| 2018 | 8.00 | 27,397 |

Changes in Net Pension Liability

The changes in net pension liability as of June 30, 2018 and 2017 are as follows (dollars in thousands):

General Employees'

| | Increase (decrease) | | |
|--|------------------------------------|------------------------------|----------------------------------|
| | Total pension liability | Plan net position | Net pension liability |
| Balances at June 30, 2017 | \$ 1,915,577 | 1,122,786 | 792,791 |
| Changes for the year: | | | |
| Service cost | 21,238 | — | 21,238 |
| Interest growth | 139,298 | — | 139,298 |
| Difference between expected and actual experience | (17,825) | — | (17,825) |
| Contributions – employer | — | 53,817 | (53,817) |
| Contributions – employee | — | 18,243 | (18,243) |
| Net investment income | — | 152,258 | (152,258) |
| Benefit payments and refunds | (116,536) | (116,536) | — |
| Administrative expenses | — | (1,148) | 1,148 |
| Net changes | 26,175 | 106,634 | (80,459) |
| Balances at June 30, 2018 | \$ 1,941,752 | 1,229,420 | 712,332 |

**CITY OF ATLANTA, GEORGIA
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Notes to Financial Statements

June 30, 2018 and 2017

| | Increase (decrease) | | |
|------------------------------|-------------------------|-------------------|-----------------------|
| | Total pension liability | Plan net position | Net pension liability |
| Balances at June 30, 2016 | \$ 1,873,213 | 1,153,715 | 719,498 |
| Changes for the year: | | | |
| Service cost | 20,230 | — | 20,230 |
| Interest growth | 136,155 | — | 136,155 |
| Demographic experience | 1,610 | — | 1,610 |
| Contributions – employer | — | 54,236 | (54,236) |
| Contributions – employee | — | 19,173 | (19,173) |
| Net investment income | — | 12,257 | (12,257) |
| Benefit payments and refunds | (115,631) | (115,631) | — |
| Administrative expenses | — | (964) | 964 |
| Net changes | 42,364 | (30,929) | 73,293 |
| Balances at June 30, 2017 | \$ 1,915,577 | 1,122,786 | 792,791 |

Firefighters'

| | Increase (decrease) | | |
|------------------------------|-------------------------|-------------------|-----------------------|
| | Total pension liability | Plan net position | Net pension liability |
| Balances at June 30, 2017 | \$ 861,493 | 612,637 | 248,856 |
| Changes for the year: | | | |
| Service cost | 12,154 | — | 12,154 |
| Interest expense | 63,123 | — | 63,123 |
| Demographic experience | 4,835 | — | 4,835 |
| Contributions – employer | — | 17,901 | (17,901) |
| Contributions – employee | — | 5,711 | (5,711) |
| Net investment income | — | 78,247 | (78,247) |
| Other income | — | 1 | (1) |
| Benefit payments and refunds | (44,510) | (44,510) | — |
| Administrative expenses | — | (479) | 479 |
| Net changes | 35,602 | 56,871 | (21,269) |
| Balances at June 30, 2018 | \$ 897,095 | 669,508 | 227,587 |

**CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION**

Notes to Financial Statements

June 30, 2018 and 2017

| | Increase (decrease) | | |
|------------------------------|--------------------------------|--------------------------|------------------------------|
| | Total pension liability | Plan net position | Net pension liability |
| Balances at June 30, 2016 | \$ 853,690 | 644,649 | 209,041 |
| Changes for the year: | | | |
| Service cost | 12,013 | — | 12,013 |
| Interest growth | 62,584 | — | 62,584 |
| Demographic experience | (22,794) | — | (22,794) |
| Contributions – employer | — | 16,454 | (16,454) |
| Contributions – employee | — | 5,667 | (5,667) |
| Net investment income | — | (9,895) | 9,895 |
| Benefit payments and refunds | (44,000) | (44,000) | — |
| Administrative expenses | — | (238) | 238 |
| Net changes | 7,803 | (32,012) | 39,815 |
| Balances at June 30, 2017 | <u>\$ 861,493</u> | <u>612,637</u> | <u>248,856</u> |

Police Officers'

| | Increase (decrease) | | |
|------------------------------|--------------------------------|--------------------------|------------------------------|
| | Total pension liability | Plan net position | Net pension liability |
| Balances at June 30, 2017 | \$ 1,317,840 | 950,415 | 367,425 |
| Changes for the year: | | | |
| Service cost | 24,887 | — | 24,887 |
| Interest expense | 97,265 | — | 97,265 |
| Demographic experience | 16,627 | — | 16,627 |
| Contributions – employer | — | 27,493 | (27,493) |
| Contributions – employee | — | 10,830 | (10,830) |
| Net investment income | — | 125,938 | (125,938) |
| Benefit payments and refunds | (62,484) | (62,484) | — |
| Administrative expenses | — | (521) | 521 |
| Net changes | 76,295 | 101,256 | (24,961) |
| Balances at June 30, 2018 | <u>\$ 1,394,135</u> | <u>1,051,671</u> | <u>342,464</u> |

**CITY OF ATLANTA, GEORGIA
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Notes to Financial Statements

June 30, 2018 and 2017

| | Increase (decrease) | | |
|------------------------------|-------------------------|-------------------|-----------------------|
| | Total pension liability | Plan net position | Net pension liability |
| Balances at June 30, 2016 | \$ 1,294,907 | 983,385 | 311,522 |
| Changes for the year: | | | |
| Service cost | 21,573 | — | 21,573 |
| Interest growth | 95,436 | — | 95,436 |
| Demographic experiences | (34,253) | — | (34,253) |
| Contributions – employer | — | 25,441 | (25,441) |
| Contributions – employee | — | 11,825 | (11,825) |
| Net investment income | — | (10,177) | 10,177 |
| Benefit payments and refunds | (59,823) | (59,823) | — |
| Administrative expenses | — | (236) | 236 |
| Net changes | 22,933 | (32,970) | 55,903 |
| Balances at June 30, 2017 | \$ 1,317,840 | 950,415 | 367,425 |

Discount Rate

The discount rates used to measure the total pension liability for the Plans are as indicated below. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the actuarial determined contributions rates from employers and employees. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. Following are the discount rates as of June 30, 2018 and 2017:

| General employees' | Firefighters' | Police officers' |
|--------------------|---------------|------------------|
| 7.50% | 7.41% | 7.41% |

**CITY OF ATLANTA, GEORGIA
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Notes to Financial Statements

June 30, 2018 and 2017

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plans, calculated using the discount rates for each Plan as of June 30, 2018 and 2017, respectively, as well as what the Plan net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate (dollars in thousands):

| | 2018 | | |
|----------------------------------|------------------------------|--|------------------------------|
| | 1% Decrease 6.50% | Current discount rate 7.50% | 1% Increase 8.50% |
| General Employees' | \$ 930,948 | 712,332 | 528,420 |
| Department's Proportionate Share | 106,966 | 81,847 | 60,715 |
| | | | |
| | 1% Decrease 6.41% | Current discount rate 7.41% | 1% Increase 8.41% |
| Firefighters' | \$ 342,255 | 227,587 | 133,089 |
| Department's Proportionate Share | 78,719 | 52,345 | 30,610 |
| Police Officers' | \$ 530,769 | 342,464 | 188,505 |
| Department's Proportionate Share | 42,462 | 27,397 | 15,080 |
| | | | |
| | 2017 | | |
| | 1% Decrease 6.50% | Current discount rate 7.50% | 1% Increase 8.50% |
| General Employees' | \$ 930,949 | 792,791 | 528,421 |
| Department's Proportionate Share | 106,966 | 91,092 | 60,716 |
| | | | |
| | 1% Decrease 6.41% | Current discount rate 7.41% | 1% Increase 8.41% |
| Firefighters' | \$ 357,411 | 248,856 | 159,048 |
| Department's Proportionate Share | 86,851 | 60,472 | 38,649 |
| Police Officers' | \$ 547,233 | 367,425 | 220,715 |
| Department's Proportionate Share | 42,684 | 28,659 | 17,216 |

**CITY OF ATLANTA, GEORGIA
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Notes to Financial Statements

June 30, 2018 and 2017

Actuarial Assumptions

The actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the contribution rate for 2018 and 2017 are as follows:

| | General employees' | Firefighters' | Police officers' |
|---------------------------|-------------------------------|----------------------|-----------------------------|
| Valuation date: | | | |
| 2018 | July 1, 2016 | July 1, 2016 | July 1, 2016 |
| 2017 | July 1, 2015 | July 1, 2015 | July 1, 2015 |
| Asset valuation method | Market value | Market value | Market value |
| Inflation rate | 2.75% | 2.25% | 2.25% |
| Salary increases | 3.50 | 4.00 | 4.00 |
| Investment rate of return | 7.50 | 7.41 | 7.41 |

For the General Employees' Plan, the mortality rates were based on the RP-2000 Combined Healthy Mortality Table set to reasonably reflect future mortality improvement based on a seven and a half year review of mortality experience for the 2003 – 2011 period. The mortality will be assessed again at the time of the next review, and further adjustment or expected improvement in life expectancy will be made if warranted.

Firefighters' and Police Officers' Pension Plans mortality rates were based on the sex-distinct rates set forth in the RP-2000 Mortality Table projected to 2015 by Scale AA, as published by the Internal Revenue Code (IRC) Section 430; future generational improvements in mortality have not been reflected.

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

For the years ended June 30, 2018 and 2017, the City recognized \$102.4 million and \$116.1 million in pension expense, respectively. The Department's proportionate share of pension expense was \$13.2 million and \$15.4 million related to the Plans, respectively.

Deferred outflows of resources were related to differences between expected and actual experience and contributions made after the measurement date. The difference between expected and actual experience with regard to economic and demographic factors is amortized over the average of the expected remaining service life of active and inactive members, which is approximately five years. The first year of amortization is recognized as pension expense with the remaining years shown as a deferred outflow of resources.

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Notes to Financial Statements

June 30, 2018 and 2017

See the following table for deferred outflows and inflows of resources related to the pension plans for the Department (in thousands):

| | 2018 | | 2017 | |
|---|----------------------|---------------------|----------------------|---------------------|
| | Deferred outflows | Deferred inflows | Deferred outflows | Deferred inflows |
| General Employees': | | | | |
| Contributions subsequent to the measurement date | \$ 5,772 | — | 6,184 | — |
| Demographic gain/loss | 92 | — | 139 | — |
| Assumption changes | — | 40 | — | — |
| Change between projected and actual experience in total pension liability | — | 1,537 | — | 80 |
| Net difference between projected and actual pension investment earnings | — | 2,769 | 3,315 | — |
| Firefighters': | | | | |
| Contributions subsequent to the measurement date | 4,614 | — | 4,117 | — |
| Demographic gain/loss | 2,504 | — | 1,854 | 9,710 |
| Assumption changes | 2,522 | — | 2,986 | — |
| Change between projected and actual experience in total pension liability | — | 8,317 | — | — |
| Net difference between projected and actual pension investment earnings | 2,564 | — | 10,730 | — |
| Police Officers': | | | | |
| Contributions subsequent to the measurement date | 2,844 | — | 2,199 | — |
| Demographic gain/loss | 2,982 | — | 2,069 | 4,492 |
| Assumption changes | 684 | — | 761 | — |
| Change between projected and actual experience in total pension liability | — | 4,113 | — | — |
| Net difference between projected and actual pension investment earnings | 587 | — | 4,627 | — |
| Total | \$ 25,165 | 16,776 | 38,981 | 14,282 |

CITY OF ATLANTA, GEORGIA
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Notes to Financial Statements

June 30, 2018 and 2017

Contributions subsequent to the measurement date for each of the pension plans total \$13,230 as of June 30, 2018 and are recognized in pension expense during the year ended June 30, 2018. The remaining amount of deferred outflows and deferred inflows of resources related to pensions that will be recognized in pension expense by the Department during the next five years ended June 30, and thereafter are as follows (in thousands):

| | <u>Deferred outflows</u> | <u>Deferred inflows</u> |
|---------------------|--------------------------|-------------------------|
| General Employees': | | |
| 2019 | \$ 46 | 2,483 |
| 2020 | 46 | (187) |
| 2021 | — | 446 |
| 2022 | — | 1,604 |
| 2023 | — | — |
| Thereafter | — | — |
| Firefighters': | | |
| 2019 | 548 | 874 |
| 2020 | 3,828 | 874 |
| 2021 | 1,734 | 874 |
| 2022 | (874) | 874 |
| 2023 | 667 | 874 |
| Thereafter | 1,687 | 3,947 |
| Police Officers': | | |
| 2019 | 212 | 493 |
| 2020 | 1,999 | 493 |
| 2021 | 975 | 493 |
| 2022 | (337) | 493 |
| 2023 | 566 | 493 |
| Thereafter | 838 | 1,648 |
| | <u>\$ 11,935</u> | <u>\$ 16,776</u> |

Defined Contribution Plan

The City's General Employees' Defined Contribution Plan provides funds at retirement for employees of the City and in the event of death, provides funds for their beneficiaries, through an arrangement by which contributions are made to the plan by employees and the City. The contribution of the City for the year ended June 30, 2018 and 2017 is 6% of employee payroll.

Employees also make a mandatory pretax contribution of 6% plus have the option to contribute amounts up to the amount legally limited for retirement contributions. All modifications to the Plan, including contribution requirements, must receive the recommendations and advice from the offices of the Chief Financial Officer and the City Attorney, respectively. Each pension law modification must be adopted by at least two-thirds vote of the City Council and be approved by the Mayor.

CITY OF ATLANTA, GEORGIA
DEPARTMENT OF AVIATION

Notes to Financial Statements

June 30, 2018 and 2017

All new employees, hired after July 1, 2001, who previously would have been enrolled in the General Employees' Defined Benefit Plan, were enrolled in the General Employees' Defined Contribution Plan.

During 2002, persons employed prior to July 1, 2001 were given the option to transfer to the General Employees' Defined Contribution Plan.

Effective September 1, 2005, classified employees and certain nonclassified employees pay grade 18, or its equivalent, and below then enrolled in the General Employees' Defined Contribution Plan had the one-time option of transferring to the General Employee's Pension Plan. Classified employees and certain nonclassified employees pay grade 18 and below, not covered by either the Police Officers' or Firefighters' Pension Plans, hired after September 1, 2005 are required to become members of the General Employee's Pension Plan.

Amendments to Defined Contribution Plan

Employees hired on or after September 1, 2011, who are either sworn members of the police department or the fire department, or who are below payroll grade 19, or its equivalent, are required to participate in the mandatory defined contribution component that will include a mandatory employee contribution of 3.75% of salary and be matched 100% by the City. Additionally, these employees may voluntarily contribute up to an additional 4.25% of salary, which will also be matched 100% by the City. Employees vest in the amount of the City's contributions at a rate of 20% per year and become fully vested in the City's contributions after five years of participation.

As of June 30, 2018, there were 1,882 participants in the General Employees' Defined Contribution Plan. The covered payroll for employees in the Plan was \$134.5 million. Employer contributions for the year ended June 30, 2018 were \$12.4 million and employee contributions were \$12.5 million or 18.5% of covered payroll.

As of June 30, 2017, there were 1,733 participants in the General Employees' Defined Contribution Plan. The covered payroll for employees in the Plan was \$128.6 million. Employer contributions for the year ended June 30, 2017 were \$11.1 million and employee contributions were \$11.0 million or 17.2% of covered payroll.

The General Employees' Defined Contribution Plan uses the accrual basis of accounting. Investments are reported at fair value, based on quoted market prices and there were no nongovernmental individual investments exceeding 5% of the net position of the Plan.

Other Postemployment Benefit Plan

Disclosures Under GASB 75

The Department's effective date of implementation of GASB 75 was July 1, 2017. The Department elected to implement GASB 75 at the beginning of fiscal year 2018 because it was not practical to implement at the beginning of fiscal year 2017 due to lack of available information to prepare comparative financial statements related to the implementation. As a result, the Other Postemployment Benefit (OPEB) Plan disclosures that follow for the current year include all disclosures under the adoption of GASB 75 using the latest valuation reports available (July 1, 2016).

**CITY OF ATLANTA, GEORGIA
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These changes have not been applied to prior year disclosures due to the constraints of available information, therefore the Department is following the applicable pension disclosure guidance outlined under GASB 45 for the fiscal year ended June 30, 2017 using the same valuation reports.

Plan Description

The City of Atlanta Retiree Healthcare Plan (Plan) is a single-employer defined benefit healthcare plan which provides Other Postemployment Benefits (OPEB) to eligible retirees, dependents and their beneficiaries. The Plan was established by legislative acts and functions in accordance with existing City laws. The Plan provides members upon eligible retirement, with lifetime healthcare, prescription drug, dental, and life insurance benefits. Separate financial statements were prepared for the Plan as required under GASB 75 for fiscal years starting after June 30, 2017.

Funding Policy

The City is not required by law or contractual agreement to provide funding for OPEB other than the pay-as-you-go amounts necessary to provide current benefits to retirees, eligible dependents, and beneficiaries. For the fiscal year ended June 30, 2018, the City made \$48.9 million “pay-as-you-go” benefit payments on behalf of the Plan. Retiree contributions vary based on the plan elected, dependent coverage and Medicare eligibility. Eligible retirees receiving benefits contributed \$41.7 million through their required contributions.

For the fiscal year ended June 30, 2018, the Department made \$6.3 million “pay-as-you-go” payments on behalf of the Plan.

Description of Benefit Terms

Early Retirement:

General Employees

- Any age with 10 years of creditable service (if hired prior to July 1, 2010)
- Any age with 15 years of creditable service (if hired prior to September 1, 2011)
- Age 52 with 15 years of creditable service (if hired after August 31, 2011)

Police Officers and Firefighters

- Any age with 10 years of creditable service (if hired prior to July 1, 2010)
- Any age with 15 years of creditable service (if hired prior to September 1, 2011)
- Age 47 with 15 years of creditable service (if hired after August 31, 2011)

Normal Retirement:

General Employees

- Age 65 regardless of service (all employees)
- Age 60 with 5 years of service (if hired prior to July 1, 2010)
- Age 60 with 10 years of service (if hired prior to September 1, 2011)

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Police Officers and Firefighters

Any age with 30 years of service (only if covered by the 2005 Amendment)

Age 55 with 5 years of service (if hired prior to July 1, 2010)

Age 55 with 10 years of service (if hired prior to July 1, 2011)

Age 57 with 10 years of service (if hired after June 30, 2011)

Age 65 with 5 years of service (all employees)

Benefit Types:

| | |
|-----------------------|---|
| Benefits: | Medical, prescription drug, dental, and life insurance. |
| Duration of coverage: | Lifetime. |
| Dependent Benefits: | Medical, prescription drug, dental, and life insurance. |
| Dependent Coverage: | Lifetime. |

Net OPEB Liability

The total OPEB liability as of June 30, 2018 was measured as of June 30, 2017. The measurement was based on the June 30, 2016 actuarial valuation rolled forward to June 30, 2017, using standard roll-forward techniques. The net OPEB liability at June 30, 2018 is as follows (dollars in thousands):

| | 2018 |
|--|------------------|
| | OPEB Plan |
| Total OPEB liability | \$ 1,207,874 |
| Plan fiduciary net position | — |
| Net pension liability | \$ 1,207,874 |
| Plan fiduciary net position as a percentage of the total pension liability | —% |

The net OPEB liability is allocated among the general government, the Department of Aviation, the Department of Watershed Management and Other Non-major Enterprise Funds.

The Department's proportionate share of the net OPEB liability at June 30, 2018 is as follows (dollars in thousands):

| Plan Year | Department's proportion of the net OPEB liability | Department's proportionate share of the net OPEB liability |
|-----------|--|--|
| 2018 | 11.16% | \$ 134,790 |

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June 30, 2018 and 2017

Changes in Net OPEB Liability

The changes in net OPEB liability as of June 30, 2018 are as follows (dollars in thousands):

| | Increase (decrease) | | |
|--|-------------------------|----------------------|-----------------------|
| | Total OPEB liability | Plan net position | Net OPEB liability |
| Balances at June 30, 2017 | \$ 150,788 | — | 150,788 |
| Changes for the year: | | | |
| Service cost | 3,965 | — | 3,965 |
| Interest growth | 4,099 | — | 4,099 |
| Difference between expected and actual experience | 1,324 | — | 1,324 |
| Changes in assumptions | (15,637) | — | (15,637) |
| Changes of proportionate shares | (4,243) | — | (4,243) |
| Benefit payments | (5,506) | — | (5,506) |
| Net changes | (15,998) | — | (15,998) |
| Balances at June 30, 2018 | \$ 134,790 | — | 134,790 |

Discount Rate

The discount rate used to measure the total OPEB liability was 3.58%. The discount rate is based on a rate of return based on an index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability calculated using the discount rate as of June 30, 2018, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate (dollars in thousands):

| | 2018 | | |
|-------------------------------------|----------------------|-----------------------------------|----------------------|
| | 1% Decrease 2.58% | Current discount rate 3.58% | 1% Increase 4.58% |
| Net OPEB Liability | \$ 1,406,514 | 1,207,874 | 1,048,388 |
| Department's Proportionate Share | 156,967 | 134,790 | 117,000 |

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Notes to Financial Statements

June 30, 2018 and 2017

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend

The following presents the net OPEB liability calculated using the current healthcare cost trend rate as of June 30, 2018, as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate (dollars in thousands):

| | 2018 | | |
|----------------------------------|--------------------------------------|-------------------------------|--------------------------------------|
| | 1% Decrease in trend rate | Current trend rate | 1% Increase in trend rate |
| Net OPEB Liability | \$ 1,035,394 | 1,207,874 | 1,424,929 |
| Department's Proportionate Share | 115,550 | 134,790 | 159,022 |

Actuarial Assumptions

The following actuarial methods and assumptions were used to determine the net OPEB liability for 2018 are as follows:

| | 2018 |
|--|--------------|
| Valuation date | July 1, 2016 |
| Measurement date | July 1, 2017 |
| Reporting date | July 1, 2018 |
| Inflation rate | 3.00% |
| Salary increases for firefighters and police | 4.00% |
| Salary increases for general employees | 3.50% |
| Discount rate | 3.58% |

The mortality rates were based on the RP2000 Combined Healthy Mortality Table for males and females with generational projection using Scale AA. Healthcare costs and trend rates were 7.00% graded down to 4.50% over five years for medical, 5.00% graded down to 4.50% over two years for Medicare Advantage, and 4.00% for dental.

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the City recognized \$50.9 million in OPEB expense. The Department's proportionate share of OPEB expense was \$5.0 million.

Deferred outflows of resources were related to differences between expected and actual experience. The difference between expected and actual experience is amortized over five years. The first year of amortization is recognized as OPEB expense with the remaining years shown as a deferred outflow of resources.

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Notes to Financial Statements

June 30, 2018 and 2017

See the following table for deferred outflows and inflows of resources related to the OPEB plan for the Department (dollars in thousands):

| | 2018 | |
|---|----------------------|---------------------|
| | Deferred outflows | Deferred inflows |
| Net difference between expected and actual experience | \$ 1,104 | — |
| Changes of assumptions | — | 13,031 |
| Changes in proportionate share | — | 3,535 |
| Total | \$ 1,104 | \$ 16,566 |

The remaining amount of deferred outflows and deferred inflows of resources related to OPEB that will be recognized in OPEB expense by the Department during the next five years ended June 30, and thereafter are as follows (dollars in thousands):

| | Deferred outflows | Deferred inflows |
|------------|----------------------|---------------------|
| 2019 | \$ 221 | 3,313 |
| 2020 | 221 | 3,313 |
| 2021 | 221 | 3,313 |
| 2022 | 221 | 3,313 |
| 2023 | 220 | 3,314 |
| Thereafter | — | — |
| | \$ 1,104 | \$ 16,566 |

Disclosures Under GASB 45

Annual OPEB Cost and Net OPEB Obligation – The City’s annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined using the Entry Age Normal Actuarial Cost Method. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the elements of the Department’s portion of the City’s OPEB cost for the year, the amount actually contributed on behalf of the Plan, and changes in the Department’s portion of the City’s net OPEB obligation to the Plan for the year ended June 30, 2017 (in thousands):

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Notes to Financial Statements

June 30, 2018 and 2017

| | 2017 |
|---|-------------|
| Annual required contributions | \$ 10,389 |
| Interest on net OPEB obligation | 2,287 |
| Adjustment to annual required contribution | (2,723) |
| Annual OPEB Cost | 9,953 |
| “Pay-as-you-go” payments made | (6,258) |
| Increase in net OPEB obligation | 3,695 |
| Net OPEB obligation – beginning of the year | 60,465 |
| Net OPEB obligation – end of the year | \$ 64,160 |

The Department’s portion of the City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the Department’s portion of the City’s net OPEB obligation for the fiscal years ended June 30, 2017 are as follows (in thousands):

| | Annual OPEB cost | Percentage of annual OPEB cost paid | Net OPEB obligation |
|---------------|-----------------------------|--|--------------------------------|
| June 30, 2017 | \$ 9,953 | 62.9% | \$ 64,160 |

Funded Status and Funding Progress

As of June 30, 2016, the most recent actuarial valuation date, the Plan was not funded, except “pay-as-you-go” payments. The unfunded actuarial accrued liability (UAAL) for benefits was \$1.14 billion. The covered payroll was \$385 million, and the ratio of the UAAL to the covered payroll was 297.4%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The determined actuarial valuations of OPEB provided under the Plan incorporated the use of various assumptions including demographic and salary increases, among others. Amounts determined regarding the funded status of the Plan and the annual required contributions of the City are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, shown as required supplementary information following the notes to the financial statements, presents the results of the OPEB valuation as of June 30, 2016. The schedule will eventually provide additional multi-year trend information about whether the actuarial values of Plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Under the provisions of GASB 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, the City elected to use the June 30, 2016 actuarial report as the basis for determining the current year ARC requirement.

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Actuarial Methods and Assumptions

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

In the June 30, 2016 actuarial valuation, the Entry Age Normal actuarial cost method was used. It is amortized as a level percent of payroll over a 21 year period and a closed amortization method. The actuarial assumptions included 4.0% investment rate of return (net of administrative expenses) and an annual medical cost trend rate of 7% initially, reduced by decrements to an ultimate trend rate of 4.5% after 5 years. Both rates include a 3% inflation assumption. Currently there are no assets set aside that are legally held exclusively for OPEB.

Deferred Compensation Plan

The City has adopted a deferred compensation plan in accordance with the 1997 revision of Section 457 of the Internal Revenue Code. The plan, available to all Department employees, allows an employee to voluntarily defer up to 25% of his/her gross compensation, not to exceed certain limits per year. Each participant selects one of three insurance providers to administer the investments of the deferred funds. All administrative costs of the plan are deducted from the participants' accounts. The plan assets are held in custodial accounts for the exclusive benefit of the plan participants and their beneficiaries, and are therefore, not included in the City's nor the Department's financial statements.

(9) Risk Management

(a) General

The City purchases a variety of insurance policies, including but not limited to all risks property and specific liability policies. The City also purchases distinct and separate insurance policies for the Airport, including but not limited to property, airport owner's and operator's liability, and environmental liability. The policy limits are established in order to maximize potential recovery via insurance in the event of loss. Policy limits may range up to \$1 billion based on exposure to loss, and policies are subject to a range of deductibles.

The City also administers an Owner Controlled Insurance Program (OCIP) that provides insurance coverage for enrolled contractors for certain construction projects at the Airport. These policies include but are not limited to builder's risk, general liability, workers' compensation, and pollution liability.

Insurance requirements are established with contractors and consultants that do business with the City based on the scope of services and nature of the project(s). Contractors and consultants are generally required to maintain certain types of insurance coverage including but not limited to general liability, automobile liability, workers' compensation, and professional liability.

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There has not been any material change to insurance coverage from the previous two years.

The City is self-insured for workers' compensation, parts of the medical and dental plan, and general claims liabilities. The City pays for such claims as they become due. These claims liabilities are accounted for in the general fund and the applicable enterprise funds. Claims generated by governmental funds expected to be paid subsequent to one year are recorded only in the City's government-wide financial statements.

(b) Property Insurance Claim

On March 18, 2013, the Department sustained hail damage to several buildings and other structures. Negotiations are currently ongoing with the insurance parties involved. Based upon initial estimates, repair costs are expected to range between \$30 million and \$50 million. The Department has a deductible of \$250 thousand for this incident. As of June 30, 2018, repair costs of \$23.9 million have been incurred by the Department related to this incident.

(c) Workers' Compensation

The City's workers' compensation liability is calculated by an outside actuary. Liabilities are reported as part of accrued expenses when it is probable a loss has occurred and the amount can be reasonably estimated including amounts for claims incurred but not yet reported. The calculation of the present value of future workers' compensation liabilities, as calculated by the outside actuary, is based on a discount rate of 3.5% for both 2018 and 2017.

Prior to March 1, 2011, the City had no specific excess or annual aggregate coverage for its self-insured worker's compensation claims. Effective March 1, 2011, the City purchased an annual excess insurance policy with a \$5 million per occurrence retention with no annual aggregate coverage.

Changes in the balances of the liabilities for workers' compensation attributable to the Department during 2018, 2017, and 2016 were as follows (in thousands):

| | Beginning of year | Current year claims and changes in estimates | Claim payments | End of year |
|------------------------|------------------------------|---|---------------------------|--------------------|
| Workers' compensation: | | | | |
| 2018 | \$ 2,436 | 1,946 | (216) | 4,166 |
| 2017 | 1,103 | 1,571 | (238) | 2,436 |
| 2016 | 383 | 976 | (256) | 1,103 |

(d) Health and Dental Insurance

The City's medical plan under Blue Cross Blue Shield Point of Service and its dental plan under Cigna are fully self-insured. The Kaiser HMO, OHS dental access plan, and Spectra vision plan are fully insured. The City's health and dental liability is calculated by an outside actuary firm. Liabilities

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are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported.

The City participates in the State Subsequent Injury Trust Fund, a public entity managed by the State of Georgia. The pool is designed to provide insurance coverage for employees who are hired with previous medical conditions. Historically, premiums have not been significant.

(10) Commitments and Contingencies

(a) Commitments

The Department has several significant construction projects budgeted. As of June 30, 2018 and 2017, the Department was contractually obligated to expenditures of approximately \$977.2 million and \$801.1 million, respectively, related to these projects.

(b) Grants from Other Governmental Units

Federal governmental grants represent an important source of supplementary funding, primarily for the Airport's noise abatement program. Amounts received or receivable from grantor agencies are subject to audit and adjustment by such agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the Department. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time although the Department expects such amounts, if any, to be immaterial.

(c) Litigation

The Department is subject to various lawsuits and proceedings arising in the ordinary conduct of its affairs and has been named as defendant in several lawsuits claiming personal and property damages. The City has also been named as a defendant in various lawsuits concerning alleged noise disturbance at the Airport. The City is working with most of the property owners to settle these claims through its noise abatement program, which consists of insulating homes and purchasing aviation easements. The nature of the Department's operations and the matters currently being alleged are such that similar suits may be filed in the future. In the opinion of the City Attorney, the outcome of these matters will not have a material adverse effect on the Department's financial position.

(d) Environmental Obligation

In an Assignment, Assumption and Release Agreement and Claim Resolution Agreement dated February 25, 2011, the City entered into settlement agreements with Northwest Airlines and the Georgia Environmental Protection Division (EPD) to settle all claims in exchange for transfer and assumption of environmental obligations at the Leased Space formerly between Northwest Airlines and the Georgia EPD. As of June 30, 2018 and 2017, a restricted noncurrent asset is recorded for approximately \$5.1 million, as a result of this settlement.

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(11) Subsequent Events

The Department has evaluated subsequent events from the statement of net position date through December 26, 2018, the date at which the financial statements were available to be issued, and determined that there was one matter requiring disclosure.

On July 1, 2018, the Department executed a note purchase agreement with Bank of America, N.A. relating to the outstanding Bond Anticipation Notes 2016 Series A&B. The Bond Anticipation Notes were renewed with a maturity date of January 1, 2020 in the amount of \$500 million dollars. These notes were issued for the purpose of financing on an interim basis, in whole or in part, the costs of the planning, engineering, design, acquisition and construction of certain improvements to Hartsfield-Jackson Atlanta International Airport.

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APPENDIX C

DEFINITIONS OF CERTAIN TERMS

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APPENDIX C

DEFINITIONS OF CERTAIN TERMS

In addition to terms defined elsewhere in this Official Statement, the following defined terms are used throughout this Official Statement with the meanings below.

Terms Defined in the Master Bond Ordinance

“Accreted Value” means, with respect to each Compound Interest Bond, the principal amount of such Compound Interest Bond, plus, on the date of calculation, the interest accrued thereon to such date compounded at the interest rate thereof on each compounding date contained in such Compound Interest Bond, and, with respect to any calculation on a date other than a compounding date, the Accreted Value means the Accreted Value as of the preceding compounding date plus interest on such amount from such compounding date to the date of calculation at a rate equal to the interest rate on such Compound Interest Bond.

“Additional Bonds” means Bonds issued pursuant to the Master Bond Ordinance. The term “Additional Bonds” includes Senior Lien Bonds, Subordinate Lien Bonds and Hybrid Bonds.

“Annual Budget” means the annual budget of the City relating to the Airport (which shall specify all costs, obligations, and expenses properly allocable to the Airport), as amended or supplemented in accordance with established procedures of the City, adopted or in effect for a particular Fiscal Year.

“Balloon Bonds” means any series of Bonds 25% or more of the original principal amount of which (i) is due in any 12-month period or (ii) may, at the option of the Bondholders, be required to be redeemed, prepaid, purchased directly or indirectly by the City, or otherwise paid in any 12-month period; provided that, in calculating the principal amount of such Bonds due or required to be redeemed, prepaid, purchased, or otherwise paid in any 12-month period, such principal amount shall be reduced to the extent that all or any portion of such amount is required to be redeemed or amortized prior to such 12-month period.

“Balloon Date” means any Principal Maturity Date or Put Date for Balloon Bonds in a Balloon Year.

“Balloon Year” means any 12-month period in which more than 25% of the original principal amount of related Balloon Bonds mature or are subject to mandatory redemption or could, at the option of the Bondholders, be required to be redeemed, prepaid, purchased directly or indirectly by the City, or otherwise paid.

“Bond Register” means the registration books maintained and to be maintained by the Bond Registrar.

“Bond Registrar” means any bank or trust company designated as such by the City in the Master Bond Ordinance with respect to any of the Bonds. Such Bond Registrar shall perform the duties required of the Bond Registrar in the Master Bond Ordinance.

“Bondholders” or *“holder”* means the registered owner of one or more Bonds.

“*Bonds*” means any revenue bonds authorized by and authenticated and delivered pursuant to the Master Bond Ordinance, including any Additional Bonds.

“*CFC Revenues*” means the CFC collections to be received by the City pursuant to Ordinance No. 04-O-2116 adopted by the City on December 6, 2004, as supplemented by Ordinance 05-O-1510 adopted by the City on September 19, 2005.

“*Code*” means the Internal Revenue Code of 1986, as amended, and any applicable regulations thereunder.

“*Commercial Paper Notes*” means Balloon Bonds of the City in the form of notes with a maturity of not more than 270 days from the date of issuance and which are issued and reissued from time to time pursuant to a commercial paper program established by the City pursuant to a Supplemental Ordinance.

“*Compound Interest Bonds*” means Bonds that bear interest which is calculated based on periodic compounding, payable only at maturity or earlier redemption.

“*Construction Fund*” means the City of Atlanta Airport Construction Fund established in the Master Bond Ordinance.

“*Contracts*” means all Credit Facility Agreements, including any related Reimbursement Obligations, all agreements with respect to Reserve Account Credit Facilities, including any related Reimbursement Obligations, all Qualified Hedge Agreements, and any agreement made pursuant to the provisions of the Master Bond Ordinance governing Released Revenues.

“*Credit Facility*” means any letter of credit, insurance policy, guaranty, surety bond, standby bond purchase agreement, line of credit, revolving credit agreement, or similar obligation, arrangement, or instrument issued by a bank, insurance company, or other financial institution that is used by the City to perform one or more of the following tasks: (i) enhancing the City’s credit by assuring owners of any of the Bonds that principal of and interest on such Bonds will be paid promptly when due; (ii) providing liquidity for the owners of Bonds through undertaking to cause Bonds to be bought from the owners thereof when submitted pursuant to an arrangement prescribed by a Supplemental Master Bond Ordinance; or (iii) remarketing any Bonds so submitted to the Credit Issuer (whether or not the same Credit Issuer is remarketing the Bonds). The term “Credit Facility” shall not include a Reserve Account Credit Facility.

“*Credit Facility Agreement*” means an agreement between the City and a Credit Issuer pursuant to which the Credit Issuer issues a Credit Facility and may include a related Reimbursement Obligation. The term “Credit Facility Agreement” shall not include an agreement with respect to a Reserve Account Credit Facility.

“*Credit Issuer*” means any issuer of a Credit Facility then in effect for all or part of the Bonds. The term “Credit Issuer” shall not include any Reserve Account Credit Facility Provider. Whenever in the Master Bond Ordinance the consent of the Credit Issuer is required, such consent shall only be required from the Credit Issuer whose Credit Facility is issued with respect to the Bonds for which the consent is required.

“Debt Service Requirement” means the total principal and interest coming due, whether at maturity or upon mandatory redemption, in any specified period, provided:

- (i) If any Bonds Outstanding or proposed to be issued shall bear interest at a Variable Rate, including Hedged Bonds if the interest thereon calculated as set forth below is expected to vary and Bonds secured by a Credit Facility if the interest thereon calculated as set forth below is expected to vary, the interest coming due in any specified future period shall be determined as if the Variable Rate in effect at all times during such future period equaled, at the option of the City, either (a) the average of the actual Variable Rates which were in effect (weighted according to the length of the period during which each such Variable Rate was in effect) for the most recent 12-month period immediately preceding the date of calculation for which such information is available (or shorter period if such information is not available for a 12-month period), or (b) the current average annual fixed rate of interest on securities of similar quality having a similar maturity date as certified by a Financial Advisor.
- (ii) If any Compound Interest Bonds are Outstanding or proposed to be issued, the total principal and interest coming due in any specified period shall be determined in accordance with the Supplemental Bond Ordinance of the City authorizing such Compound Interest Bonds.
- (iii) With respect to any Bonds secured by a Credit Facility, the Debt Service Requirement therefor shall include (a) any commission or commitment fee obligations with respect to such Credit Facility, (b) the outstanding amount of any Reimbursement Obligation and interest thereon, (c) any Additional Interest owed on Pledged Bonds, and (d) any remarketing agent fees; provided if (x) the Credit Facility requires the Credit Issuer to make all interest payments on the Bonds, (y) the Reimbursement Obligation provides for payments by the City or the Credit Issuer based on levels of, or changes or differences in, interest rates, currency exchange rates, or stock or other indices, and (z) the Credit Issuer, upon the execution of the Credit Facility Agreement, would qualify as a Qualified Hedge Provider if the Credit Facility Agreement were to be construed as a Hedge Agreement and the related Bonds as Hedged Bonds, then interest on such Bonds shall be calculated by adding (1) the amount of interest payable on such Bonds pursuant to their terms and (2) the amount of payments for interest to be made by the City under the Credit Facility Agreement, and subtracting (3) the amounts payable by the Credit Issuer to the City or as interest on such Bonds as specified in the Credit Facility Agreement; but only to the extent the Credit Issuer is not in default under the Credit Facility and if such default has occurred and is continuing, interest on such Bonds shall be calculated as if there were no Credit Facility.

- (iv) With respect to any Hedged Bonds, the interest on such Hedged Bonds during any Hedge Period and for so long as the provider of the related Hedge Agreement has not defaulted on its payment obligations thereunder shall be calculated by adding (a) the amount of interest payable by the City on such Hedged Bonds pursuant to their terms and (b) the amount of Hedge Payments payable by the City under the related Hedge Agreement and subtracting (c) the amount of Hedge Receipts payable by the provider of the related Hedge Agreement at the rate specified in the related Hedge Agreement; provided, however, that to the extent that the provider of any Hedge Agreement is in default thereunder, the amount of interest payable by the City on the related Hedged Bonds shall be the interest calculated as if such Hedge Agreement had not been executed. In determining the amount of Hedge Payments or Hedge Receipts that are not fixed throughout the Hedge Period (i.e., which are variable), payable or receivable for any future period, such Hedge Payments or Hedge Receipts for any period of calculation (the “Determination Period”) shall be computed by assuming that the variables comprising the calculation (*e.g.*, indices) applicable to the Determination Period are equal to the average of the actual variables which were in effect (weighted according to the length of the period during which each such variable was in effect) for the most recent 12-month period immediately preceding the date of calculation for which such information is available (or shorter period if such information is not available for a 12-month period).
- (v) For the purpose of calculating the Debt Service Requirement on Balloon Bonds (a) which are subject to a Commitment or (b) which do not have a Balloon Year commencing within 12 months from the date of calculation, such bonds shall be assumed to be amortized in substantially equal annual amounts to be paid for principal and interest over an assumed amortization period of 20 years at an assumed interest rate (which shall be the interest rate certified by a Financial Advisor to be the interest rate at which the City could reasonably expect to borrow the same amount by issuing Bonds with the same priority of lien as such Balloon Bonds and with a 20-year term); provided, however, that if the maturity of such bonds (taking into account the term of any Commitment) is in excess of 20 years from the date of issuance, then such Bonds shall be assumed to be amortized in substantially equal annual amounts to be paid for principal and interest over an assumed amortization period of years equal to the number of years from the date of issuance of such Bonds to maturity (including the Commitment) and at the interest rate applicable to such Bonds. For the purpose of calculating the Debt Service Requirement on Balloon Bonds (x) which are not subject to a Commitment and (y) which have a Balloon Year commencing within 12 months from the date of calculation, the principal payable on such Bonds during the Balloon Year shall be calculated as if paid on the Balloon Date.

- (vi) The principal of and interest on Bonds, amounts for interest under a Credit Facility and Hedge Payments shall be excluded from the determination of Debt Service Requirement to the extent that the same were or are expected to be paid with amounts on deposit on the date of calculation (or Bond proceeds to be deposited on the date of issuance of proposed Bonds) in a fund under the Master Bond Ordinance.
- (vii) For all calculations, annual or semiannual Bond payments due in a Fiscal Year, including any amounts due on the first day of such Fiscal Year, shall be included as part of the Debt Service Requirement of the immediately preceding Fiscal Year if it is expected that deposits for such payments will be made during such immediately preceding Fiscal Year to funds established under the Bond Ordinance.
- (viii) For the purpose of calculating the Debt Service Requirement of Balloon Bonds which are issued in the form of Commercial Paper Notes the interest rate assumed in such calculation shall be the rate quoted as The Bond Buyer 25 Revenue Bond Index for the last week of the month immediately preceding the date of calculation, as published in The Bond Buyer, or if that index is no longer published, another similar index selected by the City, or if the City fails to select a replacement index, that interest rate certified by a Financial Advisor to be the interest rate at which the City could reasonably expect to borrow the same amount by issuing Bonds with the same priority of lien as such Commercial Paper Notes with the same term.

“Debt Service Reserve Account” means the Debt Service Reserve Account within the Sinking Fund established in the Master Bond Ordinance.

“Debt Service Reserve Requirement” means an amount determined from time to time by the City as a reasonable reserve for the payment of principal of and interest on the Bonds for which a subaccount in the Debt Service Reserve Account is created or added to pursuant to a Supplemental Bond Ordinance.

“Department of Aviation” means the department of the City responsible for operating the Airport.

“FAA” means the Federal Aviation Administration.

“Financial Advisor” means an investment banking or financial advisory firm, commercial bank, or any other Person who or which is retained by the City for the purpose of passing on questions relating to the availability and terms of specified types of Bonds and is actively engaged in and, in the good faith opinion of the City, has a favorable reputation for skill and experience in underwriting or providing financial advisory services in respect of similar types of securities.

“Fiscal Year” means the 12-month period used by the City for its general accounting purposes, as such period may be changed from time to time. The Fiscal Year as of the adoption of the Fifteenth Supplemental Bond Ordinance is the 12-month period ending on June 30 of each year.

“Forecast Period” means a period of two consecutive Fiscal Years commencing with the first full Fiscal Year beginning after the later of (i) the date on which any proposed series of Additional Bonds is to be issued or (ii) the date on which a substantial portion of the Project(s) to be financed with the proceeds of any proposed series of Additional Bonds is, in the judgment of the Airport Manager after consultation with the program manager for the Project(s), expected to be placed in continuous service, commercial operation or beneficial use.

“General Revenue Account” means the General Revenue Account within the Revenue Fund established in the Master Bond Ordinance.

“General Revenue Bonds” means Bonds secured by a Senior Lien on General Revenues.

“General Revenue Enhancement Subaccount” means the General Revenue Enhancement Subaccount within the General Revenue Account established in the Master Bond Ordinance.

“General Revenues” means all Revenues other than PFC Revenues, Special Purpose Revenues and Released Revenues.

“Hedge Agreement” means, without limitation, (i) any contract known as or referred to or which performs the function of an interest rate swap agreement, currency swap agreement, forward payment conversion agreement, or futures contract; (ii) any contract providing for payments based on levels of, or changes or differences in, interest rates, currency exchange rates, or stock or other indices; (iii) any contract to exchange cash flows or payments or Series of payments; (iv) any type of contract called, or designed to perform the function of, interest rate floors, collars, or caps, options, puts, or calls, to hedge or minimize any type of financial risk, including, without limitation, payment, currency, rate, or other financial risk; and (v) any other type of contract or arrangement that the City determines is to be used, or is intended to be used, to manage or reduce the cost of any Bonds, to convert any element of any Bonds from one form to another, to maximize or increase investment return, to minimize investment return risk, or to protect against any type of financial risk or uncertainty.

“Hedged Bonds” means any Bonds for which the City shall have entered into a Qualified Hedge Agreement.

“Hybrid Bonds” means Bonds which are not Subordinate Lien Bonds and either (i) have no Senior Lien on any Revenues, (ii) have no lien on any Revenues, or (iii) have a Senior Lien on some Revenues in addition to a Subordinate Lien on some Revenues.

“Identified Revenue Bonds” means Bonds secured by a lien on one or more categories of Identified Revenues.

“Identified Revenues” means particular categories of General Revenues which have been identified in accordance with the Master Bond Ordinance.

“Investment Earnings” means all interest received on and profits derived from investments made with Revenues or any other moneys in the funds and accounts established under the Master Bond Ordinance.

“Maximum Annual Debt Service Requirement” means the largest aggregate Debt Service Requirement of Bonds secured by the applicable category of Revenues during any Sinking Fund Year beginning after the date of calculation.

“Net Revenues” means, for each category of Revenues, Revenues net of related Operating Expenses; provided for General Revenues, amounts in the General Revenue Enhancement Subaccount shall be taken into account as General Revenues, and for PFC Revenues, amounts in the PFC Revenue Enhancement Subaccount shall be taken into account as PFC Revenues.

“Noise Act” means the Airport Noise and Capacity Act of 1990, Pub. L. 101- 508, Title IX, Subtitle D, §§ 9301 to 9309, as amended from time to time.

“Operating and Maintenance Reserve Account” means the Operating and Maintenance Reserve Account within the Renewal and Extension Fund established in the Master Bond Ordinance.

“Operating Expenses” means all expenses reasonably incurred in connection with the operation, maintenance, repair, ordinary replacement and ordinary reconstruction of the Airport, including without limitation salaries, wages, the costs of materials, services and supplies, rentals of leased property, if any, management fees, utility costs, the cost of audits, Paying Agent’s and Bond Registrar’s fees, payment of premiums for insurance required by the Master Bond Ordinance and other insurance which the City deems prudent to carry on the Airport and its operations and personnel, and, generally, all expenses, exclusive of depreciation or amortization, which are properly allocable to operation and maintenance; however, only such expenses as are reasonably necessary or desirable for the proper operation and maintenance of the Airport shall be included. “Operating Expenses” also includes the City’s obligation under any contract with any other political subdivision or public agency or authority of one or more political subdivisions pursuant to which the City undertakes to make payments measured by the expenses of operating and maintaining any facility which constitutes part of the Airport and which is owned and operated in part by the City and in part by others. “Operating Expenses” does not include any payments on Bonds, Contracts (including continuing commissions or commitment fees, remarketing agent fees, Additional Interest or amounts equivalent to principal on related Bonds) or Other Airport Obligations. “Operating Expenses” are to be calculated on a cash basis rather than on an accrual basis. To the extent Operating Expenses are allocable to particular related facilities, a lien on the portion of the Revenues related thereto shall not provide a claim on such Revenues ahead of the use thereof for payment of such allocable Operating Expenses.

“Other Airport Obligations” means obligation of any kind, including but not limited to, Government Loans, revenue bonds, capital leases, Hedge Agreements which are not Qualified Hedge Agreements, installment purchase agreements, or notes (but excluding Bonds and Contracts) incurred or issued by the City to finance or refinance the costs of acquiring, constructing, reconstructing, improving, bettering, or extending any part of the Airport or any

other cost relating to the Airport, which do not have a lien on any category of Revenues, except as otherwise provided in the Master Bond Ordinance.

“Outstanding” means, when used in reference to the Bonds, all Bonds that have been duly authenticated and delivered under the Master Bond Ordinance, with the exception of (a) Bonds in lieu of which other Bonds have been issued to replace lost, mutilated, stolen, or destroyed obligations, (b) Bonds surrendered by the owners in exchange for other Bonds and (c) Bonds for the payment of which provision has been made in accordance with the defeasance provisions of the Master Bond Ordinance. In determining the principal amount of Compound Interest Bonds Outstanding under the Master Bond Ordinance, the Accreted Value of such Compound Interest Bonds at the time of determination shall be used.

“Payments Account” means the payment accounts within the Sinking Fund established in the Master Bond Ordinance.

“PFC Act” means the Aviation Safety and Capacity Expansion Act of 1990, Pub. L. 101-508, Title IX, Subtitle B, §§ 9110 and 9111, as amended from time to time.

“PFC Enabling Acts” means the Aviation Investment and Reform Act for the 21st Century (P.L. 106-181) and the PFC Act.

“PFC Facilities” means facilities for the construction and implementation of which the Airport has received approval to expend PFC Revenues under the PFC Act, including facilities financed with PFC Revenue Bonds and Released PFC Bonds.

“PFC Regulations” means Part 158 of the Federal Aviation Regulations (14 CFR Part 158), as amended from time to time, and any other regulation issued with respect to the PFC Act.

“PFC Revenue Bonds” means the Bonds secured by a Senior Lien on PFC Revenues.

“PFC Revenue Enhancement Account” means the PFC Revenue Enhancement Account within the PFC Revenue Fund established in the Master Bond Ordinance.

“PFC Revenue Fund” means the PFC Revenue Fund established in the Master Bond Ordinance.

“PFC Revenues” means all income and revenue received by or required to be remitted to the City from the passenger facility charges imposed by the City pursuant to the PFC Act, the PFC Regulations and the City Ordinance adopted on February 26, 1997, including any interest earned after such charges have been remitted to the City as provided in the PFC Regulations, all of which may be pledged pursuant to the PFC Act and the PFC Regulations § 158.13; provided, the term “PFC Revenues” also includes any interest or other gain in any of the accounts or subaccounts created in the Master Bond Ordinance or in any Supplemental Ordinance resulting from any investments and reinvestments of the PFC Revenues.

“Pledged Bond” means any Bond purchased and held by a Credit Issuer pursuant to a Credit Facility Agreement. A Bond shall be deemed a Pledged Bond only for the actual period during which such Bond is owned by a Credit Issuer pursuant to a Credit Facility Agreement.

“Pledged Revenues” means all Revenues and all moneys paid or required to be paid into, and all moneys and securities on deposit from time to time in, the funds and accounts specified in Section 402 of the Master Bond Ordinance, but excluding (i) amounts in the Revenue Fund required to be used to pay Operating Expenses and (ii) any amounts required in the Master Bond Ordinance to be set aside pending, or used for, rebate to the United States government pursuant to Section 148(f) of the Code, including, but not limited to, amounts in the Rebate Account.

“Principal Maturity Date” means each date on which principal is to become due on any Bonds, by maturity or mandatory sinking fund redemption, as established in the Supplemental Bond Ordinance for such Bonds.

“Principal Subaccount” means the Principal Subaccount within the Payments Account established in the Master Bond Ordinance.

“Put Date” means any date on which a Bondholder may elect to have Balloon Bonds redeemed, prepaid, purchased directly or indirectly by the City, or otherwise paid.

“Qualified Hedge Agreements” means any Hedge Agreement with a Qualified Hedge Provider.

“Qualified Hedge Provider” means any entity whose senior unsecured long term obligations, financial program rating, counterparty rating, or claims paying ability, or whose payment obligations under the related Hedge Agreement are absolutely and unconditionally guaranteed by an entity whose senior unsecured long term obligations, financial program rating, counterparty rating, or claims paying ability, are rated either (i) at least as high as the third highest Rating category of each Rating Agency, but, if there is no Credit Facility with respect to the related Hedged Bonds, in no event lower than any Rating on the related Hedged Bonds to the time of execution of the Hedge Agreement or (ii) in any such lower Rating categories in which each Rating Agency indicates in writing to the City will not, by itself result in a reduction or withdrawal of its Rating on the related Hedged Bonds that is in effect prior to entering into the Hedge Agreement. An entity’s status as a “Qualified Hedge Provider” is determined only at the time the City enters into a Hedge Agreement with such entity and cannot be redetermined with respect to that Hedge Agreement.

“Rating” means a rating in one of the categories by a Rating Agency, disregarding pluses, minuses, and numerical gradations.

“Rating Agency” means Fitch and Moody’s or any successors thereto and any other nationally recognized credit rating agency then maintaining a rating on any Bonds at the request of the City. If at any time a particular Rating Agency does not have a rating outstanding with respect to the relevant Bonds, then a reference to Rating Agency or Rating Agencies shall not include such Rating Agency.

“Rebate Account” means the Rebate Account within the Construction Fund established in the Master Bond Ordinance.

“Reimbursement Obligation” means the obligation of the City to directly reimburse any Credit Issuer for amounts paid under a Credit Facility or any Reserve Account Credit Facility Provider for amounts paid under a Reserve Account Credit Facility, whether or not such obligation to so reimburse is evidenced by a promissory note or other similar instrument. The

term Reimbursement Obligation includes obligations pursuant to a Credit Facility Agreement either to make payments for interest based on levels of, or changes or differences in, interest rates, currency exchange rates, or stock other indices, return for the Credit Issuer's fixed obligations under the Credit Facility or to make fixed payments for interest in return for Credit Issuer's payments based on such variables.

"Released Revenue Bonds" means Bonds secured by a Senior Lien on one or more categories of Released Revenues.

"Released Revenues" means particular categories of Revenues which would otherwise be General Revenues or PFC Revenues but have been identified in accordance with the Master Bond Ordinance and therefore do not constitute a part of General Revenues or PFC Revenues, until the City has acted to include such categories of Revenues within General Revenues or PFC Revenues again.

"Renewal and Extension Fund" means the City of Atlanta Airport Renewal and Extension Fund established in the Master Bond Ordinance.

"Reserve Account Credit Facility" means any letter of credit, insurance policy, line of credit, surety bond, or similar obligation, arrangement or instrument issued by a bank, insurance company or other financial institution, together with any substitute or replacement therefor, if any, and related Reimbursement Obligation, if any, complying with the provisions of the Master Bond Ordinance, thereby fulfilling all or a portion of a Debt Service Reserve Requirement.

"Reserve Account Credit Facility Provider" means any provider of a Reserve Account Credit Facility.

"Revenue Bond Law of Georgia" means Article 3 of Chapter 82 of Title 36 of the Official Code of Georgia Annotated, as amended.

"Revenue Fund" means the City of Atlanta Airport Revenue Fund established in the Master Bond Ordinance.

"Revenues" means (i) all revenues, income, receipts and money derived from the ownership and operation of the Airport, including without limitation all rentals, charges, landing fees, use charges and concession revenue received by or on behalf of the City, Investment Earnings and all other income received from, and gain from, securities and other investments and amounts earned on amounts deposited in funds and accounts under the Master Bond Ordinance or otherwise maintained with respect to the Airport, and (ii) all gifts, grants, reimbursements or payments received from governmental units or public agencies for the benefit of Airport which are (y) not restricted by law or the payor to application for a particular purpose other than payment of certain Bonds or Contracts and (z) otherwise lawfully available for payment of Bonds or Contracts; provided "Revenues" include PFC Revenues. The term "Revenues" does not include proceeds of insurance so long as such proceeds are paid to a party separate from the City in respect of a liability or are to be used to repair or replace portions of the Airport. "Revenues" are to be calculated on a cash basis rather than an accrual basis.

"Senior Lien" means a lien on one or more categories of Revenues that entitles the Beneficiaries of such lien to have a claim on such Revenues prior to any other Person and ahead

of the use of such Revenues for any purpose other than payment of Operating Expenses; provided on or more series of Bonds, Contracts and related Beneficiaries may have parity Senior Liens on the same categories of Revenues pursuant to the terms of the Master Bond Ordinance.

“Senior Lien Bonds” means General Revenue Bonds, PFC Revenue Bonds and Released Revenue Bonds but not Identified Revenue Bonds or Subordinate Lien Bonds, provided *“Senior Lien Bonds”* also includes Additional Senior Lien Bonds issued in compliance with the Master Bond Ordinance and obligations secured by a Senior Lien pursuant to the Master Bond Ordinance. A Hybrid Bond may be a Senior Lien Bond if it has a Senior Lien on a category of Revenues but then will only be a Senior Lien Bond as to such category.

The term *“series”* means all Bonds which (i) are issued on the same date, (ii) have the same tax status (tax-exempt or taxable under the federal income tax and subject or not to the alternative minimum income tax), and (iii) have the same lien status and priority with respect to each category of Revenues on which any such Bonds have a lien; as well as all Bonds delivered in lieu of or in substitution for such Bonds pursuant to provisions of the Master Bond Ordinance with respect to exchange, transfer and replacement (for mutilation, loss, theft or destruction) of Bonds.

“Sinking Fund” means the City of Atlanta Airport Sinking Fund established in the Master Bond Ordinance.

“Sinking Fund Year” means the twelve month period ending on January 1 of each year.

“Special Purpose Facilities” means facilities which (i) will not result, upon completion, in a material reduction in Net General Revenues, (ii) will not be of such a type or design that the subsequent closing thereof (with the functions thereof not provided by a substitute facility) will materially impair the general operations of the Airport and (iii) the City has designated, either in the Master Bond Ordinance or in a Supplemental Ordinance, as *“Special Purpose Facilities;”* provided (a) such facilities, if owned or operated by the City, cease to be Special Purpose Facilities (and become General Revenue Facilities) when there are no longer any Outstanding Special Purpose Revenue Bonds related thereto and, (b) clauses (i) and (ii) shall not apply to the consolidated rental car facility described in the First Supplemental Bond Ordinance as a part of the Series 2000 Project. For purposes of this definition, *“material reduction”* means Net General Revenues for the first complete Fiscal Year following completion of such facilities will be either (1) more than 10% below Net General Revenues during the preceding Fiscal Year or (2) less than the amount required by Section 601 of the Master Bond Ordinance.

“Special Purpose Revenue Bonds” means Bonds secured by a Senior Lien on Special Purpose Revenues.

“Special Purpose Revenues” means Revenues arising from or generated by one or more Special Purpose Facilities (as defined in the Master Bond Ordinance); provided if the consolidated rental car facility described in the First Supplemental Bond Ordinance is designated as a Special Purpose Facility, the related Special Purpose Revenues shall not include any privilege fee or similar charge assessed by the City or the Airport for rental car concessions.

“Subordinate Lien” means a lien on one or more categories of Revenues which is not a Senior Lien.

“Subordinate Lien Bonds” means Bonds which only have a Subordinate Lien and obligations secured by a Subordinate Lien pursuant to the Master Bond Ordinance.

“Variable Rate” means a rate of interest applicable to Bonds, other than a fixed rate of interest which applies to a particular maturity of Bonds so long as that maturity of Bonds remains Outstanding.

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE

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APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE

The following is a brief summary of certain provisions of the Master Bond Ordinance, as amended and supplemented by the various supplemental bond ordinances thereto. This summary does not purport to be comprehensive or definitive and is qualified in its entirety by express reference to the Master Bond Ordinance in its entirety for a complete recital of the detailed provisions thereof. Also set forth below in this Appendix D, under the caption “Proposed Amendment to Master Bond Ordinance,” is a proposed amendment. See “APPENDIX C – DEFINITIONS OF CERTAIN TERMS” attached hereto for definitions of certain terms.

Master Bond Ordinance

With limited exceptions applicable to the Master Bond Ordinance, the Master Bond Ordinance governs all terms and provisions with respect to the outstanding Senior Lien General Revenue Bonds, outstanding Senior Lien PFC Revenue Bonds, the Series 2019 Bonds (when and if issued), and any Additional Bonds issued after the adoption of the Master Bond Ordinance.

Airport

The Master Bond Ordinance defines the “Airport” as the William B. Hartsfield Atlanta International Airport and all related improvements and facilities now in existence and as hereafter acquired, added, extended, improved and equipped and shall include (i) any additional airport or airports hereafter constructed or acquired by the City, (ii) any property or facilities purchased with funds of, or revenues derived from, William B. Hartsfield Atlanta International Airport or such additional airport or airports, and (iii) any other property or facilities allocated by the City to the Department of Aviation; less any portion thereof sold or otherwise disposed of pursuant to the provisions of the Master Bond Ordinance relating to restrictions on sale, lease, or encumbrance of the Airport and exceptions thereto. The Airport has subsequently been renamed the “Hartsfield-Jackson Atlanta International Airport.”

Pledged Revenues

The Master Bond Ordinance provides that all Pledged Revenues shall be pledged to the prompt payment of the principal of, premium, if any, and interest on the Bonds, obligations treated as Senior Lien Bonds or Subordinate Lien Bonds and the City’s obligations under the Contracts; provided:

(1) General Revenues shall secure only (A) General Revenue Bonds, (B) Subordinate Lien Bonds which have a lien on General Revenues, (C) Hybrid Bonds which have a lien on General Revenues, and (D) any Contracts with respect to such Bonds;

(2) PFC Revenues shall secure only (A) PFC Revenue Bonds, (B) Subordinate Lien Bonds which have a lien on PFC Revenues, (C) Hybrid Bonds which have a lien on PFC Revenues, and (D) any Contracts with respect to such Bonds;

(3) Special Purpose Revenues shall secure only (A) the related Special Purpose Revenue Bonds, (B) Subordinate Lien Bonds which have a lien on any Special Purpose Revenues, (C) Hybrid Bonds which have a lien on any Special Purpose Revenues, and (D) any Contracts with respect to such Bonds;

(4) Released Revenues shall secure only (A) the related Released Revenue Bonds, (B) Subordinate Lien Bonds which have a lien on any Released Revenues, (C) Hybrid Bonds which have a lien on any Released Revenues, (D) any Contracts with respect to such Bonds and (E) separate agreements pursuant to the Master Bond Ordinance;

(5) Identified Revenues, subject to use with other General Revenues under (1) above, shall secure only (A) the related Identified Revenue Bonds, (B) Hybrid Bonds which have a lien on any Identified Revenues, and (C) any Contracts with respect to such Bonds; and

(6) A Contract may have a Senior Lien or a Subordinate Lien on a related category of Revenues, or no lien at all on Revenues, but (A) no Contract shall have a lien on Revenues that is senior to the lien on the category of Revenues securing the Bonds related to the Contract, and (B) the lien of the Contract shall be on a parity with the lien of the related Bonds only to the extent that the payment of principal of, premium, if any, and interest on such Bonds is made through such Contract as evidenced by Reimbursement Obligations or to the extent that the obligation is made pursuant to a Qualified Hedge Agreement; provided other amounts due on a Contract may be secured by a lien ranking immediately thereafter with the effect set forth in the Master Bond Ordinance.

Other Airport Obligations (other than obligations treated as Senior Lien Bonds or Subordinate Lien Bonds) are not secured by a lien on any category of Revenues and Hybrid Bonds described in clause (ii) of the definition thereof will not have a lien on any category of Revenues, but such obligations, prior to an Event of Default, may be paid from Revenues as described in the Master Bond Ordinance.

Funds Created and Flow of Funds

The Master Bond Ordinance creates and requires the City to maintain the following funds:

- (1) the Revenue Fund and therein the following four accounts:
 - (A) General Revenue Account, and therein, the General Revenue Enhancement Subaccount;
 - (B) Special Purpose Revenue Account;
 - (C) Released Revenue Account; and
 - (D) Identified Revenue Account;
- (2) the PFC Revenue Fund and therein the following two accounts:
 - (A) PFC Revenue Enhancement Account; and

- (B) Released PFC Account;
- (3) the Sinking Fund and therein the following two accounts:
 - (A) Payments Account, and therein, (i) the Interest Subaccounts for each series of Bonds, (ii) the Hedge Payments Subaccounts for each series of Bonds, (iii) the Contract Payments Subaccounts for each series of Bonds, and (iv) the Principal Subaccounts for each series of Bonds;
 - (B) Debt Service Reserve Account with a subaccount for each series of Bonds which has a Debt Service Reserve Requirement;
- (4) the Renewal and Extension Fund; and
- (5) the Construction Fund and therein the following two accounts:
 - (A) Capitalized Interest Account; and
 - (B) Rebate Account.

Revenue Fund and PFC Revenue Fund

The Master Bond Ordinance requires the City to deposit and continue to deposit all Revenues, other than PFC Revenues and Released PFC Revenues, in the Revenue Fund from time to time as and when received. All PFC Revenues and Released PFC Revenues must be deposited in the PFC Revenue Fund from time to time as and when received, with Released PFC Revenues deposited into the Released PFC Account. The amounts deposited in the Revenue Fund shall be immediately allocated to the account within the Revenue Fund designated therefor: General Revenues other than Identified Revenues will be immediately allocated to the General Revenue Account (other than the General Revenue Enhancement Subaccount); Special Purpose Revenues to the Special Purpose Revenue Account; Released Revenues to the Released Revenue Account; and Identified Revenues to the Identified Revenue Account.

Under the terms of the Master Bond Ordinance, moneys in the Revenue Fund and in the PFC Revenue Fund are to be applied by the City from time to time to the following purposes and, prior to the occurrence and continuation of an Event of Default under the Master Bond Ordinance, in the order of priority determined by the City in its sole discretion: (i) to pay Operating Expenses, (ii) to deposit into the Sinking Fund the amounts required for debt service on Bonds and certain related Contracts, (iii) to deposit into the Debt Service Reserve Account any required amounts, (iv) to deposit into the Rebate Account the amounts required to make provision for arbitrage rebate payments to the United States government, (v) to pay to any party to a Contract the amounts due thereon, including Additional Interest, continuing commission or commitment fees, remarketing agent fees and repayment of amounts equivalent to principal on related Bonds, (vi) to pay any amounts required to be paid with respect to any Other Airport

Obligations, (vii) for transfer to the Renewal and Extension Fund, (viii) to deposit into the Operating and Maintenance Reserve Account within the Renewal and Extension Fund amounts required by the Master Bond Ordinance (as described in (D) below), and (ix) for any other lawful purpose related to the Airport; provided the following strictures shall be applicable for purposes of such use of funds; provided that, the Master Bond Ordinance provides certain strictures applicable for purposes of such use of funds, including, without limitation: (A) amounts from each account in the Revenue Fund are only to be used for Operating Expenses, Bonds, Contracts, Other Airport Obligations and other purposes related to the category of Revenues allocated thereto; (B) any amounts to be withdrawn from the General Revenue Account for the purposes described in (i) through (v) above shall be drawn first from the General Revenue Enhancement Subaccount; (C) any amounts to be withdrawn from the PFC Revenue Fund for payments on related Bonds and Contracts shall be drawn first from the PFC Revenue Enhancement Account; and (D) the City shall, as of the first day of each Fiscal Year, have on deposit in the Operating and Maintenance Reserve Account to be established within the Renewal and Extension Fund, one quarter ($\frac{1}{4}$) of the budgeted Operating Expenses for such Fiscal Year, as determined upon the adoption of the Annual Budget for the Airport. To the extent amounts on deposit into the Operating and Maintenance Reserve Account are in excess of the required reserve amount set forth in the immediately preceding sentence, the City may transfer such excess to the Renewal and Extension Fund. In the event of any withdrawal from the Operating and Maintenance Reserve Account, other than such withdrawal as is permitted pursuant to the immediately preceding sentence, the City shall deposit monthly into the Operating and Maintenance Reserve Account an amount equal to one-twelfth ($\frac{1}{12}$) of the aggregate amount of such withdrawal until the balance in the Operating and Maintenance Reserve Account is at least equal to the required reserve amount.

Sinking Fund

The Master Bond Ordinance requires the City to deposit sufficient moneys in periodic installments from the Revenue Fund into subaccounts of the Payments Account related to a particular series of Bonds for the purpose of paying the Bonds as they become due and payable and for the purpose of making payments under Contracts relating to a particular series of Bonds.

No payments may be made to a subaccount of the Sinking Fund related to Subordinate Bonds or Hybrid Bonds, unless all required payments have been made to subaccounts related to Bonds, or Contracts related to Bonds, which have a lien on a category of Revenues ahead of or on a parity with such Subordinate Lien Bonds or Hybrid Bonds, and no payments may be made with respect to any Other Airport Obligations unless all required payments have been made to each subaccount with respect to Bonds and on all Contracts; provided that if required by the terms thereof, all obligations treated as Senior Lien Bonds or Subordinate Lien Bonds pursuant to the Master Bond Ordinance shall be paid with the other Senior Lien Bonds or Subordinate Lien Bonds.

If at any time the amounts in any subaccount of the Sinking Fund to be funded by General Revenues are less than the amounts required by the Master Bond Ordinance, and there are not on deposit in the Renewal and Extension Fund available moneys to cure such deficiency, then the City shall withdraw from subaccounts related to Subordinate Lien Bonds and Hybrid Bonds (taking such amounts first from subaccounts relating to Subordinate Lien Bonds, *pro rata*,

and second from amounts subaccount relating to Hybrid Bonds, *pro rata*) and deposit in such subaccount of the Sinking Fund, as the case may be, the amount necessary (or all the moneys in such funds and accounts, if less than the amount required) to make up such deficiency; provided that no such amounts shall be withdrawn from subaccounts relating to Special Purpose Revenue Bonds.

Debt Service Reserve Account

The Debt Service Reserve Requirement for the outstanding Senior Lien PFC Revenue Bonds, the Series 2019C/D Bonds and for any series of Bonds issued pursuant to the Master Bond Ordinance as Additional Bonds with a Subordinate Lien on General Revenues, shall be the aggregate sum, determined for all Outstanding Bonds with the same lien status and priority, equal to the Maximum Annual Debt Service Requirement with the calculation being made as if all of the Outstanding Bonds which have a Debt Service Reserve Requirement were a single series for purposes of the definitions of “Debt Service Reserve Requirement” and “Maximum Annual Debt Service Requirement.”

The Debt Service Reserve Requirement for the Series 2019A/B Bonds, the outstanding Senior Lien General Revenue Bonds and for any series of Bonds issued pursuant to the Master Bond Ordinance as Additional Bonds with a Senior Lien on General Revenues, shall be the aggregate sum, determined for all Outstanding Bonds with the same lien status and priority, equal to the Maximum Annual Debt Service Requirement with the calculation being made as if all of the Outstanding Bonds which have a Debt Service Reserve Requirement were a single series for purposes of the definitions of “Debt Service Reserve Requirement” and “Maximum Annual Debt Service Requirement.” The subaccount in the Debt Service Reserve Account securing the Series 2019A/B Bonds and the outstanding Senior Lien General Revenue Bonds will not secure the Outstanding PFC Revenue Hybrid Bonds.

Any increases in the amount of the Debt Service Reserve Requirement resulting from the issuance of the Series 2019 Bonds and any other Additional Bonds which also are secured by an existing subaccount of the Debt Service Reserve Account must be funded immediately upon the issuance of any such Additional Bonds, either with funds or through a Reserve Account Credit Facility, or a combination thereof. The balance of each subaccount of the Debt Service Reserve Account must be maintained in an amount equal to the Debt Service Reserve Requirement for the related Bonds (or such lesser amount that is required to be accumulated in such subaccount of the Debt Service Reserve Account upon the failure of the City to provide a substitute Reserve Account Credit Facility in certain events). The City may elect to satisfy in whole or in part the Debt Service Reserve Requirement for any Bonds by means of a Reserve Account Credit Facility, subject to restrictions provided in the Master Bond Ordinance. The City may at any time review the status of any subaccount of the Debt Service Reserve Account. If there is a deficiency, the remedies provided for in the Master Bond Ordinance shall be followed. If there is an excess amount over the Debt Service Reserve Requirement, the terms of the Master Bond Ordinance relating to the application of excess moneys shall be followed.

Renewal and Extension Fund

Under the terms of the Master Bond Ordinance, amounts held in the Renewal and Extension Fund must be used first to prevent default in the payment of interest on or principal of any General Revenue Bonds when due and then will be applied by the City from time to time, as and when the City shall determine, to the following purposes and, prior to the occurrence and continuation of an Event of Default, in the order of priority determined by the City in its sole discretion: (i) for the purposes for which moneys held in the Revenue Fund may be applied as described under the subheading “Funds Created and Flow of Funds - Revenue Fund and PFC Revenue Fund” herein, (ii) to pay any amounts which may then be due and owing under any Hedge Agreement (including termination payments, fees, expenses, and indemnity payments), (iii) to pay any governmental charges and assessments against the Airport or any part thereof which may then be due and owing, (iv) to make acquisitions, betterments, extensions, repairs, or replacements or other capital improvements (including the purchase of equipment) to the Airport deemed necessary by the City (including payments under contracts with vendors, suppliers, and contractors for the foregoing purposes), (v) to acquire Senior Lien Bonds (other than Special Purpose Revenue Bonds) by redemption or by purchase in the open market at a price not exceeding the callable prices, as provided and in accordance with the terms and conditions of the Master Bond Ordinance prior to their respective maturities, and (vi) to transfer to the General Revenue Enhancement Subaccount. Notwithstanding the preceding sentence, any PFC Revenues or Released PFC Revenues in the Renewal and Extension Fund may only be used for PFC Revenue Bonds, Released Revenue Bonds secured by Released PFC Revenues, related Contracts, Costs of PFC Facilities or transfer to the PFC Revenue Enhancement Subaccount.

Rate Covenant

General. The City has covenanted and agreed at all times to prescribe, fix, maintain, and collect rates, fees, and other charges for the services and facilities furnished by the Airport fully sufficient at all times to: (i) provide for 100% of the Operating Expenses and for the accumulation in the Revenue Fund of a reasonable reserve therefor, and (ii) produce Net Revenues in each Fiscal Year, that: (A) equal at least 120% (and 110% without regard to amounts in the General Revenue Enhancement Subaccount) of the Debt Service Requirement on all related Bonds then Outstanding for the Sinking Fund Year ending on the next January 1 and at least 100% of the Debt Service Requirement on all other Bonds payable from related Revenues then Outstanding for the year of computation, (B) enable the City to make all required payments, if any, into the Debt Service Reserve Account and the Rebate Account and on any Contracts or Other Airport Obligations, (C) enable the City to accumulate an amount to be held in the Renewal and Extension Fund, which in the judgment of the City is adequate to meet the costs of major renewals, replacements, repairs, additions, betterments, and improvements to the Airport, necessary to keep the same in good operating condition or as is required by any governmental agency having jurisdiction over the Airport, and (D) remedy all deficiencies in required payments into any of the funds and accounts mentioned in the Master Bond Ordinance from prior Fiscal Years. The City has covenanted and agreed at all times while any Bonds are outstanding and unpaid to prescribe, fix, maintain, and collect PFC Revenues which will equal at least 100%, without regard to amounts in the PFC Revenue Enhancement Subaccount, of the Debt Service Requirement on all related Bonds then Outstanding for the Sinking Fund Year ending on the next January 1 and at least 100% of the Debt Service Requirement on all other

Bonds payable from related Revenues then Outstanding for the year of computation. For purposes of (i), (ii)(A) and (B) each category of Net Revenues shall be compared to the required payments with respect to, or for accounts related to, related Operating Expenses, Bonds, Contracts and Other Airport Obligations and if Bonds have more than one Senior Lien, then the requirements of (ii)(A) must be met at the percentage mandated for each category of Revenues on which such Bonds have a Senior Lien

The rates, fees, and other charges shall be classified in a reasonable manner to cover users of the services and facilities furnished by the Airport so that, as nearly as practicable, such rates, fees, and other charges shall be uniform in application to all users falling within any reasonable class.

The City's ability to prescribe, fix, maintain and collect certain rates, fees and other charges may be limited by various contractual obligations to third parties including specifically its agreements with Signatory Airlines. See "INFORMATION CONCERNING GENERAL REVENUES AND PASSENGER FACILITY CHARGES" in the Official Statement.

Provisions Applicable to Hybrid Bonds. For the purposes of the Master Bond Ordinance, in determining the Debt Service Requirement on Hybrid Bonds with a Senior Lien on PFC Revenues and a Subordinate Lien on General Revenues (i) if the debt service on such Hybrid Bonds for the relevant period was paid from, or for future periods is expected to be paid from, General Revenues, such debt service will be taken into account in determining the Debt Service Requirement of General Revenue Bonds only and will not be taken into account in determining the Debt Service Requirement of PFC Revenue Bonds, notwithstanding the lien of such Hybrid Bonds on PFC Revenues; and (ii) if the debt service on such Hybrid Bonds for the relevant period was paid from, or for future periods is expected to be paid from, PFC Revenues (for this purpose, including amounts in the PFC Revenue Enhancement Subaccount), such debt service will be taken into account in determining the Debt Service Requirement of PFC Revenue Bonds only and will not be taken into account in determining the debt service requirement of General Revenue Bonds, notwithstanding the lien of such Hybrid Bonds on General Revenues.

Additional Senior Lien Bonds

Upon satisfaction of certain conditions, the Master Bond Ordinance permits the City to issue Additional Bonds without express limit as to principal amount to finance capital improvements to or expansions of the Airport (or to refinance obligations issued for such purposes), which will be equally and ratably secured as to the lien on General Revenues on a parity basis with the Senior Lien General Revenue Bonds. The Master Bond Ordinance allows refunding Bonds issued to refund Senior Lien Bonds to constitute parity bonds if the City obtains a report from an Independent Certified Public Accountant, demonstrating that the refunding will reduce the total debt service payments on Outstanding Senior Lien Bonds, including payments on related Contracts, which are parity secured with the Bonds to be refunded, all on a present value basis and if the requirements of paragraphs (2), (5), (6) and (7) below are met.

The Master Bond Ordinance also allows Additional Senior Lien Bonds to be issued on a parity with the Outstanding Senior Lien Bonds upon satisfaction of the following conditions:

(1) There shall have been procured and filed with the City either:

(a) a report by an Independent Certified Public Accountant to the effect that the historical related Net Revenues (for General Revenues, without consideration of (i) amounts in the General Revenue Enhancement Subaccount or (ii) gifts or grants or expenditures of such gifts or grants) for each of the two most recent audited Fiscal Years, were equal to at least 120% (for PFC Revenue Bonds the percentage specified in the Supplemental Bond Ordinance with respect to the Outstanding PFC Revenue Bonds) of the Maximum Annual Debt Service Requirement on all related Senior Lien Bonds which will be Outstanding immediately after the issuance of the proposed Additional Bonds and secured on a parity therewith and, for Additional General Revenue Bonds, or

(b) a report by an Airport Consultant to the effect that in each Fiscal Year of the Forecast Period the forecasted related Net Revenues (for General Revenues, without consideration of (i) any amounts in the General Revenue Enhancement Subaccount or (ii) gifts or grants or expenditures of such gifts or grants) are expected to equal at least 130% (for PFC Revenue Bonds the percentage specified in the Supplemental Bond Ordinance with respect to the Outstanding PFC Revenue Bonds) of the Maximum Annual Debt Service Requirement on all related Senior Lien Bonds which will be Outstanding immediately after the issuance of the proposed Additional Bonds and secured on a parity therewith.

The report by the Independent Certified Public Accountant described in paragraph (a) above may contain pro forma adjustments to historical related Net Revenues equal to 100% of the increased annual amount attributable to any revision in the schedule of rates, fees, and charges for the services and facilities furnished by the Airport, imposed prior to the date of delivery of the proposed Additional Bonds and not fully reflected in the historical related Net Revenues actually received during such historical period used.

(2) The City shall have received, at or before issuance of the Additional Bonds, a report from an Independent Certified Public Accountant to the effect that the payments required to be made into each account or subaccount of the Sinking Fund have been made and the balance in each account or subaccount of the Sinking Fund is not less than the balance required by the Master Bond Ordinance as of the date of issuance of the proposed Additional Bonds.

(3) The Supplemental Bond Ordinance authorizing the proposed Additional Bonds must require (i) that the amount to be accumulated and maintained in the subaccount of the Debt Service Reserve Account for Senior Lien Bonds which are to be secured on a parity with such Additional Bonds, if any, be increased to not less than 100% of the Debt Service Reserve Requirement computed on a basis which includes all Senior Lien Bonds which will be Outstanding and secured on a parity with the Additional Bonds immediately after the issuance of the proposed Additional Bonds and (ii) that the amount of such increase be deposited in such subaccount on or before the date and at least as fast as the rate specified in the Master Bond Ordinance.

(4) The Supplemental Bond Ordinance authorizing the proposed Additional Bonds must require the proceeds of such proposed Additional Bonds to be used solely to make capital improvements to the Airport, to fund interest on the proposed Additional Bonds, to refund other obligations issued for such purposes (whether or not such refunding Bonds satisfy the requirements of the Master Bond Ordinance relating to the issuance of refunding Bonds), and to pay expenses incidental thereto and to the issuance of the proposed Additional Bonds.

(5) If any Additional Bonds would bear interest at a Variable Rate, the Supplemental Bond Ordinance under which such Additional Bonds are issued shall provide a maximum rate of interest per annum which such Additional Bonds may bear.

(6) The Airport Manager and the Chief Finance Officer shall have certified, by written certificate dated as of the date of issuance of the Additional Bonds, that the City is in compliance with all requirements of the Master Bond Ordinance.

(7) The City shall have received an opinion of Bond Counsel, dated as of the date of issuance of the Additional Bonds, to the effect that the Supplemental Bond Ordinance and any related Supplemental Ordinance authorizing the issuance of Additional Bonds have been duly adopted by the City.

If the Additional Senior Lien Bonds are to have Senior Liens on more than one category of Revenues, the requirements of paragraph (1) above must be met with respect to each category of Revenues.

Additional PFC Revenue Bonds

No PFC Revenue Bonds having a Senior Lien on the PFC Revenues may be issued, unless such PFC Revenue Bonds are issued as Hybrid Bonds having, in addition to a Senior Lien on PFC Revenues, a Subordinate Lien on General Revenues in compliance with the terms of the Seventh Supplemental Bond Ordinance. The City has expressly reserved the right to issue additional PFC Revenue Bonds having a Subordinate Lien on PFC Revenues in accordance with the provisions of the Master Bond Ordinance without complying with the terms of the Seventh Supplemental Bond Ordinance.

All Hybrid Bonds having a Senior Lien on PFC Revenues shall comply with the provisions of the Master Bond Ordinance as summarized above in paragraphs (2) through (7) under the heading "Additional Senior Lien Bonds" above, as well as the following additional conditions:

(1) there shall have been procured and filed with the City a report by an Independent Certified Public Accountant to the effect that historical Net Revenues consisting of PFC Revenues for each of the two most recent audited Fiscal Years were equal to at least 120% of the Maximum Annual Debt Service Requirement of all Hybrid Bonds having a Senior Lien on PFC Revenues (excluding, for this purpose, the Debt Service Requirement of all Hybrid Bonds having a Senior Lien on PFC Revenues to the extent such Debt Service Requirement was actually paid from General Revenues for each such Fiscal Year, as shown in such report) which will be Outstanding immediately after the issuance of the proposed Additional Bonds and secured on a parity therewith; or

(2) there shall have been procured and filed with the City a report by an Airport Consultant to the effect that in each Fiscal Year of the Forecast Period forecasted PFC Revenues are expected to equal at least 130% of the Maximum Annual Debt Service Requirement of all Hybrid Bonds having a Senior Lien on PFC Revenues (excluding, for this purpose, the Debt Service Requirement of all Hybrid Bonds having a Senior Lien on PFC Revenues to the extent the Debt Service Requirement of such Hybrid Bonds is expected to be paid from General Revenues for each year of the Forecast Period, as shown on in such report) which will be Outstanding immediately after the issuance of the proposed Additional Bonds and secured on a parity therewith.

In computing PFC Revenues, the City may take into account pro forma adjustments to historical PFC Revenues equal to 100% of the increased PFC Revenues attributable to any increase in the passenger facility charge imposed prior to the date of delivery of the proposed Additional Bonds and not fully reflected in the historical PFC Revenues actually received during such historical period used. Such pro forma adjustments, if any, shall be based upon a report of an Airport Consultant as to the amount of PFC Revenues which would have been received during such period had the increased passenger facility charge been in effect throughout such period.

If PFC Revenue Bonds, issued as Hybrid Bonds having, in addition to a Senior Lien on PFC Revenues, a Subordinate Lien on General Revenues, are being issued solely for purposes of refunding Hybrid Bonds, then, if the City obtains a report from an Independent Certified Public Accountant demonstrating that the refunding will reduce the total debt service payments on Outstanding Hybrid Bonds having, in addition to a Senior Lien on PFC Revenues, a Subordinate Lien on General Revenues, including payments on related Contracts which are parity secured with the Hybrid Bonds to be refunded, all on a present value basis, the requirements set forth in this subheading above and paragraph (1) under the subheading “- Additional Subordinate Lien PFC Revenue Bonds -” below, are deemed satisfied.

Additional Subordinate Lien PFC Revenue Bonds

Additional Subordinate Lien Bonds may be issued ranking as to lien on the General Revenues on a parity with the Senior Lien PFC Revenue Bonds in accordance with the Master Bond Ordinance (as described under the heading “Additional Subordinate Lien Bonds” herein), but only if the following additional conditions are met:

(1) There shall have been procured and filed with the City either:

(a) a report by an Independent Certified Public Accountant to the effect that historical Net General Revenues (for this purpose, without consideration of (i) amounts in the General Revenue Enhancement Subaccount, or (ii) gifts or grants or expenditures of such gifts or grants) for each of the two most recent audited Fiscal Years, were equal to at least 120% of the Maximum Annual Debt Service Requirement of all related Senior Lien Bonds which will be Outstanding immediately after the issuance of the proposed Additional Bonds and all outstanding Subordinate Lien Bonds which will be Outstanding immediately after the issuance of the proposed Additional Bonds and secured on a parity therewith (excluding, for this purpose, the Debt Service Requirement of all Hybrid Bonds

having a Subordinate Lien on General Revenues to the extent the Debt Service Requirement of such Subordinate Lien Bonds was actually paid from the PFC Revenues for each such Fiscal Year, as shown in such report); or

(b) a report by an Airport Consultant to the effect that in each Fiscal Year of the Forecast Period the forecasted Net General Revenues (without consideration of (i) any amounts in the General Revenue Enhancement Subaccount, or (ii) gifts or grants or expenditures of such gifts or grants) are expected to equal at least 130% of the Maximum Annual Debt Service Requirement of all Senior Lien Bonds which will be Outstanding immediately after the issuance of the proposed Additional Bonds and all outstanding Subordinate Lien Bonds which will be Outstanding immediately after the issuance of the proposed Additional Bonds and secured on a parity therewith (excluding, for this purpose, the Debt Service Requirement of all Hybrid Bonds having a Subordinate Lien on General Revenues to the extent the Debt Service Requirement of such Hybrid Bonds is expected to be paid from PFC Revenues for each year of the Forecast Period, as shown in such report).

The report by the Independent Certified Public Accountant that is required by (1)(a) above may contain pro forma adjustments to historical Net General Revenues equal to 100% of the increased annual amount attributable to any revision in the schedule of rates, fees, and charges for the services and facilities furnished by the Airport, imposed prior to the date of delivery of the proposed Additional Bonds and not fully reflected in the historical Net General Revenues actually received during such historical period used. Such pro forma adjustments, if any, shall be based upon a report of an Airport Consultant as to the amount of General Revenues which would have been received during such period had the new rate schedule been in effect throughout such period.

Additional Subordinate Lien Bonds

The Master Bond Ordinance also allows the City to issue Bonds on a Subordinate Lien basis pursuant to a Supplemental Bond Ordinance, payable from (unless such Bonds are Identified Revenue Bonds or to be secured by PFC Revenues or Released PFC Revenues) moneys which would otherwise be deposited in the Renewal and Extension Fund, and the Bonds so issued shall constitute Subordinate Lien Bonds, upon satisfaction of the following conditions:

(1) The Supplemental Bond Ordinance authorizing the Subordinate Lien Bonds shall provide that such Subordinate Lien Bonds shall be junior and subordinate in lien and right of payment (i) directly, to any Outstanding Senior Lien Bonds or Senior Lien Bonds issued in the future which have a Senior Lien on a category of Revenues as to which such proposed Additional Bonds have a Subordinate Lien, and (ii) indirectly (as a result of the requirements of the Master Bond Ordinance, to withdraw certain amounts at certain times from subaccounts related to Subordinate Lien Bonds), to any other Outstanding Senior Lien Bonds or Senior Lien Bonds issued in the future.

(2) The Supplemental Bond Ordinance authorizing the Subordinate Lien Bonds shall, (unless such Bonds are Identified Revenue Bonds or to be secured by PFC Revenues or Released PFC Revenues) establish funds and accounts for the moneys which would otherwise be

deposited in the Renewal and Extension Fund, to be used to pay debt service on the Subordinate Lien Bonds, to pay Hedge Payments under related Hedge Agreements, and to provide reserves therefor. If Subordinate Lien Bonds are to be secured by PFC Revenues, Released PFC Revenues or Identified Revenues, the Supplemental Bond Ordinance shall establish funds and accounts for the moneys securing such Bonds, to be used to pay debt service on such Bonds, to pay Hedge Payments under related Hedge Agreements, and to provide reserves therefor.

(3) The requirements for Additional General Revenue Bonds described in paragraphs (4), (5), (6) and (7) under the heading “Additional Senior Lien Bonds” herein are met with respect to such Subordinate Lien Bonds.

The Master Bond Ordinance permits the accession of Subordinate Lien Bonds and related Contracts to the status of complete parity with any Senior Lien Bonds and related Contracts with a lien on the same category of Revenues if, as of the date of accession, the conditions described in paragraphs (1)(a), (5) and (6) under the heading “Additional Senior Lien Bonds” herein are satisfied, on a basis that includes all Outstanding Senior Lien Bonds with a lien on the same category of Revenues and such Subordinate Lien Bonds, and if on the date of accession the other conditions set forth in the Master Bond Ordinance are satisfied.

Released Revenues

A separable category or portion of revenues, income, receipts and money relating to a definable service, facility or program of the Airport may, upon meeting the conditions set forth in the Master Bond Ordinance, be withdrawn from General Revenues or PFC Revenues including for PFC Revenues, amounts authorized to be charged and actually charged in excess of a particular amount and thereafter treated as Released Revenues for all purposes including the security for Released Revenue Bonds. The Master Bond Ordinance requires the City to obtain a report of an Independent Certified Public Accountant to the effect that historical Net General Revenues or Net PFC Revenues, excluding the category of Revenues proposed to become Released Revenues and without consideration of any amounts in the General Revenue Enhancement Subaccount or the PFC Revenue Enhancement Account, for each of the two most recent audited Fiscal Years prior to the date of such report were equal to at least 150% of the Maximum Annual Debt Service Requirement on all General Revenue Bonds or PFC Revenue Bonds, respectively, which will be Outstanding after the category of Revenues becomes Released Revenues. For purposes of this paragraph, “Debt Service Requirement” of PFC Revenue Bonds shall be computed in accordance with the provisions of the Bond Ordinance described under “APPENDIX C - SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE -- Rate Covenant - Provisions Applicable to Hybrid Bonds” herein.

Special Purpose Revenue Bonds

The Master Bond Ordinance permits the issuance of Special Purpose Airport Revenue Bonds to finance Special Purpose Facilities. The City may designate facilities at the Airport as “Special Purpose Facilities.” “Special Purpose Facilities” are defined in the Master Bond Ordinance as facilities which (i) will not result, upon completion, in a “material reduction” in Net General Revenues and (ii) will not be of such a type or design that the subsequent closing thereof (with the functions thereof not provided by a substitute facility) will materially impair the

general operations of the Airport; provided, however, the foregoing test shall not be applicable to the consolidated car rental facility described in the Airport's Capital Improvement Plan if so designated by the City. If a facility meets the foregoing test and is designated as a "Special Purpose Facility," the revenues arising therefrom or generated thereby will not be General Revenues for the period during which any Special Purpose Revenue Bonds related thereto are Outstanding; provided if the consolidated car rental facility is so designated and financed with Special Purpose Revenue Bonds, the related Special Purpose Revenues shall not include any privilege fee or similar charge assessed by the City or the Airport for rental car concessions. For purposes of this paragraph, "material reduction" means Net General Revenues for the first complete Fiscal Year following completion of such Special Purpose Facilities will be either (1) more than 10% below Net General Revenues during the preceding Fiscal Year or (2) less than the amount required by the Master Bond Ordinance.

Special Purpose Airport Revenue Bonds are secured solely by Revenues generated by Special Purpose Facilities and are not secured by a lien on General Revenues or PFC Revenues, and Bonds secured by General Revenues or PFC Revenues are not secured by such Special Purpose Revenues.

Maintenance, Insurance, and Sale or Transfer of the Airport; Annual Budget; Tax Covenants

The City has covenanted in the Master Bond Ordinance to (i) maintain the Airport in good repair and in sound operating condition, (ii) carry adequate public liability, fidelity, and property insurance or self-insurance, such as is maintained by similar airports, and (iii) adopt an annual budget for the Airport for each Fiscal Year in compliance with the rate covenant described above.

Pursuant to the Master Bond Ordinance and except as otherwise expressly permitted in the Master Bond Ordinance, the City has irrevocably covenanted, bound, and obligated itself not to sell, lease, encumber, or in any manner dispose of the Airport as a whole or in part until all of the Bonds and all interest thereon shall have been paid in full or provision for payment has been made in accordance with the provisions of the Master Bond Ordinance relating to defeasance. The City is further prohibited from, directly or indirectly, transferring the ownership, management, operation or control of the Airport, except in the instance of a change in the City's form of government which is subject to the assent of a majority of qualified voters.

The City has reserved the right to sell, lease, or otherwise dispose of any of the property comprising a part of the Airport in the following manner, if any one of the following conditions exists, in the opinion of the Airport Manager: (i) such property is not necessary for the operation of the Airport; (ii) such property is not useful in the operation of the Airport; (iii) such property is not profitable in the operation of the Airport; or (iv) the disposition of such property will be advantageous to the Airport and will not adversely affect the security for the Bondholders. All proceeds of any such sale or disposition received by the City shall be deposited in the Revenue Fund unless the City directs amounts be deposited in the Renewal and Extension Fund or the City is required to deliver such amounts to another Person.

The City has reserved the right to sell any portion of the Airport to any political subdivision or authority or agency of one or more political subdivisions of the State, provided

that there shall be first filed with the Airport Manager, in form and substance satisfactory to the Airport Manager: (i) an opinion of Bond Counsel to the effect that such sale will not adversely affect the extent to which interest on any Tax-Exempt Bonds is excluded from gross income for federal income tax purposes; and (ii) an opinion of an Airport Consultant expressing the view that such sale will not result in a diminution of Net Revenues to the extent that in any future Fiscal Year such Net Revenues will be less than 130% of the annual Debt Service Requirement on all Bonds secured by any category of Revenues to be Outstanding after such sale. In reaching this conclusion, the Airport Consultant shall take into consideration such factors as the Airport Consultant may deem significant, including (i) anticipated diminution of Revenues, (ii) anticipated increase or decrease in Operating Expenses attributable to the sale, and (iii) reduction in the annual Debt Service Requirement attributable to the application of the sale proceeds to the provision for payment of Bonds theretofore Outstanding. All proceeds of any such sale or disposition received by the City shall be deposited in the Revenue Fund unless the City directs amounts be deposited in the Renewal and Extension Fund or the City is required to deliver such amounts to another Person.

The City has reserved the right to transfer the Airport as a whole to any political subdivision or authority or agency of one or more political subdivisions of the State provided (i) such entity has provided evidence reasonably satisfactory to the City that the successor entity has comparable airport operations and management experience both in size and scope as the Airport and (ii) such entity has been formed under the authority of a duly adopted and ratified local government reorganization act which consolidates the governmental and corporate powers of the City with a county as provided in Article IX, Section III, Paragraph II of the 1983 Constitution of the State of Georgia, as the same may be hereafter amended. Such consolidated government may assume or be delegated the legal authority to own and operate the Airport, or any portion thereof, on behalf of the public, provided that it undertakes in writing, filed with the Attesting Officer, the City's obligations under the Bond Ordinance, and there shall be first filed with the Attesting Officer: (i) an opinion of Bond Counsel to the effect that such transfer will not adversely affect the extent to which interest on any Tax-Exempt Bonds is excluded from gross income for federal income tax purposes; and (ii) an opinion of an Airport Consultant expressing the view that such transfer will not result in any diminution of Net Revenues to the extent that in any future Fiscal Year the Net Revenues will be less than 120% of the average annual Debt Service Requirement on all Senior Lien Bonds to be Outstanding after such transfer with a lien on any category of Revenues, in the then current and each succeeding Fiscal Year. In reaching this conclusion, the Airport Consultant shall take into consideration such factors as the Airport Consultant may deem significant, including any rate revision to be imposed by the transferee political subdivision, authority, or agency.

Notwithstanding any other provision of the Master Bond Ordinance described in the preceding paragraphs, the City may sell, lease or otherwise transfer any portion of the Airport which is (i) not a part of Hartsfield-Jackson Atlanta International Airport, and (ii) not used for any airport or aviation purpose, and all Revenues and receipts associated with such portion of the Airport and its transfer shall be released from the lien hereof and the City may use or deliver such amounts without restriction under the Master Bond Ordinance.

The City has also covenanted in the Master Bond Ordinance to take all actions to assure the tax-exempt status of interest on tax-exempt Bonds and to refrain from taking any action which would adversely affect such status.

Events of Default and Remedies

The Master Bond Ordinance defines an “Event of Default” to mean, among other things, (i) failure to pay debt service or redemption price on Senior Lien Bonds when due, (ii) failure to perform any obligation with respect to any subaccount in the Debt Service Reserve Account relating to Senior Lien Bonds, which remains unremedied for more than 30 days, (iii) certain events of insolvency affecting the City, (iv) the appointment of a receiver of the Airport or the funds held under the Master Bond Ordinance, (v) failure to perform any other covenant contained in the Master Bond Ordinance for 90 days (or 180 days if such default cannot be cured in 90 days and if corrective action is instituted and diligently pursued) after notice from the owners of (or a Credit Issuer securing) at least 25% in aggregate principal amount of Senior Lien Bonds, (vi) an Event of Default under any Supplemental Bond Ordinance relating to Senior Lien Bonds, (vii) failure by any Credit Issuer to pay the purchase price of Senior Lien Bonds, (viii) delivery of notice that an “Event of Default” has occurred under any agreement relating to a credit facility supporting Senior Lien Bonds, and (ix) delivery of notice that an “Event of Default” has occurred under a hedge agreement relating to Senior Lien Bonds; provided if the Event of Default relates solely to Bonds related to a particular category of Revenues and no other event has occurred which could become an Event of Default with respect to any other Bonds then Outstanding, such Event of Default shall be deemed to apply solely to the related Bonds and Contracts and the provisions of the Master Bond Ordinance shall otherwise remain in full force and effect with respect to all other Bonds and related Contracts.

Upon the happening and continuance of any Event of Default (except for events described in clauses (vii), (viii) and (ix) above), the Master Bond Ordinance allows the owners of more than 50% in aggregate principal amount of outstanding Senior Lien Bonds affected thereby or a Credit Issuer securing more than 50% in aggregate principal amount of outstanding Senior Lien Bonds affected thereby to accelerate such Bonds affected thereby. If the City cures the Event of Default, the Master Bond Ordinance allows the owners of more than 50% in aggregate principal amount of outstanding Senior Lien Bonds to waive the acceleration, subject to the consent of each Credit Issuer securing Senior Lien Bonds.

The Master Bond Ordinance provides that, upon the occurrence and continuation of an Event of Default, the City or a receiver appointed for the purpose must apply all Pledged Revenues as follows and in the following order of priority: (i) first, to the payment of the reasonable and proper charges, expenses, and liabilities of the receiver and any paying agent and bond registrar under the Master Bond Ordinance (with such amounts payable, if related to a particular series and therefore to a particular category of Revenues, first from such category), (ii) second, to the payment of all reasonable and necessary expenses of operation and maintenance of the Airport and major renewals and replacements to the Airport, and (iii) third, to the payment of debt service on Senior Lien Bonds and amounts (other than termination, indemnity, and expense payments) due under hedge agreements relating to Senior Lien Bonds.

Defeasance

The Master Bond Ordinance provides that any Bonds for the payment or redemption of which sufficient moneys or sufficient direct obligations of, or obligations fully guaranteed by, the United States of America have been deposited with the Paying Agent or the depository of the

Sinking Fund (whether upon or prior to the maturity or the redemption date of such bonds) will be deemed to be paid and no longer Outstanding under the Master Bond Ordinance.

If all Bonds and obligations secured by a lien on a category of Revenues have been paid or provision for payment thereof made as set forth in the preceding paragraph, at the option of the City the terms and provisions of the Master Bond Ordinance relating solely to such category of Revenues may be determined as void and of no further force or effect; provided the other terms and provisions of the Master Bond Ordinance shall remain in effect until the election of the City after payment or provision for payment of all Bonds and obligations secured by a lien created pursuant to the Master Bond Ordinance on any Revenues.

Supplemental Ordinances

The Master Bond Ordinance permits the City to adopt supplemental ordinances modifying, amending, or supplementing the Master Bond Ordinance, without the consent of or notice to the owners of any of the Bonds for certain purposes including to modify any of the provisions of the Master Bond Ordinance in any respect (other than a modification of the type described below requiring the unanimous consent of the owners of Bonds); provided that for (i) any outstanding Bonds which are assigned a Rating and which are not secured by a Credit Facility providing for the payment of the full amount of principal and interest to be paid thereon, each Rating Agency rating such Bonds shall have notified the City that such modification will not cause the then applicable rating on any such Bonds to be reduced or withdrawn, and (ii) any Outstanding Bonds which are secured by Credit Facilities providing for the payment of the full amount of the principal and interest to be paid thereon, each Credit Issuer shall have consented in writing to such modification.

The Master Bond Ordinance also provides that, with the consent of the owners of not less than a majority in aggregate principal amount of the Outstanding Bonds of each class (senior and subordinate), voting separately by class, the City may adopt a supplemental ordinance for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Master Bond Ordinance provided that no supplemental ordinance (a) extend the maturity date or due date of any mandatory sinking fund redemption with respect to any Bond Outstanding under the Bond Ordinance; (b) reduce or extend the time for payment of principal of, redemption premium, or interest on any Bond Outstanding under the Bond Ordinance; (c) reduce any premium payable upon the redemption of any Bond under the Bond Ordinance or advance the date upon which any Bond may first be called for redemption prior to its stated maturity date; (d) give to any Bond or Bonds (or related Contracts) a preference over any other Bond or Bonds (or related Contracts) not already permitted by the Bond Ordinance; (e) permit the creation of any lien or any other encumbrance on the Pledged Revenues having a lien equal to or prior to the lien created under the Bond Ordinance for the Senior Lien Bonds; (f) reduce the percentage of owners of either class of Bonds required to approve any such Supplemental Ordinance; or (g) deprive the owners of the Bonds of the right to payment of the Bonds or from the Pledged Revenues, without, in each case, the consent of the owners of all the Bonds then Outstanding of the category of Bonds affected thereby.

Proposed Amendments to Master Bond Ordinance

The following described proposed amendments to the Master Bond Ordinance will become effective upon the consent of not less than a majority (in aggregate principal amount) of the outstanding bonds of each class of senior and subordinate bonds (voting separately by class) of each series of Bonds.

The Eighteenth Supplemental Bond Ordinance, adopted March 26, 2014 contained the following consent amendment:

“Upon the issuance of Bonds under the Bond Ordinance and prior to their delivery of such Bonds to the purchasers thereof, for purposes of Article X of the Master Bond Ordinance, a broker or dealer acting as an underwriter for such Bonds shall be deemed to be a holder of such Bonds as permitted by the Municipal Securities Rulingmaking Board’s Rule G-11.”

The Twenty-Fifth Supplemental Bond Ordinance, adopted July 1, 2019 contained the following consent amendment:

“ ‘Sinking Fund Year’ means the twelve month period ending July 1 of each year. ”

Purchasers of, and the Credit Issuers securing, the Series 2019 Bonds will be deemed to have consented to the above proposed amendments upon their purchaser of the Series 2019 Bonds and upon delivery (in the case of the Credit Issuers) of their written consent.

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APPENDIX E

**SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL
AIRPORT LEASES AND AGREEMENTS**

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APPENDIX E

SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL AIRPORT LEASES AND AGREEMENTS

Prior to October 1, 2017, the City established rates and charges for the use and occupancy of Airfield and Terminal facilities at the Airport pursuant to the Prior Airline Agreements. In April 2016, the City and the Signatory Airlines agreed to the provisions of the Airport Use and Lease Agreement which established new procedures for calculating rentals, fees, and charges for the use and occupancy of facilities defining the two Airline cost centers, the Airfield Cost Center and the Terminal Cost Center.

Effective October 1, 2017 (during Fiscal Year 2018), Airline rentals, fees, and charges are calculated under the provisions of the Airport Use and Lease Agreement to allow the City to recover operating and maintenance expenses and debt service plus coverage on General Revenue Bonds allocable to the Airfield Cost Center or the Terminal Cost Center. The Airport Use and Lease Agreement superseded and replaced all outstanding airline agreements for the CPTC. Airlines that enter into an Airport Use and Lease Agreement are referred to as "Signatory Airlines." In total, the Airport is served by a mix of 19 domestic and international passenger carriers, all of whom are Signatory Airlines operating under an Airport Use and Lease Agreement

THE AIRPORT USE AND LEASE AGREEMENT

In addition to the information pertaining to the Airport Use and Lease Agreement set forth elsewhere in the Official Statement, there is set forth below a brief summary of certain provisions of the Airport Use and Lease Agreement. Such information and summary do not purport to be complete and are qualified in their entirety by express reference to the Airport Use and Lease Agreement, copies of which are available from the City. Capitalized terms used in this summary and not otherwise defined in the Official Statement have the meaning given to such terms in the Airport Use and Lease Agreement.

Lease Term

The Airport Use and Lease Agreement has two term options: (1) for Signatory Airlines wishing to be granted majority-in-interest ("MII") rights, the term extends until June 30, 2036, with an option to extend for an additional ten years to 2046 upon mutual consent of the parties; and (2) for all other Signatory Airlines, the term extends until June 30, 2021, with three optional successive 5-year renewal periods for a potential final termination on June 30, 2036. Those Signatory Airlines may also further extend for an additional two five-year periods should the MII Eligible Signatory Airlines extend to 2046. The underlying Airport Use and Lease Agreements for both of the term options are identical in all aspects except the granting of MII rights.

Leased Premises and Gate Use Rights

The City assigns space to each Signatory Airline through the issuance of a Premises Notice, the form of which is attached to the Airport Use and Lease Agreement. Space in the Premises Notice is assigned on an Exclusive Use basis (e.g. office space and passenger clubs) and a Preferential Use basis (e.g. gates). The City retains exclusive control of Common Use Premises in the CPTC, except that the Airport Use and Lease Agreement provides for the assignment of Priority Use rights on some Common Use Gates in the International Terminal in order to foster efficient hub operations.

The City has leased certain Preferential Use Space, or otherwise granted rights of use to each Signatory Airline for its use, and leased the public circulation and building support space for its non-exclusive use in common with the other Signatory Airlines. The CPTC is maintained and operated on behalf of the Signatory Airlines by the Atlanta Airlines Terminal Company ("AATC"), a limited liability company, established by a consortium of airlines operating at the Airport, for that purpose.

The Airport Use and Lease Agreement provides the City with enhanced tools to minimize under-utilization of Gates within the CPTC. Preferential Use Gate rights have been redefined to be consistent with current industry norms that protect the Signatory Airlines' flight schedules. The City monitors gate utilization on a rolling 12-month basis to ensure that each Signatory Airline is meeting the City's required average minimum of 600 departing seats per gate per day. In addition, the Airport Use and Lease Agreement gives the City enhanced power to accommodate the needs of other airlines when a Signatory Airline has a Preferential Use Gate that is meeting the minimum but has additional capacity available. The City also has the right to recapture under-utilized Preferential Use Gates and assign them to other airlines and to rescind Priority Use Rights granted on Common Use Gates if the City's required average minimum utilization standards are not met.

Rate Structure; Terminal Rent and Landing Fee Charges

Under the Airport Use and Lease Agreement, the terminal rental rate and landing fee is based on a cost recovery mechanism. Signatory Airlines pay their share of costs allocated to the Airfield Cost Center and the Terminal Cost Center through the Airline Rate Base Requirements, which is calculated each Fiscal Year. The Airline Rate Base Requirements for the Airline cost centers (Airfield Cost Center and Terminal Cost Center) for each Fiscal Year comprise (1) allocated Operating Expenses, (2) allocated Debt Service on General Revenue Bonds, (3) coverage on Debt Service for General Revenue Bonds, and (4) amortization of any capital investments made from the Renewal and Extension Fund. Direct Operating Expenses (as incurred for the operation and maintenance of the Airport, including security, police, and fire services) are allocated to the Airline and City cost centers according to percentages reflecting the functions of each Airport operating department. Indirect Operating Expenses (for administration and overhead functions) are allocated 100% to the City cost centers.

Terminal Rentals (assessed per square foot per annum) are calculated to recover Terminal costs by dividing the Airline Rate Base Requirement for the Terminal by Rented Space. Different rental rates are calculated by category of space (airline holdroom, other upper level enclosed, lower level enclosed, and unenclosed) and equalized across all space in the domestic and international

terminals. Terminal rentals are subject to a mid-year adjustment if actual costs and rented space vary materially from the budgeted amounts, and are subject to a year-end true-up.

In addition to standard Airline Rate Base Requirement terminal rentals, Signatory Airlines also pay a percentage rent of up to ten percent of gross revenues derived from sales of premium alcohol and food to its passengers within its airline lounge spaces.

Landing Fees (assessed as a rate per 1,000 pounds of maximum gross landed weight) are calculated to recover Airfield costs by dividing the Airline Rate Base Requirement for the Airfield, less total landing fees collected from non-Signatory Airlines, by Signatory Airline landed weight. The Landing Fee, as calculated using budgeted data, becomes effective as of the beginning of each Fiscal Year. The Landing Fee is subject to a mid-year adjustment if actual costs and landed weight vary materially from the budgeted amounts. Following the close of each Fiscal Year, the Landing Fee requirement is recalculated using actual costs and a true-up credit or debit is issued to the Signatory Airlines.

Revenue Share and Airline Credits

The Airport Use and Lease Agreement provides for the following three guaranteed credits and one conditional credit as the combined mechanism for revenue sharing: (i) an inside concession credit, (ii) a per-passenger credit, (iii) an O&M reimbursement, and (iv) an Excess Renewal and Extension Fund credit.

The inside concession credit is calculated as a percentage of revenues derived from food, beverage, retail, and other inside terminal concessions. The rate is 70% in each year through Fiscal Year 2021 and 50% in each year thereafter. Under the Prior Airline Agreements, a 50% credit of Inside Concession Revenues was provided.

The per passenger credit is to be calculated at \$0.60 per enplaned passenger in each Fiscal Year through Fiscal Year 2021, calculated at \$0.40 per enplaned passenger in Fiscal Year 2022 through Fiscal Year 2027, and terminated thereafter.

The City also reimburses the Signatory Airlines for a portion of O&M expenses attributable to inside concession facilities for which the City retains revenues.

Lastly, the Excess Renewal and Extension Fund credit is potentially provided to the Signatory Airlines in the last eight years of the term. The Excess Renewal and Extension Fund credit prevents the Airport from accumulating excess cash, and provides that on the condition that the Renewal and Extension Fund balance exceeds \$150,000,000, after consideration of pending core Airport projects, in any Fiscal Year beginning in Fiscal Year 2028 through the end of the term, 50% of that excess over \$150,000,000 will be distributed among the Signatory Airlines on a per-passenger basis.

Such inside concession credits and per passenger credits are subject to the limitation that they will not, in aggregate, exceed 100% of inside concession revenues. The credits may also be reduced so as to ensure that Net Revenues are at least 150% of Debt Service on General Revenue Bonds.

The Capital Plan

Implementation of a Negative MII. The Airport Use and Lease Agreements reduce the administrative burden on the City with the exercise by MII Eligible Signatory Airlines of their MII rights by no longer requiring the City to obtain affirmative approval for the associated task requiring MII approval. As an example, in the past, a project requiring an MII approval to move forward would be disapproved unless the City obtained the positive approval of the requisite number of MII Eligible Signatory Airlines to move forward. For Airfield projects, MII is generally defined as MII Eligible Signatory Airlines accounting for 87% of landed weight, and for Terminal projects, MII is generally defined as MII Eligible Signatory Airlines accounting for 87% of enplaned passengers. Under the Airport Use and Lease Agreements, a project requiring MII approval to move forward is approved, so long as the requisite number of MII Eligible Signatory Airlines do not timely disapprove. In the first scenario, MII Eligible Signatory Airline inaction fully prevents the project from advancing whereas in the second scenario MII Eligible Signatory Airline inaction has no effect on the project advancing.

Preapproved Projects. Under the Airport Use and Lease Agreements, the airlines have preemptively approved and agreed to fund a collection of certain capital improvements in the amount of approximately \$3,612,095 (in 2015 dollars) which relates to the specific airline rate base component of the \$6.16 billion (in July 2014 dollars) of the Approved Projects. While the majority of these projects can be initiated by the City at will, some projects do require the occurrence of a particular mutually-agreed-upon trigger prior to beginning. In no event, however, is further approval required from the MII Eligible Signatory Airlines to proceed.

No Future Dis-approvals. Unlike former CPTC agreements, the Airport Use and Lease Agreements provide that once a project is approved by the appropriate approval methodology for the particular project, it is not subject to further approvals by the MII Eligible Signatory Airlines except in the following circumstance. If at 90% design completion of the project, the portion of the capital costs that will be part of the Airline Rate Base Requirement (i) are not within 5% of the original estimate for that portion of the capital costs, or (ii) total project costs are not within 10% of the original total project cost estimate, and cannot be corrected to within those thresholds, the project will be subject to an MII procedure.

Domestic Common Use Gate Requirement. In order to accomplish the goals of (i) promoting additional incremental growth opportunities for current Signatory Airlines; and (ii) ensuring flexibility and availability for new entrants of any size, the City has established that it requires a minimum number of common use gates. Therefore, the Airport Use and Lease Agreements provide that at any point during the term thereof, after the completion of the five-gate expansion of Concourse T (but in no event later than December 31, 2021), the City is required to have at least three domestic common use gates with reasonable capacity.

Assignment and Transfer

Signatory Airlines may not assign or otherwise alienate or hypothecate its leased premises or enter into use agreements without the consent of the Aviation General Manager, provided, however, that a Signatory Airline may assign or transfer its Airport Use and Lease Agreement without such consent to any entity controlling, controlled by or under common control with Airline

or any successors-in-interest of such Signatory Airline. Additionally, such consent is deemed to be granted by the Aviation General Manager where an Airline submits a request that is not acted upon by the City within 60 days from the date of the request. Signatory Airlines may, however, enter into handling agreements with other airlines without the Aviation General Manager's or the City's consent. No sublease or other arrangement releases a Signatory Airline from its obligations, duties or responsibilities under its Airport Use and Lease Agreement.

Indemnity

Each Signatory Airline has agreed that, except where caused by the negligence or willful misconduct of the City's or its officers, agents, officials and employees, the City and those officers, agents, officials and employees will be free from any and claims, liability, expenses, losses, costs, fines and damages and causes of action of every kind and character, whether or not meritorious, against or from City by reason of bodily injuries to or deaths of any persons or damage to any property arising from Airline's use and occupation of its premises or the Airport or otherwise arising from Airline's operations, acts or omissions under the Airport Use and Lease Agreement. Each Signatory Airline has also agreed to indemnify and hold harmless the City, its elected officials and its officers, agents and employees, from any and all losses, expenses, demands and claims, and that such indemnification shall not be limited to the limits or terms of the liability insurance, required by the Airport Use and Lease Agreement.

Insurance

Each Signatory Airline is required to maintain in force during the term comprehensive commercial general liability insurance covering in an amount of at least \$25 million for contractual liability, property damage, premises operations, personal injury, advertising injury, fire legal liability, medical expense, independent contractor/ consultants/ subcontractor/ consultants, products-completed operations, and terrorism coverage (at \$1 million per occurrence). The certificate of insurance must also provide that the City be listed as a primary and non-contributing additional insured and a must include a waiver of subrogation in favor of the City.

The City has agreed to maintain one comprehensive public liability policy in accordance with the Airport Use and Lease Agreement naming the City, all Signatory Airlines and any third party retained to provide maintenance and operating services as insureds which provides insurance coverage in an appropriate amount in public circulation and building support space, the cost of which is allocated to the appropriate Cost Center(s).

The City is also required to obtain a "special risk" policy of property insurance covering reasonably foreseeable risks, insuring the buildings, systems, equipment and other improvements included in the CPTC and the airfield, and all additions, extensions, alterations and modifications thereto, financed by City, in an amount equal to 100% of the full replacement value. The cost of this insurance policy is allocated to the appropriate Cost Center(s).

Damage and Destruction

In the event of damage to or destruction of the premises leased to the Signatory Airlines by fire, weather or other casualty or otherwise, and provided that such damage or destruction was not caused by the negligent or wrongful conduct of a Signatory Airline, the City (or Signatory Airline

if the City allows in its sole discretion) is required with all reasonable diligence and dispatch repair or rebuild the said premises so as to restore them, as nearly as possible, to the condition which existed immediately prior to the damage or destruction. The cost of such repair or rebuilding, whether repaired or rebuilt by the City or Signatory Airline, will be paid for with available insurance proceeds actually received by the City. If such insurance proceeds exceed the total cost of repair or rebuilding, the excess proceeds will be credited against the Terminal Airline Rate Base Requirement. Unless the damage or destruction is due to the willful misconduct of the City or its employees, officers, agents or contractors, the affected Signatory Airline will continue to pay all rentals and the City will provide alternate facilities on the Airport so that said Signatory Airline can continue to operate.

If the entire CPTC is so substantially damaged or destroyed that the City determines that rebuilding is not prudent or practicable, it may elect not to rebuild. In such event, the Signatory Airlines will, to the extent of any shortage in the proceeds of the property insurance policy maintained by the Signatory Airline, share in any excess insurance proceeds to compensate for the unamortized value of its improvements.

Condemnation

In the event that the premises or any portion thereof are condemned or otherwise taken for public or quasi-public use under the power of eminent domain or any similar power, the following shall apply:

A. Entire premises Taken: If the premises are taken in their entirety, the Airport Use and Lease Agreement terminates as of the date of such taking, all rentals and charges payable by the Signatory Airlines abate as of such date, and the condemnation award is to be distributed as provided in Section C below.

B. Portion of premises Taken: If only a portion of the premises is taken, the Airport Use and Lease Agreement terminates as to such portion as of the date of such taking, all rentals and charges payable by the affected Signatory Airline related to such portion of the premises abate as of such date and the condemnation award is to be distributed as provided in Section C below, except that if the remainder of the premises as reduced by the taking is thus rendered unsuitable or insufficient for use by the affected Signatory Airline to conduct its operation, the Airport Use and Lease Agreement shall be terminated in its entirety as of the date of such taking, all rentals payable by the affected Signatory Airline abate as of such date, and the condemnation award is to be distributed as provided in Section C below.

C. Distribution of Award: The condemnation award shall be distributed between the City and the affected Signatory Airlines as specifically provided by the court, but if no distribution is made by the court the following shall apply:

- (1) reasonable fees and expenses incurred by the parties in collecting the award are paid first;
- (2) the affected Signatory Airline is then paid the unamortized value of its improvements and installations not financed by City which were taken or rendered unusable pursuant to Section A or B, above;

- (3) if there is a partial taking and it is necessary to incur expenses or costs to restore the remaining premises so that they may be used by the affected Signatory Airline to conduct its air operation, there expenses and costs will be paid next; and
- (4) the remaining balance is paid to the City.

D. The affected Signatory Airline is entitled to participate fully in any condemnation proceedings affecting the related portion of the premises, and the City cannot consent to any taking of any portion of the premises or enter into any voluntary settlement with the condemning authority without the written consent of the affected Signatory Airline.

Minimum Fire and Police Protection

The City is required under the Airport Use and Lease Agreement to provide, or cause to be provided, a level of fire and police protection including emergency medical services for the Airport which will be determined from time to time by the City in consultation with the Signatory Airlines. In no event, however, will the level of such protection be less than the minimum requirements of pertinent Federal Aviation Regulations, TSA regulations or such that in the judgment of the City the traveling public and others require to be protected.

Signatory Airline Events of Default; City Remedies

Defaults by Signatory Airline. Each of the following constitutes an event of default by a Signatory Airline under an Airport Use and Lease Agreement, during which:

- A. failure of such Signatory Airline to pay rentals and charges, or to remit PFCs due, within 15 days after written notice of nonpayment;
- B. failure of such Signatory Airline to keep, perform or observe any other term, covenant, or condition of the Airport Use and Lease Agreement after 30 days written notice; or
- C. failure by such Signatory Airline to provide and keep in force insurance coverage in accordance with the Airport Use and Lease Agreement; or
- D. the appointment of a trustee, custodian, or receiver of all or a substantial portion of such Signatory Airline's assets; or
- E. the divestiture of such Signatory Airline's estate herein by operation of law, by dissolution, or by liquidation (not including a merger or sale of assets); or
- F. the abandonment by such Signatory Airline of the premises, or its conduct of business at the Airport (suspension of operations for a period of 60 days is considered abandonment in the absence of a force majeure event).

City Remedies. Upon the occurrence of an event of default by Airline enumerated above and after any applicable notice and cure periods, the City may exercise a number of remedies under the Airport Use and Lease Agreements, including the following:

A. The City may exercise any remedy provided by law or in equity, including but not limited to the remedies hereinafter specified. The various rights and remedies herein contained shall not be considered as exclusive of any other right or remedy but shall be construed as cumulative and shall be in addition to every other remedy now or hereafter existing at law, in equity or by statute. In addition to any damages or payments specified herein, City shall be entitled to reimbursement from the affected Signatory Airline for any costs of the City related to any default by such Signatory Airline under the related Airport Use and Lease Agreement.

B. The City may cancel the related Airport Use and Lease Agreement, effective upon the date specified in the notice of cancellation. Upon such date, the affected Signatory Airline shall be deemed to have no further rights under the Airport Use and Lease Agreements and the City shall have the right to take immediate possession of the premises.

City Events of Default; Signatory Airline Remedies

Each of the following events shall constitute an event of default by the City:

A. failure of the City to keep, perform or observe any other term, covenant, or condition of the Airport Use and Lease Agreement after 30 days written notice from a Signatory Airline; or

B. the City closes the Airport to flying in general or to the flights of an Airline for reasons other than weather, acts of God, safety or security requirements or other reasons beyond its control, and fails to reopen the Airport to such flying or flights for a period in excess of 30 days, provided that the reasons for closing the Airport were not caused or contributed to by a Signatory Airline; or

C. the City wrongfully deprives a Signatory Airline of its right to occupy and use the premises in accordance with the terms of the Airport Use and Lease Agreement for a period in excess of 10 days.

After the occurrence of an event of default by the City and after any applicable notice and cure periods, a Signatory Airline has the right to terminate the related Airport Use and Lease Agreement upon 60 days' written notice to the City, in which event all rentals and charges payable by such Signatory Airline under the related Airport Use and Lease Agreement abate, and such Signatory Airline shall have the right to remove any equipment, systems, fixtures or other installations or improvements. Such Signatory Airline shall also have all rights and remedies available to such Signatory Airline at law, in equity or by statute.

Force Majeure

Neither the City nor a Signatory Airline will be deemed to be in breach of such Airport Use and Lease Agreement by reason of failure to perform any of its obligations thereunder if, while and to the extent that such failure is due to strikes, boycotts, labor disputes, embargoes, shortages of materials, acts of God, acts of the public enemy, acts of superior governmental authority, weather conditions, floods, riots, rebellion, sabotage or any other circumstances for which it is not responsible and which are not within its control.

Signatory Airline's Right of Termination

A Signatory Airline may terminate the Airport Use and Lease Agreement upon 30 days' written notice to the City if such Signatory Airline is permanently deprived, for any reason beyond its control, of the rights, certificates, or authorizations necessary under applicable law to operate its air transportation business at the Airport. In the event of such termination, the rentals and charges payable by such Signatory Airline under the related Airport Use and Lease Agreement abate.

Special Covenants

Under its Airport Use and Lease Agreement, Delta Air Lines ("Delta") has covenanted to maintain its headquarters in Atlanta and to work in good faith to renew or otherwise extend the lease for its World Headquarters campus located adjacent to the Airport.

Under the Airport Use and Lease Agreement, the City has covenanted that it does not currently plan to and will not own or operate any other commercial service airport other than the Airport, and will not include any other airports of any type, as a part of any City airport system, and no Airport revenues may be used by the City to pay costs or expenses at any other airports unless such is allowed by applicable law and also is approved by MII Eligible Signatory Airlines.

Master Bond Ordinance

Under the Airport Use and Lease Agreement, in the event of any conflict between the terms of the Master Bond Ordinance and the Airport Use and Lease Agreement, the terms of the Master Bond Ordinance will control.

Miscellaneous

The City may not lease any premises within the CPTC to any airline on terms which are more favorable than the terms of the Airport Use and Lease Agreement. No qualified airline can be denied access to becoming a Signatory Airline in the future.

The preceding summary does not purport to be complete and is qualified in its entirety by express references to the Airline Use and Lease Agreements, copies of which are available from the City.

THE COMMON USE FACILITIES AGREEMENT

The City has contracted with TBI Airport Management, Inc. ("TBI") for the management of the Airport's domestic and international common use facilities (the "Common Use Agreement"). The international common use facilities are public facilities available for use by any Airline for international arrivals and departures and are comprised of the Federal Inspection Service area, and associated aircraft gates and terminal facilities. The domestic common use facilities are public facilities available for all Airlines and consist of ticket counters, baggage make-up, baggage claim, domestic gate, and related facilities.

Under the Common Use Agreement, TBI receives as compensation its direct costs and expenses of providing the services plus a management fee in the amount of six percent of the direct operating costs and expenses incurred in maintaining and operating the common use facilities. The Common Use Agreement is terminable by either party upon 90 days prior written notice and expires in 2020. The Common Use Agreement is currently in the competitive bid process for a new contract period through 2029.

The City charges TBI directly for the portion of the terminal Airline Rate Base Requirement allocated to the space occupied by the various common use facilities used by arriving and departing passengers (check-in counters, departure concourses, Federal Inspection Service area, and baggage claim facilities). TBI remits those payments to the City, and invoices Airlines using the common use facilities for user charges. The user charges are calculated to recover all costs related to the operation for those facilities, inclusive of the TBI's invoices from the City for the allocated terminal rentals, and are assessed per passenger.

THE CONCESSIONAIRE AGREEMENTS

CPTC Inside Concession Agreements

The concessions program inside the CPTC includes all food and beverage, retail, services, and advertising. In 2012 the concessions program went through a major restructuring with new leases that began in conjunction with the opening of the new Concourse F International Terminal and covered locations in the new international terminal, concourse F, and concourses A through D. These new leases included 125 food and beverage locations, 27 retail locations on concourses E and F, three duty free locations, eight other service locations, a common use lounge and eight foreign currency exchange locations. These leases were entered into in 2012 with varying terms and expiration dates between 2022 and 2025.

The retail lease agreements that were awarded in 2007, which included all the retail located in the domestic terminal and concourses T, A, B, C and D, have expired and are operating in hold-over status. The Airport and the City are working on the details of issuing the necessary procurement to finalize the next iteration of the retail concession program for these particular locations.

The concessions program is structured with multiple prime operators with direct lease agreements with the City. Within each large prime agreement there are multiple sub tenants. This provides both national brands and local operators an opportunity to operate as prime concessionaires or subtenants in over 386 concession locations throughout the Airport. Most rental obligations are based on the greater of the minimum annual guarantee or a percentage of gross sales revenues. The minimum annual guarantee for each agreement is established at the beginning of the agreement with escalations built in based on actual rent paid in the prior year. Concessionaires also pay 0.5% of their gross receipts into a marketing fund that promotes the concessions program through advertising, experiential marketing and social media. This is managed by the City's marketing department, who engaged an outside agency of record in 2018 to ensure maximum exposure for the program.

CPTC Outside Concession Agreements

The City has entered into agreements for the furnishing of concessions outside of the CPTC with a majority of this category generated via the rental car companies. Thirteen rental car companies operate in the Rental Car Center which was opened in December 2009. The rental car company agreements provide for payment to the City of a fee in the amount of ten percent of gross receipts and also include a minimum annual guarantee. In addition to the concession fee, the rental car concessionaires pay building rent for their allocated spaces and a pro-rata share of the costs of managing and operating the Rental Car Center including transportation to/from the Airport on the train system. A portion of the O&M costs are offset by Customer Facility Charges collected from rental car customers. The City's current rental car concession agreements began in December 2009, with the opening of the Rental Car Center and will not expire until June 2031.

OTHER AIRPORT AGREEMENTS

The Delta CTSA Lease

The City has entered into a lease with Delta dated December 1, 1989 and expiring March 31, 2020, for certain space in the Central Terminal Support Area ("CTSA") for cargo, equipment storage, catering and other uses directly related to and essential to servicing aircraft, transferring cargo or functionally related and subordinate to the Airport premises (the "Delta CTSA Lease"). Under the Delta CTSA Lease, Delta also leases space for a technical operations center for the servicing of aircraft or enabling aircraft to take-off or land premises.

The Delta CTSA Lease provides for an initial basic rental and further provides that the City and Delta use their best efforts to agree on an adjusted rental for the period beginning July 21, 2010 and to agree on another adjusted rental for a second period beginning February 1, 2015. The City and Delta mutually agreed to an Adjusted Rental rate that was effective July 1, 2010 and have continued this Adjusted Rental rate during the second period through the Delta CTSA Lease's expiration date of March 31, 2020.

The preceding summary does not purport to be complete and is qualified in its entirety by express references to the Delta CTSA Lease, copies of which are available from the City.

Other Leases

The City has other building leases consisting of three major types: aircraft base-maintenance overhaul facilities, cargo facilities and office building leases (including Delta's general headquarters). The City currently has aircraft base-maintenance leases with Delta and Southwest Airlines. The City has leases for cargo facilities with Swissport, Lufthansa, and Alliance Ground as well as leases for small package express facilities with FedEx, UPS, DHL, and Delta.

The City has entered into various other agreements consisting primarily of land leases and building leases, with air carriers and others engaged in Airport-related businesses. Land leases include hotels, employee parking lots, freight facilities, an air mail facility leased by the United States Postal Service, and land used for remote aircraft parking and storage areas. The building

leases include office buildings, portions of which are used by tenants for Airport-related activities and catering kitchens.

Currently, there are three different arrangements for Airline fueling services at the Airport: (i) Delta operates one fuel system on a month-to-month basis under the terms of a lease agreement between the City and Delta that expired in 2001; (ii) the Atlecon Fuel Corporation ("Atlecon") operates another system under a use and operation agreement between the City and Atlecon, in effect since 1994, which expired on September 21, 2010; and (iii) Louis Berger manages the remaining fuel system at the Airport under a fuel storage and operation agreement entered into by the City and the operator in 2019.

APPENDIX F

FORM OF OPINION OF CO-BOND COUNSEL

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Set forth below is the proposed opinion of Co-Bond Counsel. This opinion is preliminary and subject to change prior to the issuance and delivery of the Series 2019A, Series 2019B, Series 2019C and Series 2019D Bonds.

HUNTON ANDREWS KURTH LLP
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 ATLANTA, GEORGIA 30308-2216

TEL 404 • 888 • 4000
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September __, 2019

City of Atlanta
 Atlanta, Georgia

| | | | |
|--|--|--|--|
| \$47,150,000 City of Atlanta | \$254,215,000 City of Atlanta | \$185,670,000 City of Atlanta | \$220,105,000 City of Atlanta |
| Airport General Revenue Bonds Series 2019A (Non-AMT) | Airport General Revenue Bonds Series 2019B (AMT) | Airport Passenger Facility Charge and Subordinate Lien Airport General Revenue Bonds Series 2019C (Non-AMT) | Airport Passenger Facility Charge and Subordinate Lien Airport General Revenue Bonds Series 2019D (AMT) |

Ladies and Gentlemen:

As Co-Bond Counsel to the City of Atlanta (the “**City**”), we have examined the applicable law and certified copies of certain documents and proceedings, including without limitation a certified copy of the validation proceeding in the Superior Court of Fulton County, Georgia, relating to the issuance and sale by the City of its \$47,150,000 in original aggregate principal amount of Airport General Revenue Bonds, Series 2019A (Non-AMT) (the “**Series 2019A Bonds**”) and its \$254,215,000 in original aggregate principal amount of Airport General Revenue Bonds, Series 2019B (AMT) (the “**Series 2019B Bonds**”) and, together with the Series 2019A Bonds, the “**Series 2019A/B Bonds**”); and its \$185,670,000 in original aggregate principal amount of Airport Passenger Facility Charge and Subordinate Lien General Revenue Bonds, Series 2019C (Non-AMT) (the “**Series 2019C Bonds**”) and \$220,105,000 in original aggregate principal amount of its Airport Passenger Facility Charge and Subordinate Lien General Revenue Bonds, Series 2019D (AMT) (the “**Series 2019D Bonds**”) and, together with the Series 2019C Bonds, the “**Series 2019C/D Bonds**”). The Series 2019A/B Bonds and the Series 2019C/D Bonds, collectively, are referred to herein as the “**Series 2019 Bonds**.” Capitalized terms used but not defined herein have the respective meanings ascribed thereto in the Bond Ordinance as hereinafter defined.

The Series 2019 Bonds are being issued to (a) finance or refinance the costs of the “**2019 Project**” (as defined in the Bond Ordinance), which includes but is not limited to financing or refinancing a portion of the costs of the planning, engineering, design, acquisition, construction, and installation of various terminal, concourse, and other improvements throughout the Hartsfield-Jackson Atlanta International Airport (the “**Airport**”) that are a part of the City’s Airport Capital Improvement Plan, (b) refund and redeem all or a portion of the City’s Third Lien Airport General Revenue Commercial Paper Notes, Series J-1, Series J-2, Series K-1, Series K-2, Series L-1 and Series L-2, and Second Lien Airport General Revenue Commercial Paper Notes, Series J-3, Series J-4, Series K-3, Series K-4, Series L-3 and Series L-4 (collectively, the “**Series J/K/L Notes**”), which were issued to provide interim financing and refinancing for portions of the City’s Airport Capital Improvement Plan, (c) pay interest on portions of

the Series 2019 Bonds during the construction of the 2019 Project, (d) fund all or a portion of the increase in the Debt Service Reserve Requirement resulting from the issuance of the Series 2019 Bonds, and (e) pay certain costs of issuance with respect to the Series 2019 Bonds. The Series 2019 Bonds are authorized by that certain Amended and Restated Master Bond Ordinance (Ordinance No. 99-O-1896) adopted on March 20, 2000 (the “**Master Bond Ordinance**”), as thereafter supplemented and amended, including by that certain Twenty-Fourth Supplemental Bond Ordinance (Ordinance No. 19-O-1352) adopted on July 1, 2019 (the “**Twenty-Fourth Supplemental Bond Ordinance**”) and the Series 2019 Supplemental Pricing Resolution (Resolution No. 19-R-4337) adopted on August 28, 2019 (the Master Bond Ordinance, as so amended, the “**Bond Ordinance**”).

The Series 2019A/B Bonds are being issued (i) as Senior Lien General Revenue Bonds under the Bond Ordinance and, as such, are limited obligations of the City payable solely from, and secured by, a Senior Lien on General Revenues of the Airport, and (ii) on a parity with currently outstanding Senior Lien General Revenue Bonds. Additional bonds secured on a parity with the Series 2019A/B Bonds shall be issued on the terms and conditions as provided in the Bond Ordinance. Reference is made to the forms of the Series 2019A/B Bonds for information concerning their details, including their payment and redemption provisions, their purpose, and the proceedings pursuant to which they are issued. The Series 2019C/D Bonds are being issued (i) as Hybrid PFC Bonds under the Bond Ordinance and, as such, are limited obligations of the City payable solely from, and secured by, (1) a Senior Lien on PFC Revenues of the Airport and (2) a Subordinate Lien on General Revenues of the Airport subordinate to the Lien on General Revenues securing Senior Lien General Revenue Bonds and (ii) on a parity with currently outstanding Hybrid PFC Bonds with a Senior Lien on PFC Revenues and a Subordinate Lien on General Revenues. Additional bonds secured on a parity with the Series 2019C/D Bonds shall be issued on the terms and conditions as provided in the Bond Ordinance. Reference is made to the forms of the Series 2019C/D Bonds for information concerning their details, including their payment and redemption provisions, their purpose, and the proceedings pursuant to which they are issued.

Without undertaking to verify the same by independent investigation, we have relied on certifications by representatives of the City and other parties as to certain facts relevant to both our opinion and requirements of the Internal Revenue Code of 1986, as amended (the “**Code**”). The City has covenanted to comply with the provisions of the Code and regulations regarding, among other matters, the use, expenditure, and investment of the proceeds of the Series 2019 Bonds, the timely payment to the United States of any arbitrage rebate amounts with respect to the Series 2019 Bonds, all as set forth in the proceedings and documents relating to the issuance of the Series 2019 Bonds (the “**Covenants**”).

Based on the foregoing, in accordance with customary legal opinion practice, and assuming the due authorization, execution and delivery by the parties, other than the City, to the relevant agreements, we are of the opinion that:

(1) The Bond Ordinance has been duly adopted, is in full force and effect, and is valid and enforceable against the City in accordance with its terms.

(2) The Series 2019 Bonds have been duly authorized and issued in accordance with the Constitution and statutes of the State of Georgia and the Bond Ordinance and constitute valid and binding limited obligations of the City, and (i) with respect to the Series 2019A/B Bonds, are each payable solely from and secured by a Senior Lien on General Revenues of the Airport on a parity with currently outstanding Senior Lien General Revenue Bonds, and (ii) with respect to the Series 2019C/D Bonds, are each payable solely from and secured by (1) a Senior Lien on PFC Revenues of the Airport and (2) a

Subordinate Lien on General Revenues of the Airport subordinate to the Lien on General Revenues securing Senior Lien General Revenue Bonds, and are on a parity with currently outstanding Hybrid PFC Bonds with a Senior Lien on PFC Revenues and a Subordinate Lien on General Revenues. The Series 2019 Bonds and the premium (if any) and interest thereon do not constitute a pledge of the faith and credit of the State of Georgia or any political subdivision thereof, including without limitation, the City.

(3) The City has covenanted to prescribe, fix, maintain and collect rates, fees, and other charges for the services and facilities of the Airport such that the Net Revenues in each Fiscal Year of the Airport will provide (i) General Revenues at least sufficient to pay the principal of, premium (if any) and interest on, all Senior Lien General Revenue Bonds, as set forth in the Bond Ordinance, and (ii) PFC Revenues at least sufficient to pay the principal of, premium (if any) and interest on, all PFC Revenue Bonds, as set forth in the Bond Ordinance.

(4) The rights of the holders of the Series 2019 Bonds and the enforceability of such rights, including enforcement of the obligations of the City under the Bond Ordinance, may be limited or otherwise affected by (a) bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, and other laws affecting the rights of creditors generally, and (b) principles of equity, whether considered at law or in equity.

(5) Under current law, (a) interest on the Series 2019A Bonds and Series 2019C Bonds (i) will not be included in gross income for federal income tax purposes, and (ii) will not be an item of tax preference for purposes of the federal alternative minimum income tax, and (b) interest on the Series 2019B Bonds and Series 2019D Bonds (i) will not be included in gross income for federal income tax purposes, except when held by a “substantial user” of the Airport facilities or a “related person” within the meaning of Section 147(a) of the Code, and (ii) will be an item of tax preference for purposes of the federal alternative minimum income tax. The opinion in this paragraph (5) is subject to the condition that there is compliance subsequent to the issuance of the Series 2019 Bonds with all requirements of the Code that must be satisfied in order that interest thereon not be included in gross income for federal income tax purposes. Failure by the City to comply with the Covenants, among other things, could cause interest on the Series 2019 Bonds to be included in gross income for federal income tax purposes retroactively to their date of issue. We express no opinion regarding other federal tax consequences of the ownership of or receipt or accrual of interest on the Series 2019 Bonds.

(6) Under current law, interest on the Series 2019 Bonds is exempt from income taxation by the State of Georgia.

Our services as Co-Bond Counsel have been limited to delivering the foregoing opinion based on our review of such proceedings and documents as we deem necessary to approve the validity of the Series 2019 Bonds and the tax-exempt status of the interest thereon. We express no opinion herein as to the financial resources of the City or the Airport, the City’s or the Airport’s ability to provide for the payments required on the Series 2019 Bonds, or the accuracy or completeness of any information, including the City’s Preliminary Official Statement, dated August 14, 2019, and its Official Statement, dated August 28, 2019 that may have been relied upon by anyone in making the decision to purchase Series 2019 Bonds.

Very truly yours,

____/____/____

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APPENDIX G

FORM OF CONTINUING DISCLOSURE AGREEMENT

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CONTINUING DISCLOSURE AGREEMENT

by and between

CITY OF ATLANTA

and

DIGITAL ASSURANCE CERTIFICATION, L.L.C.

relating to:

\$47,150,000

**CITY OF ATLANTA
AIRPORT GENERAL REVENUE BONDS,
SERIES 2019A
(NON-AMT)**

\$254,215,000

**CITY OF ATLANTA
AIRPORT GENERAL REVENUE BONDS,
SERIES 2019B
(AMT)**

\$185,670,000

**CITY OF ATLANTA
AIRPORT PASSENGER FACILITY CHARGE
AND SUBORDINATE LIEN GENERAL REVENUE BONDS,
SERIES 2019C
(NON-AMT)**

\$220,105,000

**CITY OF ATLANTA
AIRPORT PASSENGER FACILITY CHARGE
AND SUBORDINATE LIEN GENERAL REVENUE BONDS,
SERIES 2019D
(AMT)**

Dated September 10, 2019

This **CONTINUING DISCLOSURE AGREEMENT** (this "Disclosure Agreement") dated September 10, 2019, is executed and delivered by the **CITY OF ATLANTA**, a municipal corporation duly organized and existing under the laws of the State of Georgia (the "City") and **DIGITAL ASSURANCE CERTIFICATION, L.L.C.**, a limited liability company duly organized and existing under the laws of the State of Florida, and any successor dissemination agent serving hereunder pursuant to Section 11 hereof (the "Dissemination Agent" or "DAC").

RECITALS:

A. Contemporaneously with the execution and delivery of this Disclosure Agreement, the City issued and delivered those certain: (a) \$47,150,000 in aggregate principal amount of its Airport General Revenue Bonds, Series 2019A (Non-AMT) (the "Series 2019A Bonds"); (b) \$254,215,000 in aggregate principal amount of its Airport General Revenue Bonds, Series 2019B (AMT) (the "Series 2019B Bonds" and together with the Series 2019A Bonds, the "Series 2019A/B Bonds"); (c) \$185,670,000 in aggregate principal amount of its Airport Passenger Facility Charge and Subordinate Lien General Revenue Bonds, Series 2019C (Non-AMT) (the "Series 2019C Bonds"); and (d) \$220,105,000 in aggregate principal amount of its Airport Passenger Facility Charge and Subordinate Lien General Revenue Bonds, Series 2019D (AMT) (the "Series 2019D Bonds"), pursuant to, among other things, that certain Restated and Amended Master Bond Ordinance adopted on March 20, 2000, as previously amended and supplemented (the "Master Bond Ordinance"), and particularly as supplemented by that certain Twenty-Fourth Supplemental Bond Ordinance adopted on July 1, 2019 and signed by the Mayor on July 3, 2019, as supplemented by that certain 2019 Supplemental Pricing Resolution adopted on August 28, 2019 (collectively, the "Series 2019 Bond Ordinance," and together with the Master Bond Ordinance, the "Bond Ordinance"), providing for, among other things, the issuance and delivery of the Series 2019A/B Bonds and the Series 2019C/D Bonds (collectively, the "Series 2019 Bonds").

B. The Series 2019A/B Bonds are limited obligations of the City payable solely from and secured by a pledge of and Senior Lien on the General Revenues of the Airport.

C. The Series 2019C/D Bonds limited obligations of the City payable solely from and secured by a pledge of and Senior Lien on the PFC Revenues and a Subordinate Lien on General Revenues of the Airport.

D. The Series 2019 Bonds are being issued for the purpose of providing funds to, among other things: (a) finance or refinance the costs of the planning, engineering, design, acquisition and construction of all or a portion of the 2019 Project, which constitutes a portion of the Capital Plan to 2023; (b) pay capitalized interest during construction on a portion of the Series 2019 Bonds; (c) fund a deposit to the Debt Service Reserve Account to meet the Debt Service Reserve Requirement related to the Series 2019 Bonds; and (d) pay certain costs of issuance with respect to the Series 2019 Bonds.

E. The City has authorized the preparation and distribution of the Preliminary Official Statement dated August 14, 2019 with respect to the Series 2019 Bonds (the "Preliminary Official Statement") and, on or before the date of the Preliminary Official Statement, the City deemed that the Preliminary Official Statement was final within the meaning of the Rule (as defined herein).

F. Upon the initial sale of the Series 2019 Bonds to the Participating Underwriter (as defined herein), the City authorized the preparation and distribution of the Official Statement dated August 28, 2019 with respect to the Series 2019 Bonds (the "Official Statement").

G. As a condition precedent to the initial purchase of the Series 2019 Bonds by the Participating Underwriter in accordance with the terms of the Bond Purchase Agreement dated August 28, 2019, by and between the Participating Underwriter and the City, and in compliance with the Participating Underwriter's obligations under the Rule, the City has agreed to undertake for the benefit of the holders of the Series 2019 Bonds, to provide certain annual financial information and notice of the occurrence of certain events as set forth herein and in the continuing disclosure undertakings of the City.

NOW THEREFORE, in consideration of the purchase of the Series 2019 Bonds by the Participating Underwriter and the mutual promises and agreements made herein, the receipt and sufficiency of which consideration is hereby mutually acknowledged, the City and the Dissemination Agent do hereby certify and agree as follows:

Section 1. Incorporation of Recitals. The above recitals are true and correct and are incorporated into and made a part hereof.

Section 2. Definitions.

(a) For the purposes of this Disclosure Agreement, all capitalized terms used, but not otherwise defined herein shall have the meanings ascribed thereto in the Bond Ordinance and the Official Statement, as applicable.

(b) In addition to the terms defined elsewhere herein, the following terms shall have the following meanings for the purposes of this Disclosure Agreement:

"Actual Knowledge" as used herein, and for the purposes hereof, a party shall be deemed to have "actual knowledge" of the occurrence of any event only if and to the extent the individual or individuals employed by such party and directly responsible for the administration of this Disclosure Agreement on behalf of such party have actual knowledge of or receive written notice of the occurrence of such event.

"Annual Filing" means any annual report provided by the City, pursuant to and as described in Sections 4 and 6 hereof.

"Annual Filing Date" means the date, set forth in Sections 4(a) and 4(e) hereof, by which the Annual Filing is to be filed with the MSRB.

"Annual Financial Information" means annual financial information as such term is used in paragraph (f)(9) of the Rule and specified in Section 6(a) hereof.

"Beneficial Owner" means any beneficial owner of the Series 2019 Bonds. Beneficial ownership is to be determined consistent with the definition thereof contained in Rule 13d-3 of the SEC, or, in the event such provisions do not adequately address the situation at hand (in the opinion of nationally recognized bond counsel), beneficial ownership is to be determined based upon ownership for federal income tax purposes.

"Business Day" means a day other than: (a) Saturday or a Sunday, (b) a day on which banks are authorized or required by law to close, or (c) a day on which the City is authorized or required to be closed.

"Department Audited Financial Statements" means the financial statements (if any) of the Department of Aviation for the prior Fiscal Year, certified by an independent auditor and prepared in accordance with generally accepted auditing standards and Government Auditing Principles issued by the Comptroller General of the United States.

"Department of Aviation" means the Department of Aviation of the City.

"Disclosure Representative" means the Chief Financial Officer of the City or his or her designee, or such other person as the City shall designate in writing to the Dissemination Agent from time to time as the person responsible for providing Information to the Dissemination Agent.

"EMMA" means the Electronic Municipal Market Access system, a service of the MSRB, or any successor thereto.

"Filing" means, as applicable, any Annual Filing, Notice Event Filing, Voluntary Filing or any other notice or report made public under this Disclosure Agreement.

"Fiscal Year" means the fiscal year of the City, which currently is the twelve month period beginning July 1 and ending on June 30 of the following year or any such other twelve month period designated by the City, from time to time, to be its fiscal year.

"Information" means the Annual Financial Information, Department Audited Financial Statements (if any), the Notice Event Filings, and the Voluntary Filings.

"MSRB" means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended.

"Notice Event" means an event listed in Sections 5(a) and 5(b) hereof.

"Notice Event Filing" shall have the meaning specified in Section 5(c) hereof.

"Obligated Person" means the City and any person who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Series 2019 Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities). The City confirms that as of the date hereof it is an Obligated Person with respect to the Series 2019 Bonds.

"Participating Underwriter" means, collectively, the original purchasers of the Series 2019 Bonds required to comply with the Rule in connection with the offering of the Series 2019 Bonds.

"Repository" means each entity authorized and approved by the SEC from time to time to act as a repository for purposes of complying with the Rule. The repositories currently approved by the SEC as of the date hereof may be found by visiting the SEC's website at

<http://www.sec.gov/info/municipal/nrmsir.htm>. As of the date hereof, the only Repository recognized by the SEC for such purpose is the MSRB, which currently accepts continuing disclosure filings through the EMMA website at <http://emma.msrb.org>.

"Rule" means Rule 15c2-12 of the SEC promulgated pursuant to the Securities Exchange Act of 1934 in effect as of the date hereof.

"SEC" means the United States Securities and Exchange Commission.

"Third-Party Beneficiary" shall have the meaning specified in Section 3(b) hereof.

"Unaudited Financial Statements" means the financial statements (if any) of the Department of Aviation for the prior Fiscal Year which have not been certified by an independent auditor.

"Voluntary Filing" means the information provided to the Dissemination Agent by the City pursuant to Section 8 hereof.

Section 3. Scope of this Disclosure Agreement.

(a) The City has agreed to enter into this Disclosure Agreement and undertake the disclosure obligations hereunder, at the request of the Participating Underwriter and as a condition precedent to the Participating Underwriter's original purchase of the Series 2019 Bonds, in order to assist the Participating Underwriter with compliance with the Rule. The disclosure obligations of the City under this Disclosure Agreement relate solely to the Series 2019 Bonds. Such disclosure obligations are not applicable to any other securities issued or to be issued by the City, nor to any other securities issued by or on behalf of the City.

(b) Neither this Disclosure Agreement, nor the performance by the City or the Dissemination Agent of their respective obligations hereunder, shall create any third-party beneficiary rights, shall be directly enforceable by any third-party, or shall constitute a basis for a claim by any person except as expressly provided herein and except as required by law, including, without limitation, the Rule; provided, however, the Participating Underwriter and each Beneficial Owner are hereby made third-party beneficiaries hereof (collectively, and each respectively, a "Third-Party Beneficiary") and shall have the right to enforce the obligations of the parties hereunder pursuant to Section 9 hereof.

(c) This Disclosure Agreement shall terminate upon: (i) the defeasance, redemption or payment in full of all Series 2019 Bonds, in accordance with the Bond Ordinance, as amended, or (ii) the delivery of an opinion of counsel expert in federal securities laws retained by the City to the effect that continuing disclosure is no longer required under the Rule as to the Series 2019 Bonds.

Section 4. Annual Filings.

(a) The City shall provide, annually, an electronic copy of the Annual Filing to the Dissemination Agent on or before the Annual Filing Date. Promptly upon receipt of an electronic copy of the Annual Filing, the Dissemination Agent shall provide the Annual Filing to the

Repository, in an electronic format as prescribed by the MSRB. Not later than the January 31st immediately following the preceding Fiscal Year ended June 30, commencing with the Fiscal Year ending June 30, 2019, shall be the Annual Filing Date. If January 31st falls on a day that is not a Business Day, the Annual Filing will be due on the first Business Day thereafter. Such date and each anniversary thereof is the Annual Filing Date. The Annual Filing may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 6 hereof.

(b) If on the second (2nd) Business Day prior to the Annual Filing Date, the Dissemination Agent has not received a copy of the Annual Filing, the Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by email) to remind the City of its undertaking to provide the Annual Filing pursuant to Section 4(a) hereof. Upon such reminder, the Disclosure Representative shall either (i) provide the Dissemination Agent with an electronic copy of the Annual Filing no later than 6:00 p.m. on the Annual Filing Date (or if such Annual Filing Date is not a Business Day, then the first Business Day thereafter), or (ii) instruct the Dissemination Agent in writing as to the status of the Annual Filing within the time required under this Disclosure Agreement, and state the date by which the Annual Filing for such year is expected to be provided. If the Dissemination Agent has not received either (i) the Annual Filing by 6:00 p.m. on the Annual Filing Date, or (ii) notice from the City that it intends to deliver the Annual Filing to the Dissemination Agent by 11:59 p.m. on the Annual Filing Date, the City hereby irrevocably directs the Dissemination Agent, and the Dissemination Agent agrees, to immediately send an Notice Event Filing to the Repository the following Business Day in substantially the form attached hereto as "Exhibit A" without reference to the anticipated filing date for the Annual Filing.

(c) If the Department Audited Financial Statements are not available prior to the Annual Filing Date, the City shall provide the Unaudited Financial Statements and when the Department Audited Financial Statements are available, provide in a timely manner an electronic copy to the Dissemination Agent for filing with the Repository.

(d) The Dissemination Agent shall:

(i) upon receipt and no later than the Annual Filing Date, promptly file each Annual Filing received under Section 4(a) hereof with the Repository in an electronic format as prescribed by the MSRB;

(ii) upon receipt and no later than the Annual Filing Date, promptly file each Department Audited Financial Statement or Unaudited Financial Statement received under Sections 4(a) and 4(c) hereof with the Repository in an electronic format as prescribed by the MSRB;

(iii) provide the City evidence of the filings of each of the above when made, which shall be made by means of the DAC system, for so long as DAC is the Dissemination Agent under this Disclosure Agreement.

(e) The City may adjust the Annual Filing Date upon change of its Fiscal Year by providing written notice of such change and the new Annual Filing Date to the Dissemination

Agent and the Repository, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

- (f) Each Annual Filing shall contain the information set forth in Section 6 hereof.

Section 5. Reporting of Notice Events.

(a) In accordance with the Rule, the City or the Dissemination Agent shall file a Notice Event Filing with the Repository, in the appropriate format required by the MSRB and in a timely manner not in excess of ten (10) Business Days after it has actual knowledge of the occurrence of any of the following Notice Events with respect to the Series 2019 Bonds:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers or their failure to perform;
- (vi) 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 Series 2019 Bonds, or other material events affecting the tax status of the Series 2019 Bonds;
- (vii) Modifications to rights of holders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution or sale of property securing repayment of the Series 2019 Bonds, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the Obligated Person. Such an event is considered to occur when there is an appointment of a receiver, fiscal agent or similar officer for an Obligated Person 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 Obligated Person, 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 Obligated Person;

(xiii) The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of an Obligated Person, 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;

(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; or

(xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(b) In accordance with the Rule, the City or the Dissemination Agent shall file a Notice Event Filing with the Repository, in the appropriate format required by the MSRB and in a timely manner, after the occurrence of a failure of the City to provide the Annual Filing on or before the Annual Filing Date.

(c) The City shall promptly notify the Dissemination Agent in writing upon having Actual Knowledge of the occurrence of a Notice Event; provided, however, to the extent any such Notice Event has been previously and properly disclosed by or on behalf of the City, the City shall not be required to provide additional notice of such Notice Event in accordance with this subsection. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to Section 5(e) hereof. Such notice shall be accompanied with the text of the disclosure that the City desires to make (each a "Notice Event Filing"), the written authorization of the City for the Dissemination Agent to disseminate such information, and the date on which the City desires the Dissemination Agent to disseminate the information.

The Dissemination Agent is under no obligation to notify the City or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Dissemination Agent so notifies the Disclosure Representative, the Disclosure Representative will instruct the Dissemination Agent that (i) a Notice Event has not occurred and no filing is to be made, or (ii) a Notice Event has occurred and provide the Dissemination Agent with the Notice Event Filing and the date the Dissemination Agent should file the Notice Event Filing.

(d) The Dissemination Agent shall upon receipt, and no later than the required filing date, promptly file each Notice Event Filing received under Sections 5(a) and 5(b) hereof, with the Repository in an electronic format as prescribed by the MSRB.

Section 6. Content of Annual Filings.

(a) Each Annual Filing shall contain the following annual financial information, consisting of, to the extent not included in the Department Audited Financial Statements and to

the extent all such information continues to be available and/or prepared by the City and/or its consultants, updates of the following information set forth in the Official Statement:

(i) the chart entitled "Airlines Serving the Airport" under the heading "THE AIRPORT — Airlines Serving the Airport;"

(ii) the chart entitled "Historical Enplaned Passengers" under the heading "THE AIRPORT — Historical Enplaned Passengers;"

(iii) the chart entitled "Historical Enplaned Passengers by Airline" under the heading "THE AIRPORT — Airline Competition and Shares of Passengers;"

(iv) the chart entitled "Historical Aircraft Operations" under the heading "THE AIRPORT — Airline Competition and Shares of Passengers;"

(v) the chart entitled "Historical Revenue and Expenses Cash Basis: Conversion from Accrual to Cash Basis" under the heading "AIRPORT FINANCIAL INFORMATION — Historical Revenues and Expenses;"

(vi) the chart entitled "Historical Debt Service Coverage General Revenue Bonds Cash Basis" under the heading "AIRPORT FINANCIAL INFORMATION — Historical Debt Service Coverage;"

(vii) the chart entitled "Historical Debt Service Coverage Outstanding PFC Revenue Hybrid Bonds Cash Basis" under the heading "AIRPORT FINANCIAL INFORMATION — Historical Debt Service Coverage;"

(viii) the chart entitled "Historical Airline Payments per Enplaned Passenger Paid to the City Accrual Basis, Unaudited" under the heading "AIRPORT FINANCIAL INFORMATION — Historical Airline Payments;"

(ix) the chart entitled "Historical Market Share by Airline" under the heading "CERTAIN FACTORS AFFECTING THE AIR TRANSPORTATION INDUSTRY AND THE AIRPORT — Airline Competition and Shares of Passengers;"

(x) the chart entitled "Historical Air Cargo and Mail" under the heading "CERTAIN FACTORS AFFECTING THE AIR TRANSPORTATION INDUSTRY AND THE AIRPORT — Airline Competition and Shares of Passengers;"

(xi) the chart entitled "Historical Air Cargo (Enplaned and Deplaned) by Airline" under the heading "CERTAIN FACTORS AFFECTING THE AIR TRANSPORTATION INDUSTRY AND THE AIRPORT — Airline Competition and Shares of Passengers;" and

(xii) the chart entitled "Historical Aircraft Landed Weight" under the heading "CERTAIN FACTORS AFFECTING THE AIR TRANSPORTATION INDUSTRY AND THE AIRPORT — Airline Competition and Shares of Passengers."

To the extent any of the foregoing charts include information that is no longer available and/or prepared by the City and/or its consultants, the City will provide notice of such event in its first Annual Filing after it has made such a determination and, if necessary or required, alter the format of the foregoing charts from time to time.

(b) If available at the time of such filing, the Department Audited Financial Statements for the prior Fiscal Year. If the Department Audited Financial Statements are not available by the time the Annual Filing is required to be filed pursuant to Section 4(a) hereof, the Annual Filing shall contain Unaudited Financial Statements of the Department prepared in accordance with generally accepted accounting principles, as in effect from time to time, and the Department Audited Financial Statements shall be filed in the same manner as the Annual Filing when they become available. The Department Audited Financial Statements (if any) will be provided pursuant to Section 4(c) hereof.

Any or all of the items listed above may be included by specific reference to documents previously filed with the Repository or the SEC, including, but not limited to, official statements of debt issues with respect to which the City is an Obligated Person, the City's Comprehensive Annual Financial Report and the Department of Aviation's Comprehensive Annual Financial Report. If the document incorporated by reference is a final official statement, it must be available from the Repository. The City will clearly identify each such document so incorporated by reference.

Section 7. Responsibility for Content of Reports and Notices.

(a) The City shall be solely responsible for the content of each Filing (or any portion thereof) provided to the Dissemination Agent pursuant to this Disclosure Agreement.

(b) Each Filing distributed by the Dissemination Agent pursuant to Section 4 or 5 hereof shall be in a form suitable for distributing publicly and shall contain the CUSIP numbers of the Series 2019 Bonds and such other identifying information prescribed by the MSRB from time to time. Each Notice Event Filing shall be in substantially the form set forth in Exhibit "A" attached hereto. If an item of information contained in any Filing pursuant to this Disclosure Agreement would be misleading without additional information, the City shall include such additional information as a part of such Filing as may be necessary in order that the Filing will not be misleading in light of the circumstances under which it is made.

(c) Any report, notice or other filing to be made public pursuant to this Disclosure Agreement may consist of a single document or separate documents composing a package and may incorporate by reference other clearly identified documents or specified portions thereof previously filed with the Repository or the SEC; provided that any final official statement incorporated by reference must be available from the Repository.

(d) Notwithstanding any provision herein to the contrary, nothing in this Disclosure Agreement shall be construed to require the City or the Dissemination Agent to interpret or provide an opinion concerning information made public pursuant to this Disclosure Agreement.

(e) Notwithstanding any provision herein to the contrary, the City shall not make public, or direct the Dissemination Agent to make public, information which is not permitted to be

publicly disclosed under any applicable data confidentiality or privacy law or other legal requirement.

Section 8. Voluntary Filings.

(a) The City may instruct the Dissemination Agent to file information with the Repository, from time to time (a "Voluntary Filing").

(b) Nothing in this Disclosure Agreement shall be deemed to prevent the City from disseminating any other information through the Dissemination Agent using the means of dissemination set forth in this Disclosure Agreement or including any other information in any Annual Filing, Annual Financial Statement, Voluntary Filing or Notice Event Filing, in addition to that required by this Disclosure Agreement. If the City chooses to include any information in any Annual Filing, Annual Financial Statement, Voluntary Filing or Notice Event Filing in addition to that which is specifically required by this Disclosure Agreement, the City shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Filing, Annual Financial Statement, Voluntary Filing or Notice Event Filing.

(c) Notwithstanding the foregoing provisions of this Section 8, the City is under no obligation to provide any Voluntary Filing.

(d) The Dissemination Agent shall upon receipt promptly file each Voluntary Filing received with the Repository in an electronic format as prescribed by the MSRB.

Section 9. Defaults; Remedies.

(a) A party shall be in default of its obligations hereunder if it fails or refuses to carry out or perform its obligations hereunder for a period of five Business Days following notice of default given in writing to such party by any other party hereto or by any Third Party Beneficiary hereof, unless such default is cured within such five Business Day notice period. An extension of such five Business Day cure period may be granted for good cause (in the reasonable judgment of the party granting the extension) by written notice from the party who gave the default notice.

(b) If a default occurs and continues beyond the cure period specified above, any nondefaulting party or any Third-Party Beneficiary may seek specific performance of the defaulting party's obligations hereunder as the sole and exclusive remedy available upon any such default, excepting, however, that the party seeking such specific performance may recover from the defaulting party any reasonable attorneys' fees and expenses incurred in the course of enforcing this Disclosure Agreement as a consequence of such default. Each of the parties hereby acknowledges that monetary damages will not be an adequate remedy at law for any default hereunder, and therefore agrees that the exclusive remedy of specific performance shall be available in proceedings to enforce this Disclosure Agreement.

(c) Notwithstanding any provision of this Disclosure Agreement or the Bond Ordinance to the contrary, no default under this Disclosure Agreement shall constitute a default or event of default under the Bond Ordinance.

Section 10. Amendment or Modification.

(a) This Disclosure Agreement shall not be amended or modified except as provided in this Section. No modification, amendment, alteration or termination of all or any part of this Disclosure Agreement shall be construed to be, or operate as, altering or amending in any way the provisions of the Bond Ordinance.

(b) Notwithstanding any other provision of this Disclosure Agreement, the City may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if: (i) such 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 obligor on the Series 2019 Bonds, or type of business conducted by such obligor; (ii) such amendment or waiver does not materially impair the interests of the Beneficial Owners of the Series 2019 Bonds, as determined either by an unqualified opinion of counsel expert in federal securities laws retained by the City or by the approving vote a majority of the Beneficial Owners of the Series 2019 Bonds outstanding at the time of such amendment or waiver; and (iii) such amendment or waiver is supported by an opinion of counsel expert in federal securities laws retained by the City, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule, as well as any change in circumstances.

(c) If any provision of Section 6 hereof is amended or waived, the first Annual Filing containing any amended, or omitting any waived, operating data or financial information shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided.

(d) If the provisions of this Disclosure Agreement specifying the accounting principles to be followed in preparing the City's financial statements are amended or waived, the Annual Filing for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to the Beneficial Owners of the Series 2019 Bonds to enable them to evaluate the ability of the City to meet its obligations. To the extent reasonably feasible, the comparison shall also be quantitative. The City will file a notice of the change in the accounting principles with the Repository on or before the effective date of any such amendment or waiver.

(e) Notwithstanding the foregoing, the Dissemination Agent shall not be obligated to agree to any amendment expanding its duties or obligations hereunder without its consent thereto.

(f) The City shall prepare or cause to be prepared a notice of any such amendment or modification and shall direct the Dissemination Agent to make such notice public in accordance with Section 8 hereof.

Section 11. Agency Relationship.

(a) The Dissemination Agent agrees to perform such duties, but only such duties, as are specifically set forth in this Disclosure Agreement, and no implied duties or obligations of any kind shall be read into this Disclosure Agreement with respect to the Dissemination Agent. The Dissemination Agent may conclusively rely, as to the truth, accuracy and completeness of the statements set forth therein, upon all notices, reports, certificates or other materials furnished to the Dissemination Agent pursuant to this Disclosure Agreement, and in the case of notices and reports required to be furnished to the Dissemination Agent pursuant to this Disclosure Agreement, the Dissemination Agent shall have no duty whatsoever to examine the same to determine whether they conform to the requirements of this Disclosure Agreement.

(b) The Dissemination Agent shall not be liable for any error of judgment made in good faith by a responsible officer or officers of the Dissemination Agent unless it shall be proven that the Dissemination Agent engaged in negligent conduct or willful misconduct in ascertaining the pertinent facts related thereto.

(c) The Dissemination Agent shall perform its rights and duties under this Disclosure Agreement using the same standard of care as a prudent person would exercise under the circumstances, and the Dissemination Agent shall not be liable for any action taken or failure to act in good faith under this Disclosure Agreement unless it shall be proven that the Dissemination Agent was negligent or engaged in willful misconduct.

(d) The Dissemination Agent may perform any of its duties hereunder by or through attorneys or agents selected by it with reasonable care, and shall be entitled to the advice of counsel concerning all matters arising hereunder, and may in all cases pay such reasonable compensation as it may deem proper to all such attorneys and agents. The Dissemination Agent shall be responsible for the acts or negligence of any such attorneys, agents or counsel.

(e) The Dissemination Agent shall not be deemed to be acting in any fiduciary capacity for the City, the holders of the Series 2019 Bonds or any other party.

(f) None of the provisions of this Disclosure Agreement or any notice or other document delivered in connection herewith shall require the Dissemination Agent to advance, expend or risk its own funds or otherwise incur financial liability in the performance of any of the Dissemination Agent's duties or rights under this Disclosure Agreement.

(g) Except as expressly provided herein, the Dissemination Agent shall not be required to monitor the compliance of the City with the provisions of this Disclosure Agreement or to exercise any remedy, institute a suit or take any action of any kind without indemnification satisfactory to the Dissemination Agent.

(h) The Dissemination Agent may resign at any time by giving at least ninety (90) days prior written notice thereof to the City. The Dissemination Agent may be removed for good cause at any time by written notice to the Dissemination Agent from the City, provided that such removal shall not become effective until a successor dissemination agent has been appointed by the City under this Disclosure Agreement.

(i) In the event the Dissemination Agent shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of the Dissemination Agent for any reason, the City shall promptly appoint a successor. Notwithstanding any provision to the contrary in this Disclosure Agreement or elsewhere, the City may appoint itself to serve as Dissemination Agent hereunder.

(j) Any company or other legal entity into which the Dissemination Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which the Dissemination Agent may be a party or any company to whom the Dissemination Agent may sell or transfer all or substantially all of its agency business shall be the successor dissemination agent hereunder without the execution or filing of any paper or the performance of any further act and shall be authorized to perform all rights and duties imposed upon the Dissemination Agent by this Disclosure Agreement, anything herein to the contrary notwithstanding.

Section 12. Miscellaneous.

(a) Each of the parties hereto represents and warrants to each other party that it has (i) duly authorized the execution and delivery of this Disclosure Agreement by the officers of such party whose signatures appear on the execution pages hereto, (ii) that it has all requisite power and authority to execute, deliver and perform this Disclosure Agreement under applicable law and any resolutions, ordinances, or other actions of such party now in effect, (iii) that the execution and delivery of this Disclosure Agreement, and performance of the terms hereof, does not and will not violate any law, regulation, ruling, decision, order, indenture, decree, agreement or instrument by which such party or its property or assets is bound, and (iv) such party is not aware of any litigation or proceeding pending, or, to the best of such party's knowledge, threatened, contesting or questioning its existence, or its power and authority to enter into this Disclosure Agreement, or its due authorization, execution and delivery of this Disclosure Agreement, or otherwise contesting or questioning the issuance of the Series 2019 Bonds.

(b) This Disclosure Agreement shall be governed by and interpreted in accordance with the laws of the State of Georgia and applicable federal law.

(c) This Disclosure Agreement may be executed in one or more counterparts, each and all of which shall constitute one and the same instrument.

Section 13. Identifying Information. All documents provided to the Repository pursuant to this Disclosure Agreement shall be accompanied by identifying information as prescribed by the MSRB.

Section 14. Severability. In case any part of this Disclosure Agreement is held to be illegal or invalid, such illegality or invalidity shall not affect the remainder or any other section of this Disclosure Agreement. This Disclosure Agreement shall be construed or enforced as if such illegal or invalid portion were not contained therein, nor shall such illegality or invalidity of any application of this Disclosure Agreement affect any legal and valid application.

[SIGNATURE PAGES TO FOLLOW]

**SIGNATURE PAGE TO
CONTINUING DISCLOSURE AGREEMENT
CITY OF ATLANTA AIRPORT GENERAL REVENUE BONDS, SERIES 2019A (NON-AMT), CITY OF
ATLANTA AIRPORT GENERAL REVENUE BONDS, SERIES 2019B (AMT), CITY OF ATLANTA
AIRPORT PASSENGER FACILITY CHARGE AND SUBORDINATE LIEN GENERAL REVENUE
BONDS, SERIES 2019C (NON-AMT), AND CITY OF ATLANTA AIRPORT PASSENGER FACILITY
CHARGE AND SUBORDINATE LIEN GENERAL REVENUE BONDS, SERIES 2019D (AMT)**

IN WITNESS WHEREOF, the City and the Dissemination Agent have each caused this Disclosure Agreement to be executed, on the date first written above, by their respective duly authorized officers.

CITY OF ATLANTA, a municipal corporation duly organized and existing under the laws of the State of Georgia

By: _____
Keisha Lance Bottoms, Mayor

[SIGNATURES CONTINUED ON FOLLOWING PAGE]

**SIGNATURE PAGE TO
CONTINUING DISCLOSURE AGREEMENT
CITY OF ATLANTA AIRPORT GENERAL REVENUE BONDS, SERIES 2019A (NON-AMT), CITY OF
ATLANTA AIRPORT GENERAL REVENUE BONDS, SERIES 2019B (AMT), CITY OF ATLANTA
AIRPORT PASSENGER FACILITY CHARGE AND SUBORDINATE LIEN GENERAL REVENUE
BONDS, SERIES 2019C (NON-AMT), AND CITY OF ATLANTA AIRPORT PASSENGER FACILITY
CHARGE AND SUBORDINATE LIEN GENERAL REVENUE BONDS, SERIES 2019D (AMT)**

IN WITNESS WHEREOF, the City and the Dissemination Agent have each caused this Disclosure Agreement to be executed, on the date first written above, by their respective duly authorized officers.

**DIGITAL ASSURANCE CERTIFICATION, L.L.C.,
as Dissemination Agent**

By: _____
Name: _____
Title: _____

EXHIBIT A

**NOTICE TO REPOSITORY OF THE OCCURRENCE OF
[INSERT THE NOTICE EVENT]**

Relating to

**\$47,150,000
CITY OF ATLANTA
AIRPORT GENERAL REVENUE BONDS,
SERIES 2019A
(NON-AMT)**

**\$254,215,000
CITY OF ATLANTA
AIRPORT GENERAL REVENUE BONDS,
SERIES 2019B
(AMT)**

**\$185,670,000
CITY OF ATLANTA
AIRPORT PASSENGER FACILITY CHARGE
AND SUBORDINATE LIEN GENERAL REVENUE BONDS,
SERIES 2019C
(NON-AMT)**

**\$220,105,000
CITY OF ATLANTA
AIRPORT PASSENGER FACILITY CHARGE
AND SUBORDINATE LIEN GENERAL REVENUE BONDS,
SERIES 2019D
(AMT)**

Originally Issued on _____, 2019

[CUSIP NUMBERS**]**

Notice is hereby given by the City of Atlanta (the "City"), as obligated person with respect to the above-referenced bonds issued by the City, under the Securities and Exchange Commission's Rule 15c2-12, that **[**INSERT THE NOTICE EVENT**]** has occurred. **[**DESCRIBE NOTICE EVENT AND MATERIAL CIRCUMSTANCES RELATED THERETO**]**.

This Notice is based on the best information available to the City at the time of dissemination hereof and is not guaranteed by the City as to the accuracy or completeness of such

information. The City will disseminate additional information concerning **[**NOTICE EVENT**]**, as and when such information becomes available to the City, to the extent that the dissemination of such information would be consistent with the requirements of Rule 15c2-12 and the City's obligation under that certain Continuing Disclosure Agreement dated September 10, 2019. **[**Any questions regarding this notice should be directed in writing only to the City. However, the City will not provide additional information or answer questions concerning [**NOTICE EVENT**] except in future written notices, if any, disseminated by the City in the same manner and to the same recipients as this Notice**].**

DISCLAIMER: All information contained in this Notice has been obtained by the City from sources believed to be reliable as of the date hereof. Due to the possibility of human or mechanical error as well as other factors, however, such information is not guaranteed as to the accuracy, timeliness or completeness. Under no circumstances shall the City have any liability to any person or entity for (a) any loss, damage, cost, liability or expense in whole or in part caused by, resulting from or relating to this Notice, including, without limitation, any error (negligent or otherwise) or other circumstances involved in procuring, collecting, compiling, interpreting, analyzing, editing, transcribing, transmitting, communicating or delivering any information contained in this Notice, or (b) any direct, indirect, special, consequential or incidental damages whatsoever related thereto.

Dated: _____

CITY OF ATLANTA

By: _____

Name: _____

Title: _____

APPENDIX H

CITY'S PENSION AND OTHER POST-EMPLOYMENT BENEFITS LIABILITIES

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APPENDIX H

CITY'S PENSION AND OTHER POST-EMPLOYMENT BENEFITS LIABILITIES

Pension

Overview of the City's Pension Plans. The City maintains the following separately administered pension plans:

| <u>Plan Type</u> | <u>Plan Name</u> |
|--|--|
| Agent multiple-employer, defined benefit | The General Employees' Pension Plan |
| Single employer, defined benefit | Firefighters' Pension Plan |
| Single employer, defined benefit | Police Officers' Pension Plan |
| Single employer, defined contribution | General Employees' Defined Contribution Plan |

Source: City of Atlanta, Georgia Comprehensive Annual Financial Report for the Twelve Months Ended June 30, 2018 and City of Atlanta, Department of Finance.

The information noted below is from the City of Atlanta, Georgia Comprehensive Annual Financial Report for the Twelve Months Ended June 30, 2018. In December 2017, the City of Atlanta adopted legislation to combine the Boards of Trustees for its three separate pension plans in order to improve administrative efficiency, governance and investment returns. The City consolidated and set minimum requirements for the Boards of Trustees of the three Pension Plans in order to optimize investment returns, establish national leadership in pension management best practices, and increase City revenues available for compensation of active employees.

A stand-alone audited financial report is issued for each of the three defined benefit plans and can be obtained at the below address. The defined contribution plan does not have separately issued financial statements.

City of Atlanta
68 Mitchell Street, S.W.
Suite 1600
Atlanta, Georgia 30335

The valuation date for the three defined benefit plans is July 1, 2016, with the results rolled forward to the measurement date of June 30, 2017. The allocation of the pension liability is based upon Fiscal Year 2017 contributions from the various departments. The City is presenting net pension liability as of June 30, 2017 for the Fiscal Year 2018 financial statements.

Membership. As of the beginning of the Fiscal Year ended June 30, 2017, pension plan membership consisted of the following:

| | General Employees' - the City | Firefighters' | Police Officers' |
|---|--|----------------------|-------------------------|
| Inactive plan members or beneficiaries currently receiving benefits | 3,874 | 1,008 | 1,510 |
| Inactive plan members entitled to, but not yet receiving benefits | 275 | 15 | 13 |
| Active plan members | 3,452 | 1,003 | 1,962 |
| Total membership | <u>7,601</u> | <u>2,025</u> | <u>3,485</u> |

Source: City of Atlanta, Actuarial Reports for the Twelve Months Ended June 30, 2018 and City of Atlanta, Department of Finance.

Plan Description

The General Employees' Pension Plan. The General Employees' Pension Plan is an agent multiple-employer defined benefit plan and was established by a 1924 Act of the State of Georgia Legislature to provide retirement benefits for full time permanent employees of the City, excluding sworn personnel of the Police and Fire Rescue Departments, and the employees of the Atlanta Board of Education (the "School System") who are not covered under the Teachers Retirement System of Georgia. Until 1983, the Georgia Legislature established all requirements and policies of the General Employees' Pension Plan. By a constitutional amendment, effective July 1983, control over all aspects of the General Employees' Pension Plan transferred to the City under the principle of Home Rule. The types of benefits offered by the General Employees' Pension Plan are: retirement, disability, and pre-retirement death benefits. Classified employees and certain nonclassified employees pay grade 18 and below not covered by either the Firefighters' Pension Plan or Police Officers' Pension Plan, and employees hired after September 1, 2005 are required to become members of the General Employees' Pension Plan. A detailed description of the General Employees' Pension Plan benefits terms can be found in the audited basic financial statements of the City which are available on EMMA.

The funding methods and determination of benefits payable were established by the legislative acts creating the General Employees' Pension Plan, as amended, and in general, provide that funds are to be accumulated from employee contributions, City and School System contributions, and income from the investment of accumulated funds.

The General Employees' Pension Plan is administered as an agent multiple-employer defined benefit pension plan by the Board of Trustees (the "Board"). The members of the Board include the Mayor or her designee, the City's Chief Financial Officer, a member of the City Council, two active City employee representatives, one retired City representative, one active School System representative, and one retired School System representative. All modifications to the General Employees' Pension Plan must be supported by actuarial analysis and receive the recommendations of the City Attorney, the City's Chief Financial Officer, and the Board. Each pension law modification must be adopted by at least two-thirds vote of the City Council and approved by the Mayor.

The Firefighters' Pension Plan and the Police Officers' Pension Plan. Firefighters' (FPP) and Police Officers' (PPP) Pension Plans are single-employer defined-benefit plans. They were established by a 1924 Act of the State of Georgia Legislature to provide retirement benefits for full-time sworn firefighters and police officers of the City Fire Rescue Department and the Police Department. Until 1983, the Georgia Legislature established all requirements and policies of the Firefighters' Pension Plan and the Police Officers' Pension Plan. By a constitutional amendment, effective July 1983, control over all aspects of the Firefighters' Pension Plan and the Police Officers' Pension Plan transferred to the City under the principle of Home Rule. The types of benefits offered by the Firefighters' Pension Plan and the Police Officers' Pension Plan are: retirement, disability, and pre-retirement death benefits. Participants should refer to the Atlanta, Georgia, Code of Ordinances, Section 6 (Plan agreement) for more complete information. Under the principle of Home Rule and the Atlanta Code of Ordinances, Section 6, the Board has the authority to establish and amend benefit terms and contributions. A detailed description of the Firefighters' Pension Plan and the Police Officers' Pension Plan benefits terms can be found in the audited basic financial statements of the City which are available on EMMA.

The Firefighters' Pension Plan and the Police Officers' Pension Plan are administered as a single-employer defined-benefit plan by separate boards of trustees with each board of trustees including an appointee of the Mayor or her designee, the City's Chief Financial Officer, a member of City Council, two active employee representatives and one retired employee representative. All modifications to the Firefighters' Pension Plan and the Police Officers' Pension Plan must be supported by actuarial analysis input and receive the recommendations of the City Attorney, the City's Chief Financial Officer, and the pertinent board of trustees. Each pension law modification must be adopted by at least two thirds vote of the City Council and approved by the Mayor.

Contribution requirements of the General Employees' Pension Plan

The General Employees' Pension Plan. Under the Georgia Legislature principle of Home Rule and the Atlanta Code of Ordinances, Section 6, the Board has the authority to administer the General Employees' Pension Plan. The funding methods and determination of benefits payable were established by the Atlanta Code of Ordinances, Part 1, Section 6 legislative acts creating the General Employees' Pension Plan, as amended, and in general, provide that funds are to be accumulated from employee contributions, City contributions, and income from the investment of accumulated funds.

Employees hired on or after September 1, 2011 who are below pay grade 19 or its equivalent are required to participate in a hybrid defined benefit plan with a mandatory defined-contribution component. The defined-benefit portion of the General Employees' Pension Plan includes a mandatory 8% employee contribution and 1% multiplier.

Beginning on November 1, 2011, employees participating in the General Employees' Pension Plan and hired before September 1, 2011, or after January 1, 1984, had an increase of 5% in their mandatory contributions into the General Employees' Pension Plan fund in which they participate. The contribution is such that the new contribution is 12% of salary (without a designated beneficiary) or 13% of salary (with a designated beneficiary). Additionally, these employees may voluntarily contribute up to an additional 4.25% of salary, which is also matched

100% by the City. Employees vest in the amount of the City's contribution at a rate of 20% per year and become fully vested in the City's contribution after 5 years of participation.

Beginning in Fiscal Year 2012, there is a cap on the maximum amount of the City's contribution to the General Employees' Pension Plan measured as a percentage of payroll. The City's annual contribution to the General Employees' Pension Plan may not exceed 35% of payroll of the participants in the City's three defined -benefit pension plans, which include General Employees', Firefighters' and Police Officers' Pension Plans. In the event that this 35% cap is reached, the City will fund any overage for the first 12-month period from its reserves. During that period, the City's management must agree on an alternative method to reduce the overage. If no alternative is reached, beginning in the second 12-month period, the City and the participants will equally split the cost of the overage, subject only to a provision that employee contributions may not increase more than 5%. Contribution requirements may be amended by the Board under the authority of the City ordinance, but the employer contribution requirement is subject to State minimums. During the Fiscal Year ended June 30, 2018, the City contributions were \$51,903,000.

The Firefighters' Pension Plan (FPP) and the Police Officers' Pension Plan (PPP). Under the Georgia Legislature principle of Home Rule and the Atlanta Code of Ordinances, Section 6, the Board has the authority to administer the Firefighters' Pension Plan and the Police Officers' Pension Plan including establishing and amending contribution requirements. The funding methods and determination of benefits payable were established by the Atlanta Code of Ordinances, Section 6 legislative acts creating the Firefighters' Pension Plan and the Police Officers' Pension Plan, as amended, and in general, provide that funds are to be accumulated from employee contributions, City contributions, and income from the investment of accumulated funds.

Sworn personnel employed by the Fire Rescue Department and Police Department are required to contribute to the Firefighters' Pension Plan and the Police Officers' Pension Plan. Employees must contribute either 8% of base pay, if hired after August 31, 2011, 12% of base pay if hired before September 1, 2011 without an eligible beneficiary, or 13% of base pay if hired before September 1, 2011 with an eligible beneficiary.

Contribution requirements may be amended by the Board under the authority of the City ordinance, but the employer contribution requirement is subject to State minimums.

Employees hired on or after September 1, 2011 who are sworn members of the Fire Rescue Department and Police Department are required to participate in a hybrid defined -benefit plan with a mandatory defined -contribution component. The defined -benefit portion of this plan will include a mandatory 8% employee contribution, and a 1% multiplier. The retirement age increased to age 57 for participants in the FPP and PPP. Early retirement age is changed from any age (as long as vested) with penalty to age 52 for hires after September 1, 2011. Upon retirement, these participants will receive an annually calculated cost of living increase to their pension benefit that may not exceed 1% and is based upon the Consumer Price Index. Sick and vacation leave are no longer applied to retirement benefits for hires after September 1, 2011.

On November 1, 2011, the sworn personnel of the Fire Rescue Department and Police Department participating in the FPP and PPP and hired before September 1, 2011, or after

January 1, 1984, had an increase of 5% in their mandatory contributions into the FPP and PPP. The contribution is such that the new contribution is 12% of salary (without a designated beneficiary) or 13% of salary (with a designated beneficiary). Where an actuarial valuation anticipates that the City's actuarially determined contribution for the next Fiscal Year will exceed 35% of the total payroll, contributions may be increased, by no more than 5% of compensation, in order to fund the overage. During Fiscal Year 2016, the City had an actuary assessment conducted to review the pay cap. The assessment determined the City was at 25.9%, within the cap.

Employer contributions to the FPP and PPP during the Fiscal Year ended June 30, 2018 were \$21,882,000 and \$34,176,000, respectively.

The Defined Benefit Pension Plans' Investments. The investments for the Defined Benefit Pension Plans are made within the Public Retirement Systems Investment Authority Law of the Georgia Code (O.C.G.A. § 47-20-80). The Board has been granted the authority by City Ordinance to establish and amend the investment policy. The Board is responsible for making all decisions with regard to the administration of their Plan, including the management of the Defined Benefit Pension Plans assets, establishing the investment policy and carrying out the policy on behalf of the Plan.

The Plan's investments are managed by various investment managers under contract with the board of trustees who have discretionary authority over the assets managed by them and within the Plans' investment guidelines as established by the board. The investments are held in trust by the Plans' custodian in the Plan's' name. These assets are held exclusively for the purpose of providing benefits to members of the respective Plans' and their beneficiaries.

State of Georgia Code and City statutes authorize the Defined Benefit Pension Plans to invest in U.S. government obligations, U.S. government agency obligations, State of Georgia obligations, obligations of a corporation of the U.S. government, the Georgia Fund 1 (a government investment pool maintained by the State of Georgia), and alternative investments. The Plans invest in repurchase agreements only when they are collateralized by U.S. government or agency obligations. The Plans are also authorized to invest in collateralized mortgage obligations (CMOs) to maximize yields. These securities are based on cash flows from interest payments on underlying mortgages. CMOs are sensitive to prepayment by mortgagees, which may result from a decline in interest rates. For example, if interest rates decline and mortgagees refinance their mortgages, thereby prepaying the mortgages underlying these securities, the cash flows from interest payments are reduced and the value of these securities declines. Likewise, if mortgagees pay on mortgages longer than anticipated, the cash flows are greater and the return on the initial investment would be higher than anticipated.

In the development of the current asset allocation plan, the Board reviews the long-term performance and risk characteristics of various asset classes, balancing the risks and rewards of market behavior, and reviewing state legislation regarding investments options. There were no changes to the policy in Fiscal Year 2018. The policy may be amended by the Board with a majority vote of its members.

The long term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return

(expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Estimates of real rates of return for each major asset class included in the Plan's target asset allocation as of June 30, 2018, are summarized in the tables below.

General Employees' Pension Plan

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|-------------------------|--------------------------|---|
| Domestic equity | 50% | 6.7% |
| International equity | 20 | 8.1 |
| Fixed income | 25 | 2.1 |
| Alternative investments | 5 | 6.2 |
| | <u>100%</u> | |

Firefighters' and Police Officers' Pension Plans

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---------------------------|--------------------------|---|
| Broad equity market | 7% | 6.01% |
| Domestic large-cap equity | 30 | 6.91 |
| Domestic mid-cap equity | 15 | 8.91 |
| Domestic small-cap equity | 9 | 5.01 |
| International equity | 9 | 3.31 |
| Fixed income | 25 | 0.81 |
| Alternative investments | 5 | 7.51 |
| | <u>100%</u> | |

Source: City of Atlanta, Georgia Comprehensive Annual Financial Report for the Twelve Months Ended June 30, 2018 and City of Atlanta, Department of Finance.

For the year ended June 30, 2018, the annual money-weighted rate of return for General Employees', Firefighters and Police Officers' Pension Plan investments, net of pension plan investment expense was 10.27%, 9.85%, and 10.00%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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Net Pension Liability. The total pension liability is based on the July 1, 2016 actuarial valuation rolled forward to June 30, 2017 using standard roll-forward techniques (table shows dollars in thousands):

| | General Employees' - the City | Firefighters' | Police Officers' | Total |
|--|--|----------------------|-------------------------|--------------------|
| Total pension liability | \$1,941,752 | \$897,096 | \$1,394,135 | \$4,232,983 |
| Plan fiduciary net position | (1,229,420) | (669,508) | (1,051,671) | (2,950,599) |
| Net pension liability | <u>\$ 712,332</u> | <u>\$227,588</u> | <u>\$ 342,464</u> | <u>\$1,282,384</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 63.31% | 74.63% | 75.44% | |

Source: City of Atlanta, Georgia Comprehensive Annual Financial Report for the Twelve Months Ended June 30, 2018 and City of Atlanta, Department of Finance.

The net pension liability of the General Employees' (the City), Firefighters' and Police Officers' Plans allocated among the general government, the Department of Aviation, the Department of Watershed Management and Other Non-major Enterprise Funds as June 30, 2018 (dollars in thousands):

| | General Employees' | Percent Allocated | Firefighters' | Percent Allocated | Police Officers' | Percent Allocated | Total⁽¹⁾ |
|------------------------------------|-------------------------------|------------------------------|----------------------|------------------------------|-----------------------------|------------------------------|----------------------------|
| General Government | \$354,243 | 49.73% | \$175,243 | 77% | \$315,067 | 92% | \$ 844,553 |
| Department of Airport | 81,847 | 11.49 | 52,345 | 23 | 27,397 | 8 | 161,589 |
| Department of Watershed Management | - | - | - | - | - | - | - |
| Other Non-Major Enterprise | 226,449 | 31.79 | - | - | - | - | 226,449 |
| | 49,793 | 6.99 | - | - | - | - | 49,793 |
| Total | <u>\$712,332</u> | <u>100.0%</u> | <u>\$227,588</u> | <u>100.0%</u> | <u>\$342,464</u> | <u>100.0%</u> | <u>\$1,282,384</u> |

⁽¹⁾ Numbers may not add due to rounding.

Source: City of Atlanta, Georgia Comprehensive Annual Financial Report for the Twelve Months Ended June 30, 2018 and City of Atlanta, Department of Finance.

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Changes in Net Pension Liability. The City is presenting net pension liability for the year ending June 30, 2018 based on the June 30, 2017 measurement date, as follows (tables show dollars in thousands):

| General Employees' - the City | Increase (Decrease) | | |
|---|--------------------------------|--------------------------|------------------------------|
| | Total Pension Liability | Plan Net Position | Net Pension Liability |
| Balances at June 30, 2017 | \$1,915,577 | \$1,122,786 | \$792,791 |
| Changes for the year: | | | |
| Service Cost | 21,238 | - | 21,238 |
| Interest Expense | 139,298 | - | 139,298 |
| Demographic experience | - | - | - |
| Difference between expected and actual investment earning | (17,825) | - | (17,825) |
| Contributions - employer | - | 53,817 | (53,817) |
| Contributions - employee | - | 18,243 | (18,243) |
| Net investment income | - | 152,258 | (152,258) |
| Benefit payments and refunds | (116,536) | (116,536) | - |
| Administrative expenses | - | (1,148) | 1,148 |
| Net changes | 26,175 | 106,634 | (80,459) |
| Balances at June 30, 2018 | \$1,941,752 | \$1,229,420 | \$712,332 |

Source: City of Atlanta, Georgia Comprehensive Annual Financial Report for the Twelve Months Ended June 30, 2018 and City of Atlanta, Department of Finance.

| Firefighters' | Increase (Decrease) | | |
|------------------------------|--------------------------------|--------------------------|------------------------------|
| | Total Pension Liability | Plan Net Position | Net Pension Liability |
| Balances at June 30, 2017 | \$861,493 | \$612,637 | \$248,856 |
| Changes for the year: | | | |
| Service Cost | 12,155 | - | 12,155 |
| Interest Expense | 63,123 | - | 63,123 |
| Demographic experience | 4,835 | - | 4,835 |
| Contributions - employer | - | 17,901 | (17,901) |
| Contributions - employee | - | 5,711 | (5,711) |
| Net investment income | - | 78,247 | (78,247) |
| Other Income | - | 1 | (1) |
| Benefit payments and refunds | (44,510) | (44,510) | - |
| Administrative expenses | - | (479) | 479 |
| Net changes | 35,603 | 56,871 | (21,268) |
| Balances at June 30, 2018 | \$897,096 | \$669,508 | \$227,588 |

Source: City of Atlanta, Georgia Comprehensive Annual Financial Report for the Twelve Months Ended June 30, 2018 and City of Atlanta, Department of Finance.

Police Officers'

| | Increase (Decrease) | | |
|------------------------------|--------------------------------|--------------------------|------------------------------|
| | Total Pension Liability | Plan Net Position | Net Pension Liability |
| Balances at June 30, 2017 | \$1,317,840 | \$950,415 | \$367,425 |
| Changes for the year: | | | |
| Service Cost | 24,887 | - | 24,887 |
| Interest Expense | 97,265 | - | 97,265 |
| Demographic experience | 16,627 | - | 16,627 |
| Contributions - employer | - | 27,493 | (27,493) |
| Contributions - employee | - | 10,830 | (10,830) |
| Net investment income | - | 125,938 | (125,938) |
| Benefit payments and refunds | (62,484) | (62,484) | - |
| Administrative expenses | - | (521) | 521 |
| Net changes | 76,295 | 101,256 | (24,961) |
| Balances at June 30, 2018 | <u>\$1,394,135</u> | <u>\$1,051,671</u> | <u>\$342,464</u> |

Source: City of Atlanta, Georgia Comprehensive Annual Financial Report for the Twelve Months Ended June 30, 2018 and City of Atlanta, Department of Finance.

Discount Rate. The discount rates used to measure the total pension for the Plans is as indicated below. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the actuarial determined contributions rates from employers and employees. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. Following are the discount rates as of June 30, 2017:

| General Employees' Plan | | |
|--------------------------------|---------------------|------------------------|
| City | Firefighters | Police Officers |
| 7.50% | 7.41% | 7.41% |

Source: City of Atlanta, Georgia Comprehensive Annual Financial Report for the Twelve Months Ended June 30, 2018 and City of Atlanta, Department of Finance.

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Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the Plans, calculated using the discount rates for each Plan as well as what the Plan net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate (dollars in thousands):

| | 1% Decrease 6.50% | Current discount rate 7.50% | 1% Increase 8.50% |
|------------------------------|------------------------------|--|------------------------------|
| General Employees - the City | \$930,948 | \$712,332 | \$528,420 |
| Firefighters' Pension | 6.41% \$342,255 | 7.41% \$227,588 | 8.41% \$133,089 |
| Police Officers' Pension | \$530,769 | \$342,464 | \$188,505 |

Source: City of Atlanta, Georgia Comprehensive Annual Financial Report for the Twelve Months Ended June 30, 2018 and City of Atlanta, Department of Finance.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of July 1, 2016 rolled forward to the June 30, 2017 measurement date, using the following actuarial assumptions, applied to all periods included in the measurement.

| | Inflation | Salary Increases | Investment Rate of Return |
|--------------------|------------------|-------------------------|--------------------------------------|
| General Employees' | 2.75% | 3.5% | 7.50% |
| Firefighters' | 2.25 | 4.0 | 7.41 |
| Police Officers' | 2.25 | 4.0 | 7.41 |

Source: City of Atlanta, Georgia Comprehensive Annual Financial Report for the Twelve Months Ended June 30, 2018 and City of Atlanta, Department of Finance.

Each of the Plans last experience study was conducted in 2011.

The actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the Fiscal Year in which contributions are reported. The following actuarial methods and assumptions were used to determine the most recent contribution rates are as follows:

| | General Employees' - the City | Firefighters' | Police Officers' |
|----------------------------------|---|---|---|
| Valuation Date | July 1, 2016 | July 1, 2016 | July 1, 2016 |
| Actuarial cost method | Entry age actuarial cost Level percentage, closed | Entry age normal Level percentage, closed | Entry age normal Level percentage, closed |
| Amortization method | | | |
| Remaining amortization period | 24 years | 24 years | 24 years |
| Asset valuation method | Market value | Market value | Market value |

Source: City of Atlanta Pension Actuarial Reports dated July 1, 2018 and City of Atlanta Department of Finance.

For the General Employees' Pension Plan, the mortality rates for healthy individuals were based on the RP-2000 Combined Healthy Mortality Table set to reasonably reflect future mortality improvement based on a seven and a half year review of mortality experience for the 2003 - 2011 period. The disabled mortality rates were based on the RP-2000 Disabled Retiree Mortality Table. The mortality will be assessed again at the time of the next review, and further adjustment or expected improvement in life expectancy will be made if warranted.

The Firefighters' and Police Officers' Pension Plans mortality rates were based on the sex-distinct rates set forth in the RP-2000 Mortality Table projected to 2015 by Scale AA, as published by the Internal Revenue Code (IRC) Section 430; future generational improvements in mortality have not been reflected.

General Employees' Defined Contribution Plan. Atlanta, Georgia Code of Ordinances Section 6-2(c) sets forth the City's General Employees' Defined Contribution Plan. The General Employees' Defined Contribution Plan provides funds at retirement for employees of the City and in the event of death, provides funds for their beneficiaries, through an arrangement by which contributions are made to the General Employees' Defined Contribution Plan by employees and the City. The current contribution of the City is 6% of employee payroll. Employees also make a mandatory pretax contribution of 6% plus have the option to contribute amounts up to the amount legally limited for retirement contributions.

Each employee directs how the funds in their retirement account shall be invested. The employee may direct lump sum distributions from their retirement account upon separation from the City, death, disability (pursuant to the City's disability retirement provisions), or retirement.

The City has a contract with ING Life Insurance and Annuity Company (now Voya Financial Inc.) for managing the 401(a) Defined Contribution Plan, 457(b) and 457 Roth Deferred Compensation Plans (collectively, the "Contribution Plans"). Under the current contract, Voya uses an Accumulation Unit Value (AUV) pricing of investments instead of the Net Asset Value (NAV). Both are units of value used to determine the daily worth of participant accounts. NAV is the measure of value for shares of a mutual fund, while AUV is the measure of value for units of a Separate Account.

All modifications to the Contribution Plans, including contribution requirements, must receive the recommendations and advice from the offices of the Chief Financial Officer and the City Attorney, respectively. Each pension law modification must be adopted by at least two-thirds vote of the City Council and be approved by the Mayor.

All new employees, hired after July 1, 2001, who previously would have been enrolled in the General Employees' Defined Benefit Plan, were enrolled in the General Employees' Defined Contribution Plan.

During 2002, persons employed prior to July 1, 2001 were given the option to transfer to the General Employees' Defined Contribution Plan.

Effective September 1, 2005, classified employees and certain non-classified employees pay grade 18 and below then enrolled in the General Employees' Defined Contribution Plan had the one-time option of transferring to the General Employees' Pension Plan. Classified employees

and certain non-classified employees pay grade 18 and below, not covered by either the Police Officers' or Firefighters' Pension Plans, hired after September 1, 2005 are required to become members of the General Employees' Pension Plan.

Amendments to Defined Contribution Plan

Employees hired on or after September 1, 2011, who are either sworn members of the police department or the Fire Rescue Department, or who are below payroll grade 19 or its equivalent, are required to participate in the mandatory defined contribution component which includes a mandatory employee salary contribution of 3.75% and is matched 100% by the City. Additionally, these employees may voluntarily contribute up to an additional 4.25% of salary which is also matched 100% by the City. Employees vest in the amount of the City's contributions at a rate of 20% per year and become fully vested in the City's contribution after 5 years of participation.

As of June 30, 2018, there were 1,882 participants in the General Employees' Defined Contribution Plan. The covered payroll for employees in the General Employees' Defined Contribution Plan was \$134,479,688. Employer contributions for the year ended June 30, 2018, were approximately \$12,418,000 and employee contributions were approximately \$12,449,000, totaling 18.5% of covered payroll. In addition, there were another 2,556 General Employees' Defined Contribution Plan participants in the hybrid plans.

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Condensed financial statement information for the General Employees' Defined Contribution Plan for the year ended June 30, 2018 is shown below (table shows dollars in thousands):

Current assets:

| | |
|----------------------------------|------------------|
| Investment | |
| Domestic fixed income securities | \$ 38,097 |
| Domestic equities | 34,279 |
| Alternative partnerships | - |
| Commingled funds | 85,437 |
| Other assets | 10,315 |
| Total | <u>\$168,128</u> |

Current Liabilities:

| | |
|---|------------------|
| Accounts Payable | 4 |
| Total net position held in trust for pension benefits | <u>\$168,124</u> |

Additions:

| | |
|------------------------|------------------|
| Employer contributions | \$ 12,418 |
| Employee contributions | 12,449 |
| Refunds and other | 11,271 |
| Total additions | <u>\$ 36,138</u> |

Deductions:

| | |
|-------------------------|------------------|
| Benefits payments | \$ 12,998 |
| Administrative expenses | 151 |
| Total deductions | <u>\$ 13,149</u> |

Change in Net Assets held in trust for pension benefits \$ 22,989

Source: City of Atlanta, Georgia Comprehensive Annual Financial Report for the Twelve Months Ended June 30, 2018 and City of Atlanta, Department of Finance.

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Schedule of Changes in Net Pension Liability for the General Employees' Pension Plan for the years ended June 30
(Dollars in thousands)
(Unaudited)

| | General Employees' | | | Firefighters' | | | Police Officers' | | |
|--|--------------------|-------------|-------------|---------------|-----------|-----------|------------------|-------------|-------------|
| | 2017 | 2016 | 2015 | 2017 | 2016 | 2015 | 2017 | 2016 | 2015 |
| Total pension liability | \$1,941,752 | \$1,915,577 | \$1,873,213 | \$897,096 | \$861,493 | \$853,690 | \$1,394,135 | \$1,317,840 | \$1,294,907 |
| Plan fiduciary net position | 1,229,420 | 1,122,786 | 1,153,715 | 669,508 | 612,637 | 644,649 | 1,051,671 | 950,415 | 983,385 |
| Employers net pension liability | \$ 712,332 | \$ 792,791 | \$ 719,498 | \$227,588 | \$248,856 | \$209,041 | \$ 342,464 | \$ 367,425 | \$ 311,522 |
| Plan fiduciary net position as a percentage of total pension liability | 63.31% | 58.61% | 61.59% | 74.63% | 71.11% | 75.51% | 75.44% | 72.12% | 75.94% |
| Covered-employee payroll | \$ 158,839 | \$ 151,625 | \$ 145,654 | \$ 47,479 | \$ 46,918 | \$ 47,181 | \$ 104,788 | \$ 92,965 | \$ 93,836 |
| Percentage of covered-employee payroll | 448.46% | 522.86% | 493.98% | 479.34% | 530.41% | 443.06% | 326.82% | 395.23% | 331.99% |

Source: City of Atlanta, Georgia Comprehensive Annual Financial Report for the Twelve Months Ended June 30, 2018 and City of Atlanta, Department of Finance.

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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**Schedule of Changes in Net Pension Liability
for the General Employees' Pension Plan
for the years ended June 30
(Dollars in thousands)
(Unaudited)**

| | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|--------------------|--------------------|--------------------|
| Total pension liability: | | | |
| Service cost | \$ 21,238 | \$ 20,230 | \$ 20,191 |
| Interest | 139,298 | 136,155 | 133,276 |
| Demographic experience | - | 1,610 | - |
| Differences between expected and actual experience | (17,825) | - | (1,399) |
| Benefit payments, including refunds of member contributions | <u>(116,536)</u> | <u>(115,631)</u> | <u>(111,738)</u> |
| Net change in total pension liability | 26,175 | 42,364 | 40,330 |
| Total pension liability - beginning | <u>1,915,577</u> | <u>1,873,213</u> | <u>1,832,883</u> |
| Total pension liability - ending | <u>\$1,941,752</u> | <u>\$1,915,577</u> | <u>\$1,873,213</u> |
| Plan fiduciary net position: | | | |
| Contributions - employer | 53,817 | 54,236 | 48,015 |
| Contributions - member | 18,243 | 19,173 | 16,975 |
| Net investment income | 152,258 | 12,257 | 56,575 |
| Benefit payments, including member refunds | (116,536) | (115,631) | (111,738) |
| Administrative expenses | <u>(1,148)</u> | <u>(964)</u> | <u>(1,445)</u> |
| Net change in plan fiduciary net position | 106,634 | (30,929) | 8,382 |
| Plan fiduciary net position - beginning | <u>1,122,786</u> | <u>1,153,715</u> | <u>1,145,333</u> |
| Plan fiduciary net position - ending | <u>1,229,420</u> | <u>1,122,786</u> | <u>1,153,715</u> |
| Plan net pension liability - ending | <u>\$ 712,332</u> | <u>\$ 792,791</u> | <u>\$ 719,498</u> |

Source: City of Atlanta, Georgia Comprehensive Annual Financial Report for the Twelve Months Ended June 30, 2018 and City of Atlanta, Department of Finance.

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**Schedule of Changes in Net Pension Liability
for the Firefighters' Pension Plan
for the years ended June 30
(Dollars in thousands)
(Unaudited)**

| | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|------------------|------------------|------------------|
| Total pension liability: | | | |
| Service cost | \$ 12,155 | \$ 12,013 | \$ 12,612 |
| Interest | 63,123 | 62,584 | 60,396 |
| Differences between expected and actual experience | - | - | - |
| Demographic experience | 4,835 | (22,794) | (23,053) |
| Changes of assumptions | - | - | - |
| Benefit payments, including refunds of member contributions | (44,510) | (44,000) | (42,590) |
| Net change in total pension liability | 35,603 | 7,803 | 7,365 |
| Total pension liability - beginning | 861,493 | 853,690 | 846,325 |
| Total pension liability - ending | <u>\$897,096</u> | <u>\$861,493</u> | <u>\$853,690</u> |
| Plan fiduciary net position: | | | |
| Contributions - employer | 17,901 | 16,454 | 20,866 |
| Contributions - member | 5,711 | 5,667 | 5,637 |
| Net investment income (loss) | 78,247 | (9,895) | 2,651 |
| Other | 1 | 150 | 4 |
| Benefit payments, including member refunds | (44,510) | (44,000) | (42,590) |
| Administrative expenses | (479) | (388) | (427) |
| Net change in plan fiduciary net position | 56,871 | (32,012) | (13,859) |
| Plan fiduciary net position - beginning | 612,637 | 644,649 | 658,508 |
| Plan fiduciary net position - ending | 669,508 | 612,637 | 644,649 |
| Plan net pension liability - ending | <u>\$227,588</u> | <u>\$248,856</u> | <u>\$209,041</u> |

Source: City of Atlanta, Georgia Comprehensive Annual Financial Report for the Twelve Months Ended June 30, 2018 and City of Atlanta, Department of Finance.

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**Schedule of Changes in Net Pension Liability
for the Police Officers' Pension Plan
for the years ended June 30
(Dollars in thousands)
(Unaudited)**

| | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|---------------------------|---------------------------|---------------------------|
| Total pension liability: | | | |
| Service cost | \$ 24,887 | \$ 21,573 | \$ 22,387 |
| Interest | 97,265 | 95,436 | 91,326 |
| Changes of benefit terms | 16,627 | (34,253) | (33,047) |
| Differences between expected and actual experience | | | |
| Changes of assumptions | | | |
| Benefit payments, including refunds of member contributions | <u>(62,484)</u> | <u>(59,823)</u> | <u>(56,253)</u> |
| Net change in total pension liability | 76,295 | 22,933 | 24,413 |
| Total pension liability - beginning | <u>1,317,840</u> | <u>1,294,907</u> | <u>1,270,494</u> |
| Total pension liability - ending | <u><u>\$1,394,135</u></u> | <u><u>\$1,317,840</u></u> | <u><u>\$1,294,907</u></u> |
| Plan fiduciary net position: | | | |
| Contributions - employer | 27,493 | 25,441 | 32,693 |
| Contributions - member | 10,830 | 11,825 | 11,224 |
| Net investment income | 125,938 | (10,177) | 8,734 |
| Other | - | 193 | 4 |
| Benefit payments, including member refunds | (62,484) | (59,823) | (56,253) |
| Administrative expenses | <u>(521)</u> | <u>(429)</u> | <u>(524)</u> |
| Net change in plan fiduciary net position | 101,256 | (32,970) | (4,122) |
| Plan fiduciary net position - beginning | <u>950,415</u> | <u>983,385</u> | <u>987,507</u> |
| Plan fiduciary net position - ending | <u>1,051,671</u> | <u>950,415</u> | <u>983,385</u> |
| Plan net pension liability - ending | <u><u>\$ 342,464</u></u> | <u><u>\$ 367,425</u></u> | <u><u>\$ 311,522</u></u> |

Source: City of Atlanta, Georgia Comprehensive Annual Financial Report for the Twelve Months Ended June 30, 2018 and City of Atlanta, Department of Finance.

Schedule of Employer Contributions for the years ended June 30
(Dollars in thousands)
(Unaudited)

| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| General Employees' | | | | | | | | | | |
| Actuarially determined contributions | \$ 51,903 | \$ 53,817 | \$ 54,236 | \$ 48,015 | \$ 42,145 | \$ 38,688 | \$ 35,237 | \$ 46,068 | \$ 51,762 | \$ 69,991 |
| Contributions in relation to the actuarially determined contribution | 51,903 | 53,817 | 54,236 | 48,015 | 42,145 | 38,688 | 35,237 | 46,068 | 51,762 | 69,991 |
| Contribution deficiency (excess) | - | - | - | - | - | - | - | - | - | - |
| Covered-employee payroll | 171,195 | 171,107 | 151,625 | 145,654 | 142,494 | 133,069 | 139,107 | 135,636 | 142,597 | 150,312 |
| Contributions as a percentage of covered-employee payroll | 30.3% | 31.5% | 35.8% | 33.0% | 29.6% | 29.1% | 25.3% | 34.0% | 36.3% | 46.6% |
| Firefighters' | | | | | | | | | | |
| Actuarially determined contributions | \$ 21,882 | \$ 17,901 | \$ 16,454 | \$ 20,866 | \$ 20,656 | \$ 17,491 | \$ 21,092 | \$ 24,912 | \$ 25,865 | \$ 28,752 |
| Contributions in relation to the actuarially determined contribution | 21,882 | 17,901 | 16,454 | 20,866 | 20,656 | 17,491 | 21,092 | 24,912 | 25,865 | 28,752 |
| Contribution deficiency (excess) | - | - | - | - | - | - | - | - | - | - |
| Covered-employee payroll | 46,962 | 47,479 | 46,918 | 47,181 | 44,508 | 42,797 | 39,482 | 42,963 | 43,910 | 43,275 |
| Contributions as a percentage of covered-employee payroll | 46.6% | 37.7% | 35.1% | 44.2% | 46.4% | 40.9% | 53.4% | 58.0% | 58.9% | 66.4% |
| Police Officers' | | | | | | | | | | |
| Actuarially determined contributions | \$ 34,176 | \$ 27,493 | \$ 25,441 | \$ 32,693 | \$ 30,197 | \$ 26,525 | \$ 33,748 | \$ 19,568 | \$ 40,422 | \$ 41,213 |
| Contributions in relation to the actuarially determined contribution | 34,176 | 27,493 | 25,441 | 32,693 | 30,197 | 26,525 | 33,748 | 19,568 | 40,422 | 41,213 |
| Contribution deficiency (excess) | - | - | - | - | - | - | - | - | - | - |
| Covered-employee payroll | 90,948 | 104,788 | 92,965 | 93,836 | 91,840 | 88,297 | 73,688 | 83,551 | 78,519 | 82,030 |
| Contributions as a percentage of covered-employee payroll | 37.6% | 26.2% | 27.4% | 34.8% | 32.9% | 30.0% | 45.8% | 23.4% | 51.5% | 50.2% |

Source: City of Atlanta, Georgia Comprehensive Annual Financial Report for the Twelve Months Ended June 30, 2018 and City of Atlanta, Department of Finance.

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Other Post-Employment Benefits

Plan Description. The City of Atlanta Retiree Healthcare Plan (the "OPEB Plan") is a single-employer defined benefit healthcare plan which provides Other Post-Employment Benefits (OPEB) to eligible retirees, dependents and their beneficiaries. The OPEB Plan was established by legislative acts and functions in accordance with existing City laws. The OPEB Plan provides members upon eligible retirement, with lifetime healthcare, prescription drug, dental, and life insurance benefits. Separate financial statements are not prepared for the OPEB Plan.

Funding Policy. The City is not required by law or contractual agreement to provide funding for OPEB other than the pay-as-you-go amounts necessary to provide current benefits to retirees, eligible dependents and beneficiaries. For the Fiscal Year ended June 30, 2018, the City made \$48.9 million in "pay-as-you-go" payments on behalf of the OPEB Plan. Retiree contributions vary based on the plan elected, dependent coverage and Medicare eligibility. Eligible retirees receiving benefits contributed \$41.7 million through their required contributions.

Contributions: Pay-as-you-go premiums net of retiree contributions. There has not been a Trust established for the OPEB Plan.

OPEB Plan Membership: The Valuation Date is June 30, 2016, claims and participant data is collected as of this date. Employees covered by benefit terms as of June 30, 2016, consisted of the following:

Participant Data

| | |
|--|--------|
| Inactive employees or beneficiaries currently receiving benefits | 5,770 |
| Active employees | 7,295 |
| | <hr/> |
| | 13,065 |
| | <hr/> |

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Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2016.

Actuarial Assumptions: The total OPEB liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement unless otherwise specified:

| | |
|------------------|--|
| Inflation | 3% |
| Salary Increases | 4.00% for Police and Firefighters, 3.50% plus age related salary scale for General Employees |
| Discount Rate | 3.58% |

Healthcare costs trend rates

| | |
|--|--|
| Medical (non-MA) Medicare Advantage (MA) | 7.00% graded down to 4.50% over 5 years |
| Dental | 5.00% graded down to 4.50% over 2 years |
| Mortality Rates (Healthy) | 4.00% |
| | RP2000 Combined Healthy Mortality Table for males and females, as appropriate, with generational projection using Scale AA |

Mortality Rates:

| | |
|------------------------------|--|
| Healthy (General Employees): | RP-2000 Combined Healthy Mortality Table with generational projection (Scale AA) |
| Healthy (Fire and Police): | RP-2000 Combined Healthy Mortality Table projected 15 years (Scale AA) |
| Disabled: | RP-2000 Disabled Retiree Mortality Table |

Discount rate: The discount rate used to measure the total OPEB liability was 3.58%. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and the actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

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

In the June 30, 2016, actuarial valuation, the Entry Age Normal Actuarial Cost Method was used. It is amortized as a level percent of payroll over a 21-year period and a closed amortization method. The actuarial assumptions included 4.0 investment rate of return and an annual medical cost trend rate of 7 percent initially, graded down to 4.5 percent over five years.

Both rates include a 3 percent inflation assumption. Currently there are no assets set aside that are legally held exclusively for OPEB.

| <u>Year Ending June 30</u> | <u>Medical/Drugs Rate (%)</u> |
|----------------------------|-------------------------------|
| 2017 | 7.00% |
| 2018 | 6.50 |
| 2019 | 6.00 |
| 2020 | 5.50 |
| 2021 | 5.00 |
| 2022 and later | 4.50 |

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The determined actuarial valuations of OPEB provided under the OPEB Plan incorporated the use of various assumptions including demographic, salary increases, turnover, mortality, disability, retirement, health care trends, and other actuarial assumptions. This amount is then discounted to determine the total OPEB liability. Amounts determined regarding the funded status of the OPEB Plan and the annual required contributions of the City are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future.

The following information summarizes the major benefit provisions as included in the valuation. To the best of the City's knowledge, the following summary represents the substantive plans as of the measurement date. It is not intended to be, nor should it be interpreted as, a complete statement of all benefit provisions.

Early Retirement:

General Employees:

- Any age with 10 years of creditable service (if hired prior to July 1, 2010).
- Any age with 15 years of creditable service (if hired before September 1, 2011).
- Age 52 with 15 years of creditable service (if hired after August 31, 2011).

Police Officers and Firefighters:

- Any age with 10 years of creditable service (if hired before July 1, 2010).
- Any age with 15 years of service (if hired before September 1, 2011).
- Age 47 with 15 years of service (if hired after August 31, 2011).

Normal Retirement:

General Employees:

- Age 65 regardless of service (all employees).
- Age 60 with 5 years of service (if hired before July 1, 2010).
- Age 60 with 10 years of service (if hired before September 1, 2011).

Police Officers and Firefighters:

- Any age with 30 years of service (only if covered by the '05 Amendment).
- Age 55 with 5 years of service (if hired prior to July 1, 2010).
- Age 55 with 10 years of service (if hired prior to July 1, 2011).
- Age 57 with 10 years of service (if hired after to June 30, 2011).
- Age 65 with 5 years of service (all employees).

The following table shows the elements of the City's OPEB cost for the year and changes in the City's net OPEB liability to the OPEB Plan for the year ended June 30, 2017 (dollars in thousands):

| Change in Net OPEB liability | |
|--|--------------------|
| Service cost | \$ 35,579 |
| Interest expense | 36,735 |
| Change in benefit terms | - |
| Difference between expected and actual experiences | 11,772 |
| Change in assumption | (140,512) |
| Benefit payments and refunds | (48,947) |
| Net change in total pension liability | (105,373) |
| Total pension liability-beginning | 1,313,247 |
| Total pension liability-ending | <u>\$1,207,874</u> |

The net OPEB liability allocated among the General Government, the Department of Aviation, the Department of Watershed Management and Other Non-major Enterprise Funds as of June 30, 2018 (dollars in thousands):

| | Net OPEB Liability |
|------------------------------------|---------------------------|
| General Government | \$ 812,476 |
| Department of Airport | 134,790 |
| Department of Watershed Management | 191,402 |
| Other Non-major Enterprise | 69,206 |
| Total | <u>\$1,207,874</u> |

Benefit Types:

Duration of Coverage: Medical, prescription drug, dental and life insurance. Lifetime.
 Dependent Benefit: Medical, prescription drug, dental, and life insurance.
 Dependent Coverage: Lifetime.

Summary of Key Valuation Result: Total OPEB liability represents the value of all future benefit payments for current retirees and active employees taking into account assumptions about demographics, turnover, mortality, disability, retirement, health care trends, and other actuarial assumptions.

| Net OPEB Liability | \$ 1,207,874 | \$1,313,247 |
|-----------------------------------|---------------------|--------------------|
| Reporting Date | June 30, 2018 | June 30, 2017 |
| Annual OPEB Expense | \$ 50,857,683 | |
| Service Cost at Beginning of Year | 35,579,462 | |
| Total Covered Payroll | 384,477,588 | |

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates

The following presents the net OPEB liability of the City as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower

(2.58%) or 1-percentage-point higher (4.58%) than the current rate. Also, shown is the total OPEB liability as if it were calculated using healthcare cost trend rates that were 1-percentage-point lower or 1-percentage-point higher than the current healthcare trend rates.

Net OPEB Liability Sensitivity to Changes in Discount Rate

| | Discount Rate | | |
|--------------------|----------------------|----------------|--------------------|
| | 1% Decrease | Current | 1% Increase |
| | 2.58% | 3.58% | 4.58% |
| Net OPEB Liability | \$1,406,515 | \$1,207,874 | \$1,048,388 |

Net OPEB Liability Sensitivity to Changes in Healthcare Cost Trend

| | Healthcare Cost Trend | | |
|--------------------|------------------------------|----------------|--------------------|
| | 1% Decrease | Current | 1% Increase |
| | 6% | 7% | 8% |
| Net OPEB Liability | \$1,035,394 | \$1,207,874 | \$1,424,929 |

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the Fiscal Year ended June 30, 2018, the City recognized OPEB expense of \$51 million. Of the total OPEB expense, \$34 million was recognized in the governmental activities and \$17 million was recognized in the business type activities.

The deferred outflows of resources totaled \$15.7 million, with \$9.8 million for demographic gains/losses and \$5.9 million in differences between employer's contributions and proportionate share of contributions. The deferred inflows of resources totaled \$123.0 million, with \$117.1 million in assumption changes and \$5.9 million in differences between employer's contributions and proportionate share of contributions.

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The following table presents a summary of deferred inflows and outflows of resources related to the OPEB (dollars in thousands):

| | <u>Year of deferral</u> | <u>Amortization Period (in years)</u> | <u>Beginning of year balance</u> | <u>Additions</u> | <u>Deductions</u> | <u>End of year balance</u> |
|--|-------------------------|---|--------------------------------------|--------------------|-------------------|--------------------------------|
| OPEB | | | | | | |
| Deferred Inflows | | | | | | |
| Changes in proportion and differences between employer's contributions and proportionate share of contributions Assumption | 2017 | 5 | - | (\$ 5,867) | - | (\$ 5,867) |
| Changes | 2017 | 5 | - | (117,093) | - | (117,093) |
| | | | - | <u>(\$122,960)</u> | - | <u>(\$122,960)</u> |
| Deferred Outflows | | | | | | |
| Changes in proportion and differences between employer's contributions and proportionate share of contributions | | | | | | |
| Demographic gain/loss | 2017 | 5 | - | \$ 5,867 | - | \$ 5,867 |
| | 2017 | 5 | - | 9,811 | - | 9,811 |
| | | | - | <u>\$ 15,678</u> | - | <u>\$ 15,678</u> |

The following table presents a summary of allocations to the departments in the collective deferred outflows and deferred inflows of resources as indicated above for the year ended June 30, 2018 (amounts in thousands):

| | <u>Total - June 30, 2017</u> | <u>General Government</u> | <u>Department of Watershed Management</u> | <u>Department of Aviation</u> | <u>Other non-major enterprise funds</u> |
|--|--------------------------------------|-------------------------------|---|-----------------------------------|---|
| Deferred Inflows | | | | | |
| Proportionate share of contribution | \$ (5,867) | - | - | (\$ 3,535) | (\$2,332) |
| Assumption Changes | (117,093) | (\$79,493) | (\$18,045) | (13,031) | (6,524) |
| | <u>(\$122,960)</u> | <u>(\$79,493)</u> | <u>(\$18,045)</u> | <u>(\$16,566)</u> | <u>(\$8,856)</u> |
| Deferred Outflows | | | | | |
| Proportionate share of contribution | \$ 5,867 | \$ 5,254 | \$ 613 | - | - |
| Demographic gain/loss | 9,811 | 6,523 | 1,604 | \$ 1,104 | \$ 580 |
| | <u>\$ 15,678</u> | <u>\$11,777</u> | <u>\$ 2,217</u> | <u>\$ 1,104</u> | <u>\$ 580</u> |
| Deferred amount to be amortized | <u>(\$107,282)</u> | <u>(\$67,716)</u> | <u>(\$15,828)</u> | <u>(\$15,462)</u> | <u>(\$8,276)</u> |

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Amounts reported as deferred outflow of resources and deferred inflow of resources related to pensions will be recognized in pension expense as follows (amount in thousands):

| | Amortization amount | General Government | Department of Watershed Management | Department of Aviation | Other non-major enterprise funds |
|------------------------|--------------------------------|-------------------------------|---|-----------------------------------|---|
| 2019 | (\$ 21,457) | (\$13,543) | (\$ 3,166) | (\$ 3,093) | (\$1,655) |
| 2020 | (21,457) | (13,543) | (3,166) | (3,093) | (1,655) |
| 2021 | (21,457) | (13,543) | (3,166) | (3,093) | (1,655) |
| 2022 | (21,457) | (13,543) | (3,166) | (3,093) | (1,655) |
| 2023 and thereafter | (21,454) | (13,544) | (3,164) | (3,090) | (1,656) |
| | <u>(\$107,282)</u> | <u>(\$67,716)</u> | <u>(\$15,828)</u> | <u>(\$15,462)</u> | <u>(\$8,276)</u> |

Net OPEB Liability

The total OPEB liability as of June 30, 2018 was measured as of June 30, 2017. The measurement was based on the June 30, 2016 actuarial valuation rolled forward to June 30, 2017, using standard roll-forward techniques. The net OPEB liability at June 30, 2018 is as follows (dollars in thousands):

| | 2018 OPEB Plan |
|--|---------------------------|
| Total OPEB liability | \$1,207,874 |
| Plan fiduciary net position | - |
| Net pension liability | <u>\$1,207,874</u> |
| Plan fiduciary net position as a percentage of the total pension liability | <u>-%</u> |

The net OPEB liability is allocated among the general government, the Department of Aviation, the Department of Watershed Management and Other Non-major Enterprise Funds.

The Department's proportionate share of the net OPEB liability at June 30, 2018 is as follows (dollars in thousands):

| Plan Year | Department's proportion of the net OPEB liability | Department's proportionate share of the net OPEB liability |
|------------------|--|---|
| 2018 | 11.16% | \$134,790 |

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